

2024 nib Group Climate-Related Disclosure





About this report

Our Climate-Related Disclosure covers the nib Group and its wholly owned subsidiaries (nib) for financial year 2024 (FY24). It sets out our approach to climate-related governance, strategy, risk management, metrics and targets and aligns with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

nib continues to mature our approach to climate risk management and reporting. This year, our subsidiary, nib NZ limited, will publish its first disclosure under the External Reporting Board (XRB)'s Aotearoa New Zealand Climate Standards (NZ CS), as a climate reporting entity.

nib holdings limited is also a reporting entity under the proposed Australian Sustainability Reporting Standards (ASRS) published by the Australian Accounting Standards Board (AASB). We will begin reporting in line with the ASRS from FY26 as a Group 1 climate reporting entity.

This FY24 disclosure has not been developed in alignment with either the NZ CS or ASRS.

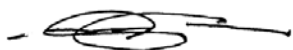
Message from the Managing Director & Chief Executive Officer

It's hard to imagine a phenomenon in modern history, natural or otherwise, that has the potential to disrupt the long-term sustainability of planet Earth as much as global warming. Its litany of malign consequences is totally disturbing.

Beyond the attraction of "saving" the planet, we understand the direct threat global warming poses to the health and wellbeing of people and entire communities. Improving health and wellbeing is our very purpose as a company. For example, tropical diseases such as mosquito born Dengue Fever are migrating into parts of the world not previously known for the risk.

While nib's contribution to greenhouse emissions is modest at 14,870 tonnes CO₂-e, in no way are we less determined to do our bit to meet the aspirations of the 2016 Paris Agreement. Our FY24 Climate-Related Disclosure outlines our approach to managing and ameliorating climate-related risk.

Collectively we can make a difference to the better health and wellbeing of ours and future generations.



Mark Fitzgibbon

Managing Director & Chief Executive Officer
nib Group

FY24 highlights



Re-certified as carbon neutral by Climate Active for our Australian business operations through 100% Australian Carbon Credit Units¹.



Developed our internal Climate Action and Resilience Plan setting out the actions we'll aim to take to lower emissions and make our business more resilient to the physical and transition impacts of climate change.



Partnered to build a media sustainability tool to better visualise and optimise our digital media emissions in Australia.



Reviewed and updated our Responsible Investment Policy which outlines our principles and approach to responsible investment in line with our sustainability pillars.

1. Climate Active certification available at nib.com.au/docs/2024-climate-active-carbon-neutral-certificate

Governance

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

The nib holdings limited Board (Board) is ultimately responsible for overseeing our sustainability strategy and managing climate related risks and opportunities. The Risk and Reputation Committee (Committee) is responsible for identifying and managing material risks. It receives standardised quarterly reporting as part of enterprise risk management processes. Due to analysis of relatedness and time horizon, climate change risk is not currently determined to be a material financial risk for nib's business in the short term. The Committee makes recommendations to the Board on both the environmental impacts of nib's business practices and our environmental practices including setting and managing progress towards our emissions targets.

The Chief Risk Officer and the Management Risk and Sustainability Committee (MRSC) provide management-level support to the Board in fulfilling its responsibilities. The MRSC meets monthly to monitor a range of social, environmental and governance initiatives, including climate risks and opportunities as well as our emissions footprint and progress against emissions targets.

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

Sustainability governance structure



nib Board

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



Risk and Reputation Committee

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

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



Management Risk and Sustainability Committee

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

This includes helping implement change across our business, enhancing our sustainability monitoring and exploring opportunities for improvement.

The Committee is chaired by the Chief Risk Officer and includes the Executive team and other key leaders from across the nib Group.



Group Executive - Legal and Chief Risk Officer

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

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



Business Units

The initiatives and targets of each of our sustainability pillars are supported by various business units across the nib Group. These teams develop and deliver our sustainability activities on a day-to-day basis ensuring we meet our ESG commitments. Reporting on progress against our sustainability targets is provided to the Board and Management Risk and Sustainability Committee bi-monthly and includes monitoring of the market for emerging issues that should be escalated.

- Capability and People Platforms
- Clinical
- Cloud and Technology services
- Commercial and Strategy
- Community
- Compliance & Governance
- Cybersecurity
- Data and AI
- Employee Experience, Wellbeing and Inclusion
- People, Culture and Talent Acquisition
- Procurement
- Products
- Risk
- Reward, Performance and Governance
- Sustainability

Remuneration

To support the creation of long-term value for our stakeholders, we continued to align variable remuneration with sustainability performance by incorporating environmental, social and governance (ESG) related metrics (including related climate targets) in our short-term incentives this year.

