



**Criteria and Procedures Policy for
Nomination to the Board of Directors**

Leejam Sports Company

Public Joint-Stock Company

Caution:

- This document is electronically monitored, and only matching hard copies in version number are authoritative compared to what is published in the Policies and Procedures E-library.
- This document shall be updated within a timeframe not exceeding thirty-six (36) months from the effective date.

Approvals

Prepared By			
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Authentication			
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<p>Pursuant to the Minutes of the Board Meeting held on 13 March 2024.</p>			
Approval			
Name	BU	Date:	Signature
<p>Pursuant to the Minutes of the General Assembly Meeting held on 06 June 2024.</p>			

Versions

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Article (1): Introductory Provisions

Purpose of the Policy:

This policy aims to set out the organized criteria and procedures for Board membership in order to enhance the Company's ability to achieve its objectives, grow its business and ensure sustainability, and achieve compliance with regulatory requirements and instructions issued by official authorities.

Definitions and Terminology

The terms and phrases used in this Policy shall have the meanings assigned to them in the Company's Internal Governance Regulations, unless the context requires otherwise.

Article (2): Nomination of Board Members

2.1 General Rules

- 2.1.1 The Ordinary General Assembly shall elect the Board Members through cumulative voting for a period not exceeding four (4) years, and Board Members may always be re-elected.
- 2.1.2 Any shareholder may nominate themselves or others for Board membership in accordance with applicable regulations, by laws and this policy.

2.2 Board Formation Rules:

The Board formation shall observe the following:

- 2.2.1 Its number of members is commensurate with the size and nature of the Company's activity.
- 2.2.2 The majority are non-executive members.
- 2.2.3 The number of independent members is no less than two or one third of the Board members, whichever is greater.

2.3 Requirements and Qualifications

A board member shall have the necessary professional competence with the experience, knowledge, skills and independence required to enable him to perform his duties efficiently and effectively. In particular, the following should be satisfied:

- 2.3.1 **Leadership Ability:** A board member shall have leadership skills that qualify him to delegate powers in a manner that stimulates performance and applies best practices in effective management and adherence to professional values and ethics.
- 2.3.2 **Competence:** A board member shall have the appropriate scientific qualifications, professional and personal skills, training level, and relevant practical experience in the company's current and future activities or in management, economics, accounting, law, governance, as well as the desire to learn and train.
- 2.3.3 **Guidance Ability:** A board member shall have the technical, leadership, administrative abilities, decisiveness, and comprehension of technical requirements related to the workflow. He shall also be able to provide strategic guidance, planning, and a clear vision for the future.
- 2.3.4 **Financial Knowledge:** A board member shall be able to read and understand financial data and reports.
- 2.3.5 **Health Fitness:** A board member shall be medically and psychologically fit and shall not have any health impediment that prevents him from performing his duties and powers.

2.4 Membership Criteria for the Company's Board of Directors

A nominee for board membership must meet the following criteria at the time of nomination:

- 2.4.1 The nominee for board membership shall not have been previously convicted of a crime involving honor or honesty, nor shall he be insolvent, bankrupt, or otherwise unfit for board membership in accordance with any applicable regulations or instructions in the Kingdom.
- 2.4.2 A board member shall not be a member of more than five listed joint stock companies in the stock market at the same time.
- 2.4.3 The nominee shall not be a government employee.

- 2.4.4 The nominee shall have the necessary professional competence with the experience, knowledge, skills and independence required to enable him to perform his duties efficiently and effectively.
- 2.4.5 The nominee for board membership shall be committed to the principles of honesty, loyalty, care and attention to the interests of the company and its shareholders, placing them above his personal interest. Honesty is established by having a professional relationship between the board member and the company, disclosing any influential information to the company before executing any transaction or contract with the company or any of its subsidiaries. Loyalty is achieved by avoiding transactions involving a conflict of interest, ensuring fairness of dealing, and observing the relevant provisions on conflict of interest in the Governance Regulations. Care and attention are exercised by performing the duties and responsibilities stipulated in the Companies Law, Capital Market Law, the company's Articles of Association and other relevant regulations.
- 2.4.6 He shall not have an interest in or engage in any business that competes with the operations or activities of the company (except as permitted by applicable regulations, instructions, Articles of Association and Conflict of Interest Policy).
- 2.4.7 A nominee for the position of independent board member shall have complete independence in his position and decisions, and none of the impediments to independence stipulated in Article 20 of the Governance Regulations shall apply to him.
- 2.4.8 In addition to the terms and qualifications outlined in this section, the Board of Directors may, based on the recommendation of the Nomination and Remuneration Committee, determine additional terms, qualifications and criteria for board membership.

