



# **Bupa Arabia for Cooperative Insurance Company**

**Board of Directors Report for the period ended 31/12/2020**

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# Business Model

The Board of Directors of Bupa Arabia for Cooperative Insurance Company (the Company, or Bupa Arabia) is pleased to present the Annual Board Report (ABR) covering the Company’s financial results and achievements for the twelve-month period ended 31/12/2020.

This ABR must be read in conjunction with the Company’s stock exchange announcements, and the Annual Report and Accounts (ARA). The ARA includes the Annual Financial Statements (AFS) and, where not repeated herein, so as to avoid repetition, the contents of this ABR shall be considered to include all Company announcements, the ARA, and all AFS contents, in fulfilment of the regulatory requirements of the ABR.

All Bupa Arabia stakeholders are additionally referred to the Bupa Arabia Website’s Investor Relations section, for key information about the Company’s results, governance, stock exchange announcements and General Assembly (GA) minutes.

This ABR includes the most important developments, financial results, operational activities, and outlook disclosures, in compliance with the rules and regulations of the Kingdom of Saudi Arabia (KSA, or the Kingdom, or Saudi Arabia) and for comparative purposes uses the twelve month periods ending 31/12/2020 and 31/12/2019.

## Activities

### Main Activities

Bupa Arabia is a publicly listed Saudi joint stock company (listed 17/05/2008) registered in Saudi Arabia under Commercial Registration number 4030178881, issued 10/05/2008, specialising in cooperative health insurance activities and operating in accordance with the relevant rules of all applicable regulatory bodies in the Kingdom.

The Company’s first fiscal period commenced upon the issuance of the ministerial declaration to establish the Company (issued on 01/05/2008), and ended on 31/12/2009. To date, these financial statements represent the twelfth statutory financial statements of the Company.

In 2018, and after obtaining SAMA’s approval, Bupa Arabia entered into a Third-Party Administration (TPA) agreement with Saudi Aramco to facilitate claims management services with its medical providers in exchange for administration fees.

## Other Key Functional Activities During the Year

### Our Proposition and Service Delivery Model

The unprecedented COVID-19 pandemic provided Bupa Arabia the opportunity to showcase the strength and resilience of its proposition, while acting as a catalyst for the company to adopt new service models in the most agile manner. A few worthy activities and achievements in this regard during the year include, for example:

- Further digitizing the customer experience journey through the company’s best in class mobile app, with more than 800k downloads and a 4.5 customer rating.
- Significantly increasing the number of providers who have integrated with the company’s digital platforms, such as the pharmaceutical benefits management system and soon to launch tele-health solution.
- Delivering on a number of Robotic Process Automations across the business with tangible operational efficiencies, along with automation of key processes.
- Achieving a customer NPS of 52, a historical high for the company.
- Investing heavily in our digital infrastructure, with enhanced connectivity and security, supporting full and secure remote working capabilities during the lockdown.
- Setting up a COVID-19 command center, in partnership with with Ministry of Health, to the serve the community.
- Becoming the first insurance company to go live with the newly introduced NPHIES hub for data exchange.

# Business Model

## Our Corporate Social Responsibility (CSR)

We continued our promise to help, change and support the lives of all orphans under the supervision of the Ministry of Human Resources and Social Development (MHRSD), and 2020 marked the tenth successive year of providing free health insurance and medical coverage to the orphans living in the orphanages under the MHRSD, in 42 orphanages across the kingdom, within 13 cities.

In response to the challenges brought on by this year’s COVID-19 pandemic, we’ve partnered with the MHRSD to pack and prepare food baskets to be distributed to underprivileged families registered under the Ministry. We engaged our employees and successfully delivered 3,000 food baskets to 3,000 families in need.

During the first quarter of 2020, Bupa Arabia contributed SR20m to the MOH health endowment fund in support of Saudi Arabia's COVID-19 activities for the purchases of ventilators.

## Our People

We strive to create a high-performing culture by empowering and engaging our employees.

Our aim is to attract and retain top talents to help us achieve our purpose of living happier, healthier, longer lives.

In 2020, we pivoted our efforts and supported our people by developing pandemic policies to mitigate risks and address anticipated issues resulting from the change that impacted people around the world. We stepped up our engagements, by proactively reaching out to all 1,800 employees and supporting them during emergencies through our 24/7 crisis hotline. To date, we continue to check on and support our employees who were tested positive for COVID-19. Our high scores in Crisis Communications and Crisis Support Pulse indicators reflect the hard work we have put in to serve and care for our people.

Additionally, we reinvented our HR value proposition to achieve our 1Bupa Strategy through executing projects under our four strategic themes: attract top talent, develop our talent, retain our talent, and build an engaging culture. Through implementing the right assessment tool and partnering with top entities such as G20 and MiSK, we increased our Saudization rate by 4 percentage points and increased female presence from 12% to 14%. Internal transfers and promotions increased to retain our talent with 129 promotions and 220 internal transfers. We continued to develop our talent by launching 80+ training programs, covering more than 1,300 employees with an average of 12 hours per employee. Finally, we received the best engagement initiative by CIPD & won the silver award for best HR practices by Gulf Sustainability for our efforts in building an engaging culture.

Our achievements in numbers:

- Increase in Saudization: 4 percentage points.
- Decrease in turnover: 4 percentage points.
- Completion of succession planning: +2 percentage points.
- Increase in employee engagement scores: 6 percentage points.

## Key initiatives:

### Attract Top Talent

Implemented a new assessment tool (AON) to assess new hires based on BA’s employee norms, career levels and mapped to BA’s leadership imperatives.

Retain our talent: Our succession strategy focused on building our talent (68%) compared to buying our talent (32%). Buying strategy was to fill in for scarce digital positions (ex: Head of AI).

### Develop our Talent

We have expanded the development programs and opportunities we offer our people, allowing them to transform their skills into new and different areas with focus on digital skills and leadership development. We have also swiftly reimaged our learning and development content and delivery to prepare our people to be effective in the new virtual world of work, including by benefitting from all of our technology tools.

### Engaging Culture

In addition to reaching out to employees individually, we launched project 1800 to connect with all employees to communicate new HR updates and present our new strategy 1Bupa.

# 2020 Review and Future Outlook

## Bupa Arabia’s Significant Plans, Decisions and Developments During the Year

Certain elements of Bupa Arabia’s significant plans, decisions, and developments during 2020 are detailed within this section, whilst others are described throughout this report.

### Our Strategy Review

In 2020, Bupa Arabia formally launched its 1Bupa corporate strategy, which was approved in 2019. The strategy builds on the long-standing purpose of “helping people live longer, healthier and happier lives”, and fully aligns with the vision of being “the most trusted health insurer in Saudi Arabia”. It aims to accelerate the Company’s growth trajectory over the next few years, with a focus on the following six strategic pathways:

- Protecting and growing our core customer base
- Embarking on a digital transformation journey
- Building long-term and trusting relationships with our key clients
- Enhancing investment income returns
- Committing to new pockets of growth
- Maintaining the strongest relationships with regulators

### Our Business Continuity Management (BCM)

During 2020, in alignment with the Central Bank’s regulations, we enhanced our Business Continuity Management (BCM) policy and procedures, completed new cyber security assessments, and continued to develop our cyber security framework roadmap to ensure we implement cyber security governance best practices in accordance with Saudi regulations. The responsibilities of the Risk Management Committee were also expanded to include all aspects of BCM as well as the continued monitoring of the cybersecurity maturity levels, as per regulatory requirements.

Bupa Arabia also demonstrated its resilience through its response to the COVID-19 pandemic, with a dedicated task force being deployed with a the mandate to ensure business continuity while safeguarding our employees. Our resilience was also tested via the successful completion of the company’s first full disaster recovery exercise.

### Our Shariah Compliance

Bupa Arabia maintained its Shariah compliance. On 06/01/2021, Bupa Arabia received approval from the Shariah Review Bureau. On 07/01/2021, Bupa Arabia announced its compliance and status as per the 2019 annual Shariah Audit Report (reference BPA-481-08-01-07-20) on the following functions:

- Separation of accounts (shareholder and policyholder).
- Compliance of shareholder and policyholder investments with Shariah Guidelines, in support of achieving overall Shariah compliance in the future, the Company continues to develop its policies and evaluate its contracts.

### Our Development of Saudis and Saudization

We continue to prioritise the recruitment, development, retention, and enhancement of the careers of Saudi nationals and to increase our Saudization levels. In 2020, we were successful in increasing the Saudization level to 79%, versus 77% last year. We are also an equal opportunity employer and are very proud of our gender diversity with females representing 33% of our workforce.



# 2020 Review and Future Outlook

## Bupa Arabia Outlook, Future Prospects, Risks and Developments

### Competition and Market Dynamics

Market volume (insured lives) witnessed one of the steepest declines in 2020. It closed at 9.96 million with a decline of over 1.18 million insured lives (-10.6%) when compared to 2019. The decline of insured lives is mainly attributed to expats affected by Covid-19 job market challenges. Saudi insured lives growth was also halted in 2020 and by the year’s close, the insured lives market shrunk back to below Y2015 levels.

Despite the pressure on volumes, gross written premiums of the health insurance sector managed to stabilise driven by pricing growth. Due to travel restrictions, the Tourist/visa and Umrah products mandated in Q3 2019, have not yielded any major benefits to the insurance industry in 2020. Tourism/Umrah is not expected to garner its full potential in 2021 either. Furthermore, economic slowdown and liquidity pressures, particularly amongst the SMEs segment, have had an adverse impact on the volumetric growth of insurance industry in 2020.

Even with the many challenges brought on by the Covid-19 pandemic, 2020 was positive year for the health insurance market. Profitability increased significantly, reporting the highest earnings ever at SAR 1.67 billion for YTD Q3 2020, a growth of 94% compared to the same period last year. This is was driven by the unprecedented drop in medical claim volumes during the COVID-19 lockdown period. 2021 is expected to be a challenging year, however, due to the expected surge in claims post Covid-19 as well as the cost impact of the recently announced enforcement of Article 11 of the Cooperative Health Insurance Law, which requires insurance companies to include all accredited government healthcare providers in their approved networks.

### Key Risks

Part of the Bupa Arabia Risk Management System is the Risk Management Cycle, a continuous process that ensures a detailed understanding of our risk profile. Bupa Arabia has identified the top risks that may impact its ability to achieve its strategic objectives and annual operating plans, in a manner consistent with legal, regulatory and client expectations. Many of these risks remain systematic and inherent to the entire market place and/or industry, making them unpredictable and impossible to completely avoid:

- **COVID-19 risks** – the coronavirus global pandemic may adversely impact the Company’s operations, financials, service levels, employees, customers and suppliers.
- **Cyber Security risks** – increased and more advanced cyber threats may lead to information security breaches, business interruptions, financial losses and reputational damage.
- **Medical Inflation risks** – expensive technological advancements in medical field, medical providers bargaining power, fraud and abuse, an aging and less healthy population, all may lead to an increase in incurred medical claims costs.
- **Economic Slowdown risks** – a continued economic slowdown, combined with a lower oil price environment and a coronavirus driven global recession, may lead to increased financial risks (price, liquidity/collection, credit/defaults, interest rates, and market risks).
- **Regulatory Risks** – increased regulatory changes may increase the cost of doing business and could lead to financial/other disciplinary actions, and reputational damage.
- **Competition Risks** – intensified competition may lead to aggressive pricing and margin deterioration, market share changes, and the possible loss of key leadership and technical talent.

In specific relation to COVID-19 related risks, Bupa Arabia has created a dedicated task force to plan and execute business continuity plans, so as to ensure the safety and wellbeing of our employees, to maintain excellent service levels, to actively engage with, and support, our customers, regulators and local communities, and to also stress test the company’s financials, as well as to secure critical supplies.

Although it is challenging to mitigate such “non-diversifiable” risks, we are deploying hybrid risk management strategies to reduce residual risks to business tolerable levels. The focus is relentlessly on aligning key stakeholders in delivering the right client outcomes in the here and now, whilst ensuring that financial and brand strength is upheld, so that Bupa Arabia can continue to deliver on its purpose for the foreseeable future.

# Financial Highlights

## Business Results and Financial Highlights

### Summary of Financial Results

A challenging 2020 had seen COVID-19 having a profound impact on many facets of the health insurance sector, including a staggering 11% YoY decline in the number of insured lives to less than 10m, a level not seen since 2015. The pandemic also had a direct impact on the competitive environment, with noticeable pressure on pricing. As a result, Bupa Arabia’s gross written premiums remained flat during the year, at just over SR 10.7b.

Despite that, Bupa Arabia navigated its way and managed to grow its shareholders’ income before zakat & tax by 15.6% to reach SR 824m, while earnings per share grew 17.3% from 2019, reaching SR 5.83/share.

