

Environmental, Social and Governance (ESG) Policy



Niva Bupa Health Insurance Company
Limited

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ESG policy for Niva Bupa Health Insurance Company Limited

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1. Introduction

Niva Bupa Health Insurance(NBHI) is one of India's largest health insurance company. We offer individuals and family health insurance policies, across all age groups.

Today, long-term business sustainability cannot be ensured without considering Environmental, Social and Governance (ESG) aspects. The population of world is exponentially rising, and so are the concerns regarding changing climate and environment, leading to widespread anxiety about the state of the planet. There is a growing recognition of human cost to doing business. It is an imperative to identify and manage the business impacts on employees, workers in the value chain, customers, and local communities. Trust, transparency and accountability have taken a centre stage around business performance. Ethical corporate governance practices are essential to promote financial viability by creating a long-term opportunity for market participants and all concerned stakeholders.

Advances in modern health care has led to enormous gains in life expectancy and quality of life. However, the rising health-care costs, increasing rates of chronic diseases, aging populations and advancing climate change are posing as bigger challenges, placing increasing pressures on our health-care systems. Amongst the growing recognition for ESG related challenges, Insurance has become vital to the sustainability of the world's economies. Insurers in general and health insurers in specific, are uniquely placed to help their customers, companies and communities recognize the need for more protection and to build resilience to impending changes.

NBHI acknowledges its role as a leading health insurance service provider and is committed to conduct its business in a sustainable and responsible manner. We wish to integrate ESG considerations within all our business decisions and key work processes, with the aim of creating long term value by identifying and mitigating future risks and enhancing ESG related opportunities.

NBHI's purpose is to give every Indian the confidence to access the best healthcare. The core values of the brand stem from the consumers' needs from Health Insurance sector. The core value of NBHI are -

- Commitment - We go out of our way to keep our word, to all stakeholders.
- Collaboration - We work as a team to achieve our goals.
- Innovation - We think and act differently to make a positive change in everything we do.
- Empathy - We understand and are sensitive to the feelings and thoughts of others.
- Transparency - We are open and honest in our communication and action.

The purpose and the core values for the company are closely interlinked with the concept of ESG. To this extent NBHI has developed an ESG Policy, accompanied by an ESG Management System Framework (ESG MS).

1.1. Purpose of ESG Policy

The purpose of this ESG Policy is to articulate material ESG factors, define and convey NBHI's ESG commitments and the approach and practices to integrate these considerations in the strategy, business and operations of the Company for meaningful outcome impacting all the stakeholders of the Company. This policy also serves as a guidance framework for understanding and managing ESG risks, impacts and opportunities, arising out of own operations, insurance products and underwriting operations and those related to investment activities.

The company has also adopted an Environmental, Social and Governance Management System (ESG MS) to guide the implementation of principles and commitments described in this Policy.

1.2. Scope of ESG Policy

The ESG Policy is applicable to Niva Bupa Health Insurance Company Limited and all its staff and employees at all levels (including own employees and third-party workers). It applies to the goods and services we procure, our direct operations and the services we provide to our customers. The ESG Policy will be approved by the Board of Directors and shall be communicated to all concerned stakeholders through appropriate channels.

1.3. Policy reviews and updates

The document is version controlled and reviewed annually. The recommended changes would be placed and discussed at the ESG & Climate Change (CC) Governance Committee meetings, as needed. Once agreed upon, the changes will require an approval of the Board before being operationalized.

1.4. Policy communication

Internal Communication

The ESG Policy shall be communicated to NBHI's employees through:

- Intranet portal – The Policy and ESG Management System Manual (via the document control system) will be available on our intranet portal for all employees of NBHI.
- Established training programs - All employees of NBHI (including Senior management) will undergo a formal training on the ESG Policy and refresher trainings will be conducted on the same on an annual basis. Aspects of ESG are also covered as part of our Induction Program.

External Communication

- An abridged version of the Policy will be available on our website for external stakeholders.

1.5. Linkage to other NBHI policies

The Company has adopted other related policies as under:

- Code of Conduct
- Corporate Governance Policy
- Risk Management Policy
- Whistle Blower Policy
- Protection of Policyholder Interest
- Anti Fraud Policy
- Anti-Money laundering Policy

- Anti-Bribery and Corruption Policy
- Prevention of Sexual Harassment Policy
- Corporate Social Responsibility Policy
- Conflict of Interest
- Occupational Health and Safety
- Employee Grievance Redressal Policy
- Customer Grievance Redressal Policy
- Information Security Framework and policy
- Data Privacy Policy
- Related Party Transactions Policy
- Code of Conduct for Suppliers

1.6. Applicable standards and guidelines

NBHI recognises the importance of participating in and supporting national and international commitments that enable businesses to operate in a more sustainable way. NBHI's ESG Policy and program are developed in line with the following leading ESG standards and guidelines:

1. National Guidelines on Responsible Business Conduct (NGRBC), issued by Government of India.
2. International Finance Corporation (IFC) Environmental and Social Performance Standards
3. UN Principles of Sustainable Insurance
4. The UN Principles for Responsible Investment
5. The ILO Fundamental Conventions
6. UN Guiding Principles on Business and Human Rights
7. IFC's The Corporate Governance Development Framework (CGDF)
8. The UN Sustainable Development Goals (UN SDGs)
9. The UN Global Compact (UNGC)
10. Asian Development Bank ('ADB') Safeguard Policy Statement ('SPS', 2009)
11. ADB Social Protection Strategy, 2001
12. British International Investment ('BII') [Previously CDC Group] Code of Responsible Investing

2. ESG policy statement

2.1. ESG Principles

As a company whose purpose is to give every Indian the confidence to access the best healthcare, our commitment to ESG is an extension of our business philosophy to deliver long-term value to our employees, our stakeholders, and to the community at large. As per the guidelines issued by Ministry of Corporate Affairs (MCA) on National Guidelines for Responsible Business Conduct (NGRBC), NBHI shall adopt ESG Principles in wake of its Business Conduct and day to day Operations.

NBHI is committed to systematically embed ESG consideration in all aspects of its business operations, which form a base of our ESG activities:

1. Integrity, Ethics, Transparency & Accountability: We shall strive to maintain highest levels of ethics, transparency and accountability at all times. We shall conduct ourselves with responsible and good governance practices.

2. Safe & Sustainable Services: We ensure that our products and services are conducted in a responsible, fair and transparent manner. We have also developed an ESG exclusion criteria for evaluating all our investments.

3. Well-being of employees: Promote and encourage, safe and healthy working culture by engaging our employees and continue building a diverse and inclusive workplace.

4. Respect & Responsiveness to all stakeholders: We engage with all our stakeholders on a regular basis to understand their concerns and requirements. Ensure timely resolution of customers' grievances and ensure feedback, as appropriate, are integrated in business process to bring a positive change.

5. Respect & Promote Human Rights: Our people related policies and practices include Human Rights as one of the key considerations. We maintain zero tolerance towards violation of Human Rights.

6. Respect & protect the Environment: Strive to identify and mitigate environmental and climate change related risks and impacts associated with business operations. Adopt best practices and support the global movement towards low carbon economy.

7. Responsible and transparent policy advocacy: Follow the highest standards of accountability and transparency while engaging in policy advocacy dialogues.

8. Promote inclusive growth and equitable development: We engage actively with communities and stakeholders where we operate, strive to create measurable positive impact.

2.2. ESG Commitments




To achieve these ESG principles, NBHI commits to:

- Comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice.
- Drive efforts to reduce the direct and indirect impact of our operations on the environment
- Maintain a high level of social and ethical conduct within own operations and communicate our ethical standards to the customers, third parties, investors and general public
- Demonstrate accountability to all stakeholder's ESG related concerns
- Develop and implement a robust governance structure to oversee ESG integration across business operations
- Develop comprehensive yet practical strategy, and action plans against material ESG risks and opportunities, set appropriate goals and targets to measure progress
- Measure and monitor ESG performance in the same spirit as financial performance and periodically communicate performance with employees, customers, and other significant stakeholders
- Embrace key international ESG standards and guidelines, relevant to our business and jurisdiction, and strive to adopt best practices
- Allocate resources towards training workforce on ESG Policy and commitments. Install an organization wide culture aligned to our ESG policy
- Develop a monitoring framework for ESG initiatives which can be periodically reviewed and audited
- Disclose ESG performance in line with relevant national and global ESG reporting frameworks
- Periodic communication on our ESG performance to relevant stakeholders on our ESG commitments and also, continually strive to improve our ESG performance

2.3. Our Approach towards ESG integration in our business operations

We consider integration of ESG factors across all our business operations, whether providing insurance products and related services to our customers or investing their insurance premiums.

Our ESG strategy addresses the following aspects

	The <i>Environmental</i> criteria includes the energy the company takes in, the waste it discharges, and the resources it consumes. It also encompasses carbon emissions, climate change and examine how the company's behaviour affects the environment
	The <i>Social</i> criteria addresses the relationships the company has and the reputation it fosters with its employees, vendors, customers and people and institutions in the communities where you do business. It also includes labour relations, diversity and inclusion. It examines company's behaviour in regard to social issues
	The <i>Governance</i> criteria includes business integrity and corporate governance practices, addresses internal controls and systems to take effective decisions, comply with the law, and demonstrate trust and transparency in governance matters. It examines how the company functions internally.

