

## Expansion & Prosperity

Ambitious Vision

Revenue Growth

Sustainable Development

Vibrant Community

## Power Supply Security & Reliability

Renewable Energy

Supply Chain Flexibility

## Leading Customer Experience

Flexibility & Transformation



# Annual Report 2023

## Strategic Partnerships

Social Responsibility

Organization & Governance

## Operational Excellence

Research & Development

Institutional Excellence

Transparency & Integrity

Support & Empowerment

Improve Efficiency

## Local Content

Integrated Nationalization

National Transformation

# Annual Report 2023

## Message to Shareholders

**We extend our thanks and appreciation to you for your continued support and trust in the Saudi Electricity Company. Your investment has been critical to our journey, and we are committed to delivering real value and achieving sustainable growth**

In 2023, we continued to focus on operational excellence, by developing internal processes to ensure the highest standards of efficiency and performance. We also continued to excel in digitizing customer service, investing in advanced technologies to improve service reliability and facilitate customer interaction. The company is proud to have responded to the increasing demand for electricity inside and outside the Kingdom. Thanks to the success of its investment plans, the company has strategically directed funds towards advanced technology and vital infrastructure projects, which has strengthened its position as a major influencer in the energy sector. Its commitment to meeting the increasing demand for energy in the Kingdom is evident through increasing production capacity and improving the electrical system, which embodies its keenness to provide energy. Efficient and reliable.

We look forward to achieving the Kingdom goal of sourcing 50% of our total energy from renewable energy sources by 2030, aligned with local and global sustainability goals, and committed to environmental stewardship and a sustainable energy system. We also ambitiously strive to reach the company's Net Zero emissions by 2050. Moreover, our focus on localization and local content embodies our commitment to contributing to the growth of the Saudi economy, enhancing cooperation with local industries and talent development programs. We assure you of the optimistic outlook for the future of the electricity sector in the Kingdom, and the promising horizon for this sector, which is characterized by a continuous trend towards the integration of renewable energy, infrastructure development, and a firm commitment to sustainability, which contributes to the Kingdom's direction to be at the forefront in the field of global energy transformation.

Let us work together to move forward in development and prosperity and contribute to a sustainable future for the next generations.



This report is available in print, as PDF, and as interactive HTML

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The Custodian of the Two Holy Mosques  
**King Salman bin Abdulaziz Al-Saud**  
May Allah Protect Him



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His Royal Highness  
**Prince Mohammed bin Salman bin Abdulaziz Al-Saud**  
Crown Prince, Prime Minister  
May Allah Protect Him

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**We dedicate our  
resources to enhance  
pilgrim comfort at the  
Grand Holy Mosque and  
the Holy Sites**

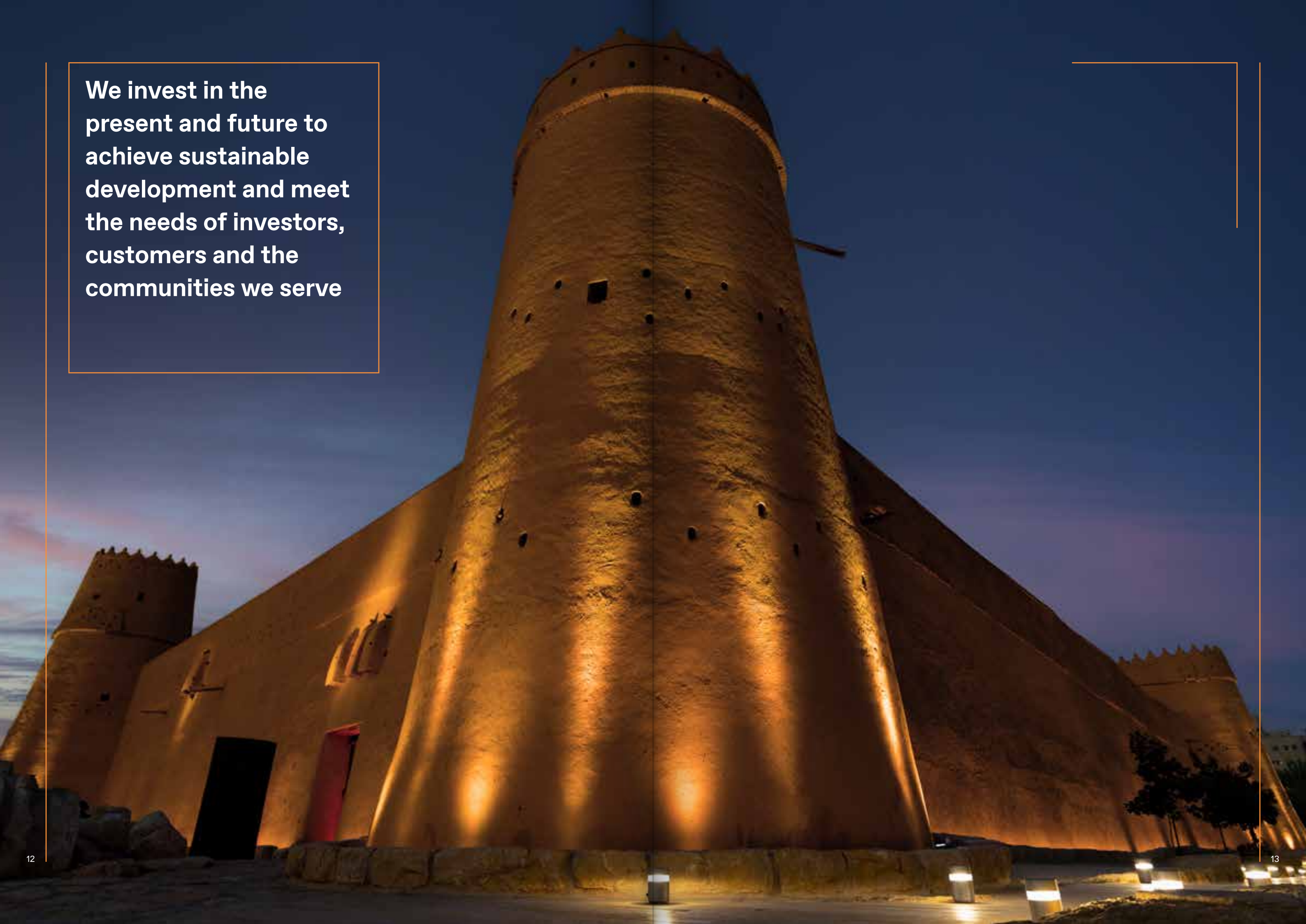




**We seek to be strategic partners to achieve progress and prosperity in the electricity sector in the Kingdom of Saudi Arabia**



**We invest in the  
present and future to  
achieve sustainable  
development and meet  
the needs of investors,  
customers and the  
communities we serve**





**We work to  
develop social and  
environmental projects  
through initiatives and  
partnerships to enhance  
the standard of living**





# Chairman's Message



**We are committed to integration and cooperation within the energy system. We always strive to provide highly efficient electrical services and apply the highest standards of governance, transparency, and disclosure to achieve the best results for our shareholders, customers, and employees**

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

The Saudi Electricity Company (SEC) has solidified its leading position in the field of electrical energy by adopting the best technological practices and international standards to guarantee a high-level, reliable and efficient electrical service. The remarkable achievements and notable expansion in investments and projects across all levels during the past year of 2023 have been realized, by the grace of Allah, due to the unlimited support provided to the energy sector, by the government of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and Crown Prince, Chairman of the Council of Ministers, His Royal Highness Prince Mohammed bin Salman. This success had the greatest impact on the company's growth and outstanding performance, and made the company seek to develop and enhance operations in all sectors of the company and its subsidiaries, harnessing all resources to achieve the company's strategic objectives.

We affirm our full confidence that our strategy, based on integration and collaboration with the energy sector, and our unwavering commitment to providing highly efficient electrical services, coupled with the application of the highest governance standards across all our operations, and full adherence to the principles of transparency and disclosure, will enable us to achieve the best results for our esteemed shareholders, customers, and employees.

In line with the aspirations of the wise leadership, headed by the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and His Royal Highness the Crown Prince, Chairman of the Council of Ministers, Mohammed bin Salman, and with the follow-up and support of His Royal Highness the Minister of Energy, Prince Abdulaziz bin Salman, may Allah protect them, the company has worked on improving its operations and expanding the scope of services provided to customers by implementing feasible and sustainable solutions, high-quality projects that support security of energy supply, and enhancing the security and reliability of the electricity grid. This is done within a comprehensive approach and a strategy aligned with the ambitions and aspirations of the energy sector, foremost of which is the Ministry of Energy, which has harnessed all possible means for the success of the energy sector and achieving its strategic objectives.

Based on this, the Saudi Electricity Company has developed comprehensive and well-considered plans for effective solutions, measures, and procedures to address all challenges. These are supported by a clear strategy aimed at leading the sector in the Kingdom of Saudi Arabia by creating new job opportunities, stimulating foreign direct investment, enhancing economic diversification, integrating advanced technologies, and enabling digital transformation.

On this basis, the Saudi Electricity Company designed a comprehensive investment plan extending until 2030, with a significant financial commitment of billions of Riyals. This comprehensive strategy revolves around the company's core activities: generation, transmission, and distribution. The strategic allocation of resources is expected to lead to a significant increase in the size of the network, facilitating the accommodation of a larger number of customers, while ensuring the continued reliability of the system.

Through this annual report, I am pleased to summarize the key milestones achieved by Saudi Electricity Company in 2023, and highlight our development plans and future projects, which, by the grace of Allah, will contribute to achieving our strategic objectives.

During the fiscal year 2023, the company maintained a strong financial position. With the total value of the company's assets reaching approximately 500.8 billion SAR, representing an annual growth rate of 4.4%. Equity amounted to 256.3 billion SAR at the end of the fiscal year 2023. The financial performance indicators of the company and its strong financial position were reflected in its credit rating by global rating agencies, tied to the Kingdom's sovereign rating. The company maintained a strong investment-grade credit rating, one of the highest for companies in the Kingdom. The credit rating was (A) with a stable outlook from both Standard & Poor's and Fitch, and (A1) with a positive outlook from Moody's.

In terms of investments, the Saudi Electricity Company continued its expansion in diverse investments to enhance its services for customers and keep pace with the growing demand for electrical energy. The company acquired a 25% stake in the "Electric Vehicles Infrastructure Company," owned entirely by the Public Investment Fund, at a value of SAR 254 million.

In line with the Kingdom's ambition to achieve net zero by 2060 through adopting a circular carbon economy framework and in alignment with the directives of the Ministry of Energy, the Saudi Electricity Company announced its ambition to achieve net zero by 2050. It also announced the establishment of a regional sustainability center, believing in its role in addressing the impact of climate change through integration with various relevant entities to achieve the declared targets.

The Kingdom achieved its highest historical peak for electrical loads, reaching 70,663 megawatts, an 8.2% increase compared to 2022. This was attributed to the strategic projects, network enhancements following the highest quality and reliability standards to meet the increasing demand for electrical energy in the Kingdom.

In our commitment to developing national human resources, the localization rate of jobs in the company increased to 94%, efficiently managing the electrical network across all regions of the Kingdom.

Emphasizing the SEC's dedication to enhancing the customer experience and building corporate identity, the Company launched the new version of its customer service application - AIKahraba APP, offering various smart services and solutions to improve service performance for customers. These efforts contributed to increasing customer satisfaction to 81%, compared to 75% in the previous year, 2022.

In conclusion, I extend sincere thanks and gratitude, on my behalf and on behalf of my fellow board members, the executive management, and all employees of the company, to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz, and his Crown Prince, His Royal Highness Prince Mohammed bin Salman for their unlimited support our esteemed government extended to the company, which contributed to realizing these achievements. I also express my thanks to His Royal Highness Prince Abdulaziz bin Salman, the Minister of Energy, and the president of the ministerial committee for restructuring the electricity sector, and their excellency the committee members for their significant support and follow up of the company's programs, and realizing its interest.

Finally, I pray to Almighty Allah to guide us all to achieve more development in the field of Electricity sector to support the Kingdom's development journey under the ambitious vision of 2030.

May Allah preserve our generous country, its glory, security, and safety under the wise leadership of our esteemed government.



# CEO's Message



**SEC remains a top player in the electric energy sector in the Middle East and North Africa, leading in production, transmission, and distribution. It prioritizes sustainable development by enhancing the quality and reliability of electrical services for customers through technical expertise**

Eng. Khaled bin Hamad Al-Gnoon  
Chief Executive Officer

The Saudi Electricity Company continues to lead the field of electrical energy as the largest producer, transmitter, and distributor of electrical energy in the Middle East and North Africa. The company strengthens its pivotal role in sustainable development by harnessing its technological and operational capacities to enhance the quality and reliability of electricity services provided to customers.

In line with the Kingdom's Vision 2030, which focuses on achieving sustainability, securing energy supply, improving the efficiency of the electricity sector, and enhancing service reliability, the company undertook significant projects in 2023 to update electricity distribution networks and transmission lines with strategic investments until 2030. These significant projects aim to strengthen the electrical network, meet the needs of developmental, economic, and urban projects, and keep pace with the growing demand for electrical energy in the Kingdom.

The growing interest of the Government of the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al Saud, and Crown Prince, Chairman of the Council of Ministers, His Royal Highness Prince Mohammed bin Salman and the continuous supervision of His Royal Highness Prince Abdulaziz bin Salman, the Minister of Energy, compel us all at SEC to double our efforts and dedicate our work to continue the development momentum in the Kingdom across social, economic, and environmental sectors.

I am pleased to highlight below the notable achievements of the company's sectors over the past twelve months:

## Financial Performance

During the year 2023, Saudi Electricity Company achieved a revenue growth of 4.5% to 75,330 million SAR. This increase in revenue was driven by rising demand for electricity and continued growth in the customer base, as well as revenue growth from the transmission system due to increased customer loads and revenue growth from Dawiyat Telecom company, in addition to new revenues for the company from the development of projects to construct substations and transmission lines for its clients. Total assets amounted to 500.8 billion SAR compared to 479.5 billion SAR, representing a growth rate of 4.4%, while equity amounted to 256.3 billion SAR. Thanks to the company's strong financial position and sustainable capital structure, it was able to finance its growth plans. Throughout 2023, the company successfully completed several high-profile financing transactions in financial markets, totaling 34.1 billion SAR (equivalent to 9.1 billion US dollars) through various financing instruments. These include Green Sukuk related to environmental, social, and governance practices, Local and International Syndications, or export credit agencies, supporting continued investment in the company's future growth.

## Financial Sustainability and Investment Sector

In early 2023, the company developed annual plans and targets to achieve financial revenue from the company's investments, aimed at implementing effective and sustainable solutions,

along with launching an initiative to improve operational budget efficiency, ensuring efficient use of resources and compliance with approved budgets.

Based on this, SEC, sought to maximize revenues of other investments, which would enhance the company's financial sustainability through the development of new investment opportunities, or to maximize its current investments through the management of subsidiaries' portfolios. This is done by evaluating the performance of the company's subsidiaries, and managing investment projects in the industrial and digital sectors. Some of notable achievements of the Investments Sector are as follows:

- Acquisition of a 25% stake in the "Electric Vehicle Infrastructure Company" from the sole owner, the Public Investment Fund.
- A consortium of SEC and ACWA Power won the projects of Taiba 1 and Qassim 1 power plants, with a total capacity of 3.6 gigawatts and an estimated cost of SAR 14.6 billion.
- The Saudi Electricity Company (SEC) received the approval of Saudi Power Procurement Company (Principal Buyer), the off-taker, to start implementing the expansion project of the Rabigh power plant by adding combined-cycle units with a capacity of 1.2 gigawatts.

## Digital Transformation and Innovation

The digital and technological transformation represents one of the most important factors that contributes to the SEC's strategy to be a leader in the field of digital electricity in the region. The digital transformation journey includes all aspects of our work, with the aim of achieving the highest levels of asset reliability, building a reliable digital brand that offers new products and experiences, and leveraging digital investments as a source of growth, with close monitoring of the steady increase in the digital maturity index. However, the most important thing is to enable the local use of technology and create job opportunities targeting the youth of the country. Artificial intelligence and deep learning capabilities contribute to generating accurate predictions of energy demand, improving customer experience, enhancing health, safety, security, and the environment.

In the initial launch phase in 2023, SEC implemented over 400 diverse technical solutions and automated more than 500 processes across the company, including advanced and accurate solutions that rely on modern automation techniques and emerging technologies to achieve internal development and significantly improve customer experience.

The research, development, and innovation strategy were formulated with the active participation of all relevant scientific activities and committees. The objective is to establish a framework that aligns with national priorities in the research, development, and innovation sector to achieve the company's future objectives in this domain. One of the company's notable achievements is securing three patents, with an additional ten patent applications registered with the Saudi Authority for Intellectual Property under the name of the Saudi Electricity Company. This underscores the company's strong commitment to innovation in the field of electric power

and its capability to develop cutting-edge technologies aimed at enhancing electrical operations in efficient and sustainable ways.

## Power Generation

Electricity generation is a core business contributing to the stability and reliability of the electrical system. The company operates 476 power generation units in 38 power plants across the Kingdom, with capacities ranging from small 15 megawatts to modern large 700 megawatts units.

By the end of 2023, these units, with different technologies, will have a total capacity exceeding 55,000 megawatts, representing 66% of the Kingdom's total production capacity, making the Saudi Electricity Company the largest electricity producer in the Middle East and North Africa.

The electricity produced from the company's plants reached 218.9 terawatt-hours in 2023, constituting over 57% of the Kingdom's total electricity production. Approximately 368 million barrels of oil equivalent were consumed, with a production efficiency exceeding 37.7%.

## Electricity Transmission

In the field of electricity transmission, SEC ensures the high reliability and stability of electricity transfer to load centers across the Kingdom. The company focuses on expanding and reinforcing the electricity transmission network to substations. The company completed several projects under the National Grid SA, including:

- Transmission transformers capacity reached 1,234 in 2023.
- The completed station capacity reached 488,073 MVA.
- The length of transmission networks reached 95,563 C-Km.
- The number of transmission transformers was 3,940.

## Distribution and Customer Services

To organize distribution operations, with the aim of enhancing performance excellence, a restructuring of activities has been implemented, involving control, losses and creating a new structure. Settlement and accounting operations have been centralized at the kingdom level. Additionally, there has been a shift in the approach and model of distribution operations through the establishment of organizational units (divisions and departments for receiving distribution assets) across all electricity departments. This is to ensure the quality of project reception and distribution assets.

We continue advancing our efforts to modernize site addresses through the Geographic Information System (GIS), by launching the Digital Transformation Initiative and elevating data quality in the GIS. Over 10.8 million meters have been updated and linked to billing systems. Additionally, 104,000 transformers, 196 primary stations, and 75,000 network devices have been updated.

These efforts have significantly contributed to the notable improvement in performance indicators measuring service quality over the past year:



- Improved System Average Interruption Duration Index (SAIDI) by approximately 7%.
- Enhanced System Average Interruption Frequency Index (SAIFI) by approximately 11%.
- Reduced average time to Supply connections for new customers by 27%, reaching only 3.31 working days compared to 4.5 working days.
- Increased automation ratio in the distribution network to 24.49%, from 16.2% by the end of 2022.

The distribution and customer services business line continues to work intensively to achieve customer satisfaction and enhance confidence in the electrical services provided to them. This is accomplished through launching a series of initiatives and projects, forming highly qualified specialized teams to face challenges and overcome difficulties.

The distribution business line also leverages all available modern technologies for digital transformation and provides services through multiple communication channels, enabling customers to benefit from the company's services in a simple, easy, and fast way. The customer satisfaction with the services provided has exceeded 81%.

The company has launched a new version of Al Kahraba Application and website, aiming to enhance the overall customer experience in having electricity services with greater ease and efficiency. The app includes several features, such as a simplified and easy-to-read display of invoices, a 24/7 live chat service, a virtual office service, where customers can communicate with a customer service representative via audio and video to complete the required service without having to visit the office, the provision of the most important services that can be easily requested through the app and website, and easy bill payment through Apple Pay and credit cards.

Furthermore, the company has implemented Voice of Customer (VoC), sending automated surveys after service execution. This feedback is recorded in a unified system, enabling analysis and collaborative improvement planning across all relevant sectors.

Meanwhile, the developments during the past period included each of rephrasing communication messages with customers, significant improvements to automated response systems at call centers, mapping service office locations via Google Maps, internal system enhancements that have a positive impact on customer service, and various other general improvements.

#### Service to the two Holy Mosques and Holy Sites

The service of the Two Holy Mosques and the Holy Sites is at the top of our priorities every year. It is one of the most important priorities that we strive to ensure the stability of the system and provide services with high reliability around the clock. Our efforts in serving the visitors of the Two Holy Mosques this year were reflected in the success of the Hajj season of 1444 H, thanks to the support of the wise leadership and the efforts of the company's employees in the field and behind the monitoring and control screens. All distribution stations in the Holy Sites have been automated and replaced with smart stations to enhance the security and reliability of

the networks, improve the efficiency and quality of electrical service, and control and monitor the network remotely. We are also proud that no significant interruption was recorded in the Holy Sites, the Umrah accommodation area, and the Masjid Al Haram during the Hajj season of 1444 H, despite recording maximum electrical loads during the Hajj season of 1444 H.

#### Occupational Health, Safety, Security, and Environment

The Saudi Electricity Company is committed to making the culture of health, safety, security, and environment (HSSE) a top priority in all its operations. As part of its ongoing efforts to promote these values, the company has implemented effective measures that focus on improving standards to ensure the well-being of its employees and stakeholders. The company has also taken strategic initiatives, such as investing heavily in digital transformation and specifically in strengthening the security of the operations system, with the aim of enhancing readiness and developing the skills of its employees. This contributes to improving the overall performance of the electricity system and ensuring the delivery of safe and reliable services.

#### Sustainability

The Saudi Electricity Company's strategy embodies our dedication to achieving the Kingdom's Vision 2030 and the United Nations Sustainable Development Goals (SDGs). We emphasize our strong commitment to promoting energy efficiency, ensuring sustainable electricity supply, supporting energy transition, and preserving natural resources. We also focus on promoting economic diversification and community development, with an emphasis on applying transparency principles in all our practices.

In line with the Kingdom's goal of achieving net-zero emissions by 2060, We have announced the company's ambition to reach net-zero emissions by 2050 and launched ambitious projects to reduce carbon emissions. We are proud of the significant progress made in integrating environmental, social, and governance (ESG) activities across all our business areas during the past year, which was marked by the launch and successful implementation of the "ESG Strategy" in 2023.

Affirming our commitment to sustainability, this year we made notable progress on sustainability by partnering with WAVE to protect biodiversity, purchasing carbon credits to offset emissions, and issuing dual tranche sukuk with a green tranche to finance its projects through sustainable finance. Moreover, we signed eight Memoranda of Understanding (MoUs) with leading local and international entities in 2023, coinciding with the COP28 Climate Summit. We believe in the importance of cooperation and partnerships in achieving carbon emission reduction goals.

Our achievements and efforts in the field of ESG have been recognized by the authorities concerned, resulting in improved ratings in this area. Our S&P Global ESG score increased from 32 in 2022 to 35 in 2023, while our ESG risk rating on the Sustainability index decreased from 44.5 to 36.

#### Renewable Energy

In implementation of King Salman's Renewable Energy Initiative, and to achieve a sustainable increase in the share of renewable energy from the total energy sources in the Kingdom, the Saudi Electricity Company has dedicated substantial efforts to enable renewable energy sources in the Kingdom by providing the appropriate solutions to transfer this energy to load centers with high reliability. We have also developed our capabilities through training, knowledge transfer, and the use of advanced technological solutions in the management and operation of renewable energy sources, in a way that ensures the optimal and safe operation of the electrical system.

#### Corporate Social Responsibility

Corporate social responsibility (CSR) is one of the fundamental pillars guiding our company in achieving its vision and mission. We aim to strike a balance between the company's commercial and social objectives in line with relevant international standards, such as the International Guidance Standard on Social Responsibility (ISO 26000), and enhancing sustainability reporting points.

CSR plays a pivotal role in promoting safety and prevention culture among employees and the community, fostering employee to volunteer in community service, improving the company's performance in sustainability areas (ESG), environmental protection, mitigating activity impacts, and empowering the most vulnerable community groups.

#### Workforce

The Saudi Electricity Company prioritizes attracting highly skilled talents and experiences to work in an attractive, motivating work environment conducive to performance. We aim to enhance employee loyalty and integration to enable the company and its subsidiaries to efficiently achieve their plans, goals, success, and business sustainability.

The company has developed and implemented a long-term human resources strategy aligned with the company's ambitious aspirations, involving establishing an effective organizational model supported by competitive policies based on best practices and a performance management mechanism.

In this context, we continue our efforts to empower working women, with a 21.6% increase in female employees compared to 2022, and a 88.9% increase in female leadership positions.

#### Localization and Local Content

In the field of Localization and Local Content, the company has adopted the initiatives of the localization and content program "Bina", and has developed localization plans that contribute to the company's targets. The company has also started to implement a number of enablers according to the new local content regulations to support the local industry and small and medium sized enterprises, with notable achievements in 2023 including:

- Purchases from local factories exceeding SAR 53 billion in the period from 2019 to 2023, with a localization rate exceeding 70%.
- Strengthening the digital transformation through the Bina platform to automate the processes of reviewing local content plans in the contracting phase and following up on the commitment of contractors and suppliers after the contracting phase.
- Launching the Bina calculator to automatically calculate the ranking of bidders in the financial evaluation, and completing the issuance of the interactive dashboard of the Bina program to track the contribution of local content in contracts on a daily basis, with the aim of increasing efficiency, accuracy of data, and reducing the time required to complete these works.
- Activating the localization initiative by leveraging purchasing power through the signing of two contracts to localize the production of gas switches for high and ultra-high voltages with binding purchase agreements worth more than 5.9 billion SAR, with the condition of building local factories or increasing current local capacity within a maximum of two years.

#### Future Plans

We reaffirm our full commitment to continuous change and development aligned with the Kingdom's Vision 2030, enhancing investment opportunities to improve electrical energy efficiency in the Kingdom. We have set forth an ambitious vision and strategy for digital transformation primarily based on the latest digital transformation and artificial intelligence technologies. In an ambitious plan extending to 2025, aiming to enhance transparency, improve customer service, and serve the company's ambitious goals and the Kingdom's adopted vision for 2030.

The company is committed to developing a strong and sustainable energy system, with a strong focus on large-scale investments in renewable energy. The company aims to connect all renewable energy produced in the Kingdom, which is about 50% of the total electricity production capacity, while directing its efforts towards meeting the growing demand by expanding its network and strengthening its main stations.

As part of its commitment to sustainability, the company is implementing the liquid fuel conversion project, where power plants are converted from fuel to gas. This strategic direction is part of the company's efforts to achieve its goals of reducing carbon emissions. This action is also in line with its commitment to achieving carbon neutrality, which aims to provide a more sustainable and efficient environment.

In conclusion, these achievements would not have been possible without the guidance and limitless support from our wise leadership under the Custodian of the Two Holy Mosques King Salman bin Abdulaziz and His Royal Highness Crown Prince Mohammed bin Salman, and the supervision and follow-up from His Royal Highness Minister of Energy Prince Abdulaziz bin Salman. They have provided all the means and opportunities to realize the aspirations of the leadership, opening new horizons for expansion and prosperity in the electrical energy sector in the Kingdom.



# 01

## Who We Are

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# About SEC

The Saudi Electricity Company, headquartered in Riyadh, adds substantial value as the largest entity entrusted with the generation, transmission, and distribution of electricity across the Kingdom of Saudi Arabia

The Company's Business Areas within the Kingdom



Following decades of sustainable growth, SEC consistently delivers electricity service through its operations across four geographic regions: Central, Western, Eastern, and Southern Region, supported by a workforce of more than 30 thousand professionals. The company proudly upholds a robust commitment to local employment, boasting a rate that surpasses 94%.

SEC is dedicated to pioneering excellence in energy services by providing outstanding customer experiences through cutting-edge solutions. Its mission encompasses the delivery of superior customer experiences, the augmentation of shareholder value through strategic investments in employees, commitment to environmental protection, and the systematic digitalization of the electricity sector.



## Vision

A preeminent power provider through exceptional customer experience, innovation and sustainable solutions



## Mission

Deliver best-in-class customer experience and add value to our stakeholders while investing in our people, protecting the environment and endorsing digitalization in power and beyond

## Values



### Development

Progressive Duty  
We are forward-looking, public and leading



### Excellence

Active Excellence  
We are focused, detailed and agile



### Interest

Human Focus  
We are empathetic, caring and supportive



# Our Journey

In 1975, the Ministry of Industry and Electricity was established to regulate the Kingdom's electricity sector. By 2003, it evolved into the Ministry of Water and Electricity, later integrating into the Ministry of Energy, with a renewed focus on electricity matters. This restructuring led to the division of the electricity sector in the Kingdom into five regions (Central, Western, Eastern, Southern and Northern) and the private and semi-private companies were merged into four joint stock companies, all known as the Saudi Unified Electricity Company, while the General Electricity Corporation was assigned to supervise the companies of the northern region.

As a result of subsequent reforms, the formation of the Saudi Electricity Company in 2000 marked a crucial turning point, bringing about the dissolution of both the General Electricity Corporation and the Saudi Unified Electricity Companies in the regions. Through the merger of diverse entities, the Saudi Electricity Company assumed all associated responsibilities, rights, and obligations, fundamentally reshaping the electricity landscape of the Kingdom.

## 1907

Electricity was introduced in Saudi Arabia at the Prophet's Mosque.

## 1918

The expansion of electricity continued, reaching Masjid Al-Haram.

## 1975

Recognizing the need for oversight, the Ministry of Industry and Electricity was established to regulate the growing electricity sector in the Kingdom.

## 2012

The formation of National Grid SA marked a pivotal moment, as it emerged as a wholly-owned limited liability subsidiary of the Saudi Electricity Company.

## 2009

Establishment of Dawiyat as a wholly-owned subsidiary of the Saudi Electricity Company.

## 2007

The issuance of the first 5 billion Islamic bonds (sukuk) in Saudi Arabia.

## 2003

A consolidated entity, named the Saudi Unified Electricity Company, was formed through the merging of private and semi-private electricity providers.

## 2002

A new organizational structure has been implemented to enhance the company's efficiency, covering core activities, joint initiatives, and support services.

## 2000

The Saudi Electricity Company came into existence, positioning itself as a publicly traded company.

## 2014

The company has adopted an organizational structure for energy trading and new partnerships, aiming to oversee its business relations with electricity producers and large consumers.

## 2015

Establishment of Saudi Electricity Projects Development Company (SEPDC) as a wholly owned subsidiary of the Saudi Electricity Company.

## 2017

The establishment of the Saudi Power Procurement Company took place as a wholly-owned limited liability company under the ownership of the Saudi Electricity Company.

## 2019

The government launched the budget account for the Saudi Electricity Company to receive government support through it.

Establishment of Integrated Dawiyat for telecom and information technology.



## 2023

The Saudi Electricity Company has officially announced its ESG strategy and an ambition to reach net-zero emissions by 2050.

The company achieved a significant milestone by winning three major projects, including two as a master developer in Taiba and Qassim in alliance with ACWA Power Company. Furthermore, SEC has initiated the expansion of the Rabigh power plant.

## 2022

The Saudi Power Procurement Company becomes independent, bringing in new power conversion agreements at Saudi Electricity Company stations.

## 2021

In accordance with the organizational and financial reforms, the company began operating according to the required revenue structure based on the methodology of an organized asset base.

The establishment of the Saudi Service Company occurred as a wholly owned limited liability company under the ownership of the Saudi Electricity Company, which was later renamed Solutions Valley Company.

## 2020

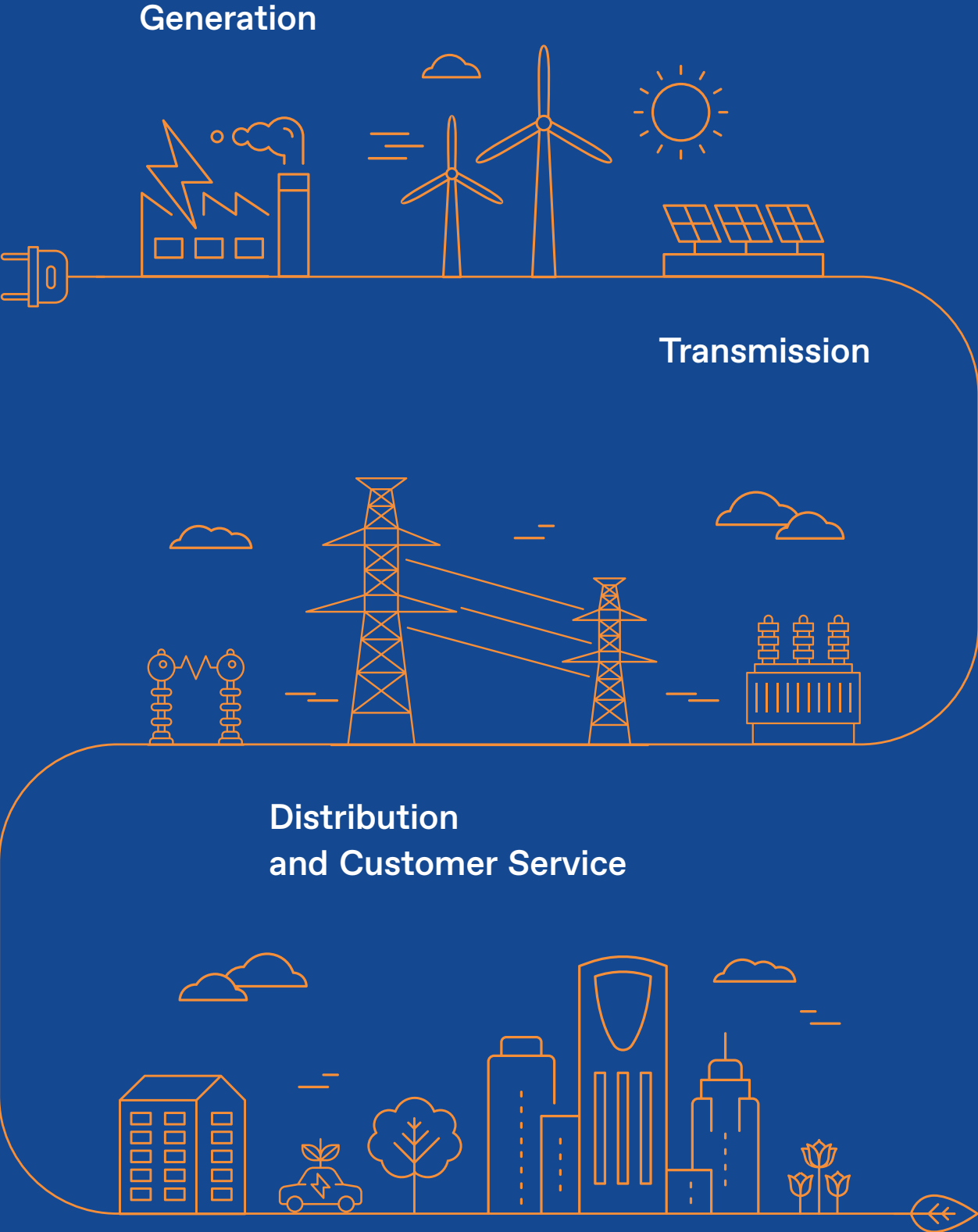
The establishment of the Saudi Energy Production Company occurred as a wholly owned limited liability company under the ownership of the Saudi Electricity Company.

The company issues its first international Green Sukuks, marking a historic first for a Saudi company within the Kingdom.

In November of this year, comprehensive organizational and financial reforms were adopted.



# Our Business




## Generation

## Transmission


## Distribution and Customer Service

We are committed to providing reliable and sustainable electrical energy to all segments of society, and contributing to achieving sustainable development for the Kingdom of Saudi Arabia




### Generation

Electricity is produced by 38 power plants across the kingdom using fossil fuels as a source.



### Transmission

Once electricity is generated, SEC transmits over long distances from the company's power plants to local distribution networks. This involves high-voltage transmission lines and substations. The entire system is monitored and controlled with high reliability and speed through regional and national control centers.



### Distribution & Customer Service

Distribution takes place at the local level, where electricity has been transported from the transmission network to end-users via low-voltage lines, transformers, and local substations. Customer service activities is interacting with end-users. This includes billing, customer service, and managing customer accounts through the company's smart meters.

## Business Development Investments



### Dawiyat Integrated Telecommunications & Information Technology Company

A fully owned subsidiary of the Saudi Electricity Company, specializes in providing wholesale services for advanced fiber optic networks to major telecommunications companies, playing a crucial role in supporting Vision 2030 and holding licenses from the Communications and Information Technology Commission.



### Solutions Valley Company

A subsidiary of the Saudi Electricity Company, aims to facilitate the provision of specialized services, including technical consulting, operation and maintenance, energy solutions, and innovative smart and digital offerings, extending beyond regulatory frameworks.



### Saudi Electricity Projects Development Company (SEPDC)

SEPDC functions as a subsidiary with limited liability under the Saudi Electricity Company, serving as its engineering division. SEPDC is responsible for vital activities such as project design, management, and overseeing the execution of projects.



# Highlights

## Operational Highlights

### Generation

Total electricity produced

218,974 GWh



Total capacity of owned power plants

55,209 MW



### Transmission

Transmission network lengths

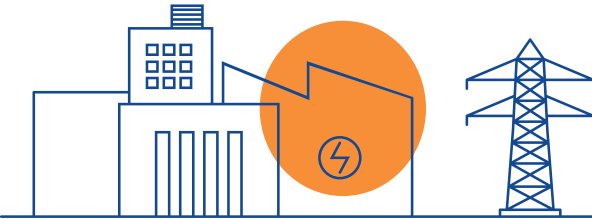
95,563 Circular kilometer



### Localization

Percentage of purchases from local factories

70%



### Distribution and Customer Service

Total number of customers

10.99 million



Number of new customers

345.8 thousand



New customers

Total electricity sold

314,784 GWh



Smart electric meter coverage

100% At the Kingdom level



Percentage increase in Customer satisfaction

8% Compared to 2022



Percentage increase in automation in the distribution network

24.49% Compared to 2022



## Financial Highlights\*

Revenue

75,329,673

Net profit

10,249,299

Total profit

15,521,376

Total equity

256,317,712

Operating profit

14,165,641

Total assets

500,788,818

Earnings per share

0.62

## Our People

Number of Employees

30,584



Local employment

28,749



Employees aged 30 and under

6,368



S&P Global ESG Score

35 2023 9% ▲

32 2022

Credit Rating

(A1) Moody's  
(A) Standard & Poor's  
(A) Fitch



\* Figures are in thousand Saudi riyals and compared to the previous year.

