



MEPCO 2022 Sustainability Report

**PIONEERING
FOR A CIRCULAR
ECONOMY**



TABLE OF CONTENTS

About the Report	3	Innovating and Creating Value	35
Message from the Group President	4	Innovating for a More Sustainable Future	36
About Us	6	Circularity and New Opportunities	37
Highlights 2022	8	Business Performance	38
MEPCO Group Strategy	10	Product Safety and Quality	41
Our Vision, Mission, and Values	11	Customer Centricity	42
Our Product Range	12	Customer Privacy and Data Security	43
Recent Awards and Recognitions	13	Putting People First	44
Our Approach to Sustainability	14	Empowering Employees	45
Our Key Stakeholders	15	Employee Diversity and Inclusion	49
MEPCO’s Materiality Matrix and Sustainability Framework	16	Opportunities for Saudi Nationals	51
Our Contribution to the Saudi Vision 2030	19	Talent Development	52
Our Contribution to the SDGs	20	Occupational Health and Safety	54
Better Business Practices	21	Strengthening Communities	56
Environmental Performance	22	Annex 1: GRI Content Index	59
Water Management	22	Annex 2: Independent Assurance Statement	64
Waste Management	24		
Responsible Use of Materials	25		
Energy and Climate Change Management	26		
Biodiversity and Ecosystem Management	28		
Responsibility in the Value Chain	29		
Corporate Governance	31		
Board of Directors	32		
Risk Management	33		
Business Ethics and Compliance	34		

ABOUT THE REPORT

Middle East Paper Company (MEPCO)’s third Sustainability Report covers sustainability performance on environmental, social, and governance (ESG) issues for the period between 1 January – 31 December 2022. The consolidated performance covers MEPCO’s head office and plant in Saudi Arabia, and to an extent, our subsidiaries WASCO and Estidama as well.

Hence, unlike in previous years, human resource data presented in this report also includes MEPCO’s subsidiaries WASCO and Estidama, while the scope of the remaining data covers only MEPCO, unless stated otherwise. We are working to include further data relating to MEPCO’s subsidiaries’ ESG performance in the next report. In general, unless otherwise stated, the report does not include the activities or performance of business partners, suppliers, or contractors.

This report was prepared in accordance with the GRI Sustainability Reporting Standards. To further enhance transparency, we have taken into account the Sustainability Accounting and Standards Board (SASB) Guidance, including sector-specific

standards on “Resource and Transformation”, focusing on “Containers & Packaging” and “Renewable Sources & Alternative Energy.” This approach allows for a more comprehensive understanding of the ESG performance related to pulp and paper products.

Our commitment to sustainability management and reporting is aligned with the National Standards of Sustainability (NSS) outlined in Saudi Vision 2030, established by the Kingdom of Saudi Arabia (KSA). We are actively implementing initiatives to contribute to the ambitions of Vision 2030. In doing so, we have also utilized the Saudi Green Initiative targets and the Saudi Tadawul Exchange ESG Guidelines as valuable guidance.

In this 2022 Sustainability Report, we continue to present our sustainability efforts in line with our Sustainability Framework, which encompasses three primary domains: “Better Business Practices,” “Innovating and Creating Value,” and “Putting People First”. This framework, as well as the report itself, is grounded in the critical concerns identified through the sustainability stakeholder survey conducted and the ensuing materiality refresh, both conducted as part of this reporting process in early 2022. Selected quantitative indicators, as presented in this report, were subject to limited assurance procedures as performed by KPMG. Details on this process is available in “Annex 2: Independent Assurance Statement”



For any questions, opinions, or suggestions about this report, please reach us via:

info@mepco.biz

MESSAGE FROM THE GROUP PRESIDENT



ENG. SAMI AL SAFRAN
MEPCO GROUP
PRESIDENT

I am pleased to present MEPCO's 2022 Sustainability Report, the third of its kind, which highlights our unwavering commitment to sustainable development and our continuous efforts to create a positive impact on the environment, society, and the economy.

As one of the largest producers of paperboard in the Middle East and Africa, we recognize our responsibility to lead by example and contribute to a more sustainable future. We are proud to continue to support the Saudi Vision 2030, which strategically aims at transforming the Kingdom's economy and society. By aligning our business objectives with the Vision's goals, we contribute to the diversification of the economy, the creation of job opportunities, and the development of local industries. Also, in line with the United Nations Sustainable Development Goals, we are committed to playing our part in addressing global challenges such as climate change, inequality, and poverty. By aligning our efforts with these global goals, we strive to create a better future for all.

Overall, 2022 was a challenging year for many reasons, including a slow-down in global demand, disruptions in supply chains, as well as the overall downward trend in paper industry prices.

We also faced an operational disruption when flooding occurred in our facilities due to heavy rainfall. While the restoration was effective and efficient, and completed ahead of the expected date, a loss of 7% of the value of sales was recorded for the quarter, as a result of the cessation of production operations. Still, we managed to operate our plants at rates exceeding 92%. Thanks to our resilience, we achieved record sales of SAR 1.19 billion and net income of SAR 270 million, 22.2% higher than our previous record of 2021 which already marked a milestone year for us.

Another positive story I want to highlight is our significant contribution to a circular economy. This year we already used 96.7% recycled input material for our paper production, mostly collected from our affiliates WASCO and Estidama. Thereby we are limiting our impact on one of the world's most precious ecosystems – forests. Besides, we continued to implement initiatives on-site to minimize waste, optimize water usage and improve energy efficiency.

As we are dedicated to enhancing the well-being of our employees and the communities within which we operate, we are heavily invested in the development of our workforce through training and capacity-building programs. Thereby we ensure that our employees have the skills and knowledge to excel in their roles, which directly contribute to the Saudi Vision's Human Capability Development

Program. Furthermore, we actively engaged with local communities around education, healthcare and social welfare, fostering a positive impact on society.

Our commitment to high governance standards is a cornerstone of our sustainability approach. We believe that strong corporate governance is essential for maintaining the trust of our stakeholders and ensuring the long-term success of our business. To this end, we adhere to stringent ethical guidelines and maintain a robust system of internal controls to safeguard the interests of our shareholders and other stakeholders.

I would like to extend my deepest gratitude to our Board of Directors, employees, customers, investors, suppliers, and other key stakeholders for their unwavering support and dedication to our sustainability journey. Your commitment and collaboration have been instrumental in driving our progress and enabling us to make a meaningful difference. As we look ahead, we will continue to innovate, invest, and collaborate to further enhance our sustainability performance and create lasting value. Together, we can build a more sustainable and prosperous future for the Kingdom of Saudi Arabia, our region and the world.

ABOUT US

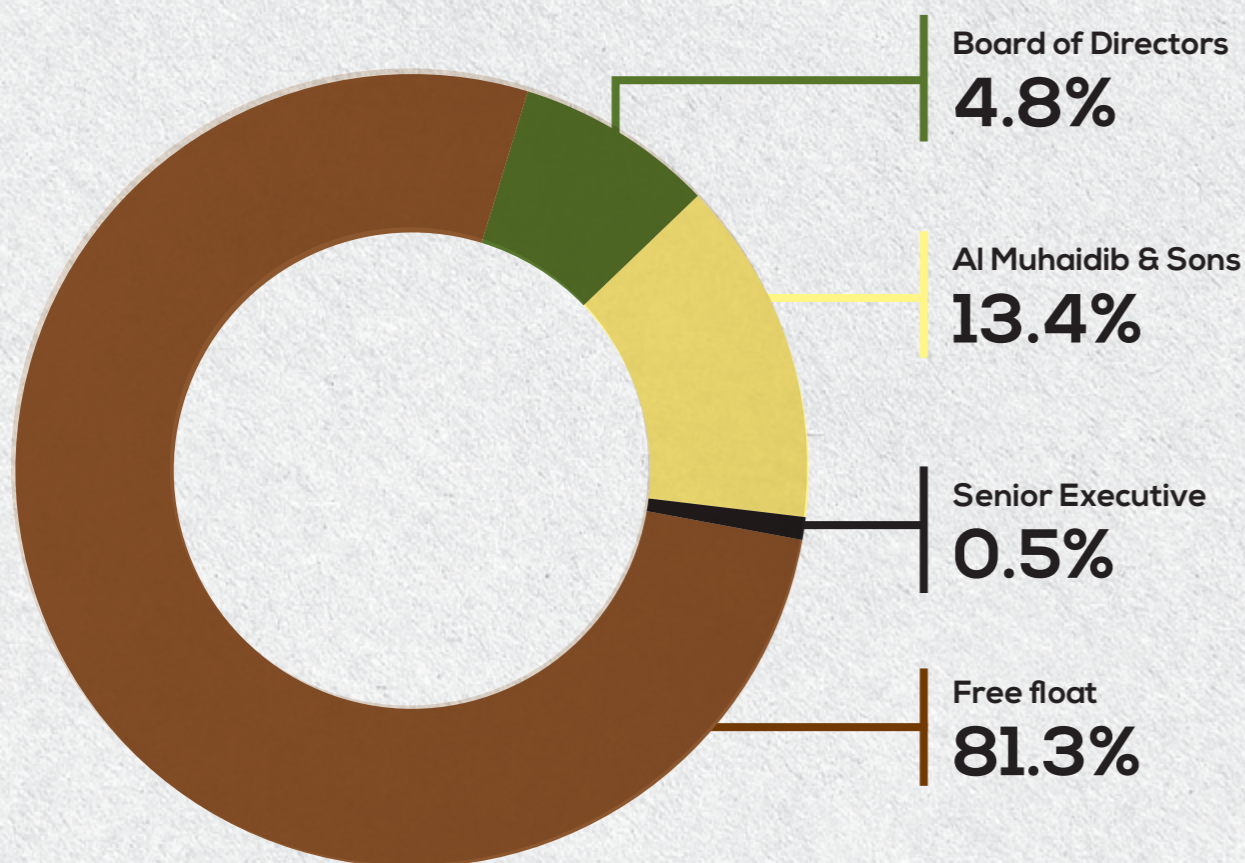
MEPCO is a leading vertically-integrated paperboard producer in the Middle East and Africa region, boasting a production capacity of 500,000 metric tons of paper and cardboard per year. We specialize in a variety of containerboard products, along with industrial paper products, serving various industries in the packaging sector, as well as building and furniture applications.

