

الشركة الوطنية للرعاية الطبية
National Medical Care Co.



ANNUAL REPORT

Annual Report and Financial Statements

2020

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الشركة الوطنية للرعاية الطبية
NATIONAL MEDICAL CARE CO.

ANNUAL REPORT 2020



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Chairman's Speech

Dear respected shareholders

On behalf of my fellow board members, I would like to present to you the Company's Board of Directors' Annual Report for the financial year ended December 31-2020. In this report, the most important qualitative developments at the Company will be presented, in addition to the Company's financial results, operating activities and future trends, in accordance with the laws and regulations issued by the Capital Market Authority.

Despite the turmoil faced by the global economy including Saudi Arabia due to the global health crisis and the spread of the coronavirus pandemic (COVID-19), the Company has nevertheless demonstrated its strong ability to respond to and deal with such exceptional circumstances, ensure continuous achievement of its goals as it persistently achieves growth in profits. The Company's net profit for the year 2020 was SR 97,269,000 (2019: SR 80,089,715) signifying a growth of 21.5 %, which demonstrates the Company's competitiveness in the health care sector. The Company made several operational and technological advancements during the year to better serve our patients. These advancements contributed significantly in providing new and improved services, positively impacting patient satisfaction and enhance patient journey. The most important implementations were as follows:

- Queuing System implementation, Electronic Payment in Pharmacy, Medication delivery, Ask me Team, WhatsApp business to the approval for the OR and Oba at Care National Hospital & Riyadh Care Hospital.
- Initiated free Telemedicine clinics during lockdown.
- Initiated Home Care services offering nursing, pharmacy, vaccination, laboratory and analysis, postpartum care and physiotherapy.
- Home delivery of patient's medications free of charge.
- Established a comprehensive Physical Medicine and Rehabilitation Centre.

It is worth mentioning that Care National Hospital has been accredited by the Joint Commission International Accreditation (JCIA). In addition, Riyadh Care Hospital has obtained the (CBAHI) accreditation for the fourth time.

Alongside the advanced technology, continuous improvement in the efficiency of infrastructure, the management continued to focus on one of its main pillars, which is its human resources. Internal policies and procedures have been updated to facilitate daily operational procedures in respect of human resources, in addition to improvement in internal intranet and ERP system to reduce paper transactions.

In conclusion, I would like to thank my fellow Board members, the executive management and the shareholders of the company for their confidence in the Company as well as all Care's employees for their continuous efforts.

Chairman

Saad Bin Abdulmohsen Al-Fadly

Introduction

Care's Board of Directors is pleased to present the Company's Annual Report on the fiscal year results ending on 31/12/2020. This report contains the most dominant changes in the Company's operational performance and achievements, in order to achieve its strategies and objectives. In addition, it presents the Company's accomplishments in the various activities of the Company under (Health-Care .. More Humane).



1 - Company Overview

National Medical Care Company was established in 2003 as a closed joint stock company owned by the General Organization for Social Insurance and a group of shareholders, then in 2013 it became a public joint stock company registered in the Saudi Stock Exchange (Tadawul). The company currently owns and operates the following:

Riyadh Care Hospital

- Formerly known as (Social Insurance Hospital).
- Founded in 1990.
- Capacity: 325 beds.
- Number of Clinics: 109.



Care National Hospital

- Founded in 1966.
- Capacity: 459 Beds.
- Capacity at completion of expansion: 459 beds.
- Number of Clinics: 78



Family Health Care Center

- Launched in 2017.



2. The Company's main activities

The Company operates in Saudi Arabia, and the Company's headquarter is located at Al Rayyan District, Abdullah Bin Abbas Street, and its affiliated hospitals and polyclinic are based in Riyadh. The Company is engaged in the business to establish, own, equip, manage, maintain, and operate healthcare facilities and provide Home Health Care services. The company owns Riyadh Care Hospital, Care National Hospital and Family Health Care Center and the income from these facilities represents %100 of the Company's net revenue, equivalent to SR 808,953,117.

General Directions, Significant Company Plans and Decisions

During 2020, the Company increased its profit margins and achieved a net profit of SR (97,269,000). In the coming period, the company aims to achieve profit margins in line with the aspirations and expectations of investors through:

First: Focus on Premium Services

Through its affiliates, the Company provides a variety of high-quality medical services through which it seeks to reach as many visitors as possible to the Company's units, using modern methods aimed at raising patient satisfaction levels that will enhance profitability and margins.

Second: Cost Rationalization

The Company aims to improve profit margins by rationalizing its cost base. In 2020, the Company compared its cost base with other listed healthcare companies through publicly available financial information and management believes it has opportunities to improve this metric. As a result, the Company expects its profit margins to improve further in upcoming years.

Finally, the company emphasizes that its goal is to achieve the aspirations and reflections of its shareholders through the Board's vision, which is focused on achieving benchmark profit margins (in line with average margins of the healthcare sector) and maintaining the Company's outstanding human resources. The Company also seeks to raise patient satisfaction levels and provide advanced technology to meet expectations of visitors to the Company's facilities.

3. Notable Achievements and Recognition / Awards of the Year

- Care National Hospital successfully renewed its accreditation from Joint Commission International Accreditation (JCIA).
- Riyadh Care Hospital renewed the Saudi Central Board for Accreditation of Healthcare Institutes (CBAHI) accreditation for the fourth time.
- Established a comprehensive Physical Medicine and Rehabilitation Centre.
- Renewed Riyadh Care Hospital & Care National Hospital license for 5 years.
- Established Patient journey solution and added new services such as; (Queuing System implementation, Electronic Payment in Pharmacy, Medication delivery, Ask me Team, Valet parking, WhatsApp business to the approval for the OR and OB) at Care National Hospital & Riyadh Care Hospital.

- Automated many processes to improve patient safety and satisfaction.
- Modernization of medical devices with procurement of high-quality devices.
- Raised the level of performance and patient satisfaction.
- Initiated Telemedicine clinics.
- Initiated Home Care services.
- Antenatal Home Healthcare Project with Tele-Consultation
- Expansion of Business with Governmental sector.
- Renovated and improved the Dental department at Riyadh Care Hospital.
- Established special wards for handling COVID-19 cases.
- Improved Saudization ratio through actively recruiting Saudis.
- Staff counselor clinic were opened during COVID-19 pandemic.
- HR managed COVID-19 crisis in efficient way by taking precautionary measures to ensure the safety of staff and the hospital's patients.

4 - Highlights of the Year

The year 2020 was filled with many important events and decisions of the company, which the company was keen to inform its shareholders, and to make it available to the public at the same time without discrimination, through its announcement on the official website of the Saudi Stock Exchange (Tadawul), the most prominent of which were the following:

No.	Date	Event
1	19/01/2020	Company announces the award of contract from the Ministry of National Guard amounting to SR 278.5 million.
2	26/01/2020	Company announces the distribution of cash dividends for 2019.
3	23/02/2020	Company announces its Annual Financial Results for the Period Ending on 31-12-2019.
4	04/03/2020	Company announces a correcting announcement in regards to correction in annual financial results for the year ended 31-12-2019.
5	16/03/2020	Company announce to invite its shareholders to attend the Ordinary General Meeting (First Meeting).
6	29/03/2020	Company announces an addendum announcement in regards to the award of contract from the Ministry of National Guard.
7	30/03/2020	Company announces an update to its shareholders regarding the invitation to attend the Ordinary General Meeting (First Meeting).
8	08/04/2020	Company announces the relationship between the company and NMC Health Plc.
9	15/04/2020	Company announces impact of precautionary measures taken by government of Saudi Arabia to face (COVID-19).
10	16/04/2020	Company Announces the Results of the Ordinary General Assembly Meeting (First Meeting).
11	05/05/2020	Company announces its Interim Financial Results for the Period Ending on 31-03-2020 (Three Months).
12	22/06/2020	Company announces Resignation and Appointment of a Board Member
13	12/08/2020	Company announces its Interim Financial Results for the Period Ending on 30-06-2020 (Six Months).
14	04/11/2020	Company Announces its Interim Financial Results for the Period Ending on 30-9-2020 (Nine Months).