# Year in Review



## January

SEC's strategic sponsorship was acknowledged at the Exhibition of Projects of Distinguished Cities, featuring showcased projects.



## March

Saudi Electricity Company announces its intention to establish an international Sukuk programme and to issue U.S. Dollar denominated green and/or conventional Sukuk under it.



## May

Successfully initiated the Shareek partnership by presenting opportunities, securing CST license support for the submarine cables project, finalizing the Data Center project with Shareek funding, and concluding a Framework agreement.



## February

Secured three awards at the 20<sup>th</sup> International Operations & Maintenance Conference in the Arab Countries (OMAINTEC).

Advanced multiple projects valued at over 400 million SAR in residential neighborhoods within Jubail Industrial City.

Achieved recognition with the Capital Markets & ESG Finance Saudi Arabia Award for Power Finance Deal of the Year.



## April

Introduced Chief Engineer (CE) sector in the recent SEC restructuring to oversee vital engineering functions.

Successfully issued 7.5 Billion SAR worth of green and conventional sukuk.



## June

Effectively managed the Hajj pilgrimage season by utilizing smart substations and remote monitoring.

Introduced Al-Kahraba mobile app, offering new services.

Launched new website, Voice of Customer, and revamped customer journeys at Service Centers.



## July

Conducted a global roadshow across East Asian countries, Europe, and Turkey to engage suppliers and manufacturers, seeking their support for the successful execution of SEC's ambitious Investment Plan.



## September

The company established 8 automation agreements with 7 local banks and an international bank, streamlining the processing of bank guarantees offered by project contractors.



## November

Acquired a 25% stake in the "Electric Vehicle Infrastructure Company".

Established a formal partnership with WEF, enabling SEC to actively participate in WEF events, engage in thematic and regional interactions, and contribute to various engagements, unlocking several strategic benefits.



## August

The Kingdom achieved a record-setting peak electrical load in history, reaching 70,663 megawatts - an 8.2% increase compared to the previous year.



## October

SEC's visit to China resulted in significant outcomes, encompassing discussions with energy companies, potential partnerships, exploration of technological innovations, knowledge exchange with key players like SGCC, Huawei, and Tencent, and the strengthening of bilateral relations between Saudi Arabia and China in the energy sector.

Successfully won three projects, two of which as a developer in Taiba and Qassim, in partnership with ACWA Power, totaling 14.6 billion SAR, with a combined capacity of 3.6 GW. Additionally, commenced the expansion of the Rabigh power plant, adding 1.2 GW to its capacity.



## December

Announced the ESG strategy and 2050 net-zero ambition during COP28.

88.9% increase in women in senior and middle management and 246% increase in women in management succession plans.



# Investment Case

As the primary source of the nation’s electricity, the Saudi Electricity Company strategically steers through the dynamic and critical utilities sector, placing a high emphasis on customer service and the delivery of reliable services amidst the ongoing global energy transition.

## Operational excellence and reliability


218,974 GWh

of total energy produced



10.99 million


Customers across the Kingdom



## Dividends per share

0.70 SAR

It represents 7% of the nominal value of the share




Dividends per share in accordance with the announced recommendation of the company’s Board of Directors to the Annual General Assembly

## Strong financial center and sustainable growth

Operating revenues

75.3 billion SAR


Growth Rate ▲ 4.5%



Total assets


500.8 billion SAR

Growth Rate ▲ 4.4%



Total equity

256.3 billion SAR



An integrated electrical service company in the Kingdom of Saudi Arabia is the largest producer, transmitter, and distributor of electricity in the Middle East and North Africa.

The company aims to capitalize on additional growth prospects from new ventures, backed by a strong financial position and an organizational model following global best practices.

It operates with an ambitious investment plan to provide the best service to consumers and enhance future growth opportunities.

Its ambitious goal includes reaching the net zero by the year 2050, serving as a key enabler in meeting sustainability objectives of vision 2030.

## Additional Growth from Investments

SEC acquired a 25% stake in the “Electric Vehicle Infrastructure Company,” aiming to deploy services at 1000 locations and install over 5000 fast chargers by 2030, accessible in multiple cities in the Kingdom, including connecting highways.

**Solutions Valley**

A subsidiary of the Saudi Electricity Company, aims to facilitate the provision of specialized services, including technical consulting, operation and maintenance, energy solutions, and innovative smart and digital offerings, extending beyond regulatory frameworks.

**Dawiyat Integrated Telecommunications & Information Technology Company**

A limited liability company fully owned subsidiary of the Saudi Electricity Company, specializes in providing wholesale services for advanced fiber optic networks to major telecommunications companies, playing a crucial role in supporting Vision 2030 and holding licenses from the Communications, Space and Technology Commission (CST).

**Saudi Electricity Projects Development Company (SEPDC)**

SEPDC functions as a subsidiary with limited liability under the Saudi Electricity Company, serving as its engineering division. SEPDC is responsible for vital activities such as project design, management and execution of projects.

# 02

## Strategic Review

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# Industry At a Glance

## Global Market Trends

### Energy Transition and Energy Mix

In 2023, the global commitment to a sustainable future was underscored by a substantial investment of approximately USD 1,740 billion in clean energy deployment. This marked a pivotal moment in the transition towards renewable energy sources, emphasizing the crucial role of technologies such as battery storage and hydrogen. The SDG7 Global Roadmap provided a comprehensive guide on achieving net zero by 2050, outlining a roadmap for the world to transition to clean energy by 2030. The energy landscape, characterized by its dynamism, saw renewables emerge as the cornerstone for nations embarking on the challenging path of energy transition. Notably, at COP 28, 119 countries reached a consensus to triple renewable power generation and double energy efficiency by the end of the decade.

### Electricity Sector Restructuring and Regulation

The global electricity sector is undergoing significant transformations shaped by evolving market trends, regulatory shifts, and restructuring initiatives. The resurgence of re-regulation and nationalization stands out as a notable trend, with certain nations reassessing the role of the state in shaping energy markets. Simultaneously, a pronounced shift from commodity-based to capital-based markets is underway, emphasizing investment and asset ownership over the mere trading of electricity as a commodity. The integration of carbon markets has become a pivotal mechanism for addressing environmental concerns and incentivizing emission reductions. These intricate dynamics highlight the complexity and fluidity of the global electricity sector, where regulatory frameworks and market structures are continually adapting to address sustainability goals, economic considerations, and geopolitical influences.

### Environment, Social, and Governance

Decarbonization has become a paramount objective in the energy sector, driving a fundamental shift towards cleaner and sustainable practices. Recognizing the imperative to address environmental concerns, utilities are increasingly focusing on Environmental, Social, and Governance (ESG) factors as key metrics for decision-making. In a notable collaborative effort, 18 major European power companies have committed to reducing over 300 million tons of carbon dioxide emissions by the year 2030, showcasing a collective dedication to combating climate change. This commitment aligns with a broader trend seen in the financial sector, where ESG considerations have gained substantial traction. With more than USD 300 billion in assets under management dedicated

to ESG funds, investors are actively supporting businesses that prioritize environmental responsibility, social impact, and strong governance. The convergence of these efforts signifies a pivotal moment in the energy industry, where both utilities and investors are steering towards a more sustainable, low-carbon future, acknowledging the interconnectedness of financial success and environmental stewardship.

### Digital Transformation

The integration of advanced technologies plays a pivotal role in shaping the future of the energy sector, ensuring sustainability and efficiency. Smart grids and network automation, virtual power plants, and analytics-driven demand forecasting are key components of this technological revolution. The proliferation of connected devices has witnessed an astounding 23-fold increase from 2011 to 2021, emphasizing the growing reliance on interconnected systems. In line with this trajectory, IDC's predictions for the coming years underscore the transformative impact of technology across various facets of the energy landscape.

### Customer Experience

In the realm of customer experience within the utility sector, the focus is shifting towards enhancing consumer satisfaction through a multi-faceted approach. The demand for a streamlined, one-click experience, and flexible payment plans has driven utility companies to reimagine their service delivery. Beyond offering traditional commodities, utility providers are diversifying their product and service portfolios to meet evolving customer expectations. Notably, the concept of customers as prosumers is gaining prominence, reflecting a shift where consumers actively engage in energy production and consumption.

### Electrification and Demand Management

Electric vehicles (EVs) currently represent approximately 15% of global car sales, a figure set to soar to 40% by 2030 according to the Stated Policies Scenario (STEPS). Over the past two years, the share of EVs in global car sales has more than tripled to reach 14%, with further record sales anticipated in 2023.

Simultaneously, the electricity sector faces escalating short-term flexibility needs, met through demand response and storage, while seasonal flexibility relies on hydropower and thermal sources facilitated by modernized grids. The growing adoption of electric heat pumps, air conditioners, and EVs introduces variability in demand, presenting opportunities for demand-side response. Realizing these opportunities hinges on a supportive regulatory environment, backed by robust price signals, digital tools, and smart controls, enabling effective demand-response policies to help consumers reduce electricity bills.



## The Kingdom's Trends

The Kingdom of Saudi Arabia is charting an ambitious course in the realm of renewable energy and storage, setting a target to double installed capacity annually. The private sector is taking on an increasingly significant role in KSA's generation sector, a trend poised for substantial expansion under KSA's ambitious Independent Power Producer (IPP) program.

By 2030, renewables are projected to contribute to approximately 50% of the total installed generation capacity.

The Kingdom is actively working towards minimizing its reliance on liquid fuels for power generation through a comprehensive liquid displacement program. The surge in power demand in KSA, propelled by population growth, economic expansion, and electrification initiatives, necessitates a modernization and expansion of the Saudi Electricity Company's (SEC) transmission network. With the population expected to reach 50-60 million by 2030, including a significant influx into Riyadh, the liquid displacement program aligns with the goal of integrating industrial and agricultural applications into the grid.

Furthermore, the Kingdom is witnessing a notable rise in Electric Vehicle (EV) penetration, with the government targeting a 30% EV penetration rate in Riyadh city by 2030. This translates to a projected 25 million EVs in KSA by the same year. These initiatives collectively underscore Saudi Arabia's commitment to a sustainable and diversified energy future.

Source: International Energy Agency (IEA), Ministry of Energy - Liquid Fuel Displacement & 2030 Energy Mix.



# Industry At a Glance

## Regulatory and Financial Reforms in The Kingdom of Saudi Arabia

In Saudi Arabia, a collaborative effort between the government and the private sector has led to significant strides in improving the quality of electricity services. A pivotal moment occurred in November 2020 when a Royal Order ushered in a comprehensive set of regulatory and financial reforms for the electricity sector. Spearheaded by His Royal Highness the Crown Prince and Prime Minister, the Supreme Committee for Energy Mix Affairs for Electricity Production and Enabling Renewable Energy oversees the implementation of these reforms. Under His Royal Highness's guidance, the Ministerial Committee for the Restructuring of the Electricity Sector, comprising key governmental entities, work diligently towards realizing the Kingdom's vision and objectives for the electricity sector.

These reforms directly address historical regulatory and financial challenges within the electricity sector, establishing a sustainable financial structure that is attractive for investment. The anticipated outcomes include:

- Enhanced sector performance.
- Increased plant efficiency.
- liquid fuel displacement.
- Improved environmental compliance.
- Reliable electricity transmission network.

Moreover, the reforms aim to streamline renewable energy production, aligning with optimal energy mix targets, and introducing automation to distribution networks for improved service reliability.

Aligned with the Kingdom's electric power sector strategy, these reforms focus on ensuring a safe, efficient, and high-quality electricity supply for all consumers. They also strive to:

- Enhance efficiency.
- Improve service quality.
- Prioritize consumer satisfaction.
- Create an investment-friendly environment in alignment with Vision 2030 for economic development.
- Demonstrate environmental commitment for sustainable development goals.
- Enhance and develop local content.

The positive effects of these financial and regulatory reforms on the company's position include the enhancement of its financial and operational sustainability. The Mudaraba agreement, specifically addressing government financial obligations, has supported the financial position and improved capital structure sustainability. Additionally, improved credit records have augmented the company's financing



## The most prominent stages of financial and regulatory reforms in the Saudi electricity sector

### 2000

The establishment of Saudi Electricity Company

### 2001

The establishment of Electricity and Cogeneration Regulatory Authority

### 2007

The establishment of the private sector contribution program in electric power generation projects

### 2012

The establishment of National Grid SA as a wholly owned by Saudi Electricity

### 2017

The establishment of Saudi Power Procurement Company (Principal Buyer) as a wholly owned by Saudi Electricity Company

### 2022

The signing of a share and purchase agreement to transfer full ownership of Saudi Electricity Company in Saudi Power Procurement Company to the government.

### 2021

- Issuance of the Council of Ministers' decision approving the carve-out of Saudi Power Procurement Company (Principal Buyer) and transfer its ownership to the kingdom.
- Cancellation of the government fee mandated by Royal Decree No. (14006) dated 23/3/1439H, effective from 1/1/2021.
- Implementing a Regulatory Asset-Based Model to regulate the Saudi Electricity Company's revenue from the fiscal year 2021 onwards.

### 2020

- Establishment of the Supreme Committee for Energy Mix Affairs for Electricity Production and Enabling Renewable.
- EnergyImplementation of a sustainable mechanism for government dues payment.
- Revision of the revenue formula based on the regulatory asset base.
- Activation of the balancing account and corresponding revenue equation.
- Assumption of responsibility for the company's net financial obligations to the government.
- Adopting the Minimum Operating Cost Model to regulate SEC's revenue to determine SEC's revenue for the fiscal year 2020.
- The Company signed a Mudaraba Agreement with the government, represented by the Ministry of Finance, to convert the net financial obligations owed to the government by the Company, amounting to SR 167.9 billion, into an equity classified financial instrument.
- The General Assembly meeting held on 27/12/2020 approved the establishment of a contractual reserve for the purpose of paying the profits of the Mudaraba instrument.



# Our Strategy

The vision of the Saudi Electricity Company is to be a preeminent power provider through exceptional customer experience, innovation, and sustainable solutions

The mission involves delivering best-in-class customer experience and add value to our stakeholders while investing in our people, protecting the environment and endorsing digital transformation in power and beyond. Based on the principle of continuous improvement and development, and recognizing the importance of establishing the foundations of success and devising strategies to achieve our aspirations and attain successive accomplishments, we are committed to enhancing the quality of our business operations, improving the services we provide, and concentrating on excellence in performance. With gratitude, we are pleased to announce the launch of several strategic programs designed to fulfill the company’s objectives, outlined as follows:



## Strategic Goals



## Strategic Programs



## Six enablers have been identified to facilitate the implementation of the strategic initiatives of the Saudi Electricity Company



Work is underway to approve the general strategy of the company in coordination with the relevant official authorities.



# Our Strategy

## The company’s plans provide a clear vision for the future of the energy sector in the Kingdom of Saudi Arabia

### Future Plans and Projections

A meticulously crafted investment plan has been designed to span until the year 2030 in line with the Kingdom’s vision and the strategic directions of the Ministry of Energy and electricity sector, encompassing a significant financial commitment reaching hundreds of billions of SAR. This comprehensive strategy aims to develop all aspects of the electricity sector, including generation, transmission, and distribution, as well as non-regulated business. The strategic allocation of resources is expected to yield a remarkable increase in network size, facilitate the accommodation of more customers, all while maintaining system reliability.

The company is committed to a robust and sustainable energy landscape, with a significant focus on heavy investments in Renewable Energy (RE). The company’s goal is to seamlessly integrate all renewable energy produced in the kingdom, which is approximately 50% of the total electricity production capacity, ensuring not only a substantial increase in the company’s renewable capacity but also the security and reliability of the entire grid. Concurrently, the company is dedicated to the expansion of its transmission lines, enhancing security, reliability, and resilience in the supply chain. As part of the company’s strategy to meet the growing demand, it aims to integrate conventional energy sources effectively into the grid.

The company is gearing up to accommodate the rising demand, expanding its distribution network and constructing/reinforcing Main Distribution Network (MDN) substations. Emphasizing the company’s commitment to sustainability, it is working towards the Liquid Displacement initiative, converting power plants from fuel to gas. This strategic move not only facilitates the company’s decarbonization goals but also aligns with its commitment to achieving Net Zero targets. Through these comprehensive initiatives, the company aims to build a resilient, sustainable, and efficient energy infrastructure that can meet the evolving needs of its customers and contribute to a greener future. For a deeper understanding of these initiatives, refer to the Operational Excellence section in the accompanying report.



The company’s strategic plans aim to enhance Saudi Arabia’s sector leadership by:

Generating new employment opportunities and fostering economic diversification.



Integrating cutting-edge technologies, including batteries, electric vehicles (EV), and power-to-gas (P2G), while promoting digital transformation.



Catalyzing Foreign Direct Investments into the Saudi economy through collaboration with suppliers.



Establishing international interconnection to position the Kingdom as a hub for energy exchange.



The strategic initiatives outlined above are directed towards elevating the company’s market standing and establishing a notable presence by:

Emerging as a frontrunner in delivering unparalleled service excellence and ensuring a reliable supply of energy.



Enhancing SEC’s key role in Saudi Arabia’s energy transition.



Cultivating a stronger reputation among customers, suppliers, and investors alike.



Work is underway to approve the general strategy of the company in coordination with the relevant official authorities.



Saudi Electricity Company’s (SEC) business strategy and activities are intricately aligned with both the Saudi Vision 2030 and the Sustainable Development Goals (SDGs) outlined by the United Nations (UN). SEC is dedicated to advocating for energy efficiency, ensuring the secure and reliable provision of electricity, advancing energy transition, and preserving resources. The company also prioritizes fostering economic diversification, community development, and transparency in business practices.

In alignment with the Kingdom’s aspiration to achieve Net Zero emissions by 2060, SEC through its decarbonization projects is working towards their ambition of Net Zero emissions by 2050 <sup>(1)</sup>. The company actively collaborates with the Ministry of Energy on grid interconnection and supports the National Liquid Displacement Program, contributing to the Kingdom’s ambitious goal of generating 50% of electricity from renewable sources, 50% from natural gas, and transitioning to a cleaner energy mix by 2030.

SEC recognizes the significance of Environmental, Social, and Governance (ESG) factors in ensuring long-term business success and is dedicated to sustainable and responsible business conduct. The company’s commitment to sustainability goes beyond fostering business resilience and ensuring regulatory compliance. It serves as a catalyst for bolstering investor confidence, reducing costs, mitigating risk, achieving environmental stewardship, fostering customer loyalty, and attracting top-tier talent.

ESG Journey

SEC has made significant strides in advancing the ESG agenda throughout the year. The progress is underscored by the successful rollout of its ESG strategy, after being endorsed by the Board. Concurrently, the establishment of the ESG Governance framework serves as a cornerstone, facilitating cohesive and collective sustainability actions across the company. To fortify its commitment to developing sustainability competencies, the company has invested considerable efforts in knowledge-sharing sessions aimed at socializing ESG principles across business lines.

Within SEC’s environmental sustainability ambitions, the integration of renewable energy with the National Grid is pivotal. Progress on this front has been substantial, with the company remaining on track to complete 25 renewable energy integration projects by 2026. Additionally, efforts have been initiated to develop a roadmap for circular economy programs, optimizing the use of valuable resources. Furthermore, the company’s commitment to energy efficiency and data tracking is evident in the deployment of innovative digital solutions. The expanded adoption of these solutions ensures accurate tracking of resources used in generation.

Recognizing the strategic importance of diversity and inclusion, SEC has taken concrete steps by establishing a dedicated Diversity and Inclusion department enabling the company to empower women and youth (18–35-year-old) in the workforce through various avenues.

In parallel, SEC remains steadfast in its dedication to community enrichment, emphasizing the importance of fostering valuable relationships with the communities the company serves. Charitable activities, including the impactful Ihsan Care initiative, employee deduction initiative, and various community projects, showcase the company’s commitment to giving back and contributing to the betterment of society.

Further strengthening its commitment to ESG in 2023, SEC announced its ambition to achieve Net Zero emissions by 2050 and signed 8 Memoranda of Understanding (MoUs) with leading local and international companies. The agreements were signed during COP28 in line with SEC’s endeavor towards decarbonization. These collaborations include one with the Net Zero Technology Center (NZTC) and Accenture to launch a Center of Excellence (CoE) for Sustainability, with the goal of developing solutions to reduce carbon emissions.

The ambition of SEC to achieve Net Zero emissions by 2050 and its MoUs with international companies



<sup>1</sup> The scope of the ambition to reach Net Zero emissions by 2050 covers SEC’s operations in the Kingdom.

# 2023 Milestones

SEC has accomplished notable milestones and advancements in its ESG journey through diligent organizational efforts and the implementation of sustainability initiatives throughout the year. The appended timeline provides an overview of the notable ESG-oriented efforts undertaken by the company this year.



## March ESG Strategy Endorsement and Implementation

ESG Strategy endorsed by Board of Directors and rolled out.

## April Green Sukuk Issuance

Raised SAR 7.5 billion via green sukuk issuance with a dual-tranche, including a green tranche.



## June Carbon Credit Acquisition

Purchased Carbon Credits from the Regional Voluntary Carbon Market Company (RVCMC) to offset emissions- amongst the top 3 largest purchasers.



## October Strategic Funding for Sustainable Infrastructure

Received SAR 11.25 billion in funding to build smart grids, integrate renewable energy projects, and improve grid reliability

## October Accelerating Electric Vehicle Adoption

Launched Electric Vehicle Infrastructure Company (EVIC) in partnership with Public Investment Fund (PIF) to establish fast-charging infrastructure and accelerate EV adoption.



## December Net Zero Ambition

Announced Net Zero emissions by 2050 ambition in line with the KSA's endeavor to achieve Net Zero emissions.

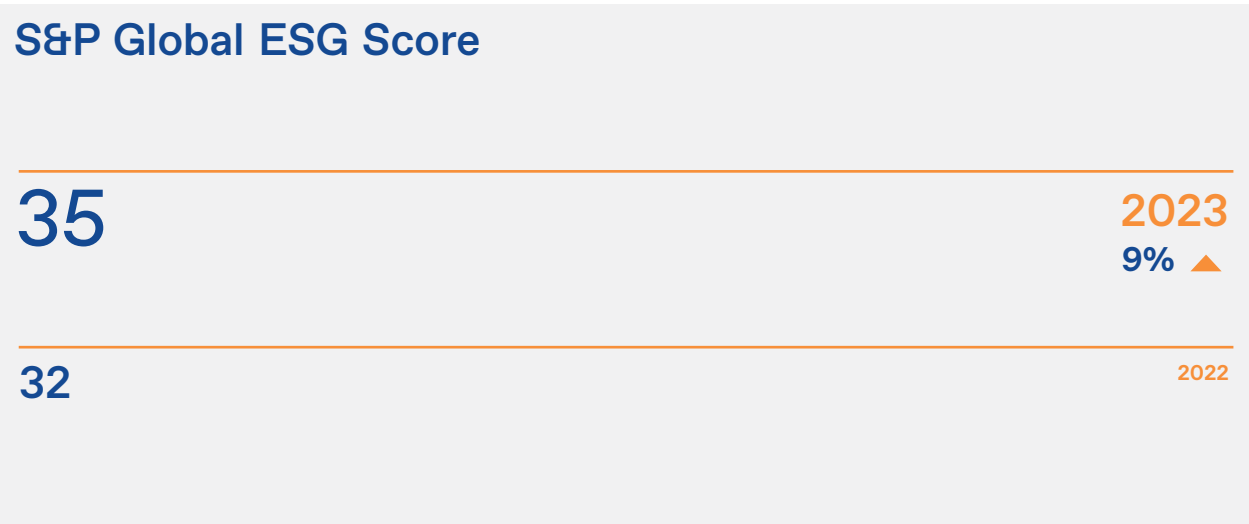
## December Driving Sustainability Innovation

Signed 8 MoUs for sustainability-focused partnerships at COP28, including one for launching a CoE for sustainability with NZTC & Accenture.



# ESG Ratings

The culmination of SEC’s ESG achievements and organizational efforts were recognized by leading sustainability assessors and can be observed in the improvement across the ESG ratings



# ESG Strategy

ESG North Star

## Illuminating Lives for a Green and Sustainable Future

Environment Pillar	Social Pillar	Governance Pillar	
<div>Climate Action</div> <div>Unlocking the Kingdom's transition to renewables and net-zero</div> <div></div>	<div>Nature &amp; Circularity</div> <div>Preserving the environment and biodiversity</div> <div></div>	<div>People &amp; Community</div> <div>Attracting KSA's brightest and most diverse talent, driving community impact and development</div> <div></div>	<div>Responsible Governance</div> <div>Exemplifying transparent, ethical, accountable and responsible business</div> <div></div>
Strategic Objectives			
<div>Take decarbonization action to deliver net-zero target</div>	<div>Optimize waste management for a circular economy</div>	<div>Adhere to best-in-class standards in managing human resources</div>	<div>Disclose transparently, openly and meaningfully through stakeholder dialogues</div>
<div>Accelerate renewable energy adoption and integration</div>	<div>Optimize resource utilization (water, natural resources)</div>	<div>Improve customer satisfaction and build customer trust</div>	<div>Enhance coverage of code of conduct and ethics policies</div>
<div>Increase climate resilience</div>	<div>Strengthen natural ecosystems and biodiversity</div>	<div>Support local communities through CSR</div>	<div>Informed decision-making through strong and unbiased governance</div>

At the core of SEC’s ESG strategy lies a robust materiality assessment exercise. Throughout 2023, the company engaged with a wide set of internal and external stakeholders to capture their input. This resulted in a materiality matrix incorporating valuable insights from SEC’s key stakeholders including investors, leadership, ESG specialists, employees, regulatory bodies, suppliers, and local communities.

The company formulated an effective ESG strategy which was endorsed by the Board. The strategy established key interim and long-term targets, initiatives, and enablers to integrate ESG principles across the company. The development was grounded in stakeholder insights from materiality assessment, investor requirements, and national and international priorities of Vision 2030, the Circular Carbon Economy national program, the Liquid Fuel Displacement program, and UN SDGs. SEC extensively collaborated with its various business lines to outline ESG strategic objectives, key initiatives, and a roadmap to achieve the objectives defined.

Initiatives

Environment Pillar

Climate Action

- Implemented Smart Meter project (SMP) to monitor electricity consumption more effectively, improve service quality, optimize resource consumption, and increase access to electricity.
- Implemented high-efficiency renewable energy projects that increased consumers’ accessibility to sustainable and eco-friendly energy solutions.
- Launched services aimed at empowering customers to seamlessly connect their renewable energy resources and electric vehicle (EV) charging systems to the grid.
- Installed substation equipment featuring alternate insulating gases to effectively control and mitigate greenhouse gas emissions.
- Participated in international syndicated facility agreement to boost grid infrastructure. This entailed building smart grids, integrating renewable energy projects, and improving grid reliability.

Nature & Circularity

- Adopted state-of-the-art environmental technologies, including dry low-NOx combustion systems, selective catalytic reduction (SCR) systems, seawater flue gas desulfurization (FGD), electrostatic precipitators, and the replacement of environmentally harmful chemicals to reduce toxic emissions.
- Executed numerous projects to preserve biodiversity, such as the installation of insulators on electric overhead lines to protect birds, and the implementation of an innovative project that preserves the marine environment through the cultivation of coral reefs.
- Operationalized an environmental monitoring program, for all sites that are used to store waste, to monitor the impact on air and groundwater quality.

Social Pillar

People & Community

- Launched programs to enhance the safety culture in the workplace, such as contractor safety programs and executive management safety reviews.
- Developed two applications “Siddiq Al-Kaharba” (Electricity Friends) and AMEN, to enable employees to report occupational health and safety incidents conveniently and safely.
- Designed and launched competency-based training programs to provide targeted and specialized training to employees that align with their roles and responsibilities.
- Established a nursery for working parents in company premises to foster career growth for all employees.
- Opened a Women’s Break Zone for prayer and break in the HQ at Riyadh, providing a dedicated space for female employees to take a break and relax.

Governance Pillar

Responsible Governance

- Implemented the Build & Employ National Abilities (BENA) program, which focuses on maximizing local content, transferring know-how and technologies, building national expertise in manufacturing, maintenance, repair, research and development, and developing local manufacturers and contractors.
- Established pertinent cybersecurity policies and conducted effective management of cybersecurity practices to maintain the record of zero data breaches.
- Enhanced customer satisfaction through cutting-edge digital solutions and streamlined processes aimed at elevating the overall customer experience.

Enablers of ESG Strategy

Governance



SEC established a well-defined ESG Governance Framework to delineate clear roles and responsibilities at every level. With oversight from Board of Directors, the ESG Committee comprising of key leadership members, convenes regularly to steer the ESG strategy and ensure the integration of ESG across the organization. The ESG Department drives the ESG strategy across the company. It comprises of specialists and collaborates with various business lines and external stakeholders to implement the ESG strategy. This multi-tier framework ensures effective and timely implementation of initiatives to meet SEC’s ESG targets.

Risk Management



SEC is committed to implementing an effective Enterprise Risk Management (ERM) framework to bolster the company’s pursuit of sustainability goals and objectives. The company strives to continuously improve its risk management by ensuring adequate monitoring and implementation of ERM policy and alignment with the leading industry-standard ISO 31000 - Risk Management. SEC also strives to integrate sustainability-related risks into the overarching ERM framework, aiming to examine and manage these risks with the same level of rigor applied to other risks.

Localization



Sustainable procurement is a pivotal aspect of SEC’s strategy, aiming to allocate 75% of total procurement spending to local suppliers by 2030. Additionally, in 2025, SEC plans to enhance the significance of ESG considerations in its procurement criteria. This strategy is designed not only to champion responsible business practices but also to nurture the company’s supplier network to meet ESG standards. SEC aims to offer training and guidance to local suppliers, empowering them to enhance their systems and business practices. This helps them improve their ESG performance and position themselves competitively on the global stage, fostering growth and sustainability.

Financing



In line with its commitment to innovative sustainable finance, SEC formed a Green Financing Committee and developed a Green Sukuk Framework based on Green Bond Principles issued by the International Capital Market Association (ICMA). This framework empowers SEC and its subsidiaries to secure Green Sukuks for initiatives like energy efficiency and renewable energy generation. A significant achievement was the issuance of the Kingdom’s first international Green Sukuk in 2020, SEC also issued another dual tranche sukuk in 2023, including a green tranche.

Digitalization



SEC is dedicated to accelerating digital transformation and developing solutions to drive action across ESG pillars. ESG-oriented digital solutions include Dawiyat Network Failure Prediction for equipment optimization, Diversity Analyzer for workforce diversity, and Employee Suggestions for workplace enhancements. SEC has also taken measures to digitize corporate governance procedures to bring in more transparency. The company leverages tools like Risk and Compliance Monitor and Back-office Productivity Monitor to improve decision-making and risk management.

The operational enablers are key drivers in transforming ESG goals from aspirations into tangible, sustainable practices that resonate throughout the entire organization.



## Way Forward

**SEC is poised to amplify its use of digital technologies, driving operational efficiency, reducing environmental impact, and leading the way in sustainable practices**

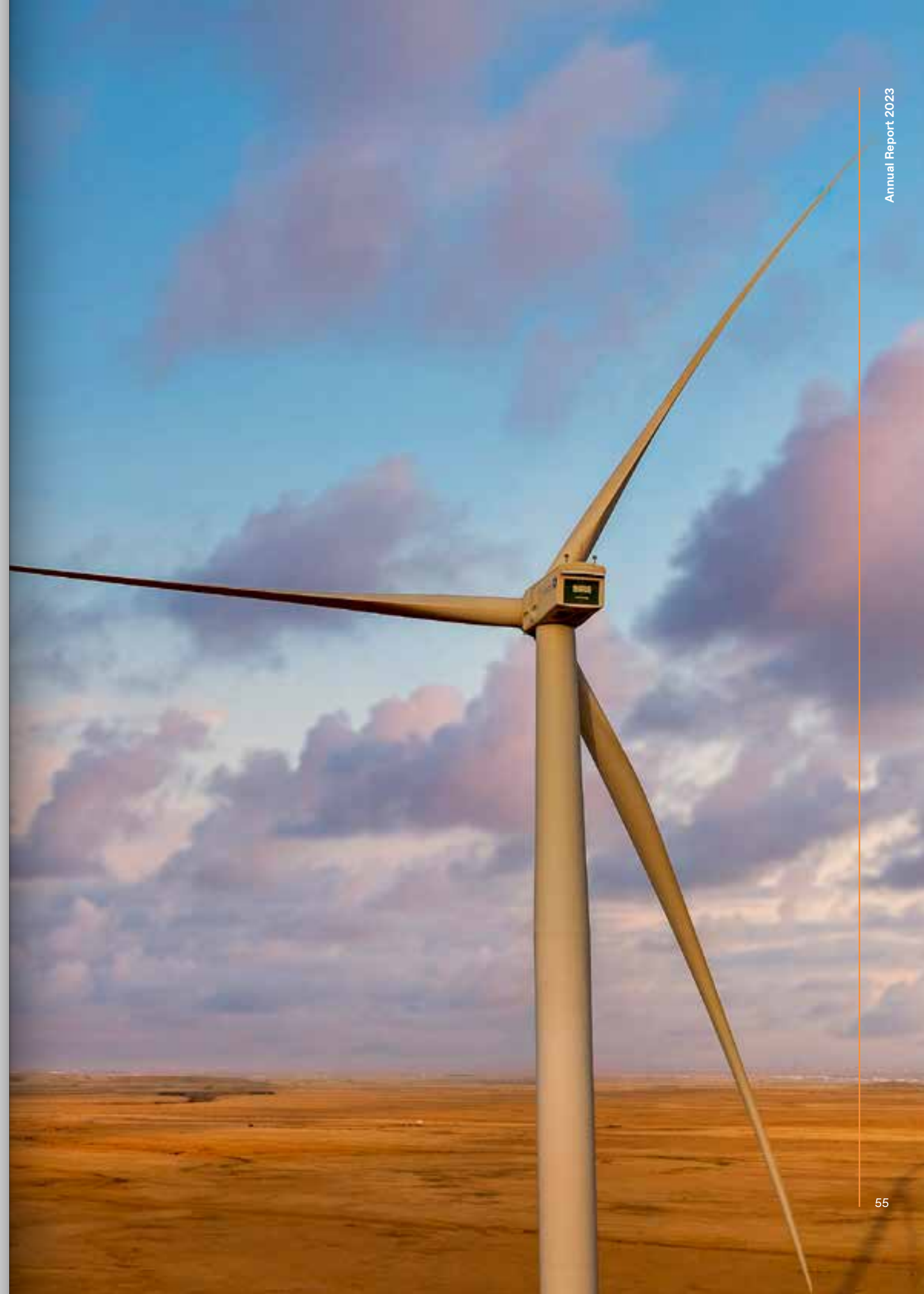
SEC is dedicated to advancing towards its ambition to reach Net Zero emissions by 2050 through a multifaceted ESG strategy. This involves technological innovation, efficiency measures, transitioning to cleaner fuels, and embracing nature-based solutions. The company remains committed to preserving nature and biodiversity, emphasizing effective resource management and vegetation protection.

Employee well-being will continue to be a top priority, emphasizing the prioritization of diversity and inclusion initiatives. This dedication extends toward cultivating a workplace culture that champions safety, equality, and professional development. A pivotal focus remains on fortifying community engagement initiatives, to nurture positive relationships and address local concerns.

SEC is poised to amplify its use of digital technologies, driving operational efficiency, reducing environmental impact, and leading the way in sustainable practices. These initiatives seamlessly align with the company's robust corporate governance framework, placing a strong emphasis on transparency and maintaining an ongoing, dynamic dialogue with stakeholders. This proactive approach ensures a continuous exchange of information, access to valuable insights, and the ongoing creation of shared value.

The comprehensive strategy underscores SEC's unwavering dedication to sustainability, responsible business practices, and the overall well-being of its stakeholders.

For information on SEC's detailed sustainability performance, please refer to the Sustainability Report 2023



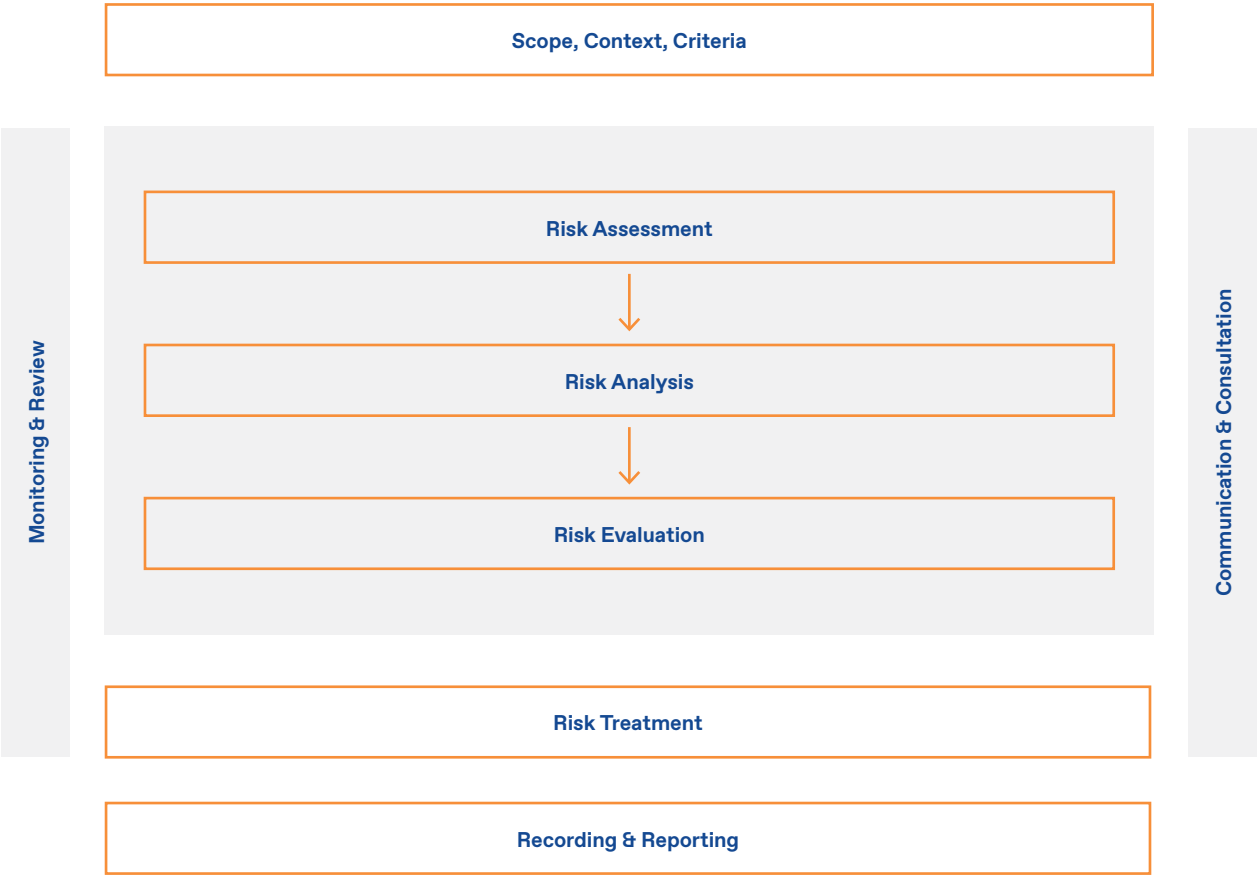
# Risk Management

## Risk Management Framework

The Saudi Electricity Company is committed to implementing and monitoring robust Enterprise Risk Management (ERM) practices, crucial in supporting the organization's pursuit of strategic goals and objectives. SEC is dedicated to improving risk management governance by ensuring the comprehensive implementation of ERM policy and frameworks across the company, aligning with the ISO 31000:2018 Risk Management guidelines, which is the international standard considered for best practices around the implementation of risk management.

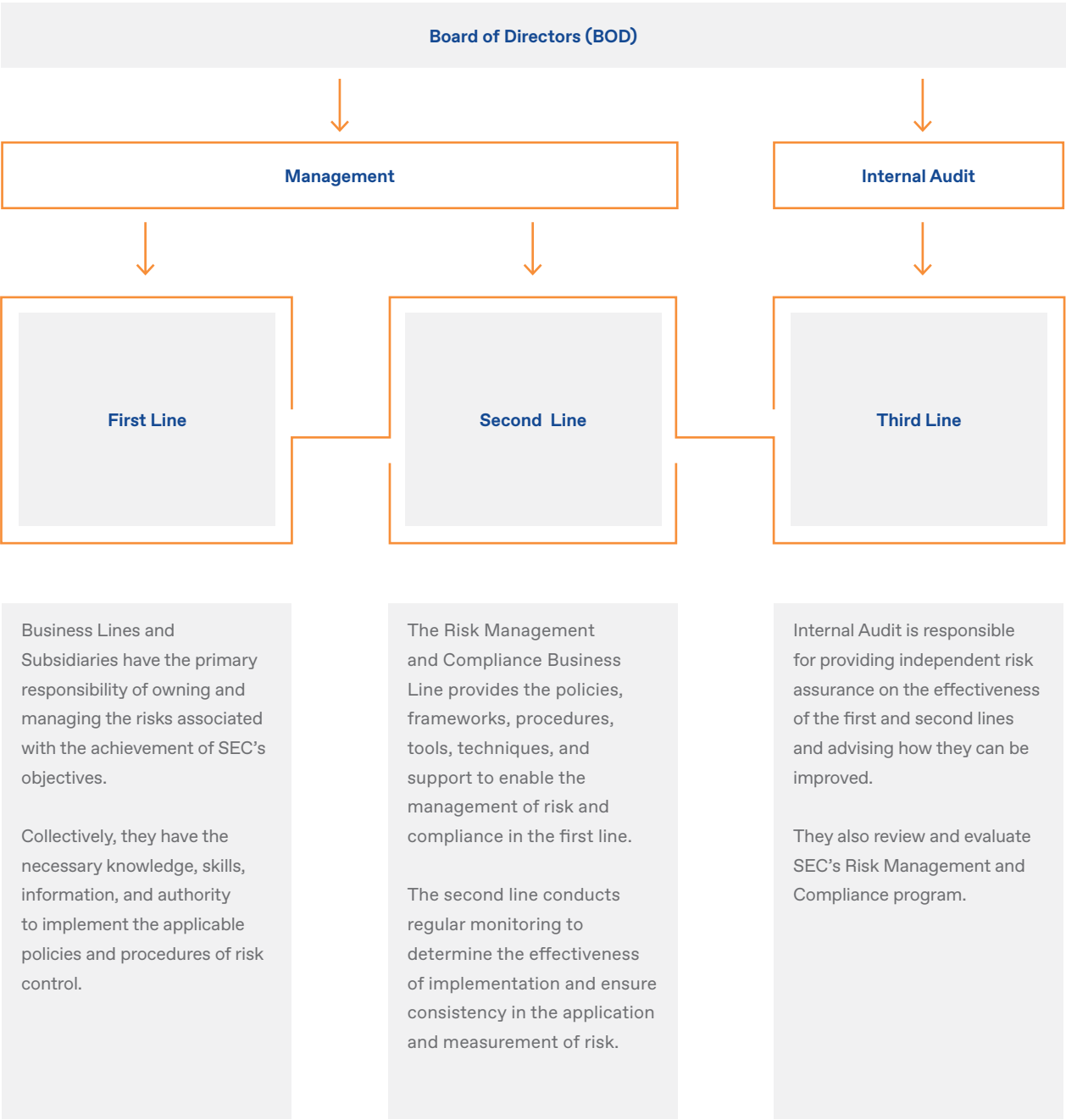
A pivotal aspect of SEC's Enterprise Risk Management (ERM) Framework is the structured ERM Process, designed to ensure a consistent approach to risk management throughout the organization. This process involves systematically applying policies, procedures and practices across business activities and subsidiaries.

The ERM process comprises of the activities shown below:



To support SEC's strategic objectives and strengthen governance and risk management, the company has implemented the 'Three Lines Model' to establish clear boundaries for all employees, enabling them to actively participate in proactively managing risks within their area of responsibility.

The 'Three Lines Model' comprises of three lines of defense that work collaboratively with clear responsibilities and accountabilities to ensure efficient and effective interactions between and within the lines of defense.

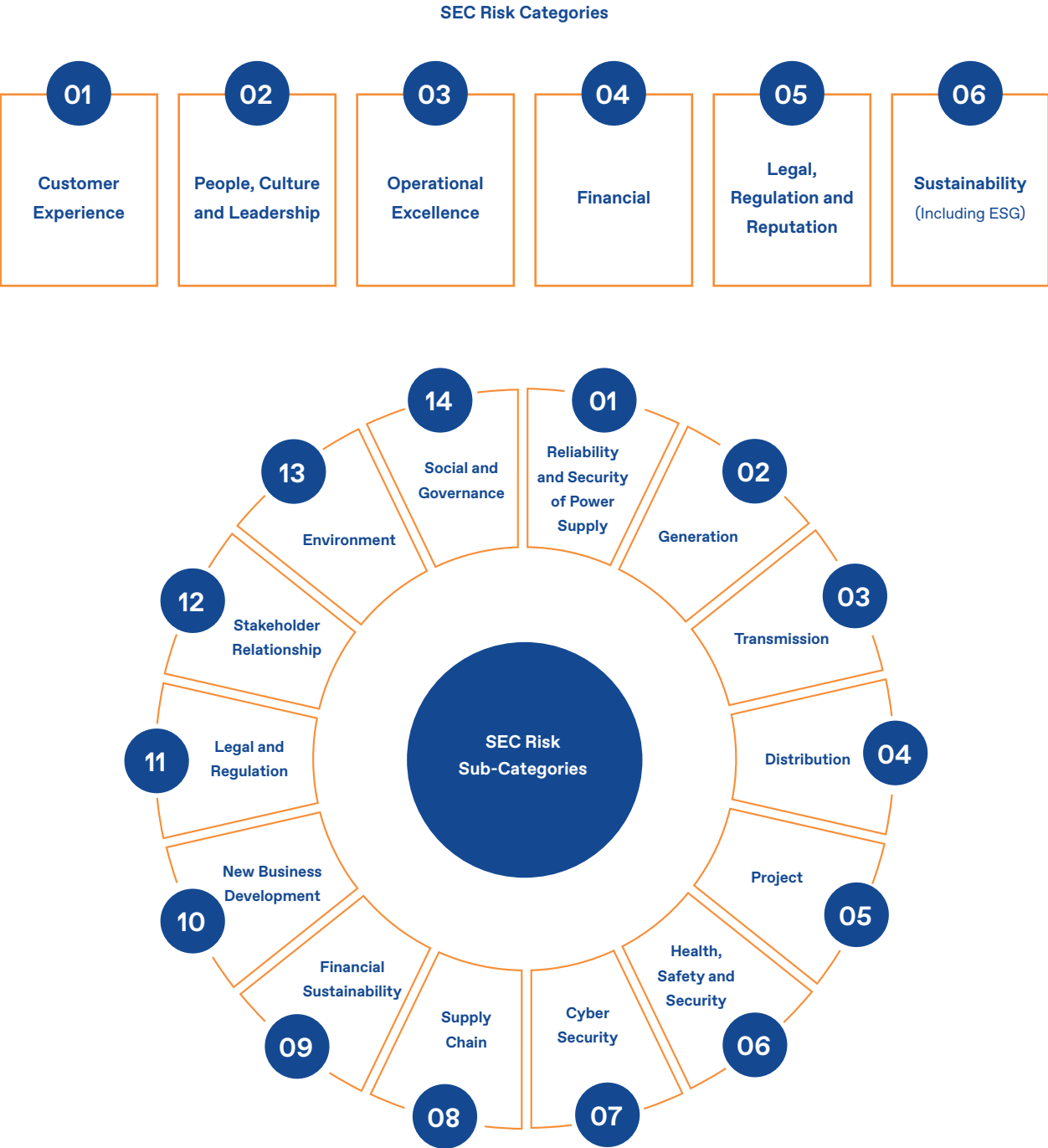




# Risk Management

## Risk Management and Control

SEC uses a strong Risk Assessment and Management framework, aligning six risk categories with the company’s strategic goals. These six categories are further divided into fourteen subcategories to ensure the achievement of organizational goals.



SEC employs sophisticated risk measurement tools and proactive risk mitigation measures. These initiatives involve a meticulous analysis of identified risks using a matrix, which effectively determines the risk score based on impact and likelihood. Additionally, the organization monitors risk exposure over time by utilizing Key Risk Indicators (KRIs), ensuring the timely provision of early warning signals to prevent any breaches of tolerance levels. Outlined below are the critical risks relevant to the company and its operations. Each risk is accompanied by commentary detailing the measures implemented to mitigate or minimize its impact.

### Risks and Difficulties Associated with the Generation, Transmission and Distribution of Electricity

#### Electricity Production Risks

The companies in Kingdom of Saudi Arabia are witnessing an acceleration in the pace and diversity of government projects to achieve the goals set in Vision 2030. This expansion brings about increased challenges in power generation activities, emphasizing the need to enhance the reliability of the electrical system. The goals of the company are set to elevate the preparedness and reliability of energy production units across all regions of the Kingdom, in alignment with the Energy Conversion Agreements (ECAs). This approach is aimed at activating auxiliary factors to ensure highest revenues while also adhering to regulatory requirements and legislation.

#### Electricity Transmission Risks

Risk management is an integral part of the success for National Grid SA. Through the implementation of a robust risk management framework, the company can proficiently identify, evaluate, and mitigate potential risks. This approach ensures the resilience and sustainability of operations, thereby supporting the attainment of the goals outlined in Vision 2030. By prioritizing efforts in risk management, promoting a culture of risk awareness, and consistently enhancing the company’s risk management practices, Saudi Electricity Company is confident in their ability to navigate the challenges within the energy sector. This commitment allows the company to deliver dependable transportation services to its customers.

#### Electricity Distribution Risks

The company is actively engaged in identifying and mitigating potential risks associated with electricity provision. Among the foremost priorities are addressing electrical energy losses and enhancing the overall customer experience through several projects and initiatives to enhance energy efficiency and achieve customer satisfaction. The company is dedicated to adopting internationally recognized best practices to achieve these objectives efficiently.

### Financial risks

The company faces credit, market, and liquidity risks in its operations, addressed through a comprehensive risk management program. Specifics on these risks are as follows:

#### Credit Risk

The company’s credit risk represents the risk of financial loss that the company may face if a client or counterparty to a financial instrument were unable to fulfill its contractual obligations. The risk primarily arises from cash and cash equivalent deposits held with banks and financial institutions, as well as credit exposure from outstanding sales receivables.

The company has implemented best practices in its operations to mitigate the credit risk. Saudi Electricity Company deposits cash and cash equivalents with banks having investment-grade credit ratings. The company evaluates the customer credit quality, assessing their historical information and other factors. The sales of the company are settled via the SADAD service (centralized payment system) using major credit cards, or other available electronic means.

The company uses a simplified model to estimate the allowance for expected credit losses for commercial receivables from individual customer over the lifespan of these receivables. For government and semi-governmental entities, a general model is applied to estimate credit losses. The company is confident in its ability to collect non-governmental receivables, leveraging its capacity to cease services to entities with overdue debts and pursuing legal actions with competent authorities.

#### Liquidity Risk

Liquidity risk represents the potential challenge for the company to fulfill its present and upcoming obligations. The company’s strategy for managing liquidity risk involves maintaining an ample reserve of cash and cash equivalents, and ensuring flexibility in funding through suitable credit facilities. Additionally, the company consistently assesses the risk of liquidity shortages and allocates surplus cash to secure channels, aiming for added returns or sufficient liquidity to meet cash flow needs. The company expects to meet its present and future financial commitments by leveraging cash collections from receivables, as well as utilizing bank facilities and loans.

#### Market Risk

Market risk represents the risk of financial loss from the fluctuation in the fair value or future cash flows of a financial instrument due to changes in market prices.

# Risk Management

**Foreign exchange risk**

Currency risk emerges when future business transactions, acknowledged assets, or liabilities are denominated in a currency other than the company’s functional currency. Foreign currency risk is linked to fluctuations in the value of the functional currency relative to the foreign currencies involved in the company’s transactions. The functional currency of the company is the Saudi riyal which is fixed to the US dollar at a relatively constant exchange rate of 3.75 SAR per US dollar. Given that the majority of significant transactions are conducted in US dollars, there is presently no substantial risk associated with foreign currencies.

**Interest rate risk**

Interest rate risk arises from the variations in the fair value or future cash flows of a financial instrument caused by shifts in market interest rates. The company faces interest rate risk primarily because it has acquired financing loans at a variable interest rate, and fluctuations in interest rates result in corresponding changes in the associated cash flows. In order to mitigate this exposure, the company engages in interest rate swaps to hedge against potential risks. These swaps are categorized as derivative financial liabilities in the company’s financial position.

**Other price risks**

Additional risks stem from fluctuations in the fair value or future cash flows of a financial instrument due to market price changes, excluding those tied to currency and interest rate risk. The company is exposed to fair value risk due to the changes in the price of financial assets reflected in its other comprehensive income statement. However, the financial assets accounted for in the statement of other comprehensive income consist mainly of investments in unlisted securities, making the potential risks to the company immaterial.

**Insurance Risks**

The company’s operations involve inherent risks associated with the production, transmission, and distribution of electrical power, along with other operational facets. These risks encompass potential harm arising from war, terrorism, sabotage, natural disasters, accidents, fires, and explosions. Additionally, various operational and other risks pose the potential for injury, loss of life, or significant damage to both the company’s property and the property of others, with the possibility of complete destruction. The company has implemented multiple specialized insurance coverages aligned

with its operational practices, encompassing protection against property damage risks and liability towards third parties for injuries, loss of life, or damage to their property.

The company diligently and continuously assesses its insurance risks, working to tailor specialized insurance policies based on local and global variables to safeguard against future risks. Despite these efforts, there remains the possibility of material losses that may lead to claims either partially or entirely uncovered, resulting in no compensation for third parties. Such occurrences have the potential to adversely impact the company’s operations, or financial position.

**Risks Associated with the Laws and Provisions Governing the Electricity Sector in the Kingdom**

The company could encounter risks linked to the dynamic nature of regulations and provisions governing the electricity sector, given the ongoing evolution and changes in laws, regulations, and decisions. In order to overcome this risk, the company has implemented a compliance management system, incorporating a mechanism designed to oversee external regulations and legislation. This involves maintaining compliance records to track the application of regulations, and safeguarding the company against potential risks associated with non-compliance with laws and regulations. The degree of compliance with these regulations and legislation is regularly evaluated as an integral aspect of the compliance monitoring program.

**Risks and Difficulties Associated with the Rapid Change and Development of Technology and Information Security**

Given the heightened susceptibility of the Kingdom of Saudi Arabia to advanced cyber-attacks and the criticality of its infrastructure, the Saudi Electricity Company actively bolsters cybersecurity measures. This involves deploying cutting-edge security technologies aligned with international standards. The company has established multiple security control centers operating around the clock to promptly address cyber incidents, safeguarding the company’s assets and data. This initiative aims to comply with cybersecurity controls mandated by legislative authorities in the Kingdom, elevating the business’s cybersecurity maturity level. The cybersecurity sector of the company has demonstrated excellence in compliance assessments of cybersecurity controls conducted by the National Cybersecurity Authority.

**Risks and Difficulties Associated with Human Competencies**

Continuous improvement and heightened employee productivity are pivotal principles for achieving exceptional performance. In order to ensure the efficacy of the resources, it is crucial to foster a positive work environment that motivates employees to enhance their performance and actively contribute to reaching the company’s performance targets. Human Resources has devised an action plan tied to significant accomplishments, resulting in elevating the performance management system’s job affiliation level. The most prominent of those accomplishments include:

**Objective Performance Management**

Developing an objective performance management approach aligned with the company’s vision, and with an aim to achieve a high satisfaction rate.

**Linking Goals and Performance Indicators**

Supporting, enabling, and overseeing the process of aligning employees’ goals and performance indicators with the company’s objectives and performance metrics.

**Quality Audit of Goals**

Conducting a random audit of the goals and performance indicators for over 6,500 employees to ensure alignment with company objectives.

**Performance Indicator Library**

Introducing a comprehensive library with over 89,700 performance indicators for all job roles in the company.

**Effective Communication**

Enhancing ongoing and effective communication between the supervisor and the employee by:

- Activating quarterly performance reviews and documenting the achievements.
- Enabling confidential acknowledgment of meetings with the president.
- Focusing on raising transparency and awareness by conducting workshops, publishing manuals and videos, and running awareness campaigns.

**Performance Expert Role**

- Introducing a role of a “performance expert” who possesses comprehensive understanding of the activity’s strategy and objectives.

- The primary focus of the role is to ensure quality performance plans, advocate for effective change management, foster a culture of performance, encourage a culture of continuous communication between supervisors and employees, and diligently monitor the accurate and efficient fulfillment of performance management requirements.

**Leadership Effectiveness Index**

Developing the mechanism of Leadership Effectiveness Index to enhance leaders’ competencies and effectiveness of people management.

**Integration of Performance Appraisal**

Ensuring the cohesive integration of performance appraisal between individual employee performance and company performance, aiming to align and concentrate employees’ efforts on achieving the company’s performance targets at the highest level.

**Automated System Improvement**

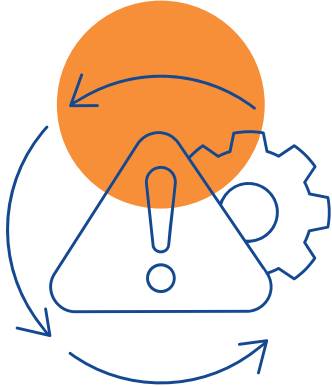
Comprehensively enhancing the automated system with the goal of improving the employee experience, addressing various aspects related to the system’s interfaces and functions.

**Role of HR Business Partner**

Empowering the HR business partner to play a pivotal role in supporting performance management development.

**Communication Channels**

Ensuring the availability and announcement of all communication channels within the company to enhance communication, transparency, and accuracy among employees, performance experts, and employee performance management.





# Risk Management

## Risks and difficulties related to Supply chain

Since the start of 2023, SEC has faced the risk of geopolitical instability in the Middle East and other global regions, which could impact shipping operations and disrupt Supply chain. Despite these challenges, the company has successfully maintained supply stability. The company is actively engaged in enhancing logistics operations by diversifying sources, increasing local content through industry localization and knowledge transfer, monitoring supply lines, hedging against raw material price fluctuations, and collaborating with partners. This collaborative effort is aimed at setting expectations and coordinating implementation plans.

## Safety, Security and Environmental Hazards and Difficulties

### Safety and Loss Prevention

Saudi Electricity Company is committed to the requirements of all government regulatory bodies and national and international laws/standards by applying best practices in safety and loss prevention to protect its employees, assets and contractors. SEC has adopted a strategic transformation plan to enhance the company's safety performance, including a plan to develop an integrated occupational safety and health management system that contains policies, standards and executive regulations based on international best practices. Additionally, the company has initiated awareness and training plans and programs, as well as various means of supervision, monitoring, auditing and review in order to provide maximum protection of lives and property to ensure business continuity and improve safety culture.

### Industrial Security

Ensuring industrial security is a high priority for the Saudi Electricity Company. This includes providing qualified human resources, tools, and technical systems that help maintain the security of lives and property, as well as adhere to legislative and legal security requirements.

### Fire Prevention

The Saudi Electricity Company has undertaken numerous strategic initiatives to develop the fire prevention and firefighting system, ensuring readiness for emergencies. This involves the adoption and emphasis on latest cutting-edge technologies in the realm of fire prevention and firefighting. The company also implements best practices in fire risk assessment by conducting ongoing inspections and audits of its activities and facilities. This proactive approach aims to identify and evaluate potential risks, enabling the implementation of precautionary measures to prevent fires and minimize the likelihood of their occurrence.

## Environmental Protection and Sustainability

The company confronts significant challenges in meeting the escalating demand for electricity, requiring doubling efforts and responsibilities to address environmental concerns. This involves reducing reliance on liquid fuels, advocating for clean energy sources, and minimizing emissions. Additionally, there's a commitment to align with the Kingdom's 2030 goals. The company is expected to adapt to accompanying changes, including:

- Updating environmental laws and ensuring compliance with the regulations.
- Ensuring compatibility with the pillars of the Kingdom's Vision 2030 around environmental issues, sustainability, climate, and biodiversity.

The company's environmental management system has adopted changes to ensure environmental compatibility and achieve the desired strategic objectives. This adaptation is carried out within the company's authorized powers, involving coordination and partnerships with relevant authorities to promote sustainable development with a commitment to fulfill the energy needs of its customers.

## Crisis and Disaster Management

The Saudi Electricity Company actively engages in disaster and crisis management through the implementation of innovative and prompt administrative and practical approaches. These methods involve analyzing root causes, formulating plans to address potential crises, conducting surveys to identify indicators and symptoms that signal an impending crisis, and preparing resources to manage and respond to crises efficiently and effectively. The company strictly adheres to compliance with the best international practices in disaster management and meets legislative and regulatory requirements. This commitment ensures the reliability of the services provided by optimizing responses to unexpected events, thereby minimizing business interruptions, either in whole or in part.

## Media risks

The company recognizes the significant risk posed by information spread through media and social networking platforms, which can impact its image, reputation, and brand perception among stakeholders and investors. To mitigate this risk, the company actively engaged its corporate communication and marketing teams to devise strategic plans for engaging with media and social networking platforms, in addition to implementing crisis management programs. The company has established specialized monitoring centers to ensure accurate and continuous surveillance around the clock. This proactive approach aims to facilitate swift responses to observed cases, ultimately preserving the company's positive image.

## Sanctions and penalties imposed on the Company

As part of the ongoing monitoring program, the company consistently evaluates the effectiveness of the system and assesses compliance with relevant legislation. The following provides comprehensive details on any sanctions or penalties imposed on the Saudi Electricity Company in 2023, along with the corrective actions taken to prevent the recurrence of similar errors in the future.

Sanction or Penalty Imposer	Reason	Value	Action taken by the company to avoid its repetition
Ministry of Human Resources and Social Development	The deduction applied to the employee's salary exceeded the legally permissible limit	SAR 5,000	Making necessary amendments to the powers to ensure that deductions do not exceed the permissible limit and avoid accumulation of deductions for more than a month.  Amending the application of the regular transportation allowance deduction retroactively to employees.
Communications, Space and Technology Commission	Delay in delivering the service to a subscriber who is not connected to the network within 90 days from the date of request by the Communications, Space and Technology Commission	SAR 50,000	Ensuring timely implementation of all service requests within a 3-month timeframe.  Directly responding to each Authority request with specified implementation timelines.  Integrating Authority requests into the Customer Experience System (CEX) for streamlined status monitoring.
Communications, Space and Technology Commission	Conclusion of the original version of the contract for providing hosting services for virtual telecommunications network operators for the Internet of Things in English	SAR 50,000	Adopting Arabic as the primary language in all contracts
Communications, Space and Technology Commission	Failure to provide the Authority with interconnection or access agreements, or the like, within (10) days of their signature.	SAR 50,000	Providing the Authority with agreements within the specified period.
Communications, Space and Technology Commission	Non-compliance with the controls of the regulatory framework for cybersecurity for service providers.	SAR 15,000	Signing a Service Level Agreement to comply with the regulatory framework controls
Communications, Space and Technology Commission	Failure to provide the Authority with interconnection or access agreements, or the like, within (10) days of their signature.	SAR 200,000	Providing the Authority with agreements within the specified period.
Communications, Space and Technology Commission	Failure to provide the Authority with interconnection or access agreements, or the like, within (10) days of their signature.	SAR 200,000	Providing the Authority with agreements within the specified period.
Communications, Space and Technology Commission	Failure to provide the Authority with interconnection or access agreements, or the like, within (10) days of their signature.	SAR 200,000	Providing the Authority with agreements within the specified period.
Communications, Space and Technology Commission	Failure to provide accurate information	SAR 50,000	Holding a session with the concerned team to review the relevant mechanisms and standards



# 03

## Business Review

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# Operational Excellence

As a key player in the Kingdom’s power sector, SEC focus remains unwaveringly centered on the seamless integration of generation, transmission, and distribution infrastructure. Throughout the fiscal year, SEC has diligently pursued advancements in technology, sustainability, and operational excellence to ensure a resilient and efficient power supply for the Kingdom. Moreover, SEC’s commitment extends beyond the grid, encompassing a dedication to providing exemplary customer services that prioritize responsiveness, accessibility, and customer satisfaction.

## Generation

In the realm of energy, Generation stands as the pulsating heart of the company. This past year attests the commitment to excellence, innovation, and sustainability. Amid the changing energy landscape, the steadfast focus on power generation propels the company as an industry trailblazer.

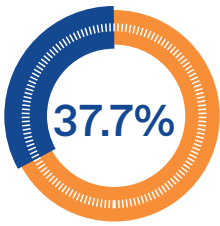
SEC’s Generation Business Line plays a pivotal role in enhancing the nation’s electrical grid stability. With state-of-the-art technology, the company’s diverse power generation units, ranging from 15 to 700 megawatts, constitute a significant portion, approximately 66%, of the Kingdom’s total capacity.

In fiscal year 2023, SEC generated 218.9 TWh, constituting over 57% of the Kingdom’s total electric power output. This highlight not only capacity but also efficient energy utilization, with approximately 368 million barrels of oil equivalent consumed, surpassing 37.7% in efficiency.

Despite the challenges, the company continued to lead in innovation and sustainability. The initiatives to establish power generation plants at different times reflect its commitment to the highest local and international safety, health, and environmental standards.

Through the adoption of a culture of continuous improvement, generation business line implemented comprehensive maintenance plans throughout 2023, which led to the promotion of occupational safety, health, and environmental practices. In response to the development of legislations, the company’s initiatives succeeded in achieving compliance, and even went beyond that to set new standards for excellence.

Thermal Efficiency of the company’s power plants



218,974

GWh



Total energy produced by the company’s plants

55,209

MW



Actual generation capacity of the company

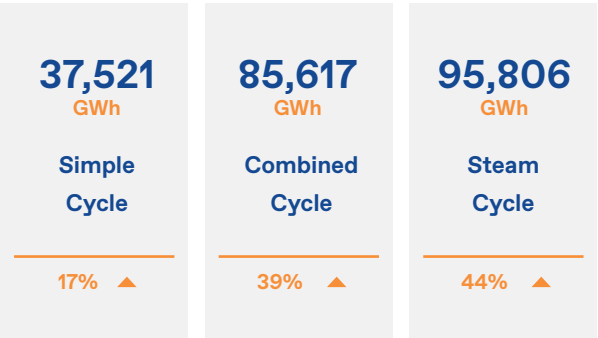
86,235

MW



Actual generation capacity of the grid

Percentage increase in electrical power generation units



## Key Achievements

As SEC delves into the key achievements that defined this fiscal period, it is with great pride that SEC showcases its collective efforts and unwavering dedication. These accomplishments underscore SEC’s commitment to excellence, innovation, and the pursuit of company’s strategic goals.

- Applied best practices in process safety across the operations chain and enhancement of readiness and reliability of protection and firefighting systems in power production stations.
- Strengthened roles and responsibilities at power generation stations in implementing environmental protection and sustainability programs, achieving “ZERO” environmental incidents and violations of environmental regulations in alignment with the Environmental Management System, and the Ministry of Environment, Water, and Agriculture.
- Won, thanks to the alliance with ACWA Power, the development of two independent production projects using gas turbine technology in combined cycle: Taiba 1 and Qassim 1, with a total capacity of (3,600) megawatts.
- Achieved a 13.42% increase in electricity production compared to 2022, along with an increase in availability and a decrease in forced outage rates in the activity.
- Achieved financial savings for the year 2023 through improvement studies, quality programs, and innovation amounting to approximately (109) million, achieved by implementing technical measures to increase efficiency, conducting studies utilizing expertise and creativity within the activity, reducing the need for external equipment maintenance, and benefiting from workshops at the stations.
- Issued environmental approvals for 22 energy production stations and periodically monitoring to issue permits for the rest of the sites and adopting environmental correction plans based on the new environmental regulations.
- Implemented the initiative to establish exhibitions for occupational safety, health and environment with the aim of continuing and permanent awareness in power plants, with 12 exhibitions as a first stage.
- Launched the Scientific Council aimed at supporting the company’s strategic directions, enhancing scientific research activities, improving the quality of scientific papers presented by company staff in local and international forums and scientific journals.

368 million

barrel of equivalent oil fuel



Fuel consumed in the company’s plants

5.7 million

barrel



Diesel consumed in the company’s generation plants

- Completed the organizational library, encompassing all regulations and systems related to power generation activities.
- Achieved the representation of the company at the Saudi Intellectual Property Authority and the submission of two projects: “Foggy Cooling System to Increase Steam Turbine Efficiency” and “Using Wind Guide Technology to Increase Steam Turbine Efficiency.”

## Future Plans and Projections

Embarking on the path ahead, SEC turns its gaze to the future with anticipation and strategic foresight. SEC outlines its ambitious plans and projections that will guide itself through the next phase of the journey.

- Expand the Rabigh Power Station with a capacity of (1,200) megawatts, expected to commence operations in the year 2025.
- Commence expansions with approximately (10,000) megawatts across the kingdom.
- Initiate a project to convert power generation stations to operate on gas fuel instead of liquid fuel to enhance efficiency and reduce emissions.
- Start a plan to enter renewable energy projects.





# Operational Excellence

## Transmission

Transmission Business Line is the backbone of the energy landscape, ensuring seamless power transfer across regions. With an extensive network of strategically placed transmission lines and substations, guarantee grid reliability and facilitate the integration of diverse energy sources for a sustainable mix.

The past year saw significant strides in expanding and upgrading the transmission infrastructure. New transmission lines were commissioned, boosting grid capacity and reliability. Incorporating cutting-edge technologies increased energy transfer efficiency, allowing for better monitoring and control, minimizing downtime, and ensuring a resilient energy network.

### Key Achievements

- Awarded, for the fourth consecutive year, for the Best Paper at the 19th Gulf Cooperation Council Conference on Electricity (GCC CIGRE).
- Awarded at the 19th Gulf Cooperation Council Conference on Electricity (GCC CIGRE) for being the most active participant with scientific papers at the conference.
- Honored with the Arab Award for Operations and Maintenance in the fourth category: (as the best company incorporating operational requirements within the artificial intelligence and digital transformation framework).
- Verified compliance with ISO55001 global standards for asset management during the first annual audit by National Grid SA. The assessment was conducted by the accredited evaluator from BUREAU VERITAS.
- Launched the Kingdom-wide Asset Information Management System (OSOUL).
- A patent for the invention of Engineer Faisal Bashir Al-Enezi from the National Grid SA entitled “High-Pressure Stations Ventilation Fan Base” was registered for the company with the Saudi Authority for Intellectual Property on November 12, 2023.
- A patent for the invention of Engineer Khalid Muhammad Al-Qahtani from the National Grid SA entitled “Current Transformer Carrier” was registered for the company with the Saudi Authority for Intellectual Property, on December 18, 2023.

1,234

Number of Transmission Substations  
Annual Growth Rate ▲ 2.06%



3,940

Number of Transmission Transformers  
Annual Growth Rate ▲ 2.15%



488,074

Capacity of Transmission Transformers  
Annual Growth Rate ▲ 2.91%



95,563

Length of Transmission networks  
Annual Growth Rate ▲ 2.75%



70,663

Total maximum load



2,563

Added length of the transmission networks  
Annual Growth Rate ▲ 2.75%



89,976

Length of Fiber Optic Transmission Network  
Annual Growth Rate ▲ 4.51%



3,884

Added length of Fiber Optic Transmission Network  
Annual Growth Rate ▲ 4.51%



### Future Plans and Projections

- Successfully complete the Master Plan project for the communication network, guiding the next decade's strategic direction to strengthen the network system in line with the vision of digital transformation.
- Develop a roadmap with four dimensions to achieve a 60% asset management maturity by 2025, aligning with a strategic goal of National Grid SA.
- Successfully complete the Master Plan project and technical studies for electricity service connection studies to connect 14 factories and 6 major farms currently relying on isolated generation capacities. This involves establishing of several high and extra-high voltage transmission substations and connect new electrical loads totaling 1500 MVA, aligning with the Ministry of Energy's initiative For Liquid Displacement.
- Sign agreements for high-voltage stations and connection lines to supply power to thirty major consumer projects, with an estimated cost of 6 billion SAR, funded by Bulk Customers. Most agreements include the transfer of ownership of the implemented assets to the company.
- Formulate an implementation plan to connect targeted renewable energy projects by 2027 (41 GW). Three projects, totaling 3.4 GW, are already connected, with 37.6 GW projects in progress.





# Operational Excellence

## Distribution and Customer Services

Distribution and Customer Services Business Line aims to provide customers with a safe and reliable electrical service through a systematic and continuous development journey for the level of services provided to customers. This is within a high level of commitment to implementing annual plans and programs in order to provide high-quality services using the latest advanced technologies and facilitate all procedures for obtaining the services. The Business Line also works to achieve customer satisfaction through continuous improvement in all services provided to them. The strategic plans of the Business line are based on a number of pillars, the most important of which are:

- Securing supplies and improving reliability
- Safety and operational excellence
- Environmental, social, and governance (ESG) policies
- Financial sustainability
- Localization and Local Content
- Leading brand and customer experience

Services extend to the Two Holy Mosques and the Sacred Sites, ensuring their prioritized service remains a top commitment each year. This underscores the dedication to system stability and high-reliability services 24/7. The success in serving visitors during the Hajj season for the year 1444 H reflects the commitment of employees and exceptional teams in the field and behind monitoring and control screens.

All distribution stations in the Sacred Sites are now automated, replaced with smart stations to enhance network security and reliability. This initiative aims to improve the efficiency and quality of electrical services while enabling remote control and monitoring of the network. Notably, the absence of significant disruptions in the Sacred Sites, Pilgrim Housing Area, and the Grand Mosque during the Hajj season for the year 1444 H is a source of pride.



### Key achievements

#### Customer Service

In the past year, SEC's focus on customer service has been paramount. Embracing a customer-centric approach, the company has prioritized the needs and satisfaction of the customers, placing them at the core of the operations. Leveraging digital enhancements and streamlined processes, SEC's goal is to make interactions more efficient and customer friendly. Here's a summary of the noteworthy accomplishments:

Launched a new identity for 74 offices has significantly enhanced the visitor experience, improving aspects from the reception and welcome process (Meet and Greet) to the development of waiting and service mechanisms. Moreover, over 450 front-line employees across all sectors underwent training. Launched a user-friendly application and website marked a significant milestone, offering features such as simplified bill viewing, a 24/7 live chat service, and a virtual office service, further enhanced by the integration of convenient payment options through Apple Pay and credit cards. It is worth noting that the new application won the Silver Award for Best Digital Experience for Improving Customer Satisfaction and Happiness 2023, among more than 150 Gulf companies, in the Customer Happiness Summit & Awards (CHSA) in Dubai. It also competed in the International Customer Experience Awards (iCXA™23), with the participation of many international companies from 45 different countries, and a number of government companies and institutions. The Saudi Electricity Company won the Silver Award in Best Business Change and Transformation for the category of more than 10,000 employees, and the Bronze Award in Best Contact Center for the category of more than 5,000 employees. The Customer Voice program has been implemented, through which surveys are sent automatically and directly after the service is executed. The answers and feedback of customers are recorded in a unified system for analysis and

the development of improvement plans in cooperation with all relevant sectors. The "Message from your customer" program was also launched as one of the programs emanating from the Customer Voice project. Through this program, all responses from customers through the sent surveys are reviewed and filtered for messages in which employees are thanked. These messages are then delivered directly to the relevant employee.

The developments and improvements during the past period included rewriting the contact messages with customers, major improvements to the automatic response system through contact centers, documentation of the locations of service offices through Google Maps, improvements to internal systems, which have a positive impact on customer service, and the waiting time in customer service offices was reduced by 45% to only 7 minutes.

The IVR automatic response system has been automated. The system now automatically detects the accounts associated with the calling number and proactively updates the caller with the status of their request with pre-recorded automated messages. This has made a qualitative difference, as 43% of listeners to the automated update did not need to speak to an employee.



# Operational Excellence

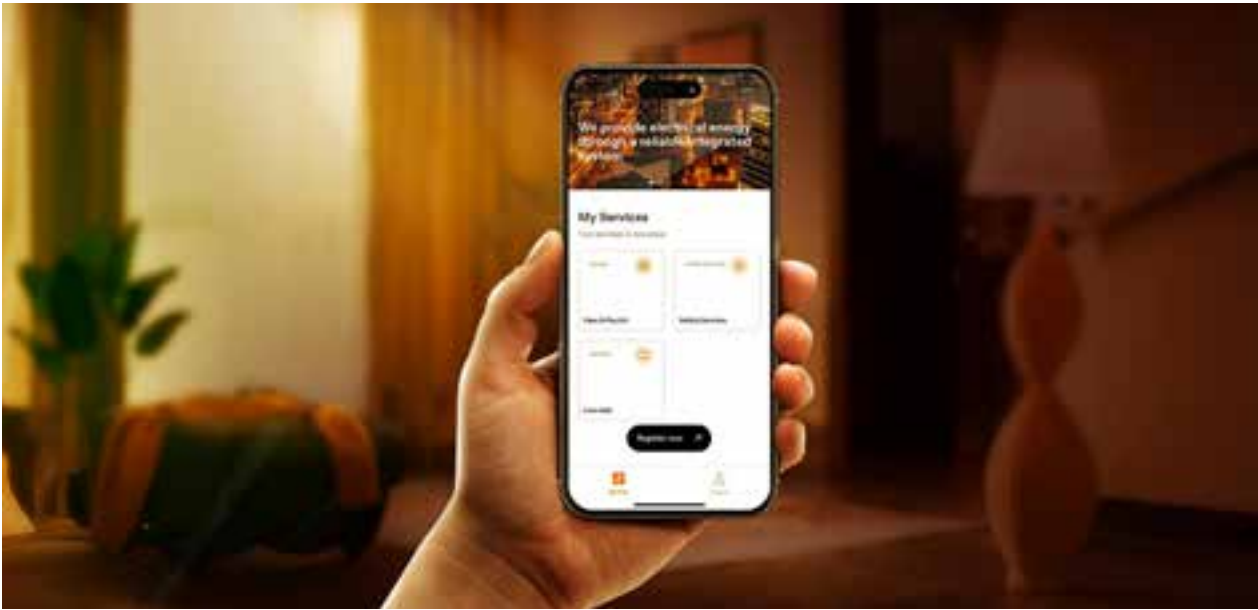
## Operational Excellence

Improving distribution operations is a top priority for the Distribution Business Line, with the aim of enhancing the quality of its activities. To achieve this goal, a distribution strategy was developed, aligning it with the company's overall strategy. Numerous initiatives and indicators were introduced to all organizational units. A comprehensive training and development program was launched, including the retraining of 615 meter readers, technicians (operation, maintenance, power dispatcher, and fault handler), competency assessments for 452 employees in all customer service offices, and the planning of development programs for the years 2024-2026. Additionally, 165 technical specialists were assessed for replacement programs, and 2000 contract employees were trained on issuing work permits within the low-voltage contractors' project. Field connection visits were also automated.

Several guidelines and procedures were adopted to enhance work quality, improve operational processes, and performance indicators. Remote disconnection and reconnection were activated for all offices across the Kingdom, achieving a 92% implementation rate for remote disconnection and 88% for remote reconnection, following the increase in the communication rate to 95%.

Contracts were signed with specialized consulting offices to supervise field operations with the following objectives:

- Improving the quality of field project execution
- Reducing the number of optical distortion complaints related to company contractors' work
- Enhancing control over distribution Business line projects
- Increasing the number of project supervisors and foremen
- Accelerating project receipt procedures



In compliance with the regulations issued by the Saudi Authority for Water and Electricity regarding renewable energy systems and electric vehicle chargers, the Distribution Business Line launched services on the company's website for small photovoltaic solar energy systems, renewable energy systems, and electric vehicle chargers. These services contribute to the national economy and provide energy resources through a user-friendly online platform.

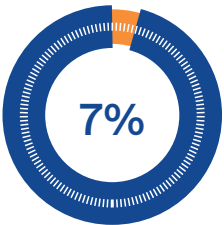
To organize distribution operations and enhance performance excellence, restructuring efforts were implemented concerning control and losses. A new department for loss monitoring was introduced, and the operations of the low-voltage network were separated from control. A control department was established in each sector, along with control centers. Settlement and accounting operations were centralized at the Kingdom level. There was also a change in the approach and model of distribution operations through the establishment of organizational units (departments and sections for receiving distribution assets) in all electricity departments. The organizational structure of distribution and customer services was developed through a specialized study, resulting in the reduction of 213 organizational units.

Progress continued in updating site addresses in the Geographic Information System (GIS) through the Digital Transformation initiative, improving data quality to 90%. The accuracy rate for detecting tampering was raised to 70% using

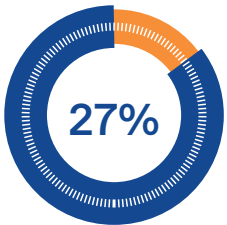
artificial intelligence algorithms based on smart meter data, such as voltage, consumption, and loads. All these efforts are reflected in significant improvements in performance indicators measuring service quality in 2023 compared to 2022:

- Improved System Average Interruption Duration Index (SAIDI) by approximately 7%.
- Improved System Average Interruption Frequency Index (SAIFI) by approximately 11%.
- Reduced average time to supply connections for new customers by 27%, reaching only 3.31 working days compared to 4.5 working days.
- Raised the automation rate in the distribution network to 24.49%, compared to 16.2% at the end of 2022.
- Increased customer satisfaction levels to 81%, compared to 75% achieved in 2022, marking an 8% improvement.

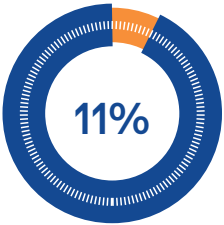
Improvement in (SAIDI)  
Comparing to 2022



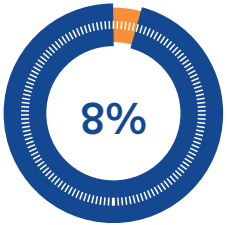
Average time to supply connections for new customers improvement  
Comparing to 2022



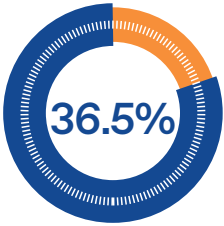
Improvement in (SAIFI)  
Comparing to 2022



Improvement in customer satisfaction score (CSAT)  
Comparing to 2022



Improvement in customer complaint resolving time  
Comparing to 2022





# Operational Excellence

## Network Expansion

Adding 30,217 new transformers for 69 kV and below. The overall number of distribution transformers reached 659,291, with a 5% increase compared to the end of 2022. Additionally, capacity was increased by 21,953 mega-volt-amperes, making the total transformer capacity 342,612 mega-volt-amperes, representing a 7% increase over the total capacities at the end of 2022.

Installing additional air circuits and ground cables for 69 kV and below, extending over 44,813 km circuits. The total length of the lines reached 827,174 km, showing a 6% increase from the total networks at the end of 2022.

Extending electricity service to more than 345.8 thousand new customers by the end of 2023, bringing the total number of customers to approximately 11 million.

## Financial sustainability

In 2023, the Losses Program was initiated, establishing a central administrative structure to enhance governance and continuous improvement. The program has yielded noteworthy results, with irregularities settlements generating SAR 1,024 million in revenue, an increase of 139% compared to the same period last year. In addition, an annual plan and targets were set for the utilization and loading of transmission stations and to achieve the financial returns from the company's investments. A total of 72 transmission substations were completed during this year. Furthermore, an initiative to improve spending on the operating budget was launched in order to raise spending efficiency and compliance with approved budgets.

All outstanding debts to government entities, amounting to SAR 2.6 billion, were successfully settled, reflecting financial stability and responsible management. SEC robust financial performance is underscored by a noteworthy collection of SAR 62 billion, reflecting a remarkable 9.7% increase from the previous year. Notably, the prudent management of financial resources resulted in a significant 10% reduction in the debt balance compared to the beginning of the period.

In addition, the company has limited partial payments to twice a year instead of allowing an unlimited number of payments. The disconnection notice period was reduced to 90 days instead of 120 days. We also limited partial payments to twice a year instead of allowing an unlimited number of payments for verified accounts for the residential category. The number of days for scheduling disconnection for accounts that have not been disconnected was reduced from 30 days to 5 days.

# 10.99 million

Number of customers

customer



# 100%

Smart electric meter coverage

At the Kingdom level



# 342,612

Capacity of distribution transformers

Annual Growth Rate ▲ 7%

MVA



# 314,784

Total electricity sold

GWh



# 659,291

The overall number of distribution transformers

Annual Growth Rate ▲ 5%

Transformer



# 827,174

The total length of the lines

Annual Growth Rate ▲ 6%

circular-km



As part of the Business Line efforts to displace liquid fuel, some 97 sites using rented generation were connected, achieving an operating return of SAR 22 million.

## Safety and Environment

Safety and environmental responsibility are core tenets of SEC's operations. Through continuous monitoring, innovative safety services, and a steadfast commitment to environmental care, the company strive to create a secure and sustainable energy ecosystem.

- Continuous monitoring and inspection visits to ensure compliance with safety, health, and professional standards, aiming to reduce accidents, injuries, and traffic violations.
- Introduced safety-focused services such as the "Electricity Buddy" and "Safe Isolation of Electrical Networks" to enhance safety practices in dealing with network components.
- Prioritized environmental care, with a commitment to eliminating fuel usage and discontinuing leased generation practices.
- Activated smart networks to alleviate traffic congestion, reduce carbon emissions, and align with environmental compatibility policies.

- Proactively limiting visual distortion in line with government directives to enhance the quality of life and the urban aesthetics.
- Improved execution processes for excavations and electrical installations throughout the kingdom to uphold safety and environmental standards.

## Future Plans and Projections

In the distribution and customer services, a concerted effort is underway to realize the collective aspirations of both internal and external stakeholders. This involves the strategic implementation of medium and long-term plans designed to catalyze significant advancements across all facets, adhering to the highest global standards of quality and service excellence. The approved strategic plan for distribution and customer services encompasses a multitude of initiatives aimed at leading SEC toward future ambitions.

## Top Rankings in Reliability Indicators

By 2030, SEC is committed to achieve top positions, targeting the top #3 in System Average Interruption Duration Index (SAIDI) and the top #7 in System Average Interruption Frequency Index (SAIFI) indicators among G20 cities in the five major cities.

## Global Standards for Loss Rates

SEC's ambition extends to secure class 1 recognition in global standards for loss rates in distribution networks by 2030, showcasing unwavering commitment to efficiency and sustainability.

## Exceed 13 Million customers by 2028

Setting an ambitious target, SEC aspire to surpass 13 million customers by 2028, reflecting the company's dedication to expanding the customer base and serving diverse communities.

## SEC's vision extends to surpass one million kilometers in distribution network lengths by 2028

Surpass One Million Kilometers of Distribution Networks by 2028 underlining the company commitment to building an extensive and reliable electrical infrastructure for the future.

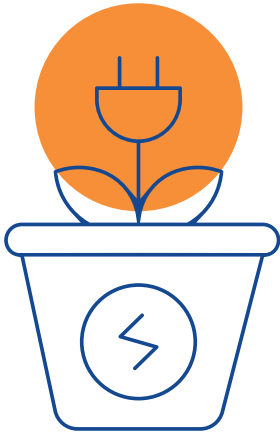


# Corporate Planning and Project Management

The company is committed to enhancing the efficiency and effectiveness of its operations through the development of advanced planning and execution systems and tools

SEC has developed its corporate planning and project management capabilities by establishing a unified database that includes data on all company projects. This development has enabled the centralized monitoring of programs and projects, which has resulted in reducing the engineering, tendering, and award period for the 2023 portfolio to less than one year. In addition, more than 73% of the projects for the 2023 portfolio have been awarded before the end of the year.

The business plan for more than 500 economic and technical projects has also been reviewed and presented to the Executive Committee for review and approval through the Projects Portal. The business processes associated with the capital investments of the company's Portal have been completed and governed, and the organizational framework for cost estimation work has been established to increase its accuracy and identify the reasons for deviation.





# Digital Transformation and Innovation

## Digital Transformation

Digital and technological transformation are pivotal factor for realizing the SEC’s strategy to emerge as a frontrunner in the realm of digital electricity at the regional level. The company’s comprehensive digital transformation journey spans all facets of the business, aiming for maximum asset reliability and a trustworthy digital brand. This involves introducing novel products, leverage digital investments for growth, and monitor the digital maturity index. However, the foremost priority is enabling the local technology adoption and fostering youth job opportunities in the Kingdom.

SEC’s artificial intelligence and deep learning capabilities play a crucial role in constructing precise forecasts for energy demand, enhancing customer experience, and bolstering health, safety, security, and environmental aspects.

### Key Achievements

The company’s digital strategy is founded on five key pillars, each vital for its success. It commences with the pioneering of sustainable environmental practices, emphasizing the company’s commitment to ecological responsibility. Following this, efforts are directed towards enhancing customer experiences, recognizing the paramount importance of customer satisfaction in today’s competitive landscape. Concurrently, the company prioritizes the digitization of core operations, acknowledging the pivotal role technology plays in modern business operations. This strategic approach empowers the company to offer cutting-edge smart services while concurrently diversifying its income streams, thereby ensuring financial resilience and growth. Since its inception in 2022, the company’s digital strategy has been a cornerstone of its operations, serving as a beacon of innovation and progress. With over 400 digital projects successfully completed, and more than 500 services automated, the company has demonstrated its proficiency in leveraging advanced technologies such as artificial intelligence, antivirus robots, and augmented reality to enhance operational efficiency and streamline processes.

Central to the company’s vision is the unwavering commitment to delivering a seamless customer experience, underpinning its dedication to customer-centricity. Moreover, the company has consistently outpaced competitors in evaluating digital growth, cementing its position as a trailblazer in the energy sector.

Grounded in the ethos of supporting the Kingdom’s 2030 vision and enriching quality of life, the company continues to spearhead digital innovation and investing in creative digital solutions, providing smart solutions that contribute to raising consumer spending efficiency, and ensuring the achievement of sustainability and net zero targets by 2050.

### Future Plans and Projections

SEC is poised to launch innovative initiatives and projects, strategically designed to elevate the digital maturity within the company’s operations. This initiative aims to enhance the company’s technological capabilities and readiness.

SEC’s commitment extends to diversifying the digital channels ensuring the company’s services are accessible across various platforms to cater to diverse customer preferences.

In conjunction with these efforts, SEC is dedicated to elevating the quality of their data - recognizing it as the fundamental bedrock for unlocking new horizons in investment. These measurements not only supports the company’s current operations but also lay the groundwork for future growth and development.

400+

The number of new technical solutions in the digital transformation journey



500+

Number of automated processes at the company level



100+

Number of digital assistants for automation (RPA)



50+

Artificial intelligence and analytics



## Innovation

### Key Achievements

Through active collaboration across SEC’s various departments and scientific committees, the company has meticulously crafted a research, development, and innovation strategy, aligning with national priorities in the sector. This strategy takes an action-oriented approach, laying the groundwork for the company’s future goals in innovation. At SEC, the research

ecosystem has been fortified through active engagement with local research centers and universities. Collaboration have been established with King Fahd University of Petroleum and Minerals, King Saud University, King Abdulaziz University, and King Abdullah University of Science and Technology. Strategic partnerships extend to key entities including King Abdulaziz City for Science and Technology, the Saudi Authority for Intellectual Property, and others.

These initiatives underscore the company’s unwavering commitment to foster innovation, building collaborative bridges, and contributing to the advancement of the industry, all in alignment with the national priorities.

The year 2023 marks a substantial leap in SEC’s research endeavors with 15 projects implemented across various electrical system fields. The Saudi Electricity Center for Research and Development is harnessing digital simulation systems for advanced technical studies on dynamic compensation projects. In alignment with the Ministry of Energy’s directives, the company’s efforts contribute to the promotion of innovative technologies under the National Carbon Circular Economy Program and the Saudi Green Initiative. Specialized projects addressing carbon capture and greenhouse gases underscore SEC’s commitment to these national programs.

Procedural and governance enhancements have been integral, ensuring a seamless process for submitting, evaluating, and approving creative ideas. A comprehensive re-engineering process has addressed both financial and non-financial impacts stemming from these innovative implementations. Noteworthy achievements include obtaining 3 patents as well as the registration of 10 patent applications with the Saudi Authority for Intellectual Property in the name of Saudi Electricity Company.

13 Patents

Obtained 3 patents, and the registration of 10 additional patents have been submitted.



5 ISO certificates



### Notable awards and certifications received by the company:

- The Saudi Electricity Company received the Shield of distinguished supporting sponsor from the Saudi Intellectual Property Authority. The IPA honored 11 Intellectual Property Support Centers out of 59 centers at the first annual ceremony for Intellectual Property Support Centers. SEC was the only one honored from the private sector.
- The Materials Section obtained the ISO 9001:2015 certificate on the comprehensive quality management and for ensuring the implementation of procedures and systems. The section also received the TQM – 9001 certificate for comprehensive quality management system.
- The Contracts Section obtained the ISO 20400:2017 Sustainable Procurement certificate.
- The Human Resources Development Department received the TQM – 9001 certificate for a comprehensive quality management system.
- The Human Resources Development Department also received the Knowledge – 30401 certificate for a knowledge management system.
- The Department of Networks Operation and Coordination in the Information Technology and Communications Sector received the Information Technology – 2000 certificate for information technology system.

### Future Plans and Projections

In the imminent phase, the Saudi Electricity Company is poised to embark on an ambitious and forward-thinking strategy for research, development, and innovation. This strategic initiative is meticulously crafted to seamlessly align with the Kingdom’s overarching vision in the realms of research, development, and innovation. A paramount focus will be on cultivating an innovation environment by actively embracing the principles of open innovation.

Moreover, acknowledging the indispensable role played by intellectual property and knowledge management, the company’s future plans encompass a resolute effort to enhance and expand these critical aspects at the company level. In advancing toward this strategic vision, the goal is to fortify the company’s position at the forefront of innovation. This ensures readiness to meet the evolving needs of the industry and make substantial contributions to the Kingdom’s broader vision for technological advancement and progress. This signifies an unwavering commitment to shaping a future defined by innovation and excellence.



# Occupational Health, Safety, Security & Environment

## The Saudi Electricity Company aspires to reach net zero by 2050

### Protecting the Health, Safety and Security of our people

The Saudi Electricity Company is committed to promoting a culture that makes health, safety and security a top priority for its operational processes. As part of its ongoing efforts to promote these principles, the company has implemented effective measures focused on improving standards and maintaining the well-being of its employees and stakeholders. The company has taken strategic initiatives, such as allocating significant investments in digital transformation, specifically in operations system security, to enhance readiness and develop employee skills. At the same time, a comprehensive restructuring of the safety and security sectors was undertaken, as they were integrated into the company's system. Significant achievements include a significant 24% reduction in work-related injuries, which reflects the effectiveness of safety awareness programs and development initiatives. The strategic agreements concluded by the Fire Department with international bodies confirm its commitment to enhancing emergency preparedness and firefighting efficiency.

### Protect our environment

The company is working to align with Saudi Arabia's Vision 2030 and its ambitious environmental programs. From this standpoint, the Circular Economy and Climate Change Department was created in the company, which aims to reduce emissions through carbon management in SEC, and activating the principles of the circular economy and biodiversity initiatives. In addition, the company has adopted environmental sustainability, in line with the vision of the Kingdom of Saudi Arabia, its ambitious goals and objectives in climate change, and the company aspires to reach zero neutrality by 2050 for its assets in the Kingdom of Saudi Arabia.



### HSE performance overview

In line with the Saudi Electricity Company's commitment to providing a safe and sustainable work environment for its employees and the communities it serves. The company initiated a strategic HSE transformation program to promote a safe and sustainable working environment. From the launch of the program until the end of 2023, the company is pleased to provide a comprehensive overview of the achievements that have been accomplished.

#### Health and safety indicators

##### Recorded Incident Rate (TRIR)

The company is pleased to announce a decrease in the rate of recorded accidents by 24%, which reflects the company's efforts and firm commitment to preventing accidents and ensuring the safety of its employees and contractors.

##### Leave Injury Rate (LTIR)

The company demonstrated its commitment to taking care of its employees and contractors, as it achieved a significant reduction of 53% in the rate of leave injuries, which demonstrates the effectiveness of the safety procedures and programs launched by the company.

##### Motor vehicle accidents (MVA)

The preventive safety measures taken by the company contributed to achieving a significant reduction of 48% in vehicle accidents, which contributed to enhancing traffic safety for employees.

##### Safety and Stop Work Authority (SWA) Tours

The company is focused on promoting a culture of precautionary safety, and has recorded a significant 280% increase in safety tours, both planned and incidental. In addition, the use of the stop work power has seen a corresponding increase of 250%, ensuring quick action in the face of potential risks.

##### Traffic Violations

As an expression of its commitment to road safety, the company achieved a 28% reduction in traffic violations, which contributes to a safer working environment.

#### Environmental initiatives

In line with the Kingdom's Vision 2030 and in compliance with environmental legislation, the Saudi Electricity Company is committed to improving its environmental performance. Key achievements in this field include:

##### Environmental management system ISO 14001

The company has developed and implemented an environmental management system that complies with ISO 14001 standards, with the aim of continuously improving its environmental performance.

##### Participation in environmental activities

The company actively participates in environmental events, such as its sponsorship of Climate Week in the Middle East and North Africa, and its participation in the COP28 Conference of the Parties, which demonstrates its commitment to sustainable practices.

#### Environment Week campaign

With the aim of promoting environmental awareness, the company organized an Environment Week campaign, which included awareness workshops and an annual competition with the participation of all sectors. This initiative is in line with the ambitious environmental programs of Vision 2030.

#### Compliance with environmental laws

The company has developed a corrective action plan to ensure full compliance with the new environmental laws. To obtain the necessary approvals and permits for environmental operation, which confirms the company's commitment to legal compliance.

#### The ambition to reach net zero

The company announced its ambition to reach net zero by 2050, in support of the Kingdom's vision towards a sustainable future.

#### Afforestation initiative

Based on its commitment to protecting the environment and biodiversity, the company signed an afforestation agreement with the National Center for Vegetation Development, aiming to plant 5 million trees by 2030 using renewable water.

#### Crisis and Disaster Management

The Saudi Electricity Company has obtained TUV accreditation to comply with the requirements of ISO 22361:2022 with the aim of verifying the crisis management process at the site, regional and institutional levels.

13 disaster assessments were conducted during 2023 to measure the efficiency and maturity of effective emergency and crisis management for all company activities.

These achievements reflect the Saudi Electricity Company's commitment to a safer, healthier and more sustainable future, in accordance with the company's values and the ambitions of Vision 2030.





# Human Capital

## Investing in our human capital

The Saudi Electricity Company consistently attracts highly skilled and experienced professionals, offering them a work environment characterized by functionality and service orientation to cultivate motivation and excellence in performance. By prioritizing a dynamic organizational setting, SEC not only attracts top-tier talent but also cultivates employee loyalty and seamless integration. This strategic approach empowers the company and its subsidiaries to adeptly execute plans and achieve goals, thereby fostering success and ensuring the sustained resilience of the business.

## Our commitments

SEC's commitment to human resources management has played a pivotal in aligning workforce with the ambitious objectives of the company. Throughout the fiscal year, SEC has successfully executed a comprehensive, long-term HR strategy, establishing an organizational environment bolstered by competitive policies and efficient performance management practices. Noteworthy achievements include:

- Implementing a long-term human resources strategy aligned with company's ambitious aspirations.
- Establishing an organizational environment that includes an effective operational model supported by competitive policies based on best practices and a robust performance management mechanism.
- Analyzing, planning, successful recruiting highly skilled talents to reinforce the workforce.
- Developing leadership and talents, ensuring the readiness and effectiveness of replacement plans.
- Training and developing human resources to ensure efficient and effective business performance.
- Promoting a work culture derived from the company's values and goals, enhancing overall performance.
- Managing human resources operations and systems, providing automated services in accordance with latest industry practices.
- Creating a conducive work environment by offering logistical services related to facilities and transportation, empowering organizational units and employees to perform at their best.
- Promoting environmental sustainability, and governance through a culture of diversity, inclusion, and empowerment for all categories within the company, including women and people with disabilities.

## Employee Investments or Reserves

### Saving Program

The company has taken the initiative to establish a voluntary savings and investment program aimed at motivating employees and enhancing their loyalty and commitment to the company. This initiative contributes to elevating performance levels, attracting qualified Saudi professionals, and encouraging their continued service. Additionally, the program assists Saudi employees in accumulating savings, allowing them to benefit from these savings upon retirement or at the end of their service.

The company deducts a portion of the salary for optional invest, benefiting the employee participating in the program. The company allocates appropriate areas to invest the program's funds compliant with Islamic investment conditions, opting for low-risk portfolios and funds, in a manner that achieves the interests of the participating employees.

The company contributes 100% of the employee's monthly subscription value and records it in his account. The employee's entitlement to the company's contribution is calculated according to the criteria set by the company, starting from 10% upon completion of the tenth year of subscription. The employee's entitlements from this contribution are calculated in the event of termination of the subscription according to the regulatory guidelines.

### Housing Loan Program

The company continued to offer the program to Saudi employees through local banks for the fifteenth consecutive year according to the program's regulations to finance the ownership, construction, or completion of housing construction, in a form that complies with the provisions of Islamic law (Murabaha). The company contributes a profit margin on the financing amount ranging from 70% to 100%. The company's contribution stops when the employee's service ends for any reason or in case of early repayment.



## Our success stories

SEC takes great pride in showcasing a multitude of success stories and achievements within the company, reflecting the dynamic and impactful initiatives implemented to nurture growth, innovation, and employee development:

- Conducted a thorough review of the company's operational model, leading to a comprehensive restructuring of relevant organizational units. Established a methodology to measure the effectiveness of organizational structures, resulting in improved operational efficiency for targeted units. Implemented necessary improvement measures to optimize overall performance.
- Significantly augmented the company's competitive compensation and benefits, positively influencing its ability to attract and retain top-tier talent.
- Revitalized and refined human resources policies, ensuring compliance with pertinent regulations and aligning with local and global best practices to enhance competitiveness.
- Elevated the efficiency and efficacy of employee performance management by developing a comprehensive performance system, including a digital library of performance indicators. Facilitated improved communication and awareness between management and employees through quarterly reviews and performance awareness campaigns.
- Contributed to national workforce development by providing 150,000 training opportunities over three years through active participation in the "Wa'd," national trailing commitment campaign with the Ministry of Human Resources and Social Development.

## Workforce Statistics

Turnover	2022	2023
Resignation	328	199
Early retirement	28	3
Restructuring	251	405
Termination	168	216
Termination of service due to illness	19	24
Normal retirement	93	98
Death	23	17
<b>Total turnover*</b>	<b>910</b>	<b>962</b>
<b>Special offer</b>	<b>252</b>	<b>1130</b>

Employment	2022	2023
Employment	746	343

\*Total turnover does not include special offer.





# Human Capital

## Diversity & Inclusiveness

SEC is dedicated to fostering a diverse and inclusive workplace, emphasizing its strong commitment to embracing diversity as a fundamental aspect of company's corporate values. Recognizing that a diverse workforce with various backgrounds, perspectives, and talents is crucial for fostering innovation, creativity, and sustainable growth. SEC actively promoted an inclusive culture throughout the past fiscal year. This culture values and respects the unique contributions of every employee.

SEC's commitment to diversity extends beyond the workplace to a broader community, showcasing dedication to being a responsible corporate citizen. SEC believes that by cultivating an environment that celebrates diversity and inclusion, company not only enriches the lives of the employees but also enhances the overall organizational resilience and effectiveness. This commitment is integral to the long-term vision, as SEC strives to build a future that is both dynamic and representative of the diverse world in which the company operates.

### Statistics of Diversity and Inclusiveness

Diversity and Inclusiveness	2022	2023
women in senior and middle management	9	17
Total number of female employees	333	405

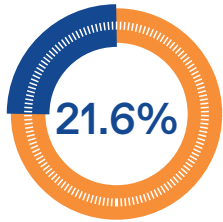
Women in senior and middle management  
Comparing to 2022



Women in management succession plans  
Comparing to 2022



Increase in women employment  
Comparing to 2022



## Training & Development

In its commitment to excellence and continuous improvement, the company places significant importance on training and development as integral elements of the organizational strategy. Over the fiscal year, SEC has consistently invested in extensive training programs designed to elevate the skills, knowledge, and capabilities of the workforce. These initiatives cover technical expertise, safety protocols, and leadership development, ensuring employees are equipped with the necessary tools to navigate the evolving landscape of the utility sector.

### Key Achievements

- Developed (878) leaders within the company through various avenues, including programs designed internally at the "Executive Center for Leadership Development," collaborations with esteemed entities such as BAIN Academy and General Electric, and partnerships with prestigious institutions such as Harvard University, the Massachusetts Institute of Technology (MIT), and the Institute for Management and Leadership Development (IMD).
- Provided intensive individual mentoring for exceptionally talented individuals, totaling 2,500 hours.
- Implemented programs to re-train meter readers in technical and managerial specialties, optimizing human resources.
- Achieved third place among the top ten participants in the Mental Health Ambassadors program, part of the Mental Capital initiative. This recognition was awarded by the National Center for Mental Health Promotion for the year 2023, surpassing 40 public and private sector entities across all regions of the Kingdom. (to be confirmed with HR)
- Implemented on-site development methodology in cooperation with mentors and supervisors at the workplace. This methodology is based on identifying and analyzing the developmental gaps and preparing development plans for 2,194 employees, including engineers and technicians, utilizing various developmental methods such as assignments, rotations, simulators, and networking.
- Implemented Reskilling & upskilling programs for 897 employees to optimize SEC human resources
- Developed and train 458 customer service office employees to provide an exceptional experience for SEC customers.
- Launched virtual and augment reality (VR/AR) technology to enhance the training experience.
- Launched learning management system (LMS) to manage the training process.

Total number of courses

3,339 course



Total number of participations

49,278 participant

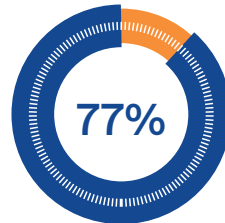


Number of training days

191,889 training day



% Training Rate





# Localization and Local Content

The Saudi Electricity Company is dedicated to bolstering the Kingdom's economy and actively contributing to the Vision 2030 objectives. With Local Content and Localization as key strategic goals, the company is leading initiatives to enhance local content acquisitions, projects, and minimize expenditures on foreign goods and services. This deliberate focus positions the company as a promising investment opportunity aligned with the Kingdom's ambitious economic vision.

## Key Achievements

### Supply Chain

Working towards realizing the company's goals, there's been a concerted effort to reduce the company's inventory value for 2023 by 189 million SAR compared to 2022, to reach 4,092 billion SAR. This reduction is achieved without compromising the reliability or availability of spare parts and materials in the company's warehouses. In fact, the material availability rate stands impressively at 97.49%. Moreover, the scale of operations managed within the materials supply chain for 2023 surpassed 3.5 million warehouse movements across all regions of the Kingdom.

In addition to these achievements, the company has undertaken numerous initiatives to excel in its Supply chain, aligning with the company's objectives and the Vision 2030 of the Kingdom. By implementing best practices, the company is continuously enhancing the efficiency of its Supply chain. As part of this effort, a dedicated Logistics Business Center has been established. This center aims to elevate the reliability of material procurement, minimize risks in the company's Supply chain, and elevate the quality of logistic services provided by the Saudi Electricity Company and its subsidiaries.

### Localization and Local Content

The company has begun to implement a number of initiatives in accordance with the new local content regulations to support the local industry and small and medium-sized enterprises. The company has increased its purchases from national factories by more than 70%, bringing the value of its purchases from local factories to SAR 53 billion during the period from 2019 to 2023.

In the standout achievements of 2023, the activation of the industry localization initiative demonstrated leveraging purchasing power. Two contracts were signed to localize the manufacture of high and ultra-high voltage gas switches, with binding purchase agreements exceeding 5.9 billion SAR . The agreements stipulated the construction of local factories or an increase in existing local capacity within a maximum of two years.

### Contracts and Procurement

In the year 2023, SEC showcased exceptional prowess in contract management, successfully securing over 1090 contracts and 20,340 purchase orders, amounting to a staggering 74 billion SAR. Notably, these contracts encompass strategic partnerships that underscore the company's unwavering dedication to enhancing electrical system reliability, boosting local content, achieving sustainability objectives, and ensuring uninterrupted business operations, all in alignment with the Kingdom's Vision 2030.

Among the noteworthy collaborations are partnerships with esteemed entities such as NEOM, Diriyah Gate, AIUla Royal Commission, Kidana Company, and the Ministry of Housing. Of particular significance are the signed contracts pertaining to the five major city projects, comprising 62 substations and their grid connections valued at SAR 17 billion. These projects are set to be implemented with ambitious timelines, targeting completion before the close of 2024, in accordance with established goals.

189 million

Discounted value of the company's inventory during 2023



53 billion

The value of purchases from local factories from 2019-2023



Furthermore, the company's strategic initiatives have yielded substantial cost savings. These savings have been achieved through adept negotiation tactics, strategic bulk contracting, the adoption of modern procurement methodologies, and fruitful collaborations with manufacturers, suppliers, and technical authorities. Notably, these endeavors have been executed without compromising on the quality of services rendered, underscoring the company's commitment to excellence.

In 2023, several initiatives were implemented to improve the efficiency of the contracting process, including:

- Developing the contracting governance, authorities, terms, procedures, and systems, by updating the contract guides and authority matrices for the company and its subsidiaries, in addition to updating the standard contract templates and conditions and developing the automated contract system. This contributed to improving the efficiency and speed of various contracting processes and enhancing the automation of governance requirements, control, and response to the different and diverse circumstances in the company's work.
- Enhancing smart contracting processes through the development of contract systems, the introduction of new digital processes, as well as the introduction of dashboards and reports to enable monitoring and improving performance efficiency.

## Future plans and expectations

### Supply Chain

Developing supply chain processes and business models to be compatible with international best practices to promote sustainability, maintain a high percentage of material availability, and reduce risks to the Company's projects and network reliability.

### Local content

Working on an ambitious investment plan to increase the capabilities and efficiency of the company's energy infrastructure, while ensuring the achievement of leadership in localizing industries and local content, by developing the Bina' strategy until 2030, which targets localizing industry in the Kingdom.

It also aims to create a flexible supply chain in the Kingdom that contributes to strengthening the local economy and developing the workforce through the expansion in key partnerships and investment programs, to raise the capabilities of the local market of energy sector.

It also seeks to enhance effective communication with investors inside and outside the Kingdom, lead innovation and excellence in the energy industry, and develop digital systems for measuring and tracking local content programs and the requirements of the energy sector.

### Contracts and Procurement

The company seeks to develop the contracting and procurement process by improving the efficiency of its operations, increasing the economic value of its purchasing power, achieving the targets of local content, sustainability, and the projects to ensure reliability of the electrical system and the continuity of the electricity industry in the Kingdom. It also seeks to work together with commercial partners to localize the industry, transfer knowledge, and enhance trust in transactions.



# Corporate Social Responsibility

The Saudi Electricity Company has initiated implementing its social responsibility strategy in alignment with company-wide strategic objectives and the Kingdom’s Vision 2030. The company aims to align its commercial and social goals, adhering to international standards such as ISO26000 for social responsibility and enhancing sustainability reporting metrics.

## Social contributions in 2023

### In the field of donations and sponsorships

- Sponsored the restoration of slum families’ homes with a contribution of 250,000 SAR, through participation in Mecca Cultural Forum Initiative.
- Individual employees donated over 5 million SAR to charitable organizations, through the internal deductions program.

5+ million

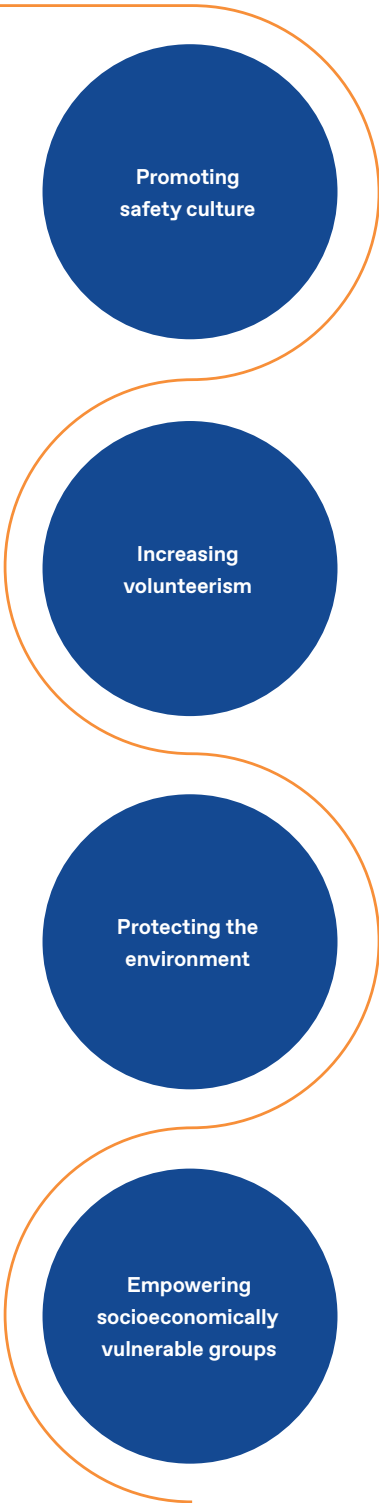
Donation to charities through the internal deductions program



### In the field of environment and safety

- During Civil Defense Week, contributed to the “Your Safety in Your Hand” campaign by dedicating four pavilions within the company premises and another four in various cities and governorates.
- Actively participated in the Engineering Day for Food Security and Sustainability, organized by King Faisal University.
- Organized exhibitions and delivering awareness lectures as part of the company’s involvement in Gulf Traffic Week activities to promote awareness of road safety issues.
- On World Environment Day, participated in afforestation and beach cleaning campaigns, involving company employees to enhance vegetation cover and contribute to environmental conservation.

## The strategy focuses on four key pillars



### In the field of volunteer work and community service

- Engaged in the collaborative “Golden February” campaign with the Sanad Charity Association.
- Orchestrated the closing ceremony for the Sanad Association and hosted its beneficiaries during the “Gergean” event.
- Conducted a course for the Humanitarian Disaster and Emergency Response Team.
- Conducted awareness tours highlighting the dangers of home fires.
- Provided training for leaders in charitable organizations and the non-profit sector.
- Implemented the initiative of the volunteer team “Aoun” during the Hajj season.
- Established a strategic partnership with the Wateen blood donation platform.
- Collaborated with the Ministry of Education as a strategic partner for the training of school students and safety representatives.
- Implemented the “Social Responsibility Dialogue” initiative.

The company has earned notable honors and awards, underscoring its commitment to social responsibility and sustainable projects. It proudly stands as one of the distinguished success partners of the Eshraq Association for Attention Deficit Hyperactivity Disorder, recognizing its efforts in addressing and supporting this critical issue. Further showcasing its dedication to community welfare, the company received an honorable mention in the partnership program for social responsibility initiatives and generous donations to the Holy Quran Memorization Association, Khairkum.

Additionally, the company achieved the silver medal from the Wateen blood donation platform, highlighting its active involvement in life-saving endeavors. A pinnacle of recognition was attained with the prestigious National Dialogue Award, where the company was applauded in the private sector institutions category for its sustainable projects in the realm of social responsibility, emphasizing its positive impact on society at large.





# Business Development Investments

## New growth plans and opportunities

Saudi Electricity Company aims to maximize non-regulated revenues, enhancing the company’s financial sustainability through the development of new investment opportunities or maximizing current investments. This is achieved by managing subsidiary portfolios, evaluating the performance of the company’s subsidiaries, and overseeing investment projects in industrial and digital solutions beyond smart meters and emerging technology solutions in the fields of energy, investment in infrastructure services, and smart mobility solutions. Additionally, innovative employees ideas are marketed to support the Vision 2030, promoting localization and economic growth.

### Key achievements of the Investment Sector

Won a project for Taiba 1 and Al-Qassim 1 power plants, with a total capacity of 3.6 gigawatts in alliance with ACWA Power.

The company acquired a 25% stake in the “Electric Vehicle Infrastructure Company” from the Public Investment Fund.

Obtaining approval of the Saudi Power Procurement Company “Principal Buyer” to commence the expansion project of Rabigh power station by adding 1.2 gigawatt of combined cycle technology units.

Developed a strategy for Solutions Valley Company and activating investment portfolios within the company. Also, investing in increasing the capital of Gulf Laboratory Company, and acquiring shares in a corresponding company within Gulf Laboratory.

Established and implementing a governance model for fully owned subsidiary companies, raising their organizational maturity and independence.

Conducted feasibility studies for over 30 investment opportunities in various fields.





# Business Development Investments

## Subsidiaries performance

As a key player in the Kingdom’s energy landscape, the company’s extends beyond providing reliable power. The establishment and growth of subsidiaries, along with strategic business development, highlight the dedication to advancing innovation, efficiency, and sustainability in the electricity sector. This report explores the evolution and key contributions of SEC’s subsidiaries (Dawiyat, SEPDC, and Solutions Valley), and outlines the strategic vision for sustainable business expansion. Embracing a future-oriented approach, SEC showcase how these endeavors align with the broader mission of powering progress and meeting the evolving needs of the diverse stakeholders.



## Dawiyat Integrated Telecommunications & Information Technology Company

### Overview

Dawiyat Integrated Telecommunications & Information Technology Company, a limited liability and fully owned subsidiary of the Saudi Electricity Company, specializes in providing wholesale services for the infrastructure to major telecommunications companies. Focused on advanced fiber optic networks in line with Vision 2030, the company holds licenses from the Communications, Space and Technology Commission, ensuring compliance with international standards. Notably, the Saudi Electricity Company utilizes Dawiyat’s network for seamless connectivity, successfully implementing sophisticated applications and cutting-edge technology.

### Company Responsibilities

The Communications, Space and Technology Commission (CST) has granted the company a license to provide wholesale infrastructure services. This license authorizes Dawiyat to provide wholesale infrastructure services for telecommunications within the scope of the following services: (Dark fibers and culverts, including the provision of interconnection services for tower sites or active fixed access services, and wholesale services for active fixed data links, including active fixed access services, small cells, internal solutions and wireless access points.) The CITC also expanded the scope of the license for Dawiyat on August 10, 2023, by granting it a license to provide landing station and international cable capacity services.

### Strategic Initiatives

Dawiyat strategically centers its efforts on three key pillars, reflecting a comprehensive approach to advancing its technological capabilities and service offerings:

- Local and International Fiber Optics
- Large Data Centers and Edge Data Centers.
- Internet of Things (IoT) Services and Solutions.

### Key Achievements

Dawiyat Integrated, in collaboration with telecommunications service providers, is actively implementing initiatives to establish high-speed and reliable communication services. Notable achievements and activities include:

Established Dawiyat Digital Company, a subsidiary, to comply with regulatory requirements set by the Communications, Space and Technology Commission.

The company achieved a new milestone by activating more than 600,000 connection chips to enable the Internet of Things technology during 2023 to serve the projects of the Saudi Electricity Company.

Dawiyat for Data Centers Company was established to expand advanced data centers in line with the Kingdom’s digital transformation plans, aiming to become a regional and global data hosting hub. It enhances revenues, diversifies income, and enables independent operations to implement strategic plans and establish data centers.

Signed a number of agreements and MOUs, most notably with the Ministry of Energy and the Ministry of Communications and Information Technology to develop the digital infrastructure in the Kingdom and enable the digital economy.

Signed an MOU with Zain Saudi Arabia, aimed at strengthening mutual cooperation in providing Internet of Things services and solutions.

Formed a partnership with ROSHN Real Estate to deploy communication infrastructure in the 21 million square meters ROSHN Integrated Community project in Mecca, spanning seven phases. This agreement will enable the company to provide wholesale services for telecommunications infrastructure at all stages of the project.

Signed an MOU with Mobily to provide the best technical solutions in the field of IoT-VNO.

Provided exceptional support to the Saudi Electricity Company during Hajj 1444H. Dawiyat Integrated has completed the necessary logistical support aimed at ensuring the reliability of communication networks in the Holy Sites to serve the pilgrims during the Hajj season 1444 H.

Signed a framework agreement with (Almozaini) Real Estate Company to develop the telecommunications network infrastructure in new residential projects.

Signed an agreement with Raqeeq company for providing wholesale communication services in Jazan city & Ras Al Khair city.

Signed a framework agreement with Al Saidi, to develop the telecommunications network infrastructure.

Dawiyat connected approximately 70,000 homes during 2023, bringing the total number of homes connected with fiber optic to about 770,000 homes.

Signed a framework agreement with Tharawat Leading Real Estate Company, to develop the telecommunications network infrastructure.

Dawiyat launched IoT (IoT-VNO) services through the new Smart Connect product, which aims to give machines and devices the ability to communicate automatically and simply without the need for human intervention, as the main enabler for IoT solutions and services.

### Future Plans and Projections

The company is unwavering in its dedication to ongoing enhancement, closely monitoring technological advancements in both local and international arenas. Emphasis is placed on identifying novel opportunities for operational expansion, service enrichment, and enhanced client satisfaction. The company actively contributes to expediting Saudi Arabia’s shift toward a knowledge-based digital economy, aligning seamlessly with the objectives outlined in Vision 2030.



# Business Development Investments

## Saudi Electricity Projects Development Company (SEPDC)

### Overview

Saudi Electricity Projects Development Company (SEPDC) operates as a limited liability subsidiary of the Saudi Electricity Company, functioning as its engineering arm. SEPDC is entrusted with the crucial tasks of project design, management, and supervision of project execution. The company is dedicated to the localization of engineering expertise, effectively curbing capital costs, and fostering the continuous development of skills and knowledge among its employees.

### Company Responsibilities

#### Engineering and Design Excellence

SEPDC excels in engineering and designing electricity generation and transmission projects. The company meticulously ensures adherence to engineering specifications, quality standards, cost-effectiveness, and the timely completion of projects.

#### Comprehensive Adherence to Requirements

Upholding environmental and social requirements is a fundamental pillar of SEPDC's operational ethos. The company prioritizes the safety of workers, underscoring a commitment to responsible and sustainable project execution.

#### Innovation Cultivation

SEPDC actively encourages and supports innovative ideas within its ranks. The emphasis is on enhancing performance effectiveness and augmenting added value in the realm of electricity generation and transmission projects. This forward-thinking approach positions SEPDC at the forefront of industry innovation.

### Strategic Initiatives

As part of its dynamic approach to corporate evolution, the Saudi Electricity Projects Development Company (SEPDC) is actively engaged in strategic initiatives aimed at fortifying its position in tandem with Saudi Vision 2030 and the overarching transformation strategies within the electricity sector. In alignment with these aspirations, SEPDC is committed to not only developing but also implementing strategies that efficiently steer the company toward its broader goals and strategic objectives.

#### Restructuring to comply with Saudi Vision 2030

SEPDC recognizes the transformative power of Saudi Vision 2030 and is actively involved in restructuring initiatives that echo the vision's goals. This includes a comprehensive realignment of the company's structure, encompassing the judicious distribution of responsibilities and administrative authorities characterized by the highest level of professionalism. This strategic restructuring ensures SEPDC's seamless integration into the evolving landscape of the electricity sector.



### Key Achievements

Added (26) new transmission substations and enhanced (12) existing stations with a total transfer capacity of (17,379) MVA.

Floated (78) tenders for projects in the internal financing portfolio of an estimated value of (21.2) Billion SAR and (95) tenders for the portfolio of major projects of an estimated value of (30.8) Billion SAR during 2023.

Added overhead lines and underground cables to the transmission network with a total of (124) circuits and a total length of (3,678) circular km.

The company prioritizes occupational health, safety, and environmental concerns. It achieved 100% closure of performance reviews for health and safety. Additionally, it reached 51 million work hours without injuries.

The size of the capital projects portfolio being implemented by the company amounted to (147.743) Billion SAR, including company-funded projects and funding for major customers.

The Saudi Electricity Projects Development Company prioritizes risk management, compliance, and internal control to succeed. It actively identifies, monitors, and addresses risks that could hinder strategic goals. It also ensures compliance with laws, regulations, and internal policies.

Supervised a number of important strategic projects such as the Saudi-Egyptian Electricity Interconnection Project worth (4.35) Billion SAR, Aramco project worth (3) Billion SAR, the Ministry of Housing project worth (2.14) Billion SAR, and Neom projects worth (13.16) Billion SAR.

documented 23 creative ideas with improvement studies submitted by its employees in 2023. These ideas have contributed to financial savings amounting to 40 million Saudi SAR.

### Business Development Initiatives

SEPDC undertakes initiatives that underscore the company's unwavering commitment to improving efficiency, ensuring sustainability in resource utilization, and integrating cutting-edge technologies into projects for continuous progress and enhancement.

Initiative on the Circular Economy Environmental program  
The initiative was approved and included in the company's environmental management and sustainability procedure for its safety and environment activity.

Initiative to preserve plant cover and perennial trees.

Initiative to recycle environmental waste to contribute to the circular economy.

Increase the efficiency and effectiveness of the company's resources through the analysis of historical data and providing improvement recommendations.

# Business Development Investments

## Solutions Valley Company

### Overview

Solutions Valley Company, was established in 2021, and it is a subsidiary of the Saudi Electricity Company. It seeks to expand the scope of its services outside regulatory boundaries, and allows the Saudi Electricity Company to provide specialized services to clients outside the organization, such as technical consulting services, operation and maintenance services, energy services and solutions, and smart and digital solutions. Solutions Valley serves as a strategic enabler and seeks to become a leading company in enhancing the scope of innovation in the energy sector.

### Company Responsibilities

During its initial phase of establishment, Solutions Valley company is drawing in essential expertise to penetrate target markets. Solutions Valley Company provides services such as:

- Engineering consulting & Supervision services in the field of electrical energy.
- Implementation of projects related to the electrical network.
- Supervision and organization of temporary electrical energy services.
- Design, supply & install/execute, Operate & maintain EV charging infrastructure projects.

### Targeted Segments

Commercial
Government
Industrial



### Future Plans and Projections

As part of its vision for growth and innovation, the company is dedicated to offering high-quality services in addition to its current offerings. These encompass:

#### Electric Vehicle Charging System Solutions

Pioneering solutions to support the growing demand for electric vehicle infrastructure.

#### Solar Energy Solutions

Providing sustainable energy alternatives through cutting-edge solar solutions.

#### Energy Efficiency Solutions

Introducing initiatives to enhance energy efficiency and reduce environmental impact.

#### Sustainability and Recycling Solutions

Incorporating sustainable practices and recycling solutions for a greener approach.

#### Emerging Technologies

Staying at the forefront of technological advancements to deliver state-of-the-art services.

#### Smart City Solutions

Contributing to the development of smart cities through innovative and integrated solutions.

#### Digital Solutions

Building data driven insights products to help decision making, improve energy usage and implement sustainable actions.

These services will be rolled out in carefully planned phases, ensuring a commitment to professionalism and high quality. The company's vision extends to future market expansions, aiming to become the foremost service provider, adept at meeting evolving needs and staying abreast of technical and professional developments in local markets.



# 04

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# CFO's Review

## The company has a strong financial position and a sustainable capital structure that enables it to finance its growth plans

The pursuit of financial sustainability represents one of the financial sustainability is an enabling strategic pillar for a successful delivery of the corporate strategy. 2023 marked another year of investing in the future, our strategic investments in capital projects grew to 41.6 BSAR, representing 52% growth compared to last year. These projects will contribute to enhancing the company's future growth. These investments focus on meeting the growing demand for electricity service, improving its quality and reliability, building smart grids, and provide electricity transmission and distribution grids in order to further boost electricity generation efficiency levels distribution sectors to increase the efficiency of electricity generation and achieve the targeted optimal energy mix for electricity production, aligning with the goals of the Kingdom's Vision 2030. Additionally, our ongoing objective is to leverage the company's expertise and asset base to provide additional growth opportunities from new unregulated businesses. These include fiber optics, sustainable energy services, project development and management, providing infrastructure for electric vehicles, and others.

Our financial and financing strategy relies on a set of core principles that support our strong credit rating, tied to the sovereign rating of the Kingdom. This approach ensures access to a diverse range of financing sources, instruments, along with domestic and international financial markets, while also maintaining sufficient liquidity to meet investment, operational, and short-term financing needs. Considering this, the company always seeks to build and develop long-term relationships with financing partners across various categories, alongside optimizing cash flows from operational activities to meet operational and investment expenditure requirements and strengthen the company's financial position.

By the end of 2023, total assets amounted to 500.8 billion SAR, compared to 479.5 billion SAR, representing a growth rate of 4.4%. Equity amounted to 256.3 billion SAR, while net debt stood at approximately 109.3 billion SAR. Consequently, the company enjoys a strong financial position and a sustainable

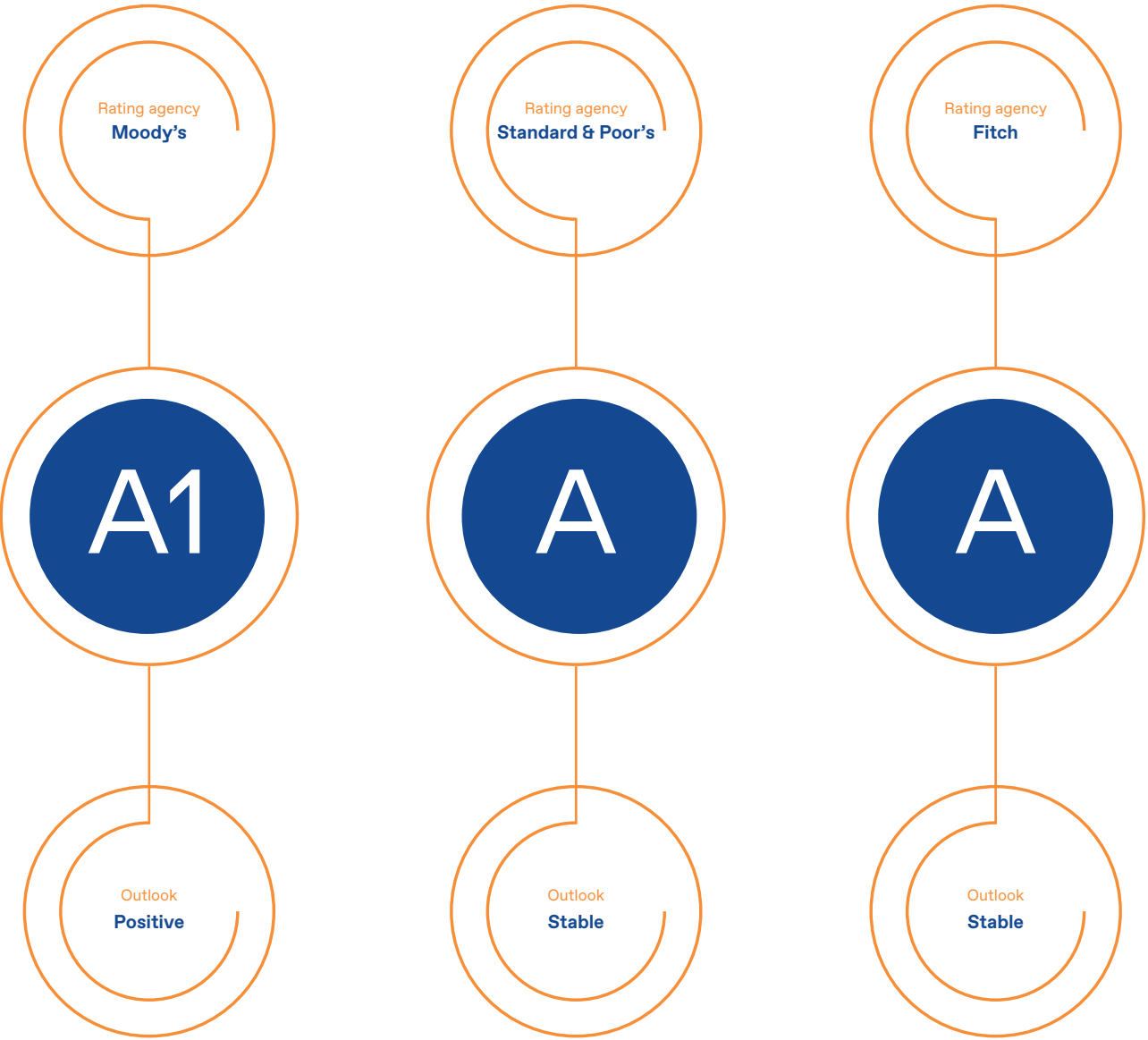
capital structure enabling it to finance its growth plans. During 2023, the company successfully concluded several high-profile financing transactions in financial markets, totaling 34.1 billion SAR (equivalent to 9.1 billion US dollars), through various financing, including conventional and green Sukuk related to environmental, social, and governance practices, as well as joint domestic and international financing, export credit agencies, supporting continued investment in the company's future growth. The company maintained a strong investment-grade credit rating, equivalent to the Kingdom's sovereign credit rating by both Moody's and Standard & Poor's rating agencies, with an A1 rating and positive outlook from Moody's, an A rating with a stable outlook from Standard & Poor's, and an A rating with a stable outlook from Fitch. these ratings are considered one of the highest credit ratings for companies in the Kingdom.

We are witnessing sustainable growth in demand for electricity, reflecting demographic and economic growth in the Kingdom under Vision 2030. Electricity consumption grew by 5% in 2023 compared to the previous year, with the company extending electricity services to more than 346 thousands new customers. Additionally, the transmission system customers' loads were higher and the backup capacity charges were increased. while the company continued to grow its subscriber base for Dawiyat company FTTH services and expand its product offerings. These factors combined, in addition to new revenue from development projects to construct substations and transmission lines for the company's customers. contributed to a 4.5% increase in operating revenues in 2023 compared to the previous year, reaching 75.33 billion SAR compared to 72.079 billion SAR in 2022. Net profit in 2023 amounted to 10.249 billion SAR compared to 15.135 billion SAR in the previous year, reflecting a decrease of 32.3%, primarily attributed to increased operating and maintenance expenses due to business and asset growth, increased loads, and increased maintenance programs, as well as higher financing costs and recording of non-recurring expenses. These factors were partially offset by higher operating revenues and a decrease in the provision for accounts receivable due to improved collection processes.

# Credit Rating

## SEC has successfully retained a robust investment-grade credit rating by global rating agencies, positioning the company's credit rating among the highest in the corporate landscape within the Kingdom

The company's credit rating





# Summary of Financial Performance

The Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, as well as other standards and versions approved by the Saudi Organization for Certified and Professional Accountants. There was no deviation from these standards.

## Operating Results

Clarification of any material differences in the operating results from the previous year's results or any expectations announced by the Company:

Figures in thousand SAR

Statement	2023	2022	Changes +/-	Percentage change
Sales/Revenue	75,329,673	72,079,424	3,250,249	4.5%
Operating expenses	(61,360,396)	(53,929,130)	(7,431,266.00)	13.8%
(Expenses) / Other Income, Net	46,496	1,214,120	(1,167,624)	(96.1%)
Provision for receivable from consumption of electricity and other receivables, net	149,868	(1,378,475)	1,528,343	(110.9%)
Operating profit for the year	14,165,641	17,985,939	(3,820,298)	(21.2%)
Financing costs, net	(3,651,034)	(2,680,665)	(970,369)	36.2%
Share of (gain / loss) on equity accounted investees	83,673	307,749	(224,076)	(72.8%)
Zakat and tax expense	(348,981)	(416,621)	67,640	(16.2%)
Net profit for the year from continuing operations	10,249,299	15,196,402	(4,947,103)	(32.6%)
Discontinued operations				
Loss of year from discontinued operations		(61,178)	61,178	(100%)
Net profit for the year	10,249,299	15,135,224	(4,885,925)	(32.3%)

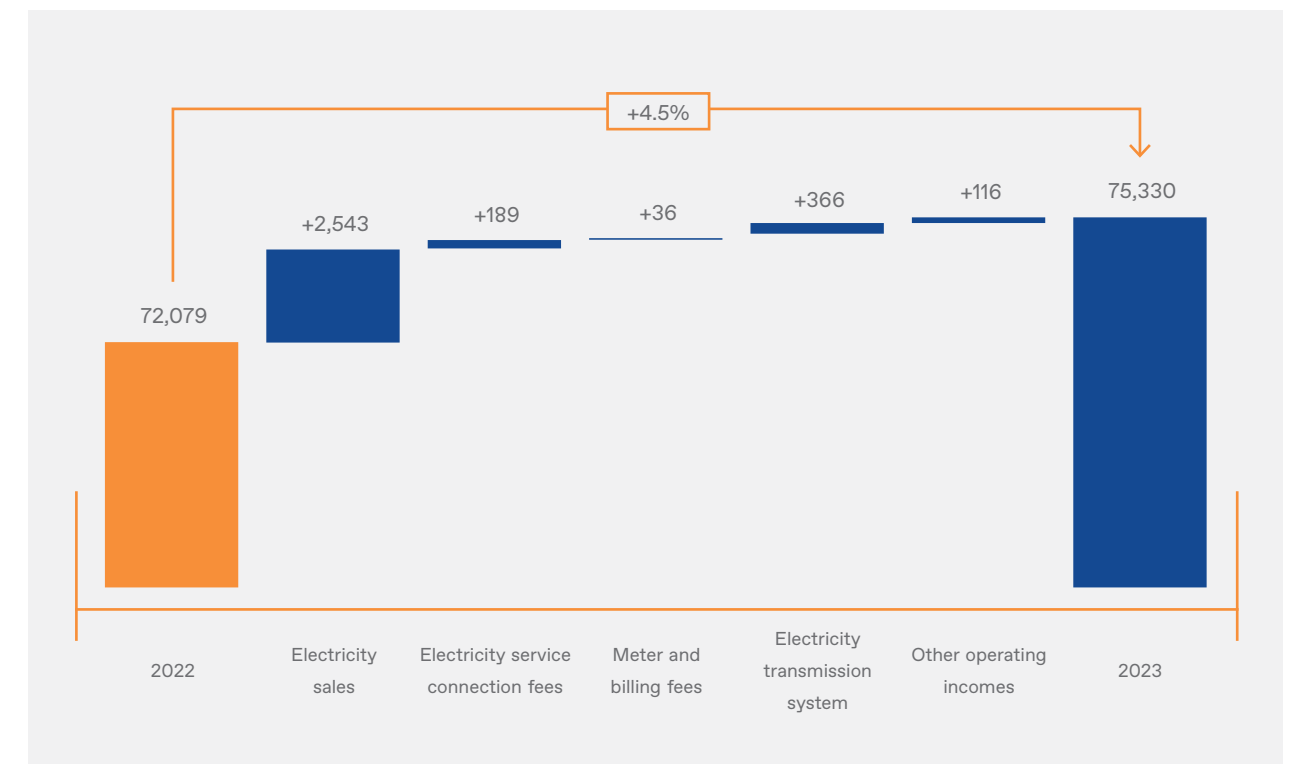
## Description of the Main Activities of the Company

Activity	Percentage of fixed assets	Percentage of operating expenses
Electric power generation	24%	17%
Electric power transmission	42%	21%
Distribution and customers' services	31%	61%
Support organizational activities	3%	1%
Total	100%	100%

## Operating revenues

The operating revenues in 2023 amounted to 75,330 million SAR, compared to 72,079 million SAR in 2022, reflecting a growth rate of 4.5%. The growth is attributed to the following factors:

- The increase of sales of electricity revenues to 64,877 million SAR, compared to 62,334 million SAR in the previous year, representing a growth rate of 4.1%. This increase is attributed to growth in consumption from the commercial, agricultural, and residential segments.
- The increase in electricity service connection revenues to 2,638 million SAR in 2023, compared to 2,448 million SAR in the previous year, representing a growth of 7.7%. The increase is attributed to the connection of electricity service new customers in 2023, and the increase in amortization of deferred revenues during 2023.
- The increase in the transmission system revenues in 2023 to 1,746 million SAR, compared to 1,380 million SAR in 2022, indicating a growth of 26.5%. this is a result of higher wheeled loads for customers as well as increased backup power capacity charges.
- Other operational income increased to 4,579 million SAR in 2023, compared to 4,463 million SAR in the previous year, reflecting a growth of 2.6%. The increase is attributed to higher revenue from Dawiyat Company driven by growing customers' base for FTTH connection. These in addition to new revenue from development projects to construct substations and transmission lines for SEC's customers.



Cost of sales

The cost of sales in 2023 amounted to 59,808 million SAR, compared to 52,320 million SAR in the previous year, reflecting an increase of 14.3%. The increase is attributed to the following factors:

- The cost of purchased energy and fuel in 2023 increased to 21,753 million SAR, compared to 19,313 million SAR in the previous year, with a 12.6% increase. This increase is a result of its impact on factors stemming from the growth in demand for electricity and the signed power purchase agreements with Saudi Power Procurement Company in early July 2022.
- Depreciation of operation and maintenance assets and depreciation of right-of-use assets amounted to 19,048 million SAR, compared to 18,892 million SAR in the previous year, reflecting a 1% increase. This increase is due to assets additions.
- Operation and maintenance expenses in 2023 increased to 19,008 million SAR, compared to 14,114 million SAR in the previous year, representing a 34.7% increase. The increase is attributed to business and asset growth, increased maintenance programs, higher loads, as well as the costs associated with contracts for the development of projects to build substations and transmission lines for the company’s customers.

Net Expenses/Other Income

The net income/other expenses in 2023 amounted to 46 million SAR, compared to 1,214 million SAR in the previous year, indicating a decrease of 96.2%. The change is attributed to recording a non-recurring expense compared to the previous year. Additionally, the previous year was positively impacted by the reversal of losses related to impairment of in property, machinery, and equipment.

Operating Profit

The operating profit in 2023 amounted to 14,166 million SAR, compared to 17,986 million SAR in the previous year, reflecting a decrease of 21%. The primary reason for the decrease is attributed to the rise in operating and maintenance costs, as well as a decline other income, net mainly due to booking a non-recurring item in 2023.

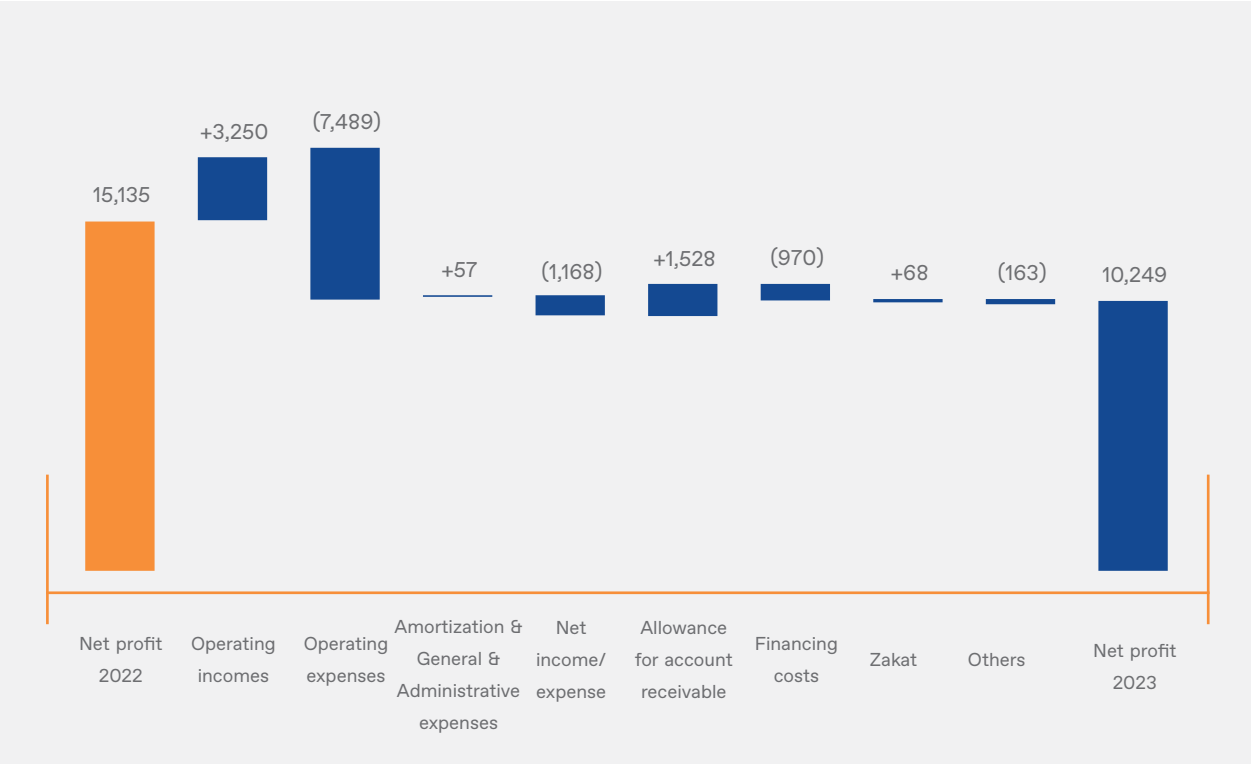
Financing costs, net

The net financing costs charged to the income statement reached 3,651 million SAR, compared to 2,681 million SAR, indicating an increase of 36.2%. The main reason for the increase mainly due to the high-interest rates environment prevailing globally, in addition to the increase in financing costs attributable to additional funding obtained during the current year to finance the company’s capital projects.

Net Profit

Overall, the net profit in 2023 amounted to 10,249 million SAR, compared to 15,135 million SAR in the previous year, reflecting a decrease of 32.3%. The decline in net profit for 2023, compared to the previous year, is mainly due to the following:

- Increase in operating and maintenance expenses due to business and asset growth, increased maintenance programs, higher loads, and the costs associated with contracts for the development of projects to build stations and transmission lines for the company’s customers.
- Increase in financing costs, attributed to the global increase in prevailing interest rates, along with obtaining additional financing during the current year to fund the company’s capital projects.
- Recording a non-recurring items leading to a decrease in other revenues/expenses.
- It is worth noting that these factors were partially offset by an increase in operational revenues and a decrease in the provision for the accounts receivable.



Net allowance for Accounts receivable

The net allowance for accounts receivable recorded a positive amount of 150 million SAR, compared to a net expense of 1,378 million SAR in the previous year. The positive change is attributed to an improvement in the collection of accounts receivable, leading to the reversal of previous provisions.

Adjusted Net Profit

The adjusted net profit (net profit attributable to ordinary shares after deducting dividends from Mudaraba instruments amounting to 7.7 billion SAR) for the year 2023 was 2.6 billion SAR, compared to 7.5 billion SAR for the previous year, reflecting a decrease of 65%. Accordingly, the basic and diluted earnings per share for 2023 amounted to 0.62 SAR, compared to 1.79 SAR for the previous year.



# Summary of Financial Performance

## Income Statement

Figures in thousand SAR

Statement	2023	2022	2021	2020	2019
Operating revenues	75,329,673	72,079,424	69,338,036	68,708,918	65,040,000
Cost of sales	(59,808,297)	(52,319,607)	(48,796,076)	(60,611,812)	(58,915,883)
Gross Profit	15,521,376	19,759,817	20,541,960	8,097,106	6,124,117
General and administrative expenses	(1,552,099)	(1,609,523)	884,907	(1,244,638)	(1,244,525)
Total operating expenses	(61,360,396)	(53,929,130)	( 49,680,983)	(61,856,450)	(60,160,408)
Other income/ (expenses), net	46,496	1,214,120	(812,875)	1,582,155	1,655,738
Fuel settlement expense	-	-	(207,93)	(808,090)	-
Provision for receivable from consumption of electricity and other receivables, net	149,868	(1,378,475)	(1,074,931)	(253,638)	-
Operating profit for the year	14,165,641	17,985,939	1,074,931	7,626,533	6,535,330
Financing expenses, net	(3,651,034)	(2,680,665)	(2,558,926)	(4,890,810)	(4,886,933)
Share of gain - (loss) on equity accounted investees	83,673	307,749	(10,202)	4,337	(40,229)
Zakat and income tax expense	(348,981)	(416,621)	(455,925)	285,488	(220,611)
Net profit for the year from continuing operations	10,249,299	15,196,402	14,536,264	3,103,588	1,387,557
Discontinued operations	-	-	-	-	-
Net loss from discontinued operations	-	(61,178)	(145,393)	(78,040)	-
Net profit of the year	10,249,299	15,135,224	14,390,871	3,025,548	1,387,557

## Geographical Analysis of the Company's Revenues

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

Figures in thousand SAR

Year	Description	Business Region				Total
		Central	Eastern	Western	Southern	
2023	Electricity sales	21,523,109	16,588,126	19,917,172	6,848,524	64,876,931
2022		20,430,053	16,910,522	18,196,768	6,796,624	62,333,967

## Statement of Financial Position

Figures in thousand SAR

Statement	2023	2022	2021	2020	2019
Current assets	33,598,915	35,288,001	33,359,420	45,788,024	53,848,319
Other long-term assets	6,238,380	6,110,272	2,791,892	2,882,219	3,012,697
Fixed asset, net	460,951,523	438,083,263	438,731,462	436,779,330	422,968,974
Total Assets	500,788,818	479,481,536	474,882,774	485,449,573	479,829,990
Current liabilities	57,477,596	62,940,146	64,511,537	71,129,812	165,029,519
Long-term loans and sukuk	85,004,743	80,817,728	84,613,253	100,305,959	91,763,786
Other liabilities	101,988,767	78,672,938	74,134,316	66,239,250	149,466,813
Total Liabilities	244,471,106	222,430,812	223,259,106	237,675,021	406,260,118
Paid-up capital	41,665,938	41,665,938	41,665,938	41,665,938	41,665,938
Reserves and retained earnings	46,731,211	47,464,223	42,037,167	38,188,051	31,903,934
Mudaraba Instrument	167,920,563	167,920,563	167,920,563	167,920,563	-
Total owners equity	256,317,712	257,050,724	251,623,668	247,774,552	73,569,872
Total liabilities and owners equity	500,788,818	479,481,536	474,882,774	485,449,573	479,829,990

## Cash Flow Statement

Figures in thousand SAR

Statement	Percentage change	2023	2022
Net cash generated from operating activities	-22.8%	32,618,850	42,272,480
Net cash used in investing activities	7.3%	(32,196,156)	(30,012,690)
Net cash used in financing activities	-80.7%	(2,963,966)	(15,340,222)
Net change in cash and cash equivalents	-17.5%	(2,541,272)	(3,080,432)
Cash and cash equivalents at the beginning of the year	-49.3%	3,162,824	6,243,256
Cash and cash equivalents at the end of the year	-89.9%	621,552	3,162,824

# Loans & Sukuks

## Islamic sukuks redeemed during the year 2023

In 2023, the Saudi Electricity Company announced the full redemption of the International sukuks due on April 8, 2023, with a total amount of 1 billion US dollars.

On April 6, 2023, the company declared the complete redemption of the second tranche of the International Islamic sukuks issued on April 8, 2013, amounting to 1 billion US dollars. These sukuks were listed on the London Stock Exchange. Details of the redeemed Sukuk as follows:

- Redemption Amount: 1 billion US dollars.
- Total Number of Redeemed sukuks: 5000 suk.
- Trading Suspension Date: April 8, 2023.
- Face Value of Each sukuk upon Redemption: 200,000 US dollars.
- Total Issued Value after Redemption: 0.
- The funds were deposited into the sukukholders' accounts on April 11, 2023.
- Deutsche Bank (London branch) is the paying agent, and they can be contacted via email at debt.services@db.com.

## Statement of Commercial Loans as at 31/12/2023

Figures in thousand SAR

Statement	Total value of principal of loans	Loan balance at the beginning of the period as at 1/1/2023	Loan withdrawals during the year	Actual repayment of loans during the year	Loan balance End of period 31/12/2023
Domestic banks 2	5,000,000	1,152,000		384,800	767,200
Domestic banks 3	10,000,000	2,723,810		2,723,810	-
Domestic banks 6	3,500,000	2,546,250		52,500	2,493,750
Domestic banks 7	2,400,000	2,220,000		2,220,000	-
Domestic banks 8	15,200,000	14,592,000		304,000	14,288,000
Domestic banks 9	2,850,000	2,840,000		10,000	2,830,000
Domestic banks 10	9,000,000	8,910,000		180,000	8,730,000
Domestic banks 11	1,500,000	1,500,000		15,000	1,485,000
Local Syndicated Loan 12 (A)	10,000,000	-	10,000,000		10,000,000
Domestic bank 13 (B)	1,600,000	-	902,824		902,824
Domestic bank 14 (C)	3,000,000	-	3,000,000		3,000,000
International bank 2	3,709,125	351,327		309,351	41,976
International syndicated loan 3	5,251,120	1,749,554		437,614	1,311,940
International syndicated loan 4	7,240,715	3,480,571		603,521	2,877,050
International syndicated loan 6	3,375,585	1,968,144		281,405	1,686,739
International syndicated loan 7	1,575,336	918,810		131,330	787,480
International syndicated loan 9	4,000,000	749,275	600,878	93,774	1,256,379
International syndicated loan 10	11,265,874	11,265,874		-	11,265,874

## Statement of Sukuk Issues as of 31/12/2023

Figures in thousand SAR

Statement	Issue size	Issue Date	Actual Sukuk repayments during the year	Total value of issue after modification	Maturity Date
Local Sukuk (Fourth Issuance) in SAR	4,500,000	2014	-	4,500,000	In 2054 with the right of early redemption in the year 2024,2034,2044
International Sukuk (1,000 million US dollars)	3,750,750	2013	3,750,750	-	2023
International Sukuk (1,000 million US dollars)	3,750,750	2013	-	3,750,750	2043
International Sukuk (1,500 million US dollars)	5,625,600	2014	-	5,625,600	2024
International Sukuk (1,000 million US dollars)	3,750,400	2014	-	3,750,400	2044
International Sukuk (800 million US dollars)	3,000,800	2018	-	3,000,800	2024
International Sukuk (1,200 million US dollars)	4,501,200	2018	-	4,501,200	2028
International Sukuk (650 million US dollars)	2,437,500	2020	-	2,437,500	2025
International Sukuk (650 million US dollars)	2,437,500	2020	-	2,437,500	2030
International Sukuk (1200 million US dollars) Tranche One	4,500,000	2023	-	4,500,000	2033
International Sukuk (800 million US dollars) Tranche Two	3,000,000	2023	-	3,000,000	2053

## Bank facilities and short-term revolving loans

Figures in thousand (SAR/USD)

Statement	Principal loan amount	Loan Currency	December 2023 31
Domestic revolving bank loan 1	3,000,000	SAR	3,000,000
International syndicated revolving loan 4	9,665,625	USD	5,915,653



## Other Financial Information

- There were no convertible debt instruments and any contractual securities, or any rights of subscription memorandums or similar rights issued or granted by the company during the fiscal year ended 31/12/2023.
- There were no transfer or subscription rights under convertible debt instruments and any contractual securities, rights of subscription memorandums or similar rights issued or granted by the company during 2023.

### Description of any transaction between the Company and a Related Party

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

#### Sale of Electricity

For the year ended 31 December (Figures in thousand SAR)

	2023	2022
Electric Sales of electricity Sales:		
The ultimate controlling party of the group	11,382,408	11,715,523
Entities under the control of the ultimate controlling party of the group:		
Saudi Power Procurement Company	15,981,381	8,479,102
Saudi Aramco	511,440	403,434
Saline Water Conversion Corporation	540,785	585,549
Total	28,416,014	21,183,608

#### Purchases of Energy and Fuel

For the year ended 31 December (Figures in thousand SAR)

	2023	2022
Entities under the control of the ultimate controlling party of the group:		
Saudi Aramco*	-	5,120,347
Saline Water Conversion Corporation	-	99,063
Al-Fadhili Cogeneration Company	-	95,942
The Saudi Power Procurement Company	37,178,438	10,644,715
Joint venture and associates:		
Dhuruma Electricity Company	-	347,822
Rabigh Electricity Company	-	426,765
Hajr for Electricity Production Company	-	399,103
Al-Mourjan for Electricity Production Company	-	200,328
Total	37,178,438	17,334,085

The Group purchased fuel from Saudi Aramco and power from Saline Water Conversion Corporation and power producer companies at rates stipulated within the respective governmental resolutions till July 1, 2022. The Company executed the procedures for transferring all of the power and fuel purchase agreements to the Saudi Power Procurement Company through bulk purchase agreement starting from July 1, 2022.

#### Other

For the year ended 31 December (Figures in thousand SAR)

	2023	2022
Group's ultimate controlling party		
Payment from contractual reserve for Mudaraba instrument	7,661,376	7,661,376

#### Year end balances arising from transactions with related parties

For the year ended 31 December (Figures in thousand SAR)

	2023	2022
Amounts receivable from electricity sales:		
Group's ultimate controlling party - Governmental electricity receivables	6,444,187	5,760,367
Entities under control of the Group's ultimate controlling party		
Saudi Power Procurement Company	2,688,458	4,419,049
Saudi Aramco - Receivables from electricity consumers	221,319	205,742
Saline Water Conversion Corporation	547,159	243,182
Total	9,901,123	10,628,340
Loans and advances:		
Joint ventures and associates:		
Al-Fadhli Co-production - loans	232,613	251,745
Global Data Center Company - loans	76,986	55,250
Al Mourjan for Electricity Production Company - loans	-	39,706
Sedra Holding Company	68,630	-
Qudra Holding Company	68,630	-
Total	446,859	346,701

#### Prepayments and other receivables

For the year ended 31 December (Figures in thousand SAR)

	2023	2022
Entities under control of the Group's ultimate controlling party		
Amounts due from the Ministry of Finance	-	1,753,025

This balance represented the net amount due from the government resulted from the settlement in 2022 of some balances due from government agencies against balances due to some government agencies based on the relevant ministerial minutes and decisions.

	2023	2022
Contract assets		
Entities under the control of the ultimate controlling party of the group:		
Saudi Aramco	248,679	-

	2023	2022
Trade payables and accruals		
Entities under the control of the ultimate controlling party of the group:		
Saline Water Conversion Corporation	118	313,425
Governmental payable expenses	830,421	6,273,726
The Saudi Power Procurement Company	30,371	-
Saudi Aramco	137,652	-
Total	998,562	6,587,151

	2023	2022
Deferred government grant:		
Ultimate controlling party of the group:		
Ministry of Communications and Information Technology	1,256,645	1,398,714

# Other Financial Information

## Details of Shares and Debt Instruments Issued by Each Subsidiary and Investee

<div>01</div> <div>GCC Interconnection Authority</div> <div>Number of shares/shares</div> <div>1,534,170</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>02</div> <div>Electricity Sukuk Company</div> <div>Number of shares/shares</div> <div>10,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>Sukuk 3 with an amount of 5.73 billion SAR Sukuk 4 with an amount of 4.5 billion SAR</div>	<div>03</div> <div>Dawiyat Telecommunications Company</div> <div>Number of shares/shares</div> <div>1,000,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>
<div>04</div> <div>National Grid SA</div> <div>Number of shares/shares</div> <div>200,000,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>05</div> <div>Dhuruma Electricity Company</div> <div>Number of shares/shares</div> <div>400,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>06</div> <div>Hajr Electricity Production Company</div> <div>Number of shares/shares</div> <div>215,623,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>
<div>07</div> <div>Rabigh Electricity Company</div> <div>Number of shares/shares</div> <div>92,375,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>08</div> <div>Al-Mourjan for Electricity Production Company</div> <div>Number of shares/shares</div> <div>1,000,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>09</div> <div>Saudi Electricity Company for Projects Development</div> <div>Number of shares/shares</div> <div>100,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>
<div>10</div> <div>Gulf Laboratory Company for Electrical Equipment Testing</div> <div>Number of shares/shares</div> <div>79,775,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>11</div> <div>Al-Fadhili Cogeneration Company</div> <div>Number of shares/shares</div> <div>150,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>12</div> <div>Saudi Green Company for Carbon Services (SGCS)</div> <div>Number of shares/shares</div> <div>1,000,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>
<div>13</div> <div>Solutions Valley Company</div> <div>Number of shares/shares</div> <div>500,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>14</div> <div>Dawiyat Integrated Telecommunications &amp; Information Technology Company</div> <div>Number of shares/shares</div> <div>100,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>15</div> <div>Global Data Hub Company</div> <div>Number of shares/shares</div> <div>1,000,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>

<div>16</div> <div>Shuaibah Water &amp; Electricity Company (SWEC)</div> <div>Number of shares/shares</div> <div>156,050,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>17</div> <div>Saudi Energy Production Company</div> <div>Number of shares/shares</div> <div>200,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>18</div> <div>Shuaibah Expansion Project Company (SEPCO)</div> <div>Number of shares/shares</div> <div>17,581,800</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>
<div>19</div> <div>Shuqaiq Water and Electricity Company (SQWEC)</div> <div>Number of shares/shares</div> <div>112,000,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>20</div> <div>Jubail Water and Power Company (JWAP)</div> <div>Number of shares/shares</div> <div>88,250,000</div> <div>shares</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>21</div> <div>Saudi Electricity Global Sukuk Company</div> <div>Number of shares/shares</div> <div>1</div> <div>servingst</div> <div>Debt Instruments</div> <div>USD 1.75 billion</div>
<div>22</div> <div>Saudi Electricity Global Sukuk Company 2</div> <div>Number of shares/shares</div> <div>1</div> <div>servingst</div> <div>Debt Instruments</div> <div>USD 2B</div>	<div>23</div> <div>Saudi Electricity Global Sukuk Company 3</div> <div>Number of shares/shares</div> <div>1</div> <div>servingst</div> <div>Debt Instruments</div> <div>USD 2.5B</div>	<div>24</div> <div>Saudi Electricity Global Sukuk Company 4</div> <div>Number of shares/shares</div> <div>1</div> <div>servingst</div> <div>Debt Instruments</div> <div>USD 2B</div>
<div>25</div> <div>Saudi Electricity Global Sukuk Company 5</div> <div>Number of shares/shares</div> <div>1</div> <div>servingst</div> <div>Debt Instruments</div> <div>USD 1.3B</div>	<div>26</div> <div>Saudi Electricity Sukuk Programme Company</div> <div>Number of shares/shares</div> <div>100</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>27</div> <div>Sidra Holding Company</div> <div>Number of shares/shares</div> <div>1000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>
<div>28</div> <div>Qudra Holding Company</div> <div>Number of shares/shares</div> <div>1000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>29</div> <div>Dawiyat Digital Information Technology Company</div> <div>Number of shares/shares</div> <div>100,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>	<div>30</div> <div>Dawiyat data centers company</div> <div>Number of shares/shares</div> <div>100,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>
<div>31</div> <div>Electric Vehicles Infrastructure Company</div> <div>Number of shares/shares</div> <div>101,600,000</div> <div>servingst</div> <div>Debt Instruments</div> <div>There isn't any</div>		



## Other Financial Information

A statement of the value of statutory payments made and due for the payment of any zakat, taxes, fees or any other dues that have not been paid until the end of the annual financial period, with a brief description thereof and a statement of the reasons therefor

The table below shows the amounts due to the regulatory or supervisory bodies in the country:

Figures in thousand SAR		
	2023	2022
Customs fees	253	2,566
Zakat & Tax	625,424	123,422
General Organization for Social Insurance	1,087,587	1,032,188
Other	96,566	77,459
Total	1,809,830	1,235,635

### Investments or Reserves created for the Benefit of the Company's Employees

#### Savings Program

The company has created an optional savings program to motivate employees and boost their sense of loyalty and affiliation to the company. This contributes to raising employee performance levels and attracting qualified Saudi cadres and motivating them to continue serving the company, as well as helping Saudi employees collect savings and benefits from these savings upon retirement or service termination.

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

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

Figures in thousand SAR		
Statement	Employee contribution	Due to employees from the company's contribution
Balance as at the beginning of the year	782,007	1,012,140
Net added / excluded during the year 2023	84,420	86,789
Year-end balance	866,427	1,098,929

#### Housing Loans Program

For the 15<sup>th</sup> consecutive year, the Company has continued to provide the Housing Loan program to Saudi employees through the local banks in accordance with the program's regulations to finance the ownership, construction or completion of housing construction in a format compatible with the provisions of the Islamic Law (Murabaha), with the company's contribution to a 70% to 100% of the profit margin of the financing amount, where the company's contribution stops at the employee's end of service or for any other reason or in the event of early repayment. The total amount disbursed during the year 2023 amounted to 153,807,187 Saudi riyals.





# 05

## Corporate Governance

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# Corporate Governance System

Saudi Electricity Company's Corporate Governance is designed to safeguard and enhance value for shareholders and stakeholders. The governance structures are periodically reviewed and adjusted to ensure compliance with all relevant laws and regulations, as well as to incorporate the latest and most effective best practices

This dynamic approach reflects the company's commitment to upholding the highest standards of transparency, accountability, and ethical conduct in its operations, ensuring sustainable growth and trust among its stakeholders. The continuous refinement of these governance structures underscores the company's dedication to adaptability and responsiveness to the evolving landscape of corporate governance principles and industry standards.



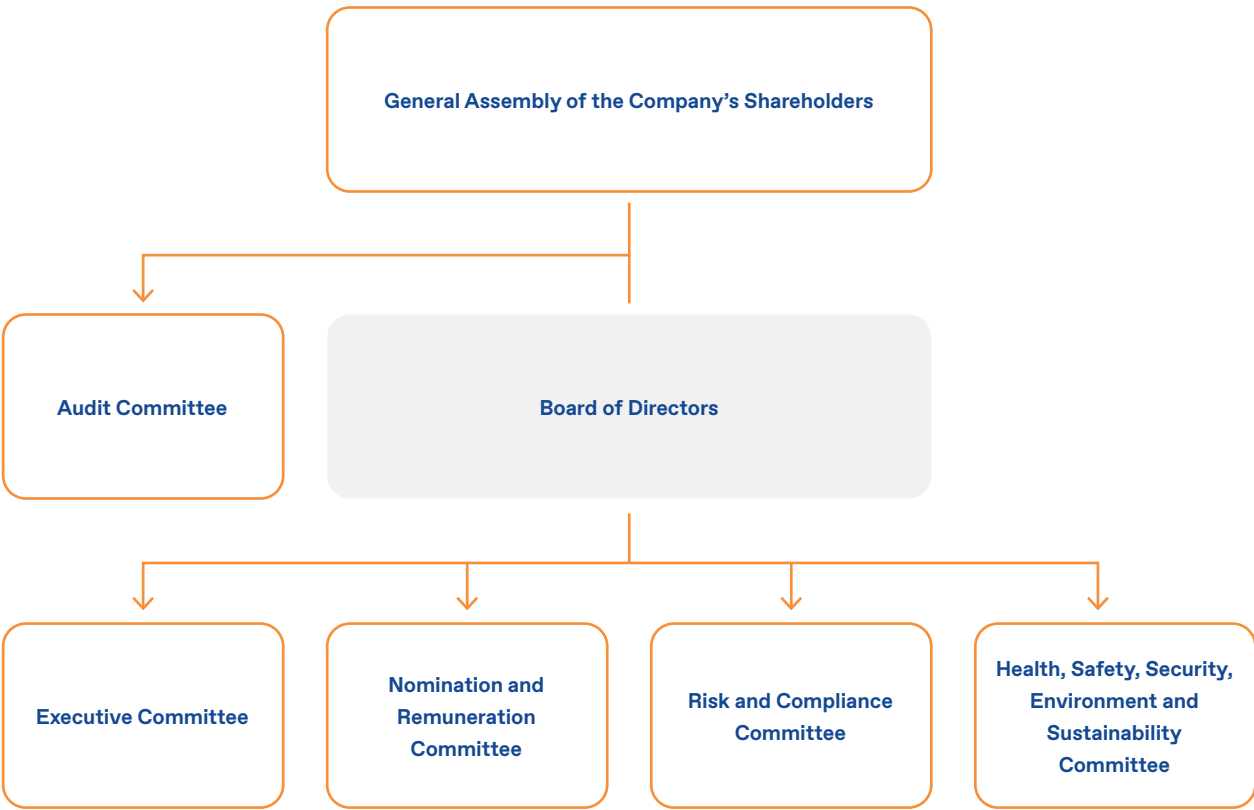
## Corporate Governance Framework

The Saudi Electricity Company Corporate Governance Code outlines a comprehensive set of governance policies to be followed by the Board of Directors, Board Committees, and Executive Management. These policies cover a wide range of important areas, including shareholder rights, Board members' election and responsibilities, internal control systems, stakeholder engagement, disclosure, transparency, and more.

In addition to the Corporate Governance Code, the company has also established other policies that complement and reinforce its commitment to governance. These include the Shareholders & General Assembly Rights Charter, as well as specific charters for the Board of Directors, and its Committees. To ensure that the governance standards are fully embraced and upheld throughout the company, there is an Internal Governance Department that operates under the Board Secretary. This Department is responsible for promoting awareness of the governance structures and policies, as well as submitting various governance related reports.

## Corporate Governance Structure

The Board of Directors is crucial in setting the company's direction and maintaining overarching supervision throughout the organization, second only to the General Assembly. The Board of Directors Charter delineates the specific authorities and responsibilities to the Board, which include establishing and reviewing corporate policies, devising a corporate strategy, setting and monitoring performance objectives, determining appropriate capital structures, evaluating the effectiveness of internal control systems, and making recommendations to the General Assembly. The Board consists of 9 Board Members appointed by the General Assembly for terms not exceeding more than 4 years and is required to meet at least quarterly every year. The Board Members bring diverse backgrounds and experiences from various industries, including electrical engineering, government, law, investment, project management, management consulting, capital markets, and finance. The Chairman of the Board, who is appointed by the Board itself, cannot hold any executive position within Saudi Electricity Company.



To ensure accountability and effectiveness, the Board, Board Committees, Members, and the CEO undergo annual performance evaluations overseen by the Chairman of the Board and Independent Board Members. Non-Executive Board Members also conduct assessments of the Chairman of the Board. Additionally, an independent third-party conducts an external evaluation of the Board's performance every three years.

## Ethics and Compliance

Saudi Electricity Company places a great importance on governance to protect shareholder rights and promote sustainability, transparency, and disclosure to stakeholders. In addition to establishing effective internal controls, the company is committed to conducting all business activities with the utmost integrity, transparency, and accountability. To achieve this, the company adheres to a Code of Conduct & Ethics that outlines standards for rights of the employees, anti-corruption, competition and fair dealing.

The Code of Conduct & Ethics also includes policies covering bribery, improper engagement with third parties, vendor selection, facilitating payments, anti-money laundering, charitable contributions and event sponsorship, solicitation and extortion, and merger and acquisition activity. To ensure compliance with these policies, the company maintains additional policies that guide decision-making, such as a Policy of Criteria for Participation in the Competing Business of the company, Conflict of Interest Policy, and Disclosure & Transparency Policy.

The Business Integrity Department oversees all matters related to business ethics, including raising awareness about corruption prevention, and monitoring the hotline system. The hotline system is available to employees and external parties who can report any complaints or violations of internal regulations, rules, instructions, or corporate policies. The hotline system aims to promote a culture of professional behavior, integrity, and transparency while preserving the assets and resources of the company.

# Corporate Board and Executive Management

## Board of Directors Formation and Responsibilities

### Procedures for appointing Board of Directors and its Committees' Members

The stewardship of the company is overseen by the Board of Directors, comprising nine (9) members appointed by the General Assembly of Shareholders. From within its ranks, the Board selects a Chairman and a Vice Chairman. To enhance its supervisory role, the Board of Directors has established committees:

- The Audit Committee
- The Executive Committee
- The Risk and Compliance Committee
- Nomination and Remuneration Committee
- Health, Safety, Security, Environment and Sustainability Committee

Committee members are appointed by the Board of Directors, with the Board retaining the authority to adjust memberships as needed. The Board evaluates members' independence and expertise in line with the Capital Market Authority (CMA) laws and regulations governing SEC.

### Board of Directors Responsibilities

The Board, as the representative for all shareholders, actively fulfills duties of care and loyalty, safeguarding the company's interests, fostering development, and maximizing overall value. While delegating powers to committees or individuals, the Board retains ultimate responsibility for the company's actions.

The Board is tasked with various pivotal responsibilities, which encompass:

- Establishing and overseeing the implementation of the company's business plans, policies, strategies, and objectives, ensuring the availability of necessary human and financial resources.
- Defining policies and procedures for internal controls, including conflict of interest, financial, and accounting rules, and conducting annual reviews for effective implementation.
- Establishing explicit criteria and procedures for Board membership, in compliance with Corporate Governance Regulations, subject to General Assembly approval.
- Formulating a policy regulating relationships with stakeholders in accordance with Corporate Governance Regulations.

- Periodically (annual) reviewing and updating Board and Committees policies, aligning them with laws, instructions, and best practices.
- Supervising the company's financial management, cash flows, and credit relations with third parties.
- Offering recommendations to the General Assembly on share capital, financial reserves, and distribution of net profits.
- Preparing and approving the Board of Directors' report, interim and annual financial statements.
- Ensuring accuracy and integrity in data disclosure as per policies and regulations.
- Establishing effective communication channels for continuous shareholder engagement.
- Creating specialized Board Committees with defined terms, powers, and responsibilities.
- Defining employee remunerations, including fixed, and performance-linked compensations.
- Setting values and criteria governing the company's business.
- Developing programs for social initiatives and approving the Social Responsibility Policy.
- Establishing policies and procedures for stakeholder complaints and reporting violations, based on proposals from the Audit Committee.

### Board Term and Evaluation Procedures of the Board

Board membership ends with the expiration of the term or validity as per applicable laws in the Kingdom of Saudi Arabia. The Ordinary General Assembly holds the right to dismiss Board members at any time, with dismissed members having the option to hold the company accountable for unjust or untimely dismissals. Resignations by Board members are accepted if made appropriately; otherwise, the resigning member is liable for resulting damages. The General Assembly can, based on Board recommendation, terminate the membership of a member absent from three consecutive meetings without a valid excuse.

The Board conducts an annual evaluation of its performance, members, and Committees, with results disclosed to the Board. The evaluation, overseen by the Board Chairman and involving independent members, may seek input from the Nomination and Remuneration Committee or an impartial body.

# Members of The Board of Directors



**H.E. Dr. Khaled bin Saleh AlSultan**  
Chairman of the Board of Directors  
Non-Executive Member



**H.E. Dr. Najm bin Abdullah AlZaid**  
Vice Chairman  
Non-Executive Member



**Dr. Raed bin Nasser AlRayes**  
Board Member  
Non-Executive Member



**Mr. Walid bin Ibrahim Shukri**  
Board Member  
Independent Member



**Eng. Abdulkarim bin Ali AlGhamdi**  
Board Member  
Independent Member



**Eng. Nabil bin Abdulaziz AlNaim**  
Board Member  
Non-Executive Member



**Eng. Isam bin Alwan AlBayat**  
Board Member  
Non-Executive Member



**Mr. Mohammed bin Abdulrahman AlBalaihed**  
Board Member  
Non-Executive Member



**Eng. Scott Matthew Prochazka**  
Board Member  
Independent Member



## Members of The Board of Directors



**H.E. Dr. Khaled bin Saleh AlSultan**  
**Chairman of the Board of Directors**  
 Non-Executive Member

Holder of a Ph.D. in Industrial Engineering and Operations Research from the University of Michigan, USA.

### Positions and experiences

- Former President of King Abdullah City for Atomic and Renewable Energy.
- Held the position of Undersecretary of the Ministry of Higher Education for Educational Affairs.
- Former President of King Fahd University of Petroleum and Minerals.
- Member of the Board of Directors of the General Authority for Military Industries.
- Member of the Board of Directors of the Riyadh Development Authority.
- Member of the Board of Directors of MiSK Foundation.
- Member of the Board of Directors of MiSK International Schools.
- Member of the Board of Directors of MiSK City.
- Member of the Board of Directors of Riyadh Schools.
- Former member of the Saudi Technical Development and Investment Company.
- Former member of Saudi Aramco.
- Former and Current member of more than 40 councils in government sectors, civil, non-profit and academic.

### Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Corporate Governance Center	Inside the Kingdom	Limited Liability Company
Tatweer Education Holding Company	Inside the Kingdom	Government Company
Tatweer Education Technology (TETCO)	Inside the Kingdom	Government Company
Ardara Company	Inside the Kingdom	Limited Liability
Saudi Investment Recycling Company (SIRC)	Inside the Kingdom	Limited Liability

### Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Saudi Technology Development & Investment Co.	Inside the Kingdom	Unlisted Joint Stock

## Members of The Board of Directors



**H.E. Dr. Najm bin Abdullah AlZaid**  
**Vice Chairman**  
 Non-Executive Member

Holder of a Ph.D. in Law from George Washington University, USA.

### Positions and experiences

- Deputy Minister of Justice of Saudi Arabia.
- Member of the Board of Directors of the National Center for Privatization.
- Member of the Board of the Capital Market Authority.
- Member of the Regulatory Policies and Supervision Committee at the Saudi Tadawul Holding Group.
- Member of the Audit Committee of the Saudi Agricultural and Livestock Investment Company "SALIC".
- Head of Governance and Legal Group at Al Rajhi Bank.
- Director General of Legal Affairs at the Capital Market Authority.
- Assistant Director General for Legal Affairs at the Capital Market Authority.
- Member of the Audit and Risk Committee of the Diriyah Gate Development Authority.
- Member of the Governance Committee of the Saudi International Petrochemical Company (Sipchem).
- Founding Partner of ZS&R law firm.
- Member of the Corporate Governance Committee of Arabian Centers Company.
- Board Vice Chairman, Chairman of both Governance and Risk Committees of Med Gulf Cooperative Insurance Company.

### Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Gulf International Bank (Bahrain)	Outside the Kingdom	Unlisted Joint Stock
Gulf International Bank (Saudi Arabia)	Inside the Kingdom	Unlisted Joint Stock

### Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Al-Zaid Al-Sheikh & Al-Rashed Advocates & Legal Consultants	Inside the Kingdom	Professional Company
Arabian Centers Company	Inside the Kingdom	Listed Joint Stock
Saudi International Petrochemical Company (Sipchem)	Inside the Kingdom	Listed Joint Stock
Saudi Agricultural and Livestock Investment Company "SALIC"	Inside the Kingdom	Unlisted Joint Stock
Med Gulf Cooperative Insurance Company	Inside the Kingdom	Listed Joint Stock

## Members of The Board of Directors



**Dr. Raed bin Nasser AlRayes**  
Board Member  
Non-Executive Member

Holder of a Ph.D. in Business Administration from the University of Bradford in the United Kingdom.

### Positions and experiences

- Chief Executive Officer of Saudi Industrial Investment Company (Dussur).
- Consultant to H.E. the Minister of Energy, Industry and Mineral Resources, and Chief Auditor.
- Deputy CEO and General Manager, and Acting CEO and General Manager at Arab Petroleum Investments Company (APICORP).
- Deputy CEO & Head of Investment Banking at Al Rajhi Capital.
- He has several board memberships and many experiences in the field of financial business.

### Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Awqaf Investment Company	Inside the Kingdom	Unlisted Joint Stock
National Industrial Innovation Company	Inside the Kingdom	Limited Liability
Sami Vega Aero Manufacturing Industry Company	Inside the Kingdom	Limited Liability
Saudi Nuclear Energy Holding Company	Inside the Kingdom	Unlisted Joint Stock Company
Duwaihin Nuclear Power Company	Inside the Kingdom	Unlisted Joint Stock Company
King Abdullah Petroleum Studies and Research Center for Investment Management	Inside the Kingdom	Limited Liability
Baker Petrolite Saudi Co. Ltd.	Inside the Kingdom	Limited Liability

### Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
General Electric Saudi Advanced Turbine (GESAT)	Inside the Kingdom	Limited Liability

## Members of The Board of Directors



**Mr. Walid bin Ibrahim Shukri**  
Board Member  
Independent Member

Holder of a Bachelor's degree in Industrial Management from King Fahd University of Petroleum and Minerals, and a Certified Public Accountant (CPA) from the American Association of Certified Public Accountants (AICPA) and the Saudi Organization for Certified Public Accountants (SOCPA).

### Positions and experiences

- Lecturer at King Fahd University of Petroleum and Minerals
- Department of Industrial Management.
- Former senior partner at PricewaterhouseCoopers Saudi Arabia.
- Member of the Middle East leadership team at PricewaterhouseCoopers.
- Former managing partner at PricewaterhouseCoopers Saudi Arabia.
- Member of the American Society of Certified Public Accountants.
- Member of the Saudi Authority for Auditors and Accountants.
- Member of the Audit and Risk Committee, at the Diriyah Gate Development Authority.
- Member of the Audit, Risk and Compliance Committee at Ma'aden Company.
- Member of the Audit, Risk and Compliance Committee of the General Authority for Military Industries.
- Former member of the Board of Directors of the Saudi Organization for Auditors and Accountants, the Examinations Committee, the Internal Audit Committee and the Auditing Standards Committee.
- Former member of the Small and Medium Enterprises Committee of the Eastern Province Chamber of Commerce, and a representative of the Kingdom of Saudi Arabia in the General Assembly of the Accounting and Auditing Authority for the Gulf Cooperation Council countries.
- Former member of the Audit, Risk and Compliance Committee at Takween Company.
- Former member of the Board of Directors and member of the Audit, Risk and Compliance Committee, at the Saudi Mechanical Industries Company.
- Former member of the Audit Committee at the Industrialization Energy Services Company (TAQA).
- Former member of the Audit Committee of Bupa Arabia for Cooperative Insurance.
- Member of a special assignment for the United Nations within the Poverty Alleviation program in Moldova (July-September 2003).
- Former consultant at Ernst & Young.

### Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Saudi Agricultural and Livestock Investment Company "SALIC"	Inside the Kingdom	Closed Joint Stock
Middle East Paper Company (MEPCO)	Inside the Kingdom	Listed Joint Stock
Saudi Telecom Company (STC)	Inside the Kingdom	Listed Joint Stock

### Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Kanoo Group	Outside the Kingdom	Limited Liability
Al Hokair Group	Inside the Kingdom	Listed Joint Stock
Saudi Mechanical Industries Company	Inside the Kingdom	Unlisted Joint Stock
The Industrialization Energy Services Company (TAQA)	Inside the Kingdom	Unlisted Joint Stock
Matbouli Group	Inside the Kingdom	Unlisted Joint Stock
Aurecon International in Australia	Outside the Kingdom	Limited Liability



## Members of The Board of Directors



**Eng. Abdulkarim bin Ali AlGhamdi**

**Board Member**

Independent Member

Holder of a Master's degree in Chemical Engineering from the University of Pittsburgh, USA.

### Positions and experiences

- He currently holds the position of Executive Vice President of Gas at Saudi Aramco.
- Served as Senior Vice President of Project Management at Saudi Aramco.
- Served as Vice President of Energy Systems in Saudi Aramco.
- Served as Executive Assistant at Petron Corporation in the Philippines, with an assignment with the Accelerated Strategic Transformation Program Office.

Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Aramco Total (SATORP)	Inside the Kingdom	Limited Liability
Jazan Integrated Gasification Power Company	Inside the Kingdom	Unlisted Joint Stock
Saudi Aramco	Inside the Kingdom	Listed Joint Stock
Saudi Energy Efficiency Center	Inside the Kingdom	Limited Liability

Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Al-Fadhili Cogeneration Company	Inside the Kingdom	Closed Joint Stock
Aramco Energy Company	Inside the Kingdom	Limited Liability
Sadara Chemical Company	Inside the Kingdom	Limited Liability
Marafiq Company	Inside the Kingdom	Listed Joint Stock
Power Co-generation Plant Company (PCPC)	Inside the Kingdom	Limited Liability

## Members of The Board of Directors



**Eng. Nabil bin Abdulaziz AlNaim**

**Board Member**

Non-Executive Member

Holder of a Master's degree in Business Administration from MIT's Sloan School of Management, USA.

### Positions and experiences

- He currently holds the position of Senior Vice President of Digitization and Information Technology at Saudi Aramco.
- Served as Chief Digital Officer leading the Digital Transformation Office at Saudi Aramco.
- Served as CEO of Aramco Digital and is a current member of the Board of Directors.
- Served as Senior Vice President for Saudi Aramco Affairs, where he was responsible for managing the company's external relations.
- Served as President and CEO of Aramco Asia, headquartered in Beijing.

Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Aramco Entrepreneurship Center (Wa'ed)	Inside the Kingdom	Limited Liability
Aramco Asia Company	Outside the Kingdom	Limited Liability
Saudi Aramco Company	Inside the Kingdom	Listed Joint Stock

Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
There are no previous companies	-	-

## Members of The Board of Directors



**Eng. Isam bin Alwan AlBayat**

**Board Member**

Non-Executive Member

Holder of a Master's degree in Electrical Engineering from King Fahd University of Petroleum and Minerals.

### Positions and experiences

- Vice President of Electricity Sector at Saudi Aramco.
- He has held positions at Saudi Aramco in many fields.

Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
There are no previous companies	-	-

Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
There are no previous companies	-	-

## Members of The Board of Directors



**Mr. Mohammed bin Abdulrahman AlBalaihed**

**Board Member**

Non-Executive Member

Holder of a Bachelor's degree in Financial Management, a Chartered Financial Analyst (CFA) and a Master's degree from London Business School, UK.

### Positions and experiences

- Head of Energy Sector of the Investment Management Department at Public Investment Fund.
- Assistant Manager of Direct Equity Department at Sanabil Investments.
- Credit Analyst in Credit Management department at Saudi Industrial Development Fund.

Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Water Solutions Company	Inside the Kingdom	Unlisted Joint Stock
Saudi Investment Recycling Company (SIRC)	Inside the Kingdom	Unlisted Joint Stock
Energy Solutions Company	Inside the Kingdom	Unlisted Joint Stock
National Energy Services Company (Tarshid)	Inside the Kingdom	Unlisted Joint Stock
National Industrial Development Center	Inside the Kingdom	Unlisted Joint Stock
Tawteen Renewable Energy Company	Inside the Kingdom	Unlisted Joint Stock
Saudi Tabreed Company	Inside the Kingdom	Unlisted Joint Stock
National Water Company	Inside the Kingdom	Unlisted Joint Stock

Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Marafiq Electricity and Water Company in Jubail and Yanbu	Inside the Kingdom	Unlisted Joint Stock
Manufacturing and Energy Services Company	Inside the Kingdom	Unlisted Joint Stock



# Members of The Board of Directors



**Eng. Scott Matthew Prochazka**  
**Board Member**  
 Independent Member

Holder of a Bachelor's degree in Chemical Engineering from the University of Texas at Austin.

**Positions and Experiences**

- Chief Executive Officer at Centrepont Energy Company.
- Previously worked at Centrepont Energy Company.
- Previously worked at Du Chemical Company.
- He has served on several board memberships in energy companies in the USA.

Current companies in which he is a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Good Charlie	Outside the Kingdom	Limited Liability
Black Hills Energy	Outside the Kingdom	Listed Joint Stock
Li-Cycle	Outside the Kingdom	Listed Joint Stock

Former companies in which he was a member of the Board of Directors or one of its directors:

Company	Place of incorporation	Legal entity
Firefly	Outside the Kingdom	Limited Liability
Peridot 2	Outside the Kingdom	Listed Joint Stock

# Committee Members from Outside the Board



**Dr. Suleiman bin Abdulaziz Al-Tuwaijiri**  
**Vice Chairman of the Audit Committee**



**Mr. Khaled bin Salem Al Rowais**  
**Member of the Audit Committee**

Holder of a Ph.D. in Accounting from Case Western Reserve University, USA.

**Positions and Experiences**

- CEO of the National Agricultural Development Company (NADEC).
- Former CEO of Saudi Arabian Amiantit Group of Companies.
- Associate Professor, Department of Accounting, King Fahd University of Petroleum and Minerals.
- He is highly experienced in the field of financial and accounting business, and has membership in several companies, audit committees, and in the academic field.

Holder of a Bachelor's degree in Accounting from King Saud University.

**Positions and Experiences**

- Senior Executive Advisor at Saudi Arabian Mining Company (Ma'aden).
- Senior Vice President of Phosphate at Saudi Arabian Mining Company (Ma'aden).
- Vice President of Finance, Chief Financial Officer of Saudi Arabian Mining Company (Ma'aden).
- Executive Director & Vice President of Strategy & Planning at Saudi Arabian Mining Company (Ma'aden).
- Treasury Manager at Saudi Arabian Mining Company (Ma'aden).
- Financing Manager at Saudi Basic Industries Corporation (SABIC).
- Member of Banking Supervision Department at Saudi Arabian Monetary Agency.
- He has many memberships in the Boards of Directors and Board Committees, and long experience in the field of finance, accounting, corporate finance, acquisitions, and mergers.

## Committee Members from Outside the Board



**Dr. Amr bin Khaled Kurdi**  
Member of the Audit Committee

Holder of a Ph.D. in Accounting from the University of North Texas, USA.

### Positions and Experiences

- Assistant Governor for Financial Sustainability and Risk Management - General Organization for Social Insurance.
- Former Chief Financial Officer of the Cooperative Insurance Company.
- Former Chief Business Officer at the Saudi Industrial Investment Company.
- Former Chief Financial Officer at Saudi Arabian Amiantit Company.
- Former Chief Internal Auditor at King Fahd University of Petroleum and Minerals.
- An accounting professor and specialized researcher in the fields of financial accounting and auditing at King Fahd University of Petroleum and Minerals and a number of universities and research institutes in the United States for more than 15 years.



**Eng. Tarek bin Abdulaziz Al-Rukhaimi**  
Member of the Risk and Compliance Committee

Holder of a Bachelor's and a Master's degree in Civil Engineering from King Saud University.

### Positions and Experiences

- Former Chief Executive in the Governance, Risk and Compliance department at the Event Investment Fund.
- Board member and member of several risk and sustainability committees in listed and government companies.
- Former CEO of several financial companies.
- He has more than 30 years of experience in financial and banking services, investment banking management and risk management.