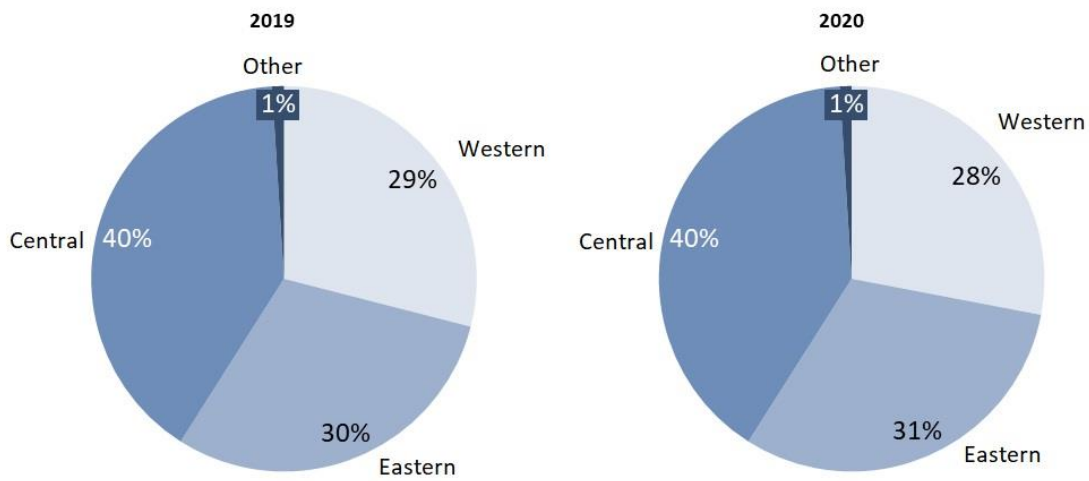
Statement of Operations (12 Months)	2016	2017	2018	2019	2020
Gross written premiums (GWP)	7,938,630	7,732,961	8,566,648	10,410,868	10,447,353
Net earned premiums (NEP)	7,667,316	7,672,314	8,150,242	9,371,291	10,734,482
Total revenue	7,797,710	7,830,146	8,348,460	9,630,246	10,979,020
Gross claims paid	5,944,793	6,428,617	6,708,524	7,655,078	8,262,050
Net claims incurred (NCI)	6,178,445	6,405,003	6,788,985	7,749,297	8,719,928
Total expenses	923,163	874,137	985,317	1,101,461	1,355,282
Surplus from insurance operations	653,949	503,919	487,272	668,341	801,410
Shareholders' net income before zakat and income tax	630,705	500,614	525,431	712,654	823,669
Loss ratio	80.60%	83.50%	83.30%	82.69%	81.23%
Earnings per share ("EPS")	5.26	4.18	3.70	4.97	5.83

Numbers in SR000s

Robust earnings figures were driven primarily by strong underwriting results with 14.5% growth in net earned premiums combined with a 146 bps improvement in loss ratio following a significant decline in demand for healthcare services during Covid-19 lockdown period in early 2020. Also, the Company effectively managed to contain its bad debt provisions, which dropped by 9.8% from last year as a result of record collection performance of more than SR 10.8b in a very challenging credit/liquidity environment. Finally, investment income was resilient in 2020 with SR 213.3m despite record low interest rates following unprecedented two back-to-back Fed rates cuts in March 2020.

Results were partially offset by a 36% increase in deferred acquisition costs expensed during the year which were related to the Premium Deficiency Reserves (PDR) recognized in 2020. A PDR was established to account for the expected surge in claims post Covid-19 lockdown, as well as to partially reflect the cost impact of the recently announced enforcement of Article 11 of the Cooperative Health Insurance Law, which requires insurance companies to include all accredited government healthcare providers in their approved networks. Article 11 enforcement is expected to have a material impact on future medical claims considering the mandated prices and protocols regulating the relationship between government health facilities and insurance companies.

### Geographical Analysis of Gross Written Premiums (GWP)



2020 witnessed similar geographical mix of GWP to that of 2019, with a slight growth in the Eastern region.

### Summary of Financial Position

ASSETS	2016	2017	2018	2019	2020
Cash and cash equivalents	225,830	229,884	290,413	665,709	633,251
Term deposits	4,045,310	3,945,383	4,715,281	5,063,976	2,723,173
Investments	1,258,420	1,721,690	1,621,491	1,840,832	6,029,446
Prepayments and other assets	148,991	170,528	202,985	276,643	158,460
Premiums receivable – gross	1,123,540	1,013,656	1,119,902	1,886,564	1,542,567
Allowance for doubtful premiums receivable	-142,997	-142,674	-169,231	-197,187	-222,524
Premiums receivable - net	980,543	870,982	950,671	1,689,377	1,320,043
Reinsurer's share of unearned premium	1,356	5,146	6,320	20,625	20,108
Reinsurer's share of outstanding claims	1,720	1,030	3,014	5,190	7,936
Deferred policy acquisition costs (DAC)	72,281	71,076	118,323	134,022	68,214
Amount due from insurance operations	148,477	-	-	-	-
Goodwill	98,000	98,000	98,000	98,000	98,000
Tangible and intangible assets (prev. Furniture, fittings and equipment)	90,945	133,497	138,516	225,686	265,977
Accrued Interest on statutory deposit	3,585	5,121	6,882	10,820	13,806
Statutory deposit	80,000	80,000	120,000	120,000	120,000
Deferred tax asset	0	0	25,552	30,216	37,941
<b>TOTAL ASSETS</b>	<b>7,155,458</b>	<b>7,332,337</b>	<b>8,271,896</b>	<b>10,181,096</b>	<b>11,496,355</b>

Numbers in SR000s

Bupa Arabia’s Total Assets have seen steady growth, reflecting its strong and expanding business activities. Total Assets in 2020 increased by 13% from 2019, reaching over SR 11.4b, and is reflected in the investments portfolio size (Term Deposits & Investments), which increased by more than SR 1.8b as a result of solid underwriting results and record collection performance. The reallocation from Term Deposits to Investments is attributed to large deployments into money market funds given their relative attractive yields as well as increased placements into sukuk and equity investments.

# Financial Highlights

LIABILITIES AND SURPLUS	2016	2017	2018	2019	2020
Unearned premiums (UEP)	3,094,990	3,091,079	3,428,131	4,376,219	4,023,331
Outstanding claims provision (OCP)	1,321,622	1,341,536	1,472,681	1,627,708	2,109,319
Reinsurance balance payable	15,117	39,613	50,636	54,413	4,873
Accrued expenses and other liabilities	237,017	212,067	367,204	545,028	816,062
Amount due to shareholders' operations	148,477	-	-	-	-
Policyholders' share of surplus from insurance operations	169,884	138,581	139,755	168,454	200,391
Accrued zakat and income tax	116,953	148,704	199,784	274,709	317,199
Accrued interest on statutory deposit	-	5121	6,882	10,820	13,806
Amount due to related parties	24,344	33,586	41,095	78,848	108,521
<b>Total liabilities</b>	<b>5,128,404</b>	<b>5,010,287</b>	<b>5,706,168</b>	<b>7,136,199</b>	<b>7,593,502</b>
<b>Total equity</b>	<b>2,027,054</b>	<b>2,322,050</b>	<b>2,591,280</b>	<b>3,044,897</b>	<b>3,902,853</b>
<b>Total liabilities and equity</b>	<b>7,155,458</b>	<b>7,332,337</b>	<b>8,297,448</b>	<b>10,181,096</b>	<b>11,496,355</b>

Numbers in SR000s

Total liabilities grew by SR 457m in 2020 reaching over SR 7.5b, due to the increase in outstanding claims and other accrued liabilities, while total equity grew by SR 858m to reach SR 3.9b, supporting a strong solvency position well above regulatory thresholds.

## Statutory Payments and Payable to Regulatory Bodies

Regulator	Paid		Paid Change	Payable		Payable Change
Description	2019	2020	2020 vs 2019	2019	2020	2020 vs 2019
GAZT : Zakat and income taxes	48,597	92,777	44,180	274,709	317,199	42,490
GAZT : Value added tax (VAT)	214,400	566,620	352,220	38,848	25,326	-13,521
GAZT : Total	<b>262,997</b>	<b>659,397</b>	<b>396,400</b>	<b>313,557</b>	<b>342,525</b>	<b>28,969</b>
SAMA: Levies	48,233	25,332	-22,901	9,951	36,856	26,905
CCHI: Levies and license fees	96,467	54,602	-41,865	19,902	69,774	49,872
TOTAL: Levies and license fees	<b>144,700</b>	<b>79,933</b>	<b>-64,767</b>	<b>29,853</b>	<b>106,630</b>	<b>76,777</b>
CMA/Tadawul: Service and license Fees	1,145	1,214	69	0	0	0
GOSI	30,553	32,722	2,169	2,548	2,918	370
<b>Total</b>	<b>31,698</b>	<b>33,936</b>	<b>2,238</b>	<b>2,548</b>	<b>2,918</b>	<b>370</b>

Numbers in SR000s

## The General Authority of Zakat and Income Tax (GAZT):

Total zakat and income tax payments during 2020 were SR92.8m, of which SR48.2m was for the 2019 tax and zakat returns, SR44.5m for 2020 advance tax, and SR136k for contract retention release letters.

Bupa Arabia paid SR566.6m in 2020 to GAZT for VAT payments with SR25.3m VAT payable at the end of the year. Additionally, SR7.4m was paid during 2020 for withholding taxes, and SR0.4m provided in the 2020 results was related to withholding taxes payable in 2021.

The SR317.2m payable to the GAZT includes SR135m payable in 2021 for 2020 zakat and tax returns, while the remainder is predominantly additional contingency provisions for zakat matters.

It is worth noting that the company reached in February 2021 a settlement of SR 120m with GAZT on all zakat, corporate income tax and withholding tax for the years 2008 through 2016 and 2018. All settled liabilities were provided for previously in respective years and there is no significant financial impact on the company’s financial statements. For 2017 assessments, the company has escalated the matter to the General Secretariat of Tax Committees (the “GSTC”).

## Saudi Central Bank (SAMA)

Total levies paid to SAMA during 2020 were SR25.3m, of which SR10m were for the fourth quarter of 2019 while SR15.4m were for the third quarter of 2020.

The SR36.9m payable amount for 2020 includes the normal provisioning for Q4 2020 in addition to a provision for both Q1 and Q2 of 2020 following SAMA’s initiative to support the sector manage its liquidity during the COVID-19 pandemic.

## The Council for Cooperative Health Insurance (CCHI)

Total levies paid to the CCHI for 2020 were SR54.6m, of which SR19.9m were for the fourth quarter of 2019 while SR34.7m were for the first quarter of 2020.

The SR69.8m payable amount for 2020 includes provisioning for Q2, Q3 and Q4 levies of 2020 following CCHI’s initiative to support the sector manage its liquidity during the COVID-19 pandemic. All CCHI levies would be paid before the end of Q1 2021.

## The General Organization for Social Insurance (GOSI)

Total 2020 payments to GOSI were SR32.7m, of which SR2.6m was related to 2019. An amount of SR2.9m was provided for, reflecting 2020 related GOSI commitments, which are payable in 2021.

## Tadawul and the Capital Market Authority (CMA)

The Company paid SR1.2m to Tadawul/CMA during 2020, which included SR400k for service fees, SR769k for annual listing fees, and SR45k for other fees.

## Regulatory penalties

During 2020, Bupa Arabia was not issued any regulatory penalties.



# Financial Highlights

## Dividends and the Company’s Policy for the Distribution of Profits

The Company’s By-Laws state the following with respect to the calculation and distribution of profits:

- The exclusion of zakat and income tax.
- That 20% of net profits are allocated to form a statutory reserve. The General Assembly has the authority to cease this transfer once the statutory reserve is equivalent to the paid-up capital of the company.
- Based on the Board’s recommendation, the General Assembly can also hold a percentage of the annual net profit to form a reserve and may allocate it to purposes of its choosing.
- The balance shall be distributed as a first payment amounting to no less than 5% of paid-up capital to the shareholders.
- The remaining balance shall be distributed to the shareholders as a share in the profits or transferred to the retained profits account.
- The Board may issue a decision to distribute periodical profits to be deducted from annual profits as specified in paragraph 4 above, and in accordance with the relevant regulatory rules issued by the concerned authorities.

In addition to that stated within the Company By-Laws, during 2017, the Company approved the following as an added Dividend Policy:

“In addition to the distribution of profits requirements, as reflected within the Company By-Laws (Articles of Association), the Company dividend policy is as reflected below:

To distribute any excess cash as dividends to shareholders subject to:

- a) Maintaining a solvent position at the end of each quarter as per local laws and regulations, and,
- b) Receiving the requisite regulatory and shareholder approvals for the dividend(s) wherever applicable, and,
- c) Having accounted for the Company's requirements in meeting its Capital Management Policy and relevant Risk Management policies; policies that cover the business and investment requirements.”

