



Environmental, Social and Governance (ESG) Report 2019

EMPOWERING FUTURE WITH SUSTAINABLE ENERGY



Table of Content

- ⑤ Introduction
- ⑥ CEO message
- ⑧ Saudi Electricity Company at a glance
- ⑩ Our vision, mission and values
- ⑪ Our operations
- ⑫ Shareholders
- ⑬ Subsidiaries
- ⑭ Other investments
- ⑯ Our strategic goals
- ⑯ Sustainable business model
- ⑯ Materiality analysis
- ⑯ ESG governance
- ⑯ SEC's ESG framework
- ⑯ ESG way forward
- ⑯ ESG performance snapshot
- ⑯ 2019 ESG awards

CHAPTER 1

- ⑯ Facilitating the transition to a low carbon and circular economy
- ⑯ 1.1. Mitigating Climate Change
 - SEC's GHG emissions reduction achievements
 - Environmental governance
 - Capacity building
 - Compliance and certifications
- ⑯ 1.1.1. Reducing our carbon and toxic emissions
- ⑯ 1.1.2. Promoting renewable energy
 - Renewable energy off-taking
 - Growing Our Renewable Sources of energy through integration of renewables capacity into the grid
- ⑯ 1.1.3. Thermal energy efficiency improvements in power generation
 - Efficiency measures in mobility
 - Smart buildings powered by renewable energy
 - Improving demand side energy efficiency
 - Network smartification to improve demand side efficiency
 - Supply side energy efficiency
- ⑯ 1.2. Managing resources efficiently
 - ⑯ 1.2.1. Reducing water consumption and pollution
 - Reducing soil contaminations
 - ⑯ 1.2.2. Waste management
 - Hazardous waste
 - Municipal waste
 - ⑯ 1.2.3. Biodiversity, environmental protection and awareness raising

CHAPTER 2

- ⑯ Empowering people and communities
- ⑯ 2.1. Developing and protecting people
 - ⑯ 2.1.1. Our people
 - Our strategic approach to human capital
 - Workforce training and development
 - Performance management
 - Engagement and incentivization
 - ⑯ 2.1.2. Health and safety
 - Emergency preparedness
- ⑯ 2.2. Supporting communities
 - ⑯ 2.2.1. Investing in communities and social and economic development
 - ⑯ 2.2.2. Access to energy
 - ⑯ 2.3. Building customer trust
 - ⑯ 2.3.1. Putting customers first
 - ⑯ 2.3.2. Ensuring data privacy and cybersecurity
 - ⑯ 2.3.3. Managing responsible supply chain

CHAPTER 3

- ⑯ Enabling responsible business practices
 - ⑯ 3.1. Promoting good governance
 - ⑯ 3.1.1. Economic performance
 - ⑯ 3.1.2. Corporate governance
 - Board of directors
 - Executive committee
 - Nomination, remuneration and human resources committee
 - Audit committee
 - Risk and compliance committee
 - ⑯ 3.1.3. Risk management
 - ⑯ 3.2. Conducting business with integrity
 - ⑯ 3.2.1. Project development, research, and innovation
 - ⑯ 3.2.2. Business ethics, transparency and prevention of anti-competitive behavior
 - ⑯ 3.2.3. Human rights
 - Anti-discrimination

Appendix a GRI content index 96



Introduction

As part of our commitment as a responsible business, Saudi Electricity Company (SEC) is pleased to present its first annual ESG Report. This report shines light on our efforts and performance to create value for our customers, employees, shareholders and communities. The report covers our performance throughout 2019, from January 1 until December 31 unless otherwise stated. This report has been prepared in accordance with the GRI Standards: Core option. Appendix A contains the GRI Content Index.

Cautionary Statement

This ESG Report contains certain forward-looking statements. All statements, other than statements of historical fact, are or may be deemed to be, forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties that could materially affect expected results of operations, cash flow and business prospects, because they relate to events and depend on circumstances that will or may occur in the future. Readers should not place undue reliance on forward-looking statements, which speak only as of the date of this report.

Contact point for inquiries regarding the report
SEC's investor relations

Telephone : +966 11 80 77161
or +966 11 80 77978
Email : IR@se.com.sa
Website : www.se.com.sa





CEO Message



Fahad Al-Sudairi

President and CEO

It is with great pleasure to welcome you to our inaugural ESG Report for the year 2019. We believe that disclosing our figures and performance with our stakeholders is vital to promote transparency, integrity, operational excellence, and most importantly, our efforts in integrating sustainability in all our business-related matters, for the aim of reducing our ecological footprint and contributing to our communities.

"We are deeply committed to supporting the Kingdom's Vision 2030 by enabling a stronger, cleaner and more diverse power energy sector as well as a reliable, efficient, and smart grid."

To be in harmony with the global partnership towards a sustainable planet, we align our ESG strategy with the Saudi Vision 2030 and the UN Sustainable Development Goals (UN SDGs) to support the Kingdom in achieving the objectives of the United Nations Framework Convention on Climate Change, the Paris Agreement, and the United Nations Environment Program. Thus, we have committed ourselves to demonstrate performance on 22 ESG material issues and

contribute to the achievement of nine of the 17 SDGs, in addition to adopting green investment and green financing options.

On the environmental level, we had many achievements in 2019 that express our diligent focus on renewable clean energy options and reducing the carbon foot print of our operations through continuous modernization and optimization of our portfolio. Launching Sakaka Solar PV was a remarkable milestone in the renewable energy integration journey at SEC. Furthermore, we have given the private sector the chance to contribute to electricity generation in the Kingdom through IPP/IWPP and renewable energy projects. Receiving KSA Award for Environmental Management in the Islamic World, serves as a recognition of our innovative environmental management.

"We continue to provide a safe, reliable and efficient power supply to KSA economy where the needs for a strong and a growing economy is optimally balanced with the need for a sound and a cleaner environment for the present and future generations".

While being the largest electric energy system in the MENA region, SEC has been contributing to the Kingdom's economy in many ways. In 2019, we have generated a revenue growth of %30 compared to 2016, with a net profit of SAR 1,388 million. We are serving 9.7 million customers across the Kingdom with electricity and thereby powering the nation. Building an agile, inclusive and sustainable workforce is one of our ultimate goals, and more than %92 of our +33,000 employees are Saudi nationals, which can be considered an important factor in catalyzing the economic development in Saudi Arabia. Hence, we invest generously in our employees' development, well-being and safety through our four preparatory training institutes available within SEC's premises and the various training programs who delivered more than 977,000 hours of training in 2019. We also continuously update our Code of Business Conduct and Ethics to ensure we cover all topics related to human rights, inclusion and diversity.

We lay a great emphasis on innovation and technological applications as they are perceived as the cornerstone of our excellency and the tool that will enable us to compete boldly with the international benchmarks in the electric power industry, fulfilling our environmental goals. Some of our 2019 highlights in this domain was

automating SEC's power grid and integrating smart meters in it for further efficiency, reliability and smart energy deployment. E-bill services and 'Hesabi' platform are also great examples on the digitization of our customer service and transforming to a customer-centric model at SEC, since customer experience one an underlying factor for performance excellence that is one of the focus areas in our strategic direction for the upcoming 5 years. With technology comes cybersecurity and systems protection, to ensure our cyber-resiliency of our systems and customers' data privacy through upgrading our operational systems and increasing our employees' awareness on cybersecurity topics.

I believe that what we have done so far at SEC is a tremendous success for SEC family, and for our beloved country Saudi Arabia. But, while we keep raising the bar for ourselves, we know that there is still more opportunities to delve in, more improvements to be employed and much more successes to be attained. And all this will be achievable with the support and trust we get from our stakeholders who have an intrinsic role in SEC's growth journey.



Saudi Electricity Company At A Glance

History

In 1975, the Government created the Ministry of Industry and Electricity in order to organize and regulate the electricity sector in the Kingdom. In 2003, the Ministry of Industry and Electricity was replaced by the Ministry of Water and Electricity and then, in respect of the electricity sector, by the Ministry of Energy, Industry and Mineral Resources. As part of this initiative, the Kingdom was divided into five operating regions (the Western, Eastern, Central, Southern and Northern Regions). Within each of the Western, Eastern, Central and Southern Regions, the various private and semi-private electricity companies that had previously provided electricity were consolidated into four majority state-owned utilities known collectively as the Saudi Consolidated Electricity Companies (SCECOs).

SEC later reduced the number of operating regions to four. As of the date of this report, these regions are the Western Region (consisting of four electricity departments covering Makkah, Jeddah, Madinah, Tabuk and Taif), the Eastern Region (consisting of four electricity departments covering Dammam and Al Ahsa, the Northern province, the Al-Jouf province and the northern border), the Central Region (consisting of six electricity departments covering Riyadh city and the Riyadh, Qassim, Al-Kharj, Dawadme and Hail provinces) and the Southern Region (consisting of four electricity departments covering the Asir, Jizan, Najran and Baha provinces).

Within the Northern Region, the General Electricity Corporation (GEC) was given responsibility for supervising the electricity companies operating within that region. A subsequent reform of the electricity sector resulted in the formation of one Saudi Electricity Company (SEC), which was incorporated as a joint stock company in 2000, with its headquarters located in Riyadh. Following the formation of SEC, GEC was dissolved and the four SCECOs, GEC's projects and the various electricity companies in the Northern region operating under the supervision of GEC were merged into SEC and SEC assumed all of their operations, rights and liabilities.





Our Vision, Mission and Values

Our vision is to serve our customers and country by delivering world-class power services'.

Our mission is that 'We power the Kingdom that energized the world'.

Our Values are



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.



SEC's new headquarter north Riyadh city



Our Operations

SEC's principal business activities are the generation, transmission and distribution of electricity within the Kingdom of Saudi Arabia, the largest economy in the GCC. SEC is the national leading generator and sole-off taker of electricity in the Kingdom.

The company has a regulated monopoly position in respect of both the transmission of electric power and the distribution of electricity to consumers in Saudi Arabia.



191,600 GWh

Electricity Produced



279,678 GWh

Energy Sold



9.7 million

Number of Customer



Energy Generation

SEC is the leading producer of electricity directly owning and operating 70% to total installed capacity in the Kingdom, and indirectly owns in another 13.5 GW through IPPs/IWPPs JVs. SEC utilizes a total installed capacity in the Kingdom of almost 76.4 GW.

Transmission

All the electricity produced by grid connected power plants in the kingdom is transmitted through SEC high-tension high voltage transmission grid. Electricity is carried through a network of transmission lines connected to substations set up in regions across the Kingdom. Electricity is then distributed to customers within those regions through SEC's distribution network.

Distribution and Customer Services

SEC distribution business is responsible for the medium and low voltage power lines that connect high voltage transmission sub-stations to local sub-stations and the low voltage lines that provide electricity from local sub-stations to end-users. The distribution business is also responsible for metering, billing, collection of payments and electrical service connections in respect of electricity supplied to end-users.

Subsidiaries

SEC currently has eleven subsidiaries, all of which are wholly owned:



National Grid S.A.



Dawiyat Telecom
Company



Saudi Electricity for Power
Purchase



Dawiyat Telecom Company for
Communication and Information
Technology



Electricity Sukuk
Company



Saudi Electricity Global
Sukuk Company



Saudi Electricity Global
Sukuk Company 2



Saudi Electricity Global
Sukuk Company 3



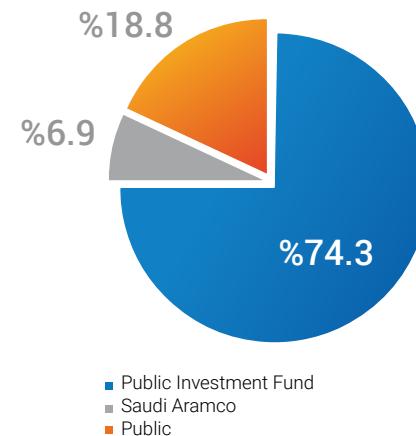
Saudi Electricity Global
Sukuk Company 4



Saudi Electricity Global
Sukuk Company 5



Saudi Electricity for Projects
Development Company



Four of these subsidiaries conduct operational activities, namely National Grid, which is the subsidiary to which its transmission business has been transferred, Dawiyat Telecom Company, which is engaged in leasing fiber optic networks to telecom companies, Saudi Electricity for Projects Development Company, which is engaged in the management and execution of construction projects in the energy sector and Saudi Company for Power Purchase, which is engaged in the purchase and sale of electricity and the conclusion of the necessary agreements. The other subsidiaries are special purpose vehicles which were established in connection with issuance of sukuk within the Kingdom by SEC.

Other investments

As at 31 December 2019, SEC also has equity investments in a number of companies (all of which are incorporated in the Kingdom), which are summarized in the table below.



Our Strategic Goals for a Sustainable and Efficient Energy Sector

Driven by the National Transformation Program under the Vision 2030, and as part of the energy price reform in the Kingdom, the electricity tariff structure and fuel prices have undergone a reform in 2016 and 2018. The reform was implemented to ensure the stability of supply and a viable electricity sector. The increased tariffs in 2018 primarily impacted the residential and commercial customers, whereby the increase 260% price increase of the lowest slab rate in the residential segment affected more than 97% of our customers. The demand response to these higher tariffs resulted in plateauing consumption trend over the period 2016-2019.

Hence, SEC has been working with its stakeholders to develop a sustainable electricity sector in the Kingdom. We have taken a number of measures, including the development of a smart grid, improvement of fuel efficiency, automated customer services and enhanced management of our workforce.

A key enabler of the sector's sustainability and efficiency in alignment with the Kingdom's Vision 2030 was the establishment of a balancing fund, which is intended to cover any fiscal deficit in the system in a transparent and efficient manner. Within this context, in January 2020, SEC announced it has received a correspondence from Ministry of Finance stating that a first step of

the balancing account of the electricity sector has been effected starting from the fiscal year 2019. The balancing account is a regulatory reform which aims to achieve a fiscal balance for the electricity sector by covering the difference between required operating revenue for SEC and its actual operating revenues from the applicable tariff. Going forward, the government authorities are expected to decide on the required operating revenue of SEC on an annual basis as per a revenue cap model. Hence, this balancing account is an important additional step in the right path of the regulatory reforms undertaken by the government towards the sector and SEC since 2016. We also established the Saudi Company for Power Purchase, which is a new entity within the SEC Group that serves as the main purchaser of fuel and represents SEC in signing power purchase agreements with new power generation projects.

Based on these circumstances, we formulated our strategic goals and ambitions for the upcoming years. Our main strategic ambition is to be a smart, efficient and customer centric organization. This transition will be driven by a number of key enablers, including digitization efforts, talent development, research and innovation as well as cost optimization, amongst others.

Strategic Goals



**Saudi
Smart**

SEC as a driving force of Transformation to a smart and sustainable electricity system



**Electricity
Efficient**

SEC as a lean and mean company operating on a commercial basis with the world-class performance



**Company
Customer**

SEC as an innovative world-class service provider for both people and businesses



Enablers



Sustainable business model

SEC's ESG Framework

Our ESG framework aims to capture our ambitions towards sustainability and provides a framework for managing and reporting our ESG performance. We shaped an ESG framework, strategy and action plan that can:

- Align to the KSA Vision 2030 priorities, including creating new revenue generating opportunities.
- Achieve risk reduction and cost saving opportunities
- Meet the ESG expectations of investors and credit rating agencies.

- Meet the immediate investor ESG requirements for green financing opportunities.
- Have SEC be included on the MSCI and FTSE emerging market ESG indices no later than end 2021, and the Dow Jones Sustainability Index no later than end 2022.
- Have SEC regarded within a peer group of the world's leading companies for ESG in our sector, who have already achieved inclusion in these ESG indices.



Our ESG framework captures three key sustainability ambitions:

1. Facilitating transition to a low carbon and circular economy
2. Empowering people and communities
3. Enabling responsible business practices

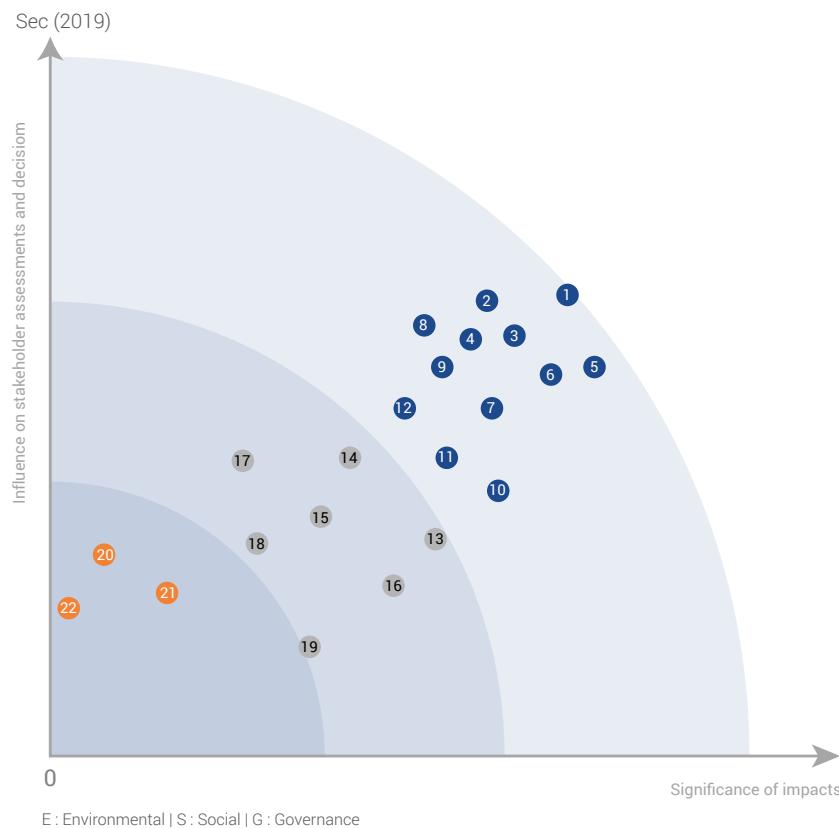
Within these three ambitions, the framework captures eight key ESG performance areas





Materiality Analysis

Our ESG issues are prioritized in a materiality matrix. One axis captures the influence of the issue on a stakeholder's decision, and the other axis captures the impact on SEC. Issues in the upper right quadrant are most material, hence require greatest focus, efforts, and disclosures.



Most material

- S 1.Responsible customer relations
- E 2.Carbon emission
- E 3.Toxic emissions (nox,sox)
- E 4.Renewable energy
- E 5.Water management
- E 6.Waste management
- G 7.corporate governance
- S 8.Human capital
- S 9.Health and safety
- S 10.Prevention of anti-competitive practices
- S 11.Social and economical development
- E 12.Biodiversity

More material

- G 13.Economic performance
- S 14.Access to energy
- S 15.Human rights
- S 16.Business ethics and transparency
- E 17.Energy efficiency
- G 18.Risk management
- G 19.Supply chain

Material

- S 20.Data privacy
- S 21.Innovation and research
- S 22.Communities and social investment



ESG framework and Strategy Process

Identification of key ESG issue of highest performance (Standards)

- ESG investor criteria and credit rating agency ESG issues for utility sector
- International sustainability / ESG standards, and UN (SOGs)
- Saudi Vision 2030 relevant ambitions and metrics
- The ESG issues addressed ambitions and metrics
- Inputs from SEC managers and executives engaged during process

Performance assessment (benchmarking)

- 10 most commonly recognized key issues
- 9 Global utility peers and 2 regional peers

Prioritizing of issues (Materiality)

- ESG issues are prioritized in a "materiality matrix" based on the following:
 - The influence of the issue and a stakeholder's decision
 - The impact on SEC



SEC ESG framework and strategy

ESG Governance

SEC understands the importance of good governance to any sustainable business and has integrated governance mechanisms across its operations. Being a public listed company and a leading corporate issuer of Islamic Sukuk from KSA in local and international debt capital markets, SEC is committed to enhancing transparency in public ESG reporting and accountability for its stakeholders. SEC has historically covered its ESG considerations under its CSR policy and initiatives. as it continues to advance its operating platform, the Company's approach to managing the ESG considerations builds upon this foundation and has continued to mature in parallel with an evolving business context factoring the evolution of its stakeholders' demand. The Company has recently established its comprehensive ESG framework and strategy and those are being integrated into its strategy and risk register and enterprise risk management (ERM) systems.

ESG - related material issues will be managed as applicable by the various relevant business lines inside SEC and will be overseen by governing bodies across the company in alignment with SEC's evolving business strategy, risk register and enterprise risk management (ERM) systems, which are continuously monitored and overseen by the Board and its different committees. At the executive management level, an environmental/ESG committee has been formed to provide executive management oversight on implementing the environmental/ESG policy/ strategy by business lines as well as creating consensus on operational and

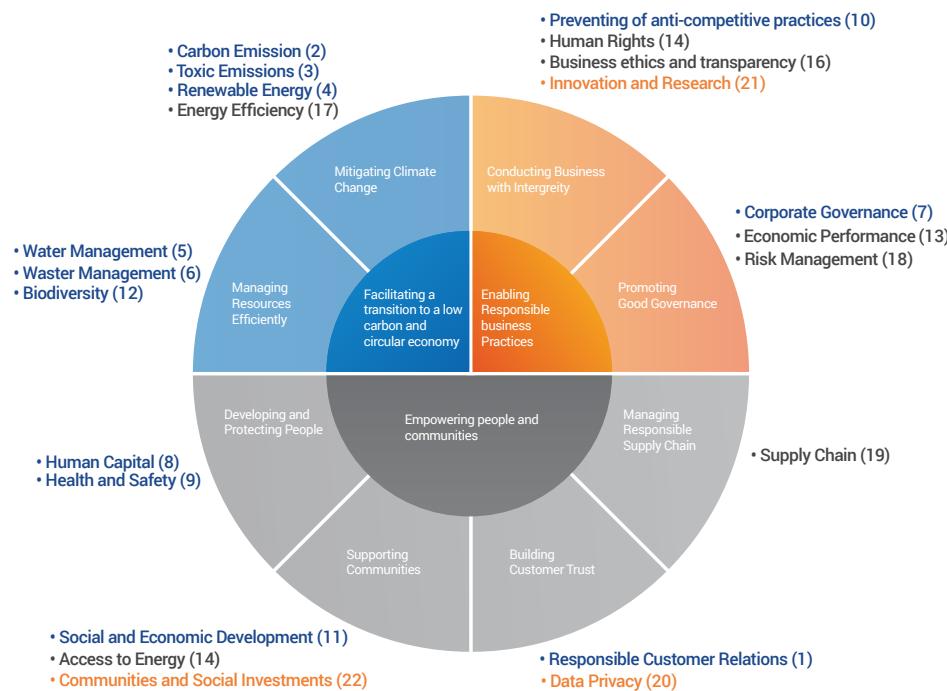
investment recommendations by executive management team to the Board on key material issues related to the environmental and ESG policy/strategy implementation. The Board's Executive Committee provide oversight over the company's general performance based on monthly/quarterly/annually management reports in the light of the set goals, measuring performance with results, analyzing and studying the main influences, indicators and developments related to its business and directing the management accordingly.

The Board's Risk and Compliance Committee supervise the company's risk management system, and evaluating the effectiveness of the systems and mechanisms for identifying, measuring and following up on the risks that the company may be exposed to. This is including risk emanating from ESG issues.

The Board's Nomination, Remuneration and Human Resources Committee provides and recommends strategic direction of all HR matters. It also develops and recommends codes of professional conduct and ethics representing the Company's values. The Nomination Committee advises the Board regularly with respect to significant developments in corporate governance practices.



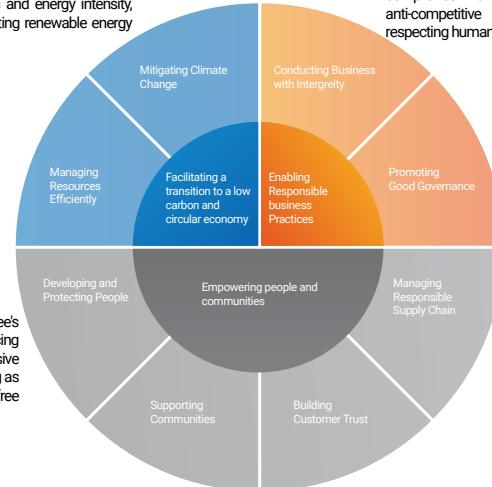
SEC's ESG Framework: 3 key ambitions, 8 themes, 22 criteria



ESG Way Forward

SEC has identified ESG priorities which fall under each of its framework's pillars. While they are mainly qualitative resolutions for now, they will be refined into quantitative targets.

SEC commits to mitigating climate change and ensuring a transition to a lower carbon economy by reducing its emissions and energy intensity, and enabling and intergrating renewable energy projects to the grid.



SEC commits to protecting the environment and biodiversity by managing our operations efficiency minimizing the use of resources including water, and minimizing waste.

SEC commits to protecting employee's safety and supporting them in advancing their careers through comprehensive development programs while ensuring as equal opportunity work environment free of any form of discrimination.

SEC commits to promoting social and economic development within the Kingdom by providing affordable access to energy, creating local employment, supporting local communities, and enhancing people's well being and property.

SEC commits to ensuring responsible supplier selection and emphasizes the selection of local suppliers.

SEC commits to attending to the needs of its employment and enhancing customer satisfaction, providinf transparent information and protecting personal safety, data and privacy. SEC strives to implement innovative technology and digital advancements to offer customer tools that help to create a sustainable future.



ESG Performance Snapshot

Facilitating transition to a low carbon economy and circular economy					
Focus Areas	Mitigating Climate Change				
Objective	Reducing our GHG emissions intensity and ensuring transition to a low carbon economy				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Carbon emissions	Direct Carbon Emissions (scope 1) tCO2	145,326,760.95	136,533,380.08	122,490,638.73	124,870,343.09
	GHG emissions intensity (tons of CO2eq / MWh production*)	0.693	0.659	0.636	0.647
Toxic air emissions	SOX Emissions (tons)	1,193,119	1,249,789	1,164,087	1,189,401
	NOX Emissions (tons)	446,266	371,711	304,700	329,814
Energy usage and efficiency	Energy Use (Million Barrel of oil Equ)	368.40	358.00	326.00	327.70
	SEC Electricity self-consumption within its buildings (kWh)	552,520,772	513,025,015	446,102,589	434,201,239
Renewable Energy	Total amount invested in renewable energy (SAR)	557,173,000	27,300,000	1,760,000	28,000,000
	SEC Electricity self-consumption from renewable sources (kwh)	208,800	882,000	750,000	6,709,248
	Total energy production from renewable sources by SEC (Gwh)	0.2	4.5	4.7	10.5
	Total energy production from renewable sources by IPP (Gwh)	-	-	-	62
Focus Areas	Managing Resources				
Objective	Managing our operations efficiently to avoid or minimise the use of resources and protecting biodiversity				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Water Management	Total fresh water consumption ('000 m3)	402,467	400,527	401,069	400,249
	Water recycling (recycled or reused % from total)	%91.85	%91.01	%94.78	%95.15
Waste Management (power generation)	Total waste disposed tons)	41,035	37,626	45,309	46,276
	Total waste recycled (tons)	36,499	33,431	40,455	41,661
Biodiversity	Number of projects assessed for biodiversity risks	NA	NA	NA	29
Environmental Policy	Environmental policy (yes/no)	Yes	Yes	Yes	Yes
Empowering our people and communities					
Focus Areas	Developing and Protecting People				
Objective	Creating a safe working environment for our employees and engaging them to grow and excel				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Human Capital	Average training per employee (hours)	14.92	13.07	12.98	13.09
	% of female employee	%0.05	%0.06	%0.11	%0.27
	Total female employee in senior management position	1	1	2	3
	Employee turn over rate	%7	%10	%7	%3
Health and Safety	Lost time injuries (number)	38	37	38	21

* includes SEC power production only.



Empowering our people and communities

Focus Areas	Supporting Communities	2016	2017	2018	2019
Objective	Contributing to the sustainable development of our communities and promoting access to energy				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Social and Economic Development	Nationalization of senior management (%)	99.0%	99.2%	99.6%	99.8%
	Nationalization among total workforce (%)	89.9%	91.0%	92.0%	92.5%
Access to Energy	Number of subscribers	8,588,742	9,049,712	9,414,487	9,758,748
Focus Areas	Building Customer Trust				
Objective	Providing transparent information to customers, ensuring their satisfaction, and protecting their privacy				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Data privacy	Number of data privacy security breaches	-	-	-	-
	Data privacy policy (yes/no)	yes	yes	yes	yes
Responsible customer relations	Customer average service interruption duration (SAIFI interrupt./cust. – Distribution level)	4.92	4.62	3.78	3.28
	Customer satisfaction rate	NA	NA	NA	67%
Focus Areas	Managing Responsible Supply Chain				
Objective	Promoting responsible supply chain practices and emphasising local procurement				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Supply Chain	% of procurement from locally-owned business and sources	91%	88%	88%	97%
	Suppliers screened against ESG criteria	yes	yes	yes	yes
Enabling responsible business practices					
Focus Areas	Conducting Business with Integrity				
Objective	Conducting our business with integrity, high ethical standards, and ensuring compliance with all legal requirements				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Human rights	Human rights policy (yes/no)	No (1)	No (1)	No (1)	No (1)
	Business ethics and transparency (yes/no)	No (1)	No (1)	No (1)	No (1)
Prevention of anti-competitive practices	Total number of legal actions for anti-competitive behaviour, anti-trust outcomes	0	0	0	0
Focus Areas	Promoting Good Governance				
Objective	Promoting good governance practices				
ESG Criteria	ESG KPIs	2016	2017	2018	2019
Corporate Governance	Percentage of Board seats occupied by women UNSDG5-	0	0	0	0
	Percentage of Board seats occupied by independent directors	33.3%	33.3%	33.3%	33.3%
	Non-executive members of the Board of Directors	6	6	6	6
	Female members of the Board of Directors	0	0	0	0
Independent members of the Board of Directors		3	3	3	3
Non-independent members of the Board of Directors		6	6	6	6
Sustainability issues are discussed at board level (yes/no)		No	No	No	Yes
Economic performance	Economic Performance (EBITDA growth)	19,479	25,567	21,674	24,041
Risk Management	Integration of ESG risks in the company's risk management framework (Yes, No)	No	No		Yes

(1) Covered under SEC's Code of Conduct, but should be expanded or, preferably, a stand-alone policy created.



2019 ESG Awards

During 2019, the company achieved many international ESG related awards:

- 1st International CG Conference: SEC was listed on the Excellency CG Index among the top eight key Saudi based companies.
- KSA award for environmental management in Islamic world.
- IPRA Golden world award for Community Relations.
- IPRA Golden world award for Corporate Responsibility.
- Arab O&M Award for best media coverage of operations and maintenance in the Arab world.
- Great Idea of the Year Award from the Dubai Quality Group at the 13th International Conference 2018 in Dubai for the achievement in converting carbon ash from hazardous waste to an auxiliary source of fuel for cement factories.



**ARAB O&M AWARD FOR
BEST MEDIA COVERAGE OF OPERATIONS AND MAINTENANCE IN THE ARAB WORLD.**



AWARD FOR BEST ENVIRONMENTAL APPLICATION

TOP ARAB AND MUSLIM WORLDS AWARD





CHAPTER 1

FACILITATING THE TRANSITION

TO A LOW CARBON AND

CIRCULAR ECONOMY



1.1. Mitigating Climate Change

● Goal

Mitigate climate change and ensure a transition to a low carbon economy by:

- Enabling and integrating renewable energy projects to the grid
- Transition towards a cleaner energy mix
- Reducing generation emissions, and improving overall supply energy efficiency
- Supporting customers in achieving improved energy efficiency

● Way forward

- Standardize emissions disclosure, capture baseline basic performance as per the ESG framework.
- Enhance ESG communications by building on SEC's green investment in energy efficiency and renewable capacity integration and off taking, in alignment with both Vision 2030, the Paris Agreement and climate change actions SDG.
- Refine and update target energy mix in alignment with energy sector stakeholders
- Refine and update renewable energy targets in terms of renewable energy capacity integrated to the grid and % of carbon free power of produced power.
- Assess the possibility to commit to Science Based Targets (SBTs), establish the targets using SBTi's target setting criteria, and set SEC emissions reduction targets accordingly
- For customers, expand energy efficiency tools, renewable distributed generations opportunities, launch energy savings awareness campaign and/or launch energy efficiency services (all leveraging smart meter implementation).
- Evaluate climate change risks, build on success

● Material issues

- Carbon Emissions
- Energy Efficiency
- Renewable Energy
- Toxic Emissions

● KSA Vision 2030

- A Vibrant Society: Achieving environmental sustainability
- Ambitious Nation: Protecting our vital resources

● SDGs



SEC seeks to achieve leadership in the field of environmental conservation and GHG emission reduction throughout the Kingdom. As the main energy supplier in Saudi Arabia, we understand that our operations affect the environment and that we have a strategic role to play in terms of achieving the Kingdom's ambitions towards clean energy. Therefore, we work closely with the local authorities on a number of initiatives, such as the Flexible Energy Campaign of the Ministerial Council for Clean Energy coordinated by the Ministry of Energy, the Ministry of Energy's gas use initiative as well as an air quality study covering the Kingdom's main cities under the supervision of the Ministry of Environment, Water and Agriculture. We also participate in the Ministry of Energy's National Committee for Clean Development Mechanism and are a member of the Society for Environmental Protection and Sustainable Development.

Our approach to reduce our carbon footprint is focused on addressing climate change through actions and measures aimed at diversifying the electricity generation and fuel mix into a cleaner portfolio consistent with the national energy strategy priorities. In an effort to enhance the reliance on clean energy, we continuously increased the power production from high-efficiency combined cycle, which depends on the use of exhaust heat from gas-generating units as a thermal source for boilers instead of burning more fuel. Combined cycle power production increased from 8% in 2010 to 31% in 2019, while the use of the simple cycle decreased from 50% in 2010 to 22% in 2019. The total amount of clean energy produced from the combined cycle equals 59,258 MWh. By setting initial mitigation targets as illustrated in point 8 in the graph below, we are raising our commitments closer to meeting global climate change mitigation standards and enhancing our standing compared to peers. Hence, our approach to carbon footprint reduction has rested on the following action items:

SEC's GHG emissions reduction achievements

1 Diversification and deployment of an efficient generation mix

- Investments in integrated concentrated solar power with combined cycle capacity (Duba Al-Khadra or Waad Al-Shamal projects)
- Conversion of simple cycle power plants to combined cycle power plants (Hail Power Plant, PP9, PP10, PP12, QCPP)
- Deployment of highly efficient generation technologies (South Jeddah PP)

2 Converting to a cleaner fuel mix by growing utilization of gas as a feedstock

- Fuel conversion in power plants from crude oil to natural gas (PP7, PP8, PP10, PP9)
- Replacement of diesel fuel
- Injection of combustion catalyst in crude oil GT10# (Tihama power plant)

3 Promoting investment in renewable energy capacity

- Investments in integrated concentrated solar power with combined cycle capacity (Duba Al-Khadra or Waad Al-Shamal projects)
- Investment in wind power (Huamala wind turbine) (as a pilot basis projects)
- Investment in solar photovoltaic energy (Farsan Island solar PV project) (as a pilot basis projects)

4 IPP / IWPP program JV investment using highly efficient technology

- Investing in IPPs/IWPPs highly efficient Combined Cycle Power Plants, sub critical boiler (PP11, Qurayyah, Rabigh 1, Rabigh 2, Fadhlī, Shuaiqī)
- Committing to output off-take PPA Agreements
- Small solar photovoltaic (PV) cells implemented by private independent power producers
- Singing PPA with utility scale renewable projects and integrating the renewable capacity into the grid

5 Minimize fugitive emissions

- Reduction of SF6 losses in the national grid
- A fugitive emission management plan
- Ozone Depleting Substances (ODS) management

6 Supporting demand side energy efficiency

- Deploying smart meters
- Building thermal insulation program
- Energy self-consumption savings

7 Carbon emission reduction management

- We signed a partnership agreement with the Petroleum Chemicals & Mining Company to establish the Saudi Green Carbon Services Company. The company aims to develop and manage Carbon Emission Reduction (CER) programs and Clean Development Mechanism (CDM) projects, to combat environmental pollution in accordance with local regulations as well as regional and international protocols and treaties. The Laila Al-Afaj 10 MW solar energy project was registered at the United Nations to obtain carbon reduction certificates for each ton of carbon dioxide.

8 SEC CO2 reduction targets

- Reducing Scope 1 and 2 emissions by %25 by 2025, and increasing the level of commitment as we work through the stages of setting the emissions targets inline with the kingdom targets.



Environmental Governance

Our **Environmental Policy**, which is in place since 2009, promotes the reliance on clean energy sources, efficient resource consumption, reusing and recycling, waste reduction as well as compliance with environmental laws and regulations. The main aim of the policy is to reduce our negative environmental impact, such as greenhouse gas (GHG) emissions, through proactive management and continuous monitoring our environmental performance. We also take a proactive approach in terms of engaging our stakeholders, such as employees, suppliers and contractors, to make sure everyone is aware of the Policy and abides to its obligations. Ultimately, we are committed to working in accordance with the prevailing environmental regulations, without compromising our responsibilities in meeting the Kingdom's energy needs.

In order to unify the efforts and actions related to the environment, an Environmental Compliance Committee is in place, which consists of at least one representative from each Activity at SEC. The Division of Environmental Protection & Development in the

Industrial Security Sector coordinates all committee meetings, which are held almost every three months. During these meetings the committee reviews performance on a company-wide level and reports the compliance level on a quarterly basis.

In coordination with the members of the Environmental Compliance Committee, dedicated Environmental Protection Coordinators are identified for each site and directly associated with each site manager. These coordinators are tasked to follow up on achieving compliance with environmental standards in all the company's locations. As of 2019, a total number of 107 environmental coordinators were in place. In order to ensure that environmental compliance awareness is cascaded throughout the company, environmental compliance requirements are defined for sector heads and department managers on a regular basis.



Environmental Policy

SEC and its subsidiary companies recognize the potential for their activities to impact upon the environment. We accept our responsibility to minimize our impact on the environment and to comply with all applicable environmental laws and regulations. We understand that we have an obligation to prevent pollution, and to protect the environment and public health. This must be done in a manner that supports sustainable development and does not compromise our obligation to provide for our customer's power needs.

In support of this, we will work to continually improve our environmental performance. To achieve this, we will:

- Integrate environmental considerations into business and decision making processes.
 - Pursue more efficient use of resources within the business, including increased focus on the reuse & recycling of resources and on waste minimization measures.
 - Promote clean energy and adopt best practical technologies and the most suitable options to minimize the adverse impacts on the environment, which may result from SEC activities.
 - Monitor, measure, and assess the environmental performance of our facilities, processes, products, and services.
 - Ensure that our employees are aware of, and engaged with, our environmental commitments and that they have the necessary competency and equipment to operate in line with these obligations and commitments.
 - Communicate our commitments to our contractors and suppliers, and work to ensure that they are addressing these as part of their engagement with our organization.
 - Educate, and engage with, our customers to increase their awareness of environmental issues and enable them to make more energy efficient choices.
 - Ensure that the necessary personnel, equipment, and procedures are in place to safely, promptly, and effectively respond to any incidents associated with our facilities and operations.
- الرئيس التنفيذي**
CEO



January, 2019

السياسة البيئية

شركة السعودية للكهرباء والشركات التابعة لها إمكانية توفير أنشطتها على بيئية قوية بمسؤوليتها عن

تقليل هذه التأثيرات، والامتثال لكافة القوانين واللوائح البيئية السائدة. كما تدرك التزاماً بالعمل على منع انتشار وحماية البيئة والصحة العامة بما يتمتع فيه المجتمع المستدامة، ولا ينبع على الزماماً وغير احتياجات

ملائكة من الطاقة. ودعا المالك، مستعمل على المصادر المتجدد للطاقة من خلال:

- ضم الاعتبارات البيئية في جميع أعمال وقرارات الشركة.
- السعي إلى الاستخدام الأمثل للموارد بما في ذلك زيادة التركيز على إعادة الاستخدام والتثبيت وإعادة تدوير قليل من النفايات.
- تعزيز الاعتماد على مصادر الطاقة الطبيعية، واستخدام أفضل التقنيات العملية وأنسب المبادئ لضمان التأثيرات السلبية على البيئة والتي قد تخرج من ممارسة الشركة لأنشطتها.
- مراعاة وقياس وتقييم الآثار البيئي لنشاطها، عملياتها، منتجاتها، وخدماتها.
- التأكيد من إدراك موظفيها لالتزاماتها البيئية، وأنهم موفدون ولديهم الأدوات اللازمة لأداء الاعمال وفقاً لهذه الالتزامات.
- احتكار مقاولاتها ومورديها بالالتزامات، والتأكيد من مراعاتها لها ضمن تعاملها معها.
- تنقيف عملياتها والتواصل معهم لرفع وعيهم بالقضايا البيئية وتذكيتهم من اتخاذ أكبر الخيارات كافية في استخدام الطاقة.
- التأكيد من توفر ما يلزم من أفراد ومعدات واجراءات للاستجابة الآمنة والغورية والفعالة لأى حادث مرتبطة بمنشآتها وعملياتها.



Capacity Building

Dedicated environmental compliance workshops are held for department heads and managers in operating areas where findings from environmental audits need to be addressed to achieve compliance with environmental standards and regulations.

In addition, environmental compliance courses are conducted for environmental representatives, to educate them about the principles of environmental protection as well as the application of our environmental compliance documents. These courses are conducted in cooperation with the Canadian Memorial University across three training tracks:

1. Awareness Trainings (one-week): given to environmental representatives and environmental compliance sub-committees representatives in operating areas.
2. Awareness Trainings (1.5 months): extensive on-site trainings held in cooperation with the Canadian

Memorial University to engage environmental representatives and specialists in generation activity.

3. Advanced Training Program: environmental specialists from our Generation Activity are sent to the Canadian Memorial University. 43 environmental specialists have been trained in this program so far.

In cooperation with TÜV NORD of Germany we also run a program to certify environmental auditors. As of 2019, 17 environmental auditors from the Environmental Sector of Industrial Security have been trained and accredited to conduct environmental audits at all the company's facilities. The program is conducted in accordance with the audit protocol and the standards of the International Register of Certified Auditors (IRCA) organization.



Compliance and Certifications

As of 2019, 22 of our 40 sites have obtained ISO 14001, ISO 9001 and/or ISO 19600 certifications. Certifications for the remaining sites are being pursued, including ISO 45001 and EFQM. All of our projects are designed to comply with the environmental regulations and legislations that contribute to improving the environment in the Kingdom. 29 sites obtained environmental licenses and certificates from the General Authority of Meteorology and Environmental Protection (GAMEP), while licenses for the remaining sites are being pursued. To monitor compliance, quarterly reports are sent to the GAMEP. In addition, financing requirements of the World Bank are being achieved (represented by field visit). Our environmental compliance audits are based on an environmental audit protocol compliant with ISO 19011: 2011. Our ongoing commitments related to environmental compliance include:

- Conducting annual environmental audits on main work locations.
- Identifying and follow-up correction of environmental non-conformities as identified by audit reports.
- Conducting Environmental Impact Assessments (EIA) for projects and existing installations and obtain environmental permits.
- Periodic monitoring and reporting of environmental compliance to GAMEP.
- Environmental awareness raising and training.
- Allocating budgets to finance emission monitoring and control.



1.1.1. Reducing our Carbon and Toxic Emissions

In order to minimize our emissions, we made several investments in our own operations. Many of our sites use the latest technologies in accordance with international best practices in the field of environmental and sustainability, such as our ash extraction systems, nitrogen oxide (NOx) and sulfur oxide (SO_x) reduction systems, and continuous emission control systems. The installation of a Dry Low NOx combustion system significantly reduced our NOx emissions by more than 60%. In addition, the use a Selective Catalytic Reduction (SCR) system in some steam power plants and the installation of seawater Flue Gas Desulfurization (FGD) technology has reduced our air pollution from SO_x emissions by 90%, while the use of electrostatic precipitators in units operated by heavy fuel reduced the emission of suspended residues by 99%. We also stopped the use of certain chemicals that are harmful to the environment and health, such as Freon 12, Methane Trilateral Chloride, Halen and Asbestos, replacing them with harmless substances. To reduce and avoid any Sulfur Hexafluoride (SF₆) emissions, we regularly perform inspection, leak detection, troubleshooting, maintenance and proper storage of gas cylinders. Fugitive emissions are managed and controlled in line with stringent criteria regarding the handling, storage and treatment of Volatile Organic Compounds (VOC). Overall the percentage of organic solvent lost through fugitive emissions shall not exceed 3% in degraded

airsheds and 5% in all other areas. A Fugitive Emission Management Plan (FEMP) is required for all sites that use either 200 tons of solvents per year or that operate at a rate of 150 kg of solvents per hour at any time. Where solvents or other VOCs are handled, employees are trained in the handling, use, good housekeeping and waste management of such materials. Ozone Depleting Substances (ODS) are managed accordingly too, to avoid any toxic emissions. This includes regularly scheduled inspections, leak testing and servicing and maintenance of equipment containing refrigerants or halon fire suppression systems, procedures to react to any leakage of ODS as well as end-of-life procedures. Overall, we track, record and monitor the concentration of emissions from all generating plants to keep them within the permitted limits. Thanks to our portfolio diversification efforts to foster mitigation co-benefits over the past four years, our direct GHG emissions dropped by 14%. Our indirect emissions increased by 20%, however, our total GHG emissions slightly declined by 5% since 2016. Our GHG emission intensity is following a positive downward trend, a reduction of 7% over the past four years. NOx emissions decreased more significantly, by 26%, and SF₆ emissions by even 50%, whereas SO_x emissions remained relatively stable since 2016.

Emissions GRI-EN15, GRI-EN16, GRI-EN18, GRI-EN19	Description	2016	2017	2018	2019
Greenhouse Gas (GHG) Emissions	Total direct GHG emissions in tons of CO ₂ eq	145,326,761	136,533,380	122,490,639	124,870,343
	Total indirect GHG emissions from purchased power in tons of CO ₂ eq	54,896,863	68,647,841	68,187,691	65,878,054
	Total GHG emissions in tons of CO ₂ eq	200,223,624	205,181,221	190,678,330	190,748,397
	GHG emissions intensity (tons of CO ₂ eq / MWh production *)	0.63	0.59	0.57	0.58
Other Toxic Emissions	NO _x emissions (tons)	446,266	371,711	304,700	329,814
	SO _x emissions (tons)	1,193,119	1,249,789	1,164,087	1,189,401
	SF ₆ emissions (tons)	4	3.5	2.5	2

(* includes direct and indirect GHG emissions related to SEC's production and purchased power from IPPs/IWPPs and other producers)



1.1.2. Promoting Renewable Energy

SEC has been pioneering renewable energy, to support the Kingdom's efforts to reduce its reliance on oil for power generation. In 2011 we implemented the first solar photovoltaics (SPV) project in Farsan in the south of the country, together with Showa Shell. The project was the first grid-connected solar PV project in Saudi Arabia. In 2017 we marked a further milestone by commissioning the development of a 2.75 MW wind turbine at Huriamla, approximately 70 km from Riyadh. This project was developed in partnership with General Electric.

We also signed two Engineering, Procurement and Construction (EPC) contracts to develop two power plants producing electric power integrated with solar thermal energy. The power plant at Duba Al-Khadra is intended to produce a total of 605 MW of energy, including 50 MW of solar energy, and the power plant at Waad Al-Shamal industrial city will produce a total of 1,390 MW plus 43 MW of solar energy.

Renewable Energy Off-Taking

To foster investment by the private sector in renewable energy and thereby kickstart the Kingdom's renewable energy strategy, SEC commits to offtake the increased production of installed renewable energy capacities. Saudi Power Purchase Company (SPPC), which was established as a wholly owned subsidiary by SEC in 2017, has signed the first 25-year power purchase agreement (PPA) with ACWA Power. The Sakaka project is one of the first large scale solar energy projects in Saudi Arabia, with a capacity of 300 MW. The plant will harness solar energy

by utilizing cutting-edge photovoltaic (PV) technology to generate electricity at a world record-breaking tariff of US Cents 2.3417/kWh (8.781 halalas/kWh). 2019 marked an important milestone for the project, as first production started in mid-December 2019, while the project is expected to be fully operational by 2020. Besides the Sakaka project, we signed another 20-year power purchase agreement in 2019. The Doumat Al-Jandal wind farm project has a capacity of 400 MW and is expected to start commercial operation in 2022.

Highlight: Projects for the Second Phase of the National Renewable Energy Program

The second phase of the National Renewable Energy Program aims to develop six renewable energy projects with a total volume of about 1.47 GW. The projects are classified into two categories, whereby Class A includes projects with a capacity of less than 100 MW, and Class B projects with a capacity of more than 100MW.

Project name	Project production capacity (MW)	Private sector investment in project	Expected project completion date
Class A			
Rafah Solar Power Plant Project	20	%100	2021
Madina Solar Power Plant Project	50	%100	2021
Class B			
Al Faisaliah Solar Power Plant Project	600	%100	2022
South Jeddah Solar Power Plant Project	300	%100	2022
Rabigh Solar Power Plant Project	300	%100	2022
Al-Qurayyat Solar Power Plant Project	200	%100	2022



In addition, negotiations are under way with the Public Investment Fund for the development of the 2,000 MW Sudair Solar Project on the basis of Royal Decree No. 5629 of 27 January 1441. The terms of the contract were presented in December 2019.



Growing Our Renewable Sources of Energy Through Integration of Renewables Capacity Into The Grid

SEC will continuously work to integrate the largest possible amount of renewable energy into the grid under secure conditions, by leveraging significant capital expenditure to connect these new renewable energy sources to the grid. We already successfully integrated the first ever utility-scale renewable energy utility, Sakaka SPV plant, into the grid in 2019, and are expecting to complete the connection to the following projects in 2020-2021:

- Sakaka solar PV power plant (operational since mid December 2019)
- Rafah solar power plant
- Doumat Al-Jandal wind power plant
- South Jeddah solar power plant
- Rabigh solar power plant
- Medina solar power plant
- Al Faisaliah solar power plant
- Sudair solar power plant
- Qurayyat renewable energy station

Overall, we plan to invest more than SAR 797 million to connect the above mentioned renewable energy projects to the grid. Furthermore, we expect to invest app. SAR 8.2 billion in renewable integration projects during the period 2022-2025, to grow the renewable capacity connected to the grid to 27.6 GW.

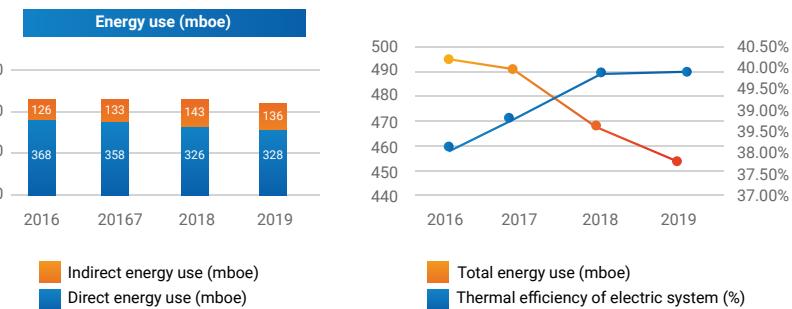
By 2022, the renewable energy projects throughout the Kingdom are expected to increase the total renewable energy capacity to 3,587 MW, enabling a total reduction of 7,899,000 tons of CO₂ emissions per year.



1.1.3 Thermal Energy Efficiency Improvements In Power Generation

In line with the KSA vision 2030 and the Kingdom's (INDCs), energy efficiency is another key pillar of the Kingdom's economic diversification with mitigation co-benefits approach, yielding energy and financial savings. SEC demonstrated good progress in terms of improving the supply side efficiency, as evidenced by an upward trend in the generation thermal efficiency over the last 5 years. The overall generation fleet thermal efficiency has increased to 40% as per 2019, compared with 39% in 2018 and 31% in 2010. Our aim is to reach an overall generation fleet thermal efficiency of 45% by 2030. To reduce the consumption of natural resources, we implemented several measures to improve energy efficiency. Our fuel consumption has decreased from 2.01 barrels of oil /MWh in 2010 to 1.7 barrels of oil /MWh in 2019. We plan to reduce our fuel consumption further to reach 1.4 barrels/MWh by 2024. One of the key measures that contributed to reducing fuel consumption was the replacement of 65 low-efficiency generation units with new high-efficiency generation units during the period 2016-2018.

Our direct energy use in 2019 amounted to 327.7 million barrels of oil equivalent (mboe), a 11% reduction compared to 2016. Over the last four years, our efficiency improvements helped save a total of 56 mboe in direct energy consumption.



Energy GRI-EN15, GRI-EN16, GRI-EN18, GRI-EN19	Description	2016	2017	2018	2019
Energy Consumption	Direct energy use (mboe)	368.4	358.0	326.0	327.7
	Indirect energy use (mboe)	126.0	132.7	142.6	136.3
	Total energy use (mboe)	494.4	490.7	468.6	464.0
	Energy use intensity (Total energy use/ Electricity sold)	1.7	1.7	1.6	1.65
Electricity Production	Energy saving due to efficiency improvements (mboe)	25.6	3.7	22.1	4.6
	Electricity produced by SEC (GWh)	206,044	204,558	191,310	191,597
	Renewable energy produced by SEC (GWh)	N/A	3.6	3.9	3.8
	Electricity purchased from IPP/IWPPs (GWh)	88,500	94,306	101,158	98,918
	Renewable energy produced by IPPs (GWh)	N/A	N/A	N/A	62.2
	Electricity purchased from SWCC & other producers (net) (GWh)	21,059	45,980	41,571	36,161
	Total electricity produced/purchased/ imported from all sources (GWh)	319,250	347,347	335,342	327,951
	Electricity sold by SEC (GWh)	287,692	288,656	282,200	279,678
	SEC generation thermal efficiency (%)	%35.70	%36.80	%37.70	%37.30
	Thermal efficiency of whole electric system (%)	%38.10	%38.80	%39.85	%39.90



Efficiency measures in mobility

As part of improving our mobility related impact, we reduced our current fleet by 612 vehicles and 135 heavy equipment and rejected 763 additionally requested vehicles between 2016 and 2019. This effort has helped us save 1,013,000 liters of gasoline per year and hence avoided CO₂ emissions of about 16,000 tons in 2019, or 21% of total fleet emissions compared to the 2016.

In an effort to promote the usage of electric and hybrid vehicles, we started a pilot program with electric vehicle charger points at our headquarter, available free of

charge for our employees. Overall, electric vehicles offer a great opportunity for SEC to improve the efficiency of the electricity system in the Kingdom. Depending on the way the charging of such vehicles is managed, it would be possible to reduce the differences between periods of high consumption and low consumption, thus facilitating the integration of non-manageable energy sources such as wind power and improving the system utilization. Hence, our strategic direction envisions positioning SEC as key enabler for electric mobility within the Kingdom in the future.

Smart buildings powered by renewable energy

We also started to apply standards aimed at optimizing the use of energy in its offices. We use technical programs and modern technical solutions to control the operation of the service in our buildings, which work automatically to shut down electric power during specific times according to its programming and when not needed. In addition, we are keen to use electrical devices and equipment with environmentally friendly specifications to keep up with modern technologies in energy saving. Overall, we were able to reduce the electricity consumption from our own buildings by 14% over the past four years. This is mainly attributable to efficiency gains, but also the investment in roof top solar panels to feed zero emission energy into our own buildings.

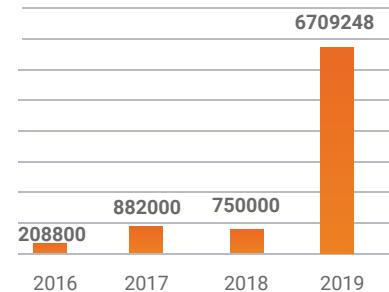
Our new SEC headquarter in Riyadh, completed in early 2019, was designed to comply with the Leadership in Energy and Environmental Design (LEED) green building standards. The building was designed in a way

to be energy efficient, e.g. by reducing the reception of sunlight, taking advantage of natural lighting to save energy, using thermal insulation materials, reducing glass facades and using heat-insulating glass, energy-saving lamps and thermostats that control heat, humidity and air time for air conditioning units. In addition, the building is partially operated by renewable energy and wastewater from the bathrooms is treated and reused for irrigation.

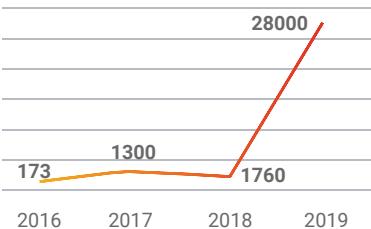
As a result, the energy production and consumption from renewable sources increased remarkably over the years, more than 30-fold since 2016 to a total of 6,709 MWh in 2019. A similar trend is seen in our electricity self-consumption, which dropped by 14% over the past four years.



Total Energy Production and Consumption from renewable sources (kWh)



Total amount invested in solar panel in SEC's buildings (SAR ` 000)



Renewable Energy <small>GRI-EN19</small>	Description	2016	2017	2018	2019
Renewable Energy	Total amount invested in renewable energy (SAR)	173,000	1,300,000,	1,760,000	28,000,000
	Total renewable energy self-consumption from rooftop solar panels (kWh)	208,800	882,000,	750,000	6,709,248
	Electricity consumption within SEC buildings (kWh)	552,520,772	513,025,015	446,102,589	434,201,239



Improving demand side energy efficiency

Our work with regards to demand side energy efficiency involves planning and implementing measures aimed at influencing the way in which electrical energy is consumed. Our efforts to trigger changes in the demand curve focus on the reduction of overall energy consumption, the reduction in consumption during peak hours (periods of maximum consumption) as well as shifting consumption to periods of minimum consumption (off-peak hours). Shifting some electrical loads in order to reduce the load peak during the day has also improved resource efficiency. This was achieved by shifting some loads from peak hours to off-peak hours, e.g. by using refrigeration storage and controlling air conditioning loads of our top subscribers.

Network smartification to improve demand side efficiency

In late 2019 we started implementing a Smart Meter Project (SPM) that can be seen as key enabler of digitalisation in the Kingdom. Under this project, valued more than SAR 9.7 billion, we aim to install around 10 million smart meters. The large-scale roll-out of smart meters is part of our effort to increase the reliability and efficiency of our distribution networks and will enable us to achieve the highest accuracy in monitoring consumption, improve service quality, enhance customer satisfaction and optimize the use of natural and financial resources.

Environmental benefits of the project come in the form of annual GHG emissions and energy savings due to improved energy efficiency in the grid. Based on industry benchmarks of similar projects, the SPM could potentially reduce the energy consumption by 1% per smart meter. Furthermore, additional environmental benefits are expected due to expected reduction of required field operations and its related transportation trips. Hence, more than 100 million electro-mechanical meter reading trips as well as more than 1 million trips related to disconnect and reconnect per annum could potentially be avoided.

The project also has localization component. Through sourcing app. 3.5 million smart meters from local manufacturers, we directly support local capacity building and the creation of new manufacturing

industries in the Kingdom. Overall, the smart meters are expected to considerably contribute to optimal usage of energy in the Kingdom, as well as improving networks in terms of demand-side management and overall access to electricity.

The roll out started in January 2020, with target milestones of 35% implementation by 30 April 2020, 50% implementation by 30 September 2020, 80% implementation by 31 December 2020 and 100% implementation by 31 March 2021. The smart metering project is also in line with our strategic direction to support the customer journey through digitalization and innovation.

Smart meters are connected through a telecommunications system to ultimately build an Advanced Metering Infrastructure system consists of the Smart Meters, Meter Data Management System (MDMS), Smart Meter Operation center (SMOC). This provides electricity usage data and will support a range of digitalized services and solutions to customers, empowering them to more efficiently manage their consumption. In addition, it gives us greater end-to-end visibility of the conditions in the power system and enhances overall reliability and safety.

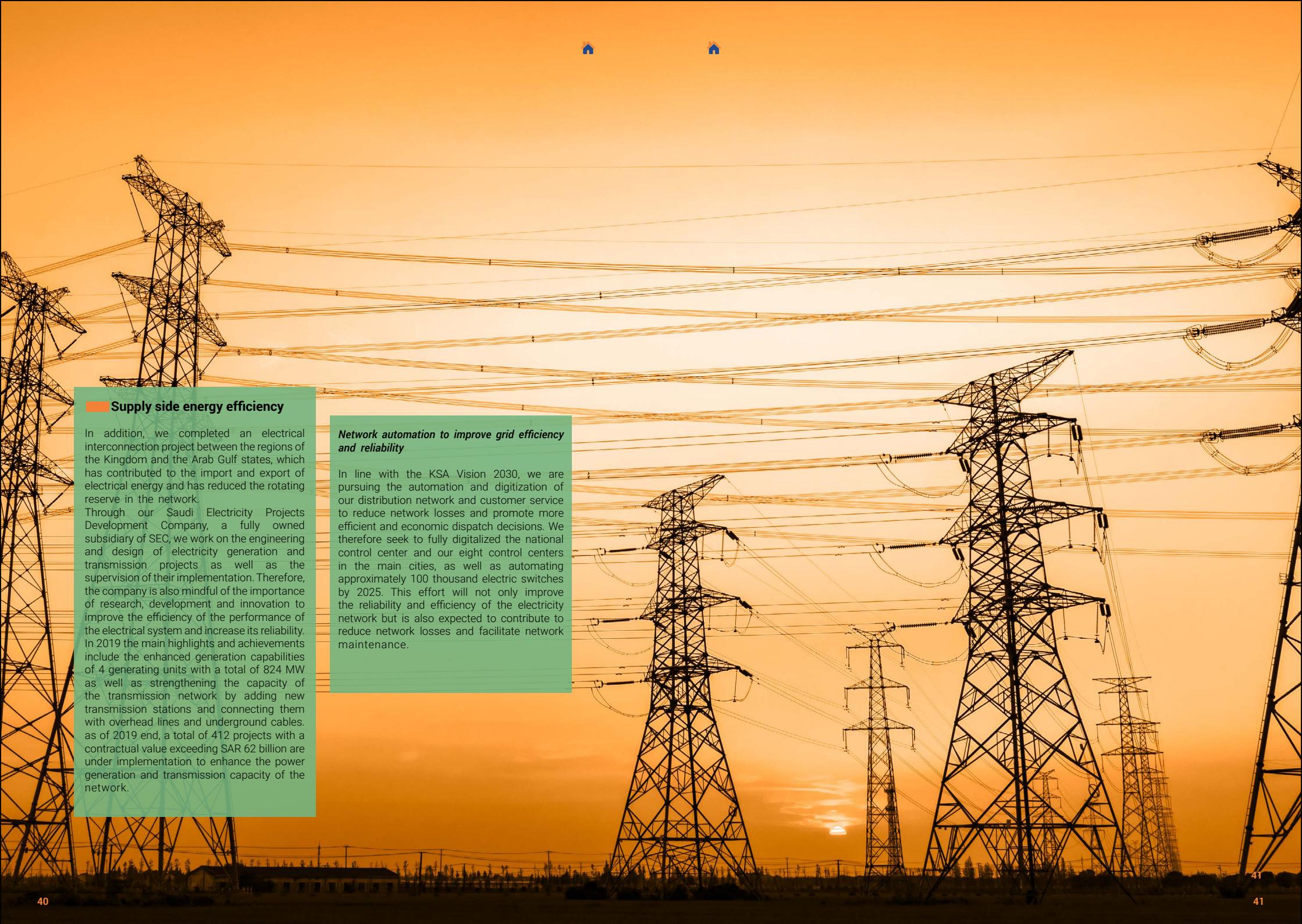


Highlight: Contribution to the Saudi Energy Efficiency Center initiative through thermal insulations of buildings.

The Saudi Energy Efficiency Center (SEEC) is responsible for coordinating the efforts of government and non-government agencies in this regard. Active for over six years now, SEEC has developed a national program to conserve and raise energy efficiency. The program, entitled the Saudi Energy Efficiency Program, is designed to increase efficiency in three main sectors that together account for over 90% of national energy consumption: buildings, industry and land transportation.

Buildings use about 75% of total electricity produced in the Kingdom, whereby air-conditioning units account for about 65% of this consumption. Since thermal insulation can help reduce energy consumption of air-conditioning units by as much as 30%, a high priority has been given to improving the energy efficiency of air conditioners and enforcing thermal insulation of buildings. Pursuant to Royal Decree No. 6927/MB, the application of thermal insulation in all new residential or commercial buildings or any facilities in major cities of the Kingdom is mandatory.

In 2013, the company began to train a dedicated team of more than 180 engineers and inspectors which are qualified to ensure the commitment to thermal insulation in buildings is met. Since 2013 thermal insulation has been applied to more than 245,042 buildings in the kingdom to contribute to reducing energy consumption.



Supply side energy efficiency

In addition, we completed an electrical interconnection project between the regions of the Kingdom and the Arab Gulf states, which has contributed to the import and export of electrical energy and has reduced the rotating reserve in the network.

Through our Saudi Electricity Projects Development Company, a fully owned subsidiary of SEC, we work on the engineering and design of electricity generation and transmission projects as well as the supervision of their implementation. Therefore, the company is also mindful of the importance of research, development and innovation to improve the efficiency of the performance of the electrical system and increase its reliability. In 2019 the main highlights and achievements include the enhanced generation capabilities of 4 generating units with a total of 824 MW as well as strengthening the capacity of the transmission network by adding new transmission stations and connecting them with overhead lines and underground cables. as of 2019 end, a total of 412 projects with a contractual value exceeding SAR 62 billion are under implementation to enhance the power generation and transmission capacity of the network.

Network automation to improve grid efficiency and reliability

In line with the KSA Vision 2030, we are pursuing the automation and digitization of our distribution network and customer service to reduce network losses and promote more efficient and economic dispatch decisions. We therefore seek to fully digitalized the national control center and our eight control centers in the main cities, as well as automating approximately 100 thousand electric switches by 2025. This effort will not only improve the reliability and efficiency of the electricity network but is also expected to contribute to reduce network losses and facilitate network maintenance.



1.2. Managing Resources Efficiently

● Goal

Protect the environment and biodiversity through efficient operations that minimize the use of resources, minimize waste, and manage risks related to biodiversity

● Way forward

- Close gaps in the Environmental Policy and enhance scope and coverage of ISO14001 certification.
- Capture baseline basic environmental performance (water, waste).
- Launch 'circular economy' program including awareness, and setting long-term target of zero waste.
- Demonstrate water and waste reductions.
- Evaluate water and waste risks.
- Assess SEC's land use and biodiversity risks.

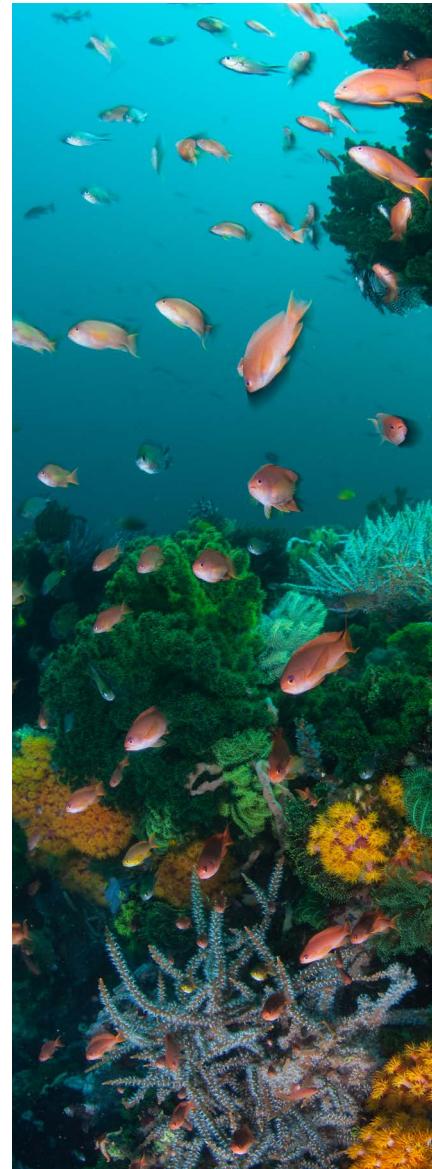
● Material issues

- Biodiversity
- Waste management
- Water management

● KSA Vision 2030

- A Vibrant Society: Achieving environmental sustainability.
- Ambitious Nation: Protecting our vital resources.

● SDGs



1.2.1 Reducing Water Consumption and Pollution

Water is an important resource in operating our power stations, specifically the ones that run on steam. We mainly use sea water in our processes, as well as freshwater. In line with our Environmental Policy and national regulations, we aim to reduce consumption and minimize water pollution from our operations.

Most of the sea water is used directly without treatment, like the water that is used to cool turbines or as fire water. Cooling water is discharged back to sea, without any treatment, except the use of chlorine to prevent the growth of algae and microorganisms and regulating the temperature to match sea water. We regularly take samples and study the discharge to sea to make sure we comply with the environmental regulations from the GAMEP.

At other instances, sea water is desalinated. This water is used in operational activities and different utilities in the stations as well as for boilers to form steam. This wastewater is stored in tanks and is PH regulated before discharged with cooling or rainwater to make sure it complies with the environmental regulations from the GAMEP.

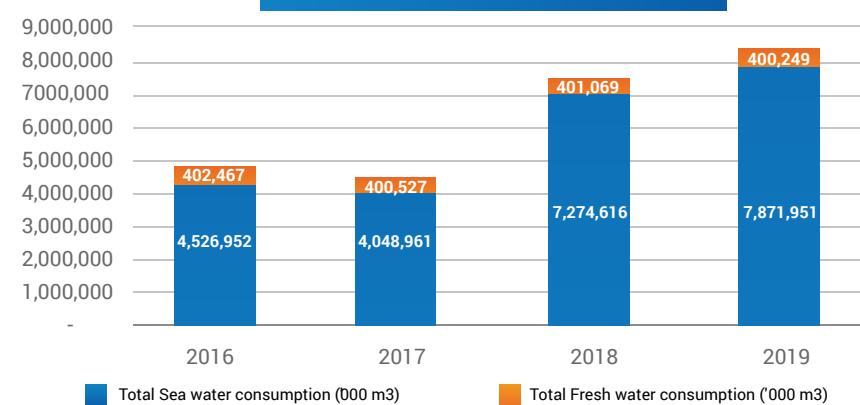
We also use water in cleaning units and boilers. In such cases, chemicals are added, such soda and sodium sulfide. This water is collected and stored and evaporation pools and is never discharged back to the sea.

Water that is contaminated with oils and fuel is contained in tanks and treated by removing oils in an oil separator unit. The remaining oil is reused as fuel, and the wastewater is sent back to the oil separator pool. Sewage water is never discharged but stored in tanks and treated internally in the sewage water treatment station in the power plant or transported to a centralized treatment station outside the power plant.

Sanitary water, after being biologically treated, is used for irrigation purposes to increase the green coverage within the area of power plants and partially offset GHG emissions on nearby residential districts, while reducing the use of potable water for irrigation purposes. We regularly conduct marine surveys of coastal areas to assess our impact on water quality and marine sediments, as well as the biological diversity in the marine environment. As part of our efforts to reduce water consumption in production and promote water reuse and recycling, our generation power plants currently treat sewage and waste water internally and recycle it to irrigate green areas within our facilities. Furthermore, our PP10 and PP12 generation power plants in Riyadh also started using treated sewage water imported from outside the stations instead of using non-renewable groundwater. This practice has contributed to growing usage of combined cycle units in energy production in all regions of the Kingdom, which was limited before in coastal stations only.

To reduce water consumption in our buildings, the company's audit team periodically checks all locations – 3,896 buildings across 493 locations in the Kingdom - to ensure that water consumption is managed in terms of measuring consumption, but also to oversee water rationalization methods, such as reusing or recycling water. Thanks to such rationalization efforts, municipal freshwater consumption has decreased by 22% since 2016. Overall, our total water consumption increased by 68% over the last four years. However, we do recycle and reuse a vast amount of our water consumed, 95.15% in 2019.

Water consumption





Reducing soil contaminations

In line with our Environmental Policy we continuously aim to reduce any sort of soil contamination throughout our operations, in compliance with the local environmental regulations. To achieve this, we implement a number of initiatives, includes the following:

- Developing and applying programs to reduce spills, and leakages.
- Removing all power transformers that use oils containing carcinogenic substances such as polychlorinated biphenyl (PCB), one of the most toxic substances, to ensure that no contamination is caused to the soil, surface water, and groundwater in order to secure the safety of humans, animals, and plants.
- Using sulfur hexafluoride (SF6), a potent isolation gas, in the electrical switches instead of oils, which contributes to reducing the possibility of leakage, seepage, and subsequently water and soil pollution. Using dry cured cross-linked polyethylene (XLPE)
- cables instead of oily cables to reduce probability of leakage and contamination of water and soil.
- Replacing all the currently used insecticides with less harmful ones.
- Relying on qualified contractors to remove any petroleum and oil residues in generating plants in ways that will not cause harm to the environment.
- Constantly cooperating with local and international universities and research centers to create suitable solutions to the problem of carbonic ashes.
- Sewage and industrial sewage collection systems have been implemented at 53 sites.

1.2.2 Waste Management

Our Waste Management Procedure defines all types of wastes at our sites, highlights our waste management strategy and describes the procedures to be followed safely handle and store our waste materials. Our waste management strategy starts with the procurement process. Prior to buying products, we seek to ensure they will not create a potential environmental problem, and we seek to purchase the most environmental-friendly and energy efficient product whenever practical. In addition, we seek to manage our waste through:

- **Source Reduction:** We seek to avoid generation of waste, including reduction of excess packaging and returning it back to suppliers.
- **Re-use and Recycling:** To keep resources in the life cycle as long as possible, any output of our processes should be used as input for another process, to avoid waste creation.
- **Treatment:** Testing and processing of waste is required prior to disposal to reduce potentially harmful environmental impacts.
- **Monitoring:** We keep track of the waste generated and regularly monitor and develop plans and programs to eliminate and reduce waste.

In 2019, app. 54% of our total waste was hazardous waste, the remaining 46% municipal waste, such as wood, minerals, batteries and oils. Since 2017 our total waste generation has decreased by 64%, non-hazardous waste even by 77%.

Water GRI-EN8, GRI-EN10, GRI-EN22	Description	2016	2017	2018	2019
Total water withdrawal by source	Total Sea water consumption ('000 m ³)	4,526,952	4,048,961	7,274,616	7,871,951
	Total freshwater consumption ('000 m ³)	402,467	400,527	401,069	400,249
	Total water consumption ('000 m ³)	4,929,419	4,449,488	7,675,685	8,272,200
Percentage and total volume of water recycled and reused	Water recycled or reused ('000 m ³)	4,534,151	4,056,161	7,282,132	7,849,868
	Percentage of water recycling and reused	%91.85	%91.01	%94.78	%95.15
Total water discharge by quality and destination	Total volume of planned water discharges ('000 m ³)	2,776	2,776	2,774	2,762

Waste Generation (Tons)





Hazardous waste

The major hazardous waste generated is carbon ash, or fly ash, which is collected from combustion plants in generating stations and maintenance ash extracted from inside boilers by electrostatic precipitators and moved to a silo by air pressure. Other hazardous wastes such as waste oil and chemicals are collected and sold to specialized waste contractors.

SEC has begun a strategic transformation program to identify ways to convert the carbon ash from a hazardous substance into a material that can become a source of income for the company. Carbon ash is harmful to the environment, hence, safely disposing it in a landfill is expensive. In cooperation with research centers, such as the Memorial University Canada, we are investigating the possibility of extracting valuable metals from carbon ash, such as vanadium, nickel or active carbon, or to use it in water purification and the treatment of gas emissions from boilers.

We also signed an agreement with Al-Safwa Cement company to re-use carbon ash as alternative fuel in their production, in accordance with the requirements of the General Authority for Meteorology and Environmental Protection. So far, this has contributed to reducing the negative effects on the environment by avoiding air and soil pollution, as well as saving more than SAR 47 million per year for disposal costs. In addition, the cement factory reported a 20% energy saving. Under this agreement, a total of 200,000 cubic meters of carbon ash will be transported from Shuaiba stations, Rabigh, South Jeddah, and Shuqaiq. This project won the "Great Idea of the Year" award at the 13th International Conference 2018 in Dubai and was also nominated for the Global Ideas award. Due to this success, we aim to extend the scope of this project, seeking further collaboration with other cement companies, to leverage the mutual benefits and ultimately have a positive impact on the environment.



Municipal waste

We safely dispose of all municipal waste generated by our operations through specialized and qualified contractors. This mainly includes:

- All damaged items that are viable for repair are repaired, either by our own repair workshops or with contracted companies, and then returned to stock again for reuse in the network. This usually includes materials such as standard-capacity distribution transformers, mono-stations, ring units or wing parts for the generator panels.
- All materials that are non-repairable, such as power plants, distribution stations, transformers, iron and wooden poles, copper and aluminium cables, scrap iron pieces etc., are sold at a salvage value for reuse through public auctions to competent entities, intermediaries or owners of scrap companies.
- Batteries are currently sold in public auctions to competent entities where they are disposed of according to the requirements of the General Authority for Meteorology and Environmental Protection. We currently work on the establishment of a direct sales contract for the disposal of batteries with one of the entities listed as environmentally qualified by the General Authority for Meteorology and Environmental Protection.
- Oils, including petroleum waste, empty barrels as well as oil residues and oil-water-mixtures, are

currently sold for re-use and treatment by special contracts with qualified contractors in accordance with the General Authority for Meteorology and Environmental Protection.

In terms of waste handling and storage, all waste generated at our premises has to be segregated, collected and stored properly prior to disposal. Only authorized and designated persons are allowed to handle the waste using appropriate personal protective equipment. Waste is collected in suitable containers which need to be properly secured, labelled and stored in designated areas until final disposal. We currently operate 16 designated waste management areas, in accordance with environmental standards. We also constructed steaming ponds, hazardous materials reservoirs and wastewater collection systems at various sites as we plan to improve our oil and water separation systems. In order to prevent leaks of wastes and their components into the environment, an environmental monitoring plan including groundwater and air quality monitoring is in place for dedicated waste storages sites.

Over the past years, our total waste generation decreased drastically, by 64% since 2017, esp. our non-hazardous waste generation. At the same, we improved our recycling efforts. In 2019 we recycled 12.33% of our total waste, up from only 3.56% in 2017.

Waste EN23		Description	2016	2017	2018	2019
All SEC	Total waste generated (tons)	N/A	939,042	498,593	340,502	
	Non-hazardous waste generated (tons)	N/A	690,632	236,589	157,895	
	Hazardous waste generated (tons)	N/A	248,410	262,004	182,607	
Waste Generation	Total waste disposed (tons)	41,035	37,626	45,309	46,276	
	Total waste recycled (tons)	36,499	33,431	40,455	41,661	
	Non-hazardous waste recycled (tons)	5,634	5,634	6,156	8,732	
	Hazardous waste recycled (tons)	30,865	27,797	34,295	32,929	
	Percentage of waste recycling (%)	89%	89%	89%	90%	



1.2.3. Biodiversity, Environmental Protection and Awareness Raising

We believe that the protection and preservation of the natural environment for future generations is vital to our continued success. Our Environmental Impact Assessment (EIA) standard mandates conducting an EIA before a project can begin, in the feasibility/design stage. EIAs are conducted in line with the General Authority of Meteorology and Environmental Protection (GAMEP) standards and requirements by GAMEP certified third party environmental consultants. Each EIA study assesses air quality, soil, geology and groundwater, marine, water and sediment quality, noise and vibration, solid waste and wastewater management, terrestrial ecology, landscape and amenity as well as the overall socioeconomic status of a project. Within EIA, a biodiversity impact assessment guideline provides guidance on managing biodiversity risks as appropriate. The assessment also includes a series of Health, Safety, Security and Environmental (HSSE) standards and guidelines. In addition to EIA, Best Available Technology (BAT) studies are also considered when designing new projects, whereby technology used should meet GAMEP standards and guidelines. In total, 35 EIA studies and environmental reviews were conducted for new projects and existing generation and transmission facilities.

To further understand our impact on local ecosystems, we conduct marine surveys of coastal areas to assess the environmental influences of the electric power generation plants on water quality and marine sediments, as well as the biological diversity in the marine environment. In cooperation with GenosTech we conducted a pilot project at the Rabigh power plant with the aim to understand the impact on aquaculture and microalgae. In addition, marine surveys were conducted for all coastal stations in Rabigh, Shuaiba,

Ghazalan and TheVillage, and an aquaculture project for coral reefs was conducted at our Jeddah Power Plant.

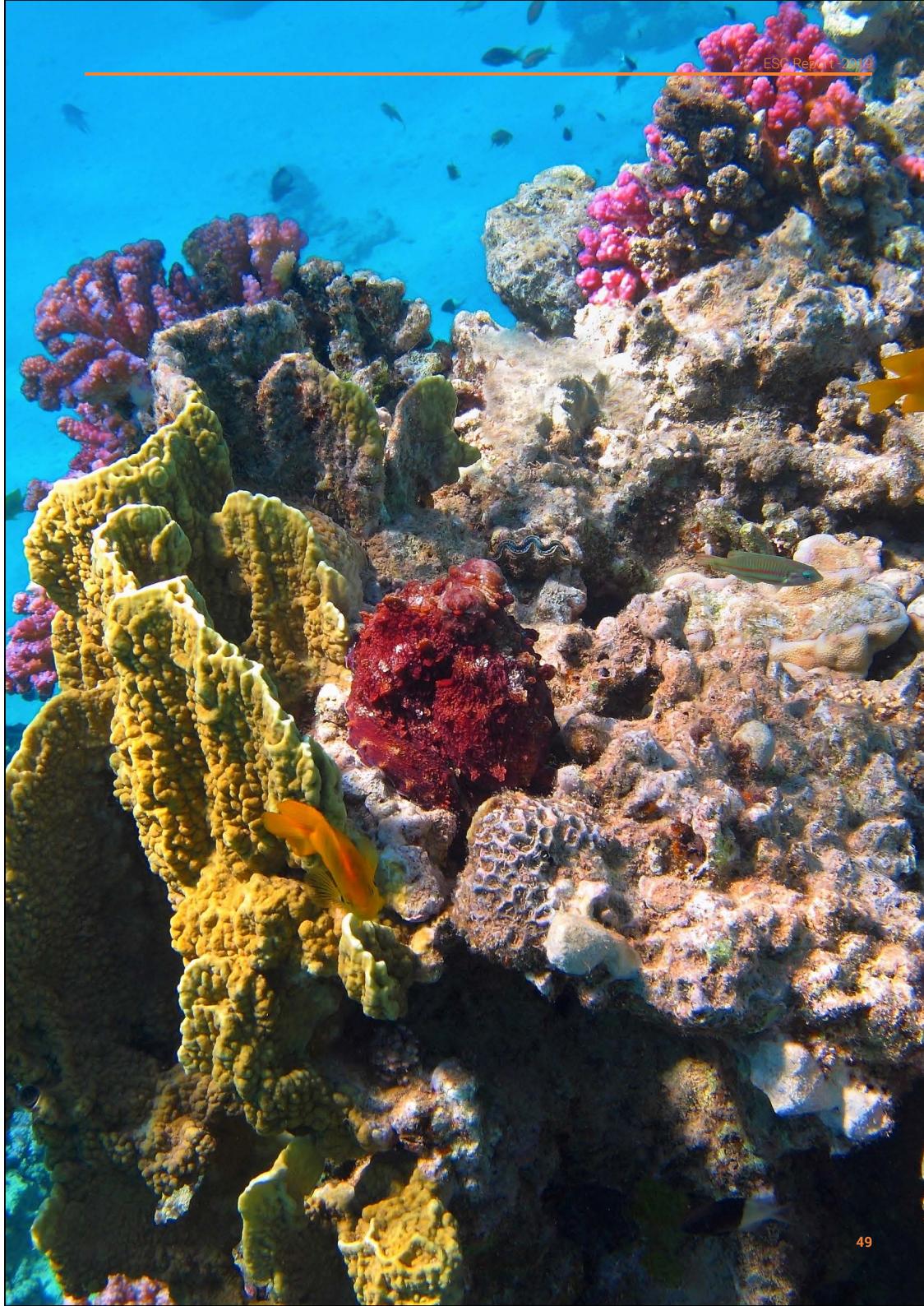
In addition, we contribute to spreading and promoting environmental awareness among all employees, customers, contractors and suppliers. We are providing specialized courses and awareness programs in various environmental fields, for various activities and sectors of the company, and enable employees to complete qualifying courses and obtain international certificates in the field of environmental protection, in cooperation with international partners.

SEC acknowledges the importance of raising awareness among the community and supporting environmental programs and activities by sponsoring important events and environmental conferences. Since 2017, we organize a Clean Environment Forum annually at one of the Kingdom's main cities. The program usually includes presentations of key working papers and the hosting of a number of specialists and prominent environmental workers to share their experience. In 2020, SEC is plans to host the fourth version of the forum in Riyadh city.

In addition, we sponsored the Gulf Environment Forum, contributed to working papers and newspaper articles and raised public awareness via lectures in schools and campaigns around Earth Hour, Earth Day or Cleaner Environment. We continue to emphasize the importance of preserving the environment and rationalizing electricity consumption by printing indicative phrases on electronic electricity bills and publishing electronic flyers and leaflets on our website

Highlight story: Artificial reef at South Jeddah Power Plant.

In 2016, we completed the construction of a fuel-fired thermal power plant 30 km south of Jeddah. The station consists of a 2.7 km long, dredged channel for sea water inlet. As part of the project's environmental best practices, artificial coral reefs are to be established in the nearby waters to increase habitats for fish and coral to thrive. We have chosen three sites for building artificial reefs, covering an area of 2.4 km².





CHAPTER 2

EMPOWERING

PEOPLE AND

COMMUNITIES



2.1. Developing and Protecting People

● Goal

- Ensure health and safety of employees and contractors.
- Support employees to grow and excel.
- Heavily invest in the national workforces.
- Emphasize inclusivity, with emphasis on gender balance.

● Way forward

- Capture and disclose baseline standard social performance on health and safety, HR KPIs and on equal opportunity with a gender focus.
- Update, refine and publicly disclose a health and safety policy and an equal opportunity policy; launch improvement program.
- Achieve ISO45001 certification.
- Capture and improve contractor health and safety performance on SEC projects.
- Review and act on key inhibiting factors to attracting, supporting and retaining women in staff, management and Board roles.
- Integrate sustainability metrics into performance assessments.

● Material issues

- Health and Safety
- Human Capital

● KSA Vision 2030

- A Vibrant Society: Achieving environmental sustainability.
- Ambitious Nation: Protecting our vital resources.



2.1.1. Our People

● SDGs



At the end of 2019, the total workforce at SEC reached 33,957 full-time employees, almost achieving our strategic goal of reaching the approved workforce ceiling of 34,100 employees. Over the past four years, we gradually reduced the total headcount by almost 12%, in line with the manpower optimization program driven by the human resources productivity program launched in 2016. As of 2019, the majority of our employees is in the age group 26-50 years (85.0%) and male (99.9%). Our efforts to decrease employee turnover were successful - our total turnover of 2.9% is on average 65% lower compared to previous years. We also increased our efforts to hire more women. Females representation at SEC increased in a very notable way along the years with a 137% increase over last year. In 2019 we more than doubled the number of females hires compared to 2018, which made up app. 14% of new hires that year. The number of female employees now is 90, which equals 0.27% of total workforce, three of them hold senior management positions. Going forward, we seek to further increase

the percentage of women employed by the company, and to broaden the pool of qualified female employees in the power sector.

In terms of diversity and inclusion, we are committed to equal opportunity and do not tolerate any form of discrimination and harassment on the basis of race, gender, color, national or social origin, ethnicity, religion, age, disability, gender identification or any other. In 2019, our total workforce came from 20 different countries. Over the past four years, we increased our Nationalization among full time employees to more than 92%, among senior management and female employees the rate is even higher, 99.8% and 98.9% respectively.



Workforce Overview GRI-102-8 UNSDG-8		Description	2016	2017	2018	2019
By level	Full-time employees	38,337	35,904	34,535	33,957	
	Part-time employees	0	0	0	0	
	Trainees and sponsored students	1,603	528	64	0	
By age	Management employees	1,829	1,706	1,457	1,644	
	Non-management employees (staff)	36,508	34,198	33,078	32,313	
By gender	Employees age less than 26	6,819	6,097	4,881	3,263	
	Employees age 26-50	28,113	27,321	27,800	28,860	
	Employees age +51	3,405	2,486	1,854	1,834	
By nationality	Male employees	38,319	35,884	34,497	33,867	
	Female employees	18	20	38	90	
	Female employees in management positions UNSDG-5	1	1	2	3	
By ethnicity	Number of nationalities	23	23	21	20	
	Total number of national employees	34,460	32,666	31,763	31,404	
	Nationalization among total workforce (%)	%89.9	%91.0	%92.0	%92.5	
	Nationalization of senior management (%)	%99.0	%99.2	%99.6	%99.8	
	Number of female national employees	3	8	26	89	
	Nationalization of female employees (%)	%16.7	%40.0	%68.4	%98.9	

New Hires and Turnover GRI-401-1 UNSDG-5 UNSDG-8		Description	2016	2017	2018	2019
By contract	Employee turnover (voluntary and involuntary)	2,666	3,995	2,691	1,041	
	Percentage of employee turnover (voluntary and involuntary)	%6.6	%9.9	%7.0	%2.9	
	Employee turnover (voluntary)	1,913	3,034	1,984	569	
	Percentage of voluntary employee turnover	%5.0	%8.2	%5.5	%1.7	
Employee turnover (voluntary) regular employees						
By level	Management employees	163	151	229	38	
	Non-management employees (staff)	1,750	2,883	1,755	531	
By age	Employees age less than 26	27	3	31	10	
	Employees age 26-50	668	991	1,639	489	
By gender	Employees age +51	1,218	2,040	314	70	
	Male employees	1,910	3,034	1,980	565	
New hires	Female employees	3	0	4	4	
By age	Employees age less than 26	1,832	1,149	640	204	
	Employees age 26-50	1,368	408	675	250	
By gender	Employees age +51	8	4	5	9	
	Male employees	3,205	1,556	1,297	396	
Number of employees who left the organization	Female employees	3	5	23	67	
By age	Employees age less than 26	57	13	56	31	
	Employees age 26-50	789	1,258	1,871	676	
By gender	Employees age +51	1,820	2,724	764	334	
	Male employees	2,660	3,993	2,686	1,025	
By level	Female employees	6	2	5	16	
Management employees	210	181	268	71		
Non-management employees (staff)	2,456	3,814	2,423	970		

Our Strategic Approach to Human Capital

The ultimate goal of our five-year HR Business Plan is to further increase our operational efficiency to reach our targets, while turning operational challenges into promising opportunities that take the company to the next level of performance, excellence and innovation. To achieve our strategic ambitions, the plan covers 14 initiatives, from strategic workforce planning and executive development, to digitization, learning and development, employee engagement, performance management, succession planning and compensation and benefits. The effectiveness of our HR approach is ensured through a number of policies and practices, most of which are overseen at the Board or CEO level.





Focus Areas	Strategic Goals	Initiatives
Business Impact	Focus on talent and organizational performance to enhance sustainable business success.	Organization and Talent
		HR Differentiation Strategy: Implement new approach to HR, using a 'Differentiated Workforce Strategy' to be more focused on new business challenges.
		Executive Development: Launch targeted development of leaders.
		SWP: To ensure that SEC has the right workforce, in the right jobs at the right time.
People Impact	Support the business to integrate SEC values and competencies into the workforce mindset to create an excellent performance culture through re-energized employees.	Organizational Design: Enhance and ensure it meets business needs.
		Culture & Engagement
		Engagement: Address employee concerns proactively to improve equity and equality in the company.
		Compensation and Benefits: Improve engagement through an optimized and competitive approach.
HR Effectiveness	Ensure HR policies and practices enhance the performance of the talent and company.	Strategic Clarity: Ensure employees know the direction of the company, and their role in that.
		Performance Management: Launch cultural change project for perf. management, to improve perceptions of perf. appraisal fairness.
		HR Policies & Practices
		HR Business Plan: Improve satisfaction through implementing a reliable HR Business Partner framework which is the best fit for SEC.
HR Efficiency	Prioritize HR resources and efficiency of HR Systems and services via digital and web-based solutions	Succession Planning: Ensure leaders are ready for future positions.
		Learning and Development: Integrate learning approach through competency matrix and career paths.
		New Business Development: Utilize training center expertise and facilities to generate new business development opportunities.
		Digitization & Excellence
		Digital HR: Launch a fast-track approach to HR digitization, to simplify HR processes and effectively
		Governance, Risk and Compliance: Enhance the HR governance processes, mitigate risk and comply with internal and external regulations



In line with the above business plan, the Board has approved key administrative and structural amendments to facilitate the achievement of our strategic ambitions and objectives. Under these amendments the following key changes were decided and implemented in 2019:

- The Supply Chain & Contracting and General Services were merged into one activity - Services & Contracts. This activity now encompasses five key sectors : Contracts, Materials, Industrial Security, Transport and Facilities.
- The Information Technology sector was spun off from General Services into its own business line and is now referred to as Information Technology & Digital Transformation, falling under the direct supervision of the CEO.
- The Planning & Performance Monitoring business line was renamed to Strategic Planning & Business Development. This activity now encompasses three key sectors: Corporate & Strategic Planning, Regulatory Affairs & Performance Monitoring and New Business Development.
- The Cybersecurity Department was structurally spun off from General Services and now falls under the direct supervision of the CEO.

Workforce Training and Development

To support the company's plans to develop a highly qualified and multi-skilled employee base, we are seeking to make our training more efficient and targeted to the needs of our employees and the business alike. Under our HR business plan, we made an effort to integrate the learning approach with career paths, in order to establish a more customized and competency-based learning approach across all employee levels, with an updated curriculum based on career grades and learning needs. SEC has an online interactive training portal that uses the latest technologies to provide an ideal environment for self-training for any user at any time and in any place, where this program allows hundreds of courses for thousands of employees every year. SEC is further looking into developing and launching Learning Management System to:

1. Support business lines and Employee targeted development.
2. Work with key stakeholders to understand their development needs (Human Resource Development, Executive and Leadership Development Center, Career Path, Succession Planning, Business Lines).
3. Source a world class Learning Management System which can meet the needs of our new approach to learning and development.

Overall, the total number of training hours delivered in 2019 was 977,559 hours, almost equal to the training hours provided in 2018, but a 26% decrease compared

to 2016. The average training hours provided to employees stood at 28.8, a slight increase compared to the previous year, but a 16% decrease compared to 2016.

Executive and Leadership Training

In line with our approach to executive development, management level employees received an average of 45.4 hours of training in 2019. We have partnered with several international organizations to support our leadership development over the past few years. 10 of our leaders have attended a Master programs at MIT, and we are partnering with the International Institute for Management Development (IMD) to develop 105 of our leaders until 2022.

We also run a number of internal leadership programs for top-mid-level and front-line leaders in 2019, including our Targeted Talent Program (TTP) and our Leading with Impact (LWI) series, which focused on courses such as executive presentations and presence, the four disciplines of execution, crucial conversations, crucial accountability, financial acumen, mastering emotional intelligence, engagement session and accountability in action. We also initiated a new partnership with ERTYAD, a local academic institution, in 2019, to conduct workshops on high impact presentations, professional presence and presentations, and executive presence and presentations. We also offer an intensive English language program for our leader, to develop their English language skills and enable them to carry out their current or planned duties effectively.



In addition, our Executive and Leadership Development Center (ELDC) aims to prepare those who are characterized by leadership qualities for leadership positions in the company in the future. The curriculum of the program was designed and implemented by RBL Group, and in 2019 a total of 1,802 employees participated in the programs, of which 81 employees successfully graduated.

General Training and Development Programs

In 2019, our non-management employees spent more than 900,000 hours of training in internal and external courses, an average of 27.9 hours per employee. This included a total of 44,429 short-term development courses, as well as various self-learning and e-learning training programs. We have four training institutes across the country, which were converted into investment entities. We obtained training licenses from the General Foundation for Technical and Vocational Training and developed trainings and specialized workshops as well as professional accreditation courses which were delivered to more than 6,243 participants outside SEC.

In order to ensure our programs are effective in terms of improving our employee's efficiency, productivity and knowledge, they all complement each other. The most important programs are our on-the-job training program, short development courses tailored to employees in all technical, administrative and professional specialties as well as our cooperative trainer program aimed at improving the experience of employees in technical and administrative areas.

In collaboration with Toastmasters, an international non-profit educational organization, we provide our employees with the opportunity to improve and build on their communication and leadership skills. In addition, our "I'm learning" program is an interactive online training program with hundreds of courses, providing an ideal environment for self-training for all our employees at any time and from anywhere.

Development of Nationals

We also place great importance on the development of our national employees and hence offer various targeted programs for their development, including our career program which offers technicians graduating from University work and training opportunities within the company, our supported training program which provides training and development based on the nature of their current or targeted business function. We also run a two-year development program for Saudi university graduates, which aims to develop their professional and administrative skills and competencies, as well as a qualification and training program for graduates of technical (industrial) colleges, secondary school and industrial high school. In addition, our Saudi Expertise Development Program is aimed at providing Nationals with the skills needed to perform specialized functions in specific areas, such as managing the electrical system with high efficiency, keeping pace with technological developments in the generation, transmission and distribution of electricity, the economic and commercial operation of the electrical system as well as research and scientific development of the company.

Training GRI-404-1 UNSDG-4 UNSDG-8	Description	2016	2017	2018	2019
Total	Total training delivered (hours)	1,321,062	1,041,996	988,272	977,391
By level	Management employees	103,680	62,748	76,309	74,583
	Non-management employees (staff)	1,217,382	979,248	911,963	902,808
By gender	Male employees	1,321,002	1,040,748	986,988	973,413
	Female employees	60	1,248	1,284	3,978
Average	Average training hours	34.4	29.0	28.6	28.7
By level	Management employees	56.6	36.7	52.3	45.3
	Non-management employees (staff)	33.3	28.6	27.5	27.9
By gender	Male employees	34.4	29.0	28.6	28.7
	Female employees	3.3	62.4	33.7	44.2



Performance management

In order to increase productivity, performance and ultimately retention we seek to create a culture that continuously measures and responds to employee concerns. Therefore, our HR team undertakes periodic surveys that are shared with employees to better understand their requirements, aspirations, and learn their views on job functions, responsibilities, work environment and work experience. The results of these surveys are communicated with the management team, who tries to meet employee needs and satisfaction. Thereby, our performance reviews also inform development needs, based on personal preferences but also the company's needs.

Under our HR business plan, we aim to launch a cultural change project for performance management,

to improve perceptions of performance appraisal fairness. Thereby, we seek to create a motivating and high-performance work environment based on objective performance management of employees, as well as ensuring a uniform application of performance management policy to all staff at all levels to achieve the principle of justice and raise the level of satisfaction of employees and their confidence in performance to redress their efforts.

Our Employee Excellence Program, which seeks to motivate employees to excel in performance, rewards outstanding performance on a monthly (Employee of the Month) or annual (Public Servant) basis, creating an environment of positive competition between the employees of the company.

Performance Reviews GRI-404-3 UNSDG-4 UNSDG-8	Description	2016	2017	2018	2019
Total	Percentage of employees who received a performance and career development review	100%	100%	100%	100%
By level	Management employees	1,536	1,499	1,318	1,451
	Non-management employees (staff)	36,724	34,247	33,246	32,383
By gender	Male employees	38,243	35,716	34,523	33,750
	Female employees	17	30	41	84



Engagement and Incentivization

To further engage and incentivize our employees but also to attract and retain talent, we offer a number of incentive programs and loyalty enhancements. Our compensation package includes base salary, allowances, benefits as well as bonus plans. We also provide health services to employees and their families through our insurance partner Medgulf Insurance, as well as onsite health service employees, such as doctors and specialists, which can be attended in case of medical needs.

Our savings program for our Saudi employees seeks to motivate them and enhance their loyalty and affiliation to the company, while helping them accumulate savings and benefits upon retirement or separation from the company. Under the program, we deduct a part of the salary as a voluntary investment for the benefit of the employee, choosing appropriate areas of investment in accordance with Islamic investment conditions. By the end of 2019, a total of 14,255 employees benefited from this program.

One of our very successful programs is our housing loan, which is in place for the eleventh year already. Under this program we provide housing loans to our Saudi employees to finance the acquisition, construction or completion of the construction of housing, in a sharia-compliant form (Murabaha). We provide financing of up to SAR 1,200,000 with a repayment period of 20 years, whereby the company's contribution extends up to 70% of the profit margin, employees need to bear the remaining percentage. During 2019, a total of 377 employees benefited from the program, which already supported a total of 5,324 employees since its inception.

We also offer our employees the opportunity to take parental leave. In 2019 six of our female employees took parental leave, whereby the return to work rate to date is at 100%.



Safety and Occupational Health Policy

Nothing at Saudi Electricity Company and its subsidiaries are more important than the health, safety and wellbeing. We as executive management believe that identifying and reducing the potential risks will prevent all forms of accidental loss.

We are determined to achieve our vision of reducing the probability of losses and injuries to employees, contractors, visitors and public in the environment in which we operate.

We are dedicated,

- The managers and supervisors are held accountable to provide effective leadership of OHS in our operations, whilst recognizing that a safe behavior is the responsibility of all employees.
- We identify and evaluate potential OHS risks and establish appropriate controls to minimize those risks while continuously reviewing the assessment and controls.
- We provide training and development opportunities to our employees to ensure awareness and competence to manage the potential OHS risks and related responsibilities.
- We communicate, consult and involve our employees in decision-making process to continuously improve our OHS Management System.
- We comply with appropriate applicable legal and other any related requirements.
- We provide healthy and safe workplaces and community integrations.
- We establish measurable plans and objectives to improve OSH performance with integration our management system at all levels, to reducing potential risks and enhancing our services.
- We document, monitor, audit, review and continuously improve our OHS performance .
- We protect our employees and physical assets, ensuring business continuity.



سياسة السلامة و الصحة المهنية

على الشركة السعودية للكهرباء والشركات التابعة لها الاعتنية بالصوصى للسلامة والصحة المهنية وتحث كباره تقديرية نومن بان تحديد وتقدير المخاطر الحمامة وتقديمها سوف يمنع بذن الله جميع أنواع الخسائر في الأرواح والمتناكبات والخطأ على بيته العمل آمنة.

وقد اذن العزم لتحقيق روزتنا بتطبيق احتمالية وقوع الحساد والإجراءات لموظفينا و مذوقينا و زوارنا و

بجهودنا الخارجى في بيته العمل.

وعليه نحن متلزمون بما يلي:

- المدراء والمشرفون مسؤولون عن توفير قيادة فعالة للسلامة والصحة المهنية في جميع عملياتنا مع التأكيد على أن السلاة الآمن هو مسؤولية جميع العاملين في الشركة السعودية للكهرباء.
- لغور بتحديد وتقدير المخاطر للسلامة والصحة المهنية الحمامة ووضع وسائل التحكم الملائمة تلقائياً مع المرجحة المستمرة لها.
- نقدم التدريب والتلerner لموظفينا لضمان الوعي والكافأة للتعامل مع المخاطر المحتملة والمسؤوليات المتصلة بالسلامة والصحة المهنية.
- تواصل ومستشفي وندرك موظفينا في عملية صنع القرار من أجل التحسين المستمر لنظام إدارة السلامة والعاجحة المهنية.
- نلتز بالمتطلبات القانونية للسلامة والصحة المهنية وأي متطلبات أخرى ذات صلة.
- توفر بيئة عمل آمنة وصحية ومتكلمة مع المجتمع الخارجى.
- نضع الخطط والأدوات الفنية للقياس من أول تحسين إدارة السلامة والصحة المهنية والتكميل مع نظامنا الأدارى على جميع المستويات بما يحد من المخاطر المحتملة ويعزز خدماتنا.
- توفر برقابة ورقابة ورقابة وتحسين نظام إدارة السلامة والصحة المهنية باستمرار.
- تحمي موظفينا ومتذكراًنا لضمان استمرارية العمل.

الرئيس التنفيذي

CEO

2.1.2 Health and Safety

SEC has made a formal commitment to address health and safety in its Social Responsibility Policy and its Safety, Occupational Health and Environmental Protection Policy, in line with local legislation and regulations. We are committed to maintain a safe, hygienic and healthy work environment and to minimize occupational hazards and ensure work can be completed effectively. Therefore, we deployed significant measures to address health and safety for our employees and contractors. Our 5-star occupational health and safety management system is a risk-based, management-led and audit-driven system, whereby we aim to achieve compliance with ISO 45000 in 2020. The system defines performance and monitoring requirements across five key pillars: (1) cleanliness and tidiness in the workplace, (2) protective barriers for mechanical and electrical equipment, and people, (3) prevention of, and protection from fires, (4) recording incidents and inspecting them and (5) safety system.

It is the duty of management and employees alike, at all levels, to promote and maintain safety and health regulations in the work practices. This also extends to our contractors and supplies, who need to demonstrate they are working in line with our health and safety policies and regulations, which is ensured by monitoring and HSE audits. Whoever violates these policies and procedures will face disciplinary measures according to our internal policies. In 2019, a total of 48 breaches in contractor compliance with SEC Health and Safety requirements were registered, leading to work suspensions.



To ensure that our policies are met, we provide health and safety training to our employees and contractors. In 2019, 19,320 employees, 56.9% of our total workforce, as well as and 3,705 contractors received health and safety training. The main aim of our training is to spread safety awareness and culture among our employees and contractors, to apply safe work practices and risk assessment as well as to ensure the implementation of the instructions under our 5-star occupational safety and health management system. In addition, our Health and Safety Committee conducts

regular safety inspections across all company facilities. In 2019 we conducted 7,291 safety inspections, during which 11,188 unsafe acts and conditions were observed, 99.9% of which were rectified. Our Internal Audit Department also conducts occupational health and safety audits, according to which we achieved a 91.0% implementation rate for occupational health and safety management systems at company level in 2019. Thanks to our efforts, we were able to reduce our lost time injuries over the past four years by 45% for employees as well as contractors.



Emergency Preparedness

In accordance with our Disaster Management Plan and government requirements, site-specific emergency and disaster management plans are in place to prevent and minimize any impacts on the environment and society. Therefore, all sites are equipped with the necessary equipment to respond to emergencies, and we established five main emergency command centers, five backup centers and twelve sub centers equipped with the latest technology and communication devices to manage and control all types of emergency situations. All emergency command members are trained periodically through drills to test their response and communication capabilities in real life scenarios.

In 2019 we conducted five emergency drills covering blackouts, interruption of electrical service and cyber-attacks. We also updated our Disaster Risk Reduction Plan, which was developed to reduce the impacts of disasters on people, assets and information. In addition, we also contributed to the establishment of the Crisis Center supervised by the Ministry of Energy, and participated in the preparation of the Crisis Management Plan for the Energy System and the National Strategy of Hedging as member of the National Risk Unit at The Royal Court.

Health & Safety GRI-403-2 UNSDG-3 UNSDG-8	Description	2016	2017	2018	2019
Safety performance	Employee lost-time injuries (number)	38	37	38	21
	Contractor lost-time injuries (number)	24	34	28	13
	Number of safety inspections	N/A	N/A	7,531	7,291
	Number of safety observations reported (unsafe acts and unsafe condition)	14,620	22,065	15,129	11,188
	Safety audits compliance	77.0%	81.0%	83.4%	91.0%
	Percentage of workforce represented in joint management-worker H&S committees	5.0%	10.0%	10.0%	10.0%
H&S Training	Employees trained in health and safety practices	N/A	N/A	16,077	19,320
	Contractors trained in health and safety practices	N/A	N/A	4,148	3,705
Emergency Preparedness	Total number of emergency drills and simulations	416	420	574	607
	Level of emergency preparedness	SEC-EMPL	SEC-EMPL	SEC-EMPL	SEC-EMPL



2.2. Supporting Communities

● Goal

Contribute to sustainable economic and social development of communities in KSA and enhance people's well-being.

● Way forward

- Capture and disclose baseline on localization, CSR, R&D, innovation incubation, customer awareness.
- Review effectiveness of CSR activities. Expand affordability tools initiatives.
- Design and lead multi-stakeholder programs to train for, support and create job opportunities and entrepreneurship opportunities.
- Accelerate investment in research in related technologies, and in socio-economic impacts and opportunities.

● Material issues

- Access to Energy
- Communities and Social Investment
- Social and Economic Development

● KSA Vision 2030

- A Vibrant Society: Living by Islamic values | Focusing our efforts to serve Umrah visitors | Taking pride in our national identity | Promoting culture and entertainment | Living healthy, being healthy | Developing our cities | Caring for our families | Developing our children's character | Empowering our society.
- A Thriving Economy: Boosting our small businesses and productive families | Maximizing our investment capabilities | Launching our promising sectors | Privatizing our government services | Improving the

business environment | Rehabilitating economic cities | Establishing special zones | Increasing the competitiveness of our energy sector | Supporting our national companies.

- Ambitious Nation: Engaging everyone | Being responsible for our lives | Being responsible in business | Being responsible to society.

● SDGs





2.2.1 Investing in Communities and Social and Economic Development

As part of our commitment to the KSA Vision 2030, we seek to generate positive environmental and socio-economic impacts in the communities in which we operate. Our CSR Policy guides the implementation of our programs and presence on the ground, to ensure maximum impact on the communities while ensuring we maintain our social license to operate.

Towards employees	Towards society	Towards partners and customers
Providing a positive work environment, creating equal opportunities for training and development, stimulating initiatives for excellence and creativity, embedding quality culture, thought and practice, embodying the values stated in the work ethics document, engaging employees via emails and receiving feedback, activities and services provided to them.	An active contribution to the social and economic development through supporting social activities and programs, interacting with developmental and humanitarian issues and concerns of the community, engaging the community in initiatives and leading economic programs in the use of electricity, spreading a culture of security and safety from the risks of using electricity, supporting research centers by adopting supporting initiatives and research chairs that contribute to rationalizing electricity consumption, improving the performance of electrical systems and preserving the environment, and supporting renewable energy initiatives and projects.	Our responsibility for the production, transmission and distribution of electric energy has formed a strong motivation to demonstrate our capabilities to build strategic relationships based on fairness and transparency. We communicate with our customers and partners to ensure sustained relationships, trust and partnership, we encourage them to participate in issues of the sector. We listen to their views and suggestions to assess our performance and strengthen our position and public image.

Every year, we organize and conduct many social activities, programs, events, such as lectures, graduation and honoring parties, sports, cultural and social activities in our company clubs. We also seek to enhance the social interaction with our employees and their families through an internal communication plans and through providing training opportunities for their kids in cooperation with specialized training institutes, such as English, computer skills and many different sports activities. Our main community activities during 2019 were:

- Signed 13 strategic agreements and partnerships with several charities and government agencies to support social responsibility programs that include special needs, orphans, cancer patients and other charitable organizations.
- Collaborated with the Saudi Alzheimer's Society as part of our ongoing strategic partnership.
Cooperated with Zahra Association as part of our strategic partnership.



- Conducted many volunteering initiatives and supported the Ministry of Hajj and Umrah during the Hajj season with 22 volunteers in various activities including guidance, translation, and Hajj aid in 1440 AH.
- Collected more than SAR 5 million as a voluntary contribution from our employees' salaries to support authorized and effective charitable societies.
- Held training workshops on Safety in Schools for 315 employees of the Ministry of Education
- Organized events for the elderly men and women in cooperation with our company's clubs to celebrate the International Day of Older Men and Women.
- Provided training opportunities to 2,051 students in cooperative and summer training programs.
- The Company's Club Activities that are provided for SEC's working and retired employees and their families in 13 clubs located across the Kingdom.
- Catering services by productive Saudi families at SEC facilities in Riyadh, Jeddah, and Al-Dammam.
- For 2020 we targets to invest about SAR 34 million in activities across eight key areas to contribute to the local community in the Kingdom.

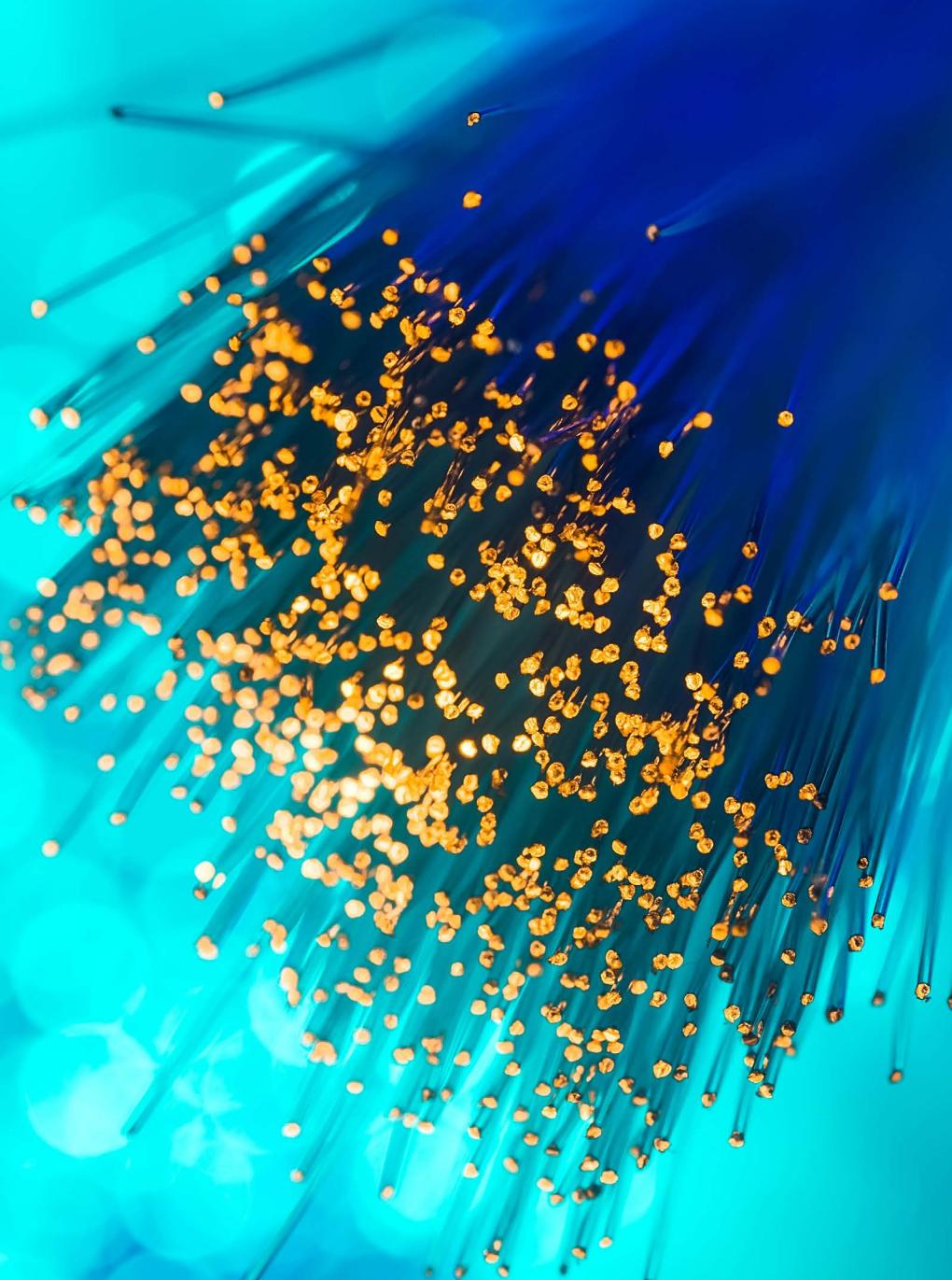
Main initiatives	Description
Electrical safety awareness	Increasing our social media activity and campaigns; implementing 9 training courses in our facilities for 315 school safety representatives; setting up a tent for safety and the environment; partnerships with government organizations and ministries.
Smoking awareness	Increase the awareness of the risks related to smoking; conduct of a number of exhibitions; participate in health conferences.
Safe driving awareness	Increase the awareness of the risks related to Driving; hold of a number of exhibitions; visiting patients in hospitals.
Ongoing CSR programs and activities	Saudi Electricity Volunteer Team; visiting patients in hospitals, Ramadan breakfast (Iftar); blood donation campaigns; supporting and donating to charities; hosting charitable events, e.g. for children of the Martyrs of Duty at the company's facilities.
Building a mosque	Building a mosque with donations from our employees in the Al-Arid district.
Community support projects	Provide direct and sustainable aid to local communities in the 38 cities and governorates that are most affected by power outages across the Kingdom.
Donations to charity by employees	Deductions from our employees' salaries for charities as per their wishes.
Gardens	To preserve the environment and develop recreational facilities for the neighboring population to our headquarter, we plans a SAR 5 million investment in developing a garden in the Al Arid district north of Riyadh. This project will promote a clean local environment and help us offsetting our GHG emissions.

2.2.2 Access to Energy

In light of the continued expansion of the national economy and all aspects of life in the Kingdom, we are expecting the number of customers to reach 10.8 million by the end of 2022. In light of this development, SEC has adopted a number of future projects and plans to meet the growing demand on electrical power. This includes most notably the addition of new generation capacities of 3,834 MW in our plants, as well as the addition of generating capacities of 7,300 MW within the private sector participation program. By 2022, 7,560 km circular transmission lines will be added with 124,900 km length to strengthen the distribution networks.

We also continued the rehabilitation and replacement of retiring distribution network equipment to maintain reliability of the network and avoid any voltage instability or outages. We extended our distribution network by app. 3% year on year, adding about 23,055 km of new medium and low voltage cables, increasing the network capacity by additional 8,650 MVA, which allowed us to connect more than 370,000 new customers.

Since we are keen to provide our customers with advanced and intelligent systems, we have launched our 'Barq' service, which has reduced the lead time of electrical service delivery to 7 days only, after taking in excess of 20 days previously. Reducing the new connection period to 7 days contributed to the reduction of the total average time to connect new customers to 17 days average during 2019. We will continue to roll-out this service across the Kingdom, and to achieve our target of 7 days time to connect new customer in 2020. This reform was a remarkable achievement, which also contributes to facilitating the opening of new businesses in the Kingdom. Following the reform, the Kingdom's World Bank rating for the ease of obtaining an electricity connection improved by 42 positions to rank 18 and the Kingdom now ranks 62nd in terms of ease of doing business.



Highlight Story: Dawiyat Telecom Company

Dawiyat is a wholly owned telecom subsidiary of SEC, established with the aim of optimising investment in SEC's fiber optic systems to lease fiber optic networks to telecommunications companies. Dawiyat services are rendered over a state-of-the-art fiber optic network with more than 80,000 km of fiber optic cables across the Kingdom including villages, hamlets and borders. Offering open access fiber optic infrastructure to all operators on an equal basis assists in the provision of integrated telecommunications services and improves the quality and speed of internet access in the Kingdom. This is in line with Vision 2030 and the National Transformation Program 2020, which includes many initiatives in this respect, the most prominent of which is the initiative of deploying broadband fiber-optic systems to homes in the Kingdom.

Dawiyat plays a key role in the process of connecting a total of 744,500 households across Saudi Arabia to its fiber optic network. A total of 488,000 households were connected by the end of 2019 and approximately 250,000 additional households are expected to be connected by the end of 2020. This is intended to drive growth in the Saudi economy and increase its competitiveness across different sectors. Dawiyat has entered into a number of partnerships at the local and regional levels to support its development objectives. Dawiyat has also agreed heads of terms with King Salman Energy Park "SPARK" to operate, maintain and commercialize its digital infrastructure and to provide smart services to contribute to the acceleration of the deployment of the fourth industrial revolution environment of the city. In addition, Dawiyat has been awarded the exclusive right by the Saudi Authority for Industrial Cities and Technology Zones (MODON) to deploy fiber optic infrastructure for five industrial cities under MODON. This is intended to provide neutral access to all operators within the Kingdom in offering their services to their end customers. Dawiyat has also leased part of its fiber optic network to a number of telecommunications companies, to enable them to enhance their network footprint and services.

Dawiyat is further constructing a carrier-neutral data center in partnership with Gulf Data Hub. The data center is located in King Abdullah University for Science & Technology and will serve the university and the tenants of the nearby research park in addition to serving customers across the Kingdom. As a result of the forecast growth in the international connectivity business in the region, Dawiyat is planning to extend the reach of its network beyond the geographical borders of the Kingdom and connect carriers in neighboring countries, as well as connecting other international carriers via submarine cable systems.



2.3. Building Customer Trust

● Goal

- Meet customer needs and enhance customer satisfaction, provide clear information, and protect personal safety, data and privacy.
- Offer services that enhance sustainability.

● Way forward

- Improve transparency on customer satisfaction: capture and disclose baseline on customer satisfaction, data privacy policy, Dist. SAIFI, SAIDI, and Customer complaint resolving time (Days) KPIs.
- Continue planned ongoing customer satisfaction improvements.
- Launch major transparency initiative relating to customer satisfaction.
- Enhance tools and services to support customers in improving energy efficiency, leveraging smart meter rollout.

● Material issues

- Data Privacy.
- Responsible Customer Relation.s

● KSA Vision 2030

- A Thriving Economy: Maximizing our investment capabilities | Launching our promising sectors | Improving the business environment | Increasing the competitiveness of our energy sector.
- Ambitious Nation: Engaging everyone | Being responsible in business.



2.3.1. Putting Customers First

As a major service provider, customer satisfaction is absolutely essential to us. In line with our strategic direction to enhance our customer service as well as the Government's digital agenda, we are gradually moving towards more automation and digitization of services. We are working to define and execute a Digital Roadmap to support our strategy, enabling us to improve our efficiency as well as our customer experience, by fully digitizing our services and reforming the electricity connection process. The majority of customer services are already online and digitized, as is our billing and invoicing process, which we can be accessed online or via our mobile application 'Alkahrafa'. These tools work well with customers, helping them get usage insights and track their historical consumption patterns and enable access to their bills accessible through their bank accounts. We also move all our customer service requests received through our call center to an electronic filing and tracking system.

In an attempt to become a more customer centric organization, we launched a number of programs in 2019:

- Our 'Hisabi' service allows for a more direct interaction with our customers to be able to deliver services to them directly. The service enables clients to register the meter's account under the beneficiary's name as well as to transfer the account no matter if he or she is the tenant or the owner. This aims to help identify the actual beneficiary of the account, enable a more direct communication with the actual beneficiary of the account and determine which party is financially responsible for the electricity consumption.
- Our "Fixed bill" service is another example of our advanced services. It helps subscribers adjusting their budgets based on the average value of their consumption over 12 months.

- Our 'Hasebati' service was launched in conjunction with updating our mobile services and enhancing our call centers. These initiatives support the digital transformation of the company's services as well as increasing the reliability of the electrical services and billing systems.

- To ensure business continuity of our distribution and customer services, we built a secure vault environment and cloud environment and also updated our disaster recovery environment and configuration of our systems to be able to restore infrastructure in the event our primary data center is unavailable

- We are also participating in the wider digitization effort of the Kingdom through the National Broadband Network of Saudi Arabia, one of the most important platforms to enable the KSA Vision 2030 objective of achieving ubiquitous fiber network deployment, high-speed broadband and connecting about 750,000 homes with an optic fiber to home connection.

Our customers have access to our SEC-Hotline, an application which provides a safe way through which they can report any irregularities or abuses of the internal systems and regulations within SEC. SEC-Hotline also provides a safe outlet to report any excesses related to the work or services provided by the company, promoting the principle of transparency and anti-corruption.

In 2019 we reached a 67% customer satisfaction rate, which we seek to increase to 70% in 2020. In addition, we aim to further reduce our time to connect from currently 17.9 days to 7 days next year. We also improved our service level, by reducing the number of days it takes to resolve complaints from 6 to less than 5 days.

Customer satisfaction	Description	2016	2017	2018	2019
Customer satisfaction performance	Customer satisfaction (%)	N/A	N/A	N/A	67%
	Time to connect (days)	31.7	29.2	19.3	17.9
	Complaint resolution time (days)	N/A	4.10	6.20	4.37



2.3.2 Ensuring Data Privacy and Cybersecurity

We take sufficient security measures to assure that our customer's data is not misused or becomes available to unsolicited marketing. Our Data Security Privacy Policy specifies our internal control measures and responsibilities, particularly regarding data storage and protection. Regular training and awareness raising is provided to employees and other related third parties that may handle sensitive information. Our IT is regularly performing checks and scans to ensure security hardware and software is functioning properly and all systems, services and equipment used for storing data meet the acceptable security standards.

We recently established a new cybersecurity organizational structure, directly reporting to CEO, and along with that updated our strategy and roadmap. At a time where cyber threats are increasing, ITC resiliency is particularly important. To enhance our IT continuity, we are building a new data center to be launched in Q1 2020.

To make sure our Information Technology and Communication (ITC) services are at the highest standards, we apply the best international procedures, such as ISO 27001 (Information Security) and ISO 20000 (Service Management). The ISO certifications are

audited every six months by a third-party certification body and periodical controls are implemented and reviewed through internal audit. In 2019 our ITC was awarded with the "Recognized for Excellence 4 Star" rating from the European Foundation for Quality Management Institute (EFQM) as the first entity in KSA to receive such recognition, which manifests our leading role in information security throughout the Kingdom.

Our future commitments include the automation of our Enterprise Risk and Compliance Management (ERCM) and Business Continuity Management (BCM) processes through an Integrated Risk Management (IRM) solution to effectively manage our risks, improve regulatory and legal compliance, controls, and business resiliency across the company. We also aim to implement a company-wide big data platform to enhance the data and analytical capabilities through eliminating departmental silos that currently provide conflicting data and analytics.

In the past four years we only registered one data security breach which occurred in 2019. However, we detected the breach at an early stage and hence could avoid any loss of sensitive data.

Data protection	Description	2016	2017	2018	2019
Data security	Number of data privacy security breaches	0	0	0	1



intertek
Total Quality Assured.

CERTIFICATE OF REGISTRATION

This is to certify that the management system of:

SAUDI ELECTRICITY COMPANY
(Information Technology & Communication
Sector)

Main Site: SEC HQ Riyadh, Kingdom of Saudi Arabia

See appendix for additional sites and additional site scopes

has been registered by Intertek as conforming to the requirements of:

ISO 27001:2013

The management system is applicable to:

THE INFORMATION SECURITY MANAGEMENT SYSTEM APPLIES TO PROVISION OF INFORMATION TECHNOLOGY & COMMUNICATION SERVICES OF SAUDI ELECTRICITY COMPANY, TO THE INTERNAL CUSTOMERS FROM RIYADH, JEDDAH & DAMMAM)
STATEMENT OF APPLICABILITY VER.6 DT. 30/11/2017

Certificate Number:
0097793

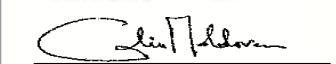
Initial Certification Date:
06 January 2020

Date of Certification Decision:
06 January 2020

Issuing Date:
20 January 2020

Valid Until:
05 January 2023




Calin Moldovean
President Business Assurance

Intertek Certification Limited, 10A Victory Park,
Victory Road, Derby DE24 8ZF, United Kingdom

Intertek Certification is a UKAS Accredited under schedule of accreditation no.014



Intertek Certification Limited is a UKAS accredited body under schedule of accreditation no. 014.
In the issuance of this certificate, Intertek assumes no liability to any party other than to the Client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organisation maintaining their system in accordance with Intertek's requirements for systems certification. Validity may be confirmed via email at certificate.validation@intertek.com or by scanning the code to the right with a smartphone. The certificate remains the property of Intertek, to whom it must be returned upon request.
CT-ISO 9001:2015-UKAS-EN-LT-P-13 dec.17



**CERTIFICATE
OF REGISTRATION**

This is to certify that the management system of:

**SAUDI ELECTRICITY COMPANY
(Information Technology & Communication Sector)**

Main Site: SEC HQ Riyadh, Kingdom of Saudi Arabia

has been registered by Intertek as conforming to the requirements of:

ISO 20000-1:2011

The management system is applicable to:

THE SERVICE MANAGEMENT SYSTEM APPLIES TO THE PROVISION OF ITC SERVICES OF SAUDI ELECTRICITY COMPANY TO THE INTERNAL CUSTOMERS FROM RIYADH, JEDDAH & DAMMAM, COMPRISING OF SEC CUSTOMERS MOBILE APP (ALKAHRA), ATTENDANCE SYSTEM , ATTENDANCE SYSTEM, BACKUP, SEC EMPLOYEES MOBILE APP (BAWABATI), BOARD OF SEC SERVICES, CALL CENTRE, COMPANY WEBSITE WWW.SE.COM.SA, CORRESPONDENCE SYSTEM, CONTACT CENTRE, DESKTOP VIDEO CONFERENCE, DOCUMENT ARCHIVING, DISASTER RECOVERY CENTRE, EMAIL, EMPLOYEE PERFORMANCE SYSTEM, E. BILL, ERP INNOVATION SERVICE, ERP ENHANCEMENT SERVICE, ERP MAINTENANCE SERVICE, ERP E-LEARNING SERVICE, ERP ENTERPRISE PORTAL, GEOGRAPHIC INFORMATION SYSTEM, GRIEVANCES, HOTLINE, NETWORK PRINTERS, PUSH EMAIL, PERSONAL COMPUTERS, PHOTOCOPIER, IMMERSIVE COMMUNICATION SYSTEM, INTERNET, LAPTOP, MANAGERS APPROVALS MOBILE APP (MOWAFAQATI), PROVISION & MONITORING OF DATA BASE HOSTING, PROVISION & MONITORING DATA CENTER CO-LOCATION, QUEUE MANAGEMENT SYSTEM, RIGHT FAX, SERVICE DESK, SMART PHONE APPLICATIONS DEVELOPMENT, SELF SERVICE MACHINE, SIGNAGE SYSTEM, SADAD (SEC PAYMENT GATEWAY), SCANNER, SHORT MESSAGE SERVICE (SMS), SERVER PROVISIONING & MONITORING, TAWASUI, TELEPHONE CONFERENCING, TELEPHONE EXTENSION (DID/DOD), TELEPHONE EXTENSION (NON-DID), UNIFIED COMMUNICATION (JABBAR), UNIFIED METER READING SYSTEM, VIRTUAL PRIVATE NETWORK (VPN)

Certificate Number: 0097792

Initial Certification Date: 06 January 2020

Date of Certification Decision: 06 January 2020

Issuing Date: 20 January 2020

Valid Until: 05 January 2023

014

Calin Moldovean
President Business Assurance

Intertek Certification Limited, 10A Victory Park,
Victory Road, Derby DE24 8ZF, United Kingdom

Intertek Certification is a UKAS Accredited under schedule of accreditation no.014

Intertek Certification Limited is a UKAS accredited body under schedule of accreditation no. 014.

In the issuance of this certificate, Intertek assumes no liability to any party other than to the Client, and then only in accordance with the agreed upon Certification Agreement. This certificate's validity is subject to the organisation maintaining their system in accordance with Intertek's requirements for systems certification. Validity may be confirmed via email at certificate.validation@intertek.com or by scanning the code to the right with a smartphone. The certificate remains the property of Intertek, to whom it must be returned upon request.

CT-ISO 9001:2015-UKAS-EN-LT-P-13 dec.17



Recognised for Excellence 4 star

Awarded to:

**Information Technology and
Telecommunications Sector -
Saudi Electricity Company**



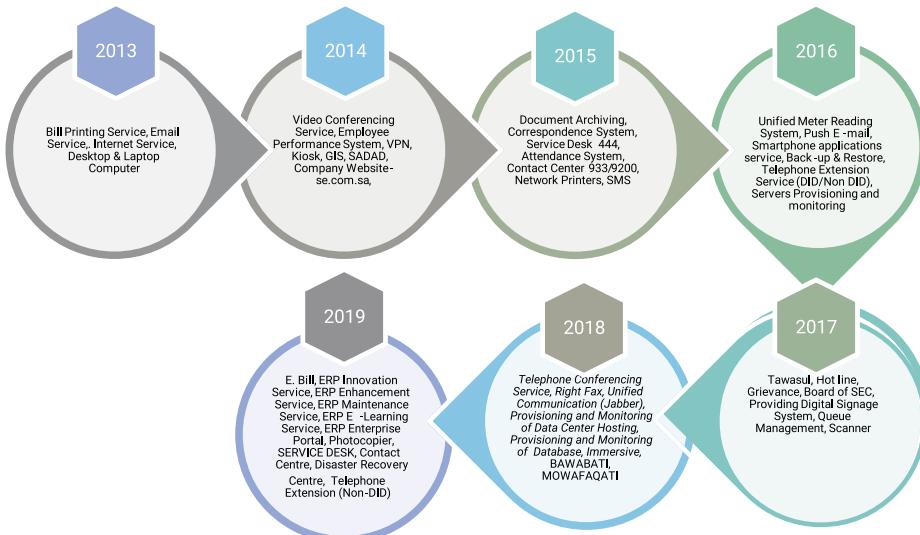
Russell Longmuir
CEO, EFQM

SN: 1904003590



ISO Certified ITC Services

SEC C USTOMERS MOBILE APP (ALKAHRAA)	ATTENDNACE SYSTEM	BACKUP	SEC E MPLOYEES MOBILE APP (BAWABATI)	BOARD OF SEC SERVICES	CALL CENTRE	COMPANY WEBSITE WWW.SE.COM.SA	CORRESPONDE NCE SYSTEM
CONTACT CENTRE	DESKTOP VIDEO CONFERENCE	DOCUMENT ARCHIVING	DISASTER RECOVERY CENTRE	EMAIL	EMPLOYEE PERFORMANCE SYSTEM	E. BILL	ERP INNOVATION SERVICE
ERP ENHANCEMENT SERVICE	ERP MAINTENANCE SERVICE	ERP E -LEARNING SERVICE	ERP E ENTERPRISE PORTAL	GEOGRAPHIC INFORMATION SYSTEM	GRIEVANCES	HOTLINE	NETWORK PRINTERS
PUSH EMAIL	PERSONAL COMPUTERS	PHOTOCOPIER	IMMERSIVE COMMUNICATION SYSTEM	INTERNET	LAPTOP	MANAGERS APPROVALS MOBILE App (MOWAFQAQTI)	PROVISION & MONITORING OF DATA BASE HOSTING
PROVISION & MONITORING DATA CENTER CO-LLOCATION	QUEUE MANAGEMENT SYSTEM	RIGHT FAX	SERVICE DESK	SMART PHONE APPLICATIONS DEVELOPMENT	SELF SERVICE MACHINE	SIGNAGE SYSTEM	SADAD (SEC PAYMENT GATEWAY)
SCANNER	SHORT MESSAGE SERVICE (SMS)	SERVER PROVISIONING & MONITORING	TAWASUL	TELEPHONE CONFERENCING	TELEPHONE EXTENSION (DID/DOD)	TELEPHONE EXTENSION (Non-DID)	UNIFIED COMMUNICATIO N (JABBAR)
			UNIFIED METER READING SYSTEM	VIRTUAL PRIVATE NETWORK (VPN)			



2.4. Managing Responsible Supply Chain

● Goal

- Promote responsible supply chain practices and emphasize local procurement.

● Way forward

- Address gaps in supply chain policy and disclosure.
- Increase ESG considerations in procurement criteria.
- Support local suppliers on ESG.

● Material issues

- Supply Chain

● KSA Vision 2030

- A Thriving Economy: Integrating regionally and internationally | Launching our promising sectors | Rehabilitating economic cities | Improving the business environment | Establishing special zones | Supporting our national companies.

● SGD's



In line with the KSA Vision 2030, our strategic focus in terms of a responsibly supply chain lies on supporting locally owned suppliers as well as integrating ESG considerations into our sourcing procedures. As much as possible, we seek to purchase from and work with local suppliers and contractors to support the small and medium-sized enterprises across the Kingdom through our 'Bina' initiative. This approach covers three strategic initiatives:

- Develop policies and procedures program to motivate local manufacturers and contractors: preference is given to suppliers that can demonstrate an increased local content, e.g. local content in materials, Saudization, training provided to Saudi nationals, local research and development etc.
- Develop policies and procedures program to motivate small and medium enterprises: assign up to 10% of each purchase to SMEs as long as the price does not exceed 10% of the lowest bid, provide special support to new local factories that have less than three years of experience, support local vendors through direct purchases for up to 3 years.
- Identify investment opportunities for localization: work with investors and international companies to attract them to the local industry market, enhance coordination and communication with government organizations and private corporations to develop local content and establish a strategic partnerships with investors to open companies and factories to produce services and materials which are not available locally.



Our Bina' Program to Build and Employ National Capacities

Our Bina' program was launched in January 2019 to contribute to the KSA Vision 2030 and the active role of SEC in maximizing the local content participation and supporting local factories. The program has the following objectives:

1. Develop the capabilities of Saudi employees.
2. Transfer technology to Saudi Arabia.
3. Develop Saudi factories and contractors.
4. Support national enterprises with greater resettlement efforts.
5. Increase the proportion of local content.
6. Support SMEs to contribute more to GDP.

The achievements of the Bina' program include:

- Launching the Bina' localization strategy after being approved by the Board of Directors.
- Holding 12 workshops to introduce the Bina' program.
- Issuing the Investment Opportunities Handbook that contains more than 250 investment opportunities for the purpose of encouraging investors.
- Signing two memoranda of understanding (MOUs) with the Saudi Industrial Development Fund and the Local Content and Government Procurement Authority.
- Adjusting our procurement procedures and contracts to comply with the Bina' program.
- Integrating the Bina' program into our SAP system for purchases and contracts to enable the automatic calculation of the financial impact.
- Localizing the industries for smart meters, high-voltage cables, cable connectors and insulators.
- Raising the local content of the smart meter replacement project by requiring contractors to procure 3.5 million (out of 10 million) smart meters from local factories.
- Updating the supplier portal to include local content certification, with 26 local content certificates being registered so far.
- Working with the Ministry of Energy to determine the baseline for local content rate and the company's targets until 2030.
- Launching an initiative with the Ministry of Industry to present investment opportunities to investors and sign Letters of Intent (LOI).
- Completing the implementation of Bina' program, achieving financial savings of SAR 2,653,000.

In 2019, our procurement spending amounted to SAR 17,257 million, 97% of which was awarded to local contractors, a 9 percentage point increase compared to last year. Our spending on local suppliers amounted to SAR 2,481 million, or 62.0% of total of spending, a slight increase compared to 2018 too. Our material purchases between 2015 and 2019 amounted to app. SAR 29 billion, whereby 63% were procured from local factories. We have been implementing innovative solutions to streamline the procurement process since 2014. Our suppliers and contractors have access to our e-Bidding System, a fully automated web-based system using e-commerce concept. The system is a fully automated and paperless system and represents a cost-effective solution for vendors as they do not need to fax or personally submit their quotation. This significantly saves vendors time and money. The e-Bidding System enables fast and reliable communication as well as increase transparency since the quotations submitted by vendors are directly saved in a database. The system also ensures confidentiality of the data and prevents anyone from viewing the bid content before closing date. Furthermore, the e-Bidding System improves the system's security as the data is stored in SQL server and protected by a firewall and sensitive fields such as price and password are encrypted.



To ensure we are able to provide the best products and services to our customers while acting in a responsible manner, all our suppliers and contractors are obliged to work in accordance with our norms of social responsibility and ethical behavior, as well as in compliance with local laws, legislation and regulations. Any contractor therefore has to sign their commitment to the SEC Code of Conduct and Ethics. Subject to the type of procurement, suppliers need to submit detailed information about their ESG performance in order to prequalify for our contracts. This includes, amongst others, data related to health and safety, employee engagement, waste management and spills as well as information related to management systems, procedures and training. All contractors need to abide by and adhere to SEC's health and safety standards in accordance with the 5-star Health & Safety management system which is followed inside

SEC. All contractors invited to undertake environmental projects have to abide by SEC's environmental compliance standards and need to provide a valid Environmental Protection Qualification Certificate from the General Authority of Meteorology and Environment. All contractors invited to safety projects have to pre-qualify by obtaining a valid Contractor Classification Certificate from the General Authority for Industrial Security. In addition, all contracts include clauses related to environmental, health and safety, governance and labor regulations and standards compliance. Industrial Security conducts regular environmental compliance audits in accordance with ISO 19011, including projects under construction. Any contractor that is in breach of our standards and regulations are fined and blacklisted.

Procurement	Description	2016	2017	2018	2019
Local Suppliers	Total spending on suppliers (SAR million)	7,354	3,770	2,696	4,042
	Total spending on locally-owned suppliers (SAR million)	4,540	2,159	1,552	2,482
	Number of local suppliers	489	512	575	595
	Percentage of procurement spending on locally owned suppliers (%)	61.7%	57.3%	57.6%	62.0%
Local Contractors	Total spending on contractors (SAR million)	41,564	11,616	8,183	17,257
	Total spending on locally-owned contractors (SAR million)	37,741	10,274	7,212	16,820
	Number of local contractors	968	651	429	604
	Percentage of procurement spending on locally owned contractors (%)	90.8%	88.5%	88.1%	97.5%
Responsible Sourcing	ESG criteria and evaluation covering all suppliers	Yes	Yes	Yes	Yes

CHAPTER 3
**ENABLING RESPONSIBLE
BUSINESS
PRACTICES**





3.1. Promoting Good Governance

● Goal

- Promote good governance practices and sound risk management.
- Achieve long-term sustainable economic and financial growth.

● Way forward

- Establish Board Committee for sustainability, and ensure ESG issues are regularly reviewed at the Board level.
- Deliver training to board members on ESG issues.
- Conduct climate change risk assessment by developing climate change scenarios and evaluate potential risks and opportunities for SEC. Integrate into risk strategy, risk register and enterprise risk management (ERM) systems.
- Integrate ESG risks into Risk and Compliance Committee oversight.
- Prioritize nomination of female board members in upcoming Board member rotations.
- Update executive remuneration to link ESG performance targets with executive remuneration.
- Enhance certain disclosures, such as any ESG credentials of Board members, any non-audit fees paid to external auditors.

● Material issues

- Corporate Governance.
- Economic Performance.
- Risk Management

● KSA Vision 2030

- Ambitious Nation: Committing to efficient spending and balanced finances | Organizing ourselves with agility.

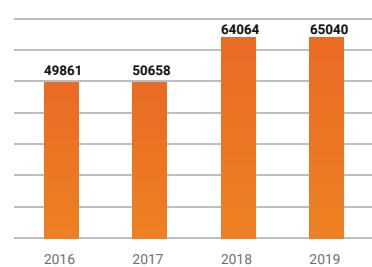
● SDGs



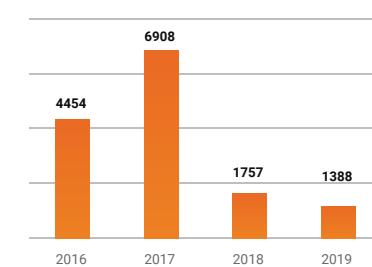
3.1.1. Economic Performance

We have achieved a sound operational performance in 2019, with a total revenue increased of 2%, our gross profit increase of 3% and an operating profit increase of 9% compared to 2018. We continued our robust growth in the customer base of around 4% year on year, while efficiency gains retained and even further improved during 2019. This was also supported by the approval and activation of the balancing account of the electricity sector for the year 2019, which boasted our top and bottom line by around SAR 1.1 billion and largely offset the increase in the uncontrollable costs that arose from depreciation and debt servicing.

Total Revenue (SAR millions)



Net Profit (SAR millions)



Our financial stability creates value for our shareholders, stakeholders and the Kingdom of Saudi Arabia as well. In 2019, we have generated a revenue growth of 3% since 2016 with a net profit of SAR 1,388 million. Our Earnings before interest, taxes, depreciation, and amortization (EBITDA) reached SAR 24,041 million this year which is 11% higher than 2016.

Also, we continue to receive an investment grade credit rating from global credit rating agencies. It has maintained high credit ratings, as rated by Standard & Poor's (A-), Fitch Group (A) and Moody's (A2). This indicates the soundness of the company's strategic

orientations, the success of its administrative and operational policies, and the effective management of its business. These ratings, reinforced have enabled the company to continue its efforts to implement its fiscal policies aimed at strengthening SEC's financial position, working on managing cash flows and providing what it takes to spend on its projects and funding commitments from various domestic and international sources of funding.

Economic Performance GRI-201-1 GRI-201-4 UNSDG-2 UNSDG-4 UNSDG-8 UNSDG-9	Description (SAR million)	2016	2017	2018	2019
Financial Performance	Total revenue	49,861	50,658	64,064	65,040
	Cost of sales	43,009	43,995	58,144	58,916
	Gross profit	6,852	6,663	5,920	6,124
	Operating profit	6,661	10,005	6,016	6,535
	Net profit	4,454	6,908	1,757	1,388
	EBITDA*	19,479	25,567	21,674	24,041

*includes: losses, depreciation, net interest expense, zakat, tax expenses and net amortization



3.1.2 Corporate Governance

The company is managed by a Board of Directors formed by the General Assembly of Shareholders. All our corporate governance policies and practices are in full compliance with the Capital Market Authority mandatory requirements. We are committed to maintain best practices related to corporate governance in conformity with the local corporate governance regulations. Therefore, we hired a third party to perform periodic reviews of our corporate governance compliance, application and practices, which are reviewed by our Board.

Our governance policies and processes are designed to ensure the proper treatment of our stakeholders and protection of their best interests as we grow and continue to create shared value. Since April 2018, an Internal Governance function has been established under the Board Secretary to drive the governance implementation at SEC. The function is responsible for developing, ensuring implementation, and

communicating our positions on regulatory capital markets compliance, emerging governance topics and best practices, aligning with our corporate governance system and related policies, procedures and processes, building awareness and governance reporting.

Key achievements during 2019 included the further enhancement of our ERM Risk Framework and Compliance Framework, updating our Code of Conduct and Ethics and providing related awareness training, updating our comprehensive enhanced group authority matrix and authority matrices and governance models for our subsidiaries. We also developed a semi-automated disclosure register for Board of Directors members and Executive Management. Our efforts were awarded with the 8th position in CG Excellency Index among the top ten key Saudi based companies.



Board of Directors

The Board consists of nine members, five of whom (including the Chairman) currently represent the Public Investment Fund, and one of whom currently represents Saudi Aramco. The remaining three members are representatives from the private sector. The three independent board members are Eng. Abdulaziz bin Fahd Al-Khayyal, Dr. Abdulmalik bin Abdullah Al-Hogail and Eng. Isam bin Alwan AlBayat. The constitution of SEC's Board of Directors complies with Saudi Arabian company law, which states that directors must be appointed via an election in a cumulative voting process, and that one third of the board must comprise independent directors. Accordingly, SEC invites all shareholders to participate in the Board elections as candidates via a newspaper advertisement, and those shareholders who put themselves forward as candidates are reviewed by various committees including Nomination, Remuneration and Human Resources Committee. This committee then submits a shortlist of candidates to the General Assembly, and the Board of Directors are subsequently elected from

such shortlist by the Annual General Meeting of our shareholders. Board members are appointed for a term of no more than three years. Our CEO is appointed directly by the Board, and cannot be a Board member at the time of his appointment. Eight out of nine Board members have been newly appointed to our Board in Jan 2018. No Board members are paid in stock options or warrants. The average percentage of Board members who attended the Board meetings was 90% during 2019.

Further information on SEC's Board of Directors formation, Board members biographical information, Board meetings frequency and attendance, Board Committees composition, Board Committees roles and responsibilities, Board Committees meetings, and Board members and top executive remuneration are available in SEC Board of Directors report for the fiscal year 2019. The report is available on SEC website.

Governance GRI-102-18, UNSDG-5	Description	2016	2017	2018	2019
Board of Directors	Executive members	0	0	0	0
	Non-executive members	6	6	6	6
	Female members	0	0	0	0
	Male members	9	9	9	9
	Independent members	3	3	3	3
	Non-independent members	6	6	6	6
	Percentage of female Board members	0.0%	0.0%	0.0%	0.0%
	Percentage of independent Board members	33.3%	33.3%	33.3%	33.3%



Executive Committee

The Executive Committee is responsible for reviewing plans and studies in relation to the restructuring of SEC's activities, reviewing annual budgets and reports, reviewing project proposals submitted by SEC's executive management as well as studies, plans and financing aspects relating to them. The Committee also routinely reviews SEC's performance against previous forecasts, and is looking into all matters delegated to it by the Board. The Executive Committee reports to the Board of Directors and meets once every two months in ordinary circumstances and, upon the chairman's or President and CEO's request, in emergency or extraordinary circumstances. The Executive Committee met seven times in 2019.

Nomination, Remuneration and Human Resources Committee

The Nomination, Remuneration and Human Resources Committee is responsible for annually reviewing the required skills for Board membership and recommending new membership nominations to the Board in accordance with approved policies. The Committee is also reviewing the Board's organizational structure, ensuring that there are no conflicts of interest in the event that a Board member is also a Board member or shareholder of another company which provides services to SEC. In addition, the Committee is responsible for developing clear policies for the compensation and remuneration of Board members and senior executives. The Committee also reviews SEC's human resources policies and regulations, including SEC's salary structure, benefits and allowances and recruitment standards for nominating our President, CEO and vice presidents and appointing Sector heads. The Committee reports to the Board and met ten times in 2019.

Audit Committee

Based on nominations by the Board, the General Assembly appoints the members of the Audit Committee, which consists of five members who are not executive members of the Board but who can be shareholders of SEC. The Audit Committee is responsible for monitoring the financial affairs of SEC and its internal corporate governance. The Committee reports to the Board and met ten times in 2019. The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its financial statements and internal control systems, the Committee's tasks include, in particular, the following:

Financial reports

- Examining the company's interim and annual financial statements before presenting them to the Board of Directors and expressing its opinion and recommendations in order to ensure their integrity, fairness and transparency.
- Providing technical opinion at the request of the Board of Directors whether the Board of Directors' report and financial statements are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, work model and strategy.
- Examining any important or unusual issues contained in financial reports.
- Investigating carefully any matters raised by the Company's CFO, or the officer or the Compliance Officer of the Company or the Auditor.
- Verifying accounting estimates on material issues in the financial reports.
- Studying the accounting policies used in the company and expressing an opinion and recommending to the Board of Directors.

Internal Audit

- Studying and reviewing the internal control, financial and risk management systems of the company.
- Studying the internal audit reports and following up the implementation of corrective measures for the notes contained therein.
- Controlling and supervising the performance and activities of the internal auditor and the internal audit department of the company, if any, to ascertain the availability and effectiveness of the necessary resources in the performance of the work and the tasks assigned to it. If the company does not have an internal auditor, the committee should recommend to the Board the need for its appointment.
- Recommend to the Board of Directors to appoint the Director of the internal audit unit or department or the internal auditor and propose his remuneration.

Auditor

- Recommending to the Board of Directors the nomination and dismissal of auditors, the determination of their fees and the evaluation of their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.
- Verifying the independence, objectivity and fairness of the auditor, and the effectiveness of audit work, taking into account relevant rules and standards.
- Reviewing the audit plan of the company and its work, and verify the submission of technical or administrative works beyond the scope of the audit work, and make comments thereon.
- Answering the inquiries of the company's auditors.
- Studying the auditor's report and his observations on the financial statements and following up on what was taken on them.

Risk and Compliance Committee

The Risk Committee is responsible for supervising the preparation and adoption of a suitable structure for SEC's risk management, defining and adopting management tasks and preparing rules and regulations that enable the Risk Committee to effectively perform its role. The Committee also identifies the main risks relating to SEC's operation, applies suitable systems for managing risks, sets policies and takes decisions relating to matters of financial or other risks and informs the Board of the risks facing SEC's operation. The Committee conducts a periodic review of performance quality, safety and the effectiveness of risk management and ensures that the strategy of SEC includes defining and understanding the main risks the company may face as it strives to achieve its goals through strategies and work plans.

Risk and Compliance Committee is responsible for:

- Identifying and maintaining an acceptable level of risk to which SEC may be exposed and verify that the company does not exceed it.
- Verifying the viability of the company and continuing its activity successfully, while identifying the risks that threaten its continuation over the next twelve months.



- Developing a comprehensive risk management strategy and policies commensurate with the nature and size of SEC's activities, and verify their implementation, review and update based on the internal and external variables of the company.
- Reviewing authority matrix of the company and work to improve and develop as needed.
- Ensuring the effectiveness of the company's procedures to identify risks and protect against claims and risks of non-compliance with regulations.
- Working with the executive management to develop compliance strategies and policies in the company, in proportion to the nature of the company's activities and activities, and recommend them.
- Reviewing compliance strategies and policies periodically to ensure that they are appropriate for changes to the internal or external environment in which the company operates, legislation regulating its business or strategic objectives or otherwise, and recommend to the Board the proposed changes to these policies.
- Supervising the preparation of compliance reports according to the standards for preparing them, and recommend them to the Board.
- Reviewing the results of the reports of the regulatory bodies and verify that the company takes the necessary action.
- Filing the issues, it deems necessary to be taken to the Council and make recommendations on the actions to be taken.
- The Risk Committee met six times in 2019.

3.1.3 Risk Management

Through our Board of Directors, we adopt policies, frameworks and regulations that ensure effective management of risks faced by the company based the nature of our work of the company and our subsidiaries. Our Risk Management Policy and Framework is based on the principle that comprehensive risk management is the responsibility of the Board of Directors, the Risk and Compliance Committee but also all company executives and employees. Our risk management framework is based on ISO 31000, and provides a logical and systematic way to identify, analyze, evaluate, treat and mitigate risks, monitor

and prepare reports, to ultimately allow leadership to take appropriate decisions and respond in a timely manner to risks when they arise. Therefore, our risk management framework seeks to:

- Establish a framework for the ERM process and to ensure its organization-wide implementation.
- Ensure that all the current and future risk exposures of the organization are identified, assessed, quantified, appropriately treated and managed.
- Ensure systematic and uniform assessment of risks across the organization.
- Clearly define ERM roles and responsibilities to strengthen the Board's oversight and governance requirements, set ERM authority and boundaries and effectively communicate risk management outputs in support of key business objectives.
- Create a risk aware culture.
- Enhance the confidence of the investment community as well as internal and external stakeholders
- Contribute to business growth within the changing business environment and ensure financial sustainability.

Our risk assessment framework covers a wide spectrum of risks, including:

- Risks associated with the production, transmission and distribution of electricity.
- Market risks, including foreign exchange and interest rate and commodity risk, as well as credit and liquidity risks.
- Risks associated with laws and regulations regulating the electricity sector in the Kingdom.
- Risks and difficulties associated with the rapidly changing and evolving technology and information security.
- Risks and difficulties associated with maintaining human competencies.
- Risks and difficulties related to suppliers, customers and partners.
- Risks and difficulties related to climate change, natural resource constraints, human rights concerns, or other broad sustainability trends.



3.2 Conducting Business with Integrity

● Goal

- Conduct business with maximum integrity, transparency and accountability, continuously exceeding and elevating regional standards and best practices.
- Lead the industry and region in terms of sustainability strategy and performance.

● Way forward

- Issue world-class ESG report.
- Enhance or create key policies covering health and safety, human rights, anti-competitiveness.
- Establish a dedicated sustainability unit inside SEC.
- Create ESG rating tracker and aggressively improve ESG ratings and inclusions.
- Collaborate with PIF on their One Planet Sovereign Wealth Fund Framework commitments, leading up to G20.

● Material issues

- Business Ethics and Transparency.
- Human Rights.
- Innovation and Research.
- Prevention of Anti-competitive Behavior.

● KSA Vision 2030

- A Thriving Economy: Providing equal opportunities.
- Ambitious Nation: Embracing transparency | Committing to efficient spending and balanced finances | Organizing ourselves with agility.

● SDGs





3.2.1. Project Development, Research, and Innovation

In the field of research, development and innovation, we have a technical business unit 'Innovation Energy Incubator (IEI)' that was established in 2017 and since then it has been receiving the full support of SEC's leaders and executive management. This unit that affiliates to a high committee of 12 vice presidents assigned by the CEO, is responsible of implementing SEC's programs and activities to provide innovative solutions and emerging technology and start-ups in the field of energy and related matters that address the technical, commercial, and logistical challenges we face. In addition, the IEI manages SEC's intellectual property and develops its policies and strategies that ensures the preservation of the intellectual rights of the company and its employees and registers the patents at the local and international intellectual property offices. Its work is focused in five strategic directions:

1. Smart Uses
2. Energy Efficiency
3. System Reliability & Stability
4. Energy Storage & Renewable
5. Environment & Safety

We are currently implementing 45 research projects through six specialized research centers in the fields of renewable energy and energy storage. These centers are:

1. Digital Simulation Center: established in the Silicon Valley in Dhahran city to be a world-class example in energy systems and innovation, working with other organizations such as the King's University of Petroleum and Minerals.

2. Smart Grid Center: established to focus on technology, systems, energy efficiency, load management and reduction in accordance with the Kingdom's Smart Network program to ensure the reliability and ability of new technologies.

3. Fuel Efficiency Research and Development Center: in partnership with King Abdullah University for Information and Technology, the center focuses on research and development of the quality of the fuel, aiming to improve combustion efficiency, reduce operation and maintenance, increase asset life and reduce emission.

4. Center for Renewable Energy Research and Development: the New Energy Centre has been established with the KFUPM University with the aim of addressing the obstacles related to energy technology through developing knowledge in collaboration with local and global universities and research centers.

5. Transmission Line Center: established at Silicon Valley in Dhahran city to specialize in designing, constructing and operating the Kingdom's transmission plans.

6. The Center for Policy and Economics for Research: the establishment of the Center in The Riyadh is a cooperative endeavor with KAPSARC on the issues and challenges to regulatory, economic and environmental electrical system policies.

In cooperation with 30 local and international partners, universities and research centers, we are working on eight prototypes of innovative products with registered patents that are currently in the technical evaluation stage, two innovative products are currently tested for field use with strategic partners. These eight patented products are:

1. Phase Control Reader Device: A device that deals with various types of relays through a mobile application that will download or upload data from or to the relays.

2. Automated Cars Fueling System: A smart solution that aims to monitor the fuel theft through an automation, online monitoring, and alerting mechanism. It can reduce the operational cost incurred by the fleets' owners and fuel consumers; companies and individuals.



3. Gas-Leak Smart Watch: Measures and detects toxic and normal gases leakage, record heart pulses, physical stress, and surrounding temperature. In case of any hazard, an alarm with the user's location will be sent to the emergency room.

4. Electricity Cables Joiner: Automated device that connects 2 cables (joint) together by Robotic Technology without human intervention.

5. Thermoelectric Generator for exhausts: on cells shape It is installed on the outer wall of the plant chimneys to utilize the exhaust's heat and produce electrical energy.

6. Renewable Energy Producer: An Integrated device aims to produce an environmentally friendly alternative energy source.

7. Energy Monitoring Solution: It consists of a device with a mobile application software that aims to help the customers controlling their power consumption based on their behavior.

8. Wireless Fire Detector: An intelligent device that detects fire inside hot spots and sends signal to the control panel of the fire system.

And some of the currently ongoing research projects and promising opportunities include:

- A project to extract carbon from gaseous emissions (Carbone Capture) in cooperation with King Abdullah University of Science and Technology. The project is fully funded by the University and will be implemented at our Rabigh Station.
- A microalgae culture project in cooperation with GenenTech, a subsidiary of King Abdullah University of Science and Technology, in which Rabigh Station was selected to study all special conditions and requirements.
- Through the National Fish Resources Development Program we aim to study the technical and economic possibility to implement aquaculture projects and research the best possible aquaculture products for the company.

Since 2017, we have also started to hold annual Clean Energy Forums. So far, we have reached more than 1,000 professionals from inside and outside the company, in addition to hosting more than 57 experts, speakers and specialists who presented their technical papers and their scientific and practical experiences. For our next Clean Energy Forum, we were planning to launch our new SEC Award.

We also have a number of programs in place to help create an environment that supports the innovative capacities of our employees while promoting a culture of excellence. Our Improvement Program invites all employees to challenge existing methods and constantly seek to improve processes to reach efficiency gains and reduce costs. Our Employee Creativity Program aims to stimulate employees to be creative and innovative by improving procedures and developing equipment and facilities. This, in turn, helps improve our performance and efficiency, productivity, safety, and customer services. SEC honors the employee or group of employees who propose creative ideas.

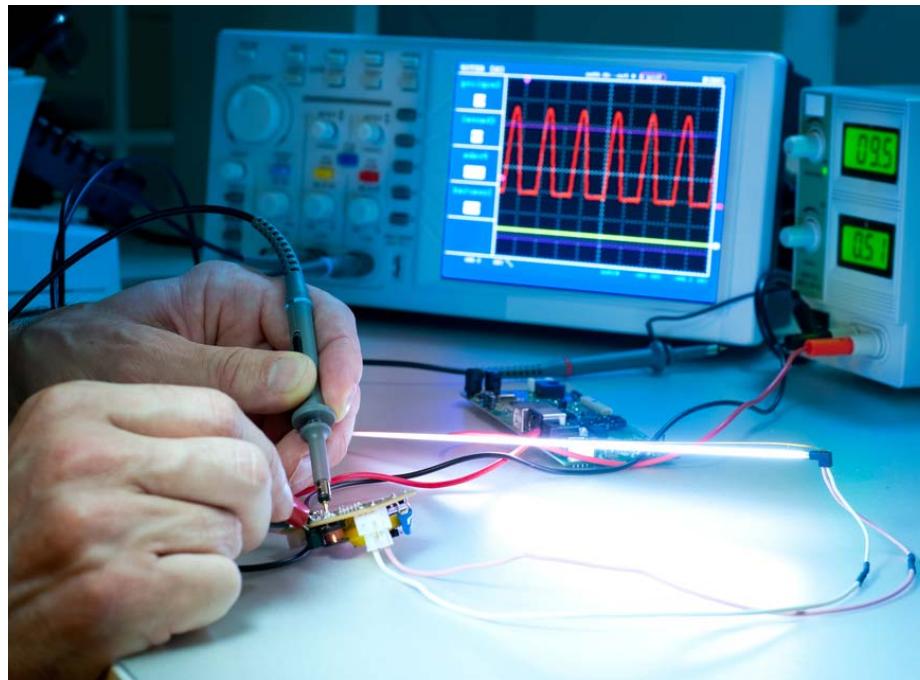
Success Story: Copper to Aluminum Transformation

In 2014 we started a transformation program to replace copper cables with aluminum cables for medium voltage (0131 kV). This initiative was part of our operational excellence program to 'Strengthen the Core' and achieve SAR 10 billion savings by 2020. To date, the total savings amount to SAR 8.1 billion, a huge success of the program.



We also organized a Hackathon, an open innovation event that is targeting to collect new and innovative solutions for the Energy Sector through internal and external participants in 2019. We also conducted two batches with 60 participants of our Entrepreneurial Business Creation program, which is targeting to explore new business opportunities within SEC, and held 4 modules for 25 entrepreneurs in the Entrepreneurs Creation Program designed to develop incubated team members entrepreneurial skills. The achievements of the IEI unit since its inception till today are shown in the table below:

800+	320+	50+	20+	5	8
Applicants for our innovation programs and events	Participants in innovation programs and events	Number of incubated talents	Number of incubated projects	Prototypes of innovative products	Number of filed patents (now in the technical evaluation stage)



3.2.2. Business Ethics, Transparency and Prevention of Anti-competitive Behavior

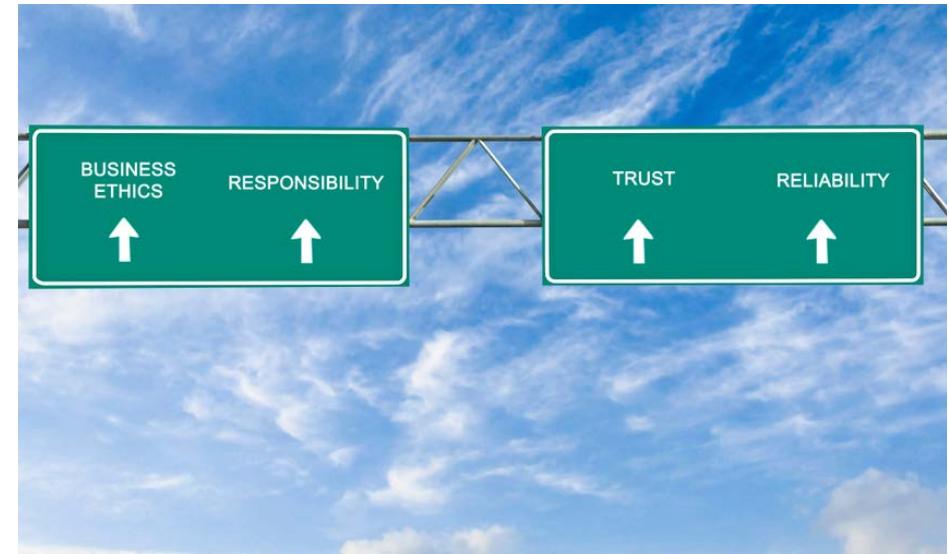
SEC strives to continuously eliminate any form of bribery, corruption, and anti-competitive practices in alignment with international recommendations such as the OECD guidelines. We are committed to the rules of fair and impartial competitiveness without causing harm to any competitor. Therefore, we refrain from practicing all kinds of corruption and bribery in order to get illegal preferential treatment when receiving quotations for tenders or bids announced by the company or when we deliver the products or projects. At the same time, we are seeking to promote awareness and train our employees on the mechanisms of how to fight and diminish corruption.

Our Compliance Department oversees all issues related to business ethics and is responsible for raising awareness on the prevention of corruption. Our Code of Conduct and Ethics was updated during 2019 and is accessible and applicable to all employees. The Code prohibits corrupt offers, promises and payments made through third parties.

Our Conflict of Interest Policy aims at reinforcing the internal control mechanisms and to prevent, detect and deal with any case of conflict of interest that may occur in the company in line with the policy to ultimately

protect our properties, rights of shareholders and stakeholders.

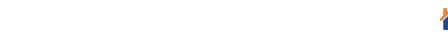
Our Internal Audit function is tasked to ensure compliance and monitor performance on a weekly, quarterly and annual basis, including onsite audits, to make sure the relevant policies, procedures and systems are in place. The function is also responsible to ensure compliance with external laws and regulations. During 2019, we conducted a comprehensive benchmarking exercise with other Internal Audit functions in similar utility companies around the world and developed a comprehensive risk assessment update and internal audit plan for 2020 - 2022. Furthermore, we developed and enhanced our internal audit methodologies, practices, working papers and templates including a total revamp and update of our internal audit manual. Going forward, we seek to, amongst other things, restructure our audit function across locations, develop a competency-based training program for auditors in coordination with the HR function and upgrade our reporting approach to a more data driven, theme-based and visual dashboard-based stakeholder reporting style.



3.2.3. Human Rights

We are committed to promote and ensure human rights in alignment with international standards, such as the ILO principles, and local laws and regulations, including the Royal Decree No. M/96, Dated 16 Ramadan 1439 A.H. approving the Anti-Harassment Law. Our approach to human rights and social aspects are stipulated in our Code of Conduct and Ethics, which we revised and approved during 2019. The Code distinguishes two broad categories of human rights: civil rights, such as the right to life and equality, and economic, social and cultural rights, such as the right to work, food, health, education and social security. We do not allow or condone any use of child or forced labor, or any violation of human rights based on race, religion, gender, national origin, physical disability, age and avoid physical abuse, physical harassment, power harassment (i.e. bullying or harassment by superiors) or violation of the human rights by the others, and will take appropriate measures in the event we become aware of any such violation. Therefore, we continue to raise awareness among related stakeholders related to human rights and put in place policies for our suppliers and contractors to ensure their full compliance with our standards and local legislation. To ensure enforcement of local legislation, our whistleblowing hotline operated by Internal Audit, provides a confidential system to report any violations and corruptions cases. The whistleblowing hotline also provides a safe way to report any illegal behavior to the hotline team as part of the Anti-corruption efforts. This hotline service is affixed to the employees' computers and emails and is also available as a mobile application, providing a convenient and accessible service which helps increase transparency and promotes compliance to international standards including in regards to human rights.

In 2019, 172 cases were reported; 56 of them were addressed with 75% of them being true cases. The remaining 116 cases were diverted to other specialized entities. It is worth mentioning that 80% of these cases were related to non-compliance with SEC's policies and guidelines, 10% were due to vulnerability in some of the company's policies, 8% were related to abusing positions and only 2% related to harassment.



Anti-discrimination

We strive to create a workplace in which open and honest communication among all employees are valued and respected. Hence, we do not tolerate any disrespectful or inappropriate behavior, unfair treatment or retaliation of any kind. The basis for recruitment, hiring, placement, development, training, compensation and advancement at the company is purely based on qualification, performance, skills and experience. All our employees have access to our Code of Conduct through our internal website. Employees

have the opportunity report any potential violation of this policy either with their supervisor, manager, the HR Department or the Corporate Compliance Department Manager, as well as through our dedicated, confidential whistleblower hotline. We maintained zero incidents of discrimination since 2016. The number of grievances filed in 2019 has decreased by 12% over last year, whereby 79% of them addressed or resolved during the year.

	Human Rights	Description	2016	2017	2018	2019
Anti-discrimination	Total number of incidents of discrimination	0	0	0	0	
	Total number of incidents resolved	0	0	0	0	
Grievances	Number of grievances filed	1,029	933	956	837	
	Number of grievances addressed or resolved	1,029	933	956	660	
	Percentage of grievance addressed or resolved during the reporting period	100.0%	100.0%	100.0%	78.8%	

APPENDIX A

GRI CONTENT INDEX



GRI Standard	Disclosure	Page number(s)	Part Omitted	Omission Reason	Explanation
GRI 101: Foundation 2016					
General Disclosures					
Organizational profile					
102-1 Name of the organization	5				
102-2 Activities, brands, products, and services	11				
102-3 Location of headquarters	11				
102-4 Location of operations	8,9				
102-5 Ownership and legal form	8,9				
102-6 Markets served	8,9				
102-7 Scale of the organization	11, 12				
102-8 Information on employees and other workers	58				
102-9 Supply chain	12,13				
102-10 Significant changes to the organization and its supply chain	13				
102-11 Precautionary Principle or approach	13				
102-12 External initiatives	13,14				
102-13 Membership of associations	29,63				
Strategy					
102-14 Statement from senior decision-maker	6,7				
Ethics and integrity					
102-16 Values, principles, standards, and norms of behavior	10				
Governance					
102-18 Governance structure	12,84				
Stakeholder engagement					
102-40 List of stakeholder groups	31				
102-41 Collective bargaining agreements	32				
102-42 Identifying and selecting stakeholders	33				
102-43 Approach to stakeholder engagement	33				
102-44 Key topics and concerns raised	32				
Reporting practice					
102-45 Entities included in the consolidated financial statements	86,87				
102-46 Defining report content and topic Boundaries	5				
102-47 List of material topics	18				
102-50 Reporting period	5				
102-51 Date of most recent report	5				
102-52 Reporting cycle	5				
102-53 Contact point for questions regarding the report	5				
102-54 Claims of reporting in accordance with the GRI Standards	5				
102-55 GRI content index	96				
102-56 External assurance	58,88,93				

GRI Standard	Disclosure	Page number(s)	Part Omitted	Omission Reason	Explanation
Material Topics					
200 series (Economic topics)					
Economic Performance					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	83			
	103-2 The management approach and its components	83			
	103-3 Evaluation of the management approach	83			
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	83			
	201-3 Defined benefit plan obligations and other retirement plans	54,55,56, 57			
Market Presence					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	11			
	103-2 The management approach and its components	11			
	103-3 Evaluation of the management approach	11			
GRI 202: Market Presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	85			
	202-2 Proportion of senior management hired from the local community	85			
Procurement Practices					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	77			
	103-2 The management approach and its components	77			
	103-3 Evaluation of the management approach	77			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	79			
Anti-corruption					
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	93,94			
	103-2 The management approach and its components	93,94			
	103-3 Evaluation of the management approach	93,94			
GRI 205: Anti-corruption	205-1 Operations assessed for risks related to corruption	93,94			
	205-2 Communication and training about anti-corruption policies and procedures	93,94			
	205-3 Confirmed incidents of corruption and actions taken	93,94			
Anti-competitive Behavior					
GRI 103: Management Approach	103-1 Explanation of the material topic and its Boundary	93			
	103-2 The management approach and its components	93			
	103-3 Evaluation of the management approach	93			
GRI 206: Anti-competitive Behavior	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	93			



GRI Standard	Disclosure	Page number(s)	Omission				
			Part Omitted	Reason	Explanation		
Material Topics							
300 series (Environmental topics)							
GRI 103: Management Approach	Materials						
	103-1 Explanation of the material topic and its boundary	12					
	103-2 The management approach and its components	12					
	103-3 Evaluation of the management approach	12					
GRI 302: Energy	302-1 Energy consumption within the organization	35,36,37					
	302-2 Energy consumption outside of the organization	35,36,37					
	302-3 Energy intensity	35,36,37					
	302-4 Reduction of energy consumption	35,36,37					
	302-5 Reductions in energy requirements of products and services	35,36,37					
Water							
GRI 103: Management Approach	103-1 Explanation of the material topic and its boundary	43,44					
	103-2 The management approach and its components	43,44					
	103-3 Evaluation of the management approach	43,44					
GRI 303: Water and Effluents	303-1 Interactions with water as a shared resource	42,43,44					
	303-2 Management of water discharge-related impacts	42,43,44					
	303-3 Water withdrawal	44					
	303-4 Water discharge	44					
	303-5 Water consumption	43					
Biodiversity							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	48					
	103-2 The management approach and its components	48					
	103-3 Evaluation of the management approach	48					
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	44					
	304-2 Significant impacts of activities, products, and services on biodiversity	44					
	304-3 Habitats protected or restored	44					
	Emissions						
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	32,33					
	103-2 The management approach and its components	32,34					
	103-3 Evaluation of the management approach	32,34					
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	32					
	305-2 Energy indirect (Scope 2) GHG emissions	32					
	305-3 Other indirect (Scope 3) GHG emissions	32					
	305-4 GHG emissions intensity	32					
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	32					
Effluents and Waste							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	42,43					
	103-2 The management approach and its components	42,43					
	103-3 Evaluation of the management approach	42,43					
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	43,44,45					
	306-2 Management of significant waste-related impacts	43,44,45					
	306-3 Waste generated	45					
	306-4 Waste diverted from disposal	45					
	306-5 Waste directed to disposal	45					
Environmental Compliance							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	30,31					
	103-2 The management approach and its components	30,32					
	103-3 Evaluation of the management approach	30,33					
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	30,34					



GRI Standard	Disclosure	Page number(s)	Omission				
			Part Omitted	Reason	Explanation		
Material Topics							
400 series (Social topics)							
GRI 103: Management Approach	Employment						
	103-1 Explanation of the material topic and its boundary	55,56					
	103-2 The management approach and its components	55,56					
	103-3 Evaluation of the management approach	55,56					
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	54					
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	60					
	401-3 Parental leave	60					
Occupational Health and Safety							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	61,62					
	103-2 The management approach and its components	61,63					
	103-3 Evaluation of the management approach	61,64					
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	62					
	403-2 Hazard identification, risk assessment, and incident investigation	62					
	403-3 Occupational health services	62					
	403-4 Worker participation, consultation, and communication on occupational health and safety	62					
	403-5 Worker training on occupational health and safety	62					
	403-6 Promotion of worker health	62					
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	62					
	403-8 Workers covered by an occupational health and safety management system	62					
	403-9 Work-related injuries	62,63					
	403-10 Work-related ill health	62,63					
Training and Education							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	57,58					
	103-2 The management approach and its components	57,59					
	103-3 Evaluation of the management approach	57,60					
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	57,61					
	404-2 Programs for upgrading employee skills and transition assistance programs	57,62					
	404-3 Percentage of employees receiving regular performance and career development reviews	59					
Diversity and Equal Opportunity							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52,53					
	103-2 The management approach and its components	52,53					
	103-3 Evaluation of the management approach	52,53					
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	53					



GRI Standard	Disclosure	Page number(s)	Omission				
			Part Omitted	Reason	Explanation		
Material Topics							
400 series (Social topics)							
Non-discrimination							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	95					
	103-2 The management approach and its components	95					
	103-3 Evaluation of the management approach	95					
GRI 406: Non-discriminatio n 2016	406-1 Incidents of discrimination and corrective actions taken	95					
Human Rights Assessment							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	94					
	103-2 The management approach and its components	94					
	103-3 Evaluation of the management approach	94					
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	94					
	412-2 Employee training on human rights policies or procedures	94					
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	94					
Local Communities							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	64,66,67					
	103-2 The management approach and its components	64,66,67					
	103-3 Evaluation of the management approach	64,66,67					
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	64,66,67					
	413-2 Operations with significant actual and potential negative impacts on local communities	64,66,67					
Supplier Social Assessment							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	72,77,78					
	103-2 The management approach and its components	72,77,78					
	103-3 Evaluation of the management approach	72,77,78					
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	72,77,78					
	414-2 Negative social impacts in the supply chain and actions taken	72,77,78					
Customer Privacy							
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	72					
	103-2 The management approach and its components	72					
	103-3 Evaluation of the management approach	72					
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	72					

