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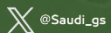
الشركة السعودية للخدمات الأرضية
Saudi Ground Services Company

واجهة وطن
FACE OF A NATION

Standards and procedures for board membership

Saudi Ground Services Company

A joint stock company listed on the Saudi Stock Exchange



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Article One: Preamble

The policy, standards, and procedures for membership of the Board of Directors of the Saudi Ground Services Company, **“the Company”**, have been prepared in compliance with the provisions of the Corporate Governance Regulations issued by the Capital Market Authority and based on the company’s Regulations. Moreover, the General Assembly of Shareholders, considering what is amended in the Governance Regulations issued by the Capital Market Authority, approves the policy, standards, and procedures for Board of Directors membership.

Article Two: Purpose of the policy

This policy aims to determine the standards, conditions, and procedures necessary for membership in the company’s Board of Directors, and those members must be professionally competent and possess the necessary experience, knowledge, skill, and independence to enable them to carry out their duties efficiently and competently.

Article Three: General Provisions

- 1) The person who chairs the General Assembly meeting has the right to refuse to accept the member nomination submitted by shareholders if the procedures below are not followed.
- 2) Voting in the General Assembly is limited to those whose nominations for Board membership have been approved by the Board of Directors after they fulfill the requirements necessary for nomination as stated below.
- 3) Each subscriber has one vote for each share he represents in the General Assembly of Shareholders, based on one vote per share, on condition that the vote to appoint members of the Board of Directors is according to the cumulative voting method.

Article Four: Jurisdiction of the Nominations and Remuneration Committee

In accordance with what is stipulated in the supervisory instructions and work rules and regulations approved by the company’s Board of Directors and its General Assembly, the Nominations and Remuneration Committee emanating from the Company’s Board of Directors is responsible for the task of evaluating the suitability of and recommending to the Board of Directors in accordance with this policy and the regulatory rules issued by the approved supervisory authorities in this regard.

Moreover, in accordance with what is stipulated in its work regulations and organizational rules, the Nominations and Remuneration Committee has been entrusted with conducting an annual review of the needs and skills required for membership in the Board of Directors, and preparing a description of the capabilities and qualifications, including determining the time that a member of the Board of Directors allocates to the work of the Board.

Furthermore, the committee was entrusted with the task of reviewing the structure of the Board of Directors and its committees and submitting recommendations to the Board, in addition to identifying the weaknesses and strengths of the Board of Directors and submitting the necessary proposals to address them, in a way that achieves the company’s public and private interests.

Article Five: Criteria for membership in the Board of Directors

The Nominations and Remuneration Committee is responsible for updating, amending and developing the Board membership standards. This is based on the companies' regulations issued by the Ministry of Commerce, the Capital Market Authority's regulations, and the company's Regulations, considering the following:

- The candidate must be a natural person who is not less than twenty-five (25) years old.
- The candidate must not have been previously convicted of a crime against honor or trust, or been ruled bankrupt, or made arrangements or reconciliation with his creditors, or be unfit for membership in the Board of Directors in accordance with any law or instructions in force in the Kingdom.
- The candidate must have a high level of academic qualification and have practical and administrative experience. Moreover, priority in nomination is given to the needs required of those with the appropriate skills for membership of the Board of Directors.
- That the member of the Board of Directors represents all shareholders and is committed to what achieves the interests of the company in general and not what achieves the interests of the group that he represents or that voted to appoint him to the Board of Directors.

Article Six: Duties of Care and Loyalty:

Every member of the Board of Directors is committed to the duties of care and loyalty, including the following:

- **Exercising tasks within the limits of prescribed powers:** A member of the Board of Directors must exercise his duties and powers in managing the company and directing its work within the limits of his prescribed powers in accordance with the provisions of the Companies Law and its executive regulations, the company's Regulations, and other relevant systems, and in a way that achieves the purposes for which he was granted those powers.
- **Working in the interest of the company and enhancing its success:** A member of the Board of Directors must commit to the following:
 - a) Working in good faith in the interest of the company and all shareholders and not prioritizing his personal interest over the interest of the company and its shareholders, taking into account the rights of other stakeholders.
 - b) Ensure to do everything that will enhance the company's success and development and maximize its value for the benefit of its shareholders in the long term.
- **Making decisions or voting on them independently:** A member of the Board of Directors must exercise his duties objectively and independently with regard to managing the company and making decisions in it and avoid situations that affect his independence in making decisions or when voting on them.
- **Exercising reasonable and expected care, attention, diligence and skill:** A member of the Board of Directors must perform his duties and responsibilities in accordance with the Companies Law, the Financial Market Law and their executive regulations, the Company's Regulations and other relevant regulations, and in accordance with the care and diligence that a prudent person must exercise along with the general knowledge, skill and experience possessed by the Board Member himself, and those expected of those who undertake the same functions that that member performs.
- **Avoid conflicts of interest:** A member of the Board of Directors must avoid transactions and situations in which he has or is likely to have a direct or indirect interest that conflicts or could conflict with the interest of the company. Moreover, he must comply with the provisions on conflicts of interest contained in the Companies Law and its implementing regulations.

Disclosing any interest he has, directly or indirectly, in the business and contracts conducted on behalf of the company: A member of the Board of Directors must commit to disclosing any interest he has, directly or indirectly, in the business and contracts conducted on behalf of the company as soon as he becomes aware of it. He must adhere to the provisions regarding disclosure of interest in business and contracts contained in the Companies Law and its executive regulations.

Not accepting any benefit granted to him by others in relation to his role in the company: A member of the Board of Directors must not exploit his position and the tasks and powers that he has as a member of the Board of Directors in any way to obtain benefits from others, or accepting any benefit granted to him by others in exchange for performing a certain act or abstaining from performing a certain act.

Article Seven: Conditions for membership in the Board of Directors:

It is required that a member of the Board of Directors be a professionally competent person who possesses the necessary experience, knowledge, skill, and independence, enabling him to carry out his duties efficiently and competently. In particular, he must possess the following:

He must have leadership skills that qualify him to grant powers that lead to stimulating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.

Honesty, integrity, and good reputation: He must possess the qualities of honesty, integrity, good reputation, and justice, including the following:

- A) That he has never been convicted of committing any crime, whether inside or outside the Kingdom.
- B) That he has never been convicted of committing any crime against honor or trust inside or outside the Kingdom.
- C) That he has never been an opponent of the company or a representative of one of its opponents, whether inside or outside the Kingdom, in a way that affects his interest in the interests of the company and shareholders and prioritizing them over his personal interests.

Competence: This is by having the appropriate academic qualifications, professional and personal skills, level of training, and practical experiences related to the company's current and future activities, management, economics, accounting, law, or governance, as well as the desire to learn and train.

Financial solvency: He must have the ability and previous experience in managing his obligations and financial affairs prudently and appropriately. In addition, a person's limited financial capabilities, in and of himself or herself, do not mean that the person is unable to fulfill his financial obligations. (Governance Department)

The ability to direct: This is by having the technical, leadership, and administrative capabilities, speed in decision-making, understanding the technical requirements related to the workflow, and being able to provide strategic guidance, planning, and a clear future vision.

Financial knowledge: by being able to read and understand financial statements and reports.

Health and fitness: This means that he does not have a health problem that prevents him from exercising his duties and specializations.

The majority of it shall be non-executive members.

). The number of its independent members shall not be less than two or one-third of the Board of Directors members, whichever is more.

.. The company's Regulations specify the number of members of the Board of Directors, which must not be less than three.

٦. The General Assembly elects members of the Board of Directors for the period stipulated in the company's Regulations, on condition that it does not exceed four years. They may be re-elected unless the company's Regulations stipulate otherwise.
٧. It is required that a member of the Board of Directors does not hold membership in the Board of Directors of more than five joint stock companies listed on the market at the same time.

The General Assembly must take into account, when electing members of the Board of Directors, the recommendations of the Nominations and Remuneration Committee and the availability of the personal and professional capabilities necessary to perform their duties effectively in accordance with what is stated in this article.

