Materiality and stakeholders

According to the Global Reporting Initiative (GRI) and other leading standards, material matters refer to topics that hold significant importance for an organization's ability to generate value over the short, medium and long term. These topics influence stakeholders' perceptions of the organization, including those of customers, employees, investors, regulators and the broader community. stc recognizes these material matters are integral to our strategy, performance and long-term sustainability, making them pivotal considerations in leadership decision-making.

Defining material topics

Our approach

stc's comprehensive materiality process for 2024 focused on understanding the organizational context and identifying key ESG topics. By engaging internal and external stakeholders and assessing industry trends, the process identified significant sustainability issues that align with both global standards and stc's strategic objectives.

Understanding the organizational context

Given that business conditions and factors affecting the stc Group have not changed markedly in the past year or so, the 2024 materiality process was effectively a refresh of the 2023 materiality assessment. Our key stakeholders – those who affect and/or are affected by decisions – were identified as being the same as 2023.

Identifying current and potential impacts

In the second phase, stc's impact on the economy, environment and society was assessed. Information was gathered from peer assessments, surveys, industry trends and benchmarks aligned with the UNSDGs and Saudi Vision 2030. Evaluations from ESG rating agencies and adherence to national and international standards, including GSMA, WEF, SASB and GRI, were incorporated.

This analysis resulted in an updated materiality matrix for 2024, identifying 25 ESG topics for stakeholder and management evaluation.

Assessing the significance of impacts

The third phase aimed to create a hierarchy of material topics based on their significance. Surveys and questionnaires were used to engage a diverse group of internal and external stakeholders, including executives, employees, investors, clients and vendors, to gather insight and objectively weigh the importance of these topics.

Prioritizing the most significant impacts

In the final stage, stakeholders were asked to prioritize the 25 ESG topics based on their relevance and impact on stc's operations, narrowing the list to 13 material topics. The remaining 12 topics – some of which were consolidated under other topics – will be managed and monitored but are not considered material for sustainability reporting. The final list of material topics was approved by stc's GCSO.

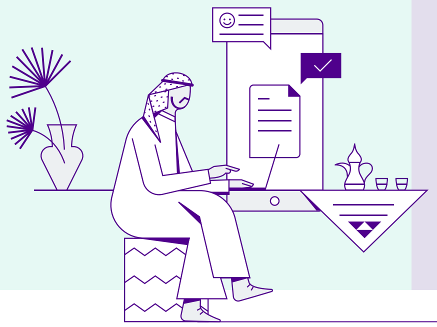
We developed this Sustainability Report by identifying key topics based on GRI standards and global best practices. We engaged with stakeholders, including employees, customers, suppliers and community partners, to gather insight on sustainability concerns. We analyzed industry trends, regulations and societal expectations to prioritize significant topics for our business and stakeholders. This thorough assessment ensures our reporting is transparent and aligned with our strategic priorities and sustainability commitments.

Materiality assessment outcomes

The material topics were assessed and finalized through a comprehensive stakeholder engagement process and alignment with stc's strategic priorities, industry benchmarks and global sustainability standards.

For more clarity on the breakdown of how the material topics have been assessed, please review the Appendix E Materiality Matrix Assessment. Below is the breakdown of the material topics.

Environmental performance and climate	Development of human capital through digital innovation	Strong governance and ethical excellence
• Energy and climate change • Resource management	• Accessibility and digital inclusion • Digital innovation and experience • Health, safety and wellness • Diversity, equality and inclusivity • Customer relations and satisfaction • Talent management • Community contribution and development	• Business ethics and governance • Data privacy, security and protection • Supply chain management • Human rights



Our sustainability strategy continued

Stakeholder engagement

Engaging with stakeholders remains at the heart of stc's approach to identifying and prioritizing material topics. In 2024, we strengthened our stakeholder engagement practices to ensure that our sustainability strategy is aligned with their evolving expectations and the dynamic needs of our industry.