In FY24, ESG-related metrics were included in our Group scorecard, while each Executive's individual scorecard also included relevant sustainability metrics to their area of responsibility and influence.

For more information, see our [FY24 Remuneration Report](#).

Strategy

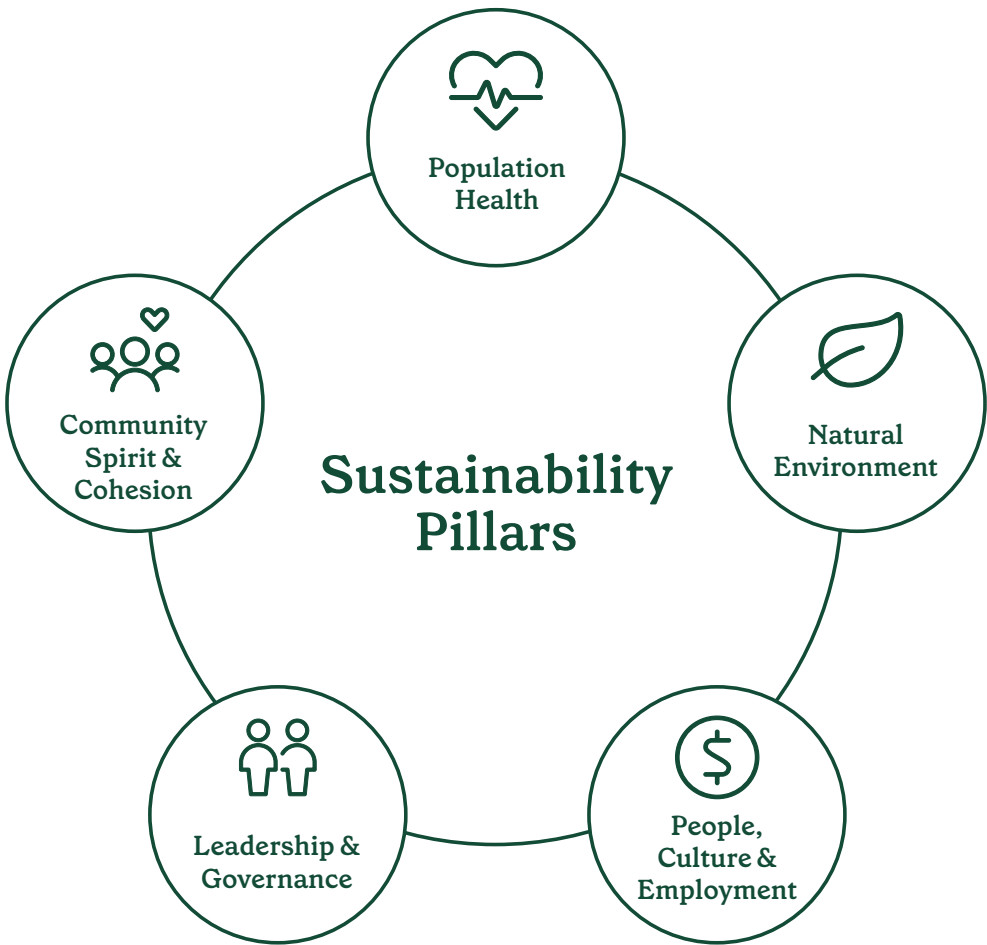
Your better health and wellbeing

Our purpose is to support the better health and wellbeing of our members, travellers and participants, as well as the communities we serve.

We recognise that the health and wellbeing of our natural environment is influential on people’s health, and this is captured in the Natural Environment pillar of our approach to sustainability.

