



18/08/1443 A.H. (corresponding to 01/04/2021 A.D.)

## **Internal Governance Regulations**

**LEEJAM SPORTS COMPANY**

*(This is a Translation of the Official Arabic Text of Internal Governance Regulations of Leejam Sports Company)*

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## Part I: Introductory Provisions

### 1. Preamble and Purpose of the Regulations

- 1-1 The Internal Governance Regulations (“**Regulations**”) of LEEJAM SPORTS Co. (the “**Company**”) is intended to describe the rules and standards regulating management of the Company in order to develop an effective framework ensuring the Company’s compliance to requirements of corporate governance under the relevant laws and regulations adopting best practices of corporate governance protecting the rights of shareholders and stakeholders.
- 1-2 Provisions of these Regulations shall be binding. Board of Directors of the Company (“**BOD**” and each member of the Board of Directors shall be hereinafter referred to as “**Director**”) shall verify the enforcement of required actions to ensure compliance of the Company to provisions hereof.
2. **Definitions:** Capitalized terms and phrases used herein shall have the meanings assigned thereto in Annex (1), unless the context shall otherwise require.

## Part II: Shareholders’ Rights

### 1. Shareholders’ General Rights

- 1.1 Board of Directors and Chief Executives (as defined in Annex (1)) (“**Chief Executives**” or “**Executive Management**”) shall protect, and shall enforce actions to ensure protection of, the rights of Company’s Shareholders (“**Shareholders**”, shall be hereinafter individually referred to as “**Shareholder**”) empowering the Shareholders to exercise all of their rights as shareholders without constraints or challenges.
- 1.2 Board of Directors and Chief Executives shall treat all Shareholders fairly and equally and shall neither discriminate among Shareholders owning the same class of shares nor prevent such Shareholders from accessing any of their rights.
- 1.3 Board of Directors shall provide full, clear and non-misleading information warranting that the Shareholder shall duly exercise all of its rights. Such information shall be provided in a timely fashion and updated on a regular basis. The Shareholder shall be furnished with clear and detailed information including a statement of information of the Company the Shareholder may have access to. Such information shall be provided to all Shareholders owning the same class. Besides, the most effective methods for communication ensuring non-discrimination among Shareholders in providing the information shall be adopted.
- 1.4 The Board of Directors shall ensure communication between the Company and the Shareholders based on the common understanding of the strategic objectives and interests of the Company. The chairman of Board of Directors (“**COB**”) and the Chief Executive Officer of the Company (“**CEO**”) shall keep the remaining directors abreast of the opinions of the Shareholders and discuss these opinions with such directors.
- 1.5 A Shareholder shall be entitled to all rights attached to shares of the Company (“**Shares**”) in particular the right to:
- a) A share of the net profits to be distributed in cash or by issuance of shares;

- b) A share of the Company's assets upon liquidation;
  - c) Attend the Shareholders' General Meeting (the "**General Meeting**") or Special Meetings, participate in the deliberations and vote on the relevant decisions;
  - d) The right of disposition with respect to its shares in accordance with the applicable laws, regulations and instructions;
  - e) The right to inquire and have access to books and documents of the Company, including the data and information related to the activities of the Company and its operational and investment strategy without prejudice to the Company's interests and in conformity with the applicable laws, regulations and instructions;
  - f) The right to monitor performance of the Company and activities of the Board of Directors;
  - g) Hold the Directors accountable, file a liability action against such Directors, challenge the validity of resolutions of General and Special Shareholders' Meetings subject to the conditions and restrictions stipulated in Companies Law and bylaws of the Company;
  - h) Pre-emptive rights to subscribe for new shares issued in exchange for cash shares on a pro-rata basis upon increase of the capital unless the Extraordinary General Meeting suspends or grants the pre-emptive rights to non-shareholders as deemed in the interest of the Company, pursuant to the Company's discretion, in accordance with the applicable laws, regulations and instructions;
  - i) To record its name in the Shareholders Register of the Company;
  - j) To apply for reviewing a copy of the Company's memorandum of association and bylaws unless posted by the Company to the website; and
  - k) To nominate and elect the Directors in accordance with the Company's bylaws.
- 1.6 No Shareholder may intervene in the operations of the Board or the work of the Executive Management of the Company unless such Shareholder is a member of which or unless its intervention is through the Ordinary General Meeting in accordance with its terms of reference or within the limits permitted by the Board.
- 2. Rights of General Meeting:** General Meeting is the supreme authority of the Company and shall be competent in all matters related to the Company. The General Meeting convened in accordance with the legal procedures shall represent all Shareholders in exercising their powers relevant to the Company and shall fulfil its role in accordance with the applicable laws, regulations and instructions and bylaws of the Company.
- 2-1** Shareholders' General Meetings shall be convened upon the requisition of Board of Directors pursuant to the conditions and circumstances set forth in the applicable laws, regulations and instructions and bylaws of the Company. The Board of Director shall

convene the Ordinary General Meeting at least once per annum during the six months following the end of the Company's financial year.

