



Board Membership Standards and Procedures

Dar Al Majid Real Estate Company (Al Majdiyah)



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First Article: Preamble

1.1 The Board Membership Standards and Procedures Regulations for Dar Al Majid Real Estate Company (hereinafter referred to as "the Company"), a Saudi closed joint-stock company, have been prepared in accordance with best practices in governance and within the framework of the Corporate Governance Regulations of the Kingdom of Saudi Arabia issued by the Capital Market Authority, and in compliance with the Companies Law and the Company's Articles of Association.

2.1 The Board Membership Standards and Procedures Regulations (hereinafter referred to as the "Regulations") aim to clarify the general framework for the nomination and selection of Board members of Dar Al Majid Real Estate Company. Selection is based on competence and the ability to represent the Board (hereinafter referred to as the "Board") and its subcommittees in a manner that ensures the availability of the necessary experience, capabilities, and scientific and practical knowledge to contribute to enhancing the company's operational efficiency. The Regulations also define the procedures and conditions required for members to effectively fulfill their role in achieving the objectives of the Board and its committees.

3.1 These Regulations shall be reviewed periodically by the Board of Directors and the Audit Committee, and whenever necessary, to ensure their alignment with their stated objectives and compliance with the regulations and bylaws issued by the competent authorities. 4.1 The authority to amend these bylaws rests with the General Assembly, based on a recommendation submitted by the Board and the Audit Committee, unless otherwise stipulated by the regulations, by laws, and instructions issued by the competent authorities.

Second Article: Policies and Criteria for Membership on the Company's Board of Directors

1.2 The Company's Articles of Association shall specify the number of members of the Board of Directors, which shall not be less than three.

2.2 A member of the Board of Directors must possess the necessary professional competence, experience, knowledge, skills, and independence to perform their duties effectively and efficiently. When electing members of the Board of Directors, the General Assembly shall consider the recommendations of the Company's Remuneration and Nominations Committee and the availability of the personal and professional qualities necessary for them to

perform their duties effectively. In particular, the following should be considered, to the extent possible:

- A. Leadership Ability: This means possessing leadership skills that qualify them to delegate authority in a way that motivates performance, implements best practices in effective management, and adheres to professional values and ethics.
- B. Competence: This means possessing the appropriate academic qualifications, professional and personal skills, and relevant training and practical experience related to the company's current and future activities, management, economics, or accounting, as well as a willingness to learn and train.
- C. Leadership Ability: This means possessing technical, leadership, and administrative capabilities, the ability to make quick decisions, and a grasp of the technical requirements related to workflow. It also means being capable of strategic guidance, planning, and a clear future vision.
- D. Financial Literacy: This means being able to read and understand financial statements and reports.

E. Physical Fitness: This means having no health condition that would prevent the candidate from performing their duties and responsibilities.

3.2. Familiarity with and a basic understanding of the company's core operational and financial objectives, plans, and policies, as well as the results of its operations, its financial position, its major branches and business sectors, and its relative position and business sectors compared to its competitors.

4.2. The candidate must not be a senior executive, board member, or partner in a company that has been declared bankrupt or liquidated by court order.

5.2. The candidate must not be a government employee.

6.2. The candidate must not have been convicted of a crime.

7.2. The candidate must not be insolvent or bankrupt.

8.2. The candidate must not have been convicted of a crime involving moral turpitude or dishonesty, or convicted of misconduct in financial markets or business, or declared bankrupt, or entered into an arrangement or settlement with their creditors or be ineligible for board membership according to any applicable regulations or instructions in the Kingdom of Saudi Arabia.

9.2. The candidate must not be a member of more than five (5) publicly listed companies on the Saudi Stock Exchange.

10.2. There must be no actual or potential conflict of interest, and sufficient disclosure in this regard, if any exists.

11.2. The number of independent members must not be less than one-third of the board members.

12.2. A board member should represent all shareholders and be committed to what serves the best interests of the company as a whole, not what serves the interests of the group he represents or that voted for his appointment to the board.

13.2. In the case of nomination as an independent member, the nominated member must not have any circumstances that conflict with independence as required by the Capital Market Authority. The independent member must enjoy complete independence in their position and decisions, and must not be subject to any impediments to independence, so that they are able to perform their duties, express their opinions, and vote on resolutions objectively and impartially. This will enable the Board of Directors to make sound decisions that contribute to achieving the company's interests.

14.2. The candidate for Board membership must adhere to the principles of honesty, integrity, loyalty, and due diligence, prioritizing the interests of the company and its shareholders over their own personal interests.

A. Honesty: This means that the Board member's relationship with the company is a genuinely professional one, and that they disclose any relevant information to the company before executing any transaction or contract with the company or any of its subsidiaries.

