

# 04

## ESG

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# Sustainability Strategy and Framework

Sustainability is a core part of Mobyly’s business and long-term strategy for achieving growth and gaining lasting trust. The Company is committed to creating value for all Stakeholders and positively impacting the environment and the national, regional, and global communities. Responsible and transparent governance is a critical part of building trust with customers, employees, partners, and Shareholders.

Mobyly is on a mission to enhance its environmental, social, and governance (ESG) key performance indicators, which fall under 5 strategic areas: Accountable Enterprise, Marketplace and Customers, Responsible Employer, Positive Community Impacts, and Safeguarding the Planet. Mobyly is ramping up its efforts to enhance ESG performance in the years ahead.

## ESG Performance at a Glance

Accountable Enterprise

**Successful conclusion**

of the GAIN strategy and the launch of a new strategy

Positive Community Impacts

**Partnered**

with The Diriyah E-Prix in cooperation with Formula E

Marketplace and Customers

Launched and activated

**Mobyly Pay**

for all users

Safeguarding the Planet

Launched

**the first**

energy-generating tower using environmentally friendly sources

Responsible Employer

**+1,000**

employees attracted by Mobyly’s 2022 Learning Calendar

## Associations and Memberships



Cullen International



SAMENA Telecommunications Council



International Telecommunication Union (ITU)



Global System for Mobile Communications (GSMA)

## Stakeholder Engagement

Mobyly takes a holistic view to Stakeholder management, maintaining collaborative relationships with all Stakeholders and viewing them as important partners. Internally, Mobyly’s Stakeholder groups include its employees, Executives and the Board of Directors. External Stakeholders include customers, Shareholders, suppliers, contractors, communities, regulators and government agencies.

In 2022, Mobyly actively engaged with key Stakeholders through a wide range of channels to understand their views and concerns, which informed the Company’s corporate priorities and business practices. Mobyly’s strategy took into consideration complex and interrelated sustainability issues, with adjustments made to the Company’s business practices and long-term risk management approach.

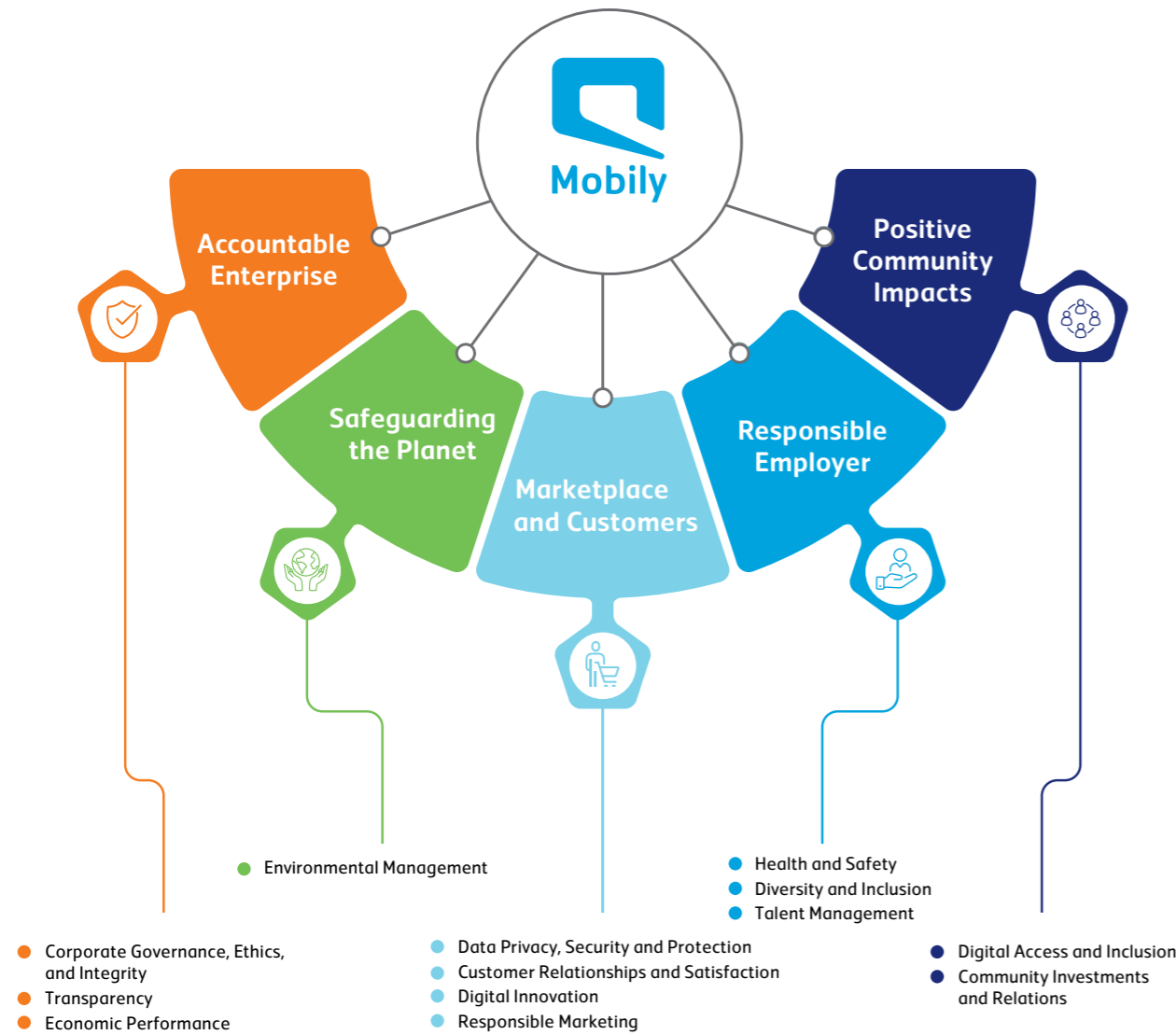


### Sustainability Framework

Mobily's sustainability framework comprises 5 key pillars: Accountable Enterprise, Marketplace and Customers, Responsible Employer, Positive Community Impacts and Safeguarding the Planet. This framework conceptualizes and articulates the Company's strategic commitment to

sustainability. It also articulates and organizes sustainability priorities and serves as a guide for related initiatives and programs.

The following maps out material topics against the 5 pillars of Mobily's sustainability framework:



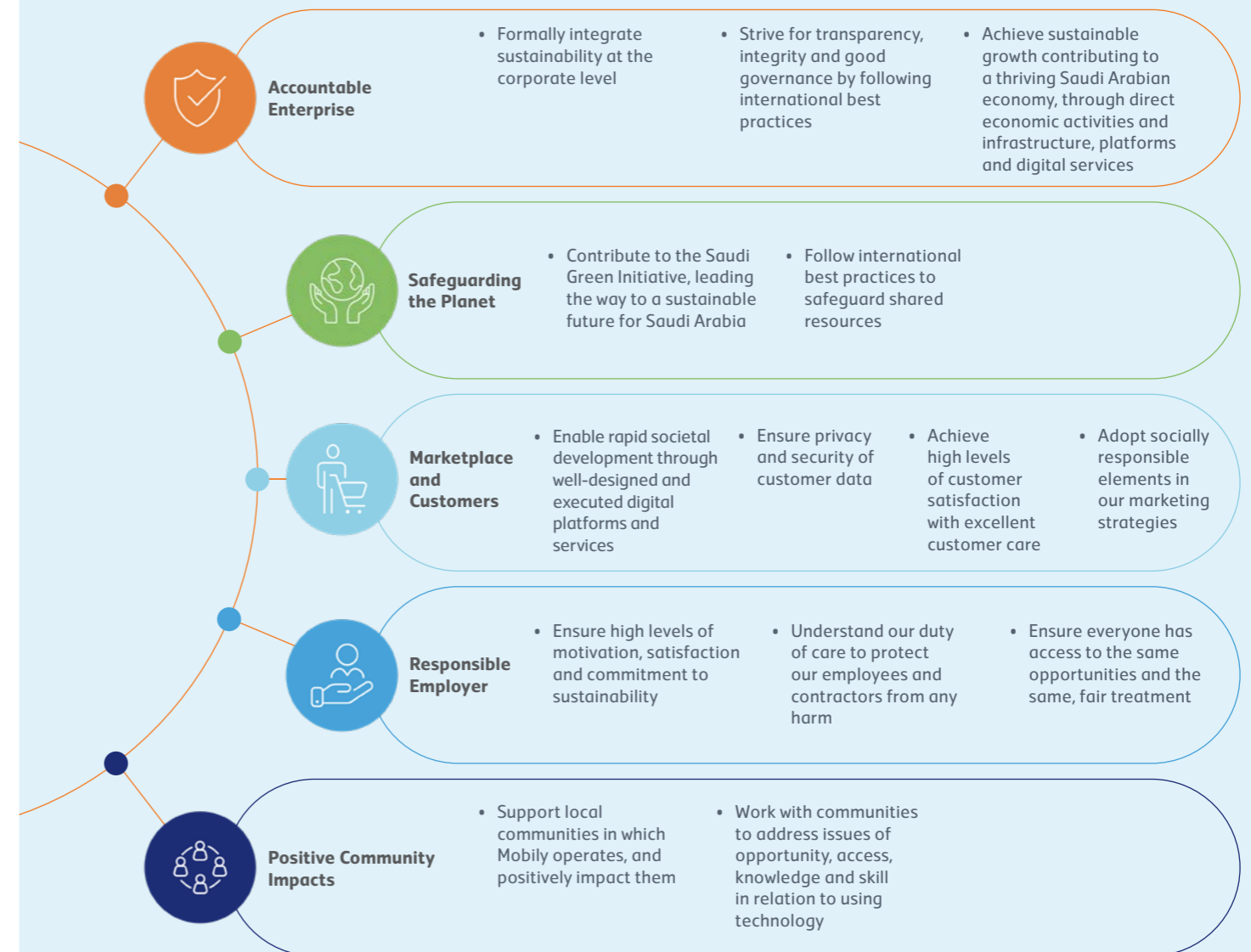
### Sustainability Strategy

Mobily continuously monitors the pulse of global trends. The Company observes and analyzes regional and worldwide patterns and shifts in technological advancements, urbanization, climate change and resource scarcity. The Company recognizes the importance of proactively mitigating risks and capturing opportunities in these areas with the goal of generating economic and social value.

Mobily understands that its success as a company hinges on its ability to create long-term value for Stakeholders. This requires practicing good corporate governance, minimizing risks, advancing responsible environmental stewardship,

and being a compassionate and ethical neighbor. With this in mind, the Company takes its responsibilities seriously and recognizes its commitment to implement programs and practices that minimize risk and improve ESG performance.

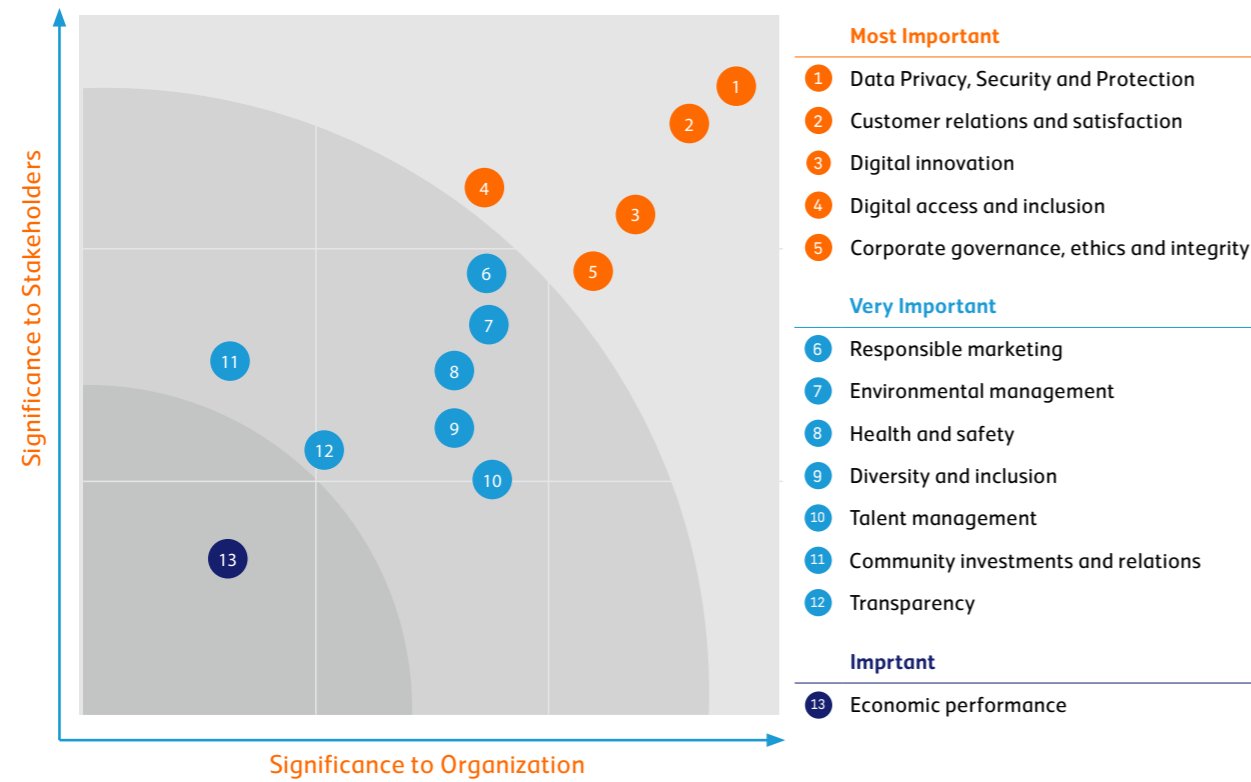
To support these efforts in the coming years, Mobily has developed a sustainability strategy. This strategy outlines its plans to improve ESG performance and contribute to the development of Saudi Arabia, in line with Saudi Vision 2030.



### Materiality Assessment

This year, Mobily reviewed its materiality assessment to stay on top of the latest ESG trends in the telecommunications industry and across Saudi Arabia. The Company's materiality assessment is guided by its sustainability strategy, its values, the results of Stakeholder engagement, recent regulatory developments, Saudi Vision 2030, peer company sustainability disclosures, industry standards and the United Nation's Sustainable Development Goals (UN SDGs). The refreshed materiality assessment helped Mobily to verify focus areas, identify opportunities, and prioritize sustainability topics that matter most to the business and its Stakeholders.

The refreshed assessment identified 13 issues considered as material to Mobily and its Stakeholders, which were consolidated to outline the 5 principles of the sustainability framework. The materiality matrix below identifies these findings. Mobily will continue to evaluate these topics to reflect the evolving priorities of its internal and external Stakeholders on an annual basis.



	Material Issues	Relevant Strategy Pillar	Contribution to SDGs	How Mobily Manage It?
Most Important	1- Data privacy, security and protection	Marketplace & Customers	9 INDUSTRY INNOVATION AND INFRASTRUCTURE	Mobily attaches utmost importance to data privacy, security and protection. It implements the world's best mechanisms such as encryption, truncation, masking and hashing to supplement its data privacy programs.
	2- Customer relations and satisfaction	Marketplace & Customers	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Mobily focuses on customer relations and satisfaction, and continuously evolve our outstanding customer services to enhance customer experience.
	3- Digital innovation	Marketplace & Customers	9 INDUSTRY INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES	Mobily's aim is to deliver new digital opportunities and enable new business ventures, including autonomous transport, Internet of Things (IoT), smart cities and healthcare.
	4- Digital access and inclusion	Positive Community Impacts	8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	Mobily aims to bring advanced technology and equal opportunities to the communities. It serves and supports inclusivity beyond the Company and across Saudi Arabia by providing greater digital access and capabilities.
	5- Corporate governance, ethics and integrity	Accountable Enterprise	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Mobily's corporate governance approach seeks to promote communication, transparency and accountability in order to create long-term value for Shareholders.
Very Important	6- Responsible marketing	Marketplace & Customers	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Mobily's responsible marketing approach is based on being transparent and truthful and is in line with Saudi Arabia's social values and cultures of the communities it serves.
	7- Environmental management	Safeguarding the planet	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	Mobily incorporates more sustainable approaches across its management and operations to minimize greenhouse gas emissions, energy consumption and waste.
	8- Health and safety	Responsible Employer	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	Mobily's approach is multi-faceted and includes safety and risk management initiatives; health, safety, and environment (HSE)-related trainings; and certifications and audits of HSE practices.
	9- Diversity and inclusion	Responsible Employer	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	With its Human Resource policies, Mobily aims to prevent discrimination and ensure fairness and advancement based on merit.
	10- Talent management	Responsible Employer	4 QUALITY EDUCATION, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	Mobily is committed to hiring, developing and retaining talented employees, with a focus on Saudi Nationals in support of Saudi Vision 2030.
	11- Community investments and relations	Positive Community Impacts	3 GOOD HEALTH AND WELL-BEING, 10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS	Mobily aims to build relations with its communities and identify and deliver initiatives that benefit all Stakeholders to help them prosper.
	12- Transparency	Accountable Enterprise	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Mobily has transparent relationships with its Stakeholders to provide them excellent services.
Important	13- Economic performance	Accountable Enterprise	8 DECENT WORK AND ECONOMIC GROWTH	Mobily strives to maintain a sustainable business model, remain financially profitable and create long-term value for investors.

# Accountable Enterprise

**Mobily's long-term success as a company has relied on its strength as an accountable enterprise, with a reputation for transparency, ethics and good governance. The successful conclusion of the GAIN strategy and the launch of the new strategy demonstrated Mobily's resilience and ability to manage risks and challenges while continuing to grow and demonstrate accountability to all Stakeholders.**

**Upgraded ESG rating across 4 renowned ESG indices**

Mobily's ratings and performance indicators from leading global standards organizations continued to improve this year. The Company improved its Dow Jones Sustainability Index (DJSI) S&P Global Corporate Sustainability Assessment Score from 8 to 25, out of 100 points. Its ESG Invest score rose from 28 to 45 out of 100. In the MSCI ESG ratings, Mobily was upgraded from BB to BBB for improved management of ESG risks. In addition, only 3 months after qualifying to join the FTSE Russell ESG index, the Company received a rating upgrade from 1.1 to 1.9 out of 5.

Ethics remain of the utmost priority to and across the Company. This year, Mobily launched its Code of Ethics and Professional Conduct, providing a set of rules and principles to promote ethical behavior at the individual and organizational levels. This includes a strong bribery and anti-corruption policy with clear guidelines on fraud and whistleblowing protection.

Auditing is a continuous and rigorous process for Mobily, having maintained the same external auditor for 7 years. The Company this year updated its Audit Committee Charter. The charter outlines the rules and procedures for the activities and duties of the Committee, meeting frequency, and mechanisms for implementing member duties. It also stipulates the rules for selecting members, including nominations, membership terms, and remunerations.

Mobily prioritizes fairness and accountability with its Shareholders. Any Shareholder with a minimum of 5% ownership can request to convene a General Meeting. Shareholders are also granted a vote on company-wide pay policies approving the remuneration policy at the Annual General Meeting (AGM). Furthermore, Mobily allows qualified Shareholders to nominate Board Directors for election at the AGM. Notably, board voting rights are equal for resident and non-resident Shareholders.



Environment

# Safeguarding the Planet





Through its business and ESG activities, Mobily strives to reduce its negative impact on the environment. This year, the Company conducted several meetings and workshops with internal departments to discuss its environmental sustainability program, including planned initiatives and the corresponding awareness plan.

Responsible electricity and water management is an important concern for Mobily. This year, the Company launched its first tower to generate energy through environmentally friendly sources using wind turbines and solar panels. It also prepared the Sustainability Initiative Policy and Energy Management Plan to achieve a long-term reduction in energy consumption while implementing best-practice standards in energy efficiency as well as a continuous improvement process. Practical initiatives include replacing existing lightbulbs with LED lights, upgrading air conditioning units to energy-saving models, and installing motion sensors and timers to reduce the use of lighting.

Waste management and reduction are also important priorities for Mobily. The Company has targeted general waste such as carton boxes, plastic cups, paper tissues, sales items, plastic materials, and e-waste as target materials for reduction and elimination. This year, recycling processes at Mobily led to a reduction in single-use plastic cups, carton boxes, paper, and plastic materials, specifically. The Company has further plans to reduce the amount of paper used for printing by 80% and to recycle at least 25% of total waste, including e-waste.

Finally, Mobily this year worked to improve the air quality of its workspaces, increasing the number of indoor plants by 10% covering its 3 main regions.

The following outlines Mobily's energy savings along with the 2022 targets:

 Replacement of all the existing bulbs/ fluorescent lights with LED lights <b>Total LEDs planned to install:</b> <b>23,060</b>	 Replacement of energy saving/ smart inverter air conditioners <b>Total HVAC inverters planned to install:</b> <b>591</b>	 Installation of motion sensors in meeting rooms, hallways, lobbies, corridors, WC and the basement area <b>Total motion sensors planned to install:</b> <b>32</b>	 Installation of timers to implement "lights switched off" after office hours and on weekends <b>Total timers planned to install:</b> <b>56</b>
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Key Performance Indicators	2022	2021	2020
Electricity consumption (GWh)	284	202	245
<b>Electrical consumption baseline (SAR)</b>			
Mobily's costs of electricity use in technology	55,996,474	53,452,235	N/A
Mobily's costs of electricity use in offices and warehouses	4,157,907	4,690,804	N/A
Mobily's costs of electricity use in retail stores	2,158,052	2,393,263	N/A



## Social

## Marketplace and Customers

**Closely tied to Mobyly's responsibility to its community is its commitment to providing value to customers and becoming part of their everyday lives. The Company's investments in infrastructure, such as 5G, submarine cables, and data centers, aim to support customers with improved network range and quality, creating ease and opportunities in their lives and businesses. The new Smart Care system is also highly customer centric, offering Business Unit agents a 360-degree view of customers to improve their experience.**

**A new Smart Care system to offer agents a 360-degree view of customers to improve their experience**

Mobyly's ventures into the fintech space aim to expand community access to financial services and improve financial literacy across Saudi Arabia. With its large customer base and strong brand, Mobyly is ideally positioned to offer digital and fintech services to further strengthen customer relationships. By employing its expertise in areas such as mobile payments, data analytics, and customer management, Mobyly can help transform Saudi Arabia's fintech ecosystem with innovative solutions such as Mobyly Pay.

The Company improved its accessibility to customers this year with the launch of Mobyly Fast. By leveraging the technologies of App Clips by Apple and Google Instant, the service allows customers to perform transactions without downloading the Mobyly app or logging into the website. Users can make use of various digital and traditional communication channels in a way that reduces transaction time while providing a pleasant customer experience.

Mobyly also remains highly supportive of and collaborative with its partners. This is exemplified by this year's work to digitalize the entire sales lifecycle in a way that incorporates their needs, for example, unifying the digital wallet with partners' payment systems and integrating commissioning with the partner hierarchy.

The Company continues to consider the preferences of all Stakeholders, including investors. This year, Mobyly redesigned the Investor Relations and Sustainability webpages, with new features and customized solutions to better meet users' needs.

**Venturing into fintech to improve customers' accessibility**



## Social

## Responsible Employer

**Mobily strives to support all its employees by retaining talent, fostering engagement, and promoting learning and development. This year, following an internal assessment of the engagement satisfaction survey, the Company laid out a plan emphasizing its main goals for feeding into the engagement pipeline. Mobily implemented this plan throughout the year by hosting multiple in-house events and activities.**

In 2022, Mobily launched the Change Ambassadors Program, which empowers change enablers within the Company to improve performance and drive productivity. Ambassadors lead the Company's culture to support projects that bring about positive change in the short, medium, and long-term.

Learning and development remains an important pillar of Mobily's employee engagement strategy. This year, the Company activated its e-learning platforms to share structured learning materials and courses with an unlimited number of employees. As part of efforts to build a culture of learning, Mobily announced a Learning Calendar for 2022, which led to more than 1,000 employees participating.

Mobily also has several impactful employee development programs underway. This year, the Successful Performance Improvement Program won "Best Training and Development Program for Graduates" from the Ministry of Human Resources and Social Development. Moreover, as part of efforts to develop employees' human capital skills, Mobily launched the first High Potential (HiPo) Program for a group of 30 top employees to undergo an intensive development journey.

In 2022, the Company focused on enhancing employee wellbeing through internal emails and initiatives promoting a healthy culture. The "Your Health is Our Wealth" initiative, for example, provided tips on and raised awareness about various health and safety subjects.

Mobily also prioritized employees' financial wellbeing by providing special offers on shopping, restaurants, health clubs, spas, hotels, and travel.

**Launched the first HiPo Program for a group of 30 top employees**





**Social****Positive Community Impacts**

**Mobily is an important player in the communities of Saudi Arabia, maintaining its presence as a partner in activities that are key to the fabric and development of Saudi Arabia, in line with Saudi Vision 2030.**

This year, Mobily participated as a platinum sponsor of Saudi Games 2022. The torch for the games passed by Mobily's headquarters, where it was received by our CEO, Eng. Salman Abdulaziz Al Badran. Hosted in Riyadh from 27 October to 7 November, this year's games were the largest national sports event in Saudi Arabia's history.

Mobily was also a diamond sponsor of Seamless Saudi Arabia, an event featuring the latest in the world of payments, financial technology, e-commerce and retail. The prominent event brings together providers of industrial services and solutions, specialized government institutions, and startups and medium-sized companies.

In January 2022, Mobily partnered with the Diriyah E-Prix, in cooperation with Formula E. Supported by the partnership, Formula E fans in Saudi Arabia were able to access original Formula E mobile content throughout the season on Mobily's fast and secure network, unlocking opportunities to engage with the motorsport community around the world. In addition, Mobily engaged fans during the race weekend with online and offline gaming and ticket promotions, elevating their experience at the event.

Formula E is a platform for change across society and supports the Vision 2030 project, with its first Diriyah E-Prix in 2018 making history as the first-ever international motorsport event to be held in Saudi Arabia. As the only all-electric motorsport world championship, Formula E actively promotes electric mobility and renewable energy solutions to reduce air pollution and fight climate change.

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**Participated as a platinum sponsor of Saudi Games 2022**

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**A diamond sponsor of Seamless Saudi Arabia**

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**Partnership with the Diriyah E-Prix, in cooperation with Formula E**

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## Governance

# Board of Directors

### Members of the Board of Directors



#### H.E. Dr. Nabeel Mohamed Al Amudi

Chairman – Independent Member

H.E. Dr. Nabeel Al Amudi is the CEO of the Olayan Financing Company (OFC) and board member for the Olayan Saudi Holding Company (OSHCO) and several other Olayan-related companies. Previous to this role, Dr. Al Amudi served as the Minister of Transport for the Kingdom of Saudi Arabia. Moreover, he oversaw the activities of the Saudi Ports Authority (SPA) as President and Vice Chairman.

Dr. Al Amudi has had the opportunity to assume several leadership positions in many companies and was a member of the Board of Directors for companies that are among the most prominent and leading companies in the Kingdom of Saudi Arabia. He also chaired the Saudi Railways Company (SAR), the United Arab Shipping Company, and the Saudi-based Tabadul Company.

Prior to his government appointments, Dr. Al Amudi enjoyed a distinguished career with Saudi Aramco. He joined Saudi Aramco in 1995 and held a series of important positions in various areas of the company within the Kingdom, particularly in the Law and Corporate Planning functions.

Dr. Al Amudi obtained a Bachelor's degree in Chemical Engineering from Stanford University with distinction in 1995. Dr. Al Amudi also received a JD (Juris Doctorate) from Harvard Law School in 2001, and is a graduate of the Stanford Graduate School of Business Executive Program, and is a member of the New York State Bar Association.

#### Current Board memberships

##### Within Saudi Arabia:

- Olayan Saudi Holding Company – Limited Liability Company
- Imam Abdulrahman bin Faisal University – Government University

#### Previous Board memberships

##### Within Saudi Arabia:

- Saudi Aramco – Listed Joint Stock Company
- Dr. Sulaiman Al-Habib Medical Services Group – Listed Joint Stock Company
- Neom Company – Limited Liability Company
- The Red Sea Development Company – Limited Liability Company
- Saudi Railways Company – Limited Liability Company
- General Authority of Civil Aviation – Government Entity
- Saudi Ports Authority – Government Entity
- Transport General Authority – Government Entity
- Tabadul – Limited Liability Company

##### Outside Saudi Arabia:

- United Arab Shipping Company – Limited Liability Company
- Hapag-Lloyd A.G. – Listed on Frankfurt Stock Exchange
- Aramco Services Company – Corporation incorporated in Delaware, United States of America
- Motiva Enterprises – Limited Liability Company



#### Mr. Suliman Abdulrahman Al Gwaiz

Vice Chairman – Non-Executive Member

Mr. Al Gwaiz was the Governor of the General Organization for Social Insurance (GOSI) from 2013 until his resignation in January 2021. He previously held various positions at Riyadh Bank from 1992, where the last position he held was Deputy CEO from 2002 to 2013. Prior to that, Mr. Al Gwaiz held various positions at the Saudi American Bank (SAMBA Bank) from 1981 to 1992, and the last position he held there was as one of the Corporate Banking Group's Division Heads from 1989 to 1992. Mr. Al Gwaiz has specific experience in the areas of banking operations, finance, credit, and general business management. He holds a Bachelor's degree in Business Administration from the University of Portland, USA. He has also completed 2 Citibank advanced programs in Banking Operations Management (1982) and Corporate Finance (1990).

#### Current Board memberships

##### Within Saudi Arabia:

- Saudi British Bank (SABB) – Listed Joint Stock Company
- Almunajem Foods – Listed Joint Stock Company
- Saudi Industrial Investment Group – Listed Joint Stock Company
- Saudi Arabian Mining Company (Maaden) – Listed Joint Stock Company
- BlackRock Saudi Arabia - Unlisted Joint Stock Company

#### Previous Board memberships

##### Within Saudi Arabia:

- Hassana Investment Company (HIC) – Closed Joint Stock Company
- National Company for Glass Industries (ZOUJAJ) – Listed Joint Stock Company
- National Industries Company (NIC) – Listed Joint Stock Company
- Banque Saudi Fransi – Listed Joint Stock Company
- National Medical Care Co. (Care) – Limited Liability Company
- Ajil Financial Services – Closed Joint Stock Company

##### Outside Saudi Arabia:

- Royal and Sun Alliance Insurance (Middle East) – Closed Joint Stock Company
- MasterCard International (Africa and South Asia) – Limited Liability Company

## Governance

## Board of Directors (continued)



**Eng. Khalifa Hassan Al Shamsi**  
Non-Executive Member

Eng. Al Shamsi was appointed as the CEO of "e&", Etisalat, Company in February 2022. Eng. Al Shamsi is responsible for expanding the digital business portfolio of "e&" Group. He possesses extensive experience in the field of communications and digital services, along with an extensive commercial and technical background, backed by 29 years of experience in the fields of telecommunications, media, information and communication technology.

Eng. Al Shamsi held several leading positions in the electronic services sector, including the Chief Corporate Strategy and Governance Officer, the Chief Digital Services Officer, the Head of Mobile Networks, and the Chief Marketing Officer. Moreover, Eng. Al Shamsi is the Chairman of "eVision" (Television and Multimedia Content Company in the United Arab Emirates), e& money, and STARZPLAY. Eng. Al Shamsi holds a Bachelor's degree in Electrical Engineering from the University of Kentucky, USA.

## Current Board memberships

## Outside Saudi Arabia:

- E-Vision – Limited Liability Company
- Etisalat Technology Services (ETS) – Limited Liability Company
- UAE International Investors Council
- Wio Bank – Unlisted Joint Stock Company
- e& Money E-Portfolio Application – Limited Liability Company
- Playco Entertainment (STARSPRAY) – Limited Liability Company

## Previous Board memberships

## Outside Saudi Arabia:

- Etisalat Afghanistan – Limited Liability Company
- PTCL – Listed Joint Stock Company
- Ufone Company – Limited Liability Company



**Eng. Homood Abdullah Al Tuwaijri**  
Independent Member

Eng. Al Tuwaijri joined Mobyly's Board of Directors in December 2015. He has 30 years of notable experience in the petrochemicals industry, manufacturing, strategic management, economics, financial management, information technology, legal affairs, enterprise risk management, compliance, and governance. Previously, Eng. Al Tuwaijri was Saudi Basic Industry Corp.'s (SABIC) Executive Vice President for Strategic Planning and Finance, Petrochemical Strategic Business Units Coordination, and Supply Chain Management, and last as SABIC's Executive Vice President for Corporate Governance and Control. Eng. Al Tuwaijri held board memberships in the manufacturing, utilities, banking, and insurance sectors, in addition to his memberships on the boards of the Royal Commission for Jubail and Yanbu and the Saudi Ports Authority. He is currently a member of the Board of Directors of the Company for Cooperative Insurance (Tawuniya). Eng. Al Tuwaijri holds a Bachelor's degree in Business and Engineering from the University of Washington in 1980 and a Master's degree in Industrial Engineering from Georgia Institute of Technology in 1983.

## Current Board memberships

## Within Saudi Arabia:

- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company

## Previous Board memberships

## Within Saudi Arabia:

- Alinma Bank – Listed Joint Stock Company
- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company
- Tabuk Cement – Listed Joint Stock Company

## Outside Saudi Arabia:

- Aluminum Bahrain (Alba) – Listed Joint Stock Company



**Eng. Mutaz Kusai Al Azzawi**  
Independent Member

Eng. Mutaz is the managing director of his group of companies. Eng. Al Azzawi has decades of corporate experience, including strategy, governance, mergers and acquisitions, engineering projects, telecommunications, and strategic planning. He also has first-hand experience in financial markets, including FX markets, money markets, equity markets, asset management, derivatives, and structured products. Eng. Al Azzawi holds a Bachelor's degree in Computer Engineering from King Saud University, KSA.

## Current Board memberships

## Within Saudi Arabia:

- Riyadh Bank – Listed Joint Stock Company
- Savola Group – Listed Joint Stock Company
- Arabian Cement Company – Listed Joint Stock Company
- Herfy Food Services – Listed Joint Stock Company (Chairman of the Board)
- Savola Foods – Unlisted Joint Stock Company
- United Sugar Company – Unlisted Joint Stock Company
- Afia International Company – Unlisted Joint Stock Company
- Saudi Industrial Constructions & Engineering Project Company – Limited Liability Company
- Saudi Technology and Trade Company – Limited Liability Company
- Al Wosata Development Company – Limited Liability Company

## Outside Saudi Arabia:

- United Sugar Company (Egypt) – Unlisted Joint Stock Company
- Alexandria Sugar Company – Unlisted Joint Stock Company
- Elmalika Foods – Unlisted Joint Stock Company
- Qatrania Cement – Unlisted Joint Stock Company (Chairman of the Board)
- Ready Mix Concrete and Construction Supplies Company – Listed Joint Stock Company

## Previous Board memberships

## Within Saudi Arabia:

- Merrill Lynch Saudi Arabia – Unlisted Joint Stock Company
- Kusai Al Azzawi and Sons Company – Limited Liability Company

## Outside Saudi Arabia:

- El Farasha Food Industries – Unlisted Joint Stock Company



**Dr. Khaled Abdulaziz Al Ghoneim**  
Independent Member

Dr. Khaled is the founder of Hawaz, a company specializing in management consulting that focuses on providing the necessary solutions to overcome the challenges of the public sector. He is the chairman and co-founder of Mozn, a leading artificial intelligence company specializing in language analysis and financial intelligence to combat financial crimes.

He also established Takamol Company in his capacity as chairman and CEO. Dr. Khaled has held several leading positions in the fields of information technology (IT) and digital transformation, including the position of CEO of Saudi Telecom Company (STC). He was also the founding CEO of Elm Information Security Co., which he developed within 10 years, achieving outstanding growth rates and transforming it from a small cost center into a major profit-generating entity.

Dr. Khaled started his career more than 3 decades ago as an associate professor at King Saud University. In 2001, he was elected chairman of the Saudi Computer Society, where he had the opportunity to lead the first IT strategic plan in the Kingdom of Saudi Arabia. Since then, Dr. Khaled has become a pioneer in the IT industry in the Kingdom of Saudi Arabia.

He has experience in the fields of telecommunications, technology, and engineering. Dr. Khaled holds a Bachelor's degree in Computer Engineering from King Saud University, Saudi Arabia, and a Master's degree and PhD in Electrical and Computer Engineering from Carnegie Mellon University, Pittsburgh, USA.

## Current Board memberships

## Within Saudi Arabia:

- The Company for Cooperative Insurance (Tawuniya) – Listed Joint Stock Company
- Etihad Etisalat Company (Mobyly) – Listed Joint Stock Company
- Al Obeikan – Limited Liability Company
- Bayan Credit Bureau – Limited Liability Company
- Elm Company – Listed Joint Stock Company
- Hawaz Company – Limited Liability Company
- Mozn Company – Limited Liability Company

## Previous Board memberships

## Within Saudi Arabia:

- King Abdulaziz City for Science and Technology (KACST) – Government Entity
- Etihad Etisalat Company (Mobyly) – Listed Joint Stock Company
- Takamol Holding Company – Limited Liability Company
- Unifonic Company – Limited Liability Company
- Saudi Human Resources Development Fund (HADAF) – Government Entity
- THIQAH Business Services – Limited Liability Company
- The Saudi Company for Electronic Information Exchange (TABADUL) – Limited Liability Company
- National Water Company – Government Entity
- The Saline Water Conversion Corporation (SWCC) – Government Entity
- Elm Company – Limited Liability Company

## Governance

## Board of Directors (continued)



**Eng. Hatem Mohamed Dowidar**  
Non-Executive Member

Eng. Dowidar is the CEO of e& (formerly known as Etisalat Group). He joined the Etisalat Group in 2015 as Group COO and was appointed CEO, International Operations, in March 2016. Then he held the position of Group CEO in 2020. He sits on the boards of the subsidiaries, including the Abu Dhabi Chamber of Commerce and Industry and the Board of Trustees of Khalifa University. Prior to joining Etisalat Group, Eng. Dowidar was the Group Chief of Staff for Vodafone Group, based in London. He brings 30 years of experience in multinational companies, and more than 24 years of these within the telecommunications industry across various leadership positions in multinational companies.

Eng. Dowidar has a long track record of achievements in the various leadership positions he held at Vodafone Group and its subsidiaries, including Group Core Services Director, CEO of Vodafone Egypt, Chairman and CEO of Vodafone Malta, CEO of Partner Markets with partnerships covering over 45 markets, and Regional Director of Emerging Markets. He also has extensive Corporate Governance experience from his representation as Chairman and Board Member in several companies within and outside the telecommunications industry.

Eng. Dowidar holds a Bachelor's degree in Communications and Electronics Engineering from Cairo University and an MBA from the American University in Cairo.

#### Current Board memberships

##### Outside Saudi Arabia:

- Maroc Telecom – Listed Joint Stock Company
- Etisalat Misr (Etisalat Egypt) – Unlisted Joint Stock Company
- Pakistan Telecommunications Company (PTCL) – Limited Liability Company
- New Giza for School Management (NGSM) – Unlisted Joint Stock Company
- Innovative Foods Company – Unlisted Joint Stock Company
- GSMA (Global System for Mobile Communications) – Unlisted Joint Stock Company
- Abu Dhabi Chamber of Commerce and Industry – Government Entity
- Khalifa University – Government Entity

#### Previous Board memberships

##### Outside Saudi Arabia:

- Etisalat Nigeria – Limited Liability Company
- Attijariwafa Bank Egypt – Listed Joint Stock Company
- Barclays – Listed Joint Stock Company
- Vodacom South Africa – Listed Joint Stock Company
- Vodafone Egypt – Unlisted Joint Stock Company
- Vodafone Malta – Unlisted Joint Stock Company
- Elsewedy Electrometer – Unlisted Joint Stock Company



**Dr. Mohammed Karim Bennis**  
Non-Executive Member

Dr. Bennis is the CFO of e& Group. Dr. Bennis has international experience in Europe in various industries, including manufacturing, retail, and heavy equipment, along with his expertise in telecommunications. Dr. Bennis is a member of the Board, Investment / Finance Committee, and Audit Committee of Etisalat Egypt and Pakistan Telecommunication Company Ltd. (PTCL Group). He also serves on the board and audit committee of Maroc Telecom Group and Atlantique Telecom Holding. In his previous roles, Dr. Bennis served as Deputy Managing Director in charge of Finance at Tractafic Motors Corp. (Optorg Group), and his roles included Finance Controller, Strategic Planning, and Subsidiaries Management of Maroc Telecom (7 years as a Seconded of Vivendi Group), and Group Financial Controller European Division of Crown Cork & Seal Company (CCS) in Paris.

Dr. Bennis holds a Master's degree in Economics and Corporate Finance from Sciences-Po Paris, an MBA from Ecole Nationale des Ponts & Chaussées (ENPC), and a PhD in Economics and Technology from the Conservatoire National des Arts & Métiers in Paris. He also successfully completed the Executive Chief Financial Officer Program at Columbia Business School in New York.

#### Current Board memberships

##### Outside Saudi Arabia:

- Etisalat Misr (Etisalat Egypt) – Unlisted Joint Stock Company
- Pakistan Telecommunications Company (Ufone) – Limited Liability Company
- Atlantique Telecom – Unlisted Joint Stock Company
- Maroc Telecom – Listed Joint Stock Company



**Eng. Ahmed Abdelsalam Aboudoma**  
Independent Member

Eng. Aboudoma is a seasoned telecommunications expert with over 27 years in the MICT industry. Through his journey, he was at the helm of many telecommunications operators in exciting startup phases as well as through challenging turnarounds. He oversaw an operations portfolio spanning 14 countries on 3 continents. Eng. Aboudoma previously worked as a Chief Investment Advisor to help the Egyptian Government on a pro-bono basis in the Ministry of Planning and the Suez Canal economic zone. He also held the positions of Mobyly CEO and Group EVP for Asia and Africa Business Unit in Vimpelcom (listed in Nasdaq). He moved to Global Telecom, listed on both the London and Cairo stock exchanges, after holding the position of Orascom CEO Telecom Holding (OTH).

Eng. Aboudoma holds a Bachelor of Science in Electronics and Communication Engineering from Cairo University. He has received the "Telecom Business Planning Award" from the ITU, based in Switzerland. He completed the International Executive Program (IEP) from INSEAD Business School (France and Singapore).

#### Current Board memberships

##### Outside Saudi Arabia:

- National Bank of Kuwait – NBK, Egypt – Listed Joint Stock Company
- Unimas Capital – Unlisted Joint Stock Company

#### Previous Board memberships

##### Outside Saudi Arabia:

- National Telecommunication Regulatory Authority (NTRA), Egypt – Government Entity
- Global Telecom Holding, Egypt – Listed Joint Stock Company
- Orascom Telecom and Media Technology (OTMT), Egypt – Listed Joint Stock Company
- International Telecommunications Consortium Limited, UK – Unlisted Joint Stock Company
- Vimpelcom, Netherlands – Listed Joint Stock Company
- Pakistan Mobile Communications Limited, Pakistan – Unlisted Joint Stock Company
- Orascom Telecom Ventures, Egypt – Unlisted Joint Stock Company
- Orascom Telecom Bangladesh – Unlisted Joint Stock Company
- Oratel International Inc. Limited, Malta – Unlisted Joint Stock Company
- Orascom Telecom Algeria, Algeria – Unlisted Joint Stock Company
- Sotelco Ltd. Cambodia – Unlisted Joint Stock Company
- Millicom Lao Co. Laos Republic – Unlisted Joint Stock Company



**Mr. Abdulkarim Ibrahim Al Nafie**  
Independent Member

Mr. Al Nafie joined the Board of Directors of Mobyly in December 2021 and is a Board member of a number of joint stock companies. He has extensive experience with industrial facilities in the public and private sectors. He previously held many different supervisory and leadership positions, including the Director General of the Saudi Industrial Development Fund and the CEO of the Saudi Ceramic Company.

Mr. Al Nafie is a graduate of Accounting and Management from Whitworth University, in 1980. He has completed a number of advanced finance and management studies at several international universities and institutes, such as Chase Manhattan Bank, INSEAD, MCE Europe, UCLA and University of Cranfield.

#### Current Board memberships

##### Within Saudi Arabia:

- Astra Industrial Company – Listed Joint Stock Company
- Bawan Industrial Company – Listed Joint Stock Company
- United Cement Company – Closed Joint Stock Company
- Al Moammar Information Systems Company – Listed Joint Stock Company
- Riyadh Steel Company – Closed Joint Stock Company
- Maan Aljaser & Partners Closets Company – Closed Joint Stock Company

#### Previous Board memberships

##### Within Saudi Arabia:

- Saudi National Shipping Company – Listed Joint Stock Company
- Naseej – Listed Joint Stock Company
- United Juices Company – Closed Joint Stock Company
- Saudi Ceramic Company – Listed Joint Stock Company
- Ceramic Pipes Company – Closed Joint Stock Company

##### Outside Saudi Arabia:

- Syrian Saudi Company – Government Entity

## Governance

# Board of Directors (continued)

### Board of Directors' Meetings and Attendance

The Company's Board of Directors held 7 meetings during 2022, as shown in the table below. The Board has allocated sufficient time to carry out its duties, including preparing for Board meetings and the meetings of the Company's committees and ensuring their attendance at meetings.

It is worth noting that the current term of the Board of Directors began on 01 December 2021, for a period of 3 years ending on 30 November 2024. The following are the board meetings and members' attendance record:

Sr.	Name	Position / Membership Type	13 March	28 March	23 May	06 September	19 September	07 November	09 December
1	Nabeel Mohamed Al Amudi	Chairman – Independent Member	Present	Present	Not Present	Present	Present	Present	Not Present
2	Suliman Abdulrahman Al Gwaiz	Vice Chairman – Non-Executive Member	Present	Present	Present	Present	Present	Present	Present
3	Khalifa Hassan Al Shamsi	Non-Executive Member	Not Present	Present	Present	Present	Present	Present	Present
4	Ahmed Abdelsalam Aboudoma	Independent Member	Present	Present	Present	Not Present	Present	Present	Present
5	Hatem Mohamed Dowidar	Non-Executive Member	Not Present	Present	Present	Present	Present	Present	Present
6	Mohammed Karim Bennis	Non-Executive Member	Not Present	Present	Present	Present	Present	Present	Present
7	Mutaz Kusai Al Azzawi	Independent Member	Present	Present	Present	Present	Present	Present	Present
8	Homood Abdullah Al Tuwajiri	Independent Member	Present	Present	Present	Present	Present	Present	Present
9	Khaled Abdulaziz Al Ghoneim	Independent Member	Present	Present	Present	Present	Present	Present	Present
10	Abdulkarim Ibrahim Al Nafie	Independent Member	Present	Present	Present	Present	Present	Present	Present

### The Company's Committees

In accordance with the Articles of Association of the Company and the Corporate Governance Regulations issued by the CMA, the following Committees are formed:

#### Audit Committee

The Audit Committee was formed pursuant to a decision of the General Assembly of the Company, held on 29 November 2021, for the current term starting from 01 December 2021 to 30 November 2024.

The following are the members of the Committee who are not members of the Board of Directors:

#### Mr. Abdulaziz Ibrahim Alnowaiser

Non-Board Member serving as a member of the Audit Committee

Mr. Alnowaiser is currently the CEO of Tahakom Investment Co., and he is the Chairman and a member of the Boards

of Directors and Audit Committees for several listed and unlisted companies. Previously, he held a number of leadership and advisory positions in other companies and worked as a lecturer in the Accounting Department at King Saud University in Riyadh. Mr. Alnowaiser holds a Master's degree in Accounting with 2 majors in Finance and Information Systems from Case Western Reserve University in the United States and a Bachelor's degree in Accounting from King Saud University in Riyadh, in addition to a number of professional certificates in accounting, auditing, and financial management.

#### Mr. Mohammed Othman Alsubaie

Non-Board Member serving as a member of the Audit Committee

Currently, Mr. Alsubaie is retired and a member and chair of a number of audit committees in joint-stock and government companies. In addition, he is active in various professional businesses. Mr. Alsubaie has more than 35

years of experience in the areas of internal audit, finance, governance, and risk management. His last position was Auditor General at Saudi Aramco from 2015 to 2018. He has also held several leadership positions in Saudi Aramco from 1993 to 2013. Mr. Alsubaie is a graduate of the Executive

Management Program from Oxford University in the United Kingdom. He has a Master's degree in Accounting from King Fahd University of Petroleum and Minerals in 1991 and a Bachelor's degree in Management from Columbia College in the United States.

The Audit Committee held 9 meetings during 2022, below are the meetings of the Audit Committee and the attendance record of members:

Name	Position / Membership Type	18 January	20 February	09 March	20 April	27 June	27 July	03 August	20 October	12 December
Abdulaziz Ibrahim Alnowaiser	Chairman of the Committee – Non-Board Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mohammed Othman Alsubaie	Non-Board Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Homood Abdullah Al Tuwajiri	Independent Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Mohammed Karim Bennis	Non-Executive Member	Present	Present	Present	Present	Present	Present	Present	Present	Present
Ahmed Abdelsalam Aboudoma	Independent Member	Present	Present	Present	Present	Not Present	Present	Not Present	Present	Present

The Audit Committee is responsible for monitoring the Company's business and verifying the integrity of its financial statements and reports and internal control systems.

- Examining the Company's accounting policies and providing feedback and recommendations to the Board of Directors in this regard.

The duties and responsibilities of the Committee include:

### 2- Internal Audit

#### 1- Financial Reports

- Reviewing the interim and annual financial statements before their submission to the Board of Directors, and providing feedback and recommendations in this regard, to ensure their integrity, fairness, and transparency.
- At the request of the Board of Directors, the Committee shall provide its technical opinion on whether the Board of Directors report and the financial statements are fairly, consistently, and coherently presented and contain appropriate information to enable Shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Examining any serious or abnormal matters that are contained in the financial reports.
- Examining such matters as may be raised by the CFO, any person assuming the CFO's duties, or the Company's Compliance Officer or Auditor.
- Examining the accounting estimates in respect to significant matters that are contained in the financial reports.

- Examining and reviewing the Company's internal and financial control systems and risk management system.
- Reviewing the Internal Audit reports and monitoring the modifications and corrections of the observations contained therein.
- Monitoring and supervising the performance and activities of the CEO of the Company's Internal Audit Department, and the Internal Audit Department itself to ensure the availability of necessary resources and their efficiency in fulfilling department responsibilities and duties.
- Recommending to the Board of Directors the appointment of the CEO of the Internal Audit Unit and proposing his/her remunerations.
- Approving the annual plan and estimated budget of the Internal Audit Department.

### 3- External Auditor

- Recommending to the Board of Directors the nomination and dismissal of External Auditors, in addition to determining their remunerations, evaluating their

## Governance

# Board of Directors (continued)

performance after verifying their independence, and reviewing their scope of work and terms of contracting with them.

- Examining the External Auditor's independence, objectivity, and fairness, and the effectiveness of the audit work, while considering relevant rules and standards.
- Reviewing the External Auditor's plan and duties, while ensuring that the External Auditor does not provide any technical or administrative services that are beyond the scope of the audit duties, and offering the Committee's insights in this regard.
- Responding to the External Auditor's inquiries.
- Reviewing the External Auditor's report and comments on the financial statements and following up with the actions to be taken in this regard.

### 4- Ensuring Compliance

- Reviewing the results of the reports made by regulatory entities and ensuring that the Company has taken the necessary actions in this regard.
- Ensuring that the Company is complying with the relevant regulations, rules, policies, and instructions.
- Reviewing the proposed contracts and transactions with related parties and submitting its findings to the Board of Directors.
- Reporting any issues to the Board in connection with what it deems necessary to act on while providing recommendations on the steps that should be taken.
- Proposing policies and procedures that Stakeholders should follow in submitting their complaints or reporting any violations.

### 5- Arrangements for Submitting Comments

The Committee shall make arrangements to enable the Company's employees to confidentially submit their notes or reports about their concerns or observed violations, with regards to financial reports and other matters. The Committee shall also ensure the effective implementation of measures through appropriate, independent investigations on the size of reported breaches, errors, infringements, inaccuracies, or violations and take appropriate follow-up actions.

### 6- Duties and Responsibilities of the Committee Members

Each member of the Committee shall abide by the principles of integrity, honesty, loyalty, care, and concern for the interests of the Company and the Shareholders and prioritize them over

his/her personal interests, including in particular:

- Complying with the provisions of the Company's law, the capital market law, their executive regulations, related laws, and the Company's Articles of Association when exercising their duties and competences, and refraining from taking or participating in any action that may harm the Company's interests.
- Regularly attending the Committee meetings and actively participating in its responsibilities, while informing the Head of the Committee of the reasons for the absence from the Committee meetings.
- Maintaining the confidentiality of the Company's sensitive information. No member of the Committee may disclose any confidential information of the Company that he/she comes to know through his/her work to Shareholders, in a meeting other than the General Assembly, or to any third party. Otherwise, he/she shall be dismissed, held accountable, and demanded to pay compensation for any ensuing damage.
- Refraining from participation in any executive work at the Company.
- Performing due professional diligence to conduct the work assigned to him/her, while remaining up to date with recent developments related to the Company's business.
- Refraining from participation in any acts or activities involving breach of honor and trust, directly or indirectly, or conflicting with his/her duties and responsibilities towards the Company, and ensuring that he/she does not prioritize personal interests over the Company's.
- Not to accept any valuable items from any employee, subordinate, client, supplier, or other person having a business relationship with the Company, that could weaken the independence of the member in terms of form and substance or would affect or be presumed to affect any decisions taken by the member.
- Disclosing to the Board of Directors any transactions that have been conducted or are likely to be conducted between himself/herself and the Company, the nature of such transactions, and his/her relationship with the Board of Directors and the Executive Management of the Company, according to the Conflict-of-Interest Policy and the Professional Code of Conduct approved by the Company.
- Effectively participating in Committee meetings by considering and discussing the issues on the agenda.

### Executive Committee

The Executive Committee was formed by the Board of Directors for the current term, starting from 01 December 2021 and ending at the end of the Board's term on 30 November 2024. During 2022, the Committee held 5 meetings. Below are the Committee meetings and the members' attendance record:

Name	Position/ Membership Type	08 February	07 April	09 May	05 September	05 December
Nabeel Mohamed Al Amudi	Chairman of the Committee – Independent Member	Present	Present	Present	Present	Present
Suliman Abdulrahman Al Gwaiz	Non-Executive Member	Present	Present	Present	Present	Present
Hatem Mohamed Dowidar	Non-Executive Member	Present	Present	Present	Present	Present
Khalifa Hassan Al Shamsi	Non-Executive Member	Present	Present	Present	Present	Present
Mutaz Kusai Al Azzawi	Independent Member	Present	Present	Present	Present	Present

The duties and responsibilities of the Committee include:

1. Exercising the powers entrusted by the Board to manage and direct the business of the Company, with the exception of:
  - Amending the Company's Articles of Association
  - Electing or dismissing members of the Board
  - Approving or amending the budget, except in accordance with the Company's delegation of authority
  - Making substantial structural changes, such as changing the Company's capital, mergers and acquisitions, sale of assets, joint ventures or other similar arrangements, liquidating or suspending the Company's business or dissolving the Company
  - Borrowing any amounts
  - Any powers and responsibilities expressly delegated to other Board Committees
  - Any other matters that cannot be delegated by the Board under the applicable regulations or the Company's Articles of Association
2. Following up on the Company's strategic plans for the long, medium and short-term and revising them

from time to time and recommending to the Board of Directors any update or modification when deemed necessary.

3. Acting as a guide for the Company's Management on emerging issues and investment opportunities.
4. Reviewing fundamental legal issues and emerging lawsuits.
5. Approving the appointment of advisory bodies in case the appointment exceeds Management's authority in approving such bodies.
6. Filing reports to the Board of Directors regarding decisions or procedures taken by the Committee or that require the approval of the Board.
7. Such other matters as assigned by the Company's Board of Directors.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee was formed by the Board of Directors for the current term starting from 01 December 2021 and ending at the end of the Board's term on 30 November 2024. During 2022, the Committee held 6 meetings. Below are the Committee meetings and the members' attendance record:

Name	Position/ Membership Type	14 February	07 March	19 April	31 May	04 October	05 December
Mutaz Kusai Al Azzawi	Chairman of the Committee – Independent Member	Present	Present	Present	Present	Present	Present
Khalifa Hassan Al Shamsi	Non-Executive Member	Present	Present	Present	Present	Present	Present
Abdulkarim Ibrahim Al Nafie	Independent Member	Present	Present	Present	Present	Present	Present

## Governance

# Board of Directors (continued)

The duties and responsibilities of the Committee include:

1. Giving recommendations to the Board of Directors regarding nominated members in accordance with the approved policies and criteria, ensuring that nominees have not been charged with any crimes against honor and integrity.
2. Recommending to the Board of Directors to nominate and re-nominate members of the Audit Committee.
3. Proposing a new member to the Board after consulting with the Audit Committee to appoint him temporarily as a member when the position of an Audit Committee member becomes vacant.
4. Proposing clear policies and conditions for the membership of the Board of Directors and Executive Management and developing special procedures to deal with situations when a position of a member of the Board of Directors or Executive Management becomes vacant.
5. Annually reviewing the Board's requirements of skill and experience and preparing a description of qualifications and capabilities required in nominees for Board membership and Executive Management.
6. Reviewing the Board of Directors' and Executive Management's structure and giving recommendations on proposed changes.
7. Determining the strengths and weaknesses of the Board of Directors and proposing solutions that align with the Company's best interests.
8. Annually examining and ensuring independence of Independent Board Members and the absence of any conflicts of interest if a Director is at the same time a member of another company's Board of Directors.
9. Developing clear policies outlining the remuneration and rewards of members of the Board and its Committees and Executive Management. These policies should be based on performance related criteria and shall be disclosed, verified and submitted to the Board for consideration before being adopted by the General Assembly.
10. In selecting nominees for Board membership, the Committee shall consider several factors, including but not limited to:
  - Integrity, honesty and responsibility
  - Proven leadership experience and strong business acumen
  - Future foresight and strategic focus
  - Cooperation
11. Ensuring that there is an induction program for new members of the Board of Directors.
12. The Committee shall provide continuous education and training programs and make sure that the Board of Directors is kept informed of the latest developments in the telecom industry.
13. The above paragraph shall be treated in accordance with the Company's approved policy on training programs and business trips.
14. Checking the stability of the Company's job positions and overseeing the Company's preparation of a succession plan, particularly for the Executive Management.
15. When nominating members for the Board of Directors, the Committee shall consider the terms and conditions of the Corporate Governance Regulations and the requirements set by the Capital Market Authority (CMA).
16. The number of nominees for the Board of Directors whose names are proposed to the General Assembly shall exceed the number of available seats in order for the General Assembly to choose from among them.
17. Developing job descriptions for Executive, Non-Executive and Independent Members and Senior Executives.
18. Clarifying the relationship between the remuneration awarded and the applicable remuneration policy and indicating any material deviation from this policy.
19. Regularly reviewing the remuneration policy and evaluating its effectiveness in achieving the intended objectives.
20. Recommending the remuneration of the Board of Directors, the Board Committees and Executive Management in accordance with the approved policy.
21. The Committee shall examine the subjects assigned to it or referred to it by the Board of Directors and submit its recommendations to the Board of Directors for decision, or the Committee shall make decisions if authorized by the Board.
22. The Board report submitted to the General Assembly shall indicate the number of Committee meetings and how many times each member was present at those meetings.

- Independence and lack of conflicts of interest
- Ability to devote the time necessary to fulfil the responsibilities of a Board member

## Risk Management Committee

The Risk Management Committee was formed by the Board of Directors for the current term, starting from 01 December 2021 and ending at the end of the Board's term on 30 November 2024. During 2022, the Committee held 4 meetings. Below are the Committee meetings and the members' attendance record:

Name	Position / Membership Type	08 February	14 April	31 July	26 October
Homood Abdullah Al Tuwaijri	Chairman of the Committee – Independent Member	Present	Present	Present	Present
Khaled Abdulaziz Al Ghoneim	Independent Member	Present	Present	Present	Present
Mohammed Karim Bennis	Non-Executive Member	Present	Present	Present	Present
Ahmed Abdelsalam Aboudoma	Independent Member	Present	Present	Present	Present

The duties and responsibilities of the Committee include:

1. Reviewing and evaluating the safety and efficiency of risk management within the Company.
2. Monitoring the implementation of the risk management framework and strategy.
3. Reviewing tolerance levels and risk limits, related reports and the necessary procedures applied, to reduce risks that occur.

The Committee's assignment lasts throughout the term of the Board of Directors and expires at the end of this period. The regulations of the Committee include controls to enable the Board to routinely follow up on its work and to verify actions assigned to it. These include Committee meetings, recommendations and how to notify the Board of Directors of such recommendations.

## Statement of Interest, Contractual Securities or Rights Issue of the Board Members and their Relatives on Shares or Debt Instruments of the Company or its Affiliates

Name	No. of Shares at start of 2022	No. of Shares at end of 2022	Net Change	Percentage Change
Nabeel Mohamed Al Amudi	55	55	-	-
Suliman Abdulrahman Al Gwaiz	17,439	25,613	8,174	46.87%
Khalifa Hassan Al Shamsi	-	-	-	-
Homood Abdullah Al Tuwaijri	217,005	217,005	-	-
Mutaz Kusai Al Azzawi	500	500	-	-
Khaled Abdulaziz Al Ghoneim	33,500	26,000	(7,500)	(22.39%)
Hatem Mohamed Dowidar	-	-	-	-
Mohammed Karim Bennis	-	-	-	-
Ahmed Abdelsalam Aboudoma	-	-	-	-
Abdulkarim Ibrahim Al Nafie	20,109	20,109	-	-

It is worth noting that there are no interest, contractual securities or rights issues for the Board of Directors' members and their relatives in the shares or debt instruments of affiliates.

## Assessment of the Board of Directors' Performance

With a view to the continuity and development of the Board of Directors' performance, meeting regulatory

requirements, implementing the best practices in the field of governance, and enhancing the effectiveness of the Board, Mobily engaged Governance Compass Company, a specialized consultant, in November 2022, to assess the effectiveness and performance of the Board. All members of the Board and its Committees proved transparent and cooperative as they responded to the requirements of the independent consultant. The final assessment results will be submitted to the Board of Directors in March 2023.

## Governance

# Executive Management

### Senior Executives

#### Eng. Salman Abdulaziz Al Badran

##### Chief Executive Officer

Eng. Al Badran is currently the CEO of Mobily. He implemented the comprehensive transformation program to highlight the Company's position in the competitive telecom market. Eng. Al Badran was appointed as the CEO of Kuwait Telecom Company (VIVA). He has over 25 years of experience as a CEO in the telecommunications sector, with a proven track record of delivering operational excellence across all major businesses by integrating them into effective business strategies. His technical expertise includes the areas of telecommunications and GSM cellular networks, specifically infrastructure implementation, supplier management, cost optimization, and operations management. He has a Bachelor's degree in Applied Electrical Engineering from King Fahd University of Petroleum and Minerals (Saudi Arabia).

#### Mr. Khalid Abdulrahman Abanami

##### Chief Financial Officer

Mr. Abanami is currently the CFO of Mobily and a member of boards and audit committees of several companies and government entities. He held the positions of CFO and Vice President (VP) of Shared Services at the Saudi Railway Company and Financial Controller at the National Water Company. He also held several positions over 14 years in the telecommunications sector, where he headed the reporting, planning, and budgeting activities for STC Group, in addition to several positions in STC Group and the Kuwait Telecom Company (VIVA), where he managed the finance, logistics, facility management, and contract teams during the establishment of the subsidiary in Kuwait. He previously held the position of Finance Lecturer at the College of Business Administration at King Saud University (Saudi Arabia). Mr. Abanami has over 25 years of experience in academic and professional areas such as financial and strategic management, accounting, operation management, and telecommunications. Mr. Abanami holds a Bachelor's degree in Finance from King Saud University (Saudi Arabia) and an MBA from Sam M. Walton College of Business, University of Arkansas, USA – Fayetteville.

#### Mr. Ismail Saeed Al Ghamdi

##### Chief Consumer Officer

In addition to his current position, Mr. Al Ghamdi is the Board Chairman of Mobily Digital Financial Company and Sehati for Information Technology Services. At Mobily, Mr.

Al Ghamdi previously held several positions, including Chief Business Officer, Chief Corporate Strategy Officer, Chief Customer Care Officer, and Chief Wholesales and Carrier Services. Before joining Mobily, he was the Operations Director at Cisco Systems and worked as Microsoft's Deputy General Manager. He also served as a board member of the National Company for Business Solutions (NCBS), Mobily Ventures, and Mobily Infotech, India Private Limited. Mr. Al Ghamdi has more than 25 years of experience in telecommunications, information technology, operations management, and strategic management in leadership, technical, strategic, planning, and revenue generation areas. Mr. Al Ghamdi holds a Bachelor's degree in Computer Science from King Abdulaziz University, KSA, and has completed the Leadership Development Program at Harvard Business School, USA.

#### Eng. Majed Abdulaziz Al Otaibi

##### Chief Business Officer

Eng. Al Otaibi is currently the Chief Business Officer of Mobily and is proficient in managing high-value relationships on an executive level. Eng. Al Otaibi previously held several positions at STC for nearly 14 years. He brings more than 20 years of executive ICT experience in the leading ICT players and extensive experience in B2C and B2B marketing and sales. Eng. Al Otaibi holds a Bachelor's degree in Electrical, Electronics and Communication Engineering from King Saud University (Saudi Arabia). He has attended executive programs from leading international universities like INSEAD, Hult Ashridge Executive Education, and the University of Chicago's Booth School of Business.

#### Eng. Alaa Abdulhameed Malki

##### Chief Technology Officer

Eng. Malki is currently the Chief Technology Officer of Mobily and the Chairman of the Saudi National Fiber Network (SNFN). He previously held the position of Chairman of Bayanat Co., in addition to several positions at Mobily over a period of 17 years, where he held the positions of Chief Network Officer and the Planning and Development Manager. Eng. Malki also served as the Network Development Manager at Nokia and team leader at Saudi Telecom Company (STC). He has over 23 years of experience in the telecommunications sector, in strategic and operational areas, and in network and IT project management. Eng. Malki has a Master of Business Administration from the University of Leicester, UK, and a Bachelor's degree in Electrical Engineering from King Fahd

University of Petroleum and Minerals, KSA. He has also completed a Leadership Development Program at Harvard Business School, USA.

#### Mr. Majed Abdullah Al Shabana

##### Chief Legal and Corporate Affairs Officer

Mr. Al Shabana is currently the Chief Legal and Corporate Affairs Officer at Mobily. Mr. Al Shabana was the General Manager of Legal Affairs at Saudi Telecoms Company (STC), where he was responsible for overseeing multiple legal practice areas such as litigation, legal advisory and studies, contracts and agreements, investigation, compliance, digitalization, legal strategies, and corporate governance. He has more than 20 years of extensive legal and corporate affairs experience in the information and telecommunications technology industry. He has a Bachelor's degree in Islamic Studies from Imam Muhammad bin Saud Islamic University, KSA.

#### Eng. Mohammed Khalil Al Shammari

##### Chief Human Resources Officer

Eng. Al Shammari is currently the Chief Human Resources Officer, in addition to the positions of Vice Chairman of Mobily Pay, and a Board Member of the National Company for Business Solutions (NCBS). He was previously a board member of the Saudi Railway Polytechnic and held the position of Human Resources and Administration Director at the Saudi Arabian Railway (SAR). Before moving to Al Faisaliah Group as the Head of HR and Administration, Eng. Al Shammari assumed roles for the Manpower Planning

Function at Bank Al Bilad and the Saudi Electricity Company. Eng. Al Shammari has over 15 years of experience in human resource management, including institutional and organizational development, talent management, and strategic planning. Eng. Al Shammari holds a Mini Master's in Business Administration Management and Strategic Leadership from Harvard Business School and a Bachelor's degree in Industrial Engineering from King Saud University (Saudi Arabia). He also completed an Executive Education Program in Leadership Development at INSEAD.

#### Mr. Omar Saud Al Rasheed

##### Chief Corporate Strategy and Digitalization Officer

Mr. Al Rasheed is the Chief Corporate Strategy and Digitalization Officer at Mobily. He previously held several positions in Mobily and its affiliates over a period of 17 years, where he held the positions of Chief Digital and Customer Experience Officer, General Manager for Mobily Infotech, and Executive General Manager for Mobily Mega Projects. Mr. Al Rasheed has extensive experience in strategy, IT, and business domains. In addition, he has experience in technology, media, and telecommunications (TMT). Mr. Al Rasheed holds a BSc in Computer and Information Sciences from King Saud University (Saudi Arabia) and several distinguished executive education programs from Harvard, the Massachusetts Institute of Technology (MIT), London Business School (LBS), and the Project Management Institute (PMI).



## Governance

## Executive Management (continued)

## Statement of any Interest, Contractual Securities, or Rights Issue of the Senior Executives and their Relatives on Shares or Debt Instruments of the Company or its Affiliates:

Name	Position	No. of Shares at start of 2022	No. of Shares at end of 2022	Net change	Percentage change
Salman Abdulaziz Al Badran	Chief Executive Officer	-	-	-	-
Khalid Abdulrahman Abanami	Chief Financial Officer	-	-	-	-
Ismail Saeed Al Ghamdi	Chief Consumer Officer	-	-	-	-
Alaa Abdulhameed Malki	Chief Technology Officer	-	-	-	-
Mr. Majed Abdullah Al Shabana	Chief Legal and Corporate Affairs Officer	-	-	-	-
Mohammed Khalil Al Shammari	Chief Human Resources Officer	-	-	-	-
Eng. Majed Abdulaziz Al Otaibi	Chief Business Officer	-	-	-	-
Omar Saud Al Rasheed	Chief Corporate Strategy and Digitalization Officer	-	-	-	-

It is worth noting that there are no interest, contractual securities, or rights issues for the Senior Executives and their relatives in the shares or debt instruments of the affiliates.

## Governance

## Related Party Transactions

During 2022, the Company conducted transactions with related parties with Emirates Telecommunications Group and its subsidiaries, a founding and main Shareholder

in Mobily, where there is an indirect interest of a number of Board members: Eng. Khalifa Al Shamsi, Eng. Hatem Dowidar and Dr. Mohammed Karim Bennis.

Party	Relationship
Emirates Telecommunication Group Company PJSC	Founding Shareholder
Emirates Data Clearing House	Associate to Founding Shareholder
Etisalat Misr S.A.E.	Associate - Subsidiary to Founding Shareholder
Etisalat Afghanistan	Associate - Subsidiary to Founding Shareholder
Etisalat Al Maghrib S.A (Maroc Telecom)	Associate - Subsidiary to Founding Shareholder
Pakistan Telecommunication Company Limited	Associate - Subsidiary to Founding Shareholder
Emirates Cable TV and Multimedia LLC	Associate - Subsidiary to Founding Shareholder
Sehati for Information Service Company	Joint Venture

## Major Transactions with Related Parties in 2022 (SAR '000s)

	31 December 2022	31 December 2021
<b>Interconnection services and roaming services rendered</b>		
Founding Shareholder	82,319	41,542
Associate	4,601	2,271
<b>Interconnection services and roaming services received</b>		
Founding Shareholder	228,354	228,372
Associate	120,374	119,263
Management fees		
Founding Shareholder	(92,713)	120,838
<b>Other telecommunication services</b>		
Associate	10,142	4,294

Services rendered to related parties comprise of the provision of telecommunication services, interconnection services and roaming services by the Group based on normal commercial terms. Services received from related parties comprise of telecommunication services, interconnection services and roaming services to the Group based on normal commercial terms. Management fees were calculated based on the relevant agreement with Emirates Telecommunication Group Company PJSC, however it ended on 31 December 2021 and the Company reached an agreement with Emirates Telecommunication Group Company PJSC to not conclude a new agreement for services and technical support.

Mobily has signed several contracts with Elm Information Security to provide a range of telecommunication services, authentication and devices supply, amounting to SAR 23,200,000.00, in which the member of the Board of

Director, Dr. Khaled Alghoneim is indirectly interested. As well, the company has several contracts with Bayan Credit Information Company that include a data hosting center project and provisioning of network services by Mobily, in addition to a silver package for providing credit reporting services by Bayan, amounting to SAR 1,310,000.00, in which the member of the Board of Director, Dr. Khaled Alghoneim is indirectly interested.

In addition, the Company renewed a contract with The Company for Cooperative Insurance (Tawuniya) to provide medical insurance to Mobily employees, amounting to SAR 54,809,879.75 starting from 01 April 2022 until 31 March 2023, and where the members of the Board of Directors were indirectly interested for the Eng. Homood Al Tuwajiri and Dr. Khaled Alghoneim.

## Governance

# Compensation and Remuneration

### Compensation Policy and Method of Determining Remunerations of Board Members and Senior Management:

#### General Provisions

1. The purpose of compensation is to encourage the members of the Board of Directors and the Executive Management to make the Company succeed and develop in the long-term.
2. The compensation shall be determined according to the level of the job concerned, the tasks and responsibilities assigned to the worker, his scientific and practical qualifications, the level of performance, and achievements.
3. This policy must be consistent with the nature of the risks surrounding the Company.
4. The Company's internal regulations must comply with this policy.
5. The practices of other companies should be taken into consideration in determining the compensation, avoiding any unjustified increase in remuneration and compensation.
6. This policy aims to attract, maintain and motivate professional competencies without any exaggeration.
7. Consider any new appointments in coordination with the Compensation and Remuneration Committee.
8. Consider the cases of suspension and refund of the remuneration if it was based on inaccurate information provided by the person concerned, in order to prevent the exploitation of employment status to obtain undeserved compensation.
9. This policy allows, in accordance with the regulations, the granting of shares in the Company to the Board of Directors' members and the Executive Management, whether newly issued or purchased shares.
10. This policy aims to enhance the Company's culture of disclosure and transparency, in accordance with the relevant regulations.

#### Scope of Application

This policy shall be applied to the Board of Directors, its Committees and the Executive Management of the Company. It may be used for application in whole or in part to the general Staff of the Company.

#### Application Responsibility

The Compensation and Remuneration Committee, in coordination with the Executive Management of the Company, shall follow up the application of this policy,

verify the integrity of the procedures taken, evaluate any deviations that may arise in the application, and submit its requests to the Board of Directors for each matter that requires the guidance of the Board.

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

1. The Company's Articles of Association shall provide the manner of remuneration to Directors.
2. Such remuneration may be a certain amount or an attendance allowance for meetings, in-kind benefits or a certain percentage of net profits. Two or more of these remunerations may be combined
3. If the bonus is approved as a certain percentage of the profits of the Company, it shall not exceed 10% of the net profits after deducting the reserves decided by the General Assembly in application of the provisions of the Companies Law and the Company's Articles of Association, and after distributing a profit to the Shareholders, not less than 5% of the Company's paid-up capital, so that the remuneration is proportionate with the number of meetings attended by the member, and any other estimate is null and void.
4. In all cases, the sum of the remuneration of any Board member shall not exceed the amount of SAR 500,000 annually.
5. The Compensation and Remuneration Committee shall, upon consideration of the proposed remuneration of the Board and its Committees on an annual basis, verify the annual objectives set for the Company, the objectives achieved and the efforts made by the Board and its Committees during the year.
6. Remuneration of the Board of Directors and its Committees may be approved unevenly, whether at the member or committee level, depending on tasks, responsibilities and achievements.
7. If the reward granted to Board members or one of its Committees is based on inaccurate information or erroneous results, whatever the motivation, then the case shall be submitted to the Board for an appropriate decision; the relevant regulations shall be observed in consideration of the rules and preservation of the Company's Shareholder rights.
8. The decision of the Board of Directors in the preceding paragraph shall be either suspension of the payment, in case it is not paid yet, or it shall be partially or wholly refunded according to the circumstances of the case.

#### Remuneration of Executive Management

1. When approving the remuneration of the Executive Management, the policies adopted by the Company in this regard, as well as the achieved objectives set for it, must be considered.
2. The remuneration of each Executive Management officer may vary depending on the results achieved during the year assessed.
3. The remuneration shall take into consideration companies operating in the telecommunications sector as well as companies operating in the Saudi market.
4. The maximum ceiling of Executive Management bonuses may be reviewed annually, and any proposed amendments shall be raised to the Board of Directors and then to the General Assembly, in accordance with the regulations applicable in this area.
5. This policy must be consistent with the Company's strategy and objectives, and in accordance with its performance and evaluation policy in respect of Executive Management remuneration.

6. If the Executive Management's remuneration was based on inaccurate information or wrong results, whatever the motive was, then the case shall be submitted to the Board of Directors to take appropriate action; the relevant regulations shall be observed in its consideration with the rules and preservation of the Company's Shareholder rights.
7. The decision of the Board of Directors in the preceding paragraph shall result in either suspension of the payment, if it has not yet been paid, or refund it partially or totally, in accordance with the circumstances of the case.

#### The Relationship between Remuneration and the Applicable Remuneration Policy

There is no substantial deviation in the remuneration awarded according to the policy.

## Governance

## Compensation and Remuneration (continued)

The following tables show compensation and remuneration details for Board members, Committee members and 5 Senior Executives who received the highest remuneration from the Company, including the Chief Executive Officer and the Chief Financial Officer:

## Board of Directors' Compensation and Remuneration (SAR '000s)

	Fixed Remuneration						Variable Remuneration					Total	Expense Allowance		
	Specific Amount	Allowance for Attending Board Meetings	Total Allowance for Attending Committee Meetings	In-Kind Benefits	Remunerations for Technical, Managerial and Consultative Work	Remunerations of the Chairman, Managing Director or Secretary, if a Member	Total	Percentage of Profits	Periodic Remuneration	Short-Term Incentive Plans	Long-Term Incentive Plans			Granted Shares (value is entered)	Total
<b>First: Independent Members</b>															
1- Nabeel Mohamed Al Amudi	33.32	21	18	-	-	-	72.32	-	-	-	-	-	-	72.32	-
2- Homood Abdullah Al Tuwaijri	450	27	45	9.85	-	-	531.85	-	-	-	-	-	-	531.85	25.62
3- Mutaz Al Kusai Azzawi	450	27	45	-	-	-	522	-	-	-	-	-	-	522	123.26
4- Khaled Al Abdulaziz Ghoneim	33.32	27	12	-	-	-	72.32	-	-	-	-	-	-	72.32	-
5- Abdulkarim Ibrahim Al Nafie	37.49	27	24	-	-	-	88.49	-	-	-	-	-	-	88.49	24.85
6- Ahmed Abdelsalam Aboudoma	37.49	42	45	-	-	-	124.49	-	-	-	-	-	-	124.49	-
<b>Total</b>	<b>1,041.62</b>	<b>171</b>	<b>189</b>	<b>9.85</b>	<b>-</b>	<b>-</b>	<b>1,411.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,411.47</b>	<b>173.73</b>
<b>Second: Non-Executive Members</b>															
1- Suliman Abdulrahman Al Gwaiz	400	27	21	-	-	-	448	-	-	-	-	-	-	448	-
2- Khalifa Hassan Al Shamsi	425	42	33	-	-	-	500	-	-	-	-	-	-	500	-
3- Hatem Mohamed Dowidar	33.32	42	15	-	-	-	90.32	-	-	-	-	-	-	90.32	-
4- Mohammed Karim Bennis	37.49	36	39	-	-	-	112.49	-	-	-	-	-	-	112.49	-
<b>Total</b>	<b>895.81</b>	<b>147</b>	<b>108</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,150.81</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,150.81</b>	<b>-</b>

Board of Directors' members' remunerations are recorded on a cash basis and include payments for the previous year.

The above-mentioned amounts reflect cash received in 2022, where the annual remunerations are recorded for 2021, and were paid during 2022.

## Committee Members' Compensation and Remuneration (SAR '000s)

	Fixed Remuneration (except attendance allowance)	Attendance of Meetings Allowance	Total
<b>Audit Committee</b>			
1- Homood Abdullah Al Tuwaijri	-	27	27
2- Abdulaziz Ibrahim Alnowaiser	-	27	27
3- Mohammed Othman Alsubaie	9	27	36
4- Ahmed Abdelsalam Aboudoma	6	21	27
5- Mohammed Karim Bennis	-	27	27
<b>Total</b>	<b>15</b>	<b>129</b>	<b>144</b>
<b>Executive Committee</b>			
1- Nabeel Mohamed Al Amudi	-	15	15
2- Suliman Abdulrahman Al Gwaiz	6	15	21
3- Khalifa Hassan Al Shamsi	-	15	15
4- Mutaz Kusai Al Azzawi	6	15	21
5- Hatem Mohamed Dowidar	-	15	15
<b>Total</b>	<b>12</b>	<b>75</b>	<b>87</b>
<b>Compensation and Remuneration Committee</b>			
1- Khalifa Hassan Al Shamsi	-	18	18
2- Mutaz Kusai Al Azzawi	-	18	18
3- Abdulkarim Ibrahim Al Nafie	6	18	24
<b>Total</b>	<b>6</b>	<b>54</b>	<b>60</b>
<b>Risk Management Committee</b>			
1-Homood Abdullah Al Tuwaijri	-	12	12
2-Khaled Abdulaziz Al Ghoneim	-	12	12
3-Mohammed Karim Bennis	6	12	18
4-Ahmed Abdelsalam Aboudoma	-	12	12
<b>Total</b>	<b>6</b>	<b>48</b>	<b>54</b>

Committee members' remunerations were recorded on a cash basis and include payments for the previous year.

## Governance

## Compensation and Remuneration (continued)

## Senior Executives' Compensation and Remuneration (SAR'000s)

5 Senior Executives receiving the highest remuneration from the Company (including CEO and CFO)

Senior Executives' Compensation and Remuneration Details		
Fixed Remuneration	Salaries	8,136
	Allowances	6,470
	In-kind benefits	-
	<b>Total</b>	<b>14,606</b>
Variable Remuneration	Periodic Bonuses	8,400
	Earnings	-
	Short-Term Incentive Plans	-
	Long-Term Incentive Plans	6,350
	Shares awarded (value is entered)	-
	<b>Total</b>	<b>14,750</b>
End-of-service benefits	8,033	
Total Executives' compensation and remuneration for the Board, if any	-	
<b>Total</b>	<b>37,389</b>	

Senior Executives' remunerations were recorded on a cash basis and include payments for the previous year.

## Governance

## About Mobily

## Organization and Activity

Etiihad Etisalat Company ("Mobily" or the "Company"), a Saudi Joint Stock Company, is registered in the Kingdom of Saudi Arabia under commercial registration number 1010203896 issued in Riyadh on 14 December 2004 (corresponding to Dhul Qa'adah 2, 1425H). The address of the Company's head office is P.O. Box 23088, Riyadh 11321, Kingdom of Saudi Arabia.

The Company was incorporated pursuant to the Royal decree number M/40 dated 18 August 2004 (corresponding to Rajab I 2, 1425H) approving the Council of Ministers resolution number 189 dated 10 August 2004 (corresponding to Jumada II 23, 1425H) to approve the award of the license to incorporate a Saudi Joint Stock Company under the name of "Etiihad Etisalat Company".

Pursuant to the Council of Ministers resolution number 190 dated 10 August 2004 (corresponding to Jumada II 23, 1425H), the Company obtained the licenses to install and operate a mobile telephone network including all related elements and the provision of all related services locally and internationally through its own network.

Pursuant to the Communications, Space & Technology Commission (CST) resolution number 5125 dated 21 February 2017 (corresponding to Jumada I 24, 1438H), the Company obtained a Unified License to provide all licensed telecommunication services including fixed line voice and fixed internet services.

The Company's main activity is to establish and operate mobile wireless telecommunications network, fiber optics networks and any extension thereof, manage, install and operate telephone networks, terminals and communication unit systems, in addition to sell and maintain mobile phones and communication unit systems in the Kingdom of Saudi Arabia. The Group commenced its commercial operations on 25 May 2005 (corresponding to Rabi II 17, 1426H).

The authorized, issued and paid up share capital of the Company is SAR 7,700 million divided into 770 million shares of SAR 10 each.

Breakdown of 2022 results contributions are as follows (SAR millions)

	Consumer	Business	Wholesale	Outsourcing and others	Total
Usage	7,651	1,639	1,304	-	10,594
Activation and subscription fees	2,405	625	22	-	3,052
Others	821	691	168	343	2,023
<b>Total</b>	<b>10,877</b>	<b>2,955</b>	<b>1,494</b>	<b>343</b>	<b>15,669</b>

The main activities of the subsidiaries are as follows:

- IT services, applications, billing and testing support, product marketing, process management, support services and call center services.
- Wholesale and retail trade of computers and electronic equipment, maintenance and operation of such equipment, and provision of related services.
- Providing consulting and office administrative service activities.
- Establish and own companies specializing in commercial activities.
- Manage its affiliated companies or to participate in

the management of other companies in which it owns shares, and to provide the necessary support for such companies.

- Invest funds in shares, bonds and other securities.
- Own real estate and other assets necessary for undertaking its activities within the limits pertained by law.
- Own or to lease intellectual property rights such as patents and trademarks, concessions and other intangible rights to exploit and lease or sub-lease them to its affiliates or to others.
- Technology in financial services.

## Governance

## About Mobyly (continued)

## Subsidiary Companies

Below is the summary of the Company's subsidiaries and ownership percentage as of 31 December 2022 and 31 December 2021:

Name	Country of Incorporation	Country of Operations	Capital	Ownership Percentage				Initial Investment (SAR '000s)
				31 December 2022		31 December 2021		
				Direct	Indirect	Direct	Indirect	
Mobyly Infotech India Private Limited	India	India/ Kingdom of Saudi Arabia	INR 20 million	99.99%	0.01%	99.99%	0.01%	1,836
Zajil International Network for Telecommunication Company*	Saudi Arabia	Kingdom of Saudi Arabia	SAR 10 million	96%	4%	96%	4%	80,000
National Company for Business Solutions	Saudi Arabia	Kingdom of Saudi Arabia	SAR 10 million	100%	-	100%	-	10,000
National Company for Business Solutions FZE	United Arab of Emirates	United Arab of Emirates	AED 180 thousand	-	100%	-	100%	184
Mobyly Ventures Holding W.L.L	Bahrain	Bahrain/ GCC/ MENA	BD 250 thousand	100%	-	100%	-	2,510
EtiHAD Fintech Company	Saudi Arabia	Kingdom of Saudi Arabia	SAR 98.2 million	100%	-	100%	-	98,200

\* On 15 March 2021, the Board of Directors of EtiHAD Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company, which is still in the process of completing the procedures and legal requirements for its liquidation.

**Mobyly Infotech India Private Limited - LLC**

The main activities of the Company include providing IT services, applications, billing, support testing, product marketing, management process, support services and call centers for its Group companies.

**Zajil International Network for Telecommunication Company – LLC**

The main activities of the Company include a broad range of wholesale and retail services including computers and electronic devices, maintenance, operation and provision of related services.

On 15 March 2021, the Board of Directors of EtiHAD Etisalat Company approved to liquidate Zajil International Network for Telecommunication Company, which is still in the process of completing the procedures and legal requirements for its liquidation.

**National Company for Business Solutions - LLC**

The main activities of the Company include providing consulting services and office administrative service activities.

During the year 2021, the Company acquired the remaining 5% which was owned by Bayanat Al-Oula for Network Services. National Company for Business Solutions owns an investment in Ecommerce Taxi Middle East (Luxembourg) of 9.5% (2021: 10%).

**National Company for Business Solutions FZE – LLC**

The main activity of the Company is the trade, import and export of computer systems.

**Mobyly Ventures Holding W.L.L - LCC**

It acts as a holding company for the commercial, industrial, and service Group. Mobyly Ventures owns the following investments:

- Anghami LLC (Cayman Islands): 5.07% (2021: 7.66%)
- Dokkan Afkar (British Virgin Islands): 3.28% (2021 : 3.28%)

On 3 February 2022, Anghami LLC announced that it had completed its business combination with Vistas Media Acquisition Company ("VMAC"). On 4 February 2022 the shares of Anghami Inc. commenced trading on the Nasdaq stock exchange in the USA under the ticker ANGH.

**EtiHAD Fintech Company - Single Person Company**

The main activity of the Company is technology in financial services.

## Governance

# Important Events

### **Ethad Fintech Company "Mobily Pay" received the Saudi Central Bank's license to conduct payments and Electronic Wallets Businesses**

On 29 March 2022, Mobily announced that Ethad Fintech Company "Mobily Pay" received the Saudi Central Bank's (SAMA) license to conduct payments and Electronic Wallets Businesses. Mobily Pay provides financial digital services to individuals and corporates such as sending and receiving money locally and internationally, bills payments, and issuing digital and physical cards.

Ethad Fintech Company "Mobily Pay" is a subsidiary wholly owned by Ethad Etisalat Co. (Mobily) that provides fintech services and solutions for individuals and corporates.

### **Addendum announcement from Ethad Etisalat (Mobily) in respect of the Potential Offer by Emirates Telecommunications Group Company to Increase its Shareholding in Ethad Etisalat Company (Mobily)**

On 17 March 2022, Mobily stated that, with reference to the announcement made by Ethad Etisalat Company ("Mobily") published on the Saudi Exchange website on 13/8/1443H (corresponding to 16 March 2022) in respect of the approach from Emirates Telecommunications Group Company P.J.S.C ("e&") to discuss increasing its shareholding in Mobily to 50% plus one share by means of a pre-conditional partial tender offer, pursuant to the Merger and Acquisition Regulations issued by the Capital Market Authority (the "M&A Regulations"), with a proposed price of SAR 47 per Mobily share (the "Potential Offer"), Mobily clarifies that it has received e&'s letter in relation to the Potential Offer on 13/8/1443H (corresponding to 16 March 2022).

### **Additional details about the Potential Offer of Emirates Telecommunications Group Company to Increase its Shareholding in Ethad Etisalat (Mobily)**

On 16 March 2022, Mobily stated that, with reference to Ethad Etisalat Company ("Mobily")'s announcement made earlier today 13/8/1443H (corresponding to 16 March 2022), Mobily announces further details in respect of the approach from Emirates Telecommunications Group Company P.J.S.C ("e&") to discuss increasing its shareholding in Mobily to 50% plus one share by means of

a pre-conditional partial tender offer (the "Potential Offer") pursuant to the Merger and Acquisition Regulations issued by the Capital Market Authority (the "M&A Regulations").

e& has proposed a price of SAR 47 per Mobily share (the "Proposed Offer Price") for the purposes of the Potential Offer. The Mobily Board has discussed this and notes that the Proposed Offer Price represents a premium to the share price of Mobily, as set out in the Mobily announcement made earlier today 13/8/1443H corresponding to 16 March 2022. Therefore, the Mobily Board believes it is appropriate to further discuss the details and conditions of the Potential Offer with e&.

e& remains able to formally launch an offer at any time should it choose to do so, subject to applicable regulations, without having to come to an understanding with the Mobily Board.

It should be noted that Mobily and e& are only in discussions at this time, and there can be no certainty as to whether the Potential Offer will be made, whether any offer at any other price will be made by e&, nor as to the terms on which any offer might be made by e&, or whether the Mobily Board will recommend such an offer if it is eventually made. If e& proceeds to make an offer, (i) it will be announced at the relevant time and will be subject to certain conditions, relevant regulatory approvals and applicable regulatory requirements, including pursuant to the M&A Regulations, (ii) e& will publish an offer document which will contain the final terms and conditions of the offer, and (iii) the Mobily Board will issue a circular which will set out the view/recommendation of the Mobily Board in relation thereto and the financial advice that the Mobily Board would receive in respect thereof, along with all other information required by applicable regulations.

Those members of the Mobily Board who are senior Executives of e&, being Messrs. Hatem Dowidar, Mohamed Bennis and Khalifa Al Shamsi, have declared their conflicts of interest in relation to the discussions between Mobily and e&, and have recused themselves therefrom, as well as from any deliberations or resolutions of the Mobily Board in this regard. Mobily has appointed J.P. Morgan Saudi Arabia Company and Riyadh Capital Company as joint financial advisers, and Abuhimed Alsheikh Alhagbani Law Firm as legal adviser to assist it in relation to the Potential Offer.

### **Approach by Etisalat Group Company to discuss a Potential Offer by Emirates Telecommunications Group Company to Increase its Shareholding in Etihad Etisalat Company (Mobily)**

On 16 March 2022, Mobily announced that it has been approached by Emirates Telecommunications Group Company P.J.S.C ("e&") to discuss e& increasing its shareholding in Mobily to 50% plus one share by means of a pre-conditional partial tender offer (the "Potential Offer") pursuant to the Merger and Acquisition Regulations issued by the Capital Market Authority.

The purpose of the discussions is for e& to come to an understanding with the Mobily Board of Directors (the "Mobily Board") in respect of the conditions applicable to the Potential Offer (including its implementation) which the Mobily Board would be able to recommend to Mobily's shareholders.

e& has proposed a price of SAR 47 per Mobily share (the "Proposed Offer Price") for the purposes of the Potential Offer, which would represent a premium of:

- 22.2% to Mobily's closing share price of SAR 38.45 on 15 March 2022;
- 38.8% to the 3-month volume weighted average price of Mobily shares over the period ending on 15 March 2022; and
- 45.1% to the 6-month volume weighted average price of Mobily shares over the period ending on 15 March 2022.

e& has informed Mobily that the Potential Offer and proposed discussions are aligned with e&'s strategic objectives to expand and optimize its portfolio by pursuing opportunities within its existing footprint, in particular the rapidly growing Saudi market, and that e& aims to deepen the strong existing ties with Mobily, with the potential for further collaboration and the realization of greater synergies.

e& has not declared a firm intention to make a Potential Offer at this time. Therefore, this announcement should not be considered to be an announcement of e&'s firm intention to make an offer.

Further announcements relating to any developments will be made in due course, including in relation to the structure of the transaction, the price, terms and conditions of the offer (if made), as well as the applicable timetable and procedures.

### **The latest developments regarding the Signing of Technical Services and Support Agreement with Emirates Telecommunications Group**

On 07 March 2022, Mobily ("Company") stated that, with reference to Ethad Etisalat Company (Mobily) (the "Company") announcement on the Saudi Stock Exchange (Tadawul) website on 1/6/1438H (corresponding to 28 February 2017) regarding the signing of Technical Services and Support Agreement with Emirates Telecommunications Group Company (Etisalat Group), for the duration of 5 years ending on 31 December 2021.

Ethad Etisalat Company (Mobily) announces that it has decided together with Etisalat Group not to renew the agreement for services and technical support.

Mobily and Etisalat Group will continue to explore ways of cooperation to achieve the interests of both parties and their shareholders and in accordance with the relevant laws and regulations.

Mobily's Board of Directors also affirms its confidence in the Company's capabilities and ability to continue growing, providing its services at a high level, achieving its strategic ambition and adding value to its shareholders, and contributing to its role as an enabler of the digital economy in accordance with the Saudi Vision 2030 and creating new opportunities.

Mobily also confirms that it has the national competencies, and the accumulated technical and operational expertise capable of achieving its strategic objectives.

In this regard, Mobily would like to express its appreciation to Etisalat Group for its support, while Etisalat Group continues to be a strategic shareholder to the Company.

## Governance

# Forward-Looking Statements

### Support of National Orientation

Mobily continues its relentless efforts to support the digital transformation process in the Kingdom of Saudi Arabia in line with Vision 2030 and increase the contribution of the communications and information technology sector to the Kingdom's GDP. This vision aims to seize the development opportunities and diversify the sources of income to create a sustainable national economy to benefit from the Kingdom's strong digital infrastructure, which will enable it to maintain continuity of businesses and operations during crises.

Given the extreme importance of the digital transformation process in achieving the Kingdom's social and economic goals to build a digital society and government, a thriving digital economy, and an innovative future for the Kingdom, the strategy of the Ministry of Communications and Information Technology enabled the acceleration of the digital transformation process in the sector. The results for the year 2022 showed the growth of the telecommunications market by 7.1% and the growth of the information technology sector by 14.6% compared to 2021. In addition, the sector achieved an increase in the number of jobs by 7%, reaching 340,000 jobs, and a steady increase of 3.3% in women's participation in the sector, reaching 30.5%, compared to Q2 of 2021. The Ministry is looking forward to achieving the sector's goals for the year 2023, which are to increase the coverage of fiber optic networks for homes in all regions of the Kingdom up to 64%, increase the coverage of the 4G mobile broadband network up to 99%, increase the capacity of data and cloud service centers up to 150 MW, and provide 40,000 quality training opportunities for national competencies enrolled in the Future Skills Program to develop digital skills.

### Achievement of Strategic Development

During the year 2022, Mobily's strategy (GAIN) succeeded in achieving exceptional growth and outstanding successes in all business sectors, which will enable the Company to accelerate growth and consolidate its position as a leading company in the Saudi market and the ICT sector.

To support this role, Mobily will continue to invest in innovation, diversify and expand the services, products, and solutions offered to meet the evolving needs of customers and provide outstanding services to all Stakeholders. The Company will continue to support the Kingdom's directions for developing the tourism, entertainment, sports, and culture sectors by investing in the development of network and Internet of Things (IOT) infrastructure, expanding 5G services in regions of the Kingdom, and developing innovative solutions and applications based on the capabilities of the 5G network, in order to support increasing data transfer speed and improve network performance to meet and accommodate the increasing growth in data consumption and provide better services to its growing customer base.

Mobily is proud of its active role in supporting the objectives and vision of the Ministry of Communications and Information Technology's Strategy 2023, and it will continue its efforts to develop its strategy and study and seize new investment opportunities in various projects to keep pace with technical developments and to support and enable digital transformation, innovation, development, artificial intelligence, and increase the automation of Mobily's operations.

It should be noted that the telecommunications sector is governed by public regulation and future expectations may be affected by any regulatory decisions taken by the relevant authorities.

## Governance

# Social Responsibility Activities

Mobily believes in the importance of social responsibility as an essential part of its values. In line with this, the Company launched various social initiatives with the aim of making a positive impact on society, and sponsored several awareness campaigns to ensure safety and raise awareness about potential risks. This is in addition to being an official sponsor of the Hajj season, which makes positive impacts by raising awareness and improving the pilgrims' experience. The Company is also committed to applying the best international standards in environmental and social management and corporate governance in all activities and operations in order to preserve the environment and society by developing and implementing a specialized sustainability strategy guiding community investment decisions in several areas, including education, equal opportunity, technical support, individual and public health, responsible use of resources, waste management, and climate change mitigation. Mobily endeavors to achieve the internal objectives of this strategy to improve procedures and results on an ongoing basis.

Based on its interest in the development of Saudi youth and investment in human capital, Mobily signed a strategic partnership with the Alumni Center at King Saud University to launch the Alumni Portal, which allows KSU students and graduates to benefit from the portal's services related to cooperative training and employment opportunities. The Company also continues its efforts to support a number of national educational initiatives, such as the on-the-job training initiative (Tamheer) launched by the Human Resources Development Fund and cooperative training programs for universities, in order to provide Saudi graduates from Saudi and foreign universities with the expertise and skills necessary to prepare them to participate in and contribute effectively to the labor market. During 2022, Mobily successfully launched the fifth version of the Elite Program, which was designed in line with digital transformation and is one of the pillars of the Vision 2030. In its design, the program relied on several main axes, including job rotation between departments, advanced training at the best international universities, counseling, and orientation sessions, in addition to continuous evaluation to measure performance progress. Out of its interest in developing human cadres, Mobily won the Labor Award in Skills and Training Track as the best training program for students and graduates. In view of the Company's efforts to embrace and prepare talents to

achieve professional success, Mobily ranked fourth for the best work environment for professional development in the Kingdom, according to LinkedIn Rating, 3 ranks higher than last year.

In support of charitable work and its interest in making a positive impact and achieving a broad social impact, Mobily donated SAR 1 million to the National Campaign for Charitable Work through the "Ehsan" platform. Moreover, Mobily maintained its social partnership with the Ministry of Housing's Jood Eskin Platform, which aims to involve the Saudi community across the Kingdom in efforts to provide housing for those in need.

In support of sustainability in the Kingdom, Mobily contributed to many initiatives in various sectors, as it succeeded in installing the first energy generation tower through environmentally friendly sources using wind turbines and solar panels that support renewable energy to reduce the impact of carbon emissions. Mobily also had a significant role in supporting the field of sports, as it was the official partner of the Diriyah Formula E World Championship for fully electric motorsports, and it contributed with Formula E in promoting electric mobility, providing renewable energy solutions, reducing air pollution, and combating climate change. In addition, Mobily is a platinum partner for the largest national sporting event in the history of the Kingdom and a strategic partner for the Game Changers Program of the Ministry of Communications and Information Technology.

These initiatives highlight Mobily's commitment to advancing environmental and technological development in several domains and its belief in empowering young national talents. The Company will continue to achieve environmental commitment and responsible work to develop initiatives that enhance sustainability and contribute to community service.

## Governance

# Shareholders

### General Assembly of shareholders

During 2022, the Ordinary General Assembly of shareholders met once. The Ordinary General Assembly Meeting was held on 23 May, through modern technology means using the Tadawulaty System. Below is the Board of Directors' members' attendance record:

Sr.	Name	Position	23 May
1	Nabeel Mohamed Al Amudi	Chairman	Absent
2	Suliman Abdulrahman Al Gwaiz	Vice Chairman	Present
3	Khalifa Hassan Al Shamsi	Member	Present
4	Mutaz Kusai Al Azzawi	Member	Present
5	Homood Abdullah Al Tuwajri	Member	Present
6	Khaled Abdulaziz Al Ghoneim	Member	Present
7	Hatem Mohamed Dowidar	Member	Present
8	Mohammed Karim Bennis	Member	Present
9	Ahmed Abdelsalam Aboudoma	Member	Present
10	Abdulkarim Ibrahim Al Nafie	Member	Present

During the Ordinary General Assembly Meeting held on 23 May, the shareholders voted to approve all items on the agenda. Below are the agenda items:

- Approval on the Company financial statements for the fiscal year ending 31 December 2021.
- Approval on the auditor report for the fiscal year ending 31 December 2021.
- Approval on the Board of Directors report for the fiscal year ending 31 December 2021.
- Approval on releasing the members of the Board of Directors from their liabilities for the fiscal year ending 31 December 2021.
- Approval on the businesses and contracts made with Emirates Telecommunications Group Company, where the following members of the Board of Directors were indirectly interested: (for the previous term: Eng. Saleh Al Abdooli, Eng. Khalifa Al Shamsi and Mr. Serkan Okandan); (and the current term: Eng. Khalifa Al Shamsi, Eng. Hatem Dowidar and Dr. Mohammed Karim Bennis). Details of which are:  
Interconnection and roaming services rendered of SAR 43,813,000, interconnection and roaming services received of SAR 347,635,000, managements fees of SAR 120,838,000, other management expenses of SAR 6,645,000, and other telecommunications services of SAR 4,294,000, without preferential conditions
- Approval on the businesses and contracts made between the Company and Public Pension Agency, where Mr. Suliman Al-Gwaiz, Chairman of the Board of

Directors and Mr. Hussain Al Asmari, Member of the Board of Directors were indirectly interested. Details of which are to establish a call center, for a period of one year starting from 11 April 2021 until 10 April 2022 and without preferential conditions, at a value of SAR 4,087,235.

- Approval on the businesses and contracts made between the Company and the Company for Cooperative Insurance (Tawuniya), where the member of the Board of Directors, Eng. Homood Al Tuwajri was indirectly interested. Details of which are to provide medical insurance services to Mobily employees, for a period of one year starting from 01 April 2021 until 31 March 2022 and without preferential conditions, at a value of SAR 53,279,897.90.
- Approval on delegating the Ordinary General Assembly its authorization powers stipulated in paragraph (1) of Article 71 of the Companies Law to the Company's Board of Directors, for a maximum of one year from the date of approval by the General Assembly to delegate its powers, or until the end of the term of the delegated Board of Directors, whichever is earlier, in accordance with the conditions contained in the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies.
- Approval on the recommendation of the Board of Directors to distribute cash dividends to the shareholders for the fiscal year ending 31 December 2021 in the amount of SAR 654,500,000 at SAR 0.85 per share, representing 8.5% of the nominal value

per share. The eligibility of cash dividends will be to shareholders who own Company shares at the end of the trading day of the General Assembly of the Company and enrolled in the Company's registry at the Securities Depository Center Company (Edaa) by the end of the second trading day following the eligibility date. The distribution of dividend will start from 9 June 2022.

- Approval on amending the Audit Committee Charter.

### Actions taken by the Board of Directors to inform its Members, especially Non-Executives, of the Shareholders' Proposals and Observations on the Company and its Performance

Mobily's Investor Relations Department maintains regular communication with the Company's shareholders through various communication channels. If any proposals have been received from shareholders, they will be reviewed and reported in full to the Board of Directors. Shareholders are also given the opportunity to submit proposals and inquiries directly to members of the Board of Directors during the General Assembly meetings, and sufficient time is dedicated to answering these questions.

Following the announcement of Mobily's interim and

annual financial results, the Company's Investor Relations Department conducts an earnings conference call with financial analysts and representatives of investment agencies to discuss financial results. During the call, the management discussed the Company's results and performance during the period in question and addressed the queries of the attendees.

Kindly note that the Board of Directors authorized the Company to take the necessary actions that enable Shareholders to communicate their proposals and observations, through the following communication channels for the Investor Relations Department:

Tel. 00966560314099

E-mail: IRD@mobily.com.sa

Address: King Fahd Road, Mobily C1, Al Yabis Building, 3rd Floor, P.O. Box 9979, Riyadh 11423

### Requests for the Shareholders' Register

During 2022, the Company requested the Shareholders Register 7 times from the Securities Depository Center (Edaa). The dates and reasons for such requests are listed below:

No. of Requests	Request Date	Reason
1	4 January	General Assembly Meeting
2	15 February	Corporate Action
3	23 February	Corporate Action
4	4 April	Corporate Action
5	22 May	Corporate Action
6	25 May	Dividend Entitlement
7	25 May	Dividend Entitlement



## Governance

# Dividend Policy

### First: Dividend Entitlement

- Shareholders are entitled to receive their share of dividends as per the decision of the General Assembly in respect of the distribution of dividends to Shareholders or the Board resolution on distributing interim dividends. The resolution shall specify the record date and the distribution date, where registered Shareholders are entitled to receive the dividends by the end of the eligibility date, provided that the resolution shall be executed as per the Regulatory Rules and Procedures issued pursuant to the Companies Law related to Listed Joint Stock Companies.
- If the statutory reserve exceeded 30% of paid-up capital, the General Assembly may decide to distribute the surplus to the Shareholders, during such years when the Company does not achieve enough net profit to distribute the dividends assigned to them in its Articles of Association.

### Second: Distribution of Dividends

The Board of Directors shall recommend the announcement and payment of any dividends, before such dividends are approved by the General Assembly of Shareholders. Such recommendation is linked to a number of factors, including the amount of current and projected profits, as well as cash flows, market data and economic factors, in addition to statutory considerations (such as limitations as set out in the Company's Articles of Association, the Companies Law and Corporate Governance Regulations). The Company's net profits are distributed as follows:

- 10% of the net profit is to be set aside to form a statutory reserve. The Ordinary General Assembly can discontinue the deduction for the statutory reserve when such reserve reaches 30% of the Company's paid-up capital
- The Ordinary General Assembly may, upon the recommendation of the Board of Directors, set aside 5% from the net profit to form a provisional reserve to be allocated for certain purpose or purposes.
- The Ordinary General Assembly shall have the right to decide on forming other reserves to the extent that it serves the best interests of the Company or to ensure the distribution of fixed dividends, as much as possible, to the Shareholders.
- A dividend representing a minimum of 5% of the Company's paid-up capital will be distributed from the residuum to the Shareholders.

### Third: Timing of Payment of Dividends

The Board must implement the General Assembly resolution with respect to dividend distribution to the Registered Shareholders within 15 working days from the date they become entitled to such dividends as determined in such resolution, or the Board's resolution for the distribution of interim dividends.

### Fourth: Interim Dividend Distribution

- The Company may, if so provided and permitted in its bylaws, distribute interim dividends to its Shareholders on a biannual or quarterly basis after fulfilling the following requirements:
  - The issuance of a resolution by the General Assembly, renewed annually, authorizing the Board to distribute interim dividends.
  - The Company shall enjoy regular positive profitability.
  - The Company shall enjoy good liquidity and is able to reasonably foresee the scale of its profits.
  - The Company shall have distributable profits— according to the latest audited annual financial statements – sufficient to cover the proposed dividend distribution, after deducting the amounts distributed and capitalized, of the profits after the date of these financial statements.
- The Board must include in its annual report, submitted to the General Assembly of the Company, the portion of dividends distributed to Shareholders during different periods of the financial years in addition to the portion of dividends proposed for distribution at the end of the financial year, and the aggregate dividend amounts.
- Dividend distributions must be recorded to the cumulative retained earnings account of preceding years, or the contractual reserves, or both. The Company must take a sequential and consistent approach in determining the manner and percentage of dividend distributions in light of the Company's capabilities and available liquidity. The Board must disclose and announce the portion of regular interim dividends approved for distribution to the Shareholders on the specified dates.
- The Company must, upon resolving to distribute interim dividends, disclose and announce such resolution immediately, and provide the Authority with a copy thereof immediately.

On 19 February 2023, the Board of Directors recommended distributing cash dividends to Shareholders for the fiscal year 2022. The total proposed amount of dividend distribution is SAR 885.5 million, at SAR 1.15 per share. The percentage of dividend to the share par value is 11.5%. The eligibility of cash dividends will be for Shareholders who own company shares on the eligibility date and enrolled in the Company's register at the Securities Depository Center Company (Edaa) by the end of the second trading day of the day of the General Assembly of the Company, which will be announced later. The distribution date will be announced later, after the approval of this recommendation by the General Assembly.

## Governance

# Company Risks

Mobily operates in a challenging environment driven by emerging technologies, stiff competition, and regulatory changes. Managing risk from the identification phase until the phase of risk mitigation is getting increasingly demanding. To navigate safely through this challenging and ever-changing environment, Mobily has established a dedicated Enterprise Risk and Business Continuity Management (ERM&BCM) division that plays a significant role in monitoring the environment and proactively identifying, assessing, and mitigating potential risks. The division operates in accordance with international standards (ISO 31000 and ISO 22301) and in compliance with Capital Market Authority (CMA) regulations in Saudi

Arabia and regularly provides updates to the Executive Risk Management Committee (ERMC) and Board Risk Management Committee (BRMC) about its activities covering existing and emerging risks as well as the status of its BCM programs in order to implement necessary actions to mitigate the top risks. Through the ERM & BCM division, the management has strengthened Mobily's ability to proactively manage risks and ensure operational resiliency in case of any adverse event.

The following are the top risks that are monitored by the Risk Management Committee of the Board of Directors:

Top Risk	Key Drivers	Management Response
Strategy Execution	<ul style="list-style-type: none"> <li>Delivering growth</li> <li>Balancing long-term sustainability with short-term growth opportunities</li> <li>Capabilities to drive and execute strategy</li> <li>Macroeconomic conditions</li> </ul>	<ul style="list-style-type: none"> <li>Strategy and business development expertise enhancement</li> <li>Corporate Project Management Office (PMO) in place with frequent reporting on strategy projects' progress</li> <li>Close monitoring of strategic goals and KPIs</li> <li>Regular market research</li> </ul>
Enterprise Digital Transformation	<ul style="list-style-type: none"> <li>Resources to support planned transformational initiatives</li> <li>Corporate-wide agility to deliver on transformation projects</li> <li>Business requirements</li> <li>Change management</li> </ul>	<ul style="list-style-type: none"> <li>Expedite the implementation of digital transformation projects</li> <li>Create a clear value realization program</li> </ul>
Regulatory Decisions	<ul style="list-style-type: none"> <li>Evolving regulatory regimes create uncertainty</li> <li>Unfavorable regulations and decisions impacting the level playing field in the market</li> <li>Data privacy</li> </ul>	<ul style="list-style-type: none"> <li>Strong corporate governance and compliance are in place to ensure compliance with all regulatory requirements</li> <li>Regular engagement with government entities on relevant key matters impacting Mobily and the whole sector</li> </ul>
Cyber Attacks	<ul style="list-style-type: none"> <li>Vulnerabilities and threats</li> <li>Cybersecurity governance</li> <li>Implementation of cyber security controls</li> <li>Staff awareness</li> </ul>	<ul style="list-style-type: none"> <li>Security and Privacy and IT Teams work together to implement the controls and prevent cyberattacks in compliance with National Cybersecurity Authority (NCA) and ISO requirements</li> <li>Employee training to maintain and raise levels of awareness</li> </ul>
Subsidiaries Governance and Operation	<ul style="list-style-type: none"> <li>Governance practices and integration with Mobily</li> <li>Dependency on third parties</li> <li>Market competition</li> </ul>	<ul style="list-style-type: none"> <li>Clear operating model is in place</li> <li>Subsidiary Management Unit is established to oversee the subsidiaries performance</li> <li>Successfully formed Board of Directors, Audit Committee and all relevant committees in place with clear Charters and Delegation of Authorities</li> </ul>

## Governance

# Company Risks (continued)

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management is carried out by the senior management under policies approved by the Board of Directors. Senior management identifies, evaluates and hedges, when appropriate, financial risks in close co-operation with the Group's operating units.

### Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. The Group is exposed to credit risk principally from cash and cash equivalents, accounts receivable, due from related parties, short-term Murabaha and derivative financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

### Cash and cash equivalents and short-term Murabahas

Cash and cash equivalents and short-term Murabaha are held with counterparties with sound credit ratings. The Group regularly updates its cash flow and, where appropriate, places any excess cash on short-term investments with reputable financial institutions.

### Accounts receivable

The Group has established a credit policy under which credit assessment is being made to check the credit worthiness of major customers prior to signing the contracts/ accepting their purchase orders.

The receivables are shown net of allowance for impairment loss on accounts receivable. The Group applies the simplified approach to calculate impairment loss on accounts receivable and this always recognizes lifetime ECL on such exposures. ECL on these financial assets are estimated using a flow rate based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast

direction of conditions at the reporting date, including time value of money where appropriate. Credit and Collection Operations provide inputs on the aging of financial assets on a periodic basis.

The Group has 2 major customers representing 34% of total accounts receivable as at 31 December 2022 (31 December 2021: 25%), noting that at the same time, these customers have payable balances from the Group covering approximately 83% of their accounts receivable balances (31 December 2021: 90%).

The rest of the balances do not have significant concentration of credit risk, with exposure spread over large number of customers.

### Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The management closely and continuously monitors the liquidity risk by performing regular reviews of available funds, present and future commitments, operating and capital expenditure. Moreover, the Group monitors the actual cash flows and seeks to match the maturity dates of its financial assets and its financial liabilities.

The Group seeks continuously to comply with its legal obligations, including any relating to its borrowings agreements.

The following represents the maturities of financial liabilities at the reporting date based on undiscounted contractual cash flows (SAR millions):

	Less than 1 Year	1 to 5 Years	More than 5 Years	Total Contractual Cash Flows	Carrying Amount
<b>At 31 December 2022</b>					
Borrowings	1,937	8,410	1,110	11,457	9,624
Lease liabilities	1,125	1,558	896	3,579	3,221
Accounts payable	4,532	-	-	4,532	4,532
Due to related parties	161	-	-	161	161
Financial liabilities	64	155	76	295	259
	<b>7,819</b>	<b>10,123</b>	<b>2,082</b>	<b>20,024</b>	<b>17,797</b>
<b>At 31 December 2021</b>					
Borrowings	1,554	9,290	1,592	12,436	10,834
Lease liabilities	1,044	1,620	814	3,478	3,120
Accounts payable	4,606	-	-	4,606	4,606
Due to related parties	282	-	-	282	282
Financial liabilities	-	155	115	270	224
Derivatives financial instruments	46	-	-	46	46
	<b>7,532</b>	<b>11,065</b>	<b>2,521</b>	<b>21,118</b>	<b>19,112</b>

### Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates, profit rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

### Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's transactions are principally in Saudi Riyals and US Dollars. The Saudi Riyal is pegged to the US Dollar.

The management closely and continuously monitors the exchange rate fluctuations. Based on its experience and market feedback, the management does not believe it is necessary to hedge the effect of foreign exchange risks as most of the transactions of foreign currency risk is relatively limited in the medium-term.

### Profit rates risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates. The Group's exposure to market risk for changes in profit rates relates primarily to the Group's borrowings which were acquired to finance working capital requirements and capital expenditure. These borrowings are re-priced on a periodic basis and expose the Group to profit rate risk. The Group's practice is to manage its financing cost through optimizing available cash and minimizing borrowings.

The Group seeks to ensure that on the medium-term a significant portion of its borrowings is at a fixed rate. This is achieved partly by entering into fixed rate instruments and partly by borrowings at a floating rate and using profit rate swaps as hedges of the variability in cash flows attributable to movements in profit rates.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference profit rates, tenors, re-pricing dates, maturities and the notional amounts.

## Governance

## Statement of Compliance

These consolidated financial statements comprise the financial information of the Company and its subsidiaries (together referred to as the "Group").

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom of Saudi Arabia and other standards and requirements issued by Saudi Organization for Chartered and Professional Accountants (SOCPA).

The principal accounting policies applied in the preparation of these consolidated financial statements have been consistently applied to all periods presented. These consolidated financial statements have been approved for issuance by Board of Directors on 19 February 2023 (corresponding to 28 Rajab 1444H).

## GOVERNANCE

## Summary of Assets, Liabilities and Financial Results

The following tables summarize the consolidated balance sheet, operating income and income statement as of 31 December 2022, 2021, 2020, 2019 and 2018:

## Summary of the Consolidated Balance Sheet (SAR millions)

	2022	2021	2020	2019	2018
Current assets	9,716	8,085	6,476	6,512	7,101
Non-current assets	30,053	31,279	31,932	32,704	31,461
<b>Total assets</b>	<b>39,769</b>	<b>39,364</b>	<b>38,408</b>	<b>39,216</b>	<b>38,562</b>
Current liabilities	11,656	11,083	10,985	11,367	11,554
Non-current liabilities	11,755	13,085	12,978	14,098	13,139
<b>Total liabilities</b>	<b>23,411</b>	<b>24,168</b>	<b>23,963</b>	<b>25,465</b>	<b>24,693</b>
<b>Shareholders' equity</b>	<b>16,358</b>	<b>15,196</b>	<b>14,445</b>	<b>13,751</b>	<b>13,869</b>
<b>Total liabilities and equity</b>	<b>39,769</b>	<b>39,364</b>	<b>38,408</b>	<b>39,216</b>	<b>38,562</b>

The Company's total assets as of 31 December 2022 amounted to SAR 39,769 million, while total liabilities amounted to SAR 23,411 million and Shareholders' equity amounted to SAR 16,358 million.

Property and equipment accounted for the largest proportion of the Company's assets with a net book value

of SAR 19,508 million, while loans accounted for most liabilities at SAR 9,623 million. These loans were allocated for the purposes of the public company, acquiring network equipment, purchasing communications equipment and financing CAPEX. The end-of-service gratuity (EOSG) for the Company's employees was SAR 502 million as of 31 December 2022.

## Summary of Consolidated Operating Income (SAR millions)

	2022	2021	2020	2019	2018
Usage	10,594	10,037	9,663	9,347	8,225
Activation and subscription fees	3,052	2,766	2,397	2,308	2,419
Others	2,023	2,031	1,986	1,795	1,221
<b>Total revenues</b>	<b>15,669</b>	<b>14,834</b>	<b>14,046</b>	<b>13,450</b>	<b>11,865</b>

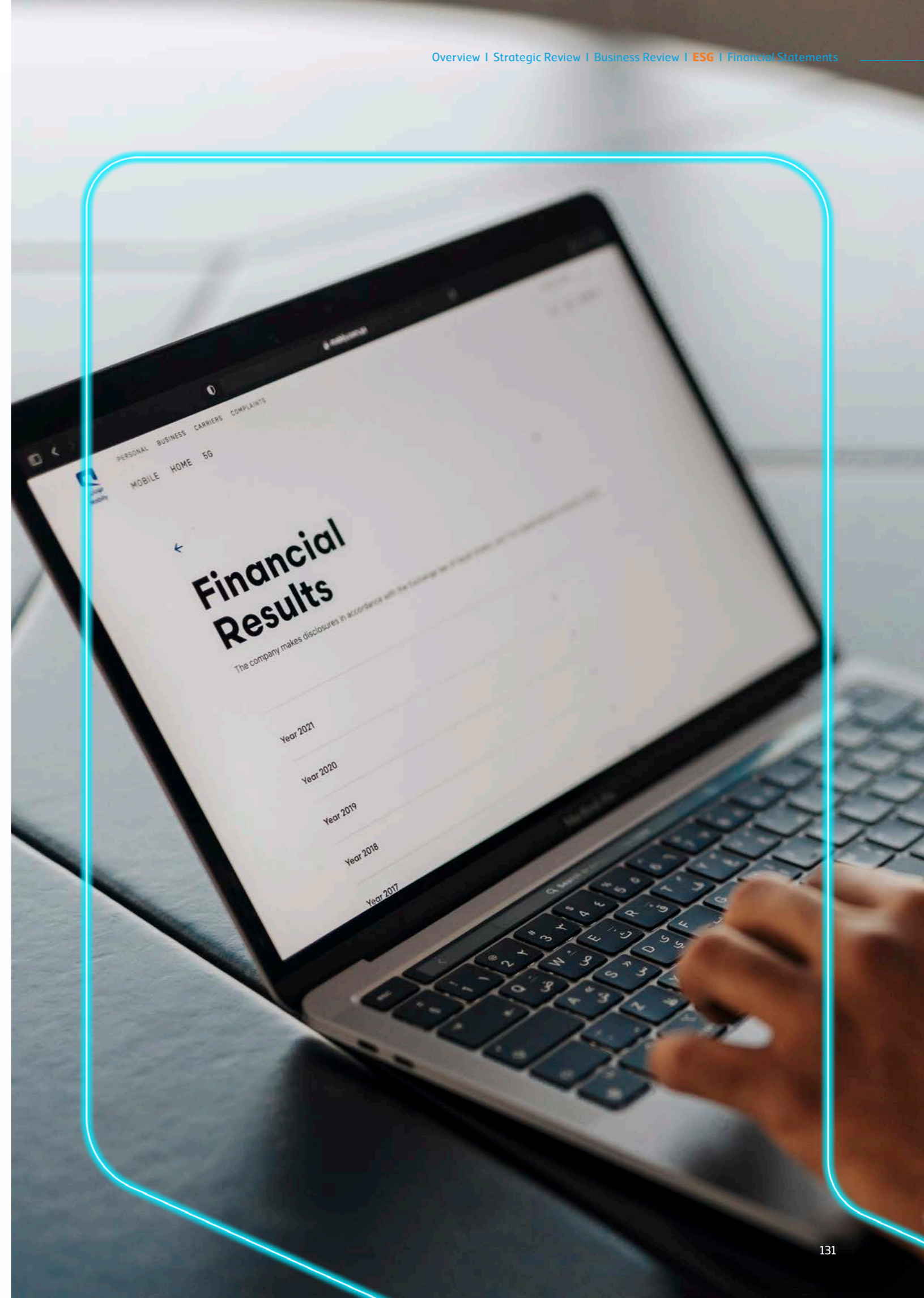
## Governance

# Summary of Assets, Liabilities and Financial Results (continued)

## Summary of Consolidated Income Statement (SAR millions)

	2022	2021	2020	2019	2018	Value Change 21/22	Percentage Change 21/22
Revenue	15,669	14,834	14,046	13,450	11,865	835	5.63%
Cost of sales	(6,306)	(6,163)	(5,894)	(5,650)	(5,283)	(143)	2.32%
Gross profit	9,363	8,671	8,152	7,800	6,582	692	7.98%
Selling and marketing expenses	(1,463)	(1,390)	(1,391)	(1,277)	(1,286)	(73)	5.25%
General and administrative expenses	(1,628)	(1,558)	(1,407)	(1,509)	(747)	(70)	4.49%
Depreciation and amortization	(3,851)	(3,927)	(3,970)	(3,917)	(3,809)	76	(1.94%)
Profit from operations	2,310	1,654	1,366	967	603	656	39.66%
Finance income	46	5	21	45	35	41	820.00%
Finance expenses	(607)	(505)	(561)	(929)	(799)	(102)	20.20%
Zakat and income tax	(122)	(79)	(43)	(49)	38	(43)	54.43%
Net Profit / (Loss)	1,657	1,072	783	31	(123)	585	54.57%

- Mobily achieved a growth in net profit of SAR 1,657 million for the year 2022 compared to SAR 1,072 million in 2021, recording the highest annual net profit in the last 9 years due to the growth of all revenue streams, with a healthy growth in the subscriber base, in addition to the Company's efficiency in managing its operations
- Gross profit increased by 8.0% in FY 2022, reaching SAR 9,363 million from SAR 8,671 million in FY 2021, due to the increase in revenues
- The revenues reached SAR 15,669 million in 2022, a 5.6% growth from SAR 14,834 million achieved last year. The increase in revenues was driven by the growth of all revenue streams, with a healthy growth in the subscriber base
- EBITDA delivered its highest level over the past 9 years, with an amount of SAR 6,161 million in 2022, compared to SAR 5,581 million in the previous year. The increase in EBITDA mostly reflects the growth in revenues and the Company's efficiency in managing its operations
- EBITDA margin reached 39.3% in 2022 versus 37.6% in 2021
- Operational profit increased by 39.7%, reaching SAR 2,310 million in 2022 from SAR 1,654 million in the last year, due to the improvement in EBITDA



## Governance

# Loans

Details of loans and notes payable as at 31 December 2022 are as follows. It should be noted that the amounts that have been paid during 2022 amount to SAR 1,259.89 million:

Lender	Borrowings Nature	Borrowings Purpose	Date	Currency	Principal Amount	Utilized Amount	Profit Rate	Period	Other Information	31 December 2022 (SAR millions)			31 December 2021 (SAR millions)			Paid-up Amount during 2022
										Current	Non-Current	Total (remaining due amount)	Current	Non-Current	Total (remaining due amount)	
Syndicated Financing - Local Banks	Long-term refinancing facility agreement Sharia' compliant	Syndicated Murabaha facility for general corporate purpose	Q4, 2019	Saudi Riyals	SAR 7,619 million	SAR 7,619 million	SIBOR plus profit margin	7 years	Repayment period of 7 years with semi-annual repayments	752	5,688	6,440	562	6,441	7,003	571.43
Export Credit Agency of Finland (Finnvera)	Long-term financing agreement Sharia' compliant	Acquiring network equipment	Q3, 2013, Q1, 2014 & Q4, 2018	US Dollars	USD 720 million (SAR 2,700 million)	USD 720 million (SAR 2,700 million)	Fixed rate per annum	10 years	Utilization period of 1.5 years, repayment period of 8.5 years with semi-annual repayments	265	314	579	326	579	905	346.05
Export Credit Agency of Sweden (EKN)	Long-term financing agreement Sharia' compliant	Acquiring network equipment	Q3, 2013, Q1, 2014 & Q4, 2018	USD Dollars	USD 652 million (SAR 2,444 million)	USD 629 million (SAR 2,358 million)	Fixed rate per annum	10 years	Utilization period of 1.5 years, repayment period of 8.5 years with semi-annual repayments	190	334	524	281	524	805	298.05
Export Development of Canada (EDC)	Long-term financing agreement Sharia' compliant	Acquiring telecommunication devices and equipment	Q2, 2014	US Dollars	USD 122 million (SAR 458 million)	USD 101 million (SAR 377 million)	Fixed rate per annum	10.5 years	Utilization period of 2 years, repayment period of 8.5 years with semi-annual repayments	41	41	82	41	82	123	44.36
Alinma Bank	Long-term financing agreement Sharia' compliant	Finance capital expenditure including capital expenditure	Q4, 2019	Saudi Riyals	SAR 3,000 million	SAR 2,000 million	SIBOR plus profit margin	10 years	Payable over a period of 10 years with semi-annual repayments and with 3 years grace period	65	1,933	1,998	-	1,998	1,998	-
<b>Total</b>										<b>1,313</b>	<b>8,310</b>	<b>9,623</b>	<b>1,210</b>	<b>9,624</b>	<b>10,834</b>	<b>1,259.89</b>

## Governance

## Statutory Payments

## Paid and Due Statutory Payments (SAR millions)

Item	Payable to	2022		Short Description and Reason
		Paid	Due for Fiscal Year-End, Not Paid	
Zakat	General Authority of Zakat and Tax	77.68	121.83	In accordance with the relevant laws and regulations
Tax	General Authority of Zakat and Tax	1,301.29	68.77	In accordance with the relevant laws and regulations
GOSI fees	General Organization for Social Insurance	136.84	13.42	In accordance with the relevant laws and regulations
Visa and Passport costs	Ministry of Interiors	2.29	-	In accordance with the relevant laws and regulations
Labor Office fees	Ministry of Labor	9.52	-	In accordance with the relevant laws and regulations

## Provision for Zakat

	31 December 2022
Balance at the beginning of the year	108,839
Charge during the year	119,283
Payments during the year	(77,679)
<b>Balance at the end of the year</b>	<b>150,443</b>

The Group is subject to zakat according to the regulations of the Zakat, Tax and Customs Authority (ZATCA) in the Kingdom of Saudi Arabia. The Group files its zakat returns on a consolidated basis, starting from the financial year ended 31 December 2009 and thereafter, where it includes the Company and its subsidiaries due to the fact that the Group is one economic entity wholly owned and managed by the Company.

The Group has filed its zakat returns with ZATCA for the years through 2021 and settled its zakat thereon. The Group has finalized its zakat status for the years up to 2009 as well as 2012 and 2013.

During the year ended 31 December 2016, the Group submitted adjusted zakat returns for the years 2013 and 2014, as a result of restatement of the consolidated financial statements for the said years.

The Group has received zakat assessments that showed additional zakat liabilities for the years 2010, 2011 and 2014 to 2018 of SAR 157 million, which have been appealed against by the Group at the Preliminary and Higher Appeal

Committees. During the fourth quarter of 2022, the Group received a preliminary favorable ruling regarding zakat assessments for the years 2010 and 2011. A ruling was also received accepting some of the objections regarding zakat assessments for the years from 2014 to 2018 by the Committee for the Resolution of Tax Violations and Disputes and the Group has appealed the items that were not accepted before the Appeal Committee for Tax Violations and Disputes, and the appeal is still under study. The Group believes that this ruling will not result in any additional provisions.

## Income tax

Income tax expense payable by subsidiaries, in accordance with the prevailing tax regulations in their countries, for the year ended 31 December 2022 amounted to SAR 2.5 million (2021: SAR 1.6 million). Income tax paid during the year ended 31 December 2022 amounted to SAR 2 million (2021: SAR 1.6 million).

## Governance

## Lawsuits and Violations

The Committee for the Consideration of Violations of the Communications Law has passed several decisions, including penalties against Mobily, which were in accordance with the Communications Law and the Executive Regulations thereof. Such decisions were based on various reasons, including the manner used for issuing SIM Cards, rejection of number transfer requests, non-compliance with some controls and provisions, and other reasons.

The Company seeks to avoid a recurrence of such penalties through the following actions:

1. Constantly organizing workshops for Mobily employees and holding meetings with specialists
2. Complying with the Authority's resolutions and instructions
3. Raising awareness about new regulations, especially with regard to preparation of SIM cards, number transfer services, and compliance with statutory requirements in this regard
4. Complying with tariff laws and controls

In addition, through the development of the organizational structure of organizational commitment in the sector of regulatory affairs and public policies and the allocation of the necessary HR resources and policies to remedy violations within the statutory periods, in compliance with the terms, conditions, and regulations of the Communications, Space, and Technology Commission.

The CST violation committee has issued several penalty resolutions against the Group amounting to SAR 76 million as of 31 December 2022. The Group filed multiple lawsuits against CST at the Board of Grievances in order to oppose such resolutions of the CST violation committee which remains outstanding and based on the status of these lawsuits as of 31 December 2022, the Group's management believes that sufficient provisions have been recorded.

The Group, in its ordinary course of business, is subject to proceedings, lawsuits and other claims. However, based on the status of these lawsuits as of 31 December 2022, the Group's management believes that sufficient provisions have been recorded.

## Governance

# Annual Review of the Effectiveness of Internal Control Procedures

The formulation of the Audit Committee (Referred to below the "Committee") in Mobily, took into consideration the requirements of corporate governance in terms of its composition and direct association with the Board of Directors (Referred to below "BoD") of the Company. The Committee's main contribution was in reviewing the financial statements and accounting policies and the supervision of the work of Internal Audit, External Auditors and Compliance. The Committee held 9 meetings during the year 2022.

### Duties of the Audit Committee

The Committee works to assist the BoD in fulfilling its responsibility towards monitoring the financial reports and the internal control system, overseeing the work of the Auditors, reviewing the interim and annual financial statements, reviewing the applied accounting policy and ensuring the Company's compliance with applicable requirements and regulations. The Committee communicates regularly with the Internal Audit Department (IAD), where IAD is tasked with evaluating the effectiveness of the Company's internal control framework and functions and reporting on them using a risk-based assessment methodology.

### Highlights of the Committee's business during 2022:

- Reviewing and approving the internal audit plan and ensuring the availability of the required resources to guarantee its continuous effectiveness
- Auditing and approving the objectives and performance indicators of the CEO of the internal audit department
- Supervising the work of the internal audit department and following up with the implementation of its plan, including setting up a mechanism for continuous auditing using modern technologies
- Discussing the internal audit management reports issued in 2022, the notes contained therein, the corrective plans, and the progress of the implementation of the recommendations by the relevant departments of the Company
- Discussing other topics that may affect the Company's work that were submitted to the Committee by the Executive management or referred to the Committee for consideration by the Board of Directors

- Supervising the work of the External Auditors and meeting them periodically
- Reviewing the quarterly and annual financial statements and submitting recommendations to the Board of Directors to approve them
- Reviewing the "Management Letter" on internal controls issued by the External Auditors and implementing its recommendations
- Reviewing a range of new policies and updates on other existing policies
- Following up on activities that strengthen the Company's regulatory system and its continuous work, including following up on the implementation of the fixed asset modernization project of the Company, the implementation of an alternative data center project when emergencies occur, and enhancing the level of automation in various aspects of the Company's work
- Reviewing management's proposals for doubtful debt allocations and cancellation procedures
- Reviewing reports from management on legal and regulatory compliance requirements and monitoring the implementation of pertinent recommendations
- Reviewing the necessary arrangements for enabling a mechanism for employees to communicate their concerns in a confidential manner
- Reviewing reports from the Company's Management on the accounts receivable strategy as well as management reports on the status of collection and monitoring the implementation of the recommendations contained in the reports
- Reviewing the methodology of expected bad debt credit losses under the application of the International Standard (IFRS9) and submitting recommendations thereon
- Informing the BoD periodically about the Committees' activities through the sharing of its minutes of meetings and regular updates during BoD meetings

### The Audit Committee's Opinion on the Effectiveness of the Internal Control System

The internal control system is designed to give reasonable assurance on the achievement of the organization's established goals; effectively and efficiently. It includes, but is not limited to issuing reliable financial reports, adequate compliance with laws, regulations and policies, as well as proper management of business risks to minimize their impacts on the achievement of the Company's goals. The internal control system, as well, plays an important role in preventing fraud and protecting the Company's resources. The Management of the Company is responsible for implementing a comprehensive and effective internal control system relative to the risks the Company might be exposed to; with reasonable cost and benefit to give acceptable levels of assurances to avoid material errors and related losses.

The Committee reviews the reports that are provided periodically by Internal and External Auditors and by different departments related to internal control within the Company.

The outcomes of annual reviews of the Company's internal control system did not reveal any major weaknesses, with some observations aimed towards its improvement. The observations were communicated with Company Management and a plan was set to implement the relevant recommendations. The Committee emphasized the need for Executive Management to expedite the timely closure of all notes and the implementation of recommendations, while giving greater importance to high-risk notes and overdue recommendations. This is in addition to the continuous monitoring of the internal control system to ensure that its objectives are achieved, with the improvement of the operations' efficiency and effectiveness, and while complying with relevant regulations. The Committee will follow up on the recommendations with the agreed implementation dates.

## Governance

## Corporate Governance Compliance

Following the review of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), the Company has adopted governance rules and standards pursuant to these Regulations. To illustrate the Company's

compliance with such Regulations, the Company applies all provisions of the Corporate Governance Regulations issued by the Capital Market Authority (CMA), except for the provisions below:

Article/ Paragraph No.	Text of Article/ Paragraph	Reasons for Non-Application
Article 37 – Paragraph 2	The Company shall pay adequate attention to the training and preparation of the Board members and the Executive Management, and shall develop the necessary programs required for the same, taking the following into account: 2) Developing the necessary mechanisms for Board members, Committee members, and the Executive Management to continuously enroll in training programs and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	This is a guiding article. There is no fixed program, but training is provided as needed, and specialized international conferences are also attended.
Article 39 – Paragraph D	D) The individual assessment of the Board members shall take into account the extent of the member's effective participation and his/her commitment to performing his/her duties and responsibilities, including attending the Board and its Committees' meetings and dedicating adequate time thereof.	This is a guiding article. The Board of Directors did not set indicators for individual measurement or evaluation for this year.
Article 82 – Paragraph 3	The Company shall establish programs for developing and encouraging the participation and performance of the Company's employees. In particular the programs shall include the following: 3) Establishing social organizations for the benefit of the Company's employees.	This is a guiding article. The Company is developing other programs to encourage and motivate the participation and performance of its employees.
Article 84	The Ordinary General Assembly, based on the Board recommendation, shall establish a policy that guarantees a balance between its objectives and those of the community for purposes of developing the social and economic conditions of the community.	This is a guiding article. The Company works continuously to participate in various social activities with the aim of sustainability and achieving the desired goals, which also aim to develop the social and economic conditions of the community.
Article 85 – Paragraph 1	The Board shall establish programs and determine the necessary methods for proposing social initiatives by the Company, which include: 1) Establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities.	This is a guiding article. The Company is interested in promoting participation in various social activities in order to sustain and achieve the desired goals.
Article 87 – Paragraph 8		
Article 90 – Paragraph A - 4 - B	The Company shall disclose the remuneration of 5 Senior Executives in detail pursuant to the appended schedule to the Corporate Governance Regulations.	The Company has disclosed the components of the Senior Executives' remuneration collectively in accordance with the statutory requirements contained in subparagraph (B) of paragraph (4) of Article (90) of the Corporate Governance Regulations. However, to protect the interests of the Company, its Shareholders, and its employees, and to avoid any damage that may result from the detailed disclosure according to the titles and positions, the details were not presented as mentioned in Appendix (1) of the Senior Executives of the Corporate Governance Regulations.
Article 87 – Paragraph 19	The Board's report shall include the Board's operations during the last fiscal year and all factors that affect the Company's businesses. Such a report shall include the following: 19) Geographical analysis of the Company's and its affiliates' revenues.	A geographical analysis of the Company's total revenue is not available due to the nature of the sector's business, because the revenue generated by the subscriber is not linked to a single region. Mobily Infotech Limited (India) is also considered a cost center, and its activity is to develop technical software and provide technical support services for information technology. The UAE-based National Business Solutions Company FZE is a cost center wholly owned by the subsidiary.
Article 92	1) If the Board forms a corporate governance committee, it shall assign to it the competencies stipulated in Article (91) of these Regulations. Such a committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	This is a guiding article. The Board of Directors ensures compliance with the Company's governance rules, as well as reviewing and updating these rules, and improving the Company's Code of Conduct, and other policies and internal procedures. The Board members are constantly informed about the latest developments in the area of governance.

It should be noted that:

- The Audit Committee did not recommend appointing an Internal Auditor for the Company during the last fiscal year
- There is no conflict between the recommendations of the Audit Committee and the Board resolutions as to appointing or dismissing the Company's External Auditor, or determining its remuneration, assessing its performance, or appointing the Internal Auditor
- There is no inconsistency with the standards approved by the Saudi Organization for Chartered Professional Accountants
- No shares or debt instruments were issued for each affiliate company
- According to Article 85 of Rules on the Offer of Securities and Continuing Obligations, the Company has not been informed of any interest in voting rights shares owned by any person (other than Board members and Senior Executives and their relatives)
- No convertible debt instruments, contractual securities, preemptive or similar rights were issued or granted by the Company during the fiscal year
- No conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights were issued or granted by the Company
- There was no redemption, purchase, or cancellation by the Company of any redeemable debt instruments
- No Board member or Senior Executive has waived any remunerations
- No Shareholder of the Company has waived any rights to dividends
- No investments or reserves were made or set up for the benefit of the employees of the Company
- The Auditor's Report does not contain any reservations on the Annual Financial Statements
- The Board of Directors did not recommend replacing the External Auditor before the end of its term
- No Board member has any competing business with the Company or any of the activities practiced by the Company
- There are no Treasury shares retained by the Company
- There are no programs establishing a scheme for granting Company shares or a percentage of the Company profits and pension programs for employees, and setting up an independent fund for such program



## Governance

# Declarations of the Board of Directors

The Board of Directors declares the following:

- Proper books of account have been maintained.
- The system of internal control is sound in design and has been effectively implemented.
- There are no significant doubts concerning the Company's ability to continue its activity.

Board of Directors  
Etihad Etisalat Co. (Mobily)  
March 2023