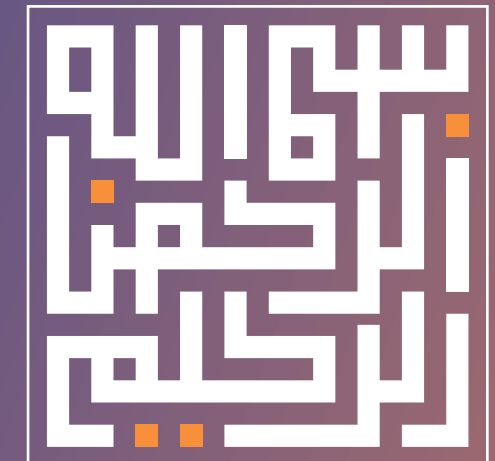


# Board of Directors Report

# 2021







The Custodian of the Two Holy Mosques  
King Salman bin Abdulaziz



His Royal Highness Prince  
Mohammed bin Salman bin Abdulaziz  
The Crown Prince, First Deputy Prime Minister, and Minister of Defence



# Contents

10

The  
Chairman's  
Message

14

Names of board  
members,  
committee  
members,  
and executive  
management

42

Corporate Social  
Responsibility  
Strategy

46

Main activities  
of the company

- 50 Electric power generation
- 52 Distribution activity and participant services
- 54 Finance Department
- 58 Human resources activity

62

COVID19  
crisis  
management

64

Subsidiary Companies

- 66 The National Grid SA
- 68 Saudi Electricity Company for Projects Development
- 70 The Saudi Energy Procurement Company (Principal Buyer)
- 74 Integrated Communications and Information Technology Optical Company
- 76 Other subsidiaries

86

Summary of  
Financial Results

- 94 Subsidiaries and Investors

103

Information  
related to the  
company's  
loans





# Board of Directors Report

**Presented to the Shareholders**

**For the year ended  
31/12/2021**

The Board of Directors of the Saudi Electricity Company is pleased to submit to shareholders the annual report on the performance of the company and the results of its work for the financial year ended to 31 December 2021. We have achieved strong results thanks to God and to the efforts made by the company and its affiliates to improve its performance and capabilities, achieve the aspirations of its shareholders and earn the trust of all subscribers and customers.

**The report provides a comprehensive summary of the company's performance, strategic direction, community responsibility efforts, and programs developed for employees.**

**The report also contains a summary of the level of corporate governance implementation and related disclosures, such as the composition and functions of the Board of Directors, its committees and their functions, and the rewards of Board members and senior executives.**

This report has been prepared in accordance with the requirements of the Companies Law set forth in Article (76) issued by Royal Decree No. (M/3) dated 28/1/1437, and amended by Royal Decree No. (M/79) dated 25/07/1439, and in accordance with the requirements of the Financial Market Authority set forth in Article (90) of the Corporate Governance Regulation, in accordance with Article (64) of the Rules for the Issuance of Securities and Continuing Obligations, and in accordance with Article (7) of the regulations issued in implementation of the system of private companies of listed joint stock companies.



## The Chairman's Message



Saudi Electricity Company has made exceptional achievements at all levels operational, administrative, organizational, financial, and digital transformation during 2021, with the Company's performance indicators reaching the standard rates of the best international electric power companies. All these achievements are thanks to the financial and organizational reforms that the electricity sector witnessed in the Kingdom.

Among the most prominent achievements that were achieved during the year 2021 AD are unprecedented historical improvement in the Company's profitability, as the net income in 2021 amounted to (14,391) million Saudi riyals, compared to (3,025) million Saudi riyals in the previous year, an increase of (376%). The adjusted net profit (net profit attributable to common shares after deducting dividends from the Mudaraba instrument amounting to 7.7 billion Saudi riyals) for the year 2021 amounted to (6.7) billion Saudi riyals, compared to (2.1) billion Saudi riyals for the previous year, an increase of (219%). Accordingly, the basic and diluted earnings per share amounted to (1.62) riyals for the year 2021, compared to (0.50) riyals for the previous year.

Reducing the quantities of diesel consumption by (973) thousand barrels compared to the previous year is also one of the most prominent achievements during 2021, in continuation of the Company's efforts to raise performance efficiency and improve the use of fuel exerted from 2016 to the end of 2021, which resulted in the reduction of fuel consumption with (23) million barrels of oil equivalent, not to mention that the construction of generating stations at different times posed a great challenge to keep pace with the requirements of environmental compatibility.

The implementation of huge, qualitative, and advanced projects that take into account and support all aspects of environmental development and preservation of the environment has been adopted to continue the path of continuous improvement during 2021, in line with environmental regulations and policies.

Energy produced by company in 2021 amounted to (186.8) terawatts, which constitutes (54%) of the total electrical energy of the electrical system. (318) million barrels of oil equivalent were consumed, with a production efficiency of (37.1%).

In addition, the Company achieved a distinguished national achievement by its success in installing (10) million smart meters across the Kingdom, during 2020-2021, a major achievement in this field and accomplished in record time.

National Grid SA completed many projects during 2022, in addition to those to strengthen existing stations that aimed to improve and develop electricity transmission networks and raise their efficiency, with the addition of overhead networks, ground cables, switching stations, and fiber-optic networks, where the overhead networks and ground cables added reached (2371.68) circular km, which represented (2.66%) of the existing networks at the end of 2020.

Moreover, to complement the Company's interest in diversifying electrical energy sources and implementing the Kingdom's Vision 2030 by maximizing partnerships with the private sector and fulfilling the system operator's requirements of electrical energy, the Saudi Power Procurement Company has embarked on developing the (Taiba) project, which is located in in the western sector of Medina, with a capacity of (3600) MW and the (Al-Qassim) project, which is located in the central sector with a capacity of (3600) MW with an independent production model, where the system operator needs to enter the two projects, respectively, in the combined cycle system in 2024-2025.

Dawiyat Integrated Telecommunications & Information Technology Company signed a unified agreement under the auspices of the Communications and Information Technology Commission to sell fiber-optic service with Saudi Telecom Company, Etihad Etisalat Company (Mobily), Zain Company, Integrated Telecom Company, and Etihad Atheeb Telecom. These agreements enabled Dawiyat to provide a fiber-optic network for homes by telecom service providers in the Kingdom.

The Company received many awards and certificates during 2021, including obtaining the ISO 14001 certificate in the EMS environmental management system for the activity of services, contracts, and sectors (industrial security, transportation, utilities, and materials), as well as the Excellence Award in the Corporate Governance Index.

In addition, the Company has implemented a series of organizational and structural changes and reforms in line with the national transformation strategies in the electric power industry that aim to achieve sustainability and enhance the sector's long-term efficiency.

It is worth noting that the rate of job localization - "Saudization" - in the Company reached (93.66%) of the total workforce (32,863) at the end of 2021, as the Company's quality programs achieved financial savings/avoidance of financial losses that exceeded (620) million riyals through the Company's implementation of the recommendations of improvement studies and suggestions of the Employee Creativity Program, which fostered a culture of quality and creativity in the Company.

In conclusion, I would like to express my sincere thanks and gratitude on behalf of myself and my colleagues, the members of the Board of Directors, the executive management, and all employees of the Company, to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and HRH the Crown Prince Mohammed bin Salman - may Allah protect them - for the unlimited support provided by our rationale government, which contributed - after Allah's grace - to the realization of these achievements. I also extend my thanks and gratitude to HRH Prince Abdulaziz bin Salman, Minister of Energy and Chairman of the Ministerial Committee for the restructuring of the electricity sector, for his great support provided to the company, the follow-up of its programs, and concern for its interests, as well as to the honorable members of the esteemed Ministerial Committee for their great support and follow-up to the Company's work.

So, let me conclude by thanking colleagues, members of the Board of Directors and working committees of the Board, the executive management and employees of the Company in all work sites for their great contributions to the achievements of this year, praying to Allah Almighty to help us all to achieve more achievements and developments in the field of the electric power industry to support the development process in the Kingdom, and that the coming years shall witness development and achievement that exceed what the Company has accomplished over the past years, in light of the ambitious directions of Vision 2030.

May Allah grant our great country prosperity, security, and safety under the wise leadership of our rational government.

**Chairman of the Board of Directors**  
**Dr. Khaled bin Saleh Al Sultan**

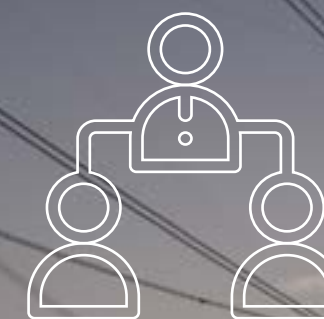




## 1 - The provisions of the Corporate Governance Regulation that have not been implemented and the reasons for this:

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





Article	Paragraph	Article/paragraph text	Reasons for not abiding
22	A-1	Establish a comprehensive business strategy.	Work is currently underway to update and approve the Company's general strategy project in light of financial and organizational reforms in coordination with the Ministry of Energy and the Ministerial Committee for Restructuring the Electricity Sector.







**Names of board members, committee members, and executive management**



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





				
<b>Name</b>	<b>Khaled bin Saleh Al Sultan</b> The chairman	<b>Najm bin Abdullah Al-Zaid</b> Vice Chairman of BOD	<b>Raed bin Nasser Al-Rayes</b> Member of BOD	<b>Isam bin Alwan Al-Bayat</b> Member of BOD
<b>Current Position</b>	Head of king Abdullah city for Atomic and Renewable Energy.	Co-founder of ZS&R Law Firm in Association with. Hogan Lovells	Chief Executive Officer of the Saudi Industrial Investments Company (Dussur).	Retired.
<b>Previous Positions</b>	Manager of King Fahd University of Petroleum & Minerals.	Board member of the Capital Market Authority, and President of the Governance and Legal Department at AlRajhi Bank.	<ul style="list-style-type: none"> <li>Consultant of H.E. the Minister of Energy, Industry and Mineral Resources.</li> <li>Vice Chairman and Director General of Arab Petroleum Investment Corporation (APICORP).</li> </ul>	Vice Chairman of the Electricity Sector at Saudi Aramco.
<b>Qualifications</b>	PhD in Industrial Engineering and Operations Research.	PhD in Law.	<ul style="list-style-type: none"> <li>PhD in Business Administration.</li> <li>Master in Business Administration.</li> </ul>	Master of Electrical Engineering.
<b>Experience</b>	<ul style="list-style-type: none"> <li>Undersecretary of the Ministry of Higher Education for Educational Affairs.</li> <li>Dean of the College of Computer Sciences and Engineering at King Fahd University of Petroleum &amp; Minerals.</li> <li>Previous and current memberships in more than 40 councils in the government, civil, non-profit and academic sectors.</li> </ul>	<ul style="list-style-type: none"> <li>Member in the BODs of many companies and bodies in various sectors. He has extensive experience across legal and organizational affairs, risks and governance.</li> <li>General legal counsel at the Capital Market Authority.</li> <li>Member of the technical team representing the Kingdom of Saudi Arabia in the negotiation for joining the World Trade Organization in 2005.</li> <li>Legal consultant in the Legal Department of the Islamic Development Bank Group.</li> <li>Legal consultant in the Legal Department of the World Bank Group in Washington.</li> <li>Member of the Bureau of Investigation and Public Prosecution.</li> </ul>	He has multiple memberships in the BODs and multiple experiences in the financial business field.	Career progression at Saudi Aramco in many fields.





				
<b>Name</b>	<b>AbdulKarim bin Ali Al-Ghamdi</b> Member of BOD	<b>Nabil bin Abdulaziz Al-Naeem</b> Member of BOD since 21/01/2021	<b>Waleed bin Ibrahim Shoukry</b> Member of BOD since 21/01/2021	<b>David Crane</b> Member of BOD since 21/01/2021
<b>Current Position</b>	Vice President of Projects at Saudi Aramco.	Vice President of Digital Transformation - Aramco.	Membership of BODs and committees.	Chief Executive Officer of Climate Real Impact Solutions.
<b>Previous Positions</b>	Vice President of Power Systems at Saudi Aramco.	Vice President of Saudi Aramco Affairs.	<ul style="list-style-type: none"> <li>Main partner, Saudi PricewaterhouseCoopers (2008-2010)</li> <li>Leading team of Middle East, PwC</li> <li>Administrative partner, Saudi PwC (2006-2008).</li> </ul>	Membership of BODs and committees.
<b>Qualifications</b>	Master of Chemical Engineering.	Master of Business Administration	<ul style="list-style-type: none"> <li>Bachelor of Industrial Management from King Fahd University of Petroleum and Minerals.</li> <li>Certificate of Profession in Accounting and Audit from the Fellowship of Chartered Accountants (CPA).</li> <li>Certificate of Profession in Accounting and Audit from the Saudi Organization for Certified Public Accountants (SOCPA).</li> </ul>	PhD in Law.
<b>Experience</b>	He has multiple memberships in the Board of Directors of many companies.	He has multiple memberships in the Board of Directors of many companies.	He has multiple experiences in the financial and accounting fields and memberships in the Board of Directors of multiple companies and auditing committees.	He has multiple memberships in the Board of Directors of many companies.





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

				
<b>Name</b>	<b>Mohammed bin Abdulrahman Al-Blaihed</b> Member of BOD since 24/08/2021	<b>Rashed bin Ibrahim Sharif</b> Member of BOD untill 24/08/2021	<b>Abdulaziz bin Fahd Al-Khayal</b> Member of BOD untill 20/01/2021	<b>Abdulmalik Bin Abdullah Al-Hogail</b> Member of BOD untill 20/01/2021
<b>Current Position</b>	Director of Investment Department - Public Investment Fund.	CEO and member of BOD of NCB Capital - Saudi National Bank.	Retired.	Membership of BOD and professional consultancy.
<b>Previous Positions</b>	Assistant Manager at Sanabel Investments.	<ul style="list-style-type: none"> <li>Head of Public Administration of Investments in local companies at the Public Investment Fund.</li> <li>Executive Chairman of Riyadh Capital.</li> </ul>	Senior Deputy Chief Executive, Aramco Industrial Relations.	Vice President of Al Faisaliah Group and Executive Director of Finance.
<b>Qualifications</b>	Bachelor of Financial Management, Certified Financial Analyst (CFA).	Master of Business Administration.	Master of Business Administration.	PhD in Accounting.
<b>Experience</b>	He has multiple memberships in the Board of Directors of many companies.	He has multiple memberships in the Board of Directors of many companies.	Career progression at Saudi Aramco in many fields.	Member of a number of public and non-sector contributing companies with diverse expertise in strategic and financial planning, corporate finance, auditing, governance, zakat and taxation.

				
<b>Name</b>	<b>Gérard Mestrallet</b> Member of BOD untill 20/01/2021	<b>Khalid bin Salem Al Ruwais</b> Member of the Audit Committee	<b>Suleiman bin Abdulaziz Al-Tuwaijri</b> Member of the Audit Committee	<b>Amr bin Khaled Kurdi</b> Member of the Audit Committee since 27/04/2021
<b>Current Position</b>	CEO of the French Agency for the development of the Al-Ula region in Saudi Arabia.	Retired.	Managing Director of the National Agricultural Development Company (NADEC).	Chief Financial Officer Tawuniya Insurance Company.
<b>Previous Positions</b>	Executive Director of the Belgian General Organization, President of Engie Company.	<ul style="list-style-type: none"> <li>Acting Chief Financial Officer and Senior Vice President of Finance at Saudi Arabian Mining Company (Ma'aden).</li> <li>Senior Vice President, Phosphate and IM Business at Saudi Arabian Mining Company (Ma'aden).</li> <li>Senior Executive Advisor Saudi Arabian Mining Company (Ma'aden).</li> </ul>	<ul style="list-style-type: none"> <li>CEO of Saudi Arabian Amiantit Companies.</li> <li>Associate Professor, Accounting Department, King Fahd University of Petroleum and Minerals.</li> </ul>	Business executive at the Saudi Industrial Investment Company.  Chief Financial Officer at Saudi Arabian.
<b>Qualifications</b>	Technical Sciences, Civil Aviation Engineering, National Institute of Administration.	BA in Accounting from King Saud University.	PhD in Accounting.	PhD in Accounting.
<b>Experience</b>	He has many experiences in the field of industry, energy and environment.	He has many memberships in the boards of directors, and many experiences in the financial business.	He has many experiences in the field of finance and accounting, membership of many companies and audit committees, and the academic field.	He has a lot of experience in finance and accounting, and membership of many companies and audit committees.





## Executive management

S.N	Name	Current Positions	Previous Positions	Qualifications	Experiences
1	<b>Khalid Bin Hamad Al-Gnoon</b>	Chief Executive Officer appointed since 07/06/2021 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"><li>31 years' experience in multiple positions at the Saudi Electricity Company.</li><li>Member of the Board of Directors of Dawiyat.</li><li>Member of the Executive Committee of the Saudi Energy Efficiency Center.</li><li>Member of the Board of Directors of the Saudi Authority for Industrial Cities and Technology Zones – Modon.</li><li>Member of the Review Committee in the Board of Directors of the Saudi Authority for Industrial Cities and Technology Zones – Modon.</li><li>Member of the Development and Facilities Committee of the Riyadh District Secretariat Council.</li><li>Member of the Project Coordination Committee of the Riyadh District Secretariat.</li><li>Member of the High Commission in Riyadh – Urban Observatory Committee.</li><li>Member of the Civil Defense Committee of the Riyadh District.</li></ul>
2	<b>Fahad Bin Hussein Al-Sudairi</b>	CEO of the company until 07/06/2021.	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"><li>Head of Treasury Sector, Saudi Electricity Company.</li><li>Senior Accountant and Chief Accountant, Eastern Electricity.</li><li>Administrative Manager, Cash and Insurance, Eastern Electricity.</li><li>Assistant Manager of Treasury Department, Saudi American Bank (SAMBA).</li><li>Chief Treasurer and Head of Treasury, Riyadh Bank.</li><li>Manager of Al-Jubail Industrial City branch, Riyadh Bank.</li><li>Assistant Manager of Dammam Regional Branch, Riyadh Bank.</li></ul>
3	<b>Ibrahim Bin Fahd Al Jarbou</b>	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"><li>Middle East Electric Projects Co.</li><li>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.</li><li>Project Manager – Central.</li><li>Vice President of Projects.</li></ul>
4	<b>Osama Bin AbdulWahhab Khawandanah</b>	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"><li>Board Member, Saudi Power Procurement Company.</li><li>Chairman of the Board, Green Saudi Company for Carbon Services.</li><li>Chief Executive Officer, Saudi Power Procurement Company, June 2017 –present.</li></ul>

S.N	Name	Current Positions	Previous Positions	Qualifications	Experiences
5	<b>Ahmed Bin Abbas Sindi</b>	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"><li>Member, Board of Directors of Integrated Dawiyat Co.</li><li>Member of the Board of Directors of GDH Company for Data Hubs.</li><li>Member of the Board of Directors of Saudi Authority for Industrial Cities and Technology Zones (Modon).</li><li>Deputy Governor of the Communications and Information Technology Commission.</li><li>Executive Chairman, Saudi Global Star Operations Co. Ltd.</li></ul>
6	<b>Mahdi Nasser Al-Dosary</b>	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"><li>Progressed in the Saudi Electricity Company in different areas for 25 years.</li></ul>
7	<b>Riyadh Bin Fahd Al-Zamil</b>	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"><li>Director of Generation Technical Support (Acting).</li><li>Director of outside Riyadh Power Plant (Acting).</li><li>Director of Mechanical and Civil Engineering Division.</li><li>Technical Team leader at the power plant in Qassim.</li><li>Power Generation Specialist.</li><li>Mechanical Maintenance Engineer at Saudi Aramco.</li><li>Saudi Iron and Steel Co. (Iron).</li></ul>
8	<b>Mazen Ali Mohammed Al-Bahkali</b>	Executive Vice President for Strategic Planning and Business Development since 15/9/2021.	CEO of General Electric Services in Saudi Arabia and Bahrain.	<ul style="list-style-type: none"><li>Master's degree in Electrical Engineering from Carnegie Mellon University, USA.</li><li>Bachelor's degree in Electrical Engineering from King Saud University.</li></ul>	<ul style="list-style-type: none"><li>Membership of the Board of Directors of the Higher Institute of Water and Electricity Technology between 2016 and 2017.</li><li>Head of the energy sector at General Electric Company in Saudi Arabia and Bahrain between 2018 and 2020.</li><li>Vice President of Strategic Accounts at General Electric from 2016 to 2017.</li></ul>
9	<b>Khalid Bin Saad Al-Rashed</b>	Executive Vice President of Strategic Planning and Business Development untill 23/05/2021.	Chief Executive Officer of the Saudi Electricity Company for Projects Development.	Bachelor of Electrical Engineering.	<ul style="list-style-type: none"><li>ABB Company from 1994 to 2005.</li><li>Saudi Electricity Company from 2005 till now.</li></ul>





