Communication on Progress Report (CoP) 2022

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About this Report

Reporting period

The report covers the calendar year from January 1st to December 31st, 2021 and focuses on activities during that period. Information and data from previous years is provided where helpful

Report Reference

Sustainability Report 2021

(Some information may not be found on the sustainability report 2021 as they occurred after that period)

Report scope

This report covers stc operations in the Kingdom of Saudi Arabia (KSA) only. Unless specified, data from subsidiaries, clients and external contractors, and suppliers are not included. Financial data is expressed in Saudi Riyals (SAR).

Financial, legal, and governance information, including our 2021 Annual Report is available on our investors webpage. Prior years' sustainability reports are available in our Sustainability Platform archive.

Introduction

The Ten Principles of the United Nations Global Compact are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. Incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures promotes action on sustainability within the company and increases trust through commitment to sustainability. stc's commitment to adopt sustainable practices, socially and environmentally responsible policies is evident through its commitment to the 10 principles of the UN Global Compact. This document is stc's communication on progress (CoP) on the 10 principles and the 17 SDGs and is intended to be a "GC advanced report."

Our Sustainability Approach

Maximizing economic value, creating positive environmental impact and supporting progressive social development lie at the heart of stc's approach to sustainability. We align our actions globally with the SDGs and various international commitments and agendas, and nationally with Saudi Vision 2030 and various national sustainability agendas. To help build a better future, we believe the steps we have taken to date are already catalyzing digital transformation across the entire Kingdom for maximum positive impact on the people and the planet.

We aim to be a role model by taking responsibility and positively contributing to the environment, economy, and society. Our GCEO and Board of Directors set the tone from the top, with sustainability considerations being an integral part of the decision-making process. All functions and activities across our organization reflect our commitment to managing our business in the most sustainable way possible. Awareness of corporate responsibility and support for recognizing the collective impact of individual action are pillars of our approach to fostering positive change.

Over the course of 2021, stc's sustainability program transitioned into a full-fledge department to effectively manage sustainability strategy and initiatives and ensure their continued success.

Letter of commitment

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بركة الاتصالات السعودية
P.O Box 87912 صندوق البريد
Riyadh 11682 - 11682 الرياض
+966 11 452 7000
www.stc.com.sa
info@stc.com.sa

stc

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to confirm that stc supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our intent to implement those principles. We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. stc will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (COP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress within one year of joining the UN Global Compact, and annually thereafter according to the UN Global Compact COP policy. This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- A description of practical actions (i.e., disclosure of any relevant policies, procedures, activities) that the company has taken (or plans to undertake) to implement the UN Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption).
- A measurement of outcomes (i.e., the degree to which targets/performance indicators were met, or other qualitative or quantitative measurements of results).

Sincerely yours,

Eng. Olayan M. Alwetaid

stc Group CEO

The 10 principles of the UNGC

Snap-shot of efforts towards the 10 principles

	principles	Policies / procedures	Initiatives & activities (More data may found in the SDGs deep dive section)	Qualitative/quantitative data (More data may found in the SDGs deep dive section)
Human Rights	**Principle 1**: Businesses should support and respect the protection of internationally proclaimed human rights.	√	√	√
	Principle 2: Make sure that they are not complicit in human rights abuses.	√	√	√
Labour	**Principle 2**: Make sure that they are not complicit in human rights abuses.	√	√	√
	Principle 3: Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.	√	√	√
	Principle 4: Businesses should eliminate all forms of forced and compulsory labour.	√	√	√
	Principle 5: Businesses should abolish child labour.	√	√	√
Environment	**Principle 6**: Businesses should eliminate discrimination in respect of employment and occupation	√	√	√
	Principle 7: Businesses should support a precautionary approach to environmental challenges.	√	√	√
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	√	√	√
Anti-Corruption	**Principle 9**: Businesses should encourage the development and diffusion of environmentally friendly technologies.	√	√	√

Progress on the 10 principles

Human Rights

Principles 1
Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2
Make sure that they are not complicit in human rights abuses.

Respect for human rights is essential for any business to operate with integrity, and it is vital when building a culture of trust and loyalty, not to mention it is a fundamental aspect of operational risk management. Stc commits to support all human rights policies and regulations sanctioned by the Kingdom of Saudi Arabia. Our commitment to human rights is evident by our code of ethics, suppliers code of conduct, and corporate values. To further integrate human rights values within our corporate identity, we train new and existing employees in human rights practices and values.

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 practices and behaviors. More specifically, our Supplier Code of Conduct explicitly prohibits practices such as child and forced labor while also expressly addressing topics such as diversity, nondiscrimination, and job localization. Through our suppliers screening, we screen out those who don't abide by our human rights principles.

People are at the heart of everything we do, from our employees and internal stakeholders to our customers and those who live in the communities we serve. We have zero tolerance of human rights abuses within our business, subsidiaries and supply chain, and have recorded zero cases of human rights abuses. We aim to foster a culture at stc that values inclusivity, empowerment, and social progress. We champion diversity, equity, and inclusion by building a continually more diverse workforce, and the impacts that our business has on people extends well beyond our office walls.

We are committed to caring for those who make our success possible by enriching lives and experiences, expanding access to innovative technologies, advancing digital opportunities, and empowering our people. Some of stc's efforts related to human rights principles include:

- The development of specific human rights policies (work-in-progress) for the stc group to showcase our existing commitment to human rights and further outline roles & responsibilities.
- Various employee benefits and perks that enhance the emotional and physical well-being of our employees, such as a 60 days work from home policy, smart and flexible working hours, various discounts, generous and

fair compensations, career development paths, programs, and various training opportunities.

- Awareness raising: stc ensures that the Code of Conduct and code of ethics are continuously communicated to employees and suppliers to raise their awareness on material issues such as human rights. We also train new employees and have trained 100% of our employees in human rights practices and values.
- Reporting: stc reports on the percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening and reports on the number of new suppliers that were screened for labor and human rights practices. In addition, stc reports on the percentage of employees trained and total number of hours devoted to human rights policies or procedures concerning aspects of human rights that are relevant to operations.
- Training: stc employees undergo human rights training.
- Board Oversight: sustainability and human right concerns is important to top management and the board of directors. This is further highlighted by Chief of the board's endorsement of stc's sustainability and the Chief Executive Officer's letter of commitment to the UNGC principles.

Labour:

Principle 3:
Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining.
Principle 4:
Businesses should eliminate all forms of forced and compulsory labour.
Principle 5:
Businesses should abolish child labour.
Principle 6:
Businesses should eliminate discrimination in respect of employment and occupation.

stc has issued a commitment that covers all 5 recommendations of the UNGC including a formal commitment to respect human rights and protect against human rights violations in the labor force and a pledge to avoid unlawful discrimination and the use of child or forced labor. We seek to ensure that labor rights are protected across stc through the stc Workers' Committee and that

people's voices are heard on critical labor issues such as wages, working hours, and so on. stc prohibits all forms of illegal discrimination and within its labour and employment decisions. Saudi Arabia is a member of the International Labor Organization (ILO) and stc follows the Saudi labor law, making stc also committed to ILO labor standards. Related efforts deployed by stc on labour principles include:

- Awareness raising on human rights and labour issues to employees and suppliers
- Due diligence: stc screens its suppliers for labor, and human rights practices. The number of new suppliers that were screened for labor, and human rights practices increased by 146% from 486 supplier in 2018 to 1,197 supplier in 2021.

Supplier screening	2018	2019	2020	2021
Number of new suppliers that were screened for environmental, labor, and human rights practices	486	542	690	1,197
Number of supplier's subject to assessments for sustainability impacts (supplier evaluations)	222	73	122	173

- Grievance mechanism: stc has an internal grievance mechanism "Speak up" whistle-blowing policy to allow employees to speak up if they have concerns about misconduct, irregularities or human rights related issues. The percentage of cases raised related to human rights remained stable at zero from 2020-2021.
- Reporting: stc monitors and reports on the number of suppliers screened for labour rights.
- Safety and health: percentage of recordable injuries decreased by 100% from 4 in 2019 to 0 in 2021 and incident rate has decreased from 0.0246 in 2019 to 0 in 2021.
- Committee: stc has a designated committee (Labor Committee) to protect labor law and has 9 nominated representatives from 5 different districts.
- Employee attraction and retention: Our goal is to not only attract, develop, and retain the best talent to fill stc positions, but also to ensure that the next generation of leaders are equipped with the tools, skills, and confidence to perform at the highest level. We aim to hire the right people

for the right jobs and in the best work environment possible, with succession plans in place to retain key employees.

- Employee development & workforce enablement: stc provides inclusive and extensive training opportunities for all of its employees on personal, corporate and career levels.
- stc Provides best in class work environment evident by recent labor awards on the best work environment by the Ministry of Human Resources and Social Development.

Environment:

Principles 7:
Businesses should support a precautionary approach to environmental challenges.
Principle 8:
Businesses should undertake initiatives to promote greater environmental responsibility.
Principles 9:
Encourage the development and diffusion of environmentally friendly technologies.

As part of our commitment to be a continuous steward for the environment, we seek to minimize our own direct environmental impact as well as any impact associated with the use of our products and services. We will support our customers in reducing their own environmental impacts and will take the necessary steps to achieve net-zero carbon emissions before the middle of this century.

