

The nib logo consists of the lowercase letters 'nib' in a white, bold, sans-serif font, set against a solid green square background.The nhf asx 2007-2017 logo features the lowercase letters 'nhf' in a dark blue, bold, sans-serif font, with 'asx' in a green, bold, sans-serif font below it. Underneath 'asx' is the text '2007-2017' in a smaller, dark blue, sans-serif font. The entire logo is set against a white background.

## **NOTICE OF MEETING 2017**

Celebrating 10 years on the  
Australian Securities Exchange

Date: Wednesday, 1 November 2017  
Time: 11.00am (AEDT)  
Venue: The Westin  
1 Martin Place, Sydney NSW 2000



## FROM THE CHAIRMAN

Dear Shareholder,

I am pleased to invite you to attend the 2017 nib Annual General Meeting (AGM).

The AGM will be held at The Westin, 1 Martin Place, Sydney on Wednesday, 1 November 2017, commencing at 11.00am (AEDT). The AGM will be webcast from this time at [nib.com.au/shareholders](http://nib.com.au/shareholders) and can be viewed live or as a recording following the AGM.

The following Notice of Meeting contains details on the items of business for the AGM, as well as explanatory notes and voting procedures.

If you are unable to attend the AGM in person you may lodge your proxy form electronically at [investorvote.com.au](http://investorvote.com.au) or complete and return the enclosed proxy form in the reply paid envelope provided.

Shareholders can also submit written questions in advance of the AGM. A shareholder question form is enclosed and this can be returned with your proxy form in the reply paid envelope provided. Questions can also be submitted online at [investorvote.com.au](http://investorvote.com.au).

Further information including a map and transport options for attending the AGM is located on the back cover of this Notice of Meeting.

We look forward to seeing you at the AGM.

Yours sincerely,

**STEVE CRANE**

Chairman

# Notice is given that the 2017 Annual General Meeting (“AGM”) of nib holdings limited (ACN 125 633 856) (“nib” or “Company”) will be held:

**DATE:** WEDNESDAY, 1 NOVEMBER 2017  
**TIME:** 11.00AM (AEDT)  
**VENUE:** THE WESTIN  
1 MARTIN PLACE, SYDNEY NSW 2000

## ITEMS OF BUSINESS

### ORDINARY BUSINESS

#### 1. Consideration of Reports

To receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of nib and the entities it controlled (also known as the Group) for the financial year ended 30 June 2017.

Shareholders will be able to ask questions about, or comment on the reports, management and audit of the Group.

*There is no vote on this Item.*

#### 2. Remuneration Report

To consider and, if thought appropriate, pass the following as an advisory ordinary resolution:

“That the Remuneration Report of the Company for the financial year ended 30 June 2017 (set out in the Directors' Report) is adopted.”

Under the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

#### 3. Re-election of Ms Lee Ausburn

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That Ms Lee Ausburn be re-elected as a Non-Executive Director of the Company.”

#### 4. Re-election of Ms Christine McLoughlin

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That Ms Christine McLoughlin be re-elected as a Non-Executive Director of the Company.”

#### 5. Election of Ms Anne Loveridge

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That Ms Anne Loveridge be elected as a Non-Executive Director of the Company.”

### SPECIAL BUSINESS

#### 6. Approval of participation in Long-Term Incentive Plan

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.14 and for all other purposes the following is approved:

- participation in the nib Long-Term Incentive Plan (LTIP) by Mr Mark Fitzgibbon, Managing Director/Chief Executive Officer;
- acquisition accordingly by Mr Fitzgibbon of Performance Rights and in consequence of the vesting of those Performance Rights, of ordinary shares of the Company; and
- the provision of benefits to Mr Fitzgibbon under the LTIP, for the year commencing 1 July 2017,

in accordance with the terms of the LTIP (as approved by the Board, and amended from time to time by the Board) and on the basis described in the Explanatory Notes to this Notice of Meeting.”

#### 7. Approval to increase aggregate fee pool for Non-Executive Directors

To consider and, if thought appropriate, pass the following as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.17, nib's constitution and for all other purposes, the aggregate amount of fees that may be paid to Non-Executive Directors as a whole be increased from A\$1,500,000 to A\$1,900,000 per annum (an increase of A\$400,000), effective from 1 January 2018.”

#### 8. Amendments to nib's constitution

To consider and if thought appropriate, pass the following resolution as a special resolution:

“That the constitution of nib be amended as set out in the document tabled at the Annual General Meeting and described in the Explanatory Notes.”

## ITEMS OF BUSINESS continued

### VOTING EXCLUSION STATEMENTS

#### Item 2

For the purposes of sections 250R(2) and 250BD(1) of the Corporations Act 2001 (Cth):

1. subject to paragraph 2, a vote must not be cast (in any capacity) on the resolution in Item 2 by or on behalf of a member of the Company's key management personnel (including the Directors) (KMP), details of whose remuneration are included in the Remuneration Report or their closely related parties, whether as a shareholder or as a proxy except that a vote may be cast on the resolution in Item 2 by a KMP, or a closely related party of a KMP if:
  - the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on the resolution in Item 2; and
  - the vote is not cast on behalf of a KMP or a closely related party of a KMP.
2. if you appoint the Chairman of the AGM as your proxy, and you do not direct your proxy how to vote on the resolution in Item 2 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy even if the resolution in Item 2 is connected directly or indirectly with the remuneration of a KMP of the Group, which includes the Chairman of the AGM.

