



**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY**  
**(“Bupa Arabia”, “the Company”)**  
**BOARD OF DIRECTORS (“Board”)**  
**CHARTER**

<b>1. Constitution, Principal Role and Term</b>
<b>Constitution</b> – The Board of Bupa Arabia was originally constituted during 2008 and, following the Company’s incorporation based on the Company’s approved Articles of Association, commenced its first term on 24/04/1429H, corresponding 30/04/2008G.
This Charter version, enhancing alignment with the latest corporate governance regulations, was approved by the Board during <b>November 2018</b> , subject to regulatory approval where applicable, and subject to the public shareholders’ approval where applicable, on <b>22<sup>nd</sup> November 2018</b> .
<b>Board Principal Role</b> – is the fiduciary responsibility of care to ensure the protection of the Company, shareholders, employees, creditors, and any other stakeholders, including regulators’, interests, and the Company’s assets, and having the ultimate accountability for directing the performance, conduct, corporate governance, and regulatory compliance of the Company and its management, in accordance with its licenses and all applicable laws and regulations, through providing strategic: leadership, governance, financial acumen, internal control and supervision.
In performing its duties, the Board has a key role responsibility for maintaining effective working relationships, wherever applicable and required, with the Company’s: Regulators, Shareholders, External Auditors, External Actuary, the Company Board Secretary, Board Committees and Board Committees’ Secretaries, the Chief Executive Officer (CEO) and the Chief Executive Team (CET), Legal Counsel, the leaders of the Compliance and the Internal Audit functions, and any other employees, or other stakeholders of the Company as required.
<b>Term</b> – The Board term is governed by the Company’s By-Laws (Articles), and cannot exceed the three (3) year maximum specified within the Company Law, and amendments to which shall be approved by the Board, Regulators and thereafter the public shareholders in the General Assembly (GA) meeting. The Board is currently within its fourth term, which commenced 24/04/1438H, 22/01/2017G.
<b>2. Membership, Chairman, Vice-Chairman, Chief Executive Officer (CEO) and Company Board Secretary</b>
<b>Composition and Membership</b> – The Board is to comprise of no less than five (5) Board members and not more than eleven (11) Board members and is to contain a majority of Non-Executive members and a minimum number of Independent Non-Executive Board members of either two (2) or a third of the Board membership, whichever is greater.
Board Members shall not be a member of the Board of more than five listed joint stock companies at the same time.
Membership of the Board arises from the approval of the public shareholders via GA meeting following the recommendation approval of the Board after SAMA no-objection, which following the Bupa Arabia Nomination and

<p>Remuneration Committee (NRC) approval recommendation to SAMA, in terms of Bupa Arabia’s public shareholder approved Board and Board Committee Member Nomination and Appointment Policy and Procedure, and its associated standards and requirements. The Membership of the Board is re-established for every Board term and which Board term cannot exceed the maximum of three (3) years allowed by the Company Law. To be nominated and appointed as a Board member the candidates’ information must be published on the Tadawul website and the GA may only vote for candidates who have been nominated for appointment as per the Tadawul invitation. The Board member appointments are authorized by the public shareholders, in the GA meeting, through the cumulative voting process.</p>
<p>The Company shall notify the CMA of the names of the Board members and their memberships within five (5) days of the commencement of the new Board term, or from the date of their appointment, whichever has occurred first.</p>
<p>The Chairman, Vice-Chairman and CEO are appointed by the Board, from the Board members elected by the public shareholders, subject to SAMA no-objection. The Chairman and the Vice-Chairman must be Non-Executive Board Members and their roles and responsibilities must not be combined with, nor overlap with, those of the CEO. The Company Board Secretary is appointed by the Board.</p>
<p>This Board Charter, and also the Company’s Code of Corporate Governance (CCG), contains more details on these role responsibilities.</p>
<p><b>Knowledge</b> – The Board shall ensure that the Board, Board Committee, Chief Executive Team (CET) members, and Executive Management members, through the NRC, are appropriately qualified to discharge their responsibilities, through having appropriate: selection and approval processes, member induction/training programs, member development training and Company Secretariat support. The programs shall cover the Company’s strategy/objectives, financial and operational aspects, the obligations, duties, responsibilities and rights of Board Members, and the duties and competencies of the Board and Board Committees.</p> <p>Board Members are required to be professionally capable, and have the required experience, knowledge, skills, qualifications, and independence, all in compliance with all the various regulatory requirements of Saudi Arabia, and/or as specified within the Company’s GA approved Nomination and Appointment Policy and Procedure, so as to be able to perform his/her duties effectively.</p>
<p><b>Confidentiality</b> – Board Members must sign a Confidentiality Agreement with the Company and at all times maintain the strictest confidentiality of all matters discussed through, or associated with, the Board’s activities, even after vacating the Board Membership.</p>
<p><b>Disclosure of Interests</b> – Board members must disclose any direct or indirect interest in the Company’s business and insurance contracts concluded by it and such interests shall be authorized by the public shareholders in the GA meeting(s). Board members must ensure that they comply with the Company’s Conflict of Interest Policy and in particular ensuring the Company is maintained up to date at all times, through informing the Company Board Secretary promptly, of all actual, and potential, conflicts of interest and/or related party transactions, as and when any changes occur.</p>

Board members shall not take part in any business that competes with the Company nor trade in the activities performed by the Company. The Company has the right to claim indemnification for any losses caused by such business or act.
Each Board member shall disclose to the Board, and be reflected formally within the Board minutes, and be approved by the public shareholders in the GA meeting(s):
a) Any personal financial interest in any matter including, but without limitation to, related party transactions, business and family interests, and
b) Any potential conflict of interest arising from a cross-directorship.
Any such Board member shall abstain from voting on the relevant resolutions in relation to which such interest exists and from participating in the discussions concerning such resolutions.
<b>Board member independence</b> - The Board shall annually, through the Nomination & Remuneration Committee's (NRC) independence evaluation processes, in accordance with all Saudi Arabia's regulations, wherever required and applicable, evaluate the extent of the Board member's independence and ensure that there are no relationships or circumstances that affect or may affect his/her independence.
<b>Board membership review and assessment</b> – The Board shall review the membership of the Board through an annual Board evaluation process, through the NRC and which will include a performance assessment covering the skills and experience, strengths and weaknesses, of the Board and shall attempt to resolve any weaknesses to improve the Board's performance.  Individual assessment of board members will take into account the extent of effective participation, commitment in performing duties and responsibilities and attendance at Board and Committee meetings.  The Board size and composition shall be formally evaluated, and amended if deemed applicable, prior to the commencement of each new Board term.  Every three years, the Board must appoint a competent third party to carry out a performance based assessment.  The Board members (without the presence of the Board Chairman), and supported by the NRC, and the Company Board Secretary, and led by the NRC Chairman, where required and applicable, shall complete a periodic assessment of the performance of the Board Chairman by gathering opinions from amongst the members, in accordance with the Saudi Arabia regulations.  The outcome of the performance reviews will be in writing and circulated to the Board Members and parties concerned with the assessment.
<b>Company Board Secretary</b> – The Company Board Secretary, with relevant experience, shall be appointed by the Board from the Company's staff and shall not be the Secretary of the Audit Committee.
<b>Board Members' Compensation</b> – Members of the Board shall be eligible for annual compensation. The compensation shall be in line with the Board Member Remuneration Policy as shall be approved by the GA.

<p><b>Company Board Secretary Compensation</b> - The Company Board Secretary shall be eligible for remuneration for carrying out the functions of each Board meeting and the amount of such compensation shall be approved by the Board.</p>
<p><b>3. Meetings</b></p>
<p><b>Frequency</b> – Board meetings shall not be held less than six (6) times a year and not less than once per calendar quarter and attendees and matters discussed must fulfill all laws and regulations. In addition to the minimum of six (6) meetings per annum the Non-Executive Board members shall meet at least once per annum without the members of management, but may invite the Company Board Secretary, Chief Risk Officer, and management control leads, to attend this meeting, or part of it, as required.</p>
<p><b>Quorum</b> – The quorum of any Board meeting shall comprise a minimum attendance of either six (6) Board members in person, or four (4) Board members in person, of which at least one of these four shall include an independent Board member, provided that the four (4) attending in person Board members have proxies to represent at least two of the Board members not in attendance. Members may participate via face-to-face meetings between the members, and/or by teleconference or videoconference, and be counted in the quorum and considered to have attended the meeting. A Board member who has apologized and does not attend the meeting may provide his proxy to another Board member to vote on his behalf at the Board meeting with the proviso that no attending Board member may have more than one proxy provided to him and that preferably an Independent Board member would provide their proxy to another Independent Board member. In the event a Board member holds a proxy and is conflicted the Board member may not use the proxy vote on the voting on the conflicted matter.</p>
<p><b>Attendance</b> – Only Board Members and the Company Board Secretary are entitled to attend the Board meetings. The Board Members, provided approved by the Board Chairman, shall have the discretion to invite any other person(s) to attend all or part of any Board meeting, where it considers it appropriate. All Board members shall make every effort to attend all Board and in particular the independent Board members should attend the Board meetings in which important and material decisions affecting the position of the Company are made.</p>
<p>In the absence of the Board Chairman, the Board Vice-Chairman shall preside over the Board meeting, or in the absence of both the Board Chairman will designate an independent Board member to be the Chairman of the Board meeting.</p>
<p>As a minimum, the Chairman of the Audit Committee (AC) shall attend the Board meeting at which the Annual Financial Statements (AFS) and Annual Board Report (ABR) are approved by the Board.</p>
<p><b>Voting</b> – The Board’s decisions shall be issued by the majority vote of the Board members in attendance, whether attending face-to-face, by videoconference or teleconference, or by having provided a proxy to another Board member, and, in the case of a decision having equal votes, the vote of the Board’s Chairman shall give preponderance to the decision, provided that the Board meeting minutes note the views of the other Board members.</p>

<b>4. <u>Proceedings</u></b>
<b>Notice</b> – The Board shall meet upon the invitation of its Chairman or upon the request of two members. Notice of each meeting confirming the date, time and venue shall be circulated by the Company Secretary, or his designated representative, to all members of the Board, and to other attendees (if appropriate), as far in advance as possible before each meeting (no less than five (5) days). The Company Board Secretary shall ensure that at least the regulatory minimum required Board meetings for the following year are scheduled in the preceding year.
<b>Agenda</b> – The Company Board Secretary, or his designated representative, shall circulate the agenda as far in advance as possible, (no less than five (5) days), of the Board meeting for the Board members to confirm and any Board member is entitled to request an addition to the agenda and for the Board Chairman to approve the addition of the same.
<b>Supporting Papers</b> – The Company Board Secretary shall circulate the supporting documentation to the Board members a reasonable period in advance of each meeting (no less than 5 days prior to the date of the meeting).
<b>Duration</b> – Sufficient time should be allowed in the Board meeting to enable the Board to undertake as full a discussion as may be required.
<b>Minutes</b> – The Company Board Secretary shall ensure Board minutes and appropriate Board resolutions are produced and authorized for every Board meeting and that these are formally documented in writing and that they are formally authorized through ratification during the following Board meeting, by the individual Board members who attended the Board meeting, and also the Company Board Secretary, physically signing the Board meeting minutes and the Board resolutions. The Board minutes must also include the recording of the names of those present and in attendance, even if only for partial attendance. Minutes of meetings shall be circulated to the Board members as soon as practicable following the Board meeting and preferably within a period not exceeding fifteen (15) days.
<b>5. <u>Authorities and Board Reserved Matters</u></b>
The Board is the ultimate authorized Company decision making body on all matters of significance to the Company, as defined by the Company, with the exception of those matters specifically reserved, whether by the Company’s articles of association and regulatory licenses, or whether by the laws, or the regulations of the country, to the public shareholders via the General Assembly Meeting. Matters of significance shall include, but not be limited to, such matters deemed significant by the Board due to the strategic, financial, governance, internal control, reputational, regulatory or other implications or consequences.
In order to ensure the efficiency of the Company decision making processes, and the internal controls and authorization protocols, the Board is authorized to reserve certain matters for its own authorization and to delegate some of its authority on certain matters to its Board Committees, and further through the CEO CET members of the business.
The delegation of Board authorities to the Board Committees, and the CEO, are contained within the Board Delegated Authorities Framework (DAF) which is approved by the Board. The Charters of the different Board Committees contains each of the Board Committees’ authorities, roles, responsibilities and other matters and are authorized by

