



corporate
governance
statement
2020

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message from the chairman

I am pleased to present nib's Corporate Governance Statement for the financial year ended 30 June 2020.

nib's approach to corporate governance is driven by our core belief as a purpose-driven organisation that we must instil and demonstrate strong values and ethics, being ever mindful of the impact we have on the communities in which we operate.

In line with the approach recommended by the ASX Corporate Governance Council, our Board and Management remained committed to demonstrating the highest standards of corporate governance for the period by transitioning to the updated ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Fourth Edition) (ASX Governance Principles).

This year, the world has seen COVID-19 requiring many organisations, including nib, to re-prioritise and adapt in order to navigate and respond to the community health risks and disruption. The dynamic nature of the pandemic has proven to be a true test of resilience for nib on multiple levels: operationally, strategically and individually. We leveraged our solid foundations for managing risk in order to quickly refocus on strategic risks, opportunities and demonstrate agility in our COVID-19 response for members, travellers, employees and the community. We continue to engage with and keep our regulators updated on the status of our COVID-19 response plans to ensure alignment and positive contribution to overall corporate and community expectations.

Corporate conduct and culture continues to be an important focus area for regulators, boards and management. As requested by the Reserve Bank of New Zealand (RBNZ) and the Financial Markets Authority (FMA) New Zealand, nib New Zealand submitted its Conduct and Culture Review to the Board in October 2019. In addition, we voluntarily submitted the review to both regulators to increase transparency and disclosure of our review processes and their findings.

Following these submissions, we've launched a program of work which includes reviewing customer communications, complaints, and the treatment of our most vulnerable members. We're proud of the improvements that have resulted from the Conduct and Culture Review and are now able to add these learnings and tools to previous reviews undertaken, such as nib's Risk Governance Self-Assessment submitted to the Australian Prudential Regulation Authority (APRA), to uplift nib's Group Risk Culture practices and capabilities.

During the year we also reinforced our commitment to operating sustainably across our supply chain through the development of our Supplier Code of Conduct which was published in November 2019 and sets out the commitments and principles we expect of all our supply chain partners. In April 2020, nib published its first Human Rights Statement which accounts our responsibility to protect the human rights of our members and travellers, our people, those in our supply chain and our wider community, as set out in the Universal Declaration of Human Rights. We are working hard to continue to strengthen our ethical business practices, no matter where we operate in the world and will be publishing our inaugural Modern Slavery Statement under the *Modern Slavery Act 2018 (Cth)* in financial year 2021.

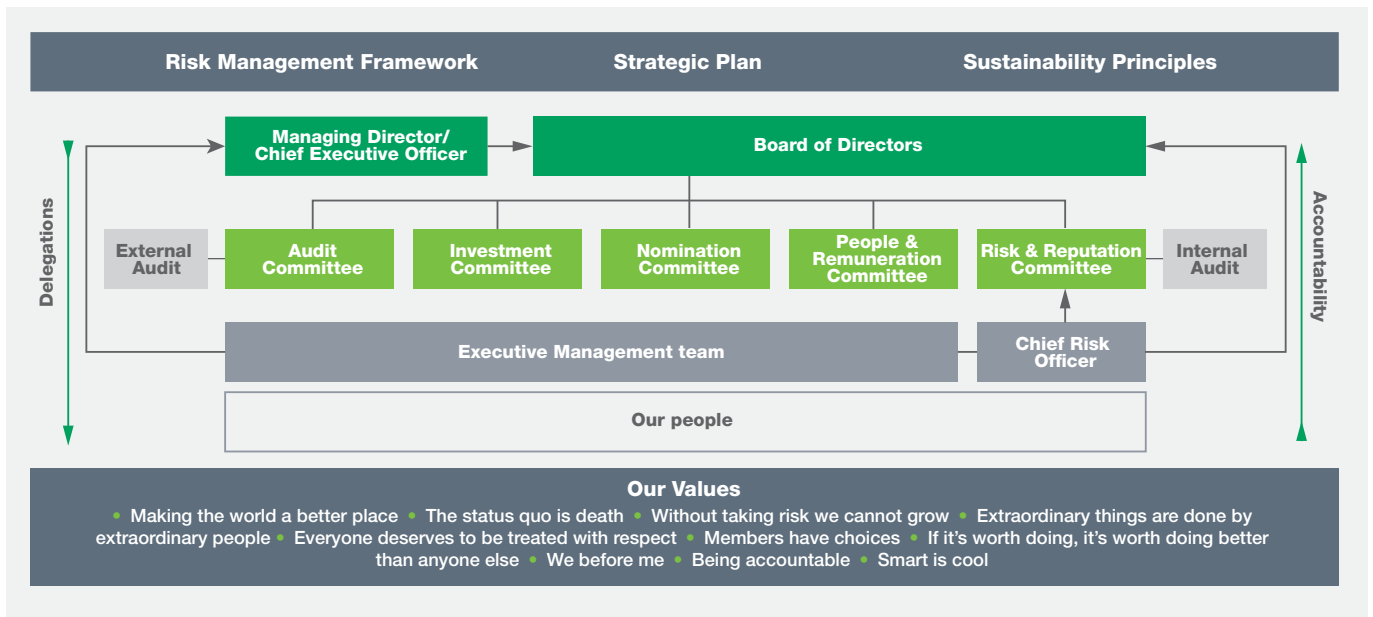
The following information summarises nib's corporate governance practices for the period 1 July 2019 to 30 June 2020. nib's 2020 Annual Report and Sustainability Report also provide further information on nib's governance and risk management activities and are available to view on our website, nib.com.au/shareholders.

