

Responsible Growth through Sustainable Practices and Strategic Innovation

2023 Sustainability Report



Middle East Paper Company
شركة الشرق الأوسط لصناعة وإنتاج الورق

Contents

Responsible Growth through Sustainable Practices and Strategic Innovation	1	Chapter 3: Innovating and Creating Value	38
Contents	2	Business Performance	40
About This Report	3	Innovating for a More Sustainable Future	42
Message from the Chair of the Board	4	Circularity and New Opportunities	43
About Us	6	Responsible Use of Materials	44
Group Strategy	8	Product Safety and Quality	45
Our Vision, Mission, and Values	9	Customer Centricity	46
2023 Highlights Practices	10	Customer Privacy and Data Security	48
Awards and Recognitions	13	Digital Transformation	49
Chapter 1: Our Approach to Sustainability	14	Chapter 4: Putting People First	50
Risk and Sustainability Committee Chair Message	16	Engaging Our Employees	52
Our Key Stakeholders	18	Employee Diversity and Inclusion	56
Our Materiality Matrix and Sustainability Framework	19	Opportunities for Saudi Nationals	58
Sustainability Targets and Performance	21	Talent Development	59
Supporting the Saudi Vision 2030	22	Occupational Health and Safety	60
Supporting the UN SDGs	23	Hazard and Risk Management	61
Chapter 2: Better Business Practices	24	Incident Management and Reporting	62
Environmental Management	26	Health and Safety Training	63
Responsibility in the Value Chain	33	Health and Safety Performance	64
Corporate Governance	34	Strengthening Communities	65
Board of Directors	35	Chapter 5: Appendices	66
Risk Management	36	GRI Content Index	68
Business Ethics and Compliance	37	Independent Limited Assurance Report	74

About This Report

Founded in 2000, Middle East Paper Company (MEPCO) is one of the largest producers of paperboard in the Middle East. We are firmly committed to responsible growth through sustainable practices and strategic innovation, and we invite you to read about our progress in our fourth annual sustainability report.

Content

The priorities, interests and needs of MEPCO's stakeholders along with MEPCO's operational priorities have been fully considered in developing the content of this report. As part of the reporting process, MEPCO conducted a materiality assessment aligned with Global Reporting Initiative (GRI)'s methodology to help us identify and understand the sustainability issues that hold the most significant impact to our operations and our stakeholders. These issues inform the three pillars of MEPCO's sustainability framework: Better Business Practices; Innovating and Creating Value; and Putting People First. The content of this report is organized around this framework.

Learn more about our stakeholders, our materiality process, and our sustainability framework in the Our Approach to Sustainability section of this report.

Period

This report covers MEPCO's environmental, social, and governance (ESG) performance for the period between 1 January and 31 December 2023.

Scope

Our reporting boundary for environmental related metrics includes the MEPCO's head office and plant in Saudi Arabia. For human resource data, we have applied a more comprehensive approach and includes our subsidiaries operating in Saudi Arabia (WASCO, ESTIDMA and JUTHOR). In general, unless otherwise stated this report does not include the activities or performance of business partners, suppliers, or contractors.

Reporting Guidelines

This report has been prepared in accordance with Global Reporting Initiative (GRI) 2021 Standards.

MEPCO's commitment to sustainability management and reporting is aligned with the National Standards of Sustainability (NSS) outlined in the Saudi Vision 2030 as established by the Kingdom of Saudi Arabia (KSA). We have also taken guidance from the Saudi Green Initiative targets and the Saudi Stock Exchange (Tadawul) ESG Guidelines. This report also highlights the ways MEPCO is working to support the United Nations Sustainable Development Goals (SDGs). This was also prepared in alignment with Sustainability Accounting Standards Board (SASB):

- 1- "Resource and Transformation", focusing on "Containers & Packaging"
- 2- "Renewable Sources & Alternative Energy."

KPMG Professional Services carried out a limited assurance for the selected quantitative indicators, which included, greenhouse gas emissions Scope 1 & 2, water consumption and water consumption per metric tonne of production, energy consumption, waste management, SOX and NOX emissions to air, donations and sponsorships, training hours and new employees hires.

Refer page 74 for independent limited assurance report.

Contact Us

We welcome your feedback, questions, and suggestions on the content of this report. Please contact us at info@mepco.biz.

Forward-Looking Statements

This report may contain forward-looking statements and information about MEPCO and its subsidiaries. These statements may include plans, objectives and aims regarding the plans, intentions, ambitions, and aims of MEPCO and its subsidiaries, as well as forward-looking statements about future products, services, operations and performance. While MEPCO believes that these statements are reasonable, all forward-looking statements and information are based on current assumptions with respect to the cost and resources for implementing future targets. As such, these statements remain subject to risks and uncertainties which may be beyond the control of MEPCO and/or difficult to predict. Forward-looking statements may be identified by the inclusion of terms such as "plan," "expect," "aim," "will," "strategy," "target," "ambition," and other similar words and phrases.

Message from the Chair of the Board

I am honored to present MEPCO's fourth annual Sustainability Report, which delineates our sustainability performance for the year 2023. This report underscores our steadfast commitment to fostering a positive impact on the environment, society, and economy.

In 2023, the global paper industry faced significant production declines and challenges related to oversupply, with Europe experiencing a 13% decrease due to economic pressures and elevated energy costs. This unfavorable scenario led to weakened pricing power and profitability issues on a global scale. However, Asia demonstrated continued robust demand, particularly within the packaging sector, while the GCC region experienced stable growth, which facilitated price increases in containerboard.

Considering these industry trends, MEPCO adeptly navigated the challenges of 2023 by leveraging various competitive advantages and sustainability initiatives. Despite the decline in global prices and margin pressures, MEPCO maintained a strong operational profile, characterized by a diversified product portfolio and high-capacity utilization rates, with the containerboard segment operating at approximately 93%. The expansion of our tissue segment through the Juthor mill has provided an additional revenue stream, with the objective of capturing a 30% market share in the Saudi tissue market. Furthermore, MEPCO benefited from resilient local demand and strategically increased its domestic sales share, particularly in response to rising export costs. As a result, we concluded 2023 and entered 2024 with a positive outlook regarding price stabilization, profitability, and growth, alongside our capacity to enhance our contributions to society and the environment.

We firmly believe that MEPCO's commitment to supporting sustainable development, and the circular economy aligns with our status as one of the leading paperboard manufacturers in the Middle East and Africa.

Our sustainability strategy and framework are intricately integrated with both our long-term and short-term corporate objectives, as well as our operational and management practices. Additionally, our sustainability strategy and objectives are closely

aligned with the aspirations of Saudi Vision 2030 and the United Nations Sustainable Development Goals, particularly those aimed at fostering sustainable economic growth.

We are dedicated to enhancing our contributions to global environmental and social issues through improved business practices. Our unwavering commitment to high governance standards, strong internal controls, and strict ethical guidelines is paramount. To uphold the trust of our stakeholders and ensure the long-term viability of our organization, we are implementing circularity principles throughout our value chain, aiming for significant reductions in our environmental footprint. In 2023, we upgraded our closed-loop water system, resulting in increased utilization of recycled water, and expanded our investment in local suppliers, who now represent 57% of our total supplier network. Furthermore, our subsidiary, WASCO, was honored as the Best Waste Management Company of 2023 by the Middle East Waste & Recycling Awards, recognizing its innovative leadership in developing circular systems that maximize the value derived from waste materials.

By prioritizing innovation and value creation, we have consistently expanded the potential of recycled materials in the development of new products that meet customer demands and support a circular economy. We have capitalized on our collaborations with our Estidama and WASCO subsidiaries to explore cutting-edge technologies and enhance our utilization of recycled input materials over virgin raw materials. Consequently, in 2023, 96.7% of MEPCO's input materials were derived from recycled sources, marking a 7% increase from 90% in 2020, which led to a reduction in the use of virgin raw materials from 10% to 5% in 2023.

The progress we achieved throughout 2023 would not have been possible without our commitment to prioritizing our people. We are fortunate to employ some of the most talented individuals in our region

and industry, and we take pride in our dedication to fostering a fair, welcoming, and equitable workplace that enables our employees to pursue rewarding careers. In 2023, we maintained our investment in workforce training and development, which included a company-wide team-building event, continuous training and educational initiatives, as well as health and wellness programs. We recognize that the vitality of the communities in which we operate is intricately linked to the success of our business and our workforce. In 2023, we continued our efforts to inspire and empower Saudi youth through educational and empowerment initiatives while dedicating our time and resources to support various community organizations and causes.

The involvement and support of the Board of Directors, employees, customers, investors, suppliers, and key stakeholders have been essential to our achievements, and they continue to be vital for our ongoing advancement.

I would like to express my heartfelt appreciation to each of you for your partnership, collaboration, and the positive momentum we are fostering together as we strive to create a brighter and more prosperous future for the Kingdom of Saudi Arabia, our region, and the world at large.

Mr. MUSAAB AL MUHAIDIB
Chair of the Board



About Us

MEPCO is a leading company in the manufacturing and recycling of paper products and a vital supplier of materials used in rapidly growing sectors in Saudi Arabia, including building materials and packaging. We play a significant role in driving sustainability and circular economy for the paper and packaging sector in Saudi Arabia, contributing to the Saudi Vision 2030 and the Saudi Green Initiative.

Since its inception in 2000, MEPCO has expanded rapidly, manufacturing and distributing high-quality containerboard and specialty paper products for packaging, construction, and furniture industries in over 50 global markets. Headquartered in Jeddah, the company's production facilities are strategically located near the Jeddah Seaport, enabling swift delivery to markets across the Middle East and Africa (MENA) region, the Indian subcontinent, and select European regions. We boast a production capacity of half a million metric tons of paper and cardboard per year.

In addition to its core paper manufacturing, MEPCO launched the Juthor tissue paper manufacturing facility, located in King Abdullah Economic City (KAEC), to further strengthen local production and reduce Saudi Arabia's reliance on tissue imports.

For more information regarding Juthor, please refer to the Business Performance section of this report.



Ownership

MEPCO has been listed on the Saudi Stock Exchange since 2015.

Our Subsidiaries

MEPCO has three subsidiaries: WASCO (Waste Collection and Recycling Co. Ltd.), Estidama and Juthor.

WASCO is a wholly owned subsidiary specializing in the collection, recycling, and trading of paper and waste materials. As a regional leader in waste management, WASCO's focus areas include plastic, metal, and stone recycling, sludge waste management, and wastewater treatment. WASCO collects more than 500,000 tons of diversified recyclable materials annually from different sources such as landfills, shopping centers, industries, and government entities.

Estidama was established in 2021 in partnership with Jeddah Municipality as the first-of-its-kind public-private partnership in the sector within Saudi Arabia. Through WASCO and Estidama, MEPCO operates the largest waste collection and sorting operation in the Middle East. The partnership aims to transform Jeddah into one of the leading cities in the Kingdom as far as recycling and landfill diversion is concerned.

In June 2023, MEPCO launched its **Juthor** tissue manufacturing facility in King Abdullah Economic City (KAEC), significantly contributing to Saudi Arabia's tissue production by meeting 25% of the Kingdom's demand with an annual capacity of 60,000 tons. By Q4, the facility reached a 67% utilization rate, producing high-quality, "Saudi Made" accredited tissue products for both domestic and international markets, including facial tissues, napkins, toilet paper, and kitchen towels. Aligned with Saudi Vision 2030 and the Saudi Green Initiative, the facility incorporates environmentally conscious design, using cleaner natural gas, and featuring advanced water treatment systems.

Our Product Range

From containerboard to specialty paper products, MEPCO manufactures a diverse range of world-class products which are designed for use by manufacturers in other industries for the making of specific end-products for consumers.



Packaging

Containerboard: Used for packing consumer durables, detergents, industrial goods, processed food, beverages, and electronics.

Core board: Used in a wide range of industries, including film, tape, and textile rolls.



Furniture

Products and materials used on laminated furniture surfaces, including laminated counters, shelves, and floors.



Construction Sector

Materials used to manufacture gypsum board, which is used for interior wall lining systems, including a new lower-GSM plaster board introduced in 2023.

For further details and product specifications please [visit our website](#).

Growth Strategy

MEPCO is set to expand its operations with the development of Paper Machine 5 (PM5) targeted for operational launch in 2027 and Tissue Machine 6 (TM6) targeted to start operations on Q4 2026. PM5 is poised to enhance containerboard production, leveraging cutting-edge technology to optimize energy efficiency and reinforce MEPCO's commitment to sustainability by increasing the use of recycled fiber. Likewise, TM6 will bolster MEPCO's growth in the tissue market, meeting the rising demand for hygiene products.

For further highlights on our operations and our economic performance, please refer to the Business Performance section of this report.



Group Strategy

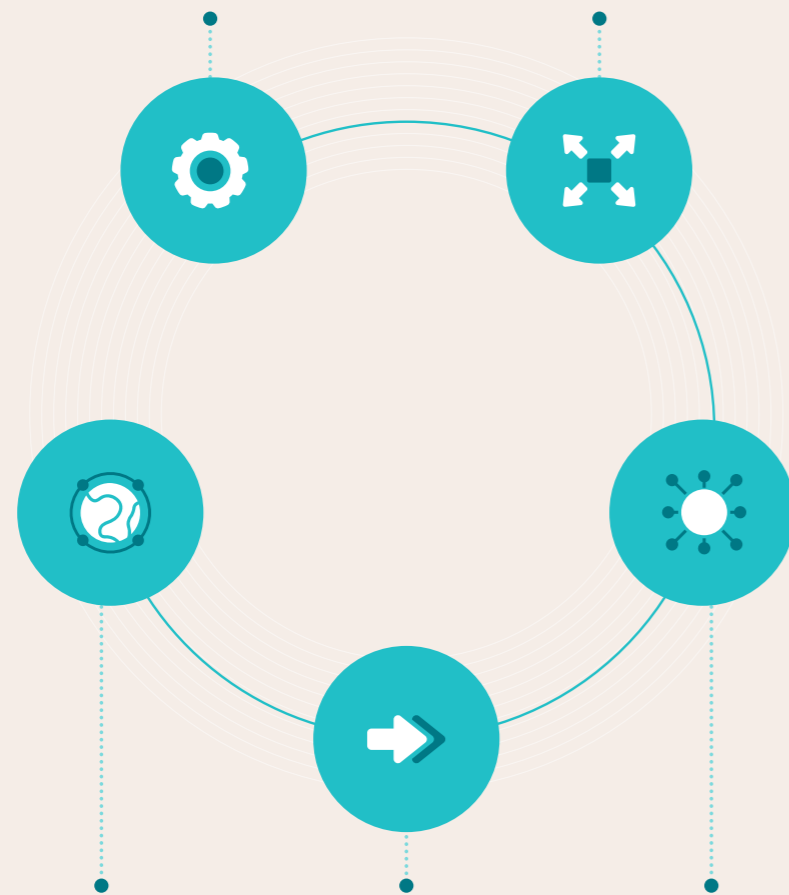
MEPCO's strategic objective is to be the leading integrated sustainable paper and packaging producer in the Middle East. We enable progress towards this objective through:

Optimization

MEPCO is driving operational excellence through targeted efficiency initiatives, achieving industry cost leadership while maintaining premium quality standards.

Expansion

MEPCO is strengthening its MENA market leadership through the strategic expansion of a 450,000-tonne state-of-the-art paper facility, to serve the growing market demand fueled by Saudi Vision 2030.



Circular Economy

MEPCO is championing environmental sustainability through comprehensive waste collection and recycling programs, aligning with the Saudi Green Initiative to enhance MEPCO's low-carbon footprint and regional sustainability leadership.

Forward Integration

MEPCO is aiming to be an integrated paper and packaging player in the MENA region and is committed to Forward Integrate to capture the benefits from the entire Value Chain.

Diversification

MEPCO is accelerating its growth in Tissue segment; a successful diversification strategy undertaken by MEPCO; through doubling production capabilities with an additional tissue manufacturing facility.

Our Vision, Mission, and Values

MEPCO's vision, mission and values reflect our strategic approach to sustainability, particularly our focus on responsible business practices, innovation and circularity, as well as our social commitment.



Our Vision

To be the leading champion of Made in Saudi sustainable products and the largest contributor to the circular paper economy, ensuring sustainable growth, and maximizing stakeholder value.



Our Mission

To lead the industry in sustainability, innovation and quality, while maintaining our commitment to ethical and safe business practices.

To deliver cost-efficient solutions that maximize customer value and benefit the environment, while investing in our diverse and talented team.

To consistently produce high-quality recycled fiber-based products for the industries we serve in Saudi Arabia, the broader MENA markets, and globally, for decades to come.



Values

Integrity:

We are honest, ethical, trustworthy, and respectful in everything we do. We acknowledge the thoughts, feelings, and background of others and treat everyone with honor.

Respect:

We recognize that thoughts, feelings, and backgrounds of others are as important as our own.

Excellence:

We are committed to high standards of excellence and continuous improvement.