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of the resolution in Item 2.

#### Item 6

For the purposes of section 250BD(1) of the Corporations Act 2001 (Cth):

1. a vote must not be cast on the resolution in Item 6 by a KMP, or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on the resolution in Item 6. However, this voting exclusion does not apply if the KMP is the Chairman of the AGM acting as proxy and their appointment expressly authorises the Chairman of the AGM to exercise the proxy even if the resolution in Item 6 is connected directly or indirectly with the remuneration of a member of the KMP of the Group; and
2. if you appoint the Chairman of the AGM as your proxy, and you do not direct your proxy how to vote on the resolution in Item 6 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy even if the resolution in Item 6 is connected directly or indirectly with the remuneration of a member of the KMP of the Group, which includes the Chairman of the AGM.

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of the resolution in Item 6.

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast on the resolution in Item 6 by:

- any Director of nib who is eligible to participate in the LTIP; and
- an associate of any Director of nib who is eligible to participate in the LTIP.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

#### Item 7

For the purposes of section 250BD(1) of the Corporations Act 2001 (Cth):

1. a vote must not be cast on the resolution in Item 7 by a KMP or a closely related party of a KMP, acting as proxy, if their appointment does not specify the way the proxy is to vote on the resolution in Item 7. However this voting exclusion does not apply if the KMP is the Chairman of the AGM acting as proxy and their appointment expressly authorises the Chairman of the AGM to exercise the proxy even if the resolution in Item 7 is connected directly or indirectly with the remuneration of a member of the KMP; and
2. if you appoint the Chairman of the AGM as your proxy, and you do not direct your proxy how to vote on the resolution in Item 7 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy even if the resolution in Item 7 is connected directly or indirectly with the remuneration of a member of the KMP, which includes the Chairman of the AGM.

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of the resolution in Item 7.

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast on the resolution in Item 7 by:

- a Director of nib; and
- an associate of that Director of nib.

However, nib need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated: [Date to be inserted when finalised]

By Order of the Board



Roslyn Toms  
Company Secretary

## Notes

1. A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Shareholders can appoint a body corporate as well as an individual as their proxy. A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at general meetings of nib or in the capacity of a shareholder's proxy at general meetings of nib. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a general meeting or in voting on a resolution.
2. A shareholder who appoints two proxies may state on the proxy form what proportion or number of the shareholder's votes each proxy is being appointed to exercise. If a shareholder appoints two proxies and does not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half the shareholder's votes.
3. If a shareholder has appointed two proxies, when a resolution is decided on a show of hands, only the first person named on the proxy form may vote. If two proxy forms have been completed, the person whose name is earlier in alphabetical sequence may vote.
4. A proxy need not be a shareholder of nib.
5. Either the original, facsimile or electronic transmission of the proxy form(s) and any Power of Attorney or authority under which they are signed must be received at least 48 hours prior to the AGM (i.e. by no later than 11.00am (AEDT) on Monday, 30 October 2017,) or any adjournment. Any proxy form received after this deadline, including at the AGM, will be invalid.
6. A proxy form accompanies this Notice of Meeting.
7. Additional proxy forms will be supplied by the nib share registry on request.
8. An electronic proxy facility is also available to shareholders via the nib shareholder website – [nib.com.au/shareholders](http://nib.com.au/shareholders)
9. If a corporate representative is to attend the AGM on behalf of a corporation, a formal Notice of Appointment must be brought to the AGM or lodged with the share registry prior to the AGM.
10. In accordance with Regulation 7.11.37 of the Corporations Regulations (Cth) and ASX Settlement Operating Rule 5.6.1, the Board has determined that a person's entitlement to vote at the AGM will be the entitlement of that person set out in the register of shareholders as at 7.00pm (AEDT) on 30 October 2017. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitled to attend and vote at the AGM.
11. If you wish a question to be put to the Chairman or Auditor and you are not able to attend the AGM, please complete the question form which is included with this Notice of Meeting.
12. Either the original or facsimile transmission of the question form must be received at least five business days prior to the AGM (by no later than 5.00pm on 25 October 2017 or any adjournment). This is to allow time to collate questions and to prepare answers.
13. If the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:
  - the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
  - if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
  - if the proxy is not the Chairman of the AGM, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
  - if the proxy is the Chairman of the AGM, the proxy must vote on a poll and must vote as directed.
14. There are now some circumstances where the Chairman of the AGM will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman of the AGM as their proxy. This will be the case where:
  - the appointment of the proxy specifies the way the proxy is to vote on a particular resolution;
  - the Chairman of the AGM is not named as the proxy;
  - a poll has been called on the resolution; and
  - either of the following applies:
    - the proxy is not recorded as attending the AGM; or
    - the proxy attends the AGM but does not vote on the resolution.

Shareholders should consider directing their proxy how to vote on each resolution by crossing either the "For", "Against", or "Abstain" box when lodging their proxy form to ensure that their proxy is permitted to vote on their behalf in accordance with their instructions.

