

Sustainability



Sustainability continued

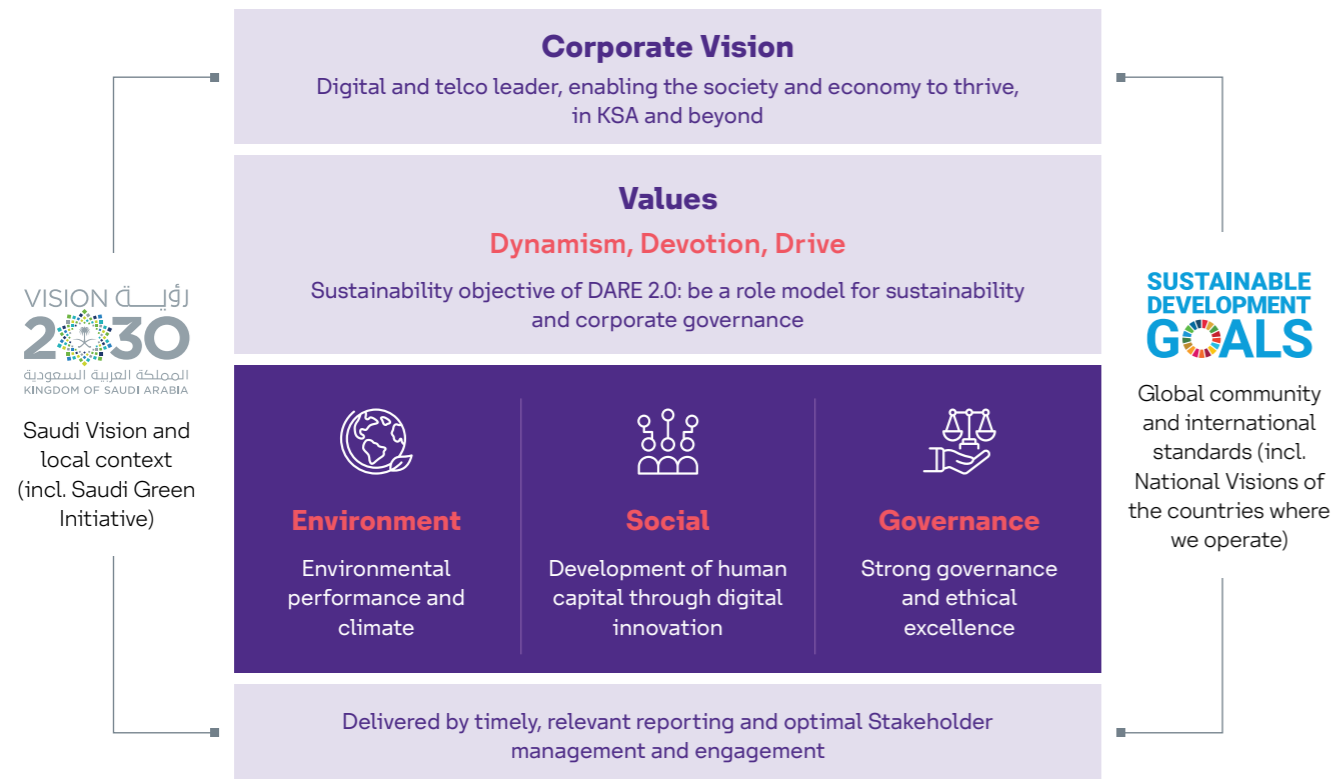
Our commitment to sustainability is embedded in our core business practices, our purpose, and our corporate strategy. Integrating sustainability into our business helps us deliver on our vision of enabling the society and economy to thrive in Saudi Arabia and beyond. We strongly believe that addressing sustainability-related current and emerging risks and opportunities allow us to be a consistent and innovative partner, able to respond to the needs of our customers, people and communities where we operate.

1. Our sustainability strategy

Upon conducting rigorous materiality assessments and external benchmarking, stc refreshed its sustainability strategy which has 3 core sustainability pillars, all of which are vital for the success of our business and for sustainable value creation for our stakeholders.

In developing this strategy, we considered the interests of our key stakeholders, national and regional strategic visions, and the United Nations Sustainable Development Goals (UN SDG). We use this framework to guide our decision-making process and improve our operational performance.

Our refreshed sustainability strategy embodies our ambition to go further to minimize our environmental impacts and to maximize our positive, sustainable impacts wherever we work.



























