



Board of Directors Report 2020

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Board of Directors Report

Presented to the Shareholders

For the year ended 31/12/2020

The Custodian of the Two Holy Mosques

King / Salman bin Abdulaziz Al-Saud



May Allah Protect Him

Crown Prince, Deputy Prime Minister and Minister of Defense

Prince / Mohammad bin Salman bin Abdulaziz Al-Saud



His Royal Highness

May Allah Protect Him



Board of Directors



Dr. Khaled bin Saleh Al Sultan
Chairman of the Board



Dr. Najm bin Abdullah Al-Zaid
Vice Chairman of the Board



Eng. Abdulaziz bin Fahd Al-Khayyal
Member of the Board



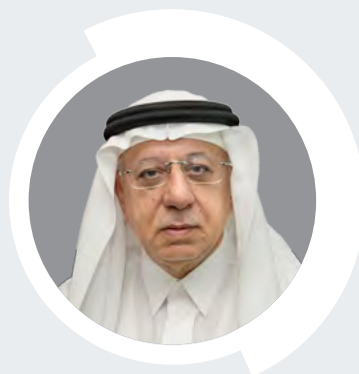
Dr. Abdulmalik bin Abdullah Al-Hogail
Member of the Board



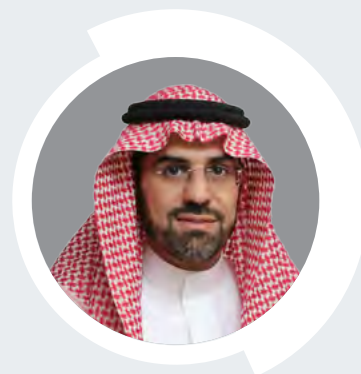
Mr. Rashed bin Ibrahim Sharif
Member of the Board



Eng. Gerard Mestrallet
Member of the Board



Eng. Isam bin Alwan Al-Bayat
Member of the Board



Dr. Raed bin Nasser Al-Rayes
Member of the Board



Eng. AbdulKarim bin Ali Al-Ghamdi
Member of the Board

A large circular graphic with a white border. Inside the circle is a photograph of a city skyline at sunset. The sky is a mix of orange, yellow, and blue. Several tall skyscrapers are visible, some with construction cranes on top. The city lights are beginning to glow. In the foreground, there are roads with light trails from cars, green spaces with palm trees, and a small blue pool of water.

Board of Directors Report

Presented to the Shareholders

For the year ended
31/12/2020

The Board of Directors of the Saudi Electricity Company (SEC) is pleased to present to its shareholders the annual report of the company's performance and financial results for the fiscal year ended on 31/12/2020. These results were achieved thanks to Almighty Allah's blessings and through the efforts of all the company's activities and its subsidiaries which aimed to improve its performance and capabilities, to achieve the aspirations of its shareholders, and to gain the confidence of all subscribers and customers.

The report includes a detailed summary of the company's performance, and addresses the strategic orientation and efforts adopted by the company to promote social responsibility and to develop programs tailored for the benefit of employees.

The report also includes a summary explaining the level reached by the company in the implementation of corporate governance and related disclosures, such as the composition of the Board of Directors and its functions, the committees emanating from the Board and their functions, and the remuneration of Board members and senior executives.

This report was prepared in accordance with the requirements of the Companies Law contained in Article (76) issued by Royal Decree No. (M/3), on 28/1/1437H, and amended by Royal Decree No. (M/79) on 25/07/1439H. It is prepared also in accordance with the requirements of the Capital Market Authority (CMA) contained in Article (90) of the Corporate Governance Regulations, and article (64) of the rules for the issuance of securities and the continuous obligations, and article (7) of the regulatory controls and procedures issued in accordance with the private companies system of listed Joint Stock companies.

Chairman's Message

Dr. Khaled bin Saleh Al Sultan
Chairman of the Board



It has been a longstanding tradition for us here at the Saudi Electricity Company to issue a Board of Directors' report for our esteemed shareholder, in which we celebrate the accomplishments realized and the records broken, year after year. The year 2020 was no exception. By any measure, it was as tumultuous a year for the Kingdom of Saudi Arabia as it was for the entire world, as a result of the COVID-19 pandemic. The company passed an important milestone this year through its journey towards digital transformation, a landmark effort in support of the Kingdom's Vision 2030. It realized also great achievements and major national projects that provided services developed in accordance with the highest global standards.

Undoubtedly, the company's accomplishments in 2020 would not have been possible without the grace of Allah first, and the thorough attention and support of our government under the leadership of the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz and Crown Prince Mohammad Bin Salman, may Allah protect them, for the energy sector in general and the Saudi Electricity Company in particular. Their unrelenting backing of the sector's transformation to conquer every challenge and overcome every obstacle is invaluable. His Royal Highness Prince Abdulaziz Bin Salman, the Minister of Energy, has been a driving force behind the company's sustained growth and the advancement of its services to its customers everywhere in the Kingdom. The fruits of this Royal support were major initiatives, historic decrees, and megaprojects, all governed by meticulously drawn policies and plans, and all driven by a singular ambition for the Kingdom's economy to become one of the world's strongest. The Kingdom is set to become a globally competitive regional hub of electrical industries, powered by national talent and cutting-edge technologies made right here on national soil to compete with the world's greatest, longest-established powers of manufacturing.

One of the greatest achievements in 2020 was the commencement of financial, structural and regulatory reforms in the Kingdom's energy sector, overseen by the Ministerial Committee for the Restructuring of the Energy Sector. Part of the reforms was an agreement between the Ministry of finance and the Saudi Electricity Company to reformulate the company's outstanding debt to the government. The agreement, along with all the other financial, structural and regulatory reforms of the sector, were watershed moments for the committee, made stronger with support from the Supreme Committee for Energy Mix Affairs for Electricity Production and Enabling Renewable Energy, and cooperation from various agencies within the Electricity Sector Integration System. Many of the financial and structural challenges that faced the company, and the sector were resolved, taking the quality of the services offered to customers to a whole new level, along with newfound vigor and reliability across the entire electricity

sector and the infrastructure capabilities needed for more adequate generation, efficient transmission, and ready distribution.

All of these objectives contribute to the accomplishment of the ideal energy mix targets that go with the Kingdom's Vision 2030. They enable the energy sector to make the best use of power tariffs thanks to the government's forfeiture of the fees previously imposed upon the company, empowering it to fulfil its commitments and, in turn, strengthen its bottom line and further enable it to self-finance its own projects as part of its contribution to a stronger, more sustainable, and more diverse electric energy sector. All of the above, of course, is good news for you, our esteemed investors, who get to reap the benefits of the company's profitability.

2020 was a banner year for the services the company offers to its customers. Electrical power was provided to more than 385,000 new customers, passing the milestone of 10 million customers across the nation. As many as 21,065 new transformers with capacity of 69 kV and below had been installed, increasing the number of transformers in operation by four percent over 2019. The Balady platform, our automated building permit system, was successfully tied in with 14 major municipalities nationwide.

Many new projects were wrapped up in 2020, projects that expanded, improved and uprated the company's transmission grid. A whopping 6,971 km-circular of overhead and underground cables were added, expanding the grid by 8 percent over what it stood at by the end of 2019. Also in 2020, 25 new substations were built.

On the fiber optics front, 4,248 additional km of fiber optic cables had been laid in 2020, bringing the total network length to exceed 80,000 km-circular, and making it the largest such network in the region. Despite the unprecedented challenges that the communication sector has faced in 2020, we were able to accomplish plenty. Since the day we launched the project, we were able to realize several accomplishments, which resulted in the delivery of service to 508,000 households since the start of the project to deliver fiber optic service to its customers.

Further emboldened by all of these accomplishments, we at the Board of Directors aim to do even more for our company, a national, regional and world leader. We have great ambitions and plans to take the company even further and higher, all for the benefit of our nation. Our premier project is Digital Transformation: digitizing every service we offer to our more than 10 million residential, commercial, industrial, agricultural and government customers in over 13,000 cities, towns, villages and rural communities. Taking our services digital will make services more reliable, with world-class quality. Our own, company-trained national professionals will do what it takes to achieve this. It gives us pride to be able to say that our Saudization rate has risen from 92.48 percent by the end of 2019 to 93.08 percent of our 33,437 staff by the end of 2020, making us one of the most Saudized companies in the Kingdom, some of whom work in precision technical and engineering jobs.

Since the day it was appointed, the Board of Directors has been making sure that all transformation and change programs across the company are geared towards achieving the goals of the Kingdom's Vision 2030, anticipated economic and population growth, urban sprawl, and digital transformation. All this requires some megaprojects, not least of which is the SR 9.5 billion Smart Metering Project

(SMP), which saw the installation of 10 million smart meters all over the Kingdom, more than 35 percent of which are built locally from nationally produced components that support local content. We have achieved a world record by the installation of 8.8 million smart meters for residential customers inside of 10 months. Our teams even managed to install 126,000 smart meters in a single day, without compromising the quality of the installation process or the integrity of any of the meters installed. This is a world-class achievement in and of itself.

The company made significant leaps in localizing electric energy support industries. SEC boosted its purchases from local manufacturers to 68 percent in the last years, provided more support to them, and more jobs to national talent and professionals.

Despite the formidable challenge posed by the COVID-19 pandemic, the company's performance indicators for 2020 tell a story of runaway success in its operations and business. SEC continued to provide efficient, reliable electrical energy to its customers. Its megaproject plans are in line with the government's plans to reduce the national dependence on fossil fuel to generate electricity and use more and more renewable energy instead. Other projects include smart transmission and distribution grids and electric interconnection with neighboring countries and beyond.

All of the above describes only part of the company's numerous accomplishments in 2020. Other megaprojects are described in detail in this report, which includes detailed information about every one of its achievements and the projects the company had concluded throughout the year – projects that would not have seen the light of day without Allah's graces first, and the efforts of the company's staff of talented national professionals, who worked hard and showed plenty of creativity, innovation, and initiative that took the company to the level it deserves to be in today. It may still be too early to get a true sense of the results of these accomplishments and changes or to accurately measure the anticipated growth, but the Board of Directors is nevertheless determined to make these ambitions a reality across the company's business lines, from generation to transmission to distribution, and across information technology, cybersecurity, and human resources. What we want to do is not only meet but exceed even our customers' highest expectations in terms of reliability, quality, and safety, all while maintaining a clean environment and safe working spaces with world-class standards.

In closing, on behalf of myself and my colleagues, the members of the Board, as well as the executive team and our staff, we present our deepest gratitude to the Custodian of the Two Holy Mosques King Salman Bin Abdulaziz and Crown Prince Mohammad Bin Salman, may Allah protect them, for the endless support the government gave and continues to give to the company. Their support has been instrumental in helping us accomplish what we have. We also thank His Royal Highness Prince Abdulaziz Bin Salman, the Minister of Energy, for his unrelenting support and involvement in the company's operations. I sincerely ask Allah the Almighty to grace us all to realize even more in the field of electric energy and drive development in the Kingdom, and to outpace our past achievements in the future.

Dr. Khaled Bin Saleh Al Sultan
Chairman of the Board

1- Provisions of the Corporate Governance Regulation that have not been applied and the reasons for that:

The Company applies all the provisions mentioned in the Corporate Governance Regulation issued by the Capital Market Authority, except the provisions below:

Article	Paragraph	Provision of Article/Paragraph	Reasons for Non-application
22	1-A	To develop the Company's comprehensive strategy.	The strategy is expected to be adopted during 2021 to commensurate with the plan of the Ministerial Committee formed under High Order No. (41156) dated 23/07/1440H.
46	3	Competition standards are issued by the General Assembly of the Company as proposed by the Board of Directors, and are published on the Company's website.	Work is currently underway to issue competitive business standards in accordance with best practices, and they will be presented to the general assembly meeting of the company's shareholders for approval and publication on the company's website.
87	–	The Ordinary General Assembly shall, upon the proposal of the Board of Directors, develop a policy to ensure having a balance between its objectives and the objectives the society aspires to achieve, with a view to develop the society's social and economic conditions.	The article is indicative.
88	1	The Board of Directors develops programs and identifies the methods necessary to launch the Company's initiatives in the social work field, including: 1) Developing measurement indicators linking the Company's performance to its social action initiatives, and comparing it with other companies exercising similar activity.	The Company continuously participates in various social activities and carries out direct social initiatives aimed at improving social and economic conditions in the Company's various initiatives in the social work field during 2020.

2- Names of Members of the BOD, Committees and Executive Management, and their Current and Previous Positions, Qualifications and Experiences:

A) Members of the BOD and its Committees:

S.N	Name	Current Positions	Previous Positions	Qualifications	Experiences
1	Khaled bin Saleh Al Sultan	Head of King Abdullah City for Atomic and Renewable Energy	Manager of King Fahd University of Petroleum & Minerals	PhD in Industrial Engineering and Operations Research	<ul style="list-style-type: none"> Undersecretary of the Ministry of Higher Education for Educational Affairs. Dean of the College of Computer Sciences and Engineering at King Fahd University of Petroleum & Minerals. Previous and current memberships in more than 40 councils in the government, civil, non-profit and academia sectors.
2	Najm bin Abdullah Al-Zaid	Co-founder of ZS&R Law Firm	Board member of the Capital Market Authority, and President of the Governance and Legal Department at Al-Rajhi Bank	PhD in Law	<ul style="list-style-type: none"> Member in the BODs of many companies and bodies in various sectors. He has multiple experiences in legal and organizational affairs, risks and governance. General legal counsel at the Capital Market Authority. Member of the technical team representing the Kingdom of Saudi Arabia in the negotiation for joining the World Trade Organization in 2005. Legal consultant in the Legal Department of the Islamic Development Bank Group. Legal consultant in the Legal Department of the World Bank Group in Washington. Member of the Bureau of Investigation and Public Prosecution.
3	Isam bin Alwan Al-Bayat	Retired	Vice Chairman of the Electricity Sector at Saudi Aramco	Master of Electrical Engineering	<ul style="list-style-type: none"> Career progression at Saudi Aramco in many fields.
4	Gérard Mestrallet	Chief Executive Officer of French Agency for Al-Ula Region Development Project in Saudi Arabia	Chief Executive Officer of Belgian Public Institution Chairman of Engie Co.	Technical Science, Civil Aviation Engineering, National Institute of Management	<ul style="list-style-type: none"> Multiple experiences in industry, energy, and environment fields.

S.N	Name	Current Positions	Previous Positions	Qualifications	Experiences
5	Abdulaziz bin Fahd Al-Khayyal	Retired	Senior Vice President of Industrial Relations, at Saudi Aramco	Master of Business Administration (MBA)	<ul style="list-style-type: none"> Career progression at Saudi Aramco in many fields.
6	AbdulKarim bin Ali Al-Ghamdi	Vice President of Projects at Saudi Aramco, and a Member of the BODs of many companies.	Vice President of Power Systems at Saudi Aramco	Master of Chemical Engineering	<ul style="list-style-type: none"> He has multiple memberships in the Board of Directors of many companies.
7	Abdulmalik bin Abdullah Al-Hogail	Membership in the BODs and professional consultancies.	Vice President of Al Faisaliah Group, and Executive Director of Finance.	PhD in Accounting	<ul style="list-style-type: none"> A member in many public joint stock and unlisted companies in different sectors and he has various experiences in the fields of strategic and financial planning, corporate finance, audit, governance, Zakat and tax.
8	Raed bin Nasser Al-Rayes	Chief Executive Officer of the Saudi Industrial Investments Company (Dussur)	Consultant of H.E. the Minister of Energy, Industry and Mineral Resources. Vice Chairman and Director General of Arab Petroleum Investment Corporation (APICORP)	PhD in Business Administration. Master in Business Administration	<ul style="list-style-type: none"> He has multiple memberships in the BODs and multiple experiences in the financial business field.
9	Rashed bin Ibrahim Sharif	Head of Public Administration of Investments in local companies at the Public Investment Fund.	Executive Chairman of Riyadh Capital.	Master of Business Administration	<ul style="list-style-type: none"> He has multiple memberships in the BODs and multiple experiences in the financial business field.
10	Walid bin Ibrahim Shukri Member of the Audit Committee	Membership of BODs and committees	Main partner, Saudi PricewaterhouseCoopers (2008-2010) Leading team of Middle East, PwC Administrative partner, Saudi PwC (2006-2008)	Bachelor of Industrial Management from King Fahd University of Petroleum and Minerals, Certificate of Profession in Accounting and Audit from the Fellowship of Chartered Accountants (CPA), Certificate of Profession in Accounting and Audit from the Saudi Organization for Certified Public Accountants (SOCPA)	<ul style="list-style-type: none"> He has multiple experiences in the financial and accounting fields and memberships in the Board of Directors of multiple companies and auditing committees.

S.N	Name	Current Positions	Previous Positions	Qualifications	Experiences
11	Yehia bin Ali Al-Jabr Member of the Audit Committee	University Professor	Deputy Secretary General of the Saudi Organization for Certified Public Accountants	PhD in Accounting	<ul style="list-style-type: none"> He has multiple experiences in the financial accounting field and memberships in scientific and professional committees.
12	Sulaiman bin AbdulAziz Al-Twajri Member of the Audit Committee	Executive Chairman of Saudi Arabian Amiantit	Associate Professor in the Department of Accounting, King Fahd University of Petroleum & Minerals	PhD in Accounting	<ul style="list-style-type: none"> He has multiple experiences in the financial business and accounting fields and memberships in multiple companies, audit committees and in the academic field.
13	Mohammed bin AbdulRahman Al-Bilaid Member of the Executive Committee	Vice Chairman - Public Investment Fund	Assistant manager at Sanabil Investments	Bachelor of Financial Administration, Certified Financial Analyst (CFA)	<ul style="list-style-type: none"> He has multiple experiences in the field of special capital, projects financing and memberships in multiple companies and committees.

B) Executive Management:

S.N	Name	Current positions	Previous Positions	Qualifications	Experiences
1	Fahad Bin Hussein Al-Sudairi	Chief Executive Officer	Vice Executive Chairman and CFO of the Saudi Electricity Company	Bachelor of Accounting Science, University of North Dakota, USA	<ul style="list-style-type: none"> Head of Treasury Sector, Saudi Electricity Company. Senior Accountant and Chief Accountant, Eastern Electricity. Administrative Manager, Cash and Insurance, Eastern Electricity. Assistant Manager of Treasury Department, Saudi American Bank (SAMBA). Chief Treasurer and Head of Treasury, Riyadh Bank. Manager of Al-Jubail Industrial City branch, Riyadh Bank. Assistant Manager of Dammam Regional Branch, Riyadh Bank.
2	Ibrahim Bin Fahd Al Jarbou	Chief Executive Officer of National Grid SA	Vice President of Networks' Maintenance, National Grid SA	Bachelor of Electrical Engineering, King Saud University	<ul style="list-style-type: none"> Middle East Electric Projects Co. Saudi Electricity Company and progressed in the distribution activity from a Design Engineer to the Director of the Construction department for the city of Riyadh's projects. Project Manager – Central. Vice President of Projects.