# EXPLANATORY NOTES

on the business to be transacted at the nib AGM

## ORDINARY BUSINESS

### 1. Consideration of Reports

Section 317(1) of the Corporations Act 2001 (Cth) ("Corporations Act") requires a public company to lay before its annual general meeting the Financial Report, the Directors' Report and the Auditor's Report for the company for the financial year that ended before the annual general meeting.

Shareholders will be able to consider, comment on and ask questions of the Directors and the Auditor of the Company about the management of the Company, the conduct of the audit, and the preparation and contents of the financial statements and reports of the Company for the financial year ended 30 June 2017.

### 2. Remuneration Report

The Corporations Act requires listed companies to put a remuneration report relating to Director and Executive remuneration for each financial year to a resolution of members at each annual general meeting. The Remuneration Report for the Group for the financial year ended 30 June 2017 is set out on pages 24 to 40 of the Company's Annual Report and is also available on the Company's website [nib.com.au/shareholders](http://nib.com.au/shareholders).

Under section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders will be able to ask questions about, and make comments on, the Remuneration Report at the AGM.

The Directors unanimously recommend that shareholders vote in favour of this ordinary resolution to adopt the Remuneration Report.

### 3. Re-election of Ms Lee Ausburn



In accordance with the ASX Listing Rules and nib's constitution (Constitution), Ms Lee Ausburn retires from office at the AGM and, being eligible for re-election, offers herself for re-election as a Non-Executive Director.

Lee was appointed to the Board of nib holdings limited in November 2013. She is also a Director of nib health funds limited.

Lee is Chairman of the People and Remuneration Committee and a member of the Risk and Reputation Committee and Nomination Committee.

With more than 30 years' experience in the pharmaceuticals industry, Lee has a wealth of knowledge in the global health industry. She is currently a Director of Australian Pharmaceutical Industries Ltd and SomnoMed Ltd. She is also the President of the Pharmacy Foundation at the University of Sydney.

Lee retires in accordance with the ASX Listing Rules and the Constitution and, being eligible, offers herself for re-election as a Non-Executive Director.

The Board (with Ms Lee Ausburn abstaining and not voting) supports the re-election of Ms Lee Ausburn and recommends that you vote in favour of this ordinary resolution.

### 4. Re-election of Ms Christine McLoughlin



In accordance with the ASX Listing Rules and the Constitution, Ms Christine McLoughlin retires from office at the AGM and, being eligible for re-election, offers herself for re-election as a Non-Executive Director.

Christine was appointed to the Board of nib holdings limited in March 2011. She is also a Director of nib health funds limited.

Christine is Chairman of the Risk and Reputation Committee and a member of the Audit and Nomination Committees. She was the former Chairman of the People and Remuneration Committee.

Christine is a professional Non-Executive Director. Prior to becoming a professional director she had a range of executive roles in the financial services, telecommunications and professional services sectors. Her work in leading companies with iconic brands included leadership roles spanning Australia, UK and South East Asia.

Christine is also a Non-Executive Director of Suncorp Group Limited, Whitehaven Coal Limited and Spark Infrastructure Group. She is also the Chairman of Venues NSW Ltd and a member of ASIC's Director Advisory Panel.

Christine retires in accordance with the ASX Listing Rules and the Constitution and, being eligible, offers herself for re-election as a Non-Executive Director.

The Board (with Ms Christine McLoughlin abstaining and not voting) supports the re-election of Ms Christine McLoughlin and recommends that you vote in favour of this ordinary resolution.

### 5. Election of Ms Anne Loveridge



Ms Anne Loveridge was appointed by the Board as an Independent Non-Executive Director of nib holdings limited in February 2017 pursuant to the Constitution, which allows the Board to appoint a Director to fill a casual vacancy or to appoint a Director as an additional Director to the Board.

Anne retires in accordance with the Constitution and, being eligible, offers herself for election as an Independent Non-Executive Director. Anne is also a Director of nib health funds limited.

Anne is a highly experienced Non-Executive Director with extensive knowledge of financial and regulatory reporting, risk management and compliance frameworks.

She is currently a Non-Executive Director of Platinum Asset Management, a Non-Executive Director of National Australia Bank Limited (Chairman – Remuneration Committee and immediate past Chairman – Audit Committee) and Chairman of Bell Shakespeare. She is also a Member of the Nominations Committee for the International Federation of Accountants.

Anne brings over 30 years' experience in financial services and regulatory reporting to the nib Board. She has held senior positions with PricewaterhouseCoopers (Australia) for almost two decades and was Deputy Chairman from 2012 to 2015. Anne is also a Fellow of the Chartered Accountants Australia and New Zealand.

The Board (with Ms Anne Loveridge abstaining and not voting) supports the election of Ms Anne Loveridge and recommends that you vote in favour of this ordinary resolution.

## SPECIAL BUSINESS

### 6. Approval of participation in Long-Term Incentive Plan

#### Approval Sought

nib seeks shareholder approval for Mr Mark Fitzgibbon, Managing Director & CEO, to participate in the LTIP via a grant of Performance Rights from July 2017 (with a four-year vesting period).

#### Background

The LTIP forms part of nib's remuneration strategy. The LTIP is designed to align the interests of Executives and shareholders and to assist nib in the attraction, motivation and retention of Executives. In particular, the LTIP provides Executives with an incentive for future performance, thereby encouraging those Executives to remain with and contribute to the future performance of nib.

