



Corporate Governance Statement for
the period 1 July 2017 to 30 June 2018

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

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 22 August 2018.

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Corporate Governance Statement (continued)

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;
- 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 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 management support the Managing Director, as do a number of management committees which are in place to assist the senior 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 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 Chairperson 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. The NRC or its nominated delegates, undertake the selection and interview process for potential candidates and 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.

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Corporate Governance Statement (continued)

In accordance with the Company's 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 management team.

1.4 Company Secretaries

As provided in the Board Charter, the Company Secretaries are accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board. Details about our Company Secretaries, Mr Athol Chiert and Ms Elizabeth Briggs, including their biographies, qualifications and experience can be found within the Directors' Report of our 2018 Annual Report and on ClearView's website.

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 (the 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.

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Corporate Governance Statement (continued)

The Board committed to measurable diversity targets and the status of these as at 30 June 2018 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 whole of the reporting period.</p> <p>The Board of our Superannuation Trustee subsidiary, ClearView Life Nominees Pty Limited, currently has a majority of independent female directors (three (3) out of five (5) directors), and a female Chairperson.</p>
The proportion of women in leadership roles should be at least 33%	ClearView exceeds this measure currently with 44% of its workforce being women in leadership roles and a strong pipeline of talented females being coached and mentored for future leadership roles. Leadership roles are defined as being those persons who are no more than two (2) direct reports away from the Managing Director, have direct reports of their own, or are in senior roles of influence.
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	ClearView's workforce female participation is 57% which is greater than the financial services and insurance industry average for female participation of 55.4% as reported by the Workplace Gender Equality Agency in November 2017.

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 process is considered and approved annually by the NRC and the Board and 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, and performance. Individual meetings between the Chairperson and each Director are also 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 the senior management team and the implementation of their objectives against measurable and qualitative targets. The Board also reviews and approves the objectives and targets of the senior management team which are set annually.

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

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Corporate Governance Statement (continued)

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 (NRC) that advised the Board on matters related to the appointment, succession and remuneration of Directors and senior executive management, the Remuneration Policy, including short term and long term incentives, remuneration and employment terms of employees, as well as the composition and performance of the Board.

The NRC currently has four (4) members, the majority of whom are independent Non-executive Directors. Mr Thomson is not independent as he is associated with the major shareholder, CCP Bidco Pty Limited and its Associates. The Chairperson, Ms Young, is an independent Director and is not the Chairperson of the Board.

The composition of the NRC is shown below:

Name	Title	Independent	Meeting Attendance	Eligibility
Susan Young	Non-executive Chairperson	Yes	4	4
Bruce Edwards	Non-executive Director	Yes	4	4
Gary Burg	Non-executive Director	Yes	4	4
Nathanial Thomson	Non-executive Director	No	4	4

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 Nathanial Thomson, Ms Susan Young and Mr Satoshi Wakuya. There is one (1) executive Director being Mr Simon Swanson, the Managing Director, and there is one (1) Alternate Director, Mr Michael Alscher¹ who acts for Mr Thomson 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 on the following page.

ClearView considers that its Board currently possesses the right level of skill and experience to guide and oversee the Company's performance over the short to medium term and will continue to review the skills matrix to address any gaps identified. As an industry challenger without material legacy issues, our strategy is focused on winning market share within profitable niches by delivering competitive products and exceptional service.

Key areas of focus currently include:

Expanding our distribution footprint in the independent financial adviser (IFA) market – Our strategy focusses on building awareness of ClearView's brand and capabilities, demonstrating the competitiveness of products and services, expanding our existing IFA relationships and increasing our penetration of existing Approved Product Lists (APLs), developing new IFA relationships and seeing ClearView products placed on new APLs, and cross selling products.

Target profitable market segments with innovative product – We aim to focus the next phase of life insurance and wealth management product development to capitalise on structural competitive advantages by offering life insurance through superannuation to leverage the convergence of these product offerings. We also aim to continue to expand our dealer group offering with a focus on strategic advice and improved adviser business efficiency with the potential to provide back-end services in the dealer to dealer market (D2D offering).

1. Mr Alscher was a Non-executive Director of the Board during FY18 until 1 March 2018 at which time he resigned as Director and was appointed as Alternate Director to Mr Thomson.

