

CET Remuneration Policy (Old)



Bupa Arabia Policy

Chief Executive Team (CET) Member Remuneration Policy

Purpose

This policy defines the remuneration of Bupa Arabia's CET members in line with market practice and the regulations and laws of Saudi Arabia. The policy aims at attracting the right calibre of person to fulfil the roles and responsibilities of the respective CET members, whilst ensuring healthy, quality, sustainable long term growth of the business and creation of Shareholders' value.

The Board is responsible for approving this policy, subject thereafter to the public shareholders' approval via a formal General Assembly meeting, where required and applicable.

Scope

This policy is applicable to Bupa Arabia's Chief Executive Team (CET) Member Remuneration only.

Standards and regulations

The policy and procedures shall adhere to the relevant rules and regulations applicable in Saudi Arabia such as the corporate law issued by the Ministry of Commerce and Investment, the regulations on corporate governance issued by the Capital Market Authority (CMA), the Saudi Arabian Monetary Authority (SAMA) insurance corporate governance rules and regulations, and any other relevant regulations.

Policy requirements

Bupa Arabia's CET Member Remuneration Policy requirements are to ensure that they are:

- Within the parameters of Saudi Arabia's Labour Laws, per the Ministry of Labour, and for Saudi joint-stock companies, where required and applicable.
- Within the parameters of Bupa Arabia's Company By-Laws (Articles), as approved by the regulators, and the public shareholders, where required and applicable.
- Proposed for the approval of the Board via a formally documented Bupa Arabia Nomination and Remuneration Committee (N&RC) market and industry bench-marking review and authorisation process, which outcome is the formal N&RC recommendation approval to the Board of Directors of Bupa Arabia.
- Proposed for the approval of the public shareholders via a formally documented Bupa Arabia Board review and authorisation process, of the N&RC recommendation approval and supporting materials, which outcome is the formal Board recommendation approval to the public shareholders of Bupa Arabia, via a formal General Assembly meeting decision.
- Implemented after the completion of all the relevant internal and external approvals, including the approval of this specific policy, where required and applicable.

CET member remuneration philosophy

Bupa Arabia's CET member remuneration philosophy is to:

- Attract, retain and motivate high calibre senior executive employees who are connected to, and inspired by our Purpose and Values.
- Encourage a sense of ownership by creating a working environment that motivates high performance so that senior executive employees can positively contribute to the strategy, vision, goals and values of Bupa Arabia.
- Employ people, with terms and conditions based on local market practices and laws.
- Ensure our philosophy, supported by a robust performance management practice, strives to set our employees' total remuneration packages at competitive levels by benchmarking them to the market and ensuring fair compensation in line with agreed performance outcomes.
- Have the fixed (guaranteed) component of the reward including a base salary and with associated benefits that are normally set at market median level of 62.5% for the CET member level and which maximum amount payable shall not exceed any maximum specified by the Company Law or any other Saudi Arabia regulations.
- A culture and environment where there is open and transparent collective focus on individual and team performance, potential and growth.
- Complete alignment to the overall business strategy, objectives and values of Bupa Arabia, without being detrimental to the interests of any of our stakeholders.
- Balance remuneration and short term rewards with the long term objectives and risk management of the Company.

CET member key remuneration principles

Bupa Arabia's CET Member Remuneration Policy is based fundamentally on the following principles:

- Policy, procedures and practices consistent with, and supportive of, best practices of global and major local companies in Saudi Arabia.
- Ensure that remuneration considerations are in line with the risk strategy of the Bupa Arabia.
- Members are compensated with a base salary and where housing and transportation are fixed amounts tied to the CET member grade.
- Members are also rewarded with variable, short, long-term and intangible rewards (when applicable and in line with market practice).
- Total remuneration (base salary, annual bonus, benefits and incentives) is targeted in normal market conditions to the relevant competitive market at the upper quartile levels for superior performance.
- Performance bonuses, whether annual or longer term, are awarded based on the Company's results and the individual CET member's performance rating(s).
- The Long-Term Incentive Plan (LTIP), which approved by the shareholders in the General Assembly meeting, as required by Saudi Arabia regulations, will be available to CET members, in line with its requirements for eligibility, and will be linked to the longer term plans and targets of the Company.

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- The option to pay a low or 'no performance' annual bonus, or LTIP award, should the performance of the Company, or individual performance ratings, warrant this, will be at the discretion of the Company, and be governed by the normal Nomination and Remuneration Committee authority, whether express or through its recommendation to the Board, and thereafter the Board's authority, provided within the scope of this policy as approved by the General Assembly.
- Incentives are based on targets that are stretching, verifiable, relevant and contain multiple performance measures, include internal control and risk management performance measures, and are all calibrated to ensure fairly applied and facilitate objective outcomes.
- Performance measures take into account both quantitative (financial) as well as qualitative factors and are consistently calculated through the phases of the performance cycle. Benefits are applied in line with our internal policies and procedures for all employees, in line with the Company's Human Resources Policy, where applicable, and in line with best market practices.

