



# **Audit Committee Charter**

**nib holdings limited ABN 51 125 633 856 and all related entities within the nib Group (“nib”) or (“the nib Group”)**

Updated as at **29 November 2018**

# Audit Committee Charter

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## 1 Background and Purpose

### 1.1 nib Group

The nib Group (“**nib Group**” or “**nib**”) is comprised of nib holdings limited ABN 51 125 633 856 and its subsidiary companies worldwide.

### 1.2 Board Committees

The Board of nib holdings limited has established the following Board Committees to consider reports provided by Management and provide oversight, recommendations, and guidance to the Board in accordance with the Charter for each Committee. These responsibilities complement each other and collectively provide governance over the material risks of the group.

<b>Committee</b>	<b>Purpose</b>
Audit Committee	Assists and makes recommendations to the Board on: <ul style="list-style-type: none"><li>• nib’s external audit function and the adequacy of nib’s corporate reporting processes;</li><li>• the integrity of nib’s financial statements and other material regulatory documents;</li><li>• the competency, fees, independence and quality of services provided by nib’s Appointed Actuary;</li><li>• nib’s systems and procedures for compliance with applicable legal and regulatory requirements (other than those monitored by the Risk and Reputation Committee);</li><li>• monitoring solvency and compliance with nib’s Capital Management Plan; and</li><li>• the propriety of related party transactions.</li></ul>
Risk and Reputation Committee	Assists and makes recommendations to the Board on: <ul style="list-style-type: none"><li>• nib’s internal audit function, the appropriateness of risk policy, risk management strategy and risk management framework;</li><li>• the effectiveness of nib’s risk management framework;</li><li>• identification and assessment of material risks;</li><li>• nib’s systems and procedures for compliance with applicable legal and regulatory requirements (other than those monitored by the Audit Committee);</li><li>• sustainability initiatives and the social, environmental and ethical impacts of nib’s business practices on nib’s stakeholders including, but not limited to members, employees and community; and</li><li>• recommending standards for social, environmental and ethical practices.</li></ul>

Nomination Committee	Assists and makes recommendations to the Board on: <ul style="list-style-type: none"> <li>• director selection and appointment practices;</li> <li>• director performance evaluation processes and criteria;</li> <li>• Board composition; and</li> <li>• Succession planning for the Board.</li> </ul>
People and Remuneration Committee	Assists and makes recommendations to the Board on: <ul style="list-style-type: none"> <li>• remuneration strategy, policies and practices for the Board, the CEO, senior executives, chairman and non-executive directors.</li> <li>• reviewing the nib Group's compliance with the nib Diversity Policy;</li> <li>• reviewing the human resources strategy, succession planning processes and annual engagement survey;</li> <li>• review the process for instilling the company values and desired culture; and</li> <li>• monitoring employee engagement and culture.</li> </ul>
Investment Committee	Assists and makes recommendations to the Board on: <ul style="list-style-type: none"> <li>• investment strategy and investment risk management;</li> <li>• investment performance and outlook;</li> <li>• compliance with the investment component of nib's Capital Management Plan;</li> <li>• compliance with the gearing component of nib's Capital Management Plan;</li> <li>• external group borrowings; and</li> <li>• compliance with debt covenants.</li> </ul>

### 1.3 Authority

The Audit Committee has the authority and power to exercise the responsibilities set out in this Charter and in accordance with any separate delegations of the Board of nib granted from time to time.

In carrying out its role, the Audit Committee acts as Audit Committee of nib holdings limited and has regard to nib Group related entities as well as the overall requirements of the nib Group.

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## 2 Role of the Committee

The Committee is to assist the Board by providing objective non-executive review of the effectiveness of the Group's financial reporting and making recommendations to the Board on:

- (a) nib's external audit function including:
  - (i) the appointment, removal, remuneration, independence and competence of the nib's external auditors;
  - (ii) the scope and plan for the annual external audit with emphasis on particular areas of risk;

