



SUSTAINABILITY PRINCIPLES CHARTER

FOR THE BULK ANNUITY PROCESS

Bulk Annuity Sustainability Survey (BASS)

Background

In order to further embed sustainability in the selection process of bulk purchase annuity (BPA) providers, as well as improve process efficiencies, the insurer and adviser signatories of the [Sustainability Principles Charter for the bulk annuity process](#) have agreed to use, from 2025, a single version of an adviser sustainability survey.

The Bulk Annuity Sustainability Survey (BASS) has been developed collaboratively with all insurer and adviser signatories. The survey is structured around the four principles of the [Charter](#) and aims to set the bar high on how BPA providers are considering sustainability in their strategic and investment decisions. This survey aims to replace each adviser's previous sustainability survey, significantly improving the efficiency and comparability of responses within the process.

As the BPA market continues to grow, it is critical that the Charter's sustainability principles are duly considered within the BPA selection process, and this survey provides an efficient and comprehensive mechanism to achieve this.

Using the BASS

Signatory advisers agree to:

- Use this survey as the single template to capture all sustainability-related questions to insurers.
- Update their internal processes to analyze the responses to this survey.
- Adhere to the agreed roll-out process for the first year (2025).
- Embed any changes as part of an annual update of BASS.

Signatory insurers agree to:

- Complete this survey as the single template to capture all their sustainability-related activities.
- Only link to publicly disclosed documents when specifically asked to. Links should not be used to replace a full text response, as it should be possible to treat a survey response as a stand-alone document.
- Adhere to the word counts.
- Adhere to the agreed roll-out process for the first year (2025).
- Use the updated BASS as part of the annual update cycle.

The Charter secretariat agrees to:

- Support the process by collecting ongoing feedback and updating the survey on an annual basis.

Bulk Annuity Sustainability Survey (BASS)

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TERMINOLOGY:

- Organisation refers to the Group as a whole.
- BPA Business refers to the part of the Group that develops and manages bulk annuity products. If the BPA Business is the whole of the Organisation, please respond accordingly.
- Sustainability refers to environmental (climate and nature), social and governance considerations.
- As the scope of this project is the BPA Business, please exclude any group policies that are not relevant to the BPA Business.

BPA BUSINESS BACKGROUND

1) Summary information

- i. Please summarise how the BPA Business fits within the Organisation. This should include whether the BPA assets are managed in isolation or in aggregate with other assets, how historical investments are being managed to bring them into line with new sustainability aims and any other relevant information that will not be captured in the questions below). [300 word limit]
- ii. For the assets backing UK bulk annuity policies, please provide the % managed internally and externally, and a breakdown by asset class of internally and externally managed funds.
- iii. Please complete the below table with links to the most relevant documents that support your sustainability approach for the BPA Business, with reference to page numbers.

Name of document	Page reference	Link

- iv. Are you a signatory to the Sustainability Principles Charter for the bulk annuity process? If not, please explain your rationale.

PRINCIPLE 1: TRANSPARENCY

Charter Principle: *Transparency of values, principles and investment beliefs in relation to sustainability, as well as ongoing commitments that may guide future policy and practice affecting sustainability approaches.*

2) Organisation's values, principles and investment beliefs in relation to sustainability

- i. What sustainability-related core values and beliefs shape your investment approach? [200 word limit]
- ii. What sustainability-related systemic issues¹ do you consider throughout your investment approach? [200 word limit]
- iii. How do you identify these issues and how often do you revisit your assessment of them? [200 word limit]
- iv. What key changes, if any, have you made to your sustainability-related practices (and if relevant, policies) over the last year? [200 word limit]

3) Climate-related commitments

- i. Please provide the following details² on your Organisation's net zero target:

Portfolio level – portfolio decarbonisation reference target	
Baseline:	
Target year(s):	
Target(s), eg: <ul style="list-style-type: none">- Net zero by [year]- X% CO2e/\$m invested by [year]- X% CO2e/\$m invested by [year]	
Baseline year performance: <ul style="list-style-type: none">- XtCO2e/\$m invested	
GHG scopes included:	
Asset classes in scope:	
Asset level	
Portfolio coverage target(s), eg: <ul style="list-style-type: none">- X% of AUM in 'material' sectors already net zero, aligned, aligning to net zero by [year]	

¹ "Systemic risks are those that may lead to the collapse of an industry, financial market or economy and include but are not limited to: climate change; and the failure of a business or group of businesses", FRC Stewardship Code

² The details in the table are taken from [Paris Aligned Asset Owners' net zero disclosure framework](#).

Engagement threshold target(s):	
Other	
Methodology framework used:	
Scenario(s) used:	
Please provide a link to the latest disclosure report:	
Any additional details:	

YoY carbon metrics portfolio data (TCFD-related metrics)	
<p>Total GHG emission of your BPA Business's portfolio for the latest year end:</p> <ul style="list-style-type: none"> - Scope 1 & 2 (tCO₂e) - Scope 3 tCO₂e 	
<p>Carbon footprint of your BPA Business's portfolio for the latest year end:</p> <ul style="list-style-type: none"> - Scope 1 & 2 (tCO₂e/ \$m invested) - Scope 3 tCO₂e (tCO₂e/ \$m invested) 	
<p>Proportion of the assets measured for GHG emissions within the BPA Business's portfolio using:</p> <ul style="list-style-type: none"> - Actual reported data - Estimated data - No available data 	
<p>Proportion of BPA's portfolio that is aligned with net zero targets.</p> <p><i>This metric can be provided in a form of % of portfolio assets with net zero targets that have been validated or assessed by a recognized framework, such as Science Based Targets initiative (SBTi) or Transition Pathway Initiative (TPI).</i></p>	
<p>One other relevant BPA portfolio level climate assessment, for example Implied Temperature Rise (ITR), Cumulative Benchmark Divergence</p>	

(CBD), Net Zero Investment Framework (NZIF), or Net Zero Asset Owners Alliance (NZAOA) Framework. <i>This metric translates an assessment of alignment/ misalignment with a benchmark into a measure of the consequences of that alignment/misalignment</i>	
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- ii. Do you have a transition plan? If so, please provide a link to the latest publication here.
- iii. How is your Organisation-wide strategy to achieve net zero commitments reflected in your BPA Business? Please respond – specifically to the BPA Business – using the components below, as set out by the [Transition Plan Taskforce disclosure framework asset owner guidance](#): [1000 word limit]
 - a) Foundations (to include the proportion of BPA Business’s Matching Adjustment Portfolio that is currently covered by net zero commitments)
 - b) Implementation strategy
 - c) Engagement strategy
 - d) Metrics and targets (to include proportion of assets measured using i)proxied; ii) reported; iii) no data)
 - e) Governance

4) Nature-related commitments

- i. Does your Organisation have nature-related commitments? If so, which recognised framework, if any, are they aligned to? Please provide a link to any public document that details these commitments.
- ii. How is your Organisation-wide strategy to embed nature into decision making reflected in your BPA Business? Please respond – specifically to the BPA Business – using the components below, as set out by the [Taskforce on Nature-related Financial Disclosures additional guidance for financial institutions](#). [500 word limit]
 - a) Governance
 - b) Strategy
 - c) Risk and impact management
 - d) Metrics and targets

5) Social-related commitments

- i. Please confirm if you have a policy that covers each of the following and include any links to them with page references where appropriate.
 - a) Human rights

- b) Modern slavery
 - c) Diversity, equity and inclusion
 - d) Ensuring a just transition
- ii. How is your Organisation-wide strategy to embed social-related commitments into decision making reflected in your BPA Business? Please respond – specifically to the BPA Business – using the components below: [500 word limit]
 - a) Governance
 - b) Strategy
 - c) Risk
 - d) Metrics and targets

