



UNITRANS

الشركة المتحدة الدولية للمواصلات
UNITED INTERNATIONAL TRANSPORTATION COMPANY



Policies, Criteria, and Membership Procedures of the Board of Directors of the United International Transportation Company

Approved by virtue of the General Assembly Resolution of the Company's Shareholders held on 23/3/1439 H., corresponding to 11/12/2017 G.



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1. Introduction

The policies, criteria, and membership procedures of the Board of Directors of the United International Transportation Company has been prepared in implementation of Paragraph 3 of Article 22 of the Corporate Governance Regulations issued by the Capital Markets Authority Board of Directors by virtue of resolution No. (2017-16-8) dated 16/5/1438 H., corresponding to 13/2/2017 G.

1.1 Purpose of Policies

To provide the criteria and procedures for the appointment of the membership in the United International Transportation Company.

1.2 Documents of the Company used in these Policies

Bylaws of the Company.

1.3 Reference, Rules, and Regulations

Companies Law

Corporate Governance

Form No. 3 issued by the Capital Market Authority

2. Subject Matter of Policies

2.1 Definition

United International Transportation Company shall comply with the highest criteria for the nomination of the Board of Directors Membership in accordance with the terms and procedures issued by the overseeing and supervising authorities. Therefore, the company shall abide by these policies through: The Rewards and Nominations Committee – Board of Directors – General Assembly.



It shall not be permissible to amend the contents of these policies except after a recommendation has been issued to that effect by the Rewards and Nominations Committee to the Board of Directors, which must issue its resolutions in relation to these amendments and to put it before the General Assembly through approval thereof.

2.2 Board of Directors Policies and Membership Criteria

The Management of the Company shall comply with the contents of these policies by adhering to the following conditions to the Board of Directors Membership.

2.2.1 Board member of the United International Transportation Company must have the necessary trust, knowledge, and experience to fulfill his tasks and must be able to read, understand, and analyze the financial reports and data, as well as satisfy the professional efficiency in addition to the other qualifications such as leadership, independence and personal characteristic which enables him to perform his tasks in an effective manner. In particular, he shall have to satisfy the following:

Leadership Capability:

He shall be in possession of leadership capabilities and to grant powers in such a manner as to provide motivation for performance and to apply the best practices in the field of effective management, and shall comply with the professional values and manners.

Efficiency:

He should be in possession of the educational qualification, professional skills, appropriate personality, training level, and practical experience in the field of the current and future activities of the company or to the administration, the economy, the accountancy, the law, or the governance in addition to the desire to learn and get trained.

**Capability to Direct:**

He should be in possession of the technical, administrative, and leadership qualities as well as the speed in decision making and assimilating the technical requirement pertinent to the conduct of work, and shall be capable of strategic guidance, planning, and clear future vision.

Financial Knowledge:

He should be able to read the financial data and reports and understand the same.

Health Fitness:

He should not have any health predicament as to abstract him from carrying out his tasks and functions.

2.2.2 The candidate to the membership of the Board must be of good conduct and reputation.

2.2.3 The member shall not be a member of the Board of Directors of more than five Joint Stock Companies listed in the Capital Markets Authority at any one time.

2.2.4 The number of independent board members in the Board shall not be less than two or one-third of the board members, whichever is greater.

2.2.5 The majority of the Board members shall be among the executive board members.

2.2.6 Independent Board members shall have full independence and shall not be the subject of any of the independence symptoms provided for under Article 20 of the Corporate Governance Regulations of the Capital Markets Authority.

2.2.7 The candidate to the Board Membership or the members himself shall be committed to the principles of truth and honesty by disclosing any information



pertaining to any transaction in which he might have a direct or indirect interest, as well as be committed to disclose if he was carrying out activities in competition with the company, and acknowledge as well as undertake to submit all statutory declarations that are required in this respect and present same to the Company and the Capital Markets Authority and submit the same to the Company's General Assembly.

- 2.2.8 Judicial sentences shall not have been passed against the candidate in any crimes that are prejudicial to violating honor or trust.
- 2.2.9 The candidate must not have been previously declared bankrupt, nor must he be a member or a shareholder of a company that has been put under judicial guardianship or in voluntary liquidation while being a member of the same.
- 2.2.10 All previous convictions or judgment shall not have been passed against him or against any company in which he was a board member or shareholder at the time of committing the violation of fraud or deception, or violation of the company's regulations.
- 2.2.11 All previous judgment related to the civil liability must not have been passed against him in connection with the incorporation or management of any company or entity because of cheating or a shameful act or bad conduct against the company or any of its members.
- 2.2.12 He should not have been previously convicted or sentenced as being disqualified to occupy the office of a board member of another company.
- 2.2.13 His membership in any professional authority, establishment, association, or capital market authority must not have been objected to, or no restrictions or disciplinary measures must have been imposed against him for practices that are contrary to the laws, especially the Saudi Capital Market Authority Laws.



