

**Policies, Standards, and Procedures for Board Membership**

**Article One: Purpose of the Policy**

Aldawaa Medical Services Company, as a listed joint-stock company, seeks to achieve the highest standards of sound governance that ensure the protection of the rights of shareholders and stakeholders. In compliance with governance rules and pursuant to Article 21 of the Corporate Governance Regulations issued by the Saudi Capital Market Authority, the policies, standards, and procedures for board membership have been prepared to provide a documented and approved reference for stakeholders, in alignment with the Company's Articles of Association as well as the laws, regulations, and instructions issued by the relevant supervisory authorities.

**Article Two: Objectives of the Policy and References**

1. To design clear, consistent policies, standards, and procedures for Board membership in accordance with the Company's Articles of Association and the regulations and rules issued by the supervisory authorities.
2. To strengthen the role of shareholders in the Company, facilitate the exercise of their rights, and ensure the Company's commitment to protecting shareholders' rights in a manner that guarantees fairness and equality among them without contravening applicable laws and regulations.
3. To promote transparency, integrity, and fairness in the standards and procedures governing Board membership.

The Company has based this policy on the following references:

- The Companies Law and its implementing regulations.
- The Corporate Governance Regulations issued by the Saudi Capital Market Authority.
- The Corporate Governance Regulations of Aldawaa Medical Services Company.
- The Articles of Association of Aldawaa Medical Services Company.
- The Charter of the Nomination and Remuneration Committee of Aldawaa Medical Services Company.
- Best practices of listed companies in the Saudi capital market.

**Article Three: Roles and Responsibilities**

**❖ Nomination and Remuneration Committee**

1. Propose the policies, standards, and procedures for Board membership and present them to the Company's Board of Directors.

2. Implement the provisions of the policies, standards, and procedures for Board membership in a manner that does not conflict with the Company's Articles of Association and the regulations and instructions issued by the supervisory authorities.
3. Undertake the updating and development of the policy in a way that enhances the role of the Board of Directors, protects shareholders' rights, and ensures compliance with the relevant regulations and instructions in the event of updates issued by official supervisory authorities.
4. Oversee the procedures for nomination or re-nomination for Board membership in the event of the expiry of a Board term or a vacancy, in accordance with the policy, the Company's Articles of Association, and the regulations and instructions issued by supervisory authorities, including the resulting procedures for appointments to the Board.

#### ❖ Board of Directors

1. Review the policies, standards, and procedures for Board membership and recommend their suitability, in preparation for submission to the General Assembly (the competent authority) for approval.
2. Study the recommendations of the Nomination and Remuneration Committee regarding the procedures for nomination and appointment to the Board of Directors, as well as the proposed updates and enhancements to the policy, in line with its articles and provisions, and with the regulations and rules issued by supervisory authorities.

#### ❖ General Assembly

1. Approve the policies, standards, and procedures for Board membership, as well as any updates thereto, through voting at the General Assembly meeting in accordance with the regulations and instructions issued by the supervisory authorities.
2. Vote on the qualified candidates for Board membership in the event of the expiry of the Board's term or a vacancy, in accordance with the regulations and instructions issued by the supervisory authorities.

#### Article Four: Definitions<sup>1</sup>

**Policy:** The policies, standards, and procedures for Board membership.

**Committee:** The Nomination and Remuneration Committee of Aldawaa Medical Services Company.

**Company:** Aldawaa Medical Services Company.

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<sup>1</sup> Definition of the CMA's Corporate Governance Regulations

**Board:** The Board of Directors of Aldawaa Medical Services Company.

**General Assembly:** The Ordinary or Extraordinary General Assembly.

**Executive Member:** A Board member who is dedicated to the executive management of the Company and participates in its daily operations.

**Non-Executive Member:** A Board member who is not dedicated to managing the Company and does not participate in its daily operations.

**Independent Member:** A non-executive Board member who enjoys complete independence in their position and decisions, and to whom none of the circumstances affecting independence, as set out in the Corporate Governance Regulations issued by the Capital Market Authority, apply.