- 2-2 The Board of Directors shall call on the Ordinary General Meeting if so requisitioned by:
- A. The Auditor (as defined in Annex (1));
  - B. Audit Committee;
  - C. Number of Shareholders representing at least (5%) of share capital of the Company; and
  - D. Competent regulating bodies in accordance with the applicable laws, regulations and instructions.
- 2-3 At least a twenty-one day notice of a general meeting specifying the date, time, place and agenda of the General Meeting shall be served. Notice shall be published in a daily newspaper distributed in the province where the Company's registered office is situated and shall be published on the Company's website and website of Saudi Stock Exchange (Tadawul) (the "Exchange"). Competent regulating bodies must be furnished with a copy of the notice during the service period in accordance with the applicable laws, regulations and instructions. Furthermore, the Company may use other means, including modern technology, to invite the Shareholders to General and Special Meetings.
- 2-4 It shall be permissible for the Shareholders through the Company's website and the website -when publishing the notice of General Meeting- to have access to information on items of General Meeting's agenda, in particular report of the Board of Directors, Auditor, financial statements, report of Audit Committee so as to be able to make considered decision. The Company shall update such information in case of amendment of agenda of General Meeting.
- 2-5 Upon preparing the agenda of the General Meeting, the Board of Directors shall consider the topics that the Shareholders would desire to list. The competent regulating bodies and Shareholders owning at least (5%) of the Company's shares may add item(s) to the agenda of General Meeting when being developed.
- 2-6 Board of Directors shall list each of the topics listed in agenda of the General Meeting in a separate item, shall not combine substantially different topics under one item and shall not outline the business and contracts in which the Directors have direct or indirect interest in one item to be voted on by the Shareholders entirely.
- 2-7 The Company may amend the agenda of the General Meeting during the period between publishing the notice of General Meeting and the date of convening, provided to be announced by the Company in accordance with the controls prescribed in Sub-clause (2-3) of Part II hereof.
- 2-8 The Board of Directors shall provide the Shareholders with the opportunity for effective participation and voting in the General Meetings in addition to facilitating the participation of utmost number of Shareholders in the General Meeting, including, inter alia, the selection of the appropriate place and time.
- 2-9 The Shareholder may authorize another shareholder (other than the Directors or personnel of the Company) to attend meetings of the General and Special Meetings.

**2-10** The Company may held the General and Special Meetings and the Shareholder may participate in deliberation and vote on the resolutions via modern technology, in accordance with the following controls:

- A. Participation of the Shareholder shall be through instantaneous visual and audio transmission of the General or Special Meetings;
- B. Participation shall be by means of direct communication between the Company and Shareholders whereby all Shareholders are able to effectively participate in the General and Special Meetings in real time and able to hear each other, follow-up the proposals, express opinions, discuss and vote on resolutions.

**2-11** The Company shall allow the electronic voting of Shareholders on items of agenda of General and Special Meetings, even if are not physically present in such meetings, pursuant to the following controls:

- A. Shareholders e-voting shall allow the Shareholders to vote prior to or during the General or Special Meeting without the need to appoint a proxy to attend the General or Special Meeting on their behalf;
- B. E-voting on items of agenda of any General or Special Meeting shall commence after the date of publishing the meeting's invitation, provided that such period shall not be less than three (3) days prior to the date of the meeting. The electronic voting on any item of the agenda of General or Special Meeting shall stop when the discussion and the voting on such item are concluded in the Meeting.

**2-12** The attendance and votes of the Shareholders participating in the General and Special Meetings via modern technology and Shareholders voting electronically under the Sub-clauses (2-10) and (2-11) of Part II hereof shall be counted for the purpose of reckoning whether a quorum is present at the General and Special Meeting.

**2-13** The Company shall confirm registration of information of the Shareholders desiring to attend the General and Special Meeting at registered office of the Company prior to the date scheduled for the meeting. The Company shall establish the appropriate rules and restrictions for checking the identity of the Shareholder voting electronically and participating in the General and Special Meeting through contemporary technology and shall further verify the eligibility of each Shareholder to vote on any of the meeting's agenda items.

**2-14** Meetings of the Shareholders' General Meeting shall be chaired by the COB, Vice-Chairman, if the COB is absent, or whom is delegated by the Board of Directors amongst its members, if the Chairman and Vice-Chairman are absent. Chair of the Shareholders' General Meeting shall grant the Shareholders the opportunity to effectively participate and vote in the General Meeting, and avoid any procedure that may prevent their attendance to the

Meetings or the exercise of the voting right. Shareholders shall be informed of the rules governing such meetings and the voting procedures.

