

Corporate Governance Report continued

External Assurance

(i) The Company's External Auditor

KPMG Lower Gulf Limited (KPMG), of Corniche, Nation Tower 2, 19th Floor, PO Box 7613, Abu Dhabi, UAE, was appointed as Ychsat's external auditor for the fiscal year 2020. KPMG provides audit, tax and advisory services to a broad range of domestic and international, public and private sector clients across all major aspects of business and the economy in the United Arab Emirates. The financial year 2021 was the first year of KPMG's appointment as Ychsat's auditors, following the rotation of the Company's previous auditor (EY) upon completion of 5 years as Ychsat's external auditor.

Number of years served as Company's external auditor	One (FY2021)
Partner name	Avtar Jalif
Number of years served as Company's external audit partner	One (FY2021)
Total fees for auditing the financial statements of 2021 (including provision of reasonable assurance report on the effectiveness of internal financial controls over financial reporting)	AED 1,458,897
Fees and costs of other services charged by KPMG, other than auditing the financial statements for 2021	AED 838,595
Details and nature of other services provided (if any)	Other services comprise interim reviews and other consultancy services
Statement of the other services performed by an external auditor other than the Company's auditor in 2021 (if any)	Refer to table below

KPMG has issued an unqualified audit opinion with respect to Ychsat's audited consolidated financial statements for the year 2021. Furthermore, KPMG issued an unqualified opinion regarding its review of each of Ychsat's quarterly and half-year financial statements during 2021.

(ii) Other Services Performed by an External Auditor Other Than the Company's External Auditor in 2021

Audit firm	Details of services	Amount paid (AED)
Vigilate Accountants B.V.	Other assurance engagements	104,005
Nolands Inc.	Other assurance engagements	24,165
NCS and Associates PSC	Other assurance engagements	21,294
KPMG Auditores Independentes Ltda	Other assurance engagements	77,490
PricewaterhouseCoopers	Accounting and tax compliance services	316,775
Deloitte & Touche ME	Internal audit and consulting	334,516
Ernst & Young	Accounting and tax advisory services	128,538
TOTAL		1,006,783

Internal Control and Risk Management

(i) Risk and Controls Systems

The Board of Directors acknowledges its responsibilities for ensuring the effectiveness of Ychsat's internal risk and control system.

The deployment of effective risk management and internal control is a key success factor towards realising Ychsat's strategic objectives. Therefore, Ychsat has implemented an integrated risk management and internal control approach. The underlying methodology is based on relevant principles set forth by the International Standards Organisation (ISO) and the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