S.N	Name	Current Positions	Previous Positions	Qualifications	Experiences
10	<b>Manish Manchandya</b>	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"><li>• Head of the Treasury Sector, Saudi Electricity Company.</li><li>• Head of Corporate Finance, Saudi Electricity Company.</li><li>• Senior Financial Analyst, Saudi Electricity Company.</li><li>• Customer Relations Manager, HDFC Company for Asset Management, India</li></ul>
11	<b>Abdullah Abdulmohsen Al-Madhi</b>	Executive Vice President for Services and Contracts.	Head of Middle Division for Distribution and Customer Services	Master of Business from King Saud University MBA from Massachusetts Institute of Technology, USA	<ul style="list-style-type: none"><li>• Chairman of the Audit Committee of the Saudi Energy Procurement Company.</li><li>• A member of the innovation incubator.</li><li>• Member of the Executive Committee of the Local Content Program and Attracting Investments in the Energy Sector.</li><li>• Member of the Board of Directors of the Saudi Energy Production Company.</li><li>• Member of the Academic Accreditation Council for Specialized Engineering and Computer Sciences in the Education and Training Evaluation Commission</li></ul>
12	<b>Khaled Salem Al-Ghamdi</b>	Executive Vice President of Information Technology and Digital Transformation since 11/11/2021	Director of Digital Strategy, Investments and Growth at Saudi Aramco	Master's degree in Information Systems from the University of Phoenix, USA	<ul style="list-style-type: none"><li>• Director, Department of Digital Strategy, Investment and Growth.</li><li>• Project Manager of the Fourth Industrial Revolution Center.</li><li>• General Supervisor of Operations Automation Systems and Advanced Operations Systems</li></ul>
13	<b>Firas Hassan Al Mulla</b>	Senior Vice President for Legal Affairs Board Secretary	Head of Investigations and Consultations	Bachelor of Laws, King Saud University, Kingdom of Saudi Arabia. Master of Laws, Seeds Seeds Methodist University	<ul style="list-style-type: none"><li>• Member of the Board of Directors of the Saudi Electricity Company for Project Development.</li><li>• Director of the Legal Department of the Saudi Stock Exchange (Tadawul).</li><li>• Director of Contracts Department at the Communications and Information Technology Commission.</li><li>• Legal advisor at the Saudi Central Bank.</li><li>• An arbitrator accredited by the Ministry of Justice</li></ul>
14	<b>Peter John Chambers</b>	Senior Vice President, Auditor General since 3/8/2021	Senior Vice President for Internal Audit Head of Major Activities Audit Sector	Bachelor of Science (Management) UK Accountant in Public Accounting, UK Certified Fraud Investigator, USA	<ul style="list-style-type: none"><li>• Partner in BDO Chartered Accountants and Consultants, United Arab Emirates.</li><li>• PwC Partner, UK.</li></ul>

S.N	Name	Current Positions	Previous Positions	Qualifications	Experiences
15	<b>Abdul Wahab Hamza Bakr Khushaim</b>	Senior Vice President of Internal Audit until 31/5/2021	Head of engineering sector, Super Volt-age projects	Bachelor of Accounting	<ul style="list-style-type: none"><li>• He worked in many fields in the Saudi Electricity Company for over 25 years</li></ul>
16	<b>Abdul Karim bin Abdulaziz Al-Rasheed</b>	Senior Vice President of Human Resources since 15/11/2021	Vice President of Human Resources at Dr. Sulaiman Al Habib Medical Group	Master's degree in Information Systems from the University of Phoenix, USA	<ul style="list-style-type: none"><li>• Vice President of Business, Distribution and Services Sector at the Olayan Group.</li><li>• General Manager of Human Resources at PepsiCo International.</li><li>• Head of the Support and Support Sector at L'azurde Company</li></ul>
17	<b>Abdul Rahman bin Muhammad Al-Obaid</b>	Senior Vice President of Human Resources until 29/6/2021	Head of Organization and Human Resources Planning Sector - Saudi Electricity Company	Bachelor of Public Administration	<ul style="list-style-type: none"><li>• Chairman of the Human Resources Development Committee - Arab Electricity Union.</li><li>• Vice-President of the Council - Energy Sector Training Council of the Kingdom.</li><li>• Member of the Board of Directors - National Energy Academy.</li><li>• Member of the Board of Directors - Saudi Technical Institute for Electricity Services.</li><li>• Member of the Board of Directors - National Institute for Industrial Training</li></ul>
18	<b>Munther bin Mahmoud Tayeb</b>	Senior Vice President of Communication and Public Relations since 3/10/2021	Strategic Communications Advisor at the Royal Commission for the Development of Riyadh	BA in Applied Linguistics from King Saud University, MA in Mass Communication from University of Leicester, UK	<ul style="list-style-type: none"><li>• MA Mass Communication from the University of Leicester, UK.</li><li>• He worked as General Manager of Corporate Communications at Almarai Company, as General Manager of Institutional Communications at Systems Company. BAE.</li></ul>
19	<b>Hammoud bin Ouda Al-Ghubaini</b>	Senior Vice President of Communication and Public Relations until 3/10/2021	Head of Investment Management Sector - Saudi Electricity Company	MA in English Comparative Literature - King Saud University Bachelor of Languages	<ul style="list-style-type: none"><li>• Vice President - Mobily.</li><li>• General Manager of Relations - Mobily Company.</li><li>• Marketing Manager - Kingdom Holding Company.</li></ul>
20	<b>Taher Mahmoud</b>	Head of Risk Management and Compliance since 1/8/2021	Head of Risk and Assurance - UK Power Networks	Bachelor of Science Information Systems Audit Certificate	<ul style="list-style-type: none"><li>• Experience in auditing.</li><li>• Experience in risk management.</li><li>• Experience in financial management.</li></ul>
21	<b>Jom'aan bin Ali Al-Zahrani</b>	Director of Shareholders Affairs Department	Director of Media Affairs Department - Saudi Electricity Company	Bachelor of Public Relations	<ul style="list-style-type: none"><li>• Member of the Corporate Governance Follow-up Team.</li><li>• The company's representative to the Saudi Capital Market Authority and Tadawul.</li><li>• Internal company news management</li></ul>





### 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)
Khalid Al-Sultan	Saudi Nuclear Energy Holding Company	Inside the Kingdom	Governmental Body	---	---	---
	Education Development Holding Company	Inside the Kingdom	Unlisted Joint Stock	---	---	---
	Corporate Governance Center	Inside the Kingdom	Closed Joint Stock	---	---	---
	The Saudi Technology Development and Investment Company TAQNIA	Inside the Kingdom	Closed Joint Stock	---	---	---
Najm Alzaid	Gulf International Bank – Bahrain	Outside the Kingdom	Closed Joint Stock	Arabian Centers Company	Inside the Kingdom	Listed Joint Stock
	Gulf International Bank – Saudi Arabia	Inside the Kingdom	Closed Joint Stock	---	---	---
	Saudi International Petrochemical Company (SIPCHEM)	Inside the Kingdom	Listed Joint Stock	---	---	---
	The Saudi Stock Exchange “Tadawul”	Inside the Kingdom	Unlisted Joint Stock	---	---	---
Raed Al Rayes	Awqaf Investment Company	Inside the Kingdom	Closed Joint Stock	---	---	---
	GE Saudi Advanced Turbines	Inside the Kingdom	Limited Liability Company	---	---	---

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)
David Crane	Saudi Industrial Development Fund	Outside the Kingdom	Listed Joint Stock	JERA	Outside the Kingdom	Private
	Climate Real Impact Solutions	Outside the Kingdom	Private	---	---	---
	Source Global	Outside the Kingdom	For-profit company	---	---	---
Abdulkarim Alghamedi	Sadara Chemical Company	Inside the Kingdom	Limited liability Company	Saudi Aramco Power Company	Inside the Kingdom	Limited liability Company
	Jazan Integrated for Gas and Energy Transformation	Inside the Kingdom	Limited Liability Company	---	---	---
Nabil Alnaim	Saudi Aramco Entrepreneurship Center (Wa'ed)	Inside the Kingdom	Limited Liability Company	---	---	---
	Aramco Energy Projects	Inside the Kingdom	Limited Liability Company	---	---	---



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)
Walid bin Ibrahim Shoukry	Bupa Insurance	Inside the Kingdom	Listed Joint Stock	KANOO Group	Inside the Kingdom	Limited Liability Company
	Ma'aden Company	Inside the Kingdom	Listed Joint Stock	---	---	---
	Middle East Company for the manufacture and production of paper. (MEPCO)	Inside the Kingdom	Listed Joint Stock	---	---	---
	The Saudi Agricultural Investment and Livestock Production Company (SALIC)	Inside the Kingdom	Unlisted Joint Stock	---	---	---
	Saudi Telecom Company	Inside the Kingdom	Listed Joint Stock	---	---	---
	The Industrialization & Energy Services	Inside the Kingdom	Unlisted Joint Stock	---	---	---
	Arabian Drilling Company Development Authority	Inside the Kingdom	Limited Liability Company	---	---	---

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)
Mohammed bin Abdul Rahman Al-Blaihed	Fund of Funds Company	Inside the Kingdom	Unlisted Joint Stock	Eastern Province Cement Company	Inside the Kingdom	Listed Joint Stock
	Saudi Recycling Investment Company	Inside the Kingdom	Unlisted Joint Stock	The Saudi Jordanian Investment Fund Company	Outside the Kingdom	Unlisted Joint Stock
	Electricity and Water Utilities Company in Jubail and Yanbu	Inside the Kingdom	Unlisted Joint Stock	---	---	---
	Manufacturing and Energy Services Corporation	Inside the Kingdom	Unlisted Joint Stock	---	---	---
Rashid bin Ibrahim Sharif	KAFD Development & Management Company	Inside the Kingdom	Unlisted Joint Stock	Alinma Investment	Inside the Kingdom	Closed Joint Stock
	National Commercial Bank	Inside the Kingdom	Listed Joint Stock	Saudi Basic Industries Corporation (SABIC)	Inside the Kingdom	Listed Joint Stock
	Accorinvest	Outside the Kingdom	Unlisted Joint Stock	Tahakom Investments Company	Inside the Kingdom	---
	Saudi Telecom Company (STC)	Inside the Kingdom	Listed Joint Stock	Rua Al Madinah Holding Company	Inside the Kingdom	---





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

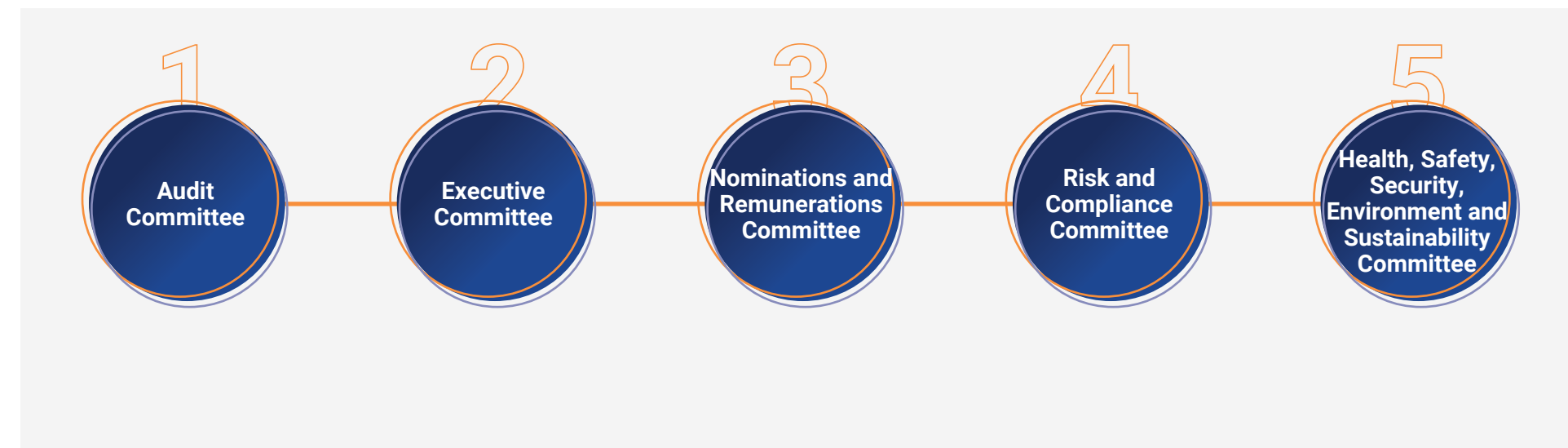
\* The CMA was notified of changing the capacity of the Board member from independent to non-executive on 09/06/2020.



During 2021, the Board Secretariat has not received any proposals or observations from the Company's shareholders on its performance.



During 2021, the Board of Directors will have four standing committees:





## 1 - Audit Committee:

The General Assembly approved the formation of the Audit Committee, its functions, tasks, controls, and the remuneration of its members, for the seventh session of the Board, so that the Committee shall be composed of two members of the Board of Directors and three external members, provided that it shall begin its work as of 21/01/2021.

The Committee is responsible for reviewing the company's financial and administrative policies and procedures, procedures for preparing financial reports and their outputs, and reviewing internal audit reports and notes to make recommendations to the Board of Directors regarding the appointment and dismissal of certified accountants, determining their fees, and ensuring their independence. The Committee shall also study the preliminary and annual financial statements before submitting them to the Board of Directors and expressing an opinion on them, the chartered accountant's notes on the financial statements, and the audit plan with the chartered accountant and expressing its observations thereon, as well as other reviews on a regular and periodic basis to be enabled to evaluate the efficiency and effectiveness of oversight activities, risk management, compliance assurance, and anti-fraud and anti-corruption activities.

The Committee held (11) meetings during the fiscal year 2021, as shown in the following table:

attendance	✓	absence	✗										
Name	Membership nature		Number of Meetings (11) / Meeting Dates										
			1	2	3	4	5	6	7	8	9	10	11
			25/01	02/02	03/03	29/03	01/04	02/05	10/06	05/08	06/09	04/11	15/11
Walid bin Ibrahim Shoukry	Chairman	11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Suleiman bin Abdulaziz Al-Tuwaijri	Vice Chairman	11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Issam bin Alwan Al Bayat	Member	11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Khalid bin Salem Al Ruwais	Member	10	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
* Kurdish Khalid bin Amr	Member	7	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓

\* Dr. Amr Bin Khaled Kurdi joined the Committee after being appointed by the 22nd Ordinary General Assembly held on 27/4/2021.

## 2 - Executive Committee:

The Executive Committee consists of (5) members and is responsible for reviewing plans and studies related to the restructuring of the Company's activities, the general budget (capital and operational), projects proposed by the executive management, studies, plans, and related financing methods. In addition to the periodic review of the Company's achievements and participation in the development of strategic plans, as that includes opportunities for merger and acquisition after reviewing the Company's performance and making recommendations to the Board regarding loan and mortgage operations and guarantee requests, reviewing and evaluating proposals for new capital investments, approving projects within the powers of the Committee, receiving all reports of fundamental decisions taken by the Company's management, and making recommendations to the Board of all decisions that exceed its powers.

The Committee held (7) meetings during the fiscal year 2021, as shown in the following table:

attendance	✓	absence	✗							
Name	Membership nature	Number of attending meetings	Number of Meetings (7) / Meeting Dates							
			1	2	3	4	5	6	7	
			19/01	08/03	06/04	21/06	15/09	24/11	22/12	
Khalid bin Saleh Al-Sultan	Chairman	7	✓	✓	✓	✓	✓	✓	✓	
Rashid bin Ibrahim Sharif	Member	1	✓	Committee membership ended on 20/01/2021						
Gerard Mistrallet	Member	0	✗							
David Crane	Vice president	2	Committee membership begin on 21/01/2021		✗	✗	✗	✓	✗	✓
Issam bin Alwan Al Bayat	Member	6			✓	✓	✓	✓	✓	✓
Abdul Karim bin Ali Al-Ghamdi	Vice President until 20/01/2021 committee member since 21/01/2021	7	✓	✓	✓	✓	✓	✓	✓	
Muhammad bin Abdul Rahman Al-Blaihed	Member	7	✓	✓	✓	✓	✓	✓	✓	



### 3 - The Nominations and Remunerations Committee:

The Nominations and Remunerations Committee consists of (5) members and is responsible for preparing a clear policy for the remunerations of the members of the Board, the committees emanating from the Board, and the Executive Management, clarifying the relationship between the granted remunerations and the applicable remuneration policy and indicating any fundamental deviation from this policy so that the Committee shall periodically review the remuneration policy, evaluate its effectiveness in achieving the desired objectives, make recommendations to the Board regarding the remuneration of members of the Board, its committees, and senior executives of the company under the approved policy, review the basis for distributing annual bonuses approved by the Board and submit recommendations in this regard to the Board.

The Committee is also concerned with proposing clear policies and criteria for membership in the Board and the executive management, making recommendations to the Board regarding the nomination of new members or re-nomination of current members following the approved policies and standards, and preparing a description of the capabilities and qualifications required for membership of the Board and the functions of executive management. The Committee shall conduct an annual review of the requirements for the necessary skills or appropriate expertise for the membership of the Board and the functions of the executive management, review the structure of the Board and the executive management, verify the independence of the independent members, and ensure that there is no conflict of interest if the member of the Board is a member of the Board of Directors of another company. Among its competencies are also setting job descriptions for executive and non-executive members, independent members, and senior executives, with setting up special procedures in the event of a vacancy in the position of a member of the Board or senior executives, identifying weaknesses and strengths in the Board, reviewing general policies and regulations for human resources, and nominating the CEO of the Company, reviewing his annual allowances and bonuses, and submitting a recommendation to the Board regarding the extension of the CEO's term of office.

One of the other committee's tasks is to review the amendments to the Company's organizational structure, human resources systems and regulations, work organization regulation, list of penalties and bonuses, and the basis for the annual bonuses for all the company's employees, as well as to make recommendations to the Board regarding them.

It also determines the qualifications necessary for membership of each of the committees, especially the Audit Committee, ensures that there is an induction program for the Company's business for new members of the Board, provides a continuing education program for all members of the Board, ensures that the CEO has done the necessary procedures to transfer his responsibilities quickly and effectively, prepares standards for evaluating the CEO's performance and informing him of that, assisting the Board in preparing standards for evaluating the Chairman and members of the committees' performance, reviewing and approving the Company's objectives related to the CEO's compensation, and reviewing the CEO's performance on an annual basis, management development programs, job replacement plans for senior executives, and evaluation objectives, in addition to preparing an annual report on the remuneration paid to the executive management to be included in the Company's annual report.

The Committee held (17) meetings during the fiscal year 2021, as shown in the following table:

attendance		✓	absence		✗															
Name	Membership Nature	Number of attending meetings	Number of Meeting (17) / Meeting Dates																	
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
			09/02	16/03	08/06	12/06	29/06	26/07	03/08	17/08	26/08	09/09	19/09	28/09	25/10	16/11	22/12	28/12	31/12	
Abdulkarim	Chairman	8	✓	✓	✓	✗	✗	✗	✓	✗	✗	✗	✗	✓	✗	✓	✓	✗	✓	
Ra'eed Allrayes	Vice president	17	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Khalied Bin Saleh Alsultan	Member	17	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Najm Al-Zaid	Member	17	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Rashid bin Ibrahim Sharif	Member	8	✓	✓	✓	✓	✓	✓	✓	✓	His membership in the committee ended on 24/08/2021									
Mohammed bin Al-Blaihed	Member	8	His membership in the committee begin on 26/08/2021								✗	✓	✓	✓	✓	✓	✓	✓	✓	✓



4 - Risks and Compliance Committee:

The Risk and Compliance Committee consists of (5) members concerned with identifying risks that threaten the Company’s plans and strategies while supervising risk management and compliance, evaluating the effectiveness of identifying and measuring the risks to which the Company is exposed, re-evaluating the Company’s ability to take risks while determining the acceptable level in this regard, ensuring compliance, and submitting reports related to managing risk and compliance to the Board, in line with making the necessary recommendations on risk management and compliance. It is also concerned with ensuring the availability of the necessary and sufficient resources to manage risks and achieve the required commitment, in addition to verifying the independence of risk management and compliance staff, as a new organizational unit has been formed to deal with business integrity in the Company, with specified tasks and competencies, as its bylaw has been approved as well by the Board.

