



**BUPA ARABIA FOR COOPERATIVE INSURANCE COMPANY**  
**(“Bupa Arabia”, “the Company”)**  
**APPENDIX E : NOMINATION & REMUNERATION COMMITTEE (NRC)**  
**CHARTER**

**1. Constitution, Principal Role and Term**

**Constitution** – This Charter was originally constituted by the Board during 2009, and thereafter approved by the public shareholders, including amendments to the same. This latest version, enhancing alignment with the latest regulatory corporate governance regulations, was approved by the Board during 2018, subject to regulatory approval where applicable, and subject to public shareholders’ approval, where applicable, on 22<sup>nd</sup> November 2018.

**Principal Role** – The principal role of the Nomination and Remuneration Committee (“NRC” or “the Committee”) is to assist the Board in fulfilling its oversight responsibilities so as to effectively manage, and approve where necessary, the:

- Board and Board Committees’ structures and composition,
- Nomination, selection, recommendation and appointment of the Board and Board Committees’ members, and their respective Chairmen,
- Review of the effectiveness of the Board and the Board Committees,
- Review of the effectiveness of the Board and Board Committees’ members, and their respective Chairmen,
- Ensure an internal board effectiveness review on an annual basis, and an external board effectiveness review every 3-4 years,
- Review and establishment of succession plans for the Board, Board Committees, CEO and Chief Executive Team members, and for specific “key” roles,
- Remuneration of the Board, Board Committees, CEO, and CET members,
- Review and approve any remuneration based policy, and oversight of, including but not limited to the overall Compensation and Benefits, including commission/bonus/incentive plans, of the Company, and any significant changes to any remuneration policies,
- Strategy for the assessment of the Board, Board Committees, and their respective members and Chairmen, including of the Chairman of the Board.

The NRC principal role also includes ensuring the Company is in compliance with all the Saudi Arabia regulatory requirements of an NRC and, in particular that it establishes, maintains and recommends the following key policies and procedures, for the approval of the Board, and the public shareholders in the General Assembly (GA) meeting thereafter, where required and applicable, and thereafter ensures the Company’s adherence to the same:

- The Board and Board Committee Member Nomination and Appointment Policy and Procedure,
- The Board Member Remuneration Policy,
- The Board Committee Member Remuneration Policy,
- The Chief Executive Team (CET) Member Remuneration Policy,

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- The Company's Long-Term Incentive Plan (LTIP).

Although the contents of the above are not expressly repeated herein the processes and requirements contained within the above referred key regulatory required policies/procedures/plans, as has been approved by the public shareholders in the GA meeting(s) shall be considered to be included within this Charter.

In performing its duties, the Committee shall maintain effective working relationships with the Board and all the other Board Committees, the management, and any other required party so as to discharge its responsibilities. To perform their role effectively, each Committee member shall develop and maintain their skills and knowledge, including an understanding of the Committee's responsibilities and of the Company's business, operations and prime business risks.

**Term** – the term of this Board Committee shall run concurrent with the Board term, and such term will be governed by the Company's By-Laws (Articles), which cannot exceed the three (3) year maximum specified within the Company Law, as shall will be approved by the Board, regulators and thereafter the public shareholders in the GA meeting.

## **2. Membership, Chairman and Secretary**

**Composition and Chairman** – The Committee is to comprise of no less than three (3) and no more than five (5) members, and the members and Chairman shall be appointed by the Board in accordance with the GA approved Nomination and Appointment Policy and Procedure, and the relevant Saudi Arabia regulations, subject to the receipt of the SAMA no-objection(s) thereafter.

The NRC shall comprise majority Independent members, majority Non-executive members and neither the Chairman of the Board, nor the Chief Executive Officer (CEO)/Managing Director (MD), shall be a Committee member.

The NRC Chairman shall be an Independent Board member, or independent person, provided approved by the regulator(s), and provided allowed as per the regulations of Saudi Arabia. The NRC Chairman shall not be a member of the Audit Committee.

**Knowledge** – The Board shall ensure that the members of the Committee are appropriately qualified to discharge their responsibilities.

**Confidentiality** – Board/Committee 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/Committee's activities, whether the Board/Committee member has ceased to be an active or current Board/Committee member or not.