## Committee Members from Outside the Board



**Eng. Talal bin Abdulrahman Al-Enezi**  
Member of the Health, Safety, Security,  
Environment and Sustainability  
Committee

Holder of a Bachelor's degree in Electrical Engineering from Trine University and a Master's degree in Business Administration from the University of Washington.

### Positions and Experiences

- He currently holds the position of Vice President for Security and Public Safety at the Royal Commission for AIUla.
- Director of Civil Defense at Loss Prevention department in NEOM.
- Vice President of Occupational Health, Security, Safety and Environment at Saudi Mining Company
- Director of Design, Ma'aden Infrastructure.
- Risk & Compliance Manager at one of the National Grid companies.
- Project Engineer at Lucent Technologies (AT&T).



**Eng. Khalid Ali Al-Olayani**  
Member of the Health, Safety, Security,  
Environment and Sustainability  
Committee

Holder of a Bachelor's degree in Chemical Engineering from King Saud University.

### Positions and Experiences

- Vice President at SABIC to date.
- President of Saudi European Petrochemical Company Ibn Zohr.
- General Manager of Operations at Saudi Petrochemical Company (Sadaf) - SABIC.
- Senior Operations Manager at Sinopec GV China.
- Senior Operations Manager at SABIC.
- Chemical Engineer at SABIC.
- Vice Chairman and member of the Board of Directors of the United Company.
- Member of the Board of Directors of Hadid Company.
- Member of the Board of Directors of the Gulf Petrochemicals and Chemicals Association.
- Member of the Board of Directors of one of the Public Investment Fund companies.
- Board Member of Gas/Sabtank.



## Members of The Executive Management



**Eng. Khaled bin Hamad Al-Gnoon**  
Chief Executive Officer  
Saudi Electricity Company

Holder of a Master's degree in Business Administration from Dublin University, Ireland, and a Bachelor's degree in Electrical Engineering from King Fahd University of Petroleum & Minerals.

### Positions and Experiences

- Chief Executive Officer since 20 June 2022 of the Group, which is the largest producer, transmitter and distributor of electrical energy in the Middle East and North Africa.
- Chairman of the Board of Managers of SEC's most important subsidiaries, with 31 years of experience in the company.
- Appointed as Chief Executive Officer on June 7, 2021, and Executive Vice President of Distribution & Customer Services.
- Member of the Board of Directors of Dawiyat.
- Member of the Executive Committee of the Saudi Energy Efficiency Center.
- Member of the Board of Directors and the Audit Committee of the Saudi Authority for Industrial Cities and Technology Zones – Modon.
- Member of the Development and Facilities Committee of the Riyadh Municipality Council.
- Member of the Project Coordination Committee of the Riyadh District Secretariat.
- Member of Urban Observatory Committee in Riyadh.
- Member of the Civil Defense Committee of the Riyadh District.

Date of appointment in current position 20/06/2022



**Eng. Ibrahim bin Mohammed AlKhenizan**  
Executive Vice President  
Distribution and Customer Services

Holder of a Master's degree in Business Administration and a Bachelor's degree in Electrical Engineering from King Saud University. He also holds a qualification in the Advanced Leadership Initiative (ALI) Program from Harvard University, USA.

### Positions and Experiences

- Chairman of the Board of Directors of Solutions Valley Company.
- Member of the Board of Directors of Integrated Dawiyat Company.
- Member of the Board of Directors of the Gulf Laboratory for Electrical Equipment Inspection.
- Worked as CEO for Saudi Electricity Projects Development Company.
- Worked as Executive Vice President for Strategic Planning and Business Development.
- Former member of the Board of Directors at Saudi Electricity Projects Development Company.
- Member of the Board of Directors of the Electric Vehicle Infrastructure Company, a subsidiary of the Public Investment Fund.
- Member of the Committee to support the treatment of visual distortion under the umbrella of the Ministry of Municipal and Rural Affairs and Housing.
- Held several positions in the Saudi Electricity Company for 20 years, most notably, Head of the Middle Sector for Distribution and Customer Services, Head of High Voltage Projects Sector, and Director of the Project Management.

Date of appointment in current position 01/09/2022

## Members of The Executive Management



**Eng. Ibrahim bin Fahad Al-Jarbou**  
Executive Vice President  
Generation Business Line

Holder of a Bachelor's degree in Electrical Engineering from King Saud University in 1993.

### Positions and Experiences

- Held several positions over more than 26 years at the Saudi Electricity Company, where he has been passionate about everything related to energy.
- He began his career as an electrical engineer, and gradually rose through the ranks to become the CEO of the National Grid SA in 2020.
- He took over the leadership of the production activity and began preparing the strategic plan in accordance with the objectives of the Ministry of Energy in restructuring the electricity sector in the Kingdom and leading the Saudi Electricity Company for Power Generation (Acting CEO).
- He also holds several board memberships at subsidiaries of the Saudi Electricity Company (Dawiyat Integrated Telecommunications and Information Technology Company, Solutions Valley Company, Saudi Electricity Projects Development Company).
- On external memberships, he is the Vice Chairman of the Board of Directors of the GCC Interconnection Authority (GCCIA), the Chairman of the Audit and Risk Management Committee, and a Member of the Projects and Tenders Committee at the Authority. He is also a member of the Board of Directors of the Arab Union of Electricity.

Date of appointment in current position 18/07/2022



**Mr. Manish Manchandya**  
Executive Vice President  
Strategic Planning and Investment

Holder of a Master's degree in Business Administration with a specialization in Finance from ICFAI University (Institute of Chartered Certified Financial Analysts of India). He completed his Executive Program in Public Administration from MIT Sloan Business School.

### Positions and Experiences

- Served as Senior Vice President and Chief Financial Officer of the company.
- Joined SEC in 2008 and held various positions in the Finance team.
- Served as Head of the Treasury Sector, Head of Corporate Finance and a Senior Financial Analyst at SEC.
- Worked as a Client Relationship Manager at HDFC Company for Asset Management in India.
- He has extensive experience in Treasury and Corporate Finance. Under his leadership, SEC's Treasury team completed several historic benchmark capital market transactions.
- He has a keen interest in digital transformation and the use of technology to improve financial systems and is leading the digital transformation of the financial function at the Saudi Electricity Company.

Date of appointment in current position 01/09/2023

## Members of The Executive Management



**Eng. Khaled bin Salim AlGhamdi**  
**Executive Vice President**  
**Technical Services**

Holder of a Master's degree in Information Systems from the University of Phoenix, USA, and a Bachelor's degree in Systems Engineering from King Fahd University of Petroleum and Minerals. He undertook several management and scientific courses, most notably Executive Leadership Development from Harvard Business School.

### Positions and Experiences

- Joined the company in 2022 and held the position of Senior Vice President of Information Technology and Digital Transformation at Saudi Electricity Company (SEC). He is responsible for overseeing the implementation of SEC's IT and digital transformation strategies and programs and driving new growth opportunities for the company.
- He held several leadership positions, including Digital Strategy for Saudi Aramco, where he assumed the position of Director of Digital Strategy, Investments, and Growth.
- Project Manager of Aramco Fourth Industrial Revolution Center.
- Head of Advanced Process Solutions, and Head of Process Automation Systems.
- He has over 20 years of experience in engineering, digital transformation, automation, and information technology.
- Engineer Khaled Al-Ghamdi is distinguished by his leadership and insightful vision for businesses and projects.

Date of appointment in current position 01/01/2023



**Mr. Abdulaziz bin Abdulrahman AlMahaiza**  
**Senior Vice President**  
**Chief Financial Officer**

Holder of a Master's degree in Business Administration in Finance from the University of Wisconsin in the United States and a Bachelor of Science in Accounting. He is also a graduate of the Executive Leadership Program in Business Administration from INSEAD in France.

### Positions and Experiences

- Served as Vice President of Finance Operations.
- Served as Executive Director of Treasury and Corporate Finance Sector.
- Served as Director of Investment and Cash Management.
- He began his career in the banking and wealth management sectors and has gained extensive experience in the areas of investment, capital markets, treasury management, corporate finance, and financial and economic analysis.
- Member of several Board of Directors of subsidiaries of the Saudi Electricity Company.

Date of appointment in current position 01/09/2023

## Members of The Executive Management



**Eng. Sultan bin Rashid AlMahasheer**  
**Senior Vice President**  
**Occupational Health, Safety, Security and Environment**

Holder of a Master's degree in Strategic Business and Information Systems from the United Kingdom, and a Bachelor's degree in Mechanical Engineering from King Fahd Petroleum University. He undertook several management and executive courses from Harvard University, USA.

### Positions and Experiences

- Joined the Saudi Electricity Company as Vice President of Occupational Health, Safety, Security and Environment activity in September 2022.
- Held several leadership positions in Saudi Aramco over 30 years, including:
  - CEO of Medical Services.
  - Director of Project Management.
  - Director of Loss Prevention Department.
  - Director of Industrial Security Operations Department.
  - Director of Facilities Management.
  - Director of Office Services Department.
- Member of many committees inside and outside the company.

Date of appointment in current position 01/09/2022



**Mr. Abdulkarim bin Abdulaziz AlRasheed**  
**Senior Vice President**  
**Human Resources and Support Services**

Holder of a Bachelor's degree in Computer Science from King Saud University, in addition to a group of professional certificates in the field.

### Positions and Experiences

- Worked as Vice President of Human Resources at Dr. Sulaiman Al Habib Medical Group.
- Vice President of Business, Distribution & Services at the Olayan Group.
- General Manager of Human Resources at PepsiCo International.
- Member of the Board of Directors of the Saudi Electricity Projects Development Company (SEPDC).
- Member of the Executive Sponsors Council of the Executive Youth Council.
- Member of the Nominations and Rewards Committee at Abdullah Al Othaim Investment Company.

Date of appointment in current position 15/11/2021



# Members of The Executive Management



**Mr. Tahir Mahmoud**  
Senior Vice President of Risk Management and Compliance Department  
Auditor General of Internal Audit (Acting)

Holder of a Bachelor's degree in Finance.

**Positions and Experiences**

- Head of Risk and Compliance (UK Power Networks).
- Finance Director (Centrica Plc).
- Head of Finance (National Grid Plc).
- Director and Board Trustee (Newland School Academy).
- Fellow Certified Management Accountant (FCMA), Chartered Global Management Accountant (CGMA).
- Certified Information Systems Auditor (CISA by ISACA).
- Non-Executive Director (NED)/Trustee (Newland School Academy).

Date of appointment in current position 01/08/2021

Date of acting as Auditor General 03/09/2023



**Eng. Sami bin Abdullah AlKaoud**  
Senior Vice President (Acting)  
Corporate Communications and Marketing

Holder of a Bachelor's degree in Electrical Engineering From King Saud University in Riyadh.

**Positions and Experiences**

- Held several positions in the Saudi Electricity Company, including Head of Distribution Services Sector.
- Director of the Distribution Engineering Department in the Central Sector.
- Director of Compliance, Performance Quality and Risk Department.
- Member of the Board of Directors of the Solutions Valley Company, and the Board of Executive Sponsors of the Executive Youth Council.

Date of appointment in current position 04/10/2022

# Members of The Executive Management



**Eng. Abdulaziz bin Salman AlEnezi**  
Senior Vice President  
Digital Transformation and Technology

Holder of a Bachelor's degree in Computer Engineering and numerous specialized professional certificates from US, as well as the Senior Leadership Program of MIT Sloan College offered by Misk Association for Senior Saudi Leaders. He completed the Executive Program for Developing Leaders at the General Electric Leadership Institute.

**Positions and Experiences**

- He has extensive knowledge and more than 20 years of experience in the field of information technology and cybersecurity.
- Worked as leader of technical projects at Lucent Technologies.
- Held several positions in the Saudi Telecom Company as Director of Business Automation and Network Solutions, Director of the network's operational support systems.
- Served as Executive Director of Networks and Information Security, and Director of Cybersecurity at Elm Company.
- Joined the Saudi Electricity Company in 2020 as Head of the Cybersecurity Sector.
- Member of many committees inside and outside the company, most notably the Cybersecurity Committee with the Ministry of Energy.

Date of appointment in current position 01/08/2023



**Mr. Abdulaziz bin Khalid Albilali**  
Senior Vice President (Acting)  
Legal Affairs and Secretary of the Board of Directors of the Saudi Electricity Company

Holder of a Bachelor's degree in Islamic Sharia from Imam Muhammad bin Saud Islamic University in Al Ahsa. A certified arbitrator from both the Singapore Center for International Arbitration, and London Court of International Arbitration.

**Positions and Experiences**

- Held the position of Head of Cases Management Sector at the Saudi Electricity Company.
- Head of Legal Affairs and General Advisor for Thabat Construction Company, an affiliate of Al Muhaidib Group in Dhahran.
- Worked in the Legal Department of Saudi Aramco in Dhahran.
- Head of the criminal chambers at the General Court in Jeddah.
- Held the position of general judge in the Ministry of Justice.
- A practicing arbitrator by the Commercial Arbitration Center for the Gulf Cooperation Council countries.
- He has 20 years of experience in law, arbitration, litigation and contracts.

Date of appointment in current position 09/09/2023

# Members of The Executive Management



**Mr. Feras bin Hassan Al-Mulla**  
**Senior Vice President**  
**Legal Affairs & Board of Directors’**  
**Trustee**

Holder of a Bachelor’s degree in Law from King Saud University and a Master’s degree in Law from Southern Methodist University, USA. In addition, he holds a qualification in the Advanced Leadership Initiative (ALI) Program from Harvard University, USA.

**Positions and Experiences**

- He served as General Manager of Legal and Corporate Affairs at Microsoft.
- Director of the Legal Department at the Saudi Stock Exchange (Tadawul).
- Director of Contracts Department at the Communications and Information Technology Commission.
- Legal Advisor at the Saudi Central Bank.
- Specialized lawyer and Certified arbitrator from the Ministry of Justice.
- Member of the Board of Directors of the Saudi Electricity Projects Development Company.

His contractual relationship with the company ended on 24/09/2023



**Mr. Peter John Chambers**  
**General Auditor**  
**Internal Audit**

Holder of a Bachelor’s degree in Science (Management) - UK, a Chartered Accountant in Public Accounting - UK, as well as a Certified Fraud Investigator from the USA.

**Positions and Experiences**

- Expert in governance and control, and has held a number of important positions in several companies, most notably Mubadala Investment Company in the United Arab Emirates.
- Partner in BDO Chartered Accountants and Advisors, United Arab Emirates, as well as in PricewaterhouseCoopers in the UK.

His contractual relationship with the company ended on 31/08/2023

# Heads of subsidiaries



**Eng. Waleed bin Abdullah AlSaadi**  
**Chief Executive Officer**  
**National Grid SA**

Holder of a Bachelor’s degree in Electrical Engineering from King Saud University in 1995.

**Positions and Experiences**

- He has rich technical and managerial experience of more than 28 years in this field, which he uses to enhance SEC’s on-site operations and advance its ambitious strategic objectives.
- Served as Vice President for Technical Services in 2012 and Vice President Engineering in 2017, and CEO of the National Grid SA since 2022.
- Worked in the field of operation and maintenance of the power transmission network from 1995 to 2012.
- Appointed as Deputy Human Resources, as well as Deputy Liaison and public relations.
- Member of several technical committees.
- Participated in many global economic forums as a main speaker representing the Saudi Electricity Company.
- Played an active role in several different committees in both the Saudi Electricity Company and the National Grid SA.
- Member of the Boards of Directors of several entities, including the companies such as Saudi Electricity Projects Development Company, Saudi Energy Production Company, Solutions Valley Company, and the Arab Council for Operation and Maintenance.

Date of appointment in current position 18/07/2022.



**Eng. Mahdi bin Nasser AlDosary**  
**Chief Executive Officer**  
**Saudi Electricity Projects Development**  
**Company**

Holder of a Master’s degree in Business Administration from Massachusetts Institute of Technology (MIT) in 2019, and a Bachelor’s degree in Electrical Engineering from King Saud University in 1995.

**Positions and Experiences**

- He has 28 years of experience in the energy sector in the Kingdom of Saudi Arabia.
- Joined the Saudi Electricity Company in 1995. Since then, he worked in the company’s different sectors, starting from maintenance, engineering, and projects since 2004. He was appointed Head of Engineering and Projects Ultra Voltage Network in 2013.
- He has been appointed Chief Executive Officer of the Saudi Electricity Projects Development Company in 2020.
- Chairman of the Board of Directors of the GCC Electrical Testing Laboratory since 2015.
- Participated in several international conferences as an official spokesperson and presented many scientific papers at international forums.
- Member of several international bodies and energy related organizations.
- Member of the Board of Directors of the Saudi Electricity Projects Development Company.

Date of appointment in current position 01/01/2020



# Heads of subsidiaries



**Eng. Wael bin Ali AlGhamdi**  
**Chief Executive Officer**  
**Integrated Dawiyat Company for**  
**Telecommunications and Information**  
**Technology**

Holder of a Bachelor's degree in Computer Science from King Saud University.

**Positions and Experiences**

- Member of the Board of Directors of Integrated Dawiyat Company.
- Member of the Board of Directors of the Communications Companies Forum
- Chairman of the Board of Directors of the Global Data Center Company.
- Held the position of CEO of Machinestalk Company for IoT Solutions and Applications from 2015 to 2017.
- Held several executive positions in Mobily company from 2005 to 2015.
- Held several leadership positions in King Abdulaziz City for Science and Technology – Internet Services Unit from 1999 to 2005.
- He has extensive knowledge and leading experience in the Information and Communications Technology spanning for more than 20 years.

Date of appointment in current position 01/01/2023



**Mr. Basem bin Abdullah Al-Sallom**  
**Chief Executive Officer (Acting)**  
**Solutions Valley Company**

Holder of a Master of Science degree in Information Technology Consulting from the University of Kent, United Kingdom, and a Bachelor of Science degree from Imam Mohammad bin Saud Islamic University, in addition to a leadership development qualification from Harvard Business School.

**Positions and Experiences**

- Currently holds the position of Vice President of Investment and Business Development – Solutions Valley Company, a company owned by the Saudi Electricity Company.
- Held the position of Chief Executive Officer and Managing Director of Shor Global Technology, a listed company in the Saudi market and operating in the telecommunications and information technology sector.
- Worked as Deputy of the General Investment Authority, Investment Marketing Sector.
- Worked as Assistant to the President of the General Authority of Civil Aviation for Corporate Communication and Marketing.
- Executive Director of Digital Marketing – Etihad Etisalat Company (Mobily).
- Member of the Advisory Committee of the Capital Market Authority.
- Board Member of Shor Global Technology.
- Vice Chairman of the National Committee for Communications and Information Technology.
- Member of the Board of Directors of DAL 360 Digital Bank.
- He served as a member of the Board of Directors of the Saudi General Export Authority, of Fawaz Alhokair and Partners Company, and Malaz Cooperative Insurance Company.

Date of appointment in current position 03/08/2023





# The Board of Directors and Its Committees

## Board of Directors

The Board of Directors consists of six non-executive members and three independent members.

The names of the Board members and the classification of their memberships in the Company are as follows.

No.	Name	Membership classification		
		Executive	Non-Executive	Independent
1	Khaled bin Saleh Alsultan		✓	
2	Najm bin Abdullah AlZaid		✓	
3	Raed bin Nasser AlRayes		✓	
4	Walid bin Ibrahim Shukri			✓
5	Abdulkarim bin Ali AlGhamdi			✓
6	Nabil bin Abdulaziz AlNaim		✓	
7	Isam bin Alwan AlBayat		✓	
8	Mohammed bin Abdulrahman AlBalaihed		✓	
9	Scott Matthew Prochazka			✓

In 2023, the company’s Board of Directors conducted (11) meetings. Below is a list of Board members and their corresponding meeting attendance.

Attendance ✓ Absence X

Name	Number of Meetings and their Dates											Total
	1	2	3	4	5	6	7	8	9	10	11	
	07/02	14/03	27/03	09/05	13/06	08/08	26/09	07/11	28/11	11/12	26/12	
Khaled bin Saleh Alsultan	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Najm bin Abdullah AlZaid	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Isam bin Alwan AlBayat	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Abdulkarim bin Ali AlGhamdi	✓	X	✓	✓	X	✓	✓	✓	X	✓	✓	8
Raed bin Nasser AlRayes	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	9
Walid bin Ibrahim Shukri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Nabil bin Abdulaziz AlNaim	✓	✓	✓	✓	X	✓	X	✓	✓	✓	X	8
Mohammed bin Abdulrah- man AlBalaihed	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Scott Matthew Prochazka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11

Date of the last meeting of the General Assembly: 19/09/2023

## Audit Committee

The Audit Committee was formed by a decision of the Ordinary General Assembly, comprises five members, including two from the Board of Directors and three external members, with a total of four specializing in financial and accounting affairs.

The Audit Committee carries out its work in accordance with the controls of the internal audit committee’s work regulations approved by the Ordinary General Assembly. The committee is concerned with monitoring the company’s business and verifying the integrity and integrity of reports, financial statements and internal control systems. The Committee recommends to the Board of Directors the appointment and dismissal of the external auditor, determining his fees and ensuring his independence, as well as studying the audit plan with the auditor and expressing observations thereon. The committee also reviews the plan and reports of the internal audit and the oversight bodies, and verifies the executive management’s implementation of corrective measures, and other actions on a regular and regular basis, in a way that enables it to evaluate the efficiency and effectiveness of control activities, manage risks, and ensure compliance and business integrity.

The Committee convened (9) meetings in 2023, as indicated in the table below:

Attendance ✓ Absence X

Name	Nature of Membership	Number of Meetings Attended	Meeting Dates								
			11/01	19/02	12/03	07/05	08/06	06/08	18/09	05/11	06/12
Walid bin Ibrahim Shukri	Chairman of the Committee	9	✓	✓	✓	✓	✓	✓	✓	✓	✓
Suleiman bin Abdulaziz Al-Tuwaijiri	Vice President	9	✓	✓	✓	✓	✓	✓	✓	✓	✓
Isam bin Alwan AlBayat	Member	9	✓	✓	✓	✓	✓	✓	✓	✓	✓
Khaled bin Salem Al Rowais	Member	9	✓	✓	✓	✓	✓	✓	✓	✓	✓
Amr bin Khaled Kurdi	Member	9	✓	✓	✓	✓	✓	✓	✓	✓	✓



Executive Committee

The Executive Committee consists of four members.

The Committee is responsible for reviewing plans and studies related to the restructuring of the company’s business lines, reviewing the general budget (capital and operational budgets) and projects proposed by the Executive Management, as well as studies, plans, and financing methods related thereto. It is also responsible for conducting a periodic review of the company’s achievements, participating in developing the company’s new strategic plans, including opportunities for mergers and acquisitions, and providing executive recommendations to the Board of Directors with regard to loans, mortgages and security requests, and reviewing and evaluating proposals for new capital investments.

The Committee convened (7) meetings in 2023, as illustrated in the table below:

Attendance ✓ No-show X

Name	Nature of membership	Number of Meetings Attended	Meeting Dates						
			07/02	14/03	13/06	26/09	07/11	11/12	26/12
Khaled Bin Saleh Alsultan	Chairman of the Committee	7	✓	✓	✓	✓	✓	✓	✓
Isam Bin Alwan AlBayat	Member	7	✓	✓	✓	✓	✓	✓	✓
Abdulkarim bin Ali AlGhamdi	Member	3	✓	X	X	✓	X	X	✓
Mohammed bin Abdulrahman AlBalaihed	Member	7	✓	✓	✓	✓	✓	✓	✓

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of five members.

The Committee is responsible for developing a clear policy for the remuneration of members of the Board of Directors and the Committees emanating from the Board and the Executive Management. The Committee is accountable for clarifying the relationship between the remuneration granted and the applicable remuneration policy, identifying any material deviations from the policy. It conducts periodic reviews of the remuneration policy, evaluating its effectiveness, and recommending to the Board of Directors the remuneration for the members of the Board of Directors, its Committees, and Senior Executives in accordance with the approved policy. It also reviews the rules of distributing the annual remuneration approved by the Board of Directors and provides recommendations to the Board in relation to it. Additionally, the Committee recommends to the Board the nomination or re-nomination of members in accordance with the approved policies and standards. It prepares descriptions of the capabilities and qualifications required for membership of the Board of Directors and the positions of Executive Management, and reviews the necessary skills or experience appropriate to the membership of the Board of Directors and the functions of Executive Management on an annual basis. Furthermore, the Committee reviews the structure of the Board of Directors and Executive Management, verifies the independence of independent members, and ensures the absence of any conflict of interest in the event that a member is also a member of the Board of Directors of another company. It creates job descriptions for executive members and non-executive members, independent members and senior executives, identifies weaknesses and strengths in the Board of Directors, reviews the general policies and regulations of human resources, nominates the CEO of the company, reviews their annual allocations and bonuses, and provides recommendations to the Board on the tenure of their services. The committee also reviews infringements on the organizational structure of the company as well as human resources systems and regulations, work organization regulations, company’s sanctions and remuneration regulations, reviews the basis of annual bonuses for all employees of the company, and provides recommendations to the Board of Directors. It determines the necessary qualifications for the membership of each of the committees, especially the Audit Committee.

The Committee convened (9) meetings in 2023, as illustrated in the table below:

Attendance ✓ No-show X

Name	Nature of membership	Number of Meetings Attended	Meeting Dates							
			01/02	16/05	11/07	10/08	19/09	31/10	26/11	14/12
Abdulkarim bin Ali AlGhamdi	Chairman of the Committee	9	✓	✓	✓	✓	✓	✓	✓	✓
Raed bin Nasser AlRayes	Vice President	8	X	✓	✓	✓	✓	✓	✓	✓
Khaled bin Saleh AlSultan	Member	9	✓	✓	✓	✓	✓	✓	✓	✓
Najm bin Abdullah AlZaid	Member	8	✓	✓	X	✓	✓	✓	✓	✓
Mohammed bin Abdulrahman AlBalaihed	Member	9	✓	✓	✓	✓	✓	✓	✓	✓

Risk and Compliance Committee

The Risk and Compliance Committee consists of five members.

The Risk and Compliance Committee is responsible for identifying and monitoring risks and threats that may affect the company’s ability to achieve its strategic objectives and plans. The Committee’s role includes evaluating and identifying measures in place to suppress or mitigate the effects of risks, while also assessing the company’s ability to operate within approved tolerance levels. The Committee also monitors compliance with relevant regulations and legislation, ensuring an appropriate and effective control environment is set in place. The Committee provides necessary recommendations regarding risk and compliance to the Board of Directors. The Committee is also responsible for monitoring matters related to business integrity, fraud risk and operational resilience involving business continuity management.

The Committee convened (5) meetings in 2023, as illustrated in the table below:

Attendance ✓ Absence X

Name	Nature of membership	Number of Meetings Attended	Meeting Dates				
			02/02	01/05	08/06	07/09	05/12
Walid bin Ibrahim Shukri	Chairman of the Committee	5	✓	✓	✓	✓	✓
Najm bin Abdullah AlZaid	Member	5	✓	✓	✓	✓	✓
Nabil bin Abdulaziz AlNaim	Member	4	✓	✓	✓	X	✓
Tarek bin Abdulaziz Al-Rukhaimi	Member	5	✓	✓	✓	✓	✓
Scott Matthew Prochazka	Member	5	✓	✓	✓	✓	✓

Health, Safety, Security, Environment and Sustainability Committee

The Health, Safety, Security, Environment and Sustainability Committee consists of five members.

The Committee is responsible for reviewing and approving the processes and behaviors of leaders on health, safety, security, environment, and sustainability. It oversees its internal procedures and standards related to the scope of work, updating them in accordance with regulatory requirements and best practices. The Committee reviews and approves the implementation of the strategic transformation projects around health, safety, security, environment, sustainability, and support management systems, as well as their technical standards. The Committee monitors proactive and post-performance indicators and devises a training matrix for all employees. It manages the health, safety, security, and environmental sustainability in contracts and the supply chain. The Committee reviews and circulates imminent incidents and incidents with very serious consequences. It assesses plans to deal with security threats and attacks on the company’s facilities or assets. The Committee oversees crisis and security disaster management plans and ensures the periodic update of business continuity procedures.

The Committee convened (5) meetings in 2023, as illustrated in the table below:

Attendance ✓ Absence X

Name	Nature of membership	Number of Meetings Attended	Meeting Dates				
			26/02	13/03	12/06	16/08	12/10
Nabil bin Abdulaziz AlNaim	Chairman of the Committee	4	✓	✓	X	✓	✓
Isam bin Alwan AlBayat	Member	5	✓	✓	✓	✓	✓
Scott Matthew Prochazka	Member	4	✓	✓	✓	✓	X
Talal bin Abdulrahman Al-Enezi *	Member	4	X	✓	✓	✓	✓
Khaled bin Ali Al-Olayani *	Member	4	X	✓	✓	✓	✓

\* Beginning of membership in the Committee on 01/03/2023

General Assembly Meetings

The company held two General Assembly meetings on 09/05/2023 and on 19/09/2023, which were attended by:

Members	Member Position	Meeting on 09/05/2023	Meeting on 19/09/2023
Khaled bin Saleh Alsultan	Chairman of the Board of Directors	✓	✓
Najm bin Abdullah AlZaid	Vice Chairman of the Board of Directors	✓	✓
Isam bin Alwan AlBayat	Board Member	✓	✓
Raed bin Nasser AlRayes	Board Member	✓	X
Abdulkarim bin Ali AlGhamdi	Board Member	✓	✓
Walid bin Ibrahim Shukri	Board Member	✓	✓
Nabil bin Abdulaziz AlNaim	Board Member	✓	✓
Mohammed bin Abdulrahman AlBalaihed	Board Member	X	✓
Scott Matthew Prochazka	Board Member	✓	✓

Shareholder Register Requests

The company has requested the shareholder register (10) times, and the details regarding these requests are as follows:

Date of Request	Reasons for the Request
05/01/2023	Company procedures
28/02/2023	Company procedures
11/04/2023	General Assembly
11/04/2023	Dividends File
01/08/2023	Company procedures
21/08/2023	General Assembly
29/08/2023	Other
02/10/2023	Other
04/12/2023	Company procedures
11/12/2023	Company procedures



# Remuneration of Board of Directors, Its Committees and Senior Executives

## Remuneration Policy for Members of the Board of Directors, its Committees and Executive Management

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

- To be consistent with the company's strategy and objectives.
- To provide remunerations that encourage the members of the Board and Executive Management to ensure the company's success and long-term development, such as linking the variable part of the remuneration to long-term performance.
- To provide remuneration that is determined based on the job level, duties, and responsibilities of the incumbent, as well as the educational qualifications, practical expertise, skills, and level of performance.
- To be consistent with the magnitude, nature, and level of risks at the company.
- To take into consideration the other companies' practices with regard to determining remunerations, while avoiding unjustifiable increase in remunerations and compensations.
- To solicit, retain and motivate professional talents, without undue exaggeration of these talents.
- To prepare in coordination with the Nomination and Remuneration Committee upon new appointments.
- To regulate granting of shares in the company for members of the Board and the Executive Management, whether such shares are newly issued or acquired by the company.
- To provide remuneration that is fair and proportionate to the competencies of the member and the duties and responsibilities assigned to and carried out by the Board members, in addition to the objectives set by the Board to be achieved during the fiscal year.
- To provide remuneration that is based on the Nomination and Remuneration Committee's recommendation.
- To provide remuneration that is proportionate with the company's activity and the skills required to manage it.
- To take into consideration the sector in which the company operates, its size and the experience of the Board of Directors for determining the remuneration.
- To provide remuneration that is reasonably sufficient to attract, motivate and retain Board members with appropriate competencies and experiences.

- A member of the Board may receive remuneration for their membership in the Audit Committee formed by the General Assembly or for any executive, technical, administrative, or additional advisory activities assigned to their by the company under a professional license. Such remuneration is in addition to the other remuneration, which they may receive as a member in the Board and in the Committees formed by the Board of Directors, in accordance with the Companies Law and the Articles of Association.
- The remunerations of the Board members may vary in magnitude to reflect their experience, terms of reference, tasks assigned to them, their independence, the number of meetings they attend and other considerations.
- If the Audit Committee or the Authority finds out that the remuneration paid to any member of the Board or the Executive Management is based on incorrect or misleading information submitted to the General Assembly or included in the Annual Report of the Board of Directors, the company has the right to request such member to refund such remuneration.

## Remuneration of Members of the Board of Directors and its Committees

- The remuneration and all the benefits, if any, of a Board member shall be as approved by the Ordinary General Assembly in accordance with the official resolutions and instructions issued in this regard and within the limits stipulated by the Companies Law and its regulations.
- The remuneration of the Board member may be a certain amount or an attendance allowance for the meetings or in-kind benefits or a certain percentage of the net profits, and two or more of these benefits may be combined.
- If the remuneration is a certain percentage of the company's profits, such percentage shall not exceed (10%) of the net profits after deducting the reserves (approved by the General Assembly in application of the provisions of the Companies Law and the company's Articles of Association) and after distributing dividends of not less than (5%) of the company's paid-up capital to the shareholders. Entitlement to such remuneration shall be pro rata with the number of meetings attended by the member, and every estimate to the contrary shall be null and void.

- In all cases, the total amount of remuneration and benefits received by the Board member, whether financial or in-kind, shall not exceed five hundred thousand Saudi Riyals annually in accordance with the rules prescribed by the competent authority.
- The remuneration of an independent member of the Board shall not be a percentage of the profits achieved by the company, nor shall it be based directly or indirectly on the profitability of the company.

## Executive Management Remunerations

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

- Basic salary.
- Medical insurance for the member and their family.
- Transportation allowance.
- Housing allowance.
- Annual bonus linked to the performance indicators according to the annual evaluation in this regard.
- Long-term incentive bonus, if any.
- Any other remunerations or allowances approved by the company's Board of Directors.

## Payment of Remunerations

Remunerations, as outlined in the Remunerations and Benefits Policy of the Board of Directors, its Committees, and the Executive Management are disbursed. There is no material deviation between what was disbursed and the remuneration policy for members of the Board of Directors, its Committees, and the Executive Management.



Board of Directors' Remunerations

Fixed Remunerations								Variable Remunerations								End of Service Benefits	Grand Total <sup>(4)</sup>	Expenses Allowance
	Certain amount <sup>(1)</sup>	Allowance for attending Council meetings	Total allowance for attending committee meetings	In-kind advantages	Remuneration of technical and administrative consulting work <sup>(2)</sup>	Remuneration of the Chairman of the Board, Managing Director or Secretary if he is a member <sup>(3)</sup>	Total <sup>(4)</sup>	Share of dividends	Periodical remunerations	Short-term motivational plans	Long-term motivational plans	Shares granted (Values are entered)	Total					
First: Non-Executive Members																		
1. Khaled bin Saleh AlSultan	415,000	33,000	48,000	0	102,000	1,200,000	1,798,000	0	0	0	0	0	0	0	1,798,000	18,000		
2. Najm bin Abdullah AlZaid	365,000	33,000	39,000	10,958.37	12,000	0	459,958.37	0	0	0	0	0	0	0	459,958.37	0		
3. Raed bin Nasser AlRayes	215,909	27,000	24,000	46,655.50	18,000	0	331,564.50	0	0	0	0	0	0	0	331,564.50	0		
4. Isam bin Alwan AlBayat	495,000	33,000	63,000	0	36,000	0	627,000	0	0	0	0	0	0	0	627,000	128,031		
5. Mohammed bin Abdulrahman AlBalaihed	365,000	33,000	48,000	28,255.50	15,000	0	489,255.50	0	0	0	0	0	0	0	489,255.50	0		
6. Nabil bin Abdulaziz AlNaim	386,364	24,000	24,000	33,925	6,000	0	474,289	0	0	0	0	0	0	0	474,289	12,280		
Total	224,227.3	183,000	246,000	119,794.37	189,000	1,200,000	4,180,067.37	0	0	0	0	0	0	0	4,180,067.37	158,311		
Second: Independent Members																		
1. Abdulkarim bin Ali AlGhamdi	374,713.23	24,000	36,000	65,286.77	42,000	0	542,000	0	0	0	0	0	0	0	542,000	42,980		
2. Walid bin Ibrahim Shukri	465,000	33,000	42,000	0	24,000	0	564,000	0	0	0	0	0	0	0	564,000	92,660		
3. Scott Matthew Prochazka	365,000	33,000	27,000	0	51,000	0	476,000	0	0	0	0	0	0	0	476,000	326,541		
Total	1,204,713.23	90,000	105,000	65,286.77	117,000	0	1,582,000	0	0	0	0	0	0	0	1,582,000	462,181		

The Board of Directors conducts an annual evaluation of its performance, as well as the performance of its Committees and members, in accordance with the policy for evaluating the Board of Directors, its Committees, and the Chief Executive Officer. Utilizing competency assessment forms, this process aims to continuously improve the quality and effectiveness of performance, as well as identify the strengths and weaknesses of each member. The decisions and recommendations of the Board of Directors are reviewed, and the overall performance and efficiency of the Board are evaluated on a regular basis.

<sup>(1)</sup> The specified amount includes the annual remuneration for membership in the Board of Directors and the fixed remuneration for membership in committees.

<sup>(2)</sup> Allowances for work tasks and additional and administrative work fall within the remuneration policy for members of the Board and its committees approved by the General Assembly, as well as in accordance with Article Three of Chapter Two of the regulatory controls and procedures issued in implementation of the corporate system for listed joint-stock companies.

<sup>(3)</sup> The remuneration for the Chairman of the Board of Directors will be disbursed after the approval of the Ordinary General Assembly.

<sup>(4)</sup> According to the remuneration policy approved by the General Assembly, the total amount received by a member of the Board of Directors in terms of financial or in-kind rewards and benefits does not exceed the amount of 500 thousand riyals annually, and this maximum limit does not include the member's remuneration for the technical, administrative, and advisory work that he may perform for the benefit of the company, in accordance with the text of Article (8) of the Executive Regulations of the Companies Law for Listed Joint Stock Companies.