1.1 Material topics and alignment with national and international priorities

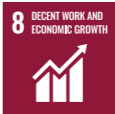



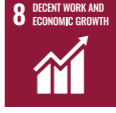












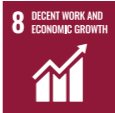




The telecom and ICT sector has an impact on society and the environment. To ensure we focus our sustainability efforts where they are most relevant, we regularly conduct materiality assessments and continue meaningful dialogues with our stakeholders. The most material topics and high impact actions are addressed in our sustainability strategy, framework and reporting.

We aim to ensure our sustainability efforts drive positive change and transition at the local, national and international level. To that end, we have ensured our corporate strategy is aligned with the national and international context by aligning with key components of the Saudi Vision 2030, principles of the UN Global Compact, and goals and targets within the Sustainable Development Goals and other sustainability standards.



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Pillar	Material Topic	SDGs	UNGC	Saudi Vision 2030
Environment Environmental performance and climate	Energy and climate change	 	Principle 7 Principle 9  ENVIRONMENT	Ensure environmental sustainability  A Vibrant Society
	Waste, e-waste, and water management	 	Principle 8  ENVIRONMENT	Ensure environmental sustainability  A Vibrant Society
Social Development of human capital through digital innovation	Data privacy, security and protection	 	Principles 1 and 2	Enable social contribution of businesses  An Ambitious Nation
	Accessibility and digital inclusion	 	Principle 6  LABOUR	Enable social contribution of businesses  An Ambitious Nation
	Health, safety and wellness	 	Principles 3 and 4	Promote a healthy lifestyle  A Vibrant Society
	Diversity, equality and inclusivity	 	Principle 6  LABOUR	Ensuring equal access to job opportunities  A Thriving economy
	Digital innovation and transformation		Principles 9 and 10	Unlock potential of non-oil sector  A Thriving economy

Pillar	Material Topic	SDGs	UNGC	Saudi Vision 2030
Social Development of human capital through digital innovation	Customer relations and satisfaction		Principle 1  HUMAN RIGHTS	Grow contribution of the private sector to the economy  A Thriving economy
	Talent management	 	Principle 6  LABOUR	Develop human capital in line with labor market needs  A Thriving economy
	Community contribution and development	 	Principle 1  HUMAN RIGHTS	Enable social contribution of businesses  An Ambitious Nation
Governance Strong governance and ethical excellence	Business ethics and governance		Principle 10	 An Ambitious Nation
	Human rights	 	Principle 1  HUMAN RIGHTS	Enable social contribution of businesses  An Ambitious Nation
	Supply chain management	 	Principle 2  LABOUR	Enable social contribution of businesses  An Ambitious Nation
			Principle 8  ENVIRONMENT	

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1.2 Our sustainability pillars

1.2.1 Environmental performance and climate

As a responsible corporate entity, we aim to assume a pioneering role in environmental stewardship by embracing sustainable technologies, conserving natural resources, and contributing to a positive ecological impact. Our active transition to a low-carbon economy is aligned with our commitment to achieving Net Zero emissions by 2050.

Additionally, our commitment to planting one million trees aligns with Saudi Green Initiative (SGI) and

encompasses educational and training efforts in field of Environmental performance with benchmarking as essential components.

Our efforts encompass thorough process evaluations, improvement initiatives and the implementation of solar pilot project. Further initiatives include reduced water intensity, a robust take-back program, and comprehensive recycling efforts – inclusive of our vendors and suppliers – will be central to our approach for the upcoming years.

We have also committed to carbon neutrality in line with the goals of the Paris Agreement by 2050. In addition to this, we have set ambitious climate targets against our 2019 baseline, which have been approved and validated by the Science Based Targets Initiative (SBTi) in September of 2023.

Finally, stc has made strides to mobilize efforts towards environmental responsibility and climate action such as committing to planting 1 million trees by 2030 and deploying the first solar pilot integrating solar energy to various stc infrastructure types across the Kingdom such as data centers, warehouses, office buildings, etc.

Long-term targets and commitments

50% reduction

Scope 1 and 2
(from 2019 baseline) 2030



46.2% reduction

In scope 3
(from 2019 baseline) 2030



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

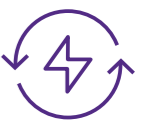
1 million trees

Across KSA 2030



Net zero

Carbon emissions by 2050



Upholding our environmental responsibility

stc is dedicated to environmental stewardship. In line with this commitment, we work to reduce both the direct environmental effects of our operational activities and the indirect impacts associated with our products and services. Our goal is to assist our customers in lowering their environmental footprint and to establish policies that will enable us to attain net-zero carbon emissions before the middle of this century.

