United Electronics Company

Remuneration Policy Regulations

United Electronics Company (eXtra)

Saudi Listed Company

United Electronics Company

Table of Contents

Introduction

In line with the general provisions set out in the Companies Law, the Corporate Governance Regulations, and the Implementing Regulations of the Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority, the Company has developed this Policy to define the principles governing the remuneration of Board members, members of Board committees, and Executive Management in a fair and equitable manner, while aligning human capital aspirations with the Company's objectives.

Definitions

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

General Controls

The Nomination and Remuneration Committee shall be responsible for preparing a clear policy for the remuneration of Board members, members of Board committees, and Executive Management. Such policy shall take into account performance-related standards, disclosure requirements, and mechanisms for verifying its implementation. It shall also clarify the relationship between the remuneration granted and the applicable Remuneration Policy, disclose any material deviation from the Policy, provide for the periodic review of the Remuneration Policy, assess its effectiveness in achieving its intended objectives, and recommend to the Board of Directors the remuneration of Board members, members of Board committees, and the Company's senior executives in accordance with the approved Policy.

Without prejudice to the provisions of the Companies Law, the Capital Market Law, and their Implementing Regulations, the Remuneration Policy shall take into account the following:

- It shall be aligned with the Company's strategy and objectives.
- Remuneration shall be granted for the purpose of motivating Board members and Executive Management to contribute to the success and long-term growth of the Company.
- Remuneration shall be determined based on the level of the position, the duties and responsibilities assigned to its holder, academic qualifications, practical experience, skills, and level of performance.
- It shall be consistent with the size, nature, and risk profile of the Company.

- It shall take into account the practices of other companies in determining remuneration, while avoiding any unjustified increase in remuneration and compensation.
- It shall aim to attract, retain, and motivate qualified professionals, without being excessive.
- It shall be prepared in coordination with the Nomination and Remuneration Committee in relation to new appointments.
- It shall regulate cases where remuneration may be suspended or recovered if it is found to have been granted based on inaccurate information provided by a Board member or a member of Executive Management, in order to prevent the misuse of position to obtain undeserved remuneration.
- It shall regulate the granting of shares in the Company to Board members and Executive Management, whether through a new issuance or shares purchased by the Company.

First: Board Members

Subject to other relevant laws and regulations issued by the competent regulatory authorities, the Board of Directors shall, when determining and paying the remuneration of its members, observe the relevant provisions of the Companies Law and the Corporate Governance Regulations, in addition to the following standards:

- Remuneration shall be fair and proportionate to the member’s competencies, duties, and responsibilities undertaken by Board members, as well as the objectives set by the Board to be achieved during the financial year.
- Remuneration shall be based on the recommendation of the Nomination and Remuneration Committee.
- Remuneration shall be proportionate to the Company’s activities and the skills required to manage it.
- The sector in which the Company operates, its size, and the experience of Board members shall be taken into account.
- Remuneration shall be reasonably sufficient to attract, motivate, and retain Board members with appropriate competence and experience.
- Board members’ remuneration may vary in amount to reflect each member’s experience, competencies, assigned duties, independence, number of meetings attended, and other relevant considerations.

- The remuneration of independent Board members shall not be a percentage of the profits generated by the Company, nor shall it be based, directly or indirectly, on the Company's profitability.
- If the General Assembly resolves to terminate the membership of a Board member due to their failure to attend three consecutive Board meetings or five separate Board meetings during their term of membership, without a legitimate excuse accepted by the Board, such member shall not be entitled to any remuneration for the period following the last meeting they attended, and shall return all remuneration paid to them for that period.
- If the Audit Committee or the Authority determines that any remuneration paid to a Board member was based on incorrect or misleading information presented to the General Assembly or included in the annual Board of Directors' Report, such member shall return the remuneration to the Company, and the Company shall have the right to claim its recovery.
- The Board of Directors shall disclose in its annual report the details of the policies relating to remuneration, the mechanisms for determining it, and the financial and in-kind amounts and benefits paid to each Board member in consideration of any executive, technical, administrative, or advisory work or positions.

Board Members' Remuneration Includes the Following:

- Each Board member shall receive a fixed annual remuneration of SAR 280,000, while the Chairman of the Board shall receive a fixed annual remuneration of SAR 400,000, in accordance with the general framework set out under the Companies Law and the Company's Bylaws.
- An attendance allowance of SAR 3,000 shall be paid to each Board member for each Board meeting attended.
- Where a Board member's permanent place of residence is outside the city in which the Board meeting is held, the member shall be entitled to a travel allowance equivalent to the value of a first-class round-trip ticket, in addition to an accommodation allowance of SAR 2,000 for each meeting day.
- Where a Board meeting is held outside the city of Khobar, being the Company's head office, and in any other city within the Kingdom, each attending Board member shall be paid a lump-sum amount of SAR 3,000 as compensation for accommodation, meals, transportation, and other related expenses, in addition to a first-class round-trip ticket from the city of residence to the city in which the meeting is held, or an amount equivalent thereto.

- Where a Board meeting is held outside the Kingdom, each attending Board member shall be paid a lump-sum amount of USD 3,000 as compensation for accommodation, meals, transportation, and other related expenses, in addition to a first-class round-trip ticket from the city of residence to the city in which the meeting is held, or an amount equivalent thereto.

