

Section 172(1) and Engagement Statement

The following provides the Directors' statements, required by the Companies Act 2006 (the Act), to report on how they have performed their duties in relation to Section 172(1) of the Act and engaged with employees, suppliers, customers, and others. It draws upon information contained earlier in the Strategic Report, which has been signposted and not repeated.

Section 172(1)

During the year, the work of the Board supported Bupa's purpose to help people live longer, healthier, happier lives and make a better world by promoting Bupa's long-term success and sustainability. The Directors are guided in the performance of their broader Section 172 duties and decision-making by Bupa's values and strong governance arrangements, detailed in the Governance section starting on [page 58](#). The Board requested and received regular reports from executive management on Section 172(1) matters and had regard to business performance, people, strategy, and sustainability when making decisions on financial, operational, and strategic matters, and allocation of resources. They considered the views of AMs (who perform the governance and certain oversight activities usually performed by shareholders) on relevant issues and were focused on maintaining the Group's reputation and high standards of business conduct, given the social context Bupa operates in, its global presence, and how they underpin Bupa's culture and business model detailed earlier in this Strategic Report.

Stakeholders and engagement

The Board considers the Company's stakeholder groups, aligned with Section 172(1), to be its customers, people, suppliers and partners, communities and environment, regulators, AMs and Bupa Finance plc's bondholders.

It has engaged directly and indirectly with each group during the year to ensure that Directors are informed on the interests and views of all its stakeholders, particularly given they have different perspectives which may not align with each other. This holistic view enables the Directors to navigate differences and make complex decisions that deliver, on balance, the best outcome for Bupa's long-term sustainability and success. The Board also encourages all levels of the business to engage with the relevant Bupa stakeholders to broaden their awareness and understanding of the impact that their decisions have.

The relevance and importance of each stakeholder group and how the Directors have engaged, or been informed, during 2023 as a Board, Board committees, individual Directors, or via management, is set out below.

Stakeholder	Stakeholder engagement and consideration	Further detail
Our customers Customers are fundamental to Bupa, so we need to understand as much as we can about them and their needs and interests to provide the best customer service and experience.	<ul style="list-style-type: none"> The Board was kept informed on the progress and performance of initiatives to achieve the 3 Ambitions of the strategy, all of which are all customer-focused, via reports regularly provided to Board meetings. The Board received detailed reports on the emblematic projects related to the strategy which are designed to drive customer experience improvements. The Board undertook a deep dive on the future role and development of digital and physical provision. The Board received in depth business updates from the three Market Units during the year, which covered customer matters in each Market Unit. Management and the Executive Directors have access to the direct customer feedback tool, the Customer Listening app, to hear and watch recorded feedback from customers on their experiences, any issues encountered or suggested improvements. The Board received reports on the effectiveness of this programme, the themes arising, and the actions being taken in response to the customer feedback. 	Delivering for our customers on pages 24 to 25.

