

## Sports Clubs Company

### Code of Conduct

Version: 1/2024

This policy was approved by the Board of Directors of Sports Clubs Company, in its meeting held on 22/01/1446, corresponding to 28/07/2024.

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## Table of Contents:

1. Introduction
2. Principles
3. Conflict of Interest
4. External Activities and Competition
5. Integrity and Honesty
6. Compliance with Relevant Laws and Regulations
7. Disclosure and Reporting of Violations
8. Confidentiality of Information
9. Personal Transactions
10. Unlawful Practices
11. Fair Treatment
12. Protection of Company Assets
13. Record Keeping and Reporting
14. Disciplinary Procedures
15. Implementation and Amendment:

## 1. Introduction:

Sports Clubs Company ("the Company") has put in place a Code of Conduct to serve as a comprehensive guide for the standards of integrity and ethical behavior expected from all employees and relevant stakeholders without exception. This Code emphasizes the importance of engaging in personal and professional interactions in a manner that upholds the respect and dignity of others, positively reflects on the Company and its representatives, and mitigates any risks associated with unprofessional conduct, both internally and externally.

The Company is committed to enforcing the Code of Conduct ("the Code") for members of the Board of Directors, Committees members, Executive management, officers, and employees (collectively referred to as ("relevant individuals")) while they perform their duties and responsibilities in alignment with best professional practices. The objective is to cultivate an ethical and professional work environment.

This Code is intended to complement, rather than replace, the applicable laws and regulations in the Kingdom of Saudi Arabia that govern practices, conduct, and relationships between the Company and external parties, as well as the provisions outlined in the Company's Bylaws, internal policies and procedures, and Corporate Governance Regulations.

## 2. Principles:

1. The Code does not include all regulations, standards, and policies that apply to the Company; instead, it has set the minimum behavioral standards expected of relevant individuals and guide them in fulfilling their duties of loyalty and diligence toward the Company. It is essential that they take proactive measures to safeguard the Company's interests. In all circumstances, each individual is accountable for acting in accordance with the highest ethical standards, guided by sound judgment and rationale.
2. Commitment to uphold the highest standards of personal integrity while performing the duties with effectiveness and exceptional efficiency.
3. The Company is dedicated to fostering a work environment that values diversity and inclusion, ensuring fair treatment for all employees. Any form of harassment, abuse, violence, or unprofessional behavior will not be tolerated.
4. The Company prioritizes creating a work environment that protects the health and safety of its employees and promotes environmental sustainability.

5. Every relevant individual must exercise their duties of care and loyalty to the Company, by actively protecting its interests and enhancing its value while placing the Company's interests above their personal gain. They are also responsible for safeguarding the rights and interests of the Company and maintaining strong client relationships.
6. Relevant individuals are required to comply with all applicable laws, regulations, the Company's Bylaws, and current directives, including internal policies and procedures, and any amendments thereto.
7. No relevant individual shall exploit their position or authority for personal gain or the benefit of others.
8. Company assets and resources may only be utilized to achieve the Company's objectives and goals, and they must not be exploited for personal interests.
9. No confidential or internal information about the Company, its employees, or its clients may be published.
10. Relevant individuals are prohibited from acting on behalf of the Company unless formally authorized through a written delegation.
11. Commitment to adhere to principles of honesty, fairness, sincerity, respect, and professionalism in the interactions with colleagues and others.
12. Avoiding situations that lead to conflict of interest and disclose any potential conflicts immediately upon becoming aware of them. Any conflicts should be addressed fairly.
13. The Company is committed to implementing total quality management and professional standards in the services provided, with a focus on customer satisfaction.
14. Responsibilities and tasks should be delegated appropriately.
15. The Company respects the privacy of all individuals who work for it. Actions taken outside of work are generally not of concern unless they affect the Company's interests, impair job performance, or threaten the Company's reputation.
16. Individuals who, by virtue of their roles, have access to personal records of other employees are required to maintain the confidentiality of such records and use them solely for Company-related purposes.
17. The Company honors and respects all individuals who choose to work for it, acknowledging that they do so voluntarily.
18. All employees are committed to performing their assigned tasks diligently and fulfilling their obligations with the highest standards of professionalism, embodying the highest ethical standards both inside and outside of work, and adhering to the Code of Conduct.

