We are an international healthcare company. Over more than 70 years, our global footprint has grown from our origins in the UK to include businesses in Australia, Spain, Poland, Chile, Brazil, Mexico, Turkey, the Middle East, the US, Hong Kong SAR, New Zealand and Ireland. We also have associate businesses in Saudi Arabia and India.
Our Market Units

Australia and New Zealand
Our Australia and New Zealand Market Unit comprises a leading health insurer in Australia and a range of health services delivered through our network of clinics, dental centres and optical stores. It also includes residential aged care services in Australia and New Zealand.

39% of revenue
3.9m Health insurance customers
1.4m Healthcare provision customers
5,800 Aged care residents Australia
3,500 Aged care residents New Zealand

Europe and Latin America
Our Europe and Latin America Market Unit comprises Sanitas, our business in Spain, which includes health insurance, hospitals, clinics, dental centres and aged care services; Bupa Chile, a leading health insurer and provider; Care Plus, our health insurance business in Brazil; and Bupa Mexico, a domestic insurance business; LuxMed, our private healthcare business in Poland; and Bupa Acıbadem Sigorta, our health insurance business in Turkey. We also have an international private medical insurance business in Latin America.

31% of revenue
3.9m Health insurance customers
9m Healthcare provision customers
4,800 Aged care residents

Bupa Global and UK
Our Bupa Global and UK Market Unit includes our UK domestic health insurance business, dental centres, aged care, clinics and a hospital. In addition, our international private medical insurance (IPMI) business Bupa Global administers medical and travel insurance and medical assistance for individuals, small businesses and corporate customers.

26% of revenue
2.7m Health insurance customers
2.3m Healthcare provision customers
6,000 Aged care residents

Other businesses
We work closely with our associate businesses in Saudi Arabia (Bupa Arabia and MyClinic) and India (Max Bupa). In China, we have a health insurance and clinics business in Hong Kong SAR, and a presence on the mainland.

4% of revenue

Bupa Arabia
Private health insurer in Saudi Arabia, in which we have a 43.25% stake.

MyClinic
Health clinics business in Saudi Arabia.

Max Bupa (India)
Private health insurer in India, in which we have a 44.42% stake.

Bupa Hong Kong SAR
Health insurance and health provision.

Bupa China
Comprises our representative office in Beijing and an integrated medical centre in Guangzhou.

IPMI
Bupa Global

Other businesses

1. Bupa Global includes Bupa Global European Economic Area and associate businesses Highway to Health, Inc (GeotBlue) in the US.
2. Associate businesses.
Responding to COVID-19
Throughout the pandemic our priority has been to focus on the welfare of our customers and our people, and to play our part in government and public health responses.

Digitalising our products and services
In insurance, all businesses accelerated digital programmes to make sure customers could continue to access treatment and care:
- In Australia, we increased telehealth and mental health support services, developing new ways for customers to access treatment remotely.
- In Spain, we launched Blua2, the second generation of our Blua digital proposition. We increased our digital customers by 24% year on year and delivered over 640,000 video consultations, 15 times higher than 2019.
- In the UK, we enhanced services to provide remote, direct access to GPs, physiotherapists and nurses, and consultants via video or phone. Use of our Digital GP service increased to around 5,000 appointments per week.

Supporting our customers and one another
Across the world, our people worked incredibly hard to support customers and one another, adapting to the changing environment. We invested to keep our customers and our people safe and well, ensure people and operational resilience, and deliver new services in challenging operating environments.
Joining the national response

In Spain, we doubled the number of Intensive Care Unit (ICU) beds by constructing two field hospitals in Madrid to support both the public and private health systems and to treat thousands of COVID-19 patients.

In the UK, the Cromwell Hospital treated cancer and cardiology patients on behalf of the National Health Service (NHS).

In Chile, we worked closely with the government and health authorities to provide additional capacity to the national system.

In Poland, we made a hospital in Warsaw available to the public system to treat COVID-19 patients.

Delivering essential dental services for patients

Our dental businesses introduced new procedures to ensure the safety of customers and staff and increased virtual services.

We established a Healthy Communities Fund to support local charities with a particular focus on supporting those hardest hit by the pandemic, and on mental health and resilience in schools.

We continued to support the work of the Bupa Foundations in Australia, the UK and Spain, and encourage the involvement of our people in contributing their time and skills in the communities in which we operate.

Staying safe and well

Protecting residents and staff remained the overwhelming focus, with comprehensive measures and investment in equipment and staff training. Our teams supported and cared for residents, including their emotional wellbeing and connection with their loved ones.

We continued to support the work of the Bupa Foundations in Australia, the UK and Spain, and encourage the involvement of our people in contributing their time and skills in the communities in which we operate.

Taking action on climate change

We embedded a new emissions reporting tool, developed a new Environment and Climate Action plan, and strengthened our internal ESG governance.

Strengthened our approach to inclusion and diversity

We established a Healthy Communities Fund to support local charities with a particular focus on supporting those hardest hit by the pandemic, and on mental health and resilience in schools.
Our teams have focused on supporting our customers and contributing to national responses to the pandemic. Across the world, our people have pulled together to achieve extraordinary things, truly living our values. The Board and I would like to thank all our people working across our organisation for everything they do to serve our customers and to support one another.

In the Strategic Report, we summarise our results for 2020. Our health insurance businesses adapted to the ‘new normal’, rapidly accelerating digital services, developing new products and offering information and support. The pandemic brought new health and safety demands, considerable disruption and additional operating costs, particularly in our healthcare provision and aged care businesses. The team has navigated these with great care. COVID-19 meant we were operating in a time of significant financial volatility and we saw reduced investment earnings as the global economy was impacted. We actively managed our financial position to ensure that Bupa remained financially strong and well set up for the future. Delivering through these turbulent times is testament to Bupa’s resilience.

I know that steering through the many challenges of 2020 was not easy and I thank the team for all their hard work, agility and focus.

The Board has been able to fully support the leadership team and oversee the response to the pandemic, particularly around risk management and operational resilience, and support for our customers. A focus on Environmental, Social and Governance (ESG) was central to Bupa’s response to COVID-19. A Healthy Communities Fund was established to support the vulnerable and those hardest hit by the pandemic.

2020 was also Evelyn’s final year as Chief Executive Officer (CEO). I’d like to recognise all that she achieved in her eight years at Bupa. The hallmark of her leadership was her systematic focus on Bupa’s customers and the transformation of many of the fundamentals across Bupa, investing in people and technology and strengthening internal controls.

Iñaki Ereño became Bupa’s new CEO on 1 January 2021. The Board and I were delighted to appoint Iñaki from within Bupa, following a robust process. Previously CEO of our Bupa Europe and Latin America Market Unit, he is a long-time member of the Executive Team with experience across all types of businesses and a wide range of countries. Iñaki has a passion for customers and the power of digital, as well as a drive for performance, which he is now bringing to his leadership of the whole of Bupa.
In March 2021, Joy Linton leaves Bupa to take up a new CFO role in her native Australia. Joy has been key to Bupa’s continued financial strength, including our navigation through COVID-19, and leaves the organisation in excellent financial shape. Martin Potkins became Interim CFO, subject to regulatory approval, in December 2020. He knows Bupa well, having previously been Group Corporate Controller, and brings substantial external experience and finance expertise.

I am delighted that Clare Thompson, our Senior Independent Director and Audit Committee Chair, has agreed to extend her term until 2022, which will provide valuable continuity for the Board.

Under Iñaki’s leadership, the team are committed to delivering strong performance, transforming Bupa to meet the demands of the new era. The Board and I would like to thank all our people working across our organisation for everything they do to serve our customers. Health could not be more relevant to the world right now, and Bupa has a vital role to play.

Our Strategic Report from pages 1-41 was reviewed and approved by the Board of Directors on 3 March 2021.

By order of the Board.

Roger Davis
Chairman

2020

<table>
<thead>
<tr>
<th>People</th>
<th>Engagement score</th>
</tr>
</thead>
<tbody>
<tr>
<td>84,000 Health insurance customers</td>
<td>79 (+1 vs 2019 and 1 point away from our external benchmark – top 10% of organisations globally)</td>
</tr>
<tr>
<td>17.9m Provision customers</td>
<td>Support 80%</td>
</tr>
<tr>
<td>13.6m Aged care residents</td>
<td>of employees said that they felt supported by Bupa in our employee surveys, the third highest scoring question out of 20</td>
</tr>
<tr>
<td>20,000</td>
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</tbody>
</table>

1. 74% of 71,291 employees responded.
I am incredibly proud of how our team responded in 2020 and thank all our people across the world for their amazing hard work and commitment, as well as their contribution to wider society during this difficult period. COVID-19 is having a terrible impact across the world at a very human level. I want to recognise all those whose lives were lost to the virus. Our thoughts are with their families and loved ones. The pandemic has also changed our world on every level. The past year saw a seismic shift in priorities and accelerated social and technological change. Health has been elevated in the minds of individuals, families, organisations and governments. COVID-19 and its impacts have accelerated digitalisation exponentially and permanently. This has coincided with significant shifts in social and political dynamics, including increasing expectations of businesses. Having been at Bupa for over 15 years, most recently as CEO of Europe and Latin America, I am honoured to serve as Group CEO from the start of 2021. On behalf of the organisation, I would also like to thank Evelyn Bourke for leading Bupa as our Group CEO for many years but, in particular, through a very difficult 2020. It is an important time for Bupa. We must deliver for customers and play our part in society. Our focus is on growth, transformation and sustainability. We must grow the business of today. We must innovate and become the business of tomorrow. And we must act on the climate crisis – healthy people and healthy businesses need a healthy planet.”

Over 2020, we responded to the fast-changing environment acting responsibly, as part of national efforts to address the pandemic, and with the interests of our customers and employees always prioritised. The actions we took to support customers and our people, our operational response to COVID-19, and the pandemic’s impact by business line were as follows:

- **Insurance:** Throughout the pandemic we accelerated investment in telehealth and digital healthcare services, so that customers could continue to access healthcare remotely. We took a range of targeted actions in our markets to support our customers. These included: a pledge to pass back any exceptional financial benefit arising from COVID-19 to UK PMI customers; removing pandemic exclusions for COVID-19; delaying approved premium increases in Australia and Chile; providing free access to Blua digital consultations in Spain; and supporting those experiencing financial hardship. Claims were reduced by the restrictions on access to healthcare facilities, in particular, hospitalisation for elective surgery, giving some benefit to profit in the year. Although these restrictions have largely been lifted, postponed claims will return and the quantum and timing of claims rebound in 2021 remains uncertain. There is potential for volatility in insurance profits in the coming year, although this will be largely mitigated in Australian Health Insurance and in the UK PMI business by reserves held at year end.

- **Health provision:** Our hospitals in Spain, Poland and Chile treated thousands of COVID-19 patients as part of the national responses. In Spain, we doubled the number of ICU beds and constructed two field hospitals. In the UK, the Cromwell Hospital treated cancer and cardiology patients on behalf of the NHS. Other businesses, particularly dental and clinics, were largely closed during the initial
Our priorities for 2021

**Our priorities are...**

- Excellence for customers
- Innovation
- Digital transformation
- Sustainability
- Growth

**We are committed to...**

- Continuing to adapt and innovate to meet the new demands
- Playing our part in helping customers, our people and society
- Acting on the climate crisis

**Underpinned by...**

- Underlying financial strength
- A resilient organisation
- A diversified business model
- A robust Risk Management Framework

Performance 2020

**Revenue**

£12.1bn

-2% AER 2019: £12.3bn
0% CER 2019: £12.1bn

**Statutory profit/(loss) before taxation**

£410m

AER 2019: £(68)m

**Underlying profit**

£388m

-7% AER 2019: £416m
-4% CER 2019: £404m

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1. Revenues from associate businesses are excluded from reported figures. Customer numbers and economic share of post-tax profits from our associate businesses are included.

2. Underlying profit is a non-GAAP financial measure. This means it is not comparable to other companies. Underlying profit reflects our trading performance and excludes a number of items included in statutory profit before taxation, to facilitate year-on-year comparison. These items include impairment of intangible assets and goodwill arising on business combinations, as well as market movements such as gains or losses on foreign exchange, on return-seeking assets, on property revaluations and other material items not considered part of trading performance. A reconciliation to statutory profit before taxation can be found in the notes to the condensed consolidated financial statements.

lockdown periods, which affected performance. As restrictions eased, we reopened services with operational safety measures in place. Activity started to recover towards normal levels in the second half of the year, although continued to be impacted by local lockdowns.

- **Aged care:** Protecting residents and staff remains our absolute focus, with comprehensive safety measures introduced and investment in safety equipment, staff training and support. Across our businesses in Spain, the UK, Australia and New Zealand, our teams supported and cared for our residents and worked hard to maintain their connections with families and loved ones using technology. We reintroduced temporary admissions restrictions to protect our residents and our people. We closed the year with reduced occupancy levels, which impacted performance. We incurred higher operating costs with additional PPE and other pandemic related expenses. In Australia, we invested to improve clinical standards and ended the year with no care homes under regulatory sanction.

For our people, we focused on keeping them safe and supporting them during uncertainty. We significantly expanded the availability of mental wellbeing and resilience services, helplines and support. We enabled our frontline people to continue to work safely by implementing enhanced cleaning regimes in facilities, providing PPE and training on specialist equipment. We facilitated remote working wherever possible through technology and at the peak of the first wave of the pandemic, 96% of our people were able to work. Different working arrangements were put in place for the remainder of our people.

During 2020, we supported the work of community partners through a Healthy Communities Fund and via the Bupa Foundations in the UK, Spain and Australia.

