



Emergence of growth

Corporate Governance Statement
for the year ended 30 June 2016

ClearView Wealth Limited

ABN 83 106 248 248

Corporate Governance Statement

The Board of Directors and Management of ClearView Wealth Limited (ClearView, the Company) recognise the importance of, and are committed to, achieving high corporate governance standards. We know that achieving high corporate governance standards promotes regulator and investor confidence and adds value for our shareholders and other stakeholders alike.

We are a registered Non-Operating Holding Company (NOHC) that offers life insurance, superannuation and financial advice via our wholly owned subsidiaries. Our Australian Prudential Regulation Authority (APRA) regulated subsidiaries, ClearView Life Assurance Limited and ClearView Life Nominees Pty Ltd are also subject to regulatory requirements prescribed under the Life Insurance Act 1995 and the Superannuation Industry (Supervision) Act 1993, respectively.

At ClearView, our corporate governance framework is built to empower our people to work consistently within our values. In this respect, the corporate governance framework ensures:

- People receive quality help and support;
- Our products are easy to understand, fair and accessible;
- We put people first, and that includes our customers, advisers, partners and employees; and
- We equip our staff with adequate resources to ensure that they can deliver quality work that challenges mediocrity.

In consultation with Management, our Board has determined the appropriate corporate governance practices, taking into consideration ASX Corporate Governance Council Principles and Recommendations, Australian Standards, and regulatory requirements of the Australian Securities and Investments Commission (ASIC) and Prudential Standards and Practice Guides of APRA.

We understand that corporate governance is continuously evolving and our Board and Management regularly review ClearView's policies, charters and practices to ensure our corporate governance standards are improved where appropriate to meet the interests of our stakeholders. We aim for transparency in everything we do and we keep our key charters and policies available on our website at [About ClearView, Corporate Governance](#). These include:

- Board Audit Committee Charter
- Board Charter
- Board Renewal Policy
- Board Risk and Compliance Committee Charter
- Code of Conduct
- Continuous Disclosure and Market Communications Policy
- Corporate Governance Statement
- Diversity Policy
- Dividend Reinvestment Plan Rules
- Nomination and Remuneration Committee Charter
- Securities Trading Policy
- Constitution

This corporate governance statement reports against the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, has been approved by the Board and is current as at 24 August 2016.

Principle 1 – Lay solid foundations for management and oversight

1.1 Board and management roles and responsibilities

The Board is accountable to shareholders and responsible for the performance, risk management and overall governance of ClearView.

The Board's key responsibilities are outlined in the Board Charter which is available on our website. The primary functions of our Board include:

- Setting ClearView's strategic objectives and approving significant items which drive the financial performance of ClearView;
- Continuous disclosure oversight and approving material external communications by ClearView;
- Succession planning, Board composition, Board performance and Board Committee evaluation and renewal, and ensuring the appropriate executive management team are in place to pursue ClearView's strategy;
- Audit, risk management and compliance framework oversight;

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- Ensuring effective corporate governance systems are in place;
- Ensuring effective and appropriate human resources and remuneration systems are in place to attract and retain quality staff; and
- Approving appropriate delegations of authority to ensure that the Board's plans are carried out.

In practice, the Board's intentions are achieved through formal delegation to the Managing Director for day-to-day management of ClearView, and to its Board Committees for detailed consideration of matters and making recommendations, in accordance with ClearView's Delegations of Authority Policy. This ensures that ClearView remains flexible, adaptable and responsive to opportunities as they arise. The Managing Director is specifically responsible for the building and fostering a culture that aligns with ClearView's values, ensuring the implementation, effectiveness and adherence to internal risk, governance and other internal control frameworks and ensuring that the Board receives accurate information in a timely manner including all material matters that may affect ClearView. A team of senior executive Management support the Managing Director, as do a number of management committees which are in place to assist the senior executive Management team to carry out their delegated responsibilities.

The Board has also established Committees to assist in the execution of its duties and responsibilities, and to allow matters to be considered in greater detail. Current Committees of the Board are the Nomination and Remuneration Committee, the Board Audit Committee and the Board Risk and Compliance Committee. Management regularly attends Committee meetings at the invitation of the relevant Committee. Each Committee has its own charter, which must be approved by the Board. Further detailed information on these Committees is discussed under Recommendations 2.1, 4.1, 7.1 and 8.1 of this corporate governance statement.

All Directors are given unrestricted access to all records and information relating to ClearView and are encouraged to speak with members of senior executive Management at any time to request relevant information. Directors are also entitled to seek independent advice or information concerning any aspect of ClearView at the Company's expense. However, prior approval from the Chairman is required, which is not to be withheld unreasonably.

