Risk Management

Enterprise Risk Management is fundamental in solutions by stc's sustainable success, ensuring that a strong culture of risk identification, mitigation, and management is embedded across the organization to minimize risks to the Company's strategic progress and performance.
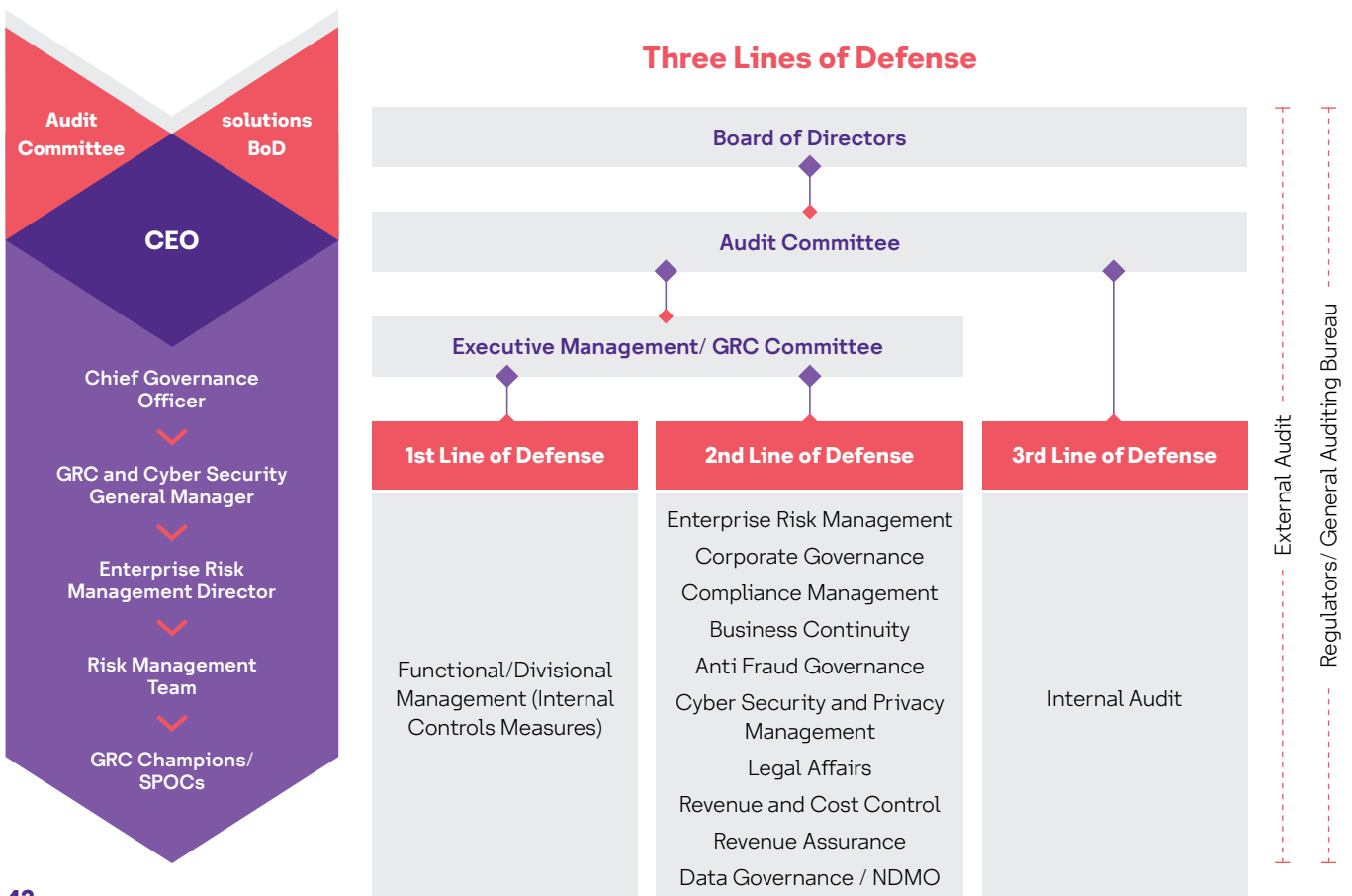
solutions by stc embeds risk management across every level of the organization to ensure that it is integrated with the decision-making process and supports the delivery of the Company's business strategy. By combining a robust risk governance framework with close collaboration and communication among the various business units, the business gains a deep understanding of internal and external risks and subsequently develops risk management approaches to safeguard the Company and ensure alignment with solutions by stc's overall strategic direction and objectives.

