

# MGIC INVESTMENT CORPORATION

## AUDIT COMMITTEE CHARTER

### PURPOSE AND AUTHORITY

The purpose of the Audit Committee of the Board of Directors of MGIC Investment Corporation (the “Company”) is to assist the oversight by the Company’s Board of Directors of:

- the qualifications, independence and performance of the independent auditor,
- the integrity of the Company’s financial statements and system of financial and accounting internal controls,
- the performance of the Company’s internal audit function, and
- the management of the following key risks by the management team of the Company, as well as the management of the Enterprise Risk Management framework (for which the Risk Management Committee has primary oversight responsibility):
  - Legal: The risk that non-conformance with laws, rules, regulations, prescribed practices or ethical standards in any jurisdiction in which the Company operates (other than non-financial GSE eligibility requirements, for which the Risk Management Committee is primarily responsible) will result in a disruption in business or a financial loss.
  - Operational: The risk of financial loss resulting from inadequate or failed internal processes, personnel and systems, as well as unforeseen external events, The Audit Committee has primary oversight responsibility for the following Operational Risks:
    - Process: Risk events derived from process failures or complexity.
    - Fraud: Risk events derived from fraudulent intentions of employees or other external parties.
    - Vendor: Risk events resulting from vendor activities, whether intentional or inadvertent (other than with respect to Information Technology and Business Transformation Vendors, for which the Business Transformation and Technology Committee has primary oversight responsibility).
  - Reserving: The risk that actual losses or other contractual payments reflected in reported reserves or other liabilities will be materially different than estimated.

Notwithstanding the Committee’s purpose as set forth above, the ultimate responsibility for the integrity, completeness and fairness of the Company’s financial statements and the effectiveness of the Company’s system of internal controls rests with the Company’s management. The independent auditors are responsible for planning and carrying out a financial audit in accordance with the standards of the Public Company Accounting Oversight Board (“PCAOB”) and generally accepted auditing standards (“GAAS”) as well as assessing the effectiveness of internal controls over financial reporting. Furthermore, the ultimate responsibility for the Company’s legal, operational and reserving risks also rests with the Company’s management. This Charter does not create legal rights in any person.

## **STRUCTURE**

The Committee shall be composed of three or more directors, each of whom shall meet the independence and expertise requirements of the New York Stock Exchange, the Company's Corporate Governance Guidelines, and applicable laws, rules and regulations for audit committee membership. In particular, each member of the Committee shall be financially literate and at least one member of the Committee shall be deemed an "audit committee financial expert" as defined by the Securities and Exchange Commission (the "SEC").

As contemplated by the Guidelines, the members of the Committee shall be appointed annually by the Board, and the Board shall appoint one of the members as Chairperson for the Committee.

## **DUTIES AND RESPONSIBILITIES**

Subject to the considerations referred to in the final paragraph under "Purpose and Authority" above, the Audit Committee shall perform the duties listed below. The Committee shall also perform other duties within the scope of the Committee's responsibilities as requested by the Board of Directors. The degree of effort the Committee devotes to the performance of any particular duty shall be determined in the judgment of the Committee. It is expressly recognized that, unless the Committee decides otherwise or except as provided below, some duties need not be performed each year.

1. With respect to the independent auditor, the Audit Committee shall:
  - a. Appoint and compensate the independent auditor (subject to ratification by the shareholders, if the Committee deems such ratification appropriate in the circumstances), oversee the work of the independent auditor, and, if appropriate, discharge such firm. Evaluate the qualifications and performance of the independent auditor, including the lead audit partner, and confirm that the independent auditor has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under the SEC independence rules. The independent auditor shall report directly to the Committee.
  - b. Pre-approve the audit and non-audit services to be performed by the independent auditor pursuant to the Committee's "Audit and Non-Audit Services Approval and Pre-Approval Policy", in each case, giving consideration to the effect on the auditor's independence of performing the service. Prior to the annual audit, discuss with the independent auditor the planning and staffing of the audit. Review fees associated with audit and non-audit services performed by the independent auditor quarterly.
  - c. Annually obtain and review a written statement from the independent auditor describing the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, peer review or PCAOB inspection of the firm, or by any inquiry or investigation by governmental or professional authorities within the preceding five years, and any steps taken to deal with any such issues; and all relationships between the independent auditor and the Company. Discuss with the independent auditor any disclosed relationships or services that may impact the independence of the independent auditor, and take appropriate action to satisfy the Committee of the independence of the independent auditor. Review any other matters of which the Committee becomes aware which would impair the independence of the independent auditor.
  - d. Set and maintain hiring policies for employees or former employees of the independent auditor.
2. With respect to financial statements and internal controls, the Audit Committee shall:
  - a. After completion of the annual audit and prior to the filing of the audited financial statements with

