

# **GENWORTH MI CANADA INC.**

**NOTICE AND MANAGEMENT INFORMATION CIRCULAR  
FOR THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON  
JUNE 2, 2016**

## TABLE OF CONTENTS

	Page
<b>QUESTIONS AND ANSWERS ON VOTING AND PROXIES.....</b>	<b>2</b>
<b>INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON.....</b>	<b>5</b>
<b>VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES .....</b>	<b>5</b>
Principal Shareholders .....	5
Special Share Rights .....	5
<b>BUSINESS OF THE MEETING .....</b>	<b>6</b>
Election of Directors .....	6
Nomination and Evaluation of Candidates .....	6
Diversity Considerations.....	6
Board Composition.....	6
Director Tenure.....	6
Director Nominees.....	7
Majority Voting Policy.....	10
Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions.....	11
Changing Directors.....	11
<b>COMPENSATION OF DIRECTORS .....</b>	<b>11</b>
Director Compensation Discussion and Analysis .....	11
Director Compensation Table 2015 .....	12
Outstanding Share-Based and Option-Based Awards.....	13
Value Vested or Earned During Fiscal 2015.....	13
Directors' and Officers' Liability Insurance .....	13
Deferred Share Unit Plan.....	13
Appointment of Auditors .....	15
Audit Fees.....	15
Audit Related Fees.....	15
Tax Fees.....	15
All Other Fees.....	16
<b>STATEMENT OF EXECUTIVE COMPENSATION .....</b>	<b>16</b>
Compensation Discussion and Analysis .....	16
Diversity Considerations.....	16
Human Resources Governance: Compensation & Nominating Committee .....	16
Highlights of the Activities of the Compensation and Nominating Committee in 2015.....	17
Compensation & Nominating Committee Activities in early 2016 .....	19
Genworth Canada Compensation Objectives: .....	19
Compensation Consultants.....	19
Executive Compensation Related Fees .....	20
All Other Fees.....	20
Risk Assessment of Compensation Programs.....	20
Evaluating Market Competitiveness .....	21
Overview of Compensation Elements.....	22
Target and Actual Mix of Pay for NEOs for Fiscal 2015 .....	24
Compensation Decisions.....	25
Base Salaries.....	25
Short-Term Incentives .....	26
Long-Term Incentives.....	28
Executive Deferred Share Units.....	31
Performance Graph .....	31
Summary Compensation Table.....	32
Incentive Plan Awards .....	33
Outstanding Share-Based Awards and Option Based Awards.....	33
Value Vested or Earned During Fiscal 2015.....	34
Pension Plan Benefits .....	35
Defined Contribution Pension Plan.....	35
Supplemental Executive Retirement Plan.....	36

## TABLE OF CONTENTS

	<b>Page</b>
Termination and Change of Control Benefits .....	37
Termination Benefits .....	37
Change of Control and Qualified Termination Benefits .....	38
Equity-Based Compensation Plans .....	39
Common Shares Used for Purposes of Equity Compensation .....	40
Stock Option Plan .....	40
Share Based Incentive Plan .....	42
Executive Deferred Share Unit Plan .....	43
Share Savings Plan .....	43
Share Ownership Requirements .....	44
<b>INDEBTEDNESS OF DIRECTORS AND NEOs .....</b>	<b>46</b>
<b>NORMAL COURSE ISSUER BID .....</b>	<b>46</b>
<b>INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS .....</b>	<b>46</b>
<b>CORPORATE GOVERNANCE .....</b>	<b>46</b>
Board of Directors .....	46
Independence of Directors .....	47
Mandates .....	47
Position Descriptions .....	48
Ethical Business Conduct .....	48
Compensation and Nominating Committee .....	48
Relevant Education and Experience .....	48
Orientation and Continuing Education .....	48
Nomination and Assessment of Directors .....	49
Succession Planning .....	49
Compensation .....	49
Audit Committee .....	50
Relevant Education and Experience .....	50
Pre-Approval Policy .....	50
Risk, Capital and Investment Committee .....	50
Corporate Governance of Genworth Financial Mortgage Insurance Company Canada .....	50
Shareholder Communication with the Board .....	51
<b>MANAGEMENT CONTRACTS .....</b>	<b>51</b>
<b>ADDITIONAL INFORMATION .....</b>	<b>51</b>
<b>OTHER BUSINESS .....</b>	<b>51</b>
<b>SHAREHOLDER PROPOSALS .....</b>	<b>51</b>
<b>DIRECTORS' APPROVAL .....</b>	<b>52</b>
<b>APPENDIX A BOARD OF DIRECTORS MANDATE .....</b>	<b>53</b>

Dear Shareholder:

Please join our Board of Directors and management at our 2016 annual meeting of shareholders. The meeting will be held on June 2<sup>nd</sup>, 2016 at 10:00 a.m. (E.T.) at the TMX Broadcast Centre, The Exchange Tower, located at 130 King Street West, Toronto, Ontario, Canada.

At the meeting, you will have the opportunity to obtain first-hand information regarding Genworth MI Canada Inc., learn about our plans for the future and be called upon to vote on matters described in the Management Information Circular. The Notice of Annual Meeting and Management Information Circular describing the formal business of the meeting and related proxy are enclosed.

**Your vote is very important.** Whether or not you plan to attend the meeting, please participate by completing and sending us your proxy (full details are provided herein).

If you are unable to attend in person, you will be able to listen to a live webcast of the meeting at <http://investor.genworthmicanada.ca>. Prior to the meeting you may also wish to visit our website to view our most recently filed public documents.

**DATED** this 15<sup>th</sup> day of April, 2016

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Hurley". The signature is written in a cursive style with a large, sweeping initial "B".

Brian Hurley  
Executive Chairman of the Board of Directors

**GENWORTH MI CANADA INC.**  
**COMPENSATION AND NOMINATING COMMITTEE LETTER TO SHAREHOLDERS**

Dear Shareholders,

Effective January 1, 2015, Stuart Levings assumed the role of President and CEO of Genworth Canada from Brian Hurley, our current Executive Chairman of the Board. Mr. Hurley's many contributions have laid the foundation for Genworth Canada's continuing success in a market that is becoming more complex and competitive. Mr. Hurley, the Compensation and Nominating Committee and the Board of Directors spent considerable time planning for the CEO succession, and focused specific attention on our talent management strategies to ensure that we have individuals with the right level of skill, knowledge and experience required to fill critical roles, especially the role of President and CEO. Mr. Levings' appointment as the President and CEO highlights our commitment to developing the future leaders required to lead Genworth Canada and to deliver on our shareholders' expectations. Mr. Levings' considerable experience with Genworth Canada over the past fifteen years position him well for future success in leading this organization in the years to come.

**2015 Performance and Compensation**

As noted in the table below, Genworth Canada delivered solid financial performance in 2015, meeting or exceeding the objectives established for the year. We continued to deliver successfully against our operating objectives in 2015, with specific progress made in top line growth, portfolio quality, capital efficiency and an increased focus on risk management and loss mitigation.

Performance Measure	2015	Comment
Net operating income	\$375 million	105% of target
Operating return on equity	11.8%	103% of target
Capital generation to support the Board approved dividend policy	\$1.59	100% of target
Generate \$183 million of capital in excess of the Company's holding target of 220%	\$244 million	The Company generated \$244 million of capital in excess of the 220% holding target

Aligning compensation decisions with performance is an important principle of our executive compensation strategy. The Compensation and Nominating Committee provided oversight of performance and compensation of the senior leadership team of Genworth Canada, the organizations human resources policy development and its succession planning. In fulfilling these duties the Compensation and Nominating Committee considered financial and non-financial performance in the context of our operating environment and the risks taken in achieving these performance levels in 2015. In light of our solid performance in 2015, the Board, based on the Compensation and Nominating Committee's recommendation, approved the variable incentive compensation plan funding for the executive officers outlined in the management information circular at 115% of their target opportunity. The approved funding level reflects the performance results relative to the variable incentive compensation objectives set out for management. Long-term incentive awards made were consistent with our strategy of using different types of equity to ensure alignment among senior leadership compensation, the performance of the organization and the interests of our shareholders. The Compensation and Nominating Committee is committed to making sure that total direct compensation levels continue to align with the strategy of Genworth Canada.

We continue to welcome your feedback and look forward to seeing you at our upcoming annual shareholders meeting.



Sidney Horn  
Lead Director & Chair of the  
Compensation and Nomination Committee

**GENWORTH MI CANADA INC.**  
**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** to the shareholders of Genworth MI Canada Inc. (the “**Company**”) that the 2016 annual meeting (the “**Meeting**”) of shareholders will be held on June 2, 2016 at 10:00 a.m. (E.T.) at the TMX Broadcast Centre, The Exchange Tower located at 130 King Street West, Toronto, Ontario, Canada. The Board of Directors of the Company have fixed April 18, 2016 as the record date for the Meeting. The purpose of the Meeting will be to deal with the following matters:

1. receiving the consolidated financial statements of the Company for the financial year ended December 31, 2015 (“**Fiscal 2015**”) and the report of the auditors on such statements;
2. electing the Board of Directors;
3. appointing the auditors and authorizing the Board of Directors to fix their remuneration; and
4. transacting other business that may properly come before the Meeting or any adjournments of the Meeting.

Accompanying this notice are: (i) a Management Information Circular of the Company (the “**Circular**”); (ii) a voting instruction form or form of proxy to be used for voting at the Meeting; and (iii) a reply card for use by shareholders who wish to receive the annual and/or interim financial statements of the Company.

All non-registered shareholders must provide voting instructions in the manner described in the enclosed voting instruction form and in the accompanying Circular. Your shares will not be voted without your instructions.

We urge you to read these materials carefully and cast your vote on these important matters.

**DATED** this 15<sup>th</sup> day of April, 2016

**BY ORDER OF THE BOARD OF DIRECTORS**



**Brian Hurley**  
**Executive Chairman of the Board of Directors**

**GENWORTH MI CANADA INC.  
MANAGEMENT INFORMATION CIRCULAR**

This Management Information Circular (the “**Circular**”) is being sent to each holder of common shares (“**Common Shares**”) and of the special share (the “**Special Share**”, and together with the Common Shares, the “**Shares**”) of Genworth MI Canada Inc. (the “**Company**” or “**Genworth Canada**”) in connection with the annual meeting (the “**Meeting**”) of holders of Shares (“**Shareholders**”).

**Date, Time and Place of the Meeting**

The Meeting is to be held on June 2, 2016 at 10:00 a.m. (E.T.) at the TMX Broadcast Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

**Record Date and Quorum**

The Board of Directors of the Company (the “**Board**”) has fixed April 18, 2016 as the record date (the “**Record Date**”) for the Meeting. Each Shareholder of record at the close of business on the Record Date is entitled to vote the Shares registered in such Shareholder’s name at that date on each matter to be acted upon at the Meeting.

A quorum for the Meeting consists of at least one person present, being a Shareholder entitled to vote at the Meeting or a duly appointed proxy holder for a Shareholder entitled to vote at the Meeting. In the event that a quorum is not present at the time fixed for the Meeting, the Meeting will be adjourned to a day not less than seven days later, at such time and place as determined by the Chairperson of the Meeting.

**Interpretation of this Circular**

Except as otherwise stated, the information contained herein is given as of April 15, 2016. Unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

**QUESTIONS AND ANSWERS ON VOTING AND PROXIES**

**1. WHO DO I CALL IF I HAVE QUESTIONS OR NEED ASSISTANCE?**

CST Trust Company (“**CST**”), the Company’s transfer agent, via telephone at 416-682-3860 (within the Greater Toronto Area) or 1-800-387-0825 (within Canada and the United States); via facsimile at 1-888-249-6189; via e-mail at [inquiries@canstockta.com](mailto:inquiries@canstockta.com); or through their website at [www.canstockta.com](http://www.canstockta.com).

**2. WHO IS SOLICITING MY PROXY?**

This Circular is furnished in connection with the solicitation of proxies by management of the Company, a corporation incorporated under the laws of Canada, for use at the Meeting and at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of the Meeting. The Company may pay investment dealers or other service providers for their reasonable expenses for sending this Circular and other Meeting materials to Shareholders and obtaining voting instructions and/or proxies. If needed, it is expected that the solicitation of proxies for the Meeting will be primarily by mail, but proxies may also be solicited by telephone or personally by regular employees of affiliated entities of the Company at nominal cost. The cost of solicitation will be borne by the Company.

**3. WHAT AM I VOTING ON?**

- (A) the election of each director;
- (B) the appointment of the auditors; and
- (C) any other matter that may properly come before the Meeting.

**The Company’s Board and management recommend that you vote FOR (A) the election of each director and (B) the appointment of the auditors.** The person named in the proxy form has discretionary authority with respect to amendments or variations to matters identified in the Notice of the Meeting and to other matters which may properly come before the Meeting.

**4. WHO CAN VOTE?**

Registered Shareholders on the Record Date may deposit proxies to be recognized and acted upon at the Meeting. While Shareholders who are not registered Shareholders (referred to in this Circular as “**Beneficial Shareholders**”) cannot vote at the Meeting by completing and depositing a form of proxy as a registered Shareholder, they can vote in the manner specified below.

The Company is not sending this Circular directly to Beneficial Shareholders. Rather, the Company is paying for Beneficial Shareholders to receive a voting instruction form or other similar document with this Circular from their broker or other intermediary holding Shares on their behalf (the “**Intermediary**”). This voting instruction form allows the Beneficial Shareholder to provide voting instructions with respect to such Shares. The voting instruction form is similar to the form of proxy provided to a registered Shareholder, however, its purpose is limited to instructing a registered Shareholder how to vote on your behalf. Intermediaries will typically make arrangements that will allow you, if you are a Beneficial Shareholder, to provide voting instructions by completing and returning a voting instruction form by mail or facsimile, calling a toll-free telephone number or by using the internet. You should carefully follow the directions provided to you in order to ensure that your Shares are voted at the Meeting. Your Shares will not be voted without your instructions.

Please note that Beneficial Shareholders seeking to attend the Meeting will not be recognized at the Meeting for the purpose of voting Shares unless the Beneficial Shareholder has provided instructions to appoint him or herself as a proxyholder. In order to do this, the individual should follow the instructions on the voting instruction form received from the Intermediary regarding the manner in which voting instructions are to be provided and, in doing so, specify that individual’s own name as the person to be appointed as proxyholder for the purposes of voting his or her Shares. For instance, if “*David Jones*” is a Beneficial Shareholder and he wishes to be appointed as a proxyholder, in the voting instruction form he receives from his Intermediary, he should insert the name “*David Jones*” in the space provided and follow the other procedures specified on the voting instruction form for appointing a proxyholder other than one of the individuals specified on the form. Beneficial Shareholders seeking to appoint another person as proxyholder should see the procedures below in “*How do I appoint someone to vote for me?*”

All Beneficial Shareholders should communicate their voting instructions in accordance with directions received from the Intermediary holding Shares on their behalf well in advance of the deadline for the receipt of proxies to allow their instructions to be processed before the deadline.

#### **5. BY WHEN SHOULD I MAIL MY PROXY?**

Beneficial Shareholders need to deliver their voting instructions to their Intermediary within the timeframes specified by the Intermediary. Registered Shareholders should send their proxy forms to CST by no later than 5:00 p.m. (E.T.) on May 31, 2016 or, in the case of any adjournments or postponements of the Meeting, not less than 48 hours, Saturdays, Sundays and holidays excepted, prior to the time of the adjourned or postponed Meeting.

#### **6. HOW DO I APPOINT SOMEONE TO VOTE FOR ME?**

An instrument appointing a proxy must be in writing and either substantially in a form approved by the Board or as may be satisfactory to the Chairman of the Meeting. Forms of proxy must be executed on behalf of the registered Shareholder by a person duly authorized in writing. The individuals named in the enclosed form of proxy are officers of the Company. **A REGISTERED SHAREHOLDER MAY APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER, TO REPRESENT HIM OR HER AT THE MEETING.** In order to do so, the registered Shareholder must insert such other person’s name in the blank space provided in the form of proxy and strike out the names of the nominees referred to, or complete another proper form of proxy and, in either case, deposit the completed proxy with CST by the specified deadline.

Beneficial Shareholders seeking to have another person vote for them at the Meeting must provide instructions to appoint such person as a proxyholder. In order to do this, the Beneficial Shareholder should follow the instructions on the voting instruction form received from the Intermediary regarding the manner in which voting instructions are to be provided and, in doing so, specify such person’s name as the person to be appointed as proxyholder for the purposes of voting the Beneficial Shareholder’s Shares.

#### **7. IF I CHANGE MY MIND, CAN I REVOKE MY PROXY ONCE I HAVE GIVEN IT?**

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the registered Shareholder or by its attorney authorized in writing, and by depositing such instrument with CST before the deadline for filing proxies, or in any other manner permitted by law. However, the revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

#### **8. HOW WILL MY SHARES BE VOTED IF I VOTE BY PROXY?**

The persons named in the form of proxy must vote or withhold from voting your Shares in accordance with your instructions on the form of proxy. Common Shares represented by a proxy are to be voted by the proxyholder designated in the enclosed form of proxy as instructed by the Shareholder. **In the absence of a contrary instruction, or where no instruction is indicated, the persons designated by management of the Company in the enclosed form of proxy intend to vote:**

- **FOR** the election of each director; and
- **FOR** the appointment of the auditors.

**9. WHAT IF AMENDMENTS ARE MADE TO THESE MATTERS OR IF OTHER MATTERS ARE BROUGHT BEFORE THE MEETING?**

The person named in the form of proxy has discretionary authority with respect to amendments or variations to matters identified in the Notice of the Meeting and to other matters which may properly come before the Meeting. As of the date of this Circular, the Company's management knows of no such amendment, variation or other matter expected to come before the Meeting. If any other matters properly come before the Meeting, the persons named in the proxy form will vote on them in accordance with their best judgment.

**10. WHAT IS ELECTRONIC DELIVERY?**

Electronic delivery is a voluntary program that permits Shareholders to receive their disclosure documents electronically rather than in paper form. Every year, the Company mails to Shareholders documentation, such as this Circular, that must by law be delivered to shareholders of a public company. Consenting registered Shareholders will receive an e-mail containing a link to disclosure documentation on the Company's website ([www.genworth.ca](http://www.genworth.ca)). The Company believes that electronic delivery will benefit the environment and reduce the Company's costs.

**11. IS ELECTRONIC DELIVERY MANDATORY?**

No. Electronic delivery is voluntary; if you do not consent to electronic delivery, you will continue to receive documentation by regular mail.

**12. IF I CONSENT TO ELECTRONIC DELIVERY, WHEN WILL THE DOCUMENTATION BE AVAILABLE?**

If you consent to electronic delivery, you will be notified by e-mail of the availability on the Company's website ([www.genworth.ca](http://www.genworth.ca)) of all documentation which must be sent to you by law.

**13. HOW CAN I CONSENT TO ELECTRONIC DELIVERY?**

By completing and returning the reply card accompanying this Circular.

**14. HOW DO I VOTE?**

***Registered Shareholders:***

A registered Shareholder can vote by delivering a proxy to CST in one of the following ways:

By mail: CST Trust Company  
P.O. Box 721  
Agincourt, ON M1S 0A1

By fax: (416) 368-2502 (in the Greater Toronto Area); or  
1-866-781-3111 (Toll Free)

In person: CST Trust Company  
320 Bay Street  
Basement Level (B1 Level)  
Toronto, ON M5H 4A6

IF YOUR SHARES ARE NOT REGISTERED IN YOUR NAME (E.G., IF THEY ARE HELD THROUGH AN INTERMEDIARY), DO NOT USE THE ABOVE FAX NUMBERS AS THEY ARE RESERVED FOR REGISTERED SHAREHOLDERS. INSTEAD, USE THE FAX NUMBERS, IF ANY, PROVIDED BY YOUR INTERMEDIARY.

***Beneficial Shareholders:***

There are two ways that you can vote your Shares if you are a Beneficial Shareholder:

**(i) By Providing Voting Instructions to Your Intermediary**

Your Intermediary is required to seek voting instructions from you in advance of the Meeting. Accordingly, you will receive from your nominee either a request for voting instructions or a form of proxy for the number of Shares you hold.

Every Intermediary has its own procedures which should be carefully followed by Beneficial Shareholders to ensure that their Shares are voted at the Meeting. Please contact your Intermediary for instructions in this regard.

**(ii) By Attending the Meeting in Person**

The Company does not have access to the names of Beneficial Shareholders. Therefore, if you attend the Meeting, the Company will have no record of your shareholdings or of your entitlement to vote unless your Intermediary has appointed you as proxyholder. If you wish to vote in person at the Meeting, insert your own name in the space provided on the request for voting instructions or form of proxy to appoint yourself as proxyholder and follow the instructions of your Intermediary. Beneficial Shareholders who instruct their nominee to appoint themselves as proxyholders should present themselves to a representative of CST at the Meeting.

**INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

None of the directors or executive officers of the Company, nominees for election as directors, nor persons who have been directors or executive officers of the Company since the commencement of the Company’s last financial year and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

**VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

As at the date hereof, the Company has 91,799,159 Common Shares issued and outstanding, each of which entitles the holder to one vote per Common Share.

**Principal Shareholders**

As at the date hereof, to the knowledge of the Board, Genworth Financial International Holdings, LLC (“**GFIH**”) and Genworth Mortgage Insurance Corporation (“**GMIC**”), each a wholly owned subsidiary of Genworth Financial, Inc. (“**Genworth Financial**”) are the only entities that beneficially own, directly or indirectly, control or direct voting securities of the Company carrying 10% or more of the voting rights attached to any class of voting securities of the Company. As at the date hereof, GFIH holds 37,295,251 Common Shares, representing approximately 40.6% of the issued and outstanding Common Shares of the Company and GMIC holds 13,678,911 Common Shares representing approximately 14.9% of the issued and outstanding Common Shares of the Company. Based on information publicly filed with applicable securities regulatory authorities, as of the date hereof, Genworth Financial, via GFIH, GMIC and Genworth Mortgage Insurance Corporation of North Carolina (“**GMIC-NC**”), each a wholly owned subsidiary of Genworth Financial, owns or exercises control over one Special Share and 52,562,042 Common Shares, representing approximately 57.3% of the issued and outstanding Common Shares of the Company.

**Special Share Rights**

The articles of the Company authorize a class of special shares. The rights, privileges, restrictions and conditions of the special shares provide that only one such special share may be authorized for issuance. The Special Share provides rights to Genworth Holdings, Inc., a wholly owned subsidiary of Genworth Financial, via GFIH, with respect to the election of a portion of the Board of the Company. The attributes of the Special Share provide that the holder of the Special Share is entitled to nominate and elect a certain number of directors to the Board, as determined by the number of Common Shares that the holder of the Special Share and its subsidiaries beneficially own from time to time. Accordingly, for so long as Genworth Holdings, Inc. beneficially owns a specified percentage of Common Shares, the holder of the Special Share is entitled to nominate and elect a specified number of the Company’s directors rounded to the nearest whole number, as set out in the table below.

<b><u>Common Share Ownership</u></b>	<b><u>Number of Directors</u></b>
Greater than or equal to 50%.....	5/9
Less than 50% but not less than 40%.....	4/9
Less than 40% but not less than 30%.....	3/9
Less than 30% but not less than 20%.....	2/9
Less than 20% but not less than 10%.....	1/9
Less than 10%.....	None

See “*Business of the Meeting – Election of Directors – Director Nominees*” below for an indication of those nominees who are the nominees of Genworth Financial.

