

2024
New Zealand
Climate-Related
Disclosure



About this report

nib nz limited (nib nz) is a climate-reporting entity under the Financial Markets Conduct Act 2013. This Climate-Related Disclosure (CRD) covers nib nz, for the period 1 July 2023 to 30 June 2024 (reporting period).

There are no subsidiaries to include in this disclosure.

The disclosure has been prepared in accordance with, and complies with, the Aotearoa New Zealand Climate Standards (NZ CS 1, 2 and 3) issued by the External Reporting Board (XRB).

In recognition that it may take time to develop the capability to produce high-quality climate-related disclosures, and that some disclosure requirements, by their nature, may require an exemption, NZ CS2 provides a limited number of adoption provisions from the disclosure requirements. For this first reporting year, nib nz has chosen to use the following adoption provisions in NZ CS 2 in preparing this disclosure:

- NZCS 2, Adoption provision 1: Current financial impacts: adoption provisions allowing an entity not to disclose the current financial impacts or quantification of anticipated financial impacts or climate-related risks and opportunities
- NZCS 2, Adoption provision 2: Anticipated financial impacts: adoption provision relating to climate-related risks and opportunities
- NZCS 2, Adoption provision 3: Transition planning: adoption provisions regarding the inclusion of transition plan aspects of strategy
- NZCS 2, Adoption provisions 5, 6 and 7: Comparatives for Scope 3 greenhouse gas (GHG) emissions and comparatives for metrics: the disclosure of comparative data and associated trends analysis, reflecting that this is the first-year nib nz has reported publicly in line with the Aotearoa New Zealand Climate Standards

Disclaimer

This disclosure is intended to inform readers about nib nz limited's (nib nz) climate-related governance, strategy, risk management, and metrics and targets for the financial year ending 30 June 2024.

It should not be interpreted as an offer of financial or insurance products or as capital growth, earnings or any other legal, financial, tax or other advice or guidance for investors and other primary users or any other reader. Apart from the summary of greenhouse gas emissions contained in the metrics and targets section of this disclosure, the information in this disclosure has not been independently assured.

This disclosure contains forward-looking statements and information, including climate-related scenarios, climate-related risks and opportunities, projections, metrics, targets, estimates, and assumptions about future climate-related conditions.

Forward-looking statements are not facts, but rather estimates and judgements regarding possible future actions, events and results that are based on current estimates and strategies, developed using methodologies, views and assumptions currently considered by nib nz to be the most suitable. They are necessarily subject to risks, limitations, uncertainties and/or assumptions and change.

Accordingly, no forward-looking statements, or other information presented in this disclosure that is based on estimates, assumptions or judgements, should be taken as a guarantee of future outcomes or performance on the part of nib nz. In particular, actual results, outcomes, risks and opportunities may materially differ from those which have been described in this disclosure due to various factors such as socioeconomic and macroeconomic trends, climate change, customer behaviour, policy, legislative and regulatory change, geopolitical risks and events, and other events or conditions that are unforeseen as at the date of publishing this disclosure.

nib nz has sought to provide accurate and correct disclosures as at the date of publication (including all relevant material information as at the date of publication that could reasonably be expected to influence decisions that primary users make on the basis of this disclosure), but cautions readers not to place undue reliance on the information presented in this disclosure that is forward-looking or that is otherwise based on estimates, assumptions or judgements.

Given the novel and developing nature of the information contained in this disclosure, as well as the inherent uncertainty of the subject matter, "accurate and correct" does not entail certainty of outcome. It means that nib nz has undertaken appropriate measures and implemented adequate controls such that the information presented is believed to be free from material error or misstatement and is otherwise fairly presented.

To the greatest extent possible under New Zealand law, nib nz expressly disclaims all liability for any direct, indirect or consequential loss or damage arising directly or indirectly out of the use of or inability to use, or the information contained within, this CRD.



nib New Zealand Climate-Related Disclosure

We are pleased to present our first Climate-Related Disclosure (CRD) for our New Zealand health insurance business.

This inaugural nib nz CRD is an important step in our climate action journey. It outlines our current approach to managing and addressing climate-related risks and opportunities including our governance structure and performance metrics we have in place.

Signed for and on behalf of the Board of Directors on 23 August 2024.



Hanne Janes
Chairman



Anne Loveridge
Director

About us

At nib nz our purpose is the better health and wellbeing of our members. We're here to help Kiwis and their families live healthier, happier lives, and to help local businesses who want to protect their employees. We do this by offering insurance that's easy to use and affordable while also helping connect our members to the right tools and services to improve their health and wellbeing.

Our New Zealand business is part of the nib Group – a trusted international health partner that provides health and life insurance to over 1.6 million Australian and New Zealand residents. We began partnering with Kiwis after nib Group acquired Tower Medical Insurance Limited in 2012 and went on to acquire the OnePath medical insurance business in 2015.

Learn more about nib nz by visiting nib.co.nz

Governance

Board governance and oversight of climate-related risks and opportunities

The nib nz limited Board (Board) hold ultimate responsibility for overseeing climate-related risks and opportunities, setting targets, managing greenhouse gas emissions and climate-related reporting. In addition, they have responsibility for approval of the nib nz strategy, annual budget, and risk management policies which consider management of climate-related issues.

The Board Audit, Risk & Compliance Committee (BARCC), comprised of three Non-Executive Directors, supports the Board in identifying and managing material risks (including any material climate-related risks) as well as receiving quarterly reports from Management on these risks as part of enterprise risk management.

The Board ensures it has appropriate skills and competencies available to it for the oversight of climate-related risks and opportunities. The Board's collective skills and competencies are recorded in a skills matrix, reviewed annually. This includes considerations of environmental, social, and governance (ESG) experience to ensure the Board as a whole has sufficient expertise as well as helping to identify areas for further training and upskilling.

External consultants have also provided training on the NZ CS and CRD reporting to the Board to support their understanding of the requirements.

The Board will continue to develop its climate-related expertise, particularly in the context of future CRDs.

The Board incorporates consideration of climate-related risks and opportunities into its regular meetings and implementation of strategy. The Board meets quarterly and receives ongoing reporting on a quarterly basis from Management on nib nz's progress against the nib Group sustainability strategy with a particular focus this reporting year on nib nz's climate risk management and reporting activities. The Board also considers and endorses nib nz's climate-related scenarios.

The Board's annual strategy session included consideration of the impact of nib nz's identified climate-related risks and opportunities into strategy-setting sessions, as part of strategic planning decision making. There were no changes made to our business model or strategy to address our climate-related risks and opportunities this year.

In the reporting year (FY24), the Board adopted distinct emissions reductions targets for nib nz across Scopes 1, 2 and 3 (see metrics and targets section for more information, including how the targets were selected). To monitor progress against and oversee achievement of these targets, the Board will receive annual updates on greenhouse gas (GHG) emissions across all emissions scopes via our emissions inventory assessment. As part of these updates, Management will provide details on our progress against nib nz's emissions reduction targets, allowing the Board to review performance on an annual basis and consider whether any changes need to be made to nib's operations to facilitate the achievement of those targets. Management and the Board will also take the rate of technological change for aspects material to emissions reductions targets into account, to ensure that the targets remain fit for purpose, viable and achievable for nib nz.

The Board has not currently set any metrics other than the tracking of GHG emissions against targets to measure nib nz's progress.

In FY24, the Board also reviewed the governance structure relevant to the management of identified climate-related risks and opportunities, the integration of the risks into the business risks and the scenario analyses prepared to support this CRD.

Management of climate-related risks and opportunities

nib nz's Management, led by our Chief Executive Officer (CEO) and the Extended Leadership Team (ELT), implements Board-approved strategies and manages climate-related risks within the established risk appetite, and reports to the Board quarterly. The Board has reviewed and approved a series of risk appetite statements that outline the level and nature of risk that the nib nz Board is willing to accept in pursuit of nib nz's strategic objectives.

The Management Risk & Sustainability Committee (MRSC) is chaired by the Head of Risk & Compliance and its membership is comprised of ELT members and other invitees as appropriate. The MRSC, monitors various risks, including climate-related risks, meeting bi-monthly. Reports and recommendations from the MRSC are provided to the BARCC as required.

In the reporting year, we established a Climate-Related Taskforce (Taskforce). The Taskforce, co-chaired by the nib Group Head of Sustainability and nib nz Senior Corporate Counsel & Company Secretary, focuses on identifying and managing our response to climate-related risks and opportunities. The Co-Chairs of the Taskforce are responsible for the workplan, presenting on key topics, developing key materials for discussion and endorsement by the Taskforce, MRSC and Board. They also arrange for specialist presenters (both internal and external) to support the Taskforce work and obtain input from key business units about climate-related risks and opportunities from their perspectives.