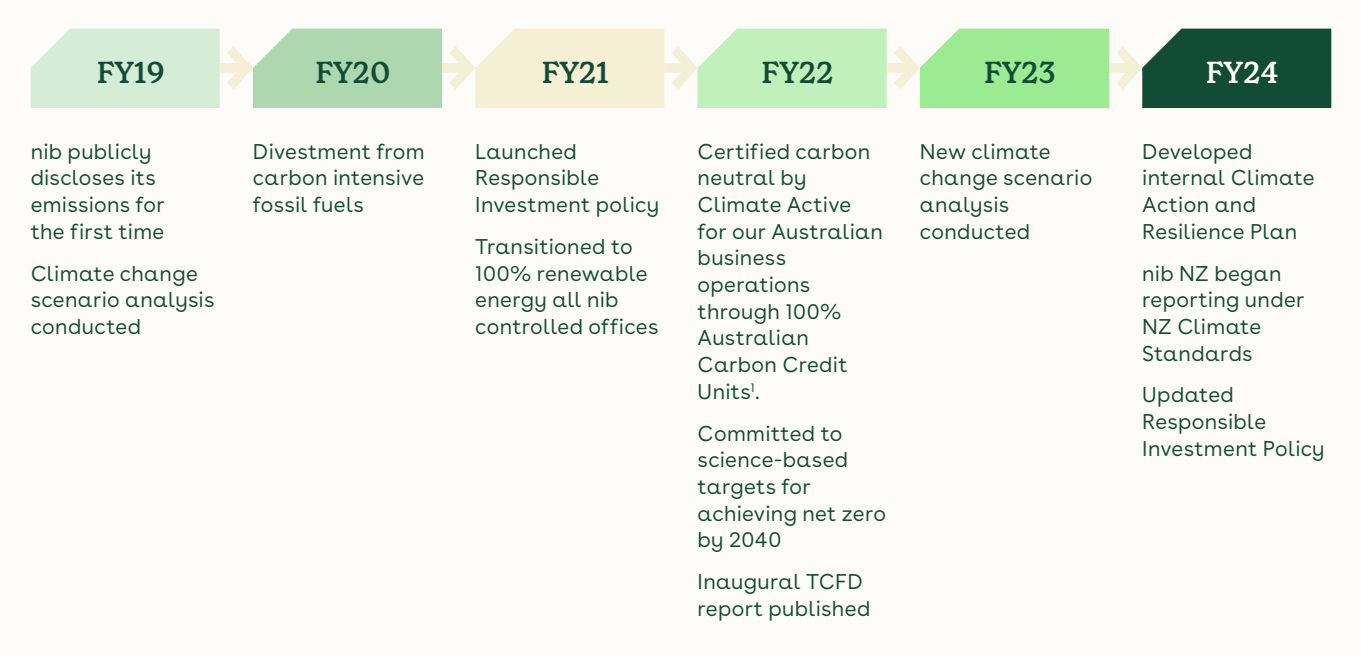
Our Natural Environment pillar reflects our understanding of how crucial the quality of air and water, biodiversity and climate stability is to health and wellbeing. It also outlines our commitment to improving our business processes and using our influence to limit our impact on the environment.

Our sustainability pillars guide our approach to sustainability strategy, governance, risk management, policy development, decision-making and disclosure.



We continue to develop our approach to identifying, assessing, and managing climate-related risks and opportunities through scenario analysis, resilience assessments, and the development of our internal Climate Action and Resilience Plan.

nib's climate journey



1. FY22 Climate Active certification available at nib.com.au/docs/2022-climate-active-carbon-neutral-certificate

Our climate-related risks

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

Our climate-related risks continued

Risk	Potential business impact	Timeframe	Entity	Financial impact	Consequence type
Transition risks					
Policy and Legal Technology Energy and emissions performance standards creating compounding capital expenditure and operational costs	Increased 'cost of doing business' in transitional economy impacting financial performance	Short	nib Group	Capital & Financing	Financial
Market Transition to low carbon economy leading to higher cost of travel	Less demand for overseas travel leading to lower travel insurance purchases	Medium	nib Travel	Revenues	Financial
Policy and Legal Limitations of current regulatory and pricing mechanisms to respond to climate hazards	Climate change hazard uncertainty leading to unforeseen cost resulting in less profitability and potential loss in revenue	Medium	Australian Health Insurance New Zealand Health Insurance	Capital & Financing	Regulatory & Compliance
Policy and Legal Risk nib won't meet growing mandatory reporting and regulatory requirements	Legal implications and reputational damage	Short	nib Group	Capital & Financing	Regulatory & Compliance Reputation & Brand