Under the LTIP, eligible persons participating in the LTIP may be granted performance rights on terms and conditions determined by the Board from time to time (Performance Rights). A Performance Right is a right to acquire a share in nib, subject to the satisfaction of applicable vesting conditions including the achievement of Board-determined performance hurdles.

In 2008, nib adopted the LTIP and the LTIP Rules (LTIP Rules). The LTIP Rules were most recently amended in April 2017. A summary of the LTIP Rules, which apply to Performance Rights granted to Mr Fitzgibbon and others from July 2017, is set out in the Schedule to these Explanatory Notes.

#### Overview of awards to Mr Mark Fitzgibbon

Performance Rights are awarded to Mr Mark Fitzgibbon (Managing Director & CEO) on an annual basis at the discretion of the Board (and subject to any required shareholder approvals). The Performance Rights for each annual award are granted in two tranches of equal value.

The Performance Rights proposed to be issued will have a four-year performance period (from 1 July 2017 to 30 June 2021) (Performance Period).

#### Vesting conditions

The Performance Rights will vest in accordance with the achievement of the following vesting conditions:

Vesting Condition 1	Vesting Condition 2
50% of the Performance Rights ("Tranche 1")	50% of the Performance Rights ("Tranche 2")
Total Shareholder Return targets (TSR) for the relevant Performance Period are met (TSR Hurdle)	Earnings per Share growth targets (EPS) for the relevant Performance Period are met (EPS Hurdle)

The TSR Hurdle and the EPS Hurdle have been chosen by the Board to focus management attention on four-year strategic and financial objectives, as well as shareholder alignment.

#### TSR Hurdle

The TSR Hurdle measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for the Tranche 1 Performance Rights to vest, the TSR of nib is compared to companies in the S&P/ASX 200 (which nib forms part of) as at the commencement of the relevant Performance Period. For the purpose of calculating the TSR measurement, the security prices (plus cash distributions notionally reinvested in securities) of each comparator company in the S&P/ASX 200 and of nib will be averaged over the 20 consecutive ASX trading days preceding the start date and end date of the relevant Performance Period.

The percentage of Tranche 1 Performance Rights that vest will be as follows:

nib's TSR performance compared to the relevant peer group	Percentage of Tranche 1 Performance Rights to vest
<50th percentile	No vesting
≥50th percentile to 74th percentile	Pro-rata straight line vesting between 50% and 74%
≥75th percentile	100% vesting

#### EPS Hurdle

The principle used in setting the EPS Hurdle is to use the prior financial year's EPS as a base and apply a range of compound annual growth rates in EPS from 3.0% to 9.0%, which in turn determines the percentage of Tranche 2 Performance Rights that will vest on 1 September 2021 following the end of the relevant Performance Period, depending on the compound annual growth rate in EPS achieved. The EPS targets have been determined with reference to the macro-economic environment, relevant benchmarks and nib's strategy over the measurement period. No Performance Rights will vest if the compound annual growth rate is below 3.0%.

The EPS Hurdle base for the Performance Period is 27.2 cents per share, being nib's 2017 financial year earnings per share, which is calculated based on net profit after tax of \$120.2 million.

# EXPLANATORY NOTES continued

on the business to be transacted at the nib AGM

The EPS Hurdle for the Performance Period will be determined in accordance with the principles set out in the table below (with the Board setting the EPS hurdles annually):

Percentage of Performance Rights vesting	EPS Hurdle
100%	Compound annual growth rate of 9.0% (equates to EPS of \$0.384 in the financial year ending 30 June 2021)
75%	Compound annual growth rate of 7.0% (equates to EPS of \$0.357 in the financial year ending 30 June 2021)
50%	Compound annual growth rate of 5.0% (equates to EPS of \$0.331 in the financial year ending 30 June 2021)
25%	Compound annual growth rate of 3.0% (equates to EPS of \$0.306 in the financial year ending 30 June 2021)
0%	Nil

Notes:

- For the purpose of calculation, 25% and 50% will be discrete thresholds (e.g. performance will be assessed at 25% for EPS greater than or equal to \$0.306 but less than \$0.331, with performance above the 50% entitlement calculated on a pro rata basis to a maximum entitlement of 100%).

The EPS Hurdle will be tested as at 30 June 2021 and the percentage of Performance Rights that will vest on 1 September 2021 will be calculated in accordance with the criteria set out in these Explanatory Notes.

## Number of Performance Rights

The number of Performance Rights to be granted to the Managing Director & CEO for the financial year commencing 1 July 2017 is calculated as follows:

$$\frac{125\% \times \text{TFR}}{\text{Strike Price}}$$

TFR = the Managing Director's total fixed remuneration for the relevant financial year (being base salary plus superannuation).

Strike Price = Volume weighted average price (VWAP) for nib shares for the first 10 trading days following the announcement of the full year financial results for the financial year ended 30 June 2017, which is \$5.8615.