When it comes to managing environmental issues, we consider a range of topics, such as responsible procurement, transport, virtualizing and digitalizing solutions, and physical asset management. We follow the requirements of ISO 14001:2015 for our environmental management system. As a signatory to the UNGC, we seek to align our strategies with the UNGC Principles – which include environmental commitments to develop initiatives that promote greater environmental responsibility, support a precautionary approach to environmental challenges and encourage the development of environmentally friendly technologies. Some initiative related to the environmental principles include:

- Renewable energy pilot project: a pilot project initiated in 2021 that aims to use and utilize solar network into our infrastructure. This is scheduled to be completed by 2024 and will enable us to explore new energy models within our infrastructure, while also reducing carbon dioxide emissions by an estimated 191,000 tonnes CO_2e.
- Energy efficiency initiatives at our buildings and fleet: In 2021 we have launched several initiatives across our buildings and fleet to improve energy efficiency. These included LED lighting with timers, air conditioning management, timers to shut off equipment after working hours, and replacement of old or outdated equipment. In 2021, we achieved a 27% reduction in our total electricity consumption in all of stc's buildings.
- We are committed to adopting science-based targets (SBTi) and will launch our interim science-based targets to 2030 during 2022 and have already set a net-zero target by 2050
- Energy efficiency at tower sites: For our towers managed by "Tawal" we aim to boost infrastructure sharing capabilities to enable customers to achieve operational efficiencies, minimize expenses, and reduce our collective environmental impact. In 2021, an additional 199 sites were connected to the grid, resulting in a 14% decrease in base stations powered by diesel. Additionally, 284 hybrid solutions were installed in 2021, which further reduced generator running hours and CO_2 emissions.

Anti-Corruption:

Principles 10:
Businesses should work against corruption in all its forms, including extortion and bribery.

stc has made a formal commitment to prevent corruption through its Code of Ethics. stc has a zero tolerance for corruption and prohibits bribery and fraud and has implemented internal policies regarding anti-fraud and corruption. In addition, stc is a participant to the UN Global Compact and is a signatory of the World Economic Forum's initiative "Partnering against Corruption (PACI)." stc also reports quantitative indicators on the number of corruption acts and the percentage of business units analyzed for risk related corruption. In 2021, nearly 95% of employees completed the basic online Integrity training, which includes a stand-alone course on anti-corruption that all employees are required to complete. Employees across stc also attended live awareness sessions focused on anti-corruption, and gifts and hospitality guidelines.

A crucial part of stc's success in its sustainability journey is the advocacy and commitment of stc's top management. This enabled us to integrate our sustainability strategy and create key strategic objective within our "dare" corporate strategy "Be a role model for sustainability and corporate governance." Therefore, in coordination with key internal stakeholders we were able to streamline our sustainability ambitions and objectives within all key functions of stc. Our sustainability strategy covers all dimensions of sustainability and is closely aligned with the Ten Principles of the UNGC through policies & procedures, partnerships & strategic initiatives.

Our sustainability strategy includes 7 strategic pillars that are vital for the success of our business, and for creating a lasting positive impact on people and the planet.

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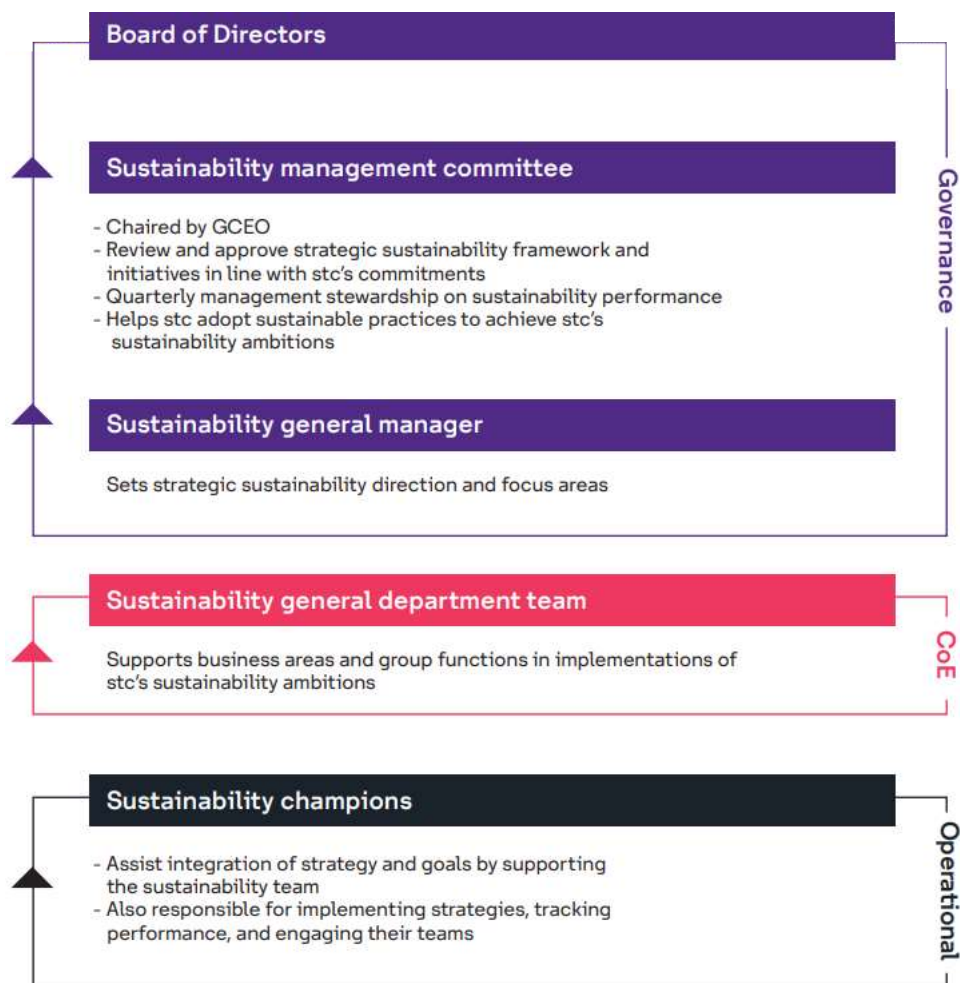
Our sustainability strategic framework pillars are

Pillar	Description
Advancing innovative digital opportunities	We intend to be recognized regionally and globally as a highly successful enabler of rapid societal development through innovative digital platforms and services, including facilitating major advancements in energy saving smart solutions, e-health, e-learning and e-government.
Enhancing economic impacts	Continue to expand our impact and significance into the future to deliver value to our stakeholders as well as contribute to the Saudi Vision 2030 through our own direct economic activities, but most significantly we will foster economic growth, and through our telecommunications and digital infrastructure, platforms and growing digital services.
Enriching lives and experiences	Through high-quality telecom and digital products and services, we continuously aim to make these services safer and easier to use, with the highest levels of customer care. We proactively promote the responsible use of technology and extend our reach even beyond our customers through our community initiatives to help close economic, social and digital divides.
Doing business with integrity	stc aims to continuously exceed and elevate regional standards and best practices for transparency, integrity, trust and good governance. We aspire to lead the industry and region in terms of sustainability strategy and performance.
Expanding access to technology and connectivity	Through the adoption and development of best-in-class digital and communications infrastructure, we are committed to ensuring universal access to affordable digital and communications services.
Caring for the environment	Committed to acting as a steward for the environment and a catalyst for a transition to a sustainable environment for future generations. We aim to minimize direct environmental impacts, and the impacts associated with the use of our products and services. We are committed to achieving net-zero emissions and seek to be a regional leader in achieving this goal.
Empowering our people	Committed to ensuring high levels of employee satisfaction, and commitment to sustainability, and to continuously and aggressively investing in the development of the national workforces in the countries where we operate.

Our sustainability governance model aims to provide a solid foundation for developing and anchoring sustainability strategy and targets. The model ensures that stc focuses on embedding sustainability into all aspects of the organization by implementing tools and integrating sustainability-related risks and opportunities, including ESG and climate-related risks and opportunities in the decision making process.

Strong governance structures and clear lines of accountability will support stc in achieving commitments set out in the company's three-year sustainability roadmap. Furthermore, stc's commitment to achieving sustainable development is embedded within our core business, purpose, and organizational strategy. The architecture for integrating sustainability into the organizational governance framework is as follows:

Board of Directors

Sustainability management committee

- Chaired by GCEO
- Review and approve strategic sustainability framework and initiatives in line with stc's commitments
- Quarterly management stewardship on sustainability performance
- Helps stc adopt sustainable practices to achieve stc's sustainability ambitions

Sustainability general manager

Sets strategic sustainability direction and focus areas

Governance

Sustainability general department team

Supports business areas and group functions in implementations of stc's sustainability ambitions

CoE

Sustainability champions

- Assist integration of strategy and goals by supporting the sustainability team
- Also responsible for implementing strategies, tracking performance, and engaging their teams

Operational

We recognize that the 17 UN SDGs are integrated and connected, meaning that action in one area will affect outcomes in others – and that development must balance social, environmental and economic factors, with proven methods needed to govern this balance.

Commitments and actions from all actors are necessary to reach these ambitious targets. At stc, we acknowledge our important role in transitioning towards a more sustainable future. As a result, we are committed to supporting the SDGs and aim to ensure our business practices are in line with the SDGs to promote positive change and avoid detrimental impact on people and the planet.

We have identified our contributions to the SDGs and highlighted our alignment as follows:

SDG	Priority (Yes/No)	Contribution	SDG targets Alignment (Aligned with priority SDGs only)	Strategy Pillar Alignment (Aligned with priority SDGs only)
1	-	√	-	-
2	-	√	-	-
3	√	√	3.3, 3.4, 3.8, 3.	Empowering our people
4	√	√	4.1, 4.3, 4.4, 4.5	enriching lives and experiences
5	√	√	5.1, 5.4, 5.5, 5.a, 5.b, 5.c	Empowering our people
6	-	√	-	-
7	-	√	-	-
8	√	√	8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8	Enhancing economic impacts
9	√	√	9.1, 9.3, 9.4, 9.5, 9.b, 9.c	expanding access to technology and connectivity
10	√	√	10.2, 10.3, 10.4	enriching lives and experiences
11	√	√	11.3, 11.4, 11.5, 11.a, 11.b	Advancing innovative digital opportunities
12	√	√	12.2, 12.4, 12.5, 12.7	Caring for the environment
13	√	√	13.1, 13.2	Caring for the environment
14	-	√	-	-
15	-	√	-	-
16	√	√	16.5,16.6, 16.7, 16.8, 16.10,16.b	doing business with integrity
17	-	√	-	-

SDG 1: No Poverty

As a leading ICT company nationally and regionally, stc continues to achieve positive performance results and increased economic growth, which in turn is enhancing many people's quality of life, from job creations, connectivity, to impactful innovative solutions and community investments & development.