6) Governance

- i. In order to better understand how sustainability-related values, principles and investment beliefs at an Organisation level are reflected in the BPA Business, please provide details on your BPA Business governance structure and processes. This should address the following: [500 word limit]
 - a) The relevant reporting line and expectations between BPA Business and the Organisation's Board
 - b) Frequency, sign-off and publication of relevant policies, as well as how they are used within the investment decision-making process. Also to include and policies/documents that are internal only.
 - c) Incentives that are used and for whom eg remuneration policies
 - d) The management of externally managed funds
 - e) Sustainability-related expertise – to include the headcount in relation to AUM managed, how you ensure it is sufficient and the expertise is leveraged.
 - f) Sustainability-related knowledge of analysts, portfolio managers or underlying asset managers – how do you ensure their understanding of sustainability is sufficient for their role
 - g) Frequency and target audience for internal sustainability-related training.
- ii. Please describe the governance processes, controls and procedures the BPA Business uses to monitor and manage sustainability-related risks and opportunities. [200 word limit]

PRINCIPLE 2: DECISION-MAKING

Charter Principle: *Evidence and understanding of how sustainability considerations are incorporated into investment analysis and decision-making processes and investment stewardship activity.*

7) Identifying, assessing and managing sustainability-related risks and opportunities for the BPA Business

- i. In relation to both assets and liabilities within the bulk annuity book, how are sustainability-related factors evaluated and weighted? [200 word limit]
- ii. Please complete the following table regarding scenario analysis and stress testing:

		Organisation	BPA Business
How frequently do you conduct scenario analysis/stress testing			
Does your scenario approach consider:	Physical risk	Y/N	Y/N
	Transition-related risks	Y/N	Y/N
	Tipping points	Y/N	Y/N
	Feedback loops	Y/N	Y/N

- iii. How are scenario analysis results integrated into the decision-making process at a BPA Business level? [200 word limit]
- iv. What have you identified as the key sustainability-related risks to your assets and liabilities? [200 word limit]
- v. How are you managing these risks? What processes, policies, mandates etc have you put in place and are these publicly available? [200 word limit]
- vi. What do you see as the key sustainability-related opportunities for your assets and liabilities? [200 word limit]
- vii. How are you managing these opportunities? What processes, policies, mandates etc have you put in place and are these publicly available? [200 word limit]
- viii. Please provide two examples of investment decisions made in the last year and how sustainability risks/opportunities were factored into those decisions. (This can be an anonymised buy/hold/sell decision, for an individual company/bond/underlying fund/other asset). [400 word limit]

8) Financial evaluation of sustainability-related risks, where assets are managed internally

- i. Are sustainability factors incorporated into your quantitative financial analysis or modelling prior to investment decision making? [Yes/No]
 - a) If yes, which risks are quantified?

- ii. What datasets are available as standard for your investment teams, as well as specialist tools deployed by teams in particular asset classes? [200 word limit]
- iii. In the last 12 months, have sustainability factors been a 'deal breaker' in investment decisions? If so, please provide details [200 word limit]
- iv. When considering investing in companies with significant sustainability risk eg high emitting/hard to abate companies, what is the decision-making process, what are the mitigating strategies you put in place? [200 word limit]

9) Measuring progress and impact

- i. What methodologies do you use to select and measure key performance indicators and how are these embedded into the decision-making process? [200 word limit]
- ii. How do you assess the suitability and accuracy of data used? Please include any technology systems and assurance processes in place. [200 word limit]
- iii. What challenges to measuring progress and impact are you facing and what are you currently doing to overcome them? [200 word limit]
- iv. Provide an overview of progress towards any sustainability-related targets. [300 word limit]

Target name	Target specification	Progress to date

10) Embedding sustainability considerations into the recruitment and oversight of external asset managers and re-insurers.

