

Bupa Insurance Services Limited

For the year ended 31 December 2023

Engaging with our stakeholders (Section 172(1) statement)

This statement sets out how the Board has acted in a way that promotes the success of the Company in helping to contribute to and achieve Bupa's purpose of helping people live longer, healthier, happier lives and making a better world. Bupa's status as a company without shareholders means that we can focus on the long-term achievement of our purpose and reinvest our profits into providing more and better healthcare for the benefit of current and future customers.

When making decisions, the Board considers:

- the likely long-term impact of the decision;
- the interests or concerns of, and impact on, our key stakeholders and in particular, the need to consider customer impact and to ensure good outcomes for our customers;
- the impact of our decisions and operations on the communities in which we operate and the environment; and
- the need to maintain a reputation for high standards of business conduct.

We consider our customers, people, immediate shareholder (Bupa Finance plc) and ultimate parent company, Bupa, regulators, suppliers and the communities we operate in to be our key stakeholder groups, and their views and concerns are considered as part of the development of our business model and strategy.

The Board endeavours to gain an understanding of the perceptions and attitudes of each stakeholder group and the weight they give to different issues. Where the views of different stakeholder groups do not align, the Board must decide on the best course of action to promote the Company's long-term sustainability and success and good outcomes for customers. It is important for all levels of the business to engage with stakeholder groups to gain a better understanding of their interests and concerns and the impact our decisions have on them. Further detail on how we engage with our key stakeholder groups is set out below.

Customers

Bupa's ambition is to be the world's most customer-centric healthcare company and its three ambition KPIs to have 40% of customer care touchpoints owned by Bupa, 60% active digital customers and a Net Promoter Score ("NPS") score of 80, all relate to our customers. This means a commitment to excellent customer experience, through great service and value, frictionless access and quality healthcare. Our strategy focuses on customer experience through continuous innovation, a commitment to sustainability, and business growth underpinned by high standards of corporate governance. This puts customers at the core of everything we do. Customer needs and preferences are evolving rapidly as consumers become increasingly engaged with their own health and expect more from service providers in all aspects of their lives, including healthcare. We champion quality, medically evidenced treatment and care, and seek to deliver value for money, provide exceptional care, keep our customers' data safe and help customers navigate the complex world of healthcare.

We have increased customer care touchpoints through our digital service offerings and greater utilisation of the Bupa Clinics network. There are more customers engaging with us through our digital channels with an increase in virtual GP appointments, roll-out of automated claims e-mails and development of digital wellbeing features which launched in early 2024. NPS has increased year on year across our UK PMI and IPMI businesses as a result of our focus on delivering customer experience improvements.

Direct customer feedback is an important tool to help us improve their experience and leaders are encouraged to use our Customer Listening app to gain insights on the issues that customers raise and to provide feedback on how customer experiences could be improved.

The Board receives regular reports, including the CEO's Report and Performance Dashboard and the Consumer Outcomes Dashboard, which provides an overview of the Consumer Outcomes being delivered across a range of metrics such as Products and Services, Price and Value, Consumer Understanding, and Consumer Support which track key customer metrics, such as NPS, complaints and customer research.

The Board has also received regular updates during 2023 on the progress against the three ambition KPIs and the Board and Risk Committee continued to focus on customers through reporting on, including but not limited to, pricing fairness, product reviews and fair value assessments. In addition, in 2023 the Financial Conduct Authority's Consumer Duty regulations came into effect and created a new Consumer Principle that require firms to act to deliver good outcomes for retail customers. The Risk Committee continues to monitor the Company's compliance with the Consumer Duty requirements through regular consideration of the Consumer Outcomes Dashboard at all of its meetings. Following the retirement of Mr. Smith from the Board, Ms. Brumpton became the Board appointed Consumer Duty Champion with effect from 23 August 2023.

People

Our people are at the heart of our business, supporting our customers every day. We want our people to feel engaged and empowered to deliver great outcomes for our customers, to feel that Bupa is a great place to work and grow and to be healthier and happier themselves. People issues are reported to the Board through regular reports from the CEO, and the People Director including updates on progress of the people strategy, inclusion and diversity, talent, succession, and reward and benefit arrangements including reporting against the gender pay gap and for the first time the ethnicity pay gap. The Audit Committee reports to the Board on issues raised through the Speak Up whistleblowing service and separately the Consumer Outcomes

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Dashboard, which is presented to the Risk Committee, includes key metrics to track how we are performing in relation to culture and people.

