96%
local procurement
across group

18%
board seats
occupied by women

Zero
data security breaches and
zero incidents involving
customers' personally
identifiable information (PII)

Strong governance and ethical behavior

06.

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

UN GLOBAL COMPACT

Principles
1, 10

Thriving
Economy

Ambitious
Nation

Good corporate governance and ethical business conduct are fundamentally important for sustainability of organizations and their success. We are committed to adopting leading governance practices rooted in integrity, human rights and guaranteeing a resilient and responsible organization and individuals.

Our organization is dedicated to managing operations responsibly, transparently and accountably, assuring long-term value creation for all stakeholders. We consistently strive to improve our governance framework. This includes refining board charters, policies and overall governance practices. We uphold stringent protocols to maintain high standards of conduct, ethics and checks and balances in all our operations.

stc is committed to aligning our business practices with our ESG goals to embark a more sustainable and prosperous future, leaving a lasting positive impact on the communities and countries in which we operate. By concentrating on effective corporate governance and sustainable practices, we generate long-term value for our stakeholders and the wider community.

stc aims to actively align its sustainability governance with IFRS S1 and S2 standards to continuously increase transparency and accountability. This alignment will provide stakeholders with clear insight into the governance processes, controls and procedures we aim to employ to monitor, manage and oversee sustainability-related risks and opportunities.
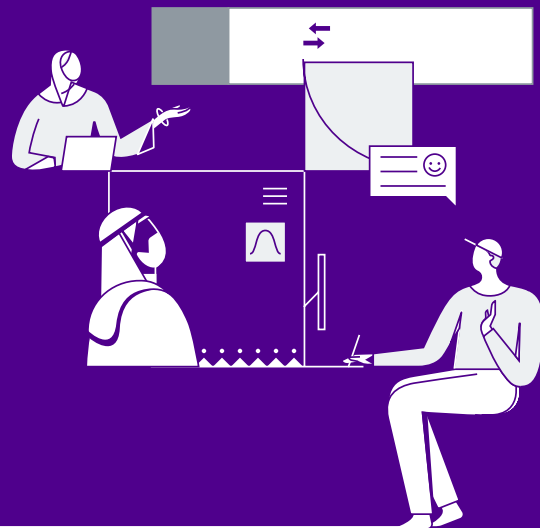
Leadership in action

Corporate governance and Board details

To demonstrate our commitment to sustainable business practices, we continuously develop our governance framework by refining board charters, policies and overall governance practices. We maintain stringent protocols to uphold high standards of conduct, ethics and checks and balances throughout our operations. stc is working to align its governance of sustainability-related matters with IFRS S1 and S2 standards, enabling partners to understand the processes, controls and procedures we use to monitor, manage and oversee sustainability-related risks and opportunities.

Our corporate governance framework is structured around a clear strategy, well-defined goals, and a precise allocation of responsibilities, ensuring operational efficiency and effectiveness. stc Group is managed by a Board of Directors consisting of 11 members appointed by shareholders for terms of up to 4 years. Shareholders can nominate themselves or others for Board membership, within the limits of their shareholdings.

The formal launch of stc's sustainability strategy, alongside new sustainability reporting requirements, marked a significant step forward. Additionally, the Executive Management Sustainability Committee — established in 2021 — has been empowered to actively oversee and address ESG-related matters.

The Board of Directors is responsible for overseeing ESG trends and risks relevant to the ICT sector and for evaluating the rationale for adopting sustainability practices. This involves monitoring major international companies that have set ESG targets to manage non-financial impacts and enhance business performance, as well as reviewing the most important trends and motives for adopting sustainability within the telecommunications sector.

The average tenure of Board members is 4 years, and 5 members possess relevant work experience in the ICT sector. To ensure continuous development, we offer tailored training programs, workshops and conferences aligned with the Board Members Training policy and performance evaluations.

Our Director/CEO Equity policy, known as the Executive Long-Term Incentive Plan policy, addresses stock ownership guidelines and non-executive shareholding data, while maintaining strict confidentiality. The Board has approved the sustainability strategy and delegated execution to Executive Management, which includes setting KPIs, guidelines, social responsibility policies and managing CSR spending within an approved budget. These initiatives are typically proposed by employees and supervisory teams before undergoing senior executive review and approval.

On 24 July 2024, a new Board of Directors was elected for the 9th term, with a tenure of 4 calendar years. For a detailed breakdown of the Board of Directors, please refer to the **2024 Annual Report.**

Composition of the Board of Directors

	2022	2023	2024
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	**6**
Non-independent members of the Board of Directors	7	7	**5**

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.
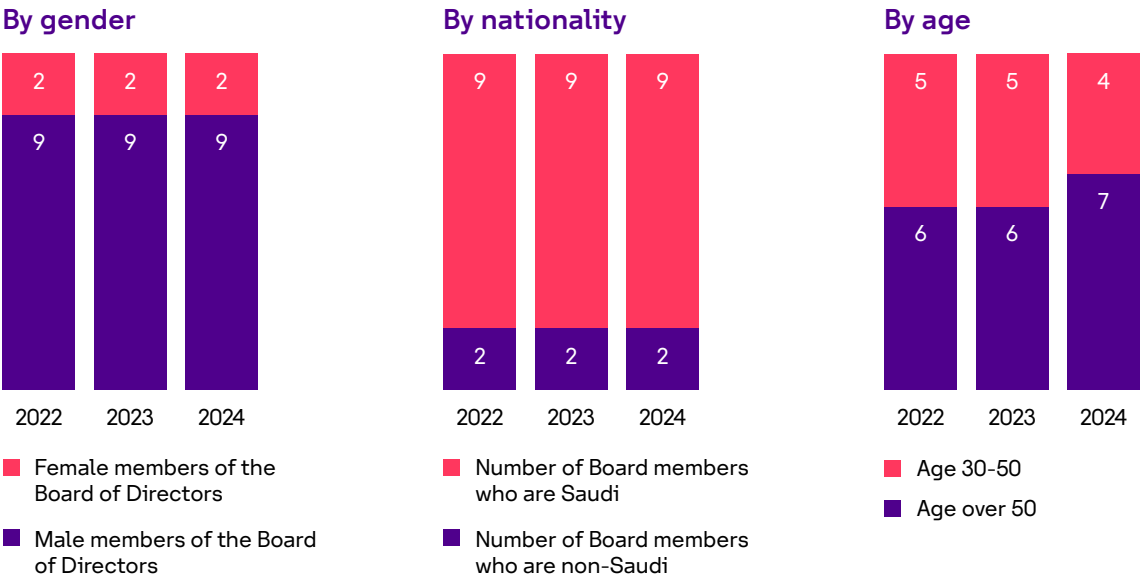
stc Group's main governing bodies for sustainability are as follows.

Governing body	Responsibilities
Board of Directors	• Oversee sustainability across the Group through the Sustainability Management Committee • Approves sustainability strategy • The Board Executive Committee (BEC) is briefed on key sustainability findings and the report
Executive Management Sustainability Committee (chaired by GCEO)	• Receives regular updates regarding the framework, strategy, action plans and performance across a range of ESG KPIs and goals at its quarterly meetings • The sustainability report is reviewed and approved by senior leadership, with final sign-off from the GCEO before launch
Group Chief Strategy Officer (GCSO)	• Endorse sustainability strategy and report ensuring alignment with global best practices, national regulations and corporate objectives

Board diversity

Our Board and standing committees are diverse, comprising members from a wide range of industry and professional backgrounds, as well as varying areas of expertise that align with our business needs. stc's Board actively promotes diversity and supports initiatives aimed at increasing representation in senior management and across other areas of the Group. In 2024, women constituted 18% of our Board.

Board diversity: stc Group

By gender

	2022	2023	2024
Female	2	2	2
Male	9	9	9

- Female members of the Board of Directors
- Male members of the Board of Directors

By nationality

	2022	2023	2024
Saudi	9	9	9
Non-Saudi	2	2	2

- Number of Board members who are Saudi
- Number of Board members who are non-Saudi

By age

	2022	2023	2024
Age 30–50	5	5	4
Age over 50	6	6	7

- Age 30–50
- Age over 50

Leadership in action continued

11
Board members

4
years average tenure

18%
woman representation
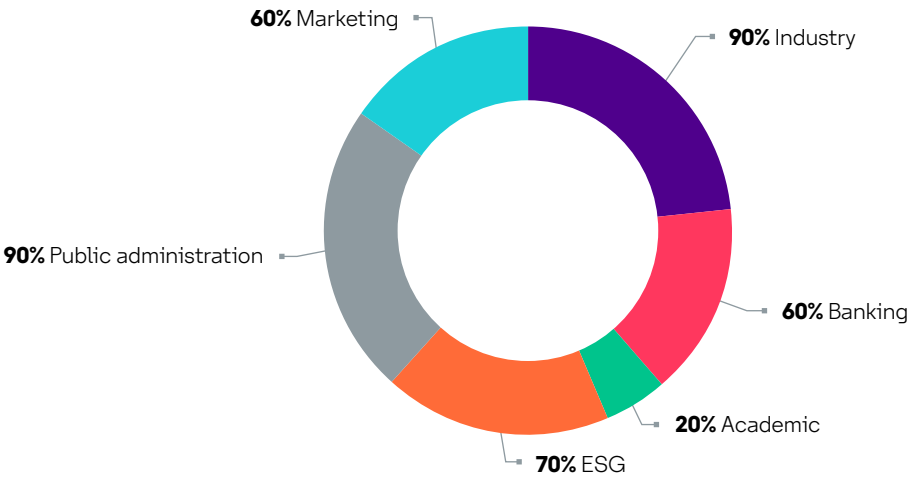
Our 11-member Board of Directors brings together a diverse range of skills, expertise and industry experience, ensuring robust governance and strategic oversight. The Board comprises leaders with backgrounds in the following.

Board members' skills

- **50%** Others
- **20%** Engineering
- **90%** Innovation/Technology/IT
- **90%** Economic/finance
- **90%** Risks
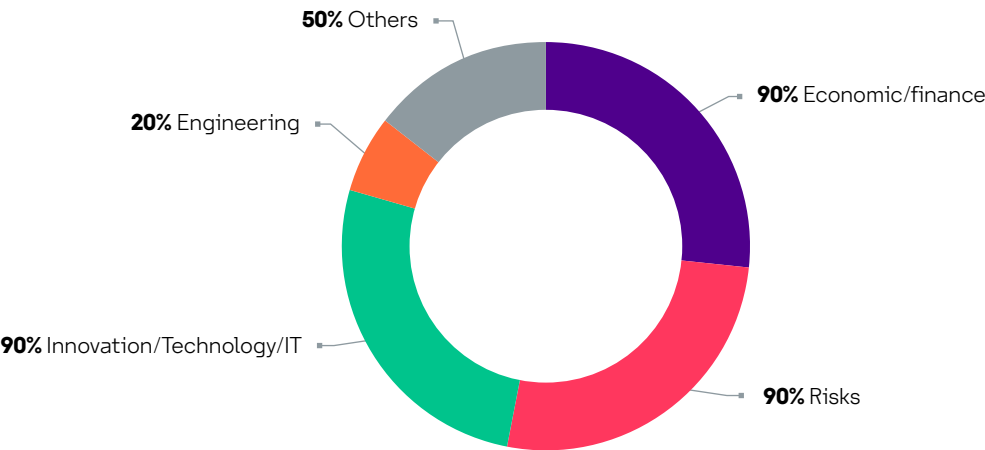
Board members' experience

- **60%** Marketing
- **60%** Public administration
- **90%** Industry
- **60%** Banking
- **20%** Academic
- **70%** ESG

Performance evaluation and remuneration

The Board Nomination and Remuneration Committee regularly reviews the composition of the Board, aiming to maintain a diverse mix of backgrounds, expertise and experience, with a strong focus on technology and telecommunications. Each year, the Board assesses its performance through an annual review.

The revised Nomination and Remuneration policy includes clawback and malus clauses to support long-term performance and ethical behavior. stc's Executive Long-term Incentive Plan outlines stock ownership guidelines and non-executive shareholder data, while the Performance Assessment policy sets clear criteria and regulations for evaluating performance according to our standards of ethics, good governance and Board effectiveness.

The Group adheres to high levels of transparency, publishing all legally required governance documents and annual reports on our website. These documents include stc's incorporation documents, the Corporate Governance Charter, the Board of Directors and committees' charters, key policies and executive remuneration. Additionally, we disclose general assembly results and meeting minutes, guaranteeing stakeholders have access to critical governance and financial information.

To align financial incentives with long-term sustainability goals, our annual variable compensation scheme incorporates sustainability indicators as a key component. **Our sustainability index is embedded in our corporate priorities index, comprising 10% of the performance appraisal criteria for top management's short-term variable remuneration, with sustainability-specific metrics accounting for 5%.** It should further be noted that of the 30% given over to strategic programs, some of this is for programs that have a strong sustainability focus.

