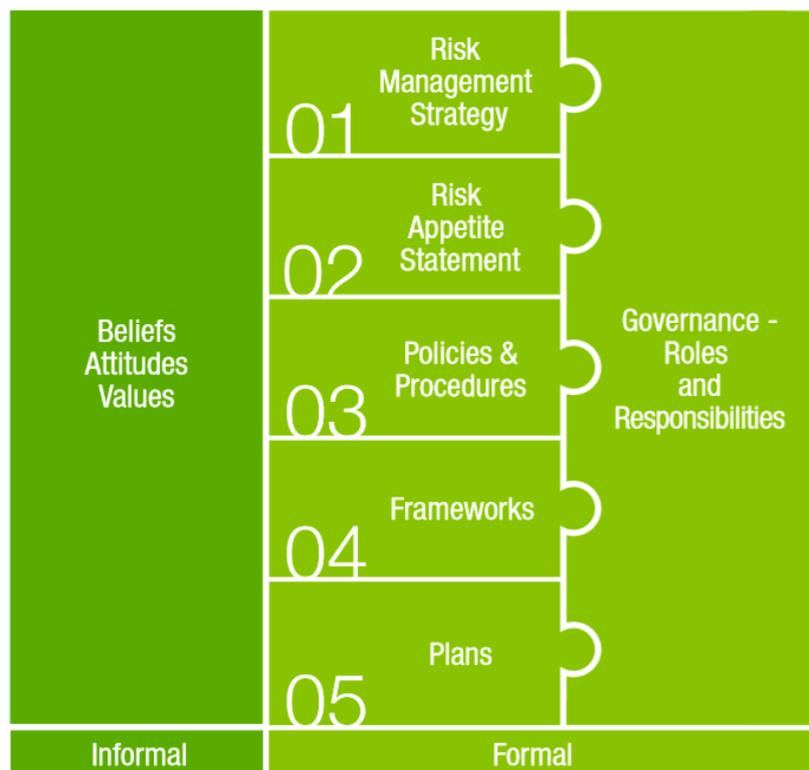


Risk Management at nib

Risk Management Framework (RMF)

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



Risk Governance

At nib, the Board is ultimately responsible for the oversight of the operation of the Risk Management Framework. The Risk Appetite Statement outlines the level and nature of risk that the nib Holdings Board are willing to accept in the pursuit of nib's strategic objectives.

The Board has delegated to the Risk and Reputation Committee to make recommendations on the Risk Appetite and the effectiveness of nib's risk management framework, including the identification and assessment of material risks.

For further information on risk governance arrangements, refer to: nib.com.au/shareholders/company-profile/corporate-governance

Management is responsible to ensure that nib operates within the guardrails set out in the different parts of the Risk Management Framework.

To effectively manage risk, nib has adopted the Three Lines of Defence model. This model sets out the roles within the organisation that play a key role in managing risk.

Risk Strategy

The Risk Management Strategy provides nib employees with guidance on nib's approach to risk management, identifies the key elements of nib's Risk Management Framework and helps employees identify, assess, manage and monitor risks.

nib's Risk Culture is a subset of organisational culture. This means that the assessment of risk culture goes beyond the parameters of formal risk management and compliance requirements. nib's Group Values, Code of Conduct, Whistleblower Policy and associated documents set the expectation from the Board that all employees act with integrity and promptly escalate issues of non-compliance within or outside nib.

Collectively and individually, nib's employees are expected to observe the highest standards of fair dealing, honesty and integrity in relation to how we behave with each other, our members, suppliers, shareholders, regulators and other stakeholders

nib maintains frameworks and systems for managing material risks including: capital management plans, a compliance management framework, business continuity and crisis management plans, incident management systems, employee training programs and ongoing risk assessments. The key risks are monitored and frequent reporting is provided to the Board, supplemented by independent assurance programs.

Material Risks

nib has established policies for the oversight and management of material business risks.

The nib Group identifies, assesses and manages certain types of risks to enable it to deliver on its strategic and business objectives. nib's RMF defines these risks under four high-level classifications: Insurance Risk, Finance Risk, Strategic Risk and Operational Risk.

nib's risk assessment methodology has been designed in accordance with applicable standards including: ISO 31000 International Standard for Risk Management and APRA Prudential Standards, including CPS 220 (Risk Management) and HPS 110 (Capital Adequacy). Within nib's RMF, appropriate consideration is applied to risks with both financial and non-financial impacts.

Further information regarding how nib recognises and manages risk is detailed in Principle 7 of our Corporate Governance Statement at nib.com.au/docs/2020-corporate-governance-statement.

For more information on Principal Risks and Uncertainties, please refer to the nib Group Annual Report at nib.com.au/docs/appendix-4e-and-2020-annual-report.