



البابطين للطاقة و الاتصالات  
AL-BABTAIN POWER & TELECOM



## Board Annual Report For Period ended 31-12-2020





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## Chairman Message

### Dear Shareholders,

It is my pleasure to meet together again at our annual meeting to complete our plans together with confidence and steadfastness, based on your continuous support and confidence in our leadership, to be proud of what we have achieved due to the affirmation of our goals, vision and ambition to be a global leader in the energy and communications industry and our expansion in the fields of renewable energy in all its forms and types, which is fully consistent with the goals and vision of the Kingdom of Saudi Arabia 2030 and the steadfast steps of the development path in our country.

On behalf of the Board of Directors of Al-Babtain power and telecommunications Company and all the employees of the company, I would like to review with you the work and achievements of the company, especially in light of the challenges, competitions and the new economic environment during the year ending 12/31/2020 AD and what the economy suffered as a result of the emerging Corona virus pandemic and it had a severe negative impact on both levels Local and international and its impact on all sectors. Despite the difficulties that we faced as a result of this pandemic, we have the determination and ambition to overcome these difficult circumstances in order to achieve continuity in the development process of the company and to preserve our manpower. The difficult challenge and determination was to provide high-quality competitive products and solutions that satisfy Customers and fulfilling the expectations of the our shareholders and enabling workers to reach the highest levels of performance in light of the difficult circumstances and precautions taken, as well as contributing to the development and development of society and maintaining the confidence of those dealing with the company with the company's high quality of performance and production.

Despite the clarity of the Coronavirus pandemic and its negative impact, in addition to the intense competition in the company's various business fields and the economic and political fluctuations that the Middle East region is going through, and it is clear in the performance of the economic sector companies in the Saudi and regional market, but thanks to God the company's performance continues to be strong and coherent during the year 2020 Achieving good results at the level of the industrial sector to which the company belongs, drawing our determination and strength from the confidence of our customers, your continuous support, the company's financial position and the ambitious national program that makes us look with confidence and determination towards the future to achieve the challenges facing us to diversify investment in different sectors to achieve sustainable development for the company at a steady and strong pace. Supported with our faith in God and then our confidence in the capabilities that the company possesses of the expertise and competencies of the company's employees and those in charge of it, and this supports the development of our business and the provision of integrated solutions and services to clients, whether at the regional or global level. We renew our pledge and commitment with you that, God willing, we will continue, God willing, with full determination and strength to implement our plans and ambitions to increase our production capacity and market share with its geographical extension, which is in line with the vision and ambition approved by the Kingdom and in the face of everything that hinders development and growth, taking all possible measures to maintain the efficiency of the company's diversified productivity as well as contribute to Domestic national income product.



The financial results for the year 2020 AD resulted in revenues of (1,387.1) million riyals and achieving a total profit of (202.6) million riyals, and the operating profit reached a value of (99.1) million riyals, which contributed to achieving a net profit of (80.3) million riyals in the year 2020, which contributed to making the company It ranks excellent level at the sector level in achieving profits despite the economic pressures in the region and the sharp competition in this sector, especially the impact of the Coronavirus pandemic on operational performance in some sectors.

The total equity in the year 2020 of the shareholders of the parent company amounted to (776.5) million riyals.

Among the reasons that contributed to achieving net profits during the year 2020 was the tight control of operating expenses, financial burdens, and diversification of its investments.

Through your confidence and support, we are looking confidently and steadily towards a better future, God willing, to maximize the benefits of the company as an expression of our commitment and responsibility towards the homeland and our shareholders.

#### **At the end**

In my name and on behalf of my colleagues, members of the Board of Directors, I would like to express my thanks and appreciation to the Custodian of the Two Holy Mosques and his faithful Crown Prince and his rational government for their continuous support and support for the wise directions and measures that have been directed to open the horizons of work in the Saudi market and the continuous partnership of the private sector that works to achieve growth and prosperity for the company and the Saudi society .

Also, I'm pleased to extend my sincere thanks and appreciation to our shareholders, who always support us and give us their confidence, and we promise everyone to remain loyal to this trust.

I also do not forget to extend my thanks and appreciation to all the employees of the company for the distinguished efforts they made during the year 2020 AD and are still submitting the bid in order to achieve their desired and sustainable development of our company and our society.

**Ibrahim Hamad A. ABabtain**

**The Chairman**



## Gentlemen / shareholders of Al-Babtain Power and Telecommunication Company

### Greetings;

The Board of Directors is pleased to present to you its annual report in which it reviews all the company's activities and investments inside and outside the Kingdom of Saudi Arabia at the level of the company's activities and at the level of geographical distribution of the period from 01.01.2020 to 31.12.2021. The annual report includes the consolidated audited financial statements, the income statement, cash flows, and changes in shareholders equity, and their explanations for the aforementioned financial period, which is an integral part of this report that complements each other, as well as the report of the auditor of the accounts Messrs. / Mr. Al-Ayouti and partners

### (1) General Situation

- 1- There is no doubt that the financial tools taken by the Kingdom to increase the state's revenues had a clear impact on the economic direction of the Kingdom, which was reflected in the projects offered in the Kingdom and in the Gulf region in addition to the orientation for renewable energy projects in future projects. Based on that it was rearranged the priorities for implementation of infrastructure projects in the Kingdom of Saudi Arabia, which led to a focus on projects of a special nature and new sectors, especially in the field of renewable energy and service sectors, which was reflected in the prices of the offers and the quality of the proposed projects that began to appear from the year 2020 AD.
- 2- Although the year 2020 AD had many challenges at the regional and global level as a result of the Corona pandemic, which led to quasi-halt in world economies in addition to intense competition, which resulted in great pressure on selling prices in the local and foreign markets as a result of entering projects with specifications with special qualities and technologies, but the company was able to face these effects and took many measures and was able to compete inside and outside the Kingdom and obtain projects as well as keep pace with economic changes, which was reflected in the total revenues achieved by the company.
- 3- Despite of the clear and direct impact of political changes in the countries of the region on the economic environment in general and on some of the projects proposed in those countries, we expect that these countries will work to adopt national projects in accordance with the announced plans to promote development in those countries during the year 2021 AD, especially renewable energy projects and various projects with a technical and technological thought to keep pace with global developments, which will lead to demand for that type of these projects.

The company has succeeded in achieving very good overall profits in light of the steady change in the domestic and foreign markets as a result of tight control of operating expenses, and diversification of its investments, in addition to the company continuing to adopt cost rationalization programs that contributed to raising the level of profits. The net with the aim of obtaining some supply orders at good prices.

Although the company is facing intense competition and fluctuation in economic change as a result of Covid-19, the company benefits from its technical capacity and global experience in its activity and management of its business and the programs it takes to confront the pandemic, as well as its good commercial relations with its customers and



suppliers, which makes us confident in achieving the plan set for the year 2021 emanating from From the company's strategic plan.

## (2) Board Members & Committee Members and Executives Management

### Firstly; Board Members

The board members consists of (9) nine members of the current board period from 27.07.2018 up to 26.07.2021 as the following;

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Ibrahim Hamad Abdullah ABabtain	Chairman of AL Babtain Power and Telecommunications company – have many private investments in real state fields.	Chairman of AL Babtain Power and Telecommunications company – worked in many leader position in al Babtain group	Have high diploma in commercial from Riyadh commercial institute at 1987- have English language diploma from united kingdom at 1988	32 year
2	Abdulaziz Ibrahim Abdullah Al Babtain	Deputy of chairman of Al Babtain Power and Telecommunications company- founder and partner in Abdulaziz and Mansour for trading company	Deputy of chairman of Al Babtain Power and Telecommunications company- worker as a deputy general Manager and general Manager of AL Babtain for trading company	Have a bachelor degree in geographic science at 1977	43 year
3	Khaled Mohammed Abdullah Abdulrahman ABabtain	Board member and audit committee member of AL Babtain Power and Telecommunications company- General Manager of AL Babtain Al Arabia for Melamine	At 2003 he was a general Manager of Al Babtain Power and Telecommunications Company up to mid of year 2004 and he became board of member of same company for period 27.07.2009 to 26.07.2012	Have a bachelor degree in business administration , Marketing section at 1994 from King Saud University	44 year
4	Yassen Abdulrahman Hassan Al Jeffry	Chairman of Internal Audit Committee and Board Member of Al Babtain Power and Telecommunications company- and he is a chairman of AL Khaleej company for insurance brokers..	Professor in management at King Abdulaziz University for period 1985-1996 – Funder and deem of Sultan Prince college in Jeddah – Al Faisal University 2004 – consultant for Ministry of Finance 1998-2002	Philosophy degree in finance from Pennsylvania – USA 1985	45 year
5	Mohammed Hamad Mohammed Al Qunibet	Board Member of Al Babtain Power and Telecommunications company- professor in resources economic king Saud University	Member of the Shura Council from 1997 to 2009, where he served as Chairman of the Economic Affairs and Energy Committee of the Shura Council (1999-2005) and Vice-Chairman of the Economic Affairs and Energy Committee of the Shura Council (2005-2009)	Philosophy degree in resource economics from Orgin state at 1984	45 year
6	Abdulkareem Hamad Abdullah Al Babtain	Board Member and nomination committee member of Al Babtain Power and Telecommunications company	Worked as general Manager of AL Babtain for trading at 2000 – worked as Managing director of AL Babtain company for trading 2001 – worked as general manager of Tower and	Have master degree in Quality from Arabic Academy of maritime science at 2007.	30 year



			steal structure and test station sector up to 2003		
7	Khaled Mohammed Abdullah ABabtain	Board Member and nomination committee member of Al Babtain Power and Telecommunications company	Worked in Tower Sales Department ( 1997-2000) and worked as General Manager of AL Babtain Power and Telecommunication – Egypt (2000-2005) then deputy general Manager for commercial and management of AL Babtain power and telecommunication Saudi ( 2005-2012)	Master degree in business administration from Arab Academy of maritime science at 2004	24 year
8	Mansour Mohammed Abdullah ABabtain	Board Member of Al Babtain Power and Telecommunications company- General Manager of Al Babtain for contracting company 2018	Worked as sales executive at al Babtain for trading 1999 and in purchasing department at al Babtain for industrial (1999-2002) and worked in marketing and sales at al Babtain power and telecommunication then worked in export sales at same company (2002-2004) and have many management jobs up to reach to Sales manager at al Babtain power and telecommunication (2005-2008) then transfer to work as deputy general manager then general manager of AL Babtain LeBlanc company (2013-2018)	Have bachelor degree in Art form King Saud University 1998	23 year
9	Khaled Soliman Abdulaziz AL Soliman	Board Member and member of Internal Audit committee of Al Babtain Power and Telecommunications company- member of Internal Audit committee of Puba Company for medical insurance	Worked in internal audit department of Al Ahly Bank and finance control for companies division in the bank – worked as auditor for 4 years with Ernest and Young company – then worked in internal audit department at SAAB & Al Rabi Bank	Have a bachelor degree in account for king Saud University 1987 – have CPA certificate 1994 from American Board 1994.	33 year

