

## 2021 Annual General Meeting Transcript

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David Gordon: Good morning, ladies and gentlemen. My name is David Gordon. I am the Chairman of nib Holdings Limited and on behalf of the nib Board, it gives me great pleasure to welcome you to our virtual 2021 Annual General Meeting. Due to the changing nature of the COVID-19 pandemic and associated restrictions, we believe that hosting this year's AGM virtually is the most responsible and safe way to conduct this year's meeting. You will still be able to vote and ask questions of your Board via the webcast and via phone, so please follow the instructions available on the website and as I will explain further today.

Before we begin today's meeting, I would like to acknowledge the Traditional Custodians of Country throughout Australia and recognise their continuing connection to land, waters and community. I pay my respects to them and their cultures and to Elders past, present and future. I would also like to acknowledge the Traditional Custodians of the land on which we meet today and I extend my respect to the Aboriginal and Torres Strait Islander peoples who are present today, for they hold the memories, the traditions, the culture and hopes of Aboriginal and Torres Strait Islander peoples across the nation. For our New Zealand viewers, kei ngā iwi, kei ngā mana, tēnā koutou katoa.

It has now gone past 11:00am here in Sydney. The Company's secretary has advised me that a quorum is present and as such, I formally declare the meeting open. I would now like to introduce the nib representatives who are joining me here today. Firstly, Independent Non-Executive Directors Lee Ausburn, Donal O'Dwyer, Anne Loveridge, Peter Harmer and Jacqueline Chow. Managing Director and Chief Executive Officer, Mark Fitzgibbon; our Group Executive Legal and Chief Risk Officer, General Counsel and Company Secretary, Roslyn Toms; and Group Chief Financial Officer, Nick Freeman. Also attending today are representatives from nib's external lawyers, King & Wood Mallesons, our share registry, Computershare and our auditors, Pricewaterhouse Coopers.

Shortly I will present my report on nib's operations for the 2021 financial year, before handing over to our Managing Director and CEO, Mark Fitzgibbon, who will give a quarterly update and provide an outlook for our business for the 2022 financial year. Following Mark's presentation, I will then address the items of business as they appear in the Notice of Meeting, which are the consideration of the Financial Report, Directors' Report and Independent Auditor's Report of nib each of the 2021 financial year; consideration of the Remuneration Report; the election of Mr Peter Harmer as a Non-Executive Director of the

Company; the re-election of Ms Jacqueline Chow as a Non-Executive Director of the Company; the approval of Mark Fitzgibbons' participation in the long-term incentive plan; and amendments to nib's constitution.

Today I would like to announce the recipient of our 2021 people's choice vote. In the lead up to our AGM, we gave our shareholders the opportunity to vote for three of nib foundation's Health Smart partners: BrainPark, Butterfly Foundation and Cancer Council NSW, who each had the chance to receive an extra \$40,000 in funding to continue to support programs dedicated to empowering youth and young adults to lead healthier lives. Thanks to the votes received by you, I'm happy to announce that Cancer Council New South Wales is the recipient of the 2021 people's choice vote. Congratulations to Cancer Council NSW and thank you to our shareholders for voting.

No matter how we present our Annual General Meeting, whether virtually as today or face to face, as we hope to do again, we place great importance on the opportunity to hear from Shareholders and answer any questions they may have. Notwithstanding that we are meeting virtually today, that priority remains. Shareholders will be given the opportunity to ask questions in relation to any aspect of nib, including its management, operations, strategy and finances. Responses to such questions or general matters of business will take place under the first item of business. For subsequent agenda items, I will only allow questions and comments specific to those items.

A reminder that to ask a question from the online platform, please follow the instructions shown on your screen. You must be logged in as a shareholder to do this. Questions via the online platform are able to be submitted now. Questions via phone line will be answered following completion of responses to the online questions. I will endeavour to answer all relevant questions from shareholders during today's meeting. If we receive similar questions regarding the same topic, we will respond to those questions collectively. However, as Chairman, I reserve the right to rule out of order any question or questions I consider to be outside the scope of the meeting.

We've also received a number of written questions from shareholders prior to today's meeting. I confirm that any shareholder who has submitted a written question will receive a written response from nib. We recognise that a significant number of our shareholders are also nib members. If you have a question relating to your health cover policy, please contact us on 13 14 63 or by visiting our website at [nib.com.au](http://nib.com.au).

After the Financial Report, Directors' Report and Independent Auditor's Report have been considered, we will then deal in turn with each item of business as set out in the Notice of Meeting. Please note that copies of nib's 2021 Shareholder Review, Annual Report and Notice of Meeting are available on our shareholder website, [nib.com.au/shareholders](http://nib.com.au/shareholders). Participants who have logged into the online platform as a shareholder or proxy will be able to vote once I've opened the voting. I will provide further instructions on voting before addressing the items on the agenda for today's meeting.

Let me first start by saying that it gives me great pleasure to be speaking to you, our shareholders, for the first time as your newly appointed Chairman. I'm excited to be part of nib's continued progress and expansion as we continue to deliver upon our mission of Your Better Health. The idea that we can be as much about helping members with their doctors as helping them manage their health, is not lacking in ambition. Yet it elegantly complements almost 70 years of being there for our members once they are already sick or injured.

When we look back at fiscal year 2021, it will certainly be remembered as the year in which we encountered the teeth of the COVID-19 pandemic. Likely to be one of the most significant global events in our lifetimes, the pandemic has touched each and every one of us in some way. From the outset of the pandemic, we have remained steadfast in our commitment to supporting the health and wellbeing of our members, travellers, employees and communities in which we operate, while also ensuring the commercial integrity and sustainability of our business.

