



Sustainability

We want to become recognised as a leader in sustainability in our industry. That's why our sustainability strategy seeks to drive positive change in the workplace, our local communities and the environment.



Read more about our sustainability strategy and how it links to our purpose and business strategy page 28

How we support the United Nations Sustainable Development Goals

The United Nations Agenda 2030 is underpinned by 17 Sustainable Development Goals (SDGs) that were ratified by UN Member Countries in September 2015. The SDGs together form a roadmap for global prosperity that can only be achieved with a concerted global effort led by national governments and supported by non-governmental organisations, civil society and business enterprises. The achievement of the SDGs, including SDG 3 (Good Health and Well-Being), depends upon the efforts of many, including governments, non-governmental organisations, multilateral groups, the private sector and others. As a leading corporation in UK healthcare, Spire Healthcare is committed to the UN's SDGs and, where possible, we map our sustainability activities to the SDGs.

The long-term success of Spire Healthcare depends on responding to the needs of all our stakeholders and the world around us. We have developed our sustainability strategy to address the critical environmental, social and governance issues for our business. We have mapped our sustainability strategy and targets against the 17 SDGs. The SDGs have helped us understand how our objectives and targets align to the broader global issues and have shown us where we can make a positive impact on society. We are committed to applying our expertise, skills and ambition to drive the group's contribution towards the achievement of those SDGs where we can provide the greatest impact to society.

Overall, Spire Healthcare's sustainability strategy supports eight SDGs, as follows:

Respect the environment



Engage our people and communities



Operate responsibly





Our sustainability goals, timelines and KPIs

This section shows Spire Healthcare's current and high priority sustainability-related goals, together with relevant timelines and KPIs where appropriate.

Respect the environment



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Engage our people and communities



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Operate responsibly



Goal	SDG	Page
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Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

1. Attain net zero carbon status by the end of 2030

Progress in 2022



We have a duty of care to the environment around us, as well as to our patients. We want to make sure we look after people more broadly, and this includes our commitment to the environment

Our 10-year carbon reduction target

Our work continues to reduce the harmful impact on our planet of climate change through a robust decarbonisation strategy and delivery programme that is designed to achieve net zero carbon emissions by 31 December 2030. We were the first large independent sector hospital provider to make such a commitment, along with a dedicated investment of £16.0 million to help achieve this aim by 2030.

Our strategy continues to prioritise a targeted approach to reduction from the greatest carbon emission sources for example, installing LED lighting throughout all our buildings, removal of old inefficient gas-powered primary steam boilers and piped nitrous oxide across the estate, optimising the use of our buildings, fixed plant and equipment to ensure we maximise both energy and operational efficiencies.

We continue to engage, empower and support our appointed carbon champions at each of our hospitals who play a key role in meeting our net zero objective by promoting, coordinating and delivering carbon management improvement at a local level. Through implementation of their audits and action plans, further efficiencies are realised which collectively across the group support our carbon reduction targets and strategy together with operational savings objectives.

Measuring our performance

We use the intensity metric of carbon emissions per £ revenue, which increases in proportion to the growth in our business. Our values are based on providing excellence in clinical quality and innovation to our patients. As a consequence of continuing to meet these values, we will continue to grow, treat more patients, provide more treatments and offer the latest technology.

While the business continues to see positive revenue growth, our intensity figures from 2018 to date have reduced year-on-year (cumulatively 45% since 2018, see roadmap on page 45) which demonstrates that we continue to become a less carbon reliant company as we grow.

Our carbon reduction roadmap

We have mapped out our carbon reduction plans to net zero in 2030, using 2019 as our reference base year. The projected timeline has changed this year from that originally set in 2020 to reflect the unanticipated reversion to brown electricity tariff between April 2022 and October 2024 as a consequence of our energy supplier reneging upon its commitment to supply renewable electricity. The overall reduction target remains unchanged and we continue to reduce our carbon emissions in line with target. The reduction to date has been achieved through:

- Monitoring and targeting utility benchmarking reports which are issued monthly to our sites
- Reviewing half hourly energy consumption data and heat maps for each of our hospitals to identify energy efficiency and cost saving opportunities
- Targeted and informed investment in low carbon infrastructure and heat recovery, including LED lighting and solar PV technology across the estate
- End of life replacement of fixed engineering and building services, plant and equipment with the most efficient technology available

Looking at our progress against our original plan, excluding electrical emissions we are 8% ahead of target which is a great achievement by all involved and provides confidence in our plan.

Timeline

End 2030

KPI

tCO₂e emissions in line with our decarbonisation plan

Our net zero target includes full Scope 1 and 2 emissions and Scope 3 emissions from air and rail travel. Our emissions in 2022, measured against our net zero target were 25,854tCO₂e, against a target of 28,163tCO₂e (8% less). This excludes Scope 3 emissions included in our 2022 green house gas emissions data shown on page 46 from electricity transmission (1,056tCO₂e), waste (106tCO₂e), and Hotels (75tCO₂e).

Initiatives

- Continuing LED replacements
- Optimisation of Building Management Systems (BMS)
- Replacement of the remaining gas-powered primary steam boilers in the estate at Claremont
- Removal of the remaining piped nitrous oxide across the estate
- Further PV installations and thermal upgrades as part of roofing replacements
- Completion of the EV charging point roll-out across the estate
- Use of electric vehicles in the group's fleet





