

Strategy in action continued



Sustainability and Environmental, Social and Governance (ESG) agenda

‘Making a better world’

Attitudes and expectations of the roles that companies play in the world have fundamentally changed. This has accelerated and intensified through the COVID-19 pandemic and as broader socio-economic dynamics evolve. Health has been elevated in the minds of individuals and governments. Climate action is a critical priority, and the link between the two is increasingly being recognised.

Our contribution as a global healthcare company is to mitigate the impact of healthcare on the environment and build resilience into the healthcare system. We also have the opportunity and the responsibility to understand how people’s health is impacted by the health of the planet and to educate and advocate for a healthier world.

In order to do so, we are developing a new sustainability strategy, focused on the interlinkages between people and planet health. This is due to be finalised in 2022. It will equip us to respond to the fast-changing external environment and to the increased expectations of the role companies play in society (see External context, page 10).

Guided by a materiality assessment undertaken in 2021, our new strategy will organise activity across our sustainability agenda, articulating the ways in which we are making a better world, in line with Bupa’s refreshed purpose.

→ **Further information will be published on bupa.com/sustainability**

2021 priorities

During 2021, we advanced our sustainability agenda by:

- Refreshing our purpose from **‘Helping people live longer, healthier, happier lives’** to also include **‘and making a better world’**, demonstrating the broader role we must play in the health of our people and planet.
- Continuing to embed climate action within financial reporting processes, business planning, remuneration practices, risk management and **governance** through the establishment of our Board Sustainability Committee and our **Environment and Climate Action programme**.
- Completing a Group-wide materiality assessment to define the sustainability issues that have the greatest potential to impact our business and are most important to our stakeholders. These results were used to guide our new sustainability strategy.
- Setting our ambition to become a **net zero business by 2040**, underpinned by science-based targets to reduce our greenhouse gas emissions (GHG) to limit warming to 1.5°C.
- Delivering our first **‘eco-Disruptive’** global talent programme, which has unified our people and innovative partners across the world to kick off our net zero journey and to raise awareness of the link between people and planet health. For further information, please see our eco-Disruptive case study on pages 22-23.
- Developing and refreshing our sustainability and ESG disclosures including the requirements of the **Taskforce on Climate-related Financial Disclosures (TCFD)** and our approach to responsible investment. Please see our TCFD disclosures on page 31 and other relevant disclosures on page 32.

- Building the foundation work for our climate advocacy, including Bupa's participation at the 'Climate Week NYC' as co-authors of the report, **'Driving co-benefits for climate and health'** in partnership with Forum for the Future, Walgreens Boots Alliance and GSK Consumer Healthcare. We have also joined the wider healthcare community signing the **#HealthyClimate prescription letter**, calling on governments and policymakers to act on the current climate and health crisis, and contributed to the **WHO COP26 Special Report on Climate and Health**.
- Investing approximately £7.6m in community activities. Please see our community investments [here](#).

Sustainability & ESG governance

Bupa's sustainability governance is overseen by the Board, which holds management accountable for the delivery of our sustainability agenda through the Board Sustainability Committee. The Sustainability Steering Committee, following alignment with the sustainability leads at Group and Market Unit level, owns sustainability decision-making at management level, and is accountable to the Chief Executive Committee (CEC).

The Committee finalises recommendations to the CEO, CEC, Board Sustainability Committee and Board. This is described in more detail in the Governance section on page 92.

Our core focus in 2021 has been shaping our new sustainability strategy and delivering against our Environment and Climate Action programme, which aims to establish best practice for climate action and the health impacts of climate change. It focuses on four core areas:

1. Embed climate action into our operations, policies and risk management.
2. Reduce our carbon footprint and decarbonise our value chain. A key highlight of this pillar was the establishment of our net zero by 2040 ambition, underpinned by our science-based targets across our whole carbon footprint.
3. Advance our eco-health credentials by focusing on the links between and human and planet health.
4. Enhance our sustainability and ESG frameworks and disclosures.

For more information about our Sustainability & ESG governance, please see pages 66, 67.