Under the terms of the Shareholder Agreement dated July 7, 2009, as amended, among the Company, GFIH, GMIC, GMIC-NC, Genworth Holdings, Inc. and Genworth Financial (the “**Shareholder Agreement**”), Genworth Holdings, Inc., as the beneficial holder, has agreed not to vote its Common Shares for the election of directors at any Shareholders meeting at which it exercises its rights to elect directors under the Special Share. However, where Genworth Holdings, Inc. does not exercise its Special Share director election rights, it is permitted to vote its Common Shares for the election of directors. Genworth Holdings, Inc. may also exercise the voting rights attached to Common Shares beneficially owned by it on any other matter.

In accordance with the terms of the Shareholder Agreement, Genworth Holdings, Inc., a wholly-owned subsidiary of Genworth Financial, has notified the Company that it has elected not to exercise its rights to elect directors under the Special Share. Therefore, Genworth Financial, via GFIH, GMIC and GMIC-NC, will vote the Common Shares it beneficially owns in connection with the election of the nine nominee directors.

## **BUSINESS OF THE MEETING**

### **Election of Directors**

The articles of the Company provide that the Board of the Company shall consist of a minimum of three directors and a maximum of fifteen directors. The Board has determined that, at the present time, nine is an appropriate number of directors for the Board. The term of office of each director currently in office expires at the close of the Meeting. Each director elected at the Meeting shall hold office until the close of the next annual meeting of Shareholders, unless he or she resigns or his or her office becomes vacant for any reason.

### ***Nomination and Evaluation of Candidates***

The Board derives its strength from the background, diversity, qualities, competencies and experience of its members. Directors are elected by Shareholders at each annual meeting to serve for a term expiring on the date of the next annual meeting. The Board or its appropriate delegated committees considers all qualified candidates identified through and internal and external search processes. Nominees are considered based on the assessed needs of the Board, using a skills matrix, against the collective qualities of the proposed candidate. Such qualities may include but not be limited to: integrity and ethics, business judgment, independence, business or professional expertise, international experience, residency, familiarity with geographic regions relevant to Genworth Canada’s strategic priorities and gender and ethnic diversity.

### ***Diversity Considerations***

In March 2015, the Board approved a new Nomination and Independence Policy that outlined the search and nomination process for new directors. This policy establishes, among other things, the commitment of Genworth Canada to diversity and inclusiveness in practices around Board nomination. The Board recognizes the benefits of promoting diversity both within Genworth Canada and at the Board level. In assessing candidates and selecting nominees, the Board considers gender diversity an important factor and as such the Board has set a target that at least three of nine directors will be women by 2020. This year’s slate of nominees for the Board includes an additional female nominee. Following the annual general meeting and assuming that all nominees for director are elected as contemplated in the Circular, two of nine directors (22%) on the Board will be women.

The Board has sought to ensure that its commitment to diversity and inclusiveness will be effectively implemented by embedding it into the Nomination and Independence Policy. The Compensation and Nominating Committee (the “**CNC**”) evaluates the effectiveness of the director selection and nomination process, including adherence to its diversity and inclusiveness, through its annual evaluation of the Board.

### ***Board Composition***

The Board, subject to the Company’s articles and by-laws, will normally be comprised of nine directors, five nominated by Genworth Financial or its applicable subsidiaries in accordance with the terms of the Shareholders Agreement. In compliance with the *Canada Business Corporations Act*, the Board must include at least 25% resident Canadians. The Board must also include at least three directors who are “independent” and “financially literate”, which directors will be members of an audit committee in compliance with Canadian securities laws. In addition, in order to remain as a “foreign private issuer” under U.S. securities laws, a majority of the Board must not be U.S. citizens or residents.

### ***Director Tenure***

The Board recognizes the benefit of balancing experience with new perspectives. As such the Board will seek to achieve ongoing renewal at the Board and committee levels. Directors will not stand for re-election after reaching the age of 75 years or following 10 consecutive years’ service on the Board from the implementation date of the Nomination and Independence Policy, which occurred on March 26, 2015. Under certain circumstances the Board may extend the tenure of a Director if there is sufficient justification to do so.

The following table sets forth information with respect to each of the nine persons who are proposed as nominees for election as directors of the Company by holders of the Common Shares, including the name, province or state, and country of residence of each of the proposed nominees for election as directors, all other positions and offices with the Company now held by each nominee, his/her present principal occupation or employment, his/her business experience over the last five years, the period during which he/she has served as director, the number of securities of the Company (including Common Shares, options to purchase Common Shares (“**Options**”), Restricted Share Units (“**RSUs**”), Deferred Share Units (“**DSUs**”), Performance Share Units (“**PSUs**”) and Executive Deferred Share Units (“**EDSUs**”)) beneficially owned by him or her, as at the date of this Circular, over which each nominee has or shares voting or investment power, and attendance record for all applicable meetings held in 2015. The information as to securities beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Company, has been furnished by the respective proposed nominees individually.

**Director Nominees**

<b>Brian Hurley – Genworth Financial Nominee</b>		
	Mr. Hurley is the Executive Chairman of the Board of the Company. Prior to his current role, Mr. Hurley was Chairman and Chief Executive Officer of the Company from July 2009 to December 31, 2014. Prior to that Mr. Hurley was President, Genworth International – Asia Pacific, Canada & Latin America, Genworth Financial from September 2004 to May 2009, with responsibility for Genworth Financial’s activities in key markets around the world. Mr. Hurley is a graduate of the General Electric Company (“ <b>General Electric</b> ”) Financial Management Program and has held numerous financial leadership positions within General Electric and GE Capital.	
	Residence:	North Carolina, USA
	Age:	57
	Director since:	May 25, 2009
	Securities Held:	77,457 Common Shares, 482,800 Options, 7,292 RSUs, 14,696 PSUs and 20,971 EDSUs
	Attendance:	Board meetings

<b>Sidney Horn – Independent Director<sup>(1)</sup></b>			
	Mr. Horn is the Lead Director of the Company. Mr. Horn also serves as a member of Genworth Financial Mortgage Insurance Company Canada’s board of directors. Mr. Horn is a partner at the law firm of Stikeman Elliott LLP and specializes in commercial, corporate and securities law. Mr. Horn is a member of the Alberta and Québec Bar Associations.		
	Residence:	Québec, Canada	
	Age:	65	
	Director since:	June 30, 2009	
	Securities Held:	6,000 Common Shares and 24,074 DSUs	
	Committee Memberships:	Audit Committee and Compensation and Nominating Committee	
	Attendance:	Board meetings	9 of 9
		Audit Committee meetings	8 of 8
	Compensation and Nominating Committee meetings	7 of 7	

**Andrea Bolger – Independent Director<sup>(1)</sup>***(First time nominee in 2016)*

Ms. Bolger is a director of Genworth Financial Mortgage Insurance Company Canada. She has held that role since October 2015. Ms. Bolger is also currently a member of the board of directors of Knowledge First Financial/Foundation where she chairs the Governance Committee and is also on the advisory counsel to the Dean of the Ted Rogers School of Business at Ryerson University. Ms. Bolger is a former senior executive at Royal Bank of Canada, serving in a variety of senior executive positions. She has also served as Chair of the Board and Chair of the Audit and Risk Committee of Moneris Solutions and was a long time board member of The Childrens' Aid Foundation and the Canadian Chamber of Commerce.

Residence:	Ontario, Canada
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Age:	58
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Securities Held:	None
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**Rohit Gupta – Genworth Financial Nominee***(First time nominee in 2016)*

Mr. Gupta is the President and Chief Executive Officer of Genworth Financial's U.S. Mortgage Insurance business, a position he has held since May 2012. Prior to this role Mr. Gupta served as the Genworth Financial U.S. Mortgage Insurance business Chief Commercial Officer, 2009-2012, Senior Vice President of Products, Intelligence and Strategy, 2007-2009, and Vice President, Commercial Operations, 2006-2007. Mr. Gupta held several management positions with GE Capital and GE Mortgage Insurance since joining them in 2000 and began his career with FedEx in Strategic Marketing in 1998.

Residence:	North Carolina, U.S.A.
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Age:	41
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Securities Held:	None
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**Stuart Levings – Genworth Financial Nominee**

Mr. Levings is a director and is the President and Chief Executive Officer of the Company. Prior to his current roles Mr. Levings held the position of Chief Operating Officer at Genworth Financial Mortgage Insurance Company Canada from October 2013 to December 31, 2014, responsible for underwriting, loss mitigation, information technology, product development, sales and marketing. He has also held the positions of Chief Operations Officer, 2011-2013, Chief Risk Officer 2007-2011 and Chief Financial Officer, 2002-2007 for Genworth Financial Mortgage Insurance Company Canada. Mr. Levings is a chartered accountant and he joined Genworth Canada as the Controller in 2000 after a successful audit career with Deloitte and Touche in Toronto and in Cape Town, South Africa.

Residence:	Ontario, Canada
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Age:	43
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Director since:	June 4, 2015
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Securities Held:	19,310 Common Shares, 181,800 Options, 11,767 RSUs and 23,642 PSUs
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Attendance:	Board Meetings	4 of 4 <sup>(2)</sup>
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**Heather Nicol – Independent Director<sup>(1)</sup>**

Ms. Nicol is a director of the Company. She is currently the CFO of the Reformulary Group Inc. She has also held several senior financial management positions, including CFO for the MaRS Discovery District and Chapters Online, as well as investment banking roles including Vice President for BMO Nesbitt Burns (previously Burns Fry Inc.). She was also a founding board member of Desjardins Credit Union in Ontario. She holds her CPA, CMA and ICD.D designations.

Residence:	Ontario, Canada	
Age:	53	
Director since:	June 5, 2014	
Securities Held:	1,300 Common Shares and 2,263 DSUs	
Attendance: <sup>(2)</sup>	Board meetings	9 of 9
	Audit Committee meetings	8 of 8

**Leon Roday – Genworth Financial Nominee**

Mr. Roday is a director of the Company. Mr. Roday was the Senior Vice President, General Counsel and Secretary of Genworth Financial, a position which he held between 2004 and January 2015. He retired from Genworth Financial in February 2015. Mr. Roday was General Counsel for General Electric Financial Assurance from 1996. Before joining General Electric, he was a partner at LeBoeuf, Lamb, Greene, and McRae LLP for 14 years. He is a member of the New York State and Virginia Bar Associations.

Residence:	Virginia, U.S.A.	
Age:	62	
Director since:	June 30, 2009	
Securities Held:	3,020 Common Shares	
Committee Memberships:	Compensation and Nominating Committee	
Attendance:	Board meetings	8 of 9
	Compensation and Nominating Committee meetings	7 of 7

**Jerome Upton – Genworth Financial Nominee**

Mr. Upton is a director of the Company and Chief Financial Officer and Chief Operations Officer of Genworth Financial, Global Mortgage Insurance, a position he has held since May 2012. Prior to his current role, Mr. Upton was the Senior Vice President and Chief Operating Officer for Genworth Financial, International Mortgage Insurance, from October 2009 to April 2012. Mr. Upton served as Senior Vice President and Chief Financial Officer, Genworth Financial International, Asia Pacific, Canada and Latin America from November 2007 to September 2009. Mr. Upton joined General Electric in July 1998.

Residence:	North Carolina, U.S.A.	
Age:	52	
Director since:	June 30, 2009	
Securities Held:	906 Common Shares	
Committee Memberships:	Risk, Capital and Investment Committee	
Attendance:	Board meetings	9 of 9
	Risk, Capital and Investment Committee meetings	5 of 6

**John Walker – Independent Director<sup>(1)</sup>**

Mr. Walker is a director of the Company. Mr. Walker is currently a partner in the law firm Walker Sorensen LLP, specializing in advising insurance and reinsurance companies. Prior to founding Walker Sorenson LLP in 2007, he was a sole practitioner. From 1987 to 2004, Mr. Walker practiced in the Financial Services Group of McCarthy Tétrault LLP, a national law firm. Mr. Walker has previously served as a member of the board of directors of a number of financial institutions, including TD Trust Company and Concordia Life Insurance Company.

Residence:	Ontario, Canada	
Age:	63	
Director since:	May 6, 2011	
Securities Held:	5,000 Common Shares and 13,273 DSUs	
Attendance:	Board meetings	9 of 9
	Risk, Capital and Investment Committee meetings	6 of 6

- Notes:
- (1) Independent within the meaning of *National Instrument 52-110 – Audit Committees*.
  - (2) Mr. Levings was elected to the Board of the Company as of the 2015 annual Shareholders meeting. As such, his attendance record reflects only being able to attend meetings following such appointment.

The Board recommends a vote “for” the election of each of the nominees listed above to serve on the Board until the next annual meeting of Shareholders. **In the absence of a contrary instruction, or where no instruction is indicated, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the election as directors of the proposed nominees whose names are set forth above.** The nominees set forth above have consented to being named in this Circular and to serve if elected. The Company does not contemplate that any of the proposed nominees will be unable or unwilling to serve as a director, but if for any reason, at the time of the Meeting any of the nominees are unable to serve, and unless otherwise specified, it is intended that the persons designated in the form of proxy will vote in their discretion for a substitute nominee or nominees.

**Majority Voting Policy**

The Company has in place a majority voting policy (the “**Majority Voting Policy**”). The Company’s form of proxy allows a Shareholder to vote in favour of, or withhold from voting for, each director nominee individually. Pursuant to the Majority Voting

Policy, if at any uncontested meeting of the Shareholders at which directors are elected, a director nominee receives more “withheld” votes than votes “for”, despite being duly elected as a matter of corporate law, the Board shall consider the nominee to not have received the support of the Shareholders, and such nominee shall be required to submit his or her resignation forthwith to the Board. The Board shall refer such nominee’s resignation to the CNC for consideration, and unless the CNC determines that there are appropriate circumstances that should delay the acceptance of the resignation or justify rejecting it, the Board shall accept the resignation. Such nominee’s resignation shall be effective upon acceptance by the Board. Subject to any corporate law restrictions, the Board may: (i) leave any vacancy in the Board unfilled until the later of the next annual meeting of Shareholders; (ii) fill any vacancy in the Board by appointing a new director or directors whom the Board considers to merit the confidence of the Shareholders; or (iii) call a special meeting of Shareholders to consider new Board nominee(s) to fill the vacant position(s). The Majority Voting Policy does not apply at any contested meeting of Shareholders where directors are elected (i.e., a meeting of the Shareholders where proxy solicitation material is circulated in support of one or more nominees who are not part of the group of director nominees supported by the Company).

As of the date hereof, Genworth Financial, via GFH, GMIC and GMIC-NC, owns or exercises control over approximately 57.3% of the issued and outstanding Common Shares of the Company. In accordance with the terms of the Shareholder Agreement, Genworth Holdings, Inc., a wholly owned subsidiary of Genworth Financial, has notified the Company that it has elected not to exercise its rights to elect directors under the Special Share, and therefore will vote the Common Shares it owns or exercises control over in connection with the election of the nine nominee directors, in favour of such nominees.

### ***Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions***

Other than as specified below, no proposed director of the Company is, or within the 10 years prior to the date hereof has been, a director, chief executive officer or chief financial officer of any company (including Genworth Canada) that (i) was subject to an order that was issued while acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to such an order that was issued after that person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while the person was acting in that capacity. Sidney Horn was a director of LMI Legacy Holdings II Inc. (formerly known as Landauer - Metropolitan Inc.) (together with certain affiliated entities, “LMI”) which filed a petition for protection under Chapter 11 of the United States Bankruptcy Code on August 16, 2013. Following a sale of substantially all of LMI’s assets on February 7, 2014, LMI filed a Joint Plan of Liquidation (the “Plan”) pursuant to Chapter 11 of the U.S. Bankruptcy Code. On April 18, 2014, the U.S. Bankruptcy Court entered an order confirming the Plan, and the effective date for the Plan was May 1, 2014.

Except as stated herein, no proposed director of the Company is, as at the date of this Circular, or has been within 10 years before the date of this Circular, a director or executive officer of any company (including Genworth Canada) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets. In addition, no proposed director of the Company has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

No proposed director has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable Shareholder in deciding whether to vote for a proposed director.

### ***Changing Directors***

Mr. Samuel Marsico and Mr. Kelly will be departing the Board at the Meeting. During Fiscal 2015 Mr. Kelly and Mr. Marsico were present for all meetings of the Board and the respective committees they each served on. We would like to extend our thanks to Mr. Marsico and Mr. Kelly for their contributions to the Company.

## **COMPENSATION OF DIRECTORS**

### **Director Compensation Discussion and Analysis**

The responsibility for director compensation is part of the mandate of the CNC. At the beginning of 2015 the CNC engaged Hugessen Consulting Inc. (“Hugessen”) to review its current director compensation structure in relation to the Board approved peer group and to recommend adjustments as appropriate to maintain its competitiveness. Upon a recommendation from the CNC, the Board approved changes to director compensation on March 26, 2015, with an effective date of January 1, 2015.

Genworth Financial controls the nomination of five out of nine directors on the Board. At the end of 2014, Mr. Samuel Marsico left his employment with Genworth Financial. As Mr. Marsico was no longer an employee of Genworth Financial, Genworth

Canada compensated Mr. Marsico for his participation on the Board at the same level and in the same manner as the independent directors. Mr. Marsico does not meet the requirements of an “independent director” as defined in *National Instrument 58-101*. In February 2015, Mr. Leon Roday retired as an employee for Genworth Financial, but maintained his Board seat and has agreed to his nomination as a director at the Meeting. As Mr. Roday is being directly compensated by Genworth Financial for services being provided to Genworth Financial, including serving on the Board, he is not being compensated by Genworth Canada for serving on its Board.

The CNC reviews director compensation bi-annually to ensure the Company remains competitive in order to attract and retain qualified individuals to serve on the Board. The next review will be in 2017. Unlike executive compensation, the director compensation structure is not performance based.

The following outlines the remuneration approved by the CNC and the Board for directors of the Company who are not officers or employees of the Company or are not being compensated by Genworth Financial, effective as of January 1, 2015:

Compensation	Value
Annual Retainer	\$75,000
Audit Chair Fee (annual)	\$19,000
Compensation and Nominating Chair Fee (annual)	\$10,000
Risk, Investment & Capital Committee Chair Fee (annual)	\$10,000
Lead Director Fee (annual)	\$25,000
Committee Meeting Fee (per meeting)	\$2,000

In addition, directors are entitled to be reimbursed for reasonable expenses incurred by them in their capacity as directors. See “*Statement of Executive Compensation - Share Ownership Requirements*” for more details on the payment method of directors and the Company’s Common Share ownership requirements, and “*Business of the Meeting – Director Nominees*” for details of the Common Share ownership levels of the directors.

#### Director Compensation Table 2015

The following table sets out information concerning the director compensation earned during the financial year ended December 31, 2015 (“**Fiscal 2015**”) by the independent directors of the Company. Other than to the independent directors, no compensation was paid to a director for his or her services as a member of the Board or as a member of a committee of the Board.

Name	Fees Earned <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
Sidney Horn Lead Director Chair Compensation & Nominating Committee	28,000	110,000	N/A	N/A	N/A	N/A	138,000
Brian Kelly Chair Audit Committee	79,600	47,000	N/A	N/A	N/A	N/A	126,600
Samuel Marsico	58,500	42,500	N/A	N/A	N/A	N/A	101,000
Heather Nicol	60,500	37,500	N/A	N/A	N/A	N/A	98,000

Name	Fees Earned <sup>(1)</sup> (\$)	Share-Based Awards <sup>(2)</sup> (\$)	Option-Based Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Pension Value (\$)	All Other Compensation (\$)	Total (\$)
John Walker	31,200	75,000	N/A	N/A	N/A	N/A	106,200

- Notes:
- (1) Fees earned include Chair fees, Lead Director fees and committee meeting attendance fees for Fiscal 2015 except for Mr. Kelly who receives 50% of his retainer in cash.
- (2) Share-based awards include the director's retainer for Fiscal 2015 (which each independent director elected to receive in DSUs), which are valued based on the value of the Common Shares on the Toronto Stock Exchange ("TSX") as of the close of trading on the date of grant.

### **Outstanding Share-Based and Option-Based Awards**

The directors do not have any Option, RSU, PSU or EDSU grants outstanding as of December 31, 2015. No compensation has been paid to a director as part of an incentive plan award for services as a member of the Board or as a member of a committee of the Board.

### **Value Vested or Earned During Fiscal 2015**

The table below sets out the value of all awards realized by the independent directors in Fiscal 2015. All share-based awards are paid in the form of DSUs which vest at time of grant.

Name	Option-Based Awards – Value Vested During the Year (\$)	Share-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$)
Sidney Horn	N/A	99,775	N/A
Brian Kelly	N/A	42,631	N/A
Samuel Marsico	N/A	38,549	N/A
Heather Nicol	N/A	34,014	N/A
John Walker	N/A	68,028	N/A

- Note:
- (1) The value of the outstanding DSUs is based on the value of the Common Shares on the TSX as of the close of trading on December 31, 2015 which was \$26.60.

See "*Statement of Executive Compensation – Equity-Based Compensation Plans*" for a description of the significant terms of all plan-based awards.

### **Directors' and Officers' Liability Insurance**

The Company has purchased liability insurance for its directors and officers with an aggregate limit of US\$25 million and a US\$250,000 deductible. Premiums of approximately US\$166,000 (2014 – US\$164,000) were paid by the Company in Fiscal 2015. This insurance was purchased to provide direct coverage for the Company's directors and officers.

In addition, the Company has liability insurance for its directors and officers, as well as those of its subsidiaries as a group, via Genworth Financial's umbrella coverage for all of its subsidiaries. The Genworth Financial coverage has an aggregate limit of US\$225 million with a US\$25 million deductible. In 2015 premiums of approximately US\$550,000 (2014 – US\$570,000) were paid by the Company to Genworth Financial for Fiscal 2015 in respect of such liability insurance. The Company also has blended coverage as a group via Genworth Financial's umbrella coverage for error and omission, crime and fiduciary insurance. The Genworth Financial blended coverage has an aggregate limit of US\$100 million with a US\$25 million deductible. Premiums of approximately US\$486,000 (2014 – US\$476,000) were paid by the Company to Genworth Financial for Fiscal 2015 in respect of such liability insurance.

### **Deferred Share Unit Plan**

The purpose of the Company's Directors' Deferred Share Unit Plan (the "**DSU Plan**") is to assist the Company in attracting, and retaining qualified individuals to serve as members of the Board and to promote a greater alignment of interests between eligible directors and the Shareholders of the Company. The DSU Plan was adopted by the Board with effect from July 7, 2009 and has been

amended from time to time since then. There are currently 250,000 Common Shares reserved for issuance under the DSU Plan (approximately 0.3% of the currently outstanding Common Shares (on a non-diluted basis) (the “**Share Reserve**”)) of which 193,242 (or approximately 0.2% of the currently outstanding Common Shares on a non-diluted basis) remain available for issuance as of the date hereof. DSUs are units that are credited to an eligible director’s account, the value of which, on a particular date, shall be equal to the fair market value of a Common Share for such date. The fair market value for a particular date is deemed to be the average closing price of the Common Shares on the TSX during the five trading days prior to such date. Under no circumstances shall DSUs be considered Common Shares nor shall they entitle any participant to exercise voting rights or any other rights attaching to the ownership or control of Common Shares, including, without limitation, rights on liquidation, nor shall any participant be considered the owner of any Common Shares to be delivered under the DSU Plan until the date of purchase or issuance of such Common Shares, as determined by the Board.