Our sustainability goals, timelines and KPIs continued

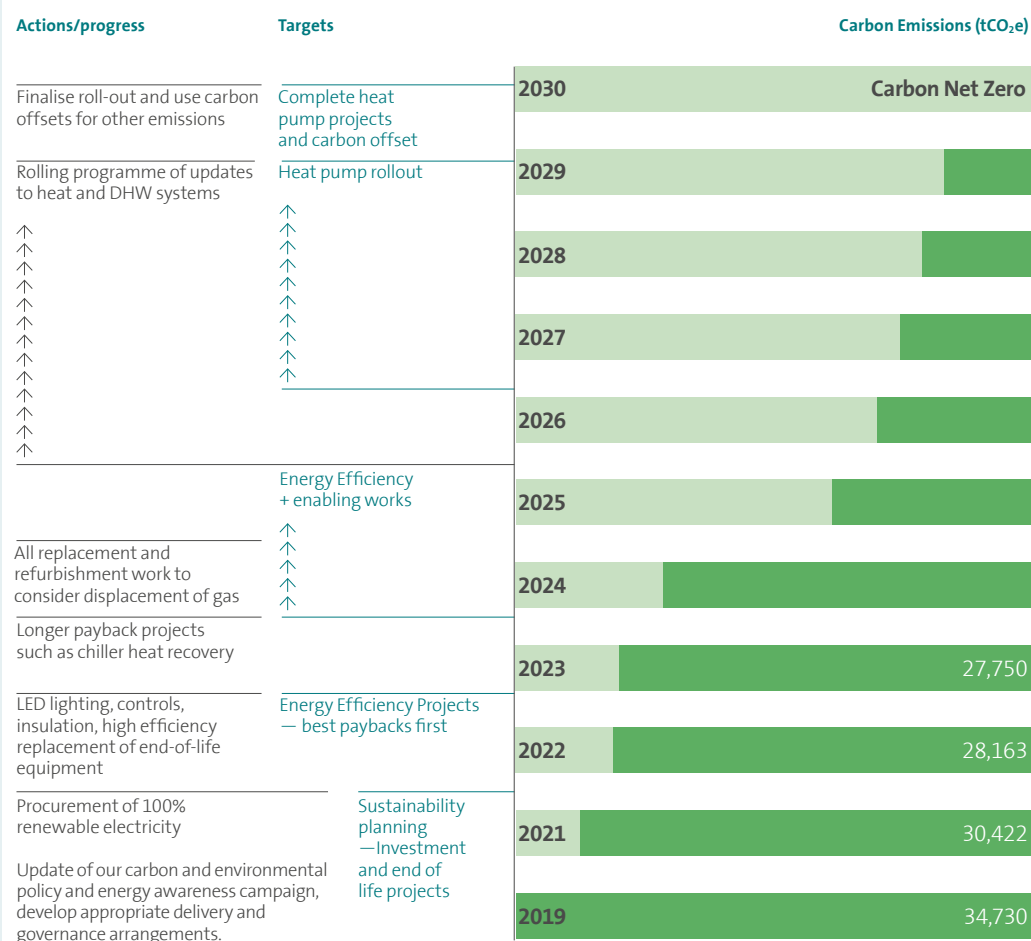
Respect the Environment

Engage our People and Communities

Operate Responsibly

1. Attain net zero carbon status by the end of 2030 continued

The roadmap to carbon net zero



Energy monitoring

Business utility and sustainability consultancy Inenco produce quarterly performance reports that chart our results against our carbon reduction targets. We also separately monitor our hospitals on a monthly basis, and issue energy reports detailing their utilities consumption and benchmark them against similar-sized hospitals within the group. The reports include dashboards at site and group level detailing year-on-year performance. Our regional engineering team audits and monitors our hospitals' carbon reduction action plans as part of our annual compliance auditing programme.

Capital investment in low carbon infrastructure

We continue to invest in our estate and engineering infrastructure to improve our energy efficiencies. Key projects this year included:

- Replacing gas-powered primary steam boilers with more efficient electrically powered equipment at Spire Cardiff, Clare Park in Farnham, Little Aston in Sutton Coldfield and Edinburgh Murrayfield
- Introducing high efficiency heating, cooling and ventilation – through the upgrade of critical ventilation systems at Cambridge, replacement of chiller plant at Spire Wellesley in Southend and Spire Cambridge incorporating heat recovery systems and optimised BMS systems at Spire Leeds and Cheshire
- Continuing to replace the remaining older lighting across the estate with LED fittings that are 50% to 60% more energy efficient
- Planning and design is in the advanced stages for installing roof and ground-mounted photo-voltaic (PV) solar panels at Spire Wirral that will generate up to 12% of the hospital's electricity

- Installation of EV charging points to two-thirds of our hospitals with the remainder planned for 2023
- Improving insulation in our buildings at Liverpool Penny Lane and Wirral hospital as part of planned roof replacement works
- Removal of R22 refrigerant gases from old air conditioning systems
- Pipework and ducting insulation upgrades and replacement of old inefficient single glazed windows requested via carbon champions at Spire Hull, Little Aston, Bristol, Leicester

Alongside these investments, all of our carbon champions continue to receive training and guidance to help them produce local action plans and identify opportunities for operational improvements and efficiencies. Their action plans are reviewed twice yearly to monitor and track progress.

Legislation

Since becoming a publicly listed company in 2014, Spire Healthcare has discharged its responsibilities under the government's CRC Energy Efficiency Scheme, and we will continue to report on our energy consumption in line with the requirements of the upcoming Streamlined Energy and Carbon Reporting legislation.

Spire Healthcare was invited to participate in the CDP (formerly Carbon Disclosure Project) again in 2022. We made our eighth annual submission to the CDP and received a 'B' grading, improving on previous 'C' rating for 2021 placing Spire Healthcare well above the market sector average of 'D', and demonstrating our knowledge and understanding of our impact on climate change issues.



Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

1. Attain net zero carbon status by the end of 2030 continued

Greenhouse gas emissions in 2022

This section provides the emissions data and supporting information required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Total greenhouse gas (GHG) emissions for Spire Healthcare for January to December 2022 were 27,091 tCO₂e, down 6% on 2021. The table below shows this, broken down by emissions source.

6%

Emissions reduction in GHG

Emissions source	2018	2019	2020	2021	2022	Share %	YoY % change
Fuel combustion: stationary	12,917	12,098	11,590	12,539	10,943	40%	-13%
Fuel combustion: mobile	1,145	1,209	1,447	1,325	1,346	5%	2%
Fugitive emissions	6,936	5,895	5,018	5,139	4,703	17%	-8%
Purchased electricity	17,151	15,193	13,330	9,802	9,837	36%	<1%
Air travel					40	<1%	
Rail travel					40	<1%	
Hotel					75	<1%	
Waste					106	<1%	
Total emissions (tCO₂e)	38,148	34,395	31,384	28,805	27,091	100%	-6%
Revenue £m	931.1	980.8	919.9	1,106.2	1,198.5		8%
Intensity: (tCO₂e per £m)	41.0	35.1	34.1	26.0	22.6		-13%

Energy consumption by year (MWh)	2018	2019	2020	2021	2022	Share %	YoY % change
Natural gas	69,462	65,285	63,032	67,766	59,648	48%	-12%
Electricity	55,829	54,788	52,647	54,704	59,717	48%	9%
Transport fuel	4,622	4,883	5,386	5,363	5,407	4%	1%
Gas oil	503	374	369	384	212	<1%	-45%
Total	130,416	125,330	121,434	128,217	124,984	100%	-3%

Notes to the table:

a. Scope 2/purchased electricity emissions reporting

The figure for emissions from purchased electricity above reflects our investment in a zero-carbon electricity tariff across all of our sites from October 2021. We have calculated emissions for the period January to March following the market-based method and for April to December following the location-based method (to reflect our zero-carbon tariff only applied for first 3 months of the year). If we apply the location-based method for the full 12 months, our emissions from purchased electricity were 12,604 tCO₂e.

b. Footprint boundary

An operational control approach has been used to define the GHG emissions boundary, as defined in the Department for Environment, Food and Rural Affairs' latest environmental reporting guidelines: "Your organisation has operational control over an operation if it, or one of its subsidiaries, has the full authority to introduce and implement its operating policies at the operation." For Spire Healthcare, this captures emissions associated with the operation of all our hospitals and other buildings such as clinics, offices and our National Distribution Centre, plus company-owned and leased transport. As Spire Healthcare has no overseas operations, all emissions refer to UK operations only.

c. Emission sources

All material Scope 1 and Scope 2 emissions are included, plus Scope 3 electricity transmission and distribution losses. These include emissions associated with:

- Fuel combustion: stationary (natural gas and red diesel for backup generators) and mobile (vehicle fuel)
- Purchased electricity
- Fugitive emissions (refrigerants, medical gases)

27,091

tCO₂e Total GHG emissions for 2022

12,604

tCO₂e emissions from purchased electricity in 2022

d. Methodology and emissions factors

This information was collected and reported in line with the methodology set out in the UK government's Environmental Reporting Guidelines, 2019.

Emissions factors are taken from the Department for Business, Energy and Industrial Strategy emissions factor update published in 2022. There are no notable omissions from the mandatory Scope 1 and 2 emissions. Approximately 1.9% of emissions are based on estimated data.

e. Fugitive emissions

These are attributable to the use of refrigerants and medical gases (eg carbon dioxide, nitrous oxide and Entonox).



Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

1. Attain net zero carbon status by the end of 2030 continued

Engineering governance and compliance

To support the group's quality and patient safety agenda, the estate in which we operate must be monitored, maintained and developed appropriately to satisfy our goals and remain fit for purpose. Our property portfolio, engineering and health and safety governance sit under a common leadership provided by the supply chain and procurement directorate.

The identification, publication and management of risk associated with our estate and its operation is managed through annual audit alongside our clinical team. These audits are used to make this risk transparent, enabling a prioritised approach to risk mitigation. The resultant risk profile informs the business of future capital requirements, gives confidence that this capital is managed on a true risk basis and is targeted in the most efficient and effective way. The central estates team supplements the formal annual audits with regular routine visits that ensure our governance system is dynamic, with continual addition, closure and re-assessment of risk. This in turn future-proofs the business.