If the Chairman of the Board requests any committee to hold a committee meeting outside the city of Khobar, or requests the participation of any or all committee members in a Board meeting, the attending members shall be compensated for their expenses in the same manner as Board members.

Where more than one meeting is held on the same day and at the same location, the above-mentioned expense compensation shall be paid only once to each member.

A Board member may receive remuneration for any additional executive, technical, administrative, or advisory work or positions, under a professional license, assigned to them within the Company. Such remuneration shall be in addition to any remuneration the Board member may receive in their capacity as a Board member or as a member of committees formed by the Board, in accordance with the Companies Law and the Company's Bylaws.

Board Committees

The remuneration of members of Board committees shall include the following:

- The chairperson of each committee shall receive a fixed annual remuneration of SAR 120,000. A committee member who is also a Board member shall receive a fixed annual remuneration of SAR 100,000, while a committee member who is not a Board member shall receive a fixed annual remuneration of SAR 120,000, in accordance with the controls set by the competent authority and in line with the Remuneration Policy.
- An attendance allowance of SAR 3,000 shall be paid to each committee member for each committee meeting attended.
- Where a committee member's permanent place of residence is outside the city in which the committee meeting is held, the member shall be entitled to a travel allowance equivalent to the value of a first-class round-trip ticket, in addition to an accommodation allowance of SAR 2,000 for each meeting day.
- Where a committee meeting is held outside the city of Khobar, being the Company's head office, and in any other city within the Kingdom, each attending committee member shall be paid a lump-sum amount of SAR 3,000 as compensation for accommodation, meals,

transportation, and other related expenses, in addition to a first-class round-trip ticket from Khobar to the city in which the meeting is held, or an amount equivalent thereto.

- Where a committee meeting is held outside the Kingdom, each attending committee member shall be paid a lump-sum amount of USD 3,000 as compensation for accommodation, meals, transportation, and other related expenses, in addition to a first-class round-trip ticket from Khobar to the city in which the meeting is held, or an amount equivalent thereto.
- Where more than one meeting is held on the same day and at the same location, the above-mentioned expense compensation shall be paid only once to each member.

Payment Mechanisms for Remuneration and Compensation

The remuneration and compensation payable to Board members and members of Board committees shall be calculated in consideration of their participation, as well as the expenses incurred by them in attending Board and committee meetings. The relevant amounts shall be paid, and the members shall be notified of the related details, through the concerned department within the Company. The following procedural controls shall be observed:

- A Board or committee member shall be entitled to remuneration as of the date of their appointment, in proportion to the period of their membership.
- The Board Secretary, together with the relevant department within the Company, shall take the necessary measures to prepare and process the payment of remuneration in accordance with this Policy.

In accordance with the regulatory requirements issued by the supervisory authorities, particularly the Corporate Governance Regulations issued by the Capital Market Authority, and in line with the Companies Law, the Company's Bylaws, the Company's Disclosure Policy framework, and its Governance Manual, the Company shall disclose in the annual Board of Directors' Report submitted to the General Assembly the details and amounts of remuneration and compensation paid during the financial year to Board members, including independent, executive, and non-executive members, as well as members of Board committees.

Executive Management Remuneration Policy

Purpose

This Policy aims to reward employees for their annual performance and to recognize their efforts and contribution to achieving the Company's objectives, as approved by the Board of Directors.

This is achieved through an annual performance-based incentive linked to the performance of both the Company and the employees. The Policy is intended to attract and retain top talent, motivate employees, enhance their performance in support of the Company's annual objectives, align employee performance with the Company's annual goals, and provide a balanced mix of compensation and benefits in line with leading market practices.

Eligibility and Guidelines

- The Company's objectives and the objectives of its executives shall be approved at the beginning of the year.
- The performance of the Company and the relevant employee shall be assessed at the end of the year.
- The value of the remuneration granted to executives shall be directly linked to the net profit achieved by the Company.
- The executive employee's remuneration shall be calculated as a number of monthly salaries, which may increase or decrease based on the employee's performance or in accordance with their employment contract.
- The employee's remuneration shall be proportionate to their actual period of service during the evaluation year.
- The Nomination and Remuneration Committee may also recommend the payment of exceptional rewards for outstanding performance.

Implementation Mechanism

- Executive Management shall submit to the Board the financial results achieved for the completed evaluation year in order to determine remuneration in accordance with the approved Policy.
- The Board shall review the financial results for the completed year.
- The Board shall request the Nomination and Remuneration Committee to determine the remuneration based on the approved Policy.
- The Committee shall review the Company's performance assessment.
- The Committee shall determine the remuneration and submit its recommendation to the Board for approval.

- Following the Board's decision on the matter, the Board shall instruct Executive Management to proceed with the payment of remuneration and report back to the Board on the action taken.

Final Provisions

These Regulations shall come into force and be binding on 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. Any proposed amendments shall be submitted to the General Assembly for approval to ensure continued alignment with the relevant laws, regulations, and applicable rules.

Board members may not vote on the agenda item relating to the remuneration of Board members at the General Assembly meeting.