

Saudi Airlines (Saudia) General Law

Umm Al Qura 2097 on 26/7/1385H(1)

The council of ministers has approved the resolution No. 393 dated 16/7/1385H crowned with a royal decree No, M/24 on 18/7/1385H

Article 1: Name of the institution, Headquarters and its corporal personality

The public corporation of the Kingdom of Saudi Arabia Airlines is an independent public corporation with a corporeal body. It is affiliated with the ministry of the Ministry of Defense and Aviation and its headquarters is in Jeddah. The council of ministers reserves the right to transfer it to any other city in the Kingdom.

Article 2: Purposes of the Corporation

The purpose of the corporation is to undertake to carry out all air transport activities both civil and commercial within the Kingdom and externally. In the pursuit of this purpose:

- 1- Exploitation of all air routes.
- 2- The building, manufacturing, purchase, sale, rent and let aircraft, air cargo equipment, aviation equipment and accessories, spare parts and all that is of necessity to run it.
- 3- Construction, maintenance of airports and their usage besides air stations, warehouses, stores, storing units or aircraft reception or aircraft equipment of any type whether on its account or others account.
- 4- Usages of mechanical workshops, mechanical electric workshop, trading with engines of all types and instruments of all types
- 5- Engagement with all that has to do with air photography and cinematography and wireless for contacts with airports, atmospheric conditions and to inspect agriculture and progress of crops from air.
- 6- The necessary purchase and sales of estates for the realization of their purpose, rent or let them.
- 7- Establishment of buildings, high rise buildings and subsidiaries whether temporary or permanent which could directly or indirectly be of benefit for the corporations purposes.
- 8- Establishment and organizing institutes and schools specialized for learning flying and air aviation. And the training of employees with activities that are parts of its activities with the intention to find a Saudi element suitable to undertake to carry out all the technical, administrative and commercial functions that are within the purposes of the corporation.

9- Organizing and administrating parties, prize and aircraft exhibitions

10- The exercise of all necessary operations for the achievement of the objective for which it was established. The corporation should subscribe or participate in any way with the companies and corporations that are engaged in similar activities with it or which collaborate with it in its internal purposes or externally. It should merge it or make it a subsidiary.

Article 3: The Corporations Finances

The corporation's finances are made up from:

- 1- Material properties currently owned or allocated to the Saudi Arabia Airlines Corporation.
- 2- Cash or material properties from state public coffers.
- 3- Loans contracted for by the corporation.
- 4- Revenues realized by the corporation through activities that are part of its purposes.
- 5- The grants and donations accepted by the board of directors.
- 6- The Corporation's money are kept in a bank or banks chosen by the board of directors.

Article 4: The Corporations Administration

The Corporation is administered by a board headed by HRH the minister of Defense and Aviation or who he chooses to act and nine members on whose behalf the council of Ministers issues a resolution through a recommendation by the minister of defense and Aviation of the person most suited and qualified amongst whom are:

- 1- General Director of the Corporation and the General Director of civil Aviation.
- 2- Representatives of government bodies that are affiliated.
- 3- Whoever is elected by the minister of defense and Aviation beside those members.

The council of Ministers resolution specifies the duration of the selected members and the extent of the financial reward granted in lieu of board membership.

Article 5: Board of Directors powers

The Board of Directors of the Corporation is the highest authority which controls its affairs and dispenses and lays the various policies upon which the administrative and financial policies are adhered to by the corporation without commitment to the

regulations of the minister and government department. In this regard its functions are not specified:-

- 1- Issuance of administrative, financial, internal and technical resolutions and regulations including the listing and specification of positions.
- 2- Propose the regulations dealing with the appointment of the corporations personnel and employees and workers. Their promotion and the fixing of their salaries and their after service remunerations and their incentives in kind and cash and so forth without commitment to regulations dealing with government officials. The regulations dealing with this is issued by the council of minister resolution with regard to pensions. The corporation is committed to the application of the state employees system. The system applicable to the workers shall be applied on them.
- 3- Endorsement of the Corporation proposed budget which only becomes effective with a royal decree.
- 4- Endorsement of the final accounts of the corporation with the aim of approval by the concerned authorities.
- 5- Appointment of the corporations' senior officials, counselors and experts and specification of their salaries, their remunerations and duration.
- 6- The purchasing and selling of aircrafts, their renting and letting.
- 7- Reaching agreements with corporations and companies which share similar business with it. And participation in conferences, organizations and international bodies that are concerned with civil air transport and commercial air transport. The board reserves the right to form a committee or more from amongst its members assigning to these committees some of its functions. The board can also assign some of its functions to the general manager of the corporation and can assign a member or more to undertake a specific mission.

Article 6: Board of Directors meeting

The corporation's board of directors shall meet at its headquarters or in a city specified by invitation from its chairman. Its meetings in one year should not exceed ten meetings.

The board cannot make a quorum unless in the presence of six members at least including the chairman. The resolutions are issued by the present majority. If its votes are equal the side to which the chairman casts his vote wins.

Article 7: General Directors of the corporation

The corporation appoints a general Director whose function is administration. His appointment is by the resolution from the council of ministers after a recommendation by the minister of Defence and Aviation. His salary is specified by the resolution.

Article 8: Functions of General Director

The general director may exercise these functions:

- 1- Prepare for the board of Directors meetings.
- 2- Implementation of the Board of directors resolutions.
- 3- Supervision over the corporation employees and workers dictated by regulations.
- 4- Issuance of instructions dealing with the corporations expenses in which he mandates another person.
- 5- Supervision over the preparations for the proposed general budget for the corporation and the final accounts proposal. The time for the presentation of the budget and final accounts is specified by the regulations.
- 6- The chairman of the Board of Directors exercises the power of rules and regulations of the corporation and the resolutions of the board of directors without any breach as stipulated by this law or the person acting on his behalf with the highest reference to the general director.

Article 9: Representation of the General Director

The General Directors represents the corporation in his general acquaintance with personalities and before courts. He acts on its behalf in the acceptance of grants and donations and in reaching and signing of agreements and contracts within the stipulation of this law and the regulations and resolutions of the corporation's Board of Directors.

Article 10: Corporation's Budget

The corporation should have an independent budget from that of state. It is prepared along the patterns of commercial budgets. The corporations' board of directors prepares for an annual budget and profit and loss accounts with a separate report for the corporations activities during its financial year and of its financial position at the end of the year. The corporations' financial year is the financial year of the state.

Article 11: Accounts supervisors (controllers)

Without breach to the subsequent supervision chambers, the board of directors should appoint a supervisor or more for the accounts from amongst the competent persons who fulfill the necessary qualifications to function as accountants and as directors to subscribing companies. The board of directors shall determine their fees. Should the accounts supervisors be numerous, they shall be responsible in solidarity for their activities towards the corporation.

Article 12: Exemption from income tax and stamp duties

The corporation is exempt from all duties including income, stamp duties or its economic activities which it carries out within the framework of its purposes stipulated by the article of this law.

Article 13: Effectiveness of the law

This law abolishes what conflicts with it of the laws and other regulations; this law is published in the official gazette and to be effective on the date of publication.

The organizational regulation for the function of aviation companies, travel and tourism agencies and air cargo companies in the Kingdom of Saudi Arabia had been endorsed by a resolution from the second deputy of the Prime Minister.

Council of ministers chambers

(1) 30 Nov 1965.