MEPCO has been listed in the Saudi Stock Exchange since 2015. In November 2022, the Extraordinary General Assembly approved the proposed capital

increase upon the Board of Directors' recommendations, through issuing a bonus share. The authorized and issued capital was increased to SAR

666.7 million, consisting of 66.67 million shares. The organization ownership structure of MEPCO, as of 31 December 2022, was as follows:

OWNERSHIP STRUCTURE



Strategically located near the Jeddah Seaport, our three paper machines can swiftly deliver products to diverse markets, primarily in the Middle East, North & East Africa, the Indian subcontinent, and select European regions. Our commitment to research and development ensures a continuous supply of high-quality, innovative products for our customers.

Since our inception in the year 2000, MEPCO has prioritized recycling waste paper into high quality products. Focused investment in research and development allowed us to create a diverse array of innovative products that contribute to a circular economy. Adhering to international benchmarks and best practices, we remain dedicated to delivering sustainable and efficient products to our customers. By 2022, 96.7% of our input materials were recycled, hence non-virgin fibers.

Waste management is the second crucial aspect of our operations, primarily conducted through our subsidiaries WASCO (Waste Collection

and Recycling Co. Ltd.) and Estidama. WASCO specializes 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, and wastewater treatment. WASCO collects over 500,000 tons of diversified recyclable materials, from different sources such as landfills, shopping centers, industries, and governmental entities.

Estidama was established in 2021 in partnership with the Jeddah Municipality, as the first-of-its-kind Public Private Partnership in the sector within Saudi Arabia and is looking to transform Jeddah into one of the leading cities in the Kingdom as far as recycling and landfill diversion is concerned.

Our objective is to broaden our reach within the paper industry by further integrating our group of companies. We consistently enhance WASCO's and Estidama's capacity to contribute to Saudi Arabia's waste management transformation, diversify revenue sources, sustain cost

competitiveness, and achieve operational excellence.

Besides further developing our waste management subsidiaries WASCO and Estidama, we are making strides in developing our waste management business unit and being a catalyst in the sector's development by establishing an integrated waste to energy facility. In its initial phase, the program is being calibrated to divert approximately 45% of landfill into recycled paper, compost and energy solutions. This project will be a pioneering initiative within the Kingdom, as it will repurpose Jeddah's available waste into an energy source with less environmental impacts.

In addition, we are currently building two new paper mills, a 60,000 tons per annum tissue jumbo roll manufacturing facility in King Abdullah Economic City (KAEC), to be completed in 2023, as well as a fifth paper mill that will focus on lightweight containerboard grades. With an estimated production capacity of 400,000 tons per year this facility will almost double our capacity and hence marks the largest expansion in the company's history.

Please refer to the Business Performance section for further highlights on our operations and our economic performance.


Highlights 2022



Significant construction progress with our landmark tissue manufacturing facility in King Abdullah Economic city, targeted for commissioning in 2023



Finalize the development and implementation of the comprehensive cybersecurity framework



Received the **“Great Place to Work”** award, underlining the positive trend in our employee satisfaction rate which reached 90% this year



104 training sessions held with 783 employees spending over 2,369 hours



416,215 tons of production - achieving our highest ever annual production levels in the plasterboard and core board categories



Global presence - **“Made in Saudi”**: delivering our products to over 50 countries across 5 continents



Further improved our ESG Invest rating, continuing to be best in class amongst our industry peers across the Middle East



Board of Directors appointed the first female member in MEPCO'S history, showcasing our commitment to diversity and female empowerment




Championing circularity: **96.7%** non-virgin recycled fibers only in our paper and cardboard production




Doubled our headcount to **1,163** employees - including WASCO and Estidama



Awarded **“Paper Recycling Company of the Year”** by MEWAR



Engaged governmental stakeholders and ministries to assess the feasibility of an integrated waste to energy facility in Jeddah set to generate steam and electricity for our paper mills while diverting municipal waste from landfills



Finalized plans for our fifth paper mill that will focus on lightweight containerboard grades - with an estimated production capacity of **400,000** tons per year this will almost double our capacity and hence marks the largest expansion in our history



Growing Estidama's position as the first Public Private Partnership in the Kingdom in the waste industry



95% customer satisfaction level, and zero complaints recorded



SAR1,294,758,000 invested in community projects, that's 2.3% of our revenues in 2022



Further diversifying our portfolio by building a **60,000** tons per annum tissue jumbo roll manufacturing facility in King Abdullah Economic City (KAEC) expected to start production in 2023



Zero fatalities or reportable accidents for the 2nd consecutive year



Received a certificate of appreciation from Qaderoon for our participation in the Jeddah Qaderoon Forum, which aims to make Jeddah a friendly city for people with special needs



Our employees volunteered for a total of **350** hours on various community projects

Group Strategy

Our strategic objective is to be the leading integrated sustainable paper and packaging producer in the Middle East which we deliver by being a:



Strategic partner to our marketplace providing end to end solutions locally and globally,



Prominent name in the circular economy providing environmentally conscious solutions in support of the Saudi Green Initiative through energy efficiency, reducing our carbon footprint, and transforming the waste management sector,



Value-added organization to the community and the Saudi economy, supporting the Vision 2030 by diversifying the economy and providing quality products that are Made in Saudi to the rest of the world.



Diversifying our portfolio of partnerships to provide sustainable growth and build strong operations.



Providing innovative, digitally integrated, products and solutions that are cost effective to provide the greatest sustainable return for all our stakeholders.

Our Vision, Mission, and Values

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



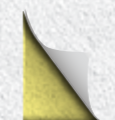
Vision

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



Mission

To lead the industry in sustainability, innovation and quality, while maintaining our commitment to ethical and safe business practices. With our diverse and talented team, we deliver cost-efficient solutions that maximize customer value and benefit the environment. We strive to remain proud of the consistently high-quality recycled fiber-based products we produce for the industries we serve in the Kingdom of Saudi Arabia, the broader Middle East and North African (MENA) markets, and globally, for decades to come



Values

COLLABORATION

We are aware of our responsibilities towards the planet and future generations, and always strive to do better. We do our work in collaboration with all stakeholders to achieve our common goals and objectives.

EXCELLENCE

We aim to be above the expectations in everything we do.

COMPASSION

Our care for people extends beyond our employees. We care about our employees, suppliers, customers, environment, and shareholders.

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.

SYNERGY

We believe in the power of our combined efforts to produce a result greater than the sum of our employees' individual contributions and that working together creates a positive outcome that couldn't be achieved by working alone.

Our Product Range

MEPCO offers a broad range of high-performance products used in packaging, construction, and furniture applications. All our products are basic materials, i.e. other manufacturers use them to make specific end-products for their consumers. From containerboard to specialty paper products, we have a diverse, world-class product offering used in various industries:

Packaging Sector

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

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



Furniture Sector

Used on laminated furniture surfaces, including laminated counters, shelves, and floors.



Construction Sector

Used to manufacture gypsum board, which is used for interior wall lining systems.



For further details and product specifications please visit our website.

Recent Awards and Recognitions



- ★ MEPCO was awarded Paper Recycling Company of the year by Middle East Waste & Recycling Awards (MEWAR)
- ★ MEPCO received a certificate of appreciation from Qaderoon for our participation in the Jeddah Qaderoon Forum, which aims to make Jeddah a friendly city for people with special needs
- ★ MEPCO awarded as a "Great Place to Work"
- ★ Maan Fatani, Group Chief HR Officer at MEPCO, won the "Distinct CHRO Icon of the Year Award" from Global Society of Human Capital Management for his efforts in driving an exceptional people-centric business strategy and successfully leading our business transformation with passion and commitment

CURRENT ACCREDITATION/CERTIFICATIONS:



ISO/IEC 17025: 2017
Testing and Calibration Laboratories

ISO 14001:2015
Environmental Management System

ISO 45001:2018
Occupational Health and Safety Management System

ISO 9001:2015
Quality Management System



The mark of responsible forestry

FSC Mix and Recycled certification of MEPWHITE and MEPKRAFT



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

For a full list of awards and certifications please head to our website's Sustainability section.

OUR APPROACH TO SUSTAINABILITY

At MEPCO Group, we are pioneering for a circular economy. This means that our forward and backward growth along our value change enables us to reuse and recycle our raw materials and output products, and therefore, closing the gap for resource wastage. ESG, particularly environmental sustainability, are not just additions to our business practices, but are rather the baseline upon which we built our business model on.

