

Sustainability in every connection

Sustainability governance

Our governance model incorporates sustainability across the organization, providing comprehensive tools and risk management for ESG and climate considerations.

The stc Executive Management Sustainability Committee, chaired by the GCEO, reviews and approves annual sustainability reports, monitors progress and discusses key ESG topics.

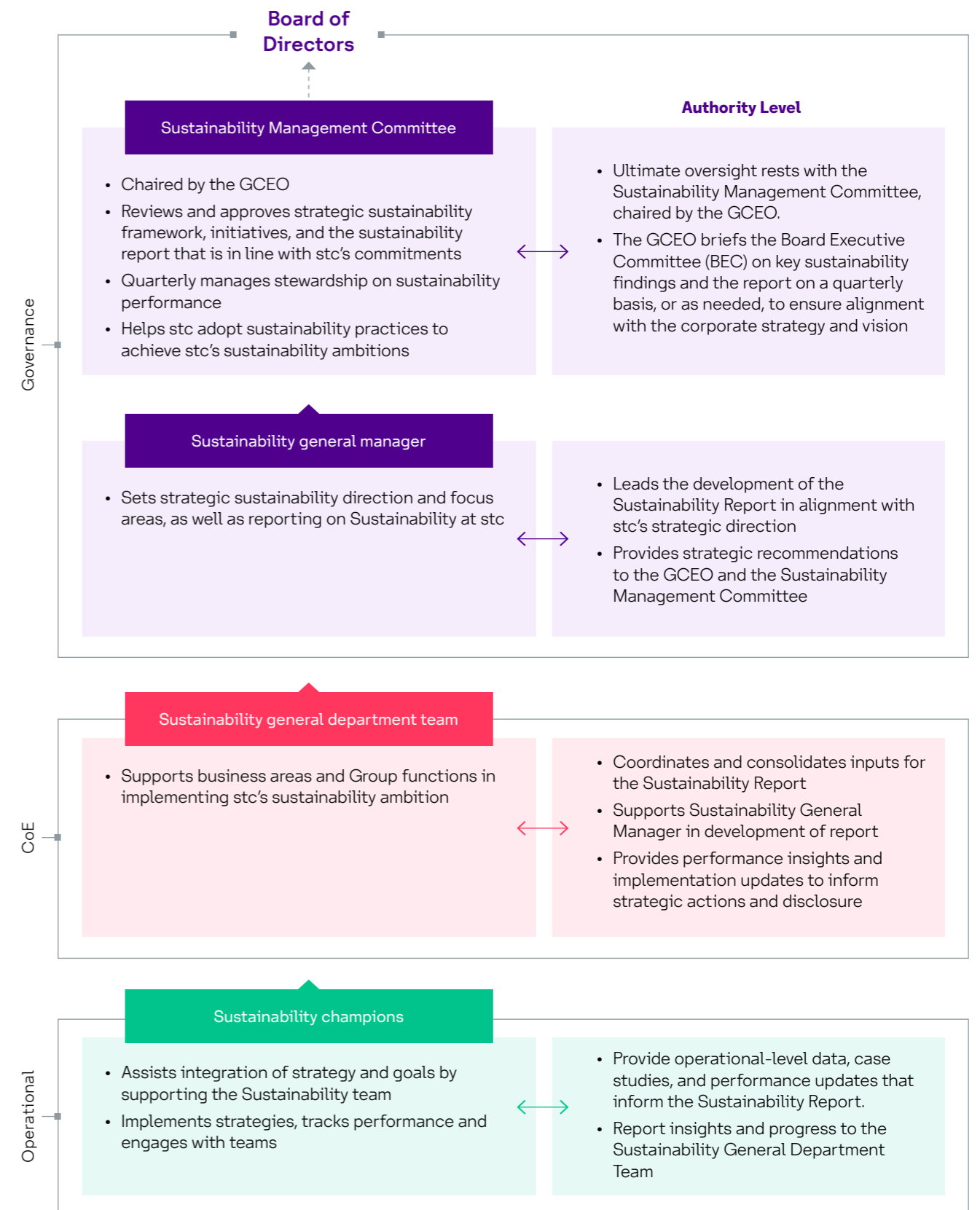
The dare 2.0 strategy integrates sustainability into business operations and long-term planning. The Board of Directors, through the Sustainability Committee, supervises sustainability performance across critical metrics. Sustainability metrics constitute 5% of the Short-Term Incentive Plan, with additional percentages for diversity, equity and inclusion. The Chief Human Resources Officer (CHRO) has oversight on diversity performance, confirming alignment with corporate objectives and workforce inclusivity. Additionally, the Strategic Programs portion (30%) includes sustainability considerations, reinforcing the Group's commitment to responsible growth. The Sustainability Committee makes certain of coherent and aligned sustainability efforts throughout stc Group, focusing on eliminating duplication and optimizing resources.

