

Risk Policy

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

Dated 21 December 2010

Risk Policy

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Risk Policy

1 Purpose

- 1.1 This policy sets out the nib Group's policy on risk management.
- 1.2 This policy applies to all directors on the Board, as well as all officers, the Senior Executive and all other employees of all entities within the nib Group ("**Employees**").
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2 Risk Management at nib

- 2.1 Risk manifests itself in many forms and has the potential to impact nib's reputation, regulatory, operational, market and financial performance of the nib group and, thereby, the achievement of nib's strategic objectives.
- 2.2 At nib risk management is an ongoing process. Risk management is affected by all of nib's Employees and applied across nib at every level. This process or risk management framework is designed to identify potential events that, if they occur, will affect nib, and to manage risk within its risk appetite and to provide reasonable assurance regarding the achievement of nib's objectives.
- 2.3 nib's risk management framework is based on the International Standard which has been adopted by Standards Australian (AS/NZS ISO 31000:2009) for risk management and also the internationally recognised Committee of Sponsoring Organisations of the Treadway Commission (COSO) Enterprise Risk Management Framework.
- 2.4 The following definitions are adopted from the AS/NZS ISO 31000:2009 Standard.
- Risk – the effect of uncertainty on objectives.
 - Risk Management – coordinated activities to direct and control an organisation with regard to risk.
- 2.5 An effective enterprise risk management framework at nib will ensure that nib's Board can receive reasonable assurance that:
- established corporate and business strategies and objectives are achieved;
 - risk exposures are identified and adequately monitored and managed;
 - significant financial managerial and operating information is accurate, relevant, timely and reliable; and
 - there is an adequate level of compliance with policies, standards, procedures and applicable laws, regulations and licences.

3 Risk Oversight and Responsibilities

- 3.1 At least annually, the Board considers the significant business risks applicable to the business and its ongoing operations. The Board also considers nib's risk profile as part of the annual strategy and budget planning review.
- 3.2 To assist the Board in discharging its responsibilities in relation to risk management, the Board has delegated certain activities to the Risk and Reputation Committee. The responsibilities of the Committee are contained in the Committee's Charter which is published on nib's website at www.nib.com.au.
- 3.3 nib management has designed a risk management framework, which has been approved by the Risk and Reputation Committee and the Board. In ensuring that the Committee meets its risk management responsibilities to the Board, nib management is required to maintain the risk management framework and internal controls to manage nib's material business risks and to report to the Committee and the Board on whether those risks are being managed effectively.
- 3.4 All nib Employees shall:
- consider all forms of risk in all decision making;
 - create and evaluate business unit level and company level risk profiles to consider what is best for the individual business unit and department and what is best for nib as a whole;
 - retain ownership and accountability for risk and risk management in their areas of responsibility;
 - monitor compliance with policies and procedures and the state of enterprise risk management; and
 - document and report all significant risk management deficiencies.
- 3.5 nib's Risk Management Framework provides the guidelines to assist Employees understand their obligations under this policy.

4 Review of this Policy

The Risk and Reputation Committee may review this policy from time to time and report to the Board any changes it considers should be made. This policy may be amended by resolution of the Board.

Approved by the Board on 21 December 2010