



December 2018

**REMUNERATION POLICY
(LEEJAM SPORTS COMPANY)**

Title: Remuneration Policy	
Policy Reference: _____	
Applicable to: Directors, members of the Committees, and Senior Executives	
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CHANGE RECORD

Date	Author	Version	Change Details
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APPROVAL

The Twelfth Ordinary General Assembly held on Wednesday 04-04-2018

The Fourteenth Extraordinary General Assembly held on Sunday 09-12-2018

First: Preliminary provisions:

1. The purpose of this document (Remuneration Policy) (hereinafter called "the Policy") is to regulate the Remuneration of the following: -
 - a. Members of the Board of Directors of Leejam Sports Company "Company".
 - b. Special Committee members.
 - c. senior executives.
2. This policy aims to implement and complete the provisions of Remuneration written in the Articles of Association of Leejam company. And In case of any contradiction between this policy and the Articles of Association, the latest shall prevail.
3. The provisions of this policy are binding, therefor the Board of Directors and the Remuneration Committee shall be responsible for the implementation of its provisions, to ensure that the company's management adheres to this policy.

Second: Policy Objectives and Principles:

1. The Remuneration of the Board of Directors, special committees' members, and the senior executives shall be determined as to achieve the following objectives:
 - a. To Enable the company to maintain the board members, and the committee members, and the senior executives. who have a compatible level of experience and qualifications.
 - b. To achieve the success and development of the company in the long term, and to achieve the best interest to the shareholders. And to attract the talented people needed by the company in order to achieve its commercial goals, as well as retaining and motivating those talents.
 - c. Supporting the company in the process of adapting to the competitive pressures of the sectors.
2. The Remuneration of Board of Directors, committees' members, and senior executives shall be determined according to the following principles:
 - a. The Remunerations shall be compatible and in-line with the company's objectives and strategy, in respect to the size, nature and degree of risk to the company.
 - b. To determine the Remuneration of the Board members, committee members and senior executives the company shall take into consideration all of their, Career level, tasks, responsibilities, academic qualifications, experience, skills, efforts, scope of work and level of performance.
 - c. To determine the Remuneration of the Board of Directors, committee members, and senior executives; the company shall take in consideration the commercial customs and similar companies and the size of the company in addition to the degree of risks.
 - d. The Remuneration's shall be fair, appropriate, and reasonably sufficient to attract, retain and motivate the directors, committee members and senior executives with the appropriate level of experience and qualifications.

Third: Board members' remuneration:

1. Remuneration determination rules:
 - 1.1. The Remuneration of the Board of Directors shall be as follows:
 - a. The annual Remuneration for the Chairman of the Board of Directors (350,000)
 - b. The annual Remuneration of the Vice Chairman of the Board of Directors (300,000)
 - c. Annual Remuneration for the board member (250,000)
 - d. The allowance for attending the Board sessions is (3000) for each session attended. And shall Not exceed twelve sessions per each year, not including travel and accommodation expenses.
 - e. In the event of assigns the Board member to carry out an official mission outside Riyadh city, the member shall be compensated according to the actual travel cost and expenses, and in accordance with the company's travel rules policy.
 - f. Medical insurance shall be provided to all Board members and their families as part of the non-financial benefits.
 - g. The professional risk insurance service shall be provided to all Board members as part of the non-financial benefits.
 - h. Board members and one of their family members shall be entitled for an annual subscription Leejam sports centers as part of the non-financial benefits.
 - 1.2. The Remuneration of the Board members might be an amount of money, non-financial benefits, allowance for attendance, and/or certain percentage of the company's annual net profits, and it is allowed to be a combine two or more of these benefits.
 - 1.3. If the Remuneration is a percentage of the company's profits, the total annual Remuneration shall not exceed (10%) of the net profit and shall be given after deducting the company's reserve amount, and after distributing the profit to the company's shareholders, and shall not be less than (5%) of the company's paid capital.
 - 1.4. In all cases, the sum amount of the relevant Remuneration whither its financial or non-Financial Remuneration shall not exceed the sum amount of (500,000) five hundred thousand Saudi riyals per year.
 - 1.5. In regard to the independent members of the Board, they shall be treated as an exception from article third, (1-2) and (1-3) above mentioned, and their Remuneration shall not be calculated -directly or indirectly- from the percentage of the company's profits.
 - 1.6. The Remuneration of the Board of Directors might be deferent from one another, and shall reflect the member experience, competence, responsibilities, independence status, number of sessions he attends, and other relatable considerations.
 - 1.7. The annual Remuneration shall be divided and paid to the member on a quarterly basis (each 3 months). In addition to the allowance to attend the sessions and shall be applied according to the attendance record of each member.

