

SADR for Logistics Services

Board membership policies, standards and procedures

Approved by **the Board of Directors** Resolution No. (4/2024) dated 15/11/1445 AH (corresponding to 05/13/2024 AD)

The policy was approved by **the Ordinary Assembly** on 12/5/1445 AH (corresponding to 6/11/2024 AD)

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Policy information

Version control

Issue number	Version type	delivery date
0,1	Initial draft of the Board Membership Policy and Criteria for discussion	Shawwal 20, 1445 AH / April 29, 2024 AD
0,2	A second draft of the Board Membership Policy and Criteria for discussion	01 Dhul-Qi'dah 1445 AH / 09 May 2024 AD

Review and approval

Review	the date	Accreditation	the date
Remuneration and Nominations Committee	On 15/ 11/ 1445AH (corresponding to 13/ 05/ 2024AD)	Board of Directors	Board of Directors Resolution No. (4/2024) On 15/ 11/ 1445AH (corresponding to 13/ 05/ 2024AD)
Acknowledgment		Date	
General Assembly		Date	General Assembly Resolution dated 05/12 /1445 AH (corresponding to 11/ 6/ 2024 AD)

Policy distribution

No.	Name of the entity/people	Storage location
1	Project documentation and documents	Main project file
2	Members of the Board of Directors and committees	
3	Remuneration and Nominations Committee	
4	Executive management	
5	Contributors	
6	The competent regulatory authorities and the entities that should be provided with them	

First: Definitions

a. The words and phrases mentioned in these regulations have the meanings given to them in the list of terms used in the regulations of the Capital Market Authority.

B. For the purpose of applying these regulations, the words and phrases below shall have the meanings indicated in front of each of them, unless the context of the text requires otherwise.

Words and phrases	The meaning
Company:	Sadr Logistics Services Company (a listed Saudi joint stock company).
Authority:	Financial Market Authority.
General Assembly:	Ordinary-Extraordinary Assembly.
the Council:	The company's board of directors.
Chairman of the Board:	Chairman of the Board of Directors of the company.
Secretary:	A secretary of the Council shall be appointed from among its members or from others. He shall be responsible for recording the minutes of the Council's meetings, recording and preserving the decisions issued by these meetings, in addition to exercising other powers assigned to him by the Council. The Council shall determine his remuneration.
Member:	Member of the Council or its committees.
Executive Member:	A board member who is dedicated to managing the company and participates in its daily operations.
Non-executive member:	A board member who is not dedicated to managing the company, does not participate in its daily work, and does not receive a monthly or annual salary from it.
Independent member:	A non-executive board member who enjoys complete independence in his position and decisions, and none of the criteria of independence stipulated in these regulations apply to

	him.
Managing Director:	A member of the Board chosen by the Board, to follow up and supervise the management of the company.
chief executive officer:	The highest official in the executive management and authorized by the Board to head the executive body of the company.
Senior executives:	People entrusted with managing the company's daily operations, proposing and implementing strategic decisions, such as the CEO, his deputies, and the CFO.
The Commission:	The Company's Remuneration and Nominations Committee.
Politics:	Policies, standards and procedures for board membership in the company.
Words and phrases	The meaning
Related parties:	<ul style="list-style-type: none"> A. Follow the company, except for companies wholly owned by the company. B. Major shareholders in the company. C. Board members and senior executives of the company. D. Members of the boards of directors of the company's affiliates. E. Board members and senior executives of the company's major shareholders. F. Any relatives of the persons referred to in (A, B, C, or E). G. Any company or other facility controlled by any person referred to in (a, b, c, e, or f). H. For the purposes of paragraph (f) of this definition, relatives mean father, mother, husband, wife, and children.
Relatives or consanguinity:	<ul style="list-style-type: none"> - Fathers, mothers, grandfathers, and grandmothers, no matter how high they are. - Children, and their children, even if they come down. - Full brothers, sisters, father, or mother. - Husbands and wives.
System:	Policy of the company.
market:	Saudi financial market.

Trade:	The Saudi Stock Exchange (Tadawul) is the only entity authorized to operate as a securities market ("the Market") in the Kingdom, listing and trading securities. (Automated system for trading Saudi stocks).
Market/Tadawul website:	Tadawul website on the Internet.
Day:	A calendar day, whether or not it is a business day.

All terms not defined in these regulations will have the same meaning as stated in the Corporate Governance Regulations, or in the list of terms used in the Authority's regulations and rules, unless the context requires otherwise.