- 2.2.14 If he has a direct or indirect interest in any contracts with the company or any of its affiliated companies, he shall submit a declaration listing these contracts to be put annually before the General Assembly and undertake to obtain permission for the continuation of these contracts, which permission shall be annually renewed by the Company's General Assembly.
- 2.2.15 The candidate must be a natural person whose age shall not be less than 25 years at the time of filing his nomination papers to the Board membership.
- 2.2.16 Should there be a conflict of interest, the member shall have the choice either to obtain the permission of the General Assembly, which is to be renewed annually, or submit his resignation.

2.3 Nomination Procedures to the Board of Directors' Membership:

- 2.3.1 **Eligibility:** Every shareholder shall have the right to nominate himself or any other person, or persons, to the membership of the Board of Directors within the limits of his shareholding percentage in the share capital.
- 2.3.2 **Nomination:**
- 2.3.2.1 The Reward and Nominations Committee shall be responsible to initiate the nominations for the election of the members of the Board of Directors in coordination with the executive management.
- 2.3.2.2 The Nominations Committee or the executive management shall announce the opening of the new nominations to the Board of Directors' membership at least two months prior to the date of expiry of the Board of Director's term and not less than two months as of the date of the period which is prescribed for the election of members by the General Assembly.



- 2.3.2.3 Notice of the nomination to the Board of Directors membership shall be published on the website of the Capital Markets Authority (Tadawul) and also on the company's website and in any other media determined by the Capital Market Authority.
- 2.3.2.4 The nomination process shall remain open for at least one month as of the date of the announcement, and the company may extend the period for receiving the nomination documents if a sufficient number of candidates fail to provide their quorum required for the validity of the Board of directors (minimum of 4 members) during the period for receiving the first applications. The announcement shall take place in the same manner in which the main announcement for extending the period to receive the candidates requires another period.
- 2.3.2.5 The Reward and Nomination Committee shall study the documents filed by the candidates and draft a comprehensive report on the candidates in accordance with these policies as well as its recommendations within seven working days as of the date of the expiry of their period for receiving the nomination requests.
- 2.3.2.6 The Capital Market Authority shall be provided with all the documents and materials filed by the candidates with the knowledge of the Rewards and Nominations Committee in coordination with the executive management of the company.
- 2.3.2.7 Voting in the General Assembly shall take place in respect of those who satisfy the nomination conditions in accordance with these policies after receiving the official approval of the Capital Markets Authority.

2.3.3 Elections

- 2.3.3.1 Voting in the General Assembly for the members shall take place by way of cumulative voting.



2.3.3.2 General Assembly shall select the Board members from amongst the candidates, provided that the executive management of the company, in coordination with the Rewards and Nominations Committee, shall provide sufficient information on the candidates by publishing the details statements on the website of the company, sufficiently in advance of the date of the General Assembly meeting.

2.3.3.3 At the time of the elections, there must be independent Board members who shall not be less than two or shall be one-third of the Board members, whichever is greater. Also, the majority of the Board members shall be other than the executive members.

2.3.4 Documents Required:

The Candidate for the Board of Directors Membership must file the following documents:

2.3.4.1 The candidate's resume in which is specified his qualifications and expertise.

2.3.4.2 A photocopy of the national ID/Family Card for Saudis, or the Iqama for residents, or the passport for non-resident foreigners.

2.3.4.3 The nomination notification filed by the candidate to the company in accordance with the dates indicated in these existing policies, laws, and rules.

2.3.4.4 Form (3) – the biography form – issued by the Capital Market Authority after filling it out by the candidate and the other forms which are required to be filled out pursuant to the requirements of the Capital Markets Authority.

2.3.4.5 A statement of the Companies and the establishment in which he is a shareholder or in which management he is taking part or is representing it.



2.3.4.6 A statement of the cases of conflict of interests where there is a direct or indirect interest in the works and contracts that are carried out for the account of the company or his participation in such works that are competing with the company or competing with any of the branches of the activities carried out by it together with his acknowledgment and commitment to disclose these works before the General Assembly.

2.3.4.7 The candidate who occupies or has previously occupied the membership of the Board of directors of any joint-stock company for the membership of any committees thereof must attach a statement containing the number and dates of the meetings of the Board of directors of such companies in which he was a member as well as the meetings of the committees.

2.3.4.8 The candidate who was previously occupied in the Board of Director membership of the company must attach together with the nomination notification a statement by the management of the company in respect of the last term in which he was a Board member, which statement must contain the following statement:

- Number of the Board meetings that took place during this term.
- Number of meetings at which the member was present personally and the percentage of his presence vis-à-vis the total number of meetings.
- The permanent committees of the Board of Directors and the membership of which he took part, as well as the number of meetings held by each committee and the number of meetings at which he was present and the percentage of his presence in relation to the total number of meetings of such committees.