Jobs creation

As one of the largest corporations in KSA, stc's total full time employees numbered 12,900 as of 2021 of which 90% were employed on an indefinite or permanent contracts. Jobs creation is not only limited to stc's group and premises, but also extends to local businesses' ability to generate jobs through start-up incubation programs such as "Inspire U." 600,000 Jobs created by these businesses.

Accessibility & Digital inclusion

We are committed to providing a modern, sophisticated network with maximum accessibility and digital inclusion for urban and remote areas across the entire Kingdom, utilizing wireless broadband to serve rural and desert areas and a fixed/wireless combination to cover urban areas. We aim to ensure everyone in society can be served and no one left behind.

Our 3g network achieved (98% coverage), and 4g (93% coverage) and Post Executive Training Assessment the DSL network covers all parts of KSA. Our next step would be to increase our reach through a better performing 5G network (currently, at 34.6% coverage), and Fiber optics network technology (Currently, we Connected >3.5 million households with high-quality fiber optic technology).

Our pursuit to provide inclusive accessibility will enhances the ability of the most vulnerable groups and communities to use our communication and digital services to conduct business and facilitate trade, help them in the process to get out of poverty and lead a better life.

Community contribution & investment

When it comes to contributing and investing in our communities, we strive to provide the most impactful support to the communities that we serve across Saudi Arabia and the regions we operate in. We have always been proud to have had and continue to sponsor and advocate for hundreds of local community initiatives. We also pride ourselves in offering and supplying digital solutions that meet the needs of all communities and allows them to prosper.

Our broad portfolio of community investments directly supports several UN SDGs and continues to be an enabler to Saudi Vision 2030. Our community investment approach focuses on education, healthcare, digital inclusion, caring for the environment, entrepreneurship, donations, sponsorships, and community engagement. We continuously monitor our community investment activities and measure the results of these initiatives. This allows us to set future plans on how to further improve our programs and maximize our positive impact on the local community.

Over the last three years, stc contributed more than SAR 58 million towards community programs, with almost SAR 32 million contributed towards its community initiatives in 2021. Through our community development programs, stc reached the communities of 48 cities across 10 districts in 2021, including remote and underserved locations to maximize the reach of our programs. We also help non-profit organizations amplify their reach and impact, and raise funds through providing free SMS messages. In 2021, stc broadcasted around 12 billion SMS messages on behalf of these non-profit organizations free of charge covering 249 campaigns, helping these organizations create a positive impact for the people.

We have also renovated the homes of 40 low-income households in 22 provinces of the Riyadh region. And through "Jood Eleskan," a non-profit housing initiative, stc was contributed by providing sustainable housing solutions, and enhanced connectivity, which contributed to improving the quality of life for families in the local community. Furthermore, In 2021 stc and its employees contributed through "Jood Eleskan" to securing 16 homes for vulnerable families through generous donations.

SDGs 2: No Hunger

Through respecting human rights and recognizing human needs of proper access to food and nutrition, stc ensures its employees receive proper compensations and engages in various community initiatives and provides digital solutions that facilitates and enhances access to food, nutrition, and agricultural development.

Furthermore, stc always seeks opportunities and finds new ways to make the world a better place through its digital innovations, accessibility and inclusive services, which can play a key role in enhancing the ability of the most vulnerable groups to enjoy a good quality of life, which in turn will enhances their ability to attain good and nutritious food. Some efforts by stc towards SDG 2 include:

- Our support to Eta'am (the Saudi food Bank) whose objective is to utilize surplus food and distribute it to the most vulnerable.
- Sallat: an initiative during convid-19 that provided 735 food packages to internal on-site cleaning and hospitality workers and others, as a way to ease the burden and difficulty for these people to access basic food as a result of covid-19 quarantine.
- SAR 1 million Donations through Ehsan Charity platform that went to people in dire financial or social situations, enhancing theirs and their families' well-being
- Suqoor drone solutions: Suqoor from solutions by stc provided advanced drone solutions in partnership with top drone-solution providers worldwide. The solution provides not only reliable advanced surveillance and security solutions, but also expands to monitor, track, detect and map objects and surrounding, useful in a wide array of applications, including precision agriculture that enables farmers to gather data for precision crop management.
- Stc also uses its text messaging services for good by enabling free text messages for individual's willing to give donations. This service is used by a number of charity and aid platforms including "Ehsan" and King Salman Humanitarian Aid and Relief Center where the donations by the center provide extensive assistance to countries in dire needs including extensive medical and food packages.

Ensuring that our staff, customers, and local communities are healthy helps drive our business forward by reducing costs and risks while also creating positive impact on general health and wellbeing in our community. Our contribution to good health is done in various ways, from utilizing mobile services technologies, setting internal workplace health and safety policies, to providing health and safety awareness and training sessions to all employees, and providing digital solutions to government enabled health applications.

Employee health & safety

Stc has recorded zero employee and contractor fatalities as a result of its mission to provide a safe and healthy work environment by adopting the best available international standards on safety, public health and hygiene. Stc provides awareness and training sessions to all employees on workplace safety & health. Over 9,000 hours of health and safety training hours provided to employees. Stc's commitment also extends to its suppliers and business partners through its suppliers code of conduct where stc has explicitly stated all suppliers should provide a safe and healthy workplace for its workforce in alignment with international practices.

Health related efforts during Covid-19

The events and challenges surrounding the COVID-19 pandemic have presented a wide range of challenges to organizations of all sizes around the world. At stc, this had led us to create and adopt existing processes and procedures, reassess organizational norms and customs, and establish new ways to innovate while still providing safe, reliable and affordable products and services to those we are privileged to serve.

In 2021, we continued our support of the local community, our customers, suppliers, and stakeholders with preventative and responsive measures that proved largely effective. During 2021, stc activated many educational campaigns to its customers and employees and spread awareness on how to protect themselves and their families against Covid-19, in addition to delivering our services and products to our customers without having to visit physical stores.

During the pandemic, we also enabled free access to some health platforms such as the Sehha app and the Immunity Forum (Manaah). We also made sure to support

small & medium enterprises to manage the potential negative economic impacts during the pandemic, by promoting their services through stc's digital platforms.

Mobile services & digital health applications:

(Sehhaty) is an application provided by the Ministry of Health in Saudi Arabia, in line with the country's vision to increase access to care, improve standards of healthcare and increase health awareness in the community. stc allocated a unified call center to support the application from the Contact Center Company (ccc), which is affiliated with the group and is specialized in customer management experiences.

In addition, stc Connected hospitalized patients with their loved ones through (Virtual visits) in cooperation with the Ministry of Health. stc also facilitated connectivity of those patients with their loved ones on the occasion of the blessed Eid Al-Adha during Covid-19 through providing access to visual communications and free smart devices equipped with data cards.

SDGs 4: Quality Education (Priority Goal)

By supporting quality, inclusive education and skill development, we contribute to a greater pool of talent for our own workforce and for the economy while improving educational outcomes in the Kingdom. Stc thrives to leave a positive impact by utilizing its core digital competencies for good. Stc's efforts to promote quality education include providing knowledge sharing platforms, awareness raising on various topics related to technology & innovation, skills development of citizens, local communities, and employees, as well as facilitating knowledge exchange by partnering with specialized international organizations.

Raising awareness on digital skills & sustainability

Through stc's sustainability platform, website, social media accounts, and various media outlets, stc occasionally publishes informative messages and information related to technology, digital topics & solutions, and sustainability information targeting a wide range of stakeholder groups, with the aim to raising their awareness and broaden their knowledge on these topics.

Internally in 2021, stc launched a wellbeing program containing four pillars: environmental/physical, health, social, and financial. This program has several

channels for raising awareness, such as lectures, SMS notifications, emails, and social activities. A few of the many campaigns conducted under our wellbeing program include:

Environmental/physical

Promoting a healthy lifestyle and a healthy environment by providing healthy restaurants and supermarkets with free in-office delivery inside stc's HQ complex; providing vending machines with salads and pharmaceutical supplies; raising awareness around physical activities such as marathons, holding social games for employees; and promoting ways to encourage an environmentally conscious workplace.

Health

Conducting awareness campaigns on Covid-19 & Flu protection measures and vaccinations; awareness on mental health and importance of blood donation; and awareness sessions to explain medical insurance policies and benefits with stc medical partners.

Social

Conducting awareness campaigns on work-life balance; grievances & complaints policies and procedures; seminar on social insurance systems.

Financial

Providing lectures and SMS notifications to raise awareness around managing personal finances.

Technical enablement for local communities

The sustainability platform provides a service that empowers the third-sector by providing them with digital solutions and educate them on how to develop and improve their operational processes and increase spending efficiency.

Knowledge sharing

The sustainability platform also provides a technical enablement service to provide training courses to build capacity and awareness on sustainability, delivered in partnership with several specialized agencies.

Volunteering program: A service through the platform that enables employees to volunteer for non-profit entities by engaging in active knowledge-sharing and

with the third-sector to enhance their ability to participate in sustainable community development.

Employee development & workforce enablement

Stc provides inclusive and extensive training opportunities for all of its employees on personal (e.g., financial management), corporate (e.g., cybersecurity, code of ethics, safety and health, diversity and inclusion, etc.), and career levels (e.g., strategies, soft and hard skills, extensive trainings, courses, scholarships, and graduate programs). Some of its flagship development programs include:

- The Talent Incubation Program (TIP), with a focus on job training and ending with official employment.
- Contractor's Development program (FTTH), providing training for contractors on various topics and skills.
- Specialist Development Program (SDP), a career track for employees to specialize and master specific topics and skills.
- High Potential Development program (HIPO), a leadership track program for employees.