## Dividend History - Last 5 Fiscal Years

Description	2015*	2016	2017**	2018	2019***
Retained income (pre-zakat & inc. taxes)	645,077	630,705	500,614	525,431	712,654
Dividend amount	160,000	120,000	160,000	180,000	0
Pre-zakat & inc. taxes dividend pay-out ratio	24.8%	19.0%	32.0%	34.3%	N/A
Number of shares in Issue	80,000	80,000	80,000**	120,000	120,000
Saudi Riyals dividends per share	2.00	1.50	2.00	1.50	N/A
% of Dividend/Year/Quarter Distributed	100% 2016Q2	100% 2017Q2	100% 2018Q2	100% 2019Q3	N/A

Numbers in SR000s

\*SR400m of the retained earnings, as at 31/12/2014, were used in 2015 to double Bupa Arabia’s share capital to 80m shares, through issuing one bonus share for every share held.

\*\*At the time of the Dividends issue, there were 80m shares. Bonus shares were issued during November 2018, one bonus share for every two shares held, using SR400m of the 2017 retained earnings, to increase Bupa Arabia’s share capital by fifty percent, resulting in 120m shares in issue at 31/12/18.

\*\*\*No dividends were declared in 2020 due to the uncertainties surrounding COVID-19.

# Board of Directors and Board Committees

In support of the Company achieving its strategic aims, the Board constitutes Board Committees to aid in the execution of its responsibilities. The following sections contain information relating to the Board/Board Committees, and the more significant activities during the year.

During 2020, the Company increased its board size, from eight to nine, as per the 2019 GA approved Company By-Laws changes. Mr. Nader Ashoor, the CFO of Bupa Arabia, has been appointed as an executive board member effective on 01/07/2020.

All the Committees’ secretaries have been changed during the year. The NRC membership was constituted and effective on February, and during the second quarter of 2020, Mr. Andrew Bailey joined the IC in replacement of Mr. Niall Dooner.

### Our Corporate Governance and Risk Intelligence:

We remained committed to enhancing shareholder value by building and maintaining a risk intelligent organization, increasing the transparency of our corporate governance practices and strengthening the rights of our shareholders. The company conducted its first ever remote General Assembly in response to COVID-19 restrictions.

In April 2020, our major shareholder Bupa Investment Overseas Limited (BIOL) was re-classified on Tadawul to that of a Foreign Strategic Investor which makes BIOL the largest foreigner strategic investor in the Saudi Market.

The Board appointed a second female in the Board of Directors for the first time in the Company’s history. The appointment aims to enhance the Board’s diversification while further enhancing its capabilities.

We continue to invest in our corporate governance, including further embedding the “Three Lines of Defense” (3LoD) risk management model and the ongoing recruitment and development of appropriate capabilities to ensure a world class governance environment with world class controls.

### Board and Board Committees’ Membership, and Summary Analysis, as of 31/12/2020

<div><b>Board of Directors</b></div> <div><b>Chairman</b> Eng. Loay Hisham Nazer</div> <div><b>Vice-Chairman</b> David Fletcher</div> <div><b>Independent Members</b> Huda Al Ghoson Zaid Algwaiz Dr. Abdulla Elyas</div> <div><b>Non-Executive Members</b> Joy Linton Martin Houston</div> <div><b>Executive Members</b> Tal Hisham Nazer (CEO) Nader Ashoor (CFO)</div> <div><b>9 Members</b></div> <div><b>Secretary</b> Abeer Albornu</div>	<div><b>Audit Committee (AC)</b></div> <div><b>Independent Chairman</b> David Hunt</div> <div><b>Independent Members</b> Walid Shukri Zaid Algwaiz Sulaiman Alhatlan</div> <div><b>4 Members</b></div> <div><b>Secretary</b> Younis Eishan</div>	<div><b>Executive Committee (EC)</b></div> <div><b>Chairman</b> Eng. Loay Hisham Nazer</div> <div><b>Non-Executive Members</b> Joy Linton David Fletcher</div> <div><b>Executive Members</b> Tal Hisham Nazer (CEO)</div> <div><b>4 Members</b></div> <div><b>Secretary</b> Abeer Albornu</div>
<div><b>Investment Committee (IC)</b></div> <div><b>Independent Chairman</b> Osamah Shaker</div> <div><b>Independent Members</b> Selman Alfares</div> <div><b>Non-Executive Members</b> Niall Dooner Andrew Bailey</div> <div><b>4 Members</b></div> <div><b>Secretary</b> Ahmed Bajunaid</div>	<div><b>Nomination and Remuneration Committee (NRC)</b></div> <div><b>Independent Chairwoman</b> Huda Al Ghoson</div> <div><b>Independent Members</b> Omar Najjar</div> <div><b>Non-Executive Members</b> Martin Houston</div> <div><b>3 Members</b></div> <div><b>Secretary</b> Turki Albuluwi</div>	<div><b>Risk Management Committee (RMC)</b></div> <div><b>Independent Chairman</b> Dr. Khaled Al-Faddagh</div> <div><b>Independent Members</b> Dr. Abdulla Elyas</div> <div><b>Non-Executive Members</b> James O'Reilly Rami Makarem</div> <div><b>4 Members</b></div> <div><b>Secretary</b> Ahmed Jaber</div>

# Board of Directors

## Board Purpose and Meetings

The purpose of the Board is to set strategy and deliver value to all shareholders and stakeholders, in compliance with the regulations and laws of the Kingdom 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 is responsible for establishing Board Committees, as stipulated by regulations, to support the Board in achieving its responsibilities, and to support the executive management. The Board is responsible for establishing and approving matters it deems significant enough to be reserved for only the Board's decision and for those matters which it delegates to the relevant Board Committees (both as specified within the Board approved Schedule of Matters Reserved for the Board (SMRB) and the Board Delegated Authorities Framework (BDAF)).

## Board Member Summary Changes During the Year

Mr. Nader Ashoor, Bupa Arabia’s CFO, joined the Board of Directors as an Executive member, effective 1 July 2020.

Current (fifth) board term, effective 1 July 2019 to 30 June 2022, roles, term number, representing:

Membership Role	Board Member name	Nationality	Term Number	For the current term representing:
Independent	Ms. Huda M. Al Ghoson	Saudi	1 <sup>st</sup>	Not applicable
	Mr. Zaid A. Algwaiz	Saudi	3 <sup>rd</sup>	Not applicable
	Dr. Abdulla N. Elyas	Saudi	1 <sup>st</sup>	Not applicable
Non-Executive	Eng. Loay H. Nazer	Saudi	5 <sup>th</sup>	Nazer
	Mr. David M. Fletcher	British	3 <sup>rd</sup>	BIOL
	Mrs. Joy C. Linton	Australian	1 <sup>st</sup>	BIOL
	Mr. Martin J. Houston	British	2 <sup>nd</sup>	BIOL
Executive	Mr. Tal H. Nazer	Saudi	5 <sup>th</sup>	Not applicable
	Mr. Nader Ashoor	Saudi	1 <sup>st</sup>	Not applicable

The Board approves the Board Chairman, Board Vice-Chairman, CEO and Company Board Secretary for each term, subject to regulatory approval where required and applicable, and for the fifth term all were approved as re-appointments of the fourth term.

The Board also appoints the Board Committee’s Secretaries for each new term, in which the current term has appointed the Director of the Internal Audit Department as the AC Secretary, the Head of Compensation and Benefits as the NRC Secretary, the Director of Asset Management and Business Advisory as the IC Secretary, the Director of Risk Management as the RMC Secretary, and the Head of Company Secretariat as the Company Board Secretary and the EC Secretary.

### Eng. Loay Hisham Nazer Non-Executive Chairman

Chairman and Board member of Bupa Arabia since its inception in 2008. Founder and Chairman of the Nazer Group Ltd. and a Board member of various Nazer companies. Former Chairman of Al-Ittihad football club, former Vice-Chairman of the Saudi Olympic Committee, former Chairman of the Saudi Arabian Judo Federation, and former CCHI Board member.

Eng. Loay is not a Board Member in other Saudi PLCs. He is currently serving his 5<sup>th</sup> term in Bupa Arabia, representing Nazer Group Ltd.

#### Current Positions

##### Chairman

- Nazer Group Ltd.
- Modern Computer Program Co. Ltd
- ASAS Healthcare Company
- Arabian Medical Marketing Company
- Loay Hisham Nazer Company Ltd.
- Nazer Bupa for Medical Equipment Company (NBME)
- Makkah Cluster Advisory Board

##### Other Positions

- International Medical Clinics Company (Partner).
- Nazer Dialysis and Advanced Healthcare Services Co. Ltd (Partner).
- Diaverum Arabia Company (Board Member).
- Bupa Middle East Holdings Two WLL (Board Member).

#### Previous Positions

- Al-Ittihad Football Club (Chairman).
- National Unified Procurement Co. for Medical Supplies (NUPCO).
- Arab Conference Organizing Co. (ARC).
- Saudi Olympic Committee (Vice-Chairman).
- Saudi Arabian Judo Federation (Chairman).
- CCHI (Board Member).

#### Qualifications

MBA, Anderson Graduate School of Management, UCLA, USA (1989).  
B.Sc. Mechanical Engineering, UCLA, USA (1987).

### Mr. David Fletcher Non-Executive Vice-Chairman

Bupa Arabia Board member and Vice-Chairman, since 2014. Currently, Bupa Group Chief Risk Officer, and member of its Chief Executive Committee. He is also a Non-Executive Director of Max Bupa, Bupa’s associate health insurance business in India. Mr. David has extensive international experience in banking, having held various senior positions with Standard Chartered and Citibank, including Head of Audit and CEO roles.

Mr. David is currently serving his 3<sup>rd</sup> term in Bupa Arabia, representing BIOL.

#### Current Positions

- Bupa (Chief Risk Officer).
- Bupa (Executive Team Member).
- Bupa Middle East Holdings Two WLL (Bupa/Nazer JV).
- Max Bupa Health Insurance Company Limited.

#### Previous Positions

- BUPA International Development Markets ( CEO).
- Bupa (Chief Internal Auditor)
- Ex-President Director/CEO, Bank Permata Indonesia.

#### Qualifications

B.A. Honours in Modern History, Durham University, UK (1985).

### Mr. Tal Hisham Nazer Executive Member - CEO

Bupa Arabia CEO/Board member since inception in 2008. Further details are provided under the Chief Executive Team section.

Mr. Tal is not a Board Member in other Saudi PLCs. He is currently serving his 5<sup>th</sup> term in Bupa Arabia.

#### Current Positions

##### Board Member

- Nazer Group Ltd.
- Modern Computer Program Co. Ltd (MCPC).
- ASAS Healthcare Company.
- Arabian Medical Marketing.
- Quick Solutions for Trading Company.
- Bupa Middle East Holdings Two WLL.
- Financial Academy.

##### Other Positions

- CCHI’s Private Health Insurance. Strategic Committee (Member).
- SAMA Insurance Companies General Committee (Member).
- Ebda Co. ownership (25%).
- KOJO Co. ownership (47%) and (Chairman).
- Najm for Insurance Services Company (Board Chairman).
- Tal Hisham Nazer Company Limited (General Manager).
- Nazer Group Ltd. (Vice-Chairman).
- Chief Executive Committee of Bupa Group (Advisor).

#### Previous Positions

##### Board Member

- Human Resources Development Fund.
- Choate Rosemary Hall, New York, USA.
- Nazer Dialysis and Advanced Healthcare Services Co. Ltd.
- Arab Conference Organizing Co. (ARC).
- Nazer Bupa for Medical Equipment Company (NBME).

#### Qualifications

MBA Finance and Buyouts, Wharton, USA (2001).  
Bachelor Economics, UCLA, USA (1996).





# Board of Directors

## Board Meeting Attendance

During 2020, the Board held seven meetings. The following table details Board meetings held and the respected attendance.

Board Member Name	11 Feb	16 Mar	28 April	14 May	23 Jun	29 Sep	18-19 Nov	%
Eng. Loay Hisham Nazer	Y	Y	Y	Y	N	Y	Y	86%
Mr. David Martin Fletcher	Y	Y	Y	Y	Y	Y	Y	100%
Mr. Tal Hisham Nazer	Y	Y	Y	Y	Y	Y	Y	100%
Mr. Zaid A. Algwaiz	Y	Y	Y	Y	Y	Y	Y	100%
Mr. Martin Houston	Y	Y	Y	N	Y	Y	Y	86%
Dr. Abdulla Elyas	Y	Y	Y	Y	Y	Y	Y	100%
Ms. Huda ALGhoson	Y	Y	Y	Y	Y	Y	Y	100%
Mrs. Joy Linton	Y	Y	Y	Y	Y	Y	Y	100%
Mr. Nader Ashoor (From 01/07/2020)	N/A	N/A	N/A	N/A	N/A	Y	Y	100%
<b>Total % Attendance</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>88%</b>	<b>88%</b>	<b>100%</b>	<b>100%</b>	<b>97%</b>

## Major Board Approvals/Resolutions

Amongst the major Board resolutions/approvals during the year were the following:

- The CEO’s contract, as per the NRC recommendation,
- The 2020 Annual Operating Plan (AOP), as per the EC recommendation.
- The quarterly IFS, for fourth quarter 2019, and 2020 first to third quarters, the 2019 AFS and ABR, and the conflicts of interests, and related party transactions contained therein, per the AC recommendation,
- The appointments of Board Committee members and chairpersons, and changes in Secretaries of the Board and its Committees, and
- Any approvals as required in terms of the Schedule of Matters Reserved for the Board (SMRB).

