

Corporate Governance Report continued

Governance Overview

The Company's Board of Directors is committed to standards of corporate governance that are in line with both local capital markets regulations and international best practice. This has led to the creation of Ychsat's Corporate Governance Framework, which plays a key role in shaping Ychsat's culture, business practices and regulatory compliance.

The Corporate Governance Framework:

- is aligned with applicable regulatory guidelines and also reflects Ychsat's strategic objectives;
- accords with the corporate governance requirements applicable to joint stock companies listed on the ADX as set out in the UAE Securities and Commodities Authority (SCA) Board Resolution No. (3/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint-Stock Companies (the SCA Corporate Governance Guide);
- is designed to provide oversight of the effective implementation of laws, regulations, policies and procedures applicable to Ychsat and to assist Ychsat's management in ensuring that the range of risks facing Ychsat are properly managed and mitigated within an effective internal control framework;
- is centred around a strong and unerring commitment to its Code of Ethics.

Key Constitutional and Governance Documentation

The principal documents that frame Ychsat's corporate governance environment are:

- Ychsat's Articles of Association
- Board of Directors Charter
- Audit, Risk and Compliance Committee Charter
- Nomination and Remuneration Committee Charter
- Delegation of Authority document
- Corporate Policies

Ychsat's Articles of Association

The Company's Articles of Association (AoA) were amended immediately prior to listing of Ychsat's shares in July 2021. At the AGM held in April 2022, shareholders also approved the amendment to Articles 9 and 34 of the Articles of Association of the Company, including the amendment to the introductory part of the Articles of Association and the reference to the resolutions of the general assemblies of the Company amending the Articles of Association and to replace any reference to the repealed commercial companies law with the provisions of the Federal Law by Decree No. (32) of 2021 concerning Commercial Companies, as published at the Company's page at ADX and uploaded to the Company's website.

