# **Supporting Units**

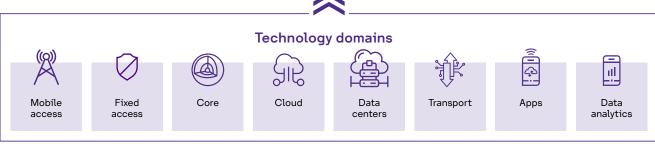
## **Technology Unit**

The Technology Unit is a vital component of stc, responsible for managing and leveraging technology to support and enhance various business functions. The Unit plays a pivotal role in driving innovation, improving operational efficiency and ensuring competitiveness.

### Strategic focus and alignment with DARE 2.0 strategy

The Technology Unit's RAQAMI strategy includes revolutionizing innovation, advancing data analytics, quickening and modernizing infrastructure, aspiring efficiency increase, maturing cybersecurity, and inspiring towards digitalization. These are critical technology imperatives that ensure technology enablement across the full gamut of the DARE 2.0 corporate strategy.

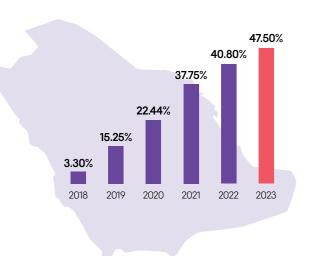




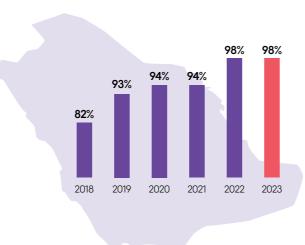
### Infrastructure

In 2023, stc remained focused on accelerating infrastructure modernization and simplification in a fast-changing environment from a market and addressing emerging technology trends. The major achievements during the year enabled it to improve the customer experience, reaching 47.5% 5G coverage across the Kingdom and 98% for 4G coverage.

### 5G Coverage (KSA)



### 4G Coverage (KSA)



Moreover, it implemented 203,865 households for consumer business through Last Mile and Fiber to the home (FTTH) projects.

Other key achievements of the year 2023 included:

3G upgraded to L900 for

+8.9k sites.

Exceeded transition target of 55% for copper consumer customers to fiber.

Completion of IAM and PRA integrations for Jawwy applications, resolving 9.4k vulnerabilities.

Achieved 100% data ownership for all stc domains/sub-domains. 8,470 5G sites integrated with 7,517 5G fiber sites as at the end of 2023.

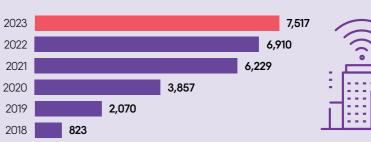
3,499 additional secondlayer 5G sites integration (N40) in 2023 to reach 4,452 sites.

**65**% increase in network cloudification compared to the previous year.

Successfully recovered 1,893.8 m<sup>2</sup> of floor space by removing legacy retired nodes (2,686 legacy nodes dismantled) and achieved a significant power savings of 28.30 GW/Y.

203,865 Number of FTTH households

### Number of 5G integrated sites connected by fiber





Successful integration with Saudi mega projects:

22 new radio access sites and 2 in-building solution sites for the Red Sea Project.

Reached 87 radio access sites for NEOM.

34 new radio access sites integrated for MODON project.

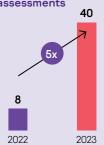
### **Growth in mega projects** demand:

New customer engagements have increased 10 times, reaching 21 enterprise customers, and the number of issued technical proposals has quintupled, totaling 40 proposals compared to last year.

Number of customer engagement



Number of technical assessments



Successfully deployed **7,028** households for enterprise business units (EBU) in commercial streets and related projects and completed 469 EBU and WBU key account sites P2P connectivity demands.

Telco Cloud excelled with 13.5 million commercial control plane subscribers, surpassing the annual target by 12.5%.

The commercial user plans for Telco Cloud achieved 1,909 G, exceeding the annual target by **5.6%**, showcasing robust network capabilities.

Updated deep packet inspections (DPI) for fixed and mobile infrastructure, securing 1TBps by end of 2023. 30 legacy Switches (SW).

Enhanced **OKLAA** and **5G** throughput by deploying **400** sites and adding 100 MHz on the 3900 MHz to 4000 MHz spectrum range in Al Dammam, Al Dharan and Al Khobar, improving network performance and capacity.

Enhanced data core throughput with 205 GBps and

Enabled IOT URL barring capability for 400,000 customers.

### **Supporting Units** continued

Completed planned **600 GBps** capacity expansion for FBB core network.

Transport capacity reached **14.8 TBps** for fixed and mobile infrastructure by adding **1.0 TBps** in 2023.

Increase the IMS VoLTE (voice over LTE) license capacity by adding **2 million** users in 2023.

**9** additional EoS IT MPLS (multiprotocol label switching) core fixed and mobile infra and distribution sites were modernized in 2023 and **28** EoS transport line cards replaced.

**80** EoS transport nodes replaced and dismantled.

Completed the **antispoofing** integration and fix network implementation (FNI) for UAE operator. Successfully installed and integrated **1,275** multi-dwelling units (MDU) as FTTM projects.

Enhanced roaming firewall (GP FW) capacity, elevating it from **40G** to **100G**, to support increased demand and ensure robust network performance.

### **B2B** customers broadband leader:

Successfully improved infrastructure capacity for diverse business needs, establishing stc as a leading B2B broadband market maker. Tailored services for B2B customers and demonstrated 5G as the future technology for industry demand.



### Operations and technology performance

stc's objective is to develop and improve technical operations capabilities by focusing on performance results, operational processes calibration, resources skillset enhancement through trainings, processes reengineering digitization and automation, network risk mitigation, enhancement of network resilience and reliability, and business continuity to reach high efficiency and contain disasters that might threaten stc's services towards the market. All these resulted in huge performance improvements in 2023, including:

- Disaster recovery (DR) capabilities built for additional 15 solutions completed under DR 2.0 program in 2023.
- OOKLA speed enhancement: The Company achieved remarkable OOKLA throughput milestones, including a 17% Kingdom-level speed boost, 8% latency improvement in Riyadh, and elevating OOKLA global ranking by 5-fold, from 17 to 12.
- Technology's quality assurance: Successfully elevated infrastructure's technology Quality Index with an impressive 92% in FTTx quality.