The Taskforce met regularly through the reporting year for a series of sessions including workshops to identify and validate nib nz's climate-related risks and opportunities and defining the appropriate scenarios specific to our business. The Taskforce provides a quarterly report on climate change matters and sustainability to the Board and makes recommendations to the Board through the MRSC regarding any changes to the identified climate-related risks and opportunities and their management.

Link to remuneration

Our nib Group scorecard, which applies to the nib nz CEO and nib nz employees, includes a 5% weighting for the achievement of our annual sustainability targets (including emissions reduction-related targets). In addition to the Group measures, the nib nz CEO's individual scorecard incorporates specific measures for the achievement of ESG goals (including climate-related goals) aligned with his role's scope of responsibility and influence.

We do not currently have any other specific remuneration links to the management of climate-related risks and opportunities.

Our climate governance structure



Strategy

Our business strategy

nib nz’s purpose is “your better health and wellbeing”. We’re here to help Kiwis and their families live healthier, happier lives, and to help local businesses who want to protect their employees. We do this by offering health insurance that’s easy to use and affordable while also helping connect our members to the right tools and services to improve their health and wellbeing.

Our core business strategy is personalisation, which allows nib nz’s role in its members’ healthcare to transition from payer to partner (P2P). To achieve this strategy, we are focused on:

- **Private health insurance enhancement and expansion:** Localising P2P offers developed by nib nz and other members of the nib Group, offering living benefits products across nib nz’s sales channels (see more below), and completion of an initiative to standardise product wording across many nib nz’s health products.
- **New markets:** Expanding international traveller, worker and student insurance offerings.
- **Cost containment and affordability:** Continuing to manage the costs of claims.
- **Data science:** Insights to moderate claims inflation through effective disease prevention.
- **Government and third-party programmes:** Including partnering with iwi groups to improve population health.

Our mission: Your better health and wellbeing

- Use data science and predictive analytics in developing deep insight into the health risk of nib nz’s members.
- Equip them with integrated online and digital tools for seamless engagement and healthcare system support (**Personalisation**).



Private health insurance enhancement and expansion



New markets



Cost containment & affordability



Data science



Government & 3rd party programs



In pursuit of these goals, we continue to develop organisational, talent and advanced technological capability across the Group (**Organisational capability**).

Our business model

Private health insurance helps protect people from the unexpected costs associated with private medical treatment. It’s an alternative to public, government funded healthcare and may offer a broader range of treatment options.

Depending on the chosen cover, health insurance can help cover people for the big things like seeing a specialist, surgery or cancer treatment, as well as everyday health needs like the dentist, GP and physio. Consumers can buy private health insurance directly from a health insurer like nib nz, through an independent financial advice provider, or it may be available through a person’s employer, iwi or other group organisation.

nib nz is New Zealand’s second largest health insurer. It underwrites and distributes insurance products through four channels:

- **Adviser or intermediary channel:** third party financial advisers who are authorised by nib nz to sell health insurance policies to clients in New Zealand. This is our largest channel.
- **Direct and whitelabel:** we sell health insurance policies directly to the public through our in-house nominated representatives, website, and through sales made through the AA website and phone line, staffed by nib nz representatives.
- **Group and iwi:** We offer products through advisers and directly from nib nz that are designed to cover groups which may be employment or industry based.
- **International:** We sell products designed to support international students, travellers and workers through UniCare and nib nz’s sister company OrbitProtect Limited.

As a health insurer, nib nz pays claims either directly to members or to the healthcare providers to help members access the care they need, when they need it. Through our First Choice Network portal, healthcare providers can submit claims and receive payment directly from nib nz.

nib nz manages the capital we hold in order to pay claims with the support of a team of specialist actuaries and finance professionals, and in compliance with relevant regulatory requirements and nib nz’s own Capital Management Plan and Risk Management Framework. Further information about nib nz’s risk management processes is set out in the risk management section on page 13.

Our sustainability strategy

We recognise that the quality of the natural environments in which we live are influential on people's health. Climate change matters to nib nz because of our strategic vision of supporting the better health and wellbeing of our members.

Our sustainability vision is to play a meaningful role in maintaining good health and improving health and related outcomes for people and their communities, especially in reducing gaps in access to care and outcomes within discrete communities.

We also recognise the influence of a wide range of social, economic and environmental factors and the role we can play, however modest, in aligning these with our purpose. They include a sense of acceptance and inclusion, meaningful employment and economic security, as well as a clean and sustainable natural environment.



Current climate-related impacts

Physical

There were no material physical impacts on our operations during the reporting period.

Given our distributed working model which supports our employees to work remotely on an 80/20 basis, we believe we are well positioned to manage the operational impacts of climate change. This was demonstrated during past significant events, such as Cyclone Gabrielle and the Auckland floods in 2023, during which our operations remained unaffected.

Similarly, there was no major impact on our members' claiming patterns that could be attributed to climate-related events during the reporting period (or aforementioned events). There were no identified material impacts up or down other aspects of nib nz's value chain.

Transitional

We recognise that as a business we will need to continue to adapt to climate change and any transitional impacts. An example of this during the reporting period, is the requirement as a reporting entity to produce this CRD.

There were no other material transitional impacts on our operations during the reporting period.

Climate scenario analysis

Climate-related scenario analysis is used by nib nz to understand and explore the strategic implications of climate-related transition and physical risks and opportunities for our business, as well as testing our climate resilience.

In FY23, our parent company, nib Group, undertook climate scenario analysis¹ to examine the possible impacts of climate change on the whole nib Group (including nib nz) over the short, medium and long term.

The selected scenarios used the IPCC's combined Shared Socioeconomic Pathways (SSPs) and Representative Concentration Pathways (RCPs).² The IPCC sources provide global narratives of socioeconomic trends shaping society (the SSPs) and possible trajectories of greenhouse gas emissions (the RCPs).

In FY24, we reviewed and refined the nib Group climate scenario analysis³ as a standalone climate scenario analysis for nib nz. In this exercise, we prepared three climate-related scenario narratives developed at entity-level, tailored specifically for nib nz.

The selection of three scenarios aligns with guidance from the Taskforce on Climate-related Financial Disclosures (TCFD), the XRB and the Financial Markets Authority in relation to the TCFD framework and the NZ CS strategy disclosure requirements.

In addition, for consistency with our peers, the scenario narratives are broadly aligned with and drew on modelling in the Financial Services Council (FSC) NZ financial services sector climate scenarios published in 2023⁴ (FSC scenarios) which we were proud to be a part of developing via our FSC membership. The full details of FSC scenarios, their parameters, and references, are available through FSC membership, or on request [here](#).

The scenario analysis process utilised short-term, medium-term, and long-term timeframes (as outlined in the table on page 9 under the heading "time horizons") to assess the anticipated climate projections and associated climatic risks and opportunities against nib nz's products, services and business model.

No additional modelling was undertaken beyond that embedded in the FSC scenarios.

nib nz's three scenarios are described in the table on page 7. We used these three scenarios to validate the identified nib nz climate-related risks and opportunities (first identified at the Group level) and test the resilience of nib nz's business strategy in relation to those climate-related risks and opportunities.

The nib nz scenario analysis process was undertaken and governed by our Taskforce in partnership with external consultants, BWD Strategic. The three scenario narratives were then formally endorsed by the Board.



1. FY23 nib Group Climate Scenario Analysis undertaken with assistance of external partner, AECOM.
2. Intergovernmental Panel on Climate Change, AR6 Synthesis Report: <https://www.ipcc.ch/report/ar6/syr/>
3. FY24 nib NZ Climate Scenario Analysis undertaken with assistance of external partner, BWD Strategic.
4. Financial Services Council NZ, Climate scenario narratives for the financial services sector <https://www.fsc.org.nz/report/climate-scenario-narratives-for-the-financial-services-sector>

Engagement with external stakeholders and providers

During the year we engaged with a number of external stakeholders on climate action including contributing to the development of the FSC scenarios as part of our membership of the industry body and participating in a number of CRD training programmes (for example through the Sustainable Business Council and Institute of Finance Professionals NZ).

We also used several external partners to assist us with our climate scenario analysis, risk management and reporting. These include AECOM, BWD Strategic and Kinesis.

Overview of our three scenarios

Below is a summary overview of our three scenarios. See Appendix 3 on pages 24 and 25 for the key assumptions associated with each scenario.

