

Internal Governance Regulations

Article Title	Paragraph Before Amendment	Paragraph After Amendment
Chapter Two: Shareholders' Rights	1. General Rights of Shareholders R) Request access to a copy of the company's Bylaws and Articles of Association unless the company publishes them on its website.	R) Request access to a copy of the company's Bylaws unless the company publishes them on its website.
General Rights of Shareholders	1-6 None of the shareholders may interfere in the work of the Board of Directors or the work of the executive management of the company unless he is a member of either of them or his interference is through the Ordinary General Assembly and in accordance with its competencies or within the limits permitted by the Board of Directors.	6-1 None of the shareholders may interfere in the work of the Board of Directors or the work of the executive management of the company unless he is a member of either of them or his interference is through the General Assembly and in accordance with its competencies.
Rights of the General Assembly	C) A number of shareholders whose ownership represents at least (5%) of the company's capital.	C) A number of shareholders whose ownership represents at least (10%) of the company's shares that have voting rights.
	2-3 The Board of Directors shall invite the Ordinary General Assembly to convene if requested by any of: A) The auditor (as defined in). B) The Audit Committee. C) A number of shareholders whose ownership represents at least (5%) of the company's capital. D) The competent regulatory authorities in accordance with the applicable laws, regulations and instructions.	2-3 The Board of Directors shall invite the Ordinary General Assembly to convene if requested by any of: A) The auditor (as defined in). B) The Audit Committee. C) A number of shareholders whose ownership represents at least (10%) of the company's shares that have voting rights. D) The competent regulatory authorities in accordance with the applicable laws, regulations and instructions. The Board of Directors shall invite the Ordinary General Assembly to convene within (thirty) days from the date of the request.
	2-4 The date, place and agenda of the General Assembly meeting must be announced at least twenty-one (21) days prior to the date of the meeting. The invitation shall be published in a daily newspaper distributed in the region where the company's head office is located and on the company's website and the website of the Saudi Stock Exchange (Tadawul) ("the Market"). A copy of the invitation must be provided to the competent regulatory authorities during the announcement period in accordance with the applicable laws, regulations and instructions. In addition, the company may address the invitation to convene the General and Special Assemblies to its shareholders by other means, including modern technology means. 2-5 When publishing the invitation to convene the General Assembly, shareholders must have access through the company's website and the Market's website to the information related to the agenda items of the General Assembly, especially the Board of Directors' report, the auditor's report, the financial statements and the	2-4 The date, place and agenda of the General Assembly meeting must be announced at least twenty-one (21) days prior to the date of the meeting. The invitation shall be published in a daily newspaper distributed in the region where the company's head office is located and on the company's website and the website of the Saudi Stock Exchange (Tadawul) ("the Market"). The invitation must include the date, time, place of the meeting and cover the agenda and related information and supporting documents. A copy of the invitation must be provided to the competent regulatory authorities during the announcement period in accordance with the applicable laws, regulations and instructions. In addition, the company may address the invitation to convene the General and Special Assemblies to its shareholders by other means, including modern technology means. 2-5 When publishing the invitation to convene the General Assembly, shareholders must have access through the company's website and the CMA's website to the information related to the



	<p>Audit Committee's report, to enable them to make an informed decision in this regard. The company must update this information in the event of amending the agenda of the General Assembly.</p> <p>2-6 When preparing the agenda of the General Assembly, the Board of Directors shall take into consideration the matters that the shareholders wish to list. The competent regulatory authorities and the shareholders who own (5%) or more of the company's shares may add one or more items to the agenda of the General Assembly when preparing it.</p> <p>2-10 A shareholder may delegate another shareholder (other than members of the Board of Directors or company employees) to attend the General and Special Assemblies meetings on his behalf.</p> <p>2-15 The General Assembly meetings of shareholders shall be chaired by the Chairman of the Board or his deputy in his absence or whomever the Board of Directors delegates from among its members for that purpose in the absence of the Chairman and his deputy. The Chairman of the shareholders' assembly shall be committed to allowing the shareholders to effectively participate and vote in the General Assembly meetings, and avoid placing any procedure that may hinder the attendance of assemblies or the use of the voting right. Shareholders must be informed of the rules governing such meetings and the voting procedures.</p>	<p>agenda items of the General Assembly, especially the Board of Directors' report, the auditor's report, the financial statements and the Audit Committee's report, to enable them to make an informed decision in this regard. The company must update this information in the event of amending the agenda of the General Assembly.</p> <p>2-6 When preparing the agenda of the General Assembly, the Board of Directors shall take into consideration the matters that the shareholders wish to list. The competent regulatory authorities and the shareholders who own (10%) or more of the company's shares that have voting rights may add one or more items to the agenda of the General Assembly when preparing it.</p> <p>2-10 A shareholder may delegate another shareholder (other than members of the Board of Directors) to attend the General and Special Assemblies meetings on his behalf.</p> <p>2-15 The General Assembly meetings of shareholders shall be chaired by the Chairman of the Board or his deputy in his absence or whomever the Board of Directors delegates from among its members for that purpose in the absence of the Chairman and his deputy. In case this is not possible, the General Assembly shall be chaired by whomever the shareholders delegate from among the Board members or others through voting. The Chairman of the shareholders' assembly shall be committed to allowing the shareholders to effectively participate and vote in the General Assembly meetings, and avoid placing any procedure that may hinder the attendance of assemblies or the use of the voting right. Shareholders must be informed of the rules governing such meetings and the voting procedures.</p>
<p>Board of Directors 1. Formation of the Board and Membership</p>	<p>1-1 The Board of Directors shall consist of six members, provided that the majority of its members are non-executive members and that the number of its independent members is not less than three members.</p>	<p>1-1 The Board of Directors shall consist of six members, provided that the majority of its members are non-executive members and that the number of its independent members is not less than three members or one-third of the members of the Board of Directors, whichever is greater.</p>
<p>Meetings and Work Procedures of the Board</p>	<p>2-1 The meetings and work procedures of the Board of Directors - including the rules related to the quorum of meetings and the issuance of resolutions - shall be subject to the provisions of the company's Articles of Association.</p> <p>2-2 The Board of Directors shall hold regular meetings to effectively perform its duties, and shall also hold meetings whenever the need arises, provided that the Board of Directors holds at least four meetings per year.</p>	<p>2-1 The meetings and work procedures of the Board of Directors - including the rules related to the quorum of meetings and the issuance of resolutions - shall be subject to the provisions of the applicable laws and the company's Articles of Association.</p> <p>2-2 The Board of Directors shall hold regular meetings to effectively perform its duties, and shall also hold meetings whenever the need arises, provided that the Board of Directors holds at least four meetings per year and not less than one meeting every three</p>