- Passive optical network: Enhanced PON network efficiency by replacing over 30% of EoS optical line terminal (OLT) (+150) and more than 40% of EoS cards (+1,700), achieving annual savings of SAR 1,578,420 in O&M expenses as well as power costs.
- CST dual authentication regulation: Aligned with CST mandate, implemented dual authentication in digital public stores, verifying customer data for enhanced security and compliance.
- eEPCs expansion: stc completed the virtual evolved packet core (eEPCs) expansion project by seamlessly integrating and thoroughly testing cloud CUPS vEPCs, along with associated domains and systems, significantly enhanced network capabilities, ensuring superior performance and efficiency.
- Regional pioneer for autonomous networks: stc's Telco Cloud shaped KEI standard, published AI-driven network manifesto.
- Customer survey enhancement: Developed a new web tool to monitor AI/ML-generated data regarding customer satisfaction surveys, offering a faster and more efficient way to analyze customer satisfaction surveys and enabling stc to follow up with feedback.
- **OpEx savings:** Achieving significant OpEx savings by applying additional operational efficiency initiatives, unified NOC and field projects and optimize and standardize managed services contracts.

### stc technology knowledge-sharing initiatives:

- White papers: Developed and published several white papers with key subjects of metaverse introduction and global trends; role of AI in mobile networks; 5G private mobile networks; and 6G wireless technology.
- Smart Talks 2023: Conducted 16 talk sessions with speakers from stc leading organizations. Combined audience of 10,147 attendees with material available for learning through LinkedIn and YouTube.



# Digital transformation and analytics

stc continued to improve and develop capabilities and digital solutions to support business and enable new ways of work inspired by digital transformation, through:

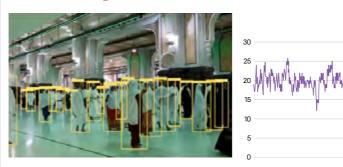
### Hajj and Umrah 1444 -

Advanced AI algorithm introduced at Hajj 1444 for autonomous pilgrimage traffic monitoring, provided head counting, density analysis and capacity management.

# Data protection enhancement:

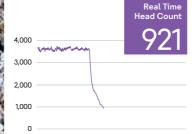
Accomplished assessment of 163 systems containing sensitive data, enhanced rules and enforced robust security measures to protect data.

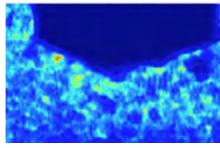
### **Head Counting**



### **Head Counting via Density**







**Capacity Management** 





### Overall, 107 data stores were scanned.

163
Systems
assessed

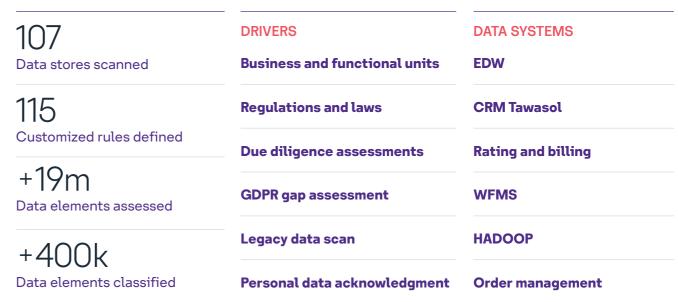
36 Systems store personal data

Systems store NPSD

15 Systems both personal data and NPSD

### Systems identified with sensitive data categories





### **Supporting Units** continued

**Digitizing certification process:** Launched a new website to receive testing requests from +20 manufacturers, improving certification management online, enhancing tracking, SLA management, visibility through dashboards, with future plans for OEM certification charges.

**GenAl applications:** Implemented in stc, aiming to empower diverse stakeholders and enable stc to become an Al-driven and innovative organization. Some applications developed include the following:

- InspireU generative analysis.
- Al-enabled location intelligence.
- Al-powered speech recognition model
- SMART KPI engine.
- · Al cyber news.

**DC05 revamp:** Achieved a major milestone by transforming Data Centre-5, seamlessly aligning with stc's strategy. This accomplishment includes reducing automated configuration time from 10 to 3 days and increasing network bandwidth from 60G to 160G.

### Digitize budget to procure processing time in HUB:

Implemented the monitoring platform in HUB, digitizing the Technology Unit's internal approval processes to reduce budget-to-award processing time, reducing SLA by 30%.

**Tech fin BI tool and dashboard:** Developed an executive business intelligence cockpit, offering real-time interactivity for tracking the lifecycle of tech projects and enhancing financial performance monitoring.

**Expanded SD-WAN capabilities:** End-to-end serial output with application, including Multiprotocol Label Switching extension (MPLS) and upgrade/downgrade underlay process (QoS) for NSG.

mystc app: Successfully enhanced mystc app, achieving seamless integration of Enterprise Business Unit (EBU) customer numbers. Empowered EBU customers with comprehensive number management, payment features, device purchases and dedicated widget.

**mystc** was also enhanced with live activity notification, firewall enhancement, TAMARA payment type and eWallet management. In addition, Mystc performance has been enhanced through app size optimization (30% less).

IP portfolio: Driving innovation nationally by strategically expanding our IP portfolio with 5 additional IP submissions on AI to strengthen stc's competitive edge and ensure continued prominence in analytics and AI. Showcased stc's cutting-edge internal AI capabilities at different events like LEAP23, MWC, Seamless, Digital Health Conference and Global Health.

**GSMA participation:** Continuing stc's presence at global stages, stc participated with selected leading telco operators through GSMA in developing and publishing AI Ethics Playbook. Also presented insight on large language models (LLM) at GSMA Annual AI Industry Forum workshop in London 2023, covering assessment and analysis of open-source and closed-source LLMs, constructed robust verification LLM framework, and highlighted methodologies used in evaluating the code generated by LLMs.

**NDMO controls:** Completed NDMO controls implementation by proactively and agilely assessing data governance compliance against NDMO data regulations.

Innovative analytical solutions: Developed and implemented a state-of-the-art deal desk and unified P&L analytical tool. This tool has significantly enhanced operational efficiency and bolstered our decision-making capabilities, particularly in application deployment and usage.

### Technology Customer Experience Index (TCEI):

Launched the TCEI to gain deeper insight into customer issues and pain points. This strategic move enables us to tailor our products and services portfolio more effectively, addressing customer needs comprehensively.

**Democratization of analytics:** Empowered business users by providing self-service insight and analytics, enhancing real-time capabilities. This initiative elevates the Semantic Modelling Building Block (SMBB) model, enriches customer experience and enables critical campaigns focused on customer retention and mobility.

### **Application efficiency**

Efforts to reduce customization costs in the digital, cloud-native, modular and open BSS environment have led to a 28% decrease in time-to-market (now at 4.63 weeks), a 45% increase in throughput, and a cost growth under 3%.