5 - Financial Performance

5.1 Company Activity

The table below clarifies the effect of each activity on the volume of the company's business and its contribution to the results:

Activity	Activity revenues	Percentage
Establishing, owning, and equipping hospitals	808,953,117	%100
Medication distribution	-	%0
Maintenance and operation	-	%0
Total	808,953,117	%100

The historical growth of the most important financial indicators for five years

The tables below summarize the company's assets, liabilities and results of its business in the last five fiscal years:

5.2 Comparison of business results

Statement	2016	2017	2018	2019	2020
Revenues	900,653,595	855,083,581	763,804,127	708,393,995	808,953,117
Revenue costs	693,661,521	659,681,172	597,294,006	542,738,344	585,072,241
Gross profit	206,992,074	195,402,409	166,510,121	165,655,651	223,880,876
Net profit	50,273,661	85,296,444	62,182,388	80,089,715	97,269,000

5.3 Comparison of assets and liabilities:

Statement	2016	2017	2018	2019	2020
Current assets	756,400,912	772,390,742	795,778,510	818,110,787	932,697,916
Non-current assets	649,124,658	652,744,863	596,634,099	538,133,788	499,928,398
Total assets	1,405,525,570	1,425,135,605	1,392,412,609	1,356,244,575	1,432,626,314
Current liabilities	226,459,824	187,360,019	167,543,642	143,130,583	213,876,985
Non-current liabilities	273,803,734	252,150,905	228,004,305	180,223,458	181,800,398
Total liabilities	500,263,558	439,510,924	395,547,947	323,354,041	395,677,383

For more information regarding the financial results, please refer to the approved financial statements published on the company's page on (Tadawul).

5.4 The main differences in the operating results from the previous year results or any expectations announced by the company

Statement	Percentage of change	Changes (+) or (-)	2019	2020
Revenues	%14	100,559,122	708,393,995	808,953,117
Cost of revenue	%8	42,333,897	542,738,344	585,072,241
Selling and marketing expenses	%606	36,363,442	5,996,266	42,359,708
General and administrative expenses	%6-	(3,880,620)	71,289,080	67,408,460
Operating profit (loss)	%29	25,742,403	88,370,305	114,112,708
Other income (expenses)	%45-	(7,378,710)	16,562,940	9,184,230
Financing costs	%0	(2,221,619)	2,221,619	-
Net profit (loss) for the year before zakat	%20	20,585,312	102,711,626	123,296,938
Zakat expense	%15	3,406,027	22,621,911	26,027,938
Net profit (loss) for the year	%22	17,179,285	80,089,715	97,269,000

The reason for the increase in operating and net profit during the current year compared to the previous year is mainly due to the increase in the revenues and the decrease in general and administrative expenses, while net profit also positively supported by the reduction under the financing costs.

5.5 Geographical analysis of the total revenues of the company and its subsidiaries

The company's revenue during the current year amounting to SR 808,953,117, all from within the city of Riyadh, Saudi Arabia, and the table below shows the company's revenues from its subsidiary units:

Year	Geographical analysis of the company's total revenue				
	Riyadh Care Hospital	National Care Hospital	Family Medicine Center	Drugs distribution Care unit	Total
2020	427,837,210	380,289,161	826,746	-	808,953,117

5.6 Loans on the company and total debit

The following table details all outstanding loans:

S.N	Name of the loan donor	The principal amount of the loan	Loan term	Paid for the loan during the year	The remaining amount of the loan
1	Ministry of Finance - Current portion of long-term loans	118,843,485	25 years	5,942,174	5,942,174
2	Ministry of Finance - Long term loans			-	89,132,614
Total loans		118,843,485	Total debit		95,074,788

The company has no loans other than what was shown in the above table, and the company obtained this loan to support the construction and equipping of the new building for National Care Hospital.

5.7 Regular and outstanding payments

The following are the regular payments that were made during the fiscal year ended 31/12/2020:

Statement	2020			
	Paid	Due to the end of the annual financial period and not paid	Brief Description	Statement of reasons
Zakat	13,323,461	26,027,938	Zakat for the fiscal year 2020	It is paid after it is raised for the benefit of Zakat and Income Tax
Tax	49,234,731	5,366,063	VAT	The month of December is to be paid in January of the following year
General Organization for Social Insurance	16,680,116	1,557,324	Payments of the General Organization for Social Insurance during the year 2020	December is to be paid in January of the following year
Visa and passport costs	886,200	-	Visas and passports of company employees' costs	Requirements and procedures according to the regulations of the Kingdom of Saudi Arabia
Labor office fees	12,667,153	-	Regular office fees	Fees payable according to the work system

6 - Risk Management

Risk Management (RM) involves the management of risks and opportunities that impact the organizational strategies used to achieve corporate objectives. During business activities, the Company may encounter an uncertain event that may threaten its ability to achieve its goals.

Three Lines of Defense at Care

1st Line of Defense

Risk Owners/Managers

As the first line of defense, Operational Managers own and manage risks. They also are responsible for implementing corrective actions, risk mitigation and compliance with regulations.

2nd Line of Defense

Governance Risk and Compliance

Management establishes Governance, Risk Management, Compliance function to ensure the first line of defense is properly designed, in place, and operating as intended.

3rd Line of Defense

Risk Assurance

Internal Audit provides assurance on the manner in which the first and second lines of defense achieve risk management and control objectives.

Types of Risks the Company May Address

The Company addresses several types of risks that may impact its operations, such as:

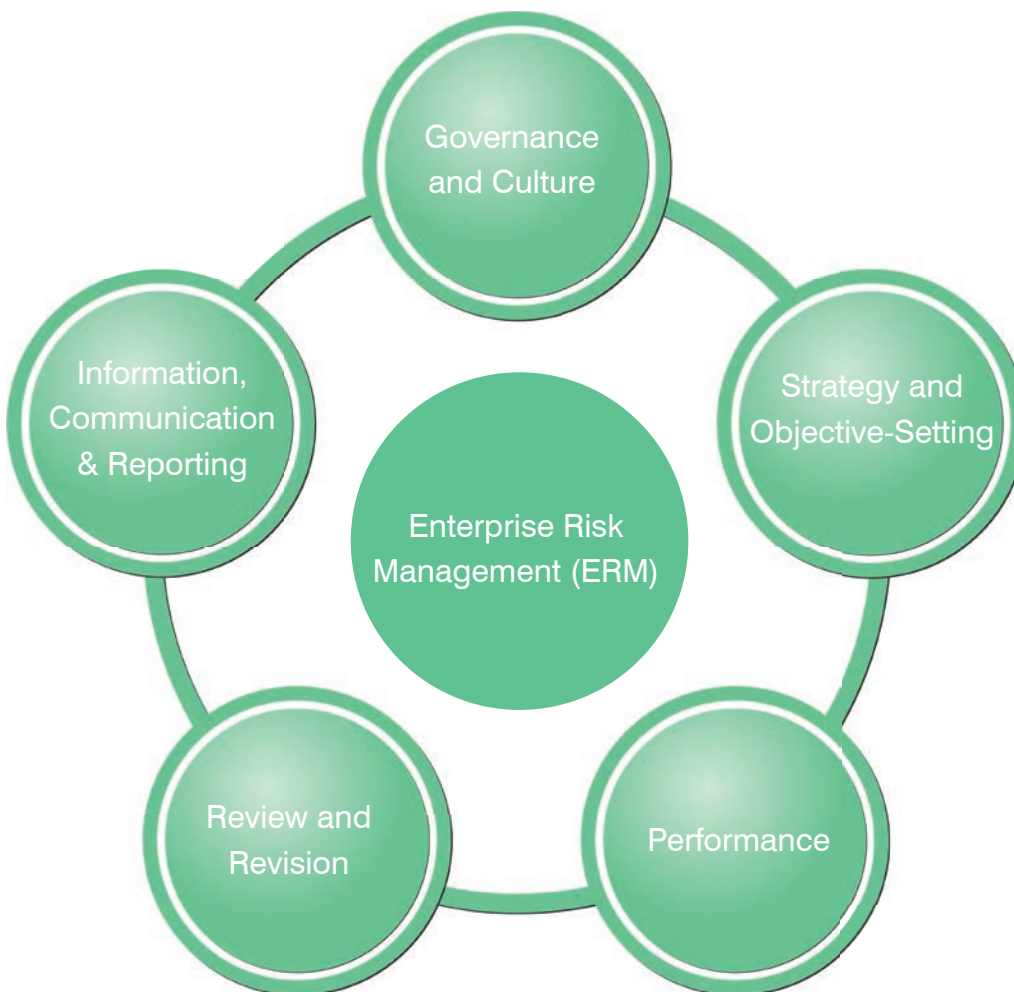
Healthcare Risks	
Medical Malpractice	A medical malpractice may occur because of the complexity of a medical case or treatment. Therefore, according to Article 41 of the Practicing Healthcare Professions Rules & Regulations, participating in cooperative insurance against medical malpractice is mandatory for all physicians and dentists working in Company facilities.
Attracting Professional Healthcare Talents	The inability to recruit qualified healthcare talents is a risk that hospitals face. Therefore, the Company is keen to attract, retain and motivate talented professionals, to provide distinguished care to patients.
Development of Medical Technologies and Devices:	The failure to use modern technology to improve the provided medical services may adversely affect the prevention, diagnosis, and treatment provided to patients. Therefore, the Company is keen to invest in latest medical devices and keep pace with the continuous advancement in technology.
Business Risks	
Operational risk	The risk of inadequate or failed internal procedures, people and systems, or external events that may affect the Company's operations. Operating risks are managed through internal business processes and monitoring mechanisms.
Reporting risk	The risk arises from violating the credibility, integrity, and accuracy of financial and non-financial reports, which would adversely affect the credibility and transparency of regulatory requirements. The Company is always keen to follow best practices in preparing its reports. Besides, the Company's Board of Directors has adopted a disclosure policy aimed at regulating the mechanism for disclosing information (financial and non-financial), which is a fundamental right for the Shareholders.
Compliance risk	The risk arises from violating the regulations, bylaws, and practices stipulated in the internal policies and procedures, or the inability to adhere to them. Therefore, the Company, through the Governance, Risk Management & Compliance department, verifies that the regulations and guidelines related to the Company's activities are adhered to.
Credit Risk	The risk arises from the inability of one of the parties to fulfill its obligations, which may lead the Company to incur a financial loss. Credit risk is not considered as risk with substantial implications for the Company, as the main clients of the company are large local insurance companies and government entities that are contracted with after carrying out due diligence to protect financial and non-financial rights of each party.
Liquidity Risk	The risk arises when the company faces difficulties in obtaining necessary funds to meet the obligations associated with financial instruments. These risks are managed through planning the cash flow requirements of the Company and monitoring the liquidity level regularly.

