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2022 ESG supplement

Appendix D

ESG supplement

We have an ongoing interaction with ESG rating agencies, also supporting the increasing requests by investors for greater transparency, more stakeholder engagement and stronger sustainability management. The primary goal of the 2022 ESG Supplement is to provide additional supporting information about stc's ESG approach and performance on specific ESG material topics.

Topic	ESG Metric	Page #	Response
Data Privacy and Security	Disclosure of a policy that governs all relevant business lines/subsidiaries in data privacy and security	-	https://www.stc.com.sa/content/dam/groupsites/common/generic/pdfs/Data%20Privacy%20and%20Security%20Position%20Statement.pdf
Data Privacy and Security	Disclosure of a statement that covers the rights provided to individuals regarding the control of their data, such as the right of access, rectification and deletion of data	-	https://www.stc.com.sa/content/dam/groupsites/common/generic/pdfs/Data%20Privacy%20and%20Security%20Position%20Statement.pdf
Data Privacy and Security	Disclosure of external independent audits on data privacy and security	59	stc is regularly audited by external party on data privacy and security. The audits take place annually and are conducted by CST. The latest audit was completed in May 2022. CST commission was established to regulate, monitor and empower the communications & IT sector as it is one of the most prominent sectors that support the development and prosperity of the Kingdom of Saudi Arabia.
Data Privacy and Security	Introduction of an executive or board-level committee for data privacy and security	57	stc 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. Data Privacy Council reports at board level via BAC. Reporting is conducted quarterly to all board members. Detailed disclosure can be found in our Sustainability pages: https://sustainability.stc.com.sa/#/
Data Privacy and Security	Disclosure of training scope on data privacy and security provided to all stc employees including contractors	58	Cyber Security training and Data Protection & Privacy training are mandatory courses for all new employees and are taken during onboarding sessions. These courses are also mandatory courses for all existing employees to take on an annual basis. Detailed disclosure can be found in our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Disclosure of actions taken to include elderly people in accessibility programs such as special applications to enhance their access to communication services	70, 61	In 2022, we evolved our community investment methodologies and policies to maximize our positive impact on the societies in which we operate. In doing so, we aim to leverage our key strengths including technologies, broad reach, the incredible talent of our people and financial resources. The best way to complement our strengths in achieving a positive impact is to join hands and leverage our dedicated, specialized resources and partners in key priority areas including education, health, accessibility, climate change, and empowering youth, women, early stage entrepreneurs, and people at risk such as elderly people and low income households. In 2021 stc reached 1 million elderly people. Detailed disclosure can be found in our Sustainability pages: https://sustainability.stc.com.sa/#/

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Corporate Governance	Disclosure of actions taken to include low-income households in access to communication programs such as free WiFi access in public places	73, 74	stc has renovated and provided connectivity to low income households in 22 provinces. Detailed disclosure can be found in our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Disclosure of targets to implement access to communication and digital divide in emerging markets beyond current operations.	76	stc is committed to providing a modern, sophisticated network with maximum accessibility and digital inclusion for urban and remote areas across the entire Kingdom by utilizing wireless broadband to serve rural and desert areas and a fixed/ wireless combination to cover urban areas. Detailed disclosure can be found in our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Disclosure of the voting results including the percentage of approvals, rejections and abstentions	-	Disclosure of the voting results including the percentage of approvals, rejections and abstentions (AR) can be found here: https://www.stc.com.sa/content/dam/groupsites/common/generic/investors/investor-pdf/general-assembly-meeting-2022.pdf
Corporate Governance	Disclosure of proxy access that gives shareholders the power to nominate a number of director candidates for inclusion in stc's proxy materials	117	For this indicator we use the boundary as relevant for the jurisdiction in which stc is active. stc is fully compliant with regulations issued by the capital market authority (Article 13 in the implementing regulation of the companies law). Moreover, we are capturing the shareholders voting by the Local Market platform (Edaa) for this matter, and this platform is owned by Saudi Tadawul Group, and mandatory to be used by all listed companies.
Corporate Governance	Disclosure of audit committee members who meet MSCI's standards for industrial expertise	161-164	Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Disclosure of board members who meet MSCI standards for risk management expertise	161-164	Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Pay committee independent of management	-	For this indicator, we use the boundary relevant to jurisdiction in which stc is active. We are complying with corporate governance regulations issued by capital market authority (article 48-B) with 3 out of 4 independent members and will consider it in the next board cycle.
Corporate Governance	Disclosure of how sustainability performance is incorporated in incentive payment structure	108	stc LTIP Policy states that sustainability performance is incorporated in its current incentive pay policies.
Corporate Governance	Disclosure of overall links between executive pay data links and economic/financial performance	108	Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/