Our COVID-19 support package, which totals \$60 million to date, has evolved over the last 18 months in response to the needs of our various stakeholders. Support has been provided in the form of deferred premium increases, waived or suspended premiums, additional COVID-19-related coverage and \$1.5 million in community donations. With our FY21 results, we announced a return of \$15 million of claims savings to eligible members in recognition of treatment they may not have been able to receive. We anticipate further support while ever the pandemic persists and we will closely monitor developments to ensure that our support package remains fit for purpose and affordable.

Importantly, lockdowns didn't prevent us from meeting the healthcare needs of so many of our members. In FY21 we still funded 387,900 hospital claims and over 3.9 million dental, optical and other ancillary claims across the Group, with a total value of \$1.8 billion, compared to \$1.6 billion in FY20.

It is very pleasing to see some sense of normality returning with border and stay-at-home restrictions lifting in many states. Nevertheless, there is a form of business long COVID still playing out. For example, restrictions on international travel have strained some parts of our business, in particular our travel and international health insurance operations. Compared to financial year 2019, in FY21 we took a hit of about \$60 million in our underlying earnings. However, we have continued to drive strong commercial and financial performances, reflecting the resilience of the Group and we are confident that the businesses damaged by COVID-19 will bounce back.

In FY21 Group revenue grew 2.9% to \$2.6 billion. Group underlying operating profit grew by 39.5% to \$204.9 million, largely due to the strong growth of our Australian residents health insurance business, coupled with nib New Zealand's stable performance. Group underlying operating profit includes a reassessment of the COVID-19 deferred claims liability provision set aside last year to account for the current and future catch up and risk equalisation experience. Given continuing uncertainty related to the pandemic, a \$34 million provision was retained as at 30 June 2021 for further expected claims catch up.

The increase in net profit after tax of 84.5% to \$160.5 million also benefited from strong investment income of \$51.8 million, which recovered from the volatile investment market conditions the previous year. Our full year dividend of \$0.24 per share fully franked represents a payout ratio of 68.2% of FY21 net profit after tax. The final dividend of \$0.14 per share was paid to shareholders on 5 October 2021.

From these results, shareholders can take confidence about our future plans. COVID-19 is clearly something we don't celebrate and we lament its dire consequences for so many and yet it has lent momentum to the investments we are making in our vision for a world of better health. They include investments in data science and disease prevention, virtual and electronic healthcare delivery, as well as increased digital engagement with members, travellers and clinicians. As always, we see opportunity in disruption.

FY21 will also mark a point in time when our social and environmental responsibilities to the communities we serve became all the more poignant. Our commitment to the principles of sustainability are a part of our fabric, lending from our original establishment as a sickness fund for workers at the BHP steelworks when a few employees banded together to help cover any unexpected medical bills. Today more than ever we approach our social and environmental responsibilities with sincerity, conviction and effectiveness. Too extensive to detail here, there is a long list of initiatives and progress you can reference in our Sustainability Report.

For the first time, we've also set sustainability targets for the year ahead in each of our sustainability pillars, including a focus on increasing gender diversity, developing a path to net carbon zero, greater diversity in our brand and community partnerships and increased participation in our health management plans. The area in which we believe we can make the biggest impact is in more deliberate and precise population health management. We intend to play a more active role in improving community health outcomes and redressing terrible gaps in care, especially between Indigenous and non-Indigenous peoples.

nib Foundation was again a highlight of our broader contribution in society. It contributed \$1.9 million in support of three focus areas, promoting prevention, enabling equality and empowering communities. This brings the foundation's total funding commitment since its establishment in 2008 to over \$23 million. During the year, nib foundation continued to work with our COVID-19 community response partners to deliver the \$1.5 million donated by nib at the start of the pandemic. This has enabled the delivery of some crucial clinical innovations and mental health support to areas of real need across Australia and New Zealand. On behalf of the nib Board, I extend my thanks and gratitude to the nib foundation team for their ongoing passion and commitment to investing in the better health of our community.

It would be remiss of me also not to acknowledge and farewell our long-serving Chairman, Steve Crane, who retired from the Board in July 2021. Steve made an extraordinary contribution to the Company over the past decade and will be very much missed. I also welcome Peter Harmer, who will officially stand for election as our new Independent Non-Executive Director later at today's meeting. Peter brings over 40 years' experience in the Australian and international insurance and financial sectors and is already making a valuable contribution to the Board.

While FY21 has certainly been another extraordinary year and not without its challenges, our business is in very good shape. We continue to grow with increased profitability, we are well capitalised and there is no shortage of opportunity ahead. I would like to thank our people, from our employees on the frontline and our team members, to our executive management team and my fellow Board colleagues for their hard work and persistence throughout the year.

I'll now hand over to our Managing Director, Mark Fitzgibbon, who will provide his summary of the year and brief outlook for the period ahead.

Mark Fitzgibbon: Thanks for that, David and good morning all. My job this morning is twofold, just to briefly give an update on the business based upon our first quarter progress and first quarter results rather than just an illustration of progress to date and talk a little bit about our business strategy which, as you'd imagine and expect, is continuing to evolve. So I have two slides I'd like to go through this morning. They should appear shortly.

So as David has already indicated, the business remains in a very strong condition both in terms of our market presence and our financial performance. We've called out these particular metrics to give investor shareholders some sense of our business condition.