The Company is committed to delivering a comprehensive and highly effective risk management program, applying best practices and leading standards. It takes a proactive approach to actively identify and manage risks and threats. It also seeks to automate elements of the risk management process and activate data driven, and technology-based methodologies to aid in decision making, while leveraging internal and external resources to meet stakeholder expectations to uphold the highest standards in risk management.

Risk Governance Framework

solutions by stc's Board of Directors has the ultimate responsibility of governance and oversight on all risk management activities across the Company and its subsidiaries, in accordance with its approved Enterprise Risk Management Policy.

Audit Committee | **solutions BoD**

CEO

Chief Governance Officer
↓
GRC and Cyber Security General Manager
↓
Enterprise Risk Management Director
↓
Risk Management Team
↓
GRC Champions/ SPOCs

Three Lines of Defense

Board of Directors

Audit Committee

Executive Management/ GRC Committee

1st Line of Defense	2nd Line of Defense	3rd Line of Defense
Functional/Divisional Management (Internal Controls Measures)	Enterprise Risk Management Corporate Governance Compliance Management Business Continuity Anti Fraud Governance Cyber Security and Privacy Management Legal Affairs Revenue and Cost Control Revenue Assurance Data Governance / NDMO	Internal Audit

External Audit

Regulators/ General Auditing Bureau

Risk Management Highlights

solutions by stc seeks to continuously improve its risk management approach and capabilities. In 2023, there was increased emphasis on integrating enterprise risk management with strategic objectives and planning. There was also a focus on identifying and reporting emerging risks arising from world events and ensuring that the risk management function plays its vital and appropriate role in helping to achieve the Company's strategic objectives.

solutions by stc is committed to adopting best practices of enterprise risk management, which is highlighted by the renewal of its ISO-31000 certification this year, which included passing surveillance audits in addition to increasing its risk management program maturity.

Principal Risks

Principal Risks	Description	Mitigation and Response
Increasing Competition	The increasing footprint of international players and local players continuously striving to gain market share in the Kingdom. Additionally, the increased number of start-ups in the Saudi Arabian IT market will make the market more fragmented.	solutions by stc is focused on continuously building and enhancing its digital and IT offering, entering new business lines and expanding its portfolio to encompass customer needs across the IT value chain through organic and inorganic growth. In addition, the Company is continuously expanding its partnership ecosystem to bring complementary offerings to the market to strengthen its product portfolio. solutions by stc has embarked on bundling/cross-selling initiatives to improve customer stickiness and protect itself from competitive threats.
Challenging Economic Conditions	The rise in inflation and interest rates globally is impacting on the purchasing power and government spending to invest in digital transformation offerings.	solutions by stc provides a wide range of offerings targeting value maximization and better selling propositions to meet client needs in a flexible manner. Additionally, with the value it creates for partners, the Company has nurtured stronger partnerships and lasting relationships with vendors.
Evolving Regulations	The risk of new laws and regulations (national and international) with a potential result in business disruption, legal and financial implications.	The Company actively monitors regulations and plans to participate in public consultations to discuss the regulations and ensure its products adhere to them.
Cyber Security and Data Privacy	Growing sophistication and variety of cyber-attacks creating a challenge that may impact business opportunities.	solutions by stc is actively monitoring potential cyber threats through robust established policies, frameworks and well qualified resources, as well as the use of sophisticated and advanced cyber defense technologies. Effective collaboration and partnerships with leading industry entities and leveraging internal and external resources for optimum cyber resilience and defense mechanisms.