Annual variable remuneration scheme

Perspectives	Default KPIs	Weight %
Financials	P&L-related KPIs	60%
Strategic	Strategic programs	30%
Corporate priorities	Sustainability / GRC KPIs / Diversity and inclusion score / Attrition score	10%

Scorecard

Governance with integrity

Business ethics

stc upholds integrity through transparency, accountability and responsible business practices. We adhere to regional standards and respect human rights, setting high ethical benchmarks in the telecom and ICT sectors.

stc's governance framework confirms transparency, integrity and trust, safeguarding stakeholder rights and interests. Our proactive risk management approach prevents corruption and reinforces a culture of accountability.

Code of ethics: Integrity takes us forward

Ethical considerations form the backbone of stc's approach to managing information, engaging with employees, allocating resources and addressing sustainability, making sure the Group's broader impact on society is positive and responsible. stc's Code of Ethics, titled "Integrity Takes Us Forward", embodies the Group's core values of Dynamism, Devotion, and Drive, providing clear guidance and practical advice on conduct expectations. The Code addresses 16 key areas of integrity risk, serving as a reference for employees, customers, business partners, suppliers and other stakeholders.

stc's Anti-Corruption and Fraud policies operate in conjunction with the Code of Ethics and strictly prohibit facilitation payments across the entire Group, including all subsidiaries. As part of stc's updated operating model, the ethics component of the stc Compliance program has been seamlessly integrated throughout all subsidiaries. To reinforce the ethical framework, the Ethics team conducts half-day ethical leadership workshops targeting C-Suite officers, general managers, Directors and other senior leaders. These workshops highlight the pivotal role leadership plays in promoting an ethical organizational culture and addresses high-risk areas such as anti-corruption, conflicts of interest and the proper handling of gifts and hospitality.

Adherence to the stc Code of Ethics is mandatory for all employees, executives and leaders, and its scope extends to suppliers and contractors, as every employee has signed an acknowledgment of the Code of Ethics. Integrity training is compulsory across all levels and violations result in disciplinary action, including termination when necessary.

Further strengthening its commitment to ethical excellence, during the third quarter of 2024, stc Group announced a new milestone in its compliance journey, engaging an external audit firm to conduct a comprehensive third-party ethics audit for all operations at the Group level. The first external audit, completed by Deloitte in December 2024, reinforces stc's dedication to transparency and ethical governance. Moving forward, these external ethics audits will be conducted every 3 years, ensuring continuous improvement and accountability in ethics and compliance practices.

This integrated approach to ethics and compliance highlights stc's dedication to upholding the highest standards of integrity while fostering an environment of accountability and transparency throughout the organization and its value chain.

Deloitte's assessment confirms strong ethics and compliance oversight at both the Board and Executive Management levels, aligning with international best practices. stc's ethics and compliance programs are closely monitored at all organizational levels, with key oversight provided by the Board Audit Committee (BAC), Board Risk and Compliance Committee (BRC/RMCC) and Board Investment Committee (BIC). Oversight mechanisms are supported through both direct and indirect reporting lines spanning key stc functions, guaranteeing a comprehensive monitoring framework.

For the fourth consecutive year, 100% of stc Group employees and contractors signed the Code of Ethics Acknowledgment, reaffirming their commitment to ethical conduct. This ongoing commitment, maintained at 100% since 2021, makes sure all employees and contractors have read, understood and pledged to uphold the principles outlined in the Code of Ethics, reinforcing stc's culture of integrity, transparency and corporate responsibility.

Code of ethics acknowledgment	stc KSA				stc Group			
	2021	2022	2023	**2024**	2021	2022	2023	**2024**
Percentage of employees who signed a code of ethics acknowledgement	100%	100%	100%	**100%**	100%	100%	100%	**100%**

Business ethics training

At stc, integrity and ethical conduct are at the core of our corporate culture. To uphold these values, all employees, including senior management and new staff members, are required to complete a mandatory **Basic Online Integrity course**. This training introduces the stc Code of Ethics and reinforces the Group's unwavering commitment to ethical business practices. Additionally, employees must complete an **Advanced Online Integrity course**, offering a more in-depth understanding of compliance-related topics tailored to their roles and responsibilities.

> Our integrity training series consists of **21 course modules, 9 of which are mandatory** for all employees, while the remaining modules are assigned **based on job profile and risk exposure**. This structured training approach ensures employees at all levels are equipped with the knowledge and tools necessary to make ethical decisions and mitigate compliance risks.

100%
compliance with mandatory trainings in 2024

In addition to mandatory integrity training, we also require all employees to complete compulsory training on data privacy and cybersecurity.

Mandatory courses
1. Anti-Corruption
2. Communication
3. Conflict of Interest
4. Controllership
5. Fair Employment
6. Gifts and Hospitality
7. Health and Safety
8. Regulatory Excellence
9. Speak Up Culture

Assigned courses
1. Anti-Money Laundering
2. Intellectual Property: Patents
3. Supplier Relations
4. Intellectual Property: Trademarks
5. Sponsorship and Donations
6. Intellectual Property: Trade Secrets
7. Insider Trading
8. Fair Competition: Interacting with Competitors
9. Fair Competition: Avoiding Improper Agreements
10. Fair Competition: Market Dominance and Abusive Conduct
11. Fair Competition: Competitive Intelligence
12. Intellectual Property: Copyrights

Governance with integrity continued

Performance metrics

In 2024, 9,904 full-time and 1,584 part-time employees and contractors has attended the code of conduct training, marking a 100% coverage of all stc KSA employees.

Code of conduct training	stc KSA			stc Group		
	2022	2023	2024	2022	2023	2024
Full time employees	12,131	12,217	**9,904**	-	13,735	**12,770**
Part-time employees and contractors	1,671	1,711	**1,584**	-	-	**-**

Anti-corruption and whistleblowing

stc's Code of Ethics, alongside our Group-wide Anti-Corruption and Anti-Fraud policies, explicitly prohibit facilitation payments across all Company areas, including all subsidiaries. These policies adhere to the principles and business guidelines established by Transparency International and are periodically reviewed to ensure continued alignment with global efforts to combat bribery, fraud and corruption.

Our Anti-Corruption Policy statement reinforces our commitment to conducting business with honesty, integrity and ethical responsibility. We maintain a zero-tolerance policy toward bribery and corruption, striving for fairness, transparency and accountability in all business dealings, regardless of location. As part of this commitment, all employees, including senior management and new staff, are required to complete mandatory advanced online integrity training covering anti-corruption, gifts and hospitality. In 2024, no legal cases of corruption involving stc KSA or its employees were recorded. Additionally, we conducted several anti-corruption training sessions, both online and in-person, focused on raising anti-fraud and corruption awareness. Across stc KSA, over 11,473 employees completed the anti-corruption training, representing 99.6% of the workforce.

0

legal cases raised by external entities regarding corruption in 2024

Anti-corruption communicated to

100%

of our business partners

To strengthen our corporate integrity framework, stc has established a Whistleblowing policy that provides a secure and confidential channel for employees and stakeholders to report unethical behaviour, fraud or misconduct. Employees are encouraged to speak up and report any suspected violations through designated whistleblowing channels, and their concerns are addressed with confidentiality and without fear of retaliation. Our zero-retaliation policy protects individuals who report in good faith, reinforcing our culture of transparency and accountability. We actively communicate our anti-corruption policies, whistleblowing mechanisms and ethical guidelines through multiple channels, ensuring all employees and stakeholders remain informed and empowered to uphold stc's commitment to integrity.

In 2024, a total of **617 reports** were received through the whistleblowing channels:

28

related to external cases (e.g., potential fraud or corruption involving social engineering or subsidiaries)

418

related to violations of internal policies and procedures

150

categorized as "Other" (e.g., HR, safety, and security-related cases)

21

cases remain open and under investigation

> View our Whistleblowing policy here
>
> https://www.stc.com/content/dam/groupsites/en/pdf/Whistleblowing-Policy-en.pdf

Performance metrics

Anti-corruption

stc KSA Anti-corruption training	2022	2023	2024
Legal cases raised by external entities regarding corruption	0	0	**0**
Incidents in which employees were dismissed or disciplined for corruption	0	0	**0**

stc KSA Anti-corruption training	2022	2023	2024
Number of employees attended training on anti-corruption	10,977	12,331	**11,473**
Percentage of employees attended training on anti-corruption	96%	98%	**99.6%**
Percentage of governance body members who have received training on anti-corruption	100%	100%	**100%**

stc KSA Anti-corruption communication	2022	2023	2024
Percentage of governance body members to which stc's anti-corruption policies and procedures have been communicated	100%	100%	**100%**
Percentage of employees to which stc's anti-corruption policies and procedures have been communicated	100%	100%	**100%**
Percentage of business partners to which stc's anticorruption policies and procedures have been communicated	100%	100%	**100%**

Whistleblowing

stc KSA Whistleblowing metrics	2022	2023	2024
Number of inquiries, complaints or issues received by whistleblowing	532	321	**617**
Percentage of substantiated inquiries, complaints or issues received by whistleblowing	95%	84%	**80%**
Percentage of cases raised related to human rights	0%	0%	**0%**

Governance with integrity continued

Partnerships and anti-corruption initiatives

As part of our anti-corruption strategy, we collaborate with both public and private sectors to strengthen preventive measures. We maintain a close partnership with Nazaha, Saudi Arabia's National Anti-Corruption Authority, and work alongside other relevant entities to promote the behaviors, norms and standards essential for sustaining effective anti-corruption efforts.

We also participate in several external anti-corruption initiatives, including the following.

PACI	PEARL Initiative	BELA
Since 2019, stc has been a member of the World Economic Forum's Partnering Against Corruption Initiative (PACI), which focuses on tackling industry, regional, national and global challenges related to anti-corruption and compliance.	The PEARL Initiative is the region's leading non-profit organization that promotes corporate governance, transparency and accountability in the private sector. It unites business leaders and stakeholders to share best practices and improve governance standards, fostering a culture of integrity to support sustainable economic growth. stc has partnered with the PEARL Initiative to promote the highest standards in corporate governance practices, transparency and accountability.	Since 2020, stc has been a member of Ethisphere's Business Ethics Leadership Alliance (BELA), a globally recognized organization comprising over 300 leading companies that collaborate to share best practices in governance, risk management, compliance and ethics.

Anti-competitive behavior

Fair competition is essential for a healthy and prosperous economy. We compete fairly by adhering to applicable competition laws and regulations. Our policies are designed to prevent anti-competitive and monopolistic practices, while managing associated legal risks. Our Code of Ethics emphasizes key commitments that help safeguard fair competitive practices, which are supported by senior management and implemented across the organization. A module on fair competition is included in stc's mandatory Code of Ethics training series for all employees.

We engage in government consultations and regulatory processes to promote fair competition, sustainable practices and discourage anti-competitive behavior. We support government efforts to boost economic competitiveness in all countries where stc operates.

In 2024, as in prior years, stc faced no legal penalties related to anti-competitive behavior or violations of antitrust laws.

IT GHI and cost optimization

In terms of our IT Management for the stc Group, we have achieved a 98% Governance Health Index (GHI) for 3 years running for stc Bahrain and 95% for stc KSA. This is an impressive indicator of stc's strong IT governance practices, reflecting effective IT compliance, robust risk management and strategic alignment with organizational goals; contributing to a culture of accountability and transparency.

Transparent investor communications

As part of our ongoing commitment to improving transparency and strengthening collaboration with the investment community, we launched the Enhancing Top Management Engagement initiative in 2024. This program provides investors with direct access to the Group's top management and subsidiary leaders, allowing them to address concerns and inquiries directly.

To further optimize communication, we launched the Investor Relations Application in 2024, introducing unique features that elevate the investor experience.

We prioritize ongoing engagement with shareholders through various touchpoints, including one-on-one meetings, conferences and earnings calls. These efforts are further supported by a series of detailed presentations, press releases and continuous improvements to stc's IR website and application.

These strategic initiatives have fostered robust engagement with the investment community, resulting in foreign ownership reaching 9.77%. Transparency remains a cornerstone of stc Group's commitment. Our Investor Relations team has benchmarked our voluntary disclosures against leading telecom companies to identify best practices and confirmed alignment with global standards, fostering greater transparency and trust.

Additionally, our Finance function is aligning stc Group's financial reporting with International Financial Reporting Standards (IFRS), as endorsed by the Saudi Organization for Chartered and Professional Accountants (SOCPA) and regulated by the Capital Market Authority (CMA).

Case study

New investor relations app

Background

stc aimed to create a leading investor relations (IR) app to increase transparency, accessibility and shareholder engagement. This project addressed investor expectations and adapted to evolving market prospects.