	Orderly	Too Little Too Late	Hothouse
Temperature endpoint (in 2050)	Limited to 1.5°C by 2050 ¹	Limited to >2°C by 2050 ¹	Limited to >3°C by 2050 ¹
Building block scenarios	• IPCC SSP1-1.9² • FSC Orderly³ • NGFS Net Zero 2050⁴ • IEA Net Zero Emissions by 2050⁵ • NIWA RCP2.6² • CCC 'Tailwinds'⁶	• IPCC SSP2-4.5² • FSC Too Little Too Late³ • NGFS NDCs⁴ • IEA APS⁵ • NIWA RCP4.5² • CCC 'Headwinds'⁶	• IPCC SSP5-8.5² • FSC Hothouse³ • NGFS Current Policies⁴ • IEA STEPS⁵ • NIWA RCP8.5 • CCC 'Current Policy Reference'⁶

1. Compared to pre-industrial levels.

2. Intergovernmental Panel on Climate Change, AR6 Synthesis Report via <https://www.ipcc.ch/report/ar6/syr/>

3. Financial Services Council NZ Climate scenario narratives for the financial services sector via <https://www.fsc.org.nz/report/climate-scenario-narratives-for-the-financial-services-sector>

4. Network for Greening the Financial System, Climate Scenarios for Central Banks and Supervisors, June 2021 via https://www.ngfs.net/sites/default/files/media/2021/08/27/ngfs_climate_scenarios_phase2_june2021.pdf

5. International Energy Agency, Global Energy and Climate Model Scenarios via: <https://www.iea.org/reports/global-energy-and-climate-model/understanding-gec-model-scenarios>

6. New Zealand Climate Change Commission Scenarios via: <https://environment.govt.nz/what-you-can-do/climate-scenarios-toolkit/climate-scenarios-list/climate-change-commission-scenarios/>

A summarised version of the three climate-related scenario narratives nib nz developed and used as part of our scenario analysis to test our strategy against different possible climate futures is provided on page 8.

We have built upon the FSC scenarios for our industry by customising through the lens of nib nz's own key drivers. This included developing our own focal question and examining our entire value chain.

These scenarios were selected as the most appropriate for nib nz because they align with the requirements in NZ CS 1 to "analyse, at a minimum, a 1.5 degrees Celsius climate-related scenario, a 3 degrees Celsius or greater climate-related scenario, and a third climate-related scenario".

Moreover, we believe that across these three scenarios we encounter a suitable and relevant range and severity of transition and physical risks to assess the potential impacts on our business and challenge the assumptions and thinking embedded in our existing strategy.

Exploratory in nature rather than predictive the scenarios are challenging to help us test the extremes of possible future conditions, but also remain plausible. Climate-related scenario analysis does not predict the future, but rather provides a range of hypothetical outcomes to enable an entity to better assess how physical and transition risks and opportunities associated with climate change could impact its operations.

Scenario 1: Orderly Transition

A climate pivot from 2026 results in bi-partisan support for rapid decarbonisation of the economy, with successive New Zealand governments planning and implementing serious decarbonisation efforts. Ambitious emissions reductions are seen as clever business strategy and citizens are empowered to directly take part in the global transition which requires collective action at a global level.

During the early 2030s, the New Zealand healthcare sector begins its own era of profound but steady change. Government boldly prototypes and pilots new models of healthcare and adopts ground-breaking new technologies that significantly reduce the burden on hospitals. By 2033, the private health sector also delivers better health outcomes for the NZ public than ever before.

In 2038, we better understand the new patterns of climate impacts and weather events, leading to greater precision in modelling the likelihood and impact of known climate-related risks to health.

By the early 2040s, the physical changes to NZ's climate resulting from climate change are more recognisable. Heavy winter storms affect outdoor work most years, but risks to workers are minimised through company policy. There are also more frequent dust storms, high winds and heatwaves affecting workers with respiratory illnesses and susceptibility to heat. In 2043, a catastrophic dust storm brings major health impacts to Ōtautahi Christchurch.

With the economy in its 'pivoted' form, new jobs emerge, economic conditions stabilise and the affordability of health insurance that dropped in the early 2030s due to cost pressure challenges, returns in 2045 to roughly the proportion of personal income it is today.

Scenario 2: Too Little Too Late

In late 2025, following a contentious Conference of the Parties (COP) meeting, the global community splinters into two broad sets of country groups based on their climate transition policy (ie one set with strong decarbonisation policies and the other with a slower transition), with strong and immediate repercussions for the climate and global economy.

By mid-2026, fears are sparked of imminent trade wars between the two country groups due to the difference in policies between the groups. The flow of medical equipment and renewable energy technologies is disrupted and a significant domestic economic downturn impacts discretionary spending.

In 2028, an ex-tropical cyclone hits Northland, Auckland and the Bay of Plenty. Persistent warm and humid conditions combine with overwhelmed infrastructure to produce a water-borne disease outbreak. The public health system is under major stress and the Government temporarily requisitions services from the private health system.

By the end of the 2020s, 3 in 5 Kiwis frequently struggle with mental health and are seeking financial assistance for help managing their mental health needs, which presents an opportunity for insurers to offer targeted health insurance products.

In the early years of the 2040s, the public health system struggles to cope with an influx of patients with higher cancer rates and burdens of cardiovascular and respiratory disease. The private health system has capacity, but higher carbon prices have increased health insurance premiums through higher operational costs, and this challenges affordability.

In 2045, a storm directly affects nib nz's Auckland corporate offices. Working from home is an established practice, however, infrastructure damage leads to all time productivity lows. Combined with delays and inefficiencies from surges in claims, perceptions of the quality and value of private health insurance takes a plunge, among those few who can still afford it.

Scenario 3: Hot House

In 2026, a climate sceptical NZ Government signals its disinterest in decarbonisation and the Climate Change Commission is dis-established.

In the early 2030s, a freight train of climate events arrives in New Zealand. Winter storms severely disrupt the land transport network while heatwaves and drought prevent repairs from being fully completed.

A pervasive background anxiety emerges in 2033. Coastal populations see the value of their homes begin to plummet, limiting their financial security and causing a widespread local economic slump. Mental health claims increase.

The reputation of the health insurance industry takes a direct hit in 2035 as continuous higher premiums and costs make health insurance unaffordable for most Kiwis.

Māori health receives a funding boost when Treaty settlements are relitigated in the early 2030s after the failure of fishing quota to ensure viable income streams. Collaborative health agreements between health insurers and Māori iwi become commonplace.

In 2041, a storm strikes the Coromandel and Bay of Plenty creating a public health emergency and the Government requisitions extra capacity from private health. The practice of such requisitions persists to 2045 reducing the value of private health insurance for members.

In 2046, the dwindling snowpack in NZ's South Island sees the country's largest hydro dams become unreliable. 'Brown-outs' in the electricity grid occur which also affects the security and safety of water supplies. Water-borne disease outbreaks become common through 2046-49.

The impact of climate change on the environment leads to changes in health risk with the emergence of diseases not previously found in New Zealand. Some insurers respond quickly with products to meet these impacts but there is consolidation in the market as others do not adapt in time.

Time horizons

For this report, we have used the following time horizon definitions:

Horizons	Period	Aligns with
Short-term	1-3 years	nib nz’s strategic planning horizon, nib nz’s modelling of capital requirements over that strategic planning horizon, and the short term defined in the FSC scenarios ¹
Medium-term	5-10 years	the medium-term horizon defined in the FSC scenarios ¹
Long-term	30 years +	the long-term horizon defined in the FSC scenarios ¹

1. Financial Services Council NZ, Climate scenario narratives for the financial services sector via <https://www.fsc.org.nz/report/climate-scenario-narratives-for-the-financial-services-sector>



Our material climate-related risks

In the tables below, we have summarised the material climate-related risks and opportunities that arose out of the climate scenario analysis work in FY23 and that were reassessed in FY24 to ensure they were still applicable (described in detail on page 6).

During the year, additional work has been progressed to look more widely at nib nz's business risks and identify the risks where climate change may contribute to existing risks. This work is described further in our risk management section on pages 13-15.

In accordance with NZ CS 2 Adoption Provision 2, we have not assessed the anticipated financial impacts to these risks and opportunities during this reporting period. Currently, the identified climate-related risks and opportunities do not specifically form part of our internal capital deployment and funding decision-making processes.

