



UNITRANS

الشركة المتحدة الدولية للمواصلات
UNITED INTERNATIONAL TRANSPORTATION COMPANY

ANNUAL REPORT

The Company's Board of Directors
United International Transportation



Payless[®] CAR RENTAL | **كاي** | **بدجت** | **السعودية** | **RAHAAL**[®]

2020



ANNUAL REPORT

The Company's Board of Directors
United International Transportation
For the Financial Year 2020

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INTRODUCTION

The Board of Directors of the United International Transportation Company (Budget Saudi Arabia) "The Board" is pleased to submit its annual report to the Company's shareholders for the year ended on 31/12/2020, to be approved during the upcoming General Assembly.

The report contains The Board's Chairman and the President & Group CEO's statements and summarizes its financial performance results for 2020. Furthermore, the report recorded all transactions made with related parties, governance application, the formation of The Board, its committees, a summary of duties of the Board and its committees, all payments made to members of the Board, committees, and senior executives during the year, and a summary of the most significant achievements during 2020. Additionally,



enclosed are the financial statements approved and audited by the Company's external auditor, Ernst & Young.

Dear shareholders:

This report contains a complete summary of the Company's business, developments, and results during 2020, where we hope that the report is clear and comprehensive for all your inquiries and questions; the Company Board of Directors is fully ready to respond to any inquiries on the information included in this report or any other inquiries in the General Assembly meeting of which its date will be announced later.

Board of Directors

STATEMENT OF THE CHAIRMAN



On behalf of the Board of Directors of United International Transportation Company (Budget Saudi Arabia), I would like to present the annual board of directors report of United International Transportation Company (Budget Saudi Arabia) for the Financial Year ending on 31/12/2020.



In this year, United International Transportation Company (Budget Saudi Arabia) continued its march of success despite the exceptional difficulties facing all commercial sectors, whether in the Saudi or global markets. the Company achieved net profits estimated at SAR 187.8 Million in 2020 compared to SAR 178.6 Million achieved in 2019. This is due to our interaction with the surrounding changes setting the strategies during the period of Covid-19 pandemic. It accordingly helped the Company to maintain its strong financial position and market share in its field compared to the competitors.

Summary of the financial results for 2020 compared to 2019:

| Statement | 2020 | 2019 | % of Change |
|--|----------------------|----------------------|-------------|
| Revenues | 977.2 Million | SAR 1,043 Million | -6.31% |
| Net profit before deducting zakat | 194.1 Million | SAR 184.1 Million | 5.43% |
| Net profit after deducting the tax and zakat | 187.8 Million | SAR 178.6 Million | 5.17% |
| Earnings per share | 2.64 | 2.51 | |
| The Company's fleet and subsidiaries | 26,322 Thousand cars | 29,133 Thousand cars | -9.65% |

Based on the Company's profits in 2020, I would like to inform you that on 7/2/2021, the Board recommended the distribution of dividends of SAR 88,958,335 to the shareholders at the rate of SAR 1.25 per share so that the total recommended profits for 2020 are 124,541,669 SAR.

Dr. Bassem Abdullah Alim

BOARD Chairman

STATEMENT OF PRESIDENT AND GROUP CEO

Dear Shareholders of United
International Transportation Co.
(BUDGET SAUDI)

I am pleased to present the company's
annual report demonstrating its outcome
and business during the financial year 2020.



Due to the excellent efforts exerted by the Board of Directors along with the management and the employees of the Company, we managed to continue to boost profits of the Company for 2020 by a 5.17% increase on the profits achieved in 2019, approximately amounting to SAR 187.8 Million for 2020 in comparison with SAR 178.6 Million for 2019 as result of managing the expenses of the Company and increasing the profitability by selling the used vehicles.

We succeeded in responding to and keeping pace with the rapid changes that occurred in the economics in general and in the car rental industry in the Kingdom in particular, by following balanced crisis management and strict financial policies amid the changes experienced by the local and global markets due to the side effects of COVID-19.

In the previous years, we focused on investment in the human resources and providing the best potentials and tools required for the development and protection of our employees as well as increasing their capabilities and creating a healthy and positive work environment resulting in encouraging and empowering the employees to proceed and to fulfill their occupational duties to achieve the vision and objectives of the Company for 2020.

In my capacity as the President and Group CEO, I would like to seize this opportunity to express my gratitude to all parties contributing to our success. Special thanks are given to all my colleagues for their devotion to duty and creativity in performance, creating a considerable impact on achieving such spectacular results. I further desire to thank our clients and partners in success for their trust and support in our work and business relationship lasting for several years. I extend my thanks and gratitude to the Chairman and all Directors for their guidance and trust. We pledge to our Shareholders that we shall seek all endeavors to notch up the success we are all aspiring to for many following years.

Fawaz A. Danish

President and Group CEO

COMPANY PROFILE



► Main activities of the Company

The United International Transportation Company was established on 17/12/1978; since its establishment, the Company has been engaged in the car rental business under a franchise contract concluded with Budget International Car Rental Company. In addition to the car rental business on a short-term basis, the Company provides various transportation services, such as passenger and commercial vehicle rental, on a long-term basis and the sale of used vehicles. These activities significantly contribute to the growth of the Company's business volume and revenues.




The Company enhances and maintains its fleet quality through the policy of operating rental cars for a short term for a period ranging between 18 to 24 months; then, vehicles are sold through the Company's used car sales department. The company management believes that maintaining a modern fleet with a relatively short average life gives the Company a significant competitive advantage.

In addition to the previous activities, the Company owns Aljozoor Alrasekha Trucking Ltd. (Rahaal), which operates in renting and selling, buses and trailers to transport goods inside Saudi Arabia.

In addition to the preceding, the Company obtained an exclusive franchise right for the (PAYLESS) trademark in 2016 by signing a franchise agency contract on 6/5/2016 with (ABG) International Group.



► Description of the Company's main activities in 2020

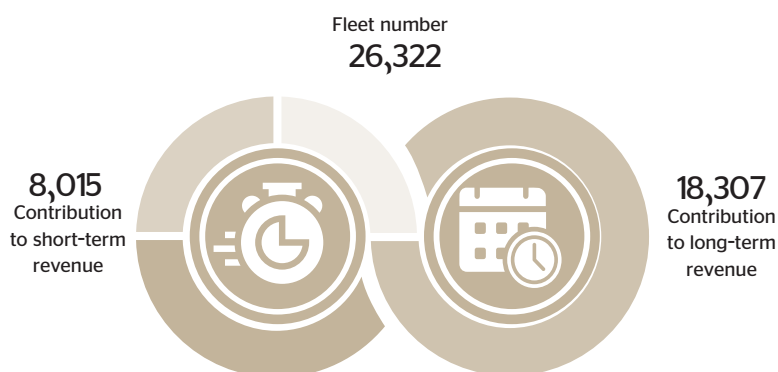
| Short-term rental | Long-term rental | Used vehicle sale |
|---|---|---|
|  |  |  |
| <p>Car rental on a daily, weekly, or monthly basis through the rights of both franchisees of Budget and Payless trademarks.</p> <p>Payless CAR RENTAL بدجت السعودية</p> | <p>Passenger automobile rental for a period of (12, 24, 36, and 48) months, through the Budget franchise or through its subsidiary company (Rahaal), to rent the buses, commercial vehicles, and trucks by a long-term rental system.</p> | <p>Offer for sale the used cars of which period of use ended, whether in a short-term or long-term lease, through the Company's locations dedicated to this purpose, which there are five (5) distributed in the major cities in KSA.</p> |

► Impact of the main activities on the Company's turnover and contribution to the results

| Statement | Business revenues in 2020 (in Thousands) | % out of the total revenue |
|----------------------------------|---|-------------------------------|
| Short-term rental | 184,922 | 19 % |
| Long-term rental | 485,732 | 50 % |
| Profits of sale of the used cars | 306,551 | 31 % |
| Total | 977,205 | 100 % |



On 31/12/2020 the fleet size of United International Transportation Company (Budget Saudi) was as follows:

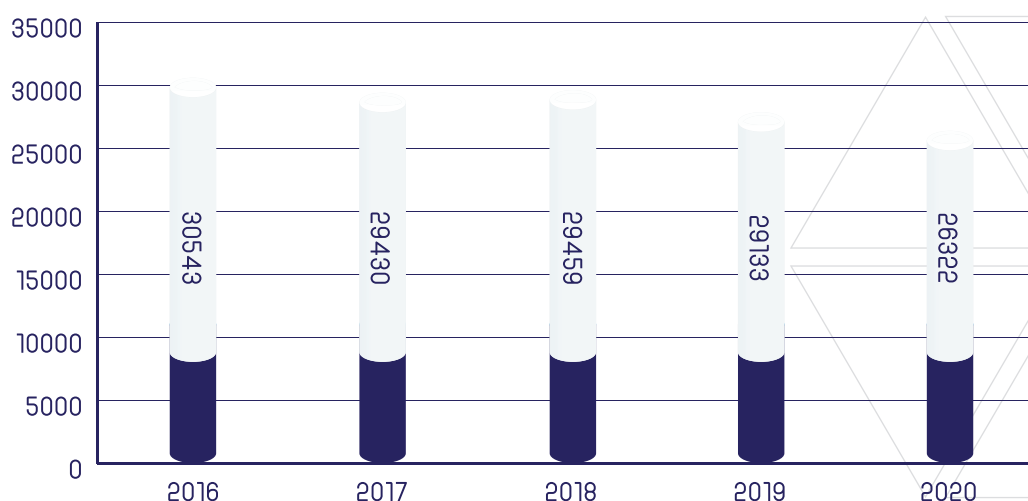


The Company leases the vehicles to its customers through (88) locations spread all over the kingdom. The Company's main locations cover the major population centers and international and domestic airports, as well as five (5) used car showrooms spread in the main cities of KSA (Riyadh, Jeddah, Dammam, Abha, and Madinah).



(We will detail the impact of the Company's regional areas on the revenues in the geographical analysis of the Company's total revenues)

► Change in the Company's fleet of vehicles for five years (2016-2020)



► Car rental locations in five years (2016-2020)



► Description of the main activities provided by the Company through its subsidiary company, Aljozor Alrasekha Ltd. (Rahaal)

- 1 Long-term rental of trucks, buses, equipped vehicles, trailers, caravans, and equipped trailers
- 2 Sale of trucks, buses, equipped vehicles, trailers, caravans, and equipped trailers.



► The impact of the subsidiary's main activities on the Company's turnover and contribution to the results is as follows (in SAR Million):

| Statement | Business revenues in 2020 | Percentage out of the total revenue |
|----------------------------------|---------------------------|-------------------------------------|
| Long-term rental | 235 SAR Million | 83 % |
| Profits of sale of the used cars | 48 SAR Million | 17 % |
| Total | 283 SAR Million | 100 % |

► Statement of the Company's subsidiaries and associates inside and outside KSA, their main activities, and country of incorporation:

| # | Name of the subsidiary company | Country of incorporation | Type of main business | The country in which its head office is located | Company's ownership percentage therein | Capital |
|---|---|--------------------------|---|---|--|-----------------|
| 1 | Aljozoor Alrasekha Trucking Ltd. (Subsidiary) | KSA | Rental of buses and trailers, transportation of goods, and missions for fees on land roads. | KSA | 100 % | 100 SAR Million |
| 2 | Unitrans Infotech Ltd | India | Information Technology | India | 100 % | INR 1 Million |

► Details of the shares and ownership issued for the subsidiaries and associates.

| # | Name of the subsidiary | Subsidiary/ Associate | Company's capital | Company's ownership percentage therein | Type of ownership/ shares' | | Value of participation/ contribution in SAR |
|---|---|-----------------------|-------------------|--|---|---|---|
| | | | | | In-kind | Cash | |
| 1 | Aljozoor Alrasekha Trucking Ltd. (Subsidiary) | Subsidiary | SAR 100 Million | 100% | 560,000 shares as follows: 286 cars holding 210,000 shares, and the main maintenance workshop in Jeddah holding 350,000 shares (the share value is 100 SAR) | 440,000 self-funded share (value of the share is 100 SAR) | 100,000,000 SAR |
| 2 | Unitrans Infotech Ltd (Subsidiary) | Subsidiary | INR 1 Million | 100% | ----- ----- | Self-funded (value of the share equals 82,101 SAR) | Equals 82,101 SAR |

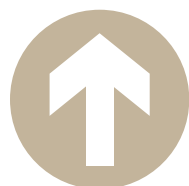
The image is a full-page graphic with a dark blue background. The top half features a collage of financial data, including line charts, bar charts, and tables of numbers, overlaid with white geometric lines. The bottom half is a solid dark blue area. The text "FINANCIAL PERFORMANCE" is centered in the top half.

► Financial results achieved in 2020 as compared to 2019



During this year, the Company achieved net profits of **194.1 Million SAR** before deducting zakat and taxes in 2020

Compared to
184 SAR Million
in 2019



During this year, the Company achieved net profits of **187.8 Million SAR** after deducting zakat and taxes in 2020

Compared to
178.6 SAR Million
in 2019



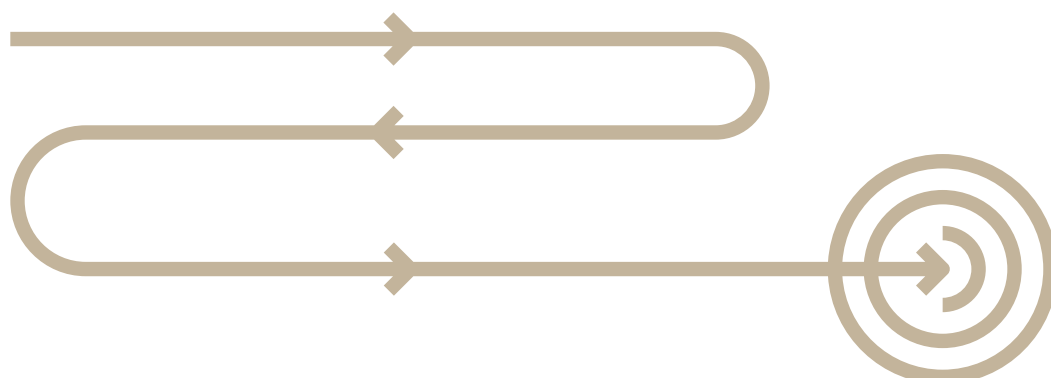
The Company's revenues resulting from its main business amounted to **977.2 Million SAR** in 2020

Compared to
1,043 SAR Million
in 2019

Earnings per share in 2020 is (2.64) SAR compared to 2019 were (2.51) SAR per share.

► The net profit for 2020, compared to the net profits in 2019, increased for the following:

The increase in the net profit is due to an increase in the net gain on the sale of the vehicles, as more vehicles were sold with improved margin in the second half of the year. The better gain on sale has compensated the reduction of lease and rental revenue loss due to covid-19.

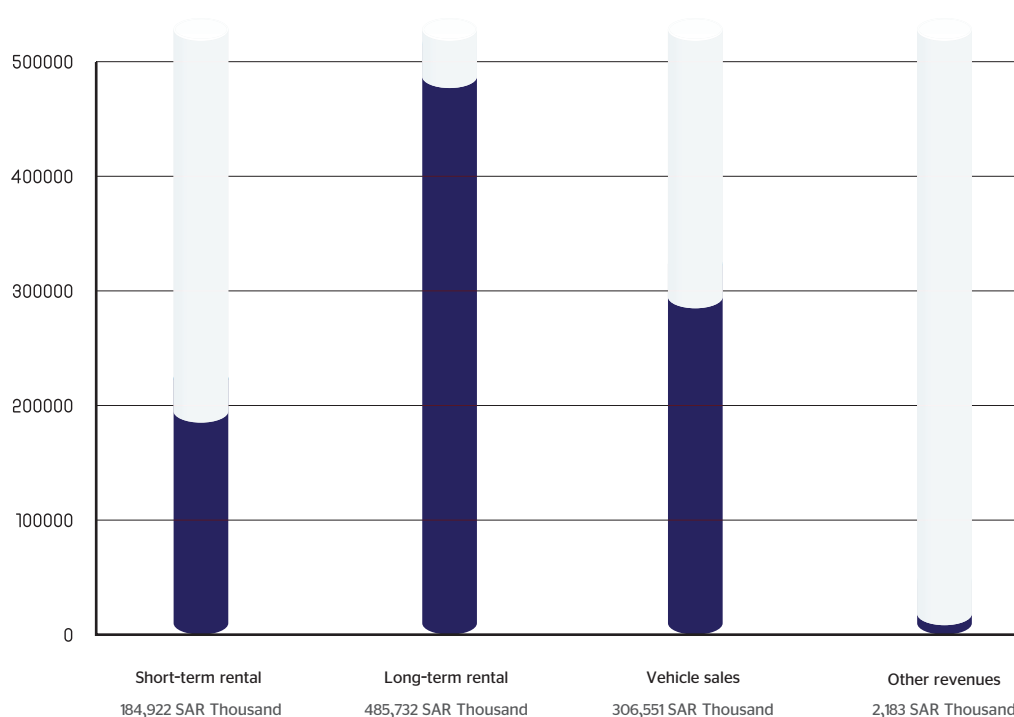


► First: Operational results in 2020 compared to last year (in SAR Thousand)

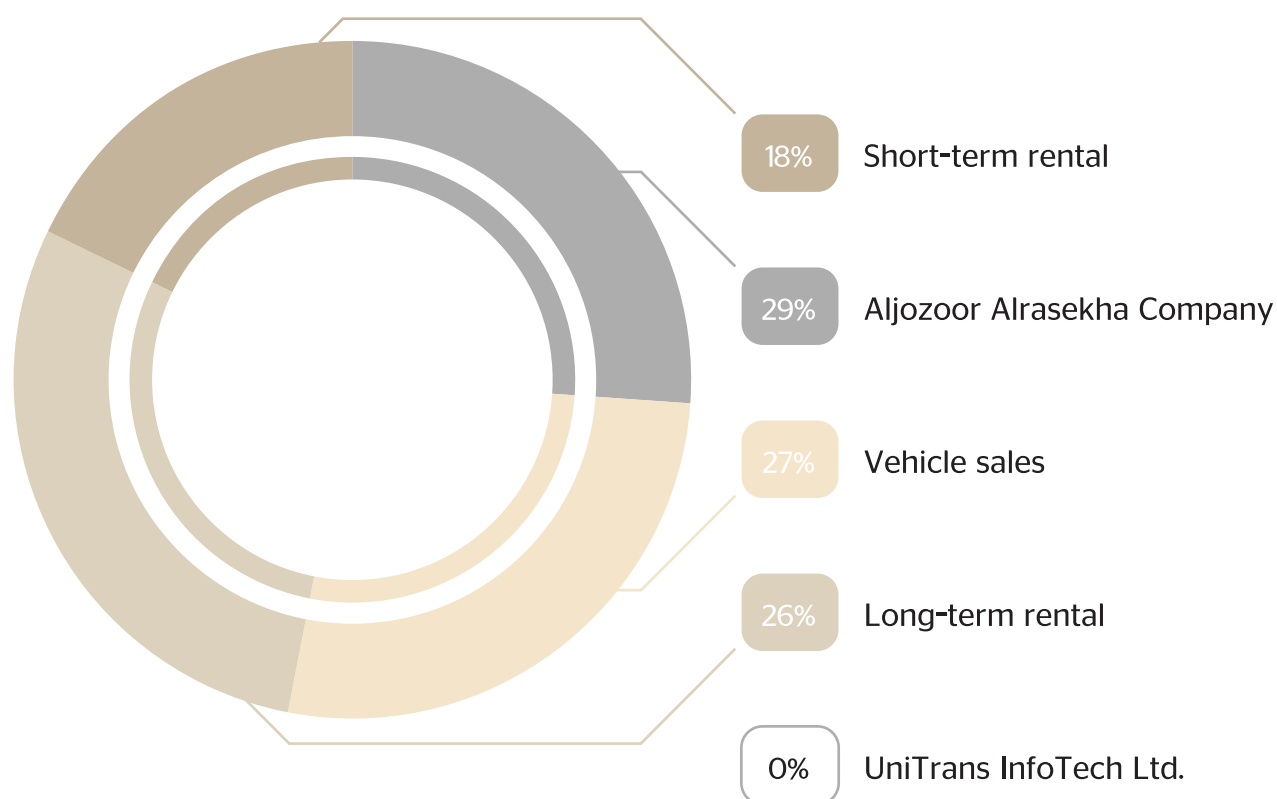
| Statement (in SAR Thousand) | 2020 | 2019 | Changes (+) or (-) | % of change |
|--|-----------|-----------|--------------------|-------------|
| Revenues | 977,205 | 1,043,494 | -66,289 | -6.35% |
| Cost of revenue | (678,889) | (746,134) | -67,245 | -9.01% |
| Gross profit | 298,316 | 297,360 | 956 | 0.32 % |
| Other operating revenues | 2,250 | 1,548 | 702 | 45.35 % |
| General and administrative expenses | (60,407) | (66,784) | -6,377 | -9.55 % |
| Sale and marketing expenses | (43,377) | (42,946) | 431 | 1 % |
| Profit resulted from operations (Operating Profit) | 196,782 | 189,178 | 7,604 | 4.02 % |

The comparison figures differ due to the re-classification of some items to conform to international accounting standards.