The Board may grant awards of DSUs from time to time to each eligible director. The DSUs are then credited to the participant’s account on the award date. In any particular year the Board may, in its sole discretion, determine not to make an award to a particular eligible director or to all eligible directors as a group. See “*Business of the Meeting – Director Nominees*” for details on the amount of DSUs held by each of the directors of the Company.

The DSU Plan is administered by the Board. Subject to the limitations set forth in the DSU Plan, the Board’s authority includes:

- (a) determining the eligible directors who may participate in the DSU Plan;
- (b) determining the number of DSUs that will be awarded and whether dividend equivalents will be granted to an eligible director in connection with all or a portion of such award;
- (c) determining the terms and conditions of each award or election, the effect, if any, of a DSU Plan participant’s termination, and the adjustment of the terms of an award or election to comply with applicable laws or regulations; and
- (d) specifying and approving the provisions of the payment delivered to a DSU Plan participant in connection with their account, whether it be in the form of Common Shares from treasury, Common Shares purchased on the TSX on behalf of such participants, in cash, or a combination thereof.

Each eligible director shall elect to receive a percentage, ranging from a minimum of 50% to a maximum of 100%, of his or her annual remuneration and retainer in the form of DSUs, with the balance, if any, to be paid in cash. Notwithstanding any election made by the eligible director, if the eligible director has not satisfied the Company’s Common Share ownership policy (the “**Share Ownership Policy**”), as revised effective as of September 16, 2015, applicable to members of the Board within the prescribed timeframe of the Share Ownership Policy, then the Board may require that such director receive as much as 100% of his or her annual remuneration in the form of DSUs until the director has satisfied the Share Ownership Policy.

The Board may, in its absolute discretion, elect one or any combination of the following payment methods for the DSUs credited to a participant’s account on the participant’s termination date:

- (a) issuing Common Shares to the participant or the participant’s beneficiary, as the case may be;
- (b) causing a broker to purchase Common Shares on the TSX for the account of the participant or the participant’s beneficiary, as the case may be; or
- (c) paying cash to the participant or the participant’s beneficiary, as the case may be.

Where the Board does not specify any payment method for the DSUs credited to a participant’s account, the form of payment shall be in cash. The maximum number of Common Shares which may be reserved for issuance to insiders under the DSU Plan and all other share-based compensation plans collectively shall be 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders under the DSU Plan and all other share-based compensation plans collectively within a one year period shall be 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis). Any increase in Common Shares reserved shall be subject to the approval of Shareholders in accordance with the rules of the TSX.

Where Common Shares purchased on the TSX are to be delivered to the participant, the Company will remit, in cash, to a broker, the product of: (a) the number of DSUs credited to the participant’s account as at the termination date; and (b) the fair market value on the redemption date, for the purpose of purchasing Common Shares on the TSX for the account of the participant. Common Shares purchased by the broker and any cash remaining from the amount remitted by the Company to purchase Common Shares shall then be delivered to the participant. Where the Board elects to pay the DSUs in cash, the payment will be equal to the product of:

(a) the number of DSUs credited to the participant's account as at the termination date; and (b) the fair market value on the redemption date.

The DSU Plan may be amended, suspended or terminated in whole or in part at any time and for any reason by the Board, provided that no such amendment, suspension or termination shall: (i) unless required by law, adversely affect the rights of any participant with respect to DSUs to which the participant is then entitled under the DSU Plan without the consent of the affected participant; or (ii) contravene applicable laws or regulations. Notwithstanding the foregoing, the following changes to the DSU Plan will require Shareholder approval in accordance with the requirements of the TSX: (i) any amendment increasing the number of Common Shares in the Share Reserve; (ii) any amendment granting additional powers to the Board to amend the DSU Plan or entitlements; (iii) any amendment to the definition of "Eligible Director" in the DSU Plan to add categories of eligible participants; (iv) any amendment adding new forms of compensation involving the issuance of Common Shares by the Company; (v) any amendment to assignment provisions; or (vi) any amendment to the insider participation limits.

Shareholder approval shall not be required for the following amendments and the Board may make certain changes without Shareholder approval that include, subject to any legal or regulatory approvals: (i) amendments of a "housekeeping" nature; (ii) any amendment to comply with the rules, policies, instruments and notices of any regulatory authority to which the Company is subject, including the TSX, or to otherwise comply with any applicable laws or regulations; (iii) amendments required for awards to qualify for favourable tax treatment; or (d) any amendment suspending or terminating the DSU Plan. During 2015 amendments were made to the DSU Plan relating to redemption dates and other items aimed at improving tax efficiency under applicable income tax laws. The results of these revisions are to allow Genworth Canada to issue DSUs to directors who are residents of the United States, and such revisions were required for proper tax administration of the DSU Plan for such directors.

The rights or interests of a participant under the DSU Plan, including the DSUs, shall not be assignable or transferable, otherwise than in case of death, and such rights or interests shall not be encumbered by any means.

In the event of any stock dividend, stock split, combination or exchange of Common Shares, merger, consolidation, spin-off or other distribution (other than normal cash dividends) of the Company's assets to Shareholders, such proportionate adjustments, if any, as the Board in its discretion may deem appropriate to reflect such change, shall be made with respect to the number of DSUs credited to the accounts maintained for the participants.

#### **Appointment of Auditors**

KPMG LLP ("KPMG") is the present auditors of the Company. At the Meeting, Shareholders will be requested to re-appoint KPMG as the auditors of the Company to hold office until the next annual meeting of Shareholders or until a successor is appointed, and to authorize the Board to fix the auditors' remuneration. KPMG have been the Company's auditors since May 25, 2009.

On the advice of the Audit Committee, the Board recommends a vote "FOR" the re-appointment of KPMG as auditors for the Company until the next annual meeting of Shareholders or until a successor is appointed and the authorization of the Board to fix the auditors' remuneration. **In the absence of a contrary instruction, or where no instruction is indicated, the persons designated by management of the Company in the enclosed form of proxy intend to vote FOR the re-appointment of KPMG as auditors for the Company until the next annual meeting of Shareholders or until a successor is appointed and the authorization of the Board to fix the auditors' remuneration.**

Further to the recommendation of the Audit Committee, and in accordance with the mandate of the Audit Committee, the following fees were paid to the external auditors in 2014 and 2015:

#### ***Audit Fees***

In 2014 and 2015, KPMG charged the Company and its subsidiaries \$738,926 and \$888,147 respectively, for audit services in connection with the audit of the annual financial statements of the Company and its subsidiaries and services provided in connection with the statutory and regulatory filings or engagements.

#### ***Audit Related Fees***

In 2014 and 2015, KPMG charged the Company and its subsidiaries \$100,708 and \$106,306 respectively for audit related services for assurance and services related to the performance of the audit of the annual statements not reported under "*Audit Fees*" above.

#### ***Tax Fees***

In 2014 and 2015, KPMG charged the Company and its subsidiaries \$53,130 and \$42,400 respectively, for tax compliance services.

### ***All Other Fees***

In 2014, KPMG charged the Company and its subsidiaries \$19,425 for services incurred other than those described above, which include actuarial peer review of the Report on Expected Future Financial Condition and the Appointed Actuary's Report to the Superintendent of Financial Institutions. In 2015, KPMG charged the Company and its subsidiaries \$168,000 for services incurred other than those described above, which include actuarial peer review of the 2015 Appointed Actuary Report, actuarial peer review of the 2015 Appointed Actuary Report (DCAT) and the Trust Services Readiness Review and Service Organization Controls audit.

The Audit Committee is responsible for approving in advance any retainer of the auditors to perform any non-audit services for the Company that it deems are advisable, provided such services are in accordance with all applicable legal and professional requirements and the Board's approved policies and procedures.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

The following compensation discussion and analysis provides an overview of the compensation programs and policies of the Company and its subsidiaries, including material compensation decisions for the Company's named executive officers and a summary of the CNC's process to govern executive compensation on behalf of the Board.

### ***Diversity Considerations***

The Company's "Integrity First" policy outlines the Company's programs and processes which support a diverse work force. This policy establishes, among other things, the commitment of Genworth Canada to diversity and inclusiveness in the workplace. The Company recognizes the benefits of promoting diversity both within Genworth Canada and at the Senior Leadership Team level and considers the levels of diversity representation, including female representation, when assessing candidates and selecting nominees for Senior Leadership Team positions.

The current tenure and makeup of the Senior Leadership Team reflects a group of diverse and experienced managers. In 2015, of the seven Senior Leadership Team members, approximately 43% (3 of 7) were staffed by diverse incumbents, representing both gender and ethnic diversity, including approximately 29% (2 of 7) women. The Company expects to maintain this level of female representation and will endeavor to increase representation to approximately thirty-three percent (33%) by 2020. The board of directors of Genworth Financial Mortgage Insurance Company Canada increased from 1 of 11 members being female in 2014 to 3 of 12 members being female in fiscal 2015.

### ***Named Executive Offices***

For Fiscal 2015, the Company's named executive officers included the Executive Chairman, President and Chief Executive Officer, Chief Financial Officer and the Company's next two highly compensated executives (collectively, the "NEOs"). The following individuals are the NEOs for Fiscal 2015:

- Brian Hurley, Executive Chairman of the Board;
- Stuart Levings, President and Chief Executive Officer ("CEO");
- Philip Mayers, Senior Vice President and Chief Financial Officer ("CFO");
- Deborah McPherson, Senior Vice President, Sales and Marketing ("SVP, Sales & Marketing"); and
- Winsor Macdonell, Senior Vice President, General Counsel and Secretary ("SVP, GC").

The compensation discussion and analysis should be read together with the compensation tables and related disclosures in respect of Fiscal 2015 set forth below. This discussion contains forward-looking statements that are based on the Company's current compensation plans, considerations, expectations and projections regarding future compensation programs. Actual compensation programs that the Company adopts in the future may differ materially from currently planned compensation programs as summarized in this discussion and the Company assumes no obligation to update any such information, except as otherwise required by applicable law.

### ***Human Resources Governance: Compensation & Nominating Committee***

The CNC oversees the management of the Company in relation to human resource matters, including compensation of employees, management and executives, and makes recommendations to the Board regarding the annual CEO performance assessment and CEO compensation review and annual director nominations. The CNC provides oversight of performance and compensation of the Senior Leadership Team, Human Resources policy development and Company succession plans. In all matters

pertaining to Human Resources governance and in particular policy and process, compensation and benefits, talent management, succession planning and performance management, the CNC is supported by the Senior Vice President Human Resources and the CEO who, with the assistance of external consultants, prepare materials, reports and presentations for each meeting.

In Fiscal 2015 the CNC was comprised of two independent directors, Mr. Sidney Horn and Mr. Brian Kelly, and one nominee of Genworth Financial, Mr. Leon Roday. Mr. Horn, Lead Director of the Company, was Chair of the CNC in 2015. The CNC meets a minimum of four times annually. In 2015 there were seven CNC meetings. The CNC meets “in-camera” at the beginning and at the end of each meeting to allow the CNC the opportunity to discuss and deliberate without the presence of management.

See “*Corporate Governance – Mandates*” and “*Corporate Governance – 2015 Compensation and Nominating Committee*” for a further discussion of the CNC mandate and composition.

### ***Highlights of the Activities of the Compensation and Nominating Committee in 2015***

Among other things, the CNC completed the following items during 2015:

- Executing on the plan for CEO succession, effective January 1, 2015 the previous Chairman of the Board and CEO took on the role of Executive Chairman of the Board with the Senior Vice President and Chief Operating Officer moving into the role of President and CEO.
- Executive Chairman: Effective January 1, 2015, Mr. Brian Hurley assumed the new role of Executive Chairman, and the responsibilities of leading the Board and providing guidance, coaching and support to the new President & CEO. Mr. Hurley’s compensation plan changed on his effective date to the following: Base Salary of \$687,500 per annum and a grant of EDSUs valued at \$275,000. Mr. Hurley is no longer eligible for short term or long-term incentives (other than EDSUs). Mr. Hurley will maintain his executive allowance and Common Share ownership requirement of three times base salary while he remains in the Executive Chairman role.
- President & CEO: Effective January 1, 2015 Mr. Stuart Levings assumed the role of President and CEO of Genworth Canada. His compensation was reviewed by the CNC in July 2014, and the Board approved his new compensation program effective January 1, 2015, which includes a base salary of \$450,000 per annum, a short term incentive target of 75% of base salary, a long-term incentive target of 100% of base salary and the normal perquisites associated with the CEO role including an executive allowance, company car and supplemental executive pension plan. The CEO has a Common Share ownership requirement of three times base salary.
- Reviewed and approved the 2015 performance remuneration and equity grants for the Senior Leadership Team including NEOs;
- Reviewed the 2015 goals and objectives for the President and CEO and the Senior Leadership Team, including NEOs;
- Reviewed and approved all aspects and components of the compensation philosophy, short term and long-term compensation plan design and framework including the annual compensation risk analysis and selection of the Company’s peer group for compensation benchmarking;
- Conducted periodic reviews of the new President and CEO’s performance;
- Reviewed best practices and external trends in governance and executive compensation; and
- Approved a compensation governance framework that enhanced the process and management of all compensation decisions and program design of the Company.

In evaluating Fiscal 2015 performance, the CNC considered both financial and operating performance. With respect to the funding of the Company’s short-term goals through its Variable Incentive Compensation (“VIC”) program, financial performance was given a 70% weighting and operating performance was given a 30% weighting.

The key financial metrics used to evaluate financial performance, which have a 70% weighting, included net operating income, operating return on equity, and capital generation. In Fiscal 2015, the results for these metrics were as follows:

<b>Financial Metrics (Total 70% Weighting)</b>	<b>Weighting (%)</b>	<b>Threshold</b>	<b>2015 Target</b>	<b>Maximum</b>	<b>2015 Results</b>
Net operating income	30	\$304 million	\$358 million	\$412 million	\$375 million
Operating return on equity	30	10.0%	11.5%	13.0%	11.8%
Capital generation to support the Board approved dividend policy	10	\$1.56	\$1.59	\$1.85	\$1.59

Note:

(1) Capital generation to support the Board approved dividend policy was measured relative to a threshold (\$0.39 for all four quarters), and target (\$0.39 for three quarters plus fourth quarter \$0.42). The maximum applies only if the annualized fourth quarter dividend exceeded the fourth quarter target of \$0.42.

Net operating income of \$375 million was 105% of the Fiscal 2015 target of \$358 million. This was primarily the result of higher premiums earned and favourable expenses. Operating return on equity of 11.8% was 103% of the Fiscal 2015 target of 11.5%, and was primarily the result of favourable net operating income and prudent capital management actions, including a \$50 million share repurchase through a normal course issuer bid during 2015. Finally capital generation to support the Board approved dividend policy was measured by dividends paid per ordinary share of \$1.59 or 100% of target. This was primarily due to strong profitability and ongoing capital management activities.

The following key operating metrics, which have a 30% weighting, were used to evaluate operating performance for Fiscal 2015.

<b>Operating Metrics (Total 30% Weighting)</b>	<b>2015 Results</b>
Prudent top line growth focused on customer centricity	<ul style="list-style-type: none"> <li>The Company raised its premium rates on June 1, 2015 for mortgages with less than 10 percent down payment by approximately 15%.</li> <li>New insurance written of \$51 billion increased \$19 billion compared to target primarily due to transactional insurance market share gains. The premiums written were \$809 million. \$155 million higher than target, driven by market share gains and higher premium rates</li> </ul>
Generate \$183 million of capital in excess of the Company's holding target	<ul style="list-style-type: none"> <li>The Company generated \$244 million of capital in excess of the 220% holding target primarily due to strong profitability during the year</li> </ul>
Proactive risk management and loss mitigation: <ul style="list-style-type: none"> <li>Imbed ORSA within day to day management activities to further enhance the "risk culture"</li> <li>Proactively manage losses through active management of delinquencies.</li> </ul>	<ul style="list-style-type: none"> <li>2016 Risk Appetite framework completed and risk culture audit completed with no significant findings</li> <li>Strong work out penetration rate of 57%</li> <li>No material un-mitigated risk breaches</li> </ul>
Government relations, regulatory and compliance	<ul style="list-style-type: none"> <li>Increased the number of consultations with government authorities to include regular meetings with members from all political parties and developed new relationships in the Department of Finance, OSFI, the Bank of Canada and the IMF.</li> <li>The Company utilized internal data and external polling data to educate the government on the composition of the first time homebuyer market, capital, and pricing.</li> </ul>
Attract, retain and development top talent	<ul style="list-style-type: none"> <li>The Company implemented a broader and more in depth succession and talent review program and updated the succession plans for senior managers. Following this review, the Company completed a targeted leadership program to continue to build strategic capabilities across the organization.</li> </ul>

### ***Compensation & Nominating Committee Activities in early 2016***

In 2016, similar to previous years, the CNC conducted a comprehensive review of the total target direct compensation levels for the Senior Leadership team including the NEOs. The market positioning of the Company's total target direct compensation, including short and long-term incentive plans, was compared to an approved peer group and, for some roles, compared against a broader sample of financial services sector comparators to ensure alignment with the Company's business strategy and risk tolerance. As a result of these reviews, the CNC and the Board approved the following changes to the Company's executive compensation programs for 2016:

- Senior Leadership Team including NEO's: Base salary increases of 2.25% effective February 29, 2016.
- The metrics for the 2016 VIC plan remain a mix of financial and operational objectives.
- The mix of long-term incentive vehicles for 2016 grants remained unchanged with awards calculated as a percentage of base salary and distributed as 50% PSUs, 25% Options and 25% RSUs.
- There were no changes to the financial metrics used in the Company's 2016-2018 Performance Share Unit ("PSU") Plan. The measures will include basic earnings per Common Share (50% weight) and operating return on equity (50% weight). The threshold and maximum levels of performance remain unchanged to 85% and 115% of target respectively.

### ***Genworth Canada Compensation Objectives:***

The Company's executive compensation programs are designed to align the interests of its executives with those of the Company and its Shareholders. A significant portion of executive compensation is linked to the achievement of business specific metrics and the creation of Shareholder value. The Company's compensation strategy has the following key goals:

- Attract and retain high performing employees through market competitive compensation programs;
- Align incentive compensation with the interests of the Company;
- Support the Company's values and motivate employees to achieve increasingly higher levels of performance and contributions; and
- Maintain programs that are flexible to adjust to changing business needs, competitive environments and market practices.

To achieve these goals, the Company uses the following guiding principles to establish its compensation programs for executive officers and to guide individual compensation decisions:

- Total target direct compensation (aggregate of salary, short-term and long-term incentives) is benchmarked against the median of a Board-approved comparator group of companies in the Canadian financial service sector of a similar size and scope of operations to the Company;
- The NEOs' position and ability to impact the short-term and long-term performance of the Company is considered in determining the mix of pay and the weighting of short-term and long-term incentives; and
- Superior performance by individuals and the Company may result in above-market compensation, and likewise, individual and Company performance that falls short of expectations may result in below-market compensation.

### ***Compensation Consultants***

Since 2012, the CNC has retained Hugessen as its independent compensation consultant. To support an effective governance framework, Hugessen provides the CNC with independent advice, analysis and expertise to assist the CNC in its decision-making. In Fiscal 2015, Hugessen provided the following services to the CNC:

- Undertook a review of independent Director compensation
- Facilitated a Board education session on executive compensation
- Completed an independent review of the Company's financial and Common Share price performance to support CNC and Board year-end executive compensation decision-making; and
- In consultation with the Chair of the CNC, assisted in facilitating annual Board evaluation of CEO's performance.

### ***Executive Compensation Related Fees***

In 2014 and 2015, Hugessen charged the Company \$46,416 and \$71,457 respectively for compensation consulting services to the CNC.

The compensation decisions made by the CNC are the responsibility of the CNC and may reflect factors and considerations in addition to the information and recommendations from Hugessen.

### ***All Other Fees***

In 2015, the Company retained Towers Watson & Co. (“**Towers Watson**”), to provide competitive market information and executive compensation survey data and trends, as well as external opinion, advice and support on executive compensation and broader compensation-related topics. Towers Watson supported management with the following executive compensation activities:

- Reviewed market comparator peer groups for executive compensation benchmarking;
- Completed a competitive review of target total direct compensation levels for the CEO, NEOs and other senior executives for Fiscal 2015;
- Assisted in determining the valuation methodology for the grant-date fair value of an Option;
- Conducted a review of material executive compensation program-related risks;
- Reviewed and provided input into the 2015 Management Information Circular;
- Attended and contributed at CNC meetings, upon request; and
- Assisted in the development of the job architecture, job evaluation and new compensation framework.

In 2014 and 2015, Towers Watson charged the Company \$113,051 and \$250,973 respectively for executive compensation consulting services to Management.

### ***Risk Assessment of Compensation Programs***

The Board is ultimately responsible for the management of business-related and compensation-related risks. To encourage behaviour that is in the best interests of the Company and its Shareholders, inherent and residual risks are regularly identified, reviewed and managed by the Board.

From a governance perspective, the Risk, Capital and Investment Committee has oversight responsibility for all activities related to risk management on behalf of the Board.

Management of the Company and supporting control function roles (i.e., Human Resources, Risk, Finance, and Legal) are responsible for identifying, measuring and managing existing risk exposure. This includes developing and implementing strategies to mitigate and monitor risks.

All compensation, benefits and other human resources policy design for senior executives is centralized in Human Resources with oversight and approval by the CNC, on behalf of the Board. The Senior Vice President (“**SVP**”) Human Resources, with the assistance of external consultants, annually prepares a compensation risk review, which is reviewed with the Chief Risk Officer and presented to the CNC. The CNC also regularly reviews the compensation programs of the Company to ensure that significant controls and appropriate decision authorities are in place to monitor for potential risks associated with short-term and long-term incentive plans. The CNC is responsible for approving all Human Resources policies and programs including compensation and benefits design for the NEOs with the exception of the CEO. The CNC recommends the CEO’s compensation design to the Board for approval.

In 2015, the CNC on behalf of the Board reviewed the executive compensation programs from a risk management perspective. The review was completed with consideration of the principles established by the Office of the Superintendent of Financial Institutions, the Financial Stability Board, and the Canadian Coalition for Good Governance. Results of the review concluded that the Company’s executive compensation programs and practices continue to align with effective risk management and are unlikely to have a material adverse effect on the Company.

The Company’s compensation programs are designed to align with the Company’s business strategy and risk profile. The following key risk-mitigating features are included in the Company’s compensation governance process and compensation structure.

- Compensation philosophy and objectives. The Company has formalized a compensation philosophy and objectives to effectively guide executive compensation decisions and incentive plan designs.