S.N	Name	Current positions	Previous Positions	Qualifications	Experiences
3	Osama Bin AbdulWahhab Khawandanah	Chief Executive Officer of the Saudi Power Procurement Company	Senior Vice Chairman for Energy Purchase and Partnerships, Saudi Electricity Company	Master of Accounting, Ball State University, USA Bachelor of Accounting, San Diego State University, USA	<ul style="list-style-type: none"> Board Member, Saudi Power Procurement Company. Chairman of the Board, Green Saudi Company for Carbon Services. Chief Executive Officer, Saudi Power Procurement Company, June 2017 – present.
4	Ahmed Bin Abbas Sindi	Chief Executive Officer, Integrated Dawiyat Telecommunications & Information Technology Company	Executive Chairman, Dawiyat Telecom Company Executive chairman, Etihad Atheeb Telecom	PhD in Industrial Engineering and Operations, University of Michigan, Ann Arbor	<ul style="list-style-type: none"> Member of the Board of Directors of Integrated Dawiyat Co. Member of the Board of Directors of GDH Company for Data Hubs. Member of the Board of Directors of Modon. Deputy Governor of the Communications and Information Technology Commission. Executive Chairman, Saudi Global Star Operations Co. Ltd.
5	Mahdi Nasser Al-Dosary	Chief Executive Officer of the Saudi Electricity Company for Projects Development	Head of Engineering Department and High Voltage Projects	Master of Business Administration, MIT Bachelor of Electrical Engineering	<ul style="list-style-type: none"> Progressed in the Saudi Electricity Company in different areas for 25 years.
6	Khalid Bin Saad Al-Rashed	Executive Vice President of Strategic Planning and Business Development	Chief Executive Officer of the Saudi Electricity Company for Projects Development	Bachelor of Electrical Engineering	<ul style="list-style-type: none"> ABB Company from 1994 to 2005. Saudi Electricity Company from 2005 till now.
7	Khalid Bin Hamad Al-Gnoon	Executive Vice President of Distribution and Subscribers' Services	Head of the Middle Sector for Distribution and Subscribers' Services, Saudi Electricity Company	Master of Business Administration, Ireland Bachelor of Electrical Engineering, King Fahd University of Petroleum & Minerals	<ul style="list-style-type: none"> 31 years' experience in multiple positions at the Saudi Electricity Company. Member of the Board of Directors of Dawiyat. Member of the Executive Committee of the Saudi Energy Efficiency Center. Member of the Board of Directors of the Saudi Authority for Industrial Cities and Technology Zones – Modon. Member of the Review Committee in the Board of Directors of the Saudi Authority for Industrial Cities and Technology Zones – Modon. Member of the Development and Facilities Committee of the Riyadh District Secretariat Council. Member of the Project Coordination Committee of the Riyadh District Secretariat. Member of the High Commission in Riyadh – Urban Observatory Committee. Member of the Civil Defense Committee of the Riyadh District.

S.N	Name	Current positions	Previous Positions	Qualifications	Experiences
8	Riyadh Bin Fahd Al-Zamil	Executive Vice President of Generation	Executive Director of Generation Operation at Central – Saudi Electricity Company	Bachelor in Mechanical Engineering Master's in Business Administration	<ul style="list-style-type: none"> Plant Manager (PP10). Director of Generation Technical Support (Acting). Director of outside Riyadh Power Plant (Acting). Director of Mechanical and Civil Engineering Division. Technical Team leader at the power plant in Qassim. Power Generation Specialist. Mechanical Maintenance Engineer at Saudi Aramco. Saudi Iron and Steel Co. (Iron).
9	Manish Manchandya	Executive Vice President and Chief Financial Officer	Head of Treasury Sector, Saudi Electricity Company	Master of Business Administration, with a specialization in Finance, (ICFAI) University, Institute of Chartered Certified Financial Analysts of India, Executive Program in Public Administration from (MIT), Boston, Massachusetts Advanced Degree for Executive Directors from (MIT), Boston, Massachusetts	<ul style="list-style-type: none"> Head of the Treasury Sector, Saudi Electricity Company. Head of Corporate Finance, Saudi Electricity Company. Senior Financial Analyst, Saudi Electricity Company. Customer Relations Manager, HDFC Company for Asset Management, India.
10	Abdulrahman Bin Mohammed Al-Obayed	Senior Vice Chairman of Human Resources	Head of Human Resources Regulation and Planning Sector, Saudi Electricity Company	Bachelor of Public Administration	<ul style="list-style-type: none"> Head of the Committee of Human Resources Development, Arab Union of Electricity. Deputy Chairman, Board of the Energy Sector Training in the Kingdom. Member of the Board of Directors, National Power Academy. Member of the Board of Directors, Saudi Electric Services Polytechnic. Member of the Board of Directors, National Industrial Training Institute.

S.N	Name	Current positions	Previous Positions	Qualifications	Experiences
11	Abdulwahhab Hamza Bakr Khushayym	Senior Vice Chairman of Internal Audit	Head of Key Activities Review	Bachelor of Accounting	<ul style="list-style-type: none"> Finance Director. Director of Finance. Director of Finance and Administration in the Central Region. Saudi Telecom Company (STC) from 1985 till 1996. Saudi Electricity Company from 1996 till now.
12	Faisal Bin Mohammed Al-Lazzam	Senior Vice Chairman of Legal Affairs Secretary of the Board of Directors	Deputy Executive Chairman for Operations, Tawuniya Insurance	Master of Law	<ul style="list-style-type: none"> Member of the Board of Directors, Projects Development Company. Member of the General Committee for Resolution of Insurance Disputes.
13	Humoud Bin Awdah Al-Ghubaini	Senior Vice Chairman for Communications and Public Relations	Senior Vice Chairman, Saudi Electricity Company	Master of English Literature, King Saud University Bachelor of Languages and Translation, Imam University	<ul style="list-style-type: none"> Vice Chairman, Mobily Co. Director General of Relations, Mobily Company. Marketing Director, Kingdom Holding Company.
14	Ibrahim Bin Abdullah Al-Sada Left the Executive Committee on 24/02/2020	Head of Accounts Control Sector	Manager of Financial Accounts Department, Saudi Electricity Company	Bachelor of Accounting	<ul style="list-style-type: none"> Member of the Board of Directors of Dhuruma Electricity Company. Member of the Auditing Committee of Samba Bank. Member of the Auditing Committee of Al-Mourjan for Electricity Production Company. Riyad Bank.
15	Jamaan Bin Ali Al-Zahrani	Director of Shareholders' Affairs	Director of Media Affairs, Saudi Electricity Company	Bachelor of Public Affairs	<ul style="list-style-type: none"> 25 years' experience in the Public and Media Affairs fields.

3- Names of the Companies Inside or Outside the Kingdom in which the Member of the Company's Board of Directors is a Member in its Current or Former Boards of Directors or One of their Directors:

Name	Names of companies in which the Member of the Board of Directors is a member in their current Board of Directors or one of its directors	Inside/Outside the Kingdom	Legal Entity (Listed Joint Stock/Unlisted Joint Stock/Limited Liability Company)	Names of companies in which the Member of the Board of Directors is a member in their former Board of Directors or one of its directors	Inside/Outside the Kingdom	Legal Entity (Listed Joint Stock/Unlisted Joint Stock/Limited Liability Company)
Khaled Bin Saleh Al Sultan	<ul style="list-style-type: none"> Tatweer Company Governance Center Company The Saudi Technology Development and Investment Company TAQNIA 	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Closed Joint Stock</p> <p>Closed Joint Stock</p> <p>Closed Joint Stock</p>			
Najm Bin Abdullah Al-Zaid	<ul style="list-style-type: none"> Gulf International Bank – Bahrain Gulf International Bank – Saudi Arabia 	<p>Outside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Closed Joint Stock</p> <p>Closed Joint Stock</p>	<ul style="list-style-type: none"> The Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (MEDGULF) 	Inside the Kingdom	Listed Joint Stock
Raed Bin Nasser Al-Rayes	<ul style="list-style-type: none"> Awqaf Investment Company GE Saudi Advanced Turbines 	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Closed Joint Stock</p> <p>Limited Liability Company</p>			
Gérard Mestrallet	<ul style="list-style-type: none"> Suez Société Générale SA 	<p>Outside the Kingdom</p> <p>Outside the Kingdom</p>		<ul style="list-style-type: none"> Siemens AG Engie 	<p>Outside the Kingdom</p> <p>Outside the Kingdom</p>	

Name	Names of companies in which the Member of the Board of Directors is a member in their current Board of Directors or one of its directors	Inside/Outside the Kingdom	Legal Entity (Listed Joint Stock/Unlisted Joint Stock/Limited Liability Company)	Names of companies in which the Member of the Board of Directors is a member in their former Board of Directors or one of its directors	Inside/Outside the Kingdom	Legal Entity (Listed Joint Stock/Unlisted Joint Stock/Limited Liability Company)
Rashed bin Ibrahim Sharif	<ul style="list-style-type: none"> KAFD Development & Management Company) National Commercial Bank Accorinvest Saudi Telecom Company (STC) 	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Outside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Unlisted Joint Stock</p> <p>Listed Joint Stock</p> <p>Unlisted Joint Stock</p> <p>Listed Joint Stock</p>	<ul style="list-style-type: none"> Alinma Investment Saudi Basic Industries Corporation (SABIC) Tahakom Investment Company Rua Al Madinah Holding Company 	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Closed Joint Stock</p> <p>Listed Joint Stock</p>
Abdulmalik Bin Abdullah Al-Hogail	<ul style="list-style-type: none"> Alinma Bank The National Shipping Company of Saudi Arabia (Bahri) Americana – Kuwaiti Group for Foodstuff National Chemical Carriers Arabia Medical Holding Company 	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Outside the kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Listed Joint Stock</p> <p>Listed Joint Stock</p> <p>Closed Joint Stock</p> <p>Closed Joint Stock</p> <p>Limited Liability Company</p>			
Abdulkarim Ali Alghamdi	<ul style="list-style-type: none"> Sadara Chemical Company Jazan Integrated for Gas and Energy Transformation Aramco Energy Company 	<p>Inside the Kingdom</p> <p>Inside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Limited Liability Company</p> <p>Limited Liability Company</p>	<ul style="list-style-type: none"> Fadhili Plant Cogeneration Company 	<p>Inside the Kingdom</p>	<p>Limited Liability Company</p>
Abdulaziz Bin Fahd Al-Khayyal	<ul style="list-style-type: none"> Halliburton Marathon Petroleum National Gas & Industrialization Company 	<p>Outside the Kingdom</p> <p>Outside the Kingdom</p> <p>Inside the Kingdom</p>	<p>Listed Joint Stock</p> <p>Listed Joint Stock</p> <p>Listed Joint Stock</p>			

4- Composition of the Board of Directors and classification of memberships:

The Company's Board of Directors consists of six non-executive members, and three independent members. The names of the Board members and the classification of their memberships in the Company are as follows:

S.N	Name	Classification of membership		
		Executive	Non-executive	Independent
1	Khaled Bin Saleh Al Sultan		✓	
2	Najm Bin Abdullah Al-Zaid		✓	
3	Abdulaziz Bin Fahd Al-Khayyal			✓
4	Abdulmalik Bin Abdullah Al-Hogail			✓*
5	Rashed Bin Ibrahim Sharif		✓	
6	Raed Bin Nasser Al-Rayes		✓	
7	Gérard Mestrallet		✓	
8	AbdulKarim Bin Ali Al-Ghamdi		✓	
9	Isam Bin Alwan Al-Bayat			✓

* The CMA was notified of changing the capacity of the Board member from independent to non-executive on 09/06/2020.

5- Actions taken by the Board of Directors to brief its members, especially non-executives, on the shareholders' proposals and their observations on the Company and its performance.

During 2020, the Board Secretariat has not received any proposals or observations from the Company's shareholders on its performance.

6- Brief Description of the competencies and duties of Committees:

During 2020, the Board of Directors will have four standing committees:



The following is a summary of the permanent committees that emerged from the Board of Directors in 2020:

1. Audit Committee:

The Audit Committee consists of (5) members, including four (4) members specialized in financial and accounting affairs. The General Assembly of the Company approved the BOD's proposal on the rules of selection of members, term of their memberships, and the committee's methods of work and remunerations of its members. During 2020, the Audit Committee held (14) meetings. The following table shows names of the Audit Committee members and the number of attended meetings and their dates per each member:

Attendance ✓ Absence ✕

Name	Membership Nature	Number of Attended Meetings	Number of Meetings (14) / Meeting Dates													
			1	2	3	4	5	6	7	8	9	10	11	12	13	14
			23/01	24/02	11/03	29/04	17/06	14/07	27/07	30/08	26/09	28/10	12/11	29/11	17/12	28/12
Abdulmalek Bin Abdullah Al-Hogail	Chairman	14	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Isam Bin Alwan Al-Bayat	Vice Chairman	14	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Yahya Bin Ali Al Jabr	Member	13	✓	✓	✓	✓	✓	✓	✕	✓	✓	✓	✓	✓	✓	✓
Sulaiman Bin AbdulAziz Al-Tuwaijri	Member	14	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Walid Bin Ibrahim Shukri	Member	12	✓	✓	✓	✓	✓	✓	✓	✕	✕	✓	✓	✓	✓	✓

The Audit Committee is responsible for monitoring the Company's businesses and verifying the integrity and fairness of its reports, financial statements and internal control systems. The mandates of the Committee shall particularly include the following:

A) Financial reports:

- Examining the company's interim and annual financial statements before presenting them to the Board of Directors, and expressing its opinion and providing recommendations thereon to ensure their integrity, fairness, and transparency;
- Providing technical opinions, at the request of the Board of Directors, as to whether the Board of Directors' report and financial statements are fair, balanced and understandable, and including information that enables shareholders and investors to evaluate the company's financial position, performance, business model and strategy;
- Analyzing any important or unfamiliar issues contained in the financial reports;
- Accurately investigating any issues raised by the company's Chief Financial Officer or the person assuming his/her duties or the company's Compliance Officer or External Auditor;
- Verifying accounting estimates in respect of significant matters stated in the financial reports; and
- Examining the accounting policies adopted by the company, expressing its opinion and providing recommendations to the Board thereon.

B) Internal Audit:

- Examining and reviewing the company's internal and financial control systems, and risk management systems;
- Analyzing the internal audit reports and following up on the implementation of corrective measures for the remarks contained therein;
- Monitoring and overseeing the performance and activities of the company's internal auditor along with the Internal Audit Department, if any, to ascertain the availability of necessary resources and their effectiveness in the performance of its activities and mandates. If the company does not have an internal auditor, the Committee shall provide recommendation to the Board of Directors as to the need to appoint such an auditor; and
- Providing a recommendation to the Board of Directors on appointing a manager of the Internal Audit Unit or Department or an internal auditor, and propose his/her remuneration.

C) External Auditor:

- Providing a recommendation to the Board of Directors on the nomination and dismissal of external auditors, determining their fees and evaluating their performance, following the verification of their independence and reviewing the scope of their work and the terms of their contract;
- Verifying the independence, objectivity and fairness of the external auditor and the effectiveness of the audit activities, taking into account relevant rules and criteria;
- Reviewing the company's external auditor plan and its activities, verifying the non-submission of technical or administrative works that are beyond the scope of the audit activity, and providing their inputs thereon;
- Responding to inquiries of the company's external auditor; and
- Examining the external auditor's report and comments on the financial statements and following up on the procedures taken in respect thereof.

D) Compliance Assurance:

- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith;
- Ensuring the company's compliance with the Related Laws, Regulations, Policies and Instructions;
- Reviewing the contracts and proposed transactions that the Company desires to conduct with related parties thereof, and providing its recommendations to the Board in connection therewith;
- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the actions that should be taken.

2. Executive Committee:

The Executive Committee consists of (5) members, and it held (6) meetings during 2020. The following table shows names of the Executive Committee members and the number of attended meetings and their dates per each member

Attendance ✓ Absence ✕

Name	Membership Nature	Number of Attended Meetings	Number of Meetings (6) / Meeting Dates					
			1	2	3	4	5	6
			05/02	16/03	27/05	29/09	03/11	22/12
Khaled Bin Saleh Al Sultan	Chairman	6	✓	✓	✓	✓	✓	✓
AbdulKarim Bin Ali Al-Ghamdi	Vice Chairman	4	✕	✓	✓	✕	✓	✓
Gérard Mestrallet	Member	6	✓	✓	✓	✓	✓	✓
Rashed Bin Ibrahim Sharif	Member	6	✓	✓	✓	✓	✓	✓
Mohammed Bin AbdulRahman Al-Bilaihed	Member	6	✓	✓	✓	✓	✓	✓

The Executive Committee shall be responsible for the following:

- Reviewing plans and studies related to the restructuring of the company's business lines;
- Reviewing the general budget (capital and operational budgets) and projects proposed by the Executive Management, as well as studies, plans, and financing methods related thereto;
- Conducting a periodic review of the company's achievements in comparison with the approved budgets;
- Participating in developing the company's new strategic plans, evaluating proposals submitted by the Management for such plans, including opportunities for mergers and acquisitions, and providing executive recommendations to the Board of Directors;
- Reviewing the company's performance based on the Management's monthly reports in light of the specified objectives, measuring performance results, analyzing and studying the main influences, indicators and developments related to its work and directing the management accordingly;
- Submitting its recommendations to the Board with regard to loans, mortgages and security requests;
- Reviewing and evaluating proposals for new capital investments, approving projects falling within the Committee's powers, and providing recommendations to the Board of Directors in respect thereof;
- Receiving reports on all key resolutions adopted by the company's Management and submitting recommendations in respect thereof to the Board of Directors;
- Providing recommendations to the Board of Directors as to all resolutions that are beyond its powers; and
- Investigating any matters of interest to the company referred to it by the Board of Directors.

3. The Nominations and Remunerations:

The Nominations and Remunerations Committee consists of (5) members, and it held (8) meetings during 2020. The following table shows names of the Nominations and Remunerations members and the number of attended meetings and their dates per each member:

Attendance ✓ Absence ✕

Name	Membership Nature	Number of Attended Meetings	Number of Meetings (8) / Meeting Dates							
			1	2	3	4	5	6	7	8
			03/03	21/04	21/05	18/08	25/08	18/11	28/11	16/12
Abdulaziz Bin Fahd Al-Khayyal	Chairman	8	✓	✓	✓	✓	✓	✓	✓	✓
Raed Bin Nasser Al-Rayes	Vice Chairman	8	✓	✓	✓	✓	✓	✓	✓	✓
Khaled Bin Saleh Al Sultan	Member	8	✓	✓	✓	✓	✓	✓	✓	✓
Najm Bin Abdullah Al-Zaid	Member	8	✓	✓	✓	✓	✓	✓	✓	✓
Abdulkarim Bin Ali Alghamdi	Member	5	✓	✓	✓	✕	✓	✕	✕	✓

The Nominations and Remuneration Committee shall be responsible for the following:

- Developing a clear policy for the remuneration of members of the Board of Directors, its Committees and the Executive Management and submitting it to the Board of Directors for consideration in preparation for approval by the General Assembly, provided that such policy follows the criteria linked to performance, and shall be disclosed in connection therewith and ensure the implementation of such policy.
- Clarifying the relationship between remunerations awarded and the adopted remuneration policy, and identifying any material deviation from this policy.
- Conducting a periodic review of the remuneration policy and evaluating its effectiveness in achieving its objectives;
- Providing recommendations to the Board of Directors on the remunerations for members of the Board, its Committees and Senior Executives in accordance with the approved policy;
- Reviewing the rules for the distribution of annual remunerations approved by the Board of Directors and providing recommendations to the Board of Directors in respect thereon;
- Proposing clear policies and criteria for the membership of the Board of Directors and Executive Management;
- Providing recommendations to the Board of Directors on the nomination and re-nomination of its members in accordance with the approved policies and criteria, taking into account that nomination shall not include any person who has already been convicted of a crime involving moral turpitude or dishonesty;
- Preparing a description of the capabilities and qualifications required for the Board membership and Executive Management functions;
- Determining the time that a member shall allocate to the functions of the Board of Directors;
- Conducting an annual review of the necessary skills or expertise required for the membership of the Board of Directors and Executive Management;
- Reviewing the structure of the Board of Directors and Executive Management and providing recommendations on possible changes related thereto;
- Annually verifying the independence of Independent members, making sure that there is no conflicts of interest if a Board member of the company is a Board member of another company;
- Developing a job description of the Executive and non-Executive members, Independent members and Senior Executives;
- Establishing special procedures in the event that the position of a Board member or a Senior Executive becomes vacant;
- Identifying the Board of Directors' weaknesses and strengths, and proposing solutions to address them in line with the company's interests;
- Reviewing general HR policies and regulations;
- Reviewing the salary scales, housing and transportation allowances of the company's employees;
- Nominating the company's Chief Executive Officer, reviewing his/her annual allocations and remunerations, and providing recommendations to the Board of Directors to extend his/her services;
- Reviewing the changes to the organizational structure of the company;
- Reviewing rules and regulations of human resources for retirement, health services, cooperative fund, savings, and reviewing the company's Work Regulation, Bylaws, and Penalties and Rewards Regulations approved by the Ministry of Human Resource and Social Development;
- Reviewing the rules of annual bonuses for all employees of the company, and providing recommendations to the Board of Directors in respect thereof;
- Considering any matters referred to it by the Board of Directors;
- Setting forth the qualifications required for the membership of each Board Committee, and in particular the Audit Committee;
- Ensuring that there is an induction program on the company's business for the new members of the Board of Directors and providing a continuous education program for all members of the Board;
- Ensuring that the Chief Executive Officer has developed the necessary procedures for the rapid and effective transfer of his/her responsibilities to be implemented in the event of termination of his/her relationship with the company. The Committee may review these procedures with the Chief Executive Officer and obtain his/her recommendations on long-term succession arrangements;
- Developing criteria for evaluating the Chief Executive Officer's performance and inform him/her thereof;
- Assisting the Board of Directors in developing criteria to evaluate the performance of the Chairman of the Board of Directors, the Committees and their members and inform them thereof;
- Reviewing and approving the company's objectives related to the remunerations of the Chief Executive Officer;
- Reviewing the performance of the Chief Executive Officer annually to ensure that he/she leads the company effectively;

- Reviewing administrative development programs and succession and replacement plan for Senior Executives in coordination with the Chief Executive Officer;
- Reviewing the objectives of the evaluation (including performance indicators) to be achieved within the rewards and incentive programs;
- Preparing an annual report on the remunerations paid to the Executive Management in order to be included in the company's annual report in accordance with applicable rules and regulations;
- Reviewing the Committee performance at least annually to determine its effectiveness and agree on steps to improve the performance of its members; and
- Informing the Board of Directors of its findings or resolutions in a transparent manner.