The Committee held (6) meetings during the fiscal year 2021, as shown in the following table:

attendance ✓

absence ✕

Name	Membership Nature	Number of attending meetings	Number of Meetings (6) / Meeting Dates					
			1	2	3	4	5	6
			23/02	23/03	20/04	20/06	06/09	09/12
Walid bin Ibrahim Shoukry	Chairman of the Committee since 06/06/2021	6	✓	✓	✓	✓	✓	✓
	Vice President until 05/06/2021							
Najm bin Abdullah Al-Zaid	Chairman of the Committee until 05/06/2021	6	✓	✓	✓	✓	✓	✓
	Member since 06/06/2021							
Raed bin Nasser Al Rayes	Member	3	✓	✓	✓	His membership ended on 06/06/2021		
Naeem Abdulaziz bin Nabil	Member	5	✓	✓	✕	✓	✓	✓
David Crane	Member	6	✓	✓	✓	✓	✓	✓

5 – Committee on Health, Safety, Security, Environment and Sustainability:

The Health, Safety, Security, Environment and Sustainability Committee consists of (3) members and is specialized in reviewing and approving the processes and behaviors of leaders that contribute to promoting a positive culture of health, safety, security, environment, and sustainability, as well as the internal procedures and standards related to the scope of work and updating them following regulatory requirements and best practices. In addition, the Committee is responsible for reviewing and approving the implementation of the strategic transformation project, along with the health, safety, security, environmental, and sustainability governance systems. Furthermore, the Committee’s tasks include reviewing the technical standards and indicators for monitoring the performance of health, safety, security, environment, and proactive and remote sustainability, the training matrix for all employees, the health, safety, security, environment, and sustainability management process in contracts the supply chain, the annual plans, and objectives and budgets that relate to the Committee’s scope of work to achieve compliance on all management levels.

The Committee is also responsible for reviewing and circulating imminent accidents with very serious consequences, plans for dealing with security threats and attacks on the Company’s facilities or assets, crisis and security disaster management plans, business continuity procedures and ensuring that they are updated periodically, and preparing the annual report on health, safety, security, environment, sustainability, and related disclosures.

The Committee also identifies and monitors emerging risks and compliance with policies related to the scope of work, and cooperates with other committees to take note of the audits planned to be implemented in the following year. The Committee receives reports on the audits carried out in the Company and the solutions needed to address them, conducts field visits, reviews reports related to the scope of work and final investigations of accidents, as well as periodic reports on the implementation of treatment and improvement recommendations, and evaluates performance based on approved standards and indicators every quarter, as a minimum.

The Committee also makes recommendations to the Board on strategic initiatives to achieve sustainability and business development while directing advice and consultation to the executive management and supervising the building and consolidation of the Company’s health and safety culture to reach international levels. The Committee also reviews the criteria related to the scope of work on the plans of the executive management objectives and short-term incentives, with recommendations to the Nominations and Remunerations Committee in this regard, and coordinates with the Board’s committees to ensure that health, safety, security, environment, and sustainability risks related to the committee’s scope of work are adequately addressed in the risk register.

The Committee held (6) meetings during the fiscal year 2021, as shown in the following table:

attendance ✓ absence ✕

Name	Membership Nature	Number of attending meetings	Number of Meetings (6) / Meeting Dates					
			1	2	3	4	5	6
			20/06	27/07	13/09	22/11	12/12	21/12
Nabil bin Abdulaziz Al-Naeem	Cairman	6	✓	✓	✓	✓	✓	✓
Issam bin Alwan Al Bayat	Member	6	✓	✓	✓	✓	✓	✓
David Crane	Member	5	✓	✓	✓	✓	✕	✓





## 7 - The means by which the Governing Council evaluates its performance and that of its committees and members:

Each year, the Governing Council conducts its performance and that of its committees and members in accordance with the policy of evaluating the performance of the Governing Council, its committees and the Executive Chairman, in accordance with the competency assessment models to continuously improve the quality and effectiveness of performance by identifying the strengths and weaknesses of each of its members, and the decisions and recommendations of the Governing Council and related matters are reviewed and evaluated, and regularly assess the overall functioning and efficiency of the Council



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

#### Payment of Remunerations:

Other net expenses/revenues 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								
	A certain amount of money*	Total allowance for attending committee sessions	Total allowance for attending committee sessions	Certain advantages	Rewarding technical, administrative and advisory works**	Remuneration of the Chairman or Managing Director Or the Secretary if he is a member ***	The total****	Percentage of profits	Rewards period	Short-term stimulus plans	Long-term stimulus plans	Given shares (value entered)	Total	Service End Rewards	Total summation****	Expenses allowance
First: Non-Executive Members																
1	Khalid bin Saleh Al-Sultan	398,000	30,000	72,000	0	171,000	1,200,000	1,871,000	0	0	0	0	0	0	1,871,000	8,364
2	Najm bin Abdullah Al-Zaid	347,708	27,000	69,000	41,292	15,000	0	500,000	0	0	0	0	0	0	500,000	0
3	Raed bin Nasser Al Rayes	300,000	30,000	60,000	28,750	21,000	0	439,750	0	0	0	0	0	0	439,750	0
4	Issam bin Alwan Al Bayat	462,500	30,000	72,000	0	340,000	0	904,500	0	0	0	0	0	0	904,500	219,872
5	Rashid bin Ibrahim Sharif	148,931	21,000	27,000	28,750	9,000	0	234,681	0	0	0	0	0	0	234,681	0
6	Mohammed bin Abdulrahman Al-Blaihed	211,430	9,000	45,000	20,700	6,000	0	292,130	0	0	0	0	0	0	292,130	0
7	7 Nabil bin Abdulaziz Al-Naeem	370,000	27,000	33,000	28,750	24,000	0	482,750	0	0	0	0	0	0	482,750	35,374.40
Total		2,238,569	174,000	378,000	148,242	586,000	1,200,000	4,724,811	0	0	0	0	0	0	4,724,811	263,610.40

	Fixed Remunerations							Variable Remunerations								
	A certain amount of money*	Total allowance for attending committee sessions	Total allowance for attending committee sessions	Certain advantages	Rewarding technical, administrative and advisory works**	Remuneration of the Chairman or Managing Director Or the Secretary if he is a member ***	The total****	Percentage of profits	Rewards period	Short-term stimulus plans	Long-term stimulus plans	Given shares (value entered)	Total	Service End Rewards	Total summation****	Expenses allowance
First: Non-Executive Members																
1	Abdul Karim bin Ali Al-Ghamdi	396,250	30,000	45,000	28,750	174,000	0	674,000	0	0	0	0	0	0	674,000	78,096
2	Walid bin Ibrahim Shoukry	446,250	27,000	48,000	28,750	80,000	0	630,000	0	0	0	0	0	0	630,000	68,344
3	David Crane	434,000	27,000	39,000	0	67,000	0	567,000	0	0	0	0	0	0	567,000	138,902.49
Total		1,276,500	84,000	132,000	57,500	321,000	0	1,871,000	0	0	0	0	0	0	1,871,000	285,342.49

\* 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
Audit Committee Members				
Walid bin Ibrahim Shukri	180,000	33,000	213,000	24,796
Suleiman bin Abdulaziz Al-Tuwaijri	130,000	33,000	163,000	16,092
Issam bin Alwan Al Bayat	130,000	33,000	163,000	24,796
Amr Khaled Kurdi	97,500	21,000	118,500	18,118
Khaled Salem Al-Ruwais	130,000	30,000	160,000	28,846
Total	667,500	150,000	817,500	112,648
Executive Committee Members				
Khalid bin Saleh Al-Sultan	163,000	21,000	184,000	0
David Crane	101,500	6,000	107,500	4,431.83
Abdul Karim bin Ali Al-Ghamdi	130,000	21,000	151,000	29,820
Rashid bin Ibrahim Sharif	0	3,000	3,000	0
Mohammed bin Abdulrahman Al-Blaihed	130,000	21,000	151,000	0
Issam bin Alwan Al Bayat	130,000	21,000	151,000	35,184
Total	654,500	93,000	747,500	69,435.83
Members of the Nominations and Remunerations Committee				
Abdul Karim bin Ali Al-Ghamdi	180,000	24,000	204,000	32,184
Raed bin Nasser Al Rayes	130,000	51,000	181,000	0
Khalid bin Saleh Al-Sultan	130,000	51,000	181,000	0
Najm bin Abdullah Al-Zaid	105,622	51,000	156,622	0
Rashid bin Ibrahim Sharif	78,929	24,000	102,929	0
Mohammed bin Abdulrahman Al-Blaihed	46,429	24,000	70,429	0
Total	670,980	225,000	895,980	32,184

	Fixed Remunerations (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expenses Allowance
Members of the Risk and Compliance				
CommitteeWalid bin Ibrahim Shukri	161,250	15,000	176,250	10,728
Najm bin Abdullah Al-Zaid	146,750	18,000	164,750	0
Raed bin Nasser Al Rayes	65,000	9,000	74,000	0
Nabil bin Abdulaziz Al-Naeem	130,000	15,000	145,000	10,728
David Crane	130,000	18,000	148,000	0
Total	633,000	75,000	708,000	21,456
Members of the Health, Safety, Security, Environment and Sustainability Committee				
Nabil bin Abdulaziz Al-Naeem	135,000	18,000	153,000	10,526.85
Issam bin Alwan Al Bayat	97,500	18,000	115,500	19,432
David Crane	97,500	15,000	112,500	48,554
Total	330,000	51,000	381,000	78,512.85

#### D) Remuneration of Five of the Senior Executives who recieved the highest remuneration (including the CEO and CFO)\*:

Fixed Remunerations				Variable Remunerations								
Salaries	Allowanc- es	In-kind benefits	Total	Perodic Remunera- tions	Earnings	Short term motiva- tional plans	Long term motiva- tional plans	Value of granted shares	Total	End of Service benefits	total remu- nerations of Exec- utives, if any	Grand Total
8,765,156	3,000,828	0	11,765,984	13,196,000	0	0	0	0	13,196,000	4,677,200	0	29,639,184



#### 9 - Sanctions and Penalties Imposed on the Company:

The signatory of the sanction or penalty	Reason	Value	Corrective action taken by the company to avoid its recurrencesanction or penalty
Ministry of Human Resources and Social Development	The company did not form a committee to investigate cases of behavioral abuse in the working environment. The employee's complaint was examined by the company's investigation department regarding the correspondence between him and his direct boss, which included directives regarding the workflow and procedures, and did not include any behavior infringement against the complainant employee.	15,000SAR	The objection was rejected and the company paid 15,000 riyals
Ministry of Human Resources and Social Development	Failure to open a business file at the office or to update the business data at the Saudi Electricity Company. The Ministry of Human Resources has four files, including the South Business Area Facility No. 11-60191, which contains all the data of the company's employees in the Jazan region and all other business areas in the southern region. The company is fully prepared to provide the Ministry with any data pertaining to the company's employees in the Jazan region and any other information.	10,000 SAR	The objection was rejected and the company paid 10,000 riyals



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

The Audit Committee held (11) meetings during the fiscal year 2021 to conduct an independent evaluation on the effectiveness of internal control and the fairness of the financial statements, bearing in mind that among the responsibilities of the Audit Committee are the following:

- Studying the preliminary and annual financial statements prepared by the Company's management.
- Studying the reports of the external auditor and the management letter if it included any observations about the internal control systems.
- Recommending the Board to appoint the external auditor and review his plan and work.
- Supervising the internal audit activity and approving the annual audit plan based on risks.
- Reviewing the periodic reports of the internal audit and following up the corrective actions to enhance the internal audit environment in the Company, bearing in mind that the Executive Management is responsible for designing and implementing the internal audits and the internal control system in the Company, as it makes continuous improvements to raise the efficiency and effectiveness of the internal control system.

The Audit Committee did not find a fundamental defect in the internal audit, as it is not possible to confirm the effectiveness of any internal audit system with a degree of complete reliability, within the limits of the results of the planned and additional audit tasks that were implemented by the internal audit activity and after discussion with the external auditor and the executive management about the preliminary and annual financial statements for the fiscal year 2021.



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

The Company conducts regular internal audits. 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.





## Corporate Social Responsibility Strategy





## 13 - Corporate Social Responsibility Strategy:

### Helping to create a better world in 2021:

Saudi Electricity believes strongly in leading by example as a responsible business. In keeping with our CSR pledges to our employees, stakeholders and society as a whole, in 2021 we delivered on a number of initiatives targeted at social mobility, safety and wellbeing.

Some of the most prominent include:

- The company's employees directly raising more than (5) million SAR for charities on the Internal Deductions Program for Sustainability and Financial Efficiency.
- A donation of (2) million SAR to the Ihsan Charity Platform, for financial sustainability and efficiency.
- Creating training opportunities for (2,051) male and female students in cooperative and summer training programs to help empower individuals and support talent.
- Organizing safety and fire training courses for more than (500) students at the Technical College for Girls in Riyadh to promote awareness of the importance of safety.
- Organizing a nine-week Twitter Safety Account competition to raise safety awareness in a number of areas, raising the number of followers from (69,000) to more than (100,000).
- Sponsoring (25) families of prisoners in cooperation with the National Committee for the Welfare of Prisoners and Released Prisoners and their Families "Tarahum" to achieve sustainability and financial efficiency
- Conducting (6) strategic agreements and partnerships with charities to support social responsibility programs and empower society and individuals to achieve financial sustainability and efficiency.
- Supporting social welfare activities and programs by organizing sports, cultural, social and recreational activities for the beneficiaries of charities, humanitarian institutions and hospitals in the company's clubs in business areas to empower individuals and society and support talent.

- (500) tweets on culture of safety and awareness on the dangers of misuse of electricity and public safety through social media platforms.
- Participation in local and international safety conferences, including: The Saudi International Conference on Industrial Safety and Loss Prevention and the Fourth Conference on Occupational Safety and Health aim to raise awareness of the importance of safety and security.

### Participation in a number of events such as:

- International Orphan Day
- Autism awareness
- Breast Cancer Awareness Month
- World Alzheimer's Day
- World Environment Day
- Promoting conservation initiatives for the critically endangered Arabian Leopard
- Training workshops were held for six charities to develop their leadership skills in order to achieve business sustainability and empower individuals.

### Social responsibility in 2021



### Social Responsibility



**6 agreements** and strategic partnerships with charitable organizations.



Organizing a variety of activities in the business zones



**Training workshops** for **6 charities** with the aim of developing leadership skills.



**Granting 2 million riyals** to the Ihsan platform for charitable work.



**2,051 training opportunities** for male and female students in training programs



**Sponsorship of 25 families** of prisoners, in cooperation with the "Tarahum" Committee.



Conducting competition about "Safety" on Twitter



**Raising more than 5 million riyals** in donations from employees to charitable organizations through the deductions program.



Training courses in safety and firefighting



Participation in local and international safety conferences.



Participation in a number of events such as:

- |   |   |
|---|---|
| <b>01</b> International Orphan Day                                    | <b>02</b> Awareness of Alzheimers   |
| <b>03</b> Autism awareness  | <b>04</b> Breast cancer awareness   |
| <b>05</b> Participation in awareness-raising on World Environment Day | <b>06</b> Presenting an introduction to the Arabian Leopard, which aims to raise the importance of protecting him |





## Main activities of the company

and general assemblies held during the fiscal year 2021





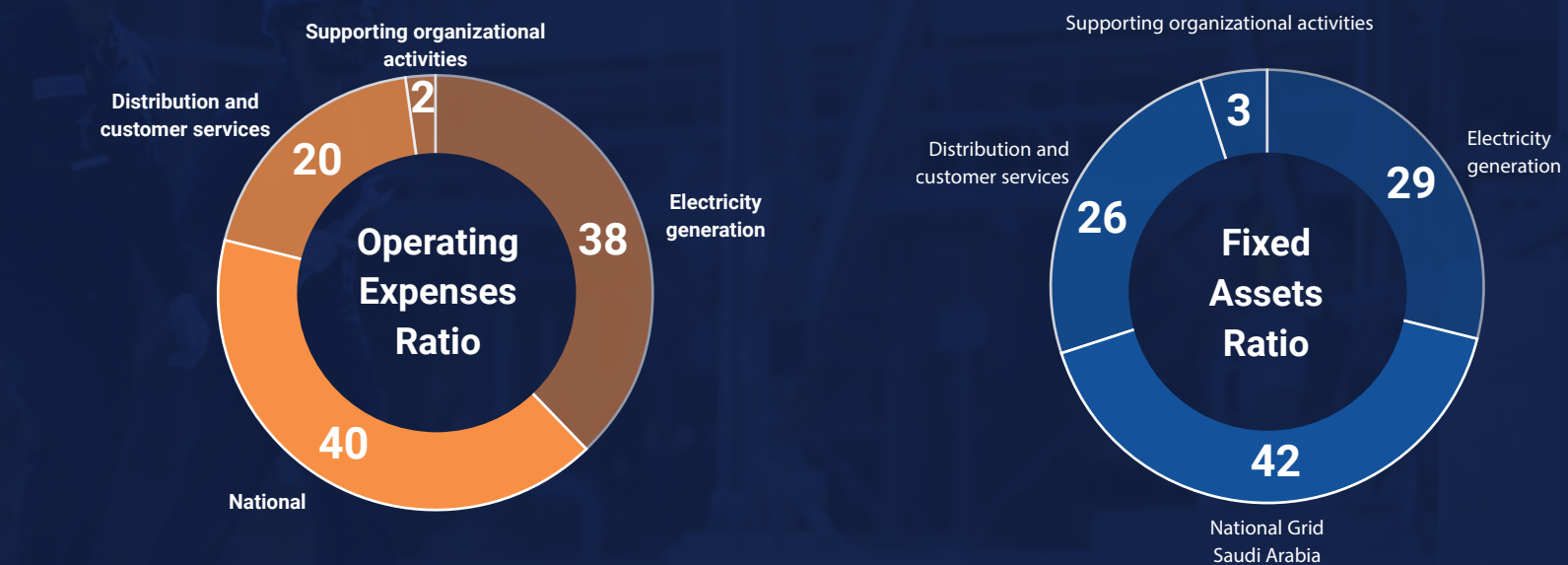
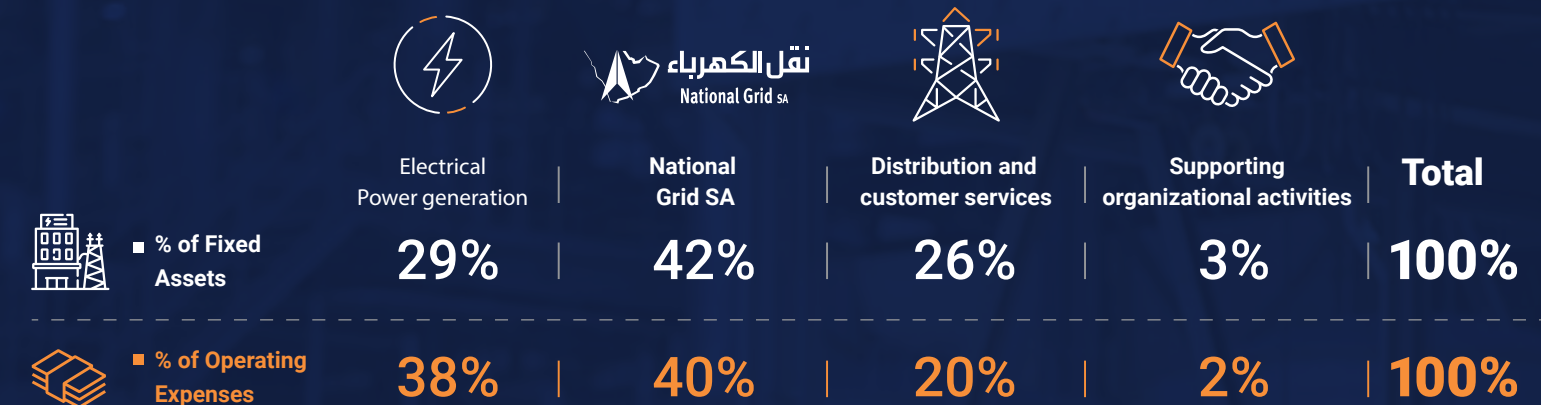
#### 14 - The general assemblies held during the fiscal year 2021, and the names of the members of the Board of Directors attending these assemblies.