## **Secondly; Board Committees**

The company's board create group of committee to perform special duties and tasks that will assist and support the board to do his duties and tasks for board session 27.07.2018 up to 26.07.2021 as the following;

### **(A) Internal Audit Committee Members;**

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Yassen Abdulrahman Hassan Al Jeffry	Chairman of Internal Audit Committee and Board Member of Al Babtain Power and Telecommunications company- and he is a chairman of AL Khaleej company for insurance brokers.	Professor in management at King Abdulaziz University for period 1985-1996 – Funder and deem of Sultan Prince college in Jeddah – Al Faisal University 2004 – consultant for Ministry of Finance 1998-2002	Philosophy degree in finance from Pennsylvania – USA 1985	45 year



2	Khaled Mohammed Abdullah Abdulrahman ABabtain	Board member of AL Babtain Power and Telecommunications company- General Manager of AL Babtain Al Arabia for Melamine	At 2003 he was a general Manager of AL Babtain Power and Telecommunications Company up to mid of year 2004 and he became board of member of same company for period 27.07.2009 to 26.07.2012	Have a bachelor degree in business administration , Marketing section at 1994 from King Saud University	44 year
3	Khaled Soliman Abdulaziz AL Soliman	Board Member and member of Internal Audit committee of AL Babtain Power and Telecommunications company- member of Internal Audit committee of Puba Company for medical insurance	Worked in internal audit department of Al Ahly Bank and finance control for companies division in the bank – worked as auditor for 4 years with Ernest and Young company – then worked in internal audit department at SAAB & Al Rabi Bank	Have a bachelor degree in account for king Saud University 1987 – have CPA certificate 1994 from American Board 1994.	33 year
4	Sultan Hamad Abdullah Al Babtain	Member of Internal Audit Committee of AL Babtain Power and Telecommunication – and currently working as investor in Real State field.	Board Member of AL Babtain Power and Telecommunications company – member of nomination and remuneration committee of AL Babtain Power and Telecommunications company	Have diploma in Marking form Administration institute	18

#### **(B) Nomination and Remuneration Committee Members;**

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Mohammed Hamad Mohammed Al Qunibet	Chairman of Nomination and remuneration committee and board Member of AL Babtain Power and Telecommunications company- professor in resources economic king Saud University	Member of the Shura Council from 1997 to 2009, where he served as Chairman of the Economic Affairs and Energy Committee of the Shura Council (1999-2005) and Vice-Chairman of the Economic Affairs and Energy Committee of the Shura Council (2005-2009)	Philosophy degree in resource economic from Orgin state at 1984	45 year
2	Abdulkareem Hamad Abdullah Al Babtain	Board Member and nomination committee member of AL Babtain Power and Telecommunications company	Worked as general Manager of AL Babtain for trading at 2000 – worked as Managing director of AL Babtain company for trading 2001 – worked as general manager of Tower and steal structure and test station sector up to 2003	Have master degree in Quality from Arabic Academy of maritime science at 2007.	30 year
3	Khaled Mohammed Abdullah ABabtain	Board Member and nomination committee member of AL Babtain Power and Telecommunications company	Worked in Tower Sales Department ( 1997-2000) and worked as General Manager of AL Babtain Power and Telecommunication – Egypt (2000-2005) then deputy general Manager for commercial and management of AL Babtain power and	Master degree in business administration from Arab Academy of maritime science at 2004	24 year





			telecommunication Saudi (2005-2012)		
4	Sultan Hamad Abdullah Al Babbain	Member of Internal Audit Committee of Al Babbain Power and Telecommunication – and currently working as investor in Real State field.	Board Member of Al Babbain Power and Telecommunications company – member of nomination and remuneration committee of Al Babbain Power and Telecommunications company	Have diploma in Marketing form Administration institute	18

### **(C) Investment Committee Members:**

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Mohammed Hamad Mohammed Al Qunibet	Board Member of Al Babbain Power and Telecommunications company- chairman of nomination committee professor in resources economic king Saud University	Member of the Shura Council from 1997 to 2009, where he served as Chairman of the Economic Affairs and Energy Committee of the Shura Council (1999-2005) and Vice-Chairman of the Economic Affairs and Energy Committee of the Shura Council (2005-2009)	Philosophy degree in resource economics from Orgin state at 1984	45 year
2	Abdulaziz Ibrahim Abdullah Al Babbain	Deputy of chairman of Al Babbain Power and Telecommunications company- founder and partner in Abdulaziz and Mansour for trading company	Deputy of chairman of Al Babbain Power and Telecommunications company- worker as a deputy general Manager and general Manager of AL Babbain for trading company	Have a bachelor degree in geographic science at 1977	43 year
8	Mansour Mohammed Abdullah Ababbain	Board Member of Al Babbain Power and Telecommunications company- General Manager of Al Babbain for contracting company 2018	Worked as sales executive at al Babbain for trading 1999 and in purchasing department at al Babbain for industrial (1999-2002) and worked in marketing and sales at al Babbain power and telecommunication then worked in export sales at same company (2002-2004) and have many management jobs up to reach to Sales manager at al Babbain power and telecommunication (2005-2008) then transfer to work as deputy general manager then general manager of AL Babbain LeBlanc company (2013-2018)	Have bachelor degree in Art form King Saud University 1998	23 year
4	Mansour Ibrahim Abdullah ABabbain	Member of investment committee – general manager of Abdulaziz and Mansour company for trading	Worked in Saudi Telecom. Company – worked as department manager in ministry of Education	Have a bachelor degree in social services from Imam Mohammed Bin Saud University 1409 H.	41



### Thirdly; Executives Management Members;

Sr.	Name	Current jobs	Previous jobs	Qualifications	Experiences
1	Jawad Jamel Ismail Abu Shehadah	Chief Executive officer of AL Babtain Power and telecommunication company	Worked as industrial division manager of AL Babtain Power and telecommunication company from 2013 and he was deputy general manager for development and planning 2005 after became deputy general manager of technical and commercial affair and was pole factory manager of the company- he stated in the company as production engineer from year 1986	Have bachelor degree in industrial engineering from Meddle East university – Turkey.	36 year
2	Mohammed Najah Tukhy	Chief finance Officer of Al Babtain Power and Telecommunication	Worked as finance Manager at AL Babtain company for trading then finance manager in Al Babtain power and telecommunication then upgrade to be CFO of company	Have a bachelor degree in account and business administration from Helwan University – Egypt 1987 – have certification in accredit finance consultant from consultant institute in USA 2006 – have internal auditor certificate from Canada 2007.	34 year
3	Tamer Adnan Kalo	Chief Operation Officer of AL Babtain Power and telecommunication company	Worked as marketing and sales manager from 2004 and before he was sales export for meddle east region at AL Babtain Company for trading and also was Manager of Carton company – at 1990 worked at a company work in petroleum field in Syria from 1990	Have bachelor degree in mechanical engineering from Aleppo university – Syria at 1990 – have many trainings in marketing, sales, business development and strategic plan.	30

**(3) The name of companies inside and outside KSA which the board member is a member in its current our previous board or he is a manage it.**

Sr.	Member Name	The name of companies that board member is a member in current board or manage it	Inside / outside KSA	Legal form (listed /non-listed /Limited liabilities)	The name of companies that board member is a member in previous board or manage it	Inside/out side KSA	Legal form (listed /non-listed /Limited liabilities)
1	Ibrahim Hamad Abdullah ABabtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
		AL Babtain Holding Company	Inside	Unlisted joint stock	AL Babtain Holding Company	Inside	Unlisted joint stock
		J. Equity company	Outside	Limited liabilities	J. Equity company	Outside	Limited liabilities
2	Abdulaziz Ibrahim Abdullah Al Babtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
		AL Babtain Holding Company	Inside	Unlisted joint stock	AL Babtain Holding Company	Inside	Unlisted joint stock
3	Abdulkareem Hamad Abdullah Al Babtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
		AL Babtain Holding Company	Inside	Unlisted joint stock	AL Babtain Holding Company	Inside	Unlisted joint stock



4	Khaled Mohammed Abdullah Abdulrahman ABabtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Holding Company	Inside	Unlisted joint stock
					AL Babtain Holding Company	Inside	Unlisted joint stock
5	Khaled Mohammed Abdullah ABabtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
6	Mansour Mohammed Abdullah ABabtain	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
7	Yassen Abdulrahman Hassan Al Jeffry	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Power and Telecommunication	Inside	Join stock company
		AL Khaleej for insurance Brokers	Inside	Unlisted joint stock			
		Al Maymani Group	Inside	Unlisted joint stock			
8	Mohammed Hamad Mohammed Al Qunibet	AL Babtain Power and Telecommunication	Inside	Join stock company	AL Babtain Holding Company	Inside	Unlisted joint stock
9	Khaled Soliman Abdulaziz AL Soliman	AL Babtain Power and Telecommunication	Inside	Join stock company			

#### (4) Board forming and its members classification

The Board members forming from (9) nine members with non-executives majority based on the selection in assembly general meeting dated 04.06.2018. And the board formed and the classification of its members as the following;

Sr.	Member Name	Position	Membership type
1	Ibrahim Hamad Abdullah ABabtain	Chairman	Non-Executive
2	Abdulaziz Ibrahim Abdullah Al Babtain	Deputy Chairman	Non-Executive
3	Abdulkareem Hamad Abdullah Al Babtain	Board Member	Non-Executive
4	Khaled Mohammed Abdullah Abdulrahman ABabtain	Board Member	Non-Executive
5	Khaled Mohammed Abdullah ABabtain	Board Member	Non-Executive
6	Mansour Mohammed Abdullah ABabtain	Board Member	Non-Executive
7	Yassen Abdulrahman Hassan Al Jeffry	Board Member	Independent
8	Mohammed Hamad Mohammed Al Qunibet	Board Member	Independent
9	Khaled Soliman Abdulaziz AL Soliman	Board Member	Independent

#### (5) The procedures that had taken by the Board to inform its members of shareholders 'suggestions inquiries, and their comments about the company and its performance

The Board Directors in every assembly general meeting discusses with the shareholders about the company's performance, what has been achieved, shareholders 'proposals and comments are recorded in order to be discussed and follow-up work on them in Board meetings during the year. The company dedicated concerned employees and responsible to continual contact with shareholders within the year through direct contact or by e-mail: Investors@al-babtain.com.sa to respond to their inquiries and submit their proposals to the company. These questions and proposals are collected in a special record containing the required note or inquiry, and then it is presented to the Chairman of the

Board of Directors, who present it to all members of the Board during board meetings, and taking appropriate recommendations and decisions.

