

Board Charter

nib holdings limited ACN 125 633 856 (the “Company”)

Dated 28 April 2011

Board Charter

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Board Charter

1 Purpose of this charter

The purpose of this charter is to specify how the Company is governed so as to promote the Company and protect the interests of shareholders.

The Board is responsible for the governance of the Company. This charter sets out the role and responsibilities of the Board, which responsibilities are delegated to committees of the Board or to management, as well as the membership and the operation of the Board.

2 Role and responsibilities of the Board

2.1 Role

The role of the Board is to provide overall strategic guidance for the Company and effective oversight of management. The Board ensures that the activities of the Company comply with its constitution, from which the Board derives its authority to act, and with all legal and regulatory requirements.

To achieve this role, the Board has reserved to itself the following specific responsibilities.

2.2 Strategy

The Board is responsible for:

- (a) overseeing the development of the Company's corporate strategy through constructive engagement with senior executives;
- (b) reviewing and approving strategy plans and performance objectives of the Company consistent with the corporate strategy and reviewing the assumptions and rationale underlying the strategy plans and performance objectives; and
- (c) monitoring implementation of the strategy plans.

2.3 Oversight of management

The Board is responsible for:

- (a) the appointment and if appropriate, removal of senior executives including the chief executive officer ("CEO"), the chief financial officer and the company secretary;
- (b) approving succession plans for key individuals;
- (c) regularly monitoring senior executive's performance and implementation of strategy against measurable and qualitative indicators, encouraging enhanced effectiveness and ensuring that appropriate resources are available;

- (d) approving senior executive remuneration policies and practices;
- (e) providing advice and counsel to management; and
- (f) ensuring that the senior executive supplies the Board with information that will help the Board discharge its duties.

2.4 Shareholders

The Board is responsible for:

- (a) ensuring effective communication with shareholders, including convening shareholders' meetings, listening and responding to shareholders views of management and on the Company;
- (b) facilitating the effective exercise of shareholders' rights; and
- (c) reporting to shareholders and ensuring that all regulatory requirements are met.

2.5 Other stakeholders

The Board is responsible for:

- (a) establishing and monitoring policies governing the Company's relationship with other stakeholders and the broader community; and
- (b) establishing and maintaining environmental, employment and occupational, health and safety policies.

2.6 Ethics

The Board is responsible for:

- (a) actively promoting ethical and responsible decision-making;
- (b) establishing and maintaining a code of conduct to guide its directors, senior executives and all employees in the practices necessary to maintain confidence in the Company's integrity; and
- (c) the system of accountability for unethical practices.

2.7 Oversight of financial management and capital management

The Board is responsible for:

- (a) reviewing and approving annual and half yearly financial reports;
- (b) monitoring financial results on an ongoing basis;
- (c) establishing and overseeing the Company's accounting and financial management systems;
- (d) reviewing, approving and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and material commitments;

- (e) approving decisions affecting the capital of the Company, including capital structure or restructure and major financing arrangements; and
- (f) determining the dividend policy of the Company and declaring dividends.

2.8 Compliance and risk management

The Board is responsible for:

- (a) establishing and overseeing the Company's control and accountability systems and reviewing reporting under those systems;
- (b) establishing, overseeing and regularly reviewing a system for identifying, assessing, monitoring and managing material risk throughout the Company, and informing investors of material changes to the Company's risk profile;
- (c) establishing, overseeing and regularly reviewing systems of internal compliance, risk management and control, and systems of legal compliance that govern the operations of the Company, and ensuring they are operating effectively; and
- (d) establishing, overseeing and regularly reviewing written policies, codes and procedures governing compliance, risk oversight and management.

3 Role and responsibilities of chairperson and company secretary

3.1 Chairperson

The chairperson is an independent and non-executive director appointed by the Board. The chairperson is responsible for:

- (a) leading the Board in reviewing and discussing Board matters;
- (b) chairing Board meetings and shareholder meetings;
- (c) ensuring the efficient organisation and conduct of the Board's function;
- (d) briefing all directors in relation to issues arising at Board meetings;
- (e) facilitating effective contribution by all directors and monitoring Board performance;
- (f) overseeing that membership of the Board is skilled and appropriate for the Company's needs;
- (g) promoting constructive relations between Board members and between the Board and management;

- (h) ensuring that independent directors meet separately at least annually to consider, among other things, management's performance; and
- (i) reviewing corporate governance matters with the company secretary and reporting on those matters to the Board.

3.2 Company secretary

The company secretary acts as secretary of the Board, attending all meetings of the Board as required. The company secretary is accountable to the Board through the chairperson on all corporate governance matters.

The company secretary is responsible for:

- (a) organising Board meetings and director attendance;
- (b) monitoring compliance with Board policy and procedures;
- (c) coordinating the completion and despatch of the Board agenda and briefing materials;
- (d) preparing minutes of meetings and resolutions of the Board and taking these to the chairperson for approval and circulation;
- (e) circulating minutes from committee meetings to the Board;
- (f) ensuring the Company complies with its requirements under the Corporations Act regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission; and
- (g) ensuring the Company complies with its reporting requirements under any other relevant legislative or regulatory regime including, but not limited to, meeting the Company's reporting requirements to the Australian Securities Exchange

4 Delegations of authority

4.1 Delegation to committees

Under its constitution, the Board may delegate responsibility to committees to consider certain issues in further detail and then report back to and advise the Board.