Teamwork:

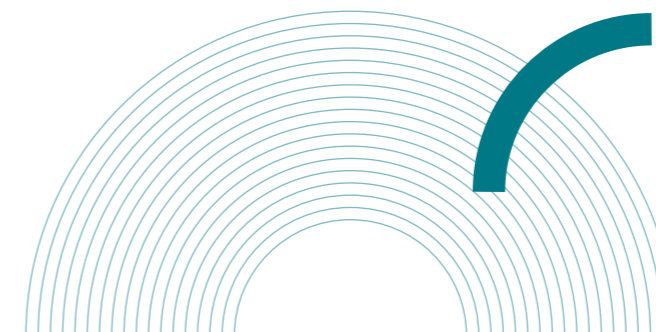
We encourage participation and collaboration to achieve our common goals and objectives.

Communication:

We encourage proactive and honest dialogue to improve transparency and understanding.

Accountability:

We are accountable for our decisions, actions, and the consequences.



2023 Highlights

Better Business Practices

100% of MEPCO's operations are ISO 14001 certified

31.5% of water is recycled, due to upgrades to our closed loop water system

All operational and office paper waste is recycled in our paper production process

WASCO was named **Best Waste Management Company** of the Year, from the Saudi Arabia Clean Waste Management Forum (SACWFM).

Achieved **ISO 5001** certification for the energy management system

Particulate matter (PM) emissions reduced almost by **44%**

46.6% decrease of diesel consumption from operations

71% of our procurement spending was made to local suppliers

Zero incidents of corruption were recorded

Innovating and Creating Value

408k tons production volume reached (a record high)

MEPCO's new tissue mill "**Juthor**" was launched

95% of our input materials were recycled materials

Production plants achieved their **lowest-ever** consumption rates for white pulp and starch due to process and equipment optimization

78% of our product range achieved the Forest Stewardship Council certification (FSC)

The only containerboard manufacturer in the Middle East to **achieve and maintain accreditation of ISO/IEC 17025:2017**

An online quality **compliance system** was introduced

8.9 score out of 10 in customer satisfaction level

Zero cyberattacks and breach or loss of customer privacy for the past three years.

Putting People First

"**Great Place to Work**" awarded to MEPCO by the Great Place to Work® Institute.

All MEPCO employees participated in a performance and career review

24% of our employees are in the 18-30 age range

91% employee satisfaction rate achieved

611 trainees were enrolled in the Higher Institute for Paper and Industrial Technologies

Zero incidents of discrimination

Green Saudization rate

for MEPCO, a Mid-Green Saudization rate for WASCO, and PLATINUM Saudization rate for Juthor

3,909 training hours for more than 1,129 employees and 1,442 hours of health and safety training



Awards and Recognitions



Best Workplaces for Saudi Nationals – Great Place to Work® Institute Middle East KSA



Best Workplaces for Millennials – Great Place to Work® Institute Middle East GCC



Best Workplaces in the Middle East – Great Place to Work® Institute Middle East GCC



Great Place to Work – Certified - Great Place to Work® Institute Middle East



Global ESG Award – Platinum Award - The Global ESG Awards

Accreditations and Certifications



ISO/IEC 17025: 2017 Testing and Calibration Laboratories



ISO 9001:2015 Quality Management System



ISO 14001:2015 Environmental Management System



FSC Mix and Recycled certification of MEPWHITE and MEPKRAFT



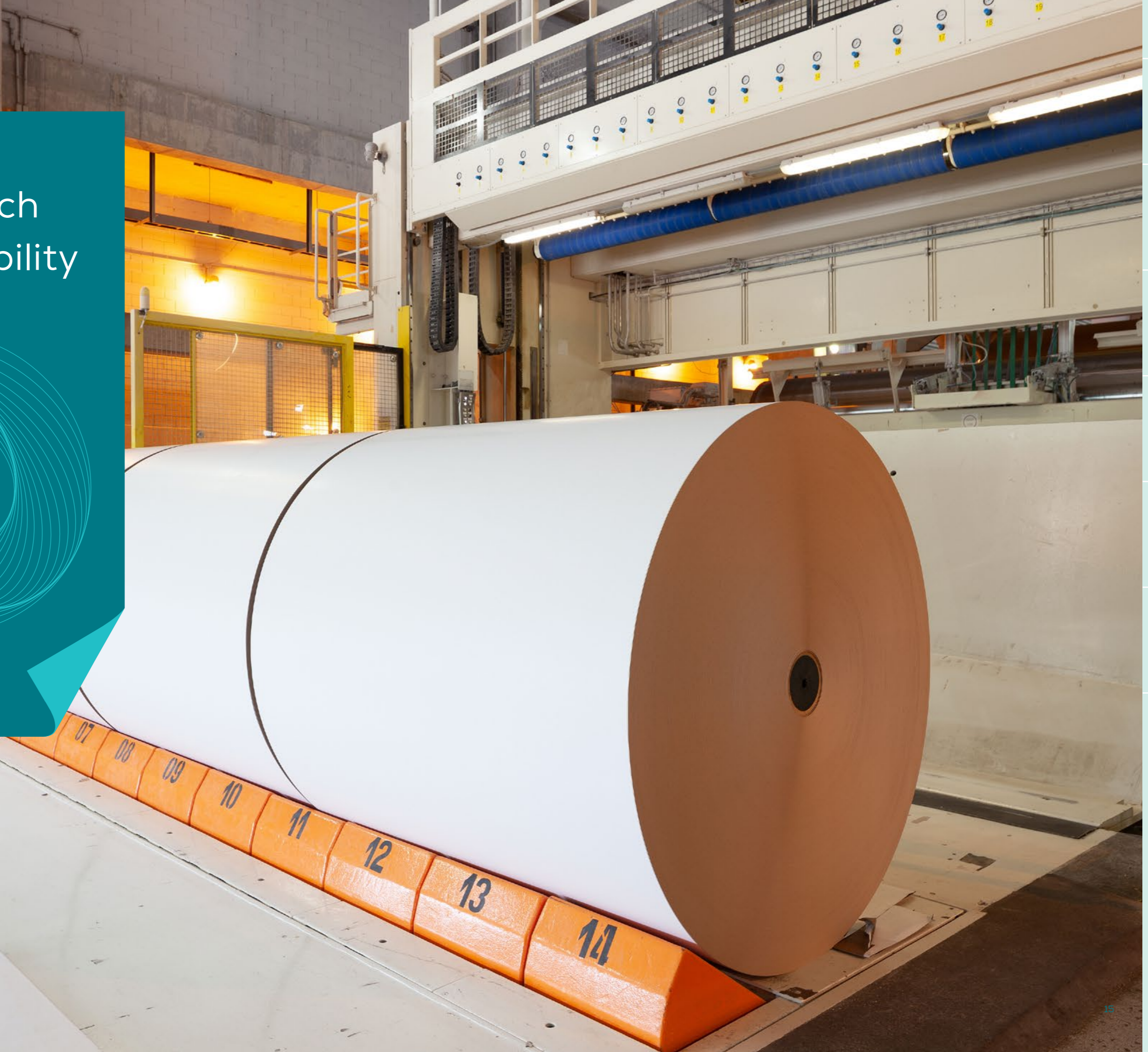
ISO 45001:2018 Occupational Health and Safety Management System



Part of the "Made in Saudi" program, a National Industrial Development and Logistics Program (NIDLP) initiative led by the Saudi Export Development Authority

Chapter 1

Our Approach to Sustainability



Risk and Sustainability Committee Chair Message

At MEPCO, sustainability is a core aspect of how we operate, ensure sustainable growth, and create value for our stakeholders. As Chair of the Risk and Sustainability Committee, I am privileged to lead the governance of these critical elements, ensuring that our sustainability strategy aligns with global ambitions, our overall business objectives and industry best practices.

Our mandate as a committee is clear: we oversee the development, implementation, and monitoring of MEPCO's ESG sustainability and roadmap. This includes identifying and mitigating ESG risks, setting and meeting ambitious targets, and ensuring compliance with evolving regulations. Our aim is to not only manage risks but to also seize opportunities that drive innovation, support market growth, and contribute to the objectives of Saudi Vision 2030.

Our approach to sustainability management is built on three pillars. First, we have established a robust governance structure at board committee level, providing oversight and accountability, ensuring that we remain on course to meet our sustainability objectives. With a dedicated ESG Manager and the support from departmental representatives, we actively oversee activities and cross-functional working groups supporting the integration of sustainability across all departments.

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Second, we have a transparent reporting process that involves comprehensive data collection, third-party assurance, and clear disclosure of our ESG performance. This process reinforces our commitment to transparency and continuous improvement, enabling us to set ambitious goals and track progress.

Lastly, our efforts towards stakeholder engagement remain a cornerstone of our sustainability journey. Through regular dialogue with investors, customers, and the broader community, we ensure that MEPCO's sustainability commitments and efforts are aligned with their expectations, and we adapt our strategy to emerging trends and opportunities.

I am excited about the increasingly important role that MEPCO can play in advancing sustainable operations and products in our industry. Together with the Risk and Sustainability Committee, we remain committed to ensuring that MEPCO not only addresses the challenges posed by sustainability but also embraces the opportunities it presents for future growth.

Mr. Walid Ibrahim Shukri



At the core of MEPCO's approach to sustainability is a commitment to drive a circular economy for paper products. By investing in infrastructure and systems for collecting, reusing, and recycling raw materials, and the diversification and innovation of circular products made with recycled materials, MEPCO is working to close the circularity loop in our own operations and the paper products manufacturing sector.

MEPCO has also been taking the following strategic measures to ensure its approach to sustainability management is comprehensive and impactful:

-  Monitoring external industry, national, and international outlooks and trends, including global sustainability and ESG performance targets and benchmarks
-  Defining significant material sustainability topics informed by national and international priorities, best practices, and guidelines
-  Engaging and considering stakeholder opinions, interests, needs, and priorities
-  Mobilizing our sustainability strategy and operational framework designed to ensure a robust approach to sustainability management

MEPCO's current sustainability ambitions include:

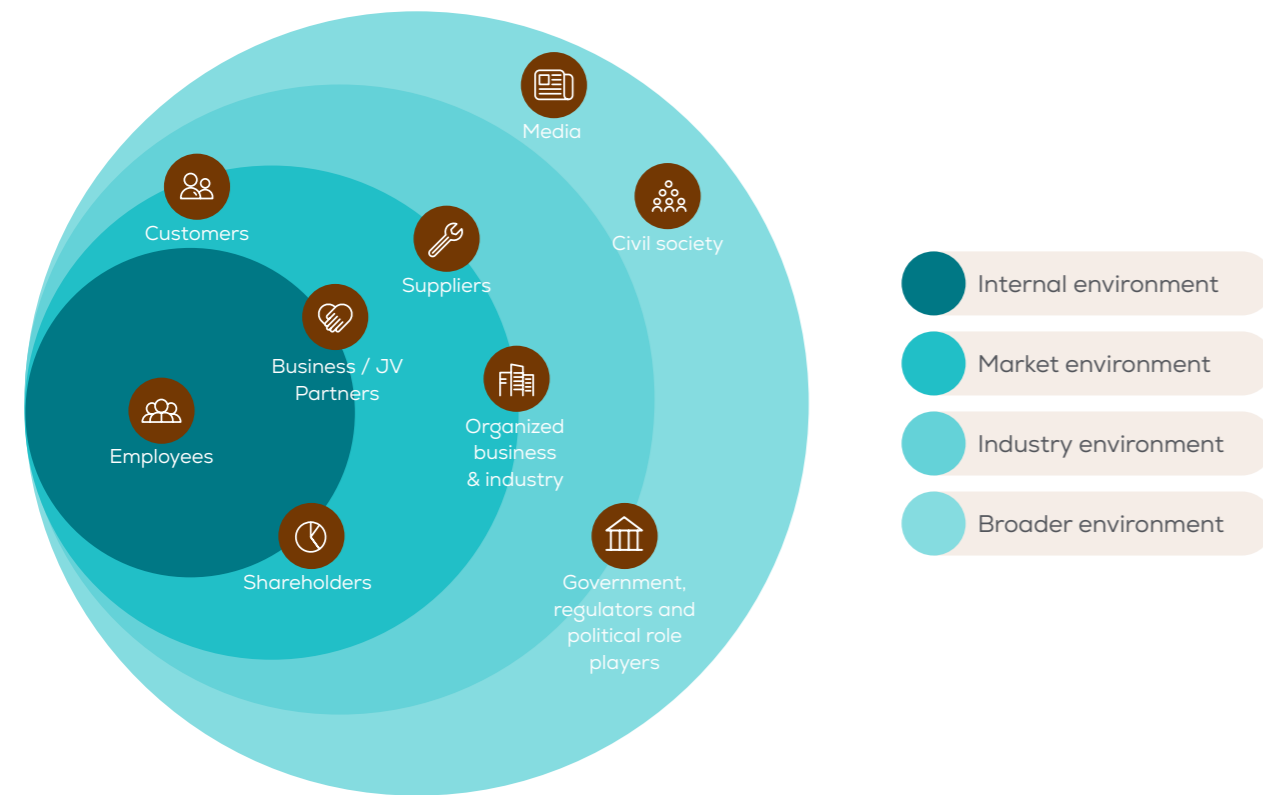
-  Reducing our carbon footprint through waste diversion
-  Internal water recycling
-  Continuing to close the circularity gap by making paper from materials sourced through domestic waste collection
-  Reducing dependence upon imports for paper and tissue, supporting the Made in Saudi initiative in the process
-  Cost and energy optimization initiatives to achieve maximum efficiency



Our Key Stakeholders

MEPCO defines its stakeholders as individuals or entities with the greatest potential impact on and/or interest in its business, as well as those who stand to be most materially impacted by MEPCO's operations and activities. These include but are not limited to our customers, suppliers, employees, business partners, shareholders, regulatory bodies, and local communities.

Global stakeholder management - stakeholder categories



Stakeholder Engagement

Engagement with our stakeholders is part of the driving force of our business. We prioritize open and transparent communication with stakeholders affected both directly and indirectly by our operations, and we regularly look for opportunities to engage on priority topics with our primary stakeholder groups, including employees, shareholders, governmental and semi-governmental entities, customers, and suppliers. In 2022 we conducted a comprehensive survey to update our core stakeholder groups and to evolve our understanding of their priorities, interests and needs. We aim to conduct a new materiality assessment in 2024, further aligning with the global trends.

We also work to ensure meaningful engagement through regular communication and collaboration in initiatives that align with our stakeholders' strategic objectives and sustainability commitments. These engagements include regular surveys and feedback to gather stakeholder insights, along with meetings and workshops with key stakeholders, including customers, employees, suppliers, and regulators, to discuss their concerns and expectations.

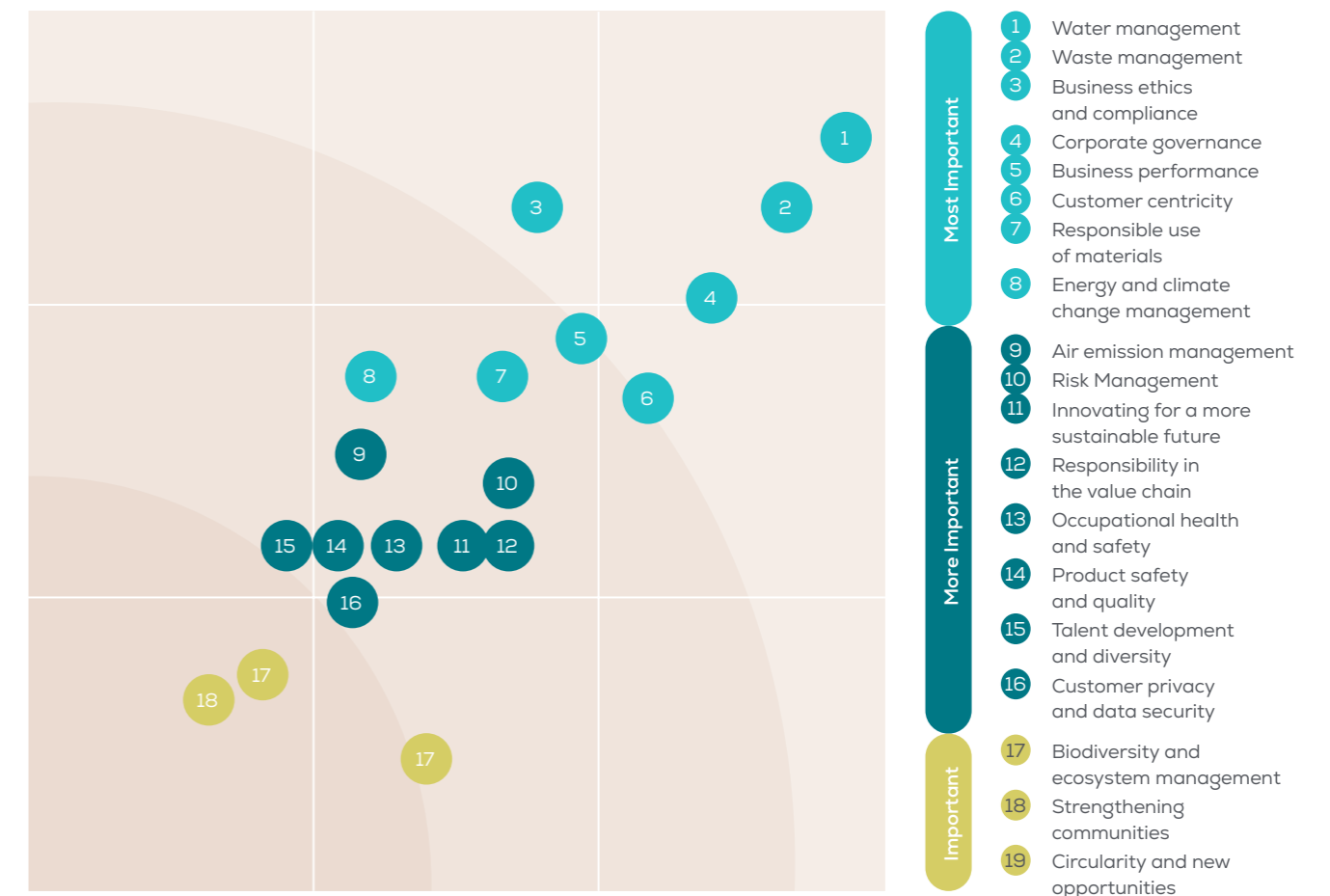
MEPCO is committed to integrating feedback from our stakeholders into our strategic planning and operational processes to enhance our operational efficiency, ensure regulatory compliance, promote sustainability and contribute to community welfare.