The table below shows the dates of the general assemblies and the names of the members of the Board of Directors attending these assemblies for the year 2021:

	attendance ✓	absence ✕	
Name	Meeting of the Twenty-First Ordinary General Assembly 21/01/2021	Meeting of the Twenty-Second Ordinary General Assembly 27/04/2021	
Khalid bin Saleh Al-Sultan	✓	✓	
Najm bin Abdullah Al-Zayd	✕	✓	
Walid bin Ibrahim Shoukry	✓	✓	
Nabil bin Abdulaziz Al-Naeem	✕	✓	
Rashid bin Ibrahim	✓	✓	
Raed bin Nasser Al Rayes	✓	✓	
David Crane	✓	✓	
Abdul Karim bin Ali Al-Ghamdi	✓	✓	
Issam bin Alwan Al Bayat	✓	✓	



#### 15 - Description of the main activities of the company:







## Key Achievements by Subsidiary :

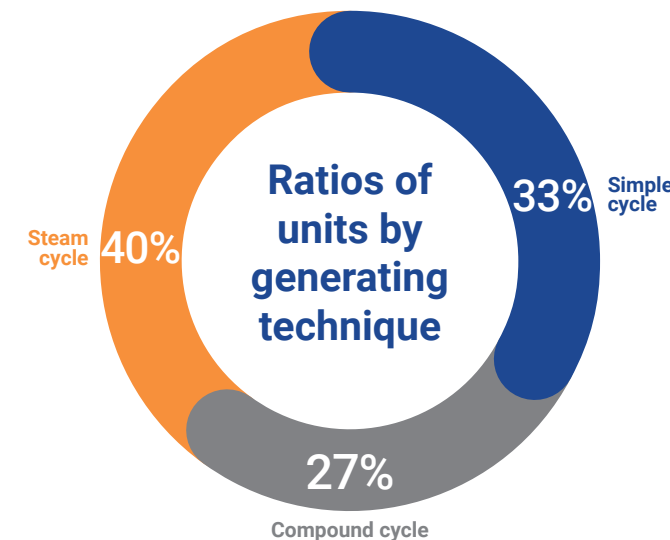
### 1 - The Company's Main Activities:

#### A) Electrical Power Generation Activity:

Electrical Power Generation is one of the main activities of the Saudi Electricity Company. Its main tasks are to produce electric power and contribute to the stability of the electric system. It has a major role in restoring order in the event of total darkness. This is done through (485) electric power production units in (42) power production stations spread throughout most regions of the Kingdom.

Actual capacity ranges from small (15 megawatts) to large (720 megawatts). (These units also have different techniques, including the simple cycle (fixed/mobile) and the combined and steam cycle, which are proportional according to the technology (the simple cycle 33% / compound cycle 27% / steam cycle 40%) and with a total capacity of (55) gigawatts, representing (67%) of the total capacity in the Kingdom.

This makes the Saudi Electricity Company the largest electricity producer in the Middle East region. Total power generated by the generating activity during 2021 amounted to (186.8 terawatts), constituting (54%) of the total electricity that fed the electric system and was consumed (318 million barrels of equivalent oil) with a production efficiency of (37.1%).



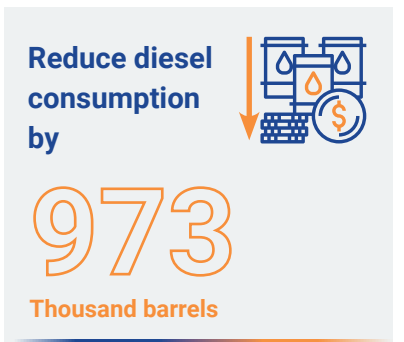
In view of the size of the production capacity of the generating activity, the efficiency of fuel consumption has a tangible impact on the economy. Saudi Electric has implemented several projects to increase the efficiency of electric power production, including the conversion of simple cycle to a composite cycle project and the conversion of diesel units to run on raw fuel. In this framework and as an extension of this plan, in 2021, diesel consumption quantities were reduced by (973,000) barrels compared with last year, and this is a continuation of generation efforts to raise the efficiency of performance and improve the use of fuel from 2016 to the end of 2021, which resulted in the reduction of (23) million barrels of fuel equivalent).

Preparatory work ensured that the operation and maintenance work continued with efficiency and high reliability despite the difficulties faced by the company, foremost among which was the coronavirus pandemic.

During 2021, the maintenance plans were fully implemented in all types (51 units, comprehensive ages) and (112 units, medium maintenance) (125 units, light maintenance) with Saudi equipment trained for this purpose, representing (90.5%) of the total (6,380) employees in the activity.

Generation plants have been established at different times, which has posed a challenge to keep up with the requirements of environmental compatibility. During 2021, projects valued at (14.2) million riyals were approved for continuous improvement in line with environmental regulations and policies.

The safety of workers is a top priority. A total of (79) evacuation plans and (9,500) safety inspections were carried out. As a result of these efforts, no deaths, complex injuries or major injuries were recorded.







### B) Distribution activity and participant services:

The distribution activity and the services of the participants is one of the main activities of the Saudi Electricity Company. Its main tasks are to receive power from the transmission and distribution networks and to provide the participants with a secure and reliable electricity service. Objectives include increasing the rates of electric service delivery. Increasing the rates of electric service delivery to new participants in cities, villages and population centers; continuously improving distribution networks to increase their performance, increasing energy efficiency and facilitating the procedures for delivery of electrical service; developing subscriber service centers and applying the latest technologies; developing the skills of employees in calculating the consumption of subscribers and reading invoices; and continuing interest in raising the efficiency and performance of front-line employees.

The distribution activity and participant services achieved a number of achievements during 2021, the most important of which were:

#### Network Expansion:

- Addition of new (69) kV volt/lower voltage (26,573) switches, an increase of (4%) over the total distribution transformers at the end of 2020 and of (14,633) MVA, an increase of (5%) over the total capacity at the end of 2020.
- Addition of (69) kV or below circuits and earth cables, of circular length (36,034 km), representing an increase of (5%) in total networks at the end of 2020.
- Electrical service delivery for more than (428,000) new subscribers.
- Install (10) million smart counters.



#### Subscriber Service:

- Strong focus on customer service with improved call centre response time, averaging wait times of less than 30 seconds on the call center (933 and 92000).
- Reduction of service voucher duration for new participants after payment to (6) business days with an improvement of (43%) over last year.
- To facilitate billing operations and provide more options for payment, credit card payment was provided through the IVR system and reimbursement was provided through Apple Pay
- Providing the company's diversified services through the "WhatsApp" application.
- Launch a service for subscribers to learn the usage pattern via the Smart Counters website and application.
- Establishment of a comprehensive quality center to monitor the quality-of-service offices' performance in handling complaints.
- Establish an external call center to contact all subscribers with feedback on the service via Twitter or email.
- The operationalization of (14) control centers in different regions, which in turn contributed to enhancing the accuracy of key performance indicators.



#### Improve network reliability:

- Improve average break time indicator for participants by (19.5%) over last year.
- Improve average cutoff index for participants by (21.4%) over last year.
- Improving network performance of the worst nutrients by (41%) over last year.
- The WEAR evaluation of DCS reports (statement of distributability) improved by (70%) compared to 2018, from 1.7 / 5) 2018 (to 2.9 / 5) 2020.
- Raising the ratio of automation in distribution networks to (9%), an increase of (125%) over last year.



#### Safety

- Mecca Electricity Department received the World Safety Award for 2021 from the British Safety Council, considered to be the gold standard for safety affirmation globally.
- Raise the level of occupational safety and health by achieving a high SPI score of (98.32) over the target by (5.48%).



### C). Finance Activity:

Our financial and financing strategy is based on a set of core principles, all of which are based on supporting our strong credit rating linked to the Kingdom's sovereign credit rating to ensure access to a variety of financing sources, instruments, and markets locally and internationally, and to maintain sufficient and appropriate liquidity to meet investment needs, daily operations, and short-term financing needs. In light of this, the Company always looks forward to building long-term relationships with financing partners of all categories, which supports the Company as well as exploits the strong internal flows of operations in meeting the requirements of operating and investment expenditures and strengthening the Company's financial position.

#### Regulatory and Financial Reforms:

In November 2020, a Royal order was issued approving comprehensive regulatory and financial reforms for the electricity sector under the supervision, support, and follow-up of the Supreme Committee for Energy Mix Affairs for Electricity generation and Enabling Renewable Energy headed by His Royal Highness, Crown Prince, Deputy Prime Minister, and Chairman of the Council of Economic and Development Affairs Prince Mohammed bin Salman bin Abdulaziz, which oversees all the work of the Ministerial Committee for the Restructuring of the Electricity Sector headed by His Royal Highness the Minister of Energy, and the membership of His Excellency the Minister of Finance, acting Minister of Economy and Planning, Chairman of the Board of Directors of the National Center for Privatization, His Excellency the Governor of the Public Investment Fund and in coordination with the Electricity Sector Integration teams that involves all government and private entities working in the sector that work in an integrated manner to achieve the objectives of the Kingdom's vision centered on raising the level of service provided to the consumer in the Kingdom of Saudi Arabia.

#### The reforms aim to achieve the pillars of the electric power sector strategy in the Kingdom, which includes:

1. Ensuring the provision of safe, adequate, high quality and efficient electricity supply to all consumers.
2. Increasing the efficiency to ensure the reduction of the costs of providing the electrical service.
3. Raising the quality of electrical service and focusing on consumer satisfaction in the Kingdom about the services provided.
4. Creating a stimulating and attractive environment for investment in the electricity sector that contributes to economic development and is in line with the requirements of the Saudi Vision 2030.
5. Pioneering environmental commitment and contributing to enabling the Kingdom to achieve sustainable development goals.
6. The sector's contribution to the development of local content, the localization of national industries, and the development of national capabilities.

The reforms that have taken place address a number of financial challenges that the electricity sector and the Company faced in the past, and lay the foundation for a sustainable, stimulating, and attractive financial structure for investment in the electricity sector. It is expected that these reforms will reflect positively on the sector's performance by enabling raising the efficiency of generation power plants, reducing the use of liquid fuels, raising the level of environmental compliance, and enhancing the reliability of the electricity transmission network. These reforms aim to enable the production of electricity from renewable energy sources to achieve the objectives of the optimal energy mix for electricity production, improve and automate distribution networks, and enhance the reliability of the service provided to the consumer.

#### The regulatory and financial reforms approved by the Royal order included the following:

1. Cancelling the government fee imposed on the Company by Royal order No. 14006 dated 23/03/1439 AH, as of 01/01/ 2021.
2. Adopting the regulation of the Company's revenues according to the minimum operating costs model to determine the required revenue for

the fiscal year (2020), provided that this required revenue shall cover all operating and financing costs, including the distribution of dividends due to all shareholders, including the Public Investment Fund.

3. Adopting the regulation of the Company's revenues according to the Regulatory Asset-Based Model, starting from the fiscal year (2021).
4. Reclassification of the net financial obligations owed to the government by the Company.

#### The balancing account for the year 2021:

The Company received the letter of the Minister of Energy, Chairman of the Ministerial Committee, to restructure the electricity sector and the Saudi Electricity Company No. 2057 dated 29/03/1442 AH corresponding to 15/11/2020, indicating the cancellation of the government fee as of 01/01/2021, and approving the adoption of a Regulatory Asset Based (RAB) Model as a mechanism to regulate SEC's revenue, effective 2021 with a regulated return according to the weighted average cost of capital specified in the letter of (6%). The letter also affirmed that the regulatory reform includes the continuation of applying the the balancing account to cover the difference between the required approved revenue and the Company's actual revenue from the tariff applied by the Water and Electricity Regulatory Authority.

During the fiscal year 2021 the Company recognized an amount of (1.7) billion Saudi riyals as a balancing account in the consolidated income statement within other operating revenue for the year ended on December 31, 2021, according to the management estimates. Moreover, the re-estimation of the balancing account at 2021 has led to a reduction in revenue with an amount SAR 514 million with subsequent increase in accruals and other payables.

The Company recognized an amount of (6.1) billion Saudi riyals in the consolidated income statement within the Item of Other Operating revenue for the year ending on 31/12/2020, from the balancing account, where the required revenue for the Saudi Electricity Company was measured according to the minimum operating costs model, which ensures that all operating and financing costs are covered, including the distribution of dividends due to all shareholders, including the Public Investment Fund.





**Mudaraba Agreement:**

In the implementation of the Letter received from His Royal Highness, Minister of Energy, Chairman of the Ministerial Committee for the Restructuring of the Electricity Sector No. 01-2057-1442 AH dated 29/03/1442 AH corresponding to 15/11/2020 following the issuance of a Royal order approving the settlement of the net government dues on the Company and signing a Mudaraba Agreement with the government of the Kingdom of Saudi Arabia (the government) represented by the Ministry of Finance to convert the net financial obligations owed to the government by the Company amounting to (167.9) billion Saudi riyals into a financial instrument within equity.

The net financial obligations owed to the government by the Company amounting to (167.92) billion Saudi riyals were converted into an unsecured perpetual financial instrument with a redemption option and a profit rate of 4.5% per annum for 3 years ending in 2023. The profit margin after 2023 shall be determined by a negative difference of (1.5%) from the Company's weighted average cost of capital rate, which is determined in each regulatory cycle (every 3 years). The profit margin is payable if it is decided to distribute cash dividends to holders of ordinary shares and timely receiving of payments of the balancing accounts due amounts. This financial instrument is Shariah compliant and is classified under equity and is considered non-dilutive to existing shareholders' stakes or their rights.

**Details of the net government obligations included in the financial instrument by the Mudaraba Agreement signed on 15/11/ 2020:**

Statement	Amount (billion Saudi Riyals)
Government interest-free loans	84.3
Government payables	110.3
Other payables	2.3
Settlement of Saudi Aramco's dividends - before 2017*	3.4
The total obligations owed to the government by the company	200.3
Less: Government electricity receivables	(32.4)
<b>Net government liabilities reclassified to equity</b>	<b>167.9</b>

\* The General Assembly, in its meeting held on 12/05/1442 AH corresponding to 27/12/2020, approved to settle the dues of Saudi Aramco dividends - transferred on the books of account to the Ministry of Finance - from its dividends in the Company for the period since its establishment until the end of 1439 AH at an amount of (3.4) billion riyals and add the amount to the amount of the financial instrument.

**Creation of a contractual reserve to pay the profits of the Mudaraba Agreement (financial instrument):**

The General Assembly held on 12/05/1442 A.H. 27/12/2020 approved the establishment of an a contractual reserve for the purpose of paying the profits of the Mudaraba instrument concluded between the company and the Ministry of Finance. Authorize the Board of Directors to transfer from the company's retained earnings to the contractual reserve and authorize the Board of Directors to use the contractual reserve to pay the profits of the financial instrument in accordance with the provisions of the Mudaraba contractual. The amount of (7,661) million riyals from the retained earnings was transferred to the contractual reserve for the Mudaraba Instrument during the fiscal year 2021. This compares with the amount of (927) million riyals transferred from the retained earnings to the contractual reserve for the profit of the financial instrument during the fiscal year 2020. The amount of (7,728) million riyals was disbursed during the year 2021 to the profit from the financial instrument (the Mudaraba instrument) by deducting from the contractual reserve.

**The positive impact of regulatory and financial reforms on the financial position and credit rating of the company:**

- The Regulatory and financial reforms are part of the programs of Vision 2030 and reflect the Kingdom's keenness to ensure the financial and operational sustainability of the electricity sector as one of the main inputs for most economic activities.
- The regulatory framework enables the Company to meet the capital and operating requirements, with the ability to finance and implement the necessary electrical projects promptly and maintain the stability of the electricity system.
- These reforms aim to enable the electricity sector to raise the generation efficiency of stations, reduce the use of liquid fuels, raise the level of environmental compliance, and enhance the reliability of the electricity transmission network to enable the production of electricity from renewable energy sources to achieve the objectives of the optimal energy mix for electricity production, improve and automate distribution networks, and enhance the reliability of the service provided to the consumer.
- The Regulatory and financial reforms enable long-term planning, which contributes to improving efficiency.
- The agreement to reclassify the financial obligations owed to the government at their unprecedented value is a historical agreement that enhances the financial position of the Company and makes its capital structure more sustainable, as the net financial obligations owed to the government were refinanced by converting it to a financial instrument at an amount of (167.92) billion riyals, representing approximately (35.4%) of the total size of the Company's total assets as at the end of 2021, within the equity of the shareholders, without any impact on the ownership percentage of the ordinary shareholders of the Company.
- The regulatory reforms enabled the Company to raise its cash flows from operations, which improved the Company's debt coverage ratios and credit profile and thus its ability to finance its future projects.
- In a testimony confirming the effectiveness of the reforms and their contribution to improving the Company's financial position and credit profile, the Company's credit rating was upgraded in November 2020, following the announcement of the regulatory and financial reforms, by Moody's, from grade A2 to A1, which is the same grade as the Kingdom's sovereign credit rating. In addition, the

Company's independent rating has been upgraded (excluding the impact of government support) by the global credit rating agencies Fitch and Standard & Poor's.

- The Company has succeeded, until the date of this report, in maintaining a strong investment-grade credit rating according to international credit rating agencies, similar to the Kingdom's sovereign credit rating, by Standard & Poor's, Fitch, and Moody's (A-, A, A1), respectively, with a stable outlook.

**Shareholders and Investor Relations:**

The Company works to achieve the aspirations of the shareholders, develop their rights, and facilitate their access to information, as enhancing the quality of disclosure of financial results, important developments, and fundamental changes focused on the timing factor and the method of communicating results to shareholders while adhering to the regulations and instructions of the Capital Market Authority and the instructions for disclosure and transparency contained in Article (90) of the Corporate Governance Regulations issued by the Capital Market Authority.

The Company continued its efforts to enhance ways of communication with its shareholders and urge them to deposit their share certificates in investment portfolios to achieve the smooth flow of depositing their due dividends in their accounts linked to their portfolios with various banks during the first day of dividends disbursement, as the Company is always keen to communicate effectively with the relevant authorities in the financial market and exchange information related to the Company with investors and financial and investment institutions.

The Company organizes periodic virtual telephone meetings with investors and analysts, through which the Company's financial and operational performance and financial results are explained and reviewed in the framework of developing communication in the local and international capital markets. In addition, the Company participates in events and conferences of interest to investors and the financial community, in general, to provide and increase opportunities for communication with the Company's management. It also works to integrate its achievements in the field of environmental, social responsibility, and governance practices and to disclose them regularly in separate reports issued periodically following local and international standards.



#### D) Human resources activity:

- At the end of 2021, the employment resettlement rate was (93.66%) of the total labor force, which was (32,863) employees.
- In 2021, the company's quality programs achieved financial savings and avoided financial losses exceeding YRI (620) million by applying the recommendations of the improvement studies and proposals
- Creating an Employee Innovation Program to promote a culture of quality and creativity in the company.
- The company received two prizes from the American Ideas Association in 2021:

**Silver Prize:** "Employee Innovation" in the "Excellence in Communication and Marketing" category, Innovation Program.

**Silver Prize:** Management of the ninth-generation station in Riyadh, for immunization studies.

- The company won first place in the British Thought Competition in the design category.

**Employment  
resettlement rate**

93.66%

32,863 Employees

**In 2021, the company's  
quality programs achieved**

620 Million  
Riyal



#### Training and development:

In 2021, the company implemented its development programs, which included the placement of employees in internal and external courses; The total number of participants in the short development courses reached (59,296) in (189,675) training days.

And the number of participants reached (3,015) (5%) of the total participants, while the number of participants in the context of the coronavirus pandemic reached (56,281) (95%) of the total participants, in addition to the implementation of (161) technical, poisonous and professional remote health seminars in cooperation with the largest international manufacturers and local companies and training academies, with (19,758) participants from inside and outside the company. (778) managers were also developed how to raise the level of employee engagement.

