

Appendix 4G

Key to Disclosures Corporate Governance Council Principles and Recommendations

Name of entity:

NIB HOLDINGS LIMITED

ABN / ARBN:

51 125 633 856

Financial year ended:

30 JUNE 2015

Our corporate governance statement² for the above period above can be found at:³

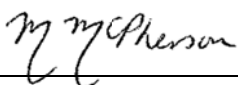
- These pages of our annual report:
- This URL on our website: <https://www.nib.com.au/shareholders/company-profile/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 21 August 2015 and has been approved by the Board of nib holdings limited.

The annexure includes a key to where our corporate governance disclosures can be located.

Date: 24 August 2015

Name of Director or Secretary authorising lodgement: Michelle McPherson



¹ Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

² "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

³ Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.

ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

⁴ If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
<p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance</p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at wgea.gov.au</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> Paragraph (4) in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> Paragraph (5) at Page 17 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Pages 15 to 17 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input type="checkbox"/> in our Corporate Governance Statement OR <input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement OR <input type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

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PRINCIPLE 7 – RECOGNISE AND MANAGE RISK			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> Paragraph (4) in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> Paragraph (5) at Pages 15 to 17 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>[If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at Principal risks and uncertainties in the Operating and Financial Review section of the Annual Report at Pages 10 to 12</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴	
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance</p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input checked="" type="checkbox"/> Paragraph (4) in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> Paragraph (5) at Pages 15 to 17 of the Annual Report</p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement</p> <p><input checked="" type="checkbox"/> at Pages 21 to 43 of the Remuneration Report in the Annual Report</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... ⁴
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>... our policy on this issue or a summary of it:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input checked="" type="checkbox"/> at https://www.nib.com.au/shareholders/company-profile/corporate-governance</p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable OR</p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES			
-	<p><i>Alternative to Recommendation 1.1 for externally managed listed entities:</i></p> <p>The responsible entity of an externally managed listed entity should disclose:</p> <p>(a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity;</p> <p>(b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.</p>	<p>... the information referred to in paragraphs (a) and (b):</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
-	<p><i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i></p> <p>An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.</p>	<p>... the terms governing our remuneration as manager of the entity:</p> <p><input type="checkbox"/> in our Corporate Governance Statement OR</p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

CORPORATE GOVERNANCE STATEMENT 2015

nib

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2015

PRINCIPLE 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT OVERSIGHT

1.1 Role of Board and Management

A listed entity should disclose:

- a. the respective roles and responsibilities of its board and management; and
- b. those matters expressly reserved to the board and those delegated to management.

The nib Board has a number of important responsibilities under the *Corporations Act*, ASX Listing Rules and nib's Constitution.

The respective roles and responsibilities of the nib Board and management are identified in the following ways.

Board Charter

The nib Board is responsible for the governance of the nib Group. The Board Charter sets out the role and responsibilities of the Board, the responsibilities that have been delegated to committees of the Board or to management, as well as the membership and the operation of the Board.

Specifically, the Charter reserves the following specific responsibilities to the Board:

- **Strategy** – overseeing the development of nib's corporate strategy, reviewing and approving strategy plans and performance objectives consistent with the corporate strategy, reviewing the assumptions and rationale underlying the strategy plans and performance objectives, and monitoring the implementation of the strategy plans.
- **Oversight of management** – appointment and (if appropriate) removal of senior executives, including the Chief Executive Officer (CEO), the Chief Financial Officer and Company Secretary, approving senior executive remuneration policies and practices and monitoring performance.
- **Shareholders** – facilitating the effective exercise of shareholder rights, and effective communication with shareholders and reporting to shareholders.
- **Other stakeholders** – establishing and monitoring policies governing nib's relationship with other stakeholders and the broader community.
- **Ethics** – actively promoting ethical decision making, and establishing and maintaining a Code of Conduct to guide nib Directors and employees in meeting standards of practice necessary to maintain confidence in nib's integrity.
- **Oversight of financial and capital management** – reviewing and approving nib's annual and half yearly financial reports, establishing and overseeing nib's accounting and financial management systems, capital management and the dividend policy.
- **Compliance and risk management** – establishing and overseeing nib's system for compliance and risk management.

The Board Charter is available on our website, nib.com.au.

Board Committee Charters

The nib Board currently has five standing Board Committees (Audit Committee, People and Remuneration Committee, Nomination Committee, Risk and Reputation Committee and Investment Committee). The Board has delegated certain responsibilities to these standing Committees. The details of their responsibilities are set out in the Committee charters.

The Committee charters are available on our website, nib.com.au.

nib New Zealand

nib offers health cover to residents in New Zealand through nib nz limited, a subsidiary of nib holdings limited. Two Non-Executive Directors of the Board sit on subsidiary boards and committees in New Zealand to oversee the management and governance of the health insurance business. Details of these subsidiary boards and committees are set out in the Information on Directors section in the Directors' Report.

