

BHSF LIMITED

SECTION 172 STATEMENT

YEAR ENDED 31 DECEMBER 2024

The directors have a duty to promote the success of the Company for the benefit of the members as a whole, but also to have regards to the interests of all stakeholders, and in doing so have regard (amongst other matters to factors (a) to (f), as set out below:

- a) The likely consequences of any decision in the long term,
- b) The interests of the Company's employees,
- c) The need to foster the Company's business relationships with suppliers, customers and others,
- d) The impact of the Company's operations on the community and the environment,
- e) The desirability of the Company maintaining a reputation for high standards of business conduct, and
- f) The need to act fairly as between members of the Company.

Carefully taking into account the interests of all stakeholders is one way in which a company ensures its success. This report explains to readers how the directors of BHSF Limited carry out these duties. It covers two areas:

- 1.Key stakeholder groups and how their expectations are taken into account in general terms.
- 2.How critical decisions made during the reporting period took account of stakeholder interests.

This report covers the Company's financial year ended 31 December 2024.

Stakeholder Management at BHSF

Who are BHSF's Stakeholders?	How does BHSF engage with them?	What are their expectations?
BHSF Group employees	Day-to-day communications Regular "all-hands" meetings Other occasional events	Culture in line with corporate values Career development opportunities Training opportunities Secure, fulfilling jobs in a safe working environment
Members (BHSF Group Limited)	Minutes shared with Group Board	Careful financial management alignment to Group mission and policies
Insurance Policyholders	Clear policy documents Written communications around major changes Surveys	Caring and fair treatment Clear communications Timely claims payments Secure and resilient processing of data
Corporate Customers	Customer relationship teams Surveys Panels/Case studies	Products which improve health or wellbeing of their staff Professional, efficient, secure, and resilient processes
Suppliers	Direct relationships with BHSF managers Finance department communications	Timely payments Opportunities to increase the reach of their products Ethical, open and fair treatment
Regulators and Government Authorities	Regular returns Ad-hoc communications	Prudent business management Adherence to conduct rules, laws and regulations Fair treatment of insurance customers and policyholders Operational resilience Culture of sound business ethics Environmentally sensitive operations

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SECTION 172 STATEMENT

YEAR ENDED 31 DECEMBER 2024

Reinsurers	Day-to-day communications with operational teams	Open, honest communications Robust processes and procedures
Sales intermediaries	Intermediary management team Events, briefing and training days	Quality products which meet customer demands Timely payment of sales commissions Professional, efficient processes
Pension Scheme Trustees	Attendance by directors at trustee meetings	Prudent management of Company resources

Critical Decisions Taken During the Reporting Period

A widespread programme of repricing of insurance products was undertaken throughout the year, requiring constant decisions about appropriate pricing to apply to each scheme.

What are the consequences of these decisions in the short and long term?

In the short term, the work has to be done to determine prices, communicate and roll out changes to large numbers of corporate customers and individual customers. This incurs additional resource costs. In the longer term, these actions are expected to improve financial performance and position.

What is the impact on employees?

BHSF Limited has no employees. However, employees of the broader BHSF Group handle the day-to-day operations of the Company and are therefore stakeholders. In particular, staff of BHSF Management Services Limited handle claims, administer policies and serve customers of BHSF Limited. Similarly, staff of BHSF Employee Benefits Limited carry out customer relationship functions. The roll out of new pricing affects all of these areas and it was key to ensure that BHSF staff were first and foremost aware of the rationale for price increases, the approach to them and what needed to be done to roll them out.

What is the impact on business relationships with customers, insurance policyholders and sales intermediaries?

Customers do not want to see their prices increase, and BHSF's preference would always be to hold prices where it can. Unfortunately the higher level of claims inflation we have seen since 2023 has remained and in order to remain a sustainable business, price increases are unavoidable. Though price increases can impact relationships in the short term, they will enable relationships to be sustained for a long period and allow policyholders to continue to receive excellent outcomes from BHSF's products into the future.

What is the impact on the environment?

Though we try to communicate changes electronically where possible to minimise environmental impacts, it is critical that we inform policyholders of changes and therefore volumes of paper postage will increase for a short period.

What is the impact on the reputation of the business?

Insurance price increases are widespread in the market and we are seeing all of our competitors implement price increases. We communicate openly with our customers about the reasons for price increases, and are happy to work with corporate groups who may wish to mitigate increases by adjusting the cover their plans offer to staff. Though there are risks that price increases will negatively impact reputation, we believe this open approach will mitigate any significant harm.

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SECTION 172 STATEMENT

YEAR ENDED 31 DECEMBER 2024

Are these decisions fair to all members?

The Company has a single member – BHSF Group Limited. BHSF Group Limited's members are primarily drawn from the customer base and therefore represent the policyholders of the Company. Therefore, the interests of the Company's single member is closely aligned with the interests of its members – our policyholders. For the reasons set out above, the decision to increase prices, though not desirable, is necessary to ensure that long-term, positive relationships that deliver good outcomes can be sustained.