

# Environmental, Social and Governance (ESG) agenda

Through 2020, we maintained a focus on environment, social impact and governance considerations in how we responded to the pandemic and more broadly.

**Over 2020 sustainability and the wider ESG agenda have become even more important to all stakeholder groups. The COVID-19 pandemic has been a test of responsible business in action.** Wider societal issues were thrown into sharper relief during 2020, with greater focus on social equality, including developments such as the Black Lives Matter movement. The pandemic has also meant that employees, customers, partners, suppliers, governments and wider society have increased their expectations of business. Throughout 2020 we have sought to act responsibly and make a positive social impact, responding to these trends and expectations. And like many others, we see the opportunity for society to 'build back better' and are committed to playing our part in this.

## 2020 Priorities

A key part of our response to the pandemic has been how we support our communities. Throughout 2020 we engaged with local and national community partners to support their work, including through our existing charitable Foundations in Australia, the UK and Spain, and through our people volunteering their time and skills. We established a **Healthy Communities Fund**, which is being directed towards mitigating the impact of COVID-19 for those hardest hit, and with a particular focus on mental health and wellbeing in schools.

The pandemic has not diluted our continuing sense of urgency towards addressing the climate crisis. During 2020, we worked on a **new Environment and Climate Action plan**, using Science Based Targets. This included embedding new environmental data reporting processes and governance, and additional focus on understanding our indirect footprints. We continue to develop these plans and will publish more details during 2021.

## ESG Governance

We strengthened our ESG governance, with ESG issues discussed regularly at Group executive team level and through global and local COVID-19 management processes.

We established Group-level bodies:

- The **Corporate Responsibility and Sustainability Advisory Committee** is chaired by a Non-Executive Group Board Director and comprises a combination of Non-Executive Group Board Directors and senior management representation. This Committee focuses on Environment and Climate Action, Community and Social Impact, and Responsible Business Conduct. It advises the executive and Board on external statements, disclosures and reporting. The Committee met three times in 2020 and received updates on: Community, Environment and Climate Action and Responsible Business Conduct. We intend to elevate the work of this committee by replacing it with a Board Sustainability Committee from 1 April 2021, which will be a standing committee of the Board with a majority of independent non-executive directors as members.
- The **ESG Executive Steering Committee** is chaired by the Chief Sustainability and Corporate Affairs Officer. It comprises the Chief Financial Officer, Chief People Officer, Chief Medical Officer, Chief Risk Officer and Chief Legal Officer. This Committee reviews the total ESG agenda, including risks and opportunities; considers cross-cutting themes; and finalises recommendations to the CEO, Chief Executive's Committee, Board, and CRS Advisory Committee. This Committee met twice in 2020.
- The **Environment and Climate Action Steering Committee** comprises selected members of the ESG Executive Steering Group and representatives from Bupa's Market Units. It is accountable to the Chief Executive's Committee to drive Bupa's Environment and Climate Action outcomes. It assesses performance against deliverables and timeframes; ensures that risks and issues are being managed; and oversees reporting against targets.



## ESG Governance (cont.)

The management of our ESG agenda is embedded into our wider governance to ensure we manage it in an integrated way.

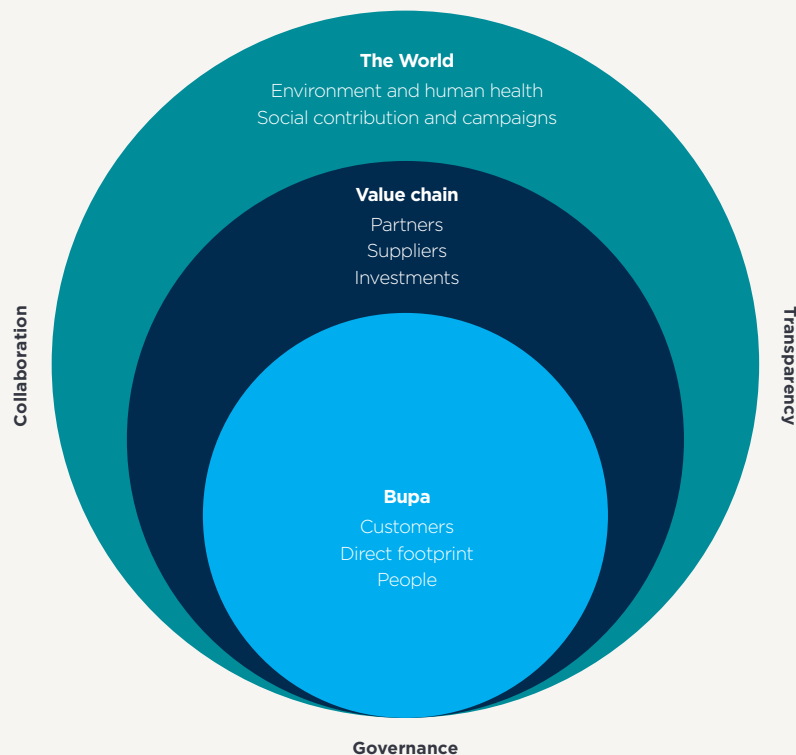
As of April 2021 a Group Board Sustainability Committee will be established to assist the Board and its other Committees in ensuring the integrated management of ESG matters.