If approved by shareholders, the number of Performance Rights to be granted to Mr Fitzgibbon for the financial year commencing 1 July 2017 is calculated as follows:

$$\frac{125\% \times \$1,042,400}{\$5.8615} = 222,298 \text{ Performance Rights}$$

## Delivery of Shares on Vesting of Performance Rights

Mr Fitzgibbon will receive one share for every vested Performance Right, subject to the LTIP Rules, and the Company may elect whether to allocate shares for the purpose of the LTIP by way of an issue of shares or by procuring the on-market purchase and transfer of shares. The Company currently proposes that it will satisfy its obligations to allocate shares for the purpose of the LTIP by arranging for the on-market purchase and transfer of shares to Mr Fitzgibbon after the testing of the particular performance hurdles.

A two-year non-disposal period applies to 50% of the shares allocated to Mr Fitzgibbon on vesting of the Performance Rights.

## Participation in the LTIP by Mr Fitzgibbon

nib seeks shareholder approval for Mr Fitzgibbon, Managing Director & CEO, to participate in the LTIP for the financial year from 1 July 2017 to 30 June 2018, with the number of Performance Rights to be awarded to Mr Fitzgibbon to be calculated in accordance with the formula set out in this Notice of Meeting.

It is proposed that the performance hurdles for Mr Fitzgibbon will be applied to any other offer of Performance Rights to nib's KMP, unless the Board determines otherwise. Details relating to the performance hurdles will be set in the same manner as outlined in relation to Mr Fitzgibbon, unless the Board determines otherwise.

## Further Information

Listing Rule 10.14 provides that a listed company may only permit a director to acquire shares or rights to shares under an employee incentive scheme where that director's participation has been approved by an ordinary resolution of shareholders. It is the Board's current intention that if the Performance Rights vest, shares will be acquired on-market for the purposes of the LTIP. The Board wishes to seek approval for the acquisition of Performance Rights and shares by the Managing Director & CEO under the LTIP as discussed in these Explanatory Notes.

In accordance with the Listing Rules, the following information is provided for shareholders:

- the maximum number of Performance Rights for which approval is sought will be calculated as described above and will be provided to shareholders in the relevant Annual Report;
- the Performance Rights will be granted at no cost to Mr Fitzgibbon and the Board has determined that no amount is payable by Mr Fitzgibbon on the vesting of each Performance Right granted under the LTIP;
- upon satisfaction of the performance hurdles set by the Board, the Performance Rights will vest and Mr Fitzgibbon will be allocated or issued shares on a one-for-one basis;
- no loan will be made by nib in connection with the acquisition of Performance Rights or shares by Mr Fitzgibbon under the LTIP;
- Mr Fitzgibbon is the only person referred to in Listing Rule 10.14 entitled to receive an award of Performance Rights under the LTIP;
- Mr Fitzgibbon is the only person referred to in Listing Rule 10.14 who has received Performance Rights and securities under the LTIP since the last approval. Mr Fitzgibbon received 225,978 Performance Rights since the last approval with an acquisition price of nil; and
- no Performance Rights will be granted under this approval later than 12 months after the date of the AGM.

## Recommendation

The Board (with Mr Fitzgibbon abstaining and not voting) recommends that shareholders vote in favour of the ordinary resolution in Item 6 on the basis that the overall remuneration of Mr Fitzgibbon, which includes his participation in the LTIP, is reasonable having regard to the Company's circumstances and that the grant of Performance Rights to Mr Fitzgibbon under the LTIP and on the terms described in these Explanatory Notes:

- is in the best interests of the Company as a whole; and
- is consistent with the Company's remuneration policy, in particular the Company's policy of linking remuneration to achievement, and the objective of attracting and retaining highly-skilled Executives.

## 7. Approval to increase aggregate fee pool for Non-Executive Directors

### a) Proposal for increase

It is proposed that the fee pool for Non-Executive Directors be increased from A\$1,500,000 to A\$1,900,000 per annum (an increase of A\$400,000), effective from 1 January 2018. The fee pool is inclusive of statutory entitlements (including superannuation).

In accordance with the ASX Listing Rules and the Constitution, the Company must not increase the aggregate fee pool for Non-Executive Directors' remuneration without the approval of shareholders.

### b) Reasons for proposed increase

The reasons for the proposed increase are as follows.

- The current aggregate Non-Executive Director fee pool limit of A\$1,500,000 per annum was set at the nib Annual General Meeting on 29 October 2013. The Board has not sought to increase the total fee pool since 2013.
- Since this time, nib has expanded its operations domestically and acquired World Nomads Group on 31 July 2015, the third largest travel insurance company in Australia.
- Based on the current composition of the Board, and including fees paid to the Non-Executive Directors of nib's subsidiary boards (nib New Zealand and World Nomads Group), the total fees payable to Directors for the 2017/18 financial year will be approximately \$1.4 million, which represents 93.5% of the total current fee pool.

The proposed increase to the Non-Executive Director fee pool is sought:

- to provide sufficient scope for possible Board expansion, succession planning and ongoing flexibility; and
- to allow for the Board to set fees in light of the future workload of Non-Executive Directors.

No shares have been issued to any Non-Executive Directors of nib under Listing Rules 10.11 or 10.14 with approval at any time in the last three years.

### Recommendation

The Board recommends that shareholders vote in favour of the ordinary resolution in Item 7 for the reasons set out above.

