



Middle East Healthcare Company

(Saudi German Hospital)

Policies, Standards and Procedures for Membership of Board of

Directors

Approved by the Board of Directors under Resolution No.18

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Preface

1/1 The policies, criteria and procedures for membership in the Board of Directors of the Middle East Healthcare Company (Saudi German Hospital) have been prepared in application of the provisions of Paragraph (3) of Article twenty-two of the Corporate Governance Regulations issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 16/5/1438H corresponding to 13/2/2017AD.

1/2 This document regulates the policies, criteria and procedures for membership in the company's board of directors.

1/3 This document is subject to the provisions of the Companies Law, the Capital Market Law and their implementing regulations.

The provisions of the company's articles of association, registration and listing rules, and corporate governance regulations

The listed shareholding in the Saudi financial market and the company's governance regulations and are guided by the best practices commensurate with the nature of the company's activity and operations.

1/4 The executive management of the company shall provide the members of the board of directors and non-executive members in particular, the company committees with all necessary information, data, documents and records, provided that they are complete, clear, correct, non-misleading, and in a timely manner to enable them to perform their duties and tasks.

1/5 The members of the Board of Directors, members of the Board committees and senior executives of the company must: Exercising their

powers and carrying out their duties as required by the interest of the company.

1/6 Full compliance with the provisions of the system when exercising his membership duties in the Council and refraining from doing or participation in any action that harms the interests of the company.

Article (2): Definitions

The definitions contained in the list of terms used in the regulations and rules of the Capital Market Authority and the corporate governance regulations apply to this policy unless the context of the text requires otherwise. The terms and expressions below in this policy have the meanings indicated for them:

Policy: Policies, standards and procedures for membership in the Board of Directors.

Company: Middle East Healthcare Company (Saudi German Hospital).

Board of Directors: The Board of Directors of the Company.

Board Member: A member of the Board of Directors of the Company.

Non-Executive Member: A member of the Board of Directors who is not dedicated to managing the company and does not participate in its daily business.

Independent Member: A non-executive board member who enjoys complete independence in his position and decisions, and none of the symptoms of independence stipulated in the Corporate Governance Regulations apply to him.

Authority: The Capital Market Authority.

Market: Saudi Stock Exchange (Tadawul).

General Assembly: The general assembly of the company (ordinary or extraordinary)

Law: The Articles of Association of the company, the Capital Market Law and its implementing regulations, the Companies Law and its implementing regulations, and any relevant instructions or decisions issued by the Capital Market Authority or the regulatory or supervisory authorities.

Corporate Governance Regulations: The corporate governance regulations for joint-stock companies listed in the market issued by the Board of the Capital Market Authority pursuant to Resolution No. 8-16-2017 dated 05/16/1438H corresponding to 02/13/2017AD.

Article (3): Policies and criteria for membership in the company's board of directors

It is required that the member of the Board of Directors be of professional competence who have the necessary experience, knowledge, skill and independence, in order to enable him to exercise his duties efficiently and competently, provided that the General Assembly when electing members of the Board of Directors takes into account the recommendations of the Remuneration and Nominations Committee of the company and the availability of the necessary personal and professional ingredients to perform their duties properly Effective, and it is taken into account that the member of the Board, in particular, has the following:

3/1 The nominee for membership of the Board of Directors should not have been previously convicted of a crime involving moral turpitude or dishonesty And not be insolvent or bankrupt or become unfit for membership of the Board in accordance with any system or instructions in force in the Kingdom.

3/2 A member of the board should not be a member of the board of directors of more than five listed joint stock companies in the market at once.

3/3 That the member of the Board of Directors represents all shareholders in the company and adhere to what achieves the interest The company and the

interest of the shareholders and respect for the rights of other stakeholders, not an interest only the group that elected him.

3/4 The number of independent members shall not be less than (3) members, which represents one-third of the members of the Board,
As the company's board of directors consists of (7) members.