Delegation of Authority

The Chief Executive Officer/Managing Director of nib is responsible for the day-to-day management of the business and its operations, with the Board delegating authority to the Chief Executive Officer/Managing Director to perform this function. The Chief Executive Officer/Managing Director has, in turn, approved sub delegations of authority for nib management. Any matters that fall outside of the delegations of authority must be brought to the Board for its approval.

1.2 Background checks/information given for election of directors

A listed entity should:

- a. undertake appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a director; and
- b. provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

nib has adopted a set of desired competencies for the appointment of directors to the Board. These capabilities include general corporate attributes, industry specific attributes and personal attributes.

In accordance with the Nomination Committee Charter, the Committee is to meet once a year (or as required) to review its composition including the number of independent directors and the mix of skills, experience and diversity of directors.

The current composition of the Board reflects nib's policy of having at least three independent, non-executive directors with appropriate expertise and experience to deal with current and emerging issues for nib.

Selection and Appointment of Directors

When a vacancy on the Board arises, the Nomination Committee undertakes a process using an external executive recruitment agency to identify non-executive directors who can bring appropriate skills, experience and expertise and an independent judgment on the strategy and performance of nib.

The process of selection and appointment of an independent, non-executive director typically involves the following steps:

- The Nomination Committee reviews the current Board composition (excluding any directors knowing to be stepping down) against the desired experience, background and capabilities of the Board and considers nib's current and likely circumstances and develops criteria for the selection of a new director.
- The Nomination Committee engages an external executive recruitment agency to conduct a search. The Committee provides a brief on the selection criteria and requests the firm to provide a list of candidates for consideration. Included in the considerations are matters such as diversity and a skills matrix. The Nomination Committee identifies candidates with appropriate skills, experience and expertise. This process may include directors referring names of potential candidates.
- Once a short list is selected, candidates are interviewed by the Chairman of the Board, the People and Remuneration Committee Chairman and the Chief Executive Officer/Managing Director. Other Directors also meet with the selected candidates.
- Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended to the Board.
- Prior to appointment, nib engages an external professional body to undertake background checks (including criminal checks) of directors.
- Once a director has been selected, the Board appoints the director (as a casual vacancy or as an addition to the Board) to the Board (and any nominated Board Committees) on the recommendation of the Nomination Committee. The appointment is subject to receipt of the necessary consents and disclosures by the director. Following the appointment, nib lodges the necessary disclosures with the ASX, ASIC and PHIAC (from 1 July 2015, APRA).
- A letter of appointment is entered into between nib holdings limited and the director setting out the terms and conditions of their appointment as well as a Deed of Access, Insurance & Indemnity. Directors are also provided with an induction pack containing all relevant policies and information (including copies of Board and Committee Charters, Code of Conduct and Trading Policy). Directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.
- A director appointed to the Board as a casual vacancy or an addition to the Board is required to stand for election at the next Annual General Meeting (AGM).

Re-election of Directors

At each AGM, there must be an election of Directors and at least one Director (excluding the Chief Executive Officer/Managing Director) must retire, including any Director who has been appointed since the previous AGM. Retiring Directors are eligible for re-election. A Director must retire from office at least every three years.

Before each AGM, the Board will assess the performance of any Director standing for re-election and will determine the Board's recommendation to shareholders on the re-election of the Director. The Board (excluding the Chairman) conducts the review of the Chairman. The Notice of Meeting contains all material information in relation to any Director standing for election or re-election to provide shareholders with sufficient information relevant to the decision to elect or re-elect a Director.

1.3 Written contracts of appointment

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

An Executive Service Agreement is entered into between nib and senior executives setting out the terms and conditions of their appointment.

As noted earlier, a letter of appointment is entered into between nib holdings limited and Non-Executive Directors setting out the terms and conditions of their appointment as well as a Deed of Access, Insurance & Indemnity.

1.4 Company Secretary

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

As set out in the Board Charter, the Company Secretary is accountable to the Board through the Chairman of the Board on all governance matters. All Directors have access to the Company Secretary.

The Company Secretary is responsible for governance matters including:

- organising Board meetings and Director attendance;
- coordination of Board papers, agenda and circulation of minutes;
- ensuring the Company complies with its requirements under the *Corporations Act* regarding registered office, annual returns and notices to be lodged with ASIC;
- ensuring that nib complies with its reporting requirements under any other relevant legislative or regulatory regime including, but not limited to, meeting nib's reporting requirements to the ASX; and
- where requested, retaining independent professional advisors at the request of the Board or Board Committees.

nib has entered into a Deed of Access, Insurance & Indemnity with each Company Secretary.

1.5 Diversity

A listed entity should:

- a. have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- b. disclose that policy or a summary of it; and
- c. disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
 1. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
 2. if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

nib's Diversity Policy sets out our approach to diversity in the workplace (including gender diversity) and provides a framework to achieve nib's diversity goals.

