

Sports Clubs Company

Whistleblowing Policy

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.

DISCLAIMER This English version of this document is a translation of the original Arabic document and has been made for the purpose of informing non-Arabic speakers of the said document. In case of any discrepancy or misinterpretation of any clause or article, the original Arabic document shall prevail.

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1. Introduction:

The Whistleblowing Policy ("Policy") of the Sports Clubs Company ("The Company") has been placed in compliance with the requirements of the Corporate Governance Regulations issued by the Capital Market Authority in the Kingdom of Saudi Arabia.

This policy outlines the essential procedures necessary for the timely receipt of reports concerning any violations, serious risks, or potential misconduct that may affect the Company or its stakeholders, as well as the processes for addressing such issues. Additionally, this policy aims to establish procedures that enable Company employees and stakeholders to communicate and report violations without incurring any negative consequences. It is acknowledged that all companies occasionally face risks arising from the management and operation of their activities, which may lead to unintentional errors or misconduct through the misuse of authority. It is the responsibility of upper management to take appropriate preemptive measures to identify these situations and attempt to rectify or prevent their occurrence.

The Company is committed to upholding the highest standards of transparency, integrity, accountability, and teamwork. In line with this commitment, all members of the Company's including, Board of Directors, Committees members, Executive, and employees at all levels are expected to adhere to high standards of personal ethics while performing their duties and responsibilities.

2. Scope of Application:

This policy applies to all individuals working to the Company, including members of the Board, Committees members, Executives, employees, Consultants, and all relevant parties. Each of these individuals will be referred to as "relevant individual."

3. Objectives:

- 1) Encouraging transparency in reporting and facilitate the disclosure of concerns related to actions or practices that violate applicable laws, regulations, or applicable policies, or raise doubts about financial statements, internal control systems, or other matters arising from the upper management. This applies to actions or practices directed towards stakeholders

- (including employees of the Company) or others, with a commitment to investigate such matters appropriately.
- 2) Strengthening measures and due diligence procedures regarding clients, business relationships, and high-risk operations.
 - 3) Providing necessary protection for whistleblowers among stakeholders (including employees of the Company) by empowering them to escalate serious concerns to higher levels, including to the Board of Directors.
 - 4) Fostering a higher level of responsibility and accountability.
 - 5) To improve the internal control environment.
 - 6) To assist in advancing operational excellence and establishing effective governance.
 - 7) Reporting deficiencies and ethical misconduct.
 - 8) Complying with applicable laws and regulations in the Kingdom of Saudi Arabia ("the Kingdom").
 - 9) Introduce the desired work ethics and behaviors.
 - 10) Minor secondary incidents should be addressed through the Company's normal management structure. Whenever possible, employees are encouraged to communicate their concerns and issues to their direct manager first to discuss any misconduct.
 - 11) This policy is not intended to challenge financial, commercial, operational, or other decisions made by the Company that fall within the scope of routine operations necessary for conducting the Company's various activities.
 - 12) Adhere to instructions issued by relevant regulatory authorities concerning the principle "Know Your Customer," due diligence, and conducting necessary investigations to ensure that the Company does not engage with individuals or entities involved in criminal activities. Compliance with all regulations and laws related to anti-money laundering and counter-terrorism financing is also required.

4. Misconduct:

Negligence and unethical behavior encompass a variety of concerns. The types of activities that should be reported include, but are not limited to:

- Fraud, deception, corruption, or bribery.



- Mismanagement of financial resources.
- Unauthorized use of the Company's funds and assets.
- Failure to manage the Company's financial resources responsibly and accurately. Every "relevant individual" is personally accountable for any funds related to the Company that they control or spend.
- Trading based on insider and confidential information related to the Company or its operations or leaking confidential Company information to assist someone in making a profit or avoiding a loss.
- Loss, theft, breach, or other forms of inappropriate handling of protected data.
- Unauthorized attempts to access any system or its data, whether successful or unsuccessful.
- Physical assault or psychological pressure.
- Non-compliance with regulatory and legal obligations, including failure to disclose conflicts of interest or confidential information.
- Threatening an individual's health and safety.
- Criminal offenses committed or potentially committed.
- Non-compliance with financial and accounting regulations and procedures.
- Conducting any financial, commercial, or other transactions in the name of an unknown or fictitious client when the responsible person within the Company should have verified the identity of those dealing with the Company based on official documentation at the start of the relationship or when conducting any transaction with the client, whether directly or indirectly. This also applies to official documents of corporate entities, ensuring the names of owners and authorized signatories are verified.
- Favoring a contractor or job applicant without compelling justification.
- Unfair treatment.
- Concealing or deliberately remaining silent about information related to any of the aforementioned matters.

5. Data Protection:

- 1) Every "relevant individual" in their capacity, is responsible for protecting the confidentiality, integrity, and availability of sensitive and personal information and data, whether pertaining

to the Company, its employees, clients, or suppliers. Each relevant individual is tasked with ensuring that this data is processed in accordance with data protection and privacy regulations, as well as contractual agreements, which include information security and data privacy.