Materiality assessment

In 2021, we completed a materiality assessment to ensure that our sustainability strategy focuses on the right areas, reflecting changes to the business and the external environment. In collaboration with an independent consultancy, the assessment identified 19 material issues across ESG topics that have the greatest potential to impact the business, either as a risk or opportunity, and matter most to our stakeholders.

This provided five topics of highest strategic importance to lay the foundations of our sustainability strategy, mapped to the UN Sustainable Development Goals.

The results were informed through engagement with business leaders and key external stakeholders across our main markets and were presented back to the business for validation and reported through our internal sustainability governance process.

For more information about our materiality assessment, please see our 'Approach to sustainability' section on [bupa.com](#).

Our materiality assessment: ESG topics of highest strategic importance

The following five Environmental, Social and Governance (ESG) topics emerged from the materiality assessment as the highest priority:



One health¹



Workplace physical and mental wellbeing



Healthy and sustainable lifestyles



Climate change



ESG governance and transparency

Sustainable Development Goals (SDGs) with greatest potential for impact



1. The interconnections between environmental issues such as climate change and human health.

Strategy in action continued

Our net zero ambition

We have set two major milestones in our sustainability journey: confirming our ambition to become a net zero business in Scope 1 and 2 by 2030 and across all scopes by 2040, and joining the UN-backed Race to Zero campaign through Health Care Without Harm which sees us partnering with other organisations who have committed to take rigorous and immediate action to halve global emissions by 2030 and deliver a healthier, fairer zero-carbon world over time.

As a first step in this journey, we set science-based targets which are aligned with keeping global warming to no more than 1.5°C relative to pre-industrial levels across all 3 emission scopes. These targets have been validated by the Science Based Targets initiative (SBTi) and they will ensure that Bupa makes transformational progress this decade.

Our Scope 1, 2 and 3 science-based targets are as follows:

- Reduce our absolute Scope 1 and 2 GHG emissions by at least 46.2% by 2030 from a 2019 base year.¹
- Reduce our absolute Scope 3 GHG emissions from purchased goods and services, insurance-related services, business travel, downstream transportation and distribution by at least 63% by 2034 from a 2019 base year.
- Align our investment portfolio with 1.5 degrees by 2040 and achieve 25% of the required reduction based on temperature alignment by 2025² from 2020 base year.

→ [For more information about our science-based targets and our commitment to Race to Zero, please see our Environment and Climate Action section on bupa.com](#)

UK emissions

In line with the Streamlined Energy and Carbon Reporting (SECR) requirements of a large unquoted UK company, we are reporting our UK-based energy and carbon Scope 1 and 2 emissions³.

We will also publish our externally assured 2019, 2020 and 2021 global Scope 1 and 2 carbon footprints to demonstrate the progress made from our 2019 baseline year on bupa.com during 2022. These disclosures will include a progress update on our net zero ambitions and science-based targets, which were published in October 2021.

We will continue to develop our reporting capabilities, aligned with the TCFD recommendations and with our growing sustainability agenda.

Streamlined Energy and Carbon Reporting (SECR)

The following table shows the energy and carbon intensity performance of our UK operations compared with last year³.

	2021 ¹	2020	Year on Year Change
Energy usage - (MWh) Building and electricity from grid and solar generation	160,011	152,819	Up 5%
Footprint (Scope 1 and 2) tCO₂e³ Market-based (account for tariff-specific footprint)	19,760	19,142	Up 3%
Footprint (Scope 1 and 2) tCO₂e³ Location-based (grid average factors)	31,534	31,422	Unchanged
Intensity metrics			
All customers Insurance, Provision and Aged Care businesses	5.7	5.0	Up 14%
Energy intensity MWh/thousand customers	28.2	30.3	Down 7%
Footprint (Scope 1 and 2) intensity³ Market-based tCO ₂ e/thousand customers	3.5	3.8	Down 8%

Our energy usage increased in 2021 mainly as a result of lower gas and electricity consumption during the prior year following the temporary closure of our dental centres and health clinics due to COVID-19. Energy usage also increased due to the need to ventilate our care homes as part of essential COVID-19 safety measures. These factors have been partly mitigated through energy management initiatives in our aged care business.