The Board discusses the results of the global employee survey 'People Pulse' twice a year. Through the People Pulse, every colleague has the opportunity to participate and share their feedback openly. In our most recent survey in November 2023, 87% of colleagues from the Company's shared their views on how they find working at Bupa. Our people left 6,315 comments (an increase of 43% on the May 2023 survey) with overall sentiment trending positively (+6pts). This provided insights to allow the prioritisation of actions in support of key people engagement drivers. Half of our key drivers either reached or exceeded the high-performance benchmarks. These benchmarks are based on those companies that are in the top 10% highest scoring on each survey item. We saw improvement particularly in areas related to Wellbeing, Career, Diversity, Values and Manager Inspiration.

The Board continues to focus on supporting colleagues by considering their physical and mental wellbeing. Policies and procedures are in place to ensure that colleagues are able to operate and remain safe in a flexible hybrid working model. All employees have access to health insurance as part of their benefits package and colleagues who opt out of health insurance have access to a primary care service that offers access to a remote GP, counselling, physio support, and access to health advice and support at no cost.

Shareholder

The Company's immediate parent company is Bupa Finance plc, which has a number of listed debt securities in issue. The ultimate parent company, Bupa, is therefore required to operate in accordance with the relevant UK Listing Rules, Disclosure Guidance and Transparency Rules and the Market Abuse Regulation in respect of its announcements of financial results and operations.

The Board has a number of ways in which it engages with Bupa. These include:

- a current Bupa Non-Executive Director sits on the Board;
- periodic attendance at Board and Committee meetings of individuals identified as a Group Entity Senior Manager, SMF7 under the Senior Managers and Certification Regime, as they exercise significant influence over the Company;
- annual attendance of the Board Chair and Chief Executive Officer at the Bupa Board; and
- annual attendance of the Risk, Remuneration and Audit Committee Chairs at Bupa's equivalent Board Committees; and
- Furthermore, the Board adheres to the matters reserved for the Board of Bupa and Bupa's Enterprise Subsidiary Governance Policy.

Regulators

The Company operates in a highly regulated environment. The Company's principal financial regulator is the Financial Conduct Authority ("FCA"). Our regulator aims to protect customers and ensure that they receive good outcomes and are treated fairly. There has been an increased focus on the need for products and services to provide value and for firms to ensure that they provide appropriate support to customers in financial difficulty. This clearly aligns with our strategy to put our customers front and centre of everything we do.

Our Regulator's expectations of us align with their statutory objectives.

FCA objectives and what it means for us:

- Protecting consumers and working to achieve good outcomes for customers - We must ensure value for customers and have robust and effective processes and controls in place to mitigate risks to protect our customers.
- Enhancing market integrity – by supporting a healthy financial system.
- Promoting competition.

The Board has a regular programme of interaction with the FCA and engages with them on key Board decisions.

Suppliers

Suppliers are critical to delivering a high-quality service to our customers. We aim to treat our suppliers fairly and pay them within agreed timescales, holding ourselves to high standards of business conduct and the Board receives regular reporting in respect of this.

We work with our suppliers to ensure that they have effective controls in place to protect our customers' health and safety and the security and privacy of their data.

Communities and Environment

Bupa's purpose of helping people live longer, healthier, happier lives and making a better world means we want to build a healthier future for people and the planet. Bupa Group has set science-based targets for CO2 reduction and committed to reducing

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emissions to reach net zero by 2040 with a milestone to have cut direct emissions (scopes 1-2) by 40% by 2025. We have also committed to the targets in the Association of British Insurers' Climate Change Roadmap.

In 2023, the Company, along with Bupa Insurance Limited, reduced its direct emissions (scopes 1-2) by 68% vs its 2019 baseline and 57% vs 2022. All UK offices continue to run on renewable electricity and we have reduced energy consumption at our offices in Salford and Staines, saving 167t CO₂.

A major contributor to the Company's indirect emissions is customer claims. To tackle these, we are engaging with our largest healthcare providers and suppliers so they can align with our net zero targets. We aim to provide the best possible care that's also better for the planet. To support this, we're growing our at-home care (such as virtual GP, physio and mental health services) to reduce patient travel and avoid emitting thousands of tonnes of CO₂. Our other streamlined care pathways also lower emissions by reducing travel and, where appropriate, removing unnecessary clinical interventions.