Approach

We started with in-depth research, analyzing investor needs and benchmarking against market-leading solutions. This insight shaped the app's feature development, ensuring a user-centric design.

Close collaboration between IT and Investor Relations teams improved the app's relevance, functionality and ease of use. Continuous feedback during testing phases was instrumental in refining the app for an optimal user experience.

Outcomes

In 2024, stc unveiled its new IR app, introducing a range of innovative features, including portfolio viewing, inquiries about unclaimed dividends, attending General Assembly meetings, agenda voting, scheduling meetings with IR team, and accessing information about stc's Board and Executives. These developments have strengthened transparency and engagement, significantly boosting IR activities. While initial adoption rates are promising; continuous improvements will be made to increase functionality and meet user needs.

Next steps

Continuous enhancements will streamline information access, improve functionality and better meet user needs, ensuring the app remains at the forefront of investor relations practices.

Governance with integrity continued

Compliance

Group-wide compliance

stc's Corporate Compliance function plays a central role in promoting a strong culture of ethics and integrity across the organization. The Internal Audit function independently reviews all business units on a rolling three-year cycle, in line with the Institute of Internal Auditors (IIA) standards, with a focus on identifying and reporting potential instances of unethical behavior or fraud. Complementing these efforts, stc's control functions, including Enterprise Risk Management (ERM) and Compliance, proactively monitor the risk and control environment to ensure continuous improvement in governance practices.
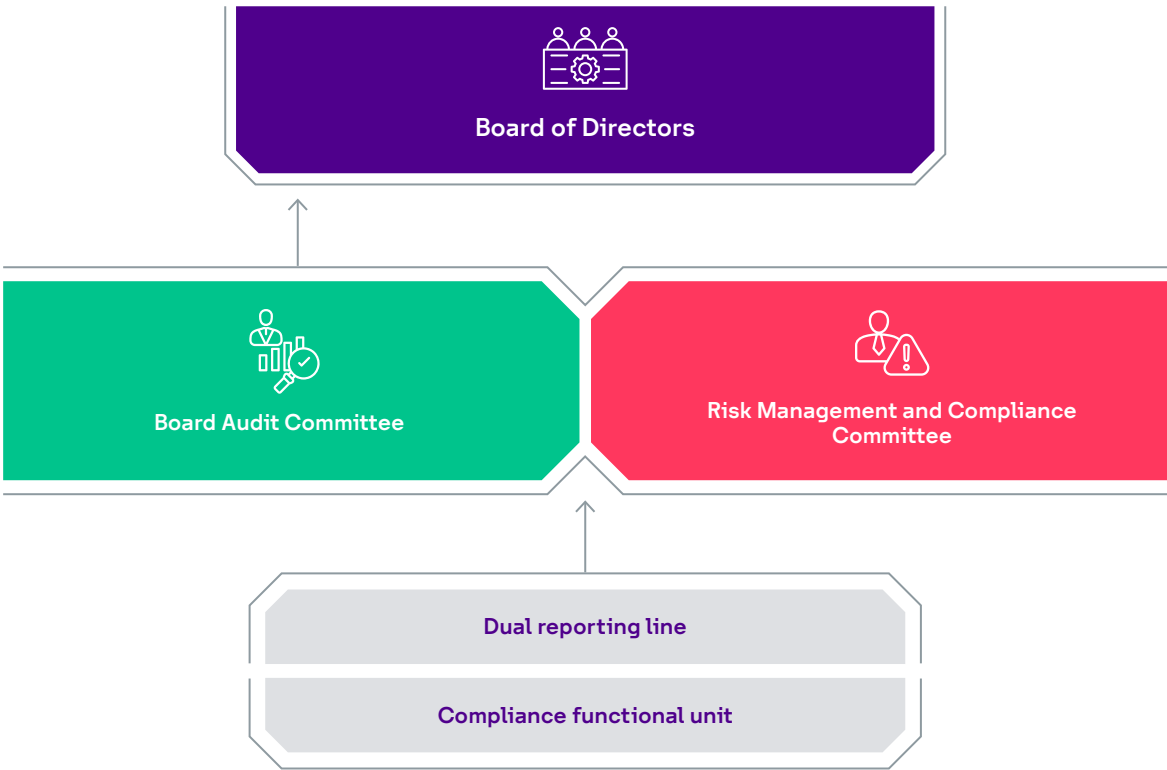
The Executive Risk & Compliance Committee, chaired by the CEO, oversees and approves reports from the Head of Compliance concerning the implementation of the Code of Ethics and its related policies. In 2022, stc strengthened its compliance framework by restructuring the Corporate Compliance function to report directly to the Chief Regulatory and Compliance Officer, creating an independent division with Group-wide responsibilities. This restructuring has allowed the Group to extend the Compliance program across all subsidiaries, developing cohesive and effective compliance management, both locally and internationally. This structure also facilitates the implementation of policies, tools and evaluation mechanisms that guide the organization in meeting its compliance and ethical objectives.

Deloitte's audit report confirms that stc's Internal Audit unit performs annual audits on Compliance and Business Integrity functions, ensuring continuous monitoring and improvement of key governance processes. The Internal Audit unit itself undergoes external quality assessment every three years to ensure adherence to standards and best practices. In the most recent assessment, the Internal Audit unit achieved the highest maturity rating. It was in full compliance with the International Standards for the Professional Practice of Internal Auditing (IIA Standards), receiving a "Generally Conforms" rating — the highest possible level of conformance. Deloitte further noted that stc's ethics and compliance programs were audited by external consultants in 2021 and by Deloitte in 2024, highlighting the Group's ongoing commitment to strengthening governance and compliance frameworks.

By embedding regular evaluations and independent oversight within its operations, stc reinforces its dedication to maintaining a culture of accountability and that compliance and ethical standards are upheld across all business units and subsidiaries.

stc's Compliance function operates under a dual reporting framework to both the Board Audit Committee and the Risk Management and Compliance Committee. This approach highlights stc's commitment to achieving the highest standards of transparency and accountability, reinforcing our ongoing efforts to uphold and increase ethical practices across all facets of our business operations.

The Board Audit Committee is comprised entirely of independent members and is chaired by an independent Board member. This structure ensures stc operates within a robust legal and ethical framework, complying with applicable regulations and industry standards. The committee regularly reviews stc's compliance program to evaluate its effectiveness and identify any gaps or areas for improvement.

The Risk Management and Compliance Committee is led by the GCEO and enables stc to proactively and expeditiously address a wide area of strategic and operational risks.

Theme		Strategic pillars	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

Governance with integrity continued

Internal compliance monitoring and reporting

stc's Corporate Compliance sector makes sure compliance and ethical standards are consistently upheld across the organization. The Internal Audit sector conducts thorough assessments of all stc functions on a rolling 3-year cycle. In line with IIA guidelines, Internal Audit also evaluates the potential for unethical behavior and fraud during audit engagements, reporting any identified occurrences when necessary. Additionally, control functions, including enterprise risk management (ERM) and compliance, are responsible for the ongoing monitoring of stc's risk and control environment.

Oversight of compliance and ethics is further reinforced by the Executive Management Sustainability Committee, chaired by the GCEO, which reviews and approves reports from the Head of Compliance on the implementation of the Code of Ethics and its related policies.

Speak Up platform for reporting ethical breaches

stc promotes a work culture where employees can confidently report integrity concerns. Employees and stakeholders are encouraged to report integrity issues through designated Speak Up channels, such as direct managers, interdepartmental managers, the stc HR team, the Business Integrity team, and the Speak Up email (speak-up@stc.com.sa).

Concerns can be reported anonymously via the Speak Up email, enabling individuals to raise issues without fear of retaliation. All reports are handled with professionalism and confidentiality. stc regularly informs employees about the Speak Up channels and emphasizes the importance of speaking up in compliance and ethics-related training.

The Business Integrity team reviews each integrity-related allegation to ensure it is submitted in good faith and conducts a preliminary assessment to determine the appropriate processing path. If a concern does not meet the defined integrity criteria, it is redirected to the relevant business unit or corporate function for resolution.

stc upholds a strict anti-retaliation policy, safeguarding individuals who report in good faith or participate in compliance investigations. Following an investigation, disciplinary actions range from formal

warnings to termination, depending on the severity of the issue. The disciplinary process considers all factors surrounding an incident, and employees accused of misconduct have the opportunity to respond to allegations before any decisions are made.

Preventing workplace discrimination and harassment

stc enforces **strict policies against workplace discrimination and harassment** through its Code of Ethics and Fair Employment policy. We are committed to diversity and maintain a **zero-tolerance policy for harassment and bullying.** Employees are encouraged to report concerns through Speak Up channels. Our Diversity, Equity and Inclusion team raises awareness about these issues, while leaders promote an inclusive culture.

Please check our Code of Ethics and Fair Employment Policy here: https://www.stc.com.sa/content/dam/groupsites/en/pdf/codeofethics_EN.pdf

Violations of the Code of Ethics can significantly impact stc's reputation and lead to substantial financial losses. As a result, any breach may carry serious consequences, including disciplinary actions or termination when necessary.

Compliance with laws and regulations

In 2024, stc remained fully committed to rigorous compliance with all laws and regulations across the countries in which we operate. We continue to foster positive and constructive relationships with relevant regulators to uphold shareholder rights, protect our reputation, and maintain our competitive position and market share.

As part of our compliance efforts, we actively monitor non-compliance cases, aiming to identify root causes and implement corrective actions to prevent recurrence. Customer complaints are routinely assessed, ensuring proper resolutions and strict adherence to relevant regulatory decisions. Throughout 2024, stc Group recorded zero non-compliance incidents related to environmental, social, or national laws and regulations across all countries of operation, reflecting our unwavering commitment to corporate integrity and regulatory excellence.

Performance metrics

stc Group Compliance with laws and regulations	2022	2023	2024
Incidents of non-compliance Society & national economy regulations	0	0	**0**
Incidents of non-compliance Environmental laws & regulations	0	0	**0**
Number of non-monetary sanctions Environmental, society & national economy regulations	0	0	**0**
Amount of legal and regulatory fines and settlements Environmental, society & national economy regulations	0	0	**0**

Supply chain compliance

As part of our commitment to conducting business with integrity, stc works exclusively with suppliers who uphold the same ethical standards. Given that supplier practices directly impact our corporate reputation, we require all suppliers to sign the Supplier Code of Conduct, confirming their commitment to compliance and ethical business practices.

To reinforce these standards, we engage with suppliers annually to remind them of stc's Zero Gift Policy and encourage them to hold us accountable by reporting any misconduct through the dedicated Speak Up channel. Additionally, all suppliers are required to adhere to the Supplier Code of Conduct, which includes anti-corruption guidelines, ensuring alignment with stc's zero-tolerance stance on bribery and unethical behavior. For more details, refer to the supply chain management section on page 208.

100%
of stc's suppliers adhere by the supplier code of conduct in 2024

Governance with integrity continued

Our commitment to human rights

At stc Group, human rights are not just a policy, they are a core principle shaping our identity and business practices. They form the foundation of our integrity and the trust we build with stakeholders daily. Strong human rights policies do more than protect brand reputation; they adopt loyalty among investors, customers and employees while acting as a critical layer of risk management. From the way we operate our facilities to how we engage our suppliers and partners, our human rights commitment is embedded in every aspect of our business.

In the fourth quarter of 2024, stc's CEO approved the new and improved stc Group Human Rights policy, a significant milestone that reaffirms the Group's commitment to upholding the highest standards of ethical conduct. Aligned with the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and guided by the UN Guiding Principles on Business and Human Rights, this policy reflects not just compliance but leadership. It is also tailored to meet the unique regulatory needs of our operations in Saudi Arabia and beyond.

This year, we prioritized key human rights issues directly impacted by our operations. The Group identified critical areas needing attention, including workplace rights, labor conditions, supply chain ethics, community engagement and security protocols. Collaborating closely with the Saudi Human Rights Commission, stc fine-tuned its approach to implementing the UN Guiding Principles and strengthened efforts to create a more respectful and inclusive workplace.

The policy does not just sit on paper, it is a living framework that drives action. It addresses core issues like privacy and confidentiality, diversity and inclusion, safe and healthy working conditions, transparent employment contracts, fair wages, working hours, the prevention of forced labor and human trafficking, the prohibition of child labor and opportunities for employee development. Every aspect of this policy is designed so that we are not just meeting expectations, but setting new benchmarks for human rights practices in our sector.

The responsibility for implementing this policy is shared by the Legal Affairs, Procurement and Human Resources departments, working hand in hand with business units to guarantee human rights considerations are woven into everyday decisions. To build awareness and accountability, the Group rolled out training programs that equip employees with the knowledge and tools they need to make ethical decisions. Regular reporting to Audit and Data Governance steering committees keeps the Group transparent and accountable. Additionally, stc's Speak Up tool empowers employees, contractors and suppliers to report any human rights concerns, backed by our strict zero-retaliation policy to protect whistleblowers.

