



Sustainability Report 2023

Building a Better Tomorrow,
Advancing Sustainability Today

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Introduction

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We are pleased to share stc's 2023 Sustainability Report, marking the fifth consecutive year of publishing our actions and achievements as we continue to integrate sustainable practices into the core of our operations. The proceeding report is a testament to our enduring efforts and notable progress in the areas of environmental stewardship, social responsibility, governance ethics, and economic sustainability. Designed for our valued stakeholders, stc's 2023 Sustainability Report provides an in-depth look into our sustainability strategy, our pledge to implement and apply responsible practices, and our impactful actions within the communities we serve and throughout the Kingdom of Saudi Arabia.

We greatly value your feedback and perspectives on our sustainability mission, whether it pertains to 2023 or stc's future aspirations.

Please feel free to reach out to us with your thoughts at sustainability@stc.com.sa.

Cautionary Message

This report contains statements that may be deemed as "forward-looking statements" that express the way in which stc intends to conduct its activities. Forward statements could be identified by the use of forward-looking terminology such as "plans", "aims", "assumes", "continues", "believes", or any variations of such words that certain actions, events or results "may", "could", "should", "might", "will", or "would" be taken or be achieved.

stc has made every effort to ensure the report is as accurate and truthful as possible. However, by their nature forward-looking statements are qualified to inherent risks and uncertainties surrounding future expectations that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond stc's ability to control and therefore do not represent a guarantee that events implied in these forward-looking statements will actually occur.



About this report

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REPORTING PRACTICES

stc's 2023 Sustainability Report has been prepared in accordance with the GRI Standards, focusing on material sustainability issues for both stc and its stakeholders. The GRI content index is provided in [Appendix B](#).

stc is a signatory to the [United Nations Global Compact \(UNGC\)](#) and adheres to the ten principles laid out in the UNGC. This report serves as our communication of progress (CoP) towards advancing these principles. stc is also reporting on the [GSMA ESG metrics for the Mobile sector](#), as well as following the guidance of [National Sustainability Standards](#), SASB, and CDP.

As a supplement to our annual Sustainability Report, we prepare an ESG Supplement with key performance indicators. The ESG Supplement can be downloaded at [\[link\]](#).

Previous years' reports and data tables are also available online. [\[link\]](#)

REPORTING PERIOD

The period covered by this report encompasses the calendar year from January 1st to December 31st, 2023, and focuses on activities strictly during this period. Information from previous years is provided where it may be helpful.

REPORT SCOPE AND BOUNDARIES

This report covers stc Group's operations in the Kingdom of Saudi Arabia (KSA), Bahrain, Kuwait and other subsidiaries (refer to [Our Operating Model](#) section for entities included in report). Data in this report relates to the 2023 calendar year. Our Operating Model includes the full list of entities included in the report. Data from other clients, external contractors, and suppliers is not included. Financial data is expressed in Saudi Riyals (SAR), unless otherwise specified.

Financial, legal, and governance information, including stc's Annual Reports are available on our [investors](#) webpage. Sustainability reports from prior years are available in our [Sustainability Platform](#) archive.

Any acquisitions made during 2023 will not be reportable until after the first full year of operation, and any facility/site/infrastructure that is not fully operational is excluded from this report.

The selection of content for this report was informed by a set of material topics developed through [our approach to materiality](#). Each chapter within the report corresponds to a key framework pillar, reflecting the overarching themes essential to stc's sustainability strategy. Within each chapter, each sub-section represents a material topic thereby offering a comprehensive overview of the topics deemed most critical by stakeholders and our business.

TOP MANAGEMENT OVERSIGHT AND INTERNAL CONTROLS

stc Executive Management Sustainability Committee, chaired by the GCEO, reviews and approves our annual sustainability reports. The committee also tracks our progress on sustainability and regularly discusses key environmental, social, and governance topics. Read more about our governance procedures in the Sustainability Governance chapter of this report.

All figures in this report represent the latest available data, unless specified otherwise, and have been internally validated by sustainability champions and direct VPs from across stc's sectors and subsidiaries.

FEEDBACK

Inquiries, feedback or suggestions are welcome at:

 sustainability@stc.com.sa

 x.com/stc

 facebook.com/stc/

 linkedin.com/company/stc



Welcome

Message from the Chairman



In the spirit of progress and dedication, stc is proud to present our 2023 Sustainability Report, marking yet another pivotal moment in our journey towards integrating sustainability into the heart of our operations. This year we celebrate our fifth annual report, demonstrating our sustained commitment to transparency and progress, as well as solidifying our position at the forefront of driving meaningful change within our industry and beyond.

Our role as the digital transformation engine for the MENA region is about more than just advancing technology; it is also about crafting a future where digital innovation and sustainability go hand in hand. Through our strategic initiatives and the implementation of our dare 2.0 strategy, we have not only achieved remarkable financial milestones but have also positioned ourselves as key enablers of the Kingdom's Saudi Vision 2030 and catalysts for digital transformation across Bahrain and Kuwait.

The essence of our sustainability efforts are built upon our commitment to creating positive environmental, social, governance, and economic impacts. Our ambition to minimize environmental degradation, nurture human capital, set new benchmarks for ethical governance, and earn unprecedented profits illustrates our commitment to not just meeting but exceeding the expectations of our stakeholders and the communities that we serve.

As we align with both national and international sustainability priorities, including the United Nations Sustainable Development Goals (UN SDGs), our efforts underscore a deep-rooted commitment to fostering a sustainable and prosperous future. Furthermore, we recognize the power of collaboration, actively forging partnerships to amplify our sustainability impact. This includes our leadership in the GCC ESG Telecom Alliance focused on collaboratively advancing climate action and initiatives like the Education4ALL Digital Inclusion Action Plan, demonstrating our dedication to bridging the digital divide. I am immensely proud of the strides we have made thus far and look forward with optimism to the path that lies ahead.

Mohammed bin Khalid Abdullah Al Faisal

Chairman of the Board of Directors

Welcome

Message from the GCEO



As we unveil stc's 2023 Sustainability Report, I am filled with a sense of pride and responsibility for the journey we have undertaken to embed sustainability into the core of our operations. This report not only chronicles our achievements and steadfast commitment over the past year but also delineates our path forward in a world where digital transformation and sustainability are increasingly intertwined.

Our strategic endeavor towards greater sustainability, embodied by the dare 2.0 strategy, has been a cornerstone in not only propelling stc towards remarkable financial achievements but also in solidifying our commitment to driving a meaningful, sustainable digital transformation throughout the MENA region. This strategy has enabled us to contribute significantly to the Saudi Vision 2030, fostering digital advancements in Bahrain and Kuwait, and setting a precedent for the integration of sustainable practices within our industry.

At stc, we recognize that our influence extends beyond technology and innovation. We are committed to leveraging our capabilities to address environmental challenges, enhance social well-being, and maintain the highest standards of governance and ethical conduct. Our initiatives in expanding digital infrastructure, such as the substantial growth of our 5G network and the connection of millions of households to fiber optic internet, are a testament to our dedication to bridging digital divides and promoting inclusivity.

Our sustainability strategy, rooted in the sustainability pillars of environmental, social, governance, and economic, reflects our holistic approach to how we conduct our business. We are actively working towards minimizing our environmental footprint through initiatives like the Saudi Green Initiative and are steadfast in our goal to achieve net-zero emissions by 2050, encompassing Scope 1, 2, and 3 emissions in line with the goals of the Paris Agreement. Our near-term emission reduction targets have been validated by the SBTi. As one of the first regional telecom operators to validate GHG targets through SBTi, stc has established a comprehensive climate strategy and implementation plan, underscoring our proactive approach to addressing climate change. Additionally, our commitment to human capital development through technological innovation and ethical governance is unwavering, as we strive to foster an inclusive, safe, and empowering environment for our employees and communities alike.

As we align our operations with global sustainability standards and the ambitious Saudi Vision 2030, we are mindful of the role that stc plays in driving positive change. Our efforts to integrate sustainability into every aspect of our business underscore our belief in the power of technology to create a more sustainable and equitable world.

I am optimistic about the future and the role stc will play in shaping it. Together, with our dedicated team and stakeholders, we will continue to push the boundaries of what is possible, driving innovation and sustainability hand in hand. Our journey is far from over, and I look forward to leading stc as we forge ahead, making strides towards a brighter, more sustainable future for all.

Olayan Mohammed Alwetaid
Group Chief Executive Officer



Q&A with stc GCSO

What are stc's sustainability strategies for the coming years?

Our sustainability framework is anchored by our dare 2.0 strategy, emphasizing a balance between achieving our short- and long-term objectives. This year, we've refreshed our sustainability corporate strategy and focused on three core sustainability priority areas: Environmental Performance and Climate, Development of Human Capital through Technological Innovation, and Solid Governance and Ethical Excellence. These areas are crucial not only for the success of our business but also for the benefit of our stakeholders and the communities we serve.

How does stc's digital innovation align with its sustainability objectives?

At stc, we believe that digital innovation is the backbone of sustainability. Our efforts in areas such as digital infrastructure, cloud computing, cybersecurity, IoT, AI, and digital payments, among others, not only advance our position as a leading digital transformation engine but also significantly contribute to our sustainability goals. For instance, our expansion of 5G and fiber optic internet access directly supports environmental sustainability by enhancing energy efficiency and promoting the use of sustainable technologies and ensuring the inclusion and accessibility of people across the countries we operate.

What challenges does stc face in advancing its sustainability agenda?

One of the most pressing challenges we face is aligning our rapid digital expansion with our sustainability targets, especially our commitment to achieving net-zero emissions by 2050. Additionally, ensuring that our digital transformation benefits all members of society equally presents an ongoing challenge. However, we are committed to overcoming these obstacles through innovation, strategic partnerships, and a steadfast commitment to our sustainability principles.

Can you elaborate on stc's efforts to cultivate a sustainability-minded culture within the organization?

Through specialized training programs and learning experiences offered by stc Academy, as well as mandatory employee training on ethical standards, data privacy and security, and health & safety, we continuously reinforce the importance of sustainability. Additionally, we conduct various events, awareness campaigns, and volunteering opportunities to make it part of our DNA. Our digital transformation efforts, integral to our dare 2.0 strategy, also play a crucial role in fostering this culture by enabling efficient operations and driving awareness across stc Group.

Cultivating a culture of sustainability at stc involves embedding sustainable practices and mindsets at every level of our organization. Through specialized training programs and learning experiences offered by stc Academy, as well as mandatory employee training on ethical standards, data privacy and security, and health & safety, we continuously reinforce the importance of sustainability. Additionally, we regularly conduct diverse events, awareness campaigns, and volunteering opportunities that promote sustainability across all levels of the organization. This consistent engagement, awareness, and development ensure that sustainability principles are

deeply ingrained in our company culture, making them an intrinsic part of our DNA. Our digital transformation efforts, integral to our dare 2.0 strategy, also play a crucial role in fostering this culture by enabling efficient operations and driving awareness across stc Group.

How is stc advancing diversity and inclusion within its operations?

Diversity and inclusion are at the core of our human capital development strategy. In 2023, stc Group achieved significant progress in gender diversity, with the hiring rate for women reaching 31.6% and employment for people with disabilities increasing by 36%, reflecting our efforts to create a more inclusive workplace. Furthermore, the introduction of stc Diversity and Inclusion guidelines underscores our belief that diversity drives progress and innovation. By encouraging employees to embrace their uniqueness, we foster an environment of equity and inclusion, enhancing our ability to serve diverse communities and contribute to our success in digital technology. Our initiatives, including flagship programs, enhanced health and safety, employee development, and a focus on empowering women and accommodating people with disabilities, demonstrate our commitment to making stc a place where everyone feels valued and empowered. This commitment extends to bridging the digital divide, exemplified by the innovative Smart Truck project, which brings digital literacy and technology access to underserved communities, particularly those in remote areas.

What initiatives has stc undertaken to support the communities in which it operates?

Our commitment to supporting communities is demonstrated through strategic social investment programs aimed at bridging societal divides and promoting overall well-being. Notably, in 2023 we created the Education4ALL Digital Inclusion Action Plan in partnership with Huawei, launching the Smart Truck initiative to empower the elderly with digital skills, improving their digital literacy and enhancing their independence and quality of life in a digital world. This complements other initiatives like the technical enablement program, ImpactU, volunteering, and e-recycling and furniture recycling programs among others all designed to empower individuals and communities. Additionally, our commitment to environmental conservation is evidenced by our pledge to plant one million trees, further showcasing our dedication to societal and ecological well-being.

Why is publishing an annual Sustainability Report important for stc?

Publishing our annual Sustainability Report is fundamental to our approach to transparency and accountability. It allows us to communicate our progress, challenges, and future plans in a clear and structured manner to our stakeholders. This report not only highlights our achievements in sustainability-related disclosures but also reinforces our commitment to being a leading role model for corporate governance and sustainability practices in the MENA region and beyond. It is our way of showing the world that we are dedicated to driving positive change and fostering prosperity while protecting our planet for future generations.

Abdullah Abdulrahman Alkanhl

Group Chief Strategy Officer

stc at a glance

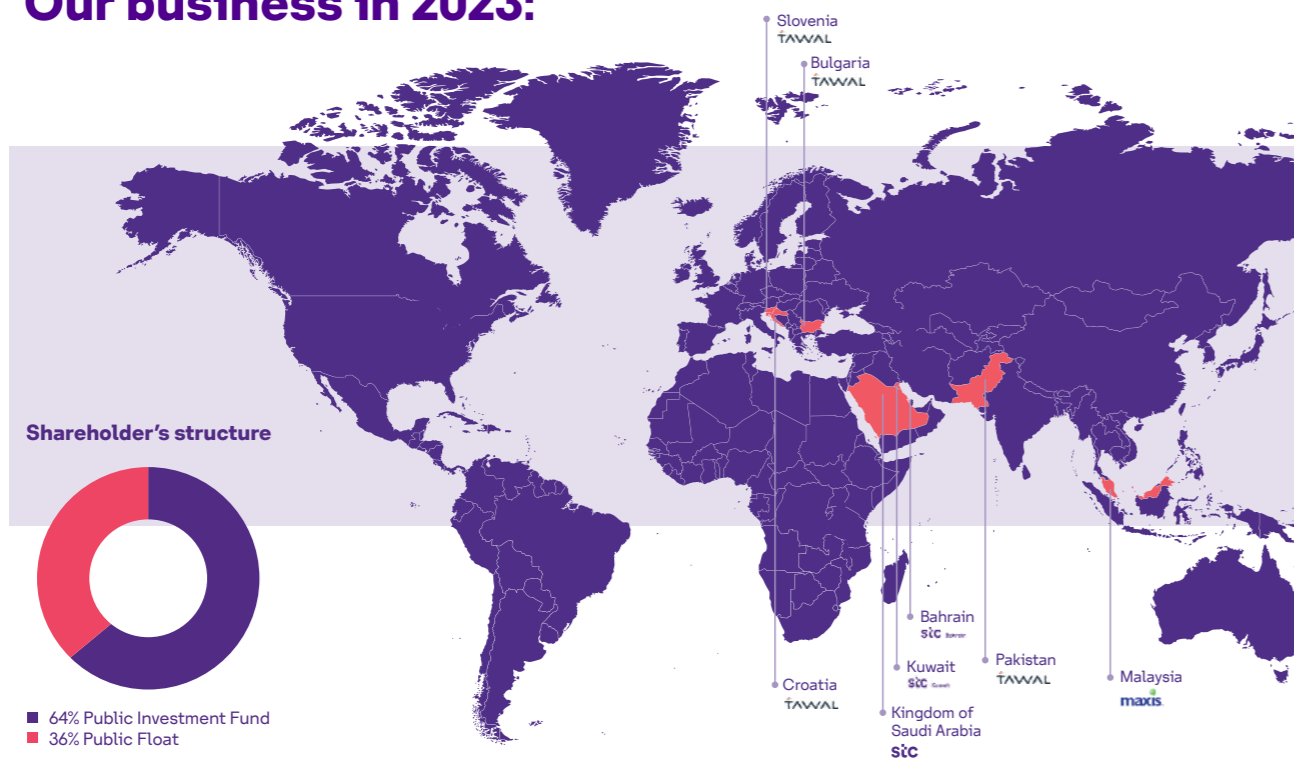


[GRI 2-1]

The Saudi Telecom Company (stc) was established in 1998 and is listed on the Saudi Stock Exchange. stc Group comprises the entirety of the company and subsidiaries in Bahrain and Kuwait, with the Group's head office located in the capital of the Kingdom of Saudi Arabia, Riyadh.

stc Group has become well established as the digital transformation engine in the region, offering advanced solutions and driving a role in the digitization process. We provide a comprehensive suite of services encompassing digital infrastructure, cloud computing, cybersecurity, Internet of Things (IoT), artificial intelligence (AI), digital payments, digital media, and digital entertainment. The Group is comprised of over 14 subsidiaries across the Kingdom of Saudi Arabia, the Middle East and North Africa (MENA) region, and Europe.

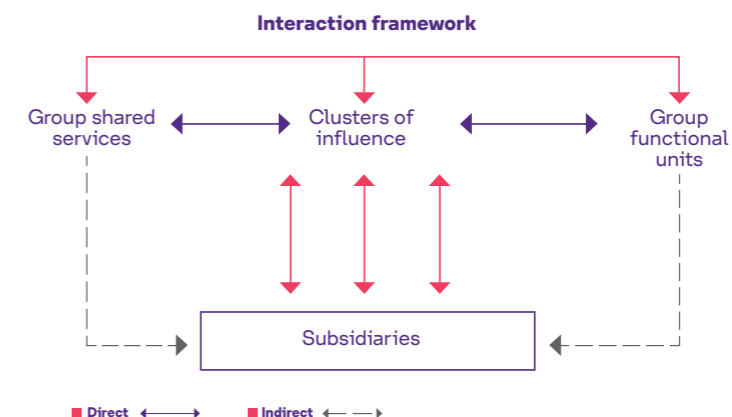
Our business in 2023:



Direct Economic Value	2021	2022	2023	2022-2023 Trend
Total revenue (thousand SAR)	63,007,986	67,431,546	72,336,611	7%
Gross profit (thousand SAR)	33,794,029	37,393,255	37,803,690	1%
Net operating profits (thousand SAR)	13,127,755	15,088,441	14,200,434	-6%
Zakat and taxes (thousand SAR)	1,040,366	1,083,175	1,375,498	27%
Net profit for the year (thousand SAR)	11,311,342	12,170,537	13,295,381	9%
Dividends declared (thousand SAR)	9,985,483	7,984,024	7,975,133	0%
EBITDA (thousand SAR)	22,840,600	25,078,667	24,683,011	-2%

Our operating model

Our Group Operating Model (GOM) is enabled by clusters of influence, strategic group functions, shared services, and centers of excellence to ensure both agility and efficiency. All of these are guided by group-wide processes, including governance mechanisms and extensive training to ensure our most recent operating model successfully delivers on its bold ambitions.



The following stc Group subsidiaries are included in this report:

stc
Saudi Telecom Company

stc KSA is a pioneering digital champion focused on innovation and evolution that offers a variety of ICT solutions and digital services, leading the digital transformation nationally and regionally in KSA and beyond.

stc Bahrain
stc Bahrain BSC (c)

stc Bahrain is a world-class digital enabler and the fastest growing telecommunications operator in the Kingdom of Bahrain.

stc Kuwait
Kuwait Telecommunication Company

stc Kuwait is a Kuwaiti shareholding company that launched its operations in December 2008.

channels by stc
Saudi Telecom Channels Company

channels by stc is the sales and distribution arm of stc group, and one of the leading companies in the field of sales and distribution of the telecommunications sector in the Middle East and operates in GCC countries.

specialized by stc
Public Telecommunications Company

specialized by stc is regarded as a trusted partner of critical communications services and innovative solutions

sirar by stc
Advanced Technology and Cybersecurity Company

sirar by stc is a cutting-edge cyber security provider that empowers organizations to take control of their cyber capabilities and digital environments.

solutions by stc
Arabian Internet and Communications Services Company

solutions by stc is Saudi Arabia's leading enabler of digital transformation and the number one ICT service provider in the Kingdom.

TAWAL
Telecommunications Towers Co.

TAWAL, a leading ICT infrastructure service provider headquartered in KSA, with a portfolio of over 21,000 telecom towers across five countries

center3
Digital Centers for Data and Telecommunications Company

center3 is a subsidiary owned 100% by stc group. It possesses the group's infrastructure assets, which include data centres and submarine cables. The company contributes to the Kingdom's Vision 2030 of becoming a digital hub linking three continents: Asia, Africa, and Europe.

intigral
Gulf Digital Media Model Company Ltd (GDMM)

Intigral is a leading digital entertainment company in the MENA region, a subsidiary of the stc group and its digital media and entertainment arm. Includes both digital media platform (stc TV), gaming and eSports platform (stc Play)

AQALAT
Aqalat Limited Company

AQALAT Limited Company (Aqalat) AQALAT is the real-estate arm of stc Group established to drive the execution of the stc real-estate monetization strategy.

Alibaba Cloud SCCC Operating Saudi Region
General Cloud Computing Company for Information Technology

SCCC is a joint venture between (stc | eWTP | Alibaba Cloud | SCAI | SITE). SCCC is the first major hyperscaler in the Kingdom and the entire region, SCCC offers a range of technological resources.

iot²
Internet of Things Information Technology Company (iot squared)

iot squared, established in 2022 as a joint venture between stc and PIF, aims to be the leading IoT solutions provider in the MENA region. Focusing on delivering tailored solutions, real-time insights, and innovative business models, iot squared is poised to drive digital transformation and contribute to economic growth.

How we create value

stc deploys, operates, and maintains telecommunication networks and communication services in addition to several digital innovative products that serve a wide range of customers. We utilize numerous tangible and non-tangible assets to deliver our outstanding products and services. These include both fixed and basic infrastructure, such as cables, ducts, buildings, hardware equipment, and data centers. Furthermore, we also utilize other IT platforms, mainly in the form of software, and industry leading know-how in our operations to provide our customers with products and services while increasing brand value in each market we operate within.






In order to ensure responsible management in all areas of stc's business operations, we seek to align internal behaviors, processes, and objectives with our values and greater purpose – and in doing so we share this vision with our employees, customers, and society at large. We also believe in the value of diversity and an inclusive work environment for fostering a sense of belonging and empowerment. Cultivating a diverse culture that truly values our differences is what allows us to fully understand the needs of our customers and properly grow in the long term.

In addition to our internal operations, stc shares a commitment with suppliers to enhance innovation and sustainability. This is to ensure that we can provide our customers with the best quality products and services. Our supplier code of conduct is a mandatory part of all supplier contractual obligations. We seek to identify risks regarding ethical behavior and corruption and request self-assessments to screen against ESG requirements. We continuously help our suppliers to understand ESG risks and opportunities within the ICT sector, and we also aim to allocate our purchasing power to support SMEs and maximize local content.

Our assets are leveraged, along with responsible procurement and our diverse, highly trained workforce, to provide products and services that are sufficiently adapted to customer needs and requirements. stc's services can be proprietary, such as basic telecommunication services provided over our telecom networks; however, other important professional services are provided to customers as well, including security and consulting based on IoT, AI, and big data. Commercially, we strive to serve a wide range of residential and business customers in the markets that we operate within, providing them with necessary solutions that meet their digital needs.

How we create value:

We depend on:

- 
Skills and expertise
 Our talented team of 22,751 employees
- 
Our brand
 Recognized as one of the most valuable brands due to major diversification in our offerings.
- 
Relationships and partnerships
 We rely on constructive relationships with our stakeholders including customers, suppliers, investors, peers and regulatory authorities. [Read more on page 196](#)
- 
Natural resources
 We rely on natural resources such as fuel and we also operate in water scarce areas. [Read more on page 54](#)
- 
Financial capital
 Our financial performance is strong with y-o-y break record improvements. [Read more on page 15](#)



Our vision:
Digital and telco leader, enabling the society and economy to thrive, in KSA and beyond.



Business activities:
We offer variety of ICT solutions and digital services in several categories including telecommunication, IT, financial technology, digital media, cybersecurity, and other advanced digital solutions, with that we are leading the digital transformation nationally and regionally.



Underpinned by our value:
Dynamism, Devotion, Drive

We create value for:

- 
Our customers
 We aspire to be a digital enabler, providing connectivity to break digital divides, serving millions of customers. [Read more on page 82](#)
- 
Our people
 We provide an equal and inclusive work environment that attracts, develops, and retains the best individual talents. [Read more on page 138](#)
- 
Our planet
 The ICT industry is a contributor to the global greenhouse emissions and we are committed to realizing our goal of net zero by 2050. [Read more on page 54](#)
- 
Local communities
 Our approach to community investment is rooted in developing the communities around us through unique services, digital innovation, transformative technologies, and meaningful investments that go beyond regular corporate donations. [Read more on page 165](#)
- 
Our shareholders
 In our journey to being the digital enabler in the region, we continue to grow shareholder value. [Read more on page 14](#)
- 
Assets and technology
 Tangible assets (such as network infrastructure) and intangible assets such as technologies are key to connecting people. [Read more on page 107](#)

Our strategy for success dare 2.0

stc's dare 2.0 strategy balances a focus aimed at achieving both short- and long-term objectives. This strategy has significantly helped stc achieve a strong financial performance since its inception, while still maintaining an overall focus on investment in strategic initiatives and capabilities.

Building on the original "dare" strategy, our reimagined and updated vision of stc inspired this second iteration of the dare strategy that outlines the key pillars to create value, with greater efficiencies, for a better future. Each letter in "dare" represents one of the four strategy pillars, which encompasses nine strategic objectives implemented across the entire stc Group.

In 2023, stc conducted its annual strategy refresh and concluded that there were no significant changes that warranted alterations to the company's core strategy. As a result, the core pillars of dare 2.0 remained unchanged from the previous year. These pillars, which are outlined below, include Digitizing stc, Accelerating performance, Reinventing customer experience, and Expanding scale and scope.

Themes	Strategic Objectives			
d Digitize stc	Instill s digital mindset and unlock the potential of digital and analytics capabilities	Transform into an agile technology company and embrace new ways of working		
a Accelerate performance	Maximize shareholder returns by transforming costs and monetizing assets	Be a role model for sustainability and corporate governance	Connect our market through leading next-gen technology and digital offerings	Lead company-wide culture change and be the employer of choice for top digital talent
r Reinvent experiences	Excite customers with a seamless, personalized and secure experience	Be the trusted partner-of-choice for business in the region		
e Expand scale and scope	Grow by expanding into selected growth pillars within digital services			

Generating positive ESG impacts through dare 2.0

stc's dare 2.0 strategy robustly positions the Group as a pivotal enabler of the Kingdom's Saudi Vision 2030, as well as a major driver of digital transformation within Bahrain and Kuwait. This is evidenced by numerous achievements in 2023 in several areas of stc's core business offerings.

Over the past year, we maintained connectivity leadership in KSA and throughout the Gulf region, achieving 5G coverage in an area that represents nearly half of the Saudi population (as of October 2023), which is substantial expansion of the 5G network across the Kingdom compared to the previous year. We also expanded digital infrastructure to connect 3.2 million households with fiber optic internet access, and in the process contributed to significantly positioning KSA among the top countries in the world for network speeds and digitization.

Furthermore, stc Group's environmental efforts have been formally recognized with receiving the Forbes Middle East Sustainability Leaders Award, highlighting the company's broad commitment to reducing carbon emissions and promoting sustainable practices in climate, society, digitalization, and the future of work across KSA, Bahrain, and Kuwait.

Throughout the past year, stc has also built on existing collaborations and formed strategic partnerships with key government entities and global enterprises. stc Group subsidiaries showed remarkable growth in 2023, most notably with venture capital initiatives in the startup ecosystem, including the establishment of a Corporate Investment Fund and the incubation of over 110 startups through InspireU that reached a total valuation of over 12 billion SAR. stc was also a significant contributor to the Kingdom's Local Content program through Rawafed.









































With a workforce of 22,751 across the entire stc Group, the company is a leading employer in the greater Gulf region, and in particular has seen an increase in the Group's female workforce by approximately 14% in 2023, including more than 3,204 direct women employees in total. Additionally, stc Academy has provided over 530,073 learning hours and enrolled more than 1,844 employees in specialized talent programs (HiPo, SDP, TIP, and others), and the Group's focus on organizational culture is reflected in its top quartile Organizational Health Index (OHI) score.

Lastly, stc has continued to strategically expand its global presence and capabilities through various initiatives in 2023. These included the launch of stc's first global operations for TAWAL in Pakistan, TAWAL's acquisition of towers in three European markets, the acquisition of Machinestalk to enhance lot squared solutions, collaborations with major partners to advance stc's smart city capabilities, acquiring a minority stake in Telefonica to broadens stc's global footprint, and acquiring Devoteam to strengthen stc's ICT capabilities, particularly in the realm of digital transformation.

Branding and awareness:

We ensured that dare 2.0 branding was applied across stc headquarters and districts around the Kingdom to maintain recognition of the strategy, and awareness sessions were conducted for different internal units, including a strategy session for New Joiners (TIP batch 13 and 14) and targeted strategy sessions of selected clusters, functional units, and subsidiaries.

ESG Performance Highlights

 <p>22,751 Total workforce</p>	 <p>Over SAR 72 Billion total revenues</p>	 <p>527,000 training hours provided to employees by stc academy</p>	 <p>50+ Nationalities across workforce</p>	 <p>Connected 3.2 million+ households with fiber and 4 Gbps FTTH traffic increase</p>	 <p>42.90% local content score</p>	 <p>6% reduction in waste generated in KSA and 3% across stc Group</p>	 <p>Technically empowered 446 NGOs through technical enablement program – offering 1,055 technical services to 8,000 users across 50 cities</p>
 <p>Zero employees and contractors fatalities</p>	 <p>88% employee engagement rate</p>	 <p>22% Employees aged 18-30</p>	 <p>Collected and refurbished 43,000 devices through Trade-In program</p>	 <p>93%, 26% and 53% nationalization rates in senior management across KSA, Bahrain and Kuwait, respectively</p>	 <p>31.6% women hiring rate and 14% women employees</p>	 <p>Increased the number of employees with disabilities from 76 to 104 across stc Group</p>	 <p>18% board seats occupied by women</p>
 <p>Through Ertiqa, 4,862 electronic devices recycled and refurbished</p>	 <p>+2,003 elderly beneficiaries of digital literacy awareness through the smart truck</p>	 <p>3.9% employee turnover</p>	 <p>Validated and approved stc's interim science-based 2030 targets by SBTi</p>	 <p>665 SME suppliers engaged in procurement activities</p>	 <p>Invested +SAR 40 million in R&D and innovation</p>	 <p>SAR 14 million total community investment</p>	 <p>13% reduction in energy consumption across 4G and 5G networks</p>
 <p>In collaboration with GCC Telcos Alliance members, launched the GCC Innovation hub</p>	 <p>Economic Category winner of the King Khalid Sustainability</p>	 <p>672 employee volunteers with over 8,000 volunteering work hours</p>	 <p>stc Bahrain planted 35,000 trees across 50 sites and governorates</p>	<h2>Industry Leadership</h2> <p>stc is an active member of the broader ICT community, seeking to influence and learn from other leading professionals within the sector. We are actively involved with or hold membership in several industry associations and advocacy groups, including the following:</p> <ul style="list-style-type: none"> • Global Leaders Forum (GLF) • Global System for Mobile Communications (GSMA) • International Telecommunication Union (ITU) • GCC Board Directors Institute (GCC BDI) • GSMA Malware Information Sharing Platform • World Economic Forum Cyber Security and Digital Trust Platform • Member of Jubail Industrial City Leadership Council headed by The Royal Commission in Jubail • GRI Community Member • United Nations Global Compact (GSMA) • Business Ethics Leadership Alliance™ (“BELA”) • World Economic Forum – Partnering Against Corruption Initiative (PACI) • Pearl Initiative • GSMA security focus groups • Global Forum of Incident Response and Security Teams First.org • Local Content Leadership Council (LCLC) • GSMA Climate Action Taskforce 			
 <p>89% local procurement across group and 94% across stc KSA</p>	 <p>72% recycled waste generated from both network and operational maintenance waste was recycled</p>	 <p>6.6% reduction in (Scope 1) emissions</p>	 <p>Deployed 19% more 5G sites across KSA reaching > 8,332 5G sites</p>				
 <p>Ranked #1 sustainability leader by Forbes 100 sustainability leaders list in the middle east</p>	 <p>99% stc Group employees completed data protection and privacy training</p>	 <p>More than SAR 1B investment in digital innovation through InspireU since 2015</p>	 <p>100% of business units analyzed for risk related to corruption</p>				
 <p>Recognized as a compliant carrier with the Global Leader's Forum (GLF) Code of Conduct in the fight against voice fraud</p>	 <p>0 monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations or violations of anti-trust laws</p>	 <p>Zero incidents of non-compliance with environmental laws and/or regulations</p>	 <p>100% of employees and contractors signed the code of conduct declaration</p>				



Certifications

At stc, we are dedicated to working with leading experts in our field to innovate and improve digital services throughout the greater Gulf region. Our active involvement as an engaged contributor in the ICT sector has resulted in memberships and participation in various industry associations and advocacy groups, demonstrating our commitment to staying at the forefront of industry developments and collaborations.

stc strives to continually monitor and improve business practices and company performance to remain in line with regulations, industry standards, and industry-wide best practices. In 2023, we ensured that our operations were aligned with the following standards to certify continuity with our industry-leading practices and business performance:

Certification Category	stc KSA	stc Kuwait	Sirar	Solutions	Tawal	Integral	Center3	lot squared	SCCC
Quality Management	- ISO 9001 - ISO 10002 - ISO 9004	- ISO 9001	- ISO 9001	- ISO 9001 - Certification of the COPC CX Standard for OSPs	- ISO 9001 - TL9000 The Telecom Quality Management System	- ISO 9001 - ISO 10002	- ISO 9001 Quality Management	- ISO 9001 - Tasneef Certificate	
Risk and Security Management	- ISO 22301 - ISO 31000 - ISO 27001 - ISO 27017 - ISO 27032 - ISO 38500 - ISO 56002:2019	- ISO 22301 - ISO 31000 - ISO 27001 - ISO 27017	- ISO 22301 - ISO 31000 - ISO 27001	- ISO 22301 - ISO 31000 - ISO 27001	- ISO 22301 - ISO 27001	- ISO 22301 - ISO 31000 - ISO 27001 - ISO 27017	- ISO 22301 Security and Resilience - Business Continuity Management Systems Locations certified: (RDC46)	- ISO 27001	- ISO 27001 - ISO 27017
Health, Safety, and Environmental Management	- ISO 14001 - ISO 45001	- ISO 14001		- ISO 14001 - ISO 45001 Certificate in Protected Health Information (PHI) and e-PHI.	- ISO 14001 - ISO 45001	- ISO 14001 - ISO 45001		- ISO 14001 - ISO 45001 - ISO 50001 (In progress, we will be certified this year)	
Compliance and Governance	- ISO 37301 - ISO 38500	NA	- ISO 37301	- ISO 37301 - ISO 20400:2017 Sustainable procurement - CIPS Corporate Ethical Procurement and supply - PCI DSS certification audit 2023 – ISO - 41001 Facility Management Certificate		- ISO 37301		- ISO 9001 - ISO 10002	
Education and Training	- ISO 29990 - ISO 29993 - ISO 40180 - ISO 10667 - ETEC - TVTC - ISO 41001					- ISO 29990			
Sustainable Procurement				- ISO 20400:2017 - CIPS Corporate Ethical Procurement and supply. - Infoblox certification as an Authorized Service Partner-	- Local content certificate from Local Content & Government Procurement Authority				
Data Center \ Certifications							- Certified Tier IV Design (TCCD) - Certified Tier IV Facility (TCCF) - Uptime TCOS: Tier Certification Operational Sustainability - Uptime Tier III Design (TCCD) - Uptime Tier II Design (TCCD) - Uptime Tier II Facility (TCCF) - Uptime Management and Operations (M&O) - CEEDA Silver - GSMA Accreditation - ISO 14644-1 Class 8		
CyberSecurity and Privacy		ISO 27001		- ISO/IEC 27018:2019 Certificate in IT Security Management				- Cybersecurity compliance certificate	- ISO 27018 - Cloud Security Alliance (CSA) Security, Trust, Assurance and Risk (STAR) Level Two



Awards and recognition

In 2023, stc realized several notable achievements thanks to the remarkable work and drive of our staff, stakeholders, and core partners. We have been fortunate to receive recognition and accolades from esteemed organizations within our industry, which include some of the following honors received in 2023:

Sustainability related awards and recognition:

- King Khalid sustainability award -economic dimension (stc Group)
- Ranked #1 sustainability leader by Forbes 100 sustainability leaders list in the middle east (stc Group)
- Sustainability Champion of the year – Sustainability Excellence Awards by Sustainability Middle East (stc Group)
- Sustainable Employment Award at Global Good Governance 2023 (stc Group)
- Most Socially Responsible - International Finance Awards (stc Bahrain)
- Environmental Endeavor Category - International CSR Excellence Award (stc Bahrain)
- Best Community Development CSR Company – International Finance (stc Kuwait)

Technology and innovation related awards and recognition:

- TechXcellence Award – Ministry of (stc Group)
- Outstanding Customer Experience in the Middle East - SAMENA LEAD award (stc Bahrain)
- Best ICT Enterprise Digitalization Company – International Finance (stc Kuwait)

Human resources and capacity building awards and recognition:

- Labor Award: "Best Training Program for Students and Graduates" (stc Group)
- Open Innovation Catalyst Awards '23: For the "Rise of the Bot" project (stc Group)
- GCC GOV HR Awards: Most Distinctive L&D in the Private/Public Sector (stc Group)
- GCC GOV HR Awards: Best Leadership Development in Private/Public Sector (stc Group)
- Informa: Best Women Development & Leadership Program (stc Group)
- CIPD: Best HR, L&D, and OD Consultancy (stc Group)
- Informa: Best HR Analytics Strategy (stc Group)
- Informa: Best Employee Engagement Strategy (stc Group)
- GCC Gov: 1st Runner up on the HR Innovation (stc Group)
- HRM: Excellence in Diversity, Equity, and Inclusion Award (stc Group)
- HRM: Employer of Choice (stc Group)
- SHRMMENA23: Excellence in Talent Management and Development (stc Group)
- Labor Award – Ministry of Human Resources and Social Development (Aqalat)
- Vertical pioneer award – Hytera (Specialized)
- Most innovative mission critical PTT solutions 2023 - Global Business Outlook (Specialized)
- Best use of critical communications in 2023 -Global Business Outlook (Specialized)
- Best critical telecom Infrastructure solutions provider - International Finance (Specialized)

- Most innovative critical communication Service provider - International Finance (Specialized)
- Best Employee Engagement Strategy for 2023 (Solutions)
- The HRs Rising Star Of The Year for 2023 (Solutions)
- Best Employee Wellbeing Strategy for 2023 (Solutions)
- Best Employee Engagement Programme for 2023 (Solutions)
- Project Excellence Award for NEOM Telco Park (Solutions)
- Best Supplier Relationship Management Initiative - CIPS Excellence in Procurement Awards 2023 (Solutions)
- Best Recruitment and Onboarding Strategy - HRSE KSA award (Solutions)
- Best Leadership Development of The Year In Private Sector - GCC GOV HR Awards (Solutions)
- Best Diversity & Inclusion Program (Solutions)
- Recognized as top 100 list leader 2023 by IAOP (Solutions)
- Labor Award from the Ministry of Human Resources for the best training program for students and graduates and Social Development (TAWAL)

Leadership and excellence awards and recognition:

- Recognized as a compliant carrier with the Global Leader's Forum (GLF) Code of Conduct in the fight against voice fraud
- Regional Excellence Award for Supporting CX - Customer Experience Live (Channels)
- Last Mile Leader of The Year – Logistics Middle East (Channels)
- Awarded certificate from LCGPA on local content in 2023 and received a 69.3% local content score (69% in 2022) (TAWAL)
- Won the LCGPA Local Content Award in the Excellence Track for its commitment to supporting the local content and sustainability development, In the category of ICT for large enterprises (TAWAL)
- Awarded the Telecommunications Industry Association TL 9000 certification (TAWAL)

Sustainability at stc



At stc, our strategic ambition is driven by a strong commitment to sustainability. We aim to lead the ICT sector with innovative practices, striving for a significant environmental, social, and economic impact across Saudi Arabia and the Gulf region. Our approach balances economic growth with environmental care and community support, embodying our dedication to corporate values and global sustainability challenges.

Our commitment to protecting the environment is evidenced by our ambitious targets, including achieving net-zero emissions by 2050. Validated by the Science Based Targets initiative (SBTi) in 2023, our science-based targets affirm our dedication to the Paris Agreement and highlight our broader commitment to sustainability. Beyond environmental efforts, we invest in our communities, uphold the highest ethical standards and governance systems, and generate unprecedented economic benefits. We also align with the United Nations Global Compact's (UNGC) 10 principles and adhere to the GSMA's sustainability guidelines and metrics, applying sustainable practices across our operations and our entire value chain at a group level.

At stc, we do more than adapt to industry shifts; our mission is to lead the ICT sector into a future where sustainability is at the forefront, underscored by our comprehensive strategy that encompasses innovation, community engagement, and ethical governance.

As stc's General Manager of Sustainability, I am proud of our achievements and optimistic about our journey ahead. Our relentless pursuit of sustainability aims to redefine industry standards. Together, let's forge a path towards a more sustainable future, capitalizing on our collective strengths and innovations for the greater good.

Maha Alnuhait
Sustainability General Manager

ESG governance and strategy

stc has solidified itself as a catalyst for sustainable transformation throughout the Gulf region, revolutionizing industries and setting higher standards for environmental responsibility, positive social impacts, and ethical governance. Our work helps to promote a future where businesses drive positive change and foster prosperity while safeguarding the planet and promoting better social well-being.

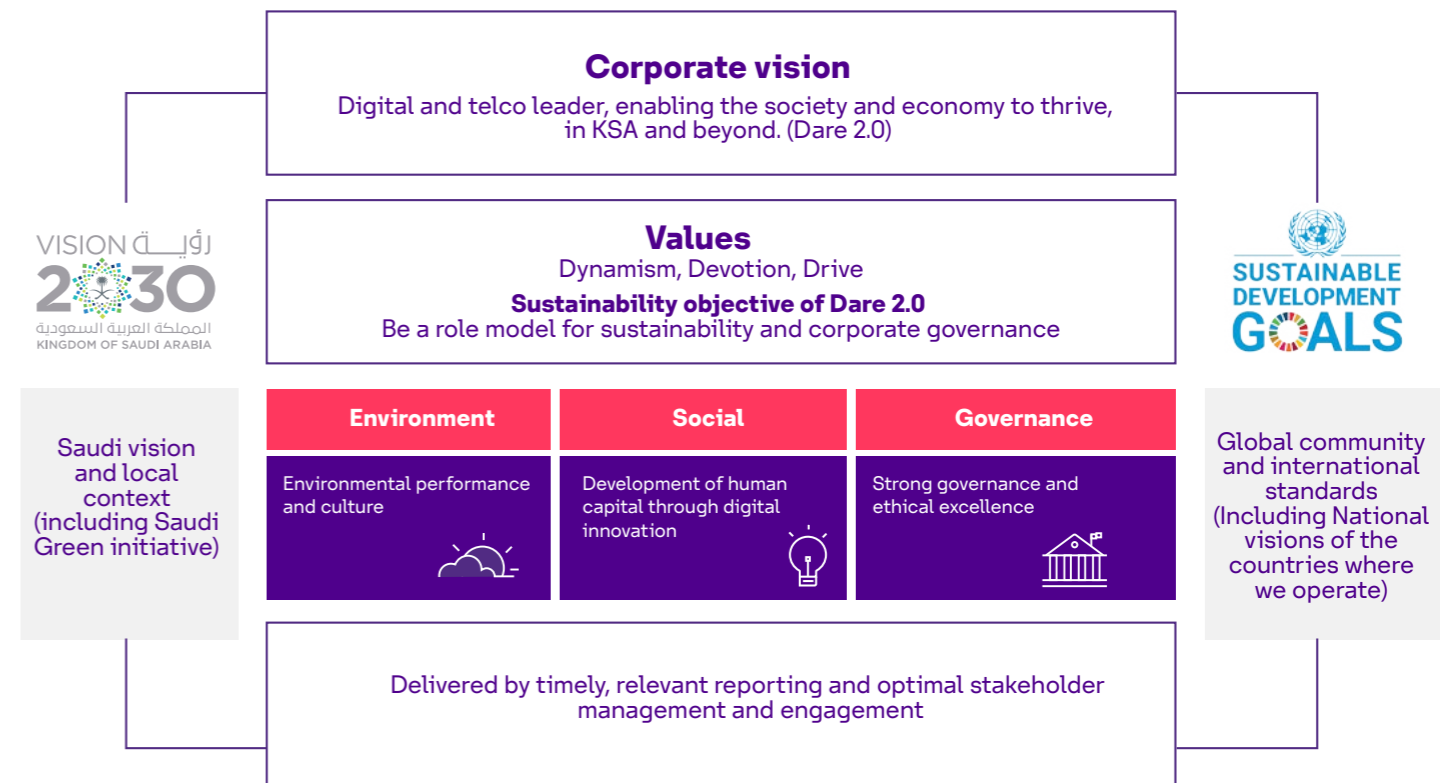
stc's commitment to sustainability is built on the pillars of environmental, social, and governance (ESG) excellence.

At the company's core we are driven by both our Corporate Vision and the wider National Visions of each country that we operate within, guided by internationally recognized standards and the collective insight of the global community. Our ultimate goal is to become a role model for sustainability and corporate governance in the MENA region and beyond – and we are well on our way to achieving this.

In 2023, we refreshed our sustainability strategy and roadmap after conducting thorough assessments and utilizing external benchmarking. As a result, three core sustainability focus areas emerged, all of which have been deemed vital for the success of our business and for the benefit of our stakeholders.

stc's refreshed sustainability strategy embodies our ambition to further minimize our environmental impacts and maximize our positive, sustainable impacts in all areas where stc operates.

In developing this framework, we strongly considered the interests of our key stakeholders, national and regional strategic visions, and the United Nations Sustainable Development Goals (UN SDGs). This framework has been implemented to guide our decision-making process and to improve our overall operational performance.





Our three core sustainability focus areas:



Environmental performance and climate

As a responsible corporate entity, stc has assumed a pioneering role in environmental stewardship by embracing sustainable technologies, working to conserve natural resources, and contributing to a positive ecological impacts in several areas throughout KSA and the greater MENA region. Our active transition towards implementing operational decarbonization is in line with the broader transition towards a low-carbon economy. This is solidified through our commitment to achieving net zero emissions company-wide by 2050.

Our positive environmental impacts are evidenced through several specific programs, including our commitment to planting one million trees as part of the Saudi Green Initiative (SGI), offering educational and training opportunities in the field of environmental performance implementing a solar pilot project, reducing water intensity Group-wide, development of a robust take-back and trade-in programs and comprehensive recycling efforts, inclusive of our vendors and suppliers. All these programs and initiatives will be central to our environmental performance approach indefinitely. For more details see [chapter 3](#).



Development of human capital through technological innovation

stc continually advances human capital by empowering individuals and communities through inclusive practices, diversity and inclusion initiatives, and strategic social investment programs. Our mission is to create opportunities for growth, bridge societal divides through technological innovation, and nurture a sense of belonging and well-being.

We aim to promote advancements in human capital development through technological innovation, mainly through a focused approach on flagship programs and the expansion of our digital financial services. Initiatives such as the Smart Truck, volunteering, ImpactU, knowledge sharing programs, and technical enablement programs are instrumental to our strategy. We also greatly value employee development programs and improved Health and Safety, and gender equality performance and disclosures, which play a significant role in fostering human capital development. For more details see [chapter 4](#).



Solid governance and ethical excellence

We are dedicated to embodying a standard of ethical governance that upholds the utmost levels of integrity, transparency, and accountability. Through the promotion of responsible business practices, the upholding of human rights, and the cultivation of a culture rooted in trust, our goal is to establish a benchmark for ethical conduct within our industry.

stc adheres to Group-wide rigorous board performance standards, ethical audits, and increased disclosures and reporting to MSCI, CDP, Sustainalytics, DJSI and other relevant entities to ensure strong governance and ethical excellence. Our impact assessments and due diligence processes, are underpinned by a commitment to implementing responsible procurement practices, including ISO20400, as well as the enforcement of policies governing child safety and overall cyber protection and safety.

In 2023, as part of our commitment to upholding ethical standards we extended employee training on ethical standards programs to encompass all stc employees, including part-time staff and contractors. We have also expanded the scope on employee training, data security and privacy-related risks and procedures. For more details see [chapter 5](#).