The likelihood ratings are aligned with the FSC sector scenarios likelihood ratings. The risks and opportunities have been identified and assessed as material specifically by nib nz at the entity level:

Short term, next three years to 2027

Medium term, next c.10 years to mid-2030s

Long term, next c.30 years to 2050

Very likely to be present under the relevant scenario

Likely to be present under the relevant scenario

Not likely to be present under the relevant scenario

Risk	Name of scenario			Anticipated Business Impact	Timeframe	Consequence Type¹
	Orderly	Too Little Too Late	Hothouse			
Physical						
Acute Increased market pressure to provide community support and insurance affordability for those experiencing climate hazards.	Likely	Likely	Likely	Unforeseen costs and potential reputational damage if community expectations are not met.	Medium term	Reputation & Brand
Chronic Increased illness and comorbidity due to chronic and compounding climate change hazards such as a prolonged exposure to warming environment, agricultural impacts, and growing climate anxiety	Not Likely	Likely	Very Likely	Increased health and life insurance claims, leading to higher rates of claim inflation which require premium increases to cover costs which may lead to impacts on cashflow and the ultimate profitability of products. Increased workload and stress on employees.	Long term	Financial People & Culture
Acute Trauma, illness, property destruction and disruption as a result of climate-related events (eg natural disasters) leading to high rates of psychological distress.	Likely	Very Likely	Very Likely	Increased need for mental health services & greater competition in the market to launch timely mental health products and respond to demand.	Long term	Reputation & Brand
Chronic Increased incidence and severity of climate hazards causing pressure on discretionary income.	Likely	Very Likely	Very Likely	Potential reduced revenue due to lessened uptake of health and life insurance, supply chain delays and increased healthcare costs for members.	Long term	Financial
Chronic Chronic and compounding climate change impacts putting pressure on public and private health services.	Likely	Very Likely	Very Likely	Reduced customer perception of value for money due to inability to access services in a timely manner, leading to customer dissatisfaction and reduced customer numbers.	Long term	Financial

Risk	Name of scenario			Anticipated Business Impact	Timeframe	Consequence Type ¹
	Orderly	Too Little Too Late	Hothouse			
Acute Increased climate hazards such as storms, extreme heat and flooding leading to infrastructure outages and loss of premises used by nib's workforce.	Not Likely	Very Likely	Very Likely	Business disruption resulting in delays to service delivery and associated costs of operational impacts.	Long term	Reputation & Brand Financial
Transition						
Policy and Legal Increasing mandatory reporting and regulatory requirements.	Likely	Likely	Likely	Potential legal implications and reputational damage if requirements are not met. Increasing cost of compliance.	Short term	Regulation & Compliance Reputation & Brand
Policy and Legal Technology New climate-related policies and regulation, and procedures (eg mandatory electric fleet conversion, low carbon technology initiatives, etc) introduced which create compounding capital expenditure and operational costs.	Likely	Likely	Not Likely	Increased 'cost of doing business' in transitional economy impacting financial performance.	Medium to Long term	Reputation & Brand Financial

1. Consequence type aligns with nib's risk classification system to align with our Risk Management Framework.

Our material climate-related opportunities

All identified material climate-related opportunities are transition opportunities.

Opportunity	Potential Business Impact	Timeframe	Consequence Type
Market Advocate for healthcare system efficiencies and new models of care	The push to decarbonise different industries and sectors in New Zealand leads to the creation and development of new models of care including collaborative health arrangements, more at home or digital treatment and new healthcare programmes lead to better outcomes & less healthcare duplication. This reduces operational carbon emissions and reliance on physical health service assets that may be impacted by climate events.	Short term	Reputation & Brand Financial
Technology New technologies create operational efficiencies.	Ongoing operational disruptions brought about by climate-related events push businesses to find and develop operational efficiencies such as better modelling of member's health risks and claiming patterns, as well as faster processing of insurance claims. This leads to a reduction in operational costs which helps reduce the impact of climate-related events on business operations and maintains operational efficiency	Medium term	Financial
Market Leverage climate management performance to attract talent	Demonstrate nib nz's climate risk management commitment to talent, resulting in increased attractiveness of nib nz as a place to work leading to increased employee satisfaction.	Short term	Reputation & Brand People & Culture

Progress towards transition planning

In this CRD, we are relying on NZ CS 2, adoption provision 3 (Transition planning), as the transition plan aspects of our strategy are not fully developed. In this section, we provide brief information about our progress towards transition planning.

As outlined in the strategy section on page 4, nib nz's business strategy is centred on personalised health and wellbeing. We believe our business is well positioned to operate during a global and domestic transition towards a low-emissions, climate-resilient future state. This is because of our current business model and strategy, which includes a technology driven approach with an emphasis on data-driven, personalised care, flexible pricing mechanisms and robust risk framework, as well as our diversification strategy.

We are also committed to supporting the transition to a net zero greenhouse gas emissions future and have therefore committed to net zero by 2040⁵.

During the reporting year, we developed an internal Climate Action and Resilience Plan (CARP) which features a roadmap to reducing our environmental impact (primarily through emissions reduction) and making our business more resilient in the face of climate change.

Our updated emissions plan within the CARP builds on the achievements we've had over the past few years to reduce our carbon footprint. The actions taken to date include transitioning away from fleet vehicles, entering into a renewable energy certificate agreement with an energy generator for our Auckland office⁶, educating our people on better waste management, introducing our distributed workforce policy which recommends an 80:20 work from home vs office, and encouraging our members to take up e-communications helping to reduce emissions from paper and postage.

We will continue to measure the progress and effectiveness of the actions set out in our CARP and look to integrate new climate disclosure guidance around formal transition plans as we develop the maturity of our climate-related reporting work.

At this stage, given our existing level of alignment with a low-emissions, climate-resilient future, no significant changes to our business model or strategy are anticipated as necessary to address our climate-related risks and opportunities.



5. In this document, "net zero" refers to our target to reach net zero greenhouse gas emissions across Scopes 1, 2 and 3 (subject to exclusions) by achieving gross absolute emissions reductions and then offsetting residual emissions by purchasing and canceling carbon credits. We aim to achieve net zero in this way by 2040, as explained in more detail in the Metrics and Targets section of this report, under the heading "GHG emissions target". Our net zero target is separate from our current policy to offset all emissions on a year by year basis so as to be "carbon neutral", as described in the Metrics and Targets section of this report, under the heading "Carbon neutrality".
6. The electricity supplied to nib offices is from the national grid which is a mix of energy from renewable and non-renewable sources. The BraveTrace - Renewable energy certification system is a contractual mechanism that enables nib nz to buy renewable energy attributes from specific generation facilities and helps facilitate market-based method Scope 2 reporting in line with the Greenhouse Gas Protocol. The scheme additionally helps support the growth of new renewables in New Zealand.

Risk Management

At nib nz, the Board and ELT have established a strong tone from the top, fostering a robust and sustainable risk culture that supports our efforts to create positive outcomes for all stakeholders, including our environment. As a licensed insurer, risk management is at the heart of what we do.

We have a comprehensive enterprise Risk Management Framework (RMF) which we utilise to manage our identified climate-related risks and opportunities. nib nz’s RMF is made up of both formal and informal parts. Formal parts include the Risk Management Strategy (RMS), our Risk Appetite Statements (RAS) and the defined responsibilities for the Board and employees. The more informal, but still important, parts include our beliefs, attitudes and values, which support effective risk management.