We take a proactive approach to supplier accountability, starting with rigorous pre-qualification, followed by ongoing performance assessments and compliance screenings. In 2024, all new suppliers were evaluated for their adherence to environmental, labor and human rights standards. Every major contract includes human rights clauses addressing key issues like fair wages, working hours, minimum age requirements and workplace safety. stc's Supplier Code of Conduct explicitly prohibits child labor, forced labor and discrimination while promoting diversity, job localization and responsible practices across the supply chain.

This commitment to ethical procurement is backed by compliance with international standards like the ILO Protection of Wages Convention, 1949 (No. 95), and the Hygiene (Commerce and Offices) Convention, 1964 (No. 120). The Group also aligns with Saudi Arabia's national programs to guarantee fair wage practices and adequate worker protections. Supplier accountability is continuously monitored through regular compliance screenings, keeping our environmental and social performance in check.

At stc Group, we understand that human rights are not static but they evolve, which is why we regularly review and update our policies to stay ahead of regulatory changes and industry best practices. Through this dynamic approach, the Group is able to deliver on its promise of ethical business practices, safeguarding human rights and promoting the well-being of everyone connected to its operations. With every action we take, we strive to create not just a better business, but a better future.

Human rights training

At stc, we train our employees to uphold human rights principles within the organization. Our primary policy for addressing human rights issues is our Code of Ethics, which covers key areas such as fair employment, health and safety, and fostering a Speak Up culture. We also offer additional training related to human rights, including data protection and privacy, with specific courses for contractors. These training courses are mandatory, and all employees must complete them at least once.

In 2024, we offered 6 mandatory courses, totaling approximately 58,072 hours.

Performance metrics

stc KSA Human rights training	2022	2023	2024
Number of hours	196,034	151,559	**58,072**
Percentage of all employees attending the training	100%	100%	**100%**

Risk management

The telecommunications sector faces growing challenges, including declining demand for voice services and surging data consumption, trends accelerated by the pandemic. Disruptive technologies are reshaping traditional revenue models, demanding rapid innovation and adaptation from telecom providers.

In a saturated market, differentiation through superior service offerings is crucial, alongside significant investments in infrastructure, robust data protection, and strict regulatory compliance. Telecom companies must broaden their portfolios and enhance customer experiences to maintain a competitive edge.

stc's risk management function is integral to its strategic framework, embedding risk considerations into planning, performance evaluation, and critical decision-making to drive sustainable impact.

stc has an intolerance appetite for any risks that could result in incidents of corruption or fraud, whether perpetrated by internal staff or external stakeholders. We are committed to upholding the highest standards of ethical conduct, transparency, and accountability in all our business practices. We maintain a robust anti-fraud and anti-corruption practice that includes comprehensive policies and procedures, a confidential whistleblower hotline, thorough investigations of all reported incidents, robust internal controls, and stringent due diligence processes for third-party relationships. This unwavering commitment to integrity protects our assets, reputation, and the interests of our stakeholders.

All stc business units are routinely assessed for corruption-related risks. While some entities undergo more intensive evaluations, we continuously address potential corruption attempts through established policies, procedures and extensive training to confirm compliance with relevant laws and regulations.

stc KSA Risk management	2022	2023	2024
Percentage of business units analyzed for risk related to corruption	100%	100%	**100%**

Governance with integrity continued

Enterprise risk management governance

The Board of Directors ensures the highest standard of corporate governance is maintained by regularly reviewing governance development best practices and making certain these are duly adopted. As a result, the Board has established the Board Risk Committee, which plays a key role in overseeing the implementation of the ERM framework, risk strategy and related risk management policies, as well as monitoring stc's risk management system, reviewing the top risks and the management of those risks. The risk management function is independent and separate from stc's business groups and sectors; it has completed its first wave of measures this year as per the Board-approved risk strategy to uplift current practices and maturity.

Board Risk Committee (BRC)

Executive Risk Management Committee (ERMC)

Enterprise Risk Management (ERM) Sector

| Risk Management | Business Continuity | Internal Control | ERM Subsidiaries |

stc KSA (all sectors)

stc Subsidiaries (wholly or majority owned)

Enterprise risk management framework

The ERM framework provides guiding principles for proactively managing business risks through a comprehensive and dynamic system designed to identify, assess, prioritize and mitigate risks effectively across stc operations. The ERM process is embedded within stc as this allows us to take a holistic approach and make meaningful comparisons to support the delivery of strategic objectives. Quarterly risk assessment is a core part of this process. The risk framework clearly defines roles and responsibilities and sets out a consistent end-to-end process for identifying and managing risks.

Our approach is continuously developing, enabling more dynamic risk detection, modelling of risk interconnectedness and leveraging data to improve risk visibility and responses. With the attainment of ISO 31000 attestation, we further solidify our commitment to industry-leading practices. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluating risks. The output from this process is consolidated to determine the principal risks and uncertainties for the organization.

The risk categories classify all risk source types that could affect stc into 5 main silos known as category 1 risks. For easier management and communication, Category 1 risks are broken down into Category 2 risk types and, in some instances, these are further sub-divided into Category 3 and 4 risk types. Furthermore, the ERM will be the custodian to the risk families and has the authority to add or reclassify them.

Risk family CAT1	Corporate risk	01	Operational risk	02	Technology risk	03	Financial risk	04	Legal and compliance risk	05
Risk family CAT2	Governance	1.1	Service delivery	2.1	Information technology	3.1	Market	4.1	Compliance	5.1
	Strategy	1.2	Sales and marketing	2.2	Network operations	3.2	Liquidity	4.2	Legal	5.2
	Program management	1.3	Supply chain	2.3	Cybersecurity	3.3	Foreign exchange	4.3	Regulatory	5.3
	Planning and resource allocation	1.4	People / human resources	2.4	Data privacy	3.4	Interest rate	4.4		
	Major initiatives	1.5	Revenue management	2.5	Data integrity	3.5	Investments	5.5		
	Mergers, acquisition and divestiture	1.6	Physical assets	2.6	Artificial intelligence	3.6	Credit	4.6		
	Market dynamics	1.7	Intangible assets	2.7			Accounting and reporting	4.7		
	Communication andinvestor relations	1.8	Project management	2.8			Tax and Zakat	4.8		
			Business continuity	2.9			Capital structure	4.9		
			Health and safety	2.10			Fraud	4.10		
							Revenue leakage	4.11		

Governance with integrity continued

Impact[1]: The loss expected if a risk materializes; the impact is generally tiered between 1 to 5 levels on an exponential scale. stc's impact rating scale is as follows.			
Rating	**Qualitative measure**	**ر value utilized for inherent risk calculation**	**Quantitative measure (monthly revenue)**
5	Severe	Above ر 400M	>10%
4	Major	Between ر 200M and 400M	5% to 10%
3	Moderate	Between ر 40M and 200M	1% to 4.99%
2	Minor	Between ر 2M and 40M	0.05% to 0.99%
1	Insignificant	Below ر 2M	< 0.05%

Likelihood: The likelihood is the probability that a risk may cause a loss for the stc before considering the effectiveness of controls. The likelihood rating scale is as follows.		
Rating	**Qualitative measure**	**Qualitative chance of risk occurring in time period** **Probability**
5	Almost certain	Once in 3 months or less	90%-100%
4	Likely	Once in 6 months	60%-89%
3	Moderate	Once in a year	41%-59%
2	Unlikely	Once in 2 years	5%-39%
1	Remote	Once in 4 years or more	Less than 5%

Inherent risk scoring[2]: Quantifies the potential impact and likelihood of risks using inherent risk ratings, which assume no controls. The calculated inherent scores result in an attention score or index.

Action attention index						
Severe	256	16	36	64	144	256
Major	81	9	20	36	81	144
Moderate	16	4	9	16	36	64
Minor	5	2	5	9	20	36
Insignificant	1	1	2	4	9	16
		1	5	16	81	256
		Remote	Unlikely	Possible	Likely	Almost certain
Likelihood rating						

(Impact rating on left axis)

The inherent and residual risk scores assist in assessing the risks against the risk appetite baseline.

Risk rating	Risk matrix score	Risk appetite baseline
Negligible	< 9	Below appetite
Marginal	>= 9 to < 20	Within appetite
Manageable	>= 20 to < 51	Above appetite
Substantial	>= 51 to < 101	Greatly above appetite
Critical	>=101	Beyond appetite

Emerging risks are considered part of the risk assessment process and identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes. A summary of identified emerging risks is presented to the Board Risk Committee and Board for assessment, and these risks are consistently monitored as part of our ongoing risk management processes.

This year, we placed greater emphasis on sustainability and ESG risks, reflecting our commitment to aligning with global best practices and stakeholder expectations. Significant progress was made in identifying, assessing and managing these risks, ensuring they are integrated into our broader risk management framework and strategic decision-making processes.

Global emerging risk landscape
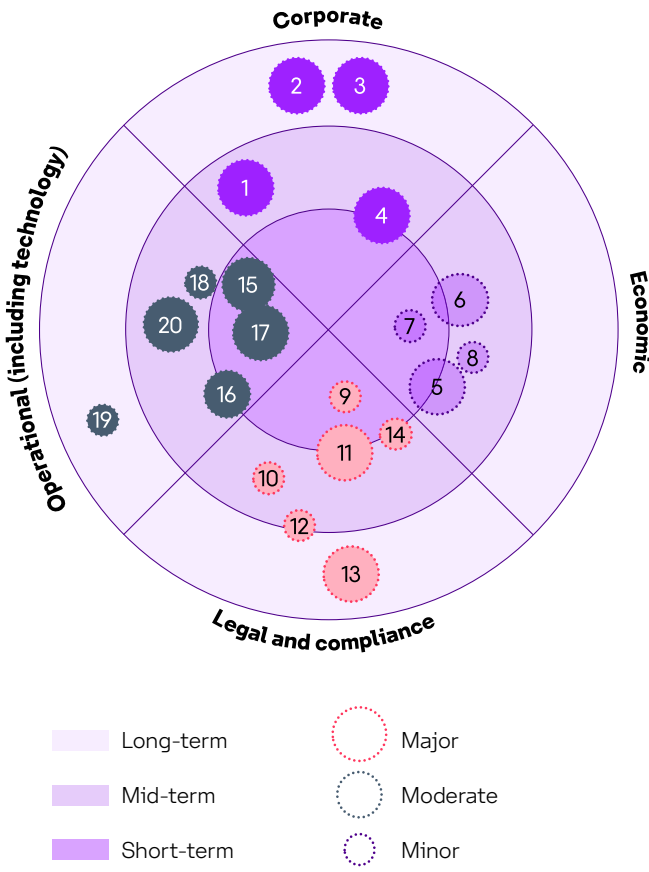
Source: BCG and Gartner

	Category	Name
1	Corporate	Evolving dynamics of the digital currency from China and US
2	Corporate	Increased competition with OTT and DC providers
3	Corporate	Carriers in smart city infrastructure
4	Corporate	International tensions and economic relations
5	Economic	Credit crunch widens
6	Economic	Market effect from higher borrowing costs
7	Economic	Erosion of ARPU for IoT and consumer customers
8	Economic	Increased capital requirements for core network construction and operations
9	Legal and compliance	Potential expectation gap on 5G coverage and performance
10	Legal and compliance	Compliance to Deep Packet Inspection or network access
11	Legal and compliance	Legal framework for the development, marketing and use of AI
12	Legal and compliance	Disputes over spectrum access, pricing and deployment
13	Legal and compliance	Complex and stringent national and transnational cybersecurity regulations
14	Legal and compliance	Personal data regulatory fragmentation
15	Operational	AI and LLM threats and misinformation
16	Operational	Quantum computing and encryption
17	Operational	Cybersecurity incident management in heterogeneous technology landscape
18	Operational	ORAN and the exposure of the attach surface
19	Operational	Early development of 6G technology
20	Operational	Low orbit satellite advancements

Governance with integrity continued

Identifying risks

All stc entities identify and assess their own risks, which could potentially affect our strategy and operations. A consolidated list of these risks is presented to senior leaders and executives, along with the outputs from an external environment scan and related benchmarks. Applying a Group-wide perspective, these executives evaluate and determine critical risks and which emerging threats warrant further exploration. These are defined and agreed upon by the Risk Management Committee before being submitted to the Board Risk Committee and the Board for final review and approval.

Managing risks

Establishing the context and having a clear understanding of the environment in which it operates is important. Therefore, stc assigns each of its risks to a specific category (i.e. corporate, technology, operational, financial and compliance) and identifies whether the source of the threat is internal or external. This approach enables a better understanding of how it should treat the risk and makes sure the right level of oversight and assurance are provided. The assigned executive risk owners are accountable for making sure adequate controls are in place and implementing the necessary treatment plans to bring the risk within an acceptable tolerance. stc continues to monitor the status of risk treatment strategies across the year and hold in-depth reviews of its risks. stc also develops a comprehensive assessment of the related scenarios for each of the top risks, providing additional insight into possible threats and enabling a better risk treatment strategy.

