



SGS

ANNUAL REPORT 2020
Saudi Ground Services



Annual Report 2020

The Board of Directors ("BoD") of Saudi Ground Services Company ("SGS") is pleased to submit to the shareholders the Company's annual report for the fiscal year ending December 31, 2020. The Report will include the Company's performance, achievements, activities, and activities of its subsidiaries.

رؤية
VISION
2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA



Our Vision is a strong, thriving, and stable Saudi Arabia that provides opportunity for all. Our Vision is a tolerant country with Islam as its constitution and moderation as its method. We will welcome qualified individuals from all over the world and will respect those who have come to join our journey and our success.

We intend to provide better opportunities for partnerships with the private sector through the three pillars: our position as the heart of the Arab and Islamic worlds, our leading investment capabilities, and our strategic geographical position. We will improve the business environment, so that our economy grows and flourishes, driving healthier employment opportunities for citizens and long-term prosperity for all. This promise is built on cooperation and on mutual responsibility.

His Royal Highness Prince Mohammed bin Salman bin Abdulaziz

Crown Prince, Vice President of the Council of Ministers | Chairman of the Council of Economic and Development Affairs

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ABOUT US

Today's airline passengers expect a flawless travel experience from check in to take-off. Saudi Ground Services is committed to and delivers precisely that at all 28 airports in Saudi Arabia. Our care ranges from face-to-face services with passengers through seamless execution of the hundreds of complex behind-the-scenes operations that keep the aircraft flying to keeping passengers and their possessions together. SGS ensures the highest standards to over 88 million passengers on 700,000 flights a year.

OUR VISION

To enable a seamless and sustainable mobility ecosystem through integrated solutions and a customer centric mindset.

PURPOSE

Making every journey seamless from the ground up. Being more than just a ground services company our purpose is to provide businesses and passengers with everything they need, taking the extra mile here and beyond Saudi.

OUR VALUES



INTEGRITY



CITIZENSHIP



SAFETY



SUSTAINABILITY



INNOVATION



ACCOUNTABILITY



EXCELLENCE

OUR HISTORY

Saudi Ground Services Company (SGS) is the national provider of ground-handling services to the aviation sector in the Kingdom of Saudi Arabia. Saudi Arabian Airlines Corporation «Saudia» initially formed SGS to consolidate the ground support Services business in the Kingdom.

The development of air travel in and through Saudi Arabia into the 21st century necessitated an integrated and highly efficient ground-handling operation. The three ground handling service companies already in operation - namely Saudi Arabian Airline Ground Services (SAAGS), National Handling Services (NHS) and Attar Ground Handling (Attar Travel Co) – each had a commendable track record of delivering high quality service to their customers.

Over a short period, the three companies amalgamated under the banner of Saudi Ground Services Company (SGS) in 2008, they consolidated their approach into one corporate culture based on excellence and a commitment to all its customers from major airlines to individual travelers.



1945

ESTABLISHED WITHIN
SAUDIA



2008

SPAN-OFF FROM SAUDIA
AS SAUDI AIRLINES
GROUND SERVICES
COMPANY



2010

MERGED WITH AL-ATTAR
GROUND HANDLING



2010

MERGED WITH NATIONAL
HANDLING SERVICES



2011

RENAMED TO SAUDI GROUND
SERVICES COMPANY



2014

CONVERTED TO CLOSED
JOINT STOCK WITH SHARE
CAPITAL 1,880,000,000



2015

FLOATED 30% SHARES ON
SAUDI STOCK EXCHANGE
(TADAWUL) ON JUNE 25, 2015



2020

MARKET CAP OF 6.8 B
MARKET SHARE - 92%
SAUDIA - 52.5%
PUBLIC - 47.5%



Board Chairman Message

Board Chairman Message



Dear Shareholders of Saudi Ground Services (SGS),

It is my pleasure to present to you, in my name and on behalf of the Members of the Board, the annual report of the Company's performance and achievements for the fiscal year ending on 31st December 2020. This report provides sufficient information about the financial and operational indicators of the Company, and the best practices it followed in governance standards and continuous disclosures. In addition, this report provides insight on the approach adopted by SGS to continue its business affairs and strengthen the added value to its stakeholders and clients inside and outside the Kingdom. This approach reflects the Company's accelerating transformation in line with Vision 2030 and its strategy for supporting the aviation sector.

The year 2020 was full of challenges; an exceptional year on all accounts. The Company formed a supreme committee, selected from the executive management, to address all the challenges and manage crises and risks arising from the spread of the novel coronavirus (COVID-19). Due to the pandemic resulting in the suspension of domestic and international flights, SGS business operations were suspended during the pandemic, as part of the precautionary measures taken by the authorities in Saudi Arabia and all over the world. The Company faced the challenges by developing clear frameworks based on expected operational and financial future outcomes, to overcome the pandemic with the minimal losses; thus, implementing the Minimal Resource Sustainability Strategy. The operational costs were reduced by SAR 581 million compared to 2019; a 31% reduction in costs in comparison to the previous year. Despite those circumstances, the Company continued to develop its investments and building new strategic partnerships, with the support of the Board, to achieve more accomplishments, address more challenges, and maintain its earnings, resources, clients, and developing investors funds.

We are confident and optimistic about what the future holds for us; keeping in mind that our success over the past years is, in the first place, a blessing from Allah, then a result of our effort and determination. Our future aspiration dictates continuously facing challenges hand in hand, and exploring new and promising opportunities in the sector. We hope that 2021 holds more positive news for all of us, and that we witness the return of the aviation traffic to its previous state of affairs, under the efforts made by the Saudi authorities in protecting the citizens and residents of the Kingdom.

In closing, and on behalf of my colleagues on the Board of Directors, I would like to take this opportunity to thank the shareholders of the Company for their constant support, and to further express appreciation to the Company management and all employees for their sincere efforts during the unprecedented circumstances we faced in 2020. We wish more success and prosperity upon everyone, and hope to achieve our goals towards continuous and sustainable growth and development in 2021.

ENG. KHALID AL BUAINAIN
Chairman





CEO Message

CEO Message



The challenges we faced in the year 2020 represented an essential milestone for SGS – in light of the exceptional circumstances that affected the operational and financial processes of the Company.

SGS stood facing the challenges at an early stage, aiming to limit the negative impacts on the operations of the Company as much as possible. With the efforts of the members of the Board of Directors and the executive teams, SGS was able to put together an action plan based on innovative strategic solutions, which addressed the circumstances at the time. The action plan launched into several investment opportunities that contribute to the overall growth and expansion of the business in the upcoming years, as well as addressing diversifying the business areas and providing other services to airports, and building more strategic partnerships. The Company also developing the internal Minimal Resource Sustainability Strategy, whose benefits will be reaped gradually emerge in 2021, upon the return of air travel, especially international flights, around the Kingdom’s airports.

We would not have been able to expand and develop our business without the efforts of every employee at SGS, who own highly-efficient capabilities, driven by the common values of integrity, passion and respect, to ensure quality, safety and transparency on all levels. That represents a strong motivation for us to continue developing our services, pioneer in providing unique solutions to our clients, while also providing

training and professional development opportunities to our employees and increase the Saudization rate in line with Vision 2030 and the aviation sector strategy in Saudi.

Lastly, I would like to thank the Board Members, company management, and all employees for their commitment and effective efforts in achieving more success; this level of dedication have always contributed to positive results over the years. We pray to guide us towards more achievements in the sector for the benefit of our country.

Mr. Raed Hassan Al-Idrissi
CEO (Acting)





BOARD MEMBERS

Board Members



ENG. KHALID AL BUAINAIN
Chairman
(Independent)



MR. MOHAMMED AL YEMNI
Member
(Independent)



ENG. SALEH HEFNI
Member
(Independent)



MR. CON KORFIATIS
Member
(Non-executive)



DR. OMAR JEFRI
Vice Chairman
(Independent)



MR. MANSOUR AL BOSAILY
Member
(Independent)



MR. PER UTNEGAARD
Member
(Independent)



MR. ONNO BOOTS
Member
(Independent)



CAPT. FAHD CYNNDY
Member
(Executive)

A photograph of an empty airport-style waiting area. Rows of modern, dark-colored metal chairs with slatted backs are arranged on a polished floor. A large window in the background provides a view of an airport tarmac, including a tall light pole and distant buildings. The word "EXECUTIVES" is overlaid in white, bold, sans-serif capital letters in the center of the image.

EXECUTIVES

Executives



Mr. Raed Hassan Al-Idrissi
CEO (Acting)



Mr. Muhammed Bin Abdul
Karim Mazi
**Executive Vice President for
Finance**



Mr. Mazen Gharib Dhaifallah
**Executive Vice President for the
Company Affairs and Secretary of
the Board and Committees**



Eng. Ayman Ahmed Al-Ghamdi
Executive Vice President for HR



Mr. Hashem Hashem
**Acting Executive Vice President for
Operations**

Our Services

We provide premier aviation ground-handling services 24/7 to both local and international airlines at each of the 27 airports within Saudi Arabia. Our first-rate facilities, equipment and diligent staff ensure the smooth transition of passengers and cargo, are mindful of safety and security ensure travelers and their goods are fully served at every step, from aircraft to destination.



PASSENGER SERVICES

Hospitality is deeply ingrained in the Saudi culture. As the national ground-handling service provider, SGS considers interactions between passengers and staff to be very important. We always remember that we never get a second chance to make a first impression.

Meeting the passengers' needs before or after a flight drives what we do. We are proud to deliver to world-class services to over 88 million travelers a year.

Our services include:

- Arrival and Transfer Services
- Check-in Services
- Passenger Manifests & Seat Allocation
- Boarding Pass & Baggage Tagging
- Dedicated Passenger Services
- Station Management
- Gate Services
- Assisting passengers with Reduced Mobility
- VIP Services



BAGGAGE HANDLING

As a ground service provider, we at SGS understand the need and importance of providing reliable, efficient & safe baggage handling services in building a strong relationship with our customers and in turn with the passengers.

Our services include:

- Baggage Sorting and Transportation
- Loading and Offloading
- Lost and Found Service



RAMP SERVICES

Airlines require rapid and punctilious turnaround times to meet their schedules and maximize the economic viability of their operations.

The mechanical sophistication of aircraft systems demand highly trained and experienced teams of specialist personnel and equipment to maintain the aircraft in a safe and airworthy condition.

SGS has the manpower and facilities and maintains the highest standards of operation to complete the numerous overlapping service processes on time and to the standards required fit the schedules of our airline customers.

These services include:

- Aircraft Loading/Offloading of Cargo, Mail, and Passengers' Luggage
- Ground Power Unit (GPU)
- Push-Back
- Unit Load Device Control (ULD)
- Technical Support Functions
- Air Conditioning Unit (ACU)
- Air Starter Unit (ASU)
- Aircraft Towing
- Ground to cock-pit headset service



CARGO LOADING / OFF LOADING:

Cargo services including warehouse handling (except loading and offloading) are provided by Saudi Arabian Airlines Cargo at all the airports within the Kingdom of Saudi Arabia.

SGS however undertakes the supervision, loading, unloading and transportation of general cargo and special cargo with its own suite of specialized equipment and specially trained staff. However, SGS maintains the necessary competence and combination of staff to undertake the loading and unloading functions along with the necessary equipment that is required for transportation of special cargo under supervision.



FLEET CLEANING SERVICES:

Central element of passenger experience is the quality of the cabin environment. To ensure this is clean and comfortable, the SGS ramp team provides an around-the-clock, cabin preparation service to hundreds of thousands of flights on annual basis across all the international and local airports across Saudi Arabia.

We provide a whole host of services as part of cabin appearance service to include:

- Cabin Grooming and Deep Cleaning.
- Turnaround Cleaning.
- Toilet and Water Services.



TRAFFIC CONTROL:

SGS coordinates all ground handling requirements at every Saudi Arabian airport.

We monitor arrival and departure schedules on behalf of our customers and coordinate requisite turnaround activities efficiently and safely.

The SGS operation services and traffic control offers air to ground services around the clock, supportive flight preparations at a point different from the airport of departure, and excellent En-route flight assistance. And monitor movement of flights to make sure they are flying safely.



GROUND TRANSPORT:

To best serve the passenger's need to travel from airport to their final destinations, SGS established Saudi Al Amad for Airport Services and Air Transport Support (SAAS). They are dedicated to managing and operating apron transportation at all major airports around the Kingdom.

Services include:

- Dedicated passenger and crew transportation between aircraft and terminal
- Medical Lift for persons with reduced mobility

Training

Saudi Ground Services Company has a Training and Development Academy, which is accredited by the International Air Transport Association (IATA) as an authorized training center (ATC), and regional training partner (RTP) to provide IATA courses. It is also approved by GACA to provide some of the training programs, including the DGR program, and ramp driving licenses RDL.

Training academy has developed number of training programs, including operational and administrative courses. The training academy has developed training curricula in line with GACA requirements and IATA standard to meet the company's operational and non-operational staff requirements, including but not limited to:

Operational Programs: Training Academy offers a variety of operational training programs that allow employees to develop their skills and qualifications when hired and those are on duty at all airports throughout the Kingdom. These programs include training of front-line staff on airport passenger terminal systems, passengers handling, in addition to operating all Ramp equipments and Ramp driving license.

Administrative programs: Training academy provides number of administrative and soft skills courses to raise the level of staff performance including: organizational skills, work ethics, time management, customer service, communication skills, training and guidance, personal productivity Staff, teamwork and team building, middle management, leadership and impact, meeting management.

E-Learning: In line with the increased operating requirements and to facilitate the delivery of training courses without affecting the operation, training academy has developed e-learning program to provide operational courses for all operation staff so that the employee can attend an on-line training courses from any site at any time.

Operating Systems: In order to facilitate the training process, training academy applies the LMS system to save information/ complete all training tasks (training planning, scheduling of training courses, scheduling trainers, scheduling classes, etc.).





GSE

1. Introduction :

1.1 Saudi Ground Services Company ("SGS"):

The Saudi Ground Services Company ("SGS"), a limited liability company, was established in Jeddah, KSA, with CR 4030181005 dated 11/07/1429 AH, corresponding to 14/7/2008 AD.

HH the Minister of Commerce Decision No. 171 /L dated 7/7/1435 AH (corresponding to 5.6.2014 AD), was issued to adopt the conversion of the Company ("SGS") from a limited liability company to a closed joint stock company with a capital of one billion eight hundred and eighty million Saudi Riyals (SAR 1,880,000,000), divided into one hundred and eighty-eight million (188,000,000) common shares par value of SAR 10 per share ("Shares").

Fifty-six million four hundred thousand (SAR 56,400,000) common shares, representing thirty percent (30%) of the SGS's capital, were offered for public subscription during the period 3/6/2015 to 9/6/2015). SGS was listed in the Saudi Stock Exchange (Tadawul) and trading of its shares began on 24.6.2015 AD.

The main business of the Company ("SGS") is to provide aviation ground-handling and support services within the Kingdom's airports to many local and international airlines, including passenger services, coordination, management and supervision services, baggage services, ramp services, support services, security services).

The Company has several business sectors and departments providing the necessary support services for such activities, including Operations and Ground Handling Department, Financial Department, HR Department, Commercial Affairs Department, Internal Audit Department, Legal and Governance Department, Facilities Maintenance Department and Engineering Support, and Strategy and Growth Department).

1.2 Establishment of Subsidiaries:

a) Saudi Amad for Airport Services & Transport Support Co (SAAS)

The Company established the Saudi Amad for Airport Services & Transport Support Co ("SAAS"), a limited liability company, based in Jeddah, Kingdom of Saudi Arabia, with CR No. 4030254190 dated 27/10/1434 AH (corresponding to 3/9/2013 AD), with a capital of SAR 500,000. SAAS is specialized in passenger transport services to/from aircraft through various means of transport. SGS owns 50% of shares in SAAS, while the remaining 50% is owned by Al-Amad Trading & Catering Co. ("ATC"), which is a Saudi limited partnership, with CR No. 4030057952 dated 22 / 11/1407 AH (corresponding to 19/7/1987 AD).