We have developed a climate strategy, which establishes a clear, ambitious vision and objectives to direct all departments and subsidiaries towards our shared goal. stc recognizes the unique opportunity our reputation, technologies and market position provides to enable wider sustainable leadership in the ICT sector. stc's ambition is not only to drive climate action through operational optimization and efficiencies but to influence, support and collaborate with companies within our value chain and our customers and communities.

stc's climate strategy has 4 priority pillars for climate action:

- **Optimizing stc's performance** – to promote continuity and quality of information, ensure that carbon reduction commitments are achieved, and provide a foundation for improvement and system analysis.
- **Developing eco-friendly products and solutions** – to reduce the climate impact from materials, products and services used by stc and its value chain.
- **Managing climate-related risks and financial impacts** – to assess and manage stc's climate-related risks in a manner that future-proofs the Company's operations and ensures alignment with stakeholder expectations.
- **Demonstrating climate leadership** – to empower stc's peers and supply chain to influence climate action at the local and global scale.



1.2.2 Development of human capital through technological innovation

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

Advancements in human capital development through technological innovation continues to be realized through a focused approach on flagship programs, Initiatives like the Smart Truck, online safety, and digital literacy programs, coupled with employee development programs and a heightened focus on health and safety, and gender gap performance and disclosures, are central to our strategy.

Contributing to a thriving society

We constantly strive to keep our commitment of making the greatest possible positive impact by leveraging our key strengths as a leading telecom and ICT service provider, along with our incredible people and financial resources, to bolster support throughout the Gulf and MENA regions. We also aim to continue to create innovative digital opportunities, increase accessibility and digital inclusion through our social contributions making sure that no one is left behind.

We also believe that the best way to complement our strengths in achieving positive impacts is to join hands and leverage the strengths of dedicated, specialized partners in key areas. Community engagement is one of the ways in which we apply these collective efforts. Through our community engagement approach, we aim to support initiatives that address some of society's greatest challenges and opportunities. In the process, we also aim to enhance the capacity and success of the third sector.

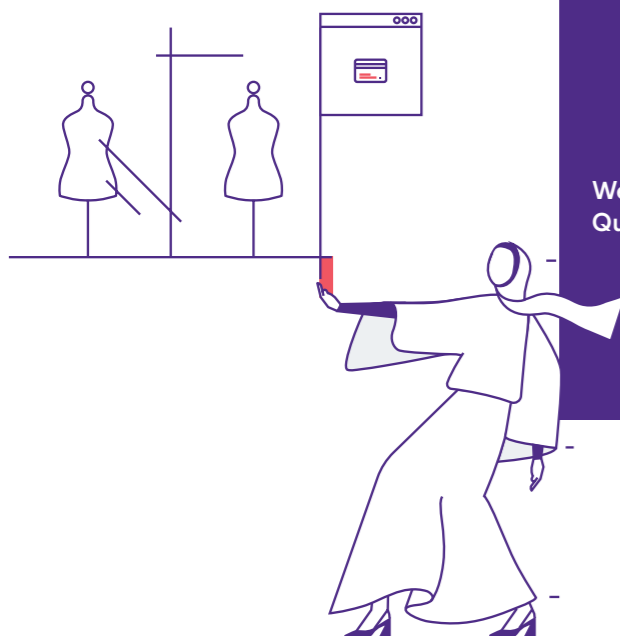
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Our flagship community development initiatives

Our broad portfolio of community investments directly supports several UN SDGs and continues to advance progress towards the national visions of all the countries that stc operates within.

Our community investment initiatives span various developmental areas such as education, healthcare, digital inclusion, technological innovations, caring for the environment, entrepreneurship, volunteering, welfare and quality of life.

