



Policies, standards and procedures for membership in the Board of Directors

Corporate Governance Policies Manual

Board of Directors

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Introduction:

The principles of good governance require that every company strive for its board members to be qualified to carry out the duties and responsibilities assigned to them, and for board members, individually and collectively, to have the necessary ability and skills to enable sound judgment when issuing decisions.

By virtue that the Saudi Ground Services Company is a Saudi company licensed to practice ground handling activities in support of air services, and a company listed in the Saudi Stock Exchange, the company is committed to fulfilling the requirements and requirements issued by the supervisory authorities included in the systems, regulations and rules governing the work of generally listed companies and to work in support of industry. Air in the kingdom in particular.

The provisions of the Saudi Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority included a number of general requirements that must be fulfilled when nominating, selecting and appointing members of the boards of directors of listed companies, as well as the principles of governance, the justifications that every company operating in the Kingdom of Saudi Arabia must fulfill. And to ensure that the candidates for membership in the boards of directors of these companies possess the appropriate technical, practical and administrative skills and financial expertise that enable them to fulfill the duties and responsibilities assigned to them.

Whereas the supervisory requirements issued by the supervisory authorities stipulated that a general policy shall be enacted that defines the criteria and justifications for membership with these supervisory rules. This policy, criteria, selection and appointment of the members of the company's board of directors has been taken into consideration. In line with these supervisory rules, the preparation of this policy and procedural standards that have been approved by the Nominations and Remuneration Committee and the Board of Directors of the Saudi Ground Services Company has been taken into consideration, to work on it after its approval by the company's general assembly at its scheduled meeting on 12/20/2017. Nominations, remunerations and the company's board of directors determines the criteria for selecting members nominated for membership of the company's board of directors, including executives and non-executives, and members of the committees emerging from it.



Article (1): Policy Purpose

The purpose of preparing this policy is to serve as procedural rules and a guide that defines general and specific criteria for selecting and appointing candidates for the membership of the Board of Directors of the Saudi Ground Services Company from executives and non-executives who shall have appropriate knowledge, skills and experience, and in a way that contributes to the effectiveness of the Board's work, and providing leadership Convenience that contributes to the success of the company and its business.

As a general principle, it must be taken into account that the members of the company's board of directors must be qualified to carry out the work entrusted with that they have a clear understanding of the role required of them, and that they have the ability to exercise sound and objective judgment in all the affairs of the company, its business and its activities.

In order to achieve the elements of complementarity in the building and formation of the Board of Directors of the Saudi Ground Services Company and its effectiveness in performing its duties, the members of the Board shall have combined professional, administrative and practical skills, appropriate financial experiences and distinguished personal qualities.

As a major requirement, it must be taken into account that each member of the company's board of directors be persons of distinguished reputation, high efficiency and the ability to assume responsibility, and that members have influential leadership qualities and role models, and that the members in this regard are able to supervise, follow up and direct the affairs of the company to achieve Its strategic goals.

Article (2): Competence of the Nomination and Remuneration Committee

In accordance with the provisions of the supervisory instructions and the work rules and regulations approved by the company's board of directors and its general assembly, the Nominations and Remuneration (Compensation) Committee emanating that are assigned under the direction of the Board of Directors of the company is concerned with the task of evaluating the suitability and recommending to the Board of Directors the names of candidates to fill the membership of the Board of Directors in accordance with this policy and regulatory rules issued by Approved supervisory authorities in this regard.

In accordance with the provisions of its work regulations and organizational rules, the Nominations and Remuneration Committee has been assigned to conduct the annual review of the needs and skills required for membership of the Board of Directors, and to prepare 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, as well as the task of reviewing the structure of the Board of Directors and its committees. And submit recommendations to that of the Board, in addition to identifying weaknesses and strengths in the Board of Directors and submitting the necessary proposals to address that, in the interests of the public and private company.

