



Responsible Investment at Bupa

October 2019

Our approach to Responsible Investment

Our approach to Responsible Investment views Environmental, Social and Governance (ESG) factors as both risks to the long-term performance of our cash and financial investments, and opportunities to improve the impact of investments on society and the environment.

This approach supports our Corporate Responsibility and Sustainability (CRS) strategy and our purpose of helping people live longer, healthier, happier lives. With no shareholders, we can take a long-term view on performance and reinvest profits into providing more and better healthcare for the benefit of current and future customers. To achieve this, we are committed to growing sustainably, in a responsible and ethical way, while creating shared value for our customers, people and communities.

The CRS strategy is owned by the Group CEO, with delegation to the Chief Customer and Corporate Affairs Officer for the overall governance, and to the CEOs of our Market Units for local implementation.

The Responsible Investment approach forms part of our wider treasury policy and is owned by the Group Treasurer. The treasury policy is approved by the Chief Financial Officer and the Group Board. Local Finance Directors own the implementation of Responsible Investment in their respective jurisdictions.

Our investment portfolio¹ is primarily invested in cash and deposits, but with an allocation to bonds and loans which are managed by 3rd party asset managers. Further information about our investments can be found in our Annual Report and Accounts and results statements which can be found on [bupa.com](https://www.bupa.com).

Integration and engagement

Our Board-approved responsible investment approach includes several requirements. Firstly, that we integrate ESG factors in the investment decision-making process. This is supported by the use of external ESG ratings and our policy requires that we restrict investment in issuers with ESG scores that are deemed to be too low. We train our investment staff on management of ESG risks and require our external asset managers to be active owners of securities, challenging issuers of bonds which exhibit poor ESG practises.

Our Responsible Investment approach prevents investment in companies defined internally as having operations focussed on coal production, extraction of oil from Tar Sands, creation of controversial weapons such as cluster munitions, or the manufacture of tobacco products. Although we currently have very low exposure to these sectors, we are in the process of transitioning assets to ensure that they achieve compliance with these requirements².

Bupa's subsidiaries do not hold equities or external funds with an equity mandate within their cash and financial investment portfolios. If any such mandate was introduced, we would ensure that the fund adheres to acceptable engagement and proxy voting requirements. These include maintaining a policy which mandates actively engaging with company Boards and voting proxies to support positive change with respect to impacts on society and the environment, and to encourage good governance practises.

Transparency and communication

We are signatories to the [UN Principles for Responsible Investment](https://www.unpri.org/) and our external asset managers are too. We have also signed up to the [UK Sustainable Investment Forum](https://www.uk-sustainable-investment-forum.org/) and the [Institutional Investors Group on Climate Change](https://www.institutionalinvestors.com/). Further information about our commitment to Corporate Responsibility and Sustainability is available under the 'What we do' section of [bupa.com](https://www.bupa.com).

¹ This Responsible Investment approach is designed for Bupa and does not apply to Bupa's pension schemes.

² In certain cases there may be a small residual amount of non-compliant assets, for example where required for regulatory purposes or held in entities which are not majority owned by Bupa.