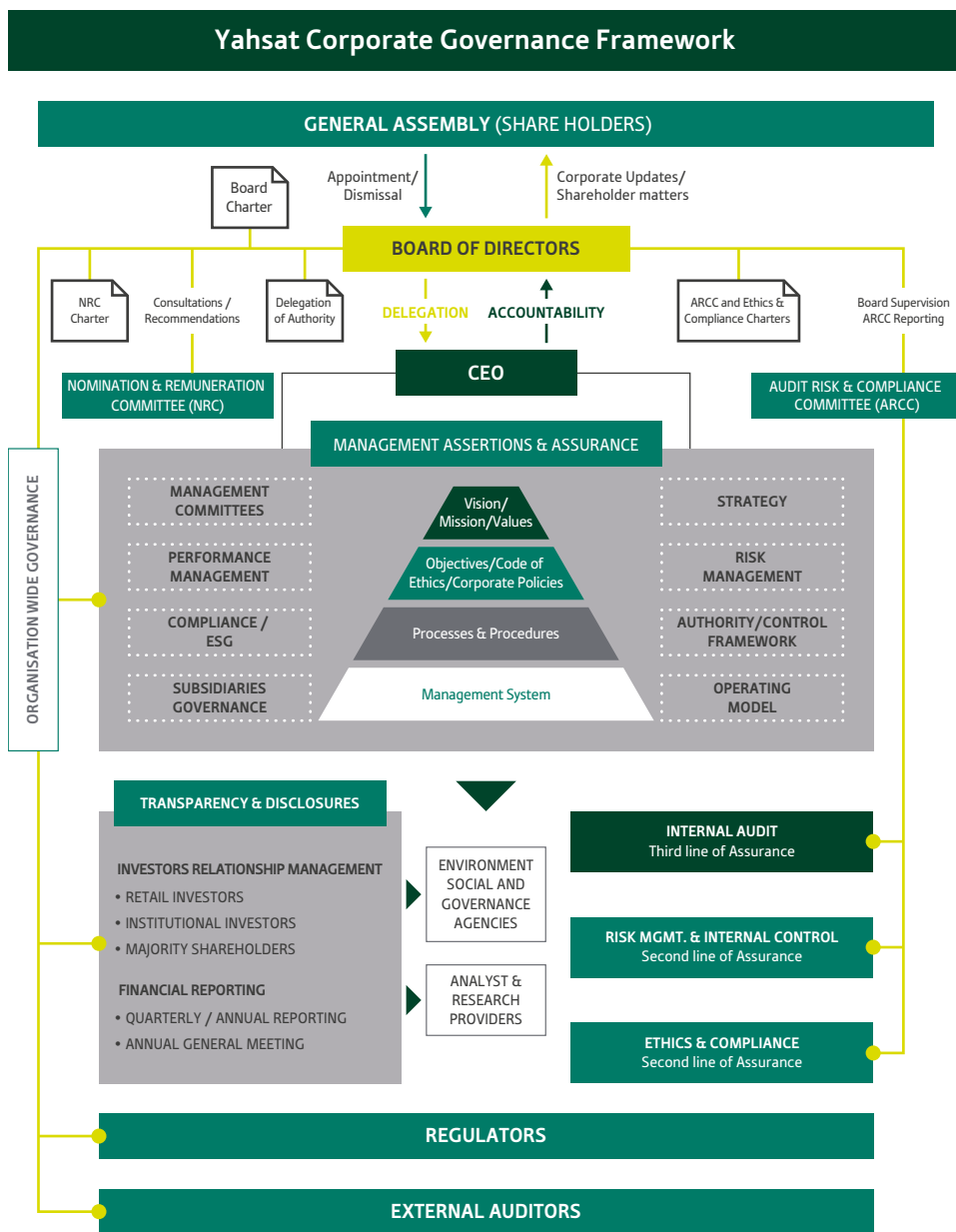
Delegation of Authority

The Company's Delegation of Authority document (DOA) was endorsed by Ychsat's Board of Directors and adopted by Ychsat's sole shareholder, immediately prior to listing of Ychsat's shares in July 2021. It specifies the distribution of authority among the shareholders, the Board of Directors and management for a variety of types of decision, in a manner that aligns with the corporate governance principles and norms applicable to listed companies. The requirements of the DOA apply to Ychsat and all controlled subsidiaries of Ychsat, except where such entity has its own delegation of authority document (for example, equity partnerships that have a specifically tailored and approved delegation of authority pursuant to a shareholders' agreement). The DOA is routinely reviewed and updated to continue to meet the requirements of the organisation and to align with industry best practice.

The DOA allocates the authority to approve commitments and investments among members of the Group's management and the Board of Directors, according to incremental financial thresholds. The financial thresholds were determined according to a data-based quantification of the Group's operational requirements. The DOA lays down a requirement to conduct a competitive tender process for all procurement activities in which a member of the Group is the procuring entity, and provides certain limited exceptions in which a competitive tender need not be conducted (such as customer-directed procurement, exclusive OEM controlled products and an accelerated process for critical operational requirements of UAE Government End Users). Competitive tender exceptions must be clearly evidenced and formally approved before they can be applied.

The DOA also sets out a range of corporate actions, specifying in each case how such action must be initiated, reviewed, endorsed and approved.

The DOA is a policy of Ychsat, owned by the General Counsel. Changes to the DOA require the approval of the Board of Directors, as per the requirements of the DOA itself.



Key Policies

Aside from the DOA, the Group has a full suite of corporate-level policies that define the way in which we conduct ourselves and undertake all our professional activities. These policies are designed to ensure that the highest standards of conduct are applied throughout our internal and external business dealings and to create an internal control environment that provides assurance, transparency and accountability.

At the heart of our policy environment is our Code of Ethics (see also Section entitled “Ethics and Compliance” below), which sets a basis for the positioning of all of our corporate policies.

Code of Ethics

This Code of Ethics sets out the basic principles, standards and behaviours necessary to achieve Yahsat’s objectives and uphold its values. It makes clear that employees not only follow the law, but strive to operate with the highest levels of ethics and integrity. The foundation of the Code is built on a culture of integrity, speaking-up, respect and fairness. It also sets out the ethical framework in which business is conducted internally and externally with business partners and in the marketplace in general, in addition to the handling and management of information, data and controlled technology. For more information, please refer to the section entitled “Ethics and Compliance”).

Business Partner Code of Conduct

The Yahsat Group maintains the highest ethical standards in its business activities and expects the same from its Business Partners. The Yahsat Group Business Partner Code of Conduct sets forth minimum expectations for Business Partner conduct when performing work for or on behalf of the Yahsat Group. The principles set out in this Code also apply to any contractor or subcontractor engaged or employed by a Business Partner to perform work for or on behalf of the Yahsat Group. The Yahsat Group Business Partner Code of Conduct is primarily centred upon the pillars of respect, confidentiality, integrity, transparency and sustainability:

- Respect covers areas of human rights, ethical employment practices, fair treatment of employees and contractors, provision of a healthy and safe workplace.
- Confidentiality not just covers Yahsat confidential information to be safeguarded, but also seeks to cover any competitive information including obtaining or use of insider material or confidential information belonging to competitors or other third parties.
- Integrity encompasses key elements of anti-bribery and corruption, improper payments, gifts and entertainment, supply chain and competition.
- Transparency requirements include the need to disclose of any conflicts of interest, maintenance of accurate and transparent books and records, cooperation with internal and external investigators or auditors.
- Sustainability covers Yahsat Group’s commitment to preserving the environment, complying with applicable environmental laws and regulations, and demonstrating continual improvement in its environmental performance and following industry practices.