Looking ahead

In the year ahead we will continue to prioritise our approach to carbon reduction and energy saving to effect the required target emission savings concentrating on those projects that will offer the greatest reduction opportunity including but not limited to the following:

- Continuing LED replacements
- Optimisation of building management systems (BMS)
- Replacement of the remaining gas-powered primary steam boilers in the estate at Spire Claremont in Sheffield
- Removal of the remaining piped nitrous oxide across the estate
- Further PV installations and thermal upgrades as part of roofing replacements
- Completion of the EV charging point roll out across the estate





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

2. Manage our waste more efficiently while minimising detrimental effects to our planet

Progress in 2022



Ensuring that we manage our waste properly, and recycle what we can, is vitally important for a business like ours in the healthcare sector. It is all about doing the right thing, contributing to our carbon reduction programme, protecting the environment, and ultimately reducing costs.

In 2022, Spire Healthcare's waste management initiatives saved approximately 296 tonnes of CO₂. This is the equivalent of:

- 1,020 trees planted each year
- 111 cars off the road or
- 180 houses powered each year

As a business, we generate a considerable amount of general waste – largely a combination of 'domestic waste', most of which generates renewable energy, and dry mixed recycling, which can be re-used or re-purposed. We are now recycling at 44 sites, up from 30 in 2021 and 23 in 2020.

Spire Healthcare has increased its overall recycling significantly over the last three years:

30%

overall waste recycled in 2022
up from 27% in 2021

23%

dry mixed waste recycled,
up from 11% in 2021

The group also disposes of clinical, infectious and offensive healthcare waste that requires specialist treatment, incineration or disposal through the renewable energy system. The challenge of managing and sorting such complex waste streams is unique to the healthcare sector.

During 2022, we successfully implemented new initiatives to improve our dry mixed recycling and food waste disposal. For example, our sites are now sending large cardboard, plastic packaging and polystyrene back to our national distribution centre, so that it can be baled and sent off to be reused resulting in a overall recycling figure of 30%. Not only does this significantly reduce the waste we need to dispose of from our sites, but we also receive rebates for the materials returned.

Dry Mixed Recycling (DMR) and food waste has been rolled out across the business (which includes plastic bottles, Vegiware cups and food trays, cans, etc) resulting in a DMR recycling figure of 23.0%.

Our waste leads also worked hard in 2022 to complete the roll-out of 'offensive waste' segregation to all our sites during the year. Offensive waste, as bad as it sounds, is actually 60% cheaper to dispose of, and a more environmentally friendly waste disposal process to use than clinical waste or infectious waste. It does not need to go for incineration. Instead, it goes to a special materials recovery facility, where it generates renewable energy, without releasing any harmful substances into the atmosphere.

To help reduce Spire Healthcare's carbon footprint, the Sharps Bio System, designed by Stericycle, our waste partner, is also being rolled out across the estate. Stericycle's containers are reusable UN-approved puncture-resistant containers that can be used up to 600 times after washing and disinfection, as opposed to the single-use sharps containers that are disposed of after just one use. This is having a positive impact on Spire Healthcare's CO₂ reduction programme and progress towards our 2030 carbon neutral target.

KPI

- Overall recycling target end 2022: 25%
– achieved 30%
- Dry mixed recycling target end 2022: 20%
– achieved 23%
- Offensive waste target for end 2023: 40% – below target: 23% achieved during 2022 as a whole, but since December 2022, exceeding 40% on a monthly basis

Initiatives

- Waste strategy established
- Increase recycling rates through further segregation of waste and hazardous materials
- Mitigate wherever possible waste going to landfill sites
- Ensure all sites have offensive waste stream in place and work to increase their percentage of waste segregated into this waste stream





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

2. Manage our waste more efficiently while minimising detrimental effects to our planet continued

“In 2022, Spire Healthcare’s waste management initiatives saved approximately 296 tonnes of CO₂. This is the equivalent of 1,020 trees planted each year, 111 cars off the road or 180 houses powered each year.”

The differences between clinical, infectious and offensive waste are as follows:

- Clinical waste is any waste that consists wholly or partly of human or animal tissue, or is contaminated with biologically active pharmaceutical agents
- Infectious healthcare waste can be a particularly complex waste stream to manage, because of the risks it poses to people who may come into contact with it. This waste is any soft waste that is not contaminated with chemicals or pharmaceuticals but may be potentially infectious waste
- Offensive waste is the term for items soiled by body fluids or bad odour that may be considered unpleasant. This does not include items contaminated by infection, medicine or chemicals

waste management and compliance solutions. We believe that a shift towards a 20-40-40 waste model (20% clinical, 40% offensive, and 40% infectious) across the group will not only deliver significant environmental benefits, but could also save the business money.

Each hospital has a waste lead, and they are appropriately trained to ensure they carry out their responsibilities as efficiently as possible. Local waste audits are carried out with the waste leads, working alongside the pre-acceptance waste audits completed by Stericycle. The aim of these audits is to ensure all waste is properly segregated and stored securely before it goes off site.

Implementing this new waste initiative across Spire Healthcare has been an in-depth process, as any failure to classify our waste correctly could have serious implications with environmental health agencies. We have been supported in this by Stericycle, which offers world-class specialist

3. Undertake a comprehensive review of climate risk across our operations

Progress in 2022



In our TCFD disclosures, we set out the risks we have identified from climate change. We consider risks arising from transitioning to a carbon neutral economy as well as physical risks, both chronic and acute, that the changing weather patterns will bring. We also carried out specific site-by-site risk assessments against the risks of flash flooding and wildfires.

In 2023, we will supplement our risk analysis to date with scenario analysis of future climate warming scenarios as described in our TCFD disclosures across short-to-long-term time horizons on page 60.



Please see TCFD section
page 60

Timeline

End 2023

Initiatives

- Undertake scenario analysis of future climate warming scenarios as set out in our TCFD reporting on page 60





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

4. Identify opportunities to reduce use of single-use plastics

Progress in 2022



The use of plastics is a major environmental issue across the healthcare industry in the UK and globally. Plastic is a very versatile product for keeping medical equipment sterile, storage of clinically related products (eg drugs) and as an infection control barrier. It will take concerted effort across the global healthcare industry to develop new products that can replace the versatility of plastic over the medium to long term.

We are examining what steps we can take as a single entity to reduce single use plastics (for example we have reduced the use of single use sharp bins as described on page 48-49), but we recognise that we will need to work with other healthcare providers and our supply chain collaboratively to affect significant change.

KPI

Target to be determined

Initiatives

- Plastic packaging, large cardboard and polystyrene is returned to Spire Healthcare's National Distribution Centre for baling and recycling
- Dry mixed recycling (DMR) and food waste management has been rolled out across the business (which includes plastic bottles, Vegiware cups and food trays, cans, etc)
- Plastic spoons and cutlery have been replaced with metal reusable or wooden disposable items
- Working with waste treatment supplier to develop recycle initiative for single-use oxygen face masks and tubing



5. Identify and act on water-saving opportunities

Progress in 2022



Water consumption monitoring is in development and we plan to form a strategic water management plan setting out achievable targets.

Possible areas might include:

- Reviewing the application of latest technologies to our fixtures, fittings and equipment requirements to ensure appropriate use of eco fittings
- Monitoring water consumption to identify any potential leaks or high use
- Optimising building management control systems
- Identifying efficient practice in kitchens, catering, housekeeping and cleaning

KPI

Target of consumption m³ to be determined

Initiatives

- Rolling out automatic meter reading
- Analysing consumption per site to identify outliers
- Encouraging local initiatives through net zero project to reduce consumption





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

6. Be a net contributor to the UK's healthcare workforce through innovative schemes

Progress in 2022



Investing in talented people, for us and the wider system, continues to be a major focus.