So across the entire Group, our premium revenue grew in the first quarter of this financial year, that's July, August and September 2021, compared to the previous comparable quarter by 8.5%, so was a strong growth performance. I'll concede that the growth, that 8.5%, was a little bit helped by the fact that we froze our premium increase in fiscal 2021, which meant the base of which we grew was a little bit smaller. But nevertheless, in what are challenging market conditions, growing our top line remains a top priority for us.

Our Australian Residents Health Insurance Business, what we affectionally call arhi was part of that great story and in the first quarter it put on an additional 3,829 policyholders. Now, that growth rate of 0.6% is relatively modest by our standards and we're actually expecting we'll do better across the remainder of this financial year. Our latest view is we'll more likely be closer to 3.0% for the full financial year. But a lot depends upon macro-economic conditions and market conditions, but that's a target we've now set ourselves.

Very interesting to look at the claims experience in the first quarter. Now rather than call out and make a comparison with the previous quarter of the previous fiscal year, we've gone back to fiscal year 2020, so we're talking about July, August and September of calendar year 2019. We've done that because last year was so confused by COVID-19, the shutdown in hospitals and just the general mayhem associated with our claims experience. We think this is a better base to make comparisons with.

You'll see from the slide there that compared to two years ago, our claims were down by 2.4%. And that's even making allowance for a further additional provision we've made for our deferred claims liability. Now that sounds a bit complex. It's really the money we're setting aside, recognising that treatment which didn't happen because of COVID-19 and which has effectively been deferred, we're providing for that. We're putting money in the kitty box, recognising that at some point that activity will return. Jack will still need his knee replaced at some point.

But nevertheless, when you consider the policyholder growth, you can see the claims activity, notwithstanding the fact, as David has already outlined, we paid for a lot of hospital and dental services last year, it is very flat compared to what we'd normally expect because of COVID-19. I mentioned the DCL, or deferred claims liability. This is a little kitty we've created, recognising that these claims that didn't happen will happen at some point. It was almost \$50 million at the end of the quarter. We actually expected that to decline in the first quarter but further lockdowns across New South Wales and Victoria has caused us to increase that provision.

Our international workers and students business have been hit hard by COVID-19 and simply the restrictions on international travel. That has implications in two ways. Not only are we unable to make sales for foreign workers and students to come to Australia, but our claims experience is typically worse because often these people return home for Christmas or to visit family or to have babies, and being trapped in Australia - for want of a better expression - has meant our claims exposure in that business has increased quite dramatically.

So it's been a - the loss ratios in that business have been a bit tough but we are navigating that and you can see us not affecting our Group level profitability and the base is still holding up. We've actually grown our workers books in the first quarter. It is just the students numbers that have dropped off but we still have a large base of student worker customers.

New Zealand performed very well. It has been a tremendous story for us since our acquisition of the business way back in - somebody help me here? Ros? 2012, I want to say or thereabouts? We have a great Board there. We have great team and there's still lots of opportunity for us in New Zealand. We are the second largest health insurer in New Zealand today.

A bit like international students, travel of course, our travel business has been hit hard by COVID-19 and the prohibition of international travel. There are signs that things are recovering, more so in our international sales and our domestic sales because other countries have opened up their borders more rapidly than Australia.

So some promising signs there. One swallow doesn't a summer make, I know, but the fact that international sales are at about 27% of what they were two years ago - so we're using 2019 as the base to make comparisons. Even Australian sales have come back a little bit. We are quite confident in the new year, those numbers will pick up.

International sales account for about 50% of our total sales, so the movement in international sales is quite significant for the business.

Just the last point we've dropped in there is to announce and celebrate our new distribution agreement with ING. It's another indication of the strong capability we have in the business to enter into partnerships with good companies like ING and Qantas and Suncorp and the Automobile Association in New Zealand and Priceline.

We have a particular capability, the technology, the expertise and experience these days to enter into these kind of partnerships and they're a very important part of our business. We welcome ING to that family, for want of a better description.

So that's the first quarter. Conditions in the second quarter appear comparable although it's still early days in the second quarter. Next slide, please.

Look, this slide looks a bit esoteric so apologies for that but I'll quickly go through it and give some explanation as to what it all means. So I think it's fair to say that we've been quite expansive in our thinking for a long time in the business.

Today, we had - we're beyond the traditional market of Australian Residents Private Health Insurance. We're involved in international workers and students. We're in New Zealand. We have a travel insurance business.

But it's equally fair to say that our - as expansive as our thinking has been and outward focused, we have been pretty much fixed on private health insurance as a marketplace and as - in terms of our products and the services and the problems we solve for people.

We're looking more expansively today. We're looking at Australia, for example. Not as a \$25 billion private health insurance business but a \$200 billion healthcare marketplace. We're culturally and in the way we're looking at the business, we're trying to be more a healthcare company, rather than just a private health insurance company.

We are trying to be more about protecting our members, as important as that is, for when they get sick and injured, as David has already mentioned, to a Company that is as every bit as interested in keeping them healthy in the first place.

At the heart of that - or the engine, whichever metaphor you prefer, is this notion of personalisation. This notion that with the incredible developments we're making in data science, in big data, artificial intelligence, IoT devices. That we can be there for our

members and travellers, not only helping them when they're sick or injured, as David has mentioned, but predicting their individual risk profile such is the power of data science.

So, for example, we know that if Mohammed has characteristics biologically, psychologically, genetically, socially - you know, A, B, C, D and E, that, courtesy of data science and algorithms that have been written from literally millions and millions of records, that we can confidently predict Mohammed is at risk of diseases 1, 2, 3, 4, 5 and if so, the best way to prevent or manage or more precisely treat those diseases as X, Y, Z.