**Disclosure of Interests** – Committee members shall not have any direct or indirect interest in the Company's business and contracts concluded by it.

Committee members shall not take part in any business that might compete with the Company or 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 member of the Committee shall disclose to the Committee:

- a) Any personal financial interest in any matter including, but without limitation to, business and family interests, to be decided by the Committee; and
- b) Any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions unless such conflict has previously been disclosed to, and authorized by the Board.

**Membership Review** – The Board shall review the membership of the Committee from time to time and approve any changes.

The membership of the Committee member shall terminate automatically upon the occurrence of any change that would breach the membership's terms set forth in regulations, instructions or decisions issued by Company's Regulators. The Committee member shall immediately inform the Company in writing upon the occurrence of such a change and she or he shall not attend any meeting of the Committee held after the date of the change.

**Secretary** – The Secretary of the Committee shall be appointed by the Board, accounting for the recommendation of the NRC. The Committee Secretary shall handle the Committee's administrative tasks, schedule the Committee's meetings in coordination with its Chairman, prepare meeting minutes and ensure that all the Committee members that attended, and the Committee Secretary, sign the minutes.

**Committee Members Compensation** – All Board, and Board Committee, members are entitled to annual compensation if the eligibility requirements have been fulfilled by the member. The Board, and Board Committee, members' compensation shall be as per the Board, and Board Committee, Member Remuneration Policies, as approved by the GA, and provided within the parameters allowed by the law and regulations of Saudi Arabia.

### **3. Meetings**

**Frequency** – The Committee meetings shall be held on a regular basis and as needed, such that the Committee convenes at least every six (6) months. The Secretary shall convene a meeting on receipt of a request by one (1) of the Committee members, the Board or by a related external party.

**Quorum** – The quorum of any meeting shall be valid if it comprises a minimum of either a) the majority of its members, where the Committee membership size is an odd number, or b) half the members, where the membership size is an even number, throughout the meeting. A member may participate by 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.

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**Attendance** – Only Committee members, and the Committee Secretary, are entitled to attend the Committee meetings. The Committee shall have the discretion to invite any other person(s) to attend all or part of any meeting, as it considers appropriate.

A Committee member shall be deemed resigned if she or he fails to attend any meetings of the Committee for more than three (3) consecutive times without presenting an excuse acceptable to the Board.

**Voting** – The Committee’s decisions shall be issued by the majority of the members and in case of equal votes, the vote of the Committee’s Chairman shall give preponderance, provided that the Committee meeting minutes note the view of the other member(s). Voting on the Committee’s decisions on behalf of, or by proxy, from any member is not allowed.

#### **4. Proceedings**

**Notice** – Notice of each meeting confirming the date, time and venue shall be circulated by the Secretary, or his designated representative, to all members of the Committee and to other attendees (if appropriate) as far in advance as possible (within five (5) days).

**Agenda** – The Committee Secretary, or his designated representative, shall circulate the agenda and supporting documentation to the Committee members a reasonable period in advance of each meeting as far in advance as possible (within five (5) days).

**Supporting Papers** – Supporting papers for each meeting shall be circulated by the Committee Secretary, or his designated representative, to all members of the Committee and to other attendees (if appropriate) as far in advance as possible (within five (5) days).

**Duration** – Sufficient time should be allowed to enable the Committee to undertake as full a discussion, as may be required.

**Minutes** – The Committee Secretary shall ensure that minutes of the Committee meeting proceedings and resolutions, for all of the meetings of the Committee, are taken and are authorized by all the Committee members that attended, and the Committee Secretary, through signature of the same. The minutes must also include the recording of the names of those present and in attendance. Minutes of Committee meetings shall be circulated to members as soon as practicable following the meeting, preferably within two (2) weeks, and to the Board after the Committee has authorised the minutes, with any relevant key papers for the following Board meeting, unless there is a conflict of interest. Committee recommendations and voting results shall be formally documented within the minutes as a special register of the same.

#### **5. Authorities**

The Board authorizes the Committee - within the scope of its responsibilities to:

- a) Engage external consultants to provide support to the Committee in performing its duties, as deemed necessary.