Enterprise Risk Management (ERM)

'Enterprise Risk Management' is the culture, capabilities, and practices, integrated with strategy and execution, that organizations rely on to manage risk.



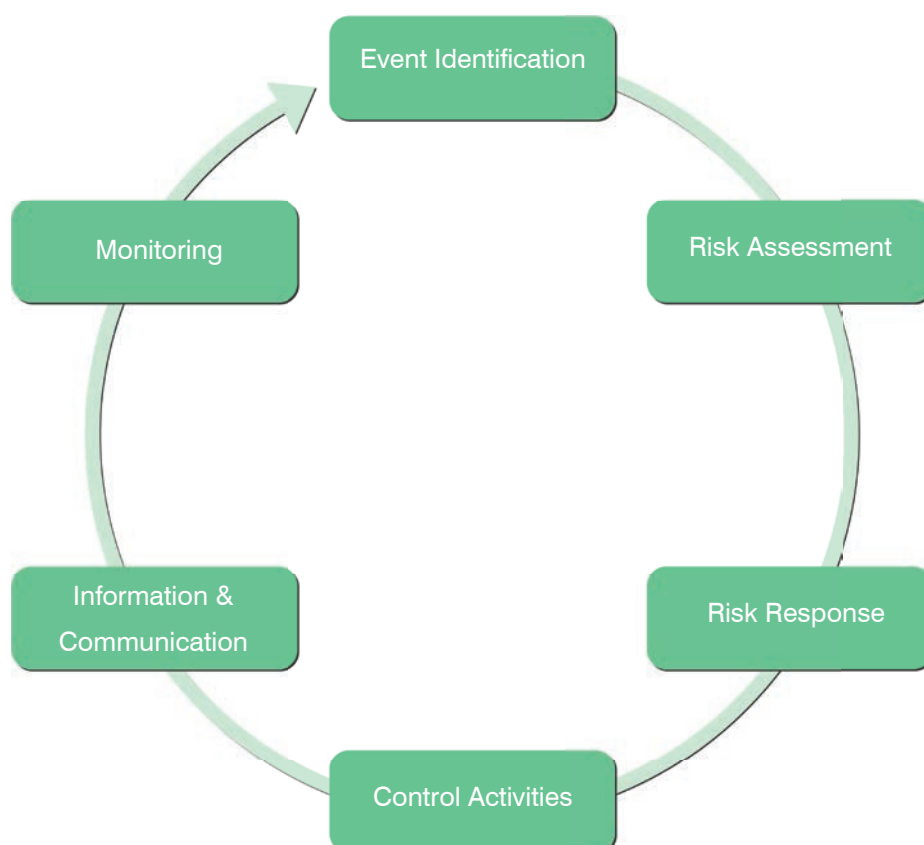
The ERM framework focuses on the need for risk management in strategic planning and embedding it throughout the organization because risk influences and aligns strategy and performance across all departments and functions. The ERM framework has outlined five components that are inter-related and essential to ensure enhanced performance:



1. **Governance and Culture:** Governance sets the organization's tone, reinforcing the importance of, and establishing oversight responsibilities for, enterprise risk management. Culture pertains to ethical values, desired behaviors, and understanding of risk in the entity.
2. **Strategy and Objective-Setting:** Enterprise risk management, strategy, and objective-setting work together in the strategic-planning process. A risk appetite is established and aligned with strategy; business objectives put strategy into practice while serving as a basis for identifying, assessing, and responding to risk.
3. **Performance:** Risks that may impact the achievement of strategy and business objectives need to be identified and assessed. Risks are prioritized by severity in the context of risk appetite. The organization then selects risk responses. The results of this process are reported to key risk stakeholders.
4. **Review and Revision:** By reviewing entity performance, an organization can consider how well the enterprise risk management components are functioning over time and in light of substantial changes, and what revisions are needed.
5. **Information, Communication, and Reporting:** Enterprise risk management requires a continual process of obtaining and sharing necessary information, from both internal and external sources, which flows across the organization.

Enterprise Risk Management (ERM) Process

Care developed an Enterprise Risk Management process to identify, manage and monitor its risks. The process consists of six interrelated components and these components are briefly described as follows:



7 - Governance

Believing that good governance is one of the key tools for the long-term development of shareholder wealth, and a desire from the Company to adhere to best governance and disclosure practices, the Company has established a specialized and dedicated governance, risk management & compliance department that handles all tasks related to the Company's governance and Board of Directors, and manages shareholders' affairs, enquires and observations. The Company also has a Governance Framework, related charters and policies for the Company and its units, which aim to establish rules and standards to ensure the protection of the rights of shareholders and stakeholders, and to adhere to best governance practices. The Governance Framework, related charters and policies are binding on the members of the Board of Directors, executive management, and employees of the company.

7.1 Board of Directors and Executive Management Composition First: Board of Directors

The Company's Board of Directors comprises of nine members whose term began on 15/09/2020, and for a period of three years, the below outlines a summary of each current member and the resigned members:





Mr. Saad Bin Abdulmohsen Al-Fadly
Chairman of the Board (Non-Executive)

Qualifications

- Master's degree in Financial Economics from Boston University.
- Bachelor's Degree in Accounting Science from King Saud University.

Current Job & Membership

- CEO of Hassana Investment Company.
- Board Member at Saudi British Bank.
- Board Member at Almarai Company.
- Board Member at GEMS Education KSA Holding Company.
- Chairman of the Board at Maarif for Education & Training Company.

Former Jobs & Membership

- Chief of Staff & Senior Officer Central & Eastern Regions at NCB Capital Company.
- Vice President Investment Banking at Morgan Stanley.
- Investment Management at Saudi Arabian Monetary Agency.

Experience

- Experience in investment management and banking services at several financial and regulatory institutions, for more than 20 years.



Mr. Michael B. Davis
Deputy Chairman (Non-Executive)

Qualifications

- Critical Care Residency Program from The Methodist Hospital, Houston, TX.
- Bachelor of Science in Nursing from McNeese State University, Lake Charles, LA.

Current Job & Membership

- Chief Executive Officer at NMC Healthcare LTD.
- Board Member at Alqadi Specialist Hospital.

Former Jobs & Membership

- CEO of Provita International Medical Center.
- Market Chief Executive Officer at Kindered Healthcare.
- Triumph Healthcare.

Experience

- Experience in executive healthcare hospital operation of more than 31 years.



**Mr. Abdul Mohsen Bin
Hammad Al-Ashry**

Board Member (Non-Executive)

Qualifications

- Bachelor's degree in Business Administration - King Abdulaziz University.
- Postgraduate Diploma in Executive Management – Harvard University.

Current Job & Membership

- CEO of Saudi Medical Care Group.
- Chairman, Board Member at Al Salam Medical Company.
- Chairman, Board Member at Specialized Najran Medical Company.
- Chairman, Board Member at Dar As-Salam Medical Company.
- Chairman, Board Member at Chronic Care Specialized Medical Hospital Company.