Article (3): General Requirements

The Nominations and Remuneration Committee is concerned with updating, amending and developing the criteria for membership of the Board to be implemented and observed, based on the Companies Law and Circulars issued by the Ministry of Commerce and Investment, the Regulations of the Capital Market Authority and the Company's Articles of Association, taking into account the following:

- 1) The candidate must be a natural person of no less than twenty-five (25) years old
- 2) The candidate shall not be a member of the boards of more than five (5) joint stock companies listed simultaneously.
- 3) That the candidate has not been previously convicted of a crime involving breach of honor and trust, or has been ruled bankrupt, has made arrangements or reconciled with his creditors, or is unfit for membership in the Board according to any system or instructions in force in the Kingdom.
- 4) That the candidate has a high level of scientific qualification and has practical and administrative experience, and priority in nomination is given to the needs required of those with the appropriate skills for membership of the Board of Directors.
- 5) That the member of the board of directors represents all the shareholders, not what is in the interests of the group, and that he is committed to what is in the interest of the general company that he represents or which voted to appoint him to the board of directors.
- 6) The Nomination and Remuneration Committee must review the candidate's qualifications and evaluate aspects of his ability to lead and practice independent judgment, as well as knowledge of the accounting and financial aspects, to determine his readiness to fulfill his duties and duties if selected.
- 7) The Nomination and Remuneration Committee shall receive and study the CVs of the candidates for membership of the Board, and disclose to investors these CVs at the time of the election, in a way that enables the shareholder investors to judge the competence and adequacy of the candidates for membership of the Board of Directors.
- 8) Among the responsibilities of the committee, when studying the submitted candidacy applications, is to interview the candidates, assess their qualifications and skills, and to contain the candidates' information based on their qualifications and skills.

Article (4): Principles of truthfulness, honesty and loyalty

Each member of the Board of Directors is committed to the principles of honesty, honesty, loyalty, care and concern for the interests of the company and the shareholders and presenting them in his personal interest, and in particular the following include:

- 1) **Honesty:** that the relationship of a member of the board of directors to the company is a sincere professional relationship, and that he discloses to it any influential information before executing any deal or contract with the company or one of its subsidiaries.
- 2) **Loyalty:** By ensuring that a member of the board of directors avoids dealings that involve a conflict of interest, while ensuring the fairness of the dealings, and observing the provisions related to conflict of interest in these regulations.
- 3) **Care and attention:** by performing the duties and responsibilities stipulated in the Companies Law, the Financial Market Law and their implementing regulations, the Company's Articles of Association, and other relevant regulations.

Article (5): Conditions for membership in the Board of Directors

It is a requirement that a member of the Board of Directors be of professional competence who possesses the necessary experience, knowledge, skill and independence, in order to enable him to carry out his duties efficiently and competently, taking into account that in particular the following shall be met:

- 1) **Leadership ability:** By possessing leadership skills that qualify him to grant authorities in a way that leads to stimulating performance, applying best practices in the field of effective management, and adhering to professional values and ethics.
- 2) **Honesty, integrity and good reputation:** To have the characteristics of honesty, integrity, good reputation and fairness, including the following:
 - A) If he has never been convicted of committing any crime, whether inside or outside the Kingdom.
 - B) If he has never been convicted of committing any crime against honor or trust inside or outside the Kingdom.
 - C) If 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 manner that affects his interest in the interests of the company and the shareholders and their submission to his personal interest.
- 3) **Competence:** by having the appropriate academic qualifications, professional and personal skills, level of training, and practical experiences related to the current and future activities of the company, administration, economics, accounting, law or governance, as well as a desire to learn and train.
- 4) **Solvency:** To have the ability and previous experiences in managing his obligations and financial affairs wisely and appropriately, and the limited financial capabilities of a person in and of themselves do not mean the person's inability to fulfill his financial obligation (governance management).
- 5) **Ability to direct:** by having technical, leadership, and administrative capabilities, speed in decision-making, comprehension of technical requirements related to workflow, and to be able to strategic direction, planning and a clear future vision.
- 6) **Financial knowledge:** by being able to read and understand financial statements and reports.
- 7) **Health fitness:** that he does not have a health obstacle that hinders him from carrying out his duties and specializations.

