

Strategic Report

For the year ended 31 December 2023

Section 172 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 Statement

This statement sets out how the Board has acted in a way that promotes the Company's long-term success and sustainability for the primary benefit of its sole shareholder, The British United Provident Association Limited, to support the Parent's purpose of helping people live longer, healthier, happier lives and making a better world, as well as its other key stakeholders.

When making decisions, the Board is guided by Section 172 of the Act when performing its duties and making decisions regarding the likely long-term impact, interests, concerns of its key stakeholders and on the communities in which Bupa operates, its environment and maintaining high standards of business conduct.

Engaging with our key stakeholders

As an intermediate holding company for the Group, how the Company engages with its key stakeholder groups is in the context of business oversight and is consistent with reporting by our Parent in its Annual Report and Accounts in respect of 2023. During the year, the Board has considered the Group's Parent, customers, people, bondholders, suppliers and partners, regulators, and communities and the environment, as its key stakeholder groups, and had regard for their views and interests when making decisions and overseeing execution of Bupa's business model and strategy.

Customers

With a Group ambition to be the world's most customer-centric healthcare company, Bupa's customers are the focal point of all Bupa Board decisions. The Board has had regard to customers' experience and future expectations via the Customer Listening app in 2023 and in reports to the Board.

People

Bupa's people are central to supporting customers, living our values and the long-term success and sustainability of the Company and Bupa. It is fundamental that 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. Reporting on people strategy and governance is made to, and overseen by, the Bupa Board, including its talent management, people development, biannual People Pulse employee surveys and the operation and reporting in respect of 'Speak Up', the confidential whistleblowing helpline.

Bondholders

As outlined earlier, the Company has a series of publicly-traded debt securities in issue on the London Stock Exchange and is therefore subject to the relevant UK Listing Rules and the Disclosure Guidance and Transparency Rules, and the UK Market Abuse Regulation, and matters relating to the issue and trading of its debt securities are regulated by the Financial Conduct Authority (FCA). Investors in these debt securities are interested in the Company and Bupa's financial performance and strength, and increasingly Bupa's sustainability and wider ESG activities. On behalf of the Company and its Parent, Directors hold briefing calls for bondholders to discuss the full year and half year results, strategy, and its sustainability and ESG activities. This provides an opportunity for them to question management on the financial performance and strategy of the Company and Bupa. The Directors also held roadshows for current and prospective bondholders during the year, and communicated other significant developments via regulatory announcements and press releases, which are also published on our website, [bupa.com](https://www.bupa.com).

Regulators

The Group operates in highly-regulated environments across the health insurance, provision, and aged care businesses. Our insurance business is also subject to financial services regulatory regimes and our aged care business with care quality regulators. In some cases, regulators are independent of governments, and in other situations Bupa's activities are directly regulated by national or local governments. The relationship with regulators is performed by our Parent, on behalf of the Company and its Directors, as that is where the Group oversight responsibilities for Bupa sit under the Senior Managers and Certification Regime in the UK.

Suppliers and partners

Bupa's suppliers and partners support our business needs and help Bupa to deliver a high-quality service to customers, so it is important that we have strong working relationships and operate ethically. The Board has regard to Bupa's Responsible Supply Chain Statement, available at [bupa.com](https://www.bupa.com), that sets Group expectations of our suppliers and our commitments to them, alongside Group policies set and approved by the Bupa Board. The Board also considers matters related to modern slavery and the supply chain and approved the Modern Slavery Statement, which can be found on [bupa.com](https://www.bupa.com).

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Communities and the 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. The Company's Parent reports on sustainability and ESG actions, engagement, and ambitions on behalf of the Group and provides Bupa's statements on climate related financial disclosures now under the Act, on page 34 of its Annual Report and Accounts 2023.

Strategic decisions and their impact on stakeholders

The table below sets out examples of decisions the Directors have taken during the year and how stakeholder views were taken into account.

Bond Issuance – Bondholders, customers, regulators	
<p>The Board is responsible for promoting the Company's long-term sustainable success and ensuring that the necessary resources are in place to meet its objectives. Maintaining a strong capital base and access to liquidity means the Group has the resources to be able to maintain and improve its offer to customers and fund future growth of the business.</p>	<p><u>Action</u> On 12 October 2023, the Company issued €500m of 5.00% fixed rate notes with a maturity date of 12 October 2030, following Board approval.</p> <p><u>Stakeholder considerations</u> Management discussed the proposals with the regulator to ensure they were comfortable with the proposal ahead of the issuance. Management also consulted the Company's rating agencies.</p> <p><u>Long-term impact</u> Directors were satisfied the bond issuance demonstrated to bondholders, customers, and regulators that the Group would continue to hold sufficient capital reserves and could comply with relevant capital adequacy regulations. The issuance enabled the Company to enhance its strong liquidity and capital positions, improve our offer to our customers and generate sustainable long-term growth. The issuance was denominated in Euros which enabled the Company to access a wider investor base.</p>
Acquisition of Majority Shareholding in Niva Bupa – Customers, people, regulators, bondholders, communities	
<p>The Board monitors the Company's funding and liquidity position to ensure that it has sufficient headroom in the level of liquidity we hold above risk appetite. The Board manages the need to maintain the financial strength of the Company with the funding requirements of the business to invest in growth opportunities and to achieve the Group's objectives.</p>	<p><u>Action</u> During the year, the opportunity arose to increase Bupa's minority shareholding in its associate business in India, Niva Bupa, to a controlling interest. In order to carry out the acquisition, the Board approved the funding of the acquisition through a capital injection into its direct subsidiary, Bupa Investments Overseas Limited, for onward funding of the transaction. The acquisition completed on 8 January 2024.</p> <p><u>Stakeholder considerations</u> The Board considered Niva Bupa's profitable outlook and robust growth projections and the benefits for customers, people, and the community in India. Additionally, the Board closely monitored the Company's liquidity and capital resources before concluding on balance, that the acquisition was in the best interests of the Company and the Group's long-term growth objectives.</p> <p><u>Long-term impact</u> The acquisition of a majority shareholding in Niva Bupa provides the Company with an opportunity for long-term expected returns on the additional investment, with Niva Bupa having the potential to play a key role in driving Bupa's growth and profitability in the medium to longer-term. It also provides the opportunity to reach and serve more customers in India.</p>