Article Eight: Requirements related to the formation of committees:

The Board of Directors should consider the necessary requirements when forming the Audit Committee and the Nominations and Remuneration Committee, based on the governance regulations issued by the Capital Market Authority and best practices, which include the following:

First: Requirements for forming the audit committee:

An audit committee of shareholders or others shall be formed by decision of the company's board of directors, on condition that it does not include any of the executive members of the board of directors. The number of members of the audit committee must not be less than three and not more than five. This is on condition that one of them is a specialist in financial and accounting affairs.

The members of the audit committee must include at least one independent member.

The Chairman of the Audit Committee must be an independent member. Half of the members of the Audit Committee must be independent members or those who do not meet the criteria of independence mentioned in Article Nineteen of these regulations.

The company's General Assembly issues - based on a proposal from the Board of Directors - work regulations of the Audit Committee. This regulation shall include the controls and procedures for the committee's work, its tasks, the rules for selecting its members, how to nominate them, the duration of their membership, their Remunerations, and the mechanism for appointing its members temporarily if one of the committee's seats becomes vacant.

It is not permissible for anyone who works or has worked during the past two years in the executive or financial management of the company, or for the company's auditor, to be a member of the audit committee.

It is required that the audit committee member does not serve as a member of audit committees in more than five joint stock companies listed on the market at the same time.

Second: Requirements for forming the Nominations and Remuneration Committee:

The company's Board of Directors shall be formed by a decision from non-members of the Executive Board of Directors, provided that at least one independent member is among them.

The company's General Assembly issues - based on a proposal from the Board of Directors - work regulations of the Audit Committee. This regulation must include the controls and procedures for the committee's work, its tasks, the rules for selecting its members, how to nominate them, the duration of their membership, and their Remunerations.

The number of committee members should not be less than three or more than five.

Article Nine: Symptoms of independence:

The independent member of the Board of Directors must be able to exercise his duties, express his opinions, and vote on decisions objectively and impartially, in a way that helps the Board of Directors to make sound decisions that contribute to achieving the company's interests.

The Board of Directors 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 board member - including, but not limited to - the following:

He must own five 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 members of the Board of Directors 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.

He must be a board member in another company from the company group for which he is nominated for membership in its board of directors.

He has worked or was an employee during the past two years with the company, or another company in its group, such as, auditors and major suppliers 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 remuneration for membership in the Board of Directors or any of its committees in excess of (200,000) riyals or 50% of his remuneration in the previous year that he received in exchange for membership in the Board of Directors 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 activity practiced by the company.

He must have spent more than nine consecutive or separate years as a member of the company's Board of Directors.

Article Ten: Procedures for nomination for membership in the Board of Directors:

1. The opening of nominations for membership in the Board of Directors shall be announced no less than six months before the end of the Board of Directors term and in light of the regulations and requirements required by the relevant systems.

2. The candidate must send an official letter to the company's Board of Directors stating his desire to run for membership in the Board of Directors or committees. This letter must include an introduction to the candidate in terms of his CV, qualifications, and practical experience.

3. The candidate must fill out the nomination form issued by the Capital Market Authority, the Saudi Financial Market, or any other forms attached to the advertisement.

4. Attach a clear copy of the national ID and family registry, and the candidate's contact numbers, including at least the mobile number, fixed phone number, email address, passport for non-Saudis running for Board of Directors membership, and any other relevant documents required by the company to meet the regulatory requirements.

5. A candidate who has previously served as a member of the board of directors of joint stock companies must attach a statement indicating the number and date of the boards of directors of the companies of which he served as a member.

6. The candidate who previously served as a member of the Board of Directors of the “Ground Services” company must attach to the nomination notification a statement from the company’s management for the last session in which he served as a member of the Board, including the following information:

- A) The number of Board of Directors meetings that took place during each year of the term.
- B) The number of meetings attended by (Asala) and the percentage of his attendance to the total number of meetings.
- C) The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the session, the number of meetings he attended, and the percentage of his attendance to the total number of meetings.