2. Additional Remuneration:

- 2.1. Chairman of the Board of Directors shall obtain additional Remuneration rather than the Remuneration granted as a member of Board. The Board of Directors shall determine the additional Remuneration (if any) on an annual basis based on the recommendation of the Remuneration Committee.
- 2.2. The Members of Board of Directors may obtain additional Remuneration for their membership in the other committees in addition to the entitled Remuneration that granted a member of the Board (if any) and shall be determined in accordance with Part fourth of this Policy.
- 2.3. The Members of the Board of Directors might obtain additional Remuneration for their positions as senior executives other than the Remuneration granted as a member of the Board. Such additional Remuneration (if any) shall be determined in accordance with Part Fifth of this Policy.
- 2.4. In case the Secretary of Board of Directors is one of the Board members, they might obtain additional Remuneration other than the Remuneration granted as a member of the Board. The Board of Directors shall determine such additional Remuneration (if any) on annual basis, based on the recommendation of the Nominations and Remuneration Committee.

3. Restricted Advantages:

The company shall not provide any loan of any kind to any of its board members or shareholders and shall not guarantee any loan from any third party. Except for the loans and guarantees granted by the incentive programs which approved in accordance with the provisions of the Articles of Association or by a decision of the Ordinary General Assembly.

4. Compensation upon termination:

- 4.1. In case the membership of the Board of Directors is terminated due to misconduct, material breach, fraudulent actions, dishonesty or material negligence, the member shall not be entitled to any Remuneration relating the remaining period of the financial year in which the membership was terminated.
- 4.2. Without prejudice to part third, clause (3-1) above-mentioned, and in the case of termination of Board membership due to failure to attend three consecutive Board meetings without legitimate reasons, the member shall not be entitled to any Remuneration for the period following to the last meeting attended.
- 4.3. In case of termination of Board membership of any member -not mentioned herein-, the member shall be entitled to the Remunerations equal to the period between the date of commencement of the financial year up-to the date of termination with-in the financial year in-subject.

Fourth: Remuneration of special committee members:

1. Rules for determining Remuneration:
 - a. The annual Remuneration: for the chairmen of the special committee arise from the Board of Directors, shall be an amount of (120,000)
 - b. The annual Remuneration: for a committee member arises from the board, shall be an amount of (100,000)

- c. The Remuneration for attending a session of special committee arises from the Board: An amount of (2,500) per each session according to the member's attendance record.
 - d. If the Board assigns any of the committee members to carry out an official mission outside the city of Riyadh, the member shall be compensated according to the actual cost of travel, and in accordance with the company's policy for travel approved by the board.
 - e. Professional risk insurance shall be provided to all committee members as part of the non-financial benefits.
 - f. Committee members and one of their family members are granted an annual subscription to enter sports clubs as part of the non-financial benefits.
 - g. The division and delivery of the annual Remuneration shall be done on a quarterly basis (every 3 months). Including the value of Remuneration or allowances for attending committee sessions arises from the Board of Directors, according to the attendance record for each member.
2. The Nominations and Remunerations Committee shall review the Remuneration of the committee's members and shall submit their recommendations to the Board of Directors.

Fifth: Senior Executives Rewards:

1. Rules for determining Remuneration:
 - 1.1. The Board of Directors shall determine -based on the recommendations of the Nominations and Remuneration Committee- the Remuneration of all senior executives in accordance with their contracts, company policies, Remunerations plans and relevant internal compensations.
 - 1.2. The Nominations and Remuneration Committee shall review and approve the employment contracts of the senior executives, including contracts to be concluded with new employees. they shall also review and approve any employment contract of a wage or Remuneration equivalent to the wages of the senior executives.
2. Benefits and Incentive Plans:
 - 2.1. Senior executives shall be entitled to the benefits provided by the company, which are the pensions benefits, health insurance, use of company's gaming facilities, housing allowances (or their equivalent), and transportation allowances (or their equivalent).
 - 2.2. The nature and level of the benefits provided to the senior executives are subject to periodic review by the Nominations and Remuneration Committee, in addition to the approval of the Board of Directors.
 - 2.3. The company may offer the senior executives some variable Remuneration that shall be determined according to market evaluations and they shall be subject to achieving the business goals and performance. These Remuneration plans are subject to the recommendation of the Nomination and Remuneration Committee and subject to the approval of the Board of Directors.
 - 2.4. The Company may offer to the senior executives and other employees shareholdings opportunities as per the employee's shareholdings plan. These plans and programs are subject to the recommendation of the Nominations and Remuneration Committee and shall be subject to the approval of the Board of Directors and

shall be in accordance with the applicable laws, regulations, and instructions of the company.

Sixth: Final Provisions:

1. This policy shall be approved by General Assembly decision, based on the Board of Directors recommendation, such recommendation shall be issued upon the recommendation of the Remuneration and Nominations Committee, and shall be effective from the date of its approval by the General Assembly.
2. The responsibility of enforcing this policy shall be held by the Nominations and Remuneration Committee, which shall review it periodically and to submit its recommendations regarding any amendments to the Board of Directors to be approved later by the company's general assembly.
3. In relation to this policy, the Board of Directors shall comply with the relevant disclosure requirements and obligations under the disclosure policy and applicable laws and regulations.