<p>the Board, after the recommendation approval of the relevant Board Committee for its own Charter, and subject to regulatory approval, and public shareholder approval, where applicable.</p>
<p>The Board Delegated Authorities Framework (DAF) will be reviewed and approved annually by the Board and maintained current by the Company Board Secretary and the Chief Risk Officer.</p>
<p>The Schedule of Matters Reserved for the Board (SMRB), and matters delegated to the various Board Committees, is contained within Appendix 1 of this Board Charter.</p>
<p>The Charters of the Company’s various Board Committees, and which are listed below, are contained within the Company’s Corporate Governance Framework (CGF), as opposed to being repeated within this Board Charter. The Board Charter and the Audit Committee Charter are both components of the Company’s Code of Corporate Governance (CCG).</p> <ul style="list-style-type: none"> <li>• Audit Committee (AC)</li> <li>• Executive Committee (EC)</li> <li>• Investment Committee (IC)</li> <li>• Nomination and Remuneration Committee (NRC)</li> <li>• Risk Management Committee (RMC)</li> </ul>
<p><b>6. Roles, Duties and Responsibilities</b></p>
<p>The principal roles and responsibilities of the Board, Chairman and Vice-Chairman, CEO, Directors, Company Board Secretary and Management are contained within the Company’s Code of Corporate Governance (CCG) and the core duties and responsibilities of the Board include, but are not limited to:</p>
<p>a) Providing strategic guidance, including the setting of strategic objectives, and ensuring that the strategic objectives are approved, periodically reviewed, and monitored taking into account the underlying risks, and the formulating of the strategic plans includes consideration of the impact on the risk appetite, in particular relating to decisions associated with mergers, acquisitions, and the growth of the business, whether business lines or products.</p> <p>b) Ensuring that any changes to the strategic plan approved by the Board are based on documented strategic risk considerations.</p> <p>c) Supervising the implementation of strategic plans and major transactions and reviewing them periodically to ensure the human and financial resources are available to fulfil them.</p> <p>d) Approving key policies and procedures and regularly reviewing and updating them, which includes setting a comprehensive strategy, key business plans, policies, and the mechanisms of risk management, which risk management mechanisms shall include the creation of an Operational Risk profile, and the management of Non-Life Underwriting risks, including Reinsurance risk, as well as other operational risks, and specifically including, but not limited to; Market Risk and Counterparty Risk, determining the most appropriate capital structure, financial objectives, approving budgets, overseeing the main capital expenditures, the acquisition/disposal of assets, setting performance indicators, and monitoring the implementation thereof and the overall performance of the Company, reviewing and approving the organizational and human resource requirements and ensuring the financial and human resources required for achieving the objectives and main plans of the company are available.</p>



- e) Setting the values and standards that govern the Company's culture and operations through implementing Codes of Conduct which in adherence to regulations and best practice.
- f) Establishing and monitoring the Company's internal control system and ensuring its adequacy and effectiveness including reviewing the effectiveness of the Company's internal control procedures on an annual basis with the support of the Audit and Risk Management Committees.
- g) Defining strategic risks, and establishing and monitoring a risk management system, and governance frameworks, codes, charters, policies and procedures, which include the roles and responsibilities toward the management of Non-Life Underwriting risk, including Reinsurance risk, as well Market risk, Counterparty default risk, and Regulatory and AML risk management, where risks are properly defined, assessed, managed, and monitored on a continuous basis.
- h) Establishing and monitoring the Company's corporate governance system and ensuring its adequacy and effectiveness.
- i) Promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times.
- j) Selecting and changing (if needed) executives in key positions, and ensuring that the Company has an appropriate succession planning policies, and leadership development programs, for their replacement by an appropriate alternative with the necessary skills, experience and eligibility for the role.
- k) Reviewing and approving business plans and annual budgets, including the setting of performance objectives and key performance indicators (KPIs) and monitoring the performance of the Company and the Senior Management against the performance objectives set by the Board, and ensuring that the annual business plans are within the parameters of the approved Company Risk Appetite Statements (RAS) or approving exceptions to the same, and that the plans have considered the underlying Risks.
- l) Ensuring the accuracy and integrity of the Company's accounting and financial reporting systems and the appropriateness of its disclosure and transparency processes.
- m) Overseeing the management of the Company's finances, its cash flows as well as its financial and credit relationships with third parties.
- n) Ensuring that the interests of the shareholders, policyholders, employees, suppliers, regulators and any other stakeholders, are being protected at all times.
- o) Maintaining a strong line of communication with the External Auditors.
- p) Reviewing the Company's Interim Condensed Financial Statements (IFS), and AFS, and related party transactions contained therein, and approving them before publication, after the recommendation of the AC, subject to shareholder approval where applicable.
- q) Reviewing the Company's ABR and approving it before publication, after the recommendation of the AC, subject to shareholder approval where applicable.
- r) Reviewing the proposed appointment of the joint external auditors, and approving it, after the recommendation of the AC, subject to shareholder approval where applicable.
- s) Forming specialized Board Committees, pursuant to Board approval, in accordance with regulatory requirements, including the approval of the Board Committee Charters, and which shall specify the membership size, term, powers and responsibilities of such Board Committees as well as the processes for the Board to monitor such Board Committees.
- t) Ensuring transparency in Board Member and Board Committee member appointments through formally documented Board and Board Committee Member Nomination processes
- u) Ensuring, through the NRC's activities, and the GA approved relevant remuneration policies, that appropriate Board Member Remuneration, Board Committee Member Remuneration, Chief Executive Team Remuneration, and Company Employee Remuneration policies and procedures are in place, aligned with Corporate performance,

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Document Owner: **Company Board Secretary**

Board Approval date: **29 October 2018**

General Assembly Approval date: **22 November 2018**

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and approved through the correct authorization protocols, including regulatory and/or public shareholder approval via General Assembly, where applicable.

- v) Maintaining a high degree of integrity throughout the company through monitoring conflicts of interest and related party transactions and implementing an appropriate Code of Conduct (Ethics) and implementing a Conflicts of Interests Policy.
- w) Developing effective communication channels to ensure shareholders are continuously and periodically able to review the various aspects of the Company's business and any material developments and ensuring the availability of such information, to all shareholders, at the same time, of the complete, clear, accurate and non-misleading information so as to enable all shareholders being able to properly exercise his/her rights.
- x) Setting policies and procedures to ensure compliance with the Saudi Arabia laws and regulations to disclose material information to shareholders and stakeholders, and ensuring the compliance of the Executive Management with these policies and procedures.
- y) Developing a written policy that regulates the relationship with Stakeholders.
- z) Reviewing and ensuring the appropriateness of the information and materials communicated to the shareholders, including for press releases on matters decided by the Board and for the general assembly meetings
- aa) Setting forth and approving the specific and explicit policies, standards and procedures for membership in the Board, Board Committees, and CET, and the associated remuneration policies, based on the recommendation of the NRC, and implementing them following the approval of the GA.
- bb) Providing recommendation to the Extraordinary GA regarding the increase or decrease of the share capital and dissolving the Company before the end of its term or deciding the continuity of the Company.
- cc) Providing recommendation to the Ordinary GA regarding the use of the reserves of the Company, if applicable/having been formed by the Extraordinary GA, or forming additional financial allocations or reserves for the Company, or for approval of the GA, and the method(s) of distributing the net profits of the Company.
- dd) The Board shall hold periodic meetings, at least annually, or in line with the Saudi Arabia regulations as required and applicable, without any management of the business, including without the CEO.

Further duties, tasks and responsibilities that Board members may carry out can be found within the Company CCG and the relevant Saudi Arabia Corporate Governance Regulations and/or Company Law, as applicable.

The Company shall ensure to distribute the duties between the Board, Board Committees, CET and the Executive Management in accordance with the best practices of Corporate Governance, and in accordance with all the relevant Saudi Arabia regulations, so as to ensure the efficiency of the Company's decision making and to achieve a balance of power and authority across the Board, Board Committees, CET and the Executive Management.

**Executive Management Duties** - The Executive Management shall be responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its purposes and the Board shall form the Executive Management of the Company, with the support of the NRC, and thereafter regulate its operating procedures, monitor and oversee it and ensure that it performs the duties assigned to it, and to achieve this, the Board shall, supported by the relevant Board Committee where required and applicable:

1. Developing the necessary human resource, financial, and other policies,
2. Ensuring that the Executive Management operates in accordance with the policies approved by the Board
3. Selecting and appointing the CFO of the Company, and overseeing his/her work,



4. Appointing the leader of the Internal Audit Department (IAD), and dismissing him/her, and determining his/her remuneration, based on the recommendation of the AC, and receiving the written reports of the IAD on at least a quarterly basis,
5. Convening periodic meetings with the Executive Management to explore work progress, any obstacles/problems in executing its responsibilities, and review and discuss key information in respect of the Company's operations,
6. Developing standards for the performance of the Executive Management consistent with the objectives and strategy of the Company,
7. Reviewing and evaluating the performance of the Executive Management,
8. Developing succession plans for the management of the Company.

The Executive Management shall be responsible for implementing the plans, policies, strategies and main objectives of the Company in order to achieve its purposes and its duties and responsibilities are further defined within the Company CCG.

## **7. Reporting and Evaluating Performance Responsibilities**

The Board is responsible for receiving the Chairman, or the Secretary, of the Board Committees' reports to the Board, on the recommendations and proceedings of each Board Committee meeting, including receiving the Board Committees' meeting minutes, and monitoring and evaluating the performance of each Board Committee in line with the Board Committee Charters, as well as the authorities delegated to the Board Committee by the Board.

The Board is responsible for ensuring it receives sufficient information, and materials, from the CEO and the Management of the Company, through the Company Board Secretary, to enable it to monitor and evaluate the performance of the Company, the CEO and the Management.

**Recommendations** – The Board shall make whatever recommendations to the Board Committees, CEO and Management which it considers appropriate on any area where it deems action or improvement is necessary.

**Annual Board Report (ABR) and Annual Report and Accounts (ARA)** – The Board shall review and authorise, based on the recommendation of the AC, and the Company Board Secretary, as appropriate and applicable, in terms of the Schedule of Matters Reserved for the Board (SMRB), and the Board Delegated Authorities Framework (DAF), the ABR and ARA which are reported externally, whether through Tadawul, the Company website, or to the public shareholders in the GA meeting(s).

**General Assembly (GA) Meetings** – All the Board members, and in particular the Board Committees' Chairmen, or Committee member delegated by the Committee Chairman if applicable, must do their utmost to attend the Company's GA Meetings so as to be available to respond to any questions of the Shareholders on the Company, Board, Board Committee and Management's respective activities and areas of responsibility.

**Evaluation of Performance** – In order to ensure that it is operating at maximum effectiveness, the Board shall annually, through the NRC, via the Company Board Secretary, and led by the NRC Chairman evaluate its own performance of achievement against the duties and responsibilities as specified in the Board Charter and within the Company's CCG.

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Document Owner: **Company Board Secretary**

Board Approval date: **29 October 2018**

General Assembly Approval date: **22 November 2018**

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<b>8. <u>Review and approval of the Board Charter</u></b>
The Board approves its Board Charter subject thereafter to the public shareholders approving it during the GA meeting as part of the Company's CCG (GA meeting approval is required by the regulations).
<b>9. <u>Other Matters</u></b>
<b>Information flows</b> - It is the responsibility of the CET, under the direction and coordination of the Company Board Secretary, to ensure that the Board receives adequate information on a timely basis about the Company's businesses and operations at appropriate intervals and in an appropriate manner to enable it to carry out its responsibilities.
<b>Induction and ongoing training</b> - On appointment to the Board, all Board members shall receive an induction tailored to their individual requirements. The induction shall include meetings with the Company Board Secretary, other Board Members, the CEO, the CET, the Executive Management, the Risk function leaders and the leaders of the Compliance and Internal Audit Departments, key external advisors, and any other appropriate employee, in order to assist Board Members in building a detailed understanding of how the Company's operations and processes operate, as well as the key issues it faces. Also, where appropriate, additional training, and updates on particular issues shall be provided.
<b>Board Member Access to Independent Professional Advice</b> - All Board members, both executive and non-executive, may obtain independent professional advice in furtherance of their responsibilities or duties as a Board Member when the Board Member believes it is necessary to do so, at the cost of the Company provided that: <ul style="list-style-type: none"> <li>• the Board Member reasonably believes that the advice cannot be obtained from or through the Company;</li> <li>• Before seeking the advice, the Board Member has discussed the issue with the Chairman and/or the CEO (unless the advice the Board Member seeks arises from an unresolved conflict with one or more of those directors in which case such discussion shall be with the Company Secretary and/or the Chief Risk Officer).</li> <li>• The Board Member notifies promptly the Chairman, the CEO and the Company Secretary of the nature of the advice received and provides them with copies where such advice is received in writing.</li> <li>• The Board first approves the expenditure associated with such independent professional advice, where it exceeds the limit authorized by the Board to the Chief Risk Officer in terms of the Board approved Delegated Authorities Framework (DAF).</li> </ul> <p><b>Procedure for Board Members seeking Independent Professional Advice</b> - where a Board Member feels that he might require independent professional advice he should, where possible, consider whether the advice can be procured on his behalf by or through the Company Secretary or other appropriate non-executive, or executive Board member.</p> <p>Before seeking external advice, unless the issue arises from a dispute or disagreement with the Chairman, the Board Member should always first discuss the issue and the proposal to seek independent advice with the Board Chairman. In addition, unless the dispute is with both of them as well, the Board member should also discuss the issue, before taking the advice, with the CEO.</p>