Disclosure

Ensure CET member remuneration is appropriately disclosed in adherence to the CMA Corporate Governance Regulations and all other applicable Saudi Arabia regulatory requirements.

Implementation

The Bupa Arabia Nomination and Remuneration Committee (N&RC) will be responsible for recommending this policy for the Board's approval to the General Assembly, in accordance with the N&RC activities as defined by the N&RC Charter, and which includes the approval of the annual CET remuneration packages (including salary, short-term, long-term incentives and benefits), in accordance with its authority as delegated to it by the Board through the Board's Schedule of Matters Reserved for the Board.

Review and Effective date

The N&RC is responsible for periodically reviewing this remuneration policy and assessing its effectiveness in line with Bupa Arabia's corporate strategy and objectives.

The effective date of this policy is the date of the General Assembly meeting in which the public shareholders formally approve this policy.

For future amendments the effective date of all future CET Member Remuneration Policy changes, provided not contravening any laws or regulations of Saudi Arabia, nor contravening the Bupa Arabia Company By-Laws, will be as per the approval of the Board of Directors, subject thereafter to the ratification approval of the public shareholders in the next General Assembly meeting.

CET Remuneration Policy (Updated)



Human Resources Function

Chief Executive Team Remuneration Policy

To enable our Chief Executive Team and ensure the payment of equitable, competitive remuneration to all.

Bupa Arabia constantly strives to attract and retain top talent and enable them to grow within the organization.

We are Bupa

Document Issue History

Issue No.	Issue Date	Revision(s)	Page(s)	Sign-off	
				Role*	Signature
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* DO: Document Owner | DS: Document Sponsor

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Introduction

This remuneration policy (Policy) forms part of Bupa Arabia's (the Company) regulatory framework. It has been prepared in accordance with the corporate governance requirements of the Capital Markets Authority and the Saudi Central Bank. Its operation will adhere to the relevant laws of Saudi Arabia and the Company's By-Laws (Articles).

This Policy replaces the version that was adopted by the Company's General Assembly on 30 November 2017. It will remain in force for a period of [three financial years] following its approval at the General Assembly on 3 November 2021, unless there should be a requirement for re-approval at an earlier date.

Scope

This policy is applicable to Bupa Arabia's Chief Executive Team (CET) Member Remuneration only.

Purpose

This Policy applies to the Company's Chief Executive Officer (CEO) and members of the Chief Executive Team (CET) (collectively termed 'executives'). It acts as a framework around which their remuneration and associated contractual terms are set, reviewed, and managed. In practice, this means that the Policy:

- aligns with the Company's Purpose, Values, Strategy and Risk Appetite;
- provides clarity on the key principles that inform the Company's compensation approaches for executives and its wider workforce;
- enables consistency in the treatment of the executives' remuneration;
- forms the basis around which remuneration decisions can be taken objectively and fairly, upholding good governance and risk management standards, and
- supports the creation of future shareholder and stakeholder value.

Governing Law

The Policy is approved by shareholders at the General Assembly. The remuneration of the CET is approved by the N&RC, whilst the CEO's remuneration is additionally approved by the Board.

In carrying out its duties to the Board and the Company's shareholders, the N&RC will govern this Policy by taking account of statutory requirements, prevailing corporate governance standards, best practice and the feedback from shareholders and other relevant third parties.

Measures are in place to avoid conflicts of interest from occurring. No executive will be present during a Board or N&RC meeting when his or her own personal remuneration is being discussed. External, impartial third parties are used when appropriate for input on matters such as market practice.

Responsibilities

This Policy is the responsibility of the Company's Nomination and Remuneration Committee (N&RC), under delegated authority from the Board of Directors (Board). The N&RC operates according to its Charter, which can be viewed on the Company's official website.

Updating The Policy

Bupa Arabia reserves the right to update the policy periodically, and in certain circumstances, such as, changes in the laws or regulations necessitating this, and will follow the appropriate procedures to reflect it in the company's Human Capital System.

