



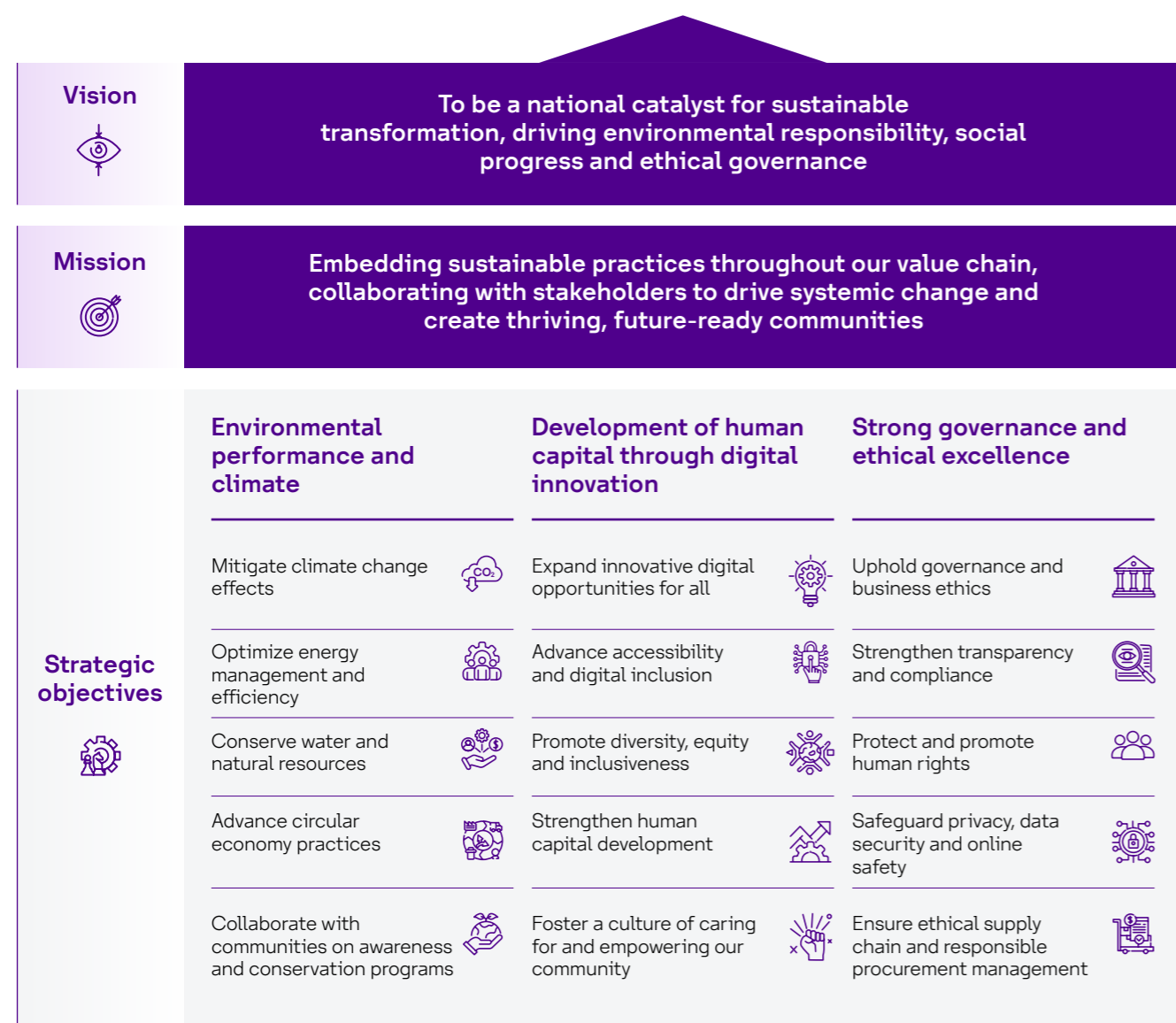
# 04

## Sustainability

Sustainability is deeply embedded in stc group's corporate strategy, forming the foundation of its role as a leading digital enabler. stc group upholds a strong commitment to environmental responsibility, human capital empowerment and sound governance. By integrating sustainability into its core operations, stc group advances its vision to enable societal progress and contribute to sustainable economic growth within Saudi Arabia and beyond.

Through active engagement with both current and emerging sustainability priorities, stc group continues to position itself as an innovative and forward-thinking partner, ready to meet the evolving expectations of its people (customers, employees and communities). Its dedication to responsible practices enhances operational resilience and drives long-term value creation.