- 2-3 The Board of Directors shall meet upon an invitation from its Chairman or at the request of two of its members. The invitation to the meeting must be sent to each member of the Board at least five days prior to the date of the meeting, unless circumstances require holding the meeting on an urgent basis, in which case the invitation to the meeting may be sent less than five days before the date of the meeting. The invitation must include the date, time and place of the meeting, in addition to the agenda of the meeting and the necessary documents and information. The Board shall meet at the times and places it deems appropriate to carry out its responsibilities.
- 2-7 Only the members of the Board of Directors and the Secretary shall have the right to attend the meetings of the Board of Directors. However, others may attend such meetings if the Board requests so by invitation.
- 2-10 The deliberations and resolutions of the Board of Directors shall be recorded in minutes signed by the Chairman of the meeting, the attending members of the Board of Directors and the Secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.

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- 2-3 The Board of Directors shall meet upon an invitation from its Chairman **or whenever requested in writing by any member of the Board to discuss one or more topics**. The invitation to the meeting must be sent to each member of the Board at least five days prior to the date of the meeting, unless circumstances require holding the meeting on an urgent basis, in which case the invitation to the meeting may be sent less than five days before the date of the meeting. The invitation must include the date, time and place of the meeting, in addition to the agenda of the meeting and the necessary documents and information. The Board shall meet at the times and places it deems appropriate to carry out its responsibilities.
- 2-7 Only the members of the Board of Directors **and the Secretary** of the Board of Directors ("**the Secretary**") shall have the right to attend the meetings of the Board of Directors. However, others may attend such meetings if the Board requests so by invitation.
- 2-10 The deliberations and resolutions of the Board of Directors shall be recorded in minutes **prepared by the Secretary and signed** by the Chairman of the meeting, the attending members of the Board of Directors and the Secretary. These minutes shall be recorded in a special register signed by the Chairman of the Board of Directors and the Secretary.



1- Audit Committee:	2-2 The Audit Committee shall be formed by a resolution of the company's Ordinary General Assembly.	2-1 The Audit Committee shall be formed by a resolution of the Board of Directors.
Internal Control and Audit 2. Internal Audit Department	2-4 The Internal Audit Department shall operate in accordance with the following rules: A) Those working in it must have competence, independence and appropriate training, and they shall not be assigned any other work except for internal audit work and the internal control system.	2-3 The Internal Audit Department shall operate in accordance with the following rules: A) Those working in it must have competence, independence and appropriate training, and they shall not be assigned any other work that conflicts with the objectives of internal audit or impairs its independence.
Company's External Auditors: 1- Appointment	1-2 (e) The Ordinary General Assembly may reappoint the same auditor, provided that the total period of his appointment does not exceed five continuous years. Whoever has exhausted this period may be reappointed after the lapse of two years from the date of the expiry of this period.	1-2 (e) The Ordinary General Assembly may reappoint the same auditor, provided that the total period of the auditor's work does not exceed seven continuous or separate financial years. The Capital Market Authority may, at its discretion, amend this period for any company or sector. This period shall be recalculated after the lapse of not less than three continuous financial years from the date of the end of the last financial year in which he worked on auditing the company's accounts. The total period of work of the partner supervising the audit work at the auditor shall not exceed seven continuous or separate financial years. The Capital Market Authority may, at its discretion, amend this period for any company or sector. This period shall be recalculated after the lapse of not less than five continuous financial years from the date of the end of the last financial year in which he worked as a partner supervising the auditing of the company's accounts.

AUDIT COMMITTEE REGULATIONS

Article Title	Paragraph Before Amendment	Paragraph After Amendment
	The Audit Committee (hereinafter referred to as the "Committee") was established in Alkhorayef Water and Power Technologies Company (the "Company") and its formation was approved by the company's General Assembly (the "General Assembly") in accordance with its powers and pursuant to the company's Articles of Association. The Committee shall operate in accordance with these Bylaws (the "Bylaws").	The Audit Committee (hereinafter referred to as the "Committee") was established in Alkhorayef Water and Power Technologies Company (the "Company") and its formation was approved by the company's Board of Directors (the "BoDs") and board members are hereinafter referred to as the (Board Members) in accordance with its powers and pursuant to the company's Articles of Association. The Committee shall operate in accordance with these Bylaws (the "Bylaws").
Purpose	1-1 The purpose of the Committee is to assist the Company's Board of Directors (the "Board of Directors", and each member of the Board of Directors is referred to as a "Board Member") in fulfilling its oversight responsibilities and performing the tasks, responsibilities and powers stipulated in these Bylaws.	1-1 The purpose of the committee is to assist the Board of Directors in fulfilling its oversight responsibilities and performing the tasks, responsibilities and powers stipulated in these regulations.
Formation	2-1 The committee shall be composed of at least three and not more than five members (each of whom is referred to individually as a "member" and collectively as "members").	2-1 The committee is formed by a decision of the Council and consists of at least three and not more than five members (each of whom is referred to individually as a "member" and collectively as "members").
	2-2 The General Assembly appoints all members based on the recommendation of the Board of Directors for a period not exceeding three years. The Board of Directors' recommendation to the General Assembly in this regard is based on the recommendation of the Company's Nominations and Remuneration Committee. The recommendations of the Nominations and Remuneration Committee and the Board of Directors must be consistent with applicable laws, regulations, rules and policies (including this regulation).	2-2 If the BoDs is unable to form the members of the committee at the beginning of the Council's session, the Council may form a temporary review committee provided that its members meet the selection rules for membership in the Audit Committee referred to in these regulations. The temporary committee shall work in accordance with the provisions of these regulations, and its members shall be granted a remuneration that is calculated Based on the General Assembly's decision specifying the annual remuneration for members of the Audit Committee that precedes the formation of the Interim Committee.
	2-8 The General Assembly shall appoint from among the members of the Committee a Chairman ("the Chairman") who shall be an independent member of the Board of Directors. The Chairman shall preside over the Committee meetings and attend - or whoever he deputizes from the Members - all meetings of the General Assembly to answer questions from the Company's shareholders. The term of appointment of the Chairman shall coincide with his membership term in the Committee, and the Committee may dismiss the Chairman at any time.	2-8 The General Assembly shall appoint from among the Committee Members a chairman (the "Chairman") who shall be an independent Board Member. The Chairman shall preside over the Committee meetings and attend - or whoever he deputizes from the Members - all meetings of the General Assembly to answer questions from the Company's shareholders. The term of appointment of the Chairman shall coincide with his membership term in the Committee, and the Committee may dismiss the Chairman at any time.
	2-10 The General Assembly may dismiss all or some of the Members at any time. In the event of terminating the membership of any Member for any reason before the end of his membership term, the Board of Directors may appoint a temporary member to replace him, provided that such appointment is presented to the General Assembly at its first subsequent meeting for ratification, and the new member shall complete the term of his predecessor.	2-10 The General Assembly may dismiss all or some of the Members at any time. In the event of terminating the membership of any Member for any reason before the end of his membership term, the Board of Directors may appoint a temporary member to replace him, and the new member shall complete the term of his predecessor.
		2-11 A member of the Audit Committee may not have a direct or indirect interest in the business and contracts concluded for the Company's account except with the approval of the General Assembly.
		2-12 A member of the Audit Committee may not hold membership in the audit committees of more than five listed joint stock companies simultaneously.