- b) Gain access to required resources in order to carry out its duties, including access to the Committee Secretary for assistance, as required.

## **6. Roles, Duties and Responsibilities**

The Committee members are accountable to the Company's regulators, shareholders and the Board for implementing the provisions of the respective rules and regulations and executing the Committee's action plan issued by a Board's decision.

The Committee members should, while performing their tasks, give priority to the Company's interest against any other considerations that might affect their work or decisions. Members of the Committee shall perform their duties free from any external influence, whether from within or outside the Company. Committee members shall not allow their own personal interest to come before, or in conflict with, that of the Company, its shareholders, or any other Stakeholders.

In addition to any other regulatory or supervisory requirements, the duties of the Committee shall include, but not be limited to, the following:

### **With regard to Nominations:**

- a) Ensures, through the Nomination and Appointment Policy and Procedure:
  - a. Compliance with the appointment of Board members, through the GA meeting, and in accordance with all the regulations and including the right of a shareholder to nominate himself/herself or others for appointment to the Board, and which must correlate with such shareholder's share ownership percentage in the capital of the Company, and that is on the basis of cumulative voting, and fulfills the requirement of presenting at least an excess of independent Board members to the GA so as to provide the GA with a choice of independent Board members, and that the voting for the Board members shall be confined to those whose information has been announced as nominated,
  - b. Compliance with the appointment of the Audit Committee members, through the GA meeting, in accordance with the regulations, and ensuring all proposed Audit Committee members are independent,
  - c. Compliance with the appointment of all other Board Committees' members, in accordance with the required regulations,
- b) Establishes formal and transparent policies, standards and procedures for nomination and appointment, which approved by the GA and communicated to the regulators, as required and applicable;
- c) Evaluates regularly the structure and composition of the Board and Board Committees and determines their points of strengths and weakness and recommends changes that are compatible with the Company's interest;
- d) Recommends membership appointments in accordance with the approved policies and standards, and which ensure that no person who has been previously convicted of any offense affecting honour or honesty is nominated for such membership;

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- e) Ensures on an annual basis the independence of the independent members and the absence of any conflict of interest in the event a Board member also acts as a member of the Board, or of a Board Committee, of another company;
- f) Makes recommendations to the Board on various issues related to nomination and appointments;
- g) Reviews the requirement of suitable skills and expertise required of Board members, Board Committee members and the Chief Executive Team annually and prepares descriptions of the required capabilities and qualifications for such memberships, and ensures the inclusion of the same within the Nomination and Appointment Policy and Procedure;
- h) Develops, implements and reviews the succession plans of the Board and Board Committees, ensuring a pool of suitable candidates;
- i) Develops, implements and reviews the succession plan for the CEO, and the CET, and monitors the implementation of the succession plans and processes;
- j) Develops a CET vacancy filling procedure;
- k) Recommends to the Board the selection and dismissal of members of the CET;
- l) Reviews and considers the succession plans of those below the CET level, as and when required by any Saudi Arabia regulations.

**With regard to Remuneration:**

- a) Ensures that an annual remuneration review (internally through the internal audit function or externally via subject matter specialised firm) is conducted independently of executive management.
- b) Draws up clear policies regarding the compensations and remunerations of the Board, the Board Committees, and the CET, recommends to the Board for its approval to the GA of the same and thereafter ensures the implementation of such policies;
- c) Periodically reviews the remuneration policies assessing the effectiveness thereof in the support of the Company and employees' achievement of the objectives;
- d) Clarifies the relation between the paid remunerations and the approved and implemented policies, and highlighting any deviations from these policies;
- e) Makes recommendations to the Board on issues related to remuneration in accordance with the policies;
- f) Reviews and recommends to the Board the CEO's remuneration, incentive plans and performance KPI's;
- g) Reviews and supervises the compensation plans for the Executive Management;
- h) Reviews and approves the Company's: annual salary reviews, bonus KPI's, sales commission schemes, annual incentive/bonus payments, KPI's and nominees;
- i) Evaluates the performance and remuneration of the Board, Board members, Board Committees, and the Board Committees' members on a routine periodic basis, and including the assessment by the NRC, led by the NRC Chairman, of the Chairman of the Board's performance and remuneration.