	Training	2018	2019	2020	2021
Training by type	Total hours of training for employees	303,745	403,889	298,458	449,160
	Total hours of training (In class) for employees	258,198	286,356	37,728	4,904
	Total hours of training (eLearning) for employees	45,595	117,910	260,730	444,256
Total hours of training for employees by gender	Total hours of training per men employee	280,734	361,305	257,659	328,823
	Total hours of training per women employee	23,011	42,584	40,799	120,337
Total hours of training for employees by job category	Total hours of training for Senior management	4,315	1,170	762	697
	Total hours of training for middle management	27,533	27,912	24,870	60,150
	Total hours of training for staff	271,897	374,806	272,826	388,313
Total hours of training for employees by nationality	Saudi employees	288,580	381,986	276,908	427,548
	Non-Saudi employees	15,165	21,903	21,550	21,612
Total hours of training for employees by age	Workforce by age 18-30	58,910	101,533	46,338	201,435
	Workforce by age 31-50	230,599	289,034	39,270	219,579
	Workforce by age 51+	14,236	13,322	212,850	28,146
	Average hours of training per employee	52	73	79	38*

Academy by stc

The stc Academy is one of the main development systems used by stc. The academy is a learning and development system that focuses on knowledge and development support for strategic projects. This system also participates in developing the knowledge and capabilities of our employees through designing, defining, and meeting training paths, development plans, and various training needs.

Youth Empowerment & Saudization

We seek to help address youth unemployment by building a pool of talented young Saudi professionals, which resulted in a 3% increase of the number of employees aged 18-30 in 2021. Through the Talent Incubation Program (TIP), stc was able to offer development and employment opportunities to the Saudi workforce, and attract the best of talents to work at stc.

Developing young Saudi talents

We operated six flagship Saudi talent development programs in 2021. These included:

stc youth development intake	2018	2019	2020	2021
Specialist Development Program (SDP)	32	25	42	68
Talent Incubation Program (TIP)	435	379	217	300
High Potential (HiPo) Leadership Development Program*	-	56	-	57
Cybersecurity	Program started in 2021			17
Data analytics	Program started in 2021			28
KFUPM scholarship	Program started in 2021			16

* Intake every two years

Partnerships for education & development

SROI training: We seek to give back to the community by sharing our expertise and enabling positive social impact and partnerships. We also aim to create a social return on investment and, in this spirit, we launched the SROI training on our sustainability portal in addition to sustainability training sessions by partnering with Social Value International Organization. Training was provided to a number of employees from stc KSA, subsidiaries, government, and NGOs.

Partnership with (Yanmo): An initiative targeting education and rehabilitation service providers for people with disabilities in KSA. Yanmo aims to adapt technology and improve education services in various regions of the Kingdom. This provides professional development for practitioners in line with the latest evidence- based methods and methodologies centered around people with disabilities.

Knowledge exchange:

Stc aims to unlock people's limitless potential through knowledge exchange opportunities. We have long-term relationships with large international corporations and we capitalize on these relationships through an extensive exchange program. This has led to productive, valuable partnerships with large corporations that help to empower employees and young Saudi students to unlock their full potential. For stc employees, these companies provide training courses and opportunities for skill building and practical experiences. For young Saudi graduates, this collaboration helps to empower them financially and prepare them for their future careers through paid internships.

SDGs 5: Gender Equality (Priority Goal)

We treat everyone with respect and consideration at all times. Our company-wide policy applies best sustainability practices, including support for women empowerment in the labor market to ensure gender equality and promote more women taking leadership roles.

stc has made it a focus to increase the number of women employees in its work force, currently at 15% with in increase of 37% in employment rate since 2020 which is in line with our corporate strategy to attract and retain top talent. Currently, women represent 18% of the Board of Directors and 23% increase in women employment in 2020. Stc has also set an objective to empower women's participation in the ICT sector as part of its efforts to maximizing local content.

Stc also empowers women to own businesses through its Inspire U Investments with 7% of women owning start-up businesses invested in by stc.

Increasing the number of women in leadership

Women at stc form an integral part of our business, and we not only value what they bring to the company, but we also seek to foster an environment that creates meaningful careers for women. While women made up less than 10% of stc's total workforce in 2021, there was at least a notable increase in this demographic compared to 2020. One of the main challenges that stc faces is a shortage of available women to fill technical positions. With this in mind, stc developed the following programs:

- Emerging leaders: As our business is accelerating and transforming, the role of women in leadership positions at stc has increased. Therefore, stc academy launched the 'Emerging Leaders Program' for women at stc. This program is a highly experiential and an engaging 10-week journey that takes women leaders throughout several stops (known as interventions), provided by experienced, well-known local and international providers. 20 women were enrolled in this program by 2021.

- Learning that is actionable: This program is all about learning by doing and trying. Frameworks and concepts are rapidly applied to the participants' personal context. They test their new knowledge in simulation exercises which focus on typical women's leadership challenges. The goal is for participants to leave the program with increased self-awareness, new skills, and an action plan that helps them create the future they aspire to create.

- Qiyadiah by the Women's Leadership Centre (WLC): This national program is aligned with the Saudi Kingdom's vision of supporting women leaders in all fields. The program aims to develop and empower a generation of women leaders by providing them with the necessary leadership skills to help them navigate through the challenges and opportunities in the Saudi labor market. As such, stc is a proud sponsor of this program and provides assessments intended to measure and evaluate leadership competencies and skills that are reflective of effective leaders. Furthermore, stc offers leadership sessions to develop participant capabilities that help empower women. In 2021, 4 women participated in this program.

Women in management	2018	2019	2020	2021
Number of new women employees	237	221	167	215
Women employment rate	32%	33%	34%	37%
Percentage of women in middle management	0.67%	1.67%	3%*	4.26%
Percentage of women in senior management	0%	0%	0%	2.58%

Proper waste and water management is crucial for sustainable development, and this is particularly true in a region with water scarcity and limited area to store solid waste. Our approach to managing each of these material topics begins at the source, by reducing the usage of water and the creation of waste wherever possible. Through these efforts, stc has vastly improved in both of these areas over the past two years.

Water conservation efforts

Water is a scarce and valuable resource, and stc is especially committed to increasing the efficiency of water use. Our business operations consume water mainly from the National Water Company (NWC) for domestic and firefighting uses, tankers for backup use, and wells for irrigation at our HQ. Overall, our consumption principally comes in the form of sanitation and irrigation usage.

In 2021, stc installed a Smart Water Faucet electronic wash basin tap system with motion sensors. These help to prevent the spread of disease, prevent water flow, and reduce water consumption up to 1.7 L/min.

In 2021, domestic water consumption was 249,143 m³ and irrigation water consumption was 47,944 m³. We have cut water consumption by 2% when compared with the previous year, and by over 40% compared to 2019.

Looking ahead, stc plans to construct a wastewater treatment facility in 2024. Currently, there is no water recycling in place at the company; however, stc intends to install a treatment station to recycle and reuse graywater in the coming years.

Water consumption	2018	2019	2020	2021
Total water consumption (m³)	484,955	509,768	303,789	297,087

Renewable energy pilot project

In 2021, stc initiated a new pilot project that aims to install an interconnected solar photovoltaic network within the existing infrastructure of the Kingdom, including parking lots, warehouses, sales outlets, and other physical assets in the built environment. This is scheduled to be completed by 2024 and will help pave the way for new energy models within critical infrastructure, while also reducing carbon dioxide emissions by an estimated 191,000 tonnes CO2e. The project falls under the framework of the Green Saudi Initiative, where the public and private sectors work together to accelerate the transition towards a green economy in the Kingdom. 2021 – 2024 will be a testing phase to see how well this model can be applied and how well it can integrate into existing infrastructure. Based on the results of this phase, the project could be expanded into a large-scale renewable energy framework for the entire region to follow. Meanwhile, we are also looking into other low carbon solutions to help reach our objectives.

Energy efficiency initiatives at our buildings and fleet

In 2021, we launched several initiatives and equipment improvements to improve energy efficiency across our buildings and fleet. These initiatives and improvements included LED lighting retrofits with timers, air conditioning management, timers to shut off equipment after working hours, and replacement of old or outdated electromechanical equipment.

Chillers energy efficiency improvements:

In 2021, we replaced old, depreciated chillers with high efficiency models.

Building Management System (BMS):

In 2021, we installed the BMS, which reduced energy consumption by nearly 25%, reduced downtime, ensured business continuity, and improved office wellbeing.

Solar energy installation:

We have two solar energy sites at stc HQ: at gate 3 and the mosque. In 2021, we generated 303.170 MWh of energy and saved 302.261 t CO2

Total number of PV plants : 2

9747k SAR income	5.148 KW Current power	304.625 t CO2eq
	48.500 KWh Daily energy	305.542 MWh Lifetime energy

Energy efficiency through LED:

In 2021, we continued to replace old fluorescent bulbs with efficient, energy-saving LED bulbs. This will result in energy savings of 40% over the life cycle of each bulb, while reducing operations and management due to an overall longer life cycle.

Energy efficiency at tower sites

Our towers are managed by TAWAL, the region's first and largest telecom tower company, which provides leading integrated ICT infrastructure in KSA for over 15,000 telecom towers. Through TAWAL, we aim to boost infrastructure sharing capabilities to enable customers to achieve operational efficiencies, minimize expenses, and reduce our collective environmental impact.

TAWAL enables its partners to attain operational excellence, accrue higher profits and reduce their environmental footprint by enhancing tower sharing. This results from reduced capital expenses needed for network rollouts and lowered operating expenses for managing infrastructure at multiple sites. Tower sharing provides additional benefits for congested urban areas, including minimizing infrastructure duplications and excessive network redundancies, as well as reducing visual pollution that usually results from dense equipment installations.

In 2021, an additional 199 sites were connected to the grid, resulting in a 14% decrease in base stations powered by diesel. Additionally, 284 hybrid solutions were installed in 2021, which further reduced generator running hours and CO_2 emissions.

Base stations	2018	2019	2020	2021
Number of base stations	N/A	14,005	15,524	15,524
Number of base stations powered by renewable energy (solar)	N/A	69	69	69
Number of base stations powered by diesel	N/A	1,718	1,468	1,269
Number of base stations powered by other types of energy	N/A	506	788	1,072

In 2021 we recorded the following across our towers

Energy intensity reduction per EPA	Reduction in GHG emissions by Tawal	GHG emissions intensity reduction per EPA
2% in comparison to 2020	14% in comparison to 2020	11% in comparison to 2020

stc's continuous economic growth is enabling better contribution to society, job creation, and skills development. Embedded in our business strategy is finding dynamic and innovative digital solutions for our customers and communities helping us to thrive and create a significant positive impact. Stc was ranked the 2nd fastest growing teleco company amongst the largest 20 telecos globally and the most valuable teleco company in the region.