19. Employees must perform their job responsibilities accurately, reliably, and promptly within a reasonable timeframe, in accordance with best practices and a constructive approach. They must adhere to the directives and instructions of their supervisors, following the applicable chain of command.
20. Relevant Individuals must not take any action that may influence, deceive, manipulate, or mislead internal or external auditors conducting audits or reviews of the Company's financial statements. This includes behaviors that may constitute unacceptable or improper influence, such as providing any related party with inaccurate or misleading information or documents that are incorrect or tampered with.

### 3. Conflict of Interest:

1. All relevant individuals must proactively avoid situations that may create a conflict of interest between their personal interests and those of the Company. They are obligated to strictly adhere to the Company's approved and applied Conflict of Interest and Related Party Transactions Policy. Accordingly, individuals should exercise sound judgment and ethical reasoning; when in doubt, they should seek counsel from the legal department.
2. Relevant Individuals are expected to act in a manner that maximizes the Company's benefits while fulfilling their professional responsibilities. Special care must be taken when selecting vendors on behalf of the Company to ensure impartiality and integrity in the decision-making process.
3. Personal interests shall not compromise an individual's capacity to make decisions that align with the Company's best interests.
4. No relevant individual shall accept any form of gifts in the course of business if the intent is to exert influence over their decision-making. Therefore, gifts must not be solicited from clients or suppliers, nor shall any gifts, monetary contributions, or cash-equivalent items be accepted, irrespective of their value.
5. Relevant individuals shall refrain from any attempt to influence the decisions of others through the provision of gifts in a business context.
6. Relevant individuals shall exercise prudence and sound judgment when accepting any gifts or invitations for hospitality from related parties, regardless of whether the relationship is past, present, or prospective. They must ensure that such invitations are not intended to confer personal benefits that may conflict with the Company's rules, regulations, and policies. Invitations that could create a sense of obligation or discomfort (due to the nature or costs of the invitation) should be declined. In all instances, the following must be adhered to:

- Approval shall be obtained from the immediate supervisor to determine the appropriateness of accepting the invitation.
  - The provision of any gift on behalf of the Company to any individual or entity is strictly prohibited without prior written approval from the relevant management.
7. Gifts of nominal value, such as plaques, trophies, and awards inscribed in recognition of a business relationship, are permissible for acceptance.
  8. Gifts or discounts provided to large groups of employees as part of an agreement between the Company and a client or supplier may also be accepted. Such gifts or discounts should be utilized in accordance with the preferences of the client or supplier, following the arrangements set by the Human Resources Department.

#### 4. External Activities and Competition

All employees of the Company are prohibited from engaging in any profession or independent work outside their Company duties, including holding positions or roles in any public or private entities. They are also barred from participating in activities that compete with the Company's operations or providing consultancy services to third parties unless prior written approval is obtained from the Human Resources Department. Furthermore, employees are restricted from working for any competing entity after the termination of their employment contract for any reason, in accordance with legal provisions. The non-competition restriction also applies to members of the Board of Directors, Committees members, and Executives, who must adhere to the applicable relevant statutory procedures and secure approval from the relevant Company bodies or obtain a license from the Board of Directors or the General Assembly (as applicable), in line with the Company's approved Conflict of Interest and Related Party Transactions Policy.

#### 5. Upholding Integrity and Professionalism in Representing the Company and its Reputation:

Relevant individuals shall act with integrity, thereby reflecting a positive image and reputation of the Company and its brands in the Kingdom of Saudi Arabia. All relevant individuals, regardless of their hierarchy, are expected to pursue the following objectives:

1. Treating every employee, worker, client representative, supplier, or contractor with respect, demonstrating kindness and consideration for their personal dignity.
2. Ensuring equitable treatment of all employees, workers, clients, suppliers, and contractors, irrespective of race, color, gender, religion, age, national origin, nationality, or type of disability.

3. Fostering a work environment that is free from harassment based on race, color, gender, religion, age, national origin, citizenship status, or disability.
4. Maintaining a positive demeanor in all interactions with colleagues, clients, and suppliers, reflecting professionalism and courtesy while avoiding any behavior that may appear inappropriate.