Commercial value: Navigating compliance challenges, with a focus on upselling to SOHO customers, tax management, online charging, and B2C digital services has improved user experience as well as reduced enterprise risk through spam handling and launch of Nafath App 2.0.

**Enterprise value:** Accelerating automation for key processes and leveraging IoT platform potential with connected cars positions stc competitively, with an expected market reach of 53,000 new cars by 2026.

Al finance "20 Use Case": The implementation has significantly impacted the finance domain, improving fraud detection accuracy by 62% and streamlining processes by reducing memoranda of understanding from +500 to 16. Al-powered tools have achieved an impressive 85% accuracy in collection management, supporting audit and compliance efforts.

**Outsource management app (OMA):** the introduction of OMA proactively monitors over 24,000 contractors, ensures compliance, optimizes resource allocation and provides real-time visibility into the outsourced workforce.

Employee Experience Index (EEI): Launching EEI reflects stc's commitment to employee satisfaction. Through surveys and advanced analytics dashboards, EEI captures employee experiences, allowing informed decision-making and fostering a positive work environment.

Reengineering and standardizing shared services: Implementing Intelligent Process Automation SS-Framework and an e-service engagement portal led to a remarkable 72% enhancement in shared services efficiency, a 92% customer satisfaction score, and an 85% SLA compliance rate.

**Decision Right Framework (DRF):** The DRF app, covering 10 subsidiaries and 49 decision topics, ensures efficient decision-making processes within a 5-day SLA. This structured approach empowers stc to improve collaboration and enhance customer satisfaction.

Contract lifecycle management (CLM): Implementing CLM streamlines and automates various stages of stc contract lifecycles, enhancing efficiency, ensuring compliance with contractual obligations, mitigating risks and reducing administrative burdens.



### Cybersecurity

stc has embarked on various initiatives and implemented innovative solutions to protect its customers' data, and elevated the maturity level of cybersecurity towards all stc infrastructure and services, through:

Cybersecurity (CS) index: Attained an overall CS index of 81.80% (end-of-year target – 80%) and reached a significant capability maturity level of 4.32 (end-of-year target – 4.0) surpassing the global telecom average of 3 and the Business Enablement Index (BEI), which demonstrates the impact of cybersecurity capabilities on enabling stc business, has reached 83.60% (end-of-year target – 80%).

### Cybersecurity maturity



**User access review:** Strengthened systems access authorization by conducting a user access review for 60k accounts, ensuring authorization assurance and revoking 5.1k unnecessary accounts through continuous review on stc systems.

1444 Hajj and Umrah operational security: Secured virtual 4G core expansion for Hajj and Umrah, blocking 91.5 billion cyber attacks, handling 6,485 cyber cases and doubled firewall capacity for upgraded roaming service during Hajj 2023.

CS regulatory compliance: stc achieved an unprecedented 99.08% NCA-ECC compliance, being the leading Critical National Infrastructure (CNI) in Saudi Arabia. Based on the NCA-National Cybersecurity Authority assessment report, we achieved:

**Enforcement of privileged remote access:** Completed 100% of this year's target to secure remote access for more than 7.1k of critical Crown Jewel assets and 1.7k users.

100%

Complaint score for Telework Translational Cross-Connect (TCC).

97.3%

Regulatory compliance score for Cloud Control Circuit Cross connect (CCC) Security.

**Essential Cybersecurity** 

99.08%

Controls (ECC)

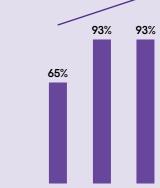
Telework Cybersecurity Controls (TCC)

100%



Cloud Cybersecurity
Controls (CCC)

97.3%





### **Supporting Units** continued

### **Awards and recognitions**

stc's commitment to contributing to the goals of Vision 2030, its customers and the Kingdom's citizens is clear and firm. stc's Technological strategy is designed to enhance effectiveness and efficiency while ensuring the sustainability of stc's technology leadership, and smartly over-delivering on its promise to its customers and shareholders' expectations, which can be witnessed through the following recognitions and achievements:



### **Future expectations and plans**

**5G expansion:** stc will continue to lead on 5G coverage and speed nationally and aims to keep its market leadership position, in line with Vision 2030.

- Continue network cloudification and enhance automation to achieve efficiencies through agility.
- Continue deployment of 5G sites targeting more cities to increase 5G footprint using N78 band.
- Deployment of 5G in N40/N77 band to enhance speed and capacity in main cities.
- Deployment of 5G in N28 band to cover indoor coverage and services.
- Deployment of 5G (small cells) using mmWave for hotspot locations based on the availability of band after spectrum auction.
- Deploy 5G private networks using existing C-Band.



### **Human Resources**

In 2023, stc's Human Resources (HR) Unit continued to support the well-being, engagement and productivity of stc's workforce, who are the foundation of the continued success and innovation of stc. This year saw significant achievements across several key areas through the successful execution of the stc's HR excellence strategy, which is integral in establishing a harmonious balance that effectively addressed the needs of 3 key stakeholder groups: shareholders, business leaders and employees. By effectively maintaining this balance, stc is able to remain innovative and agile, in order to navigate the rapidly evolving landscape and capture opportunities for continued growth and value creation.

To provide the right focus, capabilities and capacity for the business, stc's HR Unit undertook a thorough review of its strategic direction during 2023, aligning it closely with the stc's overall strategy. The resulting Design, Drive, Deliver HR framework has been translated into an operating model and cascaded to stc's various departments for implementation. This realignment was pivotal in ensuring maximum effectiveness and efficiency at both the organizational and individual levels, thereby reinforcing stc's commitment to strategic congruence.

Simultaneously, stc's HR focused on fostering and spreading the desired organizational culture and values throughout all units of stc. This initiative was key to enhancing the experiences of the stakeholders mentioned above. A critical component of this endeavor was the modernization of the HR function itself. By adopting the latest digital tools and methodologies, the HR department was able to more effectively spread stc's culture and values, ensuring a more integrated and cohesive workforce.

These strategic moves by stc's HR Unit underscored its role in going beyond just the stc's managing human capital to act as a driving force for the organization's broader strategic objectives, maintaining a fine balance between stakeholder needs and the dynamic demands of the business environment.