In addition to our ongoing efforts into backward integration of procuring recycled raw materials and renewable sources of energy and clean energy transition, as well as forward integration of optimal usage of our containerboard

products, MEPCO has been taking the following strategic measures to ensure comprehensive management of Environmental, Social and Governance sustainability:

Examining a variety of external trends, national and international outlooks, as well as global sustainability and ESG benchmarks;

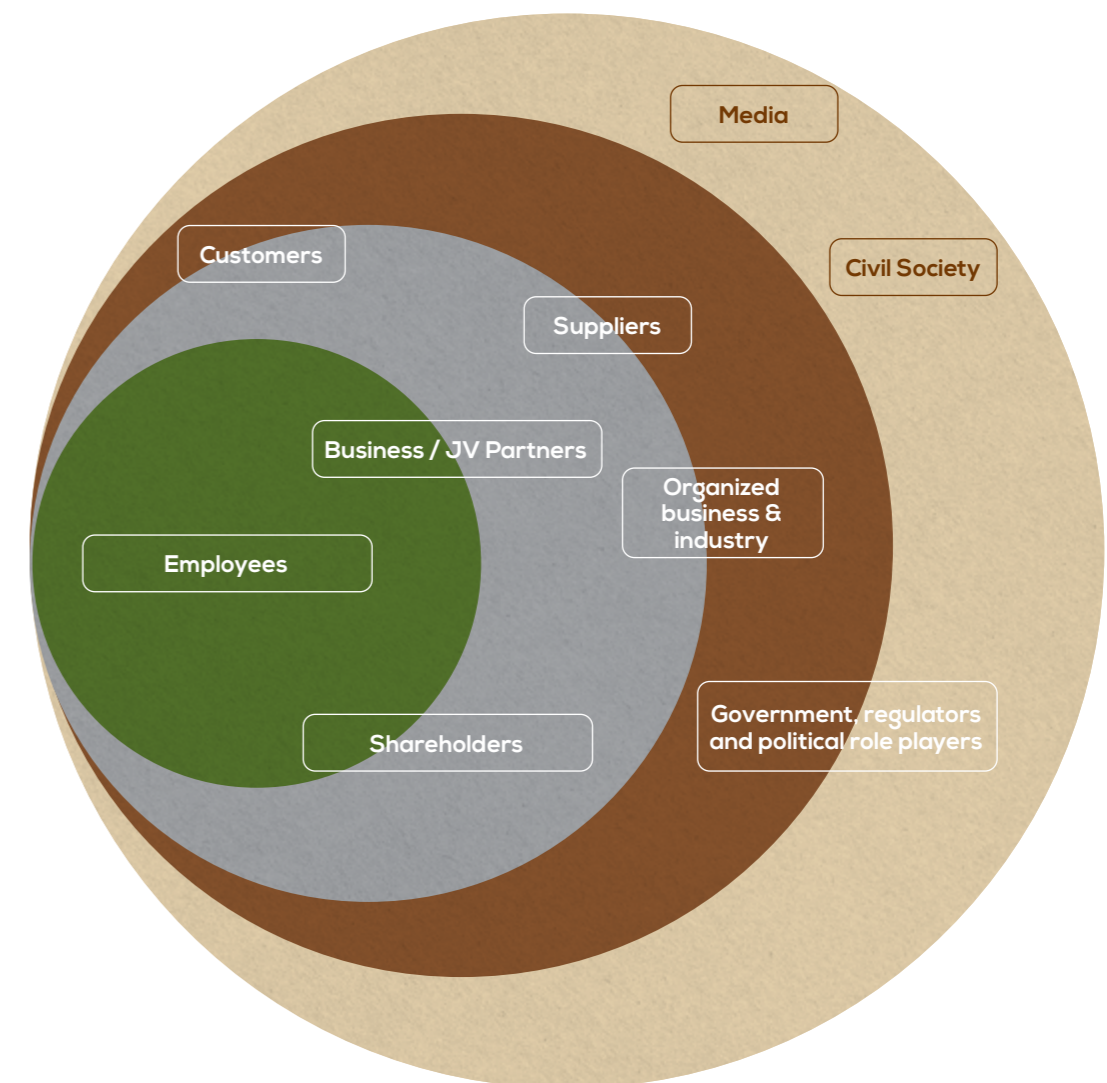
Identifying our material sustainability issues informed by national and international best practices, guidelines, visions and key stakeholder opinions and;

Establishing our comprehensive sustainability strategy and framework to ensure a robust and effective approach to our sustainability and ESG management.



OUR KEY STAKEHOLDERS

Stakeholder engagement is at the core of our business. We prioritize open and transparent communication with all our stakeholders directly or indirectly affected by our operations. In 2022, we updated our key stakeholder groups and conducted a stakeholder survey in reviewing our material issues. A detailed stakeholder map was developed capturing the importance of each stakeholder group for the company, clustering MEPCO's network of stakeholders into nine categories:



MEPCO'S MATERIALITY MATRIX AND SUSTAINABILITY FRAMEWORK

To ensure that MEPCO's sustainability practices and reporting accurately reflect our most pressing ESG issues in a timely manner, we regularly assess which issues are important i.e. 'material' to our company. This includes reviews of relevant national, international, and sector-specific frameworks, such as the United Nations Sustainable Development Goals 2030 (see the "Our Contribution to the SDGs"), the Saudi Vision 2030 (see "Our Contribution to the Saudi Vision") as well as relevant reporting frameworks and standards such as GRI and SASB.

In 2022, we refreshed our materiality matrix by working with an independent consultancy to better understand our key stakeholders' needs and wants from us, within the sustainability context.

Besides including WASCO and Estidama in our materiality refresh, we also directly engaged with key stakeholders to determine the issues that are important to us. By means of a survey, we asked internal as well as external stakeholders (including our board of directors, employees, investors, suppliers and government agencies) to provide their views on which issues they consider to be of most significance to MEPCO.

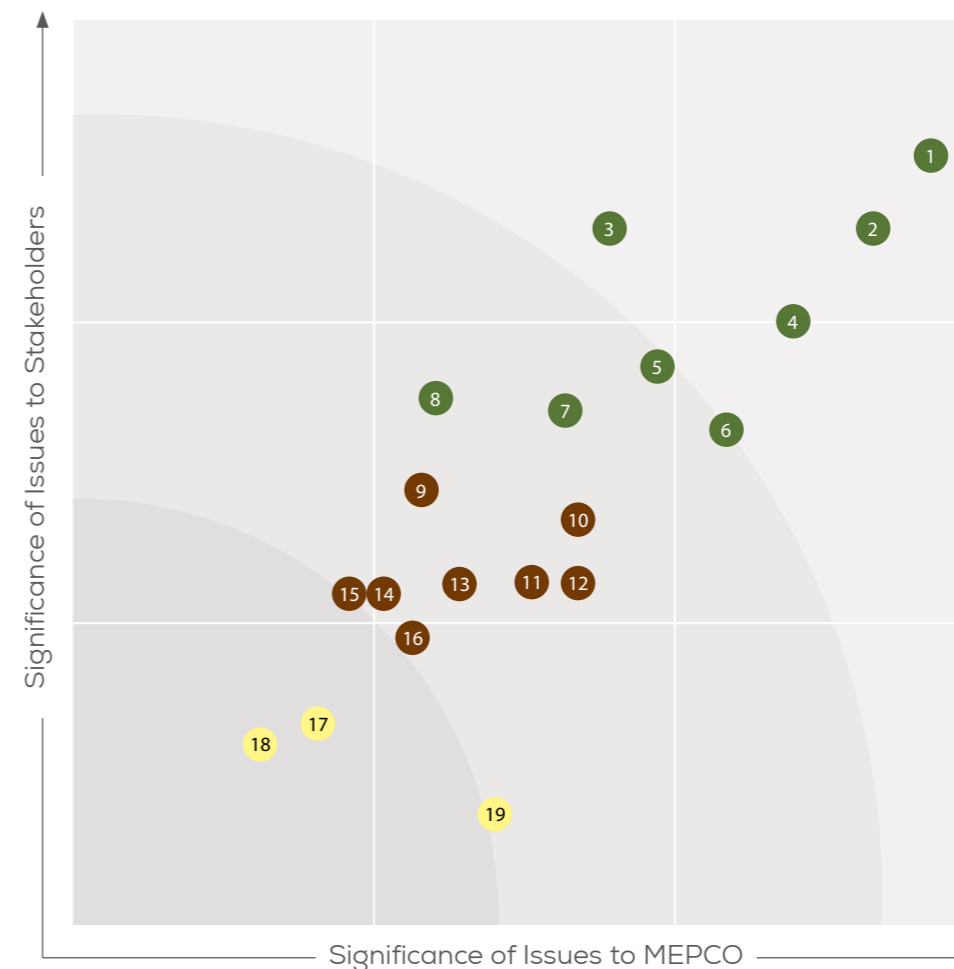
We define 'material' issues as

per the GRI's definition of double materiality – hence we consider not only those issues that are financially material (i.e. matters that influence enterprise value), but especially issues that reflect our impact on the economy, environment and people (i.e. impact materiality).

The following updated materiality matrix provides a comprehensive overview of our most prominent sustainability issues. A key take-away from this process was that issues such as water and waste management, as well as customer engagement, rank significantly higher in importance to our stakeholders than we had previously anticipated. We will therefore ensure to place higher importance on managing these

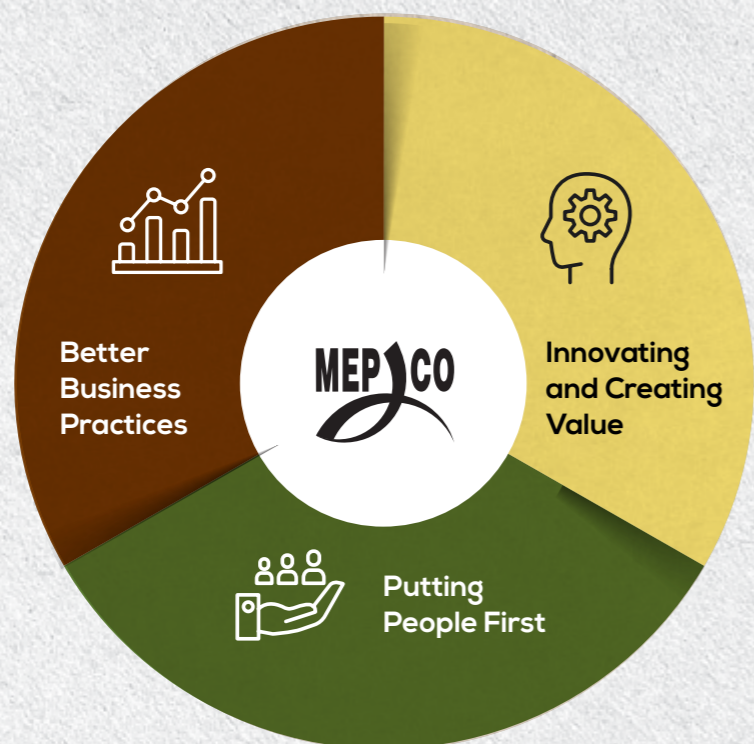
elements in the future.