So this is the kind of science we're trying to bring to the business which will expand our value proposition. What we're able to offer consumers in the marketplace - good health, rather than just protection. It's very much our focus and with that, grow our presence in the marketplace.

The other element to personalisation is about digitisation and how we engage with our members and travellers and the doctors who support them. That's a heavy part of our investment as well.

So with that effort in investment being made around personalisation, we think about the \$200 million [sic - billion] Australian healthcare market and the [\$40 billion] healthcare market in New Zealand and the value pool.

So that top soccer ball there is about our traditional existing market or PHI. As I mentioned it's about a \$25 billion market in Australia. We think with this value proposition of good health rather than just financial protection, we can play a role in growing the market in Australia.

Only about half of Australians have private health insurance and in New Zealand, only about 30% of the population so we think this is an opportunity to make membership of nib more attractive, grow the market and grow our share of that market.

Beyond that, we're looking at some new markets in healthcare. So of our - again, using Australia as the example, of that \$200 billion, about \$35 billion is spent on out of pocket expenses. So we've been thinking long and hard about, well look, how can we play a role in that large value pool and how do you do that?

What are the kind of products and services that we need to deliver, which aren't captured in their funding by private health insurance but nevertheless, consumers may want assistance with?

Just recently, we announced - well we launched a new product. A new treatment package for maternity, for mothers and birthing. But we have a vision of providing a much broader array of products and services which are outside the domain of private health insurance but nevertheless of value to consumers.

The claims cost effectiveness value pool is us saying, well look, if we're really good at keeping people healthy and preventing disease, this would have implication for our claims experience and loss ratio.

The value we can create by preventing disease or better manage helping people and their doctors prevent or better manage disease, we can pass back to our members in the form of lower premiums or through higher benefits.

That advantage should also support our growth ambitions in that top soccer ball. That is, our ambitions to enhance the value proposition and expand our market share.

Honeysuckle Health is an interesting one. Honeysuckle Health is the business we're using to actually deliver the kind of products and services and programs necessary to help people be able to manage their risk of disease and stay healthy. If it does - it's a joint venture partnership we have with a large US based but global healthcare company called Cigna.

It already has eight programs in the marketplace helping people mitigate the risk of readmission to hospital for surgery, helping people with mental and psychological conditions. Helping people with physical conditions associated with injury and some of those programs are digital programs.

So very much a good part of what Honeysuckle Health delivers in the marketplace will reflect our thinking around AI, IoT and the digitisation of our services. So we have high hopes for Honeysuckle Health to capture a lot of value in the healthcare system.

That box at about three o'clock is more a long-term ambition. We think increasingly in the future, government and its funded programs. So of our \$200 billion, about \$130 billion of that - you know, the lion's share, is actually funded and delivered by government. We think inevitably in the future, government will be turning more and more to the private sector to help it deliver on its own healthcare programs.

We see that in a number of areas already. For example, with the government outsource, Garrison Health. The healthcare of our military to the private sector and they outsource the Department of Health immigration checks.

We think that there'll be greater prevalence of that kind of initiative at government and we want to be ready for that by particularly being good at managing population health. You know, large groups of people.

So for us, personalisation has both an individual and population level dimension. Not only of - not only does [this] science now enable us to help individuals identify risk and better manage that risk, but it helps us - helps entire communities understand their risk profile as a community and the kind of initiatives which may help, as I say, prevent or manage or more precisely treat, disease.

So that's just a broader interview of how we're seeing our future strategy. We've expanded it beyond our thinking around private health insurance per se and thinking about new markets and how they are relevant to our skills, expertise and technology.

There are a few other possibilities floating around out there. For example, we have a distinct interest in a National Disability Insurance Scheme. Just as we play an agency role between the buyers and sellers of healthcare, we think there's an opportunity perhaps for our Company to play an agency role between the buyers and sellers of disability services. Recognising that disability services, if you take a more holistic view of disability, has a very powerful health dimension to it.

Now, just supporting all of that is a broad range of organisational capabilities we're developing. I've already touched upon the role of technology and how it will support our business strategy, particularly around personalisation.

We're being, in my mind, our mind, quite progressive on matters such as the future of the workplaces and I'll say modestly, I think leading the way in terms of hybrid working arrangements and how that might work for the benefit of the Company productivity, our members and travellers and in particular our employees.

As David has already mentioned, we're taking our social and environmental responsibilities very seriously. We don't see it as something we do because that's expected. We see it as something that's fundamental to our success as a business. It sounds a bit corny but that profits follow purpose and that if we do a good job in fulfilling our purpose as a Company, commercial success will ensue.

David touched upon the fact that part of that ESG of course involves greenhouse admissions and reducing our carbon footprint. We produce about 10,000 tonnes a year. Most of those emissions are third scope emissions. So they're emissions associated with suppliers but

we're quite determined to - well we'll be carbon neutral next year and then plan to be carbon zero or net carbon zero certainly within this decade.

But easily the area where we have the most opportunity to have a real impact on community wellbeing is in healthcare. Already, we're making good progress in supporting discrete populations in helping them manage the health of their communities.

There's no better example of that, than our relationship with Ngāti Whātua Ōrākei, a Māori tribe or iwi, in New Zealand. We're with the tribe, we're working together to help improve the health outcomes for their 5,000 tribal members and we have our sights on replicating that kind of thinking in Australia very, very soon, with a regional New South Wales community. So watch this space on that one.