## **(6) The Board Committees**

when the new period of the Board started from date 27.07.2018 up to 26.07.2021, the board formed numbers of committees to working on study the subjects transfer to it form the board and raise its recommendations to board to take the suitable decision and also it could take a decision by itself base on the authorities granted by Board to it .

### **(A) Internal Audit Committee;**

The Audit Committee was formed based on the proposal of the Board of Directors that recommended this to the Ordinary General Assembly, and the members of the Audit Committee, its work regulations, controls and procedures for the committee's work, the rules for selecting its members and their membership period, were approved in the Ordinary General Assembly meeting on 04/24/2019. The Audit Committee supervises the internal audit, the control and risk system, and submits reports to the Board. It also studies the periodic review reports and the risk report and informs the Board of Directors about them and recommends the necessary proposals regarding these risks in terms of their degree of importance. The committee also recommends to the Board the appointment of the auditor, determining his fees and studying the audit plan. With him, discuss his notes, study the initial and annual financial statements before presenting to the Council, study the accounting policies used, and give opinion and recommendations to the Council regarding them. The committee held four meetings during the year 2020 AD, and the meetings were in attendance as well as by means of modern technology online through the Zoom program as follows:

Sr.	Member name	Position	Member classified	Date of committee meeting on 2020				Attendance %
				2/3/2020	9/11/2020	17/12/2020	27/12/2020	
1	Yassen Abdulrahman Hassan Al Jeffry	Chairman	Independent	√	√	√	√	100 %
2	Khaled Mohammed Abdullah Abdulrahman ABabtain	Member	Non- Executive	√	√	√	√	100 %
3	Khaled Soliman Abdulaziz AL Soliman	Member	Independent	√	√	√	√	100 %
4	Sultan Hamad Abdullah Al Babtain	Member	Non- Executive	√	√	√	√	100 %
	Number of attendances			4	4	4	4	100 %

### **(B) Nomination and remuneration committee;**

The Board of Directors has formed the Nominations Committee and the Remuneration Committee as one committee in the name of the Nominations and Remuneration Committee, so that the remuneration committee and the nomination committee are included in its tasks, characteristics and work policy, since it was formed at the beginning of the current period on 07.27.2018 until 07.26.2021 AD. The committee's work regulations, controls and procedures for the committee's work, the rules for selecting its members and their membership period, were approved in the Ordinary General Assembly meeting on 04.24.2019. The Nominations and Remuneration Committee recommends to the Board the nomination for Board membership in accordance with the approved policies and standards, the annual review of



the required skills needs of all members, the determination of the time that the member should allocate to the work of the Board of Directors, the review of the Board of Directors' structure, and the recommendations of the possible changes with identifying the strengths and weaknesses of the Board and proposing appropriate treatments whether by training or with the help of consultants, as well as verifying and ensuring annually the independence of independent members and that there is no conflict of interests with setting a policy for compensation and bonuses for members of the board and senior executives. The relationships such as the new company's law, the corporate governance system, the rules for offering securities, and continuing commitments. The committee held (two meetings) during the year 2020 AD as follows:

Sr.	Member name	Position	Member classified	Date of committee meeting on 2020		Attendance %
				2/3/2020	30/12/2020	
1	Mohammed Hamad Mohammed Al Qunibet	Chairman	Independent	√	√	100 %
2	Abdulkareem Hamad Abdullah Al babtain	Member	Non- Executive	√	√	100 %
3	Khaled Mohammed Abdullah Ababtain	Member	Non- Executive	√	√	100 %
4	Sultan Hamad Abdullah Al Babtain	Member	Non- Executive	√	√	100 %
	Number of attendances			4	4	100 %

#### **(C) Investments Committee:**

The Investment Committee studies the available investment opportunities presented to the company and works to create and develop an investment policy in order to compatible with the economic variables in the Kingdom and MENA. It also helps search for alternative opportunities that by it, the company's revenues are raised and risks are reduced, and then it submits the final reports and its views to the Board of Directors. The Investment Committee discussed some of the issues that were assigned to it by the Board of Directors to express an opinion during the year 2020 AD by passing the presentation to all members, discussion between the members and communication between them through the Board of Directors secretariat, and the members of the committee in the year 2020 AD were as follows: -

Sr.	Member Name	Position	Member classified	Year 2020
1	Mohammed Hamad Mohammed Al Qunibet	Chairman	Independent	The investment committee did not meet physically during the year 2020 AD while it was discussing the subjects transfer to it from the Board by passing among the members through the secretariat of the board of directors through modern technology means in order to express the opinion of the committee by scrolling to all the members of the committee as there was a tendency from the board to focus on the existing projects in the company At the present time, which keeps pace with the vision of the Kingdom and the expansion of its activities, then reports are submitted to the Board of Directors with recommendations on these issues
2	Abdulaziz Ibrahim Abdullah Al Babtain	Member	Non- Executive	
3	Mansour Mohammed Abdullah ABabtain	Member	Non- Executive	

#### **(7) Board and Committee's performance Evaluation:-**

In spite of this recommendation is guiding process but the board of director based on the recommendation by nomination and remuneration committee keen to evaluate the board director performance and its committees also, based on some evaluation factors emanating from the board directors responsibilities and authorities as per the corporate governance regulations and the global index of the responsibilities And duties of board of directors. These factors are annually periodical reviewed to develop, update and be compatible with the essential requirements in board



period especial in this condition that face the Kingdom and all world resulted from Covid-19, and that need to raise the effectiveness of the board to face this pandemic and how could they deal with crises. Board approved self-evaluation for year 2020 ,where the evaluation conducting in the end of every year and evaluation results be saved in special registration book to presented to board in the next meeting to know the level of the board and request to develop and increase the extra procedures of need to increase the board effectiveness.

#### **(8) Dividend Policy and the procedures of Board benefits;**

Based on the Ministerial Decree issued on 11/14/1413 AH from the Ministry of Commerce regarding the Companies Law and the New Governance Regulations, the Board Resolution, and the approval of the Ordinary General Assembly at its meeting on 24/04/2019 AD on the work bylaw of the Nominations and Remuneration Committee, in which the remuneration system for members of the Board of Directors is determined and the amount remunerations and attendance allowances for members of the Board of Directors and its committees so that the total of what a member of the Board of Directors gets from rewards or financial or in-kind benefits does not exceed an amount of five hundred riyals annually

The company has ensured that the compensation and remuneration of the members of the Board of Directors and the committees emanating from it shall be in accordance with the following controls:

1. The remuneration is fair and appropriate with the member's competencies, works and responsibilities he performs in addition to the objectives set by the board of directors to be achieved during the year.
2. Remuneration shall be paid upon the recommendation of the Nomination and Remuneration Committee.
3. The remuneration set for the board of directors is proportional to the company's activity and the skill needed to manage it.
4. Remuneration is appropriate for the sector in which the company operates, size and experience of board members.
5. The remuneration and attendance allowances shall be proportional to the percentage of the member's attendance of the total meetings of the Board of Directors.



## A) Remuneration and compensation table of the board directors which paid in year 2020

	Fixed remunerations							Variable remunerations							End-of-service award	Aggregate Amount	Expenses allowances
	Specific amount	Allowance for attending Board meetings	Total Allowance for attending committee meetings committee	In-kind benefits	Remunerations for technical, managerial and consultative work	Remunerations of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remunerations	Short-term incentive plans Long-term incentive plans	Long-term incentive plans Granted shares (insert the value)	Granted shares (insert the value)	Total				
First: Independent Directors																	
Yassen Abdulrahman Hassan Al Jeffry	--	12	12	--	--	--	24	-	467	--	--	--	--	--	491		
Mohammed Hamad Mohammed Al Qunibet	-	12	6	-	-	-	18	-	476	-	-	-	-	-	494		
Khaled Soliman Abdulaziz AL Soliman	-	12	12	-	-	-	24	-	467	-	-	-	-	-	491		
Second: Non-Executive Directors																	
Ibrahim Hamad Abdullah ABabtain	--	12	0	--	--	--	12	-	482	--	--	--	--	--	494		
Abdulaziz Ibrahim Abdullah Al Babtain	-	12	0	-	-	-	12	-	482	-	-	-	-	-	494		
Abdulkareem Hamad Abdullah Al Babtain	-	12	6	-	-	-	18	-	476	-	-	-	-	-	494		
Khaled Mohammed Abdullah ABabtain	-	12	6	-	-	-	18	-	476	-	-	-	-	-	494		
Khaled Mohammed Abdullah Abdulrahman ABabtain	-	12	0	-	-	-	12	-	482	-	-	-	-	-	494		
Mansour Mohammed Abdullah Al Babtain	-	12	12	-	-	-	24	-	467	-	-	-	-	-	491		
Total		108	54				162	-	4,275						4,437		

The number by thousand Riyals

The remunerations that paid for year 2019, but the attendance allowance that paid for year 2020

## B) Remunerations of Senior Executives whom received the highest remunerations in company included CEO & CFO\*

Fixed remunerations				Variable remunerations						End-of service award	End-of service award	Aggregate Amount
Salaries	Allowances	In-kind benefits	Total	Periodic remunerations	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (insert the value)	Total			
2,364,000	726,348		3,090,348	1,350,000					1,350,000	256,750		4,697,098

\* The company is committed to disclosing the elements of executive salaries, benefits and bonuses largely in accordance with the requirements of the regulations that stipulated in subparagraph (b) of the main paragraph (4) of the article No. (93) of the corporate governance regulation and in order to protect their interests, their companies and their employees to prevent any harm resulting from the disclosure in detail according to the position of Senior Executives The details are not presented as follows from Appendix No. (1) for Senior Executives of the Corporate Governance Regulations.