## Assessment of the Board/Board Committees and the Members’ Performance

The Company routinely assesses the performance of the Board/Board Committees, and the respective members, on an ongoing basis, through closed Board sessions, through the NRC, and via the Company Secretariat with the Committee Chairpersons, in liaison with the NRC.

## Board Secretary

### Head – Company Secretariat, and Company Board Secretary, Ms. Abeer Albornu

Ms. Abeer Albornu has a collective of 13+ years’ experience in the areas of risk and compliance. Prior to joining Bupa Arabia in 2017, Abeer held a variety of senior roles at renowned companies, the most recent being, Senior Manager Compliance Advisory – Corporate & Treasury at Bank Al Jazira. In this capacity, she developed effective solutions and action-plans to ensure the organization’s regulatory compliance.

As Head – Company Secretariat, Abeer serves as a link between the Board of Directors and the rest of the organization. She leads activities related to the Board of Directors and its various committees, and is responsible for the Company’s annual reports and disclosures. In this role, she also oversees all matters related to the company’s General Assembly meetings.

Since joining Bupa Arabia, Abeer has led the creation of enterprise policies and procedures that are still in place. Among her most notable achievements is her launching of the company’s Code of Conduct and whistle blowing system. What’s more, she plays a pivotal role in leading corporate governance in the Company, ensuring its proper functioning through monitoring and assimilation of best practices.

Abeer holds a Bachelor of Science in Management Information Systems from Dar Al-Hekma University and an International Diploma Certification in Risk Management. She also holds various certifications in operational risk, risk management, and compliance.



# Board Committees

## Audit Committee (AC)

The principal role of the AC is to monitor the integrity of the Company’s financial statements, in accordance with the relevant financial reporting standards, in compliance with laws and regulations, to review and, where appropriate, make recommendations to the Board on internal financial controls, compliance, internal audit and to review the external audit process and external auditors’ performance. The Committee shall also have oversight, through the Company’s RMC, for ensuring that the Company’s risk management processes are adequate and effective, particularly with regard to the impact on the Company’s financial reporting and its code of business conduct. A further lead role responsibility of the AC is the monitoring of the effectiveness, performance and objectivity of the compliance function and the internal audit function, through the compliance and internal audit functions reporting directly to the AC Chairman.

During 2020, the AC held ten meetings. The following table details AC meetings held and the respected attendance.

AC Member	3 Feb	24 Feb	9 Mar	27 Apr	15 Jun	26 Jul	13 Aug	26 Oct	17 Nov	18 Nov*	%
Mr. David Hunt	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100
Mr. Sulaiman Alhatlan	Y	Y	Y	N	Y	Y	Y	Y	Y	Y	90
Mr. Zaid Algwaiz	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	90
Mr. Walid Shukri	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	100
Total Overall %	100%	100%	100%	75%	100%	100%	100%	75%	100%	100%	95%

\*Meeting held at 18 November was the annual AC meeting with the Board of Directors.

### Mr. David Hunt AC Chairman

Mr. David has been an AC member for the full year, and the AC Chairman for the new term since 1 July 2019.

Mr. Hunt has over thirty-five years’ global experience in banking, financial services and insurance including, twenty-five years as an International Manager with the HSBC Banking Group. Previously Managing Director for SABB Takaful (2007-2011) and CEO for Gulf Finance, Saudi Arabia. Special Advisor to the Actis private equity Group 2012- 2014.

#### Qualifications

B.Sc. Banking & Finance, Loughborough University of Technology, UK (1987).

### Mr. Sulaiman Alhatlan Independent Member

Mr. Sulaiman has been an AC member for the full year.

Over twenty years of experience as a consultant, board member, or committee member in many sectors including industrial, financial, F&B, insurance, retail and real estate.

#### Qualifications

Accountancy from California State University, San Diego (1998).

Bachelor’s degree in Accounting from King Saud University, Riyadh (1994).

### Mr. Walid Shukri Independent Member

Mr. Walid joined the AC for the new term since 1 July 2019. Mr. Walid currently serves and has served as a board member and chairman of various board committees of various companies. The companies are in various stages of maturity, ranging from family businesses to being listed on the stock exchange and global companies. He is member of a variety of international and Saudi Boards and Committees.

#### Qualifications

B.Sc. Industrial Management – Major in accounting with Honors (King Fahd University of Petroleum and Minerals).

Certified Accountant in the United States of America (CPA).

Certified Accountant in the Kingdom of Saudi Arabia (SOCPA).

### Mr. Zaid Algwaiz Independent Board and AC Member

Independent Board member since 2014, and joined the AC in the new term since 1 July 2019. Mr. Zaid spent many years in the banking sector and was Deputy Managing Director of HSBC Saudi Arabia. He is a Board and Committee member for a variety of Companies.

#### Qualifications

Bachelor’s degree in Accounting, King Saud University, KSA (1987).

# Board Committees

## Executive Committee (EC)

The purpose of the EC is to support the Board with the management of the business through the review and monitoring of all aspects of the operational performance of the Company, on a routine basis, to ensure that there are no barriers to achieving the strategy and objectives set. It provides recommendations to the Board on the annual income targets, and proposed dividends, accounting for solvency requirements, and also reviews and approves, as required per the SMRB, certain aspects of a commercial nature, including its charter. It also supports the Board and the business in ensuring that the Company is compliant with regulatory requirements.

### Executive Committee Members

<p><b>Eng. Loay Hisham Nazer</b> <b>Non-Executive EC Chairman</b></p> <p>Board of Directors and Executive Committee Chairman of Bupa Arabia since its inception in 2008. Founder and Chairman of the Nazer Group Ltd. and a Board member of various Nazer companies. Former Chairman of Al-Ittihad football club, former Vice-Chairman of the Saudi Olympic Committee, former Chairman of the Saudi Arabian Judo Federation, and former CCHI Board member.</p> <p><b>Qualifications</b> MBA, Anderson Graduate School of Management, UCLA, USA (1989), B.Sc. Mechanical Engineering, UCLA, USA (1987).</p>	<p><b>Mr. David Fletcher</b> <b>Non-Executive EC Member</b></p> <p>Bupa Arabia Board member and Vice-Chairman, and Executive Committee Member since 2014. Currently, Bupa, the international health insurance and provision group based in London, UK, Group Chief Risk Officer, and member of its Executive Team. Mr. David has extensive international experience in banking, having held various senior positions with Standard Chartered and Citibank, including Head of Audit and CEO roles.</p> <p><b>Qualifications</b> B.A. Honours in Modern History, Durham University, UK (1985).</p>
<p><b>Mrs. Joy Linton</b> <b>Non-Executive EC Member</b></p> <p>Bupa Arabia Board Member, and Executive Committee Member. Appointed in 2016, as an executive director of the main Board of Bupa, the international health insurance and provision group based in London, UK. Mrs. Joy has been with Bupa since 2011 and is also a Board member of BIOL, the Chief Financial Officer of Bupa, and a member of its Executive Team.</p> <p><b>Qualifications</b> Bachelor’s degree in Commerce from the University of Melbourne, Australia (1987).</p>	<p><b>Mr. Tal Hisham Nazer</b> <b>Executive EC Member - CEO</b></p> <p>Bupa Arabia CEO, Board, and Executive Committee Member since inception in 2008. Further details are provided under the Chief Executive Team section.</p> <p><b>Qualifications</b> MBA Finance and Buyouts, Wharton, USA (2001). Bachelor Economics, UCLA, USA (1996).</p>

During 2020, the EC held six meetings. The following table details EC meetings held and the respected attendance.

EC Member	03 Mar	23 Jun	29 Sep	4 Nov	18 Nov	10 Dec	%
Eng. Loay Hisham Nazer	Y	N	Y	Y	Y	Y	<b>83%</b>
Mr. David Martin Fletcher	Y	Y	Y	Y	Y	Y	<b>100%</b>
Mr. Tal Hisham Nazer	Y	Y	Y	Y	Y	Y	<b>100%</b>
Mrs. Joy Linton	Y	Y	Y	Y	Y	N	<b>83%</b>
<b>Overall Total %</b>	<b>100%</b>	<b>75%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>75%</b>	<b>92%</b>

## Investment Committee (IC)

The purpose of the IC is to assist the business in developing its investment policy and to thereafter, supervise its adherence to it. The Committee is tasked with managing the company’s investments to achieve the best return for the business, within the given risk parameter as approved by the Board, taking into account liquidity requirements and solvency constraints. The IC will also monitor investment performance and act as the liaison between third party investment managers and Bupa Arabia to ensure investments are in line with its IPS, SAMA’s regulations and are fully Shariah compliant. Among other duties, the IC also provides investment advice to the Company and the Board and will approve institutions to be used for significant investment placements.

### Investment Committee Members

<p><b>Mr. Osamah Shaker</b> <b>Independent Chairman</b></p> <p>GIB Capital CEO and Board Member since 2016, Investment Committee Chairman and Member at Bupa Arabia since January 2019.</p> <p><b>Qualifications</b> Master of Science in Statistics from Colorado State University, USA. Bachelor of Administrative Sciences in Quantitative Methods from King Saud University, KSA.</p>	<p><b>Mr. Selman Alfares</b> <b>Independent Member</b></p> <p>Mr. Selman most recently is the CEO of AlMajd AlArabiyah since 2017, Chairman at Falcom holding, Board Member at Gosi, Hassana Investment Company since 2018 and Vice-Chairman TechInvest.</p> <p><b>Qualifications</b> Bachelor of Science in Computer Information Systems from Arizona State University, USA.</p>	<p><b>Mr. Andrew Bailey</b> <b>Non-Executive Member</b></p> <p>Head of Asset Management for the Bupa Group, prior to this various treasury and investment management roles in UK-listed corporates.</p> <p><b>Qualifications</b> Chartered Financial Analyst (CFA). Qualified member of the Association of Corporate Treasurers (AMCT) and Society of Technical Analysts (MSTA). Investment Management Certificate (IMC). Bachelors in Economics and Philosophy.</p>
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During 2020, the IC held four meetings. The following table details IC meetings held and the respected attendance.

IC Member	13 May	27 July	22 Oct	17 Dec	%
Mr. Osamah Shaker	Y	Y	Y	Y	<b>100%</b>
Mr. Selman Alfares	Y	Y	N	Y	<b>75%</b>
Mr. Andrew Bailey	Y	Y	Y	Y	<b>100%</b>
<b>Overall Total %</b>	<b>100%</b>	<b>100%</b>	<b>75%</b>	<b>100%</b>	<b>92%</b>

### IC Members Summary Changes During the Year

Mr. Niall Dooner resigned as an IC member, effective 30 April 2020, and Mr. Andrew Bailey joined the IC, effective 1 May 2020.

# Board Committees

## Nomination and Remuneration Committee (NRC)

- To effectively manage Board, and Board Committees, member appointments, in accordance with both regulations and the approved policies and procedures, through recommendation to the Board, or regulators, where required. This includes ensuring the independence of the independent members, the absence of any conflict of interest, and that there are no reasons, versus the regulatory requirements, preventing the proposed membership(s), of Board, and Board Committee, members, prior to submission to SAMA by the Company.
- To evaluate the structure and composition of the Board, and the Board Committees, and recommend changes to the Board.
- To annually review the requirements of suitable skills for membership of the Board, and Board Committees, and reflect updates of the same within the Nomination and Appointment Policy and Procedure, for the approval of the public shareholders.
- To develop clear policies regarding the compensation and remuneration of the Board, and Board Committee members, following industry/market benchmarking, and to make such recommendations to the Board.
- To recommend the Company’s Long-Term Incentive Plan (LTIP) to the Board.
- To recommend the Company’s Chief Executive Team Remuneration Policy and Employee Remuneration Policy to the Board.
- To review and approve the remuneration and incentive payments (short term incentives/bonuses and Long-Term Incentive Plan (LTIP)) of the CEO, CET and the Company.
- To recommend succession plans for the Board and the Board Committees to the Board.
- To establish and monitor succession plans for the CEO and the CET.
- To annually assess/evaluate the performance of the Board, Committees, and their respective members.

### NRC New Term Membership

NRC was constituted on 12 February 2020, upon the receipt of SAMA’s no objection for its Members.

During 2020, the NRC held three meetings. The following table details NRC meetings held and the respected attendance.

