



05

Governance

stc stands with the firm belief that good corporate governance and ethical business conduct are essential for lasting and sustainable success. We constantly strive for best governance practices that focus on ensuring irreproachable business ethics, respecting human rights, and creating a truly sustainable supply chain.

We strongly believe that effective corporate governance is a vital aspect of any successful business. At our company, we understand our critical role in ensuring that our business is managed with responsibility, transparency, and accountability towards all stakeholders. We believe that sustainability is a key focus for us, as it is crucial to meet the present needs without compromising the ability of the future.

To demonstrate our commitment to sustainable business practices, we are continuously working towards improving our sustainability position in particular the governance part amongst several key areas, including board charters and policies, as well as the overall group governance practices. We have stringent protocols in place to maintain high standards of conduct, ethics, and checks & balances in all our operations.

In summary, we are dedicated to aligning our business practices with our sustainability goals to help build a more sustainable and prosperous future. By focusing on effective corporate governance and sustainable practices, we aim to create long-term value for our stakeholders and the wider community.

Strong governance and ethical behavior

Conducting business with integrity has always been at the heart of stc's operations. We aim to exceed regional standards by utilizing the very best practices for transparency, integrity, accountability, and good governance. Our work is rooted in responsible business conduct, respect for human rights, and fostering a culture of trust, which has set a high benchmark for ethical behavior the regional telecom and ICT industries.

Business ethics, governance, and transparency

stc Group consistently strives for the highest levels of good governance practices, with transparency, integrity, and trust being key components of all business operations and decisions. We ensure that our stakeholders are treated with respect and that their rights and interests are always protected.

Furthermore, we remain committed to complying with all relevant laws and regulations to guide our robust corporate governance ecosystem, culture of compliance, and continuous improvement. This also applies to our risk management processes, which are in place to prevent corruption and ensure ethical operations throughout all areas of stc Group.



Corporate governance

Our corporate governance framework consists of a clear strategy with well-defined goals and allocation of responsibilities to ensure stc governance systems are efficient and highly effective. stc Group is managed by a Board of Directors composed of 11 members appointed by shareholders for a term not exceeding 4 years. Any shareholder is entitled to nominate themselves and/or one or more persons for consideration to be a member of the Board of Directors within the limit of their respective portion of company capital.

stc Group's Board-level operating model was launched in Q2 2022, which included thorough review of mandated Board activities, delegation of strategic and financial authorities, formal introduction of stc's Sustainability Strategy and reporting mandates, and development of a decision rights framework to ensure a solid governance ecosystem across the entire company and all subsidiaries. Additionally, the Executive Management Sustainability Committee was formed in 2021, which was further empowered by the Group-operating model the following year.

The Board of Directors is responsible for reviewing ESG trends, risks, and importance within the ICT sector, as well as motives for adopting sustainability. This includes keeping track of which major international companies have adopted ESG targets and standards to improve business performance and manage non-financial impacts.

Board of Directors – stc Group

	2021	2022	2023
Percentage of Board seats occupied by women	18%	18%	18%
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	4
Non-independent members of the Board of Directors	7	7	7

Board diversity

Our Board and Standing Committees are diverse, with members coming from a wide variety of industry and professional backgrounds, as well as with varied areas of expertise that are aligned with the needs of our business. stc’s Board actively promotes diversity and encourages initiatives to improve this in senior management roles and throughout other areas of the company. In 2023, women made up 18% of our Board.



11
board members

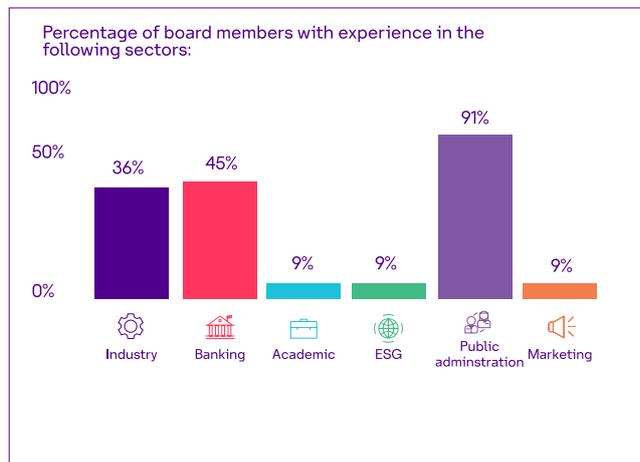
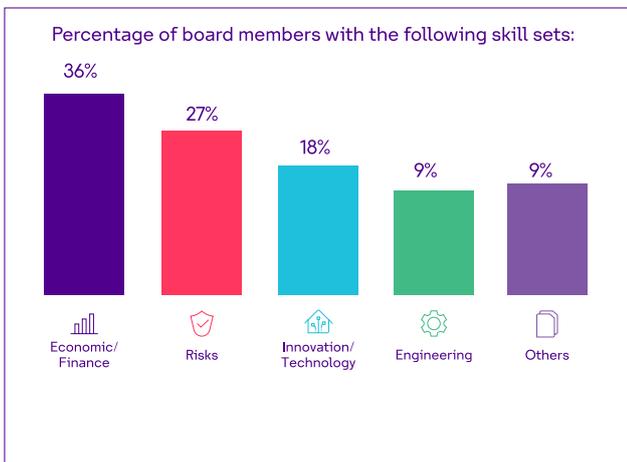


18%
woman representation



3 Years
Average Tenure

Our 11 members of the Board have a diverse skill sets and backgrounds, including:



Board diversity – stc Group		2021	2022	2023
By gender	Women members of the Board of Directors	2	2	2
	Men members of the Board of Directors	9	9	9
By nationality	Number of Board members that are Saudi	9	9	9
	Number of Board members that are non-Saudi	2	2	2
By age	Age less than 30	0	0	0
	Age 30-50	5	5	5
	Age over 50	6	6	6

ESG 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:

Governing body

Responsibilities

Board of Directors

- Oversee sustainability across the group through the sustainability management committee
- Approve sustainability strategy

Executive Management Sustainability Committee (chaired by GCEO)

- Receive regular updates regarding the framework, strategy, actions plans and performance across a range of ESG KPIs and goals at its quarterly meetings
- Approve sustainability strategy and report
- Receives and approves reports from Head of Compliance on the implementation of the Code of Ethics and its related policies

GCSO

- Endorse sustainability strategy

Performance evaluation and remuneration

The Board Nomination and Remuneration Committee regularly reviews the Board’s composition with a focus on ensuring a diverse mix of backgrounds, skills, knowledge, and experience, as well as deep-rooted expertise in technology and telecommunications. Each year, the Board monitors and aims to improve its performance by conducting an annual performance review.

In 2023 we have revised our [Nomination and Remunerations policy](#) to incorporate Clawback and Malus clauses, reinforcing our commitment to long term performance and ethical behavior of the company.

stc’s Executive Long-term Incentive Plan policy addresses stock ownership guidelines and non-executive shareholder data, while the Performance Assessment policy of the Board of Directors and Committees defines the rules and regulations associated with assessing performance to enhance objectives, fulfill requirements, apply best governance practices, and strengthen the Board’s effectiveness.