Materiality and stakeholder engagement

[GRI 3-1] [GRI 3-2]

Engagement with stakeholders is a key aspect of stc’s sustainability strategy, as it leads to a better understanding of important stakeholder needs and allows us to respond appropriately. Feedback and insights from these stakeholders are extremely valued, and they are essential for guiding the continuous refinement of our business practices and strategy in the right direction.

stc’s materiality assessment approach allows for proper identification of the areas where our impact is most significant and resonate best with our stakeholders. In 2023, we yet again conducted a comprehensive materiality and stakeholder engagement exercise, as we did the previous year, assuring that our updated assessment aligns with GRI standards. This helped to streamline and focus our list of material topics more sharply, and helped to ensure that our reporting continues to be acutely aligned with the interests and concerns of our stakeholders. We view this as a critical matter as our stakeholders play a pivotal role in the evolution of our overarching ESG strategy.

Materiality assessment and table of impacts



Framework Pillar 1 (Environment): Environmental performance and climate [GRI 3-1] [GRI 3-2]

Material topic	Overview of ESG impacts	Actual/ potential	Negative/ positive
Energy and climate change	Reduction of emissions and energy consumption from our direct operations through improvement of the energy mix by increasing renewable capacity and efficiencies. Through our digital and innovative products and services we seek to help our customers reduce their environmental impact especially emissions and energy.	Actual	+ Positive
	Working with companies that might have a negative environmental impact, thus we seek to enhance suppliers and projects selection to identify and respond to activities that may have a negative environmental impacts.	Potential	- Negative
Resource management	E-waste is one of the global fastest-growing waste streams. Waste management for stc cannot be designed without recycling and repurposing e-waste. Measures are being taken to increase the amount of recycled waste and e-waste.	Actual	+ Positive
	Water is a scarce commodity in this day and age. Lack of action to manage water use and efficiency across facilities and operations, can have negative implications such as increase in its utility bills, inefficiencies and a negative public image.	Potential	- Negative



Framework Pillar 2 (Social): Development of human capital through digital innovation [GRI 3-1] [GRI 3-2]

Material topic	Overview of ESG impacts	Actual/ potential	Negative/ positive
Data privacy, security and protection	stc focuses on data privacy, security and protection as its first material topic. In terms of cybersecurity maturity level, stc ensures its strength in cyber resilience, protecting stc’s information assets, safeguarding confidential and sensitive data for stc customers.	Actual	+ Positive
	Cybersecurity threats against data safety of stc and its customers remains crucial. This threat exists not only within stc but also its third-party contractors, which are considered as more vulnerable by cyber-criminals. To prevent damages of cyber and data threats (e.g. loss of customer/company data), the appropriate preventive measures should be taken throughout the organization and all value chain.	Potential	- Negative
Accessibility and digital inclusion	Ensure access to ICT products and services in remote areas that serve all groups of people including vulnerable groups thanks to products and services quality improvements.	Actual	+ Positive
	Reduction in accessibility and digital inclusion opportunities might have reputational impacts and miss out on opportunity to boost socio-economic development and attaining potential customers.	Potential	- Negative
Health, safety and wellness	stc monitors and reports occupational health and safety performance including employees and contractors through preventive actions. stc cares about employees’ wellness and motivates via a series of engagement, and wellness initiatives and programs.	Actual	+ Positive
	Increase in the rate of accidents due to a failure to disseminate a health and safety culture across communities in which the stc operates.	Potential	- Negative
Diversity, equality and inclusivity	Growing our diverse and inclusive work environment creates better services and experiences for our customers while respecting the rights of stakeholders.	Actual	+ Positive
	Inability to attract, develop, reward and retain talented employees, will not address customer needs and will not meet sustainability challenges.	Potential	- Negative
Digital innovation and experience	Digitization and innovation makes our customers lives and our own processes more responsive, better connected and insightful.	Actual	+ Positive
	Failed digital transformation journey is incredibly costly in lost money, resources, time and credibility.	Potential	- Negative
Customer relations and satisfaction	Increase in the quality of innovative and sustainable products and services provided to customers to enrich and improve their lives.	Actual	+ Positive
	Lack of clear, transparent and inclusive communication on business information.	Potential	- Negative
Talent management	Ensure stimulating and decent work environment for our people	Actual	+ Positive
	Decreased job opportunities offered that fulfill people’s potential due to inadequate institutional support.	Potential	- Negative
Community contribution and development	Social and economic development of the communities in which we operate by actively listening to them and addressing their needs, which in turn would improve public image, gain publicity, help contribute to the SDGs and national visions, or even offset negative aspects of operations.	Actual	+ Positive
	The community is not experiencing the benefits they were expecting.	Potential	- Negative



Framework Pillar 3 (Governance): Strong governance and ethical excellence

[GRI 3-1] [GRI 3-2]

Material topic	Overview of ESG impacts	Actual/ potential	Negative/ positive
Business ethics and governance	Ensure solid governance according to international and national requirements, and transparent communication on group's performance to groups' key stakeholder groups such as investors, lenders, partners, suppliers, regulators, community, and the environment.	Actual	+ Positive
	Inability to respond to stakeholders' increased ESG expectations performance could negatively impact customer engagements, investor support, talent attraction and retention and regulatory compliance.	Potential	- Negative
Supply chain management	Ensure sustainable procurement practices and support local procurement spending and SME support to positively contribute to the national GDP of countries we operate.	Actual	+ Positive
	Increase in environmental impacts due to a failure to adopt environmental management policies by the suppliers with whom we conduct business.	Potential	- Negative
Human rights	Assessing and addressing human rights risks and remedying impacts across operations and the supply chain and operations.	Actual	+ Positive
	Greater awareness of human rights atrocities puts pressure from investors, governments and stakeholders on companies to identify and remediate direct or associated human rights impacts. This requires a better understanding of legal and reputational risks. Insufficient capabilities to address such challenges often sits outside the knowledge base of teams.	Potential	- Negative

Our approach to materiality

[GRI 3-1]

1. Understanding the Organizational Context

Our updated materiality assessment began with mapping out a comprehensive view of stc's operational activities and business connections within a sustainability framework and identifying stakeholders to determine and establish current and potential future impacts.

2. Identifying Current and Potential Impacts

For the second phase, we reviewed stc's total operational activities and relationships to pinpoint their current and possible effects on the economy, environment, and society. We gathered a wide and diverse range of information, drawing from peer assessments, surveys, and industry trends, as well as benchmarks for alignment with the UN SDGs, Saudi Vision 2030, evaluations from ESG rating agencies, and alignment with various national and international standards and directives, such as those from GSMA, WEF, SASB, and GRI. This led to a proactive update of the preceding materiality matrix, which was amended to accurately reflect shifts in our operational structure in 2023. The final result yielded a preliminary compilation of 25 ESG topics for stakeholder and management evaluation within stc.

3. Assessing the Significance of Impacts

The objective of the third phase was to develop a hierarchy of material topics based on their importance. A select group of internal and external stakeholders was engaged for their insights, including executives, employees, investors, clients, and vendors. Surveys were disseminated to gauge the weighted significance of these subjects, aiding in the assessment and quantification of stc's material impacts.

4. Prioritizing the Most Significant Impacts

In the assessment's concluding stage, stakeholders were asked to prioritize the most important issues from the abovementioned 25 ESG topics based on their pertinence, relevance, and impact with regard to stc's operations. This process ultimately distinguished 13 primary topics of material concern. The remaining 12 subjects, while still significant to stc, will continue to be managed and carefully observed, though they may not be featured in the materiality matrix or may have been consolidated with other topics. The final list of prioritized material topics was approved by stc's GCSO.

Our stakeholders

[GRI 3-1]

Thoroughly engaging with stc stakeholders was a crucial part of determining our priority material topics. Ongoing and effective engagement with our stakeholders is crucial to not only identify these topics, but to adequately address them as well, and we strive to always provide transparent and timely information while actively encouraging feedback relating to any and all material topics.

Below, we outline the main stakeholders with whom we engaged and received valuable feedback on the most important material topics for stc in their estimation.

Stakeholder group	Employees	Suppliers and business partners	Investors and shareholders	Customers	Regulators and governmental entities	Local communities	Private sector	International organization	Academic institutions
Stakeholders expectations	Career advancement. Recognition Local communities and rewards. Attractive benefits. Safe and healthy working environment. Empowerment and equal opportunity. Open communication channels with management.	Timely payments. Open communication channels. Fair and transparent bidding procedures. Access information about stc. New opportunities for interaction and engagement.	Strong balance sheet and healthy cash flow. Consistent history of success and delivering growth in key metrics. Solid market positioning. Dynamic risk analysis and management. Strong brand image. Reliable corporate governance.	Friendly, personalized customer service. Clear, open and simplified communication. Competitive rates and fees. Convenient access points. Innovative products and services. Data and information security.	Alignment to national strategies, and visions. Compliance with legal and regulatory requirements. Protecting the consumer.	Employment opportunities. Advancing social development. Enriching local human resources. Partnerships on common social and environmental issues. Addressing environmental risks and opportunities, including climate change.	Partnerships for innovative products development. Collaborations for sustainable development. Partnerships for efficiency, productivity, and cost savings.	Representation of stc's sustainability efforts in international events. Partnerships for maximum positive impact. MOUs to solidify our commitments.	Raise awareness of students and faculty on various topics including sustainability. Alignment to national strategies and communications. Participate in job fairs
Nature of engagement	<ul style="list-style-type: none"> • Succession planning • Performance management and assessment • Newsletters • Training sessions and workshops • stc Academy • Website • Intranet (stc Hub) 	<ul style="list-style-type: none"> • Vendor Relationship Management System (VRMS) • Vendor management team • Annual meetings and sessions • Rawafed program 	<ul style="list-style-type: none"> • stc annual report • Open transparent channels of communication with shareholders • Quarterly presentations • Governance, risk, and compliance • Committee meetings • Website 	<ul style="list-style-type: none"> • Social media channels including • Twitter and Facebook • Customer feedback from: Your opinion matters • Complaints handling unit, • Customer service offices, myste app • stc live chat • mystc.com.sa • Website 	<ul style="list-style-type: none"> • Internal audit • Risk and compliance committee • Compliance unit • External audit • stc annual report 	<ul style="list-style-type: none"> • Awareness social media campaigns • Donations and sponsorships, including 'Donating via SMS' • Community outreach programs • Empowering entrepreneurs and digital innovation: • inspire • Employee volunteering • Partnerships and cooperation 	<ul style="list-style-type: none"> • Impactful partnerships • Knowledge sharing • Training opportunities • Joint sponsorships • Sustainable products' development 	<ul style="list-style-type: none"> • Partnerships on the • SDGs • International representation • Events and sponsorships 	<ul style="list-style-type: none"> • Awareness sessions • Digitization services and tools • Career fairs • Events and partnerships • Alignment to national strategies, and communications.



ESG risk management

















In 2023, we introduced an ESG lens into stc's risk management processes. This was done to minimize potential losses resulting from ESG-related issues and to foster opportunities that create positive environmental and social impacts through our core business operations. We are currently working on developing our ESG Risk Framework, through which we plan to address key risk considerations, including:

- Setting effective risk governance structures with clear responsibilities across the three lines of defense
- Improving ESG risk culture across the entire stc Group, namely through increased ESG risk awareness at all company-wide levels
- Identifying key ESG metrics and key performance indicators (KPIs) for monitoring and reporting
- Developing and deploying ESG risk assessment tools

Aligning with national and international priorities

stc is committed to ensuring sustainability efforts are in alignment with the international and national priorities and goals. We recognize that, among other standards, The UN SDGs are a comprehensive set of interconnected goals and we will continuously explore how stc can better contribute to the sustainable development agenda in a more holistic manner.

In all of our business operations, we aim to ensure that stc's sustainability efforts drive positive change and transition at each of the local, national, and international levels. With this in mind, we have ensured that our corporate strategy takes into consideration the most applicable national and international standards, including the Saudi Vision 2030, principles of the UN Global Compact (UNGC), and goals and targets within the UN SDGs, as well as other emerging sustainability standards.

Pillar	Material	SDGs	UNGC	Saudi Vision 2030	Initiatives
 Environmental performance and climate	Energy and climate change	 	Principles 7 and 9	 Ensure environmental sustainability	<ul style="list-style-type: none"> Solar pilot project Renewable energy across facilities Launch of GCC innovation hub
	Waste water, e-waste and water management	 	Principle 8	 Ensure environmental sustainability	<ul style="list-style-type: none"> Take- back program Water recycling facility plan
 Development of human capital through digital innovation	Data privacy, security and protection	 	Principles 1 and 2	 Enable social contribution of businesses	<ul style="list-style-type: none"> Data privacy and security employee and contractors training
	Accessibility and digital inclusion	 	Principle 6	 Enable social contribution of businesses	<ul style="list-style-type: none"> 5G coverage expansion
	Health, safety and wellness	 	Principles 3 and 4	 Promote a healthy lifestyle	<ul style="list-style-type: none"> Health and safety training Blood donation drive Your doctor on site
	Diversity, equality and inclusivity	 	Principle 6	 Ensuring equal access to job opportunities	<ul style="list-style-type: none"> Qaderoon and Mowamaah programs for inclusion of people with disability Diversity and inclusion training and women empowerment analysis report
	Digital innovation and experience		Principles 9 and 10	 Unlock potential of non-oil sectors	<ul style="list-style-type: none"> Emergency response products such as Tari' Sustainable products and services through stc Cloud, lot squared, Solutions, and Specialized
	Customer relations and satisfaction		Principle 1	 Grow contribution of the Private Sector to the economy	<ul style="list-style-type: none"> Customer satisfaction survey Customer complaints resolution
	Talent management	 	Principle 6	 Develop Human Capital in line with labor market needs	<ul style="list-style-type: none"> Women emerging leaders Youth development programs including TiP, SDP and HiPo
Community contribution and development	 	Principle 1	 Enable social contribution of businesses	<ul style="list-style-type: none"> Flagship programs including Technical enablement program, Smart Truck for elderly digital literacy, Employee volunteering, and many more 	
 Strong governance and ethical excellence	Business ethics and governance		Principle 10	 Enable social contribution of businesses	<ul style="list-style-type: none"> Mandatory employee and contractor business conduct training
	Human rights	 	Principle 1	 Enable social contribution of businesses	<ul style="list-style-type: none"> Online child safety guidebook Training on human rights policies and procedures
	Supply chain management	 	Principle 2 and 8	 Enable social contribution of businesses	<ul style="list-style-type: none"> rawafed Local procurement spending SME support

Our sustainability governance model

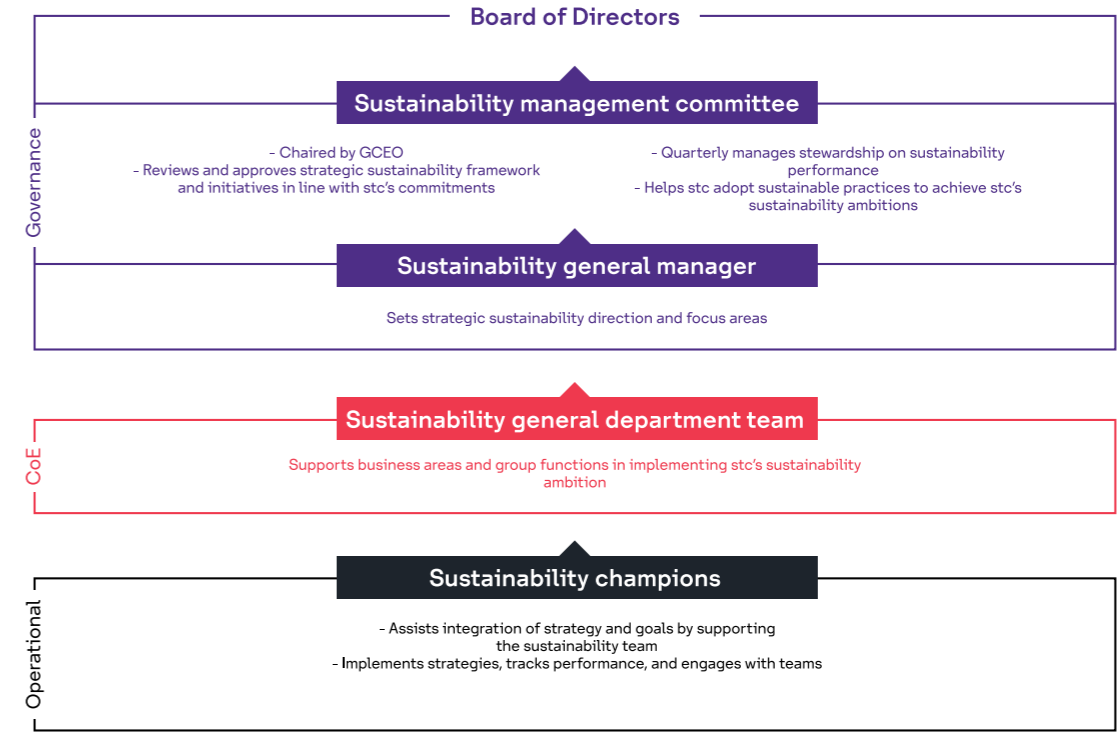
stc's dedication to sustainability is deeply ingrained in the company's fundamental business practices and operational approach, as well as – perhaps most importantly – the comprehensive long-term business strategy, dare 2.0. All areas across the entire Group are supported by robust governance structures and well-defined accountability channels to ensure that we achieve the goals outlined in our three-year sustainability roadmap.

Our sustainability governance model is designed first and foremost to provide a strong foundation for the development and integration of impactful sustainability strategies and objectives. This approach ensures that sustainability is woven into every facet of the organization and all the necessary tools and sustainability-related risk considerations are implemented, especially those related to ESG and climate.

The stc Group Board of Directors is charged with the vital oversight role for sustainability within the company through the dedicated Sustainability Committee. This specialized committee receives regular and comprehensive updates from all relevant management positions regarding the company's sustainability framework and performance across a wide spectrum of KPIs and goals. In 2023, quantitative ESG and sustainability metrics have been introduced in the Short-Term Incentive Plan, with Sustainability metrics representing 5% of the total performance score.

The Sustainability Committee is chaired by the GCEO and includes eight members: The Group Chief Strategy Officer (GCSO), Chief Financial Officer (GCFO), Chief Technology Officer (GCTO), Chief Human Resources Officer, Group Shared Services Officer, Chief Legal and Risk Officer, General Council, and the Sustainability General Manager. These members are responsible for delivering strategic guidance on commitments, ESG performance scorecards, and key focal areas while reporting all findings to the Board. In tandem with selected managers, the Sustainability Committee consolidates all stc sustainability-related initiatives under the guidance and supervision of a unified body.

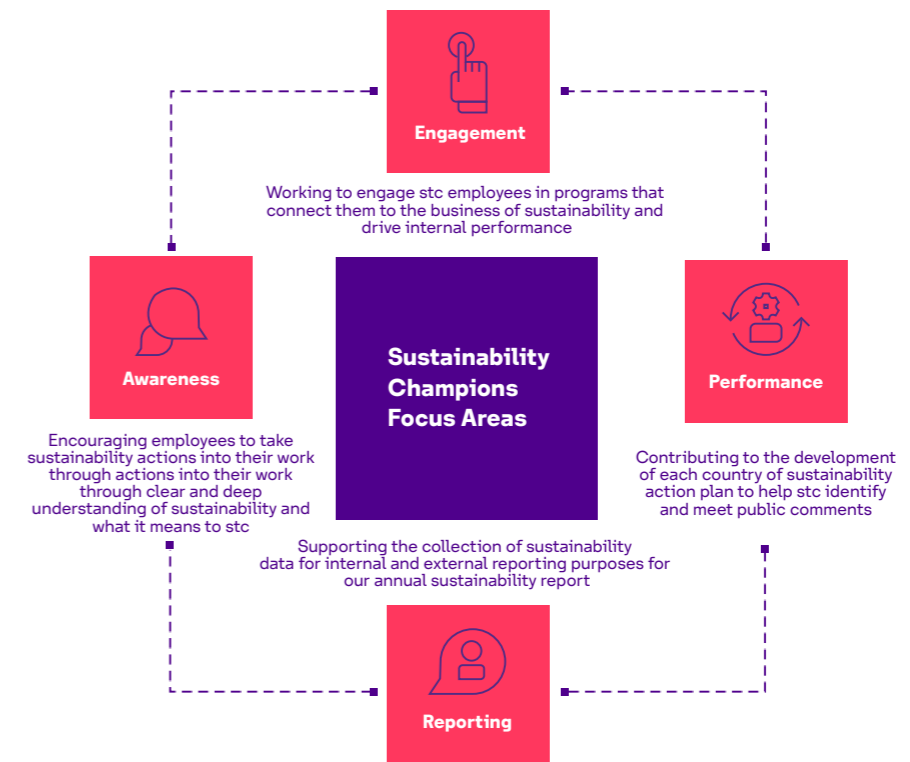
stc group sustainability governance model:



Sustainability Champions

We recognize that employee engagement is crucial for successfully implementing our sustainability objectives, goals, and overall strategy. The Sustainability Champions working group at stc is comprised of employees elected by the Group's executive management team. The Champions advance sustainable practices as part of their daily responsibilities and help drive improvements in our sustainability performance by further embedding sustainability into our business operations. In 2023, the Sustainability Champions working group consisted of 34 members from 14 subsidiaries across KSA, Bahrain, and Kuwait.

The key areas of focus for the Sustainability Champions working group are outlined below:





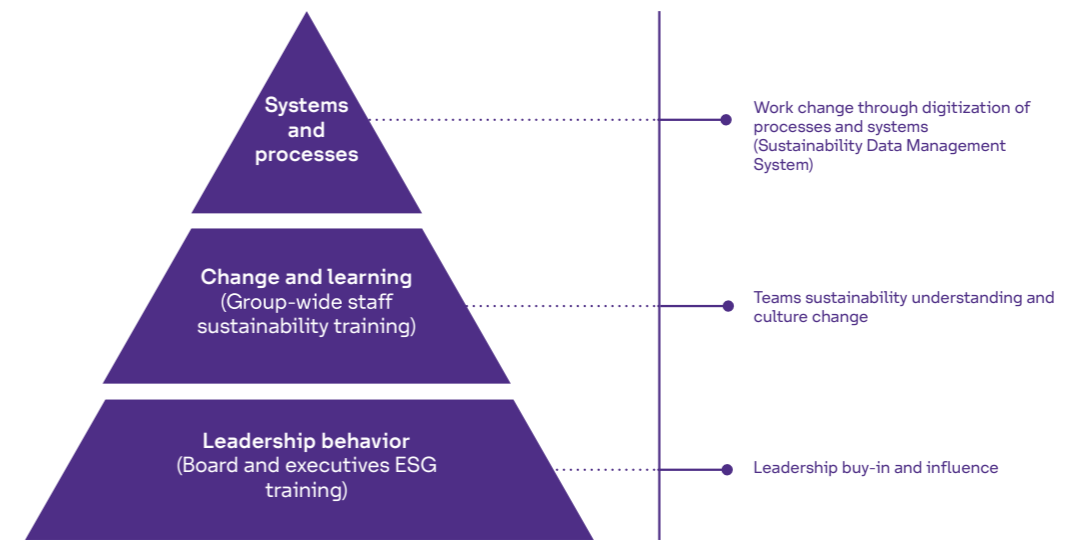
Sustainability cultural transformation program

Building adequate awareness and developing effective tools are both key to achieving targeted ESG goals and embedding sustainability firmly into stc's Group-wide culture.

In 2023, we continued to focus on building awareness and helping employees foster a deeper understanding of sustainability, such as a Group-wide training program throughout different organizational levels, including C-Suite executives, GMs, VPs, and staff from several business areas.

In 2023, more than 217 sustainability-training sessions or campaigns were provided to employees.

2022-2024 Cultural Transformation



Sustainability Awareness	stc KSA		stc Group	
	2023	2023	2023	2023
Number environmental or sustainability-related awareness sessions or campaigns conducted	124		217	



Policies, positions and statements

We apply a range of policies throughout our operations and relationships with stakeholders to improve ESG performance. These are reviewed and updated periodically, with approval by the GCEO, to demonstrate how we operate in an open, transparent, and responsible manner. Following is a non-exhaustive list of publicly available stc policies that can be found online.

- [Access to Communication position statement](#)
- [Anti-corruption position statement](#)
- [Anti-fraud corruption policy](#)
- [Code of ethics and business conduct](#)
- [Conflict of interest policy](#)
- [Nomination and remuneration policy](#)
- [Community Involvement position statement](#)
- [Data Privacy and Security position statement](#)
- [Environmental position statement](#)
- [Human Rights position statement](#)
- [Management commitment to Occupational Health and Safety](#)
- [Privacy statement](#)
- [Customer rights and responsibility policy](#)
- [Quality policy](#)
- [Responsible Supply Chain position statement](#)
- [Responsible Marketing position statement](#)
- [Sustainability policy](#)
- [Training and Career Development position statement](#)
- [Whistleblowing policy](#)

Sustainability disclosure frameworks

As part of stc's ongoing ESG journey, the company has openly committed to enhancing transparency within disclosures, voluntary initiatives, and public commitments. In an effort to ensure this is achieved, we are guided in our reporting practices by the following nationally and internationally recognized standards:

GRI Sustainability Reporting Standards

stc's non-financial reporting is prepared and presented in accordance with the GRI Standard. The GRI Standards provide a rigorous, world-leading framework for voluntary sustainability reporting and, within this context, all stc reports focus primarily on issues classified as important under the aforementioned materiality assessment.

United Nations Global Compact (UNGC)

The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles and address as many of the 17 UN SDGs as possible. stc became a signatory to the UNGC in December 2021 and has since communicated its progress annually through the UNGC [communication on progress \(CoP\) report](#). stc Group's Sustainability GM also sits on the board of the Global Compact Network in KSA.

Global System for Mobile Communications (GSMA)

The GSMA's sustainability assessment framework provides best-practice examples across the telecom sector and serves as a useful reference to assess performance in working towards addressing global challenges and opportunities. In 2022, we became a member of the GSMA's [ESG Metrics pilot](#) project working group and engaged in consultation to work towards establishing, assessing and validating a common KPI framework for the mobile industry, which we have continued into 2023.

National Sustainability Standards by Ministry of Commerce (KSA)

The National Sustainability Standards, created by the KSA Ministry of Commerce, outlines a framework for comparability and harmony with the UN SDGs, the Kingdom's 2030 National Vision, and international agreements such as the Paris Agreement for Climate Change and the Framework Convention on Climate Change (UNFCCC).

Saudi Exchange ESG Guide

Formerly the Saudi Stock Exchange 'Tadawul', the Saudi Exchange ESG Guide supports the advancement of ESG reporting in Saudi Arabia and the wider MENA region. stc's reporting framework is aligned with the Exchange's ESG guidelines.

GCC Exchanges Committee

The GCC Exchanges Committee (chaired by the Saudi Exchange) published a unified set of ESG disclosure metrics aligned to the World Federal Exchanges, the Sustainable Stock Exchanges Initiative, and other sustainability reporting frameworks. stc voluntarily reports against these metrics.

Sustainability indices and rating agencies

The analyses and ratings produced by specialized sustainability rating agencies and index providers, which assess companies based directly on ESG criteria, provide guidance for our ESG disclosure journey.



Environmental

As an important part of our unwavering commitment to act as a steward for the environment, we seek to minimize stc's direct environmental impacts as well as any indirect impacts associated with the use of our products and services. We continue to support our customers in reducing their own environmental impacts and we are taking the necessary steps to ensure that we achieve our ultimate goal of reaching net-zero emissions by 2050.



Environmental performance and climate

We aspire to be a global leader in environmental stewardship, not only for the telecom industry, but for all tech-based companies worldwide. This includes embracing sustainable technologies, preserving natural resources, and developing programs to reduce our carbon footprint and increase positive ecological impacts.

In 2023, we focused on more of a circular economy approach for helping to preserve biodiversity and actively transition towards a low-carbon economy, as part of our ultimate goal to reach net-zero by 2050.

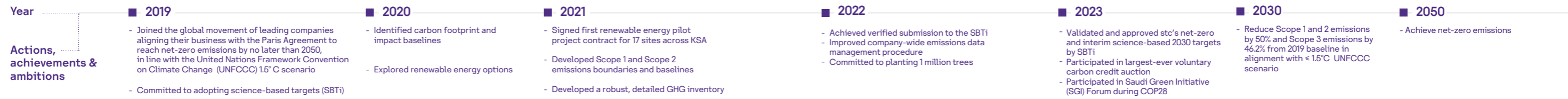
stc's [Environmental policy statement](#) affirms our commitment to mindful stewardship of the environment and establishes our compliance with all relevant laws and regulations that apply to our wide range of business operations. We aim to fulfill environmental commitments to the community and our customers by lowering pollution emanating from our operations, eliminating contamination throughout our value chain, removing unsightly visual impacts on the landscape, and reducing unnecessary noise levels that may disturb normal daily life.



Energy and climate change

stc has committed to reach net-zero emissions across the company's entire value chain by 2050. We have incorporated this ultimate goal into our Group-wide climate change mitigation strategy, which is based on the Task Force for Climate-related Financial Disclosures (TCFD) and the Science-Based Targets initiative (SBTi) to ensure that we are accurately measuring our carbon reductions. In 2023, we developed a climate action plan that lays out the roadmap for achieving our near-term targets of reducing our absolute Scope 1 and 2 emissions by 50% and Scope 3 emissions by 46.2% before 2030.

Our path to net-zero



Our climate strategy

stc's climate strategy establishes a clear, ambitious vision and measurable objectives for all Group departments and subsidiaries to consider as part of implementing all business practices going forward. We recognize the unique opportunity that our reputation, in-house technologies, and market position provide to enable wider sustainable leadership within the ICT sector. Our ambition is not only to drive climate action through operational optimization and improved efficiencies, but also to influence, support, and collaborate with customers, communities, and companies within our value chain to create a more holistic climate impact.

In 2023, we solidified this climate strategy with a focus on four priority pillars for climate action. Each pillar is supported by science-based targets, KPIs, and Group-wide initiatives, complete with a detailed implementation plan for 2023 – 2030. Our climate action journey will be iterative and we are focused on implementing robust leadership, oversight, and governance, and "Pillar Champions" to ensure we reach our targets and goals.

Pillars	Objective	Programs	2023 Initiatives
Optimizing stc's performance	Promote continuity & quality of information, ensure carbon reduction commitments are achieved, and provide a foundation for improvement & system analysis	<ul style="list-style-type: none"> GHG emissions governance Manage Scope 1 emissions Manage Scope 2 emissions 	<ul style="list-style-type: none"> Improved energy efficiency of data centers Solar pilot project Solar installation in parking areas, buildings, and outlets Improved energy efficiency at tower sites Recycling program for network devices Implementation of "take back program"
Developing eco-friendly products and solutions	Reduce the climate impact from materials, products, and services used by stc and across the company's value chain	<ul style="list-style-type: none"> Carbon enablement Sustainable customers Engaged supply chain 	<ul style="list-style-type: none"> Sustainable products and services through stc Cloud, lot squared, Solutions, and Specialized Emergency response products such as Tarf
Managing climate-related risks & financial impacts	Assess & manage climate-related risks in a manner that future-proofs stc Group's operations and ensures alignment with stakeholder expectations	<ul style="list-style-type: none"> Climate risk evaluation Climate resilient assets and services 	<ul style="list-style-type: none"> Rigorous risk assessments guided by TCFD recommendations Developing Group-wide policies and processes
Demonstrating climate leadership	Empower stc's colleagues and supply chain to influence climate action at both the local and global scale	<ul style="list-style-type: none"> Internal and external empowerment Implement circular economy considerations across supply chain 	<ul style="list-style-type: none"> Recycling program ESG training program Internal capacity building GCC telco alliance and launch of GCC innovation hub

Governance around climate-related risks

stc's climate action is part of the larger Sustainability Roadmap, headed by the Sustainability General Manager and endorsed by the GCSO. It has been approved by the Sustainability Management Committee, chaired by the GCEO that reports to the board, which meets quarterly to oversee implementation progress and review relevant risks and targets.

We have developed several internal regulations and policies designed to position stc Group to achieve climate change targets, including:

- Environmental Policy
- Sustainability Policy
- Sustainable Supply Chain Policy
- Suppliers Code of Conduct

The environmental policy and sustainable supply chain policies are in the process of final top management approval to be launched and published soon.

Climate risks and opportunities

In 2023, we analyzed climate-related risks in accordance with the TCFD, covering short-, medium, and long-term physical and transition-related risks. This comprehensive scenario assessment has allowed us to pinpoint the significant climate change risks and opportunities for stc's Group-wide business operations. From this, we developed three distinct scenarios that cover the breadth of our climate risk assessment. These scenarios roughly correspond to public domain scenarios from IPCC, IEA, and NGFS, as indicated below:

- **Scenario 1 - Business as usual:** Assumes that GHG emissions will continue to increase at their current rate due to limited actions and insufficient mitigation efforts. This would lead to a world that is significantly warmer and more prone to climate-related physical risks and impacts.
- **Scenario 2 - Delayed transition (2° scenario):** Assumes global annual emissions do not decrease until 2030. Strong policies are then required to limit warming to below 2°C.
- **Scenario 3 – Net-zero carbon transition (1.5° scenario):** Most ambitious scenario that limits global warming to 1.5 °C through stringent climate policies and innovation, reaching net-zero CO₂ emissions by 2050.

Our approach to analyzing climate-related risks and opportunities, taking into account the risk management practices of stc Group, involves identifying causes for potential risks, assessing financial materiality, and prioritizing risks based on perceived impacts. This includes identifying various ways in which climate change could physically impact stc's organizational operations, informed by client data and desktop research, and assessing the likelihood and severity of each relevant impact based on the corresponding financial materiality. After assessing all these factors, risks are prioritized according to their expected likelihood, velocity and impact, and then addressed as a part of our mitigation plan to help reduce exposure to these risks and to mitigate the physical and economic impacts of climate change to the best of our ability.

Case study: Network optimization and sustainability

Virtual Drive Testing (VDT) is an innovative solution revolutionizing the testing process for network optimization. By leveraging simulation software and virtual environments, VDT eliminates the need for physical prototypes, significantly reducing environmental impact.








The benefits of VDT are manifold. Notably, it leads to substantial reductions in energy consumption, carbon emissions, and resource utilization. Moreover, it streamlines development processes, expediting network optimization and enhancing operational efficiency.

Adopting VDT also positions companies as sustainability leaders, resonating with consumers and stakeholders alike. Financially, it translates into significant cost savings through decreased energy consumption and accelerated product development cycles.

Currently, the solution has been rolled out in urban centers and is set for nationwide coverage in the near future.

- 186,385kwh power savings
- 467,991km distance savings
- 71% CO₂ Emission Reductions

Climate risks

Category	Nature	Risk	Description	Assets	Financial impact	Time horizon		
						Short	Medium	Long
Physical	Acute	Extreme weather	Severe storms, hurricanes, or flooding impacts the infrastructure and disrupts services		\$\$\$\$\$	High	Low	Low
Physical	Acute	Changes in temp. & precipitation patterns	Changes in temperature and precipitation patterns impact telecommunication towers		\$\$\$\$\$	Low	High	Low
Physical	Chronic	Water scarcity and quality	Inefficient cooling systems and data centers leading to increased energy consumption and reduced cooling efficiency.		\$\$\$	Low	Low	High
Physical	Chronic	Rising sea levels and storm surges	Damage from rising sea levels on coastal areas infrastructure leading to service disruptions and costly repairs.		\$\$\$	High	Low	Low
Transitional	Policy & regulation	Policy and regulatory changes related to climate change	Increase of electricity price due to requirements for emission reductions, renewable energy adoption and energy efficiency standards.		\$\$\$\$	Low	High	Low
Transitional	Policy & regulation	Liability risks associated with the transition to a low-carbon economy	Requirements for minimum energy performance of buildings to ensure transition to Net Zero		\$\$\$\$	Low	Low	High
Transitional	Technology	Technological innovation and disruption	Market moves away from reliance on fossil fuels for logistics and emergence of less carbon intensive practices		\$\$	High	Low	Low

Climate risks

Category	Nature	Risk	Description	Assets	Financial impact	Time horizon		
						Short	Medium	Long
Transitional	Market	Shifts in consumer preferences and behavior towards sustainable products and services	Consumers adopt more sustainable behavior and switches to lower carbon products and services		\$\$			
Transitional	Policy & regulation	GHG Emission cost	Introduction of carbon pricing in Saudi on direct emissions to incentivize emissions reductions		\$\$\$\$\$			
Transitional	Policy & regulation	GHG Emission cost	Introduction of carbon tax in suppliers' country resulting on a higher cost of operations for supplier companies		\$\$\$			
Transitional	Market	Supply chain disruption and increasing material costs	Extreme weather events disrupt supply chain and procurement of materials		\$\$\$\$			
Transitional	Technology	Renewable Energy Adoption	Late adoption of renewable energy leads to higher energy cost for business activities		\$			

Assets							
	Marine cables	Towers	Buildings	Logistics/ supply chain	Finance	Channels	Data centers
Financial impact	\$	\$\$	\$\$\$	\$\$\$\$	\$\$\$\$\$		
Time horizon	<2 years Short	2-5 years Medium	5-10 years Medium-Long term	>10 long term			

In response to the assessed climate risks, we have developed strategic mitigation plans to enhance our resilience and sustainability across various fronts including climate resilience, disaster preparedness, resource efficiency, sustainable supply chain, collaboration and innovation, and emissions reduction. All this includes advocacy for policies and incentives to support low-carbon initiatives, incorporating renewable energy sources and waste reduction measures, ethical sourcing practices and shared transportation, investment in advanced network technologies, implementation of disaster recovery plans and regular maintenance and early damage detection.

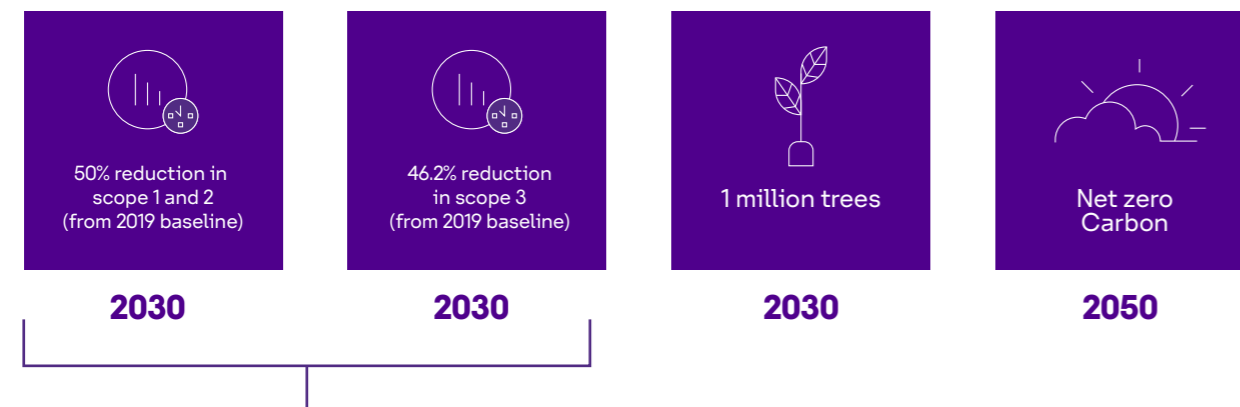
Metrics and targets

stc has committed to a net-zero target by 2050, which encompasses Scope 1, 2, and 3 emissions in line with the goals of the Paris Agreement. Our near-term emission reduction targets have been validated by the SBTi.

stc Group has also committed to planting 1 million trees to help support nature-based carbon sequestration and increase local wildlife habitat. This is just one of many initiatives that the Group has launched to advance progress towards its environmental commitments.

Long-term targets and commitments

Overview of stc Group's long-term public commitments and validated targets



Near-term goals by 2030 set in line with Science Based Targets

Reducing environmental impacts of products and services

Digitization is a critical component of transitioning to a greener and more sustainable economy and society. With that in mind, stc's products and services are aimed at enabling customers, as well as other sectors, to move towards decarbonisation and a more sustainable world. We have developed crucial energy-transition services based on connectivity, the Internet of Things (IoT), cloud computing, big data, and 5G, all of which not only provide operational and cost-saving benefits, but also environmental benefits. At present, we are currently working on capturing and quantifying the sustainability benefits of these products and services. For further details, refer to the [Digital innovation and experience section](#).

In 2023, stc adopted energy-efficient solutions in collaboration with one of our major partners, to further progress in reducing our carbon emissions and achieving our net-zero target. These solutions include, among others, space- and energy-efficient high-performance baseband processing and new SoC-based baseband plug-in cards that deliver nearly 10x more cells compared to previous generations, saving more than 800 MWh of energy and reducing CO₂ emissions by more than 570 tons annually.

Case study: Energy efficiency using Artificial Intelligence (AI)

In the telecommunications sector, significant strides have been made towards environmental sustainability through the deployment of innovative power-saving features for 4G and 5G networks. By utilizing advanced technologies AI/ML Powered Energy Saving Management (ESM), stc have successfully reduced power consumption, leading to environmental benefits without compromising the network performance. The impact of these initiatives has been remarkable, resulting in substantial energy conservation and cost reduction across 4G and 5G infrastructure.

Moreover, the implementation of these advanced power-saving features demonstrates a commitment to technological innovation and environmental responsibility within the telecommunications industry. By embracing sustainable practices and leveraging the latest advancements in network optimization, operators are driving positive change towards a greener future while meeting the increasing demands for connectivity.

- 36M kwh Power saved
- 13% reduction in energy consumption across 4G and 5G networks

Trade-in program

stc's trade-in program allows customers to trade in or recycle their electronic devices to reduce clutter, protect the environment, and earn stc account credit. These devices are then cleaned-up, repackaged, and re-sold to other customers at an affordable price.

Initially, there were challenges reaching trade-in targets that prompted a comprehensive reassessment of consumer behavior, which identified key factors such as data privacy concerns, service request simplicity, and the appeal of additional discounts as significant players. Addressing these concerns head-on, we revamped our customer journey on the mystc application, introduced user-friendly features with extra discounts, and obtained data wipe certification to enhance data privacy.

As a result, we adjusted our target numbers and by the end of 2023 we collected, refurbished, and recycled 44,000 devices through this program.

Energy consumption

Shifting towards more sustainable operations will require businesses around the world to rethink their entire production processes and value chains. At stc, we take an active role in managing energy consumption by promoting the use of digital solutions for our own business activities, as well as for those of our customers.

stc Group utilizes big data analytics to deliver actionable insights and an alert system for energy consumption and optimization, which can be found in stc Campus and other specified sites. This new solution, implemented in 2023, avoids manual input for calculating energy consumption and automates results to save effort and ensure greater accuracy.

In 2023, stc Group recorded a 7.5% decrease in direct energy due to decrease in petrol and diesel consumption. However, total energy consumption increased by 10% due to increase in indirect energy. This is due to group expansion and we are implementing plans put in place to reduce overall energy consumption but the positive impact will evident in the short-term.

Energy consumption	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Direct energy consumption (GJ)	174,469	174,804	147,441	2,921,054	2,695,610	2,493,936
Indirect energy consumption (GJ)	2,512,948	2,422,730	1,676,021	7,147,052	7,369,983	7,392,976
Total energy consumption (GJ)	2,687,417	2,597,534	1,823,462	10,068,106	10,065,593	9,861,160
Energy intensity (GJ/Petabytes)	150.89	127.51	74.77	516.59	454.86	373.79

Fuel consumption (Liters)	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Petrol consumption	4,770,225.46	4,451,958.62	4,168,143.98	5,120,629	5,290,426	4,312,517
Diesel consumption	47,504.99	121,952.40	128,032.15	53,576,357	65,115,487	63,751,211

Energy Consumption by infrastructure	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Electricity consumption from buildings (Kwh)	178,486,972	156,320,065	150,741,872	187,355,515	175,056,537	175,754,391
Data centers (kWh)	133,262,839	158,495,409	-	148,845,463	173,018,293	177,195,828
Base stations (kWh)	0	0	0	1,261,026,846	1,339,164,480	1,384,024,909
Exchanges (kWh)	386,291,420	358,163,064	314,819,483	388,064,444	359,978,096	316,629,310
Total electricity consumption (kWh)	698,041,231	672,978,538	465,561,355.00	1,985,292,268	2,047,217,406	2,053,604,437.89

* Base stations for stc KSA are not applicable as its under TAWAL
 ** As of 2023, data pertaining to our data centers in stc KSA are considered under the Group, following the establishment of Centre3

Renewable energy	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of solar powered sites	2	7	7	77	78	128

* stc Group figures restated due to change in scope, reflecting an expanded inclusion of companies from last year as stated in the scope and boundaries of the report.

Energy optimization for data centers

Our data center operations embody a sustainability approach, integrating operations, policy, efficiency, and technological achievements into the design and procurement processes to ensure operational sustainability and policy alignment.

Historically, prior to 2019, the average stc PUE stood at 2.0. However, with the introduction of standards mandating that all new facilities, i.e., those constructed after 2018, must achieve an average annual PUE of 1.5 (or less) at 100% IT load utilization. Where we've successfully met and exceeded these benchmarks, during testing and commissioning, carried out throughout the year of 2023, we've realized PUEs ranging from 1.4 to 1.6, aligning with the NEIDC target average PUE set at 1.5 at full load. Our approach includes smart system monitoring, optimized cooling, effective PUE management, and TCOS certification, ensuring sustainable operation of our data centers.

Our strategies focus on minimizing environmental impact while maintaining operational efficiency. Key measures include:

- **Optimization of Mechanical Equipment:** By adopting a primary chilled water network with Variable Frequency Drives (VFDs), we eliminate the need for a secondary network and piping, significantly reducing power consumption.
- **Energy Efficiency Mandates:** We impose strict energy efficiency criteria on all power and cooling systems, ensuring ongoing monitoring and optimal use of equipment to conserve energy.
- **Designing for Efficiency:** Our data centers aim for a Power Usage Effectiveness (PUE) of 1.5, indicating a highly efficient use of energy in our Electrical and Mechanical (E&M) solutions and minimizing the power footprint.
- **Maximizing Power and Cooling Efficiency:** By segregating hot and cold aisles, we enhance the effectiveness of our cooling systems. This setup maximizes the use of cool air for our equipment racks and improves the efficiency of our cooling infrastructure.
- **Local Sourcing of Materials:** We prioritize the use of locally produced materials, significantly reducing transportation needs and, consequently, lowering carbon emissions associated with our data center construction and maintenance.

As a result of these considerations, we are anticipating a 25%-30% improvement in PUE for new data centers in comparison to previous years after populating the new data centers.

Data Centers	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Number of exchanges	224	223	223	2	2	2	24	24	24
Number of data centers owned by stc*	9	9	17	2	2	2	2	2	2
Power usage effectiveness (average PUE) of old data centers	2.05	2.24	2.27	1.81	2.10	1.80	2	2	2
Power usage effectiveness (average PUE) of new data centers**	-	1.91	2.12	-	-	-	-	-	-

* Data centers by stc Kuwait are rented not owned
 ** no new data centers for stc Bahrain and stc Kuwait

PUE values are associated with the IT Load utilization. All new facilities i.e. after 2018, have a PUE of 1.5 (or less) at full (100%) IT load. However, with low IT Load consumption it is normal for the PUE to be higher. Noting that in 2023, new sites have become operational, and their IT load utilization is low.

Solar energy site at stc buildings

[GRI 3-4]

Solar energy is one of the fastest growing renewable energy sources. As photovoltaic (PV) technology advances and production costs decrease, we are incorporating more solar energy throughout our HQ premises. In 2023, we had seven installed operational solar powered sites at our headquarters in Riyadh, generating 180 kWh of output and a total capacity of 3.5 MW.

Across stc Group, TAWAL has seen a 66% increase in solar powered sites in 2023 for an additional 1,335.77 MWh of renewable energy.

New Era Infrastructure Cloud-Native Data Center Program

We are committed to building new data centers across each of the countries that we operate within. Our goal is to have these facilities incorporate enhanced energy efficiency and sustainability throughout the entire lifecycle of new critical infrastructure.

In Saudi Arabia, we completed Phase 3 construction on three next-generation cloud-enabled data centers to add to the three already in service, for a total of six operational data centers in total during 2023. These new data centers incorporated sustainability features in all aspects of construction and development, from design and procurement to materials and construction. Some of the technologies that we implemented achieve the following:

- Better power utilization efficiency (PUE)
- Energy conservation opportunities and Greater server efficiency
- Right-sizing chiller plant optimization and thermal management
- Air flow management and humidity control
- Improved power chain and supplies, Improved lighting, and on-site generation, highly efficient UPS, and highly efficient "low water consumption" cooling systems.

Our three new data centers received uptime certification for design, testing, and commissioning TIER-III standards and TCOS (Gold).

In early 2024, we plan to commence the contracting to begin construction on Phase 4, which is planned to have a total IT capacity of 20.4 MW. We have also conducted studies to prepare for building new state-of-the-art data center in Bahrain which is planned to be fully run on solar power. In 2024-2025, we plan to construct three new data centers in addition to expanding the existing sites with a total capacity of 34.8+ MW for both new sites and expanded older sites.

Through implementing energy efficiency technologies, we anticipate energy cost reduction between 25-30% and CO₂ emissions reductions between 15-20% once the entire project is concluded.