7. The candidate must clarify the membership status in the nomination application, i.e. whether the member is an executive member, a non-executive member, or an independent member.

8. The candidate must clarify the nature of membership in the candidacy application, that is, whether the member is running in his personal capacity or whether he is a representative of a legal person.

9. All nomination applications are received and completed applications are submitted to the Nominations and Remuneration Committee. In the event that the candidate does not meet the necessary requirements as stated above, including the inability to provide the required information within the required period,

10. Any application that does not complete the conditions and documents specified in these regulations will be rejected before submitting them to the Nominations and Remuneration Committee by the Secretary of the Board of Directors. The request is saved with the Governance Department.

11. When nominating members of the Board of Directors, the Nominations and Remuneration Committee must take into account the terms and conditions stated in these regulations, and the requirements, policies and standards of membership in the Board of Directors decided by the Authority.

12. The number of candidates for the Board of Directors whose names are presented to the General Assembly must exceed the number of seats available so that the General Assembly has the opportunity to choose from among the candidates.

13. Electronic submission is sufficient.

14. Voting on the selection of members of the Board of Directors is done through the cumulative voting method.

15. voting in the General Assembly is limited to those who nominated themselves in accordance with the aforementioned policies, standards and procedures.

16. Nominations will be kept open for thirty (calendar) days.

17. The nomination period may be extended from 30 days to 60 days (calendar) by decision of the Nominations and Remuneration Committee.

Article Eleven: Publication of the Candidacy Announcement:

The company must publish the nomination announcement on the company’s website, the market’s website, and in any other means specified by the Authority. This is to invite people wishing to run for membership in the Board of Directors, on condition that the nomination period remains open for at least one month from the date of the announcement.

Article Twelve: The Shareholder's Entitlement to Nominate:

The provisions contained in these regulations do not prejudice the right of every shareholder in the company to nominate himself or others for membership in the Board of Directors in accordance with the provisions of the Companies Law and its executive regulations.

Article Thirteen: Role of Governance and Board Secretariat:

After the closure of the nomination period, the Governance and Board Secretariat shall submit all candidate data to the Nomination and Remuneration Committee within three working days, accompanied by all required documents as per the regulations, specifying the complete and incomplete applications. Upon completion of the procedures and recommendations of the Nomination and Remuneration Committee, the Governance and Board Secretariat shall send Form No. (3) to the Capital Market Authority through the automated system to obtain approval or non-objection to the candidates. If the candidate meets all the specified criteria in this policy, the Governance and Board Secretariat shall deposit the nomination notifications and their attachments at the company's headquarters, available for shareholders at least twenty-one (21) days prior to the date of the general assembly meeting.

Article Fourteen: Procedures of the Nominations and Remuneration Committee:

The Nominations and Remuneration Committee is responsible for supervising the organization of nomination procedures for membership in the company's Board of Directors, "Ground Services", in coordination with the Governance Department and the Company's Secretariat to submit to the Board of Directors the list of candidates for Board membership after the nomination period closes, as well as ensuring that all legal procedures are carried out, including the following:

1. The Governance Department and the Secretariat review and examine the CV and attached documents necessary for the candidates in accordance with the approved policies and standards and submit them to the Nominations and Remuneration Committee for study and recommending to the Board of Directors the members who meet the conditions and standards for membership.
2. The Governance Department and the Secretariat send copies of the nomination notifications, their attachments, and a list of the names of the candidates to the General Administration of Companies at the Ministry of Commerce.
3. The Governance Department and the Board Secretariat provide the Capital Market Authority and the Saudi Financial Market via the automated forms system with the CVs of the candidates for membership in the company's Board of Directors.
4. The Nominations and Remuneration Committee must implement any observations received from the competent authorities regarding any candidate and inform the Board thereof.

The Nominations and Remuneration Committee shall submit its recommendations to the Board regarding the candidates after ensuring that there are no precedents or that the candidates have not previously been convicted of a crime prejudicial to honor and dishonesty based on the approvals received from the relevant systems.