We remain committed to ensuring the highest levels of transparency by publishing all legally required Corporate Governance documents and annual reports on our [website](#), including stc’s Corporate Governance Charter, the Board of Directors and Committees’ charters, strategic policies, executive remuneration, financial statements, and meeting minutes. Additionally, to evaluate performance across subsidiary Boards, the annual assessment of each subsidiary board is regularly circulated for evaluation, and boards are routinely assessed accordingly. The objective behind this is to enhance performance across various aspects of each respective subsidiary board including their mandate and charter, delivery of mandate, and committee composition.

To align financial incentives with long-term sustainability goals, our annual variable compensation scheme incorporates sustainability indicators as a crucial component. Specifically, we have embedded the sustainability index within our Corporate Priorities Index. The priorities index accounts for 10% of the performance appraisal criteria for top management’s short-term variable remuneration; in which sustainability index accounts for 5%.

Annual variable remuneration scheme:

	Perspectives	Default KPIs	Weight%
Scorecard	Financials	P&L related KPIs	60%
	Strategic	Strategic programs	30%
	Corporate Priorities	<ul style="list-style-type: none"> ▪ Sustainability ▪ GRC KPIs ▪ Diversity & Inclusion Score ▪ Attrtion Score 	10%

Group-wide compliance

As a longstanding member of the UN Global Compact, we have committed to actively uphold and promote labor and human rights, prevent discrimination, safeguard the environment, and combat corruption within our sphere of influence. In an effort to underscore this commitment, we have improved our internal governance structure with a specific focus on accentuating the pivotal role of compliance.

Under stc's 2023 operating model, the compliance function has transitioned from a general department within Legal Affairs to an independent division for stc Group, reporting directly to the company's Chief Regulatory and Compliance Officer. This structural change has facilitated the expansion of the stc's Compliance program across subsidiaries, promoting a unified approach to compliance management, throughout stc Group, both within the Kingdom and overseas. It also allows for the implementation of appropriate policies and tools for monitoring, measuring, and evaluating compliance to achieve set objectives.

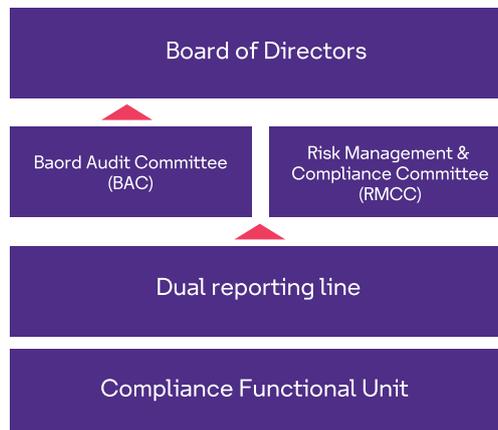
Theme	Strategic Pillars	2023 Objectives
C	Cultivate forward-looking digitization practices	- Forward-thinking digitalization strategy to automate compliance-related activities
L	Lead compliance practices with a robust operating model	- New governance regime to ensure high performance in this area
E	Expand 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

stc's Compliance function has a dual reporting line to both the Board Audit Committee and the Risk Management and Compliance Committee. This dual reporting framework underscores stc's dedication to maintaining the highest standards of transparency and accountability, reflecting the company's ongoing efforts to uphold and enhance ethical practices across all aspects of business operations.

The Board Audit Committee is composed of all independent members and chaired by an independent board member.

This ensures that stc operates within the legal and ethical framework, adhering to applicable regulations and industry guidelines.

The committee reviews stc's compliance program to assess their effectiveness and identify any gaps or areas of improvement.



The Risk Management and Compliance committee, led by the stc Group chief executive officer (GCEO) enables stc to proactively address and manage a wide array of operational and strategic risks.

Business ethics

Integrity is at the heart of everything we do at stc. This is true for every transaction and every stakeholder interaction in every location that we do business.

[Our code of ethics, titled: "Integrity Takes Us Forward"](#) – is aligned with stc’s core values of Dynamism, Devotion, and Drive, and ensures we hold ourselves and the way we do business to the highest ethical standards. It covers 16 specific integrity areas of risk, with each providing clear guidance and practical advice for our employees, customers, business partners, suppliers, and other stakeholders on how stc and its representatives should act. This Code of Ethics along with stc’s Anti-Corruption and Fraud policies, prohibits facilitation of payments. These policies cover the entire Group, including all subsidiaries.

In line with our updated operating model, we are in the process of unifying the Ethics component of the stc Compliance program across all Group-wide subsidiaries. As part of the Compliance Program’s responsibilities, the Ethics team organizes a half-day ethical leadership workshop for subsidiary leaders, including C-Suite Officers, General Managers, and Directors across the entire Group. This workshop not only covers the important role leaders serve in impacting ethical culture, but it also touches on important risk areas such as Anti-Corruption and Gifts and Hospitality.

All employees, staff, executives, and leadership team members company-wide are required to adopt the stc Code of Ethics and align with stc Academy to ensure everyone has access to mandated integrity training. In 2023, activation within the Compliance Program took place for 12 subsidiaries, with the intent of eventually engaging the rest in 2024.

Every employee of stc, including suppliers, is bound by our Code of Ethics. Our Code of Ethics training program was made available to the subsidiaries that began the Ethics component of the stc Compliance Program activation during the past year.

In each of the past three years, 100% of stc Group employees and contractors signed the Code of Ethics Acknowledgement, stating that they have read, understood, and will abide by the code.

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

Awards:



In 2023, we were also proud to have been recognized as a compliant carrier with the Global Leader’s Forum (GLF) Code of Conduct in the fight against voice fraud.

Business ethics training

Ethical considerations ensure that we do business with integrity, including when it comes to how we treat others, use information, engage with employees, manage resources, approach sustainability, and impact the world around us.

All stc employees, including senior management and subsidiary staff, are required to undergo a mandatory Integrity course that introduces the stc Code of Ethics and stc's commitment to integrity. This course includes a module on Anti-Corruption and outlines the employee expectations and responsibilities surrounding the subject. All employees are also required to attend mandatory Advanced Online Integrity courses on Anti-Corruption and Gifts and Hospitality.

These training courses cover 21 modules, 9 of which are mandatory for all stc employees, with the remaining modules assigned to employees based on their respective job profiles and corresponding level of risk exposure.

Below are all mandatory courses that new stc employees are required to take during onboarding sessions, and all existing employees to take at least once every three years:

1. Basic online integrity training

2. Advance online integrity training

9 mandatory course modules:

- Anti-Corruption
- Communication
- Conflict of Interest
- Controllership
- Fair Employment
- Gifts and Hospitality
- Health and Safety
- Regulatory Excellence
- Speak Up Culture

12 assigned course modules depending on job profile and risk exposure:

- Anti-Money Laundering
- Supplier Relations
- Sponsorship and Donations
- Insider Trading
- Fair Competition: Avoiding Improper Agreements
- Fair Competition: Competitive Intelligence

- Fair Competition: Interacting with Competitors
- Fair Competition: Market Dominance and Abusive Conduct
- Intellectual Property: Copyrights
- Intellectual Property: Patents
- Intellectual Property: Trademarks
- Intellectual Property: Trade Secrets

In addition to mandatory integrity training, we also provide mandatory training on data privacy and cybersecurity. For more details on our data privacy and cybersecurity training program, please refer to the Data Privacy and Security section.