NRC Member	26 Feb	4 May	17 Nov	%
Ms. Huda AlGhosen	Y	Y	Y	100%
Mr. Omar Najjar	Y	Y	Y	100%
Mr. Martin Houston	Y	Y	Y	100%
Overall Total %	100%	100%	100%	100%

## Nomination and Remuneration Committee Members

Ms. Huda AlGhosen Independent NRC Chairwoman	Mr. Omar Najjar Independent Member	Mr. Martin Houston Non-Executive NRC Member
<p>Bupa Arabia Independent Board Member since 1 July 2019, and NRC Chairwoman since 12 February 2020. Huda was the Executive Director of Human Resources at Saudi Aramco. Huda is currently a member of the Board of Credit Suisse Saudi Arabia Bank, the Institute of Public Administration, and a member of the Saudi Telecommunications Company (STC) Nomination &amp; Remuneration Committee. Huda is the Chairwoman of the Board of Trustees of the Arabian Society of Human Resources Management (ASHRM).</p> <p><b>Qualifications</b> MBA from the American University of Washington, D.C., USA. BA in English Literature from the King Saud University in Riyadh.</p>	<p>Chief Programs Officer at MiSK Foundation, supporting the organization’s ambitious strategy by leading on MiSK’s programs and initiatives. His global experience has seen him hold leadership positions with Saudi Ground Services, Downstream Business in Tasnee, King Abdullah Economic City, and Unilever.</p> <p><b>Qualifications</b> MBA from London Business School. MS and BS degrees in Industrial and Systems Engineering.</p>	<p>Mr. Martin is BIOL representative on the Board of Directors and the NRC. Bupa Arabia Board Member since 1 October 2018 and served as a non-executive director on the main Board of Bupa, the international health insurance and provision group based in London, UK, from January 2014 until 31 December 2019.</p> <p><b>Qualifications</b> Bachelor of Geology, Newcastle University, UK (1979). Master of Science, Petroleum Geology, Imperial College, London, UK (1983).</p>

# Board Committees

## Risk Management Committee (RMC)

The main purpose of the RMC is to assist the Board in its risk management strategy and risk oversight across Bupa Arabia. This includes overseeing the current risk exposures and risk strategy, development of the overall risk appetite and tolerance, monitoring the effectiveness of the risk management framework including risk policies, process and controls, and the promotion of a risk aware culture throughout Bupa Arabia. The Committee is also committed to excellence in risk management and enhancing Bupa Arabia by:

- Being sighted on risk and engaging risk management to deliver sustainable performance.
- Owning the whole of Bupa Arabia’s risk profile and acting on risk themes holistically.
- Recognizing emerging risks and proposing risk appetite changes to the Board, as needed.
- Defining and owning Bupa Arabia’s risk culture and the mechanisms for installing it.
- Recommending policies for the approval of the Board, as per its Charter.
- Oversight of the implementation of Corporate Governance, per the CMA Corporate Governance Regulations articles 94 and 95.

During 2020, the RMC held three meetings. The following table details RMC meetings held and the respected attendance.

RMC Member	26 Feb	4 May	17 Nov	%
Dr. Khalid Al-Faddagh	Y	Y	Y	100%
Dr. Abdulla Elyas	Y	Y	Y	100%
Mr. James O’Reilly	Y	Y	Y	100%
Mr. Rami Makarem	Y	Y	Y	100%
Overall Total %	100%	100%	100%	100%

## Risk Management Committee Members

**Dr. Khalid Al-Faddagh**  
Independent RMC Chairman

Board Member and Chairman of the Audit and Risk Committee at the E1 Healthcare Cluster, Independent Board Member at Vision Invest, Chairman of the Risk & Compliance Committee at ACWA POWER, Independent Board Audit Committee Member at SABIC and SPIMACO, Independent Board Risk Committee at the PIF.

**Qualifications**  
PhD in Mechanical Engineering, Applied Mechanics from the Imperial College, London University, UK. Master of Science in the same major from the Victoria University of Manchester, UK.

**Dr. Abdulla Elyas**  
Independent Member

Bupa Arabia Independent Board and RMC Member, since July 2019. Dr. Abdulla is a co-founder of Careem, and current member of its executive leadership. Prior to that initiated and co-founded Enwani, a tech start-up in Saudi Arabia focused on the home delivery industry. Dr. Abdulla serves as a board member on a number of public and private companies, and has previously led management consulting engagements in Europe, the USA, South East Asia and the Middle East.

**Qualifications**  
PhD in Business Administration, honored with a Magna Cum Laude from RWTH Aachen, Germany. MSc in Computer Science, from RWTH Aachen, Germany.

**Mr. James O’Reilly**  
Non-Executive Member

Currently Chief Risk Officer for U.K. Non Insurance businesses and BUPA affiliates, and was previously Chief Risk Officer for Bupa Global and Bupa affiliates, since Feb 2019. Prior to that, Mr. James was the Risk and Compliance Director of the Bupa Global division (2018-19). Mr. James also worked for Prudential Regulation Authority, part of the Bank of England.

**Qualifications**  
Fellow of the Association of Chartered Certified Accountants (ACCA), UK, (since 2015), having been a member since 2010.

**Mr. Rami Makarem**  
Non-Executive Member

Currently, the CEO of Nazer Group Ltd. Previously the CFO of a UAE holding conglomerate for five years and before that was a Finance Manager for an IT multinational company in Riyadh. Previously worked as an auditor with a big four assurance company in Jeddah and Abu Dhabi.

**Qualifications**  
Executive MBA from the London Business School. Post Graduate Diploma in Financial Strategy from the Said Business School at Oxford University. CPA and CMA (USA). B.Sc. Business Admininistration, Lebanon.



# Chief Executive Team

## Chief Executive Officer, (CEO) Tal Hisham Nazer (Saudi)

Mr. Tal Hisham Nazer has been a Board Member and the Chief Executive Officer of Bupa Arabia since 2008. Leading this top and fast-growing specialized health care company to higher standards, his relationship circle has widened and strengthened within the insurance market in Saudi Arabia with regulators, healthcare providers and the insured.

Mr. Tal Nazer is a Board and Committee member for various companies. He holds the position of Chairman of Najm for Insurance Services Company and Vice Chairman of the Nazer Group Ltd. What's more, he joined the CEC of Bupa Group in an advisory capacity, and is a member of SAMA's Insurance Executive Committee. He is also a Board member of the Financial Academy and a member of Endeavor Saudi Arabia Board of Directors. Lastly, Mr. Nazer also serves as a member of CCHI's Private Health Insurance Strategic Committee, the Young Presidents Organization (YPO), and the Young Global Leaders (YGL).

Mr. Tal Nazer holds an MBA from The Wharton School, Pennsylvania, USA (in Finance and Buyouts, completed in 2001) and a BA in Economics from the University of California at Los Angeles (completed in 1996).

## Chief Financial Officer, (CFO) Nader Ashoor (Saudi)

Mr. Nader Ashoor was appointed as Executive Board Member, effective 1/07/2020, having joined Bupa Arabia in November 2016, as Chief Financial Officer.

Nader previously served on numerous boards and committees, including the Board of Directors and Audit Committee of the Saudi Steel Pipes, a leading manufacturer of OCG pipes in the MENA region, as well as the Board of Diaverum Saudi Arabia, the world leading independent dialysis and renal care provider.

Prior to joining Bupa Arabia, Nader spent over 14 years with Saudi Aramco, where he had taken on various professional, supervisory and leadership roles, including the role of Director, IPO Design and Readiness. In addition to his regular duties, Nader also served as a member of the Investment Committee of the Saudi Aramco Entrepreneurship Ventures Company.

Nader holds an MBA degree with distinction in leadership from IMD International in Lausanne, Switzerland, as well as a Bachelor's degree in Accounting (first class honors) from KFUPM. He also holds the CMA and CIA certifications and has successfully completed the rigorous CPA examination requirements.

Nader has also received multiple coveted awards, including the Prince Mohammad bin Fahd Academic Excellence Award, the IMA's Distinguished Performance Award and the IIA's William S. Smith Certificate of Honor Award.

## Chief Business Development Officer, (CBDO) Ali Sheneamer (Saudi)

Mr. Ali Sheneamer has over 20 years of collective experience in marketing, sales and general management of which eight years are in Saudi health insurance, having joined in 2013 as Chief Commercial Officer. Prior to his joining, Ali served as the Deputy Governor and Chief Operating Officer of SAGIA (now Ministry of Investment) for five years. Furthermore, Ali was previously employed as group marketing head at the National Commercial Bank for two years and in various marketing assignments at Procter & Gamble for eight years. Ali currently serves as a board member of Baazeem Trading Company (a publicly traded Saudi company) and AMS Baeshen & Co. (a closed joint stock Saudi company). Additionally, he is a member of the SAMA and CCHI health insurance committees and sub-committees.

Ali holds a Bachelor of Science in computer engineering from King Abdulaziz University, Saudi Arabia.

## Chief Human Resources Officer, (CHRO) Tariq Alamoudi, (Saudi)

Mr. Tariq Alamoudi joined Bupa Arabia in 2017. Prior to becoming Chief Human Resources Officer, Tariq handled a wide range of leading roles in the Human Resources Department, on global and regional levels, at Procter & Gamble. Most notably, he led P&G in Saudi Arabia as the country's HR leader and spearheaded an overseas assignment at the company's headquarters in Switzerland. Tariq currently serves as a board committee member of two new companies established by the Public Investment Fund. He is also a member of the SAMA HR sub-committee, and a Chartered Fellow of the UK Chartered Institute of Personnel and Development (CIPD).

Tariq holds an MBA degree in strategy and HRM from Griffith Business School and a Bachelor's degree in marketing management from Griffith University, Australia.

## Chief Sales Officer, (CSO) Atef Mahdi Mufti (Saudi)

Mr. Atef Mufti joined Bupa Arabia in May 2017. He began his career with Saudi British Bank (SABB) in 1995, and has spent more than 13 years working in the banking industry. During his tenure, he held senior management roles in branch network, sales and customer services. Thereafter, he assumed executive roles as the Deputy General Manager, Personal Financial Services, responsible for all sales functions (branch, direct sales, financial planning and Takaful sales) in KSA. Previously, he was the Managing Director for the Saudi Distribution Company (part of the Saudi Research & Marketing Group) followed by two years as the Western Region General Manager for Bank Al Bilad. Prior to joining Bupa Arabia, Atef was the Chief Commercial Officer, and a member of the Board of Directors of Panda Retail Co. (SAVOLA Group) for six years where he was responsible for all the commercial buying and supply chain of Panda's business in KSA, the UAE and Egypt.

Atef holds a Bachelor's degree in marketing from the King Fahad University of Petroleum and Minerals with a minor degree in management.

## Chief Operations Officer, (COO) Mohamed El Missaoui

Mr. Mohamed El Missaoui joined Bupa Arabia in 2011 as the Director of Total Quality Management. In this role, he oversaw the design and the implementation of the Bupa Arabia Service Excellence Framework, leading the implementation of a number of innovations in the Operations and Healthcare services areas. Since 2013, as Director of Operations, Mohamed was in charge of the service operations areas related to customer service, mega accounts, membership fulfilment and quality, and in 2018, he was promoted to the role of Chief Operations Officer.

Before Bupa Arabia, Mohamed led a variety of different MENA assignments related to the supply chain, ranging from distribution, logistics, and customer service, to industrial engineering and quality at Unilever MENA. Mohamed holds more than 18 years of experience in the insurance, banking and FMCG sectors and prior to Unilever, worked for two major North African banks.

Mohamed holds electro-mechanical engineering and MBA Finance degrees.

## Chief Risk Officer, (CRO) Tabish Mushtaq

Mr. Tabish Mushtaq joined Bupa Arabia as Chief Risk Officer in June of 2020, with over 15 years of cross-sector global experience in audit, tax, business advisory, corporate governance, and commercial finance. Prior to joining Bupa Arabia, he led a number of supervisory and leadership roles in consulting and industry. Tabish is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Institute of Chartered Accountants of England and Wales.



# Risk Governance and Internal Controls

## Bupa Arabia Corporate Governance and Risk Management

### Corporate Governance and Bupa Arabia Commitment

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 the provisions contained in the Corporate Governance Regulations issued by the Capital Market Authority, Saudi Central Bank, and thereafter adhering to, the Corporate Governance regulations of all Saudi regulators. Bupa Arabia is developing and instituting corporate governance structures, frameworks, codes, policies, procedures and standards to support its achievement of best practices and adherence to the regulations. Bupa Arabia continues to update the relevant policies and procedures and ensure they are aligned with all the regulatory requirements.

This will ensure Bupa Arabia succeeds in fulfilling the five key elements of corporate governance:

- Strong commitment to corporate governance.
- Strong commitment to world class Board practices.
- Strong regime of disclosure, transparency fairness, accountability and responsibility.
- Appropriate control environments and processes.
- Protection of all shareholders’ rights, including minority shareholders.

Bupa Arabia affirms its commitment to the implementation of the highest professional standards and international best practices for the prevention of bribery, corruption, fraud, financial crimes and its commitment to preventing anti-competitive practices.

Bupa Arabia affirms its commitment to maintaining and developing its formal Corporate Governance Framework (CGF), including its Code of Corporate Governance (CCG), in alignment with international best practices, and in adherence to the regulators’ corporate governance regulations. Bupa Arabia is planning to further enhance its key governance documents, for the approval of the shareholders, during 2021.

