



2023

Climate-Related
Disclosure.



About this report

Our Climate-Related Disclosure covers the nib Group and its wholly owned subsidiaries (nib) during financial year 2023 (FY23). It details our approach to climate-related governance, strategy, risk management, metrics and targets, and builds on our inaugural disclosure in FY22.

This disclosure aligns with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

We continue to enhance our climate-related business practices and reporting, as illustrated in the Highlights and Next Steps below.

Message from the Managing Director & Chief Executive Officer

Our purpose is the better health and wellbeing of our people, families and communities. We know that the state of the climate has a direct impact on health; clean air, temperate climates and fresh water all affect how we feel, how well we are, how we go about our work and lives.

That's why nib is committed to playing our part, no matter how small, in limiting our footprint and transitioning to net zero.

This is our second Climate-Related Disclosure. It's how we address our approach to managing and climate change risk and opportunity.

Managing our impact on the environment is the right thing to do; it underlies our longevity and drive to deliver better health outcomes.



Mark Fitzgibbon

Managing Director & Chief Executive Officer
nib Group

FY23 highlights

- New Climate Scenario Analysis undertaken.
- Introduced Executive-level ESG incentive targets to combine with existing Group-level targets.
- Maintained carbon neutral operations, using high-integrity Australian-based carbon credits.
- Introduced environmental criteria into our Request for Proposal (RFPs) to increase visibility and influence over emissions within our supply chain.

Next steps in FY24

- Develop a Climate Action and Resilience Plan to implement Group-wide actions that address climate-related challenges and opportunities.
- Begin quantifying the current and anticipated costs of climate risks and the percentage of our assets and business activities exposed to physical and transitional risks.
- Start developing nib's Transition Plan, consistent with the latest guidance, to describe how our business model and strategy might evolve as we address our climate risks and pursue our climate opportunities.

Governance

Board and Executive oversight and decision-making on climate-related issues

The nib holdings limited Board is ultimately responsible for overseeing our sustainability strategy and managing climate-related risks and opportunities. The Board Risk & Reputation Committee is responsible for identifying and managing material risks and receive standardised quarterly reporting as part of enterprise risk management processes. The Committee makes recommendations to the Board on both the environmental impacts of nib's business practices and our environmental practices.

The Chief Risk Officer and the Management Sustainability Committee provide Management-level support to the Board in fulfilling its responsibilities. The Management Sustainability Committee meets bi-monthly to monitor a range of social, environmental and governance initiatives, including climate risks and opportunities. In FY23, our second Climate Change Scenario Analysis report was presented to and endorsed by the Committee.

The Board has oversight of nib's Responsible Investment Policy which they review every two years to ensure it remains fit for purpose. The Board ensures investments align with nib's sustainability approach and responsible investing principles.



nib Board

The nib holdings limited Board holds ultimate responsibility for the oversight and operation of our sustainability strategy. The Board are supported by the Chief Risk Officer and the Management Sustainability Committee.



Risk and Reputation Committee

The Risk and Reputation Committee assists and makes recommendations to the Board on:

- the appropriateness of risk policy, risk management strategy and risk management framework;
- the effectiveness of nib's risk management framework;
- identification and assessment of material risks (including responsibility for climate-related issues);
- nib's systems and procedures for compliance with applicable legal and regulatory requirements; and
- 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 recommending standards for social, environmental and ethical practices.



Management Sustainability Committee

nib's Management Sustainability Committee oversees the implementation and operational effectiveness of our Sustainability Principles and initiatives.

This includes helping implement change across our business, enhancing our sustainability monitoring and exploring opportunities for improvement. The Committee is chaired by the Chief Risk Officer and includes members from the Executive team and other key leaders from across the nib Group.



Group Executive - Legal and Chief Risk Officer

The Group Executive Legal and Chief Risk Officer is responsible for managing the Legal, Risk, Compliance and Governance functions across the nib Group.

This function also includes responsibility for community and sustainability including the management and delivery of our sustainability activities.