*The words and expressions not defined in Article Four of this Policy shall have the meanings ascribed to them in the Companies Law, the Glossary of Expressions Used in the Regulations and Rules of the Capital Market Authority, and the Company's Corporate Governance Regulations, unless the context indicates otherwise.*

#### **Article Five: Company Management and<sup>1</sup> Composition of the Board of Directors<sup>2</sup>**

The management of the Company shall be undertaken by a Board of Directors composed of a number of members as stipulated in the Company's Articles of Association. The members must be natural persons elected by the General Assembly of shareholders for a term not exceeding four years. Article Twenty-Two of the Company's Articles of Association sets out the key standards governing the Board's work, such as the minimum number of meetings to be held annually, the proper and legal quorum for meetings, and the process of decision-making

#### **In forming the Board of Directors, the following shall be observed:**

1. The number of its members shall be proportionate to the size of the Company and the nature of its activities, provided that the number is not less than three members.
2. The majority of its members shall be non-executive directors.
3. The number of independent directors shall not be fewer than two members or one-third of the Board, whichever is greater.

#### **Article Six: Expiration or Termination of Board Membership<sup>3</sup>**

Board membership shall expire upon the completion of its term or upon the termination of a member's mandate in accordance with any applicable laws or regulations in the Kingdom. The General Assembly (based on a

<sup>1</sup> Article 22 of the Company's Articles of Association

<sup>2</sup> Article 16 of the Corporate Governance Regulations (Saudi CMA)

<sup>3</sup> Article 23 of the Company's Articles of Association

recommendation from the Board of Directors) may terminate the membership of any Board member who is absent from three consecutive meetings or five separate meetings during the term of his membership without a valid excuse accepted by the Board of Directors.

**Article Seven: Duties of Care and Loyalty<sup>1</sup>**

The Company's manager or a Board member must adhere to the duties of care and loyalty, and in particular shall:

1. Perform his tasks within the limits of the authority granted to him.
2. Act in the interest of the Company and promote its success.
3. Make decisions or vote on them independently.
4. Exercise reasonable and expected diligence, attention, caution, and skill.
5. Avoid situations of conflict of interest.
6. Disclose any direct or indirect interest he may have in the business or contracts conducted on behalf of the Company.
7. Refrain from accepting any benefit granted to him by others in connection with his role in the Company.

*The regulations set forth the specific provisions applicable to this Article.*

**Article Eight: Election of Board Members<sup>2</sup>**

1. The Company shall publish, on the stock market's official website, information about the candidates for Board membership when announcing or sending the invitation to convene the General Assembly. Such information shall include a description of the candidates' experience, qualifications, skills, occupations, as well as their past and current memberships. The Company shall also make a copy of this information available at its headquarters and on its official website.
2. Voting at the General Assembly shall be limited to candidates for Board membership whose information has been disclosed by the Company in accordance with paragraph (1) of this Article.

**Article Nine: Appointment of Board Members<sup>3</sup>**

1. The Company's Articles of Association shall specify the number of members of the Board of Directors, provided that the number is not less than three.

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<sup>1</sup> Article 26 of the Saudi Companies Law

<sup>2</sup> Article 8 of the Corporate Governance Regulations (CMA)

<sup>3</sup> Article 17 of the Corporate Governance Regulations

2. The General Assembly shall elect the members of the Board of Directors for the term stipulated in the Company's Articles of Association, provided that it does not exceed four years. Members may be re-elected unless the Articles of Association state otherwise.
3. A Board member may not simultaneously hold membership in the boards of more than five listed joint-stock companies.
4. The Company must notify the Authority of the names of the Board members and their membership classifications within five business days from the commencement of the Board's term or from the date of their appointment—whichever comes first—and must also notify the Authority of any changes to their membership within five business days from the occurrence of such changes.

#### **Article Ten: Publication of the Nomination Announcement<sup>1</sup>**

The Company shall publish the nomination announcement on its official website, on the stock exchange's website, and through any other means specified by the Authority, in order to invite interested individuals to apply for Board membership. The nomination window shall remain open for at least one month from the date of the announcement.

#### **Article Eleven: Shareholder's Right to Nomination<sup>2</sup>**

Nothing in this Policy shall prejudice the right of any shareholder in the Company to nominate himself or another person for membership of the Board of Directors in accordance with the provisions of the Companies Law and its Implementing Regulations.