## Remunerations of Committees' Members

	Fixed remuneration (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expense allowance
<b>Audit Committee Members</b>				
Walid bin Ibrahim Shukri	180,000	27,000	207,000	37,400
Suleiman bin Abdulaziz Al-Tuwaijiri	130,000	27,000	157,000	0
Isam bin Alwan AlBayat	130,000	27,000	157,000	45,351
Amr bin Khaled Kurdi	130,000	27,000	157,000	0
Khaled bin Salem Al Rowais	130,000	27,000	157,000	2,000
<b>Total</b>	<b>700,000</b>	<b>135,000</b>	<b>835,000</b>	<b>84,751</b>
<b>Members of the Executive Committee</b>				
Khaled bin Saleh AlSultan	180,000	21,000	201,000	0
Abdulkarim bin Ali AlGhamdi	130,000	9,000	139,000	12,280
Mohammed bin Abdulrahman AlBalaihed	130,000	21,000	151,000	0
Isam bin Alwan AlBayat	130,000	21,000	151,000	27,420
<b>Total</b>	<b>570,000</b>	<b>72,000</b>	<b>642,000</b>	<b>39,700</b>
<b>Members of the Nomination and Remuneration Committee</b>				
Abdulkarim bin Ali AlGhamdi	168,349.23	27,000	195,349.23	24,560
Raed bin Nasser AlRayes	130,000	24,000	154,000	0
Khaled bin Saleh AlSultan	130,000	27,000	157,000	0
Najm bin Abdullah AlZaid	130,000	24,000	154,000	0
Mohammed bin Abdulrahman AlBalaihed	130,000	27,000	157,000	0
<b>Total</b>	<b>688,349.23</b>	<b>129,000</b>	<b>817,349.23</b>	<b>24,560</b>
<b>Members of the Risk and Compliance Committee</b>				
Walid bin Ibrahim Shukri	180,000	15,000	195,000	18,420
Najm bin Abdullah AlZaid	130,000	15,000	145,000	0
Nabil bin Abdulaziz AlNaim	130,000	12,000	142,000	0
Tarek bin Abdulaziz Al-Rukhaimi	130,000	15,000	145,000	0
Scott Matthew Prochazka	130,000	15,000	145,000	0
<b>Total</b>	<b>700,000</b>	<b>72,000</b>	<b>772,000</b>	<b>18,420</b>
<b>Health, Safety, Security, Environment and Sustainability Committee Members</b>				
Nabil bin Abdulaziz AlNaim	180,000	12,000	192,000	0
Isam bin Alwan AlBayat	130,000	15,000	145,000	18,420
Scott Matthew Prochazka	130,000	12,000	142,000	0
Talal bin Abdulrahman Al-Enezi *	108,333	12,000	120,333	21,582
Khaled bin Ali Al-Olayani *	108,333	12,000	120,333	19,020
<b>Total</b>	<b>656,666</b>	<b>63,000</b>	<b>719,666</b>	<b>59,022</b>

\* Beginning of membership in the Committee on 01/03/2023

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

Fixed Remunerations			
Salaries	Allowances	In-kind advantages	Total
10,015,030	4,588,638	0	14,603,668

Variable Rewards					
Periodic bonuses	Earnings	Short-term incentive plans	Long-term incentive plans	Value of Shares Granted	Total
0	0	11,685,000	0	0	11,685,000

End of Service Benefits	Total remuneration of executives for the Board if any	Total
24,372,714	0	50,661,382

There have been no arrangements or agreement under which a member of the Company's Board of Directors or a Senior Executive waived any remuneration.

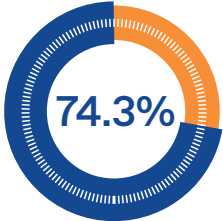


# Shareholder Composition & Key Stakeholders

SEC primarily engages in power generation, transmission, and distribution of electricity within Saudi Arabia. It holds a pivotal role as the main electricity producer and exclusive owner of transmission and distribution networks, catering to diverse consumer categories. Indirectly owned by the Government of Saudi Arabia, prominent shareholders are the Public Investment Fund and Saudi Aramco Energy.

### Major Shareholders <sup>(1)</sup>

**Share of the Public Investment Fund**  
Represents the largest portfolio of the Fund



**Share of the Saudi Aramco Energy Company**



The table below lists shareholders with a 5% or higher ownership, and their ownership remained unchanged throughout 2023.

#### Public Investment Fund (PIF) <sup>(2)</sup>

3,129,237,550

#### Saudi Aramco Energy Company

288,630,420

### Saudi Electricity Company Share Information:

#### Exchange

**Saudi Exchange (Tadawul)**

#### Symbol

**5110**

#### ISIN

**SA0007879550**

#### Issued Shares

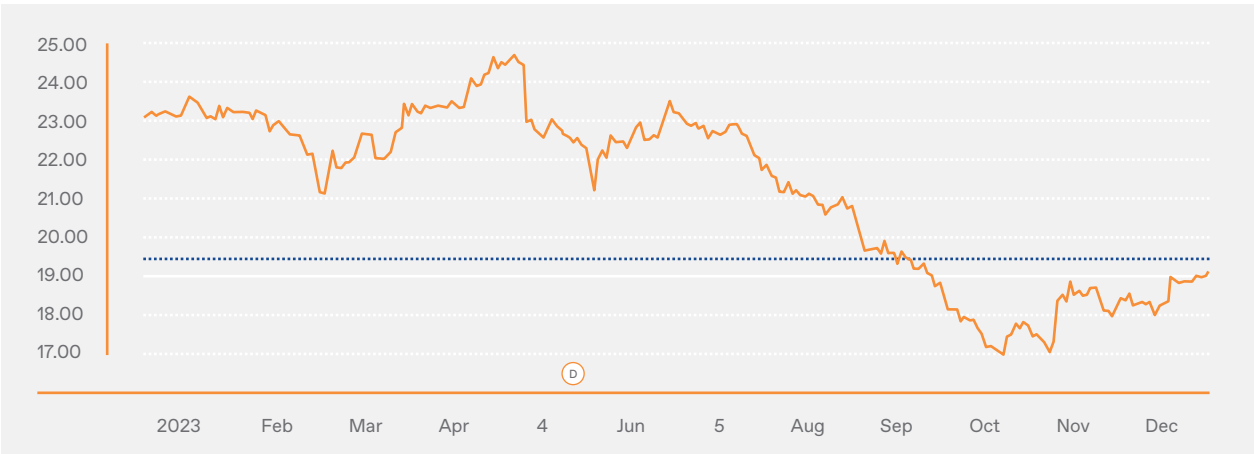
**4,166,593,815**

#### Par Value/Share

**10 SAR**

### Share Price Performance

The graph of the share price of Saudi Electricity Company during the year 2023:



\* Graph Time Period: 1st Jan 2023 – 31st Dec 2023; Currency: SAR

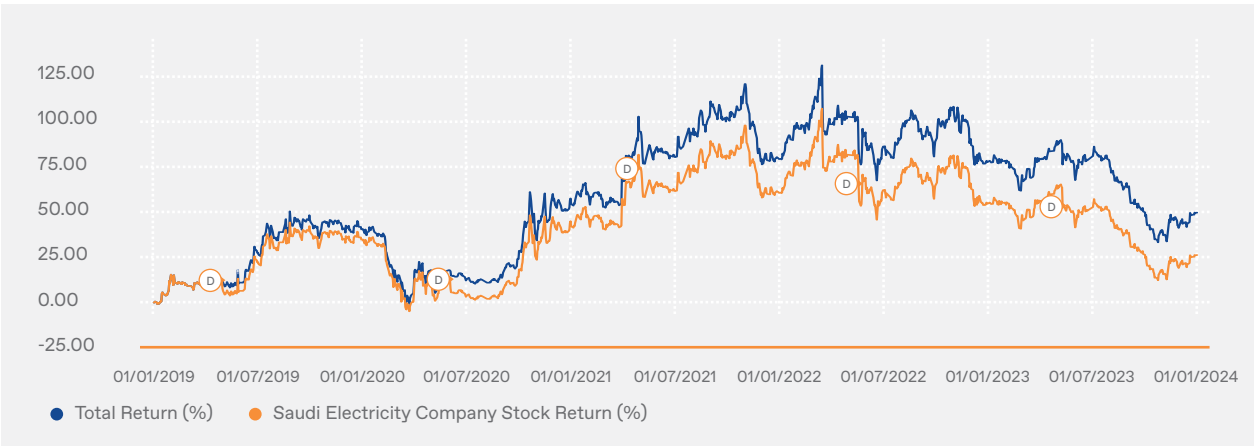
\* D = Ex-Dividend Date

Share Price (SAR) 31st Dec 2023	Share Price (SAR) 1 year ago	Share Price (SAR) 2 years ago	52-week high	52-week low
18.98	23.1	23.98	24.70	16.92

The total annual return (%) from the company's stock for each of the past five years, considering the reinvestment of allocated dividends, is as follows:

Year	Saudi Electricity Company, %	Total dividend per year, %	Total return, %
2019	33.55	5.50	39.05
2020	5.34	4.32	9.66
2021	12.58	3.03	15.61
2022	-3.66	2.71	-0.95
2023	-18.05	2.5	-15.55

The cumulative return (%) from the company's stock over the past five years, considering the reinvestment of dividends, is as follows:



\* Total Return (%) = Saudi Electricity Company Stock Return (%) + Return from Dividend Reinvestment (%)

\* D = Dividend Payment Date

<sup>1</sup> Any person who owns (5%) or more of the company's shares.

<sup>2</sup> The number of shares represents the total of the two portfolios owned by the Public Investment Fund.



# Subsidiaries and Investees

The company holds shares in both subsidiaries and the investees, as indicated in the following table.

<div><div>01</div><div>Gulf Cooperation Council Interconnection Authority (GCCIA)</div></div> <div><div>1,534,170,000</div><div>USD</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>The Arab Gulf States</div><div>Ownership</div><div>31.6%</div></div> <div>Facilitating cross-border electrical network connections among member states through strategic investments to realize specified technical and economic advantages outlined in the Authority's system</div>	<div><div>02</div><div>Electricity Sukuk Company</div></div> <div><div>500,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>100%</div></div> <div>Providing the service and support needed for Sukuks and bonds issued by the Saudi Electricity Company</div>	<div><div>03</div><div>Dawiyat Telecom Company</div></div> <div><div>1,000,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>100%</div></div> <div>Establishing, leasing, managing and operating fiber optic and electrical networks to provide telecommunications services</div>	<div><div>07</div><div>Rabigh Electricity Company</div></div> <div><div>923,750,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>20%</div></div> <div>Developing, establishing, owning, operating, and maintaining the Rabigh electricity production project in the Makkah Al-Mukarramah region. This encompasses transmitting and selling water and electricity, along with executing other associated works and activities</div>	<div><div>08</div><div>Al-Mourjan for Electricity Production Company</div></div> <div><div>1,403,850,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>50%</div></div> <div>Developing, owning, operating, and maintaining the Rabigh electricity production project in the Western Region. This includes transmission, water and electricity sales, and related activities</div>	<div><div>09</div><div>Saudi Electricity Projects Development Company (SEPDC)</div></div> <div><div>5,000,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>100%</div></div> <div>Overseeing construction projects, developing detailed engineering designs, procuring materials, and executing projects within the energy sector</div>
<div><div>04</div><div>National Grid SA</div></div> <div><div>10,000,000,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>100%</div></div> <div>Transmitting electricity, operating, controlling, maintaining power systems, and leasing line capacities of transmission networks</div>	<div><div>05</div><div>Dhuruma Electricity Company</div></div> <div><div>4,000,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>50%</div></div> <div>Generating Electric Power</div>	<div><div>06</div><div>Hajr Electricity Production Company</div></div> <div><div>2,156,230,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>50%</div></div> <div>Generating, transmitting, and selling electricity in the Eastern Province village project, along with related activities</div>	<div><div>10</div><div>GCC Electrical Testing Laboratory</div></div> <div><div>797,750,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>30%</div></div> <div>Conducting engineering activities for electrical, excavation, security, safety, and chemical projects. This includes project management for energy efficiency, providing energy design audit services, and offering energy measurement and verification services. Additionally, the company operates measurement, calibration, and verification laboratories</div>	<div><div>11</div><div>Fadhili Plant Cogeneration Company (FPCC)</div></div> <div><div>1,500,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>30%</div></div> <div>Producing electric power, water steam, distilled water, conductible water, and water of similar purity</div>	<div><div>12</div><div>Saudi Green Company for Carbon Services</div></div> <div><div>1,000,000</div><div>SAR</div></div> <div><div>Place of Founding</div><div>Saudi Arabia</div><div>Place of Activity</div><div>Saudi Arabia</div><div>Ownership</div><div>51%</div></div> <div>Developing and managing tasks, systems, and programs to reduce carbon emissions and handle Clean Development Mechanism (CDM) projects. Adhering to international, regional, and local protocols and regulations, the company engages in these activities for both its own benefit and that of others. This includes registering carbon reduction certificates issued by emission reduction programs in global, regional, and local markets</div>

# Subsidiaries and Investees

13

Solutions Valley Company

5,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

100%

Offering operational and maintenance services, digital solutions, and technical consulting expertise

14

Dawiyat Integrated Telecommunications & Information Technology Company

1,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

100%

Establishing, leasing, and operating telecommunications networks, providing communication services and IT solutions, and engaging in buying, selling, and leasing assets. Additionally, the company invests strategically in regional and international transit gates for communication traffic and participates in key international communication initiatives

15

Global Data Hub Company

10,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

50%

Establishing, owning, operating, maintaining, and commercializing information centers

16

Shuaibah Water & Electricity Company (SWEC)

1,560,500,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

8%

Developing, establishing, owning, operating and maintaining the Shuaiba 3 project for the dual production of water and electricity in the Shuaiba area, including transmitting, selling water and carrying out related activities

17

The Saudi Energy Production Company

2,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

100%

Conducting electricity generation activity in accordance with the terms of the license issued by the Water & Electricity Regulatory Authority (WERA) including electricity generation, co-generation of water and steam production, owning, operating, maintenance, development, financing and asset management services in the field of electricity generation and co-production

18

Shuaibah Expansion Project Company (SEPCO)

175,818,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

8%

Developing, establishing, owning, operating and maintaining the Shuaiba Expansion Project 2 for water production in the Shuaiba area, including transmitting, selling water and carrying out related activities.

19

Shuqaiq Water and Electricity Company (SQWEC)

1,120,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

8%

Developing, owning, operating, and maintaining the Shuqaiq 2 project for dual water and electricity production in the Shuqaiq area

20

Jubail Water and Power Company (JWAP)

882,500,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

5%

Developing, owning, operating, and maintaining the Jubail Water and Electricity Project in the Jubail Industrial Area

21

Saudi Electricity Global Sukuk Company

One Dollar

USD

Place of Founding

Cayman Islands

Place of Activity

Cayman Islands

Ownership

100%

Special Purpose Company to provide services and support for the issuance of global Sukuks.

22

Saudi Electricity Global Sukuk Company 2

One Dollar

USD

Place of Founding

Cayman Islands

Place of Activity

Cayman Islands

Ownership

100%

Special Purpose Company to provide services and support for the issuance of global Sukuks.

23

Saudi Electricity Global Sukuk Company 3

One Dollar

USD

Place of Founding

Cayman Islands

Place of Activity

Cayman Islands

Ownership

100%

Special Purpose Company to provide services and support for the issuance of global Sukuks.

24

Saudi Electricity Global Sukuk Company 4

One Dollar

USD

Place of Founding

Cayman Islands

Place of Activity

Cayman Islands

Ownership

100%

Special Purpose Company to provide services and support for the issuance of global Sukuks.

25

Saudi Electricity Global Sukuk Company 5

One Dollar

USD

Place of Founding

Cayman Islands

Place of Activity

Cayman Islands

Ownership

100%

Special Purpose Company to provide services and support for the issuance of global Sukuks.

26

Saudi Electricity Sukuk Programme Company

100

USD

Place of Founding

Cayman Islands

Place of Activity

Cayman Islands

Ownership

100%

Special Purpose Company to provide services and support for the issuance of global Sukuks.

27

Sidra Holding Company

10,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

50%

The holding company for the Taiba Power Plant Project

28

Qudra Holding Company

10,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

50%

The holding company for the Qassim power plant project

29

Dawiyat Digital Information Technology Company

1,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

100%

Providing wireless communications service

30

Dawiyat data centers company

1,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

100%

Building, operating and leasing data centers

31

Electric Vehicle Infrastructure Company (EVIC)

1,016,000,000

SAR

Place of Founding

Saudi Arabia

Place of Activity

Saudi Arabia

Ownership

25%

Develop, maintain and operate infrastructure assets in the Kingdom of Saudi Arabia for electric vehicle services



# Dividend Distribution Policy

The company's distribution of annual net profits is structured as follows:

- The General Assembly determines the percentage of net profits to be distributed to shareholders after deducting the reserves. Shareholders receive their entitled profits based on the General Assembly resolution, specifying the maturity and distribution date. Dividends are allocated to shareholders recorded in the shareholders' registers on the set maturity date.
- The Board of Directors executes the General Assembly's resolution for dividend distribution to registered shareholders within a maximum of fifteen days from the specified maturity date in the Assembly's resolution or the Board's resolution for interim dividends, as applicable.
- The company has the authority to distribute interim dividends to shareholders semi-annually or quarterly upon annual authorization by the General Assembly, meeting the requirements outlined in the first paragraph of Article 47 of the Executive Bylaws of the Companies Law.

In 2023, the company secured a net profit of 10,249 million riyals, post the deduction of Sharia zakat and before allocating remuneration to the Board of Directors. The proposed dividend distribution is in line with the company's Articles of Association and is outlined as follows

Figures are in thousand Saudi Riyals

Percentage of profits proposed to be distributed at the end of the year	Total Profit
7%	2,916,615,670.5

No shareholder of the company has entered into agreements or arrangements waiving their rights to profits. Furthermore, in the fiscal year ending December 31, 2023, there were no individuals with an interest in the voting class of shares.

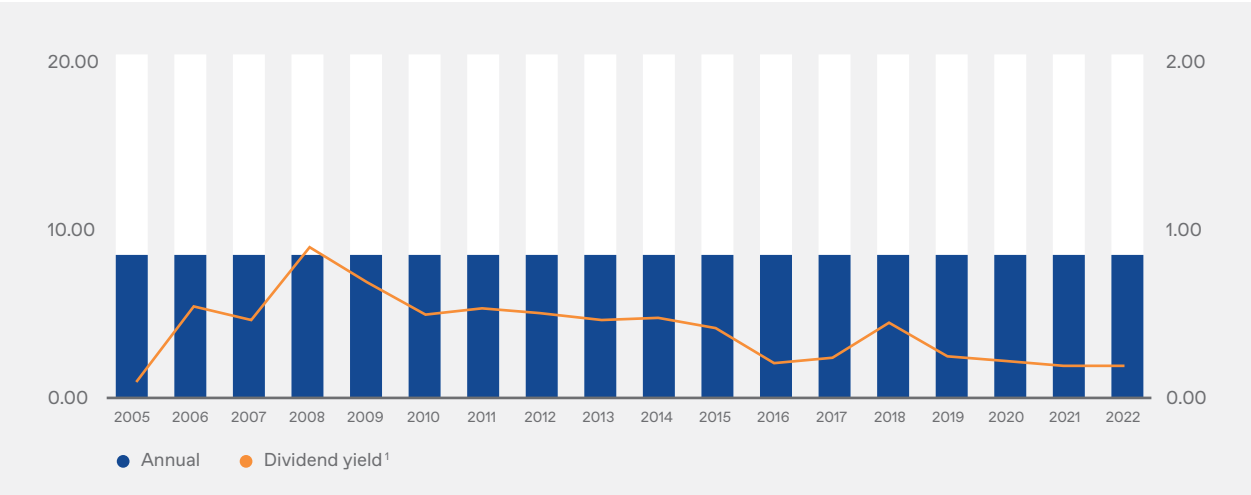
# Historical Dividends

Saudi Electricity Company consistently distributed dividends to its shareholders annually. The historical 'dividend per share' values distributed by the company to the shareholders is as follows:

Year	Dividend (adj.), SAR	Ex-date	Pay date	Type
2022	0.70	10/05/2023	25/05/2023	Annual
2021	0.70	18/05/2022	06/06/2022	Annual
2020	0.70	27/04/2021	20/05/2021	Annual
2019	0.70	02/06/2020	16/06/2020	Annual
2018	0.70	30/04/2019	12/05/2019	Annual
2017	0.70	25/06/2018	17/07/2018	Annual
2016	0.70	19/04/2017	30/04/2017	Annual
2015	0.70	25/04/2016	08/05/2016	Annual
2014	0.70	20/04/2015	03/05/2015	Annual
2013	0.70	15/04/2014	27/04/2014	Annual
2012	0.70	15/04/2013	27/04/2013	Annual
2011	0.70	02/04/2012	14/04/2012	Annual
2010	0.70	04/04/2011	30/04/2011	Annual
2009	0.70	05/04/2010	03/05/2010	Annual
2008	0.70	06/04/2009	28/04/2009	Annual
2007	0.70	19/04/2008	11/05/2008	Annual
2006	0.70	21/04/2007	14/05/2007	Annual
2005	0.70	22/04/2006	15/05/2006	Annual
2004	3.50	16/04/2005	14/05/2005	Annual
2003	3.50	24/04/2004	24/05/2004	Annual
2002	3.50	26/04/2003	19/05/2003	Annual
2001	4.00	27/06/2002	13/07/2002	Annual

# Historical Dividends

## Dividend Per Share



The statistics around the historical dividend yield and the historical total return from the stock investment plus dividend reinvestment for the previous years is as follows:

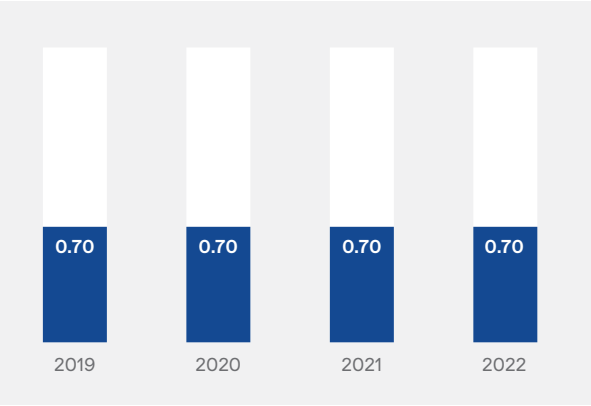
### Latest Dividend Paid

**0.70 SAR per share**  
Ex-date: 10/05/2023  
Pay date: 25/05/2023  
Type: Annual

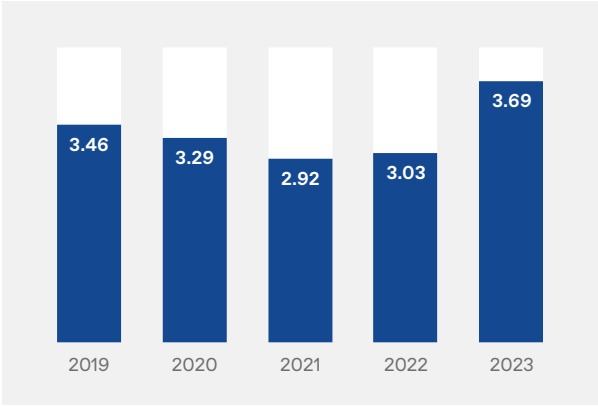
### Dividend Yield

**3.69% Dividend yield <sup>1</sup>**  
**0.70 SAR 12 months dividend**

### Annual Dividend Announced, SAR



### Annual Dividend Yield (%) <sup>2</sup>



<sup>1</sup> Based on dividends paid out during last 12 months and last share price in 2023.

<sup>2</sup> Based on year-end price and dividends adjusted to corporate actions

# Important Events and Transactions

- On March 14, 2023, the Board recommended distributing SAR 2,916,615,671 in cash dividends to shareholders for the fiscal year 2022.
- On April 4, 2023, SEC completed a USD 2 billion international sukuk issuance, consisting of green sukuk and regular sukuk tranches.
- On April 8, 2023, the company successfully recovered the USD 1 billion International Islamic Sukuk's second tranche listed in the London Stock Exchange.
- On November 13, 2023, the power purchase agreements were signed for Taiba 1 and Qassim 1 combined cycle gas power plants, each with an 1800 MW capacity, with the Saudi Power Procurement Company.

## Key financing deals in a year

Throughout 2023, the company successfully concluded numerous high-profile deals in the financial markets with a total value of 34.1 billion Saudi SAR (equivalent to 9.1 billion US dollars). These transactions involved various financing structures, including Green Sukuk issuances related to environmental, social, and governance (ESG) practices, as well as joint local and international financings and export credit agreements (ECAs).

The company successfully executed a dual-tranche Sukuk issuance worth 2 billion US dollars as part of its international Sukuk program. The Saudi Electricity Company presented its sustainability story, leveraging its ESG corporate governance framework to issue Green Sukuk, expanding our investor base. An outstanding achievement was the issuance of 30-year bonds, marking the first-ever 30-year US dollar Sukuk by a company in 2023.

In terms of local financing, the company secured a joint local financing of 10 billion Saudi SAR (2.67 billion US dollars) over a 7-year term, involving the participation of nine Saudi and regional banks. This deal not only signifies the strong creditworthiness demand for the Saudi Electricity Company but also underscores its strong relationships with Saudi and regional banks.

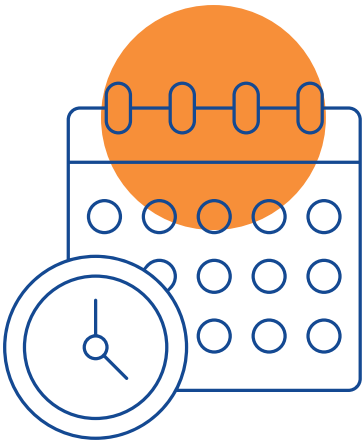
Furthermore, the company successfully closed a 3-billion US dollars international joint financing, a significant milestone as three prominent regional banks participated for the first time in the company's financing. This achievement highlights our continuous ability to attract new strategic partners.

Lastly, we take pride in executing a deal valued at around 0.4 billion US dollars with the Saudi Export-Import Bank. This transaction underscores our commitment to exploring new financing structures continuously.

All these transactions were closed with competitive pricing, demonstrating the company's ability to seize opportune moments and secure favorable terms. Our distinguishing factors include our commitment to exploring new financing opportunities, offering innovative financing solutions, expanding Sharia-compliant financing tools, efficiently managing interest rate risks, implementing effective liability management strategies, and extending the average maturity of our debt portfolio.

## Mergers and Acquisitions

On October 5, 2023, Saudi Electricity Company (SEC) acquired a 25% stake in the Electric Vehicle Infrastructure Company (EVIC), which was wholly owned by the Public Investment Fund (PIF), at a value of SAR 254,000,000. The Electric Vehicle Infrastructure Company (EVIC) is launched to support Saudi Arabia's transition to electric vehicles (EVs) by establishing a national network of fast charging stations. SEC now holds a 25% stake in the company, with the remaining 75% owned by the Public Investment Fund (PIF).





# Tadawul Announcements

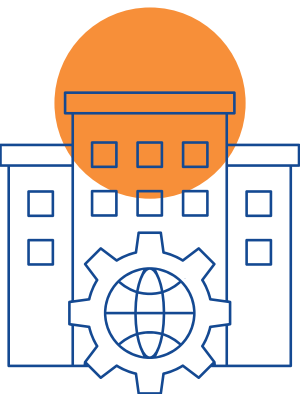
The Saudi Electricity Company disclosed various events and strategic initiatives over the course of the year. Key announcements, activities, and strategic decisions were communicated through the official website of the Saudi Exchange (Tadawul). A total of 23 shareholder notifications were issued in 2023, and the table below outlines these announcements, including their descriptions and dates.

S.no.	Announcement	Date
1	Saudi Electricity Co. announces obtaining a local syndicated facility	14/02/2023
2	Saudi Electricity Company announces its audited annual consolidated financial results for the fiscal year ended 31-12-2022	15/03/2023
3	Saudi Electricity Company announces the Board's recommendation to distribute cash dividends to Shareholders for the fiscal year 2022	15/03/2023
4	Saudi Electricity Company announces conducting its FY2022 Earnings Conference Call with investors and financial analysts	22/03/2023
5	Saudi Electricity Company announces its intention to establish an international Sukuk programme and to issue U.S. Dollar denominated green and/or conventional Sukuk under it	30/03/2023
6	Saudi Electricity Company announces that it has commenced the offer of its U.S. Dollar denominated green and/or conventional Sukuk under its international Sukuk programme	03/04/2023
7	Saudi Electricity Company announces the completion of offer of Dual Tranche Series of Sukuk (green and conventional Sukuk) with a total amount of USD 2 billion under its international Sukuk programme	04/04/2023
8	Saudi Electricity Company announces full redemption of its International Islamic Sukuk due on 8th of April 2023 amounting to USD 1 billion	06/04/2023
9	Saudi Electricity Company invites its shareholders to attend the 25th Ordinary General Assembly (First Meeting) via modern technology (virtually)	11/04/2023
10	Saudi Electricity Co. Announces the Results of the 25th Ordinary General Assembly Meeting, (First Meeting)	10/05/2023
11	Saudi Electricity Co. announces its interim consolidated condensed financial results for the period ending on 31-03-2023(Three Months)	10/05/2023
12	Saudi Electricity Company announces its interim consolidated condensed financial results for the period ending on 30-06-2023 (Six Months)	08/08/2023

S.no.	Announcement	Date
13	Saudi Electricity Company announces conducting its H1 2023 Earnings Conference Call with investors and financial analysts	15/08/2023
14	Saudi Electricity Company invites its shareholders to attend the 9th Extraordinary General Assembly (first meeting) via modern technology means (virtually)	20/08/2023
15	Saudi Electricity Co. Announces the Results of the 9th Extraordinary General Assembly Meeting, (First Meeting)	20/09/2023
16	SEC announces acquiring an interest of 25% stake in "Electric Vehicle Infrastructure Company" a wholly owned company of PIF at a cost of 254,000,000 riyals	08/10/2023
17	Saudi Electricity Company announces the opening of candidature for the Board of Directors membership for the next session	18/10/2023
18	Saudi Electricity Company announces obtaining a USD 3 billion International Syndicated Facility	24/10/2023
19	Saudi Electricity Company Announces obtaining approval from Saudi Power Procurement Company to expand Rabigh power plant by an additional 1.2GW combined cycle units	25/10/2023
20	Saudi Electricity Company (SEC) announces the receipt of award notification to consortium of SEC-ACWA Power Co. for Taiba 1 and Qassim 1 IPPs projects with total capacity of 3.6 GW	25/10/2023
21	Saudi Electricity Company announces its interim consolidated condensed financial results for the period ended on 30-09-2023 (Nine Months)	07/11/2023
22	Saudi Electricity Company announces the signing of the Power Purchase Agreements with the Saudi Power Procurement Company (SPPC) for 2 Power Plants, namely Taiba 1 and Qassim 1	14/11/2023
23	Saudi Electricity Company invites its shareholders to attend the 26th Ordinary General Assembly (First Meeting) via modern technology (virtually)	07/12/2023

# Related Party Transactions

Strong governance and full transparency with commitment to ethical behavior and prevention of conflict of interest at all levels



## Board of Directors

In 2023, neither the company’s Board members nor their relatives held any vested interest, contractual securities, or subscription rights in the shares or debt instruments of the company or its subsidiaries, and there have been no alterations in this regard.

## Senior Executives

In 2023, Senior Executives and their relatives had no vested interest, contractual securities, or subscription rights in the shares or debt instruments of the company or its subsidiaries, and there were no changes in this regard.

The company emphasizes the absence of conflicts of interest among the key decision-makers and confirms that none of the individuals on the Board of Directors, Senior Executives, or any parties have a financial or personal interest in any business or contracts associated with the company. This implies that these individuals are not engaged in, invested in, or positioned to gain from external businesses or contractual agreements entered into by the company.

Furthermore, it is highlighted that Board members have not participated in or been associated with any competing businesses that are directly related to the company’s activities or branches. This commitment ensures that individuals holding positions in the company are not concurrently involved in ventures that could compete with or undermine the company’s interests, eliminating potential conflicts.

# Investor and Stakeholder Relations

In 2023, the Board of Directors did not receive any suggestions or comments from shareholders regarding the company’s performance.

The company prioritizes shareholder aspirations, ensuring their rights and facilitating information access. Emphasis is placed on transparent financial disclosure, reporting critical developments, and adhering to Capital Market Authority regulations, especially Article (87) of the Corporate Governance Regulations.

The company actively promotes investor engagement, encouraging the seamless deposit of profits by urging shareholders to deposit share certificates in investment portfolios. Maintaining effective communication with capital market authorities and exchanging information with investors and financial institutions remains a priority.

## Disclosure and Transparency Policy

Saudi Electricity Company is dedicated to delivering transparent, accurate, and regularly updated information to stakeholders, investors, and other concerned parties. Recognizing its responsibility, the company commits to disclosing significant developments to the Capital Market Authority and the public, potentially affecting its operations, assets, liabilities, share price, or financial position. As a publicly listed entity, the company ensures the timely release of approved annual and interim financial statements to the CMA and the public.

The company shall disclose and publish its governance policies, procedures and related documents on its website or any other means in accordance with the company’s policy. These include, but are not limited to:

- The company’s Articles of Association
- Governance and other relevant documents
- Annual Report of the Board of Directors
- Interim (quarterly) and annual financial statements
- Annual Audit Committee report
- All declarations published on Tadawul; and
- Any other reports or documents that the company deems necessary to enhance disclosure and transparency, without prejudice to applicable laws and regulations.

If the company anticipates potential harm from disclosing information under these Rules without misleading investors about essential valuation facts, it can request the CMA’s approval to cancel or delay disclosure. The company must

submit a confidential statement to the CMA, detailing the pertinent information and reasons for nondisclosure. The CMA will then assess and decide on the approval or rejection of the cancellation or delay application.

## Saudi Electricity Company Contact Channels

The company has introduced the SEC IR Investor Relations Application, now accessible on both the App Store and Google Play. This app is designed to efficiently deliver pertinent data and information to investors, facilitating seamless communication between the company and its stakeholders. Users can easily access company information through this user-friendly platform.

For inquiries or contact, interested parties may contact through one of the following channels:

**Phone**

+966 118 077 202

**Email**

SEC-SH@se.com.sa  
IR@se.com.sa

**Website**

<https://www.se.com.sa/Contact-Us>

Investor Relations Application (SEC IR)







# Company Declarations in accordance with the Corporate Governance Regulations

## Corporate Governance Regulations

The company complies with the Corporate Governance Regulations set forth by the Capital Market Authority, except for the provisions outlined in paragraph (1-a) of Article (12) pertaining to the formulation of a comprehensive strategy for the company. The company has updated its general strategy indicators in line with financial and regulatory reforms, and work is underway to adopt the company's general strategy in coordination with the Ministry of Energy and the Ministerial Committee for the Restructuring of the Electricity Sector.

## Accounting records, internal control system and the company's ability to continue its activity

The Internal Audit is an independent activity, reporting directly to the Audit Committee. It carries out its tasks in accordance with the Internal Audit Charter approved by the Board of Directors, where it conducts financial and operational reviews to evaluate the internal control system on an ongoing basis to ensure its efficiency and effectiveness. The internal audit activity provides the results of its work to the Audit Committee through periodic reports clarifying the observations and the status of the implementation of corrective actions by management.

The Audit Committee reviews findings from both the internal and external auditors, along with the outcomes of their examination of the company's internal control system's efficiency and effectiveness. It extracts relevant recommendations for improvement and submits them to the company's Board of Directors and follows up on observations that have a direct and most important impact on the internal control system.

The Executive Management retains accountability for the company's internal control system and consistently makes improvements to strengthen the internal control system to increase its efficiency and effectiveness.

The company acknowledges that:

- The accounting records were properly prepared, and the company implemented an integrated accounting system to record all financial transactions to provide reasonable conviction of the integrity of financial reports.
- The Audit Committee did not find any material observations affecting the oversight system.
- There is absolutely no uncertainty regarding the company's ability to continue its business.

It should be noted that no internal control system, even well-designed and effectively implemented, can provide absolute assurance.

# Audit Committee Report

## Audit Committee Report for the Financial Year 2023

It is the responsibility of the Board to ensure the implementation of an appropriate internal control system, encompassing the policies, processes, tasks and behaviors that, taken together:

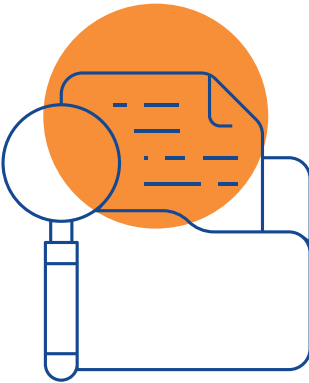
- Facilitate the company's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance, and other risks to achieving its objectives.
- Help ensure the quality of internal and external financial reporting.
- Help ensure compliance with applicable laws and regulations.

The Audit Committee is responsible for monitoring the company's activities and verifying the integrity of the reports, financial reports and internal control system as stated in the 'Audit Committee Charter' approved by the General Assembly, and as per the requirements of the 'Companies Law' issued by the Ministry of Commerce, and the 'Corporate Regulations' issued by the Capital Market Authority.

The Audit Committee held nine meetings in 2023 to independently assess the effectiveness of the internal control system and the quality of external financial reporting, including by:

- Discussing relevant governance, risks, and control matters throughout the year with executive management, the General Auditor and the external consultant supporting the internal control project.
- Reviewing the company's interim and annual financial statements prepared by management, and the annual declaration for 2023 from the CEO and CFO.
- Approving the external auditor's audit plan, and reviewing the external auditor's report, and management letter, and their unqualified opinion on the consolidated financial statements for the fiscal year 2023.
- Overseeing the internal audit activity, including the preparation of a risk-based annual audit plan.
- Reviewing the results of internal audit engagements and the CAE's annual opinion for 2023, and the progress made by management in implementing action plans to address control gaps identified by internal auditor.
- Reviewing the gaps identified by an external consultant as part of the internal control project, and ensuring that management had put in place action plans to address these gaps.

Throughout the above activities, nothing came to the attention of the Audit Committee regarding any fundamental deficiencies in the internal control system, while noting that regardless of any internal control system's effectiveness, it cannot provide absolute assurance about the effectiveness of the applicable internal controls.





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