UK carbon reduction and energy management activities

During 2021, to support our net zero ambition, we acted on a series of initiatives in the UK which included:

- Conducting a number of trials to optimise the temperature of our IT server rooms. The optimisation will be implemented across all Business Units in 2022.
- Optimising our Building Energy Management Systems (BEMS) within Care Services and Clinics, which has helped to mitigate some energy increases against the additional ventilation required due to COVID-19.
- Continuing to roll out LED lighting upgrades across the estate and moving our Leeds Health Clinic to a renewable energy heating, ventilation and air conditioning system.
- Extending our Automated Meter Reading (AMR) metering to all our Care Services, Clinics and Cromwell Hospital estate to better inform our energy reporting and analytics.
- Launching a Winter Energy campaign to our Care Services estate engaging our care home colleagues in simple checks and opportunities to reduce energy usage.

1. We decided to use our 2019 carbon emissions and energy usage to establish our baseline as well as track our future progress. Due to COVID-19, our carbon footprint in 2020 was unnaturally depressed from the underlying run rate, so anchoring the Group's public target off 2020 figures would make any future reduction less reflective of true progress on reductions.

2. Achieve science-based targets in corporate bonds, loans and equity by 2025 from a 2020 base year. Bupa's portfolio targets cover around 40% of its total investment and lending activities by invested value. By 2040, we intend our investment portfolio to be 1.5°C aligned.

3. UK-based operations energy and carbon data: 2021 is estimated based on factors including previous consumption trends and is subject to external verification later in 2022. 2020 data has been externally assured (limited assurance). Consumption and emissions data is based on the operational control approach against criteria set out in the GHG Protocol Corporate Accounting and Reporting Standard and the latest conversion factors mainly from the Department for Business, Energy and Industrial Strategy.

Task Force on Climate-related Financial Disclosures

We know that to be a viable business, we need to build climate risks and opportunities into how we run our business. We are demonstrating our climate goals through our science-based targets and our ambition to become a net zero business by 2040, while we also transform our business to embed sustainability into all decision-making. This is our first year disclosing against TCFD recommendations, and we will continue to develop the detail of our TCFD disclosures as we complete further analysis and strengthen our strategies.