Code of ethics training	stc KSA		
	2021	2022	2023
Number of full time employees completed code of ethics training	10,941	12,131	12,217
Number of contractors who completed code of ethics training	665	1,671	1,711

Raising the ethical bar

stc's Corporate Compliance sector ensures that proper compliance and ethical behaviors are continuously maintained across stc. Our Internal Audit sector examines and assesses all stc functions within a rolling three-year cycle. Additionally, as per the IIA, our Internal Audit sector considers and evaluates the potential for unethical behavior and fraud during audit engagements and, if necessary, report any occurrences. Control functions (ERM and Compliance) are mainly responsible for monitoring the stc's risk and control environment on a continuous basis.

Executive Management Sustainability Committee chaired by CEO receives and approves reports from Head of Compliance on the implementation of the Code of Ethics and its related policies.

Internal compliance monitoring and reporting

stc is committed to establishing a work culture in which employees feel comfortable raising integrity concerns. All employees and stakeholders are encouraged to report any integrity concerns through the designated Speak Up channels. These channels include respective employee managers, interdepartmental managers, the stc HR team, the Business Integrity team, and the Speak Up email (speak-up@stc.com.sa).

Employees, suppliers, or any external stakeholders' integrity concerns can be raised anonymously by messaging the Speak Up email without disclosing personal information, allowing for reporting without fear of reprisal. All concerns are treated seriously and dealt with in a professional manner. stc regularly communicates with employees to increase their awareness of the designated Speak Up channels. The importance of speaking up is also covered in detail in all Compliance and Ethics-related training. Additionally, the Business Integrity team is developing a new online platform for raising Speak Up concerns that should be launched in 2024, offering the option of anonymity and non-disclosure of the personal details for the person raising the concern.

The Business Integrity team reviews each integrity-related allegation to ensure it is being raised in good faith, and a preliminary assessment is undertaken to determine how each concern will be processed. If the concern is not one that fits the integrity criteria that the team has outlined, it will be redirected to the appropriate business unit or corporate function for resolution.

Regardless of how the concern is defined, stc enforces a strict policy prohibiting retaliation against any person who makes a report in good faith or participates in a compliance investigation. Once investigations are completed, depending on the severity of the issue, employees may face penalties ranging from a formal warning to termination. Disciplinary action is determined by considering all factors surrounding an incident and its consequences. If an employee is accused of wrongful conduct, they will have a fair and impartial opportunity to respond to the allegations before any determination is made with respect to the alleged wrongdoing.

stc has strict policies in place to prevent incidents of workplace discrimination and harassment. All employees across the company are required to abide by the stc Code of Ethics and, as per the Code of ethics and Fair Employment Policy, stc respects the diversity of its workplace and prohibits harassment and bullying in any form. Violations of these policies are taken very seriously, and all employees are encouraged to report such violations through the aforementioned Speak Up channels. Our Diversity and Inclusion team communicates regularly with employees using all available communication channels to increase awareness about harassment, bullying, and other similar topics. Leaders also visibly support a culture of inclusion.

Violation of the Code of Ethics can damage stc's reputation and result in substantial financial loss. In view of this, violations can have far-reaching consequences for any employee involved including disciplinary actions or termination when necessary. stc does not tolerate violations of the Code and have issued a special Supplier Code of Conduct, which sets out binding requirements for all suppliers.

In 2023, we recorded 321 complaints or inquiries through the internal monitoring, reporting and whistleblowing system, of which 84% were substantiated and resolved. The remaining 16% of inquiries and complaints were transferred to relevant departments, as they pertained to minor issues that do not align with the integrity criteria, and were appropriately handled by the respective departments as per stc policies. By the end of the reporting year, we did not record any confirmed incidents of corruption. We also recorded a decrease in number of complaints or issues received through the internal monitoring or reporting system due to increased awareness among employees on the mechanism and process.

Internal compliance monitoring and reporting, and whistleblowing	stc KSA		
	2021	2022	2023
Number of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system	405	532	321
Percentage of inquiries, complaints, or issues received by the legal and compliance office through an internal monitoring or reporting system that were substantiated	60%	95%	84%
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Percentage of incidents raised related to human rights	0%	0%	0%



Anti-corruption

stc’s Code of Ethics, along with the Group-wide Anti-Corruption and Anti-Fraud policies, clearly prohibit facilitation payments in all areas pertaining to the company, including all subsidiaries. These policies are aligned with Transparency International principles and business guidelines on anti-corruption, and they are subject to periodic reviews to ensure continuous alignment with global efforts to mitigate bribery, fraud, and corruption.

Our [Anti-Corruption Policy](#) statement affirms our commitment to conduct all business operations in an honest and ethical manner. We take a zero tolerance approach to bribery and corruption and are committed to acting fairly, honestly, and with integrity in all business dealings and relationships, wherever we operate.

Every employee is also required to undergo mandatory, advanced online integrity training courses on anti-corruption and gifts and hospitality. Refer to the business ethics training section for more details.

In 2023, stc KSA recorded zero public legal cases regarding corruption brought against the organization or any employees. As mentioned earlier, all stc KSA employees, including senior management and new staff, are required to undergo mandatory basic online integrity training that covers anti-corruption principles and outlines stc’s expectations for employee responsibilities relating to this topic.

Public legal cases regarding corruption brought against the organization or its employees (#) – stc Group

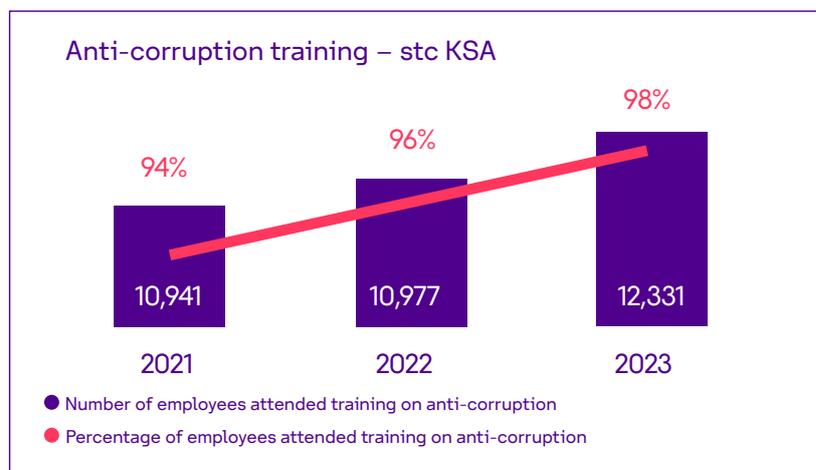
	2021	2022	2023
Public legal cases regarding corruption brought against the organization or its employees (#)	0	0	0

In 2023, we conducted several anti-corruption training sessions through a combination of both on-line and in-person sessions, including anti-fraud and corruption awareness sessions.

Across stc KSA, more than 12,331 employees completed training on anti-corruption during the past year; representing 98% of stc KSA workforce.

Given recent expansion of our training programs across entire Group, and given the Group's ongoing growth, previous years lack comparable data. Group-wide data on anti-corruption training programs will be disclosed once the training programs are fully implemented across Group-wide entities and subsidiaries, ensuring accurate and comprehensive capture of performance metrics.