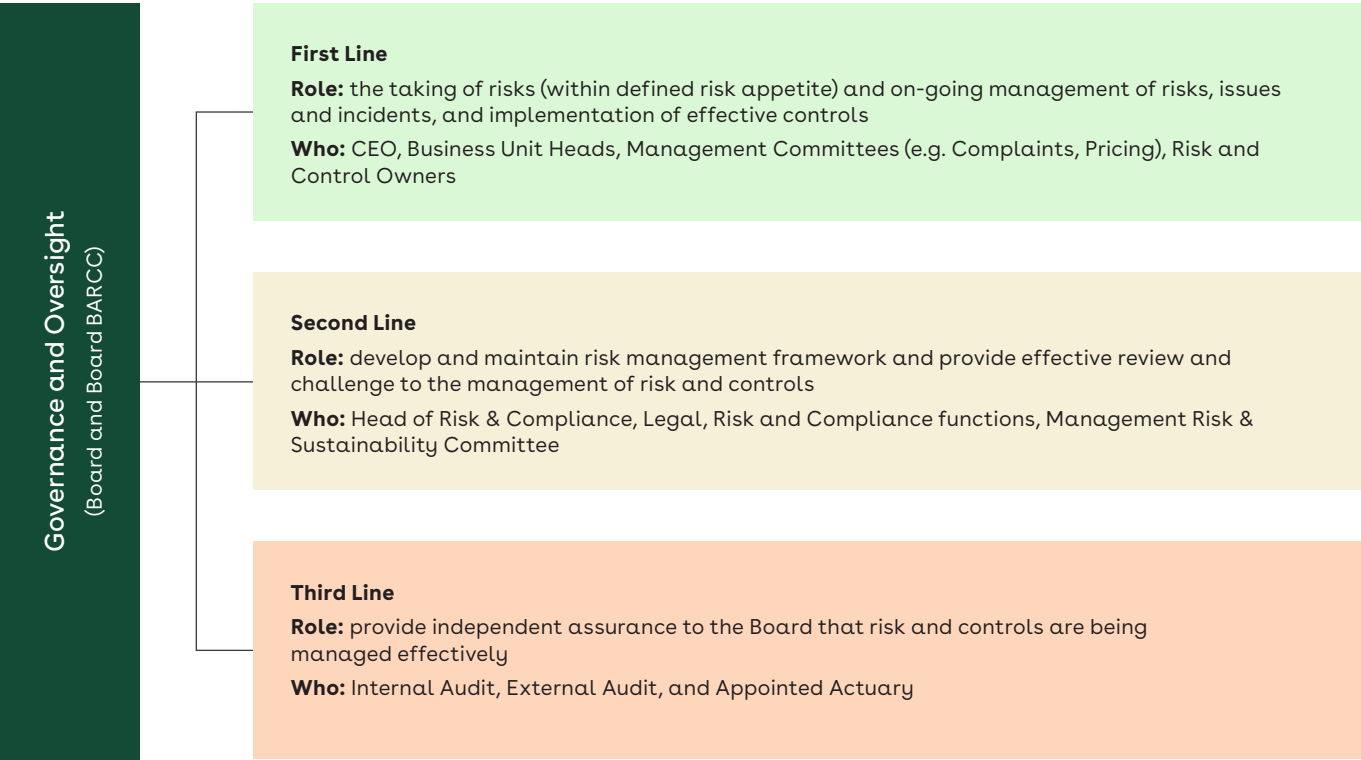
The RMF is reviewed annually by the Board to ensure it continues to be effective and relevant. The Board is ultimately responsible for the RMF and the oversight of its operation by Management. The Board sets the risk appetite within which it expects Management to operate and approves nib nz’s risk appetite statements and RMS. The Board has delegated the review of the company’s systems and procedures for ensuring compliance with applicable legal and regulatory requirements to the BARCC.

The BARCC makes recommendations to the Board on risk management, the internal and external audit function, the integrity of nib nz’s financial statements and other material regulatory documents such as CRDs. In respect of risk management including climate-related risk, this includes recommendations regarding:

- the effectiveness of the RMF having regard to nib nz’s risk culture;
- the identification and assessment of the material risks facing nib nz considered against its risk appetite. Key enterprise risks are identified based on their potential to impact the nib nz business using an established risk matrix. The BARCC review and approve these risks on an annual basis or as the business changes materially. This process includes the identification and assessment of climate-related risks and opportunities that may not otherwise meet the definition of material risks for the nib nz business;
- the systems and procedures for compliance with applicable legal and regulatory requirements; and
- the appropriate level of reporting on the performance and application of the RMF.

To effectively manage risk, nib nz has adopted the Three Lines of Accountability model. This model sets out the roles within the organisation that play a key part in managing risk and generally operates as outlined below.

Three lines of accountability model



nib nz’s RMS considers how uncertainty affects the achievement of organisational objectives, including those related to climate. The RMS contains clearly defined categories of risk relevant to nib nz, including financial, operational, insurance, and strategic risks.

nib nz has defined business objectives, including our ambition to be net zero by 2040. During the reporting year, we included environmental objectives into the RMS which will see climate-related risk management become an integral part of our RMF.

Risk Management continued

Identification of climate-related risks

The climate-related risks included in this disclosure were originally identified through the FY23 Group climate scenario analysis (see page 6 for full details). The identified Group climate-related risks were then reviewed and assessed by the Taskforce as part of the FY24 nib nz standalone climate-related scenario analysis.

The Taskforce reviewed the identified risks for specific relevance to the nib nz business and considered the extent to which the climate-related risks are drivers of existing risks for the nib nz business. As a result, further nib nz specific climate-related risks were identified and assessed.

We found that a changing physical climate or regulatory changes relating to climate action can be contributors to many of nib nz's existing risks. Consequently, we mapped our existing risks to climate-related causes and impacts using a risk methodology known as a risk bow tie analysis. This method involves depicting the causes and consequences of risks in a graphic, providing a visual representation of the relationship between climate factors and organisational risks.

The Taskforce, supported by the Risk & Compliance team, then applied the bow tie methodology to illustrate climate change as a cause of various risks and to provide a clear visualisation of the connections from cause to risk event to impacts. The outputs of the bow-tie analysis were presented to the BARCC.

We also considered the impacts of climate-related risks within the broader scope of our operational risk profile, such as the capital adequacy, business disruption, product design, clinical, and third-party risk categories.

In identifying climate-related risks, no specific parts of the nib nz value chain were specifically excluded.

Assessment and reporting of climate-related risks

Climate-related risks require assessment over various timeframes. Given their long-term nature, we have defined multiple horizons that reflect nib nz's strategic planning; our net zero by 2040 ambition; guidelines issued by the Reserve Bank of New Zealand on managing climate-related risks and the FSC's industry specific climate scenarios. The time horizons are defined on page 9. To operationalise this, enhancements were made to our digital risk management system to enable the plotting of climate-related risks over these additional time horizons.

For the FY24 reporting period, we have assessed our climate-related risks with the likelihood assessment described further on page 10. We have relied on Adoption Provision 2 and not calculated the financial impact of these risks eventuating against the different selected time horizons.

nib nz operates under a Risk and Control Self-Assessment Policy which provides guidance to employees on how risks must be identified, assessed, managed and monitored. Climate-impacted risks will be reviewed annually by the ELT and through team-specific processes, including business unit risk and control self-assessments.

nib nz monitors risks on an ongoing basis using a series of metrics. The BARCC receive quarterly reports on these metrics and the established tolerance levels that provide the Board and Management with early indications that a risk metric may be moving out of nib nz's risk tolerance.

Emissions reporting and transition planning requirements are linked to our GHG emissions metrics and targets. There are no additional metrics that are key performance indicators (KPIs) at present.

Management and integration of climate-related risks and frequency of assessment

We prioritise and manage climate-related risks within our enterprise RMF, both as standalone risks and as drivers of existing risks, ensuring they are prioritised and managed in accordance with other risks to our business. Risks are prioritised based on materiality and severity rather than category or type of risk.

The Board and Management complete annual identification and analysis of material or key risks (and emerging key risks such as climate-related risk) that nib nz faces in delivering on its strategic and business objectives, including assessment of the effectiveness of the controls in place to manage these risks. Targeted risk analysis, such as risk identification as part of climate-related scenario analysis, is input into existing processes via reporting into relevant risk governance forums at both Board and Management levels.

During the FY24 annual key enterprise risk assessment process, Management and the Board considered whether climate-related risks – either generally or specific risks – should be elevated to the status of key enterprise risks. For the FY24 assessment, climate-related risks were not assigned as key enterprise risks. Climate-related risk was identified as an emerging risk and continues to be managed within the nib nz RMF.

Climate-related compliance management

Climate-related regulatory and legislative obligations are integrated into our compliance management processes, ensuring alignment with regulatory requirements for climate-related risk management. Continuing to train, educate, and raise awareness on climate-related risks with our employees will enhance our effectiveness in addressing these obligations.

nib nz's business objectives, risk causes, risk events and risk impact categories have been analysed through a climate-related risk lens and climate-related risk considerations have been effectively incorporated. Through focused integration of climate-related risk management into our frameworks, we aim to proactively address and mitigate the impact of climate-related risks on our organisation.



Metrics & Targets

Overview

nib nz measures its greenhouse gas (GHG) emissions annually and has also implemented GHG emissions reduction targets that align with our broader business and sustainability strategies, and other related policies.

There are no commonly used health insurance industry-based metrics to measure and manage climate-related risks and opportunities at this time beyond GHG emissions-related metrics mentioned below. nib nz also currently does not use key performance indicators other than GHG emissions metrics and targets to measure and manage climate-related risks and opportunities.

Our focus is on continuing to mature our metrics and targets, particularly in assessing the vulnerability of our business to climate transition and physical risks in line with our risk management framework.

Greenhouse gas emissions

We have been measuring our GHG emissions for the past five years as part of broader nib Group-wide climate reporting. This is the first year we have specifically disclosed GHG emissions for the reporting entity, nib nz limited.