1.2 Director appointment

The Nomination and Remuneration Committee (NRC) is responsible for making recommendations to the Board in relation to new appointments to the Board and/or its Committees.

In forming its recommendation to the Board, the NRC will assess fitness and propriety of the proposed new Director and conduct appropriate background checks including character assessment, experience, education, criminal record and bankruptcy history.

In accordance with our Constitution, a Director appointed by the Board must stand for re-election by shareholders at the next Annual General Meeting (AGM). The following information is provided about a candidate standing for election or re-election as a Director in the AGM's Notice of Meeting to assist shareholders to make an informed decision on the vote for that candidate:

- date of appointment and tenure;
- profession and employment history;
- other material directorships held;
- a statement as to whether or not the Board considers that the candidate will qualify as an independent Director; and
- the Board's recommendation as to whether or not to re-elect the candidate.

1.3 Appointment terms

On appointment, new Directors are provided with a formal letter of appointment setting out their duties, terms and conditions of appointment, and remuneration. A Deed of Indemnity is also entered into with each Director, and with the Company Secretary/ies. Written employment contracts (Non-ClearView Enterprise Agreements) are in place with each member of the senior executive Management team.

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1.4 Company secretary

As provided in the Board Charter, the Company Secretary is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board. Details about our Company Secretary, Mr Athol Chiert, including his biography, qualifications and experience can be found within the Directors' Report of our 2016 Annual Report.

1.5 Diversity

ClearView aspires to develop and foster a strong culture of diversity to enable a workplace that is fair and inclusive in order to attract the best employees where everyone is respected for their individuality. The diversity policy addresses the ASX Corporate Governance Principles and Recommendations in relation to diversity and sets out measurable diversity targets.

The policy has been communicated internally to our employees to promote awareness and proactive management practices regarding workplace diversity and inclusion. ClearView embraces diversity, including differences in ethnic background, gender, age, sexual orientation, religion and disability.

ClearView has adopted some practical approaches to position itself as an equitable and fair employer to attract and maintain a diverse workforce which includes but is not limited to:

- providing flexible work arrangements;
- negotiating individual remuneration targeted to each role, and the person's level of experience;
- engaging in recruitment practices that widen the range of shortlisted applicants; and
- generous non-gender specific parental and carers leave and flexible return-to-work arrangements.

The Board committed to measurable diversity targets and the status of these as at 30 June 2016 is shown below:

Measurable Objective	Achievement
At least one female Director should be on the Board at all times	<p>ClearView believes that gender diversity improves its decision making ability and financial performance and it set a measurable objective to have at least one female on our Board at all times. ClearView had one (1) female member on the Board for the majority of the reporting period, Ms Jennifer Newmarch. However, at 30 June 2016, there were no females on the listed entity Board. Ms Jennifer Newmarch, who represented ROC Capital, one of ClearView's major shareholders, made the decision to resign from our Board in May 2016 having also made the decision to resign from her position with ROC Capital. The Board will seek to address gender diversity on the listed entity Board during the next 12 months.</p> <p>The board of our Superannuation Trustee subsidiary, ClearView Life Nominees Pty Limited, currently has a majority of independent female directors (three out of five directors), and a female Chairperson.</p>
The proportion of women in leadership roles should be at least 33%.	<p>ClearView employs 39% women in leadership roles. Leadership roles are defined as being those persons who are no more than two direct reports away from the Managing Director, have direct reports of their own, or are in senior roles of influence.</p>
Female representation in the total workforce should meet or exceed industry benchmarks (to be obtained from the Workplace Gender Equality Agency (financial services sector) on an annual basis	<p>ClearView's workforce female participation is 57% which is greater than the financial services and insurance industry average for female participation of 56% as reported by the Workplace Gender Equality Agency (WGEA) in November 2015.</p>

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1.6 Performance evaluation – directors

In accordance with the Board Charter, the Board annually undertakes a performance assessment of itself, its Committees and its individual Directors. The performance assessment is undertaken with the advice and assistance of the Chairperson and the NRC.

The performance assessment comprises a consolidation of feedback received by each of the Directors in relation to the board as a whole, each individual Committee and fellow Directors across areas of governance, effectiveness, leadership, diversity, performance and contribution. At the discretion of the Chairperson, individual meetings between the Chairperson and each Director may also be held to discuss individualised feedback and performance against key performance indicators as agreed at the previous assessment. Following each evaluation, the Board considers how to improve its performance, agrees and sets the goals and objectives for the forthcoming year and, if necessary, amends relevant charters and policies.

