1. Constitution and Role

1.1 The Remuneration Committee was established by a resolution of the Board passed on 19 June 1986. The Committee’s current terms of reference were reviewed and adopted by the Board on 7 March 2018.

1.2 The principal role of the Committee is to make recommendations to the Board on remuneration policy in respect of the Executives, Designated Individuals and the Chairman.

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

2. Membership and Secretary

2.1 Composition The Committee shall comprise at least three members appointed by the Board on the recommendation of the Nomination & Governance Committee in consultation with the Chairman of the Remuneration Committee.

2.2 Independence All of the members shall be independent non-executive directors and the Chairman of the Company may be an additional member of the Committee if he or she was considered independent on appointment as chairman.

2.3 Chairman The Chairman of the Committee shall be appointed by the Board on the recommendation of the Nomination & Governance Committee and shall be an independent non-executive director. In the absence of the Chairman of the Committee the remaining members present at any meeting of the Committee shall elect one of their number to chair the meeting. The Chairman of the Board shall not be Chairman of the Committee.

2.4 Committee refreshment Each member shall be appointed by the Board and hold office as a committee member for a period of up to three years, which may be extended by no more than two additional three-year periods, provided the director (other than the Chairman of the Board) remains independent.

2.5 Knowledge All members of the Committee are required to keep up-to-date on remuneration issues and, where appropriate, will be provided
with appropriate and timely training in the form of an induction programme and ongoing professional development to ensure this.

2.6 Disclosure of interests Each member of the Remuneration Committee shall disclose to the Committee:

(a) any personal financial interest in any matter to be decided by the Committee; and
(b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions.

2.7 Secretary The company secretary of the Company or his or her nominee shall be the Secretary of the Committee (“the Secretary”).

3. Meetings

3.1 Frequency The Committee Chairman, in consultation with the Secretary, shall decide the frequency and timing of the Committee’s meetings. Meetings shall be held at least twice a year at appropriate times during each financial year and at other times as required. A meeting of the Committee may be called by any member of the Committee or by the Secretary.

3.2 Quorum The quorum for meetings of the Committee shall be two members present throughout the meeting. A member may participate in a Committee meeting by telephone or by video conference (including Skype) and be counted in the quorum.

4. Proceedings

4.1 Notice and Supporting Papers Meetings of the Committee shall be convened by the Secretary whether or not at the request of any of its members, if they consider it necessary. Notice of each meeting confirming the date, time and venue, together with the agenda and supporting papers 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.

4.2 Attendance Only the Committee Chairman and members of the Committee or Non-Executive Directors on the Board are entitled to be present at meetings of the Committee. The Committee shall have the discretion to invite any other person(s) (such as the Chief Executive Officer, the Chief People Officer and/or any external advisers) to attend all or part of any meeting which it considers appropriate. No individual
shall be present when their own remuneration is being discussed. No individual shall be involved in any decision relating to their own remuneration.

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

4.4 **Minutes** The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance. Minutes of Committee meetings shall be produced within ten working days of the meeting and circulated to members as soon as practicable following the meeting and to all other Directors unless there is a conflict of interest.

5. **Authorities**

5.1 **Resources and support** The Committee shall be provided with sufficient resources to undertake its duties. The Committee shall have access to the services of the Secretary and Chief People Officer on all Remuneration Committee matters, including (but not limited to) assisting the Chairman in planning the Committee’s work, drawing up meeting agendas, preparation and maintenance of minutes, drafting of material about its activities for the annual report, collection and distribution of information and provision of any necessary practical support.

5.2 **Investigation** 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.

5.3 **Information** The Committee is authorised to seek any information it requires from any employee of Bupa in order to perform its duties. All employees of Bupa are directed to co-operate with any request made by the Committee Chairman or the Secretary acting on instructions of the Committee. The Committee will advise the 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.