#### **Article Twelve: Procedures and Standards for Board Membership Nomination**

The Nomination and Remuneration Committee shall be responsible for implementing the procedures for nominating candidates for Board membership upon the expiry of the Board's term. The Committee may seek the assistance of the executive management in providing support as deemed appropriate, provided that the procedures and standards are carried out as follows:

##### **1. Announcement of Nomination**

- a. The Committee shall coordinate with the Board of Directors to determine the date and duration of the nomination announcement, in accordance with the Companies Law, its implementing regulations, and the updated Corporate

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<sup>1</sup> Article 65 of the *Corporate Governance Regulations*

<sup>2</sup> Article 66 of the *Corporate Governance Regulations*

Governance Regulations, ensuring that the nomination window remains open for at least one month from the date of the announcement. Due consideration shall be given to the expiry of the Board's term and the timing of the request to convene the General Assembly.

b. The announcement text shall be prepared in accordance with the applicable laws, regulations, and practices. The content must be written in clear and straightforward language, and shall include the requirements, conditions, and procedures for nomination to Board membership, as well as the mechanism for submitting nomination applications to the Company.

c. The Committee shall coordinate with the executive management regarding the mechanism for publishing the announcement on the Company's official website and on the stock exchange website in accordance with Article Ten of this Policy.

## 2. Nomination Procedures for Board Membership

a. The candidate shall be informed of the requirements, conditions, and procedures to be followed in order to submit an application for Board membership. The candidate must review the provisions of the Companies Law, its implementing regulations, and the Corporate Governance Regulations related to Board membership nomination. The candidate must also comply with the following procedures:

1. Submit a signed letter expressing the candidate's desire to run for Board membership, specifying the type of membership (Executive / Non-Executive / Independent), along with a profile of the candidate including curriculum vitae, academic qualifications, and professional experience, supported by relevant documentation.
2. Provide copies of official identification documents.
3. For candidates who currently hold or previously held Board memberships in other listed companies, submit a statement specifying the number and dates of such Board memberships.
4. For candidates who previously held a Board membership in Aldawaa Medical Services Company, submit a statement certified by the Company that includes:
  - o The number of Board meetings held annually and the candidate's attendance record, whether in person or by proxy.
  - o The permanent committees of which the candidate was a member, including the number of meetings held annually and the candidate's attendance record, whether in person or by proxy.
5. Complete **Form No. (3)** Issued by the Capital Market Authority ([the curriculum vitae form for candidates for Board membership in a listed joint-stock company](#)), in addition to any other forms required under the nomination announcement.

6. The nomination application and the candidate's Curriculum Vitae Form (Form 3 / Paragraph 2(b)), together with all requirements stated in the nomination announcement, shall be submitted in accordance with the application submission mechanism specified in the announcement and within the designated time period.

**(B) Conditions and Criteria for Nomination to the Board of Directors**

1. The candidate must not hold membership in the boards of more than five listed joint-stock companies at the same time (Article 9, Clause 3).
2. The candidate must not be under twenty-five (25) years of age.
3. The candidate must disclose any activities that may result in competition with the Company's business, or any relationship with entities competing with the Company. This applies to both outgoing Board members seeking re-election and new candidates.
4. The candidate must disclose any direct or indirect interest in the Company's businesses or contracts. This applies to both outgoing Board members seeking re-election and new candidates.
5. The candidate must hold an appropriate academic qualification.
6. The candidate must possess relevant professional and practical experience and knowledge related to the Company's activities or similar activities.
7. The candidate must have the ability to read and analyze financial statements.
8. The candidate must not have been convicted of any crime related to honor, integrity, or honesty, nor be deemed unfit for Board membership pursuant to any applicable decision, law, or regulation issued by official authorities.
9. The candidate must not have previously been dismissed from a Board or committee membership due to performance issues or any of the grounds for dismissal stipulated in applicable regulations and laws.
10. The candidate must be in good health and free from any medical condition that could hinder them from carrying out the duties and responsibilities of a Board member.