Finally, I'll just talk a little bit about performance measurement. Something we're giving a lot of focus at the moment. What gets measured gets done. We've identified 10 new measures, which will - well they're not new measures - some are new measures - but we'll share more detail about this soon with some targets to support the measures.

But they're a combination of commercial objectives or measures. You know, think revenue growth, think profitability, think return on invested capital and purpose-led measures. Think the rate of hospital treatment per thousand members. The extent of activation of our members with our healthcare programs etcetera.

So we're spending a lot of time on that at the moment, thinking about what are we - what do we really need to measure that's important to us fulfilling our purpose of your better health?

I'll finish off by just mentioning next Tuesday, we have an investor strategy day. Now, everyone's welcome to that, both institutional and retail investors. That will be a virtual conference or strategy day.

The presentation will be published on the ASX as you'd expect and we'll spend a lot more time during the course of that day in spelling out our business strategy. What it means, what targets have we are setting ourselves in each of those value pools I've described and we'll talk a little bit about our performance measurements and targets.

So thank you, everybody. Back to you, David.

David Gordon: Thanks, Mark. We'll now proceed with the formal business of the meeting. I propose to take the notice of meeting as read and to maintain the flow, I'll dispense with the

formality of moving and seconding resolutions as all matters are properly before the meeting. Please note that matters not pertaining to the meeting will not be covered today.

Participants who have logged in to the online platform as a shareholder or proxy, will be able to vote once I open the voting. When I declare that voting is open, a voting icon will appear on screen and the meeting resolutions will be displayed.

To vote, click on one of the voting options. Your response will be highlighted. To change your vote, simply click a different option to override. The number of items you have voted on and are yet to vote on, is displayed at the top of the screen. Your vote may be changed up to the time that voting is closed at the conclusion of the meeting.

Turning to Item 1 on the agenda, which is to receive and consider the Financial Report, the Directors' Report and the Independent Auditor's Report of nib and the entities it controlled for the financial year ended 30 June 2021.

These documents were sent to shareholders who are on the nib register on 23 September. The notice of meeting, voting form and other associated documents were dispatched as required by the *Corporations Act* on 1 October 2021. Shareholders have received this information in accordance with their selected nib shareholder communication preferences.

Please note that if you haven't notified nib's share registry regarding your shareholder communications preferences, the default preference for you for now is that you will receive the notice of meeting, voting form and other associated documents in hardcopy. If you would like to discuss or change your nib shareholder communications preferences, please contact our share registry provider, Computershare.

I now put before the meeting, nib's Financial Report, Directors Report and Independent Auditor's Report. There is no vote on this item. I'd like to remind you that this is the only item on today's agenda where you have an opportunity to formally ask questions or make comments generally about the performance of nib and its management.

I'd like to advise the meeting that our auditor, Mr Scott Ferguson, a partner at Pricewaterhouse Coopers is here today and available to respond to questions at this time. I also remind shareholders that the Directors are responsible for the preparation and presentation of the Financial Report. The auditor's responsibility is to conduct an audit and give an independent opinion on that Financial Report.

I note that there has been one valid question received for the auditor from shareholders prior to the meeting. I'll address the question first and then invite Mr Scott Ferguson to respond.

The question is as follows. How well was the Company prepared for COVID-19 and does the Company have strong internal controls?

Well, like all Companies, we never imagined a pandemic like COVID-19 would happen in our lifetime. However, we have a number of formal mechanisms we were able to leverage during the crisis, including our pandemic plan, business continuity in crisis management plans, as well as member support packages.

In addition, during the last 18 months, our teams have truly risen to the challenges that the crisis has thrown our way. Our people have lived our values, including we before me, the status quo is death and extraordinary people do extraordinary things.

A focus for the business is ensuring we have strong internal controls and this is overseen by the Board and the audit and risk and reputation committees. We also seek assurance from our external auditors. Supporting our strong internal capability, we align with relevant industry certifications and standards. For example, ISO 27001 on information security for specific control sets.

I now invite Mr Scott Ferguson to further address this question.

Scott Ferguson: Thank you, David, and hello, everybody. As David mentioned, the role of the auditor is to form an opinion on the financial statements. So unfortunately we haven't performed any work that specifically addresses the Company's readiness for COVID-19 or indeed on its controls. But what I can say is that - two things. One in relation to COVID-19. You'll see a note to the financial statements, the description of a number of estimates that are made by the Company in relation to COVID impacts and we have audited those estimates and disclosures with no issues to raise.

You'll see the work that we've performed in our long-form audit report. In relation to internal controls, what I can say is that there were no significant control deficiencies that arose through the course of the audit. Thank you.

David Gordon: Thanks, Scott. Are there any questions in relation to - sorry - any questions in relation to these reports and any aspects of nib's operations or its management generally will be addressed now. I'll now address any questions or comments relating to this resolution from the online platform. Ros, are there any webcast questions?

Roslyn Toms: Yes, Chair. We have a question, as well as a comment from Mr [Henrick K]. I'll ask the question first. Would you consider joining a loyalty program like Flybuys to encourage growth of membership?

David Gordon: Thank you, Mr [K]. As you probably know, we have a very strong affiliation and partnership with Qantas, but I might hand over to our Chief Executive, Mark, to answer it in relation to any other thoughts on loyalty programs. Mark.

Mark Fitzgibbon: Yes. Yes, as you touched upon, Chairman, our relationship with Qantas has elements of exclusivity about it and I rather suspect Flybuys have similar arrangements with other health insurers as well. So it wouldn't be possible. But we are always looking for, as I touched upon earlier, opportunities to partner with other organisations who have a large customerbase and who's - that - who has some interest in working with us. So I certainly wouldn't rule out other similar kind of partnerships.