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

Article (6): Requirements for the formation of the Board and its committees

When the Nominations and Remuneration Committee evaluates the structure and composition of the Board and its Committees, the necessary supervisory requirements are taken into consideration, which were stipulated in the Corporate Governance Regulations issued by the Capital Market Authority and the best practices, which include:

A) Requirements related to the company's board of directors:

- 1) That the majority of the board members are non-executive and independent members.
- 2) That the number of independent members is not less than two or one-third, whichever is greater, and by virtue of the fact that the company's board of directors consists of 9 members, the number of independent members

shall at any time not be less than (3) members, taking into account the limits and scope of the determinants of independence according to what Included in the supervisory rules attached to this policy.

- 3) That the number of executive members, if any, on the board of directors does not exceed (2).
- 4) That the chairman of the company's board of directors and his deputy be non-executive members.
- 5) The independence and separation of the positions of Chairman and Deputy CEO of the company.

B) Requirements related to the audit committee:

In line with the requirements included in the provisions of the Companies Law and the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Capital Market Authority regarding the formation of the Audit Committee, or any other supervisory directives, the following requirements shall be taken into consideration:

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- 1) That the committee shall consist of at least (3) members.
- 2) That the audit committee be chaired by an independent member of the board.
- 3) That the chairman of the company's board of directors shall not be the chairman of the committee.
- 4) That among the members of the committee be one or more specialists in financial and accounting matters and accounting standards.
- 5) That the membership of the committee members does not last for a period of more than (3) additional meetings as a maximum.

C) Requirements related to the Nomination and Remuneration Committee:

In line with the requirements included in the provisions of the Companies Law and the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Capital Market Authority regarding the formation of the Audit Committee, or any other supervisory directives, the following requirements shall be taken into consideration:

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- 1) That the committee shall consist of at least (3) members.
- 2) That the members of the committee are not executives.
- 3) That the committee be chaired by an independent member, taking into account the provisions of the supervisory rules attached to this policy.
- 4) That the chairman of the company's board of directors shall not be the chairman of the committee.

Article (7): Conditions of Independence

- 1) An 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 order to help the board of directors to take sound decisions that contribute to achieving the interests of the company.
- 2) The board of directors shall conduct an annual assessment of the extent to which the independence of the member has been achieved, and to ensure that there are no relationships or circumstances that affect or could affect him.
- 3) The following is incompatible with the independence required for an independent board member - for example, but not limited to:

- A) To be the owner of five percent or more of the company's shares or another company from its group, or has a kinship relationship with whoever owns this percentage.
- B) To be a representative of a legal person who owns five percent or more of the company's shares or another company from its group.
- C) To be related to any of the members of the board of directors in the company or in another company of its group.
- D) He is related to any of the senior executives of the company or in another company of its group.
- E) To be a member of the board of directors of another company from the group of the company to be a member of its board of directors
- F) To work or have been an employee during the past two years for the company or any party dealing with it or another company in its group, such as auditors and major suppliers, or to have control shares with any of those parties during the past two years.
- G) To have a direct or indirect interest in the business and contracts that are made for the company.
- H) To receive money from the company in addition to the remuneration for membership in the board of directors or any of its committees.
- I) To participate in a business that would compete with the company, or to trade in one of the branches of the activity that the company is practicing.
- J) That he has spent more than nine continuous or separate years in the company's board of directors.

Article (8): Procedures for nomination for membership in the Board of Directors

The Nominations and Remuneration Committee supervises the organization of nomination procedures for membership in the company's board of directors, in coordination with the Corporate Governance and Commitment Department to announce the opening of the nomination for Board membership in accordance with the regulations in force in the Kingdom of Saudi Arabia and the membership policies, standards and procedures, and to ensure that they are properly implemented and then upload to The Board of Directors recommends its recommendations to the candidates who meet the membership criteria, taking into consideration the following:

- 1) When nominating members of the Board of Directors, the Nominations and Remuneration Committee must observe the terms and conditions stipulated in this bylaw, and the requirements, policies and standards for membership in the Board of Directors decided by the Authority.
- 2) 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.
- 3) The new candidate must send an official letter to the company's management of his desire to run for membership in a company's board of directors. This letter must include an introduction to the candidate in terms of his CV, qualifications, and work experience.
- 4) The candidate who previously held a membership in a board of directors in joint stock companies must attach a statement explaining the number and date of the boards of directors of the companies that he assumed membership.
- 5) The candidate who previously held the membership of the board of directors of the company "Saudi Ground Services" must attach to the nomination notification a statement from the company's management about the last meeting in which he took up the membership of the board, including the following information:

- A) The number of board meetings that took place during each of the years of the meeting, the number of meetings attended (mainly) and the ratio of his attendance to the total number of meetings.
- B) The permanent committees in which the member participated, the number of meetings held by each of those committees during each year of the meeting, the number of meetings he attended, and the percentage of his attendance to the total meetings.
- 6) The candidate must clarify the membership status in the candidacy application, that is, whether the member is an executive, a non-executive member, or an independent member.
- 7) The candidate must clarify the nature of membership in the candidacy application, that is, whether the member is a candidate in his personal capacity or is a representative of a legal person.
- 8) The candidate must complete the Capital Market Authority Form No. (3), which can be obtained from the Financial Market Authority website: www.cma.org.sa
- 9) Attaching a clear copy of the national identity, family record, and contact numbers of the candidate, including at least the mobile number, fixed phone number, fax number, and email address.
- 10) Handing over the original candidacy application to the Nominations and Remuneration Committee at the company's headquarters (attention of the Governance and Compliance Department).

Article (9): Publication of the candidacy announcement

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

Article (10): The shareholder's right to be nominated

The provisions of these regulations are without prejudice to the right of each shareholder in the company to nominate himself or someone else for membership in the Board of Directors in accordance with the provisions of the Companies Law and its implementing regulations.

Article (11): The Role of the Company's Corporate Governance and Compliance Department

- 1) After closing the nomination applications door, the Governance and Compliance Department submits all candidate data to the Nomination and Remuneration Committee within two working days, accompanied by all the documents required by law, with the clarification of the completed and incomplete applications.
- 2) After completing the procedures and recommendations of the Nomination and Remuneration Committee, the Governance and Compliance Department shares Form No. (3) to the Capital Market Authority through the automated system to obtain its no objection to the candidates.
- 3) In the event that the candidate fulfills the requirements of all the criteria specified in this policy, the Governance and Compliance Department will deposit the nomination notices and its attachments at the head office of the company at the disposal of the shareholders at least ten days before the meeting of the general assembly.

Article (12): Procedures of the Nomination and Remuneration Committee

The Nominations and Remuneration Committee oversees the organization of nomination procedures for membership in the Board of Directors of the Company "Ground Services", in coordination with the Corporate Governance and Commitment Department, to submit to the Board of Directors the list of candidates for membership of the Board after the closing of the nomination door, as well as ensuring that all regulatory procedures are carried out, including the following:

- 1) The Nomination and Remuneration Committee reviews and examines the curriculum vitae and its attachments of the necessary documents for the candidates in accordance with the approved policies and standards, and the recommendation to the Board of Directors for members who meet the membership conditions and criteria.
- 2) The Nomination and Remuneration Committee, in coordination with the Corporate Governance and Compliance Department, provides the Capital Market Authority, through the automated system of forms, with the CVs of candidates for membership in the company's board of directors.
- 3) The Nomination and Remuneration Committee must implement any observations received from the competent authorities about any candidate and inform the Board about it.
- 4) The Nominations and Remuneration Committee submits its recommendations to the Board of Candidates after making sure that there are no precedents or candidates have not been convicted of a crime that violates honor and honesty.