Energy efficiency at tower sites

stc towers in Saudi Arabia are managed by TAWAL, the region's first and largest telecom tower company. TAWAL provides leading integrated ICT infrastructure in the KSA for 16,131 telecom towers, representing almost 45% of the total towers in Saudi Arabia. TAWAL also operates internationally in 4 other countries with an additional 5,070 towers. This is a key piece of our overall sustainability strategy as it boosts infrastructure sharing capabilities, which in turn enables customers to maximize operational efficiencies and minimize expenses. It also helps reduce the collective environmental impact of stc Group, including all subsidiaries, as well as customers and community members.

TAWAL enables partners to attain operational excellence and accrue higher profits by enhancing tower sharing. This results from reduced capital expenses needed for network rollouts and lowered operating expenses for managing infrastructure at multiple sites. Tower sharing also provides additional benefits for congested urban areas, including more efficient infrastructure usage and eliminating excessive network redundancies, as well as reducing visual pollution that usually results from dense equipment installations.

Promoting energy efficiency is one of TAWAL's strategic pillars with a focus on reducing energy consumption by promoting efficient energy solutions for more than 21,201 active towers in KSA and 5 other countries worldwide. As the largest tower company in Saudi Arabia, almost 99% of the company's energy consumption happens on TAWAL sites, particularly at base stations. On-site energy consumption is optimized in several ways, most notably by utilizing air-cooling instead of air conditioners and implementing larger battery backups for hybrid energy solutions. Automatic lighting solutions are also used to reduce energy consumption across TAWAL's headquarters. In 2023, a total of 115 tower sites in KSA and other countries were running on renewable energy as a primary energy source, and 1,002 sites utilized a hybrid approach. Furthermore, over 200 sites were connected to the power grid over the past year. In Bahrain, 13 additional towers were constructed to improve network connection and internet services.

Since 2021, TAWAL has successfully maintained ISO 14001:2015 Standard for Environmental Management Systems certification, and in 2023 we successfully introduced and implemented several innovative and sustainable solutions across tower sites. These included 5G sleep mode and power consumption optimization, new scalable smart pole solutions to enhance adoption of IoT solutions, a new early warning system with IoT sensing capabilities to enhance tower safety, and "drone as a service" capabilities for site inspections and protective maintenance activities.

Base stations	KSA			Bahrain			Kuwait			Other international locations		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Number of base stations	15,524	16,106	16,131	709	1,105	1,007	2,392	2,332	2,492	-	-	5,070
Number of base stations powered by renewable energy	69	69	66	0	0	0	0	0	0	-	-	49
Number of base stations powered by diesel	1,268	1,045	785	62	75	60	478	502	506	-	-	26
Number of base stations powered by other types of energy	981	1,051	1,211	647	1,030	947	0	0	0	-	-	-

Renewable Energy Pilot Project

Our renewable energy pilot project aims to install solar photovoltaic (PV) systems within existing infrastructure found throughout KSA, including parking structures, warehouses, sales outlets, and other physical assets in the built environment.

Initiated in 2021, the project is scheduled to be completed by 2024 and will help pave the way for new energy models to be incorporated within critical infrastructure while also reducing carbon emissions by an estimated 8000 metric tons annually, as well as generating over 14.2 GWh of annual green energy.

This project falls under the framework of the Green Saudi Initiative, where the public and private sectors are encouraged to work together to accelerate the transition towards a green economy in the Kingdom.

Phase 1	Phase 2 and 3
9 sites	9 sites
Rooftops, parkings, buildings, data center, warehouse and outlet in Riyadh	Data centers and warehouses in Qassim, Makkah, Jeddah, Madinah, Dammam
7,643 PV panels	7,804 PV panels
4,259 total installed (kW)	4,370 total installed (kW)
29,402 tCO ₂ , total emissions reduction	30,167 tCO ₂ , total emissions reduction
Total	
18 sites	
15,447 PV panels	
8,629 total installed (kW)	
14,238,708 kWh annually	
Approximately 8,088 tCO ₂ reduction annually	
5,149,615 trees saved	



In 2023, we continued PV solar system installations at technical buildings across seven different sites in Riyadh, with an annual expected production of 1.7 GWh and an estimated annual CO₂ emissions reduction of over 960 metric tons.

Technical buildings	Total saving during PV solar system lifespan	Annual CO ₂ emission reduction	Annual cost Saving
7 across Riyadh including Murabba, Ereja, Shiffa, Azizia, Shobeh, Nadheem and Khaleej	SAR 6,719,281.9	1,206 metric tons	SAR 229,756
Annual PV system production	Total roof top Areas	% of PV system contribution to the total consumption	Annual equivalent tree planting
1.7 GWh	~6,085 m ²	7%	19,944 trees

GHG emissions

Given that the risks and challenges associated with climate change have become much clearer in recent years, companies around the world, including stc, have given increasing attention to GHG emissions and the risks that they pose as a part of this global issue. However, even as this understanding is gaining traction throughout the world, global energy consumption continues to expand to meet modern-day living demands, GHGs, and the resultant CO₂ emissions that they create, are now reaching levels within the atmosphere that is causing the first ripples of a looming problem, including the frequency and severity of extreme weather events that are already increasing. In 2023 alone, we witnessed storms, fires, and droughts causing damage to infrastructure, and people's lives, which would have been unprecedented only a few short years ago. Climate change can no longer be perceived as a threat on the horizon – it requires urgent attention, at scale, today.

At stc, we are committed to doing our part. We are setting ambitious targets and taking necessary actions to manage and reduce carbon emissions from our own operations and throughout our value chain. This includes an ambitious Group-wide target to achieve net-zero emissions by 2050, guided by SBTi, which was validated in 2023, as well as the UNGC and the GSMA climate policy target.

As one of the first regional telecom operators to validate GHG targets through SBTi, stc has established a comprehensive climate strategy and implementation plan to manage and monitor climate performance, gain competitive advantages, benefit from innovative products, and accelerate climate action in the Gulf and MENA regions.

stc's carbon footprint is calculated based on the international GHG Protocol Corporate Accounting and Reporting Standard, developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). To offset emissions that could not be immediately reduced, we purchased verified, high-quality carbon credits from the Regional Voluntary Carbon Market Company (RVCMC) at the largest-ever voluntary carbon credit auction event held in Nairobi, Kenya. These credits aid in not only offsetting all scopes of emissions produced by stc's Group-wide operations, but they also contribute to other sustainability-related co-benefits, such as community capacity building, biodiversity enhancement, and land-use improvements.

GHG Emissions (tCO ₂ e)	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Direct GHG emissions (scope 1)	10,595	10,616	10,013	203,182	187,217	174,870
Indirect GHG emissions (scope 2)	396,487	378,889	267,232	476,240	1,174,589	1,192,877
Total GHG emissions	407,082	389,505	277,245	679,422	1,361,806	1,367,747

stc KSA scope 3 Total tCO ₂	
Purchased Goods and Services	445,614
Capital Goods	
Fuel- and Energy-Related Activities (not included in Scope 1 or Scope 2)	248,783
Upstream Transportation and Distribution	83,026
Business Travel	4,111
Employee Commuting	27,264
Downstream Transportation and Distribution	9,209
Use of Sold Products	58,378

Afforestation and Climate Change

Reforestation has a positive impact on climate change and plays a pivotal role in preserving and restoring biodiversity, which is why stc Group has committed to planting one million trees by 2030. The initiative aims to yield more than 25,000 tons of CO₂e per year.

Through this commitment, we aspire to help increase forest cover and provide a more usable habitat for local wildlife, enhancing environmental conservation and addressing climate change at the same time.

In 2023, stc Bahrain, along with select partners, planted 35,000 trees across 50 sites and governorates, with an aim to plant 50,000 more trees in the next phase. stc Bahrain's campaign "Trees for Life" was recognized at the International CSR Excellence Awards.

At stc, we also continuously seek to minimize the impact on the local environment from our ongoing operations, including any negative impacts on protected areas or endangered species. Prior to commencing any of our initiatives, it is stc's policy to conduct site assessments and surveys to identify areas of critical ecological concern and determine applicable best management practices as per local laws and regulations.

Quality control improvement model

Our Technology and Quality Assurance system is based on the ISO 50001 standard for quality assurance activities regarding energy management of stc's technologies, as well as ISO 27001 and ISO 14001 specifications for quality assurance regarding environmental management of all stc technologies.

TQA overlooks all technologies within stc Group, which means that these certifications help ensure company-wide energy management is conducted appropriately and affectively.

This includes optimizing lighting and cooling in buildings, as well as assessing energy efficiency policies within major facilities that support stc services, such as exchanges and data centers. Our TQA department is essential for evaluating stc's company-wide resource management activities, facility efficiencies, and environmental practices that support efficiency improvements and positive environmental impacts, such as recycling and monitoring waste.



Collaboration to address sustainability challenges

We are working with peer companies in the ICT and telecom sectors to advance sustainability in the greater Gulf and MENA regions, with a specific focus on climate action and sharing knowledge.

In 2023, we continued to lead the GCC ESG Telecom Alliance. This pivotal collaboration among seven leading telecom companies in the Gulf region remains the first of its kind in the industry, and featured 120 attendees across all knowledge sessions during the past year.

Furthermore, at COP28, which took place in 2023, the Alliance announced a collaborative intention to establish an innovation hub by 2024, to tackle climate change and enhance the availability of affordable and dependable energy sources. Through this proposed Sustainability Innovation Hub, the GCC ESG Telecom Alliance aims to bridge the gap between technology, telecom innovation, and climate action for a low-carbon economy. It will bring together cutting-edge technologies, visionary experts, and collaborative efforts to tackle one of the most critical challenges the telecom industry faces today.

Equipped with state-of-the-art facilities for prototyping, testing, and validating innovative power solutions using GCC telecom networks, the Hub will accelerate the development cycle and ensure the effective implementation of new technologies within the broader ICT industry. Recognizing the importance of skilled professionals in driving innovation, the Hub will also offer training programs and workshops to enhance the competencies of individuals involved in designing, installing, and maintaining power solutions within the telecom and ICT sectors.

To learn more about the Alliance, visit:

https://www.stc.com.sa/content/dam/groupsites/en/pdf/GCCexecutive_report.pdf

Water management

Water is a scarce and valuable resource, especially in the greater MENA region, and stc is particularly committed to increasing the efficiency of water use throughout all business operations. Overall, our consumption principally comes in the form of sanitation and air-conditioning usage, as well as tankers for backup use.

In 2023, several subsidiaries relocated to stc's headquarters and many construction projects took place that involved renovation of entire buildings. This surge in demand underscores the need for sustainable water management strategies to ensure resource efficiency and environmental responsibility. In a concerted effort to proactively address water management issues, plans to construct a water treatment plant on stc's main campus have been announced. This proposed facility will repurpose water for irrigation and essential sanitary activities such as flushing toilets. The project will consist of a gray water collection network with manholes and lift stations, flow-through water tanks, a pump room, a flow-through water network with a pumping station to supply flow water, and will have a capacity of treating 250 cubic meters per day. It is planned to be completed by the end of 2025.

Water consumption	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Total water consumption (m ³)	297,087	430,603	403,864	925,095	819,478	714,626



in accordance with the regulations of the National Center for Environmental Compliance (NCEC). Efficient tracking also allows us to assess the life cycle of these assets, implement responsible disposal practices and explore opportunities for recycling.

In 2023, our network through TAWAL recorded 1,141 metric tons of waste generated from both network and operational maintenance waste, of which 71% was recycled. Additionally, TAWAL recorded a 9% drop in hazardous material disposed due to TAWAL's battery replacement strategy and shifting from lead acid to Lithium.

Network waste generated	Tawal (KSA only)		Network waste diverted from disposal	Tawal (KSA only)	
	2022	2023		2022	2023
Hazardous material such as Lead acid batteries, lithium (t)	500	413	Hazardous material such as Lead acid batteries, lithium (t)	299	405
Electrical materials such as Air-conditioner and Alternators (t)	231	160	Electrical materials such as Air-conditioner and Alternators (t)	220	156
Metals such as towers, shelters and other lights metals (t)	191	42	Metals such as towers, shelters and other lights metals (t)	191	251
Electro-mechanics including generators & e-waste (t)	62	246	Electro-mechanics including generators & e-waste (t)	58	210.8

Network waste diverted to disposal	Tawal (KSA only)	
	2022	2023
Hazardous material (t)	195	8
Non-Recycle items such as Freon Gas, pallets, etc	22	8

Looking ahead to 2030 and beyond, we plan to construct a waste management plant to minimize environmental impacts and improve resource management at the stc HQ campus in Saudi Arabia. This will include a collection network covering the entire campus, complete with the most advanced equipment and technologies to collect, assemble, segregate, treat, and dispose of up to nearly 18,000 kilograms of waste.

Waste management

As an integral part of our commitment to environmental responsibility, waste management is a crucial component of our sustainability strategy. Our operations fundamentally involve extensive use of electronic equipment, underscoring the importance of appropriate waste management practices.

One of the most impactful initiatives that we have implemented is a recycling program across all stc buildings and sites, which empowers individuals to actively contribute to waste reduction. This, along with other smaller initiatives, resulted in a 6% reduction in waste generated in Saudi Arabia and 3% across stc Group in 2023.

Total waste	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Total waste generated in HQ (t)	350	750	700	5,250	6,550	6,337

As we look toward the future, we seek to go beyond mere waste reduction and find ways to actively contribute to a more circular economy. This has already begun with stc's take-back program for better end-of-life product management and network-related electronic component recycling program. Additionally, we have internal systems in place to properly manage and optimize purchasing decisions for all materials, such as furniture and carpets. In 2023, we also focused on embracing eSIM technology to shift away from physical SIM cards, resulting in more than 1.2 million eSIM cards being issued and saving more than 4,800 kilograms of plastic.

For any telecom or ICT company, managing e-waste and network waste is critical. stc responsibly disposes of network equipment and e-waste through a trusted third-party partner



Circular economy consideration across supply chain

As part of our initiative to standardize warehouse inventory management throughout our operations we have implemented the use of 100% biodegradable bags. By opting for biodegradable materials, we ensure warehouses minimize their environmental footprint and reduce waste generation and take a step forward towards adopting circular economy framework to facilitates the transition from a “take-make-dispose” model to one that prioritizes resource conservation.

In 2023 and through our recycling program across supply chain, we collected 7,131 tons of waste. Of the total, almost 74% was reused, and 16% recycled, and the remaining portion was responsibly disposed of. All our e-waste recycling efforts undergo validation by the National Centre for Waste Management. We consistently receive quarterly validation reports to authenticate our efforts. Across our warehouse and inventory management processes in stc KSA, we have reused and recycled 90% of materials and for those to be disposed we ensure 100% safe disposal.

Another integral component of our circular economy considerations across supply chain is our trade-in program. The trade-in program encourages the return and reuse of mobile devices at the end of their life-cycle rather than disposing of them as waste. Through this program, customers are able to trade-in their used devices for further discounts on new purchases, and we then extend the lifespan of products and reduce overall consumption. As a result, we adjusted our target numbers and by the end of 2023 we collected, refurbished, and recycled 43,000 devices through this program. More than 97% of these devices were refurbished and sold as “renewed devices” to our direct customers through sales channels with 6 months guarantee. The renewed devices become a more affordable option for customers.

Paperless work environment

We are committed to operating in a paper-less work environment. In 2023, we took our dedication to paperless operations a step further by rolling out a comprehensive paperless office policy. Implementation of the policy is closely monitored through a robust quarterly reporting system, which measures and tracks paper consumption metrics. This initiative has been seamlessly integrated into our Quality index to further underscore the importance and impact of the paperless initiative.

[GRI 3-4]

As a result of our ongoing efforts to embrace digital transformation, we have digitized and automated over 77 group-wide processes and services on our internal platform intranet (stc Hub). This strategic initiative has not only streamlined our operations but also significantly reduced costs by 85%.

By transforming manual tasks to digital workflows, we have achieved greater efficiency across the Group.

Materials consumption	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Paper consumption (t)	3.04	1.37	1.25**	934	1,005	1,217

* restated due to change in scope.
** number of Pages (251,703 papers)

Case study: Go-green initiative

The Go-Green initiative across stc group offices aim to improve our green footprint of applications operations through increasing overall awareness about Green Technology Practices, IT Resource reclamation and Re-use, and energy consumption reduction.

In 2023, and as per the Go-Rapid IT sector strategy to enhance environmental sustainability within operations, stc increased awareness on green technology practices among employees to encourage eco-friendly behavior. We also reclaimed and reused IT resources to extend the life cycle of assets and reduce waste.



Social Chapter

stc is strongly committed to empowering individuals and communities through inclusive practices, diversity and inclusion initiatives, and social investment programs. Our goal is to create opportunities for growth, bridge societal gaps through technological innovation, and foster a sense of belonging and well-being.

Development of human capital through digital innovation

People are at the heart of everything we do. This has resulted in a culture at stc that truly values inclusivity, empowerment, and social progress. We carry the values of this culture beyond our office walls as our work to champion diversity, equity, and inclusion has led to a more diverse workforce, which positively impacts the communities that we operate within, and society in general.

stc remains unequivocally committed to expanding access to innovative technologies, advancing digital opportunities, and empowering people, all of which help to improve lives in both a direct and indirect manner.

Addressing the social pillar within our sustainability strategy has consisted of launching an array of initiatives and programs designed to enrich the lives of our customers, empower our people, and contribute to the development of our broader communities.

Development of human capital through digital innovation:

Our customers	Our people	Our community
<ul style="list-style-type: none">■ Customer relations and satisfaction	<ul style="list-style-type: none">■ Diversity, equality and inclusiveness	<ul style="list-style-type: none">■ Community contribution and development
<ul style="list-style-type: none">■ Data privacy, security and protection	<ul style="list-style-type: none">■ Diversity, equality and inclusiveness■ Talent management	
<ul style="list-style-type: none">■ Accessibility and digital inclusion	<ul style="list-style-type: none">■ Health, safety and wellness	
<ul style="list-style-type: none">■ Digital innovation and experience		

Our customers

We seek to uphold the highest standards of data privacy and protection while serving our customers, guaranteeing the security and confidentiality of their information. Additionally, we strive to enhance accessibility and digital inclusion, fostering digital innovations to meet the evolving needs of our customers while prioritizing their satisfaction at every touchpoint.

Customer relations and satisfaction

At stc, our commitment to sustainability is not just a responsibility, but also a strategic imperative. In 2023, we successfully aligned our Customer Experience and Digital Transformation initiatives with sustainable goals to reshape the digital landscape across stc Group. Implementing this Digital Transformation strategy across the entire company involved a comprehensive inter-operational restructuring process, and the integration of digital technology into every facet of our business has helped usher in fundamental changes, enabling us to modernize legacy processes, accelerate workflows, strengthen security measures, and ultimately increase profitability.

Our approach to customer satisfaction goes beyond looking at cost efficiencies as it strategically differentiates us in terms of customer engagement and innovation, reinforcing our commitment to sustainability. With this, we are now moving away from legacy systems to Open Digital Architectures (ODAs). These ODAs support multi-tenancy and scalability, empowering us to become industry orchestrators and marketplace creators. This transition not only aligns with our sustainability goals but also positions stc as a leader in driving innovation across industries.

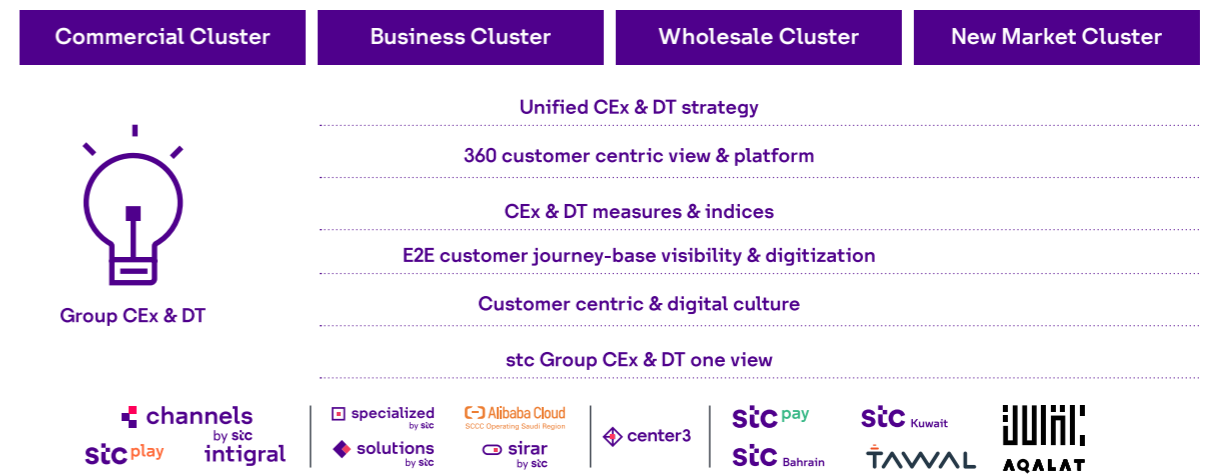
Our customers' journey

In 2023, a standardized strategy and customer experience journey concept was put in place for stc products and services. Looking ahead, we plan to implement a consistent, harmonized approach to drive customer centricity and help enrich lives and experiences through high-quality services and innovative digital products across stc. We also continue to improve our services, making them safer and easier to use while promoting the responsible use of technology to go beyond customer expectations to help close economic, social, and digital divides.

Our focus on the customer journey is necessary to deliver end-to-end, tangible outcomes through different channels and mediums, including telephone services, web services, marketing communications, service interactions, and different systems that contribute to customer service delivery. Studying these journeys allows us to improve our services and offerings from the perspective of the customer.

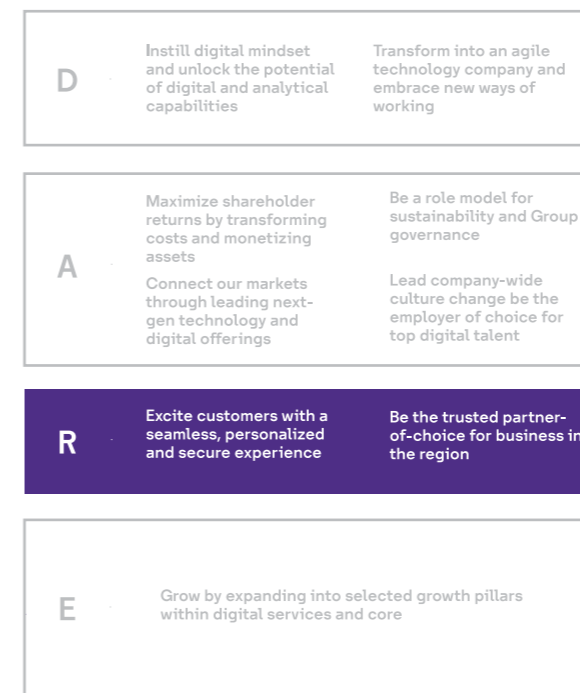
In recent years, the global telecommunications industry has followed the lead of major retailers and other service industries, progressing from being technology-centric to more customer-centric, positioning digital services to ensure customer satisfaction and anticipate customer needs. In developing a customer-centric culture within stc, we are aiming to ensure that everything we do is driven by a focus on the customer. We are also developing mechanisms to better understand our customers and identify suitable alternatives for their needs, if necessary.

Group-wide customer experience and digital transformation strategy:

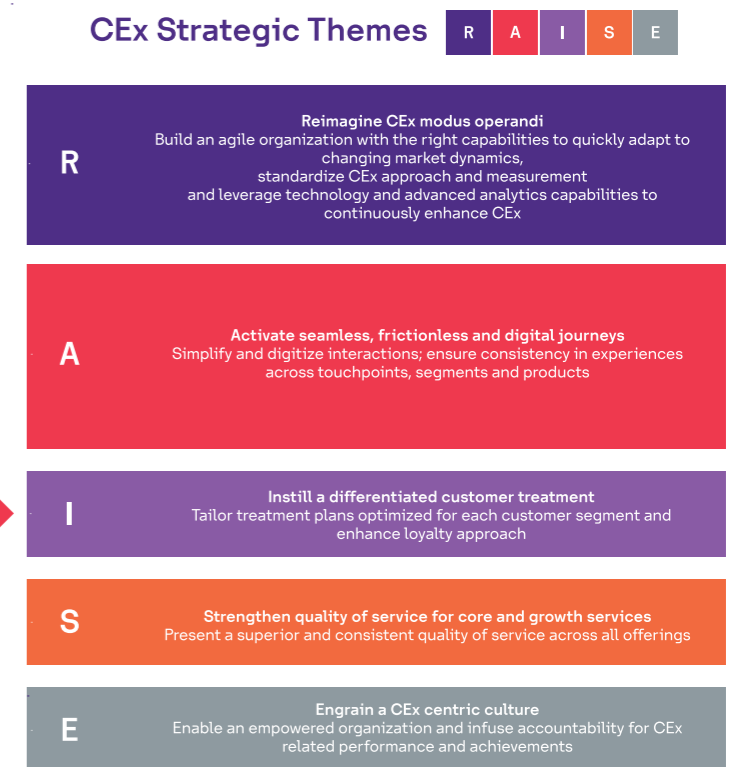


The Group CEEx strategic theme is aligned with our dare 2.0 strategy, focusing on 'Reinventing experiences' with a holistic view for a seamless, personalized, and more sustainable experience. In an effort to excite customers with a seamless, personalized, and secure experience – and to be their trusted partner of choice – we seek to reimagine customer experience through our Customer Experience Strategy "RAISE":

dare 2.0 Strategic Objectives



CEEx Strategic Themes



Creating new products and services with a seamless and secure customer experience

In developing new services, we implement a <Go-to-Market> (GTM) strategy, which ensures the early involvement of our customer experience teams in all product development activities. This approach guarantees a comprehensive understanding of customer needs, enabling the identification of solutions and the creation of streamlined customer journeys.

Within our customer experience general department, specialized sections are established to cater to diverse products, touchpoints, and digital services across various business sectors, including Customer Value Management (CVM), mobility, residential services, and growth areas. This meticulous attention to detail empowers the CEX team to forge new paths, uncover business opportunities, and maintain a competitive edge.

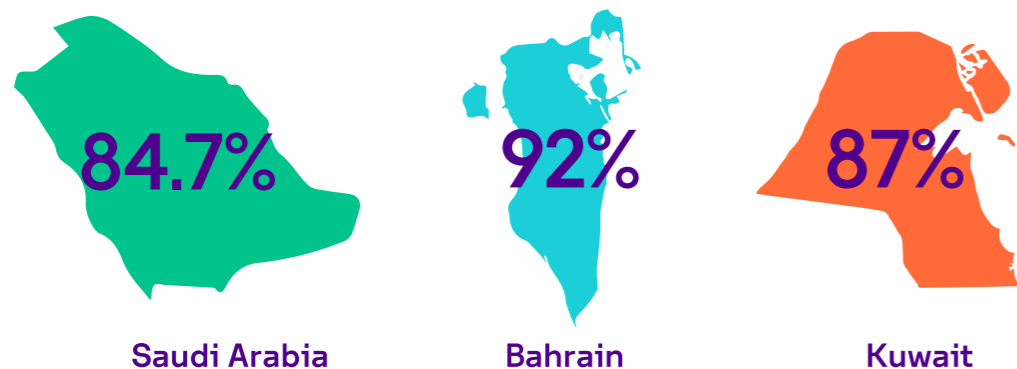
In 2023, we held a Customers Day webinar to celebrate our customers, emphasizing our dedication to exceptional customer service and spotlighting our customer-centric culture. This ethos was recognized at GCXA 2023, in which these efforts were recognized by receiving the gold award for integrating design thinking into B2C product and service design, and a bronze for programs that created memorable, emotionally engaging customer experiences, along with initiatives to promote happiness among our front-line agents.

Customer satisfaction

We place a tremendous value on customer satisfaction and loyalty, and we believe that providing an excellent customer experience is the bedrock for ensuring this and while also attracting new customers. Our focus remains on continuing our customer-centric transformation process in 2024 and beyond, with a particular emphasis on strengthening the relationship between customers and our brand, as well as improving the overall customer experience.

In 2023, stc KSA maintained an overall customer satisfaction rate of 82%. This was based on more than 5.1 million customer responses provided to a CSAT survey focused on customer satisfaction at different levels. stc Bahrain and stc Kuwait recorded 92% and 87%, respectively, showcasing a 14% improvement for the former and sustained excellence for the latter.

Customer Satisfaction Scores in 2023 by country (scores out of 100)



Analytics are also central to stc’s approach in enhancing sales channels, and these are utilized too further enhance the customer experience and ensure secure services. The Customer Value Management (CVM) team at stc focuses on creating, delivering, and capturing value for customers. We utilize big data to drive targeted campaigns aimed at upselling and cross-selling, as well as proactively working to reduce churn rates. Analytics also play a pivotal role in identifying growth opportunities and sustaining customer relationships.

Customer satisfaction	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Customer satisfaction rate	82.9%	83.5%	84.7%	87%	91%	92%	80%	87%	87%
Number of customers surveyed for satisfaction rate	3,221,010	3,947,643	4,195,553	161,377	130,174	102,926	-	400	400

*Data not available for stc Kuwait for years 2021 on (Number of customers surveyed for satisfaction rate)

Customer loyalty

stc’s loyalty programs are designed to ensure customers feel listened to and recognized. Qitaf, our customer loyalty program, allows customers to collect points and exchange them for various rewards. These include internal rewards, such as free calls, SMS, and data, or external rewards through Qitaf partners. Tamayouz is another program designed for special customers with exclusive offers and high-end personalized services. stc Rewards and “Testahel” are our loyalty programs in Bahrain and Kuwait, respectively, allowing customer to redeem points for equivalent amounts spent on any of our services.

Managing conflicts of interest and responsible marketing

stc strives to always provide clear and transparent communication with all customers. We do our absolute best to ensure that each customer reviews and understands the terms and conditions outlined within their respective contracts prior to proceeding with any requests, changes, account creations, or any other account modifications. Our sales and marketing teams are specifically trained to provide fair and honest advice relating to our products and services.

In order to maintain complete transparency in our dealings with customers, our employees undergo training to thoroughly explain all terms and conditions prior to agreement signings. We meticulously document all agreements within our systems and provide customers with their own copies. Additionally, our interactions with customers are recorded for quality assurance purposes. Efforts are made to promptly address any potential conflicts of interest between our organization and clients, ensuring that advice is dispensed in a fair and ethical manner. We adhere to responsible marketing and sales techniques, as outlined in our [Responsible Marketing Policy Statement](#), which underscores our dedication to ethical sales practices, transparent communication, and responsible marketing strategies.

We are committed to informing our customers of their rights, as demonstrated by our participation in the national-wide campaign initiated by the Communications, Space & Technology Commission (CST). The [“Customer Rights and Responsibilities”](#), [“Customer Complaint Handling Policy”](#) and [“Complaint Processing Procedures”](#) are all published on our website, accompanied by explanatory text that elucidates transparency principles concerning tariffs, regulations, additional features, excluded services, commitments, fair usage limits, and unit prices. These resources are readily accessible to empower customers with essential information.

As part of ensuring ethical and responsible marketing, stc has always placed emphasis on ensuring that customers are well-informed about the products and services through a transparent flow of information accessible via multiple channels, both offline in stores and online through the mystc application. This approach not only ensures wide accessibility but also aligns with CST regulations, emphasizing a fair use policy to guide customers in their choices.

Accommodating vulnerable customers segment

stc has always shown a strong commitment to supporting vulnerable customer segments. As such, in 2023, we transitioned small and medium enterprise (SME) customers from B2B to B2C in a strategic move aimed at enhancing their customer experiences.

We also offer a wide range of inclusive plans, like Sawa Zero and Sawa Flex, catering to diverse demographics including low-income groups, the elderly, and students. These plans are tailored based on thorough market intelligence, ensuring that they meet the specific needs of minority and vulnerable groups, and offer affordable prices and convenient payment options.

stc offers affordable mobile devices, with the most basic option priced at 300 SAR. Furthermore, data plans were structured for accessibility, maintaining a cost of 34.5 SAR of 1GB of data. These efforts support stc's goal of ensuring wider access to the benefits of digital connectivity.

Digital inclusion (2023):
The cost of the most affordable phone: SAR 300
Cost of 1 GB of data: SAR 34.5

Customer complaints

Though we strive to provide satisfactory products and services at all times, we understand that there will always be some level of customer complaints for a variety of reasons, including those that are out of our control. Our [Customer Complaints Handling Policy](#) recognizes that the importance of the right for customers to complain and be heard, as well as the right to receive a response. It also affirms our commitment to retaining customers and providing the highest level of customer experience.

In 2023, we focused on reducing the number of complaints and reducing number of dissatisfied customers through the following measures:

- Providing channels through which our customers can exercise their right to raise complaints at any time through call centers, online digital channels including mystc, social media, website and retail outlets.
- Reporting trends on number of complaints and resolution times along with other critical information to top management and relevant teams to monitor effectiveness of complaints resolution process.

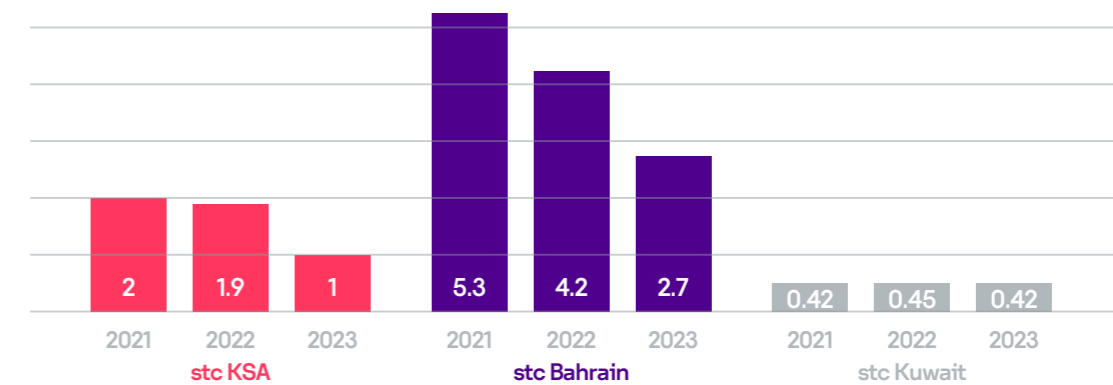
Customer complaints	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Percentage of customer complaints resolved	100%	100%	100%	100%	99%	100%	99%*	74%*	82%

*restated data as a result of enhanced calculations.



In an effort to solve these complaints effectively and satisfy each aggrieved customer, we utilize a systematic "complaints resolution" process. Each of our complaints channels offers a troubleshooting feature that enables customer complaints to be dealt with in real time during a customer call or during a digital transaction. As per stc policy, complaints are to be processed within five days; however, we consistently respond well before this target.

Complaints resolution average time (Days)



Customer health and safety

The health and safety of our customers and the communities in which we operate is one of our highest priorities. We take all potential and actual risks very seriously and, as per stc policy, we are committed to ensuring the health and safety of our stakeholders from all aspects of our operations.

Customer complaints are managed through our customer [support's complaints resolution process](#), and at all stc sites we ensure compliance with all government regulations and requirements of Electro Magnetic Field (EMF) parameters.

Data privacy, security and protection

stc's [Code of Ethics](#) ("Integrity takes us forward") centers largely on strong commitments to privacy, security, and protection of customer data. We take the safeguarding of customer information very seriously and have governance processes in place to protect personal data and manage cybersecurity risks.

The collection, use, and management of customer information is governed by strict privacy policies and the stc rigidly complies with all relevant data privacy and security laws for each respective country that the company operates within.

Our [Data Privacy and Security policy](#) statement further affirms our commitment to maintaining data privacy and security measures to protect our customers.

In 2023, we updated the Data Protection and Privacy and the Privacy Notice to enhance the following:

- 1- The purpose of customer data collection.
- 2- What personal data we collect and use.
- 3- How we collect personal data.
- 4- How long we store personal data.
- 5- Data subject rights and "customer rights" for stc customers.

We help customers and employees understand how personal information will be used through the above Privacy Notice and we ensure that there are robust systems in place to properly handle personal data and mitigate privacy risks. stc regularly maintains and upgrades these systems, which register and retain personal data, and any violation of data security is subject to firm and rapid internal processes. Additionally, data privacy requirements are embedded within major business processes to ensure privacy by design. Several different controls are utilized to assure data security throughout stc processes, including identity and access management (IAM), data classification, database activity monitoring, data leak prevention, data encryption, and digital rights management (DRM).

Furthermore, our suppliers and partners are required to have or to implement strict controls to protect personal data, including regular maintenance and upgrades to data security systems.

We fully understand our responsibility to protect customer data from the emerging and increasing threats to data privacy, which is best demonstrated by the establishment of the Data Protection and Privacy (DPP) department in 2018 to carry out privacy and data protection activities within the company. Data governance is central to our dare 2.0 strategy and is driven by government regulations, industry standards, and industry best practices.

Since DPP's inception, the following actions and implementations have taken place:

- Assessed systems within stc against protection risks
- Enforced data protection technical controls across all stc systems processing or storing sensitive data
- Enforced business controls across all stc departments
- Defined and implemented customer rights required by regulation through customer touch points, such as, but not limited to, the right to request a copy of your data via my stc app and the right to be informed via calls
- Implemented privacy by design to ensure privacy concepts are imprinted within stc's company DNA
- Ensured strict privacy impact assessments prior to launching any product or service that utilizes personal data
- Developed and updated data governance documents, including an internal privacy policy to ensure the privacy of stc customers and employees
- Performed compliance validation on stc departments and on systems processing personal data to ensure their adherence to privacy and protection controls
- Carried out multiple awareness initiatives, including 20+ awareness messages, social media privacy campaigns, and a second campaign on the annual Privacy Day
- Achieved a 99% completion rate for data protection and privacy training by our employees
- Handled 1400+ data sharing requests in 2023 alone
- Included a session for data protection and privacy within the induction program for all new employees and CO-OP trainees
- Conducted processing activities for stc's departments as required by law and related governmental regulations
- Included data protection and privacy clauses in all of stc's contracts
- Automated Data Destruction Certificate to ensure all vendors wipe stc data before project conclusion

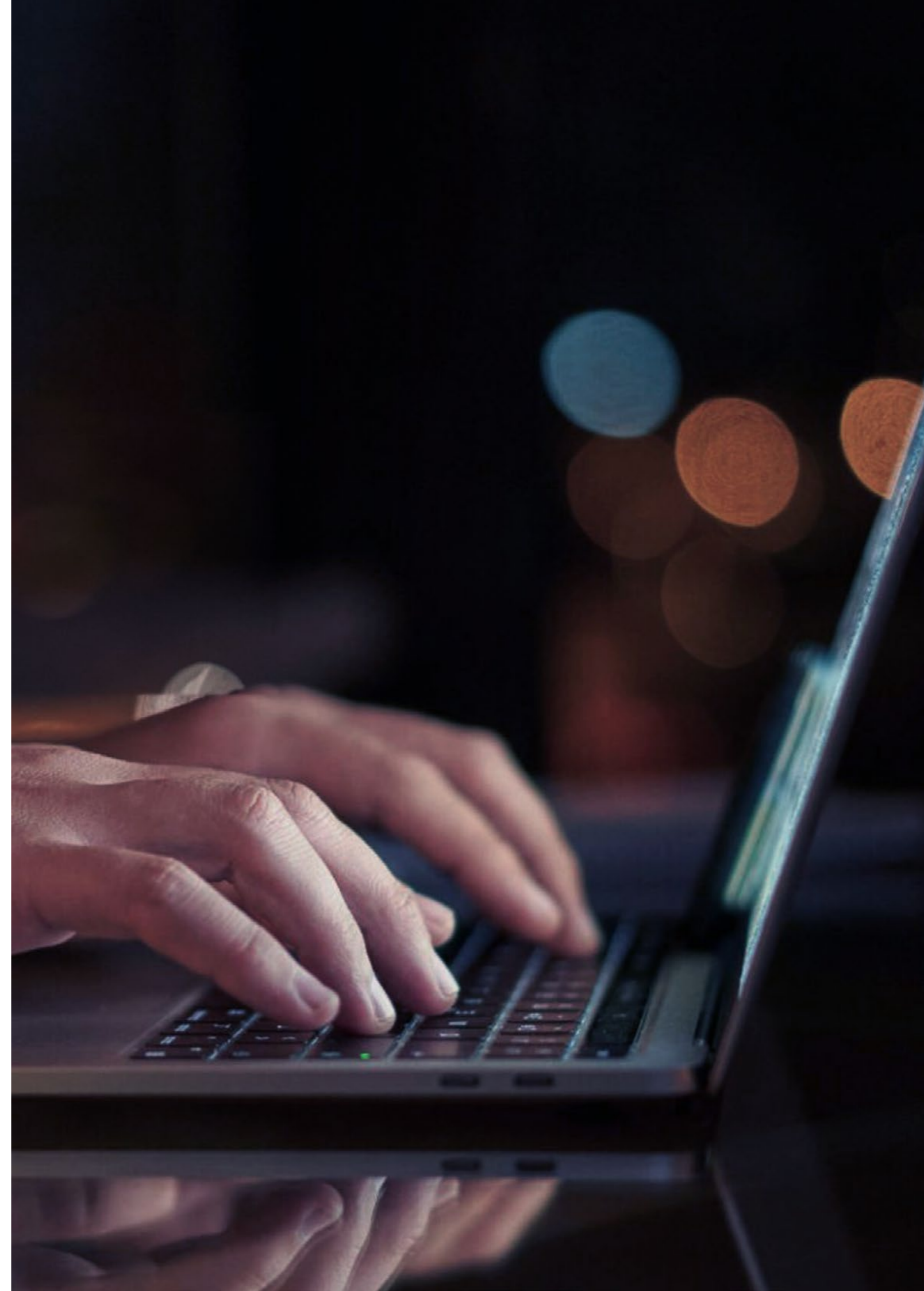
Privacy

Our [Privacy Notice statements](#) were formulated in accordance with the relevant laws and regulations in the KSA, Bahrain, and Kuwait to help customers understand the nature of data we collect and how this data is treated by stc. Each subsidiary has their own privacy notice due to different laws and regulations in each country and industry.

Overall, the statements cover data protection and disclosure details surrounding organizational and technical data protection and security measures and procedures to safeguard customer data from any unauthorized disclosure or processing. This includes internal and external audits, and training of staff and contractors on privacy and reporting to our audit and data governance steering committees and regulatory authorities – In addition, the statement includes policies on customer rights and privacy information specific to website and mobile applications usage of cookies.

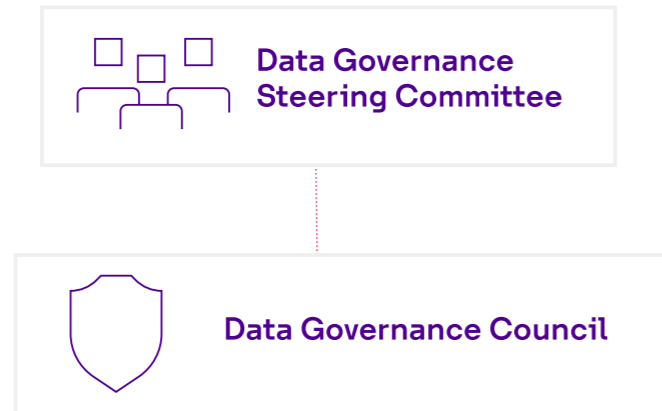
stc's Privacy statement applies to all sectors and business units the entire group, including subsidiaries. All stc Group staff, contractors, and vendors working either on a permanent or temporary basis are obliged to follow the standards outlined in the policy.

In an effort to ensure the best possible experience and the highest level of protection for our customers, we update the above Privacy statement as and when necessary, including to maintain compliance with new laws, regulations, and other factors. This is in adherence with Personal Data Protection Law (PDPL) and Communications, Space and Technology Commission (CST) regulations. Any and all updates to the Privacy Notice can be found on the stc website, with the last update of 2023 published in October.

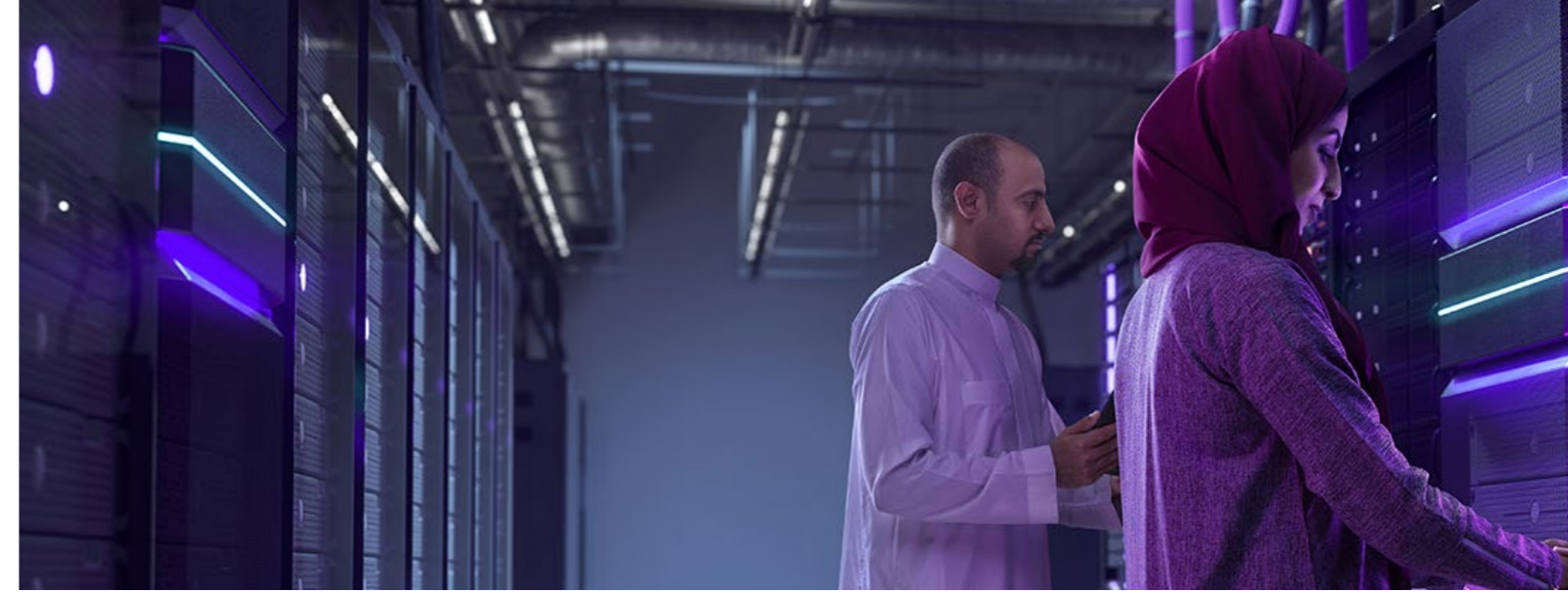
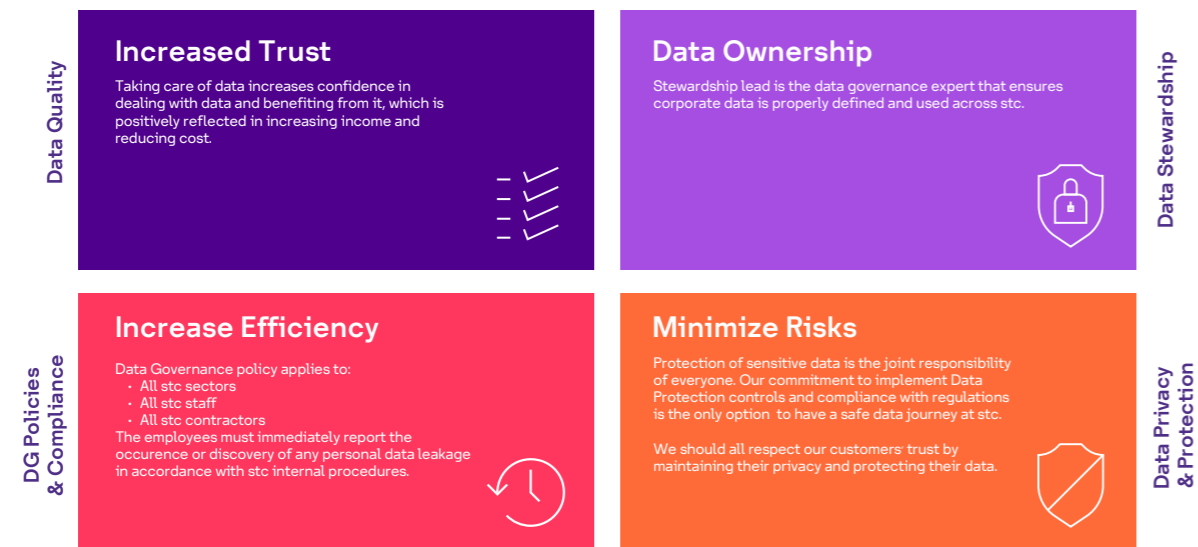


Data governance model and framework

At stc, we have a strong commitment to data governance, with our operational practices reflecting this focus. The Data Governance Council, headed by the GM of Corporate Analytics Governance, oversees our efforts to improve data quality and comply with regulations. The Data Governance Steering Committee, supported by the GCEO and led by the GCTO, acts as an advisory group to ensure that data across stc Group is reliable. With members from 16 business units and a Steering Committee of 20 VP-level executives, we ensure that our data governance is consistent and effective throughout the entire organization.