5.4 **Advice** The Committee is authorised by the Board to obtain internal and/or external legal or other professional advice, including the advice of independent remuneration consultants, on any matter within its terms of reference, including information about remuneration practices elsewhere. It shall have full authority to purchase any reports, surveys or information it deems necessary at the expense of the Company but within the budgetary constraints imposed by the Board. The Committee may, if it thinks fit, supply to others information about Bupa’s remuneration practices. The Committee is also authorised to secure
the attendance at its meetings of outsiders with relevant experience and expertise, at the Company’s expense, if it considers this necessary. The Committee shall consult with the Chairman of the Board before any fees are agreed.

5.5 Reports The Committee is authorised to commission any reports or surveys that it considers necessary to help it fulfil its duties and responsibilities.

5.6 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 function.

6. Duties and responsibilities

The Committee shall carry out the duties detailed below:

(a) Remuneration policy: The Committee has responsibility for setting the remuneration policy and practice for Bupa, including pension rights and any compensation payments, relating to the Executives, Designated Individuals and the Chairman. No individual shall be involved in any decisions as to their own remuneration. The Committee shall also monitor the level and structure of remuneration for senior management as appropriate. The Committee may delegate to an appropriately constituted Remuneration Committee of a subsidiary Board the implementation of the remuneration policy in the subsidiary with adaptations only if required to comply with local legislation, in respect of the individuals within the remit of that subsidiary’s Remuneration Committee, with any material adaptations subject to approval by the Committee.

(b) Policy Objectives: In determining the remuneration policy, the Committee should take into account all factors which it deems necessary including relevant and legal regulatory requirements applicable to the employing entity in the jurisdiction in which the Executive or the Designated Individual is employed (including, but not limited to, the Australian Prudential Regulatory Authority prudential standards (“APRA Standards”) in the case of the Chief Executive Officer of Bupa ANZ, for example), the provisions and recommendations of the Code and associated guidance. The objective of such policy shall be to promote the long-term success of Bupa whilst being designed regarding the views of Association Members and other stakeholders. The remuneration policy should have regard to the risk appetite of Bupa and Bupa’s strategic long-term goals and shall incorporate measures aimed at avoiding Conflicts of Interest. The remuneration policy shall promote a positive risk culture, sound and effective risk management and shall not encourage risk-taking that
exceeds the risk tolerance limits of Bupa. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of Bupa. Performance based components of remuneration should align with prudent-risk taking; and be able to be adjusted down, if necessary, to protect the financial soundness of Bupa.

(c) **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 and Disclosure and Transparency Rules, as well as guidelines published by, for example, the Investment Association and the Pensions and Lifetime Savings Association, Solvency II Directive remuneration requirements as applicable, and any other applicable rules. If applicable to the employing entity in the jurisdiction in which the Executive or the Designated Individual is employed, the Committee will be available to meet with the relevant regulator, either in person, telephone call or via video or conference call, on request. In determining and reviewing the remuneration policy, the Committee should take into account all factors which it deems necessary and give full consideration to the matters set out in the Code and other applicable guidance and regulation;

(d) **Review policy:** Review annually the ongoing appropriateness and relevance of the remuneration policy and when setting the remuneration policy for the Executives and Designated Individuals, have regard to pay and employment conditions across Bupa, especially when determining annual salary increases;

(e) **Pension arrangements:** Determine the policy for, and scope of, pension arrangements for each of the Executives and Designated Individuals;

(f) **Contractual terms:** Determine the policy for, and scope of, termination payments and compensation commitments for each Executive and Designated Individual. Ensure that there is a clear policy to link non-contractual payments to performance. Ensure that contractual terms on termination (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;

(g) **Individual remuneration:** Within the terms of the agreed policy and following proposals discussed between the Chairman and/or the Chief Executive Officer, as appropriate, determine the total individual remuneration package of the Executives and Designated Individuals, including salary, annual bonuses, exceptional performance bonuses, the long-term incentive plan (“LTIP”), car or cash allowance as well as
pension and other benefits. The Committee may delegate to an appropriately constituted Remuneration Committee of a subsidiary Board the determination of individual remuneration and/or the determination of contractual terms on termination;