<p>In cases where more than one Board Member feels that external professional advice needs to be taken on the same or a similar issue, the Board members should co-ordinate their instructions to avoid unnecessary expense being incurred. Where possible, the Board Members should agree from whom the advice will be sought and instruct the external professional jointly.</p> <p>The expenditure for any such proposed advice should be pre-agreed, before commitment, and approved by the Chief Risk Officer, in accordance with the Board Delegated Authorities Framework (DAF).</p>
<p><b>Board Member access to Company Officers</b> - Board Members are entitled to full and free access to all the employees and representatives of the Company, including the advisory and support services of the Company Secretary, the Board Committee members and the Board Committee secretaries.</p>
<p><b>Disclosure and Transparency</b> – The Company’s approach to Disclosure and Transparency is defined within the Company’s CCG, and the Company shall ensure it has a Disclosure Policy, which in Compliance to all the Saudi Arabia laws and regulations, approved by the Board and reflected on the Company’s website.</p>
<p><b>Treatment of Shareholders and Protection of Minority Shareholder Rights</b> - The Company’s approach to the treatment of Shareholders and Protection of Minority Shareholder Rights is defined within the Company’s CCG.</p>
<p><b>10. Corporate Governance Standards</b></p> <p>The Company Corporate Governance Standards are defined in the CCG but due to the stand alone nature of the Board Charter are repeated here for ease of shareholder and regulatory reference:</p> <p>Bupa Arabia is committed to implementing and adhering to robust Corporate Governance standards, in accordance with internationally recognized best corporate governance practice, to ensure it succeeds in fulfilling, through its Corporate Governance Framework, Code of Corporate Governance, Board and Board Committees, the five key elements of Corporate Governance:</p> <ol style="list-style-type: none"> <li>a. Strong Commitment to Corporate Governance</li> <li>b. Strong Commitment to world class Board Practices</li> <li>c. Appropriate Control Environments and Processes</li> <li>d. Strong Regime of Disclosure and Transparency</li> <li>e. Protection of all shareholders’ rights, including minority shareholders</li> </ol>
<p><b>11. Definitions</b></p> <p>The standard Company definitions, and acronyms, applicable throughout the Corporate Governance Framework (CGF), CCG, and the Board and Board Committees’ Charters, are defined within the “Definitions and Acronyms” section of the Company CCG.</p>

# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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*In order to ensure clarity of understanding of the authority of the Board, and support its effectiveness, and the effectiveness of the Company decision making, the Board delegates certain matters to its Board Committees, the Chief Executive Officer (CEO) and the Management of the Company but reserves certain matters for its approval as a Board as a whole, as it considers them sufficiently important that they are not delegated but are fully considered by the whole Board for final decision. Key roles and responsibilities of the Company are detailed within the Company's Code of Corporate Governance and this document details the authority of the Board and the specific "Schedule of Matters Reserved for the Board".*

*The Board of Directors is ultimately accountable and responsible for the performance, conduct, and regulatory compliance of the Company. Delegating authority to the Board Committees, the CEO, the Company Board Secretary, or Senior Management shall not absolve the Board of its responsibilities. The Board is also responsible for the performance of third parties engaged to perform activities or to manage functions.*

*"Rec. by:" means "Recommended by" and refers to the Board Committee or party which considers the item and makes recommendation to the Board for its final decision, or where the Charter approves the decision to be made by the Board Committee under the Board Delegated Authorities Framework (DAF) as approved by the Board: "AC" - Audit Committee, "Co.Sec". - Company Secretariat/Company Board Secretary, "EC" - Executive Committee, "IC" - Investment Committee "NRC" - Nomination & Remuneration Committee and "RMC" – Risk Management Committee.*

*All matters detailed herein, even where reserved for the Board, are subject to the laws and regulatory approval(s), and the public shareholder approval(s) through the General Assembly Meeting, wherever required and applicable, as per the laws and/or regulations of Saudi Arabia.*

Version: **3**, Document Owner: **Company Board Secretary**  
Board of Directors Approval Date: **29 October 2018**  
General Assembly Meeting Approval Date: **22 November 2018**  
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## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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### 1. Strategy and management

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|-------|--|---------|
| 1.1   | Responsibility for the overall leadership of the Company and setting the Company's values and standards.   |         |
| 1.2   | Approval of the strategic aims, long term objectives and commercial strategy.  |         |
| 1.3   | Approval of the annual operating plans (AOP), and capital expenditure budgets and any material changes to them.  | EC      |
| 1.4   | Oversight of the Company's operations ensuring:  | AC, RMC |
| 1.4.1 | competent and prudent management   |         |
| 1.4.2 | sound planning   |         |
| 1.4.3 | maintenance of sound management, corporate governance and internal control systems   |         |
| 1.4.4 | adequate accounting, financial reporting and other records; and  |         |
| 1.4.5 | compliance with statutory and regulatory obligations   |         |
| 1.5   | Review of performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken. | EC      |
| 1.6   | Extension of the Company's activities into new business sectors or new geographic areas.   | EC      |
| 1.7   | Any decision to cease to operate all, or any material part, of the Company's business operations.  | EC      |

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# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

---



### 2. Structure and capital

- 2.1 Recommendation to the shareholders for the approval of amendments to the Articles of Association, i.e. Company By-Laws, of the Company.
- 2.2 Changes relating to the Company's capital structure, except under employee share incentive plans.
- 2.3 Changes to the Company's corporate structure.
- 2.4 Changes to the Company's listing or its status as a publicly listed company.

### 3. Financial reporting and controls

- 3.1 Approval of the: Annual Financial Statements (AFS), quarterly Interim Condensed Financial Statements (IFS), Annual Board Report (ABR), Annual Report & Accounts (ARA), including the business review, and including the related party transactions, including the recommendation of the same to the public shareholders for approval in the General Assembly meeting which approves the results, where required and applicable. AC
- 3.2 Approval of any significant changes in accounting policies or practices. AC
- 3.3 Approval of the independent external Actuary's reports: a) the annual Financial Condition Report (FCR), and b) the annual Actuarial Medical Expenses Pricing and Underwriting Practices Report.
- 3.4 Approval of the following:
  - 3.4.1 Capital Management (including Dividend) Policy IC

Rec.by:



# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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	Rec.by:
3.4.2 Investment Strategy and Investment Risk Appetite	IC
3.4.3 Treasury (including Investment Policy Statement) Policy	IC
3.5 Recommendation to the shareholders for the approval of dividends, following SAMA no-objection and after authorizing management to seek SAMA no-objection.	EC
<b>4. Internal controls and risk management</b>	
4.1 Responsibility for the maintenance of a sound system of internal control and risk management including:	AC/RMC
4.1.1 undertaking an at least annual assessment of the internal control and risk management processes	
4.1.2 approving an appropriate statement for inclusion in the Annual Board Report	
4.2 Responsibility for ensuring the Company manages risk effectively including the approval of the:	RMC
4.2.1 Internal Control Framework	
4.2.2 Risk Management Framework	
4.2.3 Risk Management Policy	
4.2.4 Enterprise Policy Management Framework	
4.2.5 Risk Appetite Statements (RAS) (the extent and categories of risk which the Board regards as acceptable)	
4.2.6 The Company Underwriting Manual/Policy Guidelines	

# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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- 4.3 Approval of any activities outside of the Board approved Risk Appetite Statements (RAS)
  
- 5. Mergers and acquisitions (M&A), disposals and contracts**
- 5.1 Mergers, Acquisitions & Disposals >SR3m
- 5.2 Sales Contracts, whether new or renewal, > SR250m
- 5.3 Approval of any contract pricing discount which exceeds the CEO's authorised pricing discount level per the prevailing approved Company Underwriting Manual
  
- 5.4 Crisis management expenses >5% of the prior year net profit before Zakat and Income Tax
- 5.5 Purchase contracts > SR12m (Excluding Outsourcing Contracts)
- 5.6 Outsourcing Contracts > S6m
- 5.7 Medical Claims/Insurance Supply Chain Contracts > 20% of current year projected claims spend
- 5.8 Budgeted Capital Investment Proposals > SR6m

Rec.by:

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## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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- 5.9 Ex-Gratia , requires joint CFO approval within his limit > SR3m
- 5.10 Capex, Opex payments, including any and all contracts, including for prosecution, defence or litigation settlement related, whether customer compensation or other third party, wherever not within the approved budget, > SR10m
- 5.11 Other expense items, Bad debt write-off & fixed asset disposal > SR3m

### 6. Communication

- 6.1 Approval of agendas, resolutions and associated materials and documentation to be put to the shareholders at the general assembly meetings.
- 6.2 Approval of press releases concerning matters decided by the Board.
- 6.3 Approval of the Company's Investor Relations website framework and significant content (through which the Company communicates its Governance and other activities/updates to its Shareholders via the Company website)
- 6.4 Approval of Media and Shareholder Communications Policy.
- 6.5 Approval of the process for ensuring the appropriate communications with the shareholders, and other stakeholders, and to ensure that their views are fully communicated to the Board as a whole, including the Company's Shareholders' Disclosure Policy.

Rec.by:

Co. Sec.

EC

EC

Co. Sec.

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# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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	Rec.by:
<b>7. Board and Board Committee membership, organization structure and other appointments</b>	
7.1 Approval of changes to the structure, size and composition of the Board, and the Board Committees	NRC
7.2 Ensuring adequate succession planning for the Board, the Board Committees, the Chief Executive Team and senior positions	NRC
7.3 Recommendation to the shareholders for the approval of the:	NRC
7.3.1 Board and Board Committee Member Nomination and Appointment Policy and Procedure	
7.3.2 Appointments of the members of the Board	
7.3.3 Appointments of the members of the Audit Committee	
7.4 Selection of the Chairman, and Vice-Chairman, of the Board, the Chief Executive Officer (CEO), and the Company Board Secretary	
7.5 Recommendation to the shareholders for the approval of the:	AC

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7.4.1	Appointment, re-appointment, or removal of the joint external auditors	
7.6	Approval of the membership of the Board Committees, except for the Audit Committee, and the approval of the Chairman of each Board Committee.	NRC
7.7	Determining the independence of the Board, and where required and applicable the Board Committee, members.	NRC
7.8	Election, removal, or continuation in office of any Board member, or Board Committee member, at any time, including the suspension or termination of service of a Board member, or Board Committee member, provided in accordance with laws and regulations	NRC
7.9	Organizational structure at the level of the CEO's reports (except of the Risk, Compliance and Internal Audit functions which are fully delegated to either the Audit Committee or the Risk Management Committee).	CEO
7.10	Election and removal of Bupa Arabia representatives on the Board(s), and Board Committee(s) of subsidiaries.	NRC
<b>8.</b>	<b>Remuneration</b>	
8.1	Recommendation to the shareholders for the approval of the:	NRC
8.1.1	The Board Member Remuneration Policy	
8.1.2	The Board Committee Member Remuneration Policy	

# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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8.1.3	The Chief Executive Team (CET) Member Remuneration Policy	
8.1.4	The Company shares incentive scheme(s) i.e. Long-Term Incentive (LTIP) Scheme	
8.1.5	The purchase of the Company LTIP shares in accordance with the LTIP Scheme	
8.2	Company Remuneration, Compensation and Benefits (C&B) Scheme for employees, including annual bonus schemes and framework, and including the CEO and executive team members, and any significant changes thereto.	NRC
8.3	The Board approves the compensation of the Company Board Secretary, and the Audit Committee Secretary, as specified within the corporate governance regulations.	NRC
<b>9.</b>	<b>Delegation of Authority</b>	
9.1	Approval of the division of responsibilities between the Board Chairman, the CEO and the Board Company Secretary, as reflected within the Code of Corporate Governance.	
9.2	Approval of the delegated levels of authority, to the Board Committees, and the CEO, and as reflected within the Company Board Delegated Authorities Framework.	

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## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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9.3 Approval of the establishment of the Board Committees, and their respective Charters, based on the recommendation approvals of the respective Board Committees, and subject to public shareholder approval where applicable.

9.4 Receiving the reports, and the minutes, from all the Board Committees, on their activities.

### **10. Corporate governance and company secretarial, policies and matters**

10.1 Approval of:

10.1.1 Corporate Governance Framework

10.1.2 Corporate Governance Policy

10.1.3 Board Delegated Authorities Framework (DAF)

10.1.4 Bupa Arabia Company Code of Conduct

10.1.5 Corporate Social Responsibility (CSR) Policy

10.1.6 Board, and Board Committee, member Code of Conduct

10.1.7 Board, and Board Committee member Conflicts of Interest Policy

10.1.8 Board, and Board Committee member Insider Trading and Stock Tipping Policy

Rec.by:

RMC

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10.2	Recommendation to the shareholders for the approval of the:	Rec.by:
10.2.1	Code of Corporate Governance, including the Board Charter and this Schedule of Matters Reserved for the Board (SMRB)	Co. Sec.
10.2.2	Audit Committee Charter	AC
10.3	Undertaking a formal annual review of its own Board performance, and that of its Board Committees, and the respective members of the same.	NRC
10.4	Review of the Board's overall corporate governance arrangements.	RMC
10.5	Overseeing arrangements for organising and controlling the Company's affairs responsibly and effectively and in compliance with regulatory requirements.	AC
10.6	Approval of Conflicts of Interest, in terms of the relevant laws and regulations.	AC
10.7	Considering the balance of interests between shareholders, employees, clients, and the community.	
10.8	Approval of significant, as defined by the Board, stock exchange (Tadawul) announcements.	Co. Sec.

# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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Rec.by:

### 11. Policies

In addition to the frameworks/policies reserved for Board approval, in the preceding sections of this Schedule of Board Reserved Matters, the below, and including any major changes thereto, are reserved for Board approval, based on the recommendation approval of the relevant Board Committee, as stated:

- 11.1 External Suppliers Policy
- 11.2 Financial Crime Risk Policy (includes AML, CTF, Anti-Bribery, Gifts, Sanctions)
- 11.3 Fit and Proper Persons Policy
- 11.4 Health & Safety Policy

RMC

AC

AC

RMC

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## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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- 11.5 Insurance Risk Policy
- 11.6 People (Human Resources) Policy
- 11.7 Speak Up (Whistle Blowing) Policy
- 11.8 Mergers and Acquisitions Policy
- 11.9 Strategic Partnerships and JVs Policy
- 11.10 Other Enterprise Policies

and any other framework, code or policy which subsequently requires approval as a result of legislation, or any regulation, or which covers an area that is considered fundamental to Bupa Arabia, per the discretionary interpretation of the Board of Bupa Arabia

### 12. Other

- 12.1 The making of political donations.

Rec.by:

AC

NRC

AC

RMC

AC

RMC

RMC

RMC

# Bupa Arabia for Cooperative Insurance Company

## Board Charter Appendix 1 - Schedule of Matters Reserved for the Board (SMRB)

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- 12.3 Approval of the overall levels of insurance, including Directors & Officers liability insurance, and including Board, and Board Committee Members, and Company Board Secretary, and Audit Committee Secretary cover and indemnification.
- 12.4 Exercise such other powers on behalf of the Company as may be required from time to time, in accordance with the law and regulations.
- 12.5 Any decision likely to have a material impact on the Company from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- 12.6 This schedule of Matters Reserved for the Board decisions (SMRB).

Rec.by:  
RMC

The Board will receive reports and recommendations from time to time on any matter which it considers significant to the Board.

Where the Board delegates a power to recommend, this will also be contained in the Charter of the relevant Board Committee and the Board Delegated Authorities Framework (DAF).

All other matters not specifically reserved in this schedule are delegated to the CEO through the CEO Delegated Authorities Framework.



## Bupa Arabia

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## Code of Corporate Governance (CCG)

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**Bupa Arabia for Cooperative Insurance Company**  
**Code of Corporate Governance (“CCG”)**  
**Board and Audit Committee Charters (Appendices A and B)**  
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*Appendix D – Investment Committee Charter*

*Appendix E – Nomination & Remuneration Committee Charter*

*Appendix F – Risk Management Committee Charter*

## 1. Approach to Corporate Governance, and Corporate Governance Standards

Bupa Arabia believes in the total commitment to implementing, and adhering to, robust Corporate Governance Standards, in accordance with internationally recognized best corporate governance practice, to ensure it succeeds in fulfilling, across all of the Corporate Governance Framework’s components, including the relevant Frameworks, Codes, Board and Board Committees’ Charters, the five key elements of Corporate Governance:

- 1.1. Strong Commitment to Corporate Governance;
- 1.2. Strong Commitment to world class Board Practices;
- 1.3. Appropriate Control Environments and Processes;
- 1.4. Strong Regime of Disclosure and Transparency; and
- 1.5. Protection of all shareholders’ rights, including minority shareholders.

This approach, and its principles, are stated once here, to avoid repetition throughout other Corporate Governance documents, and for ease of reference, but are applicable to all aspects of the Company’s Corporate Governance structures, frameworks, codes, policies, procedures and standards.

## 2. Commitment to Corporate Governance

Bupa Arabia is fully committed, through all levels of the Company hierarchy, including its Board and its Board Committees, to the implementation of world class corporate governance standards and to implementing, and thereafter adhering to, all the Corporate Governance regulations of all Saudi regulators. Bupa Arabia will develop and implement corporate governance structures, frameworks, codes, policies, procedures and standards to support its achievement of best practices and adherence to all the regulations and will maintain these up to date and aligned with all regulatory requirements.

Bupa Arabia created a formal Corporate Governance Framework (CGF), of which this Code of Corporate Governance (CCG) constitutes certain elements, in alignment with international best practice, and in adherence to the regulators’ Corporate Governance regulations, and the CGF and CCG were first approved by the Board of Bupa Arabia on 12 October 2016, and thereafter by the public shareholders in the General Assembly (GA) meeting, of 20 December

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2016. This update, to enhance alignment with new Saudi Arabia regulations, was approved by the Board during November 2017 and thereafter by the public shareholders in the GA meeting on 30 November 2017.

### 3. Definitions and Acronyms

These definitions and acronyms apply across all of the Company’s CGF components, including the relevant Codes, Board and Board Committees’ Charters, and are stated once here, to avoid repetition throughout the CGF, for ease of reference. The acronyms, words and phrases below shall have the meanings assigned to them below:

“**2LoD**” – Second (2<sup>nd</sup>) Line(s) of Defense;

“**3LoD**” – Three (3), or Third (3<sup>rd</sup>) Line(s) of Defense;

“**ABR**” – Annual Board Report;

“**AC**” – Audit Committee;

“**AFS**” – Annual Financial Statements;

“**AOP**” – Annual Operating Plan;

“**ARA**” Annual Report & Accounts (ARA);

“**Best Practices**” – means best practices in Corporate Governance, as determined by the Board and including all the laws and regulations applicable to the Company;

“**Board Chairman**” – a Non-Executive Board Member elected by the Board to preside over the Board meetings and organize its activities;

“**Board of Directors**” or “**Board**” – the collective body of the Board members of Bupa Arabia for Cooperative Insurance Company;

“**Bupa Arabia**” or “**the Company**” – Bupa Arabia for Cooperative Insurance Company;

“**CBDO**” – Chief Business Development Officer – member of the Chief Executive Team (CET) and highest ranking Business Development role in the Company;

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“**CCG**” – Code of Corporate Governance;

“**CHI**” – Council of Cooperative Health Insurance, regulator of health insurance in Saudi Arabia;

“**CEO**” - Chief Executive Officer – the Company officer with the highest rank in the Executive Management of the Company, is appointed by the Board, and who is in charge of its daily management, regardless of the title of his/her position;

“**CEO DAF**” – Chief Executive Officer’s Delegated Authorities Framework, i.e. delegated authorities for the operations of the business, the delegated authorities below the CEO;

“**CET**” or “**Chief Executive Team**” or “**Executive Management**” – collectively comprising the CBDO, CEO, CFO, CHRO, COO, CRO and the CSOs;

“**CFO**” – Chief Financial Officer (CFO) – member of the CET and highest ranking financial role in the Company;

“**CG**” – Corporate Governance;

“**CGF**” – Corporate Governance Framework;

“**Charter**” – Terms of Reference (“ToR”);

“**CHRO**” – Chief Human Resources Officer (CHRO) – member of the CET and highest ranking Human Resources role in the Company;

“**CMA**” – Capital Market Authority, regulator of listed institutions in Saudi Arabia;

“**CMT**” – “Crisis Management Team”,

“**COD**” – Compliance Department;

“**Committee Chairman**” – the Board Committee member who has been recommended by the Board to be its Chairman and whose appointment as Board Committee Chairman has thereafter been approved by the Regulators, where applicable. The Board Committee Chairman is approved by the Board to preside over the relevant Board Committee meetings and to organize its activities;

“**COO**” – Chief Operations Officer (COO) – member of the CET and highest ranking Operations role in the Company;

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**“Co.Sec.”** – Company Board Secretary, or Company Secretariat;

**“CRO”** – Chief Risk Officer (CRO) – member of the CET and highest ranking Risk role in the Company;

**“CSO”** – Chief Sales Officer (CSO) – member of the CET and highest ranking Sales role in the Company;

**“CSTRD”** – Cyber Security and Technology Risk Department;

**“DAF”** – Board Delegated Authorities Framework – the document through which the Board provides its approval of the authority it provides to the CEO and the CEO’s direct reports;

**“DCS”** – Director – Company Secretariat;

**“Department Leader”, “Function leader”** – the most senior resource leading the department, or function, regardless of the grade of the position;

**“DLACG”** – Director – Legal Affairs and Corporate Governance;

**“EC”** - Executive Committee;

**“Executive Director” or “Executive Board Member”** – a member of the Board who is also a member of the Executive Management of the Company, dedicates his activity on a full time basis to the Company, participates in the day to day management of the affairs of the Company, and receives a monthly or annual salary in return thereof from the Company;

**“GA” - “General Assembly”**- a meeting of the public shareholders with the Company, which can be an Ordinary (OGM) or Extraordinary (EGM) General Assembly Meeting, and first requires regulatory approval and the fulfillment of the various regulatory requirements and regulatory approvals in advance of the GA invitation approval and Tadawul invitation announcement;

**“IAD”** – Internal Audit Department;

**“IC”** – Investment Committee;

**“IFS”** – Interim Condensed Financial Statements, as in quarterly and as announced by the Company on the stock exchange after each quarterly reporting period, after External Auditors’, AC, Board and regulatory approvals;

**“Independent Director” or “Independent Board Member”** – a member of the Board who is considered independent as defined by the relevant legislation, regulations and the “Best Practices” as determined by the Board, and/or the Nomination and Remuneration Committee (N&RC), based on the criteria the Board may consider as appropriate or

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relevant. This means that the member is fully independent from management and the Company. Independence is the ability to judge things after taking into account all relevant information without undue influence from management or from other external entities. Independence cannot be attained by a Board member in the following situations, including but not limited to:

- a) Being a Significant Shareholder in the Company, or in a Related Company, working for or representing a Significant Shareholder;
- b) Being a member of the Board in a Related Company or one of its subsidiaries, or having been one during the past two years;
- c) Being a member of the Board of the Company for more than nine years;
- d) Holding an Executive or Senior Management position in the Company, or in a Related Company, or having held one during the past two years;
- e) Being an employee with the Company, with a Related Company, or with a company that provides services to the Company (e.g., external auditors, consulting firms, etc.) or having worked with any one of the above during the past two years;
- f) Being a Related Person of a member of the Board or Executive/Senior Management of the Company or of a Related Company;
- g) Having a contractual or business relationship with the Company (either directly or through an entity in which she or he is a Significant Shareholder, a Board member, or a manager) which resulted in paying to, or receiving from, the Company the equivalent of two hundred and fifty thousand (250,000) Saudi riyals or more (other than his or her remuneration as a director of the Board and amounts related to insurance contracts) during the past two (2) years;
- h) Being under any financial obligation towards the Company or any members of its Board or Executive/Senior Management that might limit the exercise of independence in judgment and decision making;

“KPIs” – the Company’s Key Performance Indicators, as determined by the Board;

“KRIs” – the Company’s Key Risk Indicators, as determined by the Board;

“LACGD” – Legal Affairs and Corporate Governance Department;

“MCI” – Ministry of Commerce and Investment, the Ministry for Companies in Saudi Arabia;

“NRC” - Nomination & Remuneration Committee;

“Non-Executive Director” or “Non-Executive Board Member” – a member of the Board who does not dedicate his/her activity on a full time basis to the Company, is not involved in any way in the day to day management of the Company, and does not receive a monthly or annual salary from the Company;

“Regulation(s)” – The prevailing relevant regulations in the Kingdom of Saudi Arabia;



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**“Regulators”** – CCHI, CMA, MCI and SAMA;

**“Related Party/Company”** – a company (or one of several companies that Regulators may consider to be acting in concert) holding a shareholding of 5% or more of the equity of the Company, or a company in which the Company (either alone or with other companies that Regulators may consider to be acting in concert) holds a shareholding of 5% or more;

**“RMC”** – Risk Management Committee;

**“RMD”** – Risk Management Department;

**“SAMA”** – Saudi Arabian Monetary Authority, regulator of Financial (including insurance) institutions in Saudi Arabia;

**“Senior Positions”** – members of the Board, Board Committees, Executive Management, Company Board Secretary, leadership of the Risk function, including the Legal Affairs and Corporate Governance and Risk Management functions, as well as the two independent functions: the Internal Audit Department, and the Compliance Department;

**“Significant Shareholders”** – natural or legal persons that, directly or indirectly, alone or in association, controls 5% or more of the Company’s shareholding;

**“Stakeholders”** – persons or parties who have an interest in the Company, including shareholders, policyholders, claimants, employees, reinsurers, regulatory and supervisory bodies;

## 4. Board Related Responsibilities

### 4.1 Of the Board, including the Board Charter, and the Schedule of Matters Reserved for the Board (SMRB)

Key critical attributes of the Board members, as is the case with the Board Committee members, the CEO, the Executive Management and the Company Board Secretary include: independence, objectivity, neutrality, emotional intelligence, discretion, truthfulness, loyalty, care, appreciation of the need for confidentiality, high levels of honesty and integrity, balance, be commercially minded, have self-drive, and be practical and hard-working.

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This code provides clarity of the core principal roles and the associated key responsibilities as per best practice standards and as per the Company’s interpretation of the various different laws and regulations but, for the avoidance of any doubt, whether specifically stated within this CCG or not, the responsibilities required to be included for the different roles, as per all the different regulations, are considered to be included within this code, as per all the different requirements of all the different Saudi Arabia laws and regulations.

The Board represents all shareholders and it shall perform its duties of care and loyalty in managing the Company’s affairs and undertaking all actions in the general interest of the Company, for the benefit of all its stakeholders, including shareholders, policyholders, claimants, employees, reinsurers, regulatory and supervisory bodies, and shall develop the Company so as to maximise its value.