The Company and its APRA regulated subsidiaries, ClearView Life Assurance Limited and ClearView Life Nominees Pty Ltd completed a performance evaluation of the Board, its Committees and Directors during the period in accordance with the above process.

1.7 Performance evaluation – senior management

Each year, the Board, assisted by the NRC, monitors and evaluates the performance of senior executive Management and the implementation of their objectives against measurable and qualitative targets. The Board also reviews and approves the objectives and targets of senior executive Management which are set annually.

During the period, a performance evaluation of senior executive Management was undertaken in accordance with the process described above.

Principle 2 – Structure the Board to Add Value

2.1 and 8.1 Nomination and remuneration committee

ClearView has implemented policies and comprehensive measures to ensure that individuals, who are appointed to senior positions, including Board positions, have the appropriate fitness and propriety to effectively discharge their responsibilities and duties in accordance with the APRA Prudential Framework.

During the period ClearView maintained a combined Nomination and Remuneration Committee, comprising a majority of independent Directors that advised the Board on matters related to the appointment, succession and remuneration of Directors and senior executive Management, the remuneration policy, including the executive share plan, employees, as well as the composition and performance of the Board.

In May 2016, the composition of the NRC was changed following the resignation of Dr Gary Weiss who was, prior to his resignation, a member of the NRC. Dr Weiss' attendance is provided in the Directors' Report in ClearView's 2016 Annual Report.

Currently, the composition of the NRC, made up of non executive Directors, is shown below:

Name	Title	Independent	Meeting Attendance	Eligibility
Andrew Sneddon	Non-executive chairperson	Yes	3	4
Bruce Edwards	Non-executive director	Yes	4	4
Gary Burg ¹	Non-executive director	Yes	1	1
Nathanial Thomson	Non-executive director	No	4	4

1. Mr Burg was appointed to the NRC on 18 May 2016 and was only entitled to attend 1 meeting.

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Corporate Governance Statement (continued)

2.2 Board skills matrix

The Board currently comprises a total of seven (7) Directors. Six (6) Directors are non-executive being Mr Bruce Edwards, Mr Gary Burg, Mr David Brown, Mr Andrew Sneddon, Mr Michael Alscher and Mr Nathaniel Thomson. There is one (1) executive Director being Mr Simon Swanson, the Managing Director, and there is 1 alternate Director, Mr Michael Lukin who acts for Mr Alscher if required.

ClearView believes that a diverse board encourages good decision making. ClearView's Directors possess a broad range of appropriate skills, expertise and experience relevant to the Company, its subsidiaries and the relevant industry. The Directors collectively possess a combination of skills and experience which are set out in the diagram below. As noted under Recommendation 1.5, the Board will seek to address its gender diversity over the next 12 months.

ClearView considers that its Board currently possess the right level of skill and experience to guide and oversee the Company's performance over the short to medium term. As an industry disrupter without legacy issues, our strategy is focused on winning market share within profitable segments by delivering innovative products and a high level of service. Key areas of focus currently include:

Change of major shareholders – The Board is aware that its major shareholder CCP Bidco Pty Limited and its Associates would consider selling their shares in ClearView and are likely to entertain future control proposals. The Board has been soliciting and will evaluate proposals in the best interests of all shareholders. Morgan Stanley has been appointed to evaluate any strategic options or proposals. However, there is no certainty that any such proposals will be received.

Expand distribution presence across the independent financial adviser and direct channels – Our strategy focusses on demonstrating competitiveness of products and services, improving penetration on open APLs carrying ClearView products for more than 12 months to grow wallet share of those APLs, expanding distribution reach by placing products on new APLs, preparing for increased access to individual IFA market from potential regulatory change to open previously tied APLs, leveraging off life insurance distribution successes to broader IFA market for wealth management products, and evolving our direct strategy with a focus on the mid-market segment.

Target profitable markets with innovative product offerings – We aim to focus the next phase of Life and Wealth product development on upgrading Direct Life offering via a simplified product aimed at mid-market customers, capitalise on structural competitive advantage by offering life insurance through superannuation to leverage the convergence of Life Insurance and Wealth Investment product offerings, and refine our dealer group offering with a focus on strategic advice.