Our climate-related opportunities

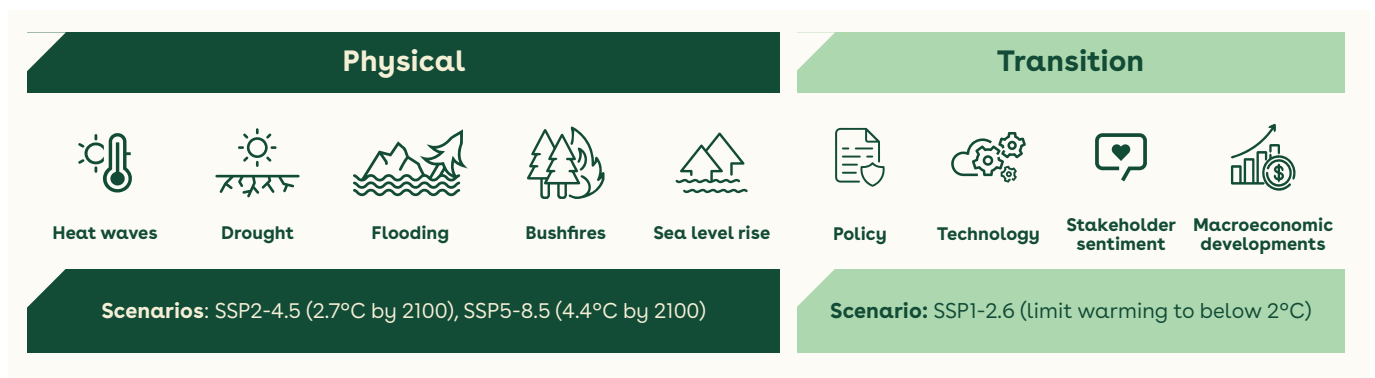
Opportunity	Potential business impact	Timeframe	Entity	Financial Impact	Consequence Type
Products & Services Leverage customer insights to create a travel product that incentivises low carbon options	Market advantage through meeting changing customer preferences for socially responsible products	Short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

Scenarios

Climate scenario analysis helps us understand and explore the strategic implications of a climate-related transition and the physical risks and opportunities for our business.

Our most recent Group climate scenario analysis was conducted in FY23 to examine the possible impacts of climate change on our business over the short, medium and long term. The scenarios combined Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs), which provide narratives of socioeconomic trends shaping society and possible trajectories of greenhouse gas emissions, respectively.

Three scenarios were selected as the most appropriate to explore climate-related physical and transition risks for nib. The analysis utilised short-term (2030), medium-term (2050), and long-term (2100) timeframes to assess the anticipated climate projections and associated climatic risks against nib's products and services.



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

The resilience of nib's strategy

nib's strategic vision – centred on personalised health and wellbeing – is well positioned to address our key identified climate-related risks and opportunities, particularly those facing the health sector.

Our business strategy supports the individual health needs of our members and also builds our resilience against the multifaceted challenges, both emerging and long-term, posed by climate change.

There are, however, several avenues to continue to explore and strengthen our climate resilience which we will focus on in the years ahead. These include execution of our internal Climate Action and Resilience Plan, continued integration of climate-related issues into our strategic planning and decision making, and further refinement of our scenario analysis process and subsequent resilience assessments.

Risk management

How we identify and assess climate-related risks

Our approach to identifying and assessing climate-related risks is embedded within nib's enterprise risk framework and systems. Risks are identified through enterprise-wide risk assessment processes, most notably climate scenario analysis. They are also identified through divisional and team specific processes including risk and control self-assessments conducted within business units. All risks are assessed and managed in accordance with our enterprise Risk Management Framework (RMF).

How we manage climate-related risks

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

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

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

The Board and Management complete regular identification and analysis of material or principal risks (and emerging risks) that the nib Group faces in delivering on our strategic and business objectives, including assessment of the effectiveness of the controls in place to manage these risks. Targeted risk analysis such as climate scenario analysis is integrated into existing processes and outcomes are reported to relevant risk governance forums, at both Board and Management levels.

Furthermore, we continue to consider the potential impacts of climate change within the broader scope of our operational risk profile and business continuity. This approach aligns with the recommendations provided by the Task Force on Climate-Related Financial Disclosures (TCFD) for our industry. We also consider the management of climate-related risks as part of existing financial risk management practices, including our investment decision-making. As a result, we expect our investment managers to exclude exposure to companies that derive revenue from carbon intensive fossil fuels, specifically thermal coal and tar sands mining production, as outlined in our [Responsible Investment Policy](#).



Metrics and targets

Emissions reduction and transition

We remain committed to supporting the transition to a net zero future with an ambition to be net zero by 2040.

In line with this, we've developed our internal Climate Action and Resilience Plan (CARP). The CARP sets out the actions we aim to take to lower our emissions. It sits within our wider strategic approach towards limiting our footprint on our path to net zero.