Reporting Responsibilities	<p>(f) 5- Preparing an annual written report on its opinion regarding the adequacy and effectiveness of the internal and financial control systems and risk management - including information technology security and controls - at the Company and its recommendations in this regard. In addition to other work it carried out within the scope of its jurisdiction, sufficient copies of this report shall be deposited at the Company's head office to provide each shareholder who desires a copy thereof. It shall be published on the Company's website and the website of the Saudi Stock Exchange (Tadawul) when publishing the invitation to convene the relevant annual General Assembly meeting, provided that this is at least twenty-one days prior to the date set for the meeting. The report shall be read out during the meeting.</p>	<p>(f) 5- Preparing an annual written report on its opinion regarding the adequacy and effectiveness of the internal and financial control systems and risk management - including information technology security and controls - at the Company and its recommendations in this regard, in addition to the other work it has performed within the scope of its competence. Sufficient copies of this report shall be deposited at the Company's head office to provide each shareholder who desires a copy thereof. It shall be published on the Company's website and the website of the Saudi Stock Exchange (Tadawul) when publishing the invitation to convene the relevant annual General Assembly meeting, provided that this is at least twenty-one days prior to the date set for the meeting. The report shall be read out during the meeting.</p>
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CONFLICT OF INTEREST AND BUSINESS ETHICS POLICY

Article Title	Paragraph Before Amendment	Paragraph After Amendment
<u>Overview</u>	Among the responsibilities and duties of the Board of Directors of Alkhorayef Water and Power Technologies Company (the "Company"), in accordance with the corporate governance requirements, the Board must establish a clear written policy to deal with actual or potential conflict of interest situations "the Policy" that may affect the performance of the Board members, the Executive Management, or other employees of the Company when dealing with the Company or with other stakeholders. This policy is required to include the requirements stipulated in the Corporate Governance Regulations, the Companies Law and its Implementing Regulations. Based on these duties, this policy has been prepared to deal with and address situations of conflict of interest and related party transactions, in accordance with the Companies Law, the regulations of the Capital Market Authority (the "Authority"), the Company's Articles of Association, and all relevant laws and instructions.	Among the responsibilities and duties of the Board of Directors of Alkhorayef Water and Power Technologies Company (the "Company"), in accordance with the corporate governance requirements, the Board must establish a clear written policy to deal with actual or potential conflict of interest situations "the Policy" that may affect the performance of the Board members, members of its committees, members of the Executive Management, or other employees of the Company when dealing with the Company or with other stakeholders. This policy is required to include the requirements stipulated in the Corporate Governance Regulations, the Companies Law and its Implementing Regulations. Based on these duties, this policy has been prepared to deal with and address situations of conflict of interest and related party transactions, in accordance with the Companies Law, the regulations of the Capital Market Authority (the "Authority"), the Company's Articles of Association, and all relevant laws and instructions.
<u>Application of the Policy:</u>	This policy applies to the stakeholders mentioned below: A) Key shareholders in the Company who own (5%) or more of the Company's capital. B) b. Members of the Board of Directors, committees and members of the board of directors of any of its subsidiaries and their relatives. C)—Senior executives in the Company or any of its subsidiaries and their relatives. D) Members of the boards of directors and senior executives of the substantial shareholders in the Company. E) Sole proprietorships owned by a Board member, a senior executive or their relatives F) Companies in which any of the Board members, senior executives or their relatives are partners. G) Companies in which any of the Board members, senior executives or their relatives are members of their board of directors or senior executives. H) Joint stock companies in which any of the Board members, senior executives or their relatives own (5%) or more. I) Any person whose advice and guidance influence the decisions of the Company, its Board members and senior executives. This definition excludes advice and guidance provided professionally by a licensed person. J) Employees of the Company. K) The auditor and advisors of the Company.	This policy applies to the stakeholders mentioned below: أ. Subsidiaries of the Company, except for wholly owned subsidiaries of the Company. ب. Substantial shareholders in the Company who own (5%) or more of the Company's capital. ج. Members of the Board of Directors, committees and senior executives of the Company. د. Members of the boards of directors of the Company's subsidiaries. هـ. Members of the boards of directors and senior executives of the substantial shareholders in the Company. و. Any relatives of the persons referred to in (a), (b), (c) and (e) above. ز. Any company or other establishment controlled by any person referred to in (a), (b), (c), (e) and (f) above. ح. Employees of the Company. ط. The auditor and advisors of the Company.
Conflict of Interest Related to the Board of Directors:	1- Interest in Business and Contracts Concluded for the Company's Account: 1-1 A member of the Company's Board of Directors may not have any interest (direct or indirect) in the business and contracts that are concluded for the Company's account except with a license from the Company's Ordinary General Assembly and in accordance with the controls set by the competent authority. 1-2 A Board member must inform the Board of his personal interest in the business and contracts that are concluded	Interest in Business and Contracts Concluded for the Company's Account: 1-1 A member of the Company's Board of Directors may not have any interest (direct or indirect) in the business and contracts that are concluded for the Company's account except with a license from the Company's Ordinary General Assembly and in accordance with the controls set by the competent authority. 1-2 A Board member must inform the Board of his personal interest in the business and contracts that are

for the Company's account. This notification shall be recorded in the meeting minutes, and the interested member may not participate in voting on the resolution issued in this regard, whether in the Board of Directors or the shareholders' assemblies in the event that the interested member is a shareholder.

