

Naqi Water Company

Policy, Criteria and Procedures for Membership in the Board of Directors

This policy has been approved by the General Assembly by resolution dated 14/09/1447H corresponding to 03/03/2026G.



First: Conditions for Nomination to the Board of Directors:

1. The nominee must not have been previously convicted of a crime involving dishonor or breach of trust, administrative violations resulting from fraud or deception, declared bankrupt, entered into arrangements or settlements with creditors, or been subject to a judgment of bankruptcy. The nominee must not have been convicted of violating the regulations and laws of the Capital Market Authority or the Central Bank, and must not be disqualified from board membership under any applicable law or regulation in force in the Kingdom. A declaration to this effect must be submitted.
2. The nominee must not have been previously dismissed or removed from the board of directors of a listed joint stock company or any company's board due to negligence, mismanagement, or repeated absence from board or committee meetings. A declaration to this effect must be submitted.
3. The nominee must not be a member of more than five (5) boards of directors of listed joint stock companies at the same time.
4. Consider diversity in academic qualifications and practical experience, giving priority in nomination to individuals with the required skills suitable for board membership.
5. **Leadership ability:** The nominee must possess leadership skills enabling delegation of authority, motivating performance, applying best practices in effective management, adhering to professional ethics and values, and demonstrating effective communication and strategic thinking and planning.
6. **Qualifications, skills, and experience:** The nominee must have appropriate academic qualifications, professional and personal skills, training level, and practical experience related to the Company's current and future activities. This includes knowledge in management, economics, accounting, law, governance, or any field related to the Company's activities, in addition to a willingness to learn and receive training.
7. **Financial literacy:** The nominee must be able to read and understand financial statements and reports.
8. **Health fitness:** The nominee must not have any health condition that prevents him/her from performing board duties and responsibilities.
9. The nominee must commit to principles of honesty, integrity, loyalty, care, and safeguarding the interests of the Company and shareholders above personal interests, and must observe the following:
 - Maintain a professional and honest relationship with the Company and disclose any material information before executing any transaction or contract with the Company or its subsidiaries.
 - Demonstrate loyalty by avoiding transactions involving conflicts of interest, ensuring fairness in dealings, and complying with conflict-of-interest provisions under relevant regulations.
 - Exercise care and diligence in performing duties and responsibilities stipulated in applicable regulations.
10. The nominee must be a natural person.
11. An independent member must maintain full independence in position and decision-making and must not be subject to any independence impairments as stipulated under relevant regulations.
12. The nominee must disclose to the Board and the General Assembly any conflict-of-interest situations in accordance with procedures prescribed by regulatory authorities, including:
 - Having a direct or indirect interest in business and contracts conducted for the Company's account.
 - Participating in activities that compete with the Company or competing in any of its business activities.
13. A Board member represents all shareholders and must act in the overall best interest of the Company.

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14. A Board member must resign before the end of his/her term if he/she loses eligibility, becomes unable to perform duties, cannot allocate sufficient time or effort to perform board responsibilities, or in cases of conflict of interest — in which case the member may either obtain annual authorization from the General Assembly or submit resignation.
15. The nominee must complete, sign, and submit all forms required by the competent authority and regulatory bodies, as well as forms prepared by the Company to fulfill regulatory and corporate requirements within the specified timeframe.

Second: Procedures for Membership in the Company's Board of Directors

1. The Nomination and Remuneration Committee shall coordinate with the Company's executive management to announce the opening of nominations for membership of the Board of Directors before the end of the Board's term in accordance with the period specified in the regulations and rules issued by the legislative and regulatory authorities.
2. The Nomination and Remuneration Committee shall submit its recommendation to the Board of Directors regarding nominations for Board membership in accordance with the above-mentioned policies and criteria.
3. Anyone wishing to nominate himself/herself for membership of the Company's Board of Directors must declare his/her intention by submitting a notice to the Company's management within the timeframes specified in the applicable laws, regulations, circulars, and decisions. The notice must include an introduction of the nominee, including his/her curriculum vitae, qualifications, and practical experience.
4. A nominee who previously held membership on the board of directors of a joint stock company must disclose the number and dates of the boards on which he/she served.
5. A nominee who previously served as a member of the Company's Board of Directors must attach to the nomination notice a statement from the Company's management regarding the last term during which he/she served, including the following information:
 - The number of Board meetings held during each year of the term.
 - The number of meetings attended by the member in person and the attendance percentage relative to total meetings.
 - The permanent committees in which the member participated, the number of meetings held by each committee during each year of the term, the number of meetings attended, and the attendance percentage relative to total meetings.
6. The type of membership must be clarified, i.e., whether the member is executive, non-executive, or independent.
7. The nature of the membership must be clarified, i.e., whether the nominee is applying in a personal capacity or as a representative of a legal entity.
8. The Nomination and Remuneration Committee shall coordinate with the Company's executive management to provide the Capital Market Authority with the curricula vitae of nominees for Board membership in accordance with the approved CV template for nominees to the Board of Directors of a listed joint stock company on the Saudi Stock Exchange (Tadawul).
9. The Nomination and Remuneration Committee must implement any observations received from the competent authorities regarding any nominee.
10. Voting at the General Assembly shall be limited to those who have nominated themselves in accordance with the applicable policies and criteria.
11. Completion of any forms, declarations, and disclosures approved by the Company.

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