3/5 An independent member must enjoy complete independence in his position and decisions, and none of the symptoms of independence stipulated in Article (20) of the Corporate Governance Regulations shall not apply to him.

3/6 **Ability to lead: That he has leadership skills that qualify him to grant powers that lead to:** Stimulating performance and applying best practices in the field of effective management and adherence to values and ethics professional.

3/7 **That the candidate possesses competence:** that he possesses academic qualifications, professional skills, appropriate personality, level of training, and practical experience relevant to the company's activities current and future, or management, economics, accounting, law, or governance, as well about the desire to learn and train.

3/8 **The ability to direct:** by having technical, leadership, and administrative capabilities, and speed In making decisions and understanding the technical requirements related to the workflow, and to be able to strategic direction, planning and a clear future vision.

3/9 **Financial knowledge:** by being able to read and understand financial data and reports.

3/10 **Healthy fitness:** that he has no health impediment that hinders him from performing his duties and his terms of reference.

11/3 That the candidate for membership of the Council adhere to the principles of honesty, trustworthiness, loyalty, care and attention the interests

of the company and the shareholders and prioritize them over his personal interest, and he is included in this in a way In particular, as the following:

A) **Honesty:** That the relationship of the board member with the company be a sincere professional relationship, and the disclosure to the company of any influential information before executing any deal or contract with the company or one of its subsidiaries.

B) **Loyalty:** by avoiding dealings that involve a conflict of interest, while verifying the fairness of dealing, and observing the provisions related to conflict of interests contained in the Corporate Governance Regulations.

C) **Care and attention:** by performing the duties and responsibilities stipulated in the system.

12/3 Diversity should be considered in academic qualifications and practical experience, and priority should be given to nomination for the required needs of those with the appropriate skills for membership of the Board of Directors.

13/3 That the council member allocates the time and effort necessary to perform his duties in the council.

Article (4): Eligibility and procedures for candidacy for membership of the Board of Directors

4/1 Each shareholder has the right to nominate himself or another person or more for the membership of the Board of Directors, within the limits of: His ownership percentage in the capital.

4/2 The Remuneration and Nominations Committee shall coordinate with the executive management of the company to announce the opening of nomination for membership of the Board of Directors of the Company before the end of the Board session considering the requirements required by the laws and regulations.

4/3 The candidacy announcement shall be published on the website of the financial market (Tadawul), as well as on the website the company's electronic mail, and in any other means specified by the Authority, to invite persons wishing to candidacy for membership of the Board of Directors, provided that the door for candidacy remains open for at least one month from announcement date.

4/4 The Remuneration and Nomination Committee shall submit its recommendations to the Board of Directors regarding candidacy for membership of the Board in accordance with the following standards described in this policy.

4/5 Whoever wishes to nominate himself for the membership of the Board of Directors of the company must disclose his desire to candidacy, according to a notification submitted to the management of the company in accordance with the period and dates stipulated as per this policy and the applicable laws and regulations, and this notification must include an introduction to the candidate in Arabic in terms of his biographical information, including information about his profession and job the basic principles he currently occupies, his qualifications, and his practical experience, in addition to providing the company with all documents identification such as (national identity card, family card, passport for non-Saudi candidates Board membership and any other relevant documents required by the company to fulfill the statutory requirements).

4/6 The candidate for membership of the Council must disclose to the Council and the General Assembly any of the cases conflict of interests - according to the procedures established by the Authority, including:

A) The existence of a direct or indirect interest in the business and contracts that are concluded for the account of the company whose board of directors the candidate wishes to run for.

B) His participation in a business that would compete with the company, or compete with it in one of the branches of the activity it is engaged in.

4/7 Applicants for board membership must fill in the form or forms specified by the Capital Market Authority, which can be obtained through the Authority's website.

4/8 A candidate who has previously held membership in the board of directors of a joint-stock company must attach a statement of the number and dates of the boards of directors of the companies in which he assumed membership.