Alongside a range of training opportunities, we have several initiatives in place to help new and existing colleagues develop the professional and leadership skills they need to further their careers. Our GROW learning framework includes LEAP, for new managers, or leaders coming into a leadership role; our Step Up Leadership Programme for our talented future leaders; our Stretch Leadership Programme, an advanced programme for senior leaders; and our Theatre Managers Leadership Programme.

The framework is moving us towards more self-directed learning – digital learning where colleagues monitor their own development and make time for it, alongside more formal classroom or webinar sessions. Together, they offer a virtual leadership journey, and are designed to ensure we have a strong succession pipeline across the organisation and a range of disciplines.

Investing in apprenticeships

Making full use of the government's apprenticeship levy, we now have around 550 apprentices across the business in a wide range of clinical areas such as biomedical science, physiotherapy, medical laboratory technicians, as well as non-clinical disciplines such as marketing, human resources, engineering and business administration. In 2022, we introduced a new apprenticeship in cardiac physiology, and we have been reviewing development options within pharmacy, which will pave the way to increasing the number of places available on these programmes.

180

colleagues on our nurse apprenticeship programme

Our most significant scheme is our nurse degree apprenticeship programme in England, which we expanded last year in response to the national shortage of nursing staff. The programme is run in partnership with the University of Sunderland, and combines study and assessments with on-site placements to gain practical knowledge. Apprentices gain a BSc degree on completion, and the programme is open to applicants at all stages of life, including school leavers, university graduates, working parents and part-qualified nurse associates.

Currently, there are 180 nurse apprentices on the programme (177 in 2021), making it one of the largest nurse apprenticeship programmes run by a single organisation in England. The nurses we train will benefit the entire healthcare system as they could go on to work in the NHS, either at the end of their apprenticeship or later in their career.

Initiatives

- Learning and development strategy; apprenticeship programmes including one of the largest nurse apprenticeship programmes in England



Please see TCFD section
Read more in 'Invest in our workforce'
section page 25





Our sustainability goals, timelines and KPIs continued

Respect the Environment

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7. Take action to ensure that the ethnic diversity of Spire Healthcare's leadership programmes reflects, or is ahead of, the overall ethnic diversity of the business as a whole

Progress in 2022



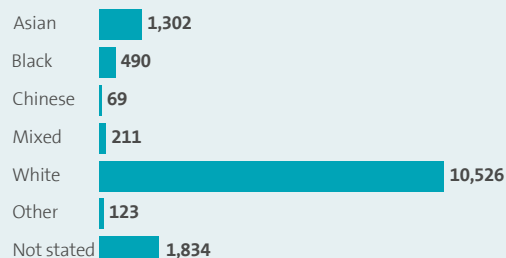
To support our new equity, diversity and inclusion strategy, we are developing networks across six diversity strands, all of which overlap and do not sit independently of each other – The strands include ethnicity, sexuality, age, gender, disability, and mental health and wellbeing.

Each strand is supported by a member of the executive committee, and has its own chair and deputy chair so that we can give each network the focus and impetus we need to make a difference.

We will work with these diversity network groups to understand and improve how we attract, recruit, and develop talented colleagues and promote diversity by encouraging colleagues to share their challenges, share insights and promote 'fresh thinking'.

We now have an active Race Equality network and LGBTQ+ network that promote and celebrate key diversity and inclusion awareness dates eg Race Equality Week and Pride month, engage with our colleagues and hold a number of educational 'lunch and learns' on diversity and inclusion.

Headcount by ethnicity



We will continue to promote allyship across all the diversity strands and the organisation – an ally is someone who is not a member of a marginalised group but wants to support and take action to help others in that group.

Their role will be to support all colleagues to understand the different communities at Spire Healthcare.

We will provide them with a toolkit to help them achieve this effectively and feel supported themselves.

Of those colleagues who disclose their ethnicity, 17.3% report having a non-white background, up from 16.5% in 2021. 21.9% of new starters in 2022 who reported their ethnicity to us are non-white.



Read more about our EDI strategy in 'Invest in our workforce' section page 25

Initiatives

- Consider ethnic diversity balance when constructing Spire Healthcare's leadership programmes
- Broad range of Let's Talk Networks including mental health and wellbeing support, LGBTQ+, Race Equality Network





Our sustainability goals, timelines and KPIs continued

Respect the Environment

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Operate Responsibly

8. Achieve a balance of at least 40% female representation at board and executive committee level by 2025

Progress in 2022



Spire Healthcare is committed to diversity and inclusion, which includes supporting women to become leaders within the business.

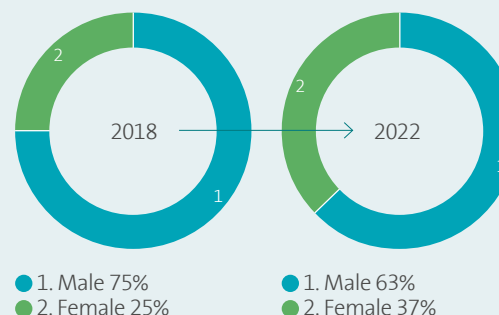
The combined executive committee and board demographic in 2022 is 37% female.

Our executive committee demographic is 43% female in 2022, compared to 75% male just four years ago.

By May 2023, we will have five women on our group board, moving the balance from 33% female in 2022 to 45% in 2023, reflecting our commitment to driving fair representation across the wider business.

Our board members monitor diversity regularly through data reviews, recruitment decisions and discussions in their board meetings. Diversity is also regularly reviewed as part of the workforce demographics by the remuneration committee and executive committee.

Combined gender balance of board and executive committee



Timeline

End 2025

KPI

Proportion of female representation

Initiatives

- FT Diversity Index top 850 company
- Board – agreed targets of minimum of 33% by the next AGM 2023 and 40% by 2025



Please see 'Invest in our workforce' strategy section page 25, KPIs section page 33 and gender pay gap page 54





Our sustainability goals, timelines and KPIs continued

Respect the Environment

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9. Further reduce gender pay gap amongst Spire Healthcare colleagues

Progress in 2022



We are required to report gender pay gap figures for our main employing entity – Spire Healthcare Limited – covering 96% of all reportable employees of Spire Healthcare Group.

In the interests of full transparency, we have supplemented the statutory disclosure requirements with additional data that captures relevant employees across the Spire Healthcare Group. The gender pay gap required by the Gender Pay Gap Regulations represents an average figure. This is distinct from 'equal pay', which considers whether men and women are paid the same for carrying out the same work, or work of equal value.

In 2022, the overall median gender pay gap in Spire Healthcare Limited was 6.2% (2021: 7.1%), with the Spire Healthcare Group at 6.1% (2021: 6.6%), which is considerably lower than the Office for National Statistics provisional national average of 14.9% (October 2022).

Our mean gender bonus gap is 70.2%, and our median gender bonus gap is 0.0%, the same as 2021 at 0.0%. In 2022, 82.2% of males received a bonus (up from 73.8% in 2021) compared to 83.7% of females (up from 77.1% in 2021).

Responding to the gender pay gap

We are taking a number of positive steps to reduce the gender pay gap and ensure the fair treatment of females across our business. Our newly established workforce and sustainability committee has been put in place to speed up the decision-making process for colleague focused activity.

We have an inclusive approach to training and development and twice a year we undertake talent and succession planning where we look to create opportunities and support the development of female leaders. We are developing our job framework to allow colleagues to better understand their roles and support progression by recognising contribution, performance, learning and development.