During 2020 the Company continued to invest and enhance its corporate governance through:

- The re-launch of the Company whistle-blowing practices, through educational videos and training sessions, including enhancing the anonymity of the raising of concerns,
- Training and awareness sessions in relation to the Competition Laws, including analysis of Bupa Arabia’s alignment to them, and an update to the Board, in relation to the same,
- The implementation of the updated Company Risk Appetite Framework and Risk Appetite Statement.
- The updates of the AC and RMC Charters, in line with best practice and the new SAMA Cyber Security related requirements,
- Fraud training to the Company employees and representatives, including for the Board members,
- A continued focus on the development of the Company’s policies and procedures.

## Control Functions

In support of ensuring robust practices of legal affairs and corporate governance, internal control, risk management, and cyber security and technology risk management, and in order to adhere to the relevant Saudi Arabia regulatory requirements of insurance companies, the Company has established the below detailed control functions, which all report to the new CRO appointed on June 2020. 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:

### The Legal Affairs and Corporate Governance Department (LACGD)

The LACGD is responsible for the frameworks, codes, policies and procedures governing the management of the relationships, and the associated information sharing to and from, the Company’s management, shareholders and other stakeholders, including its regulators and its employees, in accordance with all the laws and the relevant regulations.

The LACGD reports to the CRO and is responsible for ensuring the Company’s compliance and adherence to the laws and relevant regulations. The LACGD also manages the Company’s relationships with the Capital Market Authority (CMA) and stock exchange (Tadawul).

### Director – Legal Affairs and Corporate Governance, General Counsel, Nasser AlQawas

Mr. Nasser AlQawas joined Bupa Arabia in May of 2016 and has over 25 years of substantial legal, compliance, corporate governance and board secretariat experience. Throughout his career, he has managed to build a solid acumen in driving organizations to act with the highest level of integrity and in compliance with the local and international prevailing laws, in the different regions where they operate, in addition to administering efficient and transparent legal processes and documentation. He started his professional career in Arent Fox law firm for six years, and during his 20-year tenure at NCB, he was responsible for a variety of different roles and responsibilities, including Head of the Legal Enforcement Section, Manager of Legal Advisory & Research, General Board Secretary, the Group Chief Compliance Officer and then the Chief Legal Advisor.

Nasser holds a Master degree in Law, a diploma in Regulation, Compliance & Anti-Money Laundering (from the University of Reading, England), a Compliance Officer Certificate from the Financial Academy, and a Leadership Executive Certificates from INSEAD.

### The 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 action plans.

The RMD reports directly to the CRO, with access to the RMC, and the structure entails: Enterprise Risk Management, Fraud Risk, Operational Risk Management and Risk Operations, Health & Safety, Management of Insurable Risks, and Risk Analytics.

### Director - Risk Management Department, Ahmed Jaber

Mr. Ahmed Jaber joined Bupa Arabia during 2016. Ahmed holds a bachelor’s degree in industrial engineering from King Fahad University of Petroleum and Minerals. He has 19 years of experience in engineering, risk, credit control, operational risk, fraud prevention and investigations, and internal audit.

Prior to joining Bupa Arabia, Ahmed was Head of Investigations and Fraud Prevention at the National Commercial Bank (NCB) and previously; Head of Operational Risk Management and Acting Head of Retail Banking Audit. He was also the Western Regional Head of Country Credit and Risk Control in SAMBA and worked as a field engineer in Schlumberger Middle East.

Ahmed has an International Diploma in Risk Management (American Academy of Financial Management), an Executive Certificate from the London Business School and other certifications (Certified GRC Professional (GRCP), Certified GRC Auditor (GRCA) Certified Fraud Examiner (CFE), Certified Risk Analyst (CRA), Certified Operational Risk Manager (CORM), Project & Contract Risk Specialist (PCRS) and Certified Compliance Officer (CCO)).

### The Cyber Security & Technology Risk Department (CSTRD)

The CSTRD is a second line of defence and is responsible for the overall cyber security and technology risk monitoring processes across Bupa Arabia, coordinating the development of the related policy and frameworks, and for assessing and monitoring the IT, cyber security and technology risks, and for reporting on the associated material risks and mitigation plans.

The CSTRD is responsible for the alignment of the Company with the SAMA Cyber Security Framework and for ensuring the Company’s BCM and crisis management processes are fit for purpose.

The CSTRD reports directly to the CRO, with access to the AC and RMC as required and its structure covers cyber security, information systems resilience and technology risk, and BCM.

# Risk Governance and Internal Controls

**Director – Cyber Security & Technology Risk Department, Mr. Feras I. Alsubaihi**

Mr. Feras Alsubaihi joined Bupa Arabia during the fourth quarter of 2020. He has over 16 years of experience in cybersecurity and information technology, including several assignments in the financial and banking sector, most notably as the Head of IT Security and then Head of Security Operations Centre “SOC” during his period at Al Jazeera Bank. Additionally, he became the Chief Information Security Officer at Abdullatif Jameel Financial Group. He also served as Chairman of the Cybersecurity Committee of the Financial Sector at SAMA. He was also selected as one of the top three Chief Information Security Executives for the 2020 edition in the Kingdom by The International Data Corporation ” IDC Summit”.

Feras holds a bachelor's degree in computer science from King Abdulaziz University and is a certified chief information security officer accredited by the EC-Council Headquarter in United States. In addition to a number of technical and management certificates accredited in the field of cybersecurity management and information technology, the most significant of which is the lead implementer of ISO 27001, Microsoft Certified Systems Engineer, Cisco Certified Network Associate.

**Finance Pricing, Actuarial, Asset Management & Business Advisory Departments**

The finance pricing and actuarial capabilities of the Company are essential control functions to ensure the accuracy of the Company’s pricing and the claims reserving, in accordance with both international best practice and Saudi regulations, and these roles report to the Finance function, headed by the CFO. Additionally, the asset management and business advisory department performs a key control function, in relation to the management of investment assets, in accordance with the Board approved Investment Policy Statement (IPS), risk appetites, and in adherence to the SAMA regulatory investment guidelines. These key finance functions are currently lead by:

**Director - Commercial Finance, Jamil Dakkak**

Mr. Jamil Dakkak has more than 12 years’ worth of finance experience and joined Bupa Arabia during the first quarter of 2017, as Head - SME Pricing, before being appointed as Acting Director – Commercial Finance. Prior to joining Bupa Arabia, Jamil was the Assistant Vice President at SEDCO Capital and amongst his responsibilities included portfolio management and investment analysis as well as conducting valuations on publicly listed companies and on IPO stocks, in the MENA region. Prior to that, Mr. Dakkak was a manager at Price Waterhouse Coopers where he was involved in financial modelling & analysis, valuation, feasibility studies and market research, business plans, and financial due diligence for companies in different sectors.

Jamil is a CFA holder and holds a bachelor's degree in Systems Engineering followed by an MBA from KFUPM and master’s degree in Finance from the University of Tampa, Florida.

**Director – Actuarial and Financial Analysis, Chadi Saba**

Mr. Chadi Saba has over 14 years’ experience in the health insurance sector. He joined Bupa Arabia in 2009, holding several management positions in pricing and commercial finance. Amongst his responsibilities included product development, setting pricing strategy, benefit control and claims reserving. He was appointed as Director – Actuarial and Financial Analysis during 2018. Prior to that, Mr. Saba held the position of Actuarial Analyst at GlobeMed where he was involved in rate adequacy studies, underwriting performance reviews, actuarial modelling and reinsurance arrangements.

Chadi holds a bachelor's degree in Actuarial Science and Insurance from Notre Dame University and master’s degree in Financial Economics from the American University of Beirut.

**Director – Asset Management & Business Advisory, Ahmed Bajunaid**

Mr. Ahmed Bajunaid has more than 12 years’ experience in investment management. He joined Bupa Arabia in 2018 to lead transformation activities related to the investment management function, and to assist with company-wide key strategic initiatives as part of the business advisory function. He was appointed as Director – Asset Management & Business Advisory during 2019.

Before joining Bupa Arabia, Ahmed worked at Sanabil Investments, where he was responsible for investing and managing its global private equity program. Prior to this, he spent nine years at the Saudi Aramco Investment Management Department conducting strategy analysis and fund manager due diligence and reporting for private equity, public equities, and hedge funds. Ahmed also worked with Cambridge Associates as an investment consultant within the private equity research team between Boston and London.

Ahmed holds a Bachelor of Arts degree in Business Finance from Durham University and an MBA from Columbia Business School.

# Risk Governance and Internal Controls

## Independent Functions

In line with best practice corporate governance, and as a key part of the Bupa Arabia 3LoD model, the Company has independent functions which report directly to the AC, with dotted line reporting to the CEO for day-to-day administration, and both functions have full access to the Board, and also Board Committees, where required. The Compliance Department forms part of the Company's 2<sup>nd</sup> line of defence and the Internal Audit Department is a 3<sup>rd</sup> line of defence.

### The Compliance Department (COD)

The COD is considered as an essential factor for Bupa Arabia's success and market leading position in health insurance in the Kingdom of Saudi Arabia, due to the critical role it plays in effectively managing compliance risks, integrating a strong compliance culture into daily business activities and strategic planning of Bupa Arabia, maintaining Bupa Arabia's reputation, and protecting Bupa Arabia's stakeholders.

The COD reports directly to the AC and its structure, roles and responsibilities are authorised by the AC. The COD is constituted of three units; Regulatory Compliance, Compliance Inspection and Financial Crime.

### Head – Compliance Department, Luay Abumansour

Mr. Luay Abumansour joined Bupa Arabia in Dec 2019, bringing more than 13 years' experience in the areas of compliance, anti-money laundering (AML), counter terrorist financing (CTF) and corporate governance. Prior to his joining, Luay was the Head of Compliance and AML/CTF at Abdul-Latif Jameel United Real Estate Financing Company for five years, where he established and built the compliance and AML/CTF function. Before that, he spent seven years in Bank Aljazira, where he played several roles in the area of AML/CTF compliance, his last role being the Head of AML/CTF investigations division. His previous experience also covers compliance monitoring, and regulatory relations and monitoring. Throughout his career, he has managed to build an effective and robust relationship with Saudi regulators.

Luay holds a bachelor's degree in systems and industrial engineering from King Fahad University of Petroleum and Minerals. He is also a certified compliance professional (CCP) by the International Academy of Business and Financial Management.

### The Internal Audit Department (IAD)

The IAD is an independent and objective assurance and consulting activity that is guided by the philosophy of Bupa Arabia's governance and systems of internal controls.

The primary role of IAD is to help Bupa Arabia's Board and AC protect the assets, reputation and sustainability of the organization. Internal Audit 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.

In its capacity as a "third line of defence", IAD 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 and it contains talented audit professionals experienced in financial, operational, compliance and IT audits.

### Director – Internal Audit, Mr. Younis Eishan

Mr. Younis Eishan joined Bupa Arabia in August 2020, bringing more than 12 years of experience in internal auditing covering value-addition through assurance and consulting services in various sectors. Throughout his career, Younis built a solid acumen in driving organizations to act with the highest level of integrity, risk understanding and management, corporate governance, compliance with internal and external rules and regulations, internal controls and reporting processes as well as the implementation and administration of efficient and transparent internal audit processes.

Prior to joining Bupa Arabia, Younis was heading the internal audit group of Abdul Latif Jameel United Finance and during which 12-year tenure he held many positions in public and private sectors in providing assurance services in internal auditing, compliance to regulators' rules and regulations, internal controls system, restructuring, benchmarking, and served as the Audit Committees' secretary. In addition, he held positions in providing consulting services in strategic planning, process reengineering, digitalization and e-services, and project management.

Mr. Eishan holds a bachelor's degree in science from the King Abdul Aziz University, master's degree in computer science from Eastern Michigan University, and has held various professional certificates throughout his career.

# Board Assurance

## Related Party Transactions

Related parties represent major shareholders, Board members and key management personnel of Bupa Arabia, and companies of which they are principal owners and any other entities controlled, jointly controlled or significantly influenced by them. Contract pricing policies and terms are conducted on an arm’s length basis and transactions approved by the Company’s management, or where required and applicable the Company’s Board of Directors.

In any instance where any Board member was conflicted, whether personally or via related party relationship, the conflicted Board member did not vote.

The following are the details of the major related party transactions during the year and their related balances:

Legal Entity	Related Party	Description	2020	2019	Change
Bupa Global	Bupa	Reinsurance premium ceded (Bupa International Saudi Arabia Plan)	-41,431	-36,423	-5,008
My Clinic International Medical Company	Nazer	Nurse service fees	131	132	-1
Various	Various	Other expenses - net	307	673	-366
Bupa Investments Overseas Limited (BIOL)	Bupa	Tax equalisation - net	-1,873	6,131	-8,004
Bupa Investments Overseas Limited (BIOL)	Bupa	Board and committee member remuneration	915	700	215
Bupa Middle East Holdings Two. W.L.L. (BMEH2)	Bupa and Nazer	Trade mark fees	26,896	23,608	3,288
NCB Capital	Dr. Adnan Soufi	Service Fees and Bank Charges	N/A	715	-715
Total Listed Transactions			-15,055	-4,464	-10,591
			Numbers in SR000s		

All contracts are for 12 months period for both 2019 and 2020.