- Committee discretion. Current incentive compensation programs provide the CNC with discretion to assess performance and modify awards as it deems appropriate to ensure the continued alignment of performance and awards, all subject to final approval by the Board.
- The CNC also endeavours to ensure that the size of the awards related to any given incentive plan metric, within the influence of a key decision maker, is not significant enough to encourage excessive risk-taking behaviour.
- External independent compensation advisor. On an on-going basis, the CNC retains the services of an independent compensation advisor to provide an external perspective regarding market changes, selection of appropriate peer group and best practices related to compensation design, governance and risk management.
- Annual review of performance objectives. Every year the Company reviews the short-term and long-term performance targets and range around targets (threshold and maximum performance) to assess alignment with the Company's business strategy, business plan and risk profile.
- Variable compensation mix. For the NEOs, a significant portion of target total direct compensation is delivered through variable compensation programs. The majority of target variable compensation is delivered through the Company's long-term incentive plan. This compensation mix provides a strong pay-for-performance relationship, and mitigates the risk of rewarding short-term goals at the expense of long-term Shareholder value.
- Incentive plan payouts capped. The Company's short-term incentive plan has a maximum corporate funding payout of 150% of target. The PSU Plan payout factor is also capped at 150% of target.
- Share ownership requirement. All NEOs are required to achieve and maintain a defined value of Common Share ownership to align their interests with the long-term performance of the Company.
- Insider Trading Policy. The Company maintains and updates regularly its Insider Trading Policy. The Insider Trading Policy prohibits, among other things, insider trading, tipping, speculating, short selling, puts and calls, and defines specific black-out periods in trading of the Company's securities. The Insider Trading Policy applies to an employee's equity-based compensation positions in the Company.
- Recoupment Policy. The Company's Recoupment Policy provides the Board with the ability to recoup variable incentive compensation from senior leaders in the event of a restatement of financial performance and individual employees in the event of misconduct.
- Anti-hedging Policy. The Company prohibits all employees from hedging equity-based compensation positions in the Company as outlined in the Company's Insider Trading Policy.
- Change of Control Plan. The Company's Change of Control Plan (as defined herein) provides severance benefits to participating executives in the event of a change of control and a qualifying termination. The intent of the program is to allow the executive to remain neutral to the possibility of corporate transactions. The Change of Control Plan was designed with consideration of applicable employment law requirements, control for costs, market norms and best practices. See "*Statement of Executive Compensation – Termination and Change of Control Benefits – Change of Control and Qualified Termination Benefits*".

## Evaluating Market Competitiveness

The Company's compensation philosophy is to position target total direct compensation near the median of the approved peer group. The CNC reviews each compensation component separately and considers individual performance, experience and responsibilities of each NEO. Based on this assessment individual NEOs may have higher or lower target compensation levels compared to the peer group median.

Annually, the CNC evaluates the competitiveness of the Company's executive compensation programs. When setting target total direct compensation levels (including salary, short-term and long-term incentive targets) for each NEO, the CNC reviews the competitiveness of pay against the approved peer group compensation data:

- For the CEO and CFO roles, the primary market reference included market data (proxy data) collected from publicly-disclosed Management Information Circulars. For 2015, the peer group included 11 companies similar to Genworth in terms of market for talent and company size and scope. The following peer company selection criteria were used:
  - Diversified financial services industry including, insurance, banking, asset management (excluding real estate), and mortgage finance; and

- Market capitalization and assets of approximately one-fifth to five times the Company's size.
- The approved peer comparator group for 2015 included the following Canadian companies:
 

AGF Management Ltd.	E-L Financial Corp. Ltd.	Intact Financial Corp.
Canadian Western Bank	Equitable Group Inc.	First National Financial
CI Financial Corp.	Home Capital Group Inc	Laurentian Bank
Dundee Corp.	IGM Financial	
- For other NEOs, the primary market reference included survey data from Towers Watson's 2015 Executive Compensation Data Bank. Each NEO was compared to a benchmark role and peer group reflecting the specific skills and required experience of their respective role in the Company and a broad general industry market for senior executive talent in Canada.

Using the proxy data and survey data, the results of the analyses confirmed that NEO compensation was generally competitive with the market.

### ***Overview of Compensation Elements***

The Company's executive compensation program includes base salary, performance-based incentive awards, benefits, retirement plans, executive allowance and perquisites. The fixed elements (base salary, benefits, retirement plans, executive allowance, and perquisites) provide a competitive base of compensation necessary to attract, retain and motivate executive talent. The variable compensation elements (short-term and long-term incentives) are designed to balance short and long-term objectives of the Company, motivate superior performance of individuals and reward the attainment of business objectives, and align compensation with long-term Shareholder interests. In addition, the design features of the incentive programs are intended to align with the Company's risk tolerance. The combination of the fixed and variable compensation elements deliver a competitive and effective compensation program. Short term and long term incentives are subject to the Recoupment Policy of the Company. Below is a description of the compensation elements, forms of compensation, performance periods and how the amount is determined for each element.

Element	Form	Performance Period	Purpose and How it is Determined
Base Salary (fixed)	Cash	One year	<ul style="list-style-type: none"> <li>• Compensates an executive for fulfilling the responsibilities of the role and is used to attract and retain executive talent.</li> <li>• Benchmarked relative to the median of the companies selected in the comparator group and adjusted to reflect the individual's experience, responsibilities and performance.</li> </ul>
Short-Term Incentive (variable)	Cash	One year	<ul style="list-style-type: none"> <li>• Motivates achievement of specific annual objectives.</li> <li>• The actual award is based on Company and individual performance against pre-established targets and goals. See "<i>Statement of Executive Compensation – Compensation Decisions – Short-Term Incentives</i>" for further information regarding the determination of this variable incentive compensation.</li> </ul>

Element	Form	Performance Period	Purpose and How it is Determined
Long-Term Incentive (variable)	Options	Vest one third each year over three years with a ten year term	<ul style="list-style-type: none"> <li>Encourages executives to generate sustainable increases to the Company's Common Share price over the vesting period and term of the Option.</li> <li>Previous grants of Options, current holdings of Options and performance are taken into account when new grants are awarded. The final realized value is based on the appreciation of the Common Share price. All Options awarded to date have been granted with tandem share appreciation rights ("SARs"), which allow for the issuance of Common Shares from treasury on the exercising of such Options. Options are subject to claw back under certain conditions. See "Statement of Executive Compensation – Compensation Decisions – Long-Term Incentives – Options" and "Statement of Executive Compensation – Equity-Based Compensation Plans – Stock Option Plan" below for further information regarding the process of setting of Option grant terms.</li> </ul>
Long-Term Incentive (variable)	RSUs	Cliff vest after three years from date of grant. Grants prior to 2014 vest one third each year over three years.	<ul style="list-style-type: none"> <li>Encourages executives to remain with the Company for the vesting period and aligns to the creation of Shareholder value.</li> <li>Previous grants of RSUs, current holdings of RSUs, performance and retention considerations are taken into account when new grants are awarded. The final realized value is based on the performance of the Common Share price. When the RSUs vest, the Board has the discretion to provide recipients with the option of receiving payment in Common Shares or cash. RSUs are subject to claw back under certain conditions. See "Statement of Executive Compensation – Compensation Decisions – Long-Term Incentives – Restricted Share Units" and "Statement of Executive Compensation – Equity-Based Compensation Plans – Share Based Incentive Plan" below for further information regarding the process of setting of RSU grant terms.</li> </ul>
Long-Term Incentive (variable)	PSUs	Three-year term with vesting dependent on successful achievement of performance goals at the end of the term	<ul style="list-style-type: none"> <li>Motivates achievement of long-term Company objectives and aligns to the creation of Shareholder value.</li> <li>Previous grants of PSUs, current holdings of PSUs and performance are taken into account when new grants are awarded. The final realized value is based on Company performance against pre-established targets and goals and the performance of the Common Share price measured at the end of the three-year term. When the PSUs vest, the Board has the discretion to provide recipients with the option of receiving payment in Common Shares or cash. PSUs are subject to claw back under certain conditions. See "Executive Compensation – Compensation Decisions – Long-Term Incentives – Performance Share Units" and "Executive Compensation – Equity-Based Compensation Plans – Share Based Incentive Plan" below for further information regarding the process of setting of PSU grant terms.</li> </ul>

Element	Form	Performance Period	Purpose and How it is Determined
Long-Term Incentive (variable)	EDSUs	Dependent on individual grant agreements	<ul style="list-style-type: none"> <li>Encourages the retention of certain individual executives aligning them to the longer term objectives of the organization and Shareholders.</li> <li>Final realized value of the grant is determined based on the value of the Common Shares at the time of the individual's departure from the Company. The plan pays out in cash once vested, under the following circumstances; voluntary termination of the executive's employment, retirement, or death. See "Executive Compensation – Compensation Decisions – Long-Term Incentives – Executive Deferred Share Units" and "Executive Compensation – Equity-Based Compensation Plans – Executive Deferred Share Unit Plan."</li> </ul>

In addition to the above compensation elements, the Company provides the following benefit programs:

Type of Benefit	Description	How it is Determined
Broad-Based Benefits <sup>(1)</sup>	<p>Life, accidental death and dismemberment, medical, dental, disability insurance while the NEO is actively employed.</p> <p>In addition, for NEOs hired prior to September 26, 2005, there is a retiree benefits plan which includes life, medical and dental insurance. For NEOs hired between September 27, 2005 and December 31, 2015, there is a retiree benefit plan which includes life and medical insurance.</p>	Consideration is given to market competitiveness, market trends, cost of total compensation elements, retention of employees and other guiding principles that the Company may employ.
Retirement Plans	Defined contribution plan <sup>(1)</sup> and supplementary executive retirement plan.	
Employee Share Savings Plan <sup>(1)</sup>	Company match on portion of employee contributions for purchase of Common Shares.	
Perquisites	Company car or car allowance.	
Executive Allowance	Cash reimbursement for the cost of select services. NEOs may use this allowance to pay for services such as a comprehensive medical examination, financial planning and additional life insurance. The amount the NEO receives is grossed up for taxes.	

Note:  
(1) The same broad-based benefits, defined contribution plan and share savings plan are available to all employees of the Company and its subsidiaries.

#### **Target and Actual Mix of Pay for NEOs for Fiscal 2015**

In accordance with the Company's compensation objectives, a significant portion of compensation is "at risk". The short-term incentive bonuses are dependent first on the Company's performance, and second on the executive's individual performance in his or her role. Long-term incentive grants may consist of any combination of Options, RSUs, PSUs and EDSUs. Much of the value of the long-term incentive grants is contingent on future Company Common Share price performance and financial performance in the case of PSUs. The chart below shows the approximate target and actual mix of total direct compensation elements for the CEO and other NEOs for Fiscal 2015. The target mix varies according to the executive's ability to influence short- and long-term business results and market practices for comparable positions.

Name and Principal Position	Target Compensation (%)				Actual Compensation (%)			
	Base Salary	Short-Term Incentive	Long-Term Incentive	Total at Risk Pay	Base Salary	Short-Term Incentive	Long-Term Incentive	Total at Risk Pay
Brian Hurley, Executive Chairman	71	0	29	29	75	0	25	25
Stuart Levings, President & CEO	36	27	37	64	39	33	28	61
Philip Mayers, CFO	44	22	34	56	47	28	25	53
Deborah McPherson, SVP, Sales & Marketing	48	24	28	52	50	29	21	50
Winsor Macdonell SVP, GC	48	24	28	52	51	28	21	49

### Compensation Decisions

The compensation decisions in Fiscal 2015 reflected the business performance of the Company as well as the individual performance of each NEO in the case of the annual short-term incentives. While the long-term incentive grants are largely determined by competitive long-term incentive targets, the ultimate value of the Fiscal 2015 long-term incentive grants will depend on the performance of the Common Share price and, in the case of the PSUs, the corporate performance as measured by plan metrics.

### Base Salaries

Base salaries provide executives with a base level of income reflecting the executive's role, scope of responsibilities, skills, and relative experience. Using compensation information for the relevant comparator groups and survey data, base salaries are reviewed on an annual basis. Mr. Levings' compensation was reviewed by the CNC in July 2014 and an adjustment of 30% approved by the Board was deemed appropriate to reflect his promotion effective January 1, 2015 to President and CEO. The NEOs received merit increases as indicated in the table below.

In February 2015 the CNC approved salary increases and position changes for the following NEO's:

Name and Principal Position	2014 Base Salary <sup>(1)</sup> (\$)	2015 Base Salary <sup>(1)</sup> (\$)	Change (%)	2016 Base Salary <sup>(1)</sup> (\$)	Change (%)
Brian Hurley, CEO	687,500	-	-	-	-
Brian Hurley Executive Chairman	-	687,500	0	687,500	0
Stuart Levings, COO	347,000	-	-	-	-
Stuart Levings President & CEO	-	450,000	30	515,000	14
Philip Mayers, CFO	343,000	351,575	3	359,575	2
Deborah McPherson, SVP, Sales & Marketing	278,000	284,950	3	290,950	2
Winsor Macdonell, SVP, GC	263,000	269,575	3	275,575	2

Note:  
(1) Annualized Base Salary for 2014, 2015, and 2016 reflect the merit increases provided as of March 2014, 2015, and February 29, 2016, with the exception of the COO. The COO was promoted to the role of President and CEO and the Chairman of the Board and CEO transitioned to the role of Executive Chairman of the Board effective January 1, 2015.

### Short-Term Incentives

The VIC program is designed to reward employees for their contributions to achieving specific Company and individual employee annual objectives.

At the beginning of each year, the Company establishes financial and operational business objectives at three levels of performance: threshold (minimum performance level of 85% for which a payout is awarded); target (performance level consistent with operating plan targets for which a target payout is awarded); and maximum (performance level of 115% at which a maximum payout is awarded). Actual business performance relative to the established financial and operational objectives drives the decision on the pool of money allocated to be paid through the VIC program. If target results are achieved, the VIC bonus pool is set at the sum of the target bonuses for all eligible employees. If results are above target, the bonus pool is set higher with a maximum of 150% of the target bonuses, and if results are below target, the bonus pool is set lower. The bonus amounts awarded to individual employees are further determined by individual performance and contribution to the achievement of Company goals. Employees who are high performers and who provide the greatest contribution to the Company receive a higher award.

Actual VIC awards for the CEO and the other NEOs are determined using the following formula:

$$\left[ \begin{array}{l} \text{Target VIC} \\ \text{Opportunity} \\ \text{(\% of salary)} \end{array} \right] \times \left[ \begin{array}{l} \text{Business} \\ \text{Performance} \\ \text{(0-150\% of} \\ \text{target)} \end{array} \right] = \begin{array}{l} \text{Adjusted Target} \\ \text{VIC Opportunity} \\ \text{(\$)} \end{array} \times \begin{array}{l} \text{Individual NEO} \\ \text{Performance} \\ \text{(Discretionary)} \\ \text{(0-150\%)} \end{array} = \begin{array}{l} \text{Actual VIC} \\ \text{Award} \\ \text{(\$)} \end{array}$$

*Business Performance.* For Fiscal 2015, business performance was assessed using the established objectives, which included three financial metrics (accounting for 70% of the total weighting) and five operational metrics (accounting for 30% of the total weighting). For the financial metrics, threshold performance levels were set at 85% of target and maximum levels were set at 115% of target.

Based on an assessment of the Company's overall business performance, the CEO recommended to the CNC a VIC funding level of 115% of target (within a range of 0% to 150% of target). After discussing the recommendations with the CEO, the CNC confirmed that the CEO's assessment fairly reflected the Company's performance and recommended the overall funding level of 115% and a distribution level of 110%, with 5% being retained to compensate exceptional performance as determined by the CEO in consultation with senior management, then presented to the Board for approval.

*Individual CEO & NEO Performance.* The CEO's VIC award for Fiscal 2015 was recommended by the CNC and was approved by the Board in consideration of the Company's strong overall performance and the CEO's individual accomplishments.

In determining the allocation of VIC awards for the other NEOs for Fiscal 2015, the CEO discussed individual performance of each NEO with the CNC and recommended a VIC award level. Awards were based on the VIC bonus pool funding level, distribution level and the contribution of each NEO to the attainment of the financial and operational objectives of the Company.

The table below sets out some of the individual NEO accomplishments for Fiscal 2015 which were used in determining individual performance levels.

Name and Principal Position	Key Accomplishments for Fiscal 2015
Brian Hurley, Executive Chairman	<p>Mr. Hurley was not eligible to receive STI for 2015 instead he received a grant of EDSUs for his role as Executive Chairman, which focused on managing the CEO succession and transition with the Board. Other key accomplishments included;</p> <ul style="list-style-type: none"> <li>• Acted as a strategic resource for the President &amp; CEO on key company matters</li> <li>• Provided leadership to the Board who set policy and oversaw the President &amp; CEO who ensured compliance</li> <li>• Assisted the President &amp; CEO in achieving the organization's mission</li> <li>• Working with the President &amp; CEO, ensured adjacent opportunities were clearly developed and monitored</li> <li>• Ensured appropriate structures and procedures were in place for recruitment and evaluation of board members</li> <li>• Evaluated the performance of the organization toward achieving its mission and key business objectives</li> <li>• Formally evaluated the performance of the President &amp; CEO and provided ongoing performance feedback</li> </ul>

Name and Principal Position	Key Accomplishments for Fiscal 2015
Stuart Levings, President & CEO	<p>Mr. Levings' incentive compensation reflects his successful transition into the role of President &amp; CEO of the Company effective January 1, 2015, along with his leadership of the Company in a year where financial results exceeded targets, including top-line growth, net operating income and operating ROE in addition to other financial and operational objectives for 2015. During the year, Mr. Levings provided strategic leadership to help drive strong market share gains while maintaining a high quality insurance portfolio, including strengthened senior level customer relationships and a balanced customer experience and risk appetite "Tone from the Top". Other key accomplishments included:</p> <ul style="list-style-type: none"> <li>• The development and implementation of the strategic and operating plan for 2015</li> <li>• Leadership on the portfolio insurance strategy, supporting the flow market share goals while diversifying the overall insurance portfolio</li> <li>• Prudent capital management, aimed at optimizing shareholder returns while maintaining appropriate capital strength and flexibility</li> <li>• Supported ongoing improvements in the Company's risk culture, including a refined risk appetite and enhanced ERM framework</li> <li>• Strengthened investor relations through focused outreach strategies with increased frequency and depth of communication</li> <li>• Focused on the acquisition of new talent and succession planning to support the Company's overall strategic strategies</li> </ul>
Philip Mayers, CFO	<p>Mr. Mayers' incentive compensation is reflective of his leadership in the role of CFO. Overall the Company's financial performance exceeded targets, including net operating income, operating return on equity and capital generation, in addition to other operational objectives for 2015. In addition to his responsibilities for capital management, investment management and investor relations, Mr. Mayers provided a high level of overall financial management and strategic leadership to the business. Additionally key accomplishments included:</p> <ul style="list-style-type: none"> <li>• Lead successful efforts to insulate Genworth Canada's ratings from GNW Financial's challenges;</li> <li>• Collaborated with senior team members to drive results in the areas of risk management, loss mitigation, market penetration and expense management</li> <li>• Worked closely with regulators and other stakeholders to ensure a full understanding of the profitability model for mortgage insurers in relation to appropriate pricing levels and the regulatory development of a new standardized capital framework</li> <li>• Proactively managed capital to exceed regulatory capital target, deliver ordinary dividends, and generate capital in excess of target</li> <li>• Prudently managed a \$6 billion investment portfolio to optimize investment yield within risk appetite</li> </ul>
Deborah McPherson, SVP, Sales & Marketing	<p>Ms. McPherson's incentive compensation is reflective of her role and performance as SVP Sales &amp; Marketing. In 2015 the Company was able to increase its share of the market as a result of its comprehensive focus on meeting customer needs. Additional key accomplishments include:</p> <ul style="list-style-type: none"> <li>• Increased net insurance written over 2014 by increasing share with a number of key customers</li> <li>• Prudent market share expansion with focus on portfolio quality &amp; diversification as demonstrated through lender portfolio reviews and internal lender risk metrics</li> <li>• Sponsored projects to drive competitive differentiation, support growth &amp; enhance the overall customer experience</li> <li>• Continued to minimize counterparty risk by educating lenders and aggregators using stress test results to highlight our financial stability &amp; claim paying ability</li> <li>• Coordinated &amp; participated with regional teams and CRO in in-depth discussions re market performance, economic issues and associated underwriting changes – Alberta, Quebec, Atlantic</li> <li>• Expansion of relationships in the secondary lending markets</li> </ul>

Name and Principal Position	Key Accomplishments for Fiscal 2015
Winsor Macdonell, SVP, GC	<p>Mr. Macdonell’s incentive compensation reflects his leadership of the legal, compliance and government relations functions of the Company. As a member of the Company’s leadership team he contributed to the financial performance of the Company, as well as the following additional key accomplishments:</p> <ul style="list-style-type: none"> <li>• Led discussions with regulators and Government stakeholders to further their understanding of the Company, its business, the first time homebuyer, capital and the mortgage insurance industry</li> <li>• Assisted in the establishment of the Mortgage and Title Insurance Industry Association (“MTIAC”) to stay on top of developing issues across the country</li> <li>• Provided leadership in the implementation and development of new enterprise wide risk policies and polices to address new regulations and OSFI guidelines (e.g., B-21 Residential Mortgage Insurance Underwriting Guideline)</li> <li>• Demonstrated Leadership in working with the Company’s Board and maintained strong governance and compliance disciplines across the Company</li> </ul>

*Actual VIC Awards.* VIC awards for all eligible participants can range from 0% to 150% of the target opportunity, based on the VIC bonus pool funding, the distribution methodology, and the individual performance of each employee. For Fiscal 2015, the VIC awards for the NEOs were as follows:

Name and Principal Position	Target VIC Opportunity (% of Salary)	Business Performance Distribution Funding (%)	Adjusted Target VIC Opportunity (% of Salary at 115% Funding)	Individual NEO Performance <sup>(1)</sup> (Discretionary)	Actual VIC	
					Percentage of Salary (%)	Value (\$)
Brian Hurley, Executive Chairman	-	-	-	-	-	-
Stuart Levings, President & CEO	75	115	86	100	83	375,000
Philip Mayers, CFO	50	115	58	110	61	213,000
Deborah McPherson, SVP, Sales & Marketing	50	115	58	107	59	168,000
Winsor Macdonell, SVP, GC	50	115	58	100	55	148,000

- Notes:
- (1) Recommended by the CEO and approved by the CNC with consideration of the VIC bonus pool funding and the individual performance and corporate contribution of each NEO to the attainment of the financial and operational objectives of the Company.
  - (2) For 2015 the VIC pool was funded at 115%. The pool was distributed generally at 110%, 5% was further distributed to individuals on the Corporate “VIC” plan that obtained a performance rating of very strong or outstanding on their individual performance measure, thus providing differentiated compensation for the high performers in the organization.