Steve Crane

Chairman



corporate governance framework



Board role and responsibilities

nib's Board provides overall strategic guidance for the nib Group and effective oversight of management.

The Board ensures that the activities of the company comply with its Constitution, from which the Board derives its authority to act, and with all legal and regulatory requirements. To achieve this role, the Board Charter (available at nib.com.au/shareholders) reserves the following responsibilities to the Board:

- overseeing the development of nib's strategy;
- oversight of management;
- ensuring effective shareholder communication and the exercise of shareholder rights;
- monitoring environmental, employment and WHS policies, and policies governing nib's relationship with other stakeholders;
- approving the company values, actively promoting and continually reinforcing the desired culture of acting lawfully, ethical business practices and responsible decision making;
- establishing and maintaining nib's Code of Conduct;
- monitoring the performance of sustainability initiatives and reporting of social, environmental and ethical impacts of nib's business practices on stakeholders including, but not limited to, members, employees and community;
- oversight of financial and capital management; and
- establishing, overseeing and regularly reviewing nib's systems of compliance and risk management.

The Board has delegated to the Managing Director/Chief Executive Officer (MD/CEO) the authority to manage the day-to-day operations of the business in relation to all matters other than those responsibilities reserved to itself. The MD/CEO has, in turn, authority to sub-delegate.

Board committees

The Board currently has five standing Board Committees (refer to charters for Audit Committee, Investment Committee, Nomination Committee, People and Remuneration Committee and Risk and Reputation Committee) with each Committee comprising independent Non-Executive Directors (NED) and chaired by an independent NED summarised in the table below.

The Chairman of the Board is the Chairman of the Nomination Committee and attends other Committee meetings in an ex-officio capacity. All Directors receive Committee papers and are invited to attend meetings of Committees of which they are not members.

nib's Annual Report discloses the number of times the Board and Committees met throughout the financial year and the individual attendances of Directors at those meetings on pages 15 to 20 of the Directors Report.

nib's Annual Report and each committee charter is available on our website nib.com.au/shareholders

Board Committee	Responsibilities	Members
Audit Committee	<p>Assists and makes recommendations to the Board on:</p> <ul style="list-style-type: none"> nib's external audit function and the adequacy of nib's corporate reporting processes; the integrity of nib's financial statements and other material regulatory documents; the competency, fees, independence and quality of services provided by nib's Appointed Actuary; nib's systems and procedures for compliance with applicable legal and regulatory requirements (other than those monitored by the Risk and Reputation Committee); monitoring solvency and compliance with nib's Capital Management Plan; and the propriety of related party transactions. 	<p>Anne Loveridge (Chairman)</p> <p>Jacqueline Chow</p> <p>Christine McLoughlin</p> <p>David Gordon</p>
Investment Committee	<p>Assists and makes recommendations to the Board on:</p> <ul style="list-style-type: none"> investment strategy and investment risk management; investment performance and outlook; compliance with the investment component of nib's Capital Management Plan; compliance with the gearing component of nib's Capital Management Plan; external group borrowings; and compliance with debt covenants. 	<p>Donal O'Dwyer (Chairman)</p> <p>Anne Loveridge</p>
Nomination Committee	<p>Assists and makes recommendations to the Board on:</p> <ul style="list-style-type: none"> director selection and appointment practices; director performance evaluation processes and criteria; Board composition; and succession planning for the Board. 	<p>Steve Crane (Chairman)</p> <p>Lee Ausburn</p> <p>Jacqueline Chow</p> <p>Mark Fitzgibbon</p> <p>Anne Loveridge</p> <p>Christine McLoughlin</p> <p>Donal O'Dwyer</p> <p>David Gordon</p>
People and Remuneration Committee	<p>Assists and makes recommendations to the Board on:</p> <ul style="list-style-type: none"> remuneration strategy, policies and practices; reviewing the nib Diversity and Inclusion Policy; reviewing the People and Culture strategy, succession planning processes and annual engagement survey; reviewing the company values and the inculcation of those values throughout the organisation; and monitoring employee engagement and culture. 	<p>Lee Ausburn (Chairman)</p> <p>Jacqueline Chow</p> <p>Donal O'Dwyer</p> <p>David Gordon</p>
Risk and Reputation Committee	<p>Assists and makes recommendations to the Board on:</p> <ul style="list-style-type: none"> nib's internal audit function, 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; nib's systems and procedures for compliance with applicable legal and regulatory requirements (other than those monitored by the Audit Committee); 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 recommending standards for social, environmental and ethical practices. 	<p>Jacqueline Chow (Chairman)</p> <p>Lee Ausburn</p> <p>Anne Loveridge</p> <p>Christine McLoughlin</p> <p>Donal O'Dwyer</p>