1-3 The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the business and contracts in which any of the Board members has a direct or indirect interest. The notification shall be accompanied by a special report from the Company's external auditor.

1-4 The responsibility for damages resulting from the business and contracts referred to above shall fall on the interested member of the business or contract, as well as on the members of the Board of Directors, if such business or contracts are concluded in violation of the provisions of that paragraph or if it is proven that they are unfair, involve a conflict of interest, and cause damage to the shareholders.

1-5 The following shall not be considered as a direct or indirect interest that requires obtaining a license from the Ordinary General Assembly: Business and contracts that are concluded to meet personal needs if they are done under the same conditions and terms followed by the Company with all contractors and dealers and such business and contracts are within the Company's usual activity. The Ordinary General Assembly shall have the right to delegate the licensing authority stipulated in Paragraph 1 of Article Seventy-One of the Companies Law to the Company's Board of Directors, provided that the delegation is in accordance with the following conditions:

- The total amount of the business or contract or the total business and contracts during the fiscal year shall be less than 1% of the Company's revenues according to the latest audited financial statements, provided that it is less than 10 million Saudi Riyals. The Board member shall be responsible for calculating the transactions in which he has a direct or indirect interest during a single fiscal year.
- The business or contract falls within the Company's usual activity.
- The business or contract does not include preferential terms for the Board member and is under the same conditions and terms followed by the Company with all dealers and contractors.
- The business or contract is not among the advisory business and contracts performed by the Board member under a professional license for the benefit of the Company.

7-1 The term of the delegation shall be a maximum of one year from the date of the Ordinary General Assembly's approval of delegating its authority stipulated in Paragraph 1 of Article 71 of the Companies Law to the Company's Board of Directors or until the end of the delegated Board of Directors' term, whichever is earlier.

8-1 Any of the Board members shall be prohibited from voting on the delegation and revocation of delegation items in the Ordinary General Assembly.

concluded for the Company's account. This notification shall be recorded in the meeting minutes, and the interested member may not participate in voting on the resolution issued in this regard, whether in the Board of Directors, its committees, or the shareholders' assemblies in the event that the interested member is a shareholder.

1-3 The Chairman of the Board of Directors shall inform the Ordinary General Assembly, when it convenes, of the business and contracts in which any of the Board members or a member of any of the committees has a direct or indirect interest. The notification shall be accompanied by a special report from the Company's external auditor.

1-4 The responsibility for damages resulting from the business and contracts referred to above shall fall on the interested member of the business or contract, as well as on the members of the Board of Directors, if such business or contracts are concluded in violation of the provisions of that paragraph or if it is proven that they are unfair, involve a conflict of interest, and cause damage to the shareholders.

1-5 The following shall not be considered as a direct or indirect interest that requires obtaining a license from the Ordinary General Assembly:

Business and contracts that are concluded in accordance with general competition or business and contracts that are concluded to meet personal needs if they are done under the same conditions and terms followed by the Company with all contractors and dealers and such business and contracts are within the Company's usual activity.

1-6 The Ordinary General Assembly shall have the right to delegate the licensing authority stipulated in Paragraph 1 of Article Twenty-Seven of the Companies Law to the Company's Board of Directors, provided that the delegation is in accordance with the following conditions:

- The total amount of the business or contract or the total business and contracts during the fiscal year shall be less than (1%) of the Company's revenues according to the latest audited financial statements, provided that it is less than 10 million Saudi Riyals. The Board member shall be responsible for calculating the transactions in which he has a direct or indirect interest during a single fiscal year.
- The business or contract falls within the Company's usual activity.
- The business or contract does not include preferential terms for the Board member and is under the same conditions and terms followed by the Company with all dealers and contractors.
- The business or contract is not among the advisory business and contracts performed by the Board member under a professional license for the benefit of the Company.

1-7 The term of the delegation shall be a maximum of one year from the date of the Ordinary General Assembly's approval of delegating its authority stipulated in Paragraph 1 of Article 27 of the Companies Law to the Company's Board of Directors or until the end of the delegated Board of Directors' term, whichever is earlier.

