

- Item 14:

## Policies, Standards and Procedures for the Membership in the Board of Directors

### Introduction

These policies aim to set clear and specific standards and procedures for the membership in the Board of Directors of Dar Al-Arkan Real Estate Development Company, in application of the provisions of paragraph (3) of Article Twenty Two of the Corporate Governance Regulations issued by the Board of the Capital Market Authority under Resolution No. (8-16-2017), dated 16/5/1438H, 13/2/2017.

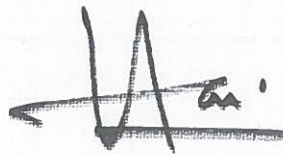
### 1. Formation of the Board of Directors

The formation of the Board of Directors shall take into account the following:

- 1) The Board of Directors consists of a sufficient number of members in accordance with the articles of association of the company.
- 2) The majority of it shall be non-executive members.
- 3) The number of its independent members must not be less than two members or a third of the members of the Board, whichever is more.

### 2. Appointment of members of the Board of Directors

- a) The General Assembly shall elect the members of the board of directors for the period stipulated in the Company's Articles of Association, provided that it does not exceed three years. They may be re-elected unless the Company's Articles of Association stipulate otherwise.
- b) It is stipulated that a member of the Board of Directors does not hold the membership of the Board of Directors of more than five joint stock companies listed on the market at the same time.
- c) The company shall notify the Capital Market Authority of the names of the members of the Board of Directors and their membership status within five working days from the date of the beginning of the session of the Board of Directors, or from the date of their appointment - whichever comes first - and any changes in their membership within five working days from the date of the changes.




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### 3. Terms of membership of the Board of Directors

The member of the board of directors must be of professional competence who met the highest standards of the experience, knowledge, skill and the necessary independence, in order to enable him to exercise his duties efficiently and competently, and the following must be met in particular:

- 1) Leadership capacity: By having leadership skills to grant powers in a manner, that stimulates performance and the application of best practices in the field of effective management and adherence to professional values and ethics.
- 2) Efficiency: By having scientific qualifications, appropriate professional and personal skills, the level of training, and scientific experiences related to the current and future activities of the company, administration, economics, accounting, law or governance, as well as the desire to learn and train.
- 3) Guidance capacity: By having the technical, leadership and administrative capabilities and speed in decision-making, and to absorb the technical requirements related to the workflow, and to be able to provide strategic direction, planning and a clear future vision.
- 4) Financial literacy: By being able to read and understand financial statements and reports.
- 5) Physical fitness: By not having a health condition that impedes him from exercising his duties and powers. The general assembly shall take into consideration when electing the members of the Board of Directors the recommendations of the Remuneration and Nomination Committee, and the availability of personal and professional components necessary to perform their duties effectively in accordance with what is stated in this article.

### 4. Standards and procedures for membership in the Board of Directors

1. The Remuneration and Committee coordinates with the executive management of the company to announce the opening of the nominations period for the membership of the company's Board of Directors in accordance with the corporate law and corporate governance regulations.
2. The Remuneration and Nominations Committee submits its recommendation to the Board of Directors regarding the nomination for membership of the Board in accordance with the policies and standards mentioned above.
3. Anyone who wishes to run for membership in the company's Board of Directors must announce his wish by notice to the company's management according to the periods and dates stipulated in the applicable laws, regulations, circulars and decisions. In addition, he must attach to his application an applicant profile that includes his CV, qualifications and work experience.



4. The nominee, who previously served as a member of the Board of Directors of a joint stock company, must indicate the number and history of the Board of Directors of the companies that he is one of their members.
5. The nominee, who previously held the membership of the company's Board of Directors, must attach to the nomination notice a statement from the company's management on the last session in which he assumed the Board's membership including the following information:
  - a) The number of Board meetings that took place during each year of the session.
  - b) The number of meetings attended by the member on its own behalf, and the percentage of his attendance to the total meetings.
  - c) The standing committees in which the member participated, the number of meetings held by each of these committees during each year of the session, the number of meetings he attended, and the percentage of his attendance to the total meetings.
  - d) The status of membership must be clarified, i.e. if the member is an executive, a non-executive, or an independent member.
  - e) The nature of membership must be clarified, i.e. if the member is nominated in his personal capacity or on behalf of a legal person.
6. The Remuneration and Nominations Committee, in coordination with the executive management of the company, shall provide the Capital Market Authority with the CVs of the nominees for the membership of the company's board of directors, following the nominee CV form for the membership of the Board of Directors of a joint stock company listed in the Saudi capital market.
7. The Remuneration and Nominations Committee must respond to any comments received from the competent authorities about any nominee.
8. Voting in the General Assembly is restricted to those who nominated themselves according to the aforementioned policies, standards and procedures.

## 5. Vacant position in the Board

If the position of one of the members of the Board of Directors becomes vacant, the Board may appoint a temporary member to the vacant position at their discretion, provided that he meets the highest standards of experience and competence. The Ministry of Commerce and Investment and the Capital Market Authority shall be notified within five working days from the date of appointment, and the appointment shall be presented at the Ordinary Assembly on its first meeting, and the new member shall complete the term of his predecessor. If the conditions for convening the Board of Directors are not fulfilled due to the lack of the number of its members below the minimum stipulated in the corporate system or the articles of association of the company, the rest of the members must invite the Ordinary General Assembly to convene within sixty days to elect the necessary number of members.



## 6. The nominee discloses a conflict of interest

Anyone who wishes to run for membership in the Board of Directors must disclose to the Board and the General Assembly any conflicts of interest - according to the procedures established by the Capital Market Authority - and include:

- a) In case of a direct or indirect interest in the business and contracts made for the company.
- b) Participating in a work that would compete with the company, or compete with it in one of the branches of its activity.