► Analysis of the Company's revenues through its activities in- 2020



► Percentage of the contribution of the Company's main activities and its subsidiary's revenue to the total revenues **Revenues of the subsidiaries and associates for 2020**

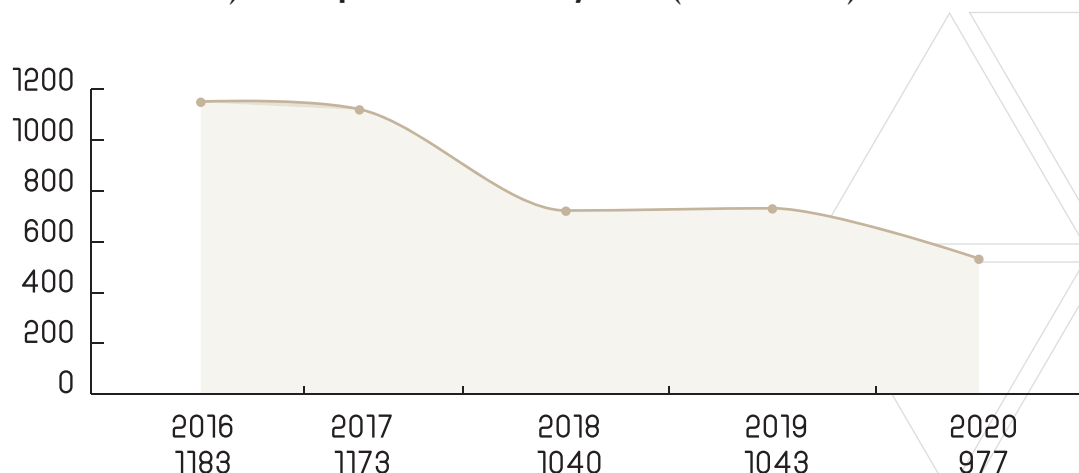


The comparative figures differ due to the re-classification of some items to conform to the International Accounting Standards.

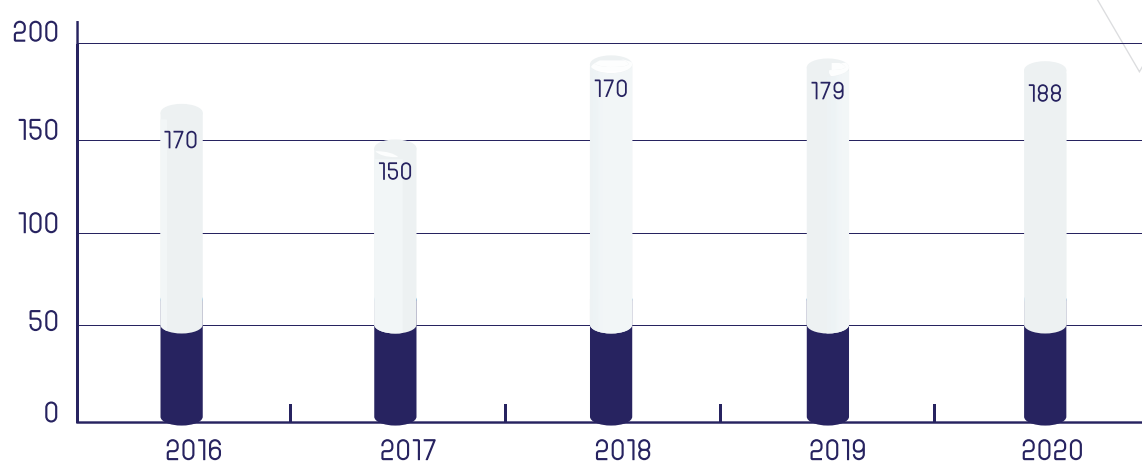
► Second: Comparing five-year business results (in SAR Thousands)

| Statement (in SAR Thousand) | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Revenues | 977,205 | 1,043,494 | 1,040,970 | 1,173,158 | 1,182,512 |
| Cost of revenue | (678,889) | (746,134) | (765,888) | (910,556) | (903,463) |
| Gross profit | 298,316 | 297,360 | 275,082 | 262,602 | 279,049 |
| Net profit | 187,846 | 178,619 | 169,986 | 149,511 | 170,135 |

► **Change in operating income of the United International Transportation Company (Budget Saudi Arabia) for a period of five years (2016-2020) in SAR Millions:**



► **Change in net profits of the United International Transportation Company (Budget Saudi Arabia) for a period of five (5) years from 2016-2020- (SAR Millions)**



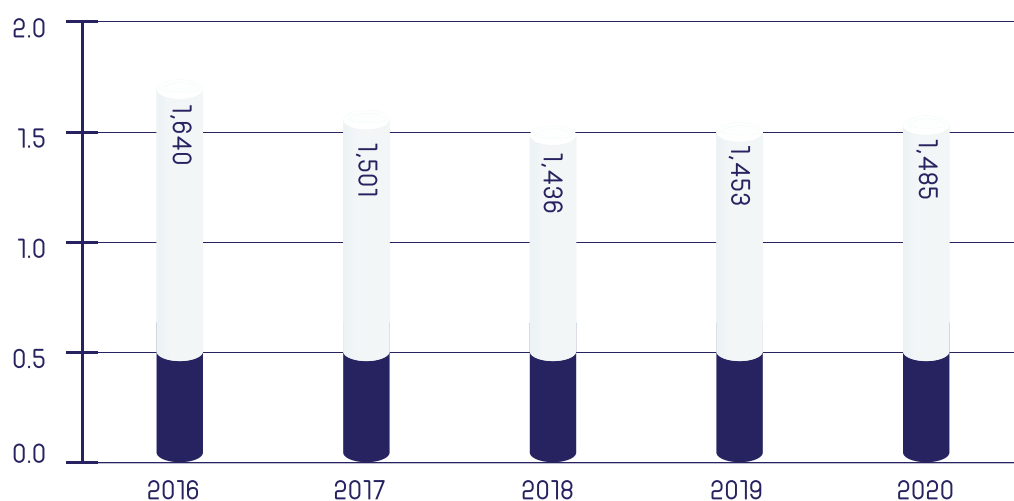
► **Third: Comparing the statement of financial position of the United International Transportation Company**

(Budget Saudi Arabia) for a five-year period (2016 - 2020):

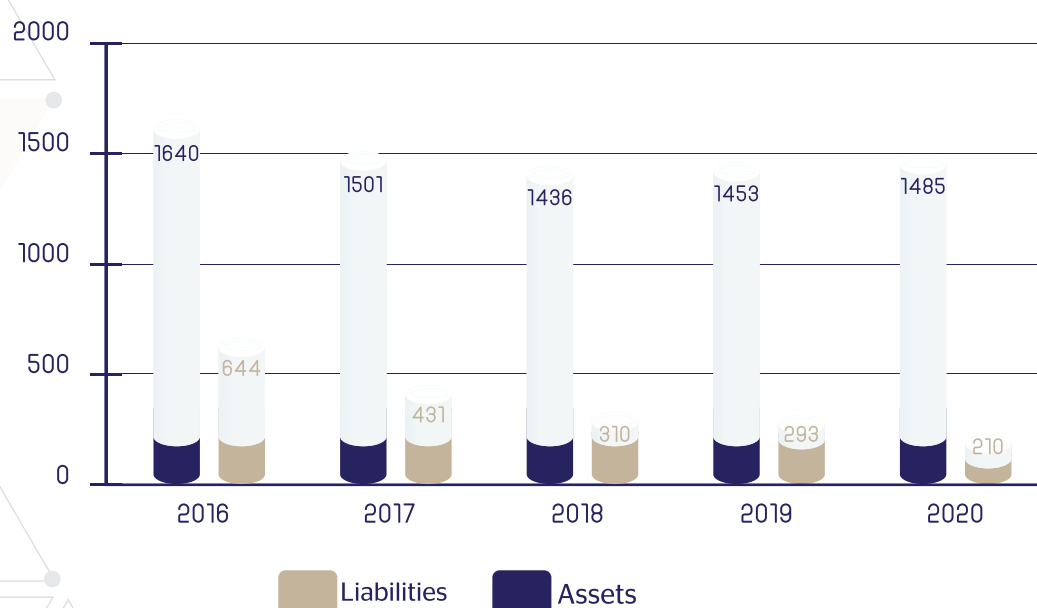
| Statement (in SAR Thousand) | 2020 | 2019 | 2018 | 2017 | 2016 |
|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Current assets | 340,390 | 190,183 | 226,461 | 210,147 | 224,420 |
| Non-current assets | 1,144,462 | 1,262,625 | 1,209,923 | 1,290,772 | 1,415,377 |
| Total assets | 1,484,852 | 1,452,808 | 1,436,384 | 1,500,919 | 1,639,797 |
| Current liabilities | 138,588 | 215,220 | 250,641 | 334,308 | 513,653 |
| Non-current liabilities | 71,685 | 77,789 | 59,388 | 96,264 | 130,806 |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Total liabilities | 210,273 | 293,009 | 310,029 | 430,572 | 644,459 |
| Capital | 711,667 | 711,667 | 711,667 | 711,667 | 610,000 |
| Reserves and retained earnings | 563,050 | 448,132 | 414,688 | 358,680 | 385,338 |
| Total shareholder equity | 1,274,579 | 1,159,799 | 1,126,355 | 1,070,347 | 995,338 |
| Minority rights | 0 | 0 | 0 | 0 | 0 |
| Total liabilities and equity of partners | 1,484,852 | 1,452,808 | 1,436,384 | 1,500,919 | 1,639,797 |

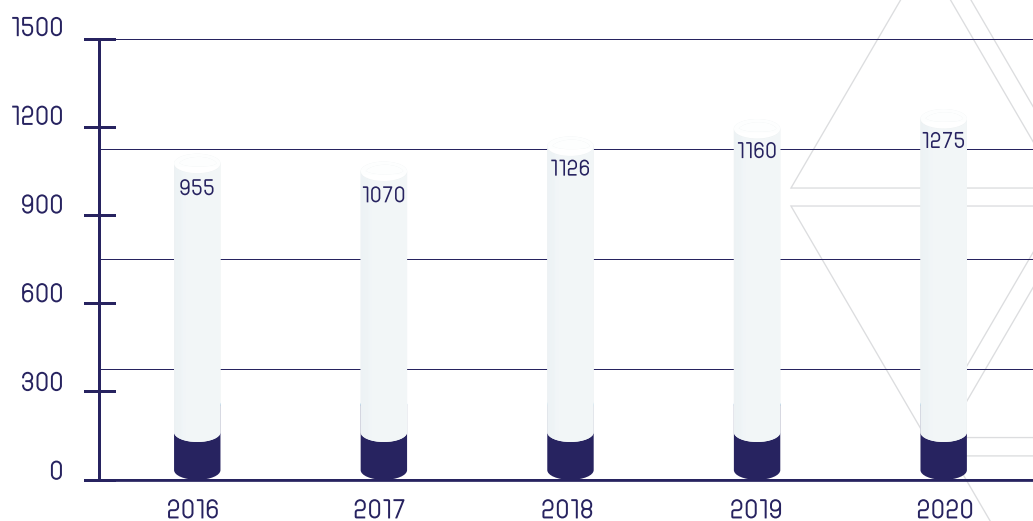
► Change in the assets for five years in SAR Million (2016 - 2020)



► Comparing between the assets and liabilities of the Company in SAR Million for the period as of (2016 -2020)



► Change in the Shareholders Equity for five (5) years from (2016 - 2020)



► Comparing the cost of the power, electricity, and water products:

Cost of the power, electricity, and water products in 2019

| # | Period | 31/03/2019 | 30/06/2019 | 30/09/2019 | 31/12/2019 |
|---|----------------|------------|------------|------------|------------|
| 1 | Electricity | 443,511 | 630,608 | 905,561 | 588,544 |
| 2 | Water | 213,657 | 179,171 | 181,807 | 210,344 |
| 3 | Power products | 613,051 | 631,122 | 608,585 | 702,373 |
| 4 | Total | 1,270,219 | 1,440,901 | 1,695,953 | 1,501,261 |

Cost of the power, electricity, and water products in 2020

| # | Period | 31/03/2020 | 30/06/2020 | 30/09/2020 | 31/12/2020 |
|---|----------------|------------|------------|--------------|--------------|
| 1 | Electricity | 137,685.80 | 400,774.91 | 600,264.25 | 647,890.79 |
| 2 | Water | 182,852.12 | 140,948.43 | 253,831.78 | 239,597.29 |
| 3 | Power products | 522,182.20 | 175,979.40 | 337,946.65 | 434,059.64 |
| 4 | Total | 842,720.12 | 717,702.74 | 1,192,042.68 | 1,321,547.72 |

► Financial results of the subsidiaries and associates

► 1- Aljozoor Alrasekha Trucking Ltd. (subsidiary company)

The United International Transportation Company (Budget Saudi Arabia) funded 100% to Aljozoor Alrasekha Trucking Company, a subsidiary company. During 2020, this Company achieved a net profit of SAR 75.5 Million compared to SAR 50.4 Million in 2019, by an increase of 49.8%.



This increase is due to the management's excellent strategic planning and the sales team's activity in marketing the Company's primary business of long-term rental of heavy transport trucks and commercial vehicles. Therefore, the Company occupied a distinguished position in the field of transportation and imposed itself in the Saudi Market as a distinguished Company submitting various solutions in the field of transportation and heavy transport, leading to increasing its market share and rapid growth.

► 1.1 Comparing the financial results for 2020 with the previous year for the subsidiary company (Rahaal)

| Statement | 2020 | 2019 | Changes (+) or (-) | % of change |
|--|---------------|---------------|-----------------------|----------------|
| Total Revenues | 282,380,501 | 255,808,861 | 26,571,640 | 10.39 % |
| Cost of revenues | (189,463,413) | (184,853,558) | -4,609,855 | -2.49 % |
| Gross profit | 92,917,088 | 70,955,303 | 21,961,785 | 30.95 % |
| Sale and marketing expenses | (1,251,555) | (841,600) | -409,955 | -48.71 % |
| General and administrative expenses | (13,842,362) | (17,909,343) | 4,066,981 | 22.71 % |
| Profit resulted from operations (Operating Profit) | 77,823,171 | 52,204,360 | 25,618,811 | 49.07 % |
| Other revenues | (133,256) | (346,047) | 212,791 | 61.49 % |
| Financing costs | (3,175) | (2,787) | -388 | -13.92 % |
| Zakat | (2,193,721) | (1,464,298) | -729,423 | -49.81 % |
| Net Income | 75,493,019 | 50,391,229 | 25,101,790 | 49.81 % |

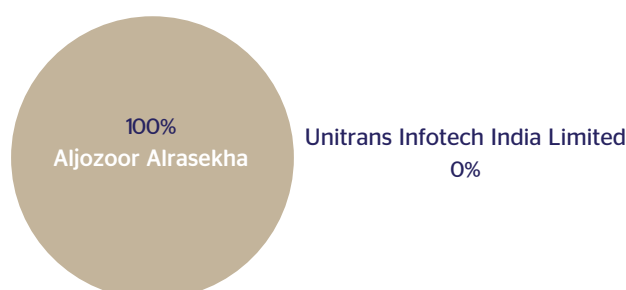
► 2.1. Uni Trans InfoTech India Limited (Associate Company)

The Company contributes by 100% to UniTrans InfoTech Ltd., which is a company operating in the field of information technology; its headquarters is in India. Its capital is (one Million Indian rupees) equivalent to (SAR 82,101) and did not generate any revenue during 2020 compared to SAR 1.9 Million in 2019.

► Statement of revenues of the subsidiary and associate companies and the Company's share in the net profit of each Company in 2020

| # | Company name | % of contribution | Total revenues in SAR Thousand | Net profit/ loss in SAR Thousand | The Company's share in the profit/ loss in SAR Thousand |
|---|---------------------------------|-------------------|--------------------------------|----------------------------------|---|
| | | | 2020 | 2020 | 2020 |
| 1 | Aljozoor Alrasekha Trucking Ltd | 100 % | 282,381 | 75,493 | 75,493 |
| 2 | Unitrans Infotech India Limited | 100 % | 0 | (891) | (891) |

► Revenues of subsidiaries and associates during 2020



► The geographical analysis of the Company's total revenue/sales within KSA

The Company offers rental vehicles to its customers through its 88 locations which are spread throughout the Kingdom. The Company's main locations cover major population centers and international and domestic airports, as well as five (5) showrooms that sell out used cars in each of the following cities: (Riyadh, Jeddah, Dammam, Madinah, Abha).

The Company ensures the quality of its services delivered to its customers all over the Kingdom; that is why it geographically divides its activities into three major regional areas within the Kingdom: Western Region, the Central Region, and the Eastern Region.

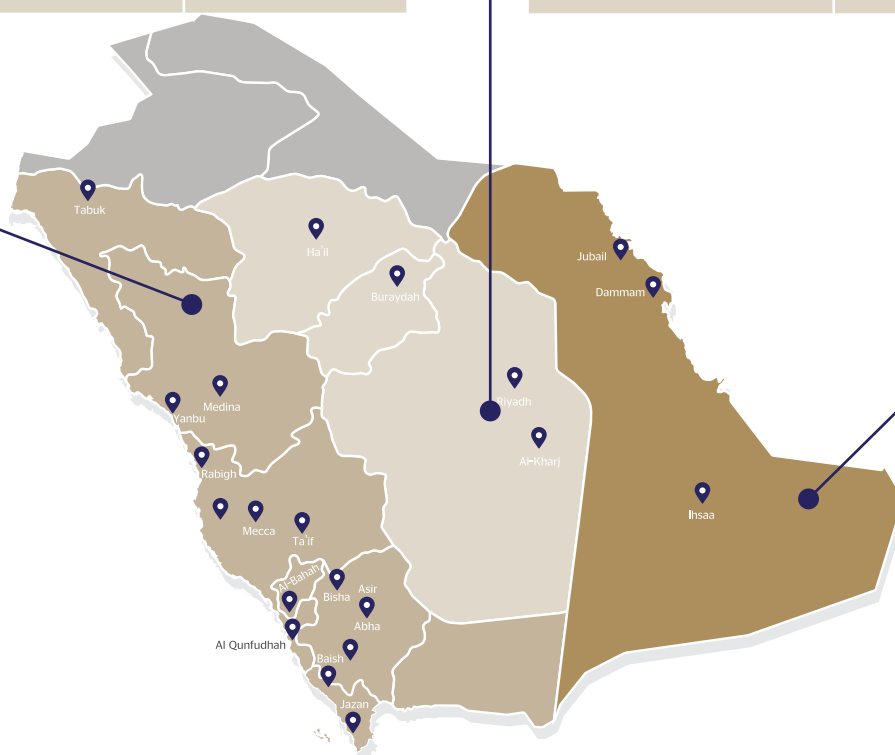
Each region is managed by an independent executive unit that conducts its work and submits periodic reports on the results to the Company's main management based in Jeddah, its head office.