Main business of SAAS: The main business of SAAS is to provide PAX transportation services to Airline Companies within the airports from/to arrival & departure terminals, as well as crew transportation inside airports, between the operation terminal and the aircraft. The aim of establishing SAAS was to integrate the operations of both ATC and the company with regard to PAX transportation services, since ATC has been providing PAX transportation services inside the international airports and Tabuk airport before SAAS has been established.

b) Establishment of TLD Arabia Co.:

The Saudi Ground Services Company (SGS) signed a joint venture (JV) agreement with the Frances TLD Group to establish TLD Arabia for Equipment Services, a limited liability company, with CR No. (4030181005), with a capital of (SAR 1,000,000), based in Jeddah, Kingdom of Saudi Arabia. The main activity of TLD Arabia is to provide digitalization and maintenance of equipment for airport solutions and ground handling equipment for the Company and other companies across all airports in Saudi Arabia.

Main business of TLD Arabia Co.: The main activity of TLD Arabia is to provide maintenance services for ground services equipment, leasing machine tools and other air transport equipment without drivers and operating leasing. It also provides administrative and supervisory services at airports in addition to other activities and services related to air transportation.



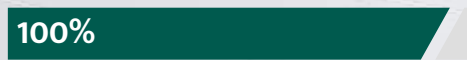
The image features a blue-tinted background with financial data visualizations. In the foreground, several stacks of silver coins are arranged on a surface, with a pen lying to the right. The background is filled with faint, semi-transparent line and bar charts, suggesting a market or financial analysis context.

Financial Outputs

2. Most Significant Financial Outputs

2.1 The main activities of the Company:

Ground Handling Services



Revenues (in thousand Saudi Riyals)
1,251,835

TLD Arabia main business activities

Equipment Maintenance



Revenues (in thousand Saudi Riyals)
9,810,000

2.2 Main activities of the Subsidiary

Transport services for passengers, crew and bus operation at airports



Revenues (in thousand Saudi Riyals)
78,256

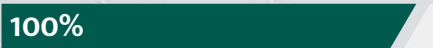
2.3 SAAS (Subsidiary)’s Partners and Capital:



Saudi Ground Services Company (“SGS”)
Value of Shares (SAR) : 250,000



Al-Amad Trading & Catering Co. (“ATC”)
Value of Shares (SAR) : 250,000



Total
Value of Shares (SAR) : 500,000

2.4 TLD Arabia (Subsidiary)’s Partners and Capital:

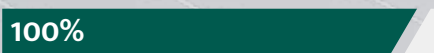
(TLD Arabia started its activities on 01.12.2020)



Saudi Ground Services Company (“SGS”)
Value of Shares (SAR) : 500,000

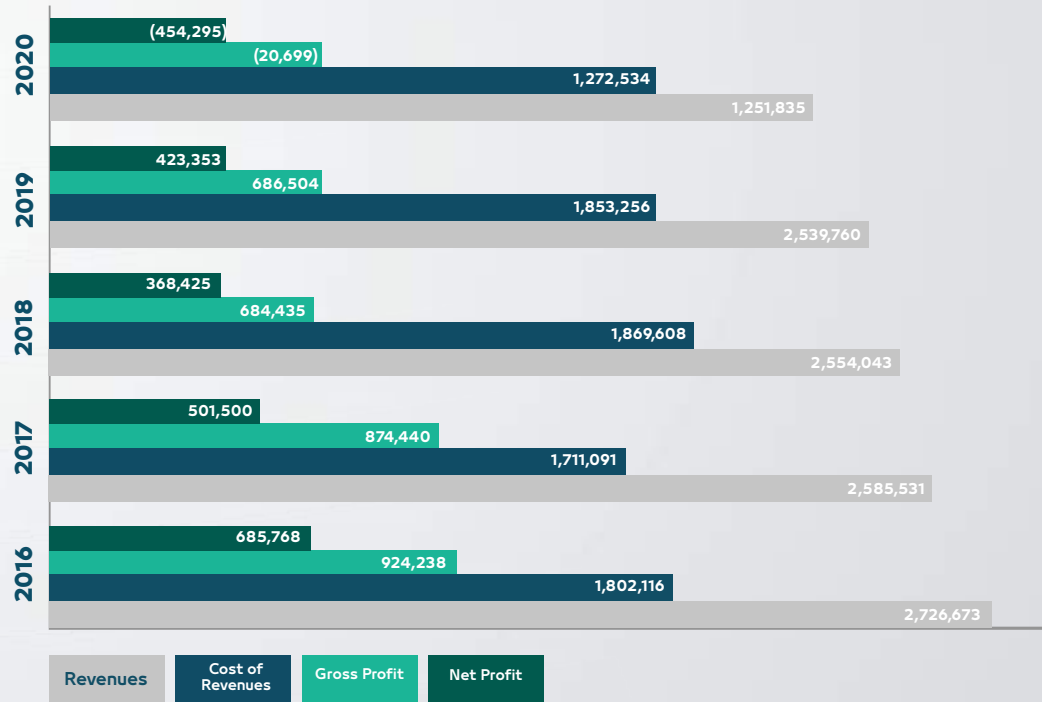


TLD Arabia
Value of Shares (SAR) : 500,000



Total
Value of Shares (SAR) : 1,000,000

2.5 Summary of the Company’s financial outputs during the past five years:



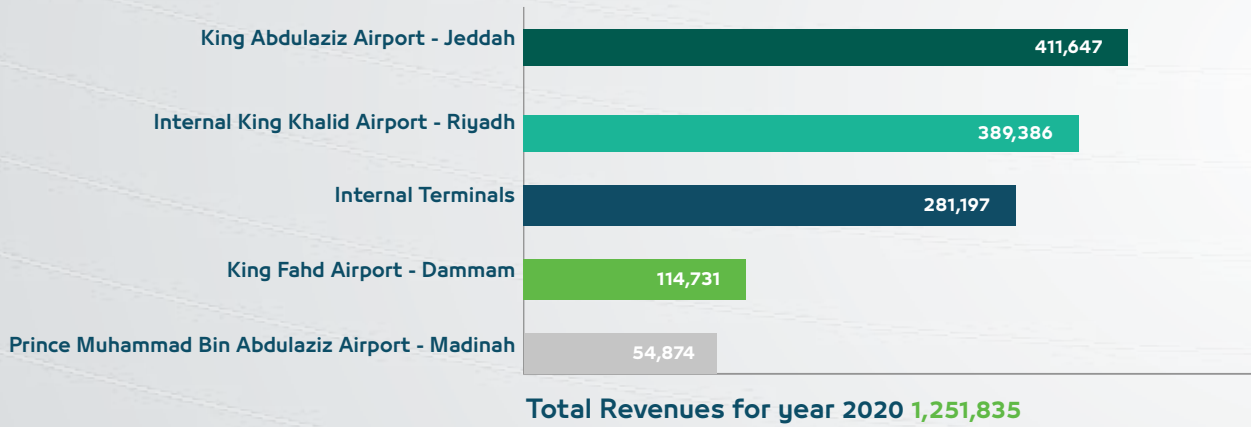
Summary of the Company’s financial outputs during the past five years:

Description (in thousands Saudi Riyals)	2020 AD	2019 AD	2018 AD	2017 AD	2016 AD
Revenues	1,251,835	2,539,760	2,554,043	2,585,531	2,726,673
Cost of Revenues	1,272,534	1,853,256	1,869,608	1,711,091	1,802,116
Gross Profit	20,699	686,504	684,435	874,440	924,238
Net Profit	454,295	423,353	368,425	501,500	685,768

2.6 Comparison of the Company’s assets and liabilities in 2020 AD with previous years:

Description (in thousands Saudi Riyals)	2020 AD	2019 AD	2018 AD	2017 AD	2016 AD
Current assets	2,751,360	2,397,073	2,245,987	2,136,338	2,320,394
Non-current assets	1,665,592	1,925,979	1,660,970	1,630,856	1,505,024
Total Assets	4,416,952	4,323,052	3,906,957	3,767,194	3,825,418
Current Liabilities	785,520	715,942	556,194	462,849	465,477
Non-current Liabilities	1,132,248	661,222	474,390	432,280	383,230
Total Liabilities	1,917,768	1,377,164	1,030,584	895,129	848,707

2.7 Geographical Analysis of the Company’s Total Revenues in 2020 AD



2.8 Geographical analysis of the subsidiary’s revenues (SAAS)



2.9 Summary of the most significant material differences in the operational results compared to results of the previous year or any expectations declared by the Company

Description (in thousands Saudi Riyals)	2020 AD	2019 AD	Variations (+) or (-)	% Variation
Sales/ Revenues	1,251,835	2,539,760	(1,287,925)	(51%)
Cost of sales / Revenues	(1,272,534)	(1,853,256)	(580,722)	31%
Gross Profit (Loss)	(20,699)	686,504	(707,203)	(103%)
Operational Income - Other	1,688	154	1,534	996%
Administrative Expenses	(256,785)	(238,834)	17,951	(8%)
Impairment loss on trade receivables	127,524	31,806	95,718	(301%)
Operating Profit (loss)	(403,320)	416,018	(819,338)	(197%)

A blue-tinted photograph of an airport tarmac. In the center, a large white airplane with Arabic calligraphy and the number '24' on its nose is parked. Ground service vehicles, including a large white truck on the left and several smaller vehicles with 'SGS' logos, are positioned around the aircraft. The background shows other airport infrastructure and a cloudy sky.

Material events, decisions and
achievements

3. Most significant material events, decisions and achievements

In 2020 AD, with the spread of the novel coronavirus (COVID-19) outbreak, the Company witnessed major challenges, leading to cessation of operations as a result of suspension of domestic and international flights during the pandemic. This comes under the precautionary measures taken by the competent authorities in the Kingdom and throughout the world. The Company addressed such challenges through placing clear frameworks based on operational and financial future projections and studies. In turn, this will overcome this crisis with the least losses, contributing to reducing and containing costs through implementing the Minimum Sustainable Resources Strategy (MSRS). This year also witnessed a change in the organizational and administrative structure of the Company's business sectors. This, of course, will also contribute to the growth of the Company's business, in general, and enhance the rights of the Company and interests of shareholders as well. The Board of Directors ("BoD") and its respective committees also played an effective role during the pandemic. This role was coined by taking certain decisions to achieve the objectives of the Company and to ensure its business continuity. The most important of these decisions are as follows:

1. Approving calling upon the shareholders to attend the Company's ordinary general assembly.
2. Approving the Matrix of Authorities Manual at SGS.
3. Approving granting the executive management exceptional financial powers to address precautionary and emergency measures resulting from the COVID-19 pandemic.
4. Approving a set of measures for facing the repercussions of the spread of the Coronavirus (COVID-19) pandemic and supporting the payment of Saudi employees wages through the Unemployment Insurance program (SANED).
5. Approving the recommendation stating not to pay cash dividends to shareholders for the second half of 2019.
6. Approving the establishment of a new company, through a joint venture agreement with TLD Group, under the name (TLD Arabia).
7. Approving the appointment of Bupa Arabia for Cooperative Insurance to provide medical insurance services to the Company's employees and their families, as of 01/07/2020.
8. Approving the appointment of the Company's representatives to the BoD of TLD Arabia Equipment Services Company (a mixed limited liability company).
9. Approving credit facilities to be obtained from the Saudi British Bank (SABB).
10. Approving credit facilities to be obtained from Bank AlBilad.
11. Approving execution of joint venture agreement with the Saudi Services & Operations Company (SSOC).
12. Approving credit facilities from the National Commercial Bank (NCB).
13. Approving the appointment of Al-Ahly Takaful Company to provide life insurance services to the Company's employees.
14. Approving the preliminary financial results for the period ending on 30/09/2020 .
15. Approving the preliminary financial results for the period ending on 30/06/2020.
16. Approving the preliminary financial results for the period ending on 31/03/2020.
17. Approving the annual financial results ending on 31/12/2020.
18. Approving to relocate the Company's head office to the new location.

4. The most important structural and organizational changes in the Company

In the pursuit of developing the Company's bylaws and capabilities and increasing opportunities for operational and technical improvement, which is reflected in the Company's financial performance, coping with the Company's plans, objectives, and strategy towards achieving the Kingdom's Vision 2030 for the benefit of the Company's shareholders and employees, the Company's management organizational structure was reformed during 2020 AD. Among the up-to-date regulatory frameworks, the Company has considered strengthening the concepts of compliance, in letter and spirit, with the laws, regulations and supervisory directives. This aims at enhancing the ethical and professional principles of the Company's employees in performing their duties and in such a manner that leads to achieving sustainable growth with enhancing aspects of protection from the risks of non-compliance or financial crimes. Also, the Company, during 2020 AD, sought to complete the transformation plan for expanding its business in future ground handling services and diversifying sources of income. Such expansion was declared with the most important projects and contracts concluded during the year in Tadawul. Not only the transformation plan aimed at expanding business, but also focused on changing the work environment and providing a healthy and practical environment for employees. Such measures will, in turn, reflect on increasing productivity and providing opportunities for initiatives for employees by providing an integrated and healthy work culture. Thus, the Company's main management has been moved to a new building to create a better work environment for the employee.

5. Future Expectations

Ground Handling Sector is expected to touch an increase of numbers of pilgrims and Umrah performers in 2021 AD up to 2022 AD gradually, compared to 2020 AD, which carried grave consequences as a result of the spread of the Corona pandemic around the world. This of course led to a decrease of numbers of pilgrims and Umrah performers during the year, unlike that were predicted during previous future studies. It is also expected that there would be investment opportunities contributing to the growth of the Company's business and expansion in general in the coming years. In addition to partnership agreements during the year, the Company began to diversify its business and provide other services at airports. Despite the pressures faced by the Company and suspension of its operations due to the pandemic, future plans have been developed to reduce costs by developing an internal strategy based on the Minimum Sustainable Resources Strategy (MSRS), whose impact will gradually emerge in 2021 AD, gradually and positively, as soon as the restarting of flights, especially international flights, at all Kingdom's airports. This comes in addition to applying all necessary precautionary measures, in line with the guidelines of the Kingdom.