**Article Thirteen: Procedures for the Selection and Appointment of Board Members**

After the nomination period for Board membership applications has closed, the Committee shall oversee all necessary procedures in accordance with the provisions of this Policy, the Company's Articles of Association, and the relevant regulations and bylaws, through the following stages:

1. The Committee shall record the number of nomination applications and the names of candidates in a documented list certified by the Committee, ensuring that the procedures for receiving applications are adequate to avoid the accidental loss of any application, thereby safeguarding shareholders' rights. The

Committee's meeting shall be held exclusively in person at the Company's headquarters, and may not be conducted through visual communication means.

2. The Committee shall screen and evaluate each application individually in terms of:
  - o Completeness of the application with all required documents and information specified in the announcement.
  - o Compliance of the candidate with all conditions set out in this Policy and the applicable regulations and instructions issued by supervisory authorities.
3. Applications that do not fulfill all documentation and requirements, or where the candidate does not meet the conditions set out in this Policy, shall be excluded.
4. The Committee shall prepare an updated list of nomination applications that have met the requirements and nomination conditions.
5. The eligible applications for Board membership shall be evaluated, taking into account the following criteria:
  - o The ratio and number of executive, non-executive, and independent members.
  - o That non-executive members form the majority of the Board.
  - o That independent members constitute at least two members or one-third of the Board, whichever is greater.
  - o Verification that none of the independence-impairing factors apply to candidates nominated as independent members, in accordance with the independence criteria outlined in the Corporate Governance Regulations issued by the Capital Market Authority.
  - o Relevant professional and practical experience and knowledge related to the Company's activities and business.
6. The Committee shall select the final list of qualified candidates eligible for voting on Board membership in the General Assembly, provided that the number of candidates is equal to or greater than the number of Board members stipulated in the Company's Articles of Association.
7. The final list of candidates and the Committee's recommendations shall be presented to the Board in preparation for submission to the General Assembly.
8. The election of Board members for the new term shall take place through voting at the General Assembly, in accordance with the General Assembly's procedures, including the submission of the list of qualified candidates and their curricula vitae for voting.
9. The Committee shall complete all appointment procedures, after fulfilling all requirements of the applicable regulations and instructions from supervisory authorities, by issuing an appointment letter sent to the elected candidates.

**Article Fourteen: Vacancy on the Board**

If a seat on the Board of Directors becomes vacant, the Board shall appoint a temporary member to fill the vacant position, in accordance with and subject to the provisions of Article Thirty-One of the Company's Articles of Association ("Vacancy on the Board").

**Article Fifteen: Final Provisions**

1. The rules set forth in this Policy shall be applied insofar as they do not conflict with the Company's Articles of Association, the Companies Law and its Implementing Regulations, and the Corporate Governance Regulations issued by the Capital Market Authority of Saudi Arabia.
2. Any matter not specifically addressed in this Policy shall be governed by the relevant laws, regulations, and directives issued by the competent authorities.
3. This Policy shall repeal and supersede any procedures, decisions, or internal regulations of the Company that conflict with it, except for the Company's Articles of Association.
4. This Policy shall be deemed complementary to the Company's Articles of Association.
5. The provisions of this Policy are intended to promote fairness, integrity, and transparency in order to safeguard the rights of the Company's shareholders and to serve the interests and sustainability of the Company.
6. Responsibility for the accuracy and correctness of the information contained in nomination applications rests with the candidates, provided that the Committee shall take appropriate measures to verify the accuracy and validity of such information.

**Article Sixteen: Effectiveness and Publication**

1. This Policy shall come into effect from the date of its approval by the General Assembly, after being presented to the Board of Directors.
2. In the event of a dispute regarding the interpretation of any provision of this Policy, the Nomination and Remuneration Committee shall be responsible for clarifying the intended meaning of the disputed text, without prejudice to the applicable laws and regulations in this context.
3. The Nomination and Remuneration Committee shall periodically review the provisions of this Policy and submit observations and recommendations to the Board of Directors for consideration, in preparation for presentation to the General Assembly for approval of any amendments, if necessary.
4. Any action, amendment, addition, or deletion to the provisions of this Policy shall be invalid unless approved by the General Assembly in accordance with the proper statutory procedures.