## 8. Approval to amend nib's constitution

### Why is it proposed that nib's constitution be amended?

A number of amendments to the Constitution are proposed to ensure that:

- the Company is able to utilise unclaimed dividends for the benefit of the community;
- shareholders can exercise voting rights through a broader range of mechanisms; and
- the Constitution contains updated procedures to better enfranchise shareholders.

Each of the proposed amendments and the reasons for each of the proposed amendments are summarised below. A copy of the proposed amendments to the Constitution is available at [nib.com.au/shareholders/company-profile/corporate-governance](http://nib.com.au/shareholders/company-profile/corporate-governance). If you would like a copy of the proposed amendments mailed out to you, please call +61 2 4914 1741.

### a. Re-allocation of unclaimed dividends

nib is seeking shareholder approval to amend the Constitution to allow Directors to revoke entitlements to unclaimed dividends if:

- the dividends have remained unclaimed for five years; and
- affected shareholders have been provided with at least six months notification that their entitlement to the dividends will be revoked.

Unclaimed dividends are comprised of dividends belonging to shareholders who have not provided nib's share registry with their bank details or who nib have been unable to pay dividends to (as nib has not received correct bank details). nib attempts to contact shareholders with unclaimed dividends on a regular basis.

Under the Unclaimed Money Act 1995 (NSW) organisations are required to transfer any monies that are not claimed after six years to the NSW Office of State Revenue (OSR). Shareholders then have six years from the time the OSR receives the unclaimed money to make a claim, with the OSR Chief Commissioner able to consider a claim even after the six year period has passed.

If nib were to proceed with this change to its Constitution, the Directors would be able to transfer unclaimed dividends to third parties. The Directors intend to transfer unclaimed dividends to the nib foundation, a not-for-profit charitable trust, six months prior to when nib would be required to transfer these amounts to the OSR. This means that shareholders will have five years and six months to claim their unclaimed dividends. Once the transfer occurs, shareholders will no longer have an entitlement to those dividends.

nib will attempt to contact affected shareholders at least twice each calendar year for the five-year period and will also place advertisements in national newspapers as appropriate.

### What is the rationale for this change?

Currently unclaimed dividends are retained until the time at which they are claimed or are required to be transferred to the OSR (whichever is earlier). The Directors believe that unclaimed dividends are better utilised by donating those amounts to charity thereby enabling these funds to directly fund charitable organisations to support community-focused health and wellbeing initiatives.

### b. Modernise optionality for dividend reinvestment plans

The Constitution limits the ability for dividends to be re-invested by stating that the dividends must be invested in nib shares.

nib is seeking shareholder approval to broaden the re-investment provisions in the Constitution such that nib is able to implement a broader array of dividend reinvestment plans.

### What is the rationale for this change?

Through this change, nib is seeking to provide further optionality to shareholders and enable shareholders to reinvest their dividends in other nib entities if nib determines that it wishes to offer this facility.

## **EXPLANATORY NOTES** continued on the business to be transacted at the nib AGM

### **c. Direct Voting**

The Constitution does not currently provide for direct voting by shareholders at a meeting. Direct voting includes votes delivered by post, fax or other electronic means approved by the Directors.

Direct voting allows shareholders to vote without physically attending a meeting by lodging their vote with the company beforehand. It is different to a proxy vote because it allows the non-attending shareholder to vote directly and not through a nominee/representative. A direct vote has the same effect as a vote cast in person at a meeting.

nib is seeking shareholder approval to insert direct voting provisions into the Constitution enabling nib's Directors to determine both:

- when direct voting is allowed; and
- the rules surrounding how direct voting will be implemented.

#### ***What is the rationale for this change?***

Your Directors believe that introducing direct voting through amending the Constitution:

- has the potential to increase shareholder voting participation; and
- minimises the risks associated with agency, including where a vote is not counted if the proxy fails to attend or stay at a meeting.

### **d. Flexibility to correct or complete proxy/attorney appointments**

The Constitution does not currently have flexibility to allow nib to correct unclear or incorrect instruments appointing proxies. This means that incorrectly completed proxy forms may be disregarded and/or not counted.

nib is seeking shareholder approval to update proxy provisions in the Constitution to allow for electronic proxy voting and to allow nib to deal with routine issues associated with unclear proxy instruments by allowing nib to (for example):

- seek clarification of proxy instructions/power of attorney authorities from shareholders and amend appointments to reflect the clarification; and
- return a defectively executed proxy form so that it can be properly executed before a meeting.

#### ***What is the rationale for this change?***

Your Directors believe that enabling nib to correct or complete proxy/attorney appointments will better enfranchise shareholders by giving effect to their voting wishes.

### **e. Improving provisions regarding notice to shareholders**

The Constitution is able to become more flexible in relation to notice requirements and voting entitlements.

nib is seeking shareholder approval to update notice and voting entitlement provisions in the Constitution to:

- enable the Company to give notice of meetings to shareholders who are not able to be contacted, by exhibiting notice at the Company's registered office for two business days;
- enable the Directors to reduce the time for when a member will be taken to hold shares, for the purposes of voting entitlements at a meeting, to less than 48 hours before the meeting; and
- enable the Directors to provide documents to Members electronically (if agreed by the Members).

