United Electronics Company

Nomination and Remuneration Committee Charter

United Electronics Company (eXtra)

Saudi Listed Company

United Electronics Company

Contents

Introduction:

In accordance with the requirements set out in the Corporate Governance Regulations issued by the Capital Market Authority regarding the establishment of the Nomination and Remuneration Committee and its governing rules, the Committee shall oversee the annual review of the skills, competencies, and capabilities required for membership on the Board of Directors and its sub-committees, as well as the appointments of the Company's senior executives, and shall submit the necessary proposals regarding remuneration and compensation controls and practices, in addition to any other duties that the Board of Directors may assign to it.

These Rules and the Nomination and Remuneration Committee Charter (the "Charter") of United Electronics Company (the "Company") have been prepared to set out the rules and standards governing the work of the Nomination and Remuneration Committee in order to ensure compliance with best practices in corporate governance. Pursuant to the applicable implementing regulations, this Charter has been issued and approved by the Company's General Assembly. During prior periods, the Company has also taken into account the alignment of its provisions with the changes issued by the regulatory authorities, particularly the requirements contained in the Corporate Governance Regulations issued by the Capital Market Authority, as well as the Company's Articles of Association.

Purpose

This Charter is intended to regulate the work of the Nomination and Remuneration Committee by defining its responsibilities, powers, and the rules and procedures governing its activities, in light of the regulatory framework applicable to committee work in listed joint stock companies under the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority.

The General Assembly of the Company shall, upon the recommendation of the Board of Directors, approve the Nomination and Remuneration Committee Charter. Such Charter shall set out the Committee's operating rules and procedures, its responsibilities, the criteria for selecting its members, the nomination process, the term of membership, the remuneration of its members, and the mechanism for the temporary appointment of members in the event of a vacancy on the Committee.

The Nomination and Remuneration Committee is responsible for supporting the Board of Directors in the effective and efficient discharge of its strategic and oversight responsibilities, particularly with respect to identifying qualified members for the Board, its committees, and senior executive positions, and ensuring that the Company's nomination policy results in appropriate appointments, achieves its intended objectives, and supports the retention of distinguished Board members and senior executives, thereby contributing to the Company's objectives and economic growth.

Composition and Membership of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is one of the committees formed by the Board of Directors. The General Assembly of the Company shall, upon the recommendation of the Board of Directors, approve the Committee Charter, provided that such Charter includes the rules and procedures governing the Committee's work, its responsibilities, the criteria for selecting its members, the nomination process, the term of membership, the remuneration of its members, and the mechanism for the temporary appointment of members in the event of a vacancy on the Committee. In forming the Committee, the following requirements shall be observed:

- The Nomination and Remuneration Committee shall be formed pursuant to a resolution issued by the Board of Directors. Its members shall, in principle, be independent Board members. Non-executive Board members or other persons who are not Board members, whether shareholders or otherwise, may also be appointed, provided that the Chairman of the Committee shall be an independent Board member.
- The Committee shall consist of no fewer than three and no more than five members, none of whom may be executive Board members.
- The Board of Directors shall appoint the Chairman of the Committee from among its members. If the Board does not make such appointment, the Committee members shall appoint the Chairman from among themselves. In the absence of the Committee Chairman from any meeting, the members present shall appoint one of themselves to chair that meeting.
- The term of membership of the Committee shall coincide with the term of the Board of Directors.

Membership of the Committee shall terminate upon the occurrence of any of the following events:

- A resolution is issued by the Board of Directors to remove and/or replace any or all of the Committee members at any time it deems appropriate.
- Expiry of the Board of Directors' term.

- Resignation of the member, without prejudice to the Company's right to seek compensation if such resignation occurs at an inappropriate time.
- Loss of legal capacity or suffering a physical disability that prevents the member from performing his/her duties on the Committee.
- Issuance of a court judgment declaring the member bankrupt or insolvent, or the member's application to enter into a settlement or arrangement with creditors.
- Conviction for an offence involving dishonesty or breach of trust, forgery, or violation of applicable laws and regulations in the Kingdom of Saudi Arabia or in any other jurisdiction.

If a vacancy arises in the membership of the Committee during its term, the Board of Directors may appoint one or more members to fill the vacant seat(s), provided that such appointee(s) possess the requisite experience and competence. Any newly appointed member shall serve for the remainder of the term of his/her predecessor

Secretary of the Nomination and Remuneration Committee

The Committee shall designate one of its members to act as Secretary to the Committee, and it may appoint a Secretary from outside its membership.