Former Jobs & Membership

- General Manager at Poverty Reduction Fund (Social Charitable Fund).
- Assistant Secretary General for Financial and Administrative Affairs at the Council of Cooperative Health Insurance.
- Chief Operating Officer at King Saud University Medical City.
- Executive Director of Internal Audit and Organizational Performance Development at National Guard Health Affairs.

Experience

- A senior level executive with more than 30 years of experience in leading top healthcare organizations in the Kingdom of Saudi Arabia.



**Ms. May Bint Mohammed Al-
Hoshan**

Board Member (Independent)

Qualifications

- Master's in Engineering Management and Knowledge Management - George Washington University.
- Bachelor's degree in Business Administration and Organizational Behavior - Boston University.

Current Job & Membership

- Chief of Human Capital Officer at Banque Saudi Fransi.

Former Jobs & Membership

- Head of Human Capital Management at NCB Capital.
- Human Resources General Manager at Alawwal Bank.

Experience

- Extensive expertise in human resource.



**Mr. Abdullah Bin Abdulaziz
Al-Bathy ***

* Membership ended on 22/06/2020

Board Member (Non-Executive)

Qualifications

- Bachelor's Degree in Business Administration from Metropolitan University – USA.

Current Job & Membership

- CEO at Refrigerator World.
- Board Member at Refrigerator World.

Former Jobs & Membership

- General Manager at Abdul Latif Al-Essa Cars Company.
- CEO at Al Faleh Sports House Company.
- Director of Support Services at National Guard Hospital.
- CEO at Al-Othaim Markets Company.
- General Manager at Obeikan Company.
- CEO at Sports Clubs Company.

Experience

- Various leadership experiences and expertise in the administrative field.



**Mr. Bashar Bin Abdulaziz
Abalkhail**

Board Member (Independent)

Qualifications

- Master's Degree in Business Administration from Cass Business School.
- Bachelor's Degree in Financial Management from King Saud University.

Current Job & Membership

- Chief of Strategy and Business Development - Al Saqr Insurance Company.

Former Jobs & Membership

- Director of Onsite Insurance Department at SAMA.
- Examiner of Banking Control Department at SAMA.

Experience

- Experience in the field of governance, compliance, insurance, and strategy, as well as supervision of banks, financial institutions, and international relations.



Mr. Bader Bin Fahd Al-Athel
Board Member (Non-Executive)

Qualifications

- Bachelor's Degree in Business Administration from Portland State University.

Current Job & Membership

- Vice President at FAL Holdings Arabia Company Limited.
- Vice Chairman at Logistics Services Co. (LSC)- KSA.
- Board Member at Al Bilad Catalyst Co., Ltd.
- Chairman at Arab Medical Center.
- Board Member at TAQA (Industrialization & Energy Services Co.).
- Board Member at Detecon Saudi Arabia Ltd.
- Board Member at CADER.
- General Manager at Saudi Fal Co. Ltd.
- General Manager at Aston Medical Company.

Former Jobs & Membership

- Vice President at FAL Holdings Arabia Company Limited.
- Chairman at Falcom Financial Services.
- Chairman at Al-Amthal Financing- KSA.
- Consultant of Investment Banking Group at Falcom Financial Services.

Experience

- Various experience in banking and financial consulting and corporate management.



Mr. Sami Bin Sulaiman Al-Khashan
Board Member (Independent)

Qualifications

- Bachelor's Degree in Accounting from King Fahad University of Petroleum and Minerals.

Current Job & Membership

- Chief Technical Officer at Prime Risk for Insurance Brokers.

Former Jobs & Membership

- Eastern Regional Director at the Saudi Arabian Cooperative.
- Head of Internal Audit at Saudi Arabian Cooperative Insurance Company.
- Head of Internal Audit and Secretary of Audit Committee at Amana Cooperative Insurance.
- Risk Management and Compliance Manager at Malath Cooperative Insurance Company.
- Compliance Manager at Samba Financial Group.
- Senior Consultant / Senior Auditor at PricewaterhouseCoopers.

Experience

- Various experience in the field of finance and auditing.



**Eng. Mashhor Bin Mohammad
Al-Obeikan**

Board Member (Independent)

Qualifications

- Bachelor's Degree in Industrial Engineering from King Saud University.

Current Job & Membership

- CEO of Hadaf Business Services.
- Board Member at International Real Estate Company.

Former Jobs & Membership

- Marketing Officer at Bank Al-Jazira.
- Credit Manager of Corporate Banking at Riyadh Bank.
- Director of Financial and Administrative Affairs at Akwan Real Estate Company.
- Treasury General Manager at Human Resources Development Fund.
- DDG shared services at Human Resources Development Fund.
- Board Member at National Glass Industries Company.
- Board Member at Hadaf Business Services Company.

Experience

- Various experience in the field of finance and corporate management.



**Mr. Ahmed Bin Wazaa
Al-Qahtani ****

**** Membership started on 22/06/2020**

Board Member (Non-Executive)

Qualifications

- Bachelor's Degree in Finance from King Fahad University of Petroleum and Minerals.

Current Job & Membership

- Chief Investment Officer Local Markets at Hassana Investment Company.
- Board Member at Jabal Omar Development Company.
- Board Member at GEMS Education KSA.
- Board Member at Saudi Medical Care Group.

Former Jobs & Membership

- Board Member at the Arab National Bank.
- Senior Portfolio Manager at HSBC Saudi Arabia.
- Equity Research Analyst at NCB Capital.

Experience

- Various experience in the field of investment.

Second: Executive Management



**Dr. Abdulaziz Bin Saleh
Al-Obaid**

Qualifications

- Bachelor's Degree in Medicine and Surgery from King Saud University.
- Master's Degree in Health Care Management.
- Specialized in Gynecological Oncology.
- Fellowship from the Royal College of Surgeons at Canada.
- Medical Fellowship of the American Board of Obstetricians and Gynecologists.

Current Job & Membership

- CEO of National Medical Care Company.

Former Jobs & Membership

- Chief Medical Officer at National Medical Care Company.
- Gynecology Oncology Consultant at King Khalid University Hospital.
- Assistant Doctor and a member of several committees at King Saud University.
- Medical Director of the Specialized Women's Hospital at King Fahad Medical City.
- Executive Director of Medical Affairs at King Fahad Medical City.

Experience

- Experience in the medical and administrative field for more than 23 years.



Mr. Jahanzeb Ahmed Khan

Qualifications

- Fellow Chartered Accountant from the Institute of Chartered Accountants of Pakistan.

Current Job & Membership

- CFO at National Medical Care Company.

Former Jobs & Membership

- Regional Financial Controller (Middle East) at Pladis Global.
- Financial Controller at International Biscuits Company.
- Senior Audit Manager at KPMG (Saudi Arabia).
- Senior Manager Planning and Budget at Central Depository Company (Pakistan).
- Deputy Manager at KPMG (Pakistan).

Experience

- Various experience in the field of finance and auditing of more than 15 years.



Dr. Muhammad Junaid

Qualifications

- Management Development Program from New Delhi.
- Healthcare Management - AIIMS from New Delhi.
- Master's Degree in Cytogenetics from India.
- PhD in Information Technology from India.

Current Job & Membership

- Chief Operating Officer at National Medical Care Company.

Former Jobs & Membership

- Director of Strategy and Affiliation Department at the Saudi German Hospital.
- Operations Department in several health entities in UAE.

Experience

- Multiple administrative experiences in the health sector.



**Dr. Badr Bin Saqr
Al-Otaibi**

Qualifications

- Bachelor's Degree in Medicine and Surgery from King Saud University.
- Medical Simulation Fellowship, from Harvard University.
- Disaster Medicine Fellowship from Harvard University.
- Saudi Council for Emergency Medicine from King Abdulaziz Medical City.
- Executive Master of Health Administration from University of Minnesota.

Current Job & Membership

- Medical Director of Riyadh Care Hospital.

Former Jobs & Membership

- Director of the Department of Emergency Medicine at Royal Commission Hospital.
- National Adult Emergency Manager.

Experience

- Various experience in the field of medical management.



Dr. Turki Mohsen Al-Harbi

Qualifications

- Bachelor’s Degree in Medicine and Surgery from King Faisal University.
- Saudi Doctorate Degree for Pediatrics.
- Arab Doctorate Degree for Pediatrics.
- Jordanian Doctorate Degree for Pediatrics.
- Fellowship Degree specialized in Pediatric Emergency from Calgary University in Canada.

Current Job & Membership

- Medical Director of the National Care Hospital.

Former Jobs & Membership

- Director of the Emergency Department at King Fahd Medical City.
- Director of the Emergency Department at Prince Muhammad Bin Abdulaziz Hospital.