Monitoring risks

stc risk report, which presents the main risks, is prepared for the Board of Directors on a quarterly basis. The Board Risk Committee also examines this report at its meetings. In addition, the emerging risks are presented once a year as part of the risk report. Among other benefits, stc risk report ensures transparent monitoring of the development of individual risks, as well as the overall risk situation. It informs the Board Risk Committee about all of the latest developments and/or changes in the risk management system. With the aim of managing and supervising risks, stc is improving its risk management technology tools, which facilitate the reporting, analysis, assessment and management of

risk information. These are continuous improvements developed in risk management tools to improve or expand their functionalities. As part of ongoing enhancements, stc has improved its risk management technology tools to support better reporting, analysis, assessment and management of risk information. Additionally, we have refined our existing key risk indicators (KRI) as a key measure to strengthen risk monitoring practices, ensuring more robust oversight and proactive management of risks.

Risk mindset and culture

stc engenders a set of behaviors and expectations that drive risk awareness throughout its business activities. It is driven by the tone from the top and supported by its people management systems. It promotes timely and sensible risk interventions and actions that improve operational integrity and help employees make smart choices about risks. It communicates expected behaviors to every colleague to weave risk awareness into the fabric of its culture. It has an ongoing program of training and communication and has defined roles to formalize risk management and continuously integrate risk management procedures into key areas of decision-making.

Business continuity

At stc, our unwavering commitment to business continuity management (BCM) reflects our strategic focus on safeguarding national resilience, operational integrity and the trust of our stakeholders. As a key enabler of Saudi Arabia's Vision 2030, we continue to prioritize the resilience of our critical infrastructure, the protection of our assets and the safety of our people, making sure we remain a cornerstone of the nation's digital and communication backbone.

In alignment with the directives of the National Risk Committee (NRC), Communications, Space and Technology Commission (CST), and the newly introduced National Emergency Management Authority (NEMA), stc has fully integrated national guidelines into our BCM framework. These efforts affirm our leadership in crisis management, organisational resilience and business continuity, setting an example for the sector while engaging with top-tier experts globally to adopt best practices and innovative solutions.

Our BCM strategy is underpinned by adherence to international standards such as ISO 22301, with comprehensive training programs for our teams in DRI and BCI standards. This equips stc with cutting-edge capabilities to ensure readiness and response excellence. Over the past year, we have achieved significant milestones, including successfully executing over 200 BCM exercises, spanning all critical functions and incorporating interdepartmental collaboration. These rigorous tests have strengthened our recovery strategies, validated our business continuity plans (BCP), and reinforced our ability to maintain seamless operations under any circumstance.

To ensure measurable and transparent performance, stc employs strict key performance indicators (KPI) across all BCM activities, underscoring our disciplined approach to maintaining the highest levels of preparedness and reliability. Through continuous business impact analyses (BIA) and iterative improvement cycles, we have elevated our BCM maturity, guaranteeing alignment with national and international resilience mandates. Moreover, stc has harnessed the power of digital transformation to enhance the agility, scalability and efficiency of its business continuity management system (BCMS). These initiatives have modernised our operations and fortified our capacity to adapt swiftly to evolving challenges.

Recognising the importance of a skilled workforce, stc has invested in extensive training and professional development programs in BCM, crisis management, incident response and disaster recovery. This ensures our employees remain at the forefront of resilience disciplines, empowering them to respond effectively to crises and disruptions. This year's accomplishments reflect stc's steadfast commitment to supporting national resilience frameworks, maintaining operational continuity and safeguarding the interests of our shareholders, stakeholders and the nation. These efforts reassure our leadership and citizens that stc remains a trusted partner in pursuing a secure and resilient future for Saudi Arabia.

Internal control

stc's Board of Directors declares that the accounting records have been prepared correctly and that the internal control system and procedures have been properly prepared and effectively implemented without material observations or concerns raised and

asserts that nothing exists to impede the Group from continuing its operations and activities. The Audit Committee oversees the compliance and internal and external audits, and regularly reviews the adequacy and effectiveness of the internal control system. One of the objectives of the Board is to obtain reasonable assurance about the soundness of the design and the effectiveness of stc's internal control system. In this regard, during the fiscal year 2024, the Audit Committee held 8 meetings and discussed a number of topics falling under its competencies, including reviewing financial statements, investments and business units, as well as strategic and organizational affairs, human resources, procurement and IT systems. This meeting is attended by Executive Management and members of the Internal Audit team.

Risk management highlights

In the past year, stc has achieved significant milestones in its journey toward excellence in risk management, reinforcing its position as a forward-looking and resilient organization. A key achievement was the comprehensive review and reassessment of the Group's risk appetite. This effort ensured alignment with evolving strategic priorities and established a robust foundation for governing risk-taking activities, enabling more informed and balanced decision-making at all levels.

To strengthen risk oversight, stc introduced automated monitoring indicators across all key risks. This advanced mechanism provides real-time insight into risk status, allowing the organization to anticipate potential threats and respond proactively to emerging challenges. Complementing these efforts, stc obtained ISO 31000 certification for enterprise risk management and ISO 27001 certification for information security, highlighting its adherence to international best practices and its dedication to maintaining the highest standards of governance and security.

Recognizing the critical role of a strong risk culture, stc conducted extensive training sessions and awareness events across the organization. These initiatives have fostered a heightened understanding of risk management principles and have begun to deliver tangible improvements in internal processes, bolstering collaboration and accountability.

Governance with integrity continued

Finally, the Group has continued to focus on expanding its coverage of risks, ensuring a comprehensive understanding of exposures across its operations. Rigorous efforts were made to strengthen existing controls and implement robust mitigation strategies, further securing the organization against an increasingly complex and dynamic risk environment. These achievements collectively reflect stc's unwavering commitment to safeguarding its future while driving sustainable growth.

Principal risks

As a leading entity in the global telecommunications and information technology arena, stc navigates a landscape rife with uncertainties and rapid change. Success in this dynamic environment is predicated on its proactive anticipation of potential developments and the systematic identification,

evaluation and management of the consequent risks and opportunities. stc regards an efficacious risk and opportunity management system as an indispensable component of its value-driven corporate governance. In the risk evaluation phase, it categorizes risks into corporate, technology, operational, financial, and legal and compliance domains. This classification develops its comprehension of each risk's unique characteristics and informs its management approach, allowing it to craft tailored oversight and assurance strategies.

The key risks affecting the Group remain largely unchanged from last year, with only 1 additional risk identified and minor updates to existing risks. The material risks, including environmental and social exposures, are detailed below, along with the strategies employed to manage them. The risk management process continues to highlight the most significant risks at the entity level, reflecting ongoing challenges rather than new developments.

Category	Risks	Mitigation measures
Technology	**Cybersecurity threats** The rise of advanced malware and DDOS botnets 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 its vendors and suppliers; and downstream, where vulnerabilities in stc may be leveraged by cyber-criminals to attack its customers. Third-party access management is a significant matter as it relies heavily on third-party contractors with multiple incidents reported by stc.	stc 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 has established robust cyber assurance practices for information protection and asset management and stc has 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 it faces to handle PII, or an individual's right to determine what kind of data can be collected, stored, protected and can be shared with third parties.	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, that is also aligned with the PDPL regulations established by the government, 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 sector, stc's 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 its operational integrity and is, consequently, a focal point of its risk mitigation strategies. The potential for network disruptions • stemming from failures within telecom networks • poses a persistent challenge that demands our undivided attention.	stc has established entity-wide written programs that address and validate the continuity of the institution's mission-critical operations. It has recertified the organization against ISO 22301:2019 and taken all required steps to comply with any relevant regulatory requirements. stc has worked on 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. Additionally, stc intends to work closely with the National Emergency Management Authority (NEMA) recently established to ensure resiliency of the Kingdom.
Legal and compliance	**Unfavorable regulatory changes impacting its current business model** Regulations over its 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 studies the regulatory legislation on an ongoing basis, coordinates efforts with sectors related to it, inside and outside stc, 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 structure is established for the regulatory affairs sector to contribute to enhancing stc'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 may have far-reaching consequences for continued stc technology leadership, including its ability to provide essential services and next-generation mobility, and to meet the demands of infrastructure projects upon which it has engaged.	stc diversifies its supply chains so that it does not depend on limited numbers of suppliers, and it 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's requirements, in line with technological development and the integrity of their business plans. Additionally, stc keeps track of the geopolitical aspect ensuring it stays ahead of predicting and supply chain disruptions due to such reasons.
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 and carrying sufficient agility to meet the demands on the markets in which it operates.	stc's strategy is updated on a 3-yearly basis and refreshed annually to ensure it remains current and relevant. The timing of the annual refresh and 3-yearly updates is flexible in line with context, dynamics and stakeholders' inputs. It has also conducted a 360-degree environmental scan (i.e. competition, industry trends, regulation, socio-economic and stc performance). ERM sector has also developed its own 3- year strategy aligned with stc's strategy to support achieving all strategic objectives.

Safeguarding trust in a digital world

Data privacy and security

stc's Code of Ethics commits us to the privacy, security and protection of customer data; and we have extensive governance processes to manage personal data and cybersecurity risks.

The collection and use of customer information is strictly governed by our privacy policies, guaranteeing compliance with relevant data privacy and security laws in each country where we operate. Our Data Privacy and Security policy confirms our dedication to maintaining robust data protection measures. As per our Risk Appetite Statement, "stc has an intolerance appetite for any risks that may lead to a breach of data privacy." We safeguard the confidentiality and availability of all personal data entrusted to us by our customers, employees and partners. We adhere to the highest standards of data privacy, confirming all sensitive personal data is authentic, appropriately classified and managed in strict accordance with legislative and business requirements.

We continuously monitor and assess potential threats to data privacy, implementing proactive measures to mitigate identified risks. By prioritizing data protection, we maintain the trust of our stakeholders, protect our reputation and uphold our commitment to responsible personal data stewardship. Our Data Protection and Privacy statements offer clear guidelines on various topics, including:

- The purpose of collecting customer data
- The types of personal data we collect and use
- Our methods for collecting personal data
- The duration of data storage
- The rights of data subjects, including customer rights for stc customers

Our Privacy Notice makes clear to customers and employees how their personal information will be used, and we have robust systems to manage personal data and mitigate privacy risks. We regularly maintain and upgrade these systems to guarantee secure handling of personal data, with strict internal processes in place for any data security violations. Data privacy requirements are integrated into our key business processes to guarantee privacy by design, utilizing various controls like identity and access management (IAM), data classification, database activity monitoring, data leak prevention (DLP), encryption and digital rights management (DRM).

We require our suppliers and partners to implement stringent controls to protect personal data, including regular updates to data security systems. Our Data Protection and Privacy (DPP) department oversees privacy within stc. They have assessed systems against protection risks and enforced stringent data protection controls across sensitive data systems, while imposing business controls across all departments. The DPP has defined customer rights at various touchpoints, including facilitating data copy requests via the mystc app.

We are committed to privacy by design principles, and the DPP conducts privacy impact assessments before we launch products or services. Compliance validations have been performed across departments that handle personal data, making sure of our adherence to legal requirements. The department has launched awareness initiatives, social media campaigns and an annual Privacy Day campaign to educate employees, achieving a 99% completion rate for data protection and privacy training. Data protection and privacy training is included in the induction program for new hires.

With its dedicated department for data governance and protection (CAD), stc ensures the definition of data privacy policies, procedures and required controls; our cybersecurity function implements these controls.

