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		Date	Approved by the Extraordinary General Assembly Meeting on 29 April 20201

شركة لجام للرياضة
LEEJAM SPORTS COMPANY
شركة مساهمة سعودية
Saudi Joint Stock Company
رأس المال : 523,833,610 ريال مدفوع بالكامل
Capital 523,833,610 fully paid
س.ت. رقم . 1010337986 C.R.No.

Standards and Procedures for the Membership of the Board of Directors Policy

Introduction:

The Policy on standards and procedures for the membership of the Board of Directors of LEEJAM SPORTS Company (the “Company”) has been developed in compliance with provisions of Article 22(3) of Corporate Governance Regulations issued by the Board of Capital Market Authority under Resolution #(8-6-2017) dated 16/05/1438 A.H. corresponding to 13/02/2017 A.D. (“CGR”) stating that the Board of Directors (“BOD”) shall, inter alia, "develop clear and specific policies, standards and procedures for membership in the board, without prejudice to the mandatory provisions of CGR, which shall enter into force after being approved by the General Meeting".

These policies, standards and procedures on membership of the Board of the Company shall be based on Companies Law, CGR and Company’s bylaws.

I: Policies and Standards of the Company’s Board Membership:

- 1) The nominee shall not have been previously convicted of a crime of dishonesty, declared bankrupt or insolvent, or deemed unfit for the board membership in accordance with any law or instructions applied in the Kingdom;
- 2) The Director shall not serve on the boards of more than five joint-stock companies listed on the Stock Exchange at the same time;
- 3) The nominee shall not be a government employee;
- 4) The nominee shall be professionally competent and shall have the required expertise, knowledge, skills and independence to able to exercise its duties efficiently and competently;
- 5) The nominee shall have the **ability to lead**: By possessing the leadership skills to be qualified to delegate the authorities in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values;
- 6) The nominee shall be **competent**: By having the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company, management, economics, accounting, law or governance, as well as the desire to learn and receive training;

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- 7) The nominee shall have **the ability to guide**: By having the technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements related to the work process. The nominee shall further be able to provide strategic guidance and long-term planning and have a clear future vision;
- 8) The nominee shall have **financial knowledge**: By having the ability to read and understand financial statements and reports;
- 9) The nominee shall **have physical fitness**: The nominee shall not suffer from any health issue that may hinder such nominee from performing its duties and responsibilities effectively;
- 10) The nominee shall be able to communicate effectively and think strategically;
- 11) Nominee for the Board membership shall comply with the principles of truthfulness, honesty, loyalty, and care of the interests of the Company and Shareholders, and prioritize their interests over its personal interests. Truthfulness shall be achieved when the relationship between the director and the Company is an honest professional relationship, and the director discloses to the Company any significant information before entering into any transaction or contract with the Company or any of its subsidiaries. Loyalty shall be achieved when the director avoids transactions that may entail conflicts of interest while ensuring fairness of dealing, in compliance with the provisions relating to conflicts of interest stipulated in CGR. Care shall be recognized by performing the duties and responsibilities set forth in the Companies Law, the Capital Market Law, the Company's bylaws and other relevant laws;
- 12) The nominee shall neither have an interest nor engage in any business that may compete with business or activities of the Company (except as permitted under the applicable laws and regulations, bylaws and Conflict of Interest Policy);
- 13) Diversity of academic qualification and practical experience shall be taken into consideration, and priority shall be given to nominees possessing the appropriate skills for the Board of Directors;
- 14) Independent directors shall not be less than two or one-third of the number of directors, whichever is greater;

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- 15) Independent director shall enjoy complete independence in its position and decisions and shall not have any independence conflicts stipulated in article 20 of the CGR;
- 16) The director shall represent all Shareholders and shall abide by what meets the interests of the Company in general and not what serves the interests of the group represented by the director or the group that voted in favor of its appointment as a director;
- 17) The office term of the director shall expire due to resignation, death, dismissal by a resolution of the General Meeting, conviction of a crime against honor and honesty, bankruptcy, insolvency or if the director becomes unfit for the Board membership in accordance with the laws, regulations or instructions applicable in the Kingdom;
- 18) The director shall resign before the end of its office term when such director loses its eligibility to serve as a director, or when losing ability to perform responsibilities or couldn't allocate the time or effort required to fulfill its responsibilities in the board. Also, in the event of conflict of interest, the director may select either to obtain an authorization from the General Meeting or to resign; and
- 19) Further to the conditions and qualifications set forth in this clause, the Board of Directors shall, pursuant to recommendation of Nomination and Remuneration Committee, determine supplementary conditions, qualifications and standards of membership of the Board of Directors.