	<p>9-1 The Ordinary General Assembly shall have the right to add any of the conditions stipulated in this policy to the conditions mentioned above.</p> <p>10-1 The interest shall be considered indirect if the business and contracts concluded for the Company's account can achieve financial or non-financial benefits for the following categories - including but not limited to:</p> <ul style="list-style-type: none"> • For the relatives of the Board member (relatives mean parents and grandparents, children and grandchildren, spouse, and siblings). • For a general partnership, simple limited partnership or limited liability company in which any of the Board members or their relatives is a partner or one of its managers • For a joint stock company in which the Board member or any of his relatives owns, individually or collectively, (5%) or more of its total ordinary shares. • For an establishment - other than companies - in which the Board member or any of his relatives owns or manages. • For an establishment or company in which the member or any of his relatives is a member of its board of directors or one of its senior executives, except for the Company's subsidiaries. • For a legal person represented by the Board member. <p>11-1 If the Board of Directors (pursuant to the delegation granted to it by the General Assembly) refuses to grant a license for the contract or business, the Board member must submit his resignation within a period specified by the Board of Directors, otherwise his membership in the Board shall be deemed terminated, unless he decides to withdraw from the contract, deal or rectify his situation in accordance with the Companies Law and its Implementing Regulations before the expiry of the period specified by the Board of Directors.</p> <p>12-1 If the General Assembly refuses to grant a license under Articles (71) and (72) of the Companies Law and Article (46) of the Corporate Governance Regulations issued by the Capital Market Authority, the Board member must submit his resignation within a period specified by the General Assembly, otherwise his membership in the Board shall be deemed terminated, unless he decides to withdraw from the contract, deal or competition or rectify his situation in accordance with the Companies Law and its Implementing Regulations before the expiry of the period specified by the General Assembly.</p>	<p>1-8 Any of the Board members shall be prohibited from voting on the delegation and revocation of delegation items in the Ordinary General Assembly.</p> <p>1-9 The Ordinary General Assembly shall have the right to add any of the conditions stipulated in this policy to the conditions mentioned above.</p> <p>1-10 The interest shall be considered indirect if the business and contracts concluded for the Company's account can achieve financial or non-financial benefits for the following categories - including but not limited to:</p> <ul style="list-style-type: none"> • For the relatives of the Board member (relatives mean parents and grandparents, children and grandchildren, spouse, and siblings). • For a general partnership, simple limited partnership or limited liability company in which any of the Board members or their relatives is a partner or one of its managers • For a joint stock company or simplified joint stock company in which the Board member or any of his relatives owns, individually or collectively, (5%) or more of its total ordinary shares. • For an establishment - other than companies - in which the Board member or any of his relatives owns or manages. • For an establishment or company in which the member or any of his relatives is a member of its board of directors or one of its senior executives, except for the Company's subsidiaries. <p>1-11 If the Board of Directors (pursuant to the delegation granted to it by the General Assembly) refuses to grant a license for the contract or business, the Board member must submit his resignation within a period specified by the Board of Directors, otherwise his membership in the Board shall be deemed terminated, unless he decides to withdraw from the contract, deal or rectify his situation in accordance with the Companies Law and its Implementing Regulations before the expiry of the period specified by the Board of Directors.</p> <p>1-12 If the General Assembly refuses to grant a license under Article (27) of the Companies Law and Article (44) of the Corporate Governance Regulations issued by the Capital Market Authority, the Board member must submit his resignation within a period specified by the General Assembly, otherwise his membership in the Board shall be deemed terminated, unless he decides to withdraw from the contract, deal or competition or rectify his situation in accordance with the Companies Law and its Implementing Regulations before the expiry of the period specified by the General Assembly.</p>
<p>2- Competing with the Company:</p>	<p>2-4 A member of the Board of Directors may not, without a license from the General Assembly and in accordance with the controls set by the General Assembly, participate in any work that would compete with the Company, or compete with the Company in any of the branch activities it carries out.</p> <p>2-5 The Chairman of the Board of Directors shall inform the General Assembly, when it convenes, of the competing businesses carried out by the Board member, after the Board of Directors verifies the Board member's competition with the Company's business or</p>	<p>1- Competing with the Company:</p> <p>2-1 A member of the Board of Directors or a member of any of the committees may not, without a license from the General Assembly and in accordance with the controls set by the General Assembly, participate in any work that would compete with the Company, or compete with the Company in any branch of the activity which it carries out.</p> <p>2-2 If a member of the Board of Directors or a member of any of the committees wishes to engage in an act that competes with the Company, or competes with it in</p>



competition in one of the branch activities it carries out, in accordance with the standards issued by the General Assembly based on a proposal by the Board and published on the Company's website, provided that such businesses are verified annually.

2-6 The following shall be included in the concept of participation in any work that would compete with the Company or compete with it in any of the branch activities it carries out:

- The Board member establishing a company or owning an influential percentage of shares or stakes in another company or establishment that is engaged in an activity of the type of activity of the Company or any of its group.
- Accepting membership of the board of directors of a competing company with the Company or its group.
- A Board member obtaining a commercial agency or its equivalent, overt or covert, for a company or other entity competing with the Company or its group.
- The Board should consider the independence requirements and conflict of interest situations in accordance with the regulations issued by the Capital Market Authority when appointing financial and legal advisors and auditors.

~~2-7 If the General Assembly refuses to grant a license under Article (72) of the Companies Law and Article (46) of the Corporate Governance Regulations issued by the Capital Market Authority, the Board member must submit his resignation within a period specified by the General Assembly, otherwise his membership in the Board shall be deemed terminated, unless he decides to withdraw from the competition or rectify his situation in accordance with the Companies Law and its Implementing Regulations before the expiry of the period specified by the General Assembly.~~

one of the branch activities it is engaged in, the following shall be taken into consideration:

- Notifying the Board of Directors of the competing businesses he wishes to practice, and recording the notification in the minutes of the Board of Directors meeting.
- The interested member shall not participate in voting on the resolution issued in this regard in the Board of Directors, committees and shareholders' assemblies.
- The Chairman of the Board of Directors shall inform the General Assembly, when it convenes, of the competing businesses carried out by the Board member or a member of any of the committees, after the Board of Directors verifies the Board member's competition with the Company's business or competition in one of the branch activities it carries out, in accordance with the standards issued by the General Assembly based on a proposal by the Board and published on the Company's website, provided that such businesses are verified annually.
- Obtaining a license from the Ordinary General Assembly of the company or from the Council pursuant to a mandate from the Ordinary General Assembly that allows the member to practice competitive business.

2-3 The following shall be included in the concept of participation in any work that would compete with the Company or compete with it in any of the branch activities it carries out:

- The Board member establishing a company or owning an influential percentage of shares or stakes in another company or establishment that is engaged in an activity of the type of activity of the Company or any of its group.
- Accepting membership of the board of directors of a competing company with the Company or its group or undertaking the management of a competing individual establishment or a competing company of any kind, except for the Company's subsidiaries.
- A Board member obtaining a commercial agency or its equivalent, overt or covert, for a company or other entity competing with the Company or its group.
- The Board should consider the independence requirements and conflict of interest situations in accordance with the regulations issued by the Capital Market Authority when appointing financial and legal advisors and auditors.