Our Data Governance framework is central to maintaining the integrity and trust that are the cornerstones of our operations. This robust framework prioritizes impeccable data quality to boost confidence and operational excellence, enforces thorough governance policies for all employees and contractors, and emphasizes the collective responsibility to protect sensitive data. Our Stewardship Lead oversees the application of these principles, upholding customer privacy and ensuring precise data utilization across the company while reflecting our unwavering commitment to secure and responsible data management.



Our data protection and privacy framework

stc's Data Protection and Privacy (DPP) Framework sets out ten principles that all employees must respect, wherever they are in the world. These principles include 1) Accountability; 2) Transparency; 3) Choice and Consent; 4) Limiting Data Collection; 5) Use, Retention and Destruction; 6) Access to Data; 7) Data Disclosure Limitation; 8) Data security; 9) Data quality; 10); Monitoring and Compliance.

The DPP Framework covers policies and procedures relating to the privacy of personal information to address data classification, record management, and retention and destruction of personal information.

This Framework is clearly communicated to all employees through mandatory training detailed in the following section, and it is clearly stated in our [Code of Business Ethics](#), which is published online. Employees who fail to comply with privacy policies and requirements face disciplinary actions.

Security

Cyberattacks and professional data hacks continue to become increasingly prevalent as sophisticated cyber-criminal organizations push the limits of digital security measures. This has led to a need for constant development, implementation, and review of security strategies for organizations of all sizes around the world.

As an ICT company with critical infrastructure, applications, solutions, and telecom data, our cybersecurity strategy ensures comprehensive protection of facilities, critical IT systems, and networks. Our Cybersecurity Synergy and Enablement Committee provides valuable input to top management on relevant topics, in addition to partnering with one of the top consulting services for added assurances. Protection against specific cyberattacks has been and remains an important part of the security standards across stc Group, including all subsidiaries.

Some of the cybersecurity controls put in place by stc include

■ Identification and Access Management (IAM)

Controls that make it possible for the right entities to use the right resources (applications or data) when they need to, without interference, using the devices they want to use.

■ Data classification

Data classification tags data according to its type, sensitivity, and value to the organization if altered, stolen, or destroyed, helping an organization to understand the value of its data, determine whether the data is at risk, and implement controls to mitigate risks.

■ Database activity monitoring

A suite of controls that can be used to help identify and report on fraudulent, illegal, or other undesirable behavior, with minimal impact on user operations and productivity.

■ Data Leak Prevention

Controls used for detecting and preventing data breaches, exfiltration, or unwanted destruction of sensitive data.

■ Encryption

Translates data into another form (ciphertext), ensuring that only people with access to a decryption key or password can read it.

■ Digital Right Management (DRM)

Controls put in place to prevent users from accessing or using certain assets, allowing the organization to avoid legal issues that arise from unauthorized use.

In addition to the above controls, we actively engage in several initiatives to continuously enhance digital security. Some of these actions include:

- Automating Threat Detection and Remediation
- Adoption of AI and data analytics to have more threat intel visibility
- Implementing automatic fraud detection
- Adoption of robotic process automation to automate some security assessments
- Adoption of DevSecOps by aligning security practices with development workflow

In 2023, we successfully implemented more than 1,600 cyber security and remote access controls across stc, enhancing our defense mechanisms and safeguarding our infrastructure against potential threats.

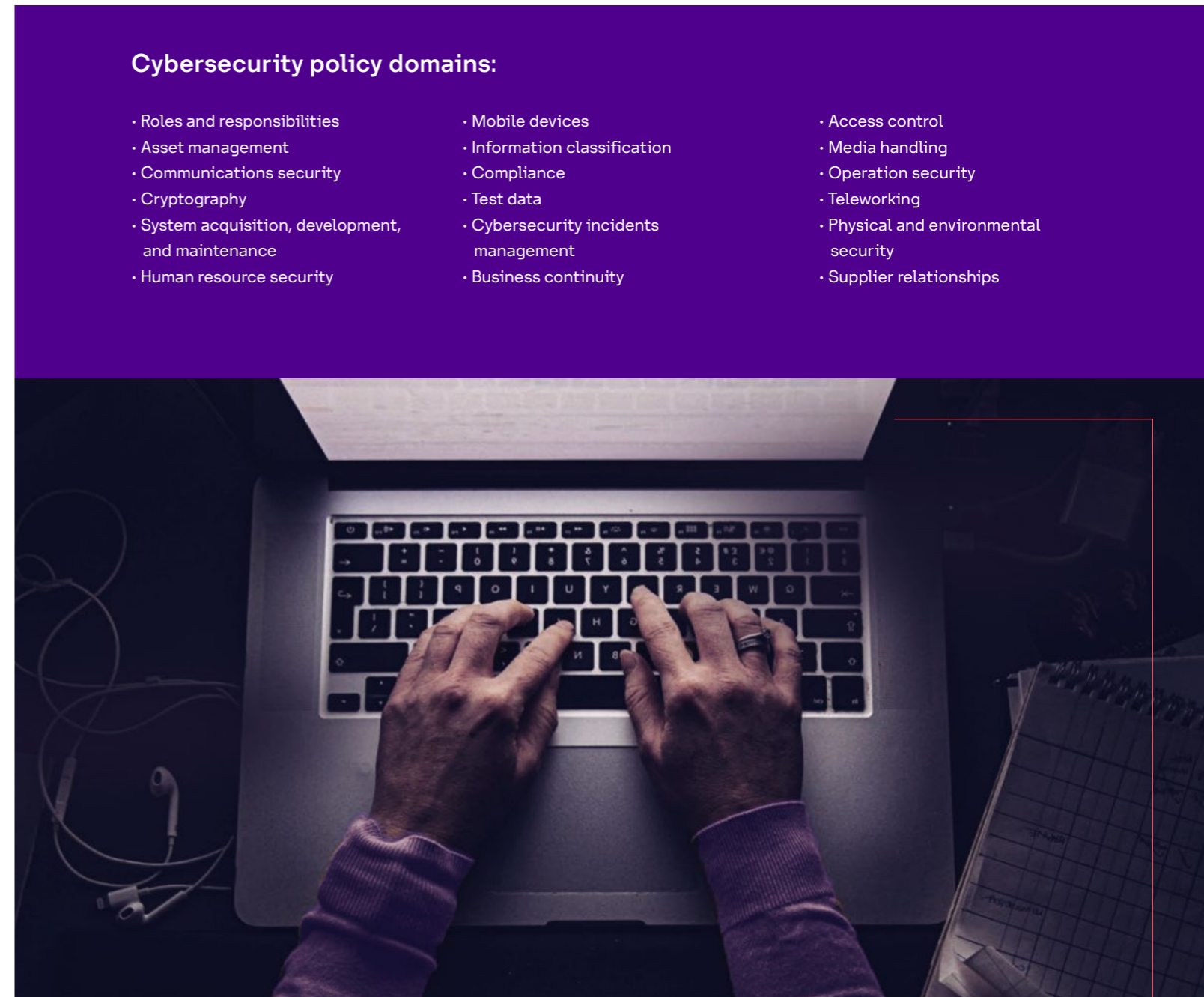
Furthermore, when it comes to our suppliers, we have initiated the Security Pass Program, a cybersecurity assurance initiative requiring suppliers to obtain a compliance certificate with cybersecurity controls. This is a mandatory step for signing partnership contracts with stc, aimed at reinforcing security standards and minimizing third-party cybersecurity risks, thereby advancing Saudi Arabia's tech landscape.

Cybersecurity policy

Our comprehensive cybersecurity is aligned with international standards and best practices to address cybersecurity threats inherent in our business environment. This policy covers 18 security domains to ensure the protection of information assets in terms of confidentiality, integrity, and availability, as well as to enable regular business activities without interruption. We review the policy on a regular basis.

Cybersecurity policy domains:

- Roles and responsibilities
- Asset management
- Communications security
- Cryptography
- System acquisition, development, and maintenance
- Human resource security
- Mobile devices
- Information classification
- Compliance
- Test data
- Cybersecurity incidents management
- Business continuity
- Access control
- Media handling
- Operation security
- Teleworking
- Physical and environmental security
- Supplier relationships



Based on the above Cybersecurity policy, we have clearly defined cybersecurity controls that must be implemented in a list of 28 cybersecurity standards. These standards include system parameters, segregation of duties, password rules, monitoring events and back-up and recovery rules, access control, cloud security, cryptography, and many more.

stc's cybersecurity protocols have successfully achieved ISO 27001:2013 certification (ISMS system), which should provide additional confidence to customers and stakeholders regarding security controls and security posture improvement. We have also ensured that 100% of our security frameworks, protocols, policies and standards are fully aligned with all legal and regulatory requirements and, as an active GSMA member, we contribute to standard reviews and revisions, as well as participate in the development of new standards. Furthermore, our cybersecurity policies are aligned with industry-wide best practices, including NIST, SANS, CSA, OWASP, Enisa, First.org, and CREST.



Commitment to cybersecurity excellence is reflected across all our subsidiaries, with most having either achieved the ISO 27001:2013 certification or other notable certifications, ensuring adherence to industry best practices. stc Bahrain has achieved the ISO 27001:2013 certification and adheres to NIST and PCI-DSS guidelines. Similarly, stc Kuwait has also attained the ISO 27001:2013 certification and aligns with PCI-DSS, GSMA, 3GPP, and stc Group's GUARD 2.0 guidelines and frameworks.

Protection against cyberattacks

Our dedication to cybersecurity is an important aspect of our overall business strategy. While cyber threats are becoming more frequent, the effectiveness of cybersecurity measures to thwart these attacks has improved in terms of defensive capabilities, indicating a strengthening of cybersecurity protocols and systems.

In 2023, we recorded zero data security breaches, zero security breaches involving customers' personally identifiable information (PII), zero regulatory actions for data protection violations and zero monetary losses from legal proceedings related to customer privacy.

SMS Spam/Fraud – stc KSA	2022	2023
Number of spam messages report handled	39,864	67,915

As part of our methodology to prevent cyberattacks, we perform various in-depth assessments and cybersecurity stress tests across stc Group to evaluate the security performance of the company's IT infrastructure and to provide assurance to customers and stakeholders.

These assessments are separated into different categories, including:

- Vulnerability assessments
- Risks assessments
- Penetration testing
- Cyber resilience assessments
- Automatic ad-hoc vulnerability assessments
- Periodic assessments conducted every month covering all stc assets

In 2023, as part of our ongoing efforts to enhance our security measures, we introduced two additional types of assessments: automatic ad-hoc vulnerability assessments and periodic assessments conducted every month covering all stc assets. These new assessments complement our existing strategies, providing more frequent and comprehensive evaluations of our company-wide security infrastructure.

Furthermore, in line with these assessments and as part of our commitment to maintaining robust security, we take measures to prevent USB baiting, a known cybersecurity threat. This is achieved by blocking USB ports, in accordance with our cybersecurity policies, to mitigate the risk of unauthorized access or malware infiltration through physical means. We also conduct various assurance assessments, such as mandatory security assessments before the launch of any new products and services. Should any findings uncover a potential issue, a remediation process is then triggered, along with strict SLA and a well-defined responsibility matrix.

Cybersecurity influence and memberships

As a leading organization in the field of ICT, stc has established a robust network of memberships and partnerships that serve a critical role in enhancing not only our cybersecurity capabilities but also a strong industry presence. These collaborations reinforce our commitment to maintaining the highest standards of security and enable us to contribute significantly to the development of global security standards and practices.

Below is an overview of stc's key memberships and partnerships:

Memberships:

- Member of the GSMA Malware Information Sharing Platform.
- Member of GSMA security focus groups, contributing to the publication of anti-fraud and signaling standards, as well as 4G roaming security guidelines.
- Maintaining Member of First.org, the global Forum of Incident Response and Security Teams.

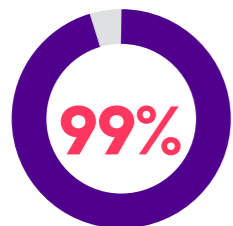
Partnerships:

- Misk job shadowing program for high school candidates, helping to foster early cybersecurity education.
- Collaboration with the National Cybersecurity Authority (NCA) in various areas including awareness, threat intelligence, information sharing, and protection of signaling protocols.
- GSMA T-ISAC partnership: stc is a distinguished member of the Executive Governance Team, comprised of only seven mobile operators from Europe, playing a significant role in shaping the telecom information sharing and analysis center for threat intelligence under GSMA.
- Collaboration with IBM and Sirar in hosting a cybersecurity hackathon, promoting innovation and skill development in the field.

Data privacy and protection training and awareness

Ensuring data security and respecting privacy regulations are two of our highest priorities, as our customers, employees, and other stakeholders expect their personal information to be protected with the utmost care. This is a responsibility that we take extremely seriously.

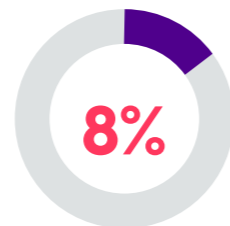
In 2023, we continued to provide mandatory data privacy and protection training for our employees at stc KSA, and in Q4 we also extended the mandatory training to our subsidiaries and contractors, building on successful training sessions that were implemented in previous years.



stc KSA employees



Contractors



Subsidiaries



Data protection and security training	stc KSA & subsidiaries in the Kingdom			stc Group		
	2021	2022	2023	2021	2022	2023
Number of attendees on training courses in data protection and cybersecurity	855	11,068	18,781	-	-	22,422
Number of hours of training in data protection and cybersecurity	2,928	34,207	65,733	-	-	90,012

* Group data for 2021 and 2022 are not available due to expanded scope of operations. Accurate calculations and comprehensive data collection across group were initiated starting 2023. Includes stc KSA and all subsidiaries in the Saudi Kingdom.

Below are some of the other training and awareness campaigns conducted by stc for all employees and business partners:

- Privacy Day Campaign
- AI & ChatGPT Campaign
- Personal Data Protection Law (PDPL) Campaign
- Phishing Awareness Campaign
- Strong Password Campaign
- Online Shopping Campaign
- Social Media Campaign
- Clean Desk Campaign
- CS Policy & Standards Campaign
- Cloud Storage and Storage Media Campaign
- Secure Teleworking Campaign
- Safe Meetings Campaign
- Data Protection Campaign

We have also expanded our training to cover new areas in the digital and technological fields to include Advanced Artificial Intelligence (AI), Machine Learning (ML), Multi-Cloud and Edge Computing, Cyber Resilience and Threat Intelligence, Intelligent Automation and Robotic Process Automation (RPA), Digital Ethics and Responsible AI. Our aim is to prepare our employees to support the direction of the company and stay ahead of the curve in the rapidly changing digital landscape.

In 2023, about 99% of stc KSA employees successfully completed the mandatory data privacy and protection training. Across our subsidiaries, almost 50% of employees completed these mandatory training sessions while 8% of contractors completed the training.

These comprehensive mandatory training sessions, each spanning 3.5 hours on average, are conveniently conducted through our online learning platform. To ensure full compliance, this training requires a one-time attendance and a passing score of 70% or higher on the associated evaluation. In cases where completion is not achieved, the department general managers are promptly notified and appropriate escalations are made to facilitate swift resolution and adherence to training protocols and requirements.

Cyber security training and awareness

We promote cybersecurity importance and awareness through various digital channels, such as social media posts, online messages, online workshops, and live webinars for different groups, including options for Arabic and non-Arabic speakers, the elderly, and the disabled. Cybersecurity is an important part of our mandatory employee training. Please refer to the Business Ethics section for more details on this training program.

stc routinely conducts numerous cybersecurity campaigns on topics ranging from data privacy and security to phishing and ransomware targeting employees, contractors, customers, and the public. All new staff members are mandated to participate in cybersecurity training to gain a clearer understanding of stc's policies and procedures surrounding this matter.

In 2023, we conducted seven customized role-based awareness campaigns for employees, including 18 new hire onboarding cybersecurity sessions, three special technology services awareness and phishing campaigns, five innovation workshops, three knowledge transfer workshops focused on cyber security topics, and a phishing campaign targeting executives. For our customers and the public, we ran 10 major cybersecurity awareness campaigns communicated across various channels, including 27 Infographics and motion graphics, 25 awareness sessions, two booklets, 15 mass emails, seven public articles, four videos, 14 mass SMS, 10 visits and on-site activities, and 15 social media posts. We also sent out more than 74 million anti-fraud SMS alerts.

We also run specific role-based awareness campaigns which was communicated to employees. For example, at stc KSA we ran 18 new-hire on-boarding cybersecurity sessions, 1 phishing campaign targeting executives, 3 special technology services awareness and phishing campaigns, 5 innovation workshops and 3 knowledge transfer workshops focused on cyber security topics.

We continuously measure the effectiveness of the above awareness campaigns through several methods aimed at assessing both the knowledge gained by employees and the organization's vulnerability to cyber threats. One crucial metric is the Cybersecurity Course Score, which includes tracking the pre-test course scores and the post-test course scores, which allows us to gauge how much employees have learned and retained throughout the campaign. Additionally, we closely monitor the outcomes of our Phishing Simulation Test Campaigns. By analyzing effectiveness reports and failure rates from these campaigns, we can identify areas where employees may be more susceptible to phishing attacks or other cyber threats. This data helps in fine-tuning awareness efforts and tailoring future campaigns to address specific vulnerabilities and challenges within the organization.

Case study: stc Bahrain's Cybersecurity Fursan

In an effort to nurture and encourage cybersecurity awareness, stc Bahrain launched the Fursan initiative, which combines education with peer-to-peer collaboration and embeds a culture of security understanding, support, and positive behavior throughout the workforce. With this initiative, employees are engaged and educated on security threats, encouraging their active participation in the company's cybersecurity efforts.

Participants in Fursan who show notable progress in understanding and implementing cybersecurity practices are recognized and, as a result of this initiative, the overall cybersecurity culture within the organization improved, leading to a remarkable reduction from 25% to 4% in the risk of cyber incidents among stc Bahrain employees. This outcome not only demonstrates the efficacy of the program in raising awareness but also highlights the importance of employee engagement in cybersecurity initiatives.

Case study: Empowering women in cybersecurity - She Talks Security

At stc, we continuously seek to encourage women who are interested in the field of ICT to participate in the wonderful opportunities that exist in the area of cybersecurity. With this goal in mind, we participated in the She Talks Security initiative, held in cooperation with Tuwaiq Academy, the Saudi Federation for Cybersecurity, Programming & Drones, and Women in Cybersecurity Middle East.

During the event, stc's cybersecurity experts discussed with attendees the digital identity transformation, best practices, challenges, and lessons learned in terms of digital identity in the cybersecurity sector.

Data privacy and security audits

Data privacy, protection, and security laws and regulations have become much more stringent in recent years, which has resulted in additional rules and obligations for companies when processing personal data. In order to ensure strict compliance and full alignment with these regulations, we conduct independent, external audits on data privacy and security at least once every two years. The Communication, Space and Technology Commission (CST) in Saudi Arabia audits stc on both an annual and quarterly basis.

Frequency of information system audits	2022		2023	
	Internal	External	Internal	External
stc KSA	> 100	2	> 100	15
stc Bahrain	2	3	1	3
stc Kuwait	10	5	12	6
Aqalat	1	-	1	-
Channels	1	2	1	1
Intigral	4	3	4	3
Sirar	3	2	2	6
Solutions	-	4	2	5
Specialized*	2	2	1	5
TAWAL	1	5	3	4
iot squared	-	-	0	2
Center3	-	-	1	3
SCCC	-	-	-	-

*Restated figures for improved and unified calculation methodologies
Note: iot squared, center3, and SCCC started operations officially in 2023 and thus no prior data is available.

Case study: Bahrain's first Vulnerability Operations Centre (VOC)

In an effort to help Bahrain's businesses combat emerging cybersecurity threats, stc Bahrain spearheaded the country's first Vulnerability Operations Center (VOC), in collaboration with a major partner, which will be dedicated to helping organizations tackle offensive security challenges. This pioneering initiative marks a significant milestone in Bahrain's cybersecurity landscape, reinforcing stc Bahrain's commitment to delivering cutting-edge solutions and safeguarding digital environments.

By digitalizing the penetration testing process, the stc VOC will enable customers to seamlessly integrate and streamline their existing testing protocols, reducing penetration testing duration by 50% and the efforts of their internal resources by 60%. Moreover, it will allow them to reduce recurring vulnerabilities by up to 98% by activating continuous penetration test programs with no disruptions to their operations.

Case study: Expanding cybersecurity measures across stc's networks

TAWAL implemented a SOAR (Security Orchestration, Automation, and Response) initiative to enhance its Security Operation Center (SOC) capabilities and address the challenges of increased network traffic, the need for faster incident response, and improved threat intelligence integration. TAWAL developed and tested two key use cases to create SOAR: IP Blocking and Domain Blocking.

Successfully integrated into TAWAL's 'Netwitness' network monitoring tool, these cases have significantly advanced the network's security by automatically blocking suspicious IPs and domains. Encouraged by these results, TAWAL plans to further expand its cybersecurity measures by deploying additional SOAR use cases.

Case study: LinkCheck Chatbot Cybersecurity service

In response to the ongoing challenges posed by cyber threats such as phishing, malware, and data breaches, stc has introduced the LinkCheck Chatbot Cybersecurity service. Developed by the team at stc Lab, this service operates through WhatsApp and aims to help users identify potentially risky web domains and links.

Utilizing interactive Threat Intelligence feeds and the WhatsApp API, the LinkCheck Chatbot swiftly analyzes URLs or domains to provide users with automated feedback on their safety. Users can submit their queries by messaging the WhatsApp number +966 11 220 0003.

The LinkCheck Chatbot is specifically designed to deliver the following:

1. Enhance customer experience
2. Promote community security
3. Provide comprehensive insights for safer browsing
4. Foster education and awareness
5. Encourage collaboration and continuous improvement

The LinkCheck Chatbot also serves a broader purpose beyond individual protection: it reflects stc's commitment to strengthening the digital community. By focusing on enhancing user experience, bolstering communal security, and offering insights for safer browsing, stc is actively promoting a culture of cyber resilience.

Moreover, stc aims to increase cyber literacy and encourage collaboration through educational initiatives. Ultimately, the goal is to empower both individuals and communities to navigate the digital landscape with confidence.

With the successful implementation of the LinkCheck Chatbot, stc has largely moved towards the forefront of cybersecurity innovation, equipping users to confidently navigate ever-changing cyberspace and the challenges faced therein.



Child online safety and protection

stc is deeply committed to creating a safer online environment for children. We uphold the rights of children at all stages of our business operations, proactively offering and providing support for children and their parents to become responsible digital citizens. This includes up-to-date [guidance](#) and conversations about safe and responsible online conduct.

In 2023, stc launched a parental guide called "Secure Cyberspace for Your Kids," a concise, 18-page resource for parents, focusing on key areas such as setting up parental controls, educating children about online risks, fostering open communication about digital experiences, teaching responsible online behavior, and staying informed about the latest cybersecurity trends. This guide aims to empower parents to create a safer digital environment for their children.

Furthermore, our TUBY application provides children a selection of age-appropriate educational and entertainment videos and includes enhanced security, enriched interface features, regularly updated content, parental controls for time and content, and safety features designed specifically for children. In addition to TUBY, stc's direct billing services provide better controls for parents to use their postpaid monthly bill or prepaid credit balance to pay for one-time purchases or recurrent subscription services that provide children's educational and entertainment services.

When it comes to the protection of children's data, stc strictly adheres to comprehensive data protection and privacy policies. These policies specifically address the processing of children's data, emphasizing compliance with legal standards and ethical considerations. This approach safeguards children's data, aligning with both our internal standards and external regulatory requirements.

Case study: Kids' and teens' online privacy and safety

In 2023, we embarked on a sweeping awareness drive tailored for youth aged 8 - 18, spotlighting the critical significance of grasping cybersecurity hazards. This campaign was meticulously crafted and implemented across multiple platforms and departments. Its breadth encompassed a spectrum of themes, tactically approached through various avenues, including targeted role-based initiatives spanning the social media cadre, the special projects team, the cybersecurity unit, and administrative personnel under stc's GCEO.

Additionally, we engaged in university visits and hosted events, alongside conducting educational sessions within schools throughout the KSA.

stc Security Pass Program: Data protection program covering suppliers and business partners

Our suppliers and business partners are required to have data protection policies in place and comply with external certified inspections which are to be conducted every 2 years, to verify their compliance.

The Security Pass Program scope encompasses all existing as well as the all potential partners (including contractors, vendors and suppliers). All partners, including contractors, vendors and suppliers need to register and document their third-party qualified inspections and audits, ensuring that they meet these requirements.

To obtain the Security Pass Certificate, the partner must ensure below requirements are followed

- Determine partner tiering
- Implement “applicable Security Pass Certification requirements”
- Complete “partner Compliance Cybersecurity Certificate report”
- Select Authorized audit firm and submit the certificate upon audit

The Audit Firm is responsible to validate the partner cybersecurity compliance against stc Suppliers Security Standard applicable requirements and issue Cybersecurity Certifications only.

The audit firm will share monthly update on the security pass certification progress to stc Cybersecurity GRC department.

By expanding our data protection and privacy programs, we are also taking a proactive approach to safeguarding not only our customers’ data but also the information exchanged with our partners. This initiative reinforces our commitment to maintaining the highest levels of security throughout our ecosystem, fostering trust and confidence in our services.

You can read more on the security pass certificate on this link: <https://partnershub.stc.com.sa/security-pass>

Case study: Monthly data privacy and protection training to suppliers and business partners

As part of our commitment to maintaining the highest standards of security, all applicable registered partners receive frequent invitations to online sessions, ensuring continuous education and awareness throughout the year. With a total of 5 training sessions annually for 300+ suppliers and partners we aim to foster a strong culture of data protection and privacy within our collaborative network.

Security Pass Program and Cybersecurity Certificate Guidelines and procedures:

- https://partnershub.stc.com.sa/cdn/phub/SECURPASS_CONTROLS_GUIDELINE_EN.pdf
- https://partnershub.stc.com.sa/cdn/phub/STC_SUPCYBSEC_STANDARDS_EN.pdf
- https://partnershub.stc.com.sa/cdn/phub/UG_REG_US.pdf

Accessibility, connectivity and digital inclusion

We remain committed to providing a dependable, modern, sophisticated network with maximum accessibility and digital inclusion for urban and remote areas – across the entire Gulf region and all communities that stc operates within. Our industry-leading wireless broadband services are key to serving rural and desert areas, while a combination of wireless and fixed services cover urban areas with unmatched reliability. We strongly believe in collaborating with the public and private sectors to ensure that everyone in society, regardless of their location or socio-economic status, can be served as a satisfied stc customer.

Our [Access to Communication policy statement](#) affirms our commitment to adopting best-in class digital and communication infrastructure to ensure network efficiency, resilience, and reliability, all while promoting universal access to affordable digital and communications services.

Connectivity and network infrastructure

We seek to continuously improve and modernize our networks and infrastructure in response to new social demands. We believe that the ability to connect to our services should not be limited by geography, and we strive to ensure our network covers more space every year.

Our immediate goal is to further expand stc’s coverage and capacity within and around cities across the countries we operate within, including increasing the availability of high-speed broadband services and improving digital connectivity by enhancing the ICT infrastructure. With this vision, we have focused on fiber optics as a replacement for copper. This shift will in turn gears towards improved customer capacities at a technological level while consuming less energy.

In 2023, we signed an agreement along with our partners to withdraw obsolete copper cables from underground channels. We started upgrading the OSP copper network infrastructure by removing old, unused cables and recycling them. This initiative not only enhances our infrastructure, but also contributes to meeting the recycling targets set forth by the Saudi Kingdom, particularly in the plastic, copper, and aluminum recycling sector.



5G networks

We continuously strive to improve connectivity for everyone in the countries that we operate, especially rural areas that can benefit immediately from a geographical expansion of stc's coverage.

5G investments – and creating the associated infrastructure to boost network coverage – have become key to realizing the national visions of Saudi Arabia, Bahrain, and Kuwait, all three of which are undergoing radical digital transformations led in large part by stc.

In 2023, stc saw significant progress in developing digital infrastructure, particularly through the expansion of the 5G network, with 3 billion SAR of added investment in this area. This has enabled stc to deploy 5G network capabilities in more than 75 cities throughout the Kingdom, equipping over 90% of major cities with 5G technology. Throughout the past year, 21% more 5G sites were deployed across the KSA compared with 2022, bringing the total amount of 5G sites to 8,470, with a 7% increase in 5G subscribers compared to the previous year.

In Kuwait and Bahrain, stc achieved 100% 5G coverage, a feat accomplished largely due to the relatively smaller sizes and populations of these two countries compared to the KSA. The upgraded FULL 5G network at stc Kuwait takes 5G further to bring our customers more connectivity, speed, and digital capabilities with full coverage, full speed, and full experience.

Reflecting our hard work alongside industry expertise, we were recognized for our leadership in 5G and network infrastructure, with stc taking home both the “Best 5G Experience” and “Best Development for Communication Sector Infrastructures” awards at the SAMENA Lead 2023 awards.

In a continuation of our 3G spectrum shutdown in the KSA that began in 2022, this past year saw the shutdown of the 3G spectrum across stc Kuwait in efforts to enhance the 4G and 5G user experience within stc's network.

Network coverage	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Percentage of 3G population coverage	98.00%	-	-	100.00%	100.00%	100.00%	100.00%	100.00%	00.10%
Percentage of 4G population coverage	93.99%	98.00%	98.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage of 5G population coverage	37.75%	40.80%	47.50%	99.4%	100.00%	100.00%	98.00%	100.00%	100.00%

* 3G shutdown project in KSA and Kuwait: 4G/ 5G replacing 3G for improved user experience

Case study: stc group launches the biggest-ever expansion of the 5G network in its history

The launch of 5G in 2018 signified a historic shift in communications and IT in the Kingdom of Saudi Arabia and the greater MENA region, initiating an era of minimized physical and digital boundaries. stc's ongoing expansion aims to improve infrastructure and user experience, playing a crucial role in the Fourth Industrial Revolution, IoT, AI, and national digital transformation.

By 2019, 5G service reached 35% of the population in five major cities. With the “dare2.0” strategy, stc has continued to enhance this network, increasing the number of mobile sites with 5G services and introducing a second carrier for greater capacity.

In 2023, stc Group launched the most significant 5G network expansion to date, aiming to extend coverage to over 75 cities and governorates across Saudi Arabia. This move builds on the achievement of delivering 5G coverage for more than 90% of major cities, supporting local content, job creation, the digital economy and digital lifestyle enhancement. This expansion aligns with stc's growth strategy and marks a continuation of Saudi Arabia's digital transformation journey that began in the late 1990's with 1G and 2G, followed by 3G access before smartphones, and the introduction of 4G services in 2011.

Closing the digital divide

stc actively helps to reduce the digital divide by developing and expanding the critical ICT infrastructure needed to fulfil the national visions of the KSA, Bahrain, and Kuwait. stc Group's growing infrastructure contributes to flawless delivery of essential online services such as e-education, e-government, e-commerce, and e-health. We also aim to close the digital divide and implement digital literacy for the elderly through the smart truck initiative, which helps elderly people make sense of fast-developing digital technologies. More information on these services is available in the [digital innovation and experience section](#) of this report.

Reliable and resilient infrastructure and services

Developing reliable and resilient infrastructure is vital for accessing technology and expanding connectivity. We have worked hard to continuously evolve our network, capitalizing on the introduction of leading-edge technology by adopting KPIs for network resilience. These KPIs not only help ensure network optimization, but also underpin our commitment to deliver an excellent and uninterrupted user experience for all stc customers.

Technologies such as 5G, artificial intelligence, augmented reality, IoT, and cloud services are an essential part of stc's innovative products and services, and are helping to accelerate the pursuit of sustainability goals. With this, we provide impartiality and transparency in line with business sustainability, creating the right environment for an open market concept that enriches the tech-based ecosystem in developing countries where all customers and partners – such as content providers, cloud providers, and international and national carriers – can effectively communicate with each other.

As of 2023, stc's Saudi Vision Cable (SVC) is operational, marking a significant step in enhancing digital connectivity across the Middle East. It is the first high-capacity submarine cable ever deployed in the Red Sea and offers cost-effective connectivity options with significantly improved digital services in Saudi Arabia and beyond. This project is a critical driver of the region's digital transformation, pushing the boundaries of what is possible in digital connectivity and communication.

Spanning 1,160 kilometers, SVC is designed to connect major cities along the Red Sea, aiming to strengthen connectivity within the Kingdom of Saudi Arabia and the broader MENA region. It serves as a swift and efficient data transmission hub, connecting key landing stations in the Red Sea and contributing to the value creation in digital infrastructure. SVC's competitive interconnection rates also encourage a collaborative digital infrastructure environment. This approach is key to establishing an integrated digital landscape in the region, positioning Saudi Arabia as a central hub for data exchange between three continents.

SVC is a high-capacity system, capable of handling up to 18Tbps per fiber pair, with a total of 16 fiber pairs. This capacity ensures the system can meet the region's increasing data transfer needs, making it a foundational element in digital communication and data exchange.



Moreover, "center3" has also increased the capacity of its data center in KSA by 6 megawatts, aiming to improve and increase the capacity of data hosting services provided by "center3" to its customers, which contributes to strengthening the Kingdom's position as a regional digital center.

Furthermore, stc was recognized as the "Best Wholesale Company in the Middle East" in 2023 by TelecomReviewME. This recognition showcases our commitment as the leading digital enabler in MENA, in empowering industry transformers and paving the way for growth and digital transformation in the region. As the leading wholesaler in the region, we offer national and international services over numerous cable systems and the PoPs-extended network.

Our national network covers all areas of the Saudi Kingdom and is extended to link all neighboring countries, including the UAE, Bahrain, Kuwait, Jordan, Qatar, Yemen, Iraq, and Oman, through diversified fiber links with various paths and capacities. stc's self-healing national backhaul network and border crossing terrestrial fiber optics links represent the most resilient, reliable and cost-effective connectivity in the entire region.



Cloud infrastructure

stc's 5G investments drive the need for deploying new and smart infrastructure with the goal of having cloud-native infrastructure. From massive data processing in enterprise campus scenarios and real-time data processing for autonomous driving to immense IoT use cases requiring analytics localization and better AV/VR cloud gaming, the edge is where services aggregate and is the natural expansion of operator networks. All of these uses demand drastic changes in underlying digital infrastructure; therefore, we have embraced Multi edge computing (MEC) deployments enabling stc to become both Cloud-Native and Edge-Native.

In a data-driven era, traditional connectivity solutions face challenges. Private MEC offers a comprehensive solution consisting of the following components:

- **Transmission Optimization:** Reduces costs and enhances efficiency by minimizing data transmission.
- **Local Data Processing:** Enables data privacy and real-time decision-making.
- **Private Network:** Grants enterprises control over connectivity.
- **Mobility and Ownership:** Balances mobility and data ownership.
- **Low-Latency Decision Making:** Enhances operational agility.
- **Infrastructure Optimization:** Streamlines operations and reduces costs.
- **Cost Efficiency:** Offers nominal operational expenses.
- **Industry 4.0 Enabler:** Paves the way for transformative advancements.

Fast connectivity and on-premises cloud computing resources are hallmarks of stc's digital services that cater to diverse needs. Our product has served companies in major industries such as oil and gas, shipping, and airports, with more underway. stc's Private MEC represents a sustainable and innovative leap forward in enterprise connectivity.

In 2023, along with one of our major partners, we published the [5G and Edge Computing: The Next Frontier for Business Growth](#) white paper to explore how Edge Computing, enhanced by 5G capabilities, can revolutionize business models by enabling ultra-reliable, low latency communications critical for improving application performance and the user experience, as well as ensuring robust data privacy and security. The white paper underscores the potential of these technologies to unlock new opportunities in private networks, marking a significant step towards innovative, efficient, and secure business operations.

Our latest innovation, the Enterprise 5G Private solution, is a leap forward in digital plant management, leveraging the unprecedented speed and reliability of 5G technology. The Enterprise 5G Private solution by stc is set to transform industrial customer operations with a robust digital plant management system powered by 5G technology. This solution carves out a private network from stc's public 5G infrastructure, offering a tailored service for enhanced efficiency and control.

In alignment with the Saudi Kingdom's vision, stc has established partnerships to support the roll-out of secure, distributed multi-access edge computing. These collaborations aim to foster the development of low-latency applications directly at each customer's edge. stc is also actively investing in and exploring advanced technologies alongside industry leaders to co-create pioneering solutions for Industry 4.0 applications.

IoT, AI, and big data

Technologies such as IoT, AI, and big data have become the primary drivers of innovation. Through our smart solutions, we aim to drive cost efficiencies, improve customer experiences and promote sustainability through innovative industrial, logistics and smart city solutions.

Following the successful creation of an IoT model system in the Middle East led by stc Group and Saudi Arabia's Public Investment Fund (PIF), *IoT squared* played a significant role in supporting a variety of public sectors, companies, and SMEs in their quest to embrace the finest smart solutions available in the industrial sectors, transportation and logistics services, and Smart Cities.

In 2023, we expanded IoT squared offerings to cover smart cities, sustainable and resilient facilities solutions, supply chain solutions, converged security and safety solutions, and unmanned vehicle solutions. It also extends support to various business sectors to facilitate the adoption of IoT technologies, including the development of innovative business models and analytic capabilities to enhance the performance and productivity of industrial operations through IoT solutions in the industrial sector and also enhance the ability of industrial companies to digitize processes, transform business models and reduce waste.

IoT squared smart solutions:



Converged Security & Safety

- Drone Detection & UTM
- Real-time Location-based Services
- Connected Fire Alarm
- PSIM
- Security Video Analytics



Supply Chain

- Smart Warehouse Management
- Supply Chain Control Tower
- Vessel Management
- Last Mile Delivery
- Track & Trace



Industry 4.0

- Asset Performance Management
- Safety
- Smart Manufacturing Operations Management
- Intelligent Operations
- Smart Metering



Sustainable and Resilient Facilities

- Indoor Air Quality Monitoring
- Sustainability Management
- Water Sub-metering
- HVAC Performance Monitoring
- Facility Operations



Unmanned Vehicles

- Security & Surveillance
- Transportation & Delivery
- Robotics Delivery
- Inspection
- Surveying & Mapping



Smart Cities

- Environmental Monitoring
- Smart Parking
- Digital Twin
- Flood Monitoring
- Smart Infrastructure
- Smart Mobility
- Unified Operation Center
- Smart Street Light Management
- Smart Waste Management
- Smart Agriculture

stc Kuwait launched several smart solutions, including the Enterprise Smart Bus solution for schools and kids monitoring, Thermal Screening, and Drones for Geospatial Intelligence and Precision Agriculture, as well as AI Video Analytics, which helps users supervise, monitor and optimize enterprise business efficiency.

In 2023, we also launched the AI and Data Initiative for InspireU, leveraging AI for strategic startup evaluation and data-driven training. This initiative identifies promising startups, equipping them with the tools for success and serving as a model for impactful incubation practices. Using a decision intelligence engine and unique selection framework, we've chosen highly competitive incubated cohorts, focusing on key areas like AI, Fintech, and Cybersecurity. This targeted approach has increased the accelerator's acceptance capacity by 30% and enhanced the profiles of 65 startups with generative AI.

AI revolutionizes our customer engagement and sustainability efforts. Our Sentiment Analysis Model delves into customer feedback, aiding in sentiment classification, topic modeling, and spam detection. The experience per customer model quantifies interactions, optimizing satisfaction and resource usage. Leveraging AI and machine learning, our Seamless Experience system delivers personalized interactions across channels, enhancing loyalty and operational efficiency while aligning with our sustainability goals.

Furthermore, our Customer Value Management (CVM) team analyzes customer behavior to tailor campaigns for upselling and cross-selling solutions. Embracing AIOps, we enhance our digital transformation, leveraging AI and machine learning to predict and diagnose IT issues, optimize performance, and increase operational efficiency. This approach ensures stc remains competitive, delivers superior services, and innovates in the telecommunications industry.

stc Group was awarded the Glotel Award 2023 for Network Automation at the Global Telecom Awards 2023, winning the "Automation Initiative of the Year" for the company's work on intent-driven automation aimed at boosting core network efficiency and reliability.

Case study: AI and deep learning infrastructure enhancement

In an effort to address one client's request for advanced GPU hosting capabilities, Solutions by stc seamlessly integrated cutting-edge GPUs within the service provider's data center. This strategic move led to the establishment of Saudi Arabia's first-ever AI and Deep Learning cloud infrastructure – designed to empower enterprises by significantly accelerating their AI adoption process – paving the way for innovative solutions and enhanced operational efficiencies across various sectors.

Through this initiative, we aim to position Saudi Arabia at the forefront of AI research and applications, fostering a more tech-driven future.

Network quality and mobile adoption

We aim to have the best available network quality and work to drive mobile internet adoption within all communities in which stc operates.

Improved connectivity and network quality contribute to increased accessibility to telecom and digital services, including mobile and fixed broadband in urban and rural areas. As more individuals and businesses gain access to reliable communication services, the subscriber base grows which in hand will promote inclusivity by ensuring a larger base of the population can participate in the digital economy and society.

We recognize that network quality directly impacts the user experience of our customers, which is why we are dedicated to providing seamless connectivity and faster speeds. Throughout the reporting year, our commitment to excellence has yielded outstanding results, as evidenced by our top performance in KSA across four categories in [Saudi's Mobile Network Experience Report \(2023\)](#). Specifically, we have recorded top download speed experience, upload speed experience, 5G download speed and 5G upload speed.

Network speed	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Average mobile broadband download speed (Mbps)	87.66	113.58	115.90	64.90	80.97	164.4	147	147	164
Average mobile broadband upload speed (Mbps)	20.24	19.61	23.30	4.16	3.43	3.59	9	9	7

Network traffic	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Network traffic (petabytes)	17,810	20,364	24,386	273	324	446	1,406	1,441	1,549

New era infrastructure data center program

As part of our initiative to develop next-generation facilities, we are committed to building new data centers across each of the countries that we operate within. Our goal is to have these facilities incorporate enhanced energy efficiency and sustainability throughout the entire lifecycle of new mission critical infrastructure.

In Saudi Arabia, we are in the process of building new data centers to serve the entire Saudi community with enhanced digital services. These new data centers will incorporate sustainability features in all aspects of construction and development, from design and procurement to materials and construction.

In 2023, we achieved significant progress in our commitment to advancing next-generation cloud-enabled data centers by completing all Phase 3 construction projects. This pivotal year saw the operational launch of six new state-of-the-art data centers, enhancing our infrastructure to fully support main internal 4G and 5G equipment across various locations. With the successful implementation of energy efficiency technologies, we have observed notable reductions in energy costs and CO₂ emissions.

Various technologies and engineering approaches were followed to benefit from energy conservation opportunities, such as server efficiency, right-sizing, chiller system optimization, thermal and airflow management, improved lighting; resulting in enhancing Power Usage Effectiveness (PUE) and reduction of CO₂ emissions.

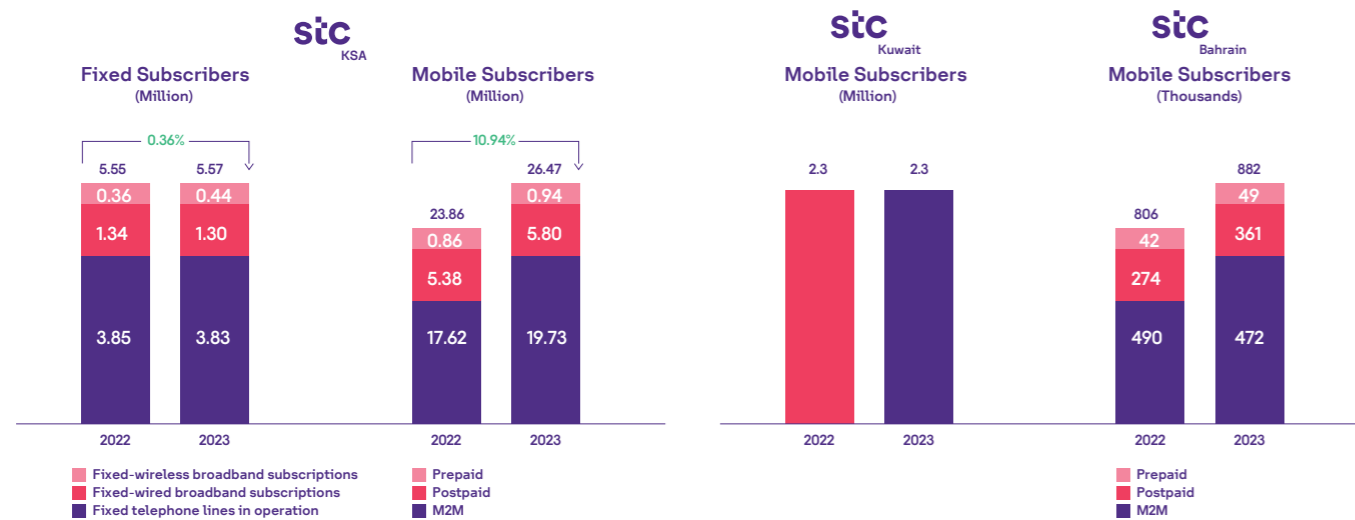
However, our expansion plans go far beyond what has already been accomplished: by 2025 we aim to further enhance our data center capacity and build out more capacity in the KSA and Bahrain. Realizing this ambition is well underway with the operational status of all sites previously reported under construction, the completion of which brings our total capacity to over 34.8 MW, including both new and expanded projects. The completion of which brings our total capacity to over 71.17 MW active capacity by 2023 including data centers prior to NEIDC program.

The new phase of our expansion –Phase 4 – involves the construction of three additional data centers at Riyadh, Jeddah, and Bahrain, with contractor awarding slated for January 2024 with project commencement in first quarter of 2024. This phase is expected to add a total IT shell capacity of 20.4 MW, with an initial capacity of 10.8 MW IT load on Day 1.

In a testament to our commitment to efficiency and sustainability, the Remal Data Center – one of our Phase 3 projects – achieved a remarkable 1.43 PUE at full load during its summer testing and commissioning in August 2023. This achievement underscores our continuous efforts to minimize power consumption and environmental impact, setting new standards for data center operation and design.

As we move forward, our strategies and plans incorporate comprehensive considerations to minimize power consumption for Phase 4 sites and beyond, reflecting our dedication to sustainable development and operational excellence in the rapidly evolving digital landscape. You can read more on energy optimization for data centers in the Environmental chapter.

Subscribers at a glance



• Fixed-wireless broadband subscribers includes 4G and 5G subscribers.
 • Prepaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.
 • Postpaid subscribers includes mobile voice, standard mobile broadband, and dedicated data mobile broadband subscriptions.

Digital enabler for mega events and smart cities

We are proud to be the leading digital enabler in the MENA region and have used this privileged position to develop smart cities and run mega events, including the Hajj pilgrimage, Formula 1 races, Smart Cities, conferences, and more.

Over 56% of the global population lives in urban areas, with this figure expected to rise – and the MENA region and Saudi Arabia are experiencing particularly rapid urbanization. stc Group is leading the transformation towards sustainable, smart cities as part of Saudi Vision 2030 by enhancing 5G network infrastructure and accelerating digital ambitions to enable various forward-thinking technologies such as IoT, data analytics, virtual reality, augmented reality, smart homes, and autonomous vehicles.

Each year stc further enhances the Hajj and Umrah experience with cutting-edge technology, supporting the Kingdom's digital transformation to achieve Saudi Vision 2030 goals. Through innovations in IoT, cloud computing, cybersecurity, and 5G, stc aims to improve societal life and boost the efficiency of government and private sectors. This digital advancement is pivotal in enriching the pilgrimage journey, offering high-quality services and a better overall experience for visitors.

In 2023, and in preparation for the Hajj season (1444), we enhanced our network by adding 108 sites that support the 5G network, reaching 1,084 spots in Makkah city. We also allocated 248 sites for the 5G mobile network, expanded our Integrated Broadcast Services to more than 300 sites, and deployed 1,964 Wi-Fi access points across 177 sites. Furthermore, 70 mobile vehicles were secured to support capacities and coverage, allocating 140 sites for the critical communications network (TETRA) that serves the KSA's vital sectors. Moreover, stc fully converted the international traffic to IP with a 100% capacity to international gateways, simultaneously allowing 150,000 actual calls.

Lastly, as part of the Saudi Kingdom's Vision 2030 Pilgrim Experience Program, stc is focused on developing digital solutions for seamless and enhanced pilgrim journeys. These include digital medical services like tele-patient monitoring and Holo-Doctor for telemedicine, along with infrastructure monitoring to ensure top-notch telecommunications services in Mecca and Medina. By bolstering digital infrastructure and expanding 5G coverage at holy sites, stc ensures reliable network performance, supporting vital sectors and providing pilgrims with a distinctive and high-quality digital experience.