Board composition and independence

As at 30 June 2020, there are eight Directors on nib's Board: seven NED, all of whom are independent, and one Executive Director, being the Chief Executive Officer who is also appointed as the Managing Director.

The Board Charter sets out specific principles in relation to Directors' independence and requires that all Directors bring an independent judgment to bear on all Board decisions.

On appointment, each Director is required to provide information to the Board to assess their independence as part of their consent to act as a Director. The Board regularly assesses the independence of each Director in light of the interests disclosed by them and the length of tenure of each of the Directors.

The Board has determined that all current NED, including the Chairman, are independent and free of any relationship which may conflict with the interests of nib and the Group in accordance with the approved criteria for assessing independence.

Each of the NEDs date of appointment and tenure are set out in the table below. Details of the skills, experience and expertise of the Directors are set out on pages 15 to 19 of the Annual Report available on our website nib.com.au/shareholders.

Board of Directors		Appointed	Tenure
Mr Steve Crane	Chairman; Non-Executive Director/Independent	28 September 2010 (Appointed as Chairman 1 October 2011)	9 years 9 months
Mr Mark Fitzgibbon	Managing Director/Chief Executive Officer	28 May 2007	13 years 1 month
Ms Lee Ausburn	Non-Executive Director/Independent	13 November 2013	6 years 7 months
Ms Jacqueline Chow	Non-Executive Director/Independent	5 April 2018	2 years 2 months
Mr David Gordon	Non-Executive Director/Independent	29 May 2020	1 month
Ms Anne Loveridge	Non-Executive Director/Independent	20 February 2017	3 years 4 months
Ms Christine McLoughlin	Non-Executive Director/Independent	20 March 2011	9 years 3 months
Mr Donal O'Dwyer	Non-Executive Director/Independent	22 March 2016	4 years 3 months

Board skills matrix

The following board skills matrix sets out the skills of the nib Board. All Directors (including the Executive Director) have been assessed against the skills matrix. nib's Board skills matrix will continue to develop as nib's strategy develops. All areas of nib's skills matrix are currently well represented on the nib Board. nib has four male and four female Directors.

Skills
<p>Leadership</p> <ul style="list-style-type: none"> • Experience in senior leadership role in a large organisation • Previous experience as a director or executive of a publicly listed company
<p>International business</p> <ul style="list-style-type: none"> • Experience in developing and leading international businesses • Exposure to a range of political, cultural and regulatory environments
<p>Industry experience</p> <ul style="list-style-type: none"> • Experience as a director or senior executive in the private health insurance, general insurance or financial services industries
<p>Digital and emerging technologies</p> <ul style="list-style-type: none"> • Experience in existing and emerging technology to drive innovation and business growth • Experience in deriving deep insights into customer needs through big data and artificial intelligence

Skills

Corporate strategy

- Experience in developing, reviewing, scrutinising and implementing corporate strategy, including organic growth through innovation as well as merger and acquisition experience

Government and public policy

- Experience in government interactions at senior levels and influencing public policy development and application

Marketing, customer focus and brand

- Experience and/or qualifications in marketing, branding, distribution and customer management and retention strategies

People and cultural alignment

- Experience in people matters, including creating cultural alignment, promotion of diversity, establishing remuneration frameworks, management development and succession planning

Business and technical skills

- Experience and/or qualifications in any of the following business and technical skills:
 - Accounting
 - Finance
 - Audit
 - Risk management
 - Legal
 - Mergers and acquisitions

Skill and personal attributes expected of all directors

- Knowledge of corporate governance practices
- Accountability
- Strategic thinking
- Ability to network
- Ability to work in a team
- High level of performance in respective field of experience and endeavour

Appointment, election and re-election

nib has adopted a set of desired competencies for the appointment of directors to the Board. These capabilities include general corporate attributes, industry specific attributes and personal attributes.

In accordance with the Nomination Committee Charter, the Committee is to meet as frequently as required to perform its function but at least once a year to review its composition including the size of the Board, the number of independent directors and the mix of skills, experience and diversity of directors.