II: Procedures for Membership of the Company's Board:

- 1) Prior to the expiration of its term, the Board of Directors shall pass a resolution allowing the commencement of nomination procedures and defining any terms, qualifications or supplementary standards related to membership of the Board under Sub-Clause (19) of Clause (I), provided that such resolution shall be adopted at least 90 days prior to the expiration of the current term of the Board;
- 2) Once the resolution of Board of Directors is issued under Sub-clause (1) of this clause, the Company shall announce the opening of nomination on the Company's website, website of the Stock Exchange (Tadawul) and via any other means specified by Capital Market Authority ("CMA") in order to invite the persons wishing to be nominated to the membership of the Board ("Nomination

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Announcement”), provided that the nomination period shall remain open for at least a month from the date of the announcement;

- 3) The nominees shall submit a written application to the Nomination and Remuneration Committee expressing their desire to nominate for the membership of the Board accompanied by all relevant documents stipulated in the Nomination Announcement;
- 4) Anyone who is interested in being nominated to the Company Board shall declare its wish by notifying the Company administration while observing the periods and dates set forth in the applicable laws, regulations, circulations and resolutions. This notice shall include profile of the nominee including its curriculum vitae, qualifications and work experience, and shall further fill in any form issued by CMA;
- 5) A person who desires to nominate for the membership of the Board shall disclose to the Board and the General Meeting any conflicts of interest, including:
 - A. Having a direct or indirect interest in the business and contracts concluded for the interest of the Company wishing to nominate for its Board of Directors; and
 - B. Engagement in any business that may compete with the Company or any of its activities.
- 6) The nominee previously served on the Board of joint-stock company shall state the numbers and dates of the boards in which such nominee was a director;
- 7) Any nominee who has previously been a director of the Company shall enclose with the Nomination Notice a statement by the company management on the last term in which such nominee was serving on the board including the following:
 - The number of Board meetings held during each year of the term;
 - The number of meetings attended by the director in person, and the percentage of attendance of the total meetings; and
 - The permanent committees in which the director participated, the number of meetings held by each of these committees during each year of the term, the number of meetings attended and the attendance percentage of the total number of meetings.

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- 8) Membership type shall be clarified, i.e. whether the nominee is an executive, a non-executive or an independent director;
- 9) The membership nature shall be clarified, i.e. whether the director is a nominee in its personal capacity or represents a legal person;
- 10) Nomination and Remuneration Committee shall review and consider the application submitted by each nominee in addition to all attached documents in accordance with the applicable policies and standards;
- 11) Nomination and Remuneration Committee shall provide the Board of Directors with recommendations including the names of nominees or (re-nominated) for membership of the Board under the applicable laws, regulations, rules and policies;
- 12) The Board of Directors shall review the recommendations submitted by NRC on nominees for the board membership and shall pass a resolution to this effect;
- 13) Number of nominees for the Board presented to the General Meeting shall be in excess of the open seats; and
- 14) The Company shall publish on its website and the website of the Stock Exchange (Tadawul) the information of nominees for the Board membership when publishing notice of or calling for the General Meeting during which the directors shall be elected amongst the nominees for the Board membership. The Company shall keep a copy of such information in its registered office.

III: Expiration of the Board Membership and Vacancies

- 1) Expiration of the director's term of office and appointment of alternatives, in case of open seats, shall be governed by the applicable laws, regulations, bylaws and Internal Governance Regulations and relevant policies;
- 2) The Ordinary General Meeting may, at all times, dismiss all or any of the directors, without prejudice to the right of dismissed director to remuneration if such dismissal has occurred without due cause or in an untimely manner. Upon the recommendation of the Board of Directors, the General Meeting may terminate the membership of the director who fails to attend three consecutive board meetings without a valid reason; and

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- 3) Should a director resign while having remarks on performance of the Company, such director shall submit a written statement to the Chairman of Board of Directors of such remarks and such statement must be provided to the directors.

IV: Final Provisions (Publication and Amendment)

The Company shall abide by and comply with this Policy as of the date when being approved by the Shareholders' General Meeting and shall be published on the Company's website to enable Shareholders, the public and stakeholders to have access to.

The content of this Policy shall be reviewed, where applicable, pursuant to the recommendation of the Board, provided that, such amendments shall be presented to the General Meeting in the next meeting for approval.