Environmental Aspects:

- Strive to reduce consumption of energy, paper, and water as part of the approach towards natural resource conservation
- Minimize the waste footprint of own operations, by recycling and reusing materials where practicable
- Strive to mitigate environmental risks and impacts associated with our operations
- Addressing the impacts of climate change: Climate change risks have the potential to impact business, physical operations, investments, and supply chain. While we will work towards reducing the carbon footprint of our own operations, we shall also strive to undertake climate risk assessment to identify and develop strategies for securing business resilience

Social Aspects

- Periodic and continuous employee engagement and well-being through a diverse range of employee engaging initiatives to create a healthy workforce.
- Respect human rights of all employees (permanent employees and those hired through third parties), offer equal employment opportunities to all employees, and to not tolerate discrimination or harassment in any form. Avoid human rights violations through business relationships with clients and through direct business relationships with vendors.
- Establish and maintain effective grievance channels for all stakeholders (including own and third-party employees)
- Prevent child labor and forced labor in any form, within in own operations.
- Customer engagement - to engage with its customers and also improve their satisfaction in using products/services
- Community development programs - focusing on wider social issue
- Sustainable Supplier Management - to guide and support its suppliers towards sustainable practices.

Governance Aspects

- Foster a company-wide culture of ethical behaviour, integrity, honesty, professionalism, respect, transparency & accountability.
- Develop and implement a robust and effective corporate governance framework, adhering to applicable national regulatory requirements, and in line with leading global guidance on good corporate governance.
- Establish robust Internal controls, compliance with policies and practices
- Ensure transparency and objectivity in dealing with our stakeholders
- Protect intellectual property, proprietary information, and other key assets of all key stakeholders of NBHI

Material ESG Factors for NBHI:

Environment & climate change	<ul style="list-style-type: none">• Total energy consumption• Total renewable energy consumption• Waste generation and recycling• Resource optimization• Scope 1, scope 2 and scope 3 (own operations) GHG emissions
Social	<ul style="list-style-type: none">• Diversity, inclusion and equal opportunity• Human rights• Workplace safety and employee wellbeing• Employee and customer satisfaction and effective grievance management• Stakeholder engagement• Community development initiatives• Responsible products and services
Governance	<ul style="list-style-type: none">• Compliance to all applicable local and national regulations• Business integrity, ethics, transparency and accountability• Anti-bribery, corruption, fraud and antimony laundering• Internal controls, regulatory compliance and disclosures• Data protection and privacy• Insider trading, related party transaction• Board structure, composition and evaluation• Executive compensation

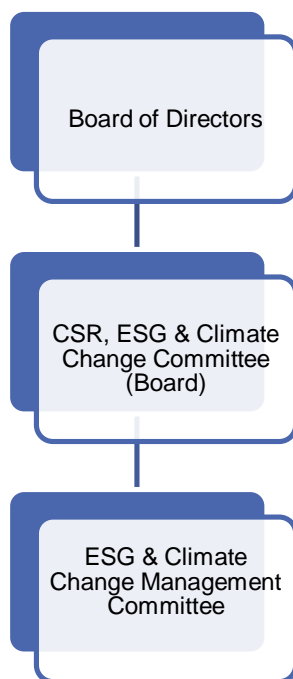
Our approach towards responsible investment

As an investor, we act as a responsible steward of our client's assets in following ways:

- We strive to integrate ESG factors in the fundamental research process for selecting our investment strategies, to determine, assess and evaluate the impact of Material ESG factors from a financial or risk point of view.
- We abide by our exclusion principles, which are drawn in line with global responsible investment practices. When companies are involved in certain controversial activities forming part of our exclusion principles, we shall refrain from investing in them.
- We shall review all our existing investments to ensure that none of them are in an activity which falls in the Exclusions Principles (**Annexure A**). However, if any investment(s) is found to be in an excluded activity, we shall apprise the Board of the same and take steps to exit those investments in a time bound manner.
- We shall strive to engage with the asset managers in our portfolio to understand their business and help them improve their ESG performance.

3. ESG Governance, roles and responsibilities

Our Board is entrusted with the responsibility of oversight on ESG & CC in our operations and our investing activities. Several individuals and/or functions have a role, chain of command and an accountability framework has been clearly defined to effectively embrace ESG & CC. The organizational ESG & CC governance structure is captured in the chart below.



3.1. Composition of ESG & CC Governance Committee

ESG & Climate change Governance Committee (“Committee”) at the executive level shall comprise of:

- A. **Permanent members** - the following five members shall be permanent members of the Committee:
 - 1. MD & CEO – Head of the Committee
 - 2. Chief Human Resource officer
 - 3. Chief Financial Officer
 - 4. Head of Marketing
 - Chief Compliance Officer
- B. **Non-Permanent members** – Other Functional leaders shall be the non-Permanent members

Below officers of shareholder shall be the Advisors of Committee;

Director of Corporate Responsibility & Sustainability for Bupa Global & UK

Permanent members and the Advisors of the Committee shall be invitees to all the meetings of Committee. The committee may from time to time refer matters to any non permanent member. Non permanent members shall be invitees for those meeting where the matter referred to them is being discussed or any area/initiative related to their respective function is being discussed.