In FY24, nib nz's total GHG emissions for Scopes 1, 2 and 3 were 1,886.3 tCO₂-e, up 35% from FY23¹. This is driven largely by an increase in both spend and activity in several of our Scope 3 emissions categories to support business growth.

The areas with the highest emissions during the year were marketing and advertising, business travel, and telecommunications. We will be particularly focused on these high Scope 3 emissions categories in our future emissions reduction activities.

Our Scope 2 emissions were 0 tCO₂-e for FY24 when calculated using the market-based method (aligned with our broader nib Group reporting). This is largely because the market-based method takes into account emissions from electricity that nib nz has purposefully chosen and therefore takes account the New Zealand Energy Certificates we have redeemed in the BraveTrace New Zealand Energy Certificates System. As required, we have also published our Scope 2 emissions using the location-based method, resulting in 16 tCO₂-e for FY24 (reflecting that the electricity supplied through transmission and distribution systems is from renewable and non-renewable sources), and we use this method to calculate our total Scope 2 emissions. The market-based calculation simply serves as an alternative data point for readers.

We continue to seek ways to improve nib nz's data quality and completeness particularly in relation to Scope 3 emissions which are currently predominately determined by spend. This includes working with our supply chain to identify actual emissions where possible.

Emissions for nib nz²

FY24	tCO ₂ -e
Scope 1	0.0
Scope 2³	16.0
Location-based	16.0
Market-based	0.0
Scope 3	1,870.3
Category 1 – Purchased goods and services ⁴	1,338.8
Category 5 – Waste generated in operations	2.0
Category 6 – Business travel	384.7
Category 7 – Employee commuting	135.0
Category 8 – Upstream leased assets	9.9
Total emissions	1,886.3
Emissions intensity (total emissions per employee / customer / revenue)	
Employee (FTE)	8.4
Customer ('000)	7.4
Revenue (\$m)	5.0

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 FY23 Scope 3 emissions category data previously reported by the nib Group.

2. FY20 to FY23 emissions data was reported at the nib New Zealand Group level and includes non-reporting entities. FY24 emissions data uses only the reporting entity, nib nz. As such, prior years are not comparable to the FY24 result.

3. Scope 2 emissions are dual reported using both the market-based method and location-based method.

4. This category includes goods and services such as advertising and marketing, paper, printing and stationary, telecommunications, ICT services, education and training.

Measurement

nib nz measures its emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) (GHG Protocol).

We use the operational control approach to determine our organisational boundary and the relevance test from the GHG Protocol to determine the emissions boundary for our organisation. This boundary covers the offices we operate (Scopes 1 and 2) and the costs we incur from third parties to provide services to our members (Scope 3).

It does not include Scope 3 emissions associated with hospitals or medical providers who receive claims payments as we do not have influence over those providers and our members can elect the provider they choose to seek treatment from, and accordingly inclusion of their emissions is not currently considered to be relevant to nib nz decision-making and primary users. Similarly, we do not include the emissions associated with advisors who sell our product to their clients as we do not have influence over member choice of financial adviser. We also do not include Scope 3 emissions from business services such as consultants due to our limited ability to influence these emissions.

We have also excluded the following categories of Scope 3 emissions from our CRD on the basis that the emissions are outside of our emissions boundary or immaterial in the following areas:

- Category 2 capital goods
- Category 3 fuel and energy related activities
- Category 4 upstream transportation and distribution
- Category 9 downstream transportation and distribution
- Category 10 processing of sold products
- Category 11 use of sold products
- Category 12 end of life treatment of sold products
- Category 13 leased assets
- Category 14 franchises
- Category 15 investments

Emissions factors

The emissions factors used selected by reference to the nature of emissions based on actual emissions data, where available, and emissions derived from spend data aligned with the GHG Protocol.

The sources of emissions factors and associated Global Warming Potential (GWP) rates for our most material emissions were:

1. New Zealand Ministry for the Environment's 2024 guidance for voluntary emissions reporting⁵.
2. Climate Active Carbon Inventory V8.1 for Scope 3 emissions sources based on spending. This includes general advertising, telecommunication services and office-related purchases.
3. UK Greenhouse gas reporting: conversion factors 2023 for flights⁶.
4. Amazon Web Services (AWS) services are calculated by the AWS in-house emissions tool⁷.
5. Google advertising emissions calculated using nib nz spend data for Google advertising and a bespoke emissions factor specific to Google services. Emissions factor calculated from Google public disclosures⁸.

Methods, assumptions, limitations and uncertainties

To calculate our emissions, we work with external partner, Kinesis, and utilise their emissions software. The following assumptions have been made by Kinesis as part of our emissions calculations.

- Where actual emissions data was not available from suppliers, we relied on spend data to estimate various Scope 3 emissions categories.
- nib nz's 80:20 (home:work) work from home policy was assumed for determining employee commuting emissions.
- Estimation was used for base building data due to lack of specific data availability.
- The main data limitations and sources of uncertainty were a reliance on third party supplier reports in respect of Scope 3 emissions.

5. Measuring emissions: A guide for organisations: 2024 detailed guide.

<https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2024-detailed-guide/>

6. Conversion factors 2023: condensed set (for most users). <https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2023>

7. Tool is only accessible by customers.

8. Emissions Factor was calculated from total emissions for the FY24 period via <https://www.gstatic.com/gumdrop/sustainability/google-2024-environmental-report.pdf>, revenue for the latest available year of data, via <https://abc.xyz/assets/52/88/5de1d06943cebc569ee3aa3a6ded/goog023-alphabet-2023-annual-report-web-1.pdf>; AUD to USD exchange rate correction for FY24 period via <https://www.ofx.com/en-au/forex-news/historical-exchange-rates/yearly-average-rates/>.

Metrics & Targets continued

Assurance

nib nz's 2024 GHG emissions inventory disclosure has been independently verified to a reasonable assurance standard in accordance with NZ SAE 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, and ISAE (NZ) 3410 *Assurance Engagements on Greenhouse Gas Emissions*.

See pages 20 – 22 for the full assurance statement from our auditor.

GHG emissions targets

nib nz has an ambition to become net zero by 2040. We are part of the nib Group that has set absolute emissions reduction targets that were formulated using science-based targets (SBTs) methodology and workbooks to support our path to net zero. nib nz adopted the nib Group's targets as its own emissions reduction targets this year.

nib Group (on behalf of nib nz as nib nz's parent company) is currently awaiting the new Financial Institutions Net Zero Standard from the Science-based Targets Initiative (SBTi) and will review our current emissions reduction targets in line with the guidance to assess whether they meet verification requirements.

nib nz 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 3⁹ emissions 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.

The targets we have selected utilise the GHG emissions inventory we conduct annually to assess performance.

Scope 1 and 2:	Scope 3:	Net zero:
Reduce absolute emissions by 50% by 2030 ¹⁰	Reduce absolute emissions by 25% by 2030 ¹¹	Achieve Net zero by 2040

nib nz has a conservative investment portfolio with investments primarily in cash and bonds of asset class AAA or AA¹². In line with current SBTi guidance, these investment categories do not meet the SBTi definition of an 'in scope' investment. As such, they are not currently included within our net zero ambitions.

Progress against GHG emissions targets

Our focus over the last few years has been reducing our Scope 1 and 2 emissions. Through initiatives such as entering into renewable energy certificate purchase agreements for our Auckland office and removing any fleet vehicles we currently have minimal emissions in both Scopes 1 and 2 (when calculating emissions using the market-based method) which has seen us already achieve our interim 2030 target. The focus has now turned to maintaining this emissions profile as the business expands.

Scope 3 is where our ability to effect wider change lies which is why we have adopted an interim target of 25% emissions reduction in absolute Scope 3 emissions by 2030.¹³ We note however that Scope 3 emissions have increased in recent years due to a rebound in business travel post-COVID, coupled with a ramp up in marketing expenses. As such, we are not currently on track to meet our 2030 Scope 3 emissions target (or, by implication, our 2040 target). This is an area of focus for our emissions reduction activities.

Our net zero target is an absolute target, and does not rely on offsets, except as permitted under the SBTi Corporate Net-Zero Standard. This allows companies to offset the final 10% of residual emissions that cannot be eliminated once they have achieved their long-term target (i.e. our 2040 target) and cut emissions by more than 90%. To date, we have not relied on offsets as part of measuring our progress against our net zero targets.

During FY24, we refreshed our emissions reduction plan for achieving net zero by 2040. The updated roadmap outlines the steps we will take to reduce emissions in our operations and influence emissions reduction in our value chain. It will be reviewed annually to support the adoption of future opportunities to cut or avoid emissions.