The current composition of the Board reflects nib's policy of having at least three independent, non-executive directors with appropriate expertise and experience to deal with current and emerging issues for nib.

When a vacancy on the Board arises, the Nomination Committee uses an external executive recruitment agency to identify a short list of non-executive directors who can bring appropriate skills, experience and expertise and an independent judgment on the strategy and performance of nib.

The shortlists of candidates are interviewed by the Chairman of the Board, the People and Remuneration Committee Chairman and any other Non-Executive Director as considered appropriate. Candidates with the skills, experience and expertise that best complement the Board's existing skills and experience are then recommended to the Board. Prior to appointment, nib engages an external professional body to undertake background checks (including criminal checks) of directors.

A director appointed to the Board as a casual vacancy or an addition to the Board is required to stand for election at the next Annual General Meeting (AGM).

At each AGM, there must be an election of Directors. A Director must retire from office at least every three years (excluding the MD/CEO), and a Director appointed to fill a casual vacancy or as an additional Director to the Board must stand for election at the AGM immediately following appointment. Retiring Directors are eligible for re-election.

Before each AGM, the Board will assess the performance of any Director standing for re-election and will determine the Board's recommendation to shareholders on the re-election of the Director. The Notice of Meeting contains all material information in relation to any Director standing for election or re-election to provide shareholders with sufficient information relevant to the decision to elect or re-elect a Director.

A letter of appointment is entered into between nib holdings limited and Non-Executive Directors setting out the terms and conditions of their appointment as well as a Deed of Access, Insurance & Indemnity. For nib's senior executives, an Executive Service Agreement is entered into setting out the terms and conditions of their appointment by nib.

Induction and training

Directors are expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them.

It is the practice at nib for the continuing professional development programs for Directors to be agreed to between the individual director and Chairman and consequently this responsibility has not been given to the Nomination Committee.

Performance evaluation

The Board undertakes an annual review of its collective performance, the performance of the Chairman, individual Directors and of its Committees. In FY20, the Board undertook an internal performance review process, with actions developed from the review findings.

Each of the Board's Committees reviews their performance annually or whenever there are major changes to the Committee structure. The performance and effectiveness of the Board Committees was evaluated as part of the internal Board assessment described above.

In accordance with the Board Charter, the Board regularly monitors the performance of senior executives and the implementation of strategy against measurable and qualitative indicators. The performance of the MD/CEO is evaluated and assessed by the Board each year. This process was followed in FY20.

The MD/CEO conducts performance reviews of nib senior executives (key management personnel) by comparing performance against agreed measures, examining the effectiveness and quality of performance of the individual, both as a divisional leader and in their individual capacity, and assessing whether various expectations of stakeholders have been met. Further information regarding senior executive performance against non-financial and financial performance criteria for FY20 is provided as part of the Remuneration Report (pages 23 to 44 of the Annual Report).

Company Secretary

The Board Charter provides that the Company Secretary is accountable to the Board through the Chairman of the Board on all governance matters. All Directors have access to the Company Secretary. The responsibilities of the Company Secretary are set out in the Board Charter.

nib has entered into a Deed of Access, Insurance & Indemnity with each Company Secretary.



culture, diversity and inclusion

Values, conduct and policies

At nib we're guided by our nib Group values as outlined in our Corporate Governance Framework on page 3. These values are the foundation of how we behave and interact with each other, our members, travellers, suppliers, shareholders and other stakeholders. When viewed together, the nib Group values are intended to reflect the priorities of the business and provide guidance in decision making.

nib's core codes and policies, which apply to all employees are available in the Corporate Governance section on the nib website, nib.com.au/shareholders. Any material breaches of nib's codes and policies are reported to the Board in line with our incident management and reporting procedures.

nib has adopted a Code of Conduct which applies to all Directors, officers, employees, contractors, consultants and associates of nib. The Code of Conduct sets out nib's ethical standards and rules and provides a framework to guide compliance with legal and other obligations to stakeholders.

We also reinforced our commitment to operating sustainably across our supply chain through the development of our Supplier Code of Conduct which was published in November 2019 and sets out the commitments and principles we expect of all our supply chain partners.

In April 2020, nib published its first Human Rights Statement which accounts our responsibility to protect the human rights of our members and travellers, our people, those in our supply chain and our wider community, as set out in the Universal Declaration of Human Rights. We are working hard to continue to strengthen our ethical business practices, no matter where we operate in the world and will be publishing our inaugural Modern Slavery Statement under the *Modern Slavery Act 2018* (Cth) in financial year 2021.

nib's Whistleblower Policy has been put in place to ensure our employees and others can raise concerns regarding any misconduct or improper state of affairs or circumstances (including unethical, illegal, corrupt or other inappropriate conduct) without being subject to victimisation, harassment or discriminatory treatment.