Another important area of focus is the improvement of the early retirement program. This program aims to offer eligible employees a choice and an attractive route to retire early. The objective is to guarantee the contentment of these employees while generating openings for new talent to join the organization. This approach involves striking a delicate balance between recognizing the valuable contributions of long-serving employees and introducing new talents into the workforce.

stc also launched medical insurance for parents, an initiative aimed at enhancing the satisfaction and loyalty of Group members. Recognizing that employee well-being extends beyond the workplace, this benefit will positively impact overall job satisfaction and employee retention. By supporting the health and wellbeing of employees' families, stc demonstrates a deep understanding of the factors that contribute to a loyal and committed workforce.

### 2023 by the Numbers

597

**Employees hired** 

106

Fresh graduates hired

+90% Saudization rate for stc KSA and its local subsidiaries

343 COOP trainees 1,162

Female employees

People with disabilities employees

748

Early retirement program beneficiaries

1,335

Social Welfare Loan employee beneficiaries 113

Social Welfare Grant employee beneficiaries



### **Supporting Units** continued

### Workforce profile

### stc Group overall

	Direct	Contractor
Male	16,979	2,568
Female	2,811	393
Total	19,790	2,961

### stc KSA

Sto NoA	
Workforce profile	2023
Total number of employees (excluding trainees, students and outsourced staff)	12,643
By type of employment	
Total full-time equivalent (FTE) employees	12,643
Employees on an indefinite or permanent contract	10,857
Employees on an indefinite or permanent contract	86%
Employees on a fixed term or temporary contract	1,786
Employees on a fixed term or temporary contract	14%
By age for permanent contract	
Workforce by age less than 30	1,758
Workforce by age 31-50	8,025
Workforce by age more than 51	1,074
By gender for permanent contract	
Women	1,162
Men	9,695

### **Human Resources strategy**

### **Human Resources vision**

To be recognized as an HR model of excellence in the MENA region through agile, digital and innovative experiences by 2026.

stc's Human Resources strategy operates on 3 distinct yet interconnected levels, seamlessly aligning with the Unit's vision and contributing to the accomplishment of the Group's strategic goals.

At the Group view level, the focus is on the strategic program for HR efficiency within stc. This aspect is crucial for increasing shareholder returns, primarily achieved through a detailed analysis of HR costs. The approach here is multi-faceted, involving short, medium, and long-term plans to ensure comprehensive coverage of all temporal aspects of the strategy. Additionally, this level encompasses the Human Resources Transformation program, which aims to refine and develop the core practices of human resources. The ultimate goal is to enhance the efficiency of stc's employees, making certain of both sustainability and effectiveness in their roles and contributions.

Moving to the unit level, the strategy becomes more granular, involving the implementation of several goals through 20 strategic initiatives. These initiatives are distributed across 4 main pillars: talent flexibility, organizational effectiveness, group culture, and human resources practices efficiency. Each pillar addresses a specific aspect of human resources, creating a well-rounded and holistic approach to managing and developing stc's workforce.

Lastly, the sectorial level takes a more specialized approach, focusing on sector-specific strategies. This involves stc Academy and business partners, and making sure these strategies are perfectly aligned with the overarching HR Unit's strategy of the Group. This level confirms that the unique needs and dynamics of different sectors within stc are adequately addressed, providing tailored HR solutions that support the specific challenges and opportunities in each sector.

### Measuring strategic progress

In 2023, stc implemented a comprehensive approach to measure and report the success of its HR activities. This approach employed a combination of strategic key performance indicators (KPI), the stc Group People Index, and monitoring the progress of the HR Transformation program. These tools were instrumental in providing valuable insight into the effectiveness of HR initiatives and tracking performance against established goals.

The results from these metrics in 2023 showcased stc's strong commitment to achieving positive outcomes and continuous improvement in its HR practices. Key achievements included:

- stc achieved a 100% rate in the stc Group People Index, which comprises various secondary indicators such as stc Group Attrition and Diversity and Inclusion. This perfect score indicated a complete alignment with the set goals, reflecting the effectiveness of stc's strategies in these areas.
- The Group's Talent Incubation program successfully hired 106 new fresh graduates. This initiative is a clear indication of stc's commitment to nurturing new talent and investing in the future workforce.
- Over 250,000 learning hours were provided through the stc Academy's professional and leaders school. This substantial investment in learning and development underscores stc's dedication to continuous employee development and skill enhancement.
- More than 90 employees enrolled in scholarship programs through elite Saudi universities such as MBSC (Mohammed Bin Salman College) and King Fahd University of Petroleum and Minerals. These programs reflect stc's commitment to higher education and the professional growth of its employees.



Overall, these accomplishments in 2023 display stc's focused efforts and strategic approach in the realm of human resources, highlighting the Company's dedication to workforce development, diversity and organizational excellence.

### Putting stc's values into action

stc's values are at the heart of its vibrant corporate culture and business success. In 2023, stc actively promoted and implemented its values with the aim of developing performance efficiency through speed, agility and strong governance.

Values Adoption Competition: Designed to recognize and celebrate employees who exemplify stc's values in their work. For this initiative, employees were nominated by their Chiefs, who provided tailored descriptions of how these individuals embodied the Group's values in their specific work areas. A jury then evaluated these nominations to identify the most distinguished models of value adoption.

Leadership Models Reinforcement Initiative: Focused on cultural engagement, this initiative involved group leaders participating in a variety of activities. These included open meetings with employees, visits to different stc companies and branches across various regions, and an open day event. The initiative aimed to foster a strategic culture aligned with stc's desired organizational values and ethos.

Employee Awareness Measurement of Values through the Employee Experience Index: stc integrated its core values into the Employee Experience Index. This tool was used to track and measure employees' awareness and adoption of these values. Insight gained from this index was then used to develop plans for ongoing improvement in value awareness among employees.

These initiatives reflect stc's commitment to embedding its values into the fabric of its corporate culture, ensuring that these principles guide employee behavior and contribute to the organization's overall strategic objectives.

### Supporting Units continued

### **Achievements in 2023**

Across all 3 pillars of stc's Design, Drive, Deliver HR framework, significant progress and achievements were made during 2023 to support the overall strategic progress and priorities of the Group.

# Design

### **HR Strategy Planning and Culture**

In 2023, the general department of HR Strategy Planning and Culture at stc played a pivotal role in bringing the HR Unit's ambitious vision to life. This department's responsibilities are centered on empowering HR sectors and departments, enabling them to make effective decisions, automate processes, execute and monitor projects, and improve the experiences of stakeholders.



# Strategy management from vision to execution

The department's approach to strategy HR management encompassed several key areas: strategy planning and performance, financial management of the unit, project management office, change management, and risk and compliance. Noteworthy achievements included updating the HR strategy to align with stc Group priorities at 3 different levels: stc Group, HR Unit, and HR sectors. They successfully implemented and monitored a cross-charging project between stc subsidiaries, leading to a significant 22% cost reduction. The department also increased the monitoring of HR project performance through a project management dashboard and the activation of projects review meetings, and launched the Enterprise Change Management (ECM) concept.



