

# REMUNERATION COMMITTEE TERMS OF REFERENCE

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## THE BRITISH UNITED PROVIDENT ASSOCIATION LIMITED

### REMUNERATION COMMITTEE

#### Terms of Reference

#### 1. Constitution and Role

The Committee's current terms of reference were reviewed and adopted by the Board on 6 December 2023.

These terms of reference set out the authorities and responsibilities delegated to the Committee by the Board.

The purpose of the Committee is to:

- (i) determine the remuneration policy in respect of the Executives;
- (ii) set the remuneration for the Bupa Board Chair, its Executives and Designated Individuals;
- (iii) review workforce remuneration and related policies; and
- (iv) review the alignment of incentives and rewards with culture.

#### 2. Membership and Secretary

##### 2.1 Composition

The Committee shall comprise at least three members, all of whom shall be Independent Non-Executive Directors. The Chair of the Board may be a member of the Committee if they were considered independent on appointment as Chair.

The Committee Chair and its members shall be appointed by the Board in consultation with the Nomination & Governance Committee and (in respect of its members) the Remuneration Committee Chair. The Committee Chair should have served on a remuneration committee for at least 12 months prior to appointment as Chair.

##### 2.2 Chair

In the absence of the Committee Chair, the members present at any meeting of the Committee shall elect one of their number to chair the meeting, except the Chair of the Board.

##### 2.3 Disclosure of interests

Each member of the Committee shall disclose to the Committee:

- (a) the nature of any direct or indirect, actual or potential, interest in any proposed transaction or arrangement with the Company; and
- (b) any direct or indirect, actual or potential, conflict with the interests of the Company arising in relation to any business of the Committee.

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Any such member shall abstain from voting on resolutions that relate to such an interest or conflict. They shall also recuse themselves from all discussions on such matter, unless otherwise authorised by the Board.

### 2.4 **Secretary**

The Group Company Secretary or their nominee shall be the Secretary of the Committee.

## 3. **Meetings**

### 3.1 **Frequency and duration**

At least four meetings shall be held annually, with other meetings agreed by the Committee Chair. Meetings shall be of suitable duration to allow full discussion of the matters required.

### 3.2 **Quorum**

The quorum for meetings of the Committee shall be two members present throughout the meeting in person or by electronic means.

### 3.3 **Notice**

Notice of each meeting confirming the date, time and venue shall be circulated by the Secretary to all members of the Committee and to other attendees (if appropriate) as far in advance as possible.

### 3.4 **Meeting Papers**

Papers for each meeting shall be circulated by the Secretary to all members of the Committee and to other attendees (if appropriate) at least five working days before a meeting.

### 3.5 **Attendance**

Only the Committee Chair and members are entitled to be present at meetings of the Committee.

The Group Chief Executive Officer, Chief Sustainability & People Officer and external remuneration advisors will be invited to attend all or part of meetings on a regular basis.

The Committee may invite any other person(s) to attend all or part of any meeting when it considers appropriate.

No individual shall be present or involved in any decision-making when their own remuneration is being discussed.

### 3.6 **Minutes**

The Secretary shall produce minutes of each Committee meeting within ten working days of the meeting and circulate the minutes to the Committee Chair for review. Minutes should be presented to the following meeting for Committee review and approval as a true and accurate record of the meeting.

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### 4. Duties and responsibilities

The Committee shall:

#### 4.1 Remuneration Policy

Have delegated responsibility for:

- (i) determining the remuneration policy and practice for Bupa, including pension rights and any compensation payments, in respect of the Executives;
- (ii) setting the remuneration for the Bupa Board Chair, its Executives and Designated Individuals;
- (iii) monitoring the level and structure of remuneration for senior management as appropriate; and
- (iv) reviewing annually the ongoing appropriateness and relevance of the remuneration policy and workforce remuneration and related policies.

The Committee may delegate to an appropriately constituted subsidiary remuneration committee, the implementation of the remuneration policy (with adaptations only if required to comply with local legislation), in respect of Designated Individuals within the remit of that subsidiary's remuneration committee. Any material adaptations must be approved by the Committee.

#### 4.2 Policy Objectives

Have regard to the views of Association Members and other stakeholders when considering and setting the objectives of remuneration policy:

- (i) to support strategy and promote the long-term sustainable success of Bupa, aligned to the Company's purpose and values, linked to successful delivery of its long-term strategy;
- (ii) consider the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture, and other applicable guidance and regulation;
- (iii) to attract, retain and motivate Executives of the quality to run the Company successfully without paying more than is necessary; and
- (iv) to have regard to pay and employment conditions across Bupa, particularly when determining annual salary increases and setting remuneration policy for the Executives and Designated Individuals,

#### 4.3 Applicable Laws and Regulations

Give due consideration to laws, regulations and any published guidelines or recommendations regarding the remuneration of those within the Committee's remit in the jurisdictions in which those individuals are employed, including but not limited to the provisions of the Code, relevant requirements of the UK Listing Rules, Prospectus Regulation Rules and Disclosure Guidance and Transparency Rules, as well as remuneration guidelines published by, for example, the Investment Association and the Pensions and Lifetime Savings Association, and under the Solvency II Directive, and including, but not limited to, the Australian Prudential Regulatory Authority prudential standards ("**APRA Standards**") in the case of the Chief Executive Officer of the Bupa Asia Pacific Market Unit, for example). Be available to meet with the relevant regulator, either in person, telephone call or via video or conference call, on request,

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where needed to support the employing entity in the jurisdiction in which the Executive or the Designated Individual is employed.