(ii) Risk and Controls Approach

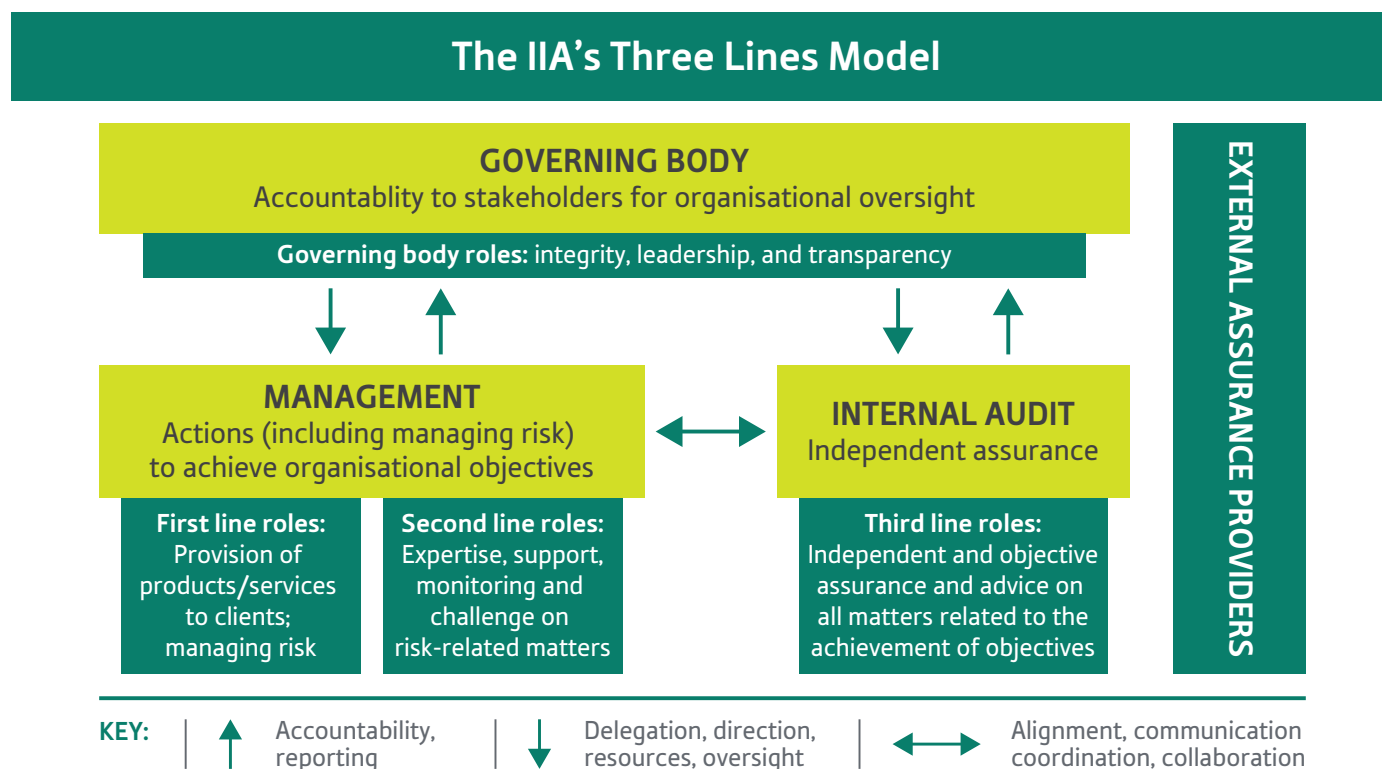
Ychsat's approach has been developed in accordance with the Three Lines Model of the Institute for Internal Auditors (IIA). It is objective-centric and aims to ensure the effective management of risks that have the potential to obstruct Ychsat from achieving its strategic objectives.

The internal risk and control system is embedded in Ychsat Group in three levels:

- Management's duty to effectively identify, assess and manage the main risks of Ychsat ('first line').
- The risk, internal control, information security, business continuity, health and safety and compliance functions facilitate the business in assessing their risks by the development, communication, training and monitoring of governance, risk and compliance related policies, processes and frameworks ('second line').
- Ychsat's internal audit function provides independent objective assurance and advice over Ychsat's Risk Management and Internal Control systems ('third line').

Internal Control and Risk Management continued

(ii) Risk and Controls Approach continued



(iii) Risk and Controls Organisation

a. Risk Management and Internal Control (Second line)

Yahsat Risk Management and Internal Control (RMIC) is an assurance function designed to create and safeguard value for the Group. As noted above, effective risk management and internal control is a key success factor for realising Yahsat's strategic objectives. The RMIC team endeavours to assist the Group in embedding risk management and internal control into existing/regular business processes, strengthening the first line. This includes integration in critical processes like strategic planning, financial reporting, business planning, budgeting, investment planning (CAPEX), procurement, information security and satellite operations.

For risk management activities, Yahsat has adopted the ISO 31000:2018 principles. For internal control, Yahsat applies the COSO Internal Control – Integrated Framework: 2013 principles. Yahsat's Internal Control over Financial Reporting (ICOFR) framework complies with the requirements set forth in the Abu Dhabi Accounting Authority (ADAA) Resolution No. 1 of 2017.

The RMIC function reports administratively to Yahsat's CEO and functionally to the Audit, Risk and Compliance Committee (ARCC).

Corporate Governance Report continued

Internal Control and Risk Management continued

(iii) Risk and Controls Organisation continued

b. Ethics and Compliance (Second line)

The Ychsat E&C function is primarily responsible for overseeing compliance with the Ychsat Code of Ethics within the organisation, compliance with applicable laws, regulatory requirements, policies and procedures, and adding value and improving Ychsat's operations and activities. It develops and supports all aspects of the Ychsat Group Ethics and Compliance programme and reports to the ARCC on compliance and integrity in the day-to-day business of Ychsat. For further information regarding Ychsat E&C function, its activities and its achievements, please refer to the section entitled "Ethics and Compliance".

c. Internal Audit (Third line)

Ychsat's Internal Audit function is an independent, objective assurance and consulting activity designed to improve and add value to Ychsat's operations and activities. It provides assurance to the ARCC on the 'in control status' of Ychsat and advises management on risk management, compliance and integrity in the day-to-day business. This encompasses operational, financial, IT, compliance audits and enterprise risk management coordination.