4. Risks and Compliance Committee:

The Risks and Compliance Committee consists of (4) members, and it held (8) meetings during 2020. The following table shows names of the Risks and Compliance Committee members and the number of attended meetings and their dates per each member:

Attendance ✓ Absence ✕

Name	Membership Nature	Number of Attended Meetings	Number of Meetings (8) / Meeting Dates							
			1	2	3	4	5	6	7	8
			11/02	11/03	26/03	12/05	01/07	14/07	09/09	10/11
Najm Bin Abdullah Al-Zaid	Chairman	8	✓	✓	✓	✓	✓	✓	✓	✓
Raed Bin Nasser Al-Rayes	Vice Chairman	8	✓	✓	✓	✓	✓	✓	✓	✓
Abdulmalik Bin Abdullah Al-Hogail	Member	7	✓	✓	✓	✕	✓	✓	✓	✓
Isam Bin Alwan Al-Bayat	Member	8	✓	✓	✓	✓	✓	✓	✓	✓

The Risks and Compliance Committee shall be responsible for the following:

- Identifying and maintaining an acceptable level of risk appetite to which the company may be exposed and ensuring that the company does not exceed this level;
- Verifying the feasibility of the company's ability to continue as a going concern, the successful continuity of its activities and identifying the risks that threaten the company's continuation over the next twelve months;
- Overseeing the company's risk management system and evaluating the effectiveness of the systems and mechanisms of identification, assessment, and monitoring the risks to which the company may be exposed in order to determine areas of shortcomings therein;
- Reevaluating the company's risk tolerance and exposure periodically (e.g., through stress testing);
- Preparing detailed reports on risk exposure and proposed measures to manage such risks for a submission to the Board of Directors;
- Providing recommendations to the Board of Directors on issues related to risk management.
- Ensuring availability of adequate risk management resources and systems;
- Reviewing the organizational structure of risk management and providing recommendations thereon prior to approval by the Board of Directors;

- Verifying the risk management personnel's independence as to activities that may result in the company's exposure to risks;
- Ensuring that risk management personnel understand the risks surrounding the company and seeking to raise awareness about the risk culture;
- Reviewing the issues raised by the Audit Committee that may affect the Company's risk management;
- Developing a comprehensive risk management strategy and policies in line with the nature and volume of the company's activities, ensuring their implementation, and reviewing and updating them based on the internal and external variables of the company;
- Reviewing, improving, and developing the company's Authority Matrix, as appropriate;
- Ensuring the effectiveness of the company's procedures for risk identification and protection against claims and risks of non-compliance with laws and regulations;
- Working with the Executive Management to develop the company's compliance strategies and policies in line with the nature of the company's business and activities, and provide its recommendations in respect thereof;
- Reviewing compliance strategies and policies periodically to ensure that they are in line with the changes to the internal or external environment in which the company operates, or statutes governing its business, or its strategic objectives or otherwise and recommending to the Board the proposed changes to such policies;
- Overseeing the preparation of compliance reports in accordance with their preparation standards, and providing recommendations to the Board in respect thereof; and
- Reporting to the Board any issues for which it deems a necessary action to be taken, and providing recommendations on such actions to be taken.

7- The Methods used by the Board of Directors to evaluate its performance and the performance of its committees and members:

The Board of Directors shall annually evaluate its performance as well as the performance of its committees and members in accordance with the Policy for Performance Evaluation of the Board of Directors, its Committees and the Chief Executive Officer and in accordance with the Performance Evaluation Forms attached to such Policy to continuously improve the quality and effectiveness of its performance in accordance with its determined objectives through identifying the strengths and weaknesses of each member. The resolutions and recommendations of the Board of directors as well as all relevant matters shall be regularly reviewed and evaluated, and a comprehensive evaluation of the performance and efficiency of the Board of Directors shall be made.

8- Remunerations of Members of the Board of Directors and the Executive Management:

A) Remuneration Policy for Members of the Board of Directors, its Committees and Executive Management:

Remuneration Criteria

Without prejudice to the statutory requirements and the company's Articles of Association, and the requirements of the Corporate Governance Regulations, the remuneration of the members of the Board, its Committees and Executive Management shall be subject to the following criteria:

1. To be consistent with the company's strategy and objectives;
2. The remuneration shall be provided to encourage the members of the Board and Executive Management to ensure the success of the company and its long-term development such as linking the variable part of the remuneration to long-term performance;
3. The remuneration shall be determined based on the job level, duties and responsibilities of the incumbent as well as the educational qualifications, practical expertise, skills and level of performance;
4. To be consistent with the magnitude, nature and level of risks at the company;
5. To take into consideration the practices of other companies with regard to determining remunerations, and to avoid unjustifiable increase in remunerations and compensations;
6. To solicit, retain and motivate professional talents, without exaggeration;
7. To be prepared in coordination with the NRHR Committee with regard to new appointments;

8. To regulate granting shares in the company for members of the Board and the Executive Management, whether such shares are newly issued or acquired by the company;
9. The remuneration shall be fair and proportionate to the competencies of the member and the duties and responsibilities assigned to and carried out by the Board members, in addition to the objectives set by the Board to be achieved during the fiscal year;
10. The remuneration shall be based on a recommendation by the NRHR Committee;
11. The remuneration shall be proportionate with the company's activity and the skills required to manage it;
12. To take into consideration the sector in which the company operates, its size and the experience of the Board of Directors;
13. The remuneration shall be reasonably sufficient to attract, motivate and retain Board members with appropriate competence and experience;
14. A Board member may receive remuneration for his/her membership in the Audit Committee formed by the General Assembly or for any executive, technical, administrative or advisory additional works assigned to him/her by the company under a professional license. Such remuneration is in addition to the other remuneration, which he/she may receive as a member in the Board and in the Committees formed by the Board of Directors, in accordance with the Companies Law and the company's Articles of Association;
15. The remunerations of the Board members may vary to reflect the member's experience, specialties, tasks assigned to him/her, his/her independence, the number of meetings he/she attends and other considerations;
16. If the Audit Committee or the CMA found that the remuneration paid to any member of the Board or the Executive Management is based on incorrect or misleading information submitted to the General Assembly or included in the Annual Report of the Board of Directors, the company has the right to request such member to refund such remuneration;

Remuneration of Members of the Board of Directors and its Committees

1. The remuneration and all the benefits, if any, of a Board member shall be as approved by the Ordinary General Assembly in accordance with the official resolutions and instructions issued in this regard and within the limits stipulated by the Companies Law and its regulations.
2. The remuneration of the Board member may be a certain amount or attendance allowance for the meetings, in-kind benefits or a certain percentage of the net profits, and two or more of these benefits may be combined.
3. If the remuneration is a certain percentage of the company's profits, such percentage shall not exceed (10%) of the net profits after deducting the reserves approved by the General Assembly in application of the provisions of the Companies Law and the company's Articles of Association and after distributing dividends of not less than (5%) of the company's paid up capital to the shareholders. Entitlement to such remuneration shall be pro rata the number of meetings attended by the member, and any estimate otherwise shall be null and void.
4. In all cases, the total amount of remuneration and benefits received by the Board member, whether financial or in-kind, shall not exceed five hundred thousand Saudi Riyals annually in accordance with the rules prescribed by the competent authority.
5. The remuneration of independent member of the Board shall not be a percentage of the profits achieved by the company nor shall it be based directly or indirectly on the profitability of the company.

Executive Management Remunerations

In accordance with the procedures and standards adopted by the Board of Directors, the company shall grant its senior executives specific financial advantages based on the salary scale and its approved policies. Executive management remuneration includes the following:

- | | | |
|--|---|---|
| 1. Basic salary. | 4. Housing allowance. | 6. Long-term incentive, if any. |
| 2. Medical insurance for him and his family. | 5. Annual bonus linked to the performance indicators according to the annual evaluation in this regard. | 7. Any other remunerations or allowances approved by the Board of Directors of the company. |
| 3. Transfer allowance. | | |

Payment of Remunerations:

Remunerations – as provided in the Remunerations and Benefits Policy – shall be paid in Saudi Riyals or its equivalent in any other currency, and payment shall be made by direct deposit to the bank accounts specified by the person concerned.

B) Remunerations of Members of the Board of Directors:

	Fixed Remunerations							Variable Remunerations						End of Service Benefits	Grand Total****	Expenses Allowance
	Designated Amount*	Allowance for Board sessions attendance	Total allowance for Board sessions attendance	In-kind Benefits	Remuneration for technical administrative and advisory activities**	Remuneration of Chairman, Managing Director or Secretary if he is one of the members***	Total****	Share of dividends	Periodical remunerations	Short-term motivational plans	Long-term motivational plans	Shares granted (Values are entered)	Total			
First: Non-executive members																
1. Khaled Bin Saleh Al Sultan	415,000	42,000	42,000	0	228,000	1,200,000	1,927,000	0	0	0	0	0	0	0	1,927,000	0
2. Najm Bin Abdullah Al-Zaid	399,980	42,000	48,000	10,020	24,000	0	524,000	0	0	0	0	0	0	0	524,000	0
3. Gérard Mestrallet	220,000	36,000	18,000	0	3,000	0	277,000	0	0	0	0	0	0	0	277,000	40,237
4. AbdulKarim Bin Ali Al-Ghamdi	342,500	33,000	27,000	0	9,000	0	411,500	0	0	0	0	0	0	0	411,500	31,676
5. Raed Bin Nasser Al-Rayes	365,000	42,000	48,000	0	75,000	0	530,000	0	0	0	0	0	0	0	530,000	0
6. Rashed Bin Ibrahim Sharif	220,000	36,000	18,000	0	6,000	0	280,000	0	0	0	0	0	0	0	280,000	0
Total	1,962,480	231,000	201,000	10,020	345,000	1,200,000	3,949,500	0	0	0	0	0	0	0	3,949,500	71,913

* The designated amount includes the annual bonus for Board membership and fixed bonuses for committee membership.

** Allowances for business functions and administrative and additional tasks are included in the Remuneration Policy for Members of the Board of Directors, its Committees and Executive Management, approved by the General Assembly, as well as in accordance with Article (3) of Part (II) of the Controls and Regulatory Procedures issued in implementation of the Companies Law with regard to listed joint stock companies.

***A remuneration for the Chairman of the Board of Directors, in accordance with paragraph (2) of Article (81) of the Companies Law.

****In accordance with the Remuneration Policy adopted by the General Assembly, the total amount of bonuses, financial or in-kind benefits received by the Board Member does not exceed the maximum ceiling in paragraph (3) of Article (76) of the Companies Law, excluding the remunerations of technical, administrative or consultancy works, Chairman remuneration and Audit Committee remuneration. In accordance with Article (3) of the controls and regulatory procedures issued to implement the corporate system of listed joint stock companies.

	Fixed Remunerations							Variable Remunerations						End of Service Benefits	Grand Total****	Expenses Allowance
	Designated Amount*	Allowance for Board sessions attendance	Total allowance for Board sessions attendance	In-kind Benefits	Remuneration for technical administrative and advisory activities**	Remuneration of Chairman, Managing Director or Secretary if he is one of the members***	Total****	Share of dividends	Periodical remunerations	Short-term motivational plans	Long-term motivational plans	Shares granted (Values are entered)	Total			
Second: Independent members																
1. Isam Bin Alwan Al-Bayat	365,000	42,000	78,000	0	131,756	0	616,756	0	0	0	0	0	0	0	616,756	63,546
2. Abdulaziz Bin Fahd Al-Khayyal	285,000	42,000	30,000	0	26,016	0	383,016	0	0	0	0	0	0	0	383,016	56,320
3. Abdulmalik Bin Abdullah Al-Hogail	415,000	42,000	63,000	19,601	15,000	0	554,601	0	0	0	0	0	0	0	554,601	5,411
Total	1,065,000	126,000	171,000	19,601	172,772	0	1,554,373	0	0	0	0	0	0	0	1,554,373	125,277

* The designated amount includes the annual bonus for Board membership and fixed bonuses for committee membership.

** Allowances for business functions and administrative and additional tasks are included in the Remuneration Policy for Members of the Board of Directors, its Committees and Executive Management, approved by the General Assembly, as well as in accordance with Article (3) of Part (II) of the Controls and Regulatory Procedures issued in implementation of the Companies Law with regard to listed joint stock companies.

***A remuneration for the Chairman of the Board of Directors, in accordance with paragraph (2) of Article (81) of the Companies Law.

****In accordance with the Remuneration Policy adopted by the General Assembly, the total amount of bonuses, financial or in-kind benefits received by the Board Member does not exceed the maximum ceiling in paragraph (3) of Article (76) of the Companies Law, excluding the remunerations of technical, administrative or consultancy works, Chairman remuneration and Audit Committee remuneration. In accordance with Article (3) of the controls and regulatory procedures issued to implement the corporate system of listed joint stock companies.

C) Remunerations of Committees' Members:

	Fixed Remunerations (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expenses Allowance
Members of the Audit Committee				
Abdulmalek Bin Abdullah Al-Hogail	180,000	42,000	222,000	5,411
Isam Bin Alwan Al-Bayat	130,000	42,000	172,000	25,870
Yahya Bin Ali Al Jabr	130,000	39,000	169,000	0
Walid Bin Ibrahim Shukri	130,000	36,000	166,000	5,016
Sulaiman Bin AbdulAziz Al-Tuwaijri	130,000	42,000	172,000	20,854
Total	700,000	201,000	901,000	57,151
Members of the Executive Committee				
Khaled Bin Saleh Al Sultan	180,000	18,000	198,000	0
Gérard Mestrallet	130,000	18,000	148,000	40,237
AbdulKarim Bin Ali Al-Ghamdi	130,000	12,000	142,000	10,822
Rashed Bin Ibrahim Sharif	130,000	18,000	148,000	0
Mohammed Bin AbdulRahman Al Bilaihed	130,000	18,000	148,000	0
Total	700,000	84,000	784,000	51,059
Members of the Nominations and Remunerations Committee				
Abdulaziz Bin Fahd Al-Khayyal	180,000	24,000	204,000	26,660
Raed Bin Nasser Al-Rayes	130,000	24,000	154,000	0
Khaled Bin Saleh Al Sultan	130,000	24,000	154,000	0
Najm Bin Abdullah Al-Zaid	130,000	24,000	154,000	0
AbdulKarim Bin Ali Al-Ghamdi	130,000	15,000	145,000	10,427
Total	700,000	111,000	811,000	37,087

	Fixed Remunerations (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expenses Allowance
Members of the Risks and Compliance Committee				
Najm Bin Abdullah Al-Zaid	164,980 *	24,000	188,980	0
Raed Bin Nasser Al-Rayes	130,000	24,000	154,000	0
Abdulmalek Bin Abdullah Al-Hogail	130,000	21,000	151,000	0
Isam Bin Alwan Al-Bayat	130,000	24,000	154,000	5,016
Total	554,980	93,000	647,980	5,016

* An amount of (SR 15,020) has been deducted from the committee's membership bonus, in accordance with paragraph (3) of Article (76) of the Companies Law.

D) Remuneration of Five of the Senior Executives who received the Highest Remunerations (Including the CEO and CFO)*:

Fixed remunerations				Variable remunerations								
Salaries	Allowances	In-kind benefits	Total	Periodical remunerations	Earnings	Short-term motivational plans	Long-term motivational plans	Value of granted shares	Total	End of Service Benefits	Total remunerations of Executives, if any	Grand total
7,121,191.38	2,065,766.46	0	9,186,957.84	8,246,000.00	0	0	0	0	8,246,000.00	0	0	17,432,957.84

* The company has disclosed the components of the remuneration of the senior executives in total, and there are communications between the company and the Capital Market Authority regarding the optimal disclosure of the remuneration of senior executives, with the company's commitment to the instructions that the Authority may decide in this regard

9- Sanctions and Penalties Imposed on the Company:

❖ Final Penalties

The signatory of the sanction or penalty	Reason	Value	Corrective action taken by the company to avoid its recurrence
Communications & Information Technology Commission	The delay in providing the CITC With Information about the split between Dawiyat Telecom Company & Integrated Dawiyat Company	SR 50,000	Arranging to provide the CITC with the required information by the due date.
Ministry of Human Resources and Social Development	Failure to comply with the rules of protection, safety and occupational health, and its procedures and levels within the facility, and to take the necessary precautions to protect workers from the risk of occupational hazards and diseases caused by work and the used machines by using the preventive measures prescribed for them.	SR 25,000	Inform the ministry about the rules and precautions used at the site and confirm its compliance with them.

❖ Penalties Under Objection

The signatory of the sanction or penalty	Reason	Value	Corrective action taken by the company to avoid its recurrence
General Organization for Social Insurance	Excluding the terminated employee directly from the GOSI based on the notice of termination without considering the completion of the clearance procedures	SR 10,000	Violation of delaying the exclusion of an employee from GOSI system due to the employee's failure to complete the clearance procedures*

* Payment has been completed and the petition is still being processed and waiting for reply

10- Results of the Annual Audit on the Effectiveness of the Internal Control Procedures:

The company's internal audit activity performs, in the ordinary course of its business, risk-based audit functions and provides objective and independent evaluations covering governance, risk management and control processes. Audit functions cover all activities of the company in operational, financial, performance and compliance aspects.

The Audit Committee of the Board of Directors, consisting of five members – three of them independent from outside the Board – examines the periodic reports prepared by the company's internal audit, as well as the External Auditor's observations on their evaluation of the internal control procedures in terms of their design, effectiveness and application.

The Committee follows up the recommendations of the internal audit and the External Auditor to address and follow up on the observations, and to consider in general the effectiveness of internal control procedures through internal audit reports, and specifically with regard to the fairness of the financial statements, taking into account that any internal control system,

regardless of the integrity of its design and the effectiveness of its application, cannot provide absolute assurance about the effectiveness of the applicable internal control systems. The above mentioned audits did not show any significant weakness in the company's internal control system.

11- Recommendation of the Audit Committee about the Need to Appoint an Internal Auditor in the Company in Case no Auditor has been Previously Appointed:

The Company has an internal audit activity. The Audit Committee recommends to the Board of Directors that an Internal Auditor be appointed and will exercise his functions according to statutory requirements and best practices. An Internal Auditor has been appointed accordingly.