In addition, we regularly communicate our anti-corruption policies and procedures through various methods; some messages are intended to reach a broad audience while others are targeted at a specific audience.



* The training program is ongoing and full group disclosure will be available in coming years as we expand the training programs to other entities

Anti-corruption communication – stc KSA	2021	2022	2023
Percentage of governance body members that stc's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of employees that stc's anti-corruption policies and procedures have been communicated to	100%	100%	100%
Percentage of business partners that stc's anti-corruption policies and procedures have been communicated to	100%	100%	100%

Supply chain compliance

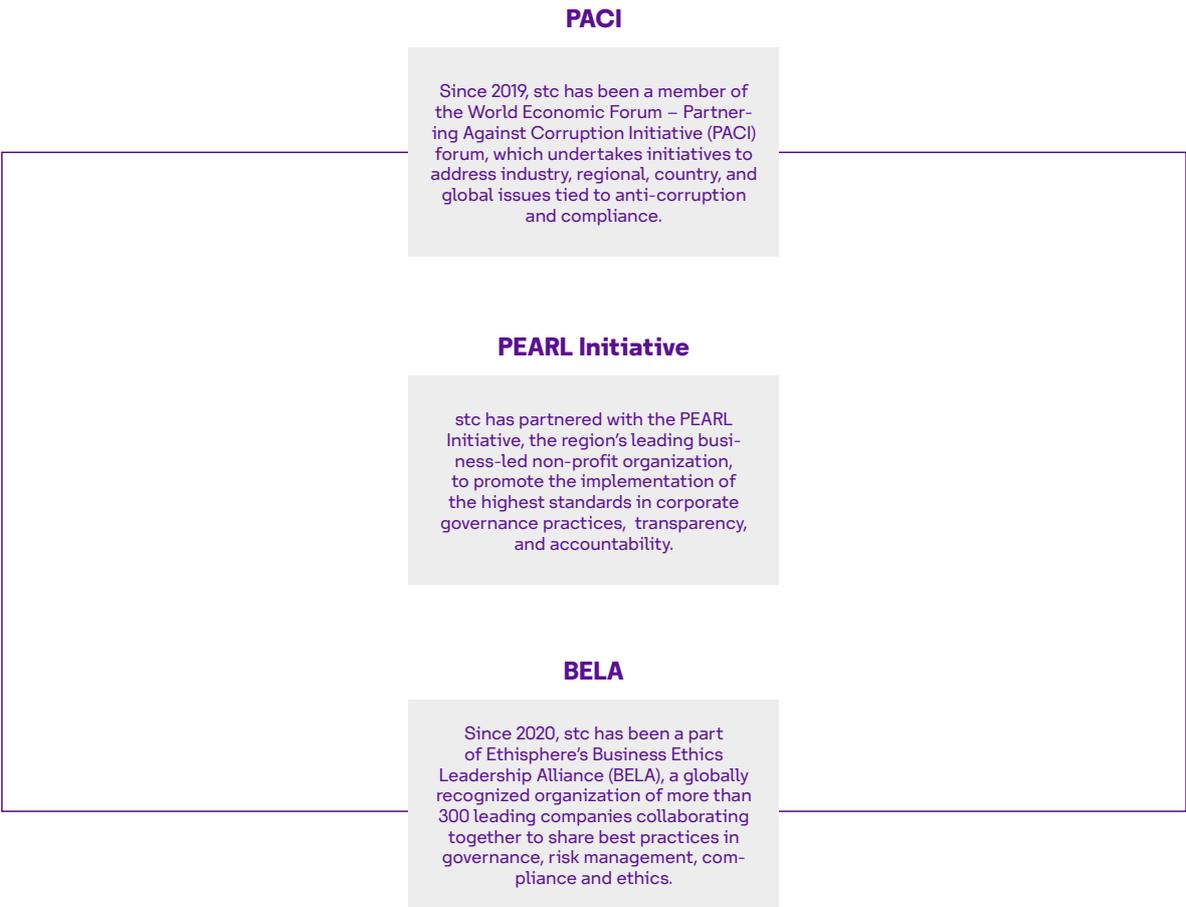
As part of our strong commitment to doing business with integrity, we only work with suppliers who share stc’s commitment in this regard. Since the business practices and actions of suppliers intrinsically affect and reflect company perception, we require our suppliers to sign the Supplier Code of Conduct, acknowledging that they have read and will comply with the Code. In addition, we also engage with suppliers on an annual basis to remind them of stc’s Zero Gift policy and encourage them to hold stc accountable and report any misconduct through the dedicated stc Speak Up email - speak-up@stc.com.sa. Refer to the Supply Chain Management section for more information.

All suppliers adhere by supplier code of conduct which have anti-corruption guidelines.

Participation in anti-corruption initiatives

As part of our approach to addressing anti-corruption, we work with the public and private sectors to support efforts to prevent corruption. We liaise closely with Nazaha, Saudi Arabia’s National Anti-Corruption Authority, and work in partnership with other relevant entities to move towards improving behaviors, norms, and standards needed to sustain effective anti-corruption efforts.

We also participate in several external anti-corruption initiatives, including:



Case study: Playing a leading role in regional anti-corruption efforts

In collaboration with the Pearl initiative, stc Group is funding an Anti-Corruption Best Practices Program working group, consisting of prominent organizations in the Middle East. The working group has been set up to collectively address challenges in corporate governance and business integrity in the greater MENA region and will serve as a platform to build capacity in the region to drive effective practices in business integrity.

stc played a leading role, along with other esteemed peers, in the working group's development of three guidebooks on essential aspects of an Ethics and Compliance program. These guidebooks, part of an ongoing series, are designed to provide valuable insights for small businesses in the region, offering a glimpse into how larger organizations establish their ethics and compliance programs. The topics covered include Leadership Engagement and Accountability, Cultivating a Robust Speak-Up Culture, and Fostering an Ethical Culture through Communications.

The guidebooks were launched at an event in Riyadh, hosted by the Pearl Initiative, with many prominent local businesses in attendance.

All three guidebooks are available for download on the Pearl Initiative website.

Compliance with laws and regulations

We rigorously comply with all laws and regulations within each of the countries in which we operate. Every effort is made by stc and Group-wide subsidiaries to maintain positive and constructive relationships with all relevant regulators to ensure the protection of shareholder rights and stc's reputation with regard to compliance, along with maintaining the company's competitive position and market share.

We actively monitor the recurrence of non-compliant cases, with a goal of resolving root causes for instances of non-compliance. Customer complaints are routinely assessed to ensure proper resolutions are reached and adherence to relevant regulatory complaint decisions is followed.

In 2023, stc Group recorded zero non-compliance incidents with environmental, society and national laws and regulations within all countries of operation.

Non-Compliance with laws and regulations – stc Group	2021	2022	2023
Total incidents of non-compliance with laws and regulations related to society & national economy regulations	0	0	0
Total incidents of non-compliance with environmental laws and/or regulations	0	0	0
Total amount of legal and regulatory fines and settlements (for environmental, society & national economy regulations)	0	0	0
Percentage of legal and regulatory fines and settlements that resulted from whistleblowing actions	0%	0%	0%

Risk management and business continuity

stc’s approach to risk involves taking a proactive, precautionary stance, being mindful of new trends, challenges, and threats to avoid risk whenever possible – and to ensure the business remains resilient and adaptable when it cannot be avoided. We proactively mitigate any impacts from risks as effectively as possible with a combination of readiness and responsiveness, which are both vital for success in this area.