# Automation and decision support

The department focused on leveraging technology to boost operational efficiency, divided into 2 departments: HR Technology and HR Analytics. The team achieved remarkable successes, such as the development of a talent heat map for categorizing employees for decision-making, an employee burnout index to predict burnout levels based on work patterns, and conducting an organizational culture study based on employee engagement survey analysis. These efforts contributed to improving the performance management culture at stc. Furthermore, stc distinguished itself as one of the few global companies to achieve ISO 30414 certification for human capital, underscoring the quality of its efforts in HR analytics. HR systems were also unified across the Group.



# Enhancing stakeholders' experience and corporate culture

Another focal area involved caring for the stakeholder service level to create a distinctive experience throughout their journey, via continuous critique and evaluation of HR products and services using design-thinking methodology, and managing corporate culture by reinforcing desired values from accurate measurement to implementing corrective actions.

Overall, these initiatives and achievements highlight stc's commitment to transforming its HR operations, emphasizing strategic planning, technological integration and a deep focus on stakeholder experiences and corporate culture.

### **Employee Experience Index**

In early 2023, stc officially launched the Employee Experience Index (EEI) at the Group level, marking a significant stride in understanding and enhancing employee experiences within the organization. The EEI is a comprehensive framework specifically designed to gauge and analyze employee feedback across the company. It incorporates 2 main components: a perception survey and a series of touchpoint surveys.

The perception survey within the EEI focuses on 3 core areas: work purpose and enablement, work dynamic and culture, and stc's brand and vision. This survey aims to capture a broad understanding of employee attitudes and feelings towards these crucial aspects of their work life.

In addition to the perception survey, the EEI utilizes touchpoint surveys, often referred to as pulse surveys. These are conducted at critical stages of an employee's journey with the Group, including moments like onboarding, post-training sessions, performance evaluations and off-boarding. The purpose of these surveys is to capture real-time feedback from employees, providing insight into their experiences and levels of satisfaction at key moments.

The information gathered from these surveys is invaluable. It offers a deep dive into how employees perceive and experience their work environment, allowing stc to make informed decisions aimed at augmenting specific areas of the employee experience. This approach is designed to foster a more positive and engaging work environment.

The results from the EEI in 2023 have been particularly telling. For instance, the participation rate in the latest perception survey reached an impressive 90% for stc KSA and 88% for other Group companies, which is a significant increase compared to similar surveys in previous years. This high level of participation reflects the employees' trust in the organization and their commitment to improving their work experience.

Furthermore, the EEI has been instrumental in empowering leaders and HR business partners. By providing access to the EEI platform – which includes an interactive dashboard with visualized and actionable insight – the initiative has equipped over 500 leaders and HR professionals with the tools they need to understand and act on employee feedback effectively.

The operation of the EEI involves an effective and ongoing action planning model. This model is governed by the Employee Experience and Culture teams and operated collaboratively by HR business partners and leaders. This united approach ensures insight gathered from the EEI are acted upon and that targeted action plans are developed to continuously improve the employee experience at stc.

### **Women empowerment**

In 2023, stc has made significant strides in empowering women within the organization. A major focus has been placed on increasing women's representation, especially in recruitment processes. A notable achievement in this area has been the substantial representation of women in the Talent Incubation program (TIP), where they constituted approximately 64% of the total hiring.

Moreover, stc has actively established and implemented various initiatives and programs aimed at nurturing and preparing women for future leadership roles. One such initiative is the High Potential program (HIPO), where women account for 18% of the total participants. This program is particularly significant as it targets high-potential women leaders, preparing them for advanced roles within the organization.

In addition to the HIPO program, stc introduced the Emerging Leaders program, initially designed specifically for women. The aim of this program is to empower women and prepare them for leadership positions within the Group, reinforcing the Company's commitment to gender diversity in leadership roles.

There is a strong focus on making certain women in professional fields are included in training and development opportunities. This is achieved through various programs and training courses tailored to enhance their skills and knowledge.

### Supporting Units continued

In terms of numbers, the year 2023 saw a total of 1,162 female employees, which represents a significant increase compared to the previous year. Women have also made notable advancements in leadership roles within stc. This includes filling one vice president position, an increase in general manager roles by 13% (totaling 15 GMs), 40 Director positions, and an 8% increase in section manager roles, (totaling 62).

These achievements indicate stc's dedication to promoting gender equality and women's empowerment within its workforce, highlighting a progressive and inclusive approach to talent management and leadership development.

### **Empowering people with disabilities**

The engagement of employees with disabilities is a strategic objective of the HR Unit. We have worked on an initiative called the Disability Inspiration project, which addresses various aspects of the employee experience, such as training, development, benefits, compensation, recruitment and more.

### **Center of Excellence**

In 2023, the Center of Excellence at stc took a strategic leap in its human resources initiatives, particularly focusing on improving employee experience and boosting organizational efficiency. This comprehensive approach not only enhanced internal operations, but also garnered several regional awards.

### Improving employee experience

stc is committed to elevating and supporting all its employees to enrich their well-being and enhance Group productivity. A series of initiatives were launched in 2023 to improve employee experience, which included the completion of a succession plan for senior management across the Group, encompassing 14 units and 12 CEO positions. Additionally, stc introduced shadowing and consulting training programs in collaboration with partners for the Specialist Development program (SDP), which notably contributed to research publications.

The talent program, known as Job Attachment, achieved significant success in 2023, involving over 18 international and local companies and benefiting 75 employees. Further, the launch of a training program for career mentors and coaches, alongside a Career Guide program, provided substantial support to employees. This program, which benefited over 200 individuals, involved 142 mentors and coaches. The strategic partnership with a prestigious business school to operate the TIP and the support provided to government entities in delivering on-the-job training programs were key highlights.

### **Enhancing organizational efficiency**

In terms of enhancing organizational efficiency, several critical steps were taken. A 3-year workforce right-sizing strategic plan was developed for the Group level and is set to commence in 2024. The design and launch of a unified performance management system across stc marked a significant advancement in standardizing performance assessments.

The rollout of a Group rewards framework and the unification of all subsidiaries' bylaws streamlined compensation and benefits across the organization. Additionally, the unification of core and leadership competencies across the Group and the design and launch of the organizational effectiveness heat map empowered leaders to make more informed decisions regarding employees and organizational structures.