12- The Recommendations of the Audit Committee, which are in Conflict with the Board of Directors' Decisions, or which the Board has Refused to Take Regarding the Appointment of the Company's Auditor, his Dismissal and Determination of his Fees, his Performance Evaluation or the Appointment of the Internal Auditor, and the Reasons behind these Recommendations or for not Accepting them:

No recommendation has been made by the Audit Committee that there is a conflict between their recommendations and the Board of Directors' decisions. The Board has not rejected any of the Committee's resolutions or recommendation to appoint the Company's auditor, determine his fees, evaluate his performance or appoint the Internal Auditor.

13- Corporate Social Responsibility Strategy:

1. Towards employees

To provide an appropriate working environment, fair and equal training and development opportunities, incentivize excellence and innovation initiatives, foster a culture of quality as a standard of thinking and practice, instill the values set by the Work Ethics Document, engage employees through written communication and gauge their opinions as to the activities and services made available to them.

2. Towards the community

Actively contribute to social and economic development by lending support to social welfare programs, responding to the community's development and humanitarian issues, including the community in initiatives, spearheading electric power saving activities, spreading awareness on electric hazards and safety, supporting research by adopting initiatives and research chairs that help ration power consumption, improving the performance of electric systems, preserving the environment and supporting renewable energy initiatives and projects.

3. Towards our partners and clients

Our sense of responsibility as to the generation, transmission and distribution of electric power has always been the driving force for us to prove and showcase our capabilities and willingness to build fair, transparent strategic partnerships. To that end, we maintain constant communication with our clients and partners to ensure uninterrupted engagement, mutual trust and the spirit of partnership. We encourage them to stay engaged and up-to-date on the current issues and latest developments in the power industry and hear out their opinions and thoughts as to our performance to bolster our image and mindshare.

4. Social activities

To hold multiple programs, events, classes, graduation, honorary and special ceremonies, strengthen social communication with employees and their families through an internal communication plan, hold sporting, cultural and social programs at the company's clubs, provide training opportunities to employees' children in the English language and computer skills in collaboration with specialized training institutes, and facilitate multiple sporting activities.

Contributions to the Community:

- Sign agreements and strategic partnerships with multiple charities and government agencies to support CSR programs for individuals with special needs, orphans, cancer patients, charities and active organizations across the Kingdom.
- Contribute SR 35 million to the COVID-19 Pandemic Health Fund.
- Collaborate with the Saudi Alzheimer's Disease Association in an ongoing strategic partnership across the company's platforms.
- Collaborate with the Zahra Breast Cancer Association in an ongoing strategic partnership across the company's platforms.
- Give employees (if they wish) the opportunity to opt in for deductible donations to licensed charities to the tune of SR 5 million for the year 2020.
- Boost electric safety through awareness messages and videos posted by the company's account on Twitter.

14- General Assemblies Held during the Fiscal Year 2020 and the Names of Members of the Board of Directors Attending these Assemblies.

The table below shows dates of the General Assemblies, and the names of members of the Board of Directors attending these Assemblies for the year 2020:

Attendance ✓ Absence ✕

Name	The Extraordinary General Assembly Meeting on 02/06/2020	The Extraordinary General Assembly Meeting on 27/12/2020
Khaled Bin Saleh Al Sultan	✓	✓
Najm Bin Abdullah Al-Zaid	✕	✓
Abdulaziz Bin Fahd Al-Khayyal	✓	✓
Abdulmalek Bin Abdullah Al-Hogail	✓	✓
Rashed Bin Ibrahim Sharif	✓	✓
Raed Bin Nasser Al-Rayes	✓	✓
Gérard Mestrallet	✕	✕
AbdulKarim Bin Ali Al-Ghamdi	✓	✓
Isam Bin Alwan Al-Bayat	✓	✓

15- Description of the Main Activities of the Company:

Activity	Percentage of fixed assets	Percentage of operating expenses
Generation	29%	38%
National Grid SA	41%	41%
Distribution and customers' services	25%	19%
Support organizational activities	5%	2%
Total	100%	100%

The following is a description of the nature of the activities and subsidiaries and their most important achievements:

1-The Company's Main Activities:

A) Electrical Power Generation Activity:

Generation BL is one of SEC's core business. Its mission is to "Power the Kingdom" by operating and maintaining electricity infrastructure to supply and meet the growing demand for electricity. The Power generation business vision is to be a utility built on a foundation of staff excellence, reliability & availability, efficiency and cost effectiveness in a sustainable manner whilst attaining international standards of Health, Safety and Environmental compliance.

The company is managing all available resources optimally to achieve the desired results. Generation BL power plants produced most of the required electrical energy, which reached almost 53% of the total required electricity in the Kingdom in 2020.

B) Distribution Activity and Subscriber Services:

It is a main activity with a mission to receive and distribute energy from the transmission networks and to provide customers with a reliable electrical service, while improving the level of services provided to them. The activity generates and distributes electricity consumption bills to customers and carries out its annual plans and programs to provide high quality services by using the latest technologies and facilitating access to the service.

The activity's plans include a number of pillars, objectives and performance standards, including: raising the rates of delivery of electricity services to new customers in cities, villages and communities, the continuous improvement of transmission networks to ensure their performance at the desired level, raising energy efficiency and facilitating the delivery procedures and simplification of electricity services, developing customer service centers, applying the latest technologies, employee skills development in calculating customer consumption and reading of bills, and the continuous attention towards raising the efficiency and performance of frontline employees.

The distribution and customer services activity accomplished a number of achievements during 2020, the most important of which are the following:

- A total of (24,129) new transformers for 69 kV and below were added, an increase of 4% of the total number of distribution transformers added at the end of 2019, and with a capacity of (12,423) MVA, which is an increase of 4% over the total capacity at the end of 2019.
- Overhead networks and ground cables for 69 kV and below were also added, with an overall length of (31,812) km-circular, which is an increase of 5% of the total networks at the end of 2019.
- Delivering electrical service to (384) thousand new customers.
- Installing a total of 8.8M Smart Meters (SM) out of 10M.
- Successfully launching a new interface with (Balady) platform in 14 municipalities across the Kingdom, to receive construction licenses automatically.
- Winning the award for the best customer service office (North Riyadh office) and the best call center in the GCC.
- Reducing the value of receivables by government entities by SR 28.6 billion.

C) Financial activity:

Our financial and funding strategy is based on a set of core principles, all based on supporting our strong credit rating, linked to the Kingdom's sovereign valuation, to ensure access to a variety of sources of finance, instruments and markets domestically and internationally, maintain sufficient liquidity to meet investment needs, and maintain appropriate liquidity for daily operations and short-term financing needs. In light of this, the company is always looking to build long-term relationships with financing partners of all categories, which supports the company as well as exploits strong internal flows of operations to meet the requirements of operating and investment expenses and strengthen the company's financial position.

Regulatory and financial reforms:

Under the supervision, support and follow-up of the Supreme Committee for Energy Mix Affairs for Electricity Production and Enabling Renewable Energy, headed by His Royal Highness The Crown Prince, Deputy Prime Minister and Chairman of the Council of Economic and Development Affairs, Prince Mohammad Bin Salman Bin Abdulaziz, which oversees all Ministerial Committee's work responsible for the restructuring of the electricity sector and headed by His Royal Highness the Minister of Energy and the membership of the Minister of Finance Minister of Economy and Planning in charge, the Chairman of the Board of Directors of the National Center for Privatization, and His Excellency the Governor of the Public Investment Fund, and the teams of the electricity sector integration system, which comprises all government and private entities operating in the sector, and work in a complementary way to achieve the objectives of the Kingdom's Vision, which revolves around raising the level of service provided to the consumer in Saudi Arabia, issued in November 2020 a Royal decree to approve a comprehensive package of regulatory, financial and structural reforms for the electricity sector.

The reforms are aimed at achieving the foundations of the Kingdom's electric power sector strategy, which includes:

1. All customers should have access to a safe, adequate, high-quality and efficient supply of electricity.
2. Increase efficiency to ensure reduced costs of providing electrical service.
3. Raising the quality of electrical service and focusing on the satisfaction of the Kingdom's customers when providing them with services.
4. Creating a stimulating and attractive environment for investment in the electricity sector which will contribute to the economic development that will keep pace with the requirements of the Kingdom's Vision 2030.
5. Being a leader in environmental compliance and enabling the Kingdom to achieve its sustainable development goals.
6. The sector's contribution to the development of local content, the localization of national industries, and the development of national capacities.

The accomplished reforms address a number of financial and structural challenges faced by the electricity sector and the Saudi Electricity Company in the past and lay the foundation for

a sustainable, stimulating and attractive financial structure for investment in the electricity sector. These reforms are expected to reflect positively on the sector's performance, enabling it to increase the efficiency of plant generation, reduce the use of liquid fuels, raise the level of environmental compliance, and enhance the reliability of the electricity transmission network to enable electricity production from renewable energy sources in order to achieve optimal energy mix targets for electricity production, improve distribution networks and automate them, in order to achieve the desired objectives to enhance the reliability of the service provided to the customer.

The regulatory and financial reforms, which are based on the Royal Decree, included the following:

1. Cancellation of government fees which the company was subject to paying pursuant to Royal Decree no. (14006) dated 23/3/1439H corresponding to 1/1/2021.
2. Adopting the Saudi Electricity Company's Operating Revenue Cap Model mechanism according to the minimum operating cost model to regulate the required revenue for the fiscal year 2020. This required revenue will cover the SEC's total operating and financing costs, including the distribution of dividends to all its shareholders, including the Public Investment Fund.
3. Implementing a Regulatory Asset-Based Model as a mechanism to regulate the Saudi Electricity Company's revenue effective from the fiscal year 2021.
4. Reclassification of SEC's net government liabilities.

Budget Fund for 2020:

The budget account was activated by the Ministry of Finance as of 2019 and aims to achieve financial stability for the energy sector by covering the gap between the required revenue and the company's actual operating income from the tariff applied by the Water & Electricity Regulatory Authority. During fiscal year 2020, the required revenue of the Saudi Electricity Company was measured by the minimum operating costs model, ensuring that all operating and financing costs were covered, including the distribution of dividends due to all shareholders, including the Public Investment Fund. Total revenue required in accordance with the minimum operating cost model amounted to SR (68,764) Million for 2020. The company therefore acknowledged the amount of SR (6,131) Million in the consolidated income list under other operational revenue field for the year ended 31/12/2020.

Regulating the required revenue for the Saudi Electricity Company in accordance with the Regulatory Asset-Based Model's methodology starting in 2021:

In accordance with the Regulatory Asset-Based Model document for determining the required revenue issued on 19/11/2020 by the Water & Electricity Regulatory Authority (Regulator), the methodology for determining the required revenue in accordance with the Regulatory Asset-Based Model is expected to include three main elements:

First: How to determine the Regulatory Asset-Based Model

- Includes all of the company's assets engaged in regulated activities, including generation, transmission and distribution, excluding participant-funded assets, projects under implementation or assets not associated with the provision of electrical service, in addition to 12.5% of working capital during the period.
- The Regulatory Asset-Based Model is periodically identified and updated in coordination with the regulator and the relevant authorities.

Second: Regulated return

- It is determined according to the weighted average return on the cost of capital invested by the company in the Regulatory Asset-Based Model, which has been determined at a rate of 6% until 2023 and is updated annually, and then updated again for each 3-year regulatory cycle according to variables in financing costs prevailing in the markets at the time.

Third: Efficient operating costs according to the target

- The operating costs and expenses of the company that reflect the targeted economic operation are covered in coordination with the regulator, and this include mainly: operation costs and maintenance, fuel, energy purchased, depreciation, etc.

In total, the components of the required revenue will include the weighted average return on the cost of capital on the basis of the Regulatory Asset-Based Model and will be added to the operating costs for which the company is compensated. The required revenue is compared to the actual income from the applicable tariff and the difference, if it exists, is covered through the budget fund.

Signing a Mudaraba agreement to address the net financial obligations owed to the government by the company:

In order to enforce the letter received by His Royal Highness the Minister of Energy, Chairman of the Ministerial Committee for the Restructuring of the Electricity Sector (No. 01-2057-1442H on 29/03/1442H, corresponding to 15/11/2020), according to the issued Royal Decree to approve the settlement of net government liabilities to the company and to sign a Mudaraba agreement with the Government of Saudi Arabia (government) represented by the Ministry of Finance, to convert the net financial obligations owed to the government by the company amounting to SR 167.9 billion into a subordinate financial instrument within the property rights.

The company's net financial obligations owed to the government in the amount of SR 167.92 billion have been converted into a subordinate perpetual, unsecured financial instrument, with a redemption option and profit rate of 4.5% per annum, for a period of 3 years ending in 2023. The profit margin ratio will be set, after 2023, with a negative difference of 1.5% from the average weighted cost of the company's capital, which is determined in each regulatory cycle (every 3 years). The profit margin is to be paid if a decision was reached to distribute cash dividends to owners of ordinary shares and collect any amounts due from the balance sheet. This instrument is Shari'a compliant and is classified under shareholders' equity and has no effect on the ownership of the company's shareholders and related rights.

Details of net government liabilities included in the financial instrument in accordance with the Mudaraba agreement signed on 15/11/2020:

Statement	Amount (Billion Saudi Riyals)
Government loans	84.3
Government payables	110.3
Other payables	2.3
Saudi Aramco dividend settlement – before 2017*	3.4
The total liabilities owed to the government by the company	200.3
Less: Government electricity receivables	(32.4)
Net government liabilities reclassified into property rights tool	167.9

*The General Assembly agreed at its meeting held on 12/05/1442H, corresponding to 27/12/2020, to settle the dividends of Saudi Aramco – transferred to the Ministry of Finance – from dividends of its shares in the company for the period since its establishment until the end of 1439H, amounting to SR 3.4 billion and adding the amount within the financial instrument's amount.

Create a reserve agreement for the purpose of paying off the Mudaraba agreement's profits (financial instrument):

The General Assembly, held on 12/05/1442H, corresponding to 27/12/2020, approved the establishment of a reserve agreement for the purpose of paying the profits of the financial instrument concluded between the company and the Ministry of Finance. The Board of Directors is authorized to transfer from the company's retained profits to the reserve agreement and to authorize the Board of Directors to use the reserve agreement to pay the profits of the financial instrument in accordance with the provisions of the Mudaraba agreement. The amount of SR 935 million of the remaining profits was transferred to the reserve agreement for the financial instrument's profits by the end of fiscal year 2020.

The positive impact of regulatory and financial reforms on the company's financial situation and credit rating:

- The structural, regulatory and financial reforms that have taken place are part of the Kingdom's Vision 2030 programs and reflect the government's eagerness to ensure that the financial and operational sustainability of the electricity sector will be a key input for most economic activities.
- The established regulatory framework enables the company to cover capital and operational requirements, and give the company the ability to finance and implement the necessary electrical projects in a timely manner, as well as to maintain the stability of the electricity system.
- Enable long-term planning, which contributes to improving efficiency.
- The agreement to address the financial government liabilities at its unprecedented value is a historic agreement that strengthens the financial position of the company and makes its capital structure more sustainable, where the net financial government obligations will be refinanced by transferring them to a financial instrument of SR 167.92 billion representing approximately 33.4% of the total volume of the company's assets within the shareholders' rights, without any impact on the percentage of ownership of holders of the company's common shareholders
- In addition, the regulatory reforms qualify the company to increase its cash flow from operations, which improves debt coverage and improves its credit record, and therefore its ability to finance its future projects.

To confirm the reforms' effectiveness and their expected contribution to improving the company's financial position and credit record, Moody's credit rating was raised from A2 to A1, the same as the Kingdom's sovereign credit rating. The company's independent rating (excluding the impact of government support) was also raised by all other global credit rating agencies (e.g., Fitch and Standard & Poor's) and this is expected to reflect positively on the company's overall credit rating when a period of time has passed since the implementation of the reforms. The company has succeeded in maintaining its strong credit rating of investment grade from international credit rating agencies. The rating of the company is considered one of the highest in the Kingdom. It is rated by the rating institutions of Standard & Poor's, Fitch, and Moody's as (A-, A-, A1) respectively.

Shareholders and Investment Relations:

The company has worked to achieve shareholders' expectations, develop their rights and facilitate their access to information as well as enhancing the quality of disclosure of financial results, important developments and significant changes focusing on the timing factor and delivery method to shareholders. The company has complied with the rules and regulations of the Capital Market Authority (CMA) and has complied with the disclosure and transparency directives contained in Article (90) of the Corporate Governance Regulations.

As part of the development of communication in the global financial markets, we organize regular telephone meetings with investors and analysts, and increase their communication with the company's management, and the company looks forward to adding more networking activities. We are also working to integrate our achievements in the field of environmental practices, social responsibility and governance and disclose them periodically in accordance with the prevailing local and international standards and include them in the company's activities.

The company continued its efforts to enhance the methods of communication with its shareholders and urged them to deposit their share certificates in investment portfolios, thus achieving a smooth flow when depositing their profits in their accounts pegged to their portfolios with different banks during the first day of the profits' disbursement. The company is usually keen on effective communication with the competent authorities in the capital market and on the exchange of information related to the company with investors and financial and investment institutions.

D) Human Resources Activity:

- The Saudi Electricity Company was selected within the Elite Program of the Ministry of Labor as a result of its efforts in the Saudization field, where the percentage of localization of jobs in the company exceeded 93.08% of the total workforce, which reached by the end of 2020 (33,437) employees.
- During 2020, the company's quality programs achieved financial savings (or avoided financial loss) estimated at SR (543 million) through the application of recommendations of improvement studies and suggestions of the employee creativity program, which enhances the culture of quality and creativity in the company.

- The Saudi electricity company obtained the Platinum accreditation from the British Ideas Organization (IDEAS UK) as the first Saudi company to obtain this accreditation, after obtaining the gold accreditation in 2018. One of the most improvements made to the program was the opportunity for customers to submit their suggestions through the electricity application "ALKAHRBA" and linking it to the automated creativity program "Ibdaa".
- In 2020, the company implemented its development programs that included employee enrollment in internal and external courses, where the total number of participants in short face-to-face developmental courses reached (5,465), with a total of (19,662) training days. Moreover, the number of remote participations during the COVID-19 pandemic reached (15,001), with a total of (50,944) training days. Also, the HR Development Sector obtained the ISO 29993:2017 certificate specialized in designing competencies, curricula and evaluation, as well as the ISO 9001:2015 certification in training operations. The Company's four training institutes have also achieved excellence in implementing the occupational safety and health management system, and had a 5-star rating with an average rate of 96%.

The Executive Leadership Development Center:

The ELDC is a well-established center that helps to prepare targeted leaders and those who have leadership potential to assume future leadership positions with bigger scope of responsibility in the company, insuring a healthy pipeline for succession planning.

Accomplishment	Statistics
Total of Participants in the Leadership Development Programs Promoted to Leadership Positions	373 Employees
Total of Participants who attended Leadership Workshops and Programs	1,586 Participants
Total Participants' Training Hours	17,071 Hours
Total of Targeted Talent Program Participants in 2020	78 Participants
Total of Targeted Talent Applied Learning Projects in 2020	108 Projects
Total Coaching Hours Delivered to the Participants by the ELDC Coaches	807.5 Hours
A Newly Developed Program by the ELDC titled: Talent Acceleration Journey, as an Extension to the Targeted Talent Program	Top 30 TTP Participants Were Selected – Cohort (2019–2020)
A Collaboration with IMD to Offer Four Programs in The Areas of: (Strategic Execution, Inspirational Leadership, Disruptive Innovation and Crisis Management)	44 Targeted Leaders Enrolled
IMD SEC Alumni Shared the Knowledge Gained from IMD Development Programs with the wider SEC Employees through 6 Online Panel Discussions	320 Participants Attended
Total Participants in the "Leading With Impact" Workshop Series by Executive Directors and Department Managers	323 Participants

Managing the COVID-19 crisis:

The Saudi Electricity Company managed the COVID-19 crisis through a specialized company-wide team formed from all the activities of the company and its subsidiaries, and which works through key areas:

- A. Policies, Functions and Responsibilities
- B. Medical and Awareness Measures
- C. Internal and External Communication Strategy
- D. Supply Chains and Business Continuity

A) Policies, Functions and Responsibilities:

1. The Establishment of a COVID-19 Crisis Managing Team:

Under the guidance of the company's Chief Executive Officer, a team was formed to manage the COVID-19 crisis under the leadership of the Head of the industrial security sector, where he was granted all the necessary powers and resources that allow the team to take all precautionary measures and safeguards.

