United Electronics Company

Board Member Selection Criteria Charter

United Electronics Company (eXtra)

Saudi Listed Company

United Electronics Company

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Introduction

These Board Membership Criteria Regulations (the “Regulations”) of United Electronics Company (the “Company”) have been prepared to set out the rules and criteria governing membership on the Company’s Board of Directors, with the aim of attracting qualified candidates capable of carrying out the duties and responsibilities of the Board and its committees in a manner consistent with the Company’s objectives and strategy.

These Regulations have been prepared in accordance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority, the Companies Law and its Implementing Regulations, as well as the Company’s Articles of Association. Upon approval, they shall become effective and serve as a general guideline for the Nomination and Remuneration Committee and the Company’s Board of Directors in determining the selection criteria for candidates nominated for membership on the Board of Directors, whether executive or non-executive members, and for membership on its committees.

Definitions

The words and phrases used in these Regulations shall have the meanings assigned to them in the Corporate Governance Regulations issued by the Capital Market Authority, the Companies Law, and its Implementing Regulations.

Responsibilities of the Nomination and Remuneration Committee

In accordance with the applicable supervisory instructions and the rules and regulations governing the Board of Directors of the Company, the Nomination and Remuneration Committee, formed by the Board of Directors, shall be responsible for assessing suitability and recommending to the Board the names of candidates for membership on the Board of Directors and its committees in accordance with this policy and the regulatory rules issued by the competent authorities in this regard.

Pursuant to its charter and governing rules, the Nomination and Remuneration Committee shall also undertake an annual review of the needs and skills required for membership on the Board of Directors and its committees, and shall prepare a description of the required capabilities and qualifications, including تحديد the time commitment expected from a Board member for the work of the Board and its committees. The Committee shall further be entrusted with reviewing the structure of the Board and its committees and submitting recommendations thereon to the Board, in addition to identifying areas of strength and weakness within the Board and presenting the necessary proposals to address them, in a manner that serves the Company's general and specific interests.

Formation of the Board of Directors

The management of the Company shall be entrusted to a Board of Directors composed of nine (9) members, who shall be appointed by the General Assembly for a term not exceeding four years.

Taking into account the following:

- The majority of the members of the Board of Directors shall be non-executive members.
- The number of independent Board members shall not be less than two members or one-third of the Board members, whichever is greater.
- No member of the Board of Directors may serve on the boards of more than five listed joint stock companies at the same time.
- The members of the Board of Directors shall be persons possessing the qualifications and sufficient experience enabling them to perform their duties to the fullest extent.

The Capital Market Authority shall be notified of the names of the members of the Board of Directors and their membership classifications within five business days from the commencement date of the Board term or from the date of their appointment, whichever is earlier. Any changes to their membership shall also be notified within five business days from the date such changes occur.

Election of Board Members

The Company shall publish the nomination announcement on its website, the Exchange's website, and through any other means specified by the Capital Market Authority, in order to invite persons wishing to nominate themselves for membership on the Board of Directors, provided that the nomination period shall remain open for at least one month from the date of the announcement. The nomination application must satisfy the following conditions:

- The candidate shall submit a notice to the Company's management including a profile of the candidate, covering his/her curriculum vitae, qualifications, and experience in the Company's line of business, provided that a clear copy of the national identity card (for individuals) and the candidate's contact details are attached to the nomination application.

- Any candidate who has previously served as a board member of a joint stock company must disclose the companies on whose boards he/she has served or continues to serve, together with details of the companies or institutions in whose management or ownership he/she participates and which conduct business similar to that of the Company.
- If the candidate has previously served on the Board of Directors of United Electronics Company (eXtra), he/she must attach to the nomination notice a statement from the Company's management regarding the most recent term in which he/she served as a Board member, 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 his/her attendance percentage out of the total meetings.
  - The standing committees in which the member participated, the number of meetings held by each such committee during each year of the term, the number of meetings attended by the member, and his/her attendance percentage out of the total meetings.
  - A summary of the financial results achieved by the Company during each year of the term.
- The candidate shall complete the nomination forms, including Form No. (1) in both Arabic and English, and Disclosure Form No. (3) issued by the Capital Market Authority, which may be obtained through the Capital Market Authority's website: (WWW.CMA.ORG.SA).

The Company shall publish on the Exchange's website information relating to the candidates for membership on the Board of Directors when the invitation to convene the General Assembly is published or postponed, provided that such information includes a description of the candidates' experience, qualifications, skills, current and previous positions, and current and previous memberships. The Company shall also make a copy of such information available at its head office and on its website. Voting at the General Assembly shall be limited only to the announced candidates.

Each shareholder of the Company shall have the right to nominate himself/herself or another person for membership on the Board of Directors in accordance with the provisions of the Companies Law and its Implementing Regulations.

Cumulative voting must be used in the election of the Board of Directors, and the voting right attached to a share may not be used more than once.

The candidate shall disclose to the Board and to the General Assembly any cases of conflict of interest, in accordance with the procedures prescribed by the Capital Market Authority, including the following:

- Having any direct or indirect interest in the business or contracts carried out for the account of the Company for whose Board of Directors he/she wishes to be nominated.
- Participating in any business that would compete with the Company, or competing with the Company in any of the activities it conducts.