All remunerations granted to the members and senior executives shown in the above table do not contain any material deviation from the approved policy.



### C) Remuneration and compensation table of the board committee's members which paid in year 2020

Sr.		Fixed Remuneration (Except for the allowance for attending Board meetings)	Allowance for attending Board meetings	Total
<b>Audit Committee Members</b>				
1	Yassen Abdulrahman Hassan Al Jeffry	-	12,000	12,000
2	Khaled Mohammed Abdullah Abdulrahman ABabtain	-	12,000	12,000
3	Khaled Soliman Abdulaziz AL Soliman	-	12,000	12,000
4	Sultan Hamad Abdullah Al Babtain	150,000	12,000	162,000
<b>Nomination and remunerations Committee Members</b>				
1	Mohammed Hamad Mohammed Al Qunibet	-	6,000	6,000
2	Abdulkareem Hamad Abdullah Al Babtain	-	6,000	6,000
3	Khaled Mohammed Abdullah ABabtain	-	6,000	6,000
4	Sultan Hamad Abdullah Al Babtain	50,000	6,000	56,000
<b>Investment Committee</b>				
1	Mohammed Hamad Mohammed Al Qunibet	-	-	-
2	Abdulaziz Ibrahim Abdullah Al Babtain	-	-	-
3	Mansour Mohammed Abdullah ABabtain	-	-	-
<b>Total</b>		<b>200,000</b>	<b>72,000</b>	<b>272,000</b>

#### (9) punishment, penalty, precautionary procedure or preventive measure imposed on the Company :-

There were no penalties, punishments, or reserve restrictions imposed on the company by any supervisory, regulatory or judicial authority during the year 2020 AD, and there were no observations from any supervisory or regulatory authority except for the inquiries and questions sent by the Capital Market Authority and a Tadawul company to all the public Joint stock companies, and these inquiries are answered and sent to the Authority and Tadawul company. It is worth noting that the company is constantly updating the corporate governance systems, policies and procedures to comply with the updates in the corporate governance regulation and the corporate system, the recommendations are submitted regarding the approval of the audit committee's policy and the amended policy of nominations and remuneration to the ordinary general assembly to comply with the developed procedures and requirements issued by the relevant authorities.

#### (10) Results of the annual audits of the effectiveness of the internal control procedures of the Company:-

The company's internal audit team (Dr. Mohamed Abdel Aziz Hegazy' office ) appointed by the board of directors based on the recommendation of the audit committee reviewed the company's operations according to the approved plan by the audit committee and submitted its report on the company's performance to the audit committee emanating from the board of directors, and the committee found that it In the year 2020 AD, there are no observations that have a material impact on the results of the annual review that may affect the company's business and its operations, as the





internal review team emphasized the precautionary measures and procedures taken by all companies in the face of the Coronavirus pandemic, as it was found through the audit reports that the companies have taken all precautions in order to do its business safely. Likewise, there are no observations on the effectiveness of the company's internal control systems, and the workflow of the company has been ascertained in accordance with the regulations and controls regulating the work, and this was indicated by a management letter issued by the company's external auditor who initiated his opinion on the internal audit system and the risk system. After reviewing the report, the committee found that the company's internal control system achieves sufficient effectiveness required to tighten control over all operations and is compatible with all legal requirements.

The Internal Audit Committee also met with the internal auditor to discuss the audit report and the risk report at the level of the parent company and its subsidiaries in Saudi Arabia, the United Arab Emirates and the Arab Republic of Egypt for the year 2020. After reviewing the risk factors that may face the company in the future and which are controlled continuously, it was decided to disclose them to the shareholders so that they are constantly and diligently informed with the Board of Directors on all the factors and circumstances surrounding the company's work environment, which are as follows:

- The impact on the continuation of industrial and commercial operations (business plan) as a result of a natural disaster as global epidemic impacts such as Covid-19
- Continuous price pressure with competitors due to the entry of many new manufacturers and suppliers to the market.
- Inappropriate fluctuation in raw material prices, especially during the Corona pandemic.
- Failure of supplier credit terms and customer credit terms.
- Non-compliance or continuous and adequate monitoring of the legal and legislative requirements and their updates such as (the Financial Market Authority, the Department of Zakat and Income, the wages protection system, financial policies, accounting standards, the requirements of secretariats and municipalities, etc.)
- Failure to identify and manage unwanted foreign exchange fluctuations related to financial assets and liabilities and foreign investments, i.e. the euro, the British pound, the Egyptian pound, etc.
- The change in the work system and the imposition of a mandatory specific percentage for certain professions that must be present in companies, in addition to the new workforce transfer legislation that is likely to have an impact on the efficient workforce and thus affect productivity.

Based on these potential risks, a plan has been prepared for the internal review for the years 2021-2022 to review all operations of all units of the parent company and its subsidiaries, and the Board of Directors approved that plan in a meeting on 30.12.2020 AD.

#### **(11) Internal Audit of the Company:-**

The Board of Directors decided to appoint a manager of an internal audit department from a specialized company (Dr. Muhammad Abdel Aziz Hegazy Office ) based on the recommendation of the audit committee to carry out the tasks and characteristics of the internal audit units and risks by evaluating risks and creating an internal audit plan and

following up avoiding the observations made to the parent company and its subsidiaries. Its direct report to the Audit Committee independently and appointed within the parent company and its subsidiaries in various countries, in accordance with Paragraph No. (4) of Clause No. (B) in Article (55) of the Corporate Governance Regulations.

#### **(12) Recommendations of internal Audit Committee and Internal Auditor:-**

The committee confirms that there is no contradiction between the recommendations and decisions of the audit committee and the decisions of the board of directors. Where the audit committee has met with three auditing offices that submitted offers to conduct an auditing process of the company's financial statements for the year 2020 AD and the committee decided to recommend to the board of directors the selection of the company of Mr. Al Ayouti and his partners, accountants and legal auditors for the following reasons :

- Al-Sayed Al-Ayouti has extensive experience in the Kingdom of Saudi Arabia.
- Has a highly experienced team and is familiar with the new amendments approved by the Capital Market Authority in the International Accounting Standards (IFSR).
- The cost of Mr. Al-Ayouti's fees is considered a competitive price among the applicants.
- The office reviews major companies in the Kingdom of Saudi Arabia, which has added to its experience in conducting audits professionally.

The shareholders agreed at the Ordinary General Assembly meeting held on 06.10.2020 AD to choose Mr. Al Ayouti to review the company's financial statements for the second, third and fourth quarters of 2020 and the first quarter of 2021. The committee also recommended to the Board of Directors to continue to appoint the company's internal auditor (the office of Dr. Mohamed Abdel Aziz Hegazy) to carry out the work of the internal audit manager and the tasks and characteristics of the internal audit units and risks, through assessing risks, creating an internal audit plan, following up on avoiding observations that are found for the parent company and its subsidiaries and determining their fees. And the scope of its work, and the Board of Directors approved that in its meeting on 30.12.2020 AD. The internal audit plan for the year 2021-2022 was approved based on the risk register.

#### **(13) Details of the Company's social contributions**

Based on the company's vision to achieve a balance between the company's goals and the goals that society aspires to, the company follows many programs and procedures that achieve goals at the employee level in the work environment and at the level of the social environment, where the company adopts the following programs and their details as follows:-

##### **(a) Manpower and Training:**

- The incentive programs for the employees and company stem from a system related to the growth of shareholders' rights and realized profits, which was prepared by the Nominations and Remuneration Committee and then approved by the Board of Directors.
- The company also has a succession plan for the company's pioneers and second row leadership employees to develop them and work on the continuity and growth of the company's work, diversifying the company's



manpower resources, and ensuring that the company's managers are promising young employees who can assume responsibility and move forward with the company.

- The company has implemented training programs during the year 2020 AD in cooperation with some external and internal training providers, with the aim of raising the efficiency of administrative and technical workers and enhancing their functional capabilities, and standing up to the latest requirements of systems and regulations. So that the company's employees are aware of what these systems and regulations require, and this is done from during a set of training programs held internally and externally with specialized training providers, as the company provided 10,700 training hours in various technical fields during the year 2020 AD, and at the level of all company units. Emphasis has been placed on development programs to confront crises, especially in light of the existence of the Coronavirus pandemic, as well as industrial safety programs to work in light of this pandemic, but the impact on human efficiency the company always works to educate its employees about all the quality requirements and what happens to them in terms of developments, which enriches the culture of the employees and workers of the company of the importance of achieving the quality that is reflected in the company's products, which is the main gateway to customer satisfaction.
- The company confirms the effectiveness of implementing training programs on the job to raise the skills of workers, as (159) employees have been trained. This training contributes to implementing job rotation programs and thus exploring the employees' latent abilities and increasing their ability to bear the workload in various areas of the company's activities.
- The company also contributes to training Saudi students to obtain practical training to complete the academic graduation requirements and mix the theoretical study with the practical part, where (12) Bachelor of engineering students from various universities of the Kingdom of Saudi Arabia have been trained in the company's factories in Riyadh and Dammam city. In addition to assisting graduate students in their research to obtain master's and doctoral degrees.

#### **(B) Social Responsibilities and the social initiative toward the company Saudi employees and citizen:**

The company provides practical support and development for Saudi students during their studies in the practical college in the industrial fields. The company has conducted training at a rate of no less than 8 weeks practical training for each student who is trained for the benefit of those coming from one of the Saudi universities or colleges of technology, in addition to contributing and supervising graduation projects for some Students obtaining academic degrees, either a bachelor's degree or a master's degree, and supervision also extends to cover other projects related to the curriculum.

The company also always receives industrial engineering students from King Saud University with them professors supervising as one of the study programs at the university (called Factory Visit), which is supported by Al-Babtain power and Telecommunication Company by opening its doors to science and education. In addition to training them in the administrative field by supporting and supervising their own graduation research projects, as well as conducting development research for students of the College of Engineering from King Saud University regarding the company's activity and how to contribute to the development of products and mechanisms of production processes.



The company did not hesitate to support the Health Endowment Fund, which was established by the Ministry of Health to confront the emerging coronavirus-19 pandemic, to join hands with society to protect the people of the nation, overcome this epidemic and limit its spread.

**(C) Mowaamah Program:**

The company promotes the Mowaamah program by urging its employees to prepare a work environment commensurate with the people of the country with special needs (handicapped), and to ensure the formation of means to assist in the completion of their work according to the type of situation in this regard, the company obtained a certificate of compatibility, to open its doors to people of the country with special capabilities (handicapped).

