

## Attachment of the item No. 2

External Auditor report for the business and contracts with  
Public Investment Fund (PIF)

## **LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF SAUDI TELECOM COMPANY (A SAUDI JOINT STOCK COMPANY)**

### **Scope**

We have been engaged by Saudi Telecom Company (the “Company”) to perform a ‘limited assurance engagement,’ as defined by International Standards on Assurance Engagements endorsed in the Kingdom of Saudi Arabia, here after referred to as the engagement, to report on the Company’s compliance with the requirements of Article (71) of the Companies’ Law (the “Subject Matter”) contained in the Company’s attached notification (Appendix A) which is presented by the Company’s Board of Directors to the Extraordinary General Assembly on the transactions and contracts in which some members of the Company’s Board of Directors have a direct or indirect personal interest in them dated 23 January 2024.

### **Criteria Applied by the Company**

In preparing the Subject Matter the Company applied the below criteria (the “Criteria”). Such Criteria were specifically designed for the notification presented by the Company’s Board of Directors to the Extraordinary General Assembly (Appendix A). As a result, the subject matter information may not be suitable for another purpose.

- Article (71) of the Companies’ Law issued by the Ministry of Commerce (“MC”) (1443H -2022G).
- Notification presented by the Company’s Board of Directors to the Extraordinary General Assembly (Appendix A) dated 23 January 2024.
- Declarations submitted by some of the Company’s Board of Directors’ members regarding the transactions and contracts in which some members of the Company’s Board of Directors have a direct or indirect personal interest in them.
- Meeting minutes of the Board of Directors meeting which include disclosures by some of the Company’s Board of Directors’ members regarding transactions and contracts in which some members of the Company’s Board of Directors have a direct or indirect personal interest in them.

### **Company’s Responsibilities**

The Company’s management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

### **Our Responsibilities**

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

**LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF  
SAUDI TELECOM COMPANY  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Our Responsibilities (continued)**

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (“ISAE 3000”) that is endorsed in the Kingdom of Saudi Arabia, and the terms of reference for this engagement as agreed with the Company on 7 March 2024. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

**Our Independence and Quality Management**

We have maintained our independence and confirm that we have met the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, and have the required competencies and experience to conduct this assurance engagement.

Our firm also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, that is endorsed in the Kingdom of Saudi Arabia, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Description of Procedures Performed**

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject matter and related information and applying analytical and other appropriate procedures.

**LIMITED ASSURANCE REPORT TO THE SHAREHOLDERS OF  
SAUDI TELECOM COMPANY  
(A SAUDI JOINT STOCK COMPANY) (continued)**

**Description of Procedures Performed (continued)**

Our procedures included:

- Obtained the notification presented by the Company's Board of Directors to the Extraordinary General Assembly (Appendix A) regarding the transactions and contracts entered between some of the Board of Directors' members directly or indirectly with the Company dated 23 January 2024.
- Obtained the declarations from some of the Company's Board of Directors' members for the transactions and contracts done with the Company's in which some members of the Company's Board of Directors have a direct or indirect personal interest in them.
- Obtained Board of Directors minutes of meetings that indicates some member's notification to the Board of Directors of transactions and contracts done with the Company in which some members of the Company's Board of Directors have a direct or indirect personal interest in them.
- Discussing with the management the contracts and transactions between the Board of Directors' members either directly or indirectly with the Company.

We also performed such other procedures as we considered necessary in the circumstances.

**Other Matter**

The attached notification (Appendix A) is stamped by us for identification purposes only.