In 2024, the DPP handled over 1,996 (2023: 1,400) data sharing requests, included data protection clauses in all contracts, and automated data destruction certificates to make sure vendors effectively wipe stc data upon project completion.

stc's Privacy Notice statements is designed to comply with the legal requirements of Saudi Arabia, Bahrain and Kuwait, ensuring customers understand how their data is collected and handled. Each subsidiary has a tailored notice to meet specific legal and industry standards. The notice outlines data protection and disclosure practices, internal and external audits, and staff training to safeguard data from unauthorized access. Transparency is maintained through reports to governance committees and regulatory bodies. It also covers customer rights and cookie usage policies. The notice applies to all employees, contractors and vendors within the stc Group. Regular updates safeguard our compliance with evolving regulations, including the Personal Data Protection Law (PDPL) and Communications, Space and Technology Commission (CST) standards.
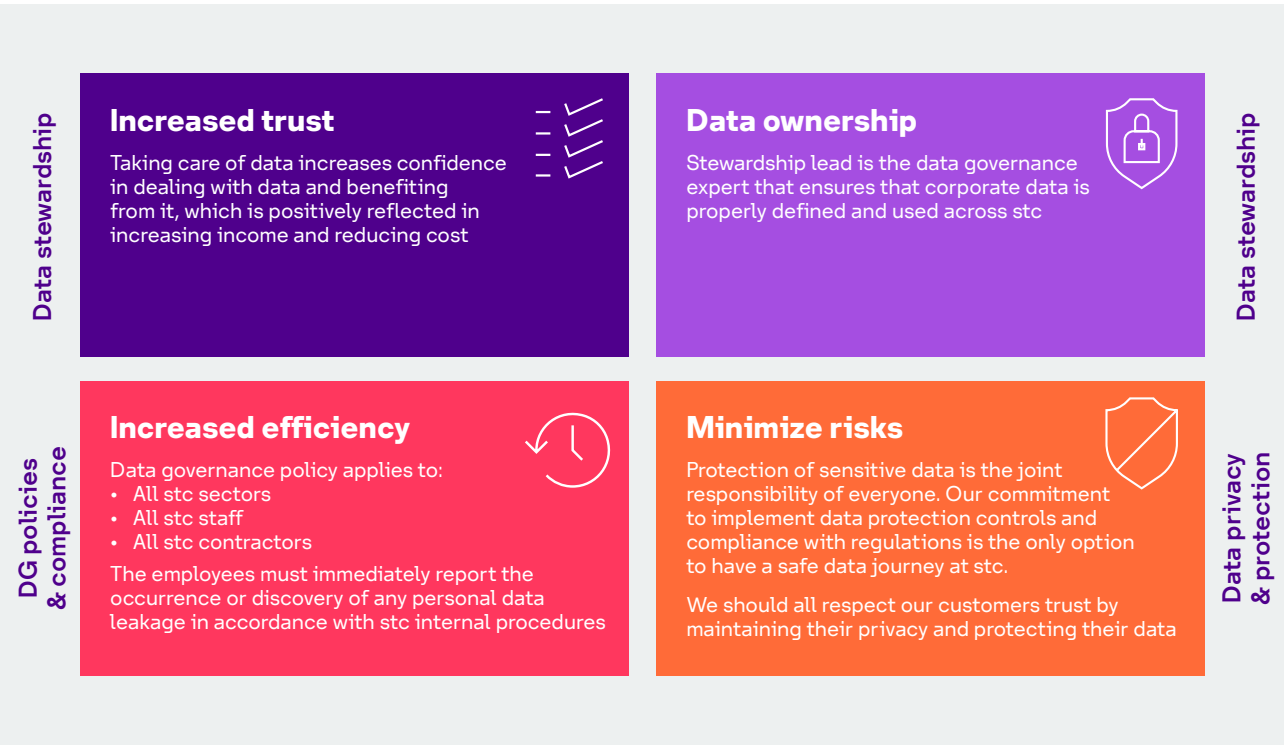
Data governance model and framework

Our commitment to data governance is reflected in our operational practices. Our Data Governance Council, which is led by the GM of Corporate Analytics Governance, oversees initiatives aimed at increasing data quality and ensuring regulatory compliance. To give support, guidance and advice to the Data Governance Council, we have a Data Governance Steering Committee. The steering committee is chaired by the GCTO, with backing from the GCEO, and includes 20 VP-level executives – 16 business units – all dedicated to guaranteeing the reliability and integrity of data across the stc Group. Indeed, stc can vouch for its consistent and effective approach to data governance throughout the entire organization.
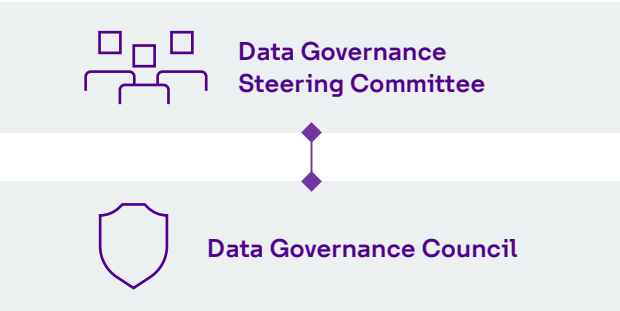
Our Data Governance framework is essential for upholding the integrity and trust that underpin our operations. This framework prioritizes exceptional data quality to improves confidence and operational excellence; it also enforces comprehensive governance policies for all employees and contractors, emphasizing shared responsibility in protecting sensitive data.

At the core of this framework is our Stewardship Lead, a data governance expert responsible for ensuring corporate data is accurately defined, consistently applied and securely managed across stc Group. By overseeing data governance principles, the Stewardship Lead makes sure customer privacy, regulatory compliance and precise data utilization remain a top priority. This reflects stc's unwavering commitment to responsible data management, guaranteeing our data governance ecosystem continuously evolves to meet the highest security, regulatory and ethical standards.

Data Governance Steering Committee

Data Governance Council

Data stewardship

Increased trust
Taking care of data increases confidence in dealing with data and benefiting from it, which is positively reflected in increasing income and reducing cost

Data ownership
Stewardship lead is the data governance expert that ensures that corporate data is properly defined and used across stc

Data stewardship

DG policies & compliance

Increased efficiency
Data governance policy applies to:
- All stc sectors
- All stc staff
- All stc contractors

The employees must immediately report the occurrence or discovery of any personal data leakage in accordance with stc internal procedures

Minimize risks
Protection of sensitive data is the joint responsibility of everyone. Our commitment to implement data protection controls and compliance with regulations is the only option to have a safe data journey at stc.

We should all respect our customers trust by maintaining their privacy and protecting their data

Data privacy & protection

Safeguarding trust in a digital world continued

Our Data Protection and Privacy framework

stc's Data Protection and Privacy (DPP) framework establishes 10 fundamental principles that all employees must uphold, regardless of their location.

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

These principles form the foundation of our privacy and data protection approach, ensuring personal data is managed with the highest level of integrity, security and compliance.

The DPP framework provides a structured governance model, encompassing policies and procedures that regulate the privacy of personal information, with clear guidelines on data classification, record management and the retention and destruction of personal data. This framework is systematically embedded across stc, ensuring data privacy is a core responsibility for all employees.

To reinforce compliance, the DPP framework is clearly communicated through mandatory training programs, as detailed in the following section, and is explicitly outlined in our Code of Business Ethics, which is publicly available online. Employees are expected to fully adhere to these privacy policies, with strict disciplinary measures in place for non-compliance, reflecting stc's unwavering commitment to data protection and regulatory adherence.

Other ongoing initiatives include automating threat detection and remediation, leveraging AI and data analytics for better threat intelligence visibility, implementing automatic fraud detection, utilizing robotic process automation for security assessments, and adopting DevSecOps to integrate security practices within development workflows.

In 2024, we implemented over 1,600 cybersecurity and remote access controls across stc, strengthening our defenses and safeguarding our infrastructure against potential threats.

Cybersecurity

Cyberattacks and professional data breaches are increasingly common, as sophisticated cybercriminal organizations challenge the limits of digital security. This trend necessitates the ongoing development, implementation and evaluation of security strategies for organizations.

As an ICT company managing critical infrastructure, applications and telecom data, our cybersecurity strategy ensures comprehensive protection of our facilities, critical IT systems and networks. The Cybersecurity Synergy and Enablement Committee provides essential insight to top management on relevant cybersecurity topics and collaborates with leading consulting services, making certain they remain on the cutting-edge of the topic.

Cybersecurity: Business enablement index

In 2024, we completed our strategy to improve our cybersecurity. Key improvements and initiatives by 2024 include:

- Enhanced business resiliency across stc Group
- Shortened incident response time to under 2 hours
- Strengthened stc brand reputation and customer trust by monitoring internet-facing assets and social media for 13 subsidiaries
- Contributed to cybersecurity thought leadership through participation in over 20 global and local events
- Increased employee cybersecurity knowledge with 92% completion rate for employees and contractors fostering a culture of proactive security awareness
- Improved executive understanding of cybersecurity, providing workshops and practical insight to effectively promote and enforce cybersecurity best practices
- Fostered a culture of cybersecurity innovation, with one idea granted startup as a result of the cybersecurity hackathon

We have a range of security controls to enhance digital security and protect our assets.

Identification and access management (IAM): This control is to certify only authorized entities can access the appropriate resources (applications or data) using their chosen devices, without interference.

Data classification: Data is classified according to its type, sensitivity and value to the organization. This helps us understand the potential risks of data alteration, theft or destruction, allowing for targeted risk mitigation controls.

Database activity monitoring: A suite of controls that detect and report fraudulent or illegal behavior while minimizing disruption to user operations and productivity.

Data leak prevention: Controls that detect and prevent data breaches, unauthorized data exfiltration or the loss of sensitive information.

Encryption: This process transforms data into ciphertext, ensuring only individuals with a decryption key or password can access the information.

Digital rights management (DRM): Controls that prevent users from accessing certain assets.

Safeguarding trust in a digital world continued

Cybersecurity policy

Our comprehensive cybersecurity policy aligns with international standards and best practices. We conduct regular reviews of this policy to maintain its effectiveness. The policy covers 19 security domains to make sure our information assets are protected, and confidentiality, integrity and availability is assured, as is uninterrupted business activity.

Protection against cyberattacks

As cyber threats become more frequent, we rise to the challenge by tightening our cybersecurity measures and strengthening our defensive capabilities, our protocols and systems.

In 2024, stc recorded zero data security breaches, and zero incidents involving customers' personally identifiable information (PII), no regulatory actions for data protection violations, and no financial losses from legal proceedings related to customer privacy across stc KSA, Bahrain, and Kuwait.

To prevent cyberattacks, we conduct a range of assessments and cybersecurity stress tests. These assessments include:

- Vulnerability assessments
- Risk assessments
- Penetration testing
- Cyber resilience assessments
- Automatic ad hoc vulnerability assessments
- Monthly periodic assessments covering all stc assets

We have also improved our security measures with automatic ad hoc vulnerability assessments and monthly periodic assessments. These additions provide more frequent and comprehensive evaluations of our security infrastructure.

To combat known cybersecurity threats like USB baiting, our policy mandates the blocking of USB, reducing the risk of unauthorized access and malware infiltration. Additionally, we conduct mandatory security assessments before launching new products and services. If issues are identified, a remediation process is initiated, supported by strict service level agreements (SLA) and a clear responsibility matrix.

Performance metrics

stc KSA SMS spam/fraud	2022	2023	2024
Reported spam messages handled	39,864	67,915	**44,548**

stc KSA Cyberattacks	2022	2023	2024
Attempted cyberattacks	9,090	9,708	**8,405**
Actual cyberattacks	26	11	**15**
% of compliance with legal, regulatory and cybersecurity requirements	N/A	99%	**98%**
% of frameworks, policies and standards fully aligned with legal and regulatory requirements	N/A	100%	**100%**

Cybersecurity influence and memberships

As a leading ICT provider, stc has cultivated a strong network of strategic memberships and partnerships, reinforcing our cybersecurity capabilities while solidifying our position as an industry leader. These collaborations enable us to stay ahead of evolving threats, adopt best-in-class security standards, and contribute to the development of global and regional cybersecurity frameworks. By actively engaging with key industry alliances and regulatory bodies, we increased our security posture and share our expertise to drive collective advancements in cybersecurity practices. Through these efforts, stc continues to be a responsible corporate leader, committed to strengthening the security ecosystem and safeguarding digital infrastructure at both local and global levels.

Key memberships

- Member of the GSMA Malware Information Sharing Platform
- Participant in GSMA security focus groups, contributing to anti-fraud standards and 4G roaming security guidelines
- Maintaining member of first.org, the global Forum of Incident Response and Security Team
- CST – Post Quantum Readiness
- Global Cyber Alliance (GCA)
- Open-source threat intelligence (Shadow Server)
- Bug bounty with Saudi Federation for Cybersecurity, Programming and Drones

Key partnerships

- Misk job shadowing program for high school students, promoting early cybersecurity education
- Collaboration with the National Cybersecurity Authority (NCA) in areas such as awareness, threat intelligence, information sharing and protection of signaling protocols
- GSMA T-ISAC partnership: stc is a key member of the Executive Governance team, comprising only 7 mobile operators from Europe, contributing to the telecom information sharing and analysis center for threat intelligence
- Partnership with IBM and sirar to host a cybersecurity hackathon, fostering innovation and skill development in the field

Partnerships and collaborations achieved in 2024

- Part of ISACA (Information Systems Audit and Control Association) threat intel team and signed agreement with CISA (Cybersecurity and Infrastructure Security Agency) to be a member of their trusted circles and share intelligence
- Communications, Space and Technology Commission (CST) Sectorial Committee
- Communications, Space and Technology Commission (CST) Third-party Committee
- Partnered with MCIT (Ministry of Communications and Information Technology) on cloud security
- Collaborated with MCIT to support stc women cybersecurity community
- Involved in a session cybersecurity in the workplace with Misk Foundation and Tuwaiq academy
- Telecom World Middle East 2024
- stc is a member of GSMA's T-ISAC (Telecommunication Information Sharing and Analysis Center) Executive Governance. stc will be able to shape the future of the telecom information sharing and analysis center for threat intelligence under the GSMA
- Elected as deputy chair of GSMA Middle East Fraud and Security Group
- Blackhat CS team participation
- Aramco cybersecurity event
- Cybersecurity team participation in Global Cybersecurity Forum in panel discussion, ICT Knowledge Community roundtable and contributing to the child protection initiative
- NCA partnership with stc in October Cybersecurity Awareness Month
- Signed MOU with Saudi banks for a joint collaboration on cybersecurity awareness and financial fraud

Safeguarding trust in a digital world continued

Data privacy and security training and awareness

Our customers, employees and stakeholders trust us to safeguard their personal information; a responsibility we take most seriously.