We have well-established risk management mechanisms in place, including stc’s Enterprise Risk Management (ERM) Policy, ERM Framework, Risk Appetite Guidelines, and Governance structures. Ongoing risks are identified across the organization through both the quarterly Risk Assessment and the ongoing Top Risks process. Stakeholder reporting leverages well-established structure such as the Risk Management Committee (RMC) and the Board Risk Committee (BRC), as well as the required Risk Management disclosures in stc’s Annual Report.

Risk assessment activities that could adversely affect the organization’s performance, information, and compliance objectives were identified by the risk management team. This process aims to cover all risks faced by stc, along with identifying business strategies to maximize trade-offs between risks and rewards for internal and external factors.

stc’s approach to achieving these results is to address measurable and non-measurable aspects of risks, and then weigh the costs of controls against the benefits they may provide.

The ERM lifecycle covers all stc sectors and all areas of risks related to each sector including climate change, natural resource constraints, human rights concerns, any form of corruption, data privacy or sustainability risks. In addition, stc has a zero appetite for any risks causing incidents of corruption or fraud, whether originated by stc internal staff or third party stakeholders, including suppliers. stc will ensure that all reported incidents of fraud and code of conduct are investigated.

stc ERM has developed a number of relevant governance documents which have been approved by the Board including ERM Strategy, Risk Management Framework, ERM Policy & Risk Appetite Guidelines to facilitate sectors to assess risk in their area of responsibility.

In addition to the Risk Registers maintained by each sector through the ERM lifecycle, the following Risk and Assurance functions also consider corruption risks:

1. Financial Risk Management (FRM)
2. Revenue Assurance & Fraud Management (under Business Finance)
3. Investigation & Anti-Fraud (under Legal Affairs)

In 2023, we renewed our Business Continuity ISO certification and remain in compliance with ISO-31000, as well as all related regulations issued by the Communication, Space, and Technology (CST) Commission.

All stc business units are routinely assessed for risks related to corruption. While some specific entities undergo more in-depth assessments, we nonetheless seek to address any corruption attempts through existing policies, procedures, and the extensive training provided to our people to understand how to fully comply with all laws, regulations, and policies.

Risk management - stc Group	2021	2022	2023
Percentage of business units analyzed for risk related to corruption	100%	100%	100%

Category	Risks	Mitigation Measures
 Technology	<p>Cyber Security Threats The rise of advanced malware and DDOS botnets and other cyber threats is re-shaping the threat landscape and forcing enterprises to reassess how they protect themselves. This threat exists not only within stc but upstream through vulnerabilities in stc vendors and suppliers, and downstream, where vulnerabilities in stc may be leveraged by cyber-criminals to attack stc customers. Third-party access management is also a significant matter as we rely heavily on 3rd-party contractors with multiple Incidents reported by stc.</p>	<p>stc Group 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 Group has established robust Cyber Assurance practices adopted for information protection and asset management as well as established advanced penetration testing and vulnerability management capabilities.</p>
 Technology	<p>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 we face to handle PII (Personal Identifiable Information), or an individual's right to determine what kind of data can be collected, stored, protected, and can be shared with third parties.</p>	<p>stc Group has established a privacy framework containing policies and procedures relating to the privacy of personal information, address data classification, record management, retention, and destruction 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.</p>
 Technology	<p>Resilience following Disaster, Crisis or events impacting Business Continuity In the rapidly evolving landscape of telecommunications, our 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 our operational integrity and is, consequently, a focal point of our risk mitigation strategies. The potential for network disruptions — stemming from failures within telecom networks poses a persistent challenge that demands our undivided attention.</p>	<p>stc Group has established entity-wide written programs that address and validate the continuity of the institution's mission-critical operations. We have recertified the organization against ISO 22301:2019 and taken all required steps to comply with any relevant regulatory requirements. stc Group has proposed 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.</p>
 Compliance	<p>Unfavorable Regulatory Changes Impacting our Current Business Model Regulations over our 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.</p>	<p>stc Group studies regulatory legislation on an ongoing basis, coordinates efforts with sectors related to it inside and outside stc Group, 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 organization is established for the Regulatory Affairs sector to contribute to enhancing stc Group's capabilities in the regulatory field.</p>
 Operational	<p>Supply Chain Disruptions Material shortages and supply risks to rare earth minerals and other key components for chip manufacturing, and other critical required supplies may have far-reaching consequences for continued stc technology leadership, including our ability to provide essential services and next-generation mobility as well as meet the demands of infrastructure projects upon which we have engaged.</p>	<p>stc Group diversifies its supply chains so that it does not depend on limited numbers of suppliers, and it also 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 Group's requirements, in line with technological development and the integrity of their business plans.</p>
 Corporate	<p>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, but also one with the agility to meet the demands on the markets in which we operate.</p>	<p>stc Group's strategy is updated on a 3-yearly basis and refreshed annually to ensure that it remains current and relevant. The timing of the annual refresh and 3-yearly updates is flexible in line with context, dynamics & stakeholders' inputs and includes a 360-degree environmental scan (competition, industry trends, regulation, socio-economic and stc performance).</p>

The integration of Business Continuity and Operational Resilience with ESG principles is crucial for fostering sustainable, responsible, and resilient businesses.

stc's business continuity, data centers, mobile communications network, and other network infrastructure and facilities – as well as the safety of its employees and customers – are among the most important priorities for the company. All of these areas have immediate and appropriate responses to deal with disasters and emergency incidences.

We have long recognized the importance of having a solid business continuity strategy in place, particularly given our reach to customers. With that in mind, we carry out routine tests for our Business Continuity Plans (BCP) according to the business impact analysis (BIA) of all critical systems to ensure the effectiveness of the plans developed.

In 2023, we maintained ISO-2230:2019 certification as part of our commitment to maintain operations resilience and avoid disruption to our stakeholders, customers, and our people. Across our network, we run multiple simulation on power and crisis disruption scenarios. We also conducted a comprehensive crisis management training program for all executives and general managers at TAWAL.

This initiative was undertaken to ensure that our leadership is equipped with the necessary skills and strategies to effectively manage crisis and maintain resilience across our network.

Case study: Proactive tower resilience

TAWAL's Tower Safety Committee carried out several innovative activities over the course of 2023 to enhance towers safety across all sites. Foremost among these initiatives was the pioneering Early Warning System (EWS), which was proposed to enhance risk mitigation surrounding the possibility of tower collapse.

The EWS was designed to alert dedicated TAWAL HSSE and O&M teams when specific parameters change in a way that could affect the relative condition of any towers in operation. These parameters are based on pertinent environmental data such as wind speed, wind direction, and any other environmental changes that could put towers at risk. Timely alerts allow the HSSE and O&M teams to initiate a better response in the field and also help with planning preventive maintenance, including civil PMR.

During the past year, an initial proof of concept was completed for three sites, with raw data compiled and made available for reference. It is important to note that EWS is only considered to be a type of risk management and innovative alert system, as it does not replace regular field corrective or preventive maintenance and required actions.

