



A list of policies, standards, and procedures for membership in the Board  
of Directors and the Subsidiary Committees - Sadr Logistics Services  
(Public Joint Stock Company)



## Chapter One: Policies, Standards, and Procedures for Membership in the Board of Directors and Subsidiary Committees

### Article (1)

#### Definitions

The following words and phrases denote the meanings indicated before them, unless the context requires otherwise:

**Companies Law:** The Companies Law issued by Royal Decree No. (M / 3) dated 01/28/1437 AH.

**Capital Market Law:** The Financial Market Law issued by Royal Decree No. (M / 30) dated 2-6-1424 AH.

**Rules for the Offer of Securities and Continuing Obligations:** The rules for offering securities and continuing commitments issued by the Board of the Capital Market Authority.

**The Authority:** The Capital Market Authority.

**Market:** The Saudi Stock Exchange.

**The company:** Sadr Logistics Services Company

**Board of Directors:** The Board of Directors of Sadr Logistics Services Company

**Shareholders Association:** An association formed from the company's shareholders under the provisions of the Companies Law and the Company's Articles of Association.

**Executive Member:** A member of the Board of Directors who is a full-time member of the executive management of the company and participates in its day-to-day business.

**Non-executive member:** a member of the board of directors who is not dedicated to managing the company and does not participate in its day-to-day business.

**Independent Member:** A non-executive board member who enjoys complete independence in his position and decisions, and none of the independence symptoms stipulated in Article Twenty of these regulations apply to him.

**Executive Management or Senior Executives:** The persons entrusted with managing the day-to-day operations of the company, and proposing and implementing strategic decisions, such as the CEO, his deputies and the financial director.

**Relatives or kinship:**

1. Fathers, mothers, grandfathers, grandmothers, and even higher.
2. Children, and their children, even if they go down.
3. Brothers and sisters, brothers, or for a father, or for a mother, and their children.



#### 4. Husbands and wives.

**Holding company:** A joint-stock company or a limited liability company that aims to control other joint-stock or limited liability companies called subsidiaries, by owning more than half of those companies' capital or by controlling the formation of their board of directors.

**Person:** Any natural or legal person to whom the laws of the Kingdom acknowledge this capacity.

**Related Parties:**

- A- Major shareholders of the company.
- B- Members of the company's board of directors or any of its subsidiaries and their relatives.
- C- Senior executives in the company or any of its subsidiaries and their relatives.
- D- Members of the Board of Directors and senior executives of the major shareholders of the company.
- E- Establishments - other than companies - owned by a member of the board of directors, a senior executive, or their relatives.
- F- Companies in which any of the board members or senior executives or their relatives is a partner.
- G- Companies in which any of the members of the board of directors, senior executives or their relatives is a member of its board of directors or among its senior executives.
- H- Joint stock companies in which any of the board members, senior executives or their relatives owns (5%) or more, subject to what is stated in Paragraph (D) of this definition.
- I- Companies in which any of the members of the board of directors or the senior executives or their relatives influence their decisions even if they provide advice or guidance.
- J- Any person whose advice and directives influence the decisions of the company, its members of its board of directors, and its senior executives.
- K- Holding or subsidiary companies of the company.

Paragraphs (i) and (j) of this definition exclude advice and directions that are provided professionally by a person licensed to do so.

**Group:** In relation to a person, it means that person and every subordinate to him.

**Subordinate:** A person who controls another person, or is controlled by that other person, or who shares with him in being controlled by a third person. In any of the foregoing, control is direct or indirect.

**Stakeholders:** Anyone who has an interest with the company, such as employees, creditors, customers, suppliers, and society.

**Major shareholders:** Anyone who owns 5% or more of the company's shares or voting rights in it.

## **Article (2)**

## Introduction:

These policies aim to set clear and specific standards and procedures for membership in the Board of Directors of Sadr Logistics Services Company, as well as determine their remuneration, and the remuneration of the committees emanating from it and the executive management, in implementation of the provisions of the governance regulation issued by the Capital Market Authority and in application of the Governance Regulations of A Sadr Logistics Services Company and the Articles of Association These policies aim to achieve a high degree of transparency, achieve the company's goals, and contribute to raising the company's efficiency in accordance with the standards and controls contained in the Corporate Governance Regulation issued by the Capital Market Authority and in implementation of the Sadr Logistics Services Company's governance regulation and its bylaw.

### **Article (3)**

#### The formation of the board of directors

The management of the company is undertaken by a board of directors composed of a number of members commensurate with the size of the company and the nature of the activity, provided that the number of independent members is not less than two members or less than one-third of the board, whichever is greater, and that the majority are non-executive members, and are elected by the general assembly Ordinary shareholders for a period not exceeding three years and with the exception of this, the founders appointed the first board of directors for a period of five years starting from the date of the company's registration in the commercial register.