2.5 **Impediments to Independence**

The independence required for an independent board member is incompatible with the following:

- 2.5.1 To own 5% or more of the shares of the company or its subsidiaries or to has a relationship with anyone owns such percentage.
- 2.5.2 To be an immediate relative of one of the board members in the company or its subsidiaries.

- 2.5.3 To be an immediate relative of a senior executive in the company or its subsidiaries.
- 2.5.4 To be a board member of a subsidiaries, and is nominated for membership in board of directors of the holding company.
- 2.5.5 Working or having worked as an employee during the past two years at the company or any other company within its group, or being an owner of controlling interests or any counterparty dealing with the company or any other company within its group such as auditors and major suppliers during the past two years.
- 2.5.6 To have a direct or indirect interest in the business and contracts made for the company's benefit.
- 2.5.7 To receive financial consideration from the Company in addition to the remuneration for his/her membership of the Board or any of its Committees; exceeding an amount of (SAR 200.000) or 50% of his/her remuneration of the last year for the membership of the board or any of its committees, whichever is less.
- 2.5.8 To engage in a business that would compete with the company or one of its activities.
- 2.5.9 To have spent more than nine (9) consecutive or intermittent years as a member of the Board of Directors. (Guidance paragraph)
- 2.5.10 Works and contracts executed to meet personal needs shall not be deemed an interest that precludes independence if such works and contracts are executed under the same conditions followed by the company with the general contractors and dealers and within the company's regular activity, provided that the General Assembly approves them.

2.6 **Nomination Procedures:**

- 2.6.1 The Board of Directors shall issue a resolution allowing nomination procedures to commence at least 90 days prior to the end of the current Board's term.
- 2.6.2 Upon issuance of the aforementioned Board resolution, the Company shall promptly announce the start of nomination procedures on the Company's website, the Market's website, and through any other means specified by the Capital Market Authority ("Authority"), inviting nomination requests for

Board membership (“Nomination Announcement”) for a period of no less than one month from the announcement date.

- 2.6.3 Any person wishing to nominate himself for Board membership shall declare his nomination by notifying the Company management within the periods and deadlines stipulated in the applicable regulations, instructions and decisions. Such notification shall include the nominee’s biography, qualifications, practical experience, and any forms issued by the Capital Market Authority.
- 2.6.4 Any person nominating himself for Board membership must disclose to the Board and General Assembly any conflicts of interest, including:
 - 2.6.4.1 Any direct or indirect interest in the contracts and business of the Company for which he is being nominated.
 - 2.6.4.2 Engagement in any competing businesses or activities.
- 2.6.5 A nominee who previously held board membership at a joint stock company must provide the number and dates of boards of directors of companies in which he held membership.
- 2.6.6 A nominee who previously held board membership at the Company must attach to the nomination notice a statement from the Company management for the last term during which he held board membership, including the following information:
 - 2.6.6.1 Number of Board meetings held each year during the term.
 - 2.6.6.2 Number of meetings attended by the member, and attendance percentage out of total meetings.
 - 2.6.6.3 Permanent committees in which the member participated, number of meetings held by each such committee each year during the term, number of meetings attended, and attendance percentage out of total meetings.
- 2.6.7 Clarification of membership capacity, i.e. whether the member is executive, non-executive or independent.
- 2.6.8 Clarification of the nature of membership, i.e. whether the member is nominated in his personal capacity or as a representative of a corporate person.
- 2.6.9 The Nomination and Remuneration Committee shall review the nomination application submitted by each nominee along with supporting documents in accordance with applicable policies and criteria.
- 2.6.10 The Nomination and Remuneration Committee shall provide the Board with recommendations including names of Board membership nominees (or

re-nominees) pursuant to applicable regulations, rules, policies (including this Policy).

- 2.6.11 The Board shall review the recommendations of the Nomination and Remuneration Committee regarding nominees for Board membership and issue a resolution thereon.
- 2.6.12 The number of Board membership nominees put forth to the General Assembly must exceed the number of available seats.
- 2.6.13 The Company shall announce nominee information for Board membership on its website and the Market's website upon publishing or directing the invitation to convene the General Assembly meeting during which members of the Board will be elected from among the Board membership nominees. The Company must provide a copy of such information at its head office.
- 2.6.14 The General Assembly shall take into consideration the recommendations of the Nomination and Remuneration Committee and the personal and professional qualifications necessary for nominees to effectively carry out their duties when electing Board members.