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Corporate Communications Policy

This policy governs disclosures in external and internal documents, statements made in Yahsat's annual reports, news and earnings releases, communications between the Group and financial or industry analysts, investors and the news media, senior management speeches and presentations as well as information contained on the Group's websites and intranet, and includes discussion of non-public information in public or quasi-public areas where conversations may be overheard. The policy delineates the role and responsibilities of the Corporate Communications and Investor Relations Departments related to financial communications, covering annual reports, earnings releases and financial analyses. It also states Yahsat's position and expectations regarding employees' participation in, hosting or linking to internet chat rooms, bulletin boards, blogs or other similar media that discuss Yahsat and/or its products, services or technology, in any fashion. It details the process applicable to any such disclosures, from conception to approval and dissemination, enabling the Corporate Communications Department to deliver best practice communications across the Group to support business priorities and to build and protect Yahsat's brand and reputation. In 2022, the policy was updated to align with the Investor Relations Policy, highlighting shared activities across key financial communication responsibilities, including annual reports and internal financial reporting.

Investor Relations Policy

Yahsat is committed to providing timely, unbiased and accurate disclosures of material information to the public, in accordance with the rules and regulations stipulated by the SCA, ADX and current best practices. In line with this commitment, Yahsat has a dedicated Investor Relations team to effectively execute the Investor Relations policy. The policy outlines the processes and practices that ensure effective communication of information to shareholders and the investment community in an accurate, fair and timely manner. Please refer also the section entitled "Investor Relations" below.

Export Control and Sanctions Compliance Policy

Yahsat is committed to conducting all activities across the Group in accordance with the Yahsat Code of Ethics and all applicable laws. This includes complying with export control and sanctions laws that govern the exchange of goods, services and technical data between the Yahsat Group and its business partners, customers and service providers. The Yahsat Export Control and Sanctions Compliance programme policies and procedure manual sets forth Yahsat's General Compliance Policy. The manual, and each of the related procedures, applies to all entities within the Yahsat Group and governs all operations conducted by or on their behalf. The programme, which is driven by individuals designated as Export Compliance Champions and are strategically selected from across the Yahsat Group, rests on the following general elements, which apply across all of its businesses and activities, including Senior Management Commitment, Denied Party Screening, Export Control Jurisdiction and Classification, Technical Data, Record-keeping, Training and Internal Audit.

Competition Law Policy

This policy provides guidance on how to conduct day-to-day activities without engaging in prohibited conduct or entering unlawful agreements that limit or restrain trade. Careless interactions with competitors or handling of business sensitive topics can present significant risk and exposure, and this policy helps to identify potentially anti-competitive behaviour, prevent it when possible, and interrupt it when necessary. In particular, it outlines competition law principles that Group personnel should be aware of when (a) participating in trade associations; (b) doing business with competitors; (c) obtaining competitive information; (d) doing business while in a dominant market position; (e) entering mergers, acquisitions, or joint ventures; and (f) engaging in procurement processes.

Related Party Transactions Policy

Related party transactions can present potential or actual conflicts of interest for Yahsat and may create the appearance that business decisions are based on considerations other than the best interests of Yahsat and its shareholders. However, there are also cases where related party transactions may be in the best interest of Yahsat and its shareholders. This policy provides a sound framework for the review and approval of these transactions, in accordance with the requirements of the SCA Corporate Governance Guide and UAE Companies Law.

Risk Management & Internal Control Policy

This policy sets out Yahsat's risk management and internal control requirements and is aligned with good practices, specifically international standards ISO 31000:2018 and COSO Internal Control – Integrated Framework: 2013. The policy defines Yahsat's risk management and internal control principles, describes the underlying processes and overall framework and roles and responsibilities. The policy has been updated in Q4-2022 to include more detailed descriptions of Yahsat's Risk Management and Internal Control processes.

Fraud Risk Management Policy

The fraud risk management policy was established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Group. It applies to any irregularity, or suspected irregularity, involving employees, officers and directors, as well as shareholders, consultants, vendors, contractors, agents, outside agencies, and/or any other parties with a business relationship with Yahsat Group. The policy aims to ensure awareness of responsibilities for identifying exposures to fraudulent activities and establishing controls and procedures to prevent or detect fraudulent activity, giving guidance to all persons (internal and external) as to the action that should be taken where they suspect such activity. It also makes it clear that all suspected fraudulent activity will be fully investigated and appropriate action taken, regardless of the perpetrator's position, length of service or relationship to the Group.