We continue to significantly reduce the amount of paper we use. We provide digital corporate membership packs as standard, plus 40% of UK customers now hold a digital account.

Bupa is committed to investing some of its profits back into supporting people's wellbeing in our local communities, particularly helping the most vulnerable in society. In 2023 we updated our community strategy to focus on programmes which have co-benefits for people and planet health. In 2023, the Bupa Foundation which is supported by the Company invested £2.8m in charitable causes. We also enabled a further £200,000 in donations from Bupa employees, customers and suppliers. Key activities included:

- Healthy Cities programme saw employees take part in a step challenge to improve their well being and in return the Bupa Foundation invested in regenerating nature in urban environments. This included the launch of a £500,000 'Green Community Grant' fund in partnership with Groundwork, which helped 241 schools and community groups across the UK to regenerate local green spaces directly impacting more than 130,000 people.
- We continued our partnership with the social mobility charity, Career Ready. In addition to mentoring, workplace visits and career insight sessions, we expanded our paid internships to offer inclusive internships for disabled students.
- To help inspire and educate the next generation, the Foundation partnered with Eco-Schools to offer new learning resources and free teacher training on environmental education, reaching over 300,000 students. It also funded 80,000 copies of 'The Happy News' for schools to help share eco-stories with over 230,000 students.
- Over 6,000 hours were volunteered in 2023, supporting tree planting projects, homeless charities, hospices and more.

Key decisions and their impact on stakeholders

The table below sets out a number of key decisions taken by the Board during the year, how stakeholder views were taken into account and how competing interests were balanced.

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Board Decision	How we took stakeholders into account	Long-term implications
Setting our 3 Year Plan	<p>Customers, Regulators and Shareholder Action</p> <p>The Board approved the annual budget and base operating plan for the following three years after consideration of the Company's annual strategy review. The Board monitors performance delivery against this Plan, taking action and engaging further where necessary.</p> <p>Stakeholder considerations</p> <p>The Board chose a three-year assessment period because it ties in with our internal strategic planning process. Our planning considers all important financial and regulatory measures over the period and stresses the key risks facing the Company.</p> <p>Stress and scenario testing was performed on the Plan and reviewed by the Board to ensure the Company would remain solvent and financially robust under adverse conditions.</p>	<p>The Plan aims to:</p> <ul style="list-style-type: none"> – deliver on the Company's strategic ambition including our customer ambition KPIs; – deliver outstanding experiences and outcomes for our customers, whilst ensuring that they continue to receive good outcomes from their products; – ensure adequate investment is planned to support our strategic goals; – ensure our business is sustainable and grows in the long-term; – retain our competitive advantage by providing high quality products and services; and – limit our impact on the environment.
Continuing to Provide Good Outcomes to Customers	<p>Customers and Regulators Action</p> <p>Throughout 2023, the Board and Risk Committee received regular reports from the Consumer Duty Programme on progress towards the Financial Conduct Authority's Consumer Duty rules and guidance deadline of 31 July 2023. The Board scrutinised and challenged the implementation plans and considered assurance feedback and benchmarking from an external third party.</p> <p>Stakeholder considerations</p> <p>In July 2023, the Board received the Consumer Duty Regulation Readiness Report which provided the basis upon which the Board was able to confirm it was satisfied, based on the activities completed at that time, and the work in progress to be completed prior to 31 July 2023 deadline, that the business would be substantially compliant with the requirements of the Consumer Duty rules and guidance by 31 July 2023. In considering Regulation Readiness, the Board considered the views from the Second Line of Defence, Third Line of Defence and the Board Consumer Duty Champion.</p>	<p>The culture, strategy, and purpose of the business is aligned with the Consumer Duty. In addition, the Consumer Duty Programme delivered a range of individual improvements to processes and communications to better support good customer outcomes. This included enhancements in customer communications, building protocols for testing communications with consumer panels and seeking accreditation of key documents by Plain Numbers and Plain English, updated reporting and additional steps to support vulnerable customers, amongst other things. These changes meant that the business was well placed to meet the requirements of the Consumer Duty rules and guidance but also fulfilling its strategy and purpose.</p>