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Corporate Governance	Disclosure on the number of years the external audit firm has served the company	160	Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Disclosure of audit and non-audit fees	160	Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Human Resources	Disclosure of future-expected collective bargaining negotiations	98, 99	For this indicator, we use the boundary relevant to the jurisdiction in which stc is active. At stc, we have labor committee that reports directly to GCEO. Their role is to be the advocate of employees' issues and they have direct access to the GCEO. The communication between the committee and the company is monitored by the HRSD.
Human Resources	Disclosure of major layoffs events	95	For this indicator, we use 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.
Human Resources	Disclosure of statement that covers stc's position on collective agreements	98, 99	For this indicator, we use the boundary relevant to the jurisdiction in which stc is active. At stc, we have labor committee that reports directly to GCEO. Their role is to be the advocate of employees' issues and they have direct access to the GCEO. The communication between the committee and the company is monitored by the HRSD.
Human Resources	Disclosure of the percentage of variable incentive pay that covers stc employees	108	Variable pay is linked to EBITDA and Revenue and any other business metrics - subject to management approval.
Human Resources	Disclosure of employee productivity (Profit/Employee)	108, 109	Gross profit 37,39SAR billion / Total workforce 22,759
Human Resources	External recognition as employer of choice (last three years)	96	https://stevieawards.com/mena/solutions-stc-most-exemplary-employer https://greatplacetowork.me/certified-organization/solutions-by-stc/ https://www.tahawultech.com/enterprise/stc-bahrain-wins-big-at-gcc-best-employer-brand-awards/ https://www.arabnews.com/node/2199096/corporate-news
Environment	Disclose science-based quantitative targets in its sustainability report	38	Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Environment	Disclosure of actions taken to mitigate greenhouse gases	38-45	In 2021, stc initiated a new pilot project that aims to install an interconnected solar photonic network with the existing infrastructure of the Kingdom. Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Environment	Disclosure of actions taken to use clean sources of energy such as solar energy	40-45	We have two solar energy sites at stc HQ. In 2021 we generated 303.17 MWh of energy saved 302 tCO2. Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Environment	Disclosure of actions taken towards energy consumption management and operational efficiency enhancement such as efficient cooling systems	41-34	In 2021, we achieved a 27% reduction in our total electricity consumption in all stc buildings, largely due to the energy efficiency initiatives implemented throughout the previous year. We also achieved a 22% decrease in total energy consumption. Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Conduction of audits of all operations on ethical standards and anti-corruption at least once every three years	120, 123	Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Evidence of a board-level committee or C-suite or executive committee to oversee ethics issues	119, 120, 123	In order to provide senior level leaders direct visibility about compliance investigations, training, communication and other compliance program elements in their sector, compliance councils were set up within 4 sectors in Q4 last year. In 2022, the intention is to do this for all C-level executives. These councils consist of each organization's Chief, their direct reports, representatives of other departments like Human Resources and members of the Corporate Ethics and Compliance team. The councils meet on a frequent basis and help leaders drive engagement around Ethics and Compliance and thereby impact the integrity culture. Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Provision of evidence of having a formal anonymous whistleblower system that includes legal protection	119, 124, 125	Employees and stakeholders are encouraged to report all integrity concerns through the designated speak up channel. Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/