(h) **Non-executive directors' expenses:** Agree the policy for authorising claims for expenses from non-executive directors of the Company;

(i) **Bonus and long-term incentive plans:** In relation to any performance-related pay schemes for the Executives and Designated Individuals (“the Plans”) proposed to be adopted by Bupa, the Committee shall:

(i) approve the design of and set appropriate performance targets in connection with the Plans, and ensure 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;

(iii) approve the total annual payments made under such schemes in accordance with the provisions in Schedule A of the Code 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 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 evoke agreed safeguards, for example clawback, to protect against rewards for failure through appropriate risk management of incentive arrangements and adjustments, if necessary, to protect the financial soundness of Bupa.
(j) **Employee benefit structures:** Oversee any major changes in employee benefit structures throughout Bupa;

(k) **Employment Contracts for Executives:** Review and agree a standard form of contract for the Executives, subject to compliance with section 6(c) above;

(l) **Remuneration consultants:** Be responsible for establishing the selection criteria for selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee within any budgetary constraints imposed by the Board and for obtaining reliable, up-to-date information about remuneration in other companies of comparable scale and complexity;

(m) **Terms of reference:** Make available these terms of reference (explaining the role and the authority delegated to it by the Board) on request and by including the information on the Company’s website;

(n) **Disclosure:** Ensure that all relevant provisions regarding disclosure of remuneration, including pensions, as set out in the Companies Act, the Code and other applicable guidance and regulation are fulfilled, and approve all disclosures required by the Prudential Regulation Authority or Financial Conduct Authority or their successor bodies or any other regulator in the jurisdiction in which the Executives and Designated Individuals are employed. The Committee may delegate the approval of local regulatory disclosures to an appropriately constituted Remuneration Committee of a subsidiary Board;

(o) **Review performance:** At least once a year, review its own performance, composition and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval;

(p) **Other projects:** Undertake any other projects as requested by the Board;

(q) **Liaison with other Committees:** Work and liaise as necessary with all other Board Committees of the Company. The Chief Risk Officer may be invited to attend a Committee meeting to report on the implications of remuneration policies on risk and risk management within Bupa. The Committee will annually receive a letter on risk management at Bupa from the Chair of the Risk Committee; and

(r) **Liaison with subsidiary Boards:** 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 Bupa ANZ MD and any other Designated Individuals employed by a Bupa ANZ subsidiary to which the APRA Standards apply).

7. Reporting Responsibilities

7.1 The Board The Chairman of the Committee (or a Committee member nominated by the Chairman) shall report to the Board on the proceedings of each Committee meeting on all matters within the Committee's duties and responsibilities.

7.2 Recommendations The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

7.3 Committee report The Committee shall ensure that provisions regarding disclosure of information, including pensions, as set out in the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amended) Regulations 2013 and the Code, are fulfilled and produce an annual report of the Company's remuneration policy and practices which will form part of the Company's Annual Report and Accounts and ensure that it is put to Association Members for approval at the Annual General Meeting of the Company, as a constituent part of the Company's Annual Report and Accounts.

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

8. Definitions

Board means the Board of Directors of the Company.

Bupa means the Company and its subsidiary companies.

Bupa ANZ means each entity within the Bupa Australia and New Zealand Market Unit.

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

Committee means the Remuneration Committee of the Board.

Company means The British United Provident Association Limited.
Designated Individual means any senior individual as designated by the Committee from time to time and will include, among others, certain senior individuals within Bupa ANZ, Bupa Insurance Limited, Bupa (Asia) Limited and Sanitas SA de Seguros.

Directors means Directors of the Company.

Executives means the Chief Executive Officer, the Chief Financial Officer, the Chief Executive Officers of the Market Units, all other members of the Bupa Executive Team and the Company Secretary.

Independent Non-Executive Directors means Directors who have been appointed to the Company as Non-Executive and are deemed independent of the Company in accordance with the Code (as amended from time to time).

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.