The CARP features a three-year roadmap that builds on our previous decarbonisation plan by updating our emissions reduction actions and nesting them within our wider climate strategy and resilience work. Specific focus has been given to emissions hotspots in our value chain to ensure we are maximising the impact of our strategy.

In the years ahead, we will measure the progress and effectiveness of the actions set out in the CARP, integrate new and updated guidance from the wider climate disclosure and risk ecosystem (such as the ASRS and NZ CS), and develop nib's formal Transition Plan to sit within the future CARP and align with our overall climate strategy.

Scope 3 emissions remain our largest area of impact. One of the key levers we have for decarbonisation is to use our sphere of influence to reduce emissions within our supply chain.

As such, we have started to introduce environmental performance-related conditions into new contractual agreements with strategic suppliers. These conditions require suppliers to provide actual emissions data (where available) to help us gain a better understanding of our environmental footprint and opportunities for improvement.

During the year, we also acquired three new businesses as part of our nib Thrive expansion. These acquisitions have resulted in a uplift in Scope 1 and 2 emissions. Our FY24 emissions data is also inclusive of our digital health platform, Midnight Health, due to our majority ownership in the business bringing them within our emissions boundary.

A key focus in the year ahead is working closely with these businesses to support them in reducing their carbon footprint in line with the wider business ambition of being net zero by 2040.

Carbon neutrality

In FY24, we were certified as a carbon neutral business for the third year in a row by Climate Active for our Australian business operations. This was achieved through purchasing certified Australian Carbon Credit Units (ACCUs) to offset our emissions from the prior financial year¹.

One of the projects we support is through our partnership with the Aboriginal Carbon Foundation and our contribution to their Fish River Station Project. Based in the Daly River region of the Northern Territory, the program uses the savanna burning method, supporting Traditional Owners to reduce emissions by decreasing the amount of land that is burnt from wildfires.

Beyond its environmental impact, the project also enables connection to Country, improves land access for Traditional Custodians, education and employment opportunities, and facilitates traditional knowledge sharing.

Progress against our targets

In FY22, we developed emissions reduction targets that use the science-based targets (SBTs) methodology under the Science-based Targets Initiative (SBTi) Corporate Net Zero Standard. We are currently awaiting the new Financial Institutions Net Zero Standard from SBTi and will review our current emissions reduction targets in line with the guidance to assess whether they meet verification requirements.

We have set the following targets to define our emissions reduction pathway, culminating in becoming net zero by 2040.



1. Climate Active certification available at nib.com.au/docs/2024-climate-active-carbon-neutral-certificate

Scope 1, 2 and 3 absolute emission targets

nib believes the targets set out below can contribute proportionately to limiting global warming to 1.5°C above pre-industrial levels. We have chosen science-based absolute emissions reduction targets for our Scopes 1, 2 and 3 emissions² that align with the Paris Agreement goal to hold the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to of 1.5°C above pre-industrial levels.

50%

**Absolute emission reduction
in Scope 1 & 2 by 2030**

From a FY21 Baseline

25%

**Absolute emission reduction
in Scope 3 by 2030**

From a FY20 Baseline

Net zero

Achieve net zero by 2040

Metrics³

(tonnes CO ₂ -e) ⁴	FY20	FY21	FY22	FY23	FY24
Total emissions⁵	9,952.4	6,917.3	8,462.7	12,011.5	14,870.2
Scope					
Scope 1	27.0	23.8	0.9	25.3	27.1
Scope 2 ⁶	1,295.0	419.4	30.4	202.3	182.3
Scope 3	8,630.4	6,474.1	8,431.4	11,783.9	14,660.8
Region					
Australia	8,986.3	6,157.6	7,558.2	10,454.0	12,423.0
New Zealand ⁷	824.1	543.7	866.2	1,399.0	2,034.6
Other ⁸	142.0	216.1	38.3	158.5	412.6
Intensity					
Employee (FTE) (Scope 1 & 2)	0.878	0.383	0.023	0.121	0.114
Employee (FTE) (total emissions)	6.613	5.979	6.269	6.362	8.128
Customer ⁹ ('000) (Scope 1 & 2)	0.818	0.269	0.018	0.125	0.111
Customer ⁹ ('000) (total emissions)	6.158	4.205	4.934	6.622	7.91
Revenue (\$m) (Scope 1 & 2)	0.528	0.172	0.011	0.074	0.063
Revenue (\$m) (total emissions)	3.976	2.685	3.065	3.921	4.46

2. Excludes Investments.

3. Independent assurance audit undertaken by GPP Audit Pty Limited. See external assurance report online at <https://www.nib.com.au/docs/2024-emissions-external-assurance-report>

4. nib measures its emissions in accordance with the ISO 14064-1:2018 and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (GHG Protocol). We use the operational control approach and the relevance test adapted from the GHG Protocol to determine the emission boundary for our organisation.