Many thousands of our people volunteered to support those affected by the pandemic, including participating in our programmes to support mental health and resilience for young people and in schools. We continued to progress our environmental management agenda and prepare a new Environmental and Climate Action plan, which we aim to publish this year.

We remain financially strong with a stable solvency capital position. Over the year, we managed liquidity prudently and improved our debt maturity profile raising £650m through a senior bond and Tier 2 bond issue. We also redeemed £330m of bonds issued in 2004. We increased our shareholding in Bupa Arabia by 4% to 43.25% as part of our ongoing investment in strengthening our market positions. I would like to thank Joy Linton, our outgoing CFO for her leadership over her years at Bupa and for her excellent handover to Martin Potkins our Interim CFO.

We have strong foundations for our future. Significant investment in technology, a streamlined organisation structure, and our diversified business model helped us end 2020 in a strong position and ready to begin a new stage of growth for the benefit of our customers, even though we face some challenges.

**Outlook**

We are in the early stages of vaccine deployment in many of our markets but the pace will vary, and it is clear COVID-19 will continue to impact economies, health systems and our business lines over the medium term. These impacts will vary by country. The quantum and timing of deferred health insurance claims in some markets is also uncertain. We will continue to adapt and innovate to meet the demands of this new environment, continuing to play our part in helping customers, our people and society.

The pandemic has accelerated opportunities in our markets. Customers are increasingly focused on their health and wellbeing, and both customers and clinicians are more willing to use telehealth services – presenting opportunities for healthcare companies who can adapt to these trends.

We are well-placed to address these challenges and opportunities with underlying financial strength, a resilient organisation and a diversified business model. We are developing our new strategy with a focus on excellence for customers, innovation, transformation and sustainability. I am confident we will end the year with increased momentum in all these areas.

Iñaki Ereño
Group CEO

Bupa Annual Report 2020 07
## Business model

### What we do

<table>
<thead>
<tr>
<th>Health insurance</th>
<th>Health provision</th>
<th>Aged care</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>72%</strong> of revenue</td>
<td><strong>20%</strong> of revenue</td>
<td><strong>8%</strong> of revenue</td>
</tr>
<tr>
<td><strong>17.9m</strong> insurance customers worldwide</td>
<td><strong>390</strong> health clinics</td>
<td><strong>20,000</strong> residents in our care homes</td>
</tr>
<tr>
<td>Our main business is health insurance for individual and corporate customers, and small and medium-sized enterprises (SMEs).</td>
<td>Health clinics: Services include health assessments, GP services, fertility services, and physiotherapy. We also have outpatient and speciality clinics.</td>
<td>Our aged care portfolio comprises care homes, retirement villages, day centres and homecare.</td>
</tr>
<tr>
<td>We have a strong domestic health insurance presence via our businesses in the UK, Australia, Spain, Chile, Hong Kong SAR, Turkey, Brazil and Mexico, and our associate businesses in Saudi Arabia and India.</td>
<td>Digital provision: We offer digital provision services including digital GP services, care triage and consultation, mental health coaching and support, and chronic care management.</td>
<td>Aged care services in Australia, New Zealand, the UK and Spain.</td>
</tr>
<tr>
<td>We offer additional health funding products, such as subscriptions and cash plans.</td>
<td>Hospitals: We run hospitals in Spain, Chile and Poland and one in the UK.</td>
<td></td>
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<tr>
<td>We also deliver third-party administration services in selected markets. We also offer international private medical insurance (IPMI) through our Bupa Global businesses, for international customers wanting access to quality healthcare, wherever and whenever they need it.</td>
<td>Dental: We have around 1,000 dental centres across the UK, Ireland, Australia, Spain, Chile, New Zealand, Poland, Brazil and Hong Kong SAR.</td>
<td></td>
</tr>
<tr>
<td>We provide dental insurance in Australia, the UK, Spain, Chile, Poland, Hong Kong SAR, Brazil and through Bupa Global.</td>
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**Health insurance**

- 72% of revenue
- 17.9m insurance customers worldwide

**Health provision**

- 20% of revenue
- 390 health clinics
- 13.6m provision customers worldwide
- 1,000 dental centres
- 22 hospitals

**Aged care**

- 8% of revenue
- 20,000 residents in our care homes
Who we create value for

- See pages 12-15 for more about our customers
- See pages 16-19 for more about our people
- See pages 25-28 for more about our partners including healthcare providers, clinicians, brokers and distributors.
- See pages 20-24 for more on Environmental, Social and Governance.
External context

Global macro trends

Macroeconomic context
The pandemic has triggered a slowdown in economic growth in all major economies, which is likely to result in a global economic contraction. Consumer spending has slowed, and public sector budgets have been put under significant pressure, presenting funding challenges within health systems.

As a global business, we have felt the impact of this across our markets. However, our industry and diversified business model benefit from a high degree of resilience. We actively monitor and respond to the economic climate in which our businesses operate.

Changing social attitudes
Changing social attitudes, such as increasing focus on addressing inequalities and an emphasis on good corporate citizenship, continue to shape consumer behaviours – and have been reinforced by the COVID-19 pandemic. Consumers are seeking to engage with companies that demonstrate social responsibility and companies must work harder to build trust and prove their “social licence to operate”.

Our corporate values align with this and we recognise the important role that companies play in shaping societies. We are committed to strengthening our focus on sustainability and the wider ESG agenda.

Climate action
The climate crisis remains a critical priority, and the pandemic has placed sharper focus on climate action and reinforced societal expectations of businesses.

The pandemic has highlighted the potential for meaningful action when science, business and policy communities come together, and has reinforced expectations of the role of companies.

The public is also paying more attention to the health impacts of climate change, particularly the relationship between air quality and respiratory illness, and greater appreciation for green spaces.

We are defining the next level of detail for our Environment and Climate Action Plan, particularly our focus on the health impacts of climate change.

Healthcare trends

Health cost pressures
Before the pandemic, demand for healthcare continued to grow due to rising incidence of chronic disease, and growing patterns of healthcare consumption.

The impact of COVID-19 is expected to increase demand further on health systems, as consumers become more health-conscious and as backlogs in care and treatment must be addressed.

Medical cost inflation also remains high due to high-cost treatments and technologies and worker scarcities, resulting in persistent affordability challenges.

We are working to optimise the efficiency and effectiveness of care received by our customers and to increase digitalisation across our business, to deliver continued access to affordable and high-quality healthcare.

Consumer behaviours
Consumer behaviours are developing in response to affordability challenges, evolving views of health, and increasing digital developments.

The pandemic has accelerated the need for digitalisation in health as consumers (and clinicians) are demanding care in remote and digital settings.

This year, we have responded by enhancing our telehealth services and remote care capabilities. Going forward, digital services will be a crucial part of our customer offer, and we will build on the progress made in 2020 to further strengthen our digital capabilities and propositions.

We also continue to develop new propositions that are personalised and customer-centric, to remain competitive and relevant for current and future customers.

Regulatory environment
Governments and regulators are placing a greater focus on health systems due to concerns over quality, affordability and accessibility of care.

Healthcare providers are facing greater scrutiny of the quality of care delivered, while insurers are facing pressures over the value and the affordability of health insurance.

This year, COVID-19 has led to changes in regulatory approach and action in many markets, as regulators have sought to enable greater flexibility and efficiency in healthcare systems.

We have welcomed these changes and have responded by introducing greater agility in our businesses and deploying digital and telehealth services, rapidly and at scale. We continue to monitor our markets and work alongside government and regulatory agencies where appropriate, to ensure the long-term sustainability of the industry on behalf of our customers.
Financial performance

We use our key financial metrics to focus on in-year performance and longer term sustainability. These metrics include revenue, statutory profit before taxation, underlying profit, net cash generated from operating activities and Solvency II capital coverage ratio.

See Financial review on pages 33-35.

Revenue

Revenue was broadly flat as a result of growth in our Australia and New Zealand and Europe and Latin America Market Units, offset by a decline in Bupa Global and UK.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (£bn)</td>
<td>11.9</td>
<td>12.3</td>
<td>12.1</td>
</tr>
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Statutory profit/(loss) before taxation

Statutory profit before taxation was £410m compared to a £78m loss in 2019, largely as a result of non-recurring goodwill impairments in 2019 of £443m.

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<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td>Statutory profit (Em)</td>
<td>502</td>
<td>(78)</td>
<td>410</td>
</tr>
</tbody>
</table>

Underlying profit

Group underlying profit declined marginally by 4% to £388m (2019: £404m at CER). Overall, our insurance profits have increased, however this was more than offset by losses in provision and aged care, reflecting the significant disruption to services from lockdowns, government restrictions and additional costs from COVID-19.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying profit (Em)</td>
<td>613</td>
<td>416</td>
<td>388</td>
</tr>
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</table>

Net cash generated from operating activities

We generated cash from operating activities of £1,343m, up £646m, largely reflecting the delay in claims outflows in the insurance businesses.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash (Em)</td>
<td>808</td>
<td>697</td>
<td>1,343</td>
</tr>
</tbody>
</table>

Solvency II capital coverage ratio

Our Solvency II capital coverage ratio of 160% at 31 December 2020 remained strong and comfortably within our target working range of 140-170%.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency II (%)</td>
<td>166</td>
<td>159</td>
<td>160</td>
</tr>
</tbody>
</table>

1. The numbers in the graphs are shown at AER.
2. Underlying profit is a non-GAAP financial measure. This means it is not comparable to other companies. Underlying profit reflects our trading performance and excludes a number of items included in statutory (loss)/profit before taxation, to facilitate year-on-year comparison. These items include impairment of intangible assets and goodwill arising on business combinations, as well as market movements such as gains or losses on foreign exchange, on return-seeking assets, on property revaluations and other material items not considered part of trading performance. A reconciliation to statutory (loss)/profit before taxation can be found in note 2 (page 107).
3. The 2020 Solvency II capital position, SCR and coverage ratio are estimates and unaudited.
Customers are at the heart of everything we do at Bupa. Our priority throughout 2020 was to protect and support our customers, and play our part in national responses to the pandemic. This meant adapting our products and services so that people could continue to access care.

Our people rose to the challenge. They focused on our customers, often in the toughest of circumstances.
Customers

Our COVID-19 response

Health insurance
The pandemic impacted the way we operate and changed the way many of our health insurance customers access products and services.

The measures taken by governments to protect their citizens and public health systems meant that many treatments and procedures were delayed due to lockdown measures. We responded by accelerating the introduction of, and access to, telehealth services and video consultations and by broadening our mental health support available remotely. In Australia, we rapidly expanded our telehealth offering, giving customers access to services such as physiotherapy from home. In our Bupa Global and UK Market Unit, we made virtual GP appointments available to all customers and increased access to the Babylon virtual GP app.

We made it easier for customers to communicate with us. We introduced dedicated phone lines for COVID-19 assistance and reinforced existing lines to support both physical and mental health. We launched webchats and virtual assistants and increased the frequency of direct communications with customers, launched dedicated COVID-19 information hubs on our websites and apps, and shared resources to help our customers take care of their physical and mental wellbeing.

We undertook a range of targeted actions in our markets to support our customers. These actions varied on the basis of market context and product set. In Australia, we delayed the approved premium rate increase for all customers for six months. We launched a £20m financial hardship scheme in the form of premium waivers, discounts and suspensions, which was accessed by close to 50,000 customers. In Spain, we made our Blua virtual consultation service available to all customers, free of charge. We also made financial support measures available for those in need on a case-by-case basis, and we introduced new low-cost products for customers who needed to look at different options.

In other insurance markets we removed pandemic exclusions for COVID-19, reviewed excess clauses and supported customers experiencing financial hardship. In the UK, we pledged to pass back to UK PMI customers any exceptional financial benefit arising as a result of COVID-19, as well as providing premium suspensions where customers needed them. We also delayed approved premium increases in Chile.

Provision
Our hospitals and health centres in Spain, Chile, the UK and Poland worked in partnership with public health systems to support national efforts against the disease. In Spain, our hospitals treated around 29,000 COVID-19 public and private patients, opening two field hospitals in Madrid to meet demand. In the UK, the Cromwell Hospital supported the NHS with capacity by providing treatment to cancer patients.

We introduced new protocols in our clinics and dental practices to make sure customers felt safe and were protected. This included increased use of PPE, new socially distanced layouts and other operational procedures.

In Spain, we launched dental video consultations so customers could access dental care from home. In the UK, teams supported our Anytime Health line, which received double the number of calls during the first lockdown in the UK compared to the previous year. In Australia, we redeployed our people to other areas of the business to support customers where they needed us. When our clinics and dental centres were able to reopen, we introduced necessary measures to ensure the correct operational safety measures were in place to protect our customers and people. In Hong Kong and Poland, our clinics were able to stay open while also making video consultations available.

The Cromwell Hospital in London significantly adapted its operating model, working in partnership with NHS England throughout the first wave of the pandemic. Our people adapted to support the hospital to provide time-critical cancer and cardiac care for NHS patients.

Take-up of video consultations and telehealth services has been widespread by clinicians and customers.

Aged care
We are very proud of how our people supported our residents during this challenging time.

In our care homes and villages in Australia, New Zealand, Spain and the UK, we introduced comprehensive safety measures and new operating protocols. In line with local restrictions, we temporarily closed homes to new admissions to protect our residents and our people.

Our teams successfully cared for people through the virus, saving many lives, but tragically a number of our residents did not survive the virus and our thoughts are with their loved ones. We focused on supporting families and residents through an incredibly difficult time and working with public health authorities.

We equipped our care homes with technology for residents to stay connected with their families and friends. In Australia and Spain, we introduced mobile apps to connect our residents with their loved ones. In Australia, our Visits by Mail campaign connected residents with their families and communities.

Customers

Our COVID-19 response

Health insurance
The pandemic impacted the way we operate and changed the way many of our health insurance customers access products and services.