Criteria for the Selection of Board Members

As a fundamental and general principle, every candidate for membership on the Company's Board of Directors and its committees should possess an adequate level of education, skill, experience, and knowledge, together with a continuous willingness to learn. When reviewing, assessing, or interviewing candidates for Board membership, the Nomination and Remuneration Committee shall take into account the availability of the following requirements:

- The candidate must possess the general skills, knowledge, and experience necessary to contribute to achieving the Company's strategic objectives.
- The candidate must possess appropriate skills, knowledge, and experience relevant to the Company's business and activities, including experience in Board and committee work, financial and professional skills, and the ability to understand strategies and methods of implementation.
- The candidate must possess suitable personal attributes, such as leadership ability, independence, self-initiative, competence, and guidance.
- The candidate must be medically fit and free from any health impediments that may prevent him/her from performing his/her responsibilities as a member of the Company's Board of Directors or its committees.

Description of the capabilities and qualifications required for Board membership, including the time commitment expected from the member for Board duties:

When electing members of the Board of Directors, the General Assembly shall take into consideration the recommendations of the Nomination and Remuneration Committee and the availability of the personal and professional qualifications required for the effective performance of their duties. The Nomination and Remuneration Committee shall be responsible for balancing the criteria required for Board membership, and candidates shall be selected for Board membership on the basis of the following criteria:

Skills and Experience

- Previous service on the boards of companies, preferably joint stock companies, and preferably companies listed on the Saudi Exchange.
- At least ten (10) years of experience in one of the financial, economic, investment, or managerial fields, preferably with experience in areas related to the nature of the Company's business.
- The time commitment required from the member for Board duties: the member must exercise full diligence in attending Board meetings as well as any other meetings.
- Leadership ability / competence / ability to provide guidance / financial knowledge / medical fitness.
- The ability to understand the nature of the operations of large organizations such as the Company.
- The ability and willingness to devote the time and effort necessary to be an effective and active member of the Board of Directors.
- A Board member must not hold board membership in more than five listed joint stock companies at the same time.
- A Board member must not be a board member or employee of a competing company, nor participate in any business that would compete with the Company.
- The candidate must not have previously been removed or dismissed from the board of a joint stock company or from the management of any entity due to negligence, mismanagement, or irregular attendance at Board or committee meetings.
- The candidate must not have previously been convicted of any offence involving dishonor or breach of trust.

In the event that the list of candidates submitted to the Company is incomplete, the Board of Directors shall have the right to add candidates by submitting the nomination documents for Board membership via the email of the Board Secretary, by registered mail addressed to the Board Secretary at the Company's head office, or by delivering them directly to the Board Secretary and obtaining an acknowledgment of receipt. Thereafter, the Board of Directors, through the Nomination and Remuneration Committee, shall review the nominations submitted and determine the candidates to be included in the final list.

Appointment of Board Members

In accordance with the Company's Articles of Association and its governance framework, members of the Board of Directors shall be elected by the General Assembly and selected through cumulative voting. The members of the Company's Board of Directors shall be appointed for an initial term not exceeding four calendar years. Any one or all of the members may be re-nominated for additional terms.

If the seat of any Board member becomes vacant during the Board term for any reason resulting in termination of membership, the Board of Directors may, upon the recommendation of the Nomination and Remuneration Committee, appoint a replacement to fill such vacancy after satisfying the applicable regulatory requirements, provided that such appointment shall be presented to the next General Assembly for approval.

Mechanism for the Selection of the Chairman of the Board and the Vice Chairman

The shareholders of the Company shall elect the members of the Board of Directors at the General Assembly meeting of shareholders in accordance with the relevant regulations and policies. Thereafter, at its first meeting, the Board of Directors shall appoint the Chairman of the Board and the Vice Chairman, in compliance with all applicable laws, regulations, and related policies.

Responsibility of the Board of Directors

- The Board of Directors represents all shareholders and shall exercise the duties of care and loyalty in managing the Company and in undertaking everything that would safeguard its interests, promote its growth, and maximize its value.
- The Board of Directors of the Company shall remain responsible for its acts, even where it delegates to committees, entities, or individuals the exercise of some of its powers. In all cases, the Board of Directors may not issue a general delegation or a delegation of indefinite duration.
- Within the limits of its powers, the Board of Directors may delegate one or more of its members, its committees, or others to carry out specific act or acts.
- The Board of Directors shall organize its work and allocate sufficient time to discharge the duties and responsibilities entrusted to it, including preparing for Board and committee

meetings, and ensuring the coordination, recording, and retention of the minutes of its meetings.

- The Board of Directors shall conduct an annual assessment of the extent to which an independent Board member's independence has been maintained, and shall ensure that no relationships or circumstances exist that affect, or may affect, such independence.

Duties of Care and Loyalty

Each member of the Board of Directors shall comply with the duties of care and loyalty, including in particular the following:

- **Exercising duties within the limits of the prescribed powers:** A Board member shall exercise his/her duties and powers in managing the Company and directing its business within the limits of the powers granted thereto in accordance with the provisions of the Companies Law and its Implementing Regulations, the Company's Articles of Association, and other relevant laws and regulations, and in a manner that achieves the purposes for which such powers were granted.