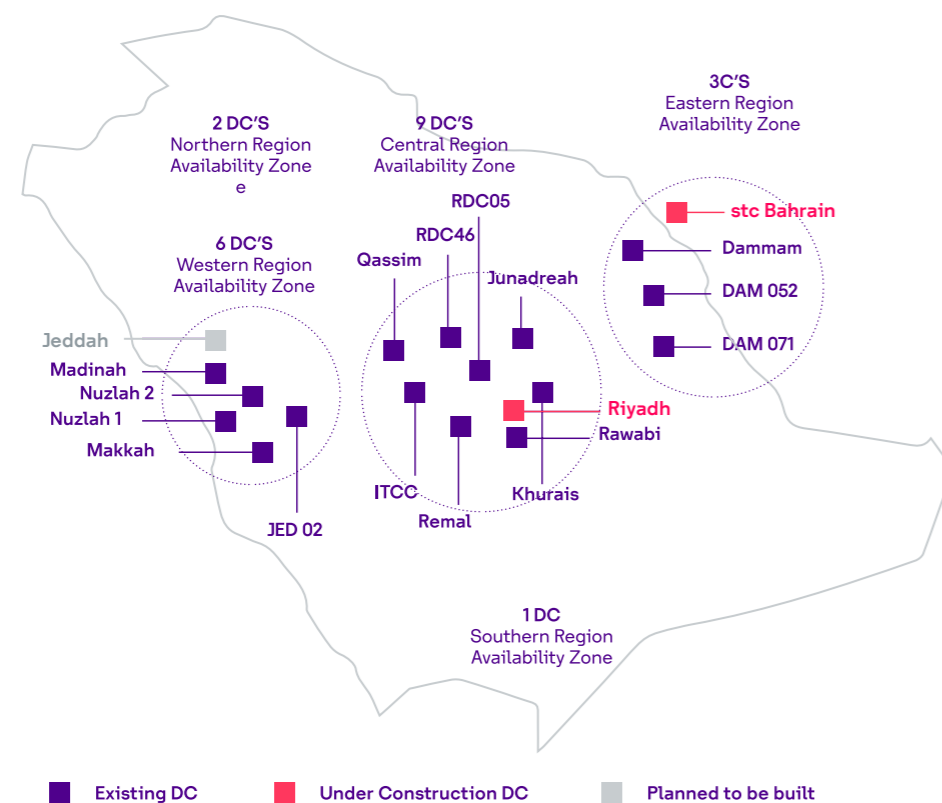
Supporting SMEs through digital technologies

As organizations and corporations continue to digitize their operations, we understand the need for effective and secure solutions and infrastructure. This is especially true for SMEs, which may find it more challenging to keep pace with the acceleration of digitization currently taking place.

In an effort to support SMEs working in remote areas and promote connectivity that is more inclusive, we developed a point-to-point service to target customer groups far from network or fiber connections, helping them access connectivity services and high-speed internet that is essential for succeeding in the modern world. We also offer incentives for copper customers to transfer to fiber or wireless services to utilize higher network speeds and be a part of an enhanced customer experience.

New Era Infrastructure Data Centers Project

Phase 1	Phase 2	Phase 3	Phase 4
Riyadh, Jeddah and Madinah data centers. 2018 - 2020	Qassim and Makkah data centers 2019-2021	Riyadh (3 sites), Dammam (2 sites), and Jeddah 2022- completed	in Riyadh, Jeddah, and Bahrain 2023-Onwards
Total IT capacity in MW: 19.2	Total IT capacity in MW: 9.6	Total IT Capacity in MW: 76.8	Total IT Capacity: 204 MW



Digital innovation and experience

Digital innovation and digital experience are both at the heart of stc's business and culture. Our strategy for implementing these critical digital drivers is rooted in preparing the company for the future, enabling us to be in a better position to grow as we move forward in an ever-changing digital world.

stc's main core values, the three "D's" (Dynamism, Devotion, and Drive), are the foundation on which our digital transformation strategy has been built. As we move closer towards the goal of being the undisputed leader in digital enablement within the MENA region, we have developed several initiatives to foster new ways of working and to better clarify the customer journey.

We are constantly looking to develop tools, mechanisms, advanced analysis, and artificial intelligence programs to stimulate teamwork and innovation. Investing in these advancements has led and will continue to lead to new solutions for enriching the lives and experiences of our customers. We also digitize the customer experience journey by uniting all these key elements and present a wealth of opportunities for personalization and engagement.

Over the past year, we have made significant progress in aligning our Customer Experience and Digital Transformation initiatives with sustainable goals, achieving remarkable progress in reshaping the digital landscape across the three pillars of institutions, the economy, and society.

In 2023, we also undertook a comprehensive inter-operational restructure across economies, institutions, and society to expand digital transformation to all areas of stc Group and beyond. This restructuring was geared towards not only meeting but surpassing our sustainability targets. The results have been profound, leading to increased revenue growth, improved efficiency, reduced operational costs, and an enhanced overall customer experience. Furthermore, the integration of digital technology into every facet of our business has ushered in fundamental changes, enabling us to modernize legacy processes, accelerate workflows, strengthen security measures, and ultimately increase profitability. This approach goes beyond cost efficiencies, however, as it strategically differentiates us in terms of customer engagement and innovation, reinforcing our commitment to sustainability.

Our digital ecosystem

Over the past few years, focusing on digital transformation has become a necessary reality for stc to stay relevant. Nevertheless, this phenomenon presents an opportunity for organizational improvement when viewed through the lens of sustainability, as it is deeply embedded in the societal context. The relationship between sustainability and digital transformation is complementary, if not entirely interdependent, making it important to take sustainability into account while strategizing stc's digitalization roadmap. With this in mind, we are moving from legacy systems to Open Digital Architectures (ODAs) in 2025. These ODAs support multi-tenancy and scalability, empowering us to become industry orchestrators and marketplace creators. This transition not only aligns with our sustainability goals but also further positions stc as a leader in driving innovation across industries.



stc Group CEI evolution – CEI+



Customer Centric Model- Per Customer

Measures the true experience each subscriber has with stc, captured across touchpoints and lifestyle steps



Statically Developed - Link to Biz driver

Simple to interpret CEI+ with variable weights based on relative importance with business driver



Links CEX and Value

First-ever link between CEX and value, with good CEX showing significant difference in churn rate versus bad CEX

CCEX Score can be used to drive targeted improvements to address root-causes of deterioration

by touchpoint



How are different touchpoints performing and evolving over time?

by geographical area



where are we offering a better / worst experience?

by touchpoint



are we truly prioritizing HV subs across touchpoints

by touchpoint



are we prioritizing HV subs across touchpoints?

Our digital transformation strategy is built collectively through our dare 2.0 strategy, GOM activation, our business roadmap, and industry best practices and benchmarks.


Digital Index (DI)

stc is one of the leading companies in the entire Gulf region for the adoption and measurement of digital transformation enablement and the overall customer experience. We have developed a comprehensive Digital Index (DI) to augment the perspectives of both the customer and the business perspectives, ensuring alignment with digital maturity model best practices and proper application across stc Group's business units, functional units, and clusters.

The DI measures the execution, utilization, and impact of digital transformation measures across stc Group and drives improvement by building a comprehensive measurement framework based on KPIs from industry best practices. As a testament to the effectiveness of these activities, stc Group was honored with several awards throughout 2023 for Value Recognition of Digital Transformation and Customer Experience Elevation, recognizing our outstanding and leadership performance in the realm of customer experience and digitalization.




stc 2023 CEx awards




Outstanding Catalyst Best New Catalyst:

Ultimate connected car experience enhancing digital lifestyle




The Winner: Platinum Games Operator Award

CST - 2023



Outstanding Catalyst Use of TMF Assets:

TechCo practicing decision intelligence for sustainable growth



The Leader: Most mobile experience categories in KSA

OpenSignal - 2023

Digital transformation awards and recognition

Solutions by stc won 5 global awards in recognition of digital transformation projects in several sectors in the Kingdom. The Project Management Institute (PMI) recognized Solutions by stc for building one of the largest data centres in the region, and claimed another award from the International Project Management Association (IPMA). IPMA granted two other awards for stc projects involving national electronic billing, the first of its kind in the KSA, and building an integrated digital experience, as well as a Glotel award for building a fully digitized and smart medical city.

Case study: Enhancing CX and digital transformation for sustainable success:

We strategically employ AI-driven solutions, to lead in a new era of customer-centricity, where technology becomes an ally in crafting sustainable practices and fostering positive social impacts.

Leveraging cutting-edge AI techniques, we implement a Sentiment Analysis Model that delves into the customer perception and feedback. This model perceives sentiments expressed in textual inputs, classifying them as positive, negative, or neutral. Beyond sentiment classification, the system excels in multifaceted applications such as Topic Modelling, Spam Detection, and discerning perceptions of influencers. This initiative not only contributes to the improvement of our products and services but also aligns with our Environmental, Social, and Governance goals by promoting open communication and transparency with our customer base.

We also implement an Experience per Customer AI model to evaluate customer interactions across various touchpoints and lifecycle stages, assigning a comprehensive CX score based on the totality of these engagements. By assessing experiences at each lifecycle step and touchpoint, we not only optimize customer satisfaction but also contribute to a reduction in unnecessary resource consumption, quantifying and improving the overall customer experience and fostering long-term customer loyalty and satisfaction.

Further, we integrate a Seamless Experience powered by AI, machine learning, and Generative AI models to revolutionize customer interactions through a unified view across multiple channels and touchpoints. By leveraging data and AI, this AI Driven Experience system facilitates the identification and targeting of specific customer segments, minimizing unnecessary resource usage and offers real-time insights, enabling us to optimize operations and make informed decisions.

Digitizing touch points and sales services

We continuously seek to reinvent and digitize the customer experience. At stc KSA, we have defined digital communication channels and established a committee of stc representatives to analyze data, with stc's commercial digital strategy focusing on creating new services and experiences that enable customers to fulfil their needs, digitize all processes, and radically address existing problems.

Through our award-winning mystc app, we have digitized customer service, allowing consumers to go further with greater ease and comfort. Through the app, customers can perform numerous activities and have access to a wide array of services and features, including a space to view and pay bills, order SIM cards, recharge or transfer balances, control all numbers registered under a given customer ID, and access specific statistics for call data and usage. In 2023, we recorded more than 12,103,529 active users for the mystc application.

mystc application	stc KSA		
	2021	2022	2023
Number of active users	9,460,371	10,026,542	12,103,529
Unique clients served	6,686,154	7,413,168	7,429,535
Total subscriptions	23,638,622	24,595,211	26,742,269

We also continuously seek to provide better, consistent and transparent customer service via digitized touchpoints and sales services and remove any barriers from any interaction to improve accessibility and meet our customers' expectations.

Sales transactions	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
mystc sales transactions	52%	52%	55%	13%	14%	16%	-	28%	32%
Other sales transactions (SSM+SMS+outlet) without mystc	18%	16%	14%**	52%	46%	48%	-	72%	68%

* For stc KSA, the remaining 40% of transactions were done through other channels 900 IVR, Mobile Shops, etc.
 **2021 data not available for stc Kuwait

Through our digital self-service customer support, we offer convenient solutions to support our customers quickly and effortlessly without waiting on a human agent. In 2023, 96% of customer support was delivered through digital self-service support channels.



Digital support channels	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Digital self-service assisted support	96%	96%	96%	31%	37%	38%	-	60%	57%
Human interaction support	4%	4%	4%	69%	63%	62%	-	40%	43%

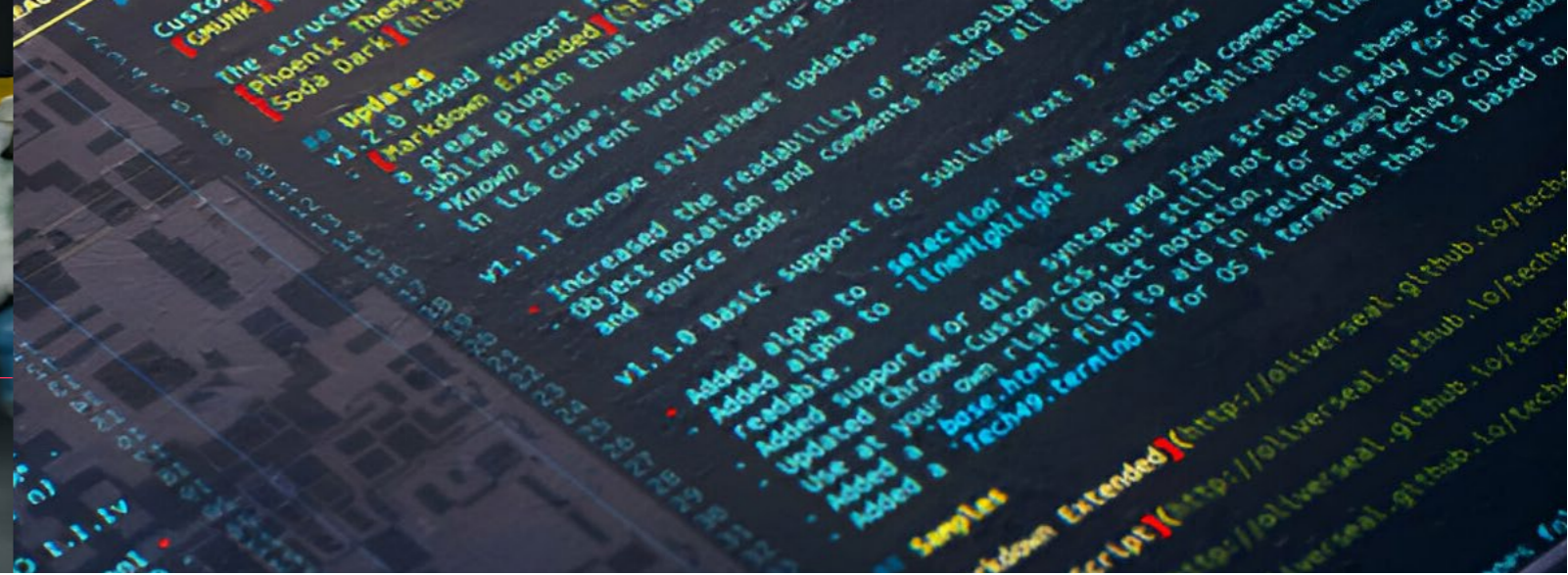
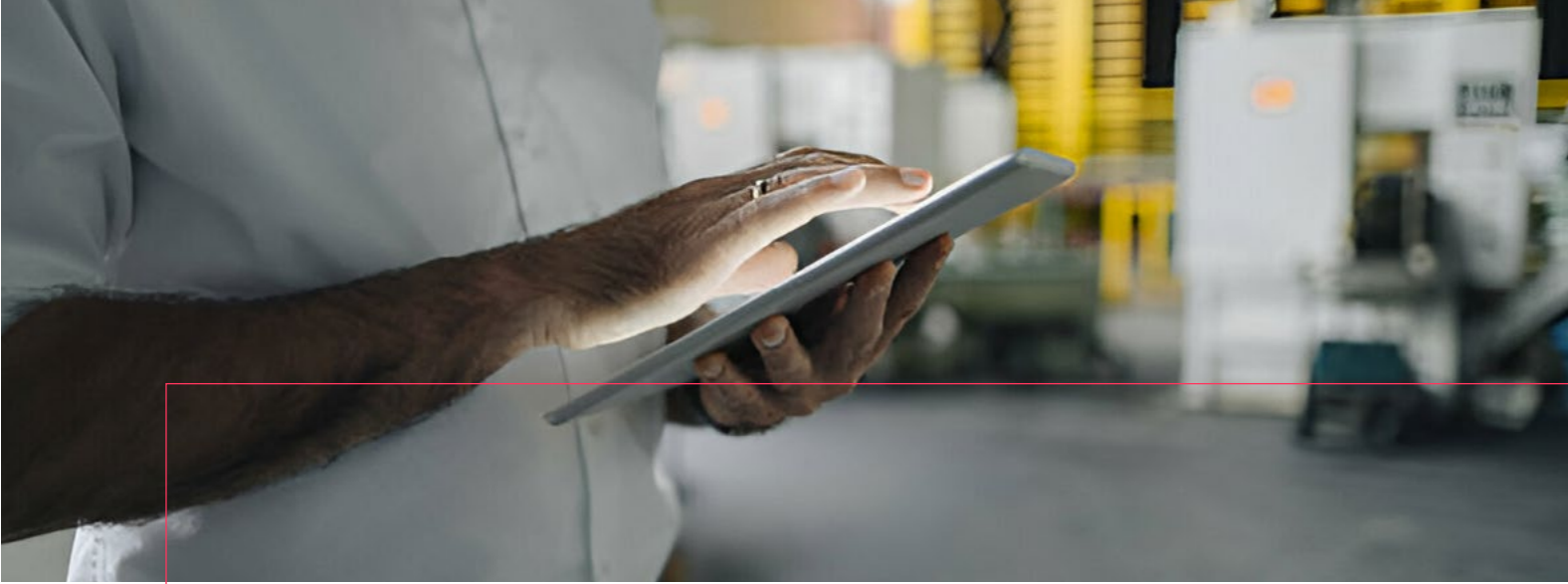
* Tracking of this indicator in Kuwait started in 2022

Case study: Enhancing digital engagement through mystc

mystc Campaigns conducted in 2023 serve as a testament to stc's commitment to enhancing digital engagement and self-service capabilities. The campaign focused on migrating inactive mystc app users to digital channels. Efforts included targeting users who had not used the mystc app for over 70 days with push notifications and customized SMS, as well as a digital migration campaign for users inactive for over 90 days.

These strategies resulted in contacting over 6.5 million customers in 2023, leading to an 8% uptake ratio and a 20% increase in active mystc users from the previous year, reaching over 12 million. The introduction of system-targeted processes for a broader reach and enhanced uptake efficiency marked a significant advancement in stc's digital strategy.

This case study underscores stc's customer-centric approaches, leveraging digital technology not only to enhance the customer experience and engagement but also maintaining ethical and responsible marketing practices.



Artificial intelligence and Internet of Things (AI + IoT)

With a vast network of mobile subscribers, we harness the power of AI and data analytics to navigate our ever-evolving business landscape and engage with customers authentically. This means delivering marketing messages with substance while minimizing spam, ensuring that our interactions are both relevant and valuable.

Moreover, AI permeates every facet of our organization, driving revenue growth, cost reduction, and enhanced decision-making processes. By leveraging AI, we strive to optimize efficiency and cultivate enriching experiences for both our internal teams and external stakeholders alike.

Furthermore, we're exploring the intersection of AI with IoT and other emerging technologies to champion climate action initiatives within stc and beyond. From developing energy-efficient applications to spearheading social impact projects that promote climate benefits, AI plays a pivotal role in our commitment to sustainability and corporate responsibility. In Saudi Arabia, a significant portion of the population falls under the category of thin profiles, posing challenges for financial entities like credit bureaus to accurately assess their financial standing. This limitation often hinders individuals from accessing essential financial services.

To address this issue, we leverage the power of AI and big data to develop an alternative credit scoring system. Our aim is to enhance financial inclusion, ensuring that all individuals, regardless of their profile, have access to affordable and accessible financial products. By expanding access to credit, we not only bridge economic and social disparities but also stimulate economic growth.

At stc Group, we're leading the charge in the smart city revolution. Through our innovative technologies and solutions, we're transforming cities into sustainable, inclusive, and efficient communities where people can flourish. Our commitment to pioneering cutting-edge solutions underscores our dedication to creating a future where everyone has the opportunity to thrive.

stc Square, developed by AQALAT, stc Group's real estate arm, is a mega mixed-use project designed as a LEED V4 sustainable community. It integrates innovative technologies for enhanced city administration, water supply, smart vehicles and parking, security systems, urban transport, and waste management. Utilizing IoT, big data analytics, and AI, the project aims to boost socio-economic potential and daily life quality. stc's subsidiary, iot squared, offers IoT platforms for waste management, smart parking, and disaster management, along with AI platforms for energy optimization. Solutions by stc facilitate ICT service distribution for smart cities, focusing on integrated mobility platforms and digital twin technology.

Additionally, stc KSA introduced NTN-IoT applications for GPS tracking and pressure monitoring, leveraging Omnispace technology for reliable connectivity. stc Kuwait is currently fostering innovation through the LEAD strategy, exploring digital payments, insurance, and smart homes in consumer segments, and IoT, cloud, and cybersecurity for enterprises. In Bahrain, analytics and big data support stc Bahrain's sales team operations and market insights. Furthermore, TAWAL is implementing innovative IoT solutions like Smart Tower and an Early Warning System for enhanced safety measures across the entire tower network.

Innovative and digitized products and services

We are a pioneering digital champion in the greater Gulf region. Our efforts in the areas of innovation and digital transformation have helped lift stc to become a truly meaningful and purposeful organization. We offer a variety of innovative services in the areas of communications, information technology (IT), cloud storage, and management of nearly everything digital, from media to cybersecurity and other advanced digital solutions.



e-health products and services

Digital health solutions and e-health services play a critical role in promoting sustainability within healthcare, simultaneously advancing global and national priorities and goals through their advancement. These technologies offer transformative opportunities to enhance healthcare and optimize utilization of resources and improve patient outcomes, while at the same time help to reduce negative environmental impacts. With that in mind, we have a stated commitment to enriching lives of our customers and communities, with a wide range of products and services that address various healthcare needs.

The Holo Doctor service offers remote medical consultations by linking patients to doctors in the virtual Seha hospital. This service uses Holoportation technology, making patient-doctor communication more similar to an in-person interaction as a 3D image of the doctor is projected on a screen, giving a lifelike impression to the patient.

Our Tele-Medicine Virtual clinic solution addresses pain points in the patient experience, enabling better healthcare services while providing significant cost savings. Through this, physicians are able to provide clinical care anytime, anywhere, using stc's end-to-end tele-health solution, which employs a cyber-secure integrated medical tablet and HIPAA-compliant Tele-Medicine Cloud Services to provide immediate diagnostic data to physicians during a remote exam. This allows for the same privacy and quality as an in office exam, even with the most at-risk patients.



Holo Doctor
Driving healthcare further with accurate and lively interaction with the patients through a box displaying three-dimensional images



5G-Connected Ambulance
Unveiling the future of healthcare with smart ambulances equipped with cameras and a virtual clinic connected through stc 5G



Smart Solution
Change is now 360o with medical solutions that capture accurate health care, analyze diagnosis, enable self-checkups, and offer remote consultations with physicians



Health Report
Introducing next-gen technology with "Motee"; a robot that stores patients' health data, records vital signs, and transfers the info to other medical systems



RPM
Reinventing smart tech solutions with our RPM service that bridges gaps in time, distance, and communication for remote patient care. As a patient, you can now easily log your vital signs using wireless medical devices



Smart Hospital Stimulation
Introducing a new digital dimension where the medical sector is driven by our Smart Hospital Stimulation with interactive screens to increase patient interaction



Tele Ultrasound
Innovating medical services through remote sonography reporting and diagnosis for a convenient journey

Case study: Specialized by stc - Tari' service

In the healthcare sector, a significant digital transformation has been started with the introduction of the Tari' service, replacing outdated pager alerts in hospitals.

Tari', an advanced alerting service, offers rapid and efficient communication across various platforms, including apps, SMS, email, robot calls, direct chat, and operates on both mobile networks and WiFi. Compatible with iOS, Android, and PC browsers, Tari' ensures secure and effective management of unexpected events, daily operations, and aids in decision-making processes.

The implementation of Tari' service at Jazan Healthcare has proven to be a success, significantly reducing response times to under fifty minutes for critical cases, thereby enhancing the readiness and efficiency of medical teams. The service has gained a substantial user base over the past year with more than 10,000 subscriptions in 2023, demonstrating its effectiveness and the value it adds to the health sector. This case study represents a leap towards more digitized, responsive healthcare solutions.

Upcycling old phones into affordable hearing devices

stc is at the forefront of enhancing people's lives through technology and innovation. With this in mind – and in response to two particularly pressing challenges: the prevalence of hearing loss and electronic waste accumulation – stc initiated the Hearing Trade project in 2023. This innovative venture sought to repurpose old phones into affordable hearing amplifiers, addressing societal needs while promoting environmental sustainability.

stc meticulously transformed old phones into sleek, functional hearing amplifiers, designed to resemble fashionable accessories rather than traditional medical aids. These devices were equipped with features such as multiple color options, a 5-hour battery life, fast charging capabilities, and high audio output, ensuring both functionality and user satisfaction. The Hearing Trade project made significant strides in enhancing accessibility to hearing amplifiers for individuals in need, particularly in Saudi Arabia where 1 in 4 people are affected by hearing loss. Furthermore, by repurposing old phones, stc contributed to the reduction of electronic waste, aligning with the company's valued principles of environmental sustainability.

Through the Hearing Trade project, stc demonstrated its unwavering commitment to social responsibility and environmental stewardship. By leveraging technology and innovation, stc not only improved the lives of individuals with hearing impairments but also made significant progress towards creating a more sustainable future.

e-sports and gaming platform

There has been significant growth in the electronic sports and gaming (e-sports or e-gaming) sector in recent years, making it an independent technological economy in itself. stc seeks to expand its services along several new and unconventional paths to accommodate growing customer demands and needs. stcplay, our e-sports and gaming platform, provides casual and professional gamers access to online tournaments, content, and gaming merchants all in one platform.

This innovative platform is an incubated startup within stc and aims to access inorganic potential growth in digital platform gaming. stcplay is already the leading gamer-engagement platform in the KSA, bringing all types of gamers, players, content creators, and influencers together. It offers gaming ecosystem service providers the opportunity to get connected with an engaged gamer base within one comprehensive digital user experience.

In 2023, stc play recorded more than 3 million registered users, representing a significant increase from a registered user base of just over 1.2 million in 2022.



e-education services

At stc, we aim to empower students by providing them with access to educational platforms and content at the tip of their fingers through advanced innovative technologies.

Solutions by stc works closely with the Saudi Ministry of Education to promote digital transformation throughout the education sector, ensuring students in the KSA continue to receive a world-class education and immersive classroom experience. We currently provide over 7,000 schools with Managed Router Services and have integrated all these educational facilities into one digital platform.

Entertainment platform

Through Intigral by stc, we offer world-class entertainment, with best-in class content, including premium TV services, and an unforgettable consumer experience. Capitalizing on our technological capabilities, stc tv –our entertainment-streaming platform – warrants an uninterrupted viewing experience with availability across all devices.

This innovative platform provides access to digital products and services, direct carrier billing to various cards, and coupons from other stores, enabling customers to manage their plan in real-time. In 2023, stc tv recorded 3.6 million authorized subscribers.

Smart home services

Designed to provide added convenience, smart home technologies can remotely perform daily tasks such as setting thermostat levels, checking-in on loved ones, monitoring utility usage, and more. We believe that it is important to identify what would best help the customer before offering recommended smart tech, and for that reason we provide onsite expert consultations for our customers to help them assess their potential service needs.

Our product portfolio covers a wide range of use cases including smart protection, smart lighting, energy management, and home automation. In 2023, we continued to develop creative add-ons and bundled them with fiber packages to enhance the customer experience, including Wi-Fi extender devices and smart home additions that enhance customer security and home control through IoT devices such as home surveillance cameras, door alarms, and controllers with affordable pricing options.

Digital signature for digital documentation

The most important feature of digitalization is to provide effective and secure solutions to customers. With this, we have developed the digital signature service, which enables enterprises to manage document workflows through a secure digital signature. The service is licensed by the CST and approved by the National Center for Digital Certification (NCDC) to guarantee the privacy and validity of data and approvals.

Sayen's Digital Signature service has significantly improved business interactions for numerous customers, touching on areas such as retail, banking, procurement, and HR. This technology offers a competitive edge by enabling secure digitization of operations for both government and private sectors through cryptographic digital signatures, which offers substantial benefits as digital signatures are legally binding, ensure authenticity and integrity, and prevent repudiation. As a licensed PKI and DTS provider authorized by local government bodies for digital certificates, Sayen aids in streamlining operations while maintaining security.

In the retail and banking sectors, Sayen has facilitated over 142,000 transactions, resulting in a 90% reduction in processing time and saving approximately EUR 500,000 in costs. This has significantly enhanced experiences for customers, vendors, and employees alike. For procurement and HR, Sayen has facilitated more than 64,000 transactions, resulting in the conservation of more than 640,000 pieces of paper and saving more than EUR 240,000 in costs. These advancements have led to improved vendor management and heightened employee satisfaction. This case study exemplifies how digital transformation can yield positive sustainability outcomes alongside operational efficiencies.



Leading Fintech in Saudi Arabia

As we continue to successfully execute our dare 2.0 strategy, we have further strengthened our position as the lead enabler of digital life.

In 2023, stc pay initiated the transformation from being one of the first electronic wallets originating from the KSA to becoming STC Bank, one of the first digital banks in the Kingdom. STC Bank is licensed by the Saudi Central Bank (SAMA) to carry out digital banking activities. Midway through 2023 the beta version of STC Bank was launched as a testing phase for a select, but growing, segment of customers, though eventually all stc pay wallet accounts will evolve to become a digital bank account. STC Bank's active user base grew 23.2% in 2023.

Boosting the digital economy through InspireU

InspireU, one of our top startup incubator programs, serves as a catalyst for boosting digital innovation and nurturing entrepreneurs within local communities and economies in which we operate. By providing startups with the necessary resources, mentorship, and support, we not only stimulate economic growth but also cultivate a culture of entrepreneurship that drives positive change.

Through InspireU, we aim to empower individuals thereby contributing to the long-term wellbeing and resilience of our economy. The program has made significant progress in nurturing startups through a holistic support system encompassing co-working spaces, financial aid, and strategic networking. This approach has successfully incubated over 100 startups with over SAR 12 billion in valuation, driving both economic growth and global integration, which aligns with the Invest Saudi initiative.



In 2023, InspireU help its 9th incubated batch, which included a special track to supports startups in the field of cybersecurity in co-operation with sirar by stc, the digital cybersecurity service provider This track aims to promote local content and enable digital cyber projects, through several workshops and specialized technical advisory sessions. During the past year we also brought InspireU program to Kuwait. The InspireU program in Kuwait aligns strategically with stc Kuwait's corporate strategy, focusing on market potential and feasibility. This initiative seeks out innovative ideas through a comprehensive intake process, with a committee evaluating submissions for their potential business impact and strategic fit.

Over a six-month acceleration process, selected ideas are cultivated, aiming for inclusion in the Products & Services portfolio with prospects for financial return upon successful mergers and acquisitions. The program is set to launch a new intake batch in 2024, demonstrating stc Kuwait's commitment to innovation and support for entrepreneurial projects.

InspireU	stc KSA		
	2021	2022	2023
Number of incubated startups	10	17	20
Investment to support digital innovation (SAR)	More than 1B since 2015 to date		
Jobs created through the start-ups	More than 650K jobs created		
Percentage of women owned start-up or investees	10%	18%	20%
Startup survival rate	100%	100%	100%
Number of companies still operating after they've left the accelerator	10	16	20
Mentorship opportunities	10	17	26

* InspireU runs across KSA only; Kuwait's first intake is planned in 2024.



Driving innovation

Continuous creativity is a key element of stc's digital transformation strategy. We utilize research and development (R&D) and "experiment by doing" methodology to test the latest ideas and technologies before bringing them to life and getting them to market. We are committed to growing and evolving our R&D practices to improve efficiencies, enable innovative products and services, and instill a culture of innovation.

Across stc Group we have established three cutting-edge innovation labs strategically positioned to drive forward-thinking and technological advancements, two of which are owned by stc KSA and one by TAWAL.

Our FWD Innovation Lab is the epicenter of innovative ideation and co-creation for stc and beyond. In addition to hosting innovative events, the lab has also been used to organize extensive ideation sessions and hackathons for use case development.

Our innovation strategy, rooted in creating value for Technology & Operations (T&O) within the business, guides the journey from ideation to realization while considering intellectual property. stc manages innovation through a strategy focused on emerging technologies and market trends, aiming for continued growth and development.

stc Group's commitment to innovation was focused on many issues over the past year surrounding the utilization of emerging technologies like blockchain and IoT to address growth opportunities and market trends. Notable projects that were started in 2023 included Data Integrity (using blockchain), Billing Charging Evolution (with blockchain integration), NTN-IoT applications, a Digital Marketplace, AIOPs systems, a Digital Twin collaboration with KACST, and 5.5G use cases. These initiatives were aimed at enhancing operations and the customer experience, predicting and resolving IT issues with AI and fostering interoperability in telecom equipment.

In 2023, stc Group was presented with three awards in recognition of the company's culture of digital innovation from MEA Business in coordination with SAMENA Telecom Council. These awards were given in three categories: Innovation in Track Award, e-Commerce Innovation Track Award, and Innovation Path Award in Primary Sector Technologies.

Innovation	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Investment in R&D and Innovation (million SAR)	23.11	29.85	31.20	29.01	42.15	40.2
Number of users of entrepreneurship and innovation platform	140	435	1,800	190	735	2,200

Innovation	stc KSA		
	2021	2022	2023
Awarded patents	-	2	5
Number of labs	1	2	2
Number of R&D employees in the lab	9	8	19
Number of Non-Saudi employees working in R&D in the lab by nationality:			
Number of Saudi employees working in R&D	-	11	15
Number of Non-Saudi employees working in R&D	-	6	4
Number of Non-Saudi employees working in R&D in the lab by gender:			
Women	-	3	5
Men	-	14	14

Case study: Solutions by stc Intrapreneurship program

In 2023, Solutions by stc launched the Intrapreneurship program to encourage innovation and foster a culture of Intrapreneurship across Solutions by stc. This approach helps create an environment where creativity and innovation are valued and recognized.

Throughout the course of the initiative, we received over 100 submissions showcasing creativity among the workforce. From these submissions, a rigorous selection process led to the shortlisting of 12 promising ideas. Subsequently, five of these ideas progressed to the development phase, where they underwent further refinement and validation. Ultimately, the top three ideas emerged, representing innovative solutions poised to deliver tangible results and drive innovation.

Our people

Working within different countries, communities, and cultures, we know that our people are the key to our success, bringing a diverse array of skills and perspectives to the organization. Embracing a diverse workforce, promoting inclusivity, and reflecting the diversity of the communities we engage with are regarded not only as ethical imperatives but also as strategic business priorities.

As an equal opportunity employer, stc provides an equal and inclusive work environment that attracts, develops, and retains the best and most talented individuals, regardless of their background. In addition to securing the safety and well-being of our workforce, we seek to create a work environment that enables people to thrive at stc.

Diversity, equity and inclusion

Diversity, equity, and inclusion are cornerstones of stc's People strategy endeavors. Our commitment to diversity and inclusion not only enriches our workforce but also propels us towards greater inclusivity within the stc Group.

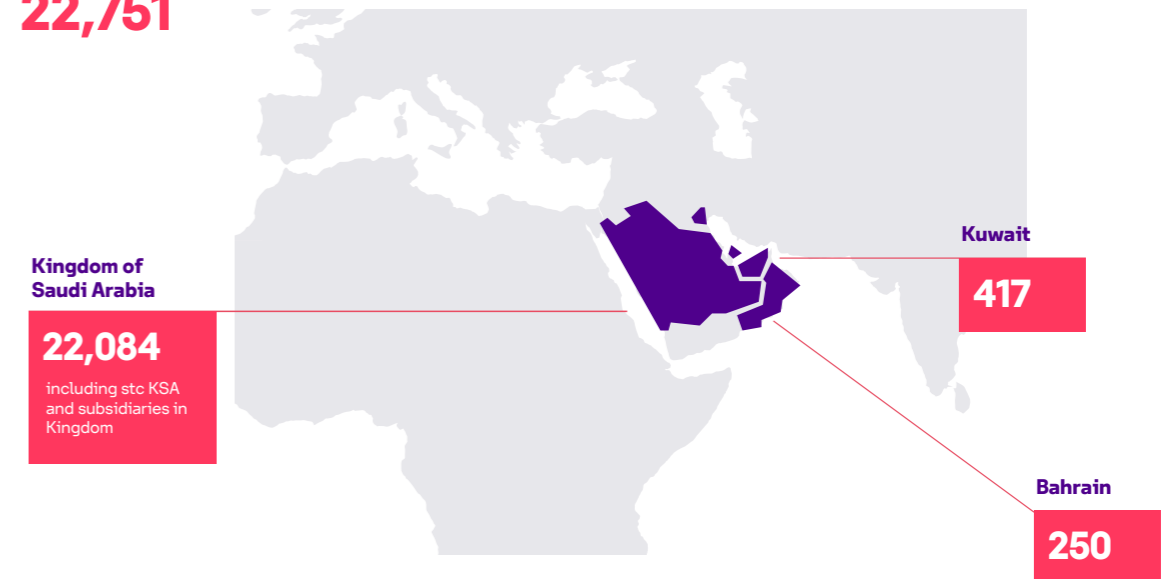
We firmly believe that diversity is not just a buzzword, but rather a catalyst for progress. Throughout stc, diversity fuels our innovation and underpins our achievements. We actively foster a culture that nurtures curiosity, and values uniqueness among our team members, recognizing that diverse perspectives drive our collective success. We also acknowledge that our strength lies in our ability to cultivate an environment of equity and inclusion, where every voice is valued and heard.

With a workforce spanning three countries and comprising over 22,751 employees, we are unified in our mission to foster a culture of care and belonging. To uphold our commitment to diversity and inclusion (D&I), we prioritize three key areas: [women in leadership](#); [culture and ethnicity](#); and [inclusion of people with disability](#).

Throughout 2023, the Diversity and Inclusion (D&I) team implemented numerous initiatives and achieved significant milestones, which aimed to serve different segmentations of our employees such as people with disability employees (PWD), women and multinational employees.

stc group workforce total workforce

22,751



How we manage diversity and inclusion of our human capital across stc Group:



We established comprehensive guidelines for Diversity and Inclusion, outlining essential terms, definitions, and best practices. These guidelines encapsulate the fundamental principles guiding our dedication to cultivating a diverse and inclusive workplace environment. In engaging with our stakeholders, we ensure a collaborative effort to incorporate these guidelines into their daily operations. The guidelines address various aspects and provide insights of how to make different domains and touchpoints more inclusive, including technical services, facilities and fleet, communication practices, HR services, etc.

Nevertheless, we also placed a significant emphasis on raising awareness about the concept of inclusivity among our employees. This was achieved through internal communication using various platforms to effectively convey our messages. These platforms included emails using the official Diversity and Inclusion (D&I) email (dei@stc.com.sa), campus internal screens, internal events, and more.

In our commitment to fostering an inclusive workplace, stc has implemented initiatives in 2023 aimed at enhancing the experiences of people with disabilities (PWD) within the organization. Through targeted programs focusing on attraction, recruitment, learning and development, benefits, and fostering an inclusive culture, we aim to create an environment where PWDs are valued members of our workforce. Additionally, comprehensive analyses have identified job opportunities tailored to each type of disability, resulting in a 36% increase in their overall employment within stc.

As part of our dedication to empower women at stc Group and fostering an inclusive workplace, stc has made extensive efforts 2023 focused on advancing the representation and empowerment of women within the organization. Programs such as the High Potential (HIPO) and Emerging Leaders aim to upskill high-achieving women, positioning them as future leaders within stc. Additionally, approximately 64% of the total Talent Incubation Program (TIP) hires in 2023 were female, underscoring our dedication to gender diversity in our workforce.

Diversity and Inclusion (D&I) in stc is crucial as it encourage creativity, innovation, and collaboration among our diverse workforce. By embracing different perspectives and backgrounds, we can better understand and serve our customers and communities. Ultimately, prioritizing D&I not only strengthens our company's culture, but also drives our business success and positive impact.

International standards certifying workplace quality

We understand the importance of adhering to recognized standards and best practices to uphold quality and foster a conducive environment for our employees. We understand that maintaining high standards not only ensures the delivery of exceptional results but also cultivates a culture in which individuals thrive.

With this in mind, securing international certifications like ISO 9001 for Quality Management, ISO 45001 for Occupational Health and Safety Management, ISO 41001 for Facility Management, and ISO 29990 for Learning Services for Non-Formal Education and Training becomes imperative. This approach showcases our steadfast commitment to excellence and the well-being of our entire workforce.

Employee workforce profile

stc strives to attract the best talents with inclusivity in mind, bringing valuable talents with various backgrounds and expertise to meet its expanding scope and future ambitions.

In 2023, the total number of stc group employees reached 22,751. Over 87% were employed on an indefinite or permanent contract, indicating a high job security, and women employment reached 14% compared to 12.5% in 2022 indicating a steady progress towards gender diversity and inclusivity in the workplace. Furthermore, and as part of addressing youth unemployment and attracting fresh minded and talented young professionals, stc has recorded 22% youth employment for people under 30 years. Additionally, in 2023, no major layoffs occurred.

Workforce profile	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of employees (excluding trainees, students and outsourced staff)	12,900	13,237	12,643	-	22,168	22,751
Employees on a fixed term or temporary contract	1,255	1,882	1,786	-	2,238	2,961
Employees on an indefinite or permanent contract	11,645	11,355	10,857	-	19,930	19,790
Total Full-Time Equivalent (FTE) Employees*	12,900	13,237	12,643	-	22,168	22,751
By age						
- <30	1,824	2,136	2,158	-	3,812	5,072
- 31-50	9,846	9,693	9,300	-	16,055	16,149
- >50	1,230	1,408	1,185	-	2,301	1,530
By gender						
- Women	903	1,208	1,365	-	2,790	3,204
- Men	11,997	12,029	11,278	-	19,378	19,547
By employment level						
- Executive/Senior management	159	200	229	-	392	483
- Middle management	1,364	1,399	1,520	-	2,549	2,794
- Staff	11,377	11,638	10,894	-	19,227	19,474
Inclusion and diversity:						
Number of employees with disability	70	67	70	78	76	104

*stc does not have part-time employees

Award-winning work environment

We take pride in cultivating an award-winning work environment that fosters excellence, collaboration, and innovation. Our commitment to creating an outstanding workplace has been recognized by numerous entities, acknowledging our dedication to employee wellbeing, professional development, and exceptional organizational culture.

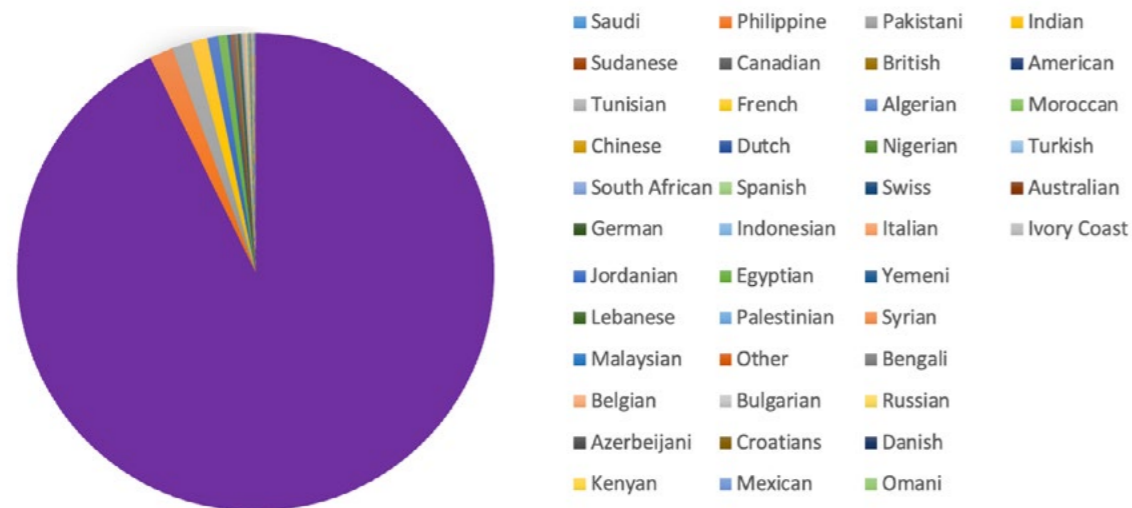
In 2023, stc was honored with multiple awards, recognizing the entire group's unwavering dedication to creating an exceptional workplace environment. stc Group received 11 awards recognizing various aspects of workplace excellence, while subsidiaries also received several awards for exemplary employee engagement, diversity and inclusion, training and development, and workplace culture. A detailed list of these awards can be found in the [Awards and Recognition section](#) of this report, as well as [stc's awards page](#) on the company website.



Culture and ethnicity

Even though our nationalization rates are high, our workforce includes people from different ethnic backgrounds and cultures. We pursue self-identification efforts to help us further understand our organizational structure regarding culture and ethnic representation, and we seek to continuously listen and learn from our colleagues to ensure a welcoming and nurturing work environment.

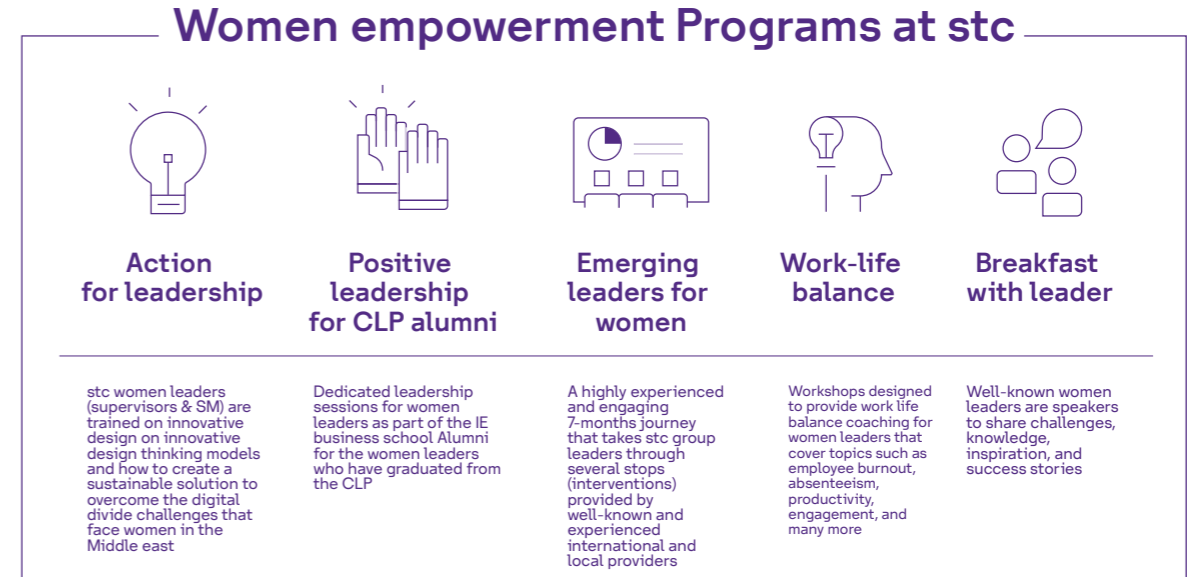
In 2023, stc Group recorded a diverse mix of more than 50 different nationalities, reflecting the company's commitment to fostering an inclusive and multicultural environment.



Women empowerment

Women form an integral part of stc's business. We not only value the incredible contributions that women bring to the company, we also seek to foster an environment that creates meaningful careers for women.

With this in mind, stc has developed several talent development programs with competitive compensation for women.

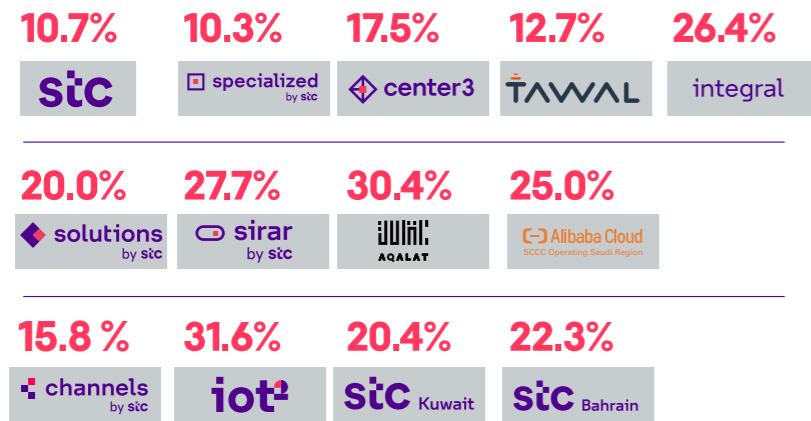


In 2023, stc Group achieved a women's hiring rate of 31.6%, with 8.9% of middle management positions and 5.2% of senior management positions being held by women. While these numbers represent positive improvements compared to past years, we remain dedicated to further enhancing gender diversity at all levels. We are committed to implementing initiatives and programs that promote gender diversity and inclusion, ensuring all talented individuals have equal opportunities to thrive and advance within stc Group.

Women employment	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of new women employees	215	287	223	-	693	552
Women hiring rate	37%	37.66%	34.17%	-	31.4%	31.6%
Percentage of women in middle management	4.47%	6.08%	6.84%	-	8.46%	8.9%
Percentage of women in senior management	2.52%	6.00%	6.9%	-	4.85%	5.2%

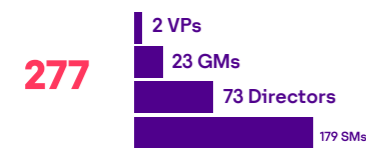
* Group data for 2021 is not available. Accurate calculations were initiated starting 2022.