**2-15** Shareholders shall be entitled to discuss matters listed in the agenda of the General Meeting and raise relevant questions to the Directors and to the auditor. Such questions shall be answered to the extent that does not jeopardize the Company's interest.

**2-16** The Company shall announce to the public and inform the relevant regulating bodies and the Exchange, in accordance with the applicable laws, regulations and instructions, of conclusions of the General Meeting once concluded.

## **Part III: Board of Directors**

### **1. Composition of Board and Membership**

1.1 The Board of Directors shall be composed of seven directors, provided that majority directors shall be non-executives and the independent directors shall not be less than three.

1.2 Composition of Board of Directors shall be governed by the provisions of bylaws of the Company. Rules, standards and procedures of composition of the Board and nomination, election and dismissal of the Directors shall be defined, inter alia, in the nomination policy issued by the Company in accordance with Sub-clause #(2-6) and Policies, Standards and Procedures for the Membership of the Board of Directors of LEEJAM SPORTS Company issued by the Company pursuant to Sub-clause #(2.14) of Part IX hereof ("**Nomination Policy**").

1.3 The Company shall advise the relevant regulating bodies of the names and membership status of the Directors within five working days as of the commencement date of the Board term or appointment date of the Directors, whichever is sooner, and of any changes to their memberships within five working days as of the change date.

1.4 Upon the termination of the membership of a Director by any termination method, the Company shall promptly notify the relevant regulating body and the Exchange, in accordance with the applicable laws, regulations and instructions, specifying the reasons for such termination.

**2. Board Meetings and Operating Procedures:** Meetings and operating procedures of the Board of Directors, including the rules relating to quorum of meetings and adoption of resolutions, shall be subject to the Company's bylaws.

2.1 The Board of Directors shall be convened at least four times per annum, at least once every quarter.

2.2 The Board of Directors shall convene upon an invitation from the\ Chairman or a request of two Directors. A notice of meeting shall be provided to each Director at least five days prior to the meeting date accompanied by the meeting agenda and required information and documents, unless it is necessary to call for a meeting urgently. In such event, the notice of meeting accompanied by the meeting agenda and required

information and documents may be sent within a period less than five days prior to the meeting date.

2.3 The Board of Directors may hold in-person meetings, or by conference telephone, by means of visual and audio communication or by any other means of similar communication adopted by the Board whereby all Directors can hear each other.

2.4 Each Director shall be entitled to suggest the addition of one item or more to the agenda of Board meeting. The Board of Directors shall approve the agenda once the meeting is held. Should any objection be raised by any Director to such agenda, such objection shall be entered in the minutes of the meeting.

2.5 Proceedings for attending the Board meetings shall be arranged and poor attendance of board meetings by Directors must be handled. Director shall be keen to be present in the meetings where all critical and significant resolutions affecting the position of the Company shall be passed.

2.6 Board of Directors meetings may be attended only by the Directors and Secretary. However, third parties may be present in such meetings if so requisitioned by the Board.

2.7 The Board may pass the resolution by circulation by presenting such resolutions in writing or through electronic means to all Directors separately to be approved and signed thereon in accordance with the Company's bylaws.

2.8 If any Director has any remarks in respect of the performance of the Company or any of the matters presented and not decided in the Board meeting, such remarks shall be recorded and the procedures taken or to be taken by the Board in connection therewith shall be clarified in the minutes of the Board meeting. If a Director expresses an opinion in contrary to the Board resolution, such opinion must be recorded in detail in the minutes of the Board meeting.

2.9 The Board's deliberations and resolutions shall be recorded in minutes signed by the session Chairman, Directors present in the meeting and Secretary. Such minutes shall be recorded in a special register to be signed by the Chairman and Secretary.

3. **Competencies, Responsibilities and Powers of the Board:** Subject to the powers of General Meeting, the Board of Directors shall have full powers and authorities to manage the Company and direct its affairs in order to achieve objectives of the Company. The matters set forth in the applicable laws, regulations and instructions and Company's bylaws shall be included, in particular, in the powers and authorities of the Board of Directors.

3.1 The Board of Directors shall represent all Shareholders. The Board shall further manage the Company with due care, diligence and loyalty and undertake the measures that would protect the Company's interests and contribute to its development and promote its value.

3.2 The Board of Directors of the Company shall assume responsibility for business of the Company even if delegated certain power vested in the BOD to committees, entities or individuals. In all events, the Board of Directors shall not issue general delegation or for an indefinite term.

3.3 The competencies, responsibilities and powers of the Chairman and Vice-Chairman shall be as stipulated in the applicable laws, regulations and instructions, Company's



bylaws and authorities and delegation policy issued by the Company in accordance with Sub-clause #(2-12) of Part IX hereof (“**Authorities and Delegation Policy**”).