**Sustainability strategy and objectives**



In 2025, stc group refreshed and updated its three-year rolling sustainability strategy to cover the period 2026-2028. This approach ensures strategic priorities remain dynamic, responsive and aligned with emerging trends, stakeholder expectations and national and international objectives. The new strategy takes into consideration new and anticipated regulatory changes across global and national landscapes.

While the strategic pillars remain unchanged, the strategic objectives and targets have been refined to reflect new priorities and emerging trends. Each framework pillar includes defined strategic objectives, material topics and quantitative targets supported by clear roles and responsibilities to ensure accountability and effective implementation across stc group.

**For more information:**

stc group's [annual sustainability reports](#) outline its detailed sustainability performance for the year and initiatives that are underway across its operations.

**Environmental performance and climate**

As a leading digital and telecommunications provider, stc group continues to advance its environmental stewardship through sustainable innovation, efficient resource management and technology-driven climate action. In alignment with Saudi Vision 2030 and the Saudi and Middle East Green Initiatives (SGI and MGI), stc group is accelerating its transition toward a low-carbon economy with a clear objective of achieving net zero emissions by 2050. Its climate initiatives provide direction across business units and subsidiaries, supporting alignment toward sustainable and inclusive growth.

stc group's long-term commitment includes planting one million trees by 2030, contributing directly to the goals of the Saudi Green Initiative and the Middle East Green Initiative. Efforts are underway to monitor and nurture planted trees, with over 85,000 trees planted and a target of reaching over 220,000 trees by the end of 2026.



## Sustainability continued

### stc group's climate commitment



Figure 1 - stc group climate commitments aligned with Saudi Vision 2030 and SGI

stc group's climate action roadmap focuses on four strategic pillars:

- **Optimizing its own environmental performance** - through continuous improvement programs and active management of scope 1 and 2 emissions.
- **Developing sustainable products and services** - to minimize environmental impact across the value chain and enable customers' transition to sustainability.
- **Managing climate risks and financial impacts** - ensuring transparency, resilience and alignment with stakeholder expectations.
- **Demonstrating climate leadership** - by embedding circular economy principles into its supply chain and empowering both internal teams and external partners to act on climate.

In 2025, stc group established and activated a Climate Working Group, chaired by senior executives, to oversee the implementation of this roadmap. This group is responsible for developing and monitoring the decarbonization plan, ensuring actions remain aligned with Science-Based Targets initiative (SBTi) requirements and net zero commitments.

Additional environmental initiatives include expanding solar energy integration across infrastructure, advancing water efficiency and optimizing recycling and take-back programs in partnership with suppliers and vendors. Through these ongoing efforts, stc group continues to drive sustainable innovation, reduce its environmental footprint and contribute to the Kingdom's ambitious green transformation.

### Development of human capital through digital innovation

stc group continued to advance human capital development by empowering individuals and communities through inclusive practices, diversity initiatives and strategic social investment programs. By leveraging technological innovation, stc group fosters growth, bridges societal divides and cultivates a culture of well-being and belonging, ensuring its efforts drive meaningful and lasting impact.

stc group is dedicated to maximizing positive value for local communities through flagship programs. Collaboration is central to this mission, with strategic partnerships enabling stc group to address society's pressing challenges and unlock new opportunities. stc group's community engagement efforts aim to enhance the capacity and success of the third sector, supporting initiatives that drive sustainable community progress.

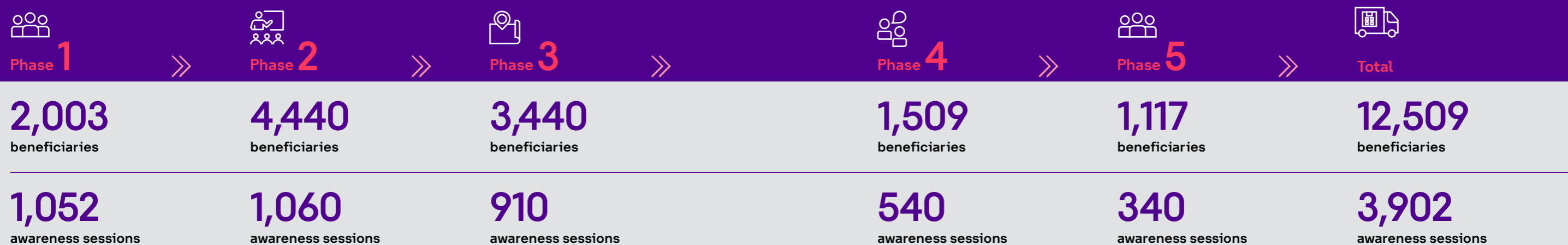
These efforts are bolstered by comprehensive employee development programs, a strong focus on health and safety, and initiatives aimed at reducing the gender gap. stc group's commitment to transparency is reflected in its disclosures, which highlight its dedication to fostering a diverse, inclusive and supportive work environment, driving meaningful social impact across the Gulf region and beyond.