The Board and management believe that nib's commitment to this policy contributes to achieving nib's corporate objectives and embeds the importance and value of diversity within the culture of nib.

nib believes that the promotion of diversity on the Board, in senior management and within all levels of the nib Group:

- broadens the pool for recruitment of high quality directors and employees;
- is likely to support employee retention;
- through the inclusion of a variety of skill-sets, is likely to encourage greater innovation and improve the quality of decision-making, productivity and teamwork;
- enhances customer service and market reputation through a workforce that respects and reflect the diversity of our customers; and
- is in line with best practice corporate governance responsibilities.

CORPORATE GOVERNANCE STATEMENT continued

For the year ended 30 June 2015

As a “relevant employer” under the Workplace Gender Equality Act, nib publishes its “Gender Equality Indicators” on the Workplace Gender Equality Agency website.

The Board of nib is committed to achieving diversity in accordance with its Diversity Policy. Set out below are the measurable objectives set by the Board for achieving gender diversity.

Objective	Details	Timeframe	Results as at 30 June 2015
Recruitment and selection	Ensure that employees and Directors are selected from diverse candidate pools. A shortlist will be compiled for all management, executive and Board positions with at least one serious female candidate to be present on every shortlist. If this is not possible, there must be objective reasons to support this. Candidates will be interviewed by a diverse group of people through the process.	Ongoing	<p>Our recruitment team continue to provide guidance to hiring managers throughout the process to ensure diversity is considered with particular focus on Management level positions.</p> <p>Upon review of the recruitment statistics for FY15, it shows that we have had higher levels of female applicants, females interviewed and females successful in manager and team leader positions.</p> <p>The candidates were interviewed by a diverse group of people throughout the process and successful applicants were offered the roles based on merit.</p>
Objective	Details	Timeframe	Results as at 30 June 2015
Flexible work practices	Maintain a flexible work practices policy and engender a culture of support for flexible work practices where possible and required.	Ongoing	<p>The Flexible Work Practices policy was revised and implemented in April 2013, providing employees with the option of mutually beneficial flexible work arrangements. Managers continue to implement various flexible work arrangements with their teams, both formally and informally to support this objective.</p> <p>We continue to see an increase in formalised Individual Flexible Arrangements (IFAs) and as at 30 June 2015 have 65 IFAs in place across the business.</p> <p>Further to the formal IFAs in place with employees, a number of strategies are in place to support flexible working arrangements for employees including working from home, flexible working hours, tertiary study and exam leave, shift and rostering preferences and gradual return from parental leave.</p>
	Educate managers on strategies for supporting and managing flexible work arrangements successfully.	Ongoing	There is ongoing education for Managers on how to implement flexible work practices. This is provided on a one-on-one basis through coaching by the People and Development business unit.
Objective	Details	Timeframe	Results as at 30 June 2015
Representation	Set goals, timeframes and succession plans to improve the number of women in management roles in the business. At a minimum: <ul style="list-style-type: none"> ■ 40% of manager and team leaders; ■ 30% of business unit managers; ■ Two Non-Executive Directors; and ■ One member of the People & Remuneration Committee. 	June 2015	<ul style="list-style-type: none"> ■ 64% of managers and team leaders are women ■ 33% of business unit managers are women ■ 3 female Non-Executive directors are on the Board ■ 2 female Non-Executive Directors are on the People & Remuneration Committee ■ 14% of Executives are women
	Set goals, timeframes and succession plans to improve the number of women in management roles in the business. At a minimum: 30% of Executives	June 2016	<p>The strengthening of our executive resulting in an additional Executive during FY15 contributed to nib not achieving the target of 30% of executives being female in FY15.</p> <p>The Board remains committed to this target for executives and have updated the timeframe to ongoing.</p>

CORPORATE GOVERNANCE STATEMENT continued

For the year ended 30 June 2015

Objective	Details	Timeframe	Results as at 30 June 2015
Development and Succession	Introduce mentoring, coaching and succession programs that support and encourage women to expand their skills as part of their professional development and to prepare them to take on management or executive roles.	Ongoing	<p>The annual succession planning process was completed for Executives in November and Business Unit Heads in January with a number of females identified as potential successors for leadership positions. Individual development plans are defined for all potential successors with tailored development and engagement strategies included. A focus in 2015 will be on providing increased leadership development opportunities for all potential successors.</p> <p>360 degree feedback was launched for all Business Unit Heads in April 2015 and will be completed by October 2015. This will provide valuable insights into the common development needs across the leadership cohort and provide value-adding leadership development opportunities.</p> <p>We continue to provide internal and external learning and development opportunities through formal training and on-the-job experiences. Employees also have access to Education Assistance which provides financial support towards formal education to broaden job-related academic knowledge or obtain professional certification.</p>

nib's commitment to diversity is reflected in the composition of the current Board.

At 30 June 2015, 70.6 % of nib's total workforce was female.