Our Materiality Matrix and Sustainability Framework

We regularly evaluate our most critical ESG issues to ensure our business strategy, practices, and processes are aligned with our sustainability priorities. As part of this assessment, we apply the GRI approach to materiality, ensuring that we address issues influencing enterprise value as well as our impact on the economy, environment, and society. We also take into account the evolving needs and expectations of our key stakeholders within the context of sustainability.

Our most recent materiality assessment was completed in 2022. This process included engaging with internal and external stakeholders (including our Board of Directors, employees, investors, suppliers, and government agencies) to provide their views on which issues they consider to be most significant to MEPCO. A materiality matrix was developed to indicate the level of significance of the 19 material topics identified and assessed.

Materiality Matrix



Connecting Materiality and Strategy

The issues presented in our materiality matrix are aligned with our strategic approach and our existing sustainability framework, which is structured around three core domains. To operationalize and manage these issues across our enterprise, key performance metrics and targets have been set for each domain.

Better Business Practices:

As part of our dedication to long-term value creation and success, MEPCO is committed to the highest governance practices, effective risk management, integrity, and accountability while advocating for environment protection throughout our value chain. As part of this commitment, MEPCO strives to continuously reduce our environmental footprint by limiting our climate, water, and hazardous waste impacts and minimizing consumption of natural resource impacts.

Innovating and Creating Value:

MEPCO is dedicated to maintaining and growing our reputation for quality and value, and to strengthening our regional and international growth. We prioritize investment in the innovation and development of new and sustainable products in alignment with our customer needs. We partner with our customers with the aim of enabling them to capitalize on trends like e-commerce, and to move away from plastic packaging. MEPCO also works to champion our customers' businesses by developing high-performance, safe, and durable products while continuously improving productivity and creating value for all stakeholders.

Putting People First:

MEPCO is dedicated to cultivating a work environment that is fair, accessible, and supports equal opportunities for all employees, enabling them to build rewarding careers. We are also dedicated to serving as an employer of choice and to attracting the best talent in our region. Our care for people also extends far beyond our employees. In alignment with our support for the ambitions of the Saudi 2030 Vision and the UN SDGs, we work to create positive value for society by supporting our local communities, and by contributing to poverty alleviation and the education of young people.



Sustainability Targets and Performance

	Targets	2022 Performance	2023 Performance
Better Business Practices	Reduce water intensity by 15% by 2030, compared to the 2019 baseline of 7.9 m3 / ton of production	7.40	7.40
	70% of suppliers based in Saudi Arabia by 2030	56%	57%
Innovating and Creating Value	83.5% of product range are FSC certified by 2030	67%	78%
Putting People First	2025 minimum female employment targets:		
	14% women in senior management	0%	0%
	8.5% in middle management	4%	7%
	4.5% women across operations	2.1%	3%
	Reach platinum status in Nitaqat by 2025	33%	38%
	Increase employee training to five hours per employee per year until end of 2025	1.9	3.28
From 2025 onwards, spend 1% of our net income on community investment initiatives	0.48%	MEPCO financial performance was in net losses, however SAR 299,000 was provided for the community investment initiatives.	

Supporting the Saudi Vision 2030

MEPCO's contribution towards Saudi Arabia's sustainable development is core to its business strategy. In line with the Saudi Vision 2030, our efforts on innovation, sustainability, and collaboration contribute to reducing the Kingdom's dependence on oil, diversifying its economy, and developing public service sectors such as health, education, infrastructure, recreation, and tourism.

Saudi Vision 2030	Target	How MEPCO contributed in 2023
A Thriving Economy 	Diversifying the economy	We strengthened economic growth and resilience by achieving record production levels, introducing innovative products such as new lower GSM plasterboard and high-performance core board, and optimizing raw material costs. We also started our operations at Juthor, MEPCO's new tissue mill, advancing our long-term diversification strategy aligned with Vision 2030.
	Promoting local job creation	We fostered local talent development by hiring over 100 new employees with a focus on diversity and inclusion, particularly increasing the percentage of female in the workforce. MEPCO served as an official sponsor of the Higher Institute for Paper and Industrial Technologies (HIPIT) in Jeddah, a non-profit organization that improves and develops the knowledge and technical expertise of Saudis in the paper and industrial technologies sector.
	Supporting small and medium-sized enterprises (SMEs)	We actively engaged with numerous SMEs upstream and downstream across the value chain and within the same industry segment.
A Vibrant Society 	Enhancing environmental sustainability	We demonstrated commitment to environmental stewardship by reducing direct greenhouse gas emissions, increasing recycled wastewater usage, obtaining ISO 14001 certification, and upgrading the effluent treatment plant (ETP).
An Ambitious Nation 	Promoting local content and job creation	We also achieved a 'High Green' Nitaqat rating and increased average training hours per employee by 50%.



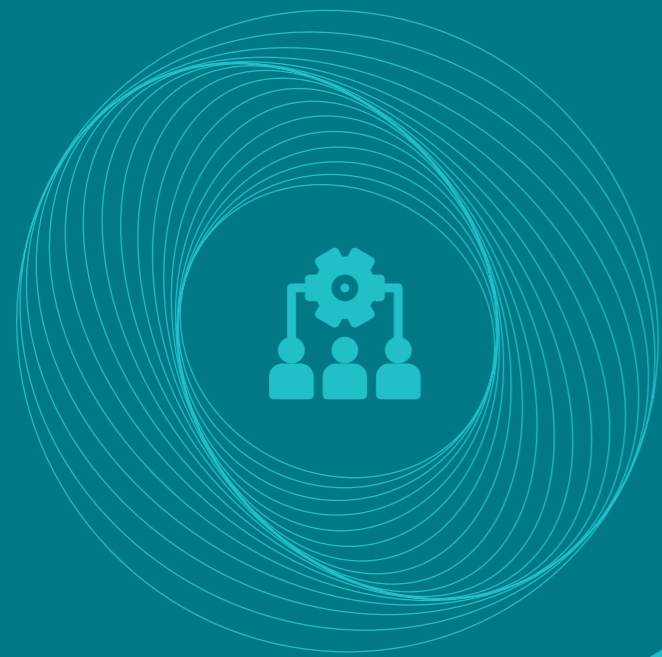
Supporting the UN SDGs

MEPCO's commitment to the SDGs is driven by its dedication to creating a better and more sustainable future for the communities it operates in. We contribute to a range of SDGs most relevant to our areas of operation.

SDGs	Target	How MEPCO contributes
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We partner with the Higher Institute for Paper and Industrial Technologies to provide vocational and administrative training, fostering skilled employment opportunities for Saudi youth.
	Achieve gender equality and empower all women and girls	Our Global Salary Policy ensures equal pay for equal work by promoting fair compensation and a diverse, inclusive workplace.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	We prioritize sustainable growth and a safe, supportive work environment by offering comprehensive employee development programs to enhance professional opportunities.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	We actively invest in innovation, technological advancements, and digitalization to develop high-quality, value-added products and foster operational efficiency. We also use local recovered materials to manufacture products instead of importing.
	Reduced Inequalities	MEPCO supports educational initiatives and local employment to bridge social and economic gaps within our operating regions.
	Ensure sustainable consumption and production patterns	MEPCO champions operational efficiency, responsible resource use, and waste reduction. We design products with recyclable and biodegradable features, contributing to a circular economy.
	Take urgent action to combat climate change and its impacts	We are working to proactively address climate change through energy efficiency measures, increased recycled material utilization, and reduced water consumption.

Chapter 2

Better Business Practices



Sustainability principles, particularly circularity, are central to MEPCO's business strategy and the driving force behind our operational commitment to continuous improvement. From prioritizing the use of recycled materials to proactive initiatives to conserve water and energy, and to decrease waste generation, our sustainability ambitions are inherently tied to our business practices, strengthening our business now and for the future, and protecting the environment we depend on.

Our capacity to effectively operationalize sustainability principles and practices, and to advocate for both environmental protection and human rights across our entire value chain, is directly linked to our commitment to the highest standards of governance, ethical conduct, and transparency. By prioritizing robust governance practices, we ensure our actions create enduring value and strengthen our role as a trusted partner to our business partners, suppliers, customers, and stakeholders.

Material issues covered in this chapter:

- Water management
- Waste management
- Energy and climate change management
- Air emission management
- Biodiversity and ecosystem management
- Responsibility in the value chain
- Corporate governance
- Risk Management
- Business ethics and compliance

Supporting the SDGs



Supporting the Saudi Vision 2030



A Vibrant Society



A Thriving Economy

Environmental Management

MEPCO acknowledges the significant environmental challenges facing our world today, including the climate crisis, extreme weather events, water scarcity, and biodiversity loss. These challenges not only threaten the health and wellbeing of our planet and its inhabitants but also impact our industry and operations.

Understanding our role in this context, we are committed to integrating sustainability across all aspects of our business as well as our product development. MEPCO proactively addresses environmental risks and opportunities, ensuring compliance with national and international environmental regulations and standards.

To drive our efforts, 100% of MEPCO's operations are covered under ISO 14001 certification. This ensures our Environmental Management Systems meet or exceed international standards in alignment with our sustainability commitment and our drive to continuously improve our environmental performance. We also have a Quality, Health, Safety, and Environment (QHSE) Policy in place to provide guidance and support for managing our operations in ways that promote quality, health, safety and environmental responsibility.



Water Management

2030 Target:
Reduce water intensity by 15% compared to our 2019 baseline of 7.93 m3/ton



As a result of our water management initiatives, including the use of a flash aeration tank, sedimentation tanks, gas buffers and degasification tanks to improve recycled water quality, MEPCO has decreased our total water purchased by 3% over the past three years.

Producing paper and paper products is a water-intensive process. Combined with MEPCO's location in the Middle East, an arid and semi-arid region facing significant water scarcity concerns, we are acutely aware of our responsibility to reduce our water impacts and employ effective water management strategies via an "every drop counts" approach. This approach is particularly important given our reliance on Jeddah's municipal water treatment plant (third party) for purchase and discharge for our production processes.

One of the biggest steps MEPCO has taken towards optimal water efficiency is the development of our own closed loop water system via an on-site effluent treatment plant. Internally managing our wastewater further reduces the overall environmental impact of our operations by enabling us to capture, treat, and recycle wastewater from our production processes for reuse.

In 2023, we upgraded the plant's submersible aerators to prevent overload trips, improve reliability, and optimize its efficiency with the aim of increasing our recycled water output by an additional 20% and saving costs in the long run. Most of the wastewater discharged at MEPCO facilities is already treated internally for reuse within our facilities, reducing the volume of water we consume from the municipal water supply, and in 2023 our wastewater reuse increased to 31.5%.

71.8%

increase in the use of recycled water due to upgrades on our closed loop water system

Water	Unit	2021	2022	2023*
Total water withdrawal - third party	Megaliters	3,133	3,081	3,032
Recycled wastewater reuse	Megaliters	388	556	956
Water discharge - third party	Megaliters	N/A	1,821	1,432
Total water consumption	Megaliters	3,521	1,817	2,557
Water consumption per metric tonne of production	Megaliters/tons of production	0,0082	0,0043	0,0062

Waste Management

MEPCO's waste-related impact primarily revolves around the generation, management, and disposal of waste materials resulting from its paper production processes. We are committed to driving enterprise-wide reductions in waste generation by implementing advanced waste management practices and innovative technologies. Our goal is to decrease the overall volume of waste produced, enhance waste recovery, and ensure responsible disposal practices, thereby minimizing our environmental footprint. In addition to reducing waste, we are focused on closing the loop by creating robust pathways for collecting and utilizing recycled materials as our primary raw material, further reducing the need for virgin resources.

Our primary on-site waste streams include sludge from our effluent treatment plant, plant rejects, heavy fuel oil (HFO) sludge and used oil and water discharge. We follow consistent monitoring, measurement and documentation practices for hazardous waste disposal in accordance with our QHSE policy and environmental management systems. Through our partnerships with certified disposal companies, we also adhere to all GAMEP (General Authority Meteorology and Environmental Protection) guidelines.

WASCO

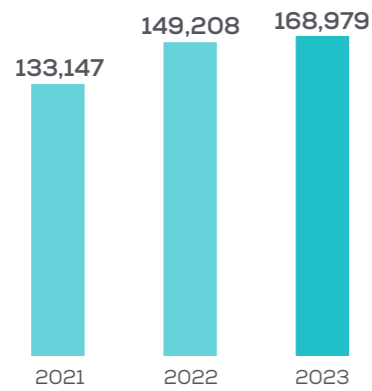
A beacon of sustainability, MEPCO subsidiary WASCO excels in creating circular systems designed to extract maximum value from discarded materials through innovative waste reduction and recycling services that address the escalating challenges of waste proliferation. The company minimizes landfill reliance and mitigates environmental impact by using state-of-the-art technologies to drive integrated waste management solutions such as material recovery facilities (MRFs), receiving centers for segregated recyclables, and end-to-end processing such as alternative energy generation and soil fertilizer production.

WASCO was named Best Waste Management Company of the Year in 2023.

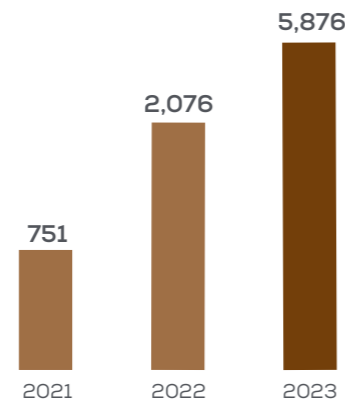
In 2023, WASCO embarked on the launch of a Waste Management strategy that introduces innovative solutions and establishes strategic partnerships to expand our operations and enhance our service offerings.

WASCO also initiated the digitalization of its operations, aiming to ensure efficiency and elevate the quality of our services.

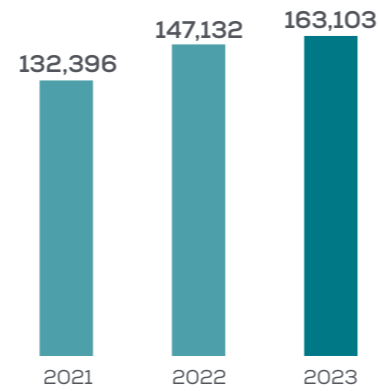
Total waste
Tonnes



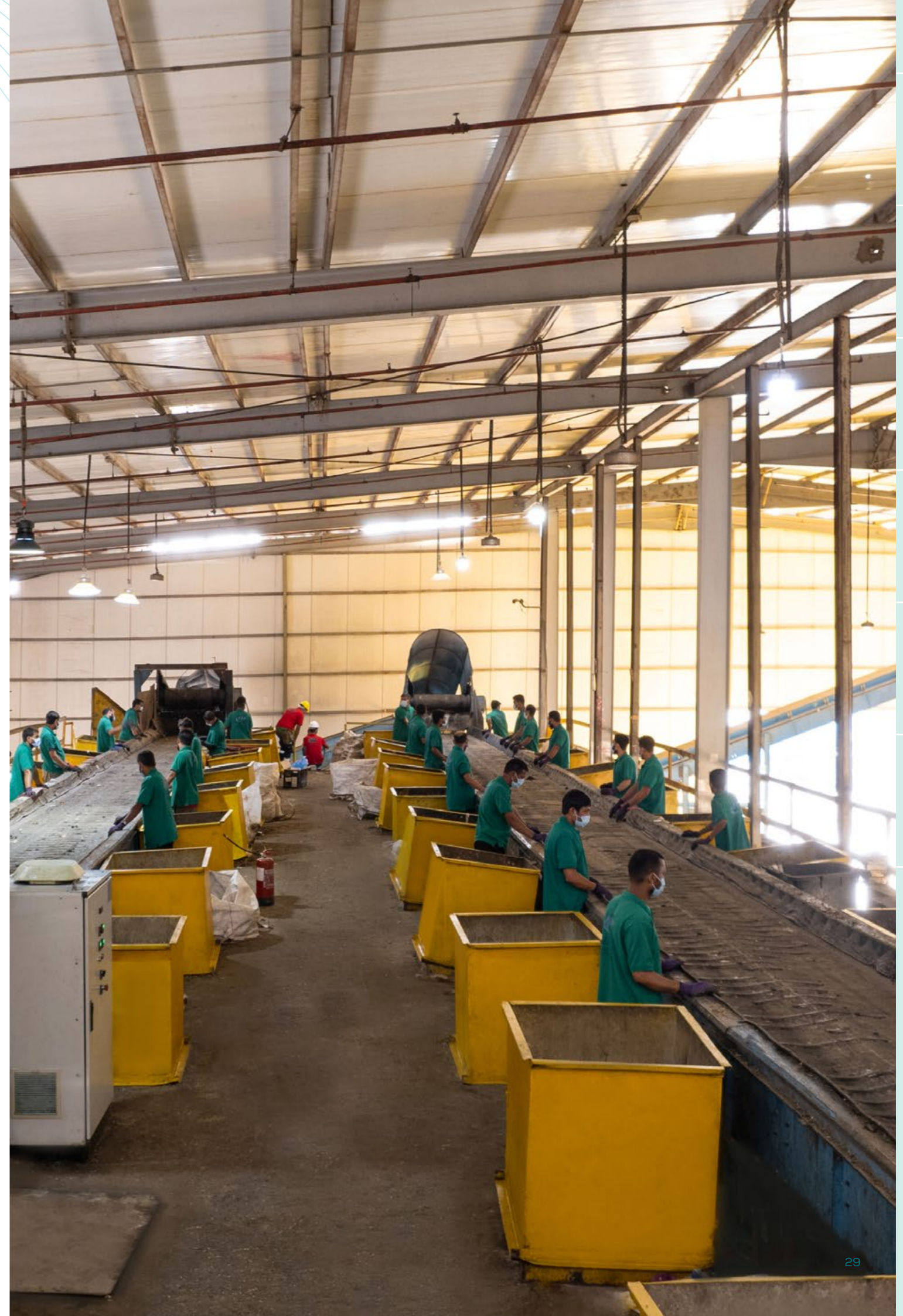
Hazardous waste
Tonnes



Non-hazardous waste
Tonnes



Waste management	Unit	2021	2022	2023
Hazarhous waste generated	Tonnes	132,398	147,132	163,103
Non-hazardous waste generated	Tonnes	751	2,076	5,876
Total waste generated	Tonnes	133,147	149,208	168,979



Energy and Climate Change Management

Reducing our dependence upon heavy fuel oil and energy from non-renewable sources is a mission-critical initiative for MEPCO and a key opportunity to contribute to the ambitions and targets of Saudi Vision 2030. MEPCO is continuing to drive energy efficiency investments and improvements across our enterprise. In 2023, these optimization initiatives included equipment and machinery upgrades designed to boost long-term energy efficiency.

