



Competing Business Standards

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Date

Approved by
EGM on
[29 April 2021]

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.

Competing Business Standards

Introduction

In compliance with Article 72 of the Companies Law and Article 46 of the Corporate Governance Regulations,

These Competing Business Standards ("**Standards**") shall set out the standards and procedures regulating the rules for engaging in a competing business by Directors of the Company ("BOD") of LEEJAM SPORTS Co.. These Standards are based on the relevant provisions of the Companies Law, Corporate Governance Regulations, Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies and the Company's bylaws.

The Company's business and related activities are set out in detail in its Bylaws and mainly consist of the food and beverage manufacturing. Competing business situations related to Directors of the Company shall be dealt with in accordance with the provisions of these Standards.

Competing Business Standards Scope of Applicability

These Competing Business Standards shall apply to Directors of the Company.

These Standards will not have a prejudice to other duties of the Directors of the Company under relevant provisions in other policies of the Company, such as the Company's Conflict of Interest Policy. Obligations stipulated in these Standards in addition to duties under such policies shall be applicable and have to be adhered to at all times.

Concept of Competing Businesses

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

1. The Director establishing a company or a sole proprietorship or the ownership of a controlling percentage of shares or stocks in a company or any other entity engaging in business activities similar to the activities of the Company or its group;
2. Accepting membership in the Board of a company or an establishment competing with the Company or its group or managing the affairs of a competing sole proprietorship or any competing company of any form, except for Company's affiliates; and



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3. The Board member acting as an overt or covert commercial agent, or the like, for another company or entity competing with the Company or its group.

Competing with the Company

1. The Director shall neither engage in any business that may compete with the Company nor compete the Company in any of its activities, unless such Director has an authorization from the Ordinary General Meeting in accordance with the controls established by the competent authorities.
2. The duty, obligation above, is considered the personal responsibility of each Director, and the Directors pledged to disclose to the Board, on an ongoing basis, any change in their positions.
3. When a Director desires to engage in a business that may compete with the Company or compete with the Company in any of its activities, the following shall be considered:
 - A. Notifying the Board of the competing business such Director desires to engage in and recording such notification in the minutes of the Board meeting;
 - B. The conflicted member shall abstain from voting on the relevant resolution to be passed by the Board and Shareholders' Meetings to this effect;
 - C. Informing the Ordinary General Meeting, once convened, by the Chairman of Board, of the competing business that the member of the Board is engaged in having the Board been confirmed that such Director is actually competing business of the Company or competing with the Company in any of its activities pursuant to standards issued by the General Meeting of the Company, upon proposal of the Board of Directors, provided to posed to website of the Company and that such business shall be checked annually; and
 - D. Obtaining the consent of the Company's Ordinary General Meeting authorizing the Director to engage in the competing business.
4. The Board, when assessing the Director's competition with the Company's business, shall take into account the following standards:
 - A. The geographical reach of the business competing with business of the Company;
 - B. Whether engaging in the competing business would prevent the Director from giving sole consideration to the interests of the Company; and



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- C. Whether the activities undertaken by the Director are likely to have a material impact on its role as a Director of the Company.
- The deliberations and decisions with regard to the competing business of the Director shall be recorded in the minutes of meeting of the Board.
 - If the Board of Directors determines that these Standards are violated, violators shall be held responsible before the competent judicial authorities for appropriate compensation for all damage or loss incurred by the Company with regard thereto, unless an authorization was obtained from the Ordinary General Meeting to this effect.

Disclosure of Competing Business by Nominee

A person desiring to nominate himself/herself for membership of the Board shall disclose to the Board and the General Meeting any conflict of interest, pursuant to the procedures prescribed by the Authority, including:

- Having a direct or indirect interest in the business and contract concluded for the interest of the Company wishing to nominate to its Board of Directors; and
- Engaging in any business that may compete with the Company or any of its activities.

Duties of Directors Engaging in a Competing Business

- The Director shall perform its duties with faithfulness and integrity and shall prioritize the interests of the Company above its own interest. The Director not utilize its position to achieve personal interests;
- Director shall maintain confidentiality of the information relevant to the Company and its activities, and shall not disclose such information to any third party;
- Directors avoid conflicts of interest and shall advise the board of the conflicts that might affect its impartiality when considering the questions before the Board. Thence, the Board shall not engage such Director in the deliberations and shall not count its voice when voting on such questions in meetings of the Board of Directors and Shareholders' Meetings;
- The Director shall not:
 - Vote on resolution of BOD or General Meeting with regard to the business and contracts concluded for the interest of the Company in case of having a direct or indirect interest therein;



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- Misuse or benefit, directly or indirectly, from any of the Company's assets, information or investment opportunities presented to it in its capacity as a Director or the Company, including investment opportunities which are within the activities of the Company, or which the Company wishes to make use of. Such prohibition shall apply to the Director who resign to, directly or indirectly, use investment opportunities that the Company wishes to utilize, which came to its knowledge during its term of service in the Board.

Refusal to Grant the Authorization

If the Ordinary General Meeting refuses to grant the authorization pursuant to Article 72 of Companies Law and Article 46 of the Corporate Governance Regulations, the Director shall resign within the period specified by the General Meeting; otherwise, its membership in the Board shall be deemed terminated, unless such Director decides to refrain from competing the Company or to regularize the situation in accordance with Companies Law and the Implementing Regulations thereof prior to the end of the period set by the General Meeting.

Standards Governance

Remuneration and Nomination Committee shall periodically review these Standards as well as assessing their effectiveness in achieving their objectives pursuant to Article 65(7) of the Corporate Governance Regulations.

Publication and Amendment

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

The content of these Standards shall be reviewed and amended as and when needed based on the recommendation of the Board, and such amendments shall be approved by the Ordinary General Meeting of Shareholders.