### Long-Term Incentives

The long-term incentive (“LTI”) program is designed to align NEO, the Company and Shareholder interests, and ensure executives have a long-term financial and operational view to their planning, goals and decision making. The long-term incentives are also meant to reinforce the Company’s pay-for-performance objectives and provide competitive levels of total compensation while retaining key employees. The LTI program consists of Options, RSUs, PSUs and EDSUs. In Fiscal 2015, NEO equity awards were generally comprised of 25% Options, 25% RSUs and 50% PSUs as follows:

Name and Principal Position	LTI Target (as a % of Base Salary)	Number Options Granted	Number RSUs Granted	Number PSUs Granted	Number EDSUs Granted
Brian Hurley, Executive Chairman	-	-	-	-	8,600
Stuart Levings, President & CEO	100	18,100	3,500	7,100	-

Name and Principal Position	LTI Target (as a % of Base Salary)	Number Options Granted	Number RSUs Granted	Number PSUs Granted	Number EDSUs Granted
Philip Mayers, CFO	75	10,600	2,100	4,100	-
Deborah McPherson, SVP, Sales & Marketing	60	6,900	1,300	2,700	-
Winsor Macdonell, SVP, GC	60	6,500	1,300	2,500	-

#### *Options*

The Company's 2009 Stock Option Plan (the "**Stock Option Plan**") is intended to focus participants on the long-term performance of the Company. The value of the annual stock option grant is 25% of the approved target LTI program percentage of base salary for each executive. On the date of grant, the value of each Option is based on the estimated future value of one Common Share, using the bi-nomial valuation method for compensation purposes. This value is used to determine the number of Options to be granted to deliver a desired target compensation value. The actual value received from each Option is contingent on the appreciation of the Common Share price over time.

For Fiscal 2015, one-third of the Options granted will vest and become exercisable on the first, second and third anniversaries of the grant, respectively. Each Option has a 10 year term to maturity. All Options to date have been granted with tandem SARs. See "*Statement of Executive Compensation – Equity-Based Compensation Plans – Stock Option Plan*" for further details on the Stock Option Plan.

#### *Restricted Share Units*

As part of the Company's Share Incentive Plan (the "**Share Incentive Plan**"), RSUs are granted to further align the compensation outcomes for senior executives with the mid-term performance of the Common Share price, and to ensure retention of key individuals. The value of the annual RSU grant is 25% of the approved target LTI program percentage of base salary for each executive. The actual number of RSUs granted is determined by dividing the target dollar value by the closing price of the Common Share on the date of grant (rounded to the nearest 100). The actual value of a RSU on the settlement date is contingent on the fair market value of the Common Share at that time.

For Fiscal 2015, 100% of the RSUs granted will cliff vest at the end of the three year term from date of grant. Once RSUs have vested, the Board has discretion to settle RSUs in cash, newly-issued Common Shares or Common Shares purchased on the market. For further details on RSUs, see "*Statement of Executive Compensation – Equity-Based Compensation Plans – Share Based Incentive Plan*".

#### *Performance Share Units*

As part of the Share Incentive Plan, PSUs are granted to further align NEO compensation with the long-term interests of Shareholders, the achievement of mid-term Company objectives and the Common Share price performance. The value of the annual PSU grant is 50% of the approved target LTI program percentage of base salary for each executive. The actual number of PSUs granted is determined by dividing the target dollar value by the closing price of the Common Share on the date of grant (rounded to the nearest 100). The actual value of a PSU at time of vesting is determined by the level of attainment of the performance metrics for the plan year as approved by the Board and the fair market value of the Common Share price. At time of vesting, the value of PSUs may vary from zero to one and one-half times the original value granted based on performance against established targets.

For Fiscal 2015, a total of 16,400 PSUs were awarded to NEOs based on the total dollar value of the aggregate of the NEO individual LTIP grant, the closing price of the Common Shares on date of grant, rounded to the nearest 100 units. All PSUs granted will cliff vest (100%) at the end of the three-year performance period. Once the PSUs have vested, the Board has the discretion to settle PSUs in cash, newly-issued Common Shares or Common Shares purchased on the market. The performance measures established for the 2015 to 2017 performance plan period are as follows:

Performance Measure	Weighting (% of Total)	Type of Measure	2015-2017 Performance Range		
			Threshold (85%)	Three Year Target (to be completed by Dec 31, 2017)	Maximum (115%)
Basic Earnings per Share	50%	Average of 2015-2017 performance	\$3.40	\$4.00	\$4.60
Operating Return on Equity	50%	Average of 2015-2017 performance	9.9%	11.6%	13.4%

Each performance metric has an established threshold, target and maximum level of performance to determine actual payouts in 2018. For further details on PSUs, see “*Statement of Executive Compensation – Equity-Based Compensation Plans – Share Based Incentive Plan*”.

#### Payment of the 2013-2015 PSU Grant

In accordance with the Company’s Share Incentive Plan, the grant of PSUs to NEOs in 2013 vested on December 31, 2015. Actual performance achieved relative to established objectives for the three-year performance period resulted in funding at 146% of target. The table below reflects actual performance to goal.

Performance Measure	Weighting (% of Total)	Type of Measure	2013-2015 Performance Range			Actual 2013-2015 Results	Weighting (% of Total)
			Threshold (75%)	Target	Maximum (110%)		
Basic EPS	50%	Average performance	\$2.45	\$3.26	\$3.59	\$4.03	75%
Operating ROE	50%	Average performance	8.2%	11.0%	12.1%	11.9%	71.2%
							146%

Incorporating the impact of dividend equivalents received over the three-year performance period, the PSU performance at 146% of target and the fair market value of the Common Share price on the date of settlement, the actual payout value of the 2013 - 2015 PSU grants to NEOs were as follows:

Name and Principal Position	PSUs Granted in 2013		Value as of December 31, 2015		
	Number Granted	Value <sup>(1)</sup> (\$)	Number of Accumulated PSUs <sup>(2)</sup>	Number of Accumulated PSUs times 146%	Payout Value <sup>(3)</sup> (\$)
Brian Hurley, Executive Chairman	16,400	390,156	18,990	27,726	658,769
Stuart Levings, President & CEO	4,500	107,055	5,211	7,608	180,766
Philip Mayers, CFO	5,200	123,708	6,021	8,791	208,874
Deborah McPherson, SVP, Sales & Marketing	3,400	80,886	3,937	5,748	136,572
Winsor Macdonell, SVP, GC	3,200	76,128	3,705	5,410	128,542

- Notes:
- (1) Based on the closing price of the Common Shares on the TSX on the date of grant which, on February 4, 2013, was \$23.79.
  - (2) Includes additional PSUs granted to reflect dividends (dividend equivalents) received over the three-year performance period.
  - (3) Payout price is determined by taking the five-day average of the Common Share price on the date one day prior to settlement which, on February 4, 2016, was \$23.76.

## Executive Deferred Share Units

Executive Deferred Share Units (“EDSUs”) are granted as a one-time, long-term incentive that aligns with the performance of the Common Shares. On the date of grant, the value of an EDSU is based on the value of the Common Shares. This value is used to determine the number of EDSUs to be granted to deliver a desired target compensation value. The actual value of an EDSU on the settlement date is based on the fair market value of the Common Share price. A grant of EDSUs is determined by the CNC based on set criteria. The individual grants have vesting dates specific to these criteria. Payment of vested awards will be in cash and paid out only in the event of, voluntary termination, termination without cause, retirement (as defined by the retirement provisions of the share incentive plans), change of control or death.

In 2015 the Board decided to utilize the EDSU plan as part of the compensation design for the new role of Executive Chairman of the Board. Instead of receiving an annual grant of Options, PSUs and RSUs, Mr. Hurley’s compensation agreement included a LTI grant of \$275,000 made up entirely of EDSUs. The actual award was determined using the closing price of the Common Share on date of grant rounded to the nearest 100 EDSUs.

For further details on EDSUs, see “Statement of Executive Compensation – Equity-Based Compensation Plans – Executive Deferred Share Unit Plan”.

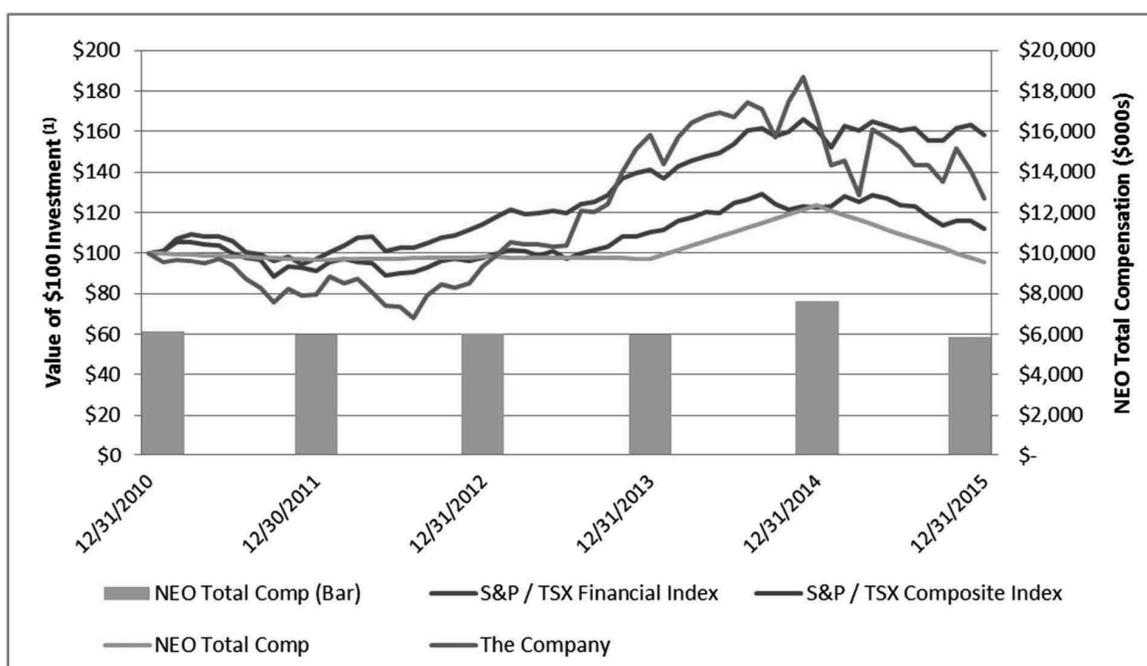
## Performance Graph

The following graph compares the cumulative total return for \$100 invested in the Company’s Common Shares on the Toronto Stock Exchange on December 31, 2010 with the cumulative total return of the S&P/TSX Financial Index and S&P/TSX Composite Index, assuming reinvestment of dividends, for the five most recently completed financial years. The performance as set out in the graph does not necessarily indicate future Common Share price performance.

To evaluate the trend in the Company’s compensation levels in relation to the Company’s absolute and relative total shareholder return, the graph below includes total compensation awarded for fiscal years 2010 through 2015 on the same basis as disclosed in the “Summary Compensation Table” for NEOs (i.e., salary + short-term incentive paid + grant date fair value of long-term incentives + compensatory change in pension value + all other compensation).

Given that a large proportion of the Company’s total compensation is equity-based, the Company’s executive compensation program appropriately aligns with the long-term performance of the organization. Over the past 5 years, total shareholder returns increased by 27% while NEO total compensation for the 5-year period has remained relatively flat. However, over the same time period, the realizable value of NEO total compensation has fluctuated, tied closely to the changes in Genworth’s Common Share price.

In 2015, the Company experienced a decline in share price performance as a result of several factors including market sentiment surrounding the Canadian economy and housing market. Aligned with performance, NEO total compensation decreased year-over-year, reflecting lower values of short-term incentives and the transition of Mr. Brian Hurley from his role of Chairman and Chief Executive Officer in 2014 to his new role as Executive Chairman for 2015, with a reduced total compensation package.



	Dec. 31, 2010 (\$)	Dec. 31, 2011 (\$)	Dec. 31, 2012 (\$)	Dec. 31, 2013 (\$)	Dec. 31, 2014 (\$)	Dec. 31, 2015 (\$)
The Company	100	80	93	158	167	127
S&P/TSX Financial Index	100	97	114	141	161	158
S&P/TSX Composite Index	100	91	98	111	122	112
NEO Total Compensation	100	97	98	97 <sup>(2)</sup>	123	95

(1) All data are sourced from Standard and Poor's Capital IQ.

(2) Excludes the value of special, one-time EDSUs granted to assist with retention of select employees. For further details on EDSUs, see "Executive Compensation – Equity Compensation Plans – Share Incentive Plan".

## Summary Compensation Table

The following table sets out information concerning the compensation earned for Fiscal 2015, 2014 and 2013 by the Company's NEOs.

Name and Principal Position	Fiscal Year	Salary <sup>(1)</sup> (\$)	Share-Based Award <sup>(2)</sup> (\$)	Option-Based Award <sup>(3)</sup> (\$)	Non-Equity Incentive Plan Compensation <sup>(3)</sup> (\$)		Pension Value (\$)	All Other Compensation (\$)	Total (\$)
					Annual Incentive	Long-Term Incentive			
Brian Hurley, Executive Chairman	2015	687,500	274,340	0	0	N/A	324,672	78,954	1,365,466
	2014	677,885	644,448	215,000	1,183,400	N/A	834,945	110,309	3,665,987
	2013	626,586	585,234	195,700	1,023,400	N/A	230,661	100,778	2,762,359
Stuart Levings, President & CEO	2015	450,000	338,140	112,401	375,000	N/A	551,322	55,727	1,882,590
	2014	345,154	197,280	64,930	257,600	N/A	297,765	31,923	1,194,652
	2013	299,202	161,772	53,972	224,450	N/A	91,436	40,200	871,032
Philip Mayers, CFO	2015	350,256	197,780	65,826	213,000	N/A	212,610	63,838	1,103,310
	2014	341,308	193,992	64,500	266,300	N/A	239,325	62,307	1,167,732
	2013	328,817	697,461	62,212	225,760	N/A	123,867	58,929	1,497,046
Deborah McPherson, SVP, Sales & Marketing	2015	283,881	127,600	42,849	168,000	N/A	136,071	26,215	784,616
	2014	276,815	124,944	41,710	191,400	N/A	167,493	45,376	847,738
	2013	270,809	256,951	40,788	171,641	N/A	22,877	36,616	799,682
Winsor Macdonell, SVP, GC	2015	268,563	121,220	40,365	148,000	N/A	98,013	43,340	719,501
	2014	261,769	118,368	39,560	177,500	N/A	176,314	48,844	822,355
	2013	255,355	114,192	38,316	167,025	N/A	56,106	47,590	678,584

Notes:

(1) Salary is based on actual salary paid to the executive in Fiscal 2015 as per payroll records.

(2) The value of share-based awards (RSUs, PSUs, DSUs and EDSUs) is based on the LTI program percentage of base salary granted to each NEO, converted into units based on the closing price of the Common Shares on the TSX on the dates of the grant as follows: February 4, 2013 - \$23.79; October 28, 2013 - \$31.54; February 3, 2014 - \$32.88; and February 9, 2015 - \$31.90.

(3) The amounts disclosed represent the Option fair value for purposes of compensation at the date of grant. For 2012, a reasonable fair value was derived with reference to: (a) Option values used for past grants; (b) Common Share price at the time of grant; and (c) expectations for the future performance of the Common Share price over the term of the Option including the Black Scholes value. Starting in 2013 the Company used a bi-nomial valuation model, and with reference to Option values used for past grants, to determine a more reasonable fair value of an Option for purposes of compensation. For purposes of accounting the Company continued to use a Black-Scholes valuation model to calculate the fair value of an Option.

The table below summarizes the various inputs used to calculate the compensation and accounting fair values of an Option for 2013, 2014 and 2015 grants and the difference in aggregate value for each NEO.

Inputs	2015		2014		2013	
	Compensation	Accounting	Compensation	Accounting	Compensation	Accounting
Valuation Model	Binomial	Black-Scholes	Binomial	Black-Scholes	Binomial	Black-Scholes
Share Price Volatility	22.41%	25.53%	13.21%	22.41%	19.56%	13.21%
Dividend Yield	3.79	6.44	3.82%	3.786%	5.14%	3.82%

Inputs	2015		2014		2013	
	Compensation	Accounting	Compensation	Accounting	Compensation	Accounting
Risk-free Interest Rate	1.015%	0.62	1.90%	1.015%	2.2%	1.21%
Expected Life	10 years	8	10 years	6 years	10 years	6 years
Exercise Price	\$31.90	\$31.90	\$32.88	\$32.88	\$23.79	\$23.79
Value per Option (\$ Value)	\$6.21	\$1.96	\$4.30	\$4.08	\$4.12	\$1.33
<b>Difference between Compensation and Accounting Values (\$)</b>						
Mr. Hurley	-		11,000		132,525	
Mr. Levings	77,106		3,322		36,549	
Mr. Mayers	45,156		3,300		42,129	
Ms. McPherson	29,394		2,134		27,621	
Mr. Macdonell	27,690		2,024		25,947	

## Incentive Plan Awards

### *Outstanding Share-Based Awards and Option Based Awards*

The following table sets forth specific information regarding Option, RSU, PSU and EDSU grants outstanding for the NEOs as of December 31, 2015.

Name and Principal Position	Year	Option-Based Awards				Share-Based Awards		Market or Payout of Vested Share-based Awards not paid out or Distributed <sup>(3)</sup> (\$)
		Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in the Money Options (\$) <sup>(1)</sup>	Number of RSUs/PSUs and EDSUs that have not Vested	Market or Payout Value of Share-Based Awards that have not Vested (\$) <sup>(2)</sup>	
Brian Hurley, Executive Chairman	2015	-	-	-	-	9,053	240,816	0
	2014	50,000	32.88	Feb 3, 2024	0	21,653	575,971	0
	2013	47,500	23.79	Feb 4, 2023	133,475	22,156	589,355	0
	2012	64,400	22.61	Feb 1, 2022	256,956	0	0	0
	2011	62,200	26.80	Feb 17, 2021	0	0	0	0
	2010	60,000	27.12	Feb 18, 2020	0	0	0	0
	2009	198,700	19.00	Jul 7, 2019	1,510,120	0	0	0
Stuart Levings, President & CEO	2015	18,100	31.90	Feb 9, 2025	0	11,159	296,820	0
	2014	15,100	32.88	Feb 3, 2024	0	6,628	176,318	0
	2013	13,100	23.79	Feb 4, 2023	36,811	6,099	162,231	0
	2012	19,000	22.61	Feb 1, 2022	75,810	0	0	0
	2011	15,800	26.80	Feb 17, 2021	0	0	0	0
	2010	15,200	27.12	Feb 18, 2020	0	0	0	0
	2009	50,000	19.00	Jul 7, 2019	380,000	0	0	0

Name and Principal Position	Year	Option-Based Awards				Share-Based Awards		Market or Payout Value of Vested Share-based Awards not paid out or Distributed <sup>(3)</sup> (\$)
		Number of Securities Underlying Unexercised Options	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in the Money Options (\$) <sup>(1)</sup>	Number of RSUs/PSUs and EDSUs that have not Vested	Market or Payout Value of Share-Based Awards that have not Vested (\$) <sup>(2)</sup>	
Philip Mayers, CFO	2015	10,600	31.90	Feb 9, 2025	0	6,527	173,612	
	2014	15,000	32.88	Feb 3, 2024	0	6,518	173,379	0
	2013	15,100	23.79	Feb 4, 2023	42,431	24,732	657,877	0
	2012	20,000	22.61	Feb 1, 2022	79,800	0	0	0
	2011	19,000	26.80	Feb 17, 2021	0	0	0	0
	2010	18,200	27.12	Feb 18, 2020	0	0	0	0
	2009	65,000	19.00	Jul 7, 2019	494,000	0	0	0
Deborah McPherson, SVP, Sales & Marketing	2015	6,900	31.90	Feb 9, 2025	0	4,211	112,007	0
	2014	9,700	32.88	Feb 3, 2024	0	4,198	111,668	0
	2013	9,900	23.79	Feb 4, 2023	27,819	9,344	248,550	126,361
	2012	14,000	22.61	Feb 1, 2022	55,860	0	0	0
	2011	14,000	26.80	Feb 17, 2021	0	0	0	0
	2010	0	0	-	0	0	0	0
	2009	0	0	-	0	0	0	0
Winsor Macdonell, SVP, GC	2015	6,500	31.90	Feb 9, 2025	0	4,000	106,407	0
	2014	9,200	32.88	Feb 3, 2024	0	3,977	105,791	0
	2013	9,300	23.79	Feb 4, 2023	26,133	4,324	115,013	0
	2012	8,000	22.61	Feb 1, 2022	31,920	0	0	0
	2011	8,100	26.80	Feb 17, 2021	0	0	0	0
	2010	7,200	27.12	Feb 18, 2020	0	0	0	0
	2009	20,000	19.00	Jul 7, 2019	152,000	0	0	0

- Notes:
- (1) Value of the unexercised "in the money" Options is the difference between the fair market value of the Common Shares on the TSX as of the close of trading on December 31, 2015, which was \$26.60 and the exercise price.
  - (2) The value of the outstanding RSUs, PSUs and EDSUs is based on the Common Share price on the TSX as of the close of trading on December 31, 2015, which was \$26.60 and includes RSUs, PSUs and EDSUs issued as dividend equivalents.
  - (3) Vested share-based awards are all immediately paid out or distributed upon vesting, except for EDSUs which are paid out at the time of the individual's departure from the Company.

#### *Value Vested or Earned During Fiscal 2015*

Name and Principal Position	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation Value Earned During the Year <sup>(2)</sup> (\$)
Brian Hurley, Executive Chairman	308,840	657,745	N/A
Stuart Levings, President & CEO	88,905	143,853	N/A
Philip Mayers, CFO	96,760	184,085	N/A

Name and Principal Position	Option-Based Awards – Value Vested During the Year <sup>(1)</sup> (\$)	Share-Based Awards – Value Vested During the Year (\$)	Non-Equity Incentive Plan Compensation Value Earned During the Year <sup>(2)</sup> (\$)
Deborah McPherson, SVP, Sales & Marketing	66,107	110,245	N/A
Winsor Macdonell, SVP, GC	46,629	71,909	N/A

- Notes:
- (1) This value is based on the market price of the awards at the time of vesting.
- (2) See “Statement of Executive Compensation – Incentive Plan Awards” for a description of the significant terms of all plan-based awards, as well as “Statement of Executive Compensation – Compensation Decisions – Short-Term Incentives” and “Statement of Executive Compensation – Compensation Decisions – Long-Term Incentives” for a description of non-equity and equity compensation evaluation process.

### Pension Plan Benefits

The Company’s retirement programs are benchmarked to the industry and provide competitive post-employment financial security and are a key element of the total compensation package. The NEOs participate in two retirement plans:

- the pension plan for the employees of Genworth Financial Mortgage Insurance Company Canada (the “**Pension Plan**”), a registered defined contribution pension plan to which contributions are made based on pensionable earnings up to the annual limits allowed by the Canada Revenue Agency; and
- the supplemental retirement plan of Genworth Financial Mortgage Insurance Company Canada (the “**SERP**”), a defined benefit supplemental executive retirement plan.

After July 1, 2012, vesting is immediate in accordance with legislative requirements.

### Defined Contribution Pension Plan

The NEOs, along with other employees of the Company, participate in the Pension Plan. The Company contributes 6% of earnings below the year’s maximum pensionable earnings (“**YMPE**”), as determined by Canada Revenue Agency, and 8% of earnings over the YMPE for each plan participant. In certain legacy situations, the Company will pay an additional contribution, the level of which depends on the NEO’s age plus years’ of service as at September 26, 2005, starting at 2% of earnings for age plus service less than 25 years, escalating to the maximum of 7% of earnings for age plus service of 49 or more years. Messrs. Mayers, Levings, Macdonell, and Ms. McPherson all qualify for these additional contributions. For the purpose of the Pension Plan, earnings for NEOs are defined as salary plus 50% of the actual short-term incentive VIC award.