2. Pandemic Response Master Plan:

The company adopted the pandemic response master plan, which clearly identified the tasks and responsibilities of all the activities of the Saudi Electricity Company and its subsidiaries to deal with the pandemic in order to ensure the safety and health of the company's employees and contractors, and to ensure that work continuity won't be affected, and the quality and reliability of the electrical service remain at its best. The plan identified also the responsibilities and tasks of the COVID-19 crisis managing team at all stages of the pandemic (alert phase, readiness phase, response phase, and recovery phase).

3. Manuals and Procedures:

A number of manuals and procedures have been issued to deal with the pandemic, beginning with the comprehensive guidelines for dealing with suspected and confirmed cases. The manual has been updated (7) times to comply with the Ministry of Health updates. It has also been translated into English and published on the company's website in two languages, noting that the manual includes (15) measures.

B) Medical and Awareness Measures:

1. Detecting Cases and Dealing with Them:

Confirmed and suspected cases are continuously detected and immediately dealt with, and necessary measures are taken to ensure that the spread of the Corona Covid-19 virus among employees and contractors is reduced.

2. Awareness Measures:

A set of special programs were launched to raise awareness, which included (7) programs as follows:

- Awareness workshops and training for employees to work remotely.
- Training the visual screening staff.
- Health awareness messages from company channels.
- Managing human resources and working remotely by using a laptop.
- Promoting mental health to face the pandemic.
- Skin health and the use of sanitizers.
- Precautionary measures for pregnant women.

C) Internal and External Communication Strategy:

1. Internal communications:

A number of communications channels have been activated to communicate with employees and contractors with the aim of raising awareness and responding immediately to their enquiries, dealing with suspected and confirmed cases and responding daily to the submitted reports and issuing the necessary recommendations through:

- Electronic reporting form for suspected cases.
- Electronic form for examining the contractor's residence.
- COVID-19 pandemic Electronic Disclosure Form.
- Responding to medical enquiries coming through the "Amer" system.
- Responding to health enquiries coming through the special COVID-19 mailbox.
- The company's internal website on the intranet as well as the external website.

2. External Communications:

- Continuous and effective communication with the relevant government agencies (Ministry of Health, Ministry of Interior, Ministry of Energy) and discussing the developments of the pandemic at the local, regional and global levels.
- Opening channels of communication with the French company EDF, sharing experiences and lessons learned, and applying the most effective precautionary measures to reduce the spread of the pandemic.
- Sharing the experience of the Saudi Electricity Company in dealing with the pandemic with the GCC countries and taking advantage of the precautionary measures applied by the company in the rest of the GCC countries.

D) Supply Chains and Business Continuity:

1. Activating Disaster Management Rooms:

Disaster management rooms have been set up in the company's headquarters and in all business areas and hotlines with the Ministry of Energy were launched and activated.

2. Curfew Permits during Lockdown Periods:

The company issued more than (56,000) permits during curfew times (total, partial) for critical and essential jobs in the Saudi Electricity Company and its subsidiaries and contractors, which contributed to the continuity of the business which was not affected by the government's decision to impose a curfew.

3. Strategic Spare Parts and Connectivity and Network Upgrading Projects:

Strategic spare parts have been secured for planned maintenance and emergency work as well as for all electrical service delivery projects, connectivity projects and strengthening the electrical grid.

4. Fuel Transport Contractors:

Contracts were reviewed to ensure that there are sufficient contractors to transport fuel to the generating plants in each business area and exclude them from the curfew after coordinating with the authorities due to their essential work as transporters of petroleum materials.

5. Contractors of Sterilization Contracts and the Provision of Masks and Sterilizers:

The company signed up with several contractors specialized in sterilization work to sterilize all the company's sites and equipment, and provide personal protective equipment to all employees and keep sufficient stock in the company's warehouses.

2- Subsidiary Companies:

A) The National Grid SA

The National Grid SA is a wholly-owned limited liability subsidiary of the Saudi Electricity Company.

Company's Tasks:

It is responsible for operating the electrical system and following up loads around the clock while raising the efficiency of the electrical system through the economic operation of all power plants connected to the electrical grid, and maintaining the electrical network to ensure a reliable and stable transfer of electrical power to load centers throughout the Kingdom. The responsibilities of the National Grid SA also include the strengthening of the electric network with 132 kV transmission substations, as well as enhancing the capacity of the telecommunications network and the 110 high voltage cable network through multiple stages including planning, designing, implementing projects, and ensuring the development of programs and operations in different sectors.

The National Grid SA's organizational structure includes five main activities: operations and control, maintenance, planning, engineering, technical services, in addition to two central departments. The company's mission is to operate the power generating stations economically and to transmit highly reliable electrical power from its production sites to consumption centers, study and issue the expected loads, develop plans that will enhance the electrical network to meet the expected demand for the coming years, in addition to serving major customers and determine their needs and the best way to supply them with electricity. The company also strives to create a suitable and stimulating environment for its staff with the aim of developing their expertise to achieve excellence in operational planning.

The Company's main activities and achievements:

The company launched the strategic transformation program (Itqan) during the year 2018. The program is based on developing and implementing the company's main strategies by implementing several strategic projects, including the grid company governance model project, the investment model project, the digital transformation project, the asset management application expansion project, in addition to a study aimed at monitoring the challenges and, in general, the potential changes in the electricity industry in the Kingdom to work through it to prepare the appropriate ground to raise the readiness to face these variables, and the accompanying challenges.

The plans and objectives of the company are dedicated to promoting the electricity supplies by reducing costs, and completing the national electrical network. Based on these plans, throughout 2020, the company completed several new projects, as well as enhanced the current stations' ongoing projects aimed at improving and developing the transmission networks, as well as increasing their efficiency. The company added overhead networks and underground cables and transmission substations, in addition to fiber optics networks to the existing networks. The added overhead networks and underground cables reached about (6,971) km-circular, which represents 8% of the existing networks at the end of 2019, as follows:

- At the ultra-high voltage level 230-380 kV: added (4,346) km-circular, including (209) km-circular of underground cables and (4,137) km-circular of overhead networks.
- At the high voltage level 110-132 kV: added (2,625) km-circular, including (63.7) km-circular of underground cables, and (1,988) km-circular of overhead networks.
- Established (25) new transmission substations

Fiber Optic Network

The National Grid SA owns the latest communications modes to transmit information at very high speeds through light signals passing through a bundle of fiber optic cables drawn out with the electrical transmission lines throughout the electrical transmission network in order to connect the generation plants and transmission stations to each other. Monitoring and controlling these plants and stations with high reliability and speed through regional and national control centers, with the necessary readings transmitted and followed directly through them, is one of

the most important elements of smart networks because of their characteristics that are in line with modern technologies. Starting in 2009, planning on the project to expand and strengthen the electricity transmission networks to reach their current position started by strengthening the transmission network with a network of fiber optics connecting all regions of the Kingdom, while enhancing the internal network in each region separately and thus obtaining a strong infrastructure that supports the company's operational and investment directions. In 2020, the longest fiber optic network measuring (4,772) km was added, bringing the total length of the fiber optic network to over (80,000) km, placing the company among the largest fiber optic networks in the region.

B) Saudi Electricity Company for Projects Development:

The Saudi Electricity Company for Projects Development is a wholly-owned limited liability subsidiary of the Saudi Electricity Company. It is considered the engineering arm of SEC that design, manage, supervise and implement its projects, as well as the larger customers' projects outside the company. It also works on the localization of engineering and digital expertise of the company's employees and to reduce its capital costs.

Company's Tasks:

Engineering and design of electricity generation and transmission projects and supervising their implementation according to the engineering specifications and quality applied by the company, including cost and schedules monitoring, and maintaining environmental and social requirements and the safety of employees. The company is also involved and interested in creative ideas and their development to improve performance effectiveness.

The Saudi Electricity Company for Projects Development seeks to develop projects that depend on the efforts of specialized and qualified cadres of Saudis who have the experience, knowledge and ability to lead the work in the future to meet the different needs of the company, as well as the needs of the electricity sector in the Kingdom, where the percentage of Saudization reached 90%. The company also envisions competing for projects tendered in the local and international markets.

The Company's main activities and achievements:

- Enhance the generation capacity with projects costing more than SR (11) billion which include operating (4) generating units with a total generation capacity of (776) MW.
- Enhance the transmission networks' capacity by energizing transmission substation projects and connecting cables to the network by more than (112) projects with a total number of (28) new transmission substations, and by expanding (5) existing transmission substations with a transformation capacity of (12,015) MVA and connecting them to the network via overhead lines and underground cables with a length of (2,905) km-circular.
- Projects are currently being implemented to enhance the power generation and transmission capacity of more than (374) projects with a contractual value exceeding SR (59) billion.
- (48) Transmission projects were signed with total actual value amounting to SR (4,026) million, with total network lengths of (2,044) km-circular and total transformer capacity of (8,052) MVA. In addition, (71) new transmission projects were introduced including (43) projects for SEC and (28) projects funded by large customers.
- Six generating units has been converted to work on raw fuel instead of diesel, which will decrease the consumption of diesel fuel.

C) Saudi Power Procurement Company:

The Saudi Power Procurement Company (SPPC) "Principal Buyer" is a wholly-owned limited liability subsidiary of the Saudi Electricity Company.

The Principal Buyer has three main organizational units:

The Trading Sector, the IPP & Renewable Energy Sector and the Fuel Supply and Agreements Sector and other supporting units. Since the approval of the establishment of the Principal Buyer, the company has worked and progressed to complete the establishment requirements with the relevant government agencies.

Company's tasks:

The main roles of the company includes: procuring and exporting electrical energy and trade in electricity, development and establishment of new partnerships and renewable energy projects, independent production and monitoring the implementation of these projects, managing commercial agreements for the sale and purchase of energy, efficiency improvement and saving fuel, participating with the regulators in establishing and developing the electricity power market. The license issued by the Water & Electricity Regulatory Authority (ECRA), stipulated that the Principal Buyer will manage purchase and sale of energy and fuel supply under agreements currently concluded with SEC. SPPC manage agreements on behalf of the Saudi Electricity Company until the transfer of the party of agreements from SEC to SPPC.

The Company's main activities and achievements:

The following are the IPP Projects under development and implementation:

- The Saudi Electricity Company has collaborated with Saudi Aramco to develop the (1,504) MW (Fadhili) Combined Cycle IPP (with output of electricity and steam) in 2017. The commercial operation of the plant was carried out in March 2020.
- The 10 MW Layla Al-Aflaj Solar PV Project is the first solar project in the Kingdom developed as an IPP and directly connected to the SEC grid. It is the result of a joint agreement and efforts with King Abdulaziz City for Science and Technology (KACST) and The Saudi Technology Development and Investment Company "TAQNIA". The installation and construction of the project have been completed and the project is being connected to the network.
- The 300 MW Sakaka Solar PV IPP project agreements were executed on 14/2/2018, with the project company "Sakaka Solar Energy Company" formed by Saudi Arabia's "ACWA Power" and "Al Gihaz" companies. The project agreements included the requirement that the local content proportion and localization of services and materials to be no less than 30% of the project construction costs. The initial operation of the project was carried out by end of 2019 and commercial operation was carried out in June 2020.
- The 400 MW Dumat Al-Jandal Wind Power IPP Project agreements were executed in March 2019 with the consortium of French company "EDF" and the Emirates Company "Masdar". The construction is ongoing and the project is planned to be commercially operational by 2022.

The following table shows private sector participation in IPP's for upcoming and ongoing projects:

Project name	Production capacity of the project (Megawatt)	Investment of the private sector in the project's capital	Completion date of the project
Al-Fadhili Cogeneration Plant Project in cooperation with Saudi Aramco Company (Project under implementation)	1,504	40%	2020
Jazan Cogeneration Plant Project in cooperation with Saudi Aramco Company, and the Company is the energy buyer (Planned)	2,000	100%	2021
The Layla Al-Aflaj Solar Power Plant Project (Project under implementation)	10	100%	2020
Sakaka Solar Power Plant Project (Project under implementation)	300	100%	2020
Dumat Al-Jandal Solar Power Plant Project (Project under implementation)	400	100%	2022
Sudair Solar Power Plant Project (Planned)	2,000	100%	2023
North Qassim Power Generation Plant Project (Planned)	3,600	100%	2025
Taibah Power Generation Plant Project (Planned)	3,600	100%	2024

Interest in renewable energy:

Complementing the company's interest in renewable energy following the signing in 2018 of the 300 MW Solar PV IPP PPA with Sakaka Solar Energy Company, in 2019 the company signed a PPA for the land marking Renewable Wind Power Technology IPP project for a 20-Years term. It is the 400 MW Dumat Al- Jandal wind power project which is expected to be commercially operational in 2022.

Projects of the National Program's Second Phase:

The second phase of the National Renewable Energy Program aims to develop 6 renewable energy projects with a total capacity of about 1.47 GW, which have been submitted to qualified developers, and the tenders have been received and evaluated. Projects include two categories (A, B) as described in the following table, which are classified into 2 projects under category A with capacity less than 100 MW, and 4 projects with capacity greater than 100 MW under Category B.

Negotiations are ongoing with the Public Investment Fund (PIF) for the development of 2,000 MW Sudair Solar Project on the basis of Royal Decree No. 5629 of 27/1/1441H, which approved the award of the Sudair project to the Public Investment Fund. The RFP was released in December 2019 and commercial operation is expected by 2023.

Project Name	Project capacity (MW)	Private sector investment in project capital	Project completion date
Category A			
Rafha Solar PV IPP	20	100%	2021
Al-Madinah Solar PV IPP	50	100%	2021
Category B			
Al-Faisaliah Solar PV Power	600	100%	2022
South Jeddah Solar PV IPP	300	100%	2022
Rabigh Solar PV IPP	300	100%	2022
Al-Qurayyat Solar IPP	200	100%	2022

D) Integrated Dawiyat Telecommunications & Information Technology Company:

Integrated Dawiyat Company for Telecommunications & Information Technology is a wholly-owned limited liability subsidiary of the Saudi Electricity Company. It was founded with the aim of achieving optimal investment in the company's resources in the field of company-owned fiber optic systems covering more than (118) thousand km throughout the Kingdom including villages, hamlets, and borders and to use them to provide integrated telecom services and improve the quality and speed of the Internet in the Kingdom, in an effort to achieve the Kingdom's Vision 2030 which included many initiatives in this aspect, most notably the initiative of broadband deployment with FTTH technology.

Dawiyat Company establishes, leases, manages and operates optical fiber networks owned by the Saudi Electricity Company in order to provide telecommunications services, provide data transmission services, establish international crossing gateways and pass all forms of communication, in accordance with the licenses issued by the competent authorities authorized to do so, and in order to achieve its objectives, the company may carry out all work related to its activities such as selling, buying, leasing and renting of fixed and movable assets, including all kinds of communication networks.

Company's Tasks:

Recognizing the opportunities and challenges facing Integrated Dawiyat Company for Telecommunications & Information Technology and to achieve the company's objectives and optimal investment which will subsequently lead to the increase of shareholders' profitability, an agreement was signed in 2017 with the Ministry of Communications and Information Technology for the deployment of broadband optical fiber in urban areas, and Dawiyat was consigned to connect the fiber optics to (744,500) households from that initiative and with government subsidy estimated at SR 2.08 billion.

On the basis of this agreement, the Communications and Information Technology Commission granted Dawiyat Company a license to provide infrastructure wholesale services, which entitles Integrated Dawiyat for Telecommunications & Information Technology to provide wholesale services for telecommunications infrastructure within the following services:

- Towers and masts
- Small cells, distributed antenna systems, internal solutions, and wireless access points
- Dark fibers and culverts, including the provision of interconnection services for tower sites or active fixed access services
- Wholesale services for active fixed data links, including active fixed access services

The Company's main activities and achievements:

Integrated Dawiyat started implementing the project of the initiative to deploy broadband fiber based on the agreement with the Ministry of Communications and Information Technology. In partnership with telecommunications companies (service providers), Integrated Dawiyat Company plans to open channels of communication and understanding with several ministries and telecommunications companies to provide telecommunications services, and reciprocal marketing services for businesses and individuals. To achieve this, the following work has been completed:

- Despite the exceptional circumstances experienced by the telecommunications sector in 2020, we were able to make the service available to about (508) thousand households since the start of the project, allowing the provision of service to about 10% of all families in the Kingdom as follows:
 - 349 thousand households in cities with more than one million inhabitants
 - 132 thousand households in cities with a population between 100,000 and one million
 - 27 thousand households in cities with a population of less than 100 thousand
- Government Subsidy through the Broadband Deployment Initiative:
 - Issuing of purchase orders to connect the FTTH network to (596,227) households with governmental subsidy that reached SR (1.66) billion from the beginning of the project until the end of 2020.
 - A unified agreement was signed under the sponsorship of the Communications and Information Technology Commission to sell optical fiber services to (508,050) thousand households with Zain, Integrated Telecom Company, Saudi Telecom Company, Etihad Etisalat Company (Mobily) and Atheeb Company.
- Signing of an agreement for "providing wholesale bitstream services using the optical fiber network with local service providers".
- Readiness to open the company's fiber optic network, as of Wednesday, 01/07/2020, where this step will enable Integrated Dawiyat to allow the use of fiber optic network to households by telecommunications service providers in the Kingdom, which will allow the end user to directly request the service by its preferred service provider through the most advanced and fastest Integrated Dawiyat network in the Kingdom. This contributes to an increase in the number of customers, which in turn will lead to growth in revenues that increase the company's profits.

- Obtaining the license to provide services of the Internet of Things Virtual Network Operator (IoT-VNO) from the Communications and Information Technology Commission (CITC). As the company will launch Internet of things services in the Kingdom, the most important of which is the Smart Cities services.
- Implementation of the initiative to deploy the broadband with FTTH technology until the end of the 4th quarter of 2020.
- An increase in the capacities provided by more than 60% compared to the previous year for the capacities provided within business partnerships in cooperation with telecommunications companies of more than 15 Gigawatts during the year 2020.
- Activating a joint cooperation agreement with the Ministry of Communications and Information Technology to implement the digital communications infrastructure initiative for industrial cities (MODON) and start sales operations within the industrial cities, where connectivity services were sold to 10 factories within the industrial cities through Zain, Integrated Telecom Company (ITC) and Etihad Atheeb Telecom, and the pace of sales is being accelerated for the largest possible number of factories located in the five industrial cities.
- Integrated Dawiyat has reached a preliminary understanding with Google to lease approximately 10,000 km fiber network for 15 years to Google and to Raman Consortium (a consortium to establish the Raman subsea cable led by Google). The agreement will support Google's launch of its cloud services in the Kingdom in partnership with Saudi Aramco. To provide these services to Google and the Raman Consortium, Integrated Dawiyat will partner with a licensed infrastructure company from the Telecommunications Authority. The collaboration is now in the final stages of contract review by the involved parties, with corresponding agreements expected to be signed during 2021.

E) Dawiyat Telecom Company:

Integrated Dawiyat Telecommunications & Information Technology Company is a wholly-owned limited liability subsidiary of the Saudi Electricity Company.

Company's Tasks:

Establishing, leasing, managing, and operating fiber optic networks to provide telecommunication services.

F) The Saudi Energy Production Company:

The Saudi Energy Production Company is a wholly-owned limited liability subsidiary of the Saudi Electricity Company founded on 20/09/2020.

Company's Tasks:

Power generation, and water purification and desalination.