Standing committees established by the Board will adopt charters setting out the authority, responsibilities, membership and operation of the committee. There are currently three standing committees:

- (a) Audit Committee;
- (b) Risk Committee; and
- (c) Nomination and Remuneration Committee.

The Company may establish other committees from time to time to consider other matters of special importance.

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chairperson of each committee will report back on committee meetings to the Board at the next full Board meeting.

4.2 Delegation to CEO and management

The Board has delegated to the CEO the authority to manage the day to day affairs of the Company and the authority to control the affairs of the Company in relation to all matters other than those responsibilities reserved to itself in this charter.

The Board may impose further specific limits on CEO delegations. These delegations of authority will be maintained by the company secretary and will be reviewed by the Board as appropriate from time to time.

The CEO has authority to sub-delegate.

5 Membership

5.1 Composition and size

The Board will consist of a majority of non-executive, independent directors. The chairperson of the Board will be elected annually by the directors and must be an independent non-executive director.

The directors will determine the size of the Board, subject to the Company's constitution, which provides that there can be no less than three directors. The number of directors and the composition of the Board must at all times be appropriate to the Company to achieve efficient decision making.

The Company will seek to have directors with an appropriate range of skills, experience and expertise and an understanding of and competence to deal with current and emerging issues of the business. The Company's succession plans are designed to maintain an appropriate balance of skills, experience and expertise on the Board.

5.2 Appointment and re-election of directors

The process of selection and appointment of new directors to the Board is that when a vacancy arises, the Nomination and Remuneration Committee identifies candidates with appropriate skills, experience and expertise. Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended to the Board. When the Board considers that a suitable candidate has been found, that person is appointed by the Board to fill a casual vacancy in accordance with the Company's constitution, but must stand for election by shareholders at the next annual general meeting.

Non executive directors will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors will be provided with a Deed of Access, Indemnity and Insurance upon appointment which will set out, amongst other things, the basis upon which Directors will have access to the Company Books following retirement or in the event of any Proceedings alleging a breach of Director's duties

Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

Directors must retire from office in accordance with the constitution. Retiring directors may be eligible for re-election. Before each annual general meeting, the chairperson of the Board will assess the performance of any director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the director (in the absence of the director involved). The Board (excluding the chairperson), will conduct the review of the chairperson.

5.3 Independence

All directors - whether independent or not - should bring an independent judgment to bear on all Board decisions.

Where this charter refers to an independent director, the director is considered "independent" if the director is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or be perceived to do so.

A director who:

- (a) is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) is employed, or has previously been employed in an executive capacity by the Company, or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- (c) within the last three years, has been a principal of a material professional adviser or material consultant to the Company or another group member or an employee materially associated with the service provided;
- (d) is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- (e) has a material contractual relationship with the Company or another group member other than as a director of the Company,

will not be independent unless the Board is satisfied on reasonable grounds that the director is independent despite the existence of one or more of these circumstances.

The Board will regularly assess the independence of each director in light of the interests disclosed by them. Each independent director must provide the Board with all relevant information for this and keep such information up to date. The outcome of this assessment will be reflected in the corporate governance section of the annual report.

Any changes to a director's independent status will be disclosed to the market in a timely fashion.

5.4 Conduct of individual directors

Directors must at all times act in accordance with legal and statutory requirements, and discharge all their duties as directors. Directors must:

- (a) discharge their duties in good faith and in the best interests of the Company and for a proper purpose;
- (b) act with care and diligence, demonstrate commercial reasonableness in their decision making and act with the level of skill and care expected of a director of a major company;
- (c) avoid conflicts of interest except in those circumstances permitted by the Corporations Act;
- (d) not make improper use of information gained through their position as a director;
- (e) not take improper advantage of their position as a director;
- (f) notify other directors of a material personal interest when a conflict arises;
- (g) make reasonable enquiries if relying on information or advice provided by others;
- (h) undertake any necessary inquiries in respect of delegates;
- (i) give the Company or ASX all the information required by the Corporations Act; and
- (j) not permit the Company to engage in insolvent trading.

6 Board process

6.1 Meetings

All Board meetings will be conducted in accordance with the Company's constitution and the Corporations Act.

Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the directors. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

All directors are generally expected to prepare adequately, attend and participate at each Board meeting. Non-executive directors will periodically meet without executive directors or management present.

The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable.

The Board may conduct meetings by telephone or video conference.

6.2 Independent professional advice

Following consultation with the chairperson, directors may seek independent professional advice at the Company's expense. Generally, this advice will be available to all directors.

6.3 Access to management

The directors have complete and open access to management following consultation with the chairperson and CEO.

7 Review and publication of charter

The Board is responsible for reviewing this charter and the division of functions and responsibilities in the Company to determine its appropriateness to the needs of the Company from time to time. The charter may be amended by resolution of the Board.

The charter is available on the Company's website and the key features are published in the annual report.

Approved by the Board on 28 April 2011