The four training institutes of the company achieved excellence in the application of the system of safety management and occupational health, where they obtained a five-star evaluation with an average of (98%) evaluation. To ensure the reliability of the electrical network, reduce accidents and preserve lives and property, toxic courses and technical accreditation tests were implemented through the company's training institutes for (9,548) participants of the contractors' labor.

In order to enhance the company's vision by investing in the training institutes through the provision of training services to foreign parties and the company's contractors, a total of (18) million riyals was achieved in financial revenues.

**Total number of  
participants in the  
short development  
courses**

59,296  
Participants







**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.

Discription	Statics
Total of Participants in the Leadership Development Programs Promoted to Leadership Positions	451 Participant
Total of Participants who attended Leadership Workshops and Programs	11,404 Participant
Total Participants' Training Hours	159,489.90 Hours
Total of Targeted Talent Program Participants in 2020	534 Participant
Total Applied Learning Projects for the Targeted Talent Program until 2021	108 Projects
Total Coaching Hours Delivered to the Participants by the ELDC Coaches till 2021	4,324.6 Hours
A Newly Developed Program by the ELDC titled: Talent Acceleration Journey, as an Extension to the Targeted Talent Program till 2021	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, DisruptiveInnovation and Crisis Management till 2021	79 company leaders attended
The graduates of IMD programs share what they have learned and applied from these development programs with company leaders, with the aim of sharing knowledge in 6 remote discussion sessions until 2021..	320 Participant
Total attendance of a series of «Leadership by Impact» workshops for department managers and sector heads until 2021	2319 Participant
The Executive Center for Leadership Development presented a development plan dedicated to the distribution activity based on the needs of the activity leaders during the year 2021.	169 Participant
The ECLD presented a development plan dedicated to the supply and contract services activity based on the needs of the activity leaders during the year 2021	37 Participant

**Human resources services:**

- The company provides health care for its employees and their family members. (The wife and children are outpatient clinics and sleeping, and the parents are outpatient clinics) by way of insurance through the contract signed with the Mediterranean and Gulf Insurance Company and the cooperative reinsurance program Medgulf, which was renewed with them to continue providing the service for the year 2022 with high benefits. The company's clinics were also operated by an outside investor.
- The digital transformation in the provision of services, which aims at continuous improvement in the provision of services to employees and raising their level of satisfaction through the launching of many services that have become automated (housing loan program, work injury procedures, counseling and guidance program).
- The company has placed priority and great attention in the promotion and promotion of mental and social health in the working environment and the promotion of job satisfaction, which contributes to the increase of productivity among the employees of the company through understanding the nature of psychological and social problems and helping to address them through preventive programs with the aim of preserving human resources and achieving a healthy and sustainable work environment, and developing the spirit of loyalty and effective communication between the company and its employees. In this regard, the company won third place among (300) participants in the competition to promote mental health, which is supervised by the Ministry of Health and implemented by the National Center for the Promotion of Mental Health.



## COVID19 crisis management:

The company responded quickly to the Coronavirus pandemic in accordance with the latest developments and instructions issued by the relevant government agencies in the Kingdom of Saudi Arabia. It activated crisis management and disaster recovery plans led by the crisis management team formed to manage the crisis. Efforts continued in 2021 for the second year in a row, with follow-up, monitoring, investigation, and implementation of health protocols. He urged employees to receive two doses of the COVID-19 vaccine, which contributed to the arrival of (99.93%) of employees who received the vaccine. Confirmed cases and recoveries are monitored daily, with the number of cases reaching the end of 2021 (3,011) confirmed cases, which represents approximately (9%) of the employees of the company. Cases increased at the end of 2021, along with the emergence of the Omicron variant. The leadership team stressed the importance of a third COVID-19 vaccine dose, motivating staff to boost their protection from the disease.

The company has also implemented a number of evidence-based policies to deal with the pandemic, with the continuous occurrence of incidents, which has been updated, as well as updates of the Ministry of the health update The English version was published on the company's website in two languages and includes a guide on (15) policies.

Initiatives to raise awareness of COVID-19 included:

- 1 Sensitization and remote training workshops for staff.
- 2 Training of visual screening officials.
- 3 Health awareness messages from company channels.
- 4 Human factors engineering and laptop remote work.
- 5 Strengthening mental health in the face of the pandemic.
- 6 Skin health and use of sterilizers.
- 7 Protective measures for pregnant women.
- 8 The safety of the vaccine and the importance of community access to 80% of community immunity.
- 9 The importance of dose activation.
- 10 Raise awareness of the Omicron variant and the importance of receiving vaccine.
- 11 A number of five communication channels (I-CLEAR) have been activated to report suspected and confirmed cases to employees and contractors.





## Subsidiary Companies



## 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:

Operating the electrical system and following up the loads around the clock, while raising the efficiency of the electrical system by economically operating all generation stations connected to the electrical network and maintaining the transmission network to ensure the transmission of electrical energy to load centers throughout the Kingdom with high reliability and stability. The Company is also concerned with the expansion and enhancement of the electrical transmission network of substations and transmission lines of (110) kilovolts and above, as well as the capacity of the telecommunications network through multiple stages that include planning, design, and implementation processes while ensuring the continuity of development of programs and operations in various fields.

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.

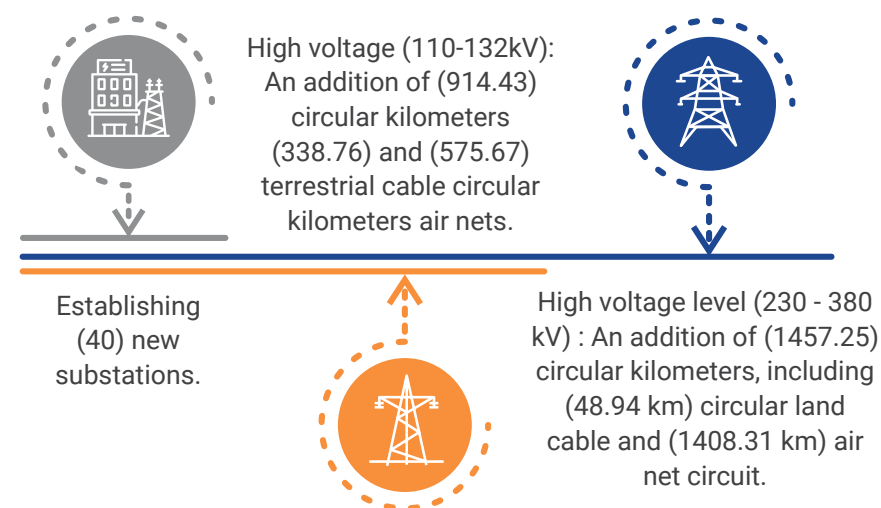
#### Highlights of the company's work:

The Strategic Transformation Program team (Etqan) completed the preparation of the Strategic Transport Company Plan (Strategy 20) for the years 2020-2025 and was updated based on accurate monitoring of internal and external variables in the electricity market and the strategic directions of the Saudi Electricity Company and beneficial owners.

The updated plan is based on the completion of (12) strategic objectives, to raise technical and financial efficiency, enhance reliability, implement asset management and digitization in the work and services provided, with emphasis on staff development and meeting the expectations of clients and stakeholders.

Through the company's plans and goals to boost electricity supplies while reducing their costs and continuing work to complete the national electricity grid, the company completed a number of new projects in 2021, in addition to projects to strengthen existing plants. The projects aim to improve and develop the transportation network and raise its efficiency, as the company added air networks Land-based cable and switching stations as well as fiber-optic networks. Air networks and ground-based augmentations (2371.68) km, representing (2.66%).

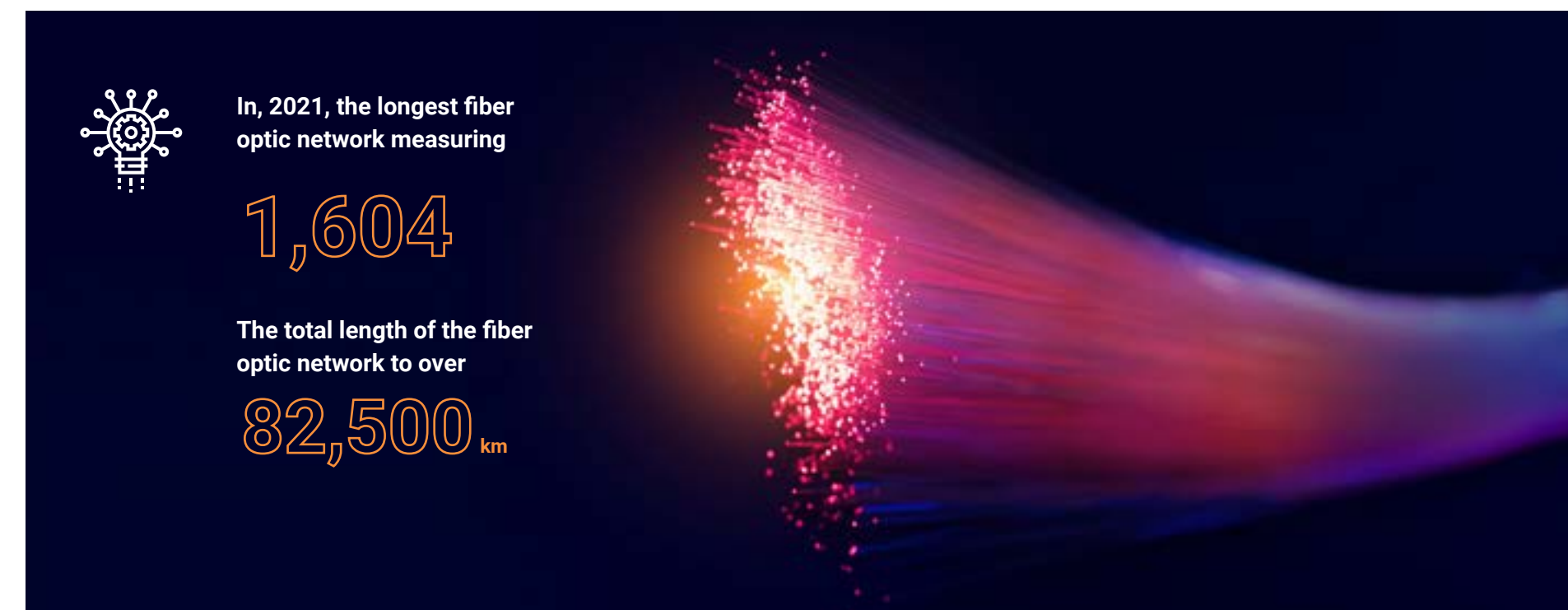
Existing networks at the end of (2020) are as follows:



#### 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 (1640) km was added, bringing the total length of the fiber optic network to over (82500) 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:

1

Work is currently under way on (4) projects to strengthen the generating capacity at a cost of more than (20) billion riyals with a total capacity of (5.5) gigawatts.

2

Supervision of projects to strengthen the capacity of electricity transmission networks at transformative stations and transmission lines for more than (422) projects with a contractual value exceeding (43) billion riyals.

3

Advisory services and engineering for the Egyptian Transport Company for the compensation construction project at the Sharq Owainat Station

4

Work is currently under way to launch and award new transport projects for (77) projects, with an estimated budget of (9.5) billion riyals, to improve the efficiency of the transport network while enhancing its reliability and stability.

5

The ADMS Advanced Network Control Centers (ACCs) project has been launched with (8) centers in different business districts and a National Control Center in Riyadh at an estimated cost of (437) million riyals to improve the performance efficiency of the distribution network

6

The tender for the project to convert (20) generating units at the (10th) natural gas station at an estimated cost of (500) million riyals has been submitted as part of the Saudi Vision 2030 projects to convert electricity generating stations to operate using gas instead of liquid fuel.

7

Contributing to the execution of energy projects within "Vision 2030", such as connecting renewable energy projects to the grid to achieve the National Renewable Energy Program, The Qiddiya project, Al-Masar Sport project, NEOM project and Amaala project.

8

To enhance the generating capacity by operating six (6) generators with a total of (1,488) megawatts and linking them to the network, with the projects of the 13th Generation Station and the North Dimension Generation Station and connecting them to the network, in addition to restarting six (6) units using the gas of the (14th) Generation Station with a capacity of 1,164 megawatts.

9

To enhance the capacity of the transport network by operating power station projects and network connections with (168) projects, including (40) new transport stations, and by consolidating 15 existing transport stations with transformative capacities of (19,545) MWe and connecting them to the network with air lines and earth cables, with a length of (3,368) km circular.

10

Signing of contracts (101) for a new transport project with a total actual amount of SAR (17.5) billion, total network length (4.538) km and total transformer capacity (14.309) megavolt ampere.

11

The launch and signing of the electricity link between the Kingdom of Saudi Arabia and the Arab Republic of Egypt, where the total cost of the contracts was about (5) billion riyals.

12

Documentation of (29) creative and certified ideas submitted by employees contributed to the saving of (81) million riyals.

13

The addition of capital assets worth (25) billion riyals after the capitalization of equipment in power generation and transmission projects.

14

The operation of the Concentrated Solar Technology (CSP Technology) is the first station in the Kingdom of Saudi Arabia to operate this project | Technology in the Northern Promise Station complex project with a capacity of (50) megawatts.

## C) The Saudi Energy Procurement Company (Principal Buyer):

The Saudi Energy Purchase Company (Principal Buyer) is a limited liability company wholly owned by the Saudi Electricity Company (SEC).

- 1 Trade sector
- 2 Independent production and renewable energy sector -
- 3 Fuel supply agreements sector
- 4 The finance and support services sector, as well as the Department of Legal Affairs.

### Company's Tasks:

The development and establishment of new partnerships for independent production and renewable energy projects and monitoring their implementation under commercial agreements throughout the life of the project for the sale, purchase, supply and efficiency of energy, which would allow them to import, export and trade electric energy via transmission lines for the national electric grid.

### The company's most prominent business and achievements:



The projects of the second and third phases within the National Renewable Energy Program



Attention to renewable energy



The Sudair Solar Energy Project is part of the National Renewable Energy Program

### Projects for independent production under development and implementation as follows:

- The Layla Al-Faj solar power plant project is the first project in the Kingdom to be developed using a solar-powered independent production system directly linked to the network. The (10-megawatt) electric plant is the result of a joint effort with King Abdul Aziz City for Science and the Saudi Company for Development and Technical Investment. The project was completed Commercial operation of the project in March 2021.
- The Skaka Solar Power Plant project has a capacity of (300) megawatts and signed agreements on 14/02/2018 with the project company of the Saudi Arabian Akwabur Company, with the participation of from the Saudi Appliance Company. The project agreements stipulated that the local content and localization of services and materials must be at least (30%) of construction costs. The project was initially started at the end of 2019 and was commercialized in June 2020.
- Dumat Al Jandal wind farm project with a capacity of (400) megawatts, where the agreement was signed in March 2019, with the project company of the French Electricity Company "Électricité de Franc" (EDF) and the UAE Masdar "Abu Dhabi Future Energy Company". The installation and construction work of the project was completed, as the project's commercial operation started in the fourth quarter of 2021.
- The Rabigh Solar Power Plant project has a capacity of (300) megawatts and signed a purchase agreement in January 2021 with the project company of the Japanese Marubeni Companies Alliance. Saudi Arabia's Al-Jumaih company is currently working on the project's construction and installations, and the project is scheduled to begin commercial operation in 2023.
- The Jeddah Solar Power Plant project has a capacity of (300) megawatts. The purchase agreement was signed in January 2021 with the project company, which is part of the French company's alliance "EDF Renewables" with the Emirati Masdar Company and Nesma. Work on the installation and construction of the project is ongoing, and it is planned that the project will be commercialized in 2023.
- Sudair Solar PV project with a capacity of (1,500) megawatts, as the project represents the first project with the Public Investment Fund within the National Renewable Energy Program, which includes developing (70%) of the Kingdom's renewable energy capabilities by 2030, in line with the objectives of the ambitious Saudi vision 2030. The purchase agreement was signed with the project company, which is affiliated with the consortium of ACWA Power, Public Investment Fund, and Saudi Aramco, in December 2020. Work is underway on the installation and construction of the project so that the commercial operation of the project will take place in 2024, as planned.
- Taiba Independent Production Plant power station project (IPP), located in the Western Region, with a capacity of (3,600) MW, where the tender documents for the project have been submitted to the developers, and the power purchase agreement is expected to be signed first, and then the plant shall enter the primary service in September 2024.
- The Al-Qassim Independent Production Station project, located in the central region of the Kingdom, has a capacity of (3,600) megawatts. Project submissions are currently being prepared for submission. For developers, a power purchase agreement is expected to be signed and the plant will go into service in March 2025.





The following is a table showing the projects of the sector participation program and the support of the private sector in the production of electricity that are (IPP) under implementation and planned:

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 (Started operation)	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 (Started operation)	10	100%	2021
Sakaka Solar Power Plant Project (Project under implementation)	300	100%	2020
Dumat Al-Jandal Solar Power Plant Project (Running/in pperation)	400	100%	2022
Sudair Solar Power Plant Project (Under implementation)	1,500	100%	2024
Rabigh Solar Project (Project in progress)	300	100%	2023
Jeddah Solar Energy Project (Under implementation)	300	100%	2023
North Qassim power plant project (Under development)	3,600	100%	2026
Tiba power plant project (Under development)	3,600	100%	2025

**Interest in renewable energy:**

The company's interest in renewable energy sources came after the signing of a (300) MW energy purchase agreement in 2018 with the Skaka Solar Energy Company. The agreement for the purchase of energy for another project in 2019 was signed and completed for a new type of renewable energy, namely the Dumat Al-Jandal Wind Power Project with an electric capacity of (400) MW for (20) years. Commercial operation is expected in 2022. The purchase agreement for the Sadir Solar Energy Project with a capacity of (1,500) MW was signed in 2020. The commercial operation of the project was planned in 2024. Purchase Agreements for the Jeddah and Rabigh Solar PV projects were signed in 2021, with a capacity of (300) megawatts each, as the commercial operation of the two projects is scheduled to start in 2023. Similarly, the Purchase Agreement for the Shuaiba PV IP project was signed in the same year with a capacity of (600) megawatts, as the commercial operation of the project is scheduled to start in 2024.

**The Sudayr Solar Energy Project within the National Renewable Energy Program:**

Successful development and financial closure of the (1,500) megawatt solar energy Sudayr project with the alliance of Aqua power with the Public Investment Fund and Saudi Aramco Company. Construction and construction of the project is under way .

**Projects under the second and third phases of the national renewable energy program:**

National Renewable Energy Program (NREP- Phase 2) targeted the development of (6) projects with a total capacity of about (1.47) gigawatts.

The projects include two categories (a and b), as shown in the table below. These projects are classified into two categories, including Category (a), projects with a capacity of less than (100) MW, and include the Madinah and Rafah projects, and Category (b), and include four projects with a capacity of more than (100) MW, including projects (Rabigh, Jeddah, Shuaiba, Al Qriyat).

The agreements for the Shaibah project were signed and work is ongoing to complete the financial closure of the project. The main land agreement for the Al-Qurayyat project was signed, and work is ongoing to sign agreements and achieve financial closure for the project.

National Renewable Energy Program (NREP- Phase 3) aims to develop (4) renewable energy projects with a total capacity of about (1,200) megawatts, which were awarded to qualified developers, with the signing of agreements for the Ar Rass and Saad solar renewable energy projects.



## D) Integrated Communications and Information Technology Optical Company:

The Integrated Telecommunications and Information Technology Optical Company is a limited liability company wholly owned by the Saudi Electricity Company, established to provide wholesale infrastructure services infrastructure to major communications companies with infrastructure. One of the most important goals of the company is to establish and operate advanced fiber-optic networks in addition to benefiting from the fiber-optic system. The Saudi Electricity Company is widely owned and covers more than (121,000) kilometers throughout the Kingdom, including villages and the borders.

Strategically, the company seeks to contribute to improving the quality and speed of the Internet in the Kingdom.