Disclosure Policy

Article Title	Paragraph Before Amendment	Paragraph After Amendment
<u>Third Parties and Rules for Disclosing Information</u>	The Chairman of the Board of Directors and the Chief Executive Officer shall have the authority to disclose to parties interested in the Company's affairs such as shareholders, investors, media and government agencies	The Chairman of the Board of Directors and the Chief Executive Officer shall have the authority to disclose to parties interested in the Company's affairs such as shareholders, investors, media and government agencies, within the regulatory systems and requirements and without prejudice to the manner and timing of disclosure.
<u>Obligation to Disclose Information</u>		<p>ل) Disclosure of Material Developments: The Company shall be obligated to disclose to the Authority and the public without delay any material developments falling within the scope of its activity or not generally known, and may affect its assets and liabilities or its financial position or the general course of its business, and can reasonably lead to a change in the price of listed securities or significantly affect the Company's ability to meet its debt instrument obligations. To determine a development that can be considered a material development, the Company must assess whether it is likely that a prudent investor would take that development into consideration when making his investment decision.</p>
	<p>I. Disclosure of Financial Information:</p> <p>The Board of Directors must approve the Company's Interim and Annual Financial Statements within the specified regulatory deadlines. They must be signed by a delegated member of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer before being published and distributed to shareholders and others. The Interim and Annual Financial Statements along with the Board of Directors' report must be submitted to the Authority immediately upon their approval by the Board of Directors within the regulatory deadlines.</p> <p>The Company shall disclose its Interim and Annual Financial Statements through the electronic systems and applications specified by the Authority.</p>	<p>I. Disclosure of Financial Information:</p> <p>The Board of Directors must approve the Company's annual audited financial statements ("Annual Financial Statements") and interim financial statements for the first, second and third quarters ("Interim Financial Statements") within the specified regulatory deadlines. They must be signed by a delegated member of the Board of Directors, the Chief Executive Officer and the Chief Financial Officer before being published and distributed to shareholders and others. The Interim and Annual Financial Statements along with the Board of Directors' report must be submitted to the Authority immediately upon their approval by the Board of Directors within the regulatory deadlines.</p> <p>The Company shall disclose its Interim and Annual Financial Statements through the electronic systems and applications specified by the Authority.</p>
Disclosure in the Board of Directors' Report:	The Company's Board of Directors shall issue its annual report - within the period specified by the law - and send it to the Capital Market Authority and announce it to the shareholders. The Board of Directors' report must include a comprehensive presentation of the Company's operations during the last fiscal year and all factors affecting the Company's business. It must include all the requirements stipulated in Article (90) of the Corporate Governance Regulations and the related articles on the same subject contained in Article (65) of the Rules on the Offer of Securities and Continuing Obligations issued by the Authority and Clause (4) of Article (76) of the Companies Law.	The Company's Board of Directors shall issue its annual report - within the period specified by the law - and send it to the Capital Market Authority and announce it to the shareholders. The Board of Directors' report must include a comprehensive presentation of the Company's operations during the last fiscal year and all factors affecting the Company's business. It must include all the requirements stipulated in Article (87) of the Corporate Governance Regulations and the related articles on the same subject contained in Article (82) of the Rules on the Offer of Securities and Continuing Obligations issued by the Authority and Clause (2) of Article (76) of the Companies Law.
Disclosure of Certain Events	<ul style="list-style-type: none"> - Any proposed change in the Company's capital. 	<ul style="list-style-type: none"> - Any losses equal to or exceeding 10% of the Company's net assets in accordance with the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent. - Any material change in the Company's production environment or activity including - but not limited to - availability and accessibility.



- Increase or decrease in the Company's net assets by an amount equal to or greater than 10% in accordance with the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent.
- Increase or decrease in the Company's total profits by an amount equal to or greater than 10% in accordance with the latest audited annual financial statements, whichever is more recent.
- Filing of a liquidation petition, issuance of a liquidation order or appointment of a liquidator for the Company or any of its subsidiaries pursuant to the Companies Law, or pursuant to any laws applicable to the foreign company whose shares are listed on the Main Market in accordance with the Listing Rules, including the commencement of any proceedings under the Bankruptcy Law.
- Issuance of a resolution by the Company or any of its subsidiaries to dissolve or liquidate the Company, or the occurrence of an event or expiration of a period that requires placing the Company under liquidation or dissolution.
- Issuance of any recommendation or decision by the competent authority in the Company to apply to the court to open any of the bankruptcy procedures for the Company under the Bankruptcy Law, with a statement of the impact on the Company's financial position or the general course of its business.
- The Company receiving a notification from the court that a third party has applied to open the financial reorganization procedure or the administrative liquidation procedure under the Bankruptcy Law, with a statement of the impact on the Company's financial position or the general course of its business.
- Registration of a request to open any of the bankruptcy procedures for the Company with the court under the Bankruptcy Law, with clarification of the future steps and their time periods and a statement of the impact on the Company's financial position or the general course of its business.
- Issuance of the court's judgment - preliminary and final - to open any of the bankruptcy procedures for the Company under the Bankruptcy Law, with clarification of the future steps and their time periods and a statement of the impact on the Company's financial position or the general course of its business.
- Issuance of the court's judgment - preliminary and final - to open any of the bankruptcy procedures for the Company under the Bankruptcy Law, or rejection of any of them and opening the appropriate bankruptcy procedure, with clarification of the reasons for rejection and a statement of the impact on the Company's financial position or the general course of its business.
- Issuance of the court's judgment - preliminary and final - to terminate the financial reorganization procedure or terminate the preventive settlement procedure for the Company under the Bankruptcy



Law, or terminate any of them and open the appropriate bankruptcy procedure under the Bankruptcy Law, with a statement of the impact on the Company's financial position or the general course of its business.

- Objection before the competent court regarding the opening or refusal to open any of the bankruptcy procedures under the Bankruptcy Law, or termination or non-termination of the preventive settlement procedure or the financial reorganization procedure under the Bankruptcy Law, with a statement of the impact on the Company's financial position or the general course of its business.
- Issuance of the judgment on the objection referred to in the previous paragraph by upholding the court's judgment or overturning it and adjudicating the case under the Bankruptcy Law, with a statement of the impact on the Company's financial position or the general course of its business.
- Any material developments included in the reports submitted by the Company in the opened bankruptcy procedure under the Bankruptcy Law, with a statement of the impact on the Company's financial position or the general course of its business, unless the trustee, bankruptcy committee or competent authority decides that they are confidential under the Bankruptcy Law and its Implementing Regulations.
- Issuance of a judgment, decision, declaration or order by a court or judicial authority, whether in the preliminary or appellate stage, that may negatively affect the Company's exploitation of any part of its assets whose total value exceeds 5% of the Company's net assets according to the latest reviewed interim financial statements or audited annual financial statements, whichever is more recent.
- Any proposed change in the Company's capital, with a statement of the effect on holders of convertible debt instruments (as applicable).
- Any decision to call, repurchase, withdraw or redeem the securities, or an offer to purchase them, and the total amount, number and value of the securities.
- Any decision to not make a payment in respect of debt instruments or convertible debt instruments.
- Any change in the rights associated with any class of listed shares or debt instruments convertible into them.