### 4.4 Pension arrangements

As part of the Remuneration policy, consider and recommend the policy for, and scope of, pension arrangements for each of the Executives and Designated Individuals.

### 4.5 Payments on Termination

As part of the Remuneration policy:

- (i) consider and recommend the policy for, and scope of, termination payments and compensation commitments for each Executive and Designated Individual having regard to how policy links to non-contractual payments to performance.
- (ii) ensure contractual terms on termination of Executives and Designated Individuals (and any payments made) are lawful, fair to the individual and to Bupa, that failure is not rewarded, and that the duty to mitigate loss is fully recognised where it is included in contracts of employment.

### 4.6 Remuneration Awards

Within the terms of the agreed remuneration policy, and following proposals discussed between the Chair and/or the Chief Executive Officer, as appropriate, authorise the total individual remuneration package of the Executives and Designated Individuals, including salary, annual bonuses, exceptional performance bonuses, awards under long-term incentives, car or cash allowance, pension and other benefits. In so doing, have regard to the financial, non-financial and strategic measures and exercise independent judgement and discretion, taking account of company and individual performance, and wider circumstances. May delegate to an appropriately constituted subsidiary board remuneration committee, the determination of Designated Individuals' remuneration and/or the determination of contractual terms on termination for individuals employed or contracted to that subsidiary other than Executives and Designated Individuals.

### 4.7 Bonus and long-term incentive plans

In relation to any performance-related pay schemes for the Executives and Designated Individuals (the "Plans") adopted by Bupa:

- (i) approve the design of, and set appropriate performance targets in connection with, the Plans, ensuring that performance conditions attaching to any incentives granted are fully explained and clearly linked to the long-term business and risk management strategy and to the mitigation of risk (being aligned with prudent risk-taking);
- (ii) determine policy for the making of awards to the Executives to ensure that they are provided with appropriate incentives consistent with the principles of Bupa's policy as stated in the directors' remuneration report for the Company's last audited financial year, and the policy for the making of awards to the Designated Individuals to ensure they are provided with appropriate incentives consistent with the principles of the Bupa policies;

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- (iii) approve the total annual payments made under such schemes and the rules of the Plans, and any regulatory requirements;
- (iv) monitor and determine whether such performance targets have been satisfied;
- (v) review the design of, and approve any amendments to, the Plans;
- (vi) exercise any discretion specified in the rules of the Plans and generally oversee the administration of Plans offered to the Executives and Designated Individuals; and
- (vii) design and invoke agreed safeguards, including malus and clawback provisions, to protect against rewards for failure through appropriate risk management of incentive arrangements and adjustments, if necessary, to protect the financial soundness of Bupa.

### 4.8 **Non-executive directors' expenses**

As part of the Remuneration policy, consider and recommend the policy for authorising claims for expenses from non-executive directors of the Company.

### 4.9 **Board Chair's fee**

Within the terms of the agreed Remuneration policy, approve the structure and value of the fee for the Chair of the Bupa Board. In accordance with paragraph 3.5 where the Board Chair is also a member of the Committee, they shall not be involved in any decision relating to their own remuneration.

### 4.10 **Subsidiary non-executive directors' fees**

Approve the structure and amount of subsidiary non-executive director fees and fees payable to non-executive members of any advisory boards, committees or other governance bodies established to oversee operations within subsidiaries.

### 4.11 **Remuneration consultants**

Have authority to appoint and set the terms for any remuneration consultants who advise the Committee (within any budgetary constraints set by the Board), and commission or purchase any reports, surveys or information it deems necessary regarding remuneration (in other companies of comparable scale and complexity).

### 4.12 **Committee performance review**

At least once a year, review its own performance and composition to ensure that it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### 4.13 **Terms of Reference**

Annually review the Terms of Reference of the Committee, and the Committee's compliance with them, to ensure they remain appropriate and fit for purpose and recommend any changes considered necessary or desirable to the Board for approval.

### 4.14 **Liaison with other Committees and the Board**

Liaise as necessary with the Board and other Board Committees and regularly review its interactions. In particular, ensuring the interaction with:

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- (i) the Chair of the Risk Committee to annually receive their views on risk management at Bupa;
- (ii) the Chair of the Audit Committee to receive their views on the quality of Bupa's earnings; and
- (iii) the Chair of the Sustainability Committee to receive views on performance against Bupa's sustainability goals.