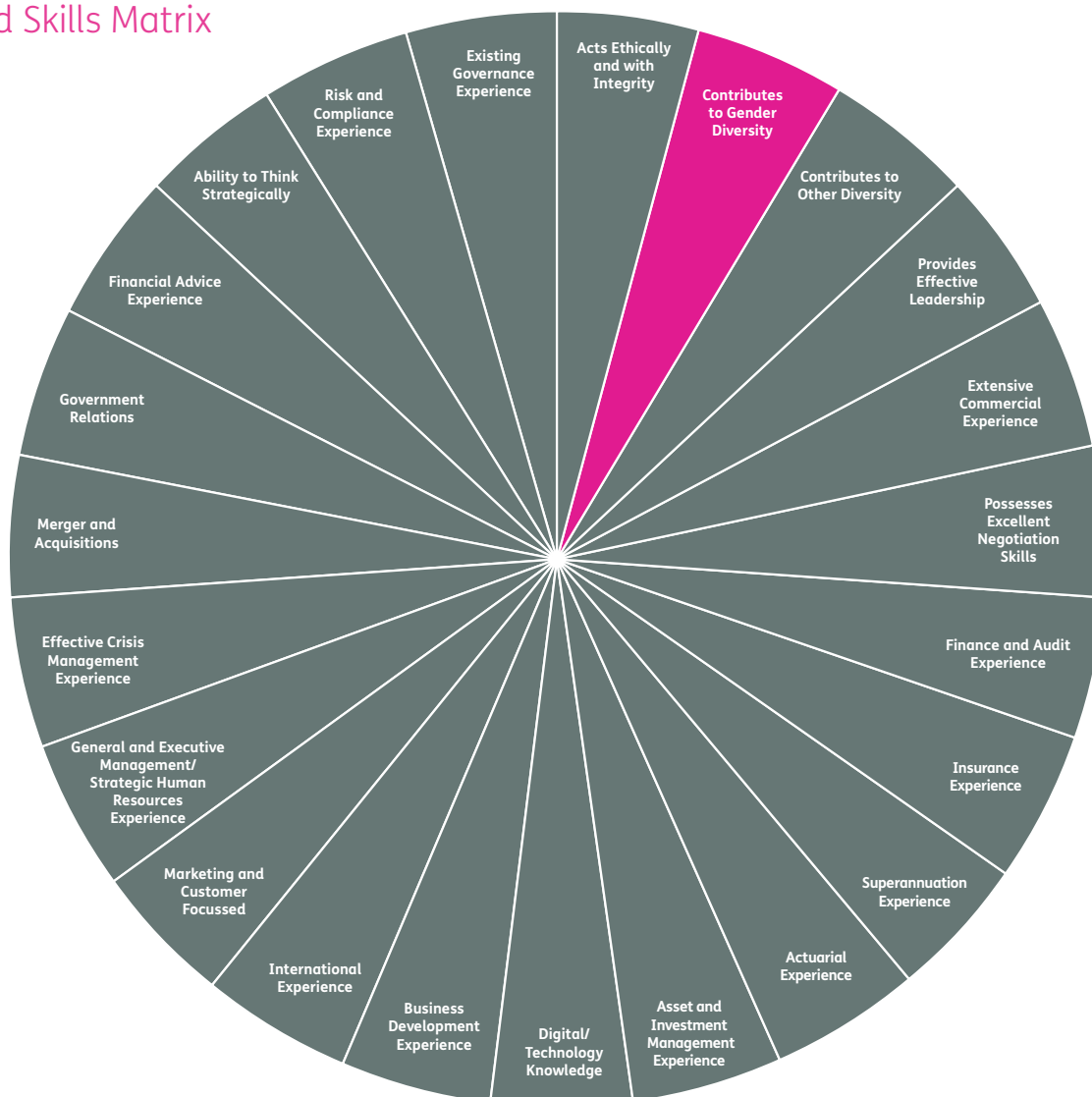
Improve efficiency and reach of our operations to expand margins over time – Our goal is to ensure that our people are highly engaged, enhance our back office to increase automation and improve efficiency, and enhance our life insurance front-end to improve customer service and adviser efficiency.

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Corporate Governance Statement (continued)

Board Skills Matrix



2.3 and 2.4 Board independence

An independent director is a non-executive director who is independent of management and free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect, his or her capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the entity's shareholders generally.

The Board regularly assesses whether a non-executive Director is "independent" in accordance with the appropriate criteria (including the ASX Corporate Governance Principles and Recommendations and APRA Prudential Standards) and the Board Charter.

Directors must, where possible, avoid conflicts of interest, except in those circumstances permitted by the Corporations Act 2001. Directors are required to immediately disclose any material personal interest in matters considered by the Board and, unless the Board resolves otherwise, must not participate in Board discussion or vote on the matter.