the Securities and Exchange Commission (“SEC”), review with the independent auditor the results of the audit of the financial statements and discuss matters required to be communicated to audit committees in accordance with standards of the PCAOB, including any problems or difficulties, or disputes with management encountered during the audit and management’s response. Consider the independent auditor’s judgments regarding the quality and appropriateness of the Company’s accounting principles as applied in the financial statements, including reviewing the independent auditor’s report of critical accounting policies used in the audited financial statements and alternative treatments within GAAP for material items that were discussed by the independent auditor and management.

- b. Review the financial information included in the annual earnings release with management and the independent auditor prior to release to the public. Discuss with management the types of information (including non-GAAP measures) to be included in the Company’s annual earnings release and in any earnings guidance. Review the annual financial statements and a draft of the annual Management’s Discussion and Analysis with management and the independent auditor prior to the filing of the Company’s Annual Report on Form 10-K. Recommend to the Board of Directors that the audited financial statements be included in the Company’s Annual Report on Form 10-K.
- c. Review the financial information included in the quarterly earnings release with management prior to release to the public. Discuss with management the types of information (including non-GAAP measures) to be included in the Company’s earnings releases and in any earnings guidance. Discuss with the independent auditor and management the Company’s quarterly financial statements and Management’s Discussion and Analysis covering the quarterly financial statements, and discuss with the independent auditor certain matters required to be communicated to audit committees in accordance with standards of the PCAOB, in each case prior to the Company’s filing of Form 10-Q.
- d. In consultation with the independent auditor, review the disclosures made to the Committee and the independent auditor by the CEO and CFO during their certification process for the Form 10-K and Form 10-Q about all significant deficiencies in the design or operation of internal control over financial reporting or material weaknesses therein, and any fraud involving management or other employees who have a significant role in the Company’s internal control over financial reporting.
- e. Review with management the Company’s disclosure controls and procedures relating to financial reports made to the Securities and Exchange Commission and corporate sustainability (“CS”) reports, and any significant changes thereto.
- f. Review management’s and the independent auditor’s annual assessment of the Company’s internal control over financial reporting prior to filing of Form 10-K.
- g. Provide the report of the Committee to be included in the Company’s proxy statement under the rules of the SEC.
- h. Review comment letters from the SEC relating to the Company’s filings and management’s responses thereto.
- i. Review with management and the independent auditor:
  - I. significant accounting, regulatory and financial reporting developments (including significant changes in the selection or application of accounting principles) and off-balance sheet structures, and their impact on the Company’s financial statements.
  - II. significant matters relating to the Company’s income tax filings.

3. With respect to overseeing the material activities of the internal audit function, the Audit Committee shall:

- a. Approve decisions regarding the appointment, performance, compensation and, if appropriate, dismissal of the Vice President - Internal Audit.
- b. Approve Internal Audit's charter.
- c. Approve Internal Audit's annual audit plan and changes thereto.
- d. Review Internal Audit's coordination with the independent auditor.
- e. Review any difficulties encountered in the course of their audits, including any restrictions on the scope of work performed or access to required information.
- f. Review Internal Audit's independence and effectiveness, including compliance with the Institute of Internal Auditors' "International Standards for the Professional Practice of Internal Auditing".
- g. Approve Internal Audit's expense budget and resources.
- h. Review Internal Audit's quality assurance and improvement program and the report of any external assessment.
- i. Review corrective actions taken by management to address the findings and recommendations of the internal auditor.