Overall, these initiatives represent a concerted effort by stc to not only improve the work experience for its employees, but also drive efficiency and effectiveness across the organization.

# **Drive**

In 2023, stc made significant strides in further developing its HR operations, particularly by evolving its HR business partners' operating model. This development was instrumental in offering elevated support across different sectors and aligning leadership capabilities with the needs of business units, effectively contributing to the Group's overall strategy. The Group's accomplishments spanned across various facets of talent development, retention, organization design and workforce solutions.

### Talent development and retention

A notable achievement was the implementation of the Elite Sales program, aligned with the DARE 2.0 strategy. This initiative focused on developing digital capabilities and building cutting-edge methodologies through a comprehensive 12-month plan, executed in collaboration with Group subsidiaries. In tandem, stc launched a Data Analytics program in partnership with stc Academy, concentrating on retaining top talent and enhancing data-driven decision-making skills.

The Marketing program, developed in collaboration with the Center of Excellence, marked another significant accomplishment. This program aimed to boost business performance by deepening knowledge and expertise in various sectors, leveraging business intelligence and promoting behavioral excellence. Additionally, stc introduced employee experience improvement plans, designed in conjunction with the general management of HR Strategy Planning and Culture based on the results of the Employee Experience Index.



Further, stc implemented individual development plans addressing employees' developmental needs to increase performance. The restructuring of the operating model also led to the execution of updated succession plans, identifying necessary competencies and leadership capabilities.

# Organization design and workforce solutions

On the organization design and workforce solutions front, stc activated its operating model by updating and facilitating appointments to executive positions and ensuring all specified roles were filled.

It also contributed to Vision 2030 programs, including the Diriyah Gate Company and the Red Sea Company, where stc played a pivotal role in recruiting top talents and appointing program leaders for these strategic partnerships.

Additionally, HR collaborated with internal clients on job engineering, developing job title protocols for each unit to attract suitable talent and guarantee functional consistency.

These achievements in 2023 reflect stc's commitment to continual improvement and excellence in HR practices, aligning with its overarching strategic goals and enhancing its operational efficiency.

### **Supporting Units** continued

# Deliver

### stc Academy

In 2023, stc Academy, a pivotal center for learning and innovation within the Group, continued to significantly contribute to fostering a culture of innovative thinking and strategic progress within the Company. As a central hub for learning and innovation, the Academy's influence is evident through its various key initiatives.

### Workforce skills development

The Academy's commitment to workforce skills development is closely aligned with stc's strategic goals. It plays a crucial role in equipping the workforce to effectively meet the challenges and opportunities of the digital era. This involves a keen focus on fostering innovation and developing skills, a task undertaken by 2 main schools within the Academy: the Leadership School and the Professionals School.

### Leadership school

The Leadership School has been particularly active, implementing the Leadership Signature programs for over 400 leaders in the Group. It also executed the Leadership Climate Effectiveness program, aimed at vice presidents and CEOs, to bolster leadership capabilities and cultivate a stronger organizational culture. A notable achievement of the Leadership School was the implementation of internal and external scholarship programs, with the launch of the first batch marking a significant stride in leadership skills development. Over the year, the school provided more than 100,000 learning hours through upwards of 85 programs, all focused on dynamic leadership and professional development in line with the strategic directions of stc.



### Professionals school

The Academy's Professionals School concentrated on identifying and addressing competency gaps within the workforce. This was achieved through a variety of specialized programs and courses designed to enhance employee skills and knowledge. The school placed a strong emphasis on professional certification governance, offering a range of certifications to enrich employee skill sets and promote a culture of continuous learning and development. With its diverse educational offerings, the school provided over 150,000 learning hours across more than 500 programs and activities, which included over 450 training courses and exceeding 60 workshops. This variety underscored the school's commitment to a rich and varied learning environment.

### **Business enablement**

In addition to these educational initiatives, the business enablement section of stc Academy includes dynamic functions such as research and innovation, knowledge and digitization management, measurement, learning partnerships and facility management. This section has adeptly navigated challenges and facilitated knowledge sharing within the Group. It has done so through strategic partnerships with globally recognized universities and organizations, thereby enriching the learning resources with diverse and high-quality educational content.

Overall, stc Academy's efforts in 2023 emphasize its role as a pivotal entity within the Group, driving forward a culture of innovation and continuous improvement, and aligning its initiatives with the organization's broader strategic objectives.

### stc Academy accreditations

In 2023, the stc Academy distinguished itself by obtaining multiple accreditations, demonstrating its dedication to upholding exceptional standards in quality and excellence in management:

- ETEC: Education and Training Evaluation Commission Full Accreditation.
- **TVTC:** Technical and Vocational Training Corporation.
- ISO 41001: Accreditation in Facility Management.
- **ISO 9001:** Quality Management Systems accreditation.
- ISO 29993: Learning Service Outside Formal Education.
- ISO 40180: Guidelines for Quality Assurance, Management and Improvement in IT-enhanced Learning.
- **ISO 10667:** Assessment Service Delivery Procedures and Methods to assess people in work and organization settings.

### **Employee services**

Throughout 2023, stc's HR Unit was focused on delivering essential HR services to its employees in a manner that is both efficient and effective. This commitment has been pivotal in ensuring business operations remain smooth and uninterrupted. A key aspect of this approach has been the continuous improvement in digitizing HR services, coupled with upgrades to employee well-being programs and a stringent compliance with all applicable laws and regulations.

In the realm of HR communications, the department has consistently played a vital role. It has been responsible for making certain clear, effective and supportive communications are circulated within stc, fostering an environment of transparency and support.

A significant HR focus in 2023 was on talent acquisition and employee onboarding. The team led various initiatives in talent acquisition, providing guidance to subsidiaries at the Group level. This included a major role in sponsoring one of the largest employment fairs in the Kingdom, which saw the participation of most of the Group's companies and involved prestigious universities such as King Fahd University of Petroleum and Minerals, Princess Noura University, Al-Faisal University and Prince Sultan University.

Additionally, the HR Unit made notable strides in developing the onboarding experience for new employees. This was achieved by involving both the business partner and the line manager in the onboarding process, a strategy focused on optimal performance acceleration for all new joiners. By engaging these key stakeholders, the HR department has been able to create a more integrated and effective onboarding journey, setting up new employees for success from the outset.

### Awards and recognitions

In recognition of the HR Unit's efforts to enhance employee experiences and improve the working environment, stc received over a dozen prestigious awards in the field of human resources. These awards recognize stc's commitment to uplifting the work environment, fostering a culture that encourages positive interaction, innovation in human resources, adherence to global best practices and development.