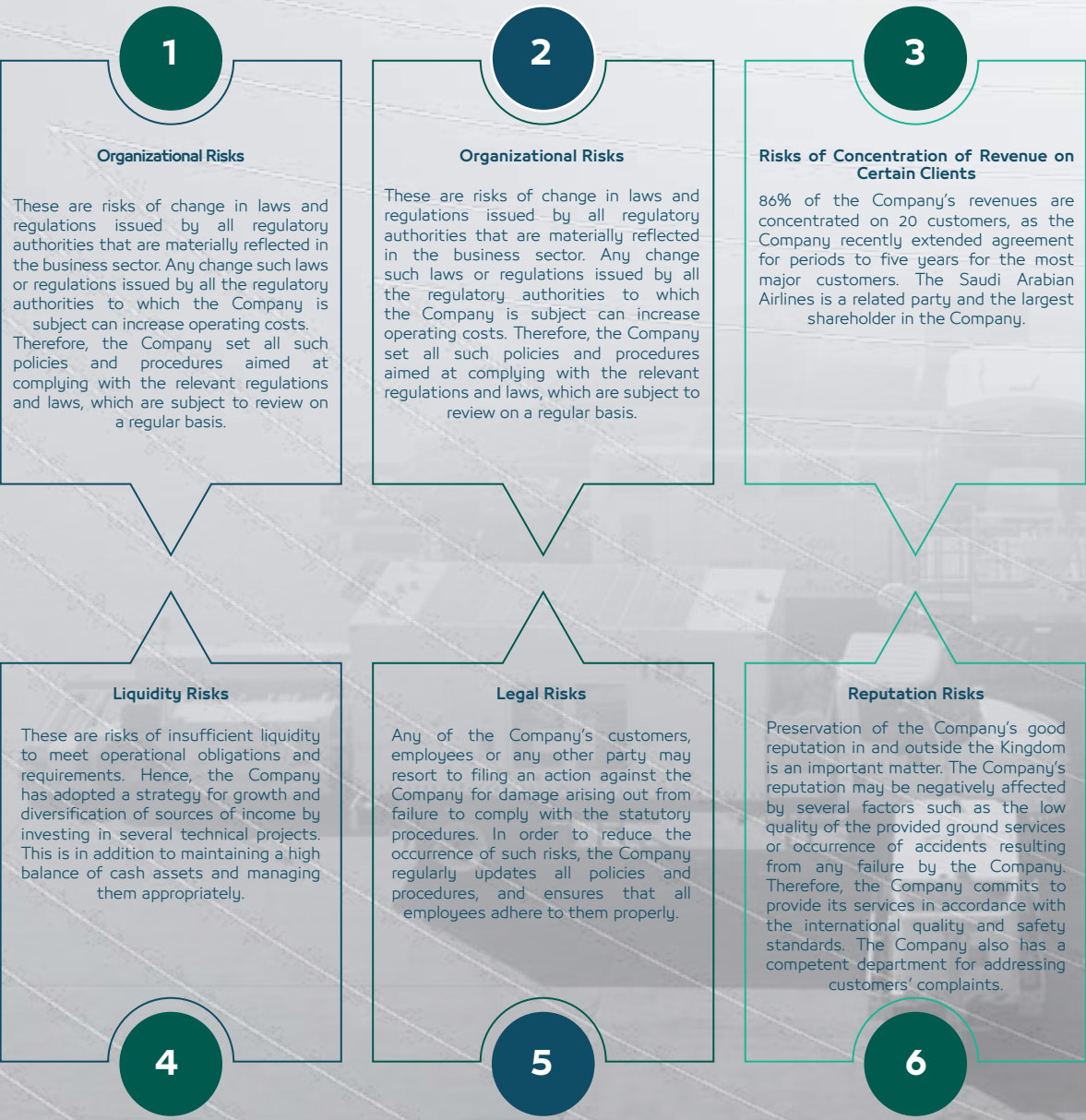


Risks

6. Risks

The Saudi Ground Services Company (SGS) is keen to follow up the most major risks and developments that may affect the progress of the Company's business through a competent risk department. To this end, all departments and stations cooperate closely and actively in order to identify the most major risks to which the Company may be exposed. And to ensure that the necessary plans are in place to address and mitigate such risks as well as reduce their effects. All risks are regularly monitored by the executive management and the Risk Management Committee (RMC) under supervision of the Board of Directors BoD.

The following is a list of some of such risks to which the Company may be exposed:





Corporate Governance Regulations

7. Corporate Governance Regulations

The Saudi Ground Services Company (SGS) is always keen to fully adhere to the principles of corporate governance as approved by the Capital Market Authority (CMA), to follow international professional standards in transactions. It also adopts transparency and disclosure measures enhancing the efficiency of the Company's business and relations with all stakeholders.

In 2021 AD, the Company considered the application of procedures and measures for management of governance and secretariat of the Company's Board. These include all its governance policies to ensure full compliance with the provisions of the Companies' Law and Corporate Governance Regulation as issued by the CMA and work to implement it fully.

7.1 Assessment of effectiveness of the Board, its Members and Committees

Pursuant to the provisions of its Governance Regulations, the Company considered that the Board will evaluate the effectiveness of its members and their participation, whether collectively and individually. It also consider evaluating the effectiveness of the performance of the Board's subcommittees, completing business evaluation process of 2020, through the Company's governance department. The results of the evaluation process will be submitted to the Nominations and Remuneration Committee ("NRC") and to the Board of Directors by the end of the first quarter of 2021.

7.2 Training programs for Board Members and Committees

Throughout 2020, due to the pandemic and its consequences, the Company did not conduct training courses for the Board members and committees. However, the Company was keen to continuously raise awareness of the Board members and committees through most advanced technology means.

In general, SGS adheres to all the mandatory provisions and directives stipulated in the Corporate Governance Regulations issued by the CMA. This commitment is reflected in the inclusion of all mandatory requirements in the Company's articles, governance document and complementary policies. This also enhances disclosure, provision of information, transparency and fairness in dealing and ensuring shareholders' rights and defines the duties and responsibilities of the Company's Board members and the executive management, in accordance with the statutory directives. The Company also applies all the provisions set forth in the Corporate Governance Regulations issued by the CMA, except for the below provisions:

REF	Article / Paragraph No.	Text of Article/ Paragraph	Reasons for not being applied
1	39	Training: The Company shall pay sufficient attention to training and qualifying the Board Members and Executive Management, and develop the necessary programs	Informative Material Not applied to Board Members due to the COVID-19 pandemic
2	54.b	Head of Audit Committee head shall be an independent member	Informative Material The article was applied at the beginning of 2021
3	85.2	Employee motivation programs: Employee Stock Option (ESO) programs; offers to employees the chance to directly buy shares of its stock or paying dividends and providing retirement programs, and establishing an independent fund to spend on such programs.	Informative Material
4	85/3	Employee motivation programs: Establishing social institutions for the Company employees.	Informative Material
5	87	Social Responsibility: The Ordinary General Assembly, based on a proposal by the Board, shall set a policy ensuring a balance between its objectives and goals of society; with the aim of developing the social and economic conditions of society.	Informative Material
6	88.1	Social Work Initiatives: Establishing measurement indicators linking the Company to its social work initiatives and comparing the same with other companies of similar activity.	Informative Material The Company conducts certain initiatives; which were mentioned in the report. However, it did not develop specific programs or measurement indicators
	88.2	Social Work Initiatives: Disclosure of the objectives of social responsibility adopted by the Company to its employees, raising their awareness and education.	
	88.3	Social Work Initiatives: Disclosure of plans of social responsibility in the regular reports related to the Company's activities.	
	88.4	Social Work Initiatives: Establishing community awareness programs to define the Company's social responsibility.	
7	93.4.b	The Board of Directors shall be responsible for: A) A statement of the required details on remuneration and compensation paid to each of the following separately: B) Five senior executives who received the highest remuneration amount, including the CEO and the CFO.	The total remuneration of the top six of the senior executives were disclosed due to such administrative changes that took place during 2020
8	95	Formation of Corporate Governance Committee	Informative Material
9	Appendix (1)	CMA Board Decision No. 1-35-2018 dated 7/9/1439 AH (corresponding to 3.26.2018 AD) provided that the schedule for disclosing the remuneration of senior executives as specified in Appendix (1) of the Corporate Governance Regulations is only informative. Provided that the disclosure on the remuneration of senior executives on the Board of Directors's reports to be issued for the financial periods beginning on 1.1.2020 AD in details in accordance with the schedule for the disclosure of the remuneration of senior executives specified in Appendix (1) of the Corporate Governance Regulations.	The company is committed to disclose the elements of the senior executives' remuneration in total in accordance with the statutory requirements set forth in subparagraph (b) of paragraph (4) of Article (93) of the Corporate Governance Regulations. However, in order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may arise from any detailed disclosure by titles, such details are not presented as stipulated in Appendix (1) on the Senior Executives of the Corporate Governance Regulations.



Board Members

8. Board Members

8.1 Composition of the Board of Directors and Membership Status:

The Company's Board of Directors is formed, according to the Company's Articles of Association ("AoA"), of nine members for a tenure of three years. In line with the provisions of the Companies' Law, the current Board has been formed for a three-year tenure beginning on 05.06.2019 until 05.05.2022. The following table shows names of the Board Members and membership status as of December 31, 2020:

Name	Title	Membership Status
Eng. Khalid Al Buainain	Chairman	Independent
Dr. Omar Jefri	Vice Chairman	Independent
Mr. Mansour Al Bosaily	Member	Independent
Mr. Mohammed Al Yemni	Member	Independent
Eng. Saleh Hefni	Member	Independent
Mr. Con Korfiatis	Member	Non-executive
Mr. Per Utnegaard	Member	Independent
Mr. Onno Boots	Member	Independent
Capt. Fahd Cynndy	Member	Executive

Capt. Fahd Cynndy was appointed on 02.01.2021.

The Company's Board of Directors consists of nine members to be appointed by the General Assembly of shareholders for a tenure not exceeding three years. The Board shall meet at least once every three months four times a year or as required by an invitation by the Chairman or at the request of two members. The meeting's quorum shall be complete when it is attended by five members in person, including the Chairman. Resolutions and deliberations of the Board shall be recorded in minutes to be signed by present Members and the Chairman. Recording and keeping the meeting minutes shall be the responsibility of with the secretary of the Board.

The following table shows the Boar Members' names, qualifications and experiences:

8.1.1 Board Members and Committees' Members:

Eng. Khalid Al Buainain

Eng. Khalid Al Buainain, holds the office of Chairman of the SGS's Board of Directors and Chairman of the Executive Committee. He is an independent Board Member. The following table shows his academic qualifications, professional experiences and memberships:

Current Positions	Previous Positions	Qualifications	Experience
Member of the Board of Directors of HSBC Saudi Arabia, Riyadh	-Senior Vice President - Technical Services Sector, Saudi Aramco. -Senior Vice President - Engineering Sector, Capital and Operations Support at Saudi Aramco. -Senior Vice President for Marketing and Distribution, Saudi Aramco. -Senior Vice President - Engineering Services, Saudi Aramco.	He obtained a bachelor's degree from King Fahd University of Petroleum and Minerals, Dammam	More than 25 year experience at Saudi Aramco

MEMBERSHIPS AND PROFESSIONAL EXPERIENCE:

TITLE	COMPANIES	TYPE OF LEGAL ENTITY
Member of Board of Directors	HSBC Saudi Arabia	In the Kingdom - Joint Stock Co.

Dr. Omar Jefri

Dr. Omar bin Abdullah Jafri holds the office of Vice Chairman of the Company's Board of Directors, member of the Executive Committee and Chairman of the Audit Committee. He is an independent member. He previously worked for the Saudi Arabian Airlines Corporation during the previous years. The following table shows his academic qualifications, professional experiences and memberships:

Current Positions	Previous Positions	Qualifications	Experience
Member of the Board of Directors (SITA Council) Adviser to the Minister of Transport for the Aviation Sector	- Executive Vice President for Training and Development at Saudi Airlines. - Executive Vice President for Planning and Marketing at Saudi Airlines.	- PhD in Marketing from the University of Alabama - Master of Business Administration from King Fahd University of Petroleum and Minerals - Bachelor of Science in Industrial Management from King Fahd University of Petroleum and Minerals.	More than 25 years of experience at the Air Transport Sector

MEMBERSHIPS AND PROFESSIONAL EXPERIENCE:

Title	Companies	Type of Legal Entity
Member of Board of Directors	SITA International, a non-profit organization owned by international airlines	Semi-governmental entity; outside the Kingdom
Senior Advisor to the General Manager and Executive Vice President for Training and Development	Saudi Arabian Airlines (retired in 2018)	Governmental entity; inside the Kingdom
Member of Board of Directors	Flynas	Closed joint stock company; inside the Kingdom

Mr. Mansour Al Bosaily

Mr. Mansour Al Bosaily, a Board Member and Member of the Executive Committee and Risk Management Committee. He is an independent Board Member. The following table shows his academic qualifications, professional experiences and memberships:

Current positions	Previous positions	Qualifications	Experience
- Businessman - Member of the Shura Council	- Branch Manager at United Saudi Bank. - Responsible for Corporate Credit Department at the Bank - Senior Manager of Legal Affairs and Secretary General at Saudi British Bank.	Holds a Bachelor's Degree in Systems from King Saud University - Riyadh	More than 30 years of experience in banking and legal sector

Memberships and Professional Experience:

TITLE	Companies	Type of Legal Entity
Chairman	HSBC Saudi Arabia	Inside the Kingdom - Unlisted Joint-Stock Company
Member of the Board of Directors	Saudi Reinsurance Cooperative Company	Inside the Kingdom - Listed Joint-Stock Company
Member of the Board of Directors	Amlak International For Real Estate Finance	Inside the Kingdom - Unlisted Joint-Stock Company
Member of the Board of Directors	Extra Co.	Inside the Kingdom - Listed Joint-Stock Company
Member of the Board of Directors	British Saudi Bank	Inside the Kingdom - Listed Joint-Stock Company
Senior Manager of Legal Affairs and Secretary General of the Board of Directors	SABB Takaful Cooperative Insurance (SABB Takaful)	Inside the Kingdom - Listed Joint-Stock Company

Mr. Mohammed Al Yemni

Mr. Mohammed Al Yemni, holds the position of a Board member, a member of the Audit Committee, a member of the NRC, Chairman of the Risk Management Committee. He is an independent member. The following table shows his academic qualifications, professional experiences and memberships:

Current Positions	Previous Positions	Qualifications	Experience
Retired from SABIC	General Manager of SABIC Industrial Investments Co., and advisor to the Vice Chairman, Adviser to the CEO, and Legal Adviser to the Vice Chairman of the Board of Directors.	He obtained a degree of commercial law from Georgetown University	More than 35 years of experience in the legal sector

Memberships and Professional Experience:

Title	Companies	Type of Legal Entity
General Manager of SABIC Industrial Investments Co., Advisor to the Vice Chairman of the Board of Directors	SABIC Industrial Investments Co.,	Inside the Kingdom - Unlisted Joint-Stock Company

Eng. Saleh Hefni

Eng. Saleh Hefni, a Board Member, a member of the Executive Committee and Chairman of the NRC. He is an independent member. The following table shows his academic qualifications, professional experiences and memberships:

Current Positions	Previous Positions	Qualifications	Experience
CEO - OMACO (Omar Kasim Alesayi & Co. & Partners Group)	CEO and Managing Director of Halwani Bros Co.- Food Products Industry Member of the Board of Directors of Middle East Healthcare Company (Saudi German Hospital)	Bachelor's degree in Civil Engineering from the University of Cagazul, San Francisco. Holder of a Master's degree in Human Resources Management, University of Strathclyde (Scotland)	More than 30 years of experience in the food industry, industrial and engineering services.

Memberships and Professional Experience:

Title	Companies	Type of Legal Entity
Chairman	Halwani Bros, Egypt	Outside the Kingdom - Unlisted Joint-Stock Company
Member of Board of Directors	Saudi Industrial Services Company (SISCO)	Inside the Kingdom - Listed Joint-Stock Company
Member of Board of Directors	Kindasa Water Services Company (KWS)	Inside the Kingdom - Unlisted Joint-Stock Company
Vice Chairman of the Board of Directors	Al-Ahli Takaful Company (ATC)	Inside the Kingdom - Listed Joint-Stock Company
Member of the Board of Directors	LogiPoint Co. (a SISCO subsidiary)	Inside the Kingdom – Unlisted Joint-Stock Company
Member of the Board of Directors	Saudi Export Development Authority (SAUDI EXPORTS)	Inside the Kingdom - a government agency

Mr. Con Korfiatis

Mr. Con Korfiatis holds the office of a member of the Board of Directors. He is a non-executive board member, as he represents the Saudi Arabian Airlines corporation. He is the CEO of Flyadeal, a subsidiary of the state-owned Saudi Arabian Airlines corporation. The following table shows his academic qualifications, professional experiences and memberships:

Current Positions	Previous Positions	Qualifications	Experience
- CEO of Flyadeal Middle East	- Heidrick & Struggles Consulting (Partner) - Ytelink (CEO) - Viva Macau (CEO) - Jetstar Asia (CEO) -Qantas Airline Group (Head of Strategic Division)	He holds a BA in Economics from Monash University	More than 19 years of experience in the aviation sector

Memberships and Professional Experience:

Title	Companies	Type of Legal Entity
Chief Executive Officer (CEO)	Flyadeal Middle East	Inside the Kingdom - Unlisted Joint-Stock Company

Mr. Per Utnegaard

Mr. Per Utnegaard an independent member of the Board of Directors and a member of the Executive Committee.