MEPCO achieved ISO 5001 certification for our energy management system in 2023.

Knowing carbon reduction is interlinked with both energy consumption and responsible air quality management, we have also implemented various measures to effectively manage our air emissions. This includes the use of desulphurization technology, and a boiler monitoring system that comprehensively tracks efficiency and air emissions via regular internal assessments and third-party GAMEP audits to ensure MEPCO consistently maintains air emissions within GAMEP limits.

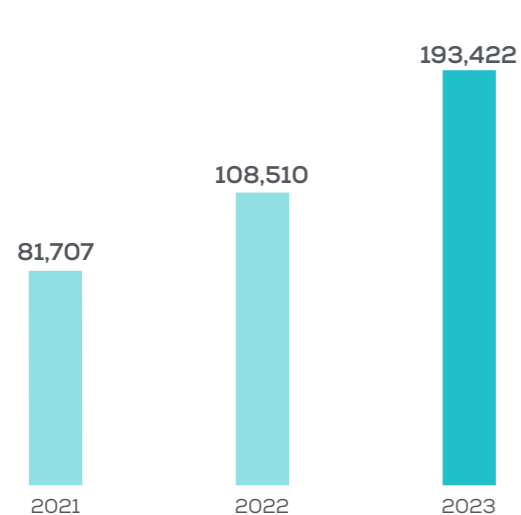
In 2023, our electricity consumption for offices remained steady at 5,487 GJ, showing a slight reduction from 2022 consumption levels. Our petrol and diesel consumption decreased, due to the switch to electricity, more significantly with a 46.6% decrease of diesel consumption from operations. The switch to electrification increased our electricity consumption by almost three fold to around 193K GJ.

MEPCO's FGD (flue gases desulfurization) systems, established in 2022, significantly reduced the SOx emissions.

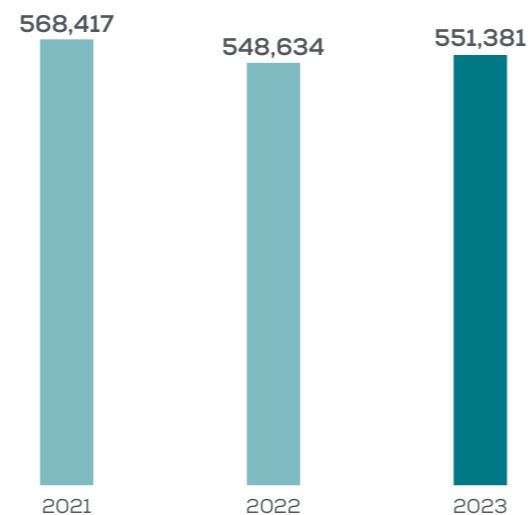
Particulate matter (PM) emissions reduced almost by half (43.3%, from 30 to 17 metric tonnes) in the same period.

46.9%
decrease of diesel
consumption from operations

Total electricity consumption (GJ)



Total GHG emissions (Scope 1 & 2)
Metric tonnes of CO2eq



Energy and Emissions Data	Unit	2021	2022	2023
Direct Energy Consumption				
Petrol consumption from vehicles***	Liters	27,248	38,307	36,748
Diesel consumption from operations	Liters	64,000	2,853,500	1,524,000
Diesel consumption from vehicles	Liters	338,082	321,933	330,000
HFO consumption from operations	Liters	168,977,876	159,007,998	158,646,536
Indirect Energy Consumption*				
Electricity consumption from offices	kWh	1,594,444	1,533,056	1,524,167
	GJ	5,740	5,519	5,487
Electricity consumption from operations	kWh	21,102,173	28,608,644	52,204,128
	GJ	75,967	102,991	187,935
GHG and other Air Emissions				
Direct GHG emissions (Scope1)	Metric tonnes of CO2eq	557,955	531,514	520,864
Indirect GHG emissions (Scope 2)	Metric tonnes of CO2eq	10,462	16,250	30,518
Total GHG emissions (Scope 1 & 2)	Metric tonnes of CO2eq	568,417	548,634	551,381
GHG emission intensity	Metric tonnes of CO2eq/tonne production	1.34	1.32	1.35
NOx emissions	Metric tonnes	-	-	376
SOx emissions	Metric tonnes	-	-	20.19
PM emissions	Metric tonnes	31	30	17

The annual Sox and Nox emissions were calculated based on third-party analysis of HFO (Heavy Fuel Oil) quantities and specification.



Biodiversity and Ecosystem Management

At MEPCO, our obligation to protect and conserve the land and resources is non-negotiable. We know that preserving natural habitats and the species they support is essential for the future of people and planet. Our commitment to protecting biodiversity and our ecosystems is evident in our focus on prioritizing recycled, non-virgin input materials and maintaining FSC certification for as many of our products as possible.

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In alignment with the Saudi Green Initiative ambitions, MEPCO is continuing its efforts to better understand the impacts of its operations on local biodiversity. While our operations in Jeddah are not deemed close to or within areas of biodiversity value, this does not diminish our commitment to the greater good of our environment and community. We are committed to protecting local biodiversity through our waste and air quality initiatives. MEPCO also works with local communities and organizations to support a variety of environmental initiatives.

For more about these initiatives, please visit the Strengthening Communities section.



Responsibility in the Value Chain

Target for 2030:
70% of our suppliers will be based in Saudi Arabia.¹



In addition to exercising careful control of the environmental and social performance of our subsidiaries (WASCO, Estidama and Juthor), MEPCO directly engages with suppliers across our value chain to maximize the positive impacts of our activities. In addition to selecting suppliers who share in MEPCO's values, we ask all suppliers to comply with the business principles set forth in the MEPCO Supplier Code of Conduct, which ensures our supply chain operates ethically and transparently.

We also have plans in place to develop a robust risk management system to help us monitor and address potential human rights violations within our supply chain, enabling us to identify and resolve concerns before they escalate. Any MEPCO suppliers who are deemed high risk or who break the Supplier Code of Conduct will be reviewed and/or terminated in line with our supply chain governance principles.

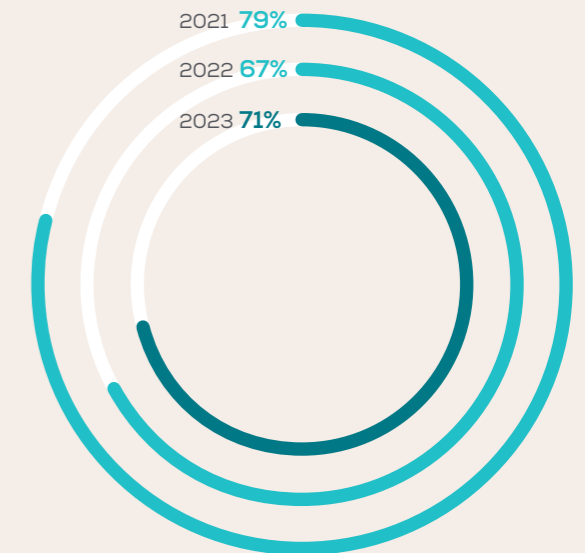
71%

of our procurement spending in 2023 was made to local suppliers, which represent 57% of our supplier base.

Supporting Local Suppliers

In line with our support to Saudi Vision 2030, MEPCO prioritizes local suppliers, furthering our investment in the local economy and reduces transport-related emissions. Even though our overall procurement spending fell over the past three years, percentage of spending on local suppliers and share of local procurement remained steady. Ultimately, MEPCO aspires to increase our share of local suppliers to 70%* by 2030 compared to a 2021 baseline.

Percentage of spending on local suppliers Percentage



Local Procurement	Unit	2021	2022	2023
Total suppliers engaged	Number	468	451	461
Total local suppliers engaged	Number	273	253	263
Share of local procurement	Percentage	58%	56%	57%
Total procurement spending	Million SAR	625	699*	539
Procurement spending on local suppliers	Million SAR	494	467	380
Percentage of spending on local suppliers	Percentage	79%	67%	71%

*The restatement corrects the omission of the '2023 Machine Clothing' order from the 2022 figures. Although named for 2023, the order was placed in December 2022 and should be included in the total purchase order (PO) value for 2022.

1. This 70% target takes into consideration procurement of virgin pulp from international suppliers, which must be imported for purposes of tissue raw material requirements

Corporate Governance

Through a principled approach to conducting business characterized by transparent, ethical decision-making, accountability, and responsible operations, we aim to drive business excellence, performance, and competitiveness.

We are committed to contributing to the global sustainability agenda, while creating long-term value for our shareholders and stakeholders. Strong corporate governance practices led by a diverse and experienced Board of Directors are the lynchpin of this approach.

MEPCO's governance approach is built upon nine principles. Integrating these principles into our corporate governance framework and regularly monitoring their effectiveness ensures the protection of the rules, policies and procedures listed in MEPCO's corporate governance policy, along with the rights of our stakeholders. All regulations are binding to all members of the Board of Directors, executive management, managers, and company employees.



- 1 Enhancing the role of our shareholders:** Empowering shareholders is crucial for driving sustainable value creation. By fostering open dialogue and promoting transparency, we enable shareholders to actively participate in shaping MEPCO's strategic direction.
- 2 Clearly defining Board and Executive competencies and responsibilities:** We strive to ensure MEPCO's leadership possesses the necessary skills and expertise to navigate the complex business and operational challenges as well as the sustainability landscape. Clearly defining roles and responsibilities facilitates effective decision-making and accountability.
- 3 Enhancing and developing the role of the Board and associated committees:** We continuously invest in the development of our Board and committee members to ensure they are equipped with the latest knowledge and best practices in sustainability and corporate governance.
- 4 Achieving transparency, impartiality, and equity in all business transactions:** MEPCO is committed to conducting our business with the utmost integrity, fostering a culture of transparency and fairness in all our dealings.
- 5 Providing effective and balanced tools to deal with conflicts of interest:** We have established robust mechanisms to identify, manage, and mitigate potential conflicts of interest, safeguarding the interests of all stakeholders.
- 6 Enhancing accountability and control mechanisms for employees:** MEPCO promotes a culture of accountability and responsibility, empowering our employees to act ethically and in the best interests of the company.
- 7 Upholding a clear framework for engaging with stakeholders and protecting their rights:** We are dedicated to engaging with our stakeholders in a transparent and inclusive manner, ensuring that their voices are heard, and their rights are protected.
- 8 Supporting effective governance systems and tools for overseeing MEPCO:** We continuously review and enhance our governance systems and processes to ensure their effectiveness in driving sustainable performance.
- 9 Raising awareness with respect to inclusivity and professional conduct:** We encourage our employees to embrace diversity, inclusivity, and ethical behavior, fostering a culture of respect and collaboration.

Board of Directors

MEPCO is led by an experienced Board of Directors, the highest governing body, which is elected by the General Assembly following nominations put forward by the Nomination and Remuneration Committee (NRC). It holds responsibility for fostering a collaborative environment that supports sustainable growth and innovation by managing our alignment with stakeholder interests, establishing and leading our executive management, organizing its work, controlling and supervising performance, and ensuring adherence to the Corporate Governance Code.

The Code outlines the executive management's competence to propose and implement plans, policies, strategies, and objectives, ensuring segregation of duties and preventing any individual from having unilateral decision-making authority. MEPCO evaluates the performance of the executive management by a performance management system conducted by the HR and supervised by the NRC.

The Board also engages in decision-making and oversight related to sustainability and climate-related risks and opportunities. Sustainability issues are reviewed regularly at the board level, particularly through the Risk and Sustainability Committee, which monitors the organization's ESG efforts. The Board also approves MEPCO's annual ESG report.

Please refer to the [2023 Annual Report](#) for more information on our strong governance efforts and structures.

Board Committees

Board committees enable the Board to effectively fulfil its duties in accordance with corporate governance regulations. The Board of Directors supervises four committees: the Audit Committee, the NRC, the Risk and Sustainability Committee, and the Strategic and Executive Committee. These committees focus on key governance areas including audit, risk management, and sustainability, ensuring that MEPCO remains at the forefront of industry best practices.

Risk and Sustainability Committee

MEPCO's Risk and Sustainability Committee is composed of three board members tasked with overseeing ESG throughout the company. The Board has also delegated the management to oversee ESG across our operations.

Mr. Walid Ibrahim Shukri: Mr. Walid is a former Senior Partner at PwC Saudi Arabia. He is a current Board and Committee Member across a range of organizations, includes Saudi Electricity Company, General Authority for Military Industries (GAMI), Saudi Agricultural and Livestock Investment Company (SALIC), Diriyah Gate Development Authority, stc, and Tatweer Education Holding Company

Ms. Hawazen Nazih Nassief: Ms. Nassief is the head of Sustainability and Stewardship at the Public Investment Fund of Saudi Arabia. She has spent the majority of her career focusing on environmental, social and governance (ESG), sustainability

and corporate responsibility, working in several multinational companies in the US, Saudi Arabia, and the UAE. She currently serves on the Board of Directors of Tanmiah Food Company (TFC), where she chairs the ESG Committee and is a member of the Nomination and Remuneration Committee (NRC). Ms. Nassief is also a member of the NRC of Bupa Arabia.

Mr. Waleed Abdulrahman AlMonie: Mr. AlMonie is an expert in the strategy and project management domains. He has worked extensively on organizational transformation projects in key large scale entities including strategies' formulation and execution in multiple areas such as information technology, optimizing business models, and HR.

Risk Management

MEPCO maintains robust policies that guide our approach to risk management, including a credit policy, treasury policy, and marketing policy. These policies enable us to proactively identify and prevent potential risks and to detect actual risks at an early stage, allowing us to take appropriate measures to minimize their impact on our performance.

MEPCO's Risk and Compliance department plays a crucial role in overseeing our risk management activities. To ensure our efforts are comprehensive and effective, the department manages the implementation of our policies, and works closely with all business units to identify, assess, and mitigate risks, fostering a culture of risk awareness in the process.

Business Continuity Management

Our Business Continuity Management (BCM) prevents and mitigates business interruption risks arising from unforeseen events or crises. Our BCM framework encompasses contingency planning, resource allocation, and regular testing to ensure that our operations can continue with minimal disruption in the face of adversity.

Climate Related Risks and Management Strategies

Climate change presents both challenges and opportunities for MEPCO's manufacturing operations in Saudi Arabia. MEPCO's operations, particularly in Jeddah, face heightened risks due to water scarcity exacerbated by changing climate patterns. As water is essential for pulp processing and paper formation, any disruption poses a significant threat to our production. Additionally, extreme weather events can affect the availability of key raw materials, such as recycled paper and pulp, disrupting our supply chain. The energy-intensive nature of paper manufacturing also exposes MEPCO to fluctuations in energy prices driven by climate mitigation policies and external factors. However, the growing demand for eco-friendly products and the increasing use of recycled raw material offers opportunities for business growth and innovation.



Business Ethics and Compliance

MEPCO recognizes its responsibility to uphold the interests of its stakeholders by behaving with integrity and ethically. These values are deeply entwined in our approach to doing business, and compliance with all applicable laws and regulations is a top priority for our company.