## 4. **Development, Support and Assessment**

- 4.1 The Company shall pay due attention to training and qualification of the Directors and Executive Management and shall develop the programs required therefor, considering the following:
- A. Programs shall be designed for newly-appointed Directors and Executive Management to be familiarized with operation processes and activities of the Company, in particular:
- Company’s strategy and objectives;
  - Financial and operational aspects of activities of the Company;
  - Obligations, roles, responsibilities and rights of the Directors and Executive Management; and
  - Assignments and terms of reference of the Company’s committees.
- B. Development of the mechanisms required so that each Director and Executive Management member would have training programs and courses on an ongoing basis to develop their skills and knowledge in the fields relevant to activities of the Company.
- 4.2 Chief Executives shall furnish the Directors -and non-executive members in particular- and committees of the Company with all necessary information, data, documents and register, provided to be clear, valid, non-misleading and in a timely manner, to be able to carryout their duties and roles.
- 4.3 Performance of the Board, Directors, its committees, Executives Management shall be assessed on an annual basis in accordance with the rules and procedures detailed in Nomination Policy.

## 5. **Remunerations**

- 5.1 Remuneration of the Directors shall be determined in accordance with the provisions of the Company’s bylaws and Remuneration Policy issued by the Company under Sub-clause (2-7) of Part IX hereof (“**Remuneration Policy**”).
- 5.2 Remuneration of the Board of Directors, Chief Executives and members of the Board committees shall be subject to disclosure requirements set forth in Remuneration Policy, Disclosure Policy and procedures issued by the Company under Sub-clause (2-2) of Part IX (“**Disclosure Policy**”).

## **Part IV: Committees of Board of Directors**

### **1. General Provisions**

**1-1** The Company shall have two permanent committees:

C. Audit Committee; and

D. Nomination and Remuneration Committee.

**1-2** The Board of Directors may set up further committees as required by the Company and in accordance with the circumstances and status of the Company to perform any role assigned by the Board from time to time. Charter of such further committees shall be issued by a resolution to be adopted by the Board of Directors in accordance with the applicable laws, regulations and instructions, provided that such charter shall include, without limitation, the operating controls and procedures, responsibilities and rules on election, term of service and remunerations of members.

### **2. Audit Committee**

**2-1** The Audit Committee shall be formed upon a resolution by the Ordinary General Meeting composed of Shareholders or others, provided that at least one of whom shall be an independent member and shall not include any of the Executive Management members. The Audit Committee members shall not be less than three members or more than five; with at least one of whom is competent in financial and accounting matters.

**2-2** Chair of the Audit Committee shall be an independent Director.

**2-3** Subject to a proposition made by the Board of Directors, General Meeting of the Company shall issue the Audit Committee charter including the operating controls and procedures and responsibilities of the Committee as well as the rules on election, mechanism of nomination, term of service and remunerations of members and, in the event that one of the seats of the Committee membership becomes vacant, the mechanism of appointment of temporary member.

**2-4** Any person who is serving or have been serving on Executive or Financial Management of the Company or with auditor of the Company during the preceding two years shall not be a member of the Audit Committee.

### **3. Nomination and Remuneration Committee**

**3-1** Nomination and Remuneration Committee shall be formed by a resolution to be passed by the Board of Directors.

**3-2** Subject to a proposition made by the Board of Directors, General Meeting of the Company shall issue the Nomination and Remuneration Committee charter including, without

limitation, the operating controls and procedures and responsibilities of the Committee in addition to rules on election, term of service and remunerations of the members.

## **Part V: Executive Management and Administrative Committees**

### **1. Executive Management**

- 1-1 The Board of Directors shall form the Executive Management of the Company, organize modus operandi, shall control, supervise and verify the accomplishment of its assigned duties.
- 1-2 Subject to the powers and authorities of the Board of Directors, the Executive Management shall manage the day-to-day operations of the Company, including submission and implementation of resolutions, plans, policies and main strategies of the Company.
- 1-3 Bylaws of the Company and Authorities and Delegation Policy shall clarify the duties and terms of reference of Executive Management in detail.

**2. Administrative Committees:** The Company may set up committees at the administrative level (“**Administrative Committees**”) as required by the Company and in accordance with the circumstances and conditions of the Company to perform any role assigned, from time to time, by Executive Management pursuant to Authorities and Delegation Policy.

## **Part VI: Internal Control and Audit**

### **1. Internal Control and Audit System**

- 1-1 The Board of Directors shall adopt an internal control and audit system for the Company (“**Internal Control System**”) to evaluate the policies and procedures related to risk management, application of governance provisions adopted by the Company and adherence to relevant laws and regulations.
- 1-2 Internal Control System shall be developed through clear responsibility standards at all executive levels of the Company, given that related parties transactions shall be conducted in accordance with its own provisions and controls.