The measures taken by governments to protect their citizens and public health systems meant that many treatments and procedures were delayed due to lockdown measures. We responded by accelerating the introduction of, and access to, telehealth services and video consultations and by broadening our mental health support available remotely. In Australia, we rapidly expanded our telehealth offering, giving customers access to services such as physiotherapy from home. In our Bupa Global and UK Market Unit, we made virtual GP appointments available to all customers and increased access to the Babylon virtual GP app.

We made it easier for customers to communicate with us. We introduced dedicated phone lines for COVID-19 assistance and reinforced existing lines to support both physical and mental health. We launched webchats and virtual assistants and increased the frequency of direct communications with customers, launched dedicated COVID-19 information hubs on our websites and apps, and shared resources to help our customers take care of their physical and mental wellbeing.

We undertook a range of targeted actions in our markets to support our customers. These actions varied on the basis of market context and product set. In Australia, we delayed the approved premium rate increase for all customers for six months. We launched a £20m financial hardship scheme in the form of premium waivers, discounts and suspensions, which was accessed by close to 50,000 customers. In Spain, we made our Blua virtual consultation service available to all customers, free of charge. We also made financial support measures available for those in need on a case-by-case basis, and we introduced new low-cost products for customers who needed to look at different options.

In other insurance markets we removed pandemic exclusions for COVID-19, reviewed excess clauses and supported customers experiencing financial hardship. In the UK, we pledged to pass back to UK PMI customers any exceptional financial benefit arising as a result of COVID-19, as well as providing premium suspensions where customers needed them. We also delayed approved premium increases in Chile.

Provision
Our hospitals and health centres in Spain, Chile, the UK and Poland worked in partnership with public health systems to support national efforts against the disease. In Spain, our hospitals treated around 29,000 COVID-19 public and private patients, opening two field hospitals in Madrid to meet demand. In the UK, the Cromwell Hospital supported the NHS with capacity by providing treatment to cancer patients.

We introduced new protocols in our clinics and dental practices to make sure customers felt safe and were protected. This included increased use of PPE, new socially distanced layouts and other operational procedures.

In Spain, we launched dental video consultations so customers could access dental care from home. In the UK, teams supported our Anytime Health line, which received double the number of calls during the first lockdown in the UK compared to the previous year. In Australia, we redeployed our people to other areas of the business to support customers where they needed us. When our clinics and dental centres were able to reopen, we introduced necessary measures to ensure the correct operational safety measures were in place to protect our customers and people. In Hong Kong and Poland, our clinics were able to stay open while also making video consultations available.

The Cromwell Hospital in London significantly adapted its operating model, working in partnership with NHS England throughout the first wave of the pandemic. Our people adapted to support the hospital to provide time-critical cancer and cardiac care for NHS patients.

Take-up of video consultations and telehealth services has been widespread by clinicians and customers.

Aged care
We are very proud of how our people supported our residents during this challenging time.

In our care homes and villages in Australia, New Zealand, Spain and the UK, we introduced comprehensive safety measures and new operating protocols. In line with local restrictions, we temporarily closed homes to new admissions to protect our residents and our people.

Our teams successfully cared for people through the virus, saving many lives, but tragically a number of our residents did not survive the virus and our thoughts are with their loved ones. We focused on supporting families and residents through an incredibly difficult time and working with public health authorities.

We equipped our care homes with technology for residents to stay connected with their families and friends. In Australia and Spain, we introduced mobile apps to connect our residents with their loved ones. In Australia, our Visits by Mail campaign connected residents with their families and communities.
Customer excellence

The COVID-19 pandemic meant that we had to rapidly adapt to meet our customers’ fast-changing needs. We continued to launch new products and services, and innovate existing ones, to ensure our customers could access health and wellbeing support when and where they needed it despite the restrictions in place in many countries.

Australia and New Zealand Health Insurance

We partnered with an online fitness platform, 28 by Sam Wood, to give our insurance customers complimentary access to a full programme of fitness and wellbeing activities during lockdown. Over 75,000 customers signed up to the service.

Acknowledging the impact of COVID-19 lockdowns on men’s mental health, we partnered with Australian mental health provider Mindstar to provide a Wellbeing Hub free of charge. We also expanded our Mind Care Choices programme to more states, allowing customers to access mental health care from a clinic, at their home or over the phone or video conference with no out-of-pocket costs.

Our customers were rewarded through a new collaboration with Australia’s largest supermarket chain, Woolworths. Bupa customers received extra reward points on every shop and bonus points and discounts on fresh fruit, vegetables and organic wholefoods to encourage and support healthy eating and other healthy lifestyle choices.

Health services

Our Bupa Medical Visa Services (BMVS) business in Australia implemented an innovative technology to create a tailored message service to help our diverse client base navigate the visa medical assessment process. This robot (bot) platform can answer common customer queries, such as appointment availability, without having to make a call. If the bot is unable to answer the query, the customer is transferred to a team member. For many BMVS customers, English is not their first language, and this has meant we needed to tailor our message service to ensure the language, instructions and information are clear and easy to understand.

Europe and Latin America Health Insurance, Spain

In Spain, we launched BluaU, the new generation of Blua, the digital health insurance product by Sanitas. Through BluaU, a Sanitas medical team can monitor different health conditions and assess them using facial imaging on customers’ phones. Using this data, customers can access digital programmes to help prevent ill-health and support for their physical and mental health. Customers can also access video consultations with thousands of specialists and at-home services such as testing and pharmacy delivery.

What our customers think – 2020 Net Promoter System (NPS) scores

NPS for priority areas in 2020

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1. 2019 NPS was re-baselined following a change in methodology
2. Annual Residents Survey NPS
Chile
In Chile, our laboratory improved protocols for testing to double test capacity and developed testing capabilities with the Federico Santa Maria University to increase availability of PCR tests for the public. Our insurance business launched a video consultation service with doctors from our IntegraMédica network which carried out more than 115,000 video consultations over the year. In our Isapre CruzBlanca business, we launched a special COVID-19 benefits package and introduced an online symptom assessment using artificial intelligence (AI). Our IntegraMédica clinics implemented home care offering medical consultations and sample-taking for those in isolation, particularly the elderly or people with reduced mobility.

Care Plus, Brazil
In Care Plus, we connected with our customers by hosting web events and providing informative and entertaining content during the pandemic. We also created a programme to support and monitor members and their families who were diagnosed with COVID-19. We launched our virtual walk-in clinic, Consulta Fácil, and made it possible for customers to access a virtual consultation with a doctor for diagnosis and treatment at any time.

Bupa Global and UK
UK Health Insurance
Our new UK brand campaign, ‘Is it Normal?’, ran throughout 2020. The campaign highlighted expanded cover for more mental health conditions, ongoing support for longer-term conditions and further support to families who are worried about their child’s mental wellbeing through the Family Mental HealthLine. We launched a second phase focusing on mental health after months of distress brought about by the pandemic.

We created a Bupa COVID-19 online hub providing regular updates, health advice and content. We expanded our range of remote services, Bupa at Home, to meet demand, offering around-the-clock access to expert advice and care to help customers stay in control of their physical and mental health from home.

We launched Bupa Balance, designed to help big businesses scale up their essential health services to help support a greater number of employees to stay on top of their health, wellbeing and long-term chronic conditions.

Bupa Global
We introduced Global Virtual Care, giving customers access to a global network of doctors via telehealth, same-day consultations and online consultation notes. The creation of a ‘virtual post room’ helped us to turn around claims in record time which is especially important as speed of claims payment is a major driver of customer experience.

Health Clinics
We launched Bupa Be.Well, which replaces our health assessments with a broader plan to support customers’ overall health and wellbeing. Each plan is underpinned by behavioural change science and uses data from health assessments and wearable technology to help customers achieve their goals. We also launched a new Be.Me app, as part of Bupa Be.Well, to provide customers with a virtual health and wellbeing plan and virtual coach ‘Luke’.

Dental
Our dental business rapidly put tools, policy and procedures in place to facilitate virtual consulting. This has allowed us to support hundreds of thousands of patients who were unable to see us in person.

Hong Kong SAR
We launched the Bupa4Life app, a digital wellbeing tool that helps our health insurance customers understand and achieve their health and wellbeing goals. The app makes it easy for users to track activity, while supporting and rewarding them with access to health and wellbeing related content, products and services.

We launched new features on our Quality Healthcare mobile app. This includes online booking, an e-ticketing service to reduce wait times for appointments, a search database of clinics and specialists, an e-shop of products and services and access to tailored health information.

Bupa Arabia
Bupa Arabia created a COVID-19 command centre, enabling customers to speak to a specially trained doctor at any time for questions or advice, to relieve stresses and confusion associated with COVID-19. After two weeks of the centre being open for customers, we opened this service to the public in partnership with the Saudi Ministry of Health. Over 100 employees were redeployed to support and play a greater role in the public health response. The partnership lasted for four months with the centre taking 120,000 calls.

Bupa Global Latin America
In Bupa Global Latin America, we introduced our Virtual Care service, where our health insurance customers can speak directly to a health adviser over the phone at any time. We also launched Virtual Care Healthy Mind, which allows our customers to speak to a psychologist wherever they are and whenever they need it at no extra cost, deductible, or coinsurance.
Our people are what makes Bupa special and it has never been more important than in 2020 for us to be there when they needed us most. Our focus has been to create a culture of care and trust, with high engagement and strong leadership. We used our global reach to learn and adapt quickly, keeping our people’s needs front and centre and providing them with what they need throughout the global pandemic.

Bupa care home colleagues recognised in the Queen’s birthday list (UK) 2020 and New Year’s honours list 2021:

1. Andrew Rowe, Bupa’s Arbrook House in Esher
2. Adam Tallis, General Manager at Bupa’s The Kensington
3. Charito Romano, Bupa’s Arbrook House in Esher
4. Emma-Karin ‘EK’ Gerdin-Mosga, Arts Facilitator at Bupa Wingham Court
5. Ben Domah, General Manager at Bupa Hill House
6. Arie Darbandi, Resident Experience Manager (pictured left, with Jonathan May, Home Manager) at Bupa Arbrook House
People

**Engagement**

Top 10% of organisations globally

**Support**

80% of employees answered that they felt supported - the third highest scoring question out of 20 in our surveys.

2020 was an incredibly challenging year for all of our people.

Facing into the global pandemic forced us to think differently about how we supported our people, so they in turn could continue to serve our customers. We adapted our ways of working, reprioritised activity and acted quickly to ensure an increased focus on the health, safety and support of our people. More than ever before, we connected globally to learn from each other and quickly adapt. Together we created six guiding principles that were adopted in each market and locally applied throughout the year:

- Exercise our duty of care to our people
- Keep our approach anchored to our Values and our Bupa Code
- Work within the Bupa Operating Model, enabling our Market Units and Businesses to manage appropriately to their local context, supported by enterprise-level principles, frameworks and standards
- Prioritise business continuity to enable good customer and patient outcomes
- Follow relevant governmental advice and employment legislation, adapting our policies and processes if/where needed
- Ensure we communicate regularly and proactively to our people and stakeholders.

Recognising the efforts of our people.

As a result of the pandemic, initiatives were taken by management teams across the group in terms of pay and conditions of employment to recognise the effort our people put in. These initiatives varied by business, depending on the local context. As referenced in the Section 172(1) statement on page 28 and the Directors’ Remuneration Report on page 72, examples include one-off recognition awards to frontline employees in hospitals and care homes, additional pay for certain groups of employees, and support with financial hardship.

**Keeping our people safe**

Keeping our people and our workplaces safe is always a priority. In the peak of the crisis, 96% of our people were able to continue to work. We enabled our frontline to keep working by implementing enhanced cleaning regimes in our facilities, providing PPE and training on specialist equipment. We moved thousands of our people to remote working, by supplying equipment and technology to help them work effectively from home.

For some countries, such as Australia who were recovering from the impacts of bushfires, and Hong Kong and Chile’s civil unrest, the impact of COVID-19 compounded and extended what had already been an incredibly stressful time for employees and customers.

**Taking care of our people’s mental health**

Throughout 2020, mental health became more important than ever before. Advice and information to support our people through uncertainty and change was regularly promoted. Right across Bupa we saw increased access to mental health resources, 24/7 helplines, access to psychological services and virtual sessions to build resilience and mindfulness. ‘Care calls’ were made to individuals significantly impacted by the pandemic and we offered direct support such as counselling for those in need.

We encouraged our leaders and our people to look after their own wellbeing, to have honest, open conversations about mental health, to role model self-care and help people look for the signs that someone in their team needs support. We ensured that mental health was a core part of communication from our leaders, including information from Dr Paula Franklin, our Chief Medical Officer.

**In Spain,** we launched weekly podcasts and videos for adults and children to support them with their mental health.

**In the UK,** we launched a digital Mental Health Hub as part of the ‘Is it Normal?’ campaign. To help relieve concerns from financial pressures, we launched Wagestream, a pay-on-demand service giving our employees access to money earned in the month, ahead of the pay cycle.

**In Australia and New Zealand,** we launched our ‘Return to Workplace’ strategy, to support specific and immediate needs such as remote leadership and home schooling, as well as helping longer-term workplace transformation.

Bupa’s ‘Feel Better’ mental health campaign in Hong Kong

Bupa Hong Kong launched our ‘Feel Better’ campaign to make mental health support more accessible and understood, which included an industry-wide survey, a recognition scheme for employers endorsed by the Mental Health Association of Hong Kong, and a series of tools to empower young people to talk about mental health.
We are extremely proud of how our people responded to the challenges brought by the pandemic. They demonstrated great commitment to continuing to care for and serve our customers, while also contributing to national responses to fighting the pandemic. They did this through times of significant uncertainty and often in the toughest of circumstances. Our volunteering programmes across Bupa showed how our people rose up and offered to do different roles or work in different places to support the teams most vulnerable and in need. Tragically, we did have employees who sadly passed away who were confirmed as being infected with COVID-19. We have been doing all we can to support their families through this incredibly difficult time.