- SHRM's Regional Excellence Award in Talent Management and Development.
- CIPD's awards for Best HR Leadership Development Program and Best HR, L&D and OD Consultancy Award.
- Ministry of Human Resources and Social Development Award for the Best Training Program for Students and Graduates.
- Awards for Excellence in Diversity, Equity and Inclusion and Employer of Choice at the Annual HR Management Conference 2023 in Bahrain.
- Three awards at the Future Workplace Awards 2023 by Informa in Dubai: Best HR Analytics Strategy, Best Women Development and Leadership Program and Best Employee Engagement Strategy.
- Four awards at the GCC GOV HR Awards in its 11th edition in Abu Dhabi, UAE: Seamless Workplace Award, 2nd Runner up on the Best Leadership Development, 1st Runner up on the Most Distinctive Learning and Development, 1st Runner up on the HR Innovation.
- TM Forum's Outstanding Catalyst Showcase Award for the Knowledge Management POC led by Huawei in collaboration with China Mobile, AIS, MTN, iMocha and Eastcom Software.

### **Human Resources in 2024**

In 2024, stc is set to embark on a series of strategic initiatives aimed at organizational efficiency and fostering a positive and productive work environment. These initiatives reflect stc's commitment to continuous improvement and adaptability in a rapidly evolving business landscape.

A primary focus for the year is developing a comprehensive plan to determine the optimal workforce size for the Group over the next 3 years. This initiative is crucial for aligning human resource capacity with the strategic objectives and operational demands of stc. It involves a careful analysis of current and future business needs, making sure that the workforce is not only well sized, but also well equipped to meet the challenges and opportunities ahead.

Another significant focus is the refinement of the early retirement program. This program is designed to provide an optional and incentivizing pathway for eligible employees who wish to retire early. The goal is to ensure satisfaction among these employees while simultaneously creating opportunities for new talent to enter the organization. This strategy is a balancing act between honoring the contributions of long-serving employees and injecting fresh perspectives and skills into the workforce.

Lastly, the development of the desired culture aligns with a flexible performance culture. This is a strategic move to effectively contribute to stc's performance and the adoption of its values. Nurturing a culture that embraces flexibility, innovation and continuous learning will be instrumental in driving stc's growth and maintaining its competitive edge in the industry.

Overall, stc's focus for 2024 revolves around strategic workforce management, employee satisfaction, wellbeing and cultural development, all of which are essential for the long-term success and sustainability of the organization.



### **Supporting Units** continued

# **Rawafed Program**

stc's Rawafed program is a strategic initiative focused on enhancing and developing local content within the Kingdom's ICT sector. The program was launched as part of stc's commitment to contributing to the development of the local ICT sector, in line with Saudi Arabia's Vision 2030. In 2023, Rawafed continued to deliver on its mandate and boost local content through a range of impactful initiatives and activities.

### Strategic focus

Rawafed plays a critical role in delivering stc's goals for local content and to reach its strategic targets through the following strategic pillars and operating model.

### stc program for local content development

As an essential part of sto's DARE 2.0 strategy, the Rawafed Program was launched in 2018 as a comprehensive umbrella for leadership, development, and local content development at stc.

The program relies on basic pillars to enhance its leadership role in sustainable development of local content.



Digitization and Innovation



Industry localization



Workforce development



SME development

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### DARE 2.0 Rawafed's contribution





Instils a digital mindset in ICT sector through capacity building.

# Accelerate performance

Is a key driver of sustainability – developing both stc's people and talent, and stc's supply chain ecosystem.



# Reinvent experience

Builds a sustainable supply chain to support customers and partners.



# Expand scale and scope

Directly supports stc's B2B/B2G win-rate, enabling growth.

### Supporting Vision 2030 goals

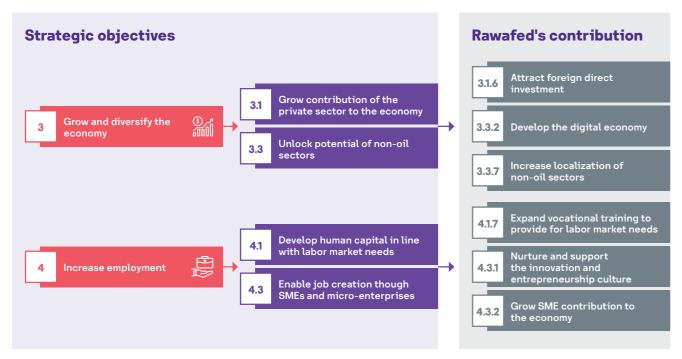
Saudi Vision 2030 is focused on cultivating a dynamic society and a robust economy by fostering an environment conducive to growth, generating employment opportunities for its citizens, nurturing talent, bolstering investments, and leveraging the nation's intrinsic strengths. Rawafed aligns with these objectives through its 4 foundational pillars. These

pillars are meticulously designed to bolster stc's efforts in building a resilient and sustainable economy.

By prioritizing small and medium enterprise development, localizing industry, advocating digitization and innovation, and enhancing workforce development, Rawafed contributes significantly to the realization of the Kingdom's ambitious economic and social goals of Vision 2030.



### Supporting Units continued



### Increasing local content in 2023

As a leading player in the ICT industry committed to nurturing local content, stc has revised its internal policies and procedures to incorporate local content into its procurement processes throughout 2023. This strategic move has substantially boosted the local content's steady advancement and significantly contributed to the growth of the GDP within the ICT sector.

Consequently, stc has witnessed a notable increase in its local content score. The percentage of local content has risen by more than 10% since 2020 and has surpassed the benchmark for local content in the ICT sector by over 42%. This notable achievement aligns with the standards and mechanisms set forth by the Local Content and Government Procurement Authority (LCGPA).

### stc's Local content score



Furthermore, as the ICT sector's representative in the Local Content Leadership Council (LCLC), stc contributed to the development of local content via.

### Supporting the national product through:

- Applying the mandatory lists of national products
- Applying the price preference for other national products.
- Supporting local manufacturers.

**-2** 

Conducting several workshops to develop stc's partners and suppliers, and promoting their local content's knowledge.

3

Supporting small and medium enterprises (SME) through:

- Activating the partnership with the "Jadeer" program.
- Applying the SMEs' price preference mechanism in purchasing processes.

Throughout 2023, Rawafed played a pivotal role in streamlining both internal and external operations within the Group. This involved collaborative efforts with regulatory bodies, aiming to unify strategies and objectives focused on the development of local content.