The Anti-Bribery Policy was also updated in October 2019 in alignment with nib's Code of Conduct and our values to ensure that we observe the highest standards of fair dealing, honesty and integrity in our business activities.

nib's Diversity and Inclusion Policy sets out our approach to diversity and inclusion in the workplace (including gender diversity) and provides a framework to achieve nib's diversity goals. The Board and management believe that nib's commitment to this policy contributes to achieving nib's corporate objectives and embeds the importance and value of diversity and inclusion within the culture of nib.

Diversity and inclusion objectives and outcomes

We've maintained a strong focus on inclusion, gender representation, accessibility, heritage and culture as part of our recruitment and retention strategies, succession planning and support of career development for our employees across nib.

As a relevant employer under the Workplace Gender Equality Act, nib publishes its 'Gender Equality Indicators' on the Workplace Gender Equality Agency website and on the Sustainability section of our website, nib.com.au/shareholders. At 30 June 2020, 63.5% of nib's total workforce was female.

The Board of nib is committed to achieving diversity in accordance with its Diversity and Inclusion Policy. Set out on the following page are the current outcomes to the measurable objectives set by the Board.

Diversity and inclusion objectives and outcomes *continued*

Objective	Details	Timeframe	Results as at 30 June 2020
Recruitment and selection	<p>Ensure that employees and Directors are selected from diverse candidate pools:</p> <ul style="list-style-type: none"> • 60/40 gender mix in interviewing panels and shortlisted candidates for all management, Executive and Board positions. • Capture and record information during the onboarding process in relation to cultural diversity. 	Ongoing	<p>We believe that our employee demographic should be a representation of the communities that we operate within. Our processes, systems and practices are designed to ensure that we reduce potential bias and recruit equitably from a diverse mix of talent pools.</p> <p>We are making progress and can demonstrate year on year improvement in our efforts to drive more balanced gender outcomes:</p> <ul style="list-style-type: none"> • 55.5% of total hires have been female in the last 12 months; • 5% of females in Business Unit Head roles have less than a year in role versus 10% of males; • Females were appointed to 55% of all leadership positions that were appointed throughout the year; and • 52% of internally appointed leadership positions were female. <p>It is worth noting, that we are working on expanding our definition of gender representation to ensure it encapsulates all gender identity categories.</p> <p>All employees have the option of recording and providing demographical information, including cultural background as part of our onboarding and employee management processes.</p>
Flexible work practices	<p>Maintain a flexible work practices policy and engender a culture of support for flexible work practices where possible and required.</p>	Ongoing	<p>Like many organisations, nib's response to COVID-19 has been focused on ensuring our employees are safe and well during this unprecedented time. This includes enabling our workforce to work remotely from the safety of their homes. Our people have been flexible and have adapted well during this time of uncertainty and change.</p> <p>In addition to remote working, our Flexible Work Policy has provided 108 employees with access to different flexible work arrangements to support a range of circumstances as detailed below:</p> <ul style="list-style-type: none"> • 59% for reduced hours for employees returning from parental leave; • 19% for carer responsibilities; • 10% for medical reasons; and • 11% for other reasons (e.g. study or career breaks). <p>Other strategies in place to support flexible working arrangements for employees include:</p> <ul style="list-style-type: none"> • Promoting a remote and agile working model; • Flexible working hours (start/finish time); • Tertiary study and exam leave; • Shift and rostering preferences; and • Gradual return from parental leave.
	<p>Educate managers on strategies for supporting and managing flexible work arrangements successfully.</p>	Ongoing	<p>We are passionate about facilitating an environment where our people feel included and empowered to work flexibly. We provide ongoing education and coaching to our leaders on how to work flexibly and inclusively. This is also evident in our Flexible Work and Parental Leave policies.</p>

