

A comparison table for amending the policy, standards and procedures of membership in the Board of Directors

Before amendment	After amendment
<p>Nominations Policy</p> <p>Naqi Water Company</p>	<p><b>Naqi Water Company</b></p> <p><b>Board Membership Policy, Standards and Procedures</b></p>
<p>Part 2: Nomination of Directors.....1</p> <p>1. General Rules.....2</p> <p>2. Conditions and Qualifications.....2</p> <p>Nomination procedures .....4</p> <p>Part 1: Preliminary provisions.....6</p> <p>1 Introduction and Purpose .....6</p> <p>2 Definitions and Terminology .....6</p> <p>Termination of Membership and Vacant Seats.....6</p> <p>Part 3: Nomination and appointment of committee members .....6</p> <p>1 Nomination and appointment rules .....6</p> <p>Part 4: Nomination and appointment of senior executives .....7</p> <p>1 Nomination and appointment rules .....7</p> <p>Part 5: Final Provisions .....7</p> <p>1 Effectiveness and Audit .....7</p> <p>2 Disclosure.....7</p>	<p><b>Deleted</b></p>
<p><b>Part 2: Nomination of Directors</b></p>	<p><b>I: Conditions for candidacy for membership of the Board of Directors:</b></p> <p>1. The candidate shall not have been previously convicted of a crime against honor and honesty, administrative violations as a result of fraudulent or deceptive behavior, adjudicated bankruptcy, made</p>

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## 1. General Rules

1.1 The Ordinary General Assembly shall appoint the members of the Board of Directors by cumulative vote for a period not exceeding three (3) years, and the members of the Board of Directors may always be reappointed.

1.2 Any shareholder may nominate himself or others for membership of the Board of Directors in accordance with the applicable laws and regulations, the Articles of Association and this Policy.

## 2. Conditions and Qualifications

2.1 It is required that the member of the Board of Directors is professionally competent and has the necessary experience, knowledge, skill and independence to enable him to exercise his duties efficiently and competently, and the following shall be taken into account in particular:

**A. Leadership ability:** The board member shall have leadership skills that qualify him to grant powers to motivate performance and apply best practices in the field of effective management and adherence to professional values and ethics.

**B. Efficiency:** The board member shall have the appropriate academic qualifications, professional and personal skills, level of training and practical experience relevant to the company's current and future activities, management, economics, accounting, law or governance, as well as the desire to learn and train.

**C. Ability to direct:** The member of the Board of Directors shall have the technical, leadership and administrative capabilities, be quick in decision-making and understand the technical requirements related to the workflow, and be able to provide strategic guidance, planning and a clear future vision.

arrangements or reconciliation with his creditors, been adjudicated bankrupt, made arrangements or reconciliation with his creditors, been adjudicated in violation of the regulations and legislation of the Capital Market Authority and the Arab Monetary Authority, or is not valid for membership of the Board in accordance with any law or instructions in force in the Kingdom and to submit a declaration to that effect.

2. The candidate shall not have been previously dismissed or dismissed from the board of directors of a listed joint stock company or any board of directors of any company due to negligence, mismanagement, or irregularity in attending the meetings of the board or its committees and to submit a declaration to that effect.

3. The candidate shall not be a member of the boards of directors of more than five (5) listed joint stock companies simultaneously.

4. Taking into account diversity in academic qualifications and practical experience, and giving priority in nomination to the needs required of those with the appropriate skills for membership in the Board of Directors.

**5. Leadership ability:** To have leadership skills that qualify him to grant powers to motivate performance and apply best practices in the field of effective management, adherence to professional values and ethics, and the ability to communicate effectively, think and plan strategically

**6. Qualifications, Skills, and Experience:** This means that candidate shall have the minimum academic qualifications of obtaining a university degree, appropriate professional and personal skills, level of training, practical experiences related to the company's current and future activities, and knowledge of management, economics, accounting, law, governance, or any related field in the field. Company activities, as well as the desire for education and training.

**7. Financial knowledge:** To be able to read and understand financial statements and reports.

**8. Healthy Fitness:** Candidate not to have a health impediment that prevents him from exercising his duties and competencies.

**9. The candidate shall abide by the principles of honesty, honesty, loyalty, care, and concern for the interests of the company and the**

A comparison table for amending the policy, standards and procedures of membership in the Board of Directors