The Secretary of the Nomination and Remuneration Committee shall be responsible for circulating meeting notices, preparing the agendas, recording and maintaining the minutes of the Committee's meetings for all Committee members, and carrying out any other duties assigned by the Committee.

Rules Governing the Work of the Nomination and Remuneration Committee

The Chairman of the Committee shall be responsible for the following:

- Chairing the Committee's meetings, enhancing their effectiveness, and representing the Committee before the Board of Directors.
- Convening Committee meetings and determining the time, date, and venue thereof, in coordination with the Committee members.
- Preparing the agenda, taking into account any matters that a Committee member wishes to include.
- Ensuring that matters submitted to the Committee are accompanied by sufficient information to enable the Committee to make informed decisions in relation thereto.

- Ensuring that adequate time is allocated for discussion of the items included on the Committee's agenda.
- Encouraging active participation by members in Committee meetings in a manner that contributes to the achievement of the Committee's objectives.
- Ensuring that complete and accurate information is made available to Committee members in a timely manner to enable them to discharge their duties effectively.
- Preparing periodic reports on the Committee's activities and submitting its recommendations and findings to the Board of Directors.
- Following up on the implementation of the resolutions issued by the Committee.
- Putting in place the necessary arrangements for the periodic evaluation of the Committee's performance.
- Attending General Assembly meetings, or delegating another Committee member to attend on his/her behalf, in order to respond to shareholders' questions.

<u>The duties of the Committee Secretary shall include the following:</u>

- Coordinating the Committee's meetings and preparing a proposed agenda in coordination with the Committee Chairman.
- Notifying Committee members of meeting dates and providing them with the agenda and the documents required for reviewing the matters to be considered at the meeting.
- Attending and documenting the Committee's meetings, preparing the minutes thereof, and maintaining them in a dedicated register.
- Maintaining the documents, records, and reports submitted to, or issued by, the Committee.
- Providing assistance and advice to the Committee on matters falling within its remit.

<u>The duties of a Committee member shall include the following:</u>

- Complying, in the performance of his/her duties, with the provisions of the Companies Law, the Capital Market Law and their Implementing Regulations, all relevant laws and regulations, and the Company's Articles of Association, and refraining from undertaking or participating in any act that may prejudice the interests of the Company.
- Having a proper understanding of the Committee's responsibilities and duties, and devoting sufficient time to effectively fulfilling his/her role in achieving them.

- Performing his/her duties independently and free from any external influence, whether from within or outside the Company, and refraining from placing his/her personal interests above those of the Company.
- Preparing for meetings, committing to attend them, and not being absent except for valid reasons notified in advance to the Chairman of the Committee and accepted by the Committee.
- Participating actively in Committee meetings by reviewing and discussing the matters included on the meeting agenda.
- Making reasonable efforts to stay informed of regulatory developments in the areas and matters relevant to the Committee's responsibilities and duties.

Meetings of the Nomination and Remuneration Committee

Schedule and Conduct of Meetings

The Committee Chairman shall preside over its proceedings and meetings. If the Chairman is unable to attend any meeting, the Committee members may appoint one of the members present to chair that meeting. The following requirements shall apply to Committee meetings:

- The Nomination and Remuneration Committee shall meet periodically, at least once every six months.
- The Committee shall hold its meetings at the Company's head office or at any other venue as may be determined, and meetings may also be conducted through modern technology means.
- No member of the Board of Directors or executive management, other than the Committee Secretary, may attend the Committee's meetings unless the Committee requests to hear such person's views or obtain his/her advice. The Committee may also invite any person to attend its meetings where this would assist the Committee in fulfilling its objectives.
- The Committee's meetings shall be duly documented, and minutes shall be prepared recording the discussions and deliberations held, the Committee's recommendations, and the voting results. Such minutes shall be maintained in a dedicated and orderly register, including the names of the members present and any reservations expressed by them, if any, and shall be signed by all members present.

Quorum

A Committee meeting shall not be valid unless attended by a majority of its members in person. A Committee member may attend meetings through modern technological means of communication.

Committee Resolutions

The Committee's resolutions shall be adopted by a majority of the votes of the members present. In the event of a tie, the Chairman of the meeting shall have the casting vote. The Committee may also adopt resolutions by circulation by presenting them separately to all members, unless any member requests in writing that the matter be discussed at a Committee meeting. Such resolutions shall be adopted by the approval of a majority of the members and shall be presented to the Nomination and Remuneration Committee at its first subsequent meeting.

Committee resolutions by circulation may also be approved by sending the proposed written resolution to each member's email address, and an email response indicating approval or rejection shall be deemed sufficient without the need for a handwritten signature on a hard copy, provided that the resolution is submitted to the Committee at its first subsequent meeting to be recorded in the minutes of that meeting.