These issues are aligned with our existing sustainability framework and strategic approach. Moving forward, we are aiming to further improve our sustainability management approach by setting targets for a number of key performance metrics across various material issues.



Most Important	More Important	Important
1 Water management	9 Air emission management	17 Biodiversity and ecosystem management
2 Waste management	10 Risk Management	18 Strengthening communities
3 Business ethics and compliance	11 Innovating for a more sustainable future	19 Circularity and new opportunities
4 Corporate governance	12 Responsibility in the value chain	
5 Business performance	13 Occupational health and safety	
6 Customer centricity	14 Product safety and quality	
7 Responsible use of materials	15 Talent development and diversity	
8 Energy and climate change management	16 Customer privacy and data security	

Sustainability Framework



Better Business Practices

We are committed to the highest governance practices, effective risk management, integrity, and accountability while advocating human rights and environmental protection in the value chain as part of our fundamental factors to long-term value creation and success.

As part of MEPCO's responsibilities towards the planet and future generations, we strive to limit our climate, water, hazardous waste, and other consumption of natural resources impacts, continuously aiming to reduce our environmental footprint.



Innovating and Creating Value

With great importance attached to investing in innovation and developing new and sustainable products in line with customer expectations, MEPCO's reputation for quality and value is well-deserved. We work in close partnership with customers and help them capitalize on trends like the rise of e-commerce and the move away from plastic packaging, strengthening our regional and international growth. We will establish leadership in championing our customers' businesses by developing high-performance, safe, and durable products, while simultaneously improving productivity, and creating value for all our stakeholders.



Putting People First

We focus on providing a fair work environment that supports equal opportunities. Employee development is not only important to support our employees, but also to attract the best talent and to achieve sustainable business growth; therefore, maintaining the highest standards of health and safety, while proactively managing risks in our areas of operation is of utmost importance. Our care for people extends beyond our employees. We create positive value for society and contribute to poverty alleviation, and educating young people, in line with Saudi 2030 Vision and the SDGs.

OUR CONTRIBUTION TO THE SAUDI VISION 2030

The Saudi Vision 2030 is a strategic framework that aims to reduce the Kingdom of Saudi Arabia's dependence on oil, diversify its economy, and develop public service sectors such as health, education, infrastructure, recreation, and tourism. At MEPCO, we regard contributing to the Kingdom's sustainable development as

an essential component of our business strategy. By aligning our operations and initiatives with the objectives of this transformative plan, we believe that we not only help spur development in the Kingdom, but also gain competitive advantages. Our focus on innovation, sustainability, and collaboration

has already enabled us to make significant strides in contributing to the Kingdom's economic diversification and social development. The table below highlights the relevant Vision targets that MEPCO contributes to:

Saudi Vision 2030	Target	2021
 A Thriving Economy	Diversifying the economy	MEPCO invests in research and development, promoting sustainable practices and growth in the paper industry.
 A Vibrant Society	Enhancing environmental sustainability	We implement eco-friendly practices to minimize our environmental footprint and foster a circular economy, through sustainable sourcing of materials, promoting energy and water efficiency, waste reduction and recycling efforts.
 A Thriving Economy	Promoting local content and job creation	We prioritize hiring and development of local talent, fostering a skilled workforce that contributes to the Kingdom's growth.
 A Thriving Economy	Supporting small and medium-sized enterprises (SMEs)	MEPCO collaborates with SMEs in the supply chain, contributing to their growth and development.

MEPCO's unwavering commitment to the Saudi Vision 2030 will continue as we look to explore new opportunities and partnerships that align with the Vision's objectives.

OUR CONTRIBUTION TO THE SDGs

Our commitment to UN SDGs reflect MEPCO’s dedication to creating a better and more sustainable future for our communities. In this section, we outline our ongoing efforts and contributions to the SDGs that are particularly relevant to our areas of operation, demonstrating our support for these crucial goals:

SDGs	Target	How MEPCO contributes
	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	In addition to the training programs provided to employees, we promote learning opportunities and ensure quality education in cooperation with the Higher Institute for Paper and Industrial Technologies. The institution was established by MEPCO with the mandate of training Saudi youth in vocational and administrative fields to help promote future employment opportunities.
	Achieve gender equality and empower all women and girls	With our Global Salary Policy, we ensure that employees’ earnings are determined according to competitive and fair corporate policies and market trends. The principle of “equal pay for equal work” guides our remuneration system, complemented by a flexible benefits scheme. At MEPCO, we believe that encouraging diverse talent and ideas will enable us to build a more productive working environment. We aim to promote female employment and ensure equal representation of women in the socio-economic sphere.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	We aim to grow sustainably while providing a healthy, safe, and supportive work environment for all employees. We also implement employee development programs and offer professional opportunities to empower their working experience.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Modern, successful businesses are built on adapting innovation, technological advancement, and digitalization. At MEPCO, we invest in developing high-quality, innovative, and value-added products, harnessing the power of digitalization to increase productivity in all our processes.
	Reduced Inequalities	We provide educational opportunities and support local employment to reduce social and economic inequalities in the regions we operate in.
	Ensure sustainable consumption and production patterns	We focus on operational efficiency, responsible production and consumption practices and a circular economy approach by enabling responsible resource use and reducing waste production across our business. Our products have recyclable and biodegradable features that enable higher environmental performance both for MEPCO and our customers.
	Take urgent action to combat climate change and its impacts	To mitigate the negative effects of climate change, we deploy energy efficiency measures, increase recycled material use, and reduce our water consumption.

BETTER BUSINESS PRACTICES

At MEPCO, we acknowledge that the success of our operations and acting responsibly go hand in hand. That’s why we have put circularity at the core of our business model, integrating our entire value chain to make sure we have continued supply of recycled input materials for our operations. Moreover, we are dedicated to minimizing our ecological footprint across all stages of our operations. We are committed to conserving water and energy, as well as reducing the waste generated during our production processes. By prioritizing these initiatives, we not only protect the environment but also ensure the long-term viability of our business and the communities we serve.

Notably, we strive to be a responsible business through the implementation of best practices in ethics and governance. Our approach to risk

management, integrity, and accountability is designed to foster a culture of transparency and create long-term value and success for our stakeholders.

Furthermore, we advocate for environmental protection and human rights throughout our value chain. We work closely with our suppliers, customers, and partners to ensure that our shared values are upheld and that our collective impact on the environment and society is optimized. This collaborative approach allows us to drive positive change and contribute to a more sustainable future.

Material issues covered in this chapter

Water management

Waste management

Business ethics and compliance

Corporate governance

Responsible use of materials

Energy and climate change management

Air emission management



ENVIRONMENTAL PERFORMANCE

The consequences of climate change and other major environmental problems, such as water scarcity or biodiversity loss, pose significant threats to the well-being of our planet and its inhabitants. We are aware of the growing need for businesses to take decisive action in addressing their environmental impacts and contributing to a more sustainable future.

Our company recognizes the importance of mitigating environmental risks and embracing sustainable practices in all aspects of our operations. We are committed to complying with all relevant regulations and adhering to internationally acclaimed environmental management standards, such as ISO 14001. To further enhance our environmental performance, we have made significant investments in various programs aimed at improving our operational efficiency and reducing our environmental footprint.