stc group's community investment approach focuses on maximizing positive value for its communities and on driving social progress by harnessing digital power to enable inclusion and bridge the digital divide. In this spirit, stc group's Technical Enablement Program provides free access to a suite of 13 cloud-based solutions covering administrative, financial and operational functions. The program helps non-profit organizations (NPO) streamline workflows, improve efficiency and strengthen impact on beneficiaries. To date, the program covered over 70 cities and governorates, 1,300 NPOs and delivered more than 3,500 technical services. This initiative contributes directly to the Saudi Vision 2030, particularly the target of increasing the non-profit sector's GDP contribution to 5%. Furthermore, it also aligns with the SDGs 9, 10, 11 and 17, reinforcing its commitment to inclusion and resilient communities.

Another impactful initiative is the Smart Truck initiative, a mobile digital literacy hub that travels across the Kingdom to bridge the digital divide, particularly among the elderly and underserved communities. The initiative was delivered through five structured implementation phases, allowing progressive geographic expansion and increased reach to elderly communities, especially in remote areas. In 2025, over phases four and five, the truck visited 26 cities and governorates, delivered 880 awareness sessions to 2,626 elderly beneficiaries and engaged 55 volunteers and trainers to provide personalized training and awareness experiences on six main governmental applications in addition to cybersecurity and data privacy awareness.

Sustainability continued

Smart truck digital inclusion journey: Five phases of impact



Implementation period: 2023-2025

**Strong governance and ethical excellence**

stc group remains committed to upholding the highest standards of governance, integrity, transparency and accountability. By embedding responsible business practices, safeguarding human rights and fostering a culture of trust, stc group continues to set a benchmark for ethical conduct in the telecom and ICT industry.

When it comes to sustainability, stc group’s sustainability governance model incorporates sustainability across the organization, providing comprehensive tools and risk management for ESG and climate considerations. The Executive Management Sustainability Committee, chaired by the GCEO, reviews and approves annual sustainability reports, monitors progress and discusses key ESG topics. The Sustainability Committee, chaired by the GCEO, comprises eight C-suite members. The Sustainability GM serves as a non-voting member, and the Sustainability Planning and Partnerships Management Director acts as rapporteur. The Committee ensures strategic oversight of sustainability commitments, ESG performance and key initiatives.

In 2025, stc group updated and published its [Sustainability Policy](#), which was approved by GCEO. The policy sets out the principles and governing framework for all sustainability-related activities across stc group, covering ESG dimensions. It serves as a cornerstone for integrating sustainability into processes, ensuring consistency, accountability and best practices.

stc group continued to reinforce its commitment to sustainable value creation by embedding ESG

consideration into variable remuneration framework. ESG performance is directly linked to the corporate scorecard through the ESG index, which forms 5% of the overall evaluation of key executives. The ESG index measures progress against defined sustainability priorities ensuring responsible business performance is a shared accountability across leadership.

**Human rights commitment**

stc group’s [human rights policy](#), approved by GCEO, reinforces its commitment to the highest standards of ethical conduct. The policy aligns with the Universal Declaration of Human Rights, the International Labor Organization’s Declaration on Fundamental Principles and Rights at Work, the UN Guiding Principles on Business and Human Rights, and Saudi labor laws and regulations.

stc group focused on addressing key human rights issues most at risk from its operations, with a particular emphasis on workplace rights, labor conditions, supply chain ethics, community impact and security practices. In collaboration with the Saudi Human Rights Commission, stc group strengthened its implementation of the UN Guiding Principles, ensuring human rights remain central to its business operations.

The policy outlines critical commitments, including privacy and confidentiality, diversity and inclusion, safe and healthy workplace conditions, fair employment contracts, working hours and wage standards, equality in the workplace, prohibition of child labor, prevention of forced labor and human trafficking and employee skill development.

**Comprehensive third-party ethics audit and ethics oversight**

stc group continued to reinforce its commitment to ethical governance and compliance through a comprehensive third-party ethics audit conducted by Deloitte at the group level. The review confirmed the Internal Audit Unit conducts annual audits on compliance and business integrity, complemented by external assessments every three years. It also highlighted strong ethics and compliance oversight at both the Board Committee and Executive Management levels, supported by dedicated committees such as the BAC, BRC/RMCC and BIC. These findings underscore stc group’s alignment with international best practices and its commitment to maintaining robust governance structures. The next external ethics audit is scheduled for late 2027, in line with the three-year audit cycle.

