



**Middle East Healthcare Company**

**( Saudi German Health )**

**A list of policies, standards and procedures**

**Membership in the Board of Directors**

**Approved by the Board of Directors pursuant to Resolution No. 4**

**Dated 20/09/1445 Corresponding to 30/03/2024.**

**Approved by the Extraordinary General Assembly**

**on 07/12/1445 Corresponding to 13/06/2024**



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## First: Introduction

1.1 Policies, standards, and procedures for membership in the Board of Directors of Middle East Healthcare Company have been prepared in order to comply with Paragraph (3) of Article (21) of the Corporate Governance Regulations issued by the Capital Market Authority pursuant to Resolution No. (8-16-2017) dated 16/05/1438H corresponding to 13/02/2017G as amended by the Capital Market Authority Resolution No. 2-8-5-2023 dated 25/06/1444H corresponding to 18/01/2023G. The regulations stipulate that the Compensation and Nomination Committee should "prepare a clear policy for the compensation of the Board members, the committees emanating from the Board, and the executive management, and submit it to the Board for consideration before its adoption by the General Assembly".

1.2 This document regulates the policies, standards, and procedures for membership of the Board of Directors of the company.

1.3 This document is subject to the provisions of the Companies Law, the Capital Market Law and its implementing regulations, the company's Articles of Association, the rules of registration and listing, the Corporate Governance Regulations for listed joint-stock companies in the Saudi financial market, the company's Corporate Governance Regulations, and it shall adhere to the best practices commensurate with the nature of the company's activities and operations.

1.4 The executive management of the company shall provide the members of the Board of Directors, non-executive members, and company committees, in particular, with all necessary information, data, documents, and records, complete, clear, accurate, non-misleading, and timely, to enable them to perform their duties and tasks.

1.5 Members of the Board of Directors, members of board committees, and senior executives in the company must exercise their powers and perform their duties in the best interest of the company.

1.6 Full compliance with the provisions of the regulations when carrying out their duties as members of the board and refraining from engaging in or participating in any action that would harm the interests of the company.

## Article (2): Definitions

The definitions listed in the Glossary of Terms used in the Regulations of the Capital Market Authority and its rules, as well as the Corporate Governance Regulations, apply to this policy unless the context otherwise requires. The terms and phrases below in this policy have the following meanings:

- **Policy:** Policies, standards, and procedures for membership of the Board of Directors.
- **Company:** Middle East Healthcare Company (Saudi German Health.)
- **Board of Directors:** The board of directors of the company.
- **Board Member:** A member of the company's board of directors.
- **Non-Executive Member:** A board member who is not involved in the management of the company and does not participate in its day-to-day operations.
- **Independent Member:** A non-executive board member who enjoys complete independence in his position and decisions and is not subject to any conflicts of interest as stipulated in the Corporate Governance Regulations.
- **Authority:** Capital Market Authority.
- **Market:** Saudi financial market (TADAWUL)
- **General Assembly:** The ordinary or extraordinary general assembly of the company.



- **Regulations:** The company's Articles of Association, the Saudi financial market regulations and their implementing regulations, the Companies Law and its implementing regulations, and any instructions or decisions issued by the Capital Market Authority or regulatory and supervisory authorities.
- **Corporate Governance Regulations:** Corporate Governance Regulations for listed joint-stock companies issued by the Capital Market Authority.
- **Regulations:** The company's Articles of Association, the Saudi financial market regulations and their implementing regulations, the Companies Law and its implementing regulations, and any instructions or decisions issued by the Capital Market Authority or regulatory and supervisory authorities.

### **Article (3): Policies and Membership Standards on the Board of Directors of the Company:**

Board members must possess professional competence, experience, knowledge, skills, and necessary independence to enable them to perform their duties efficiently and competently. When electing board members, the General Assembly shall consider the recommendations of the Compensation and Nomination Committee of the company and the availability of the personal and professional qualifications necessary to perform their duties effectively. In particular, the members must have the following:

3.1 The candidate for board membership must not have been convicted of a crime that undermines honor and trustworthiness and must not be insolvent or bankrupt or deemed unfit for board membership according to any regulations or instructions applicable in the Kingdom.

3.2 A board member should not serve on the boards of more than five listed joint-stock companies in the financial market at the same time.

3.3 A board member should represent all shareholders and commit to achieving the company's interests in general, not the interests of the group he represents or those who voted for his appointment with the board.

3.4 The number of independent members should not be less than (3) members, representing one-third of the board members. The board of directors of the company consists of (7) members.