Such initiatives were instrumental in advancing the objectives of Saudi Arabia's Vision 2030, significantly contributing to the nation's overarching goals of economic and social development. By aligning business practices and regulatory frameworks towards a common goal, Rawafed effectively bolstered the stc's commitment to reinforcing local content and enhancing its overall impact on the Kingdom's growth and progress.

### Local workforce development

stc has significantly invested in its workforce, with spending on local workforce wages surpassing SAR 8 billion. Additionally, the investment in workforce training has also seen an increase, exceeding SAR 150 million. Furthermore, stc has been actively encouraging its partners to focus on localization. This is achieved by promoting awareness of the SME qualification service offered by Monsha'at (Jadeer Service), which involves disseminating a user guide, awareness videos and conducting workshops.

### SME development

stc has placed significant emphasis on supporting SMEs through various initiatives and partnerships. This year, stc's efforts are highlighted by several key achievements in the SME development pillar. They have implemented a pricing preference mechanism for SMEs in their projects and integrated the Jadeer certificate into their SME qualification process. Moreover, stc's direct partnerships with SMEs have grown, reaching a total of 134. The cumulative business value from these partnerships is estimated to be around SAR1 billion.

### Industry localization

Industry localization is a crucial aspect of Rawafed's strategy, significantly impacting the national economy by establishing a sustainable foundation of equipment manufacturers and service developers. This year, stc has undertaken 20 initiatives to localize digital media content through Intigral. Additionally, as part of Intigral's headquarters relocation plan, stc collaborated with SCTS to construct the technical infrastructure for the project, a venture valued at over SAR 30 million.

### **Digitization and innovation**

Rawafed supported stc Academy in launching several key initiatives and partnerships to enhance local skills and transfer knowledge.

This includes a strategic partnership with the Saudi Society for Data Science from King Saud University for the Generative Artificial Intelligence and Entrepreneurship Forum. The event featured dialogue sessions about opportunities in the Saudi market and educational sessions on the application of generative AI in space exploration.

Additionally, stc Academy collaborated with stc Bank, Fintech Saudi and the Capital Market Authority to examine challenges in the fintech sector, focusing on innovative solutions to these challenges.

Furthermore, the Academy has made a significant contribution to research, publishing more than 9 international papers in various fields such as satellite technology, cybersecurity, 5G, cloud services and artificial intelligence. These publications have achieved a high rate of public satisfaction and approval.



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### **Overall impact of Rawafed**

Since the inception of the Rawafed program, stc's local spending has surged, exceeding SAR 34 billion by year-end 2023. stc has seen a significant rise in workforce localization, reaching more than 90% overall, with an even higher rate of 97.7% in higher management. Moreover, stc has invested over SAR 6 billion in the Saudi economy through the establishment of subsidiaries within the Kingdom, fostering job creation and economic support.

Rawafed has been instrumental in forging collaborations across various entities and sectors, facilitating an integrated environment for local content development. This has been achieved through numerous initiatives and the signing of over 10 cooperation agreements and memorandums of understanding. In alignment with Vision 2030, Rawafed introduced an investment opportunities catalog featuring 27 opportunities aimed at localizing the ICT industry, potentially boosting the GDP by approximately SAR 6.68 billion.

Emphasizing the dissemination of knowledge about local content, Rawafed has actively participated in over 10 national conferences and forums. Additionally, it has conducted over 54 workshops on local content and published 13 reports both internally and externally. The program also launched various media campaigns, yielding around 1 million impressions and interactions from the target audience on social media.

Rawafed's efforts extended to the production of 8 promotional videos, including podcasts, television interviews and educational content, in collaboration with partner entities. The program has successfully expanded stc's network of local partners to 1,787. Furthermore, Rawafed guided these partners in obtaining local content certificates, resulting in the issuance of 582 certificates.

### **Key Rawafed partnerships**

Founding member of Local Content Leadership Council (LCLC) and a representative of the ICT sector since 2019, alongside company leaders for each sector.

Strategic partnership and ongoing agreement with the General Authority for Small and Medium Enterprises, Monsha'at, to facilitate the SME sector's access to purchasing opportunities at stc through the Jadeer service.

Partnership with Saudi Industrial Development Fund (Tawteen program) and stc's partners to provide the necessary financial facilities and solutions for the suppliers.

### Rawafed in 2024

In 2024, Rawafed will continue to drive forward its strategy in line with the goals set for the next 5 years. Its focus will remain on progressing along its 4 core strategic pillars: workforce development, SME development, digitization and innovation, and industry localization.

These strategic efforts are directed towards bolstering the stc's mission of fostering a robust and sustainable economy, reflecting the Group's commitment to longterm strategic growth and development in line with its organizational goals.



### **Internal Audit**

stc's internal audit is an independent, objective reasonable assurance and consulting activity designed to add value and improve stc's operations. It helps stc accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

stc's internal audit has conducted several assurance audit reviews as per the annual audit plan, approved by stc's Audit Committee, to provide the reasonable assurance regarding the effectiveness and efficiency of risk management, control, and governance processes in stc focusing on high-risk functions and processes. In addition, stc's internal audit has provided independent consulting services, in cooperation with executive management, with the aim to contribute to enhancing the effectiveness and efficiency of stc's operations, reducing costs and minimizing revenue leakage, review the interim and annual financial statements, and coordinating with external regulatory authorities and supervisory bodies.

The results of stc internal audit's assurance and consulting reviews did not reveal any significant observations that affect stc's ability in continuing its operations.

### **Legal Disclosure**

### Sanctions and reserve restrictions

The committees of regulatory bodies of the telecommunications sector have issued a number of decisions against stc. Based on the responsibility of stc to defend the rights of the shareholders and the mandate granted to stc under Telecommunication act, stc has grieved these decisions by filing lawsuits at courts.

There are various reasons for these decisions: some of them related to the committees sees lack of documentation for SIMs issuance; failure to complete mobile number portability (MNP); providing offers or discounts, which is illegal based on these committees' point of view; or using unlicensed frequencies. In addition, there are some decisions that relate to customers' complaints, which the regulatory authorities see that stc delay in implementation and follow the instruction or providing the required information.

There were 76 cases filed by stc against these decisions for the fiscal year 2023, amounting to a total of SAR 122,327,000, detailed as follows:

- Cases ended with final judgments in favor of stc: 6 cases amounting to SAR 2,923,000.
- Active cases handled by the grievance board: 50 cases amounting to SAR 107,751,000.
- Cases ended with final judgments against stc: 20 cases amounting to SAR 11,653,000, including decisions where stc could not find legal standing against the grievances.

stc has taken the necessary internal measures to ensure compliance with CST regulations.