Regional car rental locations

| Western Region | Number of locations |
|---------------------------------------|---------------------|
| Jeddah | 14 |
| Mecca | 5 |
| Medina | 7 |
| Ta'if | 1 |
| Yanbu | 4 |
| Abha | 5 |
| Rabigh | 1 |
| Tabuk | 3 |
| Jazan | 1 |
| Baish | 1 |
| Al-Bahah | 1 |
| Asir | 1 |
| Al Qunfudhah | 1 |
| Bisha | 1 |
| Total locations in the western region | 46 |

| Eastern Region | Number of locations |
|---------------------------------------|---------------------|
| Dammam | 8 |
| Ihsaa | 1 |
| Jubail | 3 |
| Khobar | 5 |
| Total locations in the eastern region | 17 |

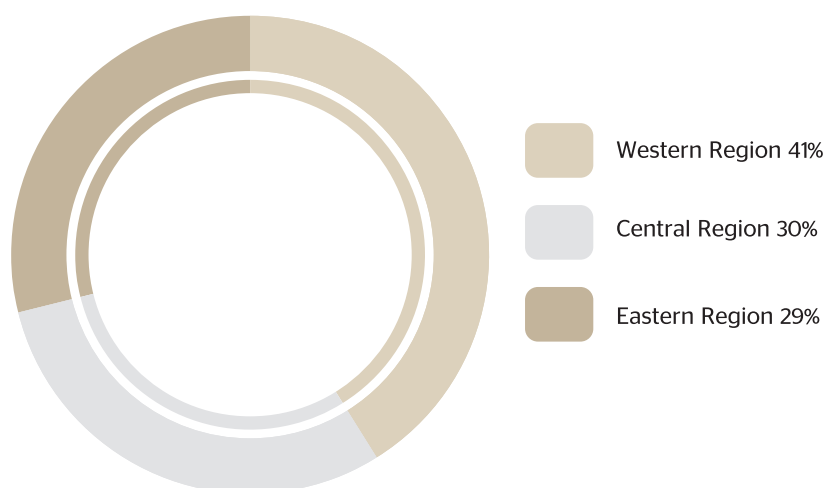
| Central Region | Number of locations |
|---------------------------------------|---------------------|
| Riyadh | 20 |
| Buraydah | 3 |
| Al-Kharj | 1 |
| Ha'il | 1 |
| Total locations in the central region | 25 |



► Analysis of the revenues of the locations in the regions within the Kingdom in 2020

| The geographical analysis of the Company's total revenues | | | |
|---|-----------------|-----------------|-----------------|
| Type of activity | Western region | Central region | Eastern region |
| Short-term leasing | 94,392,227 SAR | 50,694,027 SAR | 39,835,886 SAR |
| Long-term leasing | 173,325,849 SAR | 148,582,783 SAR | 163,823,656 SAR |
| Car sales | 138,257,517 SAR | 91,093,186 SAR | 77,199,870 SAR |
| Total per region | 405,975,593 SAR | 290,369,996 SAR | 280,859,412 SAR |

► The Company's revenues in 2020 according to geographical analysis within the Kingdom

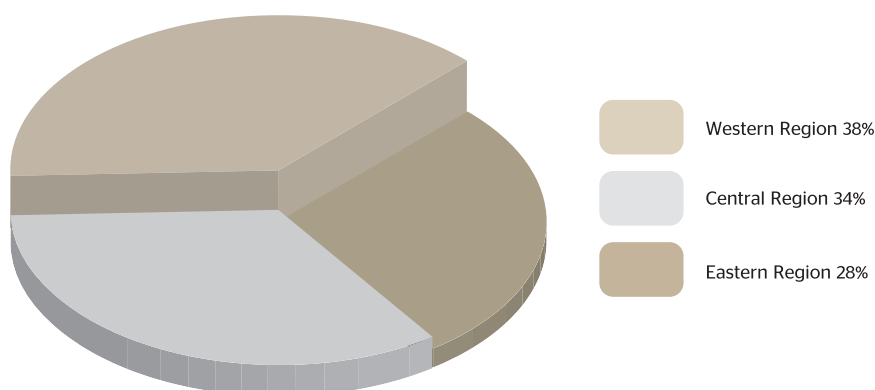


► The geographical analysis of the revenues inside the Kingdom for the subsidiary company (Aljozoor Alrasekha) in 2020

(Its activity is limited within the Kingdom only, and it does not have any activities outside the Kingdom)

| Type of activity | Western region | Central region | Eastern region | Total |
|-----------------------|-----------------|----------------|----------------|-----------------|
| Long-term leasing | 88,573,617 SAR | 80,516,603 SAR | 65,669,913 SAR | 234,760,133 SAR |
| Used car sale profits | 19,474,767 SAR | 14,780,479 SAR | 13,365,123 SAR | 47,620,368 SAR |
| Total | 108,048,384 SAR | 95,297,082 SAR | 79,035,036 SAR | 282,380,501 SAR |

► The geographical analysis of the Company's revenues inside the Kingdom in 2020



The company did not achieve any revenues outside the Kingdom during 2020

► Geographical analysis of the Company's total revenues within 2020 in SAR Thousand

| Western region (1) inside the Kingdom | Central region (2) inside the Kingdom | Eastern region (3) inside the Kingdom | Outside the Kingdom (4) | Total revenues |
|--|--|--|----------------------------|-----------------|
| 405,975,593 SAR | 290,369,996 SAR | 280,859,412 SAR | 0 SAR | 977,205,001 SAR |

► A description of the Company's plans and decisions during 2020:

The most important decisions taken and works completed in 2020 and dates of the important events

| # | Date | Statement | Works completed |
|---|-----------|--|--|
| 1 | 26/1/2020 | The United International Transportation Company (Budget Saudi Arabia) announces a set of procedures to protect its property rights of the Company's operational, technical program to manage its operations. | The announcement of the procedures required to protect the property rights of the operational, technical program used by Budget Saudi Arabia was published on Tadawul website. |
| 2 | 9/2/2020 | The United International Transportation Company (Budget Saudi Arabia) announces its audited consolidated annual financial results for the year ended on 13/12/2019. | The announcement of the consolidated annual financial results for 2019 was published on Tadawul website. |

| # | Date | Statement | Works completed |
|----|-----------|--|--|
| 3 | 24/3/2020 | The United International Transportation Company (Budget Saudi Arabia) announces that some of its work has been affected due to the precautionary government directives and preventive measures taken to address the emerging coronavirus (COVID-19). | The announcement of the 2019 second-half dividends distribution to the shareholders was published on Tadawul website. |
| 4 | 7/4/2020 | The United International Transportation Company announces a convening notice to its shareholders to attend the eighth ordinary general assembly meeting (1st Meeting). | The announcement regarding some (Budget Saudi) business being affected due to the preventive measures to confront the emerging coronavirus was published via Tadawul website. |
| 5 | 19/4/2020 | The United International Transportation Company (Budget Saudi Arabia) announces the latest developments in convening for the eighth ordinary general assembly (first meeting). | An announcement of details of the convening notice was published on Tadawul website. |
| 6 | 20/4/2020 | The United International Transportation Company announces the latest developments of the Company's announcement of distribution of cash dividends to shareholders for second-half 2019. | The announcement of details of the developments in the convening notice to hold the eighth ordinary general assembly was published on Tadawul website. |
| 7 | 10/5/2020 | The United International Transportation Company (Budget Saudi Arabia) announces a convening notice to its shareholders to attend the Ordinary General Assembly meeting (1st Meeting). | The announcement of details of distributing cash dividends to the shareholders for second-half 2019 was published on Tadawul website. |
| 8 | 10/6/2020 | The United International Transportation Company (Budget Saudi Arabia) announces the commencement of the electronic voting on items of the agenda of the Ordinary General Assembly meeting (1st Meeting). | The announcement of details of convening the shareholders to attend the Ordinary General Assembly meeting was published on Tadawul website. |
| 9 | 16/6/2020 | The United International Transportation Company (Budget Saudi Arabia) announces the results of the Ordinary General Assembly meeting (first meeting). | The announcement of details of voting and agenda items of the Ordinary General Assembly meeting was published on Tadawul website. |
| 10 | 21/6/2020 | The United International Transportation Company announces the interim financial results for the period ended on 31/3/2020 (three months). | The announcement of details of the results of the ordinary general assembly meeting was published on Tadawul website. |
| 11 | 23/6/2020 | The United International Transportation Company (Budget Saudi Arabia) announces the date and method of dividend distribution second-half 2019. | The announcement of details of the initial financial results for the period ended on 31/3/2020 was published on Tadawul website. |
| 12 | 7/7/2020 | The United International Transportation Company announces the resignation of the audit committee member. | The announcement of the details of the profit distribution method for second-half 2019 was published on Tadawul website. |
| 13 | 12/7/2020 | The United International Transportation Company announced the appointment of the audit committee member. | The announcement of the resignation of Mr. Mufaddal bin Abbas bin Ismail Mohamed Ali (an independent member of the Board) from membership of the Audit Committee was published on Tadawul website. |

| | | | |
|----|------------|---|--|
| 14 | 23/7/2020 | The United International Transportation Company (Budget Saudi Arabia) announces the period's initial financial results ended on 30/6/2020 (six months). | The announcement of the Board's approval to appoint Eng. Khalid bin Abdullah bin Khalid Al-Dabal (Vice Chairman of the Board - Independent Member) as a member of the Audit Committee was published via Tadawul website. |
| 15 | 23/7/2020 | The United International Transportation Company announces the distribution of cash dividends to shareholders for profits of first-half 2020. | The announcement of details of the interim financial results for the period ended on 30/6/2020 was published on Tadawul website. |
| 16 | 13/8/2020 | The United International Transportation Company announces the date and method of disbursing the profits for first-half 2020. | The announcement of the details of distributing cash dividends to the shareholders for first-half 2020 profits has been published on Tadawul website. |
| 17 | 22/10/2020 | The United International Transportation Company announces the period's initial financial results ended on 30/9/2020 (nine months). | The announcement of the method of disbursing profits for first-half 2020 was published via Tadawul website. |
| 18 | 22/10/2020 | The United International Transportation Company announces the period's initial financial results ended on 30/9/2020 (nine months). | The announcement of the interim financial results for the period ended on 30/6/2020 was published on Tadawul website. |

► Murabaha contracts existing at the end of Financial Year and the status of their payment (bank credits and debts):

The Company's financial transactions are made in compliance with Islamic finance provisions, especially regarding the policy of loans that the Board is continuously keen to make through the Islamic Murabaha, and Tawarruq contracts do not exceed 36 months.

The following is a statement of the Company's murabaha and tawarruq contracts and its subsidiary (Rahaal) until 31/12/2020 in SAR.

| | Name of loan provider | Original loan amount | Loan term | Amounts provided to repay the loan during the year | Loan balance | Total debt of Company and subsidiaries |
|---|-----------------------|----------------------|-----------|--|--------------|--|
| 1 | Banque Saudi Fransi | 44,166,667 | 36 months | 40,833,333 | 3,333,333 | 3,333,333 |
| 2 | Al Rajhi Bank | 16,173,132 | 36 months | 16,173,132 | 0 | 0 |
| | TOTAL | 60,339,798 | | 57,006,465 | 3,333,333 | 3,333,333 |

The Company acknowledges that its subsidiary, Aljozoor Alrasekha Trucking Ltd. (Rahaal), did not conduct any new loan contracts during 2020.

► Outstanding Statutory Payments

| Statement (amounts in SAR) | 2020 | | Brief description | Statement of reasons |
|---|----------------|---|---|----------------------|
| | Paid | Payable until end of the annual financial period and not paid | | |
| Zakat and Taxes | 5,007,450 SAR | 0 | Company's zakat for Financial Year 2020 and includes VAT and withholding tax | As per the laws |
| General Organization for Social Insurance | 3,372,622 SAR | 0 | Payments to the General Organization for Social Insurance for Financial Year 2020 | As per the laws |
| Costs of visas and passports | 1,662,855 SAR | 0 | As per the laws | As per the laws |
| Labor office fees | 6,902,005 SAR | 0 | As per the laws | As per the laws |
| Total | 16,944,932 SAR | 0 | | |

► Dividends Distribution Policy

► First: General introduction

The profit distribution policy of the United International Transportation Company (Budget Saudi Arabia) is prepared in accordance with requirements of the Corporate Governance Regulations rendered by the Financial Market Authority and in accordance with the Companies Law and the Company's bylaw so that such policy regulates the operations and procedures related to distribution and announcement of the profits and determining the time of payment thereof, where the Company seeks to achieve a generally stable dividend policy. The Company undertakes to announce any change to this policy.



In general, the Company constantly seeks to adhere to the distribution of cash dividends to its shareholders when it is approved by the general assembly of shareholders, taking into account the variables that may occur to the cash amounts distributed in the form of profits each year according to the Company's strategic plans and future objectives of the utilization of its reserves to engage in projects or investments that serve and achieve objectives of the Company and shareholders. In addition, these profits may vary annually to increase the Company's capital by capitalizing part of the achieved profits..

► Second: The Company's policy in profit distribution

The Company's annual net profits are distributed as follows:

1. 10% of the net profits are retained to form the Company's statutory reserve. The Ordinary General Assembly may decide to stop this retention whenever the said reserve is (30%) of the paid capital.
2. Upon a proposal of the board, the Ordinary General Assembly may retain (20%) of the net profits to form a conventional reserve and allocate it for one or more specific purposes.

3. The Ordinary General Assembly may decide to form other reserves to the extent that would achieve the Company's interest or ensure distribution of fixed profits as far as possible to the shareholders, where the said assembly may retain amounts from the net profits to establish social enterprises for the Company's workers or to assist the existing enterprises.
4. After that, 5% of the paid-up capital is distributed to the shareholders out of the remaining profits.
5. Subject to the provisions stipulated in Article (21) of the Bylaw and Article 76 of the Companies Law, a percentage of 10% of the remainder is allocated to the Board at a maximum of SAR 500,000 (five hundred Thousand Saudi Riyals) for each member, provided that the entitlement to this remuneration is proportional to the number of meetings attended by the member..

► Third: Entitlement of the profits

The shareholder is entitled to his share in the profits according to the general assembly's decision in this regard. The decision specifies the date of entitlement and the date of distribution. The profits are entitled to the shareholders registered in the Shareholder Records at the end of the day specified for entitlement, where the competent entity specifies the period during which the Board shall execute the General Assembly's decision regarding the distribution of the profits to the shareholders..



► Fourth: General rules for dividend policy

The Company's current policy is based on the distribution of annual profits, not interim profits, to its shareholders. Suppose the Board wants to change this policy. In that case, it shall abide by the regulatory controls and procedures promulgated in the execution of the Companies Law related to the listed joint-stock companies, provided that such law shall be stipulated in the Company's bylaw.



In the annual report submitted to the General Assembly, the Board shall include the profits that have been distributed during the last five years to a maximum limit, including the profits proposed to be distributed for the year in which the report is issued, percentages of the distributed dividends to the achieved profits and the proposed capital and the total profits proposed to be distributed.

By the end of 2018, the Board recommended the extraordinary general assembly to amend the Company's bylaw to allow, in the future, to distribute interim profits in accordance with the controls and procedures for this method and stipulated in the regulations and laws.

► Fifth: Announcing the distribution of profits

The Board recommends to the General Assembly to distribute profits for Financial Year in which it decided to approve its financial results.

Whenever the Board approves and recommends the profits to the general assembly, it shall announce the profits via Tadawul website immediately after its meeting in which the profits were approved, where the announcement shall indicate the amount to be distributed, percentage of profits to be distributed to the achieved profits, the Company's capital, the total profits, method of payment and date of distribution (as long as the time of the announcement is available; otherwise it shall be indicated that the dates of distribution will be announced later). In addition, the announcement shall indicate the eligible shareholders

who are registered in the records of the Depository Center at the end of the second trading day following the date of the General Assembly meeting in which it will discuss the distribution of profits according to the Board recommendations.

The Company will not announce the distribution of the profits if the Company is financially insolvent or bankrupted or if it will lead to default or bankruptcy of the Company.

The Company will not announce the profits' distribution if it will affect the solvency of the Company's capital and expose it to question by the Capital Market Authority.

► Sixth: The date of profits distribution

The profits to be distributed to the eligible shareholders are paid according to the dates and method based on the Board recommendations in this regard, as approved by the General Assembly and in accordance with instructions of the Ministry of Commerce and Investment and the Financial Market Authority.

In any case, the Board shall apply the general assembly's decision regarding the distribution of the profits to the eligible shareholders within fifteen (15) working days after the date of maturity of the profits specified by the general assembly's decision.

The Company contracts with a local bank to distribute the annual profits according to the shareholders' records received from the Depository Center, where the profits are distributed through direct transfer to the eligible shareholders' accounts linked to their investment portfolios. Suppose it is not possible to transfer the profits to any of the shareholders on the distribution date. In that case, the shareholder can liaise with the bank in charge of distribution, call the phone numbers written in the announcement of the distribution or liaise with the Company's investor relations department to settle the amounts and complete the transfer. In all cases, the Company continues to distribute the profits through the competent bank to the shareholders whom the profits are not transferred to their accounts written down in the records.

No interest is calculated on the distributed profits, except for the profits claimed or not received by the concerned shareholder for any reason.

The Investor Relationships Department and the Accounts Department of the Company are responsible for the preparation and coordination required for finalizing all distribution procedures with the concerned bank.

► Seventh: Capitalization of the profits

The Company may increase its capital by offering new shares to its current shareholders. After obtaining the Authority's approval, these new shares are paid in full from its reserves, including the retained earnings account and the statutory reserve.

Suppose the Capital Market Authority approves the capital increase through the capitalization of reserves. In that case, the extraordinary general assembly's approval shall be obtained for this procedure within six (6) months after the date of the Capital Market Authority's approval. Suppose the extraordinary general assembly did not approve it within that period. In that case, the Authority's approval is considered to be canceled, and the Company shall re-submit the application to the Authority.

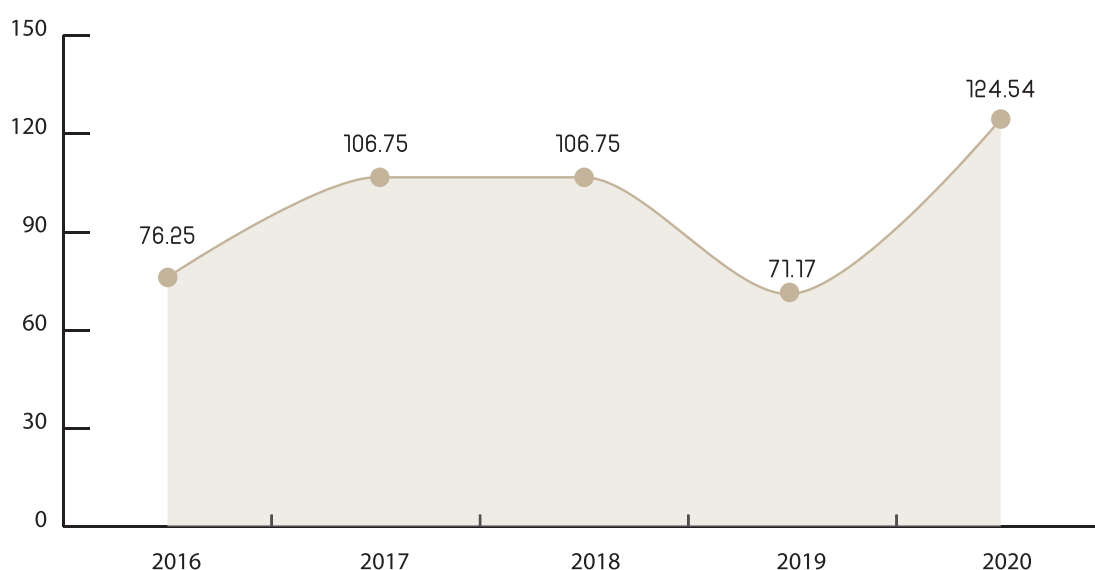


► Eighth: Percentage of the profits distributed during the year:

| | 2020 First Half Distributed Dividends on 20/8/2020 | 2020 Second Half Suggested Dividends Distribution | Total paid profits |
|---------------|--|---|--------------------|
| Percentage | 5 % | 12.5 % | 17.5 % |
| Total profits | 35,583,334 SAR | 88,958,335 SAR | 124,541,669 SAR |

► Growth of Budget Saudi Arabia Company's dividends to its shareholders

During the last five years in SAR Millions (as of 2016 till 2020):



► The Company's capital

The Company's capital consists of 71,166,668 common shares of equal value, each of which has a par value of SAR 10; the last increase in the capital was on 19/4/2017 under the seventh extraordinary general assembly's decision, where the capital was increased from SAR 610 Million to SAR 711 Million upon the Board's recommendation dated 19/1/2017 and according to the Capital Market Authority's approval on 1/2/2017.



► Statement of growth in the Company's capital as of 2016 till 2020

| Financial year | Capital | Remarks |
|----------------|-----------------|---|
| 2020 | 711 Million SAR | There is no recommendation by the Board to increase the Company's capital from 711 Million SAR. |
| 2019 | 711 Million SAR | There is no recommendation by the Board to increase the Company's capital from 711 Million SAR. |
| 2018 | 711 Million SAR | There is no recommendation by the Board to increase the Company's capital from 711 Million SAR. |

| | | |
|------|-----------------|--|
| 2017 | 711 Million SAR | The increase was made from 610 Million SAR to 711 Million SAR by capitalizing the retained earnings by granting free shares for every 6 shares |
| 2016 | 610 Million SAR | The increase was made from 508 Million SAR to 610 Million SAR by capitalizing the retained earnings by granting free shares for every 5 shares |

► **Increase in the capital in SAR Millions for the period commencing as of 2016 till 2020**



► **Statement of the major shareholders of the Company within 2020:**

A statement of the major shareholders of the Company within 2020, who hold more than 5% of the Company's shares and the change (changes in ownership of their shares in 2020):.

| Investor name | Nationality | Number of shares at the beginning of 2020 | Ownership percentage at the beginning of 2020 | Number of shares at the end of 2020 | Ownership percentage at the end of 2020 | Remarks |
|---------------------|---------------|---|---|-------------------------------------|---|----------------------------------|
| Zahid Holding Group | Saudi Company | 9,340,532 shares | 13.12% | 5,641,511 shares | 7.93% | According to shareholder records |

As for the notices related to ownership of large number of the shares and their change within 2020, the Company acknowledges that it has not received any notice of any kind from the major shareholders within 2020. In this statement of the major shareholders, the Company relied on the information acquired from the Securities Depository Center Company (Edaa).