In Spain, almost 400 people volunteered to support front line staff during the pandemic. Doctors in management roles returned to active duty and colleagues supported staff in administrative and logistical roles to redirect medical equipment to where it was most needed. Others coordinated new initiatives like a letter writing campaign for inpatients, while volunteers also helped out in care homes, supporting clerical staff and residents.

In the UK, over 370 employees volunteered to support care homes as the pandemic unfolded. Following all government guidelines, they were granted time from their usual Bupa roles, to support with cleaning, kitchen duties and reception tasks so that staff trained to care could concentrate on caring for our residents.

Engaging with our people

Our global People Pulse runs across all markets, where every employee has the opportunity to participate and share their feedback openly. This provides us with insights to prioritise actions locally in support of key business drivers. We usually run this twice yearly. In 2020, we adjusted the scope of the global survey in the first half of the year to take account of the pressures across our businesses from the pandemic. In the second half of 2020 we introduced some new questions to capture feedback on inclusion and wellbeing, ESG and accountability to take action, as well as how well people felt supported and communicated with during the pandemic. These questions sit alongside questions relating to areas such as ‘company prospects’, ‘empowerment’, the Bupa Values and Bupa’s Speak Up whistleblowing channel.

Overall results from our November 2020 global People Pulse showed that we have continued to rise since 2018 in both score and increased levels of participation, despite the disruption of 2020. Our priority areas of focus are ensuring that leaders create the best environments for high engagement and supporting areas that have consistently scored lower in this area, showing we are listening to the feedback and driving change.

Listening to our people to inform our response

As the pandemic unfolded, hearing directly from our people was fundamental in how we prioritised support and action. At the start of the pandemic, we conducted localised surveys across many countries using a recommended set of questions (endorsed by our engagement partner Glint). This created an instant and open feedback channel to understand the impact the crisis was having on our people and to ensure our actions were relevant and supportive. Our strong culture was reflected through the positive sentiment and volume of feedback which was received. The insights were used to prioritise actions and to design return to work plans, understanding how to best support our people, both frontline and remotely. Positive feedback included:

- Increased communications – our people feel informed of company decisions, what is being done, why and how.
- Leadership transparency – leaders are speaking far more openly and honestly, being transparent about what they are doing and why.
- Collaboration – people feel the crisis has helped bring groups together to work through problems collectively.

Attracting, developing and retaining outstanding people and leaders

We continue to build leadership capability and to nurture talent, anticipating future trends to deliver our business goals. The external events of 2020 highlighted the importance of leadership strengths in adaptability, communication, inclusive leadership, innovative customer solutions and driving for performance under challenging circumstances. All of these areas will remain important for Bupa. Our engagement levels in 2020 help to spotlight Bupa as a great place to work.

In Australia and New Zealand, we focused on psychological safety. We provided timely and targeted support to our people, particularly during the Australian bushfire crisis and COVID-19 pandemic. The Psychological Health and Safety team provided 1,344 hours of support and 114 mental health-related education sessions to managers, senior leaders, People teams, to ensure that increased support was given to our people’s mental health and reduce the risk of psychological harm.

Online learning became crucially important and our online portal showed a significant increase in engagement on last year, with people using the platform for personal learning interests as well as mandatory training.

A new talent assessment tool was launched in Bupa Arabia, developed in line with our global leadership imperatives to accurately compare candidates against our own internal talent. This proved especially important as the pandemic raised demand for specialist roles, particularly in technology, allowing Bupa Arabia to attract the right people for the role.

Our dental business in Spain

deployed an ambitious training programme. Our employees have completed significantly more training hours as a result.
Business practices

The Bupa Code outlines a clear set of standards for our people to adhere to. These standards are reinforced through our operating model, processes and policies. Our suite of controls and measures tells us whether our standards are being upheld so that if there are issues, we can identify the root cause and take appropriate action. These controls include risk framework assurance, employee surveys, audit findings and various management information metrics.

Inclusion and Diversity (I&D)

We continue to focus on Inclusion and Diversity. In 2020, the Black Lives Matter movement caused us all to reflect and unlock more open conversations about race and racial injustice. We remain committed to listening to and talking with our people to ensure we truly support and understand them. Our global executive team reaffirmed their personal and organisational commitment to a workplace and a world that is diverse, inclusive, tolerant, empowered and respectful.

We know that we have more to do. We strive to be an inclusive and diverse organisation that welcomes everyone of all beliefs, talents and backgrounds. We believe that teams of greater diversity provide us with the best opportunity to solve the business and social challenges that we face. And we have no tolerance for racism or discrimination of any kind.

We are working to improve representation of minority groups, reduce our gender pay gap and achieve balanced gender representation across Bupa. In 2020, female representation on both the Bupa Board (45% female representation) and Bupa Executive Team (42% female representation) were above the 35% target set out by the Women in Finance Charter, which reflects the UK HM Treasury’s aspiration to see gender balance across financial services.

Bupa is committed to Gender Pay Gap (GPG) reporting in all geographies. Whilst the GPG legislation and reporting requirements differ by country, we have a global ambition to remove the gap. Our key focus areas in driving a change and making a positive difference globally include:

- Working practices that reflect equality and fairness with more flexible roles and ways of working
- Attracting and promoting more females into senior roles
- Easier access to data to track progress and support action.

Our 2020 UK GPG was 18.7%, showing an increase of 3.2% but below sector average of 33.2%. See our 2020 GPG report published here: https://www.bupa.com/corporate/legal-notices/gender-pay-gap. (Other country reports for GPG are in progress at time of this report).

We provide an inclusive and accessible recruitment process ensuring there are no barriers to the career development and progression of disabled people. In the case that a member of staff becomes disabled during employment, we make every effort to enable them to continue working and provide appropriate training and support where needed.

Our approach to inclusion and diversity supports our ESG agenda (page 20-24) and is sponsored by two members of the executive team on our I&D steering committee. The Board also has a Board Diversity Policy which was last updated in December 2020 and is published here: https://www.bupa.com/corporate/who-we-are/corporate-governance/board-diversity-policy.

Recognition

Forbes World’s Best Employers

Bupa was ranked 83 out of 750 multinationals in the Forbes World’s Best Employers 2020 list - the highest ranking of an insurance or healthcare company. Areas measured include COVID-19 response, image, economic footprint, talent development, gender equality and social responsibility.

The Financial Times (Europe’s most inclusive companies)

In 2020, the Financial Times reviewed Europe’s most inclusive companies as ranked by employees, and Bupa ranked 359 out of 850 diversity leaders. Companies in the top 10 achieved 8.11 or higher out of 10, Bupa achieved 7.34 out of 10.

Inclusive Companies – Top 50 UK Employers

In the UK, we were ranked 9th in the Inclusive Top 50 UK Employers 2020/21 list, compiled by Inclusive Companies.

CIPD Middle East – Best Employee Engagement Initiative

Bupa Arabia achieved recognition from CIPD Middle East who award top employers in the Middle East for their people practices.
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.
Environment & Climate Action Programme
Oversees the development and delivery of our decarbonisation and sustainable resource usage agenda.

Sustainability & Corporate Affairs Executive Team
Focuses on the delivery of ESG activation in businesses, and leads advocacy and social contribution.

Responsible Business Conduct & Reporting
Ensures governance, horizon-scanning and consistency of external reporting of material themes at an Enterprise level.

Market Unit and Business Unit teams
Operationalises and localises ESG activities

Other Global Executive Teams & Networks
Subject-specific teams, networks and working groups

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.

The World
Environment and human health
Social contribution and campaigns

Value chain
Partners
Suppliers
Investments

Bupa
Customers
Direct footprint
People

Collaboration

Governance

Further information is communicated on bupa.com.
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.

MSCI ESG RATINGS

A

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Disclosures and relevant external publications

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Responsible Supply Chain Management: 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: https://www.bupa.com/corporate/legal-notices/responsible-supply-chain

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: https://www.bupa.com/corporate/legal-notices/bupa-speak-up

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. 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: https://www.bupa.com/corporate/legal-notices/approach-to-tax

Gender Pay Gap: We publish our annual Gender Pay Gap report for our operations in the UK. The 2020 report can be read here: https://www.bupa.com/corporate/legal-notices/gender-pay-gap

Modern Slavery Statement: Bupa is committed to combating 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: https://www.bupa.com/corporate/legal-notices/modern-slavery-statement
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.

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.

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 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.

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

<table>
<thead>
<tr>
<th>UK-based energy and carbon footprint</th>
<th>Quantity</th>
<th>Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy usage (fuel used in fleet and buildings and electricity from grid and solar generation)</td>
<td>152,819</td>
<td>MWh</td>
</tr>
<tr>
<td>Footprint Scope 1 &amp; 2: Location based (grid average factors)</td>
<td>31,422</td>
<td>tCO₂e</td>
</tr>
<tr>
<td>Footprint Scope 1 &amp; 2: Market based (account for tariff-specific footprint)</td>
<td>19,142</td>
<td>tCO₂e</td>
</tr>
</tbody>
</table>

Intensity

<table>
<thead>
<tr>
<th>Intensity</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>All customers</td>
<td>3.80</td>
</tr>
<tr>
<td>(Insurance, provision and aged care)</td>
<td>5,040 thousand customers</td>
</tr>
<tr>
<td>Energy intensity</td>
<td>30.32</td>
</tr>
<tr>
<td>(MWh/ thousand customers)</td>
<td></td>
</tr>
<tr>
<td>Scope 1&amp;2 market based intensity</td>
<td>3.80</td>
</tr>
<tr>
<td>(tCO₂e/ thousand customers)</td>
<td></td>
</tr>
</tbody>
</table>

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.

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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).
Engaging with our stakeholders

The Board has a duty to achieve Bupa’s purpose of helping people live longer, healthier, happier lives. It does this by having regard for the interests of our customers, our people, the impact of our operations on the communities in which we operate, and on the environment, our relationship with our suppliers and partners, and by ensuring that we maintain a reputation for high standards of business conduct.

Bupa’s status as a company without shareholders means that we can reinvest our profits into providing more and better healthcare for the benefit of current and future customers.

Our key stakeholders are our customers and our people. Our Association Members (AMs), bondholders, regulators, suppliers, partners and the communities we operate in are also important stakeholder groups. All key Board decisions take into account the impact on relevant stakeholders.

Increasingly, stakeholders are looking to understand our performance across multiple areas – from financial performance to products and services, innovation, governance, workplace practices and corporate citizenship. The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of different stakeholder groups do not align, the Board must decide on the best course of action to promote Bupa’s long-term success.

The pandemic required us to adapt our approach to engaging with our stakeholders to reflect their changing needs and expectations in light of the pandemic as a result of lockdown restrictions and different ways of working.

Customers
As a healthcare business without shareholders, we are focused on serving our customers. We champion quality, medically evidenced treatment and care, creating shared value. We seek to deliver value for money, provide exceptional care, keep our customers’ data safe and help customers navigate the complex world of healthcare. The Board receives regular reports tracking key customer metrics, such as NPS scores, complaints and customer research, to track how we are performing for our customers. From these reports, the key issues that our customers raise include:
- affordability of health insurance
- high-quality products with broad coverage and high standards of care
- simpler and quicker access to services, such as through digital applications.

The Board is regularly updated on matters affecting Bupa’s customers via the CEO’s reports, through Market Unit and Business Unit updates and via specific customer performance updates.

More information can be found on pages 12-15

People
As a service organisation, our people are key to our business. We want our people to feel engaged and empowered to deliver great outcomes for our customers and be healthier and happier themselves.

We operate several lines of business in numerous markets and the issues important to our people vary by market and business. Our approach is therefore led locally, with all teams planning actions in the light of regular people surveys, and local boards and management teams engaging with their people on the issues important to them.

Regulators
Bupa operates in highly regulated environments across all its business areas. Regulators ultimately aim to make sure that we have the financial resources and the Risk Management Framework necessary to protect customers and ensure that they receive high levels of care and are treated fairly. This clearly aligns with our strategy to put our customers front and centre. Our regulators expect us to:
- maintain sufficient capital, with specific requirements for reserves in our insurance businesses
- provide high-quality, clinically robust services
- ensure that we operate in a sustainable way.
- have robust and effective processes and controls in place to mitigate risks to protect our customers.

We have a regular programme of interaction with the Group’s lead insurance regulator, the Prudential Regulation Authority (PRA), and engage with them on key Board decisions. Senior members of the management team, the Chairman and the Chairs of the Board’s standing committees have regular meetings with the PRA.
Section 172(1) statement
Engaging with stakeholders continued

**Investors**

The Group has a number of debt securities in issue through Bupa’s subsidiary company, Bupa Finance plc, which is therefore required to operate in accordance with the relevant UK Listing Rules and Disclosure Guidance and Transparency Rules. Briefing calls are held for bondholders to discuss the full year and half year results. This provides an opportunity for them to question management on Bupa’s financial performance and strategy. We hold roadshows for bondholders annually, and other significant developments are communicated via regulatory announcements, press releases and published on our website: bupa.com.

Investors are interested in the Group’s financial performance and strength and also in our wider ESG and sustainability activities.

**Association Members**

We appoint AMs to carry out the governance and oversight role usually performed by shareholders. This includes voting on resolutions at the Annual General Meeting (AGM) that shareholders of a UK public listed company would typically be asked to approve. All Board Directors are automatically appointed as AMs. All AMs, other than Directors (who serve as AMs during their tenure as Directors), normally serve for an initial term of ten years, which can be extended for further terms of five years. AMs have no equity holding in Bupa and no right to dividends, only receiving reasonable expenses for travelling for Bupa meetings or events. They are eminent individuals in their own field, coming from a diverse range of sectors including international businesses – with an emphasis on insurance and financial services, healthcare, academia, non-governmental organisations, regulatory and public service.