Gender breakdown

Employees	Male	Female
Overall employees	3,100	11,858
Senior managers	51	108
Executive committee members	4	3
Board members	8	4

Employee table

Entity	Spire Healthcare Limited		Spire Healthcare Group plc ¹	
Number of employees (includes bank workers) ²	12,408		12,889	
Women's hourly rate is:				
Mean	17.1% lower		16.6% lower	
Median	6.2% lower		6.1% lower	
Pay quartiles:				
	Men	Women	Men	Women
Top quartile	25.7%	74.3%	25.7%	74.3%
Upper middle quartile	17.8%	82.2%	17.7%	82.3%
Lower middle quartile	20.1%	79.9%	20.4%	79.6%
Lower quartile	17.9%	82.1%	18.2%	81.8%
Women's bonus pay is:				
Mean	70.2% lower		69.4% lower	
Median	0.0%		0.0%	
Who received a bonus?				
Men	82.2%		82.4%	
Women	83.7%		83.9%	

1. Including Spire Healthcare Limited, Montefiore House Limited and Claremont.

2. In line with government reporting requirements, the number of employees stated in the table above is the number of colleagues who received full pay in the pay period April 2022.

Timeline

End 2025

KPI

Gender pay gap: achieved, year-on-year reduction

Initiatives

- New workforce and sustainability board to speed up the decision-making process
- Inclusive approach to training and development
- Talent and succession planning to support development of female leaders





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

10. Maintain an overall colleague engagement score of at least 80%

Progress in 2022



We held a mid-year temperature check on colleague engagement, followed up by a full annual survey in October 2022. The overall response rate for the full survey was 77%, with 80% of colleagues proud to work for Spire Healthcare (-4% in 2021, level with 2020) and 84% of colleagues get personal satisfaction from the work they do. 83% of colleagues would be happy if their friends or family needed treatment at Spire Healthcare and 72% would recommend it as a place to work. Teams across the business are developing action plans to drive improvements.

KPI

- Colleague engagement score: achieved – 80% say proud to work for Spire Healthcare



Please see 'Invest in our workforce' strategy section and KPIs section page 25 and 33

11. Build strong connections between Spire hospitals and local communities

Progress in 2022



At Spire Healthcare, we take a responsible approach to everything we do, and this goes beyond the high-quality personalised care we provide for our patients.

Contributing to our communities

Colleagues across our business play an important part in their communities, and we recognise the duty we have to give back to people in these areas and contribute to the greater wellbeing, especially during the ongoing health crisis.

Supporting the British Red Cross Ukraine Appeal

As every year, hospitals continued to support local charities and causes throughout the year. Following a break owing to COVID-19 restrictions, we were able to hold a large company-wide charity event in June. This included a range of activities including raffles, bake sales, competitions and cycle challenges, along with a showcase cycle ride visiting three hospitals in Yorkshire and a cycle track in Leeds. The ride was led by Justin Ash, Chief Executive Officer, and included many colleagues and consultants, raising over £10,000 for the British Red Cross Ukraine Appeal, matched by Spire Healthcare, making a £20,000 total.

Initiatives

- Community programmes including supporting local foodbanks





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

12. Target 'Good'/'Outstanding' CQC scores across all our hospitals (or equivalent)

Progress in 2022



Quality underpins everything we do. We have robust ward-to-board governance and internal audit procedures and members of the board and executive committee regularly visit and meet with hospital leaders, colleagues, consultants and medical advisory committees.

KPI

Currently 98% of inspected sites rated 'Good' or 'Outstanding' by the CQC (or the equivalent in Scotland and Wales)

Initiatives

- More information in Build on quality on pages 22-24.



Please see 'Build on quality' strategy section page 22

13. Target all Spire Healthcare sites to achieve a rating of at least 80% across:

– Colleague experience

– Patient experience

– Consultant experience

Progress in 2022



We seek to offer our patients rapid access to high-quality, compassionate, personalised healthcare, with expert clinicians, at a price they can afford.

We aim to make Spire Healthcare the first choice for consultants, and invest in the best people, facilities and equipment to achieve this.



Please see strategy sections 'Drive hospital performance', 'Build on quality' and 'Invest in our workforce' page 18 and No 10 on page 55.

KPI

% of employees stating they are proud to work for Spire Healthcare
% of private patients rating their overall experience as 'very good'
% of consultants who rate the care given to their patients by Spire as either 'excellent' or 'very good'

- In 2022, seven hospitals met all three of these criteria, 31 hospitals met at least one and 16 met at least two





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

14. Maintain robust standards of clinical and corporate governance in line with best practice

Progress in 2022



Quality continues to be at the centre of Spire Healthcare's culture and everything we do. It is a key pillar of our updated business strategy, and our Quality Improvement (QI) strategy has strengthened in 2022. Non-executive directors regularly visit and meet with hospital leadership and attend local medical advisory boards and national conferences.

Initiatives

– See 'Build on quality' pages 22-24



Please see 'Build on quality' strategy section page 22 and Clinical governance and safety committee report page 98

15. Promote an open and learning culture

Progress in 2022



We work hard to share a welcoming culture that is characterised by openness, respect, collaborative working, a focus on clinical safety, and a spirit of continuous improvement. Attracting, retaining and developing great people is a high priority for us, and we can only do this if colleagues feel valued, rewarded, motivated, and supported by clearly defined career paths. We have Freedom to Speak Up Guardians in all sites.

Initiatives

– Freedom To Speak Up Guardians appointed at all sites



Please see 'Invest in our workforce' strategy section page 25 and Clinical governance and safety committee report page 98





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

16. Further develop our approach to controls around modern slavery

Progress in 2022



We are committed to act ethically and with integrity in all our relationships in line with our value of 'Doing the right thing'. Our approach to tackling the risk of modern slavery continues to evolve under the oversight of our multi-department modern slavery working group.

Our two main areas of focus are at front-line level, to safeguard patients and others who come through our facilities, and in our supply chain. In our business operations, we believe practitioners and our staff are well placed to identify and deal with modern slavery through the training and protections in place to protect patients. The safeguarding system trains those practitioners and other colleagues (clinical and non-clinical) to recognise and report signs of abuse. We believe the rigour of this system mitigates the risk of modern slavery from either going undetected or being inadequately dealt with at front-line level. This risk is further controlled by the support, training and infrastructure in place for all colleagues to be able to raise concerns through our network of local 'Freedom to Speak Up Guardians', or other available channels. In 2022, we maintained our modern slavery due diligence process for all new suppliers with an annual spend of more than £1m; there were no issues identified through this process. In addition, we started an assessment exercise of third-party management systems to provide robust evaluation of the level of performance and risk of key suppliers across a range of areas including labour and human rights. We plan to conclude this assessment exercise during 2023.

Initiatives

- Review the level of performance and risk of our key suppliers across a range of areas including the environment, labour and human rights, fair business practices, ethics and sustainable procurement

A copy of our latest Modern Slavery Act statement can be found on our website at investors.spirehealthcare.com





Our sustainability goals, timelines and KPIs continued

Respect the Environment

Engage our People and Communities

Operate Responsibly

17. Maintain and strengthen information governance and data security

Progress in 2022



Security can never be risk free, but Spire Healthcare's board has demonstrated commitment and support for continual improvement in the form of investment, technology and practices to mitigate against cyber risk.

Spire Healthcare's cybersecurity sustainability strategy covers three key pillars: people, process and technology, with a view to investing time, attention and capital to reduce risk and strengthen the group's information governance and data security position. With ever changing security landscapes, risks and threats, Spire Healthcare engages with security partners to conduct independent reviews and audits.