During 2020 we strengthened our approach to the fundamentals of Responsible Business Conduct, increasing governance and reporting in this area. We are developing plans for a new level of ambition on Environment and Climate Action.

→ Further information is communicated on [bupa.com](http://bupa.com).



**We manage a holistic approach to ESG across all areas of materiality to Bupa considering Bupa's direct operations, value chain and contribution in the wider world.**



## Environmental, Social and Governance (ESG) agenda continued

### Responsible Business Conduct

Our Responsible Business Conduct agenda seeks to ensure Bupa demonstrates its commitment to conducting our activities in a responsible way. It also ensures consistency of approach to reporting on ESG themes, including responsible investment.

### Responsible Investment

Bupa invests primarily through our regulated insurance subsidiaries. Our investment portfolio is largely invested in cash and deposits, but with an allocation to bonds and loans managed by third parties.

Bupa Finance plc has been a signatory of the UN Principles for Responsible Investment (UN PRI) since 2014. We are also members of the Institutional Investors Group on Climate Change (IIGCC) and the UK Sustainable Investment Forum (UK SIF). We published certain Task Force on Climate-related Financial Disclosures (TCFD) aligned disclosures in our annual UNPRI report this year (<https://www.unpri.org/signatory-directory/bupa/983.article>). Our UNPRI rating was reviewed and our ratings were upgraded for: Strategy & Governance upgraded to 'A' from 'C'; and for Indirect Fixed Income - Corporate non-financial to 'B' from 'C'. This reflects our positive approach to Responsible Investment and continued improvements in this area.

In January 2021, Bupa received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment<sup>1</sup>.



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### Disclosures and relevant external publications

Report/disclosure		Country
<b>Responsible Investment</b>	Our Responsible Investment statement which focuses on how we invest Bupa's cash and investments is published here: <a href="https://www.bupa.com/-/media/files/site-specific-files/our-performance/pdfs/responsible-investments/responsible-investment.pdf">https://www.bupa.com/-/media/files/site-specific-files/our-performance/pdfs/responsible-investments/responsible-investment.pdf</a>	Enterprise-wide
<b>Responsible Supply Chain Management</b>	Bupa works closely with its suppliers and is committed to ensuring a responsible supply chain. In 2020, we agreed a responsible supply chain statement, stipulating what we expect of our suppliers. It was published in January 2021 and can be read here: <a href="https://www.bupa.com/corporate/legal-notices/responsible-supply-chain">https://www.bupa.com/corporate/legal-notices/responsible-supply-chain</a>	Enterprise-wide
<b>Speak Up</b>	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: <a href="https://www.bupa.com/corporate/legal-notices/bupa-speak-up">https://www.bupa.com/corporate/legal-notices/bupa-speak-up</a>	Enterprise-wide
<b>Approach to Tax</b>	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. We significantly enhanced our statement in 2020, which sets out Bupa's approach to tax and tax risk and has been published in accordance with the UK Finance Act 2016. This can be read here: <a href="https://www.bupa.com/corporate/legal-notices/approach-to-tax">https://www.bupa.com/corporate/legal-notices/approach-to-tax</a>	UK
<b>Gender Pay Gap</b>	We publish our annual Gender Pay Gap report for our operations in the UK. The 2020 report can be read here: <a href="https://www.bupa.com/corporate/legal-notices/gender-pay-gap">https://www.bupa.com/corporate/legal-notices/gender-pay-gap</a>	UK
<b>Modern Slavery Statement</b>	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 annual statements here: <a href="https://www.bupa.com/corporate/legal-notices/modern-slavery-statement">https://www.bupa.com/corporate/legal-notices/modern-slavery-statement</a>	UK

# Contributing to communities

## Playing our part in the community has never been more important. In 2020, we created a Healthy Communities Fund in addition to the work of the Bupa Foundations in Australia, the UK and Spain.