► Transactions with related parties

Through its main business and activities, the Company deals with related parties. In these transactions, the Company follows the same terms and principles as with third parties, including the related parties, according to the definition stipulated in the Corporate Governance Regulations.

| | |
|---|--|
| Major shareholders of the Company | The joint-stock companies in which any of the BOD members, chief executives or their relatives holds (5%) or more. |
| BOD members of the Company or any of its subsidiaries and their relatives | The companies in which any of the BOD members, chief executives or their relatives influence their decisions, even if they provide advice or directive, except for the advice and directives professionally provided by a person licensed to do so |
| Chief executives of the Company or any of its subsidiaries and their relatives | Any person whose advice and directives influence the Company's decisions, BOD and chief executives, except for advice and directives professionally provided by a person licensed in this regard. |
| Members of the BOD and chief executives of the Company's majorshareholders. | |
| Non-corporate facilities owned by a BOD member or a chief executive or their relatives | |
| The companies in which any of the BOD members or chief executives or their relatives is a partner | Holding companies or subsidiaries of the Company |
| The companies in which any of the BOD members or the chief executives or their relatives is a member of their BOD or chief executives | |

► Based on that definition, the transactions made between the Company and the related parties within 2020 are as follow:

| Nature of business or contract | Amount of business or contract | Term of business or work | Business or contract conditions | Name of member/ chief executive or any person related to any of them |
|---|--------------------------------|--|--|--|
| Multiple car rental contracts within 2020 | 64,000 SAR | Multiple terms according to the agreement, where the term ranges from a month to a year. | Multiple car rental contracts through which Zahid Tractors Company, a subsidiary of Zahid Group, a major shareholder, leased cars from Budget Company within 2020 and there are no preferential terms in the contract. | Eng. Wafaa Hashem Zawawi & Mr. Alaa Eddin Riyad Sami, two members of BOD and representatives of Zahid Group in the BOD, are major shareholders of the Company. |

| | | | | |
|--|---------------|---|--|---|
| A contract for provision of legal consulting services to the United International Transportation Company within 2020 | 1,200,000 SAR | Three years to be automatically renewed and in the case that a party does not want to renew it, it shall serve a notice of so in writing. | A contract for provision of legal consulting services to the United International Transportation Company, where there are no preferential terms in the contract. | Dr. Bassem bin Abdullah Alim, BOD chairman and owner of Dr. Bassem bin Abdullah Alim and Associates Consulting Office |
| Other legal works and services not included in the scope of the consulting services contract within 2020 | 507,000 SAR | Based on the Company's need, where it has no specific periods and these works and services were during and after the pandemic period. | Additional legal works and services for the United International Transportation Company which are not included in the scope of the contract. | Dr. Bassem bin Abdullah Alim, BOD chairman and owner of Dr. Bassem bin Abdullah Alim and Associates Consulting Office |

There are no contracts concluded between the Company and any of its subsidiaries or associates within 2020; in addition, no deal or contract was concluded between the Company and any of its chief executives in 2020, where the transactions by the related parties were limited to those indicated in the above-mentioned table.



► Information related to any business or contracts in which the Company is a party and a Board member has an interest

First: Contracts to be ratified by the previous General Assembly and to be presented to the current General Assembly to authorize continuity of these contracts within 2021

| Related party | Type of his relationship with the Company | Type of deal | Its term | Its value |
|--|--|---|--|------------|
| Zahid Tractor & Heavy Equipment Co., Ltd., a subsidiary of Zahid Holding Group companies | A major shareholder holds more than 5% of the Company's shares. It has two representatives in the Company's BOD, namely: Eng. Wafaa Hashem Yusef Zawawi, who is a BOD advisor at Zahid Holding Group, and Mr. Alaa Eddin Riyad Sami who is the Group's executive managing director | Multiple car rental contracts through which the said Company has leased cars from Budget Saudi Arabia Company during 2020 | Its term ranges from a month to a year within 2020 | 64,000 SAR |

| Related party | Type of his relationship with the Company | Type of deal | Its term | Its value |
|---|---|--|---|---------------|
| Dr. Bassem bin Abdullah Alim and Associates Consulting Office | BOD Chairman | A contract for provision of legal consulting services to the United International Transportation Company | Three years to be automatically renewed and in the case that a party does not want to renew it, it shall serve a notice of so .in writing | 1,200,000 SAR |

The competitive business practiced by the Board member, Alaa Eddin Riyad Sami, is authorized according to the General Assembly's meeting, and it will be presented to the upcoming general assembly to authorize whether to continue such competitive business.

| Company Name | Nature of the competitive business or activity |
|---|---|
| BOARD member of Wared Holding Company of which subsidiary (Wared Transportation Ltd.) is engaged in the business of transporting goods and missions for fees: a branch of the subsidiary company (Rahaal) | Transporting goods and missions on land roads for fees inside the Kingdom |
| BOARD member of Wared Holding Company of which subsidiary (Wared Express Services Ltd.) is engaged in the business of transporting goods and missions for fees: a branch of the subsidiary company (Rahaal) | Transporting goods and missions on land roads for fees inside the Kingdom |

THE COMPANY'S ADMINISTRATIVE STAFF



► Board of Directors (BOARD)

The Board of Directors of the United International Transportation Company (Budget Saudi Arabia) consists of eight (8) members.

According to the Company's bylaw, the Board is responsible for setting up and approving the Company's future strategies and plans, general policies and financial goals, controlling the business management, evaluating the performance of the Company and top management, protecting and taking care of interests of the shareholders, ensuring that the Company adheres to the laws and regulations and representing the Company in its relationship with the third parties, government agencies, and various bodies.

► Names, current and previous positions, qualifications, and experiences of members of the Board, committees, and executive management:

1 - Members of the Board and committees in the current session

The Board members:

| # | Name | Current position | Ex-position | Qualifications | experience |
|---|-----------------------------------|--|--|---|--|
| 1 | Bassem Abdullah Abdul Rahman Alim | Lawyer and legal consultant/ Chairman of BOD of the United International Transportation Company. | NA | Bachelor of Political Science PhD in Jurisprudence of Law Master of Law | Twenty-five years of experience in advocacy and arbitration, where he is the executive partner of Dr. Basem Alim & Associates Legal Consultants and Attorney. |
| 2 | Khalid Abdullah Khaled Al-Dabal | Chairman of the BOD of AKD Holding Company/ BOD member SGB Al-Dabal Ltd. and Vice Chairman of the United International Transportation Company. | BOD member of Al-Dabal Company | Bachelor of Chemical Engineering (2003) - Master of Business Administration (2005) | Chairman of AKD Holding Company, where he has ten years of experience in real estate, contracting, and free trade. |
| 3 | Wafa Hashem Youssef Zawawi | Advisor to the BOD of Zahid Holding Group | General Manager of Zahid Holding Group | Bachelor of Science - Electrical and Electronic Engineering - California State University (Chico) - USA | Advisor to the BOD of Zahid Group since 1/6/2017 General Manager of Zahid Group since 2013 General Manager of the Administration at Zahid Group since 2001 General Manager of Trucks and Cars in Zahid Group as of 1989 to 2000 |

| | | | | | |
|---|---|---|---|--|--|
| 4 | Alaa Eddin Riyad Sami | Executive Managing Director of Zahid Group Holding Company Ltd. | Vice-President of Zahid Holding Group | Bachelor in Economics, Cairo University (1974) - Master of International Finance - AUC (1978). | 1997: Vice -President of Zahid Holding Group. 1991: Director of Finance and Accounting Department, Zahid Tractors and Heavy Equipment Co., Ltd. 1979: Director of the Saudi Hollandi Bank's branch. |
| 5 | Khalid Mohamed Abdullah Zahid | BOD member of the United International Transportation Company. | Director of Corporate Affairs of United International Transportation Company | Bachelor of Science, Chapman University, California (2002) Master of Business Administration - University of California (2004). | 2007-2018: Chief Operating Officer - Budget Saudi Arabia. 2006: Collection General Manager - Budget Saudi Arabia. 2005: Senior Client Accounts Manager ? Budget Saudi Arabia. |
| 6 | Abdul Aziz Abdul Rahman Nasser Al-Ohali | BOD member of the United International Transportation Company. | Undersecretary of the Ministry of Transport - Chairman of the Transport Authority | Bachelor of Civil Engineering, King Saud University, Riyadh 1978. Master of Civil Engineering, Wayne State University, Detroit - USA - 1982. PhD in Civil Engineering, University of Washington, Seattle, USA, 1987. | 1999-2016: Undersecretary of the Ministry of Transport, then a Chairman of the Transport Authority 1993-1999: General Manager of the Saudi Public Transport Company (SAPCO) 1978-1993: Member of the faculty staff of the College of Architecture. |
| 7 | Youssef Abdullah Abdul Aziz Al-Rajhi. | General Manager of Abdullah Abdul Aziz Al-Rajhi & Sons Industrial Company | General Manager of Al-Rajhi Industry & Trade Company. | Bachelor of Political Science, King Saud University, 1986. Master degree in development management, West Michigan University - USA, 1992 | 2017-2018: Chairman of the Board of Directors of the Airport Company. 2005-2018: Chairman of the Board of Directors of Riyadh Hotels. 2015-2018: Chairman of the Audit Committee - Member of the Board of Directors of Tabuk Agriculture Company. |
| 8 | Kholoud Abdul Rahman Khaled Al-Dabal | General Manager of Investment - Arabian Jazz Services Company. | Business Development Analyst, Saudi Aramco | Bachelor of Clinical Nutrition - Simmons University, Boston, USA, 2009. Master degree under preparation, Business Administration - Sanford University, USA, 2019 | 2013-2017: Analyst at Saudi Aramco Business Development. 2011-2013: Contracts Advisor - Saudi Aramco. |

1.2 Audit Committee Members:

| # | Name | Current position | Ex-position | Qualifications | Experience |
|---|---|--|---|---|--|
| 1 | Mohamed Khalil Abdul Razzaq Dahlawi (Chairman of the Audit Committee) | Vice-Chief Executive Officer, National Standard Finance Company | Chief Executive Officer of Arab Investment Company, Chairman and CEO of Al-Taly Al Arabia Company, and Regional Director of the Unicorn Investment Bank | Bachelor of Mechanical Engineering, University of Petroleum and Minerals in Dhahran, KSA, 1977 Postgraduate studies in Engineering, Massachusetts Institute of Technology, USA, 1979 Master in Mechanical Engineering, Purdue University, USA, 1981 PhD in Information Systems Management, George Washington University, USA, 1986 | 2018: Vice President of Standard Finance. 2009-2015: Chairman of the Board of Al-Taly Ltd. 2004-2009: Regional Director, Unicorn Investment Bank |
| 2 | Khalid Abdullah Khaled Al-Dabal | Chairman of the Board of AKD Holding Company/ BOARD member SGB Al-Dabal Ltd. and Vice Chairman of the United International Transportation Company. | BOARD member of Al-Dabal Company | Bachelor of Chemical Engineering (2003) Master of Business Administration (2005) | Chairman of AKD Holding Company, where he has ten years of experience in real estate, contracting, and free trade. |
| 3 | Lulua bint Mohamed Bakr | Co-founder of Chrome Advisory Co. | Director of Banking Sector, Credit Suisse. | Bachelor of Business Administration-Accounting Specialization - King Saud University, 1997. Master of Business Administration - Finance and Economics - Columbia University, New York - USA, 2004. | 2007-2011: Banking Sector Manager, Credit Suisse. 2004-2006: Director of Financial Advisory, National Bank. 1997-2001: Director of the Compound Finance Department, Samba. |
| 4 | Mufaddal Abbas Ali (Member of the Audit Committee) | Partner, PWC | Director of Audit and Review at Al Ayouti and Partners Audit Office and Director of Compliance Department at SEDCO | Bachelor of Accounting, King Fahd University, 1995 | Member of the Saudi Organization for Certified Public Accountants and a former director of audit and review in many companies, such as SEDCO and Al Ahli Bank. |

1.3 Members of the Remuneration and Nomination Committee:

| # | Name | Current position | Ex-position | Qualifications | Experience |
|---|--|--|---|---|---|
| 1 | Khalid Abdullah Khaled Al-Dabal | Chairman of the Board of AKD Holding Company/ BOARD member SGB Al-Dabal Ltd. and Vice Chairman of the United International Transportation Company. | BOARD member of Al-Dabal Company | Bachelor of Chemical Engineering (2003) - Master of Business Administration (2005) | Chairman of AKD Holding Company, where he has ten years of experience in real estate, contracting, and free trade. |
| 2 | Thamer bin Saud Samman (member of the Remuneration and Nominations Committee - independent from the Board) | Director of Human Resources Services - King Abdullah University of Science and Technology | Investment Manager - Innovation Support Fund - King Abdullah University of Science and Technology | Master of Public Administration, Columbia University, New York Bachelor of Science in Mechanical Engineering, University of Kansas, USA. | Business Development and Investment Department - Saudi Aramco. Business Development Officer, Middle East Region, Cargill Company, UAE |
| 3 | Mo'az bin Majid Al-Ohali (Member of the Remuneration and Nominations Committee - independent from the Board) | Member of the Board of Al-Ahsaa Development Company CEO - Resal Holding Company | Member of BOARD, Al-Ohali Holding Company | Bachelor degree in Banking Financial Management - University of Applied Sciences - Bahrain, 2007 | Investment Management, Gulf Finance House - Bahrain. Financial Analyst - A'ayan Capital Company - Kuwait. Founder of Tmreya Company. CEO of the International Real Estate Company (2010-2016). |

1.4 Members of the Investment Committee:

| # | Name | Current position | Ex-position | Qualifications | Experience |
|---|--------------------------------------|--|--|---|--|
| 1 | Bassem Abdullah Abdul Rahman Alim | Lawyer and legal consultant/ Chairman of BOARD of the United International Transportation Company. | NA | Bachelor of Political Science Master of Law PhD in Jurisprudence of Law | Twenty-five years of experience in advocacy and arbitration, where he is the executive partner of Dr. Bassem Alim & Associates Legal Consultants and Attorney. |
| 2 | Kholoud Abdul Rahman Khaled Al-Dabal | General Manager of Investment - Arabian Jazz Services Company. | Business Development Analyst, Saudi Aramco | Bachelor of Clinical Nutrition - Simmons University, Boston, USA, 2009. Master degree under preparation, Business Administration - Sanford University, USA, 2019 | 2013-2017: Analyst at Saudi Aramco Business Development. 2011-2013: Contracts Advisor - Saudi Aramco. |

| # | Name | Current position | Ex-position | Qualifications | Experience |
|---|--|--|---|---|---|
| 3 | Fawaz Abdullah Ahmed Danesh | Group Chairman, CEO of Budget Saudi Arabia and a member of BOARD of Indian Transless Holding Company Ltd., an associate of Budget Saudi Arabia Company, member of BOARD of UniTrans InfoTech India Limited, an associate company | He started his work at Savola Co. and held several positions in the Jeddah Chamber of Commerce and in the United Arab Cooperative Insurance Group, a member of the National Committee for Joint Stock Companies | 1993: Bachelor degree in law, King Abdulaziz University in Jeddah, KSA. | Experience in the field of transportation with all his activities, where he held several positions in the Jeddah Chamber of Commerce in addition to his previous work in Savola. Then, he worked in the field of insurance, and since 2002, he has been working for the Saudi Budget Company. |
| 4 | Ravish Mohamed Hussain Tatli | Chief Financial Officer of United International Transport Company, Budget Car and Van Rental, a joint-stock company registered in the Kingdom of Saudi Arabia | He worked in several positions in Ernst & Young Audit Co. from 1997 until 2002, in the Company's offices in Mumbai and Jeddah. | Bachelor degree in Statistics, University of Mumbai, India. PhD in Accounting, SMC University, Switzerland | He worked in several positions in Ernst & Young Audit Co. from 1997 until 2002, in the Company's offices in Mumbai and Jeddah. |
| 5 | Thamer bin Saud Samman (member of the Remuneration and Nominations Committee - independent from the Board) | Director of Human Resources Services - King Abdullah University of Science and Technology | Investment Manager - Innovation Support Fund - King Abdullah University of Science and Technology | Master of Public Administration, Columbia University, New York Bachelor of Science in Mechanical Engineering, University of Kansas, USA. | Business Development and Investment Department - Saudi Aramco. Business Development Officer, Middle East Region, Cargill Company, UAE |

Members of the Executive Management

| # | Name | Current position | Ex-position | Qualifications | Experience |
|---|------------------------------|--|--|--|--|
| 1 | Fawaz Abdullah Ahmed Danesh | Group Chairman, CEO of Budget Saudi Arabia and a member of BOARD of Indian Transless Holding Company Ltd., an associate of Budget Saudi Arabia Company, member of BOARD of UniTrans InfoTech India Limited, an associate company | He started his work at Savola Co. and held several positions in the Jeddah Chamber of Commerce and in the United Arab Cooperative Insurance Group, a member of the National Committee for Joint Stock Companies. | 1993: Bachelor degree in law, King Abdulaziz University in Jeddah, KSA. | Experience in the field of transportation with all his activities, where he held several positions in the Jeddah Chamber of Commerce in addition to his previous work in Savola. Then, he worked in the field of insurance and since 2002, he has been working for the Saudi Budget Company. |
| 2 | Ravish Mohamed Hussain Tatli | Chief Financial Officer of United International Transport Company, Budget Car and Van Rental, a joint-stock company registered in the Kingdom of Saudi Arabia | He worked in several positions in Ernst & Young Audit Co. from 1997 until 2002, in the Company's offices in Mumbai and Jeddah. | Bachelor degree in Statistics, University of Mumbai, India. PhD in Accounting, SMC University, Switzerland | He worked in several positions in Ernst & Young Audit Co. from 1997 until 2002, in the Company's offices in Mumbai and Jeddah. |

Names of companies in which a Board member is a member of their current or previous Board of Directors or one of their executives:

| Name | Names of companies in which a BOARD member is a member of their current BOARDS or a director | Inside/ Outside KSA | Legal entity | Names of companies in which a BOARD member is a member of their current BOARDS or a director | Inside/ Outside KSA | Legal entity |
|---|--|---------------------|--------------|--|---------------------|--------------|
| 1- Bassem Abdullah Abdul Rahman Alim | Aljozoor Alrasekha Trucking Co. | Within KSA | LLC | NA | NA | |
| 2- Khaled Abdullah Al-Dabal | 1- AKKD Holding Company | Within KSA | LLC | Al-Dabal | Within KSA | LLC |
| | 2- SGB Al-Dabal | Within KSA | LLC | | | |
| 3- Wafa Hashem Youssef Zawawi | 1- The Arab Manufacture of Vehicle and Trucks Co. | Within KSA | LLC | OCS Arabia | Within KSA | LLC |
| | 2- Zahid Tractor and Heavy Equipment MENA | Within KSA | LLC | The Arab Manufacture of Vehicle and Trucks Co. | Outside KSA | FZC |
| 4- Alaa Eddin Riyad Sami | 1- Saudi Total Petroleum Products Company | Within KSA | LLC | NA | — | — |
| | 2- Total Morocco Co. | Outside KSA | Joint Stock | | | |
| | 3- Wared Holding Co. | Within KSA | LLC | | | |
| | 4- Zahid Tourism Co. | Within KSA | LLC | | | |
| | 5- Hospitality Projects Co. | Within KSA | LLC | | | |
| | 6- Xenia INT Venture | Outside KSA | LLC | | | |
| | 7- Jordan National Bank | Outside KSA | Joint Stock | | | |
| | 8- Laguna Tourism Development Company | Outside KSA | LLC | | | |
| 5- Khaled Mohamed Abdullah Zahid | NA | NA | — | NA | NA | — |
| 6- Kholoud Abdul Rahman Khaled Al-Dabal | NA | NA | — | NA | NA | — |
| 7- Abdulaziz Abdul Rahman Al-Ohali | NA | NA | — | Saudi Bahraini Transport Company | Outside KSA | LLC |
| | | | | United Arab Shipping Company | Outside KSA | LLC |
| | | | | Educational Transportation Development Company | Within KSA | LLC |
| | | | | Saudi Railways Company | Within KSA | LLC |
| 8- Youssef Abdullah Abdul-Aziz Al-Rajhi | 1-Tabuk Agricultural Development Co. | Within KSA | Joint Stock | Shorouq Pack Company | Outside KSA | Joint Stock |
| | 2- Al-Rajhi Industry Co. | Within KSA | LLC | | | |
| | 3- Al-Rajhi Education Co. | Within KSA | LLC | | | |
| | 4- Riyadh Hotels Co. | Within KSA | LLC | | | |
| | 5- Food Horizons Co. | Within KSA | LLC | | | |
| | 6- Gulf Technology Co. | Within KSA | LLC | | | |
| | 7- Tabuk Marketing Co. | Within KSA | LLC | | | |
| | 8- Airport Co. | Within KSA | LLC | | | |
| | 9- Cole Travel and Tourism Co. | Within KSA | LLC | | | |
| | 10- Bangladesh Islamic Bank | Within KSA | LLC | | | |

► Formation of the Board and classification of its members

According to the bylaw of the Company, The Board consists of eight members (8) for a period of three years that commenced as of 21/6/2018 and will end on 20/6/2021. The following statement clarifies and classification of memberships of members of the Board until 31/12/2020:

| # | Member name | Membership classification |
|---|---|---------------------------|
| 1 | Dr. Bassem Abdullah Abdul Rahman Alim - BOARD Chairman | Non-executive |
| 2 | Eng. Khalid Abdullah Khalid Al-Dabal - Vice Chairman of the Board | Independent |
| 3 | Eng. Wafaa Hashem Youssef Zawawi - Member of the Board | Non-executive |
| 4 | Mr. Alaa Eddin Riyad Sami - Member of the Board | Non-executive |
| 5 | Ms. Kholoud Abdel Rahman Khalid Al-Dabal - Member of the Board | Independent |
| 6 | Mr. Khalid Mohamed Abdullah Zahid - Member of the Board | Non-executive |
| 7 | Dr. Abdul Aziz Abdul Rahman Nasser Al-Ohali - Member of the Board | Independent |
| 8 | Mr. Youssef Abdullah Abdul Aziz Al-Rajhi - Member of the Board | Independent |

- The membership status of a member of the Board of Directors, Mr. Khaled Muhammad Zahid, was changed from an executive member to a non-executive member based on his resignation from the position of Director of Corporate Affairs on 04/27/2020, as his last working day was on 05/26/2020, The Capital Market Authority was notified of this.