### **Article (4)**

#### Appointing members of the Board of Directors

- A- The company's basic system determines the number of board members, provided that it is not less than three and not more than eleven members.
- B- The General Assembly elects the members of the Board of Directors for a period of three years, and they may be re-elected.
- C- It is required that a member of the board of directors not occupy the membership of the board of directors of more than five joint stock companies listed in the market simultaneously.
- D- The company shall notify the Authority of the names of the members of the Board of Directors and their membership characteristics within five working days from the date of the start of the Board's session or from the date of their appointment, whichever is earlier, and any changes to their membership within five working days from the date of the changes occurring.

### **Article (5)**

#### Conditions for membership of the Board of Directors (indicative)

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, and it shall be taken into account that he must, in particular, have the following:

1. Leadership ability: That he has leadership skills that qualify him to grant powers in order to stimulate performance, apply best practices in the field of effective management, and adhere to professional values and ethics.
2. Competence: by having academic qualifications, appropriate 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.
3. Ability to direct: by having technical, leadership, and administrative capabilities, speed in decision-making, understanding technical requirements related to workflow, and being able to strategic direction, planning and a clear future vision.
4. Financial knowledge: By being able to read and understand financial statements and reports.
5. Health fitness: that he does not have a health impediment that hinders him from exercising his duties and specializations.

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

#### **Article (6)**

Membership procedures for the company's board of directors:

1. The Nomination and Remuneration Committee coordinates with the executive management of the company to announce the opening of the door for nominations for membership of the company's board of directors for a period of no less than thirty days.
2. The Nomination and Remuneration Committee submits its recommendation to the Board of Directors regarding nomination for Board membership in accordance with the aforementioned policies and criteria.
3. Whoever wishes to nominate himself for membership in the company's board of directors must announce his desire according to a notification to manage the company in accordance with the terms and dates stipulated in the laws, regulations, circulars and decisions in force, and this notification must include an introduction to the candidate in terms of his CV and qualifications as dictated by the statutory requirements contained in the declaration and his experience. The process according to the candidacy.
4. The candidate who previously held the membership of the board of directors of a joint stock company must indicate the number and date of the boards of directors of the companies that he assumed membership.



5. The Nominations and Remuneration Committee, in coordination with the executive management of the company, provides the Capital Market Authority with the CVs of the candidates for membership of the company's board of directors according to the "CV template for a candidate for membership in the board of directors of a joint stock company listed in the Saudi Stock Exchange. The company announces on the Authority's website information about candidates for membership of the Board. Administration, and when publishing or calling for a general assembly meeting.
6. The Nominations and Remuneration Committee must implement any observations received from the competent authorities about any candidate.
7. Voting in the General Assembly is restricted to those who nominate themselves in accordance with the aforementioned policies, criteria and procedures.
8. Voting in the general assembly on the item for electing the board of directors is cumulative.

#### **Article (7)**

##### **The termination of the membership of the Board of Directors**

1. The membership of the Board ends with the expiration of its term or the expiration of the member's validity for it according to any system or instructions in force in the Kingdom. However, the Ordinary General Assembly may at any time dismiss all or some of the members of the Board of Directors without prejudice to the right of the dismissed member towards the company to claim compensation. If the dismissal occurs for an unacceptable reason or at an inappropriate time, the General Assembly may also, based on a recommendation from the Board of Directors, terminate the membership of those whose members are absent from attending three successive meetings of the Board without a legitimate excuse, and a member of the Board of Directors may retire, provided that this is in an appropriate time. Otherwise, he shall be responsible before the company for the damages arising from his retirement.
2. Upon termination of membership of a member of 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.
3. If a member of the Board of Directors resigns and 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 Board members.



## Article (8)

### The effects of independence

1. 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 order to help the board of directors to take the right 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 inconsistent with the independence required for an independent board member - for example, but not limited to - the following:
  - a. To be the owner of five percent or more of the company's shares or another company from its group, or related to 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. To be 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 nominated for membership in its board of directors.
  - f. To work or was worked as an employee for the company during the past two years, any party dealing with it, or another company from its group, such as auditors and major suppliers, or the owner of 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 is made for the company.
  - h. That he collect money from the company in addition to the remuneration of the membership of the board of directors or any of its committees exceeding (200,000 thousand riyals) or 50% of his remuneration in the previous year that he obtained in return for membership of the board of directors or any of its committees, whichever is less.
  - 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.
4. It is not considered an interest precluding the independence of a member of the board of directors, for which he must obtain a license from the ordinary general assembly, the business and contracts that are made by the member of the board of directors to meet his personal needs if these works and contracts are carried out in the same conditions and conditions that the company follows with the contractors and dealers and they are within the activity The usual company unless the nomination committee sees otherwise.