<p><b>D. Financial knowledge:</b> A director shall be able to read and understand financial statements and reports.</p> <p><b>E. Healthy Fitness:</b> The member of the Board of Directors shall have the health and psychological fitness and shall not have a health impediment that hinders him from exercising his duties and competences.</p> <p>2.2 The candidate for membership of the Board of Directors shall meet the following conditions at the time of his candidacy:</p> <p>A. Candidate shall not have been previously convicted of a crime against honor or honesty.</p> <p>B. Not to be a member of the Board of Directors of more than five listed joint stock companies at the same time.</p> <p>C. Not to have an interest in or engage in any business that would compete with the business or activities of the Company (except as permitted by applicable laws and regulations, the Articles of Association, the Conflict-of-Interest Policy and the Business Ethics).</p> <p>2.3 In addition to the conditions and qualifications set out in paragraphs <a href="#">(2.1)</a> and <a href="#">(2.2)</a> of Part 2 above, the Board of Directors may, on the recommendation of the Nomination and Remuneration Committee, determine supplementary conditions, qualifications and criteria for membership of the Board of Directors.</p>	<p><b>shareholders and present them to his personal interest and take into account the following:</b></p> <ul style="list-style-type: none"><li>• The relationship of the director with the company shall be an honest professional relationship, and the disclosure to the company of any influential information before the execution of any deal or contract with the company or one of its subsidiaries.</li><li>• Loyalty to be achieved in avoiding transactions involving a conflict of interest while verifying the fairness of the transaction and taking into account the provisions on conflict of interest contained in the relevant regulations.</li><li>• Care and attention to the performance of the duties and responsibilities contained in the relevant regulations.</li></ul> <p>10. The candidate shall be a natural person</p> <p>11. The independent member shall enjoy full independence in its status and decisions, and none of the symptoms of independence stipulated in the relevant regulations shall apply thereto.</p> <p>12. The candidate shall disclose to the Board and the Association any cases of conflict of interest, in accordance with the procedures prescribed by the supervisory authorities, including:</p> <ul style="list-style-type: none"><li>• A direct or indirect interest in the business and contracts made on behalf of the company.</li><li>• Participate in a business that would compete with the company, or compete with the same in one of the branches of activity that it practices.</li></ul> <p>13. The member of the Board of Directors shall represent all shareholders and shall abide by what is in the interest of the Company in general.</p> <p>14. A member of the Board of Directors shall resign before the end of his term in the Board, or in the event that he loses member eligibility to serve as a member of the Board of Directors, or member inability to carry out member business, or member failure to allocate the time or effort necessary to perform his duties in the Board. In the event of a conflict of interest, the member shall have the option to obtain a license from the General Assembly to be renewed every year or to submit his resignation.</p>
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A comparison table for amending the policy, standards and procedures of membership in the Board of Directors

	<p>15. The candidate shall complete, fill in and sign the forms specified by the Authority and the regulatory authorities, and the forms prepared by the company to meet the company's requirements and statutory requirements on time.</p>
<p><b>Nomination procedures</b></p> <p>3.1 The Board of Directors shall, prior to the expiry of its term of office, issue a resolution allowing the commencement of nomination procedures and specifying any supplementary conditions, qualifications or criteria relating to membership of the Board under paragraph (2.3) of Part 2. Such resolution shall be passed at least 90 days prior to the expiration of the term of office of the current Board of Directors.</p> <p>3.2 Upon the issuance of the Board of Directors' decision under paragraph (3-1) of Part 2 above, the Company shall announce the commencement of the nomination procedures on the Company's website and the Market's website and through any other means specified by the Capital Market Authority (the “<b>Authority</b>”), in order to invite persons wishing to run for membership of the Board of Directors (the “<b>Nomination Announcement</b>”), provided that the nomination shall remain open for at least one month from the date of the announcement.</p> <p>3-3 Candidates shall submit a written application to the Nomination and Remuneration Committee expressing their desire to be nominated for membership of the Board of Directors. The application shall also be accompanied by the relevant documents stipulated in the announcement of candidacy.</p> <p>3.4 The Nomination and Remuneration Committee shall review the application submitted by each candidate in addition to the attached documents and examine them in accordance with the applicable policies and standards.</p>	<p><b><u>II: Procedures for membership in the Board of Directors of the Company</u></b></p> <ol style="list-style-type: none"> <li>1. The Nomination and Remuneration Committee shall coordinate with the executive management of the Company to announce the opening of the nomination for membership of the Board of Directors of the Company before the expiry of the term of the Board in accordance with the specified period stipulated in the laws and regulations of the legislative and regulatory authorities.</li> <li>2. The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors regarding the nomination for membership of the Board in accordance with the aforementioned policies and criteria.</li> <li>3. Whoever wishes to nominate himself for membership of the Board of Directors of the Company shall declare his desire by a notice to the management of the Company in accordance with the periods and dates stipulated in the applicable laws, regulations, circulars and decisions. Such notice shall include an introduction to the candidate in terms of his curriculum vitae, qualifications, and practical experience.</li> <li>4. The candidate who has previously served on the board of directors of a joint stock company shall indicate the number and date of the boards of directors of the companies of which he is a member</li> <li>5. The candidate who has previously been a member of the Board of Directors of the Company shall attach to the notification of nomination a statement from the Company's management about the last session in which he was a member of the Board, including the following information: <ul style="list-style-type: none"> <li>• The number of board meetings that took place during a session year.</li> <li>• Number of meetings attended by the member in person, and The percentage of his attendance to the total meetings.</li> </ul> </li> </ol>

A comparison table for amending the policy, standards and procedures of membership in the Board of Directors