We have also codified them in a comprehensive Code of Conduct. Designed to govern our interactions with employees, suppliers, government agencies and other parties, the Code provides a clear framework for labor relations, compliance, managerial responsibilities, and the ethical conduct of our employees. This also includes the principles of loyalty, integrity, and honesty, attendance compliance, independence and subjectivity, the competition act, conflicts of interest, and maintaining data confidentiality. It also addresses issues such as confidentiality, intellectual property protection, and supplier relationships.

Anti-Fraud and Whistleblowing

MEPCO's Anti-Fraud and Whistleblowing Policy sets forth guidelines for reporting fraud and misconduct, with our Internal Audit and Human Resources departments working together to ensure effective communication and reporting channels. Our policy commitments are communicated to our employees, business partners and other relevant parties via HR emails and our Integrated Management System (IMS) folder.

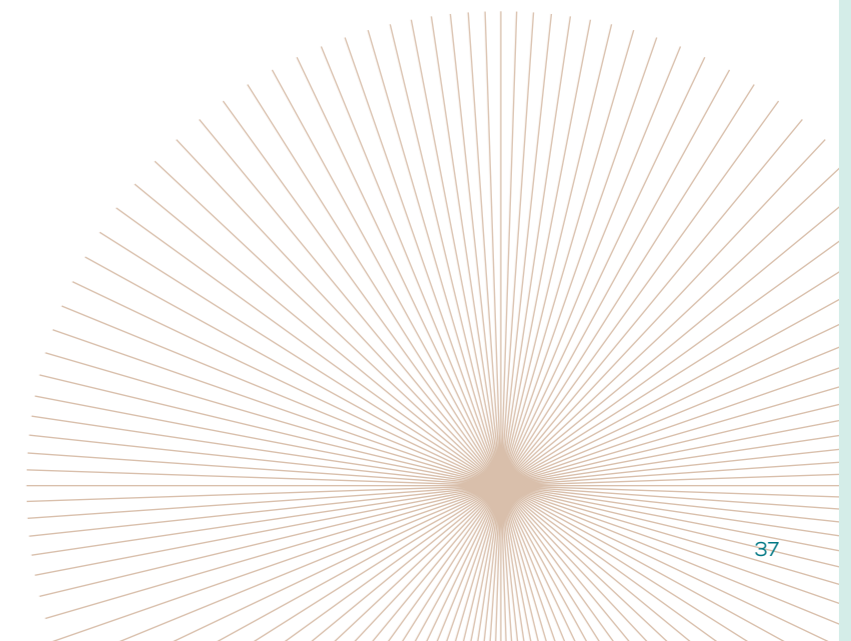
We encourage all employees to report any violations of MEPCO's Code of Conduct with the full assurance that their anonymity will be protected, and no reprisals will be taken against them. To facilitate this process, we have established a hotline/grievance register for reporting concerns related to business ethics, as outlined in our Violations Notification Policy and our Employee Manual. Our HR department maintains the register, and we are in the process of developing a grievance resolution plan to address issues through department heads and senior management.

Handling Conflicts of Interest

MEPCO has a Conflict-of-Interest Policy in place to report any conflicts of interest and/or related party transactions by the finance department as disclosed in the "Know Your Customer" (KYC) to the Governance, Risk and Compliance (GRC) department. In the instance of a conflict of interest, the GRC notifies the conflicted party to disclose the transaction to the Board. The Board then asks the Audit Committee to conduct an arm's length review of the transaction, and the Board recommends the transaction to the General Assembly for approval. The Board Secretary reports the transaction that requires the Board or the General Assembly's approval and guides the members to disclose whenever a conflict of interest arises.

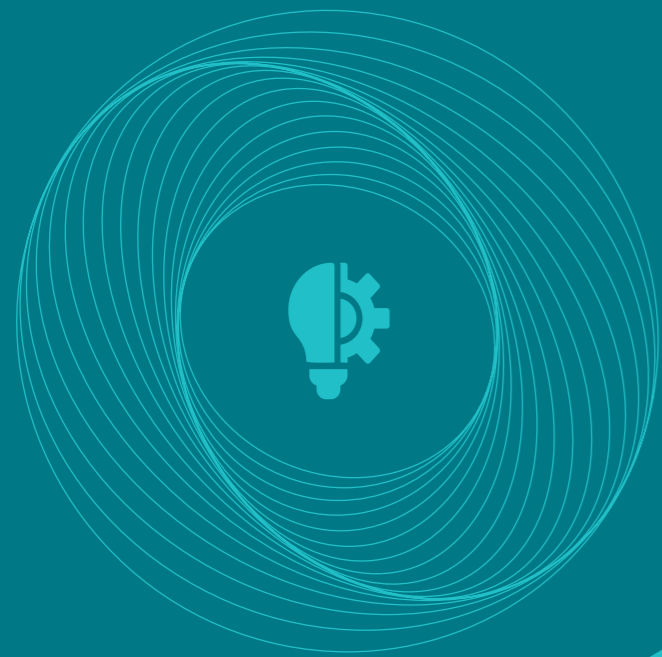
Zero

incidents of corruption
were recorded in 2023



Chapter 3

Innovating and Creating Value



17 16 15

Innovation is at the heart of MEPCO's business. We are constantly pushing the boundaries of possibility for recycled materials and developing new, novel paper products that meet our customers' needs while driving our circular economy agenda. The need to continue investing in these and other sustainable business practices has never been greater as climate concerns, resource scarcity, and evolving market demands continue to affect our region, our markets, our customers, and our communities.

In alignment with the ambitions of Saudi Vision 2030 and the Saudi Green Initiative, in 2023 our ongoing investments in research and development led to new breakthroughs in resource conservation, waste reduction, and circular practices. Through close collaboration with both customers and partners, we continued to innovate in ways that optimized our business practices and benefitted the environment – reinforcing MEPCO's leadership in sustainable solutions for a more resilient future.

Material issues covered in this chapter:

- Business performance
- Innovating for a more sustainable future
- Circularity and new opportunities
- Responsible use of materials
- Product safety and quality
- Customer centricity
- Customer privacy and data security

Supporting the SDGs



Supporting the Saudi Vision 2030



A Thriving Economy

Business Performance

Market instabilities caused by geopolitical turbulence and supply chain disruption saw an economic slowdown and fluctuating paper demand in 2023. Nevertheless, MEPCO's business remained strong and resilient.

While paper industry experienced an oversupply in 2023, especially in recycled containerboard, demand for packaging, e-commerce, and hygiene products remained strong. The industry also experienced a shift towards lighter, paper-based packaging, and an increase in recycling rates for old, corrugated containers. These factors resulted in a production volume of 408,640 tons. While MEPCO's sales volumes also reached a record high, total revenues fell to SAR 866.75 million (a drop of 27% compared to 2022) due to slower market recovery, cost inflation, and global destocking.

The operations launch of Juthor, MEPCO's new tissue mill, helped to stabilize revenue streams and advance our long-term diversification strategy. In Saudi Arabia specifically, the tissue market surpassed global growth averages due to shifts in consumer behavior and a focus on hygiene. Globally, tissue demand saw a 2.8% growth, while Saudi Arabia's tissue consumption grew by 3.5%, reaching 250 million tons annually.

MEPCO is also in the midst of developing a new facility (PM5) designed to produce lightweight containerboard grades. With a total investment of SAR 1.7 billion, the expansion is the largest in the company's history. Slated for completion in 2027, the facility will further diversify our product range. Its 450,000-ton production capacity will double our current production capacity. In addition, the facility is designed to rely primarily on recovered paper as a raw material, advancing our circular economy models as well.

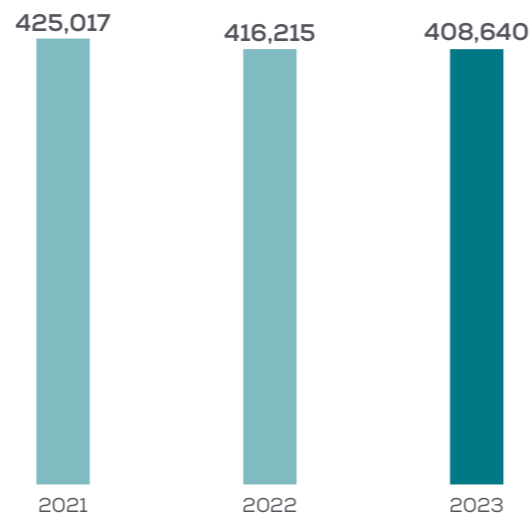
Looking ahead, MEPCO remains optimistic about price stabilization, profitability growth, and increasing its 31% market share in Saudi Arabia's containerboard sector in 2024.

Please see the MEPCO's 2023 Annual Report for more information on financial performance.

35%

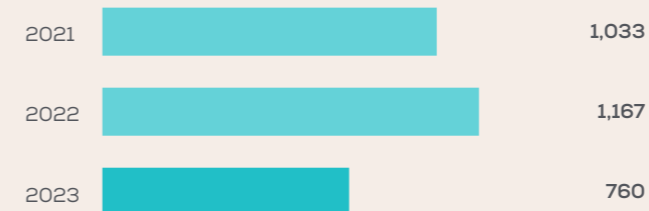
Saudi Arabia's tissue consumption

Annual paper production
Metric tons



MEPCO
SAR million

SAR 760m



Juthor
SAR million

SAR 89m

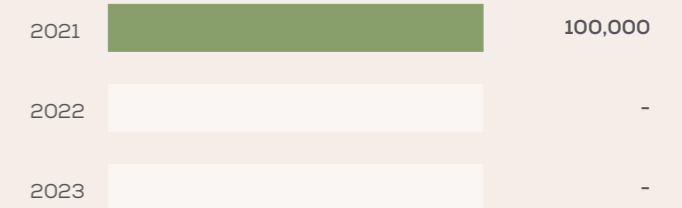


WASCO
SAR million

SAR 231m



SICO
SAR



Total Revenue
SAR million

SAR 1.08bn



Innovating for a More Sustainable Future

In today's rapidly evolving world, businesses must take decisive action to address critical environmental and social challenges. At MEPCO, a key focus of our efforts is combating plastic pollution by offering customers eco-friendly alternatives to single-use plastics through recyclable and biodegradable paper products.

At MEPCO, our R&D department is continuously focused on developing sustainable materials and methods to increase the percentage of recycled fibers and fillers in our products while maintaining the highest quality standards. A key objective is to enhance product durability, tear resistance, and moisture protection, particularly for specialized markets such as packaging and construction. Our R&D team is also committed to optimizing process energy efficiency by innovating heat recovery systems and integrating energy-efficient machinery to reduce overall energy consumption.

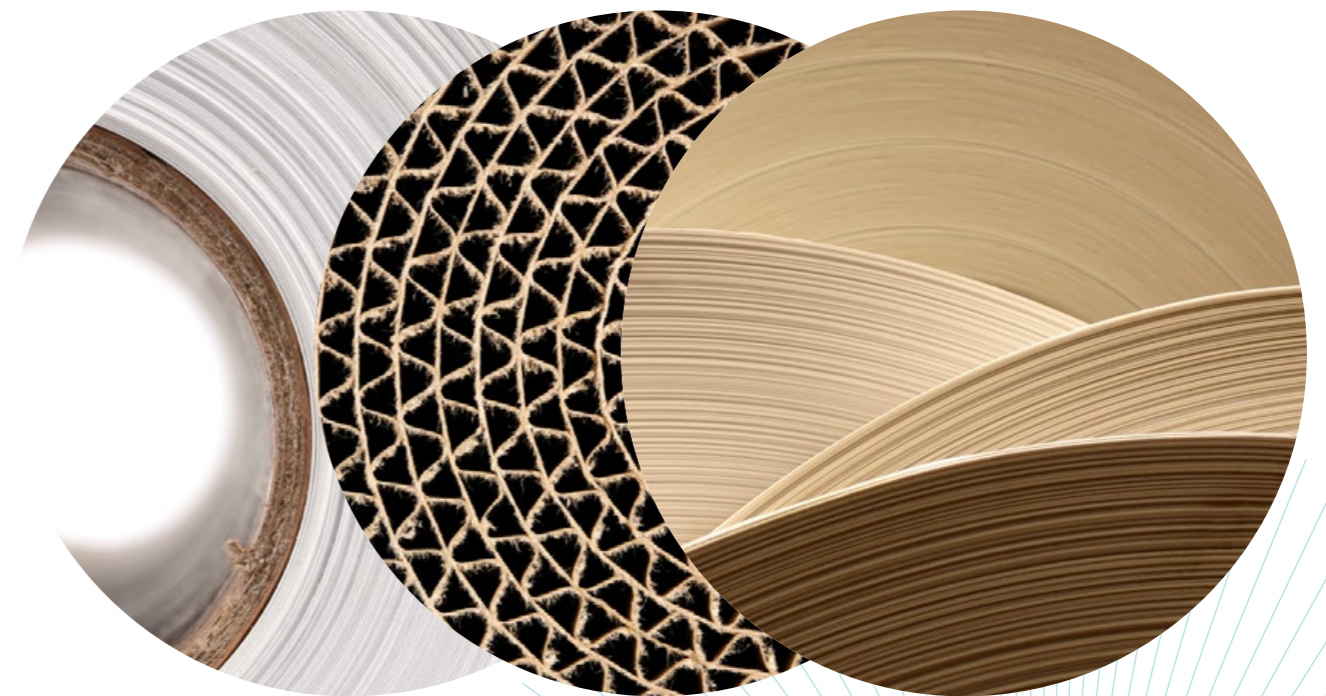
Our hybrid-grade products—MEPCHEM, MEPWHITE, MEPDUAL, and MEPKRAFT—are made with high percentages of recycled materials and are engineered to withstand temperature fluctuations and humidity, providing a durable, sustainable alternative to products traditionally made with virgin fiber. Additionally, MEPDUAL serves as both a liner and a corrugating medium, allowing customers to reduce stock requirements by up to 50%, further enhancing sustainability and operational efficiency.



Circularity and New Opportunities

Circular economy principles and practices are the foundation of MEPCO's business model. Advancing circularity for our business and our industry reduces overall environmental impact and fosters sustainable development and economic growth for our region and beyond.

We promote circular business principles through a strategic focus on maximizing our use of recycled input materials in place of virgin raw materials. In the process, we are continuing to invest in the advancement of recycling technologies in partnership with our WASCO and Estidama subsidiaries. And we are continuing to drive the innovation of a diverse range of high-quality products made with both pre-consumer and post-consumer recycled material.



Responsible Use of Materials

Target for 2030:
83.5% of product range are FSC certified



In 2023, 95% of our input materials were recycled materials, an increase of 5.6% over 90% in 2020. This boost in circularity continues to reduce our reliance upon virgin raw materials from 10% to 5% in the last three years. In the process, our escalating use of recycled materials is both protecting valuable forests and enabling a more sustainable, cost-effective supply chain.

In addition to relying predominantly on recycled input materials, MEPCO is also focused on ensuring the efficient use of materials throughout our production processes. In 2023, process and equipment optimization helped our production plants achieved their lowest-ever consumption rates for two key process materials, white pulp (38%), and starch (32 kg/t). We also reduced consumption of filler polymer by 60% and kraft pulp to 30%.

To reinforce our commitment to responsibly sourcing our raw materials, MEPCO has achieved Forest Stewardship Council (FSC) certification for more than 78% of our product range, including our MEPWHITE and MEPKRAFT products. In 2023, we also successfully completed third-party external audits by FSC and Integrated Management System (IMS).

Certiably Sustainable Paper Products

7 MEPCO products are FSC certified by BV Bureau Veritas

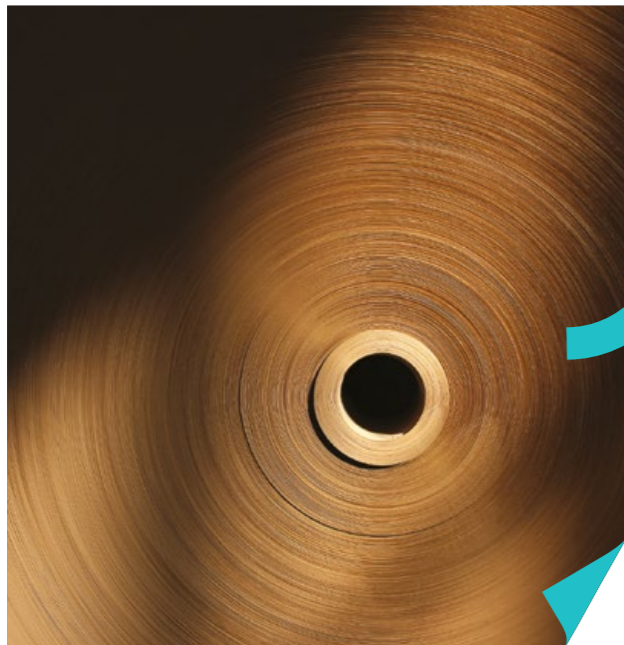
- MEPLINER (FSC Recycled)
- MEPFLUTE (FSC Recycled)
- MEPCORE (FSC Recycled)
- MEPCHEM (FSC Recycled)
- MEPDUAL (FSC Recycled)
- MEPWHITE (FSC Mix/FSC Recycled)
- MEPKRAFT (FSC Mix/FSC Recycled)

6 MEPCO products have ISEGA Food Contact Certificates by ISEGA Germany.

- MEPLINER
- MEPKRAFT
- MEPFLUTE
- MEPWHITE
- MEPCHEM
- MEPDUAL

78%+

of MEPCO products are FSC Certified



Product Safety and Quality

Prioritizing the safety and quality of paper products helps us to protect the health of consumers, minimize the health risk and protect our environment.