## 6. Compliance with Applicable Laws, Regulations, and Policies:

1. Compliance with the prevailing laws, regulations, and policies is fundamental to the conduct of business within the Company and is essential for executing all operations correctly. Acting contrary to applicable regulations is unacceptable and may expose the relevant individual or the Company to legal risks.
2. Relevant individuals shall adhere to directives issued by the competent regulatory in relation to the "Know Your Customer" principle, due diligence, and necessary investigations to ensure that the Company does not engage with individuals or entities involved in criminal activities. They must also comply with any instructions necessary to ensure adherence to the applicable Anti-Money Laundering or Terrorist Financing laws and regulations. Employees are expected to assist in implementing these principles and guidelines according to their areas of expertise and report any suspicious activities related to money laundering or terrorism financing as per the procedures outlined in the Company's applicable policies.
3. Compliance with data protection laws and various agreements pertaining to data privacy is also mandatory. Therefore, relevant individuals shall obtain authorization before sharing data with external parties, disclosing only what is necessary for the execution and support of the Company's operations. Any disclosure of information permitted by law or mandated by regulatory requirements must be made by providing necessary information or documentation to regulatory, official, or judicial authorities.
4. The Company shall provide a safe working environment for all relevant individuals, in addition to the relevant regulations that impose responsibilities on the Company to mitigate safety and health risks. The Company shall maintain a well-organized sports environment that safeguards the rights of gyms, sports centers, and members by clearly outlining the rights of and the Company's obligations to its members, ensuring transparency in procedures and protecting members' interests. All Company facilities must be licensed and comply with the regulatory and health standards imposed by the relevant authorities, in accordance with the regulations governing the licensing of

private gyms and sports centers and any amendments thereto. Employees are expected to assist in implementing these principles and guidelines according to their areas of expertise and roles.

5. All services offered to the gym members must be formalized through written contracts that clearly delineate the terms, obligations, and pricing structures. Employees are expected to ensure compliance with these principles and guidelines in accordance with their respective roles and areas of expertise.
6. Supervisors of gyms and sports centers within the Company must prevent the sale, promotion, or use of any prohibited performance-enhancing substances within their facilities and must refrain from training or rehabilitating injured individuals without obtaining the necessary authorization from the competent authorities.

## 7. Disclosure and Reporting of Violations:

1. All relevant individuals are required to comply with the Company's Code of Conduct. Employees are encouraged to promptly report any concerning behavior or potential violations of regulations to their supervisors, managers, or designated personnel, without malice. Immediate disclosure enables the Company to effectively address and rectify issues before they escalate into legal violations or jeopardize the Company's reputation and operations.
2. Executive management, officers, and employees must report any illegal or unethical conduct to their direct supervisors. Likewise, any member of the Board or committee's member is obligated to report such behavior through the designated reporting channels outlined by the Company. (Refer to the Whistleblowing Policy for further details.) All reported violations will be investigated, and appropriate actions will be taken by the competent officer or the Board, as appropriate. Confidentiality will be maintained throughout the process to protect the identity of the whistleblower, ensuring they are safeguarded against any retaliatory actions in their employment.
3. The Company is committed to protecting any employee who reports genuine concerns in good faith. However, intentionally making false allegations, lying, obstructing, or refusing to cooperate with investigations into violations of the Code will constitute a breach of professional standards. A sincere report does not guarantee the correctness of the whistleblowing assertions; rather, they must ensure that the information provided is accurate and substantiated.



## 8. Confidentiality of Information and Privacy:

### 1. Data Protection

- Every "relevant individual" is responsible for protecting the confidentiality, integrity, and accessibility of confidential and personal information, whether it pertains to the Company, its employees, clients, or suppliers. Each individual associated with the Company is tasked with ensuring that such data is processed in accordance with data protection and privacy regulations, as well as contractual agreements, which encompass information security, privacy, and data protection.
- All relevant individuals shall adhere to the Company's privacy and data protection policies concerning the information of its employees, clients, or suppliers. These policies stipulate, among other requirements, that confidential personal information must not be accessed, collected, processed, used, or shared except for approved and legitimate purposes, such as fulfilling the responsibilities assigned to the relevant individual, executing contracts, supporting operational needs, and upholding the Company's legitimate interests. Additionally, any disclosure of information permitted by law or necessitated by regulatory obligations must be done through the provision of essential information or documents to regulatory, official, or judicial authorities.
- All relevant individuals shall take all necessary precautions to prevent the outflow or the unauthorized publishing of confidential or internal information. This includes ensuring that such information is not visibly displayed in the workplace where others can access it. They must also take reasonable measures to secure their computers, protect their usernames and passwords, and exercise caution when sending or receiving information via computer, fax, or any other means. No confidential documents, whether paper or digital, may be removed from the Company's premises without prior written approval from the legal department.
- Confidential information that is not intended for the public must not be shared with others within the Company unless their need to know is directly related to their work responsibilities.