1.6 Board Reviews

A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and
- b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Evaluation of Board and committee performance

The Board undertakes an annual self-assessment of its collective performance, the performance of the Chairman, individual Directors and of its Committees. The performance assessment process conducted in FY15 was conducted in-house.

The Chairman formally discusses the results of the review with the individual Directors. At that meeting, the Chairman and the individual Director also discuss the effectiveness of the Board and its contribution to the Group, Board discussion, and the composition of the Board and Committees.

Each of the Board's Committees reviews their performance annually or whenever there are major changes to the Committee structure. All Committees undertook an annual self-assessment in 2015.

1.7 Management reviews

A listed entity should:

- a. have and disclose a process for periodically evaluating the performance of its senior executives; and
- b. disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

In accordance with the Board Charter, the Board regularly monitors the performance of senior executives and the implementation of strategy against measurable and qualitative indicators. The performance of the Chief Executive Officer/Managing Director is evaluated and assessed by the Board, assisted by the People and Remuneration Committee, each year. This process was followed in FY15.

CORPORATE GOVERNANCE STATEMENT continued

For the year ended 30 June 2015

The Chief Executive Officer/Managing Director conducts performance reviews of nib senior executives (key management personnel) by comparing performance against agreed measures, examining the effectiveness and quality of performance of the individual, both as a divisional leader and in their individual capacity, and assessing whether various expectations of stakeholders have been met. This process was followed for FY15.

nib complies with Recommendations 1.1, 1.2, 1.3, 1.4, 1.5, 1.6 and 1.7.

PRINCIPLE 2. STRUCTURE THE BOARD TO ADD VALUE

2.1 Nomination Committee

The Board of a listed entity should:

a. have a nomination committee which:

1. has at least three members, a majority of whom are independent directors; and
2. is chaired by an independent director,

and disclose:

3. the charter of the committee;
4. the members of the committee; and
5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

The Nomination Committee is a standing committee of the nib Board. The Nomination Committee includes all Non-Executive Directors of the Board and is chaired by the Chairman of the Board. All current Non-Executive Directors have been determined to be independent by the Board of nib.

The Nomination Committee assists the Board and makes recommendations on the selection and appointment of Directors, the process of evaluating Directors' performance, the composition of the Board, and succession planning for the Board. The Committee ensures that Directors bring a variety of perspectives, experiences, skills and diversity in the best interests of nib.

The Nomination Committee Charter sets out the responsibilities, composition, structure, membership requirements and procedures for appointing members to the Board.

The Nomination Committee met once during FY15 and all members of the Nomination Committee attended the meeting.

2.2 Board skills matrix

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

The Board has approved the following board skills matrix which sets out the skills and diversity of the nib Board.

Skills & Experience	Board
Total Directors (including the Executive Director)	7 Directors
Leadership & Governance	7 Directors
Leadership	
Publicly Listed Company Experience	
Corporate Governance	
Strategic experience	
Technical & Industry	7 Directors
Private Health Insurance Experience	
General Insurance Experience	
Marketing Experience	
WHS	

CORPORATE GOVERNANCE STATEMENT continued

For the year ended 30 June 2015

Skills & Experience	Board
Business, Finance & Risk Accounting Finance Audit Risk Management Legal Mergers & Acquisition Technology Human Resources	7 Directors
International Business Experience International Business experience	7 Directors
Tertiary Qualifications Medical/Health Finance/Accounting/Commerce Law Marketing	7 Directors
Diversity Male Female	4 Directors 3 Directors

2.3 Disclose independence and length of service of directors

A listed entity should disclose:

- a. the names of the directors considered by the board to be independent directors;
- b. if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and
- c. the length of service of each director.

There are currently seven Directors on nib's Board: six Non-Executive Directors, all of whom are independent, and one Executive Director, being the Chief Executive Officer who is also appointed as the Managing Director. The Board Charter requires that all Directors should bring an independent judgment to bear on all Board decisions.

At the date of this report, the Board comprises:

Mr Steve Crane (Chairman; Non-Executive Director/ Independent)

Appointed: 28 September 2010

Appointed as Chairman: 1 October 2011

Length of Service: 4 years 11 months

Mr Mark Fitzgibbon (Chief Executive Officer/Managing Director)

Appointed: 28 May 2007

Length of Service: 8 years 3 months

Ms Lee Ausburn (Non-Executive Director/Independent)

Appointed: 13 November 2013

Length of Service: 1 year 9 months

Mr Harold Bentley (Non-Executive Director/Independent)

Appointed: 7 November 2007

Length of Service: 7 years 10 months

Dr Annette Carruthers (Non-Executive Director/Independent)

Appointed: 20 September 2007

Length of Service: 7 years 11 months

Mr Philip Gardner (Non-Executive Director/Independent)

Appointed: 28 May 2007

Length of Service: 8 years 3 months

Ms Christine McLoughlin (Non-Executive Director/Independent)

Appointed: 20 March 2011

Length of Service: 4 years 5 months

The Directors' profiles appear at pages 15 to 17 of the Annual Report.