Diversity and inclusion objectives and outcomes *continued*

Objective	Details	Timeframe	Results as at 30 June 2020
	Report on % of roles open to part-time and flexible work arrangements.	Ongoing	nib offers flexibility to 100% of roles across the Group.
Representation	<p>Set goals, timeframes and succession plans to improve the number of women in management roles in the business.</p> <p>A minimum 60/40 gender mix:</p> <ul style="list-style-type: none"> • Manager and Team Leaders; • Heads of Business Units; • Executives; • At a minimum three Non-Executive Directors; • At a minimum one member of the People and Remuneration Committee. 	June 2020	<p>The number of females in management roles in the business as at 30 June 2020 can be broken down as follows:</p> <ul style="list-style-type: none"> • Four female Non-Executive Directors representing 67%; • Two female members of the People and Remuneration Committee; • Three female Executives representing 25% ; • 22 female Business Unit Heads representing 42%; and • 155 female Managers and Team Leaders representing 58%. <p>FY20 has seen the total number of female Business Unit Heads reach target, an increase from 38% in FY19 to 42% in FY20.</p>
	Report on engagement by gender across Executives, Business Unit Heads, Manager and Team Leader levels.	June 2020	Due to COVID-19 and the response effort required to support our people and our business, we rescheduled our Group employee engagement survey to November 2020.
Development and succession	Ongoing mentoring, coaching and succession programs that support and encourage women to expand their skill as part of their professional development and to prepare them to take on management of executive roles.	Ongoing	<p>The changing nature of work presents significant opportunities for us to invest in new skills and capabilities, so our people are ready for jobs of the future.</p> <p>Our newly embedded capability framework is designed to give leaders at all levels a clearer understanding of how to create a growth culture, where our people can collaborate and innovate to deliver against our strategic plan and future aspirations. It also provides us with a common framework to identify meaningful development actions and opportunities to grow our people to their full potential.</p> <p>Recent female Executive appointments to the Chief Executive, nib Travel and Group Chief Medical Officer roles were all internal promotions, demonstrating our ability to recruit for the needs of today and for the future.</p> <p>We run our own inhouse leadership development programs for experienced and emerging leaders, of which 78 employees successfully completed this year.</p> <p>We also provide access to education assistance which includes financial support towards formal education to broaden job-related academic knowledge or obtain professional certification in their fields, we provided 84 people with this benefit (58% of recipients were female).</p>

Diversity and inclusion objectives and outcomes *continued*

Objective	Details	Timeframe	Results as at 30 June 2020
Development and succession <i>continued</i>	Ongoing parental leave program to keep connected with employees on parental leave and support return to work.	Ongoing	<p>We've seen a 15% decrease in parental leave compared to FY19. However, there was an increase of 240% in the number of men accessing parental leave this year.</p> <p>While we know this is a valued employee benefit, we continue to monitor the competitiveness of this benefit in the market to ensure it is representative of our commitment to facilitate an inclusive workplace environment for our people.</p>
	Track the engagement of parental leave return to work employees.	June 2020	<p>FY20 we saw a decrease in women returning from parental leave at 91% down from 96% in FY19 and males remain steady at 100% rate of return. FY20 saw a decrease in females remaining in role 12 months post return at 85% down from 100% in FY19 and males again remain steady at 100% (7 of 7).</p> <p>Engagement levels of those individuals that returned from parental leave will be assessed in our Group Employee Engagement Survey in November 2020.</p>
	Introduce "managing inclusively and internationally" as part of manager development, to cover flexibility, disability, cultural diversity and report % of managers attending.	June 2020	A pilot training session around managing for accessibility was delivered in early FY20 with 36 key leaders attending this session. Our 'managing inclusively' sessions for our leaders was deferred due to COVID-19 circumstances and has been moved to September 2020.
Cultural diversity	Provide cultural awareness education to relevant employees.	Ongoing	This year we ran a cultural awareness session for key Australian based leaders focused on Aboriginal culture. This session was primarily focused on building knowledge and awareness around traditional Aboriginal cultural practices.
	Provide discrimination and harassment awareness training to all leaders and employees.	Ongoing	nib provides mandatory compliance training on these topics for all employees on commencement and refresher training every two years.
Disability	Provide support to employees with disabilities and special needs.	Ongoing	Employees that have identified as needing additional support due to a psychological or physical disability are provided a bespoke management plan and access to a variety of resources to empower and enable them to be at their best in their workplace environment.
	Proactively case manage employees with emerging mental health issues.	Ongoing	
	Introduce compliance training on mental health for all employees.	Ongoing	All employees are automatically enrolled in nib Workplace Mental Health on commencement and are required to complete the course within their first three months of employment. Resilience sessions are provided for all employees and coaching advice and guidance is available to leaders from People & Culture.
	Provide mental health support training for all leaders.	June 2020	

Diversity and inclusion objectives and outcomes *continued*

Objective	Details	Timeframe	Results as at 30 June 2020
Disability <i>continued</i>	Provide psycho-social workplace audit to identify high risk areas of work related stresses/demands.	June 2020	This is a piece of work that will be incorporated into the future of work design and WHS strategies to ensure that our future operating model is designed to minimise work related stresses and demands.
	At a minimum, offer employment to 10 people with disabilities.	Ongoing	Under the definition of the Disability Discrimination Act 1992 (Cth) and Human Rights Act 1993 (NZ), disabilities include, permanent, partial and temporary loss of physical and/or mental functions (including intellectual, learning sensory or mental illness). nib currently has 14 people who have self-identified within this definition, however, we expect the actual number is higher across the organisation given the national average of people with a disability is 20%. The Inclusive Workplace Design Survey results in FY21 will inform a more accurate picture of this.
Gender pay equity	Monitor Business Unit Heads salaries (as a % of salary range) to identify gender inequity that cannot be attributed to other variables (e.g. time in role or significant changes resulting from external benchmarking).	Ongoing	We continue to monitor the Business Unit Heads salaries (as a % of salary range) to identify and address gender inequity. Average position in range for female BU Heads is 31.38% with a median position of 41.09% and average position in range for male BU Heads is 51.64% with a median of 52.64%.
	Provide updates to the People and Remuneration Committee and recommendations to address identified inequities.	Ongoing	To help address gender pay disparities we conduct an annual gender pay review. The results of this review are provided to the People and Remuneration Committee resulting in an ongoing commitment to review pay outcomes through one off adjustments and our annual remuneration review process.