In the future, deployment of a broader pilot project is scheduled, along with application development on TAWAL's existing lot platform.

Anti-competitive behavior

At stc, we compete fairly by following applicable competition laws and regulations, as we believe fair competition provides the basis for a healthy and prosperous economy.

Our policies enable us to avoid anti-competitive, monopolistic practices while managing associated legal risks at the same time. Our [Code of Ethics](#) highlights key commitments that help safeguard fair, competitive practices, all of which are supported by senior management and applied across the organization. stc’s mandatory Code of Ethics training series covers a module on Fair Competition and is provided to all employees.

In 2023, we remained an active participant in government consultations and regulatory processes regarding fair competition, engaging with stakeholders to raise sustainable industry practices and deter anti-competitive behavior. We directly support the ambitions of the governments in all countries within which stc operates to create more economic competitiveness.

No legal penalties were imposed regarding anti-competitive behavior or violations of antitrust laws throughout 2023 or in any preceding years.

Anti-competitive behavior – stc Group	2021	2022	2023
Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations or violations of anti-trust laws (SAR)	0	0	0

Human rights

Respect for human rights is essential for any business, or individual, to operate with integrity, and it is vital when building a culture of trust. Proper policies aimed at addressing human rights strengthens investor and shareholder relations while simultaneously protecting brand reputation. It is also a fundamental aspect of operational risk management.

We follow national standards and laws to ensure that our activities respect and promote human rights at all stc sites and facilities. In addition, we have extended our focus beyond stc’s internal operations to those of our suppliers, customers, and partners by encouraging them to make ethical decisions and choices regarding human rights.

As signatories to the United Nations Global Compact (UNGC), we commit to its Ten Principles, including respecting human and labor rights. The day-to-day responsibility for stc Group’s human rights performance is the primary responsibility of Legal Affairs, Procurement, and Human Resources departments, which work closely together with all applicable business units and functions.

Our [Human Rights Statement](#) is aligned with applicable laws and regulations for each jurisdiction we operate within. It also contains our overarching commitment to create a workplace culture that encourages respect for the individual regardless of gender, race, disability, citizenship, religion, marital status, or background.

We also have grievance procedures in place to ensure that compliance concerns are properly processed and managed. As mentioned above, our Speak-Up tool is available to all employees, contractors, and suppliers to report any concerns, including human rights concerns. We strictly prohibit retaliation of any kind against anyone for raising or helping to address a compliance concern.

Our commitment goes beyond internal stc operations as we seek to minimize human rights risks throughout our supply chain as well. All direct suppliers must acknowledge our [Supplier Code of Conduct](#) which explicitly prohibits practices such as child and forced labor while also expressly addressing topics such as diversity, non-discrimination, and job localization. With this, consideration for human rights has become an integral part of stc’s procurement process: all new suppliers are screened for human rights practices and all significant contracts include human rights clauses around wages, working hours, age, and working conditions. More information can be found in the Responsible and Sustainable Procurement section.

stc Group is in full compliance with the ILO Protection of Wages Convention, 1949 (No. 95) and the Hygiene (Commerce and Offices) Convention, 1964 (No. 120) in line with the Government of Saudi Arabia’s national program aimed at protecting and ensuring adequate worker wage payments.

Awareness and training are core elements of addressing human rights policies and are central to building a company culture that views human rights as being of the utmost importance. In 2023, we recorded 151,559 hours devoted to human rights-related policies and procedures relevant to our operations.

Human rights training – stc KSA	2021	2022	2023
Number of hours devoted to training on human rights-related policies or procedures concerning aspects of human rights that are relevant to operations	40,724	196,034	151,559
Percentage of employees trained in human rights-related policies or procedures concerning aspects of human rights that are relevant to operations.	100%	100%	100%

Supply chain management

Responsible sourcing is a key priority when managing our supply chain. Our view is that ensuring a responsible, ethical, and sustainable supply chain will not only create positive environmental impacts but also enhance our overall economic performance.

Responsible and sustainable procurement

Our approach to sustainable procurement is to ensure we source sustainable goods and services whenever possible, and encourage sustainable practices throughout the entire supply chain. We expect our suppliers and business partners to conduct themselves in a manner consistent with our sustainability requirements and adhere to our principles on issues that we deem of the utmost importance, including safety, human rights, and environmental responsibility.

stc's [Responsible Supply Chain Policy statement](#) affirms the company's strong commitment to maintaining and promoting responsible business practices with suppliers while advocating integrity and transparency in all business dealings. In addition, stc's [Supplier Code of Conduct](#) is part of contractual obligations for all suppliers, mandating fair employment practices for their respective workforces. This is enforced by ensuring suppliers adhere to practices that respect the dignity, privacy, and rights of employees and associated contractors, as well as refraining from unlawful discrimination, use of child or forced labor, exceeding applicable working time hours, and unfairly or inadequately compensating employees for their work.

Supplier screening, qualification, and monitoring

Supplier accountability starts with pre-qualification for bidding on applicable projects, with screening and qualification assessments following to monitor performance. We conduct regular screening activities to verify conformance with the [Supplier Code of Conduct](#), as well as to assess environmental and social performance and supplier mechanisms for protecting workforce health and safety.

Each supplier and contractor is individually screened by stc with regard to environmental and social issues as part of a broader supplier evaluation. We ensure that suppliers with access to customer data comply with legally binding contractual terms and conditions, as well as commitments outlined in the above mentioned Supplier Code. Evaluations are continually carried out during implementation of each new project, with results impacting the associated ranking of the supplier and affecting selection for future projects. Evaluation criteria include quality, sustainability, risk, customer service, innovation, delivery, operational excellence, and cost. Any non-compliance with the Supplier Code, such as breach of confidentiality, unauthorized disclosure of intellectual property, or unauthorized disclosure of proprietary information, is taken very seriously and could be grounds for disqualification or termination of the supplier relationship.

Supplier screening – stc KSA

	2021	2022	2023
New suppliers that were screened for environmental, labor, and human rights practices	1,197	221	230
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)	173	158	122

* All new suppliers are screened for environmental, labor and human rights standards.

All significant investment agreements and contracts include human rights-specific clauses that have undergone intensive human rights screening. In 2023, 100% of new suppliers were screened for environmental, labor, and human rights standards.

Human rights in procurement processes – stc KSA

	2021	2022	2023
Percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	100%	100%	100%

Supplier audits and monitoring

	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of suppliers identified as having significant actual and potential negative impacts	41	52	49	41	52	49
Suppliers with which sustainability improvements were agreed upon as a result of audit	7	9	3	7	9	8
Suppliers with which relationships were terminated as a result of audits and monitoring	2	5	4	2	5	4
Number of suppliers blocked for non-compliance with ethical aspects	2	5	4	2	7	4

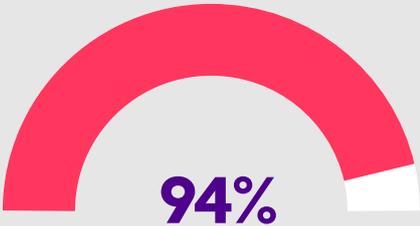
Supplier engagement

We continue to improve our business practices and operations to manage risks while increasing productivity and efficiency within our supply chain. This is achieved through greater supplier engagement, ongoing supplier recognition, and better sustainable procurement practices.