Current Positions	Previous Positions	Qualifications	Experience
Investor in Utnegaard & Partners GmbH	- Chairman of the Executive Board / Swissport International. - Group President and CEO/ Bellevinger (Germany). - Per Utnegaard & Partners (Partner) General Manager/ Swiss Federal Railways, Switzerland.	Holds a BA in Business Administration and Marketing from Northern Michigan University.	More than 19 years of experience in trade and ground handling sector

Memberships and Professional Experience:

Title	Companies	Type of Legal Entity
Member of Board of Directors	AlFest Co.	Outside the Kingdom - Unlisted Joint-Stock Company
Non-executive Board Member	SSB Group	Outside the Kingdom - Unlisted Joint-Stock Company
Member of Board of Directors	Swissport	Outside the Kingdom - Unlisted Joint-Stock Company

Mr. Onno Boots

Mr. Onno Boots, an independent member of the Company’s Board of Directors. The following table shows his academic qualifications, professional experiences and memberships:

Current Positions	Previous Positions	Qualifications	Experience
- CEO of Asia Pacific Airlines (Singapore)	- Director and CEO of Asia Pacific Airlines / Board of Directors - Member of the Board of Directors of Ben Ancom. - Advisor to the Board of Directors / Chile Airlines / Turkey - CEO of Chile Airlines Group. - Member of the Board of Directors of Asia Suppliers (non-profit organization).	He holds a degree from Cranfield University	10 years experience in the aviation sector

Memberships and Professional Experience:

Title	Companies	Type of Legal Entity
Member of Board of Directors	Win Ancom Co.	Outside the Kingdom - Unlisted Joint-Stock Company
Director and CEO	Asia Pacific Airlines/ Board of Directors.	Outside the Kingdom - Unlisted Joint-Stock Company
Member of the Board of Directors	Win Ancom Co.	Outside the Kingdom - Unlisted Joint-Stock Company
Advisor to the Board of Directors	Chile Airlines / Turkey.	Outside the Kingdom - Unlisted Joint-Stock Company
Chief Executive Officer (CEO)	Chile Airlines Group.	Outside the Kingdom - Unlisted Joint-Stock Company
Member of Board of Directors	Asia Suppliers (Non-profit organization).	Outside the Kingdom - a non-profit organization

Capt. Fahd Cynndy

Capt. Fahd Cynndy, a member of the Board of Directors - Executive Member of the Company as of 01/02/2021. The following table shows his academic qualifications, professional experiences:

Current Positions	Previous Positions	Qualifications	Experience
CEO (Acting) at SAE Co.	CEO of the Saudi Ground Services Company (SGS) Head of the Aviation Sector in Saudi Aramco.	He holds a university degree in Commercial Aviation, University of North Dakota, the USA - Bachelor of Science, Mechanical Engineering, Western New England University, the USA - Master of Business Administration, Hong Kong University of Science and Technology in China - an Executive Leadership Certificate from Stanford University, the USA. In addition, Cap. Fahd has more than 6,300 flying hours, and holds the US Federal Commercial Aviation License. He is also a “certified” instructor by IATA.	Up to 22 years of experience at the aviation sector in Saudi Aramco.

Memberships and Professional Experience:

Title	Companies	Type of Legal Entity
Member of Board of Directors	Saudi Ground Services Company (“SGS”)	Inside the Kingdom – Listed Joint-Stock Company
Member of Board of Directors	SAAS (Subsidiary)	Inside the Kingdom – a closed joint stock Company
Chairman	Gulf Flight Safety Association	Outside the Kingdom – United Arab Emirates
Vice Chairman	The Helicopter Company	Inside the Kingdom – A Public Investment Fund company
Founding Partner	Reaction	Global organization

A blue-tinted photograph of a modern building's interior hallway. The hallway features a staircase with a glass railing on the right side. At the end of the hallway, there is a set of double doors with an "EXIT" sign above them. The ceiling has recessed lighting fixtures. The overall atmosphere is clean and professional.

Committee Members

8.2 Non-Board Committee Members

Mr. Ahmed Saleh Al Sudais

Mr. Ahmed Al sudais, a member of the nrc. He is a non-board member. The following table shows his academic qualifications, professional experiences and memberships:

Committee membership	Current positions	Previous positions	Qualifications	Experience
Member of the nrc	Deputy ceo, al-rajhi bank	General manager of hr at sabb bank from 2012 until 2017. General manager of kingdom branches in sabb (2011 - 2012)	Bachelor of accounting from king abdulaziz university, jeddah	Held many leadership positions at the saudi british bank (sabb), with an experience of no less than 20 years at the banking sector

Mr. Saleh Alfadhel

Mr. Saleh Alfadhel, a member of the Audit Committee. He is a non-Board member. The following table shows his academic qualifications, professional experiences and memberships:

Committee membership	Current positions	Previous positions	Qualifications	Experience
Member of the audit committee of sgs	A senior executive of herfy food services co.	Cfo at herfy food services co. Since 2015	- master of accounting sciences and master of financial sciences from the university of illinois in america - bachelor of business administration from king saud university He also holds a certified public accountant (cpa) certificate.	He held several leadership positions and is currently CFO at Herfy Food Services Co. since 2015.

Mr. Hesham Alaqil

Mr. Hesham Alaqil, a member of the Audit Committee. He is a non-Board member. The following table shows his academic qualifications, professional experiences and memberships:

Committee membership	Current positions	Previous positions	Qualifications	Experience
Member of the Audit Committee	CFO of Bank Albilad	Head of Financial Group Al-Rajhi Capital	Master of Accounting and Finance, University of Illinois, Eriana Champaign, the USA - Bachelor of Accounting, King Saud University	More than 20 years in banking and aviation sector and the Saudi Arabian Monetary Authority (SAMA)

Mr. Adel Abalkhail

Mr. Adel Abalkhail, a member of the the Audit Committee. He is a non-Board member. The following table shows his academic qualifications, professional experiences and memberships:

Committee membership	Current positions	Previous positions	Qualifications	Experience
Member of the Audit Committee	Vice President of the Financial Group of Al-Rajhi Bank of Saudi Arabia	Chairman of the Financial Group of Al-Rajhi Bank, Malaysia	Master of Accounting and Master of Science in Finance, University of Illinois, Eriana Champaign, USA Bachelor of Accounting, King Saud University	More than 18 years in banking sector and the Saudi Arabian Monetary Authority (SAMA)

Mr. Abdulrahman Addas

Mr. Abdulrahman Addas, a member of the Risk Committee. He is a non-Board member. The following table shows his academic qualifications, professional experiences and memberships:

Committee membership	Current positions	Previous positions	Qualifications	Experience
Member of the Risk Management Committee	A senior executive of the National Commercial Bank (NCB)	Retired	- Master of Business Administration, Financial Administration, from the University of Denver, Colorado USA, 1986 - Bachelor (with honors) of Business Administration from King Abdulaziz University, Jeddah, Saudi Arabia, 1979.	About 28 years at the National Commercial Bank (NCB), from 1980 to 2007. During this period, he held many leadership positions, the most prominent of which was Director of Risk Management of the Bank's three departments (credit risk, market risk, and operations risk). The latest of which was head of the corporate sector of all market segments

Mr. Mohammed Bin Dawood

Mr. Mohammed Bin Dawood, a member of the Risk Committee. He is a non-Board member. The following table shows his academic qualifications, professional experiences and memberships:

Committee membership	Current positions	Previous positions	Qualifications	Experience
Member of the Risk Management Committee of SGS	A senior executive of the Bin Dawood Office Company	Head of the Mohammed Bin Dawood Consulting Office	Holds a Bachelor's degree in accounting from King Saud University, 1996 AH	Held many leadership positions in the banking and accounting consulting sector He is a member of some listed and unlisted joint stock companies



Executive Management Members

9. Executive Management Members

Mr. Raed Bin Hassan Al-Idrisi

Mr. Raed Bin Hassan Al-Idrisi, the Company's (acting) CEO as of 01/02/2021. The following table shows his academic qualifications, professional experiences:

Current Positions	Previous Positions	Qualifications	Experience
CEO (Acting)	Executive Vice President of Operations at SGS Head of Ground Services Operations of the Aviation Sector, Head of Contracts Section at the Well Drilling Sector, and Head of Operation at Residential Quarters for Saudi Aramco.	Bachelor in Marketing and Management, King Fahd University of Petroleum and Minerals - Executive Master's degree in Business Administration, King Fahd University of Petroleum and Minerals. He also attended many executive leadership courses.	More than 22 years of experience in various positions in the aviation and petroleum sectors.

Mr. Muhammed Bin Abdul Karim Mazi

Mr. Muhammed Bin Abdul Karim Mazi, holds the position of Executive Vice President for Finance as of 01/01/2020. The following table shows his academic qualifications, professional experiences:

Current Positions	Previous Positions	Qualifications	Experience
Executive Vice President for Finance	CFO at Al Salem Johnson Controls Head of the Budgeting and Performance Reports Department at of Saudi Aramco	Certified Public Accountant (CPA) certificate, Virginia State- Masters Degree in Business Administration, Texas, A&M University - Bachelor of Accounting, University of New Orleans, USA	More than 14 years of experience in financial management.

Mr. Mazen Gharib Dhaifallah

Mr. Mazen Gharib Dhaifallah, holds the position of Executive Vice President for the Company Affairs and Secretary of the Board and Committees. He works for the Company since 02 April 2016. The following table shows his academic qualifications, professional experiences:

Current Positions	Previous Positions	Qualifications	Experience
- DEPUTY CEO FOR THE COMPANY AFFAIRS - SECRETARY OF THE BOARD AND COMMITTEES - (ACTING) EXECUTIVE VICE PRESIDENT FOR COMMERCIAL AFFAIRS	Executive Director of Corporate Governance and Board Secretariat	Holds a BA in Business Administration from King Abdulaziz University. He has also received many training courses in management, money laundering, governance, secretariat of boards and committees, compliance, insurance, banking, customer service, executive leadership courses. He is licensed to engage in insurance activities and disclosure processes on Tadawul systems.	Enjoys hands-on experience in governance, secretariat of boards and compliance, with more than 24 years in various sectors, including banking, insurance and aviation, in a number of listed joint stock companies.

Eng. Ayman Ahmed Al-Ghamdi - Executive Vice President for HR:

Eng. Ayman Ahmed Al-Ghamdi, Executive Vice President of HR, as of 01.01.2019. The following table shows his academic qualifications, professional experiences:

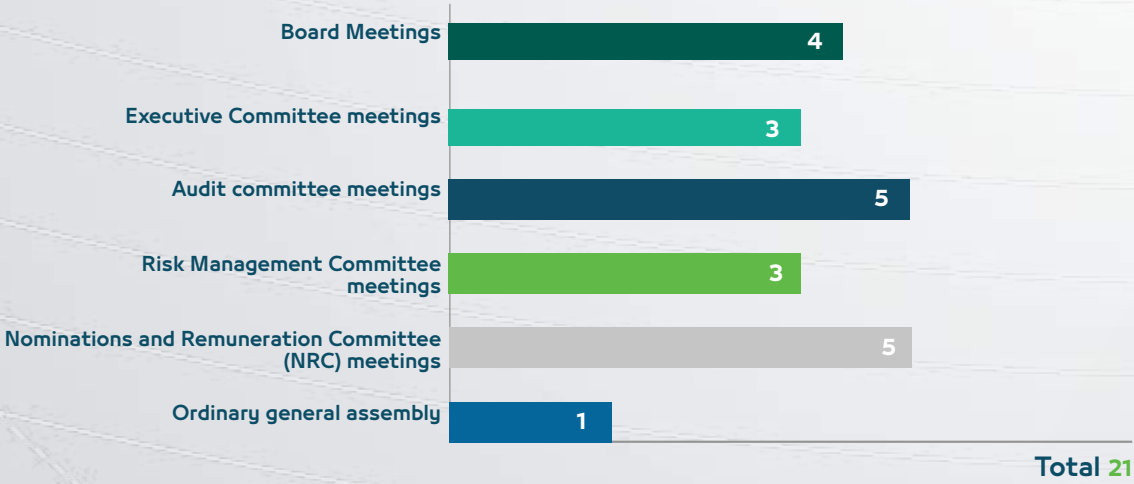
Current Positions	Previous Positions	Qualifications	Experience
Executive Vice President for HR	Savola Group / Proctor & Gamble International / Saudi Basic Industries Corporation (SABIC).	He holds a bachelors degree in mechanical engineering, King Abdulaziz University, Jeddah, - Masters degree in business administration. He also received several training courses in human resource management and development, the American Society for HR Management, executive leadership and business management courses from INSEAD Business School, France.	Eng. Ayman enjoys hands-one experience of 13 years, during which he held many leadership positions in human resources management and development, mechanical engineering and operational processes in several international companies

Capt. Hashem Alhashem

Current Positions	Previous Positions	Qualifications	Experience
Acting Executive Vice President for Operations	Savola Group / Proctor & Gamble International / Saudi Basic Industries Corporation (SABIC).	-MBA, First Class Honors, Alfaisal University, Saudi Arabia, 2014 -Bachelor of Science in Aviation, Commercial Aviation, Second Class Honors. University of North Dakota, USA, 2004	-General Manager of Saudi Royal Aviation Operations -General Manager, NassJet Operations -Senior Manager, Standards and Quality of Flight Operations, Flynas -Aviation Operation Performance Engineering Supervisor, Flynas -Flight Operation Support Manager, Flynas

10. Board’s Meetings, Committee and General Assemblies

In 2020, the Board of Directors, its committees and the Audit Committee held a number of scheduled and unscheduled meetings for following up the performance of the Executive Management and strategic projects. A shareholders’ general assembly was also held in the presence of the majority of the members. These meetings have become twenty-one per year, which are as follows:



10.1 Board Meetings

The Board of Directors held (4) meetings up to 31/12/2020. The following table shows the attendance register for each meeting:

Member	1st Meeting 19/03/2020	2nd Meeting 18/06/2020	3rd Meeting 17/09/2020	4th Meeting 10/12/2020	Total
Eng. Khalid Al Buainain	Attended	Attended	Attended	Attended	4
Dr. Omar Jefri	Attended	Attended	Attended	Attended	4
Mr. Mansour Al Bosaily	Attended	Attended	Attended	Attended	4
Mr. Mohammed Al Yemni	Attended	Attended	Attended	Attended	4
Eng. Saleh Hefni	Attended	Attended	Attended	Attended	4
Mr. Con Korfiatis	Attended	Attended	Attended	Attended	4
Mr. Per Utnegaard	Attended	Attended	Attended	Attended	4
Mr. Onno Boots	Attended	Attended	Attended	Attended	4

11. Shareholder Affairs

• Shareholders' suggestions and observations on the Company and its performance

In 2020, the Board assigned duties of shareholders' affairs to the Governance Department and the Board Secretariat, with its functional reference is to the Board of Directors. A number of specialists and expertise in governance were appointed at the Department to assume the duties and responsibilities of the Board Secretariat and certain committees. This Department receives the suggestions and observations of the shareholders through various means of communication.

• Shareholders' Means of communication for submitting suggestions and observations

The Board of Directors pays attention to providing and facilitating all possible ways and means for shareholders to communicate with the Board of Directors to submit their suggestions and observations via the following means:

1. Shareholders' email: mdhaifallah@saudiags.com
2. The Company's website: www.saudiags.com
3. Contact numbers at the Company's profile on the Saudi Stock Exchange website (Tadawul 4031).
4. Contact the Company's postal address (P.O. Box 4350 Jeddah, 23719 Kingdom of Saudi Arabia, Al-Basateen District).
5. Contact via the Company's land line with the Governance Department and the Board Secretariat.
Tel: 00966126909999 Ext: 8866
6. Heading to the Company's headquarters and submitting the proposals or complaints to the management board secretariat to the address: Jeddah, Al Yasmeen Center, King Road, Al Basateen District.

• Procedures for receiving suggestions and comments observations from shareholders and informing non-executive Board Members:

1. The Board of Directors' Secretariat management receives all the suggestions and observations received from the shareholders via the means of communication.
2. The Secretary of the Board of Directors provides and immediately sends all received proposals and observations to the Chairman of the Board of Directors.
3. Shareholders' proposals and observations are presented at the Board of Directors meetings, and passed across all members of the Board.
4. Response to proposals and observations will be made within five business days from the date of receiving the suggestion or observation.

• Suggestions and observations received from shareholders:

In 2020, the Board Secretariat Management received a number of observations and suggestions from shareholders via the declared means of communication. Responses to shareholders suggestion and observation were made through the management of the Board Secretariat pursuant to the CMA's Regulations.