Women representation in each entity

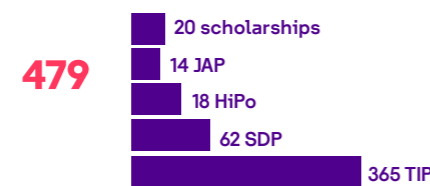


stc group

women in leadership roles

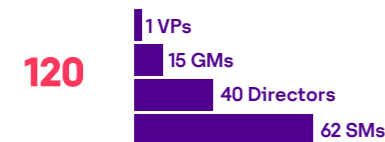


women in development programs

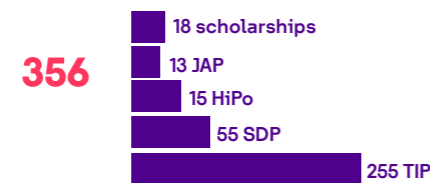


stc KSA

women in leadership roles



women in development programs



Inclusion of people with disabilities

As part of our commitment to fair employment and integrity in the workplace, we strive to create an inclusive culture that values all employees. Our D&I efforts integrate all employee segments to ensure they are included, respected, and empowered.

We collaborate with "Qaderoon," the Business Disability Network, to assess how to best integrate persons with disabilities as equal and effective members of the workforce. Our facilities are "Mowaamah"-certified and approved by the Ministry Labor and Social Development, declaring the adoption of best practices and standards in creating work environments suitable for people with disabilities.

Across stc Group, buildings have been equipped with disability-friendly features such as accessible parking, wide doors, ramps, grab rails, and more. Through our Employment Mapping tool, we have identified the best roles suitable for people with various disabilities, helping to ensure that all employees are placed in roles that best suit their abilities, supported by an environment that considers their needs in terms of physical accessibility, technology, and communication.

In 2023, the percentage of recruiting PWD fresh graduate in stc KSA have been increased approximately by 12% of the total fresh graduate recruiting in TIP as well has been increased in the COOP program.

Across the group, in 2023 we increased the number of employees with disabilities from 76 to 104 across stc Group, representing a 36.8% increase from previous year. Other initiatives that helped this increase include:

- Rolling out Sign Language and Deaf Culture workshops for all employees.
- Conducting strategic collaborations with disability advocacy groups and educational institutions to create a supportive ecosystem for all employees.
- Solutions by stc rolling out a disability social responsibility program policy that encourages the integration of people with determination into our workforce.
- Sirar is laying the groundwork for creating an inclusive workplace; this preparation included making their physical workspaces, digital platforms, and communication materials accessible, alongside adopting inclusive hiring practices that emphasize the active recruitment and consideration of candidates with disabilities.

stc group - people with disability



Inclusion and diversity	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of employees with disability	70	67	70	78	76	104



People with disabilities inspiration program

The PWD inspiration program at stc seeks to create an inclusive workplace for people with disabilities. This initiative focuses on several key areas to ensure comprehensive support and integration, including:

- **Attraction, Recruiting, and On-boarding**
Streamlining hiring processes to provide a welcoming experience for new hires with disabilities.
- **Learning & Development**
Offering tailored development opportunities for career growth
- **Benefits & Compensation**
Ensuring equitable access to benefits, reflecting the diverse needs of our workforce.
- **Communication & Culture**
Cultivating an organizational culture that values diversity and inclusivity.
- **Physical & Digital Accessibility**
Enhancing both physical and digital environments to meet the unique needs of employees with disabilities

Significant outcomes included the integration of individuals with disabilities into stc's Talent Incubation Program (TiP) and COOP program, recording five and eight new hires through these programs, respectively.

Protecting labor rights

Protecting labor rights is part of our core values and principles. Putting mechanisms, procedures, and policies in place that align with the KSA's laws that specifically and strictly prohibits violations of labor laws as stated by the International Labor Organization (ILO), of which Saudi Arabia is a proud and active member.

Through our Labor Committee, we seek to ensure labor rights are protected across stc Group and that people's voices are heard on critical labor issues such as wages and working hours. Committee members, nominated by their colleagues, engage in negotiations with management to ensure good working relationships and protect labor rights.

In 2023, the Labor Committee convened its 6th session in 18 years, with 18 nominated representatives from 5 different regions. Several impactful initiatives were spearheaded over the past year to enhance work conditions and the overall work environment. Among these achievements was the implementation of the contract documentation initiative, which streamlines documentation processes and ensures clarity and fairness for all parties involved, as well as launching medical insurance coverage for parents of employees, providing further support for their well-being. Moreover, the Committee has been instrumental in the successful rollout of mandatory health and safety training, ensuring the workforce is well-equipped with necessary knowledge to maintain a safe culture and environment.

In addition to the above, the Labor Committee ensures maintaining open communication channels with employees across various regions and to receive complaints and suggestions, as well as to listen to employee needs and expectations. In 2023, the Committee received over 750 complaints and suggestions from our employees, many of which were promptly addressed and resolved.

Lastly, the Labor Committee also supported several employees with covering medical treatments that are typically not covered by insurance, facilitated by HR teams as well. This included helping an employee add their foster orphan children to their medical insurance plan, supporting employees facing special circumstances to secure Takaful non-refundable loans, and ensuring that any deceased employee is enrolled in the Wafa program to safeguard ongoing support for their families.

Internal grievance reporting

stc is strongly committed to protecting the rights of employees and stakeholders by providing them with effective internal control mechanisms. We have given our employees the confidence to speak up to ensure we are living our corporate values.

All stc employees are mandated to abide by the stc Code of Ethics highlighting the company's Fair Employment Policy, ensuring the respect of workplace diversity and prohibiting harassment, bullying, and unfair employment practices in all their forms. Violations of these policies are strictly dealt with by the appropriate personnel, and all employees are to report such violations through SPEAK-UP (whistleblowing) channel. All grievances are handled in a professional and discrete manner with external supervision.

In addition to having a solid framework in place for grievances, we aim to reduce the total number of grievances that arise in the first place. We have dedicated two channels to answer all employee inquiries related to HR policies and procedures, and tickets are issued to monitor and ensure closure of issues raised. We also continuously increase employee awareness on updated policies and procedures through emails and SMS notifications. Furthermore, all stc subsidiaries have grievance mechanisms in place, reinforcing our overarching commitment to addressing and preventing human rights violations, discrimination, or harassment across the entire Group.

In 2023, there were zero reported grievances related to human rights violations, discrimination, or harassment.

Incidents reported through internal incidents reporting	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of incidents reported (internal grievance system)	1,276	1,116	1,407	-	1,136	1,448
Percentage of these incidents addressed or resolved (internal grievance system)	100%	100%	100%	-	100%	98%

*Group data exclude Aqalat, Intigral, and channels
*Group data not available for 2021



Talent management

We focus on talent development and training of our people. This involves designing, defining, and meeting specific training paths, development plans, and various training needs for each employee. We set annual and semi-annual targets to implement these training needs according to each employee's individual development plan, which is in turn implemented by specialists with competence and knowledge in each specific area. All of this is done through stc Academy with help from contracted qualified training companies in the fields of learning and development in line with the highest technical specifications and efficiency.

Learning and development activities are carried out through different methods, such as classroom and digital training, which are monitored and evaluated according to specific standards, methods, goals, and performance indicators that are tracked to ensure effectiveness. Learning and development programs are implemented in accordance with the approved policy and procedures and learning and development are managed through the Learning Management System (LMS).

In addition, the stc People sector is ISO- 29990 certified for "Learning services for non-formal education and training - Basic requirements for service providers" as well as ISO 29993 "Learning Services Outside Formal Education," both renowned international standards designed to enhance transparency and allow comparison with learning services worldwide.

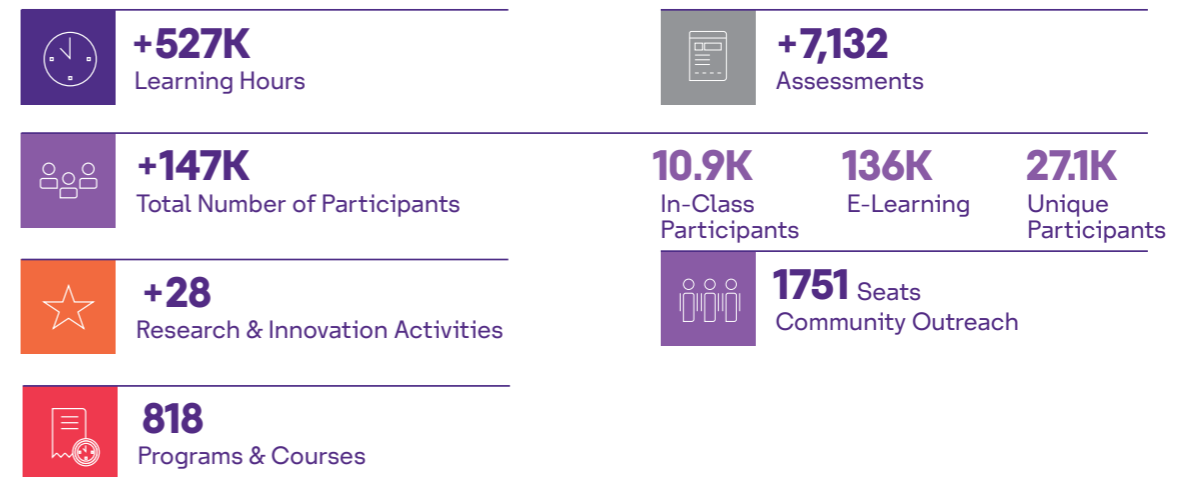
Training and development - stc Academy

stc is at the forefront of the fourth industrial revolution and right at the cutting edge of innovation. Our overarching purpose is to prepare the next generation for a completely different technological reality, and our [Training and Development Policy Statement](#) outlines our commitment to investing in both personal and professional development for our employees while maintaining equal opportunities.

Through stc Academy, we:

- Follow a customized learning approach and adopt best practices
- Design customized learning solutions to build targeted employee's capabilities based on business needs
- Deliver tailored level learning solutions to uplift the capabilities on sector level based on top common competencies, Jadara gaps, business customized need and business vendor engagement
- Partner with top training providers to support in delivering best learning solutions

stc Academy in numbers:



The Training and Development framework encapsulates stc Academy's commitment to fostering employee growth and professional advancement. The Individual Development Plan (IDP) is central to this framework and overall strategy, and is considered a pivotal tool that tailors development activities to ensure alignment with evolving business needs. The IDP is a collaborative effort between leaders and employees to nurture and grow personal development.

Our comprehensive assessment process, integrating psychometric and behavioral aspects, identifies both strengths and areas for development. This is complemented by an array of self-development resources such as state-of-the-art digital libraries, which are competency-driven and curated to support learning journeys for leaders and professionals alike.

stc Academy leverages mentorship and coaching programs to practically reinforce new skills. These programs are designed to facilitate the transfer of knowledge back into the workplace, enhancing on-the-job performance. Supporting the entire learning ecosystem is the Academy's effective Learning Management System (LMS), a cornerstone of stc's Learning and Talent Development Policy. The policy encompasses various components, including:

- Self-Development initiatives
- The Individual Development Program (IDP)
- A suite of development programs tailored for different talent segments
- Access to extensive E-Learning Libraries and online schools including: (stc E-Learning Library, Coursera, LinkedIn Learning, Skillsoft, and Bookboon)

These elements collectively ensure that all stc employees are equipped with the necessary skills and competencies to meet business demands, thus contributing to the realization of stc's strategic objectives.

	 Leaders School	 Professionals School	 Business Enablement
Description	The leaders school objective is to develop and enhance capabilities within the organization. Additionally, the leaders school is responsible for managing the group-level scholarship program to support leader's continuous learning and qualified development.	Helps employees present jobs performance and prepare them for their next step in their future career path. Professional development courses are offered through stc Academy, digital libraries, and partnership with prestigious institutions both in class and virtual.	Through the business enablement track, we aim to enhance employees' skills & productivity through a number of business development skills including: partnerships initiation, assessments, research & development; digital learning, knowledge management among others.
Programs	Corporate leadership program (CLP) Strategic growth acceleration Digital excellence program (DEX) Continuous learning program stc Essentials leadership program Emerging leaders for women Generative AI session The LEAD - integral by stc ONE finance development program	Sectoral program TIP formal learning Strategic professional program Certificate based program Data analytics champions program Skill enhancement and employee development (SEED) iot competition Business continuity program Risk program Strategy learning program	Corporate social responsibility (CSR) 21 research & innovation sessions 3 Whitepapers + multitude undergoing review / research process 4 publications and research papers 6 learning partnerships 1751 seats in community outreach Business continuity program

stc Academy Development Programs	stc Group			
	Total number of training hours		Average number of training hours	
Leadership development	Women	Men	Women	Men
Leadership Development courses	15,472	72,522	81	29
Professional development	Total number of training hours		Average number of training hours	
Professional Development courses	50,680	99,874	43	11
Business enablement & development	Total number of training hours		Average number of training hours	
Digital Learning	26,193	213,360	19	19

Summary of employee training

In 2023, more than 530,073 hours of training were provided to stc Group employees, with 52% of those training hours provided in-person and the remainder through e-learning platforms. Each employee received an average of 39 hours of training.

We also prioritized diversity and inclusion by implementing a comprehensive training program across stc Group. This initiative focused on fostering a culture of respect, acceptance, and understanding throughout our workforce. In 2023, more than 5,318 hours of training was provided to employees in this area.

[GRI 3-4]

Trainings & Development	stc Group		
	2021	2022	2023
Total hours of training for employees	449,160	470,398	530,073
Training by type:			
● In Class	4,904	213,459	276,206
● eLearning	444,256	256,939	253,867
Total hours of training for employees by gender			
● Men	328,823	382,048	420,287
● Women	120,337	88,350	109,786
Total hours of training for employees by job category:			
● Senior management	697	6,905	8,724
● Middle management	60,150	78,980	78,328
● Staff	388,313	384,513	443,021
Total hours of training for employees by nationality:			
● National employees	427,548	445,259	459,004
● Non-National employees	21,612	25,139	71,069
Total hours of training for employees by age:			
● <30	201,435	143,732	264,432
● 31-50	219,579	297,051	243,320
● >50	28,146	29,615	22,321
Average training hours			
Average hours of training / employee	38	40	39
Average training hours by gender:			
● Men	28	37	36.7
● Women	10	85.7	80
Average training hours by job category:			
● Senior management	28	43	37.8
● Middle management	42	58	55.3
● Staff	38	38	39.6
Average training hours by age:			
● <30	134	91	129.9
● 31-50	26	35	27.7
● >50	18	19	11.1

Average training hours by nationality			
● National employees	40	42	40.6
● Non-National employees	22	26	46.7
Diversity and inclusion training**			
● Total number of training hours provided to employees on diversity and inclusion	-	-	5,318
Data privacy and security training**			
● Total number of training hours provided to employees on data privacy and security	-	-	22,422
Human rights training			
● Number of hours devoted to training on human rights-related policies or procedures concerning aspects of human rights that are relevant to operations	40,724	196,034	151,559
● Percentage of employees trained in human rights-related policies or procedures concerning aspects of human rights that are relevant to operations.	100%	100%	100%

* Restated figures for group for improved and unified calculation methodologies of training hours across entire Group following implementation of stc Group latest GOM through the Academy
 ** Training program rolled across entire group only in 2023.

[GRI 2-4]

Youth development programs

Through an attractive and an award-winning work environment with unique incentives – and through internal youth empowerment programs – stc is making considerable strides in empowering youth and increasingly including them within the workforce mix.

With a growing population of young individuals graduating every year, there is an urgent need to integrate them into the job market and benefit from young talent in the workforce. Our flagship talent development programs help youth achieve their full potential by improving their knowledge, skills, and abilities.

In 2023, we had 678 Tippers across stc Group. We also extended 60 scholarships to employees, with 25 of them from stc KSA. The SDP and HiPo programs are exclusive to stc KSA, and during the year we had 683 employees join the SDP and 80 join the HiPo.



Talent Incubation Program (TiP)

Aims to provide new graduates with a variety of job tasks, wide professional exposure and the opportunity to work at stc. TiP offers 11 different development tracks.



Specialized Development Program (SDP)

Uses mentoring, guidance, and facilitation to help talented stc staff learn. It focuses on developing participants in three areas: consultancy, innovation, and workforce performance.



High Potential Leadership Development Program (HiPo)

Targets an exclusive group of employees to accelerate their development and growth thereby ensuring a robust leadership pipeline in stc and its subsidiaries.

Youth talent development programs	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Specialist Development Program (SDP)	68	162	155	-	175	176
Talent Incubation Program (TiP)	300	631	433	-	739	627
High Potential (HiPo) Leadership Development Program	57	81	43	-	99	56
Scholarships	16	15	25	-	52	60

Note: The SDP and HiPo are programs exclusive to stc KSA.
 Restated 2021 and 2022 data for improved data collection methodologies

Diversity & Inclusion training

Upholding diversity and fostering inclusion are core values that drive our organizational culture. We recognize the importance of embracing diversity and ensuring inclusivity among our customers, employees, and stakeholders. In 2023, we provided trainings on diversity and inclusion for our employees at stc KSA.

Data privacy and security training

Ensuring data security and respecting privacy regulations are fundamental aspects of our operations. Our customers, employees, and stakeholders entrust us with their personal information, and it is our duty to protect it with the utmost care. This responsibility is one we take very seriously. In 2023, we continued to prioritize this commitment by providing mandatory data privacy and protection training for our employees at stc KSA. Additionally, in Q4, we extended this mandatory training to our subsidiaries and contractors, building upon successful training sessions from previous years.

Human rights training

At stc, we focus on training our employees to uphold human rights principles within the organization. Our main policy pertaining to addressing human rights issues is our Code of Ethics, which covers key human rights related areas such as Fair Employment, Health & Safety, and fostering a Speak Up Culture. Additionally, we provide other human right related training including but not limited to Data Protection & Privacy, including specific courses for Contractors. These training courses are mandatory and all employees must complete them at least once. In 2023, six mandatory courses were offered, totaling approximately 13.8 hours per employee compared to 23 courses with 32 hours in 2022. This decrease is primarily attributed to the fact that the majority of employees had already completed the required courses in previous years, resulting in fewer individuals needing to retake them in 2023.

Nationalization

Reducing the number of unemployed nationals is a common key element across the national visions of the countries we operate within. We are committed to nationalization as part of our effort to improve economic empowerment of local communities.

Our initiatives and programs that aid in supporting the recruitment and retention of national employees include nationalization targets for specific areas (such as enterprise architecture or strategy), a three-year strategic workforce plan program (with mandates to hire, develop and retain nationals in key roles), and talent programs for national employees, which cater to people with different goals. These are in line with national priorities and agendas to boost local talent participation in the workforce and to enhance the economic ecosystems in which we operate. As such, we have recorded nationalization rates of 92.5%, 26% and 53% for senior management across KSA, Bahrain, and Kuwait, respectively.

Nationalization	stc KSA & subsidiaries in the Kingdom			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Nationalization rate of senior management (%)	-	91.5%	92.5%	31%	34%	26%	60%	67%	53%
Nationalization rate among total workforce (%)	-	89.5%	90.1%	53%	51%	51%	64%	65%	64%
Number of women national employees	-	2,365	2,634	52	53	4	66	68	62
Total number of national employees	-	17,536	17,215	129	133	128	268	261	250

* Includes stc KSA and all subsidiaries in the Saudi Kingdom. The data for all in Saudi Kingdom nationalization is not available for year 2021.

Performance review

Through our competency framework "JADARA" we define the shared expectations of skills and performance across core leadership and functional competencies required by specific roles within stc. Following competency assessments, we develop individual development plans tailored to each employee to bridge any competency gaps. We then manage and track the performance of our people through regular check-ins, annual performance reviews, and annual career development sessions for targeted, talented employees. Work performance of each stc employee is evaluated based on specific KPIs set at the beginning of each year.

Performance review	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
% of employees who received a performance development review*	100%	100%	100%	-	82%	91%
% of employees who received a career development review**	10.63%	100%	100%	-	34.79%	35.7%

*Group data not available for 2021 and no data available for Center 3

**Group data not available for Solutions, integral, and channels

Employee engagement

As the driving force behind innovation, customer satisfaction, and operational efficiency, engaged employees play a critical role in ensuring the long-term success of our business. We continuously seek to understand the needs of our people in an effort to ensure they are engaged and happy in their role.

In 2023, we proudly launched the Employee Experience Index (EEI) on a group level, a powerful tool designed to elevate the voices of our valued employees. This comprehensive framework combines a perception survey and trigger-based touchpoint surveys to gain a deep understanding of employee experiences. The perception survey explores work purpose and enablement, work dynamic and culture, and brand and vision. While the touchpoints surveys gather feedback at critical touchpoints in the employee journey stages like onboarding, post-training and performance reviews.

This insightful data allows us to make strategic improvements, ensuring that we create a work environment where everyone feels empowered, supported, and aligned with our mission. As we move forward, the EEI replaces the stc health index, consolidating our commitment to prioritize employee experience. The score of the 2023 perception survey for stc group was 80.1 and for stc KSA was 80.7. The participation rate reached an unprecedented 90% for stc KSA and 88% for the group companies in comparison with the similar surveys in the last years. This indicates the employees' trust in the organization and the EEI objectives and their commitment to enhancing their own experiences.

Employee Engagement	stc KSA	stc Group
	2023	2023
2023 Employee experience index	80.7	80.1
2023 engagement rate	90%	88%

Employee compensation and benefits

We strive to provide competitive compensation and benefits, with mechanisms in place to ensure that men and women are paid similarly on average for the same job. We provide our employees with many monetary and non-monetary benefits, including a long-term, stock-based incentive program offered to executives and tied to performance. Currently, this program only applies to 1.3% of the total workforce, but we also provide a performance-based incentive pay scheme for all employees who exhibit high performance at work to encourage achievement, disseminate the spirit of competition, and cement a culture of excellence at stc.

Non-officer employees receive an annual bonus that is based on individual performance while employees working in sales positions receive sales commission payments on a quarterly basis. All employees receive an annual merit increase based on performance, market movement, and inflation rates in addition to a comprehensive range of benefits, ensuring equitable support for both men and women.

Key benefits that are offered include childcare and child education support, helping employees manage their family responsibilities alongside their careers, as well as assisting employees with financial management through home loan and car loan facilities, contributing to overall well-being and financial stability. These benefits are part of the stc Group's commitment to fostering a supportive and inclusive work environment for its diverse workforce.

Performance based pay and benefits	stc KSA			stc Bahrain			stc Kuwait		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Number of benefited employees from performance-based pay	11,162	10,827	10,490	-	244	247	-	434	417

Employee attraction and retention

Our goal is to attract, develop, and retain the best talent to fill all company-wide positions. We also want to ensure that the next generation of leaders are equipped with the tools, skills, and confidence to perform at the highest level. With this, we aim to hire the right people for the right jobs, with succession plans in place to retain key employees.

Employee hires	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Total new employee hires	545	762	597	5,309	5,766	2,386
New hires by gender						
• Women	215	287	218	1,190	2,275	636
• Men	330	475	379	3,319	3,491	1,750
By age						
• <30	370	522	275	3,608	4,190	973
• 31-50	170	231	313	1,383	1,542	1,374
• >50	5	9	9	28	34	39

Employee turnover	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Turnover rate (%)	2.9	3.54%	2.65%	-	4.4%	3.9%
Number of employees who left	352	413	303	4,678	4,371	1,012
Turnover by gender						
• Women	62	89	73	2,989	2,854	761
• Men	290	324	230	1,689	1,630	251
Turnover by age						
• <30	149	211	158	3,229	2,967	432
• 31-50	180	193	143	1,406	1,384	555
• >50	23	9	2	43	20	25

Parental leave

We want to make it easier for our employees to return to work after parental leave, which is why we support employees through generous parental leave options, childcare options, and assistance in finding nursing care for family members.

Our paid parental leave policy aligns with local labor laws in each the countries we operate within. Through our parental leave policy, women employees are entitled to maternity leave with full paid salary for 10 weeks, to be distributed as desired beginning at maximum 4-weeks prior the probable due date as determined and approved by a licensed medical authority. Men employees are able to take leave with full salary for three business days to enjoy within fifteen business days of the delivery date for their newborn child.

In any instance where a child is born with special needs, women employees are entitled to extend maternity leave for one additional month from expiry of the delivery leave period, with full salary, and shall be entitled to extend the leave for another additional month without salary. Women with kids in pre-school receive a childcare allowance on an annual basis, and further support is also offered for men and women when having a newborn baby.

Entity	2023							
	Parental leave taken (#)		Return to work when leave ends (#)		Return to work rate (%)		Retention rate (%)	
	Women	Men	Women	Men	Women	Men	Women	Men
stc KSA	63	553	63	553	100%	100%	100%	100%
stc Group	144	1,021	139	1,021	97%	100%	97%	100%



Our health and safety system is designed to prioritize the health, safety, and wellbeing of our people at every stage of their work journey. Central to this system is the safety induction program which provides all employees with the necessary knowledge on policies and procedures across stc Group. Regular emergency drills ensure that everyone is prepared to respond effectively to emergencies, fostering a culture of readiness and resilience. Prior to undertaking critical tasks, thorough assessments and work permits are conducted to identify and mitigate potential risks. Additionally, ongoing awareness campaigns, including online training and toolbox meetings with employees and contractors, reinforce safety protocols and promote a culture of vigilance and responsibility. Our commitment extends beyond awareness to action, as regular safety risk assessments and inspections are conducted to assess and address potential risks and hazards or areas of improvement.

In 2023, stc established a Safety Champions Group comprised of dedicated individuals trained in first aid and a variety of safety protocols. This group serves as the extended arm of the health and safety division across the group and serves a vital role in promoting and maintaining a safe work environment. Further enhancing our OSHMS, we utilize sophisticated software to manage safety and security responsibilities, including the recording and tracking of non-compliance reports. Regular inspections of business locations across Saudi Arabia are conducted to ensure safety compliance, with all findings meticulously recorded. When an employee or contractor violates a specific workplace safety standard, regulation, policy, or rule, they are subjected to fines and penalties.

Health, safety and wellbeing

We prioritize a safe and healthy work environment. This is not only intended to protect employees and contractors from injury and illness, but also to increase productivity, work quality, and raise employee and contractor morale.

Occupational health and safety

Our primary workplace focus is centered on creating a positive safety culture based on principles of awareness, prevention, and proper care. The Management Commitment to [Occupational Health and Safety policy statement](#) affirms stc's top management commitment to occupational health and safety and outlines safety responsibilities to ensure individual and organizational compliance with relevant health and safety laws, regulations, policies, and procedures.

In 2023, stc maintained ISO45001 certification, reaffirming the company's commitment to comply with both national and international OSHMS standards. Our Health & Safety Management System also complies with the following entities and forms our internal regulations:

- National Examination Board in Occupational Safety and Health (NEBOSH)
- Occupational Safety and Health Administration (OSHA)
- Saudi Building Code (SBC)
- National Fire Protection Association (NFPA)
- High Commission for Industrial Security (HCIS) Directives
- Civil defense requirements

Workplace-related fatalities/ injuries	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Employee work related fatalities	0	0	0	0	0	0
Contractors work related fatalities	0	0	0	1	0	0
Employee total recordable injuries	0	1	0	0	1	0
Employee occupational illnesses	0	0	0	0	0	0
Heat stress events	0	0	0	0	0	0
Rate of fatalities as a result of work-related injury	0	0	0	0	0	0
Incident rate of recordable work-related injuries*	0.00	0.008409	0	0	-	0

*2022 Group Data not available for "incident rate of recordable work-related injuries" due to incomplete employee work hours data for accurate calculation Note: The occupational injury rates have been calculated based on 200,000 hours worked, in accordance with OSHA standards.

Case study: TAWAL's 4 million working hours with Zero Injuries

Proof of an unwavering commitment to occupational health and safety, TAWAL achieved a significant milestone in 2023: 4 million safe working hours without any injuries.

This accomplishment not only reflects the company's dedication to the well-being of employees, contractors, and stakeholders but also serves as a testament to the efficacy of the Health, Safety, Security, and Environment (HSSE) team's initiatives.

stc's commitment to health and safety is evident in its occupational health and safety management system, which inherently covers workers who are not employees but whose work is controlled by the organization. This comprehensive approach underscores stc's dedication to ensuring a safe and healthy work environment for all individuals involved in its operations.

Workers covered by an occupational health and safety management system	stc KSA		
	2021	2022	2023
The number of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	74	62	152
The percentage of all employees and workers who are not employees but whose work and/or workplace is controlled by the organization, who are covered by such a system	0.64%	0.54%	1.30%

Hazard identification, risk assessments and incident investigation

We constantly identify and assess any and all kinds of potential hazards. These include physical, chemical, biological, or of human factors, arising from materials, machinery and equipment, working environment, or personnel functions involved in all business operations or services of stc Group. We have put in place control measures that are reasonable, effective, and viable to reduce impacts to the safety and health of the personnel of the Group, contractors, and the relevant third parties.

Our manual on safety policies was drafted specifically for the ongoing identification, assessment, and management of risks, as well as the reduction of hazards, risks, and incidents. Per stc policy, all workers are required to receive a copy of this manual to provide an outline of how work activities should be completed safely. Contractors must create and submit all dedicated drawings that show the scope of work and risks, including the proposed location of all equipment, systems, and devices being used, as well as relevant Risk Assessments Control (RAC), Methods of Procedure (MOP), and Risk Assessments & Methods of Statement (RAMS) documentation.

Prior to any workers being allowed on site, the safety and security teams must provide clearance. These teams conduct regular inspections as well as routine testing, measurement, and calibration of finished installations for all active and passive systems related to the safety environment. We identify risks, mitigation measures, and potential outcomes, keeping records of all suggestions and risk assessments for top management available on the Risk Management Monitoring and Reporting Dashboard. Furthermore, we have processes in place for workers to report work-related hazards and hazardous situations. All workers can submit loss-incident reporting form to our Corporate Safety and Security Command Center (SSCC). The Incident Management Team (IMT) filters these forms and if needed escalated to the Incident/ Emergency Manager in accordance with the safety and security escalation matrix.

All stc employees, vendors, suppliers, contractors, subcontractors, and visitors are required to follow our Safety and Security Policy and Procedures and make sure that all accidents, incidents, dangerous occurrences, potential hazards, and near misses are immediately reported to Safety Services so that necessary steps can be taken to reduce risks and protect people. We ensure that employees, vendors, suppliers, contractors, subcontractors, and visitors can remove themselves from work situations they believe could cause injury or ill health, without fear of reprisal. This policy is fundamental to our commitment to a safe working environment, allowing immediate reporting of safety concerns to Safety Services (1616) for prompt risk mitigation. Our approach guarantees that no one is compelled to work under unsafe conditions, protecting all personnel on stc premises from potential hazards. We minimize risks to as low as reasonably practically possible (ALARP).

Emergency preparedness and safety indicants	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Total number of emergency response drills conducted	220	139	128	-	-	382
Safety incident investigations initiated	1	0	6	-	-	29
Safety incident investigations completed	1	1	6	-	-	30

Data not available at group level for 2021 and 2022 Total number of emergency response drills conducted at group level excluding Center 3

Working at heights

At TAWAL, critical tower infrastructure is outsourced through managed services providers. Our Managed Service Provider (MSP) has developed a Climbing and Working at Heights policy and all MSP employees have been well-trained on the standards within that policy. These policies are binding for all persons working on height on our towers.

Part of our Health, Safety, and Security policy specifically ensures that only subcontractors with the required certifications and expertise are allowed to climb TAWAL sites and work at heights. We make sure our key contractors have obtained official government-approved certification for Working and Rescue at Height. The scope of this certification includes fall hazard evaluation, elements and components of a fall, positioning and suspension system, rescue and retrieval system, fall arrest system, horizontal and vertical lifelines, body weight calculation, and developing an emergency response plan.

Exposure to Electro Magnetic Field

stc demonstrates a strong commitment to safeguarding employees' health and well-being. We ensure all stc sites are in compliance with relevant governmental regulations and requirements associated with electromagnetic fields (EMFs). stc has implemented strict measures to protect employees from adverse illnesses associated with teleworking and EMF exposure, including on-site medical assistance, first aid kits, proper PPE, and an EMF-specific occupational health and safety toolbox. TAWAL employees and contractors benefit from a reduced risk of direct EMF exposure, as TAWAL's role in the TowerCo industry primarily involves passive factors such as land acquisition and tower construction rather than direct antenna work.

Health and safety training

We are heavily focused on health and safety training through stc Academy, our e-learning platform, ensuring all employees are up-to-date and well-trained with regard to the most important health and safety issues.

In 2023, we rolled out the following main health and safety training and awareness campaigns delivered to both employees and contractors:

1. Safety training workshop: Equip staff with the skills and safety knowledge they need in order to carry out their duties in a manner that is both safe for them and their colleagues.
2. Safety awareness campaigns: Run toolbox meetings with contractors surrounding significant topics related to safe systems of work and to communicate instructions and guidelines for workplace safety through accessible stc media channels.
3. Employee and contractor safety induction programs: Raise awareness of safety policies and procedures and create workplace familiarization with safety culture.
4. Regular emergency and fire drills: Instruct employees and residents on how to respond in an emergency; additionally, make sure the Emergency Response Team (ERT) and available systems are prepared.

Furthermore, to establish a robust culture of health and safety, stc adheres to the following practices:

- Pre-Event Safety Briefings: For any event held in a closed space with more than 25 attendees, stc departments must prepare and deliver a safety presentation before the event begins.
- Employee Training: stc mandates that all employees receive training on health and safety aspects relevant to their specific job roles prior to engaging in any potentially hazardous work.
- Crisis Management Training: The Safety Department is responsible for providing training and briefings on proper evacuation procedures in the case of natural disasters or other crises.

These measures collectively contribute to stc's commitment to maintaining a safe working environment and fostering a culture of health and safety throughout the organization.

In 2023, as part of our health and safety training program, we also offered first aid training to the families of our employees to equip them with the essential first aid skills and empower them to respond effectively to emergencies, and at stc Bahrain, we distributed 700 fire safety kits to employees and their families to emphasize our commitment to the well-being of our people and their families.

Health and safety training	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Total hours of H&S training provided to employees and contractors	9,028	28,000	31,448	10,531	34,244	45,162
Average hours of H&S training per employee and contractors	0.78	2.45	2	-	-	5.32

Promoting employee health wellbeing

As per the stc vision, we always search for new methods to help us motivate our employees and increase loyalty towards the company. We currently provide various services not covered by typical insurance policies, such as the infertility treatments, obesity programs, special needs education allowances, and more. All these services are available through stc HUB (intranet platform).

Furthermore, stc provides other services such as seasonal influenza vaccines, blood drive campaigns, diabetes awareness campaigns, breast cancer awareness campaigns, and obesity competitions, all in an effort to put the employee's health first. Non-occupational medical and healthcare services are also provided under our "special needs fund service" where medical conditions not covered by insurance policies are provided.

Lastly, we help promote a healthy lifestyle and environment through offering a selection of healthy restaurants and supermarkets inside the stc HQ complex, including vending machines with salads and pharmaceutical supplies, as well as raising awareness around physical activities such as marathons and social games for employees and promoting ways to encourage an environmentally conscious and green workplace.

stc Group demonstrates a strong commitment to supporting the community through its blood drive initiatives. In 2023, stc Group organized 8 blood drives, providing opportunities for employees to make a positive impact. The enthusiastic response, with 510 employees volunteering, highlights stc Group's culture of care and its dedication to promoting health and well-being within and beyond the organization.

stc Group	
Blood donation drive	2023
Number of blood drive initiatives held for employees	8
Number of employees volunteered in blood drive initiative	510

Case study: "Your" doctor on site

The "Your Doctor On-Site" initiative at stc underscores our commitment to employee health and wellness. By offering on-site medical services at company headquarters, stc provides staff with convenient access to medical consultations, diagnoses, and minor treatments. This service ensures that employees can receive prompt healthcare attention, reflecting stc's dedication to a supportive, health-conscious workplace.

Case study: stc Kuwait's mental health counseling

In an effort to support employees in overcoming work challenges, provide career counseling, resolve work conflicts, and overcome work stress, stc Kuwait launched a landmark mental health counseling campaign. More than 60 employees benefited from this program and undertook counseling sessions with a focus on psychological challenges by training some staff with therapy skills.

Our community

We understand that community contribution and development are an integral part of ensuring sustainability within large organizations such as stc.

Our approach to ensure this is to focus on helping develop the communities in which we serve through unique services, digital innovation, transformative technologies, and meaningful investments that go beyond regular corporate donations. We are proud to invest in hundreds of local community initiatives and, in addition to providing financial support, we pride ourselves in also supplying digital solutions that allow these initiatives to prosper.

Our broad portfolio of community investments directly supports several UN SDGs and continues to advance progress towards the national visions of all the countries that stc operates within. Our community investment initiatives span various developmental areas such as education, healthcare, digital inclusion, technological innovations, caring for the environment, entrepreneurship, donations, sponsorships, and community investments.



[GRI 2-4]

Community contribution and development

Community investment and development is paramount at stc, and features prominently into the Group's corporate strategy, particularly under the strategic objective of "enriching people's lives" for better sustainability. Our strategy for ensuring the best community development results is based on six key pillars: Education, Environment, Sports & Health, Entrepreneurship, Community Development, and Youth Empowerment. In addition, stc's [Community Investment Policy statement](#) further enables support for issues that are deemed most relevant to long-term, business objectives and where the greatest impact can be felt.

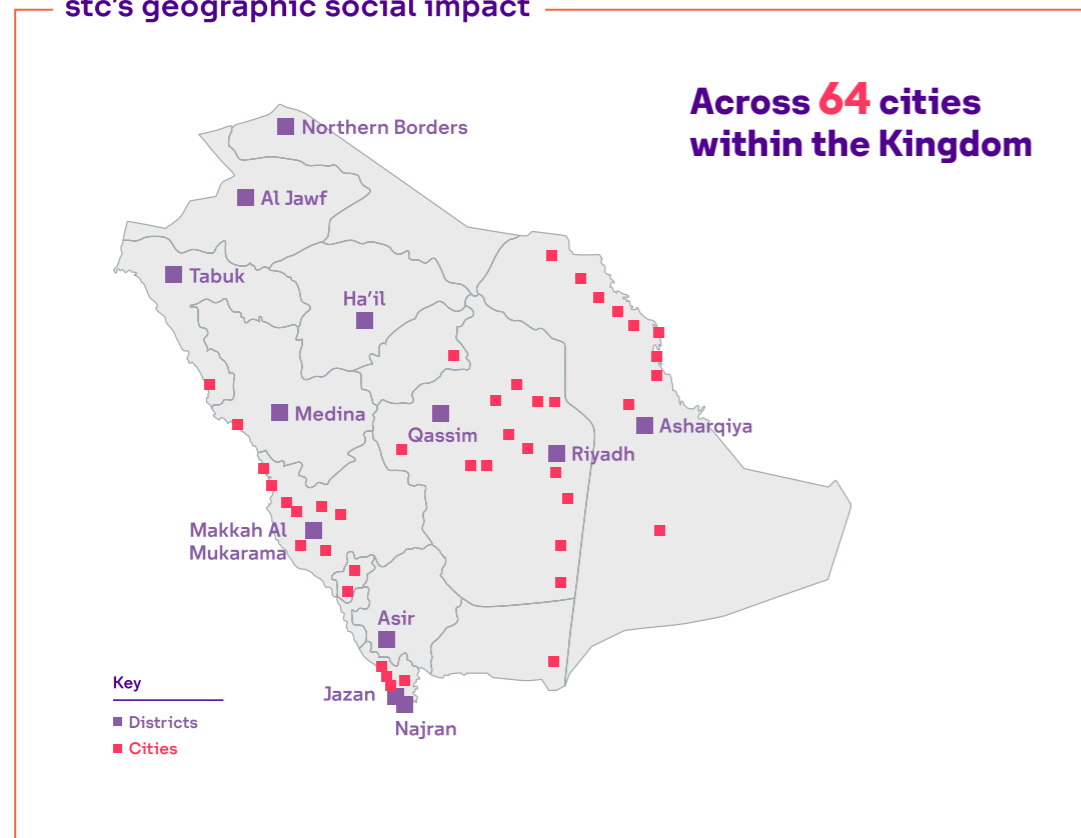
We are committed to delivering the most positive community development impacts possible by leveraging our key strengths as the leading telecom and ICT service provider in the Gulf and greater MENA region. stc continuously monitors and measures the results of our ongoing community investment activities to assess performance and guide plans on how to further maximize positive impacts on local communities. Our success in this area is not by the undertakings themselves, but by whether or not they achieved the stated goal of contributing to improved community development.

In 2023, stc contributed more than SAR 14 million towards community programs across Saudi Arabia, reflecting the company's commitment and ambitious strategy to develop communities and maximize positive impacts on the people within them. We reached 8 more cities over the past year, bringing the total to 64 cities, across 12 districts, that have benefited from these programs, including remote and underserved locations.

stc Group (in Saudi Kingdom)			
Community investment	2021	2022	2023
Total community investment (SAR)	32.5 million	14 million	14 million

*Restated 2021 value due to enhanced data collection methodology

stc's geographic social impact



Sponsorship

stc's approach to sponsorship is guided by the company's Sponsorship Policy and Strategy for Relations and Partnerships, with a focus on evaluating potential sponsorships while assessing reputational and noncompliance risks. The sponsorship selection process is based on specific criteria that ensure selected initiatives are in line with our strategy, values, local market, target audience, vision, and objectives. Sponsorship allows us to support our sustainability objectives and endorse our core values in addition to extending our reach and raising brand awareness.

In 2023, we proudly sponsored 111 projects spanning across the KSA, Bahrain, and Kuwait. These sponsorships demonstrate our serious commitment to deliver positive impacts for the communities we operate within. Through our sponsorship support, we aim to influence and bolster programs and initiatives that hold significant importance to our communities, focusing on key areas such as investment, sectoral development, and recruitment.

Sponsorship	stc group	2021	2022	2023
Number of projects sponsored	stc KSA	91	124	59
	stc Bahrain	14	23	29
	stc Kuwait	19	32	23



Social development across KSA

In Saudi Arabia, 11 flagship programs have been established as of 2023, with each strategically deigned to address critical issues and opportunities across four overarching themes. These programs serve as pillars for creating long-lasting impacts that positively affect local communities and the environment. This involves utilizing our unique resources and expertise to effectively drive meaningful change and empower communities in the areas of digital inclusion, education and health, volunteering and entrepreneurship culture, and welfare and quality of life.

theme	target	flagship initiatives	2023 social impact
Digital Inclusion and Digital Capabilities Promotion	Aiming to bridge the divides that exist in our operating markets, focusing on the inclusion of people with disabilities, underserved areas, low-income households and elderly	<ul style="list-style-type: none"> Smart Truck Technical enablement 	<ul style="list-style-type: none"> Provided 150 awareness session to 2,003 elderly people across 11 governorates Offered 1,055 technical services to 446 NPOs across 50 cities serving 8,000 users
Education, Health and Environmental Protection	Aiming to spread awareness on educational, health and environmental issues and help solve them through our support and innovative solutions.	<ul style="list-style-type: none"> Sharing knowledge E-health smart cameras Electronic waste recycling Educational grant support 	<ul style="list-style-type: none"> Conducted 2 workshops with 40 participants from 14 different partners (NPO & government) to build capacity on social return on investment and social value Installed two smart cameras worth 160,213.48 SAR in health centers within an underserved area to help early diabetes detection Through Eritqa, recycled and refurbished 4,862 devices, with 100 NGO beneficiaries Invested 3 million SAR in support of 15 students to continue their university education in the field of technology 100,000 SAR seed investment for each of the 10 incubated startups since 2021 - no intake in 2023
Embedding a Culture of Purpose and Entrepreneurship	Aiming to generate sustainable change while supporting entrepreneurship and empowering the next generation of young entrepreneurs through education, training and a supportive ecosystem.	<ul style="list-style-type: none"> ImpactU Volunteering program 	<ul style="list-style-type: none"> 100,000 SAR seed investment for each of the 10 incubated startups since 2021 - no intake in 2023 Completed 672 volunteering opportunities requested by 30 NPOS across 13 regions while recording 8,064 volunteering hours
Welfare and Quality of Life	Aiming to bridge the divides that exist in our operating markets, focusing on the inclusion of people with disabilities, underserved areas, low-income households and elderly	<ul style="list-style-type: none"> Furniture donation Jood Eleskan initiative support Home renovation 	<ul style="list-style-type: none"> Donated 343 furniture pieces to 10 NPOs Installed two smart cameras worth 160,213.48 Renovated 4 houses by raising 456,429 SAR from stc employees and benefitting 26 people, and utilized stc's digital communication channels to raise awareness and donations by sending 144,571,023 SMS across KSA Renovated 40 homes across 8 governorates with 2 million SAR investment aiding vulnerable groups like widows, divorced, people with disability, and children of martyrs

Our flagship programs across KSA

Technical enablement program

With this program we seek to empower non-profit organizations (NPOs) through digital solutions (administrative, financial, and operational) that can usually be expensive, helping these organizations to cut costs, improve operational efficiencies, and increase reach and impact.

In 2023, NPOs that utilized this program increased operational efficiency, enhanced beneficiary satisfaction, and reduced technical operational costs, saving more than SAR 56 million in the process.

We offer 13 different digital cloud-based solutions through the platform, as listed below:

Services...

- Online store
- Live lectures (Webinar)
- Meeting management
- Event management
- Training management
- Membership management
- Technical licenses
- Gift cards (Donation)
- Election management
- Website building
- Consulting management
- Grant management
- ERP systems

2023 social impact:

Offered 1,055 technical services	to 446 NPOs
across 50 cities	serving 8,000 users

Smart truck

In a joint effort with select partners, stc created the Education4ALL Digital Inclusion Action Plan in 2023. Through this initiative, the smart truck project was launched in an effort to reach remote areas and fill the growing gap between elderly populations and fast-developing digital technologies.

The smart truck includes a digital classroom, which is mobilized across the Kingdom and tailored specifically for elderly individuals, aimed at empowering them with the necessary digital skills to navigate governmental applications and other important apps both safely and securely.

This initiative helps to bridge the digital divide and foster digital literacy among the elderly population, enhancing their independence, connectivity, and overall quality of life in an increasingly digital world.

2023 social impact:

2003+ of elderly beneficiaries	6 of Apps (Absher, Najiz, Sehaty, Tawaklna, Tawaklna services, mystc)
150 of awareness sessions	11 of governorates
48+ promoters & trainers	27 volunteers from stc

Knowledge sharing program

The knowledge sharing program aims to help in building capacity and increasing knowledge and awareness toward sustainability-related subjects. It has been delivered in partnership with specialized agencies, targeting audiences in leadership positions or those specialized in areas related to sustainability and social investment.

In 2023, more than 40 people from within stc Group and from non-profit organizations attended the workshops.

2023 social impact:

2 training workshops conducted	14+ of our partners in the non-profit sector & various government sectors
40+ from entities, non-profit organizations and internally	

Educational grants

Among the prioritized United Nations Sustainable Development Goals that best reflects our business strategy is **SDG #4 – Quality Education**, which mission is to “ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.” Through the support of education and skills development, we aim to strengthen our workforce and the economy at large while helping to create a more educated and interdependent society.

In 2023, a strategic partnership agreement was signed with the Ministry of Human Resources & Social Development and Ta’alum to aid in furthering **SDG #4**. This project was designed to support social security for families, which in turn will help increase access to quality education and improve quality of life.

Overview of social impacts from educational grants:

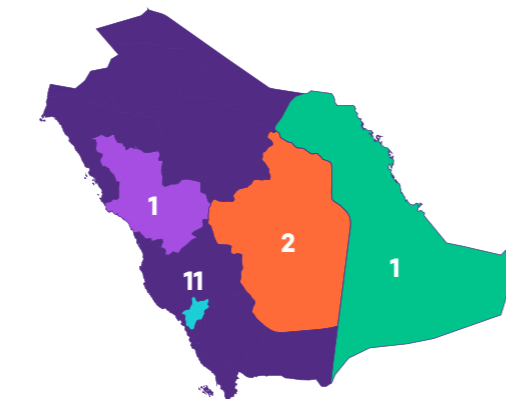


Overview of typical educational grant beneficiary profile:

Percentage distribution of new male and female students

	Male	Female
Riyadh	2	0
Jeddah	1	0
Dhahran	0	1
Al Bahah	3	8
Total	6	9

Geographical distribution of male and female students according to universities



- Effat University
- Al Maarefa University
- AlBahaa Private College of Science
- Prince Mohammed Bin Fahed University

Electronic waste recycling and refurbishment

We seek to serve the digitally disadvantaged while simultaneously tackling the critical issue of e-waste disposal.

The lifespan of typical electronic devices averages out to only three years; to avoid unnecessary disposal of electronic devices, we donate electronic devices to national non-profit organizations such as “Ertiqā” for proper recycling, refurbishment, and disposal.