Water Management

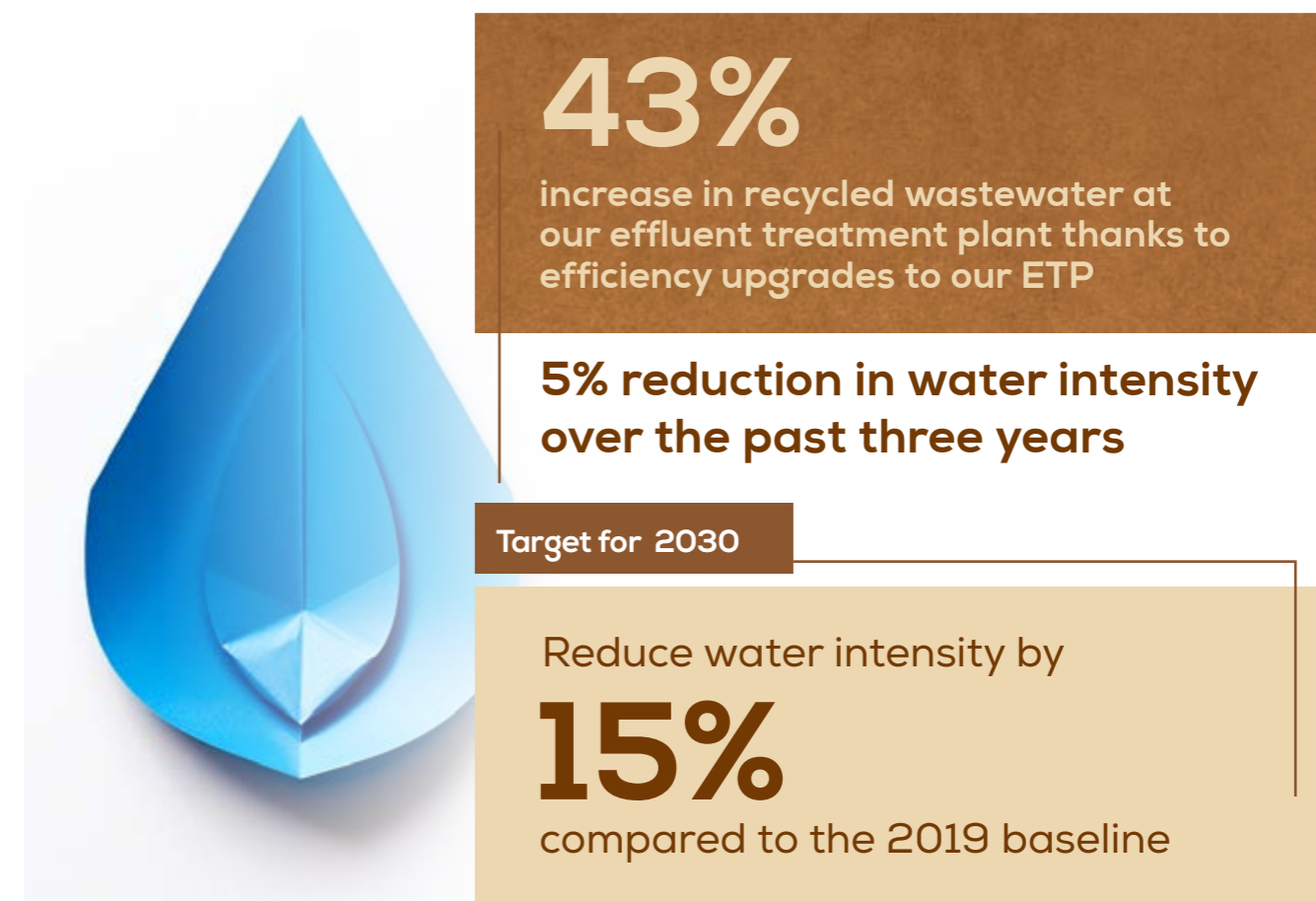
Water scarcity is one of the most significant challenges the Middle East is facing, since the region is characterized by arid and semi-arid climates and limited water resources. As the paper industry is particularly water-intensive, we are aware of our responsibilities in this area and are committed to reducing our water impact and following effective water management strategies, especially as MEPCO relies heavily on the municipal water treatment plant in Jeddah for our production processes.

Therefore, we have implemented several initiatives aimed at increasing water reuse and improving the quality of recycled water. One of our significant investments

is the development of an effluent treatment plant. This system allows us to treat and recycle wastewater from our production processes, reducing our dependence on the municipal water supply, thereby contributing to water conservation. The amount of recycled wastewater we have used increased by 43% in 2022. To reduce water waste, as much as possible, the majority of our facilities' water discharged is treated internally in our effluent treatment plant (ETP) for reuse within our factories. We recently upgraded this plant to be more efficient, aiming to achieve a 20% higher output of water produced.

We have also integrated various other technologies

such as a flash aeration tank, which promotes the release of dissolved gasses in the water, thus improving quality. Sedimentation tanks are used to remove suspended particles from the water, while gas buffers and degasification tanks help to eliminate unwanted gasses and odors. These advanced systems enable us to optimize our recycled water usage and minimize waste. As a result of these initiatives, our total water consumption continued to decrease, leading to a 5% reduction of water intensity over the past three years.



Water*	2020	2021	2022
Total industrial water consumption (m ³)	2,897,003	3,133,124	3,081,326
Total potable water consumption (m ³)	377	368	389
Recycled wastewater (m ³)	-	388,251	556,242
Total water consumption (m ³)	2,897,380	3,521,743*	3,637,957
Water intensity (m ³ / ton of production)	6.79	8.29	8.74

Total water consumption (m³)



Recycled wastewater (m³)



*Water related figures are restated for the years 2020 and 2021 as recycled wastewater data now is presented separately to avoid double counting.

Waste Management

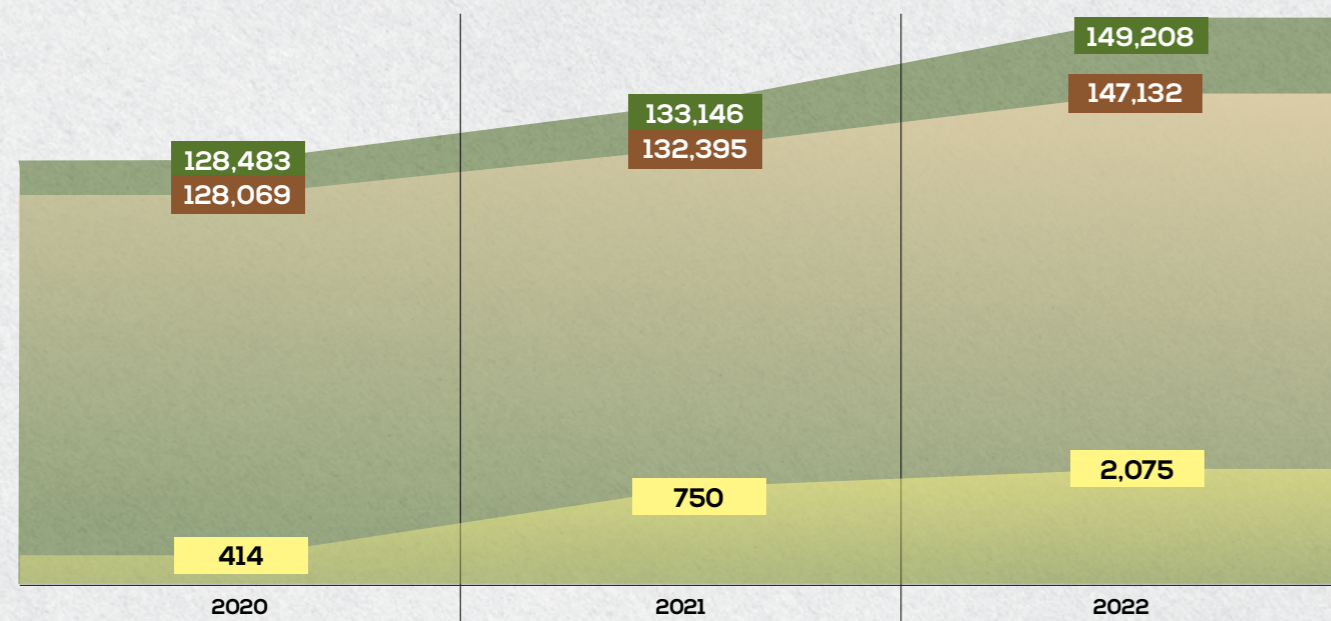
In conjunction with our commitment to utilize recycled materials as our primary source of input, we are equally dedicated to reducing the total waste generated at our facilities, as well as actively working towards quantifying our Scope 3 emissions in order to put in place measurements and targets to reduce the magnitude thereof.

Our main waste streams are sludge from the ETP, plant rejects, HFO sludge as well as used oil and water discharge. Overall, our waste increased by 10% compared to 2021, mainly due to the effects of Covid-

related work reduction during 2020 and 2021. Our hazardous waste, such as oil and heavy fuel sludge, almost tripled, based on an increase in sludge which resulted from a cleaning activity of the aeration tank. Due to the commissioning of a new reactor, the sludge dryness decreased, which led to increased weight. We consistently monitor and document our hazardous waste disposal practices in accordance with our environmental management systems. By partnering exclusively with certified disposal companies, we adhere to all GAMEP (General

Authority of Meteorology and Environmental Protection) guidelines. In 2022, no significant hazardous waste spills were recorded.

We are also currently working towards evaluating the feasibility of a waste-to-energy facility, to actively reuse paper mill waste, generate clean energy and support the displacement of liquid fuels from our production plants to convert into energy. An average of 12.5 kt per month of plant rejects will be sent to our waste-to-energy plants, instead of landfills.



■ Total waste (tons) ■ Hazardous waste (tons) ■ Non-hazardous waste (tons)

Responsible Use of Materials

Recognizing the importance of circularity and recycling practices, we continue to take the necessary steps to minimize our environmental footprint by focusing on sustainable paper supply. In 2022 the share of recycled raw materials accounted for 96.7% of our input materials, compared to 90% in 2020. This significant shift has reduced our reliance on virgin materials from 10% to 5% in just two years, further protecting forests and contributing to a more cost-effective, sustainable supply chain.

We also consider responsibly sourced raw materials by adhering to schemes like the Forest Stewardship Council (FSC). As of 2022, 67% of MEPCO's product range is FSC Mixed and Recycled certified, thanks to additional certifications of our MEPWHITE and MEPKRAFT products.

Besides relying heavily on recycled and responsibly sourced input materials, we also focus on efficient use of materials in our production process. With processes and equipment optimization, our production plants reached their lowest ever consumption rates for white pulp (38%) and starch (32 kg/t). In addition, we were able to reduce the consumption of filler polymer by 60% and kraft pulp to 30%, significantly contributing to resource efficiency. Between 2021 and 2022, total paper consumption (including paper for office use and product labelling) already significantly decreased by

26.9%, from 5,076 metric tons to 3,711 metric tons. In addition, all our operational and office

paper waste is recycled in our paper production process.

96.7%
reduction in water intensity over the past three years

67% of our product range is FSC certified as we achieved the FSC Mix and Recycled certifications for our MEPWHITE and MEPKRAFT products in 2022.

Target for 2030

83.5%
of product range are FSC certified

Materials	2020	2021	2022
Total paper consumption (tons)	7,533	5,076	3,711
Total paper recycled (tons)	509,881	502,773	491,626

Energy and Climate Change Management

Energy efficiency and carbon footprint reduction continue to be among our top focus areas in our environmental management endeavors. While we are exploring potential new waste to energy opportunities, energy efficiency investments and practices still provide us the most important gains in this area. Currently, a large part of our energy is coming from heavy fuel oil, as well as the local grid in Jeddah.

We have implemented various measures across our facilities, buildings, and offices, including installing flue-gas desulphurization technology that remove harmful sulphur dioxide emissions from our industrial processes, renovating the effluent treatment plant and adding high-powered fans

to enhance air circulation and improve working conditions. Also, by optimizing the AC operation, we achieved an annual saving of 131,400 kWh of energy in 2022.

Thanks to these initiatives, electricity consumption in 2022 across all our sites was 5,519 GJ, a 3.85% reduction from 5,740 GJ in 2021. Our total Scope 1 and 2 emissions also decreased by 3.94% respectively, from 510,133 tons CO₂eq in 2021, to 490,033 tons CO₂eq in 2022. Going forward, we will transparently address our Scope 3 emissions as well.

As air emissions have a direct impact on the environment as well as individual's health, we work hard to ensure their effective management, and therefore have implemented a comprehensive monitoring

system for our boilers. This system involves regular internal assessments as well as third-party audits by GAMEP. Our diligent efforts have allowed us to maintain air emissions within the limits defined by GAMEP.

Throughout the reporting period, we have successfully achieved reductions in both NOx and PM emissions. Our NOx emissions decreased by 1.55%, while our PM emissions reduced by 3.23% in the same period. Our SOx emissions remained relatively stable over the past three years, but comparatively high among industry, which is due to energy production from heavy fuel oil. We are looking at other energy generation options for reducing our SOx emissions, along with GHG emissions.

Ambition until 2025

Start looking into setting a Science-based Target and defining a net-zero pathway



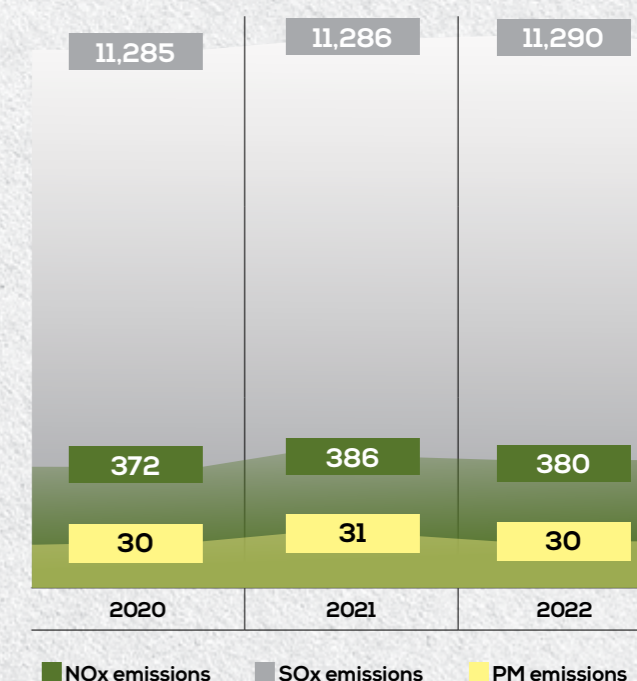
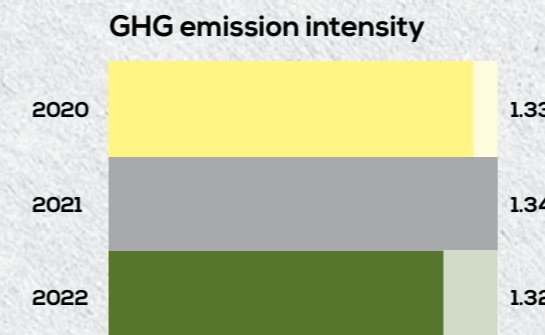
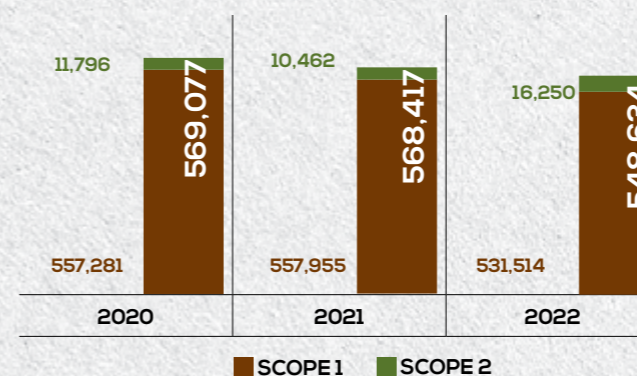
Indirect Energy Consumption

Energy Consumption*	2020	2021	2022
Diesel consumption from operations (L)	1,800,000	64,000**	2,853,500
Diesel consumption from vehicles (L)	360,000	338,082	321,933
HFO consumption from operations(L)	167,427,000	168,977,876	159,007,998
Grid electricity consumption (kWh)	19,580,008	20,029,272	28,608,644
LPG (kg)	415	455	435
Petrol (vehicle use) (L)	342	368	350
Freon gas - R22	4,197.6	4,580.4	4,356.0
Freon gas - R410	2,376.0	2,574.0	2,455.2
Freon gas - R11	594.0	673.2	633.6
Freon gas - R404A	501.6	554.4	528.0

*Numbers for LPG, petrol and freon gases represent actual values for 2022, however for previous years no actual data was available, hence it was estimated with a 5% variation

**Diesel from operations is mainly used during shutdown activities. In 2021 no shutdown was performed, hence the numbers are significantly lower compared to 2020 and 2022.

GHG and Other Air Emissions



Biodiversity and Ecosystem Management

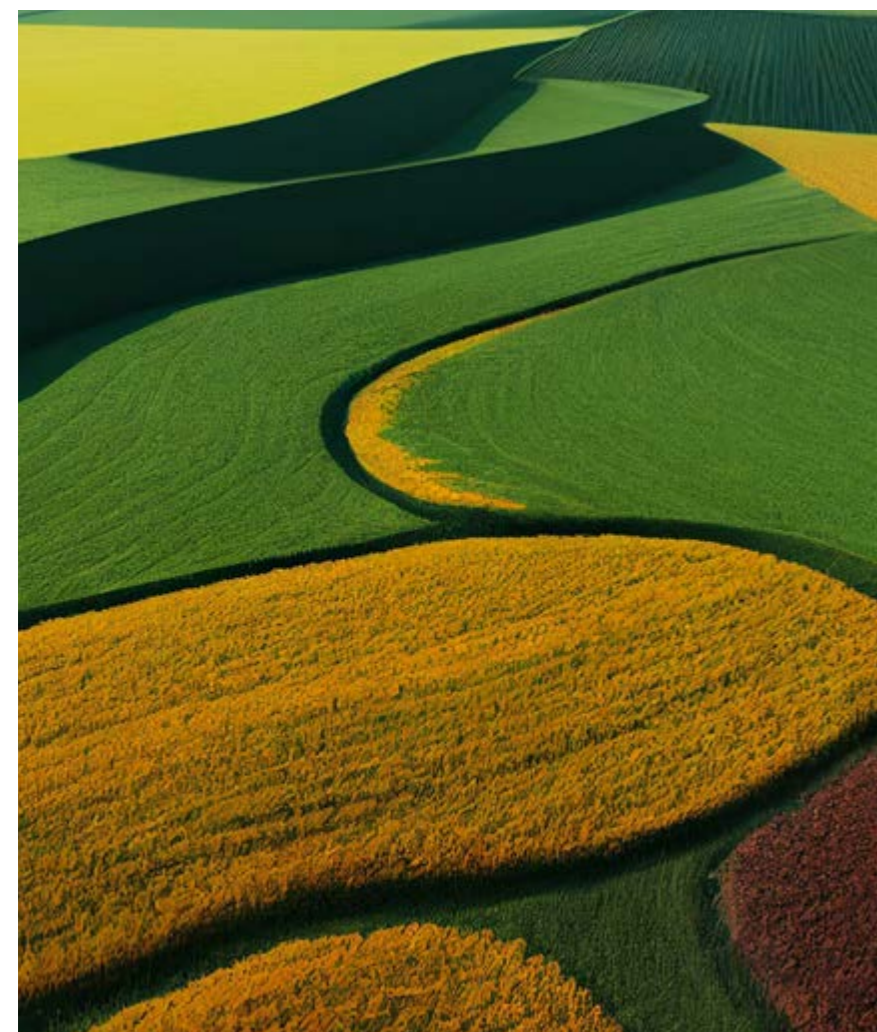
We recognize that the preservation of natural habitats and the species they support is essential for a healthy and sustainable environment. Our commitment to being respectful to the ecosystem is demonstrated in our production efforts, by continuing to largely utilize raw materials based on non-virgin fiber, and seeking FSC certification wherever feasible.

In addition, in line with the Saudi Green Initiative's ambition to preserve the local biodiversity in Saudi Arabia, we are trying to better understand the impacts of our operations on the local biodiversity. While our operations in Jeddah are not deemed to be close to or contain portions of an area of high biodiversity value, we are aware that our operations cause indirect impact on biodiversity, e.g. through pollution, and hence remain committed to understand and ultimately manage any negative impacts on biodiversity.

On the flipside, we continue to work with local communities and organizations on environmental initiatives, further information on which can be found in the chapter on Community Engagement Initiatives.

Ambition until 2024

Deep-dive to identify and better articulate direct and indirect biodiversity impacts



RESPONSIBILITY IN THE VALUE CHAIN

As part of our commitment to sustainability management, we focus our efforts on reducing our negative environmental and social impact along the value chain, while supporting local suppliers in alignment with Saudi Vision 2030.