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ClearView considers that four (4), and therefore a majority, of its current Directors are independent:

Director	Independent	Length of Tenure
Mr Bruce Edwards	Yes	Three years, ten months
Mr Gary Burg	Yes	Three years, ten months
Mr Andrew Sneddon	Yes	Two years, nine months
Mr David Brown	Yes	Three years, ten months
Mr Michael Alscher (alternate director Mr Michael Lukin)	No, as he is associated with the major shareholder, CCP Bidco Pty Limited and its Associates.	Three years, two months
Mr Nathaniel Thomson	No, as he is associated with the major shareholder, CCP Bidco Pty Limited and its Associates.	Three years, ten months
Mr Simon Swanson	No, as he is the Managing Director of ClearView.	Six years, five months

Information concerning each Director's experience, skills and qualifications is provided in the Directors' Report in the 2016 Annual Report.

2.5 Independent chairperson

Mr Edwards, the Chairperson of our Board is an independent non-executive Director appointed by the Directors, and is not the Managing Director. Responsibilities of the Chairperson are set out in the Board Charter.

2.6 Non-executive director continuous development

ClearView has implemented and maintains an induction program for new Directors, which includes provision of an induction pack, meetings with the Chairperson, other Directors, the Managing Director and senior executive Management.

Ongoing Director education is provided via regular correspondence as well as management presentations on industry and regulatory developments, and ClearView's business functions and activities. Directors are also offered access to external training on an ad hoc basis at ClearView's expense.

Principle 3 – Act Ethically and Responsibly

3.1 Code of Conduct

ClearView has adopted a Code of Conduct which articulates the standards of ethical, honest and law-abiding behaviour which is expected by each of its Directors and employees. The Code of Conduct is reviewed annually by the Board and is available on ClearView's website.

Principle 4 – Safeguard Integrity in Corporate Reporting

4.1 Board audit committee

ClearView established, and during the period, maintained a Board Audit Committee which assists the Board by providing an objective non-executive review of the effectiveness of the company's external financial reporting, and the internal control environment in relation to financial management and reporting. This includes obtaining an understanding of the financial, tax and accounting risks which ClearView faces. The BAC is also responsible for oversight of accounting policies, professional accounting requirements, internal and external audit, all APRA statutory reporting requirements and the appointment and removal of the internal and external auditors.

Pursuant to APRA Prudential Standard *CPS 510 Governance (CPS 510)*, ClearView's APRA-regulated Life Insurance company (ClearView Life Assurance Limited) and its ASX listed Board have separate committees for audit, and risk and compliance.

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Corporate Governance Statement (continued)

In May 2016, the composition of the BAC was changed following the resignation of Dr Gary Weiss who was, prior to his resignation, a member of the BAC. Dr Weiss' attendance is provided in the Directors' Report in ClearView's 2016 Annual Report.

The BAC currently has four (4) members, all of whom are non-executive independent Directors. The Chairperson, Mr Sneddon, is an independent Director and is not the Chairperson of the Board.

The composition of the BAC is shown below:

Name	Title	Independent	Meeting Attendance	Eligibility
Mr Andrew Sneddon	Non-executive chairperson	Yes	3	5
Mr Bruce Edwards	Non-executive director	Yes	5	5
Mr Gary Burg ¹	Non-executive director	Yes	1	1
Mr David Brown	Non-executive director	Yes	4	5

1. Mr Burg was appointed to the BAC on 18 May 2016 and was only entitled to attend 1 meeting.

Information concerning each Director's experience, skills and qualifications is provided in the Directors' Report in the 2016 Annual Report.

4.2 Management declarations

The Managing Director (MD) and the Chief Financial Officer (CFO), taking into account internal and external audit opinions and confirmation from key employees, have declared to the Board that to the best of their knowledge and belief, in their opinion, in FY2016 the financial records have been properly maintained and the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of ClearView, and that in their opinion, has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.3 External auditor at AGM

The Company Secretary ensures that Deloitte Touche Tohmatsu (Deloitte), ClearView's external auditor, attends the Company's annual general meeting of shareholders each year and that its shareholders are given a reasonable opportunity to ask questions relevant to the conduct of the audit.

The BAC also invites the external auditor to attend all committee meetings. The external auditor can and does meet privately with the whole Committee, any individual Director or any employee at their request. The engagement partner of Deloitte was appointed as the external auditor of ClearView Wealth Limited in 2012. The partner managing the audit is rotated after a maximum of five years, in line with the Corporations Act 2001 and Deloitte's rotation policy. The BAC monitors the independence of the external auditor, who also confirms their independence to the BAC and the Board.

Principle 5 – Make Timely and Balanced Disclosure

5.1 Continuous disclosure

ClearView is committed to providing timely and relevant information about its business operations to all security holders and potential investors to enable them to make informed decisions about their investments. ClearView strives to ensure that all disclosures are not only made in a timely manner but are factual, do not omit material information, and are expressed in a clear and objective manner to allow an investor to assess the impact of the information when making investment decisions.

ClearView's approach to communicating with security holders and the market is set out in the Continuous Disclosure and Market Communications Policy, which reflects the obligations under the ASX Listing Rules and the Corporations Act. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and disclosing material information to the ASX. Once information is disclosed to the ASX, it is published on ClearView's website.

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Principle 6 – Respect the Rights of Shareholders

6.1 Information and governance

Given the level of technological advancement, ClearView's website is one significant platform via which it communicates with its shareholders, potential investors and wider stakeholders. The website can be accessed at www.clearview.com.au where information is provided such as: contact details, strategy, financial reports, investor presentations and webcasts, ASX and media releases, annual general meeting details, payment of dividends, biographical information of the Board and senior executives, relevant governance documents and the share price history.

During the period, ClearView undertook a major review and update of its website, and in July 2016 the new website was launched which ClearView considers is more user friendly, simple to navigate and easy to understand.

6.2 Investor relations program

Part of ClearView's commitment to high governance standards and transparency is the way it engages with and communicates with its shareholders, which are spread across Australia and internationally. The Board, the Managing Director, the Chief Financial Officer and Company Secretary, use a range of formal and informal communication channels to facilitate open and engaged communication.

These channels include:

- the annual general meeting and any other convened general meeting;
- performance and business updates released to the ASX;
- market and media releases;
- investor roadshows both in Australia and overseas to discuss business performance based on publically released information;
- recorded teleconferences that are available via, and archived, on our website;
- attendances at investor conferences; and
- individual meetings and luncheons with the Chairperson and/or directors.

Shareholders can contact the Investor Relations team at any time by telephone on +61 2 8095 1564, by email at ir@clearview.com.au, or by direct mail addressed to the Company Secretary, Level 15, 20 Bond Street, Sydney NSW 2000.

6.3 Shareholder participation

ClearView encourages all shareholders to attend, participate and vote at the annual general meeting, which is generally held in early November each year. A notice of meeting is provided to shareholders at least 28 days before the meeting and provides explanatory notes on the items of business to assist shareholders in understanding the business that will be considered and voted on at the meeting.

Shareholders will be given the opportunity to ask questions on the annual financial statements and prior to voting on every resolution at the AGM.

Shareholders can appoint proxies or corporate representatives in writing via the form provided along with the notice of meeting, online or via mobile application through Computershare Limited, our share registrar. Voting can be conducted manually, online or through mobile application (via proxy) prior to the AGM, or a vote can be made in person by attending the meeting.

6.4 Electronic communications

Computershare, ClearView's share registrar, provides ClearView shareholders with the option to receive copies of annual reports and notices of meetings electronically. ClearView also encourages shareholders to contact it electronically by email at ir@clearview.com.au.

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Principle 7 – Recognise and Manage Risk

7.1 Board risk and compliance committee

ClearView has established, and during the period maintained, a Board Risk and Compliance Committee (BRCC) which assisted the Board by providing objective non-executive oversight of the implementation and operation of ClearView's risk management framework and compliance framework. The BRCC assisted the Board in formulating ClearView's risk appetite statement, advised on the Board-approved Risk Management Strategy (RMS) and otherwise assisted the Board in fulfilling its risk management and compliance responsibilities under APRA Prudential requirements.

As noted earlier, pursuant to APRA Prudential Standard *CPS 510 Governance (CPS 510)*, ClearView's APRA-regulated Life Insurance company (ClearView Life Assurance Limited) and its ASX listed Board have separate committees for audit, and risk and compliance.

In May 2016, the composition of the BRCC was changed following the resignation of Dr Gary Weiss who was, prior to his resignation, a member of the BRCC. Dr Weiss' attendance is provided in the Directors' Report in ClearView's 2016 Annual Report.

The BRCC currently has four (4) members, all of whom are non-executive independent Directors. The Chairperson, Mr Sneddon, is an independent Director and is not the Chairperson of the Board.

The composition of the BRCC is shown below:

Name	Title	Independent	Meeting Attendance	Eligibility
Mr Andrew Sneddon	Non-executive chairperson	Yes	3	5
Mr Bruce Edwards	Non-executive director	Yes	5	5
Mr Gary Burg ¹	Non-executive director	Yes	1	1
Mr David Brown	Non-executive director	Yes	4	5

1. Mr Burg was appointed to the BAC on 18 May 2016 and was only entitled to attend 1 meeting.

Information concerning each Director's experience, skills and qualifications is provided in the Directors' Report in our 2016 Annual Report.

7.2 Risk management framework

Risk management is an integral part of the Company's management, procedures and processes. The Board has adopted a formal Risk Management Strategy (RMS) and structured Risk Management Framework (RMF) to identify and manage the key risks that have the potential to significantly impact its business operations, capital, and shareholder or client entitlements. The RMS and RMF are fundamental to the business decisions of the Company, including resource allocation decisions and prioritisation of activities, and undergoes ongoing Board and management review with a formal review being undertaken annually.

The BAC and the BRCC, on behalf of the Board, monitor the operation of the RMF and facilitate reviews of the key processes and procedures underlying the RMF. Management is responsible for designing and implementing the risk management and internal control systems and reporting on the effectiveness of the risk management controls to the BAC, the BRCC and Board.

The RMS and RMF consider the key stakeholders in the Company, beyond just ClearView's shareholders, including:

- the benefit, security and expectations of policyholders and investment product and advice clients;
- risk impacts on and from ClearView's staff, distribution partners, and suppliers and counterparties; and
- requirements and objectives of the Company's regulators.

The RMS specifies the Board's risk appetite and tolerance standard which guides the Company in its decisions as to the acceptance, management and rejection of risks. A material risk register that identifies the key risks of the Company by type, impact and likelihood, and indicates the key processes and mechanisms to control, mitigate or transfer those risks within the allowed tolerances is maintained and reviewed on an ongoing basis. The RMS and RMF include appropriate monitoring mechanisms.

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ClearView's most recent RMS was approved in February 2016 and lodged with APRA, in accordance with APRA Prudential Standard CPS 220 Risk Management. The RMS is reviewed and approved on an annual basis by our listed Board and each of the subsidiary boards.

In accordance with APRA requirements, as part of the RMS and RMF, the Company adopted an Internal Capital Adequacy Assessment Process (ICAAP) with respect to supporting the residual risk exposures and the ongoing capital needs of the Company.

7.3 Internal audit

ClearView's Internal Audit (IA) function is carried out by KPMG Australia and is a material outsource arrangement. The IA function is independent of the external auditor. The role of IA is to monitor key risks in accordance with the internal audit plan and report to the BAC and the BRCC (if required) as part of the risk assessment process. The annual IA plan, IA engagement and overall effectiveness of IA activities is overseen by the BAC, and IA is required to present to each meeting of the BAC.

7.4 Economic, environmental and social sustainability risks

As outlined under Recommendation 7.2, risk management is an integral part of ClearView's operations. To ensure the appropriate management of the risks faced by ClearView, the Board has adopted a formal Risk Management Strategy (RMS) and Risk Management Framework (RMF). Within the RMF, ClearView operates a "risk management model" that identifies, assesses, controls, monitors, reports, responds and tests risks that impact the business operations, employees, customers, capital and shareholders. The material risks are documented in ClearView's Material Risk Register which forms part of the RMS. Whilst ClearView faces certain environmental, economic and social sustainability risks, it does not consider that emerging risks cannot be appropriately managed within the current business model. Currently, these risks do not substantively impact ClearView's ability to create or preserve value for security holders over the short, medium or long term.

To address sustainability specifically, ClearView looks at the core of its business, which is people. This drives ClearView's approach to how it achieves its strategic outcomes, whilst also ensuring that we build a long lasting legacy which supports the interests of our many stakeholders. Noted below are a number of key areas of focus:

1. Life advice industry reforms

- Proposed changes to life insurance remuneration arrangements - ClearView advocates for and supports the proposal to limit all conflicted monetary benefits paid in relation to life risk insurance products. ClearView considers that this will assist addressing inherent conflicts of interest and help consumers receive advice that is always in their best interest.
- Approved Product List Industry Standard - the Australian Government has charged the Financial Services Council (FSC) with the responsibility of developing an industry standard on the construction and use of approved product lists (APLs). ClearView continues to push for open competition and the removal of inherent conflicts. This would have the effect of ensuring that the best product for the client can be recommended.
- Life Code of Conduct - ClearView believes that the implementation of a formal code of conduct is essential for the long term sustainability of the life insurance industry. ClearView has made a number of submissions setting out its position with respect to the proposed Code including a focus on life insurance sales practices, medical definitions, claims processes, the use of plain English language, enforceability, transparency in relation to breaches and governance. ClearView continues to work closely with the parties involved as the draft Code is refined and finalised.

- 2. Fraud Risk Management** - ClearView protects itself and its customers from fraud and criminal activity by adopting an approach to controlling fraud and criminal activity at a strategic, tactical and operational level. ClearView has adopted a seven-phased fraud and crime risk management process as detailed below. Each of the below phases are detailed in ClearView's Fraud and Crime Prevention Policy and are managed consistently with other categories of risk. Fraud risks are identified and managed in line with the requirements and procedures as detailed in the Risk Management Strategy (RMS):



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Corporate Governance Statement (continued)

ClearView's managers and staff ensure that fraud risks are adequately identified both within their BAU practices and change initiatives. All employees across the Company are made aware of fraud threats and risks pertaining to their roles and the organisation. In addition internal education, training and awareness activities undertaken at ClearView, there are robust detective mechanisms to identify cases of fraud. Cases of fraud are dealt with in line with the requirements of ClearView's Fraud Response plan with the involvement of police authorities.

- 3. Cyber Risk Management** – ClearView is reliant on the information technology platforms and systems to support its business activities. ClearView manages information technology and cyber risk by implementing policies and frameworks that control and mitigate risks which could impact the integrity, confidentiality and availability of its information and technology assets. ClearView has more recently begun to invest in resourcing and technology to enhance its cyber security programme and to align its practices to the National Institute of Security and Technology (NIST) framework. This is a work in progress.
- 4. Whistleblowing** – ClearView is committed to a culture of collaboration, persistence, integrity and authenticity. Part of this commitment is to have a robust process to effectively investigate suspected instances of serious malpractice or actions that could endanger any of its employees and/or assets. ClearView has implemented a Whistleblowing Policy which has been communicated to all Directors and employees. The Whistleblowing Policy provides mechanisms allowing for potential whistleblowers to disclose their report either internally, or to the external whistleblower officer who is Partner of the Internal Auditor, KPMG. ClearView regularly reviews its policy to ensure that it is up-to-date and will continue to monitor this area and make improvements to its practices where appropriate.
- 5. Claims Guarantee** – ClearView is committed to providing its customers with a superior claims handling experience. ClearView is the only life insurer in Australia to include a claims guarantee in its LifeSolutions product that is a contractual promise to customers to provide transparent claims communication to customers. The claims guarantee includes commitments in relation to transparency when assessing a claim, explaining the claims process to claimants and assisting the claimant throughout the claims process.

A detailed discussion on the key risks and how they are monitored is set out in the Notes to the Financial Statements in the 2016 Annual Report.

Principle 8 – Remunerate Fairly and Responsibly

8.2 Director and senior management remuneration

To assist in protecting and preserving independence of thought on the Board, there is no direct link between non-executive Directors' remuneration and the performance of ClearView. Remuneration for non-executive Directors is based on the role that the individual director has on the Board, and whether they are a member of one or more of our Board committees and/or our subsidiaries boards. Remuneration is paid by way of one base fee (inclusive of the "Superannuation Guarantee Contribution" (SGC) payment) that is based on market rates for comparable companies for the time, commitment and responsibilities undertaken by non-executive directors.

The level of remuneration for each non-executive Director is set by the NRC, within the total annual remuneration limits approved by our shareholders at a general meeting. Any increase to individual non-executive Director remuneration must be approved by the Board on the recommendation of the NRC after engaging and taking advice, where appropriate. During the period, a review of the remuneration for each of our Directors was undertaken as a result of the resignation of two of our Directors in May 2016.

ClearView will reimburse Directors for reasonable out-of-pocket expenses incurred in connection performance of their duties as a member of the Board. Non-executive Directors are not entitled to:

- participate in equity schemes of the Company;
- receive performance-based bonuses; or
- retirement benefits other than in respect of any superannuation entitlements.

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Corporate Governance Statement (continued)

Employee remuneration is based on an individual's experience, capability and responsibility, as well as performance targets, at both a Company and individual level. Both senior executive Management and select employees participate in the Executive Share Plan (ESP), an ownership-based compensation scheme. The objective of the ESP is to encourage participants to focus on the long term results of the Company and align interests with those of shareholders.

8.3 Equity based remuneration

The Securities Trading Policy prohibits all ESP participant employees from entering into any transaction to hedge their exposure to ESP Securities.

The Securities Trading Policy has been established to govern trading in securities by its Directors, officers and employees. This policy is designed to raise awareness and to prevent potential insider trading offences, either in substance or appearance. All Directors, officers and employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the individual's personal interests and those of ClearView, its shareholders and its clients.

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