We focused on helping communities deal with the impact of COVID-19 as well as supporting mental wellbeing in young people and educators. This included our people volunteering their time and using their skills to support community causes and organisations.

We support people's mental wellbeing and resilience, especially those most vulnerable and hardest hit. We provided access to health and wellbeing support for key community groups in need affected by natural disasters and COVID-19.

### Australia

The Bupa Health Foundation in Australia extended their partnership with Kids Helpline. around 25,000 primary age children were supported through the Wellbeing @ School early intervention programme which was delivered remotely in schools. In 2020, a new session was created including coping strategies for kids who may be feeling anxious or overwhelmed about COVID-19. A further 10,000 young Australians were supported through the My Circle online peer-to-peer mental wellbeing support platform. Funds were donated to the bushfire relief programme, and up to 20 days paid community service leave was provided for employees involved in firefighting and disaster relief activities. Local grants and donations were made to support local community initiatives, which included supplying essential items to vulnerable community members during the pandemic.

### Australia

The Bupa Health Foundation announced funding of more than £1m to projects focused on youth mental health, including the flagship partnership with Kids Helpline to provide more young Australians with access to free, quality, mental health support. The Foundation also continued to support the community-led End Rheumatic Heart Disease program in remote Indigenous communities.



### UK

The Bupa Foundation's Wellbeing for Educators programme supports teachers and others working in schools to take care of their wellbeing and build resilience. More than 1,000 teachers benefitted from the programme in 2020, its first year. In the pilot, 91% of educators said they felt confident applying the wellbeing principles they had learned about, and one to four months after the programme 70% had adopted a more positive attitude to their daily life and work. The Bupa Foundation also established a partnership with mental health charity Mind to help 2.5 million young people over the next three years. This enabled Mind to develop online resources to help young people manage their mental wellbeing during the pandemic, which were viewed nearly a quarter of a million times in 2020. We also provided practical COVID-19 recovery support, with emergency grants for local charities in the UK and across Bupa Global.



### Europe and Latin America (ELA)

We helped local communities and especially front line healthcare professionals, during the pandemic. In Spain, Sanitas participated in the creation of the country's largest ever collective insurance policy for healthcare workers, covering over 700,000 people.

### UK

The Bupa Foundation awarded £1m in grants to community projects, the majority of which focus on improving mental health and emergency funding for local charities supporting vulnerable people affected by the pandemic. To mark World Mental Health Day, the Bupa Foundation launched 'Beyond Words' together with Cheltenham Festivals, the National Literacy Trust and Mind. This national creative writing project saw hundreds of children put their feelings about a year like no other into words, raising funds for the charities.

Bupa Mexico contributed to a similar scheme. LuxMed in Poland donated over 55,000 masks to public hospitals and nursing homes and offered a free COVID-19 helpline to the public. Across Latin America, the Bupa Contigo programme was set up to support busy public hospital workers and local communities through a meals scheme sourced from local businesses. A second phase saw the development of educational materials for health workers' children. Bupa Chile signed a new partnership with Las Rosas, the country's biggest age care foundation, providing in-kind medical support. This complemented a pre-pandemic collaboration with free flu vaccination programmes, as well as pro bono surgery organised by regional clinics. Employees made donations of both time and money, with Bupa Global Latin America offering match funding to the WHO COVID-19 Fund, and Care Plus in Brazil doubling employee contributions to food charities. Businesses also shared health and wellbeing information, through free webinars and open information platforms. We also adapted our long-standing flagship programmes online, such as Inclusive Sports and Healthy Cities, to support people at home with activity challenges, nutrition and mental health support. Healthy Cities, which had already raised awareness of the link between health and environment, encouraged participants to keep up their activity challenges at home, unlocking donations to support urban regeneration projects. In Turkey, we supported rewilding projects.



### Spain

The Sanitas Foundation continued to drive social change and equality within health and wellbeing. In 2020, it invested in its flagship project, Inclusive Sports, which promotes sports for people with and without disabilities. The website for teachers and schools was opened to the public during lockdown so that everyone could follow tutorials and activity plans to stay fit at home, while additional support was provided to local inclusive sports federations. It also continued to recognise the value of medical training through its Best Resident Clinician Award, presented (virtually) for the 24th year.



# Environment and Climate Action

**Climate change will be a shaping force on human health and we must understand it and act on it. This means addressing our direct business footprint to minimise harm, and maximise our sustainability.** It also means acting on our indirect value chain, and advocating for change in the wider world.



## 2020 Group activities

During 2020 we continued to manage the impact of our business on the environment while developing a new strategy for the future. We put key foundations in place for increased future action in this agenda.