B. Loyalty: This means that the Board member avoids transactions that involve a conflict of interest, ensures the fairness of the transaction, and observes the provisions regarding conflicts of interest in these regulations. Care and attention: This is achieved by performing the duties and responsibilities stipulated in the Companies Law, the Capital Market Law and their implementing regulations, the company's articles of association, and other relevant regulations.

Third Article: Procedures for Nominating Members of the Board of Directors

1.3. The company shall announce, at least sixty (60) days prior to the expiration of the current Board term, the opening of nominations for membership of the new Board. This announcement shall be published on the stock exchange website, in a daily newspaper distributed in the region where the company's headquarters are located, and on the company's website.

2.3. The company's management shall deposit the nomination notice and its attachments at its headquarters for the shareholders' convenience at least fifteen (15) days before the date set for electing Board members. A copy shall also be sent to the Capital Market

Authority on the same date, along with a list of the nominees.

3.3. The announcement opening nominations shall specify all information, documents, forms, and conditions required from those wishing to nominate themselves for Board membership, as well as the procedures and conditions for submitting nomination applications and the timeline.

4.3. Each shareholder has the right to nominate themselves or one or more other persons for Board membership, within the limits of their shareholding percentage. 5.3. Any current member may nominate themselves for subsequent terms of their membership.

6.3. A person nominating themselves must indicate whether they are nominating themselves in their personal capacity.

7.3. Anyone wishing to nominate themselves for membership on the company's board of directors must disclose their intention to run by submitting a notification to the company's management within the timeframe and deadlines stipulated in this policy and applicable regulations. This notification must be accompanied by their curriculum vitae, qualifications, and professional experience, along with all supporting documents such as (national identity card, family card, passport for non-Saudi candidates), and any other relevant documents required by the company to fulfill regulatory requirements.

8.3. The curriculum vitae of candidates for membership will be reviewed and evaluated by the Remuneration and Nominations Committee in accordance with the nomination and membership

policies and rules.

9.3. A candidate who has previously served on the board of directors of a joint-stock company must attach a statement detailing the number and dates of the boards of directors they have served on. If they have previously served on a board, they must attach to their nomination notification a statement from the company's management regarding their last term of service, including the following:

a. The number of board meetings held each year of the term, the number of meetings the member attended in person, and their attendance percentage. Meetings.

B. A statement of the standing committees in which the member participated, the number of meetings held by each committee during each year of the term, the number of meetings attended by the member, and their attendance rate.

C. A summary of the company's financial results for each year of the term.

10.3. The company shall notify the Capital Market Authority of the names of the Board members and their membership titles within five (5) working days from the start date of the Board's term or from the date of their appointment, whichever is earlier, and of any changes to their membership within five (5) working days from the date of the changes.

11.3. The General Assembly shall elect the Board members for the term stipulated in the company's Articles of Association, provided

that it does not exceed four (4) years. They may be re-elected unless the company's Articles of Association stipulate otherwise. Voting for the selection of Board members shall be conducted using cumulative voting.

12.3. Voting at the General Assembly shall be limited to candidates for Board membership in accordance with the aforementioned policies, standards, and procedures.

13.3. When electing Board members, the General Assembly shall consider the recommendations of the Remuneration and Nominations Committee and the availability of the necessary personal and professional qualifications for the role. They perform their duties effectively as outlined in this article.

14.3. The Remuneration and Nominations Committee, in coordination with the Legal Department, shall finalize the regulatory requirements and provide the relevant regulatory authorities with all required documents.

15.3. The achievements of a member during their career shall be considered when voting on the selection of a Board member.

16.3. The Remuneration and Nominations Committee shall coordinate with the Board members and the company's Legal Department to open nominations for Board membership before the end of the current Board term.

17.3. The Remuneration and Nominations Committee shall submit its recommendations to the Board of Directors regarding nominations for membership on the Board and its subcommittees, in accordance

with the criteria outlined in this policy.

18.3. Completion of the disclosure forms issued by the Ministry of Commerce regarding conflicts of interest and competing businesses, which can be obtained from the Ministry's website.

19.3. Candidates for membership on the Board and its subcommittees must disclose to the Board and the General Assembly any conflicts of interest, in accordance with the procedures established by the Authority. These include:

a. Having a direct or indirect interest in the business and contracts entered into on behalf of the company for which they wish to run for board membership.

B. Engaging in business that competes with the company, or competes with it in any of its business activities.

20.3. Applicants for board membership must complete the form or forms specified by the Capital Market Authority.

21.3. The nature and capacity of the membership must be clearly stated, i.e., whether the member is an executive, non-executive, or independent member, and whether the member is running in their personal capacity or as a representative of a legal entity:

A. Executive Member: A board member who is fully dedicated to the company's executive management and participates in its day-to-day operations.

B. Non-Executive Member: A board member who is not fully dedicated to managing the company and does not participate in its day-to-day operations.



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

Regards,,