To monitor progress, we report to the Taskforce and Board annually on our emissions inventory performance. We recognise that emissions reduction, particularly in Scope 3 emissions, is not linear and may accelerate or decelerate in future depending on how new policies and technologies advance and consequently, how they impact our ability to reduce our emissions.

9. Excludes investments. Other Scope 3 emissions exclusions also apply, as set out under "Measurement" above. Exclusion categories are subject to change based on reassessments of materiality, in which case the baseline year is also restated.

10. From a FY21 baseline. Scope 2 emissions target based on market-based Scope 2 emissions.

11. From a FY20 baseline. FY20 chosen as the baseline to remove the impact of COVID-19 restrictions on Scope 3 emissions in FY21.

12. Asset classes with a credit rating of AAA or AA are considered a high credit quality and investment grade.

13. This refers to a reduction only in Scope 3 emissions that we include in our inventory. Please see the information about Scope 3 emission categories excluded from our inventory above.

Carbon neutrality

We are proud to have been a carbon neutral business since FY22 by choosing to voluntarily offset our total GHG emissions each financial year¹⁴.

We achieve carbon neutrality through the purchase and cancellation of certified Australian carbon credit units (ACCUs) to offset our Scope 1, 2 and 3 emissions (measured in the manner described above, and subject to the exclusions, assumptions, limitations and uncertainties described). These credits are verified by the Australian National Registry of Emissions Units (ANREU) which is administered by the Australian Clean Energy Regulator. We do not participate in or purchase any New Zealand Emissions Trading Scheme (ETS) units.

An example of projects we support is through our partnership with the Aboriginal Carbon Foundation (AbCF) 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.

Vulnerability to climate-related risks and alignment to opportunities

nib nz is an insurance company and financial services business. Given the nature of our business there is no particular business line or aspect of operations that are immune from the physical or transition impacts of climate change. As such, for this CRD, we have adopted 100% as the proportion of the business vulnerable to transition and/or physical risks and aligned with our climate-related opportunities.

Capital deployment

The amount of capital expenditure incurred, financing or investment deployed in the reporting period towards climate-related risks and opportunities is non-material. Again, this is related to the nature of nib nz's business and impact of climate-related risks and opportunities at this time. There has been some operational expenditure to support the CRD activities and accuracy of emissions reporting, but nib does not consider this to be a material amount of expenditure when considered in context of overall operational expenditure.

Internal emissions price

We do not currently use an internal emissions price. However, we incorporate an average offset price annually for internal education and awareness purposes. This serves as an implicit carbon pricing reference for our budget purposes, internal educational endeavours, and strategic decision-making processes. For FY24, our average weighted cost (AWC) per ACCU was NZ\$56.57¹⁵.

Link to remuneration

As outlined in the governance section (page 2), we include some measures for the achievement of sustainability goals within our nib Group scorecard as well as the nib nz CEO's individual scorecard. However, there are no specific management remuneration links to climate-related risks and opportunities in FY24.

14. Each financial year we offset the prior financial year's total GHG emissions. Our FY24 total GHG emissions will be offset in FY25.

15. Carbon credits purchased in AUD. Conversion from AUD to NZD based on exchange rate on 6 August 2024.

Appendix

Appendix 1: GHG Emissions Assurance Report



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ABN: 37 602 950 167

Independent Assurance Report on nib nz limited's Greenhouse Gas ("GHG") Disclosures

To The Board of Directors of nib nz limited,

Reasonable Assurance Conclusion

In our opinion, the gross GHG emissions, additional required disclosures of gross GHG emissions, and gross GHG emissions methods, assumptions and estimation uncertainty, within the scope of our reasonable assurance engagement (as outlined below) included in the climate statements for the year ended 30 June 2024, are fairly presented and prepared, in all material respects, in accordance with Aotearoa New Zealand Climate Standards ("NZ CSs") issued by the External Reporting Board ("XRB").

Scope of the Assurance Engagement

We have undertaken a reasonable assurance engagement over the following disclosures of the climate statements for the year ended 30 June 2024.

Scope 1	0.0
Scope 2	16.0
Location-based	16.0
Market-based	0.0
Scope 3	1,870.3
Category 1 - Purchased goods and services	1,338.8
Category 5 - Waste Generated in Operations	2.0
Category 6 - Business Travel	384.7
Category 7 - Employee Commuting	135.0
Category 8 – Upstream leased assets	9.9
Total emissions	1,886.3

Our assurance engagement does not extend to any other information included, or referred to, in the climate statements. We have not performed any procedures with respect to the excluded information and, therefore, no conclusion is expressed on it.

Materiality

Based on our professional judgement, we determined materiality for the GHG disclosures to be 5% of total emissions. Our assurance procedures focused on individual emission line items greater than the above materiality rate, allowing us to gain assurance over 87.79% of total emissions.



Liability limited by a scheme
Approved under Professional
Standards legislation

Benjamin Jenkins B. Bus CA
Director
P: 0403 035 743 E: ben@gppaudit.com.au

nib nz limited's Responsibilities for the GHG disclosures

nib nz limited is responsible for the preparation and fair presentation of the GHG disclosures in accordance with the Aotearoa New Zealand Climate Standards ("NZ CSs"). This responsibility includes the design, implementation, and maintenance of internal controls relevant to the preparation of GHG disclosures that are free from material misstatement whether due to fraud or error.

The GHG quantification is subject to inherent uncertainty because of the incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

Our Responsibilities

We are responsible for:

- Planning and performing the engagement to obtain the intended level of assurance about whether the GHG disclosures are free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the addressee of the report of nib nz limited.

As we are engaged to form an independent conclusion on the GHG disclosures prepared by management, we are not permitted to be involved in the preparation of the GHG information as doing so may compromise our independence.

Other Relationships

Other than in our capacity as assurance practitioners, and the provision of the assurance for this engagement, we have no relationship with, or interests, in nib nz limited.

Independence and Quality Management Standards applied

This assurance engagement was undertaken in accordance with NZ SAW 1 *Assurance Engagements over Greenhouse Gas Emissions Disclosures*, issued by the External Reporting Board ("XRB"). NZ SAE 1 is founded in the fundamental principles of independence, integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

We have also complied with the following professional and ethical standards and accreditation body requirements:

- Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)*;
- Professional and Ethical Standard 3: *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*;
- Professional and Ethical Standard 4: *Engagement Quality Reviews*; and
- Other professional and ethical standards and accreditation body requirements as appropriate.



Summary of Work Performed

Our reasonable assurance engagement was performed in accordance with NZ SAE 1, and ISAE (NZ) 3410 *Assurance Engagements on Greenhouse Gas Emissions*. This involves performing procedures to obtain evidence about the quantification of emissions and related information in the GHG disclosures. The nature, timing and extent of procedures selected depend on the assurance practitioner's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, in the GHG disclosures.

In making those risk assessments, we considered internal control relevant to nib nz limited's preparation of the GHG disclosures. A reasonable assurance engagement also includes:

- Assessing the suitability in the circumstances of nib nz limited's use of Aotearoa New Zealand Climate Standards ("NZ CSs") as the basis for preparing the GHG disclosures;
- Evaluating the appropriateness of quantification methods and reporting policies used, and the reasonableness of estimates made by nib nz limited; and
- Evaluating the overall presentation of the GHG disclosures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The procedures we performed were based on our professional judgement and include enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

A handwritten signature in black ink that reads 'Ben Jenkins'.