AMs are selected based on recent and relevant experience in their field, independence from Bupa, the capacity to make a contribution and experience in the key overseas markets in which Bupa operates. We engage with AMs through the AGM, which usually includes a seminar providing an in-depth view of a particular aspect of the business, calls on our half year and full year results, briefing sessions on the business each year, and regular email updates. As a result of the pandemic, our events for AMs, including the AGM, were held predominantly online rather than in person during 2020 and we adapted the approach to and content of our events accordingly. The frequency of updates to AMs was increased during the height of the pandemic so that they were fully briefed on Bupa’s response to the pandemic in order to be able to carry out their oversight responsibilities.

The Group CEO, Chairman, Senior Independent Director and Group Company Secretary are available to the AMs throughout the year. AMs are interested in all aspects of the business that affect stakeholders – from strategy and performance to our products and services, our people and the standard of care provided to customers.

**Communities and the environment**

We play our part in society, helping to build healthier and more resilient communities and having a positive impact on the environment. We have dedicated Foundations in Australia, Spain and the UK to channel some of our investment.

Our ESG and sustainability strategy includes workstreams focusing on Community and the Environment and Climate Action. As part of our focus on the Community, we established a Healthy Communities Fund, which is being directed towards mitigating the impact of COVID-19 for those hardest hit, with a particular focus on mental health and wellbeing in schools.

We continue to evaluate the business risks and consequences of climate change, closely managing our environmental impact, embedding a strategy for reducing our environmental footprint and assessing how Bupa can contribute in areas outside of our direct control.

More information can be found on pages 23-24

**Suppliers and partners**

Our suppliers and partners are critical to delivering a high-quality service to our customers and include hospitals, medical consultants and other healthcare professionals, systems suppliers and suppliers of products to our hospitals, clinics, dental centres and care homes. We aim to treat our suppliers fairly, holding ourselves to high standards of business conduct. We work with our suppliers to ensure that they have effective controls in place to protect our customers’ health and safety and the security and privacy of their data.
## Board decisions and their impact on stakeholders

The table below sets out a number of decisions taken by the Board during the year and how stakeholder views were taken into account. Further information on some of these decisions can be found in the Governance section on page 42.

<table>
<thead>
<tr>
<th>Decision</th>
<th>How we took stakeholders into account</th>
<th>Long-term implications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Helping customers through the pandemic</strong></td>
<td>Customers: In March, the Board approved a proposal from Bupa ANZ to defer the scheduled increase to Australia health insurance premiums on 1 April, which had been approved by the Australian Government. The deferral of these premium increases was part of a package of measures, implemented by Bupa ANZ management with the Board’s support, to help customers cope with the impacts of the pandemic, including, for example, the launch of a financial hardship scheme, which was accessed by close to 50,000 customers. In April, the Board approved a proposal from Bupa’s UK insurance business to pass on any exceptional financial benefit ultimately arising from the pandemic to its UK health insurance customers. The decision was made when it was anticipated that clinical treatments that customers would normally receive would be deferred as the healthcare system focused on responding to the pandemic and as access to services was restricted due to government-mandated lockdowns. At the time of this decision, it was not yet possible to predict the full impact of the pandemic on customers or on the Group’s long-term financial position. We also permitted premium suspensions to the customers that needed them. The Board also approved a proposal from the management of Bupa Global to change its IPMI policy terms to remove exclusions for claims related to pandemics. This decision benefitted customers, because it allowed Bupa Global to pay IPMI claims in line with individual policy terms, benefits and limits, relating to the diagnosis and treatment for each customer, including for the treatment costs of hospitalisation and medicines related to COVID-19. The Board concluded that it was right to accept the short-term financial impacts of these decisions in order to do the right thing by our customers, which also strengthens our reputation among our current and future customers in the longer term. The response in each market took account of the local environment, including customers’ and regulators’ expectations. More information can be found on page 13</td>
<td>Being a responsible business and doing the right thing underpins our long-term success and, as an organisation without any shareholders, our customers come first. These Board decisions are in line with the vision to be the most trusted health insurer and provider, which means being there for our customers whenever they need us, now and in future.</td>
</tr>
<tr>
<td><strong>Bond issuances and redemptions</strong></td>
<td>Customers, regulators and bondholders: The Board is responsible for promoting Bupa’s long-term sustainable success and ensuring that the necessary resources are in place to meet its objectives. In May, the Board approved the issuance of two tranches of debt, with part of the proceeds used to redeem the previously issued restricted Tier 1 bond on its call date in September 2020. Maintaining a strong capital base and access to liquidity means that the Group has the resources now and in future to be able to maintain and improve its offer to customers. The pandemic heightened financial services regulators’ concerns that all insurance companies should be adequately resourced to protect the companies concerned, and the interests of their customers. The bond issuance enabled Bupa to demonstrate that it would continue to hold sufficient capital reserves and could continue to comply with the relevant capital adequacy regulations. Companies that can demonstrate financial stability attract and maintain support from a stable bond investor base and can secure more efficient capital-raising terms. The bond transactions attracted strong demand from bond investors, with the combined bond offer being twice oversubscribed. More information can be found on page 49</td>
<td>The issuance of these bonds and the redemption of the previously issued restricted Tier 1 bond enabled us to continue to: - enhance our strong liquidity and capital positions and extend our debt maturity profile - maintain our good standing in the bond market by meeting investors’ expectations through redeeming our Tier 1 bond on the first call date - improve our offer to our customers and to generate sustainable long-term growth.</td>
</tr>
</tbody>
</table>
Section 172(1) statement
Engaging with stakeholders continued

<table>
<thead>
<tr>
<th>Decision</th>
<th>How we took stakeholders into account</th>
<th>Long-term implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia health insurance strategy review</td>
<td>Customers, people and suppliers: In June, the Board considered management’s review of the Australia health insurance business, in the context of the challenging market conditions, and endorsed the associated strategic proposals. The strategy focuses on: enhancing the product offer to customers; optimising sales and distribution channels; improving claims management; and working with hospitals and other providers to deliver affordable, quality outcomes to Bupa customers and their patients. The strategy is underpinned by a restructured operating model and over 100 initiatives managed through a dedicated programme management office, which is also responsible for engaging our people in supporting these changes. More information can be found on page 49</td>
<td>This decision was in line with the Board’s responsibility for setting, monitoring, reviewing and adapting Bupa’s strategy to ensure that long-term strategic objectives are met. The decision was also informed by the need to ensure the wider long-term sustainability of the Australia health insurance industry for the benefit of customers, suppliers of clinical services, and people working in all aspects of the industry.</td>
</tr>
<tr>
<td>Looking after our people during the pandemic</td>
<td>People: The impact of the pandemic put a great deal of pressure on all our people, particularly those in the frontline of the response in our healthcare provision and aged care businesses. From an early stage of the pandemic, the Board was kept informed of and gave guidance to management regarding how Bupa looked after its people. In particular, the Board was appraised of and considered matters such as employee wellbeing, additional financial support (increases in pay, and access to hardship funds and additional support), maintaining the stability of the workplace (including the redeployment of staff), health and safety, working from home arrangements, and managing the safe return to our offices and other facilities. Communication to and from our people was also crucial, and the Board considered the results of employee surveys, which were carried out during the first half of the year, in the period shortly after the pandemic was at its height in many of our markets. More information can be found on pages 17-18 and page 48</td>
<td>Investing in support for our people, and recognising their hard work during the challenging circumstances of the pandemic, was the right thing to do during the unprecedented situation. Being a responsible business and doing the right thing underpins our long-term success, and our people are crucial to the delivery of Bupa’s purpose and to the strength of our organisation. Companies that care for their people and treat them fairly will also continue to attract high-quality talent in the future.</td>
</tr>
<tr>
<td>Changes to Bupa’s UK pension schemes</td>
<td>People: The Board reviewed management’s proposals to review and transform Bupa’s pension schemes in the UK. In considering the impact of the changes, the Board was conscious of the need to balance the interests among employees themselves, as well as to consider the wider impact on Bupa’s finances, including its capital and liquidity position; the regulatory impact; and the wider communication of the changes to external stakeholders. The Board also considered the consequences for the business of not taking any action, which would allow current inequalities to persist, create barriers to mobility amongst employees moving between Bupa’s businesses and hinder Bupa’s ability to grow through recruitment, acquisition integration, re-organisations and employee redeployment within the UK.</td>
<td>A simpler, more equitable, engaging and efficient pension offer is an important factor in retaining and attracting good people to work for Bupa. Harmonising UK pension schemes removes obstacles to Bupa’s growth plans and so helps the long-term sustainability of the business.</td>
</tr>
</tbody>
</table>
Our Market Units

Australia and New Zealand

Revenue increased by 3% to £4,737m at CER. Underlying profit was £113m, a decrease of 28% at CER driven by losses in Australian Aged Care, as well as declines in Australian Health Insurance and New Zealand Aged Care.

At the start of 2020, many parts of Australia experienced severe bushfires. Three care homes in regions under threat were temporarily evacuated and we provided a disaster relief package for affected customers and communities. The impact of COVID-19 was significant, affecting our care homes, retail stores, dental, optical and medical clinics and workplaces, particularly in Victoria, which was under strict restrictions for several months.

In Australian Health Insurance, revenue was down due to the actions we took to support customers as a result of COVID-19. We delayed the approved premium rate increase for all customers for six months and launched a £20m financial hardship scheme in the form of premium waivers, discounts and suspensions. This was accessed by close to 50,000 customers. Membership volumes were down by 1% due to restrictions on movements and retail store openings. Incurred claims were lower due to lockdown restrictions on health providers and the suspension of non-urgent elective surgery. The combined operating ratio (COR) was 95% (2019: 94%). We maintained our position as a leading health insurer, with 25% market share. In response to the pandemic, we were the first health insurer in the Australian market to fund claims for services delivered via telehealth. We also introduced new mental health support, innovative diabetes management options and a new physiotherapy treatment service supported by virtual reality.

We continue to invest in meeting our customers’ evolving needs and advocate for reforms to enhance the delivery and affordability of healthcare in Australia.

Health Services in Australia delivered revenue growth with the inclusion of a full year of the Australian Defence Force (ADF) contract, which started in 2019. While revenue in Dental and Optical improved, both businesses were adversely impacted by pandemic restrictions. We received Government COVID-19 JobKeeper financial support for eligible employees in our Dental and Optical businesses. This enabled us retain jobs and be able to meet community needs for services as lockdown restrictions eased. Revenue for Medical Visa Services finished largely in line with the prior year.

We supported the ADF throughout 2020 including commencing hearing assessments to personnel and acquiring two optical stores to enhance accessibility. We expanded our dental portfolio with two new brands - Clearly Dental and Mint*d, a hygiene-led model targeted at millennials.

Revenue in Australian Aged Care remained flat and the closing occupancy rate was 85% (2019: 83%). An underlying loss resulted largely from increased staff and operating costs, including costs of PPE. We introduced restrictions on resident admissions in line with guidance from local authorities to protect residents and our people. From July, care homes in Victoria were affected during the second wave of COVID-19, where we implemented precautionary measures and strict infection control protocols. By October, all our homes were clear of outbreaks and open again to visitors. Throughout 2020, we made significant improvements in our operating model and addressed previous compliance issues. Our last homes came off regulatory sanction in May. We continue to engage with the Royal Commission into Aged Care Quality and Safety, which has just published its final report. As part of our portfolio optimisation programme, we sold three and closed one of our homes in December, and announced the closure of four more homes in January 2021.

In New Zealand Aged Care, revenue improved with the closing care home occupancy rate increasing to 91% (2019: 89%). Village unit sales also improved increasing to 260 units (2019: 226 units). Underlying profit decreased due to higher staffing, COVID-19 related costs and lower Investment Property valuation uplift. In November, we announced an agreement to divest our rehabilitation business, which will complete in 2021, subject to regulatory approvals.

1. Combined operating ratio is an alternative performance metric for insurance businesses. It is calculated based on incurred claims and operating expenses divided by net earned premiums.
2. Bupa HI Pty Ltd (Australia) based on S.05.01 Prudential Regulation Authority (SII) form (estimated and unaudited).
3. Australian Prudential Regulation Authority (APRA).

Revenue

£4,737m
2% AER 2019: £4,652m
3% CER 2019: £4,589m

Underlying profit

£113m
(29)% AER 2019: 160m
(28)% CER 2019: £158m

Customers

3.9m Health insurance
1.4m Healthcare provision
5,800 Aged care, Australia
3,500 Aged care, New Zealand

Revenue by business

A. Bupa Health Insurance 78%
B. Bupa Health Services 12%
C. Bupa Villages and Aged Care Australia 7%
D. Bupa Villages and Aged Care New Zealand 3%
Revenue grew by 3% and underlying profit grew by 19% at CER mainly driven by our insurance businesses, partially offset by the performance in our provision and aged care businesses.

Our health insurance business in Spain, Sanitas Seguros, delivered solid revenue growth, partly driven by increased customer numbers (an additional 33,000). Underlying profit grew because of higher revenues together with lower claims. This was partly driven by lockdowns reducing the availability of health provision. The COR improved to 84%⁴ (2019: 89%). We significantly enhanced our digital offer so that customers could continue to access advice and care from home. We launched BluaU, the second generation of our digital proposition, with new functionality. The number of our customers who accessed services digitally increased by 24% year on year. We expanded our network of doctors to 3,100 covering 37 specialties. The number of virtual consultations delivered was over 640,000, 15 times higher than 2019. Our bancassurance partnerships continued to develop. We now have over 300,000 customers with BBVA. In September, we signed a partnership with Banco Sabadell which reached 8,500 customers by the end of the year. As part of our response to COVID-19, we waived the pandemic exclusion clause in policies and introduced new coverage for the antigen test. We also provided premium relief to those in financial hardship.