Committees

12. Committees

According to the Company's Articles of Association (AoA) and corporate governance regulation, an appropriate number of sub-committees from the Board are formed as per the Company's requirements, conditions and activities. This formation is also made in a manner that contributes to assisting the Board of Directors effectively perform the tasks assigned to it in accordance with such general procedures as set by the Board, including defining the committees' responsibilities, tenure, and powers granted during this period and how the Board will monitor the same. The Committees report to the Board of Directors, which in turn regularly monitors the performance of the committees, to verify that the duties and responsibilities are properly performed. In addition, the Board approves the work regulations of all the committees emanating from it. The General Assembly approves the work regulations of the "Audit Committee and the "NRC". The following Board committees have been formed

1. Audit Committee.
2. Nominations and Remuneration Committee (NRC)
3. Executive Committee.
4. Risk Management Committee.

Committees' Duties and responsibilities and meetings during 2020:

12.1 Audit Committee

It consists of three to five non-executive members of the Board of Directors and non-Board members. The General Assembly approves the Committee's work regulations and select its members. The Committee meets regularly and holds four meetings a year at least or as required. The Company has considered the harmonization of the Committee's work regulations in accordance with the supervisory directives. This is reflected as the Committee's work rules have been amended, and approved in the Company's General Assembly held on 04.24.2019. According to the organizational directives, the Committee shall be perform for the following duties and responsibilities

Duties and Responsibilities:

The Committee is responsible for monitoring the Company's business and verifying the integrity of the reports, financial statements, and internal control systems therein. The Committee's duties include, in particular, the following:

1. Reviewing the Company's financial statements and announcements related to its financial performance before submitting the same to the Board of Directors, to ensure integrity, fairness and transparency, and expressing their opinion.
2. Providing technical opinion, upon the request of the Board of Directors, on whether the Board's report - and the Company's financial statements, are fair, balanced and understandable, or include such information allowing shareholders and investors to assess the Company's financial position, performance, business model and strategy.
3. Studying any important or unusual issues included in the financial reports and accounts.
4. Reviewing any issues or matters raised by the Company's CFO, whoever assumes his duties, the Company's compliance manager, or the internal auditor.
5. Verifying accounting estimates in any material issues included in the financial reports.
6. Studying accounting policies in force at the Company and providing opinion and recommendation to the Board of Directors in this regard.
7. Meeting with the Executive Management and external auditors to review and discuss the Company's quarterly operating results and annual financial statements, as well as all internal control reports or summaries.
8. Reviewing other relevant reports or financial information submitted by the Company to any governmental or general public agency and as well as the related reports submitted by the external auditors or summaries.
9. Studying and reviewing the internal and financial control systems, and preparing a written report including its recommendations and opinion on the adequacy of such systems and performance within the scope of its competence. The Board of Directors shall deposit sufficient copies of this report at the Company's head office at least ten days before the meeting of the General Assembly; to provide shareholders with copy of the same upon request. The report shall be read during the General Assembly.
10. Reviewing the internal audit reports and following up on the implementation of corrective measures for the observations therein.
11. Monitoring and supervising performance and activities of internal auditor, the Internal Audit Department and the Corporate Governance and Compliance Department, to verify the sufficiency of the necessary resources and their effectiveness in performing the duties assigned thereto.
12. Where the Company does not have an internal auditor, the Committee shall submit its recommendation to the Board regarding the extent of necessity of appointment an internal auditor. If it has not recommended the same, it shall state the reasons on the annual report.
13. Recommending to the Board of Directors to appoint a manager of the internal audit unit or department or the internal auditor and suggesting his remuneration.
14. Recommending to the Board of Directors to appoint and dismiss external auditors, determine their fees and evaluate their performance, after ensuring their independence and integrity, and reviewing the scope of

their duties and terms of assignment contract.

15. Verifying the independence and integrity of external auditors, and the effectiveness of audit activity, taking into account the relevant rules and standards.
16. Reviewing the Company's external auditors' plan and their duties, verifying that they have not submitted technical or administrative works that are outside the scope of the audit activity, and providing its their views thereupon.
17. Responding to inquiries of external auditors for the companies.
18. Studying reports of external auditors and observations on the financial statements and follow upon any actions thereon.
19. Actively participating in a discussion with the internal auditor, taking into account the disclosed relationships or services that may affect the independence and integrity of the auditor, and taking appropriate measures to supervise the independence of such external auditors.
20. Reviewing with external auditor about any problems or difficulties, and reviewing the Management's response.
21. Reviewing results of reports of regulatory authorities and verifying that the Company has taken the necessary actions in this regard.
22. Verifying the Company's compliance with the relevant laws, regulations, policies and instructions.
23. Reviewing such contracts and transactions as proposed to be conducted by the Company with related parties, and providing the Board of Directors with its opinion and what it deems necessary in this regard.
24. Submitting to the Board of Directors whatever issues it deems necessary to take action in their regard, and making recommendations on the steps need to be taken.
25. Monitoring and supervising performance and activities of the Manager of the Compliance Department, if any, to verify the sufficiency of the necessary resources and their effectiveness in performing the duties assigned thereto. Where the Company does not have a compliance officer, the Committee shall submit its recommendation to the Board regarding the extent of necessity of a compliance officer.
26. Recommending to the Board of Directors to appoint a manager of a unit or compliance department or a compliance officer and suggesting his remuneration.
27. Discussing with the external auditor any matters in relation to financial or accounting practices.
28. Supervising any investigation of any such activities within its duties.
29. Studying and examining any such financial issues as determined by the Board.

Audit Committee Members

Committee members : As on December 31, 2020, the Committee includes the following members

Name	Membership Status
Dr. Omar Jefri	Independent Board Member
Mr. Mohammed Al Yemni	Independent Board Member
Mr. Saleh Alfadhel	Non-Board Member
Mr. Hesham Alaqil	Non-Board Member
Mr. Adel Abalkhail	Non-Board Member

Committee Meetings

In 2020, the Audit Committee held (5) meetings, which were attended by Members as follows:

Member	1st Meeting 29.02.2020	2nd Meeting 20.06.2020	3rd Meeting 19.08.2020	4th Meeting 31.10.2020	5th Meeting 19.12.2020	Total
Dr. Omar Jefri	Attended	Attended	Attended	Attended	Attended	5
Mr. Mohammed Al Yemni	Attended	Attended	Attended	Attended	Attended	5
Mr. Saleh Alfadhel	Attended	Attended	Attended	Attended	Attended	5
Mr. Hesham Alaqil	Attended	Attended	Attended	Absent	Attended	4
Mr. Adel Abalkhail	Attended	Attended	Attended	Attended	Attended	5

12.2 Nominations and Remuneration Committee (NRC)

It consists three to five non-executive members of the Board of Directors and non-Board members. The General Assembly approves the Committee’s work regulations. The Committee meets regularly and holds at least two meetings a year or as required. The Company has considered the harmonization of the Committee’s work regulations in accordance with the supervisory directives. This is reflected as the Committee’s work rules have been amended, and approved in the Company’s General Assembly held on 04.24.2019. The Committee shall be responsible for:

Roles and Responsibilities :

The Nomination and Remuneration Committee (NRC) is responsible for the following roles and responsibilities:

- 1- Proposing clear policies and standards for Board membership and Executive Management.
- 2- Recommending to the Board of Directors to nominate its members and re-nominate them in accordance with the approved policies and standards, taking into account not to nominate any person previously convicted of a breach of trust.
- 3- Preparing a description for the capabilities and qualifications required for Bord membership and Executive Management positions, and determining the time for a member to dedicate to the work of the Board of Directors.
- 4- Conducting annual review of the necessary requirements of skills or appropriate expertise for Board Membership and Executive Management positions.
- 5- Reviewing the structure of the Board of Directors and Executive Management, and making recommendations regarding possible changes.
- 6- Conducting annual verification for the independence of the independent members, and the absence of any conflict of interest if the member is a member of the Board of Directors of another company.
- 7- Establishing job descriptions for executive members, non-executive members, independent members and senior executives.
- 8- Setting up special procedures if a position of a member of the Board of Directors or a senior executive becomes vacant.
- 9- Identifying the Board of Directors’ weaknesses and strengths, and proposing solutions to address the same in line with the Company’s interest.
- 10- Preparing a clear policy for the remuneration of the Board Members and the Committees emanating from the Board and the Executive Management, and submitting the same to the Board of Directors for consideration in preparation for approval by the General Assembly. Provided that the following standards related to performance should be be taken into account in this policy, disclosure and verification of their implementation.
- 11- Making clear the relationship between the actual renunerations and the applicable remuneration policy, and indicating any material deviation from this policy.
- 12- Carrying out periodic review of the remuneration and compensation policy, and evaluating its effectiveness in achieving the desired objectives.
- 13- Recommending to the Board of Directors the remuneration of the Board Members and the Committees emanating from it and the senior executives in accordance with the approved policy.
- 14- Conducting comprehensive consideration of the senior executive replacement plan as part of the Committee’s duties, taking into account the opportunities and challenges, as well as such skills and experience as required in the future for the the Board Members.
- 15- Approving the appointment of the Company’s senior executives, proposing and implementing replacement policies for the Board and its Committees and for the executive leadership of the Company, through

coordination with the Company’s HR Department, and ensuring that the Executive Management’s performs the same.

16- Setting clear compensation and remuneration policies for the Board Members and senior executives, to be implemented after approval by the General Assembly in accordance with the Articles of Association. Upon setting such policies, all criteria the Committee deems necessary shall be considered, including the relevant legal and regulatory requirements, and provisions and recommendations of the Corporate Governance Regulation and guidelines. The purpose of this policy is to ensure that the members of the Executive Management of the Company receive the appropriate incentives to improve Performance, and that they are rewarded fairly and in an acceptable way for their individual contributions to success of the Company.

17- Approving the design of any plans as implemented by the Company to link remuneration to performance and determining targets, and recommending the approval of the total amount to be paid for such plans.

18- Reviewing and studying design of all plans related to share incentives to be presented to the Board of Directors and General Assembly for approval. Within such plans, the Committee shall determine whether to grant any shares and the total value of such shares, the share granted to each of the members of the executive Board and other members of the Executive Management. It also specifies the performance targets upon which such shares are offered.

19- The Committee shall recommend to the Board of Directors to approve the determination of appropriate performance measures, along with setting performance remuneration budgets on achieving the Company’s strategic objectives and profit against risk, in order to pay remuneration for annual performance and long-term performance.

Members of the NRC

Committee Members : As on December 31, 2020, the Committee includes the following members:

Name	Title
Eng. Saleh Ahmed Hefni- Independent Board Member	Chief of Committee
Mr. Mohammed Ali Al Yemni - Independent Board Member	Member
Mr. Ahmed Saleh Al Sudais- Non-Board Member	Member

Committee Meetings

In 2020, the Nominations and Remuneration Committee (NRC) held (5) meetings, which were attended by Members as follows:

Member	1st Meeting 01.03.2020	2nd Meeting 15.05.2020	3rd Meeting 14.06.2020	4th Meeting 03.09.2020	5th Meeting 05.11.2020	Total
Eng. Saleh Ahmed Hefni	Attended	Attended	Attended	Attended	Attended	5
Mr. Mohammed Ali Al Yemni	Attended	Attended	Attended	Attended	Attended	5
Mr. Ahmed Saleh Al Sudais	Attended	Attended	Attended	Attended	Attended	5

12.3 Executive Committee

The Executive Committee consists of three to five Board Members, and it meets regularly every two months or as required. The Company has considered the harmonization of the Committees work regulations in accordance with the supervisory directives. This is reflected as the Committees work rules have been amended, and approved by the Board on 28.11.2017. The Committee shall be responsible for the following duties:

Roles and Responsibilities :

- a) The Executive Committee assists the CEO within the powers delegated to him by the Board of Directors and within the powers of the Committee granted to it by the Board. It also addresses any such issues as assigned to it by the Board. The Committee has no authority to alter any decision issued by the Board or rules or regulations unless it is authorized by the Board.
- b) The Committee shall undertake all the duties assigned to it by the Board. The Board of Directors may assign the Committee any other tasks as required by the Board and the duties assigned to it. In this regard, the Committee shall carry out the following responsibilities:
 1. Reviewing business performance reports, human resources reports, investor relations reports, and social shares report.
 2. Monitoring progress reports of annual operating plans, initiatives, cost challenges, major strategic projects, etc.
 3. Ensure to reviewing Executive Management reports, offers, and clarifications, as it deems necessary for the same.
 4. Considering financial reports, shareholder reports, reports of authorized signatories on the Company, reports of the legal affairs department and secretariat, reports on financial affairs and operational aspects in relation to the daily management of the Company’s activities, etc.
 5. Recommending approval of the annual operating plan, strategic plan, investment strategy, and credit facilities / business matters outside the risk limits as set by the Board of Directors, etc.
 6. Briefing and perusal of the main issues and issues as presented to the CEO or the Executive Management by the internal administrative Committees.
 7. Assisting the CEO within the Committee’s powers regarding matters referred to by him or by the Board, such as regulatory approvals, etc.
 8. Considering and approving the special and necessary approvals for the Company’s expenses and obligations in relation to its activities, as well as real estate and propertyincluding rents, among others, as well as support services, and approving them within the limits set by the Board.
 9. Considering the costs of projects and expenses of support services, such as security, safety, maintenance, etc., and approving them.
 10. Directing the Company departments, in general, and the property management and support services, in particular, in such matters related to property and support services.
 11. The Committee shall review its performance, status, and work rules at least once a year to ensure that the Committee performs duties at maximum effectiveness and recommend any changes it deems appropriate for the Board of Directors’s approval.
 12. The Committee shall carry its work in addition to such powers granted to it by the Board of Directors in accordance with the the Company’s Articles of Association.

Executive Committee Members

Committee Members: As on December 31, 2020, the Committee includes the following members

Name	Title
Eng. Khalid Qassim Al Buainain - Independent Chairman of the Board of Directors	Chief of Committee
Dr. Omar Abdullah Jefri - Independent Board Member	Member
Mr. Mansour Abdulaziz Al Bosaily- Independent Board Member	Member
Eng. Saleh Ahmed Hefni - Independent Board Member	Member
Mr. Per Utnegaard - Independent Board Member	Member

Executive Committee Meetings

In 2020, the Executive Committee held (3) meetings, which were attended by Members as follows

Member	1st Meeting 17.02.2020	2nd Meeting 20.04.2020	3rd Meeting 29.10.2020	Total
Eng. Khalid Qassim Al Buainain	Attended	Attended	Attended	3
Dr. Omar Abdullah Jefri	Attended	Attended	Attended	3
Mr. Mansour Abdulaziz Al Bosaily	Attended	Attended	Attended	3
Eng. Saleh Ahmed Hefni	Attended	Attended	Attended	3
Mr. Per Utnegaard	Attended	Attended	Attended	3

12.4 Risk Management Committee

The Risk Management Committee consists of three to five Independent and non-executive Board Members. Certain Committee members may be selected from non-Board members. The Committee members shall be appointed by a resolution by the Board. The Committee meets regularly every quarter or as required. The Company has considered the harmonization of the Committee's work regulations in accordance with the supervisory directives. The Committee shall be responsible for the following duties:

Roles and Responsibilities:

The Committee is responsible for monitoring the work of the Company's risk management and providing consultation to the Board of Directors on all matters related to high-level risks in relation to the Company's various activities. This is in addition to providing strategic risk guidance, including setting a risk vision, deciding on priorities and supervising the implementation of key initiatives, transformational risks. In the context of its responsibility, it shall provide any such advice to the Board, and shall handle the treatment of issues related to the following:

- a. The level of the Company's exposure to current and future risks.
- b. Evaluating and managing risk profile and future risk strategy.
- c. The Company's Risk management.