David Gordon: Great. Thanks, Mark.

Roslyn Toms: Chair, just one comment from Mr K as well. He says, I would strongly suggest that if you are looking at the NDIS work with disability organisations to see what they think is needed.

David Gordon: Excellent. That's a very good suggestion. Thank you very much for that. Are there any other questions?

Roslyn Toms: No further questions.

David Gordon: No further - okay. I will now address any questions or comments relating to this resolution from the telephone line. Do we have any telephone questions? No? Okay.

Now that we have considered the reports, we will deal in turn with each of the resolutions set out in the Notice of Meeting. The voting procedure is as follows. I will open all resolutions to a poll and voting will remain open until the end of the meeting. I'll explain each resolution and there will then be an opportunity for questions regarding the resolution. At this time, I will inform the meeting whether any proxy votes have been received and how the proxy votes are to be cast.

Voting to pass a resolution will be determined by a full poll result showing the combination of the votes cast on the website, votes cast prior to the meeting and proxies received prior to the meeting. Poll results for all resolutions will be shown at the end of the meeting after voting is closed. I now declare that voting for all resolutions is open.

Turning now to Item 2 on the agenda, which relates to the Remuneration Report contained within the Financial Report for the 2021 financial year. In accordance with the Corporations Act, this vote is advisory only and the outcome will not be binding on the Board or the

Company. In presenting the remuneration report, we've endeavoured to provide shareholders with clear and comprehensive information on the terms of and rationale behind nib's remuneration reward framework.

nib's approach to remuneration is simple and underpinned by a strong governance framework. Our philosophy needs to be fit for purpose and aligned to our organisational strategy. We need to ensure it keeps pace with our growth aspirations and allows us to continue to attract, motivate, develop and retain the right people to lead the nib Group. Transparency is key and we need to ensure our shareholders understand what we pay our people and how performance is measured and rewarded.

In addition, remuneration must be aligned to short and long-term shareholder value creation as the two are inextricably linked. That's why we've spent considerable time bedding down a remuneration philosophy and framework that is fair and balanced to our people and to our shareholders. Consistent with our approach in previous years, we are actively engaged and seek regular feedback on our remuneration framework from key interest groups, including shareholders, proxy advisors and other shareholder representative groups, including the Australian Shareholders Association.

Your Board believes that nib's remuneration structure creates an incentive for exceptional performance from our Executives, delivers financial reward to them when your investment in nib has increased in value and that it is competitive and reflective of comparable roles in the market. The Directors unanimously recommend that shareholders vote in favour of adopting the remuneration report of nib for the financial year ended 30 June 2021 as set out in the Directors' Report. I will now address any questions or comments relating to this resolution from the online platform.

Roslyn Toms: Chairman, we have one question from Mr [Wolfgang Frank] in relation to Item 2. nib is currently ranked 143 in terms of capitalisation on the ASX 200. Annual Report details 10 KMPs for FY21 financial year and unchanged from the previous year. Other much larger ASX 200 companies have far fewer KMP, with a few examples such as Ramsay Health Care, Wesfarmers, Origin Energy, Telstra and ANZ. Some of the KMPs have very small operational portfolios but receive salary packages of some \$500,000 or more, which appear very generous based on their overall responsibilities.

Given its size and scale of operations, how does the CEO justify his Executive Management structure and the salary packages paid to some of his personnel?

David Gordon: Thank you. Before I hand over to Mark, I'll make a few comments. The first is, as I mentioned a moment ago, that we take our remuneration responsibilities very seriously and, in particular, we aim to ensure that whatever we pay our people is as transparent as we can make it. I think perhaps that's one of the benefits and one of the reasons why we're able to be asked a question like this, and that's a good thing. We also ensure that our salaries and the incentive schemes are fit for purpose and appropriate to do what they're intended to do, which is to enable us to attract, develop and retain excellent Executives to run the business.

We feel very confident that that is, in fact, what's happening and it's verified independently by reports that we get every couple of years. So in terms of the amount that people are paid, we feel that we need to be and are comparable and competitive in a marketplace for excellent Managers. As far as the size of the team is concerned, I'll perhaps ask Mark if he'd like to comment on that.

Mark Fitzgibbon: Yes. Thanks, Chairman. I think there are two factors. The first factor is we are a very flat Management Company. Not a steep hierarchy as you might find in some other companies. We take a very collegiate and decentralised approach to how we operate the business. Now, when you take these - a decentralised approach and a collegial approach of that kind, you want to share as much information and insight and involve as many people as you can in the operation of the Company.

So while we do have a large Executive team, I think it makes for a much better mix of experience and diversity and ensures that the people who have responsibility to deliver right across the Group and its very elements are at - part of the Executive team and know what's going on at that level. In terms of remuneration, as the Chairman has mentioned, the remuneration doesn't reflect where they sit in the hierarchy, rather than the skills and expertise and experience that they bring to the business.

David Gordon: Great. Thanks, Mark. I should also add that we sit our remuneration, the fixed remuneration, of our Executives between the 50<sup>th</sup> and the 75<sup>th</sup> percentile in relation to their particular line of work. So I'll now address any questions or comments relating to this resolution from the telephone line. Do we have any telephone questions? No? Okay. There being no further discussion, I will now reveal the proxies received prior to the meeting in relation to this resolution, which will now appear on your screen.