- **Governance:** As outlined on pages 20-21, we enhanced our governance of this critical agenda with the establishment of a dedicated global executive team committee for environment and climate action and global programme team comprising of subject matter experts from our Finance, Risk, Corporate Affairs, Procurement and Clinical functions. Board scrutiny of this agenda was maintained through the CRS Advisory Committee.
- **Enhancing data collection:** We implemented a new global environmental reporting tool across our businesses worldwide which added new rigour to our system for data collection.
- **Future strategy development:** We progressed the development of our Environment and Climate Action strategy. We are taking decisive action to reduce our footprint and embrace sustainability.
  - Integrating into strategy and planning
  - Embedding climate risks/opportunities in our operations and risk management approach
  - Decarbonising direct and indirect value chain with plans to adopt science-based targets
  - Managing resource use (waste, plastics and water), promoting circular economy and restorative action

- Building clinical horizon-scanning and health outcomes capability, focusing on the link between health and the environment
- Developing products and services to incorporate climate adaptation and mitigation.
- We have placed an immediate and specific focus on carbon reduction by assessing how we apply science-based targets across our direct (i.e. Scope 1 and 2) carbon impacts. This work, together with a new reporting tool, has meant that we have interrogated 2019 data and sources further across the Group and spent more time analysing our 2020 results. This work continues and will go through external audit in the first half of 2021. As a consequence, in this Annual Report we are only publishing UK energy use and emissions data for 2020 as explained below. Further global performance data for 2020 (and 2019) and our future targets will be published during 2021.
- We will develop a target for our indirect carbon impacts (i.e. Scope 3). Together, these targets will serve as a baseline ambition, with opportunities to explore greater levels of ambition.

## 2020 activity in the UK

In 2020, our aged care business and the Cromwell Hospital acted on the Energy Savings Opportunity Scheme (ESOS) report findings to further lower their carbon emissions, including replacing inefficient chillers and adjusting timers on air handling units to reduce energy consumption. A number of our corporate offices and health clinics installed new Building Energy Management Systems. As a supporter of the UN Climate Neutral Now initiative, we work to offset our carbon emissions by supporting One Carbon World's reforestation projects in Uruguay and renewable energy initiatives in India<sup>1</sup>. We also moved to a new, centralised carbon reporting tool to improve energy management.

## 2020 data

For this financial year, we are reporting in line with the Streamlined Energy and Carbon Reporting (SECR) requirements of a large unquoted UK company for the first time and reporting our emissions for UK only. As we progress the external audit by the Carbon Trust of our other markets during 2021, we will publish the remainder of the 2020 global emissions data from our other markets across the group on bupa.com. We will also confirm 2019 global data once this too has been fully audited.

In the next Annual Report we plan to report in line with the SECR requirements of a quoted UK company, further adopt the Task Force on Climate-related Financial Disclosures (TCFD) requirements, and include our global footprint for 2021.

## UK emissions<sup>2</sup>

The following table shows the carbon intensity of our UK operations:

UK-based energy and carbon footprint	Quantity	Unit
<b>Energy usage</b> (fuel used in fleet and buildings and electricity from grid and solar generation)	152,819	MWh
<b>Footprint Scope 1&amp;2:</b> Location based (grid average factors)	31,422	tCO <sub>2</sub> e
<b>Footprint Scope 1&amp;2:</b> Market based (account for tariff-specific footprint)	19,142	tCO <sub>2</sub> e
<b>Intensity</b>		
All customers (insurance, provision and aged care) <sup>3</sup>	5,040	thousand customers
Energy intensity	30.32	MWh/ thousand customers
Scope 1&2 market based intensity	3.80	tCO <sub>2</sub> e/ thousand customers

## 2021 focus

In 2021, we will refine and embed ambition for reducing Bupa's environmental footprint (i.e. carbon, waste, water). This includes our commitment to the Science Based Targets initiative. We will focus more on the intersection between health, climate change and biodiversity. We will continue the work to fully embed climate change considerations into the Risk Management Framework and strengthen and embed business ownership of data and decision-making. This includes enhancing and expanding our approach to climate stress testing and further developing our external disclosure to ensure we comply with TCFD requirements.

See the Risks section on pages 36-41 for more about our work related to the environment and climate action.



1. Pre-audited 2019 carbon emissions for our BGUK Market Unit. Any adjustment on the figures will be offset in 2020.  
 2. Activities and emissions across operational control approach against criteria set out in the GHG Protocol. These figures have been verified by The Carbon Trust in accordance with the ISO 14064 standard.  
 3. Customer numbers across: insurance businesses (2.7m), health provision (2.3m) and aged care (6,000).