### 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:

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 2021, we were able to make the service available to about (648) thousand households since the start of the project, allowing the provision of service to about (10%) of all families in the Kingdom as follows:

**380,000**  
households

in cities with more  
than one million  
population

**181,000**  
households

in cities with a  
population between  
100,000 and one million

**87,000**  
households

in cities with a  
population of less  
than 100 thousand

- Government Subsidy through the Broadband Deployment Initiative:
  - Government support amounted to about (1.66) billion riyals from the beginning of the project until the end of 2021. Issuing work orders for the transmission of the fiber-optic network to (597,540) houses.
  - Signing a unified agreement under the auspices of the Communications and Information Technology Authority to sell fiber-optic service with the Saudi Communications Company and the Mobayli Communications Union Company Zain, Integrated Telecommunications Company and Athab Company, this agreement enabled the integrated optical company to enable the use of fiber-optic network for homes by KSA Service Providers, providing end-user ordering capability by their preferred service provider directly via optical network the Kingdom's most advanced and fastest integrated optical network.
- (IoT-VNO) Services License by ITC. The company will launch Internet of Things in the Kingdom.
- The joint cooperation agreement with the Ministry of Communications and Information Technology for the implementation of the Digital Communications Infrastructure Initiative for industrial cities (cities) was activated, and sales operations were initiated within industrial cities. Connectivity services were sold to (10) factories within industrial cities through Zain, Integrated Communications and Azab Communications. Work is under way to accelerate the sales of the largest possible number of factories in the five industrial cities.

- Communication infrastructure in the new housing plans located inside the areas of national growth for more than (88,000) housing units, provided that the service is delivered to them at work.
- Signing a memorandum of understanding with the Ministry of Communications and Information Technology to build world-class data centers and obtaining approval from the Council of Optical Directors to build the first data center for the integrated optical company in Riyadh, which will be the largest data center in Saudi Arabia.
- The Integrated Optical Company has connected all sports facilities in the Kingdom of Saudi Arabia on a optical network with the aim of transmitting sports events via fiber-optic. Among the most important sporting events are the Prince Mohammed bin Salman League, the Formula-1 and the Formula-E races, and the provision of high-speed internet service in the Kingdom.
- The pilot project of using the existing overhead electrical network succeeded in spreading the broadband using the aerial fiber-optic network, which represented a significant saving by avoiding the costs of civil works.
- The pilot project succeeded in extending the joint path between the Dawiyat network and the distribution networks on the one hand with the terrestrial networks on the other, which contributed to avoiding duplication of costs.





#### E) Dawiyat Telecom Company:

Dawiyat Telecommunications 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) Saudi Energy Production Company:

Saudi Energy Production Company is a limited liability company wholly owned by the Saudi Electricity Company and was established on 20/09/2020.

##### Company's Tasks:

- Electricity generation and water purification and desalination.

#### G) Electricity Sukuk Company:

The Electricity Sukuk Company is a limited liability company wholly owned by the Saudi Electricity Company.

##### Company's Tasks:

- Providing the required support services concerning the bonds and Sukuk issued by the Company or the owned companies it owns or participates in.
- The Electricity Sukuk Company plays the role of custodian of certain assets (Sukuk assets) by agreements to transfer Sukuk assets as a (controller or trustee) with Saudi Electricity Company (as an issuer) and SABB Securities Company (as the Sukuk holders' agent).

##### The Company's most prominent business and achievements:

- The Company has provided the necessary support for all the Saudi Electricity Company's issuance of 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, Saudi Electricity Sukuk Programme Company:

The above-mentioned companies are special purpose vehicle incorporated in the Cayman Islands as limited liability companies, to provide the necessary services and support in connection with the issuance of international bonds and Sukuk.

##### The most prominent companies' work and achievements:

Special purpose entities (Global Sukuk Companies) have contributed, since 2012, in providing the necessary structural support for the Company's issuance of Islamic Sukuk in international markets, with the total proceeds from all of its issuances, until the end of 2021, amounting to (9.55) billion US dollars (equivalent to 35.8 billion Saudi riyals), all of which have contributed to providing financing for the Company's capital projects and general purposes that aim to improve the quality, reliability, and efficiency of the electrical service provided.

Saudi Electricity Sukuk Programme Company was established in 2021 and the Company has not issued any new Islamic Sukuk. In comparison with the year 2020, Saudi Electricity Global Sukuk Company (5) was established to provide the structural support necessary for the Company to offer the global green Sukuk, which was issued in September 2020, divided into two tranches with a value of (1.3) billion US dollars, the first tranche with a value of (650) million US dollars (equivalent to 2.4 billion Saudi riyals) due after five years on 17/09/2025, and the second tranche of the same value due after ten years on 17/09/2030.



## 16 - The description of the Company's important plans and decisions and future expectations:

### A) Restructuring the Company's activities:

The Company received a telegram of His Royal Highness, Minister of Energy, Chairman of the Ministerial Committee for the restructuring of the electricity sector, in November 2021, stating the issuance of Cabinet Resolution No. (227) dated 18/04/1443 AH, approving the implementation of all necessary legal procedures for the sale and transfer of the entire shares of the Saudi Electricity Company in the Saudi Power Procurement Company to be owned by the state. Accordingly, the Company is working in cooperation with the relevant authorities to complete the necessary contractual frameworks and agreements, as the Company does not expect a material financial impact on its net assets. The Company hopes that the Resolution shall lead to activating structural reforms in the electricity sector that aim to raise efficiency and improve service, including the independence of the Saudi Power Procurement Company in responsibility for the competitive tendering of renewable and conventional energy projects to keep pace with the growing demand for energy and the management of commercial agreements for the purchase and sale of energy.

The Cabinet Resolution referred to above comes within the program to restructure the electricity sector and to complement the financial and regulatory reforms announced in November 2020 by the Ministerial Committee for the Restructuring of the Electricity Sector, whose work is supervised by the Supreme Committee for Energy Mix Affairs for Electricity Production headed by His Royal Highness, Crown Prince, Deputy Prime Minister, and Chairman of the Council for Economic and Development Affairs. This plan aims to instill the transparency of commercial relations between the parties working in the electricity sector and activate work mechanisms on an economic basis, which contributes to achieving the objectives of the electricity sector in the Kingdom.

The Saudi Electricity Company represented by the Human Resources Department has implemented a series of organizational and structural changes and reforms in line with the national transformation strategies in the electric power industry, which aim to achieve sustainability and enhance the sector's long-term effectiveness.

Restructuring to support one of the most important objectives of the Kingdom's energy policy, which is to achieve security, safety, reliability, and sustainability of the electricity sector while enabling it to invest in projects capable of raising the quality of services provided to subscribers and improving reliability.

This package of structural reforms includes the following:

- Creation of a department called "Occupational Health, Safety, Security, and Environment Department" to strengthen the control and governance work in this regard
- Implementation of structural improvements within the organizational sectors of the National Grid Electricity Transmission and the Distribution and Customer Services Department to enhance the reliability and automation of transmission and distribution networks to improve the quality of services provided to subscribers.
- Implementation of major structural improvements in the Generation Department, including changing the operating model through centralization of engineering and planning work.
- Establishing the telecommunications sector in the National Grid Electricity Transmission to keep pace with the huge developments in the field of telecommunications and what these developments require to bring about fundamental changes in the infrastructure.
- Enriching the research, development, and innovation system to enhance competitiveness and leadership positions in the energy field at the international level by structuring the institutional excellence sector, research and development, and the new business development sector.
- Responding to the requirements of integration with government organizational components, such as the creation of a data management office to implement the policies and controls of national data management and governance, and the management of mobile generation services in the Strategic Planning and Business Development Department.

The Saudi Electricity Company will work to provide suitable conditions and capabilities to enable the electricity sector to carry out its tasks and achieve its objectives, which include several aspects, including:

- Achieving the transition towards the optimal mix of energy used to produce electricity in the Kingdom.
- Enhancing the efficiency of the electricity system and raising the levels of safety and reliability of the transmission and distribution networks.
- Achieving a better level of environmental commitment and reducing the carbon impact of the sector.

### B) Important decisions:

- Appointing the Chairman of the Board of Directors and the Vice Chairman of the Board on 21/01/2021.
- Recommending on 29/03/2021 to the General Assembly of the Company's shareholders to pay cash dividends for the fiscal year 2020.
- Appointing Eng. Khalid bin Hamad Al-Qunun as CEO of the Company on 07/06/2021, following the resignation of Mr. Fahd bin Hussain Al-Sudairi.
- The Company obtained a green credit facility amounting to (500) million US dollars within the framework of sustainable financing (green financing) from the Japan Bank for International Cooperation (JBIC) on 07/07/2021.
- Signing a revolving credit facility amounting to (2,577.5) million US dollars on 08/09/2021.
- The Company received a telegram of His Royal Highness, Minister of Energy, Chairman of the Ministerial Committee for the restructuring of the electricity sector, stating the issuance of Cabinet Resolution No. (227) dated 18/04/1443 AH, approving the implementation of all necessary legal procedures for the sale and transfer of the entire shares of the Saudi Electricity Company in the Saudi Power Procurement Company to be owned by the state on 29/11/2021.

### C) Future plans and prospects:

In light of the steady growth of the national economy and the expansion in all aspects of life in the Kingdom, the company aims to meet this demand and to expand to the following by the end of 2024:

- The addition of new generation capacity of about (9.5) gigawatts by the private sector in increasing generation capacity to cope with future loads.
- Addition of (15,921) round kilometers of transmission lines and more than (76) high-voltage transports.
- The delivery of electrical service to about (1.4) million new subscribers by the end of 2024, bringing the total number of subscribers to (12) million.
- Automate distribution networks to (31%) in 3 years.

Through its development programs, the company seeks to raise the efficiency of employees and provide them with the necessary training to perform their work efficiently and effectively. The ratio of development days to working days will be (3%).

By the end of 2024, as part of the company's job settlement and community service program, the company will maintain the settlement rate of (93.6%).



## D) Strategic initiatives:

The company will continue to leverage performance efficiency, improve productivity, and bring match the company's KPIs with benchmarks set by the world's leading energy companies. In 2021, many strategic achievements were completed, including:

- Reduction in the consumption of (9.2) million barrels of diesel fuel for 11 months between 2020 and 2021, resulting in a financial savings of approximately (307) million riyals (at local prices) with Improve the thermal efficiency of generating units from (39.52%) in 2020 to (39.86%) in 2021 until November, which resulted in savings of (3.5) million barrels equivalent Estimated at (84) million rials (local prices).
- Installation of (10) million smart counter during 2020-2021 across the Kingdom.
- Publication of the Environment, Social and Governance Report 2020 as well as the Green Sukuk Report, and the Dow Jones Sustainability Index's corporate rating from (3) to (23).
- Adoption of the Company's strategic transformation program in the area of safety for review and assessment of occupational safety and health. The program included a number of initiatives, as follows: Chassis organizational, attracting expertise, contracting expertise, adopting and disseminating safety communication plan, risk assessment and delayed maintenance at critical locations, Digital transformation in safety and loss prevention.

## E) Research, development and innovation:

(37) research and development projects were implemented in 2021, in the field of research, development, and innovation, including:

- The research project to study the infrastructure requirements for electric vehicle chargers and their impact on the network, winning the Technology Transfer Awards 2020 from the Electric Power Research Institute (EPRI).
- Saudi Electricity Research and Development Center has provided advanced consulting services for the Dynamic Reactive Power Compensator (DRPC) projects in El Owainat – Egypt, and Dongola and Meroe - Sudan, to prepare tender documents and provide technical support to award projects to implementation contractors.
- Completion of the design and construction of an integrated system in the research project to monitor and analyze electricity consumption on electric feeders from the beginning of their exit from the main electricity transmission station to the distribution transformers in residential districts, in cooperation with King Abdulaziz City for Science and Technology.

## The most prominent awards and certificates

- The Company has won the Excellence Award in the Corporate Governance Index during the Second Global Conference on Governance activities, which was held at the Corporate Governance Center at Alfaisal University in Riyadh. The Company was also ranked among the top ten companies in the non-financial sectors listed on the Saudi Stock Exchange.
- The company was awarded the Best Social Impact Award 2021 by the Cambridge IFA-London.
- Obtaining the ISO 14001 certificate in the EMS environmental management system for the services and contracts activity, and sectors (industrial security, transportation, facilities, and materials).
- Winning The Excellence Award in the Corporate Governance Index during the activities of the Second Global Conference on Governance, which was held at the Corporate Governance Center, at Al-Faisal University in Riyadh.
- The South Jeddah Power Plant achieved first place in the productivity category in the "Arab Ideas 2020" competition in its fifteenth edition.
- The company obtained three certificates of institutional excellence with a level of 3 stars (R4E) recognized for excellence.
- The company has achieved a new environmental achievement by winning the southern Jeddah power plant at the 12th Makkah Excellence Award in the Environmental Excellence category, for its coral reef farming initiative.

- The fourteenth power plant project obtained a score of (98%) in the five-star system for safety, which is the highest rating for a power station project in the company's history, with a score of (97%) in ISO.
- The best company at the Middle East and North Africa region in the application of cloud solutions to manage subscribers. The various old systems in the call centers and subscribers' service.
- A number of the Company's departments have obtained international safety certificates from the British Safety Council, which are (Shuqaiq Desalination Plant, Asir Electricity Department, Ghazlan Power Station, South Jeddah Station, Ninth Station, Makkah Electricity Department, and Southern Gas Stations).
- The Company received the Technology Transfer Award from the Electric Power Research Institute (EPRI) as part of its participation in the research project to study the infrastructure requirements for electric vehicle chargers and their impact on the network, after competing with more than 100 international companies.



## 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 production, transmission

The electricity sector is witnessing continuous growth and widespread development in light of the development and industrial projects the Kingdom is undergoing. This is accompanied by increased demand for energy The demand for energy, and the emergence of new technical requirements in the electricity industry leading to risks related to the production, transmission and distribution of electricity.

### Electricity production hazards:

Despite the challenges facing the world, the Saudi Electricity Company (SEC) has continued to ensure the reliability of the electrical system by increasing the readiness and reliability of units of energy production within the established benchmarks and criteria by completing all maintenance work and programs as planned, and continuing to improve in accordance with Regulations and policies for occupational health, safety and the environment.

### The dangers of electricity transmission:

The National Electricity Transmission Company is paying great attention to securing the quality of electricity supply from various energy sources for all its customers by investing in building a system of highly reliable and efficient electric power, managed, operated and maintained at the highest international standards and practices with a cadre of competent and professionally trained personnel. The company also seeks to implement its recently launched strategic initiatives to keep pace with future challenges and major changes in the energy market to join the system's capabilities The network is technically configured to integrate with renewable energy sources and effectively manage the system through the digitization of assets and processes in line with Saudi Arabia's Vision 2030.

### The dangers of electricity distribution:

The company is working to address the difficulties and challenges it faces in the distribution of electricity, most importantly the loss of electricity, through several projects and initiatives to promote Energy efficiency including the implementation of a smart meters project, technical inspection programs and an automation project for the electrical network - the company's goal being to work through an approach consistent with global best practices.

## 2. Financial risks:

### Financial risk factors:

Group operations are exposed to market risks (risks of exchange of foreign currencies, commission price risks (interest), commodity price risks), credit risk and liquidity risk.

The Group's comprehensive risk management program focuses on the unpredictability of financial markets and seeks to minimize possible adverse effects on the financial performance of the Group. The group uses derivative financial instruments to cover specific risks.

### Risk management framework

The Governing Council is fully responsible for the development and oversight of the risk management framework of the Group. The risk management policies and procedures of the Group shall be established to identify and analyze the risks faced by the Group, establish appropriate risk thresholds and controls, and monitor risk and comply with the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and group activities. The group aims to develop a disciplined and constructive oversight environment that helps staff understand their roles and obligations through training, management framework standards and procedures.

The Audit Committee shall oversee the commitment of the Group's management to policies and procedures, manage risks and review the adequacy of the associated overall framework in the risks facing the Group. The internal audit activity assists the audit committee in group management controls.

### Market risk:

Market risk consists of fluctuations in fair value or future cash flows of a financial instrument caused by changes in market prices. Market risk consists of three types of risk:

- Foreign currency risks
- Commission rate risk (benefits)
- Other price risks

### A) Foreign currency risk

Currency risk arises when future business transactions or recognized assets or liabilities are denominated in a currency that is not the business's functional currency. Foreign currency risk is associated with the change in the value of the currency of the currency of the group's transactions. The group's currency is the Saudi Riyal, which is pegged to the US dollar at a relatively fixed exchange rate of (3.75) Saudi Riyals per US dollar. Most transactions are substantial in US dollars and therefore there are no substantial foreign currency risks at the moment.

### B) Commission rate risk (interest):

The risk of interest rates is the fluctuation in fair value or future cash flows of a financial instrument due to changes in the interest rate market.

The group's exposure to the risks of changes in the interest rate market is mainly due to loans. Loans issued at variable rates expose the group to changes in cash flows as a result of changes in interest rates. The group intervenes in interest-rate swaps to hedge interest-rate risks and these swaps are classified as derivative financial requirements in financial position.

The Group could allocate some hedging instruments, including derivatives, unincorporated derivatives or derivatives for foreign exchange risk as fair value precautions, cash flow precautions, or net foreign currency investments. Foreign exchange risk precautions are accounted for on company liabilities as cash flow precautions when adequate controls are in place.

When establishing a hedging relationship, the Company documents the relationship between the hedging instrument and its hedge line, as well as its risk management objectives and strategy for various hedging operations. In addition, when establishing hedging, the Group continuously documents whether the hedging instrument is highly effective in reversing changes in fair value or hedge line cash flows in respect of hedging risks, when hedging relationships meet all the following hedging effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument.





- The impact of credit risk does not dominate the changes in value resulting from the economic relationship.
- The hedging ratio of the hedging relationship is the same as the result of the number of its hedge line actually hedged by the group and the number of hedging instrument the group actually employs to hedge for that number of its hedge line. When the hedging relationship does not meet the requirements of the hedging effectiveness, the risk management objectives remain unchanged. The Group adjusts the hedging ratio of the hedging relationship (hedge rebalancing) to meet the controls that qualify it again.

#### Credit risk:

Credit risks are cash and the deposits in banks and financial institutions, as well as credit exposure from sales-based debits. Participants are not individually classified and the group assesses the customer's fiduciary quality taking into account past experience and other factors. Credit risk is the risk of financial loss to the group in the event that a client or other party is unable to fulfil its contractual obligations to a financial instrument, arising primarily from the group's receivables from clients.

Sales are settled in cash, through a Payment Service "SADAD" or using the main credit cards.

The Group uses the general model for estimating the expected credit losses of government, parastatals and financial assets. Anticipated credit losses over a 12-month period, as well as expected lifelong credit losses that have not decreased or decreased their credit value are calculated based on the change in credit risk associated with the financial instrument. The Group believes that it is capable of collecting non-governmental debts through the ability of the Group to stop providing services to those who are in arrears in their debts, in addition to following up on them legally with the competent authorities. Non-governmental liabilities make up (7%) of the total amount of unpaid liabilities for more than a year.

#### Reasonable and supportive available information must be taken into consideration, especially the following indicators:

- External credit rating (if available).
- The great actual or expected reversal in business, the financial or economic situation expected to bring about a major change in the borrower's ability to meet their obligations.
- A significant increase in credit risk to other financial instruments of the same borrower.
- Significant changes in the value of the supporting warranty, third party safeguard quality, or improved credit.
- Major changes in expected performance and borrower behavior including changes in group's payment position of borrowers and changes in borrower's operating results.

#### Liquidity risk

Liquidity risk is that the group has difficulty raising funds to meet obligations associated with financial instruments. The Department's objective for liquidity risk is to ensure that the Group has sufficient funding facilities to meet its current and future obligations. The Group aims to maintain sufficient flexibility in funding by maintaining appropriate credit facilities.

The Group expects to meet its future financial obligations through cash collections of account receivable and through banking facilities and loans.

The table below analyses the underived group financial liabilities in the benefit groups, based on the period remaining at the statement of financial position until the contractual accrual date. Derivative financial liabilities are included in the analysis if their contractual entitlements are necessary to understand the timing of cash flows. The amounts shown in the table are undiscounted contractual cash flows.

#### 3. Risks associated with the laws and regulations governing the electricity sector in the Kingdom:

The company may face risks associated with the regulations and rules governing the electricity sector, through the risks of amending the regulations and decisions. The company has therefore established a commitment management system. In accordance with the International Standard (ISO 1960), a mechanism for the control of external regulations and legislation has been established through the Registry of Obligation for the Follow-up of Application of Regulations and the Protection of Human Rights. The company is free from any risk of non-compliance with regulations and legislation, and the level of compliance with these regulations and legislation is constantly evaluated.