TCFD Recommendation	Our Progress in 2021
<p>Governance</p> <ol style="list-style-type: none"> 1. Describe the Board's oversight of climate-related risks and opportunities 2. Describe management's role in assessing and managing climate-related risks and opportunities 	<ol style="list-style-type: none"> 1. The Board is responsible for our climate ambition and strategy and receives regular updates from the Board Sustainability Committee on Bupa's sustainability and ESG activities including activities to mitigate climate change. The Board Risk Committee oversees climate-related risks. 2. The Chief Executive Committee (CEC) is accountable for the executive leadership and execution of Bupa's sustainability agenda. As the development of our sustainability strategy progresses, updates will feed into the Sustainability Steering Committee, following alignment with the Sustainability Leads in our Market Units, and up to the Board Sustainability Committee. <p>→ For further details, see pages 66, 67, 92</p>
<p>Strategy</p> <ol style="list-style-type: none"> 1. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term 2. Describe the impact of climate risks and opportunities on the organisation's business, strategy and planning 3. Describe the resilience of the organisation's strategy taking into consideration different climate related scenarios, including a 2°C or lower scenario 	<ol style="list-style-type: none"> 1. We have identified our key climate-related risks over the short, medium and long term and identified the principal risks types as reputational and regulatory compliance risk, acute and chronic physical risk and transition risk. We have also identified our key climate-related opportunities – primarily the opportunity to fulfil our purpose, and that we expect customers to be more likely to choose companies showing leadership on ESG and climate issues. 2. As a healthcare company we are particularly aware of the inextricable link between the health of the planet, human health and healthcare. The materiality assessment we carried out in 2021 identified this link as a leading priority topic, in addition to other climate-related topics, including climate change and biodiversity loss. <ul style="list-style-type: none"> ▪ Our strategy reflects our deep commitment to sustainability and ESG issues. Sustainability is a key enabling pillar of our corporate strategy. The new sustainability strategy will be designed to articulate how we deliver against this and the ways in which we are 'making a better world'. Climate-related risks and broader ESG considerations are therefore embedded into our recurring business planning activities. ▪ A key focus is our commitment to become a net zero business by 2040, across all our operations and throughout our value chain, underpinned by our science-based targets. ▪ In preparing our financial statements we also have considered the impact of climate change and our own climate targets. This assessment has not given rise to any material change across the Group's key financial reporting judgements and it has not given rise to any asset impairments as at 31 December 2021. 3. We have incorporated climate change related financial stress testing into our stress testing programme and will continue to enhance our approach to stress testing in the coming years, including expanding the range of stress tests performed. <p>→ For further details, see pages 29, 53</p>
<p>Risk management</p> <ol style="list-style-type: none"> 1. Describe the organisation's processes for identifying and assessing climate-related risks 2. Describe the organisation's processes for managing climate-related risks 3. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management 	<ol style="list-style-type: none"> 1. We have identified our key climate risks, reviewed our risk appetite and defined our approach to managing these risks. We have a Corporate Responsibility and Sustainability Policy, which includes environmental consideration and is reviewed every two years. We have also updated our policies for a range of other key risks affected by climate change, such as our M&A and procurement policies. 2. We have established a Group-wide Environment and Climate Action programme to manage climate risks on our operations and on the external environment. In addition, our Board Sustainability Committee advises the Board and Executive on the environment and climate change risk. 3. We have integrated climate risk management into our Group-wide Risk Management Framework, which sets out how we identify, assess, manage and report on risks. We will continue to focus on embedding climate risk fully through the underlying processes across the Group. <p>→ For further details, see pages 48, 53</p>
<p>Metrics and targets</p> <ol style="list-style-type: none"> 1. Disclose the metrics used by the organisation to assess climate-related risk and opportunities in line with its strategy and risk management process 2. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets 3. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions and the related risks 	<ol style="list-style-type: none"> 1. We use a range of metrics to measure and track our progress against key climate targets. These include year-on-year location and market-based Scope 1 and 2 absolute carbon reduction, business travel emissions, and customer-based carbon intensity metrics, and the Temperature Alignment and carbon intensity of our investment portfolio. We also measure our Scope 3 data, and intend to publish it on bupa.com during 2022. We include climate-related performance measures in Bupa's approach to remuneration, called the Group Performance Plan (GPP) for our senior leadership team. From 2022, we will be introducing the Strategic Performance Plan, our new senior leadership incentive scheme, which will have 15% of its scorecard linked directly to Scope 1 and 2 carbon reduction. 2. In October 2021, we announced our net zero by 2040 ambition, underpinned by 1.5 degree aligned science-based targets across all 3 emission scopes, including a separate 1.5 degrees temperature alignment target for our investments. These targets have been validated by the SBTi. 3. We disclose our UK 2021 SECR Scope 1 and 2 in this report. We intend to disclose our global Scope 1, 2 and Scope 3 footprint during 2022 on bupa.com. <p>→ For further details, see pages 30, 95</p>

Strategy in action continued



Our Sustainability and ESG disclosures

Our approach to Responsible Investment

We view ESG factors as both risks to the long-term performance of our cash and financial investments, and opportunities to improve their impact on society and the environment. Our investment portfolio is largely invested in cash and deposits, but with an allocation to bonds and loans managed by third parties. We ensure that ESG factors are incorporated in all investment decision-making and prohibit investments in certain sectors, including coal, tar sands, tobacco and controversial weapons. We are also a signatory to the UN Principles for Responsible Investment (PRI), and members of the Institutional Investors Group on Climate Change (IIGCC) and the UK Sustainable Investment Forum (UK SIF).