**(D) Iktva program:**

The company participates in an iktva program with the Saudi Aramco, a program that enhances the capacity and credibility of Aramco's local suppliers and works to develop and enhance the local content. The program works to enhance the localization and training of Saudi pioneer in private sector companies that contribute to the development of the local product. The program also urges companies to adopt a research and development project in order to develop companies' businesses, develop their products and diversify them.

**(E) Environment and community service:**

Among the company's duties and vision is the need to pay attention to the welfare of society, and it carries out many initiatives in this field, the most prominent of which is to control the outputs of industrial processes to levels better than those permitted in the relevant standards. (ISO14001-2015) and that culminated in the company obtaining an environmental approval certificate from the Saudi Presidency of Meteorology and Environmental Protection for all the company's factories, which indicates that all the company's products and the processes involved in manufacturing these products are environmentally friendly.

**(F) Occupational safety and health:**

Occupational safety and health is one of the pillars that the company always strives to apply firmly and seriously in order to protect workers from occupational and health hazards, and to complement this, the company has been applying the occupational safety and health management system since 2009 and in conformity with international standards (ISO45001-2018) until the date of preparing this report and the company continues to develop And modernization of occupational safety and health systems in line with and in line with the latest requirements of the concerned regulations.

**(L) career path planning:**

Based on the company's vision of preserving its manpower, the company adopts a career path planning project for its employees, which gives them the opportunity to assume positions and enrich their ambition to plan their career path with the company and give the middle management an opportunity to take its role in leadership for the future of the company and its subsidiaries. The company saw the necessity of pumping new young blood to be trained and qualified to lead the company in the future and take responsibility.



### **(M) skills and competencies:**

The company is working to raise the technical and administrative skills of its workforce in line with the Kingdom's vision 2030 and the National Transformation Plan 2020, which will enhance reliance on national human resources and adopt incentive plans that work on continuous improvement of its Saudi technicians and administrators.

### **(14) A list of the dates of the General Assembly meetings held during the last fiscal year ended 31.12.2020 and the names of the Board members who attended them.**

The company held only one assembly general meeting during the last fiscal year at date 10.06.2020 through the new technology means by ZOOM program as per the circulation from Capital market Authority that mention by holding the attendance for associations of shareholding listed companies through modern technology means and suspending their physical attendance until further notice, in order to ensure the safety of dealers in the financial market and within the support of preventive and precautionary efforts by the competent and relevant health authorities to address the Coronavirus (COVID- 19) for approval of the regular items of the ordinary general assembly meeting, and the attendance of the members of the board of directors for this only meeting was as follows:

Sr.	Board Member Name	Attendance Register
		Ordinary Assembly Meeting dated 10.06.2020
1	Ibrahim Hamad Abdullah ABabtain	Attended
2	Abdulaziz Ibrahim Abdullah Al Babtain	Attended
3	Khaled Mohammed Abdullah Abdulrahman ABabtain	Attended
4	Abdulkareem Hamad Abdullah Al Babtain	Attended
5	Khaled Mohammed Abdullah ABabtain	Attended
6	Mansour Mohammed Abdullah ABabtain	Attended
7	Yassen Abdulrahman Hassan Al Jeffry	Attended
8	Mohammed Hamad Mohammed Al Qunibet	Attended
9	Khaled Soliman Abdulaziz AL Soliman	Attended
Sum of attendances		9

### **(15) Main Scope of Business: -**

The main core business of the company is in the power and communications sectors, through marketing, selling, designing and manufacturing products for the transmission and distribution of electrical power. In addition, the company provides solutions for the company's activities related to outdoor lighting, power transmission and distribution, and the communication activity through the design, supply, installation and maintenance of communication systems. In addition to solar energy activities, the company also galvanizes steel products for its products as well as for third party products. The power sector is the largest contributor to the company's results.

The following table shows the contribution of each sector of the company's activities to the company's net sales revenue.



Figures by millions riyals

Business activity	Revenue	Percentage
Pole & Lighting activities	501.1	% 36.1
Tower & Tower Testing activities	483.4	% 34.9
Designing , suppling and installing activities	297.4	% 21.4
Solar Energy activities	105.2	% 7.6
<b>Sum</b>	<b>1387.1</b>	<b>100 %</b>

As well as the activities of the subsidiary companies of the mother company in both the Kingdom of Saudi Arabia, the Arab Republic of Egypt and the United Arab Emirates, all of them work on marketing, selling, designing and manufacturing products for the transmission and distribution of electrical power and solar energy activities. The following table shows the contribution of the subsidiaries of the parent company to the revenues.

Figures by millions riyals

Company Name	Country of activity	Revenue	Percentage
Al Babtain Power and Telecommunication company – Riyadh	Saudi Arabia	818.2	59.0%
Al Babtain Power and Telecommunication company – Egypt	Egypt	100.2	7.2%
Al Babtain for Power and lighting solution	Egypt	43.5	3.1%
Al Babtain Le Blanc for Engineering Telecommunication	Saudi Arabia	124.4	9.0%
Al Babtain Le Blanc Emirate for Engineering Telecommunication	UAE	125.6	9.1%
Al Babtain Le Blanc Egypt for Engineering Telecommunication	Egypt	31.7	2.3%
Al Babtain Qatar for Contracting	Qatar	0	0.0%
Integrated lighting company	Saudi Arabia	22.5	1.6%
Al Babtain International Wind Power	Saudi Arabia	0	0.0%
Al Babtain Meddle East for installing telecommunication systems	UAE	15.8	1.1%
Al Babtain Metalogalva	Saudi Arabia	105.2	7.6%
<b>Sum</b>		<b>1387.1</b>	<b>100 %</b>

**(16)** A description of the company's significant plans and decisions (including changes to the structure, expanding the company's operations or halting them) and the future expectations.

#### A- Plans and important decision

The decisions that the company taken and announces on an ongoing basis are the result of long-term strategic planning to achieve the vision and goals of the company, so the company has formed multiple alliances that feed into the company's main activity in order to enhance and strengthen the company's durability in competition, as it formed a partnership with European (Portuguese) companies to work together in the field of Renewable energy projects with the establishment of Al-Babtain Metalogalva Company specializing in the field of renewable energy. Thus, the company is looking towards the industrial future in the field of renewable energy. This area is to enhance its industrial capacity and diversify its products, and that works to maximize the role of the private sector in the national domestic income product. The company did not stop at the borders of the Kingdom, but always looks forward to penetrating foreign markets,



whether in the Middle East, European markets, or North African markets, so it enters into renewable energy projects in African markets through the company's factories in the Arab Republic of Egypt, and all this in order to maximize the company's profitability and maximize Shareholders' rights at the same time reduce potential risks.

### **(B) Continual Expectations**

The company is working continuously in search for promising investment opportunities and strategic expansions, which are among the features and objectives of Al-Babtain Power and Communications Company, by studying the feasibility of these opportunities in a way that helps to achieve the goals of the company and develop the rights of its shareholders, at the same time the company continues to focus on marketing its products and services. Core markets in its main markets and focus on opening new markets in line with the parent company's strategy for geographical expansion.

The company has adopted research and work in the fields of renewable energy as one of the promising future projects that are in line with the vision of the Kingdom, and the company continues to promote and develop the company's industrial products, working on joint cooperation and exchange of experiences with local and international designers, manufacturers and developers in different countries to enter and contribute to these projects that will contribute In increasing the company's market share, in addition to enhancing the presence of the company's products in those countries and the diversity of the company's product patterns, as was explained in the previous paragraph on the plans and decisions taken by the company.

## **(17) Information on any risks facing the company**

### **Firstly; Strategic Risks represented by ;**

#### **(1) The events resulting from the spreading of global pandemics:**

One of the most severe risks that is expected to have a severe impact on the economic situation and the acceleration of production is the outbreak of global epidemics, especially the emerging corona virus, Covid-19, as its impact has extended to the whole world, which has led to a near-halt in economic activities, which led to high potential risks of Industrial companies. The company faced this risk by adopting a business continuity plan, alternative means, and the precautionary measures and measures it contained to avoid stopping industrial and commercial activities.

#### **(2) Economic and political Events:**

In view of the current political events and economic changes that some Arab countries are going through in the Middle East region in addition to the steady decline in the price of oil and the impact of this on the plans and projects of the Kingdom, which is considered one of the largest oil exporters in the world, which in turn is expected to affect the level of spending on infrastructure projects and thus It leads to potential risks arising from increased competition in the markets.

#### **(3) Human Resource Risks**

The company is facing some difficulties in localizing the jobs of workers, welders and manufacturers of steel parts due to the nature of the company's products and the nature of its manufacture of galvanized steel materials, as well as the



issuance of government decisions and circulars related to nationalization and foreign labor, defining a specific scope for some jobs, and the system for transferring workers between companies will form pressures to provide skilled labor and preserve in addition to the escalating fees imposed by the Ministry of Labor on expatriate workers, which constitutes an increasing financial burden and pressure on the company, despite all of this and the difficulties faced by the company, it falls in the green band, and the company is working continuously to attract qualified and distinguished human pioneer of national pioneer and work on their training, development, and leadership in the management positions in the company replacing expatriates.

#### **(4) Material Prices Risks**

Despite the stability in some raw material prices during the year 2020 AD as a result of the Coronavirus pandemic, the company is likely to face risks of price fluctuations as a result of global economic pressures, in addition to credit risks, currency exchange fluctuations and the increasing demand for raw materials after the start of full operation following the Coronavirus pandemic.

#### **(5) Market risk**

As a result of reducing spending on infrastructure projects resulting from fluctuating oil prices and spending on projects in general, it is likely that competition in the market share will increase in a high and steady manner, and tensions on borders in neighboring countries or other countries in North Africa which have political tension, which Affects the risk of entering these markets.

#### **Secondly: Compliance Risks**

As a result of the ongoing amendments and circulars in the governance systems issued by the Capital Market Authority on joint stock companies in addition to the companies' system and regulations issued in its regard, failure to adhere to the rules and regulations and adherence to them will pose the risk of imposing penalties and fines on the company and pending its requirements and transactions with the relevant authorities. In compliance with this, the company keeps abreast of all the variables and instructions issued by the relevant authorities continuously, which allows the company to always be fully aware of all the requirements of governance and always in contact with the Capital Market Authority to avoid any reservations or inquiries that the company may need in addition to continuous communication. And talk to the environmental and industrial bodies, agencies and organizations that have a close relationship with the company's products and the issuance of industrial licenses, which does not affect the continuation of the company's productivity.