### 2. Information Technology:

- All data on the Company's systems is the property of the Company. Employees are granted access to this data and are allowed to connect to the Company's data network and the internet only as necessary for their job functions and when explicitly authorized to do so.



- Any misuse or unnecessary use of the Company's data or internet resources is deemed a violation of the Code of Conduct and Ethics, potentially resulting in disciplinary action and penalties for the offending individual.
  - The Internal Audit Department and the IT Department, either jointly or independently, retain the right to conduct random audits of the websites accessed by employees and the content of non-work-related emails to ensure adherence to the established Code of Conduct.
3. Restrictions on Confidentiality of Information:
- Upon the termination of service for any relevant individual, they must cease all use of any confidential or internal information, as well as any documents in their possession, and must return or deliver these items to the Company. In all cases, the return or destruction of such documents, records, or information does not exempt the individual from any obligation to maintain the confidentiality of such information, even after the termination of their contractual relationship with the Company.
  - Except for Ordinary General Assembly meetings, Board members are prohibited from disclosing any confidential information regarding the Company that they may have access to. Furthermore, they may not utilize any information obtained by virtue of their membership for personal gain, for the benefit of relatives, or for any third parties. Engaging in such behavior may result in removal from office, and the member may be held liable for damages.
  - Confidential information is defined as information that has not been published by the Company or made available to the general public. Examples of such confidential information include, but are not limited to:
    - Client information.
    - Personal data and salaries of employees.
    - Contracts of various types and their values.
    - Strategic plans, transactions, expansions, and anticipated investments.
    - Major changes in management.
    - Costs, profits, and general or marketing expenses.
    - Financial information related to departments, branches, and operational units.

## 9. Personal Transactions:

1. All relevant individuals are expected to engage with the Company's clients, suppliers, competitors, and employees with integrity. No employee may utilize significant information about the Company

- (such as current performance, imminent decisions, or future plans) for personal gain, whether directly or indirectly. Additionally, employees must not exploit any individual by manipulating, concealing, misusing information, distorting material facts, or engaging in any other unfair practices.
2. Members of the Board of Directors, members of the Audit Committee, executives, or and any of their associates are prohibited from trading any securities of the Company during the restriction periods imposed by the Capital Market Authority regulations.
  3. Relevant individuals must disclose to the legal department, upon commencing their role and job within the Company, any securities they hold in the Company or those held by their spouse, or minor children, as well as any subsequent changes to that information within three days of becoming aware of such changes. They are also required to update this information whenever requested.

#### 10. Unlawful Practices:

1. It is a prerequisite for any relevant individual that they have not been subject to any judicial ruling, nor are they under investigation or prosecution for any crime involving dishonor or breach of trust. They must not have engaged in any conduct or violation that undermines integrity or trustworthiness.
2. Relevant individuals must not have committed any violations of laws, regulations, or rules related to securities transactions.
3. Any relevant individual must provide written notice to the legal department if any regulatory authority or court imposes disciplinary measures or penalties concerning securities activities, or if they are subject to a judgment, trial, or investigation for violating banking, financial regulations, or any other offenses related to fraud or any conduct that undermines integrity, honor, or trustworthiness.

#### 11. Fair Dealing:

Relevant individuals are required to adhere to the following principles:

1. Conduct and manage the Company's affairs with integrity and honesty, upholding the highest ethical standards in management while avoiding any actions that may harm the Company's reputation both internally and externally.