To achieve this, the Committee shall be responsible for the following:

- 1) Setting a comprehensive risk management strategy and policies in line with the nature and size of the Company's activities, verifying and reviewing their implementation and updating them based on the internal and external requirements of the Company.
- 2) Reviewing policies and procedures for risk management and submitting recommendations to the Board of Directors for approval, and reviewing them regularly (once every two years at least)
- 3) Determining and maintaining an acceptable level of risk that the Company may be exposed to, and verifying that the Company does not exceed such level.
- 4) Identifying such risks threatening continuation of the Company.
- 5) Supervising the Company's risk management system and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up the risks to which it may be exposed; to identify any deficiencies.
- 6) Periodically reassessing the Company's ability to withstand risks and its exposure to them, including but not limited to conducting stress testing.
- 7) Preparing detailed reports on exposure to risks and proposed steps for managing and mitigating these risks, and submitting them to the Board of Directors.
- 8) Submitting recommendations to the Board on matters related to risk management.
- 9) Ensuring the sufficiency of adequate resources and systems for risks management.
- 10) Reviewing the organizational structure of risk management and making recommendations regarding it prior to being approved by the Board of Directors.
- 11) Verifying the independence of the risk management staff from the activities that may give rise to exposing to risks.
- 12) Verifying that the risk management staff understand the risks to which the Company is exposed, and working to increase awareness of the risk culture.
- 13) Reviewing business continuity policy and submitting recommendations to the Board of Directors for

approval, ensuring that it is reviewed regularly (every year at least), and ensuring that the annual business continuity implementation plan and reports are reviewed.

14) Reviewing and examining such security reports, fraud risk reports, compliance reports as received by the Executive Management, and assessing the level of risks of such aspects.

15) Reviewing effectiveness of the Company's risk management framework and internal control systems (other than internal financial control systems). To this end, the Committee shall:

- Ensure that adequate procedures are in place to properly and timely control of the major risks or such types of risks that may become relevant of particular importance;
- Ensure that sufficient procedures are in place to justify the request to adhere to the Company's policies.
- Consider any significant inputs derived from the results of regular reviews and interactions with regulatory bodies regarding risk governance, risk assessment, or administrative procedures.
- Discuss internal control systems with the Executive Management and ensure that the management is fulfilling its obligations regarding maintaining an effective internal control system.
- Ensure that effectiveness of risk management has adequate resources and systems (including consideration of qualifications and experiences of employees, training programs and budgeting), that it has the appropriate standing inside the Company, and is not subject to any restrictions or otherwise as imposed by management.
- Request assurances from the internal audit that the internal control processes for managing risks are adequate for such strategy as set by the Board.
- Where applicable, the Committee shall "recommend and submit to the Board of Directors for" approval the appointment and dismissal of the general manager of risk management, and evaluation of his performance.

The Committee shall ensure that he:

- a. Takes part in risk management and control process at the highest level on a company-wide basis.
- b. Verifies that the risk creators at the business units are informed and in line with the company's risk appetite.
- c. Has a completely independent position from individual work units.
- d. Cannot be dismissed from office without prior approval of the Committee.
- e. Has a direct access to the Committee's chairperson as required.

16) On an annual basis, the Committee will review its rules of operation and effectiveness within the framework of self-evaluation, and recommend to the Board of Directors any such amendments as it deems necessary.

17) If the Executive Management requests non-compliance with any of the Company's policies in an exceptional basis (due to emergency circumstances or otherwise), it shall submit it to the Risk Management Committee and obtain the necessary approval after determining the duration of non-compliance and causes to determine risks of such non-compliance.

18) The Company and the Executive Management shall submit the following to the Risk Management Committee:

- a. Strategic projects the Company intends to implement.
- b. Change (s), if any, to policies and procedures.

To enable Committee to study and evaluate such risks arising out of such projects and variables, and submit the same to the Board of Directors for final approval

Members of the Risk Committee:

Committee Members: As on December 31, 2020, the Committee includes the following

Name	Title
Mr. Mohammed Ali Al Yemni - Independent Board Member	Chief of Committee
Mr. Mansour Abdulaziz Al Bosaily - Independent Board Member	Member
Mr. Abdulrahman Mohammed Addas - Non-Board Committee Member	Member
Mr. Mohammed Saad Bin Dawood- Non-Board Committee Member	Member

members:
Committee Meetings:

In 2020, the Risk Committee held (3) meetings, which were attended by Members as follows:

Member	1st Meeting 11/05/2020	2nd Meeting 15/09/2020	3rd Meeting 09/12/2020	Total
Mr. Mohammed Al Yemni	Attended	Attended	Attended	3
Mr. Mansour Al Bosaily	Attended	Attended	Attended	3
Mr. Abdulrahman Addas	Attended	Attended	Attended	3
Mr. Mohammed Bin Dawood	Attended	Attended	Attended	3



13. Evaluation of performance of the Board of Directors and Committees

In line with the corporate governance parameters adopted by the Company, the Company has developed a process of evaluation forms for the Board of Directors and its Committees, and also automated the evaluation tools under the framework of the policies guide and for the Company's corporate governance regulation. The Evaluation has been divided into several sections as follows:

1. Evaluation of effectiveness of the Board of Directors.
2. Evaluation of effectiveness of the Audit Committee.
3. Evaluation of of Risk Management Committee.
4. Evaluation of effectiveness of the NRC.
5. Evaluation of effectiveness of the Executive Committee.

The evaluation processes carried out internally by the Corporate Governance Department under direct guidance of the NRC have been taken into consideration. The results of the evaluation process made at the individual and collective levels will be submitted and presented to the Board during the first quarter of 2021.

14. Remuneration of Board Members and Executive Management

Board Members Remuneration Policy

The Ordinary General Assembly, held on 05.24.2018, approved the remuneration and compensation policy for members of the Board of Directors. In general, the compensation and remuneration paid to the members of the Board of Directors and non-Board members are determined under such frameworks as defined by instructions issued by the supervisory authorities. They governed by the main principles of governance of corporates operating in the Kingdom, as well as such compensation controls as issued by the competent authorities, the Corporate Governance Regulations issued by the CMA, the provisions of the Companies Law, the Company's Articles of Association, and the SGS Governance Regulations.

The Company has taken into account that the level and composition of remuneration of the Board Members is sufficient and reasonable to attract and maintain distinguished individuals in order to achieve the duties to be assigned to them. It is stipulated in the Rules for nominations and rewards that taking into account avoiding the development of any plans, policies or programs for compensation and rewards exceeding the recognized principles or as stipulated by the supervisory authorities.

Remuneration and compensation for Board Members

Subject to the provisions of the Company's Articles of Association, the remuneration for Board membership shall be according to the following:

1. A Board member receives a lump sum amount as a remuneration by SAR 300,000 (only three hundred thousand Saudi riyals) on an annual basis, it is also for their participation in the Company's business. While the Chairman of the Board receives a lump sum amount as a remuneration of SAR 380,000 (only three hundred and eighty thousand Saudi Riyals) on an annual basis. The annual remuneration and compensation paid to the Chairman and Board Member shall not exceed the amount of SAR 500,000 (only five hundred thousand Saudi Riyals) on an annual basis.
2. The Chairman and Board member receives an amount of SAR 3,000 (only three thousand Saudi Riyals) for attending each meeting of the Board, whether in physical attendance or through any of remote

communication means.

3. The Company shall pay all actual expenses incurred by the Chairman and Board member for attending the Board meetings, including travel and accommodation expenses.

Remuneration and compensation for Board Members within the work of Board Committees

a. A Board member shall receive an allowance for participation in the work of the subcommittees of the Board of Directors. This compensation shall be a lump sum amount, on an annual basis, according to the following:

1. Members of the Executive Committee: SAR 80,000 (only eighty thousand Saudi riyals).
 2. Members of the NRC: SAR 80,000 (only eighty thousand Saudi).
 3. Members of the Risk Management Committee: SAR 80,000 (only eighty thousand Saudi riyals).
- b. Noting that if the Board of Directors decides to establish any other sub-Committee, the members of such committee will receive the same compensation amount.
- c. The chairman and member of committees receives an amount of SAR 3,000 (only three thousand Saudi Riyals) for attending each meeting of the Board, whether in physical attendance or through any of remote communication means.

Compensation of the Audit Committee Members:

Committee members shall receive remuneration and compensation as follows

1. Remuneration for Committee membership of non-executive and independent Board Members: Up to SAR 80,000 (only eighty thousand Saudi Riyals) annually.
2. Remuneration for Committee membership for non-Board members: a lump sum amount as compensation and compensation their participation in Committee work; i.e. SAR 150,000 (only one hundred and fifty thousand Saudi Riyals) annually.
3. The chairman and member of committee (whether a Board member or a non-Board member) receives an amount of SAR 3000 (only three thousand Saudi Riyals) for attending each meeting of the Board, whether in physical attendance or through any of remote communication means.

Compensation of Committee members for non-Board Members

Pursuant to the provisions of the supervisory instructions set forth in the provisions of the Companies Governance Regulations, the rules and provisions for the work of the Committees of the Company's Board of Directors, and in accordance with the rules governing the work of the audit Committees issued by the Ministry of Commerce and Industry for the work of the Audit Committee, non-Board members shall be appointed to participate in the work of the committees and their activities. The following conditions shall govern the compensations paid to such non-Board members:

1. A non-Board member of the committee of the Board shall receive a lump sum amount as compensation and compensation their participation in Committee work; i.e. SAR 150,000 (only one hundred and fifty thousand Saudi Riyals) annually.
2. A non-Board member shall receive an amount of SAR 3,000 (only three thousand Saudi Riyals) for attending each meeting of the Board, whether in physical attendance or through any of remote communication means.
3. The Company pays all actual expenses incurred by a non-Board member of Board for attending the Board meetings, including travel and accommodation expenses.

Determination of the Board of Directors' Remuneration

The remuneration of the Board Members shall be determined on an annual basis, ensuring that the members take part in the work and activities of the Board and the Committees during the fiscal year. Attendance compensations shall also be paid for each of the Board and Committee meetings on an annual basis on the actual attendance. The remuneration assigned to the Board members and the committee members shall be paid on the basis of membership for a period of 365 days, where the remuneration shall be determined on the basis of the term of appointment at the Board and committees on a daily basis.

Remuneration of the Executive Management

The Company has no remuneration policy in place for the Executive Management. The member of the Executive Management shall not be paid salaries, allowances, compensation and remuneration under the human resources policy as approved by the Company and according to their respective employment agreements.

Relationship between remuneration and relevant policy

The Board of Directors acknowledges that the remuneration paid to the Board Members and Committees (both Board Members and Non-Board Members) has been approved to be paid in accordance with the remuneration policy approved by the General Assembly of shareholders and in accordance with the Company's Articles of Association. In this regard, there is no deviation from the policy and the remuneration was approved under the supervision of the NRC.

Remuneration and Compensation of the Board Members:

Pursuant to the provisions of Article 76 of the Companies' Law, the Company is committed not to exceed the total annual remuneration and compensation paid to the Chairman or member of the Board beyond the statutory ceiling of SAR 500,000 annually.

Fixed Remuneration (SAR) for the period 01.01.2020 until 12.31.2020

	Allocated Amount	Allowance for attending Board Meetings	Total allowance for attending Committee Meetings	Allowance In kind	Remuneration for technical, administrative and advisory activity	Remuneration for the Chairman of the Board, the Managing Director or the	Total
Independent Members							
Eng. Khalid Al Buainain	380,000	12,000	-	-	-	-	392,000
Dr. Omar Jefri	300,000	12,000	-	-	-	-	312,000
Mr. Mansour Al Bosaily	300,000	12,000	-	-	-	-	312,000
Mr. Mohammed Al Yemni	300,000	12,000	-	-	-	-	312,000
Mr. Per Utnegaard	300,000	12,000	-	-	-	-	312,000
Eng. Saleh Hefni	300,000	12,000	-	-	-	-	312,000
Mr. Onno Boots	300,000	12,000	-	-	-	-	312,000
Total	2,180,000	84,000	-	-	-	-	2,264,000
Non-executive Members							
Mr. Con Korfiatis	300,000	12,000	-	-	-	-	312,000
Total	300,000	12,000	-	-	-	-	312,000

Variable Remuneration (SAR)

	% Profits	Periodic	Short-term incentive plans	Long-term incentive	Bonus Shares (insert value)	Total	End of Service Benefits	The total amount (SAR) paid for the member after deducting any amount exceeding the statutory limit	Expense allowance
Independent Members									
Eng. Khalid Al Buainain	-	-	-	-	-	-	-	392,000	-
Dr. Omar Jefri	-	-	-	-	-	-	-	312,000	-
Mr. Mansour Al Bosaily	-	-	-	-	-	-	-	312,000	-
Mr. Mohammed Al Yemni	-	-	-	-	-	-	-	312,000	-
Mr. Per Utnegaard	-	-	-	-	-	-	-	312,000	-
Eng. Saleh Hefni	-	-	-	-	-	-	-	312,000	-
Mr. Onno Boots	-	-	-	-	-	-	-	312,000	-
Total	-	-	-	-	-	-	-	2,264,000	-
Non-executive Members									
Mr. Con Korfiatis	-	-	-	-	-	-	-	312,000	-
Total	-	-	-	-	-	-	-	312,000	-

Remuneration and Compensation for Senior Executives

Description	Six senior executives (including former CEO, current CEO, and CFO) (SAR)
Remuneration	5,460,000
Allowances	2,540,000
Allowance In kind	-
Total	8,000,000
Periodic compensation (as per employment agreements)	-
Dividends, short-term / long-term incentive plans, bonus shares	-
Total	-
End of Service Benefits	311,250
Total Remuneration for executives, if any	-
Total	8,311,250

The Company is committed to disclose the elements of the senior executives' remuneration in total in accordance with the statutory requirements set forth in subparagraph (b) of paragraph (4) of Article (93) of the Corporate Governance Regulations. However, in order to protect the interests of the Company, its shareholders and its employees, and to avoid any damage that may arise from any detailed disclosure by titles, such details are not presented as stipulated in Appendix (I) on the Senior Executives of the Corporate Governance Regulations.

15. Remuneration for Committees Members

	Fixed Remuneration (SAR)	Allowance for Meeting attendance (SAR)	Total (SAR)
Particulars of Remuneration for the Audit Committee Members			
Dr. Omar Jefri	80,000	15,000	95,000
Mr. Mohammed Al Yemni	80,000	15,000	95,000
Mr. Saleh Abdurahman Alfadhel	150,000	15,000	165,000
Mr. Hesham Ali Alaqil	150,000	15,000	165,000
Mr. Adel Saleh Abalkhail	150,000	12,000	162,000
Total	610,000	72,000	682,000
Particulars of Remuneration for the NRC Members			
Eng. Saleh Ahmed Hefni	80,000	15,000	95,000
Mr. Mohammed Ali Al Yemni	80,000	15,000	95,000
Mr. Ahmed Saleh Al Sudais	150,000	15,000	165,000
Total	310,000	45,000	355,000

	Fixed Remuneration (SAR)	Allowance for Meeting attendance (SAR)	Total (SAR)
Particulars of Remuneration for the Executive Committee Members			
Eng. Khalid Qassim Al Buainain	80,000	9,000	89,000
Dr. Omar Abdullah Jefri	80,000	9,000	89,000
Mr. Mansour Abdulaziz Al Bosaily	80,000	9,000	89,000
Eng. Saleh Ahmed Hefni	80,000	9,000	89,000
Mr. Per Utnegaard	69,698.63	9,000	78,698.63
Total	389,698.63	45,000	434,698.63
Particulars of Remuneration for the Risk Management Committee Members			
Mr. Mohammed Ali Al Yemni	80,000	9,000	89,000
Mr. Mansour Abdulaziz Al Bosaily	80,000	9,000	89,000
Mr. Abdulrahman Mohammed Addas	150,000	9,000	150,000
Mr. Mohammed Saad Bin Dawood	150,000	9,000	150,000
Total	310,000	45,000	496,000

16. Remunerations of the Board Member against technical, administrative or consulting works

The Board of Members acknowledges that in 2020 there has not been any amounts paid to any member of the Board as employees or administrators, or as a compensation for technical, administrative, or advisory work, noting that the Executive Board Member, Captain Fahd Cynndy, was appointed as a member starting 01-02-2021, as he was serving the CEO role during the year 2020.