Second: The Board of Directors

1,2Formation of the council

One of the main responsibilities of the Board is to provide effective governance over the company's affairs for the benefit of its shareholders and to find a balance between the interests of its customers, employees, suppliers and its community. In all actions taken by the Board, the Board is expected to exercise its powers and responsibilities and issue business decisions according to what they believe to be in the interest of the Company when implementing this commitment

2,2Composition of the Council

With regard to the composition of the Board, the company is committed to the following:

- A. The number of board members should be proportional to the size of the company and the nature of its activity.
- B. The Board shall be managed by a number of no less than five (5) members. In all cases, it is required that the Board members be natural persons, taking into account the availability of experience necessary for the company's business, and they shall be elected by the Ordinary General Assembly by cumulative vote.
- C. The company must notify the Authority of the names of the Council members and their membership positions within five (5) days from the date of the start of the Council session or from the date of their appointment - whichever is earlier - and any changes that occur to their membership within five (5) days from the date of the changes occurring.
- D. The members of the Council shall appoint, from among them, a Chairman and Vice-Chairman at the first Council meeting after his appointment by the General Assembly.
- E. The Council appoints Council members for the period stipulated in the system, provided that it does not exceed four (4) years. Council members may be reappointed unless the system stipulates otherwise.
- F. The majority of the Board members must be non-executive members.
- G. The number of independent members of the Council shall not be less than two members, or one-third of the Council members, whichever is more.
- H. The Chairman of the Board does not combine his position as Chairman with any executive position in the company, such as the position of Managing Director or CEO.
- I. The bylaws must state how council membership ends, and that the ordinary general assembly may at any time remove all or some of the board members, even if the bylaws stipulate otherwise.
- J. When the membership of a member of the Council is terminated by any means of termination, the competent supervisory authorities shall be notified immediately, along with a statement of the reasons for this.

2,3 Appointment of council members

- The Company's Remuneration and Nominations Committee is responsible for identifying qualified individuals for appointment as Board members and recommending candidates for Board membership to the Board.
- The Company's Remuneration and Nominations Committee must undertake an annual review of the required skills, competencies and qualifications of individuals to be nominated for membership as well as of current members.
- The Company's Remuneration and Nominations Committee must annually assist the Board in determining each Board member's compliance with the Company's business and conduct regulations and the independence of each member as required by relevant and relevant laws and regulations.

2, 3,1 Chairman of the Council

The company's shareholders nominate board members at the annual general meeting. The Council then appoints from among its members a Chairman of the Council and a Vice-Chairman of the Council, and a managing director may be appointed.

2, 3, 2 Managing Director

The Council appoints a managing director from among its members, and determines his duties and powers.

2, 3,3 CEO

The Council appoints the CEO from among its members or from outside the Council, and determines his duties and powers.

2,3,4 Council member

- A. The following council member shall be taken into account when voting:
- B. Achievements achieved by the member in his business career.
- C. To be familiar with and have a basic understanding of the company's basic operational and financial objectives, plans, and policies, as well as the results of the company's operations and its financial position, as well as its major branches and affiliated business sectors, as well as familiarity with the relative position of the company and its business sectors compared to its competitors.
- D. He must have a complete understanding of, acceptance and acknowledgment of all policies and commitments followed by the company, as well as full consideration of the confidentiality of information in order to preserve the interests of shareholders and the company.
- E. What is included in Paragraph No. (3.3 Conditions for Council Membership) of this policy.

5.3.2 Secretary of the Council

The Council shall appoint a Secretary for the Council from among its members or from others, and shall determine his duties, powers, and remuneration by a decision of the Council.