Economic growth potential

On the economic development front, strategic objectives defined under dare 2.0 outline a path to advance strategic partnerships with key government entities and global enterprises, which has led to successful growth stories for several stc subsidiaries, such as the stc pay and Western Union deal, the IPO of solutions by stc, and the launch of Sirar and the stc play platform. Our active role in venture capital and start-up ecosystem funding is another impact driven by the dare 2.0 strategy, and stc is also a significant contributor to the Kingdom's Local Content Program, with more than SAR 18Bn spent on this over the past year.

On the social development front, stc is one of the top employers in KSA and surrounding region, with more than 24,000 people employed at the Group level and a focus on increasing the number of women employees from 15%, which is in line with dare 2.0's focus to attract and retain top talent. The company is also widely viewed as one of the top employers-of-choice among fresh graduates, with stc's TIP program and talent programs for different career paths within the organization. Some of the outcomes of stc's efforts to providing the best work environment for employees, quality services to customers, and enabling local communities is evident by the following:

- 89% employee engagement rate
- 12,900 total Full-Time Equivalent (FTE) employees
- 449,160 total training hours provided to employees
- 84% local procurement spending
- 92% nationalization rate
- 2.9 turnover rate
- 82% customer satisfaction rate
- Through technical enablement projects, we served 223 non-profit organizations with 648 solutions across 56 cities to reach more than 25,000 beneficiaries.

Economic performance

Our business plays a major role in the Saudi economy, with a significant direct economic impact. This is provided through the taxes we pay, the jobs we create, the skills we develop in our workforce, and our purchasing power, which supports many local suppliers. We also have a significant indirect economic impact, with our digital infrastructure and platforms fostering broader economic growth in the communities where we operate.

In 2021, stc was rated as the "Most Valuable Brand Amongst Telecommunications Companies" and the third most valuable brand in the Region according to Brand Finance branding, reaching US $9.2 billion in sales over the past year. We also received the highest credit rating ("AAA") by "Tasneef", the Saudi credit rating agency; while maintaining our strong credit rating with Moody's and S&P.

Our financial performance was very strong over the course of 2021, with improvement in all key financial metrics from the previous year. This included achieving a year-over-year growth of 7.6% and growing EBITDA by 3.4% to reach SAR 22, 841 million. Revenue growth and tight cost controls has ensured that margins remain healthy.

Direct economic value (thousand SAR) - Group	2018	2019	2020	2021
Total revenue	51,963,243	54,367,531	58,953,318	63,416,977
Gross profit	30,473,082	32,391,225	33,954,395	33,794,029
Non operating profits	12,245,225	12,245,225	12,731,125	13,127,755
Zakat and taxes	747,667	762,144	1,170,446	1,040,366
Net profit for the year	10,779,771	10,664,666	10,994,875	11,311,342
Dividends declared*	8,000,000	12,000,000	8,000,000	10,000,000
EBITDA	19,835,755	21,264,980	22,090,000	22,840,600

* Restated figures from 2019-2021 due to changes to KPI definition in sustainability report. This captures dividends\declared not dividends distributed which may vary due to taxation, treasury shares held, etc.

Maintaining business continuity

When the entire world stopped, stc continued to go further delivering a full range of solutions, increasing activities by 225% versus last year to tackle changing dynamics across multiple fronts. For the past year, stc displayed agility and responsiveness by quickly adapting to new scenarios and regulations, such as launching affordable data packages to ensure that every student has access to

online education. We also focused on innovation by leveraging global and national partnerships with worldwide companies to create communication "firsts", as well as fully servicing hundreds of thousands of consumers using the mobile application mystc, allowing all residents to receive their telecom and technology needs from the safety of their homes. Demonstrating Efficiency by seamlessly operating remotely, stc utilized existing resources and adapted to new production methods such as remote shoots to keep the communication alive.

SDGs 9: Industry, Innovation, and Infrastructure (Priority Goal)

At stc, we consider ourselves more than just a telecom company – we are a pioneer and champion of digitization, always focusing on innovation and evolution of digital solutions. We seek to be the leading digital enabler across the entire Kingdom of Saudi Arabia, offering a variety of ICT solutions and digital services in different areas, including telecommunications, IT, financial technology, digital media, cybersecurity, and other advanced digital solutions. Our aim is to be at the forefront and take the lead in the broader digital transformation, both nationally and regionally, and to use this as an opportunity to promote sustainability, innovation, and empowerment of people across the Kingdom.

Promoting digital innovation through Incubating unique start-ups

stc has strong infrastructure expertise and drive forward innovation and communication technologies, which is critical in addressing socio-economic challenges. stc has Invested SAR 4 million in R&D and innovation and through inspireU, investments in support of incubating digital innovation reached SAR 117 million in 2021.

Maintaining resilience and securing innovative solutions

In addition to public health measures, stc was ready and agile enough to accommodate necessary changes caused by the COVID-19 pandemic through our resilient solutions and innovative infrastructure. This was extended to assist the entire Kingdom of Saudi Arabia through strategic partnerships with different stakeholders, such as the Ministry of Health, and the Ministry of Interior. We extended best practices for IAM (Identity and Authentication Management) by securing the Tawakkalna Collection Server with a PAM solution, Publishing a password change service to allow users working from home to change their

password periodically as per policy guidelines and enabling all stc users from the Ministry of Interior to be able to access internal application while working from home.

Connectivity and network coverage

Our goal is to expand stc's coverage and capacity within and around cities across Saudi Arabia. This includes increasing high-speed broadband capabilities and improving digital connectivity by enhancing the ICT infrastructure across all areas of the Kingdom.

5G networks

As the main digital enabler within KSA and the broader region, we have completed the second phase of 5G deployment across the Kingdom of Saudi Arabia, with more than 6,000 sites covering over 75 cities. In 2021, the Communications and Information Technology Commission (CITC) ranked stc as the number one digital service provider for excellent 5G coverage across Saudi Arabia in its Meqyas Quarterly Report for Internet Speeds and Digital Content Access Speed. Also during the year, stc launched 5G roaming services with 32 international operators.

Network coverage	2018	2019	2020	2021
Percentage of 3G population coverage	97.20%	97.80%	98.00%	98.00%
Percentage of 4G population coverage	88.20%	92.5%	93.90%	93.99%
Percentage of 5G population coverage	3.00%	15.30%	22.40%	34.60%

Network quality and mobile adoption

in 2021 stc made a significant improvement in network mobile download speeds, reaching 151.97 MBPS. Our fixed network speed also showed a significant improvement, reaching more than 93.85 MBPS in Q4, which is in excess of the committed 2020 target of 80 MBPS. During the past year, stc also maintained its national leadership position as the fastest Saudi mobile network, being awarded the latest Ookla Speedtest Awards as the Fastest Mobile Network in the KSA for the first and second quarters of 2021.

Network quality	2018	2019	2020	2021
Percentage of 3G population coverage	28.46	44.58*	81.79	153.68
Percentage of 4G population coverage	14.92	18.56	21.28	21.28

*Restated figure due to improved data capturing methodologies

Mobile adoption	2018	2019	2020	2021
Number of mobile subscribers	23,890,730	23,564,427	23,501,521	24,257,866
Number of mobile internet subscribers	15,425,665	16,414,675	17,487,503	18,766,739
Percentage of mobile internet subscribers	64.60%	69.70%	74.40%	77.40%
Number of new internet subscribers	946,170	989,010	1,072,828	1,279,236

Infrastructure and resilience

Developing reliable and resilient infrastructure is vital in the expansion of access to technology and connectivity. We have worked to evolve our network, capitalizing on the introduction of leading-edge technology by adopting KPIs for network resilience, which underpin our commitment to deliver an excellent and uninterrupted user experience. In 2021, the total number of 5G towers deployed across the Kingdom reached 6,000, with average network traffic of 19,685 petabytes.

| Network traffic	2018	2019	2020	2021
Network traffic (petabytes)	8,534	10,409	15,253	19,685

*Mobile and fixed BB traffic

Optimized submarine connectivity through submarine cables

As of 2021, stc owns and operates the largest and most reliable submarine communications cables in the Middle East, with more than 100 global landing points. We understand the strategic importance of establishing a reliable international network through this means, as about 99% of all communication and data transmission is carried out through submarine cables. Furthermore, stc runs between 90 - 95% of the total volume of internet and data traffic in the Kingdom, with more than 3,500 TB per day flowing through the largest internet gateway in the region at a capacity of 4,000 GB per second.

We are one of the founders of the fourth continental submarine cable, which extends across 20,000 km and connects 14 countries between Singapore and France. In addition, stc is also a founding member of IMEWE marine cable project linking India, the Middle East, and Western Europe, as well as a founding member of the EIG Europe India Getaway project that extends from the UK through Libya, Morocco, and Egypt to India, with landing stations in Saudi Arabia, Oman, Djibouti, and the UAE.