#### 4. Risks and difficulties associated with rapid change and development of technology and information security:

Given that Saudi Arabia is one of the most targeted countries for cyber-attacks and a belief in the sensitivity of the infrastructure and systems used, the Saudi company Electricity provides the highest security technology that complies with international standards, in order to protect the company's assets and data, and to ensure compliance with cyber regulations. The Saudi Electricity Company has been upgrading its power grid based on a calculated and targeted increase in recent cyber-attacks. Cyber security is in accordance with international standards, through the provision of around-the-clock security control centers to respond to cyber incidents and the construction and activation of a laboratory for investigation and establishing an integrated sector to provide cybersecurity services at the level of the Saudi Electricity Company in its various sectors.

#### 5. Risks and difficulties associated with the preservation of human competencies:

Staff participation and organizational health are known to have a significant impact on an organization's performance. We've been measuring regular staff participation on a 14-factor basis that matches global best practices. We also use a neutral third party to measure this with a live online system that allows each manager to have a control panel to develop himself and improve his or her staff participation. During the year, six sub-initiatives

will be pursued to improve the six lower-level factors, so that we can make specific improvements and influence the overall outcome.

#### 6. Supply chain risks and difficulties:

The Saudi Electricity Company (SEC) faced logistical risks in 2021, which negatively impacted the sustainability and flexibility of the local and global supply chain. This contributed to inflated prices and increased costs for raw materials, transport, shipping materials, manpower wages and limited supply sources.

Despite these challenges, SEC has maintained a continuous supply of services, and the company is now working to increase the logistics system's fluidity, increase local content, reduce dependence on foreign suppliers, and increase the participation of local suppliers and manufacturers.

#### 7. Environmental risks and difficulties:

The company also faces major challenges in meeting the increasing demand for electricity and the accompanying changes and updates to environmental laws and legislation at the local and regional levels, although the company is working to reduce dependency on oil and promote reliance on clean energy sources, optimal use of resources, reuse and recycling, waste reduction measures, as well as compliance with all prevailing environmental laws and regulations and contributing to the reduction of greenhouse gas emissions with a view to reducing pollution and protecting the environment and public health, in a manner that supports sustainable development, and does not affect the company's commitment to providing for the energy needs of its customers.

#### 8. Media risks:

Media risks are represented in the perception of the company, its reputation and its brand among stakeholders. Therefore, the company has put in place comprehensive controls and policies to manage crises and deal with such risks in different circumstances, with a clear methodology, which will help to address them effectively and maintain the positive image of the company. The company has also developed policies and strategies to deal with the media and the complete readiness of the spokesperson.



## Summary of Financial Results





## 18 - Summary of the Financial Statements:

### A) Statement of Financial Position

Figures in thousand Saudi riyals

Statement	2021	2020	2019	2018	2017
Current Assets	33,359,420	45,788,024	53,848,319	43,602,873	38,627,705
Other non-current asset	2,791,892	2,882,219	3,012,697	2,850,946	2,843,219
Net Fixed Assets	438,731,462	436,779,330	422,968,974	418,102,025	404,289,536
<b>Total Assets</b>	<b>474,882,774</b>	<b>485,449,573</b>	<b>479,829,990</b>	<b>464,555,844</b>	<b>445,760,460</b>
Current Liabilities	64,511,537	71,129,812	165,029,519	160,776,342	151,718,123
Long-Term Loans and Sukuks	84,613,253	100,305,959	91,763,786	88,178,140	85,003,765
Other non-current liabilities	74,134,316	66,239,250	149,466,813	141,923,584	136,729,165
<b>Total Liabilities</b>	<b>223,259,106</b>	<b>237,675,021</b>	<b>406,260,118</b>	<b>390,878,066</b>	<b>373,451,053</b>
Share Capital	41,665,938	41,665,938	41,665,938	41,665,938	41,665,938
Reserves and Retained Earnings	42,037,167	38,188,051	31,903,934	32,011,840	30,643,469
Mudaraba instrument	167,920,563	167,920,563	-	-	-
Total Equity	251,623,668	247,774,552	73,569,872	73,677,778	72,309,407
<b>Total Liabilities and Equity</b>	<b>474,882,774</b>	<b>485,449,573</b>	<b>479,829,990</b>	<b>464,555,844</b>	<b>445,760,460</b>

### B) Income Statement:

Figures in thousand Saudi riyals

Statement	2021	2020	2019	2018	2017
Operating revenue	69,338,036	68,708,918	65,040,000	64,063,638	50,684,906
Cost of revenue	(48,796,076)	(60,386,393)	(58,915,883)	(58,144,024)	(43,995,312)
Gross Profit	20,541,960	8,322,525	6,124,117	5,919,614	6,689,594
General and Administrative Expenses	(884,907)	(1,167,370)	(1,244,525)	(1,340,032)	(1,440,400)
<b>Total Operating Expenses</b>	<b>(49,680,983)</b>	<b>(61,553,763)</b>	<b>(60,160,408)</b>	<b>(59,484,056)</b>	<b>(45,435,712)</b>
HR Productivity Improvement Program	-	-	-	-	(2,829,155)
Exemption from Municipal Fees Debts	-	-	-	-	6,119,546
Net other (expenses) / income	(812,875)	1,610,388	1,655,738	1,436,021	1,465,097
Fuel settlement expense	(207,930)	(808,090)	-	-	-
Net provision for receivables from consumption of electricity and other receivables	(1,074,931)	(253,638)	-	-	-
<b>Operating Profit for the Year</b>	<b>17,561,317</b>	<b>7,703,815</b>	<b>6,535,330</b>	<b>6,015,603</b>	<b>10,004,682</b>
Net Financing Costs	(2,558,926)	(4,890,052)	(4,886,933)	(4,136,617)	(2,752,144)
Share of (loss) / gain on equity accounted investees	(10,202)	4,337	(40,229)	(62,338)	(108,876)
Zakat and Tax Expense	(455,925)	285,488	(220,611)	(59,515)	(235,413)
<b>Net Profit for the Year from Continuing Operations</b>	<b>14,536,264</b>	<b>3,103,588</b>	<b>1,387,557</b>	<b>1,757,133</b>	<b>6,908,249</b>
Discontinued Operations	-	-	-	-	-
Loss of the year from Discontinued Operations	(145,393)	(78,040)	-	-	-
<b>Net Profit for the Year</b>	<b>14,390,871</b>	<b>3,025,548</b>	<b>1,387,557</b>	<b>1,757,133</b>	<b>6,908,249</b>

### C) Cash Flow statement:

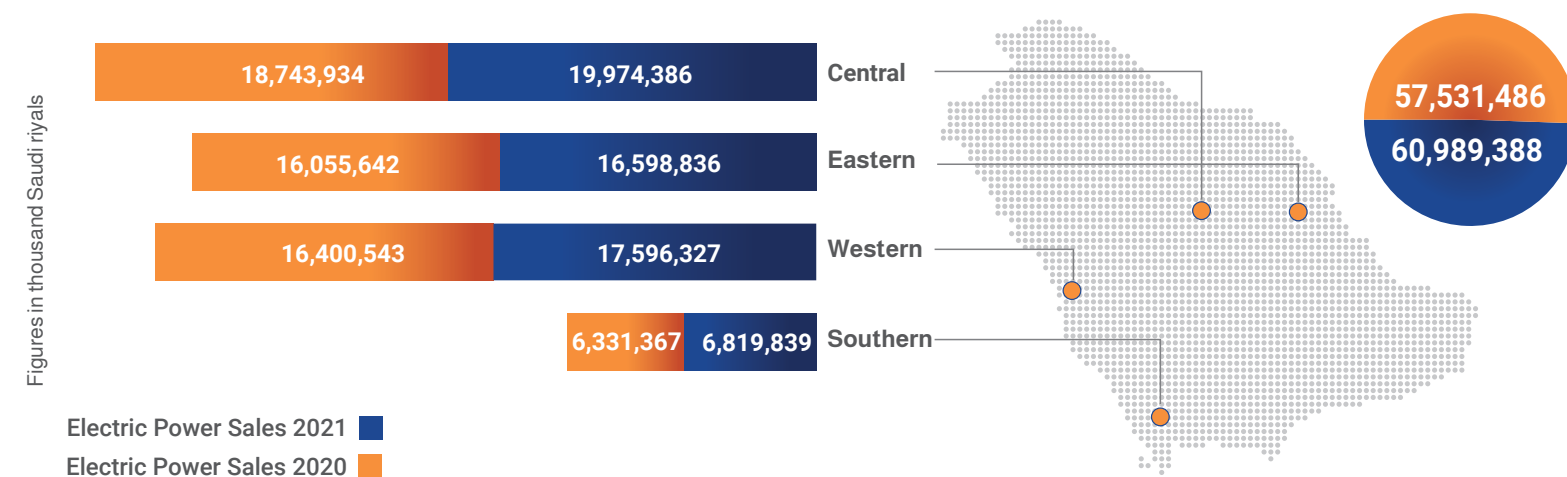
Figures in thousand Saudi riyals

Statements	2021	2020
Net Cash Generated from Operating Activities	46,283,619	28,137,337
Net Cash Used in Investing Activities	(26,059,773)	(23,399,203)
Net Cash Used in Financing Activities	(18,519,682)	(2,117,346)
Net Change in Cash and Cash Equivalents	1,704,164	2,620,788
Cash and Cash Equivalents at the beginning of the Year	4,539,092	1,918,304
Cash and Cash Equivalents at the End of the Year	6,243,256	4,539,092



### 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 electric power sales by regions (sectors) in which it operates:



### 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	2021	2020	Changes +/-	% Change
Operating Revenue	69,338,036	68,708,918	629,118	0.9%
Cost of Revenue	(49,680,983)	(61,553,763)	11,872,780	(19) %
Other (expenses) / income, net	(812,875)	1,610,388	(2,423,263)	-
Fuel settlement expense	(207,930)	(808,090)	600,160	(74) %
Net provision for receivables from consumption of electricity and other receivables	(1,074,931)	(253,638)	(821,293)	324%
Operating Profit for the Year	17,561,317	7,703,815	9,857,502	128%
Net Financing Costs	(2,558,926)	(4,890,052)	2,331,126	(48) %
Share of (loss) / gain on equity accounted investees	(10,202)	4,337	(14,539)	-
Zakat and Tax Expense	(455,925)	285,488	(741,413)	-
Net Profit for the Year from Continuing Operations	14,536,264	3,103,588	11,432,676	368%
Discontinued Operations	-	-	-	-
Loss of the year from Discontinued Operations	(145,393)	(78,040)	(67,353)	86%
<b>Net Profit for the Year</b>	<b>14,390,871</b>	<b>3,025,548</b>	<b>11,365,323</b>	<b>376%</b>

#### Operating Revenue

Operating revenues in 2021 amounted to (69,338) million Saudi riyals, compared to (68,709) Saudi riyals in 2020, with a growth rate of (0.9%). This growth reflects the following factors:

- Electricity sales revenues increased to (60,989) million riyals in 2021, compared to (57,532) million riyals in the previous year, with an increase of (6%), due to the high consumption of the commercial, industrial, and government sector after it was affected by the precautionary closure measures for the Corona pandemic applied in the previous year, in addition to the continued growth of the residential sector.





- Revenue from bill reading and meter maintenance tariffs increased to (1,443) million riyals in 2021, compared to (1,392) million riyals in the previous year, an increase of (3.7%). This rise is due to the continued growth of the subscriber base, which amounted to (10.5) million subscribers at the end of 2021, where (428.9) thousand new subscribers were added.
- Revenues from Electricity Service Connection Fees increased to (2,184) million riyals in 2021, compared to (1,928) million riyals in the previous year, an increase of (13.2%). This increase is attributed to the connection of electrical service to (428.9) thousand new subscribers in 2021, and the increase in deferred revenue amortization during 2021.
- The increase in the revenues of the transmission system to (1,580) million riyals in 2021, compared to (1,171) million riyals in the previous year, an increase of (34.9%). This rise is due to the pass-through fees for independent producers who use the national transmission network of the National Grid SA.
- Other operating incomes decreased at the end of 2021 to (3,141) million riyals, compared to (6,686) million riyals in 2020, a decrease of (53%). This decrease is mainly due to the Company's approval of an amount of (1.7) billion riyals from the balancing account for the year 2021 within the item of other operating income, compared to the amount of (6.1) billion Saudi riyals for the fiscal year 2020, which was recorded during the fourth quarter, where the organization of the Company's revenues was approved according to the minimum operating costs model to determine the required revenue for the fiscal year 2020, as approved by the Ministerial Committee for Restructuring the Electricity Sector. The improvement in the demand for electrical service during 2021 compared to the previous year is due to the growth of electrical energy sales, tariff revenues for meter reading and maintenance, billing, and revenues for electrical service delivery and the transportation system, which led to offsetting the impact of the decrease in other operating revenues resulting from the decrease in the estimated amount recognized in the balancing fund during 2021.

### Cost of Revenue

The cost of sales in 2021 amounted to (48,796) million Saudi riyals, compared to 60,386 million Saudi riyals in the previous year, a decrease of (19%). The decrease reflects the following factors:

- To complete the implementation of the regulatory and financial reforms of the electricity sector approved in November 2020, the government fee was canceled as of January 1, 2021, while the previous year included government fee costs of (15.07) billion riyals, and this was reflected in the decrease in

the Company's total operating costs by (19%) despite the increase in the costs of fuel, energy purchased, operating, maintenance, and depreciation.

- The cost of purchased energy in 2021 increased to (9,710) million Saudi riyals, compared to (9,046) million Saudi riyals in the previous year, an increase of (7.3%). The increase is due to the increase in the amount of energy purchased from independent producers and others as a result of the entry of new independent production stations into operations or the occurrence of a planned or malicious exit of some units during the previous year.
- Operation and maintenance expenses increased in 2021 to (12,073) million Saudi riyals, compared to (10,545) million Saudi riyals in the previous year, an increase of (14.5%). The rise mainly reflects the increase in license fees and labor, contracts, and maintenance costs related to the increase in the amount of capacity produced and the growth of the Company's assets.
- The total depreciation of operation, maintenance, and right-of-use assets amounted to (19,331) million Saudi riyals, compared to (18,418) million Saudi riyals in the previous year, in a slight increase of (4.95%). The rise reflects the Company adding new assets for operations during the year 2021, amounting to (38) billion riyals, compared to (24) billion riyals during the previous year, in addition to the Company's re-estimation of the salvage value of all property, machinery, and equipment, except for land, some other assets, and depreciated assets in the book, which resulted in calculating the salvage value for those items by (1.8%), which resulted in a reduction in the depreciation of the aforementioned items by (811) million Saudi riyals for the year ending on December 31, 2020.
- Fuel costs increased in 2021 to reach (7,682) million riyals, compared to (7,305) million riyals in the previous year, an increase of (5.2%). The increase is due to the decrease in the amount of energy produced from the Company's stations, as well as the change in the fuel mix as a result of replacing it with diesel fuel.

### Other Net Expenses/Revenues

Other net expenses/revenues amounted to (813) million Saudi riyals, compared to (1,610) million Saudi riyals for the previous year. The change is mainly due to the decrease in the depletion of government grants after the transfer of government loans within the Mudaraba instrument signed in November 2020, and the decrease in losses of property, plant, and equipment compared to the previous year.

### Fuel settlement expense

The year 2021 included recording a non-recurring expense item of (208)

million Saudi riyals related to the settlement of fuel dues differences for previous years, compared to recording (808) million Saudi riyals for the same item during the previous year.

### Operating Profit

The operating profit in 2020 amounted to (17,561) million Saudi riyals, compared to (7,704) million Saudi riyals in the previous year, an increase of (128%). The increase is mainly due to the increase in operating revenues and the decrease in total operating costs, according to the above clarifications.

### Net Financing Costs

The net financing costs charged to the income statement amounted to (2,559) million Saudi riyals, compared to (4,890) million Saudi riyals, a decrease of (48%). The decline is mainly due to the decrease in the Company's total loans after transferring government loans within the Mudaraba instrument signed in November 2020.

### Zakat and Tax Expense

The provision for tax and zakat expense amounted to (456) million Saudi riyals, compare to net deferred tax income (285) million Saudi riyals for the previous year, which resulted from canceling the net deferred tax expense of (412) million Saudi riyals according to the amendment of the income tax system approved in 2020.

### Net Profit

The net income in 2021 amounted to (14,391) million Saudi riyals, compared to (3,025) million Saudi riyals in the previous year, an increase of (376%). In sum, the increase in net profit for the year 2021 compared to the previous year is mainly due to the implementation of the regulatory and financial reforms of the electricity sector approved in November 2020, where:

- 1) The government fee was canceled as of January 1, 2021, while the previous year included a government fee of (15.07) billion riyals, which was reflected in the decrease in the total operating costs of the Company by (19%) despite the increase in the costs of fuel, energy purchased, operation, maintenance, and depreciation.
- 2) Organizing the Company's revenues according to the structured asset base model, starting from the fiscal year 2021, and accordingly, the Company recognized an amount of (1.7) billion riyals from the budget account for the year 2021 within the item of other operating income, compared to the amount of (6.1) billion Saudi riyals for the fiscal year 2020, which was recorded during the fourth quarter, where the

organization of the Company's revenues was approved according to the minimum operating costs model to determine the required revenue for the fiscal year 2020, as approved by the Ministerial Committee for Restructuring the Electricity Sector. The improvement in the demand for electrical service during 2021 compared to the previous year is due to the growth of electrical energy sales, tariff revenues for meter reading and maintenance, billing, and revenues for electrical service delivery and the transportation system, which led to offsetting the impact of the decrease in other operating revenues resulting from the decrease in the estimated amount recognized in the Balancing fund during 2021.

- 3) The decrease in the Company's total loans after the transfer of government loans within the Mudaraba instrument signed in November 2020 led to a decrease in the financing burdens charged to the income statement, and this was offset by a decrease in revenue from partially depleting government grants.

In addition to the above, the decrease in general and administrative expenses and non-recurring expenses related to fuel cost settlement for previous years led to the partial equation of the increase in the Zakat provision and the provision for receivables resulting mainly from the increase in the revenue base of the Company after canceling the government fee.

### Adjusted Net Profit

The adjusted net profit (net profit attributable to common shares after deducting dividends from the Mudaraba instrument amounting to (7.7) billion Saudi riyals) for the year 2021 amounted to (6.7) billion Saudi riyals, compared to (2.1) billion Saudi riyals for the previous year, an increase of (219%). Accordingly, the basic and diluted earnings per share amounted to (1.62) riyals for the year 2021, compared to (0.50) riyals for the previous year.



## 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 pronounce-



ments issued by the Saudi Organization of Certified Public Accountants.



## 22 - Subsidiaries and invested companies:

The company owns shares in the capital of each of the subsidiaries and invested companies as follows:

### 1. Gulf Cooperation Council Interconnection Authority

31.6%

1,407,000,000  
US Dollars

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Gulf Arab States

Connecting electrical networks between member states by providing the necessary investments to achieve the technical and economic benefits stipulated in the Authority's system.

### 2. Electricity Sukuk Company

100%

500,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Providing the service and support needed for Sukuks and bonds issued by the Saudi Electricity Company.

### 3. Dawiyat Telecom Company

100%

50,000,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

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

### 4. National Grid S.A.

100%

10,000,000,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Transmitting electricity, operating, controlling, and maintaining power systems, and leasing line capacities of transmission networks.

### 5. Dhuruma Electricity Company

50%

4,000,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Power generation.

### 6. Hajr Electricity Production Company

50%

2,506,230,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Power generation.

### 7. Rabigh Electricity Company

20%

923,750,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Power generation.

### 8. Al-Mourjan for Electricity Production Company

50%

1,403,850,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Power generation.

### 9. Saudi Electricity for Projects Development Company

100%

5,000,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Managing construction projects, setting detailed designs, purchasing materials, and implementing projects in the power sector.

### 10. GCC Electrical Testing Laboratory Company

25%

612,000,000  
Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

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.







## Subsidiaries and invested companies:

The company owns shares in the capital of each of the subsidiaries and invested companies as follows:

### 11. Al Fadhly Co-Generation Company

30%

 1,500,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Production of electric power, water vapor, distilled water, power-connected water and water of similar purity.

### 12. Saudi Green Company for Carbon Services

51%

 1,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

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.

### 13. Saudi Power Procurement Company

100%

 2,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

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.

### 14. Integrated Dawiyat Telecommunications and Information Technology Company

100%

 1,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

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.