Sanctions / Penalty

17. Sanctions / Penalty

The Company practices the business and activities thereof in accordance with the applicable laws, regulations and guidelines, observed thereby in letter and spirit. During 2020, no sanctions or penalties are imposed on the Company by the relevant supervisory bodies.

18. Results; Opinion of Auditing Committee about the Internal Control System

The Company adopts a framework of internal control based on the three lines of defense. The different business sectors of the Company adapts the activities with the applicable laws and regulations. The Internal Control Departments, consisting of the Compliance, Risk, Security and Safety divisions, play the role of the second line of defense. They assess, measure and control the different levels of risks in terms of operations, credit, information security, conformity with the controls enforced to ensure that the Company fulfills the statutory requirements. Such Departments submit periodical reports to the subcommittees of the Board (Executive, Auditing, Risk Committees). The Internal Audit Department conducts the task of the third line of defense concerned with making inspections and audits required for making sure that the Company and affiliates thereof comply with the policies of procedural work manuals based on the internal audit works implemented during the fiscal year of 2020 for the different departments in the Company.

Opinion of the Audit Committee

One of the responsibilities and roles of the Audit Committee is making sure that the internal control system of the Company is sufficient and the Company conducts its business in accordance with the best practices applicable by monitoring and studying the reports issued by the internal auditor, external auditor, or Compliance Department. The following includes the opinion of the Auditing Committee about the sufficiency of the Internal Control System of the Company:

Executive Management:

The Executive Management of the Company signed declarations aiming at confirming the responsibility thereof as to providing the procedures of internal control reasonably ensuring the effectiveness and efficiency of the operations of the Company and control procedures applied therein. This includes the reliability and integrity of the financial reports and scope of compliance with applicable laws, regulations and policies.

The Internal Audit Department of the Company also enforces the annual auditing plan approved by the Audit Committee for assessing the condition of the applied internal control and concentrating on appraising the controlling environment, organizational structure, risks, policies and procedures, separation of the tasks, and information systems. This is by taking random samples of the activities to be reviewed. This is for examining the same to ensure the effectiveness and efficiency of the internal control systems designed and applied and obtain reasonable confirmations assuring the effectiveness and efficiency of the internal control procedures during the year.

The Auditing Committee affirmed that the external auditor undertook the responsibilities thereof towards the Company. This is by monitoring the plans and conducting the audit business for obtaining reasonable degree of satisfaction with the fact that the accounting standards recognized in the Kingdom of Saudi Arabia were applied by the Company and reports about the quarterly and annual financial statements of the Company are free from the material faults. This is according to unreserved opinion of the opinion of the external accountant during 2020. Based on the annual examination of the internal control procedures subject of the testing by the Auditing Committee, external auditor and internal audit department of the Company, the results of the examination revealed that there are a number of notes during 2020 and most of are handled. We would like also to note that the comprehensiveness of the examinations and assessments made to the internal control procedures cannot be absolutely asserted since the audit process

in its essence is based on taking random samples. Besides, the spread of the Company processes and its geographical expansion in KSA cannot be absolutely asserted. Thus, the above-mentioned improvement efforts and continuous development made by the Audit Committee and Internal Control Departments of the Company aim at ensuring more effectiveness and efficiency concerning the mechanism of monitoring the processes and procedures of internal control.

During 2020, the Company encountered many challenges and difficulties in the framework of the repercussions of COVID 19 pandemic and development of the crisis stages. The international and domestic flights were suspended for a time during the year. The same remarkably affects the business of the Company and its financial results. The Internal Audit System contributed to the support of the Company. The Internal Audit System was keen on maintaining the Board members of the Committee constantly informed of the latest developments of the Company and benefit from the notes and experiences of the Committee members as to encountering COVID 19 pandemic.

Recommendations of Audit Committee

The recommendations of the Audit Committee are not issued and there wasn't any conflict between such recommendations and resolutions of the Board. Besides, the Board did not further reject considering the same.

19. Details of the social contributions of the Company

In line with the values of Company Saudi Ground Services (SGS) in terms of innovation, excellency and sustainability, the Company continued the reinforcement of the position thereof of being in the lead as to providing innovative solutions for serving the society through a set of activities and programs aiming at serving the society and achieving the sustainable development thereof in line with the strategies. This is in addition to the keenness of the Company on infusing and reinforcing the awareness and social culture, supporting the participations of the affiliates thereof in such programs. The following includes some initiatives and accomplishments made by the Company during 2020:

Social liability

- 1- Providing environmental friendly technologies and solutions, including self-operating equipment, maintenance automation systems, etc.
- 2- Distributing baskets for recycling wastes at the headquarters of the Company in Jeddah.
- 3- Launching blood donation campaign for the employees at airports (Jeddah, Riyadh, Dammam).
- 4- Participating in the International Day of People with Disabilities at King Abdulaziz International Airport in Jeddah.

Media appearance

1. Television coverage concerning the recruitment of the first group of women working in airport in the Fleet Solutions Department at King Abdulaziz International Airport.
2. Coverage concerning the initiation of the use of UVC equipment for the sterilization of equipment.
3. Multiple television interviews with Captain Fahd Cynndy (CNBC Arabic, Bloomberg), and Mr. Mohammed Mazi (Arabia Channel, CNBC Arabic) and television statement by Mr. Raed Al-Idrisi (Al-Ikhbaria Channel).
4. Coverage of the launch the Ground Services Diploma with King Abdulaziz International University.
5. Coverage of signing a training and employment agreement with the Oxford Aviation Academy.
6. Coverage of renewing the Contract signed with Azmanair, Middle East Airlines, Airlines, Flynas, and Indonesian Airlines and Coverage of signing agreement with TLD France.
7. Coverage of the graduation of the groups of TRC employees.

Internal Communication

The annual meeting of the Executive Management with all the employees of the Company.

20. Shareholders’ General Assembly

During 2020, the Company held (1) meeting of shareholders’ general assembly. The Board members attended such meeting as follows:

Name	Meeting of the ordinary general assembly held on 18/06/2020
Eng. Khalid Qassim Al Buainain	Attended
Dr. Omar Abdullah Jefri	Attended
Mr. Mansour Abdulaziz Al Bosaily	Attended
Mr. Mohammed Ali Al Yemni	Attended
Eng. Saleh Ahmed Hefni	Attended
Mr. Per Utnegaard	Attended
Mr. Con Korfiatis	Execused

Results of the meeting of the ordinary general assembly held on 18/06/2020

1. Approving the report of the Board for the fiscal year ending on 31 December 2019.
2. Approving the report of the External Auditor for the fiscal year ending on 31 December 2019.
3. Approving the financial statements for the fiscal year ending on 31 December 2019.
4. Approving the discharge of the members of the Board from bearing responsibility for the fiscal year ending on 31 December 2019.
5. Approving the appointment of KPMG Al Fozan & Partners a an external auditor from the nominees based on the recommendation of the Audit Committee for examining, reviewing and auditing the financial statements of the second, third and fourth quarters of 2020 and first quarter of 2021 and defining the remuneration to be paid thereto.
6. Approving the delegation of the Board to semi-annually or quarterly distribute interim dividends for the fiscal year of 2020.
7. Approving the resolution of the Board about the cash dividends distributed during the first half of 2019 of SAR 188,000,000 by SAR 1 per share representing 10% of the capital of the Company.
8. Approving the recommendation of the Board of the non-distribution of cash dividends to shareholders for the second half of 2019 to support the financial position and cash flow of the Company and ensure the continuity of the business thereof during this year. This is within the framework of the reduction of the airport ground service activities due to the procedures taken by the competent governmental bodies for limiting the spread of COVID 19. Such procedures include the suspension of international and domestic flights and satisfaction with that amounts distributed in 2019.
9. Approving the increase of the number of the members of the Audit Committee from (4) to (5) members so that the number of the members of the AuditCommittee shall be (5). This is by the appointment of (Mohammed Al Yemni, an independent Board member) as a member of the Audit Committee as of the approval of the general assembly until the expiration of the term of the present Committee on 05/06/2022.
10. Approving the delegation of the Board to conduct the authority given to the ordinary general assembly by virtue of the authorization included in Paragraph (1) of Article (71) of the Companies Law. This shall be applicable for one year from the date of the approval of the ordinary general assembly or expiration of the term of the appointment of the Board, whichever occurs first. This is according to the terms included in regulatory controls and procedures issued in enforcement of the Companies Law as to listed joint stock companies.
11. Approving the works and contracts to be concluded between the Company and Saudi Arabian Airlines. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi

Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground handling services in the airports of KSA. It shall be taken into account that transactions in 2019 are of an amount of SAR 1,305,573,508 annually and such transactions are made on a commercial basis and without preferential terms.

12. Approving the works and contracts to be concluded between the Company and Saudia Cargo Limited. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground handling services in the airports of KSA. It shall be taken into account that transactions in 2019 are of an amount of SAR 22,607,644 annually and such transactions are made on a commercial basis and without preferential terms.

13. Approving the works and contracts to be concluded between the Company and Saudia Aerospace Engineering Industries (SAEI). Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground handling services in the airports of KSA. It shall be taken into account that transactions in 2019 are of an amount of SAR 10,841,919 annually and such transactions are made on a commercial basis and without preferential terms.

14. Approving the works and contracts to be concluded between the Company and Saudi Airlines Catering. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground sales of fuel. It shall be taken into account that transactions in 2019 are of an amount of SAR 3,554,135 annually and such transactions are made on a commercial basis and without preferential terms.

15. Approving the works and contracts to be concluded between the Company and Saudia Private Aviation (SPA). Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground handling services in the airports of KSA. It shall be taken into account that transactions in 2019 are of an amount of SAR 17,276,015 annually and such transactions are made on a commercial basis and without preferential terms.

16. Approving the works and contracts to be concluded between the Company and Saudi Royal Fleet. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground handling services in the airports of KSA. It shall be taken into account that transactions in 2019 are of an amount of SAR 91,609,296 annually and such transactions are made on a commercial basis and without preferential terms.

17. Approving the works and contracts to be concluded between the Company and Flyadeal Company. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal

Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground handling services in the airports of KSA. It shall be taken into account that transactions in 2019 are of an amount of SAR 108,650,187 annually and such transactions are made on a commercial basis and without preferential terms.

18. Approving the works and contracts to be concluded between the Company and Saudi Arabian Airlines. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of services of employees scondnment by Saudi Airlines to work in the Company. It shall be taken into account that transactions in 2019 are of an amount of SAR 223,091,488 annually and such transactions are made on a commercial basis and without preferential terms.

19. Approving the works and contracts to be concluded between the Company and Saudi Arabian Airlines. Omer Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ground services thereto. It shall be taken into account that transactions in 2019 are of an amount of SAR 614,843 annually and such transactions are made on a commercial basis and without preferential terms.

20. Approving the works and contracts to be concluded between the Company and Saudi Arabian Airlines. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of ticket booking and training services and other services submitted to the Company. It shall be taken into account that transactions in 2019 are of an amount of SAR 1,923,232 annually and such transactions are made on a commercial basis and without preferential terms.

21. Approving the works and contracts to be concluded between the Company and Saudi Airlines Catering. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of pension services to the employees. It shall be taken into account that transactions in 2019 are of an amount of SAR 25,194,645 annually and such transactions are made on a commercial basis and without preferential terms.

22. Approving the works and contracts to be concluded between the Company and Saudia Aerospace Engineering Industries (SAEI) Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of maintenance services to the employees of the Company. It shall be taken into account that transactions in 2019 are of an amount of SAR 45,515,762 annually and such transactions are made on a commercial basis and without preferential terms.

23. Approving the works and contracts to be concluded between the Company and Saudi Airlines Real State Development Co. (SARED). Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi

Arabian Airlines General Corporation. The same deals with the provision of potential expenses incurred on behalf of the Company for the rent of offices and residence of some of the employees of the Company. It shall be taken into account that transactions in 2019 are of an amount of SAR 352,868 annually and such transactions are made on a commercial basis and without preferential terms.

24. Approving the works and contracts to be concluded between the Company and Saudi Arabian Airlines. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of paid transactions on behalf of the Company in favor of the Pension Authority of seconded employees. It shall be taken into account that transactions in 2019 are of an amount of SAR 22,571,382 annually and such transactions are made on a commercial basis and without preferential terms.

25. Approving the works and contracts to be concluded between the Company and Saudi Arabian Airlines General Corporation. Omar Jefri, Board Member, has indirect interest in the same since he was working in 2018 in the Saudi Arabian Airlines General Corporation. Besides, Con Korfiatis, the Board member has indirect interest also since he works in Flyadeal Company owned by 100% by the Saudi Arabian Airlines General Corporation. The same deals with the provision of paid transactions on behalf of the Company for medical insurance of the seconded employees. It shall be taken into account that transactions in 2019 are of an amount of SAR 21,829,848 annually and such transactions are made on a commercial basis and without preferential terms.

26. Approving the works and contracts to be concluded between the Company and Saudi Amad for Airport Services and Transport Support (SAAS) owned by 50% to the Company and therein Eng. Khalid Al Buainain and Eng. Saleh Henfi, the Board members, having indirect interest therein since they members in the Board of SAAS. The same deals with the costs of the secondment of employees, equipment and petroleum services in the airport arena in KSA airports. It shall be taken into account that transactions in 2019 are of an amount of SAR 4,047,302 annually and such transactions are made on a commercial basis and without preferential terms.

27. Approving the works and contracts to be concluded between the Company and Saudi Amad for Airport Services and Transport Support (SAAS) owned by 50% to the Company and therein Eng. Khalid Al Buainain and Eng. Saleh Henfi, the Board members, having indirect interest therein since they members in the Board of SAAS. The same deals with the services of leasing the operational vehicles in KSA airports. It shall be taken into account that transactions in 2019 are of an amount of SAR 10,141,100 annually and such transactions are made on a commercial basis and without preferential terms.

28. Approving the works and contracts to be concluded between the Company and Saudi Amad for Airport Services and Transport Support (SAAS) owned by 50% to the Company and therein Eng. Khalid Al Buainain and Eng. Saleh Henfi, the Board members, having indirect interest therein since they members in the Board of SAAS. The same deals with the services of transporting mariners and evacuees inside and outside the airport. The same deals with the provision of ground handling services in the airports of KSA. It shall be taken into account that transactions in 2019 are of an amount of SAR 43,545,283 annually and such transactions are made on a commercial basis and without preferential terms.

The background of the image is a dark blue and green gradient. It features several faint, stylized line graphs and bar charts. In the foreground, there are four stacks of silver coins of varying heights, arranged in a row from left to right. To the left of the coins, there is a blurred image of a pen and some papers. The word "Accounting" is written in white, bold, sans-serif font, centered horizontally and slightly above the middle of the image.

Accounting

21. Approved Accounting Standards

The financial statements are prepared according to the international accounting standards and direction of the Capital Market by virtue of Circulation no. R 15/12231/1 dated 27/10/1436 A.H. corresponding to 12/08/2015. The Board declares that there is no difference from the approved accounting standards by Saudi Organization for Chartered and Professional Accountants (SOCPA).

22. Appointment of Auditors

The general assembly of the Company held on 18/06/2020 approved the selection of KPMG from the list of the nominees as auditors of the Company in accordance with the recommendation of the Audit Committee for auditing the annual and quarterly financial statements of the Company for the fiscal year ending on 31 December 2020.

23. Affiliates

Saudi Amad for Airport Services and Transport Support (SAAS)	Capital 500,000 SAR	The main business of SAAS is represented in providing the transportation services to the passenger and mariners, operation of bus in the airports. The aim of establishing SAAS was to integrate the operations of the Company and Al-Amad Trading & Catering Co as to the transportation of passengers. Al-Amad Trading & Catering Co. was operating the buses for transporting travelers inside the international airports and Tabuk airport before the establishment of SAAS.
	Ownership of the Company therein 50%	
TLD Arabia	Capital 1,000,000 SAR	The main business of TLD Arabia is represented in providing the maintenance of ground service equipment, lease of tools and machineries as well as other equipment of air transportation without drivers and operational lease. Besides, TLD Arabia provides administrative and supervisory services in the airport, activities and other air transportation-related services.
	Ownership of the Company therein 50%	

24. Shares and Debt Instruments of Affiliates

There is not shares and debt instruments for the Affiliates.