Since 2019, MEPCO has been the only containerboard manufacturer in the Middle East to achieve and maintain ISO/IEC 17025:2017 accreditation for Testing and Calibration Laboratories, including the certification of our Dry Lab for 12 ISO 17025 tests by International Accreditation Services. We also hold Food Contact certifications for all six MEPCO products from ISEGA Food Contact Services by ISEGA Germany: MEPLINER, MEPKRAFT, MEPFLUTE, MEPWHITE, MEPCHEM, and MEPDUAL. We conduct annual surveillance audits for all MEPCO management systems and certifications, as well as regular inter-group meetings for fibrous quality monitoring.

In addition to the recent introduction of new testing measures such as measuring cockling (distortion) in board products, and the implementation of an online quality compliance system, in 2023 we upgraded all lab testing equipment and all measuring equipment, including our weighing scales.

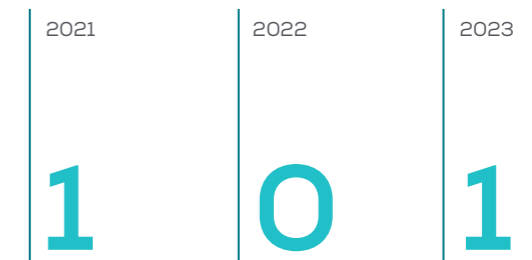
In line with our commitment to full transparency, we also provide Material Safety Data Sheets (MSDS) with all our products to ensure our customers have full access to all essential product information including warnings, product identification and composition, firefighting measures, and guidelines for safe handling and storage.

We recorded one incident regarding reel damaging of core board and was resolved with logistics provider.

MEPCO is the only containerboard manufacturer in the Middle East to achieve and maintain ISO/IEC 17025:2017 accreditation for Testing and Calibration Laboratories.



Number of incidents of non-compliance with regulations, voluntary codes, or supplier standards, concerning health and safety of products, services, or handling/transport/storage of product



Customer Centricity

MEPCO understands the vital importance of two-way engagement with our customers alongside our obligation to deliver outstanding quality products at optimal cost. Directly engaging with our customers and maintaining open communication with them is key to our capacity to innovate and deliver a diverse range of products designed to meet and ultimately exceed our customers' expectations. Our aim is to achieve zero complaints, and we are committed to continuously improving our processes and systems to reach and maintain this goal.

How We Handle Customer Feedback, Complaints, and Queries

Customers can provide feedback via multiple channels including customer hotline services, online forms, social media, and direct communication. Customers receive immediate acknowledgement of their feedback, which is then screened, investigated and analyzed for a root cause. Relevant departments are then engaged to implement a resolution, and customers are engaged in the outcome. Regular monitoring and reporting mechanisms are also in place to track the efficacy of each solution.

Feedback data is also used to enhance our Quality Management System by ensuring best practices are adopted, maintained, and continuously improved.

The majority of the complaints received were related to quality issues, while the remainder concerned logistics, production, and delivery planning.

89%

customer satisfaction level in 2023 (8.9 out of 10), and we are aiming for zero complaints in sales and marketing

All 57 complaints received via our communications channels in 2023 were fully resolved.

Customer Satisfaction Score (0 to 10)



Customers actively responding the survey



Customers' Complaints	Unit	2021	2022	2023
Customer complaints received through communication channels	Number	47	54	57
Resolved issues that were raised through the complaint channels	Number	100%	100%	100%



Customer Privacy and Data Security

Protecting the confidentiality and privacy of sensitive data and mitigating potential risks are critical to maintaining the trust of our customers, suppliers, partners and other stakeholders. In the fast-evolving digital landscape, this requires constant vigilance and oversight of our data security and privacy strategy and practices.

In addition to cutting-edge data privacy and security systems, our employees are the frontline of our data privacy initiatives. Guided by our Data Privacy Policy, our data security practices include regular employee training using the Knowbe4 platform with a focus on principles, awareness, policy adherence, and procedures to ensure our organization is fully equipped with the knowledge and skills necessary to present and respond to cyberattacks. This also includes regular communication from MEPCO's IT team on potential security threats such as phishing attempts and spam emails.

MEPCO is also in the process of complying with Personal Data Protection Law (PDPL), and we have implemented the ISO 27001 Information Security Management standard, for which we conducted annual internal and external audits in 2023. In compliance with National Cybersecurity Authority guidelines, we are also developing a comprehensive framework to enhance our cybersecurity network.

Should a security breach occur, we maintain an incident register to document the occurrence, identify the root cause, and devise and implement corrective actions. This process enables us to learn from incidents and to continuously improve our security measures.

Maintaining Data Security

MEPCO has maintained a strong data privacy and security record for the past three years:

- No cyberattacks
- No identified incidents of breach or loss of customer privacy

Other data privacy and security practices include:

- Keeping all worker-related information under HR administration. We use SAP success factors to enable employees to access their own information via individual user ID and passwords.
- Regularly backing up all sensitive, valuable, and critical customer and stakeholder information and business data.
- Conducting periodic IT security audits to assess our infrastructure and develop an implementation plan based on audit recommendations.

Zero

complaints from outside parties or regulatory bodies regarding customer privacy

Zero

security breaches in the past three years

Digital Transformation

To support our regional and global expansion strategy, MEPCO is embarking on a comprehensive digital transformation journey. This process involves automating, innovating, and optimizing our operations and core internal business processes with increased efficiency in mind.

In 2022 and 2023, we deployed the SAP S4 HANA platform to deliver real-time data insights across our company, enhancing our strategic decision-making and operations management capacity by enabling a single view of our entire enterprise. As a result, MEPCO has already reduced manufacturing cycles and increased the efficiency of our manufacturing-related functions and inventory management.

In the next phase, we will deploy an eCommerce solution designed to improve the customer experience from content management and customization to order processing and engagement. As we further our expansion and tap into new markets, we are also employing SAP solutions for customer-facing functions including logistics, regional and international trade, and planning.

Automated Solutions for Better Manufacturing

In 2023 MEPCO implemented Greycon's X-Trim solution to improve our manufacturing efficiency and streamline our operations as part of our digitalization strategy. Designed to automate and optimize trim patterns, reduce cycle times, and improve planning processes, the initiative aligns with the technology and sustainability ambitions of Saudi Vision 2030. Looking ahead, we plan to pave the way for future advancement in automation and robotics by integrating this solution with SAP S4 HANA, further enhancing our operations, waste management, and our industry leadership.



Chapter 4 Putting People First



We pride ourselves on cultivating a fair, inviting and equitable work environment in which every employee can build a thriving career. We are also proud of MEPCO's commitment to attracting and retaining the region's best, most qualified talent, and to using our resources to create positive value for our employees, the communities we serve, and society as a whole. As part of this focus, we have a commitment to actively supporting UN SDGs for poverty alleviation and the education of young people as part of our approach to community investment – ambitions that also align with Saudi Vision 2030 objectives.

MEPCO was recognized with a "Great Place to Work" award in 2023.

Material issues covered in this chapter:

- Talent development and diversity
- Occupational health and safety
- Strengthening communities

Supporting the SDGs



Supporting the Saudi Vision 2030



An Ambitious Nation



A Thriving Economy

Engaging Our Employees

Central to “Putting People First” focus is empowering our employees. By closely monitoring employee progress, offering regular reviews, and mapping future opportunities for performance development, we enable our employees to build their own successful careers.

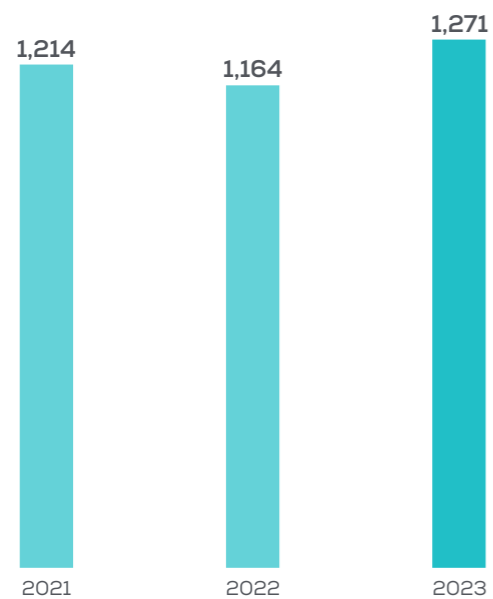
To continuously enhance our support for employee development, we offer regular training sessions and educational opportunities informed by employee reviews and assessments. All MEPCO employees participated in a performance and career review in 2023.

In addition, we also conduct a series of employee engagement events designed to foster team spirit, bring employees together, and celebrate our collective talents, skills, and backgrounds beyond the workplace alone. These include celebrations for national holidays, religious festivities, and health and sports tournaments throughout the year.

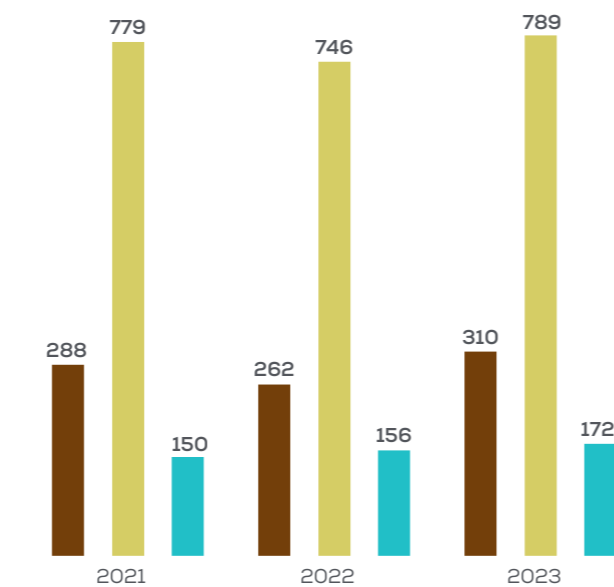
HR Policy

Our Human Resources Policy is in accordance with the Saudi Labor Law and approved by the Ministry of Human Resource and Social Development. We maintain strict compliance with relevant regulations, such as prohibition of child labor and forced labor. The Employee Relation Manual is accessible through SAP system for all MEPCO employees as part of their onboarding to get familiar with HR policies.

Total number of employees***
(100% full time employees)

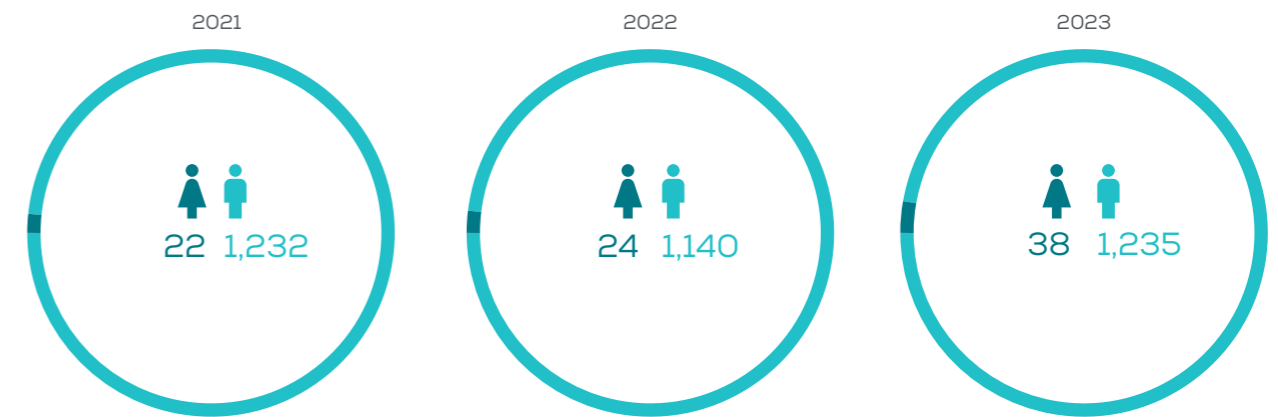


Workforce by Age

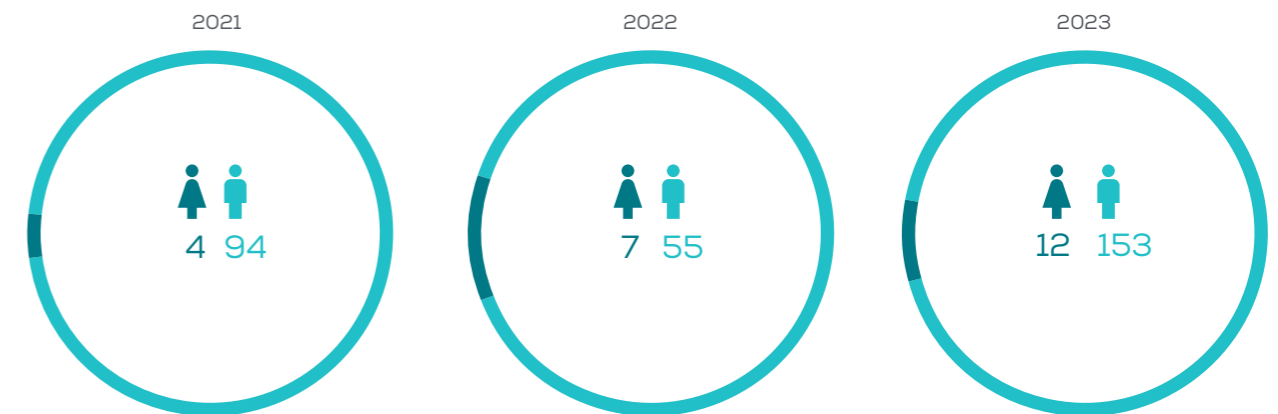


● Workforce by age 18-30 ***
● Workforce by age 31-50 ****
● Workforce by age 51+ ***

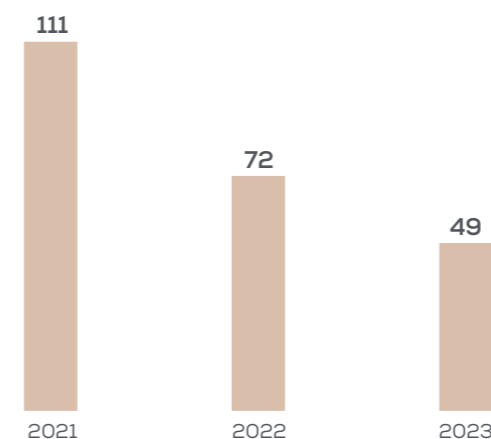
Workforce by Gender



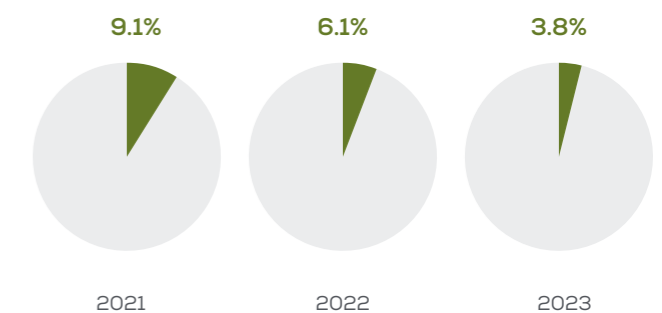
New Employee Hires by gender



Total number of employees who left the organization (voluntary)



Turnover rate (voluntary)



Due to nature of our business in manufacturing, majority of our workforce and new hires over the past three years are male employees employed in plants and factories.

Human Resources Data	Unit	2021	2022	2023
Total number of employees	Number	1,214	1,164	1,271
Full time employees	Number	1,214	1,164	1,271
Part time employees	Number	0	0	0
Employees by Employment Level***				
Full time employees in senior management	Number	10	10	7
Full time employees in middle management	Number	44	51	42
Full time staff (not senior or middle management)	Number	1,160	1,103	1222
Workforce by Age***				
Workforce by age 18-30	Number	283	262	310
Workforce by age 31-50	Number	773	746	789
Workforce by age 51+	Number	158	156	172
Workforce by Gender***				
Female	Number	22	24	37
Male	Number	1,192	1,140	1,234
Total New Employee Hires				
Total New Employee Hires	Number	98	62	165
Total New Employee Hires	Rate	8.07%	5.33%	12.98%
New Employee Hires by employment level				
New employee hires in senior management	Number	5	2	2
New employee hires in middle management	Number	11	5	7
New staff hires (not senior or middle management)	Number	82	55	156
New Employee Hires by gender				
Female	Number	4	8	12
Male	Number	94	55	153
New Employee Hires by Age				
Workforce aged 18-30	Number	28	20	88
Workforce aged 31-50	Number	69	39	74
Workforce aged 51+	Number	1	4	3
Employee Turnover (voluntary)				
Total number of employees who left the organization	Number	111	72	49
Turnover rate	Percentage	9.1%	6.1%	3.8%
Turnover by employment level (voluntary)				
Senior management	Number	1	0	2
Middle management	Number	6	6	1
Employees	Number	104	66	46
Turnover by gender (voluntary)				

Female	Number	4	1	2
Male	Number	107	71	47
Turnover by age (voluntary)				
Workforce by age 18-30	Number	24	47	17
Workforce by age 31-50	Number	74	20	29
Workforce by age 51+	Number	13	5	3
Absentee Rate				
Employee absentee rate	Rate	16.0%	25.6%	20%
Employee Engagement and Satisfaction				
Employee Engagement	Percentage	85%	90%	93%
Employee Satisfaction	Percentage	85%	90%	91%
Employees who received a performance and career development review	Percentage	100%	100%	100%

*This data includes MEPCO, WASCO ,Estidama and Juthor.