- 2) Every relevant individual must adhere to the Company's privacy and data protection policies, which stipulate, among other things, that access to, collection, processing, use, or sharing of confidential personal information is permitted only for authorized and legitimate purposes. These purposes may include fulfilling the responsibilities associated with their designated tasks, executing contracts, supporting operations, and advancing the legitimate interests of the Company.
- 3) The Company must comply with data protection regulations and various agreements related to data protection and privacy, which may include non-disclosure agreements and contractual obligations imposed by clients or other external parties with whom the Company interacts. Therefore, before sharing data with external parties, associated persons must obtain the necessary authorization and disclose only the essential information required by the external parties to execute and support the Company's operations. They must also comply with any information disclosures permitted by law or required by regulatory necessity through the provision of necessary information or documentation to regulatory, official, or judicial entities.

6. Procedures:

Whistleblowers may submit their observations regarding violations through any of the following channels:

- Email: info@bodymasters.com.sa
- Direct line: 920000626

Reports can also be directed to the Chairman of the Audit Committee (if independent) or, if the Chair is not independent, to be directed to an independent member of the Audit Committee, the Internal Audit Manager, or the Legal Department Manager.

- The Company reserves the right to appoint a committee from the aforementioned parties to receive and follow up on the investigation of submitted reports. To facilitate the investigation, whistleblowers should provide as much information and detail as possible.
- It is essential to approach the reporting of violations with integrity, avoiding personal disputes, retaliation, and baseless rumors or suspicions.
- Additionally, accuracy is paramount in presenting information and news. Whistleblowers should include all relevant evidence and facts, ensuring clarity in their communication about the violations while avoiding ambiguous symbols or references. Specifically, full names of all involved or knowledgeable individuals should be provided, along with dates of events and any related documentation.
- All reports will be treated with the seriousness they deserve, regardless of the nature of the report, its language, the sufficiency of information provided, or its potential impact and significance.
- The report will be evaluated, addressed, and categorized based on the following criteria:
 1. If the case does not warrant an investigation, it will be closed promptly.
 2. If the case involves personal matters, it will be directed to the Human Resources Department for appropriate handling.
 3. If the case necessitates an investigation, the Audit Committee will collaborate with the Internal Audit Department to appoint an auditor to conduct the investigation.
- The Whistleblower will be given the opportunity to respond to the substantive findings presented in the investigation report, unless there are compelling circumstances that prevent this.
- Allegations of wrongdoing will not be upheld unless supported by credible evidence.
- The Internal Audit Department shall inform the Board, via the Audit Committee, with a report that includes the investigations, findings and results, and recommendations.
- The Board will take appropriate actions based on the company's internal regulations or applicable laws in the Kingdom. The Company reserves the right to impose any penalties on the individual who committed the violation, in addition to seeking compensation for any damages incurred by the company as a result of the violation.

- Without prejudice to the procedures and penalties stipulated by the applicable laws in the Kingdom, the Company will ensure that any internal investigation does not hinder any official external investigation.
- Individuals reporting violations will bear the consequences for making false, misleading claims, or submitting false reports that result in damage to the reputation of the Company or any of its employees.
- The Whistleblower reporting the violation must maintain complete confidentiality, which serves the best interests of the Company. They must also allow the Company the opportunity to fulfill its responsibilities regarding the reporting of violations, including gathering necessary evidence and conducting investigations in accordance with the internal procedures applied within the Company.
- The Whistleblower reporting the violation shall not be informed of any disciplinary actions, as such action may result in the company breaching its confidentiality obligation concerning another party.

7. Confidentiality:

The Company understands that individuals may hesitate to report or provide information regarding any violations or misconduct. Consequently, the Company recognizes that most whistleblowers prefer to express their concerns with complete confidentiality. Therefore, the Company assures that the identity of the whistleblower will be kept confidential unless the individual chooses to disclose it. The Company also guarantees confidentiality in the measures taken during the investigation process. The sooner a report is made, the easier it will be to take the necessary actions.

8. Protection of Whistleblowers:

- All concerns raised within the framework of these procedures will be taken seriously.
- Any employee may initiate a report regarding violations without fear of harassment, retaliation, negative impact on their job status, termination, disciplinary action, threats, or suspension. If a whistleblower acts fairly and in good faith when reporting what they reasonably believe to be fraud or unethical conduct, they will not face any risks, such as job

loss or any form of harm as a result of reporting the incident, even if there is no evidence of wrongdoing regarding the reported violation.

- Conversely, any false, misleading, or malicious allegations will result in disciplinary and legal actions against the whistleblower.

9. Implementation and Amendment

This policy shall become effective as of the date of its approval by the Board. The policy will be circulated to the Board members, executive management, and all employees of the Company to confirm their awareness of all provisions outlined within it.

The content of this policy will be reviewed at any time as deemed necessary based on the recommendation of the Audit Committee, where the amendments need to be approved by the Board.