**Accountability and responsible conduct training**

stc group maintains a strong culture of accountability and responsible conduct through mandatory annual training programs that cover all employees, including part-time staff and contractors. These programs include comprehensive training on ethical standards, ensuring consistent understanding and application of integrity and compliance principles across the organization. In addition, all employees, including part-time staff and contractors, receive annual training on data security and privacy-related risks and procedures, reinforcing their role in safeguarding sensitive information and maintaining a secure digital environment. Further details are disclosed in the annual Sustainability Report.

**Incident response plan**

A comprehensive cybersecurity incident response plan was introduced in 2024, to enhance organizational resilience and ensure swift, effective management of cybersecurity incidents. The plan established a structured framework encompassing incident identification and triage, response coordination, forensic analysis and reporting, supporting business continuity and regulatory compliance. Since its rollout, it has contributed to strengthening incident readiness, accelerating recovery times and reinforcing trust in stc group’s digital infrastructure. The framework is aligned with national regulations and leading international standards, and its effectiveness will be revisited and further enhanced by the end of 2027 to reflect the evolving cyber threat landscape and in line with the three-year review cycle. [Data\\_breach\\_incident\\_response\\_plan.pdf](#).

**Supplier anti-bribery and anti-corruption policy and programs**

stc group’s anti-bribery and corruption policy applies to all suppliers and contractors globally, including all subsidiaries and joint ventures. The policy covers all forms of bribery, facilitation payments, gifts, conflicts of interest, and third-party contributions. Non-compliant suppliers are subject to contract termination and corrective action plans, depending on the severity of the violation. Suppliers are required to complete mandatory annual training which is available to all suppliers via stc group’s online Partner Portal. Suppliers are also required to establish and maintain anti-corruption policies and programs to ensure compliance. [\(Announcement on supplier anti-bribery and anti-corruption policy and programs\)](#)

## Sustainability continued

### Rising ESG ratings

stc group's continued commitment to transparency and sustainability has been reflected in the steady improvement of its ESG ratings across leading global assessment platforms.

As at October 2025, stc group received an MSCI ESG Rating of AA. This marks the third consecutive year of rating improvement since 2022, reflecting stc group's sustained commitment to embedding sustainability, governance and operational excellence across its business.

The latest upgrade was driven by continued advancements in data security, business ethics and labor management practices. stc group's data security framework is now recognized as industry-leading, featuring external IT system audit provisions, incident response mechanisms and executive-level oversight. MSCI noted that stc group's privacy policy now fully encompasses all business lines, reinforcing its commitment to safeguarding customer data and managing cybersecurity risks effectively.

In addition, stc group has strengthened its business ethics framework, introducing regular ethics audits and enhancing oversight at the executive level. These improvements reflect stc group's proactive governance approach and alignment with global best practices.

As telecom operations are typically labor-intensive, MSCI's model considers stc group's moderate exposure to labor risks in Saudi Arabia. stc group continues to stand out for its robust labor management practices, including variable performance-based pay, leadership development initiatives and a strong focus on education and skills-building for employees.

This consistent year-on-year rating improvement - from BB in 2023 to BBB in 2024, and now AA in 2025 by MSCI - underscores stc group's commitment to sustainable growth, resilience and leadership in ESG performance within the telecom industry.

At group level, stc will continue to foster alignment and knowledge-sharing across subsidiaries, supporting the further strengthening of its sustainability initiatives and the continued advancement of its external ESG performance.

Analyst/institution	Rating/score	stc group performance	Last update
MSCI	ESG rating	AA	October 2025
S&P CSA	ESG score	55	October 2025
Sustainalytics	ESG risk rating	21.8	October 2025
ISS Corporate	ESG corporate rating	C+ Prime	December 2025
CDP	Climate change questionnaire	C	December 2025

Table 1 - stc group ESG rating and rankings

### Sustainability awards and recognition

stc group achieved distinguished awards at both national and international levels that underscore its leadership in innovation, social responsibility and sustainable practices.

In 2025, stc group was honored with the King Khalid Award for Sustainability (First Place – Gold Award), one of the Kingdom's most distinguished recognitions for sustainability excellence. The award reflects stc group's comprehensive approach to ESG, positioning it as a leader in driving sustainable transformation in alignment with Saudi Vision 2030.

In addition, the technical enablement program (TEP) was recognized as a champion program in WSIS 2025 Prizes category 2 – Information and Communication infrastructure. This global recognition celebrates stc group's innovative use of digital technologies to empower NPOs and community at large, reinforcing stc group's role as a digital enabler.

Furthermore, stc group was recognized by receiving two awards by the ESG Business Awards, the Economic Empowerment award for the technical enablement program (TEP) and the Social Inclusion and Equal Opportunities award for the braille sports board, representing stc group's commitment to advancing sustainable and inclusive digital solutions.