In 2021, stc began preparing to engage in a new project, the Africa1 Cable, which will connect more than a dozen countries in Africa and Europe through the Kingdom with capacity of 36 TB per second. In term of the international infrastructure, stc asserted its international presence with the most advanced and modern network in the MENA region through the development and expansion of its land and marine cables, which considered the most high-tech in the world. In 2021 number of achievements has been done, mainly:

- Adding impressive international capacity via multiple subsea upgrades three Cable systems IMEWE, SMW-5 and EIG using the most advance subsea technology.
- Acquisition of additional SMW5 capacity ownership equal to 28% for further onward connectivity toward Europe.
- Introduce a new major cable system to carry stc traffic, MENA Cable, for additional resiliency.
- stc investment in multiple subsea fibers on 2africa and 2frica pearls extending stc wholesale network reach to East Africa, Arabian Gulf countries and India.
- Adding 5 new subsea cable stations in both Red sea and Arabian gulf to increase the subsea resilience.
- stc investment in multiple subsea fibers on 2africa and 2frica pearls extending stc wholesale network reach to East Africa, Arabian Gulf countries and India.
- Start the construction of Saudi Vision Cable project as one of stc's initiatives to support the Kingdom's Vision 2030 with 4 landing stations (Jeddah, Yanbu, Duba and Haql).
- Executing binding MOU with strategic partners to land IEX in Yanbu with an option to acquire express fiber pair between Singapore and Europe
- Adding 6 new Egypt routes via multiple subsea cables (2africa, IEX and MENA) to enhance stc wholesale resilience and create unique onward connectivity.
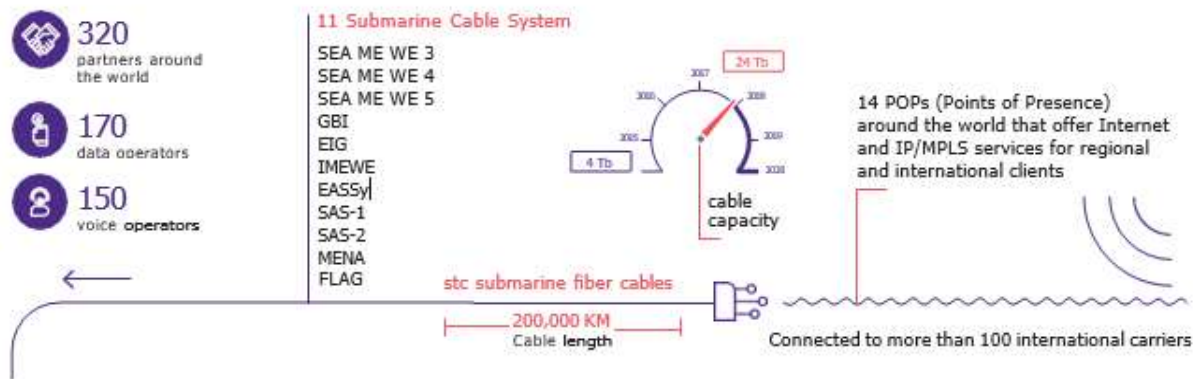
Wireless broadband improvements

Our wireless broadband flagship initiative, in conjunction with the Saudi Ministry of Communications and Information Technology (MCIT), bridges the digital divide and facilitates inclusion by serving rural and remote areas of the Kingdom,. This initiative offers ICT services with an average Internet access speed of 10 MBPS per rural household, irrespective of location within the KSA. It also aims to improve the quality of local education and foster local talent development by allowing people in remote areas to participate in and benefit from accessing more knowledge and information. As of 2021, stc has connected more than 3.5 million households with high-quality fiber optic connection technology.

New era infrastructure data center program

We are committed to building new data centers across the Kingdom as part of an initiative to develop next-generation facilities. Our goal is to have these facilities incorporate enhanced energy efficiency and sustainability throughout the whole lifecycle of new mission critical infrastructure. This aggressive objective, designed to be implemented over three phases from 2017-2022, involves building 11 new data centers to serving the entire KSA community with enhanced digital services. These new data centers will incorporate sustainability features from the areas of design, procurement, materials, construction, and operations as a mandate to enhance all energy efficiency and sustainability characteristics.

Awards related to stc's innovation and infrastructure capabilities and contributions

- Gold Award for the "best use of data" category at the MENA Effie Awards (stc)
- Saudi Arabia's Speed-test Awards Winner for mobile network speed during Q1-Q2 2021
- Best Internal Application Award' for HUB
- Best Internal Communication' application for HUB, achieving the diamond plate of the Entrepreneur Agility Award 2021
- Catalyst Team Award for best implementation of innovative technology solutions "Leveraging AI/ML to drive CX business outcomes proactively"
- Best implementation of innovative technology solutions " Leveraging AI/ML to drive CX business outcomes proactively

SDGs 10: Reduce Inequalities (Priority Goal)

We reduce inequality internally through worker empowerment and in the community through accessibility and development schemes.

Expanding access to technology and connectivity

Equitable availability of beneficial technologies and connectivity is essential for true sustainable development, and stc's goal is to help move towards greater sustainability by providing universal access to affordable digital and communication services. Our strategies for meeting growing customer demand for these digital products and services are laying the foundation for future economic and social advancement through increased connectivity and digitization.

Accessibility and digital inclusion

We are committed to providing a modern, sophisticated network with maximum accessibility and digital inclusion for urban and remote areas across the entire Kingdom, utilizing wireless broadband to serve rural and desert areas and a fixed/wireless combination to cover urban areas. Our infrastructure shared strategy with the private sector aims to ensure everyone in society can be served and no one left behind. Furthermore, for people with disabilities we provide:

	Easy access to our retail stores with ramps and wide walkways
	Prioritized services
	Trained customer service representatives with specific training for interaction with disabled people, such as the ability to communicate in sign language
	A dedicated interactive voice response facility within the call center that helps service people with disabilities, based on their available customer ID and profile

Reducing digital divide while tackling e-waste disposal

Through our e-waste recycling project we seek to serve the digitally disadvantaged while simultaneously tackling the critical issue of e-waste disposal. The lifespan of typical electronic devices averages out to only three years; to avoid unnecessary disposal of electronic devices, we donate electronic devices to national non-profit organizations such as "Ertiqa" for proper recycling, refurbishment, and disposal.

Optimizing care and educational services for individuals with disabilities

Our Initiatve in partnership with Yanmo aims to provide exclusive and innovative education to people with disabilities using evidence based methods.

Digital inclusion for the elderly in remote areas

In 2022, stc aims to launch the mobile digital truck project to reach out to remote areas and fill the gap between the elderly population and fast-developing digital technologies. The project will be rolled out across three phases from 2022-2024. The first phase in 2022 will focus on spreading awareness about the use of Internet through mobile phones, protection against cyber-crime fraud, and helping the elderly adapt to digital devices and social media.
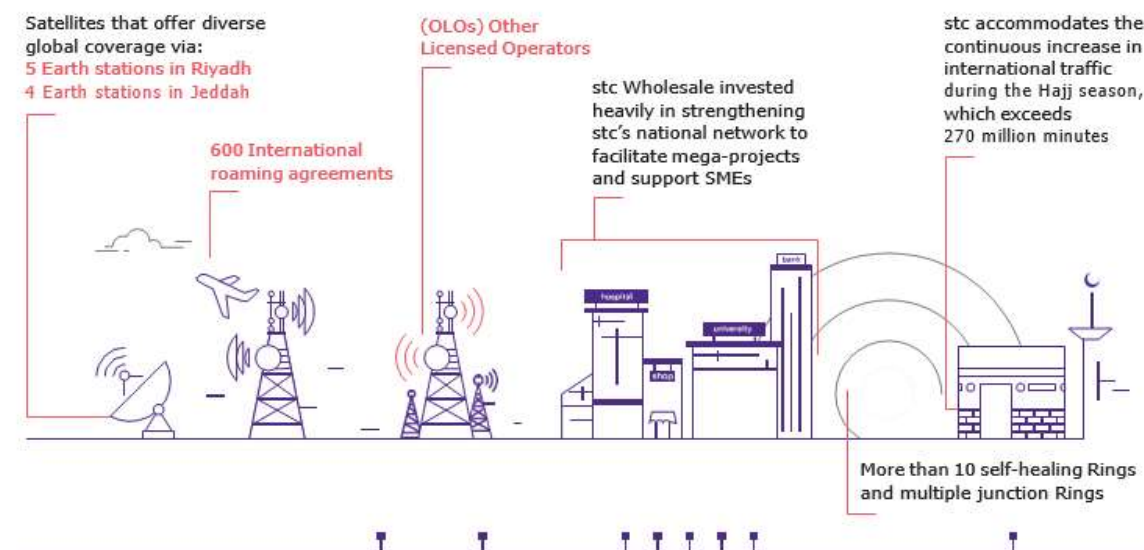
SDGs 11: Sustainable Cities & Communities (Priority Goal)

As a digital enabler, technological innovator and communications provider, stc plays a crucial role in making cities and communities smarter and more sustainable. Through providing digital and technological solutions, stc can enable these cities and communities to live a healthier, safer, and technologically enabled lives. From paperless initiative, products recyclability, reusing of old materials and furniture, reducing waste in the process, to innovative digital services such as stc pay that plays a role in reducing CO_2 emissions by reducing branch visits by cars etc,.

Digital enabler

We are the leading digital enabler for the Kingdom of Saudi Arabia, and have used this to develop smart cities and run mega events such as Formula 1 races, the Hajj pilgrimage, NEOM, and more. In 2021, we launched smart robot technologies to increase efficiency during the Hajj season by increasing ease of access and providing safety for the pilgrims. With a combination of artificial intelligence (AI), robotics, and 5G communications, we put forth two types of robots to be used in Mecca: a personal robot and a security robot. Both utilize 3D technology and are equipped with a screen, camera, and microphone, allowing them to move and talk to pilgrims, answer inquiries, and provide guidance and advice.

We are also the digital enabler for NEOM, the KSA's smart city, having established 5G network infrastructure in 2021 that will accelerate the city's digital ambitions. With a speed and capacity 10 times higher than standard 4G networks, 5G will enable numerous segments such as Internet of Things (IoT), data analytics, virtual reality, augmented reality, smart homes, and autonomous vehicles within NEOM. It will also provide an improved Public safety network, and 80% of 5G sites are powered by solar energy to minimize negative environmental impacts. Additionally, during 2021's Formula 1 Saudi Grand Prix, stc recorded a nearly 750% increase in internet traffic, with 67% of the audience being from Europe, America and Japan.