G) Electricity Sukuk Company:

The Electricity Sukuk Company is a wholly-owned limited liability subsidiary of the Saudi Electricity Company.

Company's Tasks:

Providing the required support services for Sukuk and bonds issued by the Saudi Electricity Company and the companies owned or co-owned by SEC.

Electricity Sukuk Company acts as a trustee of certain assets (Sukuk assets) in accordance with the Sukuk asset transfer agreements between the company (as an observer or trustee), and the company (as an issuer) and SABB Securities Limited (as the Sukuk holder's agent).

The Company's Main Activities and Achievements:

The company has provided the necessary support to all issues of the Saudi Electricity Company's Islamic Sukuk in the local markets.

H) Saudi Electricity Global Sukuk Company, Saudi Electricity Global Sukuk Company 2, Saudi Electricity Global Sukuk Company 3, Saudi Electricity Global Sukuk Company 4, Saudi Electricity Global Sukuk Company 5:

The above mentioned companies are all special purpose enterprises established in the Cayman Islands as limited liability companies. They were established to provide the necessary services and support for the issuance of international bonds and Sukuks.

The Companies' Main Activities and Achievements:

Since 2012, the special purpose enterprises (Global Sukuk Companies) have contributed to the company's structural support for the company's issues of Islamic Sukuks in global markets, which have reached by the end of 2020, the amount of US\$9.55 billion (SR 35.8 billion) and have all contributed to the financing of the company's capital projects and general purposes aimed at improving the quality, reliability and efficiency of the electrical service provided.

During the year 2020, the Saudi Electricity Global Sukuk Company 5 was established to provide the necessary structural support for the company's launch of Global Green Sukuks, which were issued divided into two segments, worth US\$1.3 billion, the first tranche worth US\$650 million (equivalent to SR 2.4 billion) and due five years later on 17/09/2025, and the second tranche of the same value and due ten years later in 17/09/2030. The issuance of the Green Sukuks met strong demand from international investors from the Middle East, Asia and Europe and the coverage rate was around 4 times and was priced within the company's yield curve by about 10, 15 basis points for the 5 and 10 years tranches, respectively. The bonds were listed on the Irish Stock Exchange (Euronext Dublin).

16- Description of the Company's Important Plans, Decisions, and Future Expectations:

A) SEC Restructuring:

In keeping with the Kingdom's Vision 2030 and the National Transformation Program which aim to develop the Kingdom's electricity industry and build a competitive electricity market, SEC has made great efforts during the year 2020 to achieve the goals of the vision by examining many options and strategic plans to restructure its activities in coordination with all relevant stakeholders.

The restructuring aims to improve the level of the electrical system and work to achieve competition between the various energy providers in the Kingdom. This will be reflected on the quality of service provided to the customers in all walks of life, in all cities and villages, and will increase the confidence of investors and the private sector in the viability of investment in the electricity sector.

The main challenges and opportunities facing the electricity sector in the Kingdom which the company is studying are:

- Reliability of the electrical system.
- Sustainability and diversification of energy sources (energy mix).
- Operational efficiency.

SEC's restructuring plan, which is being monitored by the Ministry of Energy, the Water & Electricity Regulatory Authority, the Public Investment Fund and the Ministry of Finance, aims to develop the electricity market in the Kingdom and increase competitiveness in the economic operation of the electrical system, which contributes to improving operational efficiency, reducing costs and increasing reliability of the network.

During the year 2020, the Saudi Energy Production Company was established as an independent company owned by the Saudi Electricity Company.

SEC will work to complete the remaining steps of the plan to restructure its activities in coordination with the Ministry of Energy and the Water & Electricity Regulatory Authority in accordance with the goals and strategies that contribute to the development of the electricity market, which will have a major role in advancing the national economy and the Kingdom's comprehensive development plans, Allah's willing.

B) Important Decisions:

- On 15/4/2020, the company received the approval of the Ministerial Committee mandated to restructure the electricity sector and the Saudi Electricity Company to waive the share of the Public Investment Fund (the fund) in the profits distributed by the Saudi Electricity Company for the fiscal year 2019, for the shares owned by the fund in the company, which amounted to the number of (3,096,175,320) shares, representing 74.31% of the total shares of the company. This is in order to achieve the desired goals of restructuring the electricity sector and the Saudi Electricity Company, ensuring the financial and operational sustainability of the company, and searching for appropriate ways to enable it to fulfill its obligations.
- The company's board of directors, in its meeting held on Tuesday 21/4/2020, recommended to the shareholders' General Assembly to pay cash dividends for the fiscal year 2019 to the shareholders.
- On 26/08/2020, the company signed a joint local murabaha financing contract worth SR 9 billion with several banks.
- On 13/09/2020, the Saudi Electricity Company issued Global Green Sukuks worth US\$1.3 billion, divided into two tranches (5, 10 years) and worth \$650 million each. Sukuks are denominated in US dollars, with a fixed return, priority, unsupported by assets, and issued under RegS.
- On 16/11/2020, the company announced that it had received the approval of financial and regulatory reforms for the electricity sector, including addressing the net financial obligations owed to the government. This is in reference to the telegram of His Highness the Minister of Energy, Chairman of the Ministerial Committee for the Restructuring of the Electricity Sector (Ministerial Committee) no. (01-2057-1442) and the date of 29/3/1442H, corresponding to 15/11/2020, on the issuance of a Royal decree approving:
 1. Cancellation of the government fee imposed on the company by Royal decree no. (14006) dated 23/3/1439H corresponding to 1/1/2021.
 2. Adoption of the regulation of the Saudi Electricity Company's revenues according to the minimum operating cost model which determines the revenue required for the fiscal year (2020). This regulation ensures that the revenue covers all operational and financing costs, including the distribution of dividends due to all shareholders, including the Public Investment Fund.
 3. Adoption of the regulation of the Saudi Electricity Company's revenues in accordance with the Regulatory Asset-Based Model starting from fiscal year 2021.
 4. Addressing the net financial obligations owed to the government by the company.

As outlined above, on 16/11/2020, corresponding to 1/4/1442H, the company signed an agreement with the government represented by the Ministry of Finance to convert the company's net financial obligations of SR 167.92 billion into a subordinate perpetual, unsecured financial instrument, with a redemption option and an annual profit rate of (4.5%), to be paid if a decision was reached to distribute cash dividends to owners of ordinary shares. This instrument is Shari'a compliant and is classified as shareholders' equity and has no effect on the ownership of the company's shareholders and related rights.

The financial instrument includes government loans and net government payables after offsetting for government receivables according to the company's financial statements at the end of fiscal year 2019. In addition, the amount of SR 3.35 billion was added for the reconciliation of Saudi Aramco's dividends, transferred to the Ministry of Finance, from dividends of its shares in the company for the period since its inception until the end of 1439H (i.e., corresponding to dividends distributed for fiscal year 2017). This amount was to be processed as a debt to the company for the benefit of the Ministry of Finance and the inclusion of profits referred to in the settlement and Mudaraba agreements signed between the company and the Ministry of Finance in relation to the financial government obligations by the company by the eighth Extraordinary General Assembly held on the evening of Sunday 12/05/1442H, corresponding to 27/12/2020 in person and remotely through modern technology tools.

C) Future Plans and Expectations:

In light of the steady growth of the national economy and the expansion of all aspects of life in the Kingdom, the company aims to meet this expansion in demand and to achieve, by the end of 2023, the following:

- To add new generating capacity of about (8,203) MW to the company's plants by the private sector to increase generating capacity that will meet future loads.
- To add transmission lines of (5,402) km-circular and (86) new transmission substations.
- To deliver electricity services to about one million new customers by the end of 2023, which will bring the total of customers to (11) million customers.
- To strengthen the distribution networks by adding (126,388) km of transmission lines.

Through its development programs, the company seeks to raise the efficiency of employees and provide them with the necessary training to perform their jobs efficiently and effectively, with a 2.1% increase in training days by the end of 2023. Within the framework of the company's program for job localization and community service, the company will maintain a localization rate of 92.5%.

D) Strategic Initiatives:

The company will continue to leverage performance efficiency efforts, improve productivity and bring the company's performance indicators to the benchmark performance rates of the world's best energy companies. The company has accomplished major achievements and among the most prominent:

- Reducing the diesel consumption of power plants by approximately 69 million barrels equivalent to SR 2,305 million at domestic prices and SR 11,424 million at international prices since 2015 until 2020.
- Installing 8.8 million smart meters as part of the company's efforts to improve the customer services and digital transformation in 2020.
- Issuing Green Sukuks to use their revenues in environmentally friendly projects by adopting environmental, community and governance standards to expand environmentally friendly debt instruments in 2020.

E) Developing New Businesses:

In the field of business development, the Saudi Electricity Company has worked towards establishing the new business development sector to be the investment arm through which the company aims to increase its financial revenues. Work is being carried out on the study of (36) investment opportunities in various fields in order to obtain the best utilization of the company's assets and to provide outstanding services to the customers.

F) Research, Development and Innovation:

In the field of research, development and innovation, (35) research projects were implemented through (4) specialized research groups in the fields of renewable energy and energy storage, generation and fuel efficiency, transportation, digital simulation, distribution and smart networks, with the contribution of (25) regional and global strategic partners from universities and research centers. Prototypes of (8) innovative products were manufactured with strategic partners, and negotiations are under way to manufacture (3) innovative products for field testing. A number of new innovative projects are also being developed, bringing the total number of incubated projects to (9) innovative projects.

Some of the most notable achievements in research and development in 2020 include:

1. Participating in the National Committee for the processing of infrastructure for electric vehicle chargers in the Kingdom of Saudi Arabia under the leadership of the Ministry of Energy and completing (3) studies and research projects related to electric vehicles and their impact on the electrical network and infrastructure of electric chargers in cooperation with research bodies from inside and outside the Kingdom such as: (Tokyo Electric Company, King Abdulaziz City for Science and Technology, and the Electric Power Research Institute).
2. Implementing the research project for smart monitoring and supporting decision-making in cooperation with King Abdulaziz City for Science and Technology.
3. Completing the research work on cooling systems with adsorption technology in cooperation with King Abdulaziz City for Science and Technology and processing for application projects in the same field in cooperation with the Saudi Technology Development and Investment Company "TAQNIA", the Polish Company Net District Cooling (NDC), and King Abdulaziz City for Science and Technology.
4. Applying to compete for the King Abdullah City for Atomic and Renewable Energy's grant for (4) research projects aiming to enhance the localization of technology for research outputs.
5. Benefiting from training programs derived from research outputs and the latest technologies in the fields of electric power in cooperation with the human resources development sector in association with the Institute of Electrical Energy Research in the United States of America.
6. Completing the technical studies phase of the project to provide comprehensive advisory services with direct financial returns to the Saudi Electricity Company with a total value of (SR 20 million) in cooperation with the Saudi Electricity Company for Projects Development in order to implement the projects of dynamic counter-plants for the inactive capacity in the Kingdom of Bahrain.
7. Providing engineering consultancy services and technical studies with direct financial returns to the Saudi Electricity Company worth (SR 900,000) in cooperation with the Saudi Electricity Company for Projects Development in order to implement the projects of dynamic counter-plants for the inactive capacity in Egypt and Sudan.
8. Signing with Sandia Laboratories in the United States of America for a grant of (US\$100,000) to support the use of solid particles to store heat and generate electricity by focusing the sun on the sand to produce electricity and enter into a global competition for an additional grant of US\$600,000 if the technology wins over the rest of the competing technologies.
9. Participating in 12 research projects with the Electric Power Research Institute (EPRI) in the United States of America to support the efficiency of operational processes in the electrical system: (generation, transport, and distribution).
10. Participating in (21 virtual workshops) via video communication held by the Electrical Power Research Institute in the United States of America, with a total of (7,400 participants) from (360 companies) electric service providers worldwide to discuss global best practices on the effects of the Covid-19 pandemic on the electrical power sector.
11. Receiving the annual award from the Electric Power Research Institute (EPRI) in the United States of America for the best technology transfer research project across all energy companies in the world.

17- Information on any Risks Faced by the Company and its Risk Management and Control Policy:

The Saudi Electricity Company aims through its Board of Directors to effectively manage risks by adopting policies and regulations that ensure effective management of the overall risks faced by the company adapted to the nature of its work, where a policy and framework of the risk management system have been adopted for all business lines of the company and its subsidiaries.

The existence of this policy has also contributed to the integration of the company's business and increased effectiveness to achieve an acceptable balance in the company between these risks and gains in order to achieve the company's vision. The policy and framework adopted are based on the principle that comprehensive risk management is:

- A shared responsibility of the Board of Directors, the Risk and Compliance Committee and all executives and employees of the company.
- Integrated with the company's business lines and systems.
- Based on the "Standard Risk Management Guidelines" of the International (ISO 31000) guideline.

The Saudi Electricity Company's comprehensive risk management framework provides a logical and systematic way to identify, analyze, evaluate, process or mitigate risks and monitor and prepare reports within a specific context, allowing the company to make appropriate decisions and respond to arising risks in a timely manner. Therefore, SEC manages its current and potential risks in line with the risk management framework and operations activity within the existing risk classification system.

1. Risks and Difficulties Associated with the Generation, Transmission and Distribution of Electricity:

Amid the growing industrial and developmental projects in the Kingdom, the electricity sector is witnessing continuous growth and large development, accompanied by a growing demand for electricity and the emergence of new technical requirements in the electricity industry, leading to the emergence of risks related to the generation, transmission and distribution of electricity.

2. Risks of Electrical Generation:

The readiness of the generating units decreased during the year 2020 by 5% compared to the previous year 2019, due to outages of some units for long periods. With a commitment to the annual maintenance programs for all power plants, it is possible to reach the target results of the operational KPIs, to ensure the availability, readiness and reliability of the generation units in SEC.

3. Risks of Electrical Transmission:

The National Grid SA pays special attention to securing the quality of the electricity supply and preparing its system for the transmission of electricity from different energy sources, through investment in the infrastructure of an efficient and reliable electricity system. The National Grid SA also strives to overcome the difficulties and challenges associated with securing the electricity transmission lines and the sites of power plants. It also puts among its priorities the strengthening of the capabilities of its system by managing and digitizing its assets and operations, and developing a cybersecurity system based on international best practices, as well as planning and preparing the network technically to add renewable energy projects according to the time period agreed upon.

4. Risks of Electrical Distribution:

The company is working to address the difficulties and challenges it faces in the distribution of electricity, the most important of which is the loss of electrical energy, through several projects and initiatives to enhance energy efficiency, including the implementation of the smart meters project as well as technical inspection programs, in addition to the electrical network automation project, as the company aims to work through an approach compatible with international best practices.

5. Financial Risks:

The company's operations are exposed to various market risks which include (foreign exchange risk, interest rate and commodity prices risks), as well as credit and capital risk. Given the limited ability to predict with certainty the financial market trends, the company's comprehensive risk management program focuses on reducing any potential negative effects of those risks on the company's financial performance.

The company's financial risk management policy and procedures are designed to determine and analyze the risks it faces, establish appropriate limits and controls for those risks, and monitor them and abide by their limits. The rules and regulations to manage these risks are regularly reviewed to reflect changes in market conditions and company activities. The company aims to develop a disciplined and constructive regulatory environment in which all employees understand their roles and obligations through training and standards of management and procedures. The main financial risks are as follows:

A) Market Risks:

Market risks result from volatility in fair or future cash flows of a financial instrument due to changes in market prices. Market risks consist of three types of risks:

1. Foreign exchange risks

Currency exchange risks arise when future commercial transactions, recognized assets or liabilities are denominated in a currency different from the company's currency. Foreign currency risks are linked to the change of the currency's value in relation to foreign currencies for the transactions carried out by the company. Since the company's currency is the Saudi Arabian Riyal which is pegged to the US Dollar at a relatively fixed exchange rate (SR 3.75 per Dollar), most of the company's foreign currency transactions are not subject to foreign currency risks.

2. Interest rate risks

Interest rate risks result from volatility in the fair rate or the future cash flows of a financial instrument due to changes in the interest rate market. The company's exposure to interest rate risks is due to the financing obtained by the company at a floating interest rate, where the change in interest rates leads to a change in the cash flows associated with those financings. In order to prevent the risk of such exposure, the company intervenes in the interest rate measures to hedge it, and these measures are classified as derivative financial liabilities in the financial position list.

3. Other price risks

Other price risks result from volatility in the fair rate or future cash flows of a financial instrument due to changes in market prices (other than those resulting from currency and interest rate risks). The company is exposed to non-substantial risks as a result of changes in the fair value of its owned assets, which are valued fairly through the other comprehensive income list, and which are investments in unlisted securities.

B) Credit Risks:

Credit risks arise from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to sales. The company deposits cash and cash equivalents with banks with investment grade credit. The company's credit risk is the risk of financial losses that the company is likely to incur in the event that a customer or counterparty to a financial instrument fails to meet its contractual obligations to a financial instrument and is primarily arising from the company's receivables from customers. The company considers that it is able to collect non-governmental receivables through its ability to stop providing services to those who are late in paying their loans in addition to their legal follow-up with the competent authorities.

The company also believes that it is able to collect receivables that exceed the year because it mainly represents government receivables at 98% of total outstanding debts for more than one year. The receivables are registered after deducting the allocation of doubtful debts, which are estimated in accordance with the general model of estimating the expected credit losses of the customers. The sales are settled in cash, through a payment service or using the main credit cards.

C) Liquidity Risks:

Liquidity risks that the company might face arise with the difficulty of raising funds required to meet the obligations associated with financial instruments. The company's objective in managing liquidity risks is to ensure that the company has sufficient funding facilities to meet its current and future obligations. The company aims to maintain adequate flexibility in financing by keeping appropriate credit facilities in different financing formats. The company expects to meet its future financial obligations through cash flows from operations, which come mainly through cash receipts from receivables and through external financing. As of December 31, 2020, there were no government obligations in circulation and the company managed liquidity risks around government obligations in coordination with the government creditors in accordance with the company's liquidity position.

D) Company Insurance Policies May Not Meet All the Risks it Faces:

The company's operations involve inherent risks to the production, transmission and distribution of electric power and other processes. These risks include potential damage from wars, terrorism, sabotage, natural disasters, accidents, fires, explosions, in addition to many operational and other risks that may cause injuries and loss of life, or serious damage to and possibly destruction of the company's properties or to other property.

The Company is keen to provide insurance coverage commensurate with practices related to its activities, including the risk of damage to property, disruption of business resulting from potential disruption to its facilities, for example, as well as liability to third parties. However, the company could suffer material losses resulting in claims not covered in full or partial insurance coverage, for which compensation is not available to third-party companies. The company's business operations, the results of these operations, or financial situation may be adversely affected.

6. Risks Related to the Laws and Regulations Governing the Electricity Sector in the Kingdom:

The Company may face risks associated with the regulations and provisions governing the electricity sector, through the risk of amending the regulations, rules and decisions governing the electricity sector. Therefore, the company has established a compliance management system that would conform to the International Standard (ISO 19600), in which a mechanism has been established to monitor external regulations and legislation through compliance records to follow up on the application of regulations and protect the company from any risks of non-compliance with regulations and rules, and where work is carried out to evaluate the level of compliance with these regulations and legislation on an ongoing basis.

7. Risks and Difficulties Associated with the Rapid Change and Development in Technology and Information Security:

As the Kingdom of Saudi Arabia is one of the most targeted countries in terms of cyberattacks, and believing in the sensitivity of the infrastructure and systems used, the SEC is working to acquire the best of the breed security technologies that comply with international standards in order to protect its assets and data, and is keen to comply with cybersecurity controls set by local legislative bodies. Due to the recent advance in deliberate and targeted cyberattacks, the Saudi Electricity Company enhanced its cybersecurity through security operation centers that operate 24/7 to monitor and respond to cyberattacks and built a laboratory specialized in digital forensics.

In 2020, the world faced the COVID-19 pandemic and the company had to enable employees to work remotely in a secure manner, in addition the Kingdom hosted the G20 event, and the SEC played a main role by enhancing the energy sector, increasing its reliability and protecting it to achieve the company's strategy of having "Resilient secure and trusted cyberspace".

8. Risks and Difficulties Associated with Maintaining Human Competencies:

It is well known that employee engagement and organizational health have a huge impact on the performance of any organization. For the past two years, we have been regularly measuring our employees' engagement according to 14 key factors, which are compatible with global best practices. We are using a neutral third party to measure this engagement, with a live online system that allows managers to have their own dashboard and develop themselves and improve the engagement of their employees. So far, our over-all engagement have improved from 6.0 to 6.5, and our target is to reach 7.0, while continually improving in relation to the global benchmark. We have 6 sub-initiatives that we are doing this year to improve the 6 factors which currently have the lowest scores, so that we can make specific improvements and impact the over-all score.

9. Risks and Difficulties Related to Suppliers, Customers and Partners:

SEC is confronting risks associated with customers, partners, and suppliers as a result of temporary supply chain disruptions locally and globally caused by the COVID-19 pandemic. This disruption has led to delays in shipping materials, and rising in costs of transport, insurance, raw materials, and manpower wages.

SEC is facing over-growing demand for electricity and the accompanying changes and updates in laws and environmental legislation at the local and regional levels. Despite that, SEC works on reducing the dependence on oil and promotes clean energy sources, the efficient use of resources, reuse and recycling, waste minimization measures, as well as compliance with all

prevailing environmental laws and regulations and contributes to reduce the emissions of greenhouse gases to reduce pollution, protect the environment and public health in a manner that supports sustainable development without compromising the company's obligation to provide its customers with their energy needs.

10. Media Risks:

Media risks may arise with the publication of any media content that would compromise company's image, reputation or brand equity with its stakeholders. Therefore, the company has developed a comprehensive media plan to effectively manage any potential media crisis under various circumstances, using a clear and structured methodology that protects the company's positive mental image

18- Summary of Financial Results:

A) Balance Sheet Statement:

Figures in thousand Saudi Riyals

Statement	2020	2019	2018	2017	2016
Current assets	45,788,024	53,848,319	43,602,873	38,627,705	44,101,740
Other long-term assets	2,882,219	3,012,697	2,850,946	2,843,219	2,911,089
Net fixed assets	436,779,330	422,968,974	418,102,025	404,289,536	374,009,392
Total assets	485,449,573	479,829,990	464,555,844	445,760,460	421,022,221
Current liabilities	71,129,812	165,029,519	160,776,342	151,718,123	158,338,112
Long-term loans and instruments	100,305,959	91,763,786	88,178,140	85,003,765	69,450,875
Other liabilities	66,239,250	149,466,813	141,923,584	136,729,165	127,635,437
Total liabilities	237,675,021	406,260,118	390,878,066	373,451,053	355,424,424
Paid-up capital	41,665,938	41,665,938	41,665,938	41,665,938	41,665,938
Reserves and retained earnings	38,188,051	31,903,934	32,011,840	30,643,469	23,931,859
Mudaraba Instrument	167,920,563	-	-	-	-
Total equity	247,774,552	73,569,872	73,677,778	72,309,407	65,597,797
Total liabilities and owners' equity	485,449,573	479,829,990	464,555,844	445,760,460	421,022,221

Comparison of Total Assets and Total Liabilities with Owners' Equity during the years 2016 – 2020

Figures in thousand Saudi Riyals

	2020	2019	2018	2017	2016
Total assets	485,449,573	479,829,990	464,555,844	445,760,460	421,022,221
Total liabilities	237,675,021	406,260,118	390,878,066	373,451,053	355,424,424
Total Owners' equity	247,774,552	73,569,872	73,677,778	72,309,407	65,597,797

Comparison of Current Assets and Non-Current Assets with Total Assets during the years 2016 – 2020

Figures in thousand Saudi Riyals

	2020	2019	2018	2017	2016
Total current assets	45,788,024	53,848,319	43,602,873	38,627,705	44,101,740
Total non-current assets	439,661,549	425,981,671	420,952,971	407,132,755	376,920,481
Total assets	485,449,573	479,829,990	464,555,844	445,760,460	421,022,221

Comparison of Current Liabilities and Non-Current Liabilities and Government Loans with Total Liabilities during the years 2016 – 2020

Figures in thousand Saudi Riyals

	2020	2019	2018	2017	2016
Total current liabilities	71,129,812	164,029,519	160,776,342	151,718,123	158,338,112
Total non-current liabilities	166,545,209	193,532,297	183,644,815	177,368,303	154,674,795
Government loans	-	48,698,302	46,456,909	44,364,627	42,411,517
Total liabilities	237,675,021	406,260,118	390,878,066	373,451,053	355,424,424

B) Income Statement:

Figures in thousand Saudi Riyals

Description	2020	2019	2018	2017	2016
Operating revenues	68,708,918	65,040,000	64,063,638	50,684,906	49,860,998
Cost of sales	(60,611,812)	(58,915,883)	(58,144,024)	(43,995,312)	(43,008,530)
Gross profit	8,097,106	6,124,117	5,919,614	6,689,594	6,852,468
Administrative and general expenses	(1,244,638)	(1,244,525)	(1,340,032)	(1,440,400)	(1,060,516)
Total operating expenses	(61,856,450)	(60,160,408)	(59,484,056)	(45,435,712)	(44,069,046)
Human Resources Productivity Improvement Program	-	-	-	(2,829,155)	(110,257)
Exemptions from municipal debts	-	-	-	6,119,546	-
Other revenues, net	1,582,155	1,655,738	1,436,021	1,465,097	978,895
Fuel Settlement Expense	(808,090)	-	-	-	-
Operating income	7,626,533	6,535,330	6,015,603	10,004,682	6,660,590
Financing expenses, net	(4,890,810)	(4,886,933)	(4,136,617)	(2,752,144)	(2,053,806)
Share in the investments loss in the equity-accounted companies	4,337	(40,229)	(62,338)	(108,876)	(59,835)
Zakat and income tax expenses	285,488	(220,611)	(59,515)	(235,413)	(1,692)
Net profit	3,025,548	1,387,557	1,757,133	6,908,249	4,545,257

Comparison of Operating Revenues and Expenses and Net Income during the years 2016 – 2020

Figures in thousand Saudi Riyals

	2020	2019	2018	2017	2016
Operating revenues	68,708,918	65,040,000	64,063,638	50,684,906	49,860,998
Operating expenses	61,856,450	60,160,408	59,484,056	45,435,712	44,069,046
Net income for the year	3,025,548	1,387,557	1,757,133	6,908,249	4,545,257

19- Geographical Analysis of the Company's Revenues:

The company operates in all regions of the Kingdom, and the following table shows a geographical analysis of electricity sales by region (sectors) in which the company operates:

Figures in thousand Saudi Riyals

Year	Description	Business Region				Total
		Central	Eastern	Western	Southern	
2020	Electricity Sales	18,743,934	16,055,642	16,400,543	6,331,367	57,531,486
2019	Electricity Sales	18,611,821	16,222,644	17,825,944	6,204,316	58,864,725

20- Clarification of Any Material Differences in the Operating Results from the Previous Year's Results or any Expectations Announced by the Company:

Figures in thousand Saudi Riyals

Description	2020	2019	Changes +/-	Percentage of change
Sales/Revenues	68,708,918	65,040,000	3,668,918	6
Operating expenses	(61,856,450)	(60,160,408)	(1,696,042)	3
Other revenues, net	1,582,155	1,655,738	(73,583)	(4)
Fuel Settlement Expense	(808,090)	-	(808,090)	
Net operating profit	7,626,533	6,535,330	1,091,203	17
Financing costs, net	(4,890,810)	(4,886,933)	(3,877)	0.1
Share in the investments loss in the equity-accounted companies	4,337	(40,229)	44,566	(111)
Zakat expense and income tax	285,488	(220,611)	506,099	(229)
Net profit	3,025,548	1,387,557	1,637,991	118

21- Clarification of Any Difference from the Accounting Standards Adopted by the Saudi Organization for Certified Public Accountants:

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization of Certified Public Accountants.

22- Subsidiaries and Investees:

The company owns shares/quotas in the capital of each of the subsidiaries and investees as per the following table:

No.	Subsidiaries and Investees	Place of Incorporation	Place of Activity	Paid-up Capital	Activity	Ownership Percentage
1	Gulf Cooperation Council Interconnection Authority	Kingdom of Saudi Arabia	Gulf Arab States	US\$1,407,000,000	Connecting electrical networks between member states by providing the necessary investments to achieve the technical and economic benefits stipulated in the Authority's system.	31.6%
2	Electricity Sukuk Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 500,000	Providing the service and support needed for Sukuks and bonds issued by the Saudi Electricity Company.	100%
3	Dawiyat Telecom Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 50,000,000	Establishing, leasing, managing, and operating electricity and fiber optic networks to provide telecommunication services.	100%
4	National Grid S.A.	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 10,000,000,000	Transmitting electricity, operating, controlling, and maintaining power systems, and leasing line capacities of transmission networks.	100%
5	Dhuruma Electricity Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 4,000,000	Power generation.	50%
6	Hajr Electricity Production Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 2,506,230,000	Owning, generating, producing, transmitting, and selling electricity in the Qurayyah project in the eastern region, and carrying out related work and activities.	50%
7	Rabigh Electricity Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 923,750,000	Developing, establishing, owning, operating, and maintaining the Rabigh project in Holy Makkah region, in addition to transportation and sale of water and electricity and carrying out related work and activities.	20%
8	Al-Mourjan for Electricity Production Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 1,403,850,000	Developing, establishing, owning, operating, and maintaining the Rabigh project in the western region, in addition to transportation and sale of water and electricity and carrying out related work and activities.	50%
9	Saudi Electricity Company for Projects Development	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 5,000,000	Managing construction projects, setting detailed designs, purchasing materials, and implementing projects in the power sector.	100%

No.	Subsidiaries and Investees	Place of Incorporation	Place of Activity	Paid-up Capital	Activity	Ownership Percentage
10	GCC Electrical Testing Laboratory Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 612,000,000	Engineering activities for electrical projects, excavations, security, safety and chemical, energy efficiency project management activities, energy design review services, measurement and energy verification services activities, measurement, calibration and verification laboratories.	25%
11	Al-Fadhili Cogeneration Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 1,500,000	Production of electric power, water vapor, distilled water, power-connected water and water of similar purity.	30%
12	Green Saudi Company for Carbon Services	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 1,000,000	Developing and managing the carbon emission reduction systems and programs, the clean development mechanism projects in accordance with international and regional protocols, and related local regulations, for its benefit or for the benefit of others, and to run the activities of the business of carbon emission reduction certificates issued by emission reduction programs and registering it for its benefit or for third parties benefit in the global, regional and local markets.	51%
13	Saudi Power Procurement Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 2,000,000	Carrying out the activity of the principal buyer in accordance with the terms of the license issued by the Electricity and Co-generation Regulatory Authority, which includes the introduction of electricity generation projects, sale and signing the necessary agreements, and the purchase of fuel to achieve the company's goals and supply it to the producers who signed agreements with the company to convert energy and import and export electric power to people outside the Kingdom according to the method or issued rules.	100%
14	Integrated Dawiyat Telecommunications and Information Technology Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 1,000,000	Establishing, leasing and operating telecommunications networks, transmitting, owning and developing telecommunications, providing communications services, data transmission and complete information technology to individuals, public and private institutions. To achieve this, the company has to carry out all the work related to its activities, such as selling, purchasing, renting, leasing fixed and movable assets, as well as establishing the infrastructure necessary to carry out its activities, including buying other companies, investing in regional and international transit gates for communication, information transfer and pivotal and international communication plans.	100%
15	Global Data Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 10,000,000	Construction, acquisition, operation, maintenance and commercial exploitation of information centers.	50%

No.	Subsidiaries and Investees	Place of Incorporation	Place of Activity	Paid-up Capital	Activity	Ownership Percentage
16	Shuaibah Water & Electricity Company (SWEK)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 1,560,500,000	Development, construction, acquisition, operation and maintenance of the Shuaibah 3 project for the co-generation of water and electricity in the Shuaibah area, transporting and selling water and carrying out related work and activities.	8%
17	The Saudi Energy Production Company	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 2,000,000	Conducting electricity generation activity in accordance with the terms of the license issued by The Electricity and Co-Generation Regulatory Authority including electricity generation, co-generation of water and steam production, owning, operating, maintenance, development, financing and providing maintenance, operation and asset management services in the field of electricity generation and co-generation production.	100%
18	Shuaibah Expansion Project Company Ltd.	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 175,818,000	The activities of holding companies, i.e., units that acquire assets that hold a dominant share of capital for a group of subsidiaries, whose main activity is the ownership of that group.	8%
19	Shuqaiq Water and Electricity Company (SQWEC)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 1,120,000,000	Development, establishment, ownership, operation and maintenance of the Shuqaiq 2 project for the co-generation production of water and electricity in the Shuqaiq area.	8%
20	Jubail Water and Power Company (JWAP)	Kingdom of Saudi Arabia	Kingdom of Saudi Arabia	SR 882,500,000	Development, construction, ownership, operation and maintenance of Jubail water and electricity project in Jubail industrial zone.	5%
21	Saudi Electricity Global Sukuk Company	Cayman Islands	Cayman Islands	One dollar	A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.	100%
22	Saudi Electricity Global Sukuk Company 2	Cayman Islands	Cayman Islands	One dollar	A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.	100%
23	Saudi Electricity Global Sukuk Company 3	Cayman Islands	Cayman Islands	One dollar	A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.	100%
24	Saudi Electricity Global Sukuk Company 4	Cayman Islands	Cayman Islands	One dollar	A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.	100%
25	Saudi Electricity Global Sukuk Company 5	Cayman Islands	Cayman Islands	One dollar	A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.	100%

23- Details of Shares and Debt Instruments Issued by Each Affiliate and Investee:

No.	Name of subsidiary and investee	Numbers of Shares/Quotas	Debt Instruments
1	Gulf Cooperation Council Interconnection Authority	1,407,000 shares	None
2	Electricity Sukuk Company	10,000 quotas	Sukuk 3 for the amount of SR 5.73 billion Sukuk 4 for the amount of SR 4.5 billion
3	Dawiyat Telecom Company	5,000,000 quotas	None
4	National Grid S.A.	200,000,000 quotas	None
5	Dhuruma Electricity Company	400,000 shares	None
6	Hajr Electricity Production Company	250,623,000 shares	None
7	Rabigh Electricity Company	92,375,000 shares	None
8	Al-Mourjan for Electricity Production Company	1,000,000 shares	None
9	Saudi Electricity Company for Projects Development	100,000 quotas	None
10	GCC Electrical Testing Laboratory Company	61,200,000 shares	None
11	Al-Fadhili Cogeneration Company	150,000 quotas	None
12	Green Saudi Company for Carbon Services	1,000,000 quotas	None
13	Saudi Power Procurement Company	200,000 quotas	None
14	Integrated Dawiyat Telecommunications and Information Technology Company	100,000 quotas	None
15	Global Data Company	1,000,000 quotas	None
16	Shuaibah Water & Electricity Company (SWEC)	156,050,000 shares	None
17	The Saudi Energy Production Company	200,000 quotas	None

No.	Name of subsidiary and investee	Numbers of Shares/Quotas	Debt Instruments
18	Shuaibah Expansion Project Company Ltd.	17,581,800 quotas	None
19	Shuqaiq Water and Electricity Company (SQWEC)	112,000,000 shares	None
20	Jubail Water and Power Company (JWAP)	88,250,000 shares	None
21	Saudi Electricity Global Sukuk Company	1 quota	US\$1.75 billion
22	Saudi Electricity Global Sukuk Company 2	1 quota	US\$2 billion
23	Saudi Electricity Global Sukuk Company 3	1 quota	US\$2.5 billion
24	Saudi Electricity Global Sukuk Company 4	1 quota	US\$2 billion
25	Saudi Electricity Global Sukuk Company 5	1 quota	US\$1.3 billion

24- Company's Dividend Distribution Policy:

The Company distributes annual net dividends as follows:

1. (10%) of the net profits shall be retained to form the statutory reserve of the company. The Ordinary General Assembly may decide to discontinue such reserve when the said reserve reaches (30%) of the paid-up capital.
2. The Ordinary General Assembly may decide to make other reserves, to the extent that it serves the interest of the company or ensures the distribution of fixed profits to shareholders as much as possible. The said Assembly may also deduct from the net profits amounts to establish social institutions for the company's employees or to assist the existing institutions.
3. Subject to the provisions contained in paragraph (2) of the (second) clause of the Council of Ministers' Resolution No. (169) dated 24/9/1430 H, and the Council of Ministers' Resolution No. (327) dated 24/09/1430 H, a percentage not less than (5%) of the remainder of the company's paid-up capital shall be distributed thereafter.
4. Subject to the provisions of Article (20) of the Articles of Association of the Saudi Electricity Company and Article (76) of the corporate system, the remuneration of the Board of Directors shall be paid as decided by the General Assembly. The remuneration shall be commensurate with the number of meetings attended by the member.
5. The company may distribute interim dividends to its shareholders semi-annually or quarterly after the General Assembly of the company authorizes the Board of Directors to distribute interim dividends under a resolution renewed annually.

During the year 2020, the company achieved a net profit of (3,025,548) Thousand Riyals after deducting the zakat and before distributing the bonus of the members of the Board of Directors. The Board of Directors proposes the distribution of these profits in accordance with the company's statutes, as follows:

Figures in thousand Saudi Riyals

Percentage of profit proposed for year-end distribution		Total Profits
Percentage	7%	7%
Total	2,916,616	2,916,616

25- A Description of Any Interest in the Class of Voting Shares Belongs to Persons (Other than the Members of the Company's Management, Senior Executives and their Relatives) Who Have Notified the Company of Such Rights, and Any Change in those Rights during the Last Fiscal Year:

During the financial year ended on 31/12/2020, there is no interest in the class of shares entitled to vote for any persons. The following table shows the names and ownership of shareholders who own 5% or more and any change in ownership during 2020.

