

Policies, Standards, and Procedures for Membership in the Company's Board of Directors

MCDC

Saudi joint stock company

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◇ **First: Definitions:**

- **Company:** Makkah Construction and Development Company.
- **General Assembly:** The General Assembly of Shareholders of Makkah Construction and Development Company.
- **Board of Directors:** The Board of Directors of Makkah Construction and Development Company.
- **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 of Makkah Construction and Development Company who is not dedicated to managing the company and does not participate in its daily operations.
- **Independent Member:** A non-executive Board member of Makkah Construction and Development Company who enjoys complete independence in their position and decisions, and to whom none of the independence impediments specified in the regulations issued by the Capital Market Authority and related entities apply.
- **Executive Management:** Individuals responsible for managing the daily operations of Makkah Construction and Development Company, proposing strategic decisions, and implementing them, such as the CEO, their deputies, and the CFO.

◇ **Second: Policies and Standards for Membership in the Company's Board of Directors:**

1. The candidate for Board membership must not have been previously convicted of a crime involving dishonor or breach of trust, and must not be insolvent or bankrupt according to any applicable laws or regulations in the Kingdom.
2. The candidate must not hold membership in more than five listed joint-stock companies on the financial market at the same time.
3. The candidate must possess the necessary experience, integrity, competence, talents, academic qualifications, professional and personal skills, training level, and experience that contribute to enhancing the company's optimal performance. They must also be able to comply with the regulations and rules of the Capital Market Authority and Makkah Construction and Development Company regarding the policy of standards for Board membership candidacy and related procedures and announcements.

4. It is preferable for the candidate to have appropriate experience in the company's activities and operations and must have a reasonable understanding of financial statements.
5. The candidate must have the appropriate health fitness to perform their duties and commitments towards the company.
6. The candidate must allocate sufficient time for active participation in the Board's work and the duties and responsibilities of membership.
7. The candidate for Board membership must adhere to the principles of honesty, loyalty, care, and attention to the interests of the company and shareholders, prioritizing them over personal interests. Honesty involves maintaining a professional and sincere relationship with the company and disclosing any significant information before executing any transaction or contract with the company or its subsidiaries. Loyalty is achieved by avoiding transactions that involve conflicts of interest, ensuring fair dealings, and adhering to the conflict of interest provisions in the governance regulations. Care and attention involve fulfilling the duties and responsibilities outlined in the Companies Law, the Capital Market Law and its executive regulations, the company's bylaws, and other related regulations.
8. The number of independent members must not be less than two or one-third of the Board members, whichever is greater.
9. An independent member must have complete independence in their position and decisions, and none of the independence impediments specified in the governance regulations should apply to them.
10. A Board member must represent all shareholders and commit to achieving the company's interests, not the interests of the entity they represent or that voted for their appointment to the Board.
11. A Board member's membership ends upon resignation, death, loss of eligibility, expiration of the membership term, or if they become unfit for Board membership according to any applicable laws, regulations, instructions, or the company's Articles of Association.

◇ **Third: Procedures for Membership in the Company's Board of Directors:**

1. The company's executive management coordinates with the Remuneration and Nominations Committee regarding the announcement of the opening of candidacy for Board membership in

accordance with the Companies Law, governance regulations, and the instructions of the Capital Market Authority.

2. The candidacy announcement is published on the company's website, the market's website, and any other means specified by the authority to invite individuals interested in Board membership.
3. Every shareholder has the right to nominate themselves or others for Board membership in accordance with the provisions of the Companies Law and its executive regulations.
4. Anyone wishing to nominate themselves for Board membership must express their desire through a notification to the company's management according to the periods and deadlines specified in the applicable laws, regulations, instructions, and decisions. The notification must include a profile of the candidate, including their resume, qualifications, financial experience, and completion of forms issued and required by the Capital Market Authority.
5. Anyone wishing to nominate themselves for Board membership must disclose to the Board and the General Assembly any conflicts of interest, according to the procedures established by the authority, such as having a direct or indirect interest in the business and contracts conducted for the company or participating in work that competes with the company or in one of the activities it practices.
6. The candidate must provide a statement of the number of boards of directors of joint-stock companies they have held or currently hold membership in, and their durations, according to the requirements of the competent authorities, in addition to the companies or institutions they participate in managing or owning that conduct similar business to the company.
7. A candidate who has previously held Board membership must attach to the nomination notification a statement from the company about the last term they served on the Board, including the following information:
 - The number of Board meetings held each year of the term.
 - The number of meetings attended by the member in person and their attendance percentage relative to the total meetings.
 - The permanent committees the member participated in, the number of meetings each committee held each year of the term, the number of meetings attended by the member, and their attendance percentage relative to the total meetings.
8. The nature of the membership must be clarified, whether the member is an executive, non-executive, or independent member.

9. The Remuneration and Nominations Committee reviews and examines the nomination applications and informs the Board of Directors about them.
10. The Remuneration and Nominations Committee, in coordination with the company's executive management, provides the Capital Market Authority with the resumes of the candidates for Board membership according to the "Candidate Resume Form for Board Membership of a Listed Joint-Stock Company on the Saudi Financial Market (Tadawul)," in addition to any copies of nomination notifications and their attachments.
11. The Remuneration and Nominations Committee must implement any observations received from the competent authorities regarding any candidate.
12. Voting in the General Assembly is limited to those who have nominated themselves for Board membership according to the aforementioned policies, standards, and procedures.
13. The company announces the results of the selection of those elected by the General Assembly according to the regulations issued by the Capital Market Authority.

◇ **Fourth: Final Provisions:**

This policy shall be effective and adhered to by the company from the date of its approval by the General Assembly of Shareholders. It will be published on the company's website to enable shareholders, the public, and stakeholders to review it. The content of this policy is reviewed periodically, as needed, by the Remuneration and Nominations Committee. Any proposed amendments by the committee are presented to the Board of Directors, which studies and reviews the proposed amendments and recommends them to the General Assembly of Shareholders for approval.