Sun Life Financial Inc. is the custodian and record keeper of the Pension Plan. Pension Plan participants have a selection of investment options from which to choose. The rate of return is dependent on the investment choices of the plan participant. If a participant is terminated after vesting, funds are transferred to a registered retirement plan or to another deferred retirement vehicle. The participant may retire between the ages of 55 and 71, in which case the contributions are used to purchase an annuity (normal form, and with a 60% survivor benefit). In the event of death of an active employee, all contributions are paid to the spouse or estate pursuant to the Pension Plan.

The following table provides the accumulated balances at the start and end of Fiscal 2015 under the defined contribution pension plan for the NEOs.

Name and Principal Position	Accumulated Value at Start of Year <sup>(1)</sup> (\$)	Compensatory (\$)	Accumulated Value at End of Year (\$)
Brian Hurley, Executive Chairman	181,868	18,172	214,143
Stuart Levings, President & CEO	294,068	20,422	343,559
Philip Mayers, CFO	319,812	21,010	366,964
Deborah McPherson, SVP, Sales & Marketing	278,706	20,971	308,687

Name and Principal Position	Accumulated Value at Start of Year <sup>(1)</sup> (\$)	Compensatory (\$)	Accumulated Value at End of Year (\$)
Winsor Macdonell, SVP, GC	274,337	20,713	320,260

Note:

(1) The “Accumulated Value at Start of Year” column and the “Accumulated Value at End of Year” column both include compensatory amounts paid by the Company and non-compensatory amounts, including amounts contributed by the NEO. The columns are not cumulative as, in accordance with applicable securities legislation, this table does not disclose the non-compensatory contributions of the NEO or other non-compensatory amounts such as changes in market value.

### **Supplemental Executive Retirement Plan**

The pension a NEO will receive from the SERP is calculated as:

- The target benefit calculated using the formulas set out in the table below, offset by;
- The pension derived from the NEOs notional account which represents what the NEOs account balance would be under the Pension Plan if contributions made to the Pension Plan had been invested in the balanced fund investment option, and further offset by;
- The pension payable to the NEO under other related pension plan(s) in which the NEO participated in prior to September 26, 2005.

The Company delivers the difference, if greater than \$0, via a monthly annuity or a lump sum payment, at the Company’s discretion.

The NEO has a choice of either accruing contributory or non-contributory service under the SERP. The contributory formula has the opportunity to provide a higher target benefit to the executive participant at retirement than the non-contributory formula. If the participant selects the contributory formula, then he or she must provide a contribution of 3% of compensation to the Pension Plan.

The target benefit under the SERP is calculated in accordance with the charts below:

#### **Non-Contributory Credited Service**

1% of Final Average Earnings (for earnings up to the average YMPE); plus	X	Non-Contributory Credited Service	=	Defined Benefit Target Pension
1.5% of Final Average Earnings (for earnings excess of the average YMPE).				

#### **Contributory Credited Service**

1.5% of Final Average Earnings (for earnings up to the average YMPE); plus	X	Contributory Credited Service	=	Defined Benefit Target Pension
2% of Final Average Earnings (for earnings excess of the average YMPE).				

“Final Average Earnings” are calculated as one-third of the highest 36 months earnings in the last 60 months prior to retirement, where earnings are defined as base salary plus 50% of variable compensation (short-term incentive).

The participant may retire early, at any point after becoming 55 years of age, and receive a reduced SERP entitlement. The target benefit as calculated at the date of early retirement is reduced by 0.25% for each month prior to the participant’s 60<sup>th</sup> birthday.

The participant is vested in the SERP immediately upon enrollment in the Pension Plan. A participant whose employment terminates after vesting but before age 55 will receive their SERP pension commencing at age 65. A terminated participant may elect to receive a reduced SERP benefit commencing on the first day of any month following the attainment of age 55. If such terminated participant elects to commence receiving their SERP pension between the ages of 60 and 65, their SERP pension will be reduced by 0.6% for each month prior to their 65<sup>th</sup> birthday, and if such terminated participant elects to commence receiving their SERP pension prior to age 60, their SERP pension will be more aggressively reduced in accordance with the terms of the SERP.

A participant who chooses to retire on or after his normal retirement date will receive a supplemental benefit based on the participant’s credited service, Final Average Earnings and average YMPE at his date of cessation of continuous service.

The following table provides estimates of the benefits payable under the SERP to the NEOs as of December 31, 2015. All information is based on the assumptions and methods used for purposes of reporting financial statements as found in the Company's annual financial statements, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

Name and Principal Position	Number of Years of Credited Service	Annual Benefits Payable (\$)		Opening Present Value of Defined Benefit Obligation <sup>(2)</sup> (\$)	Compensatory change <sup>(3)</sup> (\$)	Non-Compensatory change <sup>(4)</sup> (\$)	Closing Present Value of Defined Benefit Obligation <sup>(2)</sup> (\$)
		At Year-End	At Age 65 <sup>(1)</sup>				
Brian Hurley, Executive Chairman	9.75 <sup>(5)</sup>	170,730	280,917	2,929,600	306,500	-25,300	3,210,800
Stuart Levings, President & CEO	15.42	79,233	270,948	1,369,600	530,900	-37,600	1,862,900
Philip Mayers, CFO	20.92	106,365	203,557	1,933,600	191,600	5,000	2,130,200
Deborah McPherson, SVP, Sales & Marketing	20.92	89,322	152,682	1,539,800	115,100	59,900	1,714,800
Winsor Macdonell, SVP, GC	16.83	56,249	119,099	1,100,300	77,300	-2,600	1,175,000

- Notes:
- (1) For greater clarity, at retirement NEOs will receive the benefits as described in this table as well as the benefits described in the Pension Plan table above. Additionally, the SERP "Annual Benefits Payable" column takes into consideration the offsets as described in the SERP documentation including the annuitized value of the notional account as well as entitlement to a legacy pension and any minor legacy adjustments from predecessor companies, if applicable, but is not inclusive of any of those benefits.
  - (2) The valuation method and all significant assumptions the Company applied in quantifying the accrued obligation at the end of Fiscal 2015 can be found in the Company's financial statements for the year ended December 31, 2015, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).
  - (3) The compensatory amount represents the NEO's 2015 current service cost as calculated in accordance with IAS 19, plus/minus the increase/decrease to the NEO's SERP accrued benefit obligation due to actual 2015 pensionable earnings being greater than/less than expected (where expected 2015 pensionable earnings equal 2014 pensionable earnings increased with the salary scale of 3.0% used for the 2015 pension expense). So if an NEO's 2015 pensionable earnings were less than 1.03 times their 2014 pensionable earnings, the compensatory amount will be less than their current service cost.
  - (4) The non-compensatory amount represents the increase in the NEO's SERP accrued benefit obligation due to factors other than the compensatory amount, specifically interest on the accrued benefit obligation for 2015, changes to the annuitized value of the notional account as well as the impact of changing the accounting assumptions as at December 31, 2015. The non-compensatory amounts are either positive or negative for 2015 depending on the relative impact of these factors in relation to the increase in SERP liabilities resulting from the increase in the accounting discount rate from 4.15% at December 31, 2014 to 4.30% at December 31, 2015.
  - (5) The years of credited service attributed to Mr. Hurley are based on service provided by Mr. Hurley to Genworth Financial which were ported to the SERP as part of his employment agreement in 2009.

## Termination and Change of Control Benefits

### Termination Benefits

The Company has standard policies in respect of employee terminations. The majority of NEOs are subject to the same terms and conditions as all other employees of the Company in the event of resignation and termination for cause. In such situations, the NEO is not eligible for short-term incentives, unvested Options expire and unvested RSUs, PSUs and EDSUs are forfeited. In the case of a termination that is not for cause, and other than in the case of a change of control (discussed below), unvested RSUs, PSUs, EDSUs and Options expire. In addition, the NEO receives his or her statutory and common law entitlements, subject to any alternative arrangement that may be agreed upon by the Company and the NEO at the time of termination. In the event of retirement, the NEO is eligible for accrued, vested retirement benefits. Unvested Options, RSUs and PSUs will continue to vest in accordance with the terms of the applicable equity-based incentive plans and grant agreements following retirement. At the retirement date grants of RSUs, PSUs and Options that have not reached the one year anniversary of the date of grant will be forfeited.

In 2014, Mr. Levings and the Board entered into a contract of employment with respect to Mr. Levings' role as President and CEO of Genworth Canada, with an effective date of January 1, 2015. The contract provides that in the event Mr. Levings is terminated without cause (other than as a result of a change of control), Mr. Levings will be entitled to one month's base salary per year of service with the Company, pro-rated bonus and incentive payments earned up to the date of termination, and equity-based compensation in accordance with the Stock Option Plan and Share Incentive Plan.

Also in 2014, the Company entered into a transition and retirement agreement with Mr. Hurley, who had advised the Board of his desire to step down from the Chief Executive Officer role and retain his role as Executive Chair of the Board. Pursuant to that agreement, Mr. Hurley will serve as Executive Chairman on a part-time basis until February 15, 2017 (the "**Retirement Date**"),

unless he or the Company ends his employment earlier. Mr. Hurley's compensation as Executive Chairman includes a base salary of \$687,500 per annum and a grant of EDSUs in the amount of \$275,000 for each of 2015 and 2016. He is not eligible to receive any further grants under the Stock Option Plan or the Share Incentive Plan, but continues to be obligated to hold three times his salary in Common Shares or RSUs. Under the agreement, pension service is accrued on a part-time basis, and all Options, RSUs and PSUs previously granted to him will be administered under the terms of the applicable plan.

If the Company terminates Mr. Hurley's employment prior to June 9, 2016 (the "**Early Retirement Date**"), vesting will be accelerated for all EDSUs, for two-thirds of the PSUs previously granted to Mr. Hurley, and for Options that otherwise would have vested on or before the Early Retirement Date. All such vested Options will remain exercisable until the earlier of two years from the termination date and ten years from the date of the original grant. In addition, Mr. Hurley will be entitled to a lump sum retirement allowance equal to the salary, executive allowance and monthly car allowance he would otherwise have received from the termination date to the Early Retirement Date. Mr. Hurley will also be entitled to participate in the Pension Plan as if he had continued to be employed until the Early Retirement Date.

If the Company terminates Mr. Hurley's employment after the Early Retirement Date, but prior to the Retirement Date, vesting will be accelerated for all EDSUs and for PSUs and Options that otherwise would have vested on or before the Retirement Date. All such vested Options will remain exercisable until the earlier of two years from the termination date and 10 years from the date of the original grant. In addition, Mr. Hurley will be entitled to a lump sum retirement allowance equal to the salary, executive allowance and monthly car allowance he would otherwise have received from the termination date to the Retirement Date. Mr. Hurley will continue to participate in the Pension Plan as if he had continued to be employed until the Retirement Date.

If Mr. Hurley elects to retire on the Early Retirement Date, vesting will be accelerated for all EDSUs and for two-thirds of unvested PSUs and Options. All such vested Options will remain exercisable until the earlier of two years from the Early Retirement Date and 10 years from the date of the original grant. The Board, in its sole discretion, will also consider acceleration of the vesting of two-thirds of any unvested RSUs held by Mr. Hurley. Mr. Hurley's resignation or retirement at any other time prior to the Retirement Date would result in the forfeiture of all of the benefits provided for in the transition and retirement agreement; however, Mr. Hurley would remain entitled to the benefits provided for under applicable equity-based compensation plans.

#### ***Change of Control and Qualified Termination Benefits***

In December 2009, the CNC approved a change of control plan (the "**Change of Control Plan**") for the NEOs. The CNC believed the best time to consider the appropriateness of change of control provisions is when a change of control is not imminent and before the lack of such a plan poses a risk to corporate policy effectiveness. As a result, the CNC evaluated the considerations, implications and economics of a change of control plan and adopted one that balances the cost to the Company and its Shareholders relative to potential damage from distraction or loss of key executives. The purpose of the Change of Control Plan is intended to keep participants in the plan neutral to the possibility of change of control transactions, thereby reducing the risk that a participant's actions would not be in the best interests of the Company and its Shareholders. The Change of Control Plan calls for severance benefits in the event of a change of control and a qualified termination. The Change of Control Plan includes certain restrictive covenants, including confidentiality, non-compete, non-disparagement and non-solicitation provisions in relation to customers, clients and employees. With his transition to Executive Chairman on January 1, 2015, Mr. Hurley is no longer eligible to participate in the Change of Control Plan.

For the purposes of the Change of Control Plan, a change of control of the Company is deemed to occur in the following situations:

- The acquisition of 35% or more of the outstanding Common Shares (other than by Genworth Financial) by one party or two or more parties acting in concert;
- The sale of 50% or more of the Company's outstanding Common Shares by Genworth Financial;
- A majority change in the Board, other than through normal Board succession, without the incumbent Board's approval;
- A merger, consolidation, reorganization or sale of substantially all of the assets of the Company, unless such transaction does not change the beneficial ownership of the Company and a majority of the incumbent Board members remain on the Board; and
- Liquidation of the Company with Shareholder approval.

For the purposes of the Change of Control Plan, a qualified termination is defined as the termination of a participant without cause or a participant-initiated termination for "**Good Reason**" within 24 months of a change of control. Good Reason is defined as:

- A relocation of the head office greater than 160 kilometres from its current location;

- A material reduction in base salary, target bonus and benefits, unless such reductions are in concert with general employee compensation reduction and are less than 15%; or
- A significant diminution of duties or responsibilities, excluding a change in title or reporting relationship.

The benefits that a participant will receive in case of a change of control and a qualified termination are contained in the chart below.

<b>Benefit Type</b>	<b>Benefit Amount</b>
Severance	Two times (base salary and target bonus).
Loss of Employee Benefits	Lump sum payment to compensate the participant for loss of employee benefits (calculation is two times (15% of base salary)).
Annual Bonus	Pro-rata of target. <sup>(1)</sup>
Equity	Vesting of all unvested equity, which can be exercised until the normal expiration date. Where performance criteria is a condition of vesting then payouts are calculated based on target performance.
SERP Provisions (where SERP Plan is terminated)	Benefits are calculated in accordance with the SERP provisions, however where participants are terminated prior to age 55, the pre-age 55 reductions to the SERP are waived and the participant would receive a reduced benefit on attaining age 55.

Note:

(1) Based on time worked during the bonus plan year.

The following table illustrates the incremental benefit associated with a qualified termination for the NEOs that participate in the Change of Control Plan, following a change of control, assuming the qualified termination took place as of December 31, 2015.

<b>Name and Principal Position</b>	<b>Severance<sup>(1)</sup> (\$)</b>	<b>Loss of Benefits (\$)</b>	<b>Options (\$)</b>	<b>Share-Based Awards<sup>(2)</sup> (\$)</b>	<b>SERP (\$)</b>	<b>Total (\$)</b>
Brian Hurley	-	-	-	-	-	-
Stuart Levings,	1,575,000	135,000	492,621	635,369	1,862,900	4,700,890
Philip Mayers, CFO	1,054,725	105,473	616,231	1,004,867	2,130,200	4,911,496
Deborah McPherson, SVP, Sales & Marketing	854,850	85,485	83,679	472,226	1,714,800	3,211,040
Winsor Macdonell, SVP, GC	808,725	80,873	210,053	327,210	1,175,000	2,601,861

Notes:

- (1) A participant entitled to severance under the Change of Control Plan shall not be eligible for benefits under any severance, layoff or termination benefits provided under any other agreement (including an employment agreement), plan, program or arrangement maintained by the Company.
- (2) The value of share-based awards for Mr. Mayers and Ms. McPherson includes EDSUs granted in 2013.

### **Equity-Based Compensation Plans**

Equity-based compensation plans attempt to align the interests of executives and other employees of the Company with Shareholder interests beyond the annual business cycle. The design of these long-term incentive plans is to balance medium and longer-term business objectives through the use of various types of awards, including Options, RSUs, PSUs and EDSUs that track to the performance of the Company and Common Share price. RSUs and PSUs are paid out in cash or Common Shares at the discretion of the Board, whereas EDSUs are paid out in cash only.

## Common Shares Used for Purposes of Equity Compensation

The following table sets forth information regarding Common Shares reserved for purposes of equity compensation as at December 31, 2015.

Plan Category		Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans
Equity compensation plans approved by security-holders	Stock Option Plan (Options)	955,237	\$24.08	1,044,763
	Share Incentive Plan (RSUs)	95,928 <sup>(1)</sup>	N/A <sup>(2)</sup>	556,437 <sup>(3)</sup>
	Share Incentive Plan (PSUs)	97,635 <sup>(1)</sup>	N/A <sup>(2)</sup>	556,437 <sup>(3)</sup>
	Deferred Share Unit Plan (DSUs)	53,316 <sup>(1)</sup>	N/A <sup>(2)</sup>	196,684
Equity compensation plans not approved by security-holders		N/A	N/A	N/A
<b>Total</b>		1,202,116	N/A	1,797,884

- Notes:
- (1) RSUs, PSUs and DSUs issued include dividend equivalents earned on such securities.
  - (2) The weighted average exercise price is "not applicable" as RSUs, PSUs and DSUs do not have an exercise price. See "*Share Based Incentive Plan*" and "*Executive Deferred Share Unit Plan*" below for an explanation of the terms of the RSUs, PSUs and DSUs.
  - (3) The aggregate number of Common Shares reserved for issuance under the Share Incentive Plan, for the issuance of both RSUs and PSUs, was 556,437 as of December 31, 2015.

The aggregate number of Common Shares reserved for issuance in respect of the exercise of Options and for all other compensation plans, shall not exceed 3,000,000. Common Shares reserved in respect of Options which are not fully exercised as a result of Options having terminated, expired, forfeited, cancelled, or settled in cash by virtue of the share appreciation right, shall be available for subsequent Options and not be counted toward depletion of the reserve.

### Stock Option Plan

The Board adopted the Company's Stock Option Plan with an effective date of July 7, 2009. Under the Stock Option Plan, the Board may grant Options to purchase Common Shares alone or in tandem with SARs to any officer (including the NEOs) or employee of the Company.

The purposes of the Stock Option Plan are:

- (a) To promote the interests of the Company and its Shareholders by strengthening the ability of the Company to attract, motivate, reward, and retain qualified individuals upon whose judgment, initiative, and efforts the financial success and growth of the business of the Company largely depend;
- (b) To provide an opportunity for such individuals to acquire Common Share ownership and other rights that promote and recognize the financial success and growth of the Company and link their interests and efforts to the long-term interests of the Company's Shareholders;
- (c) To focus such individuals on Common Share price appreciation in alignment with the long-term focus of the Company; and
- (d) To provide an opportunity for such individuals to earn a competitive level of total compensation.

The exercise price of any Option to be granted under the Stock Option Plan is determined by the Board, but shall not be less than the closing price expressed in Canadian dollars of the Common Shares on the TSX on the date of grant of such Option. There are currently 2,000,000 Common Shares (approximately 2.1% of the outstanding Common Shares on a non-diluted basis) reserved for issuance under the Stock Option Plan, of which 952,996 (or approximately 1.0% of the outstanding Common Shares on a non-diluted basis) remain available for issuance as of the date hereof. Of the Options granted and outstanding, 885,666 Options are exercisable.

The maximum number of Common Shares which may be reserved for issuance to insiders of the Company under the Stock Option Plan and all other share-based compensation plans collectively is 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders of the Company under the Stock Option Plan and all other share-based compensation plans of the Company collectively within a one-year period is 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis).

At the time of grant, the Board may fix the term and the vesting conditions of the Option being granted provided that these terms do not exceed 10 years from the grant date. The Board may also determine the provisions relating to the expiry of an Option pertaining to termination, disability, retirement and death.

Except as provided below, an Option is non-transferable and non-assignable, other than by will or the laws relating to intestacy. However, where the assignor is not a U.S. Taxpayer (as defined in the Stock Option Plan), an Option may be transferred to any of the following permitted assigns: (i) the spouse of the assignor; (ii) a trustee, custodian or administrator acting on behalf of or for the benefit of the assignor or the assignor's spouse; (iii) a personal holding corporation, partnership (including a family limited partnership), family trust or other entity controlled by the assignor or the assignor's spouse, or the shareholders, partners, or beneficiaries of which are any combination of the assignor, the assignor's spouse, the assignor's children or the assignor's grandchildren; (iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative controlled by the assignor or the assignor's spouse; or (v) a registered retirement income fund or a registered retirement savings plan (as each such term is defined in the *Income Tax Act (Canada)*) of the assignor or the assignor's spouse. Upon any attempt to transfer, assign, pledge, hypothecate or otherwise dispose of an Option contrary to the provisions of the Stock Option Plan, or upon the levy of any attachment or similar process upon an Option, the Company may terminate the Option.

If an Option expires during, or within ten business days after, a trading black-out period imposed by the Company to restrict trades in the Company's securities, then, notwithstanding any other provision of the Stock Option Plan, the Option will expire ten business days after the trading black-out period is lifted by the Company.

Subject to certain discretionary adjustments that may be made by the Board or its designee under the Stock Option Plan, the following types of amendments to the Stock Option Plan require Shareholder approval: (i) any increase in the number of Common Shares in respect of which Options may be granted under the Stock Option Plan; (ii) any amendment granting additional powers to the Board to amend the Stock Option Plan or entitlements without Shareholder approval; (iii) any reduction in the exercise price of Options, or a cancellation and re-issuance within three months of Options held by insiders of the Company; (iv) any amendment that would increase the maximum term of an Option granted under the Stock Option Plan; (v) any extension to the term of Options held by insiders of the Company, except in accordance with the terms of the Stock Option Plan; (vi) any amendment that would alter the limits on the total number of Common Share issuable to insiders of the Company; (vii) any amendment that would expand the scope of those persons eligible to participate in the Stock Option Plan; (viii) any addition of new forms of compensation involving the issuance of Common Shares by the Company; and (ix) any amendment to the assignment provisions of the Stock Option Plan.

Amendments to the Stock Option Plan or Options that are not subject to Shareholder approval may be implemented by the Company without Shareholder approval, but are subject to any approval required by the rules of any stock exchange on which the Common Shares are listed and other requirements of applicable law. The Board also has the right to suspend, discontinue or amend the Stock Option Plan.

For the Options granted in February 2015, the Board set the following terms and conditions, which are set out in individual Option award agreements. Options were granted with attached SARs and vest 33% per year on the first, second and third anniversary of the grant. Other terms are as follows:

<b>Reason for Termination</b>	<b>Treatment</b>
Voluntary Termination	Unvested and vested Options are cancelled on the day of termination.
Termination with Cause	All vested and unvested Options are cancelled on the day of termination.
Involuntary Termination without Cause	Unvested Options are cancelled on the day of termination and vested Options may be exercised up to 60 days after termination, provided the term of the Option has not expired.
Retirement	If one year from the grant date to the date of retirement has not elapsed within a minimum age of 60, the Options are cancelled. Otherwise Options may be exercised in accordance with the original terms of grant.
Disability	No impact on the terms of grant.
Leave of Absence	If the Option holder does not return to active employment following the legal end of the leave, all Options are cancelled on the day of termination.