	Number of shares at the beginning of the year	Number of shares at the end of the year	Net change	Percentage of change
Public Investment Fund	3,129,237,550	3,129,237,550	0	0
Saudi Aramco	288,630,420	0	- 288,630,420	- 100%
Saudi Aramco power	0	288,630,420	+ 288,630,420	100%

26- A Description of Any Interest, Contractual Securities and Subscription Rights Belonging to the Company's Board of Directors and Senior Executives and their Relatives in the Shares or Debt Instruments of the Company or Any of its Subsidiaries and Any Change in Such Interest or Rights during the Last Fiscal Year:

A) Members of the Board of Directors:

Name	Beginning of the year		End of the year		Net of change	Percentage of change
	Number of shares	Debt Instruments	Number of Shares	Debt instruments		
Khaled Bin Saleh Al Sultan	0	0	0	0	0	0
Najm Bin Abdullah Al-Zaid	0	0	0	0	0	0
Isam Bin Alwan Al-Bayat	0	0	0	0	0	0
AbdulKarim Bin Ali Al-Ghamdi	0	0	0	0	0	0
Gérard Mestrallet	0	0	0	0	0	0
Rashed Bin Ibrahim Sharif	0	0	0	0	0	0
Abdulaziz Bin Fahd Al-Khayyal	0	0	0	0	0	0
Raed Bin Nasser Al-Rayes	0	0	0	0	0	0
Abdulmalik Bin Abdullah Al-Hogail	0	0	0	0	0	0

B) Senior Executives and their Relatives:

Name	Beginning of the year		End of the year		Net of change	Percentage of change
	Number of shares	Debt Instruments	Number of Shares	Debt instruments		
First: Senior Executives						
Osama bin Abdulwahhab Khawandanah	2,250	0	2,250	0	0	0%
Second: Relatives of Senior Executives						
Two sons of/Osama Abdulwahhab Khawandanah	2,945	0	2,945	0	0	0%

27- Information Related to the Company's Loans:

A) Statement of Commercial Loans as of 31/12/2020:

Figures in thousand Saudi Riyals

Statement	Total Value of Loans Principal	Loan Date	Due Date	Loans Balance at the Beginning of the Period as of 01/01/2020	Loans Withdrawals During the Year	Actual Loans Repayments during the year	Loans Balance at the End of the Period as of 31/12/2020
Local loan 1 – shared	6,000,000	2008	2020	272,727	0	272,727	0
Local loan 2 – shared	5,000,000	2010	2025	2,306,400	0	384,800	1,921,600
Local loan 3 – shared	10,000,000	2016	2023	8,114,286	0	1,352,380	6,761,906
Local loan 4 – shared	15,200,000	2019	2026	8,800,000	6,400,000	0	15,200,000
Local loan 5 – shared	9,000,000	2020	2027	0	3,000,000	0	3,000,000
Local loan 6 – shared	1,500,000	2017	2020	375,000	0	375,000	0
Local loan 7 – shared	1,300,000	2017	2021	650,000	0	433,333	216,667
Local loan 8 – shared	3,500,000	2017	2022	2,625,000	0	0	2,625,000
Local loan 9 – shared	2,400,000	2018	2024	2,400,000	0	60,000	2,340,000
Local loan 10 – shared	1,850,000	2019	2029	1,850,000	0	0	1,850,000
Direct loan from the Public Investment Fund	2,583,375	2009	2024	971,349	0	214,936	756,413
Global loan 1 (from Export/Import U.S. and Canadian Banks)	4,057,417	2010	2021	508,483	0	362,130	146,353
Global loan 2 (with the participation of a number of entities and with bank guarantee from Bpifrance Assurance Export)	3,709,125	2011	2024	1,279,138	0	309,235	969,903
Global loan 3 (with the participation of a number of entities and with the guarantee and the participation of Korean Export Banks)	5,251,120	2012	2026	3,063,048	0	437,920	2,625,128

Figures in thousand Saudi Riyals

Statement	Total Value of Loans Principal	Loan Date	Due Date	Loans Balance at the Beginning of the Period as of 01/01/2020	Loans Withdrawals During the Year	Actual Loans Repayments during the year	Loans Balance at the End of the Period as of 31/12/2020
Global loan 4 (with the participation of a number of entities and with the guarantee and the participation of Korean and Japanese Export Banks)	7,240,715	2013	2028	5,291,705	0	603,819	4,687,886
Global loan 5 (from the Industrial and Commercial Bank of China)	5,625,710	2016	2021	2,812,721	0	1,875,788	936,933
Global loan 6 (with the participation of a number of entities and with the guarantee and the participation of Export-Import Bank of Korea)	3,375,585	2016	2029	2,813,023	0	281,352	2,531,671
Global loan 7 (with the participation of a number of entities and with the guarantee of Export-Import Bank of Korea)	1,575,336	2016	2029	1,312,804	0	131,298	1,181,506
Global loan 8 – Revolving Shared	6,562,878	2017	2022	6,562,878	0	0	6,562,878

Banking facilities and short-term revolving loans:

Figures in thousand Saudi Riyals

Statement	Principal amount	Loans balance at the beginning of the period as of 1/1/2020	Actual repayments during the year	Loans balance at the end of the period as of 31/12/2020
Local revolving facility – local bank 1	1,000,000	500,000	0	500,000
Short-term facilities – local bank 2	1,000,000	1,000,000	1,000,000	0
Short-term facilities – local bank 4	1,500,000	1,500,000	500,000	1,000,000
Short-term facilities – local bank 5	500,000	500,000	500,000	0
Joint rollover international loan 3	8,066,263	8,066,261	2,145,513	5,920,748
Trade payables facilities	550,000	0	454,553	95,447

The non-extinguished portion of prepaid order and issuance expenses is deducted in advance for the amount of SR 365,041,000.

Bank loans for joint operations:

The Group's share in bank loans for joint operations is as follows :

Figures in thousand Saudi Riyals

Statement	Principal amount	Maturity date	Loans balance at the end of the period as of 31/12/2020
Domestic Bank 1	3,104,704	2032	2,780,582
International Bank 2	832,400	2033	729,553
International Bank 3	241,000	2028	129,056
International Bank 4	174,000	2033	151,273
International Bank 5	142,500	2033	123,754
International Bank 6	951,422	2032	822,660
International Bank 7	1,736,250	2026	870,791
Domestic Bank 4	1,223,000	2036	1,078,381
Domestic Bank 5	1,109,550	2032	955,533
Shareholders' loan	50,000	-	50,000
International Bank 8	234,179	2033	190,609
Domestic Bank 6	495,500	2032	398,482

Unamortised portion of upfront and other fees to be Deducted amount to 186,306,000 SR.

B) Statement of "Sukuk" Issues as of 31/12/2020:

Figures in thousand (Saudi Riyal/American Dollar as shown in the statement)

Statement	Issue size	Issue date	Sukuk repayments during the year	Total value of the issues after modification	Maturity date
Local Sukuk (3 rd Issue) in Saudi Riyals	5,730,690	2010	0	No modification	2030 with the right of early buying in 2022, 2024, 2026
Local Sukuk (4 th Issue) in Saudi Riyals	4,500,000	2014	0	No modification	2054 with the right of early redemption in 2024, 2034, 2044
International Sukuk (US\$1,250 million)	4,687,850	2012	0	No modification	2022
International Sukuk (US\$1,000 million)	3,750,750	2013	0	No modification	2023
International Sukuk (US\$1,000 million)	3,750,750	2013	0	No modification	2043
International Sukuk (US\$1,500 million)	5,625,600	2014	0	No modification	2024
International Sukuk (US\$1,000 million)	3,750,400	2014	0	No modification	2044
International Sukuk (US\$800 million)	3,000,800	2018	0	No modification	2024
International Sukuk (US\$1,200 million)	4,501,200	2018	0	No modification	2028
International Sukuk (US\$650 million)	2,437,500	2020	0	No modification	2025
International Sukuk (US\$650 million)	2,437,500	2020	0	No modification	2030

C) Statement of Government Loans as of 31/12/2020:

Figures in thousand Saudi Riyals

Statement	Total value of loans principal	Loan date	Maturity date	Loans balance at the beginning of the period as of 1/1/2020	Loans withdrawals during the year	Converted to the financial instrument on 14/11/2020	Loans balance at the end of the period as of 31/12/2020
Government loan (resulting from the clearing)	14,938,060	Since the company's establishment	0	14,938,060	0	14,938,060	0
Ministry of Finance Good faith loan from the state (1)	15,000,000	2010	2034	15,000,000	0	15,000,000	0
Ministry of Finance Good faith loan from the state (2)	51,100,000	2011	2036	38,325,000	0	38,325,000	0
Ministry of Finance Good faith loan from the state (3)	49,400,000	2014	2038	16,075,000	0	16,075,000	0
Total	130,438,060	-	-	84,338,060	0	84,338,060	0

– During 2020, the amounts of government loans received were transferred to the financial instrument account for the benefit of the Government of Saudi Arabia represented by the Ministry of Finance, resulting in a balance difference of SR 8 billion, which is the total difference recognized as the current value of government loans, deferred government grants and the actual value received for government loans and transferred to the financial instrument. The difference was reversed at the expense of profits held directly in the equity list.

28- A Description of the Categories and Numbers of any Convertible Debt Instruments, any Contractual Securities, Rights of Subscription Memorandums or Similar Rights Issued or Granted by the Company during the Fiscal Year, Indicating any Compensation Received by the Company in Return:

There are no convertible debt instruments or any contractual securities, or any rights of subscription memorandums or similar rights issued or granted by the company during the fiscal year ended 31/12/2020.

29- A Description of any Transfer or Subscription Rights under Convertible Debt Instruments, Contractual Securities, Rights of Subscription Memorandums or Similar Rights Issued or Granted by the Company:

There are no transfer or subscription rights under convertible debt instruments and any contractual securities, rights of subscription memorandums or similar rights issued or granted by the company during 2020.

30- A Description of any Redemption, Purchase or Cancellation by the Company of any Redeemable Debt Instruments, the Value of the Listed Securities Purchased by the Company and those Purchased by its Subsidiaries:

There is no redemption, purchase or cancellation by the company of any redeemable debt instruments, or the value of the listed securities purchased by the company, and those purchased by its subsidiaries.

31- Number of Meetings of the Board of Directors Held during the Last Fiscal Year, the Dates of the Meeting, and Attendance Record of Each Meeting, and the Names of Attendees of each Meeting:

The Board of Directors held (14) meetings during 2020. The following table shows names of the Board members and the number of meetings attended by each member:

Attendance ✓ Absence ✕

Name	Number of Meetings and Dates														Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
	05/02	19/02	16/03	21/04	02/06	12/08	18/08	29/09	30/09	03/11	15/11	25/11	22/12	27/12	
Khaled Bin Saleh Al Sultan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Najm Bin Abdullah Al-Zaid	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Isam Bin Alwan Al-Bayat	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
AbdulKarim Bin Ali Al-Ghamdi	✕	✓	✓	✓	✓	✓	✕	✕	✓	✓	✓	✓	✓	✓	11
Gérard Mestrallet	✕	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✕	12
Rashed Bin Ibrahim Sharif	✓	✓	✓	✓	✓	✕	✓	✓	✕	✓	✓	✓	✓	✓	12
Abdulaziz Bin Fahd Al-Khayyal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Raed Bin Nasser Al-Rayes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14
Abdulmalik Bin Abdullah Al-Hogail	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	14

Date of the last meeting of the General Assembly: 27/12/2020

32- Number of the Company's Applications to the Shareholders' Register, Dates and Reasons of these Applications:

Number of the Company's applications to the shareholders' register	Date of application	Reasons for the application
Six applications	06/01/2020	Company procedures
	18/05/2020	Convening a General Assembly
	18/05/2020	Disbursement of profits
	29/09/2020	Company procedures
	09/11/2020	Company procedures
	15/12/2020	Convening a General Assembly

33- Description of Any Transaction between the Company and a Related Party:

The Group is ultimately controlled by the Government of the Kingdom of Saudi Arabia while the Public Investment Fund, Saudi Aramco and the General Corporation for Desalination of Saline Water Conversion Corporation are companies under common control (all companies ultimately controlled by the Government of the Kingdom of Saudi Arabia) in addition to producing companies and invested companies.

Following transactions were carried out with related parties:

a) Sales of electricity

Figures in thousand Saudi Riyals

	For the year ended	
	31 December 2020	31 December 2019
Sales of electricity:		
Group's ultimate controlling party	11,594,615	12,863,475

Figures in thousand Saudi Riyals

	For the year ended	
	31 December 2020	31 December 2019
Entities under control of the Group's ultimate controlling party		
Saudi Aramco	446,240	428,852
Saline Water Conversion Corporation	562,790	533,452
Total	12,603,645	13,825,779

b) Purchases of energy and fuel

Figures in thousand Saudi Riyals

	For the year ended	
	31 December 2020	31 December 2019
Entities under control of the Group's ultimate controlling party:		
Saudi Aramco *	8,455,131	8,858,565
Saline Water Conversion Corporation	277,510	290,152
Fadhili Plant Cogeneration Company	463,788	-
Joint operations:		
Dhuruma Electricity Company	588,697	638,454
Rabigh Electricity Company	915,177	753,390
Hajr for Electricity Production Company	795,525	734,679
Al Mourjan for Electricity Production Company	419,212	387,319
Total	11,915,040	11,662,559

The Group purchases fuel from Saudi Aramco and power from Saline Water Conversion Corporation at rates stipulated for in the respective governmental resolutions. Also, the purchasing power transitions from joint operations according to the signed agreement with them. Includes the amount of the dispute settlement with Aramco amounting to 808 Million Saudi Riyals (clarification 36-A in Financial Statements)

c) Year-end balances arising from sales of electricity/purchases of energy

Figures in thousand Saudi Riyals

	31 December 2020	31 December 2019
Due from related parties:		
Entities under control of the Group's ultimate controlling party	17,194,708	27,878,902
Saudi Aramco	170,929	1,438,355
Saline Water Conversion Corporation	-	1,542,281
Al-Fadhli Co-production loans	253,874	253,874
Global Data Center Company loans	30,250	18,000
Total due from related parties	17,649,761	31,131,412
Due to related parties:		
Group's ultimate controlling party		
Governmental payables **	-	92,495,037
	-	92,495,037
Entities under control of the Group's ultimate controlling party		
Saudi Aramco *	10,077,791	18,272,055
Saline Water Conversion Corporation	354,349	515,354
	10,432,140	18,787,409

* This includes fuel used by the Company, Independent Power Producer and purchase energy.

d) Loans and advances from related parties

Figures in thousand Saudi Riyals

	31 December 2020	31 December 2019
Group's ultimate controlling party		
Government loans **	-	48,698,302
Deferred government grants **	1,089,377	43,665,327
Public Investment Fund loans	756,413	971,349
	1,845,790	93,334,978

** The company has transferred the net liabilities owed to the government of SAR 167.9 billion into a financial instrument within equity.

34- Information Relating to any Business or Contracts to which the Company is a Party, or where there is an Interest for a Member of the Company's Board of Directors or of its Senior Executives or any Person Related to any of them:

Nature of business or contract	Amount of business or contract	Period of business or contract	Conditions of business or contract	Name of the Member/Senior Executives or any person related to any of them
Financial Facilities Agreement	SR 500 million	1 year	Local financial facilities in the context of the ordinary business, denominated in Saudi Riyal No preferential advantages granted	Najm Bin Abdullah Al-Zaid Vice Chairman of the Board of Directors of the Saudi Electricity Company Member of the Board of Directors of GIB
Financing Agreement	SR 3 billion is the share of the National Commercial Bank.	7 years	Local financial facilities within the context of the ordinary business, Murabaha Financing in Saudi Riyal, provided by 7 banks. No preferential advantages granted	Rashed Bin Ibrahim Sharif Member of the Board of Directors of the Saudi Electricity Company Vice Chairman of the Board of Directors of NCB

Nature of business or contract	Amount of business or contract	Period of business or contract	Conditions of business or contract	Name of the Member/Senior Executives or any person related to any of them
Increase the paid-up capital of the Gulf Laboratory Company	SR 63 million	N/A	The decision of the Extraordinary General Assembly of the GCC Laboratory Company on 22/07/2020, to increase the company's capital by issuing 25,000,000 additional shares valued at 10 Riyals the share, and in which the shareholders have subscribed according to their ownership ratio. As such, the Saudi Electricity Company paid 25% of the increase value, equivalent to its ownership share as a shareholder in the GCC Laboratory Company.	<ol style="list-style-type: none"> 1. Khaled bin Saleh Al Sultan, member of the Board of Directors of the Saudi Electricity Company, representative of the Public Investment Fund. 2. Najm Bin Abdullah Al-Zaid, member of the Board of Directors of the Saudi Electricity Company, representative of the Public Investment Fund. 3. Rashed Bin Ibrahim Sharif, member of the Board of Directors of the Saudi Electricity Company, representative of the Public Investment Fund. 4. Raed bin Nasser Al-Rayes, member of the Board of Directors of the Saudi Electricity Company, representative of the Public Investment Fund. 5. AbdulKarim bin Ali Al-Ghamdi, member of the Board of Directors of the Saudi Electricity Company, representative of Aramco Energy Company. 6. Gerard Mestrallet, member of the Board of Directors of the Saudi Electricity Company, representative of the Public Investment Fund.

35- A Statement of any Arrangement or Waiver Agreement whereby a Member of the Company's Board of Directors or a Senior Executive Has Waived any Remuneration:

There are no arrangements or waiver agreement whereby a member of the Board of Directors or a Senior Executive has waived any remuneration.

36- A Statement of any Arrangement or Waiver Agreement whereby one of the Company's Shareholders Waives any rights to Profits:

There are no arrangements or agreements under which a company shareholder has waived any rights to profits.

37- A Statement of the Value of Statutory Payments Due and Payable for the Payment of any Zakat, Taxes, Fees or any Other Entitlements, which have not been Paid until the End of the Annual Fiscal Period, with a Brief Description and a Statement about them and the Reasons thereof:

The table below shows the value of receivables to regulatory or supervisory bodies in the country:

Statement	Thousands of Saudi Riyals	
	2020	2019
Custom fees	11,160	14,150
Zakat and tax	638,277	31,685
General Organization for Social Insurance	506,540	698,020
Other	50,307	26,396
Total	1,206,284	770,251

38- A Statement of the Value of any Investments or Reserves Established for the Benefit of the Company's Employees:

A) Savings Program:

The company has created an optional system of savings to motivate employees and enhance their loyalty and belonging to the company. This contributes to raising the level of performance, attracting qualified Saudi cadres and motivating them to continue serving the company, as well as helping the Saudi employee to collect his savings and benefit from these savings upon retirement or service termination.

The company allocates a portion of the employee's salary to invest it optionally for the benefit of the employee who joined the program. The company chooses suitable areas to invest the program's funds in accordance with the terms of Islamic investment and in low risk portfolios, and in the interests of the participating employees.

The company contributes 100% of the employee's monthly contribution and credits it to his account. The employee's entitlement is calculated according to the company's principles starting from 10% upon the completion of the first year of subscription and up to 100% upon completion of the tenth year of participation. The employee's entitlements are calculated from this participation in case the subscription ends in accordance with the statutory regulations. The following is an explanation of the change in the contribution of the employees participating in the program, as well as the company's contribution during the year:

Statement	Employee's contribution	Entitlements to the employees from the company's contribution
Balance at the beginning of the year	596,222,689	664,375,605
Net added/excluded during 2020	83,714,221	131,180,265
Balance at the end of the year	679,936,910	797,555,870

B) Housing Loans program:

For the twelfth year, the Company has continued to provide the Housing Loan program for the Saudi employees through the banks in accordance with the program's regulations to finance the ownership, construction or completion of housing construction in a format compatible with the provisions of the Islamic Law (Murabaha) with the company's contribution bearing 70% of the profit margin, where the company's contribution stops at the employee's end of service or for any other reason. The total beneficiaries reached (5,735) beneficiaries by the end of 2020.

39- Accounting Records, Internal Control System, and the Ability of the Company to Continue its Activity:

The internal audit is an independent activity directly reporting to the audit committee. It performs its tasks as per the internal audit charter approved by the Board of Directors. It conducts continuous financial and operational audits to assess the efficiency and effectiveness of the internal control system. The internal audit activity communicates the audit results to the audit committee through periodic reports indicating the observations and the implementation status of management's corrective actions.

The audit committee reviews the internal and external auditors' observations regarding the company's internal control system's efficiency and effectiveness. It considers relevant recommendations to improve the internal control system and communicates them to the Board of Directors. The audit committee also follows up on the observations that have a direct and most significant impact on the internal control system

The executive management is responsible for the company's internal control system and makes continuous improvements to strengthen its efficiency and effectiveness.

The company acknowledges the following:

- The accounting records were adequately prepared; the company adopted an integrated accounting system to record financial transactions, to provide reasonable assurance for financial reporting integrity.
- No material weaknesses have come to the Audit Committee's attention that could affect the internal control system.
- There are no doubts about the company's ability to continue its business.

Noting that there is no internal control system that provides absolute assurance, regardless of its design and implementation effectiveness.

40- Report of the Company's Public Accountant:

The 7th Extraordinary General Assembly held on 2/6/2020 approved the appointment of KPMG Al-Fouzan & Partners as the company's public accountant for the fiscal year ended 31/12/2020. The company's accountant report did not include any reservations on the annual financial statements.

41- Board's Recommendation on the Company's Public Accountant:

No recommendations has been provided by the Board of Directors to replace the Public Accountant.

At the end of this report, the Board of Directors of the Saudi Electricity Company is pleased to extend its sincere thanks and appreciation to all the company's employees for their continuous and sincere commitment to achieve its objectives and to preserve its earnings and interests, as well as to raise its position and competitive abilities. We ask Allah Almighty to bless our efforts and that the company will continue the implementation of its plans and programs to support and promote the economic and social development of the Kingdom, and to meet its requirements of electrical energy.



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