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Stakeholder	Stakeholder engagement and consideration	Further detail
Our People Our people are central to supporting our customers, living our values and the long-term success and sustainability of Bupa. So it is fundamental we listen to our people and consider their interests to ensure we attract and retain the best people and they feel Bupa is a great place to work, are engaged and empowered to deliver great outcomes for our customers, and they lead healthier and happier lives.	<ul style="list-style-type: none"> The Group Chief Sustainability and People Officer provides regular reports to the Board, covering our people strategy, addressing any risks, nurturing talent, supporting leadership, and training and development. The Board reviewed the Global People Framework and considered the global priorities for our people. It also received and considered a Speak Up Report which covers whistleblowing (detailed on page 42). The Board reviewed the results and an analysis of the responses to the biannual People Pulse employee engagement surveys. The Board also received an update on the future of work and the office, updates on senior talent and succession, inclusion and wellbeing, and health and safety matters. The three Non-Executive Directors (NEDs) appointed as designated workforce engagement NEDs for Bupa's three largest markets (UK, Spain, and Australia) participated in a series of site visits, listening groups, town halls and smaller team meetings and reported the outcomes back to the full Board. Some of the Directors attended sites and engaged with our people on visits to healthcare facilities and offices in Mexico and India during 2023. 	Our people and culture on pages 29 to 33.
Our Suppliers and partners Bupa's suppliers and partners support our business needs and help the Group to deliver high-quality service to our customers, from information systems to equipping our healthcare settings. So it is important that we have strong working relationships and operate ethically.	<ul style="list-style-type: none"> The Bupa Responsible Supply Chain Statement, available on bupa.com/important-notices, sets out Bupa's expectations of suppliers and commitments to them. The Board also received and considered matters related to modern slavery and the supply chain and approved the Modern Slavery Statement, which can be found on bupa.com/important-notices/modern-slavery-statement. The Board reviewed the Group Suppliers Enterprise Risk Policy that governs the selection, contracting and management of all Bupa's suppliers and partners, and considered supplier relations and risk management during the year. The Board is kept informed of the progress of negotiations with significant suppliers, including hospital groups, and strategic partners. 	Sustainability and ESG, pages 39 to 42.
Our communities and environment Bupa operates within a societal context and believes the health of the community and environment we live in has a significant impact on people living longer, healthier, happier lives. We set our 3x6 and Sustainability strategies from our understanding of how we can make a positive contribution and impact and operate sustainably.	<ul style="list-style-type: none"> The Board reviewed progress on the Sustainability Strategy and, approved the Sustainability Enterprise Risk Policy The Chair of the Board's Sustainability Committee provided updates to Board meetings on its activities which included monitoring performance and progress on the Sustainability Strategy and supporting initiatives and activities during the year, collaboration with our partners such as the Norman Foster Foundation, and disclosure and reporting matters. The Board was informed by the Chief Risk Officer and via the Board Risk Committee Chair on climate and ESG risks and mitigations. The Board received updates on progress in reducing Scope 1, 2 and 3 emissions from management and from the Board Sustainability Committee chair, whose committee considered these matters in more depth. 	Sustainability and ESG section on pages 35 to 43. Report of the Board Sustainability Committee on pages 78 to 79. Climate Risk on page 54 to 56.

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Stakeholder	Stakeholder engagement and consideration	Further detail
Regulators and governments Bupa's business activities are highly regulated and subject to financial services regulatory regimes in our insurance businesses and care quality regulators in our provision and aged care businesses. Depending on where we operate, our regulators can be independent bodies or national or local governments. Their role is to ensure we have the resources, understanding, and capabilities, to protect our customers and other stakeholders, so it is important we understand their expectations and have strong working relationships with them.	<ul style="list-style-type: none"> The Board received updates on the programme of regular interactions with the Group's lead insurance regulator, the Prudential Regulation Authority (PRA), and engaged with them on key Board decisions. The Chairman, chairs of the Board's standing committees, the Group CEO, CFO, and certain other senior executives, had regular meetings with the PRA during the year. The Board and its standing committees received routine updates on issues, activities, and interactions with other regulators from Market Unit and Business Unit management teams and subsidiary board directors. The PRA attended a Board meeting and presented its annual Periodic Summary Meeting Letter, which was considered by the Board. The Board engaged with the Financial Conduct Authority (FCA) and PRA on Board changes and succession plans. The Board considered regulatory risk to our operations regularly throughout the year, informed by the Board's Risk Committee, and reviewed and approved the Group's Regulatory Compliance and Conduct Risk Policy to ensure high standards of compliance with regulatory requirements in all the markets Bupa operates in. 	Risk Report on page 49.
Association Members As a company limited by guarantee, Bupa appoints Association Members to conduct the governance and certain of the oversight activities that are usually performed by shareholders. It is important that Bupa engages with them regularly from an external governance and challenge perspective.	<ul style="list-style-type: none"> The Board arranged half year and full year results briefing calls with Association Members, which were followed by a question-and-answer session. Regular updates were also provided on the progress of the 3x6 Strategy. Certain Association Members attended the eco-Disruptive Live and Healthcare Symposium events to gain deeper insight into Bupa and its business initiatives. Association Members engaged with the Chairman and Group CEO at informal lunch meetings. The Group CEO, Chairman, Senior Independent Director, and Group Company Secretary made themselves available to Association Members throughout the year. The Nomination and Governance Committee regularly reviewed the register of Association Members to ensure the membership remains sufficiently engaged and diverse. 	Corporate Governance Report, pages 61 to 62.
Bondholders Bupa has a series of publicly traded debt securities issued by its subsidiary, Bupa Finance plc. As the ultimate parent company of the Group, Bupa considers them to be a key stakeholder and seeks to engage with them regarding their investment and support and understand their views.	<ul style="list-style-type: none"> Bondholders were invited to attend briefing calls on the full-year and half-year results of the Company and Bupa Finance plc and had the opportunity to question management on performance and strategy. Roadshows were held for current and prospective bondholders during the year, and ahead of the bond issuance in October 2023. Significant matters related to our debt securities were communicated externally via regulatory announcements, press releases, and published on our website, bupa.com. During the year, the Board was briefed by the CFO on the outcome of bondholder engagements and their views on the Group's financial performance and strength, and our sustainability and wider ESG activities. 	

