



Responsible Investment Policy

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

Dated 27 November 2020

1. Scope

Our Responsible Investment Policy applies to Directors, officers and all employees of any entity within the nib Group (“**employees**”), as well as appointed fund managers for any nib Group investment fund.

2. Policy Statement

The purpose of this Responsible Investment Policy (the Policy) is to document how nib expects its assets to be managed, in alignment with nib’s mission and vision as set out in [nib’s Sustainability Principles](#).

The policy reflects nib’s ongoing commitment to thorough risk management and a responsible approach to our investments. By incorporating environmental, social and corporate governance (ESG) factors and being good stewards of our assets, we believe this will help our investment portfolio perform strongly, while also ensuring alignment with the interests of our communities, society and the natural environment.

3. nib’s Responsible Investment Principles

The following matters are considered as part of nib’s approach to responsible investments:

- **Our approach to investment risk/return appetite.**
In general, nib views the aims of achieving benchmark returns within acceptable risk settings and incorporating ESG principles into investment strategies as compatible. nib has some tolerance for volatility and additional investment risk, but not so great as to result in a non-trivial probability of breaching capital requirements.
- **Impact of ESG on long-term risk-adjusted returns.**
nib seeks to understand material ESG risks and opportunities and ensures that these are an integrated consideration within its investment processes. nib views ESG factors as important after some other factors (for example: returns, but not the most important factor).
- **Climate change is taken into account as an explicit ESG consideration.**
As part of nib’s investment process, climate change and the potential risk and return implications of the transition to a low carbon economy and increasing impact of natural catastrophes across the total portfolio is an explicit consideration.
- **There are potential return opportunities in the solutions to ESG and climate change challenges.**
Sustainability-themed solutions should be targeted where the returns are expected to be neutral or beneficial for risk and return outcomes.
- **Voting and engagement are important avenues of influence with the companies in which we invest.**
Company engagement will generally be undertaken by nib’s appointed investment managers. Engagement with companies should be undertaken before exclusions are considered and nib’s engagement priorities include:
 - Reducing severe environmental pollution, beyond just carbon emissions;
 - Reducing human rights abuses (including modern slavery) and labour rights abuses;
 - Reducing corrupt or poor business practices and improving diversity and disclosure.

- **In some circumstances, nib may consider it appropriate to exclude or limit investment in companies.**

nib may look to exclude investment in companies where a company's revenue is generated from defined activities that do not align with nib's mission and vision, exceed an acceptable level of risk for the return being generated or have the potential to harm nib's reputation and the communities in which we operate.

Prohibited activities that are actively excluded by nib include:

- Tobacco manufacturing;
 - Controversial weapons (includes cluster munitions, landmines, biological and chemical weapons, and civilian automatic and semi-automatics);
 - Gambling (may have a minimum revenue threshold set by our investment provider);
 - Carbon intensive fossil fuels, specifically thermal coal and tar sands mining (may have a minimum revenue threshold set by our investment provider).
- **Transparency is important and nib is committed to disclosing information reasonably requested by beneficiaries and key stakeholders.**

4. Governance and monitoring

nib's Board Investment Committee is responsible for the appointment and monitoring of external advisors and asset managers for nib's investment strategy execution and performance.

nib requires its appointed advisors and asset managers to demonstrate a commitment to nib's investment principles through monitoring and reporting, including an annual review of compliance against the nib Responsible Investment Policy and results performance from the financial year.

nib Management and Board Investment Committees (in Australia and New Zealand) remains involved in the strategy setting process and influence some fund selection – for example, when selecting Australian and Global equity fund options nib gives preference to Socially Responsible Investment (SRI) funds that have:

- Higher exposures to sustainability-themed investments, delivering returns by delivering solutions to the environmental and social challenges we face.
- Higher ethical thresholds for exclusions e.g. companies with certain revenue thresholds in highest intensity fossil fuels - thermal coal and tar sands.

nib's appointed investment portfolio managers (Mercer in Australia and Nikko AM in New Zealand) support nib's approach, that sustainable investment is more likely to create and preserve long-term investment capital and consistent with our fiduciary duty.

To find more detailed information on the approach our appointed providers take with their managed funds, please refer to the [Mercer Sustainable Investment Policy \(AU\)](#) and [Nikko AM's Commitment to Responsible Investing \(NZ\)](#).

5. Review of the policy

The Board will review this policy annually to ensure it remains consistent with the expectations of our varied stakeholders, both internal and external, as well as the changing nature of the organisation and investment landscape.

This policy may be amended by resolution of the Board. A copy of this policy will be made available to all Directors and employees via nib's website.

Approved by the Board on 27 November 2020.