In our dental business in Spain, performance was impacted by the temporary closure of the majority of our centres due to restrictions. Activity recovered quickly with new operating protocols to ensure the safety of our patients and people. We launched a dental video consultation service and opened nine new dental centres during 2020, closing the year with a total of 200. In our Hospitals and New Services business in Spain, revenue declined during the lockdown period. We made an underlying loss mainly as a result of the temporary suspension of elective treatments. We contributed to the national response, doubling ICU bed capacity by creating two field hospitals in Madrid, attached to our La Moraleja and La Zarzuela hospitals. These hospitals supported both the public and private health systems. We developed Salud Conectada, a service linked to our BluaU insurance offer that allows the remote monitoring of patients by wearables. During the year, we treated around 29,000 patients with COVID-19 in our facilities. In September, we opened a COVID-19 testing laboratory which tested over 200,000 people by the end of 2020.

Our aged care business in Spain, Sanitas Mayores, had a year-on-year decline in revenue and made an underlying loss due to reduced occupancy levels as we regrettably experienced an increase in deaths from COVID-19 among our residents. Occupancy was further affected by admission restrictions to protect residents and our people. Our closing occupancy rate was 76% (2019: 96%). We took steps to reduce the spread of infection and worked closely with the public health system. We launched a new insurance product for our aged care residents, provided by Sanitas Seguros, to increase access to video consultations and medical tests and provide 24/7 access to medical professionals.

In Chile, revenue declined, and we made an underlying loss in our hospitals and clinics businesses because of reduced activity due to the pandemic. We worked closely with the government and health authorities to provide additional capacity to the national system. Our insurance business saw steady increases in revenue and good profit performance, reflecting lower claims during the pandemic. To alleviate pressure on customers we also delayed the approved premium increase until 2021. We invested in telehealth and digital products and launched the MiBupa app, connecting insurance patients to our hospitals and clinics.

In Poland, LuxMed delivered good revenue growth, driven by the corporate medical subscription business which offset the impact of restrictions on our clinical centres. Underlying profit growth was also robust. We continued to enhance and expand telehealth and digital health services. We expanded our portfolio of clinics and acquired a hospital in Warsaw.

As part of our response to the pandemic, we made this hospital available to the public system to treat COVID-19 patients.

In Turkey, our health insurance business Bupa Acıbadem Sigorta, delivered increased revenue and improved underlying profit. Our portfolio grew by 7% year on year to around 653,000 customers driven by new contract wins, an enhanced digitalised offer and COVID-19 coverage.

We made progress implementing the restructure of Bupa Global Latin America (BGLA) into three business units: Care Plus in Brazil, Bupa Mexico and a new BGLA with insurance operations across Guatemala, Panama, Dominican Republic, Colombia, Ecuador and Bolivia. Care Plus delivered strong performance and increased its digital services portfolio. Bupa Mexico made good progress in developing products for the domestic market and announced the acquisition of Vitamedica, a third-party administrator. This transaction completed in January 2021. The new BGLA business grew in customer numbers in domestic markets.

4. Sanitas S.A de Seguros (Spain): Prepared under local GAAP (unaudited)
Revenue was down by 6%, with underlying profit down 5% at CER. This mainly reflected the impact of COVID-19 on our health provision businesses and our UK return of premium commitment.

UK Insurance revenue on an underlying basis was up, driven by growth in customer numbers towards the end of 2019 and early 2020. Although underlying profit was higher in 2020 as a result of lower claims because of disruption to treatments, we expect a proportion of these claims to rebound during 2021. Any exceptional financial benefit ultimately arising from our UK PMI business will be passed back to customers. We responded quickly to the pandemic to support our customers with their physical and mental health. We enhanced services to provide remote, direct access to GPs, physiotherapists and nurses, and consultants via video or phone. Use of our Digital GP service has doubled since April with around 5,000 appointments per week. We launched new remote services for fast detection of skin cancers and heart problems, expanded our chemotherapy at home service and introduced virtual oral assessments for dental insurance customers. To help customers manage their policies online, we started rolling out our Bupa Touch digital platform to corporates, with over 100,000 registrations in total.

Our agreement with CS Healthcare, a friendly society, completed in January 2021 and its 17,500 health insurance members and business transferred to Bupa.

In Bupa Global, our International Private Medical Insurance (IPMI) business, revenue was stable while underlying profit grew, reflecting favourable claims performance. During the pandemic we saw a significant increase in customers using our Global Virtual Care app which provides remote access to a global network of doctors. Our enhanced mobile app, alongside our digital web services, enabled more customers to manage claims and policies online. This resulted in over 65% of our customers interacting with us through digital channels in 2020. We provided full cover for COVID-19 care, giving reassurance of access to healthcare and support to our globally mobile customers.

The COR for Bupa Insurance Limited, the UK-based insurance entity that underwrites both domestic and international insurance, improved to 92% due to favourable claims performance in both our PMI and IPMI businesses (2019: 95%). Whilst a provision is held at the year end for our UK return of premium commitment, we expect a portion of the claims deferred during 2020 to rebound in 2021 which will have an adverse impact on the 2021 COR.

In UK Dental, revenue reduced and we incurred an underlying loss due to the temporary closure of practices for routine care. We invested in adapting operating and safety procedures to keep our people and customers safe and reduce the downtime required between patients due to new infection control requirements. We partnered with the NHS to offer telephone advice to patients, prescribe medicines and provide emergency face-to-face care, including through 11 urgent dental centres.

We are continuing to address recruitment challenges by attracting more clinicians into corporate dentistry and positioning Bupa as a dental employer of choice, while also focusing on overcoming potential barriers for overseas recruitment.

Revenue in UK Care Services was down and the business made an underlying loss due to the impact of COVID-19. Our closing occupancy rate at December 2020 was down to 82% (2019: 87%). This was due both to reduced resident admissions and the sad loss of a number of our residents with COVID-19. Occupancy started to recover but was impacted by the second wave of the pandemic. Property sales were also down in Richmond Villages, where viewings were impacted by lockdown. The safety of our residents and people remains the key priority. We invested considerably in PPE, introduced whole home testing and followed government guidance to reduce infection and prepare for the winter flu season. We increased video technology to keep residents connected with loved ones when there were visitor restrictions.

Performance in our Health Services business was down, reflecting the temporary closure of clinics. We expanded virtual appointments for musculoskeletal conditions and GP services and launched the new Be.Well range of health assessments with added mental health support. We continued to develop our COVID-19 testing services. At the Cromwell Hospital, we opened a radiotherapy unit in partnership with Genesis Healthcare, and a new intensive care unit. The hospital worked in partnership with NHS England throughout the first wave of pandemic, providing time critical cancer and cardiac care for NHS patients.

In January, we launched our new mental health brand campaign ‘Is It Normal?’ focusing on tackling the stigma surrounding mental health and raising awareness of the support available via our online Mental Health Hub. The campaign ran again in September.
Revenue in our Hong Kong business was flat at CER, with the impact of reduced activity in our clinics due to the pandemic offset by improved performance in insurance. Underlying profit in other businesses was up 33% to £61m. This was partly as a result of: lower claims in Hong Kong Insurance; and favourable performance in our associate businesses Bupa Arabia (with results up to Q3 2020 reported to the Saudi Stock Exchange or Tadawul) and Max Bupa in India. In August, we further increased our stake in Bupa Arabia by 4% to 43.25%.

### Revenue

<table>
<thead>
<tr>
<th></th>
<th>£494m</th>
</tr>
</thead>
<tbody>
<tr>
<td>AER 2019</td>
<td>£488m</td>
</tr>
<tr>
<td>CER 2019</td>
<td>£491m</td>
</tr>
</tbody>
</table>

### Underlying profit

<table>
<thead>
<tr>
<th></th>
<th>£61m</th>
</tr>
</thead>
<tbody>
<tr>
<td>AER 2019</td>
<td>£46m</td>
</tr>
<tr>
<td>CER 2019</td>
<td>£46m</td>
</tr>
</tbody>
</table>

### Customers

| Health insurance | 7.4m |
| Healthcare provision | 1m |

### Share of revenue by business

- A. Hong Kong SAR 25%
- B. Bupa Arabia 71%
- C. Max Bupa 3%
- D. Other 1%

1. Revenues from our associates are excluded from our reported figures. Customer numbers and the appropriate share of profit from these businesses are included in our reported figures.
2. Chart includes our share of revenues from associates to give a sense of scale.
Financial review

| Revenue | £12.1bn |
| Statutory profit/(loss) before tax | £410m |
| Underlying profit | £388m |
| Net cash generated from operating activities | £1,343m |
| Solvency II capital coverage ratio¹ | 160% |

The 2020 Solvency II capital position, SCR and coverage ratio are estimates and unaudited.

Joy Linton
Chief Financial Officer
(outgoing March 2021)

Overview

Revenue was £12.1bn, in line with prior year (2019: £12.1bn at CER), and underlying profit was £388m, down 4% (2019: £404m at CER). The Group’s underlying results reflect volatile trading conditions caused by the COVID-19 pandemic. Despite this, the diversified nature of our operating businesses resulted in an underlying profit that was only marginally reduced on prior year.

Our statutory profit before taxation was £410m, up £488m compared to a statutory loss of £78m (at AER) in 2019, as a result of non-recurring goodwill impairments in 2019. Despite the pandemic, our investment in technology capabilities continued although at a slightly lower level than the prior year.

We generated cash from operating activities of £1,343m, up £646m, largely reflecting the delay in claims outflows in the insurance businesses.

Our Solvency II capital coverage ratio of 160% at 31 December 2020 remained strong and comfortably within our target working range of 140-170%. This is regarded as the range within which we would expect to operate in normal circumstances.

In June, Bupa Finance plc issued two tranches of debt: £300m 1.750% fixed rate senior notes due 2027, and £350m 4.125% fixed rate, Tier 2 subordinated notes due 2035. These bonds improve our liquidity and debt maturity profiles. In September, the £330m restricted Tier 1 bond was repaid on its call date.

Revenue (CER)

Revenue was broadly flat as a result of growth in our Australia and New Zealand and Europe and Latin America Market Units, offset by a decline in Bupa Global and UK.

By business lines, revenue in our health insurance businesses stayed broadly flat. Our insurance portfolio in ELA grew but this was offset by COVID-19 impacts and by the targeted actions we took across our markets worldwide to support our insurance customers. These included removing pandemic exclusions for COVID-19, delaying approved premium increases, our UK return of premium commitment, and supporting those experiencing financial hardship.

Our health provision businesses saw revenue growth of 3% with the full year contribution of the ADF contract in Australia, which came into effect from 1 July 2019, offset by COVID-19 impacts as many of our facilities were temporarily closed due to government-imposed restrictions.

In our aged care businesses, revenue was down 3% on 2019. Occupancy rates were significantly reduced as a result of local restrictions on new resident admissions into homes. Tragically, we also lost a number of our residents to COVID-19 in Spain, UK and Australia.

Underlying profit (CER)

Group underlying profit declined by 4% to £388m (2019: £404m at CER). Overall, our insurance profits have increased, however this was more than offset by losses in provision and aged care reflecting the significant disruption to services from lockdowns, government restrictions and additional costs from COVID-19.

For our largest line of business, health insurance, underlying profit increased, due to the reduced levels of claims as countries applied lockdown measures that restricted availability of private healthcare and postponed elective procedures, particularly in the early stages of the pandemic. At half year, this restriction on supply led us to hold deferred claims reserves, where we had a constructive obligation to service claims deferred until after the reporting date, which could postdate the customer’s contract period. During the second half, private healthcare generally returned to full capacity in all our markets and customers have since been able to access treatment, and no such obligation remains. Although claims have rebounded, it is clear that the ongoing impact of the pandemic means some claims volumes postponed from 2020 may rebound beyond the year end. For Australian Health Insurance, local regulation has required us to hold a reserve of £171m, reflecting our estimate of the likely rebound. In addition to this reserve, the impact of reduced claims across the businesses has been offset by delayed premium rises in Australian Health Insurance and Chile, and hardship discounts in Australia and the UK. As noted, we are also holding a premium reserve to satisfy our UK return of premium commitment.

We incurred an underlying loss in our health provision businesses. Across our markets, there were temporary closures at several points throughout the year, with a variety of government restrictions, such as mandated time gaps between dental appointments, and higher PPE costs. Many of these restrictions were eased in the second half of 2020 but have continued in some form into 2021.
We experienced an underlying loss in aged care due to a decline in occupancy and higher costs, particularly agency staffing and PPE costs which increased as a result of the pandemic. Occupancy rates were at their lowest in May and June, as the pandemic affected our four aged care markets with strict restrictions on new admissions. Since then, as restrictions to admissions have been lifted, occupancy rates have increased, particularly in ANZ. At the end of December 2020, the number of residents across the four countries in which we operate aged care businesses was down around 2,000 or 9% on 2019.

Central expenses and net interest margin of £80m were £9m higher (2019: £71m at CER) as comparatively lower interest rates adversely impacted investment returns. This was partly offset by savings arising from simplifying our organisation structure in 2019 to remove the International Markets Market Unit, thus lowering central costs.

Statutory profit (AER)
Statutory profit before taxation was £410m compared to a £78m loss in 2019, largely as a result of non-recurring goodwill impairments in 2019 of £443m.