The purpose of the Board is to set strategy and deliver value to shareholders and stakeholders, in compliance with the regulations and laws of the Kingdom of Saudi Arabia in an ethical and transparent manner. The Board is responsible for the Company’s values, mission and long-term vision and for providing strategic direction and guidance for the Company’s operations, including the ultimate responsibility of ensuring the company follows exemplary corporate governance and ethics and for the provision of a robust system of internal controls and procedures to be in place to fulfil compliance of the company, in both content and timeliness, with all the requirements of all the applicable laws and regulations of the jurisdictions in which it operates.

The Board’s main role and responsibility is to act on a fully informed basis, in good faith, with appropriate due diligence and fiduciary care, in the best interests of the company and the shareholders, in terms of the Company’s By-Laws (Articles), licenses and all relevant laws and regulations. The Board should apply high ethical standards and should treat all shareholders fairly, accounting for how the different decisions of the Board may affect each different shareholder and stakeholder. The Board shall always take into account the best interests of all the company’s shareholders and stakeholders, including its employees and its regulators.

The Board delegates some of its authority to its Board Committees, to enhance the effectiveness of the Board’s operations, and the Company’s decision making, and the Board is responsible for the appointment of the Chief Executive Officer (CEO). The Board delegates the responsibility for the day to day management of the business to the Executive Board Member, the CEO. The Board remains responsible for the Company’s business and operations even if it delegates some of its powers to its Board Committees, the Company’s Executive Management, or other individuals or third parties.

Appendix A, the Board Charter, contains more details relating to the Board, and Board members, roles, responsibilities and processes, and includes Appendix 1, the Schedule of Matters Reserved for the Board, and which

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also includes the authority of the Board and its delegations to the Board Committees of recommendation approval responsibility, where applicable. The principal roles and responsibilities of the Board Committees are also contained within this section.

#### **4.2 Of the Chairman, and Vice-Chairman, of the Board**

The Chairman’s main role and responsibility is to lead, coordinate and manage the activities of the Board to ensure that it operates and performs effectively and fully discharges its legal and regulatory responsibilities, in accordance with the Company’s By-Laws (Articles), and the laws and regulations, and that it is not constrained in any way in the discharging of those responsibilities, without unduly interfering with the Company’s operational activities.

In addition to any other regulatory or supervisory requirements, and in addition to the role, duties, and responsibilities of the Board Members, the duties of the Chairman shall also include, but not be limited to the following:

- a) Ensuring the Board receives clear, accurate and non-misleading information and that it effectively discusses all fundamental issues sufficiently.
- b) Organizing the Board's activities, including setting the agenda for Board meetings, in consultation with the Company Board Secretary, the CEO and the other Board members, (and the external auditors if required and applicable).
- c) Presiding over the Board meetings, and overseeing the process of providing the Board with information and reports.
- d) Presiding over the GA meetings with the shareholders, and answering the shareholders’ questions where required and applicable.
- e) Encouraging Board members to effectively perform their duties in order to achieve the best interests of the company.
- f) Convening periodic meetings with the Non-Executive Board Members without the presence of any executive officers of the company.
- g) Ensuring there are communication channels with shareholders conveying their opinions to the Board.
- h) Encouraging constructive relationships and effective participation between the Board and Executive Management on the one side, and the Executive, Non-Executive and Independent Board Members on the other side.
- i) Representing the Company before third parties where required and including judicial and regulatory bodies and supervising the relationships between the Board and its internal and external parties.

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- j) Supporting the Board’s efforts in promoting higher standards of corporate governance and ensuring compliance with applicable laws and regulations at all times.
- k) The Board Vice-Chairman’s role and responsibility is the same as that of the Board Chairman’s but is only performed by the Board Vice-Chairman in the absence of the Board Chairman.

The Chairman and Vice-Chairman’s roles/ positions of the Board must each be separate and distinct from any other executive position of the Company and the roles and responsibilities of the Chairman’s, and the Vice-Chairman’s, must not overlap with any of those of the CEO.

#### **4.3 Of the Chief Executive Officer (CEO)**

The CEO is delegated the responsibility for the day to day management of the business by the Board and in turn delegates the responsibility for running each operational function to the respective CET member, or control function, or independent control function. The independent control function leads, of the Compliance and Internal Audit functions, each report directly to the Audit Committee Chairman, with administrative reporting to the CEO, as required by the regulations.

The CEO’s primary role includes the execution of business operations in line with the Board approved strategy vision, mission, culture, values and targets and includes the responsibility for the overall day to day operations, profitability, sustained growth, corporate governance processes and standards and internal control and risk management systems.

More detailed responsibilities of the CEO include, but are not limited to:

- a) Implementing, developing and championing the strategy, vision, mission, culture and values and support the development of an effective and dynamic structure appropriate to the strategic goals.
- b) Leading with the lobbying of the Company’s regulators in furtherance of the strategic intent.
- c) Leading critical negotiations and agreements that have a strategic impact on the Company continuity, success or development.
- d) Promoting the reputational image, and objectives to the market, investment analysts, though acting as the public relations officer with regards to establishing and maintaining relations with the media, investor relations related representatives and other third parties.
- e) Coordinating with management the formulation of goals and objectives for the respective functions.
- f) Developing plans and reviewing the operating results and ensuring appropriate corrective measures are taken where applicable.

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- g) Overseeing the adequacy and soundness of the structures and, through the implementation of governance standards, including policy and procedures approval and adherence, and control function effectiveness, ensuring the adequacy of the internal control and risk management systems.
- h) Ensuring the Company appoints, and thereafter executes, the roles and responsibilities of the independent external actuary, as required by the regulations.
- i) Ensuring the Company appoints, and thereafter executes, the roles and responsibilities of the independent joint external auditors, as required by the regulations.
- j) Administratively managing the independent functions of Compliance and Internal Audit.
- k) Ensuring the appropriateness of the Risk function, structures and resourcing, including its Corporate Governance, Company Secretarial, Legal Counsel, Risk Management and other leads in support of the Company's Risk and business continuity deliverables.
- l) Overseeing the effective execution of all operational activities
- m) Recruiting decisions relating to CET members, management Directors, and other senior positions, in consultation with Management, and with the N&RC wherever required and applicable.
- n) Performing periodic performance evaluations of all direct reports and ensuring the existence of appropriate succession and leadership development plans for the leadership of the Company, and with the N&RC wherever required and applicable.

#### **4.4 Of the Members of the Board**

Amongst the primary role of all Board members is to constructively challenge and help develop management's proposals on strategy and performance through encouraging constructive debate in the Board room and ensuring diligent review and analysis of all Board materials provided by the Management. All Board Members shall act in complete good faith, with full honesty, truthfulness, loyalty, integrity, care and diligence, in the protection of the best interests of the Company, and its shareholders and other stakeholders, and through avoiding conflicts in the role of being a Board Member, from any personal interests or other conflicts or potential related party arrangements.

Board Members are entitled to full and free access to all the employees and representatives of the Company, including the advisory and support services of the Company Board Secretary and Corporate Governance function, and the Board Committee members and the Board Committee's Secretaries. The Company Board Secretary is responsible to the Board for ensuring that Board procedures are correctly followed and that the applicable rules and regulations are compiled with.

Board Member responsibilities include, but are not limited to:

- a) Recognising their role and the duties which arise from it, and developing his/her knowledge in the field of the Company's business and activities and in the related financial, commercial and industrial fields.

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- b) Making reasonable inquiries to ensure that the Company is operating efficiently, effectively and legally, as per the laws and regulations, towards the achievement of the Board approved goals.
- c) Providing proposals to assist in the development of the strategy of the company.
- d) Analysing and reviewing the performance of management in meeting the set/agreed goals and objectives, through monitoring managements’ performance reports, and including benchmarking to similar companies from within the insurance sector of the stock exchange.
- e) Analysing and reviewing the performance of the Board Committees, through reading and evaluating the Board Committee’s reports and meeting minutes, and following through to ensure actions are completed as committed to,
- f) Attending Board and General Assembly meetings.
- g) Allocating sufficient time to fulfil his/her responsibilities and preparing properly in advance for the Board and Board Committee meetings.
- h) Studying and analysing all information related to the matters looked into by the Board before expressing an opinion on the same.
- i) Enabling Board members to express their opinions freely and encouraging the Board members to deliberate fully on all relevant matters and to ensure the obtaining of the views of the relevant members of the Company’s Executive Management, Company Board Secretary and any other staff members, whenever required and deemed applicable.
- j) Ensuring the protection of all shareholders’ interests, including minority shareholders, at all times,
- k) Ascertaining that performance outcomes are achieved through appropriate risk evaluation and decision making, as per the laws and regulations and within the Board approved Risk Management Framework protocols and Board approved Risk Appetite Statements (RAS), which RAS to specifically include; **Non-Life Underwriting Risk, including Reinsurance Risk, as well as the management of Market Risk, Counterparty Default Risk, and Regulatory and AML risk.**
- l) Participating in developing succession and replacement plans of the executive positions within the company, in coordination with the NRC where required and applicable.
- m) Ensuring the integrity of financial information, and financial controls, and the authorisation of the financial results following the approval of the Board Committees, and where applicable the regulators,
- n) Ensuring that the systems of internal controls, including the Risk function, corporate governance, legal counsel, risk management, and the independent functions of Compliance and Internal Audit, are all sufficiently appropriate and robust.
- o) **Ensuring the establishment and monitoring of a governance and risk management system which includes the Company Operational Risk Profile and the roles and responsibilities towards the management of Non-Life Underwriting Risk, including Reinsurance Risk, as well as the management of Market Risk, Counterparty**



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Default Risk, and Regulatory and AML risk management, and reviewing on a periodic regular basis the strategy, policies and procedures, and approvals where required and applicable, for the management of these risks.

- p) After accounting for the recommendations of the NRC:
- Expressing opinions as to the appointment and dismissal of the members of the CET.
  - Determining the appropriate levels of remuneration of the members of the CET, through the CET Remuneration Policy.
- q) Notifying the Board, through the Company Board Secretary for formal inclusion and confirmation through the next Board meeting, fully and immediately of:
- Any interest, direct or indirect, in the businesses that are executed for the Company’s account.
  - Of his/her participation, directly or indirectly, in any businesses that may compete with the Company or lead to competing with the Company.
- r) The “Reasonable Man” test: If a Board Member makes a decision relating to the Company’s operations, which fulfils the below specifications, then he/she will be taken to have discharged his/her duty to act with appropriate integrity, due care and diligence:
- That the decision was made in good faith for a proper purpose and in the best interests of the Company,
  - That the Board member has no personal interest in the subject matter of the decision,
  - That the Board member has taken sufficient steps to be fully informed on the subject matter of the decision, to the extent that he/she reasonably believes his/her steps to be appropriate.
- s) Receiving, and approving, the reports, and/or presentations, of the independent external Actuary, such as the annual Financial Condition Report (FCR), and the annual Actuarial Medical Expenses Pricing and Underwriting Practices Report, as required by the regulations of Saudi Arabia.

More details on the role, duties and responsibilities, of the Board members, and the functioning of the Board are detailed in Appendix A, Board Charter.

#### **4.5 Of the Independent Board Members**

A Board member is considered independent where defined as such per the relevant legislation, regulations and “Best practices”, as detailed with the “Definitions and Acronyms” section. In short an independent Board member should be completely independent of management and free from any other relationship which could materially interfere, or reasonably be perceived to materially interfere, with the exercise of their independent judgment.

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In addition to the Board member responsibilities detailed herein, and within the Board Charter (Appendix A), the Independent Board Members have the additional responsibilities of:

- a) Protecting minority shareholders through sound independent analysis and independent decision making on matters where conflicts of interest and/or related party transactions exist, including the independent voting on such matters where required in terms of regulations and/or the Company’s policies and procedures.
- b) Expressing independent opinions on strategic matters, company policies and performance, the accountability of its functions, representatives and officers, and including the appointment of the executive management members. And in the case of the Independent Board Member who is also the Chairman of the Audit Committee the appointment and independent management of the Internal Audit Department (IAD) and Compliance Department leads.
- c) Verifying that the interests of the company, and all of its shareholders, and stakeholders, including employees and regulators, are taken into account and given priority in the event of the occurrence of any conflict of interest.
- d) Participating in the Board Committees, as directed by the Board, in particular the Audit Committee of the company, as required by the laws and regulations.
- e) Overseeing the development of the Company’s corporate governance and internal control; frameworks, codes, systems, policies, procedures and standards and monitoring the implementation effectiveness, and adherence to, by management.
- f) Performing advisory functions towards the Company's various activities as assigned to them by the Board, or the laws and regulations, in order to support the Board in its leadership and decision-making, so facilitating an independent contribution to the company and shareholder's interests beyond that of the Board members who are not independent.

#### **4.6 Of the Company Board Secretary (Co.Sec.)**

The Company Secretariat (Co. Sec.) function is responsible for the overall Co. Sec. activities of Bupa Arabia, coordinating the development, implementation, and thereafter ensuring adherence to by all of the Company’s stakeholders, of the Co. Sec. related policies, procedures and processes to ensure best practice Co. Sec., Board, and Board Committee, standards in adherence to all the laws and the relevant regulations.

The Company Board Secretary shall have robust knowledge and experience of the Company's business and operational activities, possess strong communication skills, have operated at a senior level across publicly listed companies, and be au-fait with the applicable laws, regulations of the insurance industry and the best practices in corporate governance and Company Secretariat activities.