Satellites that offer diverse global coverage via:
5 Earth stations in Riyadh
4 Earth stations in Jeddah

(OLOs) Other Licensed Operators

stc Wholesale invested heavily in strengthening stc's national network to facilitate mega-projects and support SMEs

stc accommodates the continuous increase in international traffic during the Hajj season, which exceeds 270 million minutes

600 International roaming agreements

More than 10 self-healing Rings and multiple junction Rings

Sustainable cities & lifestyle by being a Leader in emerging tech and digital offerings

Leading FinTech in Saudi Arabia

As we continue to successfully execute our dare strategy, we have strengthened our positioning as a company that enables digital life. Our commitment to digital transformation is best shown with stc pay, recognized as the first tech unicorn in Saudi Arabia and the Middle East.

We are determined to build a strong digital economy in which all customer finances are safe, secure, and simply fulfilled. Our already strong network continues to strengthen by leveraging technologies to create stronger bonds and bring more people into the digital economy.

stc pay a new innovative digital market

In 2021, stc pay gained a digital banking license and began the process of transitioning from a mobile wallet into a digital bank with unique products and services. Furthermore, stc pay won the Gold Award for a redefined app in the "Sustained Success" category at the MENA Effie 2021 awards. By the end of this reporting period, stc pay had served more than 7.8 million users with 3.7 million cards on the market.

SDGs 12: Responsible Consumption & Production (Priority Goal)

e-waste recycling

through our partnership with Ertiqa organization, we donate used electronic devices such as laptops, tablets, printers or desktop computers to be recycled, refurbished, formatted, reinstallation of needed software and applications to be handed over to those in need across the Kingdom. Since 2019, we've made donations of 3,668 electronic devices of which 54% of these devices were recycled. We have a duty to our customers to produce goods and services that ensure their safety and wellbeing while reducing negative environmental impacts.

e-waste recycling project

We seek to serve the digitally disadvantaged while simultaneously tackling the critical issue of e-waste disposal. The lifespan of typical electronic devices

averages out to only three years; to avoid unnecessary disposal of electronic devices, we donate electronic devices to national non-profit organizations such as "Ertiqa" for proper recycling, refurbishment, and disposal.

Since 2019, stc has donated 3,668 electronic devices with an estimated value of SAR 1,834,000. Roughly 54% of these devices were recycled and 34% refurbished for reuse. Nearly 68 organizations, including non-profit associations, schools, and educational institutes, benefited from stc's refurbished electronic devices.

Recycling and resource minimization efforts

At stc, we seek to manage and optimize the use of materials throughout their respective life cycles. This involves commitments to selecting low impact and efficient materials in our purchases, such as furniture and carpets. We aim to select products made from recycled and recyclable materials. We purchase furniture and carpets only from sources that respect the environment, and all of our SAWA rechargeable cards (100%) are made from recyclable plastic. We also seek to minimize waste and limit the loss of materials through effective recycling.

We responsibly dispose of equipment and e-waste through a partner in accordance with the regulations of the National Center for Environmental Compliance (NCEC). The partner recycles and reuses stc's AC radiators, Cables, Transformers, steel, cars, and e-waste. Through this partnership, in 2021 we sent out 5,120 tons of e-waste for responsible disposal – 70% of which were recycled and 30% were reused.

In 2021, stc transitioned into a paperless work environment through the 'go paperless' program. The aim of this program was to make stc a role model of how to reduce paper waste by digitizing all internal transactions and automating paper-based transactions to reduce cost, improve sustainability, and achieve overall operational excellence. We recorded 82% reductions in paper consumption purchasing costs printer ink consumption in comparison to previous year.

Material consumption	2018	2019	2020	2021
Paper consumption (t)	81.5	40.1	14.8	10.0
Printer ink (EA)	5,256	3,737	2,924	1,102
Printer ink purchasing costs (SAR)	4,026,464	2,766,157	1,836,791	336,380

Waste	2018	2019	2020	2021
Total waste generated in HQ (t)	-	-	230	350

* No data available for years 2018 and 2019. stc began tracking its total waste generated in 2020.

SDGs 13: Climate Action (Priority Goal)

Climate change is one of the most serious challenges that humankind has ever faced. Our aim is to achieve net-zero carbon emissions as quickly and efficiently as possible within the parameters of our business. We will do this in a comprehensive and inclusive manner by engaging with our customers, suppliers, and business partners to tackle our own emissions, as well as emissions associated with our suppliers' products and services. We have established an ambitious target to achieve carbon neutrality by 2050, having committed to the science-based targets initiative in 2019 as well as the United Nations Global Compact Business Ambition for 1.5°C. This is also reflected in our own sector organization's (GSMA) climate policy target, which we aim to comply with.

In line with other leading companies worldwide, we have aligned our business practices and operations with the Paris Agreement to reach net zero-carbon emissions before 2050. We are committed to adopting science-based targets and will launch our interim science-based targets to 2030 during 2022. SBTs were initially to be released in 2021; however, due to the impacts of the ongoing COVID-19 pandemic, this was delayed until the following year.

Our path to net zero

Year	Actions, achievements & ambitions
2019	- Joined the global movement of leading companies aligning their business with the Paris Agreement to reach net zero emissions by no later than 2050, in line with the 1.5° C scenario - Committed to adopting science-based targets
2020	- Identified carbon footprint and impact baselines - Explored renewable energy options
2021	Signed first renewable energy pilot project contract for 17 sites across KSA Developed Scope 1 and Scope 2 emissions boundaries and baselines
2022	Launch stc's interim science-based targets to 2030
2030	Meet our science-based targets to reduce Scope 1, 2 and 3 emissions from 2019 baseline in alignment with ≤ 1.5°C of warming
2050	Achieve net-zero emissions

ENERGY consumption

We take an active role in managing energy consumption by promoting the use of digital solutions for our own business activities and for those of our customers. Studies[1] have shown that the level of avoided emissions enabled by the mobile communication technologies is ten times greater than the global carbon footprint of mobile networks themselves. That is why, stc continues to invest heavily in technologies (such as edge computing, AI, IoT) that are being employed to mitigate climate change in other industries.

In 2021, we achieved a 27% reduction in our total electricity consumption in all stc buildings, largely due to the energy efficiency initiatives implemented throughout the previous year. While we did record a 6% increase in overall fuel consumption across our fleet, mainly due to returning to the workplace post Covid-19 that in turn increased the usage of our shuttle buses. We also achieved a 22% decrease in total energy consumption.

Our direct energy consumption increased by 6% mainly to the addition of new data centers and towers. On the other hand, our indirect energy consumption dropped by 27% in comparison to previous year and total energy consumption dropped by 22% due to several energy optimization and efficiency initiatives.

Energy metrics for the last four years are presented in the table below.

Fuel consumption by type	Energy Consumption	2018	2019	2020	2021
	Petrol consumption (L)	6,716,000	5,515,000	4,499,238.63	4,770,225.46
Electricity consmption by infrastructure	Diesel consumption (L)	14,400	14,750	33,327.47	47,504.99
	Electricity consumption from buildings (kWh)	276,000,000	290,000,000	244,512,852	178,486,972
	Electricity consumption from data centers owned by stc (kWh)	111,411,140	117,826,745	126,434,202	133,262,839
	Electricity consumption from base stations (kWh)	NA	667,584,000	752,343,000	1,031,682,000
Energy consumption in GJ	Total electricity consumption (kWh)	387,411,140*	1,075,410,745	1,123,290,054	1,343,431,811
	Direct energy consumption (GJ)	230,237	189,176	155,147	164,956
	Indirect energy consumption (GJ)	1,393,565	3,868,384	4,040,612	4,832,489
	Total direct and indirect energy consumption (GJ)	1,623,803	4,057,560	4,195,759	4,997,445

'Excludes base stations
' 2020 Mobile Industry Impact Report: Sustainable Development Goals: GSMA, 2020

New era infrastructure data center program

We are committed to building new data centers across the Kingdom as part of an initiative to develop next-generation facilities. Our goal is to have these facilities incorporate enhanced energy efficiency and sustainability throughout the whole lifecycle of new mission critical infrastructure.

This aggressive objective, designed to be implemented over three phases from 2017-2022, involves building 11 new data centers to serving the entire KSA community with enhanced digital services. These new data centers will incorporate sustainability features from the areas of design, procurement, materials, construction, and operations as a mandate to enhance all energy efficiency and sustainability characteristics.

In 2021, stc continued Phase 3 of this project by beginning construction on next-generation cloud- enabled data centers, expanding presence and capacity. This past year saw stc accelerate the implementation of Saudi Arabia's digital transformation objectives, with world-class, seamless data distribution alongside energy optimization solutions, all of which align with the KSA's environmental sustainability goals.

Tier III enhanced data centers, which are part of stc's broader ambition to provide best-in-class digital and telecom services across the Kingdom, feature IT computing power at with maximum capacity of 125 MW and a landscape area of more than 180,000 sqm. In total, stc's data center program consists of 17,000 racks incorporated into parallel projects distributed across multiple zones within six cities. Digital availability zones created by the project will provide a full range of services together with world-class security and service management.

With the existing 10 data centers and the six added in 2021, stc is helping realize the Saudi vision 2030 digital transformation and plans for a more digital economy. These data centers aim to serve and host hyperscalers, localize gaming, content, and cloud services to help serve customers and provide solutions for business continuity and the customer experience journey. Additionally, through implementing energy efficiency and solar technologies, we anticipate 25-30% reductions in energy costs and 15-20% reductions in CO_2 emissions.

Further information related to stc's efforts to combat climate change can be found in SDG 7.

SDGs 14: Life Below Water

As of 2021, stc owns and operates the largest and most reliable submarine communications cables in the Middle East, with more than 100 global landing points. And In 2021, stc began preparing to engage in a new project, the Africa1 Cable, which will connect more than a dozen countries in Africa and Europe through the Kingdom with capacity of 36 TB per second. In term of the international infrastructure, stc asserted its international presence with the most advanced and modern network in the MENA region through the development and expansion of its land and marine cables, which considered the most high-tech in the world. Having presence and possible effect on life underwater, stc ensures establishment and maintenance of submarine cables have the most minimum effect on surrounding water bodies and biodiversity by following international standards.

SDGs 15: Life on Land

Our contribution to the "Let's Make it Green" initiative

In alignment with the Saudi Green Initiative (SGI) – stc planted 1,397 trees in 2021, including eight different species. These trees not only help sequester carbon emissions, but they help conserve water consumption, provide shade, and beautify our landscapes. Planted 1,397 trees in alignment with the Saudi Green Initiative.