3.5 An independent member must enjoy complete independence in his position and decisions and shall not be subject to any conflicts of interest as stipulated in the Corporate Governance Regulations issued by the Authority.

3.6 Leadership ability, demonstrated by possessing leadership skills that qualify him to delegate authority in a manner that motivates performance and applies best practices in effective management, adhering to values, professional ethics, effective communication, strategic thinking, and planning.

3.7 Qualifications, skills, and experiences, including academic qualifications, appropriate professional and personal skills, level of training, relevant practical experience related to the company's current and future activities, knowledge of management, economics, accounting, law, or governance, as well as a desire for learning and training.

3.8 Ability to provide guidance, demonstrated by possessing technical, leadership, and managerial skills, agility in decision-making, and understanding technical requirements related to workflow management. The member should be capable of strategic direction, long-term planning, and having a clear future vision.

3.9 Financial knowledge, demonstrated by the ability to read and understand financial data and reports.



3.10 Physical fitness, ensuring that the member does not have any health impediment that hinders him from performing his duties and responsibilities. Each member of the Board of Directors must adhere to the duties of care and loyalty.

3.11 Task performance within prescribed limits: A board member must perform his duties and exercise his powers in managing the company and directing its affairs within the limits of his prescribed powers, in accordance with the provisions of the Companies Law and its implementing regulations, the company's Articles of Association, and other relevant regulations, to achieve the purposes for which those powers are granted.

3.12 Working for the company's interests and enhancing its success: A board member must commit to:

- a. Act in good faith to promote the company's interests and the interests of all shareholders, without prioritizing personal interests over those of the company and its shareholders, while considering the rights of other stakeholders.
- b. Endeavor to enhance the company's success, development, and long-term value maximization for the benefit of its shareholders.

3.13 **Decision-making and voting with independence:** A board member must exercise his duties with objectivity and independence regarding the management of the company and making decisions, avoiding situations that may affect his independence in decision-making or when voting on decisions.

3.14 **Exercising care, diligence, vigilance, and reasonable and expected skill:** A board member must fulfill his duties and responsibilities in accordance with the Companies Law, the Capital Market Law, their implementing regulations, the company's Articles of Association, and other relevant regulations, with the care and diligence that a prudent person should exercise, considering the general knowledge, skill, and experience possessed by the board member himself and that expected of individuals performing similar functions.

3.15 **Avoiding conflicts of interest:** A board member must avoid transactions and situations where he has or may have a direct or indirect interest that conflicts with the company's interests, or could potentially conflict with the company's interests, and must comply with the provisions related to conflicts of interest as specified in the Companies Law and its implementing regulations.

3.16 **Disclosure of any direct or indirect interest in transactions and contracts conducted for the company:** A board member must disclose any direct or indirect interest he may have in transactions and contracts conducted for the company as soon as he becomes aware of them, and he must comply with the provisions related to disclosure of interest in transactions and contracts as specified in the Companies Law and its implementing regulations.

3.17 **Refraining from accepting any benefit granted to him from third parties in relation to his role in the company:** A board member must not exploit his position, duties, and powers as a board member under any circumstances to obtain benefits from third parties or accept any benefit granted to him from third parties in exchange for performing a certain act or refraining from performing a certain act.

3.18 The candidate must be a natural person not less than twenty-five (25) years old and must apply as a shareholder or be nominated by a shareholder.

3.19 Consideration should be given to diversity in academic qualifications, practical experience, and priority should be given to nominating individuals with the required skills for board membership.

3.20 A board member must resign before the end of his term if he loses his eligibility to serve as a board member, becomes incapacitated to perform his duties, or is unable to allocate the necessary time or effort to fulfill his duties on the board. In case of a conflict of interest, the member has the option to obtain approval from the General Assembly or submit his resignation.

#### **Article (4): Eligibility and Procedures for Board Membership Nomination**

4.1 Every shareholder has the right to nominate himself or another person or persons for membership on the Board of Directors.

4.2 The Compensation and Nominations Committee coordinates with the executive management of the company to announce the opening of the nomination process for membership on the Board of Directors at least sixty (60) days before the end of the current board term, in accordance with the requirements of the applicable laws and regulations.

4.3 The nomination announcement is published on the website of the Saudi Stock Exchange (Tadawul), as well as on the company's website and through any other means specified by the regulatory authority, inviting individuals interested in running for membership on the board to submit their nominations. The nomination process remains open for at least one month from the date of the announcement.