**Conclusion**

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter, in order for it to be in accordance with the Criteria applied by the Company referred to above.

for Ernst & Young  
Professional Services

Saad M. Al-Khathlan  
Certified Public Accountant  
License No. (509)



Riyadh: 27 Shawwal 1445H  
(6 May 2024)



## Appendix (A)

### To the shareholders of stc company

#### Notification of business and contracts in which members of the Board of Directors have a direct or indirect interest with Saudi Telecom Company (stc) (the "Company")

With reference to the requirements of article 27, item 1 of the Company's law, which states, "a company's manager or board member may not have any direct or indirect interest in the transactions conducted and contracts concluded for the company's account without the authorization of the partners, general assembly, or shareholders or their designees". And item 71 of the Company's law, which states, "a member of the Board of Directors cannot have any direct or indirect interest in the business and contracts that are made for the company unless a license from the Ordinary General Assembly was provided to the member. Therefore, any member of the Board of Directors is obliged to inform that Board of his direct or indirect interest in the business and contracts that are made for the company".

## الملحق (أ)

### السادة مساهمي شركة الاتصالات السعودية الكرام

#### تبلغ عن الأعمال والعقود التي لأعضاء مجلس الإدارة مصلحة مباشرة أو غير مباشرة فيها مع شركة الاتصالات السعودية (الشركة)

إشارة إلى متطلبات الفقرة (أ) من المادة (٢٧) من نظام الشركات، والتي نصت على أنه: "لا يجوز لمدير الشركة، ولا لعضو مجلس إدارتها، أن تكون له أي مصلحة مباشرة أو غير مباشرة في الأعمال والعقود التي تتم لحساب الشركة، إلا بترخيص من الشركاء أو الجمعية العامة أو المساهمين أو من يفوضونه." ووفقاً لمتطلبات الفقرة (أ) من المادة (٧١) من نظام الشركات، والتي نصت على أنه: "يجب على عضو مجلس الإدارة فور علمه بأي مصلحة له سواء مباشرة أو غير مباشرة في الأعمال والعقود التي تكون لحساب الشركة، أن يبلغ المجلس بذلك، ويثبت هذا الإبلاغ في محضر اجتماع المجلس عند اجتماعه. ولا يجوز لهذا العضو الاشتراك في التصويت على القرار الذي يصدر في هذا

الشأن في المجلس والجمعيات العامة."

Accordingly, we would like to inform you of the following transaction and contract in which members of the Board of Directors: His Excellency Dr. Khaled H. Biyari, Mr. Yazeed A. AlHumied, Ms. Rania M. Nashar, Mr. Arndt F. Rautenberg, and Mr. Sanjay Kapoor, have an indirect interest on, as a representative of the PIF, which the company is seeking a license from the General Assembly, which is summarized as follows:

- PIF to acquire 51% of TAWAL for a cash consideration, where TAWAL was valued at SAR 21.94bn, representing 100% of the enterprise value on a cash free, debt free basis.
- Contributing Golden Lattice Investment Company (GLIC) to Digital Infrastructure Company (DIC) in exchange for shares to PIF and minorities of GLIC, where GLIC was valued at SAR 3.03bn, representing 100% of the enterprise value on a cash free, debt free basis.
- stc to inject equity (through a capital increase) in DIC which is estimated at SAR 532m to allow stc to maintain its agreed 43.1% shareholding in the combined entity.
- Both amounts of the cash proceeds to stc (for the sale of 51% of TAWAL) and stc

عليه نود ابلاغكم بالتعامل والعقد التالي والذي سيكون لبعض أعضاء مجلس الإدارة التالية أسماؤهم مصلحة غير مباشرة فيه كونهم ممثلين عن الصندوق وهم: معالي الدكتور خالد بن حسين البيارى، والأستاذ/ يزيد بن عبدالرحمن الحميد، والأستاذة/ رانيا بنت محمود نشار، والأستاذ/ أردنت راوتينبيرق، والأستاذ/ سانجاي كابور، التي تسعى الشركة للحصول على ترخيص من الجمعية العامة عليه على النحو التالي:

- استحواذ الصندوق على حصة 51% من شركة توال للأبراج بمقابل نقدي، وقد تم تحديد القيمة الإجمالية لشركة توال (Enterprise Value 100%) بمبلغ ٢١,٩٤ مليار ريال سعودي على أساس استبعاد أرصدة النقد والديون.
- سيقوم مساهمي شركة لتيس الذهبية للاستثمار، وهم الصندوق وملاك حصص الأقلية بمبادلة كامل أسهمهم بأسهم جديدة مصدرية في شركة البنى الرقمية. وقد تم تحديد القيمة الإجمالية لشركة لتيس الذهبية للاستثمار (Enterprise Value 100%) بمبلغ ٣,٠٣ مليار ريال سعودي على أساس استبعاد أرصدة النقد والديون.
- ستزيد stc رأس مال شركة البنى الرقمية بمبلغ تقديري يبلغ ٥٣٢ مليون ريال سعودي، لكي لا تقل حصة stc عن الحصة المتفق عليها في الكيان المندمج والتي تبلغ ٤٣,١%.
- سيكون المقابل النقدي المدفوع لصالح stc (نتيجة بيعها لـ 51% من شركة توال) ومبلغ زيادة رأس مال شركة البنى الرقمية قابل للتغيير وفقاً لآلية حسابات إتمام الصفقة.

capital increase at DIC are subject to adjustments as per the completion accounts mechanism at closing.

- stc and PIF to contribute TAWAL to DIC, resulting in 43.1% stake for stc while PIF and minority shareholders of GLIC will own the remaining shares in the combined entity.

• سيقوم الصندوق و stc بمبادلة أسهمهما في شركة توال بأسهم جديدة مصدرة في شركة البنى الرقمية، بحيث تصبح ملكية stc في الكيان المندمج ٤٣٪، بينما ستكون الحصص المتبقية لصالح الصندوق وملاك حصص الأقلية في شركة لتييس الذهبية للاستثمار.

Sincerely.

وتقبلوا وافر التحية والتقدير

Board Members	Signature	التوقيع	أعضاء المجلس
H.R.H. Prince Mohammed K. A. Al-Faisal			صاحب السمو الملكي الأمير/ محمد بن خالد العبدالله الفيصل
H.E. Dr. Khaled H. Biyari	يمتنع عن المشاركة والتصويت لوجود تعارض مصالح Abstains from the discussion and vote due to a conflict of interest		معالي الدكتور/ خالد بن حسين بياري
H.E. Mr. Mohammed T. AlNahhas			معالي الأستاذ/ محمد بن طلال النحاس
Mr. Yazeed A. AL-Humied	يمتنع عن المشاركة والتصويت لوجود تعارض مصالح Abstains from the discussion and vote due to a conflict of interest		الأستاذ/ يزيد بن عبدالرحمن الحميد
Ms. Rania M. Nashar	يتمتع عن المشاركة والتصويت لوجود تعارض مصالح Abstains from the discussion and vote due to a conflict of interest		الأستاذة/ رانيا بنت محمود نشار
Mr. Arndt F. Rautenberg	يتمتع عن المشاركة والتصويت لوجود تعارض مصالح Abstains from the discussion and vote due to a conflict of interest		الأستاذ/ أرندت راوتينبيرق
Mr. Sanjay Kapoor	يتمتع عن المشاركة والتصويت لوجود تعارض مصالح Abstains from the discussion and vote due to a conflict of interest		الأستاذ/ سانجاي كابور
Ms. Sarah J. AL-Suhaimi			الأستاذة/ سارة بنت جماز السحيمي
Mr. Jameel Al-Molhem			الأستاذ/ جميل بن عبدالله الملحم
Mr. Waleed I. Shukri			الأستاذ/ وليد بن إبراهيم شكري
Mr. Ahmed M. AlOmran			الأستاذ/ أحمد بن محمد العمران

# Attachment of the item No. 3

Competing Standards Charter



Competing Standards Charter

لائحة ضوابط ومعايير المنافسة

## 1. تمهيد

## 1. Introduction

**1.1** stc aims to implement the Companies Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority (CMA) in the Kingdom of Saudi Arabia, as well as the Company Governance Charter issued by its Board of Directors, to ensure that the Company's operations are aligned with the best corporate governance practices and compliant with the relevant laws and regulations. The Board of Directors has prepared a set of controls and standards govern Competition matters.