4/9 A candidate who has previously held membership in the company's board of directors must attach to the candidacy notice a statement from the company's management on the last session in which he was a member of the board, including the following information:

4/9/1 The number of council meetings that took place during each year of the session.

4/9/2 The number of meetings attended by the member, and the percentage of his attendance to all meetings.

4/9/3 The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the Council's session, the number of meetings he attended, and the percentage of his attendance to the total number of meetings.

4/9/4 Summary of the financial results achieved by the company during each year of the session.

4/10 The candidate must clarify the status of membership, i.e. whether the member is executive, non-executive, or independent.

4/11 The candidate must clarify the nature of membership, i.e., whether the member is a candidate in his personal capacity or is a representative of a legal person.

4/12 The Remuneration and Nomination Committee coordinates with the executive management to finalize the statutory requirements and provide the relevant statutory authorities with all required documents.

4/13 Cumulative voting must be used in electing the Board of Directors, so that the voting right per share may not be used more than once.

4/14 Voting in the General Assembly is limited to the candidates for membership of the Board of Directors whose information has been announced by the company.

Article (5): Termination of the membership of the Council member and the vacancy of one of the positions

5/1 The membership of the Council ends with the expiry of the term prescribed for it, which is three years from the date of its election by the General Assembly.

5/2 The membership of a member of the Council ends in accordance with any system or instructions in force in the Kingdom of Saudi Arabia, or due to death or resignation, or if he is convicted of a crime that violates honor and trust. However, the Ordinary General Assembly may at any time dismiss all or some of the members of the Council without prejudice to the right The dismissed member against the company to demand compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time.

Otherwise, he will be liable by the company for the damages resulting from his resignation.

5/3 The General Assembly may, based on a recommendation from the Board, terminate the membership of any member who fails to attend three consecutive meetings of the Board without a legitimate excuse.

4/5 A member of the Board of Directors must resign before the end of his term in the Board of Directors, in the event that he loses his eligibility to work as a

member of the Board of Directors, or his inability to carry out his work, or his inability to allocate the necessary time or effort to perform his duties in the Board, or in the event of a conflict The member has the option to obtain a license from the General Assembly, which is renewed every year, or to submit his resignation.

5/5 Nomination of a substitute member for a vacant position in the Council when the membership of one or more members expires:

A) The Nominations and Remunerations Committee submits a recommendation to nominate a member for the vacant position in the Board in place of the member whose membership has expired in accordance with these policies and criteria.

B) The Board shall study the recommendation of the Nominations and Remuneration Committee and approve the temporary appointment to the Board of Directors of one or more members.

C) The temporary appointment of one or more members shall be presented to the General Assembly at its first meeting to approve the appointment, and the new member shall complete the term of his predecessor according to the system.

Article (6): General Provisions

6/1 These regulations are not considered an alternative to the provisions of the Law and its Implementing Regulations, and if there is no provision in this regard that reference is made to the Law, and when there is any conflict between them or any paragraph or any article in them and the Law, the provisions of the Law shall prevail and the other paragraphs and articles remain in force.

6/2 The Board of Directors shall review these regulations when necessary, with the aim of continuous development and improvement and to keep abreast of any amendments that may occur to the system, in order to reach the best professional practices.

6/3 The Board of Directors shall supervise the implementation of these regulations, and the Chairman and members of the Remuneration and Nominations Committee shall implement their provisions.

6/4 It is not permissible to amend these bylaws except by a proposal or recommendation from the Board of Directors and approved by the company's general assembly.

6/5 The company shall publish these regulations or a summary thereof on its website or through any other means.

6/6 Any shareholder has the right to view these regulations at the company's offices, in prior coordination with the company's management if they are not published on the company's website.

6/7 The Board of Directors has the right to interpret or clarify the provisions of these regulations.

6/8 These bylaws shall be effective from the date of their approval by the General Assembly of the company.