



الشركة السعودية للكهرباء  
Saudi Electricity Company



ANNUAL REPORT

2024



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



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

# ANNUAL REPORT 2024

## Message to Shareholders

### Dear Valued Shareholders,

We extend our deepest gratitude for your trust and continued support. You are the foundation of Saudi Electricity Company's progress, and your contribution strengthens our ability to achieve sustainable growth and maximize value for all stakeholders. Our commitment to delivering reliable and sustainable energy solutions is driven by our dedication to meeting customer needs and supporting the Kingdom's economic development.

The year 2024 marked a pivotal phase in our journey of innovation and advancement. We continued investing in modernizing our infrastructure and enhancing operational efficiency. Significant progress was made in renewable energy projects, aligning with Saudi Vision 2030, alongside the adoption of advanced energy storage and load management technologies, improving grid reliability and reducing environmental impact.

In our digital transformation efforts, we expanded automation and leveraged cutting-edge technologies to enhance customer experience and operational performance. Additionally, we exceeded localization targets, strengthening local content and national talent

development, reinforcing our commitment to a resilient and sustainable economy.

The shift towards a more sustainable energy future presents significant challenges, yet it unlocks unprecedented opportunities for growth and innovation. We are confident that our continued commitment to development will strengthen our ability to achieve our goals while maintaining the highest standards of efficiency and quality.

On behalf of the entire Saudi Electricity Company team, we reaffirm our commitment to delivering on your expectations and advancing our role in the Kingdom's growth and community well-being.

Thank you for your invaluable trust.

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# Chairman's Message

**Esteemed Shareholders, I am pleased to present the 2024 Annual Report, highlighting another year of achievements and successes accomplished by SEC, driven by its unwavering commitment to the highest standards of performance and dedication to delivering reliable and efficient electricity services.**

The year 2024 witnessed numerous accomplishments that supported our strategic vision and reinforced our position in the energy sector. The company's total assets reached approximately SAR 547B, reflecting a rapid growth of 9% compared to the previous year.

As part of our efforts to enhance energy infrastructure, the company invested over SAR 59.8B in key projects aimed at improving the reliability of the electricity network and meeting the growing energy demand. These initiatives resulted in a 15% improvement in service continuity for customers compared to last year. Additionally, the company achieved the highest historical peak in electrical load, hitting 74,771 MW, an increase of 6% over the previous year.

## Pioneering a Sustainable Future

The company continues its ambitious journey toward achieving Net-Zero emissions by 2050. Innovative initiatives have been launched to support the circular carbon economy and reduce carbon emissions, aligning with the Kingdom's climate goals. Furthermore, the company established a regional sustainability center to be a platform that unites the efforts of various stakeholders, enhancing SEC's role in addressing climate change challenges.

## Transforming Experiences for Our Customers

Driven by our commitment to enhancing customer experience and strengthening our corporate identity, SEC has established diverse communication channels to engage effectively with customers. We also introduced several advanced smart services, including a new version of the 'AlKahraba' app, which now serves over 11.32M customers. Additionally, the time required to establish new electricity connections has been reduced by over 10% compared to last year. These efforts have increased customer satisfaction to 82% reflecting our focus and dedication to meeting customer expectations and improving their experience.

## Empowering the National Workforce

The company successfully increased its Saudization rate to 94%. Our skilled national workforce efficiently manages the electricity network across the Kingdom, enhancing our reliability and leadership while contributing to the achievement of Vision 2030 goals.

## Closing Remarks

I extend my heartfelt thanks and gratitude, on behalf of myself, my fellow Board members, the executive management, and all the company's employees, to the Custodian of the Two Holy Mosques, King Salman bin Abdulaziz Al-Saud, and to His Royal Highness, the Crown Prince and Prime Minister, Prince Mohammed bin Salman bin Abdulaziz Al-Saud – may Allah protect them – for the continuous support provided by our government, which has contributed to achieving these accomplishments. I also extend my thanks and appreciation to His Royal Highness Prince Abdulaziz bin Salman bin Abdulaziz Al-Saud, Minister of Energy and Chairman of the Board of the Saudi Electricity Regulatory Authority, for his continuous oversight and support with the company. I would also like to thank my colleagues

on the Board, the executive management, and all employees of the company for their dedication and efforts.

**We pray to Allah for continued success in achieving even greater milestones and for SEC to maintain its leading role in supporting sustainable development and the Kingdom's prosperity. We also pray for the continued glory and security of our beloved country under our wise leadership.**



**His Excellency  
Dr. Najm Al-Zaid  
Chairman of the Board**

# CEO's Message

**The Saudi Electricity Company continues to lead the power sector, affirming its position as the largest producer, transmitter, and distributor of electricity in the Middle East and North Africa.**

In 2024, the company maintained its vital role in achieving sustainable development, driven by ambitious strategies focused on enhancing service quality and reliability, supporting the national economy, and addressing the growing energy demand.

## **Driving Growth and Value Creation**

This year, we achieved revenues of SAR 88.76B, marking an increase of 17.7% compared to the previous year. This growth was fueled by rising demand for electricity and the expansion of our customer base. Operationally, we made significant strides in improving fuel efficiency and implementing major projects to enhance the reliability

of the electricity network and meet growing demand across the Kingdom.

## **Elevating our ESG Commitment**

Aligned with the Kingdom's Vision 2030, we continued to prioritize sustainability and environmental, social, and governance (ESG) practices. Our S&P ESG score improved from 35 points in 2023 to 50 points in 2024, representing a 43% improvement. Additionally, we exceeded the local content target for 2025, achieving 63.38%, supported by the "BENA" program, which strengthens the role of small and medium-sized national enterprises.

## **Pioneering the Future of Digital Energy**

This year marked continued progress in our digital transformation journey. We introduced innovative technological solutions and automated operational processes to improve network efficiency and enhance customer satisfaction, which reached 82%. In our services to the Two Holy Mosques and the Holy Sites, the company ensured stable and reliable electricity during the 1445 AH Hajj season, with no major interruptions. This reflects our unwavering commitment to supporting and serving the pilgrims in the best possible way.

## **Enhancing the Reliability and Efficiency of the Grid**

Enhancing the reliability and efficiency of the grid remains one of our core priorities, as we continue to implement strategic initiatives aimed at reducing power outages and improving the network's performance across various regions of the Kingdom. These efforts have contributed to increasing the network's readiness and responsiveness to growing demand, reflecting our steadfast

commitment to providing a safe and stable electrical service that meets the expectations of our customers and enhances the quality of life.

## **Powering a Sustainable Tomorrow**

We remain steadfast in advancing sustainable development, transitioning to renewable energy sources, and achieving Net-Zero emissions by 2050. We also continue to strengthen our role as a trusted partner in realizing the Kingdom's goals, with a focus on investing in national talent and upgrading infrastructure to support the Kingdom's future ambitions.

**In conclusion, I extend my heartfelt appreciation to our valued shareholders and partners for their trust and collaboration, which have been integral to our success. I also express my deepest gratitude to our visionary leadership for their unwavering support and invaluable guidance, which have been pivotal to our achievements. Lastly, I sincerely thank our dedicated team, whose hard work and commitment have transformed our aspirations into a reality we can all take pride in.**



**Eng. Khalid bin Salem Al-Ghamdi**  
**Acting Chief Executive Officer**

**The Saudi Electricity Company (SEC) continued its strong operational and financial performance throughout 2024, reflecting the increased demand for electricity services, a higher regulatory weighted average cost of capital (WACC), growth in the regulated asset base, enhanced efficiency in operating expenses, and expanding strategic investments. These align with the ongoing transformation of the energy sector under the Saudi Vision 2030.**

## Financial Performance and Growth

In 2024, we achieved improved operational efficiency and sustained financial growth, further strengthening our financial position and delivering long-term value to shareholders. Revenues and profit margins (excluding non-recurring items) remained robust, driven by rising electricity demand, increased power generation, growth in the regulated asset base, and a higher regulatory WACC. Additionally, revenue growth in the project development and fiber optic and communication sectors was strengthened through effective cost control strategies and enhanced operational efficiency.

## Key Financial Indicators for 2024

- 17.7% Revenue Growth: The increase was driven by higher demand in core operations, including power generation, transmission, and distribution, as well as growth in other operating revenues from project

development, management, fiber optics, and telecommunications. In 2024, operating revenues grew to SAR 88.7B, marking a historic high, compared to SAR 75.3B in the previous year.

- 2% Reduction in Operating and Maintenance Expenses: The company's cost efficiency initiatives led to a reduction in operating and maintenance expenses, which decreased to SAR 16.6B from SAR 16.9B in the previous year, despite significant growth in the asset base and operations
- 11% EBITDA growth: 11% increase in earnings before interest, taxes, depreciation and amortization. EBITDA grew to SAR 37.7B, and the increase during 2024 reflects revenue growth and improved cost efficiency.
- 10.4% Growth in the Regulated Asset Base: The regulated asset base for energy transmission and distribution grew to SAR 231B by the end of 2024, compared to SAR 209B in the previous year. This growth was driven by the addition

of new assets in the electricity transmission and distribution network.

- 9% Growth in Net Profit (Excluding Non-Recurring Items): Net income reached SAR 12.1B, up from SAR 11B in the previous year. The increase in net profit (excluding non-recurring items) was driven by higher electricity demand, increased power generation, growth in the regulated asset base, a higher weighted regulatory return on capital, and continued expansion in revenues from project development, fiber optics, and telecommunications.
- 44% Growth in Capital Investments: Strategic investments exceeded SAR 59.8B, compared to SAR 41.6B in the previous year. These investments were aligned with the company's strategic plan to expand the network, enhance digital transformation and automation, integrate renewable energy sources, and increase power generation and storage capacity in line with the national energy mix. Additionally, the company continued to successfully secure new power generation projects through strategic partnerships and alliances with other developers.

## Enhancing Financial Sustainability

As part of our commitment to financial sustainability, which is a key strategic pillar of the company's objectives, SEC continued its efforts in 2024 to strengthen its capital structure, enhance financial liquidity, and ensure long-term financial flexibility to support sustainable growth. The company strengthened its capital base and financial flexibility by securing several financing deals through a variety of instruments, including an international sukuk, international syndicated financing, bilateral financing, financing backed by global export agencies, and revolving credit facilities. The total financing agreements signed in 2024 amounted to approximately SAR 57.2B, the highest in the company's history. These funds are being strategically allocated to refinance existing debt and support the expansion of investments and future growth objectives.

Prudent financial management, a strong financial and strategic position, and supportive regulatory frameworks enabled SEC to improve its credit ratings with all major international credit rating agencies in 2024, thereby enhancing investor confidence in

our strategy for sustainable future growth. The company's credit ratings were upgraded during the year, with Moody's Corporation raising its rating from 'A1' with a stable outlook to 'Aa3' with a stable outlook, and Fitch Ratings upgrading its rating from 'A' with a stable outlook to 'A+' with a stable outlook. In March 2025, S&P also upgraded the company's credit rating from A with a positive outlook to A+ with a stable outlook. The company's credit rating now matches the sovereign rating of the Kingdom.

According to the required revenue methodology, the company has received approval for a 6.65% regulated weighted average cost of capital on its regulated asset base for 2024-2026, compared to 6% in the previous regulatory period (2021-2023). The financial impact of raising the regulatory WACC has had a positive impact on revenues, enhancing SEC's financial sustainability and supporting future growth, as well as strengthening its ability to deliver an efficient and reliable electricity service.

At the end of January 2025, the Company received a resolution issued by the Ministerial Committee for the Restructuring of the Electricity Sector and SEC which approves a final settlement of legacy disputed amounts related to technical discrepancies in quantities, prices and handling costs of fuel and electric power, which amounted to a total of SAR 10.3B. The Ministerial Committee approved a final settlement of the disputed amounts, amounting to SAR 5.7B as liability owed by SEC to the government, represented by the Ministry of Finance, to add the Liability amount into the Mudaraba instrument. This decision has resolved all legacy liabilities on the Company. Although the recognition of the settlement liability as a non-

recurring item will impact the 2024 income statement, reclassifying the settlement amount into the Mudaraba instrument will strengthen the Company's capital structure and capital base, and improve its liquidity, supporting its readiness to execute its large-scale investment plans.

### Investing in the Future and Growth

SEC plays a pivotal role in accelerating the transition towards achieving and enabling the optimal energy mix in line with the Saudi Vision 2030. Our strategic growth investments support this mission by diversifying the energy generation mix. This includes converting existing liquid fuel-based generation capacities to operate on gas, as well as

expanding power plants by adding new high-efficiency gas-fueled generation units. Additionally, we are competing in both thermal and renewable power generation projects through strategic alliances and partnerships, led by SEC in collaboration with other developers. SEC is advancing large-scale expansions in the power transmission and distribution network to meet the growing demand for electricity services, in addition to integrating new generation capacities, building energy storage capabilities, enhancing interconnection between operating area, accelerating digital transformation and automating the network infrastructure. These investments go beyond creating high-quality growth opportunities in the coming years; they align with SEC's commitment to ESG principles. They contribute to achieving a sustainable energy mix, improving energy efficiency, and enhancing operational excellence, supporting environmental sustainability and reducing carbon emissions in line with SEC's

strategic goal to achieve Net Zero emissions by 2050.

Our financial strategy also adopts a responsible approach that strengthens its financial position and growth by financing a large portfolio of qualified sustainable electricity infrastructure projects using sustainable financing instruments with positive environmental and social impacts.

### Outlook and Commitment to Shareholders

Looking ahead, we are committed to maintaining our strong financial position, optimizing costs and expenditures, and enhancing shareholder value through sustainable growth. We will continue leveraging technology, innovation, and strategic partnerships to strengthen energy supply security, improve service reliability, and expand networks to accommodate the evolving energy mix, ensuring efficiency, reliability and meaningful contribution to the ambitious energy transition goals of Saudi Vision 2030.

**I thank our shareholders, Board of Directors, and Executive Management for their ongoing trust and support. I also express my appreciation to our finance team for their dedication and efforts as a key partner in supporting all business sectors across the company. Together, we will lead the company towards a more sustainable and financially resilient future, driving its growth and progress in the energy sector.**

**Abdulaziz bin  
Abdulahman AlMuhaiza**  
Executive Vice  
President and Group  
Chief Financial Officer





# 01

## Who we are

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# About SEC



## Vision

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



## Mission

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



## Strategic Objectives

- Security of Supply and Reliability
- Safety and Operational Excellence
- Environmental, Social Responsibility, & Governance
- Financial Sustainability
- Localization & Local Content
- Leading Customer Experience

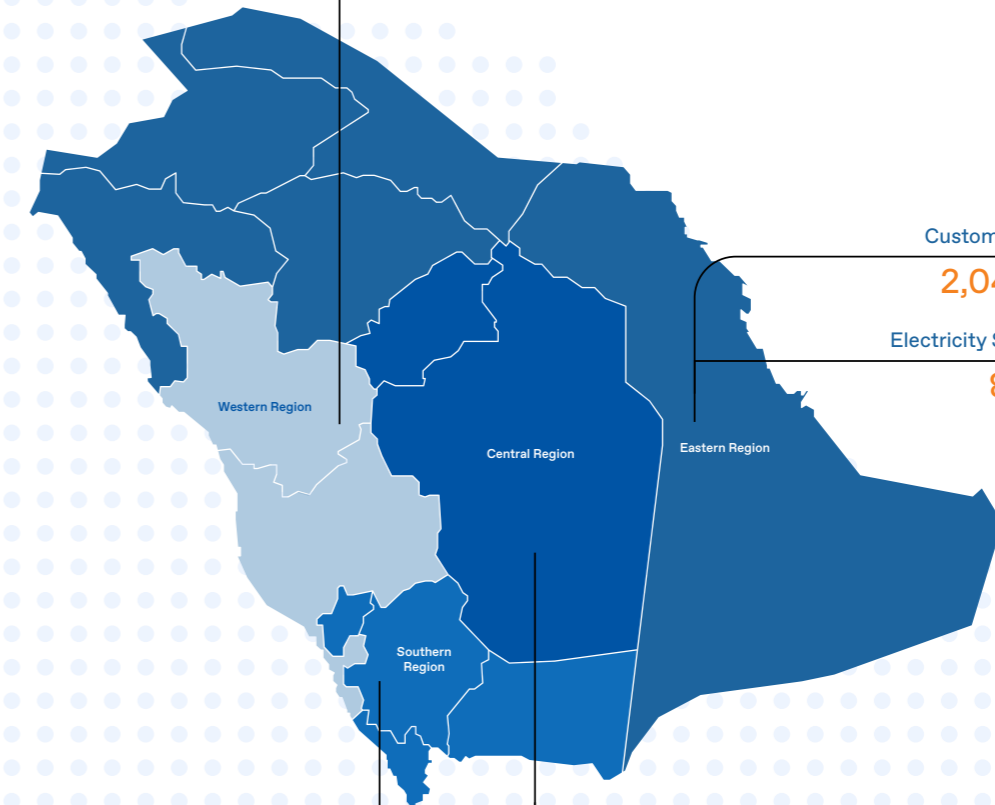
# Where We Operate

Customers Served

**3,847,000**

Electricity Sold (GWh)

**96,864**



Customers Served

**2,045,882**

Electricity Sold (GWh)

**88,024**

Customers Served

**1,779,988**

Electricity Sold (GWh)

**34,246**

Customers Served

**3,642,276**

Electricity Sold (GWh)

**104,486**

**Eastern Region:** Dammam, Al-Ahsa, Northern Borders Province, Al-Jawf and the Northern Borders governorates.

**Western Region:** Makkah, Al-Mukarramah, Jeddah, Al Madinah Al Munawwarah, Tabuk, and Taif.

**Central Region:** Riyadh City, the suburbs of Riyadh City, Al-Qassim, Al-Kharj, Al-Dawadmi, and Hail.

**Southern Region:** Aseer, Jizan, Najran, and Al-Bahah.

# Our Journey

Saudi Arabia's electricity sector has undergone a transformative journey, evolving into a unified and efficient system.

The journey began in 1975 with the establishment of the Ministry of Industry and Electricity, which was tasked with organizing the electricity sector in Saudi Arabia.

In 2003, it evolved into the Ministry of Water and Electricity, which later became the Ministry of Energy, with a greater focus on electricity.

The restructuring process organized the electricity sector into five regions: Central, Western, Eastern, Southern,

and Northern. Public and semi-public companies were merged into four joint-stock companies, collectively known as the Saudi Unified Electricity Company, while General Electricity Corporation oversaw the Northern region.

**1907** Electricity was introduced in Saudi Arabia at the Prophet's Mosque.

**1918** Electricity extended to the Masjid Al-Haram.

**1975** The Saudi government established the Ministry of Industry and Electricity to oversee the growing electricity sector.

**2000** The Saudi Electricity Company came into existence, positioning itself as a publicly traded company.

**2002** A new organizational structure has been implemented to enhance the company's efficiency, covering core activities, joint initiatives, and support services.

**2003** A consolidated entity, named the Saudi Unified Electricity Company, was formed through the merging of private and semi-private electricity providers.

**2007** SEC issued its first Islamic bonds (Sukuk) worth SAR 5B, marking a significant milestone in the Kingdom's financial and energy sectors.

**2009** SEC established Dawiyat as a limited liability company fully owned by SEC, focusing on telecommunications and information technology services.

**2012** The formation of National Grid SA marked a pivotal moment, as it emerged as a wholly-owned limited liability subsidiary of the Saudi Electricity Company.

**2014** The company has adopted an organizational structure for energy trading and new partnerships, aiming to oversee its business relations with electricity producers and large consumers.

**2015** Saudi Electricity Company Project Development was established as a wholly owned subsidiary, aiming to manage and develop specialized electricity projects within the Kingdom.

**2017** The Saudi Power Procurement Company was established as a limited liability entity fully owned by SEC, serving as the principal buyer in the electricity market.

**2019** The Ministerial Committee for the Restructuring of the Electricity Sector launched a budget account to provide financial support and ensure the company's fiscal stability.

**2020** In November, comprehensive regulatory and financial reforms were approved based on the decisions of the Ministerial Committee for the Restructuring of the Electricity Sector.

**2021** The establishment of the Saudi Energy Production Company occurred as a wholly owned limited liability company under the ownership of the Saudi Electricity Company.

**2022** The SPPC was made independent by transferring ownership from SEC to the State.

**2023** SEC announced its Environmental, Social, and Governance (ESG) strategy, committing to achieving netzero emissions by 2050.

**2024** Establishment of Energy Infrastructure Consortium Company as a limited liability Company fully owned by the Saudi Electricity Company.

**2021** In accordance with the organizational and financial reforms, the company began operating according to the required revenue structure based on the methodology of an organized asset base.

**2021** The establishment of the Saudi Service Company occurred as a wholly owned limited liability company under the ownership of the Saudi Electricity Company, which was later renamed Solutions Valley Company.


# Our Business

## Our Core Businesses

We are dedicated to delivering reliable and sustainable electricity across the Kingdom, fostering progress towards sustainable development.

**Electricity Generation** 

We operate 38 power generation plants affiliated with SEC across Saudi Arabia, using liquid fuel and gas as a source of energy.


**Electricity Transmission** 

We transmit electricity over vast distances from power plants to local distribution networks through high-voltage transmission lines spanning 99,793 Ckm and 1,260 substations . Our state-of-the-art regional and national control centers oversee the grid with precision, ensuring an uninterrupted and reliable supply

**Distribution and Customer Services** 

We deliver electricity to 11.32M customers through a robust local distribution network of low-voltage lines, transformers, and substations. Our customer services include seamless customer experience, bill issuance, and account management, powered by advanced smart meters for greater accuracy and efficiency.


## Business Development Investments

**Telecommunications & Information Technology** 

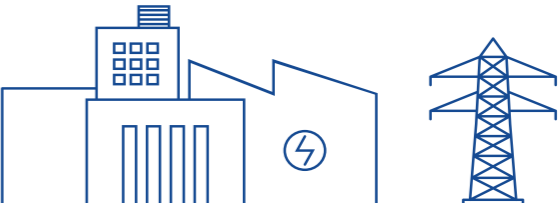
We provide wholesale fiber optic infrastructure services to telecommunications companies. Our services include establishing and operating advanced fiber optic networks. We possess licenses from the Communications and Space Technology Commission, that ensure our compliance with international standards.

**Sustainable Energy Services Solutions** 

We provide specialized services, including technical consulting, operation and maintenance, energy solutions, and innovative smart and digital offerings.

**Project Development and Construction** 

Our engineering arm that designs, manages, and executes critical infrastructure projects.



# Performance Highlights

## Operational Performance

### Generation

56.41 GW



Total capacity of owned power plants

236,632 GWh



Total electricity produced

### Transmission

99,793 CKm



Transmission network lengths

### Distribution and Customer Services

11.32M



Total number of customers

341,711



Number of new customers

323,620 GWh



Total electricity sold

100%



Smart electric meter coverage at the kingdom level

82.3%



Percentage of Customer satisfaction

36.37%



Automation achieved in the distribution network

### Localization

71%



Purchases from domestic factories

# Performance Highlights

Figures in Billions of SAR

## Financial Highlights 2024

Operating Revenue

ﷲ 88.67

Gross profit

ﷲ 17.49

Operating profit

ﷲ 11.77

Net Profit

ﷲ 6.87

Total equity

ﷲ 251.37

Total Assets

ﷲ 547.01

## Our People

Number of Employees

29,699



Number of Employees (Saudi Nationals)

27,880



## Credit Rating

Moody's	Aa3
Standard & Poor's	A+
Fitch	A+

ESG Rating by S&P Global

2024 50(+43%)



# Year in Review



- BENA received two prestigious awards from the Local Content Authority(LCA) at the national level:
  - Excellence in Local Content Award for the private sector.
  - Excellence in Prioritizing Local Content Award for government-owned companies.
- Awarded contracts for six projects to build, operate, and maintain storage batteries in Najran, Khamis Mushait, and Madaya Jazan
- Organized the 5th SEC conferencee for Operation and Maintenance, KSA providing a platform for exposure of local contractors in Saudi Arabia



- Inaugurated the “Masarat” factory, part of Al-Ajmi Industrial Group.
- SEC’s Local Content won an award during Innovation Week.
- Launched the CEO’s Excellence Award to promote institutional excellence and honor outstanding organizational units and individuals.
- First KSA company to achieve National Enterprise Architecture Certification, with a Level Four Digital Maturity rating

# Year in Review

## Q3

- Achieved the “Hayyak” certification from the Saudi Standards, Metrology and Quality Organization (SASO), recognizing excellence in customer experience and compliance with Saudi standards.
- SEC’s Enterprise Planning and Portfolio Management Office (EPPMO), was ranked as one of the top four local entities in portfolio management in a global evaluation competition.
- Officially launched the electronic signature system, fully integrating it with the National Digital Certification Centre (Nafath), achieving a 100% digital transformation for contracting processes.
- Completed the capacity-building initiative in procurement as the first company among Local Content Coordination Council members to train over 70 suppliers
- Achieved a local content certification rate of 63.38%, with local content contribution reaching SAR 150B since 2019
- Demonstrated strong commitment to sustainability, achieving a 43% improvement in S&P ESG score from 35 in 2023 to 50 in 2024
- Showcased financial strength and stability with an improved Moody’s credit rating Aa3, reflecting strong performance and resilience
- Won Best Treasury Management Solution at the Adam Smith Awards for fintech and digital transformation advancements in the Middle East.

## Q4

- Led a global investment tour with 17 contractors, 17 manufacturers, and 9 international power companies to expand supply sources and strengthen partnerships
- Obtained a business incubator license by the General Authority for Small and Medium Enterprises (Monsha’at).
- Awarded for “Best Entity Offering Innovative Solutions in Digitalizing Asset, Facility, and Maintenance Management”
- Served as the strategic and executive partner for the first Energy Localization Forum (ELF) in Saudi Arabia under the Ministry of Energy, witnessing agreements worth SAR 104B, with SEC’s share exceeding SAR 54B.
- Launched a groundbreaking research project for carbon capture using freezing technology at the Rabigh Power Plant, marking the world’s first application of this technology at a power plant.
- Launched the Supplier Development Program.
- Launched an interactive and unified dashboard for contracts and procurement metrics.
- Recognized for excellence in CSR, winning the “Corporate Social Responsibility for 2024” and “Best Practices in the Energy Sector” awards from the Ministry of Human Resources and Social Development.
- SPPC signed 3.6GW PPA for Ramah 1 & Nairyah 1 worth SAR 15B utilizing combined-cycle gas turbines with carbon capture readiness, supporting sustainability, job creation and local content development

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## Generation



Produced

# 236.4 TWh

(inclusive of isolated distribution), representing 57% of the total grid production, with a 7% increase in available capacity and generation efficiency exceeding 38%, by consuming of 400 M (of the total production of the network) barrels of oil equivalent.

## Transmission



Commissioned

# 26 new substations

and added 4,231 CKm of transmission lines, enhancing network efficiency and flexibility. The transformer capacity increased by 2.01%, reaching 497,902 MVA.

## Distribution



We Installed

# 40,124

smart devices, raising automation to 36.37%. SEC purchased 48,700 locally manufactured devices (98% of total purchases) and digitized medium-voltage network plans by integrating them into control systems.



# Why Invest With Us?

As the largest integrated electricity producer, transmitter, and distributor in the Middle East and North Africa, the Saudi Electricity Company stands out as a compelling investment with its strong credit ratings and proven leadership in digital innovation. As a major contributor to Saudi Vision 2030, we are accelerating growth through renewable energy integration, advanced digital transformation, and a focus on sustainability and community impact. With award-winning customer experience, a clear commitment to environmental revitalization, and expanding revenue streams, we are positioned as a high-reward investment in the evolving global energy landscape.

## 01 Operational Excellence and Market Leadership

**236,362 GWh**  
(inclusive of isolated distribution) of Total energy produced



**11.32M**  
Customers across the Kingdom

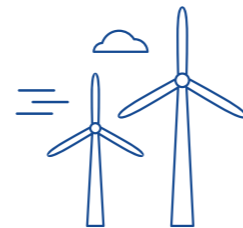


SEC plays a pivotal role in supporting the rapid transition toward achieving the optimal energy mix for electric power in line with the goals of Saudi Vision 2030. Our strategic growth investments are aligned with this vision. We are also working on an ambitious investment plan aimed at providing the best service to consumers, enhancing future growth opportunities, and expanding additional growth prospects through new business ventures.

Supported by a robust financial position and regulatory model aligned with global best practices.

## 02 Sustainability

We have an ambitious goal to achieve Net Zero emissions by 2050 through initiatives like environmental revitalization, renewable energy integration, and community-focused programs and play a pivotal role in advancing national sustainability goals under Vision 2030.



## 03 Strategic Growth through Investments

**Energy Infrastructure Development:**  
Establishment of Energy Infrastructure Consortium Company to streamline tender development, enabling effective and efficient participation in development projects.

**Major Power Plant Projects:**  
Participation in the expansion of the Marjan, Hajr, Rumah & Nairyah Independent Power Plants (IPPs) as co-developers.

## 05 Digital-First Approach

Investing with us offers a strong growth opportunity, driven by its advanced digital transformation aligned with Saudi Vision 2030. The company has achieved top digital awards and certifications at the international level for its focus on innovation, local technology, and talent development. With plans to lead digital maturity among energy companies and diversify its revenue streams with digital products, it offers great value to investors.

## 04 Strong Credit Profile

The Saudi Electricity Company's strong credit ratings—Aa3 (Stable) by Moody's, A+ (stable) by S&P, and A+ (Stable) by Fitch—highlight its financial stability and growth potential.

## 06 Socially Responsible

Our 2024 CSR strategy demonstrates its strong commitment to sustainable development and community welfare, aligned with Saudi Vision 2030. Through initiatives like supporting underserved communities, environmental revitalization, and driving economic prosperity via social enterprises and education, SEC showcases its dedication to creating lasting social impact, making it a socially responsible and future-focused investment opportunity.



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# Industry at a Glance

## Global Market Trends

The global energy sector is undergoing a significant transformation, reshaped by sustainability goals, advancements in technology, and the need to address climate change. Key trends driving this evolution include the rapid electrification of energy demand, a decisive transition toward lower-carbon energy systems, and accelerating improvements in energy efficiency.

Simultaneously, evolving approaches to energy security, the rise of decentralized energy models, and advancements in digital technologies and cybersecurity are redefining how energy is generated, distributed, and managed. Together, these shifts are driving the development of more resilient, efficient, and sustainable energy systems to meet the demands of a rapidly evolving landscape.

### Integration of Electricity Across All Aspects of Life

The share of electricity in total energy demand is expected to rise from approximately 20% today to about 30% by 2050<sup>1</sup>, supported by urbanization,

electrification, and population growth. Key markets such as China, the United States, and India are expected to contribute around 50% of this growth, underscoring their pivotal role in shaping the future energy landscape. By 2030<sup>1</sup>, renewable sources such as wind and solar are anticipated to account for nearly 80% of incremental electricity capacity additions<sup>1</sup>. However, this acceleration will not be uniform, with emerging economies in the Middle East and Africa expected to see faster growth in electricity demand than other regions.

### Decarbonization and Energy Transition

The global transition to renewable energy, carbon-neutral technologies and advanced storage solutions is accelerating. By 2024<sup>1</sup>, renewable energy capacity will surpass coal, and CO2 emissions will decline by 24% by 2050. By 2050, renewable energy is expected to dominate the electricity generation, with its share rising from 30% to 70%<sup>1</sup>. This transition is expected to reduce global CO2

emissions by 24%<sup>1</sup>, supported by improvements in energy efficiency, sector electrification, and supportive policy initiatives. Achieving these ambitious goals will require cumulative investments of more than USD 100T<sup>2</sup>, including renewable energy infrastructure, grid modernization, and transmission capacity.

### Enhancing Energy Efficiency

The push to enhance energy efficiency is accelerating worldwide, reflecting its critical role in achieving sustainability targets and transitioning to low-carbon economies. Since 2020, global investments in energy efficiency have risen by 45%, reaching approximately USD 700B in 2023, with significant activity in the United States, Europe and other advanced economies<sup>2</sup>. Increasing annual energy efficiency improvements from 2% to 4% by 2030 is expected to deliver half of the CO2 emission reductions needed by that year<sup>1</sup>. To meet net-zero ambitions, these gains will need to double, particularly

in key areas such as building energy management, industrial processes, demand-side optimization, and transportation.

### Redefinition of Energy Security

The concept of the energy sector is evolving as the sector adapts to geopolitical, economic and technological challenges. Strategies now emphasize diversification of raw material sources, decentralization of energy production, and robust investments in grid infrastructure. The energy transition is reshaping global dependencies, making regional energy trade and interconnection vital to addressing raw material shortages and ensuring reliable energy availability across markets.

### Decentralization of Energy Models

The shift toward decentralized energy systems is becoming a cornerstone of the global energy transition, driven by advancements in technology, political incentives, and sustainability

goals. Distributed energy resources (DERs), including microgrids and small-scale renewable systems, are expanding rapidly and are projected to contribute approximately 10% of global electricity generation by 2030<sup>3</sup>. These systems, coupled with innovations in smart grid technologies and internet of things (IoT) enabled platforms, are empowering consumers to generate, store, and manage energy locally, creating more resilient and sustainable energy networks.

### Digital Transformation and Cybersecurity

Digital transformation is redefining how the energy sector operates, with technologies such as artificial intelligence (AI) and the IoT enhancing efficiency, optimizing operations, improving customer experience, and enabling the integration of renewable energy sources. These advancements are not only improving system performance but also playing a critical role in safeguarding critical infrastructure against evolving cybersecurity threats and supporting the development of smart grids, ensuring that the sector remains resilient and future-ready.

<sup>1</sup> Based on multiple global sources

<sup>2</sup> IRENA

<sup>3</sup> Frost & Sullivan



## The Kingdom's Trends

### Energy Demand and Transition

Electricity demand in Saudi Arabia is projected to grow sharply, driven by population growth approaching 40M<sup>4</sup> and the development of major projects such as NEOM, Qiddiya, and the Red Sea Project. Additionally, the country's emergence as a global hub for large-scale events, including Expo 2030 and the FIFA World Cup 2034, is expected to further accelerate this demand.

### Energy Mix Investments

Saudi Arabia plans to invest billions of dollars in power generation by 2030<sup>5</sup>, infrastructure, and transmission capacity, with a focus on expanding renewable energy. As part of this transformation, the country aims to phase out liquid fuels for electricity generation within the same timeframe, emphasizing a transition toward cleaner and more sustainable energy sources.

### Battery Energy Storage Systems

Saudi Arabia aims to deploy 48GWH of battery energy

storage system (BESS) capacity by 2030<sup>6</sup>, the largest deployment in the GCC region, to ensure grid stability and maximize renewable energy utilization.

### Energy Efficiency

Saudi Arabia is actively pursuing energy efficiency through a combination of public and private sector initiatives, with six primary programs. The Saudi Energy Efficiency Center, focused on improving energy production and consumption efficiency, collaborates with local and international partners to promote best practices in energy conservation and management.

### Decentralization of Generation

Distributed energy resources (DERs), including photovoltaic solar and microgrids, are expected to provide 14% of global electricity by 2030. However, addressing issues such as subsidized electricity tariffs and cost-effectiveness of large-scale utility projects are required to accelerate the adoption of these technologies in the region.

### Energy Security and Geopolitics

Saudi Arabia is advancing interconnection projects with several countries, including GCC members, Egypt, Jordan, Iraq, and Greece.

### Digital Transformation and Cybersecurity

The energy sector is embracing digital technologies like smart grids, IoT, and AI to enhance operational efficiency, customer experience, and critical infrastructure protection. This transformation underscores the importance of robust cybersecurity measures. Key cybersecurity initiatives in the Kingdom include the National Operations Security Center, the Haseen portal, cybersecurity training programs, and cybercrime law enforcement which focus on raising awareness, developing technical

<sup>4</sup> Forecasts extrapolated based on 2022 census data and the growth rates from S&P Global Market Intelligence based on moderate forecast assumptions

<sup>5</sup> Goldman Sachs

<sup>6</sup> Ministry of Energy

capabilities, and fostering national expertise.

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

The collaboration between the government and the private sector has significantly improved the quality of electricity services in Saudi Arabia. In November 2020, a royal decree launched a comprehensive set of regulatory and financial reforms for the electricity sector, overseen by the Supreme Committee for

Energy Affairs and the Production of Electricity and Renewable Energy, chaired by His Royal Highness the Crown Prince, the Prime Minister Mohamed Bin Salman. Under the guidance of His Royal Highness Abdulaziz Bin Salman, Minister of Energy and Chairman of the Board of the Saudi Electricity Regulatory Authority, the Ministerial Committee is restructuring the electricity sector with the support of several government entities, working towards the Kingdom's vision and goals for the sector.

by His Royal Highness the Crown Prince, the Prime Minister. Under His Royal Highness's guidance, the Ministry Committee is restructuring the electricity sector, with the support of several government entities, working towards the Kingdom's vision and goals for the sector.



These reforms address long-standing regulatory and financial challenges and aim to establish a sustainable and attractive financial structure for investment. Expected outcomes include:

- Enhanced sector performance
- Increased power plant efficiency
- Phasing out of liquid fuels
- Improved environmental compliance
- Establishment of a reliable electricity transmission network and introducing automation in distribution networks to improve service reliability

The initiatives are aligned with the electricity sector's strategy, focusing on ensuring a secure, efficient, and high-quality electricity supply. They aim to:

- Improve efficiency
- Enhance service quality
- Prioritize customer satisfaction
- Attract investment in support of Vision 2030
- Commit to environmental sustainability
- Strengthen local content

The reforms have had a positive impact on the company including improved financial and operational sustainability. The reform agreement, which

addresses the classification of government financial obligations, has strengthened the company's financial position and capital structure. As a result, the company has improved its creditworthiness, enabling it to secure financing for future investments.

**Key stages of financial and regulatory reforms in the Saudi electricity sector**



**2012**

The establishment of the National Grid SA as an entity wholly owned by the Saudi Electricity Company.

**2017**

The establishment of the Saudi Power Procurement Company (the principal buyer) as an entity wholly owned by the Saudi Electricity Company.

**2021**

- Issuance of the Council of Ministers' decision approving the separation of the Saudi Power Procurement Company (the principal buyer) and transferring its ownership to the state.
- The government fee issued by Royal Decree No. (14006) dated 23/03/1439H is canceled, effective from 01/01/2021. (The government fee was an amount imposed on Saudi Electricity Company with the tariff adjustment in 2018, and it had a significant impact on the reduction of costs and improvement of the company's financial performance after its cancellation as part of the financial and regulatory reforms the company received in November 2020).
- Implementation of a regulatory model based on the regulated asset base to govern the revenues of the Saudi Electricity Company starting from the fiscal year 2021 and beyond.

**2020**

- Formation of the Ministerial Committee to restructure the electricity sector and SEC.
- The establishment of a sustainable mechanism for settling government dues.
- Update of the required revenue formula based on the regulated asset base regime and activation of the balancing account and required revenue formula, with the balancing account applied starting from the company's audited financial statements for the year 2019.
- Resolution of the net financial obligations due to the government.
- Adoption of the minimum operating cost model to regulate the company's revenues and determine revenues for the fiscal year 2020.
- SEC signed a Mudarabah agreement with the government, represented by the Ministry of Finance, to convert net financial obligations due to the government—amounting to SAR 167.9B—into a financial instrument classified as equity.
- The General Assembly, held on 2020/12/27, approved the establishment of a contractual reserve for the purpose of distributing profits from the Mudarabah instrument.

**2022**

Signing of the Share Purchase Agreement to transfer full ownership of the Saudi Electricity Company's stake in the Saudi Power Procurement Company to state ownership.

# Our Strategy

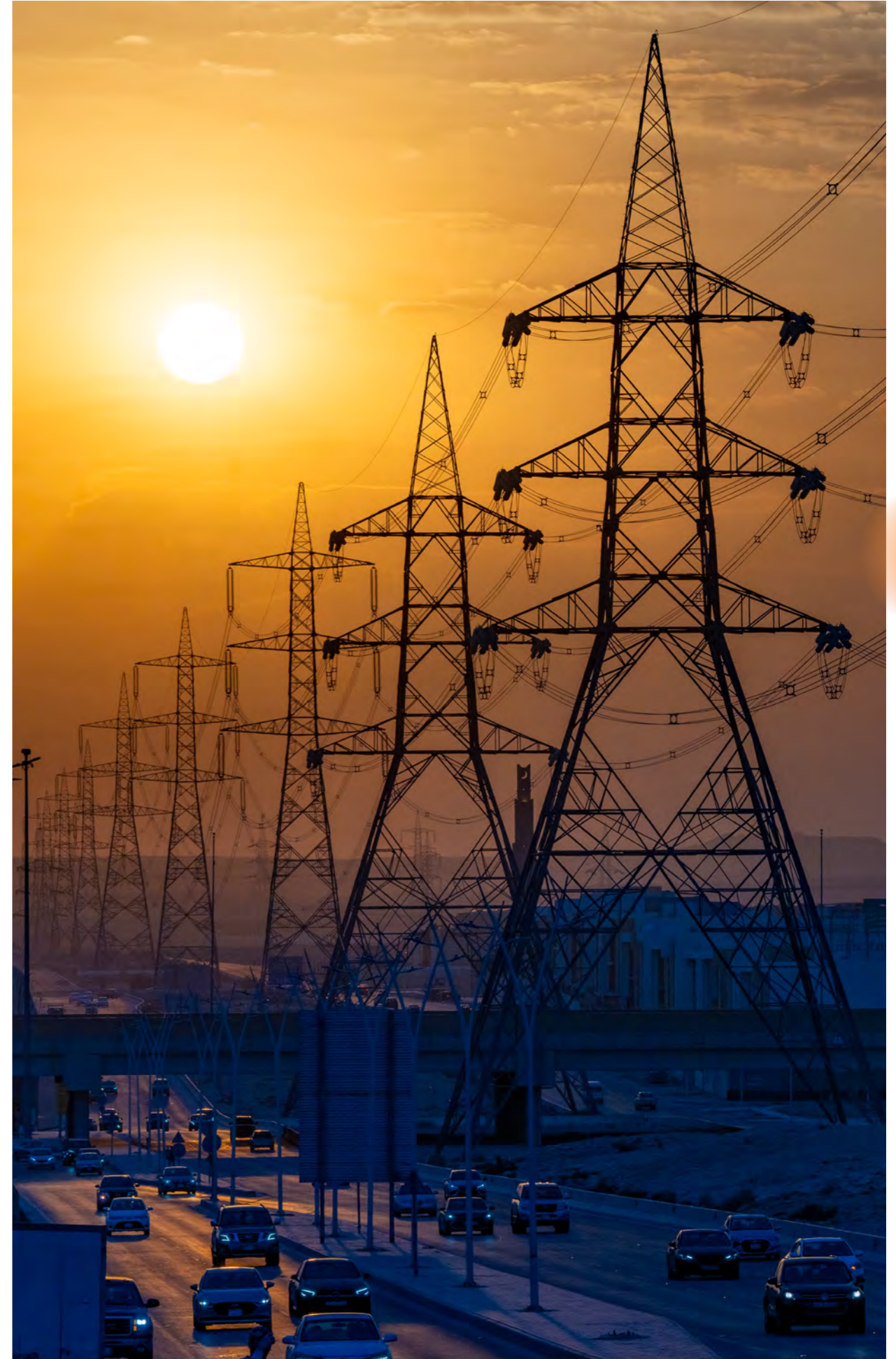
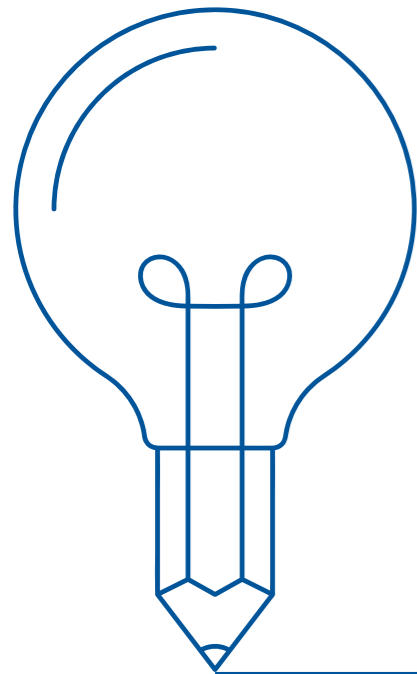
With the changes in the global market and the Kingdom's Vision 2030, the Saudi Electricity Company seeks to achieve leadership in energy services by providing an exceptional experience for customers and creating sustainable and innovative solutions.

Our mission is to provide the best experience for customers and add value to our shareholders by investing in our employees,

protecting the environment, and promoting digital transformation in the electricity sector comprehensively. This contributes to achieving the goals of the Kingdom's Vision 2030 to build a prosperous economy and a vibrant society.

Based on our commitment to continuous improvement and permanent development, we focus on laying the foundations for success and charting the paths that lead to achieving




our successive ambitions and achievements. We strive to raise the quality of work and services provided, with a focus on excellence in performance. We have launched a number of strategic programs that not only achieve the company's goals, but also support the Kingdom's Vision 2030, enhancing our leadership position in the energy sector.



## Strategic Goals

Strategic Goal	Description	Achievements
 <p><b>Security of Supply &amp; Reliability</b></p>	<p>We aim to maintain high security of supply and enhance system reliability through asset upgrades, efficient operations, renewables integration &amp; regional interconnections.</p>	<ul style="list-style-type: none"> <li>Improved SAIDI-D and SAIFI-D by 17% and 19%.</li> <li>Energy Storage capacity addition of 27,116 GWh - reached BESS commissioning 2024.</li> <li>Installation of 45,837 smart meters.</li> <li>Distribution network growth of 40,837 Km.</li> </ul>
 <p><b>Safety and Operational Excellence</b></p>	<p>Our goal is to achieve first quartile in operational and safety KPIs by fostering a safety-focused culture, reducing operational risks and improving efficiency by minimizing losses &amp; enhancing performance.</p>	<ul style="list-style-type: none"> <li>Reduced distribution losses by 97 bps.</li> <li>Reduced transmission losses by 30 bps.</li> <li>Achieved 36.37% distribution automation.</li> <li>Achieved 4.1/5 in the DGA Digital Maturity Index and acclaimed the National Organization Reference Architecture Award.</li> </ul>
 <p><b>Environment, Social Responsibility &amp; Governance</b></p>	<p>We employ responsible business practices, support local communities and aspire to transition through a circular carbon economy approach. We are facilitating this by implementing our tailored ESG framework, executing decarbonization roadmap, conducting rigorous internal audits &amp; enhancing compliance with environmental standards, such as ISO 14001.</p>	<ul style="list-style-type: none"> <li>Improved S&amp;P ESG score from 35 to 50.</li> <li>Achieved EMS ISO 14001 compliance of 93%.</li> </ul>

## Strategic Goals

Strategic Goal	Description	Achievements
 <p><b>Financial Sustainability</b></p>	<p>We are strengthening our financial performance and maximizing shareholder value by optimizing our operational expenses, increasing capital efficiency, diversifying revenues by identifying non-regulated sources, and capitalizing on new business opportunities .</p>	<ul style="list-style-type: none"> <li>The company's revenues grew by 17.7% compared to 2023.</li> <li>11% increase in EBITDA.</li> <li>The company achieved growth in unregulated businesses, which enhanced revenue diversification.</li> <li>SEC won the Adam Smith Award for Treasury Management Solutions in 2024.</li> </ul>
 <p><b>Localization &amp; Local Content</b></p>	<p>We are contributing to the Kingdom's localization goals by increasing localization of products and services across our value chain. We are doing this by strengthening and enhancing the resilience of local manufacturing and supplier capabilities. Additionally we want to be a top employer for Saudi nationals and are investing in training and development of Saudi nationals under the Saudization mandate.</p>	<ul style="list-style-type: none"> <li>Achieved 63.38% local content, bringing our total local content contribution to SAR 150B since 2019.</li> <li>Secured first position in the Local Content Excellence Award in the private sector track.</li> <li>Received the Local Content Preference Award in the public companies track.</li> <li>Achieved 71% localization in 2024.</li> </ul>
 <p><b>Leading Customer Experience</b></p>	<p>Our goal is to be the most admired Saudi company for customer experience. We are elevating our brand identity and customer engagement through strategic initiatives. Further, we are enhancing customer experience by improving communication, digital channels, and service delivery.</p>	<ul style="list-style-type: none"> <li>Reduced time to connect to three days.</li> <li>Achieved 82.3% Customer Satisfaction (CSAT) score.</li> <li>Advanced DGA Level (4.3/5) in Digital Customer Experience.</li> </ul>


## Our Strategy in Action: Strategic Programs

### Security of Supply & Reliability


Strategic Program	Description	Key Initiatives
 <p><b>Asset Management</b></p>	<ul style="list-style-type: none"> <li>The program establishes a comprehensive asset management system to ensure SEC's objectives are achieved consistently and sustainably.</li> <li>It enhances governance, unifies asset management strategies across core business lines, and optimizes asset performance by balancing cost, risk, and value.</li> </ul>	<ul style="list-style-type: none"> <li>Implementing strong governance structures, sustaining operational excellence, and developing standardized Asset Management Plans for select business lines &amp; subsidiaries.</li> </ul>
 <p><b>Renewable Integration</b></p>	<ul style="list-style-type: none"> <li>The program enables the efficient integration of renewable energy into KSA's transmission network while ensuring grid security and reliability.</li> <li>It establishes a management system to oversee compliance with grid codes, facilitates safe and secure renewable energy operations, and enhances real-time monitoring.</li> </ul>	<ul style="list-style-type: none"> <li>Planning and implementing renewable energy projects such as the projects in Sakaka, Jeddah, Rabigh, Sudair, and Shoaiba, in addition to forecasting renewable energy production and conducting reliability studies as a system operator in coordination with the Saudi Electricity Purchasing Company.</li> </ul>



## Security of Supply & Reliability

Strategic Program	Description	Key initiatives
 <p><b>System Reliability</b></p>	<p><b>Generation Reliability:</b></p> <ul style="list-style-type: none"> <li>The program ensures sufficient generation capacity to meet demand. It optimizes existing generation assets, implements predictive maintenance, and enables rapid response to failures</li> </ul> <p><b>Transmission Reliability:</b></p> <ul style="list-style-type: none"> <li>The program strengthens and expands SEC's transmission grid to enhance reliability, minimize interruptions, and support growing demand. It focuses on integrating the Kingdom's regions for improved accessibility and security while optimizing network performance.</li> </ul>	<ul style="list-style-type: none"> <li>Conducting asset failure technical studies, root cause analyses, improved deration performance and reduced outages, restoration of retired units, and piloting of site utilization and decommissioning strategies</li> <li>Enhancing SAIDI and SAIFI reliability KPIs, reinforcing grid connections, and leveraging automation technologies for efficient inspection and maintenance of overhead lines</li> </ul>

## Security of Supply & Reliability

Strategic Program	Description	Key initiatives
 <p><b>System Reliability</b></p>	<p><b>Distribution Reliability:</b></p> <ul style="list-style-type: none"> <li>The program strengthens and expands SEC's distribution network to enhance reliability, minimize interruptions, and improve automation. It integrates regional networks for greater accessibility and security while optimizing operational efficiency. Further, the program enhances workforce readiness through training, standardizes data management, and advances smart grid transformation with the procurement and installation of smart equipment.</li> </ul>	<ul style="list-style-type: none"> <li>Improving network reliability KPIs, deploying smart RMUs, shifting from age-based to condition-based asset replacement, and organizational re-structuring.</li> </ul>


## Safety and Operational Excellence

Strategic Program	Description	Key initiatives
 <p><b>International Interconnections</b></p>	<ul style="list-style-type: none"> <li>The program strengthens international interconnections to enhance power trade, leveraging KSA's strategic position and energy resources while improving supply security, reliability, and resilience.</li> <li>It drives economic opportunities through electricity trading with neighboring countries and ensures seamless grid integration.</li> </ul>	<ul style="list-style-type: none"> <li>Achieving significant progress on SEC's interconnection milestones and signing cross-border MoUs with Middle Eastern and European countries.</li> </ul>
 <p><b>Health, Safety and Security Transformation</b></p>	<ul style="list-style-type: none"> <li>The program elevates SEC's workplace safety and security standards by adopting global best practices, leveraging digital tools, and fostering a proactive safety culture.</li> <li>It ensures the safest possible workplace for employees and contractors, aiming for zero harm while strengthening emergency and crisis management capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Reducing injury rates, organizing safety and security training sessions, decreasing violations and motor vehicle accident.</li> </ul>


## Environment, Social Responsibility & Governance

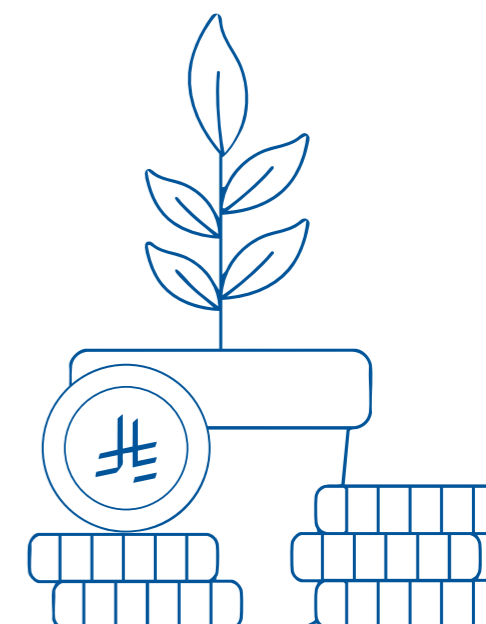
Strategic Program	Description	Key initiatives
 <p><b>Liquid Displacement (Gen)</b></p>	<ul style="list-style-type: none"> <li>The program supports the Kingdom's goal of displacing over 1M barrels of liquid fuel daily by 2030—a 95% reduction—across power, desalination, industrial, and agricultural sectors.</li> <li>It focuses on converting power and desalination facilities to gas or alternative fuels, constructing highly efficient thermal gas-fired power plants, and retiring inefficient liquid fuel plants.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing gas adoption across five generation power plants and overseeing the planned retirement of ~13 low-efficiency power and desalination plants.</li> </ul>
 <p><b>Liquid Displacement (T&amp;D)</b></p>	<ul style="list-style-type: none"> <li>The program is driven by the MoE's mandate to reduce reliance on subsidized liquid fuel.</li> <li>This is achieved by integrating industrial and agricultural loads into the interconnected power system.</li> </ul>	<ul style="list-style-type: none"> <li>Building new substations and transmission lines to facilitate their connection.</li> </ul>

## Environment, Social Responsibility & Governance


Strategic Program	Description	Key initiatives
 <p><b>Environmental Protection</b></p>	<ul style="list-style-type: none"> <li>The program enhances SEC's environmental impact by advancing circular economy practices, optimizing resource use, and strengthening natural ecosystems.</li> <li>The program focuses on waste reduction, water conservation, and biodiversity preservation.</li> </ul>	<ul style="list-style-type: none"> <li>Signing environmental protection agreements at COP16, paperless initiatives, and initiating development of the Circular Economy Framework.</li> </ul>
 <p><b>Decarbonization</b></p>	<ul style="list-style-type: none"> <li>The program drives SEC's commitment to reducing CO2 emissions and supporting national net-zero goals.</li> <li>It focuses on accelerating renewable energy adoption, integrating clean technologies, and implementing strategic initiatives to minimize environmental impact and enhance sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>Pilot project in collaboration with the Ministry of Energy and King Abdullah University of Science and Technology to design, build and deploy a cryogenic carbon capture project with a capacity of 30 tons of CO2 a day at Green Duba Power Plant.</li> </ul>

## Financial Sustainability


Strategic Program	Description	Key initiatives
 <p><b>Non-regulated Revenue Protection</b></p>	<ul style="list-style-type: none"> <li>The program enhances SEC's financial sustainability by expanding non-regulated revenue streams.</li> <li>The levers include new business ventures, strategic partnerships, and investment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Conducting key initiatives under the BENA program, such as establishing and expanding local plants, updating contract terms to enhance local hiring, launching supplier development services, and improving corporate guidelines to promote localization.</li> </ul>



## Financial Sustainability

Strategic Program	Description	Key initiatives
 <p><b>Capital Efficiency (CE)</b></p>	<ul style="list-style-type: none"> <li>The program aims to optimize project planning, execution, and resource utilization.</li> <li>This is achieved by improving portfolio management, feasibility studies, engineering, procurement, and construction practices.</li> </ul>	<ul style="list-style-type: none"> <li>Aligning to Capital Efficiency Indices, dynamic financial modelling, new technology implementation, efficient procurement practices.</li> </ul>
 <p><b>Operating Expense Optimization</b></p>	<ul style="list-style-type: none"> <li>The program enhances SEC's financial sustainability by streamlining operational costs across business lines while meeting revenue targets and regulatory requirements.</li> <li>It focusses on levers such as cost efficiency, risk management, and regulatory alignment.</li> </ul>	<ul style="list-style-type: none"> <li>Developing stage gate processes for RoI tracking, dashboarding savings trends and operating under clear governance and structural frameworks.</li> </ul>

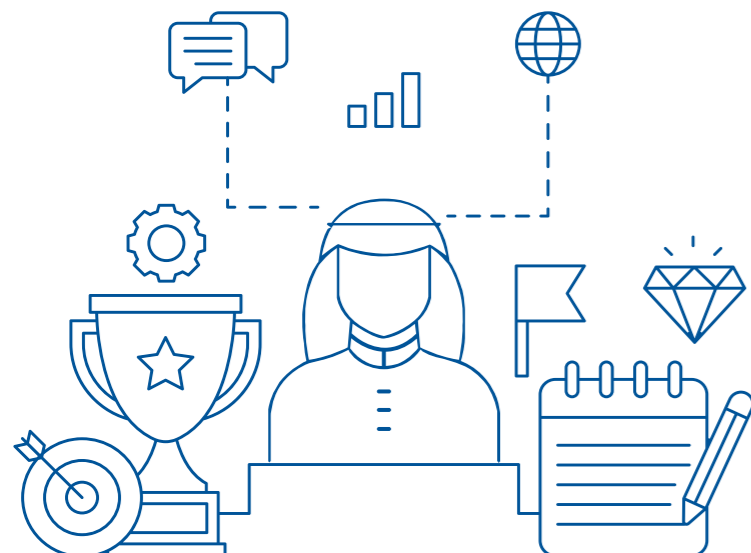
## Localization & Local Content

Strategic Program	Description	Key initiatives
 <p><b>Local Content &amp; Supply Chain Resilience Program</b></p>	<ul style="list-style-type: none"> <li>The program strengthens the company's contribution to the national economy by enhancing local manufacturing, supplier capacity, and workforce Saudization.</li> <li>It focuses on building a sustainable, localized value chain for the power sector by fostering R&amp;D, training, and employment opportunities within the Kingdom.</li> </ul>	<ul style="list-style-type: none"> <li>Under the BENA program, key initiatives include establishing and expanding local plants, updating contract terms to enhance local hiring, launching supplier development services, and improving corporate guidelines to promote localization.</li> </ul>



## Leading Customer Experience

Strategic Program	Description	Key initiatives
 <p><b>Customer Experience Transformation</b></p>	<ul style="list-style-type: none"> <li>The program enhances customer interactions through seamless, personalized journeys and expanding digital engagement.</li> <li>It leverages optimized service touchpoints, real-time experience tracking, and automated CX measurements.</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing digital care chats, upgrading customer service offices, conducting campaign driven engagements, and increasing digital payments.</li> </ul>



## Leading Customer Experience

Strategic Program	Description	Key initiatives
 <p><b>Brand Image Excellence</b></p>	<ul style="list-style-type: none"> <li>The program is designed to elevate SEC's brand equity by enhancing its market presence, deepening stakeholder engagement, and fostering a positive public perception.</li> <li>By aligning brand culture and corporate values with impactful engagement strategies, the program strengthens SEC's leadership position while amplifying the influence of its corporate social responsibility initiatives.</li> </ul>	<ul style="list-style-type: none"> <li><b>Strengthening Brand Positioning:</b> Conducting a comprehensive brand identity transformation, aligning customer insights with strategic objectives to enhance brand equity and market differentiation.</li> <li><b>Enhancing Brand Clarity and Consistency:</b> Defining a compelling brand narrative and experience, reinforcing SEC's leadership through a distinct and cohesive identity across all touch points.</li> <li><b>Optimizing Data-Driven Decision-Making:</b> Leveraging data insights to shape strategic communication initiatives, streamline reporting automation, and explore advanced technology applications for enhanced stakeholder engagement.</li> <li><b>Elevating Customer and Stakeholder Engagement:</b> Implementing a targeted communication strategy, expanding digital touch points and delivering high-impact campaigns that strengthened SEC's connection with its audience.</li> <li><b>Reinforcing Reputation and Crisis Readiness:</b> Strengthening positive brand sentiment through strategic media engagement, crisis preparedness, and a tailored internal communication framework to align employees with corporate objectives.</li> </ul>

## Key Enablers Supporting Strategic Initiatives

We have identified six enablers to support the implementation of our strategic initiatives.



### Digitalization, Data, and Innovation

Expanding the scope of core operations and support services, improving them through advanced digital practices, and enhancing cybersecurity protection.



### Legislation and Governance

Ensuring revenue protection, compliance with regulatory frameworks, and adherence to health, safety, security, and environmental regulations.



### Strategic Partnerships

Generating sustainable financial revenues through new business models and expansion initiatives.



### Research and Development

Establishing research centers focused on power generation, renewable energy, transportation, and distribution.



### Human Capital

Developing effective human capital solutions to align with growth and the execution of the company's new strategy.



### Finance and Implementation

Establishing an effective team to drive results, organize activities, and ensure the strategy's implementation.

## Future Plans and Initiatives

The company's strategic goals and programs shall continue working towards propelling SEC towards strategic & operational excellence.

The strategic plans aim to strengthen the leadership of Saudi Arabia's energy through:

Adoption of best practices in environmental, social, and governance (ESG) to ensure successful operations and uphold sustainable and responsible business conduct.

Integration of advanced technologies, including BESS batteries, electric vehicles (EVs), and power-to-gas (P2G) systems, while driving digital transformation.

Fostering foreign direct investment by collaborating with supplies.

International connectivity to position the Kingdom as an energy exchange hub.

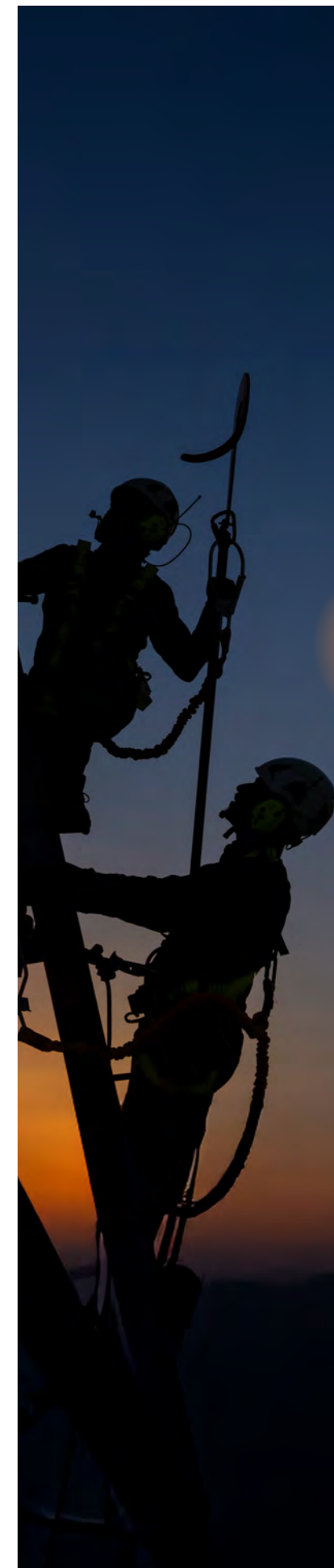
The strategic initiatives outlined aim to enhance the company's market position by:

Strengthening the company's reputation and standing among stakeholders, suppliers, and investors equally.

Solidifying the company's leadership role in Saudi Arabia's energy transition.

Achieving operational efficiency and excellence.

Effectively managing operational and capital expenditure.



Our future plans and goals are as follows:

#### Energy Leadership & Vision 2030 Alignment

The company is a leader in the energy sector, aligned with Vision 2030 and the Ministry of Energy's strategy. It is addressing challenges such as grid flexibility, renewable energy integration, operational efficiency, and financial sustainability. Ensuring a secure electricity supply and meeting peak demand reliably remain key priorities.

#### Sustainability & Operational Excellence

Focused on integrating clean energy, reducing carbon emissions, and promoting biodiversity, the company optimizes operational and capital expenditures. Digital transformation, leveraging real-time monitoring, AI, and predictive tools, enhances grid reliability, asset management, and operational excellence.

#### Financial & Technological Advancements

The company strives to maximize shareholder equity by improving expenditure efficiency, focusing on sustainability, and diversifying its energy mix. It is committed to innovation, including circular economy approaches to drive growth and sustainability.

#### Human Capital & National Integration

Emphasizing human capital development, the company is offering technical and leadership training programs to keep pace with technological advancements. Workforce planning ensures readiness for future challenges. Localization initiatives empower local suppliers and foster partnerships with SMEs, industrial, and community sectors to support national economic integration.

The approval process for the company's general strategy is underway in coordination with the relevant official entities



# Sustainability

## Commitment to Sustainable Growth

Saudi Electricity Company aligns with Vision 2030 and the UN Sustainable Development Goals, aiming for Net-Zero emissions by 2050 as part of Saudi Arabia's transition to clean energy. The company is focused on improving energy efficiency, increasing reliance on renewable energy, and enhancing power plant efficiency.

The company is also advancing electric transportation infrastructure by supporting electric vehicle charging projects, encouraging the use of electric vehicles as an environmentally friendly mode of transport. It is committed to balancing energy needs with the protection of natural resources, contributing to the achievement of sustainability goals.

Renewable energy is a central component of SEC's efforts and ambitions to achieve environmental sustainability. The company has made significant progress in implementing renewable energy projects and enhancing the integration of renewable energy projects across the Kingdom. It is also working to develop innovative solutions to support sustainability initiatives and meet its goals by applying globally recognized practices in power generation. In addition, the company is collaborating with the Ministry of Energy on network interconnection projects and supporting the national program for liquid fuel displacement.

These efforts aim to help the Kingdom meet its ambitious goal of moving toward cleaner energy solutions by 2030 by generating 50% of electricity from renewable sources and 50% from natural gas.

## Sustainability Stewardship

SEC has achieved significant milestones, being recognized by the Ministry of Economy and Planning as one of the sustainability leaders in the Kingdom. The company has also offered training programs and increased awareness of sustainability among local companies in the energy sector. It participated in 29th Conference of the Parties (COP29), signing agreements with global partners on renewable integration, advanced technologies, and investment opportunities. The company also took part in the third auction organized by the regional voluntary carbon market company (RVCMC) to obtain carbon credits, supporting its climate change targets.

Additionally, SEC participated in the 16th Conference of the Parties (COP16) on Biological Diversity and the Saudi Green Initiative Forum, where it signed six agreements in environmental protection, afforestation, wildlife conservation, and corporate social responsibility. These memorandums of understanding reflect the company's commitment to strengthening partnerships that promote sustainable development and environmental stewardship.

On the social sustainability front, the company is implementing initiatives that strengthen its role in supporting communities and achieving sustainable development. It focuses on creating specialized programs aimed at supporting local communities, including improving education and training, empowering youth, enhancing employment in sustainable sectors, and promoting diversity & inclusion.

The company's efforts to improve its environmental, social, and governance (ESG) practices have improved its standing in global rankings, reinforcing its position as a leader in driving sustainable transformation in the energy sector. The company launched the Sustainability Center of Excellence to foster innovation and adopt sustainable solutions both within the energy sector and beyond. The "Sustainability Pioneers" program was also introduced to raise awareness among SEC employees and build competencies in the field of sustainability.



**2024 Sustainability Achievements Timeline**

SEC continues to deliver on its sustainability commitments by advancing its environmental, social, and governance (ESG) practices. Through consistent regulatory efforts and strategic initiatives, SEC is driving measurable progress toward Vision 2030. The following timeline highlights key milestones achieved throughout the year.



**January**

**KSA's First Electric Vehicle Charger**

Launch of KSA's first electric vehicle charger by Electric Vehicle Infrastructure Company (EVIQ), an SEC and PIF joint venture.



**September**

**Sustainability Center of Excellence (SCoE)**

The company launched its first internal training program, the "Sustainability Pioneers Program," under the Sustainability Centre of Excellence, reinforcing its commitment to fostering sustainable practices internally.

SEC also kicked-off sustainability training sessions for six of its suppliers under KSA Sustainability Champions Program.



**February**

**Recognized as a Sustainability Leader in the Kingdom**

As part of the KSA Sustainability Champions Program under Ministry of Economy & Planning, SEC was selected to train local companies in the energy sector to enhance their capacities and raise awareness of sustainability practices.



**November**

**Promoting Collaboration in Sustainability**

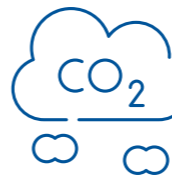
- SEC signed multiple international agreements in renewable energy at COP 29, Azerbaijan.
- Participated in the third carbon credit auction organized by the Regional Voluntary Carbon Market Company (RVCMC).



**August**

**Progress in ESG Ratings**

SEC achieved an unprecedented 43% improvement in its ESG rating (by S&P Global) compared to 2023, reflecting its focus on continuous enhancement.



**December**

**Environmental Stewardship Initiatives**

- SEC signed six agreements at COP16, KSA focused on afforestation, environmental protection, wildlife conservation, and corporate social responsibility, and encouraging collaboration in the field of sustainability.
- **SEC Paperless Initiative:** A step toward digital excellence and reducing the environmental impact of paper printing.

### Environmental, Social and Governance Practices Ratings

SEC achieved notable progress in its environmental, social, and governance (ESG) ratings, as assessed by the global rating agency Standard & Poor's for 2024. This reflects SEC's dedication to enhancing its ESG practices, while advancing governance practices to align with energy sector objectives in the Kingdom, and Vision 2030.

### S&P ESG Ratings

▶ 50 (+43%)

2024

▶ 35

2023



### SEC's ESG Strategy

#### Strategic Approach

In 2024, SEC deepened its commitment to sustainability defined by the ESG strategy developed in the previous year.

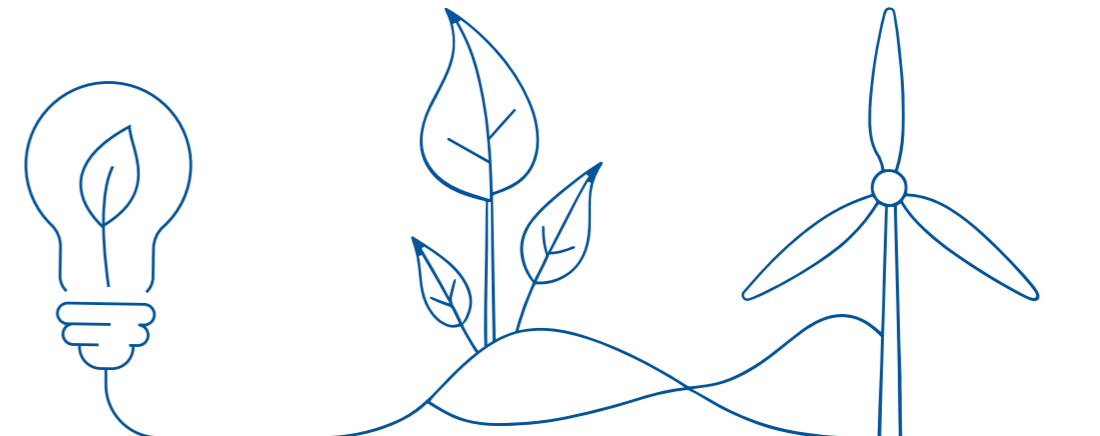
The company strengthened its focus on strategic ESG ambitions through impactful initiatives in renewable energy, liquid displacement, workforce inclusion, and

enhanced governance, driving both immediate and long-term value.

Its cross-sector collaboration ensured that the sustainability efforts were integrated across all business lines, creating measurable progress towards key ambitions.

The company continued to demonstrate sustainability leadership through engagement with its stakeholders including investors, leadership, employees, regulatory bodies, suppliers, customers, and local communities.

**Looking ahead, SEC remains committed to transparent reporting, continuous improvement, and creating lasting value for all stakeholders. SEC is looking forward to building on this year's momentum, driving positive change in 2025 and beyond.**







## ESG North Star

Illuminating Lives for a Green and Sustainable Future

### ESG Strategy Pillars & Strategic Objectives:

#### ESG Strategic Pillars

Environmental Pillar		Social Pillar	Governance Pillar
 <p><b>Climate Action</b></p> <p>Unlocking the Kingdom's transition to renewables &amp; Net Zero</p>	 <p><b>Nature and Circularity</b></p> <p>Preserving the environment and biodiversity.</p>	 <p><b>People &amp; Community</b></p> <p>Attracting KSA's brightest and most diverse talent, driving community impact and development</p>	 <p><b>Responsible Governance</b></p> <p>Exemplifying transparent, ethical, accountable and responsible business</p>

#### Strategic Objectives

Take decarbonization action to deliver Net-Zero target	Optimize waste management for a circular economy	Adhere to best-in-class standards in managing human resources	Disclose transparently, openly and meaningfully through stakeholder dialogues
Accelerate renewable energy adoption and integration	Optimize resource utilization (water, natural resources)	Improve customer satisfaction and build customer trust	Enhance coverage of code of conduct and ethics policies
Increase climate resilience	Strengthen natural ecosystems and biodiversity	Support local communities through CSR	Informed decision-making through strong and unbiased governance

#### Ambitions

Net-zero emissions by 2050	Publish Water Management Policy by 2025	41 hours of training per employee by 2025	50% reduction of total incidents of non-compliance with laws and regulations by 2026
100% readiness of the grid to handle up to 12 GW of renewable energy by the end of 2025.	Plant 5M trees by 2030	61 SAIDI min/customer by 2025	Achieving zero data breaches by 2025
0.40 tCO <sub>2</sub> eq/MWh grid emissions intensity by 2030		Automate 40% of distribution network feeders by 2025	75% localization by 2030
		Achieve 0.70 SAIFI by 2025	
		82% customer satisfaction score by 2025	65% local content by 2025
			0.12% RDI spending from total revenues by 2025

## ESG Strategic Initiatives

### Initiatives

#### Environmental Pillar

##### Climate Action

- Partnered with King Abdullah University of Science and Technology to demonstrate a cutting-edge 'Cryogenic Carbon Capture Technology' that captures multiple pollutants and greenhouse gases.
- Third Auction conducted by the Regional Voluntary Carbon Market Company during COP29 to purchase carbon credits.
- Deploying substation equipment that utilizes alternative insulating gases to mitigate and manage SF6 emissions.
- Initiated a Demand Response Project to optimize energy use during peak hours, leveraging advanced technologies to manage grid load and reduce customer cost.
- Initiated Battery Energy Storage Systems (BESS) projects expected to mitigate gas emissions.
- Consolidated data centres leading to efficiency in operations and reduction of CO2 emissions from data centre operations.

##### Nature and Circularity

- Implemented state-of-the-art toxic emissions reduction technologies such as Dry Low-NOx Combustion Systems and Selective Catalytic Reduction Systems.
- Initiated development of Circular Economy Framework (Design, Optimized Use, Maximize, Recover) aligning with best practices to encompass the entire value chain.
- Executed innovative projects to preserve the marine environment such as purchasing oil spill recovery equipment, an online analyzer system for outfall and conducting marine surveys.
- Implemented the Paperless Initiative to digitize processes and reduce environmental impact.
- Achieved reuse of blowdown water in Heat Recovery Steam Generators in gas power plants to reduce water consumption.

#### Social Pillar

##### People and Community

- Implemented We Learn, a digital learning center, that offers interactive content enhancing the learning experience for employees and centralizing training operations within the company.
- Launched 'Social Incubator' program for supporting and mentoring budding entrepreneurs with unique business models that address social and environmental challenges.
- Delivered advanced and targeted safety training programs, focusing on high-risk areas and incorporating digital tools to improve accessibility and engagement.
- Partnered with Al Rajhi Bank enabling electricity bill payments through the 'AlKahraba' app using points from 'Mokafaa' program.

#### Governance Pillar

##### Responsible Governance

- Conducted mentorship and capacity development support to select suppliers on enhancing their sustainability maturity.
- Executed cybersecurity measures enabled by robust policies and framework.
- Delivered risk courses and awareness sessions to SEC employees in collaboration with HR business line, including Risk Owners, Risk Champions, and others, to enhance SEC's risk culture.
- Transformed contract management process by automating key stages, including contract award process, submission of bank guarantees and contract signing through electronic signatures.

## Enablers of ESG Strategy



### Governance

SEC has established a comprehensive governance framework for ESG practices, with clear roles across all organizational levels. The ESG Committee, overseen by the Board of Directors, ensures seamless integration of ESG strategies, while the ESG team leads the implementation of initiatives in collaboration with business functions and external stakeholders.



### Risk Management

SEC strengthens its sustainability efforts through a robust risk management framework, adhering to ISO 31000 standards and integrating sustainability-related risks into its enterprise risk management process.

A structured ERM process ensures a consistent approach to identifying, evaluating, and managing sustainability related risks across the organization, fostering resilience and proactive decision-making.



### Supply Chain

SEC prioritizes transparency, responsibility, and accountability in its supply chain strategy to ensure long-term financial performance. To promote sustainable practices within SEC's supply chains, the company is integrating ESG factors into supplier selection & procurement practices, and is driving supplier development programs with a focus on ESG topics such as health & safety, emissions, and environment.



### Financing

The Green Bond Financing Committee and a green bond framework help SEC secure funding for energy efficiency and renewable projects. SEC issued the Kingdom's first international green bonds in 2020, followed by additional issuances, including a green tranche in 2023.



### Digitalization

SEC is committed to accelerating digital transformation with sustainability related co-benefits. The company has developed a comprehensive digital transformation strategy and is leading initiatives to automate & digitalize its operations. Key programs like the Smart Meter Project (SMP), Digital Transformation for Customer Service, Customer Experience Transformation, Paperless Initiative, and Consolidation of Data Centres are central to advancing SEC's digitalization efforts.

Operational enablers are fundamental to transforming ESG aspirations into tangible, sustainable practices. Their impact reverberates across the organization, driving long-term value creation and sustainability.

## Way Forward

SEC is expanding the scope of its digital technologies, enhancing operational efficiency, reducing environmental impact, and leading the way in sustainable practices.

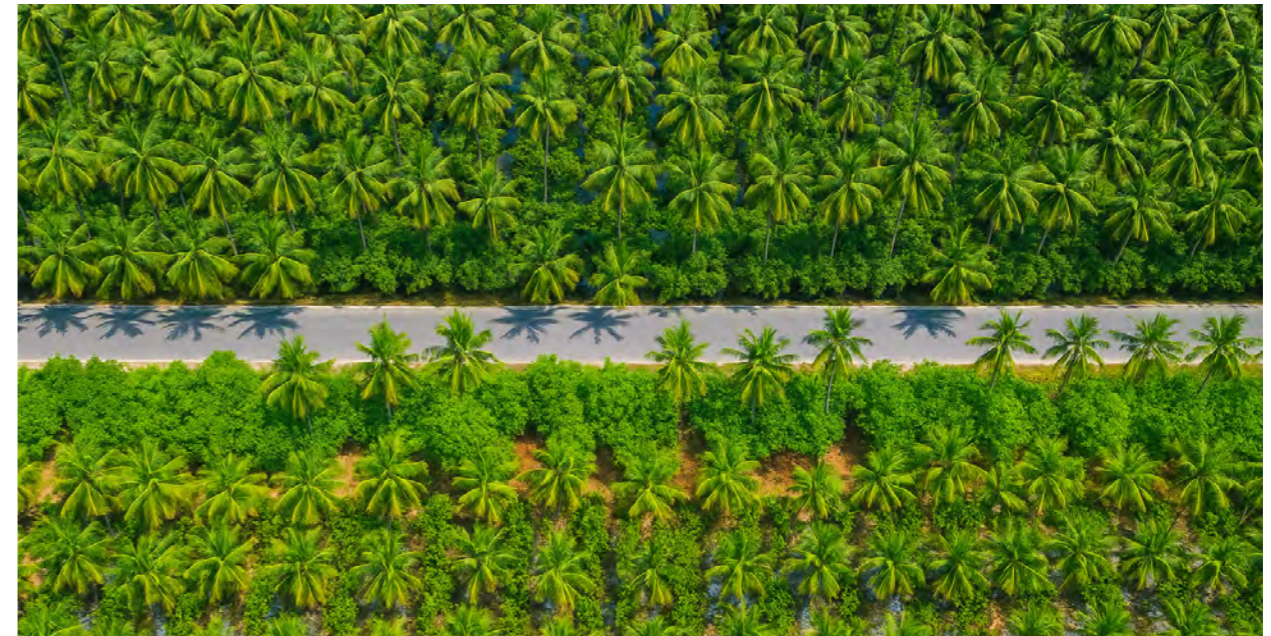
SEC is dedicated to achieving its ambition to reach Net Zero Emissions by 2050 through its environmental, social, and governance strategy. This includes technological innovation, efficiency measures, transitioning to cleaner fuel types, and adopting nature-based solutions. The company is steadfast in preserving nature and biodiversity, with

focus on effective resource management and protecting plant cover.

The well-being of employees remains a top priority, with an emphasis on diversity and inclusion initiatives. SEC fosters a workplace culture that promotes safety, equality, and professional development. The company also focuses on strengthening social participation initiatives to build positive relationships and support local development.

SEC's digital expansion aims to optimize operations, minimize environmental

impact, and advance sustainable practices. This initiative aligns seamlessly with the company's governance framework, which emphasizes transparency and continuous, effective dialogue with stakeholders. Through this proactive approach, SEC ensures an ongoing exchange of information, gains valuable insights and creates shared value. This comprehensive strategy reflects SEC's unwavering commitment to sustainability, responsible business practices, and public welfare for all stakeholders.



# Risk Management

## Risk Management Framework

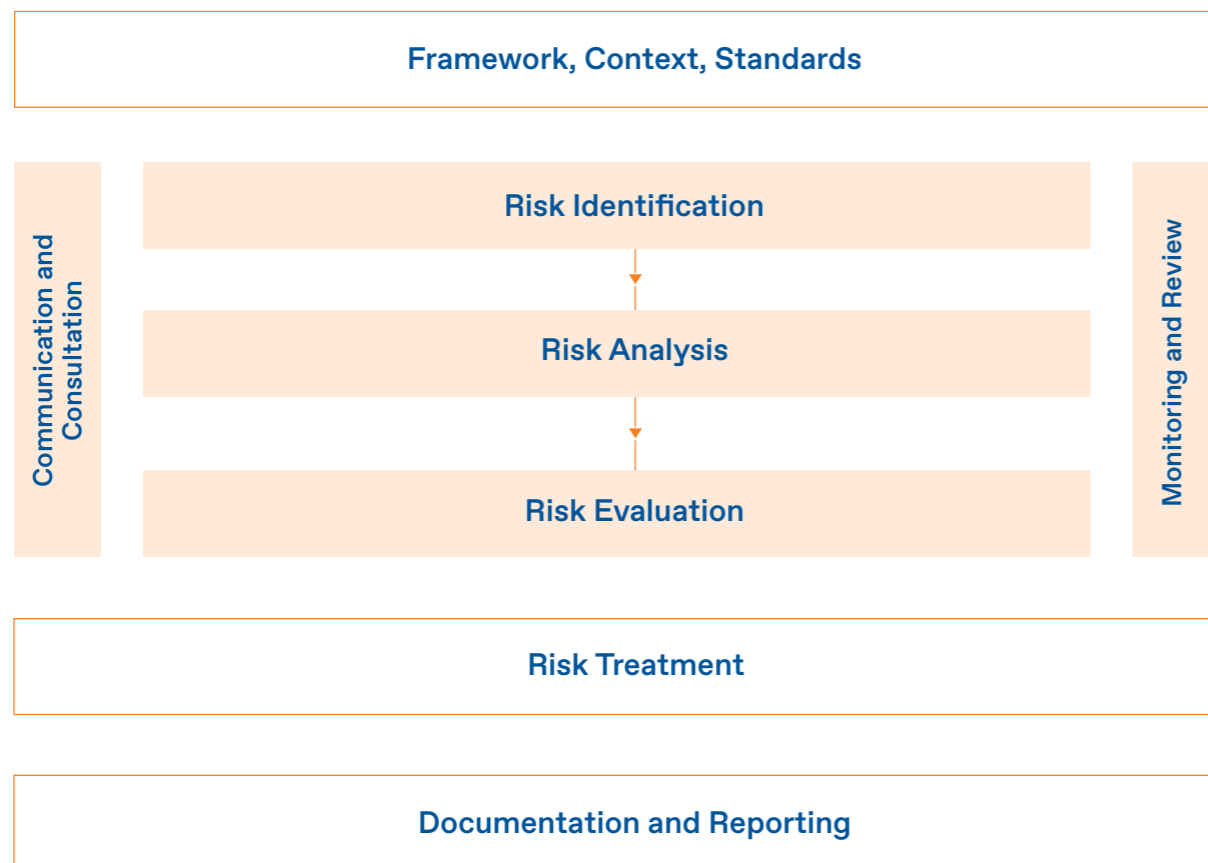
Saudi Electricity Company is steadfast in its commitment to implementing and rigorously monitoring Enterprise Risk Management (ERM) practices. Recognizing the critical role ERM plays in achieving strategic objectives, SEC ensures that its risk management framework is applied consistently across all departments and subsidiaries. Aligned with the globally recognized ISO 31000:2018

(Risk Management Guidelines), SEC leverages this international standard as a benchmark for excellence in risk management governance.

At the heart of SEC's ERM framework lies a robust risk management process, designed to ensure the systematic application of policies, procedures, and practices throughout its operations and

subsidiaries. By embedding this process company-wide, SEC enhances its ability to identify, assess, and mitigate risks effectively, strengthening its resilience and supporting long-term organizational success.

The Enterprise Risk Management process includes the following key activities:



To support our strategic objectives and strengthen governance and risk management, SEC has implemented the "Three Lines Model," an organizational framework that fosters a proactive approach

to managing risks. This model establishes clear boundaries and responsibilities for all employees, empowering them to actively engage in risk management within their respective areas. By dividing risk management

responsibilities into three distinct levels, the 'Three Lines Model' ensures effective collaboration across the organization, driving a cohesive and comprehensive approach to risk mitigation.



The business activities and subsidiaries hold primary responsibility for identifying, owning and managing the risks associated with achieving SEC objectives.

Equipped with the necessary knowledge, skills, information, and authority, they are tasked with implementing the relevant policies and procedures to effectively control and mitigate risks.

The Risk Management and Compliance function provides policies, regulations, procedures, tools, techniques, and support to enable risk management and compliance in the first line.

The second line, on the other hand, is responsible for periodic monitoring to assess the effectiveness of implementation, ensure consistency in application, and measure risks.

The internal auditor is tasked with providing independent assurance on the effectiveness of the first and second lines, as well as offering recommendations for their improvement.

Additionally, they review and evaluate the company's risk management and compliance programs to ensure alignment with organizational objectives.

## Risk Management and Control

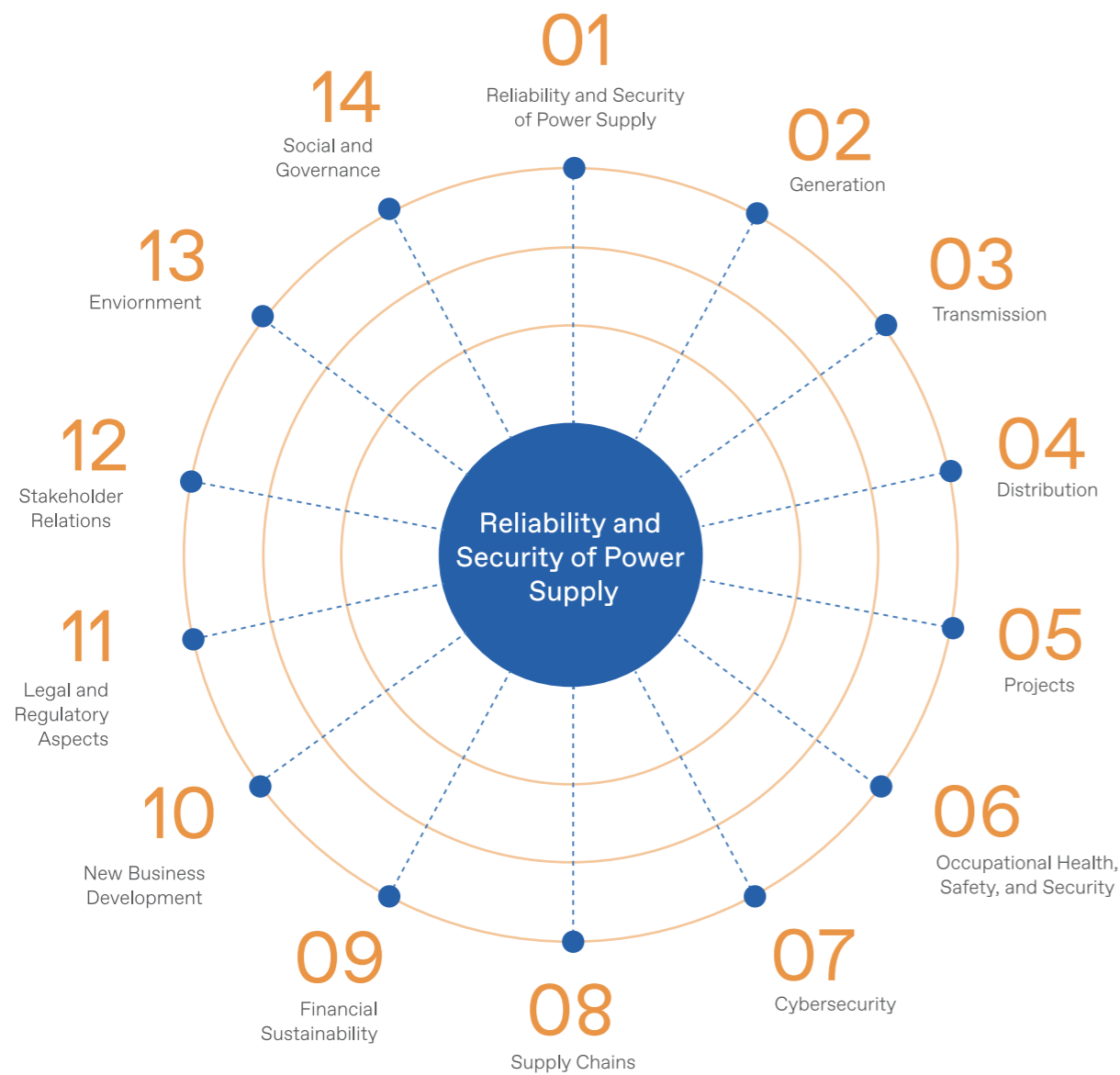
SEC employs a comprehensive and effective risk management system designed to align organizational risks with strategic objectives. The system categorizes risks into six main groups, further divided into 14 subcategories, ensuring a structured approach to identifying, assessing and mitigating risks. This framework supports the achievement of SEC's organizational goals while enhancing resilience and adaptability.

## Main Risk Categories in the Company

- 01 Customer Experience
- 02 Employees, Company Culture, and Senior Management
- 03 Operational Excellence
- 04 Finance
- 05 Legal, Regulatory Affairs, and Reputation
- 06 Sustainability, including Environmental, Social, and Governance Standards



## Subcategories of Risks in the Company



SEC leverages advanced tools to assess risks and implement proactive measures, ensuring alignment with our strategic objectives. A key initiative involves the use of risk matrices to analyze identified risks, evaluating their levels based on severity and likelihood. Additionally, the company employs continuous risk monitoring through Key Risk Indicators (KRIs), enabling the early detection of potential risks and the implementation of preventive actions.

Below is a list of the main risks faced by the company in its operations, along with descriptions of the measures taken to mitigate their impact. These risks encompass challenges in electricity production, transmission, and distribution.

## Addressing Saudi Regulatory Risks in the Electricity Sector

The company encounters risks arising from changes and developments in the laws, regulations, and policies governing the electricity sector in Saudi Arabia. To mitigate these risks, SEC has implemented a robust monitoring mechanism to track external regulatory frameworks and assess their impact. This includes evaluating regulatory requirements through the company's compliance records to ensure adherence to applicable laws and reduce non-compliance risks. Additionally, SEC conducts regular reviews and assessments as part of its annual compliance monitoring program, maintaining alignment with regulatory systems and minimizing potential risks.



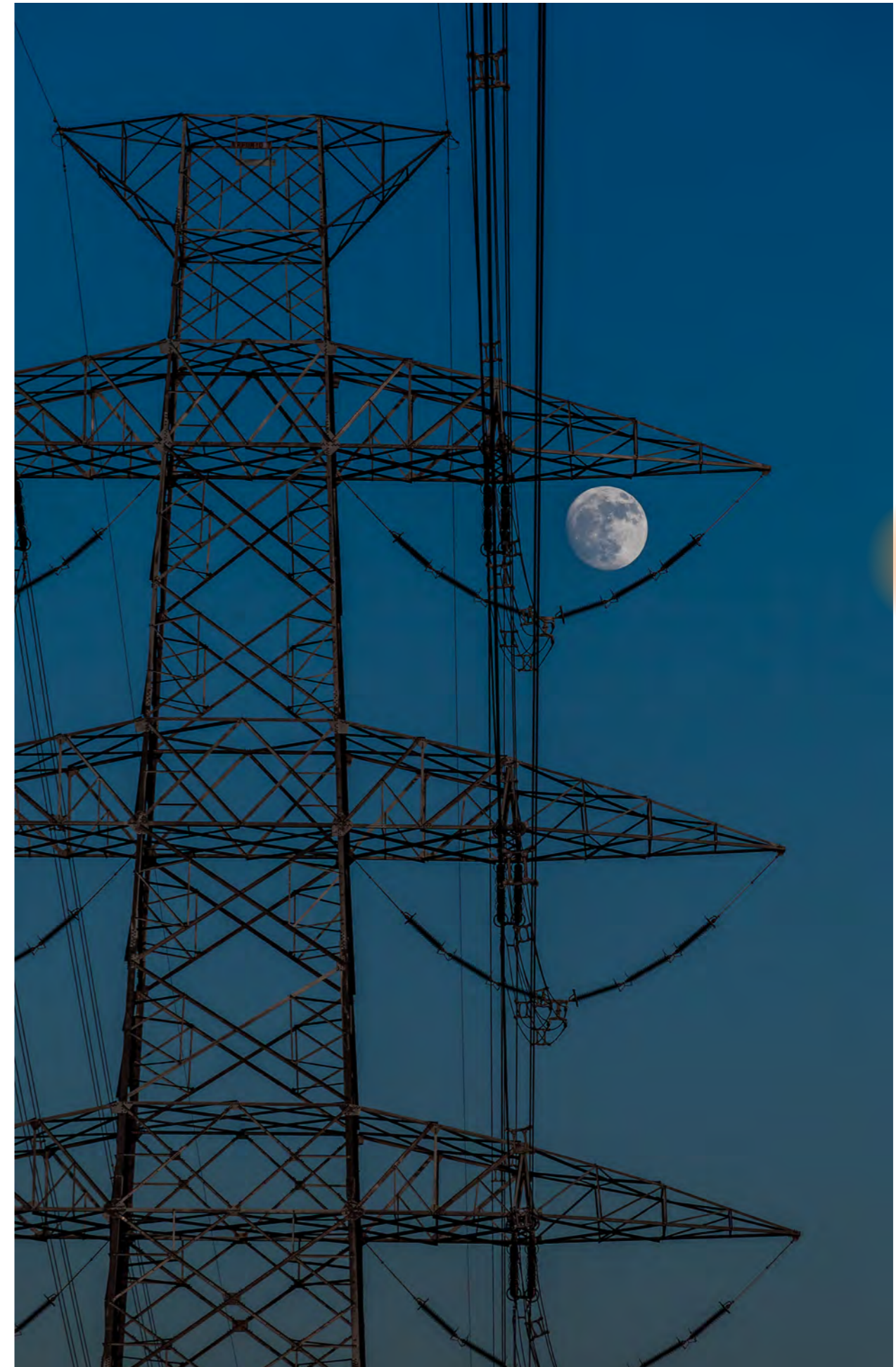
### Compliance-Related Penalties Imposed on SEC

SEC continuously monitors the effectiveness of its compliance systems to ensure adherence to all relevant laws and regulations. In the event of penalties or sanctions, detailed information about the imposed measures, along with corrective actions taken to prevent recurrence, is provided in the table below.

Company Procedures to Prevent Recurrence	Value	Cause	The authority for imposing penalties or fines
Providing the authority with data and information within the specified timeframe.	SAR 90,000	Delay in providing the Saudi Electricity Regulatory Authority with information, data and reports within the required time-frame.	Saudi Electricity Regulatory Authority
Providing the authority with data and information within the specified timeframe.	SAR 50,000	Delay in providing the Saudi Electricity Regulatory Authority with information, data and reports within the required time-frame.	Saudi Electricity Regulatory Authority
Addressing technical challenges to complete the requirements for technical integration.	SAR 300,000	Incomplete technical integration of the company's systems with the authority's systems.	Saudi Electricity Regulatory Authority
Providing the authority with data and information within the specified timeframe.	SAR 10,000	Delay in providing the Saudi Electricity Regulatory Authority with information or data within the required time-frame.	Saudi Electricity Regulatory Authority
Addressing technical challenges to supply to the authority with the required data and information.	SAR 105,000	Incomplete provisioning of information or data to the Saudi Electricity Regulatory Authority.	Saudi Electricity Regulatory Authority
Developing/updating the company's automated systems according to the authority's requirements.	SAR 350,000	Incomplete automatic compensation of eligible cases.	Saudi Electricity Regulatory Authority

Company Procedures to Prevent Recurrence	Value	Cause	The authority for imposing penalties or fines
Complying with the authority's recommendations within the specified timeframe.	SAR 105,000	Incomplete implementation of some of the recommendations of the Saudi Electricity Regulatory Authority within the specified timeframe.	Saudi Electricity Regulatory Authority
Reviewing station locations to ensure site safety in coordination with the relevant government authorities.	SAR 60,000	The authority identified a distribution substation at an unsafe location.	Saudi Electricity Regulatory Authority
Coordinating with the National Center for Environmental Compliance to obtain the center's approval.	SAR 10,000	Failing to comply with the center's approval requirements for implementing the environmental rehabilitation plan.	National Center for Environmental Compliance Monitoring
<ol style="list-style-type: none"> <li>Updating the agreement with King Salman Energy City to remove the scope in accordance with the updated license.</li> <li>Coordinating with the Compliance Department and the Regulatory Affairs Department to ensure that the relevant departments comply with the licensed scope granted to the company</li> </ol>	SAR 50,000	Conducting tower service activities in King Salman Energy City despite the removal of the tower activity category from the company's license – Category (A) for wholesale infrastructure licensing	Communications, Space & Technology Commission

Company Procedures to Prevent Recurrence	Value	Cause	The authority for imposing penalties or fines
<ol style="list-style-type: none"> <li>Coordinating with the Communications Authority to approve a work plan for implementing fundamental cybersecurity controls.</li> <li>Building internal capabilities and activating the Cybersecurity Management function</li> <li>Completion of a project to develop and update cybersecurity policies and procedures, in addition to an updated strategy and roadmap</li> </ol>	SAR 15,000	Failure to comply with 81 out of 178 fundamental cybersecurity control	Communications, Space & Technology Commission
<ol style="list-style-type: none"> <li>Reviewing and updating regulatory procedures to ensure the company complies with the legally mandated service delivery timelines.</li> <li>Coordinating with the Compliance Department and the Regulatory Affairs Department to ensure that the relevant departments adhere to regulatory timelines and provide services in accordance with the company's commitments.</li> </ol>	SAR 20,000	Failure to provide fiber optic connection service to the customer without valid and proven technical reasons or regulatory restrictions preventing it	Communications, Space & Technology Commission



## Business Continuity Management

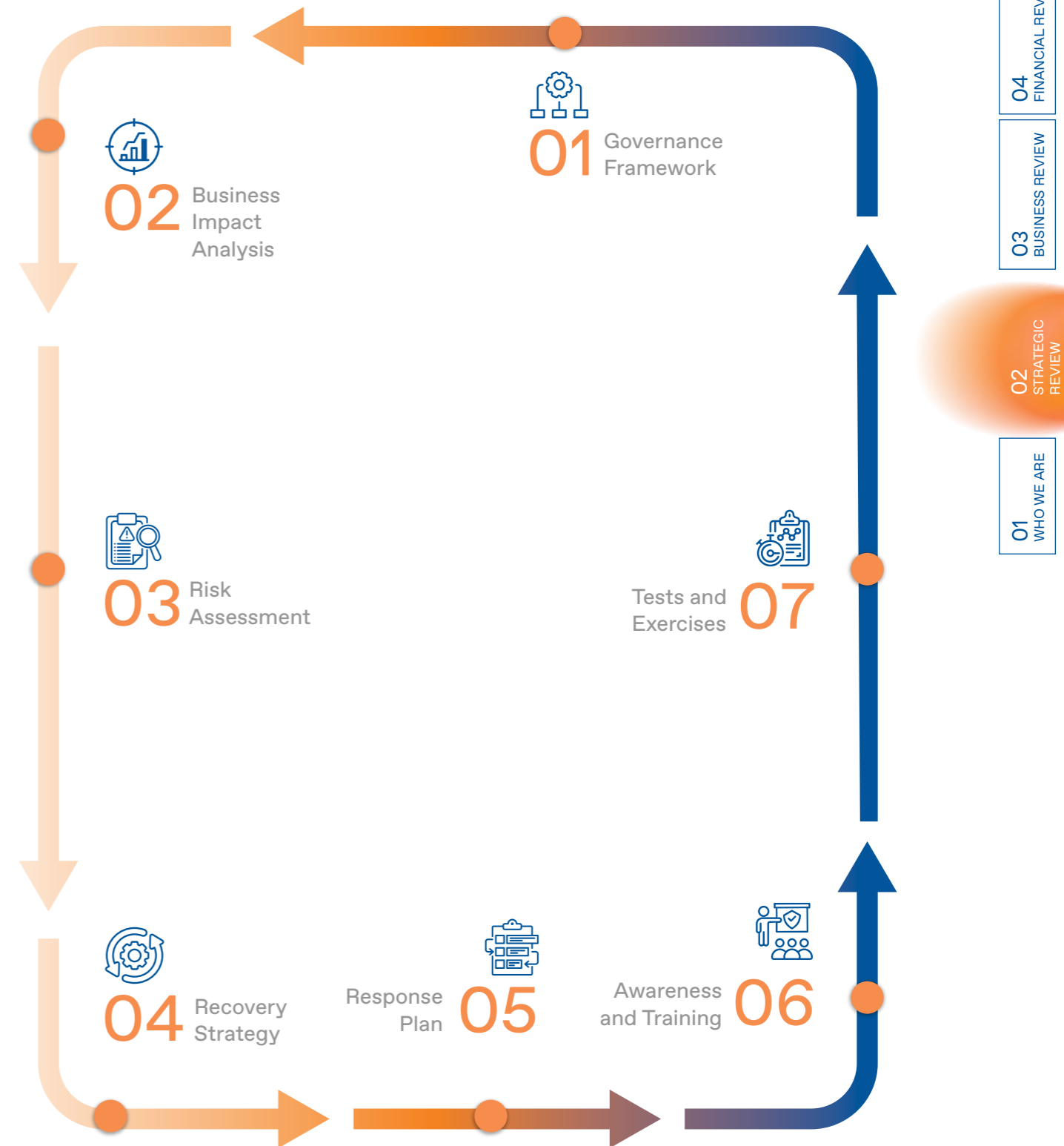
### Ensuring Resilience: Business Continuity Management at SEC

The Business Continuity Management (BCM) Framework at SEC is a robust and structured system designed to ensure uninterrupted operations and align with the global ISO 22301:2019 standard. Developed per regulatory requirements and SEC's strategic objectives, the framework integrates governance, procedures, business impact analysis, recovery strategies, continuity plans, and regular testing to guarantee the reliable provisions of electrical services.

The primary aim of the BCM Framework is to enhance SEC's resilience by enabling effective responses and swift recovery

from operational disruptions. By identifying potential threats, evaluating their impacts, and developing mitigation strategies, the framework safeguards the company's interests, reputation, and stakeholders while ensuring seamless operations.

SEC's BCM system is both integrated and comprehensive, closely linking operational sustainability with the achievement of strategic goals. It follows a structured process comprising the following core components:



## Navigating Electricity Production, Transmission, and Distribution Risks & Challenges

### Generation risks

In a rapidly evolving energy landscape shaped by Vision 2030 initiatives, SEC faces the critical challenge of ensuring a safe and effective electricity supply. The company remains steadfast in optimizing resource utilization to enhance readiness and reliability while reducing production costs. To address these risks, SEC is committed to developing sustainable solutions supported by advanced technologies and skilled human capital. By improving operational efficiency and adhering to regulatory requirements, SEC ensures reliable and sustainable energy production.

To further mitigate the risks associated with unavailability during peak operational seasons, SEC implemented comprehensive maintenance plans for power production units in 2024. These efforts focused on maintaining large-capacity units, such as steam turbines, with 55% of maintenance activities targeting these units and a 25% increase in overall planned maintenance during the maintenance season. These measures ensure full readiness

to meet rising demand and support the reliable delivery of electricity in the coming operational season.

### Transmission Risks

The National Electricity Transmission Company leverages global best practices to manage potential risks to the transmission system. By adopting innovative strategies and implementing capital projects aligned with the Kingdom's economic development, the company strengthens infrastructure and ensures the consistent delivery of reliable electricity services that meet customer needs.

To address the challenge of low network resilience, the company has implemented a robust and comprehensive action plan, supported by continuous monitoring through KRIs. These measures enhance the system's ability to withstand potential disruptions and ensure uninterrupted electricity transmission across the network.

### Distribution Risks

SEC proactively addresses risks associated with electricity distribution, focusing on reducing energy losses and improving the customer experience. Through targeted projects and initiatives, the company enhances energy efficiency and service reliability while operating in line with international best practices. This approach underscores SEC's commitment to delivering high-quality, dependable services to customers across the Kingdom.

To mitigate distribution losses exceeding set targets and to lead in customer experience, SEC has implemented a robust and comprehensive action plan, supported by continuous monitoring through KRIs. These measures ensure the company meets performance goals while consistently improving service quality and customer satisfaction.

## Managing Financial Risks for Stability and Resilience

SEC employs robust strategies to address various financial risks, including credit and liquidity challenges, which are proactively managed to safeguard the company's financial health and support its strategic objectives.

### Credit Risks

Credit risks arise from potential financial losses if a customer or counterparty fails to fulfill their obligations. SEC adopts a prudent approach to manage these risks by depositing cash with banks and financial institutions that meet stringent credit rating criteria. The primary credit risk lies in trade receivables, which the company manages using a simplified model to estimate expected credit losses. SEC is confident in its ability

to recover the majority of receivables by leveraging its right to suspend services for overdue accounts and pursuing legal measures through relevant authorities when necessary.

### Liquidity Risks

Liquidity risks stem from challenges in securing sufficient cash to meet current and future obligations. SEC mitigates these risks by maintaining adequate cash reserves generated from operating cash flows and ensuring access to credit facilities and financing. This approach helps the company manage cash flow fluctuations caused by the seasonal nature of electricity consumption in the Kingdom. To maximize financial returns, SEC invests surplus cash in secure and reliable channels, generating additional income and ensuring its ability to meet financial commitments while maintaining operational stability.

## Navigating Market Risks: Proactive Risk Mitigation

Market risks arise from fluctuations in local and global financial markets and are categorized into foreign currency exchange risks, interest rate risks, other price risks, and insurance. SEC employs comprehensive strategies to mitigate these risks, ensuring financial stability and operational continuity.

### Foreign Currency Exchange Risks

Foreign currency exchange risks occur when transactions, assets, or liabilities are denominated in currencies other than the Saudi Riyal (SAR). However, as the SAR is pegged to the US Dollar (USD) at a stable exchange rate of SAR 3.75 per 1 USD, SEC's critical transactions face minimal exposure to foreign exchange risks.

### Interest Rate Risks

Interest rate risks stem from fluctuations in market interest rates, primarily affecting the company's variable-rate loans. Changes in interest rates impact cash flows associated with these loans. To mitigate this exposure, SEC employs hedging agreements that convert variable-rate loans into fixed-rate loans, aligning with the company's approved risk management policies.

### Other Price Risks

Other price risks refer to market price changes unrelated to currency or interest rates. SEC's exposure is linked to fair value risks arising from fluctuations in the prices of financial assets. Since its financial assets primarily consist of non-listed securities classified under other comprehensive income, these risks are not considered significant.

### Insurance Risks

SEC's operations involve inherent risks related to energy production, transmission, and distribution, including potential damages from extraordinary events. These risks may lead to operational disruptions, injuries,

fatalities, or damage to company or third-party assets. To address these challenges, SEC maintains robust insurance policies tailored to its operational needs. These policies cover damages to assets, third-party liabilities, and specific risks associated with its operations. SEC continuously assesses its insurance coverage to ensure alignment with evolving local and international standards. However, certain material losses may not be fully covered, potentially impacting the company's operations, financial results, or overall position.

### Addressing Technological Change & Cybersecurity Risks

The Saudi Electricity Company places the highest importance on enhancing cybersecurity and protecting its infrastructure and critical systems. To achieve this, the company adopts the latest security technologies in line with international standards. As part of its ongoing efforts to reduce the risks of cyberattacks, the company continuously develops its capabilities to ensure the highest levels of protection. Its security monitoring centers

operate around the clock to enable rapid incident response and safeguard the company's assets and sensitive data.

SEC's dedicated cybersecurity team has achieved excellence in compliance with the Kingdom's cybersecurity regulations and standards, as set by the National Cybersecurity Authority. This commitment highlights the company's focus on advancing the maturity of its cybersecurity operations, protecting its infrastructure, and mitigating emerging threats in an era of rapid technological change.

### Navigating Workforce Risks and Strengthening Human Capital

Human Resources at SEC addresses critical human capital risks, including challenges in attracting and retaining top talent, as well as issues related to productivity, leadership readiness, employee engagement, and performance management. These risks, if not managed effectively, can

impact the company's ability to maintain a skilled and motivated workforce capable of driving its performance goals.

To mitigate these risks, SEC has implemented comprehensive plans and initiatives aimed at enhancing employee capabilities, improving engagement, and fostering a positive and supportive work environment that promotes long-term organizational success. The following initiatives are being carried out to address these challenges:

### Developing Leaders and Talent

HR placed significant focus on leadership and talent development, achieving remarkable milestones in 2024:

- Delivered over 6,850 training days for leadership and talent development through 48 specialized courses designed to enhance leadership readiness.

- Facilitated participation of company leaders in programs at renowned global institutions such as Harvard, MIT, and the London Business School.
- Developed more than 770 employees through talent programs, including global initiatives, foundational leadership courses, and intensive programs hosted at SEC's Executive Leadership Development Center in collaboration with Bain Academy and Dale Carnegie.
- Provided 3,600 hours of personalized training to 577 leaders and talents.
- SEC Efforts were recognized with the "Leadership Development Excellence Award" for 2024 by SHRM MENA.

### Strengthening Employee Training Programs

SEC launched a new Learning Management System (We Learn) in May, offering employees access to a diverse range of career-aligned development

programs. This contributed to a significant increase in training days and boosted engagement levels across the company. Key achievements include:

- Delivered 3,499 professional certifications through specialized, advanced training accredited by external bodies.
- Developed clear development paths and tailored plans for individual employees.
- Updated core, technical, and behavioral competencies in collaboration with stakeholders to align with career development programs.
- Launched reskilling and upskilling initiatives, improving employee readiness for evolving roles.
- Measured employee satisfaction with training courses, ensuring continuous program enhancements.

### Enhancing Employee Communication

Transparency and effective communication were prioritized through a comprehensive strategy that fostered a motivating work environment. Highlights include:

- **“With You” Field Visits:** Conducted site visits to strengthen direct communication, address employee feedback, and provide required services.
- **Events and Communication Channels:** Organized numerous events and expanded communication channels to connect employees across locations and job levels, increasing overall satisfaction.

### Improving Performance Management

To ensure fairness and transparency in performance management, HR introduced several enhancements:

- Developed an objective, measurable performance management approach aligned with the company’s strategic vision.

- Improved employee performance indicators to be intelligent, measurable, and aligned with strategic goals.
- Strengthened integration of employee goals with company objectives, boosting engagement and fostering a positive, performance-driven work environment.

### Managing Risks and Challenges Across Supply Chains

Since 2024, SEC faced a diverse range of risks and challenges across its operations, including supply chain disruptions stemming from geopolitical instability in the Middle East and other regions. To ensure stability, the company has diversified its sources, enhanced local content through industrial localization and knowledge transfer, and closely monitored supply chains. By coordinating with partners, SEC has mitigated raw material price fluctuations, set clear expectations, and developed contingency plans to address potential disruptions.

### Managing Risks & Challenges on Safety, Security and Environment

The company has been taking proactive measures and strategic initiatives have been implemented to address challenges related to safety, security and the environment, ensuring stability, compliance, and operational excellence.

### Safety and Loss Prevention

Adhering to government regulations and international safety standards, SEC has implemented a comprehensive safety and occupational health management system. This system includes policies, standards, and global best practices to maximize protection for lives and assets. Additionally, SEC conducts awareness programs, training sessions alongside supervision, and regular audits to promote a culture of safety, ensuring business continuity and loss prevention.

### Industrial Security

SEC prioritizes industrial security by aligning with regulatory and legal requirements, identifying and mitigating risks, and preparing for emergencies. With five security operation centers and over 12,000 security cameras monitoring over 400 sensitive sites, the company ensures the protection of personal assets. Specialized training programs have been provided to over 5,000 employees, and enhanced security capabilities including security patrols and advanced systems have helped with addressing incidents and implementing preventive measures to avoid recurrence.

### Fire Prevention

Strategic fire prevention initiatives have been launched, leveraging advanced technologies for fire risk assessment. SEC conducts regular inspections and audits, partnering with entities like the National Fire Protection Association (NFPA) and Saudi Aramco to implement best practices in fire safety.

### Environmental Protection and Sustainability

Amid growing electricity demand, SEC is reducing reliance on liquid fuels, increasing clean energy use, and lowering carbon emissions in line with Saudi Vision 2030. The company has updated its Environmental Management System to comply with evolving regulations and partnered with key entities to promote sustainability, combat climate change, and preserve biodiversity.

### Crisis and Disaster Management

SEC’s Industrial Disaster and Crisis Management Department employs innovative techniques to analyze crises, prepares response plans, and allocates resources efficiently. The company’s investment in digital transformation has automated emergency operations, ensuring alignment with global best practices. SEC operates five mobile command centers with satellite communication and achieved 100% compliance with

the General Secretariat of the National Risk Council standards, earning ISO 22361 certification for crisis and disaster management.

### Reputation and Media Risks

To safeguard its reputation, SEC actively manages risks related to media and social platform content. The Corporate Communications and Marketing department implements strategic plans to align media interactions with the company’s external communication strategy. Continuous monitoring by specialized centers enables quick responses to mitigate risks and preserve the company’s image among stakeholders and investors.



# 03

## Business Review

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# Operational Excellence

SEC powers the Kingdom of Saudi Arabia by seamlessly integrating its three core businesses: generation, transmission, and distribution infrastructure. SEC is the largest utility company in the Middle East and North Africa, maintaining an electricity generation capacity exceeding 56.4 GW. Over the past fiscal year, we have consistently elevated operational standards, ensuring a reliable, safe, and sustainable electricity supply for the Kingdom.

Our commitment extends beyond infrastructure to enhancing service performance, increasing customer satisfaction and shaping the future of energy in Saudi Arabia. Our operations are guided by international regulations, domestic legislation, and the Kingdom's Vision 2030 goals. In the past year, we have demonstrated high standards of operations through increased generation productivity, expansion of the national grid to cover remote regions, improved energy efficiency, and application of advanced technologies to meet growing energy demands. However, we continue to strive towards our mission for excellence across our operations.

## Leading Excellence: Engineering for Operational Success

SEC is standardizing and governing technical procedures in the Chief Engineer Services, while applying best practices in asset management, to achieve the following:

### Capital Spending Efficiency

Continuing work on applying capital spending efficiency tools before or during the stages of launching capital projects, which enabled the Company to avoid costs estimated at approximately SAR 14.8B

### Qualification of Manufacturers and Contractors

Work has begun on qualifying manufacturers and contractors (in the fast track) in order to keep pace with the increase in the number of projects and requests for electrical equipment.

### Asset Management and Governance

The asset management strategy was prepared and developed in addition to preparing more than 4000 documents related to quality control and engineering

governance of the Company's assets in order to achieve the Company's goals and support the reliability of the electrical system.

### Root Cause Analysis of Power Outages

The root cause analysis of 20 power outages for technical reasons was completed, and 130 recommendations were issued to prevent the recurrence of outages and address their root causes, in addition to completing 8 technical engineering studies and issuing 54 recommendations to improve the operational performance of the electrical system, enhance its reliability and improve customer experience.

### Technical Development of Critical and Qualitative Specializations

The Company approved the organizational framework for the technical development of its employees in critical and qualitative positions—those that significantly influence the operations of its critical works. This development initiative aims to sustain highly efficient technical expertise within the Company, ensuring long-term operational excellence



## Generation

The electricity generation activity is a major activity in the company, whose mission is to provide sufficient electricity generation capacity and power using highly reliable and highly prepared production technologies to meet the growing demand for electricity while striving to optimally utilize resources and capabilities to achieve the main goal that the company aims for in ensuring highly reliable and secure supplies of electricity while reducing costs.

Our company leads the energy sector in the Kingdom, contributing more than 67% of the total generation capacity nationwide.

### Driving Capacity Growth and Energy Efficiency in Power Generation

In 2024, SEC overcame challenges such as increased peak demand in summer and reliability of aging units to achieve significant operational milestones. The company generated 236.4 terawatt-hours (TWh), representing over 57% of

the Kingdom's total electricity production, with a 7% growth in total available capacity by the end of 2024. SEC achieved a generation efficiency exceeding 38% by consuming around 400M barrels of oil equivalent.

The Generation business line achieved an 87.6% year-round capacity availability (compared to 82% in 2023), exceeding the 2024 targets of 85%. Additionally, our capacity availability in summer has improved from 89% in 2023 to an all-time high of 95.7% in 2024.

To meet rising demand and strengthen grid readiness, SEC implemented extensive maintenance plans across its generation units in 2024. We prioritized health and safety protocols, environmental best practices, compliance with domestic and international regulations, and a commitment to achieving excellence.

### Boosting Reliability with Restoration of Retired Units

We successfully completed the first phase of our initiative to revive retired units to service, enhancing the network's reserve margin and ensuring short-term power supply reliability. In 2024, 35 power generation units were restored which added a total capacity of 1.6 GW. The second phase is now underway, aiming to restore 13 gas units with an additional capacity of 700 MW, bringing the total restored capacity to 2.2 GW.

### Unlocking savings and efficiency through improvement programs

We achieved savings exceeding SAR 19M in 2024 through multiple improvement studies and quality and innovation programs. Select examples of the projects are outlined below:

- Igniting boilers through a non-condensing feeding system, saving more than SAR 7.6M
- Improvement of fire systems procedures, saving more than SAR 5M.

These initiatives leveraged internal expertise and innovation to implement innovative technical measures, increase efficiency, enhance operational systems, and reduce reliance on external support from workshops, manufacturers, or consultants.

### Advancement of innovation and sustainability through Scientific Research

In 2023, we established the Scientific Council to boost the quality of scientific research and improve the contribution of our employees in local and international forums and journals. We completed organizing the technical library, covering all regulations related to generation activity. This resulted in cost savings exceeding SAR 27.6M through council-supported research and innovation.

In 2024, our employees registered two patents, presented scientific papers in nine local and international forums, published four research papers in scientific journals and contributed to obtaining a patent for cryogenic carbon capture technology in collaboration with King Abdullah University of Science and Technology. We are currently testing this technology, which captures 0.25 tons/day, at the Rabigh Power Plant as part of our carbon neutrality efforts.



**Key Achievements: Safety, Emergency Readiness, and Environmental Excellence**

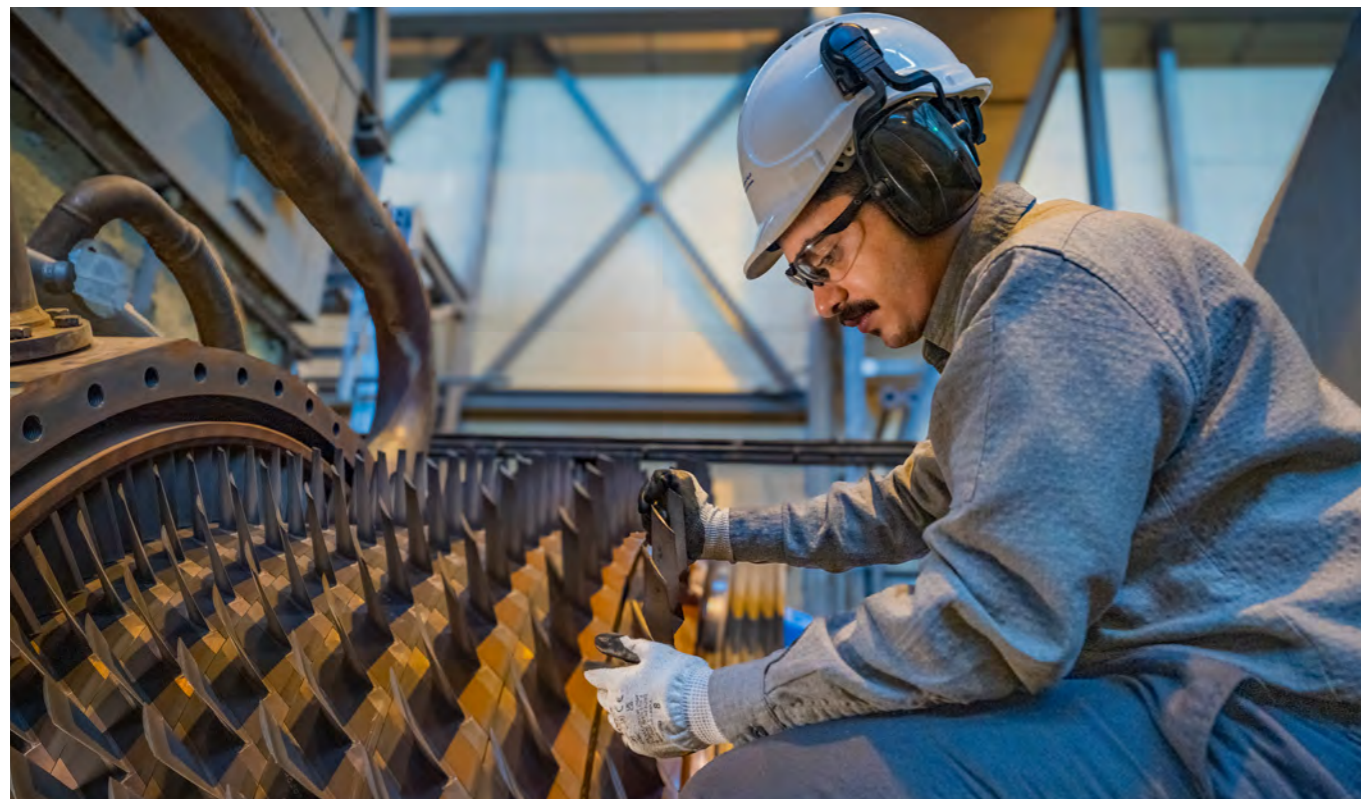
SEC's unwavering dedication to environmental excellence, and the pursuit of our strategic objectives is highlighted through select key achievements. These include:

- **Enhanced Operational Safety:** Achieved over 99% closure of safety observations and inaugurated 34+ safety exhibitions at power generation sites and stations to promote a strong safety culture. Enhanced readiness

and compliance with fire prevention requirements, achieving 100% readiness.

- **Improved Emergency Response:** Developed & updated procedures and controls to protect personnel and assets, ensure business continuity, and maintain grid reliability. Emergency response plans were updated for all power plants.
- **Strengthened Environmental Stewardship:** We strengthened the roles and responsibilities of power generation plants in implementing environmental

protection and sustainability programs. We recorded no environmental incidents, secured 34 permits for our generation plants at a 90% regulatory approval success rate. Compliance reached over 90% in our Environmental Management System and 92% in the Ministry of Environment, Water and Agriculture's index. Additionally, carbon emissions dropped to 148.67M tons, surpassing the 2024 target of 168.5 M tons.



**Strategic Partnerships Expansions**

- Partnership with ACWA Power and KEPCO to develop the Rumah-1 independent power project (IPP), a combined cycle gas turbine (CCGT) plant with a total capacity of 1.8 GW.
- Partnership with ACWA Power and KEPCO to develop the Nairyah-1 IPP, a CCGT plant with a total capacity of 1.8 GW.
- The Saudi Power Purchase Company (SPPC), the principal buyer, approved SEC's expansion of the Rabigh Power Plant by adding 1.2 GW of CCGT capacity to enhance generation capabilities,

meet grid needs, and ensure reliable power supply.

- Development began on expansion projects at the Twelfth Station, Al-Qurayyah, and Ghazlan power plants, adding 9.3 GW of new CCGT capacity to enhance generation capabilities, meet grid needs, and ensure reliable power supply in the coming years.

**Future plans to achieve strategic and operational excellence**

The approved strategic plan outlines several initiatives for the Generation business, designed to advance SEC's future ambitions:

- **Executing Liquid Displacement Program.** The first project, PP10 Phase 1, is planned to be complete by end of 2025
- **Planned capacity expansion:** In 2025, we plan to commission the new Rabigh Power Plant expansion
- **Preparation for reliability:** Ensuring readiness for the summer of 2025 to support electricity supply and ensure system reliability
- **Advancing the digital transformation journey:** Executing multiple initiatives to support the company's digital transformation journey

Total Energy Generated

236.4

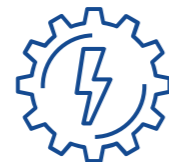
TWh



Actual Generation Capacity

56.41

GW



Thermal Efficiency

37%



Availability (2024)

Annual 87.6%



Summer 95.7%



## Transmission

National Grid SA, a wholly owned subsidiary of SEC plays a critical role in the efficient transmission of electricity within the Kingdom. Through the strategic expansion of the power transmission network which includes substations, transmission lines, and distribution infrastructure, it has enhanced the capacity, flexibility, and reliability of the national energy grid. Furthermore, the grid strengthening has enabled the integration of diverse energy sources into the energy mix which directly supports the Kingdom's national sustainability objectives.

During the past fiscal year, significant milestones in modernizing the electricity transmission infrastructure was achieved. The activation of new transmission lines and adoption of advanced technologies enhanced operational efficiency, enabled better control and monitoring, reduced downtimes, and created a more resilient and efficient energy network.

### National Grid's Strategy

#### Strategic Objectives



##### Meet demand and improve system reliability

Ensuring the sustainability, and reliability of the network to meet the needs of all customers



##### Loss prevention and deploy safety procedures

Ensuring safe & exceptional operational performance.



##### Support KSA energy transition & contribute to ESG score

Investing in enabling renewable energy solutions and clean technologies to protect our planet.



##### Financial Sustainability

Managing financial resources effectively to achieve sustainable growth.



##### Unlock new growth opportunities

Identifying and leveraging new markets, or innovations to drive business expansion and increase revenue.

### Strategic Enablers

#### Human Capital Development

Enhancing the skills and capabilities of employees to ensure superior performance.

#### Digital & Technology Innovation

Embracing digital transformation and integrating modern technologies to improve efficiency and effectiveness.

#### Strategic Partnerships & Stakeholders Management

Building strong relationships with all partners to enhance cooperation and achieve desired results.

#### Strategic Execution Enhancement

Ensure effective Asset Management, Regulation & compliance, Governance Maturity, Funding, and Operating model.

### Values



Safety



Partner Focus



Performance Excellence



Agility



Integrity



Teamwork



**Strengthening Infrastructure for a Resilient Energy Grid**

In 2024, 26 new power transmission substations were commissioned and over 4,000 km of transmission lines were extended, directly enhancing the efficiency and flexibility of the Kingdom's energy transmission grid. The network transformer increased capacity by 2.01%, reaching a total of 497,902 MVA. The company retained full ownership of all executed assets, further strengthening the company's infrastructure ownership and ensuring financial sustainability.

**Advancing Renewable Energy Integration to Meet National Goals**

As part of Saudi Arabia's Vision 2030 objectives, the transition to clean and renewable energy sources has been prioritized, with an aim to reduce reliance on fossil fuels and the advancement toward the Kingdom's goal of achieving 50% of the energy mix from renewable sources by 2030.

Interconnection plans have been finalized for approved renewable energy developer projects with a total capacity of 43.2 GW (6.6 GW energized, 16.4 GW under construction, and 20.2 GW under tendering).

**Advancing technologies for a Smarter Grid**

The company is incorporating modern technologies, including energy storage batteries, direct current transmission lines, and flexible grid systems, into the Kingdom's electricity grid, ensuring high reliability and network stability.

**Strategic Partnerships**

- Signed agreements and implemented plans to deliver electricity to major national projects. Some of these projects include supplying electricity to key developments for the Ministry of Housing and the National Housing Company.
- Liquid fuel displacement across 13 industrial and 5 agricultural projects covering 1,300 MVA of capacity is planned as part of improving operational efficiency and reducing carbon emissions.

**Key Achievements: International Recognition of Quality & Subject Expertise**

- Adoption of quality frameworks such as ISO 9001 and ISO 37301 to improve operational efficiency and uphold quality across all processes.
- Delivery of advanced consultancy services to international entities, including the Electricity and Water Authority of Bahrain, showcasing the company's technical expertise and commitment to regional collaboration. Preparation of initial plans and feasibility studies for international electrical interconnections with Italy, Greece, and India to foster regional and global energy cooperation.

**Enabling Sustainability**

To support sustainability within the organization, a Battery Energy Storage Solution (BESS) and a Solar PV System initiative were implemented within various substations to cut down carbon emissions and enhance sustainability.





**Future plans to achieve strategic & operational excellence:**

At National Grid SA, innovation and sustainability drives the progress towards national objectives. The achievements of 2024 highlight the dedication to building a robust infrastructure for electrical energy. The company remains committed to enhancing efficiency, improving service quality for customers, and ensuring grid reliability, all in alignment with Saudi Arabia's Vision 2030 through following initiatives:

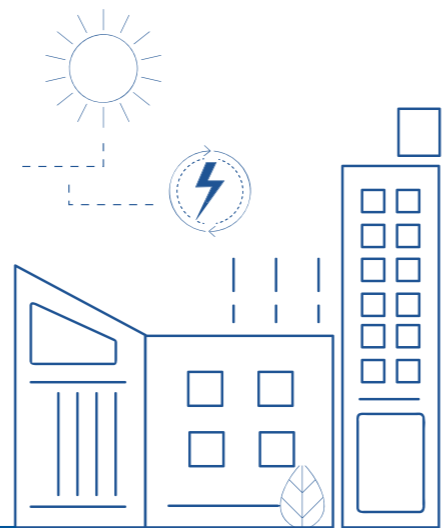
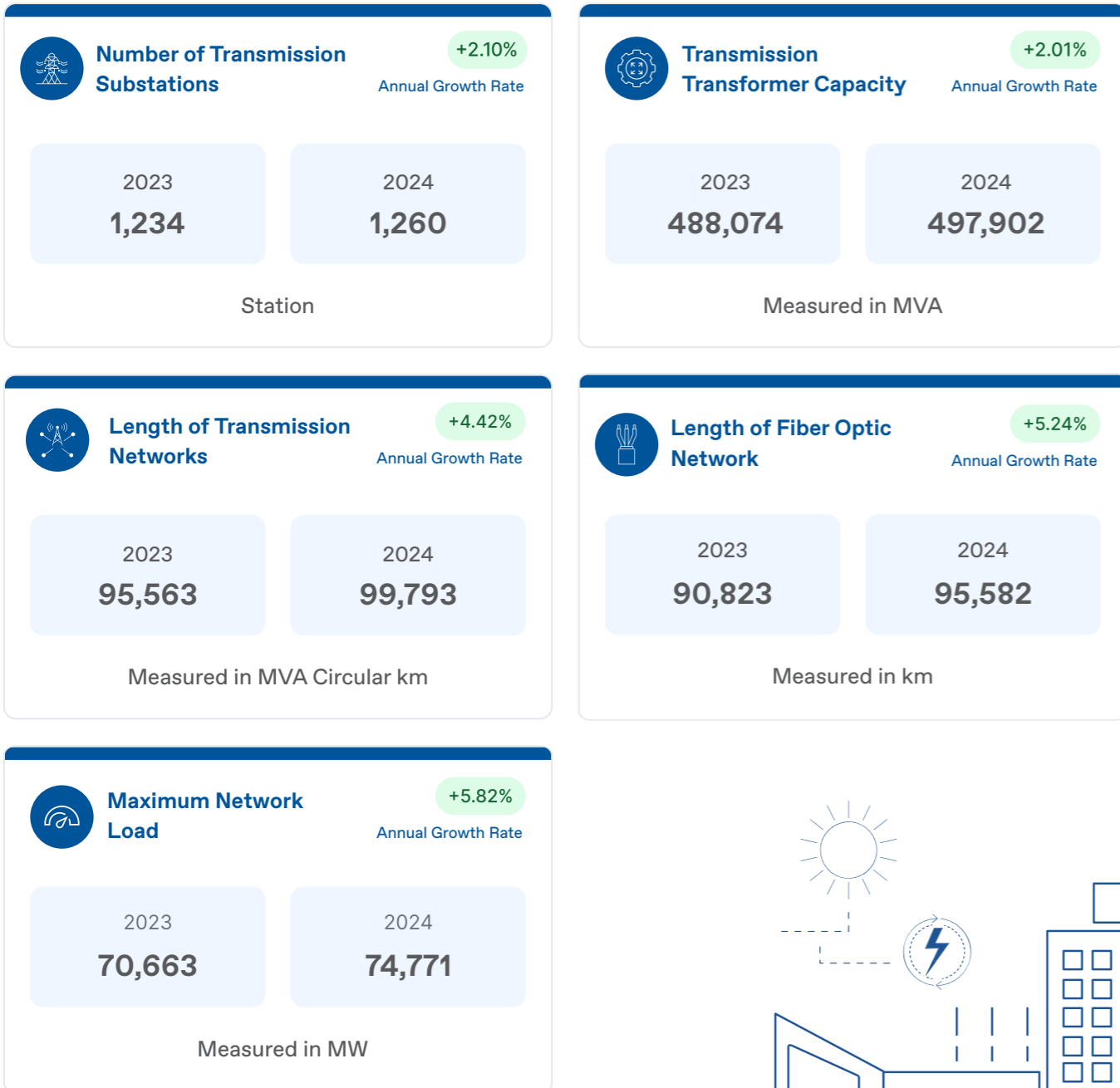
- **Strategic Investment in our Grid:** Continued significant investments in advancing technology, sustainability, and operational excellence to improve grid reliability and enable the integration of diverse energy sources to achieve the national sustainability goals.

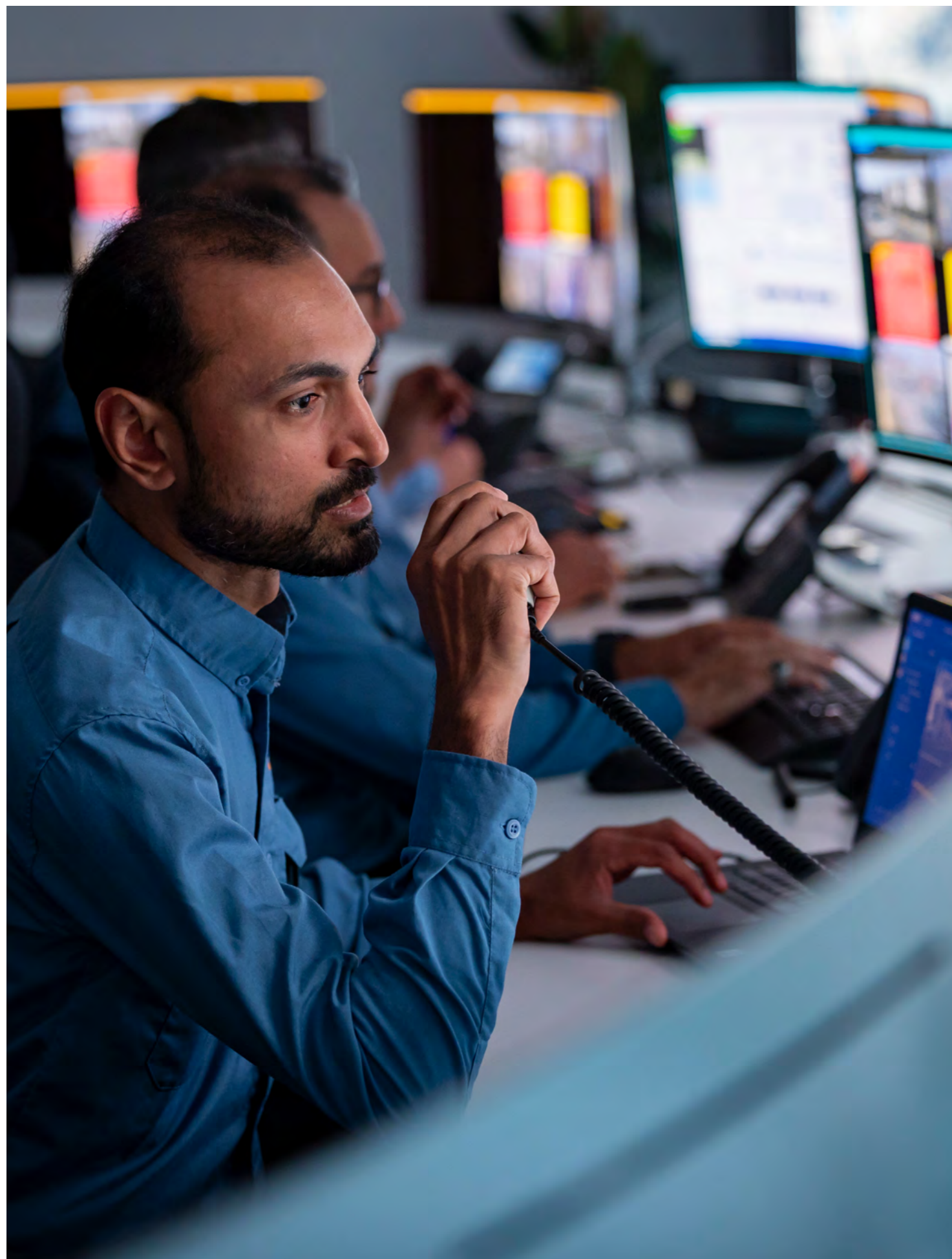
- **Enhancing our Digital Maturity:** National Grid SA aims to achieve 60% digital maturity in asset data management by 2025 in alignment with its digital transformation strategy. The company has made significant progress in this direction by implementing advanced solutions to manage various activities throughout the asset lifecycle. This has contributed to improving asset registration, tracking maintenance work orders, and managing outage requests through a unified platform.
- In 2024, National Grid SA made a major leap in its journey toward implementing the asset management concept through the digital transformation by completing Information Management System Implementation project (Osoul) in partnership with IBM. This system focuses

on managing maintenance and operation tasks, monitoring asset performance, and tracking asset health index on a unified platform across all stakeholders.

- **Accelerating Renewable Energy:** Continue to enhance the Renewable Energy Management Centre (REMC) by using advanced technologies to improve monitoring and management of renewable energy production.

Performance Statistics





## Distribution and Customer Services

The Distribution and Customer Services function is responsible for receiving electrical power from transmission and delivering it to end-users across all customer segments via an integrated network of underground cables, overhead lines, and transformers until it reaches the installed meters at customer premises. The function ensures accurate consumption measurement, billing issuance, high service levels, and efficient complaint resolution, to enhance customer satisfaction across all services.

The journey of development within the function has been filled with challenges and transformations, leading to numerous achievements and the establishment of a modern operational model. This was realized through a significant digital transformation across all areas, systems, and services, including replacing all mechanical meters with smart meters, automating the network, enhancing the service connection process, and fundamentally

transforming customer service in line with the highest global standards. This has benefited over 11M customers across more than 13,000 cities, towns and villages through a distribution network exceeding 800,000 kilometers in length.

The Distribution and Customer Services function aims to provide customers with a reliable and secure electricity service by implementing a systematic and continuous plan to improve service levels. This commitment is underpinned by the execution of annual plans and programs designed to deliver high-quality services using the latest technologies, simplifying all service access procedures, and continuously improving customer satisfaction. To achieve these goals, the function has developed its strategy in alignment with the corporate strategy of the Saudi Electricity Company, based on the following strategic pillars:

- Securing supply and improving reliability.

- Safety and operational excellence.
- Environmental, social, and governance (ESG) policies.
- Financial sustainability.
- Localization and local content.
- Leading brand and customer experience.

### The Two Holy Mosques and the Holy Sites

Providing electricity services to the Two Holy Mosques and the Holy Sites remains a top priority for the Distribution and Customer Services function to ensure the uninterrupted supply of reliable electricity round the clock. The efforts for the Hajj season of 1445 AH were successful, first and foremost by the grace of God, and then due to the dedication and collaboration of the outstanding staff across all company function. They worked and prepared early for this blessed season as follows:

**Distribution & Customer Service Enhancements for 1445 Hajj Season**

**Control Centers:**

- Establishing a smart meter control center in the Holy Sites.
- Establishing a cybersecurity control center in the Holy Sites.

**Network Enhancement and Monitoring:**

- Automating all distribution substations in the Holy Sites.
- Connecting smart equipment in the Holy Sites to the Makkah Distribution Control Center via a fiber optic network (over 350 km).
- Launching an advanced platform to monitor medium-voltage networks in the Holy Sites.
- No significant power outages were recorded in Al-Masjid Al-Haram and the Holy Sites, despite unprecedented peak loads reaching 102 MW in Al-Masjid Al-Haram, 454 MW in Arafat, and 343 MW in Mina.

**Distribution and Customer Services Business Line Achievements 2024**

**Customer Experience**

- Launch of the “Addadi” program to document electricity meters under the actual user’s name.
- Pilot launch of a prepaid service offering flexible payment options tailored to different customer needs.
- The Saudi Electricity Company received 15 local and international awards in customer experience competitions, including:
  - **SCXA™24 Riyadh:** Six awards for customer experience, including Best Digital Experience, “Customer at the Heart of Everything,” Best Customer Strategy, Best Use of Customer Feedback, Best Customer Experience During Crisis, and Best Learning and Development.
  - **CX Live Show London:** Three international awards for Best Digital Experience, Best Customer Voice Strategy, and Best Guest Experience in Customer Service Centers.
- **iCXA™24 London:** Six international awards in Best User Experience, Best Complaint Handling, Best Digital Customer Experience, Best Innovation in Customer Experience, Best Customer Experience Strategy, and Best Use of Technology.
- **‘Hayyak’ Quality Certification:** Two quality certifications from the Saudi Standards, Metrology, and Quality Organization (SASO).
- Launch of electricity bill payment using ‘Qitaf’ points from STC via the Al Kahraba, benefiting over 120,000 customers.
- Agreement with Al Rajhi Bank to enable customers to pay electricity bills using ‘Mokafaa’ points through the AlKahraba App.
- Standardization and renovation of 126 customer service halls and the introduction of the ‘Meet and Greet’ program to elevate customer experience.
- Launch of a digital complaint

journey within the AlKahraba App, allowing customers to track complaints, receive notifications, and stay updated.

- Introduction of digital payment for electricity service connection requests via the AlKahraba App.
- Launch of a service allowing customers to verify outstanding amounts using their national ID via the Al Kahraba App.
- Phase two rollout of the service quality improvement program across 25 additional customer service offices, utilizing artificial intelligence to assess service sessions.
- Introduction of a chatbot service on the Company’s website.
- The Electricity Company App achieved a 4.7 out of 5 rating on iOS and Android stores, with over 70,000 reviews.
- Centralized complaint processing and development of an end-to-

end complaint resolution journey, reducing billing complaints by 45%.

- Consolidation of contact centers (920001100 and 933) into a single customer service channel (933) for streamlined customer interactions.
- Launch of the updated ‘Hesabi 2.0’ service with enhanced governance, a simplified digital journey, and new features such as account ownership disclaimers.

**Operational Excellence**

- Developing modern specifications that align with global best practices for Smart Substations, representing a transformative leap in the concept of smart grids, control centers, in distribution and customer services business line.
- Achieving integration across distribution systems by improving the quality of distribution asset data and launching Phase 1 of the unified distribution asset registration and documentation project across various systems.

- Developing methodologies and programs for replacing aging and non-standard distribution assets.
- Enhancing methodologies for asset performance monitoring and fault analysis related to distribution networks and equipment.
- Developing the new violations system (C4C) and tampering ticketing systems in compliance with the Saudi Electricity Regulatory Authority’s requirements.
- Enhancing smart meter systems using artificial intelligence to automate the detection of meter tampering alarms.
- Advancing distribution systems by introducing new process flow paths for asset reception units.
- Developing and launching interactive platforms to enhance oversight on the execution of new projects and all phases of electricity service delivery.

- Adopting and activating the “Emergency Response Guide for Power Outages” across all electricity departments to ensure an effective and rapid response to service interruptions.
- Developing and implementing fire analysis guides for smart meters and medium and low-voltage network equipment.
- Completing the rollout of individual and mass outage notification tickets based on smart meter data through the completion of the non-standard meter replacement initiative (Legacy Meters).
- Optimizing the use of load data from smart meters by developing software that proactively identifies distribution transformers and low-voltage networks requiring reinforcement or replacement projects.
- Developing a methodology and mechanism for identifying low-performing feeders, focusing on improving outage frequency and duration indicators, rather than solely relying on outage duration as in the previous approach.

- Enhancing and strengthening project execution oversight by engaging specialized consulting firms for project supervision, leading to improved execution quality and a reduction in visual distortion complaints related to contractor activities.
- Launching dedicated online services for small-scale solar energy systems, renewable energy systems, and electric vehicle chargers, enabling customers to submit installation requests via the company’s official website.

#### Smart Networks and Equipment

- Awarding contracts worth SAR 1.9B for the establishment of smart control centers.
- Installation of 40,124 smart devices in distribution networks, raising automation levels to 36.37%.
- Procurement of 48,700 smart devices, 98% of which were manufactured locally.
- Digitization of single-line diagrams for over 28,000 medium-voltage feeders in control systems.

- Development of advanced digital network mapping features for automated relay status recognition, network connection status, and real-time readings.
- Integration of over 80,000 smart switches with distribution control systems, defining over 3M smart equipment data points.
- Full automation of the medium-voltage network in the Holy Sites and its connection to the fiber network.
- Execution of the largest power network simulation project in terms of coverage and customer volume, using ESRI Utility Network GIS technology, completed in 10 months, saving SAR 138M.

#### Smart Metering System

- Development of multiple interactive platforms to monitor disconnection and reconnection, fault tickets, peak loads, smart meters in the Holy Sites, data segment monitoring, and real-time ticket tracking.

- Enhancement of electricity consumption analysis using smart meter readings to provide customers with detailed household appliance consumption insights.
- Inclusion of decimal fractions in meter readings on issued bills.
- Development of a mechanism to calculate unbilled consumption.
- Development of a forecasting mechanism for customer consumption based on historical usage patterns.
- Implementation of the Field Workforce Management System (IFS) across the entire Eastern Business Unit.
- Integration of smart meter data exchange with the Saudi Electricity Regulatory Authority.
- Enhancement of the process for opening individual and aggregated outage tickets to improve guaranteed service level calculations.

#### Financial Sustainability

The Distribution and Customer Services function played a pivotal role in supporting the Company’s financial sustainability objectives by enhancing cash flows to cover capital, operational, and financial expenses. Several initiatives and projects were implemented to improve collection efficiency, reduce outstanding receivables, and achieve financial targets, including:

- **Regulatory alignment of service disconnection grace periods:** Reduced the grace period for bill payments from 120 days to 90 days in compliance with regulations, leading to lower outstanding debts and increased cash collections.
- **Government debt settlement:** Settled SAR 4B in outstanding financial obligations with the Ministry of Finance, clearing all government debts for 2023.

- **Legal enforcement for receivables collection:** Resolved 216 cases and recovered over SAR 21M in overdue receivables.
- **Enhancing receivables management through payment reminders:** Partnered with “Elm” to enhance the payment reminder system, improving customer experience and reducing overdue balances.
- **Regulating partial payments:** Limited partial payments to twice a year instead of allowing unlimited installments.
- **Expedited account scheduling:** Reduced the processing time for unsuspended accounts from 30 days to 3 days, with multiple daily service disconnection attempts.
- **Implementation of the executive bond:** A legally binding document signed by the customer, allowing direct enforcement through the court system, ensuring faster collection of outstanding dues.

### Operational Model

The Distribution and Customer Services function implemented several improvements to the organizational structure, including:

- Establishment of control centers to ensure the safe and highly reliable management of medium-voltage distribution network operations.
- Rebuilding the operating model in each electricity department according to core workstreams (operations, maintenance, planning, and construction), ensuring specialization, operational excellence, and optimal resource utilization.
- Establishment of centralized organizational units within each electricity department responsible for receiving new assets, verifying their technical integrity, and accurately reflecting them in the systems.

- Transitioning from the previous operating model for low-voltage outage reporting to a centralized model that efficiently manages and documents all operational tasks on low-voltage networks. This ensures worker and public safety through the establishment of 20 Low-Voltage Control Centers nationwide, replacing the previous 80 centers.
- Creation of dedicated asset reception divisions and centralization of low-voltage network management in electricity departments, along with other structural enhancements that significantly clarify roles and responsibilities across organizational units. This ensures standardized work practices across all functions, a single reference point for each task, optimal resource utilization, and specialized career paths that promote employee development.

### Productivity Improvement Program

The Distribution and Customer Services function continues to improve productivity and enhance workforce efficiency, reducing the total number of employees to 13,043 by the end of 2024 from 14,839 at the program's inception.

### Human Capital Development

As part of its commitment to employee development and investment in human capital, the Distribution and Customer Services function focuses on strengthening workforce

capabilities through ongoing development plans. These plans include specialized training and development programs tailored to the needs of different functional levels (leadership, technical, engineering, and operational).

Approximately 3,000 employees have been requalified through carefully designed programs, developed in collaboration with subject matter experts

across various fields. The programs maximize workforce potential and meet operational requirements in areas such as network operations, inspection and maintenance of overhead and underground networks, operation and testing of ring unit protection relays, pre-commissioning tests, control operations, smart meter inspection and tampering detection, and maintenance of electrical networks.



## Operational Sustainability

The Distribution & Customer Services function has launched several key initiatives to enhance environmental protection, including:

- **Insulating power lines to protect wildlife:** Installation of insulators on medium-voltage lines to prevent electric shocks to migratory birds in regions such as Al-Qunfudhah, King Salman Reserve, Farasan, and Shaqraa. The partnership with the National Center for Wildlife continues to expand these efforts.
- **Environmental Management Certification:** The Company obtained ISO 14001 certification for environmental management, demonstrating its commitment to sustainable practices.
- **Enhancing network efficiency and reducing reliance on fuel (Liquid Fuel Displacement Program):** As part of operational excellence initiatives,

nine isolated areas were connected to the main grid, reducing fuel consumption by approximately 600 barrels and saving SAR 130M in annual operational costs.

- **Diversifying raw materials for distribution equipment manufacturing (Petroleum Product Sustainability Program - OSP):** Developed new specifications for low-voltage electrical poles using fiberglass as an alternative to steel, completing their production, testing, and pilot installation in various regions across the Kingdom.
- **Installation of the first smart ring unit free of sulfur hexafluoride gas in the Middle East:** Supporting the adoption of environmentally friendly alternatives in line with global trends in green technology and clean energy use.
- **Compliance with the Ministry of Environment, Water, and Agriculture standards:** The Company achieved an 85% compliance rate with ministry standards, surpassing its 2024 target of 75%.

## Safe Operations

The Distribution & Customer Services function has developed safety systems and procedures to minimize physical risks and ensure rapid emergency responses through the following:

- Conducting multiple simulation exercises between Distribution Control Centers and the Transmission Control Centers to enhance coordination and team communication.
- Implementing business continuity and emergency response plans across 538 locations to ensure teams are prepared for emergency situations.
- Deploying an automated system to analyze past operational risks, mitigate their impact, and prevent recurrence.
- Enhancing fire protection systems by installing firefighting equipment in 120 additional substations to ensure the safety of key distribution stations.



## Research and Development

The Scientific Council for Distribution and Customer Services was established to strengthen research and development efforts in energy demand management. Key initiatives of the council include:

- Collaborating with relevant entities to develop a roadmap for proposed measures and participating in national efforts to achieve net-zero emissions.
- Establishing standards for reviewing scientific papers, employee nomination mechanisms, and identifying research and innovation areas that support sector development.
- Engaging in specialized meetings to discuss the latest research trends in the sector and exchange knowledge with experts and researchers.
- Partnering with Mitsubishi Research Institute to address energy demand management (DSM) challenges, enhance grid stability solutions, and develop a roadmap for sustainable balance.

- Collaborating with global research institutions such as EPRI to tackle distribution challenges and define research priorities for 2025. The council has addressed 85 operational challenges and identified eight key research projects for future innovation, focusing on advanced smart grid and modern substation standards.
- Contributing to Saudi Arabia's 2060 Net Zero plan.
- Reviewing and evaluating 23 scientific papers and summaries, in alignment with research and development requirements regarding intellectual property rights and confidentiality.

Additionally, agreements were signed with Iwan Research Group at King Saud University to organize workshops on artificial intelligence tools, and a partnership was formed with the Research and Development Department to train employees on scientific paper writing. In 2024, over 26 joint training programs were conducted with IEEE PES, benefiting 1,473 employees. These efforts have resulted in significant achievements, including:

### Intellectual Property Certificates from the Saudi Authority for Intellectual Property:

- Patent for a mobile emergency generator container (1 MW).
- Industrial design certificate for a mobile emergency generator.
- Industrial design certificate for a mobile distribution station.

### Patent Registrations with the Saudi Authority for Intellectual Property:

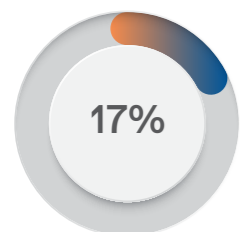
- Patent for a 1 MW mobile distribution station.
- Patent for a system and method for transferring and storing energy from mobile emergency generators to a mobile battery cart for reuse by customers.
- Patent for a fire suppression system using an AI-powered robot (submitted by members of the Scientific Council as the first patent from the Company's scientific councils).

## Future Plans for Strategic and Operational Excellence

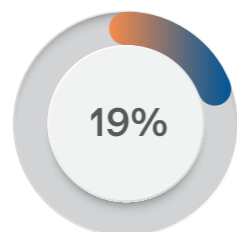
- **Service Reliability Leadership:** The Company aims to achieve top rankings in global reliability standards by 2030, targeting third place in the System Average Interruption Duration Index (SAIDI) and seventh place in the System Average Interruption Frequency Index (SAIFI) among G20 nations in the five largest cities in the Kingdom.
- **Global Standards in Reducing Electricity Losses:** The Company is striving to achieve advanced rankings in distribution network loss rates by 2030, reinforcing its commitment to operational efficiency and sustainability.
- **Expanding the Customer Base:** The Distribution and Customer Services function plans to surpass 13M customers by 2028, reflecting its commitment to delivering electricity services across the Kingdom.
- **Expanding the Distribution Network:** The function aims to exceed 1M kilometers in total network length by 2030, underscoring its commitment to building a robust and advanced infrastructure that meets future demands.



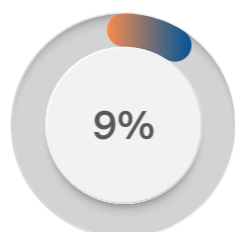
**Key Achievements in Service Quality Improvement 2024 vs. 2023:**



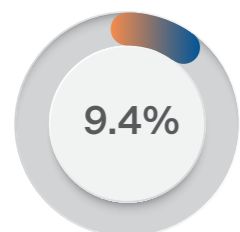
Improvement in SAIDI



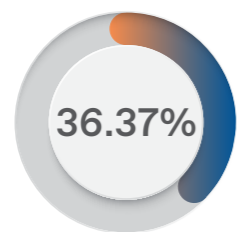
Improvement in SAIFI



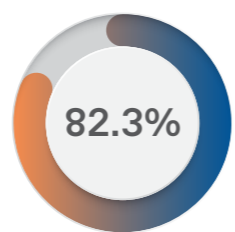
Reduction in service time connection for new customers



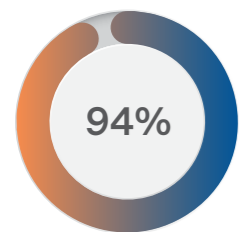
Reduction in distribution network loss rate



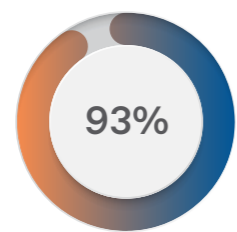
Increase in automation of distribution networks by installing 40,124 smart devices in the distribution networks, (compared to 24.49% in 2023)



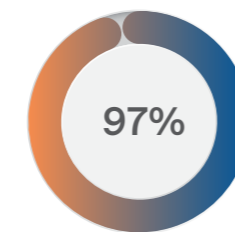
Customer satisfaction rate



Percentage of remote service disconnections



Percentage of remote service restorations



Percentage of remote meter readings



# Digital Transformation

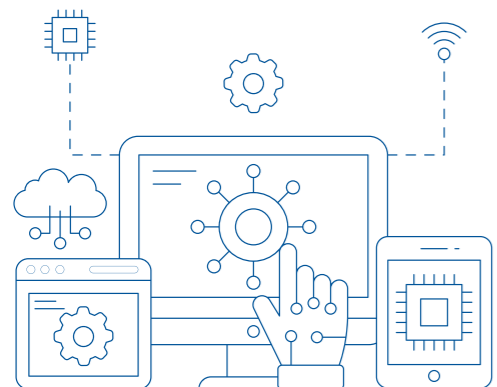
## Digital Transformation Journey

SEC is continuing its digital transformation journey as part of a comprehensive strategy to align with global technological advancements and enhance operational efficiency. The strategy was developed in line with Saudi Vision 2030, which focuses on digital development to build a strong and diversified economy driven by technology and innovation.

SEC is committed to fostering use of local technology and creating job opportunities for Saudi nationals.

The company has implemented integrated digital transformation programs focusing on five key areas:

1. Creating a flexible digital environment through the adoption of modern technologies.
2. Integrating operational activities across the company.
3. Developing talent and fostering a digital culture.
4. Establishing data engines and predictive analytics.
5. Innovating digital platforms that comply with cybersecurity regulations.



## SEC's Digital Transformation Strategy



### Vision

Position SEC as a leading digitalized utility company for the region and beyond, to unlock immediate operational, financial and customer-centric value, by scaling digital capabilities across the ecosystem toward sustainable development.



### Objectives

Achieve highest asset reliability & system resilience with emphasis on safe operations

Amplify financial performance and create digital business as growth engine

Localize digital & AI focused jobs targeting Kingdom's youth

Build a trusted digital brand for employees and customers



### Focus Areas

Digitalized Core Businesses

New Digital Growth

Intelligent Corporate Services

Environment & Safety Pioneers

CX-Next

### Enterprise Architecture Objectives

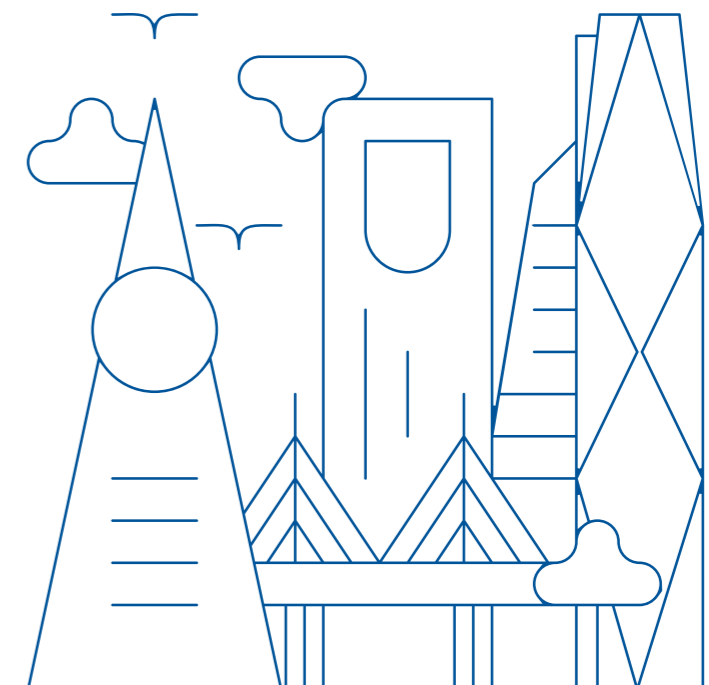
- Translate business strategies into IT investment and migration plans
- Simplify the portfolio to reduce maintenance costs and improve system reliability
- Develop sound project concepts that can be approved for development
- Support the delivery of projects in compliance with standards and the business case

### Enablers

- Digital Talent & Culture
- Data & Insights Engine
- Adaptive Organization & Integrated Ecosystem
- Integrated Business Processes
- Next Gen Platforms with Embedded Cybersecurity

### KPIs of Digital Transformation Strategy

1. Digital Maturity Index
2. Data Quality Score
3. Distribution Automation
4. CAPEX Efficiency
5. Localization
6. Forecasting Accuracy
7. ESG Score
8. CSAT



### Upskilling digital maturity of SEC talent:

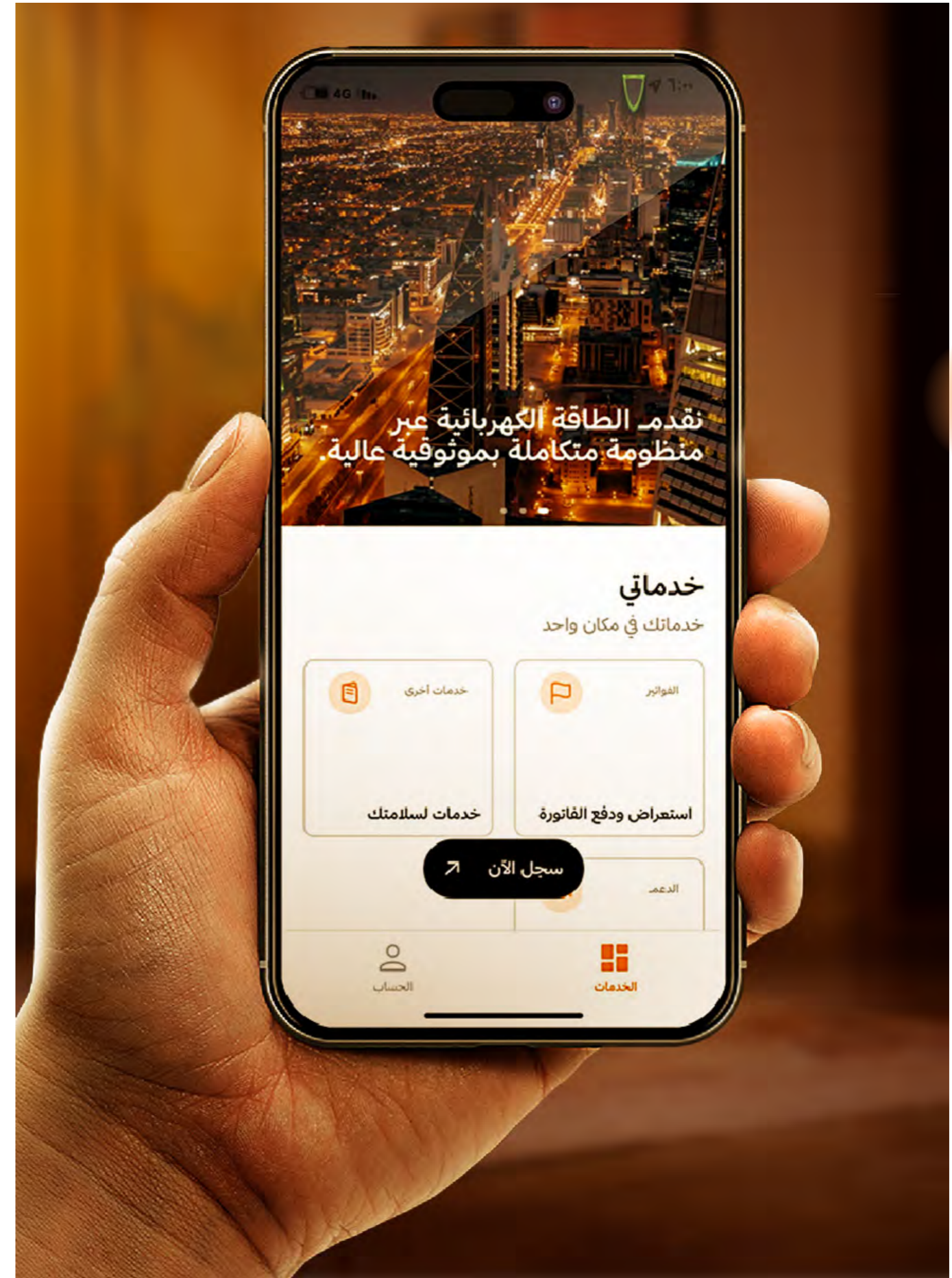
As part of its commitment to digital leadership in 2024, the company organized over 200 training courses and digital awareness workshops, benefiting more than 12,000 employees. It also developed and launched e-learning content through the 'We-Learn' platform, allowing employees to access training materials electronically, thus accelerating employee enablement and reducing training time and effort.

### Key Achievements: Elevated digital experience, operational efficiencies & robotic automation

2024 witnessed transformative digital shifts on a global scale. The company kept pace with emerging technologies that support its operations, enhance customer satisfaction, and protect its assets. Under its ambitious digital strategy, the Digital and Technology function embraced cutting-edge technologies and attracted specialized talent, leading the company to achieve high digital maturity levels.

- **Providing users a superior digital experience:** The company became the first in Saudi Arabia to receive the National Enterprise Architecture Certification from the Digital Government Authority, earning a Level 4 Digital Maturity rating (4.1/5) and an advanced 4.3/5 rating in digital customer experience. As a result, its app ranked among the top 10 apps in the Kingdom.

- **Operational efficiencies through process automation:** Since the launch of its digital transformation strategy in 2022, the company has implemented over 400 digital solutions and automated more than 500 processes. These advancements have improved operational efficiency, saved working hours, and incorporated over 100 advanced digital and AI technologies.
- **Leveraging robotic automation:** Over 100 robots have been deployed for operational automation, complemented by enhanced virtual and augmented reality tools, all contributing to operational excellence and a superior customer experience.



### Recognition: Received Awards and Certifications

The company's growing digital maturity has earned recognition from various local, regional, and global organizations, including several certifications, quality awards, and accolades. Notable achievements include:

Award/Certification	Awarding Entity	Description
National Enterprise Architecture Certification	Digital Government Authority	First KSA company to achieve this certificate with a Level 4 Digital Maturity rating 4.1/5
SAP Ariba Implementation Award	SAP	Best implementation of the contract and procurement management system in Africa and the Middle East
SAP HR Connect Award	SAP	Best implementation of the HR system in Africa and the Middle East
1st Position	Top CEO Awards	Recognized for continuous improvement & innovation
Adam Smith Awards	Treasury Today	Best Treasury Management solution award for company's advancements in fintech and digital transformation across the Middle East
Best Digital Customer & Experience V360 Award	Sitecore Awards & Accenture	Awarded in the Co-Innovation with Customers category for best digital customer experience
XEBO AI Awards	XEBO AI	Excellence in digital customer experience
Bronze Award	ICXA	Best use of technology for customer experience

### Future Plans and Initiatives

Continuing its exciting digital transformation journey, the company has identified 92 new digital use-cases for 2025 spanning across platforms, portals, analytics, process automation & RPA and AI. The company remains focused on leading digital maturity among energy companies and diversifying its revenue streams by developing digital products that meet market demands.



## Strategy & Governance

- **Strengthen Digital Maturity:** Modernize the Digital Maturity Assessment and conduct a Digital Strategy refresh to match the advancement in the emerging technologies, drive digital innovation and productize digital solutions, making 'Digital' as a growth engine.

## Business Process

- **Enhance Customer Journeys:** Focus on seamless digital experiences, especially for new connections.
- **Integrate IT and OT:** Improve network reliability, asset availability, and grid digitization.
- **Simplify System Integration:** Streamline data flows to enable automation and reduce complexity.
- **Automate Compliance/ SERA Reporting:** Implement solutions to extract data from source systems for accurate and timely regulatory submissions

## Data & insights

- **Align Data Models:** Ensure data warehouses/lakes/fabric are aligned with business needs and reliable source data.
- **Rollout Data Quality & Master Data Management:** Increase adoption across all business lines and achieve Asset 360 and Customer 360 target
- **Leverage Data and AI:** Improve asset availability and outage prediction, equipment monitoring, and anomaly detection
- **Centralize Data Platform:** Create a platform for multiple data sources to calculate outage plans
- **Track Carbon Footprint:** Use data to analyze and report on sustainability goals

## Technology & Platforms

- **Modernize Inspections:** Use drones and predictive analytics for transmission and distribution line maintenance.
- **Upgrade ERP:** Implement S/4HANA
- **Simplify User Experience:** Deploy a unified service desk to streamline access to ITSM and enable services.
- **Enable GenAI+:** Build on-prem cloud infrastructure to support generative AI capabilities.
- **Expand IoT:** Deploy more IoT devices and utilize a platform for real-time analytics and intelligent operations.

## Talent & Culture

- **Improve Field Worker Tools:** Enhance the "IFS" intelligent search system for employees.
- **Enhance Knowledge Management:** Create a centralized knowledge base and implement tools for feedback and lessons learned.
- **Foster Data-driven Decisions and Empower Data Stewards:** Encourage the use of data for decision-making, efficiency, and innovation across SEC.
- **Invest in Talent:** Upskill existing staff and recruit new talent in data science, engineering, and digital technologies

## Organization & ecosystem

- **Establish Strategic Partnerships:** Collaborate with cloud providers to access computing power, AI/IoT solutions, and industry-specific expertise.
- **Expand Partner Ecosystem:** Work with IT partners and solution providers to optimize energy production and drive efficiency.
- **Adopt Agile Methodologies:** Implement Scaled Agile or Disciplined Agile for managing digital projects.

# Research, Development, & Innovation

## Leading Research & Development, Innovation and Institutional Excellence

In 2024, SEC strengthened its R&D and innovation strategy, which is based on three main features: sustainable technologies, network development and integration, and customer experience and innovative solutions. These features represent the strategic direction of the Company's business, enabling it to achieve its strategic objectives. Future plans include expanding the scope of the strategy to keep pace with changing business needs, achieving research and innovation objectives, and strengthening partnerships with universities, research institutes and innovation centres locally and globally.

As part of R&D and innovation efforts, and in line with the directives of the Ministry of Energy, SEC has strengthened innovative technologies to support the National Program for the Circular Carbon Economy and the Saudi Green Initiative. Among the most prominent achievements of 2024 is the launch of the carbon capture and freezing project at the Rabigh Power Plant, as the first global application of this technology in power plants.

### Research, Development, Innovation, and Corporate Excellence

The Saudi Electricity Company continues to implement its new strategy in research, development and innovation, with plans to expand areas of focus in line with the Kingdom's vision. The strategy aims to enhance the innovation environment by activating the concept of open innovation, enhancing intellectual property management, and developing knowledge management within the Company. The Saudi Electricity Company also intends to enhance the role of the Innovation Energy Incubator to achieve future goals, in addition to expanding the research centre in Dhahran Techno Valley by adding new research laboratories that support a wider range of research projects.

### Key Achievements

- Collaborative Research Initiatives:** The Company has collaborated with leading entities such as the American Electric Power Research Institute (EPRI), Mitsubishi Research Institute (MRI), and

local universities such as King Fahd University of Petroleum and Minerals (KFUPM), King Saud University (KSU), and King Abdullah University of Science and Technology (KAUST), in addition to the cooperation with King Abdulaziz City for Science and Technology (KACST) and other relevant entities. These partnerships have resulted in 13 research projects, 4 of which have been applied to the electrical grid system.

- Scientific Contributions:** The Company has presented 5 scientific papers at prestigious events such as the Saudi Smart Grid Conference and the Gulf CIGRE Conference in Bahrain, which has enhanced the Company's position in research, development and innovation.



- **Global Excellence:** The Company has participated in global forums such as the World Energy Council in the Netherlands, that has contributed to raising its global position. In addition, the Company received the Technology Transfer Award from the Electric Power Research Institute (EPRI) of the United States of America for the research project “Development of Hardware-in-the-Loop Test Platform”.
- **Continuous Improvement and Governance:** SEC completed 491 improvement studies, resulting in savings of SAR 127M. A memorandum of understanding was also signed with the European Foundation for Quality Management (EFQM) to enhance performance through a digital dashboard. In addition, we updated governance procedures to evaluate and approve innovative ideas, which improved transparency and impact measurement.

#### Highlights of Innovation and Achievements

- 18 new innovative projects were approved in 2024
- The Company obtained the “Innovation Energy Incubator” license from the General Authority for Small and Medium Enterprises (Monsha’at).
- The Company was granted two patent certificates, and 13 patent applications were submitted to the Saudi Authority for Intellectual Property (SAIP) and the United States Patent and Trademark Office (USPTO).
- 29 new trademarks were registered for the Company and its subsidiaries, bringing the total to 33 registered trademarks
- Financial savings exceeded SAR 61M through innovative ideas

#### Celebrating Excellence: Digital and Innovation Recognition

SEC has won many prestigious awards and certificates that reflect its leadership in the fields of innovation, digital transformation, and quality management. The most important awards and certificates are as follows:

- **Best in Digital Innovation:** SEC was honored as the best entity providing innovative solutions in digitizing asset, facility, and maintenance management.
- **‘Successful Go-Live’ Award:** SEC received this recognition from SAP for the successful implementation of the SAP Ariba Sourcing Suite for contracts and procurement.
- **Certificate of Excellence from European Foundation for Quality Management (EFQM):** SEC has earned a 4-star recognition certificate from EFQM.

- **‘Hayyak’ Certificate for Customer Service:** The Company received the ‘Hayyak’ Certificate from the Saudi Standards, Metrology and Quality Organization in recognition of excellence in the Customer Service at Khurais Office and the Call Center at Al-Ghadeer District, reflecting the Company’s commitment to improving the customer experience, unifying operations, building trust, enhancing employee engagement, and adhering to quality standards.
- **ISO Certifications:** SEC achieved 12 Quality Management System certifications, including:
  - ISO 9001:2015 – Quality Management System
  - ISO 14001:2015 – Environmental Management System



# Occupational Health, Safety, Security & Environment

## Protecting Our Team's Health, Safety, and Security

### Our Approach to Health, Safety & Security

At SEC, we are committed to fostering a culture where health, safety, and security are paramount. By integrating operational excellence into daily activities, we ensure exceptional performance across health, safety, environment, reliability, and operations while adhering to all applicable regulations and industry standards.

Our Integrated Safety Management System (ISMS), is built on four core pillars: people, processes, assets, and performance. This allows us to manage risks effectively across health, safety, environmental, and operational activities.

Strategic investments in digital transformation, particularly in operational system security and the prediction and prevention of workplace

incidents, have enhanced our readiness and strengthened employee capabilities. The launch of Security Operations System (SOS) and the Identity Management System (IDMS), which are integrated with databases such as Absher, Ajeer, SAP, and Bawabati, has improved governance, streamlined data verification, and made operations more efficient and faster.

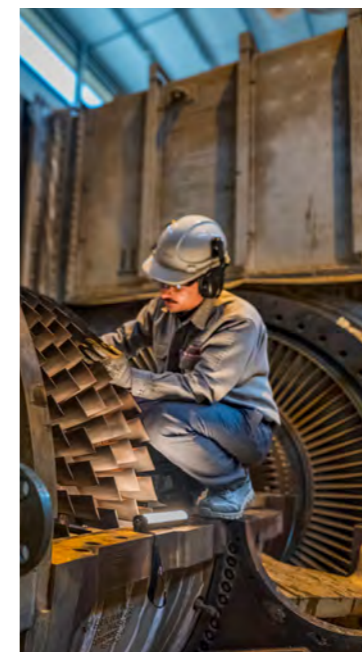
These advancements, combined with the success of our safety awareness programs and development initiatives, have led to a significant reduction in workplace injuries – a key achievement in safeguarding our people. Additionally, SEC has strengthened its emergency preparedness and fire-fighting capabilities through strategic agreements with local and global partners, reinforcing our commitment to protecting our team and maintaining operational excellence.

### Initiatives in Health, Safety, and Fire Protection

- Enhanced Safety Campaigns:** We launched a campaign emphasizing ten essential safety rules to prevent injuries and accidents. The initiative actively engaged executive leadership, employees, and contractors through printed materials, educational videos, and multilingual field awareness sessions
- 2024 Contractors' Safety Forum:** SEC hosted a national Contractors' Safety Forum, bringing together key stakeholders, including the Governor of the High Commission for Industrial Security, and representatives from the energy sector and company contractors. The forum focused on improving health and safety performance, ensuring and monitoring contractors' compliance, and fostering a culture of safety. It also highlighted SEC's strategic transformation and addressed the latest challenges and developments.

- Industrial Security Program:** SEC's Security Control Center was upgraded by connecting additional sites and cameras to enhance security measures. These improvements led to the prevention of thefts and financial savings. A new operations center was established in the Holy Sites, linking all security and fire safety systems to Security Control Center. This operations center is equipped with surveillance cameras (including thermal imaging) and various types of patrol vehicles, enabling it to oversee security monitoring, crisis management, and internal and external communications in the Holy Sites.

Mechanisms were developed to expedite the approval of security projects and standardize specifications for transmission stations in collaboration with the Industrial Security Authority. These efforts



resulted in financial savings for the company. Additionally, SEC's firearm simulation center became the first accredited firearm simulation system in the Kingdom, following its official approval by the High Commission for Industrial Security.

A Memorandum of Understanding was signed with the National Security Services Company (SAFE) to enhance standards in key areas, including security solutions and consultancy, training, and control center operations.

This initiative aims to increase compliance with the guidelines of the High Commission for Industrial Security.

- Reducing the Total Recordable Incident Rate (TRIR):** Under the Strategic Transformation Program, we achieved a 27% reduction in the TRIR since the program's launch, including a 5.4% improvement compared to the previous year.
- Strengthening Fire Prevention and Protection:** SEC enhanced fire protection capabilities by expanding its fleet of fire trucks by 23%, bringing the total to 90 vehicles. We also deployed four high-capacity Williams pumps at the critical sites of Ash-Shuqaiq, Rabigh and Ash-Shu'aybah, and increased foam reserves to 100%. Additionally, SEC signed agreements with local partners to exchange expertise and improve fire protection measures.

## Preserving and Protecting Our Environment

### Our Approach to Environmental protection

In alignment with Saudi Vision 2030 and its environmental goals, SEC has established a dedicated Circular Economy and Climate Change department. This department focuses on reducing emissions through effective carbon management, implementing circular economy principles, and promoting biodiversity.

As part of our commitment to sustainability, SEC has adopted environmentally responsible practices that align with Vision 2030, with the ultimate goal of

achieving Net-Zero emissions by 2050 across all operations in the Kingdom. The company is pursuing the integration of 22 renewable energy projects into the grid and implementing high-efficiency solar PV projects. SEC is also replacing its SF6 switchgear with alternate gas insulating switchgear and focusing on innovative technologies such as cryogenic carbon capture to decarbonize its operations. Additionally, SEC proactively purchases carbon credits from the Regional Voluntary Carbon Market Company (RVCMC) to offset emissions.

### Environmental Commitment Achievement and Initiatives

- **Advancing Environmental, Social and Governance (ESG) Excellence:** SEC achieved a 43% improvement in its ESG rating by S&P, scoring 50 points compared to 35 in the previous year, reflecting our dedication to environmental, social, and governance leadership. The company integrated sustainability principles into its strategy, risk management, and business operations, including training various business lines on sustainability. Key initiatives, such as efforts to reduce



biodiversity impact, the development of a local stakeholder engagement framework to strengthen community relations, and enhanced transparency in ethical business practices, also contributed to improving its S&P ESG rating.

- **Expanding ISO 14001 Certification:** SEC obtained ISO 14001 certification for its environmental management system across 96 sites and departments, showcasing its commitment to adopting best practices in environmental management.
- **Promoting Environmental Awareness:** During Environment Week 2024, the Ministry of Environment, Water, and Agriculture recognized SEC for its efforts in environmental preservation. Under the theme #Know\_Your\_Environment, it actively engaged in promoting environmental awareness and education.

- **Enhancing Biodiversity and Permit Management:** SEC secured 1,621 operational environmental permits, 236 construction-related permits, and seven permits for vegetation cover. In addition, environmental surveys covered 200 kilometers, focusing on biodiversity and wildlife conservation.
- **Leading Afforestation and Conservation Efforts:** At the COP16 United Nations Convention to Combat Desertification (UNCCD) conference, SEC signed four agreements to support afforestation and biodiversity conservation. A six-year afforestation plan was also developed, targeting the planting of 5M native trees and mangrove trees across the Kingdom, outlining clear timelines and implementation mechanisms to ensure long-term impact.

## Strengthening Emergency, Crisis, and Disaster Management

- **Deploying Advanced Crisis Management Vehicles:** SEC introduced five of the latest crisis management vehicles equipped with advanced tools, serving as mobile command centers. These vehicles were strategically distributed across regions to ensure rapid and effective responses. Additionally, we digitized our crisis management system to enhance coordination and efficiency.
- **Achieving Full Compliance with National Standards:** SEC achieved a 100% compliance score with the General Secretariat of the National Risk Council's standards.

These accomplishments underscore our unwavering commitment to health, safety, and environmental sustainability, aligning seamlessly with our strategic goals and values.

# Human Capital

SEC continually attracts top talent, offering an environment that motivates and supports employees. This commitment boosts employee loyalty and engagement, enabling the company and its subsidiaries to implement plans effectively and meet goals, ensuring long-term operational sustainability.



## Our Human Resources Strategy in action

In the past fiscal year, we have updated our human capital strategy to align with SEC's long-term goals and have implemented our strategy through the following key activities:

- **Developing Organizational Infrastructure:** SEC updated its organizational structures and operational models to ensure flexibility in adapting to external and internal changes. This supports the company's strategic goals and enhances operational efficiency.
- **Establishing an Integrated Work System:** The company established a proficient operational system supported by competitive policies and an effective performance management mechanism.
- **Developing Talent and Leadership:** SEC identified and nurtured high-potential talents through career development plans and succession planning, while collaborating



with leading global organizations to enhance leadership skills.

- **Enhancing Workplace Culture:** The company focused on improving overall performance by reinforcing its values and goals.
- **Improving Employee Experience:** SEC enhanced human resources operations by implementing optimal digital solutions aligned with global best practices.

- **Strengthening Employee Engagement:** SEC fostered a supportive work environment, empowering employees to perform at their best and while focusing on environmental sustainability and governance, with a focus on diversity and inclusion for all employee segments.

### Investing in Our Human Wealth: Employee Savings Initiatives

- Employee Voluntary Savings & Investment Program:** SEC launched a voluntary savings and investment program to promote a culture of saving and provide employees with incentives. This initiative enhances employee loyalty, supports retention, and elevates performance levels. Saudi employees can accumulate savings for use after retirement or at the end of their service. SEC deducts a portion of employees' salaries for investment in low-risk portfolios, following Shariah-compliant principles. The company matches employees' monthly contributions, with eligibility increasing over time, reaching 100% after ten years of participation. We are proud to share that in 2024, 16,291 employees benefited from this program
- Housing Financing Program:** For the fifteenth consecutive year, SEC continued partnering with local banks, supporting Saudi employees in purchasing or constructing homes in accordance with

following Shariah-compliant principles (Murabaha). In this program, SEC contributes up to 100% of the financing profit margin. The company's contribution ceases when an employee's service ends or the loan is repaid early. In 2024, the total disbursed amount was estimated at SAR 183M

### Promoting Diversity and Inclusion

SEC is deeply committed to fostering a diverse and inclusive work environment, recognizing that a varied team enhances innovation, creativity, and sustainable growth. Over the past year, SEC promoted a culture that appreciates each employee's unique contributions. The company also extended its commitment to diversity beyond the workplace, reflecting employees' dedication to social responsibility.

Some of our ongoing and planned key initiatives include programs around women mentoring such as Leading with D&I and Women in Business. We are also working on evaluating SEC's readiness for disability inclusion plan starting 2025



### Diversity and Inclusion Statistics

Increase in the percentage of women in leadership positions compared to 2023

82%



Increase in the percentage of women in talent programs compared to 2023

85%



Increase in the percentage of female employees compared to 2023

26%



### Empowering our employees with comprehensive programs that prioritise their wellbeing

At SEC, we believe that thriving requires a genuine balance of physical, mental, and financial health. To foster this, we have made mental wellness a cornerstone of our culture, promoting proactive care, resilience, and prevention. Initiatives like Primary Psychological Assistance help leaders understand and support their teams' mental well-being, while programs on achieving work-life balance empower employees to harmonize their personal and professional lives effectively.

Our commitment to employee wellness extends to equitable access to physical health and financial support programs. As highlighted above, savings plans and housing loan assistance ease financial stress, enabling employees to focus on their growth and performance. Additionally, our Human Resources Services function ensures a supportive work environment through streamlined systems like the automated Grievance System and programs like the Happiness

Card program, which recognizes and rewards employee contributions. Initiatives such as the Continuous Service Award and a special cases fund further highlight our dedication to celebrating and supporting our workforce throughout their journey with us.

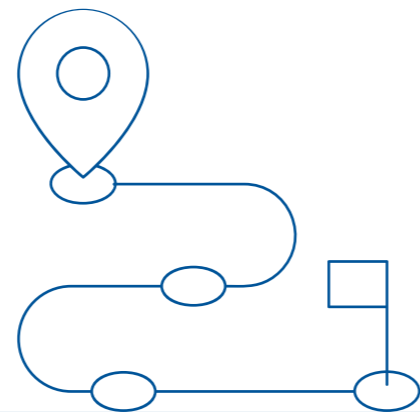
### Encouraging a lifelong journey of upskilling and development

SEC places significant emphasis on training and development to ensure continuous improvement.

Throughout the year, it invested in various training programs that enhance employees' skills, knowledge, and leadership competencies, preparing them for the evolving energy sector.

Some of the key initiatives of 2024 include:

- **“Waad” Campaign:** Under the National Training Campaign “Waad” initiative of the Ministry of Human Resources and Social Development, SEC achieved 2.6x of its 2023-2024 goal by providing over 260,000 training opportunities
- **We Learn Learning Management System:** The system enabled 123,994 training days, and SEC launched a Digital Learning Center to manage training digitization, integrating VR and AR technologies.
- **Executive Leadership Programs:** The company partnered with leading institutions such as Bain Academy and Dale Carnegie to design and



deliver intensive internal leadership programs.

- **Global Leadership Development:** SEC partnered with global leadership programs from leading educational institutions such as Harvard University, London Business School, and IMD, to develop 770 SEC leaders.
- **Leadership and Talent Development:** The company provided 6,850 days of leadership training and over 3,600 hours of coaching.
- **Reskilling & Upskilling:** SEC trained 205 participants & 125 participants respectively, from engineering and technical disciplines, in partnership with the Ministry of Human Resources to align training with future industry needs. Additionally, 100 safety specialists who did not pass evaluation tests have been enrolled in the Health, Safety & Reskilling program
- **Accelerated Technicians Development Program:** This initiative was launched by SEC's CEO to boost technical skills across the workforce.

### Training Statistics

Activity	
Number of Courses	4,883
Number of Participants	64,590
Total Training Days	184,468
Total Training Days in WeLearn	123,994



## Key Achievements: Workforce and Organizational Development

We value the impact of our dynamic initiatives that drive growth, innovation, and development:

- Operating Model Restructuring:** The company restructured its organization, resulting in improved efficiency and performance across its operations.
- Subsidiary Empowerment:** SEC supported its subsidiaries by refining their organizational models and operational independence.
- Compensation and Benefits Enhancement:** SEC improved compensation policies, positively impacting its ability to attract and retain top talent.
- HR Policy Improvements:** The company aligned its policies with local and international best practices, ensuring efficiency and compliance.
- Employee Performance Management:** SEC implemented a comprehensive system that enhances communication between management and employees, focusing on

transparency and objectivity.

- Recognition:** SEC was honoured by the National Centre for Mental Health Promotion for its role in supporting a healthy work environment.
- University Training Cooperation:** SEC trained 1,975 male and female students through the Cooperative Training Program, contributing to community service and workforce development.
- Employee Recognition:** SEC organized events to honour employees for their long-term service, such as “Employee of the Year” and “Employee of the Month,” fostering loyalty and engagement. The company also launched the first edition of the CEO Excellence Award to promote institutional excellence at the organizational unit and employee levels. The award included eight main categories, recognizing 38 organizational units and 8 employees for their efforts.

## Continuous Improvement Efforts

Continuously enhancing the employee performance management system has supported the company

in achieving its goals. The focus remained on fostering a sustainable performance-driven culture that ensures transparency and objectivity by:

- Strengthening communication between managers and employees.
- Leveraging analytics to promote a data driven performance measurement approach and delivering actionable insights for informed decision-making.
- Encouraging a culture of appreciation through recognition programs that reward outstanding performance.

## Workforce Statistics

	2024	2023
Turnover Rate	2.4%	3.1%
Recruitment	411	343

## Global Recognition and Awards

### Awards

- SHRM Awards:** SEC won multiple awards from the Society for Human Resource Management (SHRM), including
  - Excellence in Learning & Development: Gold Winner 2024
  - Excellence in Leadership Development: Silver Winner 2024
  - Excellence in HR Technology: Silver Winner 2024
- Best Implementation Award:** SEC received this award for its «We Learn» HR system at SAP HR Connect 2024.
- ISO Certification:** SEC obtained the ISO 21001:2018 Educational Institution Management System certification.
- LinkedIn Award:** SEC was recognized among the top 20 companies in the Middle East and North Africa for its effective use of LinkedIn

# Capital Portfolio Management

## Future Plans

Going forward, SEC aims to continue working on the following areas to help achieve its strategic and operational excellence ambitions:

- **Operating model & workforce planning:** Ensure a fit-for-purpose operating model while aligning workforce needs with the company's strategy and promoting diversity
- **Capability development & continuous learning:** Develop organizational capabilities by focusing on future skills, enhancing the learning culture, and advancing specialist development for futurereadiness and knowledge transfer
- **Leadership development & succession planning:** Develop inspiring leaders aligned with SEC Leadership Way, ready for the future, with strong lateral mobility across the business
- **Corporate culture & employee engagement:** Foster an inclusive, collaborative workplace to ensure retention, high performance, and maintain employer-of-choice status in KSA
- **HR digital solutions & employee experience:** Leverage cutting-edge technology and AI to enhance HR effectiveness, efficiency, and employee experience



The Saudi Electricity Company has consistently strived to fulfill the Kingdom's comprehensive development requirements for electrical energy. It has achieved this by implementing extensive capital project portfolios, enhancing the reliability and efficiency of the electrical system, and optimizing spending. These efforts include directing investments toward the localization of the industry, fostering knowledge transfer, and integrating advanced digital technologies, research, and innovation. Through these initiatives, SEC aims to achieve resilient supply chain with localized products value chains, contributing to the sustainability of the national industry.

## Capital Portfolios Management

In 2024, SEC has developed its capabilities in managing the capital portfolios and projects by improving the corporate structure of the Projects Management Office (PMO) in order to enhance the efficiency of managing the portfolio of the mega projects, improve operations, and enhance governance for the Company's various and diverse projects, which includes connecting

renewable energy sources to the electricity grid, building energy storage systems, and completing the implementation of smart electricity grid, in addition to continuing to expand the construction of power transmission networks through High Voltage Direct Current (HVDC) interconnection projects between the regions of the Kingdom, and with neighboring countries, and preparing the infrastructure for electric transportation, in addition to liquid fuel displacement projects.

### Key Achievements

- **Improving Project Monitoring:** A platform for managing portfolios, programs and projects in the Company was developed and improved by adding and applying advanced tools to monitor and track the progress of projects at all stages over their life cycle.
- **Reducing Project Defaults:** The Company achieved a 36% decrease in the rate of projects delays.
- **Financial Closure:** Completed the financial closure of projects worth SAR 51B

- **Achieving Savings in Capital Projects:** SEC achieved actual savings of SAR 3.4B through improved solutions for capital expenditures, marking a substantial improvement compared to the SAR 1.8B saved in 2023.
- **Improving Governance:** The governance of procedures for Stage Gates related to capital investments has been completed, in line with the structural updates and the authority matrix.
- **Promote Institutional Excellence:** Establishing and activating institutional excellence for projects to ensure governance and application of best practices in all stages of the project life cycle, while benchmarking with regional and global companies to identify and implement improvement opportunities.

# Localization and Local Content

## Localization and Local Content

The Company's strategic localization program (BENA) continued its success by directing investments towards localizing industry, services and technology and enhancing local capacity. The program included rules for contracting to localize industry and transfer knowledge in the Company's projects. It aims to motivate global investors in electrical technologies and components to establish local industries and share knowledge with the Kingdom in exchange for contractual incentives, such as long-term purchase guarantees and prioritizing localized products in procurement.

During the year 2024, the Company's localization program (BENA) contributed to increasing the Company's reliance on local factories in its purchases with a localization rate of 71%, including high-tech electrical equipment such as GIS and circuit breakers, transformers and cables up to high voltage, in addition to smart meters and RMUs units.

The efforts to localize the industry were not limited

to the final product, but were comprehensive for its components through the strict application of local content regulations related to products value chain, which contributed to increasing the number of national factories for electrical product components with the aim of achieving resilient supply chain with localized products value chains, contributing to the sustainability of the national industry.

During the year 2024, the number of local factories supplying the company with electrical products reached more than 650 national factories and more than 7,000 local suppliers and contractors. The percentage of the Company's contracts signed with local partners reached 98%, and the local content certificate was issued to the Company by the Local Content and Government Procurement Authority at a rate of 63.38%, in addition to the Company receiving two excellence awards at the annual local content ceremony in the Kingdom.

### Key Achievements

- SEC has signed Localization Procurement Agreements (LPA) with 7 manufacturers of MV Cables Joints and Terminations worth over SAR 700M
- The Company has signed a strategic agreement with Siemens Energy to localize hot gas path parts of gas turbines, in a move aimed at enhancing local industry capabilities and the resilience of supply chains.



# Contracts & Procurement

## Key Achievements

- During 2024, SEC signed 802 contracts and issued 23,884 purchase orders with a total value of SAR 95.6B. The signed contracts included strategic agreements aimed at enhancing the reliability of the electrical system, increasing the percentage of local content, and achieving sustainability and business continuity targets in the electricity sector.
- Among the major projects that were signed are contracts for the NEOM, AIUla, Housing, and Qiddiya projects, in addition to contracts for High Voltage Direct Current (HVDC) interconnection projects between the central and western regions of the Kingdom and between the central and southern regions, contracts for energy storage battery projects, contracts for transmission grid substations and overhead lines to connect renewable energy sources to the electricity grid, in addition to contracts for liquid fuel displacement projects.

### Procurement and Cost Optimization Leveraging Purchasing Power

The Company applied modern purchasing methods such as leveraging aggregate demand and buying power to obtain wholesale prices, analysing suppliers' offers against benchmarks, negotiating objectively and building trust with trading partners (manufacturers and suppliers), and being receptive to advanced solutions and innovation in the market, which contributed to cost savings of SAR 1.4B 2024, while maintaining quality standards.

### Developing Procedures and Systems

SEC has enhanced its contracting and procurement procedures and systems by updating its contracting and procurement manuals, along with the Delegation of Authorities (DoA) for the Company and its subsidiaries. Additionally, standard contract forms and conditions have been revised, and an automated contracting system has been developed. These improvements have significantly increased the efficiency and speed of contracting processes,

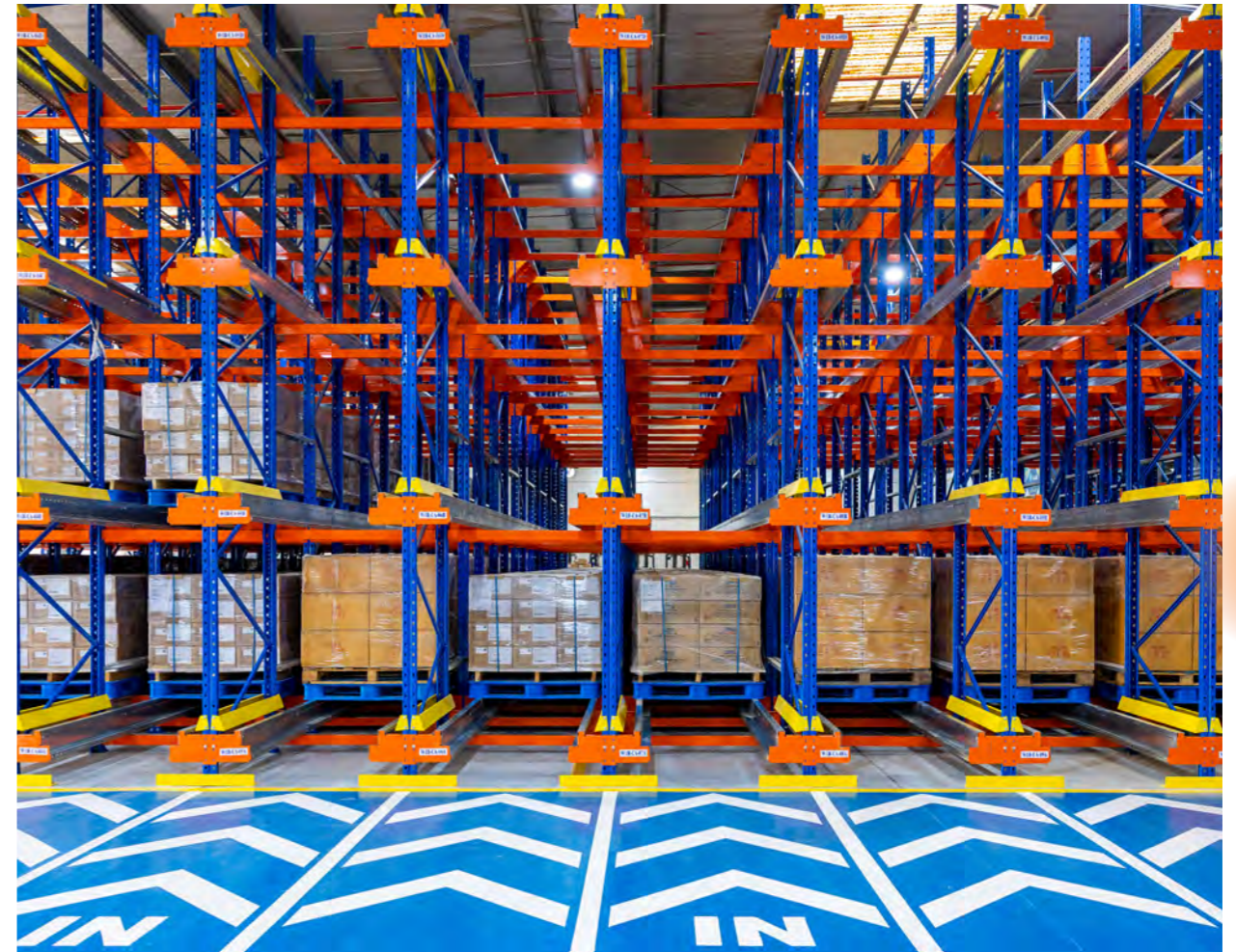
strengthened the automation of governance and control requirements, and improved the Company's ability to adapt to various and evolving business circumstances.

### Smart Contracting Operations

SEC enhanced smart contracting operations by developing contracting systems and creating new digital operations using artificial intelligence represented by Robotic Process Automation RPA robotic solutions, in addition to creating interactive and unified indicator reports for contract and procurement management to enable monitoring and raise levels of efficiency and performance.

### Digital transformation in contracting

The Company implemented the feature of signing contracts and purchase agreements using the electronic signature system and linking with the National Center for Digital Certification "NAFATH", which contributed to achieving a complete digital transformation of 100% to facilitate contracts signing processes.



### Supply Chains and Supplier Relationships

The Company continued to enhance the resilience of supply chains and the sustainability of logistics movement to ensure the reliability of the electrical system and energy supplies throughout the Kingdom. During the year 2024, the Company achieved a high rate of efficiency in providing materials supplies and reducing logistical risks, as follows:

1. The availability of materials and spare parts for the Company's business reached 97%.
2. The volume of operations managed in the materials supply chain amounted to 3.5M warehouse movements in all regions of the Kingdom.
3. The value of inventory did not exceed SAR 4.1B with the same value during the previous year 2023, despite the expansion of the Company's assets and the adoption of hedging strategies in supply chains.
4. The Company launched a program to develop suppliers with the aim of diversifying and increasing sources. The program successfully qualified 140 new factories and 223 new contractors.

5. The Company achieved financial savings of SAR 41M by repairing 2,790 materials and returning them to service instead of purchasing new materials.
6. The Company achieved revenues during the year 2024 amounting to SAR 384M through activating materials disposal contracts and holding various auctions to sell materials to be disposed of.

# Corporate Social Responsibility

In 2024, the Saudi Electricity Company launched its Corporate Social Responsibility (CSR) strategy, reinforcing its commitment to sustainable development, community welfare, and economic growth across the Kingdom.

The CSR activities of SEC are spread across four main categories of activities: Donations, Sponsorships, Social Investments & Volunteering.

In 2024, SEC made total donations worth

**5.7 M**

Social investments of

**1.2 M**



## Strategic Pillars

Health and Well-Being of our Community	Environmental Revitalization and Protection	Economic Prosperity for our Community
Enhancing access to healthcare and essential services in underserved communities.	Promoting conservation, restoration, and sustainable practices.	Driving economic growth through community development projects, supporting social enterprises, and investing in education.

## CSR Events in 2024

Q1

- **CSR Recognition:** Listed among the 'Top 50 Saudi Brands' in Social Responsibility by Forbes Matching Fund Initiative
- **Matching Fund Initiative:** Matched employee donations to eligible nonprofits during Ramadan 2024

Q2

- **Social Incubator:** Supported entrepreneurs with mentorship, training, and funding to launch impactful ventures, with an aim to establish 3 social entities annually. The pilot was launched in May 2024

## CSR Events in 2024

Q3

- **Green Grants Opportunities with The King Khalid Foundation:** Raised awareness of the green economy and support sustainable development through Green Grants, via partnerships with four NGOs providing support to 120 beneficiaries with a total contribution SAR 1M
- **Alzheimer's Awareness:** Conducted campaign to raise awareness during Alzheimer's Month

Q4

- **CSR Recognition:** Awarded the "Corporate Social Responsibility for 2024" and "Best Practices in the Energy Sector" by the Ministry of Human Resources and Social Development
- **Diabetes Awareness:** Conducted campaign to raise awareness during World Diabetes Day
- **Winter Clothing Initiative (Mude'e Fund Program):** Collaborated with Al-Bir organization in Bisha for winter supplies for 168 beneficiaries with an investment of SAR 100,000.

**All-year round activities**

Electrical Safety Awareness Activities	Enhance electrical safety awareness through the dissemination of weekly safety messages on social media.
Knowledge Transfer Workshops	Facilitate knowledge sharing of our CSR efforts via multiple “Knowledge Transfer” workshops
Non-Profit Trainings	Deliver training courses for non-profit organizations at SEC’s training centers.
Blood Donation Campaigns	Partnership with ‘Wateen’ to conduct quarterly blood donation campaigns. 628 employees participated, benefiting 1884 people.
Internal Deductions Program	Through channels facilitated by SEC, 14,000 employees donated SAR 5.7M to over 70 charities.
World Days Activities	Conducted campaigns for Climate Action Day, Breast Cancer Awareness, Alzheimer’s Month, and World Diabetes Day.

**Recognition for community investments**

The company received two awards from the Ministry of Human Resources and Social Development:



These awards highlight the company’s responsible practices and its focus on health and well-being, environmental protection, and economic prosperity.



# Business Development Investments

## Growth Plans and New Opportunities

The Saudi Electricity Company aims to maximize revenues from other investments, enhancing its financial sustainability by development of new investment opportunities and increasing its existing investments. This is achieved through the active management of subsidiary

company portfolios by evaluating their performance and formulating strategies to support accelerated growth.

SEC focuses on managing investment projects in industrial and digital domains, smart meter solutions, emerging technologies in energy and infrastructure

services. It also invests in smart mobility solutions, and markets creative and successful employee ideas to align with the Kingdom's Vision 2030.

These efforts contribute to localization initiative and drive economic growth.

## Key Achievements of SEC's Investment

Strategic Monitoring and Portfolio Alignment	Investment Opportunities and Feasibility Studies
SEC enhanced strategic monitoring and alignment with portfolio companies by producing more than 60 individual company reports and four full portfolio reports. Additionally, over 50 SEC representatives participated in the boards of directors of invested companies to maximize returns from the current investment portfolio.	SEC gathered over 190 investment opportunities and conducted feasibility studies for over 30 of them. The Board of Directors approved 6 investment opportunities, further diversifying the company's investment portfolio.
Developing a New Business Model	Enhance Subsidiaries independence and growth
Obtained approval from the Board of Directors of the Saudi Electricity Company to establish an investment company dedicated to managing investment activities and maximizing revenues from non-regulated businesses.	Launched various initiatives to promote the growth and independence of subsidiaries, such as transformation programs, the shared services program, and the implementation of annual plans.

## Growth in non-regulated business

In 2024, the SEC non-regulated segment grew, powered by smart investments in behind-the-meter solutions, e-mobility, customer and infrastructure convergence, and emerging energy technologies.



## Performance of Subsidiaries

As a key player in the Kingdom's energy sector, SEC's role extends into areas critical to enhance innovation, efficiency, and sustainability within the sector. It executes these responsibilities by establishing and growing subsidiary companies, and developing strategic businesses including:

- Dawiyat Integrated Telecommunications & Information Technology Company (Dawiyat)
- Saudi Electricity Project Development Company
- Solutions Valley Company

SEC's strategic vision for expanding sustainable businesses is enabled by adopting a forward-looking approach. This allows SEC to align these efforts with its broader mission of providing energy and fostering progress while meeting the diverse needs of its stakeholders.

## Dawiyat Integrated Telecommunications & Information Technology Company

### General Overview

Established in 2009 as a subsidiary of the Saudi Electricity Company, it aims to leverage its extensive fiber-optic network.

In 2024, the Communications, Space, and Technology Commission granted the Dawiyat licenses to provide wholesale telecommunications infrastructure services, enabling the Company to offer wholesale services within the scope of the following services:

### Fiber Optics and Cables:

- Connectivity services for tower sites and active access points.
- Wholesale data transmission services, including small cells, indoor solutions, and wireless access points.

### Landing Stations and International Cable Capacities:

- Establishment, operation, and maintenance of cable landing stations (CLS).
- Provision of international connectivity for local and international telecommunications operators, service providers, and content suppliers.

### Strategic Initiatives

Dawiyat's strategic focus centers on three primary areas, reflecting a comprehensive approach to technological development and service delivery:

1. Local and international fiber optics
2. Data centers
3. Internet of Things (IoT) services and solutions
4. International connectivity projects



## Key Achievements

Dawiyat Integrated, in partnership with telecommunications service providers, continues to implement initiatives aimed at providing high-speed and reliable telecom services. Significant accomplishments in 2024 include:

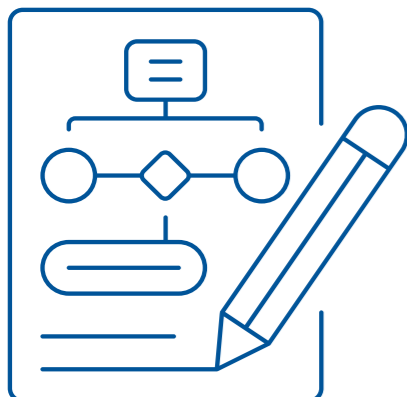
<b>Strategic Partnership with STC Group</b>	<b>High-Speed Internet Launch</b>	<b>IoT Technology Enablement</b>
Dawiyat Digital signed an agreement with STC Group to achieve development of the digital capabilities	Dawiyat signed agreements with “Q Telecom” and “Salam” to launch home internet services with speeds of up to 2.5 GB/s.	Over 2M SIM cards were activated in 2024 to enable Internet of Things (IoT) technology, supporting SEC’s smart meter projects.
<b>Formation of Dawiyat Data Centers Company</b>	<b>Formation of New Company for regulatory compliance</b>	<b>Strategic Partnership with Cisco</b>
Founded to expand efforts in developing advanced data centers and related investments, positioning Saudi Arabia as a regional and global hub for data hosting, in line with national digital transformation strategies and to diversify the income streams such that the company achieves operational independence and implements its strategic plans and initiatives.	Dawiyat Digital Company: established as a limited liability company to meet the regulatory requirements of the Communications, Space, and Technology Commission.	Dawiyat partnered with Cisco Systems Ltd. to collaborate in IOT and information technology.
<b>Provide logistical support to serve Hajj</b>	<b>Support for National Events and Infrastructure</b>	<b>Sustainable Data Center Initiatives</b>
During the 1445 Hajj season, the company provided logistical support to SEC to ensure reliable telecom networks in the Holy Sites, serving the pilgrims effectively. It extended over 300,000 meters of fiber optic cables and automated more than 2,450 distribution devices.	Dawiyat provided infrastructure services for numerous events and sports activities hosted in 2024	Dawiyat signed a memorandum of understanding with Schneider Electric to establish a sustainable data center in Saudi Arabia and develop solutions for energy management and sustainability.

<b>Collaboration with Greek Grid Telecom</b>	<b>Residential Infrastructure Projects</b>	<b>International Connectivity Enhancements</b>
A memorandum of understanding was signed with Greek Grid Telecom for a high-capacity international cable system connecting Greece and Saudi Arabia.	Dawiyat signed multiple agreements with real estate developers to develop telecommunications infrastructure for new residential projects.	Dawiyat signed an agreement with VTEL Jordan to establish landline connectivity between Jordan and Saudi Arabia, strengthening cross-border telecommunications infrastructure. The company is also working on connecting neighboring countries to enhance regional communications further.

<b>Collaboration with the Ministry of Communications and Information Technology</b>	<b>Fiber Optic Connections</b>
Dawiyat partnered with the Ministry of Communications and Information Technology and the ICT sector to enhance cooperation, increase internet speeds, and improve service quality in Saudi Arabia.	Approximately 100,000 homes were connected in 2024, bringing the total number of fiber-connected homes to nearly 870,000.

### Future Plans and Initiatives

Dawiyat Integrated remains committed to continuous improvement and strives to stay at the forefront of global and local technological advancements. The company is actively exploring new opportunities to expand its operations and enhance its services while ensuring customer satisfaction. By accelerating Saudi Arabia's transformation into a knowledge-based digital economy, Dawiyat aligns its efforts with the goals of Vision 2030, fostering progress and sustainable growth.



## Saudi Electricity Project Development Company (PDC)

### General Overview

The Saudi Electricity Project Development Company, a fully owned subsidiary of SEC, serves as its engineering arm, focusing on localizing expertise, reducing capital costs, and enhancing workforce competencies. It manages and executes electricity generation and transmission projects, ensuring adherence to design specifications, quality standards, and timely delivery.

The company prioritizes environmental and social responsibility, with worker safety at the forefront of its operations. All projects are executed

sustainably, reflecting SEC's commitment to high standards.

Innovation is central to the company's culture, encouraging creative solutions to improve operational efficiency and add value to projects. This commitment drives the company's leadership in sector innovation.

### Strategic Initiatives

Driven by its dynamic approach to institutional development, the company actively engages in strategic initiatives that strengthen its position in the electricity sector, aligning with the Kingdom's Vision 2030. It focuses on developing and executing strategies to support broader strategic goals that drive growth and sustainability. This includes actively participating in restructuring initiatives to ensure maximum alignment to the rapidly changing electricity sector.

### Key Achievements

Substation Enhancements	Awarded & In-Pipeline Contracts	Transmission Network Development	Improvements in Occupational Safety
Added 26 new transformer substations and enhanced 23 existing stations, adding a total transmission capacity of 21,456 MVA.	Successfully delivered 69 projects with a total investment of SAR 19B, while 67 projects valued at SAR 17B are in the tender and award stages, supported by internal and external financing.	Completion of 141 circuits of air transmission lines and ground cables with a total length of 4,614 km.	The company achieved a 100% closure rate for performance review observations related to occupational health, safety, and security. It successfully completed 51M work hours on projects without any work-related injuries.
Growing Capital Projects Portfolio	Focus on Risk Management and Compliance	Executing Critical Strategic Projects	
The total value of the company's capital projects portfolio is SAR 172B, encompassing SEC'S financing projects and major partner investments.	The company integrates risk management, internal auditing, and compliance into its project development process. Activities include identifying, monitoring, and managing risks to ensure alignment with applicable laws, regulations, and internal policies	The company oversees critical strategic projects, including:	

- Saudi Egyptian Connection: SAR 4.35B.
- Aramco Projects: SAR 3B.
- Ministry of Housing Projects: SAR 2.14B.
- NEOM Projects: SAR 13.16B.
- Strategic Connections between Cities: SAR 2.8B.
- Battery Projects: SAR 15B.

### Operational Excellence

The company remains committed to improving efficiency, ensuring sustainability, and integrating advanced technologies into its projects. Key initiatives:

<b>Circular Economy Environmental Program</b> Approving and integrating into environmental and sustainability management processes within the company's safety and environmental activities.	<b>Green Cover Preservation</b> Implementing initiatives to protect green cover and ancient trees.
<b>Environmental Waste Recycling</b> Supporting the circular economy through effective wastel management.	<b>Resource Optimization</b> Analyzing historical data to provide actionable recommendations for resource efficiency.



### Solutions Valley Company

#### General Overview

Solutions Valley Company, founded in 2021 as a subsidiary of the Saudi Electricity Company, expands SEC's service offerings to external stakeholders.

The company provides specialized services in technical consulting,

operation and maintenance, energy solutions, and smart digital solutions, aiming to drive innovation in the energy sector.

Currently in its founding phase, Solutions Valley is building expertise to enter targeted markets. Its responsibilities include engineering consulting, supervising electrical grid projects, managing temporary electrical energy services, and developing electric vehicle

charging infrastructure.

Targeting industrial, government, and commercial sectors, Solutions Valley focuses on providing strategic and innovative energy solutions to meet evolving market demands.

#### Key Achievements

Exceptional Growth in Operations	Enhancement of Internal Capabilities	Strategic Partnerships
<ul style="list-style-type: none"> <li>Achieved significant growth in 2024, driven by the activation of Distributed Energy Resources (DER) products and specialized Transmission and Distribution Projects</li> <li>The Electric Vehicle Infrastructure sector contributed notably to revenue growth.</li> <li>Plans to expand operations into new markets.</li> </ul>	<ul style="list-style-type: none"> <li>Made significant progress in enhancing operational maturity and independence.</li> <li>Developed institutional work systems across various domains to support internal capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>Signed projects worth approximately SAR 185M through strategic partnerships and memoranda of understanding.</li> <li>Advancing several agreements and developing new partnerships to drive future growth and expansion.</li> </ul>

## Future Plans and Initiatives

The company is focused on offering high-quality services and solutions alongside its current services as part of its vision for growth and innovation. These include:

<b>Electric Vehicle Charging Systems Solutions</b>	Innovating leading solutions to support the increasing demand for electric vehicle infrastructure.
<b>Solar Energy Solutions</b>	Providing sustainable energy alternatives through advanced solar energy solutions.
<b>Energy Efficiency Solutions</b>	Launching initiatives to enhance energy efficiency and reduce environmental impact.
<b>Sustainability and Recycling Solutions</b>	Implementing environmentally friendly practices and recycling to achieve sustainability.
<b>Emerging Technologies</b>	Maintaining leadership in tech innovations to offer services using the latest models.
<b>Smart City Solutions</b>	Contributing to the development of smart cities through innovative and integrated solutions.
<b>Digital Solutions</b>	Developing digital products that rely on data for decision-making, improving energy usage, and implementing sustainable practices.

These services will be introduced in phases according to a planned roadmap, ensuring professionalism and high quality. The company aims to expand into future markets to become the most effective service provider, meeting market demands and keeping pace with technological and professional advancements in local markets.

## Energy Infrastructure Consortium Company

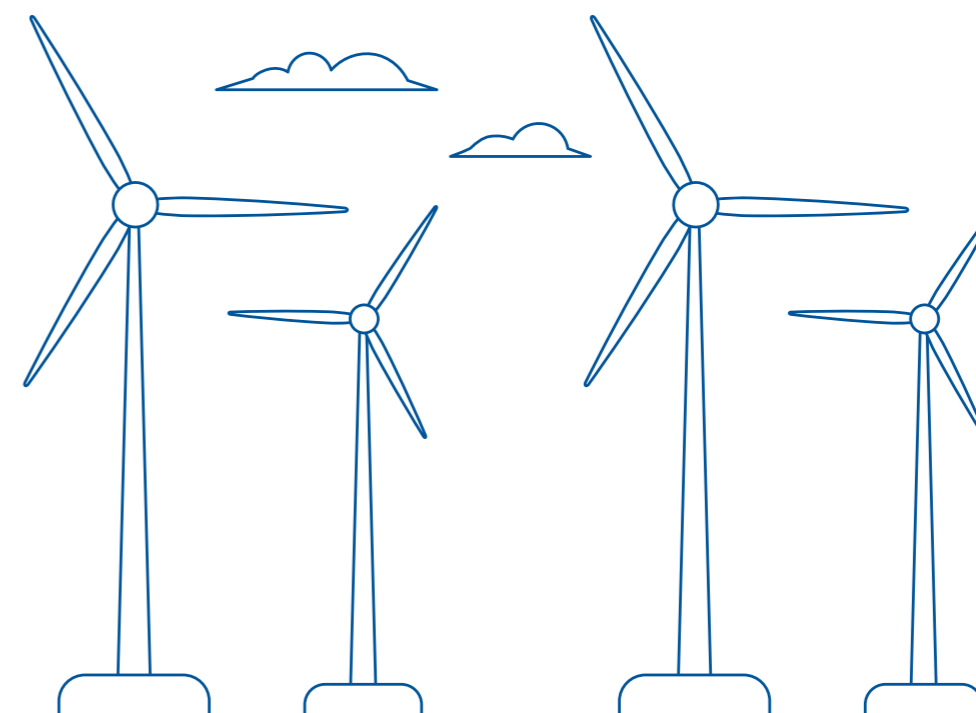
In 2024, the Energy Infrastructure Consortium Company was established, a limited liability entity owned by SEC, with a capital of SAR 10,000.

The company focuses on developing energy infrastructure projects, emphasizing clean energy and global energy initiatives. Its primary activity involves advancing energy

infrastructure projects to enhance Saudi Electricity Company's presence in this critical sector.

The creation of the Energy Infrastructure Consortium Company demonstrates Saudi Electricity Company's strategy to strengthen its competitiveness in the energy sector and advance clean energy projects. This effort contributes to sustainable

growth and supports the transformation of the energy sector.





# 04

## Financial Review

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# Detailed Financial Review

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

Financial sustainability is one of the key strategic pillars that enables the implementation of the company's overall strategy. 2024 marked another year of investment in the future, with our strategic investments in ongoing projects growing by 44% compared to the previous year, reaching 59.8B SAR. These projects will contribute to enhancing the company's future growth. These investments focus on meeting the growing demand for electricity services, improving its quality and reliability, building smart grids, and providing the foundational infrastructure for transmission and distribution to enhance the efficiency of electricity generation and achieving optimal energy utilization to produce electricity, in alignment with the Kingdom's Vision 2030. Additionally, we remain committed to leveraging the company's expertise and asset base to create new growth opportunities in non-regulated businesses beyond the scope of the Water and Electricity Regulatory Authority. These include fiber optics, sustainable energy services, project development and management,

as well as infrastructure solutions for electric vehicles and other emerging sectors.

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

By the end of 2024, total assets amounted to SAR 547B, compared to SAR 501B, representing a growth rate of 9%. Equity amounted to SAR 251B, while net debt stood at approximately SAR 143B. Consequently, the company enjoys a strong financial position and a sustainable capital structure enabling it to finance its growth plans. During 2024, the company

successfully concluded several high-profile transactions in financial and financing markets, totaling a combined value of SAR 57.2B (equivalent to USD 15.2B), through various financial instruments, as well as joint domestic and international financing, export credit agencies, supporting continued investment in the company's future growth.

The company maintained a strong investment grade credit rating, equivalent to the Kingdom's sovereign credit rating by both Moody's and Standard & Poor's rating agencies, with an Aa3 rating with a stable outlook from Moody's, A+ rating with a stable outlook from Fitch, and A+ rating with a stable outlook from Standard & Poor's. This classification is among the highest credit ratings for companies in the Kingdom.

We are witnessing sustainable growth in demand for electricity, reflecting the demographic and economic growth in the Kingdom under Vision 2030. Electricity consumption grew by 2.8% in 2024 compared to the previous year, with the company extending electricity services to more than 341,000 new customers and the company continued to grow its customer base for Dawiyat company

FTTH services and expand its product offerings. These factors combined, in addition to new revenue from the development of generation and transmission projects for the benefit of the company's customers, contributed to an 17.7% increase in operational revenues in 2024, reaching SAR 88,666M, compared to SAR 75,330M in 2023. The net profit for 2024 reached SAR 6,867M, compared to SAR 10,249M in the previous year, representing a decrease of 33%, primarily due to the recognition of non-recurring expenses based on the

Ministerial Committee's decision to restructure the electricity sector and the Saudi Electricity Company's (Ministerial Committee) approval of a final settlement of historically disputed amounts related to technical discrepancies in fuel quantities and price, handling costs, and electricity costs. Excluding the non-recurring items from the comparative periods, the net profit for 2024 is SAR 12,081M,

compared to SAR 11,094M in 2023, which represents an increase of 8.9%.



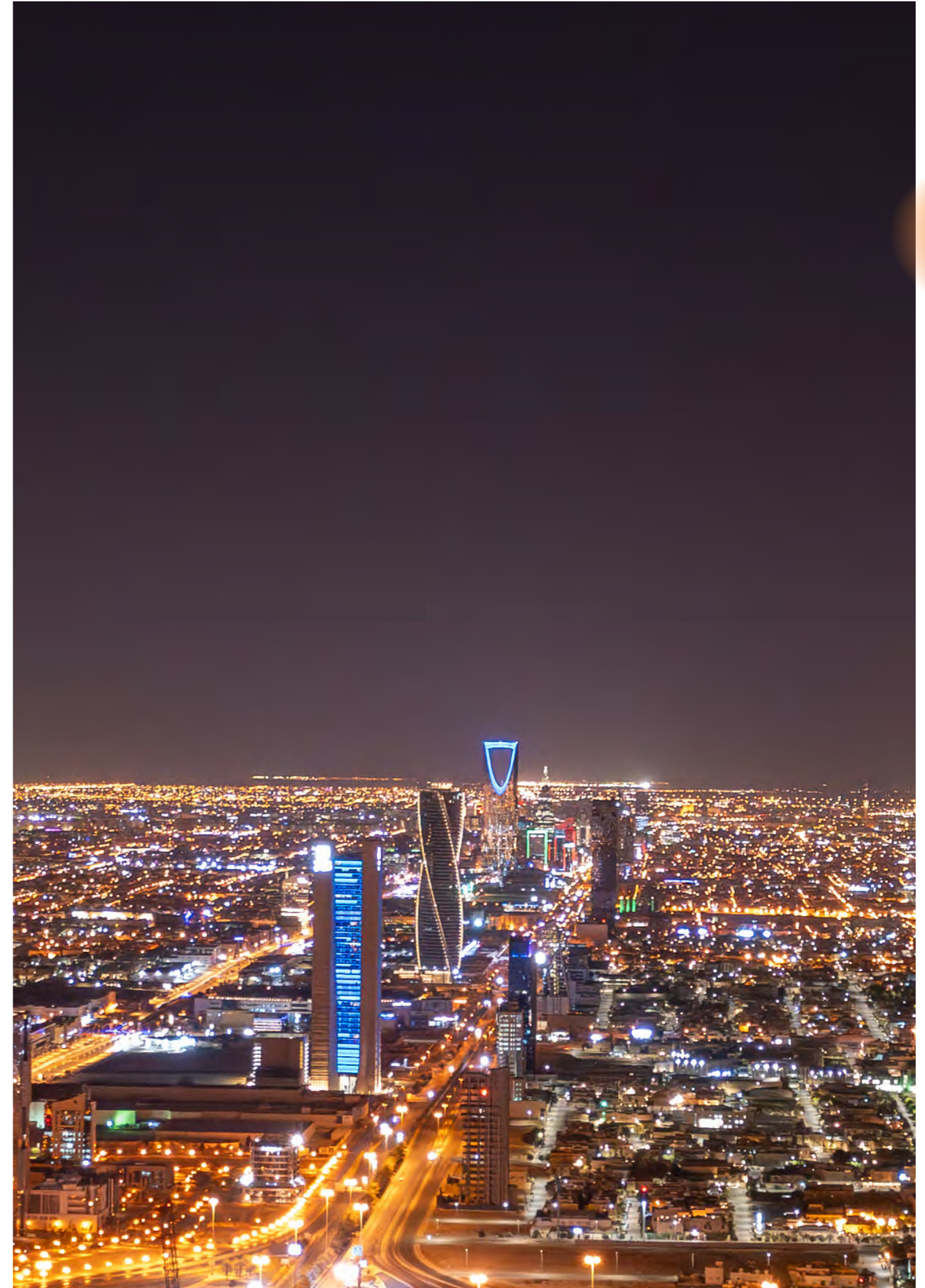
# Credit Rating

Thanks to prudent financial management, a strong financial and strategic position, and supportive regulatory frameworks, SEC was able to continue improving its credit ratings in 2024 from all international credit rating agencies, which enhanced investor confidence in our strategy to achieve sustainable future growth. The company's credit ratings improved, with Moody's upgrading the rating from A1 with a stable outlook to Aa3 with a stable outlook, and Fitch raising the rating from A with a stable outlook to A+ with a stable outlook. In March 2025, Standard & Poor's upgraded the company's credit rating from A with a positive outlook to A+ with a stable outlook. The company's credit rating now matches the sovereign rating of the Kingdom.

Moody's **Aa3** Stable

Standard & Poor's **A+** Stable

Fitch **A+** Stable



# Summary of Financial Performance

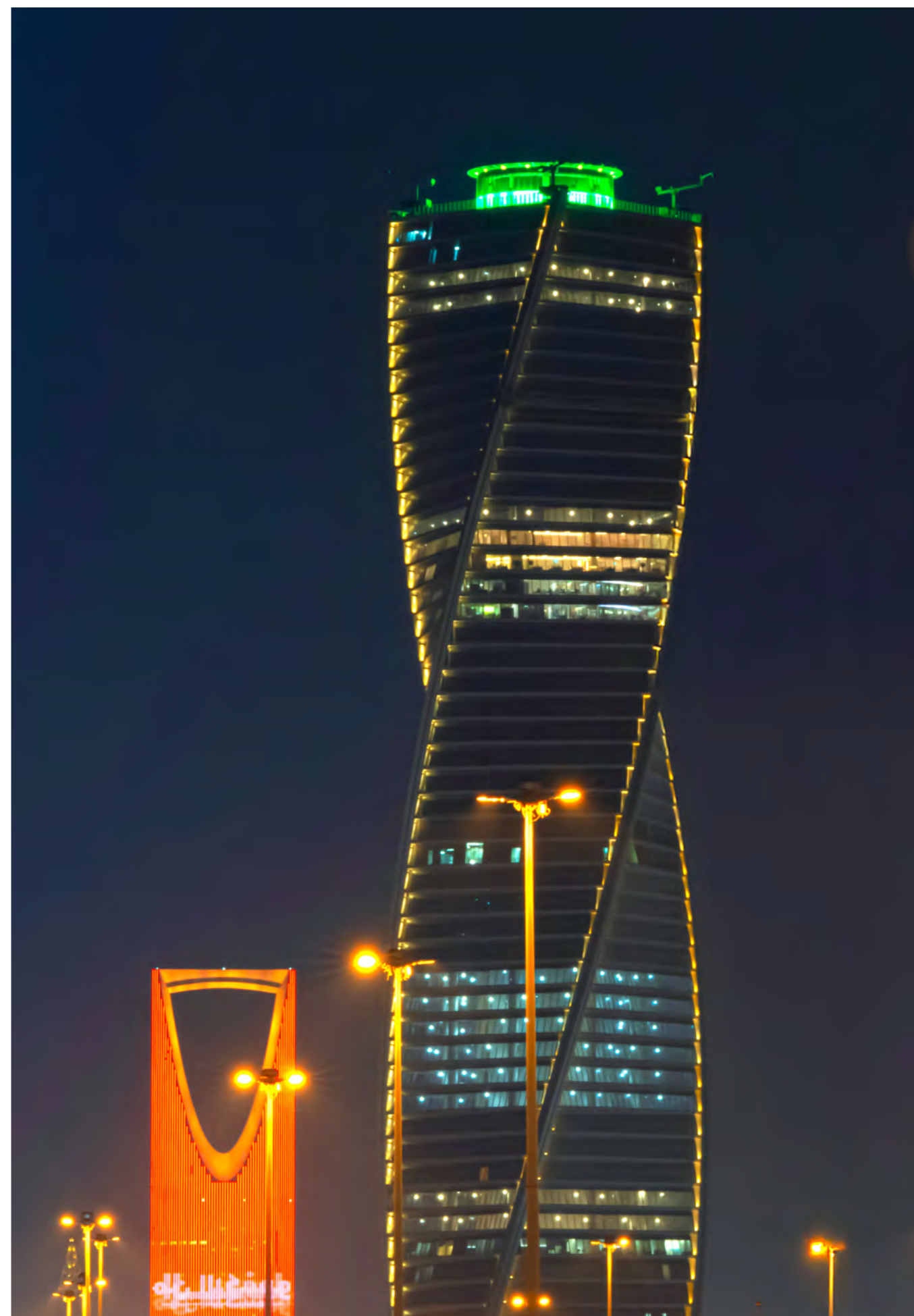
The Group's consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia, as well as other standards and versions approved by the Saudi Organization for Certified and Professional Accountants.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

## Operating Results

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

Statement	2024	2023	Changes - / +	% Change
Operating revenue	88,665,641	75,329,673	13,335,968	17.7%
Operating expenses	(72,773,904)	(61,360,396)	(11,413,508)	19%
Other expense / income, Net	(4,356,906)	46,496	(4,403,402)	-
Reversal of impairment loss on financial assets	235,085	149,868	85,217	57%
Operating profit for the year	11,769,916	14,165,641	(2,395,725)	(17%)
Financing costs, Net	(4,849,610)	(3,651,034)	(1,198,576)	33%
Share of profit on equity accounted investees	134,063	83,673	50,390	60%
Zakat	(187,426)	(348,981)	161,555	(46%)
Net profit for the year	6,866,943	10,249,299	(3,382,356)	(33%)

Figures in thousand SAR



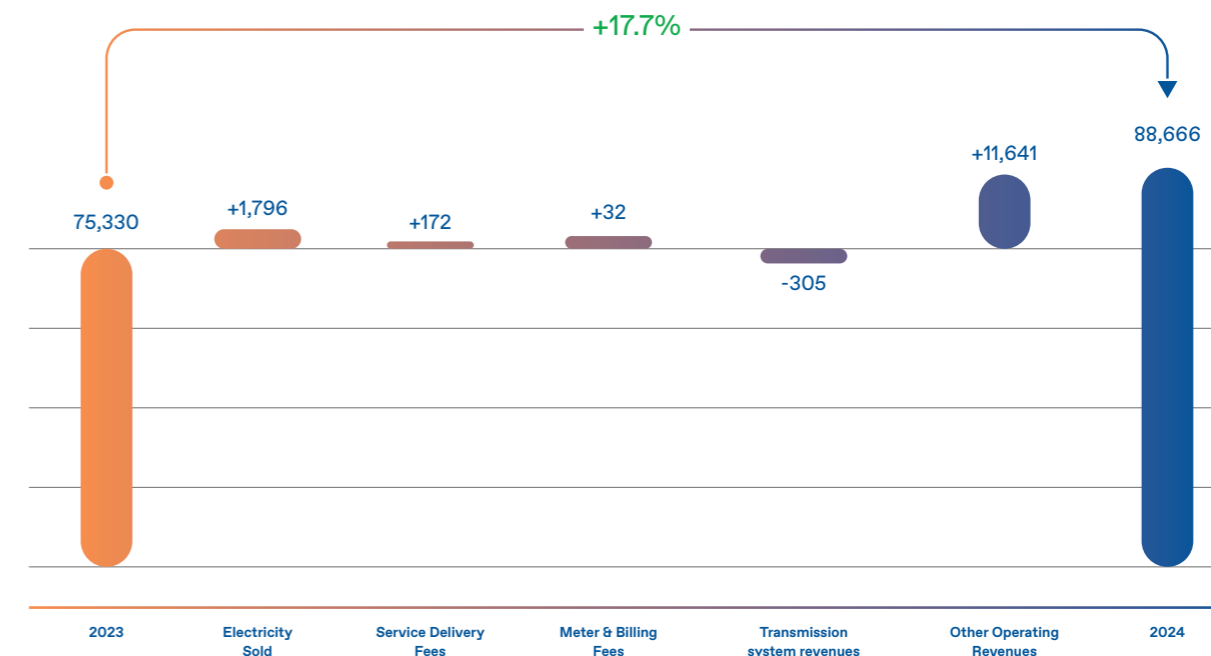
## Description of the Main Activities of the Group

Activity	% of fixed assets	% of operating expenses
Electric power generation	24%	19%
Electric power transmission	42%	25%
Distribution and customers' services	32%	55%
Support organizational activities	2%	1%
Total	100%	100%

## Operating Revenues

The operating revenues in 2024 amounted to SAR 88,666M, compared to SAR 75,330M in 2023, reflecting a growth rate of 17.7%. The growth is attributed to the following factors:

- The increase of electricity revenues to SAR 66,673M, compared to SAR 64,877M in the previous year, representing a growth rate of 3%. This increase is attributed to growth in consumption from the commercial, agricultural, and residential segments.
- The increase in electricity service connection revenues to SAR 2,809M in 2024, compared to SAR 2,638M in the previous year, representing a growth of 7%. The increase is attributed to the connection of electricity service new customers in 2024, and the increase in amortization of deferred revenues during 2024.
- The decrease in transmission system revenues at the end of 2024 to SAR 1,441M, compared to SAR 1,746M in the previous year, representing a decline of 18% due to a decrease in some customers' loads for 2024.
- The increase in other operating revenues to SAR 11,995M in 2024, compared to SAR 2,360M in the previous year, reflecting a significant growth of 408%. The increase is attributed to higher recognized required revenues during the current year, driven by an increase in the weighted regulatory return on capital costs (regulatory return) and the growth of the regulated asset base. These in addition to new revenue from development projects to construct substations and transmission lines for SEC's customers.



## Cost of Sales

The cost of sales in 2024 amounted to SAR 71,179M, compared to SAR 59,808M in the previous year, reflecting an increase of 19%. The increase is attributed to the following factors:

- The cost of purchased electricity and fuel in 2024 increased to SAR 30,230M, compared to SAR 21,753M in the previous year, reflecting a 39% increase. This increase is a result of its factors stemming from the growth in demand for electricity and the signed power purchase agreements with Saudi Power Procurement Company in early July 2022.
- Depreciation expense in 2024 increased to SAR 20,315M, compared to SAR 19,048M in the previous year, reflecting a 7% increase. The increase is attributed to the growth of assets.
- Operation and maintenance costs in 2024 decreased to SAR 16,615M, compared to SAR 16,934M in the previous year, reflecting a 2% decrease. The decrease is due to continued improvements in operational efficiency.
- Construction costs in 2024 increased to SAR 4,020M, compared to SAR 2,074M in the previous year, reflecting a 94% increase. The increase is attributed to the increased costs of contracts for the development of substations and transmission lines for SEC's customers.

### Other Expense / Income, Net

The Other expense / income , net in 2024 amounted to SAR (4,357)M, compared to SAR 46M in 2023. The change is primarily due to the recognition of a settlement for legacy disputed amounts related to technical discrepancies in quantities, prices and handling costs of fuel and electric power.

### Net Provision for Receivables

The net provision for receivables showed a positive amount of SAR 235M, compared to SAR 150M in the previous year. The positive change is attributed to an improvement in the collection of receivables, which led to a reversal of previous provisions.

### Operating Profit

The operating profit in 2024 amounted to SAR 11,770M, compared to SAR 14,166M in 2023, reflecting a decrease of 17%. The primary reason for the decrease is attributed to the recognition of non-recurring items, representing the settlement of legacy disputed amounts related to technical discrepancies in quantities, prices and handling costs of fuel and electric power.

### Net Financing Costs

The net financing costs in 2024 amounted to SAR 4,850M, compared to SAR3,651M, reflecting an increase of 33%. The primary reason for the increase is due to additional funding obtained during the current year to finance the Group's capital projects.

### Net Profit

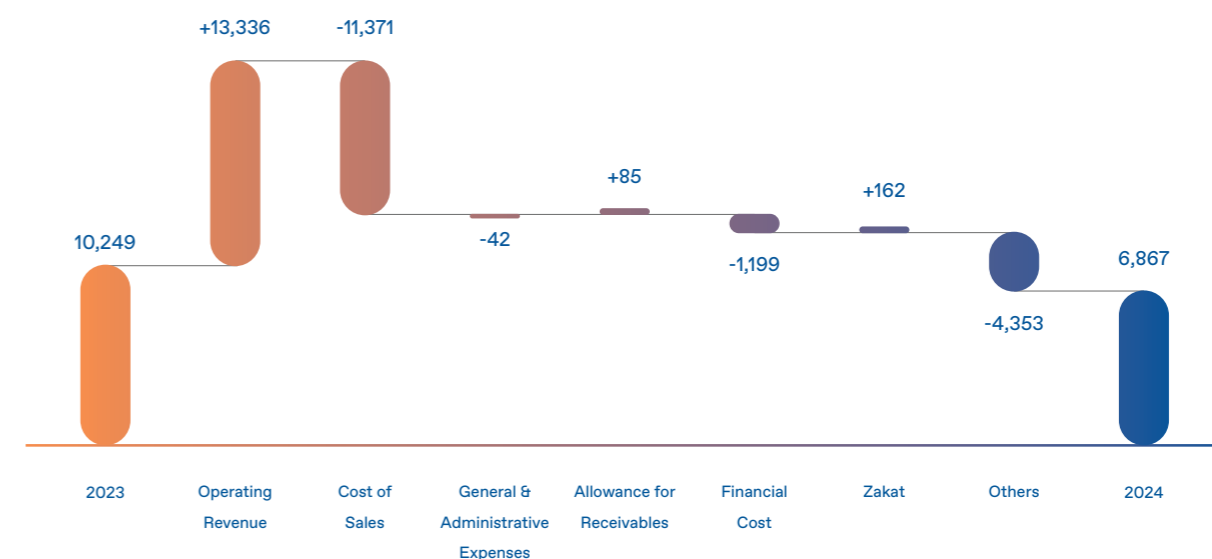
Overall, the net profit in 2024 amounted to SAR 6,867M, compared to SAR 10,249M in 2023, reflecting a decrease of 33%. The decline in net profit for 2024, compared to the previous year, is primarily due to the following:

- The recognition of non-recurring expenses based on the decision of the Ministerial Committee for the restructuring of the electricity sector and the Saudi Electricity Company (the Ministerial Committee) to approve a final settlement of legacy disputed amounts related to technical discrepancies in quantities, prices and handling costs of fuel and electric power. Excluding non-recurring items from the comparison periods, the net profit

in 2024 is SAR 12,081M, compared to SAR 11,094M in 2023, representing an increase of 8.9%. This increase is primarily due to the following:

1. An increase in recognized required revenues during 2024, driven by the rise in regulatory return and the growth of the regulated asset base.
2. Higher revenues from electricity generation and continued growth in the customer base.
3. Growth in revenues from the development of substations and transmission line projects for SEC's customers.
4. Reduced operation and maintenance expenses due to ongoing improvements in operational efficiency.
5. An increase in net other revenues and expenses, the reversal of provisions for receivables due to improved collections, a decrease in Zakat provisions, and an increase in investment income recognized using the equity method from the Group's share in independent power stations.

It is worth noting that these factors were partially offset by an increase in net financing charges due to new financing obtained in 2024 to support capital expenditure expansions and business growth.



## Income Statement

Statement	2024	2023	2022	2021	2020
Operating revenues	88,665,641	75,329,673	72,079,424	69,338,036	68,708,918
Cost of sales	(71,179,368)	(59,808,297)	(52,319,607)	(48,796,076)	(60,386,393)
Gross Profit	17,486,273	15,521,376	19,759,817	20,541,960	8,322,525
General and administrative expenses	(1,594,536)	(1,552,099)	(1,609,523)	(884,907)	(1,167,370)
Total operating expenses	(72,773,904)	(61,360,396)	(53,929,130)	(49,680,983)	(61,553,763)
Other income/ (expenses), net	1,330,427	46,496	1,214,120	(812,875)	1,610,388
Fuel settlement expense	(5,687,333)	-	-	(207,930)	(808,090)
Reversal / (provision) on financial asset	235,085	149,868	(1,378,475)	(1,074,931)	(253,638)
Operating profit for the year	11,769,916	14,165,641	17,985,939	17,561,317	7,703,815
Financing expenses, net	(4,849,610)	(3,651,034)	(2,680,665)	(2,558,926)	(4,890,052)
Share of gain - (loss) on equity accounted investees	134,063	83,673	307,749	(10,202)	4,337
Zakat and income tax expense	(187,426)	(348,981)	(416,621)	(455,925)	285,488
Net profit for the year from continuing operations	6,866,943	10,249,299	15,196,402	14,536,264	3,103,588
Discontinued operations	-	-	-	-	-
Net loss from discontinued operations	-	-	(61,178)	(145,393)	(78,040)
Net profit of the year	6,866,943	10,249,299	15,135,224	14,390,871	3,025,548

Figures in thousand SAR



## Geographic Analysis of the Group's Electricity Sales

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

Year	Description	Regional Electricity Sales				Total
		Central	Eastern	Western	Southern	
2024	Electricity sales	22,747,940	16,467,082	20,332,832	7,125,506	66,673,361
2023		21,523,109	16,588,126	19,917,172	6,848,524	64,876,931

Figures in thousand SAR

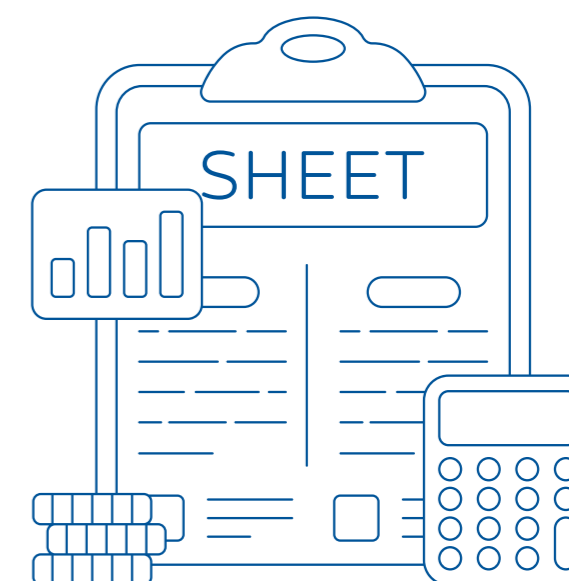
## Statement of Financial Position

Statement	2024	2023	2022	2021	2020
Current assets	39,276,404	33,598,915	35,288,001	33,359,420	45,788,024
Other long-term assets	7,440,979	6,238,380	6,110,272	2,791,892	2,882,219
Net Fixed Assets	500,297,029	460,951,523	438,083,263	438,731,462	436,779,330
Total Assets	547,014,412	500,788,818	479,481,536	474,882,774	485,449,573
Current liabilities	67,080,235	57,477,596	47,329,239	64,511,537	71,129,812
Long-term loans and sukuks	122,181,963	85,004,743	80,817,728	84,613,253	100,305,959
Other liabilities	106,380,508	101,988,767	94,283,845	74,134,316	66,239,250
Total Liabilities	295,642,706	244,471,106	222,430,812	223,259,106	237,675,021
Paid-up capital	41,665,938	41,665,938	41,665,938	41,665,938	41,665,938
Reserves and retained earnings	41,785,205	46,731,211	47,464,223	42,037,167	38,188,051
Mudaraba Instrument	167,920,563	167,920,563	167,920,563	167,920,563	167,920,563
Total owners equity	251,371,706	256,317,712	257,050,724	251,623,668	247,774,552
Total liabilities and owners equity	547,014,412	500,788,818	479,481,536	474,882,774	485,449,573

## Cash Flow Statement

Statement	%Change	2024	2023
Net cash generated from operating activities	17.5%	38,316,683	32,618,850
Net cash used in investing activities	74.3%	(55,572,940)	(31,885,896)
Net cash generated / (used) from financing activity	-	18,266,361	(3,274,226)
Net change in cash and cash equivalents	-	1,010,104	(2,541,272)
Cash and cash equivalents at the beginning of the year	-80.3%	621,552	3,162,824
Cash and cash equivalents at the end of the year	162.5%	1,631,656	621,552

Figures in thousand SAR



# Loans & Sukuks

## Major Financing Deals in 2024

In 2024, the Group achieved exceptional financing deals to support its strategic investments and enhance its growth.

The major financing deals during the year included:

- February 2024: Issuance of dual-tranche sukuk worth \$2.2B under the international sukuk program. The issuance was split into two tranches:
  - o A tranche of \$800M for 5 years with an annual return of 4.942%.
  - o A tranche of \$1.4B for 10 years with an annual return of 5.194%.
- March 2024: A syndicated loan from East Asia worth \$1B.
- May 2024: A bilateral loan from the Saudi National Bank worth \$1B.
- July 2024: A syndicated loan from East Asia led by Chinese banks worth \$2B.
- August 2024: A revolving international credit facility worth \$4B.
- November 2024: A bilateral loan from Alinma Bank worth \$0.5B.

- December 2024: A syndicated international loan agreement worth \$3.6B with a selection of prominent international and regional banks, and a bilateral financing agreement (Green Facility) from Intesa Sanpaolo Bank worth \$0.25B.

## Islamic sukuks redeemed during the year 2024

**The full redemption of the international sukuk due on 27-01-2024, amounting to \$800M, was completed on 27-01-2024. The sukuk, issued on 27-09-2016, were listed on the Irish Stock Exchange (Euronext Dublin).**

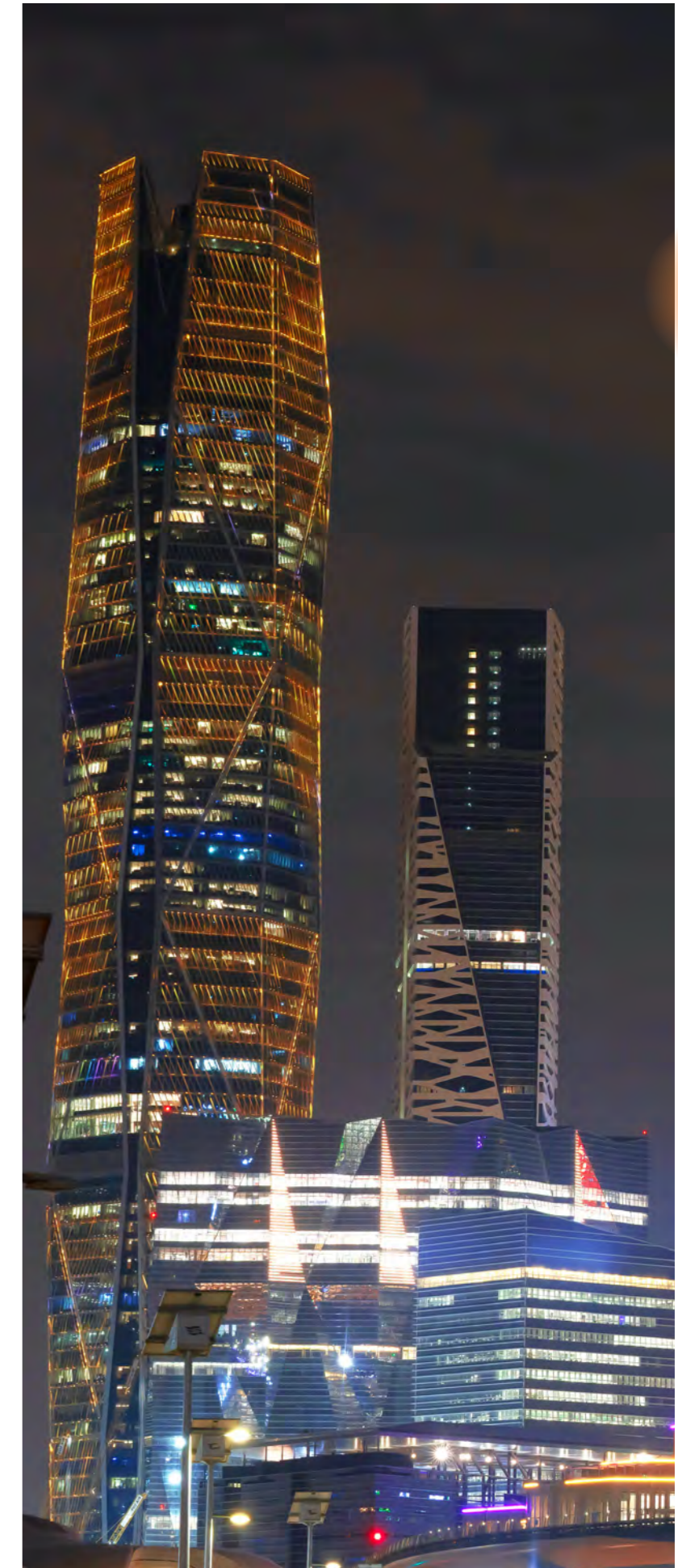
- o Value of redeemed sukuk: \$800,000,000
- o Total number of redeemed sukuk: 4,000 sukuk
- o Date of suspension of sukuk trading: 29-01-2024
- o Face value per sukuk at redemption: \$200,000
- o Total value after redemption: 0
- o Date of deposit of funds into sukuk holders' accounts: 29-01-2024

**The full redemption of the local sukuk due on 30-01-2024, amounting to SAR 4.5B, was completed on 30-01-2024. The sukuk, issued on 30-01-2014, were listed on the Saudi Stock Exchange (Tadawul) with the symbol 5114.**

- o Value of redeemed sukuk: SAR 4,500,000,000
- o Total number of redeemed sukuk: 4,500 sukuk
- o Date of suspension of sukuk trading: 25-01-2024
- o Face value per sukuk at redemption: SAR 1,000,000
- o Total value after redemption: 0
- o Date of deposit of funds into sukuk holders' accounts: 30-01-2024

**The full redemption of the international Islamic sukuk due on 08-04-2024, amounting to \$1.5B, was completed on 08-04-2024. The sukuk, issued on 08-04-2014, were listed on the Irish Stock Exchange (Euronext Dublin).**

- o Value of redeemed sukuk: \$1,500,000,000
- o Total number of redeemed sukuk: 7,500 sukuk
- o Date of suspension of sukuk trading: 08-04-2024
- o Face value per sukuk at redemption: \$200,000
- o Total value after redemption: 0
- o Date of deposit of funds into sukuk holders' accounts: 08-04-2024



## Statement of Commercial Loan Movements During 2024

Statement	Total Value of Loans	Loan Balance at the Beginning of the Period as of 01/01/2024	Amount Drawn from Loans During the Year	Actual Loan Repayments During the Year	Loan Balance at the End of the Period as of 31/12/2024
Domestic banks 2	5,000,000	767,200	-	384,800	382,400
Domestic banks 6	3,500,000	2,493,750	-	52,500	2,441,250
Domestic banks 8	15,200,000	14,288,000	-	304,000	13,984,000
Domestic banks 9	2,850,000	2,830,000	-	287,500	2,542,500
Domestic banks 10	9,000,000	8,730,000	-	180,000	8,550,000
Domestic banks 11	1,500,000	1,485,000	-	15,000	1,470,000
Local syndicated loan 12	10,000,000	10,000,000	-	-	10,000,000
Domestic bank 13	1,600,000	902,824	149,996	-	1,052,820
Domestic bank 14	3,000,000	3,000,000	-	-	3,000,000
International bank 2	3,709,125	41,976	-	41,976	-
International syndicated loan 3	5,251,120	1,311,940	-	437,914	874,026
International syndicated loan 4	7,240,715	2,877,050	-	603,731	2,273,319
International syndicated loan 6	3,375,585	1,686,739	-	281,366	1,405,373
International syndicated loan 7	1,575,336	787,480	-	131,304	656,176

Figures in thousand SAR

Statement	Total Value of Loans	Loan Balance at the Beginning of the Period as of 01/01/2024	Amount Drawn from Loans During the Year	Actual Loan Repayments During the Year	Loan Balance at the End of the Period as of 31/12/2024
International syndicated loan 9	4,500,000	1,256,379	240,520	187,698	1,309,201
International syndicated loan 10	11,265,874	11,265,874	-	-	11,265,874
International syndicated loan 11	11,251,425	-	11,251,425	-	11,251,425
International syndicated loan 12	776,250	-	776,250	-	776,250
International syndicated loan 13	3,750,600	-	3,750,600	-	3,750,600
Domestic loan 15	3,750,550	-	3,750,550	-	3,750,550
International syndicated loan 14	7,503,650	-	7,503,650	-	7,503,650
Domestic loan 16	1,878,375	-	1,878,375	-	1,878,375
International syndicated loan 15	2,128,155	-	1,828,145	-	1,828,145
International syndicated loan 16	938,800	-	938,800	-	938,800

Figures in thousand SAR

### Statement of Outstanding Sukuk as of 31/12/2024:

Statement	Issuance Size	Issuance Date	Tenor	Actual Sukuk Payments During the Year
Local Sukuk (Fourth Issuance) in Saudi Riyals	4,500,000	2014	10 years	4,500,000
International Sukuk (USD 1,000M)	3,750,750	2013	30 years	-
International Sukuk (USD 1,500M)	5,625,600	2014	10 years	5,625,600
International Sukuk (USD 1,000M)	3,750,400	2014	30 years	-
International Sukuk (USD 800M)	3,000,800	2018	5.3 years	3,000,800
International Sukuk (USD 1,200M)	4,501,200	2018	10 years	-
International Sukuk (USD 650M)	2,437,500	2020	5 years	-
International Sukuk (USD 650M)	2,437,500	2020	10 years	-
International Sukuk (USD USD 1,200M)	4,500,000	2023	10 years	-
International Sukuk (USD 1,500M)*	5,625,000	2023	30 years	-
International Sukuk (USD 800M)	3,000,000	2024	5 years	-
International Sukuk (USD 1,400M)	5,250,000	2024	10 years	-

Figures in thousand SAR

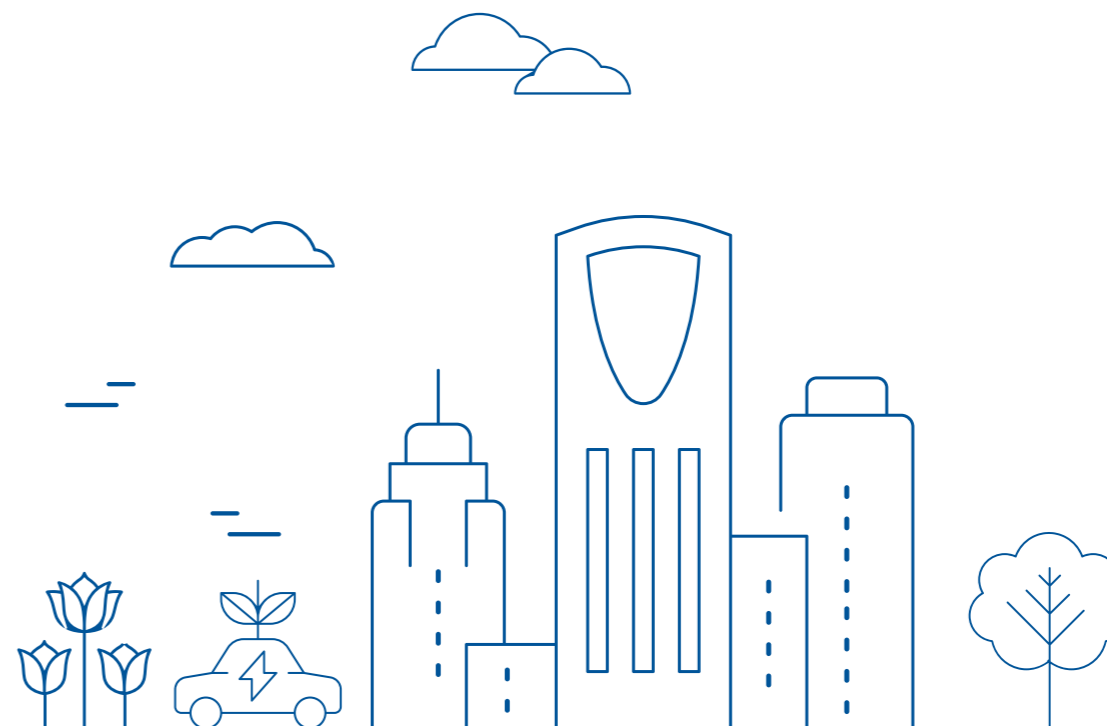
\*During March 2024, the Group performed a subsequent tap issuance under an existing Sukuk issuance amounting to SAR 750M (US\$ 200M) maturing in 2053. Additionally, during March 2024, the Group issued another Tap Sukuks under an existing Sukuk series amounting to SAR 1.875B (US\$ 0.5B) maturing in 2053. Both taps are redeemable with the original Sukuks issued in 2023

### Bank Facilities and Short-Term Revolving Loans

Statement	Principal Loan Amount	Loan Currency	December 31 2024
Domestic Revolving Bank Loan	8,000,000	SAR/USD	8,000,000
International Syndicated Revolving Loan 4	9,665,625	USD	-
International Syndicated Revolving Loan 5	15,000,000	USD	8,631,416

Figures in thousand SAR

- There were no convertible debt instruments or any contractual securities, or any rights of subscription memorandums or similar rights issued or granted by the company during the fiscal year ending on 31/12/2024.
- There were no transfer or subscriptions rights under convertible debt instruments and any contractual securities, rights of subscription memorandums or similar rights issued or granted by the company during 2024.



## Transactions with Related Parties

The ultimate controlling party of the group is the Government of the Kingdom of Saudi Arabia through the ownership of the principal shareholder (Public Investment Fund), Saudi Aramco, and the Saline Water Conversion Corporation. These entities are under joint control (all companies ultimately controlled by the Kingdom of Saudi Arabia). When determining transactions and balances, the group applied the exemption under paragraph 18 of International Accounting Standard 24. Therefore, only material transactions were disclosed. The following significant transactions were carried out with related parties:

Sale of Electricity	2024	2023
The Ultimate Controlling Party of the Group	11,869,458	11,382,408
Entities under the control of the Ultimate Controlling Party of the Group		
Saudi Electricity Purchase Company	16,558,744	15,981,381
Saudi Aramco	223,630	511,440
Saudi Water Authority	551,707	540,785
Total	29,203,539	28,416,014

Figures in thousand SAR

Construction Revenues	2024	2023
Entities under the control of the Ultimate Controlling Party of the Group		
Saudi Aramco	893,163	249,423

Figures in thousand SAR

Figures in thousand SAR

Purchases of Energy and Fuel	2024	2023
Entities under the control of the Ultimate Controlling Party of the Group		
Saudi Electricity Purchase Company	46,213,241	37,178,438
Other		
The Ultimate Controlling Party of the Group		
Paid from the reserve for the hedging instrument	8,667,733	7,661,376
Year-End Balances Resulting from Transactions with Related Parties:	2024	2023
Receivables, Net		
The Ultimate Controlling Party of the Group		
Government electricity receivables (Note 16)	6,921,316	6,444,187
Entities under the control of the Ultimate Controlling Party of the Group		
Saudi Electricity Purchase Company (Note 16)	3,317,326	2,688,458
Saudi Aramco (Note 16)	201,797	221,319
Saline Water Conversion Corporation (Note 16)	1,053,957	547,159
Subtotal	4,573,080	3,456,936
Total	11,494,396	9,901,123

For more details, please see the notes of 2024 Annual Financial Statements.

Year-End Balances Resulting from Transactions with Related Parties:	2024	2023
---	------	------

Loans Receivables from Related Parties

Joint Ventures and Associates		
Al-Fadhli Co-production	232,613	232,613
Global Data Center Company	95,250	76,986
Sidra One Holding Company - Loans	480,129	68,630
Qudra One Holding Company - Loans	474,534	68,630
<b>Total</b>	<b>1,282,526</b>	<b>446,859</b>

Other Receivables	2024	2023
-------------------	------	------

Entities under the control of the Ultimate Controlling Party of the Group

Saudi Aramco	130,792	-
--------------	---------	---

Contract Assets	2024	2023
-----------------	------	------

Entities under the control of the Ultimate Controlling Party of the Group

Saudi Aramco	167,709	248,679
--------------	---------	---------

Contract Liabilities	2024	2023
----------------------	------	------

Entities under the control of the Ultimate Controlling Party of the Group

Saudi Aramco	1,243,608	-
--------------	-----------	---

Figures in thousand SAR

Accounts Payable and Liabilities	2024	2023
----------------------------------	------	------

Entities under the control of the Ultimate Controlling Party of the Group

Saudi Water Authority	118	118
Government Payables Expenses	57,351	830,421
Ministry of Finance for 2023	6,102,624	1,702,128
Saudi Electricity Purchase Company	-	30,371
Saudi Aramco	127,910	137,652
<b>Total</b>	<b>6,288,003</b>	<b>2,700,690</b>

Deferred Government Grants	2024	2023
----------------------------	------	------

The Ultimate Controlling Party of the Group

Ministry of Communications and Information Technology	1,111,954	1,256,645
---	-----------	-----------

Senior Management Compensation	2024	2023
--------------------------------	------	------

The senior management includes the board members and members of the executive committee. The compensation paid or payable to the senior management for their services is detailed below:

Salaries, Compensation, and Allowances	16,009	14,131
Employee Benefit Obligation	33,089	-
Annual and Periodic Bonuses	23,601	17,015
<b>Total</b>	<b>72,699</b>	<b>31,146</b>

Figures in thousand SAR

# Other Financial Information

Details of the Shares and Debt instruments issued for each Subsidiary and Investee

**01. Gulf Cooperation Council Interconnection Authority (GCCIA)**

Number of Shares  
Share **1,534,170**

Debt Instruments  
None

**02. Electricity Sukuk Company**

Number of Shares  
Stake **10,000**

Debt Instruments  
None

**09. Saudi Electricity Projects Development Company**

Number of Shares  
Stake **100,000**

Debt Instruments  
None

**10. GCC Electrical Testing Laboratory**

Number of Shares  
Share **79,775,000**

Debt Instruments  
None

**03. Dawiyat Telecom Company**

Number of Shares  
Stake **100,000**

Debt Instruments  
None

**04. National Grid SA**

Number of Shares  
Stake **200,000,000**

Debt Instruments  
None

**11. Fadhili Plant Cogeneration Company (FPCC)**

Number of Shares  
Stake **150,000**

Debt Instruments  
None

**12. Saudi Green Company for Carbon Services**

Number of Shares  
Stake **1,000,000**

Debt Instruments  
None

**05. Dhuruma Electricity Company**

Number of Shares  
Share **400,000**

Debt Instruments  
None

**06. Hajr Electricity Production Company**

Number of Shares  
Share **215,623,000**

Debt Instruments  
None

**13. Solutions Valley Company**

Number of Shares  
Stake **500,000**

Debt Instruments  
None

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

Number of Shares  
Stake **100,000**

Debt Instruments  
None

**07. Rabigh Electricity Company**

Number of Shares  
Share **92,375,000**

Debt Instruments  
None

**08. Al-Mourjan for Electricity Production Company**

Number of Shares  
Share **1,000,000**

Debt Instruments  
None

**15. Global Data Hub Company**

Number of Shares  
Stake **1,000,000**

Debt Instruments  
None

**16. Shuaibah Water and Electricity Company (SWEC)**

Number of Shares  
Share **156,050,000**

Debt Instruments  
None

**17. The Saudi Energy Production Company**

Number of Shares  
Stake **200,000**

---

Debt Instruments  
None

**18. Shuaibah Expansion Project Company (SEPCO)**

Number of Shares  
Stake **17,581,800**

---

Debt Instruments  
None

**25. Saudi Electricity Global Sukuk Company 4**

Number of Shares  
Stake **1**

---

Debt Instruments  
USD 1.2 Billion

**26. Saudi Electricity Global Sukuk Company 5**

Number of Shares  
Stake **1**

---

Debt Instruments  
USD 1.3 Billion

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

Number of Shares  
Share **112,000,000**

---

Debt Instruments  
None

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

Number of Shares  
Share **88,250,000**

---

Debt Instruments  
None

**27. Sidra Holding Company**

Number of Shares  
Share **1,000**

---

Debt Instruments  
None

**28. Qudra Holding Company**

Number of Shares  
Share **1,000**

---

Debt Instruments  
None

**21. Saudi Electricity Company for the Global Sukuk Program**

Number of Shares  
Stake **1**

---

Debt Instruments  
USD 4.9 Billion

**22. Saudi Electricity Global Sukuk Company 1**

Number of Shares  
Stake **1**

---

Debt Instruments  
None

**29. Dawiyat Digital Information Technology Company**

Number of Shares  
Stake **100,000**

---

Debt Instruments  
None

**30. Dawiyat Data Centers Company**

Number of Shares  
Stake **100,000**

---

Debt Instruments  
None

**23. Saudi Electricity Global Sukuk Company 2**

Number of Shares  
Stake **1**

---

Debt Instruments  
USD 1 Billion

**24. Saudi Electricity Global Sukuk Company 3**

Number of Shares  
Stake **1**

---

Debt Instruments  
USD 1 Billion

**31. Electric Vehicle Infrastructure Company (EVIC)**

Number of Shares  
Share **101,600,000**

---

Debt Instruments  
None

**32. Saudi Greek Interconnection Societe Anonyme**

Number of Shares  
Share **250,000**

---

Debt Instruments  
None

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

Figures in thousand SAR

Statement	2024	2023
Customs Fees	3,523	253
Zakat & Tax	217,165	625,424
General Organization for Social Insurance	1,102,952	1,087,587
Other	117,213	96,566
Total	1,440,853	1,809,830

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

#### Savings Program

SEC has created an optional savings and retirement program to motivate employees and boost their sense of loyalty and affiliation with the company. This contributes to improving employee performance levels and attracting qualified Saudi talent and motivating them to continue serving the company, as well as helping Saudi employees accumulate savings and benefit from them upon retirement or the termination of their service.

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

The company contributes 100% of an employee's monthly contribution and credits it to their account. The employee's entitlement is calculated according to the company's principles starting from 10% upon the completion of the first year of subscription and up to 100% upon completion of the tenth year of participation. The

employee's entitlements are calculated upon termination of the subscription based on the applicable regulatory standards. The following table is a summary of the changes to the contributions of employees participating in the program, as well as the company's contribution during the year:

Figures in thousand SAR

The Statement	Employee Contribution	Employee's Entitlement from the Company's Contribution
Balance as at the Beginning of the Year	866,427	1,098,929
Net Additions / Exclusions During 2023	82,318	139,642
Balance at the End of the Year	948,745	1,238,571

#### Housing Loans Program

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

The total amount disbursed during the year 2024 amounted to SAR 184,950,872.



# 05

## Corporate Governance

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# Corporate Governance System

The Saudi Electricity Company's governance framework is built to protect and enhance value for shareholders and stakeholders alike. Continuously refined to align with evolving laws, regulations, and best practices, it reflects SEC's steadfast commitment to transparency, accountability, ethical conduct, and sustainable growth.

## Building a Resilient Governance Framework

Our governance system establishes a robust framework of principles and rules to guide the Board of Directors, Board Committees, and Executive Management in ensuring responsible and transparent management. These principles cover critical areas such as shareholder rights, board member responsibilities, internal control systems, stakeholder engagement, and disclosure and transparency practices. To strengthen its governance

standards, SEC has adopted additional policies, including the Shareholders' and General Assembly Rights Regulations and the bylaws of the Board of Directors and its Committees. The Governance Department, under the supervision of the Board Secretary, is responsible for promoting awareness of these structures and policies while preparing related reports to ensure effective governance across all operations.

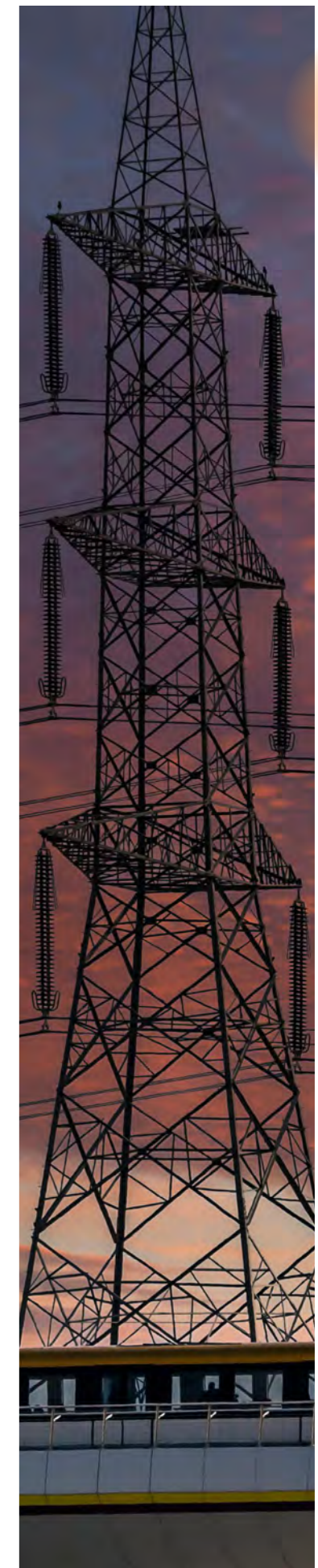
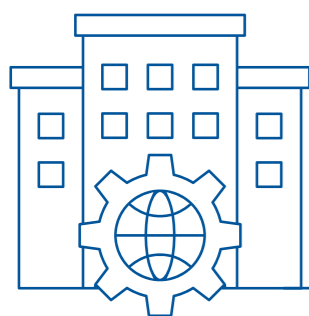
## Strengthening Corporate Governance Foundations

The Board of Directors plays a pivotal role in defining SEC's strategic direction and overseeing its overall operations. The Board's bylaws outline its powers and responsibilities, including reviewing and approving company policies, setting corporate strategies, establishing and monitoring performance indicators, allocating budgets, evaluating the effectiveness of internal control systems, and providing recommendations to the General Assembly.

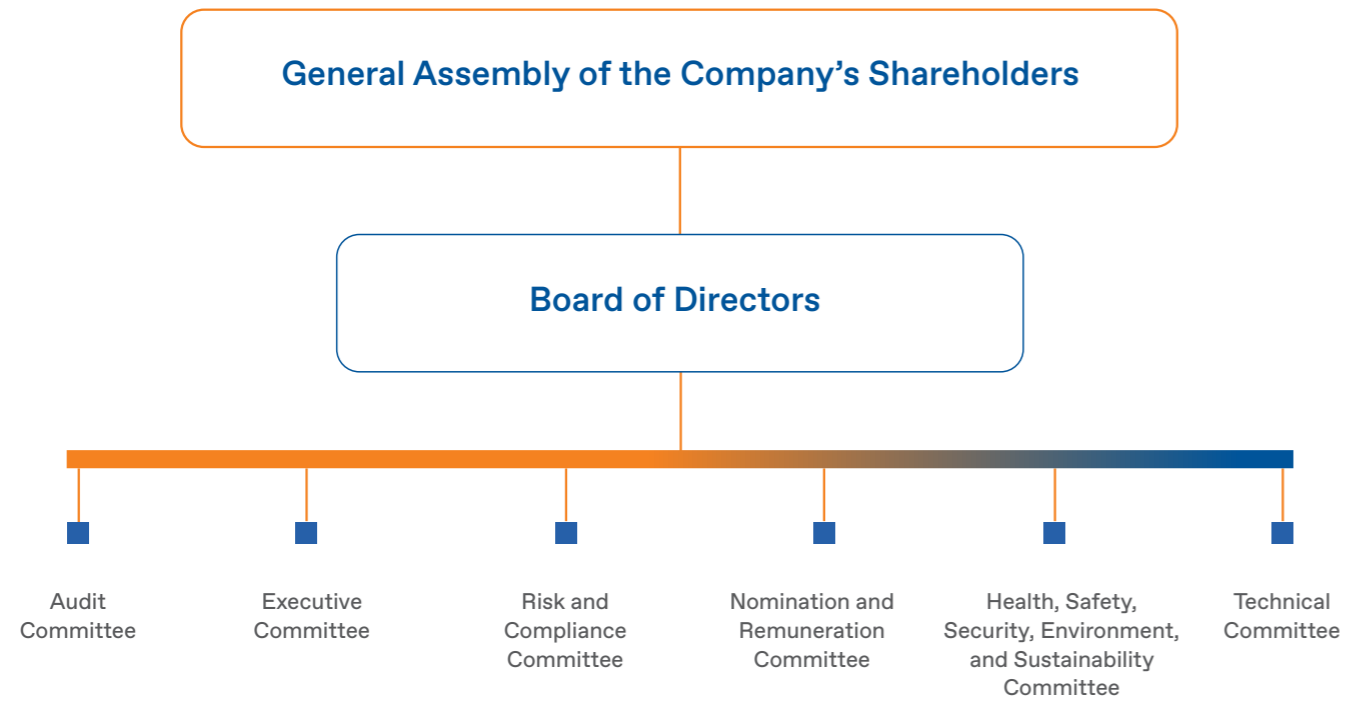
The Board comprises nine members appointed by the General Assembly for terms not exceeding four years, with meetings held at least once every three months. Board members bring diverse expertise across fields such as electrical engineering, governance, law, investment,

project management, consulting, financial markets, and finance.

The Chairman of the Board, elected by the Board members, is prohibited from holding any executive position within the company. To ensure accountability and effectiveness, the Board, its committees, individual members, and the CEO undergo an annual performance evaluation overseen by the Chairman and independent board members. Non-executive board members also evaluate the Chairman's performance. Additionally, an external, independent entity conducts a comprehensive assessment of the Board's performance every three years, ensuring its governance practices remain robust and aligned with global standards



# Corporate Board and Executive Management



## Fostering a Culture of Ethics and Compliance

SEC places the highest importance on governance to protect shareholder rights, ensure sustainability, promote transparency and disclosure for all stakeholders. With robust internal control systems, SEC upholds the highest standards of integrity, transparency, and accountability in its operations.

The company's Code of Conduct and Ethics establishes clear standards addressing employee rights, anti-corruption measures, fair competition, and equitable dealings. It

also addresses policies on bribery, improper engagement with third parties, supplier selection, facilitation payments, anti-money laundering, charitable contributions, event sponsorships, solicitation, extortion, and mergers and acquisitions.

To further support compliance, we have introduced additional policies to guide decision-making, including the Policy on Standards for Engagement in Competitive Activities, the Conflict-of-Interest Policy, and the Disclosure and Transparency Policy. The Business Integrity Department oversees matters

related to business ethics, raising awareness about corruption prevention and ensuring adherence to these principles.

A dedicated hotline system enables employees and external parties to report complaints or violations of internal regulations, rules, instructions, or company policies. This system fosters a culture of professionalism, integrity, and transparency while safeguarding the company's assets and resources.

## Board of Directors Formation and Responsibilities

### Appointment Procedures for Board and Committee Members

The company's senior management operates under the stewardship of the Board of Directors. The Board elects a Chairman and Vice Chairman from among its members, and to enhance its supervisory role, the Board establishes the following committees:

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

The Board appoints the members of these committees and retains the authority to amend their composition as necessary. It ensures stewardship of the company by ensuring compliance with Capital Market Authority regulations and maintaining governance standards set for the company.

### Roles and Duties of the Board of Directors

The Board of Directors upholds its duties of care, loyalty, and diligence to safeguard the company's interests, foster growth, and continuously enhance value. While certain authority may be delegated to committees or individuals, the Board retains ultimate accountability for corporate actions. Its core responsibilities include:

- Developing and overseeing the implementation of business plans, strategies, and goals, while ensuring adequate human and financial resources.

- Establishing internal control policies and procedures to address conflicts of interest, financial and accounting standards, and conducting annual reviews to ensure effectiveness.
- Defining clear standards and procedures for Board membership, subject to General Assembly approval and in compliance with governance regulations.
- Formulating policies to manage relationships with stakeholders, while adhering to corporate governance guidelines.
- Conducting regular (annual) reviews of Board and Committee policies to align with regulatory requirements and best practices.
- Supervising financial management, including cash flow and credit relations with external parties.
- Recommending matters related to capital, financial reserves, and profit distribution to the General Assembly.

- Preparing and approving the Board's report and preliminary and annual financial statements.
- Ensuring transparency and integrity in information disclosures, adhering to relevant policies and regulations.
- Maintaining effective communication channels to engage shareholders.
- Establishing specialized committees with clearly defined responsibilities and authority.
- Determining employee compensation structures, including fixed and performance-based components.
- Defining values and standards that guide the company's operations.
- Implementing social initiatives and adopting a corporate social responsibility policy.
- Establishing procedures for addressing stakeholder complaints and reporting violations, based on recommendations from the Audit Committee.

#### Board Term and Performance Evaluation

Membership of the Board concludes at the end of the term or as specified by the applicable laws of Saudi Arabia. The General Assembly holds the right to dismiss Board members at any time.

The Board conducts an annual performance evaluation of itself, its members, and its committees. The evaluation process is supervised by the Chairman, with results shared with Board members. Independent members actively participate in the evaluation, which may also involve input from the Nomination and Remuneration Committee or an external party.

## Members of The Board of Directors



**His Excellency Dr. Najm bin Abdullah AlZaid**  
Chairman of the Board  
Independent Member



**Dr. Raed bin Nasser AlRayes**  
Vice Chairman of the Board  
Independent Member



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



**Mr. Mohammed bin Abdul Rahman AlBalaihd**  
Board Member  
Independent Member



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



**Dr. Mohammed bin Saeed Owayedh**  
Board Member  
Independent Member



**Mr. Khalid bin Salem Al-Ruwais**  
Board Member  
Non-Executive Member



**Eng. Abdulaziz bin Ahmed Al-Naim**  
Board Member  
Independent Member



**Mr. Cheung Siung - IL**  
Board Member  
Independent Member

## Members of The Board of Directors



**His Excellency Dr. Najm bin Abdullah AlZaid**  
Chairman of the Board  
Independent Member

### Educational Background

- Doctorate in Law from the Law School at George Washington University, USA.
- Master's in Law from the Law School at the University of Minnesota, USA.
- Bachelor of Science in Jurisprudence from Umm Al-Qura University, KSA.
- Diploma in "Systems for Public Prosecution and Investigation" from the Public Administration Institute, KSA.
- Executive Management Development Program at London Business School, UK.
- Executive Leadership Program at Harvard University, US.

### Current and Previous Professional Experience

- Deputy Minister of Justice, KSA
- Co-Founder of (Al-Zaid, Al-Sheikh, and Al-Rashed) Law Firm and Legal Consulting, in collaboration with Hogan Lovells International.
- Head of the Governance and Legal Group at Al Rajhi Bank.
- Member of the Capital Market Authority.
- General Legal Advisor and Director of Legal Affairs at the Capital Market Authority.
- Board Member of the National Center for Privatization (representing the private sector).
- Legal Advisor at the Islamic Development Bank Group.
- Legal Advisor at the World Bank Group, United States.
- Member of the Bureau of Investigation and Public Prosecution.
- Vice Chairman of the Board of Directors of the Mediterranean and Gulf Cooperative Insurance and Reinsurance Company (Medgulf), and Chairman of the Risk Committee and Governance Committee in the company.
- Member of the Audit and Compliance Committee at the Diriyah Gate Development Authority.
- Member of the Governance Committee at Arabian Centers Company.
- Member of the Audit Committee at the Saudi Agricultural and Livestock Investment Company (SALIC).
- Member of the Executive Committee at the Saudi Falcons Club.
- Member of the Governance Committee at Sahara International Petrochemicals Company (SIPCHEM)

### Board Memberships

#### Current Companies

- Vice Chairman of the Board at Gulf International Bank (Bahrain)
- Board Member of Gulf International Bank (KSA)
- Member of the Audit Committee at the Public Investment Fund
- Board Member of the Royal Commission for Riyadh City
- Member of the Regulatory Policies and Oversight Committee at Saudi Tadawul Group





**Dr. Raed bin Nasser AlRayes**

Vice Chairman of the Board  
Independent Member

**Educational Background**

- PhD in Business Administration from the University of Bradford, School of Management, UK.
- Master's in Business Administration from the University of Bradford - UK.
- Higher Diploma in Management and Research Methodologies - University of Bradford, UK.
- Bachelor of Science in Islamic Economics - Imam Muhammad bin Saud Islamic University, KSA.

**Current and Previous Professional Experience**

- CEO of the Saudi Industrial Investment Group DUSAR.
- Deputy CEO and General Manager at Arab Petroleum Investments Corporation APICORP
- Advisor to the Minister at Ministry of Energy, Industry, and Mineral Resources
- Deputy CEO and Head of Investment Banking at Al Rajhi Capital

**Board Memberships**

**Current Companies**

- Awqaf Investment Company
- Duwaiheen Nuclear Energy Company
- Saudi Industrial Development Fund
- Saudi Nuclear Energy Holding Company
- Sulaiman Bin Abdulaziz Al-Rajhi Endowment
- King Abdullah Petroleum Studies and Research Center (KAPSARC)
- National Industrial Innovation Company (NAMI)
- Sami Figeac Aero Manufacturing Company
- Tuwaiq Casting & Forging Company

**Former companies**

- Fiscal Sustainability Program
- General Electric Saudi Advanced Turbines Company (GESAT)
- The Industrialization & Energy Services Company (TAQA)
- Saudi Mechanical Industries Company (SMI)



**Mr. Walid bin Ibrahim Shukri**

Board Member  
Independent Member

**Educational Background**

- Bachelor of Accounting (with Honors) in Industrial Management from King Fahd University of Petroleum and Minerals, KSA
- CPA, American Institute of Certified Public Accountants, USA
- SOCPA, Saudi Organization for Certified Public Accountants.

**Previous Professional Experience**

- Member of the Middle East Leadership Team at PwC
- Deloitte Touche Tohmatsu in Portland, USA
- Managing Partner at PwC KSA
- Lecturer at King Fahd University of Petroleum and Minerals, Department of Industrial Management
- Director at Deloitte & Touche

**Board Memberships**

**Current Companies**

- Board Member Saudi Telecom Company (STC)
- Board Member Saudi Agricultural Livestock Company (SALIC)
- Board Member Middle East Paper Company
- Board Member Saudi Electricity Company (SEC)

**Former Companies**

- Board Member at Kanoo Group
- Board Member at Matbouli Group
- Board Member at Aurecon International
- Board Member at Saudi Mechanical Industries Co.
- Board Member at AlHokair Holding Group



**Mr. Mohammed bin Abdul Rahman AlBalaihed**  
Board Member  
Independent Member

**Educational Background**

- Master's in Business Administration from London Business School, UK.
- Bachelor of Science in Financial Management from Prince Sultan University, KSA.
- Chartered Financial Analyst (CFA) certification

**Current and Previous Professional Experience**

- Director of the Energy and Utilities Sector at Public Investment Fund.
- Assistant Director, Direct Investments Department at Sanabil Investments.
- Credit Analyst at Saudi Industrial Development Fund, Credit Department.

**Board Memberships**

**Current Companies**

- Board Member of Water Solutions Company
- Board Member of the Saudi Investment Recycling Company
- Board Member of Energy Solutions Company
- Board Member of the National Energy Efficiency Services Company
- Board Member of the National Industrial Development Center
- Board Member of Tawteen Renewable Energy Company
- Board Member of Saudi Tabreed Company
- Board Member of the National Water Company
- Board Member of ANWA Company

**Former Companies**

- Board Member of Vision Mobile Saudi Arabia
- Board Member of the Saudi Jordanian Investment Fund
- Board Member of Eastern Cement
- Board Member of the Marafiq (Power and Water Utility Company for Jubail and Yanbu)
- Board Member of the National Energy Services Company (TAQA)
- Board Member of Fund of Funds Company (Jada)



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

**Educational Background**

- Bachelor of Science in Chemical Engineering from the University of Texas at Austin, USA.

**Current and Previous Professional Experience**

- Director at Black Hills Energy
- Past CEO and Director at CenterPoint Energy
- Held multiple board memberships in energy companies in the United States
- 20+ years in utility industry management

**Board Memberships**

**Current Companies**

- Black Hills Energy
- Li-Cycle

**Former Companies**

- Good Charlie
- Firefly
- Peridot 2
- CenterPoint Energy
- Enable Midstream



**Dr. Mohammed bin Saeed Owayedh**  
Board Member  
Independent Member

**Educational Background**

- Ph.D. in Electrical Engineering from King Saud University.
- Master's in Electrical Engineering from King Saud University, KSA.
- Bachelor of Science in Electrical Engineering from King Fahd University of Petroleum and Minerals, KSA.

**Current and Previous Professional Experience**

- Chairman of the Board at Control Systems Holding Company
- Former CEO at National Grid SA
- Progressed through various roles until becoming Head of Operations and Control at National Grid SA
- Project Engineer at Saudi Dar Engineering Consultants

**Board Memberships**

**Current Companies**

- Board Member of Control Systems Holding Company

**Former Companies**

- CEO of the Saudi Electricity Transmission Company
- Vice Chairman of the Board at Dawiyat Company
- Board Member and Chairman of the Operations Committee at the GCC Interconnection Authority
- Chairman of the Board at the Technical Institute for Electricity
- Board Member of the Arab Union of Electricity



**Mr. Khalid bin Salem Al-Ruwais**  
Board Member  
Non-Executive Member

**Educational Background**

- Bachelor of Science in Accounting from King Saud University, KSA.

**Current and Previous Professional Experience**

- Former Chief Executive Adviser at Saudi Arabian Mining Company (Maaden).
- Senior Vice President for Phosphates at Saudi Arabian Mining Company (Maaden).
- Vice President for Financial Affairs and Chief Financial Officer at Saudi Arabian Mining Company (Maaden).
- Executive Director and Vice President for Strategy and Planning at Saudi Arabian Mining Company (Maaden).
- Treasury Manager at Saudi Arabian Mining Company (Maaden).
- Finance Manager at Saudi Basic Industries Corporation (SABIC).
- Banking Supervision Department at Saudi Arabian Monetary Authority (SAMA).

**Board Memberships**

**Current Companies**

- Board Member and Member of the Nomination and Remuneration Committee at SABIC Agri-Nutrients Company
- Board Member, Member of the Audit Committee, and Member of the Risk Committee at Hassana Investment Company
- Board Member, Member of the Audit Committee, Member of the Risk Committee, and Member of the Governance Committee at The Saudi Investment Bank
- Board Member and Member of the Nomination Committee at Saudi Mining Services Company (ESNAD)
- Board Member and Member of the Audit Committee at the National Agricultural Development Company (NADEC)
- Member of the Audit Committee at Saudi Geophysical and Surveying Company (ARKAS)
- Board Member at Aluminium Bahrain (Alba)

**Former Companies**

- Committee at Middle East Paper Company (MEPCO)
- Board Member at Aljazira Capital



**Eng. Abdulaziz bin Ahmed Al-Naim**  
Board Member  
Independent Member

**Educational Background**

- Master's in Electrical Engineering from King Fahd University of Petroleum and Minerals, KSA.
- Bachelor of Science in Electrical Engineering from King Fahd University of Petroleum and Minerals, KSA.
- Executive Leadership Program at Harvard Business School, USA.

**Current and Previous Professional Experience**

- Director of Power Systems Planning Department at Saudi Aramco.
- Asset Maintenance at Saudi Electricity Company.
- Head of Technical Services - Power Systems Engineering at Saudi Aramco
- Former CEO of Saudi Aramco Power Company (Aramco Power)

**Board Memberships**

**Former Companies**

- Board Member of GCC Laboratory Company (term ended in 2021)



**Mr. Cheung Siung – IL**  
Board Member  
Independent Member

**Educational Background**

- Master's in Financial Management from Seoul National University, South Korea.
- Bachelor of Science in Business Administration from Seoul National University, South Korea.

**Current and Previous Professional Experience**

- Professor at the College of Engineering, Korea University.
- Senior Advisor at Truston Asset Management.
- CEO of Korea Electric Power Corporation.
- Deputy Minister of Trade, Industry, and Energy.
- CEO of Korea Gas Corporation.
- Deputy Minister of Energy and Resources / Deputy Minister of Trade, Industry, and Energy.
- General Director of Free Trade Agreement / General Director of the Energy Industry at Ministry of Trade, Industry, and Energy.

**Board Memberships**

**Current Companies**

- Samsung Electro-Mechanics

**Former Companies**

- Korea Electric Power Corp.
- Korea Institute for Energy Technology
- Korea Gas Corp.
- Korea Electric Association

**Committee Members outside Board**



**Dr. Amr bin Khalid Kurdi**  
Vice Chairman of the Audit Committee

**Educational Background**

- PhD in Accounting from the University of North Texas, USA.
- Master's in Accounting from University of Arizona, USA

**Positions and Experiences**

- Assistant Governor for Financial Sustainability and Risk Management at the General Organization for Social Insurance.
- Former Chief Financial Officer at The Cooperative Insurance Company.
- Former Chief Executive Officer of Business at the Saudi Industrial Investment Group.
- Former Chief Financial Officer at Amiantit KSA.
- Former Chief Executive Officer of Internal Audit at King Fahd University of Petroleum and Minerals.
- Accounting Professor and Researcher specializing in financial accounting and auditing at King Fahd University of Petroleum and Minerals and several universities and research institutes in the United States for over 15 years.



**Mr. Fawaz bin Mohammed Al-Fawaz**  
Audit Committee Member

**Educational Background**

- Bachelor of Science in Financial Accounting from King Saud University, KSA.

**Positions and Experiences**

- CEO of National Industrialization Company (TASNEE).
- CEO of Finance at National Industrialization Company (TASNEE).
- Vice President of Finance at Saudi Basic Industries Corporation (SABIC).
- General Manager of Finance at Saudi Basic Industries Corporation (SABIC).
- General Manager of Accounting at Saudi Basic Industries Corporation (SABIC).
- Assistant Vice President of Finance at SABIC Marketing Ltd.
- Progressed through several positions at SABIC Marketing Ltd.



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

**Educational Background**

- Master's in Business Administration and Finance from the University of Washington, USA.
- Bachelor of Science in Electrical Engineering from Trine University, USA.

**Positions and Experiences**

- Vice President of Security and Public Safety Sector at the Royal Commission for Al-Ula Governorate.
- Fire Protection and Loss Prevention Manager at NEOM.
- Vice President of Occupational Health, Safety, and Environment at Saudi Arabian Mining Company (Ma'aden).
- Design Department Manager at Ma'aden Infrastructure.
- Risk and Compliance Manager at one of the N.G. companies.
- Project Engineer at Lucent Technologies at AT&T.



**Eng. Tareq bin Abdulaziz Al-Rukheimi**  
Member of the Risk and Compliance Committee

**Educational Background**

- Master's in Civil Engineering from King Saud University, KSA.
- Bachelor of Science in Civil Engineering from King Saud University, KSA.
- Holder of the professional Governance, Risk, and Compliance (GRCP) certificate.

**Positions and Experiences**

- Independent Risk and Investment Consultant.
- Former CEO for Governance, Risk, and Compliance at the Investment Events Fund.
- Previously served as CEO for several financial companies.
- Over 30 years of experience in financial services, banking, investment banking management, and risk management.

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Committee Members outside Board



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

**Educational Background**

- Bachelor of Science in Chemical Engineering from King Saud University, KSA.

**Positions and Experiences**

- Vice President at SABIC.
- President of Saudi European Petrochemical Company Ibn Zahr, a subsidiary of SABIC.
- General Manager of Operations at Saudi Petrochemical Company (Sadf) at SABIC.
- Senior Operations Manager at Sinopec GV, China.
- Senior Operations Manager at SABIC.
- Chemical Engineer at SABIC.



**Mr. Nabil bin Mohammed Batawi**  
Member of the Nominations and Remuneration Committee

**Educational Background**

- Master's in Human Resource Management from the University of Wolverhampton, UK.
- Higher Diploma in International Business Administration.
- Bachelor of Science in Sociology and Social Work from King Faisal University, KSA.

**Positions and Experiences**

- Chief Executive Officer of Shared Services at the Prince Mohammed bin Salman Foundation (Misk).
- CEO of Human Resources and Shared Services, with over twenty-five years of practical, leadership, and executive experience in global, local, mixed, semi-governmental, and non-profit companies across various sectors including industry, petroleum, water and energy, pharmaceuticals, food industries, dairy manufacturing, equipment and machinery, agriculture, investment, education, training, development, and community service.
- CEO of Human Resources at Al-Safi Danone.
- Head of Human Resources at Al-Ojwan Coca-Cola.
- Head of Human Resources at GlaxoSmithKline.
- Training and Development Manager at Tetra Pak Arabia.



**Mr. Mohamed bin Hani Al-Maghrabi**  
Member of the Nominations and Remunerations Committee

**Educational Background**

- Master's in Business Administration from King Fahd University of Petroleum and Minerals, KSA.
- Bachelor of Science in Management Information Systems from King Fahd University of Petroleum and Minerals, KSA.

**Positions and Experiences**

- General Manager of Assets Management at the General Authority for Military Industries and Shared Services at the Saudi Arabian Military Industries Company.
- CEO of Shared Services at Riyadh Construction Company.
- General Manager of the Water Directorate Merger Program and Shared Services Development at the National Water Company.
- General Manager of Human Resources at the Saudi Industrial Investments Company.
- Executive Director of Executive Compensation and Benefits at the Saudi Basic Industries Corporation.
- Executive Director of Performance, Rewards, and Policies at Saudi Telecom Company.



**Dr. Najib bin Hassan Dandashi**  
Member of the Technical Committee

**Educational Background**

- PhD in Electric Power and Energy Transmission.
- Master's in Engineering Management.

**Positions and Experiences**

- Founder / CEO of Al-Asul Limited Company.
- Head of the Asset Management Institute, United Arab Emirates.
- General Manager Consultant and Advisor at Transco.
- Executive Director of Asset Management at Transco Electric Power Transmission Company.

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Executive Management



**Eng. Khalid bin Salim AlGhamdi**  
Chief Executive Officer

**Educational Background**

- Executive Leadership Program from Harvard Business School, USA
- Master's in Information Systems from University of Phoenix, USA.
- Bachelor of Science in Systems Engineering from King Fahd University of Petroleum and Minerals, KSA.

**Positions and Experiences**

An engineer and leader with over 20 years of experience in engineering, digital transformation, automation, and information technology. He has held prominent leadership positions at Aramco and the Saudi Electricity Company and currently serves as the Chairman of the Arab Union of Electricity

- Acting CEO and EVP(Technical Services) at SEC
- Acting VP (Risk Management & Compliance), Acting EVP (HSSE) and EVP (Digital & Technology) at SEC
- Current Chairman of the Board of Directors of Arab Union of Electricity
- Current Member of the Board of Directors of Saudi Energy Efficiency Center (KAFAA)
- Current Member of the Executive Committee in Saudi Energy Efficiency Center (KAFAA)
- Current Chairman of the Board of Managers of Integrated Dawiyat, Saudi Electricity Project Development Company (PDC), Saudi Energy Production Company (SPEC) and Energy Infrastructure Consortium Company (EICC)
- Current Executive Manager of Dawiyat Telecom
- Head of Digital Strategy & Growth, Digital Transformation Office at Saudi Aramco
- Project Manager, 4th Industrial Revolution Center Project at Saudi Aramco
- Head of Advanced Process Solutions and Head of Process Automation Systems , Corporate Engineering at Saudi Aramco
- Head of Automation & Control Systems Unit and Head of Planning & Training Unit, Yanbu Refinery Department at Saudi Aramco



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

**Educational Background**

- Master's in Business Administration from King Saud University, KSA
- Bachelor of Science in Electrical Engineering from King Saud University, KSA

**Positions and Experiences**

Has 20 years of leadership experience in engineering, digital transformation, project management, generation, transmission & distribution, sales and collection & customer services

- Executive Director, Distribution & Customer Services, Central Region at SEC
- Executive Director at Projects Development Company, subsidiary of SEC
- Current Chairman of Board of Directors of Solutions Valley Company
- Current Member of Board of Directors at Integrated Dawiyat Company at the Gulf Laboratory for Electrical Equipment Inspection, the Electric Vehicle Infrastructure Company.
- Former member of the Board of Directors at Saudi Electricity Projects Development Company.
- Member of the Committee to support the treatment of visual distortion under the umbrella of the Ministry of Municipal and Rural Affairs and Housing



**Eng. Abdalrhman bin Ahmed AlAmoudi**  
Acting Executive Vice President, Generation

**Educational Background**

- Bachelor of Science in Nuclear Engineering from King Abdulaziz University, KSA.

**Positions and Experiences**

Has over 29 years of experience in leading and developing energy production and operations across SEC's plants, along with active participation in several internal company committees.

- Executive Director, Energy Production Operations at GBL, SEC
- Principal Generation Engineering Consultant at SEC
- Special Assignment at Rabigh PP, SEC
- Department Manager, Large Energy Production at Shoaiba PP, SEC
- Acting Executive Director - Generation Operations, Western Region at SEC
- Held various acting department manager positions at SEC, including Operation Planning in the Western Region, Qurayyah Power Plant in the Eastern Region, and Jeddah South Power Plant in the Western Region.
- Member of the Board of Directors of Al Marjan Electricity Company, Rumah, and Al Nairyah.
- Member of the Saudi Council of Engineers.

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**Mr. Badr bin Mohammed Al-Assaf**  
Executive Vice President,  
Legal Affairs & Board of  
Directors Trustee

**Educational Background**

- Jurisprudence Doctorate from Boston College Law School, USA
- Bachelor of Science in Finance from Arizona State University, USA.

**Positions and Experiences**

Has extensive experience in governance, investment transactions, corporate cybersecurity, and legal-strategic alignment

- Chief Governance & Legal Officer at Saudi Information Technology Company (SITE)
- Senior Counsel for Project Development & Finance at Saudi Aramco



**Mrs. Sarah Maziad Altuwajri**  
Executive Vice President,  
Corporate Communication  
and Marketing`

**Educational Background**

- Master’s degree in Business Administration from King Saud University, KSA
- Bachelor of Science in Business Administration from King Saud University, KSA

**Positions and Experiences**

Has extensive experience in strategic communication and marketing including leading marketing campaigns, developing corporate communication strategies, and building brand identity across multiple industries

- ED, External Communication and Market Intelligence at SEC
- Member of the Media Committee, the Cultural Transformation Committee, and the Steering Committee for Training and Development
- Head of the Marketing and Corporate Communication Group at BSF
- Marketing Manager at Al-Tayyar Travel Group
- Executive in Creative Planning at DDB Dubai
- Lecturer in the Marketing Department at King Saud University
- Former member of the Saudi Banks Committee, Secretary of the Board Committee on Social Responsibility, a member of the Business Continuity Committee, and a member of the Executive Committee for Corporate Identity



**Mr. Sami bin Saeed AlAdalah**  
Chief Audit Executive

**Educational Background**

- Bachelor of Science in Accounting from King Saud University, KSA
- Certified CPA, SOPCA

**Positions and Experiences**

Has over 20 years of expeirience in internal audit, risk and compliance, internal control, governance, project management, accounting standards, and internal audit standards across a variety of companies

- Vice President of Internal Audit and Secretary of the Audit Committee at Al Akaria Saudi Real Estate Company (Group) – Riyadh, Saudi Arabia
- Multiple Board Memberships
- Head of Internal Audit at Monshaat – Riyadh, KSA
- Group Internal Audit Manager at Al Faisaliah Group
- Senior Auditor - Assurance at E&Y KSA
- Senior Accountant at Pannesma KSA
- Board Audit committee member for “Tamkeen HR Co.”
- Board Audit committee member for “Tamkeen Technologies”
- Board Audit Committee member for “Water and Electricity Holding Co.”
- Board Audit Committee member for “Sawani Co.”
- Board Audit Committee Chairman for FNRCO



**Eng. Sultan bin Rashid AlMahasheer**  
Executive Vice President, Health, Safety, Security & Environment

**Educational Background**

- Master's in Strategic Business and Information Systems, UK
- Bachelor of Science in Mechanical Engineering from King Fahad University of Petroleum and Minerals KSA

**Positions and Experiences**

Has over 30 years of experience across SEC & Aramco in various areas including Loss Prevention, Safety and Industrial Security, safe operations & risk management

- Manager, Utilities & Facilities Services Dept at Saudi Aramco Dhahran
- Manager, Central Region Industrial Security Operations Dept at Saudi Aramco Riyadh
- Chief Operating Officer at Johns Hopkins Aramco Healthcare
- Area Superintendent, Loss Prevention Dept at Saudi Aramco
- Other Managerial roles at Saudi Aramco
- Member of the Board of Directors at Dhahran AlAhliyya School, Project Development Company, Solutions Valley Co.
- Member of American Society of Safety Professionals (Middle East Chapter) and Saudi Arabian Water Environment Association.



**Mr. Abdulkarim bin Abdulaziz AlReshaid**  
Executive Vice President, Human Resources & Corporate Services

**Educational Background**

- Bachelor of Science in Computer Science from King Saud University, KSA

**Positions and Experiences**

Has extensive experience in human resources leadership across various industries including multiple positions at SEC

- Vice President of Human Resources at Dr. Suleiman Al Habib Medical Group
- Vice President of Business, Distribution and Services at Allian Group
- Director General of Human Resources at Pepsi International
- Head of Support at Lazordi



**Eng. Abdulaziz bin Salman AlEnezi**  
Executive Vice President, Digital Transformation & Technology

**Educational Background**

- Bachelor of Science in Computer Engineering

**Positions and Experiences**

Has over 20 years of practical experience and knowledge in the field of information technology and cybersecurity in many entities

- Currently leading the Digital Transformation and Technology business line.
- Executive Director of Networks and Information Security at Elm Company
- Technology Projects Leader at Lucent Technologies.
- Business Automation and Network Solutions Manager at Saudi Telecom Company.
- Operations Support Systems Manager in the Network at Saudi Telecom Company.
- Cybersecurity Manager at Elm Company.



**Mr. Abdulaziz bin Abdulrahman Al-Muhaiza**  
Executive Vice President & Chief Financial Officer

**Educational Background**

- Master's in Business Administration from University of Wisconsin, USA
- Bachelor's Degree in Accounting from University of Wisconsin, USA

**Positions and Experiences**

Has extensive experience in portfolio management and treasury and has been actively involved in investments, insurance, risk management and corporate financing activities.

- Vice President of Finance Operations at SEC
- Executive Director of Treasury & Corporate Finance Sector at SEC
- Department Manager of Investment & Cash Management at SEC
- GCC Laboratory, Dawiyat Integrated Company for Telecommunications and Information Technology, Etijahat Real Estate Assets



**Eng. Ali Mohammed Al-Sayyud**  
Acting Vice President - Risk Management and Compliance

**Educational Background**

- Master's in Industrial Engineering from King Saud University, KSA
- Bachelor of Science in Industrial Engineering from King Saud University, KSA

**Positions and Experiences**

Has 18 years of extensive leadership experience in project & utilities management in areas such as development of processes, systems, policies, procedures and controls to mitigate risks and assure profitable growth-driven operations

- Executive Director - Materials Sector at SEC
- Planning & Support Department Manager at SEC
- Procurement Division
- Manager at SEC
- Member of Risk and Compliance Committee at Solutions Valley
- Member of Risk and Compliance Committee at Dawiyat



**Eng. Naser Mohammed Al Salami**  
Acting Executive Vice President, Technical Services

**Educational Background**

- Bachelor of Science in Mechanical Engineering from King Fahd University of Petroleum and Minerals, KSA.

**Positions and Experiences**

Has over 25 years of experience in materials standardization, corporate governance and contract management at SEC & Saudi Aramco

- Contracting Department Manager, Purchasing & Contracting Executive Director at SEC
- Standardization Engineer, Refinery at Aramco
- Member of the Saudi Judicial Association
- Member of the World Commerce and Contracting Association (WCC)



**Mr. Manish Manchandya**  
Executive Vice President, Strategic Planning & Chief Investment Officer

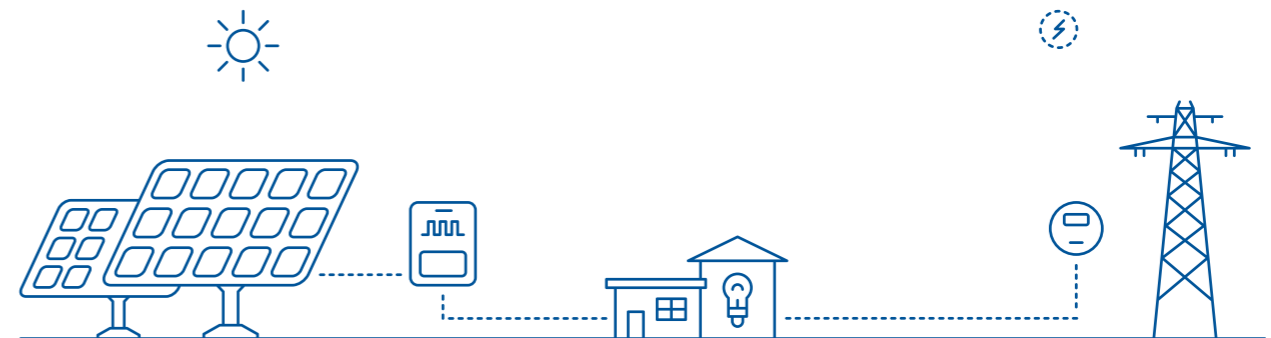
**Educational Background**

- Master's in Business Administration (Finance).

**Positions and Experiences**

Has over 19 years of experience in Treasury related matters and has been actively involved in the corporate financing activities of SEC

- Acting CEO at Energy Infrastructure Consortium
- Executive Director of Treasury at SEC





**Mr. Basem Abdullah AlSallom**  
CEO, Solutions Valley Company

**Educational Background**

- Master's degree in IT Consultancy from the University of Kent, UK

**Positions and Experiences**

- CEO and Managing Director of Sure Global Tech – took the company IPO
- Deputy Governor of the General Investment Authority – Built Invest Saudi Brand
- Vice President of the General Authority of Civil Aviation - Enhanced Travel Experience.
- Executive Director of Digital Marketing at Mobily - built first eCommerce



**Eng. Mohammed Saleh Al-Otaibi**  
Dawiyat Telecom Company General Manager

**Educational Background**

- Master's in Power Engineering from King Saud University, KSA
- Bachelor of Science in Electrical Engineering from King Saud University, KSA

**Positions and Experiences**

- Vice President of Engineering & Asset Management at National Grid SA
- Executive Director of Telecommunication Sector at National Grid SA
- Department Manager of Telecommunication Department at National Grid SA



**Eng. Sultan Saleh Al-Sudais**  
CEO, Saudi Electricity Projects Development Company

**Educational Background**

- Bachelor of Science in Electrical Engineering from King Abdulaziz University, KSA.

**Positions and Experiences**

- Vice Chairman and Member of Board of Managers of Saudi Electricity Projects Development Company.
- CEO of DAR Engineering



**Mr. Wael bin Ali AlGhamdi**  
CEO, Dawiyat Integrated Telecommunication and Information Technology Company

**Educational Background**

- Bachelor of Science in Computer Science from King Saud University, KSA.

**Positions and Experiences**

- CEO of MachinesTalk Company for Internet of Things solutions
- Multiple leadership positions at Mobily Company
- Held multiple leadership positions including Technical Lead - Network Operation Center, King Abdulaziz City for Science and Technology, Internet Services Unit



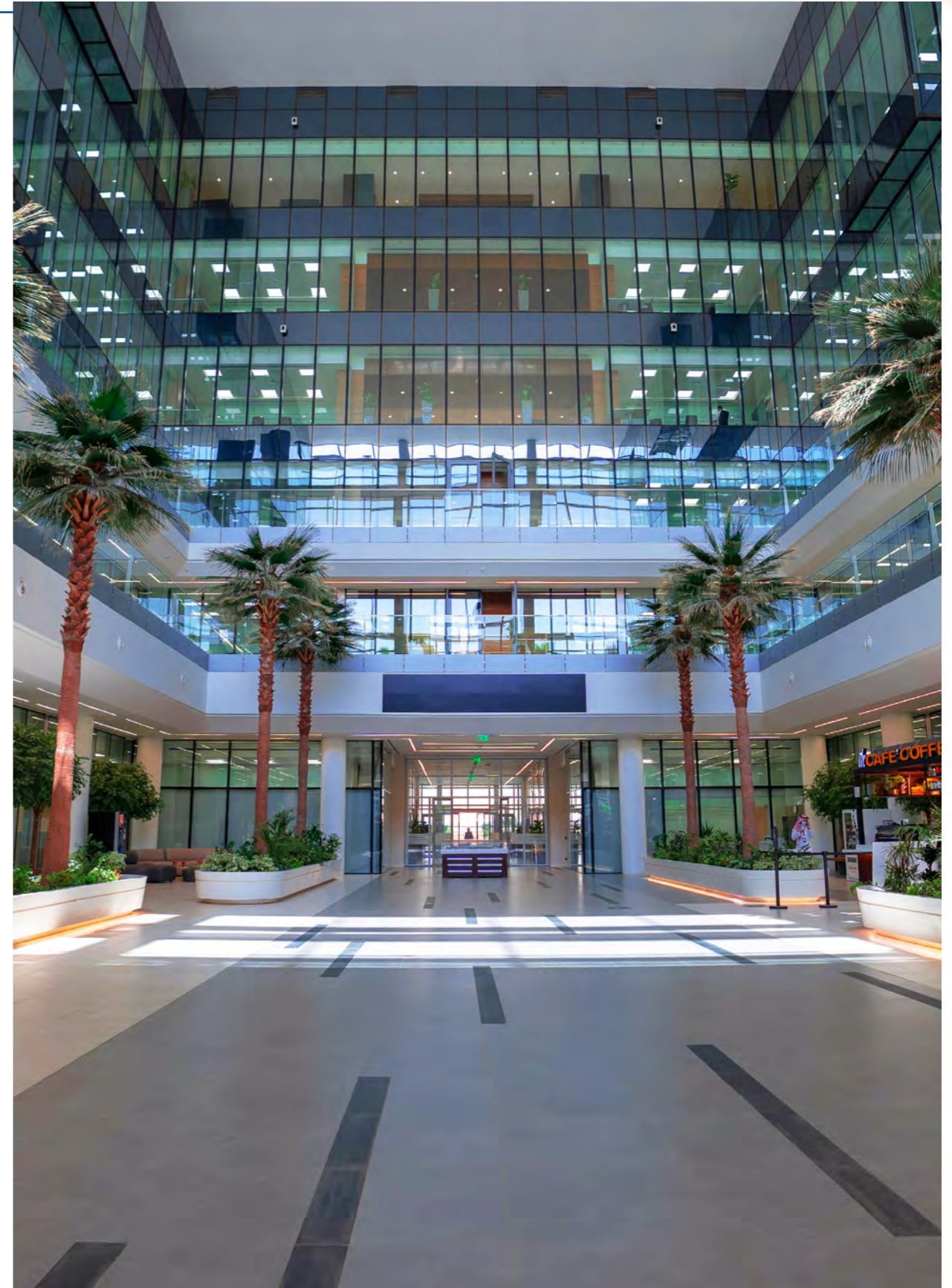
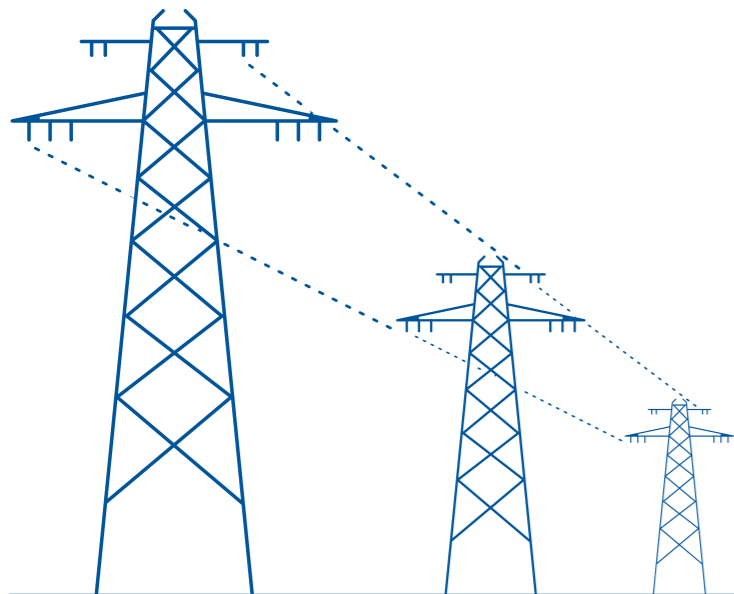
**Eng. Waleed bin Abdullah AlSaadi**  
CEO, National Grid Company

**Educational Background**

- Bachelor of Science in Electrical Engineering from King Saud University, KSA

**Positions and Experiences**

- Vice President, Engineering Business Unit at National Grid SA
- Vice President, Technical Services Business Unit at National Grid SA
- Vice President (Acting), Corporate Communication & Marketing Business Unit at SEC
- Vice President (Acting), Human Resources & Corporate Services Business Unit at SEC
- Board member in GCC Electrical Testing Laboratory (2016-2020)
- Board member in Arab Council of Operations & Maintenance



## Guiding Our Governance - The Board and Its Committees

### Board of Directors

- The Board of Directors comprises one non-executive member and eight independent members.
- The names of the Board members and the classifications of their memberships within the company are listed below.

Membership Classification			
	Executive	Non-Executive	Independent
1	His Excellency Dr. Najm bin Abdullah Al-Zaid		✓
2	Dr. Raed bin Nasser AlRayes		✓
3	Mr. Mohammed bin Abdulrahman Al- AlBalaihed		✓
4	Mr. Walid bin Ibrahim Shukri		✓
5	Dr. Mohammed bin Said Owaydh		✓
6	Mr. Khaled bin Salem Al-Ruwais	✓	
7	Eng. Abdulaziz bin Ahmed Al-Naim		✓
8	Eng. Scott Matthew Brochazka		✓
9	Mr. Cheung Siung – IL		✓

- The company's Board of Directors held 16 meetings during the year 2024.
- The names of the Board members and the number of meetings each member attended are listed below:

Name	Meetings dates and numbers																Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
	23/01	05/03	09/05	16/05	25/06	13/07	14/07	15/07	21/07	24/07	28/07	06/08	24/09	27/10	05/11	17/12	
His Excellency Dr. Najm bin Abdullah Al-Zaid	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Dr. Raed bin Nasser AlRayes	✓	✓	✓	✓	✓	✓	✓	✓	X	✓	✓	✓	✓	✓	✓	✓	15
Mr. Mohammed bin Abdulrahman AlBalaihed	✓	✓	✓	✓	✓	X	X	X	✓	✓	✓	✓	✓	✓	✓	✓	13
Mr. Walid bin Ibrahim Shukri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Dr. Mohammed bin Said Owaydh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Mr. Khaled bin Salem Al-Ruwais	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Eng. Abdulaziz bin Ahmed Al-Naim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	16
Eng. Scott Matthew Brochazka	✓	X	✓	✓	✓	X	✓	✓	✓	X	X	✓	✓	✓	✓	✓	12
Mr. Cheung Siung – IL	✓	✓	✓	✓	✓	✓	X	X	✓	✓	✓	✓	✓	✓	✓	✓	14

Date of the last General Assembly meeting: 14/05/2024.

### Audit Committee

- The Audit Committee was established by a decision of the Board of Directors and comprises five members: three from the Board and two independent members. The Audit Committee operates under its Charter, approved by the General Assembly, and is responsible for overseeing the company's activities to ensure the accuracy and integrity of its financial reports, financial statements, and internal control systems.
- The Committee provides recommendations to the Board regarding the appointment, dismissal, and remuneration of the external auditor, while ensuring the auditor's independence. It reviews and provides input on the external auditor's audit plan, examines both preliminary and annual financial statements, and evaluates the external auditor's observations on the financial statements. The Committee monitors management's actions in response to these observations and offers its opinion before the financials are submitted to the Board of Directors.
- Additionally, the Committee reviews internal audit plans and reports, assesses findings from regulatory bodies, ensures corrective measures are implemented by executive management, and regularly evaluates control activities. These efforts enhance governance processes, ensuring the efficiency and integrity of the company's operations.
- The Committee convened nine (9) meetings in 2024, as indicated in the table below:

Name	Membership	The number of attendance sessions	Meetings date									
			1	2	3	4	5	6	7	8	9	
			31/01	28/02	08/05	12/06	04/08	15/10	04/11	20/11	10/12	
Khalid bin Salem Al-Ruwais	Chairman of the Committee	9	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Amr bin Khalid Kardi	Vice Chairman	8	✓	✓	✓	✓	✓	✓	✓	✓	x	✓
Waleed bin Ibrahim Shukri	Member	9	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mohammed bin Saeed Owayedh	Member	9	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Fawaz bin Mohammed Al-Fawaz	Member	9	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

### Executive Committee

- The Executive Committee comprises three members and is responsible for reviewing plans and studies related to restructuring the company's activities. It examines the general budget, including both capital and operational budgets, along with associated studies, plans, and financing methods. The Committee monitors the implementation of the company's strategy, investment plan, and business plan, while also participating in the formulation of new strategic plans.
- Additionally, the Committee evaluates management proposals for strategic plans, including opportunities for mergers and acquisitions, and submits executive recommendations to the Board of Directors. It reviews the company's performance through periodic management reports, evaluates progress against established goals, analyzes influencing factors, and directs management based on key developments and indicators.
- The Committee provides recommendations to the Board regarding loans, mortgages, guarantee requests, the capital program, and new capital investments. It also reviews key decisions made by management and submits related recommendations to the Board. For matters exceeding its authority, the Committee provides recommendations to the Board for final decisions and addresses issues referred by the Board concerning the company.
- The Committee convened eight (8) meetings during 2024, as indicated in the table below:
- The Committee provides recommendations to the

Name	Membership	The number of attendance sessions	Meetings date							
			1	2	3	4	5	6	7	8
			30/01	05/03	16/05	28/05	25/06	06/08	03/11	09/12
His Excellency Dr. Najm bin Abdul-lah Al-Zaid	Chairman of the Committee	8	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Raed bin Nasser Al-Rayes	Vice Chairman	8	✓	✓	✓	✓	✓	✓	✓	✓
Mohammed bin Abdulrahman AlBalaihed	Member	8	✓	✓	✓	✓	✓	✓	✓	✓

### Nomination and Remuneration Committee

- The Nominations and Remuneration Committee comprises five members and is responsible for preparing the remuneration policy for the Board of Directors, its sub-committees, and the executive management. It recommends remuneration for Board members, sub-committees, and senior executives in line with the approved policy. The Committee also develops a clear policy and criteria for membership in the Board of Directors and senior executive positions.
- The Committee reviews the structure of the Board and executive management, providing related recommendations. It annually verifies the independence of independent members and develops job descriptions for executive, non-executive, independent members, and senior executives. Procedures for addressing vacancies in Board or senior executive positions are also established by the Committee.
- In addition, the Committee reviews human resources policies, salary scales, and employee benefits. It nominates the CEO, evaluates the company's organizational structure, and assesses policies related to retirement, healthcare, cooperative funds, savings, and investments. It reviews the work regulation and the penalty and reward system approved by the Ministry of Human Resources and Social Development.
- The Committee evaluates the criteria for annual employee bonuses and prepares performance evaluation standards for the CEO, reviewing the CEO's annual performance to ensure effective leadership. It also evaluates management development programs and oversees succession planning for senior executives in coordination with the CEO.
- The Committee prepares an annual report on executive management remuneration for inclusion in the company's annual report in compliance with applicable rules and regulations. It reviews its performance annually to assess its effectiveness and agree on steps for improving member performance. All findings and decisions are shared with the Board with full transparency.
- The Committee convened eleven (11) meetings during 2024, as indicated in the table beside:

Name	Membership	The number of attendance sessions	Meetings date											
			1	2	3	4	5	6	7	8	9	10	11	
			30/01	05/03	14/05	04/06	09/07	31/08	15/09	24/09	02/10	19/11	16/12	
Mohammed bin Abdulrahman AlBalaihed	Chairman of the Committee	11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. Raed bin Nasser Al-Rayes	Vice Chairman	11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
His Excellency Dr. Najm bin Abdullah Al-Zaid	Member	11	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nabil bin Mohammed Batawi *	Member	7	x	x	x	✓	✓	✓	✓	x	✓	✓	✓	✓

### Risk and Compliance Committee

- The Risk and Compliance Committee comprises four members and is responsible for determining the acceptable risk level, overseeing the company's risk management system, and evaluating the effectiveness of systems used to identify, measure, and monitor risks. The Committee prepares detailed reports on risk exposure and recommended steps for managing these risks and submits them to the Board.
- The Committee provides recommendations to the Board on risk management issues, ensures sufficient resources and systems are in place for effective risk management, and reviews the organizational structure of the

risk management function. It verifies the independence of risk management staff from activities that could expose the company to risks, assesses their efficiency, and promotes a culture of risk awareness across the organization.

- Additionally, the Committee develops a comprehensive risk management strategy and policies tailored to the company's nature and scale of activities. It reviews and updates the company's authority matrix as necessary, ensuring its alignment with best practices. The Committee ensures the effectiveness of procedures for identifying risks and mitigating compliance risks and claims.

- The Committee collaborates with executive management to develop compliance strategies and policies that align with the company's operations. It periodically reviews these strategies to ensure they remain suitable for internal and external changes, regulations, and strategic objectives. The Committee also supervises the preparation of compliance reports in line with applicable standards and raises necessary matters to the Board for action.

- The Committee convened four (4) meetings during 2024, as indicated in the table below:

Name	Membership	The number of attendance sessions	Meetings dates			
			1	2	3	4
			15/10	28/07	06/05	11/02
Waleed bin Ibrahim Shukri	Chairman of the Committee	4	✓	✓	✓	✓
Khalid bin Salem Al-Ruwais	Vice Chairman	4	✓	✓	✓	✓
Scott Matthew Brochazka	Member	4	✓	✓	✓	✓
Tareq bin Abdulaziz Al-Rukhaymi	Member	4	✓	✓	✓	✓



**Health, Safety, Security, Environment and Sustainability Committee**

- The Health, Safety, Security, Environment, and Sustainability Committee consists of four members. It is responsible for reviewing and approving leadership processes and behaviors related to health, safety, security, environment, and sustainability. The Committee oversees the implementation of strategic transformation projects, governance systems, management systems, technical standards, performance monitoring indicators, employee training matrices, and processes for health, safety, security, environment, and sustainability within contracts and the supply chain.
- The Committee reviews and disseminates information about imminent incidents or those with severe consequences. It evaluates security threat response plans, attacks on company facilities or assets, crisis and disaster management plans, and business continuity procedures, ensuring they are regularly updated. Additionally, the Committee approves annual plans, objectives, and budgets for health, safety, security, environment, and sustainability, ensuring adequate financial and human resources at all management levels.
- The Committee reviews the annual report and disclosures related to health, safety, security, environment, and sustainability. It identifies emerging risks with potential severe consequences for the business, monitors compliance with relevant policies, reviews investigation reports on corrective actions, and ensures the implementation of corrective actions. The Committee evaluates performance using approved metrics and recommends strategic initiatives to the Board to promote sustainability and business growth.
- The Committee also advises executive management on improving initiatives, ensuring alignment with policies, and manages business continuity risks while staying updated with global trends. It works to foster a culture of health and safety across the company, aligning with global standards. Additionally, the Committee reviews standards in short-term goals and incentive plans for management and provides recommendations to the Nomination and Remuneration Committee regarding these plans.
- The Committee convened four (4) meetings during 2024, as indicated in the table below:

Name	Membership	The number of attendance sessions	Meetings dates			
			1	2	3	4
			21/02	15/05	03/09	17/10
Abdulaziz bin Ahmed Al-Naim	Chairman of the Committee	4	✓	✓	✓	✓
Professor Cheung Siung – IL	Vice Chairman	4	✓	✓	✓	✓
Talaal bin Abdulrahman Al-Anzi	Member	4	✓	✓	✓	✓
Khaled bin Ali Al-Aliani	Member	4	✓	✓	✓	✓

- 01 WHO WE ARE
- 02 STRATEGIC REVIEW
- 03 BUSINESS REVIEW
- 04 FINANCIAL REVIEW

### Technical Committee

- The Technical Committee comprises four members and is responsible for studying and evaluating projects and technical issues in the capital program and annual capital budgets, ensuring alignment with the company’s strategy and objectives. The Committee considers economic trends, environmental goals, regulatory requirements, and asset management needs.
- It evaluates changes to the capital program, including budget reallocations, new projects, modifications, or cancellations. The Committee also assesses and recommends purchase contracts for core activities, including emergency contracts and change orders related to agreements and purchase orders. Additionally, it monitors operational performance, focusing on supply reliability and capital efficiency.
- The Committee analyzes factors, performance indicators, and reports to track the progress of capital program projects, ensuring adherence to timelines, budgets, and quality standards. It oversees benchmark studies and recommends best practices. The Committee reviews performance indicators for key activities to ensure alignment with strategic objectives and supervises digital transformation initiatives, including the integration of artificial intelligence into core activities.
- An asset management program is developed and overseen by the Committee to ensure optimal performance, maintenance, and lifecycle management of main assets. It reviews the asset management plan to align with technical advancements and market trends, oversees asset disposal, and approves budget enhancements for main assets. The Committee also reviews the emergency response plan for technical operations, disaster recovery strategies, and business continuity measures.
- Focusing on preparedness for the Hajj season and summer demand, the Committee works to strengthen the electrical system’s resilience against natural disasters and failures. It conducts site visits for technical project reviews as needed or directed by the board and addresses any issues referred by the board of directors.
- The Committee convened thirteen (13) meetings during 2024, as indicated in the table below:

Name	Membership	The number of attendance sessions	Meetings dates													
			1	2	3	4	5	6	7	8	9	10	11	12	13	
			29/01	19/02	07/04	14/05	24/05	24/06	19/07	26/07	31/07	05/08	08/10	04/11	04/12	
Mohammed bin Saeed Owayedh	Chairman of the Committee	13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Scott Matthew Brochazka	Vice Chairman	13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdulaziz bin Ahmad Al-Naim	Member	13	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Najib bin Hassan Dandashi *	Member	2	X	X	X	X	X	X	X	X	X	X	X	✓	✓	

\*Membership in the committee began on 01/11/2024.

### General Assembly Meetings

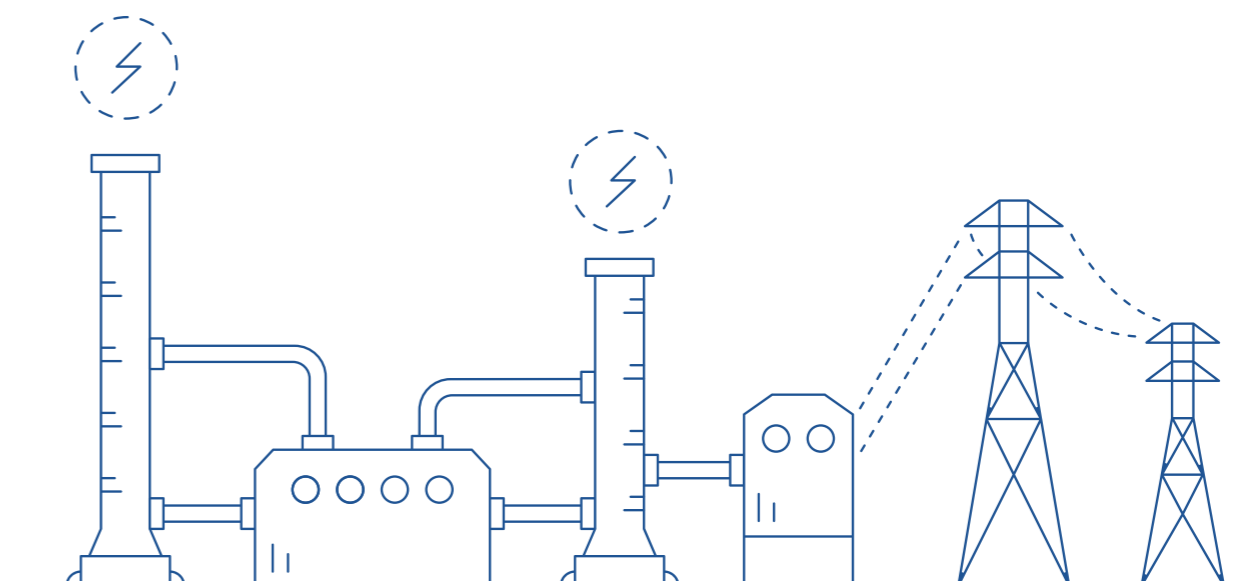
- The company convened Ordinary General Assembly meetings on 09/01/2024 and 14/05/2024, and one Extraordinary General two Assembly meeting on 16/04/2024. These meetings were attended by:

Name	Title	Date of the General Assembly 9/1/2024	Date of the General Assembly 16/4/2024	Date of the General Assembly 14/5/2024
His Excellency Dr. Najm bin Abdullah Al-Zaid	Chairman of the Board	✓	✓	✓
Dr. Raed bin Nasser Al-Rayes	Vice Chairman of the Board	✓	x	✓
Mr. Mohammed bin Abdulrahman AlBalaihed	Board Member	x	✓	✓
Mr. Walid bin Ibrahim Shukri	Board Member	✓	✓	✓
Dr. Mohammed bin Saeed Owayedh	Board Member	x	✓	✓
Mr. Khaled bin Salem Al-Ruwais	Board Member	x	✓	✓
Eng. Abdulaziz bin Ahmed Al-Naim	Board Member	x	✓	✓
Eng. Scott Matthew Brochazka	Board Member	✓	✓	✓
Mr. Cheung Siung – IL	Board Member	x	✓	✓
His Excellency Dr. Khaled bin Saleh Al-Sultan	Former Chairman of the Board	x	Membership ended on 20/01/2024	
Eng. Essam bin Alwan Al-Bayat	Former Board Member	✓		
Eng. Abdulkarim bin Ali Al-Ghamdi	Former Board Member	✓		
Eng. Nabil bin Abdulaziz Al-Nuaim	Former Board Member	✓		

### Shareholder Register Requests

- The company requested the shareholders' register eight (08) times in 2024, as detailed below:

Reasons for the Request	Request Date
Corporate Actions	07/01/2024
General Assembly Meeting	19/03/2024
General Assembly Meeting	17/04/2024
Dividend Record Date	17/04/2024
Other	25/08/2024
Corporate Actions	12/09/2024
Corporate Actions	30/10/2024
Corporate Actions	31/12/2024



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

### Compensation Framework for the Board, Committees, and Executive Management

Without prejudice to regulatory requirements, the company's bylaws, and the governance regulations, the compensation of the Board members, committees, and senior management is determined based on the following criteria:

- Alignment with the company's strategy and objectives.
- Rewards should motivate Board members and senior management to achieve long-term success, such as linking the variable part of the compensation to long-term performance.
- Compensation should be based on job level, tasks, responsibilities, qualifications, work experience, skills, and performance.
- Alignment with the company's size, nature, and risk level.
- Consideration of compensation practices in similar companies, while avoiding unjustified increases
- Designed to attract, retain, and motivate professional talent without exaggeration.
- Developed in coordination with the Nominations and Remunerations Committee for new appointments.
- Organized allocation of company shares for Board members and senior management, either through new issuance or shares purchased by the company.
- Rewards should be fair and proportional to the member's role, duties, responsibilities, and the objectives set by the Board for the financial year.
- Based on recommendations of the Nominations and Remunerations Committee.
- Aligned with the company's policies and the skills required to manage it.
- Reflective of sector in which the company operates, its size, and the experience of Board members.
- Compensation should be reasonable enough to attract, motivate, and retain Board members with the necessary skills and expertise.
- A Board member may receive compensation for Audit Committee membership, executive roles or technical, administrative, or advisory assignments – under a professional license – in addition to their regular Board or committee compensation, in compliance with the Companies Law and the company's bylaws.
- Compensation for Board members may vary to account for experience, specialization, assigned tasks, independence, attendance, and other considerations.

If the Audit Committee or any authority finds that compensation paid to a Board member or senior executive was based on incorrect or misleading information presented to the General Assembly or included in the Board's annual report, the compensation must be refunded to the company, which reserves the right to reclaim it.

### Board of Directors and Committees Compensation

- The compensation for a board member, including any benefits they may receive, is determined by the General Assembly, in accordance with official decisions and instructions, and within the limits set by the Companies Law and its regulations.
- Board member compensation may include a fixed amount, meeting attendance fees, in-kind benefits, or a certain percentage of the company's net profits. A combination of two or more of these forms of compensation is allowed.
- Compensation for independent board members must not be based on a percentage of the company's profits or tied directly or indirectly to the company's profitability.

### Executive Management Compensation

The company provides senior executives with financial benefits in accordance with the procedures and standards approved by the Board of Directors, based on the company's salary scale and policies. The executive management compensation package includes the following:

- Basic salary.
- Medical insurance for the executive and their family.
- Transportation allowance.
- Housing allowance.
- An annual performance-based bonus, determined by the annual evaluation.
- A long-term incentive bonus, if applicable.
- Any additional bonuses or allowances approved by the Board of Directors.

### Disbursement of Compensations

Compensations were disbursed in line with the provisions outlined in the Compensation Policy for Board Members, its committees, and Executive Management. There were no material deviation between the disbursed amounts and the policy guidelines.

## Board of Directors Remuneration (Fixed)

Non-Executive Members							
Name	Stipend	Allowance for attending Council meetings	Total allowance for attending committee meetings	In-kind advantages	Remuneration of technical and administrative consulting work	Remuneration of the Chairman of the Board, Managing Director or Secretary if he is a member	Total
1. Khalid bin Salem Al-Ruwais	710,000	64,000	52,000	48,300	32,000	0	906,300
<b>Total</b>	<b>710,000</b>	<b>64,000</b>	<b>52,000</b>	<b>48,300</b>	<b>32,000</b>	<b>0</b>	<b>906,300</b>

Independent Members							
1. His Excellency Dr. Najm bin Abdullah AlZaid	710,000	64,000	76,000	60,582	16,000	1,200,000	2,126,582
2. Dr. Raed bin Nasser AlRayes	641,250	60,000	76,000	48,300	66,000	0	891,550
3. Mohammed bin Abdulrahman AlBalaihed	653,750	52,000	76,000	29,900	4,000	0	815,650
4. Walid bin Ibrahim Shukri	710,000	64,000	52,000	0	24,000	0	850,000
5. Mohammed bin Saeed Owayedh	710,000	64,000	88,000	0	70,000	0	932,000
6. Abdulaziz bin Ahmad Al-Naim	710,000	64,000	68,000	84,419.20	70,000	0	996,419.20
7. Scott Matthew Brochazka	585,000	48,000	68,000	0	62,000	0	763,000
8. Cheung Siung – IL	442,500	56,000	16,000	0	20,000	0	534,500
<b>Total</b>	<b>5,162,500</b>	<b>472,000</b>	<b>520,000</b>	<b>223,201.20</b>	<b>332,000</b>	<b>1,200,000</b>	<b>7,909,701.20</b>

## Board of Directors Remuneration (Variable)

Non-Executive Members										
Name	Profit Percentage	Periodical remunerations	Short-term motivational plans	Long-term motivational plans	Shares granted (Values are entered)	Total	End of Service Benefits	Grand Total	Expenses Allowance	
1. Khalid bin Salem Al-Ruwais	0	0	0	0	0	0	0	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

Independent Members										
1. His Excellency Dr. Najm bin Abdullah AlZaid	0	0	0	0	0	0	0	0	0	
2. Dr. Raed bin Nasser AlRayes	0	0	0	0	0	0	0	0	0	
3. Mohammed bin Abdulrahman AlBalaihed	0	0	0	0	0	0	0	0	0	
4. Walid bin Ibrahim Shukri	0	0	0	0	0	0	0	0	80,856	
5. Mohammed bin Saeed Owayedh	0	0	0	0	0	0	0	0	0	
6. Abdulaziz bin Ahmad Al-Naim	0	0	0	0	0	0	0	0	91,207	
7. Scott Matthew Brochazka	0	0	0	0	0	0	0	0	215,725	
8. Cheung Siung – IL	0	0	0	0	0	0	0	0	238,683	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>626,471</b>	

The Board of Directors conducts an annual evaluation of its performance, as well as the performance of its Committees and members, in accordance with the policy for evaluating the Board of Directors, its

Committees, and the Chief Executive Officer. Utilizing competency assessment forms, this process aims to continuously improve the quality and effectiveness of performance, as well as identify

the strengths and weaknesses of each member. The decisions and recommendations of the Board of Directors are reviewed, and the overall performance and efficiency of the Board are evaluated on a regular basis.

#### Remunerations of Committees' Members

Members of the Audit Committee				
Name	Fixed remuneration (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expense Allowance
Khalid bin Salem Al-Ruwais	230,000	36,000	266,000	0
Amr bin Khalid Kardi	200,000	32,000	232,000	0
Walid bin Ibrahim Shukri	180,000	36,000	216,000	33,690
Mohammed bin Saeed Owayedh	180,000	36,000	216,000	0
Fawaz bin Mohammed Al-Fawaz	200,000	36,000	236,000	0
<b>Total</b>	<b>990,000</b>	<b>176,000</b>	<b>1,166,000</b>	<b>33,690</b>

Members of the Executive Committee				
Name	Fixed remuneration (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expense Allowance
His Excellency Dr. Najm bin Abdullah AlZaid	230,000	32,000	262,000	0
Dr. Raed bin Nasser AlRayes	180,000	32,000	212,000	0
Mohammed bin Abdulrahman AlBalaihed	180,000	32,000	212,000	0
<b>Total</b>	<b>590,000</b>	<b>96,000</b>	<b>686,000</b>	<b>0</b>

Members of the Nomination and Remuneration Committee				
Name	Fixed remuneration (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expense Allowance
Mohammed bin Abdulrahman Al-Bulayhid	230,000	44,000	274,000	0
Dr. Raed bin Nasser AlRayes	180,000	44,000	224,000	0
His Excellency Dr. Najm bin Abdullah AlZaid	180,000	44,000	224,000	0
Nabil bin Mohammed Al-Batawi*	112,500	28,000	140,500	0
Mohammed bin Hani Al-Maghribi*	112,500	32,000	144,500	0
<b>Total</b>	<b>815,000</b>	<b>192,000</b>	<b>1,007,000</b>	<b>0</b>

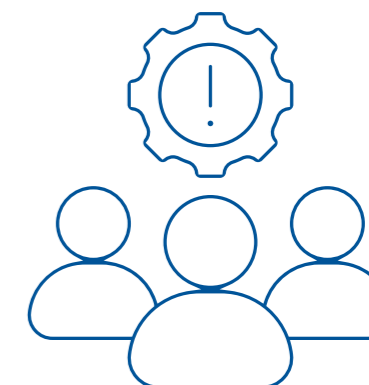
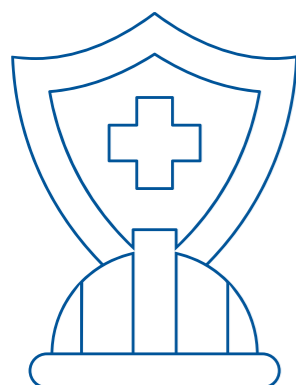
\*Beginning of Membership in the Committee on 1/6/2024

## Members of the Risk and Compliance Committee

Name	Fixed remuneration (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expense Allowance
Walid Bin Ibrahim Shukri	230,000	16,000	246,000	6,738
Khalid Bin Salem Al-Ruwais	180,000	16,000	196,000	0
Scott Matthew Brochazka	180,000	16,000	196,000	0
Tarek Bin Abdulaziz Al-Rukheimi	180,000	16,000	196,000	0
<b>Total</b>	<b>770,000</b>	<b>64,000</b>	<b>834,000</b>	<b>6,738</b>

## Member of the Health, Safety, Security, Environment and Sustainability Committee

Name	Fixed remuneration (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total Remuneration	Expense Allowance
Abdulaziz bin Ahmad Al-Naim	230,000	16,000	246,000	32,041
Cheung Siung - IL	180,000	16,000	196,000	147,280
Talal bin Abdulrahman Al-Enezi	180,000	16,000	196,000	39,468
Khalid bin Ali Al-Olayani	180,000	16,000	196,000	25,771
<b>Total</b>	<b>770,000</b>	<b>64,000</b>	<b>834,000</b>	<b>244,560</b>



Member of the Technical Committee				
Name	Fixed remuneration (Except Sessions Attendance Allowance)	Sessions Attendance Allowance	Total	Expense Allowance
Mohammed bin Saeed Owayedh	230,000	52,000	282,000	0
Scott Matthew Brochazka	180,000	52,000	232,000	129,737
Abdulaziz bin Ahmad Al-Naim	180,000	52,000	232,000	23,214
Najib Hassan Dandachi *	30,000	8,000	38,000	52,754
<b>Total</b>	<b>620,000</b>	<b>164,000</b>	<b>784,000</b>	<b>205,705</b>

\*Beginning of Membership in the Committee on 01/11/2024

#### Remuneration of Five Senior Executives who received the Highest Remunerations (including the CEO & CFO)

##### Fixed Remunerations

Salaries	Allowances	In-kind advantages	Total
10,954,248	5,055,116	0	16,009,364

##### Variable Rewards

Periodic bonuses	Earnings	Short-term in- centive plans	Long-term in- centive plans	Value of Shares Granted	Total
0	0	16,891,000	0	0	16,891,000

End of Service Benefits	Total remuneration of executives for the Board if any	Total
33,089,231	0	33,089,231

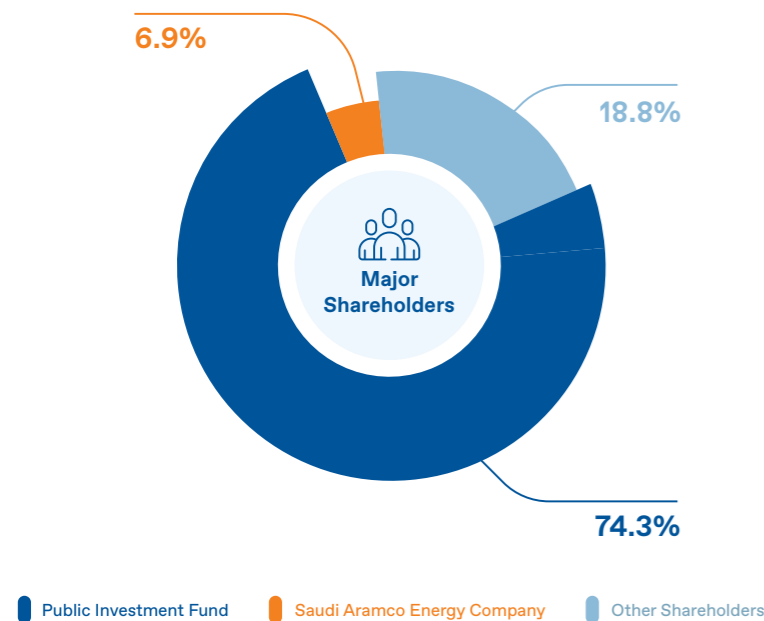
There have been no arrangements or agreement under which a member of the Company's Board of Directors or a Senior Executive waived any remuneration.



# Shareholder Composition & Key Stakeholders

Saudi Electricity Company is the primary electricity provider in the Kingdom of Saudi Arabia, responsible for generating, transmitting, and distributing electricity across all consumer segments. The company owns and operates the transmission and distribution networks, ensuring reliable service nationwide. SEC is indirectly owned by the Government of Saudi Arabia, with its main shareholders being the Public Investment Fund and Saudi Aramco Energy Company.

## Major Shareholders



### Saudi Electricity Company Share Information

Stock Exchange	Saudi Market (Tadawul)
Symbol	5110
International Numbering	SA0007879550
Issued Shares	4,166,593,815
Nominal Value per Share	SAR 10

## Major Shareholders

### Public Investment Fund

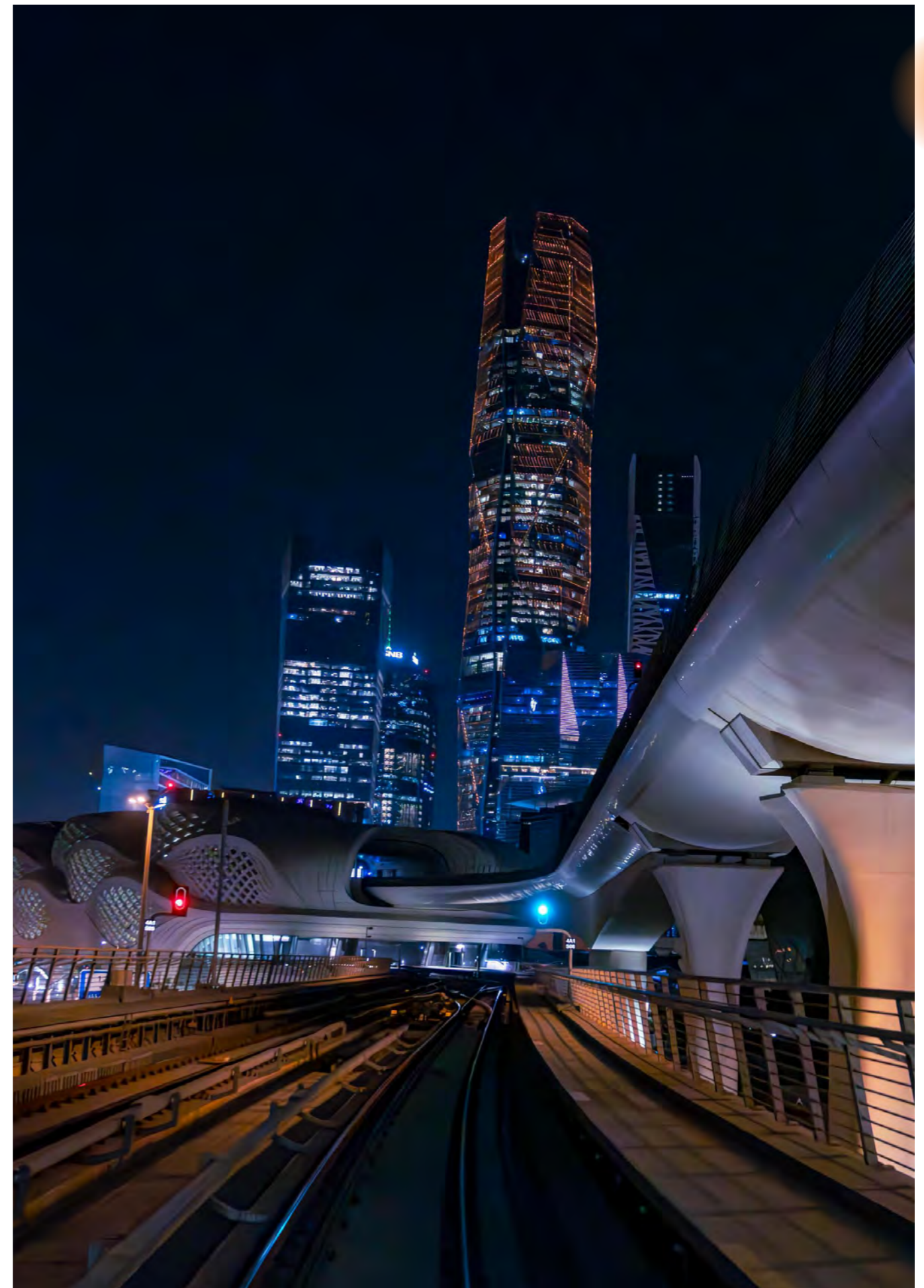
**74.3%**

- The shares of the Public Investment Fund represent the largest portfolio of the fund at 74.3%.

### Saudi Aramco Energy Company

**6.9%**

- The shares of Saudi Aramco Energy Company represent 6.9%



## Stakeholder Engagement

At the heart of our success lies meaningful engagement with our stakeholders. Through collaboration and open communication, we ensure that our strategies reflect the diverse needs of our stakeholders and drive impactful outcomes. SEC is committed to providing equal and inclusive

opportunities in a supportive work environment that attracts, develops and retains top talent. For shareholders, SEC focus on growing value and maintaining transparency by keeping them well-informed through individual meetings, workshops and other engagement activities.

The table below outlines how we engage with our stakeholders, fostering partnerships that create long term value for all.

### Stakeholder Engagement

Stakeholder Group	Engagement Channels and Key Topics	Value created for shareholders
Employee	<ul style="list-style-type: none"> <li>Employee Engagement Survey</li> <li>Succession planning</li> <li>Performance Management</li> <li>Recognition Programs &amp; Events</li> <li>Assessment programs</li> <li>Development Programs: (Training Programs &amp; Workshops)</li> <li>SEC Institutes and Executive Leadership Development Center (ELDC)</li> <li>HR Sites Visits</li> <li>HR Call Center</li> <li>SEC Newsletter "Mishkat"</li> <li>Website, Mobile Applications and Other Digital Channels</li> </ul>	SEC provides equal and inclusive opportunities to all, along with supportive work environment that attracts, develops and retains top talents
Customers	Customer Care Offices, Contact Centers, Complaint handling, SEC app, SEC portal, chatbot on WhatsApp and website, emails, live chat, virtual office, social media platforms and transactional surveys	SEC uplifts the customer experience by enriching the customer's journeys with personalized experiences, and digital engagement

Shareholders	<ul style="list-style-type: none"> <li>SEC Annual Report.</li> <li>Open transparent channels of communication with shareholders</li> <li>Governance, risk and compliance</li> <li>Company Website</li> </ul>	SEC focuses on growing shareholder value as well as keeping shareholders well informed on the Company's business by participating in various events, including individual meetings, and workshops
Suppliers	<ul style="list-style-type: none"> <li>Website</li> <li>Supplied 360 Feedback</li> <li>Front Desks</li> <li>Supplier Forums</li> <li>Meetings &amp; Site Visits</li> </ul>	Facilitates the supplier onboarding, queries, feedbacks & grievances, and networking for enhanced collaboration and strong relationships
Community	<ul style="list-style-type: none"> <li>Community investment programs</li> <li>Surveys</li> <li>Marketing Campaigns</li> </ul>	Rejuvenated communities in areas of health, wellness, economic empowerment and environmental protection



# Subsidiaries and Investees

## Existing Investments

The company holds shares/stakes in the capital of each of the subsidiaries and invested companies as follows:

01. Gulf Cooperation Council Interconnection Authority (GCCIA)			02. Electricity Sukuk Company		
<b>\$ 1,534,170,000</b>			<b>ﷲ 500,000</b>		
Establishment	Active zones	Share	Establishment	Active zones	Share
KSA	GCC	31.6%	KSA	KSA	100%

Connecting electrical networks between member states by providing the necessary investments to achieve the technical and economic benefits outlined in the authority's regulations

Providing the required service and support related to the bonds and sukuku issued by the Saudi Electricity Company.

03. Dawiyat Telecom Company			04. National Grid SA		
<b>ﷲ 1,000,000</b>			<b>ﷲ 10,000,000,000</b>		
Establishment	Active zones	Share	Establishment	Active zones	Share
KSA	KSA	100%	KSA	KSA	100%

Establishing, leasing, managing, and operating optical fiber and electrical networks to provide telecommunications services.

Electricity transmission, operating the electricity system, controlling, maintaining, and leasing capacity of the transmission network lines

05. Dhuruma Electricity Company			06. Hajr Electricity Production Company		
<b>ﷲ 4,000,000</b>			<b>ﷲ 2,156,230,000</b>		
Establishment	Active zones	Share	Establishment	Active zones	Share
KSA	KSA	50%	KSA	KSA	50%

Generating electrical energy.

Owning, generating, producing, transmitting, and selling electricity through the Al-Qaryah project in the Eastern Province, and engaging in related or connected activities.

07. Rabigh Electricity Company			08. Al-Mourjan for Electricity Production Company		
<b>ﷲ 923,750,000</b>			<b>ﷲ 1,403,850,000</b>		
Establishment	Active zones	Share	Establishment	Active zones	Share
KSA	KSA	20%	KSA	KSA	50%

Developing, constructing, owning, operating, and maintaining the Rabigh Electricity Production Project in the Makkah Region. This includes the transmission and sale of water and electricity, as well as carrying out related activities.

Developing, constructing, owning, operating, and maintaining the Rabigh Electricity Production Project in the Western Region. This includes the transmission and sale of water and electricity, as well as carrying out related activities.

**09. Saudi Electricity Projects Development Company**

**ﷲ 5,000,000**

Establishment	Active zones	Share
KSA	KSA	100%

Managing construction projects, preparing detailed engineering designs, purchasing materials, and implementing projects in the energy sector.

**10. GCC Electrical Testing Laboratory**

**ﷲ 862,000,000**

Establishment	Active zones	Share
KSA	KSA	30%

Handling activities related to the installation, maintenance of electrical transformers, quality testing and approval, products, and laboratories for electrical, electronic, mechanical, and metallic products, as well as measurement and calibration laboratories to ensure compliance with manufacturing and production standards under the necessary industrial license.

**13. Solutions Valley Company**

**ﷲ 5,000,000**

Establishment	Active zones	Share
KSA	KSA	100%

Providing operation, maintenance, digital solutions, and technical consulting expertise.

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

**ﷲ 1,000,000**

Establishment	Active zones	Share
KSA	KSA	100%

Establishing, leasing, operating, owning, and developing telecommunications networks, wireless information transmission, and providing full information technology and data transmission services for individuals and public and private institutions. This includes performing all activities related to its operations such as buying, selling, leasing, renting, and establishing the necessary infrastructure, including purchasing other companies and investing in regional and international communication gateways and information transfer.

**11. Fadhili Plant Cogeneration Company (FPCC)**

**ﷲ 1,500,000**

Establishment	Active zones	Share
KSA	KSA	30%

Producing electricity, steam, distilled water, water suitable for electrical conductivity, and water with similar purity.

**12. Saudi Green Company for Carbon Services**

**ﷲ 1,000,000**

Establishment	Active zones	Share
KSA	KSA	51%

Developing and managing systems & projects for sustainable development. The company adheres to international, local, & regional protocols and regulations in implementing these activities, benefiting both the company and others. This includes registering carbon reduction certificates issued by emission reduction programs in global, regional, and local markets.

**15. Global Data Hub Company**

**ﷲ 10,000,000**

Establishment	Active zones	Share
KSA	KSA	50%

Establishing, owning, operating, maintaining, and commercially utilizing data centers.

**16. Shuaibah Water and Electricity Company (SWEC)**

**ﷲ 1,560,500,000**

Establishment	Active zones	Share
KSA	KSA	8%

Developing, constructing, owning, and maintaining the Shuaiba 3 dual-purpose water and electricity production project in the Shuaiba area, including the transmission and sale of water and related activities.

**17. The Saudi Energy Production Company**

**ﷲ 2,000,000**

Establishment	Active zones	Share
KSA	KSA	100%

Engaging in electricity generation activities according to the regulations of the licenses issued by the Electricity and Co-generation Regulatory Authority for the dual production of water, steam, and owning, operating, maintaining, developing, financing, and managing assets in the electricity generation and co-generation field.

**18. Shuaibah Expansion Project Company (SEPCO)**

**ﷲ 175,818,000**

Establishment	Active zones	Share
KSA	KSA	8 %

Holding company activities, which involve acquiring assets and owning a dominant stake in the capital of a group of subsidiaries. Its main activity is the ownership of this group.

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

**ﷲ 1,120,000,000**

Establishment	Active zones	Share
KSA	KSA	8 %

Developing, owning, operating, and maintaining the Shuqaiq 2 combined water and electricity production project in the Shuqaiq area.

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

**ﷲ 882,500,000**

Establishment	Active zones	Share
KSA	KSA	5%

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

**21. Saudi Electricity Global Sukuk Company 1**

**\$ 1**

Establishment	Active zones	Share
Cayman Islands	Cayman Islands	100%

A special purpose company to provide services and support for issuing international sukuk.

**22. Saudi Electricity Global Sukuk Company 2**

**\$ 1**

Establishment	Active zones	Share
Cayman Islands	Cayman Islands	100%

A special purpose company to provide services and support for issuing international sukuk.

**23. Saudi Electricity Global Sukuk Company 3**

**\$ 1**

Establishment	Active zones	Share
Cayman Islands	Cayman Islands	100%

A special purpose company to provide services and support for issuing international sukuk.

**24. Saudi Electricity Global Sukuk Company 4**

**\$ 1**

Establishment	Active zones	Share
Cayman Islands	Cayman Islands	100%

A special purpose company to provide services and support for issuing international sukuk.

25. Saudi Electricity Global Sukuk Company 5		
<b>\$ 1</b>		
Establishment	Active zones	Share
<b>Cayman Islands</b>	<b>Cayman Islands</b>	<b>100%</b>

A special purpose company to provide services and support for issuing international sukuk.

26. Saudi Electricity Global Sukuk Program Company		
<b>\$ 100</b>		
Establishment	Active zones	Share
<b>Cayman Islands</b>	<b>Cayman Islands</b>	<b>100%</b>

A special purpose company to provide services and support for issuing international sukuk.

29. Dawiyat Digital Information Technology Company		
<b>ﷲ 1,000,000</b>		
Establishment	Active zones	Share
<b>KSA</b>	<b>KSA</b>	<b>100%</b>

A special purpose company to provide services and support for issuing international sukuk.

30. Dawiyat Data Centers company		
<b>ﷲ 1,000,000</b>		
Establishment	Active zones	Share
<b>KSA</b>	<b>KSA</b>	<b>100%</b>

A special purpose company to provide services and support for issuing international sukuk.

27. Sidra Holding Company		
<b>ﷲ 10,000</b>		
Establishment	Active zones	Share
<b>KSA</b>	<b>KSA</b>	<b>40%</b>

The holding company for the Taiba Power Plant Project.

28. Qudra Holding Company		
<b>ﷲ 10,000</b>		
Establishment	Active zones	Share
<b>KSA</b>	<b>KSA</b>	<b>40%</b>

The holding company for the Qassim Power Plant Project.

31. Electric Vehicle Infrastructure Company (EVIQ)		
<b>ﷲ 254,000,000</b>		
Establishment	Active zones	Share
<b>KSA</b>	<b>KSA</b>	<b>25%</b>

Developing, maintaining, and operating infrastructure assets in the Kingdom of Saudi Arabia for electric vehicle services.

32. Saudi Greek Interconnection Societe Anonyme		
<b>€ 500,000</b>		
Establishment	Active zones	Share
<b>KSA</b>	<b>KSA</b>	<b>50%</b>

carry out the comprehensive commercial viability study of the electricity interconnection between Greece and the Kingdom of Saudi Arabia through a high-voltage direct-current "HVDC" cables

# Dividend Distribution Policy

## New Investments

**33. Al-Naseem Al-Oula Holding Company (Limited Liability Company)**

**ﷲ 10,000**

Establishment	Active zones	Share
KSA	KSA	35%

Holding company for the Al-Nairyah 1 Power Plant

**34. Al-Rimal Al-Oula Holding Company (Limited Liability Company)**

**ﷲ 10,000**

Establishment	Active zones	Share
KSA	KSA	35%

Holding company for the Al-Rumah 1 Power Plant

**35. Energy Infrastructure Consortium Company**

**ﷲ 10,000**

Establishment	Active zones	Share
KSA	KSA	100%

Developing bids and participating in energy development projects efficiently and effectively

**36. Etijahat Advanced Holding Company**

**ﷲ 10,000**

Establishment	Active zones	Share
KSA	KSA	100%

Investment and leasing in real estate and investment funds for subsidiary companies.

**37. Etijahat Real Estate Assets**

**ﷲ 5,000,000**

Establishment	Active zones	Share
KSA	KSA	100%

Development, management, leasing, purchasing, and selling of land and real estate.

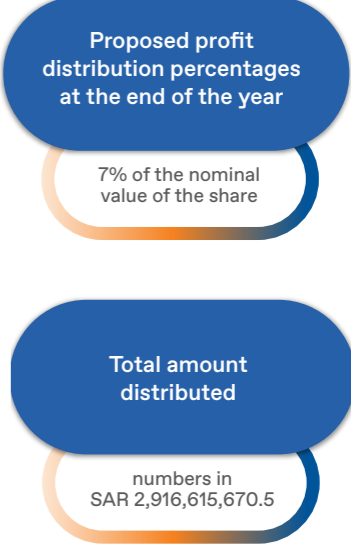
The company distributes its annual net profits as follows:

1. The General Assembly determines the percentage of net profits to be distributed to shareholders after deducting any reserves, if applicable.
2. Shareholders are entitled to their share of the profits according to the decision issued by the General Assembly, which specifies both the entitlement date and the distribution date. Shareholders registered in the company's shareholder records as of the entitlement date are eligible for the profits.
3. The Board of Directors is required to implement the General Assembly's decision on profit distribution to registered shareholders within a period not exceeding fifteen (15) days from the specified entitlement date or the Board's decision for interim profit distribution, as appropriate.

4. The company may distribute interim profits to shareholders on a semi-annual or quarterly basis, following authorization from the General Assembly. This authorization empowers the Board of Directors to distribute interim profits based on an annually renewed decision, in compliance with the requirements of Article 47, paragraph one of the Implemented Regulations of the Companies Law.

In 2024, the company achieved net profits of SAR 6,867M after deducting zakat and before distributing Board member bonuses. The Board of Directors proposes distributing these profits in accordance with the company's bylaws as follows:

Total amount distributed  
Proposed profit distribution percentages at the end of the year



- Shareholders holding shares at the end of second trading day following the date of the General Assembly meeting will be entitled to cash dividend distributions. The meeting date will be announced later.
- No arrangements or agreements have been made where any of the company's shareholders have waived their rights to dividends.
- During the fiscal year ending December 31, 2024, no persons have an interest in the voting rights of the company's shares.

### Tracking Dividend Performance Over the Years

Saudi Electricity Company has consistently distributed dividends to its shareholders annually. The historical dividend values distributed by the company are as follows:

Year	Dividend (Adj.), SAR	Expiration Date	Payment Date	Type
2023	0.70	14/05/2024	30/05/2024	Annual
2022	0.70	09/5/2023	25/05/2023	Annual
2021	0.70	17/5/2022	06/06/2022	Annual
2020	0.70	27/04/2021	20/05/2021	Annual
2019	0.70	02/06/2020	16/06/2020	Annual
2018	0.70	30/04/2019	12/05/2019	Annual
2017	0.70	25/06/2018	17/07/2018	Annual
2016	0.70	19/04/2017	30/04/2017	Annual
2015	0.70	25/04/2016	08/05/2016	Annual
2014	0.70	20/04/2015	03/05/2015	Annual
2013	0.70	15/04/2014	27/04/2014	Annual
2012	0.70	15/04/2013	27/04/2013	Annual
2011	0.70	02/04/2012	14/04/2012	Annual
2010	0.70	04/04/2011	30/04/2011	Annual
2009	0.70	05/04/2010	03/05/2010	Annual
2008	0.70	06/04/2009	28/04/2009	Annual
2007	0.70	19/04/2008	11/05/2008	Annual
2006	0.70	21/04/2007	14/05/2007	Annual
2005	0.70	22/04/2006	15/05/2006	Annual
2004	0.70	16/04/2005	14/05/2005	Annual
2003	0.70	24/04/2004	24/05/2004	Annual
2002	0.70	26/04/2003	19/05/2003	Annual
2001	0.70	27/06/2002	13/07/2002	Annual



# Important Events and Transactions

SEC disclosed several strategic events and initiatives in 2024. Key announcements, activities, and decisions were published on the official website of the Saudi Stock Exchange (Tadawul). Over the year, the company issued twenty-four (24) disclosures to shareholders. The following table provides a summary of these announcements, including their descriptions and dates.



## Tadawul Announcements

NO.	Announcements	Date
1	The Saudi Electricity Company announces the obtaining of a USD 3.6B syndicated international credit facility.	12/12/2024
2	The Saudi Electricity Company announces the signing of power purchase agreements with the Saudi Electricity Purchasing Company "the Principal buyer."	19/11/2024
3	The Saudi Electricity Company announces the preliminary consolidated financial results for the period ending 30-09-2024 (nine months).	06/11/2024
4	The Saudi Electricity Company announces the resignation and appointment of the CEO.	24/09/2024
5	The Saudi Electricity Company announces obtaining international revolving credit facilities worth 4B USD.	25/08/2024
6	The Saudi Electricity Company announces the preliminary consolidated financial results for the period ending 30-06-2024 (six months).	07/08/2024
7	The Saudi Electricity Company announces the results of the 27th Ordinary General Assembly Meeting (First Meeting).	15/05/2024
8	The Saudi Electricity Company announces the preliminary consolidated financial results for the period ending 31-03-2024 (three months).	12/05/2024
9	The Saudi Electricity Company announces obtaining a bilateral loan of 1B USD.	07/05/2024
10	The Saudi Electricity Company announces receiving a letter of accreditation for the regulatory weighted cost of capital return on the base regulated assets at a rate of 6.65% for the current regulatory period from 2024 to 2026.	29/04/2024
11	The Saudi Electricity Company announces the results of the 10th Extraordinary General Assembly Meeting (First Meeting).	17/04/2024
12	The Saudi Electricity Company announces the full redemption of international sukuk due on April 8, 2024.	04/04/2024
13	The Saudi Electricity Company invites its shareholders to attend the 27th Ordinary General Assembly Meeting (First Meeting) via modern technology.	01/04/2024

NO.	Announcements	Date
14	The Saudi Electricity Company invites its shareholders to attend the 10th Extraordinary General Assembly Meeting (First Meeting) via modern technology.	19/03/2024
15	The Saudi Electricity Company announces the Board of Directors' recommendation to distribute cash dividends to shareholders for the fiscal year 2023.	06/03/2024
16	The Saudi Electricity Company announces the audited consolidated financial results for the fiscal year ending 31-12-2023.	06/03/2024
17	The Saudi Electricity Company announces the completion of the issuance of dual-tranche sukuk worth a total of 2.2B USD under its international sukuk issuance program.	07/02/2024
18	The Saudi Electricity Company announces the commencement of issuing dollar-denominated sukuk under its international sukuk program.	06/02/2024
19	The Saudi Electricity Company announces its intention to issue dollar-denominated sukuk under its international sukuk issuance program.	05/02/2024
20	The Saudi Electricity Company announces the full redemption of local sukuk due on January 30, 2024.	25/01/2024
21	The Saudi Electricity Company announces the full redemption of international sukuk due on January 27, 2024.	25/01/2024
22	The Saudi Electricity Company announces the formation of the Audit Committee.	24/01/2024
23	The Saudi Electricity Company announces the appointment of the Chairman of the Board and the Vice Chairman.	23/01/2024
24	The Saudi Electricity Company announces the results of the 26th Ordinary General Assembly Meeting (First Meeting).	10/01/2024

# Related Party Transactions

At SEC, strong governance and full transparency drive our commitment to ethical conduct and the prevention of conflicts of interest, ensuring trust and accountability at every level.

## Board of Directors

SEC has not entered into any business or contracts that involve a material interest for the members of the Board of Directors, the CEO, the Executive Vice President for Finance, or any related party to any of them, except for what has been disclosed below as follows:

- The business and contracts between SEC and ACWA Power, in which His Excellency the Chairman of the Board, Dr. Najm bin Abdullah AlZaid, has an indirect interest as a member of the Audit Committee at the Public Investment Fund (PIF), and Board Member, Mr. Mohammed bin Abdulrahman AlBalaihed, has an indirect interest as the Director of the Energy and Public Services Sector

at PIF. This includes the approval for the reservation of units and updates to the Ramah and Al-Nairyah power plants, for an amount of USD 42M . Additionally, approval was granted for the expansion of the Marjan IPP and investment in the Hajr and Marjan projects, for an amount not exceeding SAR 940M. The PIF is also a major shareholder in ACWA Power. This transaction is part of regular business operations, and no preferential advantages were granted. Accordingly, a recommendation will be presented to the General Assembly of the company (to be held on May 13, 2025) for voting on the approval of this transaction in accordance with the relevant laws and regulations.

- The business and contracts between SEC and the Saudi Investment Bank, in which His Excellency Board Member, Mr. Khalid bin Salem Al-Ruwais, has an indirect interest as the

Chairman of the Audit Committee, and member of the Risk and Governance Committee at the Saudi Investment Bank. This includes a syndicated international credit facility agreement, for an amount of USD 3.6B. This transaction is part of regular business operations, and no preferential advantages were granted. Accordingly, a recommendation will be presented to the General Assembly of the company (to be held on May 13, 2025) for voting on the approval of this transaction in accordance with the relevant laws and regulations.

## Senior Executives

Throughout 2024, no senior executives or their relatives held any vested interests, contractual securities, or subscription rights in the shares or debt instruments of the company or any of its subsidiaries. Furthermore, there were no changes to such interests during the year.

The company confirms the absence of any conflict of interest among key decision-makers. No Board member, senior executive, or related party holds a financial or personal interest in any business or contract involving the company. This ensures that these individuals do not

engage in, invest in, or benefit from external businesses or contractual agreements entered into by the company.

Additionally, the company affirms that no Board members have participated in or have any affiliation with businesses that directly compete with the company's

activities or its branches. This approach ensures that leadership remains free from any involvements in projects that could conflict with or undermine the company's interests, effectively eliminating any potential conflicts of interest.

## Disclosure and Transparency Policy Declarations Based on Corporate Governance Regulations

The company complies with CMA's regulations in all aspects except in respect of the following:

Article/Clause No.	Provision of Article/Clause	Reason
92 (Guiding Article)	If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of the Corporate Governance Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	While SEC's Board has not formed a corporate governance committee as stated in this Guiding Article, the Board has instead charged the Nomination and Remuneration Committee, formed pursuant to the Company Bylaws, with the responsibility of overseeing and making recommendations to the Board with respect to the Company's corporate governance policies and practices, including the competencies of effective governance described in Article (91) of the Corporate Governance Regulations.



# Investor and Stakeholder Relations

The Board of Directors did not receive any proposals or comments from shareholders regarding the company's performance in 2024. SEC prioritizes meeting shareholder expectations, protecting their rights, and ensuring easy access to information.

The company emphasizes transparent financial disclosure to keep shareholders informed about key developments while ensuring compliance with the Capital Market Authority's regulations, particularly Article (87) of the Corporate Governance Regulations. SEC actively enhances communication with investors, encouraging shareholders to deposit their share certificates into their investment portfolios to facilitate seamless profit deposits.

Additionally, the company maintains effective communication with financial market authorities and exchanges information with investors and financial institutions to strengthen transparency and trust.

## Disclosure and Transparency Policy

Saudi Electricity Company is committed to providing transparent, accurate, and regularly updated information to stakeholders, investors, and other concerned parties. Recognizing its responsibility, we are dedicated to disclosing significant developments to the Capital Market Authority (CMA) and the public that may impact its operations, assets, liabilities, stock price, or financial position. As a listed company on the financial market, SEC ensures the timely issuance of approved annual and quarterly financial statements to the CMA and the public.

The company is responsible for publishing its governance policies, procedures, and related documents on its website or through other means in accordance with its disclosure policy. These documents include, but are not limited to:

- The company's bylaws
- Governance policies and related documents
- The Board of Directors' annual report
- Preliminary (quarterly) and annual financial statements
- The Audit Committee's annual report
- All disclosures published on Tadawul.
- Any additional reports or documents the deemed necessary to enhance disclosure and transparency, provided they comply with applicable laws and regulations.

If the company anticipates potential harm from disclosing certain information, it may seek approval from the Capital Market Authority to delay or cancel the disclosure. In such cases, SEC must submit a confidential statement to the Authority explaining the information and reasons for withholding it. The CMA will review the request and determine whether to approve or reject it.

- 01 WHO WE ARE
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- 05 CORPORATE GOVERNANCE

## Saudi Electricity Company Contact Channels

The Investor Relations (SEC IR) application, available on the Apple Store and Google Play, provides stakeholders with easy access to relevant company data and facilitates seamless communication, between the company and its stakeholders, through a user-friendly platform.

For inquiries, stakeholders can reach out through the following channels:

### Company website

<https://www.se.com.sa/Contact-Us>

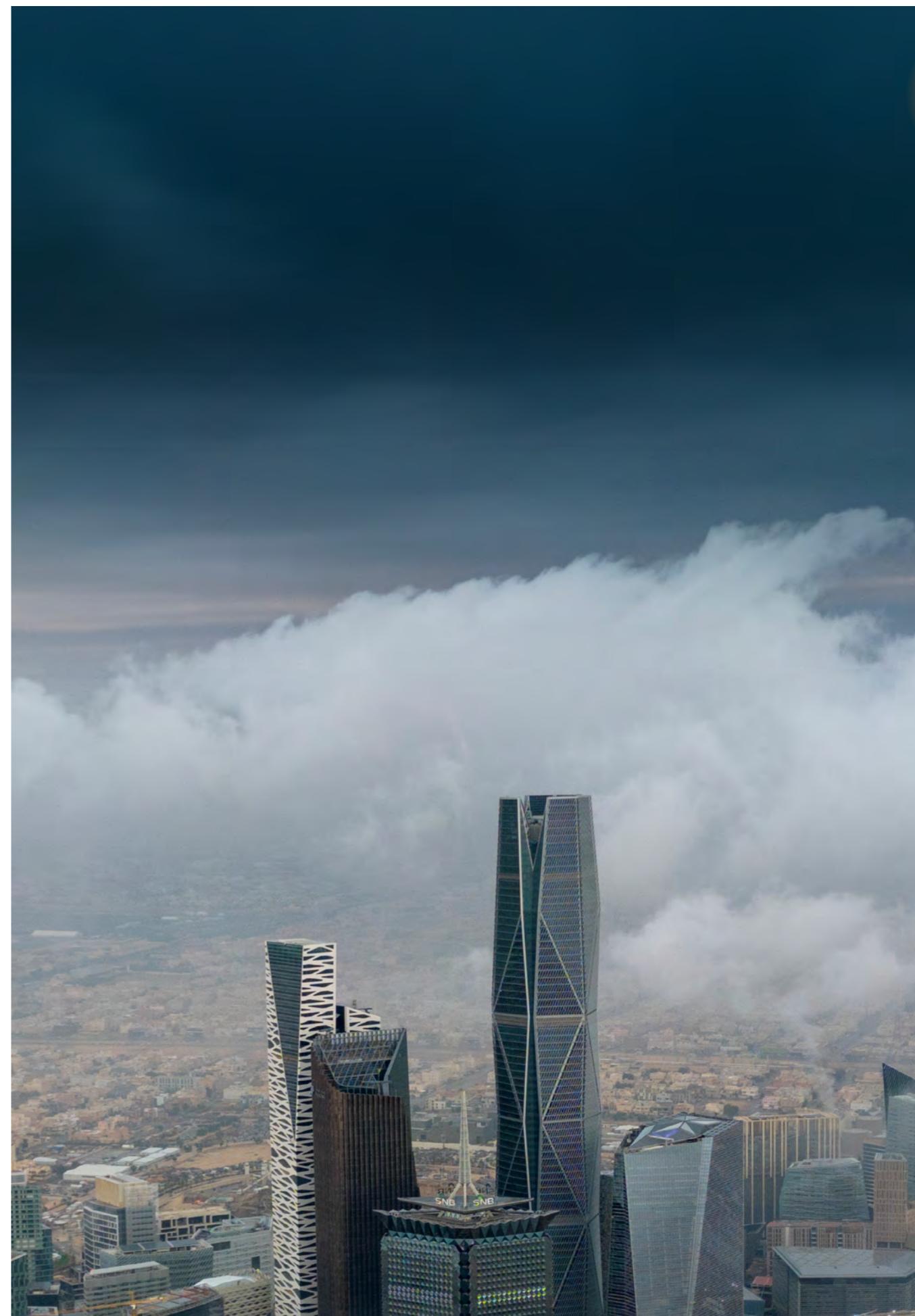
### E-mail

SEC-SH@se.com.sa  
IR@se.com.sa

### Phone

+966118077202

### Investor Relations Application (SEC IR)



# Company Regulatory Declarations

## Upholding Governance Excellence

The company complies with all provisions of the Corporate Governance Regulations issued by the Capital Market Authority, except for paragraph (1-A) of Article (21), which pertains to the development of a comprehensive strategy for the company. While the company has updated the general indicators of its overall strategy in light of financial and regulatory reforms, work is ongoing to finalize and adopt the comprehensive strategy. This process is being coordinated with the Ministry of Energy and the ministerial committee for restructuring the electricity sector.

## Ensuring Financial Integrity and Operational Resilience

The internal audit activity, an independent function directly linked to the audit committee, operates in line with the internal audit regulations approved by the Board of Directors. It conducts financial and operational reviews to assess the effectiveness and efficiency of the internal control system. The results of these audits are

shared with the audit committee through periodic reports, which include observations and updates on the status of corrective actions taken by management.

The audit committee examines observations presented by both internal and external auditors, along with their findings on the company's internal control system. Based on these reviews, the committee develops relevant recommendations for improvement and submits them to the Board of Directors. The committee also monitors significant and direct observations affecting the internal control system.

While the executive management is responsible for maintaining the company's internal control system, continuous improvements are made to enhance its efficiency and effectiveness.

The company affirms the following regarding accounting records, the internal control system, and the company's ability to continue its activities:

- The accounting records have been correctly prepared.
- The internal control system has been established on solid foundations and implemented effectively.

- There is no doubt about the company's ability to continue its operations.

It is important to note that no internal control system, regardless of its design or application, can provide absolute assurance.

# Audit Committee Report

## Audit Committee Report for the Financial Year 2024

It is the responsibility of the Board to ensure the implementation of an appropriate internal control system, encompassing the policies, processes, tasks and behaviors that are taken together:

- Facilitate the company's effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance, and other risks to achieving its objectives.
- Helps ensure the quality of internal and external financial reporting.
- Help ensure compliance with applicable laws and regulations.

The Board's Audit Committee is responsible for monitoring the company's activities and verifying the integrity of the reports, financial reports and internal control system as stated in the 'Board's Audit Committee Charter' approved by the General Assembly, and as per the requirements of the 'Companies Law' issued

by the Ministry of Commerce, and the 'Corporate Governance Regulations' issued by the Capital Market Authority.

The Board's Audit Committee held nine meetings in 2024 to independently assess the effectiveness of the internal control system and the quality of external financial reporting, including:

- Discussing relevant governance, risk, and control matters throughout the year with executive management, the CAE and the external consultant supporting the internal control project.
- Reviewing the company's interim and annual financial statements prepared by management, and the annual declaration for 2024 from the CEO and CFO.
- Approving the external auditor's audit plan, and reviewing the external auditor's reports and management letter, and their unqualified opinion on the company's consolidated financial statements for the fiscal year 2024.

- Overseeing the internal audit activity, including the preparation of a risk-based annual audit plan.

- Reviewing the results of internal audit engagements and the CAE's annual opinion for 2024, and the progress made by management in implementing action plans to address control gaps identified by internal audit

- Reviewing the gaps identified by an external consultant as part of the internal control project and ensuring that management had put in place action plans to address these gaps.

Throughout the above activities, and despite some operational challenges facing the company that the management is working to solve, nothing came to the attention of the Board's Audit Committee regarding any fundamental deficiencies in the internal control system, while noting that regardless of any internal control system's effectiveness, it cannot provide absolute assurance about the effectiveness of the applicable internal controls.



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