Spire Healthcare maintains industry-recognised security certifications such as ISO27001:2013, Cyber Essentials and regulatory compliance for contracts such as the NHS Data Security and Protection toolkit. In addition, Spire Healthcare has adopted the National Institute of Standards and Technology (NIST) score for continual security improvements and is annually benchmarked against peers in the healthcare industry. In 2022, Spire Healthcare's security benchmark improved significantly, and was deemed to be a leading organisation in the healthcare sector for cyber security maturity.

Additional external technical security assessments with the Council for Registered Ethical Security Testers are conducted, such as penetration tests, red teaming exercises and incident simulation exercises. Spire Healthcare receives regular threat intelligence from a number of sources and agencies for additional further advisories and guidance. Considerable security and technology advances were made in 2022 in network security, identity and access management, incident response, processes and procedures.

KPI

NIST Cyber Security Maturity Score

Initiatives

- Ensure our NIST Cyber Security Maturity Score moves towards 3
- Conduct an independent annual cyber maturity assessment (CMA) review, using the NIST cybersecurity framework (CSF). This assesses security posture and compares against the previous year's maturity. In 2020 Spire Healthcare received an overall maturity level of Partial (1.6). In January 2022 we received a level of Risk Informed (2.4), and are on target for a level of Repeatable (3.0)
- Make an accelerated investment in security to move us towards an overall rating of 3.0 and improve productivity



Sustainability continued

Task Force on Climate-Related Financial Disclosures (TCFD) Report

The board makes its statement of compliance with TCFD disclosures as required by Listing Rule (LR 9.8.6 R(8)) below.

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended disclosures	Status
a) Describe the board's oversight of climate-related risks and opportunities.	● – see page 61
b) Describe management's role in assessing and managing climate-related risks and opportunities.	● – see page 61

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended disclosures	Status
a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	● – see page 62
b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	● – see page 63
c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Complete scenario analysis ● – see page 64

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

Recommended disclosures	Status
a) Describe the organisation's processes for identifying and assessing climate-related risks.	● – see page 64
b) Describe the organisation's processes for managing climate-related risks.	● – see page 64
c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	● – see page 65

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended disclosures	Status
a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	● – see page 65
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	● – see page 65
c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	● – see page 65

- Compliant
- Partial compliance
- Non-compliant



Sustainability continued

Task Force on Climate-Related Financial Disclosures (TCFD) Report continued

Governance

a) The board's oversight of climate-related risks and opportunities

Our board has ultimate oversight of climate-related risks and opportunities facing us. It exercises that oversight through:

- Annual review of our corporate strategy, that includes championing sustainability as one of its five pillars as described on pages 18 to 32
- Review of major strategic climate and environmental-related initiatives as put to the board by the executive management team in line with the corporate strategy eg the environmental, social and governance strategy explained on pages 42 to 59 in 2022 and the net zero strategy as explained on pages 44 to 47 in 2022
- Quarterly key performance indicator report on the corporate strategic objectives, including progress against the sustainability development goals and the net zero strategy. The major strategic initiatives have milestones and targets. The management information presented to the board shows progress against those targets. For example, the board was made aware by executive management that our energy supplier unilaterally switched our supply from entirely green energy sources to brown sources effective from 1 April 2022 following the energy price shocks in quarter 1 of 2022. For 2022, and going forwards into 2023, this means we cannot meet our CO₂ reduction targets without buying cost prohibitive REGO's, until we are able to switch back to green energy sources.
- Receiving reports from board sub-committees following their meetings, eg the audit and risk committee (ARC) that reviews the principal risks on behalf of the board and oversees our risk management processes, that includes climate-related risks, as explained on pages 101 to 106.
- Annual review of emerging risks with the executive management team through the audit and risk committee

As the board also retains the authority to approve all capital projects over £5 million under its delegated levels of authority, in doing so, it reviews all major capital expenditure projects that affect sustainability.

b) Management's role in assessing and managing climate-related risks and opportunities

The executive committee retains overall responsibility for assessing climate-related risks and opportunities. The committee is chaired by Justin Ash, our CEO, and comprises his direct reports.

The committee receives a quarterly report from the director of audit, risk and compliance on the principal risks and the overall risk profile of the group prior to reporting to the ARC. The principal risk report analyses the principal risks in a number of ways, from individual assessment of their probability and impact, their interrelationships, and detail on the individual current and planned risk mitigations and sources of assurance. It is through that assessment, in conjunction with other management information, that the executive committee understands and acts on its assessment of climate-related risks.

The committee also reviews global trends for emerging risks on an annual basis, and submits a report to the ARC on emerging risks it sees from those global trends. It was through this process that the executive committee initially recognised climate change as an emerging risk area and then, in 2021, recommended to the board that climate change be considered a principal risk of the group.

The executive committee receives data and information from various functional management teams to help it collate its overall view of the climate-related risk and opportunities facing the group. In 2021, it received reports from a sustainability working group, and then in 2022 it decided to create a formal sub-committee to the executive committee, the workforce and sustainability committee; more details are given below.

The majority of the detailed climate-related risks and opportunities, to date, have been identified in the physical assets of the estate as explained on page 62. The executive committee directly monitors progress against our net zero strategy as it receives a quarterly report from our retained environmental engineers on the levels of CO₂ emissions. As the detailed risk assessments from flash flooding and wild fire (climate-related risks) principally affect our ability to operate our hospitals safely, the health and safety committee (a sub-committee of the executive committee) has taken oversight of the management of those specific risk areas as described below.

Workforce and sustainability committee

During the second quarter of 2022, we established the Workforce and Sustainability Committee (WSC) which is charged with making material decisions on behalf of the group's executive committee in relation to Spire Healthcare's sustainability strategy.

The WSC is a delegated committee of the executive committee with a remit to provide assurance on:

- The delivery of Spire Healthcare's sustainability strategy, as approved by the board and presented to investors, and compliance with the overall sustainability framework agreed by the board
- Meeting Spire Healthcare's legislative responsibilities in relation to its people and that the people function prioritises and supports the strategic direction of the organisation within integrated HR and sustainability frameworks
- Spire Healthcare's progress towards the ambition to be net zero carbon by 2030 and the effectiveness of plans for achieving this

Specifically, the WSC is positioned to:

- Oversee the agreed sustainability framework and the delivery of key steps within Spire Healthcare's sustainability strategy
- Take decisions to resolve issues or mitigate risks escalated from any relevant project and work streams
- Oversee key elements of the HR strategy, principles and oversight of all remuneration policies and decisions below the executive level
- Review how the company is performing against its commitment to respect the environment
- Ensure appropriate measurement and reporting of key sustainability deliverables

The executive committee communicates with the board through two main reports from the chief executive officer and chief financial officer, and reports from the chief operating officer. The executive committee also presents reports to the board through specific topics that are on the agenda for the board, eg the executive committee's proposed ESG strategy that the board approved in 2022.



Sustainability continued

Task Force on Climate-Related Financial Disclosures (TCFD) Report continued

Strategy

a) Climate-related risks and opportunities the organisation has identified over the short, medium and long term

Timeframes

The board recognises that climate-related risks and opportunities would emerge over very long timeframes, and well outside the normal five-year strategic planning horizon. Its review of going concern and viability are conducted over 12 months, and three years, from the date of reporting respectively. The board conducts these reviews every six months before publication of the interim and annual financial statements, and while they model the impact of a near-term climate event in line with the principal risks, do not capture longer-term impacts from climate change.