Our mandatory data privacy and protection training for stc KSA employees, subsidiaries and contractors, reinforces our Company culture as one that is highly informed and extremely strict on data privacy and protection.

stc conducts a variety of training and awareness campaigns in the fields of cybersecurity and data privacy for all employees and business partners, including:

- Privacy Day campaign
- AI and ChatGPT campaign
- Personal Data Protection Law (PDPL) campaign
- Data privacy in third-party relationships
- Data privacy in marketing and advertising
- Privacy impact assessments
- Data protection violations
- Phishing Awareness campaign
- Strong Password campaign
- Online Shopping campaign
- Social Media campaign
- Clean Desk campaign
- CS Policy and Standards campaign
- Cloud Storage and Storage Media campaign
- Secure Teleworking campaign
- Safe Meetings campaign
- Data Protection campaign

We also have role-based awareness campaigns, targeting:

- Social media team
- GCEO office staff
- Special Projects team
- Cybersecurity team
- VPs
- GCO (Group Chief Officers)
- Administrative people (admins with privileged access)
- Service provider contractors

As an organization at the leading edge of digital innovation and one that is driving growth and development in the region, we take every effort to stay on the cutting edge of the subject. Our training encompasses emerging areas in digital technology, including advanced AI, machine learning, multi-cloud and edge computing, cyber resilience, threat intelligence, intelligent automation, robotic process automation, digital ethics, and responsible AI. Our goal is to equip our employees to align with the Group's direction and adapt to the rapidly evolving digital landscape.

In 2024, approximately 99% of stc KSA employees completed the mandatory data privacy and protection training. Among our subsidiaries, nearly 35% of employees and 62% of contractors completed the required sessions.

These comprehensive training sessions, averaging 3.5 hours, are delivered through our online learning platform. To ensure compliance, participants must pass the evaluation with a score of 70% or higher. If an employee does not complete the training, departmental GMs are notified, and appropriate actions are taken to remedy the gap.

We emphasize the importance of cybersecurity through various digital channels, including social media, online messages, workshops and live webinars tailored for diverse audiences, including Arabic and non-Arabic speakers, the elderly and individuals with disabilities. Cybersecurity is integral to our mandatory employee training program; further details can be found in the Business Ethics section.

We conduct ongoing communication campaigns for employees, contractors and customers to help them protect themselves from phishing, ransomware attacks and privacy violations. All new employees complete cybersecurity training to understand stc's policies and procedures.

To assess the effectiveness of these campaigns, we have a cybersecurity course score, comparing pre- and post-test results to measure knowledge retention. We also conduct phishing simulation test campaigns to identify where employees may be vulnerable to phishing attacks or other cyber threats.

Performance metrics

Data protection and security training	stc KSA			stc Group		
	2022	2023	2024	2022	2023	2024
Number of employees attended data protection training	11,068	17,637	**21,661**	-	1,175	**5,339**
Total training hours	34,207	61,553	**75,597**	-	4,100	**18,633**
Number of employees attended security training	11,068	18,781	**11,066**		22,422	**4,118**
Total training hours	34,207	65,733	**25,452**	-	90,012	**9,746**

* Group data for 2022 is not available owing to expanded scope of operations. Accurate calculations and comprehensive data collection across Group were initiated starting 2023.

Data privacy and security audits

As data privacy, protection and security regulations continue to tighten, companies handling personal data face increasingly stringent compliance requirements. To ensure stc's full adherence to these evolving regulations, we undergo independent external audits of our data privacy and security practices at least once every 2 years. Examples of these external audits include assessments aligned with the National Cybersecurity Authority's Essential Cybersecurity Controls (NCA ECC), the Communications, Space and Technology Commission (CST), and ISO 27001 standards. Additionally, Saudi Arabia's CST conducts annual and quarterly audits of stc, reinforcing our commitment to maintaining the highest standards of regulatory compliance and data protection.

Frequency of information system audits	2022		2023		2024	
	Internal	External	Internal	External	Internal	External
stc KSA	>100	2	>100	15	**>100**	**7**
stc Bahrain	2	3	1	3	**1**	**3**
stc Kuwait	10	5	12	6	**20**	**6**
Aqalat	1	-	1	-	**1**	**-**
channels	1	2	1	1	**1**	**1**
Intigral	4	3	4	3	**5**	**3**
sirar	3	2	2	6	**2**	**6**
solutions by stc	-	4	2	5	**5**	**8**
specialized by stc	2	2	1	5	**1**	**3**
TAWAL	1	5	3	4	**1**	**6**
iot squared	-	-	0	2	**1**	**2**
center3	-	-	1	3	**-**	**2**
SCCC	-	-	-	-	**3**	**1**

Safeguarding trust in a digital world continued

stc Security Pass program: Data protection for suppliers and business partners

stc requires all suppliers and business partners to implement data protection requirements and to undergo compliance inspections every 2 years to maintain their certification.

The scope of our Security Pass program includes all current and potential partners. Each partner must register and document their third-party qualified inspections and audits to meet program requirements. To obtain the Security Pass Certificate, partners must:

- Determine their tiering
- Implement applicable Security Pass Certification requirements
- Complete the Partner Compliance Cybersecurity Certificate report
- Submit an audit certificate from an authorized firm

The audit firm is responsible for validating the partner's cybersecurity compliance as per stc's Suppliers Security Standards and issuing cybersecurity certifications; providing monthly updates on certification progress to stc's Cybersecurity GRC department.

By improving our data protection and privacy initiatives, we proactively safeguard our customers' data and the information exchanged with our partners. This initiative strengthens our commitment to maintaining the highest security standards in our ecosystem, fostering trust and confidence in our services.

Read more on the Security Pass Certificate at https://partnershub.stc.com.sa/security-pass.

Child online safety and protection

At stc, we recognize our responsibility in shaping a safer, more secure digital world for children. As a leading enabler of digital connectivity, we are committed to upholding children's rights across all aspects of our business operations, proactively supporting both parents and young users in becoming responsible digital citizens. Our efforts focus on empowering families with the knowledge, tools and resources needed to navigate the digital landscape safely and confidently.

Empowering parents with knowledge and tools

To support parents in safeguarding their children's digital experiences, we provide a comprehensive, free parental guide, "Secure Cyberspace for Your Kids." This 18-page resource delivers practical insight on setting up parental controls, recognizing online risks, fostering open digital conversations, promoting responsible online behavior and staying informed on evolving cybersecurity threats. By equipping parents with actionable strategies, we help them create a safe and controlled online environment tailored to their child's needs.

Commitment to data protection and cybersecurity awareness

Data privacy and security are at the core of our child protection initiatives. stc strictly adheres to robust data protection frameworks that guarantee secure processing of children's personal information, in line with both internal policies and external regulatory standards. We continuously refine our security measures to align with global best practices, safeguarding young users from potential digital threats.

To further fortify online safety, stc has deployed an international gateway-level solution that provides comprehensive internet filtering, ensuring a secure browsing environment for all users, including minors. This filtering mechanism is aligned with Saudi regulatory requirements and helps mitigate exposure to harmful content.

Advocating for child safety through awareness and education

Beyond technological solutions, stc actively promotes digital literacy and online safety awareness through dedicated educational initiatives. Our commitment extends to engaging children, parents and employees in cybersecurity education, including:

- Two educational booklets (available in Arabic and English) designed to equip parents and children with cybersecurity best practices.
- A specialized kids' magazine, fostering interactive learning on digital safety.
- Workshops and awareness sessions for children aged 6-18 years, as well as exclusive programs for employees' children, reinforcing cybersecurity knowledge and safe online behaviors.

At stc, we go beyond compliance, we strive to set the standard for child safety in the digital age. By integrating technology, education and proactive engagement, we are committed to creating a safer, more responsible digital future for the next generation.

Supply chain management

Our approach to sustainable procurement involves sourcing sustainable goods and services whenever possible while encouraging sustainable practices throughout the entire supply chain. We expect our suppliers and business partners to operate in alignment with our sustainability requirements and adhere to our principles on critical issues such as safety, human rights and environmental responsibility.

Supplier Code of Conduct

stc's Responsible Supply Chain policy reaffirms the Group's commitment to maintaining and promoting responsible business practices with suppliers, while advocating for integrity and transparency in all dealings. Additionally, stc's Supplier Code of Conduct is a contractual obligation for all suppliers, mandating fair employment practices for their workforces. Compliance is enforced by guaranteeing suppliers respect the dignity, privacy and rights of employees and associated contractors, refraining from unlawful discrimination and the use of child or forced labor, and avoiding exceeding applicable working hours or unfairly compensating employees. Suppliers can also use our Speak Up platform to raise concerns about ethics, human rights or other important matters.

Our recent agreement with the General Authority for Small and Medium Enterprises (Monsha'at) commits us to using our significant market share and our supplier spend to empower and sustain local SMEs, in turn contributing to the economy.

Integrating sustainability into our supplier assessment

Every supplier and contractor is assessed for environmental and social issues as part of a comprehensive supplier evaluation process. Suppliers with customer data access must adhere to legally binding contracts and the Supplier Code. During project implementation, we continuously evaluate suppliers on performance, compliance and ethics, which affects their rankings and future selection. Criteria include quality, sustainability, risk, customer service, innovation, delivery, operational excellence and cost. Serious non-compliance, such as confidentiality breaches or unauthorized disclosure, can lead to disqualification or termination.

In addition, all significant investment agreements and contracts at stc include human rights-specific clauses that undergo rigorous screening to comply with ethical standards. In 2024, we maintained our commitment to responsible sourcing by confirming that 100% of new suppliers were screened for environmental, labor and human rights standards, reinforcing our dedication to sustainable and ethical business practices.

Performance metrics

stc KSA Sustainability screening	2022	2023	2024
Suppliers screened for environmental, labor and human rights practices	221	230	**656**
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)	158	122	**40**

stc KSA Human rights integration	2022	2023	2024
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	100%	100%	**100%**

Suppliers' sustainability audits and monitoring	stc KSA			stc Group		
	2022	2023	2024	2022	2023	2024
Number of suppliers identified as having significant actual and potential negative impacts	52	49	**47**	52	49	**47**
Suppliers with which sustainability improvements were agreed upon as a result of audit	9	3	**10**	9	8	**71**
Suppliers with which relationships were terminated as a result of audits and monitoring	5	4	**0**	5	4	**0**
Number of suppliers blocked for non-compliance with ethical aspects	5	4	**0**	7	4	**0**

Supplier engagement and development initiatives

stc engages with its suppliers through various initiatives to reinforce collaboration and ensure alignment with company objectives. Our annual supplier conferences, such as the Partner Day, providing partners with updates on stc's strategies, ambitions and expectations, and how they can contribute to the Group's goals.

Our Partner Awards recognize partners who have significantly contributed to projects aligned with the Group's strategic objectives; with a rawafed Partner Awards category that focuses on localization.

In terms of cybersecurity and data protection, we have various assurances to protect customers:

- Partner Code of Ethics
- Contractual clauses to safeguard data
- Data destruction assurances upon project completion
- Continuous audit and monitoring processes

We monitor and audit suppliers on their environmental and social performance, labor practices and human rights impact. This includes adherence to the stc Code of Conduct and a prequalification process for suppliers.

We build ESG considerations into the procurement process, including:

- Specifications in invitations to tender or RFPs
- Shortlisting responsible suppliers
- Favoring suppliers with strong environmental or social performance
- Including relevant considerations in supplier contracts

stc uses a comprehensive supplier evaluation framework to assess partners based on measurable criteria, ensuring performance excellence and early risk identification. Performance evaluations involve both the Partner Management team and project managers at stc, guaranteeing a thorough assessment of partner contributions.

Through these initiatives and frameworks, stc reinforces its commitment to responsible supplier engagement, securing sustainable practices throughout its procurement processes.