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The Company Board Secretary is appointed by the Board, can be a member of the Board or of the Company’s staff, reports to the Board on Co. Sec. matters, and the Board has authorised the Company Board Secretary to:

- a) Authorise all Tadawul announcements’ content, after obtaining, where an announcement is considered materially significant and specified by the Board, the Board approval,
- b) Authorise Certified extracts from the Board meeting minutes, and/or where required and applicable, Certified extracts of Board approvals, whether by Board meetings or by circulation, and/or of Board Resolutions, through the Co. Sec. personally physically signing and stamping the same,
- c) To request Tadawul reports on the shareholders of the Company, as required for GA meetings and other circumstances where applicable.

The Co. Sec. function is responsible for implementing processes which facilitate the effective communication of management information, through the Co. Sec., to the Board and, where required, too and from its Board Committees.

The Co. Sec. function is also responsible for ensuring the Company’s compliance and adherence with the laws and relevant regulations, and ensuring the fulfilment of the Company’s CMA/Tadawul) related requirements, as approved by the Board.

The Co. Sec. is responsible for maintaining effective working relationships at all levels of the Company, from the Chairman and Board members, the respective Board Committees and the Board Committee Members/Secretaries, Senior Management, the control functions and also key external third parties wherever required.

The Co. Sec. shall have the right to attend any Board Committee meeting(s) as observer and shall be provided with all the Board Committee meeting minutes, by all Board Committee Secretaries, to ensure their communication to the Board for review and consideration in the Board meetings.

Other responsibilities include, but are not limited to:

- a) Managing and leading the process of preparing and reviewing the Annual Board Report (ABR), ensuring that it meets all regulatory requirements, and presenting it to the AC and Board for their approvals;
- b) Coordination of the preparation, and authorisation thereafter, of the Company’s Annual Report & Accounts (ARA), and including completion of the sections of the report which the Co. Sec. is responsible for.
- c) The recommendation approval responsibilities as stated within the Schedule of Matters Reserved for the Board (GA meetings related, Shareholder’s Disclosure related, Company Website related, Governance related, Board related, and Tadawul related).
- d) Leading the implementation and maintenance of international best practice Co. Sec. and Board, and Board Committee, standards across the Company.
- e) Providing the Board Members, and Board Committee Members on request, with advisory and administrative support including ad-hoc information requests and other.

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- f) Developing, recommending the approval, and implementing after approvals of Co. Sec. related as detailed within the Board Charter, including the Schedule of Matters Reserved for the Board (SMRB).
- g) Ensuring the Company complies with all the publicly listed company (PLC) disclosure regulatory obligations.
- h) Recommending the approval to the Board of the General Assembly meeting agendas.
- i) Coordinating all the General Assembly meetings with the Board members and the shareholders, in coordination with the LACGD, including the approval/creation of the Company’s GA materials/presentations,
- j) Coordinating and authorising the Annual Report and Accounts (ARA) glossies, and preparation of the Co. Sec. sections, in accordance with the regulatory requirements.
- k) Coordinating the development and implementation of Board member induction program materials, training programs, itineraries in coordination with senior management and providing one-to-one “on-the-job” development overviews, on the Company, and its key processes, including the Board and Board Committee related, to the new Board members.
- l) Coordinating and facilitating, with the Chairman, CEO, Board Committee Chairmen and Secretaries, and with management, to ensure the carrying out the instructions of the Board and implementation of the Board’s decisions, including follow up with management on the Board actions.
- m) Coordinating the completion of the SAMA and CMA regulatory processes for the appointment of Board, and Board Committee, members, directly with the potential members, including the SAMA Fit and Proper (F&P) Forms process, to the stage of handover to the Compliance function for Compliance to obtain the SAMA no-objection approval.
- n) Performing the administrative, requirements of the role, including:
  - i. Coordinating, organizing and attending meetings of the Board and ensuring that the correct procedures are followed, in terms of the laws and regulations, including: calendars, agendas, Board materials and information packs, communication of relevant regulatory circulars and communications where required by the regulator(s). Drafting and maintaining formal written, and formally approved by physical signature, Board Resolutions, Board Meeting minutes, and extracts of the minutes, and extracts of the Board resolutions, of the Board meetings. The minutes shall include the attendees, deliberations, decisions, reservations expressed, voting results and recommendations.
  - ii. Keeping the reports and the materials as presented to, and during, the Board meetings and retaining the reports submitted to, and prepared by, the Board.
  - iii. Ensuring standardised report formats, for materials, resolutions and minutes, and distributing the same in an appropriate format and timely manner, and thereafter maintaining them in the Company’s records, and or registers, as required by the regulations.
  - iv. Co-ordinating among the Board members and providing advice and assistance to them.

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- v. Ensuring the availability of appropriate means of communication for the exchange and recording of information between the Board, the Board members, the Board Committees, and between management and the Board/Board Committees, where required and applicable.
- o) Responsible for ensuring the accuracy of, and providing authorisation for the updating of, the Company website Investor Relations sections and anything Company Board Secretary, Director – Company Secretariat related.
- p) Participating in the annual assessment review process, and presentation to the Board, of the effectiveness of the Board and the Board Committees, and the Board and Board Committee members, in coordination with the N&RC.

## 5. Responsibilities of the Audit Committee (AC)

The AC membership and composition, and the AC principal roles, responsibilities, authorities, activities, relationships, and other associated operational requirements and processes relating to the AC meetings, and the management/coordination of the same, are comprehensively covered within the AC Charter which forms part of this document per Appendix B. The AC members will be appointed by the public shareholders in the GA, prospectively for each new Board term, together with the AC Charter, and retrospectively for AC Membership changes/additions within a term, in accordance with the GA approved Nomination and Appointment Policy and Procedure.

## 6. Responsibilities of the Other Board Committees

In order to support the Board with its oversight responsibilities, and to support the business through ensuring the efficiency of the Company decision making processes, and the internal controls and authorisation protocols, the Board is authorised to reserve certain matters for its own authorisation and to delegate some of its authority on certain matters to its Board Committees, and further to the CEO and through the CEO to the CET members.

The Schedule of Matters Reserved for the Board (SMRB) defines those matters the Board does not delegate to any other body or party and also defines those matters which the Board provides the authority to the Board Committees to recommend to the Board for the Board approval. The SMRB is approved by the public shareholders in the GA meeting.

The delegation of Board authorities to the Board Committees, and the CEO, are thereafter contained within the Board Delegated Authorities Framework (DAF), which is approved by the Board, and the Charters of the different

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Board Committees contain each of the Board Committees’ authorities, roles, responsibilities and functioning activities, subject to regulatory approval, and public shareholder approval, wherever required and applicable.

Bupa Arabia currently has the following Board Committees, and which respective membership and composition, principal roles, responsibilities, authorities, activities, relationships, and other associated operational requirements and processes relating to the Committee meetings, and the management/coordination of the same, are comprehensively covered within the respective Charters as per the appendices below:

1. Audit Committee (AC) – Appendix B
2. Executive Committee (EC) – Appendix C
3. Investment Committee (IC) – Appendix D
4. Nomination & Remuneration Committee (NRC) – Appendix E
5. Risk Management Committee (RMC) – Appendix F

## 7. Responsibilities of the Management

The principal role of management is to make operational execution decisions about the purpose and direction of the Company and to ensure that resources are properly used to fulfil the objectives of the Company. Executive management plays an important role in the support of the business outcomes, as its leadership and its decision-makers.

The relationship between management and the Board is crucial and a clear governance requirement exists to ensure that there is clear segregation of role and responsibilities between the Board and management.

Management is accountable to the Board of Directors and must:

- a) Operate within the Board Delegated Authorities Framework (DAF) approved by the Board
- b) Ensure it possesses an appropriate level of skills and resources
- c) Perform against the approved KPIs to deliver against the objectives of the Company, as set by the Board
- d) Perform against the approved KRIs to deliver against the objectives of the Company, as set by the Board

Management’s key responsibilities include, but are not limited to, the following:

- a) Implementing the Company’s internal policies, procedures and rules approved by the Board, or the Board Committees, where applicable.
- b) Managing the daily business and activities of the Company, in addition to its resources, appropriately in accordance with the strategic plans and objectives of the Company.
- c) Participating in building and developing a culture of ethical values within the Company.

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- d) Proposing and developing the Company’s comprehensive strategy, principal business plan, interim business plan, policies and mechanisms for investment, financing, risk management; including Non-Life Underwriting Risk, including Reinsurance Risk, and including Market Risk, Counterparty Default risk, and Regulatory and AML risk management, and emergency administrative circumstances and implementing them.
- e) Proposing and developing the most appropriate capital structure, main capital expenditures and acquiring and disposing of assets and financial objectives in line with the authority provided to it.
- f) Proposing and developing the organisational and human resources structures of the company and presenting them to the Board for its approval on a periodic basis.
- g) Implementing internal control systems and procedures, as the first line of defense, and generally overseeing them relating to the Enterprise Policy Management Framework and the Enterprise Policy Suite of policies and procedures.
- h) Ensuring the compliance with the law and regulations of the obligation to disclose material information to shareholders and stakeholders.
- i) Operationally executing and managing the resources (assets, staff, monetary) of the Company to achieve the Company’s strategy and results, whilst accounting for the Board approved Risk Appetite Statements.
- j) Providing the Board with the information required to exercise its competencies and providing recommendations such as, but not limited to, the following:
  - i. Amending the share capital of the Company;
  - ii. Dissolving the Company before the end of its term as specified in its By-Laws or deciding the continuity of the Company;
  - iii. Proposing the forming of additional reserves for the Company;
  - iv. Proposing the method(s) for the distribution of the net profits of the Company.
- k) Proposing and developing the policy for the types of remunerations granted to employees such as fixed remunerations, remunerations linked to performance and remunerations in the form of shares.
- l) Preparing periodic financial and non-financial reports in respect of the progress achieved in the business of the Company in light of the strategic plans and objectives of the Company, and presenting such reports to the Board.
- m) Developing, implementing and managing the Company’s corporate governance frameworks, codes, policies and procedures.
- n) Developing internal policies relating to the business of the Company, including specifying the duties, competencies and responsibilities assigned to the various organizational levels.
- o) Developing, implementing and managing the Company’s risk management (ensuring compliance with the level of risks approved by the Board) and internal control frameworks.
- p) Providing the Board with appropriate and timely information, through the Co. Sec. to facilitate the effective Board and Board Committee support of the Company.
- a) Proposing the powers to be delegated to the management, the procedures for decision making and the period of delegation, provided that it shall present periodic reports to the Board in respect of its exercise of such powers.



- b) Making recommendations to the CEO over the Company’s strategic direction and implementing the strategic plans into the operations of the Company.
- q) Being aware of relevant trends in the Company’s operating environment(s) and market(s).
- r) Assuming day to day responsibility for the Company’s operational execution of performance in support of it achieving its results objectives, in accordance with the best corporate governance, internal control and risk management practices, and in an ethical manner, in alignment with the Company Code of Conduct, and in conformance with all relevant laws and regulations.
- s) Ensuring the provision of a robust, experienced and appropriately qualified, in-house, actuarial and pricing capability, so as to ensure full compliance with all the requirements of all the relevant actuarial and pricing regulations of Saudi Arabia, as well as in accordance with worldwide best actuarial and pricing practices and standards.

## 8. Responsibilities of the Control Functions

In support of ensuring robust practices of corporate governance, internal control, and risk management, and in order to adhere to the relevant regulatory requirements of insurance companies, the Company has established the below detailed control functions. In addition to any other regulatory or supervisory requirements the principal role, duties and responsibilities of these control functions include, but are not limited to:

### 8.1 Risk Management Department (RMD):

The RMD is responsible for the overall Risk Management process across Bupa Arabia, coordinating the development of the Risk Management Policy and related frameworks, for monitoring the risk database/register and for reporting on material risks and treatment plans.

The RMD reports directly to the Chief Risk Officer, with access to the Risk Management Committee (RMC), and its structure, roles and responsibilities are authorised by the RMC. The structure entails: Enterprise Risk Management, Operational Risk Management and Risk Operations, Health & Safety, Management of Insurable Risks, Resilience & Technology Risk, Business Continuity Management and Risk Analytics.

The RMD’s responsibilities include, but are not limited to:

- a) Developing and maintaining Bupa Arabia Risk Management Framework, policy and strategy.
- b) Developing an approach to lead and assist the Company in the implementation of the ERM Framework and related functions.
- c) Developing and maintaining the risk database/register; whether through risk assessment workshops, business planning and project meetings or through Executive/Senior Management meetings or other informal means of communications.



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- d) Facilitating the process of development of the **Company Operational Risk profile**, and the risk treatment plans/mitigation strategies to be executed by management and monitoring and reporting on the progress.
- e) Monitoring the overall risk profile of Bupa Arabia to ensure compliance with the overall risk management strategy and ensuring that the overall risk exposure is within the accepted levels of risk tolerance.
- f) Developing and executing a mechanism to consolidate and escalate risks reported from the different Business Units to the appropriate stakeholders and decision makers.
- g) Acting as an initial point of contact for enquiries from staff on the Framework and associated processes.
- h) Developing and promoting a risk aware culture within the organization through continuous communications, workshops, seminars and other means.
- i) Liaising with the Internal Audit Department with regards to development of comfort on matters that relate to internal controls evaluation and Risk Based Audit Planning.
- j) Constantly reviewing and analysing Bupa Arabia’s portfolio of risks and reports to identify key exposure areas and risk concentrations, including analysing risks from a company-wide perspective and develop company-wide action plans.
- k) Directing and promoting the principles underpinning a robust and continuous Information Risk Management Framework in line with the Bupa Arabia Board approved Risk Appetite Statements (RAS), **and ensuring that the RAS includes; Non-Life Underwriting Risk, including Reinsurance Risk, as well as the management of Market Risk, Counterparty Default Risk, and Regulatory and AML risk.**
- l) Ensuring the development, effectiveness and sustainability of business continuity management, which improves Bupa Arabia resilience to disruption that may arise from internal or external events and reduces the subsequent impact on our services, reputation and profitability.
- m) Providing assurance and oversight that data is of sufficient quality for its intended use, or that data quality deficiencies are identified and accounted for.
- n) Setting the tone and crafting the guidelines for safeguarding the privacy, confidentiality, integrity, availability, quality and manageability of Bupa Arabia information assets.
- o) Providing strong/demonstrable leadership and oversight, for health and safety across Bupa Arabia and the promotion of a ‘zero harm’ culture.
- p) Maintaining Bupa Arabia’s insurance programs, providing advice and guidance to and assisting in managing external relationships with service providers including Insurers and Brokers.

## **8.2 Legal Affairs and Corporate Governance Department (LACGD):**

The LACGD is responsible for the overall Legal and Corporate Governance (CG) activities of Bupa Arabia, coordinating the development, implementation, and thereafter ensuring adherence to by all of the Company’s stakeholders, of the Legal and CG related structures, frameworks, codes, policies and procedures and which shall facilitate best practice CG standards, in adherence to all the laws and the relevant regulations, and in particular all the respective Corporate Governance regulations.

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The LACGD is responsible for the frameworks, codes, policies and procedures of corporate governance in accordance with all the laws and the relevant regulations.

The LACGD reports to the Chief Risk Officer (CRO) on Legal and CG matters, and is responsible for ensuring the Company’s compliance and adherence with the laws and relevant regulations. The LACGD also manages the Capital Market Authority (CMA) and stock exchange (Tadawul) related as lead function managing the CMA and Tadawul regulatory relations and requirements, as approved by the Board.

The principal role and responsibilities of the LACGD include, but are not limited to:

As Company Legal Counsel:

- a) Legal Risk Management – providing legal risk management services so as to manage the legal position for all strategic initiatives, investments activities and new legal entities and joint ventures, including the design of contingency plans around legal risk elements. Ensure the prompt reporting of any legal risks, to all required parties, in accordance with the Company Risk Appetite Statements. Conduct an annual full review of the Company’s legal risks in line with the Legal Risk Assessment Framework. Provide legal advice to all levels of the Company, including the Board and Board Committees, and securing external independent legal advice where required and applicable.
- b) Contracts management – providing contract management capability including; ensuring the standardisation of contracts in adherence to regulatory requirements, the negotiating of significant agreements to ensure successful conclusion in the best interests of the Company and sign off, monitor the success of agreements against outcomes, and provide advance approval of all legal documents and operational frameworks to ensure the protection of the Company from any liabilities.
- c) Litigation Management - representing the Company in litigation and other legal proceedings, serve as the Company’s key contacts and negotiators with government agencies from a legal standpoint, ensuring all material Claims are reported in accordance with the Litigation and Claims Reporting Standards, and coordinate the defence of the rights and the interests of the Company before courts of law, arbitration courts, public authorities, private or public legal entities, individuals, any other third party.
- d) “Speak Up” related - ensuring an adequate “*Speak Up*” infrastructure is in place in compliance with all laws and regulations related to whistle blowing, that there is proper recording and monitoring of concerns raised, that investigations, conclusions and actions are taken in a secure and confidential manner, and that appropriate steps are taken to ensure that the Speak Up Policy is complied with and that it operates effectively and consistently across BA.
- e) Providing advisory and investigative services including high quality advice on legal matters, consequences and required actions, to all levels of the organisation, and including the monitoring, identifying and interpretation of changes in the legislation and regulations that affect the Company’s activities. To provide legal advice and oversight on all strategic projects, including mergers & acquisitions, joint ventures, subsidiary incorporation, divestitures, etc.



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On Corporate Governance:

- a) Responsible for managing all the regulatory relations of the Company with respect to a) the CMA, b) Tadawul, c) The MOCI, and d) SAGIA, and ensuring; open, transparent and mutual constructive relationships with all these regulators so as to facilitate the securing of the required regulatory approvals, ensure prompt awareness of regulatory requirements and changes, and to ensure access from an advisory perspective to mitigate exposure to regulatory fines and/or censure.
- b) Ensuring up to date Company By-Laws (Articles) in line with the laws and regulations and ensure that routine periodic gap analysis exercises occur versus all relevant laws and governance regulations.
- c) Ensuring that all legal procedures are compliant with required laws and regulations in the terms of the respective legal entities (such as Commercial Registrations, Trademarks etc.).
- d) Leading the implementation and maintenance of international best practice corporate governance standards across the Company.
- e) Developing, recommending the approval of, and implementation after Board approval, and where applicable after regulatory approval, the CG related from within the Corporate Governance Framework (CGF), and in particular this Code of Corporate Governance (CCG).
- f) Monitoring and ensuring the Company’s adherence to the CG regulations of the CMA and SAMA, the Company law, and any other regulations where applicable and recommending improvements to the Company frameworks and standards associated with the same.
- g) Ensuring the Company complies with the CG disclosure obligations of the laws and regulatory requirements, including of the stock exchange (Tadawul) announcements and content, following Board, or Company Board Secretary, approval where required by the Board.
- h) Being the custodian of the CG manual, framework, code, and all CG policies and procedures.
- i) Monitoring regulators’ circulars and prospective regulations that will be issued in the future on corporate governance, including the responsibility for evaluation and regulatory feedback to regulators, on CG regulations, when required.
- j) Leading on the management and coordination of all the regulatory requirements of the all the GA meetings, including the management of the securing of the CMA regulatory required GA approvals and the management of the relations with the CMA/Tadawul and the obtaining of the shareholder database from Tadawul for the GA meeting voting.
- k) Annually reviewing the Annual Board Report (ABR) and ensuring that it meets all CG related regulatory requirements of the CMA.
- l) Managing on a day-to-day basis, the corporate governance structure and decision making framework, ensuring all necessary information is provided to the CEO, and the Chairman of the Board upon request, in a timely manner;
- m) Preparing an annual CG report containing the status of CG practices and level of Compliance versus the relevant CG policies, procedures, regulations and best practices.

**8.3 Cyber Security & Technology Risk Department (CSTRD):**

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The CSTRD's principal role is to provide second line of defense business support, challenge and recommendations with respect to the Company's Cyber Security and Business Continuity and Information Security/Business intelligence requirements, in adherence with worldwide best practice governance and all the relevant Saudi regulations, in particular those related to Business Continuity, Cyber Security, Data Security, Disaster Recovery, and Critical Incidents, and its key roles include, but are not limited to;

- a) Providing Business Continuity Planning and Disaster Recovery assessment and monitoring services to the Company including annual evaluations
- b) Performing a lead role in Crisis Management events
- c) Leading and coordinating BCP, DR, Information Technology audits/assessments, whether internally or by external third parties
- d) Responsible for the implementation of the Company Cyber Security Framework in accordance with the Board approved roadmap in adherence to the SAMA Cyber Security framework and associated regulations
- e) Responsible for the following key Enterprise Policies and associated procedures:
  - a. Business Continuity Management
  - b. Critical Incident
  - c. Cyber Security
  - d. Data Quality
- f) Providing reports on its assessments and activities to the Board, and/or AC and RMC, as required and applicable
- g) Meeting with external third parties on its areas of subject matter expertise, such as clients and regulators, where required and applicable

## 9. Responsibilities of the Independent Functions

### 9.1 Compliance Department (COD):

The COD is responsible for monitoring the Company's compliance, at all times, with all applicable laws, regulations, and rules issued by SAMA and other related regulatory bodies, and to take necessary actions to enhance the regulatory compliance.

The COD reports directly to the AC and its structure, roles and responsibilities are authorised by the AC. The COD is constituted of three (3) Units: Regulatory Compliance, Compliance Inspection and Finance Crime.

The roles and responsibilities of the COD include, but are not limited to:

- a) Engaging with the Company's Regulators (SAMA and CCHI) as they establish regulations, and assure compliance with such regulations in order to maintain Bupa Arabia's reputation for integrity.

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- b) Leading on the securing of all required regulatory approvals from SAMA and the CCHI.
- c) Informing SAMA promptly of all the approvals which SAMA is required to be informed of, whether from the Board, Board Committees or other regulators.
- d) Championing and managing the protocol detailing the individual(s) responsible for communicating with regulators, which provides for adequate record-keeping of all interactions with regulators and the timely provision of reports/requested information to regulators. It should also set out protocols for reporting internally on key points of regulator interaction e.g. findings from regulator reviews.
- e) Strengthening the company’s measures to prevent and detect money laundering and combat terrorism financing by playing an integral part in investigating, analyzing interpreting and reporting, in addition to providing the company’s staff with the necessary guidance and education to combat money laundering, terrorism financing and other sorts of financial and non-financial crimes.
- f) Assessing the business’s various departments / units with regard to regulatory compliance by conducting a thorough and precise inspection and examination of current applied key processes including interviewing management and staff members and examining documents provided, in addition to highlighting areas of concern.
- g) Delivering and/or facilitating a set of sessions to ensure that all of Bupa Arabia’s people receive the appropriate and required regulatory trainings relevant to their roles and responsibilities.
- h) Assisting the Customer Service Department in the effective management and/or decreasing of the number of complaints per year.
- i) Ensuring that all significant regulatory incidents are reported to Centre Compliance in line with the Critical Incidents Policy.
- j) Reporting significant compliance risk exposures and control issues identified to the Board, Audit Committee and to Executive/Senior Management.
- k) Annually reviewing the Annual Board Report (ABR) and ensuring that it meets all the SAMA related regulatory requirements.

## **9.2 Internal Audit Department (IAD):**

The IAD is an independent and objective assurance and consulting activity that is guided by a philosophy of forming part of Bupa Arabia’s governance and systems of internal controls.

The primary role of the IAD is to help the Board, and the AC to protect the assets, reputation and sustainability of the organization. The IAD will achieve this through assessing whether key significant risks are identified and appropriately reported to the Board and the AC, assessing whether they are adequately controlled, and by assisting Executive Management to improve the effectiveness of governance, risk management and internal controls.

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In its capacity of “third line of defense” it assists Bupa Arabia in accomplishing its purpose of “longer, healthier, happier lives” by bringing a systemic and disciplined approach to evaluate and improve the effectiveness of the organization’s risk management, control, and governance processes.

The IAD reports directly to the AC and its structure, roles and responsibilities are authorised by the AC. The structure encompasses talent of audit professionals experienced in Financial, Operational, Compliance and IT audits.

The roles and responsibilities of the IAD include, but are not limited to:

- a) Preparing and submitting a written report on its activities at least quarterly to the Board and the AC and which shall include an assessment of the Company’s internal control system and opinions and recommendations thereon.
- b) Preparing a general written report to be submitted to the Board and the AC on its activities carried out during the fiscal year compared to the approved plan and which shall include explanations for any deviations to the plan, if any, and such report shall be produced and presented during the quarter following the end of the fiscal year.
- c) Being responsible for properly managing the department so that
  - a. Audit work fulfils the purposes and responsibilities established herein;
  - b. Internal Audit resources are efficiently and effectively employed; and
  - c. Audit work conforms to the Standard for the Professional Practice of Internal Auditing.
- d) The scope to encompass, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Bupa Arabia’s governance, risk management, financial and internal control processes in relation to Bupa Arabia’s defined goals and objectives.
- e) Monitoring the internal control system and verifying that the Company and its employees comply with the applicable laws, regulations and instructions, and Bupa Arabia’s policies and procedures.
- f) Placing reliance on the work of other functions, such as the second line audit functions and third party providers, to ensure coverage is maximised and duplication of effort is avoided but only as appropriated and after performing a thorough evaluation of the effectiveness of the function, including its independence.
- g) Outsourcing or co-sourcing with external third parties to discharge responsibilities where additional capacity is required and it is deemed to be cost effective. The appointment of any third party Internal Audit providers will be in accordance with Bupa Arabia procurement policies and procedures.
- h) Performing consulting and advisory services relating to governance, risk management and control as appropriate for Bupa Arabia. It may also evaluate within the independence requirements, specific operations at the request of the Board, AC, BAERC or management as appropriate.
- i) Reporting significant risk exposures and control issues identified to the Board, Audit Committee and to Executive/Senior Management, including fraud risks, governance issues, and other matters needed or requested by the Audit Committee.



- j) Assisting the AC in evaluating the quality of the performance of the external auditors and their degree of coordination with the IAD.

## 10. Responsibilities of the Appointed Actuary

The Appointed Actuary shall be an independent third party actuary who has been authorised by the relevant regulators to discharge the regulatory required independent actuary responsibilities, as stipulated in the laws and regulations.

In addition to any other regulatory or supervisory requirements the principal role, duties and responsibilities of the Appointed Actuary include, but are not limited to:

- a) Reviewing and validating, where required and applicable, the Claims reserves and claims provision principles, in accordance with all the SAMA regulations, for the Annual Financial Statements (AFS), and quarterly Interim Condensed Financial Statements (IFS), and interaction with the Company’s external auditors relating to the same;
- b) Attending the Company’s Board meeting(s), each year, to present an accurate and factually correct assessment, as required by the SAMA regulations, of the Company’s:
  - Annual Financial Condition Report (FCR),
  - Assessment of the Medical Expenses Pricing and Underwriting Practices
- c) Any other responsibilities as may be agreed between the Company and the Appointed Actuary and including, but not limited, to the following reporting deliverables:
  - The Medical pricing and cross subsidization report.
  - The Annual Financial Condition report (FCR).
  - The Actuary’s Quarterly validation reports, relating to the Company’s quarterly interim condensed financial results, and associated data review reports, and including liaison with the Company’s joint external auditors where required.
  - Asset mismatching reserve reports.
  - Performance analysis reports.
- d) Any other responsibilities as required by the laws or regulations relating to the Appointed Actuary.

## 11. Disclosure & Transparency

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Bupa Arabia believes that its results, governance, and other material activities, should be disclosed as transparently as possible, in as timely a manner as possible, simultaneously to all its stakeholders, in both English and Arabic, within the prescribed laws and regulations.

The LACGD and Co. Sec. functions monitor “Best Practices” in disclosure and financial reporting and the Company Board Secretary reports on these developments to the Board, making recommendations for the routine regular enhancement of the Company’s disclosure practices to its shareholders.

Bupa Arabia recognizes its obligation to provide meaningful information on its activities to all its stakeholders, and which it considers includes its shareholders, regulators, employees, and the public in general and is committed to disclosing all material information on a timely basis, in both English and Arabic, in accordance with the laws and regulations.

The Board accepts responsibility for its Annual Financial Statements (AFS), quarterly Interim Condensed Financial Statements (IFS) in accordance with International Financial Reporting Standards (IFRS), where applicable as interpreted/amended by local regulations, as well as its Annual Board Report (ABR) and its full Annual Report and Accounts (ARA), for their accuracy, and for their completeness.

The Board is also committed to the implementation, and adherence to following the approval of the public shareholders, transparent Nomination and Appointment processes for the appointment of the Board members, on a cumulative voting basis, as required by the laws and regulations, and the appointment of the Audit Committee members.

The disclosure policies of Bupa Arabia shall take into consideration and ensure the following:

- a) That all shareholders and other stakeholders have access to the financial and non-financial information pertaining to the Company’s performance and information in respect to ownership of shares, and to obtain a comprehensive view of the Company’s position.
- b) Disclosure shall be made without discrimination in a clear, correct and non-misleading fashion, in a timely, regular and accurate manner, in both English and Arabic, in order to enable shareholders and stakeholders to exercise their rights to the fullest extent.
- c) The Company’s website shall include all information required to be disclosed, in both English and Arabic, and any details or other information that may be published thorough other disclosure methods.



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- d) Reporting procedures/rules shall be established to describe the information required to be disclosed and the method of its classification in terms of its nature and the frequency of its disclosure.
- e) The disclosure policies shall be reviewed periodically, and their compliance with the best practices and the regulations verified.

Bupa Arabia commits to developing and maintaining, as part of its disclosure and transparency commitments, in both English and Arabic, so as to ensure all its local and foreign shareholders are all equally well informed:

- a) Meaningful and informative GA meetings with the shareholders, in a fully bi-lingual format, within the parameters allowed by the laws and regulations, and including the highest quality Annual Report and Accounts (ARA) glossies,
- b) Tadawul stock exchange announcements, in a fully bi-lingual format, in accordance with the laws and regulations.
- c) To maintain an up to date, fully bi-lingual, Company website containing the Company information and documents relating to the:
  - I. Memorandum of Association
  - II. Company By-Laws (Articles)
  - III. Licenses
  - IV. General Assembly meeting minutes
  - V. Every Tadawul stock exchange announcement
  - VI. Every set of announced ARA, AFS, ABR and IFS
  - VII. Best practice Corporate Governance and Investor Relations information
  - VIII. All information as required as per the laws and regulations of Saudi Arabia
- d) To provide Annual, and Quarterly, interactive financial results web-cast presentations, after the Tadawul reporting of the same, for shareholders and investment analysts, which to be presented by the Executive Management of Bupa Arabia.
- e) To ensure accurate and detailed information in the Company Annual Reports, fulfilling as a minimum that required per the regulations, and including additional information, where appropriate and allowed by the laws and regulations, to support investors in their understanding the current, and likely future operating results, including the financial status/condition and including the risks/potential impacts of known trends and future uncertainties, in a fair and balanced manner.

## 12. Treatment of Shareholders and Protection of Minority Shareholder Rights

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Bupa Arabia will ensure that it treats all of its shareholders fairly and equitably, including its minority shareholders, through its Corporate Governance, internal control and risk management systems and protocols, through ensuring that all conflicts of interests are adequately disclosed, recorded and monitored and that all related party transactions are appropriately disclosed, after authorisation by the Board, after Board Committee approval wherever required and applicable, within the reported financial results, and the Annual Board Report, in accordance with the Company’s Conflicts of Interests policies and procedures, and that such conflicts, and related party transactions, are clearly represented during the Company’s GA meetings for the approval of the shareholders, in accordance with the laws and regulations.

Bupa Arabia shall take the following steps to ensure the fair treatment of its shareholders:

- a) Obtaining shareholders rights protection.
- b) The Board and Management of the Company is obliged not to discriminate among shareholders who own the same class of shares, nor prevent them from accessing any of their rights or information.
- c) The internal policies of the Company specify the procedures necessary to guarantee that all shareholders exercise their rights.

All rights related to shares that shall be guaranteed to the shareholder are outlined in the CMA Corporate Governance Regulations.

Bupa Arabia shall make available to the shareholders complete, clear, accurate and non-misleading information to enable him/her to properly exercise his/ her rights, and shall ensure that such information is provided at the proper times and is updated regularly.

Bupa Arabia shall take active steps to encourage its shareholders to participate in the GA meetings and to vote on the various different matters whether in person, or in their absence by proxy.

Bupa Arabia’s policy is that all Board members must be present at the GA meetings, and be invited to address relevant questions from the shareholders directly.

Representatives from the external auditors must always be present, at the GA which approves the annual results, to directly answer shareholders’ questions about the external audit and the external auditors’ report.



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Bupa Arabia shall assign separate voting for each of the separate agenda items that are raised at the GA Meetings, with separate voting on each, whether on a cumulative basis, or non-cumulative basis, as prescribed by the laws and regulations.

## **Independent Limited Assurance Report to the Shareholders of Bupa Arabia For Cooperative Insurance Company (A Saudi Joint Stock Company)**

We have carried out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter detailed below ("Subject Matter"), has not been reported, in all material respects, in accordance with the applicable criteria ("Criteria") set below.

### **Subject Matter**

The Subject Matter of our limited assurance engagement is related to the declaration enclosed in the attached Appendix I (the "Declaration") prepared by the management and presented by the Chairman of Bupa Arabia For Cooperative Insurance Company ("the Company") in respect of the proposed transactions with My Clinic International Medical Company Limited, The Saudi Ground Services Company and NCB Capital Company in accordance with Article 71 of the Companies Law. The proposed transactions relate to the contracts and works with My Clinic International Medical Company Limited, The Saudi Ground Services Company and NCB Capital Company to provide certain medical, health insurance and professional services ("the Proposed transaction"). The Declaration will be presented to the Company's general assembly in order to ensure and to comply with the requirements of the applicable Criteria set below.

### **Applicable Criteria**

- Article 71 of the Companies Law issued by Ministry of Commerce and Investment ("MOCI") (1437H -2015).
- The declaration signed by Chairman (Appendix I).

### **Management Responsibility**

The Management of the Company is responsible for the preparation and presentation of the subject matter above in accordance with the Applicable Criteria, and is also responsible for the selection of methods under the Applicable Criteria. Further, the Company's management is responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the subject matter above that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate criteria; maintaining adequate records and making estimates that are reasonable in the circumstances.

### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Subject Matter based on our limited assurance engagement conducted in accordance with the Standard on Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000') endorsed in the Kingdom of Saudi Arabia and the terms of reference for this engagement as agreed with the Company.

Our procedures were designed to obtain a limited level of assurance on which to base our conclusion, and, as such, we do not provide all of the evidence that would be required to provide a reasonable level of assurance. The procedures performed depend on the assurance practitioner's judgement including the risk of material misstatement of the Subject Matter, whether due to fraud or error. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

**Independent Limited Assurance Report to the Shareholders of Bupa Arabia For  
Cooperative Insurance Company (A Saudi Joint Stock Company) (continued)**

**Independence and quality controls**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") endorsed in Kingdom of Saudi Arabia which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior and we are also independent of the Company in accordance with professional code of conduct and ethics endorsed in the Kingdom of Saudi Arabia that are relevant.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Summary of Procedures**

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included, but were not limited to:

- Discussing with the management the Proposed transaction and the underlying business rationale;
- Obtaining of the Declaration signed by the Chairman (enclosed as Appendix I); and
- Reading of the draft Memorandum of Agreements.

Further, we have not performed any audit or review procedures on the Proposed transaction by the Company, and the underlying records or other sources relating to Declaration. Accordingly, we do not express such an opinion.

**Limited Assurance Conclusion**

Based on our limited assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the information in the subject matter above has not been prepared in accordance with the Applicable Criteria.

for Ernst & Young

Ahmed I. Reda  
Certified Public Accountant  
License No. 356

16 Safar 1440H  
25 October 2018

Jeddah  
18/4/MNA



Enclosed: Appendix I - Declaration signed by Chairman

## Appendix 1



**Bupa Arabia**  
**For Cooperative Insurance**  
**PO Box 23807**  
**Jeddah 21436**  
**Saudi Arabia**  
**Tel: +966 920 000 456**  
**Fax: +966 2 692 0525**

17<sup>th</sup> October 2018

**Subject: Chairman Declaration of transactions and contracts in which Board members of Bupa Arabia for Cooperative Insurance Company have a personal interest**

### 1 Related party transactions:

The Company has related party transactions, due mainly to the ownership in a few of the companies Bupa Arabia deals with, by Nazer, and a summary of which is reflected in the table immediately below:

Legal Entity	Related parties	Description	Period	2017 SRk	2018 SRk
My Clinic International Medical Company Limited	Eng. Loay Hisham Nazer, Mr. Tal Hisham Nazer, Nazer Group companies	For providing on-site clinic services for Bupa Arabia employees on the Bupa Arabia premises	Annual - full year	0	130
<b>Total</b>				<b>0</b>	<b>130</b>

### 2 Insurance contracts with companies related to Board members:

The Company has entered into health insurance contract with a company in which one of the Bupa Arabia Board members have an interest or an association. Bupa Arabia can confirm that this contract has been priced on an arm's length basis and in line with the Company's agreed targeted pricing and loss ratio requirements. The Company further confirms that this contract carries no special arrangements with regard to any additional special benefits and nor are they entitled to, nor receive, any services or support different to that which is provided to any of the Company's other customers, as well as continued services under this contract, if applicable, or for new services under the new contract, if required and applicable, or upon renewal, during 2018 as follows, and also going forward for during 2019 if required:

نور

**Bupa Arabia for Cooperative Insurance**  
Al-Khalidiyah-Nour Al Ehsan 3538, Unit 1  
Jeddah 7505-23423, KSA  
Tel: +966 920 000 456 | Fax: +966 920 000 724  
www.bupa.com.sa  
CR number: 4030178881  
Authorised Capital: SR 800,000,000  
Paid up Capital: SR 800,000,000

**بؤبا العربية للتأمين التعاوني**  
الخالديه - نور الإحسان 3538 ، وحدة رقم 1  
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www.bupa.com.sa  
س.ت: 4030178881  
رأس المال المصرح به: 800,000,000 ريال سعودي  
رأس المال المدفوع: 800,000,000 ريال سعودي





- Mr. Abdulhadi Shayif, Independent Board member, Non-Executive
  - The Saudi Ground Services employees' health insurance, approximately SR94,000K

### 3 Other contracts with companies related to Board members:

During the month of July 2018, Dr. Adnan A. Soufi, Bupa Arabia Independent Board Member, and Audit Committee Chairman, joined the board of NCB Capital, a subsidiary of National Commercial Bank, and a CMA regulated asset manager/investment banking entity. Bupa Arabia has had an agreement with NCBC that was signed during 2010. This agreement is to manage a portion of Bupa Arabia's investment portfolio. The below list illustrates a breakdown of the investment service fees paid to the end of September 2018, in total SR1,290K, for NCB Capital service fees in the financial year of 2018:

- Fund Management Fees, SR110K
- Equity DPM Management Fee, SR624K
- Deposits Brokerage Fee, SR556K

Eng. Loay Hisham Nazer  
Chairman of the Board of  
Directors

شركة ارنست ويونغ وشركاهم محاسبون قانونيون

ERNST & YOUNG & Co. PUBLIC ACCOUNTANTS

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Authorised Capital: SR 800,000,000  
Paid up Capital: SR 800,000,000

**بوبا العربية للتأمين التعاوني**  
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