2.4 Majority of directors independent

A majority of the board of a listed entity should be independent directors.

The Board is comprised of a majority of independent Non-Executive Directors. The Board Charter requires that all Directors bring an independent judgment to bear on all Board decisions.

The Board has adopted specific principles in relation to Directors' independence, which are set out in the Board Charter. These state that, when determining independence, a Director must be a Non-Executive Director and the Board should consider whether the Director:

- is free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's independent exercise of their judgment;
- is a substantial shareholder of nib or an officer of, or otherwise associated directly with, a substantial shareholder of nib;
- is, or has been employed in, an executive capacity by nib or any of its child entities within three years before commencing to serve on the Board;
- within the last three years, has been a principal of a material professional adviser or a material consultant to nib or any of its child entities, or an employee materially associated with the service provided, is a material supplier or customer of nib or any of its child entities, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with nib or any of its child entities other than as a Director of nib.

A professional adviser, consultant, supplier or customer will be considered to have a material contractual relationship with nib if:

- from the perspective of a nib Director, the business relationship is significant (directly or indirectly) to their own circumstances.
- from the perspective of nib, the relationship is one that has the potential, if disrupted, to have a significant impact on nib's business operations as assessed by the other Directors.

On appointment, each Director is required to provide information to the Board to assess their independence as part of their consent to act as a Director. The Board regularly assesses the independence of each Director in light of the interests disclosed by them and the length of tenure of each of the Directors. Each independent Director must provide the Board with all relevant information and keep this information up to date.

The Board has determined that all current Non-Executive Directors, including the Chairman, are independent and free of any relationship which may conflict with the interests of nib and the Group in accordance with the approved criteria for assessing independence.

2.5 Chair independent and not CEO

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

The Chairman, Mr Steve Crane, is an independent Non-Executive Director and Mr Mark Fitzgibbon is the Chief Executive Officer/Managing Director of nib.

2.6 Induction and professional development

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

It is the practice at nib for the continuing professional development programs for Directors to be agreed to between the individual Director and Chairman and consequently this responsibility has not been given to the Nomination Committee.

Directors undertake compliance training throughout the year and are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

nib complies with Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6.

PRINCIPLE 3. ACT ETHICALLY AND RESPONSIBLY

3.1 Code of Conduct

A listed entity should:

- a. have a code of conduct for its directors, senior executives and employees; and
- b. disclose that code or a summary of it.

All employees, including the Board and senior management, are expected to uphold the highest levels of integrity and professional behaviour in their relationships with nib's stakeholders. A summary of nib's core codes and policies, which apply to all employees, are set out in this Corporate Governance Statement. These policies and codes are available on the nib website, nib.com.au.

nib has adopted a Code of Conduct which applies to all Directors, officers, employees, contractors, consultants and associates of nib. The Code of Conduct sets out nib's ethical standards and rules and provides a framework to guide compliance with legal and other obligations to stakeholders. The Code of Conduct is reviewed annually and was last amended on 18 August 2015. The Code of Conduct is available on our website, nib.com.au.

nib complies with Recommendation 3.1.

PRINCIPLE 4. SAFEGUARD INTEGRITY IN CORPORATE REPORTING

4.1 Audit Committee

The board of a listed entity should:

- a. have an audit committee which:
 - 1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
 - 2. is chaired by an independent director, who is not the chair of the board,
 and disclose:
 - 3. the charter of the committee;
 - 4. the relevant qualifications and experience of the members of the committee; and
 - 5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Audit Committee is a standing committee of the nib Board, and operates in accordance with its Charter. The Audit Committee Charter is available on our website, nib.com.au.

The Audit Committee includes members who have appropriate financial experience and understanding of the private health insurance industry. There are currently three members of the Audit Committee: Mr Harold Bentley (Committee Chairman), Dr Annette Carruthers and Mr Philip Gardner. The Board Chairman is not a member of the Committee and attends meetings in an ex-officio capacity.

Details of the skills, experience and expertise of the Audit Committee members is set out in pages 15 to 17 of the Annual Report.

The Audit Committee held 9 meetings in FY15. The individual attendance of Directors is detailed on page 17 of the Annual Report.

The Audit Committee Charter sets out the role and responsibility of the Audit Committee.

The role of the Audit Committee is to assist the Board by reviewing and making recommendations to the Board in relation to:

- the appointment, remuneration, independence, competence and performance of nib's external audit function;
- the competency, fees, independence and quality of services of nib's Appointed Actuary;
- the adequacy of nib's corporate reporting processes and the integrity of nib's financial statements and other material regulatory documents;
- compliance with relevant financial reporting standards and ASX listing obligations and accounting policies adopted by nib;
- the propriety of related party transactions (if any); and
- monitoring compliance with nib's capital management plan.