DIVIDEND DISTRIBUTION POLICY

Article Title	Paragraph Before Amendment	Paragraph After Amendment
Purpose	1-2 This policy has been prepared in accordance with the regulatory rules and procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies, the Corporate Governance Regulations issued by the Capital Market Authority, the Companies Law, and in light of the Company's internal regulations.	1-2 This policy has been prepared in accordance with the Companies Law, the Implementing Regulations of the Companies Law for Listed Joint Stock Companies, the Corporate Governance Regulations issued by the Capital Market Authority, and in light of the Company's internal regulations.
Distributable Profits		<p>1-1 The distributable profits consist of the net income for the fiscal year less all amounts set aside for a specific reserve for purposes specified in the Company's Articles of Association - if any - or that must be set aside for reserves formed by the General Assembly, plus the retained earnings and reserves available for distribution formed from profits.</p> <p>1-2 The nominal value difference item within shareholders' equity may not be used to distribute cash dividends to shareholders.</p>
Calculating the Amount of Profits	<p>4- The annual profit distribution shall be allocated after deducting general expenses such as Zakat and income tax, as follows:</p> <p>1- Setting aside ten percent (10%) of the annual net profits to form a statutory reserve. The General Assembly may decide to stop setting aside this percentage if the mentioned reserve reaches 30% of the paid-up capital.</p> <p>2-3 The Board of Directors must include in its annual report submitted to the Company's General Assembly the amount of profits distributed to shareholders during the different periods of the fiscal year in addition to the amount of profits recommended to be distributed at the end of the fiscal year and the accumulated dividend distribution amounts as well.</p>	<p>3-1 The General Assembly shall determine the percentage to be distributed to shareholders from the net profits after deducting the reserves, if any. The Company's annual net profits shall be distributed after deducting all general expenses and other costs as follows:</p> <p>3-3 The Board of Directors must include in its annual report submitted to the Company's General Assembly the percentages of profits distributed to shareholders during the different periods of the fiscal year in addition to the percentages of profits recommended to be distributed at the end of the fiscal year and the total of these profits.</p>
Interim Dividends	<p>ج- The Company having a reasonable liquidity and the ability to reasonably forecast its profit levels.</p> <p>3-2 If the Board of Directors adopts a resolution to distribute profits, the Company shall disclose and announce this resolution, and provide the Capital Market Authority with a copy thereof immediately.</p>	<p>C) The Company having a reasonable liquidity and the ability to reasonably forecast its profit levels.</p> <p>4-2 If the Board of Directors adopts a resolution to distribute profits, the Company shall disclose and announce this resolution in accordance with the statutory periods, and provide the Capital Market Authority with a copy thereof immediately.</p> <p>4-3 The distribution of interim dividends is subject to the following controls:</p> <p>1. The distribution of dividends shall be charged to the accumulated retained earnings from previous years or the distributable reserves formed from profits or both, and the Company shall observe the sequence and regularity in the manner and percentages of dividend distribution according to the capabilities and liquidity available to the Company. The Board of Directors shall disclose and announce the regular periodic dividend percentages to be distributed to shareholders on their due dates.</p>



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		<p>ب. If the Board of Directors adopts a resolution to distribute interim dividends, the Company must disclose and announce this resolution to the Capital Market Authority and the public immediately and without delay.</p>
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NOMINATION POLICY

Article Title	Paragraph Before Amendment	Paragraph After Amendment
Nomination of Board Members	1-1 The Ordinary General Assembly shall appoint the members of the Board of Directors through cumulative voting for a period not exceeding three (3) years, and the members of the Board of Directors may always be reappointed.	1-1 The Ordinary General Assembly shall appoint the members of the Board of Directors through cumulative voting for a period not exceeding [●] years ¹ , and the members of the Board of Directors may always be reappointed. ¹ Note: The new Companies Law increased the term of Board membership from 3 to 4 years maximum. Please confirm the desired term by the Company.
Nomination Procedures:	3-2 The Company must, immediately upon the issuance of the Board of Directors' resolution pursuant to Paragraph (3-1) of Section 2 above, announce the commencement of the nomination procedures on the Company's website, the Market's website, and through any other means specified by the Capital Market Authority ("the Authority"), to invite persons wishing to be nominated for the membership of the Board of Directors ("Nomination Announcement"). The nomination period shall remain open for 3-8 The Company shall announce on its website and the Market's website the information of the candidates for the membership of the Board of Directors when publishing or directing the invitation to convene the General Assembly during which the members of the Board of Directors will be elected from among the candidates for Board membership. The Company shall make available a copy of this information at its head office.	3-2 The Company must, immediately upon the issuance of the Board of Directors' resolution pursuant to Paragraph (3-1) of Section 2 above, announce the commencement of the nomination procedures on the Company's website, the Market's website, and through any other means specified by the Capital Market Authority ("the Authority"), to invite persons wishing to be nominated for the membership of the Board of Directors ("Nomination Announcement"). The Nomination Announcement shall include the conditions, qualifications and criteria for the membership of the Board of Directors. The nomination period shall remain open for at least one month from the date of the announcement. 3-8 The Company shall announce on its website and the Market's website the information of the candidates for the membership of the Board of Directors when publishing or directing the invitation to convene the General Assembly during which the members of the Board of Directors will be elected from among the candidates for Board membership. Such information shall include a description of the candidates' experiences, qualifications, current and previous positions and memberships. The Company shall make available a copy of this information at its head office and on its website.