By fostering open dialogue, providing transparent and timely updates, and actively encouraging feedback, we continue to refine our focus on the areas that matter most to our stakeholders and our business. Below, we provide a breakdown of the key stakeholders who contributed and the topics they identified as critical to stc's success.

Stakeholder Group	Employees	Customers	Suppliers	Community*	Government entities	Shareholders
Stakeholder expectations	• Career advancement • Recognition • Preference for local communities • Rewards • Attractive benefits • Health, well-being and safety • Empowerment and equal opportunity • Open communication with management	• Friendly, personalized customer service • Clear, open communication • Competitive rates and fees • Convenient access points • Innovative products and services • Data and information security	• Timely payments • Open communication channels • Fair and transparent bidding procedures • Access information about stc • New opportunities for interaction and engagement	• Corporate citizenship and contributing to the welfare of communities where we operate • Socio-economic upliftment for the region • Expectation to play a positive role in the telecommunications industry	• Ensure the industry follows ethical practices that improve lives and reduces risk to children and the vulnerable	• Strong balance sheet and healthy cash flow • History of success and delivering growth in key metrics • Solid market positioning • Dynamic risk analysis and management • Strong brand • Good corporate governance
How stc engages	• Succession planning • Performance management and assessment • Newsletters • Training sessions and workshops • stc Academy • Website • Intranet (stc Hub) • Experience Index (EEI) • Speak Up	• Social media channels, including LinkedIn, X and Facebook • Customer feedback form: Your opinion matters • Complaints handling unit, customer service offices, mystc app • stc live chat through: mystc.com.sa • Website	• Vendor relationship management system (VRMS) • Vendor management team • Annual meetings and sessions • rawafed program • Partners Day • LinkedIn	• Social media awareness campaigns • Donations and sponsorships, including "Donating via SMS" • Community outreach programs • Empowering entrepreneurs and digital innovation through inspireU • Employee volunteering	• Partnerships and cooperation, including participation on their platforms • Annual reporting	• stc Annual Report • Roadshows • Open transparent channels of communication with shareholders • Quarterly presentations • Governance, risk and compliance • Committee meetings • Website • Investor relations application
Frequency of engagement	High interaction	High interaction	High and regular interaction	High interaction	High interaction	High interaction
How stc creates value for this stakeholder group	stc provides a fair and inclusive work environment that attracts, develops and retains the best and most appropriate talent.	stc aspires to be a digital enabler, providing connectivity to break digital divides, serving millions of customers.	stc improves its business practices and operations on an ongoing basis, managing risk and increasing productivity and efficiency within the supply chain. We are dedicated to greater supplier engagement, ongoing supplier recognition and better sustainable procurement practices.	stc's approach to community investment is rooted in developing the communities where we operate, through unique services, digital innovation, transformative technologies and meaningful investments that go beyond regular corporate donations.	stc supports government entities by ensuring regulatory compliance and collaborating on innovative e-government services, advancing digital transformation initiatives and advancing infrastructure to enable digitization.	stc continues to grow shareholder value as well as keeping shareholders well informed on the Group's business by participating in various events, including general assemblies, individual meetings, update calls, conferences and official earnings calls.