## Related Party Transactions Relating to Insurance Contracts

Details of health insurance contracts associated with Bupa Arabia’s Board members, or that of their first-degree relatives, are reflected below:

### Bupa Arabia Board Members' Personal/Family Health Insurance with Bupa Arabia

Board Member Name	Contract Description	Period	Saudi Riyals	Gross Written Premium (GWP)			
				2020	2019	2020 Change	2020 % Change
Mr. Abdulhadi Shayif	Family and Personal Employees Health Insurance	01/01 - 31/12	SR 000s	N/A	64	-64	-100%
Dr. Adnan Soufi	SEDCO - Saudi Economic Develop Holding. Co. Ltd.	14/04 - 13/04	SR millions	N/A	3	-3	-100%
Eng. Loay H. Nazer	Nazer Group Ltd. Related Contracts (multiple contracts)	Various	SR millions	11	10	0	4%
Dr. Abdulla Elyas	Careem Contract Health Insurance Scheme	20/04 - 19/04	SR millions	1	1	0	-37%
Mr. Tal Nazer	Bupa Arabia Employees Health Insurance Scheme	01/07 - 30/06	SR millions	20	19	1	3%
Mr. Nader Ashoor	Bupa Arabia Employees Health Insurance Scheme	01/07 - 30/06	SR millions	20	19	1	3%

The explanation for those contracts are available below:

Board Member Name	Contract Explanation
Mr. Abdulhadi Shayif	Settles family and personal employees' health insurance cover amounts directly to Bupa Arabia
Dr. Adnan Soufi	Previously settled personal family health insurance cover amounts directly to SEDCO in line with the SEDCO scheme for its former executives
Eng. Loay H. Nazer	Health cover for self and family is as an employee of the Nazer Group Ltd. and the Nazer Group Ltd. settles to Bupa Arabia directly
Mr. Tal Nazer & Mr. Nader Ashoor	Health cover for self and family as well as all employee members of the Bupa Arabia Health Insurance scheme and reflected within the staff costs
Dr. Abdulla Elyas	Health cover for self and family is as an employee of Careem and Careem settles to Bupa Arabia directly

### Bupa Arabia Board Members' Other Related Party Health Insurance with Bupa Arabia

Board Member Name	Contract Description / Explanation	Period	Saudi Riyals	Gross Written Premium (GWP)			
				2020	2019	2020 Change	2020 % Change
Mr. Abdulhadi Shayif	Health Water Bottling Company (Mr. Shayif a Board Member)	30/06 - 29/06	SR millions	N/A	3	-3	-100%
	NCB (an independent Board Member)	01/01 - 31/12	SR millions	157	151	6	4%
	GIBC (an independent Board Member)	14/07 - 13/07	SR millions	10	N/A	10	100%
Mr. Zaid Algwaiz	A variety of Bupa health insurance contracts, relating to first degree relatives of Mr. Algwaiz, including Etihad Etisalat Company (Mobily), Al-Rahji Bank, MA'ADEN, and Bawan Wood Industries, and Riyadh Cables	Various	SR millions	178	200	-44	-22%
Dr. Adnan Soufi	NCB Capital (Dr. Adnan an Independent Board member from 2019)	01/01 - 31/12	SR millions	N/A	5	-5	-100%
Mr. David Fletcher Mrs. Joy Linton Mr. Martin Houston	During 2020 there were 3 contracts (2019 : 25 contracts) which Bupa (England, UK) had an interest in	Various	SR millions	1	6	-5	-83%
Dr. Adnan Soufi	NCBC Management & Admin Fees (an Indep. Board Member)	0m '20, 6m '19	SR 000s	N/A	715	-715	-100%
Eng. Loay H. Nazer and Mr. Tal Nazer	My Clinic Nurse fees services provided to Bupa Arabia Offices	12m '20, 12m '19	SR 000s	132	132	0	0%
Mr. Nader Ashoor	Saudi Steel Pipe Company Ltd.	12m '20	SR millions	1	N/A	1	100%

Any health insurance coverage which Bupa Arabia provides to any Bupa Arabia Board member, and/or if applicable his company/ family members, or with whom he may be associated or have an interest, is done strictly on an arm’s length basis, with no preferential treatment in any form, and in accordance with the Company’s pricing and loss ratio targets per the Company’s Underwriting Policy/Manual. This is in full adherence to each of the SAMA medical pricing regulations, and the CCHI medical insurance product regulations.



# Board Assurance

## Declarations Relating to Waiver of Salary, Compensation and Rights to Dividends

The Company confirms the below declarations:

- That it has not issued, nor granted, any convertible debt instruments, options, warrants or similar rights during the financial year and accordingly has not received any consideration for the same,
- That it has not converted, nor issued, nor granted, any subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights during the financial year,
- That it has not redeemed, purchased or cancelled any redeemable debt instruments during the financial year. The Company has no such securities outstanding so the value of the same is nil.

## Our Shareholders and Our Disclosure of Information to All Stakeholders

As at 31/12/2020 the major shareholders were as per the below:

Description	Shares	Shares %
<b>Bupa Investments Overseas Limited (BIOL)</b>	<b>51,900,000</b>	<b>43.25%</b>
<b>Nazer Group Ltd. control through the below two legal entity companies:</b>	<b>10,908,000</b>	<b>9.09%</b>
Nazer Group Ltd. (Nazer)	10,800,000	9.00%
Modern Computer Programs Company Limited (MCPC)	108,000	0.09%
<b>Major Shareholders</b>	<b>62,808,000</b>	<b>52.34%</b>
<b>Public Shareholders</b>	<b>57,193,448</b>	<b>47.66%</b>
<b>Total</b>	<b>120,000,000</b>	<b>100.00%</b>

During 2020, the composition of shares was changed due to BIOL acquisition of BA share. Following the terms of all Saudi regulations, the Company policy on information disclosure to its stakeholders is in place to ensure the provision of all information (financial and non-financial) required to be disclosed, in a manner that is clear, accurate, prompt, consistent and without discrimination. . This is to assure that all shareholders, and other stakeholders, are able to obtain a comprehensive view of the Company’s position, so as to be able to exercise their rights to the fullest extent.

In support of this commitment, the Company has implemented a process of providing fully bilingual stock exchange announcements, and Company website content, including bilingual Annual Reports and General Assembly meeting minutes, to make certain that all shareholders/investors, and other stakeholders are equally and fully informed of the Company’s financial information, governance, and other performance.

## Tadawul Shareholder Database Requests

As required in terms of the CMA disclosure, during 2020, Bupa Arabia made five requests of Tadawul for its shareholder database, on a variety of dates, and for a variety of reasons which include:

- For the purpose of the GA Meeting,
- For the identification of specific high volume, bulk, Bupa Arabia shares purchases, where applicable,
- So as to monitor the composition of the Company’s shareholders, both international and local.

The above, all being for the purpose of ensuring fulfilment of regulatory requirements and to continue to develop a better understanding of the composition of our Shareholders, so as to be able to better understand and serve our shareholders’ needs.

## Other Disclosures and Information in Accordance with Laws and Regulations

### Provision of Corporate Governance

Bupa Arabia is committed to, and is in full compliance with, the full adherence to the provisions of the SAMA Insurance Corporate Governance Regulations, as well as with that of the requirements of the Company’s Code of Corporate Governance. There are a number of guiding requirements within the CMA regulations which Bupa Arabia has decided to either adapt, for example, within the RMC scope the corporate governance related, or adopt in the future, either when required to as mandatory, or earlier if considered appropriate and best practice to do so.

Article Number	Article Section and Narrative	Reason for Non-Compliance
90/93 – Board Report disclosures	Article 90 paragraph 8 with respect to Article 93 a) paragraph 4) point b): Disclosure of the five Senior Executives who have received the highest remuneration from the Company.	Bupa Arabia has disclosed the Top five executive payments, including the CEO and CFO, in totals under the Remuneration section of this report.
70 – Composition of the Risk Management Committee	The Company’s Board shall, by resolution therefrom, form a committee to be named the “risk management committee.” Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	Bupa Arabia’s Risk Management Committee Chairman is an independent Member. Him and the majority of the Committee Members are not Members of the Board of Directors as this article is a guiding article.
54 - Audit Committee Formation	Paragraph (b) The chairman of the audit committee shall be an Independent Director	Bupa Arabia’s Audit Committee Chairman is an Independent Member, who is not a Member of the Board of Directors as this article is a guiding article.

In terms of the CMA Corporate Governance regulation article number 89, regarding policies that regulate the relationship with stakeholders to protect their respective rights, Bupa Arabia’s policies will be enhanced during 2021 to ensure a stronger alignment with regulations and latest international best practice.



# Board Members and Senior Executives’ Interests

## Description of the Bupa Arabia Equities of the Board Members and Their Immediate Family Members

The Bupa Arabia equities held by the Bupa Arabia Board members, and their immediate family members, in the shares or debt instruments of the Company or any of its subsidiaries, are as detailed below as of 31/12/2020:

Name of Board Member	Opening 31/12/2019		Closing 31/12/2020		Change	
	No of shares	Debt instruments	No of shares	Debt instruments	In shares	%
Mr. Zaid Algwaiz	3,000	-	2,000	-	-1,000	-33%
Eng. Loay Hisham Nazer	3,000	-	3,000	-	-	-
Mr. David Fletcher	-	-	-	-	-	-
Mr. Martin Houston	-	-	-	-	-	-
Mr. Tal Hisham Nazer^	1,000	-	1,000	-	-	-
Dr. Abdulla Elyas	-	-	-	-	-	-
Ms. Huda AlGhosen	-	-	-	-	-	-
Mrs. Joy Linton	-	-	-	-	-	-
Mr. Nader Ashoor	-	-	-	-	-	-

^ The shares reflected for Mr. Tal Nazer are the same shares per the Senior Management Executives’ equities table.

## Description of the Bupa Arabia Equities of the Senior Management Executives and their Immediate Family

The Bupa Arabia equities held by senior management executives and senior/key management, as per the SAMA definition, which the Company interprets as the CET members, Head - Company Secretariat/Company Board Secretary and leaders of the control functions (Legal and Corporate Governance - General Counsel, Risk Management, Compliance and Internal Audit Departments), and their immediate family members, in their personal capacity, in shares or debt instruments of the Company or any of its subsidiaries, are as detailed below:

Name of Executive/Senior Manager	Opening 31/12/2019		Closing 31/12/2020		Change	
	No of shares	Debt instrum.	No of shares	Debt instrum.	In shares	%
Mr. Tal Hisham Nazer^ (CEO)	1,000	-	-	-	-	-100%
Mr. Nader Ashoor (CFO)	-	-	-	-	-	-
Mr. Ali Sheneamer (CBDO)	18,526	-	-	-	-	-100%
Mr. Tariq Alamoudi (CHRO)	-	-	-	-	-	-
Mr. Atef Mufti (CSO)	-	-	-	-	-	-
Mr. Mohamed El Missaoui (COO)	-	-	-	-	-	-
Ms. Abeer Albornu (Company Secretary)	-	-	-	-	-	-
Mr. Bassel Gazzaz (Corporate Sales)	6,168	-	9,575	-	3,407	55%
Mr. Nidal Saab (TPA)	1,000	-	0	-	-1,000	-100%
Mr. Nasser AlQawas (General Counsel)	-	-	2,271	-	-	-
Mr. Ahmed Jaber (Risk)	-	-	-	-	-	-
Mr. Luay Abumansour (Compliance)	-	-	-	-	-	-
Mr. Younis Eishan (Internal Audit)	-	-	18	-	18	100%
Mr. Tabish Mushtaq (CRO)	-	-	-	-	-	-
Mr. Ahmed Bajunaid (IC Secretary)	-	-	-	-	-	-
Mr. Turki Albuluwi (NRC Secretary)	-	-	-	-	-	-

^ The shares reflected for Mr. Tal Nazer are the same shares per the Board members’ equities table in 10.4.

## Description of any Interest in a Class of Voting Shares Held by Other Persons

Other than the equities and interests of the Board members, senior executives/managers, and their respective immediate family members, as detailed within, Bupa Arabia is not aware of any other interest in a class of voting shares held by persons that have notified Bupa Arabia of their holdings.

# Remuneration

## Board and Board Committee Policies, Benefits and Emoluments of Board/Board Committee Members

### Board of Directors

The remunerations of the Board, and Board committees, members, and of the executive management, are determined by the respective remuneration policies, which are approved by the shareholders in the GA meetings. These policies are periodically updated after applicable benchmarking. The benchmarking is made against appropriate local, and/or international, companies’ remuneration levels, and this process includes accounting for external third party subject matter expertise, where considered appropriate.