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Key strategic decisions and their impact on stakeholders

Throughout 2023, consideration of Bupa's ambition and purpose, values and culture, and stakeholders featured in some way in all Board papers and discussions. The Directors applied their knowledge and experience, and insights from stakeholder engagement during discussions and were cognisant of the possibilities, impact, and consequences for relevant stakeholders. The table below sets out some key strategic Board deliberations and decisions during the year, aligned with matters highlighted in the Strategic Report, to illustrate how they had regard to Bupa's stakeholders. Where further information on the matter can be found, this is indicated.

Decision	Considerations, actions and decisions	Further information
Customer give-backs and premium increase deferral (Australia) Stakeholders impacted Our customers, regulators (Australia), communities, Association members and Bondholders.	<ul style="list-style-type: none"> The Group's Australia Health Insurance subsidiary, BHI, has previously committed not to profit from the Covid-19 pandemic. During the year, the board of BHI has engaged with the Bupa Board regarding endorsement of its proposals to defer premium increases and make other returns of value to its customers arising from COVID-19-related claims savings, as these required the Board's approval under the Group's governance approach because of their size. During their consideration of these proposals, the Board took into account information received from BHI, on the trends in claims levels in BHI, the likely reasons underlying those trends, and factors which could cause those trends to change in future. In considering whether to endorse the give-back, the Board had regard to the risks, impact and consequences for: affected customers and future business; the regulatory stakeholders; and the broader community, consulting on the proposed approach with Private Health Care Australia, the Australian private health insurance industry's representative body. The Board also considered the impact on the Group's capital and solvency position. The Board endorsed BHI's proposal to make the final give back of A\$395m to BHI customers in Australia who held active health insurance policies with at least three months' membership with domestic hospital and/or ancillary cover between 1 July 2022 and 30 June 2023. 	Accounting Note 12, pages 159 to 165.
Acquisition of a majority shareholding in Niva Bupa, India Stakeholders impacted Our customers, people, communities and environment, regulators (UK and India), Association Members and Bondholders.	<ul style="list-style-type: none"> During the year, the opportunity arose to increase Bupa's minority shareholding in its associate business in India, Niva Bupa, to a controlling interest. The Board considered Niva Bupa's profitable outlook and robust growth projections and the benefits for customers, people, and the community in India. However, the Board also had to consider the short-term impacts on the Group's liquidity and capital resources, which would be of interest to Bupa's bondholders, AMs, and regulators, given the longer-term nature of the expected returns on the additional investment in Niva Bupa. To determine whether the investment in Niva Bupa should be increased, the Board (including a special sub-committee of the Board established to review the final proposals) closely reviewed and scrutinised the opportunity, considering the impact, implications and consequences for stakeholders, the risks and the strategy, including stress and scenario analysis, and the potential impact on the Group's carbon reduction ambitions. The Board concluded on balance that the acquisition was in the best interests of the Company and the delivery of its purpose and was consistent with the 3x6 strategy and the Group's long-term growth objectives. The acquisition was approved and completed in January 2024. 	Group CFO's review, page 15. Board Audit Committee Report, page 69. Accounting Note 1.8, page 122.