**1.2** These standards aim to establish the necessary controls to regulate the involvement of those subject to this charter in any competitive activities related to the Company.

**1-1** تسعى شركة stc (الشركة) إلى تطبيق نظام الشركات الصادر عن وزارة التجارة ولائحة حوكمة الشركات الصادرة عن مجلس هيئة السوق المالية (الهيئة) في المملكة العربية السعودية، ولائحة حوكمة الشركة الصادرة عن مجلس إدارتها من أجل التأكد من أن أعمال الشركة تتماشى مع أفضل الممارسات في مجال حوكمة الشركات، وقد أعد مجلس إدارة الشركة (المجلس) لائحة ضوابط ومعايير المنافسة.

**2-1** تهدف هذه المعايير إلى وضع الضوابط اللازمة لتنظيم اشتراك من تنطبق عليه هذه اللائحة في أي عمل من الأعمال المنافسة للشركة.

## 2. Concept

The following shall be deemed a participation in any business that may compete with the Company or any of its activities:

**a.** Any of the board members' establishing a company or a sole proprietorship or owning of a controlling percentage of shares or stakes in a company or any other entity engages in business activities that are similar to the activities of the Company or that of its Subsidiaries.

**b.** Accepting Board membership of a company or an entity that competes with the Company or any of its Subsidiaries, or managing the affairs of a competing sole proprietorship or any competing company of any form, except the company's affiliates.

**c.** The Board member's acting as an overt or covert commercial agent for another company

## 2. مفهوم أعمال المنافسة

يدخل في مفهوم الاشتراك في أي عمل من شأنه منافسة الشركة أو منافستها في أحد فروع النشاط الذي تزاوله ما يلي:

**أ.** تأسيس عضو مجلس الإدارة لشركة أو مؤسسة فردية أو تملكه نسبة مؤثرة لأسهم أو حصص في شركة أو منشأة أخرى تزاول نشاطا من نوع نشاط الشركة أو مجموعتها.

**ب.** قبول عضوية مجلس إدارة شركة أو منشأة منافسة للشركة أو مجموعتها، أو تولي إدارة مؤسسة فردية منافسة أو شركة منافسة أيا كان شكلها، فيما عدا تابعي الشركة.

**ج.** حصول العضو على وكالة تجارية أو ما في حكمها، ظاهرة كانت أو مستترة، لشركة أو منشأة أخرى منافسة للشركة أو مجموعتها.

or entity competing with the Company or its Subsidiaries

## 1-2 ضوابط منافسة الشركة:

### 2.1 Rules of Competing:

Without prejudice to Article (27) of the Companies Law and other relevant provisions in these regulations, if a member of the Board, or a member of one of its committees, desires to engage in a business that may compete with the Company or any of its activities, the following actions must be taken:

**2.1.1** The conflicted member must notify the Board of the competing businesses he/she desires to engage in and record such notification in the minutes of the Board meeting .

**2.1.2** The conflicted member shall abstain from voting on the related decision in the Board meeting, the meeting of its committees, and General Assemblies .

**2.1.3** The chairman of the Board informing the Ordinary General Assembly, once convened, of the competing businesses that the member of the Board, or a member of one of its committees, is engaged in, after the Board assesses the board member's competition with the company's business or if he/she is in competition with one of the branch activities that it conducts in accordance with the standards issued by the Ordinary General Assembly upon a proposal from the Board and published on the company's website, provided that such businesses are assessed on annual basis .

**2.1.4** Obtaining an authorization of the Ordinary General Assembly of the Company, or of the Board through a delegation of the Ordinary

مع مراعاة ما ورد في المادة السابعة والعشرين من نظام الشركات والأحكام ذات العلاقة في لائحة حوكمة الشركات، إذا رغب عضو مجلس الإدارة أو عضو إحدى لجانه في الاشتراك في عمل من شأنه منافسة الشركة، أو منافستها في أحد فروع النشاط الذي تزاوله، فيجب مراعاة ما يلي:

**1-1-2** إبلاغ مجلس الإدارة بالأعمال المنافسة التي يرغب في ممارستها، وإثبات هذا الإبلاغ في محضر اجتماع مجلس الإدارة.

**2-1-2** عدم اشتراك العضو صاحب المصلحة في التصويت على القرار الذي يصدر في هذا الشأن في مجلس الإدارة ولجانه وجميعيات المساهمين.