### **2. Internal Control and Audit Department**

- 2-1 The Company shall establish an internal control and audit department (“**Internal Control and Audit Department**”) for the purpose of evaluating and supervising the application of Internal Control System and to ensure compliance of the Company and staff to the applicable laws, regulations, rules and instructions as well as policies and procedures of the Company.
- 2-2 Internal Control and Audit Department shall be composed of at least the internal audit manager (“**Internal Audit Manager**”). The Company may appoint other employees or seek

the assistance of external entities to work as internal auditors (“**Internal Auditors**”) at Internal Control and Audit Department.

2-3 Internal Audit Manager shall be designated by the Board of Directors upon a recommendation by the Audit Committee.

2-4 Internal Control and Audit Department shall be formed and operated in accordance with the following rules:

- A. The staff shall be competent, independent and appropriately trained, and shall not be charged with any other work except for internal audit and internal control;
- B. Internal auditors shall display high level of professionalism with regard to collection, evaluation and communication of information on the activity or operation to be audited, conducting balanced evaluation of all relevant circumstances without being affected, when making decisions, by their own interests or third parties;
- C. Internal Control and Audit Department shall present its reports to, shall be associated with and responsible before, the Audit Committee
- D. Internal Audit Manager shall assume responsibility before the Audit Committee;
- E. Remuneration of the Internal Audit Manager shall be determined by the Board of Directors pursuant to the recommendation of Audit Committee in accordance with policy of the Company; and
- F. Internal Control and Audit Department shall be empowered to have unconditional access to the information, documents and instruments, provided to be kept and maintained in confidence and to keep the records and information.

2-5 Internal Control Department shall be operated in accordance with a comprehensive internal audit plan (“**Internal Audit Plan**”) developed by Internal Audit Manager and approved by Audit Committee. Such plan shall be updated annually. Relevant main activities and operations, including risks and compliance management, shall be reviewed at least per annum.

2-6 Internal Control and Audit Department shall develop and present a written report on its business to the Board of Directors and Audit Committee at least every quarter (“**Quarterly Report**”). Such report shall include:

- A. An evaluation of the Company’s Internal Control System;
- B. The conclusions and recommendations reached by the Internal Control and Audit Department with regard to its evaluation of the Internal Control System; and
- C. A statement of the procedures taken by each department concerning the actions addressing the conclusions and recommendations of the prior audit and any remarks in pertaining thereto especially in case of failure to address such conclusions and recommendations in a timely fashion and the reasons therefor.

2-7 Internal Control and Audit Department shall develop and present a written report to the Board of Directors and Audit Committee on an annual basis (“**Annual Report**”). The Board

of Directors shall determine the scope of annual report pursuant to the recommendation of Audit Committee and Internal Control and Audit Department, provided that the report shall in particular include:

- A. The audits conducted by the Internal Control and Audit Department during the financial year against the approved plan while justifying the reasons for any fraud or deviation from the plan, if applicable, during the quarter following the end of certain financial year;
- B. Procedures for monitoring and overseeing the financial affairs, investments and risk management;
- C. Assessment of the development of risk factors threatening the Company and the existing systems responding to radical or unexpected changes in the Exchange;
- D. Assessment of performance of the Board and the Senior Management with respect to the implementation of Internal Control System, including the number of times the Board has been informed of control issues, inclusive of risk management, and a description of the method followed to address such issues;
- E. Failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures (particularly the issues disclosed in the Company's annual reports and its financial statements);
- F. The extent to which the Company has complied with the Internal Control System when determining and managing risks; and
- G. Information describing the Company's risk management operations.

2-8 The Internal Control Department shall keep records of the quarterly and annual audit reports and all related documents clearly reflecting the accomplishments, findings and recommendations of the Internal Control Department and all actions taken in their regard.

## **Part VII: Auditor of the Company**

### **1. Appointment**

1-1 The Company shall assign the function of auditing its annual accounts to an independent, competent, experienced and qualified auditor(s) to prepare an objective and independent report to the Board of Directors and the Shareholders, setting out whether the Company's financial statements clearly and fairly express the financial position and performance of the Company in all material aspects.

1-2 The Ordinary General Meeting shall appoint and determine the remuneration of auditor of the Company pursuant to a recommendation from the Board, provided that the following requirements shall be met:

- A. The nomination shall be made by the Board of Directors pursuant to a recommendation of the Audit Committee;

- B. The auditor shall be licensed and shall meet the requirement of the competent authority in the Kingdom of Saudi Arabia;
  - C. The auditor must be independent and its interests shall not conflict with interests of the Company;
  - D. The number of nominees provided to the General Meeting shall not be less than two; and
  - E. The Ordinary General Meeting may reappoint same auditor, provided that its term of service shall not be more than five continuous years. The auditor reaching such period may be reappointed two years after the expiration of such period.
- 1-3 The Ordinary General Meeting may, at any time, change the auditor, without prejudice to its right to compensation, if changed at inappropriate time or for undue cause.