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Decision	Considerations, actions and decisions	Further information
<p>Judicial and regulatory changes impacting Isapre Cruz Blanca SA, Chile</p> <p>Stakeholders impacted customers, suppliers and partners, people, communities, regulators (UK and Chile), Association Members and Bondholders</p>	<ul style="list-style-type: none"> During 2023, there remained continued uncertainty arising from judicial and regulatory judgements and actions in Chile that impact the operation and future of Bupa's business, Isapre Cruz Blanca SA. The uncertainty and local market conditions limited Cruz Blanca's ability to properly price premiums to cover risk, medical inflation, and medical coverage, and could also have consequential impact to the Company and its stakeholders. During the year, the Board closely monitored political, legal, and regulatory developments in Chile and was briefed at every Board Audit Committee and Board meeting, to consider the range of potential impacts and the longer-term viability and business model in Chile, as well as the need to make external disclosures. The Board has been regularly briefed by management at both Group and ELA Market Unit level, and by members of the Bupa Chile board. In considering near- and long-term options to manage the uncertain situation and to determine the best outcome for Bupa, the Board considered the customers of Isapre Cruz Blanca and their access to healthcare, Bupa's brand and reputation in Chile, the future for our people, our suppliers and partners in Chile, relationships with and views of the local regulator, and the views of the PRA, our Association Members and our bondholders. The Board also had consideration of future business and the broader community in Chile, given the impact on the public healthcare system in Chile should the Isapre sector cease to be viable. The need for the Isapre sector to continue in some form, to avoid excessive pressure on the public system in Chile, was considered against the likelihood of a less profitable outlook for Bupa Chile's provision business in future. The Board considered the range of potential outcomes relating to pricing changes and retrospective payments on solvency and liquidity, and any impact to the business model in Chile. 	<p>Group CFO's Review, page 15.</p> <p>Risk Report, page 49.</p> <p>Audit Committee Report on page 72.</p> <p>Accounting Note 27, page 190.</p>
<p>Development of 'Connected Care' in the UK and Australia</p> <p>Stakeholders impacted People, customers, suppliers, communities, Association Members and Bondholders</p>	<ul style="list-style-type: none"> Connected Care is the next step in delivery of growth and the business strategy, intended to transform our service delivery models in the UK and Australia and grow our provision business in the key areas of customer health propositions, integrated digital experience and tools, and our physical health centres. The Board received updates from the BGUK and APAC Market Units and considered the strategic and customer benefits of Connected Care in terms of a more integrated healthcare proposition and experience. The Board considered the potential returns on the capital investment in Connected Care and how it could support delivery of Bupa's purpose, three Ambitions and the six strategic pillars, to manage capital and achieve the performance expected by Association Members and bondholders. The Board also considered implications for our suppliers. The Board considered the challenges and risks to be overcome in order to capitalise on the market opportunity, and how to evolve and distinguish the customer proposition from the Group's competitors, increase and retain customers and address post-pandemic industry shortages of healthcare professionals. It also considered Connected Care in the context of difficult macro-economic conditions: high inflation and interest rates impacting our suppliers, pressures on public healthcare systems, and cost of living and affordability pressures for our customers. The Board was also mindful of the experience in parts of the Bupa Group where there was already greater integration of insurance and healthcare provision. The outcome of Board deliberations was to support pursuing Connected Care strategies to drive better value and propositions for our customers, to achieve better cost and service efficiency, to be the employer of choice for our people, and to leverage our suppliers to support us. 	