As the Chairman of the meeting, I've been appointed proxy by some shareholders to vote on this resolution. I intend to vote undirected proxies that can be voted on this resolution in

favour of Item 2. Please note that once again, under the Corporations Act, this resolution is advisory only and doesn't bind the Board or the Company. I would also like to note that there are voting exclusions for this resolution and these are outlined in detail on page 2 of the Notice of Meeting.

I'll therefore now put to a poll the resolution that the Remuneration Report of the Company for the financial year ended 30 June 2021 as set out in the Directors' Report is adopted. To vote, please click one of the voting options shown on your screen. Item 3 on the agenda is the election of Mr Peter Harmer as a Non-Executive Director of nib. Peter Harmer was appointed by the Board as an Independent Non-Executive Director of the Company in July 2021, 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.

In accordance with the ASX listing rules and nib's constitution, Peter retires and being eligible offers himself for election as an Independent Non-Executive Director. The notice of meeting provides an overview of Mr Harmer's professional experience and I'll now invite Peter to address the meeting regarding his election.

Peter Harmer: Thank you, Chairman. Ladies and gentlemen, a high quality and affordable healthcare system is critical to the future prosperity of any country. That is certainly true for Australia and New Zealand. A high-functioning healthcare system will be just as focused on prevention as it were on treatment and recovery. Your Company, nib, through its unwavering commitment to its purpose of your better health is making an extremely important contribution to the future wellbeing of both Australia and New Zealand.

That's why I'm honoured to put myself before you for election to the Board of nib. I've spent over 40 years' in both the domestic and global insurance market within excess of 25 of those years as a CEO of insurance brokering firms and most recently as the CEO of IAG Australia, which is the country's largest listed insurance company.

Throughout my career, I've been focused on building purpose-led organisations and harnessing the energy of employees that is released when people feel their work has real meaning; to design and execute transformational change in the areas of culture and leadership in digital and technology; in new and valued customer experiences; and in understanding the risks to communities posed by climate change and how best to manage and prepare for these.

With your support, I'm looking forward to bringing these perspectives to the Board table to support Management and staff as they continue to search for ways to deliver your better health. Thank you.

David Gordon: Thanks, Peter. The Directors with Mr Harmer abstaining recommend that you vote in favour of the election of Mr Harmer as a Non-Executive Director of nib. I will now address any questions or comments relating to this resolution from the online platform. Ros, do we have any questions?

Roslyn Toms: No, Chair, there are no questions.

David Gordon: Okay, thank you. Are there any questions from the telephone line? No. Okay, there being no discussion, I will now reveal the proxies received prior to the meeting in relation to this resolution which will now appear on your screen.

As the Chairman of the meeting, I have been appointed proxy by some shareholders to vote on this resolution. I intend to vote in favour of the resolution detailed in Item 3 for proxies open at the Chairman's discretion. Please note that as this resolution is an ordinary resolution, more than 50% of votes cast by shareholders are required to be in favour of the resolution for the resolution to pass. I now put to a poll the resolution that Mr Peter Harmer be elected as a Non-Executive Director of the Company. To vote, please click one of the voting options shown on your screen.

Moving to Item 4 on the agenda, is the re-election of Ms Jacqueline Chow as a Non-Executive Director of nib. Jacqueline Chow is considered an Independent Director in accordance with the ASX Corporate Governance Principles and Recommendations 2007. In accordance with the ASX Listing Rules and nib's Constitution, Ms Chow retires from office at this meeting and being eligible for re-election, offers herself for re-election as a Non-Executive Director. The Notice of Meeting provides an overview of Jac's professional experience and service to the Board, but I would now like to invite Jac to address the meeting regarding her re-election.

Jacqueline Chow: Thank you Chairman. Ladies and gentlemen, like you I am a shareholder of nib. My entire family are all members of nib. I am honoured to be standing here for re-election to the Board of nib Holdings, a responsibility I take very seriously. For over 20 years' of working life, I have been pre-occupied with understanding the customer, using research and insights to learn what are their unmet needs and painpoints and then creating innovation and technology solutions to build customer loyalty.

My experience working in customer businesses with everyday household names like Coles and Arnott's, can bring a deep customer perspective. One lasting trend of this devastating pandemic has been the accelerated adoption of digital technologies across all facets of business. I can contribute my digital technology experience in generating better health outcomes for our members and commercial value to nib from yielding productivity and efficiencies with robotic process automation, to harnessing [analytics] for our members to help curate personalised health and wellness solutions for them.

Finally, the movement of societal shifts across the environment, social values and the governance or stewardship of what matters most is surging. In corporate circles this is often called ESG, environment, social and the governance matters. Embedding the appropriate mindset, relevant capabilities and implementing the actions on all of these matters pervasively across an organisation is critical but challenging.

For the last two years, I have held the role of Chairman of nib's Risk and Reputation Committee where we focus our governance on these important matters. I have also led several large-scale businesses end-to-end with my last Executive role spanning 80 countries. Having the recency of hands-on operational experience can be helpful context for what it truly takes to deliver on our promises and to do it sustainably with a diverse array of constituencies, be they communities, business partners, governments or regulators.

I understand the trust that you place in nib as our investors and I see the preservation of that trust as a primary responsibility. I am honoured to receive your support to serve as a Director. Thank you.

David Gordon: Thanks, Jacq. The Directors, with Ms Chow abstaining, recommend that you vote in favour of the re-election of Ms Chow as a Non-Executive Director of nib. I will now address any questions or comments relating to this resolution from the online platform. Ros, do we have any questions?