## **2. Duties, Responsibilities and Rights of the Auditor**

2-1 The auditor shall:

- A. Owe the duties of loyalty and care to the Company; and
- B. Notify the competent authority (in accordance with the adopted rules and laws) if the Board fails to take appropriate actions in respect of suspicious issues it raises.

2-2 The auditor may, at any time, review the books, records and other documents of the Company and may further ask for the data and clarifications deemed necessary to verify the assets and liabilities of the Company and other actions falling within its scope of work. The Chairman of Board shall empower the auditor to fulfill its duty. Should the auditor encounter any challenges to this effect, such challenges shall be recorded in a report to be submitted to the Board of Directors. In case the Board fails to facilitate mission of the auditor, the auditor shall requisition the Board to call for Ordinary General Meeting so as to consider this matter. The auditor may call the Ordinary General Meeting, if not constituted by the Board, within thirty days as of the auditor's request.

2-3 The auditor shall be held responsible for compensating the Company, the Shareholders or third parties for the damage resulting from the errors made by the auditor. If an error is attributable to several auditors, they shall be jointly responsible therefor.

2-4 Duties, responsibilities and rights of the auditor shall be governed by the relevant laws, regulations and rules and provisions of bylaws of the Company.

## **Part VIII: Disclosure and Transparency**

### **1. General Provisions**

- 1-1** The Company shall abide by the rules, requirements and procedures of disclosure indicated in the relevant laws, regulations and rules and Disclosure Policy of the Company.
- 1-2** Any disclosure made by the Company to the public or competent authorities shall be complete, accurate and non-misleading. Disclosure to the Shareholders and investors shall be without discrimination.

### **2. Disclosure Provisions**

- 2-1** The Company shall notify the competent authorities and the public, without delay, in accordance with the applicable laws, regulations and rules, of any material developments in its sphere of activity which are not public knowledge, and which may affect the assets and liabilities, financial position or the general course of business of the Company or its subsidiaries and which may reasonably lead to movements in the price of the Company's listed securities or significantly affect ability of the Company to meet its commitments in respect of listed debt instruments, pursuant to the rules set forth in Disclosure Policy of the Company.
- 2-2** The Company shall disclose its financial information in accordance with the applicable laws, regulations and rules and Disclosure Policy of the Company.
- 2-3** The Board of Directors shall issue an annual report including, inter alia, a demonstration of operations of the Company during the last financial year and all factors affecting business of the Company. Such report shall be developed and disclosed in accordance with the applicable laws, regulations and rules and Disclosure Policy of the Company.
- 2-4** The Audit Committee shall issue an annual report expressing, inter alia, its opinion on the efficiency and effectiveness of internal and financial control and risk management systems of the Company as well as its recommendations to this effect and the conducted actions falling in its terms of reference. Such report shall be developed and disclosed in accordance with the applicable laws, regulations and rules Disclosure Policy of the Company and charter of Audit Committee.

## **Part IX: Internal Policies**

### **1. General Provisions**

- 1-1** The Company shall formulate appropriate internal policies and procedures so as to organize different aspects of operations, management and governance of the Company.
- 1-2** Further to the main policies set forth in Section (2) of this part, the Company may issue other policies as needed by the Company and in accordance with the circumstances and

conditions of the Company. The authority to issue such other policies shall be defined in the Authorities and Delegation Policy.

## **2. Main Policies**

### **2-1 Conflict of Interests Policy:**

- A. The Company shall develop a written and clear policy of conflict of interests (“**Conflict of Interests Policy**”) to regulate and deal with the actual or potential conflicts of interest that may affect the performance of the Directors or the Executive Management members or other employees of the Company when dealing with the Company or other stakeholders. Conflict of Interests Policy shall be developed in accordance with the relevant laws, regulations and instructions.
- B. Conflict of Interests Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.

### **2-2 Disclosure Policy:**

- A. The Company shall formulate a written policy of disclosure including the rules, procedures and supervisory regulations related to disclosure in compliance with the disclosure requirements provided for in the relevant laws, regulations and instructions. Disclosure Policy shall be developed in accordance with the relevant laws, regulations and instructions.
- B. Disclosure Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.

### **2-3 Dividend Policy**

- A. The Company shall establish a written and clear dividend policy (“**Dividend Policy**”) to regulate the paying out of share profits realizing the interests of the Shareholders and Company in accordance with bylaws of the Company.
- B. Dividend Policy shall be approved upon a resolution by the Board of Directors and shall enter into force and may be amended, where applicable, subject to its provisions.

### **2-4 Stakeholder Policy:**

- A. The Company shall form a clear and written policy of stakeholders (“**Stakeholder Policy**”) to establish rules and procedures regulating the relationship with stakeholders in order to protect and preserve their rights. Stakeholder Policy shall be developed in accordance with the relevant laws, regulations and instructions.
- B. Stakeholder Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.