In 2020, non-underlying items totaled £22m profit, compared with £494m loss in 2019. The key items in 2020 were property revaluation gains in our ANZ care homes, lower foreign exchange losses compared to 2019, and lower losses on disposals of businesses and transaction costs on business combinations. This was partly offset by lower gains in our return seeking assets as credit spreads widened following the onset of COVID-19, in contrast to gains made on these assets in 2019.

Taxation
The Group’s effective tax rate for the period was 4.4% (2019: negative 17.1%), which is higher than the current UK corporation tax rate of 19%. This is mainly due to a one-off deferred tax charge (£68m) as a result of the change in the basis of recognition of the pension surplus following the closure of the UK defined benefit scheme to future accrual (see note 2.6). In addition, all other UK deferred tax balances were revalued as a result of the change in the enacted UK tax rate (from 17% to 19%) increasing the overall tax charge by a further £15m. If these exceptional items are removed Bupa’s effective tax rate would be 24%, which is in line with expectations and higher than 19% due to significant profits arising in overseas locations with a higher statutory tax rate than the UK.

Following an IFRIC clarification published in the year, Multiple Tax Consequences of Recovering an Asset (IAS 12 Income Taxes), the Group’s deferred taxation accounting policy has been amended to take into account the multiple consequences of asset recovery, which impacts the accounting for some indefinable lived intangibles in the ANZ segment. The 31 December 2019 consolidated statement of financial position has been restated as a result, with goodwill increasing by £27m and an offsetting increase in deferred tax liabilities.

<table>
<thead>
<tr>
<th>Segment</th>
<th>2020 £m</th>
<th>2019 £m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia and New Zealand at CER</td>
<td>113</td>
<td>158</td>
</tr>
<tr>
<td>Europe and Latin America at CER</td>
<td>184</td>
<td>155</td>
</tr>
<tr>
<td>Bupa Global and UK at CER</td>
<td>110</td>
<td>116</td>
</tr>
<tr>
<td>Other businesses at CER</td>
<td>61</td>
<td>46</td>
</tr>
<tr>
<td>Underlying profit for reportable segments at CER</td>
<td>468</td>
<td>475</td>
</tr>
<tr>
<td>Central expenses and net interest margin at CER</td>
<td>(80)</td>
<td>(71)</td>
</tr>
<tr>
<td>Consolidated underlying profit before taxation at CER</td>
<td>388</td>
<td>404</td>
</tr>
<tr>
<td>Foreign exchange re-translation on 2019 results (CER/AER)</td>
<td>–</td>
<td>12</td>
</tr>
<tr>
<td>Consolidated underlying profit before taxation at AER</td>
<td>388</td>
<td>416</td>
</tr>
<tr>
<td>Impairment of intangible assets and goodwill arising on business combinations</td>
<td>(12)</td>
<td>(443)</td>
</tr>
<tr>
<td>Net loss on disposal of businesses and transaction costs on business combinations</td>
<td>(1)</td>
<td>(31)</td>
</tr>
<tr>
<td>Net property revaluation gains</td>
<td>26</td>
<td>6</td>
</tr>
<tr>
<td>Realised and unrealised foreign exchange losses</td>
<td>(2)</td>
<td>(23)</td>
</tr>
<tr>
<td>Gains on return-seeking-assets, net of hedging</td>
<td>15</td>
<td>28</td>
</tr>
<tr>
<td>Other non-underlying items</td>
<td>(4)</td>
<td>(31)</td>
</tr>
<tr>
<td>Total non-underlying items</td>
<td>22</td>
<td>(494)</td>
</tr>
<tr>
<td>Statutory profit/(loss) before taxation at AER</td>
<td>410</td>
<td>(78)</td>
</tr>
</tbody>
</table>
Cash flow

Net cash generated from operating activities increased by £646m to £1,343m primarily as a result of the lower claims paid due to the disruption of elective healthcare procedures and a one-off tax settlement in 2019 in Australia.

Net cash used in investing activities increased by £339m to £904m in 2020 with higher deposits and net investments in financial assets being made in the year as a result of lower claims paid. During the year, we increased our investment in Bupa Arabia by 4% and made a small number of dental and clinic acquisitions. We have continued to invest in IT infrastructure during 2020 albeit at a slower rate than 2019.

Net cash generated from financing activities decreased to £209m, a change of £10m from last year.

Funding

We manage our funding prudently to ensure a strong platform for continued growth. A key element of our funding policy is to target an A+/A3 senior credit rating for Bupa Finance plc, the main issuer of Bupa’s debt.

In March 2020, Fitch downgraded Bupa Finance plc’s Long-Term Issuer Default Rating (LT IDR) to ‘A’ from ‘A’, and senior and Tier 2 bonds one notch to BBB+ and BBB− respectively. Fitch affirmed Bupa Insurance Limited’s Insurer Financial Strength (IFS) rating and LT IDR as A+ (Strong) and A respectively. The outlook on both Bupa Finance plc’s LT IDR and Bupa Insurance Limited’s IFS ratings is stable. In April Moody’s affirmed Bupa Insurance Limited’s Insurance Financial Strength Rating at A1 and affirmed the senior and subordinated debt ratings of Bupa Finance plc, while changing the outlook from stable to negative. The senior and Tier 2 bond ratings stand at A3 and Baal.

Following the annual review of Bupa’s ESG rating with MSCI in December 2020, Bupa received an upgrade to an A rating in January 2021.

The key development in 2020 was the issuance of both a £300m senior and a £350m Tier 2 bond in June. These transactions enhance both our liquidity and debt maturity profiles.

At 31 December 2020, we had no drawings under our £800m revolving credit facility, which is due to mature in August 2022. The bond proceeds were received in June and were used in part to repay the £330m restricted Tier 1 bond on its call date in September. The balance of the proceeds were used to repay all remaining drawings under the £800m revolving credit facility.

We focus on managing our leverage in line with our credit rating targets. Leverage excluding operating leases at 31 December 2020 was 25.3% (2019: 25.1%). Leverage is 32.4% (2019: 32.7%) when IFRS 16 lease liabilities are taken into account.

Coverage of financial covenants remains well within the levels required in our bank facilities.

Solvency

Our solvency coverage ratio of 160% remains strong and comfortably within our target working range of 140-170%.

The Group holds capital to cover its Solvency Capital Requirement (SCR), calculated on a Standard Formula basis, considering all our risks, including those related to non-insurance businesses. As at 31 December 2020, the estimated SCR of £2.5bn was £0.1bn higher and Own Funds of £4.0bn was £0.1bn higher when compared to 31 December 2019.

Our surplus capital was estimated to be £1.5bn, compared to £1.5bn at 31 December 2019, representing a solvency coverage ratio of 160% (2019: 159%). Our business continued to generate capital through our underlying profitability. This capital generation was largely offset by capital expenditure, debt financing activities and the purchase of an additional 4% shareholding of Bupa Arabia.

We perform an analysis of the relative sensitivity of our estimated solvency coverage ratio to changes in market conditions and underwriting performance. Each sensitivity is an independent stress of a single risk and before any management actions. The selected sensitivities do not represent our expectations for future market and business conditions. A movement in values of properties that we own continues to be the most sensitive item, with a 10% decrease having a 15 percentage point reduction to the solvency coverage ratio.

Our capital position is resilient in the face of the individual risks, illustrating the strength of our balance sheet.

<table>
<thead>
<tr>
<th>Risk Sensitivities</th>
<th>Solvency II coverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solvency coverage ratio</td>
<td>160%</td>
</tr>
<tr>
<td>Property values -10%</td>
<td>145%</td>
</tr>
<tr>
<td>Loss ratio worsening by 2%</td>
<td>153%</td>
</tr>
<tr>
<td>Interest rate -100bps</td>
<td>157%</td>
</tr>
<tr>
<td>Group Specific Parameter (GSP) +0.2%</td>
<td>159%</td>
</tr>
<tr>
<td>Sterling appreciates by 1%</td>
<td>159%</td>
</tr>
<tr>
<td>Credit spreads +100bps (no credit transition)</td>
<td>159%</td>
</tr>
<tr>
<td>Pension risk +10%</td>
<td>160%</td>
</tr>
<tr>
<td>Equity markets -20%</td>
<td>160%</td>
</tr>
</tbody>
</table>

1. The 2020 Solvency II capital coverage ratio is an estimate and unaudited.
2. Group Specific Parameter (GSP) is substituted for the insurance premium risk parameter in the standard formula, reflecting the Group’s own loss experience.

Revenue by Market Unit

<table>
<thead>
<tr>
<th>2020 AER</th>
<th>2019 CER</th>
<th>2019 AER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Australia and New Zealand</td>
<td>39%</td>
<td>38%</td>
</tr>
<tr>
<td>2. Europe and Latin America</td>
<td>31%</td>
<td>30%</td>
</tr>
<tr>
<td>3. Bupa Global and UK</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>4. Other businesses</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Underlying profit by Market Unit

<table>
<thead>
<tr>
<th>2020 AER</th>
<th>2019 CER</th>
<th>2019 AER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Australia and New Zealand</td>
<td>24%</td>
<td>33%</td>
</tr>
<tr>
<td>2. Europe and Latin America</td>
<td>39%</td>
<td>33%</td>
</tr>
<tr>
<td>3. Bupa Global and UK</td>
<td>24%</td>
<td>24%</td>
</tr>
<tr>
<td>4. Other businesses</td>
<td>13%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Our comprehensive risk management programme ensures that risk management should come as second nature to everyone at Bupa and they are equipped to manage risk. We have tools in place to achieve this, including the Bupa Code, our code of conduct, risk appetites, Enterprise Policies and our 'Speak Up' whistleblowing process (see more on our People pages 16-19).

We are continuing to raise our standards and expectations in order to ensure the right outcomes for our customers, our markets and our business. Our local businesses are exposed to a wide range of political, regulatory, legal and economic risks. Our health insurance, provision and aged care activities also carry different risk profiles including clinical risk.

We make sure we are in the best place to manage and diversify our risks, including emerging and strategic, by understanding the factors behind the risk to each individual business and to our balance sheet, and by assessing how these risks interact.

**Progress in 2020**

We continued to strengthen our approach to risk management during the year and have further embedded this capability within the business. Our approach is in line with the evolution of our business as a whole and the nature of how risks are evolving globally.

While we have put significant risk management focus on the pandemic, with a particular emphasis on the safety and resilience of our people and customers, we have ensured that we continue to focus on the wider risk management agenda throughout the year, including:

- conducting in-depth reviews of specific aspects of risk as they arise in the external environment and focusing on specific areas of risk for our insurance and healthcare provision businesses;
- reviewing our strategic and emerging risk profiles with a particular emphasis on how these are likely to be affected by the pandemic;
- reviewing our climate change risk profile and evaluating our approach to enhancing climate change risk management and disclosures in Bupa;
- reviewing the risks associated with increasing our stake in Bupa Arabia;
- reviewing our approach to the calibration of our capital risk appetite statement to update for changes in our risk profile;
- improving our regular risk reporting to the Risk Committee to assist in its effective oversight;
- continuing to review the risks to Bupa associated with the UK leaving the EU as they evolve;
- reviewing the risks associated with changing regulatory and political environments across the Group;
- undertaking a stress and scenario testing programme to improve our understanding of severe risks and how they may affect the business plan in both our insurance and healthcare provision businesses. This included regular assessments of the impacts of the pandemic as the situation was evolving;
- strengthening our clinical governance structures and approach;
- continuing to improve our information security and privacy controls to respond to the ever-evolving external environment; and
- continuing to improve our wider information technology and IT operational resilience controls.

**The success of our business depends on us managing risks to deliver our purpose. Everyone at Bupa is accountable for managing risk and it is the actions each of us do every day that makes the difference.”**

David Fletcher
Chief Risk Officer
Our approach to risk management

Governance

We have governance processes overseen by non-executive directors at Group Board level and at subsidiary board level for our main insurance subsidiaries (more on our system of governance on page 52).

The Board Risk Committee receives reports from the Chief Risk Officer, Chief Medical Officer and other Bupa executives as appropriate, and sees minutes from the major insurance subsidiary boards’ risk committees and the Group level executive committee, Bupa Enterprise Risk Committee (BERC). The BERC is responsible for the leadership and oversight of risk across the Group and recommends risk appetite to the Board Risk Committee. The BERC is chaired by the Group CEO.

Each of our large insurance entities is overseen by a local Board Risk Committee, consisting mainly of independent Non-Executive Directors (NEDs) who oversee the Risk Management Framework. Our other businesses have formal governance structures in place appropriate to the size, nature and complexity of the business. The subsidiary boards receive regular reports from local management and Chief Risk Officers.

Approach and implementation

We use a ‘three lines of defence’ approach to risk management.

We manage risk across our health insurance, provision and aged care businesses in line with our Board-approved Risk Management Framework. This sets out the principles behind a robust and continuous risk management system in our first line of defence.

This ensures that:
- we identify current and emerging risks to the businesses and strategy and understand the potential consequences;
- we have clear and established risk appetites within which we operate (these are discussed further below);
- we take appropriate and effective steps to mitigate and manage identified risks;
- we use risk management information to help inform risk-based decisions across the business; and
- there is clear ownership of, and accountability for, risk;

We have a culture in which:
- inappropriate behaviours are encouraged and rewarded;
- inappropriate behaviours are challenged with appropriate consequences; and
- risk events are communicated quickly without fear of blame.

We have well-established reporting systems in place to make sure that major risks to our businesses are identified, escalated, managed and mitigated. We carry out detailed reviews and in-depth analyses on particular risks where required, and have a stress and scenario testing programme for key risks.

Our risk management processes include explicit consideration of how future risks to our strategy might emerge or evolve and what actions we should be taking now to mitigate these risks or to benefit from the opportunities they provide. This includes:
- consideration of how technology may evolve;
- the future health and healthcare and the impact of emerging and increasingly prevalent medical conditions;
- how society may evolve including the impacts of ageing populations; and
- geopolitical and economic considerations.