In 2021, we stated that we will look at climate-related risk and opportunities over:

- Short term 1-3 years
- Medium term 3-10 years
- Long term 10 years+

The periods above support the more immediate responses to impacts of transitional risks and opportunities (for example our net zero strategy for 2030 and initiatives on waste management as described on pages 44 to 49). For physical risks, we have engaged a third party to consider the physical impacts of climate change over a longer term because the effects of climate change will be more material over the longer time horizon. Therefore, the scenario analysis will assess the impacts to physical risks from climate change over the following time horizons:

- Short term – to 2030
- Medium term 2030-2050
- Long term 2050-2100

Relative importance of physical risks and transitional risks to the business

From a climate change perspective, the board considers our operations as one business unit because all of our operations are within the UK, and similar in nature. We have done an initial exercise to identify physical and transitional risks as part of our emerging risk process and incorporated the more immediate near-term risks into our principal risk (see page 66). In 2022, we conducted further detailed risk analysis in two physical risk areas being flash floods and wild fires. These risk analyses have concentrated on the risk as of today. In 2023, we will conduct scenario analysis to build out the risk assessments over the longer periods above from:

- Chronic heat-stress
- Chronic drought-stress
- River flood
- Sea level rise
- Tropical cyclone
- Chronic precipitation-stress
- Wildfire weather index

The board will also review the transitional risks identified to date as part of the scenario analysis. The physical risks we have identified could impact upon our operations in the short term (1-3) years. The transition risks we have identified are likely to materialise over a longer timeframe (up to the next ten years). The main transition risk we have identified is a failure to move to net zero carbon emissions. That is why we adopted the net zero strategy as explained on pages 44 to 47. This is also an opportunity for us to reduce our energy costs by a reduction in absolute levels of consumption, and to position ourselves positively in the market as our strategy seeks to achieve. Below we describe the physical and transitional risks we have identified.

Physical risks – initial assessment

Risk title	Description	Potential impact(s)	Timeframe
Acute weather event	Risk of damage to physical assets from acute weather events eg flooding	Per the Met Office climate change model for the UK, the UK is likely to incur higher, more intense rainfall and stronger winds, especially in the north west. This may cause damage to our hospitals in the worst affected regions.	Short to long term
Chronic weather event	Risk of operational disruption from chronic weather events – eg sustained heatwaves	Per the Met office climate change model for the UK, the UK is likely to incur longer and dry and hot spells, especially in the south east. This may cause interruption to our hospitals in the worst affected regions because of the operating theatres and wards being too hot to provide safe service.	Medium to long term

Acute water events

Severe storm weather – high winds and rain can cause major disruption to our sites. We consider this a short-term risk, with recognition that the likelihood will increase over the longer term because of more storm events per year. For example, in 2021, heavy rain and wind caused damage to the roof of one of our hospitals, leading to internal flooding and operational disruption. Such disruption has been minor to date, but does result in higher capital costs.

Increased storm events also raise the risk of floods at our buildings due to blocked drains and rising water levels in local water bodies. Water ingress would affect medical equipment and risks the hygiene of our premises and the safety of our patients. While we have not yet had to cancel treatment for patients, we recognise that increasingly patients may elect to cancel on-site treatment due to their inability to travel, which may disrupt revenue flow in the longer term. It also generates the risk that staff are unable to access sites and disrupts our supply chains.



Sustainability continued

Task Force on Climate-Related Financial Disclosures (TCFD) Report continued

Chronic weather events

Prolonged spells of extreme temperatures are considered a long-term risk. While we are witnessing the impact of these in the shorter term, eg where the temperature in the UK reached 29°C for eight consecutive days and hit a high of 35.3°C in 2018. In 2022, although the heatwave was shorter, recorded temperatures exceeded 40°C for the first time in the UK.

The 2018 heatwave caused little disruption to the group's operations but did raise awareness of the need to consider adaptation strategies. This is because we anticipate that instances of prolonged heat will increase and our buildings must be capable of adjusting to these temperatures (eg in July 2022 the Met Office issued the first ever 'red' warning for exceptional heat). In the longer term we recognise that high temperatures could lead to existing critical heating, ventilation, and air-conditioning systems (HVAC) being unable to cope and may cause cancellation of procedures and operations. Following the heatwave in 2018, we conducted an estate wide review of the HVACs. Those deemed at risk of failing were registered on the facilities risk register and a managed replacement or upgrade programme put in place for those HVACs most at risk.

We recognise that intense storm events, flooding, fire and heavy snow may increasingly affect the business and have implemented strategies to mitigate the risk.

Transitional risks

Energy costs – Providing healthcare services is a relatively energy intensive industry. We are vulnerable in the short term to fluctuations in energy prices driven by political events and in the longer term by rising carbon costs imposed on power generators, as well as through increasing taxation at the point of consumption.

New technologies – A strategy in our decarbonisation plan requires removal of a high emission energy source with a lower emission source, replacing our gas-fired heating and hot water with what is, currently, a more expensive energy source, electricity. There is a cost and risk associated with transitioning to lower emission technology. There is also a risk of obsolescence of other assets or increased cost from technological developments to combat climate change eg the combustion engine and replacement of the use of plastics in clinical processes. We have identified and addressed under our waste management strategy that we must adapt to new materials used in clinical procedures that are more environmentally friendly.

Market risk – This is the risk of a change in market dynamics because of climate change. We will need to develop the capability to treat different health conditions that may present themselves in order to remain competitive.

Reputation risk – Increasingly the business is operating in an environment of consumer awareness around climate change, which risks damage to Spire Healthcare's reputation if we contribute to, or do not avoid, climate change. While our assessment is that consumers are focused on healthcare quality, we envisage that, increasingly, they will choose more sustainable companies. This is a significant reason behind our rationale to become net zero at a much earlier date than the UK's goal. We see this reputational aspect as an opportunity to inform our customers of our ambitious objective, which we hope will ensure additional reasons for them to select our services.

Legal and regulatory – This type of risk is relevant to us due to the potential cost of compliance with new legislation, potential financial impact of litigation as well as the reputational impact of non-compliance, which could result in negative impacts to earnings potential. As a listed company, we are open to scrutiny in these areas from regulators and our other stakeholders as described on page 36. We are at risk of penalties and legal action due to non-compliance with legislation such as SECR, ESOS, MCBP and MEES. Other regulatory drivers include PPN 06/21: which sets out how, if we wish to remain a supplier to the NHS, we must provide detail of our carbon reduction plans and commitment to net zero. We anticipate that regulation will continue to strengthen in this area, increasing the cost of compliance in the longer term.

Impact on climate-related risk and opportunities on the financial statements

To date, the board has not identified any climate-related risks or opportunities that would have a material impact on the assets or liabilities of the group, and therefore has not adjusted financial balances for climate-related risks or opportunities.

Opportunities

We have an opportunity to turn some of the risks to opportunities, especially communicating our environmental credentials more prominently, including our carbon reduction strategy, as a differentiator from our competitors in the private healthcare sector, placing us in a better competitive position.

There are predictions that climate change disruptions will affect health to include increased respiratory and cardiovascular disease, injuries and illness related to extreme weather events, changes in the prevalence and geographical distribution of food and water-borne illnesses and other infectious diseases, and threats to mental health. As a business, we recognise this and are committed to reducing our impact on climate change, but we are also in a position to support the UK to prepare for the health impacts of climate change and to ensure we continue to adapt and deliver quality healthcare services that meet changing needs in the market.

b) Impact of climate-related risks and opportunities on Spire Healthcare's businesses, strategy, and financial planning

Financial impact of climate change risks and opportunities

We have focused on the near-term financial impacts for the purposes of the going concern and viability modelling. The outcomes of that modelling are reported in the statement on viability on page 77. We have previously announced that the net zero strategy represents a cash investment of £16 million up to 2030. Capital expenditure for routine upgrades of hospital infrastructure, where we build in the latest design tolerances for future climate change, has been within our normal capital expenditure programme, the total quantum of which was £90.1 million in 2022.