In fulfilling its role, the Audit Committee:

- receives regular reports from management, the external auditors, the Appointed Actuary and, if required, the internal auditors;
- meets with external auditors and the Appointed Actuary on a regular basis and has issued a standing invitation to the external auditor to attend all meetings of the Audit Committee;
- reviews the processes that the Chief Executive Officer/Managing Director and the Chief Financial Officer have in place to support their certifications to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors and the Appointed Actuary at least twice a year without the presence of management; and
- provides the external auditors and the Appointed Actuary with a clear line of direct communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, access employees, management, internal and external auditors and the Appointed Actuary.

The Audit Committee Charter is available on our website, nib.com.au.

4.2 CEO and CFO certification of financial statements

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

In addition to monthly compliance statements, quarterly internal control questionnaires are completed by all senior executives and heads of business units (except the Chief Financial Officer). The quarterly reports are reviewed by nib's finance team as part of nib's half year and annual reporting and to achieve compliance with section 295A of the *Corporations Act* and Recommendation 4.2.

The Chief Executive Officer/Managing Director and the Chief Financial Officer provide annual formal statements to the Board to the effect that:

- nib's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of nib and are in accordance with relevant accounting standards; and
- nib's practices are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and nib's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

nib's Board has received assurance from the Chief Executive Officer and Chief Financial Officer that a declaration in accordance with s295A of the *Corporations Act* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to reporting financial risks.

In August 2015, the Board received a statement in relation to FY15 full year report and results from the Chief Executive Officer/Managing Director and the Chief Financial Officer covering the matters set out in section 295A of the *Corporations Act* and in accordance with Recommendation 4.2.

4.3 External auditor available at AGM

A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from shareholders relevant to the audit.

nib's current external auditor is PriceWaterhouseCoopers (PwC). PwC attends nib's AGM and is made available to shareholders to answer any questions they may have in relation to the audit.

nib complies with Recommendations 4.1, 4.2 and 4.3.

PRINCIPLE 5. MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Disclosure Policy

A listed entity should:

- a. have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- b. disclose that policy or a summary of it.

nib has a Disclosure and Communication Policy and Disclosure and Materiality Guidelines to ensure compliance with the ASX Listing Rules disclosure requirements, and to ensure accountability at a senior executive level for that compliance and disclosure of those policies or summary of those policies.

The Disclosure and Communication Policy and Disclosure and Materiality Guidelines are provided to all officers, senior executives and relevant employees on their appointment and are disclosed on the nib website. nib has established a Disclosure Committee which is responsible for managing nib's disclosure obligations under the ASX Listing Rules. The Disclosure Committee comprises the Chief Executive Officer/Managing Director, Chief Financial Officer, General Counsel/Company Secretary and Head of Corporate Affairs and Investor Relations.

nib is committed to providing relevant up-to-date information to its shareholders and other stakeholders in accordance with its obligations under the ASX Listing Rules and the *Corporations Act*. In meeting its continuous disclosure obligations, nib works to ensure that its announcements are presented in a factual, clear and balanced way and that all shareholders have equal and timely access to material information concerning nib.

nib's Company Secretaries have been nominated as the persons responsible for communications with the ASX.

nib complies with Recommendation 5.1.

PRINCIPLE 6. RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Information on website

A listed entity should provide information about itself and its governance to investors via its website.

The Board is committed to communicating effectively with shareholders, making it easy for them to participate in general meetings and respecting the rights of its shareholders.

nib has a Disclosure and Communication policy in place for promoting effective communication with shareholders and encouraging their participation at general meetings. The Disclosure and Communication Policy is available on our website.

nib's Disclosure and Communication Policy sets out the way in which nib communicates to shareholders.

The Board and management aim to ensure that shareholders are informed of all information necessary to fully assess nib's performance. nib has a dedicated shareholder website that can be found at nib.com.au/shareholders. This website provides relevant information for shareholders in a dedicated place and in an easy-to-navigate manner, including particulars of the Directors, copies of nib's constitution, board and committee charters, corporate governance policies and other policies, copies of annual reports and financial statements. All information, including announcements to the ASX, is posted on the shareholder website soon after release to the market by the ASX.

Shareholders may elect to receive information electronically as it is posted on nib's shareholder website (the website provides information about how to make this election). Alternatively, a shareholder may elect to receive company reports and shareholder documents, such as the notice of annual general meeting, by post.

6.2 Investor relations program

A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

nib prepares an annual investor relations strategy and program and sets out how nib will communicate and engage with investors. This includes how nib will facilitate feedback from shareholders as well as opportunities and channels shareholders can use to communicate with nib on matters of concern or interest to them.

6.3 Facilitate participation at meetings of shareholders

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of shareholders.

nib's Disclosure and Communication policy, which is available on our website, encourages shareholders to attend the AGM and use the opportunity to ask questions at the meeting. If a shareholder is unable to attend the AGM, the shareholder can appoint a proxy to attend and vote on their behalf/or use any other means as included in the notice of meeting. Questions can be lodged prior to the AGM by completing the relevant form accompanying the notice of meeting. nib responds in writing to any shareholder who submits a written question. Notices of meeting and accompanying explanatory notes aim to clearly, concisely and accurately set out the nature of the business to be considered at the meeting. nib places notices of general meetings and accompanying explanatory material on the nib website.