Supply chain management continued

Performance metrics

Procurement spending	stc KSA			stc Group*		
	2022	2023	**2024**	2022	2023	**2024**
Total procurement spending (儿 billion)	22.1	35.2	**29.9**	45	67.48	**129**
Amount spent on local suppliers (儿 billion)	22	33.2	**28.6**	38	42	**124**
Percentage of total procurement spending on local suppliers	93%	94%	**96%**	71%	89%	**96%**

* Group data excluding channels, specialized by stc and sirar.

Suppliers	stc KSA			stc Group*		
	2022	2023	**2024**	2022	2023	**2024**
Number of total suppliers	2,227	3,475	**3,773**	6,289	9,316	**9,024**
Number of tier 1 suppliers	171	199	**24**	213	993	**684**
Number of local suppliers	1,787	2,828	**3,111**	4,941	6,941	**7,101**
Number of foreign suppliers	440	647	**662**	1,656	2,217	**1,923**

* Group data excluding channels and specialized by stc.

Local procurement spending

Our commitment to local procurement spending has made a meaningful impact on the economies of the countries in which we operate. By supporting local businesses, we contribute to job creation, economic growth and the development of essential infrastructure that benefits communities and strengthens national economies.

2024 Local procurement spending – stc KSA

96%
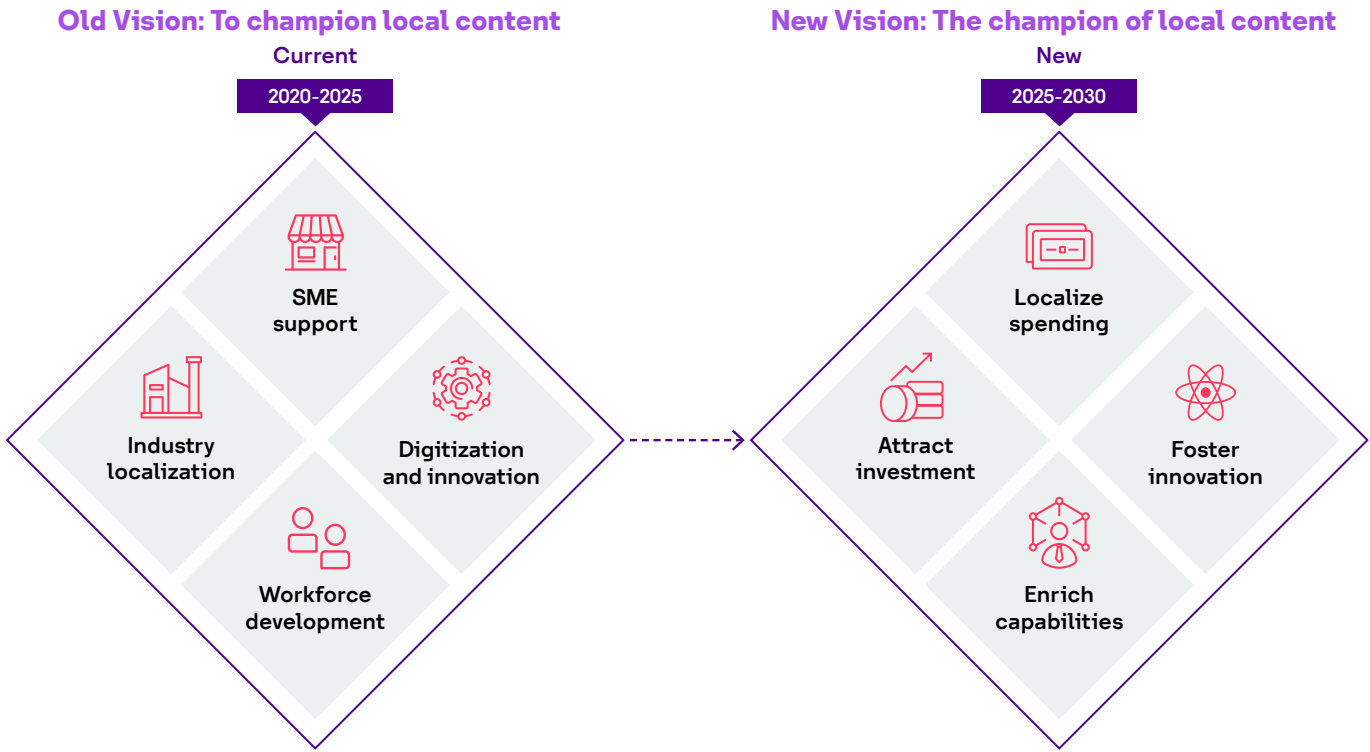
2024 Local procurement spending – stc Group

96%

Maximising local content through rawafed

Launched in 2018, rawafed is stc's flagship initiative aimed at maximizing local content within Saudi Arabia's ICT sector and increasing its contribution to the national economy. rawafed focuses on maximizing local content within the Saudi ICT sector and boosting the sector's contribution to the national economy. The initiative aims to strengthen the national economy by promoting local businesses and aligning with the broader goals of Saudi Arabia's Vision 2030.

In 2024, rawafed's strategy has been refreshed to build upon its past successes and further strengthen local content within the ICT sector. With a vision to maintain its leadership in local content, rawafed aims to develop, expand and grow the ICT sector, increasing stc's contribution to the national digital economy. The updated strategy prioritizes localized spending, attracting investment, fostering innovation and improving local capabilities.

A key focus of the strategy is localizing spending through strategic initiatives and partnerships, reinforcing stc's commitment to supporting local enterprises and SMEs. Additionally, it seeks to stimulate investments by creating new opportunities for national industries in the telecom and ICT sectors. To drive technological advancement, rawafed also places a strong emphasis on fostering innovation, expanding the adoption of digital and ICT solutions, and improving R&D capabilities and practices.

These efforts are made possible by empowering local talent and competencies. rawafed is dedicated to developing Saudi talent, creating new employment opportunities in the ICT sector and equipping professionals with the skills needed to drive digital transformation, further reinforcing stc's commitment to national economic growth and sustainability.

Old Vision: To champion local content
Current
2020–2025

- SME support
- Industry localization
- Digitization and innovation
- Workforce development

New Vision: The champion of local content
New
2025–2030

- Localize spending
- Attract investment
- Foster innovation
- Enrich capabilities

Supply chain management continued

We lead the advancement of local content by empowering our local partners, collaborating with foreign partners, and nurturing novelty.

To achieve our mission, we build on strong pillars

Localize Spending	Attract Investment	Foster Innovation	Enrich Capabilities
Through strategic initiatives and partnerships, stc significantly reinforced local spending with enterprises and SMEs	Increase and stimulate opportunities for the national industries in the telecom and ICT verticals	Increase digital and ICT enhancements and use. Improve the ability and practice in the R&D aspect	Create additional employment opportunities for Saudis in the ICT sectors and develop skills of the local capabilities

Continuous growth to maintain championship

rawafed's governance model, which we adhere to, ensures the smooth execution of all local content requirements and compliance control. To safeguard our adherence to this new approach, we have established a robust local content compliance framework that includes various guidelines and policies, such as a new local content policy and comprehensive guidelines for addressing local content violations. As a testament to these efforts, stc achieved a local content score of 44.32%, underscoring our commitment to fostering local content participation and driving sustainable growth.

Throughout the reporting year, we have cascaded our strategy across our Saudi subsidiaries to advance stc's investment in local content sustainability and contribute to the development of the Saudi economy. rawafed has ensured subsidiaries obtained local content certificates, showcasing stc's unwavering commitment to local development and the broader Saudi economy.

Increasing the number of local content certificates among stc suppliers is a critical component of the Group's local content growth strategy. This initiative has resulted in a significant increase in local content levels. As a result, the total number of local content certificates issued to our partners reached 1,025 as of 2024, exemplifying our commitment to promoting socio-economic development in local communities.

Moreover, 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 33% in 2024, up from 30.34% in 2023.

Recognizing the impact of localizing products and services on the local content score, rawafed actively promoted its catalog, listing 27 products worth ﷼ 6.68 billion for localization over 5 years. In collaboration with the Local Content and Government Procurement Authority (LCGPA), the Public Investment Fund (PIF), the Ministry of Industry and Mineral Resources (MIM), the Chambers of Commerce (CoC) and the PIF Forum, we connected over 10 local companies with relevant entities to explore manufacturing opportunities and assess technical specifications.

rawafed also participated in several national local content events, including the Local Content Forum and the PIF Private Sector Forum, to showcase its efforts. Additionally, we organized 33 knowledge-sharing sessions with key stakeholders, such as the Saudi Chambers Federation and PIF portfolio companies like NEOM and Qassim Cement, fostering collaboration and best practices in local content development.

rawafed has been recognized for its exceptional contributions to local content development, achieving prestigious national accolades. It secured **first place for excellence in local content** preference for owned companies, awarded by the Local Content and Government Procurement Authority. Additionally, for the second consecutive year, rawafed received the **Technical Excellence Award from the Ministry of Communications and Information Technology.** These achievements underscore the sustainability of Rawafed's impact, reaffirming its commitment to advancing local content, driving economic growth and strengthening Saudi Arabia's ICT sector.

هيئة المحتوى المحلي والمشتريات الحكومية
Local Content & Government
Procurement Authority

وزارة الاتصالات وتقنية المعلومات
MINISTRY OF COMMUNICATIONS
AND INFORMATION TECHNOLOGY

Performance metrics

stc KSA Local content	ICT benchmark	2022	2023	2024
Local content score	30%	40.75%	42.90%	**44.32%**

stc KSA Local content	Unit	2022	2023	2024
Local content contribution spends	﷼ billion	11.2	13.0	**14.0**

Notable projects and initiatives – rawafed

Local Excellence initiative

The Local Excellence initiative is designed to improve local content within stc's partnerships by providing consulting sessions to strategic partners. This initiative offers more than 18 tailored services, including strategic planning, process modeling, governance modeling and methods for measuring local content. In its initial phase, the rawafed team collaborated with 9 key strategic partners, conducting over 20 sessions that covered more than 13 services, effectively fostering an environment of expertise and growth in local content development.

Local Expand initiative

The Local Expand initiative aims to achieve sustainable growth in local content by advising and guiding stc Group's subsidiaries on how to increase their local content contributions.

The rawafed team conducted over 10 consulting workshops tailored to each subsidiary's future plans and business needs. This initiative is designed to guarantee local content growth aligned with the subsidiaries' operational strategies, ultimately forecasting a positive impact on local content percentages across the Group.

To further strengthen stc's leadership in local content development across the communications and information technology sectors, local content requirements have been made mandatory in all 2024 projects. Additionally, local content price preference mechanisms have been implemented across all stc procurements to maximize impact.

Supply chain management continued

Promoting SMEs

stc actively supports the participation of small and medium enterprises (SME) through its procurement activities, aligning with the national visions of the countries in which it operates. By enabling local business growth, stc plays a pivotal role in developing the telecom and ICT sectors, contributing to economic diversification.

In 2024, stc engaged with more than 492 SMEs, reinforcing its commitment to strengthening local industries and driving sustainable economic development.

Performance metrics

SME suppliers	stc KSA			stc Group		
	2022	2023	2024	2022	2023	2024
Number of SME suppliers engaged	134	168	**117**	531	665	**492**

Warehouse consolidation and logistics optimization

We are dedicated to making a positive impact on the local community and environment through our logistics and inventory practices. Our journey toward sustainable logistics is guided by 3 main goals:

- Improve demand planning for responsible consumption and production
- Streamline operations to reduce Scope 1 and Scope 2 emissions and increase efficiency
- Promote a circular economy with material reuse and safe disposal of non-recyclable waste

To standardize warehouse inventory management, we use 100% biodegradable bags. Since 2018, our warehouse consolidation project has optimized storage capacity, planning and distribution, reducing costs and carbon emissions by consolidating multiple warehouses.

Building a digital ecosystem across procurement practices

At stc's main office, we now have a paperless environment for procurement. We utilize our internal system, HUB. in conjunction with the Oracle Procurement System, to streamline and digitize procurement processes. As a result, 100% of bidding, work orders and letters of award are now paperless, eliminating paper consumption related to procurement.

99%

average paperless procurement process across stc Group

Performance metrics

Digitization of procurement process	Reduction of paper-based documents with the electronic procurement process		
	2022	2023	2024
stc KSA	100%	100%	**100%**
stc Bahrain	80%	95%	**100%**
stc Kuwait	100%	100%	**100%**
Aqalat	–	90%	**90%**
TAWAL	80%	90%	**99%**
sirar	100%	100%	**100%**
iot squared	–	100%	**100%**
center3	–	5%	**100%**
Intigral	100%	100%	**100%**
solutions by stc	90%	100%	**100%**
SCCC	–	50%	**100%**
specialized by stc	15%	15%	**100%**
channels	100%	100%	**100%**