Business Units

The initiatives and targets of each of our sustainability pillars are supported by various business across the nib Group. These teams develop and deliver our sustainability activities on a day to day basis ensuring we meet our ESG commitments. The Business Units report to the Board and Management Sustainability Committee bi-monthly and monitor the market for emerging issues that should be escalated

- | | | |
|---------------------------|------------------------------|------------------|
| - Clinical | - Cybersecurity | - Risk |
| - Community | - People, Talent & Inclusion | - Sponsorship |
| - Compliance & Governance | - Products | - Sustainability |

Remuneration

Our Group scorecard, which applies equally to all Executives and employees, includes a 5% weighting for the achievement of our annual sustainability targets. In addition to the Group measures, each Executive’s individual scorecard incorporates specific measures for the achievement of ESG goals aligned with their role’s scope of responsibility and influence. You can find out more in our 2023 Remuneration Report on pages 26 to 47 of the [Annual Report](#).

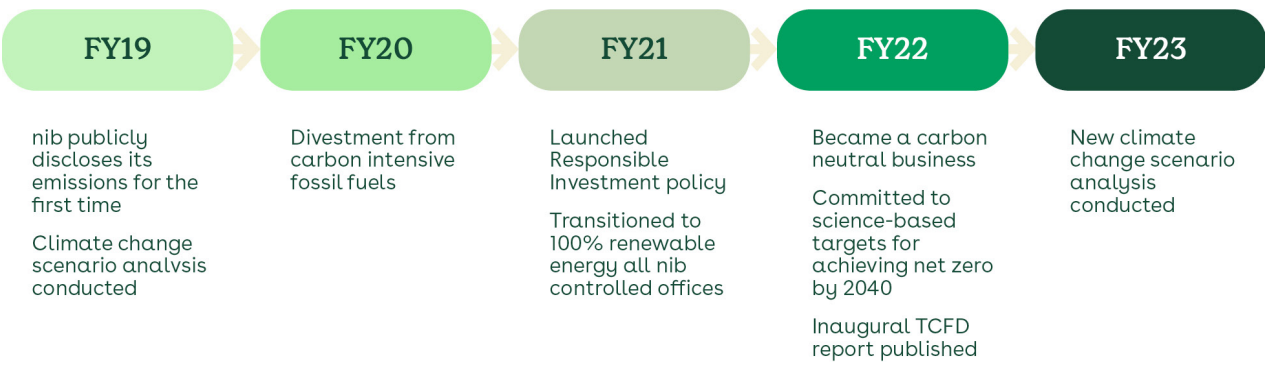
Strategy

Our purpose is *your better health and wellbeing*

We continue to transition to net zero by decarbonising our business and value chain. nib’s sustainability pillars guide our approach to sustainability strategy, governance, risk management, policy development, decision-making and disclosure.

Specifically, our Natural Environment pillar recognises the quality of the natural environments in which we live influence people’s health and prescribes our commitment to limit our environmental impact. Our Leadership and Governance pillar reinforces our approach to good governance and management of risks associated with our business operations.

nib’s climate journey

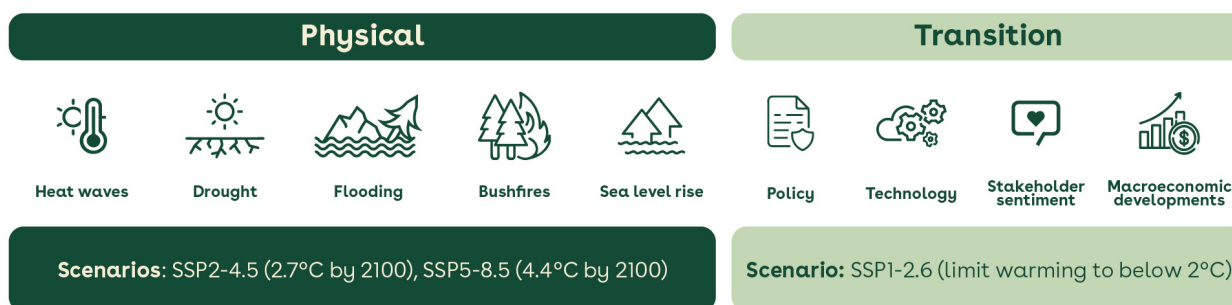


Scenarios

Climate Scenario Analysis is important for understanding and exploring the strategic implications of climate-related transition and physical risks and opportunities for our business.

In FY23, we undertook our second Climate Scenario Analysis to examine the possible impacts of climate change on our business over the short, medium and long term. The scenarios combined Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs), which provide narratives of socioeconomic trends shaping society and possible trajectories of greenhouse gas emissions, respectively. Three scenarios were selected as the most appropriate to explore climate-related physical and transition risks for nib, according to the TCFD and the New Zealand External Reporting Board (XRB) guidance. The analysis utilised short-term (2030), medium-term (2050), and long-term (2100) timeframes to assess the anticipated climate projections and associated

climatic risks against nib's products and services.