<b>Reason for Termination</b>	<b>Treatment</b>
Death	All unvested Options vest on the date of death and the estate may exercise the Options for up to 12 months following the death (provided they do not expire sooner).
Change of Control	The successor company may replace the Common Shares with securities of equal value to the Common Shares that underlie the Options. Following a change of control, and in the case of termination without cause or retirement within 24 months of the change of control, all Options vest and become exercisable.

### ***Share Based Incentive Plan***

RSUs and PSUs may be granted to employees, officers (including the NEOs) or consultants of the Company under the Company's Share Incentive Plan which has the same purposes as the Stock Option Plan described above. The Share Incentive Plan was adopted by the Board with an effective date of July 7, 2009. The aggregate number of Common Shares reserved for issuance under the Share Incentive Plan, subject to adjustment or increase of such number pursuant to the provisions of the Share Incentive Plan, may not exceed 750,000, or approximately 0.8% of the currently outstanding Common Shares on a non-diluted basis, of which 519,035 (or approximately 0.6% of the outstanding Common Shares on a non-diluted basis) remain available for issuance as of the date hereof.

RSUs are securities with rights equal to the fair market value of a Common Share. RSUs are time vested and upon maturity the holder receives an amount equal to the value of one Common Share for each RSU. The grant agreement that governs the RSUs provides that the Board may grant additional RSUs, equivalent to the dividends issued on the Common Shares that underlie an RSU award, to be credited to the recipient's RSU account.

To further underscore the Company's compensation objectives, in Fiscal 2015, the Company continued to grant PSUs which are contingent on the long-term performance of the Company. PSUs have similar terms and conditions as RSUs; however a performance feature is attached to the award such that poor performance will reduce or negate the award and superior performance will increase the award to a specific maximum. The terms governing PSUs under the Share Incentive Plan are the same as those set out below for RSUs.

The Board has the discretion to fix the term and the vesting conditions of the RSUs provided they mature no later than December 1 in the third calendar year following the calendar year in respect of which the RSUs are granted and shall be paid prior to December 31 of that year. As well, at the time of grant the Board has the discretion to determine the provisions relating to the expiry of an RSU upon the termination, disability, retirement or death of a recipient. On the maturity date of an RSU, the Board may decide to settle the Common Share delivery obligation through the issuance of new Common Shares from treasury, the purchase of Common Shares on the open market or via the delivery of the cash equivalent of the underlying Common Share.

The maximum number of Common Shares which may be reserved for issuance to insiders of the Company under the Share Incentive Plan and all other share-based compensation plans collectively is 10% of the Common Shares outstanding at the time of the grant (on a non-diluted basis). The maximum number of Common Shares which may be issued to insiders of the Company under the Share Incentive Plan and all other share-based compensation plans of the Company collectively within a one-year period is 10% of the Common Shares outstanding at the time of the issuance (on a non-diluted basis).

RSUs are not assignable or transferable, other than in the case of death as set out in the Share Incentive Plan or in a grant agreement between the assignor and the Company.

The Board's rights to amend, change or suspend the Share Incentive Plan, as well as the requirements to seek Shareholder approval for amendments to the Share Incentive Plan, are the same as the equivalent provisions in the Stock Option Plan described above.

In Fiscal 2015, the Board elected to grant RSUs with the following terms and conditions which are set out in each individual grant agreement. All of the RSUs granted in Fiscal 2015 cliff vest (i.e. 100%) on the third anniversary of the grant. Other terms are as follows:

<b>Reason for Termination</b>	<b>Treatment</b>
Voluntary Termination	Unvested RSUs will be forfeited on the day of termination and vested RSUs shall be paid.
Termination with Cause	All vested and unvested RSUs will be forfeited on the day of termination.
Involuntary Termination without Cause	Unvested RSUs will be forfeited on the day of termination and vested RSUs shall be paid.
Retirement	If one year from the grant date to the date of retirement has not elapsed within a minimum age of 60, the RSUs are forfeited. Otherwise RSUs vest and are paid in accordance with the original terms of the agreement.
Disability	No impact on the terms of grant.
Leave of Absence	RSUs that vest during the leave are paid at the Board's discretion on a pro rata basis on return from the leave. If the holder does not return to active employment following the leave, all RSUs are forfeited on the day of termination.
Death	All unvested RSUs vest as of the date of death and at the Board's discretion the estate may receive payment for vested Common Shares up to the full vested amount or on a pro-rated basis.
Change of Control	The successor company may replace the outstanding value of RSUs with securities of equal value. Following a change of control, and in the case of termination without cause, or retirement within 24 months of the change of control, all RSUs vest and become payable within 30 days of a qualified termination.

### ***Executive Deferred Share Unit Plan***

EDSUs track to the Common Share price of the Company. The plan was established in 2013 for the sole purpose of retention of key executives during a time of significant organizational change. The plan was approved by the Board with the understanding that it would have limited participation, and that individual grants would be structured to the needs of the Company.

EDSUs are stock units with rights equal to the fair market value of a Common Share. EDSUs are time vested and upon maturity the holder is entitled to an amount equal to the value of one Common Share for each EDSU. The grant agreement that governs the EDSUs provides that the Board may grant additional EDSUs equivalents for the dividends issued on the Common Shares that underlie the EDSU award, to be credited to the recipient's EDSU account.

The Board has the discretion to extend the award and fix the term and vesting conditions of each award. Unlike the RSUs and PSUs, EDSUs can only settle in cash, and only on termination of employment, retirement (as defined by the share incentive plans) or death of the executive.

### ***Share Savings Plan***

The Board adopted the Company's share savings plan (the "**Share Savings Plan**") with effect from September 1, 2009. Under the Share Savings Plan, the NEOs and other employees have an opportunity to acquire Common Shares, purchased on the open market, by means of a payroll deduction.

Under the Share Savings Plan, employees may contribute up to a total of 10% of their compensation to the Share Savings Plan through a payroll deduction. Compensation, for the purposes of the Share Savings Plan, is defined as the sum of an employee's base salary, overtime pay and 50% of each of the following paid amounts: short-term incentive compensation, other sales bonuses and commissions. The Company will match 50% of the first 6% of an employee's contributions under the Share Savings Plan in each pay period. All matching contributions by the Company vest immediately. While there is immediate vesting of the Company's matching contributions, an employee's participation in the Share Savings Plan is temporarily suspended when an employee sells Common Shares held in such plan. If an eligible participant elects to receive the net cash proceeds from the sale of 50% of the Common Shares allocated their account, such participant's eligibility to make any contributions shall be suspended for a period of six months. If an eligible participant elects to receive the net cash proceeds from the sale of 100% of the Common Shares allocated their account, such participant's eligibility to make any contributions shall be suspended for a period of 12 months. Once per year the Company may decide to open a window for employees to sell 25% of their shares in the plan without imposing the six month suspension penalty. In December 2015 the Company allowed staff to sell without penalty.

As soon as practicable (and in no event more than 30 calendar days) after each pay date, the employee contributions and matching contributions by the Company relating to such pay date, and any net cash dividends received prior to such pay date, will be used to purchase Common Shares through open market purchases. The daily volume of purchases may be limited to the extent that it is deemed to be in the best interests of the participants. The purchase of Common Shares will be made at prevailing market prices.

All Common Shares and cash allocated to a participant account shall at all times be vested in the participant and shall not be subject to forfeiture. Any right to participate in the Share Savings Plan, and any other right or benefit under the Share Savings Plan, shall not be transferable by a participant except upon death to a beneficiary.

Upon termination of employment of a participant (other than as a result of retirement), such participant or, in the case of the death of the participant, the participant's beneficiary, shall receive a compulsory distribution with respect to all of the Common Shares then allocated to the participant's account: (i) in cash, consisting of the proceeds, net of expenses payable, of a sale of 100% of the total number of Common Shares then allocated to the account; or (ii) Common Shares, consisting of 100% of the total number of whole Common Shares then allocated to the account plus cash in lieu of any remaining fractional Common Share. For the period from the date of cessation of employment until the fifth anniversary of such date, a retired participant shall have the right to receive at any time a distribution of the proceeds of their account.

The Company shall be responsible for the administration of the Share Savings Plan. The Company may, however, at any time and from time to time, delegate to one or more officers and employees of the Company or to a committee of such officers and employees any or all of its Share Savings Plan responsibilities. The Company shall also be permitted to hire administrators, custodians or similar service providers to assist in the administration of the Share Savings Plan.

Subject to all applicable laws and regulatory approvals and requirements, the Company may, at any time, terminate or amend any or all provisions of the Share Savings Plan, in whole or in part; provided, however, that no amendment shall retroactively and materially impair any rights or benefits under the Share Savings Plan which any participant or beneficiary otherwise would have had at the date of such amendment, except with the written consent of such person. The Company may also, at any time, amend, suspend or terminate the Share Savings Plan, in whole or in part, or participation in the Share Savings Plan by any participant for abuse of privileges under the Share Savings Plan.

### **Share Ownership Requirements**

Below is a description of the Share Ownership Policy, as revised effective as of September 16, 2015. In order to ensure alignment of the interests of its independent directors and executive officers with those of the Shareholders of the Company, the Board has established the Share Ownership Policy as follows, which are to be met by the later of five years from the date they are first appointed to such person's relevant executive officer position or as a director to fulfil their Common Share ownership obligations. If promoted to a new role the employee will have five years from the effective date of the role change to obtain the new ownership level required:

- (a) independent directors will be required to beneficially own at least three times their annual retainer in Common Shares or DSUs;
- (b) the Executive Chairman and the Chief Executive Officer will each be required to own three times their current annual base salary in Common Shares or RSUs; and
- (c) all other NEOs and other executive officers will be required to own an amount equal to their current annual base salary in Common Shares or RSUs.

The number of Common Shares, RSUs or DSUs (for independent directors only) required to be owned pursuant to the Share Ownership Policy will be based on either: (i) the annual retainer; or (ii) the current annualized base salary (based on the biweekly amount paid to the executive on the first pay date that occurs after June 1 of each calendar year converted into an annual amount) of the respective individual, as applicable. For greater certainty, an individual who changes executive officer position within the Company will have to satisfy these requirements for the executive position that they held as if they were still in that position, as well as meeting the requirements for their new executive officer position. However, securities applied to the ownership requirements of one executive position also will apply to the ownership calculation for the other executive officer position.

The value of the securities, for the purposes of meeting ownership requirements shall be equal to the greater of:

- (a) the purchase price, of Common Shares purchased;
- (b) the closing price of the Common Shares on the vesting date in the case of RSUs; or
- (c) the fair market value of the Common Shares on the date at which DSUs are credited to the applicable director's account (calculated in the manner set forth in the Company's DSU Plan (as defined herein)); or
- (d) the closing market price of such securities, multiplied by the relevant number of securities, calculated on the relevant date as of which compliance with the Share Ownership Policy is being tested.

For the purposes hereof, an independent director or executive officer will be deemed to own the Common Shares, RSUs or DSUs owned by the entity over which such director or executive officer has beneficial ownership of, or control or direction over, directly or indirectly, including, but not limited to:

- (a) his or her spouse;
- (b) his or her dependent natural born or legally adopted children;
- (c) a trust, the sole beneficiary of which are the applicable director or executive officer, or the persons specified in (a) or (b) above; and
- (d) a corporation or other legal entity, all of the voting securities or other ownership interests of which are owned by the applicable director or executive officer, or the persons specified in (a) or (b) above.

In order to help facilitate achieving the requirements of the Share Ownership Policy, it has been resolved by the CNC that the independent directors must take 50% of their annual retainer in the form of DSUs and may elect to take a portion of the remainder of their annual retainer in DSUs. If a director has not met the Share Ownership Policy within the prescribed time periods, then 100% of such director's annual retainer will be paid in DSUs until such time as the Share Ownership Policy are met. In Fiscal 2015, all independent directors except Mr. Kelly and Ms. Nicol elected to receive 100% of their annual retainers as DSUs. Mr. Kelly and Ms. Nicol have elected to receive 50% of their annual retainers as DSUs. An evaluation of Common Share ownership requirements is done on December 31 of each calendar year. The determination of whether or not an individual has met the requirements of the Share Ownership Policy is made by the CNC annually.

The following table summarizes the five year targets and current actual Common Share ownership as of the date hereof for the NEOs, and the independent directors.

Name and Principal Position	Five Year Target Ownership <sup>(1)</sup> (\$)	Current Ownership Level <sup>(2)</sup> (\$)	Percentage of Goal Met (%)
Brian Hurley, Executive Chairman	2,062,500	2,728,926	>100
Stuart Levings, President & CEO <sup>(3)</sup>	1,350,000	1,000,679	74
Philip Mayers, CFO	351,575	832,792	>100
Deborah McPherson, SVP, Sales & Marketing	284,950	567,382	>100
Winsor Macdonell, SVP, GC	269,575	586,134	>100

Name and Principal Position	Three Year Target Ownership <sup>(1)</sup> (\$)	Current Ownership Level <sup>(2)</sup> (\$)	Percentage of Goal Met (%)
Heather Nicol, Director <sup>(4)</sup>	225,000	114,729	51%
Sidney Horn, Director	225,000	968,383	>100
Brian Kelly, Director	225,000	596,988	>100
John Walker, Director	225,000	588,391	>100

- Notes:
- (1) Pursuant to the terms of the Company's Share Ownership Policy, the number of applicable securities required to be owned is based on either: (i) the annual retainer; or (ii) the current annualized base salary of the respective individual (based on the biweekly amount paid to the executive on the first pay date that occurs after June 1 of each calendar year converted into an annual amount) and the level of ownership required for their executive officer position.
  - (2) These ownership levels do not include any Options, EDSUs or PSUs, but instead only reflect the value of Common Shares, RSUs and DSUs held as of the close of trading on April 15, 2016, which was \$32.20.

- (3) Mr. Levings assumed the role of President and CEO January 1, 2015. The above table reflects his new ownership against his current annualized salary and new higher ownership obligation. Mr. Levings has five years to meet these ownership requirements from his appointment date. Mr. Levings has exceeded his Common Share ownership requirements for the roles he held in 2009 as Chief Risk Officer, in 2011 as Chief Operations Officer, and in 2013 as Chief Operating Officer.
- (4) Ms. Nicol was appointed to the Board June 2014. Ms. Nicol has five years to meet these ownership requirements from her appointment date.

In working towards the goal of meeting their Common Share ownership requirements, the directors, officers and employees of the Company must adhere to the terms of the Insider Trading Policy of the Company. This policy sets out the timing of when trades may be made, but also sets out limitations on the types of trades that can be made by such personnel. Under the Insider Trading Policy, such personnel are prohibited at any time from, directly or indirectly: (a) speculating in securities of the Company, which may include buying with the intention of quickly reselling such securities, or selling securities of the Company with the intention of quickly buying such securities (other than in connection with the acquisition and sale of Common Shares issued under the Stock Option Plan or any other Company benefit plan or arrangement); (b) buying the Company's securities on margin; (c) short selling a security of the Company or any other arrangement that results in a gain only if the value of the Company's securities declines in the future; (d) selling a "call option" giving the holder an option to purchase securities of the Company; and (e) buying a "put option" giving the holder an option to sell securities of the Company. These restrictions are in addition to applicable corporate laws that would impose additional prohibitions against speculative trading in the Company's securities.

### **INDEBTEDNESS OF DIRECTORS AND NEOs**

No director, nominee or officer of the Company or any of its subsidiaries and none of their associates is currently or was at any time during Fiscal 2015, indebted to the Company or any of its subsidiaries and no indebtedness of such persons has been the subject of a guarantee, support agreement, letter of credit or other similar agreement provided by the Company or any of its subsidiaries, except for routine indebtedness.

### **NORMAL COURSE ISSUER BID**

On April 28, 2015, the Company announced the acceptance by the TSX of the Company's proposed normal course issuer bid (the "NCIB"), under which the Company may acquire up to 4,658,577 Common Shares through the facilities of the TSX or through other permitted means (including through other published markets). The Board believes that any purchases pursuant to the NCIB, if considered advisable, will be in the best interests of the Company and will be a desirable use of the Company's funds. Genworth Financial will be permitted to sell its Common Shares to the Company in accordance with an exemption granted by the TSX pursuant to its rules, regulations and policies in connection with the NCIB in order to maintain its proportionate percentage ownership at approximately 57.3%. The maximum number of Common Shares that may be purchased pursuant to the NCIB will be reduced by the number of Common Shares purchased by the Company from Genworth Financial. The timing for the purchase of Common Shares, the number of Common Shares purchased and the price payable for the Common Shares will be determined by the Company's broker in its sole discretion, without consultation with the Company. All Common Shares that may be purchased under the NCIB will be cancelled. The NCIB will terminate on May 4, 2016 or on such earlier date upon which the Company acquires the maximum number of Common Shares to be purchased under the bid. During the year ended December 31, 2015, the Company completed the purchase and cancellation of 1,454,196 Common Shares under the NCIB, representing approximately 2% of its outstanding Common Shares. Shareholders may contact the Company to request a copy of the Company's notice of intention to make a normal course issuer bid (without charge) by contacting Winsor Macdonell, Senior Vice President, General Counsel and Secretary, 2060 Winston Park Drive, Suite 300, Oakville, ON, Canada, L6H 5R7 or via e-mail at [winsor.macdonell@genworth.com](mailto:winsor.macdonell@genworth.com).

### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No director, nominee, executive officer, employee or informed person or former director, executive officer or employee or any associate or affiliate of the foregoing has, or has had, any material interest in any transaction with the Company during Fiscal 2015 or in any proposed transaction that has materially affected or will materially affect the Company or any of its subsidiaries.

### **CORPORATE GOVERNANCE**

As a Canadian reporting issuer with securities listed on the TSX, the Company has in place corporate governance practices that are consistent with the requirements of that stock exchange and the applicable rules adopted by the Canadian Securities Administrators. The Company is committed to maintaining high standards of governance in accordance with Canadian regulatory requirements, particularly *National Instrument 58-101 – Disclosure of Corporate Governance Practices* ("NI 58-101"), *National Policy 58-201 – Corporate Governance Guidelines* and *National Instrument 52-110 – Audit Committees* ("NI 52-110").

#### **Board of Directors**

In Fiscal 2015 the Board was comprised of nine directors. The directors elected at the June 2015 annual shareholders' meeting were: Sidney Horn, Brian Hurley, Brian Kelly, Stuart Levings, Heather Nicol, Samuel Marsico, Leon Roday, Jerome Upton and John Walker. Genworth Financial has the right to nominate a certain number of directors, through its beneficial ownership of the

Special Share based on its level of beneficial ownership of Common Shares. Currently, Genworth Financial has a beneficial ownership interest in the Company of greater than 50%, which entitles it to nominate a majority of the directors of the Company.

### **Independence of Directors**

Four of the nominees for the Board are independent, as that term is defined in NI 58-101. These individuals are Mr. Horn, Mr. Walker, Ms. Nicol and Ms. Bolger. For the purposes of NI 58-101, a director is independent if he or she has no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. Certain relationships are deemed to be material relationships for these purposes.

Five nominees for the Board, Messrs. Hurley (the Executive Chairman of the Board), Gupta, Levings, Roday and Upton, are not independent for the purposes of NI 58-101 as they are currently, or were in the past three years, an employee of the Company or one of its affiliates. As a majority of the members of the Board are not independent, and as the Executive Chairman of the Board continues to be an employee of the Company, to help ensure that the Board can apply independent judgment in carrying out its responsibilities, Mr. Horn, an independent director, was appointed as a Lead Director of the Board.

The role of the Lead Director is to facilitate the functioning of the Board independently of management of the Company and provide independent leadership to the Board. In fulfilling his responsibilities, the Lead Director is responsible for: (a) providing leadership to ensure that the Board functions independently of management of the Company and other non-independent directors; (b) providing leadership to foster the effectiveness of the Board; (c) working with the Executive Chairman to ensure that the appropriate committee structure is in place and assisting the Board in making recommendations for appointment to such committees; (d) suggesting items of importance for consideration on the agenda and working with the Executive Chairman to set the agenda for each meeting of the Board; (e) in the absence of the Executive Chairman, chairing Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded; in addition, chairing each Board meeting at which only non-management directors are present; (f) as may be required from time to time, consulting and meeting with any or all of the directors, at the discretion of either party and with or without the attendance of the Executive Chairman; (g) representing the independent directors in discussions with management of the Company on corporate governance issues and other matters; (h) providing recommendations and advice to the CNC on candidates for nomination or appointment to the Board; (i) recommending, where necessary, the holding of special meetings of the Board; (j) working with the Executive Chairman and the President & Chief Executive Officer to ensure that the Board is provided with the resources to permit it to carry out its responsibilities and bringing to the attention of the Executive Chairman and the President & Chief Executive Officer any issues that are preventing the Board from being able to carry out its responsibilities; and (k) providing additional services required by the Board.

At the conclusion of each Board meeting, a portion of the meeting is reserved for an in-camera discussions of the independent directors of the Company at which members of management are excluded. The independent directors of the Company may meet separately from non-independent directors and management as part of every Board meeting. In addition, the Board facilitates open and candid discussions among its independent directors by having a lead independent director and encouraging them to hold ad hoc discussions on matters as they arise. As the lead independent director, Mr. Horn presides at all such in-camera meetings. During these meetings, the independent directors have the opportunity to speak in private with any employee of the Company it so requests, the auditors or legal counsel to the Board. During Fiscal 2015 all meetings of the Board included in-camera sessions.

The independent directors are also the only members of the Audit Committee, and certain of them are members of the CNC and the Risk, Capital and Investment Committee, which provides the independent directors with an opportunity to review and discuss matters that come before such committees.

### **Mandates**

The Board operates under the Board of Directors Mandate attached to this Circular as Appendix A. In summary, the mandate of the Board, which it discharges directly by the Board or through one of its three Board committees, is to supervise the management of the business and affairs of the Company, and includes responsibility for strategic planning, review of operations, disclosure and communication policies, oversight of financial and other internal controls, corporate governance, director orientation and education, senior management compensation and oversight, and director compensation and assessment.

The primary mandate of the Audit Committee is to review the financial statements of the Company and public disclosure documents containing financial information and to report on such review to the Board, to be satisfied that adequate procedures are in place for the review of the Company’s public disclosure documents that contain financial information, to oversee the work and review the independence of the external auditors and to review, evaluate and approve the internal control procedures that are implemented and maintained by management.

The primary mandate of the CNC is to approve compensation policies and guidelines for senior management of the Company, to recommend to the Board compensation arrangements for the directors and for the CEO, to manage incentive compensation plans and equity compensation plans, and to review succession plans for management. The mandate of the CNC also includes assessing the effectiveness of the Board, the committees of the Board and the directors, and recommending to the Board candidates for election as directors and candidates for appointment to Board committees.

The primary mandate of the Risk, Capital and Investment Committee is to review the Company's business plan, risk management procedures, capital levels and portfolio investment strategies.

### **Position Descriptions**

The Board has developed and implemented written position descriptions for the Executive Chairman, President and CEO, the Lead Director and the Chair of each committee of the Board.

### **Ethical Business Conduct**

The Board has adopted the Genworth Financial Code of Ethics (the "**Code of Ethics**") as it relates to the Company to govern the conduct of the Company's directors, officers and employees. A copy of the Code of Ethics may be obtained by contacting the Company or may be retrieved from the Company's website at [www.genworth.ca](http://www.genworth.ca) or at from SEDAR at [www.sedar.com](http://www.sedar.com).