#### **Thirdly: Financial risks**

The fluctuation of European and Arab currencies rates against the US dollar, especially as a result of changing the interest rates of the dollar based on the meeting of the Federal Reserve at infrequent periods, as well as after the liberalization of the exchange rate of the Egyptian pound against the US dollar in 2016, which led to a change in the price of the pound at different times as well as the exit of the United Kingdom The European Union and the fluctuation of the euro's price against the dollar also, there is no doubt that there is an impact on the exchange rate of these currencies against the riyal, which has a clear effect on the currency differences of the subsidiary companies. The company is working on developing plans and possibilities to reduce these risks and adopting financial policies between



the parent company and its subsidiaries to reduce risks currency fluctuation, as well as agreements in dealings with local banks in the countries in which the subsidiary companies operate.

#### **Fourthly: Operations risks**

The company may face risks of lower operating results in some of its companies, especially in countries where the outbreak of the Corona virus epidemic is increasing and the global economic impact on the economic activity of those countries, but the company is working on preparing alternative plans to avoid a decrease in the level of operation and to take many safety measures to maintain the level of operational operations. However, the risk remains until the epidemic is brought under control and all workers receive the anti-virus vaccine.

#### **Fifth: the company's policy in management the risks**

Based on that and in continuation of what the company is doing in terms of anticipation and analysis of potential risks, the company has put in place a strict control system for all procedures and processes to ensure that it limits the impact of these risks. Rather, the system can prevent these risks from occurring before they occur and work continuously through internal audit plans for all operations of the company whether the parent company or its subsidiary companies, in addition to forming a specialized team to monitor and control these risks and measure the extent of the company's compliance with the provisions of the relevant laws and regulations in cooperation with the company's internal auditor, the office of Dr. Muhammad Abdel Aziz Hegazy, who specializes in internal auditing and risks, and the audit committee reviews the effectiveness of the audit and risk system every year and it evaluates the performance of external companies that have been appointed to carry out the functions and tasks of the internal audit and risk management department. The company has designed policies, regulations and procedures that work to reduce risks, monitor them and avoid them in some cases, and reports are periodically presented to the audit committee to study them and recommend to the board of directors the necessary solutions proposed by the internal auditor to study them and take them in some cases.

### **(18) Summary of the company's assets, liabilities and results**

Figures by millions riyals

Statement	2016	2017	Modified - 2018	2019	2020
Total Assets	1,573	1,650	1620,4	1965,7	2062,4
Liabilities	831	850,2	857,6	1159,3	1270,7
Sales	1,248.8	1,275.9	913,2	1348,6	1387,1
Operation Profits	173,5	142,2	61	107,7	99,1
Net Profits	155	147,2	69,7	86	80,3
Earnings per share	3,63	3,45	1,64	2,02	1,88
Total Equity	742,3	799,6	759,9	799	776,5

The company's shares began trading in the Saudi Stock Exchange on 12/12/2006



## (19) geographical analysis of the company's and its affiliates' revenues.

### (a) according to sectors

Figures by millions riyals

Statement	2016	2017	Modified – 2018	2019	2020
Pole and lighting sector	623	599,9	383,1	608	501.1
Tower & Tower Station Sector	235,8	356,9	280,6	354,7	483.4
Designing , suppling and installing Sector	390	319.1	249,5	282,8	297.4
Solar Energy Sector	0	0	0	103,1	105.2

### According to Geographical Distribution:

Figures by millions riyals

Statement	2016	2017	Modified – 2018	2019	2020
Activities from inside KSA	800,3	847	598	988,5	1070,3
Activities from outside KSA	448,7	428,9	315,2	360,1	316,8

The following is the statement details of year 2020 for subsidiaries companies that clear the revenue by geographical wise.

Figures by millions riyals

Statement	Country of Activity	Sales
Al Babbain Power and Telecommunication company – Riyadh	Saudi Arabia	818.2
Al Babbain Power and Telecommunication company – Egypt	Egypt	100.2
Al Babbain for Power and lighting solution	Egypt	43.5
Al Babbain Le Blanc for Engineering Telecommunication	Saudi Arabia	124.4
Al Babbain Le Blanc Emirate for Engineering Telecommunication	UAE	125.6
Al Babbain Le Blanc Egypt for Engineering Telecommunication	Egypt	31.7
Al Babbain Qatar for Contracting	Qatar	0
Integrated lighting company	Saudi Arabia	22.5
Al Babbain International Wind Power	Saudi Arabia	0
Al Babbain Meddle East for installing telecommunication systems	UAE	15.8
Al Babbain Metalogalva	Saudi Arabia	105.2
<b>Total Sum</b>		<b>1387.1</b>

(20) any material differences in the operational results ( Equal or more than 10%). The following detail statement about the changes in the operational results of the company comparing with previous year

Figures by millions riyals

Statement	Year 2020	Year 2019	Changes (+) or (-)	Percent of Change
Revenue	1387,1	1348,6	38,5	% 2,9
Revenue Cost	1184,8	1161,2	23,6	% 2
Total Profit	202,6	187,3	15,3	% 8,2
Other operational expenses	103,5	95	8,5	% 8,9
Operational Profits ( Losses)	99,1	92,3	6,8	% 7,4



(21) There is no difference from the approved accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA). The company started issuing the quarterly financial statements for the year 2017 in accordance with the International Finance Report Standards (IFRS) for the parent company and all its subsidiaries, in addition to the consolidated financial statements.

## (22) Company and its subsidiaries

AL Babtain Power and Telecommunication Company ( The Mother Company) its headquarter in Kingdom of Saudi Arabia ( Riyadh) owns full or controlled stakes at its subsidiaries as shown in the below table;

Company Name <sup>(1)</sup>	Country of incorporation / the main location of operation s	Capital by the currency of established county	Ownership percentage	Core Business
<b>Direct owned by company</b>				
(1) Al Babtain Power and Telecommunication	Egypt	EGP 125,000,000	% 100	Galvanizing Pole and Tower manufacturing
(2) Al Babtain LeBlanc for engineering communication	KSA	SR 10, 000,000	% 100	Design, supply, and communication system installation
(3) Al Babtain for operation & Maintenance	KSA	SR 500,000	% 100	
(4) Al Babtain Qatar for Contracting	Qatar	QR 200,000	%100	
(5) Integrated Lighting Company – limited	<u>KSA</u>	SR 26,800,000	% 100	Manufacturing, sale, and marketing the decorative pole and LED lighting
(6) Al Babtain International Wind Power	<u>KSA</u>	SR 5,000,000	% 100	Installing, maintaining and repairing wind energy networks and generating electrical energy
<b>In- direct owned by company</b>				
(7) Al Babtain LeBlanc Egypt for engineering communication	Egypt	EGP 2,000,000	% 95	Design, supply, and communication system installation
(8) Al Babtain LeBlanc UAE for engineering communication	UAE	UAD 11,000,000	%100	
(9)Al Babtain Meddle East for installing telecommunication systems	UAE	UAD 1,000,000	%70	Installation and maintenance of communications systems equipment - Contracting - oil and gas field services activity
(10)Al Babtain for Power and lighting solution	Egypt	EGP 87,608,500	%100	Production and marketing of poles, masts, galvanized metal structures and solar lighting
<b>Partnership with foreign companies</b>				
(11) ABabtain Metalogalva	KSA	SR 18,000,000	%60	Production of metal moving components for single and biaxial solar PV tracking systems and fixed metal components for solar PV system

(1) The legal form of subsidiary companies inside and outside the Kingdom are limited liability companies except for Al-Babtain Power and Communications Company - Egypt, which is a closed joint stock company consisting of 125,000,000 shares and the value of the share is 1 Egyptian pounds. There are also no stock issues or debt instruments for these companies.

The parent company in Saudi Arabia and its subsidiary companies in Egypt and the Gulf countries are marketing and exporting their products to many countries around the world, and the aforementioned productive sectors have been

able, thank God, to occupy our factories to work during the year 2020 AD despite the presence of a partial stop in a certain period of 2020 AD due to the virus Covid-19 until the company's production plans continued as planned.

The parent company decided to offer a part of the shares of Al-Babtain Power and Communications Egypt and its subsidiary companies (one of its subsidiaries in the Arab Republic of Egypt) for public subscription in the Egyptian financial market, and this step comes with the aim of working to strengthen the company's financial position and reduce risks in addition to the possibility of the company expanding its business from during the acquisition of companies or mergers, as well as recovering part of the investment and benefiting from the growth of the Egyptian economic climate during this period. The subsidiary company also entered into discussions with the Saudi Egyptian Company for Industrial Investments in order to underwrite the Saudi company to increase the capital of the Egyptian company, which would strengthen the financial position of the company as well as the strategic partnership that works to strengthen competitiveness.

### (23) details of shares and debt instruments issued for each affiliate company

The number of equity shares reached (42,631,312) million fully listed shares in the Saudi stock market. In addition, there are no interest, option rights, subscription rights, or similar rights issued or granted by the company during the year 2020. There are no transfer or subscription rights under convertible debt instruments into shares, option rights, or similar rights certificates issued or granted by the company. There is also no refund or cancellation by the company of any recoverable debt instruments or any arrangements or agreement under which any of the shareholders waived any rights to profits.

There are also no restrictions on the company's shares according to what is stated in each of the rules governing the investment of listed financial organized and the instructions that regulate foreign strategic investors owning strategic stakes in listed companies in accordance with the company's articles of association and instructions issued by the supervisory and supervisory authorities to which the company is subject.