1. Remuneration philosophy

The Company operates in a highly competitive and niche industry sector – a sector that is undergoing transformation linked to aspects such as digitisation, demographic shifts and changing consumers' and stakeholders' expectations. In this context, for the Company to fulfil its purpose of helping people to live longer, healthier and happier lives, its compensation practices follow these core principles:

a. Competitiveness:

Remuneration packages that are competitive in the local Saudi Arabian market enable the Company to attract and retain high calibre, experienced and qualified people of all levels.

b. Pay for performance:

Short- and long-term business goals are incorporated into the Company's variable pay structures in support of the Company's strategic ambitions. These goals are consistent with the Company's Purpose and Values.

c. Prudence:

The Company's strategy is set and delivered in ways that follow good risk management principles and practices, and align with its risk appetite. This is of particular relevance for target-setting, performance management and variable pay designs.

d. Ownership mindset:

Effort is focused on managing and growing the Company to ensure its future health and sustainability. It respects the various aims of customers, shareholders and broader stakeholders. Executives and other leaders can receive some of their remuneration in the form of shares in the Company, which promotes an ownership mindset. Employees of all levels are able to purchase the Company's shares.

e. Performance culture:

The Company creates a working environment that motivates high team and individual performance. It achieves this by hiring people who are inspired by the Company's Purpose, Values and strategy, and aligning their recognition and reward accordingly. There is an open, transparent and collective focus on customers, in addition to individual personal growth.

f. Fairness:

The Company's compensation practices are designed to be fair and equitable. Benchmarks are used to establish external remuneration references, alongside other relevant internal and external inputs. Compensation decisions are taken based on internal policies and processes by approved authority levels, with the aim of objectivity. Conflicts of interest are mitigated and managed wherever possible, as part of the Company's practice of maintaining good corporate governance standards.

2. Remuneration principles

2.1 Overview

The executives' remuneration package consists of an annual basic salary, allowances, other benefits, a short-term incentive and a long-term incentive. The combination of these various components aims to create a balanced package – one which reflects the performance of both the Company and the individual executive, as well as the roles' respective scope.

The remuneration components are each set at a level to be market competitive in Saudi Arabia and, in the case of incentives, also competitive against different performance scenarios. The relative size of the various components of the remuneration package could vary, but the balance will remain weighted towards variable pay which ensures it that is linked to performance.

In normal market conditions, the executives' total remuneration (i.e. basic salary, allowances, other benefits, annual bonus, and long-term incentives) is targeted to the 62.5th percentile (i.e. above median) of a competitive external benchmark. This is for the achievement of superior performance - of the individual and the Company.

2.2 Annual basic salary, allowances and other benefits (fixed pay)

Salaries are set at a level to attract and retain individuals who have the necessary skills, experience, attributes and qualifications to successfully lead the business.

When determining a salary or reviewing it, the N&RC will typically consider a number of dimensions including:

- the role's scope and its impact on the Company
- the individual's experience, expertise and performance
- the Company's operating conditions and overall performance
- external economic indicators
- relevant external market benchmark assessments and internal peer relativities
- information on the broader salary review budgets used elsewhere in the Company
- the impact on other elements of the remuneration package which are linked to salary.

Benchmark data is carefully selected from the Saudi Arabian market using industry peer groups and other companies of a similar size, scale and complexity to the Company. Typically the data reference is the 62.5th percentile for fixed pay comparisons. Market data does not drive a remuneration outcome but is treated as important contextual information.

Basic salaries are usually reviewed annually but it is at the discretion of the N&RC - and the Board in the case of the CEO - whether any increase is applied. Salaries may be adjusted outside of the executives' normal review cycle in exceptional circumstances, for example, to reflect any material change in role, responsibility, person capability or company context such as a significant acquisition.

The executives are eligible to receive employment allowances and benefits consistent with local market practice for senior leadership roles and the Company's compensation and benefits policy. Their allowances can cover a range of items including, for example housing and transportation. Benefits can include, for example, medical insurance, life insurance and childrens' education.

Expatriate benefits may be granted in circumstances where these would also be provided to other employees in the Company. Expatriate benefits could include, for example, relocation costs and travel leave allowance. Expenses may be claimed by executives in accordance with the Company's policies.

2.3 Short- and long-term incentives (variable pay)

The Company's variable pay plans are designed to focus the executives on the development and execution of its strategy. The executives are covered by two plans – a short-term incentive (Bonus Plan) and a long-term incentive (LTIP) – which operate over different timelines and target performance in different ways.

2.3.1 Bonus Plan

The Bonus Plan is linked to achievement of annual financial and non-financial performance measures which are derived from the operating plan, plus the individual's performance. The performance measures can vary from year-to-year depending on the Board's priorities. The measures can cover range of areas for example, profit growth, underwriting performance, control and risk management, capital efficiency, balance-sheet strength, customer satisfaction and the Company's human capital key performance indicators. Financial performance will typically account for the larger proportion of the Bonus Plan in years when non-financial measures are used.

The measures are targeted against a threshold and an on-target level of performance. Business-as-usual performance is generally anchored to an on-target level of reward, with the opportunity to earn a higher amount for superior performance.

The Bonus Plan provides cash-based rewards. These are paid to each qualifying executive in one amount following the end of the financial year, if the targets have been met at a threshold level. There is an automatic right for executives be covered by the Bonus Plan, but no automatic right from them to earn a bonus from it.