Roslyn Toms: No, there are no questions Chairman.

David Gordon: Okay, thank you and are there any questions from the telephone platform? No. None, okay. There being no discussion I will now reveal the proxies received prior to the meeting in relation to this resolution which will now appear on your screen. As the Chairman of the meeting, I have been appointed proxy by some shareholders to vote on this resolution. I intend to vote in favour of the resolution detailed in Item 4 for proxies open at the Chairman's discretion.

Please note that as this resolution is an ordinary resolution, more than 50% of votes cast by shareholders are required to be in favour of the resolution for the resolution to pass. I now put to a poll the resolution that Ms Jacqueline Chow be re-elected as a Non-Executive Director of the Company. To vote, please click one of the voting options shown on your screen.

Item 5 on the agenda seeks nib shareholder approval for Mr Mark Fitzgibbon, the Managing Director and Chief Executive Officer, to participate in the Company's long-term incentive plan, or LTIP, via a grant of performance rights in the financial year commencing on July 2021 with a four-year vesting period. The LTIP forms part of nib's remuneration strategy. It is designed to align the interest 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. 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.

A summary of the LTIP rules, which apply to performance rights granted to Mark and other key management personnel from June 2018, is set out in the schedule to the explanatory notes in the Notice of Meeting. The Board, with Mr Fitzgibbon abstaining and not voting, recommends that shareholders vote in favour of the ordinary resolution in Item 5. I will now address any questions or comments relating to this resolution from the online platform. Ros, do we have any questions?

Roslyn Toms: No, there are no questions, Chairman.

David Gordon: Thank you. Do we have any questions on the telephone line? No, no questions. Alright. There being no discussion, I will now reveal the proxies received prior to the meeting in relation to this resolution, which will now appear on your screen.

As the Chairman of the meeting, I've been appointed proxy by some shareholders to vote on this resolution. I intend to vote undirected proxies which are able to be voted on this resolution in favour of Item 5. I would like to note that there are voting exclusions for this resolution and these are outlined in detail on page 2 of the Notice of Meeting. Please also note that as this resolution is an ordinary resolution, more than 50% of votes cast by shareholders are required to be in favour of the resolution for the resolution to pass. I now

put to a poll the resolution which is displayed on the screen, which I won't read. To vote, please click one of the voting options shown on the screen.

Item 6 on the agenda proposes that nib's constitution be amended. Given the evolving situation in relation to COVID-19 and the need for flexibility regarding the holding of meetings, a number of amendments to the constitution are proposed to ensure that the Board is able to quickly respond to situations such as COVID-19 and move the place of meetings, change the time of meetings and notify members electronically of those changes, also to ensure that nib is able to hold meetings fully electronically if required and the Chairman is able to make appropriate decisions prior to or during a meeting if a change is required to a venue for the meeting or if a disruption occurs.

The proposed constitutional amendments provide nib shareholders with a level of certainty in the event we are unable to hold an in-person or hybrid meeting. Both this year and last year, late and unexpected lockdowns have impacted the planning process for AGMs. Having the ability to hold a virtual meeting included in our constitution allows nib to continue with our AGM process without waiting for legislation to be introduced or extended or having to apply to ASIC for relief. I'd like to stress that it remains nib's intention to hold in-person or hybrid meetings and to provide shareholders with the ability to engage with their directors and management face-to-face where nib is able to do so. It's actually very lonely here not having our shareholders, so we'd much prefer to have you around.

As advised in the Notice of Meeting, a copy of the proposed amendments to the constitution is available at [nib.com.au/shareholders](http://nib.com.au/shareholders) and I propose to take the amendments to the constitution as read. The Directors recommend that you vote in favour of the special resolution in Item 6. I'll now address any questions or comments relating to this resolution from the online platform. Ros, do we have any questions?

Roslyn Toms: There are no questions, Chairman.

David Gordon: Okay, thank you. What about from the telephone line? No questions? Okay. There being no discussion, I will now reveal the proxies received prior to the meeting in relation to this resolution, which will now be displayed on your screen.

As the Chairman of the meeting, I've been appointed proxy by some shareholders to vote on this resolution. I intend to vote undirected proxies that can be voted on this resolution in favour of Item 6. Please note that as this resolution is a special resolution, at least 75% of votes cast by shareholders are required to be in favour of the resolution for the resolution to pass. I'll therefore now put to a poll the resolution that the constitution of nib be amended as

set out in the document tabled at the AGM and described in the explanatory notes. To vote, please click one of the voting options shown on the screen.

There being no further discussion, I now declare the poll on all resolutions closed. While we await the results of the poll to come through, we'd like to play a short video featuring our very own people across the nib Group. Helen, Ben and Kate share with us what work and life really looks like to them following the introduction of our new flexible working approach which we like to call, life at nib.

[Video playing]

David Gordon: That was great. Okay, here are the results of the poll on all resolutions which have been determined by a full poll result showing the combination of the votes cast on the webcast, proxies and votes received prior to the meeting. I hereby declare resolutions on Items 2 to 5 carried and the resolution on Item 6 not carried. Congratulations Peter on your election and congratulations Jacq on your re-election.

Shareholders who have missed any part of today's proceedings or would like to watch the full AGM again at a later time or day, can do so by visiting nib's shareholder website [nib.com.au/shareholders/agm](http://nib.com.au/shareholders/agm). A recording of today's meeting will be available shortly from the website.

Ladies and gentlemen, that being the end of all business, I would like to wish you continued good health and safety and declare the meeting closed. Thank you for your attendance, via our webcast.

**End of Transcript**