Experience

- Various experience in the field of medical management.



7.2 Meetings of Board of Directors During 2020

The Board held four meetings during the year 2020. The below schedule shows the attendance records for each meeting:

2020					
No.	Name	25/02/2020	01/07/2020	30/09/2020	27/12/2020
		1	2	3	4
1	Mr. Saad Bin Abdulmohsen Al-Fadly	√	√	√	√
2	Mr. Michael Davis	√	√	√	√
3	Mr. Sami Bin Suleiman Al-Khashan	√	√	√	√
4	Mr. Bashar Bin Abdulaziz Abalkhail	√	√	√	√
5	Mr. Abdul Mohsen Bin Hammad Al-Ashry	√	√	√	√
6	Mr. Bader Bin Fahd Al Athel	×	√	×	√
7	Eng. Mashhor Bin Mohammed Al-Obeikan	√	√	√	×
8	Ms. May Bint Mohammed Al-Hoshan	√	√	√	√
9	Mr. Abdullah Bin Abdulaziz Al-Bathy *	√			
10	Mr. Ahmed Bin Wazaa Al-Qahtani**		√	√	√

*Membership ended on 22/06/2020

**Membership started on 22/06/2020

7.3 Shareholders General Assembly Meetings During 2020

The General Assembly has held one meeting during the year 2020. The below schedule shows the attendance records for the General Assembly meeting:

	Name	Attendance Record
		General Assembly Meeting 15/04/2020
1	Mr. Saad Bin Abdulmohsen Al-Fadly	√
2	Mr. Michael Davis	√
3	Mr. Sami Bin Suleiman Al-Khashan	√
4	Mr. Bashar Bin Abdulaziz Abalkhail	√
5	Mr. Abdul Mohsen Bin Hammad Al-Ashry	√
6	Mr. Bader Bin Fahd Al Athel	√
7	Eng. Mashhor Bin Mohammed Al-Obeikan	√
8	Ms. May Bint Mohammed Al-Hoshan	√
9	Mr. Abdullah Bin Abdulaziz Al-Bathy *	√

*Membership ended on 22/06/2020

7.4 Board Committees

The Board of Directors are responsible for the conduct of Company's affairs. However, for greater efficiency and based on Company's circumstances, the Board establishes committees with formally delegated objectives, authorities, responsibilities and tenure.

The Company has established the following two committees, appointed by the Board:

- Nomination & Remuneration Committee
- Executive Committee

In addition, the Company has also established an Audit Committee, which were appointed by the Ordinary General Assembly in accordance with the relevant rules and regulations issued by CMA & MOCI.

7.5 Audit Committee

The Audit Committee is appointed by the Ordinary General Assembly and consist of non-executive directors and at least one independent director. The Charter of the Audit Committee is issued by the Ordinary General Assembly based on a recommendation from the Board. The charter defines the Committee's responsibilities and authorities, in addition to its scope of work, procedures, and the appointing criteria of its members.

The Committee performs various duties, including overseeing the management of the internal audit, in addition to other tasks, including but not limited to:

- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- Study and review the material changes and accounting estimates that may occur in the financial statements, discuss them with executive management and auditors, and advice accordingly.

The Audit Committee held Six meetings during the year 2020. The below schedule shows the attendance records for each meeting:

2020								
No.	Name	Position	15/01/2020	20/02/2020	04/05/2020	30/07/2020	11/08/2020	03/11/2020
			1	2	3	4	5	6
1	Eng. Mashhour Bin Muhammad Al Obeikan	Committee Chair	√	√	√	√	√	√
2	Mr. Bashar Bin Abdulaziz Abulkhail	Member	√	√	√	√	√	√
3	Mr. Sami Bin Suleiman Al-Khashan	Member	√	√	√	√	√	√

7.6 Executive Committee

The Executive Committee is appointed by the Board of Directors. The Charter of the Executive Committee is issued by the Board of Directors. The charter defines the Committee's responsibilities and authorities, in addition to its scope of work, procedures, and the appointing criteria of its members.

The Committee performs various duties, including but not limited to:

- Review and recommend to the Board of Directors the Company's strategic plans and ensure regular monitoring of the implementation of various strategic initiatives.
- Follow-up financial and operational performance of the company.
- Review, evaluate and approve investment proposals and projects submitted by the executive management, and recommend to the Board for approval.
- Carry out any additional tasks delegated by the Board.

The Executive Committee held ten meetings during the year 2020. The below schedule shows the attendance records for each meeting:

2020												
No.	Name	Position	23/01/2020	24/02/2020	27/04/2020	24/06/2020	29/07/2020	26/08/2020	29/09/2020	26/10/2020	26/11/2020	13/12/2020
			1	2	3	4	5	6	7	8	9	10
1	Mr. Michael Davis	Committee Chair	√	×	√	√	√	√	√	×	√	√
2	Mr. Abdul Mohsen Hammad Al-Ashry	Member	√	√	√	√	√	√	√	√	√	√
3	Mr. Sami Suleiman Al-Khashan	Member	√	√	√	√	√	√	√	√	√	√
4	Mr. Abdullah Abdulaziz Al-Bathy *	Member	√	√	√							
5	Mr. Ahmed Wazaa Al-Qahtani**	Member				√	√	√	√	√	√	√

*Membership ended on 22/06/2020

**Membership started 22/06/2020

7.7 Nomination & Remuneration Committee

The Nomination & Remuneration Committee is appointed by the Board of Directors. The Charter of the Nomination & Remuneration Committee is issued by the Ordinary General Assembly based on a recommendation from the Board. The charter defines the Committee's responsibilities and authorities, in addition to its scope of work, procedures, and the appointing criteria of its members.

The Committee performs various duties, including but not limited to:

- Clarify the relation between the paid remunerations and the adopted remuneration policy and highlighting any material deviation from that policy.
- Periodically reviewing the remuneration policy and assess its effectiveness in achieving its objectives.
- Provide recommendations to the Board in respect of the remunerations of its members, the members of committees and senior executives, in accordance with the approved policy.
- Suggest clear policies and standards for membership of the Board and the executive management.
- Review the structure of the Board and the executive management and provide recommendations regarding changes that may be made to such structure.
- Determine the strengths and weaknesses of the Board and recommend remedy solutions that serve the Company's interests.

The Nomination & Remuneration Committee held Five meetings during the year 2020. The below schedule shows the attendance records for each meeting:

2020							
No.	Name	Position	06/02/2020	06/04/2020	05/07/2020	15/09/2020	22/12/2020
			1	2	3	4	5
1	Mr. Bashar Bin Abdulaziz Abalkhail	Committee Chair	√	√	√	√	√
2	Mr. Bader Bin Fahd Al Athel	Member	√	√	√	√	√
3	Ms. May Bint Mohammed Al Hoshan	Member	√	√	√	√	√
4	Mr. Saad Bin Abdulmohsen Al-Fadly	Member	√	√	√	√	√

7.8 Remuneration & Compensation

The Company's General Assembly, held on 14 December 2017, adopted a policy of remuneration for the Board of Directors, its committees and executive management, which aims to organize remunerations to attract members of the Board or committees with technical, administrative and experience competences, and to enable them to perform their duties professionally and efficiently, considering the sector in which the company operates and the skills necessary to manage it.

In accordance with the policy adopted, the remuneration of Board members, its committees and executive management shall be in accordance with the following principles and rules:

First: Board of Directors & its Committees

- The Company's by-laws indicate the distribution method of the Board of Directors remuneration.
- Remuneration of the Board of Directors is determined according to the recommendation of the Nomination and Remuneration Committee, taking into consideration the following guidelines:
 - The remuneration shall be aligned with the Company's strategic objectives, and a factor to motivate the Board of Directors and its Committees to achieve those objectives, and to enhance the Company's ability for long-term development and sustain its business.
 - To be consistent with Company's nature of business, activity, size, skills, and expertise required.
 - To be a factor in attracting Board members with the expertise and qualifications required to enhance the company's ability to achieve its objectives.
- Based on a recommendation from the Nomination & Remuneration Committee, a Board member is entitled to an annual remuneration in accordance with the relevant rules and regulations, in return for his/her Board membership.
- Based on a recommendation from the Nomination & Remuneration Committee, a Committee member (also a Board member) is entitled to an annual remuneration in accordance with the relevant rules and regulations.
- The above-mentioned article does not apply to the Audit Committee.
- Based on a recommendation from the Nomination & Remuneration Committee, a non-director is entitled to an annual remuneration in accordance with the relevant rules and regulations.
- All Board and Committee members are entitled to an attendance fee allowance in addition to any compensation for the costs of attending meetings being either travel tickets or residence.
- The member's contribution and participation in meetings and his/her attendance shall be taken into consideration when determining the remuneration of the Board & Committee members.
- The Board and Committee members' remuneration may be determined unevenly depending on the tasks, responsibilities and achievements achieved.
- If the Board and Committee members' remuneration is based on inaccurate and misleading information or erroneous results, the case shall be raised to the Board of Directors to take appropriate decision towards it, in accordance with the relevant rules & regulations.