Scenario	Overview	Description	Applied assessment
SSP1-2.6	A world of sustainability-focused growth and equality	Global CO ₂ emissions are cut severely, reaching net-zero after 2050 in this scenario. The world shifts pervasively towards a more sustainable path, emphasising more inclusive development that respects environmental boundaries. Temperatures stabilise around 1.8°C higher by the end of the century.	Transition
SSP2-4.5	A “middle of the road” world where trends broadly follow their historical patterns	This is a “middle of the road” scenario. CO ₂ emissions hover around current levels before starting to fall mid-century, but do not reach net-zero by 2100. Socioeconomic trends do not shift markedly from historic patterns, with development and income growth proceeding unevenly. Progress toward sustainability is slow, environmental systems experience degradation. In this scenario, temperatures rise 2.7°C by the end of the century.	Physical (Sensitivity)
SSP5-8.5	A world of rapid, unconstrained growth in economic output and energy use	This is a future to avoid at all costs. Current CO ₂ emissions levels roughly double by 2050. The world places increasing faith in competitive markets and innovation to produce technological progress and human capital. The global economy grows quickly, fuelled by exploiting fossil fuels and energy-intensive lifestyles. By 2100, the average global temperature is a scorching 4.4°C higher.	Physical

Risks and opportunities

Our analysis identified several climate-related risks and opportunities for nib Group and our health and travel insurance divisions.

Our climate-related risks

Risk	Potential business impact	Timeframe	Entity	Financial impact	Consequence type
Physical					
Acute Increased market pressure to provide community support and insurance affordability for those experiencing climate hazards	Unforeseen costs and potential reputational damage if community expectations aren't met	Short	nib Group	Asset & Liabilities	Reputation & Brand
Acute Increased severity and frequency of climate hazards leading to travel claim volatility and inflation	Higher cost to provide travel insurance, increased claims volume, pressure on underwriter profitability	Medium	nib Travel	Revenues	Financial
Chronic Increased illness & comorbidity due to chronic and compounding climate change hazards	Increased health and life insurance claims Increased workload and stress on employees	Medium	Australian Health Insurance New Zealand Health Insurance International Health Insurance Life Insurance nib Group	Capital & Financing	Financial
Acute Trauma, illness, property destruction and disruption leading to high rates of psychological distress	Increased need for mental health services & competitor risk for mental health products	Short	Australian Health Insurance New Zealand Health Insurance	Expenditures	Reputation & Brand

Risk	Potential business impact	Timeframe	Entity	Financial impact	Consequence type
Chronic Increased incidents and severity of climate hazards causing pressure on discretionary income	Potential reduced revenue due to lessened uptake of health insurance Supply chain delays and increased healthcare costs for members	Short	Australian Health Insurance New Zealand Health Insurance	Revenues	Financial
Chronic Chronic and compounding climate change impacts putting pressure on health services	Reduced customer perception of value for money	Short	Australian Health Insurance New Zealand Health Insurance nib Travel	Capital & Financing	Financial
Transition risks					
Policy and Legal Technology Energy and emissions performance standards creating compounding capital expenditure and operational costs	Increased 'cost of doing business' in transitional economy impacting financial performance	Short	nib Group	Capital & Financing	Financial
Market Transition to low carbon economy leading to higher cost of travel	Less demand for overseas travel leading to lower travel insurance purchases	Medium	nib Travel	Revenues	Financial
Policy and Legal Limitations of current regulatory and pricing mechanisms to respond to climate hazards	Climate change hazard uncertainty leading to unforeseen cost resulting in less profitability and potential loss in revenue	Medium	Australian Health Insurance New Zealand Health Insurance	Capital & Financing	Regulatory & Compliance
Policy and Legal Risk nib won't meet growing mandatory reporting and regulatory requirements	Legal implications and reputational damage	Short	nib Group	Capital & Financing	Regulatory & Compliance Reputation & Brand