**3-1-2** قيام مجلس الإدارة بإبلاغ الجمعية العامة العادية عند انعقادها بالأعمال المنافسة التي يزاولها عضو المجلس أو عضو إحدى لجانه، وذلك بعد تحقق مجلس الإدارة من منافسة عضو المجلس أو عضو إحدى لجانه لأعمال الشركة أو منافستها في أحد فروع النشاط الذي تزاوله وفق المعايير المذكورة في هذه اللائحة، على أن يقوم المجلس بالتحقق من هذه الأعمال بشكل سنوي.

**4-1-2** الحصول على ترخيص من الجمعية العامة العادية للشركة أو من مجلس الإدارة بموجب تفويض من الجمعية العامة العادية يسمح لعضو المجلس بممارسة الأعمال المنافسة.

General Assembly, for the Board member to engage in the competing business.

## 2.2 Refusal to Grant the Authorization

If the General Assembly (or the Board of Directors based on the delegation from the General Assembly) rejects granting the board member the authorization to engage in work that would compete with the Company or any of its activities, the member of the Board shall resign within a period specified by the General Assembly or the Board of directors -depending on the situation; otherwise, his/her membership in the Board shall be deemed terminated, unless he/she decides to withdraw from such contract, transaction or competing businesses or amend his/her situation in accordance with the Companies Law and its implementing regulations prior to the end of the period.

## 2-2 رفض منح الترخيص:

إذا رفضت الجمعية العامة (أو مجلس الإدارة بموجب تفويض من الجمعية العامة) منح الترخيص للعضو بالاشتراك في عمل من شأنه منافسة الشركة، أو أحد فروع النشاط الذي تزاوله، فعلى عضو مجلس الإدارة تقديم استقالته خلال مهلة تحددها الجمعية العامة أو مجلس الإدارة -حسب الأحوال-، وإلا عُدت عضويته في المجلس منتهية، ما لم يقرر العدول عن العقد أو التعامل أو الأعمال المنافسة، أو توفيق أوضاعه طبقاً لنظام الشركات ولوائحه التنفيذية قبل انقضاء المهلة المحددة.

## 3. References

**3.1** Companies Regulations issued by Royal Decree No. M/132 dated 1/12/1443H.

**3.2** Corporate Governance Regulations Amended by Resolution of the Board of the Capital Market Authority Number 8-5-2023 Dated 25/6/1444H Corresponding to 18/1/2023 G.

**3.3** Implementing Regulation of the Companies Law for Listed Joint Stock Companies issued by the Capital Market Authority, amended by the decision of the Authority's Board No. (2-26-2023) dated 5/9/1444H corresponding to 27/3/2023G.

**3.4** Company's Bylaws.

**3.5** Conflict of Interest Policy and Related Party Transactions.

## 3. المراجع

**3-1** نظام الشركات الصادر بالمرسوم الملكي رقم م/132/ وتاريخ 1/12/1443هـ.

**3-2** لائحة حوكمة الشركات المعدلة بقرار مجلس هيئة السوق المالية رقم 8-5-2023 وتاريخ 25/6/1444هـ الموافق 18/1/2023م.

**3-3** اللائحة التنفيذية لنظام الشركات الخاصة بشركات المساهمة المدرجة الصادرة عن مجلس هيئة السوق المالية المعدلة بقرار مجلس الهيئة رقم (2-26-2023) وتاريخ 5/9/1444هـ الموافق 27/3/2023م.

**4-3** النظام الأساس للشركة.

**3-5** سياسة تعارض المصالح وتعاملات الأطراف ذوي العلاقة.