Second: Executive Management

- This remuneration is permissible and not mandatory, and the Board of Directors has the ultimate authority of whether to grant the remuneration or not.
- Based on a recommendation from the Nomination & Remuneration Committee, the Board determines the remuneration of the executive management, which must be in accordance with the following principles:
 - Be consistent with the Company's strategic objectives and be a motivating factor for the executive management to achieve these objectives, and to enhance the Company's ability to grow and sustain its business.
 - Be consistent with the nature of the Company's business and size as well as with the required skills and expertise.
 - Enable the Company to attract senior executives with skills and qualifications necessary to enable the Company to achieve its objectives.
 - Not raise any conflict of interest that might adversely impact the Company's interests and ability to achieve its objectives.
- The relevant policies followed in the Company must be considered when approving the remuneration of the executive management and its achievement of the set objectives.
- The remuneration approved for each employee in the executive management may vary according to the results achieved by the employee during the year subject to evaluation.
- The executive management remuneration cap may be re-assessed annually, and any proposed amendments may be raised to the Board in accordance with the relevant rules and regulations.
- This policy must be in alliance with the company's strategy and objectives and in accordance with the company's performance and evaluation in terms of executive management remunerations.
- If the executive management remuneration is based on inaccurate and misleading information or erroneous results, the case shall be raised to the Board of Directors to take the appropriate decision towards it, in accordance with the relevant rules & regulations.

Note: The Remuneration Policy for the Board of Directors, Committee members and Executive Management has been published on the Company's official website. To view the policy, kindly visit the following link: <http://www.care.med.sa/>

The Company is keen to implement the policy of remuneration for the Board of Directors, its committees and executive management; in accordance with the relevant rules and regulations therefore there was no material deviation in the remunerations granted to the board members and executive management of the company from the policy adopted, the tables below show the remuneration of board members and executive management:

Tables of Compensation & Remuneration

7.9 First: Board Remuneration

Name	Fixed rewards						Total
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending Committee meetings	In-kind benefits	Remuneration for technical, managerial and consultative work	Remuneration of the Chairman, Managing Director or Secretary, if a member	
First: Independent Directors							
Mr. Bashar Bin Abdulaziz Abalkhail	200,000	12,000	33,000		Not Applicable		245,000
Eng. Mashoor Bin Mohammed Al-Obeikan	200,000	9,000	18,000		Not Applicable		227,000
Mr. Sami Bin Suleiman Al-Khashan	58,333	12,000	48,000		Not Applicable		118,333
Ms. May Bint Mohammed Al-Hoshan	200,000	12,000	15,000		Not Applicable		227,000
Dr. Ahmed Bin Mohammed Abu Abah **	141,667	-	-		Not Applicable		141,667
Mr. Fahad Bin Abdullah Al Issa **	141,667	-	-		Not Applicable		141,667
Second: Non-Executive Directors							
Mr. Saad Bin Abdulmohsen Al-Fadly	121,667	12,000	15,000	Not Applicable	Not Applicable	60,833	182,500
Mr. Bader Bin Fahad Al Athel	200,000	6,000	15,000		Not Applicable		221,000
Mr. Abdul Mohsen Bin Hammad Al-Ashry	58,333	12,000	30,000		Not Applicable		100,333
Mr. Michael Davis	121,667	12,000	24,000		Not Applicable		157,667
Mr. Abdullah Bin Abdulaziz Al-Bathy *	58,333	3,000	9,000		Not Applicable		70,333
Mr. Raeed Bin Abdullah Al-Tamimi **	141,667	-	-		Not Applicable		141,667
Mr. Ahmed Bin Abdulrahman Al-Humaidan ***	78,333	-	-		Not Applicable		78,333
Mr. Eyad Bin Abdulrahman Al-Husain ***	78,333	-	-	Not Applicable	Not Applicable	39,167	117,500
Mr. Ahmed Bin Wazaa Al-Qahtani ****	-	9,000	21,000		Not Applicable		30,000

* Membership ended on 22/06/2020

** Membership ended on 15/09/2019

*** Membership ended on 21/05/2019

**** Membership started on 22/06/2020

The above-mentioned remuneration amounts represent the amounts granted to the Board of Directors during the year 2020 for the fiscal year ended December 31, 2019. The Remuneration has been approved by the General Assembly held on April 15, 2020.

Kindly note that the variable remuneration, end-of-service awards and expense allowances have been removed from the above-mentioned table, which have been provided in the CMA's Corporate Governance Regulations as it's not applicable.

7.10 Second: Committee Members Remuneration

Name	Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
First: Audit Committee Members			
Mr. Bashar Bin Abdulaziz Abalkhail	35,000*	18,000	53,000
Eng. Mashhor Bin Mohammed Al-Obeikan	35,000*	18,000	53,000
Mr. Sami Bin Suleiman Al-Khashan	35,000*	18,000	53,000
Second: Nomination & Remuneration Committee Members			
Mr. Bashar Bin Abdulaziz Abalkhail	-	15,000	15,000
Mr. Bader Bin Fahd Al Athel	-	15,000	15,000
Ms. May Bint Mohammed Al Hoshan	-	15,000	15,000
Mr. Saad Bin Abdulmohsen Al-Fadly	-	15,000	15,000
Third: Executive Committee Members			
Mr. Michael Davis	-	24,000	24,000
Mr. Abdul Mohsen Bin Hammad Al-Ashry	-	30,000	30,000
Mr. Sami Bin Suleiman Al-Khashan	-	30,000	30,000
Mr. Abdullah Bin Abdulaziz Al-Bathy	-	9,000	9,000
Mr. Ahmed Wazaa Al-Qahtani	-	21,000	21,000

*A total amount of SR 35,000 was paid for each member during 2020 as a membership remuneration for part of the year 2019.

7.11 Third: Executive Management Remuneration

Senior Executives *	Fixed Remuneration				Variable Remuneration						End of Service Award	Total Remuneration of Board, if any	Aggregate Amount
	Salaries	Allowances	In-kind Benefits	Total	Periodic Remuneration	Profits	Short Term Incentive Plans	Long Term Incentive Plans	Granted Shares	Total			
	5,482,284	1,110,564	-	6,592,848	2,322,682	-	-	-	-	-	-	-	8,915,530

* The Company adhered to disclose the total remuneration of the Executive Management in accordance with the requirements of Article 93 (4) of the Corporate Governance Regulations. In order to protect the interest of the Company, its shareholders and its employee, and to avoid any damage that may result from the detailed disclosure of remuneration in names and job positions.

* Kindly refer to pages (24-26) for further information regarding the Executive Management.

8 - Board of Directors, Executive Management & Relatives Ownership of Company's Shares

The following tables describe the interest of board members and senior executives in the company's debt shares and instruments, as well as any change in that interest or rights during the current year, noting that there are no interests or rights for their spouses and minor children in the company's shares.

8.1 First: Board Members Ownership of Company's Shares

No.	Name	Year Beginning		Year End		Net change	Change percentage
		Number of Shares	Debit instruments	Number of Shares	Debit instruments		
1	Mr. Bashar Bin Abdulaziz Abalkhail	5000	-	5000	-	N/A	-
2	Mr. Saad Bin Abdulmohsen Al-Fadly *	22,066,901	-	22,066,901	-	N/A	-
3	Mr. Michael Davis *	22,066,901	-	22,066,901	-	N/A	-
4	Mr. Abdullah Bin Abdulaziz Al-Bathy *	22,066,901	-			22,066,901	%100-
5	Mr. Bader Bin Fahd Al Athel **	2000	-	2000	-	N/A	-
6	Mr. Abdul Mohsen Bin Hammad Al-Ashry *	22,066,901	-	22,066,901	-	N/A	-
7	Mr. May Bint Mohammed Al Hoshan	-	-	-	-	N/A	-
8	Eng. Mashhor Bin Mohammed Al-Obeikan	1000	-	1000	-	N/A	-
9	Mr. Sami Bin Suleiman Al-Khashan	-	-	-	-	N/A	-
10	Mr. Ahmed Bin Wazaa Al-Qahtani *			22,066,901	-	22,066,901	%100+

* Has no direct or indirect interest in the shares and debt instruments of the company. He represents the Saudi Medical Care Group which owns %49.2.