**Absentee rate based on number of missed workdays, which includes all leaves including sick leave, uncertified sick leave, injury sick leave, escort leave, local emergency leave, suspension leave, unauthorized leave, unpaid leave, Hajj leave, sports leave.

***2021 and 2022 figures are restated due to an enhancement in the calculation method.

All new hires and turnover are in Saudi Arabia



Employee Diversity and Inclusion

2025 Target:
14% women in senior management,
8.5% in middle management,
and 4.5% women across operations.



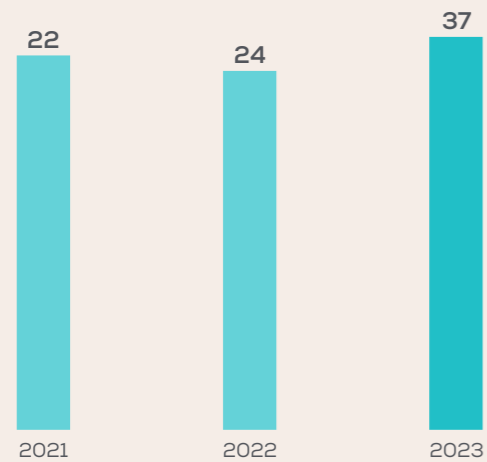
As a Saudi company with a global presence, MEPCO recognizes the importance of ensuring our workforce reflects the diversity of the customers and markets we serve. We are deeply committed to equal opportunity and diversity, and to fostering an inclusive work environment regardless of gender, race, or background. We are proud of the fact that our employees come from 21 different countries, with most employees coming from Saudi Arabia, Bangladesh, India, and Pakistan.

MEPCO is equally proud of our commitment to gender equality. While the overall number of female employees is low, we have established a strategic goal to ensure a more equitable distribution of talent and opportunity by increasing the number of female employees across all company functions. In so doing, we aim to create an environment that enables women to thrive and excel in leadership roles.

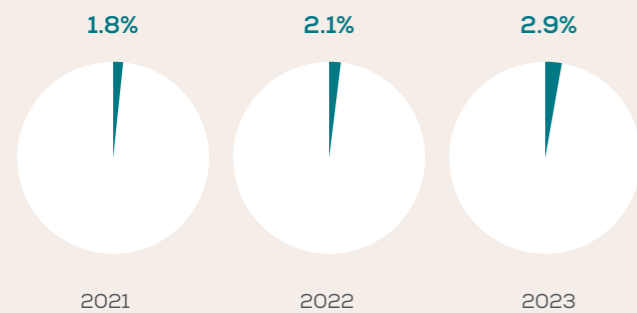
Due to nature of our business in manufacturing, majority of our workforce are male employees working in plants and factories. Over the past three years, we were able to increase our female employees from 22 to 37 in 2023, increasing by almost 70%. Female employees make up to 16% of total employees in our head office.

In 2022, MEPCO's Board of Directors appointed the first female Board member in our company's history.

Number of female employees



Female employment rate



Diversity and Equality	Unit	2021	2022	2023
Number of female employees	Number	22	24	37
Female employment rate	Percentage	1.8%	2.1%	2.9%
Females in middle management		4	2*	3
Females in middle management*		9%	4%	7%
Total hours of training provided to female employees	Hours	N/A	N/A	248

*2021 and 2022 figures are restated due to an enhancement in the calculation method.

We provide ten weeks of maternity leave for female employees.

Parental Leave	Unit	2021	2022	2023
Number of female employees who took parental leave	Number	0	0	1
Number of female employees who returned to work after parental leave ended (return to work)	Number	0	0	1

Our HR Policy outlines our zero-tolerance approach to workplace discrimination. For the past three years, there were no record of discrimination cases.

Anti-Discrimination	Unit	2021	2022	2023
Number of these performance grievance addressed or resolved	Number	2	0	0
Harassment / discrimination cases	Number	0	0	0



Opportunities for Saudi Nationals

Target 2025:
Reach Platinum status under the Nitaqat program



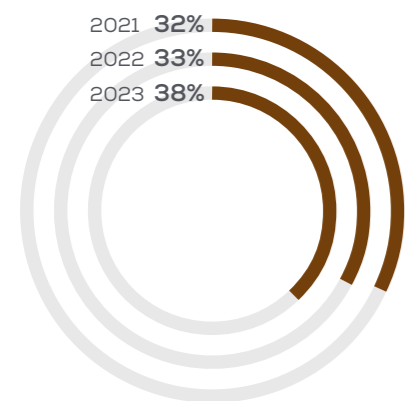
MEPCO's Saudization Initiative actively supports the Saudi Vision 2030 ambition of increasing the employment and advancement of Saudi nationals. Our strategy pushes MEPCO beyond numerical targets and compliance to ensure Saudi employees can excel and contribute meaningfully to the success of our organization. Our multifaceted approach includes targeted recruitment efforts, comprehensive training and development programs, and strategic job localization with the aim of cultivating skills, knowledge, and confidence among our Saudi workforces. We also identify and nurture leadership qualities among Saudi nationals, offering them appropriate management roles within our company – ultimately fostering a workplace that is competitive, skilled, and reflective of the rich talent pool within the Kingdom.

Growing Saudi Talent in the Paper Industry

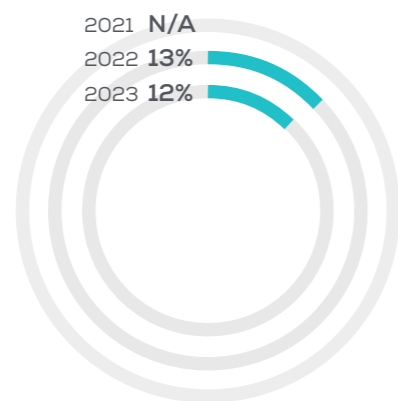
Since 2013, MEPCO has operated the Higher Institute for Paper and Industrial Technologies (HIPIT). An independent, not-for-profit technical training center that focuses on high school graduates, HIPIT trains and equips Saudi nationals with the necessary skills to excel in the paper and industrial sectors. HIPIT offers high school graduates an Associate Diploma Program that ensures the knowledge they develop is valuable now and for future employment, as well as for the development of a skilled Saudi workforce.

We had a High Green Saudization rate for MEPCO, a Mid-Green Saudization rate for WASCO, and PLATINUM Saudization rate for Juthor in 2023.

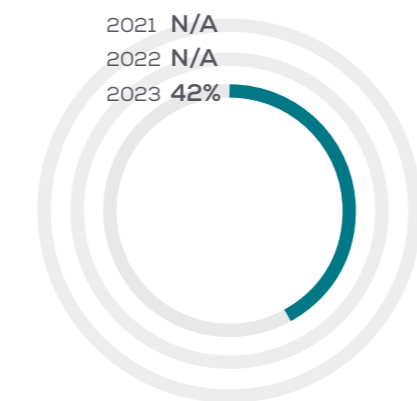
Saudization rate at MEPCO



Saudization rate at WASCO



Saudization rate at Juthor



Talent Development

Target 2025:
increase employee training to five hours per employee per year



At MEPCO, we understand that investing in employee growth enhances individual capabilities while driving innovation and a high-performance culture. Thus, every year, we invest in learning and development programs designed to empower all our employees to achieve their full potential. We provide a diverse range of professional development and educational courses for our employees in collaboration with esteemed institutions such as King Abdullah University of Science and Technology (KAUST), Fakeeh Care, TÜV SÜD, Managerial and Financial Training Center, Skill Café, and the International Institute for Management Development (IMD). Through our digitalization initiative, employees can easily access these training programs and resources via MEPCO's SAP System.

On-the-job training is also available in all functional areas of our business, enabling employees to hone their skills in real-world situations. Periodically, we also conduct targeted training for individuals or groups based upon the operational or developmental needs identified through our annual performance management system, which evaluates current skill sets and helps to enrich our annual internal and external training programs.

Group Management Team Building

In 2023, a Team-Building Day was organized for MEPCO's Group Management. Facilitated by the Group Chief Human Resources Officer, the event centered around the transformative principles outlined in the 'Good to Great' book with a focus on organizational excellence and growth. All 51 participants engaged in dynamic activities focusing on vision development and the identification of key factors necessary to enhance organizational capacities.

In 2023, we provided 248 hours of training to our female employees (6.7 hours average) and 3,661 to our male employees (3 hours average).

The average training hours per employment category were recorded as 21.42 hours for senior management, 15.89 hours for middle management, and 2.52 hours for non-management employees.

117
training sessions organized

3,909
training hours for more than 1,271 employees in 2023

Total hours of training for employees



Average hours of training per employee



Occupational Health and Safety

At MEPCO, the health and safety of our employees, contractors, and the communities we operate in are paramount. We are committed to maintaining a safe and healthy working environment through rigorous safety protocols, continuous training, and strict adherence to regulatory standards, ensuring that safety remains a core pillar of our operational excellence.

MEPCO's Health, Safety and Environment (HSE) Committee, led by top management and HSE professionals, meets regularly to review and address HSE-related concerns. Additionally, our Environmental, Health and Safety Department is responsible for maintaining a healthy environment and managing risks that may arise from operational activities. Our Code of Conduct underlines the importance of OHS measures to all our employees. We also expect our business partners to conduct their operations in a safe and professional manner, aligning with our standards.

Following our strategic transformation in 2021, our Human Resources department established a clear objective to uphold a secure and healthy work environment. We first focused on fostering a robust safety culture, and we designate a monthly Safety Champion who is acknowledged and rewarded for their active involvement in the execution of our Safety Management System.

In 2023, MEPCO continued its commitment to ensuring comprehensive health and safety (H&S) coverage for its workforce, with 100% of employees being included in the company's health and safety management system. This system was not only implemented internally but also subjected to audits and certifications by both internal and external parties. Additionally, 3.43% of the workforce was represented in joint management-worker health and safety committees, ensuring participation in maintaining and improving workplace safety.

100%
of employees being included in the company's health and safety management system

All MEPCO employees are provided medical insurance and have access to a resident doctor and dedicated clinic for basic medical needs. Trained first aiders and ambulance services are also available for immediate medical response.

Health and Safety - MEPCO Plant		Unit	2021	2022	2023
Workers covered by the health and safety management system	Number		562	575	554
	Percentage		100%	100%	100%
Workers covered by the health and safety management system that has been internally audited	Number		33	37	31
	Percentage		5.87%	6.43%	5.60%
Workforce represented in joint management-worker H&S committees	Percentage		4.98%	3.30%	3.43%

Hazard and Risk Management

All hazards and risks within our processes are identified and mitigated through MEPCO's Hazard Identification and Risk Assessment procedures. When a hazard is identified, appropriate engineering controls are then applied.

We also standardize and apply safety measures at all departments and to all maintenance, equipment, and construction work. Employees receive regular communication on safety risks, measures and procedures.

- Health and Safety Surveillance:** Identifying workplace hazards, reporting them to the responsible departments, and evaluating safety compliance.
- Hazard Identification and Risk Assessment:** Conducted within each department to assess work-related risks and implement appropriate controls.
- Process Safety Management:** Focused on process safety analysis for hazardous processes and chemical use.

Managing Fire Risk

As a paper products manufacturer, managing risks arising from fires is a critical element of our Occupational Health and Safety procedures. Our HSE department regularly monitors and upgrades MEPCO's fire suppression system, and adopts a variety of preventive policies and practices, including regular fire drills, monitoring and reducing inflammable substances, and the provision of fire equipment and training in safety, security, and firefighting. Our safety systems are WASCO Compliant with NFPA (National Fire Protection Association) Code 101 Life Safety, Code 13 Sprinkler system, Code 72 Alarm System and Code 20 Fire pumps.

Safety Audits

MEPCO conducts regular field safety audits as part of our emergency and disaster management planning. Audits within the company are carried out by several bodies, including TUV-NORD, SIDF, our HSE Department and a team of trained and certified Internal Auditors.



Incident Management and Reporting

Should an incident occur, MEPCO has a well-established system in place for managing the reporting and communication of all incidents and accidents, both internally and externally.

Internal and External Communication, Consultation, and Worker Participation: We prioritize open communication channels to ensure that all employees can report identified hazards. Regular employee participation and consultation meetings are held, particularly for non-managerial workers, to share and discuss safety concerns. These concerns are promptly communicated to the relevant departments for resolution. If issues remain unresolved, they are escalated to the HSE Committee for further action by process leaders.

Our internal communication processes also include a Change Management Procedure, which ensures that any process changes are communicated and managed safely, maintaining the continuity of our safety standards.

Incident and Accident Reporting and Investigation: All incidents, regardless of their outcome—including near misses, first aid cases, major incidents, and fatalities—must be reported and thoroughly investigated to ensure continuous improvement in our safety practices.



Health and Safety Training

The HSE Committee ensures compliance and promotes safety education through three regular training sessions each month covering a variety of safety topics each year as set forth in our Safety Training Matrix. All training is provided in Arabic, English, and Urdu. We also provide external training such as First Aid and Forklift Operation safety in coordination with Human Resources.

We provide comprehensive medical insurance for all team members and conduct regular health assessments to identify and address any significant illnesses resulting from hazardous processes, such as hearing tests.

1,442

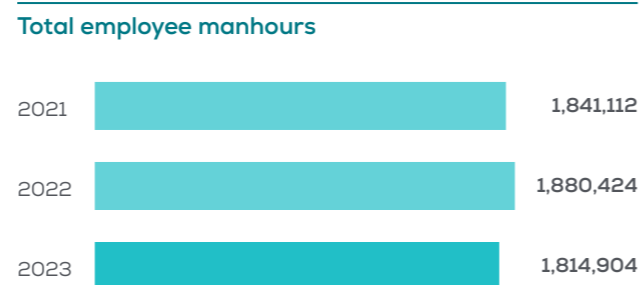
hours of essential health and safety training in 2023, ensuring our workforce is well-equipped to identify, mitigate, and manage potential workplace risks

Health and Safety Performance

In 2023, MEPCO recorded two work-related injuries and no fatalities. Both incidents occurred due to violations of safety protocols.

In response to the two work-related injuries, we implemented the following actions to mitigate future risks: Employees were subjected to comprehensive training and orientation on Hazard Identification and Risk Assessment (HIRA). Additionally, the department's HIRA was updated to incorporate the specific activity involved in the incidents, alongside the preparation of a Process Safety Analysis (PSA) for the task's associated instruments. To further enhance safety, a facility re-engineering plan was considered, aiming to install a trench channel for managing starch and other liquid overflows. Moreover, energy isolation procedures

were enforced, ensuring that all equipment, such as screen stretchers, is properly depressurized before maintenance.



	Unit	2021	2022	2023
Total employee manhours*	Number	1,841,112	1,880,424	1,814,904
Employee fatalities as a result of work-related injury	Number	0	0	0
Employee fatalities rate as a result of work-related injury	Percentage	0	0	0
Contractor fatalities as a result of work-related injury	Number	0	0	0
Contractor fatalities rate as a result of work-related injury	Percentage	0	0	0
Employee high consequence work related injury (excluding fatality)	Number	0	0	2
Employee high consequence work related injury rate (excluding fatality)	Percentage	0	0	0.06
Contractor high consequence work related injury (excluding fatality)	Number	0	0	0
Contractor high consequence work related injury rate (excluding fatality)	Percentage	0	0	0
Employee work related injury (excluding fatality and high consequence work)	Number	0	0	2
Employee work related injury rate (excluding fatality and high consequence work)	Percentage	0	0	0.06
Contractor work related injury (excluding fatality and high consequence work)	Number	0	0	0
Contractor work related injury rate (excluding fatality and high consequence work)	Percentage	0	0	0
Fatalities as a result of work-related ill health	Number	0	0	0
Cases of recordable work-related ill health	Number	0	0	0

*2021 and 2022 figures are restated due to an enhancement in the calculation method.

Strengthening Communities

Target 2025:
From 2025 onwards, spend 1% of our net income on community investment initiatives



611 trainees were enrolled in the Higher Institute for Paper and Industrial Technologies in 2023. The Institute has 2,000 graduates to date, of which 280 are employed at MEPCO.

Strengthening our communities is integral to MEPCO's values, as we recognize that the vitality of the communities where we operate is closely tied to the success of our business. To ensure our efforts are impactful and consistent, we concentrate on two key areas of social engagement: education and empowerment, and environmental stewardship. Additionally, we are committed to providing support for local initiatives that further enhance community well-being.

MEPCO invested a total of SAR 299,200 in community projects in 2023.

Education and Empowerment

Driven by a strong desire to inspire and ignite the ambitions of Saudi youth, and to strengthen their skills, MEPCO established the Higher Institute for Paper and Industrial Technologies in Jeddah in 2013. The Institute is a strategic partnership between MEPCO and the Technical and Vocational Training Corporation, and it seeks to qualify Saudi high school graduates for careers in the private sector. The Institute's vision is to have qualified Saudi youth specializing in all types of manufacturing, while its mission is to deliver high-quality training using state-of-the-art training equipment and professional instructors. The Institute offers a number of diploma programs including electricity, mechanics, supplies, and an occupational Health and Safety Cadre program.