We manage the risks to Bupa from climate change using our risk management systems and structures as described above.

Our Enterprise Policies define the way we conduct business. The policies are reviewed annually and cover all key areas of risk for our health insurance, provision and aged care businesses. These are implemented by our Market Units and in Group Functions, and overseen by Group Functions to ensure compliance with the requirements in each Market and Business Unit. Each policy has a designated owner with defined roles and responsibilities at both enterprise and local levels.

Our annual Internal Control and Risk Management Assessment (ICRMA) tests how effectively we put the Risk Management Framework into practice. Through this, we assess how well internal control and risk management practices and policy compliance is embedded across Bupa. This is a self-assessment conducted by the first line of defence and reviewed and challenged by the second and third lines, with the results presented to the Risk Committee.

The importance of risk management is reinforced by the effectiveness of our risk management processes being a factor in remuneration, with defined outcomes for all Market Units.

Risk management life cycle

Risk appetite

Our Board risk appetite is a measure of the degree of risk we are prepared to accept in our work to deliver on our strategy.

Our core risk appetite statements focus on:
- the treatment of customers and employees;
- management of our financial strength;
- the sustainability of our business; and
- operational risk, including information security, privacy and clinical risks.

The risk appetite statements are reviewed annually, with the Risk Committee recommending any changes to the statements to the Board for approval.

Risk profile

We accept risk as part of our business. Some risks are avoidable while others are inherent in our business model.

We have an effective risk management system and internal controls in place to mitigate these risks.

We maintain significant economic capital as a means of mitigating certain inherent risks. This reflects the nature of our operations and the level of risk associated with them.
These risks are set out in the table below in order of the solvency capital required to mitigate them.

<table>
<thead>
<tr>
<th>Risk</th>
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| **Property** | The risk of the volatility in values or the devaluation of properties held for own use (including owned care provision properties), or for investment purposes, resulting in adverse impacts. This includes capital associated with leased properties following the introduction of IFRS 16. | - We generally own rather than rent property. This could leave us exposed to falls in property values.  
- Care home valuations are based on their trading potential based on discounted cash flow techniques. | - By maintaining a geographic spread of businesses across a number of countries, we are able to diversify exposure to national or regional property markets. |
| **Insurance** | Risks relating to our insurance businesses. Risk of inadequate pricing and/or underwriting of insurance policies, and of claims experience being materially different to expectations. Health insurance is short-tailed with lower outstanding claims as a percentage of revenue than most general insurers. Insurance risk exposure will grow in step with planned growth in premium income of the insurance businesses. While the Group is currently seeing lower claims due to short term delays to elective healthcare, the average cost of claims that have been deferred could increase, as a consequence of the delay in treating progressive illnesses. | - The relatively short-tailed nature of Bupa’s products allows us to respond to market changes quickly, although this can be limited by government-set pricing controls in some markets.  
- We have extensive control mechanisms in place to ensure that reserves are adequate to mitigate against the risk of higher-than-expected claims costs.  
- The geographical diversity of Bupa offers further mitigation against insurance risk. |
| **Currency** | Risk arising from changes in the level or volatility of currency exchange rates impacting on cash flows and assets held in currencies other than sterling, and on the financial statements. | - As the net assets of businesses outside the UK grow, there will be a corresponding increase in currency risk in relation to translation into sterling.  
- There is transaction risk relating to policies for which premiums and claims are in different currencies. | - Currency translation risk is, where possible, significantly mitigated through a hedging programme to a Board-approved level of risk.  
- We limit currency risk exposure through asset liability matching in local currencies. |
| **Credit spread and counterparty default** | Risk of a loss in value of bond assets and/or that a counterparty fails to meet its obligations in the face of adverse economic conditions. This also includes the risk of a loss in value of the bond assets held within the pension schemes. | - Our health insurance businesses have modest holdings of corporate and other bonds.  
- These are exposed to the risk of widening spreads and defaults.  
- There is banking counterparty default risk in respect of deposits. | - Our bond portfolio is small in relation to our other financial assets and the majority is investment grade.  
- Counterparty exposure is managed by dealing with highly-rated counterparties with exposure limits defined by Group Treasury Policy. |
| **Operational (including conduct risk and clinical risk)** | Risk of loss arising from inadequate or failed internal processes, or from personnel, systems or external events. This risk also includes conduct risk (the risk that our behaviours, actions or controls result in detriment or unfair outcomes for our customers); and clinical risk (the risk of injury, loss or harm to customers in receipt of healthcare). | - We are committed to managing operational risks effectively. This includes continued close attention to management of regulatory risk and proactive engagement with regulators.  
- If we expand our provision and aged care businesses, there will be an increase in inherent exposure to clinical risk. This is actively managed through continued refinement of our approach to clinical risk governance. | - Maintaining internal control processes and governance frameworks, approving risk policies and assessing compliance help to mitigate this risk.  
- We have reviewed and updated relevant internal controls to reflect the increased prevalence of staff working from home.  
- The Clinical Function, led by the Group Chief Medical Officer, is responsible for ensuring clinical quality and governance within the business. |
Other significant risks to Bupa, such as operational risk, cannot be effectively mitigated through holding capital alone, although we do hold significant capital for operational risks. Our Market Unit Executive Risk Committees regularly review these residual risks and the mitigating actions taken to reduce them. They also inform the Risk Committee and BERC about key areas of specific concern. This provides management with a view of the priority areas in which resources should be focused. The table below reflects the themes of the most significant risks currently facing Bupa. Whilst the risk categories remained stable throughout 2020 with additional focus on climate change risks, the residual and strategic risks were heightened due to the pandemic.

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<td>Information security including cyber-resilience</td>
<td>The risk of significant financial and reputational impacts due to a failure to appropriately secure information (including personal information).</td>
<td>* Businesses are increasingly being targeted by cyber attacks.</td>
<td>We have a detailed programme of activities across Bupa to appropriately mitigate this risk.</td>
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<td>* The COVID-19 pandemic and the significant increase in staff working from home has increased certain aspects of information security risk.</td>
<td>We are continuing to invest in actions to enhance security and digitise customer experience.</td>
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<tr>
<td>Privacy</td>
<td>The risk of adverse impacts due to failure to handle personal information fairly, lawfully and securely.</td>
<td>* Regulatory requirements and expectations in relation to privacy are increasing globally.</td>
<td>We continually review and improve our controls over the management and security of personal information.</td>
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<td>* This is also true of customer expectations as people become increasingly more aware of the value and risks associated with personal information.</td>
<td>We have appointed Data Protection Officers and other privacy experts as part of our enterprise-wide Privacy Risk Management Framework activities to help manage this risk.</td>
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<tr>
<td>Changes in government and regulatory policy</td>
<td>The risk of failure to anticipate or influence changes in governmental and regulatory environment which may impact our customers and the viability or profitability of our business</td>
<td>* Our health insurance, provision and aged care businesses are subject to government and regulatory policy, including minimum wage requirements, prudential requirements, changes to tax regimes and the interpretation of existing tax practices, pricing controls in some of our health insurance businesses and clinical care requirements for our provision and aged care businesses.</td>
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<td>* The significant governmental and regulatory responses to the pandemic have shown that future legislation, regulations and government funding decisions could have a material impact on the Group. Any measures put in place may improve or reduce the attractiveness and affordability of private health insurance.</td>
<td>All our markets have defined key activities to make sure we can continue to monitor and assess the strategic implications on our businesses of any future changes in policy or regulation, and advocate for appropriate change in these areas.</td>
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<tr>
<td>Social licence to operate</td>
<td>The risk that reputational damage could impact our social licence to operate and therefore our ability to achieve our strategic objectives.</td>
<td>* Like many global companies, we face an increased risk of stakeholder activism and greater scrutiny of our record as a socially responsible company on topics such as the environment, climate change and other issues which can be interpreted as having an ‘ethical’ dimension e.g. executive and/or low pay, Inclusion and Diversity, treatment of suppliers, governance, responsible investment. Adverse comments and unfavourable media coverage can impact Bupa’s reputation.</td>
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<td>* There is also a risk that organisations will be judged in the future on how they have responded to the pandemic. It is more important now than ever that we continue to deliver on our purpose and serve and support our customers, our people and the communities we operate in.</td>
<td>In order to ensure issues in one business or Market Unit do not spread and impact the trust in our brand in another, contagion risk remains prominent in our operational and reputational risk management agenda with a focus on resolving and learning from issues faced.</td>
</tr>
<tr>
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| **People resilience as a result of the pandemic** | Risks associated with the resilience of our own people, particularly as a result of the pandemic, including safety, wellbeing and capacity, which impact on our employees’ ability to deliver for our customers. | - The pandemic has presented significant challenges to workplace safety and employee health and wellbeing, including the risk of infection to our people in the course of their work  
- Our people have had to adapt to new ways of working as a result of government restrictions, which has been very challenging for many of them.  
- In markets where we are able to transition back to office-based working, we are doing so in accordance with government advice and are prioritising staff who are at least risk and would benefit the most from being back in the office.  
- Our front-line staff, in particular our clinical staff, have been under significant pressure throughout the crisis and there is a risk of staff fatigue and burnout as the crisis continues. | - Considerable work has been done to address the people risks associated with COVID-19. This has been led by the People Function with the support of all functions and businesses.  
- This risk will remain as long as the pandemic continues and will evolve as we go in and out of various states of lockdown in our markets. We will continue to take appropriate action to support our people through this.  
- Read more on People on pages 16-19. |
| **Technology disruption** | The risk of failure to anticipate and/or respond to changing expectations in relation to information technology and resilience which could impact the viability or profitability of the business. | - Changing consumer expectations/behaviours with higher expectations for technological solutions to improve interactions and the need for businesses to ensure appropriate IT capabilities and operational resilience to deliver for customers.  
- Customers have looked towards digital offerings during the pandemic and, where these have been available, they have been well received. This has also helped demonstrate value in digital insurance offerings in a period where people cannot claim for physical procedures. | - Operational resilience capabilities tested around the Group during the crisis and generally found to be performing well.  
- We have significantly increased our digital offerings for customers during the pandemic and this will remain an area of focus in the future. |
| **Economic conditions and product value** | The risk of geopolitical volatility, changing customer dynamics and competitor activity having an adverse impact on our business model. | - The macroeconomic environment is challenging in most markets, and this will be compounded by COVID-19. It is uncertain how severe the impacts will be and how long they will last but any reduction in consumer or government spending may impact our businesses.  
- We will manage any macroeconomic and regulatory and political uncertainty that may arise following the UK’s exit from the EU as part of our ongoing business as usual risk profile.  
- Weakened economic environments are also likely to compound the existing affordability challenges in health insurance as premiums rise, driven by medical inflation which continues to increase at a higher rate than inflation. | - We regularly review our products and offerings to ensure that we continue to provide value to our customers despite the economic challenges. |
## Environmental risks and climate change

The risk that our activities cause harm to the environment, and the risks that climate change could mean for our business.

- Climate change is a health concern as well as an environmental risk. We play an active part in promoting positive environmental practices and we look for opportunities to reduce waste and conserve energy where possible.
- We have performed a risk assessment of the risks associated with climate change considering the physical, transitional and liability risks for the Group. We have direct property-related exposure to physical risks, especially in our provision and aged care businesses. Our investment and insurance risks exposures are not material. We may be impacted by transitional risks that impact the ability for our customers to afford our products.
- We have a Corporate Responsibility and Sustainability policy which includes environmental considerations and is reviewed on an annual basis. Each of our Market Units has developed a plan outlining actions to manage our social and environmental responsibilities.
- As detailed under ESG Governance on page 20, the Corporate Responsibility and Sustainability Advisory Committee advises the Board and Executive on actions to address the five pillars, including the environment and climate change risk.
- We have established a Group-wide Environment and Climate Action programme to consider and take appropriate action for Bupa. This programme includes considerations relating to our own carbon output, Risk Management processes and procedures, health implications from climate change and reporting and disclosure.
- The direct impacts of climate change on health are unclear but these impacts are likely to emerge over time and the short-tailed nature of our products allows us to respond to these developments, although this can be limited by pricing controls in some markets.
- We have stressed the impact of climate change scenarios on our investment profile. We will continue to explore further potential scenario analysis and stress tests to perform.

There are further risks that capital cannot appropriately mitigate which remain a priority for management. These are detailed in the table below.

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| **Liquidity risk**    | The risk that we hold insufficient financial resources to enable us to meet our obligations as they fall due or to take advantage of potential opportunities, or of being able to secure such resources only at excessive cost, resulting in adverse impacts. | - Liquidity risk is addressed not through capital but by holding liquid assets and maintaining appropriate controls.  
- Policyholder liabilities are predominantly backed by liquid assets, so our liquidity risk exposure primarily relates to the funding risk associated with borrowings. | This is mitigated by the Treasury function actively managing borrowings, for which the amount and timing of outflows are known, and by maintaining a portion of the bank facility undrawn.  
- We have significantly de-risked our liquidity and capital positions, having issued senior and Tier 2 bonds in June 2020. However, we continue to monitor the markets to ensure that we appropriately fund the Group. |
| **Strategic risks**   | The risk that we are unable to design or implement appropriate business plans and strategies, to make decisions, to allocate resources, or to adapt to changes in the business environment. This includes the risks associated with acquisition and disposal decisions and their implementation. | - Global trends and key areas influencing our markets are set out on page 10.                                      | Our purpose – helping people live longer, healthier, happier lives – and our values shape how we act and deliver for our customers and our people.  
- Through the identification and assessment of emerging risks, we can react to issues in a timely and appropriate manner. |