5. nib's emissions reporting has expanded from FY20-24 in terms of both emissions categories and reportable locations.

6. Scope 2 emissions are estimated using the market-based method for nib Group emissions reporting.

7. New Zealand location includes all nib Group businesses that are based in New Zealand, which includes nib nz, Orbit Protect and nNZIL.

8. Other locations include United States of America and United Kingdom.

9. Number of persons covered by a health insurance policy.

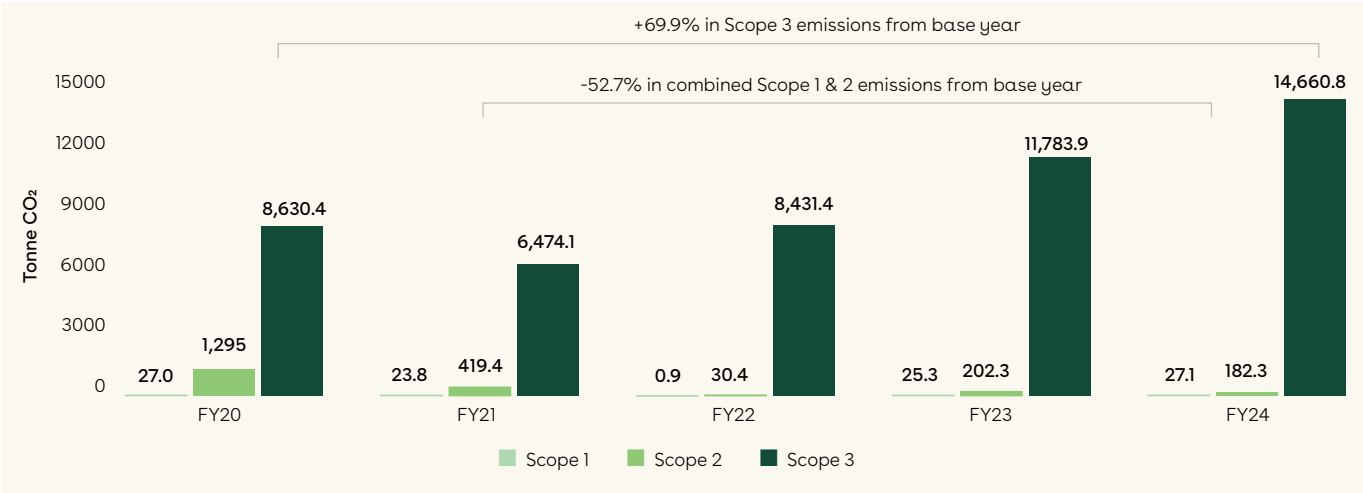
Metrics and targets continued

Our total emissions footprint increased 24% during FY24¹. This was driven by a rise in marketing and advertising expenses to support business growth, as well as increased business travel across the Group. Our efforts towards more digital communications contributed to a reduction in our paper-based emissions.

During the year, we acquired two new plan management businesses and one digital marketplace as part of our nib Thrive expansion. This led to a uplift in Scope 1 or 2 emissions. For the first time we have also included emissions from Midnight Health, our digital health platform. As we now hold a major ownership position in the business they have become part of our emissions boundary, with their emissions contributing 7% of the Group total emissions.

A key focus in the year ahead is working closely with these businesses to support them to reduce their carbon footprint in line with the wider business ambition of being net zero by 2040.

Progress



Investment target

As a financial institution, we recognise that our investments can play a role in the transition to a low carbon future. We are considering the pathway to net zero 2040 for our investment portfolio.



Photo credit: Aboriginal Carbon Foundation.

1. In FY24, we engaged a new emissions consultancy and went through a process of improving, updating and recategorising our emissions inventory to align with the GHG Protocol categories. As such, FY24 Scope 3 emissions category data is not directly comparable to prior year Scope 3 emissions category data previously reported by the nib Group.