- i. What is the process to assess re-insurers' and external asset managers' sustainability-related principles and stewardship approach and ensure alignment? [200 word limit]
- ii. For assets transferred to reinsurers through funded reinsurance debt, how do you ensure reinsurers will meet the same sustainability standards that your BPA Business is being assessed on? [200 word limit]
- iii. How do you obtain assurance that the ongoing delivery by external or in-house asset managers' stewardship activities is in line with your expectations, ie what criteria is used to assess this? In what ways do you seek ongoing improvements in their delivery? [300 word limit]

11) Stewardship approach

- i. Does your stewardship policy apply to the BPA Business? [Yes/No]
 - a) If yes, how often is the policy reviewed?
 - b) If yes, is it disclosed externally?
- ii. Does your stewardship policy or any other policy cover the key sustainability-related risks you identified in 7 (iv)? [Yes/No]
 - a) If yes, please provide page number reference to relevant policy documentation.
- iii. Tell us more about your stewardship approach implemented at the BPA Business level:
 - a) Is it managed internally or externally?
 - b) What are the main asset classes you focus your stewardship efforts on, and what % of your portfolio do they represent?
 - c) What are the priority topics you have engaged investee companies on during the most recent reporting period?
 - d) What methods do you use and what do you find the most impactful? [150 word limit]
 - e) How do you set objectives for your stewardship activities, and what processes (including technology) do you have in place to track progress and delivery against those objectives? Please include if you have a technology platform in place to support you on this. [300 word limit]
 - f) What is the process for escalation – how is it identified, how is it managed, what is the final escalation point? Please also provide a link to any relevant escalation policy that is used at a BPA Business level. [200 word limit]
- iv. How are conflicts or perceived conflicts of interest identified and managed, including those which may arise should the firm hold different securities in the same issuer? Please also provide a link to a 'conflicts of interest' policy if it exists; if it doesn't exist, please explain why. [150 word limit]
- v. Please provide two examples within the BPA portfolio where you have aimed to influence the sustainability impact of an investee company? Please cover your approach to this engagement process, including how you identified the issue, what you aimed to achieve, the engagement processes used and impact of engagement. [400 word limit]

12) Macro-stewardship

- i. Please tell us about your macro-stewardship* efforts to date, and over the last year (*engagement with regulators, policy makers, and industry bodies).
 - a) What is your BPA Business's approach to policy advocacy? Please also provide a link to any relevant policy documentation. [200 word limit]
 - b) What are the priority challenges you are trying to address through macro stewardship? [200 word limit]

- c) What, if any, resources have you dedicated to macro-stewardship? [100 word limit]
- d) How do you consider the policy advocacy activities of your underlying investee companies? [200 word limit]
- ii. Please provide one example of macro-stewardship activity done:
 - a) by your Organisation (state what role the BPA Business played) [200 word limit]
 - b) collaboratively with other organisations [200 word limit]

13) Specific sustainability-related investment approaches

- i. Do you have any sustainability-related asset allocation in BPA Business's Matching Adjustment Portfolio, such as thematic investing impact investing or transition finance investing.³ If so, please provide some details. [150 word limit]
- ii. Do you have any minimum sustainability-related requirements for investee companies you either directly manage or through third-parties? [Yes/No]
 - a) If yes, please provide more details? [150 word limit]
- iii. Do you use sustainability-related categorisation in BPA Business's Matching Adjustment Portfolio? If so, which categories do you use and what trends have you noted over the past three years? [150 word limit]
- iv. How do you accommodate or work with pension funds' specific exclusion categories of investment eg segregated collateral pools, delta analysis between restricted lists etc? [150 word limit]
- v. Do you have set exclusions in the following:

Exclusion category	Threshold		
	Absolute	De Minimis (please specify)	No
Alcohol			
Tobacco			
Gambling			
Adult entertainment			
Controversial weapons			
Conventional weapons			

³ For guidance on definitions, you may wish to see [CFA Institute](#) and [GFANZ](#).

