

# **People and Remuneration Committee Charter**

**nib holdings limited ABN 51125 633 856 and all related  
entities within the nib Group ("nib") or ("the nib Group")**

Updated as at **27 February 2018**

# People and Remuneration 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 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>• the social, environmental and ethical impacts of nib’s business practices and recommending standards for social, environmental and ethical practices; and</li><li>• nib’s Environmental, Social, Governance (ESG) recommendations and reporting.</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	<p>Assists and makes recommendations to the Board on:</p> <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, engagement survey; and</li> <li>• monitoring employee engagement and culture.</li> </ul>
Investment Committee	<p>Assists and makes recommendations to the Board on:</p> <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;</li> <li>• compliance with debt covenants; and</li> <li>• undertaking special projects delegated by the Board.</li> </ul>

### 1.3 Authority

The People and Remuneration 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 People and Remuneration Committee acts as People and Remuneration Committee of nib holdings limited and all related entities within the nib Group, and must have regard to the individual requirements of each entity as well as the overall requirements of the nib Group.

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## 2 Role of the Committee

### 2.1 Remuneration

The Committee reviews, advises and makes recommendations to the Board on remuneration strategy, policies and practices for the Board, the chief executive officer ("**CEO**"), the chief financial officer ("**CFO**"), senior executives and other employees. These policies and practices are designed to:

- (a) enable nib to attract, retain and motivate directors, executives and employees who will create value for shareholders;
- (b) be fair and appropriate having regard to the performance and behaviour of nib and the relevant director, executive or employee; and
- (c) comply with relevant legal requirements.

## **2.2 Diversity**

The Committee also assists the Board to review the nib Group's compliance with the nib Diversity Policy and reviews, advises and makes recommendations to the Board on any changes it considers should be made to that policy.

The Committee is committed to achieving objectives for diversity including characteristics or factors such as religion, race, ethnicity, language, gender, sexual orientation and gender identity, marital or family status, disability, age or any other area of potential difference.

## **2.3 Human Resources**

The Committee also assists the Board in reviewing the human resources strategy, succession planning processes and processes to monitor and strengthen employee engagement.

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# **3 Remuneration responsibilities**

## **3.1 General**

The responsibilities of the Committee include:

- (a) Conducting regular reviews and making recommendations to the Board on the Remuneration policy;
- (b) Making annual recommendations to the Board on the total remuneration packages of the Board, CEO, CFO and senior executives;
- (c) Conducting regular reviews and making recommendations to the Board on nib's recruitment, retention and termination policies for the CEO and senior executives and any changes to those policies;
- (d) Conducting regular reviews and making recommendations to the Board on incentive schemes, if appropriate, for the CEO and senior executives; and
- (e) Conducting regular reviews and making recommendations to the Board on equity based plans, if appropriate, for the CEO, senior executives and other employees.

## **3.2 Incentive schemes and equity based remuneration**

For any incentive schemes or equity based plans which are adopted, the Committee is responsible for (and where appropriate, making recommendations to the Board on matters relating to the following):

- (a) reviewing their terms (including any performance hurdles for equity based plans);
- (b) overseeing their administration;
- (c) considering whether shareholder approval is required for the

schemes or plans and for any changes to them; and

- (d) ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval.

### **3.3 Structure of remuneration**

In fulfilling these responsibilities, the Committee will ensure that

- (a) a clear distinction is maintained between the structure of non-executive directors' remuneration and that of executives; and
- (b) a proportion of executive directors' remuneration is structured in a manner designed to link rewards to corporate and individual

### **3.4 Reporting**

The Committee will:

- (a) liaise with the Audit Committee in relation to nib's remuneration related reporting in the financial statements and remuneration report required by the Corporations Act ; and
- (b) oversee the preparation of the Remuneration Report for inclusion in the financial statements and make recommendations to the Board on the Remuneration Report.

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## **4 Diversity reporting responsibilities**

To assist the Board to meet its obligations in relation to diversity the Committee is responsible for reviewing and reporting and where appropriate, making recommendations to the Board on:

- (a) the progress made towards the nib Group achieving the measurable objectives for diversity adopted by the nib Board and any changes to be made to the measurable objectives; and
- (b) the relative proportion of women and men in the workforce for all entities and at all levels within the nib Group each year.

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## **5 People Strategies**

- (a) The Committee will review human resources strategy and specific matters related to human resources as requested from time to time by the Board.
- (b) The Committee will oversee and make recommendations to the Board on the succession planning frameworks and processes for the CEO, executives who report directly to the CEO and other selected nib executives who are in roles that are critical for the success of nibs business.
- (c) The Committee will review progress of management succession, talent leadership development programs for executives and other selected senior roles.
- (d) The Committee will review the engagement survey results and related initiatives undertaken by management.

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## **6 Delegation**

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate for the administration of director, senior executive and employee share, option or other plans, to the senior executive.

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## **7 Membership**

### **7.1 Composition and size**

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

- (a) all members must be non-executive directors; and
- (b) a majority of members must be independent directors.

### **7.2 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.

### **7.3 Commitment of Committee members**

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

### **7.4 Secretary**

The Company Secretary or their nominee is the secretary of the Committee.

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## **8 Committee meetings and process**

### **8.1 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.

### **8.2 Frequency and calling of meetings**

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 internal auditor or the chairman of the Board.

### **8.3 Quorum**

Two directors constitute a quorum for meetings of the Committee.

### **8.4 Access to information and advisors**

The Committee has the authority to:

- (a) require management or others to attend meetings and to provide any information, documents, 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.

## **8.5 Conflicts**

No member of the Committee will participate in the determination of their own remuneration.

## **8.6 Minutes**

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

## **8.7 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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## **9 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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## **10 Review and publication of the 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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## **11 Access and attendance**

### **11.1 Access**

The Committee will have unfettered access to the following:

- (a) the Chief Executive Officer;
- (b) the Chief Financial Officer;
- (c) the Chief Risk Officer;
- (d) the Group Executive, People and Culture;
- (e) senior management; and
- (f) those persons responsible for the following functions:
  - o Remuneration
  - o Diversity
  - o Human Resources

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

## **11.2 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 Group Executive, People and Culture; and
- (c) any other executives as invited from time to time by chairman.

**Approved by the Board with effect on 27 February 2018**