**Through the Remuneration policies and procedures to;**

- a) Ensure full adherence to, in terms of content, approval, disclosure and any other requirements, the relevant Saudi Arabia regulations,
- b) Ensure aligned with the strategy and objectives of the Company, whilst considering the scale, nature and level of risks faced by the Company,

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- c) Encourage Board members, Committee members, the Executive Management, and all employees, with incentives to achieve the sustained success, and the long-term development, of the Company;
- d) Consider role level, duties, responsibilities, educational qualifications, practical experience, skills and level of performance in the assessment of remunerations, in order to attract, and retain, talented professionals in a commercially sensible manner;
- e) Ensure the consideration of, and benchmarking to, the remuneration levels and practices of other similar listed companies (scale/sector), in the determination of the remuneration levels which Bupa Arabia pays in accordance with its respective remuneration policies,
- f) Consider where remunerations may be suspended, and/or recovered, if subsequently proven to be based upon inaccurate information provided by remuneration scheme member/participant, and in order to prevent the abuse of power or unmerited remunerations,
- g) Ensures members of the Board and Senior Management (except Sales Managers) shall not receive any commission or rewards based on sales-related activities.

**With regard to onboarding and training:**

- a) Ensures full adherence to the training requirements of all the relevant Saudi Arabia regulations, and including but not limited to:
- b) In coordination with the Company Board Secretary, and/or the Board Committees' Secretaries, provides job descriptions, which include the time members will be required to allocate, and ensures thorough induction programs for all the Board and Board Committee members, including covering the obligations, duties, responsibilities and rights of the members, and to ensure followed thereafter by ongoing development training to ensure member skills are maintained and developed,
- c) Ensures thorough induction programs for the CET members, and to ensure followed thereafter by ongoing development training to ensure member skills are maintained and developed,

**7. Reporting and Evaluating Performance Responsibilities**

**The Board** – The Chairman of the Committee (or a Committee member nominated by the Chairman) shall report to the Board on the proceedings of each Committee meeting (in the subsequent Board meeting), and make appropriate recommendations.

**Recommendations** – The Committee shall make recommendations to the Board wherever it considers appropriate on any area within its remit where action or improvement is necessary.

**Committee Report** – The Committee shall assist the Board by preparing a Committee Report, and/or statement for inclusion in the Company's Annual Report describing the role and responsibilities of the Committee and actions taken by the Committee during the relevant period to discharge those responsibilities. The statement shall also include the Committee's evaluation of the Board, Board Committee, and CET member remunerations in relation to the respective GA approved remuneration policies.

**General Assembly (GA) Meetings** – The Chairman of the Committee, or Committee member delegated by the Chairman if applicable, must attend the Company's GA Meeting(s) so as to be available to respond to any questions of the Shareholders on the Committee's activities and areas of responsibility.

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**Evaluation of Performance** – The Committee shall assess the achievement of the duties specified in the Charter and report the findings to the Board. The Committee shall also, led by the NRC Chairman, periodically perform a performance evaluation assessment of the Chairman of the Board.

**Disclosure requirements** – The Committee shall support the Board in satisfactorily ensuring the required remuneration details are appropriately disclosed within the Company’s Annual Report, in adherence to the CMA Corporate Governance Regulations, and all other applicable Saudi Arabia regulatory requirements.

#### **8. Review of the Committee Charter**

The Committee shall develop, implement and review its own Charter annually and shall thereafter recommend its revised Charter for the Board’s approval.

Thereafter, the Committee shall ensure that the revised Charter is approved by the Board, and if necessary by Bupa Arabia’s regulator(s) and/or public shareholders, as deemed applicable.

The Committee shall make available the Charter (explaining the role and the authority delegated to it by the Board) on request and by including the information on the Company’s website.

#### **9. Corporate Governance Standards**

The Company Corporate Governance Standards are defined in the Company Code of Corporate Governance (CCG).

#### **10. Definitions**

The standard Company definitions, and acronyms, applicable throughout the Corporate Governance Framework (CGF), Code of Corporate Governance (CCG), and the Board and the Board Committees’ Charters, are defined within the “Definitions and Acronyms” section of the CCG.