Risk Assessment, Treatment and Reporting

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Overview

stc's strategic goals demand a resilient and streamlined 'Risk Management' framework. stc's Risk Management System adopts a systematic and disciplined approach, establishing clear responsibility and accountability structures to ensure the effectiveness & efficiency of Risk Management and Business Continuity.

The seven (7) major Risk Categories are:

- Customer Experience & Services Quality
- Financial
- Governance, Regulatory & Compliance
- Health, Safety & Environmental
- Human Resources
- Network Reliability
- Reputation & Community

Risk Management Principle, Framework, Process:

sta's Risk Management Framework has undergone benchmarking against esteemed international standards and guidelines, including ISO 31000, ISO 22301, and COSO. The diagram below illustrates the Risk Management Scope, its corresponding Framework, and supporting Processes, delineating the sta's approach to risk treatment.

Processes 1. Identify 2. Analysis 3. Evaluate 4. Treat 5. Monitor and report

Scope

- 1. All sections in **stc** Kuwait
- 2. Local and international environment

Framework

- 1. Policy
- 2. Plan
- 3. Appetite
- 4. KRI
- 5. Statement of context
- 6. Governance structure
- 7. Organizational chart
- 8. Resources
- 9. Template and guides

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Business Continuity Management

Business Continuity Management (BCM) at **stc** provides a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand, and value-creating activities. BCM activities include Business Impact Analysis (BIA), Locations Risk Assessment, Incident Reporting, Business Continuity Management Plan & Exercises, and Training and Awareness.

Board Risk Management Committee

The Board Risk Management Committee (BRMC) at **stc** diligently supervises the Risk Management Framework, evaluating both current and potential risks along with their corresponding mitigation strategies to guarantee the efficacy of the Risk Management function. Additionally, the BRMC provides comprehensive reports on Key Risk Indicators (KRI), Risk Appetite, and Business Continuity outcomes. Through quarterly meetings, the BRMC assesses identified risks, the efficiency of mitigation controls, and proactively identifies positive business opportunities associated with these risks.

Risk Management Quality Certification

The ISO 31000 Risk Management standard offers an international framework to systematically and effectively manage risks for organizations of all sizes and sectors. The receipt of the esteemed ISO 31000:2018 compliance letter from 'Bureau Veritas' marks a significant milestone for **stc**, highlighting the company's unwavering commitment to excellence in Risk Management.

Risk Management Maturity Assessment

In 2023, **stc** Group conducted a comprehensive maturity exercise on Risk Management and Business Continuity across its subsidiaries, utilizing a standardized assessment framework developed in collaboration with leading international experts.

stc Kuwait achieved the maturity score of 4.20 for Risk Management and 4.41 for Business Continuity out of 5. These scores are above the average for stc Group subsidiaries, highlighting stc's steadfast commitment to excellence in 'Risk Management' and 'Business Continuity'.

stc Group clutched a valuable opportunity through the maturity exercise to pinpoint areas for enhancement across its subsidiaries. The results will drive the creation and execution of focused improvement plans. stc Kuwait's impressive performance underscores its dedication to 'Risk Management' and 'Business Continuity' excellence, showcasing a robust framework aligned with international best practices.