UN Global Compact violations			
Thermal Coal			
Tar Sands			
Deforestation			
Other			

- vi. Are any countries or industries systematically excluded [Yes/No]
 - a) If yes, provide more details

PRINCIPLE 3: REPORTING AND ENGAGEMENT

Charter Principle: *Ongoing reporting and engagement to key stakeholders on sustainability commitments beyond the point of transaction*

14) Reporting to trustees (for buy-ins) on sustainability approaches, activities and impact relevant to the buy-in book:

- i. Please complete the following table.

Topic	Do you currently communicate to trustees on this topic? [Yes/No]	Method of communication and whether direct or indirect [eg trustee reports (direct), website (indirect)]	Frequency [eg quarterly/ annually/ intermittently]
Stewardship activities carried out by you or on your behalf			
Management of sustainability-related risks and opportunities			
Progress on net zero interim targets			
Data measuring the societal and environmental impact of investments			

- ii. Do you carry out any two-way feedback engagement with trustees?
a) If yes, how is this feedback implemented? [150 word limit]
- iii. Have you taken any steps over the latest reporting period to improve your reporting to trustees, and are there any plans to further improve this over the next 12 months? [100 word limit]
- iv. Do you offer bespoke reporting for individual pension funds? If so, can you please include an anonymised example. [100 word limit]

15) Reporting to members (for buy-outs) on sustainability approaches, activities and impact.

- i. Please complete the following table.

Topic	Do you currently communicate to members on this topic? [Yes/No]	Method of communication and whether direct or indirect [eg emails, letter, events (direct), or webinars, podcasts, website (indirect)]	Frequency [eg quarterly/ annually/ intermittently]
Stewardship activities carried out by you or on your behalf			
Management of sustainability-related risks and opportunities			
Progress on net zero interim targets			
Data measuring the societal and environmental impact of investments			

- ii. Do you carry out any two-way feedback engagement with members?
a) If yes, how is this feedback implemented? [150 word limit]
- iii. Have you taken any steps over the latest reporting period to improve your reporting to members and what actions are planned for the next 12 months to improve this? [300 word limit]
- iv. Do you offer bespoke member-reporting for individual pension funds? If so, can you please include an example. [100 word limit]

PRINCIPLE 4: COLLABORATION

Charter Principle: *Commitment to ongoing engagement across the pension sector as responsible investment best practice evolves.*

16) Participation in sustainability-related initiatives

- i. As an asset owner, what sustainability-related initiatives is your Organisation signed up to/a member of? (For example: the Sustainability Principles Charter for the bulk annuity process; the UK Stewardship Code, Nature Action 100+).
- ii. Are any of these signatory statuses or memberships:
 - a) At a BPA Business level as opposed to an Organisation level? [Yes/No, and please specify]
 - b) Not extended to your BPA business? [Yes/No, and please specify]
- iii. Please provide up to two examples of recent active engagement from a BPA Business level with the initiatives and what this resulted in (where relevant). [400 word limit]
- iv. Does the BPA Business place any requirements on external asset managers and re-insurers to be signatories of any initiatives? Please explain your response [100 word limit].
- v. Please state if the BPA Business is planning to become a signatory or member of any additional sustainability-related initiatives within the next 12 months. [100 word limit]

17) Contributions to collaborative initiatives

- i. How have you contributed to the advancement of sustainability practices across the global economy? This should be in addition to responses to question 16. Please respond to all that apply below:
 - a) Improving industry best practice. [100 word limit]
 - b) Public policy to support progress in the area of sustainability. (If anything additional to add from response to question 12ia) [100 word limit]
 - c) Innovative products to enable greater sustainability-related impact for specific transactions. [100 word limit]
 - d) Industry-wide research and projects to increase scale and impact of sustainability solutions. [100 word limit]
 - e) A/n other [100 word limit]