3.2. Head of ESG & Climate Change:

Head of Compliance shall be designated additionally as Head of ESG and CC and shall act as Secretary of the Committee responsible for convening and co-ordinating the meetings and functioning of the Committee.

3.3. Roles and Responsibilities

3.3.1. ESG & CC Governance Committee

ESG & CC Governance Committee is responsible for oversight, direction and implementation of ESG & CC Policy, performance review of ESG & CC in the company and keeping the Board updated on the Global trends and updates in the sectors.

3.3.2. Roles and Responsibilities of Head of ESG & Climate Change

Head of ESG and CC will lead the day-to-day implementation of ESG & CC in the company with all ESG champions across functions.. Detailed roles and responsibilities of the various ESG & CC committees and functions have been provided in **Annexure B** of the document.

3.4. Proceedings of the Committee Meetings

1. Frequency of Meetings: The Committee shall meet once in every quarter. The Committee may meet, in person or telephonically, and at such times and places as the Committee determines.
2. Chairperson: MD and CEO shall be Chairperson of the Committee, and in absence of the Chairperson the senior most functional leader (in terms of age) present in the meeting shall be the presiding officer for that meeting.
3. Quorum: The quorum for a Meeting shall be minimum of three Members out of which atleast 2 shall be Permanent Members.
4. Voting: Each Member shall have one (1) vote and all matters submitted to the Committee for approval shall require approval of a majority of the Members present and voting. Non-Members shall have no voting rights.
5. Reporting to the Board: ESG & CC Governance Committee will update the CSR, ESG & CC Committee of the Board on the progress, updates and action plans on the ESG & CC on a quarterly basis.
6. The Committee shall comply with the various provisions, regulations or guidelines as may be applicable and amended from time to time. Further, the Committee shall review and update this policy as and when required.

Annexure A: Exclusion Principles

The following is a list of exclusion principles.

S.No.	Principle
1	Trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans as defined in global conventions and agreements such as certain: – hazardous chemicals, pharmaceuticals, pesticides and wastes; – ozone depleting substances; – endangered or protected wildlife or wildlife products; and – unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometers in length;
2	Activities involving forced labour ¹ or child labour ²
3	Trade in wildlife or wildlife products regulated under CITES ³
4	Destruction ⁴ of Critical Habitat ⁵ and any forest project under which no sustainable development and managing plan is carried out.
5	Use of or trade in hazardous materials such as asbestos fibers and products containing PCBs ⁶ .
6	Use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances ⁷ and other hazardous substances subject to international phase-outs or bans.
7	Destruction ⁸ of High Conservation Value areas ⁹
8	Radioactive materials ¹⁰
9	Production or trade in a. arms, weapons and munitions b. tobacco

¹ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

² Employees may only be taken if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

³ CITES: Convention on International Trade in Endangered Species or Wild Fauna and Flora.

⁴ Destruction means the (1) elimination or severe diminution of the integrity of a habitat caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the habitat's ability to maintain its role (see footnote 10) is lost.

⁵ Critical habitat is a subset of both natural and modified habitat that deserves particular attention. Critical habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN) classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary Forest or forests of High Conservation Value shall be considered Critical Habitats.

⁶ PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

⁷ Ozone Depleting Substances: Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODs and their target reduction and phase-out dates.

⁸ Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

⁹ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See <http://www.hcvnetwork.org>).

¹⁰ This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

	c. hard liquor for human consumption d. Alcoholic Beverages (except beer and wine)
10	Gambling, casinos and equivalent enterprises
11	Any business relating to pornography or prostitution.
12	Any activity involving significant alteration, damage or removal of critical cultural heritage ¹¹
13	Production and distribution of racist, anti-democratic or with the intent to discriminate part of the population.
14	[Any sector or service subject to United Nations, European Union and/or French embargo without limitation]

¹¹ Consists of internationally and nationally recognised historical, social and/or cultural heritage.

Annexure B: Roles and Responsibilities of ESG and CC Governance Committee

CSR, ESG & CC Committee (Board)	<ul style="list-style-type: none">• Responsible for oversight and for deciding on NBHI's ESG Strategy and approach.• Quarterly review of the ESG & CC performance of the Company
ESG and CC Governance Committee	<ul style="list-style-type: none">• Quarterly meeting for oversight, direction and implementation of ESG & CC Policy• Strategic and performance review• Updating the Board on the global trends, sectoral best practices on ESG & CC related activities
ESG & CC Team	<ul style="list-style-type: none">• ESG and CC team will be responsible for day-to-day implementation of ESG & CC in the company at all levels

