

2020 Environmental, Social and Governance (ESG) Report

Sparking Change



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Introduction

In line with our commitment to responsible business, Saudi Electricity Company (SEC) is proud to present its second annual ESG Report. This report has been prepared in accordance with the GRI Standards: Core option (Appendix C) to ensure transparency of our economic, social and environmental (ESG) sustainability practices. The report covers our performance from 1st January until 31st December 2020, unless otherwise stated.

Cautionary Statement

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

For any inquires, feedback or suggestions regarding this report, please contact SEC's investor relations:

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CEO Message

Khalid H. Al-Gnoon
 Chief Executive Officer



On behalf of Saudi Electricity Company (SEC), I would like to officially welcome you to our second ESG report. Despite the numerous challenges posed by the global COVID-19 pandemic, I am proud that our world-class operations, service, and financial sustainability have prevailed. SEC's leadership, in combination with all the excellent work conducted by SEC's employees and key stakeholders, have made it possible for SEC to remain the largest electric energy system provider in the MENA region. Moreover, the Kingdom's leadership continued its significant contribution towards SEC's success. Several transformative regulatory and financial reforms were passed over the last 12 months, in alignment with the Kingdom's Vision 2030, which aim to achieve the six pillars of the Kingdom's electric power sector strategy. I would like to take this opportunity to extend my sincere gratitude towards the Kingdom's leadership for its continued support and to everyone else involved with SEC, I look forward to continuing to lead SEC on our increasingly successful journey.

As a world-class power provider, SEC understands its role regarding carbon emissions, climate

change, and its responsibility towards the environment. We continued to both initiate and implement climate-related projects to help mitigate against climate change. In September 2020, SEC successfully issued a US\$ 1.3bn RegS dual-tranche international Green Sukuk, becoming the first utility company in the Middle East to do so, and we plan to use these financial resources to expand our climate ambitions by financing and refinancing eligible green projects.

Aligning our activities with the Saudi Vision 2030 and contributing to the United Nations (UN) Sustainable Development Goals (SDGs) is a priority. Some noteworthy areas regarding our environmental contributions included facilitating the increase of renewable energy from Independent Power Producers to 916.6 gWh, a 1,374% increase from 2019, and completing most of the procurement and installation phases of the Smart Meter Program, which saw over 10 million smart meters installed that enhance energy efficiency.

Investing in our employees and the communities within the Kingdom will always be important to SEC. Despite the difficulties posed by the COVID-19 pandemic, we managed to oversee 467,466

training hours for our employees and our workforce nationalization rate exceeded 93%. The percentage of the Kingdom's population with access to energy, which is enabled through SEC's work in collaboration with our many stakeholders, also remained at over 99%.

In response to the COVID-19 pandemic, health and safety was also prioritised this past year. We have been adopting COVID-19 guidelines and issuing guides with the latest government advice. The Company continues to use its channels and platforms to educate employees, citizens, and residents about the risks of COVID-19, which includes emails, internal screens, our website, the Bawabati application, and social media.

As SEC continues to develop and enhance its sustainability strategy, I invite you to engage with us and to discover more about this journey through the analysis and discussion in this report. It is with pleasure that I present SEC's 2020 ESG Report as a testament to all the excellent work conducted by SEC's employees.

Saudi Electricity Company At a Glance

History

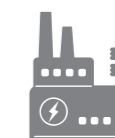
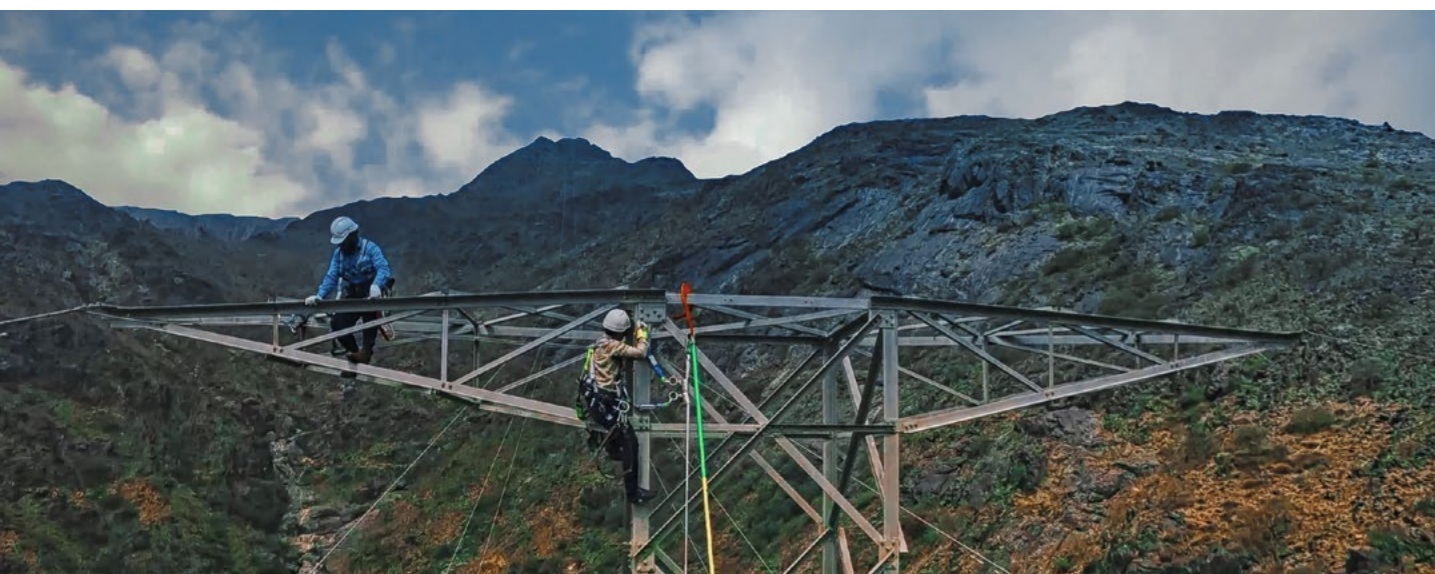
The Government established the Ministry of Industry and Electricity in 1975, to organize and regulate the electricity sector in the Kingdom of Saudi Arabia ("Kingdom"). In 2003, it became the Ministry of Water and Electricity and then, in respect of the electricity sector, the Ministry of Energy, Industry and Mineral Resources. Following this transformation, the Kingdom was segregated into five operating regions, namely the Western, Eastern, Central, Southern and Northern Regions. Private and semi-private electricity companies that had previously provided electricity in each region were consolidated into four majority state-owned utilities known collectively as the Saudi Consolidated Electricity

Companies (SCECOs). Within the Northern Region, the General Electricity Corporation (GEC) was given responsibility for supervising the electricity companies operating within that region.

A subsequent reform of the electricity sector resulted in the formation of one Saudi Electricity Company (SEC). SEC was incorporated as a joint stock company, with its headquarters in Riyadh. Following the formation of SEC, GEC and the four SCECOs were merged into SEC including all operations, rights, and liabilities.

SEC reduced the operating structure from five to four regions, divided

into sub-regional departments. These are the Western Region (with departments covering Makkah, Jeddah Madinah, Tabuk and Taif), the Eastern Region (with departments covering Dammam and Al Ahsa, the Northern province, the Al-Jouf province and the northern border), the Central Region (with departments covering Riyadh city and the Riyadh, Qassim, Alkharj, Dawadme and Hail provinces) and the Southern Region (with departments covering the Asir, Jizan, Najran and Baha provinces).



Overview of Operations

SEC's principal business activities include the generation, transmission, and distribution of electricity within the Kingdom of Saudi Arabia. SEC is the leading generator and provider of electricity, with a regulated monopoly position for the transmission of electric power and the distribution of electricity.

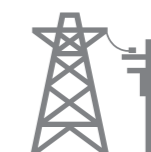
181,783
Gigawatt hours (gWh)
Electricity Produced

280,811 gWh
Energy Sold

10.12 million
Number of Customers

ENERGY GENERATION

SEC is the leading producer of electricity, directly owning and operating 67% of total installed capacity in the Kingdom, and indirectly owns in another 15.9 Gigawatts (GW) through IPPs/IWPPs JVs. SEC utilizes a total installed capacity in the Kingdom of almost 79.7 GW.



TRANSMISSION

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



DISTRIBUTION AND CUSTOMER SERVICES

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

Ownership and Shareholders

SEC is indirectly owned by the Government of Saudi Arabia ("Government"). Majority shareholders include the Public Investment Fund (74.3%) and Saudi Aramco (6.9%). SEC strives to meet the needs of its shareholders by protecting their rights, facilitating their access to information, improving our modes of communication, and encouraging investment into investment portfolios.

Subsidiaries

SEC has twelve wholly owned subsidiaries:



Five of these subsidiaries conduct operational activities: National Grid S.A. oversees the transmission business. Dawiyat Telecom Company and Dawiyat Integrated Company are both involved in establishing, leasing and operating fibre optic networks including the development and deployment of telecommunication assets and providing communication services to individuals, and public and private institutions. Saudi Electricity for Projects Development Company oversees the management and execution of construction projects in the energy sector. Saudi Company for Power Purchase oversees the purchase and sale of electricity and the conclusion of any relevant agreements. The remaining subsidiaries are special purpose vehicles related to sukuk issuances.

Other Investments

As of 31 December 2020, SEC's equity investments throughout the Kingdom included:

Company	Objective	% Holding
Saudi Green Company for Carbon Services	Developing services and raising awareness for carbon emissions reduction, including corporate training and emissions compliance certifications.	51%
Al Mourjan for Electricity Production Co.	Developing and operating the Rabigh II Independent Power Producer (IPP)	50%
Dhuruma Electricity Co.	Developing and operating the Riyadh IPP	50%
Hajr for Electricity Production Co.	Developing and owning the Qurayyah IPP	50%
Global Data Hub Company	Information technology-related services, consultancy and facilities management.	50%
Gulf Corporation Council Interconnection Authority	Interconnecting the electricity transmission networks of the member states of the GCC	32%
Al Fadhly Co-Generation Co.	Production of steam and mineral free water for industrial purposes	30%
Gulf Laboratory Company for Electrical Equipment	Examination of electrical and transmission equipment	25%
Rabigh Electricity Co.	Developing and operating the Rabigh IPP	20%
Al-Shuaibah Holding Co.	Developing projects for the dual production of water and electricity	8%
Shuaibah Expansion Holding Co.	Developing projects for the dual production of water and electricity	8%
Shuaibah Water and Electricity Co.	Developing and operating the Shuaibah Independent Water & Power Producer (IWPP)	8%
Shuqaiq Water and Electricity Co.	Developing and operating the Shuqaiq IWPP	8%
Al-Jubail Water and Electricity Co.	Developing and operating Al-Jubail IWPP	5%

Our Vision, Mission and Values

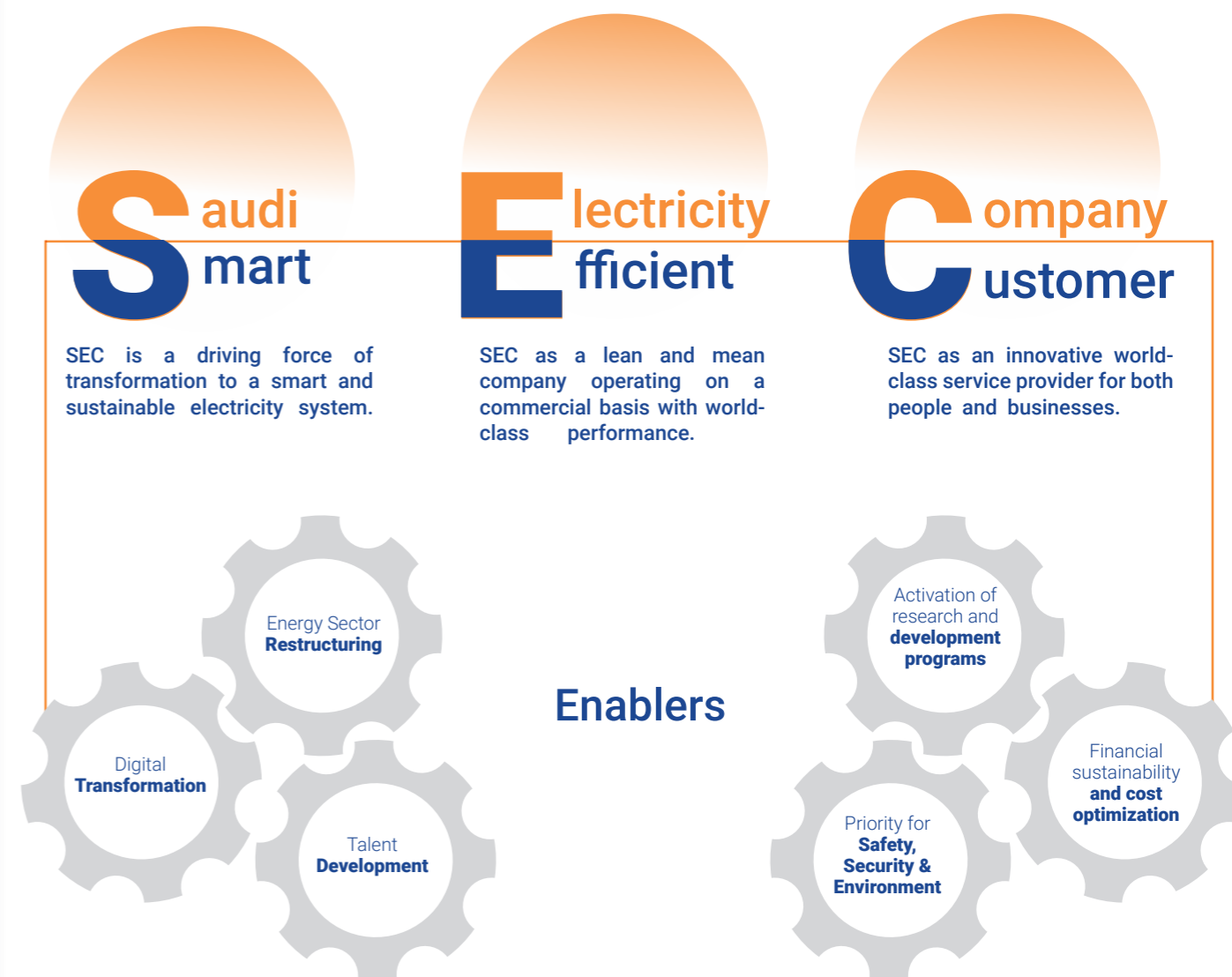


Our Strategic Goals for a Sustainable and Efficient Energy Sector

Aligned with the National Transformation Program under the Kingdom's Vision 2030, SEC's three strategic goals for a sustainable and efficient energy sector include driving a smart and sustainable electricity system, operating on a lean and world-class basis, and providing innovative and world-class services to its customers.

Six enablers have been identified to achieve our strategic goals and they include digitization, sector restructuring, talent development, research and development programs, prioritizing safety, security and the environment (SSE), and cost optimization. Moreover, SEC continues to engage with all of its stakeholders to develop

a sustainable electricity sector, which includes smart grid creation, improving fuel efficiencies, liquid fuel displacement, renewable interconnection, automated customer services, and improved workforce management.



Regulatory Environment

In January 2020, the Ministry of Finance confirmed the first step of establishing a balancing account for the electricity sector effective from the fiscal year 2019. This has been a key enabler for SEC to meet its strategic goals by first achieving a fiscal balance for the electricity sector; which covers the difference between the required operating revenue for SEC and its actual operating revenues from the applicable tariffs.

Furthermore, in mid-November

2020, His Royal Highness Prince Abdulaziz bin Salman, the Minister of Energy, Chairman of the Ministerial Committee for Restructuring the Electricity Sector ("Committee for Restructuring"), Chairman of the Board of Directors of the Water and Electricity Regulatory Authority ("WERA") announced a set of structural, regulatory, and financial reforms for the electricity sector.

These reforms came as a collective effort from the Ministerial

Committee for restructuring the electricity sector, and their intention is to ensure the long-term health and sustainability of the electricity sector and to contribute to the Kingdom's Vision 2030. The expected outcomes include more efficient power generation, complete displacement of liquid fuels by gas for electricity generation and increased environmental protection. Moreover, the reforms aim to increase the reliability of the Kingdom's electricity transmission network to enable growth of

renewable generation as the Kingdom seeks to continuously optimize its energy mix. These will be supplemented by improved distribution networks that will ultimately enhance supply reliability to consumers.

The comprehensive reform package included the following:

- Implementing the Minimum Service Operating Cost Model to regulate SEC's revenue and decide the required revenue for the fiscal year of 2020.
- Cancellation of the government fees owed by SEC, enabling the Company to retain all revenues generated from applicable electricity consumption tariffs.
- Setting up a revenue requirement mechanism for SEC, which includes a tariff-balancing account to compensate for the difference between the efficient cost to serve and the income from tariffs.
- A mechanism to enable the timely settlement of public sector electricity bills.
- The payment of all SEC's financial obligations from fuel and energy purchases,

as well as government dues and distributing shareholder dividends owed.

The comprehensive reform package also included the conversion of SAR 167.92 billion (US\$44.72billion) net of government liabilities owed by SEC, as of 31 December 2019, into an equity-like non-dilutive financial instrument executed in a Mudaraba format. The Mudaraba agreement was signed with the Government represented by the Ministry of Finance. The recapitalized Government liabilities included Government loans and net Government payables and accruals; offsetting for outstanding amounts owed to SEC by the Government (i.e.: Government electricity receivables) according to SEC's financial statements at end of the fiscal year 2019. Additionally, it included SAR 3.4 billion, which is equivalent to the total dividends owed to Saudi Aramco since SEC's inception until 1439H or 2017G. This Mudaraba agreement transaction is considered the world's largest Islamic finance transaction to have ever be executed, demonstrating the Kingdom's leadership and global pre-eminence in Islamic finance.

SEC expects the reforms and developments to play a key role in restructuring and strengthening its financial position, while simultaneously improving its ability to provide its services with higher levels of efficiency and reliability. The Minimum Service Operating Cost Model was implemented to regulate SEC's revenue and to decide its required revenue for the fiscal year of 2020, based on the balancing account coverage of the difference between the approved required revenues and the actual achieved revenue for SEC in 2020, which was decided to be an amount of SAR 6,131 million. The reforms also improve the ability of SEC to fulfil all its financial obligations including fuel payments, purchased power payments, and dividend payments to shareholders.

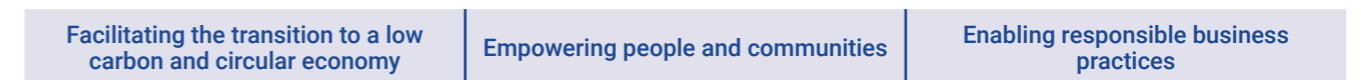
Overall, the electricity sector's regulatory and financial reforms demonstrate the Government's continuous support to the electricity sector, how its endeavours to raise the overall level of services for its citizens and residents, and its commitment towards achieving the objectives of the Saudi Vision 2030.



Sustainable Business Model

SEC's ESG Framework

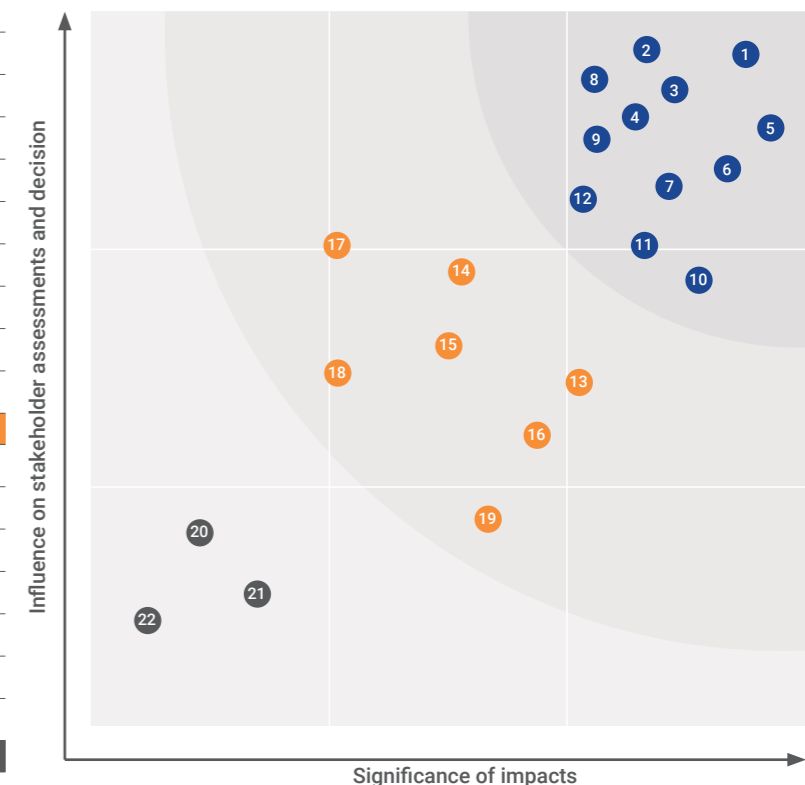
Our ESG (Environmental, Social and Governance) framework incorporates our sustainability ambitions, addresses the material issues affecting SEC's business activities and guides our ESG-related strategies and actions. The three pillars of our sustainability ambition are:



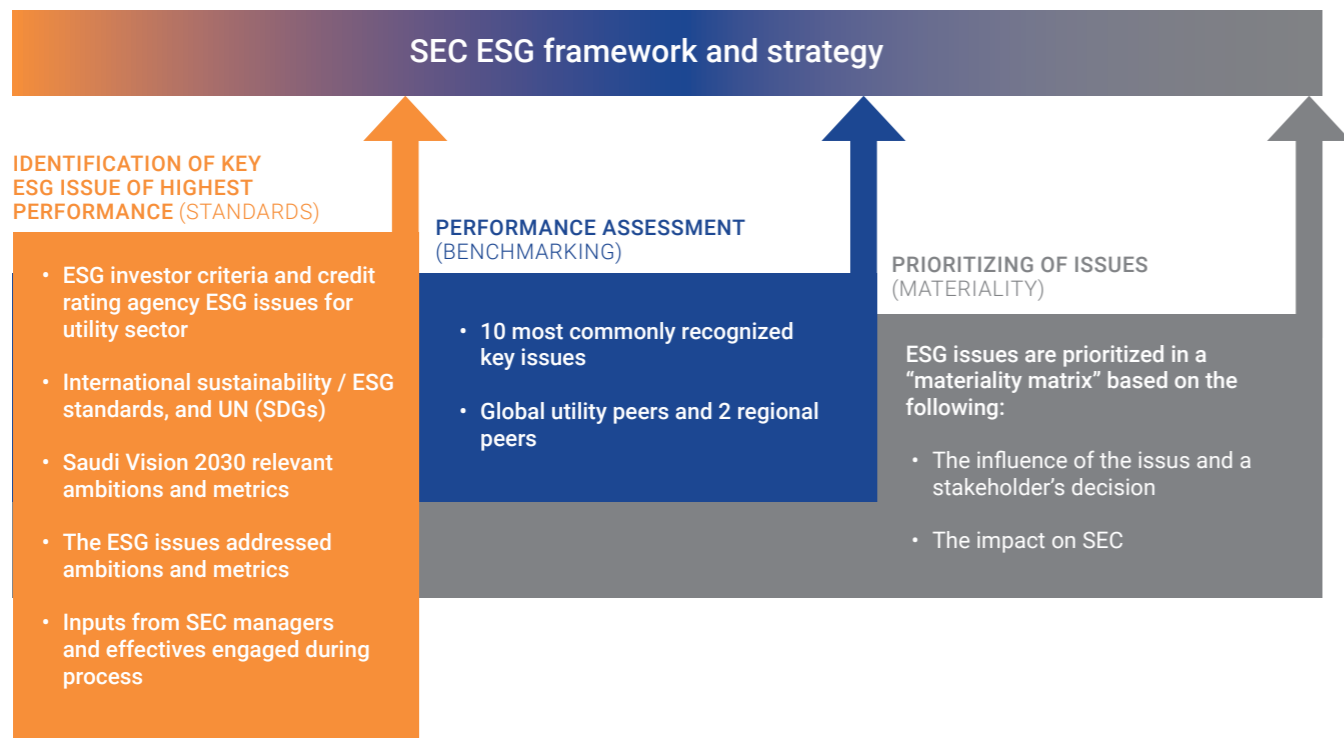
Materiality Analysis

SEC's materiality matrix is used to assess and prioritize ESG issues based on how they influence stakeholder decisions and the impact they can have on SEC. Issues in the upper right are the most material and thus require the greatest attention.

Most Material		
S	1	Responsible customer relations
E	2	Carbon emissions
E	3	Toxic emissions (NOx, SOx)
E	4	Renewable energy
E	5	Water management
E	6	Waste management
G	7	Corporate governance
S	8	Human capital
S	9	Health and safety
S	10	Prevention of anti-competitive practices
S	11	Social and economical development
E	12	Biodiversity
More material		
G	13	Economic performance
S	14	Access to energy
S	15	Human rights
S	16	Business ethics and transparency
E	17	Energy efficiency
G	18	Risk management
S	19	Supply chain
Material		
S	20	Data Privacy
S	21	Innovation and research
S	22	Communities and social investment



ESG Framework and Strategy Process



Our ESG Strategy is developed in alignment with our ESG Framework, material issues, and international ESG reporting standards. SEC's recent ESG-related strategies have focused on:



ESG Governance

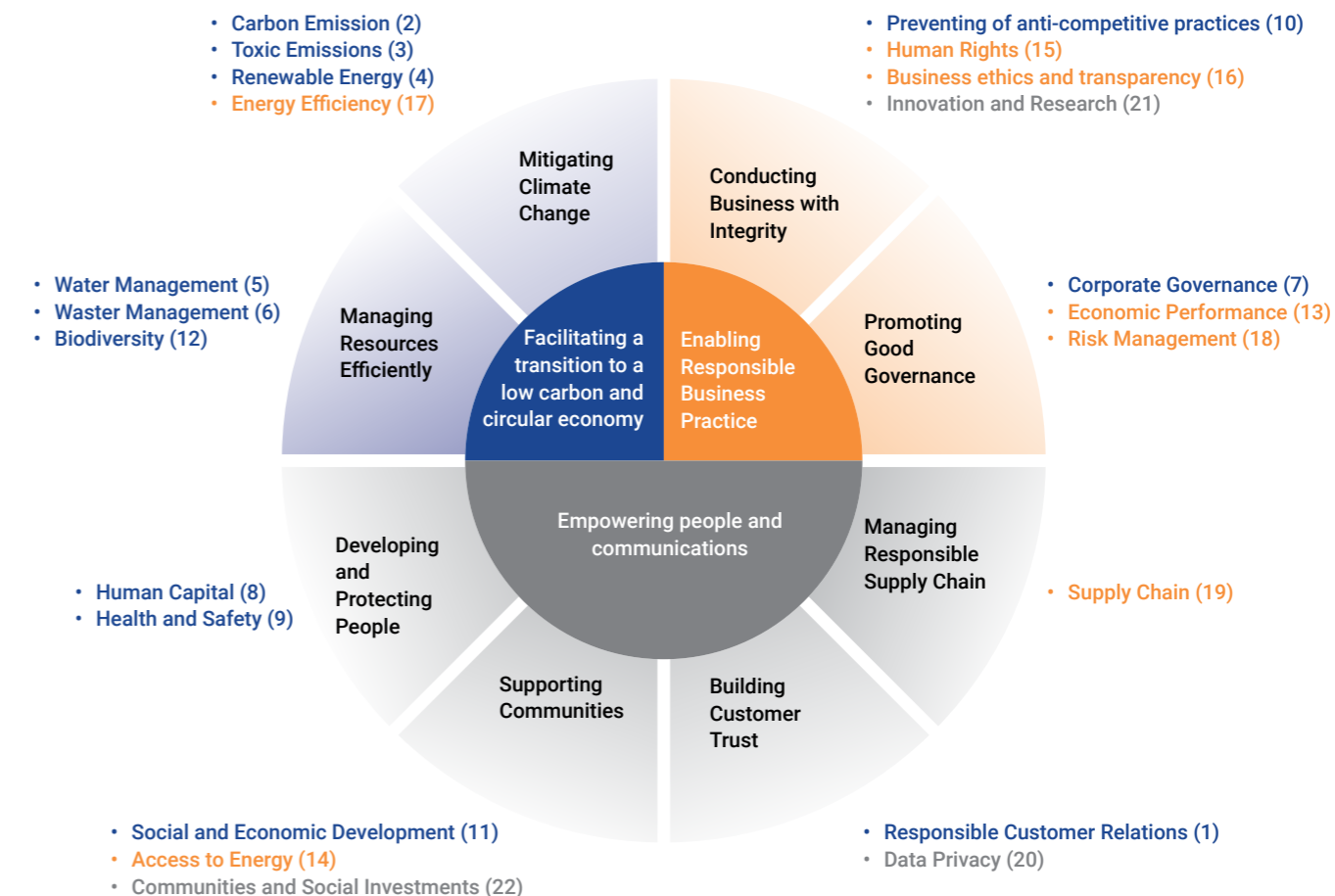
SEC is a public company and leading issuer of Islamic Sukuk from the Kingdom in Local and International debt capital markets, we are thus committed to enhancing our transparency and accountability through our ESG reporting. We are currently enhancing our ESG-related governance structures by predominantly forming a Sustainability Committee, which will comprise executive-level management and periodically report to the Risk & Compliance

Committee (a Board Committee). It will oversee the development and implementation of SEC's ESG Framework and Strategy ensuring all ESG-related material issues, risks, and opportunities are adequately addressed and monitored, and oversee other sustainability-related matters. Prior to the formation of our Sustainability Committee, SEC's ESG-related activities and governance were overseen by its

CSR policy and ESG framework, which is incorporated into our corporate strategy and enterprise risk management (ERM) systems. ESG-related matters are also overseen by SEC's Board committees, including the Executive Committee, the Risk and Compliance Committee, and the Nomination, Remuneration and Human Resources Committee.

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

Across our framework pillars, we have established eight key ESG performance themes, with related criteria and commitments:



ESG Way Forward



ESG Performance Highlights and Achievements from 2020



Facilitating the Transition to a Low Carbon and Circular Economy

Successful issuance of a USD \$1.3 billion international Green Sukuk; the first ever for the Kingdom and for a utility company in the Middle East region.

916.6 gWh of renewable energy produced by Independent Power Producers (IPP), a **1,374% increase from 2019.**

Completing most of the installation and procurement phases of the **Smart Meter Project, valued at over SAR 9.7 billion** and including over 10 million smart meters throughout the Kingdom.

Compared to 2019, our greenhouse gas (GHG) **emissions intensity decreased by approximately 12%** in terms of annual tons of CO2eq/ mWh production.

Empowering People and Communities



Nationalization rates of SEC's workforce and senior management increased to 93% and 100%, respectively, while **overall staff turnover rates decreased from 3% to 2% in 2020.**

A **48% reduction in Lost Time Injuries (LTI)** since 2017 (for all employees and contractors).

0 data privacy security breaches recorded in 2020.

Implementation of COVID-19 measures enabled the safe and uninterrupted provision of services to all SEC customers; including the **donation of SAR 30 million to the Health and Endowment Fund to combat COVID-19 throughout the Kingdom.**

Enabling Responsible Business Practices



Total revenue and net operating profits increased by 5.6% and 16.7%, respectively, from 2019.

Approximately **385,000 new customers increased** SEC's overall customer base to 10.12 million in 2020.

0 incidents of discrimination were recorded in 2020, continuing a trend for the last 5 years.

99.2% of grievances submitted during 2020 were **addressed or resolved**



CHAPTER 1

Facilitating the Transition to a Low Carbon and Circular Economy



Mitigating Climate Change

Goals

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

- Enabling and integrating renewable energy projects to the grid
- Transitioning towards a cleaner energy mix including the full displacement of liquid fuel by 2030.
- Reducing generation emissions and improving overall supply energy efficiency.
- Supporting customers achieve improved energy efficiency.

Way Forward

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

Material issues

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

KSA Vision 2030

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

SDGs



As Saudi Arabia's main energy supplier, we recognize the impact of our operations on the environment and the strategic role we have regarding the Kingdom's ambitions towards clean energy.

SEC strives to achieve leadership in the fields of environmental conservation and Greenhouse Gas (GHG) reduction, and we work closely with the Ministry of Energy and other local authorities on several initiatives. These initiatives have included the Flexible Energy Campaign of the Ministerial Council for Clean Energy, the Ministry of Energy's gas-use initiative, air quality studies covering the

Kingdom's main cities under the supervision of the Ministry of Environment, Water and Agriculture, participating in the Ministry of Energy's National Commission for Clean Development Mechanism, maintaining membership in the Society for Environmental Protection and Sustainable Development, and other regulatory discussions held throughout the year.

Our GHG reduction efforts to address climate change include diversifying electricity generation and fuel mixes into a cleaner portfolio, aligned with national energy strategy objectives, and

setting emission reduction targets. We continuously increase the power produced from high efficiency combined cycle gas turbines, which use hot exhaust gasses from gas-turbines to heat boilers rather than burning more fuel. Combined cycle power production increased from 8% in 2010 to 32% in 2020, while the use of the open-cycle turbines decreased from 50% in 2010 to 22% in 2020; the total amount of clean energy produced from the combined cycle gas turbines equals 916,634 megawatt hours (mWh) (skaka PV IPP). Other GHG reduction efforts have included:

- **The diversification and deployment of an efficient generation mix, which includes integrated solar power with combined cycle capacity investments, power plant conversion to combined cycle power plants, and efficient generation technology deployment.**
- **Converting to cleaner fuel mixes through gas feedstocks and displacing liquid fuel by 2030. This includes the conversion of crude oil plants, replacing diesel fuel, and the injection of a combustion catalyst into crude oil to reduce harmful non-GHG combustion emissions.**
- **Pioneering renewable energy investments, which includes integrated solar power with combined cycle capacity, wind power, and solar photovoltaic (PV) energy.**
- **IPP / IWPP program joint venture investments using highly efficient technology. Includes IPPs / IWPPs efficient combined cycle power plant investment, committing to output off-take power purchase agreements (PPA), implementing small solar PV cell by private IPPs, and signing and integrating utility scale renewable energy PPA's into the grid.**
- **Minimizing fugitive emissions, which includes reducing SF6 losses from grid switchgear, a fugitive emission management plan and management of Ozone Depleting Substances.**
- **Carbon emission reduction management, signing a partnership agreement with the Petroleum Chemicals & Mining Company to establish the Saudi Green Carbon Services Company with the aim of developing and managing Carbon Emission Reduction (CER) and Clean Development Mechanism (CDM) programs and projects.**
- **Setting CO2 reduction targets, which includes reducing Scope 1 and 2 emissions by 25% by 2025 (2016 baseline) and increasing the level of commitment as we work through the process of setting emissions targets in line with the Kingdom's targets.**

Highlight

SEC successfully issues the first USD-denominated Green Sukuk from KSA

In September 2020, SEC successfully issued a USD \$1.3 billion Reg S dual-tranche international Green Sukuk, comprising two tranches of USD \$650 million at 5 years and 10 years, respectively. The issuance was the first ever from the Kingdom, the first for a utility company in the Middle East region and was the largest corporate issuance in the Kingdom in 2020.

The combined order book was oversubscribed 3.6 times and received significant orders from the MENA region and international accounts; 51% of orders for the 5-year tranche were from outside the MENA region and the 10-year tranche's orders were distributed between regional/Islamic and international accounts. Additional highlights from the issuance include an aggressive price tightening of 30 basis points (bps) from Initial Price Guidance (IPG), final pricing of 30bps inside Initial Price Talks (IPT) for both tranches, achieved -10 to -15 bps New Issuance Premiums (NIP) across both tranches, and the combined order books closed at USD \$4.7 billion having peaked at USD \$5.4 billion.

An amount equal to the Sukuk's net proceeds will be separately identified and applied by SEC to finance and/or refinance, in whole or in part, eligible green projects. As per the Sukuk's Prospectus, eligible green project categories include: (a) energy efficiency, which shall consist of projects for the procurement and installation of smart meters and (b) renewable energy, which shall consist of projects, by way of capital expenditure, for the construction and/or operation of the transmission and/or distribution infrastructure for connecting renewable energy sources to the grid.

Environmental Governance

SEC's Environmental Policy has established its responsibility to minimize its environmental impacts and to comply with all applicable environmental laws and regulations. We proactively engage with all our stakeholders to ensure they understand and adhere to this policy, which includes encouraging the use of clean energy, responsible resource consumption, and reusing,

recycling, and reducing waste. Ultimately, SEC is committed to protecting the environment without compromising its obligations to meeting the Kingdom's energy needs.

Our Environmental Compliance Committee, with representatives from each SEC activity, is in place to unify our efforts regarding environmental compliance. The

Committee meets quarterly, reviews company-wide performance, and reports on SEC's level of compliance. Its members identify and assign Environmental Protection Coordinators to all of SEC's sites, which ensure each site is compliant with the relevant environmental standards. As of 2020, a total of 226 Environmental Protection Coordinators were in place.

Certifications and Environmental Audits

As of 2020, 22 of our 40 power plant sites have obtained ISO 14001, ISO 9001 and ISO 19600 certifications. Certifications for the remaining sites are being pursued, including ISO 45001 and EFQM. All our projects are designed to comply with the environmental regulations and legislations that contribute to improving the environment in the Kingdom. Three of our 40 power plant sites have obtained environmental licenses and certificates from the General Authority of Meteorology and Environmental Protection (GAMEP), 8 power plant sites are currently in the process of requesting a license from GAMEP, and licenses for the remaining sites are being pursued. To monitor our compliance, quarterly reports are sent to the GAMEP, and field visits are periodically conducted in

accordance with the World Bank to meet financing requirements.

Our environmental compliance audits, compliant with ISO 19011:2011 standards, provide assurance on the environmental performance of our operational activities. Our ongoing commitments related to environmental compliance include prioritizing sites for environmental audits, identifying and following corrective action plans for environmental non-conformities, conducting Environmental Impact Assessments (EIA), periodically monitoring and reporting on our environmental compliance to GAMEP, environmental awareness and training, and allocating budgets regarding emissions monitoring and control.



Capacity Building

To enhance our capacity to understand, fulfil, and improve on our environmental-related responsibilities, we conduct environmental awareness initiatives and enrol staff in training courses. To comprehensively understand and comply with the relevant environmental standards and regulations, our Environmental Compliance Committee establishes SEC business line requirements and holds workshops with department heads and managers.

Environmental compliance training

courses are offered to our various environmental representatives. These courses provide instruction regarding the principles of environmental protection and how our environmental compliance documents should be used. The courses, conducted in cooperation with the Canadian Memorial University, focus on three training tracks that include a one-week awareness training course, an extensive one-and-a-half-month course, and also an advanced training program which environmental specialists complete at the Canadian Memorial University (over 43 have received

such training).

Moreover, in cooperation with TÜV NORD of Germany, we run a program to certify our environmental auditors. As of 2020, 18 environmental auditors from the Environmental Sector of Industrial Security have been trained and accredited to conduct environmental audits at SEC's facilities. The program is conducted in accordance with the audit protocol and the standards of the International Register of Certified Auditors (IRCA) organization.

Carbon and Toxic Emissions Reduction

Several of our sites utilize the latest environmental technologies and practices consistent with international best practice, including our ash extraction systems, nitrogen oxides (NOx) and sulphur oxides (SOx) reduction systems, and continuous emission control systems. Our Dry low-NOx combustion system significantly reduces NOx emissions by more than 60%. Selective Catalytic Reduction (SCR) systems in certain power plants, and the installation of seawater Flue Gas Desulfurization (FGD) technology has reduced our air pollution from SOx emissions by 90%. Electrostatic precipitators, in units burning heavy fuel reduce the emissions of particulates by 99%. Environmentally harmful chemicals, such as Freon-12, Methane Trilateral Chloride, Halon, and Asbestos, have been replaced. To minimise Sulphur Hexafluoride (SF6) emissions, we regularly perform inspections,

leak detection, troubleshooting, maintenance, and ensure gas cylinders have been properly stored.

Fugitive emissions are managed in accordance with stringent criteria regarding the handling, storage, and treatment of Volatile Organic Compounds (VOC). Overall, the percentage of organic solvent lost through fugitive emissions shall not exceed 3% in degraded airsheds and 5% in all other areas. A Fugitive Emission Management Plan (FEMP) is required for all sites that use either 200 tons of solvents per year or that operate at a rate of 150 kg of solvents per hour at any time. Where solvents or other VOCs are handled, employees are appropriate trained to handle, use and dispose of such materials.

Emissions of Ozone Depleting Substances (ODS) are managed by regularly scheduled inspections,

leak testing, maintenance of equipment containing refrigerants or halon fire suppression systems, procedures to react to any leakage of ODS, and end-of-life procedures.

We continually monitor our power plant emissions levels and ensure these levels are within the permitted limits. We are constantly improving accurate measurement and recording of emission. In 2020, due to improved capability for accurate measurement we updated levels of previous years. Compared to 2019, our greenhouse gas (GHG) emission intensity decreased by approximately 12% in terms of annual tons of CO2eq/ mWh production.

		Emissions			
Focus Area	Description	2017	2018	2019	2020
Greenhouse Gas (GHG) Emissions	Total direct GHG emissions in tons of CO2eq	136,533,380	122,490,639	124,870,343	118,192,291
	Total indirect GHG emissions from purchased power in tons of CO2eq	69,726,440	69,381,459	67,307,679	63,913,191
	Total GHG emissions in tons of CO2eq	206,259,820	191,872,098	192,178,022	182,105,482
	GHG emissions intensity (tons of CO2eq / mWh production)	0.60	0.57	0.59	0.52
Other Toxic Emissions	NOX Emissions (mg/Nm3)	279	248	258	240
	SOX Emissions (mg/Nm3)	685	568	533	722
	SF6 emissions (tons)	3.5	2.5	2	3.1



Promoting Renewable Energy

To contribute to the Kingdom’s efforts in reducing its reliance on oil for power generation, SEC is pioneering the integration of renewable energy. Starting in 2011, we commissioned the first grid-connected and the first solar photovoltaics (SPV) project with Showa Shell in Farsan. In 2017, we commissioned a 2.75 MW

(megawatt) wind turbine with General Electric in Huriamla.

We have entered into two Engineering, Procurement and Construction (EPC) contracts to develop two power plants producing electric power integrated with solar thermal energy. The

power plant at Duba Al-Khadra is intended to produce a total of 605 MW of power, including 50 MW of solar capacity, and the plant at Waad Al-Shamal industrial city will produce a total of 1,390 MW plus 43 MW of solar capacity.

Renewable Energy Offtake

SEC has committed to offtake agreements for the increased production of installed renewable energy capacities. Saudi Power Purchase Company (SPPC), which was established as a wholly owned subsidiary by SEC in 2017, signed the first 25-year PPA with ACWA Power. The Sakaka project is one of the first large scale solar energy projects in Saudi Arabia, with a capacity of 300 MW. The plant will harness solar energy using cutting-edge PV technology to generate electricity at a world record-

breaking tariff of US Cents 2.3417/kilowatt hour (8.781 halalas/kWh).

In 2019, another 20-year PPA was signed with the Doumat Al-Jandel wind farm project. This project has a capacity of 400 MW and commercial operations start in 2022. More recently, SPPC signed a 25-year PPA for Sudair Solar Project. The project has a capacity of 1,500 MW and is the first project under the Public Investment Fund’s renewable energy program.

Through such commitments, we

aim to promote private sector investment throughout the Kingdom and contribute towards the Kingdom’s renewable energy strategy. By 2022, the renewable energy projects throughout the Kingdom are expected to increase the total renewable energy capacity to 3,587 MW, enabling a total avoidance of 7,899,000 tons of CO2 emissions per year.

Highlight

Projects for the National Renewable Energy Program

The second phase of the National Renewable Energy Program aims to develop six renewable energy projects with a total production capacity of 1.47 GW, whereas the third phase aims to develop four renewable energy projects with a total production capacity of 1.2 GW. Projects classified Class A include projects with a production capacity of less than 100 MW; Class B projects include a production capacity of over 100 MW.

Phase	Class	Project name	Production capacity (MW)	Private sector investment	Expected completion date
2	A	Rafah Solar Power Plant	20	100%	2021
		City Solar Power Plant	50	100%	2021
	B	Al Faisaliah Solar Power Plant	600	100%	2023
		South Jeddah Solar Power Plant	300	100%	2022
		Rabigh Solar Power Plant	300	100%	2022
3	A	Al-Qaryat Solar Power Plant	200	100%	2022
		Layla Solar Power Plant	80	100%	2023
	B	Wadi Ad Dawasir Solar Power Plant	120	100%	2023
		Ar Rass Solar Power Plant	700	100%	2023
		Saad Solar Power Plant	300	100%	2023

Integration of Renewable Energy Capacity into The Grid

Through significant capital expenditure, SEC continues to connect new renewable energy sources to the grid; the renewable energy projects we have connected or are expecting to connect include:

Sakaka solar PV power plant (operational mid-December 2019)	Doumat Al-Jandal wind power plant (Commercial operation expected Jan 2022)	Rabigh solar power plant	Shuaibah solar power plant	Qurayyat renewable energy station	Rafha solar power plant
Jeddah solar power plant	Medina solar power plant	Sudair solar power plant	Ar Rass Solar Power Plant	Saad Solar Power Plant	Wadi Ad Dawasir Solar Power Plant
					Layla Solar Power Plant

Up until 2025, we are planning to invest approximately SAR 7.1 billion into renewable energy integration projects, growing the grid’s renewable energy capacity to approximately 19 GW.

Energy Efficiencies

Using energy more efficiently enables SEC to meet electricity demand and simultaneously consume fewer overall resources. Outside of energy production, we have undertaken measures to operate more efficiently as an organisation too.

Energy Supply

Through our 100% owned subsidiary, Saudi Electricity Projects Development Company, work is conducted on the engineering, design, and implementation of electricity generation and transmission projects. There is a focus on improving the performance and reliability of the electrical system through research, development, and innovation.

By 2025, we aim to fully digitize the national control centre, our 8 control centres (located in the Kingdom's main cities), and to automate

100,000 electric switches. These efforts will improve the reliability and efficiency of the electricity network, as well as reduce network losses and facilitate network maintenance.

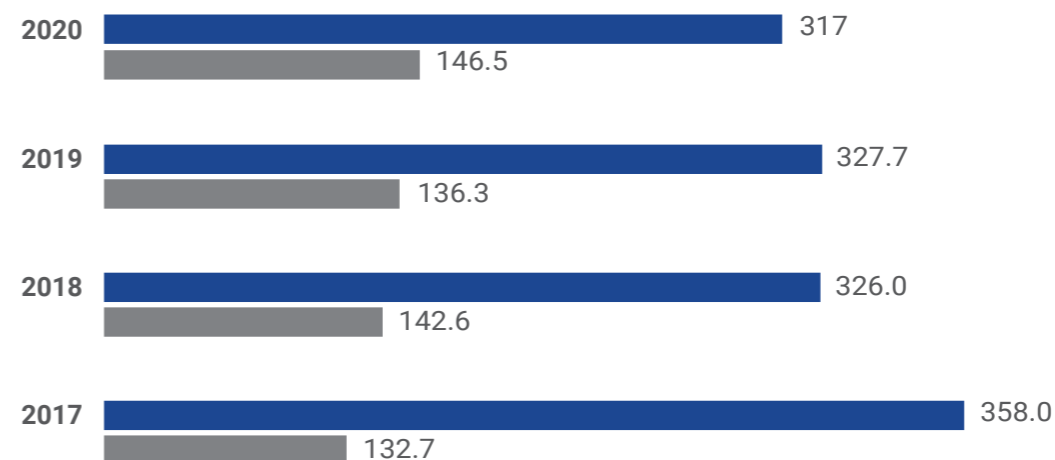
To generate electrical power more efficiently and waste less energy during production, SEC aims to reach an overall generation fleet thermal efficiency rate of 45% by 2030. We have been making steady progress on supply-side energy efficiencies and in 2020, the thermal efficiency rate was 39.7%, slightly down from a peak of 39.9%

in 2019 and considerably better than 31% achieved in 2010.

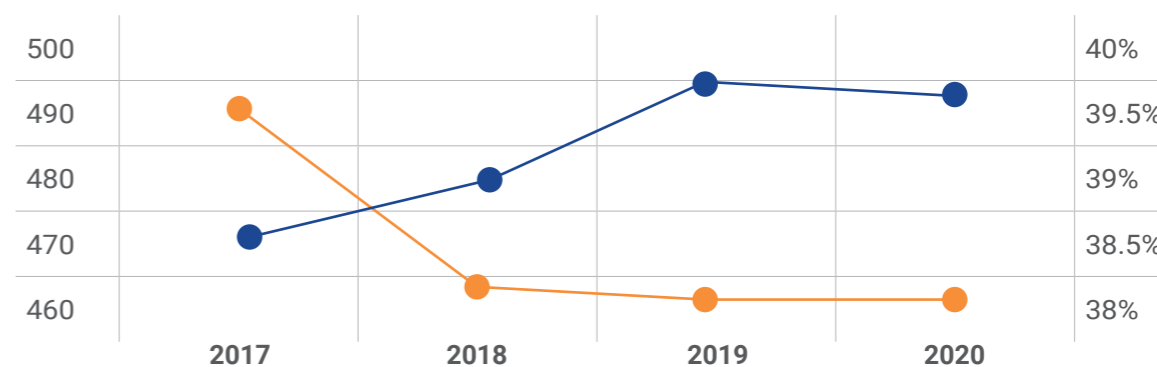
SEC's direct energy use during 2020 was 317 million barrels of oil equivalent (mboe), representing a 3.3% decrease since 2019. Since 2017 improvements have reduced our direct energy consumption by 11.5%. Our fuel consumption was 1.73 barrels of oil per mWh in 2020, representing a 1.1% increase compared to 2019, however, we plan to reduce our fuel consumption to 1.4 barrels/mWh by 2024.



Energy Use (mboe)



● Direct energy use (mboe) ● Indirect energy use (mboe)



● Thermal efficiency of whole electric system (%) ● Total energy use (mboe)

Energy					
Focus Area	Description	2017	2018	2019	2020
Energy Consumption	Direct energy use (mboe)	358.0	326.0	327.7	317
	Indirect energy use (mboe)	132.7	142.6	136.3	146.5
	Total energy use (mboe)	490.7	468.6	464.0	463.5
	Energy use intensity (Total energy use/ Electricity sold)	1.70	1.66	1.66	1.65
	Energy saving due to efficiency improvements (mboe)	3.7	22.1	4.6	0
Electricity Production	Electricity produced by SEC (GWh)	204,558	191,310	191,597	181,783
	Renewable energy produced by SEC (GWh)	3.6	3.9	3.8	0.16
	Electricity purchased from IPP/IWPPs (GWh)	94,306	101,158	98,918	107,105
	Renewable energy produced by IPP/IWPPs (GWh)	N/A	N/A	62.2	916.6
	Electricity purchased from SWCC & other producers (net) (GWh)	45,980	41,571	36,161	58,135
	Electricity sold by SEC (GWh)	288,656	282,200	279,678	280,811
	SEC generation thermal efficiency (%)	36.80%	37.70%	37.30%	37.01%
	Thermal efficiency of whole electric system (%)	38.80%	39.85%	39.90%	39.7%

Highlights and achievements in energy supply in 2020 included increasing total generation capacity and strengthening the capacity of our transmission networks. An additional 3.2 GW of capacity mostly from additional IPPs/IWPPs and other producers,

enhanced our total generation capability. New transmission stations with overhead lines and underground cables strengthened our transmission networks with investment of SAR 64 billion in generation, transmission, and distribution projects. Furthermore,

the capital commitments which comprise the unexecuted portion of capital contracts for the construction and installation of power plants and other grid assets amounted to SAR 47 billion.

Energy Demand

We plan and implement measures to influence the way electrical energy is consumed. Our efforts attempt to reduce overall energy consumption, reduce consumption during peak consumption hours, and shift consumption to low-demand periods (off-peak hours).



Smart Meter Project

The Smart Meter Project (SMP), launched during 2019, is a key enabler of digitalization in the Kingdom. Valued over SAR 9.7 billion, the project successfully installed approximately 10 million smart meters as of February 2021. The large-scale roll-out of these smart meters is part of our efforts to increase the reliability and efficiency of our distribution networks, which will enable SEC to significantly improve its accuracy in monitoring consumption, improve service quality, enhance customer satisfaction, optimize the use of natural and financial

resources, improve demand-side management, and improve overall access to electricity.

It is estimated the SMP can reduce energy consumption by 1% per smart meter and will significantly reduce the number of operations-related field trips. Over 100 million electro-mechanical meter reading trips, as well as over 1 million trips related to disconnect and reconnect, can potentially be avoided annually.

The project also supports local manufacturers and capacity

building. By sourcing approximately 3.5 million smart meters from local manufacturers, we are directly supporting local technical capacity building and the creation of new manufacturing industries throughout the Kingdom.

The SMP is currently in its final phase of integrating its functionalities with the relevant telecom infrastructure services and is expected to be completed by the end of 2021.

Fleet Management

Between 2017 and 2020, we have been able to reduce our fleets by 630 vehicles and 174 items of heavy equipment. From 2019 to 2020, we reduced our gasoline and diesel fuel consumption by 17% and 42%, respectively. This resulted in reducing our CO2 emissions by approximately 10% from 2019 and 33% from 2017. Moreover, we encourage the adoption of electric vehicles through our vehicle charging points installed at our headquarters, which are free to use by employees.



Smart Buildings

Throughout our offices, we have implemented a variety of energy optimization standards and practices. Modern technical solutions enable us to better manage our electricity consumption, such as automatically shutting down power at specific times and during inactivity and using more energy efficient equipment. Our SEC headquarters in Riyadh, completed

in 2019, has been designed in compliance with the Leadership in Energy and Environmental Design (LEED) green building standards. The building's design is energy efficient, uses thermal insulation materials, and partially operates on renewable energy and recycled wastewater.

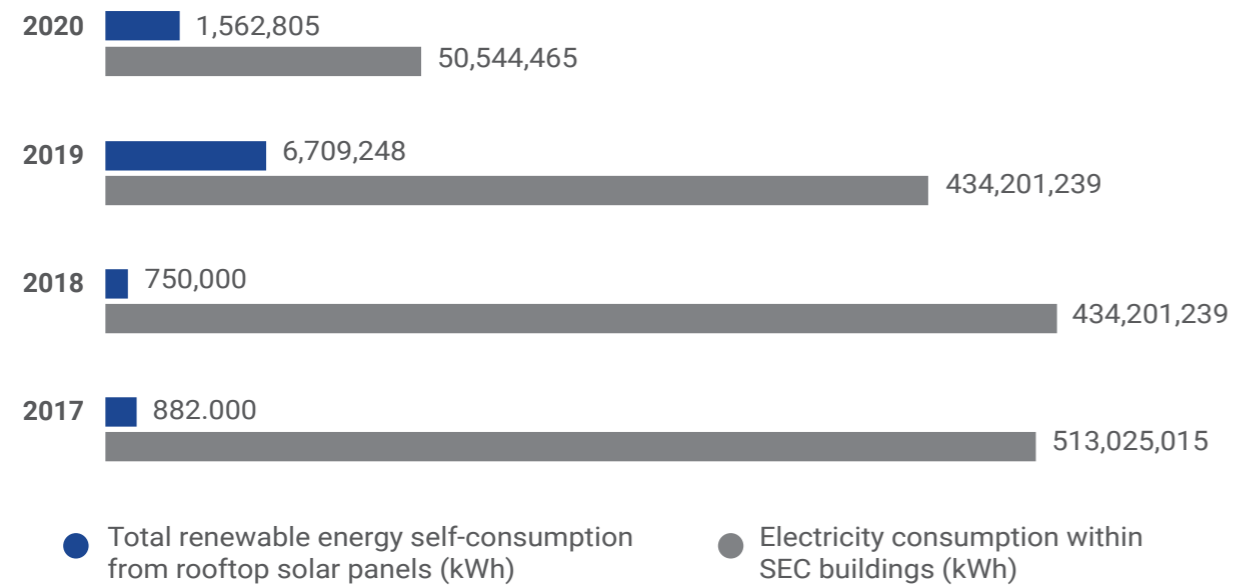
As a result, our overall renewable energy consumption has increased

significantly since 2017 and our overall electricity consumption has steadily decreased. Due to COVID-19 related factors, both our renewable energy and overall electricity consumption decreased significantly in 2020 when compared to 2019 and previous years.

Total amount invested in renewable energy (SAR)



Consumption (kWh)



Renewable Energy				
Description	2017	2018	2019	2020
Total amount invested in renewable energy (SAR)	1,300,000	1,760,000	28,000,000	1,500,000
Total renewable energy self-consumption from rooftop solar panels (kWh)	882,000	750,000	6,709,248	1,562,805
Electricity consumption within SEC buildings (kWh)	513,025,015	446,102,589	434,201,239	50,544,465



Managing Resources Efficiently

Goals

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

Way Forward

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

Material issues

- Biodiversity, Waste management, Water management

KSA Vision 2030

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

SDGs



Water Consumption and Pollution

Our power plants, specifically those that run on steam, require significant amounts of water to operate. Throughout Environmental Policy, and in compliance with environmental regulations, we strive to reduce water consumption and pollution. The sea water we use is mostly untreated, except for chlorine to prevent algae and microorganism growth, and is used to cool turbines or as fire water. To meet the requirements of the GAMEP, we conduct regular sampling and monitoring of our seawater discharge. We also desalinate sea water for various operational activities, which is stored in tanks and is pH regulated before being discharged with cooling or rainwater, as per GAMEP regulations.

Other water uses relate to our cleaning units and boilers, which includes adding chemicals like soda and sodium sulphide. To

avoid discharge of chemicals to the sea, this water is collected and stored in evaporation pools. For water contaminated with oils and fuels, a separator unit removes oils from the contaminated water. Wastewater is sent back to the oil separator pool, while the recovered oil is used as fuel.

We do not discharge sewage water into the environment. It is either treated in a power plant's sewage treatment station or transported to a central treatment facility. Treating and reusing sewage water enables SEC to reduce its water consumption, for example, biologically treated water can irrigate green areas within our facilities.

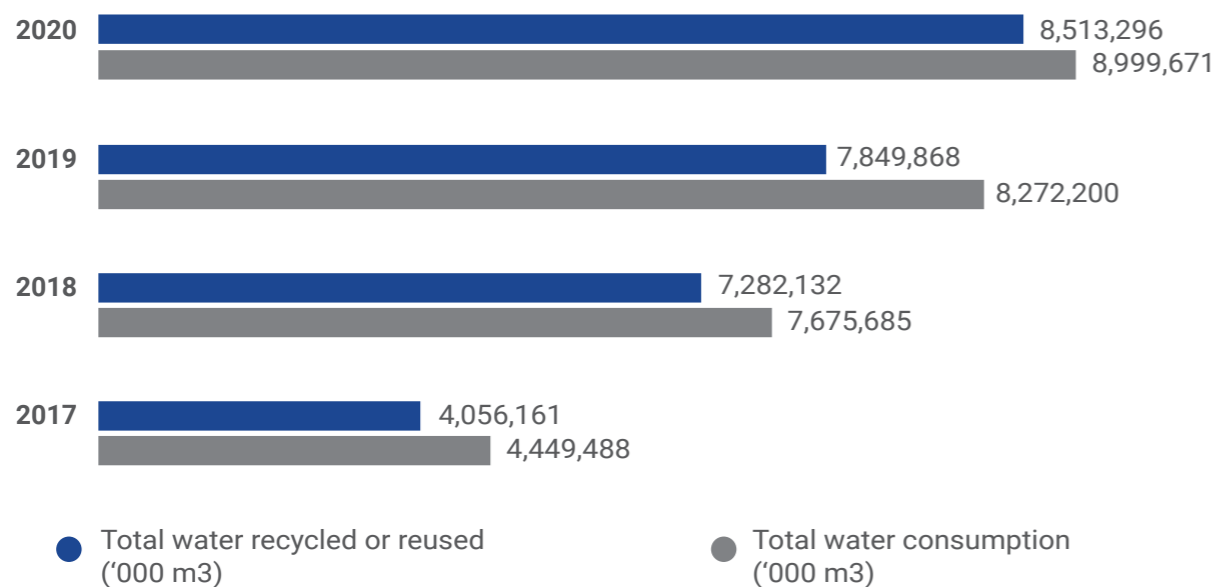
Finally, our PP10 and PP12 generation power plants in Riyadh use treated and imported sewage water. Designing power plants to accept other water types has

helped combined cycle units to become available for energy production in all regions of the Kingdom, having previously been limited to coastal regions.

To effectively monitor and reduce SEC's water consumption throughout its 3,896 buildings, spread across 493 locations, our audit teams periodically check all locations. Such audits ensure water consumption is appropriately managed, especially in terms of measuring consumption and water economy.

In 2020, our total water consumption increased by 8.8% in comparison to 2019 and the percentage of water we recycled and reused remained at over 90%, a trend that has continued for at least 5 consecutive years.

Water Consumption & Recycling



Water Consumption and Pollution

		Water			
Focus Area	Description	2017	2018	2019	2020
Withdrawal by source	Total Sea water consumption ('000 m3)	4,048,961	7,274,616	7,871,951	8,517,451
	Total freshwater consumption ('000 m3)	400,527	401,069	400,249	482,220
	Total water consumption ('000 m3)	4,449,488	7,675,685	8,272,200	8,999,671
Recycled and reused	Total water recycled or reused ('000 m3)	4,056,161	7,282,132	7,849,868	8,513,296
	Percentage of water recycling and reused	91.01%	94.78%	95.15%	94.60%
Discharged	Total volume of planned water discharges ('000 m3)	2,776	2,774	2,762	2,791

Soil Contamination

In compliance with local environmental regulations and our Environmental Policy, we implement multiple initiatives to reduce the likelihood of soil contamination in our operations, including:

Developing and applying programs to reduce spills and leakages.

Removing power transformers with carcinogenic oils, such as polychlorinated biphenyl.

Replacing oils in electrical switches with sulphur hexafluoride (SF6), a potent isolation gas.

Using dry cured cross-linked polyethylene (XLPE) cables instead of oily cables.

Replacing ecologically damaging insecticides with less harmful alternatives.

Using qualified contractors to remove petroleum and oil residues from generating plants.

Collaborating with local and international universities and research centres to create suitable solutions for carbonic ashes.

Implementation of sewage collection systems at 53 sites.

Waste Management

Our Waste Management Procedure defines and governs all types of waste generated at our sites, describes our waste management strategy, and outlines how waste materials should be handled and stored safely. An important element of our waste management strategy is procurement, which ensures that purchased products will not create a potential environmental problem and that we purchase the most environmentally friendly and energy efficient products possible. Additional ways we manage our waste include source reduction (i.e.: reducing waste generation), reusing and recycling materials, waste treatment, and monitoring our waste generation levels to develop effective waste reduction plans and programs.

Hazardous waste

Carbon ash (fly ash) is the major hazardous waste we generate, which comes from combustion power plants. This fly ash is collected using electrostatic precipitators and moved to silos for temporary storage.

The Company is embarking on a transformation program to identify ways to convert carbon ash from a hazardous substance into a revenue generating material. Due to its harmful effects on the environment, carbon ash is expensive to safely dispose of in a landfill. We are working with research centres, such as Memorial University Canada, to investigate the possibility of separating valuable metals from carbon ash,

including vanadium, nickel, or active carbon, and are exploring its potential for water purification and the treatment of gas emissions from boilers.

We have an agreement with Al-Safwa Cement to use carbon ash as an alternative fuel in their production, in accordance with the requirements of the GAMEP. This relationship has contributed to saving over SAR 47 million per year on disposal costs, helped the cement factory with a reported 20% energy savings, and will transport over 200,000 cubic meters of carbon ash from the Shuaiba stations, Rabigh, South Jeddah, and Shakeek. Moreover, this project won the "Great Idea of the Year"

award at the 13th International Conference 2018 in Dubai and was nominated for the Global Ideas award. Due to this success, we aim to extend the scope of this project and seek further collaboration with other cement companies.

For the other forms of hazardous waste we generate, such as waste oil and various chemicals, this waste is appropriately collected and processed by specialized waste contractors. In our quest to improve our oil and water separation systems, we have built steaming ponds, hazardous material reservoirs, and wastewater collection systems.

Municipal waste

All municipal waste generated by our operations is safely disposed using specialized and qualified contractors. Waste management and storage at our premises involves appropriately segregating, collecting, and storing all waste before disposal. Only authorized and designated persons handle our waste and only do so using the appropriate personal protective equipment.

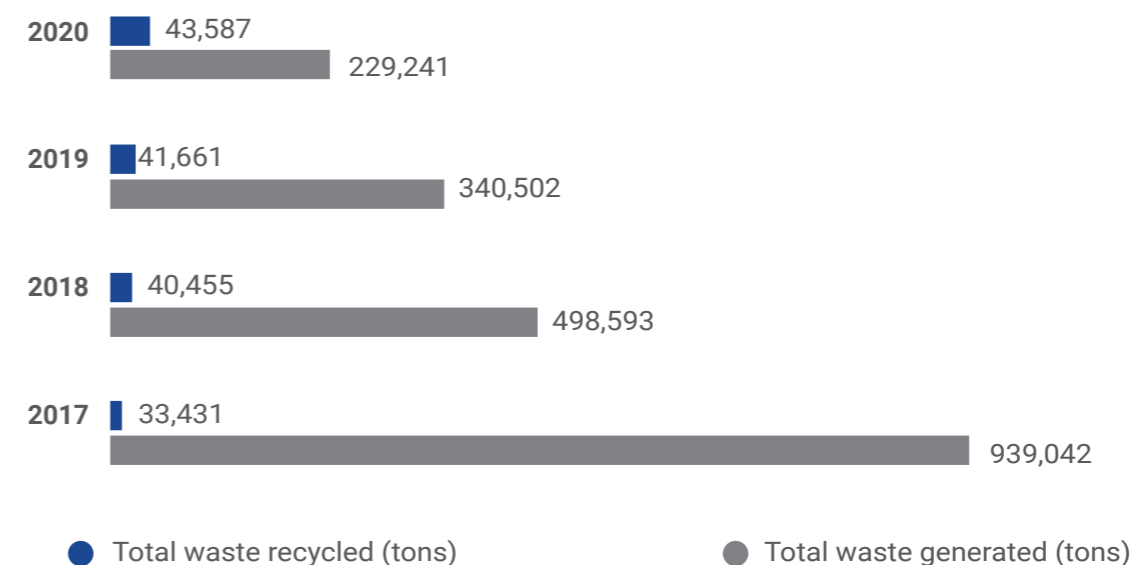
Suitable containers are used to collect waste, which need to be appropriately secured, labelled, and stored in designated areas until they are disposed of. As of 2020, there were 16 designated waste management areas that comply with environmental standards. An environmental monitoring program,

which includes groundwater and air quality monitoring, is also in place for dedicated sites used to store waste

Since 2017, our total waste generation has decreased by 75.6% and our waste figures for 2020 were positively impacted from COVID-19 related factors. From 2019 to 2020, our total non-hazardous waste generated decreased by 34.3% and our total hazardous waste generated decreased by 31.3%. Moreover, our recycling efforts during 2020 improved in comparison to previous years, resulting in 19% of our waste generated being recycled.



Waste Generation & Recycling



		Waste			
Focus Area	Description	2017	2018	2019	2020
All SEC	Total waste generated (tons)	939,042	498,593	340,502	229,241
	Non-hazardous waste generated (tons)	690,632	236,589	157,895	103,797
	Hazardous waste generated (tons)	248,410	262,004	182,607	125,444
Generation	Total waste disposed (tons)	37,626	45,309	46,276	46,801
	Total waste recycled (tons)	33,431	40,455	41,661	43,587
	Non-hazardous waste recycled (tons)	5,634	6,156	8,732	12,299
	Hazardous waste recycled (tons)	27,797	34,295	32,929	31,288
	Percentage of waste recycling (%)	3.56%	8.11%	12.24%	19.01%

Biodiversity, Environmental Protection and Awareness Raising

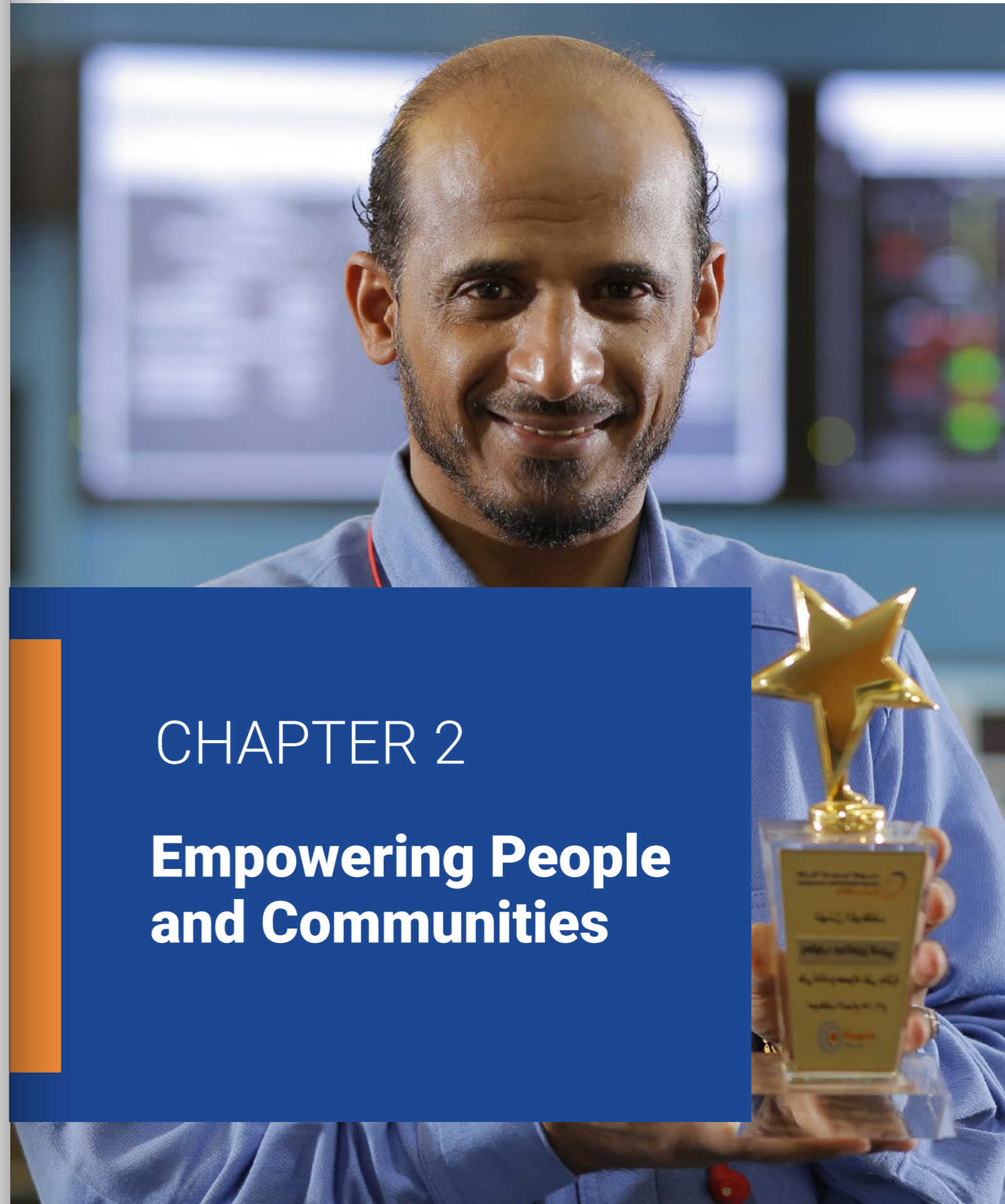
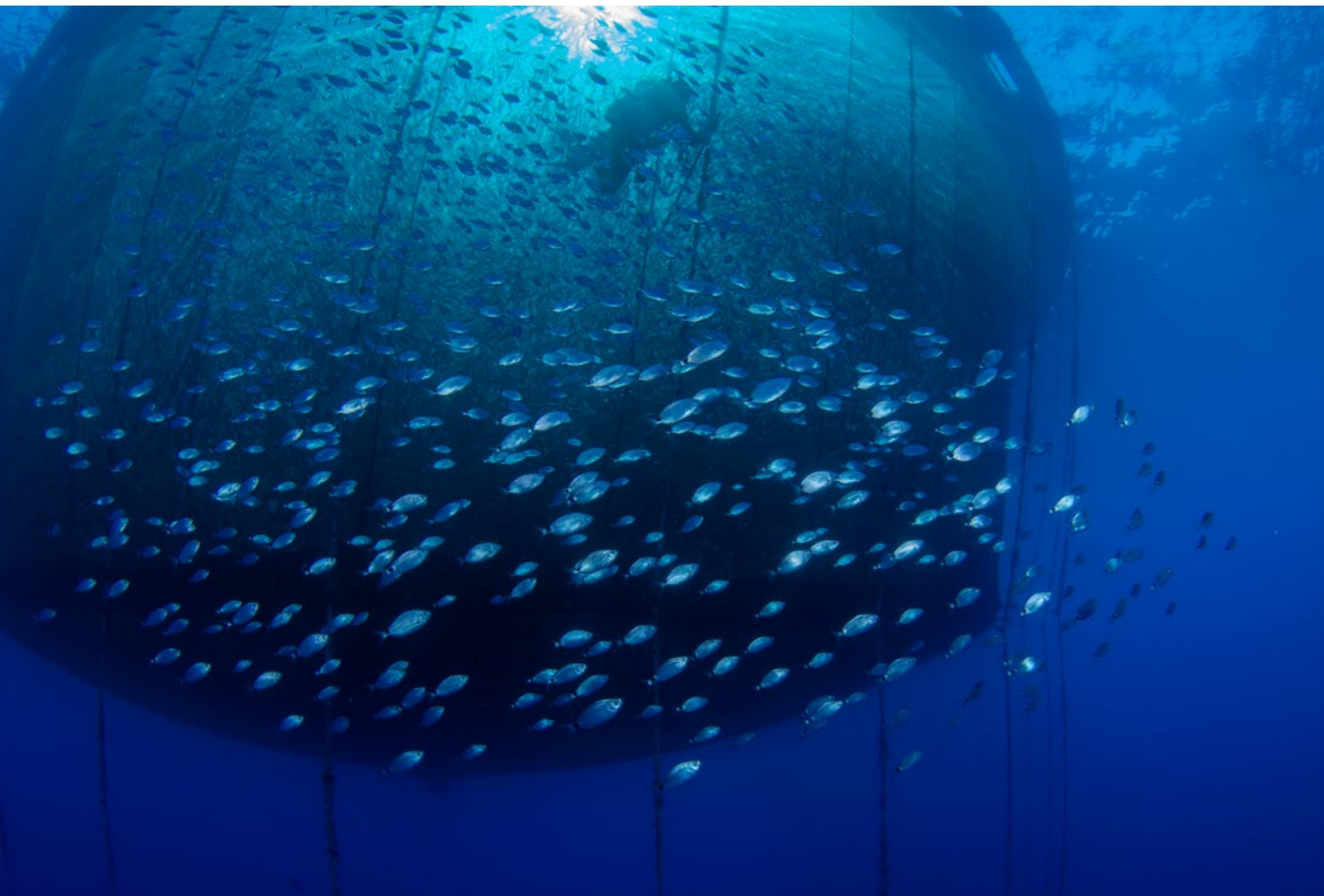
SEC believes in protecting and preserving the natural environment. Our Environmental Impact Assessment (EIA) standard mandates that an EIA must be conducted before a project can begin. All EIAs are conducted in line with GAMEP standards. Each EIA study assesses a wide variety of impact areas, including air, soil, water, noise, waste, ecology, biodiversity, and socioeconomic aspects. During 2020, 10 EIA studies and environmental reviews were conducted for new projects and existing generation and transmission facilities.

To further understand our impact on local ecosystems, we conduct semi-annual marine surveys

along coastal areas to assess the environmental influences of electric power generation plants on water quality and marine sediments, as well as the biological diversity in the marine environment. Marine surveys were conducted for all coastal stations in Rabigh, Shuaiba, Ghazalan and The Village, and an aquaculture project for coral reefs was conducted at our Jeddah Power Plant. In cooperation with GenosTech, we also conducted a pilot project at the Rabigh power plant with the aim of understanding the impact on aquaculture and microalgae.

To promote environmental awareness among employees, customers, contractors, suppliers,

and the community, SEC conducts a wide range of initiatives. We provide specialized courses and awareness programs for various environmental fields. Working with international partners, employees can complete and obtain international certificates in environmental protection. We also organize annual Clean Environment Forums, featuring presentations of key working papers and hosting specialist and prominent environmental professional to share their experiences.



CHAPTER 2

Empowering People and Communities



Developing and Protecting People

Goals

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

Way Forward

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

Material issues

- Health and Safety, Human Capital

KSA Vision 2030

- **A Vibrant Society:** Caring for our health
- **A Thriving Economy:** Attracting the talent we need | Learning for work | Providing equal opportunities

SDGs



Our People

We seek to develop and nurture our workforce that enables SEC to develop sustainably and ultimately contribute to the fulfilment of our mission and vision. By the end of 2020, our total workforce comprised 33,437 full-time employees, representing a decrease of 1.5% from 2019. Due to our manpower optimization program, SEC's total workforce has reduced by 7% since 2017 and as a result, we are 2% below our strategic goal of reaching 34,100 full-time employees. 99.6% of our total workforce were men and the most strongly represented age

group was between the ages of 31 to 50 years. Moreover, total employee turnover decreased from 3% in 2019 to 2%.

SEC embraces and strives to increase diversity and inclusion at all levels, with some areas progressing faster relative to others. In 2020, female representation was 0.31% of the total workforce, a slight increase from 2019. However, while prioritized nomination of female board members is seen as one of the ways forward for Promoting Good Governance, SEC has no female senior managers and only

3 females in middle-management positions. Furthermore, females accounted for a minority (12%) of new employees hired during 2020, which was down from 2019.

Our workforce consisted of employees from 21 countries and our full-time national representation increased from 92% in 2019 to 93% in 2020. Our senior management was 100% national, and nationals accounted for 99% of all full-time female employees.



Workforce Overview					
Focus Area	Description	2017	2018	2019	2020
All	Full-time employees	35,904	34,535	33,957	33,437
	Part-time employees	0	0	0	0
	Trainees and sponsored students	0	0	0	0
Level	Management employees	1,709	1,459	1,649	1,894
	Non-management employees (staff)	34,195	33,076	32,308	31,543
Age	Employees age 18-30	17,007	16,187	14,454	12,271
	Employees age 31-50	16,769	16,593	17,775	19,419
	Employees age 51+	2,128	1,755	1,728	1,747
Gender	Male employees	35,884	34,497	33,867	33,335
	Female employees	20	38	90	102
	Female employees in management positions	0	2	3	3
Nationality	Number of nationalities	22	21	21	21
	Total number of national employees	32,666	31,763	31,404	31,312
	Nationalization of total workforce (%)	91.0%	92.0%	92.5%	93.1%
	Nationalization of senior management (%)	99.2%	99.6%	99.8%	100%
	Number of female national employees	8	26	89	101
	Nationalization of female employees (%)	40.0%	68.4%	98.9%	99%

New Hires and Turnover					
Focus Area	Description	2017	2018	2019	2020
All	Employee turnover (voluntary & involuntary)	3,995	2,691	1,041	664
	% of employee turnover (voluntary & involuntary)	10.8%	7.6%	3.0%	2.0%
	Employee turnover (voluntary)	3,034	1,984	640	305
	% of voluntary employee turnover	8.2%	5.6%	1.7%	0.9%
Employee turnover (voluntary) regular employees					
Level	Management employees	151	229	53	16
	Non-management employees (staff)	2,883	1,755	531	289
Age	Employees age 18-30	108	171	147	83
	Employees age 31-50	2,255	1,518	404	157
	Employees age 51+	671	295	89	65
Gender	Male employees	3,034	1,984	635	300
	Female employees	0	0	5	5
New hires					
Age	Employees age 18-30	1,149	640	204	89
	Employees age 31-50	408	675	250	59
	Employees age 51+	4	5	9	1
Gender	Male employees	1,556	1,297	396	131
	Female employees	5	23	67	18
Number of employees who left the organization					
Age	Employees age 18-30	13	56	31	129
	Employees age 31-50	1,258	1,871	676	250
	Employees age 51+	2,724	764	334	285
Gender	Male employees	3,993	2,686	1,025	659
	Female employees	2	5	16	5
Level	Management employees	187	281	75	41
	Non-management employees (staff)	3,814	2,423	970	629



Our Strategic Approach to Human Capital

SEC's current five-year Human Resources (HR) Business Plan aims to increase operational efficiency, create opportunities from operational challenges, and to improve overall performance, innovation and excellence. At the centre of the plan, 14 main initiatives have been developed to achieve the plan's strategic goals and to contribute towards specific focus areas.

Our HR Business Plan has four

overarching focus areas of Business Impact, People Impact, HREffectiveness, and HREfficiency. To achieve our established strategic goals for each these four focus areas, the related initiatives put emphasis on addressing our organization and its talent, our culture and engagement, our HR policies and procedures, and our digitization and excellence efforts. Specific examples of our initiatives include an HR differentiation strategy, improving organizational

design to meet business needs, engaging employees on how to develop business processes, improving performance management systems, effective succession planning, new learning and development approaches, and enhancing and digitizing HR policies and procedures.

Workforce Training and Development

To effectively support the development of our employees, we align employee and business needs. A Career Progression Model, featuring 10 distinct career development programs, is used for all employees; where each employee receives an annual and associated Individual Development Plan. Using a customized and competency-based learning approach, training courses are provided for all career paths and employee groups, and

individual support is provided via updated curriculums based on career grades and learning needs. SEC's online training portal offers employees hundreds of interactive courses, and we continually strive to improve our learning and development capabilities, which includes updating training curricula, developing new learning approach methodologies, professional certifications, and external training initiatives.

In 2020, a total amount 467,466 training hours were delivered to SEC employees corresponding to an average training time of 13.87 hours per employee, a decrease of 52% from 2019. The significant decrease is due to the suspension of in-person training sessions during the COVID-19 pandemic.

EXECUTIVE AND LEADERSHIP TRAINING

Management-level employees received an average of 27.6 hours of training in 2020, a 39% decrease from 2019 due to the suspension of in-person training during the COVID-19 pandemic. We have partnered with several international organizations to support our leadership's development; 8 of our leaders attended a Master's program at the Massachusetts Institute of Technology (MIT) and we are partnering with the International Institute for Management Development (IMD) to develop 127 of our leaders until 2022, which includes courses on inspirational leadership, strategy execution, crisis management, and disruptive innovation. We also offer internal leadership programs too, including our Targeted Talent Program (TTP).

Our Executive and Leadership Development Center (ELDC) aims to prepare those who have proven qualities for leadership positions in the future. In 2020, a total of 1,586 employees participated in the related programs, of which 454 employees graduated successfully.



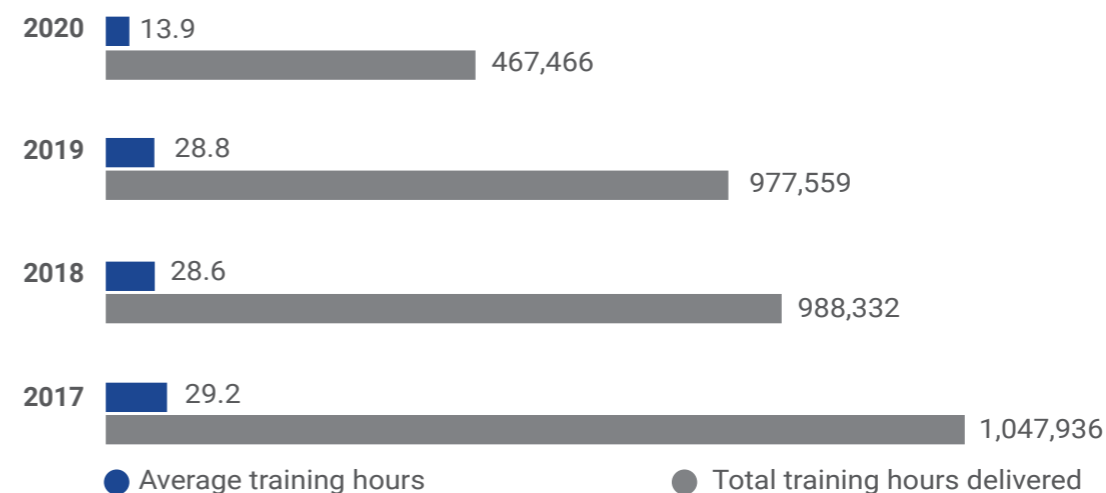
GENERAL TRAINING AND DEVELOPMENT PROGRAMS

Throughout 2020, our non-management employees spent over 415,218 hours of training in internal and external courses. This corresponds to an average of 13.2 hours per employee and included short-term development courses, self-learning, and e-learning training programs. Our most important training and development programs incorporate on-the-job training, short development courses tailored to employee specialties (technical, administrative and professional), and our cooperative trainer program aimed at improving the experience of employees in technical and administrative areas.

DEVELOPMENT OF NATIONALS

Great importance is placed on the development of our national employees. We run a two-year development program for Saudi university graduates, which aims to develop professional and administrative competencies, as well as a qualification and training program for graduates of technical colleges, secondary school, and industrial high school. Our Saudi Expertise Development Program aims to provide nationals with the skills needed to perform specialized functions, including electrical system management and new technological developments in the generation, transmission and distribution of electricity.

Training hours



Training					
Focus Area	Description	2017	2018	2019	2020
Total	Total training hours delivered	1,047,936	988,332	977,559	467,466
Level	Management employees	68,028	76,309	74,583	52,248
	Non-management employees	979,908	911,963	902,808	415,218
Gender	Male employees	1,046,688	987,048	973,425	465,906
	Female employees	1,248	1,284	4,134	1,560
Average Training Hours					
Total	Average training hours	29.2	28.6	28.8	13.9
Level	Management employees	39.9	52.4	45.4	27.6
	Non-management employees	28.7	27.6	27.9	13.2
Gender	Male employees	29.2	28.6	28.7	13.9
	Female employees	62.4	33.8	45.9	14.2

Performance Management

To improve perceptions regarding the fairness of our performance appraisal processes and to raise employee satisfaction levels, we previously launched a cultural change project under our HR business plan. The project seeks to predominantly create a motivating

and high-performance work environment at SEC, incorporating objective performance management and ensuring a uniform application of performance management policies to all levels of staff. Our Employee Excellence Program seeks to further motivate

employees to excel and rewards outstanding performance on a monthly (Employee of the Month) or annual (Public Servant) basis. In 2020, 100% of our employees received a performance and career development review.

Performance Reviews					
Focus Area	Description	2017	2018	2019	2020
Total	Percentage of employees who received a performance and career development review	100%	100%	100%	100%
Level	Management employees	1,499	1,318	1,451	1,891
	Non-management employees	34,247	33,246	32,383	31,708
Gender	Male employees	35,716	34,523	33,750	33,491
	Female employees	30	41	84	108



Engagement and Incentivization

SEC offers several incentive programs and loyalty enhancements to engage, incentivize, and retain our employees, as well as to attract new talent. Our compensation packages include a variety of allowances, benefits, and bonus plans, employees can take parental leave (our return-to-work rate was 100% in 2020), and health services are provided to employees and their families - including onsite health staff to attend to employee medical needs.

The SEC savings program for our Saudi employees seeks to help them accumulate savings and benefits upon retirement or separation from the Company. Under this program, voluntary employee investments, in accordance with Islamic investment requirements, are made for the benefit of the employee. As of 2020, a total of 15,210 employees benefited from this program.

The housing loan program for our Saudi employees seeks to

provide loans to finance the acquisition, construction, or completion of housing. The loans are sharia compliant (Murabaha) and provide up to SAR 1,200,000 with a repayment period of 20 years. In 2020, 501 employees benefited from this program, and it has supported a total of 5,992 employees since inception.

In 2020, our employee absentee rate was 0.21%, which is the lowest in 4 years.

Absentee Rates				
Description	2017	2018	2019	2020
Absentee Rates	0.23%	0.24%	0.31%	0.21%

Health and Safety

We are committed to maintaining a safe, hygienic, and healthy work environment. Our Social Responsibility Policy and Occupational Safety, Health and Environmental Protection Policy, respectively, address the area of health and safety (H&S) in accordance with local legislation

and regulations. Numerous measures and initiatives are implemented to minimize occupational hazards and to ensure work is completed effectively by our employees and contractors.

Our 5-star occupational H&S management system is a risk-

based, management-led, audit-driven system, and aims to comply with ISO 45001. The system defines performance and monitoring requirements across five key pillars: (1) cleanliness and tidiness in the workplace, (2) protective barriers for mechanical and electrical equipment, and

people, (3) prevention of, and protection from fires, (4) recording incidents and inspecting them, and (5) safety system.

SEC's H&S Committee conducts regular safety inspections across all company facilities. Throughout 2020, we conducted 7,393 safety inspections and observed 8,502 unsafe acts and conditions, thus reflected a 24% decrease compared to 2019. Our Internal Audit Department also conducts occupational H&S audits and by the end of 2020, we achieved

an 88% implementation rate for occupational H&S management systems at the corporate level. Moreover, during 2020, a total of 45 breaches in contractor compliance with SEC H&S requirements were registered, leading to work suspensions.

H&S training is also provided to our employees and contractors. In 2020, despite the challenges posed by the COVID-19 pandemic, 12,157 employees, representing 36.4% of our total workforce, and 2,628

contractors, received H&S training. The central aim of our training is to communicate safety awareness and to establish our desired H&S culture; one which applies safe work practices, incorporates risk assessments, and ensures the implementation of our 5-star occupational H&S management system.

For all the H&S practices at SEC, we have been able to reduce our Lost Time Injuries (LTI) by 48% since 2017 for all employees and

Emergency Preparedness

SEC's Disaster Management Plan incorporates government requirements and site-specific emergency and disaster management plans to prevent and minimize any harmful impacts on the environment and society. All sites are equipped with the equipment necessary to respond to and manage all types of emergency situations and we have established five main emergency command centres, five backup

centres, and twelve sub centres. All emergency command members are periodically trained to test their response and communication capabilities to real life scenarios. In 2020, we conducted 443 emergency drills covering blackouts, interruption of electrical service, and cyber-attacks.

Additional activities conducted by SEC related to disaster management includes updating

our Disaster Risk Reduction Plan, contributing to the establishment of the Crisis Centre supervised by the Ministry of Energy, and participating in the preparation of the Crisis Management Plan for the Energy System and the National Strategy of Hedging as a member of the National Risk Unit at The Royal Court.

Health & Safety					
Focus Area	Description	2017	2018	2019	2020
Safety performance	Employee lost-time injuries (number)	37	38	21	16
	Contractor lost-time injuries (number)	34	28	13	21
	Number of safety inspections	N/A	7,531	7,291	7,393
	No. of safety observations reported (unsafe acts & unsafe condition)	22,065	15,129	11,188	8,502
	Safety audits compliance	81.0%	83.4%	91.0%	88%
H&S Training	% of workforce represented in joint management-worker H&S committees	10.0%	10.0%	10.0%	10.0%
	Employees trained in H&S practices	N/A	16,077	19,320	12,157
Emergency Preparedness	Contractors trained in H&S practices	N/A	4,148	3,705	2,628
	Total emergency drills & simulations	420	574	607	443
	Level of emergency preparedness	SEC-EMPL	SEC-EMPL	SEC-EMPL	SEC-EMPL

COVID-19

Like much of society, the COVID-19 pandemic has created numerous challenges for SEC, and thankfully, we have been able to successfully address them. The main challenges included the decreased mobility of our employees, supply chain disruption, increased demands on our IT infrastructure, and the development of effective pandemic

the number of employees and contractors at any one location, we allowed flexible working hours and closed public areas, including prayer rooms, facility restaurants, sports clubs, and meeting rooms. We also used a three phased approach to gradually enable employees to return to work.

periodically sterilized, oftentimes by specialized contractors, and overnight accommodation was provided for critical and essential personnel. COVID-19-related rules and sanctions were established for facilities, sites, and employees, which included using the "Tawakkalna" and "Tabaud" applications for facility and site entry, disclosing contacts with confirmed COVID-19 cases, and monitoring and periodically engaging with infected personnel. Periodic field visits were made to contractor residences to ensure compliance with required preventative measures; instances of non-compliance had to be rectified.

Moreover, contingency plans were established for critical roles within SEC, and we monitored a variety of COVID-19-related performance indicators and developments. We monitor the number of COVID-19 confirmed and suspected cases, including the number of personnel isolating from the virus. Additional indicators include inventory levels of COVID-19-related equipment, technical performance (e.g.: remote employees), sterilization activities by specialist contractors, awareness campaigns, and more.

In an effort to help the Kingdom combat the COVID-19 pandemic, SEC donated SAR 30 million to the Health and Endowment Fund. The fund aims to raise financial support to help the Kingdom combat the COVID-19 pandemic, develop the health sector and contribute towards the Vision 2030. Currently, the fund is chaired by the Minister of Health and has raised more than SAR 1 billion.

mitigation strategies to ensure business continuity and the safety of our employees and contractors. To start effectively addressing these challenges, SEC established a COVID-19 Committee with the goal of developing and implementing effective pandemic mitigation strategies throughout SEC's business lines and subsidiaries.

Several social distancing initiatives were implemented to reduce the likelihood of contracting the virus and minimizing its spread for any positive cases. Splitting teams and adjusting work shift schedules enabled us to prevent quarantining entire teams, maintain standby crews, and reduce the likelihood of disruptions to critical and essential business functions. Work from home and other remote working arrangements were implemented, especially for employees with chronic health conditions and those over the age of 65. To reduce

Screening technology and educational initiatives enabled SEC to prepare and protect its employees and contractors. Thermal cameras, daily temperature readings, and smart thermal helmets enabled SEC to identify and be alerted to a potential COVID-19 case. To educate and answer questions from our employees and contractors regarding the risks of COVID-19, SEC leveraged its communication channels and platforms, which included emails, video alerts, our call centre, display boards, corporate website, intranet, the Bawabati application, and social media.

Additional precautionary measures taken by SEC included protective equipment, proactive initiatives, and implementing COVID-19-related mandates. Disposable masks, gloves, and N95 masks were provided to employees and contractors. Facilities and sites were



Supporting Communities

Goals

- Contribute to sustainable economic and social development of communities in the Kingdom of Saudi Arabia, and enhance people's well-being.

Way Forward

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

Material issues

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

KSA Vision 2030

- **A Vibrant Society:** Living by Islamic values | Focusing our efforts to serve Umrah visitors | Taking pride in our national identity | Promoting culture and entertainment | Living healthy, being healthy | Developing our cities | Caring for our families | Developing our children's character | Empowering our society
- **A Thriving Economy:** Boosting our small businesses and productive families | Maximizing our investment capabilities | Launching our promising sectors | Privatizing our government services | Improving the business environment | Rehabilitating economic cities | Establishing special zones | Increasing the competitiveness of our energy sector | Supporting our national companies
- **Ambitious Nation:** Engaging everyone | Being responsible for our lives | Being responsible in business | Being responsible to society

SDGs



Community Investment

Generating positive environmental and socio-economic impacts in the communities in which SEC operates is a high priority. Our CSR Policy guides the implementation of programs and initiatives aimed towards our employees, society, partners, customers, and other key stakeholders to maximize our positive impacts and to maintain our social license to operate.



TOWARDS EMPLOYEES

Providing a positive work environment, creating equal opportunities for training and development, stimulating initiatives for excellence and creativity, embedding quality culture, thought and practice, embodying the values stated in the work ethics document, engaging employees via emails and receiving feedback, activities and services provided to them.



TOWARDS SOCIETY

An active contribution to the social and economic development through supporting social activities and programs, interacting with developmental and humanitarian issues and concerns of the community, engaging the community in initiatives and leading economic programs in the use of electricity, spreading a culture of security and safety from the risks of using electricity, supporting research centres by adopting supporting initiatives and research chairs that contribute to rationalizing electricity consumption, improving the performance of electrical systems and preserving the environment, and supporting renewable energy initiatives and projects.



TOWARDS PARTNERS & CUSTOMERS

Our responsibility for the production, transmission and distribution of electric energy has formed a strong motivation to demonstrate our capabilities to build strategic relationships based on fairness and transparency. We communicate with our customers and partners to ensure sustained relationships, trust and partnership, we encourage them to participate in issues of the sector. We listen to their views and suggestions to assess our performance and strengthen our position and public image.

Throughout 2020, we planned multiple CSR initiatives including electrical safety campaigns, environmental campaigns, volunteer campaigns, blood donation campaigns, charity donation drives, various social agreements, patient hospital visits, a Ramadan breakfast, Hajj

season activities, and a variety of international days. Each CSR activity has an associated target and unfortunately, due to COVID-19 factors, our implementation plans were disrupted.

Other examples include our Household Electrical Safety

Initiative, which aims to raise awareness on electrical hazards and safety practices and has a target of visiting one million customer homes, 70 charities, and 120 government and private hospitals by 2021.



Access to Energy

As the Kingdom's economy grows and the electrification of all aspects of life continues to expand, SEC expects its customer base to reach 10.8 million by the end of 2022. To meet this growing electric power demand, SEC has planned and initiated numerous capacity expansion projects. For example, the addition of 3,834 MW in generation capacity to our plants, the addition of 8,600 MW in generation capacity within the private sector participation program, and by 2022, the addition of 7,560 km of circular transmission lines to lengthen and strengthen the distribution networks.

Other energy access projects

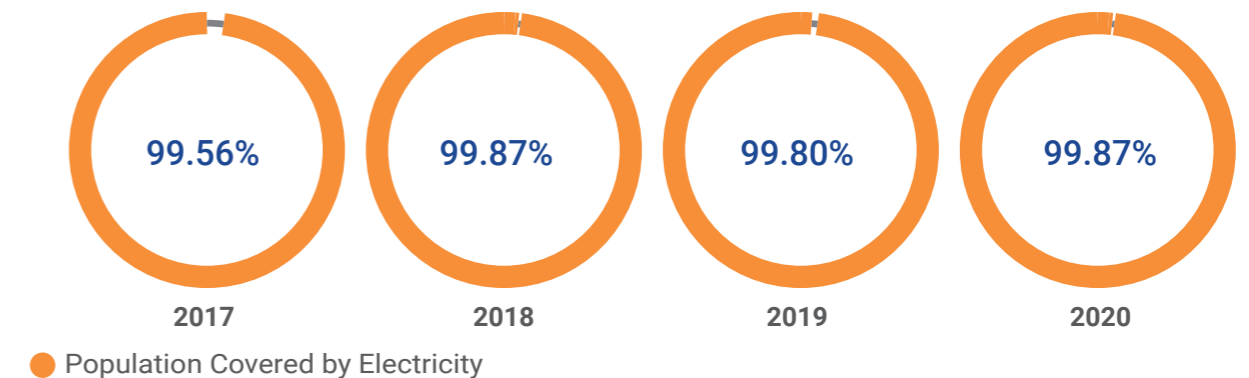
include the modernization, rehabilitation, and replacement of aging distribution network equipment, which helps to improve the reliability of the network and avoid voltage instability and outages. For example, we have extended our distribution network by approximately 4.6% year on year, adding approximately 31,812 km of new medium and low voltage cables, and increasing the network capacity by additional 12,423 MVA, which has allowed us to connect more than 384,917 new customers.

To facilitate customer access to electrical services with advanced and intelligent systems, our 'Barq' service has reduced the lead time

of electrical service delivery from 20 to 7 days. This service has contributed to reducing our average time to connect new customers from 17.9 days in 2019 to 9.9 days during 2020.

Overall, our energy access projects, and improvements to the electricity supply infrastructure has expanded the percentage of the Kingdom's population with access to electricity. In 2020, 99.87% of the Kingdom's population had access to energy, an improvement over 2019 and a continued trend since 2017.

Energy Access





Building Customer Trust

Goals

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

Way Forward

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

Material issues

- Data Privacy, Responsible Customer Relations

KSA Vision 2030

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

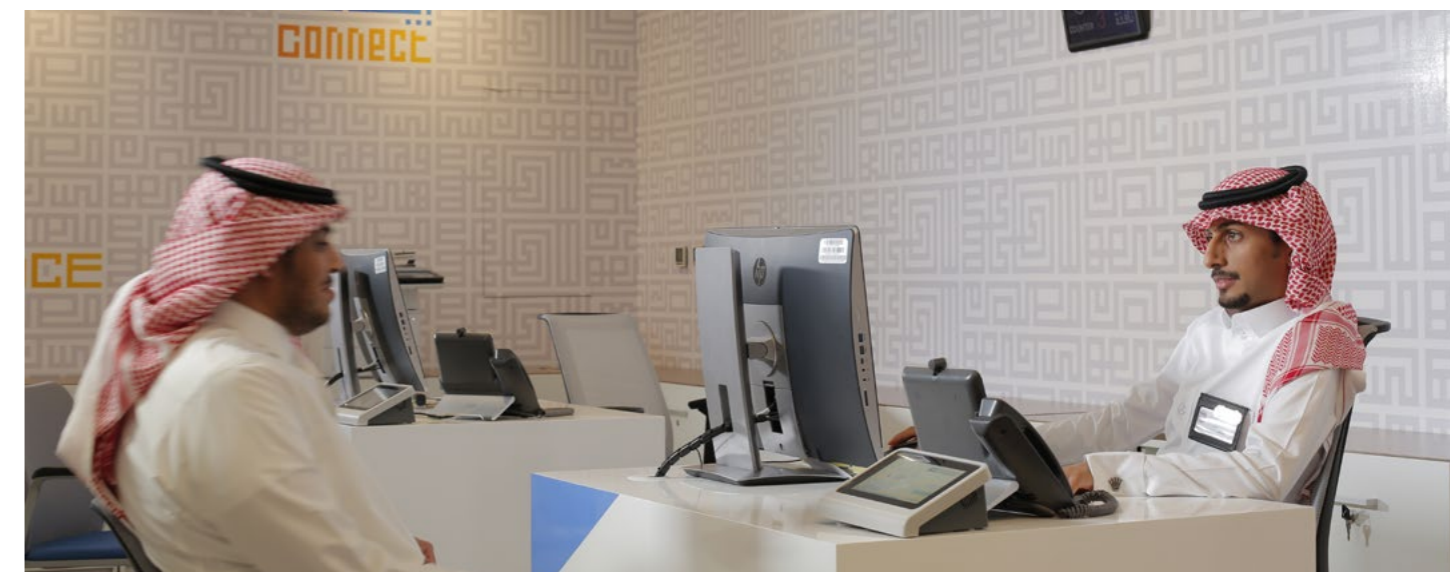
Putting Customers First

In line with our strategic direction, we have been enhancing our customer service capabilities through two primary programs, both of which have established strategies and roadmaps. Our Customer Experience Transformation Program strives to create and deliver "WOW" moments, has redesigned our customer communications to be more proactive and reliable, and encourages customers to transition to online channels via a digital-first approach. Our Digital Transformation for Customer Service Program has introduced new digital channels, improved existing Customer Experience

data structures and governance, deployed Artificial Intelligence analytical capabilities, and fosters a new way of working for digital Customer Experience products.

The SEC-hotline allows customers to report any irregularities or abuses regarding SEC's internal systems and procedures. Subsequently, customer service activities are evaluated through a variety of key performance indicators, such as first-time resolution (customer queries resolved at the first point of contact), call waiting time, customer satisfaction, average time to resolve a complaint and more.

SEC continually strives to achieve a customer satisfaction rate of at least 70% and during 2020, our customer satisfaction rate remained at 65%, the same as our 2019 levels. We aim to improve these levels through the implementation of our customer service programs and we are already seeing improvements. For example, the average time to connect customers to electrical services was reduced by an average of 8 days compared to 2019. Moreover, the average customer service disruption has decreased by 41.6% since 2017.



Customer Satisfaction				
Description	2017	2018	2019	2020
Customer satisfaction (%)	N/A	N/A	67%	65%
Average time to connect (days)	29.2	19.3	17.9	9.9
Complaint resolution time (days)	5.05	6.61	3.60	5.33
Customer average service interruption duration (minutes/customer)	190.88	174.47	149.75	111.41



Ensuring Data Privacy and Cybersecurity

The security of SEC's customer data is highly important, and we aim to ensure it is not misused. Our Data Security Privacy Policy has established specific internal control measures and responsibilities, particularly regarding data storage and protection, and at a time when cyber threats are increasing, we have enhanced our Information Technology and Communication (ITC) resilience.

We have established a cyber security function which reports

directly to the CEO, ensures SEC is compliant with the Kingdom's National Cybersecurity Authority (NCA) regulations, and is implementing a cybersecurity roadmap and strategy. Our ITC services have been certified to internationally recognized standards, including ISO 27001 (Information Security) and ISO 20000 (Service Management). Our Internal Audit Department periodically tests and reports on our internal controls and we have enhanced our ITC continuity by

building a new data centre. Moreover, in 2019, our ITC systems were awarded with the "Recognized for Excellence 4 Star" rating from the European Foundation for Quality Management Institute (EFQM); the first entity in the Kingdom to receive such a recognition,

Only one data security breach has been registered since 2017 and it was quickly detected before the loss of any sensitive data.

Data Protection & Security				
Description	2017	2018	2019	2020
Number of data privacy security breaches	0	0	1	0



Managing Responsible Supply Chains

Goals • Promote responsible supply chain practices and emphasize local procurement

Way Forward • Address gaps in supply chain policy and disclosures
• Increase ESG considerations in procurement criteria
• Support local suppliers on ESG

Material issues • Supply Chain

KSA Vision 2030 • **A Thriving Economy:** Integrating regionally and internationally | Launching our promising sectors | Rehabilitating economic cities | Improving the business environment | Establishing special zones | Supporting our national companies

SDGs

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

A strategic focus for SEC regarding responsible supply chains is supporting local suppliers and integrating ESG considerations into our sourcing procedures. This includes supporting small and medium-sized (SME) enterprises throughout the Kingdom via our 'Bina' initiative, which gives preferences to suppliers that can demonstrate increased local content, assigns up to 10% of each purchase to SME's, works with investors and international companies to attract them to local industry markets, and other relevant measures.

During 2020, total supplier expenditure amounted to SAR 8,338 million, of which 92% was awarded to local suppliers, continuing a trend of exceeding 90% for the past 3 years. Our spending on local contractors amounted to SAR 13,177 million, or 94% of procurement spending.

SEC has been implementing innovative solutions to streamline the procurement process since 2014. Our suppliers and contractors have access to our e-Bidding System, a fully automated web-based system

using an e-commerce concept. The system enables fast and reliable communication, increases transparency, and all data is confidential; viewing bid content before closing dates is prohibited, the system is firewall protected, and sensitive fields (e.g.: price) are encrypted.

To ensure SEC provides the best products and services to its customers in a responsible manner, numerous measures are taken to appropriately select and manage SEC's suppliers and contractors:

All SEC suppliers must sign their commitment to the SEC Code of Conduct and Ethics. To prequalify for contracts, suppliers need to submit detailed information regarding their ESG performance.

All contractors need to adhere to SEC's health and safety standards.

All contractors invited to undertake environmental projects must adhere to SEC's environmental compliance standards and provide a valid Environmental Protection Qualification Certificate.

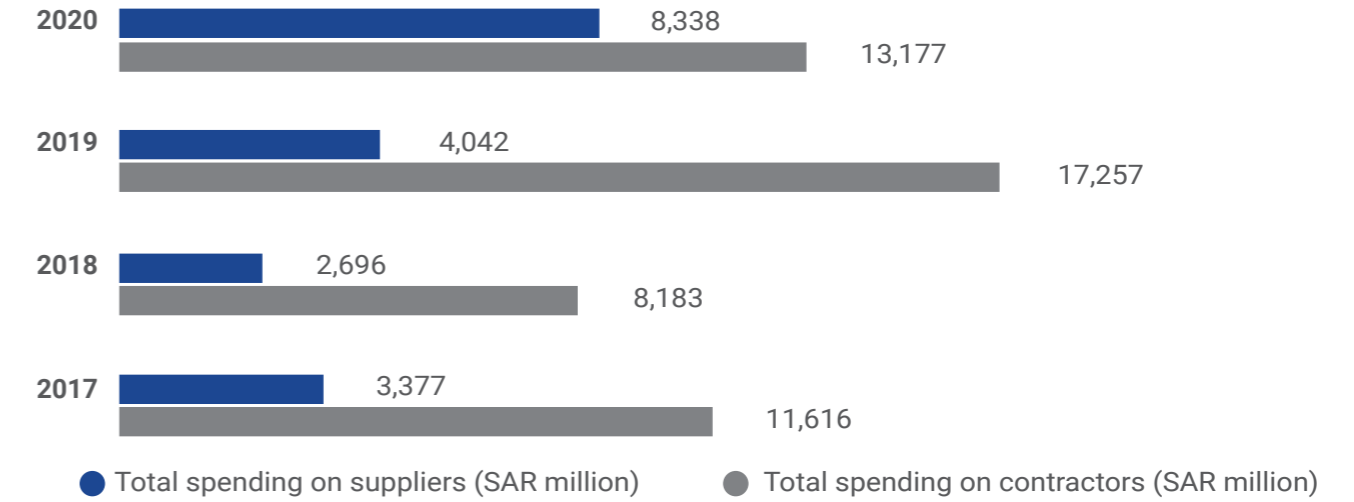
All contractors invited to safety projects have to pre-qualify by obtaining a valid Contractor Classification Certificate.

All contracts must include clauses related to environmental, health and safety, governance and labour regulations and standards compliance.



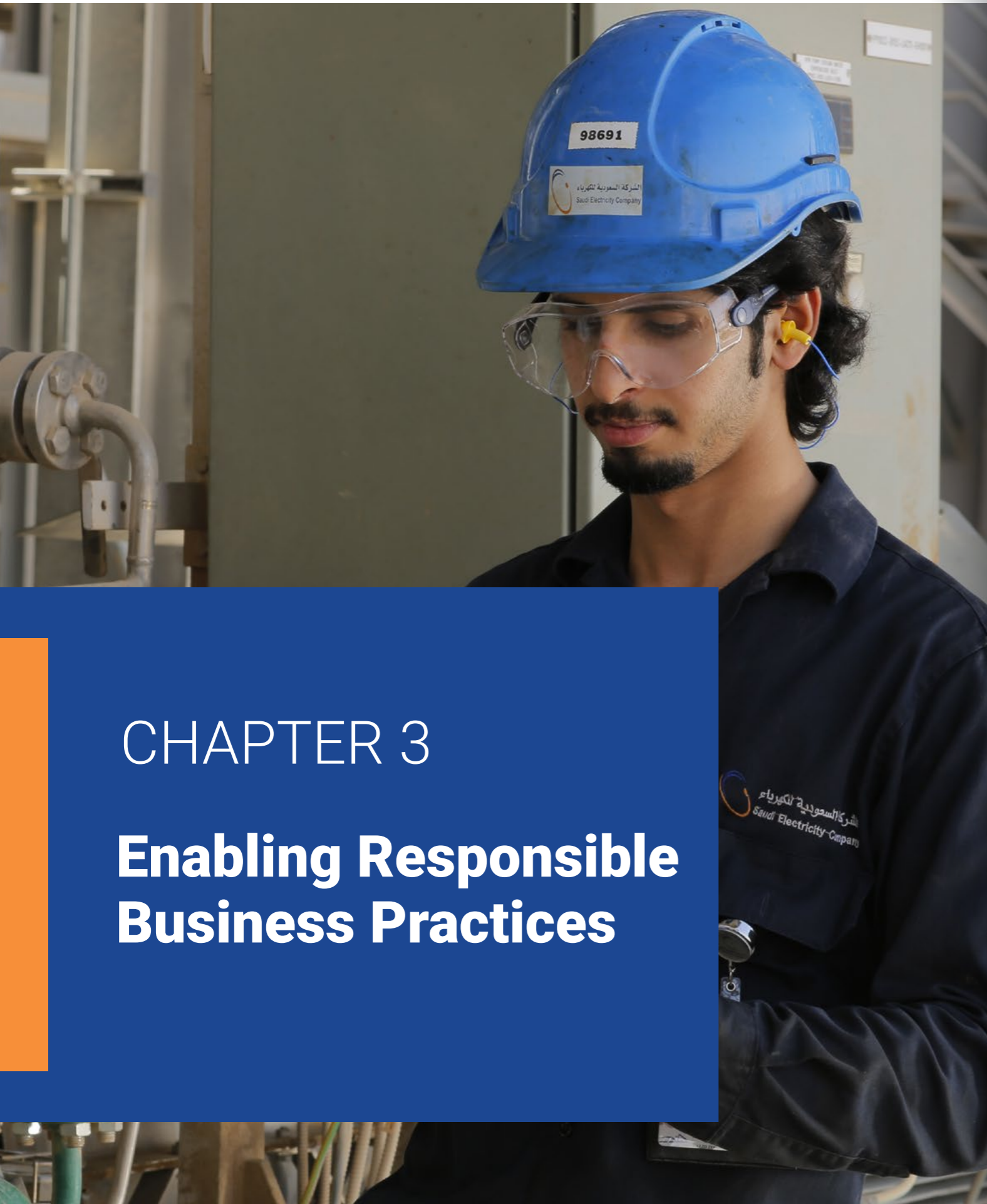
Our Industrial Security department conducts regular environmental compliance audits in accordance with ISO 19011, including projects under construction. Any contractor that is in breach of our standards and regulations is fined and blacklisted.

Procurement



Procurement					
Focus Area	Description	2017	2018	2019	2020
Local Suppliers	Total spending on suppliers (SAR million)	3,377	2,696	4,042	8,338
	Total spending on locally owned suppliers (SAR million)	2,847	2,501	3,764	7,698
	Number of local suppliers	4,081	4,187	4,289	4,441
	Percentage of procurement spending on locally owned suppliers (%)	84.30%	93%	93%	92%
Local Contractors	Total spending on contractors (SAR million)	11,616	8,183	17,257	13,177
	Total spending on locally owned contractors (SAR million)	10,274	7,212	16,820	12,446
	Number of local contractors	-	-	1,103	1,347
	Percentage of procurement spending on locally owned contractors (%)	88.50%	88.10%	97.50%	94%





CHAPTER 3

Enabling Responsible Business Practices



Promoting Good Governance

Goals

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

Way Forward

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

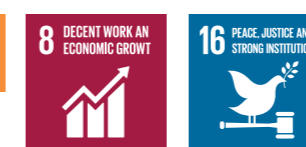
Material issues

- Corporate Governance, Economic Performance, Risk Management

KSA Vision 2030

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

SDGs

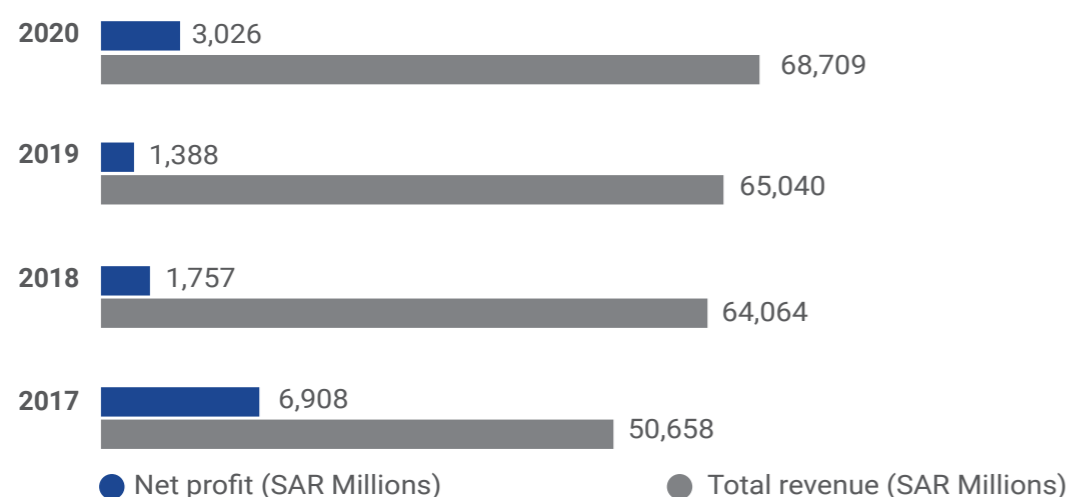


Economic Performance

Despite the global COVID-19 pandemic and the associated negative economic impacts, SEC continued to improve its overall economic performance in 2020. Total revenue and net operating profits increased by 5.6% and 16.7%, respectively, from 2019. Robust customer growth was recorded in the meter reading, maintenance, and bills preparation segments, with the addition of 385,000 new customers joining our customer base of 10.12 million. Electricity connection revenue grew to SAR 1,928 million in 2020, representing a 5.1% increase from 2019. Other operating revenue, boosted by the full-year 2020 balancing account revenue of SAR 6.1 billion, was 2.6 times higher compared to 2019. The main revenue related impact from the COVID-19 pandemic was a 2.3% decline in electricity sales.

SEC continues to receive a high investment grade credit rating from global credit rating agencies. In 2020, we achieved A-grade ratings from Standard & Poor's (A-), Fitch Group (A-) and Moody's (A1). These ratings enable SEC to continue implementing its fiscal policies aimed at strengthening SEC's financial position, managing cash flows, spending on projects, and funding commitments from various domestic and international sources of funding.

Revenue and Net Profit



Economic Performance				
Description	2017	2018	2019	2020
Total revenue (SAR Millions)	50,658	64,064	65,040	68,709
Cost of sales (SAR Millions)	43,995	58,144	58,916	60,612
Gross profit (SAR Millions)	6,663	5,920	6,124	8,097
Operating profit (SAR Millions)	10,005	6,016	6,535	7,626
Net profit (SAR Millions)	6,908	1,757	1,388	3,026
EBITDA (SAR Millions)*	25,567	21,674	24,041	26,372

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

Corporate Governance

The Board of Directors of SEC is formed by the General Assembly of Shareholders, in accordance with the Companies Law. All our corporate governance policies and practices comply with the Corporate Governance Regulations issued by the Capital Market Authority.

SEC's governance processes and policies are designed to ensure proper engagement with its stakeholders while simultaneously protecting their best interests as SEC grows and creates shared value. We maintain an Internal Governance function under the Board Secretary to drive governance implementation

throughout SEC. The function's main responsibilities are to assure the alignment of SEC's corporate governance systems with its related policies, procedures and processes, to create awareness, and governance reporting. It also communicates SEC's position on regulatory capital markets compliance, emerging governance topics, and best practices.

Board of Directors

The Board comprises nine members, with each member holding or previously holding a position from a variety of organizations including the Public Investment Fund, Saudi Aramco,

and King Abdullah City for Atomic and Renewable Energy. The three independent board members are Eng. Abdulaziz bin Fahd Al-Khayyal, Dr. Abdulmalik bin Abdullah Al-Hogail, and Eng. Isam bin Alwan

AlBayat. For board members it is forbidden to get paid in stock options or warrants. The average percentage of Board members who attended the Board meetings was 94% during 2020.



Governance - Board of Directors				
Description	2017	2018	2019	2020
Executive members	0	0	0	0
Non-executive members	6	6	6	6
Female members	0	0	0	0
Male members	9	9	9	9
Independent members	3	3	3	3
Non-independent members	6	6	6	6
Percentage of female Board members	0.0%	0.0%	0.0%	0.0%
Percentage of independent Board members	33.3%	33.3%	33.3%	33.3%

To obtain further information on SEC's Board of Directors, especially regarding formation, biographical information, meetings frequency, attendance, Board Committees composition, Board Committees roles and responsibilities, and remuneration, please refer to SEC's 2020 Board of Directors Report. The report is available on SEC's website.

Executive Committee

The Executive Committee has a variety of responsibilities, and a comprehensive list can be found in our 2020 Board of Directors Report. Some main responsibilities include reviewing annual budgets and reports, reviewing project proposals submitted by SEC's executive management, and routinely re-evaluating SEC's performance against previous forecasts. The Executive Committee reports to the Board of Directors and meets once every two months in ordinary circumstances and, upon the chairman's or President and CEO's request, in emergency or extraordinary circumstances. The Executive Committee met six times in 2020.

Nomination, Remuneration and Human Resources Committee

The Nomination, Remuneration and Human Resources Committee's has a variety of responsibilities, and a comprehensive list can be found in our 2020 Board of Directors Report. Some main responsibilities include:

- Annually reviewing the required skills for Board membership.
- Reviewing the Board's organisational structure, ensuring that there are no conflicts of interest exist, and developing clear policies for compensation and remuneration.
- Evaluating SEC's human resources policies and regulations, including SEC's salary structure, benefits, allowances, and recruitment standards.

The Committee reports to the Board and met eight times in 2020.

Audit Committee

Based on nominations by the Board, the General Assembly appoints the members to the Audit Committee. The Audit Committee has a variety of responsibilities, and a comprehensive list can be found in our 2020 Board of Director's Report. Some main responsibilities include monitoring the Company's businesses and verifying the integrity and fairness of its reports, financial statements, and internal control systems.

The Committee reports to the Board and met fourteen times in 2020.

Risk and Compliance Committee

The Risk and Compliance Committee has a variety of responsibilities, and a comprehensive list can be found in our 2020 Board of Directors Report. Some main responsibilities include:

- Identifying and maintaining an acceptable level of risk appetite for the Company.
- Identifying the risks that threaten the company over the next twelve months.
- Overseeing the company's risk management system and evaluating its effectiveness.

The Risk and Compliance Committee met eight times in 2020 and there were 3 incidents of non-compliance with various laws and regulations. These incidents included delaying information to be provided to the Communications and Information Technology Commission (CITC), failure to complete employee clearance procedures, and failing to adhere to health and safety processes at one of our facilities.

Risk Management

SEC adopts policies and frameworks to ensure it effectively manages the risks faced by the Company and its subsidiaries. Our Risk Management Policy and Framework is based on the ISO 31000 standards and incorporates the principle that comprehensive risk management is the responsibility of SEC's Board of Directors, Risk and Compliance Committee, and all executives and employees. Key elements of our risks management systems include the establishment of a company-wide Enterprise Risk Management (ERM) framework, appropriately assessing current and future risks, defining ERM-related roles and responsibilities, creating a risk-aware culture, and periodically reporting to SEC's Risk and Compliance Committee.



Conducting Business with Integrity

Goals

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

Way Forward

- Issue world-class ESG report
- Enhance or create key policies covering health and safety, human rights, anti-competitiveness
- Establish a dedicated sustainability unit inside SEC
- Create ESG rating tracker and aggressively improve ESG ratings and inclusions
- Issue first Green Sukuk in Saudi Arabia
- Conduct impact assessment on the Green Sukuk projects and issue Green Sukuk Report (in early 2021)
- Collaborate with PIF on their One Planet Sovereign Wealth Fund Framework commitments, leading up to G20
- Measure and disclose total impact (shared value) by mid-2021

Material issues

- Business Ethics and Transparency, Human Rights, Innovation and Research, Prevention of Anti-competitive Behaviour

KSA Vision 2030

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

SDGs



Research, Development and Innovation

Our Research, Development and Innovation (RDI) business unit oversees SEC's research and development (R&D) and innovation activities. Its 5 strategic focuses are:

- Smart technology uses
- Energy efficiency
- System reliability and stability
- Renewable energy and storage
- Environment and safety

Its main responsibilities include implementing pilot programs and activities to create innovative solutions, emerging technology, and start-ups in the fields of energy and other related areas and managing SEC's intellectual property activities.

Our R&D efforts have resulted in the deployment of 65 projects through four specialized research groups (RG) involved with the following:

- **Renewable and Energy Storage RG** – concentrated solar power, renewable energy (RE) technologies, and technologies that complement RE technology deployment.
- **Generation and Fuel Efficiency RG** – advanced and highly efficient combustion technologies, boosting liquid fuel with hydrogen, controlling emissions and capturing carbon, and automation of generation processes in power plants.
- **Transmission and Digital Simulation RG** – conducting research on electric power transmissions networks using one of the world's largest digital simulation systems.

- **Distribution and Smart Grids RG** – the technology, systems, energy efficiency, load management, and power loss reduction for the Kingdom's Smart Network Program.

Examples of these projects relate to carbon capture, microalgae culture, vanadium removal from crude oil, heavy fuel oil emulsification technologies, sorption cooling technologies, using sand particles in a concentrated solar power tower system, energy storage technologies (e.g.: lithium-ion, sodium-nickel chloride, solid-oxide fuel cells), and the development and management of technical knowledge.

RDI also collaborates with numerous local and international partners, universities, and research centres. These strategic partnerships have positively contributed towards our R&D efforts and have resulted in the development of several innovative product prototypes, including a phase control reader which downloads or uploads data from or to relays, an automated car fuelling system which monitors fuel usage and can optimize costs, a smart watch gas-leak detector that monitors gas type and temperature and alerts users to hazards, an electrical cable joiner that connects cables without human intervention, a thermoelectric generator for exhausts that uses exhaust heat to produce electrical energy, a renewable energy producer (integrated device), an energy monitoring solution that optimizes customer power consumption, and a wireless fire detector.

800+

Innovation programs & events applicants

320+

Innovation programs & events participants

50+

Number of incubated (talents)

9

Number of incubated (projects)

7

Prototypes of innovative products

9

Number of filed patents



Business Ethics, Transparency and Prevention of Anti-competitive Behaviour

The SEC Compliance Department oversees all issues related to business ethics and is responsible for raising awareness on the prevention of corruption. SEC's Code of Conduct and Ethics was updated during 2019 and is accessible and applicable to all employees. The Code prohibits corrupt offers, promises, and payments made through third parties, in addition to other important areas. Our Conflict-of-Interest Policy aims to prevent, detect, and manage any cases

regarding conflict of interest that occur within SEC.

Our Internal Audit function monitors compliant business behaviours, processes, and performance on a weekly, quarterly, and annual basis. Specifically, the function conducts audits to evaluate if the relevant policies, procedures, and systems are operating as intended, which includes evaluating compliance with laws and regulations. During 2019, a comprehensive benchmarking exercise was

conducted with other Internal Audit functions in similar utility companies around the world, which was used to comprehensively update our risk assessments and subsequent internal audit plan for 2020 - 2022. Updates and enhancements to our internal audit manuals, methodologies, practices, working papers, and templates have also been made.

Human Rights

SEC is committed to promoting and ensuring human rights in alignment with international standards, local laws, and regulations. This includes the ILO principles, and the Royal Decree No. M/96, Dated 16 Ramadan 1439 A.H. approving the Anti-Harassment Law. SEC's approach to human rights and social matters is defined in our Code of Conduct and Ethics. Two broad categories of human rights are defined: civil rights (e.g.: right to life, equality) and economic, social, and cultural rights (e.g.: right to work, right to education). SEC prohibits child labour, forced labour, abuse and harassment including power harassment by superiors, and human rights violations related

to race, religion, gender, national origin, disability, or age. Appropriate measures are taken in the event of any such violation occurring.

We continue to engage and raise awareness among SEC stakeholders regarding our human rights practices. This includes implementing policies for our suppliers and contractors to ensure their full compliance with our standards and local legislation. To ensure enforcement of local legislation, our whistleblowing hotline, operated by Internal Audit, provides a confidential system for employees to report violations, corruption, and illegal behaviour. This hotline service is affixed to

the employees' computers and emails and is available as a mobile application.

In 2020, 125 cases were reported; 70 of them were addressed and 51% of them were true cases. The remaining 55 cases were diverted to other specialized entities. 82% of these cases were related to non-compliance with SEC's policies and guidelines, 10% were related to vulnerabilities in certain company policies, and 8% were related to abusing position of authority.

Anti-discrimination

SEC strives to create a workplace where open and honest communication among all employees is valued and respected. Disrespectful or inappropriate behaviour, unfair treatment, or retaliation of any kind is not tolerated. Recruitment,

placement, development, training, compensation, and advancement at the company is based on qualifications, performance, skills and experience. Zero incidents of discrimination have been recorded since 2016. The number of grievances increased by 35%

in 2020, most of these incidents related to on-the-job training, promotions, and performance appraisal, and 99% of the incidents were addressed or resolved during the year.

Human Rights					
	Description	2017	2018	2019	2020
Anti-discrimination	Total number of incidents of discrimination	0	0	0	0
	Total number of incidents resolved	0	0	0	0
Grievances	Number of grievances filed	933	956	837	1,137
	Number of grievances addressed or resolved	933	956	660	1,128
	Percentage of grievance addressed or resolved during the reporting period	100.0%	100.0%	78.8%	99.2%

Appendix A: SEC Stakeholders

Stakeholder	Modes of Engagement	
Suppliers	<ul style="list-style-type: none"> • SEC Code of Conduct & Ethics • Tendering Process • Supplier Relations & Communications 	<ul style="list-style-type: none"> • Public Reports • Company Website
Employees	<ul style="list-style-type: none"> • Incentive Programs • Consultations & Meetings • Training & Development Programmes • Performance Appraisals 	<ul style="list-style-type: none"> • Rewards & Recognition • Corporate Events • Public Reports
Government	<ul style="list-style-type: none"> • Board & Senior Management Meetings • Partnerships & Programme Participation • General Assemblies 	<ul style="list-style-type: none"> • Engagement with Regulatory Bodies • Public Reports
Local Communities	<ul style="list-style-type: none"> • Charitable Events • Community Programmes • Public Consultation 	<ul style="list-style-type: none"> • Public Relations & Communications • Online Channels/ Company Website • Public Reports
Shareholders	<ul style="list-style-type: none"> • General Assemblies • Investor Relations Activities • Press Releases 	<ul style="list-style-type: none"> • Public Reports • Company Website
Customers	<ul style="list-style-type: none"> • SEC-hotline • Customer Service Feedback • Customer Experience-Focused Programmes 	<ul style="list-style-type: none"> • Online Channels/ Company Website • Call Centers • Public Relations & Communications

Appendix B: List of Acronyms

bps	basis points	ESG	Economic, Social and Environmental
CDM	Clean Development Mechanism	FEMP	Fugitive Emission Management Plan
CER	Carbon Emission Reduction	FGD	Flue Gas Desulfurization
CITC	Communications and Information Technology Commission	GAMEP	General Authority of Meteorology and Environmental Protection
CSR	Corporate Social Responsibility	GEC	General Electricity Corporation
EFQM	European Foundation for Quality Management Institute	GHG	Greenhouse gas
EIA	Environmental Impact Assessments	gWh	Gigawatt hours
ELDC	Executive and Leadership Development Center	H&S	Health and safety
EPC	Engineering, Procurement and Construction	HR	Human Resources
ERM	Enterprise risk management	IMD	International Institute for Management Development
		IPG	Initial Price Guidance

IPP	Independent Power Producer	RE	Renewable energy
IPT	Initial Price Talks	RG	Research groups
IRCA	International Register of Certified Auditors	SAR	Saudi Riyal
ITC	Information Technology and Communication	SBTs	Science Based Targets
IWPP	Independent Water & Power Producer	SCECOs	Saudi Consolidated Electricity Companies
kWh	Kilowatt hours	SCR	Selective Catalytic Reduction
LEED	Leadership in Energy and Environmental Design	SDGs	Sustainable Development Goals
LTI	Lost Time Injuries	SEC	Saudi Electricity Company
mboe	Million barrels of oil equivalent	SF6	Sulphur Hexafluoride
MIT	Massachusetts Institute of Technology	SME	Small and medium-sized
MW	megawatt	SMP	Smart Meter Project
mWh	Megawatt hours	SOx	Sulphur oxides
NCA	National Cybersecurity Authority	SPPC	Saudi Power Purchase Company
NIP	New Issuance Premiums	SPV	Solar photovoltaics
NOx	Nitrogen oxides	SSE	Safety, Security and the Environment
ODS	Ozone Depleting Substances	TTP	Targeted Talent Program
PPA	Power purchase agreements	UN	United Nations
PV	Photovoltaic	VOC	Volatile Organic Compounds
R&D	Research and development	WERA	Water and Electricity Regulatory Authority
RDI	Research, Development and Innovation	XLPE	cross-linked polyethylene

Appendix C: GRI Content Index

GRI STAMP

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organizational profile	
	102-1 Name of the organization	4
	102-2 Activities, brands, products, and services	7
	102-3 Location of headquarters	6
	102-4 Location of operations	7
	102-5 Ownership and legal form	8
	102-6 Markets served	7
	102-7 Scale of the organization	7
	102-8 Information on employees and other workers	40
	102-9 Supply chain	54-55
	102-10 Significant changes to the organization and its supply chain	No significant changes
102-11 Precautionary Principle or approach	21-22	

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 102: General Disclosures 2016	102-12 External initiatives	48
	102-13 Membership of associations	62
	Strategy	
	102-14 Statement from senior decision-maker	5
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	10, 63-64
	Governance	
	102-18 Governance structure	59-60
	Stakeholder engagement	
	102-40 List of stakeholder groups	65
	102-41 Collective bargaining agreements	None
	102-42 Identifying and selecting stakeholders	13
	102-43 Approach to stakeholder engagement	65
	102-44 Key topics and concerns raised	13
	Reporting practice	
	102-45 Entities included in the consolidated financial statements	9
	102-46 Defining report content and topic Boundaries	4
	102-47 List of material topics	13
	102-48 Restatements of information	None
	102-49 Changes in reporting	None
	102-50 Reporting period	4
	102-51 Date of most recent report	2019
	102-52 Reporting cycle	4
	102-53 Contact point for questions regarding the report	4
	102-54 Claims of reporting in accordance with the GRI Standards	4
	102-55 GRI content index	66
102-56 External assurance	None	

Material Topics

GRI 200 Economic Standard Series

	Economic Performance	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	58
	103-2 The management approach and its components	58
	103-3 Evaluation of the management approach	58
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	58
	201-3 Defined benefit plan obligations and other retirement plans	44
	201-4 Financial assistance received from government	11-12
Market Presence		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39
	103-2 The management approach and its components	39
	103-3 Evaluation of the management approach	39-40
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	39-40

GRI Standard	Disclosure	Page number(s) and/or URL(s)
	Indirect Economic Impacts	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	49
	103-2 The management approach and its components	49
	103-3 Evaluation of the management approach	49
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	49
	203-2 Significant indirect economic impacts	49
	Procurement Practices	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	54
	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	54-55
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	55
	Anti-corruption	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	63-64
	103-2 The management approach and its components	63-64
	103-3 Evaluation of the management approach	63-64
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	63-64
	Anti-competitive Behavior	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	63-64
	103-2 The management approach and its components	63-64
	103-3 Evaluation of the management approach	63-64
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	63-64
GRI 300 Environmental Standards Series		
	Materials	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	29,33-34
	103-2 The management approach and its components	29,33-34
	103-3 Evaluation of the management approach	35
GRI 301: Materials 2016	301-2 Recycled input materials used	35
	Energy	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	26, 28-29
	103-2 The management approach and its components	26, 28-29
	103-3 Evaluation of the management approach	26-30
GRI 302: Energy 2016	302-1 Energy consumption within the organization	27,30
	302-2 Energy consumption outside of the organization	27
	302-3 Energy intensity	27
	302-4 Reduction of energy consumption	26-27
	302-5 Reductions in energy requirements of products and services	26-27

GRI Standard	Disclosure	Page number(s) and/or URL(s)
	Water and Effluents	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32, 36
	103-2 The management approach and its components	32, 36
	103-3 Evaluation of the management approach	32-33, 36
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	36
	303-2 Management of water discharge-related impacts	32
	303-3 Water withdrawal	32-33
	303-4 Water discharge	33
	303-5 Water consumption	33
	Biodiversity	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36
	103-2 The management approach and its components	36
	103-3 Evaluation of the management approach	36
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products, and services on biodiversity	36
	Emissions	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	23
	103-2 The management approach and its components	23
	103-3 Evaluation of the management approach	23
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	23
	305-2 Energy indirect (Scope 2) GHG emissions	23
	305-4 GHG emissions intensity	23
	305-5 Reduction of GHG emissions	23
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	23
	Waste	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	33-34
	103-2 The management approach and its components	33-34
	103-3 Evaluation of the management approach	34-35
GRI 306: Waste 2020	306-3 Waste generated	35
	306-4 Waste diverted from disposal	34-35
	306-5 Waste directed to disposal	34-35
	Environmental Compliance	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	21-22
	103-2 The management approach and its components	21-22
	103-3 Evaluation of the management approach	21-22
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	21-22
	Supplier Environmental Assessment	
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	54
	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	55

GRI Standard	Disclosure	Page number(s) and/or URL(s)
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	55
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39, 41, 44
	103-2 The management approach and its components	39, 41, 44
	103-3 Evaluation of the management approach	40, 44
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	40
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	44
	401-3 Parental leave	44
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	44-45
	103-2 The management approach and its components	44-45
	103-3 Evaluation of the management approach	45
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	44-45
	403-2 Hazard identification, risk assessment, and incident investigation	44-45
	403-3 Occupational health services	44-45
	403-5 Worker training on occupational health and safety	45
	403-6 Promotion of worker health	44
GRI 403: Occupational Health and Safety 2018	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	54
	403-9 Work-related injuries	45
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42
	103-2 The management approach and its components	42
	103-3 Evaluation of the management approach	42-43
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	43
	404-2 Programs for upgrading employee skills and transition assistance programs	42-43
	404-3 Percentage of employees receiving regular performance and career development reviews	43
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39
	103-2 The management approach and its components	39
	103-3 Evaluation of the management approach	40
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	40, 59

GRI Standard	Disclosure	Page number(s) and/or URL(s)
Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64
	103-2 The management approach and its components	64
	103-3 Evaluation of the management approach	64
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	64
Human Rights Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64
	103-2 The management approach and its components	64
	103-3 Evaluation of the management approach	43, 64
GRI 412: Human Rights Assessment 2016	412-2 Employee training on human rights policies or procedures	43
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	48-49, 51
	103-2 The management approach and its components	48-48, 51
	103-3 Evaluation of the management approach	48-49, 51
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	48-49, 51
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	54
	103-2 The management approach and its components	54
	103-3 Evaluation of the management approach	55
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	55
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52
	103-2 The management approach and its components	52
	103-3 Evaluation of the management approach	52
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	52
Socioeconomic Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	60
	103-2 The management approach and its components	60
	103-3 Evaluation of the management approach	60
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	60