In 2023, the following impacts were realized:



Medical cameras

The smart medical camera initiative supports a breakthrough AI-driven eye exam system that identifies and detects eye disease early, while also utilizing digital technologies for retinal care in diabetic retinopathy. This initiative brings expert surgical consultations closer to remote and underserved areas and provides excellent healthcare in an easy-to-access manner at lower prices.

stc’s role:

stc supported in installing 2 devices with a value of SAR 160,213 in hospitals and health centers within the Jazan region, as a continuation of social investment efforts in the field of health.

social impact:

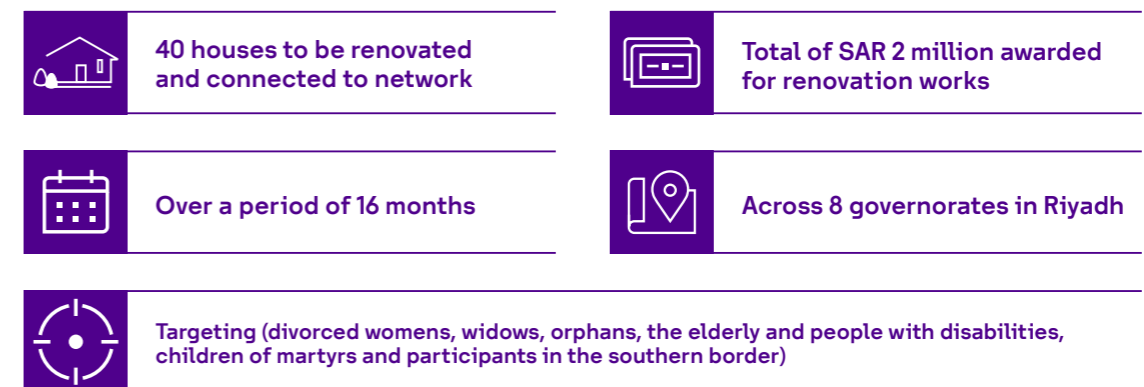
Speed up the patients’ access to the service and obtain appropriate treatment without the need to travel to specialized hospitals

Reduce high waiting lists due to the increase in the number of patients and the scarcity of specialization

Home renovation

In collaboration with Emirate of Riyadh represented by the Women’s Committee for Community Development, we aim with this project to restore and maintain a number of homes for needy families in Riyadh region and its initiative existed in continuation of stc efforts to support and empower the less fortunate people in society and supporting the quality of life programs for needy families in those areas.

Number of renovated Homes (contributed towards by stc) **40**

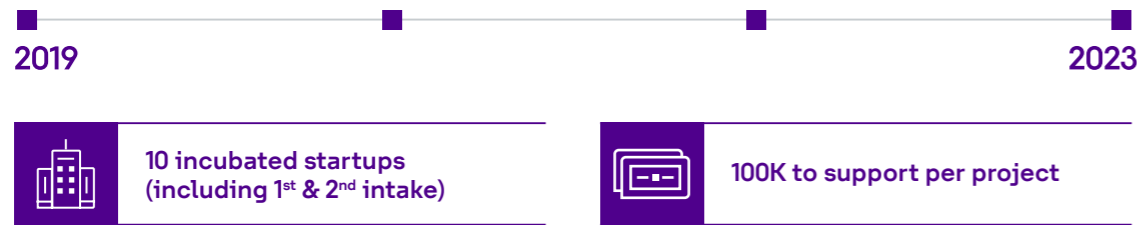


ImpactU

ImpactU is a social incubator designed to support social and environmental projects that address relevant UN SDGs, with a focus on empowering entrepreneurs whose core business ideas foster sustainability-related solutions, such as improving environmental, health, and education outcomes.

Through ImpactU, stc provides direct training and consultancy in the field of social and environmental sustainability and entrepreneurship.

No intake in 2023, however since the program started

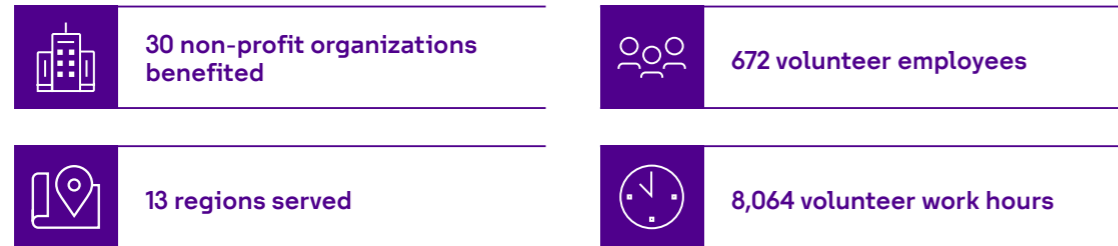


Volunteering platform

The volunteering platform aims to empower organizations in the non-profit sector by supporting them with specialized human cadres from stc, which in turn enhance their participation in sustainable community development.

The ethos of volunteering is greatly aligned with stc's values of dynamism, devotion, and drive, all of which contribute to stc's vision. Through the volunteering program, we aim to embed a culture of purpose and giving while simultaneously helping to meet the UN SDGs and improve employee engagement and workplace wellbeing.

2023 Social impact...



We also roll out volunteering opportunities across the entire group. In 2023, we recorded 907 volunteers across the stc Group.

Volunteering in 2023	stc KSA	stc Group
Number of volunteers	672	907
Number of volunteering hours	8,064	-

Furniture donation

Through stc's furniture donation program, new material usage is decreased while simultaneously improving the environmental footprint of both stc and the recipient of these donations. By donating furniture to those in need, we aim to reduce the demand for new manufacturing processes and carbon emissions associated with production and transportation of new furniture, thereby conserving valuable resources and minimizing waste, all while recipients benefit from receiving essential furnishings.

This program underscores our commitment to environmental and social responsibility as we strive for a more equitable future.

2023 Impact

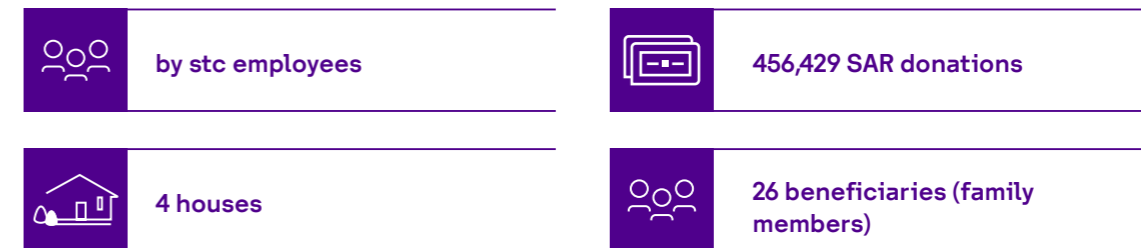


Jood Eleskan

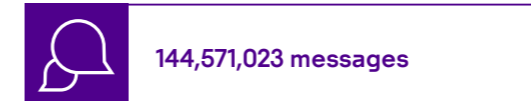
This ongoing non-profit community initiative, which started in mid-2020 during the height of the COVID-19 pandemic, aims to empower the non-profit housing sector by encouraging all stc employees, private individuals, and the public sector to provide a donation for families in need of housing.

2023 social impact

stc supported in installing 2 devices with a value of SAR 160,213 in hospitals and health centers within the Jazan region, as a continuation of social investment efforts in the field of health.



In 2023, in addition to providing donations, we also used our digital communication channels – internally through the SMS messaging centre and externally through social media accounts – to raise awareness and encourage greater donations for this national initiative.



Other programs across KSA:

In 2023, TAWAL engaged in several community development programs, demonstrating an ongoing commitment to social responsibility. These initiatives included a SAR 45,000 donation for children with disabilities in partnership with Children with Disabilities Association (CWDA) and distributing food baskets to low-income families during Ramadan, with a total of 40 food baskets distributed by TAWAL's employees, as well as a blood donation drive, which was organized in collaboration with Tawuniya Insurance Company and drew 122 participants.

In an effort to monitor the effectiveness of these initiatives and ensure they deliver value, TAWAL has developed relevant sustainability KPIs across each strategy pillar, which are reported to TAWAL management on a quarterly basis.

Continuing with impactful initiatives such as Network Resilience, TAWAL ensures superior network planning for uninterrupted access across the Kingdom and infrastructure expansion in underserved areas, which resulted in releasing a concept paper defining the product(s) to enhance network coverage. Additionally, aligned with the Saudi Green Initiative, TAWAL partnered with the Environmental Green Horizons Society to plant 1,500 trees in Um Alshquoq Park in 2023, supporting air quality improvement, soil erosion reduction, and wildlife habitat provision. Over the last 3 years, TAWAL has planted 4,500 trees. These efforts demonstrate of TAWAL's dedication to environmental sustainability and community welfare, as well as the adherence to a well-designed long-term sustainability strategy.

Solutions by stc showcases a bold commitment to Corporate Social Responsibility (CSR) by empowering NPOs through volunteering programs that offer digital services and mentorship, including partnerships with Misk and the King Khalid Foundation. Furthermore, Solutions has signed an MOU with Estidamah, a joint venture between SABIC & MEWA, to support sustainable agriculture in the Kingdom through digital transformation. The company also facilitates educational workshops for children aged 8 to 13, teaching them programming languages and digital awareness, demonstrating Solutions by stc's dedication to nurturing future innovators and promoting digital literacy.

SCCC champions knowledge sharing and technological advancement with focused CSR initiatives that enrich the community. Through cloud computing events, the company connects experts and enthusiasts to enhance understanding and application of cloud technologies. Training bootcamps offer in-depth knowledge, preparing participants with ACA and ACP certifications critical for cloud computing proficiency. Additionally, Alibaba Cloud Online Courses extend valuable cloud education to a wider audience, supporting ongoing learning, and hackathon events facilitated by SCCC encourage innovative solutions to real-world challenges, fostering a culture of creativity and problem-solving. These diverse efforts underscore SCCC's dedication to driving technological knowledge and innovation within the community.

Social development across stc Kuwait

In collaboration with the Ministry of Education and other partners, stc Kuwait hosted a Graduation Ceremony to honor the 100 top students in 2023. This was part of a broader initiative that included updating the Sponsorship Procedure on the QMS portal to streamline educational sponsorships, reflective of stc Kuwait's social responsibility efforts which show through their diverse community initiatives.

Additionally, stc Kuwait implemented several community-focused initiatives, including a Back to School program providing essential supplies to students, a summer camp offering developmental activities for youth, Ramadan Charity Campaigns aiding families in need, a Special Needs Graduation celebrating students with disabilities, support for orphanages with resources and mentorship, and housing initiatives for the elderly to improve their quality of life.

In 2023, stc Kuwait also organized a Paddle Tournament for people with special needs, in collaboration with the Public Authority for Disability Affairs. The event commemorated the International Day of Persons with Disabilities and stc's commitment towards community inclusion and sustainable development. Nearly 100 talented young athletes from special education schools competed in this friendly tournament.

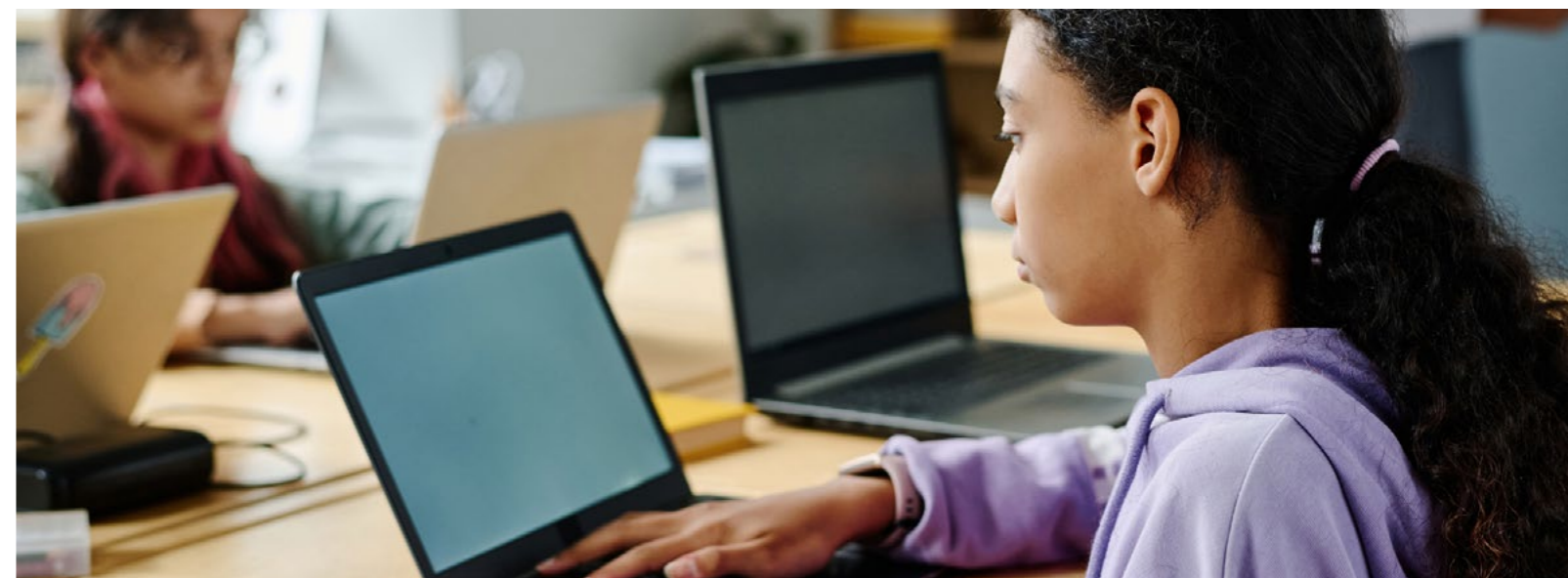
These efforts highlight stc Kuwait's commitment to social responsibility and its impact on various community segments.

Social development across stc Bahrain

stc Bahrain's dedication to positive community change is showcased through its comprehensive CSR strategy, focusing on four main pillars: Family, Eco, Tech, and Community. The company has launched several key initiatives such as Conserving Bounties, providing digital inclusivity through postpaid lines and WiFi, and the Students 5G Campaign, offering complimentary 5G to students.

stc Bahrain's commitment to youth and education were further shown in 2023 with Battle of the Schools and partnerships with Al Sanabel Orphan Care Society to deliver laptops and educational resources to orphans, alongside the Fereej stc project which equips orphan students with fully furnished study rooms.

The Ramadan program Ana Laha, which has reached nearly 150 million views, and stc Bahrain's Internship Program, which offers professional development opportunities to students, further highlight stc Bahrain's role in fostering community spirit and nurturing future professionals. Through these initiatives, stc Bahrain is not just enhancing community development but also contributing to sustainable social growth.





05

Governance

stc stands with the firm belief that good corporate governance and ethical business conduct are essential for lasting and sustainable success. We constantly strive for best governance practices that focus on ensuring irreproachable business ethics, respecting human rights, and creating a truly sustainable supply chain. please add the following paragraph:

We strongly believe that effective corporate governance is a vital aspect of any successful business. At our company, we understand our critical role in ensuring that our business is managed with responsibility, transparency, and accountability towards all stakeholders. We believe that sustainability is a key focus for us, as it is crucial to meet the present needs without compromising the ability of the future.

To demonstrate our commitment to sustainable business practices, we are continuously working towards improving our sustainability position in particular the governance part amongst several key areas, including board charters and policies, as well as the overall group governance practices. We have stringent protocols in place to maintain high standards of conduct, ethics, and checks & balances in all our operations.

In summary, we are dedicated to aligning our business practices with our sustainability goals to help build a more sustainable and prosperous future. By focusing on effective corporate governance and sustainable practices, we aim to create long-term value for our stakeholders and the wider community.

Strong governance and ethical behavior

Conducting business with integrity has always been at the heart of stc's operations. We aim to exceed regional standards by utilizing the very best practices for transparency, integrity, accountability, and good governance. Our work is rooted in responsible business conduct, respect for human rights, and fostering a culture of trust, which has set a high benchmark for ethical behavior the regional telecom and ICT industries.

Business ethics, governance, and transparency

stc Group consistently strives for the highest levels of good governance practices, with transparency, integrity, and trust being key components of all business operations and decisions. We ensure that our stakeholders are treated with respect and that their rights and interests are always protected.

Furthermore, we remain committed to complying with all relevant laws and regulations to guide our robust corporate governance ecosystem, culture of compliance, and continuous improvement. This also applies to our risk management processes, which are in place to prevent corruption and ensure ethical operations throughout all areas of stc Group.



Corporate governance

Our corporate governance framework consists of a clear strategy with well-defined goals and allocation of responsibilities to ensure stc governance systems are efficient and highly effective. stc Group is managed by a Board of Directors composed of 11 members appointed by shareholders for a term not exceeding 4 years. Any shareholder is entitled to nominate themselves and/or one or more persons for consideration to be a member of the Board of Directors within the limit of their respective portion of company capital.

stc Group's Board-level operating model was launched in Q2 2022, which included a thorough review of mandated Board activities, delegation of strategic and financial authorities, formal introduction of stc's Sustainability Strategy and reporting mandates, and development of a decision rights framework to ensure a solid governance ecosystem across the entire company and all subsidiaries. Additionally, the Executive Management Sustainability Committee was formed in 2021, which was further empowered by the Group-operating model the following year.

The Board of Directors is responsible for reviewing ESG trends, risks, and importance within the ICT sector, as well as motives for adopting sustainability. This includes keeping track of which major international companies have adopted ESG targets and standards to improve business performance and manage non-financial impacts.

Board of Directors – stc Group	2021	2022	2023
Percentage of Board seats occupied by women	18%	18%	18%
Percentage of Board seats occupied by independent directors	36%	36%	36%
Executive members of the Board of Directors	0	0	0
Non-executive members of the Board of Directors	11	11	11
Independent members of the Board of Directors	4	4	4
Non-independent members of the Board of Directors	7	7	7

Board diversity

Our Board and Standing Committees are diverse, with members coming from a wide variety of industry and professional backgrounds, as well as with varied areas of expertise that are aligned with the needs of our business. stc's Board actively promotes diversity and encourages initiatives to improve this in senior management roles and throughout other areas of the company. In 2023, women made up 18% of our Board.



11
board members

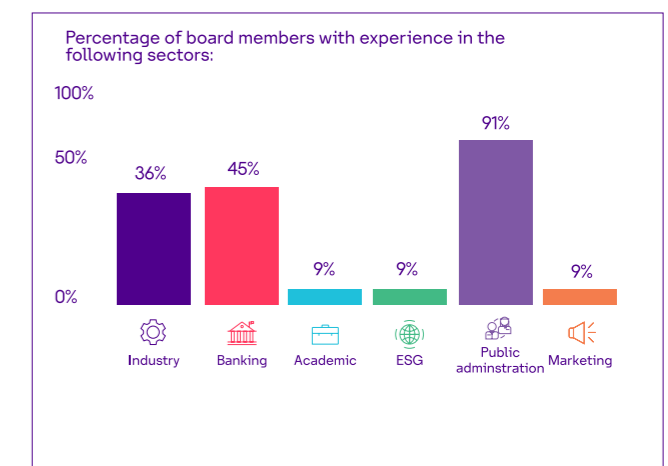
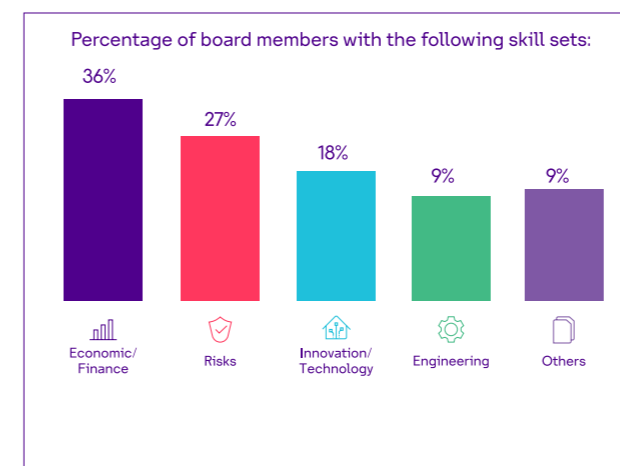


18%
woman representation



3 Years
Average Tenure

Our 11 members of the Board have a diverse skill sets and backgrounds, including:



Board diversity – stc Group		2021	2022	2023
By gender	Women members of the Board of Directors	2	2	2
	Men members of the Board of Directors	9	9	9
By nationality	Number of Board members that are Saudi	9	9	9
	Number of Board members that are non-Saudi	2	2	2
By age	Age less than 30	0	0	0
	Age 30-50	5	5	5
	Age over 50	6	6	6

ESG Board oversight of sustainability and ethical issues

The Executive Management Sustainability Committee, chaired by the GCEO, develops, approves, and updates stc’s Statement of Purpose, values and mission, strategies, policies, and goals related to sustainability and ethics issues, with oversight from the Board of Directors.

stc Group’s main governing bodies for sustainability are:

Governing body	Responsibilities
Board of Directors	<ul style="list-style-type: none"> Oversee sustainability across the group through the sustainability management committee Approve sustainability strategy
Executive Management Sustainability Committee (chaired by GCEO)	<ul style="list-style-type: none"> Receive regular updates regarding the framework, strategy, actions plans and performance across a range of ESG KPIs and goals at its quarterly meetings Approve sustainability strategy and report Receives and approves reports from Head of Compliance on the implementation of the Code of Ethics and its related policies
GCSO	<ul style="list-style-type: none"> Endorse sustainability strategy

Performance evaluation and remuneration

The Board Nomination and Remuneration Committee regularly reviews the Board’s composition with a focus on ensuring a diverse mix of backgrounds, skills, knowledge, and experience, as well as deep-rooted expertise in technology and telecommunications. Each year, the Board monitors and aims to improve its performance by conducting an annual performance review.

In 2023 we have revised our [Nomination and Remunerations policy](#) to incorporate Clawback and Malus clauses, reinforcing our commitment to long term performance and ethical behavior of the company.

stc’s Executive Long-term Incentive Plan policy addresses stock ownership guidelines and non-executive shareholder data, while the Performance Assessment policy of the Board of Directors and Committees defines the rules and regulations associated with assessing performance to enhance objectives, fulfill requirements, apply best governance practices, and strengthen the Board’s effectiveness.

We remain committed to ensuring the highest levels of transparency by publishing all legally required Corporate Governance documents and annual reports on our [website](#), including stc’s Corporate Governance Charter, the Board of Directors and Committees’ charters, strategic policies, executive remuneration, financial statements, and meeting minutes. Additionally, to evaluate performance across subsidiary Boards, the annual assessment of each subsidiary board is regularly circulated for evaluation, and boards are routinely assessed accordingly. The objective behind this is to enhance performance across various aspects of each respective subsidiary board including their mandate and charter, delivery of mandate, and committee composition.

To align financial incentives with long-term sustainability goals, our annual variable compensation scheme incorporates sustainability indicators as a crucial component. Specifically, we have embedded the sustainability index within our Corporate Priorities Index. The priorities index accounts for 10% of the performance appraisal criteria for top management’s short-term variable remuneration; in which sustainability index accounts for 5%.

Annual variable remuneration scheme:

Scorecard	Perspectives	Default KPIs	Weight%
	Financials	P&L related KPIs	
Strategic	Strategic programs		30%
Corporate Priorities	<ul style="list-style-type: none"> Sustainability GRC KPIs Diversity & Inclusion Score Attrition Score 		10%

Group-wide compliance

As a longstanding member of the UN Global Compact, we have committed to actively uphold and promote labor and human rights, prevent discrimination, safeguard the environment, and combat corruption within our sphere of influence. In an effort to underscore this commitment, we have improved our internal governance structure with a specific focus on accentuating the pivotal role of compliance.

Under stc's 2023 operating model, the compliance function has transitioned from a general department within Legal Affairs to an independent division for stc Group, reporting directly to the company's Chief Regulatory and Compliance Officer. This structural change has facilitated the expansion of the stc's Compliance program across subsidiaries, promoting a unified approach to compliance management, throughout stc Group, both within the Kingdom and overseas. It also allows for the implementation of appropriate policies and tools for monitoring, measuring, and evaluating compliance to achieve set objectives.

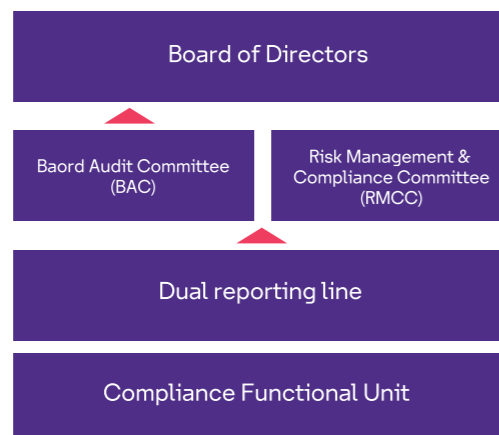
Theme	Strategic Pillars	2023 Objectives
C	Cultivate forward-looking digitization practices	- Forward-thinking digitalization strategy to automate compliance-related activities
L	Lead compliance practices with a robust operating model	- New governance regime to ensure high performance in this area
E	Expand stc's compliance capabilities	- Team capabilities and certifications assessment - Training and awareness to upskill compliance teams - Compliance communication campaign (email, digital display, stc magazine)
A	Adopt the "Compliance in Business-As-Usual" approach	- Regular updates to compliance framework and plan - Follow the standards set forth in ISO 37301:2021 for maintaining compliance excellence
R	Run effective compliance monitoring and evaluation	- Annual risk-based compliance plan - Group-wide compliance program focused on ethical behavior

stc's Compliance function has a dual reporting line to both the Board Audit Committee and the Risk Management and Compliance Committee. This dual reporting framework underscores stc's dedication to maintaining the highest standards of transparency and accountability, reflecting the company's ongoing efforts to uphold and enhance ethical practices across all aspects of business operations.

The Board Audit Committee is composed of all independent members and chaired by an independent board member.

This ensures that stc operates within the legal and ethical framework, adhering to applicable regulations and industry guidelines.

The committee reviews stc's compliance program to assess their effectiveness and identify any gaps or areas of improvement.



The Risk Management and Compliance committee, led by the stc Group chief executive officer (GCEO) enables stc to proactively address and manage a wide array of operational and strategic risks.

Business ethics

Integrity is at the heart of everything we do at stc. This is true for every transaction and every stakeholder interaction in every location that we do business.

[Our code of ethics, titled: "Integrity Takes Us Forward"](#) – is aligned with stc's core values of Dynamism, Devotion, and Drive, and ensures we hold ourselves and the way we do business to the highest ethical standards. It covers 16 specific integrity areas of risk, with each providing clear guidance and practical advice for our employees, customers, business partners, suppliers, and other stakeholders on how stc and its representatives should act. This Code of Ethics along with stc's Anti-Corruption and Fraud policies, prohibits facilitation of payments. These policies cover the entire Group, including all subsidiaries.

In line with our updated operating model, we are in the process of unifying the Ethics component of the stc Compliance program across all Group-wide subsidiaries. As part of the Compliance Program's responsibilities, the Ethics team organizes a half-day ethical leadership workshop for subsidiary leaders, including C-Suite Officers, General Managers, and Directors across the entire Group. This workshop not only covers the important role leaders serve in impacting ethical culture, but it also touches on important risk areas such as Anti-Corruption and Gifts and Hospitality.

All employees, staff, executives, and leadership team members company-wide are required to adopt the stc Code of Ethics and align with stc Academy to ensure everyone has access to mandated integrity training. In 2023, activation within the Compliance Program took place for 12 subsidiaries, with the intent of eventually engaging the rest in 2024.

Every employee of stc, including suppliers, is bound by our Code of Ethics. Our Code of Ethics training program was made available to the subsidiaries that began the Ethics component of the stc Compliance Program activation during the past year.

In each of the past three years, 100% of stc Group employees and contractors signed the Code of Ethics Acknowledgement, stating that they have read, understood, and will abide by the code.

Code of ethics acknowledgment	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Percentage of employees who signed a code of ethics acknowledgement	100%	100%	100%	100%	100%	100%

Awards:



In 2023, we were also proud to have been recognized as a compliant carrier with the Global Leader's Forum (GLF) Code of Conduct in the fight against voice fraud.

Business ethics training

Ethical considerations ensure that we do business with integrity, including when it comes to how we treat others, use information, engage with employees, manage resources, approach sustainability, and impact the world around us.

All stc employees, including senior management and subsidiary staff, are required to undergo a mandatory Integrity course that introduces the stc Code of Ethics and stc's commitment to integrity. This course includes a module on Anti-Corruption and outlines the employee expectations and responsibilities surrounding the subject. All employees are also required to attend mandatory Advanced Online Integrity courses on Anti-Corruption and Gifts and Hospitality.

These training courses cover 21 modules, 9 of which are mandatory for all stc employees, with the remaining modules assigned to employees based on their respective job profiles and corresponding level of risk exposure.

Below are all mandatory courses that new stc employees are required to take during onboarding sessions, and all existing employees to take at least once every three years:

1. Basic online integrity training

2. Advance online integrity training

- | | | |
|--|--|--|
| <p>9 mandatory course modules:</p> <ul style="list-style-type: none"> ■ Anti-Corruption ■ Communication ■ Conflict of Interest ■ Controllership ■ Fair Employment ■ Gifts and Hospitality ■ Health and Safety ■ Regulatory Excellence ■ Speak Up Culture | <p>12 assigned course modules depending on job profile and risk exposure:</p> <ul style="list-style-type: none"> ■ Anti-Money Laundering ■ Supplier Relations ■ Sponsorship and Donations ■ Insider Trading ■ Fair Competition: Avoiding Improper Agreements ■ Fair Competition: Competitive Intelligence | <ul style="list-style-type: none"> ■ Fair Competition: Interacting with Competitors ■ Fair Competition: Market Dominance and Abusive Conduct ■ Intellectual Property: Copyrights ■ Intellectual Property: Patents ■ Intellectual Property: Trademarks ■ Intellectual Property: Trade Secrets |
|--|--|--|

In addition to mandatory integrity training, we also provide mandatory training on data privacy and cybersecurity. For more details on our data privacy and cybersecurity training program, please refer to the Data Privacy and Security section.

Code of ethics training	stc Group		
	2021	2022	2023
Number of full time employees completed code of ethics training	10,941	12,131	12,217
Number of contractors who completed code of ethics training	665	1,671	1,711

Raising the ethical bar

stc's Corporate Compliance sector ensures that proper compliance and ethical behaviors are continuously maintained across stc. Our Internal Audit sector examines and assesses all stc functions within a rolling three-year cycle. Additionally, as per the IIA, our Internal Audit sector considers and evaluates the potential for unethical behavior and fraud during audit engagements and, if necessary, report any occurrences. Control functions (ERM and Compliance) are mainly responsible for monitoring the stc's risk and control environment on a continuous basis.

Executive Management Sustainability Committee chaired by CEO receives and approves reports from Head of Compliance on the implementation of the Code of Ethics and its related policies.

Internal compliance monitoring and reporting

stc is committed to establishing a work culture in which employees feel comfortable raising integrity concerns. All employees and stakeholders are encouraged to report any integrity concerns through the designated Speak Up channels. These channels include respective employee managers, interdepartmental managers, the stc HR team, the Business Integrity team, and the Speak Up email (speak-up@stc.com.sa).

Employees, suppliers, or any external stakeholders' integrity concerns can be raised anonymously by messaging the Speak Up email without disclosing personal information, allowing for reporting without fear of reprisal. All concerns are treated seriously and dealt with in a professional manner. stc regularly communicates with employees to increase their awareness of the designated Speak Up channels. The importance of speaking up is also covered in detail in all Compliance and Ethics-related training. Additionally, the Business Integrity team is developing a new online platform for raising Speak Up concerns that should be launched in 2024, offering the option of anonymity and non-disclosure of the personal details for the person raising the concern.

The Business Integrity team reviews each integrity-related allegation to ensure it is being raised in good faith, and a preliminary assessment is undertaken to determine how each concern will be processed. If the concern is not one that fits the integrity criteria that the team has outlined, it will be redirected to the appropriate business unit or corporate function for resolution.

Regardless of how the concern is defined, stc enforces a strict policy prohibiting retaliation against any person who makes a report in good faith or participates in a compliance investigation. Once investigations are completed, depending on the severity of the issue, employees may face penalties ranging from a formal warning to termination. Disciplinary action is determined by considering all factors surrounding an incident and its consequences. If an employee is accused of wrongful conduct, they will have a fair and impartial opportunity to respond to the allegations before any determination is made with respect to the alleged wrongdoing.

stc has strict policies in place to prevent incidents of workplace discrimination and harassment. All employees across the company are required to abide by the stc Code of Ethics and, as per the Code of ethics and Fair Employment Policy, stc respects the diversity of its workplace and prohibits harassment and bullying in any form. Violations of these policies are taken very seriously, and all employees are encouraged to report such violations through the aforementioned Speak Up channels. Our Diversity and Inclusion team communicates regularly with employees using all available communication channels to increase awareness about harassment, bullying, and other similar topics. Leaders also visibly support a culture of inclusion.

Violation of the Code of Ethics can damage stc's reputation and result in substantial financial loss. In view of this, violations can have far-reaching consequences for any employee involved including disciplinary actions or termination when necessary. stc does not tolerate violations of the Code and have issued a special Supplier Code of Conduct, which sets out binding requirements for all suppliers.

In 2023, we recorded 321 complaints or inquiries through the internal monitoring, reporting and whistleblowing system, of which 84% were substantiated and resolved. The remaining 16% of inquiries and complaints were transferred to relevant departments, as they pertained to minor issues that do not align with the integrity criteria, and were appropriately handled by the respective departments as per stc policies. By the end of the reporting year, we did not record any confirmed incidents of corruption. We also recorded a decrease in number of complaints or issues received through the internal monitoring or reporting system due to increased awareness among employees on the mechanism and process.

Internal compliance monitoring and reporting, and whistleblowing	stc KSA		
	2021	2022	2023
Number of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system	405	532	321
Percentage of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system that were substantiated	60%	95%	84%
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Percentage of incidents raised related to human rights	0%	0%	0%



Anti-corruption

stc's Code of Ethics, along with the Group-wide Anti-Corruption and Anti-Fraud policies, clearly prohibit facilitation payments in all areas pertaining to the company, including all subsidiaries. These policies are aligned with Transparency International principles and business guidelines on anti-corruption, and they are subject to periodic reviews to ensure continuous alignment with global efforts to mitigate bribery, fraud, and corruption.

Our [Anti-Corruption Policy](#) statement affirms our commitment to conduct all business operations in an honest and ethical manner. We take a zero tolerance approach to bribery and corruption and are committed to acting fairly, honestly, and with integrity in all business dealings and relationships, wherever we operate.

Every employee is also required to undergo mandatory, advanced online integrity training courses on anti-corruption and gifts and hospitality. Refer to the business ethics training section for more details.

In 2023, stc KSA recorded zero public legal cases regarding corruption brought against the organization or any employees. As mentioned earlier, all stc KSA employees, including senior management and new staff, are required to undergo mandatory basic online integrity training that covers anti-corruption principles and outlines stc's expectations for employee responsibilities relating to this topic.

Public legal cases regarding corruption brought against the organization or its employees (#) – stc Group

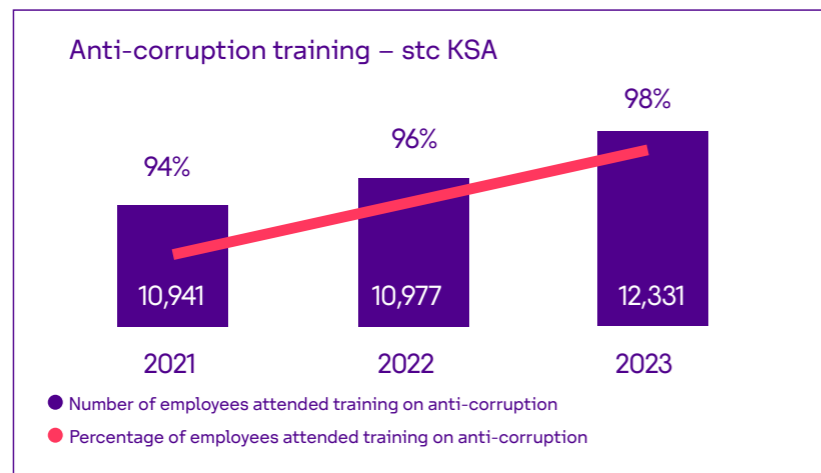
	2021	2022	2023
Public legal cases regarding corruption brought against the organization or its employees (#)	0	0	0

In 2023, we conducted several anti-corruption training sessions through a combination of both on-line and in-person sessions, including anti-fraud and corruption awareness sessions.

Across stc KSA, more than 12,331 employees completed training on anti-corruption during the past year; representing 98% of stc KSA workforce.

Given recent expansion of our training programs across entire Group, and given the Group's ongoing growth, previous years lack comparable data. Group-wide data on anti-corruption training programs will be disclosed once the training programs are fully implemented across Group-wide entities and subsidiaries, ensuring accurate and comprehensive capture of performance metrics.

In addition, we regularly communicate our anti-corruption policies and procedures through various methods; some messages are intended to reach a broad audience while others are targeted at a specific audience.



* The training program is ongoing and full group disclosure will be available in coming years as we expand the training programs to other entities

Anti-corruption communication – stc KSA	2021	2022	2023
Percentage of governance body members that stc's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of employees that stc's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of business partners that stc's anti-corruption policies and procedures have been communicated to	100%	100%	100%

Supply chain compliance

As part of our strong commitment to doing business with integrity, we only work with suppliers who share stc's commitment in this regard. Since the business practices and actions of suppliers intrinsically affect and reflect company perception, we require our suppliers to sign the Supplier Code of Conduct, acknowledging that they have read and will comply with the Code. In addition, we also engage with suppliers on an annual basis to remind them of stc's Zero Gift policy and encourage them to hold stc accountable and report any misconduct through the dedicated stc Speak Up email - speak-up@stc.com.sa. Refer to the Supply Chain Management section for more information.

All suppliers adhere by supplier code of conduct which have anti-corruption guidelines.

Participation in anti-corruption initiatives

As part of our approach to addressing anti-corruption, we work with the public and private sectors to support efforts to prevent corruption. We liaise closely with Nazaha, Saudi Arabia's National Anti-Corruption Authority, and work in partnership with other relevant entities to move towards improving behaviors, norms, and standards needed to sustain effective anti-corruption efforts.

We also participate in several external anti-corruption initiatives, including:



Case study: Playing a leading role in regional anti-corruption efforts

In collaboration with the Pearl initiative, stc Group is funding an Anti-Corruption Best Practices Program working group, consisting of prominent organizations in the Middle East. The working group has been set up to collectively address challenges in corporate governance and business integrity in the greater MENA region and will serve as a platform to build capacity in the region to drive effective practices in business integrity.

stc played a leading role, along with other esteemed peers, in the working group's development of three guidebooks on essential aspects of an Ethics and Compliance program. These guidebooks, part of an ongoing series, are designed to provide valuable insights for small businesses in the region, offering a glimpse into how larger organizations establish their ethics and compliance programs. The topics covered include Leadership Engagement and Accountability, Cultivating a Robust Speak-Up Culture, and Fostering an Ethical Culture through Communications.

The guidebooks were launched at an event in Riyadh, hosted by the Pearl Initiative, with many prominent local businesses in attendance.

All three guidebooks are available for download on the Pearl Initiative website.

Compliance with laws and regulations

We rigorously comply with all laws and regulations within each of the countries in which we operate. Every effort is made by stc and Group-wide subsidiaries to maintain positive and constructive relationships with all relevant regulators to ensure the protection of shareholder rights and stc's reputation with regard to compliance, along with maintaining the company's competitive position and market share.

We actively monitor the recurrence of non-compliant cases, with a goal of resolving root causes for instances of non-compliance. Customer complaints are routinely assessed to ensure proper resolutions are reached and adherence to relevant regulatory complaint decisions is followed.

In 2023, stc Group recorded zero non-compliance incidents with environmental, society and national laws and regulations within all countries of operation.

Non-Compliance with laws and regulations – stc Group	2021	2022	2023
Total incidents of non-compliance with laws and regulations related to society & national economy regulations	0	0	0
Total incidents of non-compliance with environmental laws and/or regulations	0	0	0
Total amount of legal and regulatory fines and settlements (for environmental, society & national economy regulations)	0	0	0
Percentage of legal and regulatory fines and settlements that resulted from whistleblowing actions	0%	0%	0%

Risk management and business continuity

stc's approach to risk involves taking a proactive, precautionary stance, being mindful of new trends, challenges, and threats to avoid risk whenever possible – and to ensure the business remains resilient and adaptable when it cannot be avoided. We proactively mitigate any impacts from risks as effectively as possible with a combination of readiness and responsiveness, which are both vital for success in this area.

We have well-established risk management mechanisms in place, including stc's Enterprise Risk Management (ERM) Policy, ERM Framework, Risk Appetite Guidelines, and Governance structures. Ongoing risks are identified across the organization through both the quarterly Risk Assessment and the ongoing Top Risks process. Stakeholder reporting leverages well-established structure such as the Risk Management Committee (RMC) and the Board Risk Committee (BRC), as well as the required Risk Management disclosures in stc's Annual Report.

Risk assessment activities that could adversely affect the organization's performance, information, and compliance objectives were identified by the risk management team. This process aims to cover all risks faced by stc, along with identifying business strategies to maximize trade-offs between risks and rewards for internal and external factors.

stc's approach to achieving these results is to address measurable and non-measurable aspects of risks, and then weigh the costs of controls against the benefits they may provide.

The ERM lifecycle covers all stc sectors and all areas of risks related to each sector including climate change, natural resource constraints, human rights concerns, any form of corruption, data privacy or sustainability risks. In addition, stc has a zero appetite for any risks causing incidents of corruption or fraud, whether originated by stc internal staff or third party stakeholders, including suppliers. stc will ensure that all reported incidents of fraud and code of conduct are investigated.

stc ERM has developed a number of relevant governance documents which have been approved by the Board including ERM Strategy, Risk Management Framework, ERM Policy & Risk Appetite Guidelines to facilitate sectors to assess risk in their area of responsibility.







In addition to the Risk Registers maintained by each sector through the ERM lifecycle, the following Risk and Assurance functions also consider corruption risks:

1. Financial Risk Management (FRM)
2. Revenue Assurance & Fraud Management (under Business Finance)
3. Investigation & Anti-Fraud (under Legal Affairs)

In 2023, we renewed our Business Continuity ISO certification and remain in compliance with ISO-31000, as well as all related regulations issued by the Communication, Space, and Technology (CST) Commission.

All stc business units are routinely assessed for risks related to corruption. While some specific entities undergo more in-depth assessments, we nonetheless seek to address any corruption attempts through existing policies, procedures, and the extensive training provided to our people to understand how to fully comply with all laws, regulations, and policies.

Risk management - stc Group	2021	2022	2023
Percentage of business units analyzed for risk related to corruption	100%	100%	100%

Category	Risks	Mitigation Measures
 Technology	Cyber Security Threats The rise of advanced malware and DDOS botnets and other cyber threats is reshaping the threat landscape and forcing enterprises to reassess how they protect themselves. This threat exists not only within stc but upstream through vulnerabilities in stc vendors and suppliers, and downstream, where vulnerabilities in stc may be leveraged by cyber-criminals to attack stc customers. Third-party access management is also a significant matter as we rely heavily on 3rd-party contractors with multiple Incidents reported by stc.	stc Group continues to strengthen the Cybersecurity unit, internal systems and policies are developed, levels of security procedures are raised, awareness is intensified, and the effectiveness of information security plans is tested. stc Group has established robust Cyber Assurance practices adopted for information protection and asset management as well as established advanced penetration testing and vulnerability management capabilities.
 Technology	Data Privacy One of the biggest challenges faced by any organization is managing privacy as data volumes continue to grow and regulatory and customer scrutiny increases. It is more important than ever to be clear on the privacy risks we face to handle PII (Personal Identifiable Information), or an individual's right to determine what kind of data can be collected, stored, protected, and can be shared with third parties.	stc Group has established a privacy framework containing policies and procedures relating to the privacy of personal information, address data classification, record management, retention, and destruction as well as implemented technical solutions to set different permission levels for employees based on what PII they need to access, such as Public, Private, and Restricted Access.
 Technology	Resilience following Disaster, Crisis or events impacting Business Continuity In the rapidly evolving landscape of telecommunications, our network has faced unprecedented demand surges, compelling us to confront the specter of partial or complete service interruptions. The resilience of Information and Communication Technology (ICT) services is pivotal to maintaining our operational integrity and is, consequently, a focal point of our risk mitigation strategies. The potential for network disruptions – stemming from failures within telecom networks poses a persistent challenge that demands our undivided attention.	stc Group has established entity-wide written programs that address and validate the continuity of the institution's mission-critical operations. We have recertified the organization against ISO 22301:2019 and taken all required steps to comply with any relevant regulatory requirements. stc Group has proposed additional projects to strengthen disaster recovery (DR) systems to ensure business and services continuity, taking into account various possibilities. The Emergency Response Team oversees major contingency planning work and periodically conducts virtual experiments.
 Compliance	Unfavorable Regulatory Changes Impacting our Current Business Model Regulations over our current obligations are increasing both in number, frequency, and impact and are evolving in their nature. The potential impact of these new regulations could have serious negative implications for stc's profitability, market position and include penalties or financial liabilities.	stc Group studies regulatory legislation on an ongoing basis, coordinates efforts with sectors related to it inside and outside stc Group, and applies the best standards to ensure the provision of the best services to its clients in a manner that achieves the objectives of the national plans. A dedicated administrative organization is established for the Regulatory Affairs sector to contribute to enhancing stc Group's capabilities in the regulatory field.
 Operational	Supply Chain Disruptions Material shortages and supply risks to rare earth minerals and other key components for chip manufacturing, and other critical required supplies may have far-reaching consequences for continued stc technology leadership, including our ability to provide essential services and next-generation mobility as well as meet the demands of infrastructure projects upon which we have engaged.	stc Group diversifies its supply chains so that it does not depend on limited numbers of suppliers, and it also emphasizes in its contracts that the systems are compatible with each other regardless of the supplier. It also reviews the conditions of contracted companies and sets legislation to ensure their financial and operational suitability for stc Group's requirements, in line with technological development and the integrity of their business plans.
 Corporate	Strategy Implementation in a Dynamic Market In order to succeed in this highly competitive and dynamic environment, it is essential to have agile strategic development, maintenance, and implementation processes capable of providing stc with a strategy for success, but also one with the agility to meet the demands on the markets in which we operate.	stc Group's strategy is updated on a 3-yearly basis and refreshed annually to ensure that it remains current and relevant. The timing of the annual refresh and 3-yearly updates is flexible in line with context, dynamics & stakeholders' inputs and includes a 360-degree environmental scan (competition, industry trends, regulation, socio-economic and stc performance.

The integration of Business Continuity and Operational Resilience with ESG principles is crucial for fostering sustainable, responsible, and resilient businesses.

stc's business continuity, data centers, mobile communications network, and other network infrastructure and facilities – as well as the safety of its employees and customers – are among the most important priorities for the company. All of these areas have immediate and appropriate responses to deal with disasters and emergency incidences.

We have long recognized the importance of having a solid business continuity strategy in place, particularly given our reach to customers. With that in mind, we carry out routine tests for our Business Continuity Plans (BCP) according to the business impact analysis (BIA) of all critical systems to ensure the effectiveness of the plans developed.

In 2023, we maintained ISO-2230:2019 certification as part of our commitment to maintain operations resilience and avoid disruption to our stakeholders, customers, and our people. Across our network, we run multiple simulation on power and crisis disruption scenarios. We also conducted a comprehensive crisis management training program for all executives and general managers at TAWAL.

This initiative was undertaken to ensure that our leadership is equipped with the necessary skills and strategies to effectively manage crisis and maintain resilience across our network.

Case study: Proactive tower resilience

TAWAL's Tower Safety Committee carried out several innovative activities over the course of 2023 to enhance towers safety across all sites. Foremost among these initiatives was the pioneering Early Warning System (EWS), which was proposed to enhance risk mitigation surrounding the possibility of tower collapse.

The EWS was designed to alert dedicated TAWAL HSSE and O&M teams when specific parameters change in a way that could affect the relative condition of any towers in operation. These parameters are based on pertinent environmental data such as wind speed, wind direction, and any other environmental changes that could put towers at risk. Timely alerts allow the HSSE and O&M teams to initiate a better response in the field and also help with planning preventive maintenance, including civil PMR.

During the past year, an initial proof of concept was completed for three sites, with raw data compiled and made available for reference. It is important to note that EWS is only considered to be a type of risk management and innovative alert system, as it does not replace regular field corrective or preventive maintenance and required actions.

In the future, deployment of a broader pilot project is scheduled, along with application development on TAWAL's existing lot platform.

Anti-competitive behavior

At stc, we compete fairly by following applicable competition laws and regulations, as we believe fair competition provides the basis for a healthy and prosperous economy.

Our policies enable us to avoid anti-competitive, monopolistic practices while managing associated legal risks at the same time. Our [Code of Ethics](#) highlights key commitments that help safeguard fair, competitive practices, all of which are supported by senior management and applied across the organization. stc’s mandatory Code of Ethics training series covers a module on Fair Competition and is provided to all employees.

In 2023, we remained an active participant in government consultations and regulatory processes regarding fair competition, engaging with stakeholders to raise sustainable industry practices and deter anti-competitive behavior. We directly support the ambitions of the governments in all countries within which stc operates to create more economic competitiveness.