There are two major annual events held by stc to remind suppliers of the importance they have in helping achieve company goals and carrying out the Group's long-term strategy. These also detail ESG requirements and key challenges within the ICT sector, as well as how partners can help address these challenges. Additionally, suppliers that positively influence business are honored every two years in stc's Partner Day event, with sustainability considerations being an important part of determining recognition.

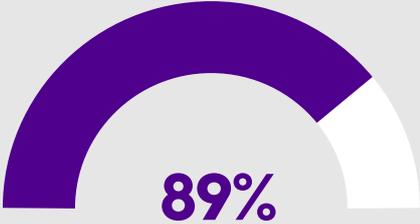
Local procurement spending

Our focus on local procurement spending has had a direct positive impact on the economies of each country that we operate within, helping to create employment and develop infrastructure – both physical and digital – that benefit everyone within these countries.



2023 Local procurement spending - stc KSA

% of total local procurement spending on local suppliers



2023 Local procurement spending - stc Group

% of total local procurement spending on local suppliers

Procurement spending	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Total procurement spending (Billion SAR)	22.5	22.1	35.2	27.9	45	67.48
Amount spent on local suppliers (Billion SAR)	19	21	33.2	24.3	38	42
Percentage of total procurement spending on local suppliers	83%	93%	94%	72%	71%	89%

* Group data excluding Channels

Suppliers	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of total suppliers	1,556	2,227	3,475	2,734	6,289	9,316
Number of tier-1 suppliers	106	171	199	127	213	993
Number of local suppliers	1,191	1,787	2,828	1,801	4,941	6,941
Number of foreign suppliers	365	440	647	808	1,656	2,217

Supporting SMEs

We actively support participation of small and medium enterprises (SMEs) through our own procurement activities, wherever possible, in line with the respective national visions of the countries that we operate within.

stc directly contributes to the development of local content by raising and developing standards for the role of telecom and ICT sectors in the continued growth and diversification of the economy, including through a recent agreement with the General Authority for Small and Medium Enterprises "Monshaat" to empower SMEs in the market. In 2023, we engaged with more than 665 Saudi SMEs.

SME Suppliers	stc KSA			stc Group		
	2021	2022	2023	2021	2022	2023
Number of SME suppliers engaged	138	134	168	335	531	665

* Group restated figures due to expanded scope as per report boundaries and improved calculation methodologies

Building a digital ecosystem across procurement practices

At stc’s main office, a transition into a paperless environment has been completed. We use our internal stc system “HUB” in conjunction with the Oracle Procurement System to streamline and digitize procurement processes, resulting in 100% of biddings, work orders, and letter of awards now being paperless and the complete elimination of paper consumption related to procurement.

Digitization of procurement processes																					
Reduction of paper-based documents with the electronic procurement process	stc KSA			stc Bahrain			stc Kuwait			Aqalat			centre3			Channels			Intigral (including stc Play)		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
	100%	100%	100%	80%	95%	100%	100%	100%	100%	-	90%	90%	-	-	5%	-	100%	100%	100%	100%	100%

Reduction of paper-based documents with the electronic procurement process																		
Reduction of paper-based documents with the electronic procurement process	IoT Squared			SCCC			Sirar			Solutions			Specialized			Tawal		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
	-	-	100%	-	-	50%	100%	100%	100%	-	90%	100%	15%	15%	15%	-	80%	90%

In addition to digitizing our own processes, we invest heavily in supporting digitization and innovation to build local capabilities in this regard. In 2023, spending on digitization reached approximately SAR 150 million, including training, research, and development.

Logistics and inventory management

We are dedicated to ensuring that our logistics and inventory management efforts have a positive impact on the local community and the environment. To fulfill this commitment, we have undertaken a transformational journey towards sustainable logistics, with a clear roadmap that outlines our goals and the initiatives we have set to attain them.

Our three main goals and initiatives are as follows:

1. Uplift demand planning to promote responsible consumption and production.
2. Streamline operations to minimize our scope 1 and scope 2 emissions, while simultaneously increasing efficiency.
3. Advance the principles of a circular economy through increased material reuse and the safe disposal non-recyclable waste.

2023 outcomes:

Demand planning	Operational efficiencies and emissions reduction	Circular economy considerations
Reducing capital employed from MSAR 94 to MSR 92	Reducing diesel forklift by 42% (from 52 to 30)	The percentage of reused/recycled waste materials is 90%
Increasing forecast accuracy from 86% to 92%	Reducing shipments by 12% (from 4152 to 3664)	Ensure Safe Disposal by 100%
Increasing CPEs inventory turnover from 8 to 9	Reducing electric forklifts by 21% (from 29 to 23)	
	Decreasing the paper-based processes by 60% (from 26 to 10)	* Refer to the Environmental chapter to read more on the recycling program

As part of our initiative to standardize warehouse inventory management throughout our operations we have implemented the use of 100% biodegradable bags. Additionally, we have successfully reduced the number of logistical shipments by 12%, achieved an increase in the inventory turnover ratio of our CPE inventory, from 8 to 9, and significantly improved forecast accuracy from 86% to 92%.

Since its inception in 2018, our warehouse consolidation project has been one of our most effective supply chain optimization initiatives, in which we have reviewed and redesigned our storage capacity, planning, distribution, processes and systems and designed and initiated the implementation plan. Since its initiation, the project has significantly cut costs and reduced carbon emissions by eliminating a number of warehouses across the group. In 2023, five more supply rooms in Riyadh, Jeddah, Jazan, Najran, and Yanbu were closed. Decisions on where to close and open warehouses took into consideration workload, warehouse infrastructure and geographical distribution and proximity.

Maximizing local content – rawafed

Ensuring greater local content is part of the KSA’s national agenda as it helps contribute to the development of the national economy through the participation of all economic segments.

The Local Content and Government Procurement Authority (LCGPA) in the Kingdom of Saudi Arabia has defined a comprehensive national definition of local content, and this definition was issued by the Council of Ministers as the total expenditure in the Kingdom through the participation of various national elements, from labor and goods and services to assets and technology.

	Goods and services	Assets	Labor	Technology and Other
Local content type	local procurement of goods & services	local procurement of goods & services	local spend on labor compensation	local spend on capacity building
Percentage of local content	= Total procurement of goods and services	+ Total depreciation of capital and assets	+ Total spend on labor compensation	+ Total spend on Saudi capacity building
				

rawafed was launched in 2018 to maximize local content within the Saudi ICT division by increasing the sector’s overall contribution to the national economy. Through rawafed, we seek to champion local content to build, develop, and grow the ICT sector within the KSA by increasing its overall contribution to the Kingdom’s GDP.