In 2014, shareholders were able to view the AGM via a webcast available on nib's website. Shareholders will also be able to watch and listen to the business of the 2015 AGM by webcast from the nib website.

6.4 Facilitate electronic communications

A listed entity should give shareholders the option to receive communications from, and send communications to, the entity and its share registry electronically.

nib shareholders can elect to receive their shareholder communications electronically. Electronic communications are actively encouraged to shareholders who currently receive communications in printed form. During FY15, nib redesigned its shareholder website to improve navigation and design to further encourage shareholders to access information online.

nib complies with Recommendation 6.1, 6.2, 6.3 and 6.4.

PRINCIPLE 7. RECOGNISE AND MANAGE RISK

7.1 Risk Committee

The board of a listed entity should

- a. have a committee or committees to oversee risk, each of which:
 - 1. has at least three members, a majority of whom are independent directors; and
 - 2. is chaired by an independent director,
 and disclose:
 - 3. the charter of the committee;
 - 4. the members of the committee; and
 - 5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or
- b. if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Management is responsible for designing, implementing and reporting on the adequacy of nib's risk management and internal control system. The role of the Risk and Reputation Committee includes reviewing and making recommendations to the Board in respect of nib's system of risk management.

There are four members of the Risk and Reputation Committee: Dr Annette Carruthers (Committee Chairman), Ms Lee Ausburn, Mr Harold Bentley and Ms Christine McLoughlin. Details of the skills, experience and expertise of the Risk and Reputation Committee members is set out on pages 15 to 17 of the Annual Report.

The Risk and Reputation Committee held four meetings in FY15. The individual attendance of Directors is detailed on page 17 of the Annual Report.

The key risks as identified and managed by nib are detailed at pages 10 to 12 of the Operating and Financial Review section of the Annual Report.

nib's Risk Policy and Risk Management Framework enable the Board to have reasonable assurance that:

- established corporate and business strategies and objectives are achieved;
- risk exposures are identified and adequately monitored and managed;
- significant financial managerial and operating information is accurate, relevant, timely and reliable; and
- there is an adequate level of compliance with policies, standards, procedures and applicable laws, regulations and licences.

nib's Risk Policy and Risk Management Framework is based on the Australian/New Zealand Standard (AS/NZS ISO 31000:2009) for risk management and also the internationally recognised Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management Framework.

The Board and senior management consider and set nib's strategic and operational objectives as part of the annual strategy and budget planning review. As part of the strategy setting, the Board and senior management consider these obligations in the context of nib's risk appetite – the acceptable balance of growth, risk and return for nib. There may be a number of different strategies designed to achieve desired growth and return goals, each having different risks.

As a means of informing the business of the outcomes expected from the strategy, the Board and senior management develop key performance indicators and risk assessments for each objective. These are intended to provide the Board with greater assurance that nib remains within its strategy and risk appetite and provides guidance about nib's ability to achieve its objectives.

The Risk Management Framework includes the Board's statement of risk appetite for the four main types of risk that are likely to affect nib's ability to deliver its strategic objectives. At a high level these are:

- **Financial Risk** – the risks associated with achieving nib's financial targets, including revenue and income growth, and capital management targets. These risks include model risk, credit risk, liquidity risk, market risk, investment risk, pricing risk and claims risk.
- **Operational Risk** – the risk that arises from normal operations, project management, inadequate or failed internal processes, people, systems, fraud or from external events.
- **Strategic Risk** – the risk of changing government policies and new legislation on nib's business (sovereign risk), strategic plan risk, reputation risk and product design.
- **Regulatory and Compliance Risk** – the risk of failing to comply with nib's legal and regulatory requirements and nib's internal policies and procedures.

nib's Board has required management to design, implement and annually review, the risk management and internal control systems to manage nib's material business risks and to report to the Board on whether those risks are being managed effectively with changes in the business so as to ensure that they continue to be sound.

7.2 Annual Risk Review

The board or a committee of the board should:

- a. review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and
- b. disclose, in relation to each reporting period, whether such a review has taken place.

The Board and the Risk and Reputation Committee receive regular reports on key enterprise risks that may impede nib in meeting its business objectives. During FY15, management provided reports to support the Risk and Reputation Committee's and the Board's assessment of the effectiveness of nib's risk management framework and the management of material business risks. In addition, the Audit Committee monitors the Group's financial risks and reports to the Board on the adequacy of the Group's internal controls as they apply to financial reporting, financial management systems, accounting and business policies to minimise any financial risks.

The Risk and Reputation Committee undertakes an annual review of nib's risk management framework (including a review of nib's Risk Appetite and Key Enterprise Risks) to ensure that nib's risk management framework continues to be effective and relevant to nib. The Risk and Reputation Committee undertook an annual review of the risk management framework in FY15.