*Including private sector, international organizations

Our sustainability strategy continued

Our alignment with national and global priorities

Pillar	Material	SDGs	UNGC	Saudi Vision 2030	Initiatives	Impact outcomes
Environmental performance and climate	Energy and climate change	7 Affordable and clean energy; 13 Climate action	Principles 7 and 9	Ensure environmental sustainability (An Ambitious Nation)	• Renewable energy across facilities • Involvement in GCC Innovation Hub	Reduced Scope 3 GHG emissions by 14.6%; TAWAL tower sites in KSA and abroad operated primarily on renewable energy contributed an additional 4,630MWh of renewable energy.
	Waste water, e-waste and water management	6 Clean water and sanitation; 12 Responsible consumption and production	Principle 8	Ensure environmental sustainability (A Thriving economy)	• E-waste recycling initiative • Water treatment facilities	**13,846** electronic devices recycled and refurbished; 33.08% reduction in water usage
Development of human capital through digital innovation	Accessibility and digital inclusion	9 Industry, innovation and infrastructure; 10 Reduced inequalities	Principle 6	Enable social contribution of businesses (A Vibrant Society)	• Expansion of 5G coverage	Deployed **6%** more 5G sites across KSA reaching and increasing the network users to more than 16 million
	Health, safety and wellness	3 Good health and well-being; 8 Decent work and economic growth	Principles 3 and 4	Promote a healthy lifestyle (A Vibrant Society)	• Health and safety training • Blood donation drive • Virtual medical care	**33,216** participants of the trainings; 34,000+ participation in health trainings; 114 individuals donating blood
	Diversity, equality and inclusivity	5 Gender equality; 10 Reduced inequalities	Principle 6	Ensuring equal access to job opportunities (A Thriving economy)	• Inclusion programs for people with disabilities • DEI training and women empowerment	**66** employees with disabilities in diverse hires; **6.25%** women in leadership roles
	Digital innovation and experience	9 Industry, innovation and infrastructure	Principles 9 and 10	Unlock potential of non-oil sectors (A Thriving economy)	• Emergency response products such as Tari' • Sustainable products and services through stc Cloud, iot squared, solutions and specialized by stc	**92%** customer experience index in KSA
	Customer relations and satisfaction	8 Decent work and economic growth	Principle 1	Grow contribution of the private sector to the economy (A Thriving economy)	• Customer satisfaction survey • Customer complaints resolution	**84.8%** customer satisfaction score across stc KSA
	Talent management	4 Quality education; 8 Decent work and economic growth	Principle 6	Develop human capital in line with labor market needs (A Thriving economy)	• Emerging women leaders • Emerging talent programs, including SDP and HiPo	**196** participants in programs; **476,675** training hours
	Community contribution and development	11 Sustainable cities and communities; 17 Partnerships for the goals	Principle 1	Enable social contribution of businesses (A Vibrant Society)	• Flagship programs including Technical Enablement program • SmartTruck for elderly digital literacy • Employee volunteering and more	Offered **3,500+** technical services to **1,300+** NPOs; **9,000+** elderly individuals digitally empowered
Strong governance and ethical excellence	Business ethics and governance	16 Peace, justice and strong institutions	Principle 10	Enable social contribution of businesses (An Ambitious Nation)	• Mandatory employee and contractor business conduct training	**99.6%** of employees attended the anti-corruption training sessions
	Human rights	10 Reduced inequalities; 16 Peace, justice and strong institutions	Principle 1	Enable social contribution of businesses (An Ambitious Nation)	• Online child safety guidebook • Training on human rights policies and procedures	**100%** of employees trained on human rights
	Data privacy, security and protection	9 Industry, innovation and infrastructure; 16 Peace, justice and strong institutions	Principles 1 and 2	Enable social contribution of businesses (An Ambitious Nation)	• Training for employees and contractors in data privacy and security	**900+** hours of employees trained; 99% of stc KSA employees completed the mandatory data privacy and protection training
	Supply chain management	8 Decent work and economic growth; 12 Responsible consumption and production	Principle 2 and 8	Enable social contribution of businesses (A Thriving economy)	• rawafed (to maximize local content) • Local procurement spending • SME support	**96%** spend on local procurement at Group level **492** SMEs supported through procurement efforts

Engaging with external stakeholders on sustainability

We collaborate with peer companies in the ICT and telecom sectors to promote sustainability in the Gulf and MENA regions, focusing on climate action and knowledge sharing.