25. Policy of Profit Distribution

As per Article (49) of the Articles of Association of SGS as amended by the extraordinary general assembly, the profits shall be distributed among the shareholders as included in the policy of the Company on the distribution of profits according to the following:

Distribution of the annual net profits shall be as follows:

1. (10%) of the net profits shall be allocated to form the statutory reserve of the Company. The ordinary general assembly may decide to suspend such allocation, incase such reserve reaches 30% of the paid capital.
2. The ordinary general assembly may, based on the proposal of the Board, may allocate a certain percentage of the net profits to form a contractual reserve to be allocated for a certain purpose or purposes.
3. The ordinary general assembly may decide to form other reserves, to the extent achieving the interest of the Company or guaranteeing the distribution of fixed profits as much as possible among the shareholders. The general assembly may also deduct amounts from the net profits to establish social institutions for the employees of the Company or assisting the existing institutions.
4. The remaining amounts shall be distributed after that among the shareholders by a percentage not less than 5% the paid capital of the Company.
5. Subject to the provisions of Article (22) of these Articles and Article (76) of the Companies Law, a certain percentage of the remaining amounts shall be allocated to pay the remuneration of the Board. This is provided that the entitlement of such remuneration shall in proportion to the number of meetings attended by the member.

26. Policy of distributing provisional profits

a. The Company may semiannually or quarterly distribute provisional profits among the shareholders, after fulfilling the following requirements:

- 1- The Board obtains a delegation from the ordinary general assembly of the Company to distribute provisional profits by virtue of a resolution to be annually renewed.
- 2- The Company shall achieve good and regular profits.
- 3- The Company shall have reasonable cash flow and can reasonably expect the level of the profits thereof.
- 4- The Company shall have distributable profits sufficient for covering the profits proposed to be distributed after deducting the profits distributed and capitalized after the date of such financial statements according to the recent audited financial statements.

b. The profit distribution is charged to the account of the accumulated profits retained from previous years and/or contractual reserves. The Company shall observe the sequence and regularity in terms of the way and ratios of distributing profits as per the potentials and cash flow available to the Company. The Board shall disclose and announce the ratios of regular periodical profits decided to be distributed among the shareholders on time.

The Company shall, upon taking the decision of distributing the provisional profits, immediately disclose and announce the same and provide the Authority with a copy of the announcement once it is issued.

27. Time of paying profits

1. The Board shall implement the decision of the general assembly as to the distribution of profits among the registered shareholders within (15) days from the maturity date of such profits determined in the resolution of the general assembly issued concerning the resolution of the Board including the distribution of provisional profits.
2. The Executive Management shall enforce the resolution of the Board of distributing provisional profits among the registered shareholders within (15) days from the maturity date of such profits determined in the resolution of the Board.
3. The Board Secretariat management shall ask for the register of the registered shareholders on the maturity date as per the instructions of the Capital Market Authority.
4. The Financial Department shall enforce the distribution of profits as per the distribution dates included in the resolution of the Board and general assembly.

In 2020, no cash profits were distributed among the shareholders for the second half of 2019 as per the recommendation of the Board to the shareholders' general assembly and voting for the same in meeting thereof held on 18/06/2020. In addition, no provisional profits were not distributed during 2020 because of the precautionary procedures associated with supporting the financial position and cash flow of the Company and ensuring the continuity of the business of the Company during the year. This is within the framework of the decrease of the ground service activities in the airports. This is because of the procedures taken by the competent governmental bodies to limit the spread of COVID 19. The same resulted in the complete suspension of international flights and decrease of local flights. It shall be taken into account that the shareholders agreed on delegating the Board to approve the distribution of provisional and annual profits of 2020 during the general assembly held on 18/06/2020. This is applicable in case the financial position of the Company allows the same and cash flow is available in accordance with the controls and procedures set by the competent authority.

28. Disclosures of SGS for 2020

During 2020, the Company disclosed all material and financial information as per the rules of continuous disclosure. This includes the following disclosure

Georgian date of disclosures	Disclosure statement
01/03/2020	Disclosure by SGS of the annual financial results ending on 31/12/2019.
16/03/2020	Disclosure by SGS, Ground Services, of the consequences of the works thereof by the precautionary decisions of encountering COVID 19.
22/03/2020	Disclosure by SGS of the recommendation of the Board of suspending the distribution of cash profits among the shareholders for the second half of 2019.
06/05/2020	Disclosure by SGS of the invitation of the shareholders thereof to attend the meeting of the ordinary general assembly (first meeting).
07/06/2020	Disclosure by SGS of the transfer of the head office of the Company to a new location.
14/06/2020	Disclosure by SGS to the shareholders thereof of the date of the beginning of the electronic voting associated with the item of the agenda of the meeting of the ordinary general assembly (first meeting).
21/06/2020	Disclosure by SGS of the result of the meeting of the ordinary general assembly (first meeting).
21/06/2020	Disclosure by SGS of the initial financial results for the period ending on 31/03/2020 (three months).
08/07/2020	Disclosure by SGS of obtaining Murabaha finance.
05/08/2020	Disclosure by SGS of the initial financial results for the period ending on 30/06/2020 (six months).
17/08/2020	Disclosure by SGS of the signature of a joint venture agreement with TLD France for the establishment of a limited liability company for providing the services of maintaining the ground equipment in all KSA airports.
17/09/2020	Disclosure by SGS of the signature of a credit facilities agreement with Bank Albilad.
17/09/2020	Disclosure by SGS of the signature of a credit facilities agreement with the National Commercial Bank (NCB).
01/11/2020	Disclosure by SGS of the initial financial results for the period ending on 30/09/2020 (nine months).

29. Ownership of shares having voting right

The Board declares that there is no interest in the class of shares having voting right attributed to persons (except for the Board members, senior executives and their relatives). Such rights are notified thereby to the Company by virtue of Article (45) of the Registration and Listing Rules.

30. Ownership of shares by board members, senior executives and their relatives

The tables below declares the contractual securities and subscription rights of the Board members, senior executives of the Company and their relatives to the shares or debt instruments of the Company or any of the affiliates thereof as well as and any change in such interest or rights during the last fiscal year

Ownership by Board members and their relatives

Name	Beginning of the Year		End of the Year		Net Change	Change Percentage
	Share number	Debt instruments	Share number	Debt instruments		
Eng. Khalid Al Buainain	7,000	-	7,000	-	-	0%
Dr. Omar Jefri	1000	-	1000	-	-	0%
Mr. Mansour Al Bosaily	1000	-	1000	-	-	0%
Mr. Mohammed Al Yemni	-	-	-	-	-	-
Eng. Saleh Hefni	-	-	-	-	-	-
Mr. Con Korfiatis	-	-	-	-	-	-
Mr. Per Utnegaard	-	-	-	-	-	-
Mr. Onno Boots	-	-	-	-	-	-
Wife of Mr. Mansour Al Bosaily	3990	-	3990	-	-	0%

Ownership by the senior executives and their relatives of the shares and debt instruments of the Company

The Board declares that neither of the senior executives and their relatives owns any of the shares and debt instruments of the Company.

Ownership by the Board members and their relatives of the shares and debt instruments of the affiliates

The Board declares that there is no interest, contractual papers and subscription right belonging to the members of the Board and their relatives as to the shares and debt instruments of the affiliates.

Ownership by the senior executives and their relatives of the shares and debt instruments of the affiliates

The Board declares that there is no interest, contractual papers and subscription right belonging to the members of the senior executives and their relatives as to the shares and debt instruments of the affiliates.

31. Information about loans payable by the Company and the affiliates thereof

The Board declares that that during 2020, the Company obtained on 07/07/2020 Murabaha finance from the Saudi British Bank (SABB). The amount of such finance is of SAR 500 million. On 15/09/2020, the Company obtained credit facilities from Bank Albilad of an amount of not more than SAR 750 million. Other credit facilities were acquired from the National Commercial Bank of an amount of not more than SAR 750 million. This is for reinforcing and supporting cash flow required for covering the working capital needed for operations.

32. Transferable debt instruments

- 1- The Board declares that the Company neither issued nor granted during the fiscal year any transferable class or debt instruments and any contractual securities, subscription right memos or similar rights.
- 2- The Board declares that there is no transfer or subscription rights by virtue of the transferable debt instruments, contractual securities, subscription right memos or similar rights issued or granted by the Company.

33. Recovery, purchase or cancellation of the recoverable debt instruments

The Board declares that there is no recovery, purchase or cancellation by the Company or affiliates of the recoverable deb instruments.

34. Register of Shareholders

The Company requested the register of shareholders through Tadawulaty website for the following procedures:

Number of the requests of the Company for the register of shareholders during 2020		
Number of Company requests	Request date	Reason for request
1	30-01-2020	Company procedures
2	08-05-2020	Company procedures
3	08-10-2020	Company procedures

35. Contracts and works concluded with related parties

	Related party	Nature of the relationship between such party and Company	Nature of Contracts and works	Term	Transaction amount (In SAR)	Work or contract conditions	Member name
1	Saudi Airlines (previously known as Saudi Arabian Airlines)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%	Services provided	Seven years, automatically and annually renewed	629,222,707	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis
2	Saudia Cargo Limited	Owned to Saudi Arabian Airlines General Corporation by 70%. It is a founder shareholder in the Company	Services provided	Two years, automatically and annually renewed	19,339,647	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 70%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis
3	Saudia Aerospace Engineering Industries (SAEI)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company	Services provided	Unfixed term transactions	108,165,488	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis
4	Saudi Airlines Catering	Owned to Saudi Arabian Airlines General Corporation by 35.7%. It is a founder shareholder in the Company	Services provided	One year, automatically and annually renewed	1,502,921	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 35.7%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis
5	Saudia Private Aviation (SPA)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company	Services provided	Three years, automatically and annually renewed	12,159,031	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is in the Board represented by Mr. Con Korfiatis
6	Saudi Royal Fleet	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company	Services provided	One year, automatically and annually renewed	77,773,226	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis

	Related party	Nature of the relationship between such party and Company	Nature of Contracts and works	Term	Transaction amount (In SAR)	Work or contract conditions	Member name
7	Flyadeal	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company.	Services provided	Unfixed term transactions	5,853,868	Same terms and standards adopted with third parties without preferential terms.	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis.
8	Saudi Amad for Airport Services and Transport Support (SAAS)	Affiliate	Services provided	Unfixed term transactions	31,438,733	Same terms and standards adopted with third parties without preferential terms.	Affiliate
9	Saudi Amad for Airport Services and Transport Support (SAAS)	Affiliate	Works relating the secondment of employees and equipment	Unfixed term transactions	26,603,720	Same terms and standards adopted with third parties without preferential terms.	Affiliate
10	Saudi Arabia Holding Company (previously known as Saudi Arabian Airlines)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company.	Services provided	Unfixed term agreement	24,119,489	Same terms and standards adopted with third parties without preferential terms.	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis.
11	Saudi Arabia Holding Company (previously known as Saudi Arabian Airlines)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company.	Employee secondment agreement	Unfixed term agreement	584,016	Secondment agreement concluded between the Company and Saudi Airlines General Corporation	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis.
12	Saudi Amad for Airport Services and Transport Support (SAAS)	Affiliate	Agreement of operational vehicle lease services	Unfixed term transactions	584,016	Same terms and standards adopted with third parties without preferential terms.	Affiliate

	Related party	Nature of the relationship between such party and Company	Nature of Contracts and works	Term	Transaction amount (In SAR)	Work or contract conditions	Member name
13	Saudi Airlines (previously known as Saudi Arabian Airlines)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company.	Ticket booking services, training and other miscellaneous services	Unfixed term transactions	5,853,868	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Dr Mr. Con Korfiatis
14	Saudi Airlines Catering	Owned to Saudi Arabian Airlines General Corporation by 35.7%. It is a founder shareholder in the Company	Pension service to the employees of the Company	Seven years, automatically and annually renewed	31,438,733	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 35.7%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis
15	Saudia Aerospace Engineering Industries (SAEI)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company	Services of Company equipment maintenance	Five years, automatically and annually renewed	26,603,720	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis
16	Saudi Amad for Airport Services and Transport Support (SAAS)	Affiliate	services of transporting mariners and evacuees inside and outside the airport	Unfixed term transactions	24,119,489	Same terms and standards adopted with third parties without preferential terms	Affiliate
17	Saudi Airlines Real State Development Co. (SARED)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company	Expenses incurred on behalf of the Company for the rent of offices and residence of some of the employees of the Company	Unfixed term transactions	584,016	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis
18	Saudi Airlines (previously known as Saudi Arabian Airlines)	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company	transactions on behalf of the Company in favor of the Pension Authority of seconded employees	Unfixed term transactions	4,033,986	Same terms and standards adopted with third parties without preferential terms	Owned to Saudi Arabian Airlines General Corporation by 100%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis

	Related party	Nature of the relationship between such party and Company	Nature of Contracts and works	Term	Transaction amount (In SAR)	Work or contract conditions	Member name
20	TLD Arabia	Affiliate	Sale of spare parts	Unfixed term transactions	18,363,694	Same terms and standards adopted with third parties without preferential terms.	Affiliate owned to SGS by 50% of the capital thereof
21	TLD Arabia	Affiliate	Equipment maintenance	Unfixed term transactions	10,312,500	Same terms and standards adopted with third parties without preferential terms.	Affiliate owned to SGS by 50% of the capital thereof
22	Saudi Arabian Logistics	Affiliate	Services provided	Unfixed term transactions	9,879,370	Same terms and standards adopted with third parties without preferential terms.	Owned to Saudi Arabian Airlines General Corporation by 70%. It is a founder shareholder in the Company by 52.5%. It is represented in the Board by Mr. Con Korfiatis.

36. Assignment by members and executives

No member of the Board or Committees assigns the special remunerations.

37. Assignment by shreholders

No arrangements or agreement by virtue thereof one of the shareholders of the Company assigns any rights to the profits are in existence.

38. Assignment by shreholders

The Board declares that there no investments or reserves established in favor of the Company employees.

39. Statutory Payments

The Company shall be the statutory payments payable thereby the governmental bodies, including zakat, tax and amounts payable to the General Organization for Social Insurance against the subscriptions of the employees. The following table includes the data of such payments:

2020			
Statement (amounts in SAR)	Paid amounts	Payable amounts up to the end of the fiscal period but are not paid yet	Summary description
Zakat	7,328,439	126,174,834	As per the laws
Tax	-	-	As per the laws
General Organization for Social Insurance	56,761,105	3,754,969	As per the laws
Cost of visas and passports	1,618,807	-	As per the laws
Labor office fees	21,469,681.00	-	As per the laws

40. Notes to the financial statements

The Board declares that there is no notes submitted by the chartered accountant to the financial statements of the Company according to the report thereof for 2020. The board shall provide the Capital Market Authority with any additional information required in case the auditor submits any notes to the financial statements.

41. Replacement of the auditor

The Board declares that it did not recommend the replacement of the chartered accountant before the end of the appointment term thereof. KPMG was appointed to audit the annual and quarterly accounts of 2020. It was not replaced throughout the year.

42. Treasury stock

The Board declares that there is not treasury stock reserved by the Company.

43. Other declarations

- a- The Board declares that the account registers are properly prepared.
- b- The Board declares that the internal control system is prepared based on solid basis and effectively implemented.
- c- The Board declares that there is not any doubt of the ability of the Company to continue the business thereof.

44. Conclusion

The Board has the pleasure to thank and express appreciation to all the shareholders of SGS for their contribution in the continuation of the business thereof. The Board has also the pleasure to thank the Management of the Company and employees thereof for their successful efforts exerted for operating the Company and keeping its accomplishments within COVID 19 pandemic spread all over the world in 2020. In conclusion, the Board would like to thank all the clients of the Company for their confidence in the Company. We affirm that SGS keeps on developing the relationship with the clients, continuously providing the best services and observing the high quality of the standards and performance towards the clients. The Board confirms that such accomplishments achieved during the year especially within COVID 19 pandemic are going to be a strong incentive for 2021 AD to achieve our strategic goal and more successes.