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Corporate Governance	Training programs on ethical standards that covers all employees including part-time and contractors	122, 123	Every employee at stc, at every level of the company (including suppliers), is bound by the code of ethics. All new employees who join stc are required to complete a Basic Online Integrity Training course, and 100% of employees and contractors have signed a Code of Ethics with acknowledgement, stating that they have read, understood, and will abide by the code. In late 2021, all stc contractors were provided with access to the company's online learning management system and are required to complete the basic online integrity training by mid-2022. Detailed disclosure can be found in our Sustainability report and our Sustainability pages: https://sustainability.stc.com.sa/#/
Corporate Governance	Say on Pay & Remuneration of the Executive Management Policy	-	https://www.stc.com.sa/content/dam/groupsites/en/pdf/nomination-and-remuneration-policy-new-10-en.pdf
Corporate Governance	Minutes of the General Assembly	-	https://www.stc.com.sa/content/stcgroupwebsite/sa/en/investors/general-assembly.html
Corporate Governance	Disclosure on non-executive shareholding data	-	https://www.saudiexchange.sa/wps/portal/saudiexchange/hidden/company-profile-main!/ut/p/z/1/04_Sj9CPyKssy0xPLMnMz0vMAfl-jo8ziTR3NDlw8LAz83d2MXA0C3SydA11c3Q0Nve304EKzBEKDM-KcTQzMDPxn3H19LAzdTU31w8syU8v1wwkpK8hOMgUA-oskdgl/?-companySymbol=7010

External Auditor (incl. audit and non-audit fees)

Ernst & Young (EY) is a network of firms with more than 300,000 people providing the context and meaning for the work they do every day. They help digital pioneers fight data piracy, guide governments through cash-flow crises, unlock new medical treatments with data analytics, and pursue high quality audits to build trust in financial markets and business. In other words, working with entrepreneurs, companies, and entire countries to solve their most pressing challenges. Through their four integrated service lines:

Assurance, Consulting, Strategy and Transactions, and Tax. With their deep sector knowledge, they help their clients capitalize on new opportunities, assess, and manage risks to deliver responsible growth. Their high-performing and multidisciplinary teams help them fulfill regulatory requirements, keep investors informed and meet stakeholder needs.

Following is a statement of the audit fees and expenses related to services provided by the company's external auditor, in addition to any other services provided by audit firms other than the Company's external auditor during the year 2022.

Name of Audit Firm and Partner Auditor: Ernst and Young, Saad M. AlKhathlan
Number of Years Spent as the Auditor of the company: 8 years
Total Audit Fees for the Year 2022 (SAR): 12,185,000

Fees and costs of services provided to the company by its external auditors, EY, other than for the audit of the financial statements of the company for the year 2022:

Audit firm	Service Type	Fees and Expenses (SAR)
EY	Net telecommunication revenue base report	339,000
EY	Local content report	840,000
EY	Zakat and tax services	260,000
EY	Compliance with Article 71 from companies Law	132,000
EY	Solvency report	60,000
EY	Capital increase	40,000
EY	AUP Report on bad debt write off	21,000
TOTAL		1,697,500

Board and Committees members and their membership classification

No	Name	Membership	Academic Qualifications	Vocational Experience	Current Occupation	Previous Occupation	Membership
1	HRH Prince Muhammad bin Khaled Al-Abdullah Al-Faisal Al Saud	Chairs the Board of Directors, the Executive Committee, and the Investment Committee.	MBA	Banking and administrative experience.	Chairman, Al Faisaliah Holding Group	Vice President, Al Faisaliah Holding Group	Independent
2	H.E. Dr. Khaled H. Biyari	Member of the Board of Directors and the Executive Committee	PhD. Electrical Engineering	Associate Professor, King Fahd University of Petroleum and Minerals for 13 years. Experience in business.	Assistant Secretary of Defense for Executive Affairs - Ministry of Defense	stc CEO	Non- executive / non- independent
3	H.E. Mohammed Talal Al-Nahas	Member of the Board of Directors and the Executive Committee	Bachelor of Accounting	Banking, business development, and administration experience.	Governor of the General Organization for Social Insurance	Governor of the Public Pension Agency	Non- executive / non- independent
4	Mr. Yazeed A. Al Humied	Vice Chairman of the Board of Directors and a Member of the Executive Committee	MBA	Experience in finance and administration.	PIF, Deputy Governor, Head of MENA Investments	Chief of Staff and Advisor to PIF Governor	Non- executive / non- independent
5	Ms. Rania M. Nashar	Member of the Board of Directors and Chairs the Risk Committee	Master of Science in Information Technology	Experience in banking and administration.	PIF, Head of Compliance and Governance Division	Advisor to PIF Governor	Non- executive / non- independent
6	Mr. Arndt Rautenberg	Member of the Board of Directors and the Investment Committee	MBA	Administrative experience.	Founder and Managing partner of several companies	Managing Partner, OC&C Strategy Consultants.	Non- executive / non- independent
7	Mr. Sanjay Kapoor	Member of the Board of Directors and the Executive Committee	MBA	Administrative experience.	Consultant	Executive President of Micromax	Non- executive
8	Ms. Sarah J. AL-Suhaimi	Member of the Board of Directors and the Investment Committee	Bachelor of Accounting	Finance and Investment experience.	Chairperson of Tadawul	CEO NCB Capital	Independent