- **Acting in the interest of the Company and promoting its success:** A Board member shall be committed to the following:

  - Acting in good faith in a manner that serves the interests of the Company and all shareholders, without giving precedence to his/her personal interest over the interests of the Company and its shareholders, while taking into account the rights of other stakeholders.

  - Exercising due diligence in promoting the Company's success, development, and maximization of its value for the benefit of its shareholders in the long term.

- **Making decisions or voting thereon independently:** A Board member shall perform his/her duties objectively and independently in relation to the management of the Company and the making of decisions, and shall avoid situations that may affect his/her independence in making or voting on decisions.
- **Exercising reasonable and expected care, attention, diligence, and skill:** A Board member shall perform his/her duties and responsibilities in accordance with the Companies Law, the Capital Market Law and their Implementing Regulations, the Company's Articles of Association, and other relevant laws and regulations, and with the care and diligence that would be exercised by a prudent person having the general knowledge, skill, and experience

possessed by that Board member, as well as those reasonably expected from a person performing the same functions.

- **Avoiding conflicts of interest:** A Board member shall avoid transactions and situations in which he/she has, or is likely to have, a direct or indirect interest that conflicts or may conflict with the interest of the Company, and shall comply with the conflict of interest provisions set out in the Companies Law and its Implementing Regulations.
- **Disclosing any direct or indirect interest in business and contracts carried out for the account of the Company:** A Board member shall disclose any direct or indirect interest he/she may have in any business or contracts carried out for the account of the Company immediately upon becoming aware thereof, and shall comply with the provisions relating to disclosure of interest in business and contracts set out in the Companies Law and its Implementing Regulations.
- **Not accepting any benefit granted by a third party in connection with his/her role in the Company:** A Board member shall not, under any circumstances, exploit his/her position or the duties and powers vested in him/her as a member of the Board of Directors to obtain benefits from third parties, nor accept any benefit granted by a third party in consideration of performing or refraining from performing a specific act.

Termination of Board Membership

- Before the expiry of its term, the Board of Directors shall call the Ordinary General Assembly to convene for the election of a new Board of Directors for a new term. If the election cannot be held and the term of the current Board expires, its members shall continue to perform their duties until a new Board of Directors is elected for a new term, provided that the continuation period of the outgoing Board members shall not exceed the period specified in the Implementing Regulations of the Companies Law.
- Board membership shall terminate upon the expiry of the Board term, the resignation or death of the member, or if the member is convicted of a crime involving dishonor or breach of trust, declared bankrupt, enters into arrangements or a settlement with his/her creditors, or becomes unfit for Board membership in accordance with any law or instructions in force in the Kingdom. If the seat of a Board member becomes vacant during the year, the Board of Directors may temporarily appoint another member to such vacant seat from among those possessing the required experience and competence, provided that such appointment shall be presented to the Ordinary General Assembly at its first meeting, and the new member shall complete the term of his/her predecessor. If the number of Board members falls below the quorum required for the validity of its meetings, the Ordinary General Assembly must be called within sixty (60) days to elect the required number of members.

- If the Chairman and the members of the Board of Directors resign, they must call the Ordinary General Assembly to convene for the election of a new Board of Directors. Such resignation shall not take effect until the new Board is elected, provided that the continuation period of the resigning Board shall not exceed the period specified in the applicable regulations. The Board of Directors must take the necessary steps to elect a replacement Board before the expiry of the continuation period specified in the regulations.

The Ordinary General Assembly may, at any time, remove all or some of the members of the Board of Directors, even if the Company's Articles of Association provide otherwise, without prejudice to the removed member's right to claim against the Company if the removal occurs for an unacceptable reason or at an inappropriate time.

The General Assembly may also, based on a recommendation from the Board of Directors, terminate the membership of any Board member who fails to attend three consecutive meetings or five separate meetings of the Board during his/her term of membership without a legitimate excuse acceptable to the Board.

If a Board member resigns and has any observations regarding the performance of the Company, he/she shall submit a written statement thereon to the Chairman of the Board, and such statement must be presented to the members of the Board of Directors.

Upon the termination of a Board member's membership by any of the prescribed methods of termination, the Capital Market Authority and the Exchange shall be notified immediately, together with the reasons for such termination.

Upon receipt of a request from one or more shareholders representing ten percent (10%) of the Company's voting shares to remove all or some of the members of the Board of Directors in accordance with the provisions of Article Ninety of the Companies Law, the Board of Directors must include in the notice convening the Ordinary General Assembly the name of the requesting shareholder(s) and the reasons for the request. The concerned member shall have the right to present a statement regarding the request at the relevant Ordinary General Assembly meeting.

Final Provisions

These Regulations shall come into effect and be complied with by the Company as of the date of their approval by the General Assembly of Shareholders.

The contents of these Regulations shall be reviewed periodically, as needed, and any amendments thereto shall be submitted to the General Assembly for approval in order to ensure alignment with the relevant rules and regulations.