Paperless initiative

The paperless initiative is one of the enablers to stc's dare strategy. It contributes specifically to the "Digitize stc" pillar. Through this initiative, we preserved valuable historic records, streamlined records retrieval processes thereby enhancing the quality of services; maximizing office space by replacing paper documents with digital files; and implementing environmentally sustainable business practices.

Through the paperless initiative not only do we preserve valuable environmental resources but also demonstrate environmental stewardship through leading by example as a digital enabler in the region. The paperless initiative goes hand in hand with stc's digital transformation and implementation of stc's process platform. To digitize processes we first conduct a current state assessment, identify the paper usage for that process, identify digitization and automation solutions and finally implement the solutions. Since 2019 to date, more than 50% of printers have been removed from stc premises; paper usage was reduced by 70% and costs of paper related materials dropped by over 87%.

Further information related to stc's efforts to combat climate change can be found in SDG 7 & 13

SDGs 16: Peace, Justice, and Strong Institutions (Priority Goal)

stc's strong governance framework assures the highest ethical behavior in everything that we do. It also creates the parameters for responsibility, accountability and decision-making. Our sustainability governance model aims to provide a solid basis for growing and anchoring sustainability into corporate DNA by embedding sustainability into all components of the company. Solid governance structures will help stc in honoring commitments set out in its three-year sustainability roadmap.

Data privacy, security and protection

At stc, we have a clear responsibility to protect customer, employee and sensitive data from the emerging and increasing threats to data privacy and security. Our governance processes and internal controls are designed to protect personal and sensitive data, and uphold the true privacy of customer data, all while managing cybersecurity and privacy risks to our business. This commitment to privacy, protection and security is a fundamental part of our code of ethics, with the collection, use, and management of our customers' personal data governed by our strict privacy policies. We protect the confidentiality of all customer communications and the use of their personal data. Furthermore, our data governance, data protection and privacy and cybersecurity policies are aligned with industry-wide best practices, including ISO27001, NIST, SANS, CSA, OWASP, GSMA, Enisa, DAMA, First.org, and CREST, in addition to national regulations such as personal data protection law, NDMO data governance policies and CITC privacy rules.

Through our privacy notices, we seek to help customers understand the nature of the information we collect and how their personal data will be handled and used by stc. Each stc department has designated systems for handling personal data and for each of these systems we conduct risk and audit assessments. When developing new products, services, or operations, we carry out tests and assurance processes to make sure that possible privacy risks are identified and managed.

We regularly upgrade systems for registering and retaining personal data. Any violation of data security is subject to our firm and rapid internal policies and processes. We also utilize different controls to assure the data security, including (but not limited to) identity and access management (IAM), data classification, database activity monitoring, data leak prevention, encryption data, data subject rights, digital rights management (DRM), RoPa, DPAs.

Data privacy and protection

We recognize that compliant handling of information is highly important for a leading innovative, digital-driven company. We strive to safeguard the rights of any person whose data we process, including but not limited to our employees and customers. To that end, stc has embarked on a journey to uphold the highest regulatory standards and best practices to ensure the privacy and protection of personal data and stc non-personal sensitive data. In 2021, our Data Privacy and Protection (DPP) department implemented over 4,100 technical controls, 4,300

business controls, and 1,300 cybersecurity and remote access controls across stc systems and departments.

stc takes the lead in the Saudi private sector when it comes to protecting customer rights. We implement regulatory customer rights requirements through the mystc app such as but not limited to the right to request a copy of customer data. We also implement privacy- by-design approach to ensure the best privacy concepts are embedded into stc's DNA. Before the launch of any product or service that utilizes personal data, we conduct a strict privacy impact assessment. We also conduct several data-privacy related awareness initiatives. In 2021, we conducted 10 awareness messages and privacy campaigns across different social media platforms. Over 5,000 stc employees undertook data protection and privacy training.

In 2021, the DPP department developed and updated more than 20 data governance artifacts such as internal privacy policy to ensure the privacy of stc employees and customers. DPP also audited over 75 other department across stc and all systems that process personal data to ensure adherence to excellent privacy and protection controls. It also performed compliance and validation checks on all stc Group subsidiaries of their systems that process stc customer data.

Cybersecurity transformation

stc has embarked on a 3-year strategy program to strengthen the cybersecurity practices across stc Group in which we elevated cybersecurity maturity to "Well Integrated" by end of 2021. Our new cybersecurity strategy takes into consideration the changes in the Threat Landscape, Cyber Regulations, and Technology Advances. We also updated our cybersecurity strategy to improve cybersecurity maturity levels to become the best-in-class while ensuring it strengthens the cyber resilience, protect stc's information assets, safeguards confidential and sensitive data of stc customers and aligns with stc business strategy to enable the stc business.

Cybersecurity training and awareness

We promote the importance of cybersecurity by raising awareness through different channels, such as social media, online messages, workshops, and live webinars for different groups, including Arabic and non-Arabic speakers, the elderly, and the disabled.

In 2021, we conducted several cybersecurity campaigns on topics ranging from data privacy, phishing, ransomware, and more to our employees, subsidiaries, contractors, customers, and the wider public. All new additions to the stc team are encouraged to participate in cybersecurity training to get a clearer understanding of our policies and procedures surrounding this matter.

Responsible use of products and services

Modern telecommunications technologies provide people around the world with products, services, and content that enables convenience, access to knowledge, and instantaneous engagement with family, friends, and cultures around the world. However, along with the incredible benefits that these technologies create, there is also responsibility to make sure they are used safely and responsibly. Our sales agents tasked with working customer-facing channels receive extensive training to make sure they are fully aware of customer requirements before recommending suitable products and services, and agents also educate customers about product and service benefits, agreement clauses, and contract terms.

We aim to ensure a positive customer experience during the sales process, with high levels of transparency. In addition, we also verify that the products we sell to customers meet health and safety legislation, testing imported products and sharing compliance sheets with manufacturers that state necessary compliance with applicable standards and requirements. Our service solutions also help protect customers from external threats during phone calls, text messaging, and internet browsing: on average, two million malicious text messages and 2.4 million connections to malicious sites are blocked monthly.

Child online safety

We are committed in our efforts to create a safer online environment for children and we uphold child rights at all stages of our business operations, offering support for children and their parents to become responsible digital citizens. This includes up-to-date guidance and conversations about safe and responsible conduct in cyberspace. In 2021, we launched an updated version of TUBY, an stc app that provides children the chance to choose from a selection of age-appropriate educational and entertainment videos. This updated app includes enhanced security and interface features that enrich the user experience, and includes regularly updated content, parental controls for time and content, and safety features designed specifically for children. Additionally, through our direct billing services, we help parents use their postpaid monthly bill or prepaid

credit balance to pay for one-time purchases or recurrent subscription services provided by stc partners that provide children's educational and entertainment services.

SDGs 17: Partnership for the Goals

At stc, we also believe that the best way to complement our strengths in achieving positive impacts is to join hands and leverage the strengths of dedicated, specialized partners in key areas. Community engagement is one of the ways in which we apply these collective efforts. Through our updated community engagement approach, we aim to co-create, co-implement, and support initiatives that address some of society's greatest challenges and opportunities. In the process, we also aim to enhance the capacity and success of the third sector. Strategic objectives defined under dare 2.0 outline a path to advance strategic partnerships with key government entities and global enterprises, which has led to successful growth stories for several stc subsidiaries, such as the stc pay and Western Union deal, the IPO of solutions by stc, and the launch of Sirar and the stc play platform.

Effective partnerships for positive impact

- **Saudi Heritage Preservation Society:** partnership for direct financial support contributing to the financial sustainability of the association 2021-2023.
- **Misk Foundation:** Cooperation through Volunteering and impactU initiatives 2020-2021.
- **Social Value International:** partnership with SVI to provide SROI training 2019-2021.
- **Ertiqa**: Partnership with Ertiqa foundation to donate used electronic devices. Donation value totaled SAR 1.834 million from 2019-2021.
- **Huawei:** Collaboration on several social and environmental initiatives 2021-2023.
- **Yanmo:** An initiative targeting education and rehabilitation service providers for people with disabilities in the KSA, Yanmo aims to adapt technology and improve education services in various regions of the Kingdom. This provides professional development for practitioners in line with the latest evidence- based methods and methodologies centered around people with disabilities.

- **UNGC:** Became signatory to the UNGC.
- **Jood Eleskan:** partnership in 2021 to enable stc employees contribution to securing 16 homes for vulnerable families through the Good Housing Initiative implemented by the company as part of its adoption of sustainable initiatives that impact the community. We also provided free 4G connectivity to 7 homes for 12 months.
- **Sehhaty application:** Sehhaty is an application provided by the Ministry of Health in Saudi Arabia, in line with the country's vision to increase access to care, improve standards of healthcare and increase health awareness in the community. stc allocated a unified call center to support the application from the Contact Center Company (ccc), which is affiliated with the group and is specialized in customer management experiences.
- **Connecting hospitalized patients with their loved ones through Virtual visits:** In cooperation with the Ministry of Health, stc supports hospitalized patients and their loved ones by providing connectivity on the occasion of the blessed Eid Al-Adha in light of the Corona virus pandemic through visual communication and free smart devices equipped with data cards.

Business-to-Business (B2B) Partnerships

Through stc's B2B business unit, we serve the government and private sector by providing world-class communication and ICT digital products and services and solutions through partnerships with global companies to provide best products, telecommunication and 5G solutions, and advanced digital solutions in cybersecurity, cloud computing, Internet of Things (IoT), advanced connectivity, and managed services.

ESG financing

In line with stc's sustainability strategy, we are engaged with financial advisors for the issuance of our first sustainability financing framework. The final framework is expected to be published and circulated for investors in 2022, subject to finalization of KPIs, targets, and the overall framework.

For more information

Our full sustainability report is available at https://sustainability.stc.com.sa/#/about/reports.

The full report includes a comprehensive GRI content index, against the CO