Since our operations are vertically integrated, most of our input material is derived from WASCO and Estidama, and since we have management control over both these legal affiliates, we have direct control over their environmental and social standards. Our focus on recycled input materials and obtaining certifications such as FSC help to guarantee responsible sourcing for our production.

Beyond that, our supplier-related principles ensure that our suppliers comply with our business principles, which are set out in the MEPCO Code of

Conduct. The Supplier's Code of Conduct sets standards that are critical for our stakeholders, covering issues like anti-corruption, data privacy, and employment practices. This ensures that our supply chain operates ethically and transparently. In addition, we have implemented a robust risk management system to monitor and address potential human rights violations within our supply chain. This proactive approach enables us to identify and resolve issues before they escalate. Any suppliers who are deemed to be high risk, or who break the code of conduct, will be reviewed, and terminated in line with our supply

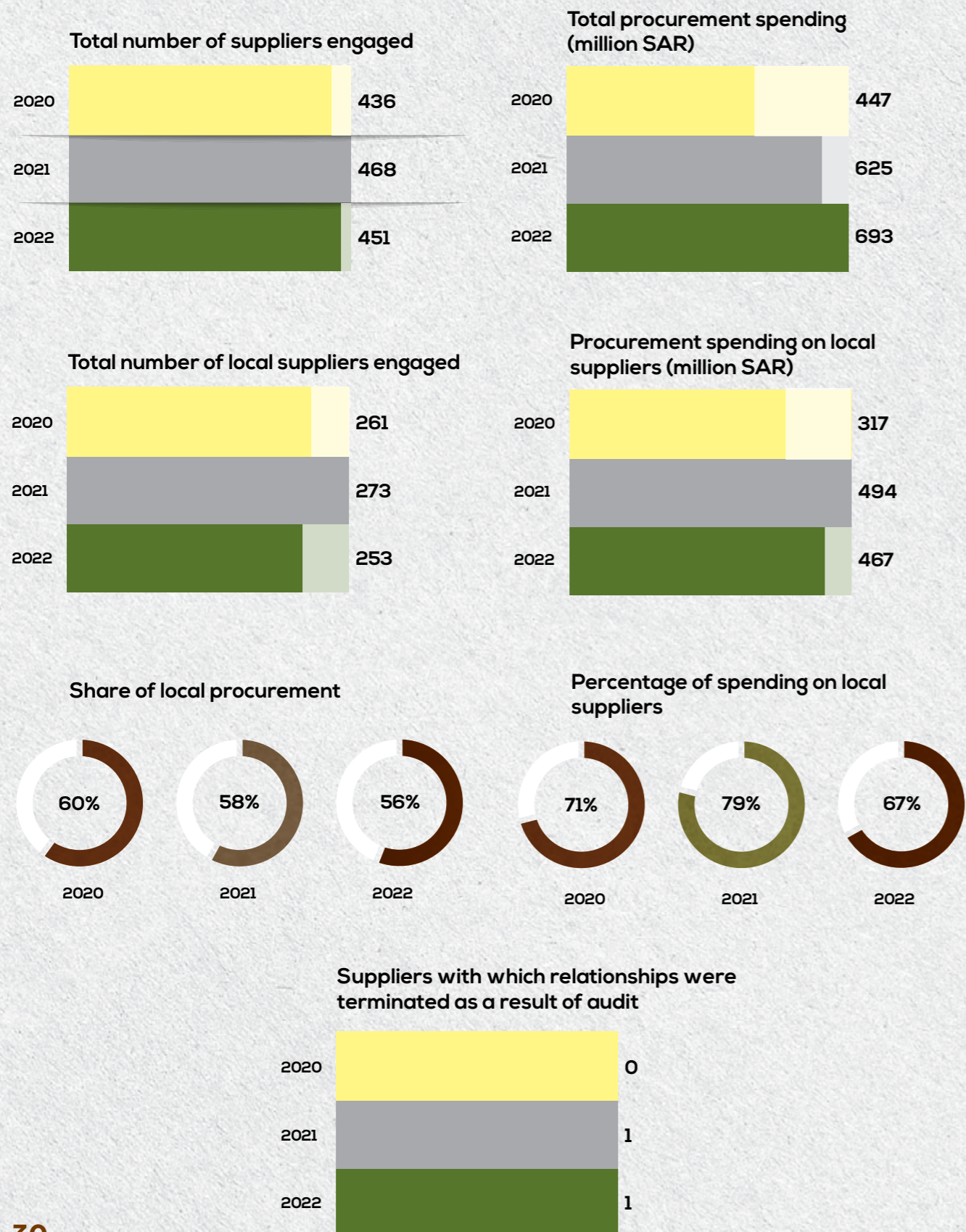
chain governance principles.

As part of our contribution towards the Vision 2030 and the diversification of the Saudi economy, we are partnering with local suppliers whenever possible, which is not only an investment in the local economy but also reduces transportation-related emissions. In 2022, 56% of our suppliers were local and of the SAR 693 million total procurement spending, 67.4% was made to local suppliers. We aspire to increase the share of local suppliers to reach 70% by 2031, taking 2021 levels as baseline.



*Our 70% target takes into consideration virgin pulp that has to be imported for purposes of tissue raw material requirements.

Local Procurement



CORPORATE GOVERNANCE

MEPCO's commitment to sustainability is deeply ingrained in our corporate governance structure, led by a diverse and experienced Board of Directors. Through transparent decision-making processes, adherence to our guiding principles, and the support of specialized committees, we continue to drive sustainable growth and create long-term value for our shareholders and stakeholders.

By implementing responsible corporate governance practices, based on ethical decision-making, transparency, and accountability we aim to ensure business excellence, performance and long-term competitiveness, while simultaneously contributing to the global sustainability agenda.

At MEPCO, we recognize the imperative for action and are committed to embedding sustainability into the core of our corporate governance framework. Our approach to governance is centered around the following key principles:

- Enhancing the role of our shareholders and facilitating the exercise of their rights:** We believe that empowering our shareholders is crucial for driving sustainable value creation. By fostering an open dialogue and promoting transparency, we enable shareholders to actively participate in shaping the company's strategic direction.
- Stating the competencies and responsibilities of the Board and Executive Management:** We strive to ensure that our leadership team possesses the necessary skills and expertise to navigate the complex sustainability landscape. By clearly defining their roles and responsibilities, we facilitate effective decision-making and accountability.
- Enhancing the role of the Board and committees and developing their capabilities:** 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.
- Achieving transparency, impartiality, and equity in all our business transactions:** We are committed to conducting our business with the utmost integrity, fostering a culture of transparency and fairness in all our dealings.
- 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.
- Enhancing accountability and control mechanisms for our employees:** We promote a culture of accountability and responsibility, empowering our employees to act ethically and in the best interests of the company.
- Establishing the general framework for dealing 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.

- Supporting the effectiveness of the system and tools for overseeing MEPCO:** We continuously review and enhance our governance systems and processes to ensure their effectiveness in driving sustainable performance.
- 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.

By integrating these principles into our corporate governance framework and regularly monitoring its effectiveness, we ensure the protection of the rules, policies and procedures listed in the company's corporate governance policy, along with the rights of shareholders, stakeholders, and related parties. All regulations are binding to all members of the Board of Directors, executive management, managers, and company employees.

Board of Directors

The Board, which is elected by the General Assembly, serves as the governing body responsible for managing the company's alignment with shareholders' interests. Our corporate governance framework and board bylaws ensure that the Board operates with transparency, accountability, and a focus on long-term value creation. Our bylaws outline the formation, competencies, responsibilities, and rights of the Board and its committees, emphasizing effective participation in decision-making processes. This includes strict codification of conflicts of interest and upholding honesty, trustworthiness, caring, and attention as our guiding business principles. The principal bylaw system specifies the number of Board members, their incentives, and levels of

authority, ensuring that our leadership reflects the size, nature, and expertise required for our business.

Currently, MEPCO's Board comprises eight members, with four serving as independent directors. Following the elections at the General Assembly in June 2019, the Board's term cycle began on 14 November 2019 and generally lasts for three calendar years. The Board is responsible for establishing the 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 the segregation of duties and

preventing any individual from having unilateral decision-making authority. This structure fosters a collaborative environment that supports sustainable growth and innovation.

To further enhance the Board's effectiveness, several committees have been established to assist in fulfilling its duties in accordance with corporate governance regulations. These committees focus on key areas such as audit, risk management, and sustainability, ensuring that MEPCO remains at the forefront of industry best practices. Please see the [MEPCO 2022 Annual Report](#) for more information on corporate governance.



Risk Management

As a responsible corporate entity, we are committed to integrating sustainable practices into our operations and ensuring effective risk management to safeguard our stakeholders' interests and contribute to a more sustainable future. To achieve this, we have implemented robust policies, including credit policy, treasury policy, and marketing policy, which guide our approach to risk management. These policies enable us to proactively identify and prevent potential risks and detect actual risks at

an early stage, allowing us to take appropriate measures to minimize their impact on our performance. Our Risk and Compliance Department plays a crucial role in overseeing the implementation of these policies, providing support and information to ensure that our risk management efforts are comprehensive and effective. This department works closely with all business units to identify, assess, and mitigate risks, thereby fostering a culture of risk awareness and resilience across the organization.

Our Business Continuity Management (BCM) is designed to prevent and mitigate 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.

For an overview of some of our financial and non-financial risks and how we manage them please refer to Annex 3 of our 2021 Sustainability Report.

Business Ethics and Compliance

As a responsible corporate citizen, we understand the need for businesses to act in promoting ethical behavior and integrity to ensure the well-being of all stakeholders. To this end, MEPCO has implemented a comprehensive Code of Conduct and Business Ethics that governs our interactions with employees, suppliers, government agencies, and other parties.