Environmental Stewardship

Alongside our commitment to education and empowerment, we actively engage with society and industry to enhance environmental awareness.

We used the International Recycling Day to spread awareness about the role of recycling in preserving our key resources, securing the future of our planet, and developing eco-friendly habits within workplaces, which in turn will influence how people act and benefit society.

MEPCO supported the construction of a new park in Al-Khumra, a beautiful and secure space that aims to enhance residents' well-being and foster social connections while acting as a hub for recreational activities.

Environmental Stewardship

WASCO sponsored and participated in the Paper Recycling Exhibition to promote paper recycling and sustainable practices and raise awareness among the public and participating companies.

Estidama provided 75 containers to promote source sorting by sponsoring the Beach Carnival Expo. The company also raised awareness about recycling and encouraged sustainable behavior among visitors and participants.

Estidama partnered with the Al Baik Beach Cleanup, providing specialized vehicles for waste collection and sorting. They also measured the environmental impact of the waste, categorizing it by type and source.

Community Investment	Unit	2021	2022	2023
Community investments, including donations and sponsorships	SAR	368,246	1,294,758	299,200
Total number of employee volunteering hours	Number	720	350	60

Chapter 5 Appendices



GRI Content Index



Statement of use	MEPCO has reported in accordance with the GRI Standards for the period 01.01.2023 and 31.12.2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Not Applicable

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index is clearly presented, in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are aligned with the appropriate sections in the body of the report.

in a manner consistent with the Standards, and that the references for disclosures 2-1 to 2-5, 3-1 and 3-2 are	DISCLOSURE	LOCATION	OMISSION			GCC ESG Disclosure Metrics
			aligned with the appropriate sections in the body of the report.	REASON	EXPLANATION	
General disclosures						
GRI 2: General Disclosures 2021	2-1 Organizational details	3, 6-7 https://www.mepco.biz/Website/En/contact-us/				
	2-2 Entities included in the organization's sustainability reporting	3				
	2-3 Reporting period, frequency and contact point	3				
	2-4 Restatements of information	28, 31, 33, 41, 55, 57, 64				
	2-5 External assurance	71-74				
	2-6 Activities, value chain and other business relationships	3, 6-7, 40				
	2-7 Employees	50-59				
	2-8 Workers who are not employees	Due to data concerns, number of contractors is not included in this report, aiming to share in in the next reporting cycle.				
	2-9 Governance structure and composition	34-37				

	2-10 Nomination and selection of the highest governance body	35				
	2-11 Chair of the highest governance body	35				
	2-12 Role of the highest governance body in overseeing the management of impacts	35				
	2-13 Delegation of responsibility for managing impacts	35-37				
	2-14 Role of the highest governance body in sustainability reporting	35				
	2-15 Conflicts of interest	37				
	2-16 Communication of critical concerns	37, Pg. 92 https://ir.mepco.biz/media/1418/20240919-mepco-ar23-english-pdf.pdf				
	2-17 Collective knowledge of the highest governance body	Pg.83-87. https://ir.mepco.biz/media/1418/20240919-mepco-ar23-english-pdf.pdf				
	2-18 Evaluation of the performance of the highest governance body	Pg. 91 https://ir.mepco.biz/media/1418/20240919-mepco-ar23-english-pdf.pdf				
	2-19 Remuneration policies	100-103 https://ir.mepco.biz/media/1418/20240919-mepco-ar23-english-pdf.pdf				
	2-20 Process to determine remuneration	100-103 https://ir.mepco.biz/media/1418/20240919-mepco-ar23-english-pdf.pdf				
	2-21 Annual total compensation ratio	Annual total compensation ratio data is not disclosed due to confidentiality				
	2-22 Statement on sustainable development strategy	4-5				
	2-23 Policy commitments	8-9, 34-37				
	2-24 Embedding policy commitments	8-9, 33, 34-38				

	2-25 Processes to remediate negative impacts	34-36
	2-26 Mechanisms for seeking advice and raising concerns	37
	2-27 Compliance with laws and regulations	34-37
	2-28 Membership associations	13, 18, 58
	2-29 Approach to stakeholder engagement	18-19
	2-30 Collective bargaining agreements	Collective bargaining is prohibited in Saudi Arabia.

Material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	18-23
	3-2 List of material topics	19

Material topic: Business performance

GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 65
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	40-41, https://ir.mepco.biz/media/1378/mepco-q3-english-fs-30-september-2023.pdf
	201-2 Financial implications and other risks and opportunities due to climate change	36

GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	40, 65
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Material topics: Innovating for a more sustainable future; Responsibility in the value chain; Circularity and new opportunities

GRI 3: Material Topics 2021	3-3 Management of material topics	33
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	33

Material topics: Energy and climate change management; Air emission management

GRI 3: Material Topics 2021	3-3 Management of material topics	30
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GRI 302: Energy 2016	302-1 Energy consumption within the organization	30-31
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	31
	305-2 Energy indirect (Scope 2) GHG emissions	31
	305-4 GHG emissions intensity	31
	305-6 Emissions of ozone-depleting substances (ODS)	31
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	31

Material topics: Waste management; Biodiversity and ecosystem management; Responsible use of materials

GRI 3: Material Topics 2021	3-3 Management of material topics	28, 32, 44
GRI 301: Materials 2016	301-1 Materials used by weight or volume	44
	301-2 Recycled input materials used	44
	301-3 Reclaimed products and their packaging materials	20, 42

GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	27
	303-3 Water withdrawal	27
	303-4 Water discharge	27
	303-5 Water consumption	27

GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	28-29
	306-2 Management of significant waste-related impacts	28-29
	306-3 Waste generated	28-29
	306-4 Waste diverted from disposal	28-29
	306-5 Waste directed to disposal	28-29

Material topic: Talent development and diversity

GRI 3: Material Topics 2021	3-3 Management of material topics	50-59
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	54-55
	401-3 Parental leave	57
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Minimum legal notice periods are applied regarding operational changes
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	59
	404-2 Programs for upgrading employee skills and transition assistance programs	59
	404-3 Percentage of employees receiving regular performance and career development reviews	55
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	56
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	There were no cases of discrimination recorded in 2023.

Material topic: Occupational Health and Safety

GRI 3: Material Topics 2021	3-3 Management of material topics	60-64
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	60
	403-2 Hazard identification, risk assessment, and incident investigation	61
	403-3 Occupational health services	60-63
	403-4 Worker participation, consultation, and communication on occupational health and safety	60-63

	403-5 Worker training on occupational health and safety	60-63
	403-6 Promotion of worker health	60-63
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	60-63
	403-8 Workers covered by an occupational health and safety management system	60-63
	403-9 Work-related injuries	60-63
	403-10 Work-related ill health	60-63

Material topic: Strengthening communities

GRI 3: Material Topics 2021	3-3 Management of material topics	65
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	65
	413-2 Operations with significant actual and potential negative impacts on local communities	65

Material topics: Business ethics and compliance; Corporate governance; Risk management

GRI 3: Material Topics 2021	3-3 Management of material topics	34-37, and page 45 of https://ir.mepco.biz/media/1418/20240919-mepco-ar23-english-pdf.pdf
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	37
	205-2 Communication and training about anti-corruption policies and procedures	37
	205-3 Confirmed incidents of corruption and actions taken	37

Topics in the applicable GRI Sector Standards determined as not material

TOPIC		EXPLANATION
Material topics: Customer centricity; Product safety and quality; Customer privacy and data security		
GRI 3: Material Topics 2021	3-3 Management of material topics	45-49

Assurance Statement



KPMG Professional Services Company

Roshn Front, Airport Road
 P.O. Box 92876
 Riyadh 11663
 Kingdom of Saudi Arabia
 Commercial Registration No 1010425494

Headquarters in Riyadh

شركة كي بي ام جي للاستشارات المهنية مساهمة مهنية

واجهة روشن، طريق المطار
 صندوق بريد ٩٢٨٧٦
 الرياض ١١٦٦٣
 المملكة العربية السعودية
 سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent limited assurance report on selected quantitative indicators disclosed in the sustainability report for the year ended 31 December 2023

To the management of the Middle East Paper Company For Manufacturing And Producing Paper (“MEPCO”)

We have been engaged by the management of the Middle East Paper Company For Manufacturing And Producing Paper (“the Company”, “MEPCO”) to carry out a limited assurance engagement in order to state whether anything has come to our attention that causes us to believe that the subject matter information detailed below (“Subject Matter”), has not been prepared, in all material respects, in accordance with the applicable criteria (“Applicable Criteria”) as set out below.

Subject Matter

The Subject Matter for our limited assurance engagement were the selected quantitative indicators (“the Indicators”) as detailed in Annexure 1 of this report, as detailed in MEPCO’s 2023 Sustainability Report for the year ended 31 December 2023 (“the Report”), as prepared and presented by the management of the Company.

The Indicators are aggregated based on the reporting boundaries developed by the Company which are detailed in Annexure 1 of this report.

Applicable Criteria

The Applicable Criteria for this limited assurance engagement were the requirement of established frameworks, applicable to the Subject Matter, the details of which are mentioned in Annexure 2 of this report.

The Company’s responsibility

The management of the Company is responsible for preparing and presenting the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter information that is free from material misstatement, whether due to fraud or error. It also includes developing the Applicable Criteria as the criteria to evaluate the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.



Independent limited assurance report

Our responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the procedures we have performed and the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements On Greenhouse Gas Statements* as endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. ISAE 3000 (Revised) and ISAE 3410 require that we plan and perform the engagement to obtain limited assurance about whether the Subject Matter information has been properly prepared, in all material respects, in accordance with the Applicable Criteria.

Our firm applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter information and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's internal control over the preparation and presentation of the Subject Matter information. A limited assurance engagement in accordance with ISAE 3000 (Revised) and ISAE 3410 involves assessing the risks of material misstatement of the Subject Matter information, whether due to fraud or error, responding to the assessed risks as necessary in the circumstances of the engagement and evaluating the overall presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.

Limited assurance is less than absolute assurance and reasonable assurance. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.

Procedures performed

Our limited assurance engagement on the Subject Matter information consisted of making enquiries, primarily of persons responsible for the preparation of the Subject Matter information, and applying analytical and other procedures, as appropriate. These procedures were based on our professional judgement and included the following, amongst others, for the year ended 31 December 2023:

- Obtaining an understanding of the collection, compilation and reporting processes for the Company, including obtaining an understanding of internal controls, systems and processes relevant to the preparation of the Subject Matter;
- Interviewing management and other relevant staff / personnel at corporate and site level responsible for data collection, data management, and data analysis pertaining to the Indicators in scope;
- Reviewing management documentation and Company data reporting tools to the extent they underpin the preparation of the Subject Matter;
- Assessing the appropriateness of the conversion factors applied by the Company in arriving at Indicator's quantitative data in accordance with the assigned unit of reporting, where applicable;
- Obtaining inventory data for each selected Indicator, at aggregated corporate level as per the reporting boundary developed by management and agreeing the data with the information detailed in the Subject Matter;



Independent limited assurance report

Procedures performed (continued)

- Obtaining inventory breakdown data for each selected Indicator, at site level, to select sample of sites (where applicable), and performing the following in relation to the Indicators, where applicable:
 - Agreeing the site level Indicator's information to the consolidated data inventory;
 - Obtaining supporting evidence, source data, underlying records, or reports for selected data points to reconcile site level information;
 - Checking aggregation of quantitative data for the Indicators to include all sites in the reporting boundaries set by the management; and
 - Performing recalculation (where applicable) of the Indicator data of the relevant selected sites based on site level data obtained from system outputs, reports and other relevant records and the relevant factor applied.
- Assessing the suitability of the Applicable Criteria used by the management in preparing the Subject Matter information subject to this limited assurance engagement; and
- Reviewing the consistency of the Subject Matter information in relation to the wider Report, including reviews of the qualitative narratives that support the Subject Matter information.

Characteristics and limitations

Due to the inherent limitations of any internal control structure, it is possible that errors or irregularities in the information presented in the Subject Matter may occur and not be detected. The assurance relies on documentation furnished by the Company and interactions with relevant personnel within the Company to validate the Subject Matter information. Our engagement is not designed to detect all weaknesses in the internal controls over the preparation of the Subject Matter information as the procedures performed were undertaken on a test basis.

Our engagement was not designed to test, verify or audit the completeness and accuracy of system outputs from the Company.

Furthermore, for the purpose of this limited assurance engagement, we have not performed any procedures around:

- Checking the disclosure of indicators in reference to any framework or guidance other than what is entailed in the Applicable Criteria, such as for example, the Sustainability Accounting Standards Board ("SASB") standards, the Saudi Stock Exchange ESG Disclosure Guidelines, the United Nation Global Impact ("UNGC") etc.
- Checking the accuracy of the GRI content indexation, as featured in the Report;
- Assessing compliance of any other indicators or related information, either qualitative or quantitative, which is not part of the Indicators selected for this engagement, as featuring in the Report with the disclosure requirements of any applicable internal and external standards;
- Assessing the accuracy, completeness and reasonableness of the reporting boundaries determined by the management for the purposes of the Report;
- Auditing, reviewing or verifying the Subject Matter information, or the underlying records or other sources from which the Subject Matter information was extracted;
- Checking the requirements of GRI Standard 1 "Foundation 2021", for the wider Report, when claiming compliance with the Report being prepared "in accordance with GRI".
- Assessing the appropriateness of the materiality approach applied by management in preparation of the Report and selection of the material sustainability related indicators that were subject to limited assurance;
- Ensuring completeness and accuracy of baseline figures that are reported in the Report, where applicable;
- Testing the effectiveness of and detecting any weaknesses in the internal controls over the preparation of the Subject Matter information as the procedures performed were undertaken on a test basis; and
- Testing, verifying or auditing the completeness and accuracy of system outputs and other data collection systems used for compilation of the Subject Matter information.

Limited assurance conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.



Independent limited assurance report

Restriction of use of our report

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company, for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than the Company for our work, for this independent limited assurance report, or for the conclusions we have reached.

Our report is released to the Company on the basis that it shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

KPMG Professional Services Company



Fahad Mubark Aldossari
License no: 469



Riyadh, 10 February 2025
Corresponding to: 11 Sha' ban 1446H



Annexure 1

(a) Details of the selected quantitative indicators ("the Indicators") comprising of the Subject Matter:

Indicator description	Reporting boundary	Page Number of Sustainability Report 2023 where the indicators are disclosed
1. Greenhouse gas ("GHG") emissions Scope 1 and Scope 2	Reporting boundary will comprise MEPCO's head office and plants in Saudi Arabia.	31
2. Water consumption and water consumption per metric tons of production		27
3. Energy consumption		31
4. Waste management (Hazardous and non-hazardous waste)		28
5. SOx and NOx emission to air		31
6. Donation and sponsorship	Reporting boundary will comprise MEPCO's head office and plants in Saudi Arabia and its subsidiaries, WASCO and Estidama.	65
7. New employees hires		54
8. Training hours		59



Annexure 2

Details of Applicable Criteria for each selective quantitative indicator:

#	Indicator	Relevant standard	Relevant section of standard which will be referred to as the Applicable Criteria
1	Greenhouse gas ("GHG") emissions Scope 1 and Scope 2	GRI Standard	Scope 1: Compilation requirement 2.1 and 2.2 of Disclosure 305-1 Direct (Scope 1) GHG emissions (a) Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent Scope 2: compilation requirement 2.3 and 2.4 of Disclosure 305-2 Energy indirect (Scope 2) GHG Emissions (a) Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 Equivalent of GRI Standard 305 "Emissions 2016"
2	Water consumption and water consumption per metric tons of production	GRI Standard	Requirement (a) of Disclosure 303-5 "Water consumption" for Water consumption from all areas in megalitres related to GRI standard 303 "Water and Effluents 2018" & Requirement (a) of Disclosure 303-1 "Interactions with water as a shared resource" to GRI standard 303 "Water and Effluents 2018"
3	Energy consumption	GRI Standard	Requirement (e) of Disclosure 302-1 "Energy consumption within the organization" of GRI standard 302 "Energy 2016"
4	Waste management (Hazardous and non-hazardous waste)	GRI Standard	Requirement (a) and Compilation requirement 2.1 of Disclosure 306-3 "Waste generated" of GRI standard 306 "Waste 2020"
5	SOx and NOx emission to air	GRI Standard	Requirement (a) (i) and (ii) of Disclosure 305-7 "Nitrogen oxides (NOx), sulphur oxides (Sox) and other significant air emissions" of GRI standard 305 "Emissions 2016"
6	Donations and sponsorships	GRI Standard	Requirement of Disclosure 201-1 (a) (ii) "Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments" of GRI standard 203 "Indirect Economic Impacts 2016".
7	New employees hires	GRI Standard	Requirement (a) and the Compilation Requirement 2.2 of Disclosure 401-1(a) New employee hires of GRI standard 401 "Employment 2016".
8	Training hours	GRI Standard	Requirement (a) for Disclosure 404-1 "Average hours of training per year per employee" of GRI standard 404 "Training and Education 2016".



Middle East Paper Company
شركة الشرق الأوسط لصناعة وإنتاج الورق