** Has no direct or indirect interest in the shares and debt instruments of the company. He represents Fal Arab Holding Company Limited.

8.2 Second: Executive Management Ownership of Company's Shares

No.	Name	Year Beginning		Year End		Net change	Change percentage
		Number of Shares	Debit instruments	Number of Shares	Debit instruments		
1	Dr. Abdulaziz Al-Obaid	-	-	-	-	-	-
2	Mr. Jahanzeeb Ahmed Khan	-	-	-	-	-	-
3	Dr. Turki Bin Mohsen Al-Harbi	-	-	-	-	-	-
4	Dr. Badr Bin Saqr Al-Otaibi	-	-	-	-	-	-
5	Dr. Muhammad Junaid	-	-	-	-	-	-

9 - Related Party Transactions

The Company is keen to avoid conflicts of interest of any kind that may affect the management of the Company's business or its decision-making. The Company is also keen to protect the rights of the shareholders and stakeholders, in a manner that does not contradict with the Company's by-laws and related rules & regulations.

Therefore, conflict of interest situations and related party transactions are dealt with in accordance with the provisions of the Board approved Conflict of Interest and Stakeholder's Relation Policy and in a manner that does not contradict with the Company's by-laws, the provisions of the Companies Law, the Capital Market Authority's rules and regulations.

During the year 2020, and within the framework of the ordinary activities of the Company and with prior authorization from the General Assembly, the Company carried out the following transactions with related parties:

NO	Name of Related party	Nature of Transaction or Contract	Amount of Transaction or Contract	Duration of Transaction or Contract	Conditions of Transaction or Contract	Name of member / senior executives or a person related to any of them	Remarks
1	General Organization for Social Insurance (Which directly owns in the Saudi Medical Care Group which in return owns %49.2 of Care Company)**	Providing medical services to treat work injuries	312,279,484	Three years*	Regular business without any conditions or preferential benefits	Mr. Saad Bin Abdulmohsen Al-Fadly	-
						Mr. Abdul Mohsen Bin Hammad Al-Ashry	-
						Mr. Abdullah Bin Abdulaziz Al-Bathy	Representation ended on 22/06/2020
						Mr. Ahmed Wazaa Al-Qahtani	Representation started on 22/06/2020
						Mr. Michael Davis	-
2	Drager Arabia Company Ltd.	Purchase of medical consumables	173,352	One year – Subject for renewal		Mr. Bader Bin Fahd Al Athel	-
3	Arabian Medical Hospital Supply Company	Purchase of medical consumables	-	One year – Subject for renewal		Mr. Bader Bin Fahd Al Athel	

* The approval of the General Assembly which has been held on 23/04/2019 has been obtained, for a period of two years ending on 31/12/2020.

** The contract has been extended for three months (90 days) period and ends on 31/03/2021.

10 - Declarations of the Board of Directors

The Board of Directors declares the following:

- Proper books of account have been maintained.
- The internal control system was intended on sound foundations and was effectively implemented.
- There are no significant doubts concerning the Company's ability to continue its activities.
- The Board of Directors is working on developing a mechanism to evaluate its performance and that of its committees and members.
- The Company did not receive a request from the External Auditor to convene a general assembly during the fiscal year ended 31 December 2020 and neither has it been convened.
- The Company has an Internal Audit Department.
- There is no conflict between the recommendations of the Audit Committee and the Board resolutions, or recommendations that the Board refused to put into action as to appointing or the dismissal of the Company's external auditors or determining its remuneration, assessing its performance, or appointing the internal auditor.
- The International Financial Reporting Standards (IFRS) were applied according to the directives of the Saudi Organization for Certified Public Accountants, and there is no difference from the standards approved by the Organization.
- The Company does not own any subsidiaries.
- There are no interests in any class of voting shares for anyone (except to the Board members and senior executives and their relatives) who have notified the Company with these interests, and any changes in these rights during the last fiscal year.
- There is no class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company during the fiscal year, nor any compensation obtained by the Company in return for that.
- There are no conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the Company.
- There is no redemption, purchase, or cancellation by the Company of any redeemable debt instruments and the value of such securities outstanding, whether listed securities purchased by the Company and those purchased by its affiliates.
- There are no transactions between the Company and any related party except for what was detailed on page (36) of this report.
- There are no arrangements or agreements under which a shareholder of the Company waived any rights to dividends.
- There are no arrangements or waiver agreements of any remunerations from one of the Board members or senior executives.
- There are no investments or reserves established for the benefit of the Company's employees.
- The external auditors' report for the year 2020 does not contain any reservations on the relevant annual financial statements.
- There was no recommendation by the Board of Directors to replace the appointed external auditor before the end of their term.
- The Company does not hold any treasury shares.

11 - Provisions that were not implemented from the Corporate Governance Regulations and reasons for non-implementation

The Company applies all provisions of Corporate Governance Regulations issued by the CMA, except for the following provisions:

Article Number	Article Statement	Reasons for non-implementation
40(A)	The Board shall develop, the necessary mechanisms to annually assess the performance of the Board, its members and committees and the Executive Management	This is a guiding article; the Board confirms that it is working on a mechanism to evaluate its performance and the performance of its committees and members. However, the Board has conducted an evaluation for the year 2020.
70	The Company's Board shall, form a committee to be named the "Risk Management Committee"	The Audit Committee is delegated to oversee the Risk Management Committee's scope of work.
71	The competences of the Risk Management Committee shall include the following... (as stated in the article)	The Audit Committee is delegated to oversee the Risk Management Committee's scope of work.
72	The Risk Management Committee shall convene periodically at least once every six months, and as may be necessary.	The Audit Committee is delegated to oversee the Risk Management Committee's scope of work.
85	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees	This article is a guidance and not mandatory. The Company will carry out an internal assessment and take necessary action.
87	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	This article is a guidance and not mandatory. The Company will carry out an internal assessment and take necessary action.
88	The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company	This article is a guidance and not mandatory. The Company will carry out an internal assessment and take necessary action.
89(3)	The Company's website shall include all information required to be disclosed and any details or other information that may be published through other disclosure methods	This is a guiding article; however, the website improvement is currently in progress, which includes all information to be disclosed in future. All mandatory information is currently being published in accordance with the relevant rules and regulations.
95	If the Board forms a Corporate Governance Committee, it shall assign to it the competences... (as stated in the article)	This article is for guidance only and the Board believes that forming a governance committee is unnecessary, as the Company already has a dedicated Governance & Compliance Department.

12 - Shareholders' Rights and the General Assembly

The Company's by-laws and Corporate Governance Rules ensure that shareholders enjoy all rights related to shares, such as the right to receive the approved dividend pay-outs, the right to attend General Assembly meetings and, participate in their deliberations and voting, the right to oversee the activities of the Board of Directors, and the right to inquire and request information that does not compromise the interests of the Company. The Company is keen to facilitate maximum participation by shareholders at General Assembly meetings and is keen to ensure that the choice of time enables full participation. The Company has adopted an electronic voting system to make it easier for shareholders to exercise their right of voting if they are unable to attend in person.

The Board of Directors developed the necessary mechanism to inform its members, non-executive Directors in particular, of the shareholders' suggestions and remarks on the Company and its performance. The Board of Directors of the Company adopted the Conflict-of-Interest Policy, which includes regulating the relationship with stakeholders, and in particular shareholders, in accordance with the following:

Communication methods of Receiving Complaints, Remarks, and Suggestions:

- Phone, according to the extension number shown on the Company's profile on Tadawul website.
- E-mail messages via the e-mail address shown on the Company's profile on Tadawul website.
- Letters via mailbox or fax.
- The Company's complaints and suggestions box and its facilities.
- Survey's provided by the Company.

Settlement and Handling of Complaints, Remarks, and Suggestions:

- The concerned department or employee receives the complaint.
- The complaint is elevated to the director of the concerned department according to the type of complaint.
- It is possible to seek assistance from other parties such as the director of the legal department or the director of the internal audit department.
- The Company issues circulars and decisions to avoid repetition of such a complaint or remarks.

Mechanism of Communicating with Shareholders

The Company has recently established a department to manage investor relations that communicates and follows up on any potential issues that may face the shareholders. The Company has published the e-mail address and the contact numbers of the Investor Relations Department on Tadawul website which is as per the following:

Website	E-mail Address	Phone	Fax
www.care.med.sa	care.ir@care.med.sa	+966 11 493 1881	+966 11 493 6277

Substantial Shareholders

Shareholders NAME	Total Holding Percentage as on Trading Day (%)	Change
Saudi Medical Care Group*	%49.2	%0

*Refer to page (36) for more detailed ownership information

13 - Care's Social Responsibility

CARE at the Reach of Everyone.