Article (13): Expiry of Board Membership

- 1) Board membership ends with the end of its term or with the expiration of the member's validity according to any system or instructions in force in the Kingdom.
- 2) The Ordinary General Assembly may at any time dismiss all or some of the members of the board even if the company's articles of association stipulate otherwise without prejudice to the right of the dismissed person to compensation if the dismissal occurred for an unacceptable reason or at an inappropriate time. Likewise, the General Assembly may - upon a recommendation from the Board of Directors - terminate the membership of those who are absent from attending three successive meetings of the Board without a legitimate excuse.
- 3) Upon the termination of a member's membership in the board of directors by one of the methods of termination of membership, the company must immediately notify the authority and the market, indicating the reasons for this.
- 4) If a member of the board of directors resigns, and he has comments on the performance of the company, 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) The membership of a member of the Board of Directors ends with his resignation or death or in the event of his dismissal by a decision of the General Assembly issued by a majority of 51% with the shares represented in the meeting, or if he was convicted of any crime involving breach of honor and trust, or if he was ruled bankrupt, made arrangements or reconciliation with his creditors, or became invalid To be a member of the Board according to any system or instructions in force in the Kingdom.
- 6) A member of the board of directors must resign before the end of his term in the board in the event that he loses his eligibility to work as a member of the board of directors, is unable to practice his business, or is unable to allocate the time or effort necessary to perform his duties in the board, but in the event of conflict of interests, the member has the option In obtaining a license from the General Assembly, renewing each year or submitting his resignation from membership in the Board.

Article (14): Informing the Board of Directors about the company's affairs

According to what is contained 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 secretariat, which includes the following:

- Meeting with company officials and executive management.
- Providing the new members upon their appointment, or with each new meeting of the Board, all the systems and regulations governing the work of the company, its work and activities, its general strategies, and any updates thereof.
- The new members of the board of directors shall be provided with a document outlining their duties, responsibilities and contractual duties that govern their relationship with the company.
- Providing members with comprehensive information about the company that includes (its various activities, business sectors, products, administrative organization, main operations and procedures, financial conditions, main risks, key performance indicators, and the statutory and regulatory restrictions, systems and regulations).
- Providing members with information about stakeholders and policies that govern their relationship.
- Participating in informational and educational programs with the aim of identifying the latest developments and developing their skills to enable them to participate effectively in the Board's work.

Article (15): Remuneration for Board and Committee Members

The remuneration and allowances of members of the board of directors and members of the committees emanating that are assigned under the direction of the board and their attendance allowances for board and committee meetings are determined by the company's policy of compensation in accordance with the remuneration approved by the ordinary general assembly of shareholders based on the recommendations of the board of directors, which are approved in line with the supervisory directives.

Article (16): Board evaluation and committee work

The company's board of directors shall ensure that the process of self-evaluation of its performance, the performance of its members and the committees emanating that are assigned under the direction of it is carried out on a regular basis. The evaluation process can be entrusted with the Nomination and Remuneration Committee or with the participation of independent members of the Board, and external specialist consultants can be hired to assist in the evaluation process, provided that the results of this may be presented and the weaknesses and strengths are discussed and addressed in accordance with the interest of the company.

Article (17): General Provisions

- 1) Voting in the General Assembly is restricted to those who nominate themselves according to these policies and criteria.
- 2) Whoever chairs the general assembly meeting has the right to refuse to accept the nomination of the member submitted by the shareholders if the above procedures are not followed.
- 3) Voting in the general assembly is restricted to those who have been approved by the board of directors for membership of the board after they fulfill the requirements for nomination as mentioned above.



- 4) In the event that the candidate does not fulfill the requirements specified in the announcement of the opening of candidacy for membership of the Board, including the inability to hand it over to the Governance Department and the commitment of the company within the specified time, the committee has the right to reject the nomination request and save the application.
- 5) Each subscriber has voted for each share he represents in the general assembly of shareholders on the basis of one vote for each share, provided that the vote is to appoint members of the Board of Directors according to the cumulative voting method.

Article (18): Amendments to this Policy:

On the foundations of the Nomination and Remuneration Committee's recommendations and the Board's approval, The General Assembly of shareholders may apply any changes to these rules at any time when it is appropriate.