Securities Trading Policy

The purpose of this policy is to reduce the potential risks arising from Directors and employees dealing in Yahsat's shares, setting out the Company's position with respect to such dealing and outlining the framework applicable to Directors and employees seeking to deal in Yahsat's shares. It also clearly states the consequences of failing to adhere to the policy. In addition to expressly stating the requirements and restrictions incumbent, pursuant to the law and applicable regulation, upon anyone with inside information and clearly defining what constitutes "dealing", it sets the process for seeking approval for buying or selling Company shares outside of closed periods, adding an extra layer of control beyond that already provided by the maintenance of an insider list with ADX. The process of granting approval involves the consideration of whether the individual is in possession of inside information and, if this is the case, approval is not granted.

Compliance Guide Relating to Inside Information

The Company is under an obligation to notify SCA and ADX of any material unpublished information (i.e. inside information) as soon as possible upon such information arising, except where the applicable regulations permit it to delay such disclosure. The purpose of the Compliance Guide is to assist Yahsat management (and certain individuals with designated responsibility hereunder) to identify events or circumstances that give rise to an obligation to disclose, identify the regulatory requirements relevant to actions that are being planned and the steps required to comply with them, identify the obligations that arise regularly and routinely and establish effective procedures for complying with those obligations, allocate responsibility for compliance to appropriate individuals, and to create a record of actions taken. The procedures are designed to lead to the identification of information that may be inside information as it arises, to conduct an assessment to determine whether it is inside information and whether an announcement is required, to ensure that any such announcement meets the standards of accuracy and completeness and, where disclosure is to be delayed, an appropriate record of the justification is kept, in all cases while ensuring that appropriate steps are taken to keep the inside information confidential. The Compliance Guide also defines the role of the Disclosure Committee in all of these procedures and as the ultimate arbiter of whether information constitutes inside information and its appropriate handling.

Financial Reporting Manual and Accounting Policies Manual

The objectives of the Financial Reporting team are to provide complete, timely and reliable financial information about the past (which influences business decisions of the future). To achieve this objective the team maintains robust processes, systems, tools and effective internal controls over financial reporting – all elements necessary to deliver high-quality, IFRS-compliant financial statements to stakeholders accompanied by a clean unqualified audit report. The Financial Reporting Manual lays down the reporting framework and guidelines for the reporting function, while the Accounting Policies manual elaborates on the group's accounting policies, including practical guidance on key accounting topics that all Group entities must follow and consistently apply when preparing financial statements.

Information Security Policies

Yahsat's information security framework is designed to comply with a variety of regulatory and customer requirements. It comprises several individual policies which, together, provide a comprehensive framework to secure Yahsat's IT environment and ensure proper handling of information. The framework includes an Information Security Policy, Information Asset Management Policy, Third Party Security Policy, Access Control Policy, Information Security Incident Management Policy, Vulnerability Management Policy and Acceptable Use Policy.

Dividend Policy

The Company aims to provide guidance, when possible, to investors and other stakeholders on future shareholder returns. With dividends being a key component of total returns, the Company has developed a shareholder-approved Dividend Policy. The policy sets out a progressive dividend that increases year-on-year, and which the Board has separately proposed will grow by at least 2% per annum. The policy, however, provides no assurance as to the amount of dividends to be paid, or if dividends will be paid at all, and outlines various financial considerations the Board may raise against the distribution of dividends and for the retention of earnings instead. At the Annual General Meeting on 11 April 2022, shareholders approved the updated Dividend Policy, expressly allowing for the payment of semi-annual dividends from 2022 onwards. As a result, Yahsat intends to pay dividends for each fiscal year in two equal instalments – an interim dividend payment in October of that year and a final dividend in April or May of the following year.

Transparency and Disclosure

Yahsat's legal and regulatory obligation to publicly announce certain material information is defined by the regulations promulgated by the UAE Securities & Commodities Authority (SCA), as further applied and supplemented by the Abu Dhabi Securities Exchange (ADX).

These regulations address the obligation to make both periodic disclosures (such as quarterly financial reporting, annual reporting of audited financial statements and other matters such as governance and sustainability matters) and ad hoc disclosures relating to the occurrence of events and circumstances that are considered by a reasonable investor to be important in making investment decisions in securities issued by Yahsat (so-called "material, non-public information" or "inside information").

The primary forum for all such disclosures is via the ADX Electronic Disclosure Service (E-Service). This ensures that all such disclosures are made available to all shareholders in one place simultaneously. The Group may also release the same information contemporaneously, or immediately thereafter, via other mainstream or industry channels to ensure optimal dissemination of important information, as appropriate according to the type of information. Such channels may include recognised industry/trade news outlets and certain widely-adopted, well-reputed social media outlets or forums, to ensure that as many stakeholders (ranging from shareholders, potential investors, current and potential business partners, existing and potential customers and the media) are reached as possible.