REGULATION OF THE NOMINATION AND REMUNERATION COMMITTEE

Article Title	Paragraph Before Amendment	Paragraph After Amendment
	The Nomination and Remuneration Committee (hereinafter referred to as the "Committee") was established in Alkhorayef Water and Power Technologies Company (the "Company") by the Company's General Assembly of Shareholders (the "General Assembly") pursuant to its powers and in accordance with the Company's Articles of Association, and the formation of its members was approved by the Company's Board of Directors. The Committee shall operate in accordance with these Bylaws (the "Bylaws").	The Nomination and Remuneration Committee (hereinafter referred to as the "Committee") was established in Alkhorayef Water and Power Technologies Company (the "Company") and its formation was approved by the Company's Board of Directors (the "Board of Directors"). Each member of the Board of Directors is referred to as a "Board Member", pursuant to its powers and in accordance with the Company's Articles of Association. The Committee shall operate in accordance with these Bylaws (the "Bylaws").
Purpose and Role	1-1 The purpose of the Committee is to assist the Board of Directors (the "Board of Directors", and each member of the Board of Directors is referred to as a "Board Member") in performing its supervisory responsibilities and carrying out the duties, responsibilities and powers stipulated in these Bylaws.	1-1 The purpose of the Committee is to assist the Board of Directors in performing its supervisory responsibilities and carrying out the duties, responsibilities and powers stipulated in these Bylaws.
Organization and Membership	2-3 The Board of Directors shall appoint from among the Committee members a chairman (the "Chairman") who shall be an independent member of the Board of Directors. If the Chairman of the Board of Directors is a member of the Committee, he may not be appointed as its chairman. The Chairman shall preside over the Committee meetings and attend - or whoever he deputizes from the Members - all meetings of the General Assembly to answer questions from the Company's shareholders. The term of appointment of the Chairman shall coincide with his membership term in the Committee, and the Board of Directors may dismiss the Chairman at any time.	2-3 The Committee shall appoint from among its members a chairman (the "Chairman") who shall be an independent member of the Board of Directors. If the Chairman of the Board of Directors is a member of the Committee, he may not be appointed as its chairman. The Chairman shall preside over the Committee meetings and attend - or whoever he deputizes from the Members - all meetings of the General Assembly to answer questions from the Company's shareholders. The term of appointment of the Chairman shall coincide with his membership term in the Committee, and the Committee may dismiss the Chairman at any time.
Meetings and Procedures	3-1 The Committee shall meet at least twice every fiscal year. Additional meetings may be held from time to time at the request of the Board of Directors or any of the Members.	3-1 The Committee shall meet at least once every six months. Additional meetings may be held from time to time at the request of the Board of Directors or any of the Members.
Duties and Responsibilities	(ج) Rewards: (6) Preparing the disclosures related to remuneration required under the Company's policies or any laws, regulations or rules to which the Company is subject, including the disclosures related to the remuneration policy and the annual report on remuneration.	(6) Preparing the disclosures related to remuneration required under the Company's policies or any laws, regulations or rules to which the Company is subject, including the disclosures related to the remuneration policy, the annual report on remuneration, and the disclosures related to remuneration in the Board of Directors' annual report.

REMUNERATION POLICY

Article Title	Paragraph Before Amendment	Paragraph After Amendment
1 Policy Objectives and Principles		<p>2- The remuneration of the members of the Board of Directors, committee members and senior executives shall be determined according to the following principles:</p> <p style="text-align: center; color: red;">H. The remuneration shall be based on the recommendation of the Nomination and Remuneration Committee.</p>
Part 3: Remuneration of the Board Members: 1 Rules for Determining Remuneration	<p>1-3 If the remuneration is a certain percentage of the Company's profits, the annual total remuneration shall not exceed (10%) of the net profits, after deducting the relevant reserves, and after distributing profits to the Company's shareholders of not less than (5%) of the Company's paid-up capital.</p> <p>1-4 In all cases, the total remuneration and financial or in-kind benefits received by a member of the Board of Directors shall not exceed five hundred thousand Saudi Riyals annually.</p> <p>1-5 As an exception to paragraphs (1-2) and (1-3) of Part 3 above, the remuneration of independent members of the Board of Directors shall not be a percentage of the Company's net profits or be based directly or indirectly on the Company's profitability.</p>	<p style="color: red;">1-3 The Board of Directors' report to the Ordinary General Assembly at its annual meeting must include a comprehensive statement of all that each member of the Board of Directors has received or is entitled to receive during the fiscal year in terms of remuneration, attendance allowances, expenses and other benefits. It shall also include a statement of what the members of the Board of Directors have received in their capacity as employees or administrators, or what they have received in return for technical, administrative or advisory work. It shall also include a statement of the number of Board meetings and the number of meetings attended by each member.</p> <p style="color: red;">1-4 Members of the Board of Directors may not vote on the item of remuneration of Board members at the General Assembly meeting.</p> <p>1-5 The remuneration of independent members of the Board of Directors shall not be a percentage of the profits achieved by the Company or be based directly or indirectly on the Company's profitability.</p> <p style="color: red;">1-7 If the Audit Committee or the Capital Market Authority finds that the remuneration paid to any of the members of the Board of Directors is based on incorrect or misleading information, the Board member must return it to the Company, and the Company has the right to request its return.</p>
2 Additional Remuneration	<p>2-1 The Chairman of the Board of Directors may receive additional remuneration other than the remuneration he is entitled to as a member of the Board of Directors. The Board of Directors shall determine such additional remuneration (if any) on an annual basis based on the recommendation of the Nomination and Remuneration Committee.</p>	



Compensation upon Termination	4-2 In the event of termination of the membership of a member of the Board of Directors due to his absence from three consecutive meetings of the Board without a legitimate excuse, such member shall not be entitled to any remuneration for the period following the last meeting he attended.	4-2 In the event of termination of the membership of a member of the Board of Directors due to his absence from three consecutive meetings or five separate meetings of the Board without a legitimate excuse, such member shall not be entitled to any remuneration for the period following the last meeting he attended.
Incentive Benefits and Plans	1-5 The Company may provide senior executives and other employees with opportunities for share ownership through an employee share ownership plan or similar programs. These plans and programs shall be subject to the recommendation of the Nomination and Remuneration Committee and shall also be subject to the approval of the Board of Directors, and shall be in accordance with the applicable laws, regulations and instructions.	2-3 The Company may provide senior executives and other employees with opportunities for share ownership through an employee share ownership plan or similar programs. These plans and programs shall be subject to the recommendation of the Nomination and Remuneration Committee and shall also be subject to the approval of the Board of Directors and the General Assembly, and shall be in accordance with the applicable laws, regulations and instructions.