No	Name	Membership	Academic Qualifications	Vocational Experience	Current Occupation	Previous Occupation	Membership
9	Mr. Jameel A. AlMulhem	Member of the Board of Directors and Chairs the Nomination and Remuneration Committee	Bachelor in science marketing	Administrative experience.	Managing Director of Takween Group	Board Member, Shaker Group	Independent
10	Mr. Walid Ibrahim Shukri	Member of the Board of Directors and the Risk Committee and Chairs the Audit Committee	Bachelor of Accounting	Administrative experience.	Member of several Boards and Committees	Principal Partner in Price Waterhouse, Saudi Arabia	Independent
11	Mr. Ahmed Mohammed Al-Omran	Member of the Board of Directors and the Risk Committee	Master of Computer Science	Administrative and information technology experience.	GOSI Governor Assistant for IT Affairs	GM, IT Infrastructure, GOSI	Non- executive / non- independent

External Members of the Board Committees

No	Name	Membership	Academic Qualifications	Vocational Experience	Current Occupation	Previous Occupation	Membership
1	Mr. Khalid bin Abdullah Al Anhari	Audit Committee	Bachelor of Accounting	Technical and managerial experience in auditing	General Manager, Babel Al Khair Trading & Real Estate Est	Head of Private Banking and Lending Products, Samba Financial Group	External Member
2	Mr. Medhat F. Tawfik	Audit Committee	Master Program Citibank Asia Pacific	Professional and managerial experience in auditing, risk management	Founder of IRSAA, Business Solutions an outsourcing company of Responsible for risk management and internal audit	Account Manager, Samba Financial Group	External Member
3	Dr. Ammr K. Kurdi	Audit Committee	PhD. in Accounting	Accounting experience	CFO, Tawuniya	Executive Vice President of Business for DUSSUR	External Member
4	Eng. Tarek Abdulaziz Alrikhaimi	Risk Committee	Master of Science	Experience in financial, banking services, risks management, operations, strategic planning and projects management.	Independent Financial Advisor, Investment and Risk Management Advisor	CEO, Saudi Kuwaiti Finance House	External Member
5	Mr. Rashid I. Sharif	Investment Committee	MBA	Experience in finance and a member in several listed companies	CEO, SNB Capital and an Executive Member of the Board	Head of the General Administration, Saudi Investments Public Investment Fund	External Member
6	Mr. Johan Brand	Nomination and Remuneration Committee	Master of Business Economics Master of Business Law Master of Private Law	Experience in leadership advisory	Independent consultant in a leadership advisory company	Key Partner, Egon Zehnder	External Member
7	Ms. Hoda M. Al- Ghoson	Nomination and Remuneration Committee	MBA	Experience in Human Resources	Executive Director of Human Staff Resources and Training, Aramco	General manager of Training and Development, Aramco	External Member

Audit Committee Skills and Competences Matrix

Skills / Characteristics	Waleed bin Ibrahim Shukri	Ammr Bin Khaled Kurdi	Khaled Bin Abdullah AlAngery	Medhat Bin Fared Tawfeq
Business leadership	✓	✓		
Commercial			✓	
Financial markets		✓	✓	✓
Finance, Audit & Risk	✓	✓	✓	✓
Financial experts		✓		✓
International experience	✓	✓		✓
(Full time) Executive position at other company		✓	✓	✓
Mainly non-executive role	✓			
Male	✓	✓	✓	✓
Female				

Inquiries and feedback

Inquiries, feedback or suggestions are welcome at:

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