The Board of Directors seeks to establish a balance between the Company's objectives and those of the community for purposes of developing the social and economic conditions of the community. In addition, Care aims to adhere to the national and moral responsibility towards its patients, employees, society, and environment.

The development of work in the company's various fields of operation did not stop. This is represented in the technical advancement serving the company's clients in hospitals, which contributed significantly to providing advanced services, as well as adding new services, to increase the diversity of services and patient satisfaction to improve the patient's journey, in addition to giving effect to working on social responsibility services, including:

- Initiated free Telemedicine clinics during lockdown.
- Home delivery of patient's medications free of charge.



14 - The Company's Dividend Policy

The Company distributes annual profits according to the net profits achieved, cash flows, and the future expectations of investments. The dividends are distributed after deducting general expenses and other costs and creating the necessary reserves for doubtful debts, investment losses, and contingent obligations that the Board of Directors deems necessary. According to Article (46) of the Company's bylaws, and according to the Company's approved profit distribution policy, the dividend distribution is as follows:

- 1. %10 of the annual net profits shall be set aside to form a statutory reserve.**
- 2. The Ordinary General Assembly may decide the following:**
 - Discontinue setting aside %10 of the annual net profits stipulated in the first term of this policy, when the reserve reaches %30 of the paid-up capital. (The General Assembly agreed to stop this placement on 23 April 2019).
 - Following proposal by the Board of Directors, to set aside %10 of the net profits to constitute a consensual reserve to be allocated for a certain purpose or purposes.
 - Form other reserves that would serve the Company's best interest or would ensure distributing constant dividends, as much as possible, amongst shareholders. Besides, the Ordinary General Assembly may allocate from the net profits amounts to establish social institutions for the benefit of employees of the Company or to support existing social institutions.
 - The remainder shall be distributed among the shareholders as a first installment equals to %5 of the paid-up capital based on the recommendation of the Board.
 - The remainder shall be distributed to the shareholders as an additional portion in the profits, or shall be transferred to retained earnings, as may be determined by the ordinary general meeting based on the recommendation of the Board.
- 3. The Company pays interim dividend to its shareholders on bi-annual or quarterly basis in accordance with the regulations issued by the Capital Market Authority upon authorization issued by the Ordinary General Assembly to distribute such interim dividend.**
- 4. The amount of dividend to be distributed may change according to the Company's financial performance and the vision of the Board of Directors. The dividends are not distributed except by a decision issued by the general assembly after the recommendation of the Board of Directors, according to the rules and regulations issued by the Capital Market Authority in this regard.**

Note that the General Assembly, that held on 15/04/2020, approved the Board of Directors' recommendation to distribute cash dividends to the shareholders for the year 2019 at SR 2 per share.

On 28 March 2021, the Company's Board of Directors recommended the distribution of cash dividends to the company's shareholders for the year 2020, as follows:

- The total amount distributed is SR 44,850,000.
- Share amount: SR 1.
- Distribution ratio of nominal value per share 10%
- Total number of shares due for dividends 44,850,000 shares.
- The eligibility of dividends shall be for the shareholders registered at the end of second trading day after the day of the General Assembly Meeting, which will be announced later.

14.1 Dates of Dividends Pay-outs During Previous Years

Announced Date	Due Date	Distribution Date	Distribution Mechanism	Amount
26/01/2020	15/04/2020	23/04/2020	Account Transfer	2
24/03/2019	23/04/2019	09/05/2019	Account Transfer	1
18/02/2018	15/04/2018	22/04/2018	Account Transfer	1
30/03/2016	27/04/2016	06/06/2016	Account Transfer	0.75
23/02/2015	09/04/2015	07/05/2015	Account Transfer	1.55

15 - Number of Company requests to the Shareholders' register

The Company's request for the shareholder's register were four times during 2020, the following table shows the company's requests for the shareholders' register and its reasons:

No.	Request Date	Request Reason
1	24/03/2020	Other
2	15/04/2020	General Assembly
3	19/04/2020	Dividends File
4	19/07/2020	Dividends File

16 - Sanctions, penalties, and precautionary measures imposed on the Company.

The punishment, penalty, precautionary procedure or preventive measure	Reasons	The Authority, supervisory, regulatory or judiciary authority the imposed the penalty	Remedial action and ways to avoid recurrence
Fine	<ul style="list-style-type: none"> - The patients are not instructed to wear a mask. - The patients are not being directed to sanitize their hands. - A request is made to open a file before the patient is waiting for respiratory cases. - The minimum staff is not available during Inspection 	Ministry of Health	An objection has been filed and is being considered in the Board of Grievances
Fine	<ul style="list-style-type: none"> - Absence of indicative panels to clarify the clinics and departments. - Some machines are stored in the sterilization section 	Ministry of Health	An objection has been filed and is being considered in the Board of Grievances
Fine	<ul style="list-style-type: none"> - There is no license for obesity operations center. - There is no obesity consultant doctor. 	Ministry of Health	An objection has been filed and is being considered in the Board of Grievances
Fine	<ul style="list-style-type: none"> - There is no Medical Director. - Failure to cooperate with the inspector. 	Ministry of Health	An objection has been filed and is being considered in the Board of Grievances
Fine	<ul style="list-style-type: none"> - Patients are not asked at the visual screening area. - Certain employees were found to be non-compliant with the dress code communicated via circular. 	Ministry of Health	An objection has been filed and is being considered in the Board of Grievances

Fine	- Failure to provide a workplace for working women that is characterized by privacy and independence in the work environment	Ministry of Labor	The objection was submitted, and the penalty was reversed by the Administrative Department
Fine	- An expat employee role was not in line with profession mentioned in Iqama	Ministry of Labor	The profession of the employee was updated, after the settlement.
Fine	- Employing dependents without obtaining a valid permit according to the conditions and procedures set by the Ministry	Ministry of Labor	The employee's contract has been terminated after the violation was settled and necessary measures are taken by the concerned department to ensure that it does not recur in future
Fine	- Delay in payment	General Authority of Zakat and Tax	Avoid delay
Fine	- Patients were not called for admission after being tested positive for COVID19, which is incorrect, and an objection has been raised.	Ministry of Health	Ensure effective Follow-up with patients who are tested positive.
Violation of a practitioner's license	- An objection to the court has been filed	Ministry of Health	HR is checking all personal file for healthcare practitioners

17 - Results of the Annual Review of the Effectiveness of the Internal Control Procedures of the Company and the Opinion of the Audit Committee with Respect to the Adequacy of the Company's Internal Control System

The Audit Committee assists the Board of Directors in fulfilling its responsibilities to ensure the effectiveness of internal control procedures and the adequacy of the Company's internal control system, and its efficient and effective implementation. Therefore, the Audit Committee provides objective and independent assessments covering all activities of the Company considering operational, financial and compliance aspects. The Audit Committee reviews the periodic reports issued by the internal audit department and the management letter issued by the external auditors over the design and implementation of internal controls. The Committee follows up with management with respect to the remedial actions taken in response to the observations raised by both the internal and the external auditors. The Committee focuses on internal controls around preparation of true and fair financial statements, while acknowledging the inherent limitations of any system of internal controls which preclude absolute assurance on the effectiveness of a system of internal controls.

The Audit Committee provides recommendations that will strengthen the internal controls and allow processes to be run efficiently at a reasonable cost to achieve the Company's purposes and protect the interests of shareholders and investors. The Audit Committee ensures the independence of the internal audit department and the external auditors and follows up on internal audit report and controls the quality of financial reports.

The Audit Committee believes that the Company's internal control system are adequately designed and implemented.

Based on the reports and recommendations received by the Board of Directors from the Audit Committee, the Board confirms that the results of the audit did not display any fundamental weaknesses or deficiencies in the Company's internal control system, and the adequacy and integrity of the financial and accounting systems.

Conclusion

With the efforts of the Board of Directors and executive management and all the employees of the Company, medical and non-medical, the Company has achieved growth in financial results reviewed in this report for the fiscal year ended 31 December 2020. The Company strived to reduce operating costs and expansion and development of the business, and the Company and its facilities will continue to grow, prosper and progress towards its goals.

Finally, the members of the Board of Directors of National Medical Care Company (Care) are pleased to offer their sincere appreciation to all those who have contributed to support the Company's achievements and pursued to develop it, including employees, doctors, suppliers, shareholders, customers, banks, and government agencies. The Board of Directors wish that the fiscal year of 2021 will bring more successes to the Company.

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