## **Article (9)**

Disclosure of conflict of interest by the candidate

Whoever wishes to run for membership in the Board of Directors must disclose to the Board and the General Assembly any cases of conflict of interest in accordance with the procedures prescribed by the Capital Market Authority - and include:

- a. Existence of a direct or indirect interest in the business and contracts that are made for the benefit of the company.
- b. His participation in a business that would compete with the company in one of the branches of his activity.

Chapter Two: Rewards for Board Members, Members of the Committees Emerging from it, and Executive Management

## **Article (10)**

Rewards for Board Members and Session Attendance Allowance:

1. Each member of the Board of Directors is entitled to an amount of (3000 riyals) only three thousand riyals for an attendance allowance for one session.
2. A member of the Board of Directors is entitled to an amount of (80,000 riyals) only eighty thousand riyals as an annual reward for one fiscal year.
3. A member of the Board of Directors has the right to combine between the allowances for attending the sessions and his remuneration for his membership in the Board of Directors and any financial compensation for any additional work or executive, technical, administrative or advisory positions assigned to him in the company in addition to the remuneration that can be obtained in his capacity as a member of the Board of Directors and in Committees formed by the Board of Directors in accordance with the Companies Law and the Company's Articles of Association.
4. In the event that the remuneration of the members of the board of directors is a percentage of the profits, then the remuneration of the members of the board of directors shall be allocated at a rate not exceeding (10%) of the net profits, and the rest, if any, shall be distributed to the shareholders as an additional share of the profits.
5. The committee determines the attendance allowance and the rewards that the secretary is entitled to.
6. The meeting attendance allowance and the additional attendance allowance are paid on a quarterly basis, while the annual lump sum bonus is disbursed after its approval by the general assembly of shareholders.

## **Article (11)**

Rewards for Board Members and Session Attendance Allowance:





1. Each member of the Audit Committee and the Remuneration and Nominations Committee is entitled to an amount of (1,500 riyals) only one thousand five hundred riyals for an attendance allowance for one session.
2. A member of the audit committee is entitled to an amount of (20,000 riyals) only twenty thousand riyals for an annual reward for one financial year.
3. A member of the Remuneration and Nominations Committee is entitled to an amount of (10,000 riyals) only ten thousand riyals an annual reward for one financial year

## **Article (12)**

### **Executive Management Reward:**

The Rewards and Nomination Committee reviews the salaries set for all employees and senior executives and the incentive program and plans on an ongoing basis and approves them based on the recommendation of the executive management. The Rewards of the executive management includes the following:

1. Basic salary (to be paid monthly at the end of each calendar month);
2. Allowances that include, but are not limited to, a housing allowance, a transportation allowance, a children's education allowance, and a telephone allowance.
3. Medical insurance benefits for him and his family.
4. Life insurance policy (includes work injuries, partial and total disability, and death at work)
5. Annual rewards
6. Short-term incentive plans and long-term incentive plans such as stock options programs.
7. Other benefits that include, but not limited to, annual leave, annual travel tickets, airport executive services, and end-of-service rewards according to the work system and the human resources policy approved by the company.
8. General plans and programs for the rewards of senior executives are approved by a rewards and nomination committee.
9. Any rewards or other allowances that approved by the Rewards and Nominations Committee.

The Chief Executive Officer implements the remuneration or rewards policy for employees and senior executives in light of the general plans, programs and guidelines approved by the committee.

## **Article (13)**

### **Disclosure of rewards**

The Board of Directors is committed to the following:

1. Disclosure of the rewards policy and how the remuneration of board members and executive management in the company is determined.
2. Accurate, transparent and detailed disclosure in the report of the board of directors of the remunerations granted to members of the board of directors and the executive management,

directly or indirectly, without concealment or misleading. Whether it is sums, benefits, or benefits of whatever nature and name, and if the advantages are shares in the company, then the input value of the shares is the market value at the due date.

3. Clarify the relationship between the bonuses or rewards that awarded and the applicable remuneration policy and indicate any material deviation from this policy.
4. A statement of the necessary details regarding the rewards and compensation paid to each of the following separately:
  - a. Board of Directors.
  - b. Five senior executives who received the highest remuneration from the company, including the CEO and chief financial officer.
  - c. Committee members.
  - d. The disclosure contained in this article in the report of the board of directors shall be according to the accompanying tables.

#### **Article (14)**

Final provisions:

- a. These bylaws are considered effective from the date of acceptance and approval by the general assembly of the company.
- b. Anything for which there is no text in this bylaw, in respect of which the Guide to the Governance Regulations of SADR logistics services shall be applied, as well as the Corporate Governance Regulation issued by the Capital Market Authority.