The following table shows the share details of the subsidiary companies as follows:

Company Name	Country of incorporation / the main location of operation s	Capital by the currency of established county	Number of Shares
(1) Al Babtain Power and Telecommunication Egypt	Egypt	EGP 125,000,000	125,000,000
(2) Al Babtain LeBlanc for engineering communication	KSA	SR 10,000,000	100,000
(3) AL Babtain for operation & Maintenance	KSA	SR 500,000	5000
(4) Al Babtain Qatar for Contracting	Qatar	QR 200,000	1
(5) Integrated Lighting Company – limited	KSA	SR 26,800,000	268,000
(6) Al Babtain International Wind Power	KSA	SR 5,000,000	5,000
(7) Al Babtain LeBlanc Egypt for engineering communication	Egypt	EGP 200,000	200,000
(8) Al Babtain UAE LeBlanc for engineering communication	UAE	UAD 11,000,000	11,000
(9)Al Babtain Meddle East for installing telecommunication systems	UAE	UAD 1,000,000	10,000
(10)Al Babtain for Power and lighting solution	Egypt	EGP 87,608,500	8,760,850
(11) ABabtain Metalogalva	KSA	SR 18,000,000	18,000



## (24) Dividends Distribution Policy

The company adopts an annual dividend policy in proportion to the profits achieved and its financial position and according to the opportunities available for investment and expansion in front of the company, which provides it with the necessary financial liquidity to achieve its goals and achieve shareholder satisfaction.

The annual net profits of the company shall be distributed after deducting all general expenses and other costs in accordance with Article (44) of the company's articles of association as follows:

- (10%) of the net profits shall be set aside to form the statutory reserve of the company, and the Ordinary General Assembly may decide to stop this deduction when the said reserve reaches (30%) of the paid capital.
- The extraordinary general assembly based on the proposal of the board of directors to avoid a percentage (10%) of the net profits to form a consensual reserve.
- The Ordinary General Assembly, based on the proposal of the Board of Directors, may decide to disburse the agreement reserve for the benefit of the company or the shareholders.
- The Ordinary General Assembly may decide to create other reserves, to the extent that it serves the interest of the company or ensures that fixed profits are distributed as much as possible to the shareholders, and the aforementioned association may also deduct from the net profits amounts for the establishment of social institutions for the company's employees or to assist what may exist from these institutions.
- From the remainder, a percentage representing (5%) of the paid-up capital shall be distributed to the shareholders.
- Subject to the provisions stipulated in Article (20) of the Articles of Association and Article (76) of the Companies Law, after the aforementioned a percentage (10%) of the remainder shall be allocated to the remuneration of the Board of Directors, provided that the entitlement of this remuneration is proportional to the number of sessions attended by the member.
- After that, the remainder shall be distributed to the shareholders as an additional share of the profits or carried forward to the coming years as approved by the general assembly.
- The statutory reserve is used to cover the company's losses, increase the capital, or distribute profits to shareholders in the years in which the company does not achieve net profits that are sufficient to distribute the share determined to them.

With regard to the fiscal year 2020 AD, the Board of Directors obtained the approval of the Ordinary General Assembly that was held on 06.10.2020 AD to distribute interim cash dividends to the shareholders for the year 2020 AD in accordance with the provisions of Article (39) of the regulatory controls and procedures issued in implementation of the Companies Law for Joint Stock Companies Issued by the Capital Market Authority, provided that the assembly authorizes the Board of Directors to do so and is renewed annually, and dividends have already been distributed to the shareholders as follows:



Figures by millions riyals

	The dividends that distributed for year 2020	
	Total dividends distributed for year 2020 from the capital	For Fiscal year Period ended 31.12.2020
Percentage	10 %	10 % of the Capital
Total	42,6	42,6

The following is a statement showing the total distributions and reserves made by the company until 12/31/2020

Statement	Saudi Riyals
Retained earnings from 2019	320,365,356
Other adjustments	( 4,763,599)
Statutory reserve (10% of 2020 net profit)	(0)
Net profit for the year 2020	80,310,153
Net profit after adjustments and distributable statutory reserve	395,911,910
Distributed dividends during the year 2020	(21,315,686)
Net retained earnings carried forward for 2021	374,596,224
Earnings per share from net income for the year (SAR)	1.88

**(25)** A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives and their relatives):-

The company has not issued any voting-eligible shares, and accordingly, there is no interest in a class of voting-eligible shares belonging to persons (except for members of the Board of Directors, senior executives and their relatives).

**(26)** A description of any interest, contractual securities or rights issue of the Board members, Senior Executives and their relatives:-

The company did not issue any convertible debt instruments into shares, and the company did not grant any option rights, subscription rights, or any similar rights to members of the board of directors, senior executives and their families during the fiscal year ending at 31.12.2020 AD. The following table shows the members of the board of directors and the number of shares owned by them, their spouses and children.

Member Name	Shares No. on 31.12.2019	Shares No. on 31.12.2020	Changes in shares	The percent of change
Ibrahim Hamad Abdullah ABabtain	715,853	715,853	0	0
Abdulaziz Ibrahim Abdullah Al babtain	590,625	590,625	0	0
Khaled Mohammed Abdullah Abdulrahman Ababtain	856,859	856,859	0	0
Khaled Mohammed Abdullah Ababtain	100,000	100,000	0	0
Abdulkareem Hamad Abdullah Al babtain	682,200	682,200	0	0
Mansour Moahammed Abdullah Ababtain	287,607	287,607	0	0
Yassen Abdulrahman Hassan Al Jeffry	1,500	1,500	0	0
Mohammed Hamad Mohammed Al Qunibet	1,500	1,500	0	0
Khaled Soliman Abdulaziz AL Soliman	1000	1000	0	0

The following table identify the shares owned by executive managers and their spouses and children



Member Name	Shares No. on 31.12.2019	Shares No. on 31.12.2020	Changes in shares	The percent of change
Jawad Jamel Ismail Abu Shehadah	1000	1000	0	0
Mohammad Najah Tukhy	0	0	0	0
Tamer Adnan Kalo	0	0	0	0

(27) Information on any loans (payable upon request or not), a statement of the total indebtedness of the company and its affiliates, any amounts paid by the company in repayments of loans during the year, the amount of the principal debts, the creditor name, the loan term and remaining amount. In case there is no debts, a declaration thereof shall be presented.

Figures by millions riyals

Statement	Debts in 31.12.2019	Withdraw during year	Paid during year	Debts in 31.12.2020	Principal debts	Period
Long Term debts	129,8	246.2	104.3	271.7	479.8	From 3 to 5 years
Short term debts and tawarruq	660,1	2607.4	2626.9	640.6	1613.5	Less than year
Total	789,9	2853.6	2731.2	912.3	2093.3	

The following table clarify the loans of the mother company and its subsidiaries as the following:

Figures by millions riyals

Company name	Period	Debts in 31.12.2019	Withdraw during year	Paid during year	Debts in 31.12.2020	Principal debts
Al Babtain Power and Telecommunication company - Saudi	Long	129.8	246.2	104.3	271.7	479.8
	Short	585.1	2400.7	2377.2	608.6	1348.5
Al Babtain Power and Telecommunication company – Egypt	Short	44.4	107.8	140.7	11.4	152.1
AL Babtain for lighting solution	Short	9.5	33.4	34.6	8.3	26.2
AL Babtain LeBlanc – KSA	Short	0	0	0	0	0
Integrated Lighting Company	Short	17.8	38.2	47.8	8.2	56
AL Babtain LeBlanc – UAE	Short	0	0	0	0	0
AL Babtain LeBlanc – Egypt	Short	3.3	27.4	26.5	4.2	30.7

\*The period of short-term loans is less than a year, and the period of long-term loans ranges between three to five years

### The following table clarify the donors of long term loans

Figures by millions riyals

	2019	2020
Saudi Industrial Development Fund loan	29.8	27,3
Long Term Tawarruq Loans - Domestic and Foreign Commercial Banks *	100	244,4
<b>Total</b>	129,8	271,7

Piraeus Bank - Egypt in the Arab Republic of Egypt, Riyadh Bank, Saudi Hollandi Bank, Alinma Bank and Gulf Investment Bank in the Kingdom of Saudi Arabia.

The current portion of long-term loans as on December 31, 2020 amounted to (124) million Saudi riyals compared to 2019, which amounted to (51,6) million riyals.

The tawarruq loans from the above commercial banks are secured against the issuance of bonds for an order and the company forfeiting some of the proceeds from the contracts in which the associated business is financed.

The banking agreements related to the tawarruq loans above include financial restrictions and pledges on the company related to dividends and net equity, in addition to some other financial ratios specified in these agreements.

#### **(28) Debt instruments, securities and IPOs**

The company did not issue any convertible debt instruments into shares, and the company did not grant any option or subscription rights or any similar rights to members of the Board of Directors, senior executives and their families during the fiscal year ending on December 31, 2020.

**(29)** The company did not issue any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the company;.

**(30)** There are no any redemption, purchase or cancellation by the company of any redeemable debt instruments.

#### **(31) Minutes of Board Meetings:**

##### The Main Board Activities

- (1) Review and update the strategic plan.
- (2) Review the company's strategy and approve the new organizational structure and authority matrix
- (3) Adoption of the succession plan
- (4) Approving the results of the quarterly and annual business plan
- (5) Follow up on the implementation of the 2020 budget and approve the 2021 budget
- (6) Study investment opportunities and take decisions regarding them.
- (7) Establishing and supervising internal control systems and controls.
- (8) Recommending to the General Assembly the most important decisions and statements
- (9) Supervising the executive management.
- (10) Review and approve the policies and procedures of the Board of Directors related to the relevant approved relatives.
- (11) Review and approve the company's corporate governance policies and procedures related to the Capital Market Authority in accordance with the updates issued by the Capital Market Authority and present them to the nearest meeting of the General Assembly for approval.