#### ***What is the rationale for this change?***

Your Directors believe that introducing these changes will enable flexibility, increase efficiency and reduce costs in relation to the provision of notice to shareholders.

#### **Recommendation**

The Board recommends that shareholders vote in favour of the special resolution in Item 8 on the basis set out above.

## **ENCLOSURES**

Enclosed with the Notice of Meeting are:

- i. a proxy form to be completed if you would like to be represented at the AGM by proxy. An electronic proxy facility is also available to shareholders via the nib shareholders website – [nib.com.au/shareholders](http://nib.com.au/shareholders);
- ii. an AGM question form to be completed if you would like a specific question to be addressed by the Chairman or Auditor at the AGM; and
- iii. a reply paid envelope for you to return either or both of the proxy form and AGM question form.

# SCHEDULE

## SUMMARY OF THE LTIP RULES

A grant of performance rights is subject to both the LTIP Rules and the terms of the specific grant as determined by the Board. The Board is responsible for administering the LTIP in accordance with the LTIP Rules and the terms and conditions of specific grants of performance rights to participants in the LTIP.

### Eligibility and Participation

The Board may determine which persons are eligible to participate in the LTIP from time to time. Eligible persons may be invited to apply to participate in the LTIP. The Board may, in its discretion, accept such applications.

### Performance Rights

A person participating in the LTIP ("Executive") may be granted performance rights on terms and conditions, including tenure conditions and performance hurdles, determined by the Board. A performance right has a nil exercise price and is exercised automatically on vesting unless determined otherwise by the Board.

### Consideration for Grant

The Board may determine the amount (if any) payable for the grant of a performance right from time to time.

### Vesting

Following the satisfaction of the performance hurdles applying to a performance right, the performance right vests on a date predetermined by the Board ("Vesting Date").

### Accelerated Vesting at Board's Discretion

The Board may, in its discretion, decide to accelerate the vesting of all or part of the performance rights held by an Executive if there is a winding up of the Company, a delisting of the Company, a change of control, reconstruction or amalgamation of the Company, death of a participant or a cessation of employment as a result of total disablement, redundancy or retirement.

### Lapse

An unvested performance right will lapse on the earliest of:

- a. the expiry date applicable to that performance right;
- b. the Board determining that the vesting conditions in respect of the performance right are not satisfied and not capable of being satisfied on the relevant testing date and that the performance right has lapsed;
- c. the Board making a determination in accordance with the terms and conditions of grant of the performance rights that the performance right has lapsed;
- d. the date the Executive ceases to be employed by nib or a company in the Group due to being a "bad leaver" (being an Executive who ceases employment with nib or a company in the Group by reason of summary dismissal, resignation (other than a mutually agreed separation) and any other reason the Board determines creates a "bad leaver" (other than a reason specified in e below)), unless the Board determines otherwise;
- e. the date the Executive ceases to be employed by nib or a company in the Group due to:
  - i. death;
  - ii. total and permanent disablement;
  - iii. retirement;
  - iv. redundancy; or
  - v. mutually agreed separation,

in which case a pro rata number of each tranche of that Executive's unvested performance rights (calculated in

accordance with the LTIP Rules) will lapse 30 days after the date the Executive ceases employment and the balance of the Executive's unvested performance rights will continue to be held by the Executive subject to the terms and condition of the grant of the performance rights and the LTIP Rules, unless the Board determines otherwise; or

- f. the Board determining that the Executive has committed (or it is evident that the Executive intends to commit) any act (whether by omission or commission) of dishonesty, fraud, wilful misconduct, wilful breach of duty, serious and wilful negligence or incompetence in the performance of the Executive's duties, the Executive is convicted of a criminal offence (other than minor/trivial offences) or is guilty of wilful or recklessly indifferent conduct which may injure the reputation or business of an nib entity, the Executive has breached a confidentiality or non-compete obligation, or the Executive has been involved or contributed to a material financial misstatement and that the performance right has lapsed.

### Delivery of Shares on Vesting of Performance Rights

Following the Vesting Date or the accelerated vesting of a performance right, the Executive will be allocated or issued the number of shares comprised in each performance right.

The Board has the discretion to have shares issued or transferred to an Executive on vesting of performance rights. Any shares issued or allotted under the LTIP will rank equally with those shares of the same class for the time being on issue, except for any rights attaching to those shares by reference to a record date prior to the date of issue or allotment.

### Clawback

If the Board becomes aware of a material financial misstatement and determines that a Performance Right which has been awarded to an Executive or become a vested Performance Right would not have been awarded or become a vested Performance Right if the Board had been aware of the material financial misstatement at the time the Performance Right was awarded or became a vested Performance Right, the Board may (in its absolute discretion):

- a. lapse or cancel the Performance Right (including a vested Performance Right); or
- b. require the Executive to transfer to the Company's nominee, for nil consideration, any shares which the Executive has received in respect of the vested Performance Right or to pay to the Company the sale proceeds of any shares.

### Adjustment

In the event of any capital reorganisation by the Company (including any bonus issues), an Executive's performance rights, and the shares allocated to the Executive on vesting of the Executive's performance rights, will be adjusted as set out in the LTIP Rules and otherwise in accordance with the Listing Rules. In general, it is intended that the Executive will not receive any advantage or disadvantage from such adjustment.