remuneration

The People and Remuneration Committee reviews remuneration of senior executives and Non-Executive Directors every year. Typically every second year, the Committee seeks guidance from independent remuneration consultants in relation to executive remuneration and market rates to assist it in making recommendations to the Board for nib's remuneration practices and the structure of Non-Executive Directors' remuneration and the remuneration of senior executives.

nib clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

Non-executive director remuneration

Remuneration for Non-Executive Directors is fixed. Board and Committee fee rates are reviewed by the People and Remuneration Committee and approved by the Board. The total annual remuneration paid to Non-Executive Directors must not exceed the fee pool set by shareholders at the AGM. The current maximum annual remuneration was set at \$1.9 million per annum by shareholders in November 2017 (effective from 1 January 2018). Further information in relation to nib's remuneration practices for Non-Executive Directors is provided as part of the Remuneration Report (pages 23 to 44 of the Annual Report).

Senior executive remuneration

The remuneration of senior executives (who are key management personnel), including the MD/CEO, have the following remuneration components:

- base salary;
- statutory entitlements (including superannuation and long service leave, as applicable);
- a short-term incentive (subject to performance thresholds); and
- a long-term incentive (subject to performance thresholds).

Further information in relation to nib's remuneration policies and practices for senior executives and Non-Executive Directors is provided as part of the Remuneration Report (pages 23 to 44 of the Annual Report).

Trading Policy

nib's Trading Policy, which is available on our website, nib.com.au/shareholders, prohibits key management personnel from:

- dealing in financial products designed to track, hedge or in any other way take a position associated with the future value of nib shares, including options, warrants, futures or other financial products issued over nib shares by third parties such as banks and other institutions; and
- entering into transactions in products associated with nib Securities which operate to limit the economic risk of their shareholding in nib (e.g. hedging arrangements). This extends to any hedging arrangements or other such transactions in respect of rights under a Plan.

Risk management framework

nib's Risk Management Framework (RMF) sets out our structured approach for managing nib's material risks. The RMF is a combination of both formal and informal elements including risk management systems, structures, policies, processes and the people operating them.

The Board and the Risk and Reputation Committee receive regular reports on key enterprise risks that may impact nib in delivering its business objectives. During FY20, management provided reports to support the Risk and Reputation Committee and the Board's assessment of the effectiveness of nib's risk management framework and the management of material business risks. In addition, the Audit Committee monitors the Group's financial risks and reports to the Board on the adequacy of the Group's internal controls as they apply to financial reporting, financial management systems, accounting and business policies to mitigate any material financial risks.

The Risk and Reputation Committee undertakes an annual review of nib's risk management framework (including a review of nib's Risk Appetite, Risk Management Strategy and Key Enterprise Risks) to ensure that nib's risk management framework continues to be effective and relevant to nib. During FY20, the Risk and Reputation Committee undertook an annual review of the risk management framework.

nib's exposure to environmental and social sustainability risks and further information on nib's sustainability practices and initiatives is provided in the Sustainability Report available on nib's website, nib.com.au/shareholders.

Internal audit

nib's internal audit function for FY20 in Australia was performed by KPMG. The internal auditor provides an independent and objective internal audit review of nib's risks and key controls and how nib's processes and technology are operated and managed to provide the best outcomes for nib. nib's Internal Audit plan is developed using a risk-based methodology in consultation with the Risk and Reputation Committee, together with nib management to ensure alignment with identified key enterprise risks. Internal audit reviews performed also ensure nib identifies opportunities for process improvement.

Internal audit reports are considered at meetings of the Risk and Reputation Committee. Representatives from the internal auditors attend meetings of the Risk and Reputation Committee and the Audit Committee to present internal audit reports and answer questions from the Committees.



reporting, disclosure and communications

Integrity in corporate reporting

The Audit Committee assists and makes recommendations to the Board on nib's external audit function (including fees payable to the auditor for audit and non-audit work), the adequacy of nib's corporate reporting processes and the integrity of nib's financial statements and other material regulatory documents.

