



# **Risk and Reputation 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 **26 November 2021**

# Risk and Reputation 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 and External Auditor;</li><li>• nib’s systems and procedures for compliance with applicable financial reporting standards, regulatory financial reporting requirements and ASX listing obligations;</li><li>• nib’s tax governance and tax risk management;</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 financial reporting standards, regulatory financial reporting requirements and ASX listing obligations monitored by the Audit Committee);</li><li>• sustainability initiatives and the social, environmental and ethical impacts of nib’s business practices on nib 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;</li> <li>• reviewing the nib Diversity and Inclusion Policy;</li> <li>• reviewing the People and Culture strategy and succession planning processes;</li> <li>• reviewing the company values and the inculcation of those values throughout the organisation; 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>• ensuring investments are aligned with nib's Sustainability Principles;</li> <li>• external group borrowings; and</li> <li>• compliance with debt covenants.</li> </ul>

### 1.3 Authority

The Risk and Reputation 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 to it from time to time.

In carrying out its role the Risk and Reputation Committee acts as Risk and Reputation Committee of nib holdings limited and assists the Board and nib Group related entities in establishing and having oversight of nib's risk management policies and practices.

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## 2 Role of the Committee

### 2.1 Risk and Compliance Framework

2.1.1 The Committee will provide oversight of the implementation, effectiveness and adequacy of nib's risk and compliance frameworks, including:

- a) reviewing, approving and/or recommending for approval key risk management documents in accordance with Annexure A;
- b) forming a view of nib's risk culture, and the extent to which that culture supports the ability of the institution to operate consistently within its risk appetite, identify any desirable changes to the risk culture and ensures nib takes steps to address those changes;

- c) monitoring exposure to and the management of material current and emerging risks, and performance within risk appetite;
- d) monitoring the effectiveness of operational structures in place to manage risk and the adequacy of resources which are dedicated to risk management;
- e) monitoring the effectiveness of, and understand the uncertainties, limitations and assumptions used within, key risk and compliance management policies, procedures and systems;
- f) monitoring the effectiveness of the internal control environment;
- g) monitoring engagement, and overall health of the relationships, with nib's regulators;
- h) monitoring the assessment of, and response to, material risk and compliance incidents; and
- i) overseeing nib's insurance program, having regard to the nib's business and the insurable risks associated with its business.

## **2.2 Risk, Compliance and Internal Audit Functions**

2.2.1 The Committee will oversee the establishment of effective risk, compliance and internal audit functions, including:

- a) nib's internal audit function:
  - i. ensuring that the internal audit function is adequately skilled, competent, independent, and resourced for the size, scale and complexity of nib's business;
  - ii. reviewing the performance and effectiveness of the internal audit function;
  - iii. approving the scope of the annual internal audit plan, and regularly reviewing the plan to ensure that it covers, in conjunction with the external audit plan, all material risks and issues;
  - iv. monitoring of significant outcome, findings and management's responses to ensure issues are addressed in an appropriate and timely manner.
- b) nib's risk and compliance function/s and roles:
  - i. oversight of the appointment and removal of the Chief Risk Officer;
  - ii. ensuring that the risk and compliance function is adequately skilled, competent, operationally independent, has necessary authority and reporting lines, and suitably resourced for the size, business mix and complexity of nib's business;
  - iii. reviewing the performance and effectiveness of the risk and compliance function and roles.

## **2.3 Social, Environmental and Ethical Framework**

The Committee will provide oversight of the implementation, effectiveness and adequacy of nib's Environmental, Social, Governance (ESG) recommendations framework and reporting. The Committee may refer matters under the ESG that are not within the purpose of the Committee, and on occasion other relevant matters, to be referred to other Committees.

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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 Audit 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 Commitment of Committee members**

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

#### **3.4 Secretary**

The company secretary and his/her 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.

### **4.2 Frequency and calling of meetings**

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

### **4.3 Quorum**

Two directors constitute a quorum for meetings of the Committee.

### **4.4 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.

#### **4.5 Minutes**

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

#### **4.6 Reporting to the Board**

The Committee will:

- a) Make available copies of its minutes to the Board;
- b) Through its Chair, 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.

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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 to be made 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) Managing Director/Chief Executive Officer;
- b) Senior Management;
- c) Those persons responsible for the following functions:
  - i. The Chief Risk Officer
  - ii. The General Counsel/Group Executive Legal;
  - iii. The Internal Auditor;
  - iv. The Appointed Actuary; and
  - v. The External Auditor.

- d) 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 the 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 Managing Director/Chief Executive Officer;
- b) The Group Chief Financial Officer;
- c) The Group Executive Legal and Chief Risk Officer;
- d) any other executives as invited from time to time by chairman; and
- e) those persons listed in paragraph 7.1(c) above.

**Approved by the Board on 26 November 2021**

# Risk and Reputation Committee Charter

## Annexure A Risk and Compliance Management Framework Documentation

The Committee is responsible for the oversight of the effectiveness of nib's risk and compliance framework, which is underpinned by a number of documents that provide direction as to how its core risk and compliance framework operates. These include the documents in the table below, which also indicates:

- which governance body within nib is responsible to approve the document;
- which governance body or management role within nib is required to review and recommend the document to the Approver, and
- which management role is responsible to ensure the requirements of the document are effected at a Group level, and initiating any periodic or required changes to the document.

Document	Purpose	Management Ownership	Reviewed and recommended for Approval by	Approved by
Internal Audit Policy	Sets out the mandate for internal audit to establish a plan of reviews and implement this plan.	Chief Risk Officer	Risk and Reputation Committee	Board
Business Plan	Sets out the approach for the implementation of nib's strategic objectives.	Chief Executive Officer	Chief Executive Officer	Board
Risk Appetite Statement (RAS)	Sets out the degree of risk nib is prepared to accept in pursuit of its strategic objectives and business plan	Chief Executive Officer	Risk and Reputation Committee	Board
Risk Management Strategy (RMS)	Sets out the strategy for managing risk and the key elements of the risk management framework that give effect to this strategy	Chief Risk Officer	Risk and Reputation Committee	Board
Compliance Management Framework (CMF)	Sets out the strategy for managing legal, compliance and policy obligations.	Chief Risk Officer	Risk and Reputation Committee	Board
Incident Reporting Procedure	Details the process for assessing and reporting incidents.	Chief Risk Officer	Risk and Reputation Committee	Board
Policy Governance Framework and relevant Policies	Sets out the approach to managing policies within the Group. Each policy sets out key controls to be adopted by the group as a minimum standard.	Chief Risk Officer	Risk and Reputation Committee	Board
Risk Attestation and Declaration Procedure	Sets out the requirements and process for the Board's submission of a Risk Management Declaration to APRA.	Chief Risk Officer	Risk and Reputation Committee	Board
Risk and Control Self-Assessment Procedure	Sets out the process for identification, categorisation and assessment of risks including method for control self-assessment.	Chief Risk Officer	Risk and Reputation Committee	Board
Scenario Analysis and Stress Testing Procedure	Sets out the procedure that applies to conducting scenario analysis and /or stress testing	Chief Financial Officer	Risk and Reputation Committee	Board
Recovery Plan	Sets out mitigation strategies to maximise nib's ability to protect its policyholders interests in certain 'severe stress' scenarios/factors.	Chief Financial Officer	Risk and Reputation Committee and Audit Committee	Board