Where there is a perceived overlap of responsibilities between the Committee and another committee of the Board, the respective Committee Chairs shall have discretion to agree the most appropriate Committee to fulfil any obligation. Notwithstanding paragraph 6.3, an obligation under these Terms of Reference, or of another committee of the Board, will be deemed by the Board to have been fulfilled provided it is dealt with by any Board Committee or by the Board itself.

### 4.15 **Liaison with Subsidiary Boards and Subsidiary Remuneration Committees**

Work and liaise as necessary with the boards of subsidiaries (including subsidiary board committees) to ensure the remuneration policy is applied appropriately in the subsidiaries, and approve exceptions to the policy where required to comply with local legislation or be competitive with local market practice (including, but not limited to, taking into account recommendations made by the Bupa ANZ Board through its remuneration committee in compliance with applicable APRA Standards in respect of the remuneration of the CEO of Bupa Asia Pacific Market Unit and any other Designated Individuals employed by a Bupa subsidiary to which the APRA Standards apply).

### 4.16 **Other matters**

Consider any other matters referred to the Committee by the Board.

## 5. **Reporting Responsibilities**

The Committee shall:

### 5.1 **The Board**

The Committee Chair (or a Committee member nominated by the Committee Chair) shall report to the Board on the proceedings of each Committee meeting on all matters within its duties and responsibilities and make any recommendations to the Board on any area within its remit where it considers any action or improvement is needed.

### 5.2 **Annual Report and accounts**

Review and endorse for inclusion in the Company's Annual Report:

- (i) the content of the Committee's report describing its activities in accordance with the requirements of the Code, including:
  - (a) an explanation of the strategic rationale for Executive Director's remuneration policy, structure, and any performance metrics;
  - (b) whether the remuneration policy operated as intended in terms of company performance and quantum, and, if not, what changes are necessary;
  - (c) what engagement has taken place and the impact this has had on remuneration policy and outcomes; and

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- (d) to what extent discretion has been applied to remuneration outcomes and the reasons why.
- (ii) the Company's report on the directors' remuneration policy and practices in the Annual Report.
- (iii) identify the appointed remuneration consultant in the Annual Report with a statement regarding any connection they have with the Company or any individual Directors.

### 5.3 **AGM**

The Chair of the Committee shall attend the Annual General Meeting and be available to answer questions about the Committee's activities and areas of responsibility.

## 6. **Authorities**

### 6.1 **Resources and support**

The Committee shall be provided with sufficient resources to undertake its duties, including appropriate and relevant training, as required, and have access to the services of the Secretary, Chief Sustainability & People Officer and Director of Performance & Reward on all Committee matters.

The Committee is authorised to seek any information it requires from any Group employee in order to perform its duties and will advise the Group Chief Executive Officer if it has exercised this authority to seek information (other than routine information) from any employee, setting out the information required and the circumstances underlying the request.

### 6.2 **Investigation and advice**

The Committee is authorised by the Board to investigate any activity within its Terms of Reference and to intervene if the Committee considers it appropriate and if the Board instructs it to do so. The Committee is also authorised to obtain independent legal or other professional advice, including the advice of independent remuneration consultants on any matter within its Terms of Reference, at the Company's expense, as it considers necessary. The Committee shall consult with the Board Chair before any fees are agreed.

### 6.3 **Delegation**

The Committee may delegate any actions in support of its function to a competent person, providing the terms of the delegation are documented in the Committee's records, but it may not delegate accountability for its duties and responsibilities.

## 7. **Definitions**

**Board** means the Board of Directors of the Company.

**Bupa/Company** means The British United Provident Association Limited.

**Group** means the Company and its subsidiary companies.

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**Bupa Asia Pacific** means each entity within the Bupa Asia Pacific Market Unit.

**Code** means the UK Corporate Governance Code (as amended from time to time).

**Committee** means the Remuneration Committee of the Board.

**Designated Individual** means a senior individual, as designated by the Committee from time to time, and will include, among others, certain senior individuals within Bupa HI Pty Limited, Bupa Insurance Limited, Bupa (Asia) Limited and Sanitas SA de Seguros.

**Directors** means Directors of the Company.

**Executives** means the Group Chief Executive Officer, the Group Chief Financial Officer, and all members of the Chief Executive Committee.

**Executive Director** means any Director appointed to the Board of the Company who is carrying out an executive role.

**Independent Non-Executive Directors** means Directors who have been appointed to the Board of the Company as Non-Executive and who are deemed independent of the Company in accordance with the Code.

Nothing in these terms of reference shall be taken to conflict with applicable laws, regulations or contractual rights. In case of such conflict, the applicable law, regulation or contractual rights shall prevail.