2.7 Termination of Membership and Vacant Seats

- 2.7.1 The process of termination of Board membership and appointment of replacements in case of vacant seats shall be subject to applicable regulations, Articles of Association, Company Governance Regulations, and applicable policies.
- 2.7.2 The Ordinary General Assembly may dismiss all or some Board members at any time without prejudice to the right of the dismissed member to compensation if the dismissal occurred for unacceptable reason or at improper time. Also, the General Assembly may, based on a Board recommendation, terminate the membership of any member who fails to attend three consecutive Board meetings without legitimate excuse.
- 2.7.3 If a Board member resigns and has feedback on the performance of the Company, he/she shall submit a written statement elaborating on his/her feedback to the Chairman of the Board. This statement shall be presented to the Board members.

Article (3): Nomination and Appointment of Committee Members

3.1 Nomination and Appointment Rules

Committee members shall be nominated and appointed pursuant to the Charter of the relevant committee.

Article (4) Nomination and Appointment of Senior Executives

4.1 Nomination and Appointment Rules

- 4.1.1 The Board shall appoint and dismiss executive management of the Company, organize their work, and supervise and monitor them and ensure efficient performance of assigned tasks. The Nomination and Remuneration Committee shall recommend to the Board potential nominees for executive management positions in the Company, including the position of Chief Executive Officer.
- 4.1.2 Nomination, screening and annual evaluation criteria for executive management positions shall be approved by a Board resolution based on recommendation of the Nomination and Remuneration Committee, and shall become effective and amended (as needed) pursuant to its provisions.

Article (5): Termination of Board Membership and Vacant Seats

- 5.1 The process of termination of Board membership and appointment of replacements in case of vacant seats shall be subject to applicable regulations, Articles of Association, Company Governance Regulations, and applicable policies.
- 5.2 The Company's Bylaws shall specify how Board membership is terminated or ended upon Board request. However, the Ordinary General Assembly may dismiss all or some Board members even if the Articles of Association state otherwise, subject to any restrictions placed by the Authority. In such case, the Ordinary General Assembly must elect a new Board of Directors or replacements for dismissed members, as applicable, pursuant to the Companies Law and its Implementing Regulations. Also, the General Assembly may, based on a Board recommendation, terminate the membership of any member who is absent from attending three consecutive or five separate

- Board meetings during his membership term without legitimate excuse accepted by the Board.
- 5.3 Upon termination of any Board member, the Company must promptly notify the Authority and Market with reasons warranting such termination.
- 5.4 Upon receiving a request from one or more shareholders representing 10% of Company shares with voting rights to dismiss all or some Board members pursuant to Article 90 of the Companies Law, the Board must include in the invitation for the Ordinary General Assembly meeting the name of the requestor and justifications for the request. The concerned member shall have the right to provide a statement regarding the request at the related Ordinary General Assembly meeting.
- 5.5 If a Board member resigns and has feedback on the performance of the Company, he/she shall submit a written statement elaborating on his/her feedback to the Chairman of the Board. This statement shall be presented to the Board members.
- 5.6 If a new Board is unable to be elected for a new term upon expiry of the existing Board's term, the existing members shall continue to carry out their duties until a new Board is elected, provided that the continuation of existing members does not exceed 90 days from the end of the Board's term. The Board must take necessary measures to elect a new Board to replace it prior to the end of the continuation period specified herein.

Article (6) Final Provisions

6.1 Effective Date and Review

- 6.1.1 This Policy shall be adopted by General Assembly resolution based on a Board recommendation (such recommendation being based on the Nomination and Remuneration Committee recommendation), and shall be effective from the date of its adoption by the General Assembly.
- 6.1.2 This policy replaces the Nominations Policy adopted on 04/04/2018 and the Standards and Procedures for the Membership of the Board of Directors Policy approved on 29/04/2021.

6.1.3 The Nomination and Remuneration Committee shall oversee implementation of this Policy and periodically review its provisions, providing its recommendations on any amendments thereto to the Board.

6.1.4 Any amendments to this Policy shall be adopted in the same manner in which this Policy was adopted.

6.2 **Disclosure**

The Board shall, in relation to this Policy, comply with relevant disclosure requirements and obligations under the Disclosure Policy and applicable regulations and rules.

Article (7) (Publication and Amendment)

7.1 The provisions of this policy shall apply and be complied with by the Company effective from the date of approval by the General Assembly of Shareholders. It shall also be published on the Company's website to enable shareholders, public and stakeholders to view it.

7.2 The content of this policy shall be reviewed as needed based on a Board recommendation, provided that these amendments are presented to the General Assembly of Shareholders for adoption at the earliest meeting.