► The Board meetings:

In 2020, the Board held four (4) meetings, where the following statement clarifies the Board meetings and the attendance record for each meeting::

| Number of meetings: Four (4) in 2020 | | | | | |
|--------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-------|
| Member name | First meeting 06/02/2020 | Second meeting 17/06/2020 | Third meeting 23/07/2020 | Fourth meeting 22/10/2020 | Total |
| Bassem Abdullah Alim | ✓ | ✓ | ✓ | ✓ | 4 |
| Khalid Abdullah Al-Dabal | ✓ | ✓ | ✓ | ✓ | 4 |
| Wafaa Hashem Zawawi | ✓ | ✓ | ✓ | ✓ | 4 |
| Alaa Eddin Riyad Sami | ✓ | ✓ | ✓ | ✓ | 4 |
| Kholoud Abdel Rahman | ✓ | ✓ | ✓ | ✓ | 4 |
| Khalid Mohamed Zahid | ✓ | ✓ | ✓ | ✓ | 4 |
| Abdul Aziz Abdul Rahman Al-Ohali | ✓ | ✓ | ✓ | ✓ | 4 |
| Youssef Abdullah Al-Rajhi | ✓ | ✓ | ✓ | ✓ | 4 |

► General Assemblies of the Shareholders:

In 2020, the Company held (1) meeting for general assemblies of the shareholders, where the Board members who attended these assemblies are as follows::

| Member name | Ordinary general assembly meeting 15/6/2020 |
|----------------------------------|--|
| Bassem Abdullah Alim | ✓ |
| Khalid Abdullah Al-Dabal | ✓ |
| Wafaa Hashem Zawawi | x |
| Alaa Eddin Riyad Sami | x |
| Kholoud Abdel Rahman | ✓ |
| Khalid Mohamed Zahid | x |
| Abdul Aziz Abdul Rahman Al-Ohali | ✓ |
| Youssef Abdullah Al-Rajhi | ✓ |

► Results of the ordinary/ extraordinary general assembly meetings held in 2020:

► Results of the Ordinary General Assembly held on 15/6/2020:

1. Approval of the Board's report for the Financial Year ended on 31/12/2019.
2. Approval of the company auditor's report for the Financial Year ended on 31/12/2019.
3. Approval of the Company's consolidated financial statements for the Financial Year ended on 31/12/2019.
4. Approval of appointment of Ernst & Young Audit Office as the external auditor of the Company's accounts out of the candidates, based on the audit committee's recommendation, to examine and audit the financial statements for the 1st, 2nd, 3rd, and 4th quarters of the Financial Year 2020.
5. Approval of appointment of KPMG Al-Fawzan & Partners as an auditor for the Company's accounts out among the candidates, based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the 1st, 2nd, 3rd, and 4th quarters of the Financial Year 2021.
6. Approval of disbursing a remuneration of 2,530,000 SAR to the Board members for the Financial Year ended on 31/12/2019.
7. Approval of the business and contracts that will be concluded between the Company and Zahid Tractors and Heavy Equipment Ltd. in which the two board members/ Eng. Wafa Hashem Zawawi, non-executive member, and Alaa Eddin Riyad Sami, non-executive

member, have indirect interest, namely: Multi-term car rental contracts for one (1) month to a year; authorizing these contracts for a next year, noting that the transactions for 2019 amounted to 31,000 SAR and there are no preferential conditions in these contracts.

8. Approval of the business and contracts that will be concluded between the Company and Dr. Bassem bin Abdullah Alim & Partners Legal Consultants and Lawyers in which the Board Chairman, Dr. Bassem Abdullah Alim, a non-executive member, has a direct interest, namely: A contract for provision of consulting and legal services to the Company per annum; the contract term is three years and the contract has been activated as of 18/7/2019, where its annual value is 1,200,000, SAR noting that the transactions for 2019 amounted to 1,200,000 SAR and there are no preferential conditions in this contract.
9. Approval of participation of the Board member, Mr. Alaa Eddin Riyad Sami, competitive business to the Company's business.
10. Approval of authorizing the Board to distribute interim dividends on a semi-annual or quarterly basis for the financial year 2020.
11. Approval of the Board's decision regarding the cash dividends distributed for 2019 first half 0.5 SAR per share, 5% of the capital and at a total amount of SAR 35.6 Million.
12. Approval of the Board's recommendation to distribute cash dividends of 5% of the capital For the second half of 2019 at the rate of 0.5 SAR per share and at a total amount of of 35.6 Million SAR provided that the eligible ones are the shareholders holding the shares at the end of the trading day on the day of the assembly meeting and the ones who are registered in the shareholders' record with the Depository Center Company at the end of the second trading day following the maturity date. The dividend distribution date will be announced later.
13. Approval of discharge of the Board members from liability for the Financial Year ended on 31/12/2019.

► Number, dates of and reasons for the Company's applications for the shareholders' record for 2020:

| Number of the Company's applications for shareholder record | | |
|---|------------------|---|
| Number of applications | Application date | Application reasons |
| 1 | 02/02/2020 | Company actions |
| 2 | 04/05/2020 | Company actions |
| 3 | 01/06/2020 | Company actions |
| 4 | 14/06/2020 | For procedures of the General Assembly |
| 5 | 17/06/2020 | Register of those entitled to dividend distribution |
| 6 | 24/06/2020 | Company actions |
| 7 | 05/08/2020 | Register of those entitled to dividend distribution |
| 8 | 02/09/2020 | Company actions |
| 9 | 01/10/2020 | Company actions |

▶ BOARD Committees

The Board has three sub-committees, namely: Audit Committee, Remuneration and Nominations Committee and Investment Committee.

▶ 1. First: The Audit Committee:

The Audit Committee has a charter in compliance with the Companies Law and the Corporate Governance Regulations promulgated by the Capital Market Authority, where that charter was approved by the Ordinary General Assembly on 19/4/2017.

▶ 1.1 The Committee members:

The Committee includes the following members:

| # | Name | Nature of membership |
|---|--|----------------------|
| 1 | Mr. Mohamed bin Khalil Dahlawi - Non-member of the Board | Committee Chairman |
| 2 | Eng. Khalid bin Abdullah Al-Dabal - Independent Board member * | Committee member |
| 3 | Ms. Lulua bint Mohamed Bakr - Non-member of the Board | Committee member |
| 4 | Mr. Mufaddal bin Abbas Ali - Non-member of the Board * | Committee member |

* Board's approval was issued on 12/7/2020 to appoint Eng. Khalid bin Abdullah bin Khalid Al-Dabal (Independent Board member) as a member of the Audit Committee in place of the resigning member, Mr. Mufaddal bin Abbas Ali, until the end of the current Board session on 20/6/2021

▶ 1.2 A summary of the committee's responsibilities

The committee takes over the following responsibilities:

1. Ensuring the integrity of the financial reports and statements.
2. Supervising the internal audit works and evaluating the effectiveness of the group's internal control regulations.
3. Supervising the auditor's work.
4. Verifying the Company's compliance with the related laws, regulations, and policies.

The committee performs its duties through the following main activities:

1. Reviewing the effectiveness of the group's financial reports, internal control policies, and procedures for identifying, assessing, and reporting the risks.
2. Controlling integrity of the Group's interim and annual financial statements.
3. Analyzing any important or unfamiliar issues within the financial reports.

4. Reviewing the accounting policies followed by the group.
5. Verifying the accounting estimates in terms of the material aspects indicated in the financial reports.
6. Controlling role and effectiveness of the internal auditor.
7. Approving the annual plan related to the internal audit work.
8. Submitting recommendations to the Board regarding the nomination of the auditor.
9. Agreeing on and reviewing results of the scope of work of the auditor and the annual audit plan.
10. Keeping the relationship with the auditor under observation.
11. Evaluating the effectiveness of the audit process.
12. Controlling the extent of the group's compliance with the related laws, regulations, policies, and instructions.

► 1.3 Communication with the Board

The committee chairman submits reports on developments and the most important topics discussed in the committee to the Board.

No contradiction between the Committee and the Board was discovered during the year.

► 1.4 Main activities during the year ended on 31/12/2020

The committee performed its duties and responsibilities during the Financial Year in accordance with its charter as follows:

A- Financial reports

The committee verified fairness, integrity, and transparency of the financial statements through the following:

Examine and present the group's initial and annual financial statements to the Board together with the opinion and recommendations.

Verify the accounting estimates related to the material matters included in the financial statements.

Examine the accounting policies followed by the company.

B- Internal audit

Based on the importance to evaluate the effectiveness of the internal control regulations and verifying the integrity of the company's financial reports and statements, as well as the importance to supervise the internal auditors and the auditor and verify the company's compliance with the related laws, regulations, and policies, the General Assembly appointed the Audit Committee and approved its charter in accordance with the Companies Law and the Law Corporate Governance promulgated by the Capital Market Authority.

The internal audit has a vital role in evaluating the effectiveness of the internal control regulations through the audit program, which continuously assesses the risks in the company. The committee has supervised the work of the internal audit team throughout the year and verified the continuous independence of the internal auditors. Based on recommendations of the internal audit, the committee recommended the Board to take the necessary measures to improve the internal control regulations according to the business needs and best practices, where it provides an acceptable conviction to the audit committee about effectiveness of

design and implementation of the internal control regulations, noting that regardless of the extent of its sound design and effective application, any internal control regulations may not provide an absolute assurance.

C- Chartered accountant

The committee has evaluated the independence of the auditor and reviewed the scope of their work and the terms of contracting with them. Accordingly, in February 2020, the committee recommended the Board nominate any of the following auditors:

- BDO
- KPMG

On 15/6/2020, the Ordinary General Assembly has approved the appointment of the KPMG office as the company's auditor to examine and audit the quarterly and annual financial statements for the Financial Year 2021.

In addition, the committee has taken the following actions with the auditor for the Financial Year 2020:

- 1- It verified the auditor's independence, objectivity and fairness, and effectiveness of the audit work, taking into account the related rules and standards.
- 2- It reviewed the auditor's activities and action plan for the group.
- 3- It reviewed the chartered accountant's reports and notes on the financial statements.

D- Commitment

- 1- The committee ensured that the group adheres to the related laws, regulations, policies, and instructions.
- 2- It reviewed conclusions of reports of the regulatory authorities and verified that the necessary measures had been taken in this regard.
- 3- It reviewed the contracts and transactions proposed to be concluded by the company with related parties.

► Attending the meetings

As of 2020, all committee members meet at least four times a year in accordance with its charter.

In addition to the foregoing, the committee has reviewed the quarterly financial statements and other matters in some cases bypassing the decisions and regularly interacted with the Administration and internal auditors.

► 1.5 Annual financial statements for the year ending on December 31, 2020

The committee has examined the company's financial statements during the Financial Year 2020, made recommendations regarding them to the Board, ensured the company's commitment to the related regulations, laws, and policies, followed up the chartered accountant's plan and works, verified his independence and made recommendations for his nomination.

After the committee reviewed the annual financial statements, it believes that the Financial Year's financial statements ended on 31/12/2020 comply with all related regulations in terms of all material respects. Accordingly, the committee recommended that the board approve the year's annual financial statements ended on 31/12/2020.

► 1.6. Committee meetings:

| The number of meetings (6) meetings during the year 2020 | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|-------|
| The name of the member | The First | The Second | The Third | The Fourth | The Fifth | The Sixth | Total |
| | 03/02/2020 | 06/04/2020 | 16/06/2020 | 23/06/2020 | 22/07/2020 | 21/10/2020 | |
| Mohamed bin Khalil Dahlawi | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Khalid bin Abdullah Al-Dabal | - | - | - | - | ✓ | ✓ | 2 |
| Lulua bent Muhammad Bakr | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | 6 |
| Mufaddal Bin Abbas Ali | ✓ | ✓ | ✓ | ✓ | - | - | 4 |

► The following are the most important results of the annual review of the effectiveness of the company's internal control procedures:

The company's internal audit department implements the annual audit plan approved by the audit committee to assess the applied internal control by taking random samples of the planned activities to be audited in order to examine them and obtain reasonable assurances about the effectiveness and efficiency of the internal control procedures during the year.

The auditor plans and performs the audit work to obtain a reasonable degree of conviction that the financial statements are free from material errors in accordance with the accounting standards adopted in the Kingdom, which resulted in providing an unqualified opinion on the financial statements during the year 2020. The committee confirms that it is aware of the observations presented by the auditor and the internal audit department related to strengthening the internal control systems and that it has discussed them with the executive management, which continuously takes the necessary measures to implement the required corrective measures to correct and develop policies, procedures, and Computer systems.

► The audit committee's opinion on the adequacy of the company's internal control system

Based on the annual examination of the internal control procedures during the year 2020, the results of this examination provided acceptable guarantees regarding the effectiveness and adequacy of the company's internal control system, the correctness of operations, preparation and fair presentation of financial reports, as well as compliance with laws and regulations.

The Audit Committee recommended that the Executive Management continue taking the necessary measures to improve the internal control systems according to business needs and best practices, noting that any internal control system, regardless of the extent of its sound design and effectiveness of its application, cannot provide absolute assurance.

► 2. Second: Remuneration and Nominations Committee:

► First: the objectives of the committee

1. Establishing remuneration and membership policies for The Board, its committees, and the company's executive management, supervising and ensuring these policies' implementation.
2. Reviewing and supervising the implementation of succession plans, continuous development, and training of board members, the CEO, and senior executives.
3. Supervising the design of the performance and wages management program system and how to implement it, and ensuring that the wages are in line with the company's policies, programs, and long-term strategies in the field of its business. In addition to following up the performance and monitoring, the remuneration package applied and comparing it with the competing rewards in the market and plans to retain talented employees.
4. Taking responsibility for the evaluation in addition to monitoring performance, whether for members of The Board or executive management, and overseeing human resources policies.
5. Supervising the nomination process for membership of The Board, its committees, and the executive management.

► Second: Controls and procedures for the work of the committee

1. The Remuneration and Nomination Committee meets periodically, provided that its meetings are not less than two during the company's financial year at the rate of one meeting every six months.
2. The Remuneration and Nominations Committee may hold extraordinary meetings as required by necessity. The chairman of the committee or the majority of the members may call for an extraordinary meeting as required. The legal quorum for the committee meeting is completed when the majority of its members attend.
3. An invitation to attend committee meetings shall be sent in writing by the committee chairman or whomever he delegates from among the committee members or the secretary, sufficiently before the date of the meeting. Committee members are also provided with the meeting agenda and the necessary documents well in advance of the meeting date.
4. In the event that the committee chairperson is unable to attend, he may delegate one of its members to chair the meeting.
5. In the event that the member is unable to attend the meeting in person, sufficient effort is made to enable the member to attend by the use of modern means of communication, and in this case, the attendance of the member is tantamount as present in person.
6. Representation: In the event that a member is not able to attend on his behalf, a member may deputize another member of the committee on his behalf, and a member of the committee (who is already present in person) may not represent more than one member in attending the same meeting.
7. Voting: Each committee member shall have one vote, and the committee's decisions shall be issued by the majority of the votes of the members present and represented at the meeting.
8. The secretary of the committee documents the committee's meetings and prepares minutes for them that include the discussions and deliberations that took place, documenting the recommendations of the committee and the results of the vote and keeping them in a special and organized register, stating the names of the members present and the reservations they made, and signing these minutes by all the members present and the secretary. Those minutes are kept in the documents of the company.
9. The secretary must send the meeting minutes to the members to sign them within three working days from the date of the meeting, and the members are obligated to review the minutes and sign it within seven working days from the date of receipt, and in case there are any notes by

any of the members, he must write his note with the signature and the committee has to discuss this note at its next meeting.

10. The Board monitors the work and performance of the committee through periodic reports that are submitted to The Board.
11. No member of The Board or executive management except the secretary of the committee and the members of the committee is entitled to attend its meetings unless the committee requests to hear his opinion or obtain his advice or based on a prior invitation to attend the meeting.
12. It is not permissible for a member of the committee to participate in any business that would compete with the company or to trade in any of the branches of the activity that he is practicing.
13. The member of the committee is bound by what the member of The Board is obligated to do to protect the secrets of the company, and it is not permissible for the members of the committee to broadcast to the shareholders or others what they learned because of their assumption of their work in the committee; otherwise, they must be dismissed and held accountable for compensation for the damage that may result from that.
14. To maintain the necessary competence for carrying out the business entrusted with its implementation and keep abreast of recent developments related to the establishment's work.
15. To disclose to The Board the operations that took place between it and the company and the nature of the relationship, as required by the standard of operations with the related parties, and to disclose the relationship that binds him to The Board and the company's executive directors.

► Third: Duties of the Committee:

The Remuneration and Nomination Committee is responsible for reviewing and evaluating remuneration, as well as determining the controls for nomination to The Board, its committees and executive management, and submitting reports to the Board on its work periodically. The following are the most important functions of the committee:

1. Setting clear compensation and bonus policies for members of The Board, the committees emanating from the Board and the executive management of the company in line with performance standards and in a way that enhances the motivation of the administrative apparatus and the preservation of distinguished cadres. It must be ensured that these policies are in line with the statutory requirements stipulated in the Companies Law and the Capital Market Authority regulations and systems. These policies are presented to The Board for discussion in preparation for submission to the General Assembly for approval.
2. Supervising and following-up on the implementation of the rewards system, periodic review of reward policies, and evaluation of their effectiveness in achieving their goals.
3. Clarifying the relationship between the rewards granted, and the remuneration policy applied in accordance with the General Assembly resolution and indicate any material deviation from this policy.
4. Recommending to The Board the remuneration of the members of The Board (including the Chairman and Managing Director if appointed and the Secretary of the Board), the committees emanating from it and the senior executives of the company in accordance with the approved remuneration policies.
5. Recommending and reviewing CEO remuneration, including long and short-term incentives, and submitting its recommendations in this regard to The Board.
6. Reviewing the CEO's recommendations regarding general standards for financial rewards and other benefits for senior executives and company employees, and ensure their compliance with the remuneration policy.
7. Ensure that the details of the financial compensation paid by the company to the members of The Board and five of the company's senior executives who receive the highest compensation are disclosed, provided that among them is the CEO and Chief Financial Officer of the company, according to The Board's report in accordance with the rules of the Corporate Governance Regulations issued by the Capital Market Authority in this regard.
8. Consider paying additional bonuses to any member of The Board for additional efforts or other advisory or technical services carried out by the member, and submitting the committee's recommendation in this regard to the board for approval.

9. To make sure of conducting an independent annual auditing for the bonus system and to submit the reports of such auditing to The Board.
10. To carry out, annually or upon request by The Board, revision for the bonus system in the company and the policies that related to it and to make sure that such policies are in conformity at short term and long term with policies of risks and submitting suitable recommendations to The Board regarding amending and updating such policies.

► Duties and responsibilities that related to nomination:

1. To suggest clear policies and criteria for the membership in The Board, its committees, the executive management and the representative of the company in the affiliated companies.
2. To carry out the periodic revision for the organizational chart and formation of The Board and to give recommendation to conduct the necessary changes with annual revision for the necessary requirements of skills and experience for the membership of the Board and executive management as well as preparing a description of the required abilities and qualifications for the membership of the Board and for occupying the position of the executive management. Including determining of time that the member should allocate for the works of the Board.
3. To keep a permanent record includes information related to qualifications and skills of the Members of Board of Directors in order to follow up the required additional skills to empower the Board to carry out its duties.
4. To set up position description for the executive and nonexecutive members, the independent members and senior executive members.
5. To set up the special procedures in case the position of a member of Board of Directors or one of the senior executive members became vacant.
6. To make sure of implementing training programs for all members of Board of Directors related to developing requirements that approved and in conformity with the work activities.
7. To make sure, annually, about the independency of the members of Board of Directors and its committees according to the rules the Stock Market regarding the independent members.
8. To make sure, annually, the follow up of the imposed procedures in case of availability of conflict of interest for the members of The Board of the company and its affiliated companies.
9. To set up the special procedures if there is a vacant position within the membership of The Board or senior executive members.
10. To determine the strong and weak points in The Board and to suggest the solutions for treating them in conformity with the interest of the company through the following:
 - A) To suggest necessary mechanisms for evaluating the performance of the Board, its members, its committees and the executive management annually through suitable performances indexes related to verification of the strategic goals of the company and the quality of risks management as well as adequacy of the internal control systems and others. Provided that determination of strong and weak points and suggestions of their treatment should be in conformity with the interest of the company.
 - B) To assist the Board regarding its responsibilities for taking the necessary arrangements to get evaluation of an external entity competent for its performance every three years and to supervise the evaluation process.
11. To submit recommendations to the Board in case a seat of one member became vacant in membership of the committees of the Board through appointing new member(s) if necessary.
12. To study and review the recommendation of the CEO that related appoint or terminate the service of senior executive members.
13. To study and review the plans of administrative sequence and the position replacement of the company in general and the Board, CEO and senior executive members particularly.
14. To provide suitable level of training and definition for the new members in the Board and committees regarding the duties and accomplishments of the company so that to empower them to carry out their works as per the required efficiency.

15. To give recommendation to the Board and to nominate the candidates for the duties of the CEO, financial president and general manager of the internal auditing and general manager of the risks.
16. To assist The Board in preparation and revision of the Organizational Chart of the Company and the operational model that will organize the relation between the mother company and its affiliated companies.

► Member of the Committee

The Committee on 21 December 2020 includes the following members:

| | Name | Nature of Membership |
|---|---|---------------------------|
| 1 | Mr. Khaled Bin Abdullah Al Dabal - Independent Board member | Chairman of the Committee |
| 2 | Mr. Samer Saman - Non-Board member | Member of the Committee |
| 3 | Mr. Moaz Al Ohaly - Non-Board member | Member of the Committee |

► Meetings of the Committee

The Remuneration and Nomination Committee held in the year 2020 two (2) meetings. The members of the committee participated through attendance as shown below:

| Two meetings in the year 2020 | | | |
|--------------------------------|-------------------------|--------------------------|-------|
| Name of the member | The First 13/02/2020 | The Second 11/12/2020 | Total |
| Mr. Kahed Bin Abdullah Al Debl | ✓ | ✓ | 2 |
| Mr. Samer Saman | ✓ | ✓ | 2 |
| Mr. Moaz Al Ohaly | ✓ | ✓ | 2 |

▶ 3. Third: Investment Committee:

▶ 1. Members of the Committee:

The Committee was formed as per a decision of the Board dated 28/11/2019. The Committee includes the following members:

| # | Name | Nature of membership |
|---|--|-------------------------|
| 1 | Dr. Basem Abdullah Abdul Rahman Alem - Non-executive Board member | Head of the Committee |
| 2 | Miss. Khlood Abdul Rahman Khaled Al Dabal - Independent Board member | Member of the Committee |
| 3 | Mr. Samer Saman - Non-Board member | Member of the Committee |
| 4 | Mr. Fawaz Abdullah Danish - President and Group CEO | Member of the Committee |
| 5 | Mr. Muhammed Ravish Tatli - Financial Manager of the Group | Member of the Committee |

▶ 2. Meetings of the Committee:



Due to the exceptional circumstances during COVID-19, the committee's meetings have been deferred to the year 2021.

▶ 4. First: The purpose of the Committee:

The aim of this regulation is to organize the work of the investment committee through determining its duties and validity in addition to measurements and procedures of its work and the rules of nominating its members. This in the light of the rules that organize the works of the committees in the joint-stock companies that entered and stipulated in the list of governance of the companies that issued from Stock Market Authority.

▶ Second: Formation of the Committee:

- ▶ The Investment Committee to be formed as per a decision by the Board for three years starting from the beginning of the board session. The period of membership shall expire at the same time as the end of the board session.
- ▶ The membership of the Investment Committee should be of three members at least. The membership should not be more than five members, whether from the board members or senior executive members, with the possibility of appointing external experts, whether shareholders or others. Provided that one of them should be at least one independent member from the members of The Board of the Company.
- ▶ The Board shall appoint one of its members as the head of the Committee. If such appointment not happened from the Board, the Committee members (through the majority of votes) shall elect one of them as the head of the Committee.
- ▶ The Investment Committee shall be formed from the members of The Board according to the following rules of selection:
 1. The candidate should enjoy experiences in the domain of investment
 2. The candidate should have good knowledge regarding the company's activities and business and the required skills and experiences to manage it.

3. No judgment was issued against the candidate for committing a work-violating honor, honesty, or violating the systems and regulations in the Kingdom of Saudi Arabia or any other country.
 4. The candidate's selection should not be violating the related systems, regulations, and instructions.
- ▶ The member shall carry out his duties from the date of his appointment by The Board, and his membership shall expire in one of the following cases:
 1. End of the round of the Board.
 2. Resignation without prejudice to the right of the Company for compensation if the resignation took place at inconvenient timing.
 3. Issuance of a ruling regarding publicity of his bankruptcy or insolvency or he requested settlement with his creditors.
 4. Be guilty of conducting an action violating honor, honesty, forgery, or violating systems and regulations in the Kingdom of Saudi Arabia or any other country.
 - ▶ The Board has the right to dismiss or replace any or all Committee members at any time it sees fit.
 - ▶ Suppose the position of a member of the Committee became vacant. In that case, The Board may appoint a member in the vacant position provided that he must fulfill the selection rules for the membership of the Committee referred to in this regulation. The Authority should be informed during the regular period from the date of appointment.
 - ▶ The Company must inform the Authority with the names of the Committee members and the description of their membership at the time of their appointment or in case of any changes during the regular period that determined by the regulation of companies' governance issued by Stock Market Authority.

▶ Third: Duties and responsibilities of the Committee:

- ▶ To work with the Executive management to set up the strategies and policy of investment in the Company to be suitable to the nature of its works and activities as well as the risks that it exposed and give recommendations regarding them to The Board.
- ▶ To review the strategies and policy of investment periodically to make sure that they are suitable for the changes that may happen to the external environment that the company works in, it o the legislation that organizes its works and strategic goals. In addition, to give a recommendation to the Board regarding the suggested changes on such policy.
- ▶ To supervise the Company's investment activities and set suitable procedures to measure and evaluate the investment performance.
- ▶ To study and evaluate the suggested investment opportunities by the management of the company regarding the following transactions and to give a recommendation regarding them:
 1. Processes of merging or question regarding companies, works, or assets.
 2. Any termination, selling or shifting or ownership or leaving of existing investment, or disposing of it.
 3. The joint Ventures as per Agreement of Partners.
 4. Investment in new or existing projects or expanding the projects that the company has an interest in them.
 5. Any investment opportunity that the company management desires to inter.
 6. Studying the possibilities if financing for the above-mentioned transactions.

- ▶ To make sure that the suggested investment opportunities are obliged to the related systems, regulations and instructions.
- ▶ To determine and arrange the priorities of the suggested investment offers.
- ▶ To study the periodic reports from the Executive Management regarding the works of the approved investment opportunities.
- ▶ To review the general frame for the total capital allocations and the followed model and structure in applying the investment activities of the Company and give recommendation to The Board regarding them. Putting into consideration the related factors such as the goals of revenue on the invested capital and necessary comparisons for allocating the capital and limits of risks and strategic goals of the Company.
- ▶ To review the effect of the transactions and suggested deals for the Statement of the Financial Position of the Company including such required financing and evaluate the effect on the percentages of liquidity and indebtedness and to give recommendation regarding them to the Board.
- ▶ The Committee, through its head, must submit an annual report to The Board regarding all decisions and works that were taken and carried out by it.

▶ Fourth: Controls and procedures of the work of the Committee:

▶ Competencies of the Head of the Committee:

The Head of the Committee shall assume the following duties:

1. To manage the meetings of the Committee and ratify its effectiveness.
2. To represent the Committee before The Board.
3. To call the Committee for meeting while determining the time, date and place of meeting through coordination with the members of the Committee.
4. To prepare the agenda putting into consideration the subjects that the members of the Committee desire to enter.
5. To guarantee that the subjects that given to the Committee are accompanied with enough information so that empower the Committee to take the decisions about such subjects.
6. To make sure that there is enough time to discuss the agenda of meetings of the Committee.
7. To ratify the effective participation of the members in the meetings through studying the subjects of the agenda, discuss them and express the opinion so that to verify the goals of the Committee.
8. To make sure of availability of complete and correct information to the members of the Committee at the suitable time. In order to empower them to perform their duties.
9. To prepare the periodic reports about the activities of the Committee and to submit its recommendations and works to The Board.
10. To follow up implementation of the decisions that issued by the Committee.
11. To carry out the periodic evaluation of performance of the Committee and its members.
12. To issue the recommendations of the Committee about any investment to The Board in order to take the final decision about such recommendations regarding the recommended investment opportunities

► Duties of the Committee's members:

1. To be obliged to the provisions of corporate regulations and regulation of Stock Market and their executive regulations, the related systems and the by-law of the Company when practicing the duties and to refrain from carrying out or participating any work that may harm the interests of the Company.
2. The member should be aware of the duties and responsibilities of the Committee, He must allocate enough time to do his role to verify such duties and responsibilities.
3. To carry out his duties far from any external effect whether inside or outside the Company.
4. To attend the meeting and not to absent unless due to subjective justifications that the head of the Committee should be notified about them in advance.
5. The effectiveness participation in the meetings of the Committee through studying the concerned subjects in the agenda and discuss them.
6. The do the effort to know the regulatory developments in the scopes and subjects that related to the duties and responsibilities of the Committee.
7. To do the effort to know all developments in the domain of the company's activities and works and the other related scopes.

► Meetings of the Committee:

The Committee shall hold meeting two times at least in the year based on call from its head. It may hold exceptional or urgent meetings according to interest of the work based on call by its head or three members.

1. The condition of correctness of the meeting is the attendance of all members of the Committee from the members of The Board and CEO.
2. The member of the Committee may participate in meetings of the Committee through modern communication means. Participation through such case is considered same as personal attendance.
3. The member of the Committee may not be as proxy for more than one member for attending the same meeting.
4. The invitation for attending the meeting of the Committee to be addressed before its timing with five days at least/ the call should be accompanied with the agenda, documents and necessary information to discuss the subjects of the meeting and taking the decision about them.
5. The Committee shall hold its meetings in the headquarters of the Company. It may hold meetings outside the headquarters of the Company if the head of the Committee considered an interest to do so.
6. Any member of The Board or the executive management who is not a member of the Committee may not attend its meetings unless through call from the Committee for hearing his opinion or getting his advice.
7. The decisions of the Committee to be issued through the majority of the votes of the attending members. In case of equality of the votes, the side of the head of the meeting shall be preferred.
8. The member of the Committee has the right to object any decision to be taken by the Committee provided that he must affirm his objection expressly in the minutes of meeting showing the reasons of his objection.
9. Secretary of the Committee shall prepare a draft of the minutes of meeting of the Committee (including statement with the names of the attending and absent members in addition to

summary of discussions, deliberations and decisions). And to send them to the head and members of the Committee within ten calendar days from the date of holding the meeting for reference and expressing any remarks on them (if any) within seven calendar days from the date of sending them through e-mail. In case of not receiving any remarks, this shall be considered as declaration of approval. Then the minutes of meeting shall be signed by the head of the Committee the secretary and all attending members. Signature could be done through passing if necessary. Such minutes of meeting to be kept with the important documents of the Company.

10. The committee approves the dates and agenda of the meetings of the Financial Year according to requirements and according to latest updates.

► **Fourth: Evaluating the work of the Committee:**

The Committee shall evaluate the results of its works periodically. The elements of evaluation shall include but not limited to the level of its effectiveness when doing its duties.

► **Fifth: The Secretary of the Committee:**

The Committee shall select a secretary of it from its members or the employees of the Company. He shall have no right to vote its decisions in case he is not a member of the committee. He shall be responsible to prepare for meetings, activities of the Committee, preparing and documenting its minutes of meetings, follow up the implementation of the recommendations and directives and to communicate with its members and the administrative and other logistic procedures. The head of the Committee shall determine his remuneration and the method of paying it in the light of the policies regarding such matters

The duties of the Secretary of the Committee shall be as follows:

1. To coordinate the meetings of the Committee and setting up a suggestion for the agenda through coordination with the head of the Committee.
2. Informing the members of the Committee about the timings of the meetings and provide them with the agenda and necessary documents to study the clauses of the meeting of the Committee.
3. To attend and documentation of the meetings of the Committee and prepare its minutes of meeting and keep them in special record.
4. To keep the documents, records and reports that presented to the Committee and issued by it.
5. To give assistance and advice to the Committee regarding the matters that within its competency.

► **Sixth: Disclosure of Investment Opportunities:**

The committee determines how far an advertisement shall be published to the public on the financial market website (Tadawul) when it studies the investment opportunities proposed by the company's management and recommends The Board, taking into account the following:

1. The company's intention to implement the proposed investment opportunity.
2. Inability to commit to maintaining the confidentiality and protection of information.
3. The committee assesses whether any investor is likely to take into account those investment opportunities when making his investment decision.
4. One of the cases stipulated in the regulations of the Financial Market Authority with regard to essential information shall be immediately disclosed to the public.

► Seventh: Confidentiality of the Committee's Work:

A committee member must abide by maintaining the confidentiality of the information made available to him and the documents he has, due to the utmost importance of them.

► Eighth: Conflict of Interest:

1. A member of the committee must avoid situations that lead to a conflict of his interests with that of the company. Conflict of interest means that there is a direct or indirect interest for any member in a topic on the committee's agenda, and that interest would influence or believe the influence of that interest on the independence of the committee member's opinion who is supposed to express his professional point of view.
2. If the member has any conflict of interest in an item on the committee's agenda, he must disclose that before the discussion of the topic begins, provided that this is recorded in the meeting's minutes, and in this case, he may not attend the discussion of the related topic, participate in the discussion or vote for it.
3. It is not permissible for a member of the committee to have a direct or indirect interest in the contracts and works that are drawn up in favor of the company, and he may not participate in any work that would compete with the company or compete with one of the branches of the activity that he is practicing except after the completion of the necessary procedures in accordance with the company's governance regulations.

► Ninth: remuneration of committee members:

1. The annual remuneration for the members of the committee shall be determined based on the policy established by The Board and in accordance with the remuneration policies of the members of The Board, the emerging committees and the recommendations of the nomination and remuneration committee.
2. The remuneration of the members of the committee shall be a lump sum in addition to an attendance allowance for the sessions and any other benefits included in the remuneration policy established by The Board for its members and members of the committees, and they are disbursed in accordance with the controls contained in that policy.
3. The company is obligated to cover transportation, housing and any other expenses to enable the member to attend meetings and participate in the committee's activities related to its duties.

► Company executive management

The responsibilities of the executive management of the company include, but not limited to, ensuring compliance with the policies of the Board and their application to the fullest, submitting proposals aimed at raising the level of the company's growth and profitability, developing and implementing operational plans and budgets, and identifying and retaining qualified employees.

The President and Group CEO leads the executive management of the company, and the rest of its members consist of the group's chief financial officer, the general director of human resources and organizational development, the director general of operations and the chief executive of internal auditing.

And being keen constantly to monitor performance and ensure compliance with its policies and quality standards, the company relies on a different and varied meeting plan in time and place for the executive management., we explain the plan of these meetings according to their types as follows:

► Weekly meetings

It takes place in the main headquarters of the company, with the membership of region managers and directors of various departments, to follow up on the performance up-to-date, this meeting takes place on a weekly basis, and its recommendations are implemented within each region according to the directions and policies of the company, and monthly reports shall be submitted

by the region managers to the senior management on the results of their work.

► Quarterly meetings

These meetings take place headed by group head and the CEO to follow up the performance of all the different regions in general and the company's plans for each region for the next three months and take place alternately in the main or regional center for each region (Western _ Central _ East)

► Annual meetings

This meeting takes place once at the end of FY to review the annual results for the past year and approve the company's plans for the next year.

► Payments to board members and senior executives:

The remuneration policy of The Board, its committees and the executive management approved by the decision of the general assembly of the shareholders of the company, which was held on 23/3/1439 AH corresponding to 11/12/2017

► First: Preface

The remuneration policy of The Board, its committees, and the executive management of the United International Transportation Company has been prepared in accordance with the provisions of Paragraph (1) of Article (61) of the companies Governance Regulations issued by the Capital Market Authority under Resolution No. (8-16-2017) dated 16/5/1438 AH corresponding to 13/2/2017.

► Second: The purpose of the policy

This policy aims to follow clear criteria for determining the remuneration of members of The Board, members of committees and senior executives of the company in light of the requirements of the companies' system and the regulations of the Capital Market Authority. This policy also aims to attract, maintain and motivate professional competencies in relation to performance, which contributes to improving the performance of the company and achieving the interests of shareholders.

► Third: General criteria of remuneration

Without prejudice to the provisions of the companies' act, the financial market act and their implementing regulations, the remuneration and nominations committee shall be authorized to recommend The Board with regard to the remuneration of board members, committee members and senior executives of the company in accordance with the following standards:

1. Remuneration shall commensurate with the company's activity and is consistent with the company's strategy and objectives.
2. Purpose of the remunerations shall be motivational in order to urge members of the board, its committees and members of the executive management to succeed and develop the company in the long term, for example linking the variable part of the remuneration with long-term performance.
3. Remunerations are determined based on the level of the position, the tasks and responsibilities assigned to the occupant, the academic qualifications, the practical experience, the skills and the level of performance.
4. Remunerations must be consistent with the size, nature and degree of risk of the company.
5. When setting remunerations, the practices of other companies in determining remuneration must be taken into consideration while avoiding what may result from unjustified increases in bonuses and compensations.
6. Remunerations are appropriately enough to attract, maintain and motivate professional competencies without exaggerating them.

7. Remunerations are prepared for new appointments, especially from the company's senior executives, in coordination with the remuneration and nominations committee.
8. Remunerations of the members of The Board may vary in terms of the amount according to the criteria of experience and competence, the tasks assigned to the member to carry out, the number of sessions he attends, the independence of the member and other considerations set by the remuneration and nominations committee, such as the annual review of the performance of the members of the board, the executive management and members of the committees as one of the important criteria for determining their respective remunerations.
9. Remunerations disbursement or refund shall be suspended when proven it is decided based on inaccurate information provided by a member of The Board, executive management, or a member of any of the board committees, in order to prevent the exploitation of the employment situation to obtain undue remunerations.
10. In the event that it is approved to grant shares of the company to members of The Board, the executive management, or the company's employees, whether it is a new issue or shares purchased by the company, this shall be done according to specific procedures and under the recommendation and supervision of the remuneration and nominations committee and in accordance with the company's bylaw, the companies' system and the Capital Market Authority's regulations.

► Fourth: Board of director's remuneration

1. The remuneration of the members of The Board in the United International Transportation Company shall be a certain amount or an attendance of the sessions, an expenses allowance, in-kind benefits, or a percentage of the profits. It is permissible to combine two or more of these benefits without exceeding what is stipulated in the companies act and its regulations in accordance with the agenda included in this policy and any subsequent amendments to this agenda, which will be approved in accordance with the regulations.
2. The remuneration of The Board consists of an annual bonus in addition to an attendance of sessions allowance for The Board and of a percentage not exceeding (10%) of the remaining net profits after the distribution of the percentages mentioned in Article 45 of the Company's Bylaw, with a maximum of (500,000) five hundred Thousand riyals for each member. Provided that the entitlement to this bonus is proportional to the number of sessions the member attends.
3. The report of The Board to the ordinary general assembly must include a comprehensive statement of all the remunerations, expenses allowances and other benefits that board members received during the fiscal year, and it should also include a statement of what board members received as employees or administrators or what they received in return for Technical, administrative or consulting works. It should also include a statement of the number of board sessions and the number of sessions attended by each member from the date of the last meeting of the general assembly.
4. The remuneration of a member of The Board must be fair and proportionate to his qualifications, the works and responsibilities he carries out and assumes as a member of The Board, in addition to the goals set by the board and to be achieved during the fiscal year.
5. The remuneration should be based on the recommendations of the remuneration and nominations committee.
6. The remuneration shall be consistent with the sector in which the company operates, its size, and the experience of board members.
7. The remuneration is reasonably sufficient to attract, motivate and retain board members with appropriate competence and experience.
8. The remuneration of members of The Board may vary according to the criteria mentioned in this policy.
9. The remuneration of independent members of The Board should not be a percentage of the profits achieved by the company or be based directly or indirectly on the profitability of the company.

10. If the general assembly decides to terminate the membership of a member of The Board who is absent from attending three successive meetings of the board without a legal excuse, this member is not entitled to any remuneration for the period following the last meeting he attended, and he must return all the remuneration that was paid to him for that period.
11. A member of The Board may obtain a remuneration in return for his membership in the audit committee formed by the general assembly, or for any additional executive, technical, administrative or advisory work or positions assigned to him in the company in addition to the remuneration that he can obtain as a member in The Board and in the committees formed by The Board in accordance with the companies act, the Company's bylaw, and the Capital Market Authority's regulations.

► Fifth: remuneration of committee members:

1. The Board determines and approves the remuneration of the members of the committees emerging from it, attendance allowances and other entitlements based on the recommendation of the remuneration and nominations committee.
2. An annual bonus remuneration of the members of the committees emerging from The Board shall be a lump sum in addition to attending meetings allowances and other entitlements according to what is shown in the agenda related to this policy.
3. The remuneration of the members of the audit committee is approved by the general assembly of shareholders based on the recommendations of The Board and the nomination and remuneration committee.
4. In all cases, the remuneration of a member of the committee / committees - emanating from The Board - in addition to his remuneration for the membership of The Board - if he is a member of the board - shall not exceed the maximum permissible remuneration of members of the board according to the companies act, which is 500 Thousand riyals, with the exception of a member of the audit committee, it is permissible for the total amounts of remuneration allocated to him to exceed this limit in terms of his membership in the audit committee and his membership in The Board.

► Sixth: Remuneration of the Executive Management:

The remuneration and nomination committee shall review the salaries of all employees, senior executives, plans and incentives program on an ongoing basis and approves them based on the recommendation of the executive management. The remuneration of the executive management includes the following:

1. Basic salary (to be paid monthly at the end of each calendar month).
2. Allowances, including but not limited to housing allowance, transportation allowance, telephone allowance, fuel allowance, etc.
3. Medical insurance benefits for the employee and his family.
4. An annual remuneration related to performance indicators according to the annual evaluation in this regard.
5. Short-term incentive plans related to exceptional performance and long-term incentive plans such as share programs (if any).
6. Annual bonuses fixed for the nature of work of some specialties in the company.
7. Incentives related to sales.
8. Other benefits include, but not limited to, annual travel tickets, annual leave.

► Seventh: Remuneration criteria of the executive management:

The remuneration of the company's employees and senior executives is determined according to the following criteria:

1. In determining and amending the basic salary of a company employee, his capabilities, professional competence and his professional history in the company throughout his work service shall be taken into account.
2. As for the company's new or newly appointed employees, their salaries are determined by a decision of the company's CEO, in accordance with the company's policy of employment.
3. With regard to fixed bonuses, whether they are a lump sum or a certain percentage of sales, they are determined, approved by the CEO in accordance with the internal incentive regulations.
4. The remuneration and nomination committee reviews the annual salaries of the company's employees and submits its recommendations to the CEO of the company.
5. 5- Annual remunerations related to performance are determined by the remuneration and nomination committee, according to the recommendations and reports of the Group head, CEO and general directors of departments.
6. 6- For senior executives, the incentive plans and programs assigned to them, as well as the amendment of salaries and other benefits, must be approved by the remuneration and nomination committee.
7. Some allowances are determined as a percentage of the basic salary, such as the housing allowance, at 25% of the basic salary, and the transportation allowance at 10%.
8. It is left to the executive management to decide the method of disbursing the allowances decided for employees, after the approval of the CEO.
9. Some of the company's employees receive benefits in kind, based on the nature of their work, such as providing a car in accordance with the conditions and standards set by the company's management in this regard, and the provision of a car for the company's employees is certified by the group head and CEO, and in the event that any of the company's executive management employees obtain a car he shall not be entitled to the transportation allowance.
10. Some of the other allowances such as fuel and telephone allowances are left to the group head and CEO to estimate and cancel or re-approve them in accordance with a clear internal policy of the human resources department.
11. 11- For senior executives of the company, the allowances payable for them are submitted and approved by the remuneration and nominations committee.
12. Regarding airline tickets, it is paid to the non-Saudi employees of the company and their families, with a maximum of one wife and two children, once a year, in economical class, for employees contracting with the company with family privileges. As for an employee contracted without family privileges, he is entitled to only one ticket.
13. The group head and CEO shall apply the remuneration policy to employees and senior executives in light of the plans and programs recommended by the remuneration and nominations committee.

► Eighth: General Provisions:

1. Board members may not vote on the board members remuneration item at the shareholder's general assembly meeting.
2. The company shall disclose the remuneration of members of The Board, members of committees and senior executives in the annual report of The Board in accordance with the controls and directives issued in accordance with the Companies Law and the Regulations of the Capital Market Authority.
3. A member of The Board is entitled to the remuneration as of the date he joined the board or committee.
4. The procedures for disbursing remuneration for members of The Board and committees shall be prepared by the secretary of the board, provided that the order for their disbursement is approved by the chairman of The Board.

► Ninth: Remuneration determined for members of The Board and committees:

Annual remuneration and allowances determined for members of The Board or members of the committees may be reviewed based on the recommendation of the Remuneration and Nominations Committee in light of the variables related to performance, and then obtaining the approval of the General Assembly of shareholders on that.

► Tenth: Other expenses and benefits:

The company bears transportation costs for travel and accommodation in Jeddah for members of the Council and members of the committees residing outside Jeddah.

The company shall bear all costs of accommodation and transportation for members of the Board, Committees and Executive Management in the event that the meeting is held outside the city of Jeddah.

► Eleventh: Final Provisions (Publication, Enforcement, and Amendment):

The provisions of this policy shall be implemented and adhered to by the company starting from the date of its approval by the General Assembly of shareholders, and it is published on the company's website to enable the public, shareholders and stakeholders to view it. They shall be amended as needed or periodically by the Remuneration and Nominations Committee. These amendments shall be presented by the committee to The Board, which studies these amendments and recommends them to the General Assembly of shareholders to take a decision regarding them.



Approval Date: 11/12/2017, based on the decision of the 8th extraordinary general assembly.

► Remuneration of members of the Board of Directors

► Firstly: Independent Members

| | Fixed BOUNS (SAR) | | | | | | Variable Bouns (SAR) | | | | | | End of service gratuity (SAR) | Grand Total (SAR)***** | Expense allowance | |
|--------------------------------------|-------------------|--------------------------------------|--|------------------|--|---|----------------------|-----------------------|------------------------|----------------------------|---------------------------|-----------------------------------|-------------------------------|------------------------|-------------------|-------|
| | A certain amount | Attendance allowance> Board sessions | Total allowance for attending committee sessions | Benefits in kind | Reward technical, administrative and advisory work | Remuneration for the Chairman of the Board, the Managing Director or the Secretary, if he is a member | Total | Percentage of profits | Periodic Rewards ***** | Short-term incentive plans | Long-term incentive plans | Shares awarded (value is entered) | | | | Total |
| MR. Khaled Abdullah Al-Dabal * | 350,000 | - | - | - | - | - | 350,000 | - | 25,000 | - | - | - | 25,000 | - | 375,000 | - |
| MR. Kholoud Abdul Rahman Al-Dabal | 250,000 | 10,000 | - | - | - | - | 260,000 | - | 100,000 | - | - | - | 100,000 | - | 360,000 | - |
| MR. Abdul Aziz Abdul Rahman Al-Ohali | 250,000 | 10,000 | - | - | - | - | 260,000 | - | 100,000 | - | - | - | 100,000 | - | 360,000 | - |
| MR. Yousef Abdullah Al-Rajhi | 250,000 | 10,000 | - | - | - | - | 260,000 | - | 100,000 | - | - | - | 100,000 | - | 360,000 | - |
| Total | 1,100,000 | 30,000 | - | - | - | - | 1,130,000 | - | 325,000 | - | - | - | 325,000 | - | 1,455,000 | - |

Secondly: Non-executive members

| | Fixed Bouns (SAR) | | | | | | Variable Bouns (SAR) | | | | | End of service gratuity (SAR) | Grand Total (SAR)***** | Expense allowance |
|-------------------------------|-------------------|---------------------------------------|--|------------------|--|---|----------------------|-----------------------|-----------------------|----------------------------|---------------------------|-----------------------------------|------------------------|-------------------|
| | A certain amount | Attendance allowance > Board sessions | Total allowance for attending committee sessions | Benefits in kind | Reward technical, administrative and advisory work | Remuneration for the Chairman of the Board, the Managing Director or the Secretary, if he is a member | Total | Percentage of profits | Periodic Rewards **** | Short-term incentive plans | Long-term incentive plans | Shares awarded (value is entered) | Total | |
| Dr. Basem Abdullah Alem** | 500,000 | - | - | - | - | - | 500,000 | - | - | - | - | - | 500,000 | - |
| Eng. Wafa Hashem Zawawi | 250,000 | 10,000 | - | - | - | - | 260,000 | - | 100,000 | - | - | 100,000 | 360,000 | - |
| MR. Aladdin Riad Sami | 250,000 | 10,000 | - | - | - | - | 260,000 | - | 100,000 | - | - | 100,000 | 360,000 | - |
| MR. Khaled Muhammad Zahid *** | 250,000 | 10,000 | - | - | 193,000 | - | 453,000 | - | 100,000 | - | - | 100,000 | 807,034 | 1,167,034 |
| Total | 1,250,000 | 30,000 | - | - | 193,000 | - | 1,473,000 | - | 300,000 | - | - | 300,000 | 807,034 | 2,580,034 |

* All the sums to be received by a member of the Board of Directors, Mr. Khaled Abdullah Al-Dabal, for his position as Deputy Chairman of the Board of Directors, have also been included in the amounts that he will receive in his capacity as Chairman of the Remuneration and Nominations Committee in the remuneration table of the Remuneration and Nominations Committee and will be disbursed in a manner that does not exceed the permitted statutory limit. How much money he receives as a member of the audit committee has been included in the audit committee remuneration table.

** Chairman of the Board of Directors Dr. Basem Abdullah Alem receives a reward for his position as Chairman of the Board of Directors, amounting to 500,000 SAR, and it will be disbursed way that does not exceed the permissible statutory limit.

*** The membership status of a member of the Board of Directors, Mr. Khaled Muhammad Zahid, was changed from an executive member to a non-executive member based on his resignation from the position of Director of Corporate Affairs on 04/27/2020, as his last working day was on 05/26/2020, The Capital Market Authority was notified of this.

**** An exceptional remuneration will be disbursed to the Board of Directors for the results of 2020, upon the recommendation of the Nominations and Remuneration Committee at its meeting No. 1 of 2021.

***** Member of the Board of Directors Mr. Khaled Muhammad Zahid receives an end-of-service for his executive role in the company for 15 years, as his last working day was on 05/26/2020.

Remunerations and allowances for (5) of the company's senior executives for the year 2020

| Executive Role | Fixed Benefits | | | | Inconstant Benefits | | | | | | Total remunerations for the Board of Directors if applicable | Total |
|--------------------------------|------------------|------------------|------------------|------------------|---------------------|----------|----------------------------|---------------------------|------------------------|------------------|--|------------------|
| | Payroll | Allowances | In-kind Benefits | Total | Periodic Bonuses * | Profits | Short-term Incentive Plans | Long-term Incentive Plans | Granted Shares (Value) | Total | | |
| President & Group CEO | 1,680,000 | 559,500 | - | 2,239,500 | 4,050,000 | - | - | - | - | 4,050,000 | - | 6,289,500 |
| Group CFO | 783,909 | 239,550 | - | 1,023,459 | 420,000 | - | - | - | - | 420,000 | - | 1,443,459 |
| Director of Sales & Marketing | 302,400 | 100,800 | - | 403,200 | 108,000 | - | 103,237 | - | - | 211,237 | - | 614,437 |
| Chief Audit Executive | 392,000 | 159,300 | - | 551,300 | 70,000 | - | - | - | - | 70,000 | - | 621,300 |
| Director HR & Org. Development | 336,000 | 126,150 | - | 462,150 | 90,000 | - | - | - | - | 90,000 | - | 552,150 |
| Total | 3,494,309 | 1,185,300 | 0 | 4,679,609 | 4,738,000 | 0 | 103,237 | 0 | 0 | 4,841,237 | 0 | 9,520,846 |

* The board of directors approved the Bonus for the year 2020 for each executive based on the remunerations and nominations committee recommendation for the exceptional results and performance, which exceeded expectations in the economic situation during the time of Covid-19

► Remuneration for Members of the Committees

► Details of the remuneration of the members of the audit committee:

| Name | Fixed Rewards (SAR) | Total (SAR) |
|---|---------------------|-------------|
| Mr. Muhammad bin Khalil Dahlawi (Chairman of the Committee) | 200,000 | 200,000 |
| Mr. Mufaddal Bin Abbas Ali (Committee Member) | 95,178 | 95,178 |
| Ms. Lulu'a bint Muhammad Bakr (Member of the Committee) | 180,000 | 180,000 |
| Engineer. Khalid bin Abdullah Al-Dabal (Committee Member) | 84,822 | 84,822 |
| Total | 560,000 | 560,000 |

- The remuneration of the members for the Audit Committee for the current session is 200,000 SAR for the head of the committee and 180,000 SAR for each member. No allowance has been decided for attending sessions.
- The approval of The Board was issued on 7/12/2020 to appoint Engineer. Khalid bin Abdullah bin Khalid Al-Dabal (Independent Board Member) as a member of the Audit Committee in place of Professor. Mufaddal Bin Abbas Ali.

► Remuneration details for members of the Remuneration and Nomination Committee:

| Name | Fixed Rewards (SAR) | Total (SAR) |
|--|---------------------|-------------|
| Mr. Khaled Abdullah Al-Dabal (Chairman of the Committee) | 125,000 | 125,000 |
| Mr. Samer Samman (Committee Member) | 125,000 | 125,000 |
| Ms. Moaz Al-Ohali (Committee Member) | 125,000 | 125,000 |
| Total | 375,000 | 375,000 |

- The remuneration of the members of the Remuneration and Nominations Committee for the current session is 125,000 SAR for each member, and no allowance has been decided for attending sessions.

► A description of any interest, contractual papers and subscription rights of board members and their relatives in the shares or debt instruments of the company

► Ownership of members of The Board and their relatives in the shares or debt instruments of the company:

| # | Name | The beginning of the year | | The end of the year | | Net change | Percentage change |
|---|--|---------------------------|------------------|---------------------|------------------|------------|-------------------|
| | | Number of Shares | Debt instruments | Number of Shares | Debt instruments | | |
| 1 | Basem bin Abdullah bin Abdul Rahman Alem | 3,886 | N/A | 3,886 | N/A | 0 | -- |
| 2 | Khalid bin Abdullah bin Khalid Al-Dabal | 3,000 | N/A | 43,871 | N/A | 40,871 | 1362 % |
| 3 | Wafa bin Hashem bin Youssef Zawawi | 3,886 | N/A | 3,886 | N/A | 0 | -- |
| 4 | Aladdin bin Riad Sami | 0 | N/A | 0 | N/A | 0 | -- |
| 5 | Khalid bin Mohammed bin Abdullah Zahid | 850,000 | N/A | 1,000 | N/A | -849,000 | - 99.88% |
| 6 | Abdul Aziz bin Abdul Rahman Al-Ohali | 0 | N/A | 0 | N/A | 0 | -- |
| 7 | Youssef bin Abdullah Al-Rajhi | 72,169 | N/A | 72,169 | N/A | 0 | -- |
| 8 | Kholoud Bint Abdul Rahman Al-Dabal | 0 | N/A | 0 | N/A | 0 | -- |

► A statement of the number of shares or stakes owned by members of The Board in the subsidiary companies

There are no shares or stakes owned by members of The Board or senior executives of the subsidiary company.

► A Description of any interest, contractual papers and subscription rights of senior executives and their relatives in the shares or debt instruments of the company

| # | Name | Job title | The beginning of the year | | End of the year | | Net change | Percentage change |
|---|---|------------------------------------|---------------------------|------------------|------------------|------------------|------------|-------------------|
| | | | Number of Shares | Debt instruments | Number of Shares | Debt instruments | | |
| 1 | Khalid bin Mohammed bin Abdullah Zahid * | General Manager of Company Affairs | 850,000 | N/A | 1,000 | N/A | -849,000 | -99.88 % |
| 2 | Sultan bin Mohammed bin Abdullah Zahid ** | General Manager of Operations | 700,000 | N/A | 0 | N/A | -700,000 | -100 % |

* Mr. Khalid Zahid resigned from the position of Director of Corporate Affairs on 04/27/2020, as his last working day was on 05/26/2020. The Capital Market Authority was notified of this.

** Mr. Sultan Zahid resigned from the position of Director of Operations on 04/27/2020, as his last working day was on 05/26/2020. The Capital Market Authority was notified of this.

There are no shares owned by persons (except for members of The Board and senior executives) who informed the company about them or any change in them during the year 2020

- **A statement of the profits distributed to the members of The Board according to their ownership percentages on the date of the approval of the distribution of profits second-half of 2019, by 0.5 per share according to the decision of the Ordinary General Assembly on 06/15/2020**

| Board of Directors | The number of shares owned on the date of approval of the dividend distribution | Total amount of dividends for second-half of 2019 (0.5 SAR per share) |
|--|---|--|
| Basem bin Abdullah bin Abdul Rahman Alem | 3,886 shares | 1,943 SAR |
| Khalid bin Abdullah bin Khalid Al-Dabal | 32,450 shares | 16,225 SAR |
| Wafa bin Hashem bin Youssef Zawawi | 3,886 shares | 1,943 SAR |
| Khalid bin Mohammed bin Abdullah Zahid | 850,000 shares | 425,000 SAR |
| Youssef bin Abdullah Al-Rajhi | 52,169 shares | 26,084.50 SAR |
| Total | | 471,195.50 SAR |

- **A statement of the profits distributed for first-half of 2020 to the members of The Board according to their ownership percentages on 06/08/2020 by SAR 0.5 per share in accordance with the authorization granted by the Ordinary General Assembly on 06/15/2020 to The Board to distribute interim dividends in a semi-annual or quarterly manner for the Financial Year 2020.**

| Board of Directors | The number of shares owned on the date of approval of the dividend distribution | Total amount of dividends for first-half of 2020 (0.5 SAR per share) |
|--|---|---|
| Basem bin Abdullah bin Abdul Rahman Alem | 3,886 shares | 1,943 SAR |
| Khalid bin Abdullah bin Khalid Al-Dabal | 43,218 shares | 21,609 SAR |
| Wafa bin Hashem bin Youssef Zawawi | 3,886 shares | 1,943 SAR |
| Khalid bin Mohammed bin Abdullah Zahid | 200,000 shares | 100,000 SAR |
| Youssef bin Abdullah Al-Rajhi | 20,000 shares | 10,000 SAR |
| Total | | 135,495 SAR |

Corporate Governance

The company applies all the provisions mentioned in the Corporate Governance Regulations issued by the Capital Market Authority, with the exception of the provisions listed below:

The provisions of the Corporate Governance Regulations have been applied and what has not been implemented, and the reasons for that

| # | Article/Paragraph number | The text of the article/paragraph | Reasons for not applying |
|---|--------------------------|---|---|
| 1 | 20 / C / 10 | Symptoms of independence/that he has spent more than nine continuous or separate years in the company's board of directors. | It shall not apply as the application of the article is starting from the sessions of the Council that will start after 12019/1/, and therefore the application of this article shall not affect the independence of the current members. |
| 2 | 39 | Training | Indicative Article |
| 3 | 41 | Evaluation | Indicative Article |
| 4 | Articles 70, 71, 72 | Formation, terms of reference and meetings of the Risk Committee | Indicative Articles |
| 5 | 85 | Motivating employees by forming committees as to listen to their opinions, or programs for granting employees shares, or establishing social institutions | Indicative Articles |
| 6 | 87 | Social Responsibility/ the General Assembly shall, based on the proposal of The Board, set a policy that ensures a balance between its goals and the goals that society aspires to achieve in order to develop the economic and social conditions of the society. | Indicative Articles, and the company has social initiatives through various other mechanisms. |
| 7 | 88 | Social work initiatives | Indicative Articles, and the company has social initiatives through various other mechanisms. |
| 8 | 95 | The formation of the Corporate Governance Committee | Indicative Articles |

Accordingly, the company has complied with the system requirements, including:

1. Commitment to publish the quarterly financial results of the year 2020 during the regular dates, on Tadawul website.
2. Preparing The Board' report in accordance with the offering rules and the continuing commitments issued by the Capital Market Authority, the Corporate Governance Regulations, the Companies Law and its amendments, and the regulatory controls and procedures issued in implementation of the Companies Law for listed joint stock companies issued by the Capital Market Authority.
3. Adherence to the form of advertisements set by the Capital Market Authority and the dates for publishing essential information in accordance with the Authority's instructions regarding company announcements.

4. Members of The Board filled out and signed the undertakings, endorsements, and disclosure forms required by the Capital Market Authority.
5. Commitment to apply the amendments approved by the Capital Market Authority to the Corporate Governance Regulations.
6. Sending the minutes of the general assembly meeting to the authority and inform the market directly of the results of the meeting as soon as it ends.
7. Preparing a corporate governance system in accordance with the Corporate Governance Regulations and other regulations and bylaws issued by the Authority.

► Approval of The Board according to the requirements of the corporate governance system:

Whereas, the Corporate Governance Regulations issued by the Capital Market Authority stresses the necessity of disclosure in the annual report of The Board of all the required items in the spirit of the annual report form prepared by the Authority. If any of its paragraphs do not apply, this will be indicated in this report and the reasons for that, with an explanation in the Disclosure Form (8) of the disclosures that were made in the report or that were not made and the reasons for that.

Accordingly, The Board of the United International Transportation Company (Budget Saudi Arabia) shall acknowledge that the following topics do not apply to the company, and the Board is obligated to disclose them whenever the company applies them:

1. The Board shall not rely on any means from an external party to evaluate its performance and the performance of its committees and members. Rather, the evaluation process is carried out by the Nominations Remuneration Committee.
2. There is no contradiction between the recommendations of the audit committee and the decisions of The Board on the appointment of the auditor. Rather, there is agreement between the recommendations of the committee and The Board regarding the continuing appointment of the company's external auditor.
3. There is no difference from the accounting standards issued by the Saudi Organization for Certified Public Accountants regarding the review and evaluation of the company's financial statements during the year 2020.
4. There are no material differences in the operating results compared to the results of the previous year or any announced expectations from the company. This report has been disclosed about the financial results and the reasons for the change in net profits.
5. There is no interest in the voting shares class that belongs to persons (except for members of The Board, senior executives and their relatives) who inform the company of those rights and any change in these rights during the year 2020.
6. There are no convertible debt instruments and any contractual securities or subscription right notes or similar rights issued or granted by the company during the year 2020.
7. There are no transfer or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by the company during the year 2020.
8. No redemption, purchase or cancellation was made by the company or any of its subsidiaries for any recoverable debt instruments, and no listed securities were purchased either from the company or from its subsidiary.
9. No agreement was concluded under which a member of the company's board of directors or a senior executive waived any salary, compensation, or any of its subsidiaries during the year 2020.

10. There is no agreement under which any of the shareholders of the company waived any rights in the profits for the year 2020
11. The chartered accountant's report did not include any reservations about the financial statements.
12. There was no recommendation by The Board to replace the company's legal accountant before the end of the period for which he was appointed. Whereas, the renewal of the office of the external auditor, Ernst and Young, was carried out in conformity with the decision of the General Assembly to audit the accounts of the company and its subsidiary during the year 2020.
13. No contracts or business were concluded between the company or one of its subsidiaries or associates and between the CEO or the financial director of the company or any person related to any of them.
14. No contracts were entered into between the company, members of The Board, chief executives, or major shareholders in it and its subsidiary or associate companies or any person related to them.
15. The company did not provide any loan to any of the members of The Board, nor did it include any loan entered into by any of the members with others.
16. Details of the loan information have been clarified, and it is acknowledged that Rahhal, the subsidiary company, did not enter into any contracts to obtain loans during the year 2020.
17. No treasury shares held by the company.
18. No investments or precautions established for the benefit of the company's employees during the year 2020.
19. No penalties imposed on the company during the year 2020.
20. The company did not receive any notification from any of its shareholders of their preference to include certain topics on the assembly agenda, nor did it receive any notification from shareholders who own at least 5% of the company's shares.

► Other Declarations:

- A. The Board shall certify that the account records have been prepared correctly.
- B. The Board shall declare that the internal control system has been properly prepared and has been effectively implemented.
- C. The Board shall declare that there are no doubts regarding the ability of the company to continue its activity.

► Risks

The United International Transportation Company (Budget Saudi Arabia) as an economic entity is exposed to some risks through the nature of its commercial activity as a company operating in the transportation field, which may face many varied risks. However, the company shall manage and control these risks through The Board, the audit committee, the risk management, the executive management, the work team of the company and the subsidiary company.

Whereas, the company has adopted a policy for risk management that depends on systems, rules and procedures organized to face the various risks associated with the company's activity, to face potential risks that may face its activity and impede its operations and affect the expected growth rates. The goal of this policy is to ensure that all related parties understand the definition of risk management. And the rules of their organization and that these parties are aware of their responsibilities in relation to managing the risks associated with the company's activity, within the framework of the work to evaluate and improve the effectiveness of internal control, and to follow the company's corporate governance controls and the highest standards of transparency as to achieve high growth rates, and the primary focus of managing new risks is to identify and address them.

► Principles of risk management policy:

The company's risk management policy shall be based on the following principles:

1. **Transparency:** The company's risk management policy shall be based on transparency before all related parties in the spirit of the regulatory rules and governance controls. Work must be done to provide information regarding current and future risks and facilitate access to them so that this information helps individuals to make appropriate decisions at the appropriate time.
2. **Objectivity:** The principles of risk assessment and management shall be based on objectivity through the processing unit and approach to work to support the objectives and organizational structure of the company, while working to ensure that departments and individuals dealing with risks are the ones authorized to manage those risks within the framework of internal boundaries drawn through a specialized department working with its expertise to review risks periodically using Sound professional methods.
3. **Independence:** The risk management policy shall work to ensure the independence of the specialized management to identify, evaluate and manage risks using sound professional methods to ensure that no internal or external parties interfere when identifying and assessing risks.
4. **Confidence:** The company's risk management policy shall work to gain the confidence of all related parties by building follow-up procedures and contacting the related parties with any changes in the types of risks, including the risks of conflicts of interest between the related parties.
5. **Effectiveness:** The company's risk management policy shall be based on the use of effective methods of risk management for the purpose of identifying, assessing, managing and reviewing risks as to allow building best practices to protect the interests of all parties by following those procedures in a manner that reflects the credibility of risk management data and procedures.
6. **Responsibility:** The risk management policy shall clarify the limits of responsibility for the various business and activities of the company and distribute it to the related parties, each in its own right, in order to define the powers of each individual and indicate his duties.
7. **Self-Quality Control:** The risk management policy shall be based on the trend towards quality self-control over the systems, rules and procedures of risk management processes by setting rules for the total quality of risk management processes from identifying, assessing and managing risks and reviewing those risks periodically and developing a program for that within the risk management procedures guide as to ensure the interests of the related parties

► The main steps for implementing the risk policy:



► **These steps are done according to the following procedures:**

1. Hazard check
2. Hazard analysis
3. Definition of risk
4. Description of the risk
5. Risk estimation
6. Preparing risk reports - threats and opportunities
7. The Decision
8. Facing danger
9. Follow-up

► **The risks that the company may face during the next year have been identified in the following elements:**

1. The global economies are affected by the drop in oil prices, which may indirectly affect the transport sector in general within the Kingdom of Saudi Arabia and may lead to a decrease in employment rates.
2. The official authorities may impose additional fees or new regulatory conditions on the transport sector, which may have a negative impact on the company's activity.
3. The region is affected by the surrounding political events, which may affect the opportunities for investment attraction and project growth in the future.
4. The high price of some foreign currencies against the Saudi riyal, especially in countries where the company relies heavily on its fleet of cars manufactured in them (such as Japanese and Korean-made cars), which may lead to an increase in the cost.
5. The high prices of auto parts and the increase in the cost of maintenance work may lead to an increase in operating expenses.
6. The possibility of lower selling prices of used cars, which may reduce the company's revenues, as the company relies on this item along with short and long-term leasing in its revenues.
7. Failure of some car renters to pay the rental values, which may lead to a decrease in the short-term as well as long-term rental income and increase the company's dues with others. The failure of the company to collect large amounts of receivables may have a negative impact on the results of its operations.
8. The increase in real estate rental prices, especially the rental of sites in airports in the Kingdom, may lead to an increase in the cost of revenues as a result of the increase in the rental value of car rental sites, especially at airports.
9. The growth of the company is linked to its ability to increase its revenues from its main activities by opening new branches and sites for car rental. To achieve this, the company carries out many activities such as planning and selecting sites and the comparison between rental prices for sites, preparing new sites and linking them to the company's automated system so that the results of the site are linked to the main headquarters to which it belongs. Thus the success in achieving the target growth rates is highly dependent on the ability to undertake all of these activities.

10. The company's activity depends and is linked to the efficiency and ability of the human element and its workforce, especially in the field of car maintenance, which reflects the quality of service provided by the company to its customers, and through it, it gains the confidence of the customer and thus can achieve its goals. Therefore, the inability to attract administrative competencies and high technical skills may inevitably affect the objectives The company and its growth rates.
11. The company's foreign investments may face some risks from the conditions and circumstances of the country in which the investment is made, such as the economic or political situation of the country in which the investments are made, or even the fluctuations in the price of this country's currency compared to the Saudi riyal.
12. The company's revenues are affected by seasonal timing, and thus revenues may fluctuate at times from period to period during one year.
13. Liquidity risk is the inability of the company to provide the funds necessary to fulfill its obligations, but liquidity risk is managed by monitoring it regularly to ensure its availability and maintaining a set of good relationships with banks and always working to ensure the availability of the cash item in the company's cash flow statements.
14. The rise in the cost of auto insurance leads to a direct increase in the cost of revenue.
15. The increase in the cost of loans during 2021.
16. The possibility of imposing new taxes that may affect the purchasing power of customers, which indirectly leads to a decrease in the revenues and incomes of the company.
17. Increase in expenditures as a result of decisions to increase fees on expatriate workers with the increase in the prices of energy and energy products.
18. With the continuation of the pandemic and human injuries due to Covid-19 and the possibility of their increase, the government may initiate precautionary measures similar to the precautionary measures that were taken in 2020 to fight the virus, which will directly cause the company's income to decrease.

► **Actions taken by The Board to inform its members - especially non-executives - of shareholder's proposals and comments about the company and its performance**

- The Board approved the Board's work bylaw as one of the company's corporate governance regulations and policies. This bylaw contains the terms of reference of the chairman of The Board, the role and responsibilities of the chairman of The Board, through which he ensures the creation of mechanisms for the members of the board, especially non-executives, to be informed of the shareholders' comments - if any- on the company's performance, according to the following:
- Organizing the work of The Board and providing the appropriate atmosphere for the exchange of views and open discussion among all members of the topics that are included in the agenda and to ensure that The Board discusses all the key issues effectively in a timely manner.
- Providing the board and members of The Board with the necessary information in a timely manner that is complete, clear, correct and not misleading information to enable them to take a decision and perform their duties.
- Encouraging board members to carry out their duties effectively and in the interest of the company.
- Ensure that there are effective communication channels with shareholders and communicate their opinions to The Board.

- Encouraging constructive relationships and effective participation between The Board and the executive management and between executive, non-executive and independent members, and creating a culture that encourages constructive criticism.
- Arranging the dates of the council's meetings, calling them to convene, preparing the agenda, chairing the meetings, and organizing the voting process for decisions.
- Hold regular meetings with non-executive board members.

In all cases, inquiries or proposals of shareholders are transferred to members of The Board, whether in general assembly meetings or through inquiries received by the departments of the company concerned, and in all cases any proposals from shareholders are discussed at the board meetings - if any- as well as the members of The Board attending the meetings of the assembly. The general public responds to shareholders' inquiries, and they are recorded in the minutes of the assembly.

► The most important decisions of the Board, the estimated budget plans, the plan for the new fiscal year 2021, and the recommendations of The Board for the General Assembly

The Board recommended to the General Assembly to distribute dividends for 2020 second-half at the rate of (1.25) SAR per share. This is in addition to the profits distributed for 2020 first-half at a rate of (0.5) SAR per share. The Board also believes that due to the economic conditions and variables in the region, the search for investment opportunities, whether inside or outside the Kingdom, will be done conservatively and commensurate with the nature of the company's business, activities and risks. Those that are exposed to without affecting the financial position of the company and to serve this trend, it is decided that the Investment Committee will start its work in the year 2021 and to supervise the investment activity of the company and establish appropriate procedures for measuring and evaluating the investment performance of the company.

The Board also approved a complete plan to face potential risks during the year 2021, and the Board believes that according to estimates and financial studies, the company will continue to grow, God willing, during the year 2021.

► Board decisions and recommendations:

The Board is pleased to recommend to the General Assembly at its next meeting the following:

1. Voting on the company's auditor's report for the fiscal year ending on 31/12/2020
2. Voting on the company's financial statements for the fiscal year ending on 31/12/2020
3. Voting on the Board of Directors' report for the fiscal year ending on 31/12/2020
4. Voting on the appointment of the company's external auditor from among the candidates, based on the recommendation of the audit committee, to examine, review and audit the financial statements for the first, second, third, fourth and annual quarters of the fiscal year 2022, the fiscal year 2023 and the fiscal year 2024, and determine their fees.
5. Voting to pay the amount of 3,160,000 SAR as a remuneration for the members of the Board of Directors for the fiscal year ending 31/12/2020.

6. Voting on the Board of Directors' decision to appoint Eng. Khaled bin Abdullah Al-Dabal (Independent Board Member) as a member of the Audit Committee, starting from 8/7/2020 until the end of the current committee's session on 20/6/2021, in place of the previous committee member Mr. Mufaddal Bin Abbas Ali (Non-Board Member), provided that the appointment shall take effect from the date of the decision issued on 8/7/2020, and this appointment shall be in accordance with the Audit Committee Charter.
7. Voting on the election of members of the Board of Directors for the next session, which starts on the date corresponding to 21/6/2021 and its period shall be three years ends on 20/6/2024
8. Voting on forming the audit committee, identifying its tasks, working rules, and remuneration for its members for the new session starting from 21/6/2021 until the end of the session on 20/6/2024 in accordance with the audit committee charter at the United International Transportation Company, noting that the candidates are the following:
 - 1) Mr. Khaled Bin Abdullah Al-Dabal
 - 2) Mr. Khaled Bin Ahmed Refaat
 - 3) Mr. Samer Bin Saud Samman
9. Voting on authorizing the Board of Directors to distribute interim dividends in a semi-annual or quarterly manner for the fiscal year 2021.
10. Voting on the decision of the Board of Directors regarding the cash dividends distributed for the first half of 2020 by 0.5 riyals per share, 5% of the capital, and a total amount of 35.6 million riyals.
11. Voting on the Board of Directors' recommendation to distribute cash dividends for the second half of 2020 at the rate of 1.25 riyals per share, representing 12.5% of the capital with a total amount of 88,958,335 SAR, provided that the shareholders who own the shares are eligible at the end of the trading day of the assembly and are registered in the company's shareholder's register depository center at the end of the second trading day following the maturity date. The dividend distribution date will be announced later after the General Assembly approves this recommendation.
12. Voting on the business and contracts that will be concluded between the company and Zahid Tractors Company Ltd., one of Zahid Holding Group companies, which the Board of Directors, Eng. Wafaa Hashem Zawawi - Non-Executive Member - Mr. Alaa El Din Riad Sami - Non-Executive Member - have indirect interest in it. This interest is multi-term car rental contracts from one month to a year and licensing for a coming year. Note that the transactions for the year 2020 amounted to 64,000 riyals, and there are no preferential terms in this contract.
13. Voting on the business and contracts that have been concluded between the company and the office of Dr. Basem bin Abdullah Alem & Co for legal advice and advocacy, in

which the Chairman of the Board of Directors Dr. Basem bin Abdullah Alem - a non-executive member - has a direct interest in it, and it is a contract to provide advisory and legal services to the company annually. The contract period is three years, and the contract has been activated starting from 18/7/2019. The value of the contract is 1,200,000 riyals annually and there are no preferential conditions in this contract.

14. Voting on the business and contracts that have been concluded between the company and the office of Dr. Basem bin Abdullah Alem & Co for legal advice and advocacy in which the Chairman of the Board of Directors Dr. Basem bin Abdullah Alem - a non-executive member - has a direct interest in it, and it consists of other legal business and services not included in the scope of the consulting services contract for the company, noting that the transactions for the year 2020 amounted to 507,000 riyals, and there are no preferential conditions for these works.
15. Voting on the participation of a member of the Board of Directors Mr. Alaa Al-Din Riyad Sami, in a work competes the company's business.
16. Voting on discharging the members of the Board of Directors from liability for the fiscal year ending 12/31/2020

► Social Responsibility

Budget Saudi Company believes that serving the Saudi community through its programs in the field of social responsibility is one of the constants on which it has been built since its inception, and during the year 2020, Budget Saudi Arabia launched many social initiatives and campaigns in cooperation with a number of charities and government agencies, and the company also undertook many initiatives during The period of the Corona pandemic, which is being shared on the company's social media sites periodically, as these social initiatives and campaigns included the following:



► **Firstly:** Budget Saudi Arabia has supported the efforts of the Ministry of Health through its initiatives to combat Coronavirus by providing 300 free cars from all categories in (Riyadh, Dammam, Jeddah, Makkah, and Madinah) to serve our heroes on the front lines of both the medical teams and the medical support services And the cadres of the field survey on Coronavirus, as the Ministry has been supported since the beginning of the pandemic to facilitate their performance of their roles.

► **Secondly:** Budget Saudi Arabia has supported the Saudi Charitable Society with a group of cars for the purpose of distributing medical supplies to needy groups in many regions of the Kingdom.



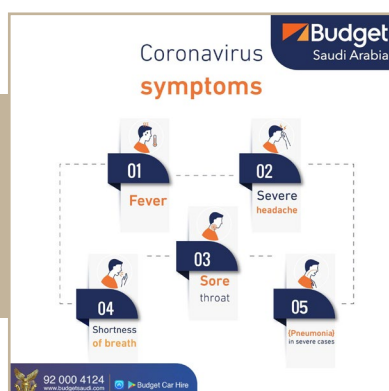
► **Third:** The campaign of (In recognition of Makkah) where Budget Saudi Arabia participated in the (Our Food is One) initiative, that aims to distribute food baskets to more than (300,000) members of needy families in many regions of the Kingdom, on the occasion of the holy month of Ramadan, where the company urged the ministry and society to support and welcome the project to implement the project.



► **Fourthly:** As part of the company's social responsibility, a joint cooperation agreement was signed between Budget Saudi Arabia and the Al-Irada Association for the Gifted with Disabilities, in the presence of both the group's president and CEO, Mr. Fawaz Danesh, and the Chairman of The Board of the Al-Irada Association for the Gifted with Disabilities Mr. Ammar Bouqas.



► **Fifthly:** We were keen to distribute the digital platforms and our branches with educational instructions that allow the public to know the steps to prevent and guard against infection with the virus after God's will and preserve it, and employees have been designated to respond to customer inquiries and requests during times of blocking in order to reduce their needs to review the branches.



► **Sixthly:** Budget Saudi initiative on the occasion of International Women's Day in cooperation with the Milad Volunteer Team and Panorama FM Radio in one of Al-Rabat in Jeddah.



► **Seventh:** The Saudi Budget initiative in the Kingdom's Winter in cooperation with the Development Association in the regions of Bani Yazid, Deepa, Sa'dia, Ghala, and the South of the Kingdom, and also in cooperation with a team of volunteer nursing ambassadors in Riyadh, where (300) winter bags were distributed to workers in the Riyadh train project, and the initiative also included livestock herders near the King's Festival Abdulaziz for camels 4 in the governorate of Ramah, and also participating with a volunteer team, Tabuk, in the city of Tabuk, and the campaign was with the slogan # Dress_Wellness



► **Eighth:** Budget Saudi Arabia was also honored to host 35 of our orphans to attend the Saudi Super Cup match, in cooperation with the Social Responsibility Committee in the Saudi Federation.



► Ninth: Workers' Social Welfare Fund:

This fund was created as part of the company's internal social responsibility to assist our employees in difficult situations including, for example, financial hardship beyond our control, support for uncovered medical treatment claims, employee marriage support, and childbirth support.

► Diversity and participation

We believe in Budget Saudi Arabia as a public joint stock company and a franchisee of a global brand to be the world in our work environment. Therefore, we have created a diverse work environment by being the best choice for the best workforce and achieving more integration as our values support a comprehensive culture by providing equal opportunities for both genders. The gender balance is improving rapidly in the company, as the female workforce plays a very important role in the company, starting with The Board and then accounts, human resources, procurement, marketing and operations, and we also aim in Budget Saudi Arabia to fulfill our role in the Kingdom's Vision 2030 in employing more female workforce.

► Saudization and localization of jobs program

Saudization is one of our main pillars and we have achieved 100% Saudization in all our leasing offices, and we aim to increase our Saudization percentage in all our operations through the continuous development of our employees and providing equal opportunities in the spirit of the vision of the Kingdom 2030.

► The compliance of the Human Resources Department with the laws and regulations of the Ministry of Human Resources and Social Development

In Budget Saudi Arabia, we are committed to implementing the new rules and regulations issued by the competent authorities, including the construction of emergency rooms in our large workshops, the employment of paramedics, and the annual health examination for our workforce in conformity with the regulations of the Ministry of Human Resources and Social Development, we are constantly striving to comply with the regulations of the Ministry of Human Resources And social development by conducting a self-assessment to monitor the evolution of our compliance rate.

► Health and safety.

Our goal at Budget Saudi Arabia is to have a safe and healthy environment for our employees, suppliers and customers, as we provide our employees with Personal Protective Equipment (PPE) in our workshops and our branches in the Kingdom of Saudi Arabia in order to eliminate or reduce potential risks.

Moreover, we have built emergency rooms in our large workshops to monitor the health of our employees during working hours to ensure the safety and health of our employees at all times and to maintain and continuously improve the HSE management system to protect the health and safety of our employees and others. The company's health and safety unit continues to make progress with ongoing inspection and evaluation programs and training to improve visibility and awareness.

► Remote working

The circumstances that we went through during the COVID-19 pandemic showed us the importance of remote work and the need to activate it, not only as an alternative plan, but as a new method of work, as experiments and studies have shown the success of the remote working method at all levels.

► Conclusion

The Board of Director will be pleased to extend its thanks and appreciation to all the shareholders of the United International Transportation Company for their contribution to continuing its business, and it is also pleased to extend its thanks to the management of the company and its employees for their efforts to run the company, which have been successful and thank God, and in conclusion, The Board would like to thank all the customers of the company To give them confidence, stressing the keenness of the United International Transportation Company to develop the relationship and continue to provide the best services and commitment to the quality of standards and performance towards its customers, and the Board also confirms that it is confident that these achievements will be a strong impetus for the year 2020 in order to achieve our strategic goal and achieve more Successes, God willing.

The Board of the United International Transportation Company
(Budget Saudi Arabia)



ANNUAL REPORT

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United International Transportation
For the Financial Year 2020



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الشركة المتحدة الدولية للمواصلات
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2020