Our climate-related transitional opportunities

Opportunity	Potential business impact	Timeframe	Entity	Financial Impact	Consequence Type
Products & Services Leverage customer insights to create a travel product that incentivises low carbon options	Market advantage through meeting changing customer preferences for socially responsible products	Short	nib Travel	Asset & Liabilities	Reputation & Brand
Resilience Resource Efficiency Shift to net zero economy opportunity for nib to enhance its Responsible Investment Policy	Resulting in stronger brand positioning and an increased appeal to certain market segments	Short-Medium	nib Group	Revenues	Reputation & Brand Operations
Market Advocate for healthcare system efficiencies	Better outcomes & less healthcare duplication leading to reduction in operational carbon emissions	Short	Australian Health Insurance New Zealand Health Insurance	Revenues	Regulatory & Compliance
Products & Services Opportunities may arise linked to short-term increased demand for 'last chance' tourism	Increase in demand for destinations that may vanish or be irrevocably changed under future climate change	Short-Medium	nib Travel	Revenues	Financial
Market Leverage ESG performance to attract investors and talent	Demonstrate nib's commitment to ESG to investors and talent	Short	nib Group	Capital & Financing	Reputation & Brand

The resilience of nib's strategy

Our business strategy, as outlined in our 2023 Annual Report on page 2, is to leverage data science and predictive analytics to develop deep insight into the health risk of individuals and how it may be best managed.

Our FY23 Climate Scenario Analysis refreshes our approach to ensure our strategic plans align with the latest scientific projections on climate change.

We have committed to review and update our path to net zero annually, including our emission reduction roadmap. This gives us the flexibility to evolve and accelerate our emissions reduction in line with regulation and appetite of suppliers, government and investment strategy, and employee engagement.

Risk management

How we identify and assess climate-related risks

Climate change risk assessment is embedded within nib's enterprise risk framework and systems. Risks are identified through enterprise-wide risk assessment processes, most notably our FY23 Climate Scenario Analysis, as well as through division- and team-specific processes, such as risk and control self-assessments conducted within business units. All risks are assessed and managed in accordance with our enterprise Risk Management Framework (RMF).

How we manage climate-related risks

nib's Risk Management Framework outlines our structured approach to managing its material risks. The RMF combines formal and informal elements, including risk management systems, structures, policies, processes and the people operating them. It is reviewed annually to ensure it continues to be effective and relevant. To effectively manage risk, nib has adopted the Three Lines of Defence model, which sets out the roles within the organisation that play a key role in managing risk.

nib's management of climate risks extends to the risks inherent in our investments. nib's Responsible Investment Policy reflects our belief that incorporating environmental, social and governance factors into our decision-making ensures our investments return a strong performance while aligning with the interests of our communities, society and the natural environment.

How we integrate these processes into nib's overall risk management

The Board and Management complete regular identification and analysis of material or principal risks (and emerging risks) that the nib Group faces in delivering on its strategic and business objectives, including assessment of the effectiveness of the controls in place to manage these risks. Targeted risk analysis such as Climate Scenario Analysis is input into existing processes via reporting into relevant risk governance forums, at both Board and Management levels.

Furthermore, we continue to consider the risk of climate events within the broader scope of our operational risk profile, specifically under the "Business Continuity" category. This approach aligns with the recommendations provided by the Task Force on Climate-Related Financial Disclosures (TCFD) for our industry. We also integrate the management of climate-related risks into existing "Financial" risk management practices, including our investment decision-making where we consider climate change and the transition to a low carbon economy across the total portfolio. As a result, we do not invest in companies that derive revenue from carbon intensive fossil fuels, specifically thermal coal and tar sands mining, as outlined in our Responsible Investment Policy.

Metrics and targets

Emissions reduction and transition

nib is committed to supporting the transition to a net zero future. Our Emissions Reduction Roadmap supports our commitment to reach net zero emissions by 2040. The Roadmap outlines the steps we will take to reduce emissions in our operations and influence emissions reduction in our value chain. Our latest Climate Scenario Analysis has informed our identification of mitigation and adaptation strategies mapped across nib's business lines and the recommended disclosure categories.

Carbon neutrality

In FY23, we maintained our carbon neutral status by receiving [Climate Active certification](#) with respect to our emissions in the previous financial year. We achieve carbon neutrality by purchasing high-quality certified Australian carbon credits to offset our emissions. Details of the projects that generated these credits are set out in our Sustainability Report. We also developed Science-based Targets (SBTs) in FY22 and intend to seek validation of these targets with the Science-based Target Initiative.

Progress against our Science-based Targets

We use several metrics to understand and manage progress towards our stated climate commitments and monitor alignment with broader climate change mitigation targets. We have set the following targets to define our emissions reduction pathway, culminating in becoming net zero by 2040.