Our governance practices encompass ethical audits, supplier due diligence and adherence to ISO 20400 for responsible procurement, in line with Saudi Vision 2030 and international sustainability frameworks.

The Sustainability Committee, chaired by the GCEO, comprises eight C-suite members, including the newly added Group Chief of Staff role in 2024. The Sustainability GM serves as a non-voting member, and the Sustainability Planning and Disclosure Director acts as Rapporteur. The Committee ensures strategic oversight of sustainability commitments, ESG performance, and key initiatives, reporting directly to the Board.

stc's commitment to sustainability is integral to its business practices and operational approach. The governance model supports the development and integration of effective sustainability strategies, embedding ESG considerations into all areas of the organization.

Our sustainability governance model



Sustainability in every connection continued

Sustainability Champions: Driving impact across our operations

At stc, we recognize employee engagement is fundamental to embedding sustainability within our operations and achieving our strategic objectives. Building on the success of previous years, we continued with our Sustainability Champions working

group, which includes official Champions (employees dedicated to forwarding sustainability in their area of work) from each cluster and functional unit, who are supported by their own teams. Over and above their normal duties, and led by their respective Champion, these teams promote continuous improvement in sustainability in their areas of work.

Sustainability Champions focus areas



Enhancing sustainability governance through international frameworks

stc intends to align its governance framework with the International Financial Reporting Standards (IFRS) S1 and S2, focusing on sustainability-related financial disclosures and considering global best practices. The stc Group is exploring better ways to integrate sustainability and climate-related responsibilities into its governance structure.

To address potential gaps in sustainability expertise among Board members and senior management, stc regularly assesses their competencies and provides training on sustainability frameworks, regulations and risk oversight. Additionally, stc is working on establishing a process to identify skill gaps and implement targeted training to establish an informed leadership team capable of managing sustainability challenges.

Sustainability-related risks and opportunities are communicated through a structured reporting schedule. The Sustainability Committee and Board receive regular updates using standardized templates that include KPIs, risks and actionable recommendations. These reports align with the governance calendar and are periodically updated to incorporate feedback and address evolving priorities.

Although still a work in progress, stc is integrating sustainability and climate-related considerations into its broader strategy, major transactions and risk management processes, emphasizing the Group's commitment to embedding sustainability in its decision-making framework.

Target setting and progress monitoring

At stc Group, the Group Corporate Performance Management function plays a pivotal role in shaping and executing corporate performance strategies. Sustainability is embedded within unit and sector scorecards under Corporate Priorities to make sure key ESG focus areas are systematically tracked and managed. These areas include GRC KPIs, sustainability, people index covering attrition, diversity and inclusion, employee experience and quality. To reinforce accountability, any underperformance in these areas is assigned a negative weighting that directly impacts performance evaluations.

In 2023, stc introduced ESG and sustainability metrics into its Short-Term Incentive Plan, linking them to 5% of the Group Board of Directors' performance score. Progress is reviewed on a quarterly basis through a rigorous evidence-based approach to ensure informed decision-making that drives meaningful action and long-term value creation.