Article Fifteen: Termination of Board Membership:

1. The company's Regulations state how membership in the Board of Directors can be terminated or terminated at the request of the Board. However, the Ordinary General Assembly may dismiss all or some of the Board members, even if the company's Regulations stipulate otherwise, taking into account

any controls established by the Authority. In this case, the Ordinary General Assembly must elect a new Board of Directors or someone to replace the removed member - as the case may be - in accordance with the provisions of the Companies Law and its executive regulations. The General Assembly may also - based on a recommendation from the Board of Directors - terminate the membership of any of its members who is absent from attending three consecutive meetings or five separate meetings of the Board during the term of his membership without a legitimate excuse accepted by the Board.

2. When a member's membership in the Board of Directors expires through one of the membership termination methods, the company must notify the Authority and the Market immediately, stating the reasons for this.

3. Upon receipt of a request from one or more shareholders representing (10%) of the company's shares that have voting rights 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 invitation to convene the Ordinary General Assembly the name of the applicant and justifications. the demand. Further, the concerned member has the right to make a statement regarding the request at the relevant ordinary general assembly meeting.

4. If a member of the Board of Directors resigns, and he has observations on the company's performance, he must submit a written statement thereof to the Chairman of the Board of Directors, and this statement must be presented to the members of the Board of Directors.

5. If it is not possible to elect a Board of Directors for a new term and the term of the current Board has ended, its members will continue to perform their duties until a Board of Directors is elected for a new term, provided that the term of office of the members of the Board whose term has ended does not exceed (ninety) days from the date of the end of the Board term. In addition, the Board of Directors must take the necessary measures to elect a Board of Directors to replace it before the expiry of the continuation period specified in this paragraph.

6. If the Chairman and members of the Board of Directors retire, they must convene the Ordinary General Assembly to elect a new Board of Directors. Moreover, retirement does not take effect until the new Board of Directors is elected, on condition that the term of the retiring Board of Directors does not exceed (**one hundred and twenty days**) from the date of that retirement. Furthermore, the Board of Directors must take the necessary measures to elect a Board of Directors to replace it before the expiry of the continuation period specified in this paragraph.

Article Sixteen: Introducing the members of the Board of Directors to the company's affairs:

According to what is included in the governance document of the Saudi Ground Services Company, the new members of the Board of Directors and its committees must acquire the appropriate skills and knowledge after their appointment, through a comprehensive program prepared by the company's secretariat that includes the following:

- Meeting with company officials and executive management.
- Providing new members upon their appointment, or with each new session of the Board of Directors, with all the systems and regulations governing the company's work, work, activities, general strategies, and any updates thereto.
- New board members should be provided with a document specifying their tasks, responsibilities and contractual duties that govern their relationship with the company.
- Providing members with comprehensive information about the company, including (its various activities, business sectors, products, administrative organization, main operations and procedures, financial conditions, main risks, key performance indicators, and legal and regulatory restrictions, systems, and regulations).

- Providing members with information about stakeholders and the policies that govern their relationship.
- Participate in introductory and educational programs for the purpose of staying up to date on the latest developments and developing their skills to enable them to participate effectively in the work of the Board.

Article Seventeen: Remuneration for Board of Directors and Committee Members:

The remuneration and allowances of non-executive members of the Board of Directors and members of committees emanating from outside the Board and their attendance allowances for Board and committee meetings are determined in accordance with the company's compensation policy approved by the Board of Directors, which is approved in accordance with supervisory directives.

Article Eighteen: Evaluation of the Board of Directors and the work of the committees:

The company's board of directors must ensure that it conducts a self-evaluation of its performance, the performance of its members and the committees emanating from it, and that this is done on a regular basis. The evaluation process may be entrusted to the Nominations and Remuneration Committee or with the participation of independent members of the Board. External specialized consultants may also be sought to assist in the evaluation process, on condition that the results of this may be presented and the strengths and weaknesses discussed and addressed in a manner consistent with the interest of the company.

Article Nineteen: Amendments to this policy:

The Board may approve any changes to this policy at any time it deems appropriate based on the recommendation of the Nominations and Remuneration Committee and its approval by the General Assembly of Shareholders.