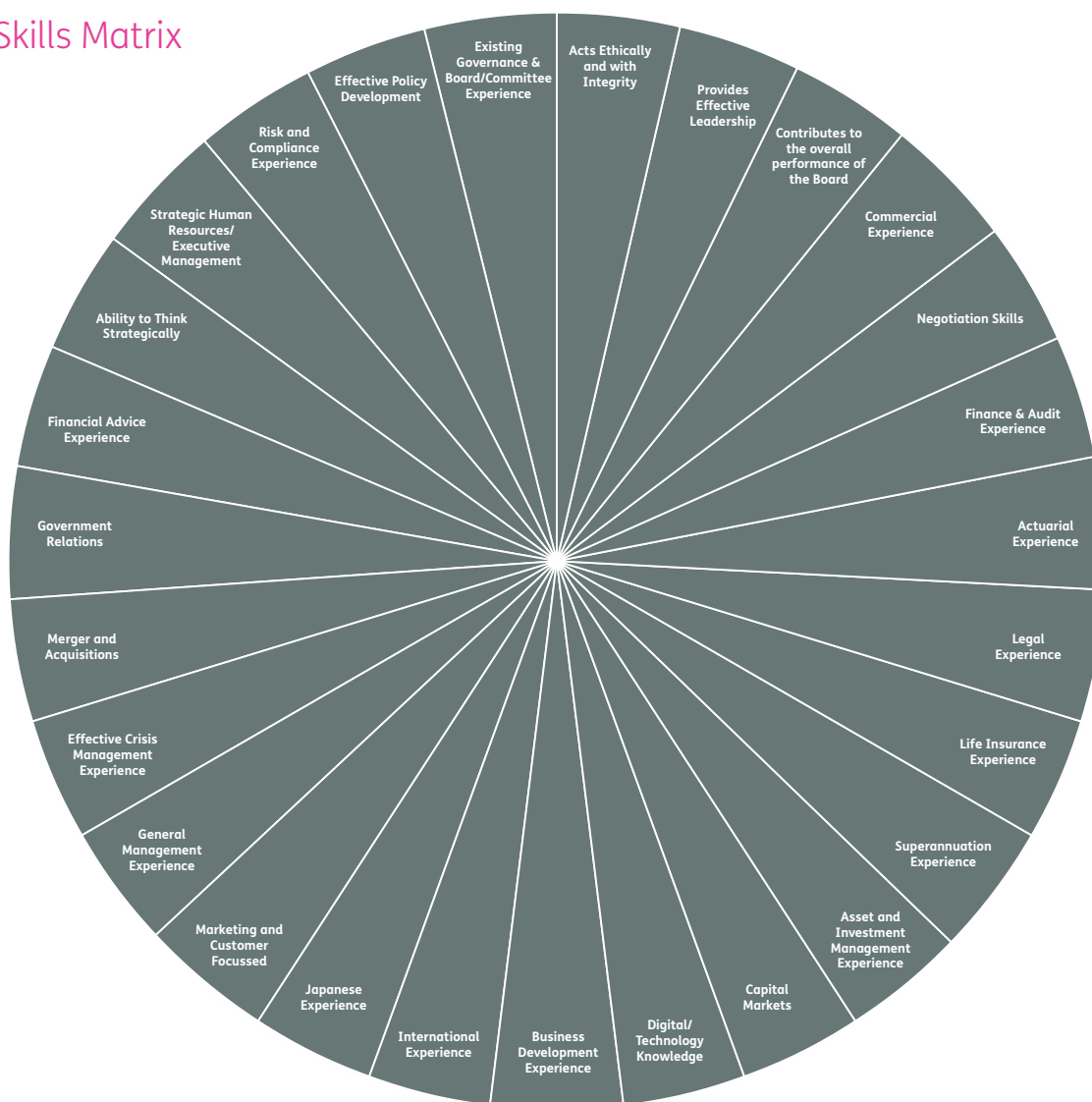
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Corporate Governance Statement (continued)

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

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 (Cth)*. Directors are required to immediately disclose any material personal interest in matters considered by the Board and,

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Corporate Governance Statement (continued)

unless the Board resolves otherwise, must not participate in Board discussion or vote on the matter.

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

Director	Independent	Length of Tenure
Mr Bruce Edwards	Yes	Five years, ten months
Mr Gary Burg	Yes	Five years, ten months
Mr David Brown	Yes	Five years, ten months
Ms Susan Young	Yes	One year, eight months
Mr Satoshi Wakuya	No, as he is associated with strategic shareholder, Sony Life Co., Ltd	One year, eight months
Mr Nathaniel Thomson (Alternate Director Mr Michael Alscher)	No, as he is associated with the major shareholder, CCP Bidco Pty Limited and its Associates	Five years, ten months
Mr Simon Swanson	No, as he is the Managing Director of ClearView	Eight years, five months

Information concerning each Director's experience, skills and qualifications is provided in the Directors' Report in the 2018 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 management team as required.

Ongoing education for Directors 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.

3.2 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 Whistleblower Policy provides mechanisms allowing for potential whistleblowers to disclose their report either internally, or to the external whistleblower officer who is Relationship 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. The Whistleblower Policy is available on ClearView's website.

Principle 4 – Safeguard integrity in corporate reporting

4.1 Board Audit Committee

During the period, ClearView maintained a Board Audit Committee (BAC) which assisted 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

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Corporate Governance Statement (continued)

accounting risks ClearView faces. The BAC is also responsible for oversight of accounting policies, professional accounting requirements, internal and external audit, 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.

The BAC currently has five (5) members, all of whom are independent Non-executive Directors. The Chairperson, Ms Young, 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
Ms Susan Young ¹	Non-executive Chairperson	Yes	5	5
Mr Bruce Edwards	Non-executive Director	Yes	5	5
Mr Gary Burg	Non-executive Director	Yes	5	5
Mr David Brown	Non-executive Director	Yes	3	5

1. Ms Young was appointed as Chairperson of the BAC on 25 August 2017

Information concerning each Director's experience, skills and qualifications is also provided in the Directors' Report in ClearView's 2018 Annual Report.

4.2 Management declarations

The Managing Director and the Chief Financial Officer, taking into account internal and external audit opinions and confirmation from key employees, have declared to the Board that in their opinion, in FY2018 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 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 Annual General Meeting (AGM)

The Company Secretary ensures that Deloitte Touche Tohmatsu (Deloitte), ClearView's external firm auditor, attends the Company's AGM 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 also meet privately with the whole Committee, any individual Director or any employee at their request. Deloitte were appointed as external firm auditors in 2012 and are subject to auditor rotation requirements outlined in APRA CPS 510, ClearView's External Audit Independence Policy 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 shareholders 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 shareholders 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 Chief Financial Officer and Joint 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 also published on ClearView's website.

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Corporate Governance Statement (continued)

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.

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 Joint Company Secretary, use a range of formal and informal communication channels to facilitate open and engaged communication.

These channels include:

- Annual Report and Half Year Report;
- 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 1300, 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 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 Investor Services Pty Limited (Computershare) our share registry. 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 provides ClearView shareholders with the option to receive copies of annual reports and notices of meetings electronically. ClearView also encourages shareholders to contact the Company electronically by email at **ir@clearview.com.au**.

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Corporate Governance Statement (continued)

Principle 7 – Recognise and manage risk

7.1 Board Risk and Compliance Committee

During the period, ClearView 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, advises on the Board approved Risk Management and Capital Strategy 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.

The BRCC currently has four (4) members, all of whom are independent Non-executive Directors. The Chairperson, Ms Young, 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
Ms Susan Young	Non-executive Chairperson	Yes	4	4
Mr Bruce Edwards	Non-executive Director	Yes	4	4
Mr Gary Burg	Non-executive Director	Yes	4	4
Mr David Brown	Non-executive Director	Yes	2	4

Information concerning each Director's experience, skills and qualifications is provided in the Directors' Report in ClearView's 2018 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 and Capital Strategy (RMCS) 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 customer entitlements. The RMCS 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.

In accordance with their respective Charters, 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 RMCS and RMF consider the key stakeholders in the Company, beyond just ClearView's shareholders, including:

- The benefit, security and expectations of our customers, policyholders, members, unitholders and advice customers;
- Risk impacts on and from ClearView's staff, distribution partners, and suppliers and counterparties; and
- Requirements and objectives of the Company's regulators.

The RMCS 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 RMCS and RMF include appropriate monitoring mechanisms.

ClearView's most recent RMCS was approved in February 2018 and lodged with APRA, in accordance with APRA Prudential Standard *CPS 220 Risk Management*. The RMCS is reviewed and approved on an annual basis by our listed entity Board and each of the subsidiary Boards.

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In accordance with APRA requirements, as part of the RMCS 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 classified as 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

Within the RMF, ClearView operates a risk management model that identifies, assesses, controls, monitors, reports, responds and tests risks that impact business operations, employees, customers, capital and shareholders. Whilst ClearView faces certain environmental, economic and social sustainability risks, it considers that emerging risks can be appropriately managed within the current business model. Currently, these risks are assessed as not substantively impacting ClearView's ability to create or preserve value for shareholders over the short, medium or long term.