Third: Membership of the Board of Directors

1,3 Nomination for Council membership

- The company's Remuneration and Nominations Committee, when nominating board members, must take into account the terms and conditions stated in the company's governance regulations and the corporate governance regulations issued by the Authority, and the requirements decided by the Authority.
 - The company announces, within a sufficient period of no less than sixty (60) days from the end of the current session of the Council, the opening of nominations for membership in the new Council on the market website and on the company's website.
 - The announcement of the opening of nominations clarifies all the information, documents, forms, and conditions required of those wishing to run for membership in the Council, as well as the procedures for submitting the nomination application, its conditions, and the timetable.
 - Any of the current members has the right to nominate themselves for subsequent terms of their membership.
 - The CV of applicants for membership is reviewed and evaluated by the committee in light of the policies and rules of nomination and membership, and all documents are sent to the authority for an opinion before being presented to the association for a vote.
 - Every shareholder has the right to nominate himself or one or more other persons for membership in the Board, within the limits of his ownership percentage in the capital.
 - It is prohibited to combine the position of Chairman of the Board with any executive position in the company, such as the position of CEO.
- The number of candidates for the Board whose names are presented before the General Assembly must exceed the number of available seats so that the General Assembly has the opportunity to choose from among the candidates - a guiding paragraph in accordance with Article Sixty-Three (63), Nomination Procedures, Paragraph (B) of the Corporate Governance Regulations issued by the Board of Directors Commission.

2,3 Vacant position in the Council

- If the position of one of the Council members chosen by the General Assembly becomes vacant, the Council may appoint a temporary member to fill the vacant position according to the order in which votes were obtained in the Assembly that elected the Council.
- The temporary member must have experience and competence.
- The Authority and the Commercial Registry must be notified of the appointment of the temporary member within fifteen (15) days from the date of appointment. The appointment must be presented to the Ordinary General Assembly at its first meeting, and the new member must complete the term of his predecessor.
- If the necessary conditions are not met for the Council to convene due to the number of its members being less than the minimum stipulated in the Companies Law and the Bylaws, the Council must convene the Ordinary General Assembly within a period not exceeding sixty (60) days to elect the necessary number of members.

3.3 Expiry of Council membership

- The term of a member's membership in the Board is (4) four years from the date of his election and ends at the end of the prescribed term, resignation, death, or if it is proven to the Board that the member has violated his duties in a way that harms the interest of the company. The member's resignation shall be considered effective from the date of its acceptance by the Board, or any time. A subsequent one shall be approved by the Council.
- The Ordinary General Assembly may, at any time, dismiss all or some of the Board members, even if the statute stipulates otherwise, without prejudice to the right of the dismissed person to compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time.
- The General Assembly may - based on the recommendation of the Council - terminate membership if the member fails to attend three (3) consecutive sessions of the Council or five (5) separate sessions during the term of his membership without a legitimate excuse accepted by the Council.
- If it is proven that the member is not fit for membership in accordance with the provisions of any law, regulation, rule, or instruction in force in the Kingdom.
- That he has been ruled bankrupt or insolvent, or has submitted a request for settlement with his creditors, or has stopped paying his debts.
- He must have suffered from a mental illness (God forbid) that prevents him from exercising his responsibilities.
- If it is proven that he committed an act of breach of trust or morals or was convicted of forgery.
- A member of the Board has the right to retire, provided that this is at an appropriate time. Otherwise, he will be responsible by the company for the damages resulting from his resignation. He must notify the Chairman of the Board in writing, and the retirement will be effective from the date specified in the notification.
- The Chairman of the Council has the right to retire on the condition that he informs the rest of the Council members and the Council Secretary, and the retirement is effective from the date specified in the notification.
- A member of the Board has the right to resign, provided that this is at an appropriate time. Otherwise, the company will be responsible for the damages resulting from his resignation, and he must inform the Chairman of the Board in writing.
- * When the membership of a member of the Board expires, by any means, the company must notify the market and the Authority immediately, stating the reasons for this.
- * If the Chairman and members of the Board retire, they must call the Ordinary General Assembly to convene to elect a new Board of Directors. The retirement shall not take effect until a new Board of Directors is elected, provided that the duration of the retiring Board shall not exceed one hundred and twenty (120) days from the date of retirement.