2.3.1 Long-term Incentive Plan (LTIP)

The LTIP links the reward of executives with the performance of the Company on a set time horizon. It is intended to promote a longer-term focus on sustainable value creation, for the benefit of shareholders and stakeholders.

Performance-based, rolling annual grants are designed to strengthen the executives' retention. Shares in the Company are awarded, which creates a high degree of alignment of the executives' interests with those of shareholders. It does this through share price development, capital returns as well as providing an actual share ownership.

Under the LTIP, executives, and a select number of other employees in the Company, can receive a conditional, annual grant of performance shares. The size of their grant is based on a percentage of their current annual base salary divided by the market price of a share of the Company at the time of grant.

The vesting of shares under the LTIP is subject to the fulfilment in part or in full of one or more performance measures, as approved by the N&RC. They

usually cover a set number of financial years and are targeted to promote stretching yet achievable levels of performance. The performance measures are generally financial in nature but could also include market or strategic metrics, which may be assessed on an absolute or a relative basis.

The measures are targeted against a threshold, on-target and maximum level of performance. Business-as-usual performance is generally anchored to an on-target level of vesting. If performance is not reached at a threshold level, no shares will vest and no compensation in lieu of them will be provided if this occurs. No additional remuneration is made if the maximum target is exceeded.

Any shares to vest following the end of the set performance period are released to LTIP participants in one tranche. Dividends or bonus shares (if the Company's share capital is increased) accrue on the vested shares for the performance period. Executives are expected to retain their shares, but this is not mandated.

The LTIP is governed by the LTIP Policy which is approved the N&RC, the Board and shareholders at the General Assembly.

2.3.3 The management and mitigation of risk

The incentive plans promote stretch performance, but not so that it could lead to inappropriate risk taking or other behaviours that are inconsistent with the Company's Values.

The performance targets used in the Bonus Plan and the LTIP are reviewed by the Board. There is a monitoring process in place to ensure the targets remain appropriate. Targets are not usually adjusted during a performance cycle; however, the N&RC can recommend to the Board that the calculations are amended within reasonable and lawful parameters to respond to, for example, legal, accounting or regulatory changes.

Incentive plan outcomes are calibrated when they are assessed by the N&RC following the end of the respective performance cycles. Alongside any formulaic calculations, the N&RC will take into consideration broader operating Company context - including current or future risk exposure - and the executives' individual performance reviews.

The N&RC can apply judgement to prevent unreasonable outcomes, which may include factors such as the management of risk, good governance and the experience of its shareholders. Awards can be reduced or otherwise amended providing the action is fair, lawful and justifiable, for example, to guard against a windfall gain or the converse generated by an accounting treatment. The intent is to ensure objective and fair rewards.

In the event incentive remuneration has been provided to an executive based on data or accounts that were materially and manifestly misstated or due to a miscalculation or other error, the Company has the right to make proportionate adjustments by offsetting other remuneration including [salary], end-of-service payments, bonuses yet to be paid. The offsetting of remuneration is subject to the application of any applicable legislation and the contractual terms that are in place governing awards made prior to the adoption of this Policy. At the time of this Policy's adoption, the clawing-back of paid or vested remuneration is not lawful in Saudi Arabia.

3. Appointments and termination

3.1 Incentive treatment

If an executive joins the Company or is promoted to the CET during the financial year, any bonus award that might be due would be calculated on a pro-rata basis consistent with the Company's Compensation and Benefits Policy. In addition, in their first year of employment, they can receive a conditional grant of performance shares as set out in the Company's LTIP Policy.

Executives who leave the Company and are covered by an incentive plan at the point of departure are treated in accordance with the Company's Compensation and Benefits Policy and the LTIP Policy.

Approval of any awards is recommended by the N&RC and approved by the Board.

3.2 Exceptional recruitment remuneration for external appointments

The N&RC may award newly-appointed members of the CET with an extraordinary one-off cash and/or share-based award in connection with their recruitment, which could be with or without performance conditions attached. This could be to compensate for items such as forfeited remuneration or costs associated with the executive leaving an appointment to join the Company.

As a point of principle, any exceptional remuneration would be subject to ongoing employment for a specified time period and only made where loss could be substantiated, or it was in shareholders' interests.

3.3 End-of-service remuneration

Employment agreements with the executives are normally ongoing (i.e. without a fixed term) and the notice period on the part of the Company can be up to [six] months. The notice period on the part of the individual executives is of the same length as provided by the Company.

Unless the executive is dismissed for cause by the Company, he/she will normally be required to work his/her notice period however, a different arrangement can be mutually agreed. End-of-service remuneration will normally be paid once the employment has ended.

In order to protect the Company's interests, the executives are normally subject to a non-competition restriction covering the private medical insurance industry sector in Saudi Arabia of up to 24 months without compensation.

Appendix 1 – Document Control

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