<p>3.5 The Nomination and Remuneration Committee shall provide the Board of Directors with recommendations containing the names of candidates for membership of the Board (or re-nominated) in accordance with the applicable laws, regulations, rules and policies (including this policy).</p> <p>3.6 The Board of Directors shall review the recommendations submitted by the Nomination and Remuneration Committee regarding candidates for membership of the Board of Directors and shall issue a decision thereon.</p> <p>3.7 The number of candidates for the Board of Directors whose names are put before the General Assembly shall exceed the number of seats available.</p> <p>3.8 The Company shall announce on its website and the Market's website the information of candidates for membership of the Board of Directors when publishing or calling for the convening of the General Assembly during which the members of the Board of Directors will be elected from among the candidates for membership of the Board. The Company shall provide a copy of this information at its head office.</p> <p>3.9 The General Assembly shall, when electing the members of the Board of Directors, take into account the recommendations of the Nomination and Remuneration Committee and provide the personal and professional elements necessary for the effective performance of their duties.</p>	<ul style="list-style-type: none"><li>• The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings member attended, and the percentage of his attendance to the total number of meetings.</li></ul> <ol style="list-style-type: none"><li>6. Membership status should be clarified, i.e. whether the member is an executive, non-executive, or independent member.</li><li>7. The nature of the membership shall be clarified, i.e. whether the member is a candidate in his personal capacity or a representative of a legal person.</li><li>8. The Nomination and Remuneration Committee, in coordination with the executive management of the company, shall provide the Capital Market Authority with the CVs of the candidates for membership of the Board of Directors of the company in accordance with the CV form of the candidate for membership of the Board of Directors of a joint stock company listed on the Saudi Stock Exchange (Tadawul).</li><li>9. The Nomination and Remuneration Committee shall implement any observations received from the competent authorities about any candidate.</li></ol> <p>Voting in the General Assembly shall be limited to those who have nominated themselves in accordance with the policies and criteria.</p>
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<p><b>Part 1: Preliminary provisions</b></p> <p><b>1 Introduction and Purpose</b></p> <p><b>1.1 The purpose of this Nominations Policy (the “Policy”) is to regulate the nomination process:</b></p> <p>A. Members of the Board of Directors of Naqi Water Company (the “Company”).</p> <p>B. Number of Committee Members</p> <p>C. Senior Executives.</p> <p><b>1.2 This policy to aim to apply and supplement the relevant provisions stipulated in the company's articles of association. In the event of a conflict between this policy and the statute, the statute shall prevail.</b></p> <p><b>1.3 The provisions of this policy are mandatory, and the Board of Directors shall verify the implementation of the necessary procedures to ensure the Company's compliance with the provisions of this policy.</b></p> <p><b>2 Definitions and Terminology</b></p> <p>2.1 Terms and expressions used in this Policy shall have the meanings assigned to them in the Company's Internal Governance Regulations unless the context requires otherwise.</p>	<p style="text-align: center;"><b>Deleted</b></p>
<p><b>Termination of Membership and Vacant Seats</b></p> <p>4.1 The process of terminating membership in the Board of Directors and appointing replacements in the event of vacant seats shall be subject to the applicable laws and regulations, the Basic Law, the internal governance regulations of the Company and the applicable policies.</p> <p><b>Part 3: Nomination and appointment of committee members</b></p> <p><b>1 Nomination and appointment rules</b></p> <p>1.1 The members of the committees shall be nominated and appointed in accordance with the work regulations of the concerned committee.</p>	<p style="text-align: center;"><b>Deleted</b></p>

**Part 4: Nomination and appointment of senior executives**

**1 Nomination and appointment rules**

1.1 The Board of Directors shall appoint the senior executives of the Company, organize the manner of their work, monitor and supervise the same, and verify that they perform the tasks assigned thereto efficiently. The Nomination and Remuneration Committee recommends to the Board of Directors potential candidates for the positions of senior executives of the Company, including the position of Chief Executive Officer.

1.2 The nomination, screening and annual evaluation criteria relating to the positions of senior executives shall be approved by a decision of the Board of Directors upon the recommendation of the Nomination and Remuneration Committee, shall enter into force and shall be amended (as appropriate) in accordance with its provisions.

**Part 5: Final Provisions**

**1 Effectiveness and Audit**

1.1 This policy shall be approved by a decision of the General Assembly, upon the recommendation of the Board of Directors (where such recommendation is based on the recommendation of the Remuneration and Nomination Committee), and shall be effective from the date of its adoption by the General Assembly.

1-2 The Nomination and Remuneration Committee supervises the implementation of this policy, reviews its provisions periodically, and submits its recommendations on any amendments related to it to the Board of Directors.

1.3 Any amendments to this Policy shall be adopted in the same manner as this Policy.

**2 Disclosure**

2.1 The Board of Directors shall comply in relation to this Policy with the relevant disclosure requirements and obligations under the Disclosure Policy and the applicable laws and regulations.