Theme	Target	Flagship initiatives	2023 social impact
Digital Inclusion and Digital Capabilities Promotion	Aiming to bridge the divides that exist in our operating markets, focusing on the inclusion of people with disabilities, underserved areas, low-income households and elderly.	Smart Truck	Provided 150 awareness session to 2,003 elderly people across 11 governorates
		Technical enablement	Offered 1,055 technical services to 446 NPOs across 50 cities serving 8,000 users
Education, Health and Environmental Protection	Aiming to spread awareness on educational, health and environmental issues and help solve them through our support and innovative solutions.	Sharing knowledge	Conducted 2 workshops with 40 participants from 14 different partners (NPO and government) to build capacity on social return on investment and social value
		E-health smart cameras	Installed 2 smart cameras worth SAR 160,213.48 in health centers within an underserved area to help early diabetes detection
		Electronic waste recycling	Through Eritqa, recycled and refurbished 4,862 devices, with 100 NGO beneficiaries
Embedding a Culture of Purpose and Entrepreneurship	Aiming to generate sustainable change while supporting entrepreneurship and empowering the next generation of young entrepreneurs through education, training and a supportive ecosystem.	ImpactU	SAR 100,000 seed investment for each of the 10 incubated startups since 2021 – no intake in 2023
		Volunteering program	Completed 672 volunteering opportunities requested by 30 NPOs across 13 regions while recording 8,064 volunteering hours
Welfare and Quality of Life	Aiming to provide and support a collection of a variety of efforts and programs to improve our community and make it a more desirable place to live and work.	Furniture donation	Donated 343 furniture pieces to 10 NPOs
		Jood Eleskan initiative support	Renovated 4 houses by raising SAR 456,429 from stc employees and benefitting 26 people, and utilized stc's digital communication channels to raise awareness and donations by sending 144,571,023 SMSes across KSA
		Home renovation	Renovated 40 homes across 8 governorates with SAR 2 million investment aiding vulnerable groups like widows, divorced, people with disability, and children of martyrs



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1.2.3 Solid governance and ethical excellence

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

In reinforcing strong governance and ethical excellence, we adhere to rigorous Board performance standards, ethical audits, and increased disclosures and reporting to MSCI, CDP, Sustainalytics, S&P Global Corporate Sustainability Assessment (CSA) and other relevant entities. Our impact assessments and due diligence processes, alongside the enforcement of policies governing child safety and overall cyber protection, are underpinned by a commitment to implementing responsible procurement practices, including ISO:20400.

As part of our commitment to ethical standards, in 2023, we have extended employee training on ethical standards programs to encompass all employees, including part-time staff and contractors. We have also expanded the scope of employee training on data security and/or privacy-related risks and procedures. As of 2023, the training on data security and/or privacy related risks and procedures is provided to all employees, including contractors.

Our ESG Governance Model

Our overarching objective is to seamlessly embed sustainability within our operational framework and long-term business strategy, DARE 2.0. This concerted strategy, having secured alignment with the Board, is designed to optimize decision-making processes, delineate clear responsibilities, and articulate decisive actions on pivotal issues.

The Board of Directors assumes the vital oversight role for sustainability within the Company through the dedicated Sustainability Committee. The Sustainability Committee receives regular and comprehensive updates from management concerning the Company's sustainability framework and performance across a wide spectrum of key performance indicators (KPI) and goals. Quantitative ESG and sustainability metrics in the short-term incentive plan were introduced in 2023 with sustainability metrics representing 5% of the total performance score.

The Sustainability Committee delivers strategic guidance on commitments, ESG performance scorecards, and key focal areas, subsequently reporting its findings to the Board. In tandem, at the managerial level, the Sustainability Committee consolidates all our sustainability-related initiatives under the guidance and supervision of a unified body. Vice presidents and executives representing various business segments and administrative functions constitute the Sustainability Committee, which is chaired by our GCEO.



Our annual sustainability reports outline our detailed sustainability performance for the year and initiatives that are underway in our areas of focus.

2. Rising ESG rating

In 2023, our commitment to sustainable practices and transparency resulted in significant progress in our ESG investor ratings. We have actively worked to increase the number of disclosures to provide a comprehensive overview of our sustainability efforts. Our focus on employee well-being is evident through detailed disclosures on the training hours our employees receive, furthering our dedication to personal and professional development. Additionally, our commitment to the health and safety of our workforce is reflected in the comprehensive reporting of health and safety numbers across our entire Group, which we are continuing to do.

We have also expanded our efforts in data security and privacy by enhancing our data protection and/

or privacy programs, policies and extending these requirements to our suppliers, mandating third-party audited certifications. We have also achieved approval of the Science Based Targets as the first Saudi company to achieve this status in 2023. All these improvements have culminated in MSCI rating of BB by December 2023, reflecting our diligent efforts and tangible progress in sustainability initiatives. Quarterly updates and results are presented to the Sustainability Committee and the Board, demonstrating our ongoing commitment to transparency and accountability in our sustainability practices.

ESG data for year end 2023 can be found here: <https://sustainability.stc.com.sa/cdn/2023-Year-End-ESG-Supplement.pdf>

3. 2023 Sustainability awards and recognitions



King Khalid Sustainability Award – Economic Dimension



Ranked No. 1 Sustainability Leader in the Middle East by Forbes in 100 sustainability leaders list



Sustainability Champion of the Year – Sustainability Excellence Awards 2023 by Sustainability Middle East



Sustainable Employment Award at Global Good Governance (3G) 2023