Success stories and case studies on engaging with stakeholders

Sustainability Champions Program

stc Group is a key participant in the KSA Sustainability Champions Program, launched by the Ministry of Economy and Planning in April 2024. The initiative brings together 19 leading companies to advance corporate sustainability, foster collaboration and drive environmental progress in alignment with Saudi Vision 2030.

As part of the program, stc Group works closely with 3 organizations, providing structured support through capability-building sessions, dedicated advisory and progress monitoring. Focus areas include ESG ratings, sustainability reporting, environmental responsibility and governance. By sharing expertise and best practices, stc Group strengthens local capabilities and reinforces public-private partnerships for long-term sustainable development.

Saudi Sports for All Federation

stc Group and the Saudi Sports for All Federation (SFA) signed an MoU at the 8th Future Investment Initiative in Riyadh. This commits us to sharing sustainability expertise and developing reporting frameworks aligned with SFA's goals, highlighting stc Group's dedication to knowledge transformation and sustainable practices in sports.

Case study

GCC Sustainability Telco Alliance Initiatives

Background

The GCC ESG Telecommunications Alliance unites 7 regional telecom companies to promote sustainability. This partnership focuses on increasing awareness of sustainability topics relevant to the telecommunications sector and advancing sustainability in the region, with an emphasis on climate action.

Approach

Partners have signed a 2-year MoU, which includes establishing the GCC Innovations Hub, a collaborative platform for developing innovative solutions to address regional sustainability challenges.

Our role in the GCC Telco Alliance

In 2024, stc Group played a pivotal role in advancing the alliance's sustainability agenda by:

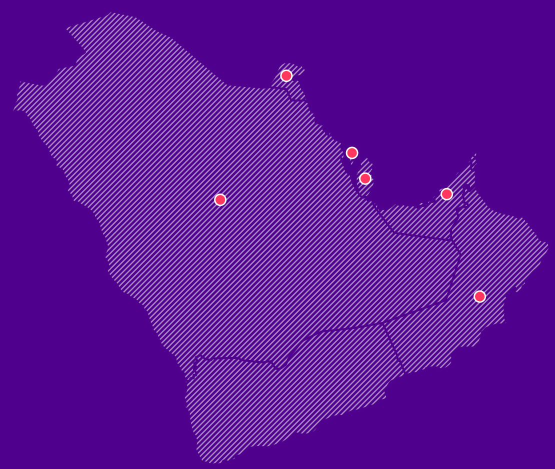
- **Hosting biweekly collaboration meetings** to align regional telecom operators on sustainability priorities.
- **Coordinating 3 innovative catalyst submissions** to the TM Forum DTW25, driving sustainable industry advancements.
- **Contributing to the GSMA Intelligence report** *Green Shoots: A New Model for Renewables from the GCC*, supporting the adoption of renewable energy solutions.
- **Publishing the GCC Sustainability Alliance Executive Summary**, offering strategic insight into sustainable telecom practices.

Outcomes

The GCC Sustainability Telco Alliance has made significant progress in driving sustainability across the telecommunications sector. The publication of the GCC Sustainability Alliance Executive Summary has provided a strategic roadmap for sustainability initiatives in the industry. Additionally, the alliance contributed to GSMA's whitepaper on the GCC Innovations Hub, helping to shape regional sustainability frameworks. Through collaborative efforts, 3 catalyst projects were submitted to TM Forum DTW25, reinforcing the commitment of GCC telecom operators to developing innovative and sustainable solutions. These achievements mark a strong foundation for continued progress in sustainable technology within the region.

Next steps

Building on current achievements, we will continue to strengthen the GCC Telco Alliance's leadership in sustainable technology. Our focus will include exploring innovative initiatives, enhancing collaborations among GCC operators, and expanding the alliance's impact on regional and global sustainability efforts. We plan to pursue forward-thinking projects that address emerging challenges, enhance knowledge sharing and further establish the alliance as a driving force for sustainable transformation in the telecom sector.



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