7.3 Internal Audit

A listed entity should disclose:

- a. if it has an internal audit function, how the function is structured and what role it performs; or
- b. if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

nib's internal audit function for FY15 was performed by PKF Lawler Partners. The internal auditor provides an independent and objective internal audit review of nib's risks and key controls and how nib's processes and technology are operated and managed to provide the best outcomes for nib. The nib Strategic Internal Audit plan for the year is developed using a risk based approach. The annual cycle includes a risk assessment from which the annual plan is developed by the internal auditors in conjunction with the Risk and Reputation Committee and nib management to ensure alignment with identified key enterprise risks. An assurance map that links key risks with the relevant assurance providers forms the basis of the internal audit plan, and internal audit reviews performed ensure nib identifies opportunities for process improvement.

Internal audit reports in relation to key enterprise risks are also considered at meetings of the Risk and Reputation Committee. Representatives from the internal auditors regularly attend meetings of the Risk and Reputation Committee to present internal audit report and answer questions from the Committee.

7.4 Sustainability Risks

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

nib's Risk Management Framework accounts for key enterprise risks to be identified and categorised according to whether they are a financial risk, operational risk, strategic risk or regulatory and compliance risk. nib is able to manage any material exposures that may have a real possibility of substantively impacting on nib's ability to create or preserve value for shareholder over the short, medium and long term.

nib's material exposure to economic, environment and social sustainability risks, if any, are outlined in Principal risks and uncertainties in the Operating and Financial Review section of the Annual Report on pages 10 to 12.

PRINCIPLE 8. REMUNERATE FAIRLY AND RESPONSIBLY

8.1 Remuneration Committee

The board of a listed entity should:

a. have a remuneration committee which:

1. has at least three members, a majority of whom are independent directors; and
2. is chaired by an independent director,

and disclose:

3. the charter of the committee;
4. the members of the committee; and
5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

b. if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The People and Remuneration Committee is a standing committee of the nib Board and operates in accordance with the People and Remuneration Committee Charter which is available on our website, nib.com.au.

nib's People and Remuneration Committee is structured so that it consists only of independent Non-Executive Directors, has an independent Chairman and has at least three members.

There are three members of the People and Remuneration Committee: Ms Christine McLoughlin (Committee Chairman), Ms Lee Ausburn and Mr Philip Gardner.

Details of the skills, experience and expertise of the People and Remuneration Committee members is set out on pages 15 to 17 of the Annual Report.

The People and Remuneration Committee held five meetings in FY15. The individual attendance of directors is detailed on page 17 of the Annual Report.

8.2 Disclosure of Executive and Non-Executive Director remuneration policy

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

nib clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

The People and Remuneration Committee reviews remuneration of senior executives and Non-Executive Directors every year. Every second year, the Committee engages an independent remuneration consultant in relation to executive remuneration and market rates to assist it in making recommendations to the Board for nib's remuneration practices and the structure of Non-Executive Directors' remuneration and the remuneration of senior executives.

The remuneration of senior executives (who are key management personnel), including the Chief Executive Officer/Managing Director, have the following remuneration components:

- base salary;
- statutory entitlements (including superannuation and long service leave, as applicable);
- a short-term incentive (subject to performance thresholds); and
- a long-term incentive (subject to performance thresholds).

Further information in relation to nib's remuneration policies and practices for senior executives and Non-Executive Directors is provided as part of the Remuneration Report (pages 21 to 43 of the Annual Report).

Remuneration for Non-Executive Directors is fixed. Board and Committee fee rates are reviewed by the People and Remuneration Committee and approved by the Board. The total annual remuneration paid to Non-Executive Directors must not exceed the fee pool set by shareholders at the AGM. The current maximum annual remuneration was set at \$1.5 million per annum by shareholders in October 2013 (effective from 1 January 2014). Further information in relation to nib's remuneration practices for Non-Executive Directors is provided as part of the Remuneration Report (pages 39 to 41 of the Annual Report).

8.3 Policy on hedging equity incentive schemes

A listed entity which has an equity-based remuneration scheme should:

- a. have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and
- b. disclose that policy or a summary of it.

nib's Trading Policy prohibits key management personnel from:

- dealing in financial products designed to track, hedge or in any other way take a position associated with the future value of nib shares, including options, warrants, futures or other financial products issued over nib shares by third parties such as banks and other institutions; and
- entering into transactions in products associated with nib Securities which operate to limit the economic risk of their shareholding in nib (e.g. hedging arrangements). This extends to any hedging arrangements or other such transactions in respect of rights under a Plan.

The following documents are available from our website, nib.com.au:

- People and Remuneration Committee Charter.
- nib Trading Policy.

nib complies with Recommendations 8.1, 8.2 and 8.3.

Date 21 August 2015

Approved by the Board of nib holdings limited.