2.4 **Appointment of the Board of Directors Chairman and Vice-Chairman.**

2.4.1 The elected Board of Directors shall, in accordance with the results of the General Assembly, appoint the Chairman and Vice Chairman from amongst its own members.



2.4.2 The Board members shall vote for the Chairman and Vice-Chairman of the Board while casting one vote for every board member present at the meeting in person (with one vote as a proxy in case of delegation).

2.4.3 Voting for selecting the Chairman or Board Chairman of the Board must take place from amongst the non-executive board members.

2.5 Notifying the Members

2.5.1 The Rewards and Nominations Committee shall officially notify the appointed members and provide them with the functions, obligations, the size of their benefits, and all the internal regulations applicable in the company.

2.5.2 The votes and nominations committee shall ensure that the new board members will receive the necessary introductory programs on the work of the company, especially the financial, legal, and administrative aspects.

2.5.3 The company shall notify the Capital Market Authority of the names of their board members, the nature of their membership within five working days of the date of the start of the Board of directors session or as of the date of their appointment – whichever is earlier – and of any changes affecting their membership within five workdays of the date of the occurrence of such changes.

2.6 Duration and Conditions of Membership

2.6.1 The members of the Board of Directors shall be appointed by the General Assembly for a period of not more than three years. All board members, including the Chairman of the Board, shall have the right to renominate themselves.

2.6.2 The majority of the Board members must be non-executive board members, and the Chairman and Vice-Chairman of the Board must be from amongst the non-executive members.



2.6.3 The Chairman and Vice-Chairman of the Board of Directors may not hold both his office and any executive office in the company.

2.6.4 The number of the independent board members throughout the term of the first session must not be less than two or one-third of the board member, whichever is higher.

2.7 Expiration of the Board of Directors Membership, Dismissal of Members, and Vacancy of Membership.

2.7.1 Membership of the Board of Directors member shall expire in any of the following cases.

- Expiration of the membership term at the expiration of one term of the Board, namely three years.
- Resignation of the member. Should he have any observations, vis-à-vis the performance of the company, then he shall submit a statement to the Chairman of the Boards to the Directors and show the statement to the board members.
- The existing of a health issue obstructing him from exercising his responsibilities of the Board.
- Death.
- If it is proven to the Board that a member has violated his obligations in a manner that is harmful to the interest of the company, provided that this shall be coupled by the consent of the General Assembly.
- If he was convicted of a crime against honor and honesty while on the board membership.
- It shall be permissible for the General Assembly at any time to dismiss all or some of the members without prejudice to the right of the dismissed member to claim compensation against the company should the dismissal be for an unacceptable cause or came at an inappropriate time. A Board member may resign on the condition that this resignation should take place at a suitable time;



otherwise, he shall be accountable to the company for the damage arising out of his resignation.

- The General Assembly may, on the recommendation of the Board of Directors, terminate the membership of he who fails to attend more than three consecutive board meetings in any one year without an acceptable excuse.
- If a member was declared bankrupt or financially broken or failed to pay his debts.

2.7.2 In the event of the membership expiration of a Board of Directors member in any of the ways in which membership comes to an end, the company must notify the Capital Markets Authority together with explaining the reasons.

2.7.3 If a position of a Board member becomes vacant during the term of membership, the Board shall have the right to appoint a temporary member in the vacant position, provided that he shall be one who is in a position of expertise and efficiency. Such appointment shall be put before the General Assembly at its first meeting, and the new member shall complete the term of his predecessor in light of the provision of the Bylaws of the Company. The one who obtains the lesser votes at the Assembly and is not nominated to the Board in the event that the number of candidates is more than the numbers required to be appointed at the Board shall be selected. However, if the number of those nominated to the General Assembly is less than the number required at the Board of Directors, the member shall be appointed by virtue of a resolution to be passed by the Board of Director of the Company pursuant to these policies, and this appointment shall be put at the first meeting of the General Assembly for the approval thereof.

2.7.4 Should the number of Board of directors' member be less than four (the quorum necessary for the validity of the meeting), then the General Assembly must be called to appoint the necessary number of members within a period of sixty days.

2.8 Final Provision (Publication and Effectiveness)



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This policy shall come into effect and be complied with by the company as of the date of its approval by the General Assembly and shall be published on the company's website to enable the public, the Stockholders, and the interested parties to have access to it. The policies shall be amended as might be needed based on the recommendation of the Board and resolution of the General Assembly.

Date of Approval: 11/12/2017 G., Based on the Resolution of the Eighth Extraordinary General Assembly