Scope 1, 2 and 3 absolute emission targets

50% Absolute emission reduction in Scope 1 & 2 by 2030 From a FY21 Baseline	25% Absolute emission reduction in Scope 3 by 2030 From a FY20 Baseline	Net zero Achieve net zero by 2040
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Metrics

(tonnes CO ₂ -e) ¹	FY20	FY21	FY22 ²	FY23
Total emissions³	9,952.4	6,917.3	8,462.7	12,011.5
Scope				
Scope 1	27.0	23.8	0.9	25.3
Scope 2	1,295.0	419.4	30.4	202.3
Scope 3	8,630.4	6,474.1	8,431.4	11,783.9
Region				
Australia	8,986.3	6,157.6	7,558.2	10,454.0
New Zealand	824.1	543.7	866.2	1,399.0
Other ⁴	142.0	216.1	38.3	158.5
Intensity				
Employee (FTE) (Scope 1 & 2)	0.878	0.383	0.023	0.121
Employee (FTE) (total emissions)	6.613	5.979	6.269	6.362
Customer ⁵ ('000) (Scope 1 & 2)	0.818	0.269	0.018	0.125
Customer ('000) (total emissions)	6.158	4.205	4.934	6.622
Revenue (\$m) (Scope 1 & 2)	0.528	0.172	0.011	0.074
Revenue (\$m) (total emissions)	3.976	2.685	3.065	3.921

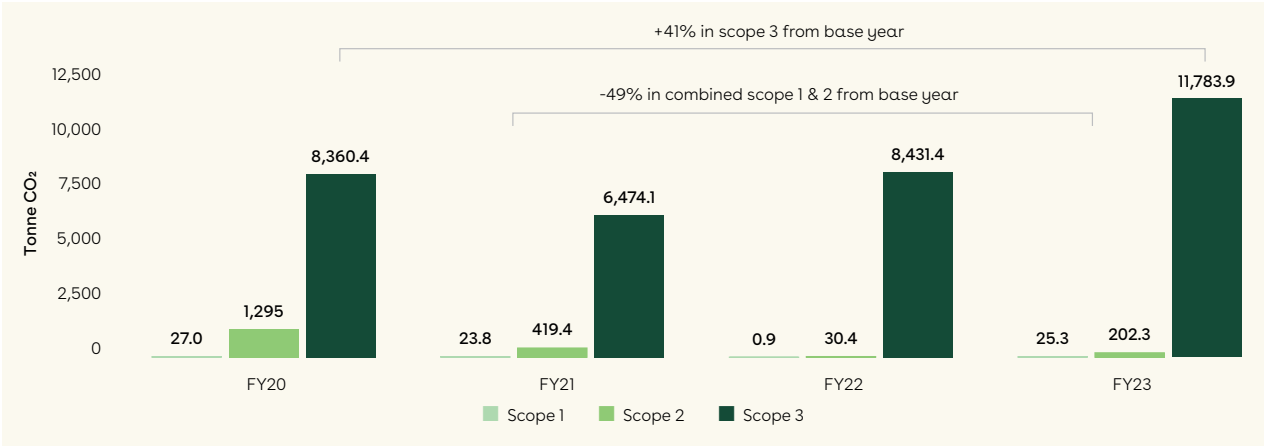
- nib measures its emissions in accordance with the ISO 14064-1:2018 and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (GHG Protocol). We use the operational control approach and the relevance test adapted from the GHG Protocol to determine the emission boundary for our organisation.
- The emissions for FY22 have been restated due to a recalculation of subscription emissions. Emission have increased by 223.7t CO₂-e from what was original reported (8,275.0t CO₂-e). A further 35.9 t CO₂-e reduction was made due to the miscalculation of the number of months the Wellington office was occupied. This has now been revised to 2 months instead of the full year. Emissions for FY2022 have increased by 187.7 t CO₂-e from what was originally reported in the previous reporting period (FY22).
- nib's emissions reporting has expanded from FY20-22 in terms of both emissions categories and reportable locations.
- Other locations include United States of America and United Kingdom.
- Number of persons covered by a health insurance policy.

In the past financial year, our ambitions took us far and wide, with five strategic acquisitions in Australia and New Zealand which resulted in an additional eight office locations. This bold expansion contributed to a noticeable uptick in emissions scope 1 and 2 emissions from FY22 to FY23.