The Board oversees compliance with the Code of Ethics through the Company's General Counsel, who monitors compliance with the Code of Ethics as it relates to the Company and reports to the Audit Committee on such compliance at least annually. Officers and employees must report known and suspected breaches of the Code of Ethics, and directors must report known and suspected breaches to the Company's General Counsel or to the Executive Chairman of the Board. All reported breaches and results of investigations are reported to the Audit Committee.

In order to help ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or an executive officer has a material interest, the director or executive officer having a conflict of interest must declare his or her interest and excuse himself or herself from the meeting during the consideration of, and voting on, that particular matter. If a conflict of interest arises on a non-material matter, the director must declare his or her interest and abstain from discussion and voting.

The Company requires that the directors, officers and employees annually certify they have complied with its Code of Ethics. To date, the Company has not been required to file a material change report relating to a departure from the Code of Ethics.

### **Compensation and Nominating Committee**

In Fiscal 2015 the CNC was comprised of three members, Messrs. Horn, Kelly and Roday, of which two are considered to be independent for the purposes of NI 58-101, Messrs. Horn and Kelly.

### ***Relevant Education and Experience***

All members of the CNC have experience in compensation review and management. Mr. Kelly has been a member of Genworth Financial Mortgage Insurance Company Canada's board of directors since 2004 and Chairman of its audit committee since November 2005. Mr. Kelly has held several senior management positions with General Electric. Mr. Horn, as a partner with Stikeman Elliott LLP has experience in public company securities transactions. Mr. Leon Roday, as the former Senior Vice President, General Counsel and Secretary of Genworth Financial, has held senior management roles and has experience in public company equity management, risk and reporting. The CNC works with their external consultants, Hugessen, to help keep up to date on market trends, best practices, and to endeavour to make informed decisions in executive compensation policy decisions, pay determinations and performance management.

In order to encourage an objective nomination process for new directors, the CNC will consider potential candidates from a variety of sources and evaluates the suitability of each such candidates using pre-determined, objective criteria.

### ***Orientation and Continuing Education***

The CNC is responsible for director orientation and education. All newly elected directors are provided with a comprehensive orientation as to the nature and operation of the business and affairs of the Company and as to the role of the Board and its committees. Existing directors are periodically updated in respect of these matters.

In order to orient new directors, and to help existing directors maintain the skills and knowledge as to the nature and operation of the Company's business, the Board is periodically provided with presentations by management relating to the business, strategies and the competitive environment of the Company, changes to the regulatory environment affecting the Company, the economy in general and any other developments that could materially affect the Company's business. All directors also have the

opportunity to meet with members of the Company's executive management team as desired to further discuss the Company's business and activities. The Board also periodically invites experts that are not affiliated with the Company, such as investment managers, accounting experts or regulators, to speak to the Board and provide continuing education, this includes but is not limited to, their fiduciary duties and trends in corporate governance. Important regulators of the Company and its subsidiaries are also invited during the year to speak to the Board and provide insight into the regulatory landscape facing the Company. The orientation and continuing education program is designed to assist the directors in fully understanding the nature and operation of the Company's business, the role of the Board and its committees, and the contributions that individual directors are expected to make.

### ***Nomination and Assessment of Directors***

The CNC is responsible for, subject to the director election rights of Genworth Financial, identifying new candidates, as needed, for Board nomination, and for recommending to the Board qualifications for directors including, among other things, the competencies, skills, business and financial experience, leadership roles and the level of commitment required to fulfill Board responsibilities. The CNC recognizes that each director will contribute differently to the Board and that each will bring particular strengths in different areas of qualification.

At the time that new nominees may be required, the CNC will consider the rights of Genworth Financial, the qualifications that existing directors possess and that each new nominee will bring to the Board, and will be responsible for identifying candidates qualified for Board membership, and recommending to the Board nominees to be placed before the Shareholders.

The CNC also reviews and assesses from time to time the contributions and effectiveness of the Board, of its committees and the directors. The CNC co-ordinates an annual evaluation of the Board, its committees and the directors to determine whether they are functioning effectively and meeting their respective objectives and goals. The objective of the assessments is to ensure the continued effectiveness of the Board, its committees and the directors in the execution of their responsibilities and to contribute to a process of continuing improvement. The CNC facilitates such evaluations by conducting a survey of the directors with respect to their views on matters such as: the effectiveness of the Board, each committee and its chair; the contribution of individual directors; the adequacy and timeliness of the information provided to directors; agenda planning for Board meetings; and contributions of Board and committee members. The CNC reports to the Board on the results of its survey and evaluations, which provides the Board with the opportunity to consider whether any changes to the composition, structure or mandates of the Board or its committees are appropriate. The CNC further monitors the relationship between management and the Board and reviews the Company's governance structures to ensure that the Board is functioning independently of management of the Company.

### ***Succession Planning***

In accordance with its mandate, the CNC oversees succession for the CEO and the other NEOs. The Company has in place a Nomination and Independence Policy limiting the tenure of directors. Annually, the CNC conducts a formal in-depth review of each of the succession plans in order to satisfy itself that the succession plans meet the needs of the Company. The CNC presents its findings to the Board annually.

### ***Compensation***

The CNC has three primary responsibilities relating to compensation. First, the CNC monitors management resources, structure, succession planning, development and selection processes, as well as the performance of key executives. Second, it reviews and approves the Company's executive compensation and broad-based incentive compensation plans. Finally, the CNC recommends to the Board for approval the compensation arrangements for the directors, the Chairs of the Board committees and the members of the Board committees. More information on the process by which compensation for the Company's directors and officers is determined is set forth under the headings "*Statement of Executive Compensation – Compensation Discussion and Analysis*" and "*Compensation of Directors*".

In order to ensure an objective process for determining compensation, the CNC considers a variety of pre-determined, objective criteria and consults with independent third-party advisers.

The Board is ultimately responsible for the management of business-related and compensation-related risks. To encourage behaviour that is in the best interest of the Company and its Shareholders, all inherent and residual risks are regularly identified, reviewed and managed by the Board. All compensation, benefits and other human resources policy design for senior executives is centralized in Human Resources with oversight and approval by the CNC, on behalf of the Board. The CNC regularly reviews the compensation programs of the Company to ensure that significant controls and appropriate decision authorities are in place to monitor for potential risks associated with short-term and long-term incentive plans. The CNC also endeavours to ensure that the size of the awards related to any given incentive plan metric, within the influence of a key decision maker, is not significant enough to encourage excessive risk-taking. The CNC is responsible for approving all compensation, benefits and human resources policies and programs for the Company, and for the compensation design for the NEOs with the exception of the CEO. The CNC recommends the CEO's compensation design to the Board for approval. See "*Statement of Executive Compensation – Compensation Discussion and Analysis – Risk Assessment of Compensation Programs*".

## **Audit Committee**

In Fiscal 2015 the Company's Audit Committee was comprised of three members, Messrs. Kelly and Horn, and Ms. Nicol. Each of the members of the Audit Committee is considered to be "independent" and "financially literate" within the meaning of NI 52-110.

### ***Relevant Education and Experience***

All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues. The following sets out the education and experience of each member of the Audit Committee relevant to the performance of their responsibilities as an Audit Committee member:

- |               |  |
|---------------|--|
| Sidney Horn:  | Mr. Horn has a Masters of Business Administration degree from Columbia University and, as a partner with Stikeman Elliott LLP, is regularly involved in complex corporate, commercial and securities transactions.   |
| Brian Kelly:  | Mr. Kelly has a Bachelor of Arts degree in Business Administration from St. Francis Xavier University and has over 20 years' experience in finance positions with General Electric. Mr. Kelly has been the Chair of the Audit Committee of Genworth Financial Mortgage Insurance Company Canada since 2005.    |
| Heather Nicol | Ms. Nicol has an MBA from the University of Western Ontario, Richard Ivey School of Business and a BMath in Mathematics and Computer Science from the University of Waterloo and has held several senior financial management and investment banking positions. She holds her CPA, CMA and ICD.D designations. |

For additional information regarding the education and experience for each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, see "*Business of the Meeting – Election of Directors*". For further information regarding the Audit Committee, see "*Appendix "A" – Audit Committee Information*" in the Company's Annual Information Form dated March 16, 2016 ("**AIF**"), which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### ***Pre-Approval Policy***

As part of its mandate, the Audit Committee has adopted a policy regarding the engagement of audit and non-audit services (the "**Pre-Approval Policy**") for the purpose of identifying, mitigating or eliminating potential threats to the independence of the external auditor. The Pre-Approval Policy is reviewed and approved by the Audit Committee on an annual basis.

The Pre-Approval Policy prohibits the Company or any of its subsidiary entities from engaging the external auditor to provide certain specified non-audit services. Pursuant to the Pre-Approval Policy, all non-audit services that are not specifically prohibited may be provided to the Company or any of its subsidiary entities by the external auditor if such services have been pre-approved by the Audit Committee.

## **Risk, Capital and Investment Committee**

The Company's Risk, Capital and Investment Committee is comprised of three members, Messrs. Walker, Marsico and Upton. Mr. Walker is considered to be independent for the purposes of NI 58-101.

The primary mandate of the Risk, Capital and Investment Committee is to review the Company's business plan, risk management procedures, capital levels and portfolio investment strategies. The Risk, Capital and Investment Committee meets regularly with members of management, including the Chief Risk Officer, and discusses significant elements of risk management, including policies and procedures to manage risk. At such meetings, the Risk, Capital and Investment Committee have the opportunity to assess the effectiveness of the Company's risk management policies and procedures. Following each meeting of the Risk, Capital and Investment Committee, the committee reports to the Board on such meetings and provides the full Board with the opportunity to further discuss and provide feedback on any issues dealt with by the committee.

## **Corporate Governance of Genworth Financial Mortgage Insurance Company Canada**

The board of directors of Genworth Financial Mortgage Insurance Company Canada, the Company's insurance subsidiary, consists of 12 members. In Fiscal 2015 the board of directors of Genworth Financial Mortgage Insurance Company Canada consisted of the nine members of the Company's Board, as well as Andrea Bolger, David Gibbins and Sharon Giffen. Genworth Financial Mortgage Insurance Company Canada's board of directors had three committees: an audit committee, comprised of the same members as the Company's Audit Committee; a conduct review committee, comprised of Messrs. Kelly, Upton and Walker; and a risk, capital and investment committee comprised of the same members as the Company's Risk, Capital and Investment Committee.

Mr. Kelly is a member of Genworth Financial Mortgage Insurance Company Canada's board of directors. He has also served on the Board of the Company since its inception in 2009 and will continue to do so until the 2016 annual general meeting. He also served on several of the Company's and Genworth Financial Mortgage Insurance Company Canada's committees during that time, including their Audit Committees and Risk, Capital and Investment Committees. Prior to his retirement in 1998, Mr. Kelly held positions with several General Electric businesses, including General Manager of General Electric Hydro Business operations in China, Chief Financial Officer of General Electric Canada Motors and General Electric Power Systems Canada. Mr. Kelly also served on the Prime Minister of Canada's Executive Exchange Program for two years.

Mr. Gibbins joined the board of directors of Genworth Financial Mortgage Insurance Company Canada in May 2007. Mr. Gibbins is currently a member of the board of directors of Greenfield Financial Group, a Canadian listed public company involved in asset-based lending. He has also served as a director, since 2006, of Patient Care Automated Services, a Canadian private corporation focused on pharmacy automation technology and, since 2008, of Certifi Media, a Rochester, New York-based private corporation involved in the digital imaging business. From 1996 until his retirement in 2003, Mr. Gibbins was Managing Director, Global Head Foreign Exchange and Commodity Derivatives, for RBC Capital Markets, a position he had held since 1996. He also served as a member of the Executive Committee of RBC Capital Markets from 1998 until his retirement.

Sharon Giffen joined the Board of Genworth Financial Mortgage Insurance Company Canada in July 2015. Ms. Giffen has spent her professional career in the life insurance business, holding several executive positions at The Independent Order of Foresters, including Chief Actuary, Chief Financial Officer, President of the Canadian Division and Chief Risk Officer. She also serves as Chair of Finance and Audit on the Board of Directors of Opera Atelier, and previously on the Board of the Canadian Institute of Actuaries, where she chaired the Risk Committee. She is an active volunteer in the actuarial profession, currently chairing the CIA's Volunteer Development and Management Committee. Sharon is a graduate of the University of Waterloo, is a Fellow of the Society of Actuaries, a Fellow of the Canadian Institute of Actuaries and holds the ICD.D designation.

#### **Shareholder Communication with the Board**

The Company has a process for Shareholders to communicate with the Board. Communications in writing should be sent to:

The Board of Directors of Genworth MI Canada Inc.  
Attention: Winsor Macdonell  
Senior Vice President, General Counsel and Secretary  
2060 Winston Park Drive, Suite 300  
Oakville, ON, Canada, L6H 5R7

Matters relating to the Company's accounting, internal accounting controls or auditing matters will be referred to the Audit Committee. Other matters will be referred to the Executive Chairman of the Board.

#### **MANAGEMENT CONTRACTS**

No management functions of the Company are performed to any substantial degree by a person other than the directors or executive officers of the Company.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Company's comparative financial statements and management's discussion and analysis ("MD&A") for its most recently completed financial year. Copies of the Company's AIF, together with any document incorporated by reference therein, including the most recent annual financial statements together with the accompanying report of the auditor, may be found on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may also contact the Company to request copies of the Company's financial statements and MD&A by contacting Winsor Macdonell, Senior Vice President, General Counsel and Secretary, 2060 Winston Park Drive, Suite 300, Oakville, ON, Canada, L6H 5R7 or via e-mail at [winsor.macdonell@genworth.com](mailto:winsor.macdonell@genworth.com).

#### **OTHER BUSINESS**

Management is not aware of any amendments or variations to matters identified in the Notice of the Meeting or of any other matters that are to be presented for action at the Meeting, other than those described in the Notice.

#### **SHAREHOLDER PROPOSALS**

Persons entitled to vote at the next annual meeting of the Company who wish to submit a proposal for consideration at the meeting, must submit their proposal to the Company by January 20, 2017.

**DIRECTORS' APPROVAL**

The contents and the sending of this Circular have been approved by the Board.

DATED at Oakville, Ontario, this 15<sup>th</sup> day of April, 2016

**BY ORDER OF THE BOARD OF  
DIRECTORS**

A handwritten signature in black ink, appearing to read "Brian Hurley". The signature is written in a cursive style with a large, sweeping initial "B".

Brian Hurley

Executive Chairman of the Board of Directors

**APPENDIX A**  
**BOARD OF DIRECTORS MANDATE**

**1. Purpose**

The members of the Board of Directors (the “**Board**”) have the duty to supervise the management and affairs of Genworth MI Canada Inc. (“the “**Company**”). The Board, directly and through its committees, shall provide direction to senior management, generally through the Chief Executive Officer, to pursue the best interests of the Company.

**2. Duties and Responsibilities**

The Board shall have the specific duties and responsibilities outlined below.

***Strategic Planning***

(a) **Strategic Plans**

At least annually, the Board shall review and, if advisable, approve the Company’s strategic plans. In discharging this responsibility, the Board shall consider management’s assessment of emerging trends, the competitive environment, the opportunities for the business of the Company, risk issues, and significant business practices and products.

(b) **Business and Capital Plans**

At least annually, the Board shall review and, if advisable, approve the Company’s annual business and capital plans as well as policies and processes generated by management relating to the authorization of major investments and significant allocation of capital.

(c) **Monitoring**

The Board shall monitor management’s implementation of the Company’s strategic, business and capital plans. The Board shall review and, if advisable, approve any material amendments to, or variances from, these plans.

***Risk Management***

(a) **General**

The Board shall receive regular reports from the Risk, Capital and Investment Committee on the principal risks associated with the Company’s business and operations, including the implementation by management of appropriate enterprise risk management systems to manage these risks, and reports by management relating to the operation of, and any material deficiencies in, these systems.

(b) **Verification of Controls**

The Board shall verify that internal, financial, non-financial and business control and management information systems have been established and are being maintained by management.

***Human Resource Management***

(a) **General**

At least annually, the Board shall review a report of the Compensation and Nominating Committee concerning the Company’s approach to human resource management and executive compensation.

(b) **Succession Review**

At least annually, the Board shall review the succession plans of the Company for the Chair, the Lead Director, the Chief Executive Officer and other executive officers, including the appointment, training and monitoring of such persons.

(c) **Integrity of Senior Management**

The Board shall, to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other executive officers of the Company and that the Chief Executive Officer and other senior officers strive to create a culture of integrity throughout the Company.

## **Corporate Governance**

### **(a) General**

The Board shall conduct a periodic review of the Company's corporate governance policies and make policy recommendations aimed at enhancing Board and committee effectiveness. The Board shall review overall governance principles, monitor disclosure and best practices of comparable and leading companies. The Board shall review the disclosure in the Company's public disclosure documents relating to corporate governance practices. The Board shall conduct a periodic review of the relationship between management and the Board, particularly in connection with a view to ensuring effective communication and the provision of information to directors in a timely manner.

### **(b) Director Independence**

At least annually, the Board shall review a report of the Compensation and Nominating Committee that evaluates the director independence standards established by the Board and the Board's ability to act independently from management in fulfilling its duties.

### **(c) Ethics Reporting**

The Board has adopted the Genworth Financial, Inc. Code of Ethics (the "Code") applicable to directors, officers and employees of the Company. At least annually, the Board shall review compliance with, or material deficiencies from, the Code. The Board shall receive reports from the Chief Executive Officer regarding breaches of the Code. The Board shall review investigations and any resolutions of complaints received under the Code.

### **(d) Conflicts of Interest**

The Board shall monitor conflicts of interest (real or perceived) of both the Board and management in accordance with the Code.

### **(e) Mandate Review**

At least annually, the Board shall review the Board of Directors Mandate and the mandates for each Committee of the Board, together with the Position Descriptions of each of the Chair of the Board, the Chief Executive Officer, the Lead Director and Committee Chairs, to ensure compliance with any rules or regulations promulgated by any regulatory body and approve any modifications to such items as considered advisable.

## **Communications**

### **(a) General**

The Board will adopt a disclosure policy for the Company. At least annually, the Board, in conjunction with the Chief Executive Officer, shall review the Company's overall policy with respect to disclosure, including measures for receiving feedback from the Company's stakeholders, and management's compliance with such policy.

### **(b) Shareholders**

The Company endeavours to keep its shareholders informed of its progress through an annual report, annual information form, quarterly interim reports and periodic press releases. Directors and management meet with the Company's shareholders at the annual meeting and are available to respond to questions at that time.

## **3. Composition**

### **General**

The composition and organization of the Board, including: the number, qualifications and remuneration of directors; the number of Board meetings; Canadian residency requirements; quorum requirements; meeting procedures and notices of meetings shall comply with applicable requirements of the *Canada Business Corporations Act* (the "CBCA"), the *Securities Act* (Ontario) (the "Act") and the articles and by-laws of the Company, subject to any exemptions or relief that may be granted from such requirements.

Each director must have an understanding of the Company's principal operational and financial objectives, plans and strategies, and financial position and performance. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with, or be incompatible with, Board membership. Directors who experience a

significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the chair of the Compensation and Nominating Committee.

The Board may establish a maximum retirement age.

#### ***Chair of the Board***

If the Chair of the Board is not independent (as defined in National Policy 58-201 Corporate Governance Guidelines, as may be amended from time to time), then the independent directors shall select from among their number an independent director who will act as “Lead Director” and who will assume responsibility for providing leadership to enhance the effectiveness and independence of the Board. The Chair, if independent, or the Lead Director if the Chair is not independent, shall act as the effective leader of the Board and ensure that the Board’s agenda will enable it to successfully carry out its duties.

#### **4. Committees of the Board**

The Board has established the following committees: the Audit Committee, the Compensation and Nominating Committee, and the Risk, Capital and Investment Committee. Subject to applicable law, the Board may establish other Board committees or merge or dispose of any Board committee.

#### ***Committee Mandates***

The Board has approved mandates for each Board committee and shall approve mandates for each new Board committee. The Board shall review the appropriate structure, size, composition, mandate and members for the committees, and approve any modifications to such items as considered advisable. At least annually, each mandate shall be reviewed by the Board and any suggested amendments shall be considered by the Board for approval. In addition, the Board shall institute procedures to ensure that the Board and the committees function independently of management.

#### ***Delegation to Committees***

The Board has delegated to the applicable committee those duties and responsibilities set out in each Board committee’s mandate.

#### ***Consideration of Committee Recommendations***

As required by applicable law, by applicable committee Mandate or as the Board may consider advisable, the Board shall consider for approval the specific matters delegated for review to Board committees.

#### ***Board/Committee Communication***

To facilitate communication between the Board and each Board committee, each committee chair shall provide a report to the Board on material matters considered by the committee at the first Board meeting after the committee’s meeting.

#### **5. Meetings**

The Board will meet at least once in each quarter, with additional meetings held as deemed advisable. The Chair is primarily responsible for the agenda and for supervising the conduct of the meeting. Any director may propose the inclusion of items on the agenda, request the presence of, or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting. Meetings of the Board shall be conducted in accordance with the Company’s by-laws.

#### ***Secretary and Minutes***

The Secretary of the Company, his or her designate or any other person the Board requests shall act as secretary of Board meetings. Minutes of Board meetings shall be recorded and maintained by the Secretary and subsequently presented to the Board for approval.

#### ***Meetings Without Management***

The independent members of the Board shall hold regularly-scheduled meetings, or portions of regularly scheduled meetings, at which non-independent directors and members of management are not present.

## ***Directors' Responsibilities***

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. Directors will be expected to have read and considered the materials sent to them in advance of each meeting and to actively participate in the meetings.

## ***Access to Management and Outside Advisors***

The Board shall have unrestricted access to management and employees of the Company. The Board shall have the authority to retain and terminate external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective reasonable compensation of these advisors without consulting or obtaining the approval of any officer of the Company. The Company shall provide appropriate funding, as determined by the Board, for the services of these advisors.

## ***Service on Other Boards and Audit Committee***

Directors may serve on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chair in advance of accepting an invitation to serve on the board of another public company.

## **6. Management**

### ***Position Descriptions for Directors***

The Board has approved position descriptions for the Chair, the Lead Director and the chair of each Board committee. At least annually, the Board shall review such position descriptions.

### ***Position Description for CEO***

The Board has approved the position description for the Chief Executive Officer, which includes delineating management's responsibilities. The Board has also approved the corporate goals and objectives that the Chief Executive Officer has responsibility for meeting. At least annually, the Board shall review such position descriptions and such corporate goals and objectives.

## **7. Director development and evaluation**

Each new director shall receive orientation materials from management. All directors shall have sufficient access to management to allow each director to receive such additional educational information as deemed necessary by each director. The Board may request that management prepare and present, or retain experts to present, continuing education presentations to the Board dealing with any matters deemed appropriate by the Board, including any recent developments or changes in laws or regulations impacting the Company or its business.

The directors shall annually review the performance of the Board and provide any feedback they might have to the Company relating to the operation or performance of the Board.

## **8. No Rights Created**

This Mandate is a statement of broad policies and is intended as a component of the flexible governance framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's articles and by-laws, it is not intended to establish any legally binding obligations.