## **2-5 Insider Trading Policy**

- A. The Company shall establish a written policy regulating the trading of Company's securities by the Directors, Chief Executives, other employees of the Company and third parties ("**Insider Trading Policy**") with the purpose of compliance to the rules of insider trading stipulated in the relevant laws, regulations and instructions.
- B. Insider Trading Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of the Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.

## **2-6 Nomination Policy:**

- A. The Company shall develop a written policy of nominations including, without limitation, clear rules, standards and procedures for membership of the Board of Directors and Executive Management in compliance with the relevant laws, regulations and instructions and bylaws of the Company.
- B. Nomination Policy shall be approved upon a resolution by the Ordinary General Meeting pursuant to recommendation of the Board of Directors, upon proposal of Nomination and Remuneration Committee, and shall enter into force and may be amended, where applicable, subject to its provisions.

## **2-7 Remuneration Policy:**

- A. The Company shall establish a written and clear remuneration policy to regulate remunerations of the Directors, Board of Directors and Executive Management committees, as the case may be, in addition to the remuneration of other employees of the Company in accordance with the relevant laws, regulations and instructions and bylaws of the Company.
- B. Remuneration Policy shall be approved upon a resolution by the Ordinary General Meeting pursuant to recommendation of the Board of Directors, upon proposal of Nomination and Remuneration Committee, and shall enter into force and may be amended, where applicable, subject to its provisions.

## **2-8 Whistle-Blowing Policy**

- A. The Company shall formulate a written whistle-blowing policy ("**Whistle-Blowing Policy**") to regulate the mechanism and procedures of the Company to be adopted by employees of the Company and stakeholders when filing complaints, reporting illegal practices or providing their remarks on any transgression in the financial reports or others in confidence.
- B. The Whistle-Blowing Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of the Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.

## **2-9 Code of Conduct and Ethical Values Policy:**

- A. The Company shall develop a code of conduct and ethical values policy in writing ("**Code of Conduct and Ethical Values Policy**") describing the directions and rules of the Company on code of conduct and ethical values.

- B. Code of Conduct and Ethical Values Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of the Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.

**2-10 Risk Management Policy:**

- A. The Company shall form a written policy of risk management (“**Risk Management Policy**”) clarifying the strategy and procedures of the Company with regard to management and assessment of the risks commensurate with nature and turnover of activities of the Company.
- B. Risk Management Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.

**2-11 Compliance Policy:**

- A. The Company shall develop written policy of compliance (“**Compliance Policy**”) to ensure the compliance and adherence of the Company to the governing laws, regulations and rules.
- B. Compliance Policy shall be approved upon a resolution by the Board of Directors pursuant to recommendation of Audit Committee and shall enter into force and may be amended, where applicable, subject to its provisions.

**2-12 Authorities and Delegation Policy:**

- A. The Company shall establish a written and detailed policy of the authorities and delegation defining the authorities vested in Executive Management and others, including preparation of a schedule clarifying such authorities, and regulating procedures for delegation of authorities in the Company.
- B. Authorities and Delegation Policy shall be approved upon a resolution by the Board of Directors and shall enter into force and may be amended, where applicable, subject to its provisions.

**2-13 Social Responsibility Policy:**

- A. The Company shall frame a written policy of social responsibility (“**Social Responsibility Policy**”) to regulate activities and initiatives of the Company in the field of social work and social responsibility to balance between objectives of the Company and objectives the community aspires to achieve in order to develop the social and economic conditions of the community.
- B. Social Responsibility Policy shall be approved upon a resolution by the Ordinary General Meeting, based on proposal of the Board of Directors, and shall enter into force and may be amended, where applicable, subject to its provisions.

**2-14 Standards and Procedures for the Membership of the Board of Directors Policy:**

- C. The Company shall develop a policy of the standards and procedures for the membership of the Board of Directors (“Standards and Procedures for the

Membership of the Board of Directors Policy”) to regulate the standards and procedures for the membership of the Board of Directors.

- D. Standards and Procedures for the Membership of the Board of Directors Policy shall be approved upon a resolution by the Ordinary General Meeting, based on proposal of the Board of Directors, and shall enter into force and may be amended, where applicable, subject to its provisions.

## **2-15 Competing Business Standards Policy**

- E. The Company shall formulate a written policy of competing business standards (“**Competing Business Standards Policy**”) to regulate the engagement rules of Directors of the Company in competing business.
- F. Competing Business Standards Policy shall be approved upon a resolution by the Ordinary General Meeting, based on proposal of the Board of Directors, and shall enter into force and may be amended, where applicable, subject to its provisions.