You can read more on rawafed’s achievements in their annual report published on [stc’s website](#) on an annual basis. These reports highlight our initiatives and progress in key areas across our rawafed strategy.

rawafed

The rawafed strategy is built on four strategic pillars, as summarized below.

rawafed

Pillar	Objective
 Workforce development	<ul style="list-style-type: none">- Increase Saudization rate at key positions- Empower women participation in ICT sector- Drive suppliers to increase Saudization through targets, KPIs and tracking
 SMEs support	<ul style="list-style-type: none">- Grow direct and indirect spend with SMEs through SME development plans- Establish direct partnerships with SMEs
 Digitalization and innovation	<ul style="list-style-type: none">- Develop local innovation plans with strategic suppliers- Foster innovation through sector focused training and learning
 Industry localization	<ul style="list-style-type: none">- Support localizing manufactures & create new industries within KSA- Attract suppliers to localize supply chain and operations

Ensuring that stc leads and develops local content in the telecom and ICT sectors is important, which is why local content requirements were made mandatory in all 2023 projects, in addition to implementing mechanisms for local content price preferences.

Leading and supporting local content at stc goes through several stages, which has led to rawafed's governance model being developed and implemented to ensure the smooth implementation of all local content requirements and ensure local content compliance control.

Previously, rawafed strategy implementation was focused on mega projects; however, this year marked a significant shift in our approach. We redirected our focus towards embedding local content requirements across all projects, aiming to amplify the value of local content within the sector. To ensure adherence to this new approach, we implemented a robust local content compliance framework that encompasses various guidelines and policies including a new local content policy, guidelines across the Group for local content requirements and guidelines for addressing local content violations.

As a testament to these concerted efforts, stc achieved a local content score of 42.9% surpassing the previous year's achievements of 40.75%. This achievement not only exceeded our targets, but also set a new benchmark within the sector, underscoring our commitment to fostering local content participation and driving sustainable growth.

Throughout the reporting year, we cascaded our strategy across the Saudi subsidiaries within our group to advance stc's investment in local content sustainability and the development of the Saudi economy within the Kingdom. Through this exercise we ensured that the subsidiaries also acquire the local content certificates showcasing stc's unwavering commitment to the development of local content and the broader Saudi economy.

Increasing the number of Local Content certificates among stc suppliers is a key factor in the Group's local content growth strategy. As a leader in the ICT sector, stc has revised its internal policies and processes to prioritize local content in its purchases throughout 2023. This initiative has led to a significant increase in local content levels and contributed to the GDP growth of the ICT sector. By conducting development workshops with strategic suppliers, stc has increased the number of local content certificates from 75 in 2022 to 582 in 2023, representing a remarkable growth of approximately 676% and demonstrating its commitment to local content development.

In alignment with Saudi Vision 2030, which aims to reach a vibrant society and a thriving economy by providing a suitable environment for growth, stc's local spending from the start of rawafed until the end of the past year has reached more than SAR 34 billion.

Additionally, 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 30.34% in 2023. Reflecting a 4.62% year-over-year increase. Given the important role of SMEs in the growth of the economy, stc has given great attention to support these enterprises as major players in the localization of products and services through direct and indirect spending. To that end, we establish mutual partnerships and promote the collaboration with SMEs through rawafed. In 2023, the number of direct SME partners reached 134.

In recognition of these efforts, the 2023 techXcellence award was presented to stc through rawafed by the Ministry of Communications and Information Technology's (MCIT).

Local content – stc KSA	ICT Benchmark	2021	2022	2023
Local content score	30%	39.28%	40.75%	42.90%

Case study: Local content governance framework

In order to maintain and ensure stc's success as a local content leader in the ICT sector, rawafed has built a strong local content governance framework that provides high standards of business continuity at the corporate level by developing multiple governance and compliance tools within stc. This governance framework became the standard role model and reference for the ICT industry, which sets market best practices.

Building this governance model required the following:

- Plan, collaborate, and have a clear understanding of the goals and needs of the ICT industry.
- Articulate the goals and objectives of the governance model.
- Clearly identify and engage relevant key stakeholders in order to understand their needs, concerns, and expectations.
- Study successful governance models in similar contexts and learn from both local and global examples to identify best practices and potential challenges.
- Develop an initial framework that outlines the key components of the governance model to ensure that the model aligns with existing laws and regulations.
- Frequently assess the local content governance model to make continuous improvements.

Regular compliance activities conducted using rawafed's governance model in order to identify areas of improvement or inconsistencies in order to implement proactive or cautionary actions, and ensure that stc subsidiaries are adhering to local content regulations.

In 2023, compliance tools were enacted using rawafed's governance model to measure the maturity of commitment, identify gaps, assess areas of improvements, and determine inconsistencies in local content operations.

As a result, we reached 80% compliance with local content regulations in less than one year of applying our governance framework, with areas of improvement having been identified, assessed, and positioned to be aligned for even greater compliance in the coming years.

Case study: Joint training to build local capacity

Capability building is one of rawafed's strategic pillars, and it serves a crucial role in enhancing local skills, knowledge, and expertise that are essential for the growth and success of any organization. By investing in capability building, we can empower local talent to adapt to changing market dynamics, embrace new technologies, and stay ahead of the competition. It also enables us to build a talented and versatile workforce that can tackle complex challenges and drive innovation.

Through stc academy, we provided a digital Excellence training program to help equip middle management throughout all Saudi companies with the needed digital knowledge to better execute the key strategic objectives of a digital transformation strategy. This training program consisted of five extensive key modules, with each module focused on specific technologies and experiences.

Industry localization opportunities

Since localizing products and services have a very positive impact on local content score, rawafed continued promoting and presenting rawafed catalog to potential investors in collaboration with (LCGPA, PIF, MIM, CoC, LEAP, PIF Forum), which contain a 27 of potential products that could be localized, with a forecasted spending value for five years of 6.68B SAR.

As the ICT sector's representative in the Local Content Leadership Council (LCLC), stc contributed to the development of local content by applying the mandatory lists of national products which increased in 2023 to 15 lists, applying the price preference for other national products to support the local manufacturers in addition to applying the SMEs' price preference mechanism in purchasing processes.

The LCLC conducted several workshops and sessions with investors, governmental entities, funds, and other councils over the past year to better align on strategic approaches, share expertise, and integrate efforts to bolster local content development and maintain sustainable growth. Furthermore, through rawafed, we launched the Tafani internal campaign to raise stc employee awareness surrounding local content. The campaign included workshops, contests, and messages, with 800 participants actively engaging and over 1.5K interactions occurring throughout the year.

Through major events, conferences, and exhibitions, we continuously seek to share our industry-leading knowledge and experience, emphasizing the importance of local content. Accordingly, we attended the following events in 2023:

1. LEAP 23 (keynote session, Interactive Booth): Spreading awareness about rawafed's pillars and goals through a keynote session and interactive booth.
2. PIF Private-Sector Form (keynote session, Interactive Booth): Spreading awareness about rawafed's strategy and sharing experience and goals.
3. CIPS Procurement and Supply chain conference (keynote session): Showcasing the successful story about how rawafed embedded the LC in stc's procurement cycle.
4. Jusoor: An internal event that targets stc's employees to raise their awareness and knowledge related to local content.
5. LCGPA Workshop: A workshop in collaboration with LCGPA to discuss the key developmental practices in local content.
6. Federation of Saudi Chambers (investment opportunities): participated in a workshop organized by LCGPA in collaboration with the National Committee for LC at the Saudi Chambers of Commerce to showcase investment opportunities offered by stc to investors and manufacturers.
7. rawafed conducted several workshops and sessions with PIF portfolio companies over the past year to share stc experience and best practice on local content laws and regulations. and integrate efforts to bolster local content development and maintain sustainable growth.