The Board of Directors held four sessions during the year 2020 AD, and the attendance of the members was as shown in the following table:

Sr.	Member Name	The number of board meeting during year 2020 was (4) meetings				Attendance (%)
		30.01.2020	02.03.2020	09.11.2020	30.12.202	
1	Ibrahim Hamad Abdullah ABabtain					
2	Abdulaziz Ibrahim Abdullah Al babtain	✓	✓	✓	✓	100 %
3	Khaled Mohammed Abdullah Abdulrahman Ababtain	✓	✓	✓	✓	100 %





Sr.	Member Name	The number of board meeting during year 2020 was (4) meetings				Attendance (%)
		30.01.2020	02.03.2020	09.11.2020	30.12.2020	
1	Ibrahim Hamad Abdullah ABabtain					
4	Abdulkareem Hamad Abdullah Al babtain	✓	✓	✓	✓	100 %
5	Khaled Mohammed Abdullah Ababtain	✓	✓	✓	✓	100 %
6	Mansour Moahmmed Abdullah Ababtain	✓	✓	✓	✓	100 %
7	Yassen Abdulrahman Hassan Al Jeffry	✓	✓	✓	✓	100 %
8	Mohammed Hamad Mohammed Al Qunibet	✓	✓	✓	✓	100 %
9	Khaled Soliman Abdulaziz AL Soliman	✓	✓	✓	✓	100 %
	Total	9	9	9	9	100%
	The date of the last general assembly meeting	The last meeting of general assembly meeting was 10.06.2020				

### (32) Numbers of company's requests of shareholders records, dates and reasons thereof

Number	The date of owned file	Request Date	Reasons
1	10/03/2020	11/03/2020	Profits file

### (33) The transaction between the company and any Related Party

There are transactions with related parties to the company (subsidiary companies), as shown in the following table

Related parties	Type of relation	Type of contract	The period	The amount (Million Riyals)
Al Babtain Power and Telecommunication company – Egypt	Subsidiary company	Sales	Transaction during the year	15.59
Al Babtain Le Blanc for Engineering Telecommunication	Subsidiary company	Sales & Purchasing		35.46
Al Babtain Le Blanc Emirate for Engineering Telecommunication	Subsidiary company	Sales		21.19
Al Babtain Le Blanc Egypt for Engineering Telecommunication	Subsidiary company	Sales		0.4
Integrated lighting company	Subsidiary company	Sales & Purchasing		62.17
Al Babtain Qatar for Contracting	Subsidiary company	Sales & Finance		0
Al Babtain for Lighting Solutions – Egypt	Subsidiary company	Finance		0.08
Al Babtain Meddle East for installing telecommunication systems	Subsidiary company	Sales		3.98
Al Babtain Metalogalva	Subsidiary company	Finance		22.39
Al Babtain international Wind Power	Subsidiary company			0
AL Babtain for Advanced Solution	Subsidiary company	Finance		0.04
<b>Total</b>				<b>161.3</b>

### (34) Information relating to any business or contract to which the company is a party and in which a director of the company, a Senior Executive or any person related to any of them is or was interested

Based on the role and responsibilities of the board of directors, and in accordance with the requirements of transparency and disclosure, the board of directors confirms, according to the information available to it, that in 2020 AD there were contracts for the company to be party to and in which there is a fundamental interest for the chairman and some



members of the board, and the following table explains Related parties, volume of transactions and balances resulting from transactions with related companies with the Board of Directors.

### (1) Related party

	Ibrahim Hamad Abdullah ABabtain	Abdulaziz Ibrahim Abdullah Al Babtain	Abdulkareem Hamad Abdullah Al Babtain	Khaled Mohammed Abdallah Abdul Rahman ABabtain
AL Babtain Contracting Company LLC	Board Member	Board Member	Board Member	Board Member
AL Babtain for Trading LLC	Board Member	Board Member	Board Member	Board Member
AL Babtain for Engineering	Board Member	Board Member	Board Member	Board Member

### (2) Business and Contracts

Sr.	Types of business & contract	Contract volume ( By million riyals )	Contract period	Contracting condition	Related party
1	Sales & Finance	2.79	Interactivity transaction during the year	The company follows in its contracts with related parties the same terms that it follows with others	AL Babtain Contracting Company LLC
2	Purchasing & Finance	0,15			AL Babtain for Trading LLC
3	Purchasing & Finance	0,17			AL Babtain for Engineering
	<b>Total</b>	<b>3,11</b>			

All these transactions are presented to the ordinary general assembly annually, and do not include any loans or balances due for payment after more than one fiscal year, and all of them are considered current balances.

**(35) There is no any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration**

**(36) there is no any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.**

**(37) A statement of the value of any paid and outstanding statutory payment on account of any zakat, taxes, fees or any other charges**

Statement	31.12.2019	31.12.2020
Zakat & Taxes	19,224,424	13,236,134
Social Insurance	708,116	575,637
<b>Total</b>	<b>19,932,540</b>	<b>13,811,771</b>

- The company obtained a final zakat certificate for the fiscal year ending on December 31, 2019, valid until April 30, 2021, after submitting the financial statements and zakat declaration for the same year.
- The company's Zakat status has been terminated for the fiscal years until 2004.
- The Zakat assessment for the fiscal years from 2005 to 2018 was terminated, and the differences were paid in the amount of 12,958,330 riyals.



- Zakat provision is prepared in an approximate form based on a neutral opinion as the company's management believes that it is sufficient, and in the event that there are differences between the zakat provision and the final assessment, they will be recorded as changes in the accounting estimates in the period in which the final assessment is issued if proven.
- The General Authority for Zakat and Income issued a Zakat assessment for the year 2014, resulting in a zakat difference of 1,138,648 Saudi riyals.
- The company has filed a lawsuit with the General Secretariat of the Tax Committees, and it has been adjudicated in favor of the company, and the objection was accepted for the full amount.
- The General Authority for Zakat and Income issued the assessments for the years from 2015 to 2018, resulting in zakat differences in the amount of 32,040,281 Saudi riyals. So far, the authority issues the assessment for the year 2019.

**(38) There is no any investments made or any reserves set up for the benefit of the employees of the company.**

**(39) declarations that**

- (A) The company confirms that the account records have been prepared correctly.
- (B) The company also confirms that the internal control system has been prepared on sound basis and has been effectively implemented. The Audit Committee reviews the results of the reports and informs the Board of them. Note that in 2020 AD there are no material observations regarding the results of the annual review of the effectiveness of the company's internal control systems.
- (C) The company also confirms its ability to continue its activity and there is no doubt about the company's ability to continue its activity.

**(40) Information related to disclosure of the external auditor's report of the company**

There are no reservations about the annual financial statements audited for the year 2020 AD by the company's external auditor, mentioned in his independent report.

The financial statements and clarifications contained in the auditor's report are complementary to that stated in the report of the Board of Directors and are an integral and original part of this report.

**(41) Governance**

- (A) In accordance with the Corporate Governance Regulations issued by the Capital Market Authority under Resolution No. (8-16-2017) dated 16/05/1438 AH corresponding to 13/02/2017 AD, as amended by Resolution of the Capital Market Authority Board No. (1- 7-2021) dated 01/06/ 1442 AH corresponding to 14/01/2021 AD, the company has prepared a corporate governance system that includes the items mentioned in the Corporate Governance Regulations issued by the Capital Market Authority, whether they are mandatory or guiding, in a manner that does

not violate the regulations and rules issued by the relevant authorities. The company has complied with the governance regulation issued by Financial Market Authority.

(B) A statement of the provisions of the Corporate Governance Regulations that have been implemented and what have not been implemented, and the reasons for that.

The company applies all the provisions mentioned in the amended Corporate Governance Regulations issued by the Capital Market Authority on 21/01/2021, with the exception of the provisions listed below as follows:

Article No.	The statement	The reasons of didn't comply
Article (10/20)	Restriction of independence that the member has spent nine continuous or separate years in the membership of the Board of Directors	Whereas, the article applies to the terms of the board, which will be implemented from the beginning of the year 2019 AD, i.e. after 01/01/2019 AD, while the company's board of directors began the period of validity from the month of July 2018.
Article (60)	Forming Remuneration committee	The Board of Directors decided to merge the remuneration and nomination committees into one committee that performs all the tasks of the two committees and was approved by the General Assembly on 04/24/2019
Article (64)	Forming Nomination committee	
Article (70)	Forming Risk Management Committee	As the article is indicative, the board of directors decided to merge the tasks of the risk management committee with the internal audit committee (as the article is indicative, the company has been allocated, by a decision of the board of directors, persons concerned with carrying out risk management and internal auditing work, in addition to consulting an external party (the office of Dr. Mohamed Abdel Aziz Hegazy) (To exercise the functions and competencies of risk management and internal audit.)
Article (72)	Risk management committee meetings	Whereas, this article is guiding bur there are meetings between the persons assigned to the risk management and audit department of the company with the audit committee emanating from the board of directors every six months to discuss and study the activities of the internal audit and the risks to which the company is exposed.
Article (85)	Employees Motivation	The company has an internal system to evaluate and motivate employees based on productivity and performance
Article (87)	Social Responsibility	Whereas the article is indicative, the company plays its social role as it works on: 1- Implementing a system for preserving the environment. 2- It trains and develops Saudis at its training center, in order to achieve the Kingdom's vision 2030 3- It develops and supports its Saudi employees in obtaining the appropriate academic qualifications for their specialization. 4- Adopting the Moamah project for people with special abilities ( Handicapped). 5- Adopting career development plans for Saudis



Article (88)	Social work initiatives	<p>The company works on social contribution to society through training and supervision of Saudi students from Saudi universities to gain practical experience with the company</p> <p>The company also participates in seminars and introductory and educational events with the General Directorate of Civil Defense and charitable societies, as well as participation and support for humanitarian and social societies.</p>
Article (95)	Forming Governance Committee	<p>Whereas, this article is guiding, and as per the importance of the issue of corporate governance, the secretary of the board of directors carries out all the responsibilities, works, tasks and functions of the Governance Committee under the supervision of the Board of Directors.</p>

#### **42) The essential events announced by the company on the Tadawul website**

- Al-Babtain Power and Communications Company announced the distribution of cash dividends to shareholders for the fourth quarter of 2019 ending on 12/31/2019 on 03/02/2020
- Al-Babtain Power and Communications Company announced the impact of the recent precautionary decisions regarding limiting the spread of the emerging corona virus (COVID-19) on 04/13/2020.
- Al-Babtain Energy and Communications announced the latest developments for the signing of a binding memorandum of understanding with the Portuguese company Metalogalva and Al-Babtain France (an affiliate company in the State of France) on 04/26/2020
- Al-Babtain Energy and Communications Company announced the latest developments regarding the signing of a memorandum of understanding between the Saudi Egyptian Industrial Investments Company and Al-Babtain Energy and Communications Egypt (a subsidiary company in the Arab Republic of Egypt) on 06/03/2020
- Al-Babtain Power and Communications Company announced the results of the Ordinary General Assembly meeting (the second meeting) on 06/11/2020
- Al-Babtain Power and Communications Company announced the Board of Directors' decision to distribute cash dividends to shareholders for the year 2020 ending on 12/31/2020 on 12/31/2020
- Al-Babtain Energy and Communications Company announced the latest developments for the signing of a memorandum of understanding between the Saudi Egyptian Industrial Investments Company and Al-Babtain Energy and Communications Egypt (a subsidiary company in the Arab Republic of Egypt) on 01/31/2021 AD.

**We ask the Lord to reconcile everyone to what is good**

**Boar of Directors  
Al babtain Power and Telecommunication Company**