The key policies determining the remunerations of the Board, and Board committees, members, were most recently updated and approved by 30/06/2020 Extraordinary General Assembly meeting, as reflected within the Company’s Terms of Engagement for Board and Board Committee members, are:

1. The Board Member Remuneration Policy, and
2. The Board Committee Member Remuneration Policy.

The duties and responsibilities of the Board, and Board Committees, and their members, are as defined within these policies and the various governance documents, including the Code of Corporate Governance, the Board and Board Committees’ Charters, and the Terms of Engagement, and the remunerations are based on the fulfilment of their duties, and minimum meeting attendance levels.

Board/Board committee members are remunerated per these policies, as aligned with the Company By-Laws and all relevant KSA regulations, and Bupa Arabia’s updated policy is to pay attendance fees for the Non-Executive Board and Board committees, members, for any Board, GA or Board committee meetings attended, to a maximum of SR50k attendance fees per fiscal year, whether attendance is physically in person (SR5k/meeting) or by conference (SR2.5k/meeting), to settle customary related costs on a reimbursement of actual costs basis, and to settle the remuneration fees quarterly in arrears.

The Board of Directors 2020 remuneration and attendance fees, are reflected below:

Board Member Name	From	Until	Other Role(s)	Total 2019	2020 Remu.	2020 Attend. Fees	Total 2020	2020 Change
Mr. Zaid Algwaiz	01/01/20	31/12/20	AC Member	403	375	43	418	15
Ms. Huda AlGhosen	01/01/20	31/12/20		210	375	30	405	195
	12/02/20	31/12/20	NRC Chairwoman	0				
Dr. Abdulla Elyas	01/01/20	31/12/20	RMC Member	195	350	28	378	183
Mr. Abdulhadi Shayif	01/01/19	30/06/19	Previous RMC Chairman	188	0	0	0	-188
Dr. Adnan A. Soufi	01/01/19	30/06/19	Previous AC Chairman	188	0	0	0	-188
Total Independent* Board Members				1183	1100	100	1200	18
Eng. Loay H. Nazer	01/01/20	31/12/20	Board/EC Chair	495	450	33	483	-13
	01/01/19	31/12/19	Chairman Bonus	375	750*	0	750	375
Mr. David Fletcher #	01/01/20	31/12/20	Board V-Chairman/ EC Member	310	300	35	335	25
Mr. Martin Houston #	01/01/20	31/12/20		260	300	28	328	68
	12/02/20	31/12/20	NRC Member	0				
Mrs. Joy Linton #	01/01/20	31/12/20	EC Member	25	300	33	333	308
Mr. Simeon Preston #	01/04/18	01/07/19	Previous EC Member	150	0	0	0	-150
Total Non-Executive Board Members				1615	2100	128	2228	613
Mr. Tal Nazer	01/01/20	31/12/20	CEO/ EC Member	300	300	0	300	0
Mr. Nader Ashoor	01/07/20	31/12/20	CFO	0	100	0	100	100
Total Executive Board Members				300	400	0	400	100
Total Board Members Remuneration				3098	3600	228	3828	730

Numbers in SR000s

\* The Chairman’s bonus for the year 2020 will be paid upon the receipt of SAMA’s no objection and the approval of the Shareholders in the General Assembly scheduled to be held in June 2021.

#The Board/Board Committee member remuneration fees for BIOL representatives who are employees of Bupa are received by the Bupa legal entity BIOL and not by the individual persons in their personal capacity.

Other than the above annual remuneration amounts and the reimbursement of actual expenses, Bupa Arabia Board members do not receive any other benefits from Bupa Arabia.

Please refer to the 2020 AFS, note 24a, and the table below, for the salaries, emoluments, allowances and bonuses, expensed/or provided for within the 2019/2020 results, by/for, the board members and the senior management:

Description	Executive Board Members (CEO/CFO) (Board Remuneration)	Independent and Non- Executive Board Members	Senior Management (Including CEO and CFO)		
	2020	2020	2020	2019	2020 (Change)
Salaries and emoluments	400	2,450	17,836	17,146	690
Board allowances	0	300	N/A	N/A	N/A
Bonuses & LTIP	N/A	750	17,208	19,423	-2,215
EOS	N/A	0	1,088	1,028	60
2020	400	3,500	36,132	37,597	-1,465
2019	300	2,895	37,597		
2020 (Change)	100	605	-1,465		

Numbers in SR000s

The annual bonus and LTIP remuneration entitlements for the Company’s Senior Management are based on a combination of Company and individual performance-based measures, which both have to be fulfilled.

# Remuneration

## Board Committees

Board committee member 2020 remuneration and attendance fees, excluding the Board member remunerations, are reflected below:

Committee	Member Name	From	Until	Total 2019	2020 Remu.	2020 Attendance Fees	Total 2020	2020 Change (SR000s)
Audit Committee (AC)	Mr. David Hunt (AC Chairman)	01/01/20	31/12/20	170	175	30	205	35
	Mr. Suliman Al-Hatlan	01/01/20	31/12/20	153	150	25	175	23
	Mr. Walid Shukri	01/01/20	31/12/20	90	150	25	175	85
	Mr. Khalid Al-Soliman	01/12/18	30/06/19	63	0	0	0	-63
	AC Sub-Total			475	475	80	555	80
Investment Committee (IC)	Mr. Osamah Shaker	01/01/20	31/12/20					
	(IC Chairman)	01/01/20	31/12/20	156	150	13	163	7
	Mr. Selman Alfares	01/01/20	31/12/20	60	100	8	108	48
	Mr. Niall Dooner #	01/01/20	31/05/20	105	42	10	52	-53
	Mr. Andrew Bailey #	01/06/20	31/12/20	0	58	0	58	58
	IC Sub-Total			321	350	30	380	59
Nomination & Remuneration Committee (NRC)	Mr. Omar Najjar	12/02/20	31/12/20	0	88	8	96	96
	Ms. May Al-Hoshan*	01/12/18	30/06/19	50	0	0	0	-50
	Ms. Claire Semple #	01/12/18	30/06/19	50	0	0	0	-50
	NRC Sub-Total			100	88	8	96	-4
Risk Management Committee (RMC)	Dr. Khalid Al-Faddagh* (Chairman)	01/01/20	31/12/20	90	150	8	158	68
	Mr. Rami Makaram	01/01/20	31/12/20	100	100	8	108	8
	Mr. James O'Reilly #	01/01/20	31/12/20	58	100	8	108	50
	Mr. Paul John Davis #	01/12/18	30/06/19	50	0	0	0	-50
	RMC Sub-Total			298	350	23	373	75
Total Committee Members' (Non-Board Member) Remuneration Fees				1194	1263	140	1403	210

#The Board/Board Committee member remuneration fees for BIOL representatives who are employees of Bupa are received by the Bupa legal entity BIOL and not by the individual persons in their personal capacity.

## Top Five Executives Senior Executive Remuneration (including CEO and CFO)

Senior Executives	Fixed Remunerations				Variable Remunerations						End-of-Service Award	Total Remunerations for Board Executives	Aggregate Amount
	Salaries	Allowances	In-kind benefits	Total	Periodic Remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted Salaries (Insert the value)	Total			
Total	13,995	1,105	-	15,100	-	-	8,974	-	7,161	16,135	977	400	32,612

# General Assembly

## General Assembly (GA) meetings

In 2020, we held one Extraordinary GA Meeting (EGM) and we included the highlights of our key Tadawul announcements, and the summary of the GA resolutions approved. Shareholders are referred to our fully detailed Tadawul announcements, our 2020 AFS, and our Company Website’s Investor Relations Governance section, including the GA minutes, as we feel they contain sufficiently full information to enable Shareholders to be fully informed to make their decisions:

### GA meetings attendance by the Board Members

Board Member	30 Jun
Eng. Loay Hisham Nazer	Yes
Mr. David Martin Fletcher	Yes
Mr. Tal Hisham Nazer	Yes
Mr. Zaid Abdulrahman Algwaiz	No
Mr. Martin Houston	Yes
Dr. Abdulla Nadeem Elyas	Yes
Ms. Huda Mohammed AlGhosen	Yes
Mrs. Joy Linton	Yes
Mr. Nader Ashoor (Board member since 1 July 2020)	N/A

### EGM Resolutions Approved on 30/06/2020 (results announced on 01/07/2020):

- (1): The Annual Board Report for the year ended 31/12/2019G.
- (2): The External Auditors Report for the year ended 31/12/2019G.
- (3): The Annual Financial Statements for the year ended 31/12/2019G.
- (4): The selection of the external auditors, and their fees (Ernst and Young & Co., and Price Waterhouse Coopers)
- (5): The Board member’s remuneration, at SR3,098K, for the year ended 31/12/2019G.
- (6): The absolving of the Board of Directors of their responsibility for managing the Company for the year ended 31/12/2019G
- (7): The delegation of the authority to the Board to approve an interim dividend to the shareholders, on a semi-annual or quarterly basis.
- (8): The purchasing of the LTIP shares by the company in order to fulfil the current LTIP Cycle’s required shares purchase, to a maximum value of SR14,275,332 , and to a maximum number of shares of 220,000.
- (9-10): The appointment of the members of the Board of Directors, for the next new term.
- (11): The update of the Board Committee Member Remuneration Policy
- (12): The update of the Board Member Remuneration Policy.
- (13-47): The ratification of related party transactions, business and contracts, for the prior and future years.
- (48-76): The changes in the Articles of the Company’s By-Laws.

As required in terms of the CMA disclosure requirement, the Company, and the Board, confirms that it follows a procedure of ensuring all its Board and executive management members are aware of the shareholders’ suggestions and remarks, on the Company and its performance, by circulating the GA minutes with the Board materials, and including the GA minutes on the Company’s website.

# Additional Disclosures

The following sections contain additional disclosures in accordance with the laws and regulations of Saudi Arabia, including the SAMA Insurance Corporate Governance Regulations, and the CMA Corporate Governance regulations.

## No Subsidiaries

The Company, and the Board, confirms Bupa Arabia has no subsidiaries and therefore, no issued shares nor any debt instruments, for any subsidiary.

## No Borrowings or Loans

The Company, and the Board, confirms that it has no borrowings or loans outstanding at the end of the current twelve month period nor has it been required to make any payments against borrowings or loans.

## Declarations Relating to Debt Instruments, Options, Warrants and Rights

As required in terms of the CMA disclosure requirements, the Company, and the Board, confirms the below declarations:

- That it has not issued, nor granted, any convertible debt instruments, options, warrants or similar rights during the financial year and accordingly has not received any consideration for the same,
- That it has not converted, nor issued, nor granted, any subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights during the financial year,
- That it has not redeemed, purchased or cancelled any redeemable debt instruments during the financial year. The Company has no such securities outstanding so the value of the same is nil.

## Long Term Incentive Plan (LTIP)

Bupa Arabia purchases shares held under employee share scheme to hedge itself against adverse changes in fair value of its shares between the grant date and the date on which these shares are transferred to employees. When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as shares held under employee share scheme and are presented in the statement of changes in equity. The company secures advance GA approval for the annual purchase of the LTIP shares for each LTIP cycle. There was no purchase of LTIP shares during 2020, and the Company holds a total of 554,307 LTIP shares with a cost of SR48.8m on behalf of the LTIP participants.

## Maintenance of Proper Records and Books of Account

As stipulated by Saudi Arabian insurance regulations, the Company, and the Board, confirms that proper books of account have been maintained and that it maintains separate accounts for each of insurance operations and shareholder operations, within its accounting records, and can confirm that it has maintained proper accounting records during the financial year.

## Unqualified Opinion of the Independent External Auditors

The joint independent external auditors’ report contains an unqualified opinion that the financial statements, taken as a whole, present fairly in all material aspects the financial position of the company, and are in compliance with the requirements of the Regulations for Companies and the Company’s By-Laws.

## Internal Control System and Effectiveness

As required in terms of the CMA disclosure requirement, the Audit Committee noticed management’s continuous efforts and focus on improving design and effectiveness of Bupa Arabia’s internal control environment. Based on the results of the internal audit reviews and the planned activities to enhance the internal control environment and following discussion with the external auditor and management on the preliminary and annual financial statements for the year ended 31 December 2020, nothing has been brought to the attention of the Committee that would indicate any significant deficiencies.

## Continuation as a Going Concern

The Company confirm there are no significant doubts about the Company’s ability to continue as a going concern.

## External Auditors

The joint external auditors, as approved per the EGM, for the fiscal year ended 31/12/2019, were Ernst and Young & Co., and KPMG.

## Independent External Actuary

Bupa Arabia’s independent external actuary, for the 2020 fiscal year was Lux Actuaries, as was the case in 2019.

## Conclusion

The Board would like to thank all customers for demonstrating continued and extremely high levels of loyalty, and all investors, for contributing to the Company’s success and leadership within the Saudi Arabian health insurance market. The Board would also like to express its sincere appreciation and gratitude to the Company’s management and employees for their dedication, strong leadership and efforts throughout the reporting period.