- (iii) management's responses to the external auditor's findings and recommendations;
  - (iv) the rotation of the audit engagement partner;
  - (v) the independence and performance of the external auditor at least annually;
  - (vi) any proposal for the external auditor to provide non-audit services and whether it might compromise the independence of the external auditor; and
  - (vii) a requirement for the external auditors to provide a formal report on the review of the work papers of the Auditors of acquired businesses.
- (b) the adequacy of nib's corporate reporting processes and the integrity of the nib's financial statements and other material regulatory documents including:
- (i) the compliance with relevant financial reporting standards, regulatory financial reporting requirements and ASX listing obligations;
  - (ii) the appropriateness of accounting policies adopted by nib; and
  - (iii) the processes and documentation supporting significant estimates and areas of judgement in financial reports;
- (c) the competency, fees, independence and quality of services provided by nib's Appointed Actuary and a requirement for nib's Appointed Actuary to provide a formal report on the review of the work papers of the Appointed Actuary of acquired businesses where applicable;
- (d) nib's systems and procedures for compliance with applicable legal and regulatory requirements (other than the operational compliance obligations monitored by the Risk and Reputation Committee);
- (e) monitoring solvency and compliance with nib's Capital Management Plan and, to the extent relevant, the Capital Management Plan of any individual entity within the nib Group; and
- (f) the propriety of related party transactions.

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## **3 Membership**

### **3.1 Composition and size**

The Committee will consist of at least three members, and:

- (a) all members must be non-executive directors;
- (b) a majority of members must be independent directors; and
- (c) must include a member of the Risk and Reputation Committee.

The composition of the Committee is determined by the Board.

### **3.2 Chairman**

- (a) The chairman of the Committee is appointed by the Board and must be an independent non-executive director who is not the chairman of the Board.
- (b) Where the Committee chairman is not present at a meeting, the Committee may elect a chairman for the meeting.

### **3.3 Technical expertise**

The Committee must be structured so that at least one member is an accountant or financial professional with experience of financial and accounting matters and some members have an understanding of the industry in which nib operates.

### **3.4 Commitment of Committee members**

Committee members must devote the necessary time and attention for the Committee to carry out its responsibilities.

### **3.5 Secretary**

The company secretary or their nominee is the secretary of the Committee.

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## **4 Committee meetings and processes**

### **4.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in nib's Constitution in so far as they are applicable and not inconsistent with this charter.

The Committee will meet at least quarterly, or more often as appropriate to undertake its role effectively.

The chairman must call a meeting of the Committee if requested by any member of the Committee, the external auditor, the appointed actuary, internal auditor or the chairman of the Board.

The external auditor and appointed actuary must be invited to every meeting of the audit committee.

### **4.2 Quorum**

Two directors constitute a quorum for meetings of the Committee.

### **4.3 Access to information and advisors**

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information or advice that the Committee requires;
- (b) access nib's documents and records, and any information that the Committee deems appropriate for the performance of its functions;
- (c) at the expense of nib, obtain the advice of special or independent counsel, accountants or other experts; and
- (d) access management, internal and external auditors and the appointed actuary.

#### **4.4 Minutes**

The secretary will keep minute books to record the proceedings and resolutions of the Committee's meetings.

#### **4.5 Reporting to the Board**

The Committee will:

- (a) make available copies of its minutes to the Board;
- (b) through the Committee chairman, provide updates and make recommendations to the Board on matters that are within the scope of its roles and responsibilities; and
- (c) promptly bring to the Board's attention any material matters that may impact the financial condition or affairs of nib.

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### **5 Committee's performance evaluation**

The Committee will review its performance annually, including whether it is performing effectively and has met the terms of its charter. The Committee will provide a report on the outcomes of this review to the Board.

The performance evaluation will have regard to the extent to which the Committee has met its responsibilities in terms of this charter.

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### **6 Review and publication of charter**

The Board will review this charter at least annually to ensure it remains relevant to the current needs of nib and regulatory requirements and whenever there are significant changes to the operations, scale, or management structure of nib. The charter may be amended by resolution of the Board.

The charter is available on the nib website at [www.nib.com.au](http://www.nib.com.au).

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### **7 Access and attendance**

#### **7.1 Access**

The Committee will have unfettered access to the following:

- (a) the Chief Executive Officer;
- (b) Senior Management;
- (c) those persons responsible for the following functions:
  - (i) the Chief Risk Officer
  - (ii) the General Counsel/ Chief Legal Officer;
  - (iii) the internal auditor;
  - (iv) the appointed actuary; and
  - (v) the external auditor.

Any Committee member that wishes to have access to any of the above persons will arrange that access through the chairman of the Committee.

## **7.2 Attendance**

The following persons are invited to attend each meeting of the Committee, except for non-executive director sessions unless invited by the Committee, and to have unfettered access to the Committee (usually via the chairman):

- (a) the Chief Executive Officer;
- (b) the Chief Financial Officer;
- (c) any other executives as invited from time to time by chairman; and
- (d) those persons listed in paragraph 7.1(c) above.

**Approved by the Board with effect on 29 November 2018**