2. Devote the necessary time and effort to perform their duties, ensuring that they do not waste the time of others.
3. Work cooperatively with colleagues to facilitate smooth operations within the Company.
4. A Board member must represent all shareholders of the Company and act in a manner that promotes the interests of the Company and its shareholders, while also considering the rights of other stakeholders, rather than solely prioritizing the interests of the group that elected them.
5. Members of the Board, committee members, executive management, and employees must embody the principles of care and loyalty to the Company. They must consistently demonstrate loyalty and act in ways that protect, enhance, and maximize the Company's value, ensuring that personal interests do not take precedence over the Company's interests in any circumstance.
6. Inform senior management of any actions that may adversely affect the Company.
7. Acknowledge and act on the understanding that all employees are integral partners in achieving the Company's objectives related to internal management and financial controls.

## 12. Protection of Assets:

1. Company assets shall not be used for personal gain or for the benefit of any individual other than the Company.
2. Excessive use of Company assets is considered misuse.
3. The Company's email system should primarily be utilized for official Company business.
4. Unauthorized removal of Company property, including equipment and information, or theft through misappropriation or intentional misreporting of time or expenses may result in termination of employment and legal action. The Company treats the theft of property within the workplace belonging to another employee with the same seriousness as theft of Company assets.
5. The use of Company property outside the scope of an individual's responsibilities—or for external work, or for personal gain using Company materials or equipment—requires prior written approval from management (Legal or Compliance). This approval must be renewed if the use of such property continues beyond the initial request.
6. Company resources shall be utilized optimally to achieve its objectives, while also safeguarding the rights and assets of the Company during the performance of job duties.
7. All necessary measures and precautions must be taken to ensure the safety of the Company's electronic systems and to protect them from damage, alteration, breaches, or misuse. Unauthorized access or use of these systems is strictly prohibited.

8. Individuals must refrain from engaging in personal activities during work hours that interfere with or hinder the fulfillment of their work responsibilities.
9. Individuals must not seize opportunities for personal financial gain that arise as a result of their position within the Company or through the use of Company assets or information.

### **13. Record Keeping and Reporting:**

1. All relevant individuals are required to accurately reflect the Company's transactions in its books, records, accounts, and reports, thereby ensuring compliance with applicable laws and regulations. Every individual must leverage their capabilities and exert maximum effort to verify the accuracy of the Company's records and documents, including financial reports. Falsification of any Company record is strictly prohibited.
2. All reports, documents, or communications that are authorized or required to be published must be clear, accurate, fair, and timely, ensuring they are understandable and compliant with regulations.
3. Records of the Company shall be maintained or disposed of in accordance with the Company's record retention policies. The Internal Audit Department may issue specific memoranda regarding the retention of certain records in the event of an actual legal case, a potential legal threat, or governmental investigations. Employees are required to adhere to the instructions in these memoranda, as non-compliance may expose the Company and its employees to significant legal risks.
4. All records, documents, reports, and other records that must be retained under the governance regulations issued by the Capital Market Authority must be kept at the Company's headquarters for a minimum of ten years. This includes the Board of Directors' report and the Audit Committee's report. Notwithstanding this retention period, if there is a pending lawsuit (including any ongoing or threatened lawsuits) or any claims or investigations related to those minutes, documents, reports, or records, they must be retained until the conclusion of the legal action, claim, or ongoing investigation.

### **14. Disciplinary Procedures:**

1. The Company strives to enforce actions that are appropriate to the nature and circumstances of each violation of the Code of Conduct.
2. A progressive disciplinary system is employed in accordance with the severity of the infraction, starting with a reprimand for minor violations that occur for the first time, progressing through

deductions from periodic entitlements and bonuses, and potentially culminating in termination of employment.

3. Upon determining that an employee has violated the Code of Conduct, a formal memorandum outlining the final decision will be issued. Furthermore, a copy of any reprimand letter will be incorporated into the employee's personnel file, contributing to their permanent employment record.

#### **15. Implementation and Amendment:**

1. These rules are not in conflict with the Company's approved Conflict of Interest and Related Party Transactions Policy, which applies to instances of conflict of interest for Board members, committee members, and executives.
2. This Code shall take effect as of the date of its approval by the Board. These rules are subject to periodic review and evaluation to ensure their effectiveness and efficiency. Any amendments or revocation of part or all of these rules may only be made by the Board. If any changes or revocations occur, they will be duly circulated, as necessary.