4. With respect to certain key risks and the Enterprise Risk Management program, the Audit Committee shall:

- a. Review the Company's processes for assessing Legal Risks, certain Operational Risks and Reserving Risks and the effectiveness of the Company's system of internal controls in place to monitor and manage such risks, through a review of the reports of the independent auditor and the internal auditors, and discussions with management and the independent auditor.
- b. The Chairman of the Committee (or another Committee member) will endeavor to attend periodically meetings of the Risk Management Committee that are held in connection with regular meetings of the Board.
- c. Review with the Company's counsel and compliance officer the processes for monitoring compliance with laws, regulations and applicable GSE eligibility requirements, and review any legal, regulatory and compliance matters that could have a material impact on the Company's financial statements.
- d. Review with management the adequacy of statements of policy regarding conflicts of interest and business conduct, the means used to monitor compliance and address exceptions, and the results of monitoring programs. Review and approve the transactions that the Company's Code of Business Conduct provides are within the province of the Committee. Conduct a reasonable prior review and oversight of all related party transactions for potential conflicts of interest and prohibit such transactions if the Committee determines them to be inconsistent with the interests of the Company. For purposes of this section, "related party transaction" means a transaction in which the Company (or its affiliates) is a participant, the amount exceeds \$120,000, and in which one of the following had or will have a direct or indirect material interest: an executive officer, director, or director nominee, or their immediate family members or persons sharing their households, or 5% shareholders.

- e. Review significant reports of examinations made by regulatory agencies and management's responses thereto.
- f. Review the policies, procedures and audit results associated with officers' expenses.
- g. Oversee management's procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters; and review any such complaints received by the Company.
- h. Review with management the directors and officers insurance coverage maintained by the Company.

### **MEETINGS AND OPERATIONS**

Subject to the next sentence, the Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall meet to review the financial information contained in the Company's quarterly and annual earnings releases, and the financial statements and Management's Discussion and Analysis contained in the Company's Form 10-Q and Form 10-K.

Any meeting may be held in person, telephonically, via video conference, or by a combination of methods. Appropriate briefing materials will be provided to all Committee members prior to the scheduled meetings.

The Committee chair, in consultation with the Vice President - Internal Audit, shall set the agenda for the meetings of the Committee. Any member may suggest agenda items for consideration by the chair. The Assistant Secretary of the Company will generally act as Committee Secretary and prepare minutes of the meetings. After the minutes are approved by the Committee, a copy will be sent to the Secretary of the Company for filing in the Company's minute books. The approved minutes of the Committee, as is the case with the minutes of all of the Committees of the Board, are available for review by any interested Director. The Committee chair shall provide a summary of the Committee's activities to the Board of Directors at least quarterly.

The Vice President - Internal Audit, independent auditor and representatives of management shall each meet alone with the Committee periodically and have the authority and are expected to contact the Committee on any matters requiring its attention. The General Counsel shall meet alone with the Committee at least annually. As necessary or desirable, the Chairperson may request that members of management, the Vice President - Internal Audit, representatives of the independent auditor, and outside advisors be present at Committee meetings.

Within the scope of its purpose, the Committee shall have unrestricted access to any of the Company's activities and personnel. Within the scope of its purpose, the Committee has authority to retain persons from within or outside the Company as necessary in its judgment to assist or advise the Committee, and the Company shall provide funds to pay the costs and expenses of persons so retained. In addition, the Company shall provide funds to pay the compensation of the independent auditor appointed by the Committee and the ordinary administrative expenses of the Committee.

The Committee shall annually evaluate the performance its performance by completing a self-assessment.

The Committee shall conduct or authorize investigations into matters within the Committee's scope of responsibilities.

The Committee shall annually review this charter and the Committee's "Audit and Non-Audit Services Approval and Pre-Approval Policy." The Committee shall submit any proposed changes to the charter resulting from the review to the Board of Directors for approval.