The Internal Audit function is governed by adherence to the Institute of Internal Auditors' mandatory guidance, including definition of Internal Audit, Code of Ethics and International Standards for the Professional Practice of Internal Audit (Standards, IPPF). Its activities are conducted in a manner based on a continuous evaluation of perceived business risks and has full and unrestricted access to all activities, documents, records, properties and staff. The Internal Audit Department has issued 8 Internal Audit reports and the Internal Audit plan for 2022 to the ARCC during 2021.

The Internal Audit function reports administratively to Ychsat's CEO and functionally to the ARCC.

(iv) Risk and Controls Framework

The Risk Management and Internal Control (RMIC) framework strives to assist the organisation to integrate risk management and internal control into all its activities and functions. The framework is designed to be a comprehensive set of components that support and sustain risk management and internal control throughout the organisation, including vision, mission, principles, guidelines (and policies), objectives, mandate and commitment, plans, relationships, accountabilities, resources, processes and activities.

Ychsat uses a top down approach for enterprise-wide risk management. A bottom up approach is used for specific business units' risk management. Risk assumptions are routinely revisited to evaluate Ychsat's readiness in treatment of the risks and are updated as necessary.

Ychsat has created an enhanced enterprise-wide top risks catalogue based on the risk assumptions. The top risks are evaluated quarterly with each responsible division head to update the risk trend of each risk and the corresponding risk treatment plans, or to add any new risks. Enterprise-wide top risks are presented to ARCC quarterly.

In the pursuit of Ychsat's strategic objectives, it is willing to accept measured risks in a responsible way, taking into account our stakeholders' interests. The Ychsat Board annually reviews and sets Ychsat's strategic objectives, while considering opportunities and threats. All major investment decisions (strategic projects, mergers and acquisitions) need Board endorsement or approval. Ychsat has a flexible risk approach to technological innovation. With respect to other risk categories, the approach of the Company towards risks could be qualified as cautious, and as zero tolerance for regulatory and compliance risks.

The Board has delegated certain authority to management, (predominantly pursuant to its Delegation of Authority document (DOA, see commentary on Delegation of Authority in the Section entitled "Corporate Governance Overview")), after performing a data based quantification of the operational requirements. Commitments, investments and other strategic decisions beyond the applicable delegated limits in the DOA are presented to Ychsat Board of Directors for their review and approval.

In line with ADAA Resolution No. 1 of 2017, the Group has implemented an Internal Control over Financial Reporting (ICOFR) framework. ICOFR is monitored and reviewed at the second level (the RMIC function) and third level (Internal Audit function) internally throughout the year, and reviewed by Ychsat's external auditors for independent assurance twice a year. An efficient ICOFR framework provides reasonable assurance over financial reporting to all stakeholders. The ICOFR updates are reported to the ARCC as a standing agenda item in the ARCC's scheduled quarterly meetings.

(v) Risk and Controls Enhancements

Ychsat continuously strives to strengthen and enhance its risk management, internal control and compliance practices. In 2021, the following activities were performed and enhancements made:

- Regular, periodic reporting to the ARCC on main uncertainties/threat with regards to strategic priorities was introduced
- Effectiveness of the ICOFR framework was tested
- Several risk assessments were performed to support management decision making
- Compliance with the SCA Corporate Governance Guide was assessed and relevant corporate policies were updated or drafted and implemented (as appropriate)
- Ychsat Fraud Risk Management framework (including the corresponding fraud risk management policy) was formalised
- Ychsat Risk Appetite Statement and Risk Dashboard were developed
- Created Ychsat Policy Framework to ensure streamlined policies
- Training and awareness of Ychsat Group employees on several risk and compliance topics, including but not limited to fraud, information security, code of ethics, trading Ychsat shares and disclosure requirements
- Continuous and ongoing monitoring of the external compliance requirements was conducted and non-compliances was proactively highlighted through various compliance activities
- Ychsat's own Code of Ethics was introduced
- Company-wide Compliance trainings were conducted to build upon the Group's 'ethics and compliance oriented' culture

These enhancements allow focussed management, discussion and oversight of each business unit's risk and provide real-time partnership and support to our first line.