## Subsidiaries and invested companies:

The company owns shares in the capital of each of the subsidiaries and invested companies as follows:

### 19. Shuqaiq Water and Electricity Company (SQWEC)

8%

 1,120,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Development, establishment, ownership, operation and maintenance of the Shuqaiq 2 project for the co-generation production of water and electricity in the Shuqaiq area.

### 20. Jubail Water and Power Company (JWAP)

5%

 882,500,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Development, construction, ownership, operation and maintenance of Jubail water and electricity project in Jubail industrial zone.

### 21. Saudi Electricity Global Sukuk Company

100%

 One Dollar

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.

### 22. Saudi Electricity Global Sukuk Company 2

100%

 One Dollar

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.

### 15. Global Data Hub Company

50 %

 10,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

Construction, acquisition, operation, maintenance and commercial exploitation of information centers.

### 16. Shuaibah Water & Electricity Company (SWEC)

8 %

 1,560,500,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

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.

### 17. The Saudi Energy Production Company

100%

 2,000,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
The Arab Gulf States

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

### 18. Shuaibah Expansion Project Company Ltd.

8%

 175,818,000 Riyals

Place of founding  
Kingdom of Saudi Arabia

Location of Activity  
Kingdom of Saudi Arabia

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.

### 23. Saudi Electricity Global Sukuk Company 3

100%

 One Dollar

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.

### 24. Saudi Electricity Global Sukuk Company 4

100%

 One Dollar

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.

### 25. Saudi Electricity Global Sukuk Company 5

100%

 One Dollar

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A company operating as a special purpose entity to provide services and support for the issuance of global Sukuks.

### 26. Saudi Electricity Sukuk Programme Company

100%

 One Dollar

Place of founding  
Cayman Islands

Location of Activity  
Cayman Islands

A special-purpose company to provide services and support for the issuance of global Sukuk.



## 23 - Details of shares and debt instruments issued to each subsidiary company and invested in them:

<div><div>1</div><div>Gulf Cooperation Council Interconnection Authority</div><div>1,407,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>2</div><div>Electricity Sukuk Company</div><div>10,000 Shares</div><div>Shares / Number of Shares</div><div>Instruments: Sukuk 3 for the amount of SR 5.73 billion Sukuk 4 for the amount of SR 4.5 billion</div></div>	<div><div>3</div><div>Dawiyat Telecom Company</div><div>5,000,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>4</div><div>National Grid S.A.</div><div>200,000,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>		<div><div>13</div><div>Saudi Power Procurement Company</div><div>200,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>14</div><div>Integrated Dawiyat Telecommunications and Information Technology Company</div><div>100,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>15</div><div>Global Data Hub Company</div><div>1,000,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>16</div><div>Shuaibah Water &amp; Electricity Company (SWECC)</div><div>156,050,000 Shares</div><div>Shares / Number of Shares</div><div></div></div>	
<div><div>5</div><div>Dhuruma Electricity Company</div><div>400,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>6</div><div>Hajr Electricity Production Company</div><div>250,623,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>7</div><div>Rabigh Electricity Company</div><div>92,375,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>8</div><div>Al-Mourjan for Electricity Production Company</div><div>1,000,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>		<div><div>17</div><div>The Saudi Energy Production Company</div><div>200,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>18</div><div>Shuaibah Expansion Project Company Ltd.</div><div>17,581,800 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>19</div><div>Shuqaiq Water and Electricity Company (SQWEC)</div><div>112,000,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>20</div><div>Jubail Water and Power Company (JWAP)</div><div>88,250,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>21</div><div>Saudi Electricity Global Sukuk Company</div><div>1 Share</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>1.75 billion US Dollars</b></div></div>
<div><div>9</div><div>Saudi Electricity for Projects Development Company</div><div>100,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>10</div><div>GCC Electrical Testing Laboratory Company</div><div>61,200,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>11</div><div>Al Fadhly Co-Generation Company</div><div>150,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>	<div><div>12</div><div>Saudi Green Company for Carbon Services</div><div>1,000,000 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>		<div><div>22</div><div>Saudi Electricity Global Sukuk Company 2</div><div>1 Share</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>2 billion US Dollars</b></div></div>	<div><div>23</div><div>Saudi Electricity Global Sukuk Company 3</div><div>1 Share</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>2.5 billion US Dollars</b></div></div>	<div><div>24</div><div>Saudi Electricity Global Sukuk Company 4</div><div>1 Share</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>2 billion US Dollars</b></div></div>	<div><div>25</div><div>Saudi Electricity Global Sukuk Company 5</div><div>1 Share</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>1.3 billion US Dollars</b></div></div>	<div><div>26</div><div>Saudi Electricity Sukuk Programme Company</div><div>100 Shares</div><div>Shares / Number of Shares</div><div>Debt Instruments: <b>None</b></div></div>





## 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. Taking into account the provisions of paragraph (2) (of item II) of Cabinet Decision No. (169) 24/09/1430 AH and Cabinet Decision No. (327) 24/09/1430, at least (5%) of the paid company capital shall be distributed thereafter to shareholders.
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 2021, the company achieved a net profit of (14,391) Million 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:

Percentage of profit proposed for year-end distribution	Total Profits
Percentage 7%	Riyal 2,916,615,671



## 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 31/12/2021, 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 2021

	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 power	288,630,420	288,630,420	0	0



## 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	the beginning of the year		the beginning of the year		net change	percentage change
	Shares No.	debt instruments	debt instruments	debt instruments		
Nabil bin Abdulaziz Al-Naeem	200	0	0	0	-200	100%

### B) Senior Executives and their Relatives:

Name	the beginning of the year		the beginning of the year		net change	percentage change
	Shares No.	debt instruments	debt instruments	debt instruments		
First: Senior Executives						
Osama Abdelwahab Khondana	2,250	0	2,250	0	0	0%
Second: Relatives of senior executives						
Two of the children of Osama bin Abdulwahab Khaundna	2,945	0	2,945	0	0	0%



## 27 - Information related to the company's loans

### A) Statement of commercial loans as of 31/12/2021

Figures in thousand (Saudi riyals / US dollars)

Statement	Loan Currency	Due Date	Loan Principal Amount	December 31, 2021	December 31, 2020
Local Banks 2	SAR	2025	5,000,000	1,536,800	1,921,600
Local Banks 3	SAR	2025	10,000,000	3,631,746	6,761,906
Local Bank 5	SAR	2021	1,300,000	-	216,667
Local Bank 6	SAR	2026	3,500,000	2,598,750	2,625,000
Local Bank 7	SAR	2024	2,400,000	2,280,000	2,340,000
Local Banks 8	SAR	2026	15,200,000	14,896,000	15,200,000
Local Bank 9	SAR	2029	1,850,000	2,850,000	1,850,000
Local Banks 10	SAR	2027	9,000,000	9,000,000	3,000,000
Ministry of Finance loan *	SAR	2024	2,583,375	541,475	756,413
International Syndicated Loan 1	USD	2021	4,057,417	-	146,353
International Bank 2	USD	2024	3,709,125	660,720	969,903
International Syndicated Loan 3	USD	2026	5,251,120	2,187,561	2,625,128
International Syndicated Loan 4	USD	2028	7,240,715	4,084,497	4,687,886
International Bank 5	USD	2021	5,625,710	-	936,933
International Syndicated Loan 6	USD	2029	3,375,585	2,249,754	2,531,671
International Syndicated Loan 7	USD	2029	1,575,336	1,050,228	1,181,507
International Syndicated Loan 8	USD	2022	6,562,878	6,562,878	6,562,878
<b>Total</b>			<b>88,231,261</b>	<b>54,130,409</b>	<b>54,313,845</b>

- The unamortized portion has been deducted from prepaid fees and other fees for the year 2021, amounting to (342,229) thousand riyals.

\* The loan was transferred from Public Investment Fund to the Ministry of Finance during September 2021 without entailing any commitment to the Company or any additional undertaking.



## B) A statement of the existing Sukuk issuances as of 31/12/2021:

Figures in thousand (Saudi riyals / US dollars)

Statement	Issuance Volume	Date of Issuance	Actual Repayment of the Sukuk during the Year	Total Value of the Issuance after Modification	Due Date
Local Sukuk (3rd Issue) in Saudi Riyals	5,730,690,000	2010	0	No modification	2030 With the right to early purchase in 2022, 2024, and 2026
Local Sukuk (4th Issue) in Saudi Riyals	4,500,000,000	2014	0	No modification	2054 With the right of early redemption in 2024, 2034, and 2044
Global Sukuk (1,250 million USD)	4,687,850	2012	0	No modification	2022
Global Sukuk (1,000 million USD)	3,750,750	2013	0	No Modification	2023
Global Sukuk (1,000 million USD)	3,750,750	2013	0	No modification	2043
Global Sukuk (1,500 million USD)	5,625,600	2014	0	No Modification	2024
Global Sukuk (1,000 million USD)	3,750,400	2014	0	No Modification	2044
Global Sukuk (800 million USD)	3,000,800	2018	0	No Modification	2024
Global Sukuk (1,200 million USD)	4,500,200	2018	0	No Modification	2028
Global Sukuk (650 million USD)	2,437,500	2020	0	No Modification	2025
Global Sukuk (650 million USD)	2,437,500	2020	0	No Modification	2030

## C) Short-term bank facilities and revolving loans:

Figures in thousand (Saudi riyals / US dollars)

Statement	Loan Currency	Loan Principal Amount	December 31, 2021	December 31, 2020
Local Banks Revolving Loan 1	SAR	1,000,000	1,000,000	500,000
Local Bank Facilities 4	SAR	2,500,000	-	1,000,000
International Syndicated Revolving Loan 3	USD	8,066,263	-	5,920,748
Commercial Payment Facility	SAR	550,000	159,433	95,447
International syndicated loan 4*	USD	9,665,625	1,875,075	-
<b>Total</b>		<b>21,781,888</b>	<b>3,034,508</b>	<b>7,516,195</b>

\* On September 8, 2021, the Saudi Electricity Company signed a revolving credit facility agreement denominated in US dollars with several international banks to refinance existing revolving credit facilities, and to finance the Company's general purposes, including capital expenditures of(2.6) billion US dollars without any guarantees or financial commitments provided by the Company.

#### D) Bank loans for joint operations:

Statement of the Saudi Electricity Company's share in bank loans for joint operations:

Figures in thousand (Saudi riyals / US dollars)

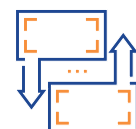
Statement	loan currency	due date	Principal value of the loan	December 31, 2021	December 31, 2020
local bank loan 1	SAR	2032	3,104,704	2,801,734	2,780,582
international bank loan 2	USD	2033	832,400	706,728	729,553
international bank loan 3	USD	2028	241,000	111,843	129,056
international bank loan 4	USD	2033	174,000	147,681	151,273
international bank loan 5	USD	2033	142,500	120,816	123,754
international bank loan 6	USD	2032	951,422	1,214,197	822,660
international bank loan 7	USD	2026	1,736,250	476,965	870,791
local bank loan 4	SAR	2036	1,223,000	1,065,092	1,078,381
local bank loan 5	SAR	2032	1,109,550	884,011	955,533
Shareholder Loans	SAR	-	50,000	39,706	50,000
international bank loan 8	USD	2033	234,179	180,070	190,609
local bank loan 6	SAR	2032	495,500	375,574	398,482
<b>The total value</b>			<b>10,294,505</b>	<b>8,124,417</b>	<b>8,280,674</b>

- The unamortized portion has been deducted from prepaid fees and other fees for the year 2021, amounting to 225,581 thousand riyals.



#### 28 - A description of the categories and numbers of any convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company during the fiscal year, with an explanation of any return obtained by the Company in return:

There are no convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company during the fiscal year ending on 31/12/2021.



#### 29 - A description of any conversion rights, subscription under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company:

There are no conversion rights, subscription under convertible debt instruments, contractual securities, subscription right memoranda, or similar rights issued or granted by the Company during the fiscal year 2021



#### 30 - A description of any redemption, purchase, or cancellation by the Company of any redeemable debt instruments, and the value of the listed securities purchased by the Company, or by its subsidiaries::

There is no redemption, purchase, or cancellation by the Company of any redeemable debt instruments, and the value of the listed securities purchased by the Company, or 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 (10) meetings during 2021. The following table shows names of the Board members and the number of meetings attended by each member:

Name	Number and date of meetings										total
	1	2	3	4	5	6	7	8	9	10	
	19/01	21/01	08/03	06/04	20/04	06/06	21/06	15/09	24/11	22/12	
Khalid bin Saleh Al-Sultan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Najm bin Abdullah Al-Zaid	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	9
Issam bin Alwan Al Bayat	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Abdul Karim bin Ali Al-Ghamdi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Raed bin Nasser Al Rayes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	10
Rashid bin Ibrahim Sharif	✓	✓	✓	✓	✓	✓	✓	Board membership ended on 24/08/2021			7
Walid bin Ibrahim Shukri	Board membership begin on 21/01/2021	✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Nabil bin Abdulaziz Al-Naeem		✓	✓	✓	✓	✓	✓	✓	✓	✓	9
David Crane		✓	✓	✓	✓	✓	✓	✓	✓	✓	9
Mohammed bin Abdulrahman Al-Balheed	Board membership begin on 24/08/2021							✓	✓	✓	3
Abdulmalik bin Abdullah Al-Hugail	✓										1
Abdulaziz bin Fahd Al-Khayal	✓							Board membership ended on 020/01/2021			1
Gerard Mestrallet	✗										0
Date of the last meeting of the General Assembly: 27/04/2021											



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

The number of the company's requests to the shareholders' register	The date of application	Reasons for application
6 Application	January 13	General Assembly
	January 24	Facility Procedures
	April 7	General Assembly
	April 7	Earnings File
	April 11	Procedures of Facility
	December 14	Procedures of Facility



### 33 - Description of any transaction between the Company and a related party:

The ultimate controlling party of the group is the government of the Kingdom of Saudi Arabia through its ownership of the Public Investment Fund, Saudi Aramco, and the Saline Water Conversion Corporation, as the aforementioned entities are under the final control of the government of the Kingdom of Saudi Arabia in addition to the independent energy production companies and the investee companies. The following is a list of the most important transactions with related parties:

#### A) Electric power sales

Figures in thousand Saudi riyals

	For the year ending December 31	
	2021	2020
Electricity Sales:		
Group's ultimate controlling party	12,179,798	11,594,615
Entities under control of the Group's ultimate controlling party		
Saudi Aramco	644,398	446,240
Saline Water Conversion Corporation	534,041	562,790
<b>The total value</b>	<b>13,358,237</b>	<b>12,603,645</b>



## B) Energy and fuel purchases

Figures in thousand Saudi riyals

	For the year ending December 31	
	2021	2020
<b>Entities controlled by the ultimate controlling party:</b>		
Saudi Aramco	10,064,742	8,455,131
Saline Water Conversion Corporation	610,385	277,510
Al-Fadhili Co. for Dual Production	697,141	463,788
<b>Joint operations:</b>		
Dhurma Electricity Company	659,709	588,697
Rabigh Electricity Company	885,768	915,177
Hajr for Electricity Production Company	824,658	795,525
Al-Murjan Electricity Production Company	482,402	419,212
<b>The total value</b>	<b>14,224,805</b>	<b>11,915,040</b>

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

## C) Year-end balances generated from electric power sales/energy and fuel purchases/loans:

Figures in thousand Saudi riyals

	For the year ending December 31	
	2021	2020
Due to related parties:		
Ultimate controlling party of the group – governmental electricity receivable	5,005,267	17,194,708
Entities controlled by the ultimate controlling party		
Saudi Aramco - Electricity Consumers' Receivables	403,922	170,929
Saline Water Conversion Corporation - Electricity Consumers' Receivables		-
Al Fadhly Co-Generation Company loans	253,874	253,874
Global Data Center Company loans	45,250	30,250
<b>Total due to related parties</b>	<b>5,708,313</b>	<b>17,649,761</b>
Due to related parties:		
The ultimate controlling party of the group - government payables		
Government receivables	4,570,538	-
Total due to related parties	4,570,538	-
Due to entities controlled by the ultimate controlling party		
Saudi Aramco (*)	683,830	10,077,791
Saline Water Conversion Corporation	359,437	354,349
Government payable expenses	4,727,404	12,778,238
<b>Total</b>	<b>5,770,671</b>	<b>23,210,378</b>

\* Payables include the balance of fuel used by the Company as well as used by IPPs, and energy purchased.



#### D) Loans, grants, and financial instruments from related parties

Figures in thousand Saudi riyals

	December 31, 2021	December 31, 2020
The ultimate controlling party		
Deferred Government grants	1,525,987	1,089,377
Ministry of Finance loan	541,475	756,413
<b>Total</b>	<b>2,067,462</b>	<b>1,845,790</b>



**34 - Information concerning any business or contract to which the company is a party, or in which it has an interest of a member of the board of directors or executives of the company or of any person connected with any of them:**

	Nature of the work or contract	Amount of work or contract	Duration of work or contract	Terms of employment or contract	The name of the member/CEO or any person associated with any of them.
	Financial facilities agreement with Gulf International Bank	Million SAR 500	Calendar year	Local financial facilities in the context of regular work in Saudi Riyals	Member of the Board of Directors, Dr. Najm bin Abdullah Al-Zaid



**35 - A statement of any arrangement or agreement whereby a member of the company's board of directors or a senior executive waived any remuneration:**

There is no arrangement or agreement under which a member of the company's board of directors or a senior executive waived any rewards.



**36 - A statement of any arrangement or agreement under which a shareholder of a company waives any rights to profit:**

There is no arrangement or agreement under which a shareholder of the company waives any rights to profit.



**37 - A statement of the value of the regular payments paid and due for the payment of any zakat, taxes, fees, or any other entitlements that have not been paid until the end of the annual fiscal period, with a brief description of it and a statement of its reasons**

The table below shows the value of the receivables to the State's regulators or regulators:

Statement	Thousands of Saudi riyals	
	2021	2020
Customs Fees	66,225	11,160
Zakat and Tax	82,883	638,277
Insurances	968,722	506,540
Other	66,745	50,307



### 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 took the initiative to create a savings program (optional) to motivate employees and enhance their loyalty and belonging to the Company; Which contributes to raising the level of performance, attracting qualified Saudi cadres, motivating them to continue in service, and helping the Saudi employee to accumulate his savings and benefit from them upon retirement or end of service.

The Company deducts part of the salary to voluntarily invest it in the interest of the participating employee, where the company chooses suitable areas for investing the program's funds following the Islamic investment conditions in low-risk vessels and portfolios in a way that achieves the interests of the participating employees.

The Company contributes (100%) of the value of the employee's monthly subscription and credits it to his account. The employee's entitlement to the Company's contribution is calculated according to the principles set by the Company, starting from (10%) upon completion of the first year of subscription to reaching 100% upon completion of the tenth year of subscription. The employee's entitlements from this contribution are calculated in the event of the end of the subscription following the statutory controls. The following is an explanation of the change that occurred in the contribution of the participating employees, and the amount due to them from the Company's contribution during the year:

Figures in thousand Saudi riyals

Statement	Employee's contribution	Entitlements to the employees from the company's contribution
Balance as at the beginning of the year	679,937	795,556
Net added/excluded during the year 2021	48,955	120,042
Balance at the end of the year	<b>728,893</b>	<b>915,598</b>

#### B) Housing Loans program:

For the thirteenth year, the company continued to provide housing loans to Saudi employees through banks in accordance with the program's regulations to finance the ownership, construction or completion of housing construction in a manner consistent with the provisions of the Islamic Shariah (profit). The company contributed a percentage of the profit margin of the amount of the financing, ranging from (70%) to (100%). The company's contribution was stopped when the employee's service ended for any reason or in the case of early payment, when the total number of beneficiaries reached (6,167) (beneficiary by the end of 2021).

Close relations with external parties related to the Saudi Electricity Company, for example (Ministry of Human Resources and Social Development, Ministry of Health, Health Security Council, Ministry of Interior, General Organization for Social Insurance, Saudi Organization of Engineers and others which have borne fruit in facilitating many of the procedures of their company.



### 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.



### 40 - Report of the Company's chartered accountant:

The 22nd Ordinary General Assembly, which was held on 27/04/2021, approved the appointment of KPMG Al Fozan & Partners as chartered accountants and auditors for the Company's accounts to examine, review, and audit the annual financial statements for the fiscal year 2021. The Company's chartered accountant report did not include any reservations about 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.



## Conclusion

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.