Benjamin Jenkins
Director
GPP Audit Pty Limited
Chartered Accountants

Dated this 9th day of August 2024

Appendix 2: NZ Climate Standards Index

NZCS Thematic Area	Disclosure Requirement	Page Reference
Governance Enable primary users to understand both the role an entity's governance body plays in overseeing climate-related risks and climate-related opportunities, and the role management plays in assessing and managing those climate-related risks and opportunities.	(a) the identity of the governance body responsible for oversight of climate-related risks and opportunities; (b) a description of the governance body's oversight of climate-related risks and opportunities; and (c) a description of management's role in assessing and managing climate-related risks and opportunities.	2-3
Strategy Enable primary users to understand how climate change is currently impacting an entity and how it may do so in the future. This includes the scenario analysis an entity has undertaken, the climate-related risks and opportunities an entity has identified, the anticipated impacts and financial impacts of these, and how an entity will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future.	(a) a description of its current climate-related impacts; (b) a description of the scenario analysis it has undertaken; (c) a description of the climate-related risks and opportunities it has identified over the short, medium, and long term; (d) a description of the anticipated impacts of climate-related risks and opportunities; and (e) a description of how it will position itself as the global and domestic economy transitions towards a low-emissions, climate-resilient future state.	4-12
Risk management Enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and how those processes are integrated into existing risk management processes.	(a) a description of its processes for identifying, assessing and managing climate-related risks; (b) a description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management processes; (c) the tools and methods used to identify, and to assess the scope, size, and impact of, its identified climate-related risks; (d) the short-term, medium-term, and long-term time horizons considered, including specifying the duration of each of these time horizons; (e) whether any parts of the value chain are excluded; (f) the frequency of assessment; and (g) its processes for prioritising climate-related risks relative to other types of risks.	13-15
Metrics and targets Enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Metrics and targets also provide a basis upon which primary users can compare entities within a sector or industry.	(a) the metrics that are relevant to all entities regardless of industry and business model; (b) industry-based metrics relevant to its industry or business model used to measure and manage climate-related risks and opportunities; (c) any other key performance indicators used to measure and manage climate-related risks and opportunities; and (d) the targets used to manage climate-related risks and opportunities, and performance against those targets.	16-19

Appendix continued

Appendix 3: Climate Change Scenario Key Assumptions¹

Scenario Parameter	Orderly Scenario	Too Little Too Late Scenario	Hothouse Scenario
Temperature Outcomes	Average temperature increase - Domestic: +0.7°C by 2100 (min 0.4, max 1.3) (NIWA) - Global: +1.4°C (min 1.0, max 1.8) by 2100 (SSP)	Average temperature increase - Domestic: +1.4°C (min 0.7, max 2.2) by 2100 (NIWA) - Global: +2.7°C (min 2.1, max 3.5) by 2100 (IPCC)	Average temperature increase - Domestic: +3.0°C (min 2.0, max 4.6) by 2100 (NIWA) - Global: +4.4°C (min 3.3, max 5.7) by 2100 (IPCC)
Emissions Pathways	Net Emissions - Domestic: 47 MtCO₂e by 2030, 3.8 MtCO₂e by 2050 (CCC) - Global: NGFS Net Zero by 2050 25.9 BtCO₂e by 2030, -294.82 MtCO₂e by 2050 using GCAM5.3+ (NGFS)	Net Emissions - Domestic: 57 MtCO₂e by 2030, 22 MtCO₂e by 2050 (CCC) - Global: NGFS National Determined Contributions (NDCs) 35.1 BtCO₂e by 2030, 26.7 BtCO₂e by 2050 using GCAM5.3+ (NGFS)	Net Emissions - Domestic: 62 MtCO₂e by 2030, 35 MtCO₂e by 2050 (CCC) - Global: NGFS Current Policies (Hothouse) 38.6 BtCO₂e by 2030, 34.3 BtCO₂e by 2050 using GCAM5.3+ (NGFS)
Economic Outcomes	Throughout this period, the global and domestic economy benefits from the stable transition to a low carbon economy. The pace of transformational change brings economic challenges, including job losses and skill shortages, but these are managed effectively with the help of a stable climate, economy, and international relations. GDP (GDP % change due to chronic physical risk, acute impacts are excluded from this figure and would further negatively impact GDP) - Global: US\$ 176 trillion (-1.2%) in 2030, US\$ 289 trillion (2.0%) in 2050 (NGFS) - NZ: NZ\$ 330 billion (-0.5%) in 2030, NZ\$ 485 billion (-0.7%) in 2050 (NGFS)	The high transition risks combined with medium physical risks under a Too Little Too Late scenario will lead to significant financial impacts including job losses and a decline in global economic growth in the medium term, with a lower standard of living for many. GDP (GDP % change due to chronic physical risk, acute impacts are excluded from this figure and would further negatively impact GDP) - Global: US\$ 175 trillion (-1.6%) in 2030, US\$ 274 trillion (-5.1%) in 2050 (NGFS) - NZ: NZ\$ 329 billion (-0.7%) in 2030, NZ\$ 477 billion (-2.3%) in 2050 (NGFS)	Emissions intensive sectors prosper but surmounting costs from increasingly pervasive chronic physical climate change impacts negatively on GDP at national and global scales. Acute physical risk events will result in widespread displacement, reduced productivity and income losses. GDP (GDP % change due to chronic physical risk, acute impacts are excluded from this figure and would further negatively impact GDP) - Global: US\$ 175 trillion (-1.6%) in 2030, US\$ 273 trillion (-5.7%) in 2050 (NGFS) - NZ: NZ\$ 329 billion (-0.7%) in 2030, NZ\$ 475 billion (-2.6%) in 2050 (NGFS)
Social Outcomes	Society at large pressures entities to decarbonise, with negative attention to entities with a lack of action, including through litigation and negative media. Human quality of life continues to increase. Population Global: 8 billion by 2030, 8.5 billion by 2050 (IPCC)	Some countries drive decarbonisation in the short term but others do not begin to change until the medium term. Inequities and geopolitical tensions increase, including due to an increase in displaced persons. Population Global: 8.3 billion by 2030, 9.2 billion by 2050 (IPCC)	Limited behaviour change and a focus on global growth drives higher rates of economic inequality and increases political instability and geopolitical tensions, including due to an increase in displaced persons. Population Global: 8.2 billion by 2030, 8.6 billion by 2050 (IPCC)

1. Financial Services Council NZ, Climate scenario narratives for the financial services sector via <https://www.fsc.org.nz/report/climate-scenario-narratives-for-the-financial-services-sector>

Scenario Parameter	Orderly Scenario	Too Little Too Late Scenario	Hothouse Scenario
Policy Outcomes	There is progressive policy activity across the globe to incentivise decarbonisation, such as the implementation of national and international emissions reduction requirements, mandatory climate-related reporting, emissions trading schemes, carbon taxes including border adjustments and an increase in legislation that bans emissions-intensive activities. Carbon Price • Domestic ETS: NZ\$140 in 2030, NZ \$250 in 2050 (CCC) • Global: US\$124 in 2030, US\$400 in 2050 (NGFS)	Some countries make early climate policy implementations while others take very little action. From mid-century climate policy and carbon price begin to align globally. Carbon Price • Domestic: NZ\$140 in 2030, NZ\$250 in 2050 (CCC) • Global: US\$34 in 2030, US\$50 in 2050 (NGFS)	Global decarbonisation efforts are reversed, revoked or paused. The carbon price is minimal and the Paris Agreement fails. Carbon Price • Domestic: NZ\$35 in 2035, NZ\$35 in 2050 (CCC) • Global: US\$6 in 2030, US\$6 in 2050 (NGFS)
Technology Outcomes (Consistent with the FSC scenarios, assumptions about carbon sequestration from afforestation, nature-based solutions and negative emissions technology were not explicitly included in our climate-related scenarios)	There is increased research and development into low emissions and emissions abatement technology and a rapid uptake of existing low-emissions and emission abatement technologies across all sectors. Percent of Renewable Electricity of Total Electricity Produced • Domestic: 94% by 2030, 100% by 2050 (CCC) • Global: 61% by 2030, 88% by 2050 (IEA) Percent of Renewable Energy of Total Energy Produced • Domestic: 55% by 2030, 90% by 2050 (CCC) • Global: 30% by 2030, 67% by 2050 (IEA)	Low emissions and abatement technology development is delayed, restricting global progress on decarbonisation until closer to the medium term. New Zealand continues to increase renewable electricity rates but a lack of viable storage prevents full adoption. The uptake of renewable energy in New Zealand for process heat and other primary energy is initially delayed but increases in the medium term, at rates well ahead of global rates. Transport emissions reductions in New Zealand are slow, with the rate of fleet reduction reaching 76% by the medium term. Aviation emissions see little to no reduction. Percent of Renewable Electricity of Total Electricity Produced • Domestic: 94% by 2030, 98% by 2050 (CCC) • Global: 46% by 2030, 71% by 2050 (IEA) Percent of Renewable Energy of Total Energy Produced • Domestic: 50% by 2030, 80% by 2050 (CCC) • Global: 19% by 2030, 37% by 2050 (IEA)	There is a lack of technological change to support decarbonisation and fossil fuels continue to be the dominant source of energy. Although fossil fuels continue to dominate in the world’s energy mix, the level of transport electrification in New Zealand continues to rise out to 2050, with 69% of the national road transport fleet electrified. Percent of Renewable Electricity of Total Electricity Produced • Domestic: 93% by 2030, 94% by 2050 (CCC) • Global: 42% by 2030, 60% by 2050 (IEA) Percent of Renewable Energy of Total Energy Produced • Domestic: 48% by 2030, 61% by 2050 (CCC) • Global: 16% by 2030, 26% by 2050 (IEA)