(vi) Violations

During 2021, Yahsat has not been subject to any material fines or penalties imposed by any government instrumentality, statutory authority or regulator. Additionally, no significant issues were identified with respect to non-compliance with rules or regulations compliance and internal controls.

Heads of Risk and Controls Departments

The expertise and experience of each of the risk and control heads is set out below:

Roy Knaven – Executive Vice President Internal Audit and Risk Management

Mr. Knaven, who was appointed by the Board in June 2017, heads both the Internal Audit and the Risk Management and Internal Control function. He has over 22 years of professional experience in the fields of internal audit, technology audit, risk management, internal control, process improvement and investigations in the telecommunication and technology industry, including Royal KPN, VEON and Wolters Kluwer. He began his career as an IT auditor, working at one of the 'Big 4' accountancy firms, EY Netherlands. He holds a master's degree in Information and Technology from the University of Tilburg in the Netherlands and an executive master's degree in IT Auditing from the Tilburg Institute for Advances Studies in the Netherlands. He is a Certified Management Accountant (IMA), Certified Internal Auditor (IIA), Certified Information Systems Auditor (ISACA) and chartered Dutch IT Auditor (NOREA). As a head of Internal Audit, he is responsible for the completion of the annual internal audit plan to provide assurance on the 'in control' situation of Yahsat. His Risk Management and Internal Control responsibilities include the ongoing implementation and enhancement of Yahsat's RMIC Framework.

Clint de Barros – Compliance Officer

The Ethics and Compliance function is headed by Clint de Barros, who acts as the Group's Compliance Officer and is also the Board Secretary of Yahsat. In addition to organically establishing and heading the standalone Ethics and Compliance function for the Yahsat Group in July 2021 to ensure Yahsat as a publicly listed company has a robust compliance programme in place, Clint has lead the Yahsat Ethics and Compliance function under the auspices of the Mubadala Ethics and Compliance Office since 2018, as the primary compliance resource for the Yahsat Group. In addition to primarily supporting Export Compliance initiatives since 2009, Clint has also been responsible for overhauling the Yahsat Export Control and Sanctions Compliance programme. Since joining Yahsat in 2008, Clint's primary responsibilities included providing principal legal support in corporate governance, major procurements, capacity leases, UAE AF projects, and a range of ad hoc day-to-day operational requirements. He previously worked at Etisalat/E-marine as Contracts Manager-legal, and in private practice in Mumbai and New Delhi, India. Clint has an LLB from Goa University, India.

Ethics and Compliance**(i) Introduction**

Prior to Yahsat becoming a listed company, the Group's Ethics and Compliance (E&C) Office operated as a discrete Yahsat function ultimately under the auspices of the Mubadala Ethics and Compliance Office. Following the listing, the Group's E&C Office became entirely independent and standalone and the Group adopted its own Code of Ethics. The Yahsat Code of Ethics is a comprehensive statement of ethics and conduct requirements, setting out the basic principles, standards and behaviours necessary to achieve our objectives and uphold our values. It makes clear that we not only follow the law, but strive to operate with the highest levels of ethics and integrity.

This Code applies to everyone who works directly for or represents the Yahsat Group, including all employees, directors and officers of Yahsat and its controlled subsidiaries. We also require our contractors, partners, consultants and suppliers to adhere to certain elements of the Code of Ethics, including the Yahsat Business Partner Code of Conduct.

The Code of Ethics is supplemented and supported by a number of policies which prescribe standards of conduct and offer further detailed guidance on how the principles enshrined in the Code of Ethics are to be applied. Although we strive to provide clear guidance regarding our ethical obligations, and create a principles-based E&C environment, no policy can ever address every scenario. The absence of direct guidance to address a particular situation does not relieve the Group or any of those to whom the Code of Ethics (and associated policies) applies from the responsibility to act consistently with the law and highest ethical standards of business conduct at all times.

The Company's Board of Directors is responsible for ensuring that there is an effective E&C programme in place. At the direction of the ARCC, the Yahsat Group CEO established an E&C Office that is independent of management, to develop, coordinate and support the E&C programme across the Yahsat Group. The E&C Office reports functionally to the ARCC.