Noted below are a number of key risk areas of focus:

1. Regulatory environment and regulatory change

ClearView is committed to maintaining its operations in line with regulatory obligations and its regulatory licenses. The current environment is characterised by significant change, both in terms of what regulators expect of financial institutions and customer and community expectations. ClearView is committed to meeting these expectations by continuing to improve our products, processes and systems and building capacity within our people. ClearView is supportive of key areas of regulatory change which will benefit customers and the industry including the encouragement of open Approved Product Lists and restrictions to vertical integration in financial services.

ClearView maintains oversight of regulatory requirements and change through Board governance structures, management and committees and a regulatory change forum. Ongoing compliance is overseen through compliance monitoring and breach and incident reporting. ClearView maintains a positive and collaborative relationship with key regulators.

2. Operational, cyber, fraud and business continuity risks

ClearView manages its operational risks in accordance with its Risk Management Framework and Risk Management Strategy, in line with the Board's Risk Appetite Statement. Operational risks are managed at a business unit level with controls applied to mitigate any risks inherently outside the Board's risk tolerance.

ClearView is reliant on 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 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 for the identification, prevention, detection, reporting, response, oversight and review of fraud risks in accordance with ClearView's Fraud and Crime Prevention Policy.

ClearView manages risks to business continuity to ensure ClearView can continue to meet all financial and service obligations to our policyholders, members, clients, shareholders and other key stakeholders in the event of a material disruption to the business as well as fulfilling regulatory obligations in relation to Business Continuity Management.

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Corporate Governance Statement (continued)

3. Financial, economic and insurance risks

ClearView manages its financial and economic risks, specifically investment market risk, including credit and liquidity risk and investment management risk and insurance risk, via governance structures, policy framework and data analysis and reporting.

ClearView manages insurance risk through claims and underwriting processes, reinsurance treaties and oversight from the ClearView Life Claims Committee.

4. Conduct and culture

ClearView is committed to operating within a corporate culture defined in accordance with ClearView's values and brand essence. ClearView aspires to have a culture where risk management and compliance are integral to our decision making framework. As part of this ethos, the Board and Senior Management team emphasise transparency, trust and accountability in addition to reinforcing the core values of Persistence, Collaboration, Integrity and Authenticity.

5. Environmental, Social and Governance

ClearView is exposed to climate related risks through its assets (investment market risk), liabilities (insurance risk) and operations (resilience risk and regulatory risk). While this exposure is not considered material at this point in time, ClearView considers this risk through its RMCS, Investment Committee Charter, Business Continuity Plan and is developing climate change scenarios to ensure sufficient capital is held for this risk area.

ClearView is committed to the success and wellbeing of its people, customers and the communities we operate in. This commitment is embodied in our purpose, which is to be a trusted partner in providing financial solutions that protect and improve the lifestyles of Australians throughout their lifetime, as well as a resolution to provide appropriate remuneration and incentives for all employees and to negate a negative culture from developing.

The ClearView boards and Senior Management Team take seriously their commitment to set a positive 'tone from the top' in terms of the importance of ClearView's values and the criticality of risk management and compliance frameworks, systems and processes. ClearView's governance structure supports the success of the business and of business stakeholders.

A detailed discussion on the key risks and how they are monitored is set out in the Notes to the Financial Statements in ClearView's 2018 Annual Report.

Principle 8 – Remunerate fairly and responsibly

8.1 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 the Board committees and/or 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 and 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's remuneration must be approved by the Board on the recommendation of the NRC after engaging and taking advice, where appropriate. During the period, the NRC considered the aggregate Non-executive Director fee pool as approved by shareholders at the 2013 AGM, as a result of the resignation of Mr Andrew Sneddon and Mr Michael Alscher as Directors the Company, revocation of Mr Michael Lukin's appointment as Alternate Director to Mr Michael Alscher and appointment of Mr Michael Alscher as Alternate Director to

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Corporate Governance Statement (continued)

Mr Nathaniel Thomson on 1 March 2018. In 2017, AON Hewitt benchmarked the Non-executive Directors fees as part of their review. It was concluded that notwithstanding that the comparable cost in total was considered appropriate, given the size and composition of the Board, that on average ClearView pays a lower Board fee per Director. No change to Directors fees was recommended during the period and the fees per Board member would be reconsidered at the appropriate time.

ClearView will reimburse Directors for reasonable out-of-pocket expenses incurred in connection with the 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.

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 existing 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.

A Long Term Incentive (LTI) structure for senior executive management delivered via a grant of Performance Rights was approved by the Board, on recommendation of the Remuneration Committee, on 21 June 2017. The first awards under the new LTI were made in FY18 with further awards approved in July 2018 (to be granted subsequent to the date of this report). The key terms of the new LTI are set out in the Remuneration Report in the 2018 Annual Report.

8.2 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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