The Audit Committee Charter sets out the role and responsibility of the Audit Committee. In fulfilling its role, the Audit Committee:

- receives regular reports from management, the external auditors, the Appointed Actuary and, if required, the internal auditors;
- meets with external auditors and the Appointed Actuary on a regular basis and has issued a standing invitation to the external auditor to attend all meetings of the Audit Committee;
- reviews the processes that the MD/CEO and the Chief Financial Officer (CFO) have in place to support their certifications to the Board;
- reviews any significant disagreements between the auditors and management, irrespective of whether they have been resolved;
- meets separately with the external auditors and the Appointed Actuary at least twice a year without the presence of management; and
- provides the external auditors and the Appointed Actuary with a clear line of direct communication at any time to either the Chairman of the Audit Committee or the Chairman of the Board.

The Audit Committee has authority, within the scope of its responsibilities, to access employees, management, internal and external auditors and the Appointed Actuary.

Prior to the approval of nib's full year financial statements for the year ended 30 June 2020, the Board received a signed declaration from the MD/CEO and the Group CFO, pursuant to section 295A of the *Corporations Act 2001 (Cth)* (Corporations Act) including that the opinion of the MD/CEO and CFO had been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Periodic corporate reports released to the market which are not audited or reviewed by an external auditor follow an internal data verification process to ensure all information is materially accurate, balanced and provides investors with appropriate information to make informed investment decisions. This process includes separation of duties and multi-level review and approval.

Continuous disclosure

nib has a Disclosure and Communication Policy and Disclosure and Materiality Guidelines to ensure compliance with the ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclosure.

The Disclosure and Communication Policy and Disclosure and Materiality Guidelines are provided to all officers, senior executives and relevant employees on their appointment and are disclosed on the nib website, nib.com.au/shareholders. nib has established a Disclosure Committee which is responsible for managing nib's disclosure obligations under the ASX Listing Rules. The Disclosure Committee comprises the MD/CEO, Group CFO, Group Executive – Legal and Chief Risk Officer (General Counsel and Company Secretary) and Head of Corporate Affairs and Investor Relations.

nib is committed to providing relevant up-to-date information to its shareholders and other stakeholders in accordance with its obligations under the ASX Listing Rules and the Corporations Act. In meeting its continuous disclosure obligations, nib works to ensure that its announcements are presented in a factual, clear and balanced way and that all shareholders have equal and timely access to material information concerning nib. This includes disclosing new or substantive investor and analyst presentation materials on the ASX Market Announcements and nib shareholder website prior to the presentation occurring.

nib's Group Executive – Legal and Chief Risk Officer (General Counsel and Company Secretary), Group Chief Financial Officer and Head of Investor Relations and Corporate Affairs have been nominated as the persons responsible for communications with the ASX. nib also ensures that its Board receives copies of all material market announcements promptly after they have been released.

Shareholder engagement

nib's Disclosure and Communication Policy sets out the way in which nib communicates to shareholders and encourages participation in general meetings.

The Board and Management aim to ensure that shareholders are informed of all information necessary to fully assess nib's performance. nib has a dedicated shareholder website that can be found at nib.com.au/shareholders. This website provides relevant information for shareholders in a dedicated place and in an easy-to-navigate manner, including particulars of the Directors, copies of nib's Constitution, Board and Committee Charters, corporate governance policies and other policies, sustainability activities, copies of annual reports and financial statements. All information, including announcements to the ASX, is posted on the shareholder website soon after release to the market by the ASX.

nib prepares an annual investor relations strategy and program detailing how nib will communicate and engage with investors. This includes how nib will facilitate feedback from shareholders as well as opportunities and channels shareholders can use to communicate with nib on matters of concern or interest to them.

nib encourages shareholders to attend or participate in the AGM and use the opportunity to ask questions at the meeting. If a shareholder is unable to attend the AGM, the shareholder can appoint a proxy to attend and vote on their behalf/or use any other means as included in the notice of meeting. All voting at the AGM is decided by a poll.

Questions from shareholders can be lodged prior to the AGM by completing the relevant form accompanying the notice of meeting. nib responds in writing to any shareholder who submits a written question. Notices of meeting and accompanying explanatory notes aim to clearly, concisely and accurately set out the nature of the business to be considered at the meeting. nib places notices of general meetings and accompanying explanatory material on the nib website.

In 2019, shareholders were able to view the AGM via a webcast available on nib's website and nib also facilitated shareholders being able to ask a question at the AGM online. Due to the impacts of COVID-19, nib's 2020 AGM will be virtual meaning shareholders will be able to watch, listen to the business of the 2020 AGM and vote by webcast from the nib shareholder website, nib.com.au/shareholders.

nib shareholders can elect to receive their shareholder communications electronically. Electronic communications are actively encouraged to shareholders who currently receive communications in printed form. nib's shareholder website further enables shareholders to access information online.