In our five-year strategic plan, other than the allocation of capital to the net zero strategy, and except for energy costs or potential losses from major disruption from an adverse weather event as modelled in our viability testing, we do not consider that other climate-related risks and opportunities will have a material impact on our revenues, operating costs, acquisitions, divestments and access to capital over that time horizon. In relation to energy costs, we have energy price hedging in place until October 2024. Thereafter, we are exposed to future energy prices. We are already reviewing future hedging strategies to reduce our level of exposure from price volatility post October 2024.

We will consider the output from our scenario analysis, which will take a much longer-term horizon, whether, that implies there will be material financial impacts.



Sustainability continued

Task Force on Climate-Related Financial Disclosures (TCFD) Report continued

Other impacts on our business, strategy and financial planning

Our net zero strategy does not rely on unproven technology. Details of the net zero strategy are on pages 44 to 49. We are aware that technological developments are occurring at pace, for example looking at the electrification of HGVs. They may have an impact on our strategy before 2030 if they become commercially viable.

While we have strengthened our governance in 2022 as described on page 61, there has been no significant change in 2022 to our approach of identifying climate-related risks and opportunities, or our mitigation strategies against the risks we have identified. The process of risk management described on pages 66 to 68 utilises well-established methodologies to prioritise risks by assessing their impact and probability. We will continue to review our mitigations through:

- Our normal risk management process
- The scenario analysis we will carry out in 2023
- Taking advantage of opportunities as we identify them and they arise

c) Resilience of Spire Healthcare's strategy, including a 2°C or lower scenario

We will conduct a scenario analysis in 2023, the scope of the physical risks and the timescales as described above. The primary objective is to undertake a physical climate risk assessment of our portfolio of hospitals based on current climate conditions as well as projections of climate change impact in the long-term. The assessment will also consider a range of different climate scenarios in line with the recommendations of the TCFD. From this, the assessment will identify exposed locations and assets most at risk in the form of a physical climate risk exposure matrix and additional deep dive quantification of impact for highly exposed assets.

The assessment will rely on the use of our third-party's climate diagnostic model, which uses underlying climate data provided by Munich Re's new climate change hazard layers. The layers utilise data from the European Centre for Medium-Range Weather Forecasts (ECMWF), UKCP18, JBA Global Flood Model and the Met Office. The flood model provides a view of the risk based on an underlying digital terrain model, which provides a robust view of buildings and physical assets being exposed.

Climate Scenarios and corresponding average global warming we will model are based on the Intergovernmental Panel for Climate Change's scenarios:

- RCP2.6 (1.5°C)
- RCP4.5 (2-3°C)
- RCP8.5 (4°C+)

Risk management

a) Spire Healthcare's processes for identifying and assessing climate-related risks

On pages 66 to 68 we describe our risk management process and its governance. We use the same process to identify and assess climate-related risks augmented by specific deeper dive risk assessments where appropriate, for example, the risk assessment into each of our properties exposure to wild fires as discussed above. The relative importance of climate-related risks are established through the same method of estimating the range of potential impacts and the likelihood. As risk management is looking to the future, there is always a degree of uncertainty over probability and impact measures, especially with climate change, given the climate is dynamic and the changes are complex to model. Page 67 shows the relative importance we judge climate change risk to have compared to other principal risks (which are fully described on pages 69 to 76). We have set out on page 62 and 63 what we believe are the climate-related risks that are specific to our circumstances. The scenario analysis we will carry out in 2023 will further deepen our understanding of the potential longer-term risks we may face from climate change.

b) Spire Healthcare's processes for managing climate-related risks

On page 61 we describe the governance of climate-related risks and opportunities including the role the WSC will have going forward. Our governance structure results in three levels of management of our climate-related risks and opportunities depending on the materiality of the activity as shown in the figure below.



The structure shown above reflects the type of actions we have taken to manage our climate-related risks, for example:

- Major strategic initiatives sponsored by the board, eg the net zero strategy
- The pragmatic management of risk assessed and prioritised activities such as the replacement of ageing HVAC systems, the installation of energy saving technologies from new building management software, solar panels and energy efficient lighting led by functional leadership reporting into the executive committee
- As described on page 45 local carbon champions working with their local leadership teams have developed site specific action plans that have been fundamental in making site level changes that are saving energy, reducing CO₂ emissions and improving waste disposal on a daily basis



Sustainability continued

Task Force on Climate-Related Financial Disclosures (TCFD) Report continued

c) How processes for identifying, assessing and managing climate-related risks are integrated into Spire Healthcare's overall risk management

As the responsibility for identifying and managing risks, including climate-related risks, as set out on pages 66 to 68 is with the board, the executive committee and then through functional and local leadership, management of climate-related risks is entirely integrated in our normal management processes. We have not built a separate management process to manage climate change related risks and opportunities.

Whilst various committees look at specific aspects of climate-related risks as described on pages 62 to 63, reporting on the sustainability pillar of the corporate strategy is embedded in the quarterly KPI report with all other strategic KPI's. From there, the identification, assessment and management of more detailed climate-related risk management activity is embedded within our established management systems, whether that be the recording of specific risk assessments within our risk management system, or the review and decision-making by established committees and local management teams.

Metrics**a) Our metrics used to assess climate-related risks and opportunities**

In our risk management process, we assess all risks against a range of impacts including financial, reputational, patient safety amongst others.

In relation to climate change, the main strategic risk and opportunity that we have developed metrics for is the decarbonisation of our operations in line with our net zero strategy. We use the following metrics to track progress towards achieving our net zero targets:

- Gas and electricity consumption against targets plus associated carbon emissions quarterly, to include Scope 3, twice yearly
- Carbon intensity against revenue
- Electricity generated by solar PV
- Waste to landfill/energy-from-waste/recycling
- Water consumption
- Financial losses due to climate-related incidents

We report Scope 1 and 2 emissions in full, and some of the Scope 3 emissions being grey fleet, air and rail travel, hotel and waste. We do anticipate carbon pricing to impact our net zero strategy until 2030 when the residual unmitigated emissions will be offset.

We have separate metrics to measure our performance of our waste management. Our metrics are described on page 48.

The net zero targets are built into the relevant management rewards structures. In 2022, management met the performance targets.

b) Our Scope 1, Scope 2 and, Scope 3 greenhouse gas (GHG) emissions, and their related risks

We disclose our GHG emissions, methodology and footprint boundary on page 46 in accordance with the methodology set out in the UK government's Environmental Reporting Guidelines, 2019. There has been no change to the methodology applied to calculate our emissions in 2022. As we use an independent third party to calculate our emissions and only 1.9% of our emissions data is based on estimated data, we believe the risk of material error in our data is low.

We express our energy intensity ratio as a tCO₂e per £m. This ratio provides a consistent year-on-year basis to measure the energy required to deliver our operational activities. We track and disclose the change in intensity ratio over the last five years as disclosed on page 46. Our intensity ratio has fallen by 45% between 2018 and 2022.

We assess Scope 3 emissions to be material to our operations. Those we have been able to measure to date (grey fleet, air and rail travel, hotel and waste), we include in our emissions data on page 46. Our supply chain will make up a material portion of our Scope 3 emissions.

c) Our targets to manage climate-related risks and opportunities and performance against targets.

The net zero target is measured as Net Zero CO₂e (carbon dioxide equivalent) emissions, ie that CO₂e emissions taking 2019 as our baseline, will be fully mitigated or offset. Our plan anticipates that we will mitigate over 85% of our 2019 CO₂e levels by the end of calendar year 2030, with the remainder offset.

We have an annual target as set out in our net zero strategy and waste management strategy to reduce our GHG emissions until 2030. As described above, our net zero target includes elements of Scope 3 emissions, but it does not include Scope 3 emissions from our supply chain, including energy transmission, hotels and waste. We start measuring our supply chain emissions in 2023. We report our progress and the initiatives to deliver against those targets on page 45. Our targets for net zero and waste management are actively pursued and included in our business plans.