## **Part X: Documentation**

### **1. Documentation**

- 1-1** The Company shall keep and maintain all minutes, documents, reports and other instruments required to be kept under the laws and regulations applicable and relevant to these Regulations in registered office of the Company for at least ten years, including, without limitation, report of the Board of Directors and Audit Committee report. Without prejudice to such period, if a case (including existing or threatened case) or claim is filed or any investigation proceedings are initiated with regard to such minutes, documents, reports and instruments, the Company shall keep the same minutes, documents, reports and instruments until the settlement of such case, claim or existing investigation proceedings.

## **Part XI: Final Provisions**

### **1. Enforcement and Review**

- 1-1** These regulations shall be adopted upon a resolution by the Board of Directors pursuant to recommendation of the Nomination and Remuneration Committee shall enter into force as of the approval date by the Board of Directors. Requirements of publication, disclosure and reporting applicable to the companies of which shares are listed on the Exchange, under the relevant laws and regulations, shall be applied as of the date of listing the Company's shares on the Exchange.
- 1-2** The Nomination and Remuneration Committee shall periodically review these regulations and provide its recommendations on any amendments hereto to the Board of Directors.
- 1-3** Any amendments hereto shall be adopted by the same manner of adoption of these regulations.

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## Annex (1)

### Definitions

**Authorities and Delegation Policy:** Authorities and Delegation Policy issued by the Company under Sub-clause (2-12) of Part IX hereof.

**Annual Report:** The report developed by Internal Control and Audit Department under Sub-clause (2-12) of Part VI hereof.

**Auditor:** The auditor appointed by the Company Sub-clause (2-12) of Part VII hereof.

**Board of Directors:** Board of Directors of the Company.

**CEO:** Chief Executive Officer of the Company.

**COB:** Chairman of Board of Directors of the Company.

**Committees:** Audit Committee, Nomination and Remuneration Committee in addition to any other committee formed under Sub-clause (1-2) of Part IV hereof.

**The Company:** LEEJAM SPORTS COMPANY.

**Conflict of Interests Policy:** Conflict of Interests Policy issued by the Company under Sub-clause (2-1) of Part IX hereof.

**The Director:** Director of the Company.

**Disclosure Policy:** Disclosure Policy issued by the Company under Sub-clause (2.2(A)) of Part IX hereof.

**Dividend Policy:** Dividend Policy issued by the Company under Sub-clause (2-3) of Part IX hereof.

**The Exchange:** Saudi Stock Exchange (Tadawul).

**General Meeting:** Shareholders' General Meeting to be constituted in accordance with bylaws of the Company.

**Internal Control and Audit Department:** Internal Control and Audit Department of the Company.

**Internal Audit Manager:** Internal Audit Manager of the Company.

**Internal Auditors:** Employees of the Company or those who has been outsourced and assigned to work as internal auditors in Internal Control and Audit Department of the Company.

**Internal Audit Plan:** Internal audit plan prepared by the Company under Sub-clause (2-5) of Part VI hereof.

**Internal Control System:** Internal control and audit system of the Company.

**Insider Trading Policy:** Insider Trading Policy issued by the Company under Sub-clause (2.5) of Part IX hereof.

**Administrative Committees:** Committees setup at the administrative level under Sub-clause (2) of Part V hereof.

**Regulations:** Internal Governance Regulations of the Company

**Nomination Policy:** Nomination Policy issued by the Company under Sub-clause (2-6) of Part IX hereof.

**Quarterly Report:** The report to be developed by Internal Control and Audit Department under Sub-clause (2-12) of Part VI hereof.

**Remuneration Policy:** Remuneration Policy issued by the Company under Sub-clause (2.7) of Part IX hereof.

**Risk Management Policy:** Risk Management Policy issued by the Company under Sub-clause (2.10) of Part IX hereof.

**Secretary:** Secretary of the Board of Directors

**Chief Executives or Executive Management:** The persons assigned to manage the day-to-day operations of the Company, propose and implement strategic resolutions as the CEO, Deputy CEO and Deputy CFO.

**Shareholders:** Shareholders of the Company.

**Shares:** Shares of the Company.

**Social Responsibility Policy:** Social Responsibility Policy issued by the Company under Sub-clause (2.13) of Part IX hereof.

**Stakeholder Policy:** Stakeholder Policy issued by the Company under Sub-clause (2-4) of Part IX hereof.

**Code of Conduct and Ethical Values Policy:** Code of Conduct and Ethical Values Policy issued by the Company under Sub-clause (2.9) of Part IX hereof.

**Whistle-Blowing Policy:** Whistle-Blowing Policy issued by the Company under Sub-clause (2.8) of Part IX hereof.

**Standards and Procedures for the Membership of the Board of Directors Policy:** Standards and Procedures for the Membership of the Board of Directors Policy issued by the Company under Sub-clause (2.14) of Part IX hereof.

**Competing Business Standards Policy:** Competing Business Standards Policy issued by the Company under Sub-clause (2.15) of Part IX hereof.