Minutes of Meetings

The Secretary of the Nomination and Remuneration Committee shall prepare the minutes of meetings. The minutes shall be signed by all members present, and such signing may be effected through modern technology means.

Powers of the Nomination and Remuneration Committee

- The Committee may, within the scope of its powers, seek the assistance of such experts and specialists as it deems appropriate, whether from within or outside the Company, provided that this is recorded in the minutes of the relevant Committee meeting, including the expert's name and relationship with the Company or the executive management.
- To request such documents, reports, clarifications, and information as it considers appropriate from the Company's officers, executives, and employees.
- To invite the Company's officers, executives, and employees to attend its meetings for the purpose of questioning them and hearing their explanations.

- To recommend appointments to the Board of Directors in accordance with the policies and criteria approved by the Company, the applicable regulatory frameworks, and the effective instructions issued by the competent authorities, taking into account that no person previously convicted of an offence involving dishonesty or breach of trust shall be nominated.
- To perform such other functions as may be requested by the Board of Directors, provided they fall within the Committee's scope of authority.
- To conduct an annual review and assessment of its Charter for the purpose of ensuring that it is properly discharging its responsibilities, and to submit recommendations to the Board of Directors regarding any proposed amendments thereto.
- To submit periodic reports on its activities to the Board of Directors.
- To maintain full awareness and understanding of all developments relevant to the Company's business activities.
- To treat as confidential all information reviewed by the members of the Nomination and Remuneration Committee by virtue of their membership on the Committee.
- To notify the Board of Directors of any changes affecting their status as independent Board members or of any conflict of interest that may arise as a result of decisions taken by the Nomination and Remuneration Committee.

Responsibilities of the Nomination and Remuneration Committee

Remuneration Matters:

- To develop a clear policy for the remuneration of Board members, Board committee members, and executive management, and submit it to the Board of Directors for consideration in preparation for its approval by the General Assembly, provided that such policy takes into account performance-based standards, appropriate disclosure, and verification of its implementation.
- To clarify the relationship between the remuneration granted and the applicable remuneration policy, and to explain any material deviation from such policy.
- To periodically review the remuneration policy and assess its effectiveness in achieving its intended objectives.

- To recommend to the Board of Directors the remuneration of Board members, Board committee members, and the Company's senior executives in accordance with the approved policy.

Nomination Matters:

- To propose clear policies and criteria for membership of the Board of Directors, its committees, and executive management.
- To recommend to the Board of Directors the nomination and re-nomination of its members in accordance with the approved policies and criteria, taking into account that no person previously convicted of an offence involving dishonesty or breach of trust shall be nominated.
- To prepare a description of the capabilities and qualifications required for membership of the Board of Directors and for senior executive positions.
- To determine the time commitment expected from a member for the discharge of Board duties.
- To conduct an annual review of the skills and expertise required for Board membership and executive management positions.
- To review the structure of the Board of Directors and the executive management and submit recommendations regarding any changes that may be made.
- To verify annually the independence of the independent members and the absence of any conflict of interest where a member serves on the board of another company.
- To establish role descriptions for executive members, non-executive members, independent members, and senior executives.
- To establish procedures to be followed in the event of a vacancy in the position of a Board member or a senior executive.
- To identify areas of strength and weakness within the Board of Directors and propose appropriate remedies in a manner consistent with the interests of the Company.

Governance Matters:

  - To exercise overall oversight of the Company's governance framework, monitor its effectiveness, and revise it when necessary. In this regard, the Committee shall undertake the following:

- Verifying the Company's compliance with these rules.
- Reviewing and updating such rules in line with regulatory requirements and best practices.
- Reviewing and developing the professional conduct standards that reflect the Company's values, as well as other internal policies and procedures, in a manner that meets the Company's needs and aligns with best practices.
- Keeping Committee members regularly informed of developments in the field of corporate governance and prevailing best practices.

Reports of the Nomination and Remuneration Committee

The minutes of the Committee meetings, including the discussions held, views expressed, and resolutions adopted by the Committee, shall be circulated to the members of the Board of Directors.

Remuneration and Compensation of the Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee shall receive annual remuneration in addition to meeting attendance allowances, in accordance with the approved Remuneration Policy.

Final Provisions

This Charter shall come into effect and be binding on the Company as of the date of its approval by the General Assembly of Shareholders.

The contents of this Charter shall be reviewed periodically, as necessary, and any proposed amendments shall be submitted to the Board of Directors for recommendation to the General Assembly for approval, in order to ensure continued alignment with the applicable laws, regulations, and relevant requirements.