Sustainability and ESG disclosures overview

Disclosure	Description	Country
The Bupa Code	The Bupa Code provides clear direction in decision-making, and our performance management, risk management, governance and audit processes underpin this. Our commitment to integrity and transparency starts with our own people. Our employees adhere to the Bupa Code and its related policies, including Conflicts of Interest and managing Financial Crime risk. → Please see it here	Enterprise-wide
Responsible Investment	Our Responsible Investment statement which focuses on how we invest Bupa's cash and investments is published here .	Enterprise-wide
Responsible Supply Chain Management	Bupa works closely with its suppliers and is committed to ensuring a responsible supply chain. Please find our Responsible Supply Chain Management statement here .	Enterprise-wide
Speak Up	We have a confidential whistleblowing channel in place that can be used by suppliers and other stakeholders as well as employees. More information is available here .	Enterprise-wide
Approach to Tax	Bupa is committed to complying with tax laws responsibly, ensuring that tax is paid in the jurisdictions in which the Group operates based upon applicable laws and practices. Please find our Approach to Tax statement here .	UK
Gender Pay Gap	We publish our annual Gender Pay Gap Report for our operations in the UK. The 2021 report can be read here .	UK
Modern Slavery statement	Bupa is committed to combatting the real and growing problem of modern slavery and human trafficking. In accordance with the UK's Modern Slavery Act, we publish annually our statement setting out the steps taken to prevent modern slavery and human trafficking in our business and supply chain. Read our current statement here .	UK
Human Rights statement	Bupa recognises its responsibility to help protect, preserve and promote human rights around the world and is guided by fundamental principles of human rights, such as those in the United Nations Universal Declaration of Human Rights. Read our statement here .	Enterprise-wide

Contributing to communities

APAC

Our business in Australia and New Zealand invested £3.0m focused on creating a healthy planet for healthy and resilient people.

Bupa Foundation investments were made in support of: Kids Helpline, enabling over 50,000 school children to access youth mental health support during the pandemic through the Kids Helpline @ School programme; launching the Healthy Planet, Healthy People volunteering initiative with Conservation Volunteers Australia; partnering with UNICEF to bring the UN Child Friendly Cities programme to Australia; launching Project Crimson's Trees That Count programme in New Zealand and supporting COVID-19 relief efforts.

We also invested in a range of health, medical and community projects through the John Parsons Fellowship and the New Zealand Nutrition Foundation and in matched funding and volunteering efforts in Australia.

Hong Kong invested around £0.2m in healthy communities and environment, emergency relief and social welfare in the early stage of COVID-19 outbreak. We engaged our people and customers through Bupa4Life wellbeing challenges, community volunteering and our partnership with The Green Earth, which collected 58 million steps to virtually 'plant' a woodland.

ELA

In 2021, our businesses in Europe and Latin America invested £3.0m continuing to support COVID-19 recovery, notably in Latin America, with donations to local NGOs in Brazil and programmes such as Bupa Contigo throughout Bupa Global and Latin America. In Spain, Sanitas launched its 6th edition of Healthy Cities, focused on promoting physical and mental wellbeing in parallel with healthier, more sustainable communities; and extended it to LuxMed in Poland while the Caminatas Paso a Paso initiative encouraged elderly people to take up guided walks with support from Bupa Chile. Sanitas Foundation investments were made in support of

social transformation projects, such as the Chair of Inclusive Sports Studies in Madrid's Polytechnic University, to guide this integrated sports practice and the delivery of the first ever Inclusive Games, where Spanish Olympic and Paralympic athletes competed together post-Tokyo.

BGUK

The Bupa Foundation invested £1.5m, focusing on practical projects which support people's mental wellbeing, particularly helping young people and those working in schools to thrive. It continued the flagship Wellbeing for Educators programme, which has now offered wellbeing sessions to over 4,500 people, and its partnership with the charity, Mind, to support better mental health for young people. BGUK's employees are empowered to play an active role in their communities through the Bupa Foundation Community Committees and volunteering. This includes volunteering as wellbeing coaches to schools, mentoring via our Career Ready partnership and supporting Dentaid to offer free dental care to those in need.