3,4 Symptoms of independence

- The independent board member must be able to carry out his duties, express his opinions, and vote on decisions objectively and impartially, which helps the board to make sound decisions that contribute to achieving the company's interests.
- The Council must conduct an annual evaluation of the extent to which the member's independence has been achieved and ensure that there are no relationships or circumstances that affect or could affect him.
- The following is incompatible with the independence required for an independent Council member - for example, but not limited to:
 - He must own five (5%) percent or more of the company's shares or the shares of another company from its group, or be related to the person who owns this percentage.
 - He must be related to any of the board members in the company or in another company in its group.
 - He must be related to any of the senior executives in the company or in another company in its group.
 - To be a member of the Board of Directors of another company from the group of companies whose Board of Directors candidate is nominated.
 - That he works or was an employee during the past two years for a company or any party dealing with it or another company from its group, such as auditors and major suppliers, or that he owned controlling shares in any of those parties during the past two years.
 - To have a direct or indirect interest in the business and contracts carried out on behalf of the company.
 - To receive sums of money from the company in addition to the reward for membership in the Council or any of its committees in excess of two hundred (200,000) thousand riyals or (50%) of his reward in the previous year that he received in exchange for membership in the Council or any of its committees, whichever is less.
 - To participate in a business that would compete with the company, or to trade in one of the branches of the activity it practices.
 - He must have spent more than nine (9) consecutive or separate years as a member of the Council.
- The business and contracts that are carried out with the board member to meet his personal needs are not considered an interest that negates the independence of the Board member, which must obtain a license from the Ordinary General Assembly, if these business and contracts are carried out in the same terms and conditions that the company follows with all contractors and dealers and are within the company's activity. As usual, unless the Remuneration and Nominations Committee deems otherwise.

Fourth: Publishing the nomination announcement

1.4 Publication policy

The company must publish the nomination announcement on the company's website, the market's website, and in any other means determined by the Authority, in order to invite people wishing to run for membership in the Council, provided that the nomination period remains open for at least one month from the date of the announcement.

Fifth: The shareholder's right to nominate

1.5 Rights related to nomination for Council membership

The provisions contained in these regulations, the Company Governance Regulations, and the Corporate Governance Regulations issued by the Authority do not prejudice the right of every shareholder in the company to nominate himself or others for membership in the Board in accordance with the provisions of the Companies Law and its executive regulations.

- The shareholder has the right to nominate himself for membership in the Board if he meets the conditions that qualify him for this membership by filling out a nomination application form for Board membership (Appendix No. (1) and No. (2)).
- The shareholder has the right to inquire about the qualifications, experience and capabilities of the Board members.

Sixth: Final provisions

1,6 Accreditation and acknowledgment

1. The regulations organizing the work of the Remuneration and Nominations Committee were approved by the Board of Directors Resolution No. (4/2024) On 15/ 11/ 1445 AH (corresponding to 13 / 05/ 2024 AD).
2. B. The bylaws organizing the work of the Remuneration and Nominations Committee were approved by the Ordinary Assembly of Sadr Logistics Services Company at its meeting on 11/ 06/ 2024 AD.

2,6 Publication and Accessibility

1. These regulations shall be effective from the date of their approval by the Ordinary Assembly.
2. This regulation is considered complementary to the company's governance regulations, the work regulations of the Council and its committees, and the corporate governance regulations issued by the Authority.
3. These regulations supersede and replace all procedures, decisions or internal regulations of the company that conflict with them.
4. Everything that is not provided for in this regulation shall be subject to the Corporate Governance Regulations issued by the Authority and the decisions issued by the competent regulatory authorities.

Signature of approval and acknowledgment:

	
President of the Ordinary Assembly	Secretary of the Ordinary Assembly
	
Chairman of Board of Directors	Secretary of the Board

Date: 05/12/ 1445 AH corresponding to 11 /06/ 2024 AD

Appendix No. (1): Nomination application form for council membership

* Form No. (1) according to the Capital Market Authority website

Personal data of the nominated member						
Quad name						
Nationality			Date of birth			
Academic qualifications of the nominated member						
No.	Qualification	Speciality	Date of obtaining the qualification	Name of the donor		
1						
2						
The practical experiences of the nominated member						
Period			Areas of expertise			
Current membership in the boards of directors of other joint stock companies (listed or unlisted) or any other company, regardless of its legal form, or the committees emanating from it:						
No.	Company Name	Main activity	Membership status(executive,	Nature of membership (in	Committee membership	Legal form of

			non-executive, independent)	his personal capacity, representative of a legal entity)		the company
1						
2						
3						
4						
5						

* Form No. (3) Downloaded from the Capital Market Authority website.

Appendix No. (2): Member CV template

1. Personal data of the nominated member

		Quad name
	Date of birth	Natiomality

2. Academic qualifications of the nominated member

Name of the donor	Date of obtaining the qualification	Speciality	Qualification

3. The practical experiences of the nominated member

No.	Period	Areas of expertise

4. Current membership in the boards of directors of other joint stock companies (listed or unlisted) or any other companies, whatever their legal form.

No.	Company Name	Activity	Membership status	Nature of membership	Committee membership	Legal form of the company

Name:

Date:

Signature: