

Saudi Arabian Airlines Law

The Counsel of Ministers approved this system in its resolution number 393 dated 16/7/1385H.

It was crowned by Royal Decree number 24/م dated 18/7/1385H.

Ministerial resolution number 3737 in 17/11/1419H to arrange the work of companies and travel agencies.

Article One:

Name of Organization, its Headquarters and Legal Personality

The general organization for the Saudi Arabian airlines is a separated general organization which has its own legal personality. It is linked to the Ministry of Defense and Aviation, and its headquarters is in Jeddah. The Council of Ministers may transfer the HQ to another city in the kingdom.

Article Two:

Objectives

This organization aims at carrying out all air, commercial and civil transportation in and out of the kingdom and in order to do so it will:

- Use all air transportation routes.
- Build, make, buy, sell, lease and rent airplanes and flight machines as well as air transportation equipment and their tools, requirements, spare parts and all what is needed for operation.
- Establish, maintain and utilize airports, air navigation stations, storages, stations for storage, receiving planes or air crafts of any kind either for them or for others.
- Utilize mechanical workshops, electrical mechanics and engine trade of all types and machines of all kinds.
- Deal with all what is related to air and wireless photography and cinematography to communicate between airports. In addition to preparing reports about the weather conditions and monitoring the agriculture and crops from air.

- Buy, sell, rent and lease the needed property to achieve its goals.
- Set up buildings and their adjacent facilities whether permanent or temporary. This could be of a direct or indirect benefit to the organization.
- Establish and organize institutions and schools specializing in practical training on flight and air aviation. In addition to training employees on the tasks which are included in their field in order to create a Saudi element which is capable of undertaking technical, administrative and commercial tasks which are related to the tasks of the organization.
- Arrange and throw parties, competitions and air aviation exhibitions.
- Complete all necessary procedures to achieve the objective which this organization was built for. The organization shall participate or cooperate in any way with the companies and associations which practice types of work which are similar to its tasks and which cooperate in achieving their internal and external goals, and those shall be integrated and affiliated to it.

Article Three

Organization Funds

Organization assets consist of:

- Solid assets currently owned by or specific to Saudi Arabian Airlines Organization.
- Solid assets or cash assets contributed by the country's treasury.
- Loans of the organization.
- Incomes of the organization coming from practicing the activity within its tasks.
- Giveaways and contributions accepted by the Board of Counsel.
- The organization's money shall be deposited in the bank(s) specified by the Board of Directors.

Article Four

Administration

A council undertakes the responsibility of administering the organization. It is head by HRH Minister of Defense and Aviation or his deputy and eight members titled by a resolution from the Council of Ministers based on the nomination of the Minister of Defense and Aviation among the ones who have the adequate qualifications and they are:

- General Manager of the organization/ General Manager of civil aviation.
- Representatives of related governmental bodies.
- Others nominated by the Minister of Defense and Aviation.

The resolution of the Council of Ministers defines the membership period for those chosen ones in addition to the bonus paid for the membership of the council.

Article Five:

Authorities of the Board of Directors

The Board of Directors is considered the superior authority taking responsibility for the organization's affairs. It also sets the general policies which are followed without being entitled to the financial and administrative policies followed by the ministries and governmental bodies.

Issue regulations related to assigning SCT staff members and workers and set their promotions, hierarchy, salaries and bonuses. In addition to the materialistic and monetary merits and so on not taking into consideration the rules and regulations of government employees. These regulations shall be issued by a resolution of the Council of Ministers keeping in mind that what is related to pensions is subject to the civil pensions system followed by the government. As for workers, they are subject to the work and labors system.

Set the budget project specific to the organization and the organization's budget is not followed except after an approval of Royal Decree.

Set the final account project for the organization in order to be approved by the specialized body by law.

Assign senior staff members, consultants and experts in addition to defining their salaries, bonuses and authorities.

Buy, sell, lease and rent aircrafts.

Withdraw agreements with establishments and companies which are associated with it in the same purpose. Participate in international conferences, organizations and commissions which are specializing in commercial, civil and air transportation. The council has the right to form a committee or more consisting of its members which is/are entitled to some of its specializations. It may also assign some of its specializations to its Chairman or General Manager and delegate a member or more to carry out a certain task.

Article Six

Meetings of the Board of Directors

The Board of Directors of the organization is held at its headquarters or in a city it specifies by an invitation from its chairman. The sessions held should not be fewer than ten sessions per year, and the council is not considered valid unless at least five of its members attend including the chairman. Resolutions are issued by taking the majority votes and in case of having an equal number of votes, the side the chairman voted for wins.

Article Seven

General Manager

A General Manager is assigned in the organization to undertake an administrative task. His assigning is issued by a resolution of the Council of Ministers based on a nomination of the Minister of Defense and Aviation and this resolution determines the salary.

Article Eight

Specialties of General Manager

GM undertakes the following specialties:

- Preparation of meetings of the Board of Directors.
- Implementation of issued resolutions by the Board of Directors.
- Supervision over the organization's staff members and workers according to the set rules and regulations.
- Issue orders regarding the expenditures of the organization and may deputize someone else to do so.
- Supervision over preparing a general budget project for the organization and a final account project. Regulations set the date of proposing the budget's project and the final account project.
- Carry out the specialties set by virtue of the rules and regulations of the organization and the resolutions of the Board of Council without violating any of the provisions of the system. The Chairman of Board of Directors of the organization is considered the supreme reference of the GM.

Article Nine

Representing the General Manager

Represents the GM of the organization in the law courts and in the organization's contacts with the others. He also acts on behalf of the organization in accepting giveaways, contributions, withdrawing and signing contracts within the limits of the provisions of this system and the regulations of the organization and resolutions of the Board of Council.

Article Ten

Budget

The organization has its own budget that is separated from the country's budget. The organization's budget is considered a type of commercial budget and the Board of Council prepares an annual budget, profit/losses and a detailed report of the organization's activity during its fiscal

year. It also prepares a report about its financial status at the end of the same year. The fiscal year of the organization is considered the fiscal year of the country.

Article Eleven

Auditor

Without violating the inspection of the **General Inspection Deewan** the Board of Council shall assign an auditor(s) from those who are qualified with the necessary regulatory conditions to be assigned as auditors for corporations. The Board of Council determines the fees of auditors and in case of having many auditors, they are jointly responsible for their tasks in front of the organization.

Article Twelve

Discharge of Stamps fees and Income Taxes

The organization is discharged of all stamps fees and income taxes of the economic activity which it practices within the limits stated in article two of this system.

Article Thirteen

Validity of System

This system cancels all what contradicts to it from other rules and regulations and this system is announced in the official newspaper and is applied starting with the publishing date.

The regulatory charter of the work of aviation companies, travel and tourism agencies and air cargo in the Kingdom of Saudi Arabia has been approved by a resolution of the Second Deputy Chairman of Board of Directors.