No legal penalties were imposed regarding anti-competitive behavior or violations of antitrust laws throughout 2023 or in any preceding years.

Anti-competitive behavior – stc Group	2021	2022	2023
Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations or violations of anti-trust laws (SAR)	0	0	0

We also have grievance procedures in place to ensure that compliance concerns are properly processed and managed. As mentioned above, our Speak-Up tool is available to all employees, contractors, and suppliers to report any concerns, including human rights concerns. We strictly prohibit retaliation of any kind against anyone for raising or helping to address a compliance concern.

Our commitment goes beyond internal stc operations as we seek to minimize human rights risks throughout our supply chain as well. All direct suppliers must acknowledge our [Supplier Code of Conduct](#) which explicitly prohibits practices such as child and forced labor while also expressly addressing topics such as diversity, non-discrimination, and job localization. With this, consideration for human rights has become an integral part of stc’s procurement process: all new suppliers are screened for human rights practices and all significant contracts include human rights clauses around wages, working hours, age, and working conditions. More information can be found in the Responsible and Sustainable Procurement section.

stc Group is in full compliance with the ILO Protection of Wages Convention, 1949 (No. 95) and the Hygiene (Commerce and Offices) Convention, 1964 (No. 120) in line with the Government of Saudi Arabia’s national program aimed at protecting and ensuring adequate worker wage payments.

Awareness and training are core elements of addressing human rights policies and are central to building a company culture that views human rights as being of the utmost importance. In 2023, we recorded 151,559 hours devoted to human rights-related policies and procedures relevant to our operations.

Human rights

Respect for human rights is essential for any business, or individual, to operate with integrity, and it is vital when building a culture of trust. Proper policies aimed at addressing human rights strengthens investor and shareholder relations while simultaneously protecting brand reputation. It is also a fundamental aspect of operational risk management.

We follow national standards and laws to ensure that our activities respect and promote human rights at all stc sites and facilities. In addition, we have extended our focus beyond stc’s internal operations to those of our suppliers, customers, and partners by encouraging them to make ethical decisions and choices regarding human rights.

As signatories to the United Nations Global Compact (UNGC), we commit to its Ten Principles, including respecting human and labor rights. The day-to-day responsibility for stc Group’s human rights performance is the primary responsibility of Legal Affairs, Procurement, and Human Resources departments, which work closely together with all applicable business units and functions.

Our [Human Rights Statement](#) is aligned with applicable laws and regulations for each jurisdiction we operate within. It also contains our overarching commitment to create a workplace culture that encourages respect for the individual regardless of gender, race, disability, citizenship, religion, marital status, or background.

Human rights training – stc KSA	2021	2022	2023
Number of hours devoted to training on human rights-related policies or procedures concerning aspects of human rights that are relevant to operations	40,724	196,034	151,559
Percentage of employees trained in human rights-related policies or procedures concerning aspects of human rights that are relevant to operations.	100%	100%	100%

Supply chain management

Responsible sourcing is a key priority when managing our supply chain. Our view is that ensuring a responsible, ethical, and sustainable supply chain will not only create positive environmental impacts but also enhance our overall economic performance.

Responsible and sustainable procurement

Our approach to sustainable procurement is to ensure we source sustainable goods and services whenever possible, and encourage sustainable practices throughout the entire supply chain. We expect our suppliers and business partners to conduct themselves in a manner consistent with our sustainability requirements and adhere to our principles on issues that we deem of the utmost importance, including safety, human rights, and environmental responsibility.

stc's [Responsible Supply Chain Policy statement](#) affirms the company's strong commitment to maintaining and promoting responsible business practices with suppliers while advocating integrity and transparency in all business dealings. In addition, stc's [Supplier Code of Conduct](#) is part of contractual obligations for all suppliers, mandating fair employment practices for their respective workforces. This is enforced by ensuring suppliers adhere to practices that respect the dignity, privacy, and rights of employees and associated contractors, as well as refraining from unlawful discrimination, use of child or forced labor, exceeding applicable working time hours, and unfairly or inadequately compensating employees for their work.

Supplier screening, qualification, and monitoring

Supplier accountability starts with pre-qualification for bidding on applicable projects, with screening and qualification assessments following to monitor performance. We conduct regular screening activities to verify conformance with the [Supplier Code of Conduct](#), as well as to assess environmental and social performance and supplier mechanisms for protecting workforce health and safety.

Each supplier and contractor is individually screened by stc with regard to environmental and social issues as part of a broader supplier evaluation. We ensure that suppliers with access to customer data comply with legally binding contractual terms and conditions, as well as commitments outlined in the above mentioned Supplier Code. Evaluations are continually carried out during implementation of each new project, with results impacting the associated ranking of the supplier and affecting selection for future projects. Evaluation criteria include quality, sustainability, risk, customer service, innovation, delivery, operational excellence, and cost. Any non-compliance with the Supplier Code, such as breach of confidentiality, unauthorized disclosure of intellectual property, or unauthorized disclosure of proprietary information, is taken very seriously and could be grounds for disqualification or termination of the supplier relationship.

Supplier screening – stc KSA	2021	2022	2023
New suppliers that were screened for environmental, labor, and human rights practices	1,197	221	230
Percentage of new suppliers that were screened for environmental, labor, and human rights practices *	100%	100%	100%
Number of supplier's subject to assessments for sustainability impacts (supplier evaluations)	173	158	122

* All new suppliers are screened for environmental, labor and human rights standards.

All significant investment agreements and contracts include human rights-specific clauses that have undergone intensive human rights screening. In 2023, 100% of new suppliers were screened for environmental, labor, and human rights standards.

Human rights in procurement processes – stc KSA	2021	2022	2023
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	100%	100%	100%

Supplier audits and monitoring	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of suppliers identified as having significant actual and potential negative impacts	41	52	49	41	52	49
Suppliers with which sustainability improvements were agreed upon as a result of audit	7	9	3	7	9	8
Suppliers with which relationships were terminated as a result of audits and monitoring	2	5	4	2	5	4
Number of suppliers blocked for non-compliance with ethical aspects	2	5	4	2	7	4

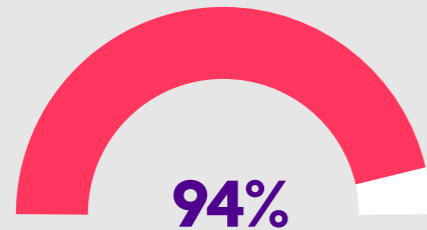
Supplier engagement

We continue to improve our business practices and operations to manage risks while increasing productivity and efficiency within our supply chain. This is achieved through greater supplier engagement, ongoing supplier recognition, and better sustainable procurement practices.

There are two major annual events held by stc to remind suppliers of the importance they have in helping achieve company goals and carrying out the Group's long-term strategy. These also detail ESG requirements and key challenges within the ICT sector, as well as how partners can help address these challenges. Additionally, suppliers that positively influence business are honored every two years in stc's Partner Day event, with sustainability considerations being an important part of determining recognition.

Local procurement spending

Our focus on local procurement spending has had a direct positive impact on the economies of each country that we operate within, helping to create employment and develop infrastructure – both physical and digital – that benefit everyone within these countries.



2023 Local procurement spending - stc KSA

% of total local procurement spending on local suppliers



2023 Local procurement spending - stc Group

% of total local procurement spending on local suppliers

Procurement spending	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Total procurement spending (Billion SAR)	22.5	22.1	35.2	27.9	45	67.48
Amount spent on local suppliers (Billion SAR)	19	21	33.2	24.3	38	42
Percentage of total procurement spending on local suppliers	83%	93%	94%	72%	71%	89%

* Group data excluding Channels

Suppliers	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of total suppliers	1,556	2,227	3,475	2,734	6,289	9,316
Number of tier-1 suppliers	106	171	199	127	213	993
Number of local suppliers	1,191	1,787	2,828	1,801	4,941	6,941
Number of foreign suppliers	365	440	647	808	1,656	2,217

Supporting SMEs

We actively support participation of small and medium enterprises (SMEs) through our own procurement activities, wherever possible, in line with the respective national visions of the countries that we operate within.

stc directly contributes to the development of local content by raising and developing standards for the role of telecom and ICT sectors in the continued growth and diversification of the economy, including through a recent agreement with the General Authority for Small and Medium Enterprises "Monshaat" to empower SMEs in the market. In 2023, we engaged with more than 665 Saudi SMEs.

SME Suppliers	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of SME suppliers engaged	138	134	168	335	531	665

* Group restated figures due to expanded scope as per report boundaries and improved calculation methodologies

Building a digital ecosystem across procurement practices

At stc's main office, a transition into a paperless environment has been completed. We use our internal stc system "HUB" in conjunction with the Oracle Procurement System to streamline and digitize procurement processes, resulting in 100% of biddings, work orders, and letter of awards now being paperless and the complete elimination of paper consumption related to procurement.

Digitization of procurement processes																					
Reduction of paper-based documents with the electronic procurement process	stc KSA			stc Bahrain			stc Kuwait			Aqalat			Centre 3			Channels			Intigral (including stc Play)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
	100%	100%	100%	80%	95%	100%	100%	100%	100%	-	90%	90%	-	-	5%	-	100%	100%	100%	100%	100%

Reduction of paper-based documents with the electronic procurement process																		
Reduction of paper-based documents with the electronic procurement process	IoT Squared			SCCC			Sirar			Solutions			Specialized			Tawal		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
	-	-	100%	-	-	50%	100%	100%	100%	-	90%	100%	15%	15%	15%	-	80%	90%

In addition to digitizing our own processes, we invest heavily in supporting digitization and innovation to build local capabilities in this regard. In 2023, spending on digitization reached approximately SAR 150 million, including training, research, and development.

Logistics and inventory management

We are dedicated to ensuring that our logistics and inventory management efforts have a positive impact on the local community and the environment. To fulfill this commitment, we have undertaken a transformational journey towards sustainable logistics, with a clear roadmap that outlines our goals and the initiatives we have set to attain them.

Our three main goals and initiatives are as follows:

1. Uplift demand planning to promote responsible consumption and production.
2. Streamline operations to minimize our scope 1 and scope 2 emissions, while simultaneously increasing efficiency.
3. Advance the principles of a circular economy through increased material reuse and the safe disposal non-recyclable waste.

2023 outcomes:

Demand planning	Operational efficiencies and emissions reduction	Circular economy considerations
Reducing capital employed from MSAR 94 to MSAR 92	Reducing diesel forklift by 42% (from 52 to 30)	The percentage of reused/recycled waste materials is 90%
Increasing forecast accuracy from 86% to 92%	Reducing shipments by 12% (from 4152 to 3664)	
Increasing CPEs inventory turnover from 8 to 9	Reducing electric forklifts by 21% (from 29 to 23)	Ensure Safe Disposal by 100%
	Decreasing the paper-based processes by 60% (from 26 to 10)	* Refer to the Environmental chapter to read more on the recycling program





As part of our initiative to standardize warehouse inventory management throughout our operations we have implemented the use of 100% biodegradable bags. Additionally, we have successfully reduced the number of logistical shipments by 12%, achieved an increase in the inventory turnover ratio of our CPE inventory, from 8 to 9, and significantly improved forecast accuracy from 86% to 92%.

Since its inception in 2018, our warehouse consolidation project has been one of our most effective supply chain optimization initiatives, in which we have reviewed and redesigned our storage capacity, planning, distribution, processes and systems and designed and initiated the implementation plan. Since its initiation, the project has significantly cut costs and reduced carbon emissions by eliminating a number of warehouses across the group. In 2023, five more supply rooms in Riyadh, Jeddah, Jazan, Najran, and Yanbu were closed. Decisions on where to close and open warehouses took into consideration workload, warehouse infrastructure and geographical distribution and proximity.

Maximizing local content – rawafed

Ensuring greater local content is part of the KSA's national agenda as it helps contribute to the development of the national economy through the participation of all economic segments.

The Local Content and Government Procurement Authority (LCGPA) in the Kingdom of Saudi Arabia has defined a comprehensive national definition of local content, and this definition was issued by the Council of Ministers as the total expenditure in the Kingdom through the participation of various national elements, from labor and goods and services to assets and technology.

Local content type	Goods and services	Assets	Labor	Technology and Other
	local procurement of goods & services	local procurement of goods & services	local spend on labor compensation	local spend on capacity building
Percentage of local content	= Total procurement of goods and services	+ Total depreciation of capital and assets	+ Total spend on labor compensation	+ Total spend on Saudi capacity building
				

rawafed was launched in 2018 to maximize local content within the Saudi ICT division by increasing the sector's overall contribution to the national economy. Through rawafed, we seek to champion local content to build, develop, and grow the ICT sector within the KSA by increasing its overall contribution to the Kingdom's GDP.

You can read more on rawafed's achievements in their annual report published on [stc's website](#) on an annual basis. These reports highlight our initiatives and progress in key areas across our rawafed strategy.

rawafed

The rawafed strategy is built on four strategic pillars, as summarized below.

rawafed

Pillar	Objective
 Workforce development	<ul style="list-style-type: none"> - Increase Saudization rate at key positions - Empower women participation in ICT sector - Drive suppliers to increase Saudization through targets, KPIs and tracking
 SMEs support	<ul style="list-style-type: none"> - Grow direct and indirect spend with SMEs through SME development plans - Establish direct partnerships with SMEs
 Digitalization and innovation	<ul style="list-style-type: none"> - Develop local innovation plans with strategic suppliers - Foster innovation through sector focused training and learning
 Industry localization	<ul style="list-style-type: none"> - Support localizing manufactures & create new industries within KSA - Attract suppliers to localize supply chain and operations

Ensuring that stc leads and develops local content in the telecom and ICT sectors is important, which is why local content requirements were made mandatory in all 2023 projects, in addition to implementing mechanisms for local content price preferences.

Leading and supporting local content at stc goes through several stages, which has led to rawafed's governance model being developed and implemented to ensure the smooth implementation of all local content requirements and ensure local content compliance control.

Previously, rawafed strategy implementation was focused on mega projects; however, this year marked a significant shift in our approach. We redirected our focus towards embedding local content requirements across all projects, aiming to amplify the value of local content within the sector. To ensure adherence to this new approach, we implemented a robust local content compliance framework that encompasses various guidelines and policies including a new local content policy, guidelines across the Group for local content requirements and guidelines for addressing local content violations.

As a testament to these concerted efforts, stc achieved a local content score of 42.9% surpassing the previous year's achievements of 40.75%. This achievement not only exceeded our targets, but also set a new benchmark within the sector, underscoring our commitment to fostering local content participation and driving sustainable growth.

Throughout the reporting year, we cascaded our strategy across the Saudi subsidiaries within our group to advance stc's investment in local content sustainability and the development of the Saudi economy within the Kingdom. Through this exercise we ensured that the subsidiaries also acquire the local content certificates showcasing stc's unwavering commitment to the development of local content and the broader Saudi economy.

Increasing the number of Local Content certificates among stc suppliers is a key factor in the Group's local content growth strategy. As a leader in the ICT sector, stc has revised its internal policies and processes to prioritize local content in its purchases throughout 2023. This initiative has led to a significant increase in local content levels and contributed to the GDP growth of the ICT sector. By conducting development workshops with strategic suppliers, stc has increased the number of local content certificates from 75 in 2022 to 582 in 2023, representing a remarkable growth of approximately 676% and demonstrating its commitment to local content development.

In alignment with Saudi Vision 2030, which aims to reach a vibrant society and a thriving economy by providing a suitable environment for growth, stc's local spending from the start of rawafed until the end of the past year has reached more than SAR 34 billion.

Additionally, our efforts to localize the procurement of goods and services have also yielded notable results. Through strategic management of operating expenses and a commitment to supporting local suppliers, we achieved a localization score of 30.34% in 2023. Reflecting a 4.62% year-over-year increase. Given the important role of SMEs in the growth of the economy, stc has given great attention to support these enterprises as major players in the localization of products and services through direct and indirect spending. To that end, we establish mutual partnerships and promote the collaboration with SMEs through rawafed. In 2023, the number of direct SME partners reached 134.

In recognition of these efforts, the 2023 techXcellence award was presented to stc through rawafed by the Ministry of Communications and Information Technology's (MCIT).

Local content – stc KSA	ICT Benchmark	2021	2022	2023
Local content score	30%	39.28%	40.75%	42.90%

Case study: Local content governance framework

In order to maintain and ensure stc's success as a local content leader in the ICT sector, rawafed has built a strong local content governance framework that provides high standards of business continuity at the corporate level by developing multiple governance and compliance tools within stc. This governance framework became the standard role model and reference for the ICT industry, which sets market best practices.

Building this governance model required the following:

- Plan, collaborate, and have a clear understanding of the goals and needs of the ICT industry.
- Articulate the goals and objectives of the governance model.
- Clearly identify and engage relevant key stakeholders in order to understand their needs, concerns, and expectations.
- Study successful governance models in similar contexts and learn from both local and global examples to identify best practices and potential challenges.
- Develop an initial framework that outlines the key components of the governance model to ensure that the model aligns with existing laws and regulations.
- Frequently assess the local content governance model to make continuous improvements.

Regular compliance activities conducted using rawafed's governance model in order to identify areas of improvement or inconsistencies in order to implement proactive or cautionary actions, and ensure that stc subsidiaries are adhering to local content regulations.

In 2023, compliance tools were enacted using rawafed's governance model to measure the maturity of commitment, identify gaps, assess areas of improvements, and determine inconsistencies in local content operations.

As a result, we reached 80% compliance with local content regulations in less than one year of applying our governance framework, with areas of improvement having been identified, assessed, and positioned to be aligned for even greater compliance in the coming years.

Case study: Joint training to build local capacity

Capability building is one of rawafed's strategic pillars, and it serves a crucial role in enhancing local skills, knowledge, and expertise that are essential for the growth and success of any organization. By investing in capability building, we can empower local talent to adapt to changing market dynamics, embrace new technologies, and stay ahead of the competition. It also enables us to build a talented and versatile workforce that can tackle complex challenges and drive innovation.

Through stc academy, we provided a digital Excellence training program to help equip middle management throughout all Saudi companies with the needed digital knowledge to better execute the key strategic objectives of a digital transformation strategy. This training program consisted of five extensive key modules, with each module focused on specific technologies and experiences.

Industry localization opportunities

Since localizing products and services have a very positive impact on local content score, rawafed continued promoting and presenting rawafed catalog to potential investors in collaboration with (LCGPA, PIF, MIM, CoC, LEAP, PIF Forum), which contain a 27 of potential products that could be localized, with a forecasted spending value for five years of 6.68B SAR.

As the ICT sector's representative in the Local Content Leadership Council (LCLC), stc contributed to the development of local content by applying the mandatory lists of national products which increased in 2023 to 15 lists, applying the price preference for other national products to support the local manufacturers in addition to applying the SMEs' price preference mechanism in purchasing processes.

The LCLC conducted several workshops and sessions with investors, governmental entities, funds, and other councils over the past year to better align on strategic approaches, share expertise, and integrate efforts to bolster local content development and maintain sustainable growth. Furthermore, through rawafed, we launched the Tafani internal campaign to raise stc employee awareness surrounding local content. The campaign included workshops, contests, and messages, with 800 participants actively engaging and over 1.5K interactions occurring throughout the year.

Through major events, conferences, and exhibitions, we continuously seek to share our industry-leading knowledge and experience, emphasizing the importance of local content. Accordingly, we attended the following events in 2023:

1. LEAP 23 (keynote session, Interactive Booth): Spreading awareness about rawafed's pillars and goals through a keynote session and interactive booth.
2. PIF Private-Sector Form (keynote session, Interactive Booth): Spreading awareness about rawafed's strategy and sharing experience and goals.
3. CIPS Procurement and Supply chain conference (keynote session): Showcasing the successful story about how rawafed embedded the LC in stc's procurement cycle.
4. Jusoor: An internal event that targets stc's employees to raise their awareness and knowledge related to local content.
5. LCGPA Workshop: A workshop in collaboration with LCGPA to discuss the key developmental practices in local content.
6. Federation of Saudi Chambers (investment opportunities): participated in a workshop organized by LCGPA in collaboration with the National Committee for LC at the Saudi Chambers of Commerce to showcase investment opportunities offered by stc to investors and manufacturers.
7. rawafed conducted several workshops and sessions with PIF portfolio companies over the past year to share stc experience and best practice on local content laws and regulations. and integrate efforts to bolster local content development and maintain sustainable growth.



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Appendix A – UN Global Compact Index

This report is intended to showcase our commitment to the United Nations Global Compact and our alignment with its ten guiding principles across human rights, labor, environment, and anti-corruption practices.

This index is presented as a measure of our advancement in adhering to the Ten Principles. As a participant in the UN Global Compact, we are dedicated to upholding its foundational values and actively disseminating these principles throughout our domain of impact.



Core Value	Principles	stc's commitment	Corresponding commitments written reference	Sustainability report reference
 Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights.	stc has a Human Rights policy that aligns with local laws and international standards to ensure the protection and promotion of human rights within all aspects of its operations. stc actively involves itself in extending these principles beyond its immediate operations to include suppliers, customers, and partners. This is reflected through our supplier codes of conduct, code of ethics, ethics training, and a commitment to diversity and inclusion, as evidenced by various initiatives and 100% employee training in human rights-related policies.	Fair employment: stc Group code of ethics & business conduct: Human rights policy statement	146, 147, 152, 194, 195, 197
	Principle 2 Businesses should make sure that they are not complicit in human rights abuses.	stc's commitment to human rights is further reinforced through its rigorous approach to prevent complicity in human rights abuses. stc's efforts include a focus on ethical decision-making, adherence to a strict code of ethics, and supplier code of conduct that specifically prohibit child and forced labor. stc's screening process for suppliers to ensure compliance with human rights principles and its zero-tolerance policy for human rights abuses within its operations and supply chain are key to this commitment.	Supplier relations stc Group code of ethics & business conduct: Supplier code of conduct Responsible supply chain policy statement	146, 147, 152, 194, 195, 197
 Labour	Principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	stc supports labor rights in compliance with the labor laws of Saudi Arabia and the standards of the International Labor Organization (ILO). stc respects freedom of association and collective bargaining in accordance with Saudi law through the establishment of the stc Workers' Committee, which facilitates dialogue on critical labor issues. This approach is part of stc's broader commitment to ensure that labor rights are protected and that employees' voices are heard.	Fair employment: stc Group code of ethics & business conduct:	146, 147
	Principle 4 Businesses should uphold the elimination of all forms of forced and compulsory labor.	stc's human rights policy, supplier code of conduct, and code of ethics make it clear that stc is committed to respect, protect, and develop its employees. stc's commitment to ethical labor practices, rigorous supplier screening, and zero tolerance for human rights abuses are indicative of efforts to prevent forced labor in its operations and supply chain.	Fair employment: stc Group code of ethics & business conduct: Fair employment practices: Supplier code of conduct	194, 195, 197
	Principle 5 Businesses should uphold the effective abolition of child labor.	Similar to Principle 4, the explicit efforts to prevent child labor within the group and throughout the supply chain, which is reflected through our human rights policy, supplier code of conduct, and code of ethics.	Fair employment: stc Group code of ethics & business conduct: Fair employment practices: Supplier code of conduct	194, 195, 197
	Principle 6 Businesses should uphold the elimination of discrimination in respect of employment and occupation.	stc actively works to eliminate discrimination and promote diversity, equity, and inclusion within its workforce. stc has implemented various initiatives, including diversity and inclusion training. stc's adherence to non-discrimination in its employment and occupation practices is a testament to our commitment to creating an inclusive and equitable workplace.	Fair employment: stc Group code of ethics & business conduct: Fair employment practices: Supplier code of conduct	138-140, 143-146, 152, 189, 190, 194, 195

Core Value	Principles	stc's commitment	Corresponding commitments written reference	Sustainability report reference
 Environment	Principle 7 Businesses should support a precautionary approach to environmental challenges.	stc's environmental stewardship is demonstrated through our commitment to minimizing our direct environmental impact and supporting customers in reducing theirs. stc's adherence to ISO 14001:2015 for environmental management and initiatives like renewable energy projects and energy efficiency improvements in buildings and fleet management reflect a precautionary approach to environmental challenges.	Environmental Responsibility: Environmental policy statement	55-65
	Principle 8 Businesses should undertake initiatives to promote greater environmental responsibility.	stc commits to achieving net-zero GHG emissions across its value chain by 2050, with near-term targets of reducing scope 1 and 2 emissions by 50% and scope 3 emissions by 46.2% by 2030 from a 2019 base year. Long-term, stc aims to reduce scope 1, 2, and 3 emissions by 90% by 2050, emphasizing its commitment to significant environmental impact reduction.	Environmental Responsibility: Environmental policy statement Responsible Supply Chain Policy statement stc's Science Based Targets (SBTi) https://sciencebasedtargets.org/companies-taking-action#dashboard	55-57, 65-79
	Through various initiatives, including energy efficiency measures and the renewable energy pilot project, stc is actively promoting greater environmental responsibility. By setting ambitious near and long-term GHG emission reduction targets, stc underscores its commitment to environmental stewardship. These efforts, combined with the company's dedication to reducing electricity consumption, CO ₂ emissions, and adhering to science-based targets, highlight stc's holistic approach to achieving net-zero carbon emissions by 2050 and fostering a sustainable future.			
 Anti-Corruption	Principle 9 Businesses should encourage the development and diffusion of environmentally friendly technologies.	stc is committed to the development and diffusion of environmentally friendly technologies. This is evidenced by our investment in renewable energy and energy efficiency initiatives, such as the integration of solar networks and hybrid solutions at tower sites. These efforts not only aim to reduce our environmental impact but also encourage the adoption of sustainable practices across the industry.	Environmental Responsibility: Environmental policy statement Responsible Supply Chain Policy statement	55-57, 64-71, 74, 78, 79
	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	stc has taken a strong stance against corruption, implementing a comprehensive anti-corruption policy statement and Code of Ethics which clearly prohibit facilitation payments in all areas pertaining to the company, including all subsidiaries, as well as conducting regular risk assessments and training focused on anti-corruption. We have recorded zero public legal cases regarding corruption brought against the organization or any employees. stc's membership and commitment to the UN Global Compact and its membership in several anti-corruption and business ethics initiatives such as, PACI, PEARL Initiative, and BELA, a testament to our commitment to maintaining integrity and ethical conduct in all business dealings.	Anti-corruption commitment: Code of Business Ethics Supplier code of conduct	177, 180, 182-191

Appendix B – GRI content index

For the Content Index – Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the English version of the report.



2024

Statement of use	stc has reported in accordance with the GRI Standards for the period January 1st to December 31st, 2023
GRI I used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	NA

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page number(s), links and/or direct answer	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-1 Organizational details	14	-	-	-
	2-2 Entities included in the organization's sustainability reporting	16-17	-	-	-
	2-3 Reporting period, frequency and contact point	5, 7	-	-	-
	2-4 Restatements of information	153, 153, 166	-	-	-
	2-5 External assurance	No external assurance	-	-	-
	2-6 Activities, value chain and other business relationships	14-17	-	-	-
	2-7 Employees	139, 141	-	-	-
	2-8 Workers who are not employees	139, 141	-	-	-
	2-9 Governance structure and composition	44, 45, 178, 179, 180	-	-	-
	2-10 Nomination and selection of the highest governance body	181	-	-	-
	2-11 Chair of the highest governance body	stc 2023 Annual Report, page 146	-	-	-
	2-12 Role of the highest governance body in overseeing the management of impacts	45, 180	-	-	-
	2-13 Delegation of responsibility for managing impacts	180	-	-	-
	2-14 Role of the highest governance body in sustainability reporting	45, 180	-	-	-
	2-15 Conflicts of interest	49 Conflict of interest policy	-	-	-
	2-16 Communication of critical concerns	147, 185, 186	-	-	-
	2-17 Collective knowledge of the highest governance body	179	-	-	-
	2-18 Evaluation of the performance of the highest governance body	181, stc 2023 Annual Report, page 161	-	-	-
	2-19 Remuneration policies	181 Remuneration policies	-	-	-
	2-20 Process to determine remuneration	181, stc 2023 Annual Report, page 161 Remuneration policies	-	-	-
	2-21 Annual total compensation ratio	stc 2023 Annual Report, page 163	-	-	-
	2-22 Statement on sustainable development strategy	9, 11, 12, 13, 44, 45, 180	-	-	-
	2-23 Policy commitments	48, 49	-	-	-
	2-24 Embedding policy commitments	48, 49	-	-	-
	2-25 Processes to remediate negative impacts	34-36	-	-	-
	2-26 Mechanisms for seeking advice and raising concerns	147, 185, 186	-	-	-
	2-27 Compliance with laws and regulations	190	-	-	-
	2-28 Membership associations	23, 24, 25, 189	-	-	-
	2-29 Approach to stakeholder engagement	38, 39, stc 2023 Annual Report, pages 18-19	-	-	-
	2-30 Collective bargaining agreements	146, 147 All stc employees have formal individual labor contracts, and are covered by regional work conditions standards and their terms of employment are determined based on the same. No collective bargaining agreements as per prevalent laws in Saudi Arabia.	-	-	-

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page number(s), links and/or direct answer	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
Material topics					
GRI 3: Material Topics 2021	3-1 Process to determine material topics	34, 35, 36, 37, 38, 39	-	-	-
	3-2 List of material topics	34, 35, 36	-	-	-
Talent Management					
GRI 3: Material Topics 2021	3-3 Management of material topics	81, 133-157	-	-	-
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	-	-	Confidentiality constraints	stc does not publicly disclose this information
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	154	-	-	-
	401-1 New employee hires and employee turnover	156	-	-	-
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	156 stc 2023 Annual Report, pages 136, 137, 164, 178, 181, 192, 193, 241, 260	-	-	-
	401-3 Parental leave	157	-	-	-
	402-1 Minimum notice periods regarding operational changes	stc uses the boundary relevant to the jurisdiction in which stc is active. As per HRSD decree No.50945, the company must send a notice including (study, justification...etc) of such action 60 days before the major layoff to HRSD and seek their input within 45 days of the notice.	-	-	-
GRI 402: Labor/ Management Relations 2016	404-1 Average hours of training per year per employee	151	-	-	-
	404-2 Programs for upgrading employee skills and transition assistance programs	148-153	-	-	-
	404-3 Percentage of employees receiving regular performance and career development reviews	154	-	-	-
Health, safety, and wellness					
GRI 3: Material Topics 2021	3-3 Management of material topics	81, 140, 146, 158-164	-	-	-

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page number(s), links and/or direct answer	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	140, 146, 158-164	-	-	-
	403-2 Hazard identification, risk assessment, and incident investigation	140, 146, 158-164	-	-	-
	403-3 Occupational health services	140, 146, 158-164	-	-	-
	403-4 Worker participation, consultation, and communication on occupational health and safety	140, 146, 158-164	-	-	-
	403-5 Worker training on occupational health and safety	140, 146, 158-164	-	-	-
	403-6 Promotion of worker health	140, 146, 158-164	-	-	-
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	140, 146, 158-164	-	-	-
	403-8 Workers covered by an occupational health and safety management system	140, 146, 158-164	-	-	-
	403-9 Work-related injuries	140, 146, 158-164	-	-	-
	403-10 Work-related ill health	140, 146, 158-164	-	-	-

Business ethics and governance

GRI 3: Material Topics 2021	3-3 Management of material topics	177-194	-	-	-
GRI 205: Anti- corruption 2016	205-1 Operations assessed for risks related to corruption	191	-	-	-
	205-2 Communication and training about anti-corruption policies and procedures	184, 188	-	-	-
	205-3 Confirmed incidents of corruption and actions taken	187	-	-	-
GRI 206: Anti- competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	194	-	-	-

Energy and climate change

GRI 3: Material Topics 2021	3-3 Management of material topics	54 - 74	-	-	-
GRI 302: Energy 2016	302-1 Energy consumption within the organization	65 - 70	-	-	-
	302-2 Energy consumption outside of the organization	65 - 70	-	-	-
	302-3 Energy intensity	66	-	-	-
	302-4 Reduction of energy consumption	65 - 70	-	-	-
	302-5 Reductions in energy requirements of products and services	65 - 70	-	-	-

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page number(s), links and/or direct answer	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	72	-	-	-
	305-2 Energy indirect (Scope 2) GHG emissions	72	-	-	-
	305-3 Other indirect (Scope 3) GHG emissions	72	-	-	-
	305-4 GHG emissions intensity	66	-	-	-
	305-5 Reduction of GHG emissions	72	-	-	-
	305-6 Emissions of ozone-depleting substances (ODS)	-	-	Information unavailable/incomplete	Work in progress. This metric to be included in upcoming sustainability reports.
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	-	-	Information unavailable/incomplete	

Resource Management

GRI 3: Material Topics 2021	3-3 Management of material topics	54 - 79	-	-	-
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	-	-	-	-
	303-2 Management of water discharge-related impacts	-	-	Information unavailable/incomplete	Work in progress. This metric to be included in upcoming sustainability reports.
	303-3 Water withdrawal	-	-	-	-
	303-4 Water discharge	-	-	-	-
	303-5 Water consumption	75	-	-	-
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	76-79	-	-	-
	306-2 Management of significant waste-related impacts	76-79	-	-	-
	306-3 Waste generated	76	-	-	-
	306-4 Waste diverted from disposal	77	-	-	-
	306-5 Waste directed to disposal	77	-	-	-

Supply chain Management

GRI 3: Material Topics 2021	3-3 Management of material topics	196 - 205	-	-	-
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	198, 199, 205	-	-	-
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	196, 197	-	-	-
	308-2 Negative environmental impacts in the supply chain and actions taken	197	-	-	-

Appendix C - GSMA ESG Metrics for Mobile Industry



Reporting Framework Compliance table

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	Page number(s), links and/or direct answer	OMISSION		
			REQUIREMENT(S) OMITTED	REASON	EXPLANATION
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	196, 197	-	-
	414-2	Negative social impacts in the supply chain and actions taken	197	-	-
Diversity, equality and inclusivity					
GRI 3: Material Topics 2021	3-3	Management of material topics	138-147	-	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	141	-	-
	405-2	Ratio of basic salary and remuneration of women to men	-	Confidentiality constraints	stc does not publicly disclose this information
Human rights					
GRI 3: Material Topics 2021	3-3	Management of material topics	138-147	-	-
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	147	-	-
Community contribution and development					
GRI 3: Material Topics 2021	3-3	Management of material topics	165-175	-	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	165-175	-	-
	413-2	Operations with significant actual and potential negative impacts on local communities	165-175	-	-
Data privacy, security and protection					
GRI 3: Material Topics 2021	3-3	Management of material topics	88-105	-	-
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	Confidentiality constraints	stc does not publicly disclose this information in the sustainability report but reports to regulatory entities on regular basis
Accessibility and digital inclusion					
GRI 3: Material Topics 2021	3-3	Management of material topics	107	-	-
Digital innovation and experience					
GRI 3: Material Topics 2021	3-3	Management of material topics	120	-	-
Customer relations and satisfaction					
GRI 3: Material Topics 2021	3-3	Management of material topics	82	-	-

Topic	Core Metric	Metric	Metric code	Page number or direct response
Environment KPIs				
Emissions	Science-based targets	1.1a.	GSMA-ENV-01	64-65 Reference to stc's validated SBTi target
		1.1a i.		62-64 Reference to stc's Temperature alignment
		1.1a ii.		57 Reference to stc's approved SBTi target
		1.1b.		57, 64
	Scope 1 and 2 emissions	1.1b i.	GSMA-ENV-02	57, 64
		1.1b ii.		57
		1.2a i.		72
		1.2a ii.		72
		1.2a iii.		Data Not available for Market-based scope2 emissions. In our current reporting, we primarily focus on location-based CO ₂ emissions. We are committed to enhancing our data collection to include market-based emissions in the future
		1.2a iv.		72
Scope 3 GHG emissions	1.2a v.	GSMA-ENV-02	72	
	1.2b i.		72, 73	
Energy	Energy consumption	1.2b ii.	GSMA-ENV-03	65-67
		1.3a i.		65-67
		1.3a ii.		Data Not available based on calculation methodology
		1.3a iii.		70, 71
		1.3a iv.		65-67
	Network energy consumption	1.3a v.	GSMA-ENV-03	65-67
		1.3b i.		Base stations only, Including active and passive equipment
		1.3b ii.		Data Not available based on calculation methodology
		1.3b iii.		Data Not available based on calculation methodology
		1.3b iv.		Data Not available based on calculation methodology

Circular economy	Circularity of network equipment	14a i.	76, 77
		14a ii.	Data Not available based on calculation methodology
		14b i.	Data Not available based on calculation methodology
	Circularity of mobile devices	14b ii.	78
		14b iii.	Data Not available based on calculation methodology
		14c i.	Data Not available based on calculation methodology
	Circularity of customer premises equipment (CPE)	14c ii.	78
		14c iii.	Data Not available based on calculation methodology
		Electronic waste	1.5a i.
	1.5a ii.		Data Not available based on calculation methodology

Digital Inclusion

Network coverage	Population covered by mobile network	2.1	GSMA-INC-01	109
Affordability	Device and subscription affordability	2.2a 2.2b	GSMA-INC-02	86 86
Digital skills	Digital skills programmes	2.3	GSMA-INC-03	Data Not available based on calculation methodology

Digital Integrity

Data protection	Customer data incidents	3.1a	GSMA-INT-01	97
		3.1b		97
		3.1c		97
		3.1d		97
Digital rights	Digital rights policy			88
Online safety	Online safety measures	3.2	GSMA-INT-02	Yes, we do have a policy covering digital rights protection and transparency Data Privacy and Security policy statement
		3.3		104

Supply chain

Sustainable supply chain	Sustainable procurement policy	4.1a.	GSMA-SUP-02	Work In Progress. Will be launched soon.
		4.1b.		Work In Progress. Will be launched soon.
	4.2a.	196, 197		
	4.2a.	196, 197		

Appendix D - SASB Telecommunications Industry Metrics

Topic	SASB Code	SASB Metric	Page number or direct response
Environmental Footprint of Operations	TC-TL-130a.1	Total energy consumed	66
		percentage grid electricity	66
		percentage renewable	66
Data Privacy	TC-TL-220a.1	Description of policies and practices relating to targeted advertising and customer privacy	85-88
	TC-TL-220a.2	Number of customers whose information is used for secondary purposes	This information is considered confidential, as such stc does not disclose this indicator.
	TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	97
	TC-TL-220a.4	(1) Number of law enforcement requests for customer information, (2) number of customers whose information was requested, (3) percentage resulting in disclosure	This information is considered confidential, as such stc does not disclose this indicator.
Data Security	TC-TL-230a.1	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	93-105, 192
	TC-TL-230a.2	(1) Materials recovered through take-back programmes, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled	65, 78
Competitive Behaviour & Open Internet	TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	194
	TC-TL-520a.2	Average actual sustained download speed of (1) owned and commercially-associated content and (2) non-associated content	116
Managing Systemic Risks from Technology Disruptions	TC-TL-550a.2	Discussion of systems to provide unimpeded service during service disruptions	191, 192

Activity Metric	SASB Code	Page number / direct answer
Number of wireless subscribers	TC-TL-000.A	116
Number of wireline subscribers	TC-TL-000.B	116
Number of broadband subscribers	TC-TL-000.C	116
Network Traffic	TC-TL-000.D	116

Appendix E - 2023 ESG supplement

Topic	ESG Metric	Scope/Frequency	Additional info/Page	Details
AUDIT OVERSIGHT	Audit Committee Industry Expert in Accounting or financial management.	Audit Committee	192	Audit Committee member, Mr Shukri is a Certified Public Accountant (CPA), USA since 1994. https://www.stc.com.sa/content/dam/stc/pdf/board-of-directors-cv/WaleedShukri-new-en-version2.pdf
BOARD SKILLS & DIVERSITY	Risk Management Expertise (Evidence of previous executive-level experience at one or more companies with risk management)	Board of Directors	189	Board of Directors member, Mrs. Rania Nashar has been on management committees for both, Samba Financial Group and the Public Investment Fund (PIF). Her leadership as the chair of the Audit & Risk Management Review Group at Samba Financial Group from 2014 to 2017 as well as CEO of Samba Financial Group, from 2017 to 2021 she chaired the Group Risk Management and Compliance Committee and her current role at PIF further solidify her reputation as a risk management authority currently serving as the Chair of the Risk Committee at Saudi Tadawul Group since 2021. https://www.stc.com.sa/content/dam/stc/pdf/board-of-directors-cv/RaniaNashar-new-en-version2.pdf
PAY PERFORMANCE ALIGNMENT	CEO Equity	CEO	146	As of 2023, stc has adopted equity retention mechanism for the Group CEO (GCEO) where the GCEO is required to hold shares with a value of at least 5x salary. At all times, the GCEO is required to hold minimum of stc shares equivalent to 5 salaries of stc shares.
PAY PERFORMANCE ALIGNMENT	Pay Linked to Sustainability	Executive compensation program & LTI	50	Our executive compensation program reflects stc's commitment to creating a sustainable future. Executive annual bonus & LTI are directly linked to clear and achievable sustainability targets set by the Board of Directors through stc annual incentive plan. Quantitative ESG and Sustainability metric in Short-Term Incentive Plan have been introduced in 2023 and now Sustainability metrics represent 5% of the total performance score.
DIRECTOR ELECTIONS	Proxy access	Shareholders	188-191	Proxy Access: the proxy form which gives share-holders the power to nominate a number of director candidates for inclusion in proxy materials is available virtually via Tadawulaty/ Saudi Exchange Tadawul Platform for all stock listed companies of Tadawul https://login.tadawulaty.com.sa/ir/user/login.xhtml and https://www.stc.com.sa/content/dam/groupsites/ar/pdf/ProxyForm2023.pdf
ONE SHARE ONE VOTE	Voting Rights Limits Residency	Shareholders	191	Commitment to Shareholder and Stakeholder Rights Protection stc has a commitment to treating all shareholders fairly and helping them exercise their rights. Article 4 of stc governance charter (fair treatment of shareholders): The Board is obliged to seek the protection of shareholders' rights to ensure fairness and equality among them.
PRIVACY & DATA SECURITY	stc Privacy and data protection	Applies to all sectors and business units	64, 202	stc Privacy and data protection policy, applies to all sectors and business units, updated on 30 th October 2023. https://www.stc.com.sa/content/stc/sa/en/content-page/privacy.html
PRIVACY & DATA SECURITY	Data Breach/ Incident Response Plan	Applies to all sectors and business units	Corporate website	https://www.stc.com.sa/content/stc/sa/en/business/static/cs-response-plan.html
PRIVACY & DATA SECURITY	Information Security Policies and Systems audit frequency	Applies to all sectors and business units, audits are carried out every 3 (three) years.	208, 209	Information Security Policies and Systems audits are carried out every 3 years. SNR Audit and Certification (SNR 24288469/100/1 Rev 001) meets the criteria of the ISO/IEC 27001:2013 for Cyber operations, Information security management system, Information technology- security techniques- guidelines for cyber security, Cyber operations. Certificate No. SNR 24288469/100/1 Rev 001.

Topic	ESG Metric	Scope/ Frequency	Additional info/Page	Details
PRIVACY & DATA SECURITY	Scope of employee training on data security and/or privacy-related risks & procedures	Applies to all employees, including contractors, annually	107	The annual training on data security and/or privacy-related risks & procedures is provided to all employees, including contractors.
SUPPLY CHAIN	Extent of data protection and/or privacy programs covering suppliers and business partners Protection programs covering suppliers and business partners	Applies to all stc partners including contractors, vendors and suppliers. Inspections and third-party external audits conducted every 2 (two) years.	113-114	stc data protection and privacy program, stc Security Pass Program requires all stc partners including contractors, vendors and suppliers to provide results of third-party, external, qualified inspections and audits, conducted every 2 (two) years. https://partnershub.stc.com.sa/security-pass
SUPPLY CHAIN	Bi-Monthly online training sessions focused on data protection and privacy for suppliers and business partners	Online training, covers all stc partners including contractors, vendors and suppliers. 5 per year.	113-114	As part of our commitment to maintaining the highest standards of security, all applicable registered partners receive frequent invitations to online sessions, ensuring continuous education and awareness throughout the year. With a total of 5 training sessions annually for 300+ suppliers and partners. https://partnershub.stc.com.sa/news/9
BUSINESS ETHICS POLICIES & PRACTICES	Employee Training on Ethical Standards	All employees (including part-time) and contractor employees, annually	33, 193-194	We conduct mandatory training on ethical standards in various formats for all of our employees at least once a year. Additionally, we conduct annual mandatory compliance training (including anti-corruption training, and business ethics standards) to highlight our focus on compliance and ethical management. On an annual basis, stc group executive sustainability committee, chaired by the Group CEO, receives a report from Head of Compliance on the implementation of the Code of Ethics and its related policies.
LABOR MANAGEMENT, STRATEGY	Non-compensation benefits including pension and retirement	All employees including contractors, ongoing	165-166	One of the most crucial benefits is health insurance, offering coverage for medical expenses and ensuring access to quality healthcare. Additionally, stc offers a retirement plans, helping employees secure their financial future. Paid time off, including vacation days, sick leave, emergency leave, and holidays, allows individuals to maintain a healthy work-life balance and recharge when needed. stc also provide flexible work arrangements, work from home facility, corporate discounts, mobile and home broadband services, which is enabling employees to manage personal responsibilities effectively. Furthermore, professional development opportunities, such as training programs, tuition assistance and examination leaves, empower stc employees to enhance their skills and advance their careers. These benefits not only foster a positive work environment but also demonstrate a stc's commitment to the well-being and growth of its workforce, ultimately leading to increased motivation, productivity, and loyalty among employees. stc provides following benefits to all employees including contractors: - Life Insurance - Health Care for Self and Immediate Family Members group insurance (health, dental, life etc.) - Annual Leave - Medical Emergency Leave (e.g. dialysis, medical examination, etc.) - Special cases fund that cover expenses for special cases not covered by standard medical insurance - Disability income protection - Education/Rehabilitation of Handicapped children / children with disabilities/ of the company's employees - Parental leave - Other Leaves (Sports & Cultural, Long Weekends, Educational Examination, Marriage, Immediate Family Member's Death – Bereavement leave) 16 days paid leave for public holidays and long weekend - Work from Home Facility

Topic	ESG Metric	Scope/ Frequency	Additional info/Page	Details
LABOR MANAGEMENT, STRATEGY	Variable performance-based component to pay	Applies to Non-officer staff, bonuses paid annually, based on employees' job performance and contributions over the course of a year	165-166	Non-officer staff are eligible for variable performance-based pay, such as bonuses, which are paid once per calendar year. stc's annual performance appraisal process is a vital tool used to assess and evaluate stc employees' job performance and contributions over the course of a year. Remuneration process (e.g. salary grid, procedure for salary advancement) are available and communicated to employees via SAP Success factors. SAP Success factors appraisal system is used throughout the entire organization. This systematic evaluation involves a comprehensive review of an employee's achievements, strengths, areas for improvement, and overall alignment with organizational goals and values. Process starts with setting clear and measurable performance goals at the beginning of the year, which serve as a basis for evaluation. Throughout the year, employees work towards achieving these objectives. In half way through, during mid-year assessment supervisors provide feedback and guidance to support their progress. At the end of the performance cycle, employees and managers engage in a formal appraisal meeting, where they discuss accomplishments, challenges, and development opportunities. This dialogue facilitates open communication and helps identify areas where additional training or support may be needed. The outcome of the performance appraisal plays a significant role in making decisions related to promotions, annual bonus, salary adjustments, annual merit and career advancement. The annual performance appraisal process encourages employee growth, fosters a culture of accountability, and strengthens stc by aligning individual efforts with stc's strategic objectives. Performance and career development measurements and steps that need to be at 100% completion for performance-based incentive to be deployed: Completion of objectives setting phase by employees and manager, manager have to meet the employee to discuss the required task, after which the employee prepares a draft of his annual objectives and discusses it with his manager to agree on and it. Completion of self-evaluation this is include employee goals and competencies. Completion of manager evaluation. Completion of performance conversations. Completion of acknowledgment of the final rating.
AWARDS	Forbes Middle East Sustainability Leaders Award	stc group	30	Forbes Middle East Sustainability Leaders Award, awarded to stc group, in November 2023 for sustainable practices in four areas related to climate, society, digitalization and the future of work. https://www.forbesmiddleeast.com/lists/the-middle-east-sustainable-100/stc-group/
ENVIRONMENTAL	Carbon Emission Targets	stc group	62	CDP https://www.cdp.net/en/responses/16374/Saudi-Telecom-Company-STC Science Based Targets: Approved: Overall Net-Zero Target Saudi Telecom Company (STC) commits to reach net-zero GHG emissions across the value chain by 2050. Near-Term Targets Saudi Telecom Company (STC) commits to reduce absolute scope 1 and scope 2 GHG emissions by 50% by 2030 from a 2019 base year. Saudi Telecom Company (STC) also commits to reduce absolute scope 3 emissions by 46.2% within the same time frame. Long-Term Targets Saudi Telecom Company (STC) commits to reduce absolute scope 1, 2 and 3 GHG emissions 90% by 2050 from a 2019 base year. Source: SBTi https://sciencebasedtargets.org/companies-taking-action#dashboard Filter: Saudi Telecom Company

Inquiries and feedback

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