Scope 3 emissions, in particular, increased due to a rebound in business travel post-COVID, coupled with a ramp-up in marketing expenditure.

We’re not just disclosing these changes; we’re actively addressing them. Our commitment to sustainability drives us as we navigate these shifts, ensuring our actions echo our dedication to a greener future.

Progress



Investment target

As a financial institution, we recognise that our investments can play a pivotal role in transitioning to a low carbon future. We have set specific science-based targets for our investments, representing our intention to influence the decarbonisation of our value chain.

We have adopted the following portfolio coverage near-term and long-term Science-based Targets. To achieve this, we continue to engage our applicable investees and influence them to set their own SBTs in line with the Paris Agreement.

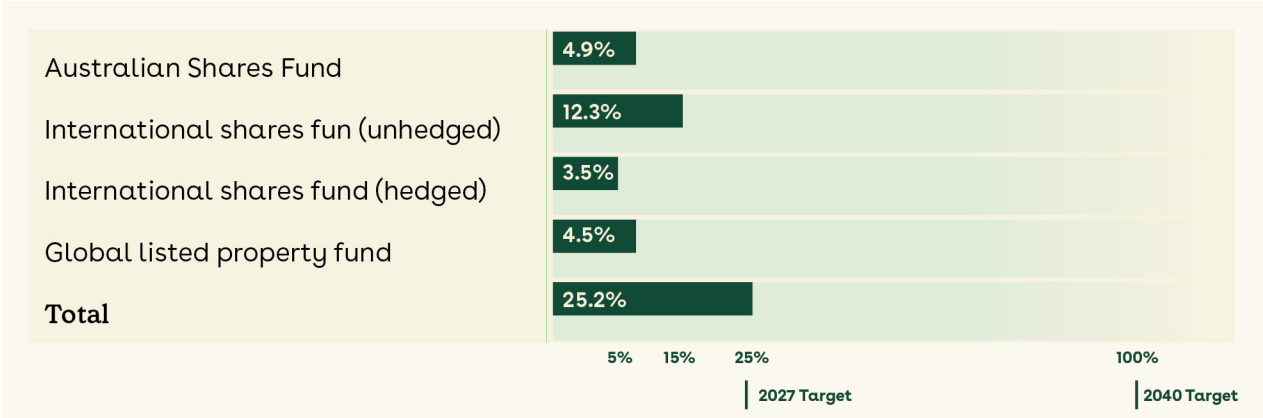
25%

Portfolio coverage by 2027

100%

Portfolio coverage by 2040

Indicative Australian portfolio coverage^{6,7,8,9}



Significant development

Introducing environmental criteria into strategic procurement

This year, our strategic procurement team has taken a proactive step towards reducing our carbon footprint by introducing environmental criteria into the Request for Proposal (RFP) process. The new template includes measures that enable us to access actual emissions data from suppliers and improve the accuracy of our Scope 3 emissions data.

This process encourages our suppliers to disclose their environmental impact and reduce their carbon footprint. The new criteria is designed to target high-emitting suppliers in areas such as digital advertising and IT hardware. We have begun trialling the process at the point of contract renewal.

By integrating environmental considerations into our strategic procurement process, we demonstrate our net zero commitment to our suppliers and use our influence to reduce emissions within our supply chain. This initiative helps us better understand our carbon footprint and encourages our suppliers to prioritise environmental performance and work with us towards a more sustainable future.

Acquired businesses join our sustainability journey

During FY23, nib Group expanded its portfolio by launching nib Thrive, an NDIS business, and acquiring four NDIS plan managers. As part of our sustainability approach, we have assessed the emissions profile of each of these businesses and identified opportunities for emissions reductions in FY24.

We will work closely with the leadership and employees of the newly acquired businesses to align with our sustainability commitments and ensure they have the resources and knowledge needed to reduce their carbon footprint.

We recognise that this process may present challenges in the short term and result in an initial increase in emissions.

6. The reported portfolio coverage performance is based on the analysis of Australian managed funds only. The data used in the analysis is current as of May 2023.
7. Australian managed funds represent 77.21% of nib’s total investments.
8. 20% of Australian managed funds are in scope for nib’s portfolio coverage target. All other investments within this portfolio are investment types out of scope or optional as defined by the Science-Based Targets Initiative.
9. Results based on information publicly listed by SBTi.