### Restrictions on Disposal of Shares

An Executive may not dispose of, deal in, or grant a security interest over any interest in, a share allocated to the Executive on the vesting of a performance right for any relevant period determined by the Board. The Board may implement such arrangements (including a holding lock) as it determines are necessary to enforce this restriction. Once the restriction is removed, and subject to the Company's Trading Policy, shares acquired on the vesting of performance rights may be dealt with freely.

## FURTHER INFORMATION

nib's 2017 AGM will be held at The Westin, 1 Martin Place, Sydney on Wednesday, 1 November 2017, commencing at 11.00am (AEDT).

The AGM will be webcast live at [nib.com.au/shareholders](http://nib.com.au/shareholders)

nib's 2017 Annual Report and Shareholder Review is available to view online at [nib.com.au/shareholders](http://nib.com.au/shareholders)

If you would like any further information about nib's AGM, please visit [nib.com.au/shareholders](http://nib.com.au/shareholders), call 1300 664 316 or email [nibshareregistry@computershare.com.au](mailto:nibshareregistry@computershare.com.au)

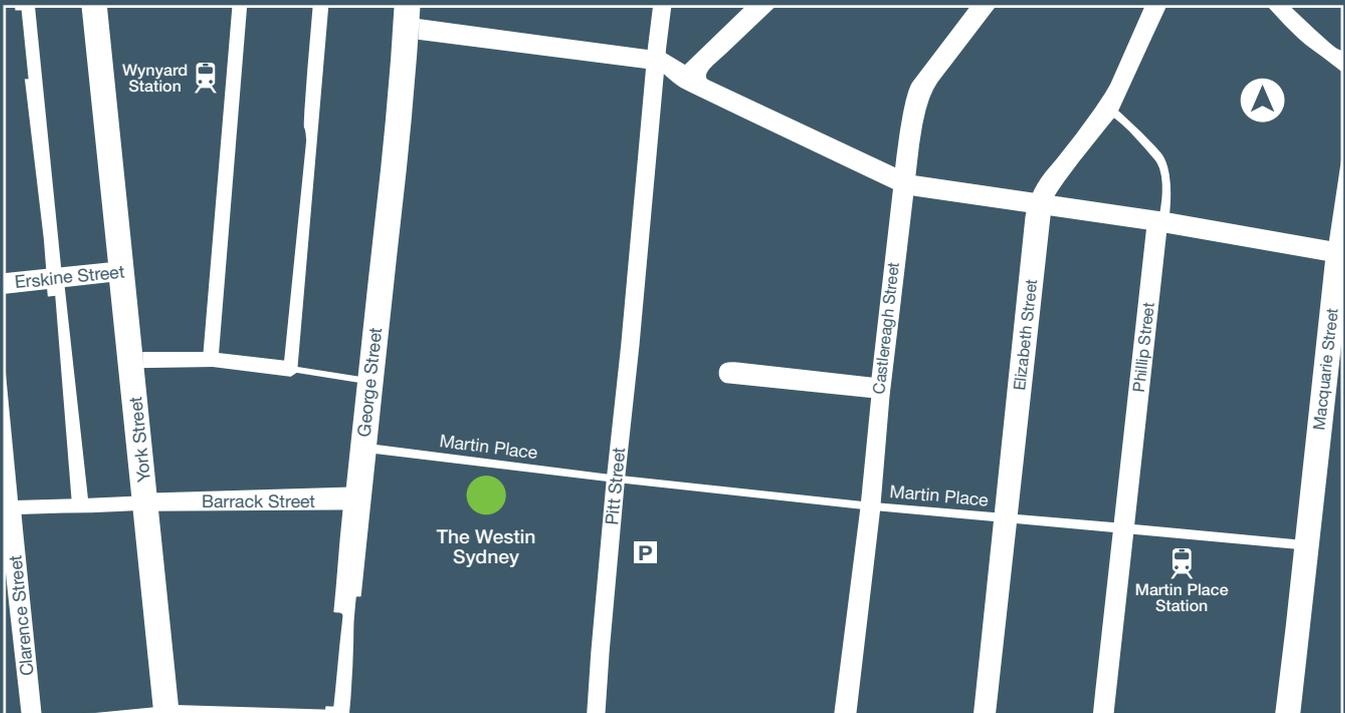
### REQUEST AN AUSLAN INTERPRETER SERVICE

If you are attending nib's AGM on 1 November 2017 and you require an Auslan interpreter, please contact nib in either of the ways detailed below by close of business on 27 October 2017 to request an Auslan interpreter service.

Telephone: +61 2 4914 1741

Email: [corporate.affairs@nib.com.au](mailto:corporate.affairs@nib.com.au)

### GETTING THERE



#### Train

Martin Place Station and Wynyard Station are located within a short distance from the venue. For information on train timetables please visit [www.transportsw.info](http://www.transportsw.info) or call 131 500.

#### Bus

For information on bus routes and timetables please visit [www.transportsw.info](http://www.transportsw.info) or call 131 500.

#### Parking

Venue parking is managed by Secure Parking and accessed via 159 Pitt Street, Sydney. For parking rates and further information visit [www.secureparking.com.au](http://www.secureparking.com.au) or call 1300 727 483.