4.4 The Compensation and Nominations Committee submits its recommendations to the Board of Directors regarding the nominations for board membership, in accordance with the criteria outlined in this policy.

4.5 Anyone wishing to nominate himself for membership on the Board of Directors must disclose his intention to do so by submitting a notice to the company's management within the specified time frame and according to the procedures and regulations in force. This notice must include a brief biography of the candidate in both Arabic and English, detailing his qualifications and work experience, along with providing the company with all necessary documentary evidence, such as national ID card, family card, passport for non-Saudi candidates, and any other relevant documents requested by the company to fulfill regulatory requirements. The candidate for board membership must also disclose to the board and the General Assembly any conflicts of interest, including:

4.6

- a. Direct or indirect interest in transactions and contracts conducted for the company for which he is seeking board membership.
- b. Engagement in activities that compete with the company or its subsidiaries in any line of business.

4.7 Applicants for board membership must complete the form or forms specified by the Capital Market Authority, which can be obtained from the Authority's website.

4.8 Any candidate who has previously served on the board of directors of a joint-stock company must provide a statement detailing the number and dates of the board of directors he has served on.

4.9 It is necessary to clarify the nature of the membership when nominating, whether the member is executive, non-executive, or independent.

4.10 The Compensation and Nominations Committee coordinates with the executive management to fulfill regulatory requirements and provide all necessary documents to the relevant regulatory authorities.



4.11 Voting for the selection of board members is conducted through cumulative voting.

4.12 Voting at the General Assembly is limited to those who have nominated themselves according to the policies, standards, and procedures mentioned above.

**Article (5): Mechanism for selecting the Chairman and Vice Chairman of the Board:**

The shareholders of the Middle East Healthcare Company elect the members of the board of directors to the general meeting of shareholders in accordance with the regulations and standards outlined in this policy. Then, at its first meeting, the board selects its chairman and vice-chairman from among its non-executive members. The board has the right to remove them from their positions or re-elect them at any time.

**Article (6): Termination of the Membership of a Council Member and Vacancy of a Position**

6.1 The membership of the council ends with the expiration of the prescribed term, which is four years from the date of his election by the General Assembly.

6.2 The membership of a council member ends according to any system or regulations in force in the Kingdom, or due to death, resignation, or conviction of a crime that is detrimental to honor and integrity. However, the General Ordinary Assembly may dismiss all or some of the council members, and a council member may resign by written notification to the council president. If the council president resigns, the notification must be directed to the remaining council members and the council secretary, and the resignation becomes effective - in both cases from the date specified in the notification.

6.3 The General Assembly may, upon recommendation from the council, terminate the membership of any member who has been absent from attending three consecutive meetings or five separate meetings of the council without a valid excuse accepted by the council.

6.4 If a council member's position becomes vacant during the term of office, the council has the right to appoint a temporary member to the vacant position, provided that they have the required experience and competence. The appointment shall be submitted to the General Ordinary Assembly at its first meeting for approval, and the new member shall complete the remaining term of their predecessor, in accordance with the provisions of the company's articles of association.

6.5 If the chairman and members of the board of directors resign, they must call for the General Ordinary Assembly to convene to elect a new board of directors. The resignation shall not take effect until the new board is elected, provided that the duration of the resigned board does not exceed the period specified in the regulations.

6.6 If a new board of directors is not elected or the required number of board members according to the company's regulations is not completed, any interested party may request the competent judicial authority to appoint, with the appropriate expertise and in the number deemed suitable, individuals to supervise the management of the company. They shall call for the General Assembly to convene within ninety days to elect a new board of directors or complete the required number of board members, as appropriate, or to request the dissolution of the company.



### **Article (7): General Provisions**

7.1 This regulation does not substitute the provisions of the law or its executive regulations. In matters not covered herein, reference shall be made to the law, and in the event of any inconsistency between them or any clause or article herein and the law, the provisions of the law shall prevail, and the other clauses and articles shall remain applicable.

7.2 The board of directors shall review this regulation when necessary for the purpose of continuous development and improvement and to keep pace with any amendments to the law, in order to achieve the best professional practices.

7.3 The board of directors is responsible for implementing this regulation, and the chairman and members of the Nomination and Remuneration Committee shall ensure its implementation.

7.4 Amendments to this regulation may only be made by a proposal or recommendation from the board of directors and approval by the company's General Assembly.

7.5 The company shall publish this regulation or a summary thereof on its website or through any other means.

7.6 The board of directors has the right to interpret or clarify the provisions of this regulation.

7.7 This regulation shall become effective from the date of its adoption by the company's General Assembly.