This Code of Conduct provides a clear framework for labor relations, compliance, managerial responsibilities, and the ethical conduct of our employees. It also addresses issues such as confidentiality, intellectual property protection, and supplier relationships. In addition, our 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.

At MEPCO we encourage all employees to report any violations of the Code of Conduct, with the assurance that their anonymity will be protected, and no reprisals will be taken against them. To facilitate this process, we have established a hotline for reporting concerns related to business ethics, as outlined in our Violations Notification Policy and our Employee Manual.

Our commitment to ethics and integrity extends to our efforts to prevent and eliminate

corruption in all its forms. During the reporting period, no incidents of corruption were recorded. Furthermore, our HR department maintains a grievance register, and we are in the process of developing a grievance resolution plan to address issues through department heads and senior management.

Compliance with all applicable laws and regulations is a top priority for MEPCO. In 2022, we received no fines or sanctions for non-compliance, demonstrating our unwavering commitment to ethical business practices. For more information regarding how we manage ethics and integrity, please refer to our Code of Conduct.



In 2022, there were
Zero
incidents of corruption.

No fines or sanctions for non-compliance with laws and regulations.

INNOVATING AND CREATING VALUE

The urgency for businesses to address sustainability challenges has never been more apparent. Climate change, resource depletion, and shifting consumer preferences demand that companies take decisive action to ensure a sustainable future. Innovation and a circular carbon economy are key ambitions of the Saudi Vision and Green Initiative, as the Kingdom aims to diversify its economy.

At MEPCO, we pride ourselves on staying at the forefront of sustainable paper solutions. Our commitment to enhancing the quality of recycled materials and exploring non-conventional paper grades has led to the development of innovative products that not only benefit our customers but also minimize our environmental footprint. By offering these cutting-edge solutions, we empower our customers to improve their performance while simultaneously contributing to a more sustainable world.

Throughout 2022, MEPCO's focus on innovation and value creation has resulted in tangible progress in our sustainability efforts. Our investments in research and development have yielded new products and processes that reduce waste, conserve resources, and promote circularity. By actively engaging with our customers, suppliers, and industry partners, we continue to drive positive change and reinforce our position as a leader in sustainable paper solutions. Together, we are building a more resilient and prosperous future for all.

Material issues covered in this chapter

Innovating for a more sustainable future

Business performance

Customer centricity

Product safety and quality

Circularity and new opportunities



INNOVATING FOR A MORE SUSTAINABLE FUTURE

In today's rapidly changing world, businesses must take decisive action to address pressing environmental and social challenges. MEPCO is at the forefront of this transformation, recognizing the urgent need for innovation for a more sustainable future.

One of our key contributions lies in combating plastic pollution, through providing customers with eco-friendly alternatives to single-use plastics in the form of recyclable and biodegradable paper products. Thereby we are not only addressing global environmental concerns, but we also empower our customers to make responsible choices for a better tomorrow.

Our ongoing investments in cutting-edge fiber management and utilization technologies have enabled us to integrate recycled materials into our diverse range of containerboard and specialty paper products, catering to various packaging needs while prioritizing efficiency and performance. MEPCO's innovative hybrid-grade products, such as MEPCHEM, MEPWHITE, and MEPKRAFT, have been engineered to withstand

fluctuations in temperature and humidity, offering a sustainable solution that previously relied on virgin fiber-based products. Furthermore, our ground-breaking MEPDUAL product enables customers to reduce stock requirements by up to 50%, as it serves both as a liner and a corrugating medium.

For more information on our products, please visit our [website](#).

Highlight story

Digital Transformation

As part of a regional and global expansion strategy we are aiming to streamline our business processes and increase efficiencies. Therefore, we embarked on a comprehensive digital transformation journey, automating, innovating and ultimately optimizing our operations and core internal business processes. In the initial phase, we deployed the SAP S4 HANA platform to deliver real-time data insights across our company, as well as a single view of our entire operation for more informed decision-making. This has already helped us to reduce manufacturing cycle time, enhancing the efficiency of our manufacturing-related functions and ultimately streamlining processes and inventory levels.

In the next phase, we will deploy eCommerce solutions to improve customer experiences, from content management and customization to order processing and engagement processes. We will rely on SAP solutions to support customer-facing functions including logistics, regional and international trade, and planning, helping us to expand beyond our current footprint and tapping into new markets.

CIRCULARITY AND NEW OPPORTUNITIES

At MEPCO, we believe that our circular economy approach does not only minimize environmental impacts but also fosters innovation and long-term economic growth, helping to diversify the local economy.

The significance of the circular economy lies in its potential to reduce resource consumption, minimize waste generation, and mitigate climate change by promoting the efficient use of resources throughout their lifecycle. By adopting circularity, businesses can enhance resilience, drive innovation, and create new opportunities for

growth, while contributing to a more sustainable future for all.

Recognizing the potential of waste as a valuable resource, we continue to invest in advanced recycling technologies, working closely with our subsidiaries WASCO and Estidama. We have been able to create a diverse range of high-quality products using both post-consumer and

pre-consumer recycled paper. We currently already rely on 96.7% recycled input material, however we are actively exploring ways to further integrate circular principles into our processes, products, and services, aiming to minimize our environmental footprint and maximize value creation.

Highlight story

Waste-to-Energy

Our aspirations in this field is the development of an integrated waste to energy facility. In its initial phase, the program will be calibrated to generate a significant component of our paper mills' steam and electricity needs and displace virtually all of our fossil fuel-derived electricity, whilst diverting approximately 45% of municipal solid waste away from landfill into the increased recovery of recyclable materials, compost and energy solutions. This project will be a pioneer in repurposing Jeddah's available waste into an energy source with less environmental impacts.



BUSINESS PERFORMANCE

In 2022, MEPCO continued to strengthen its position as a leading provider of containerboard and specialty paper products across its markets. Besides the local Saudi market and regional countries such as Kuwait, UAE, Qatar, Bahrain, and Oman, our market reach spans the Middle East and Africa, with an increasing presence in South Asia, the Americas, and Europe.

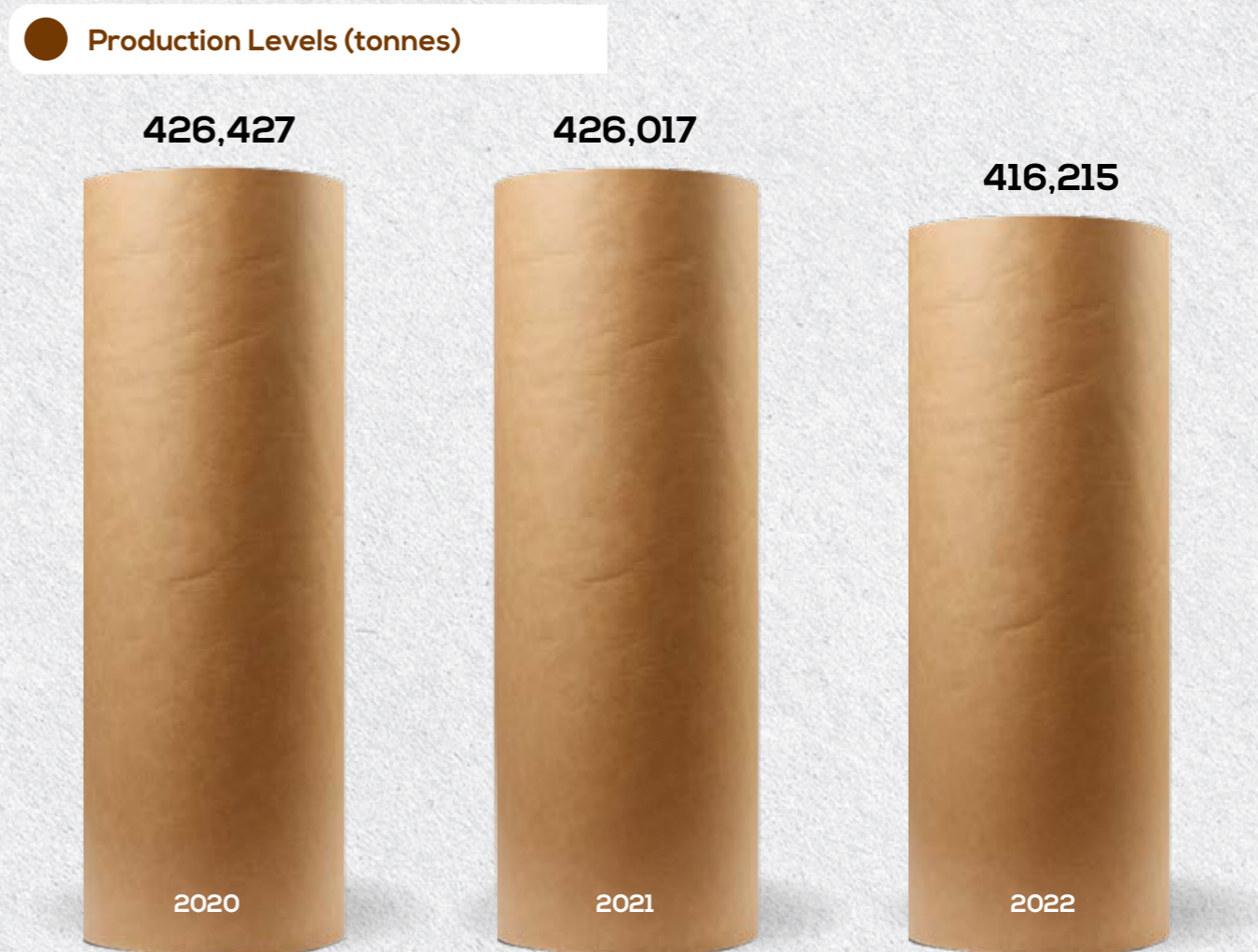
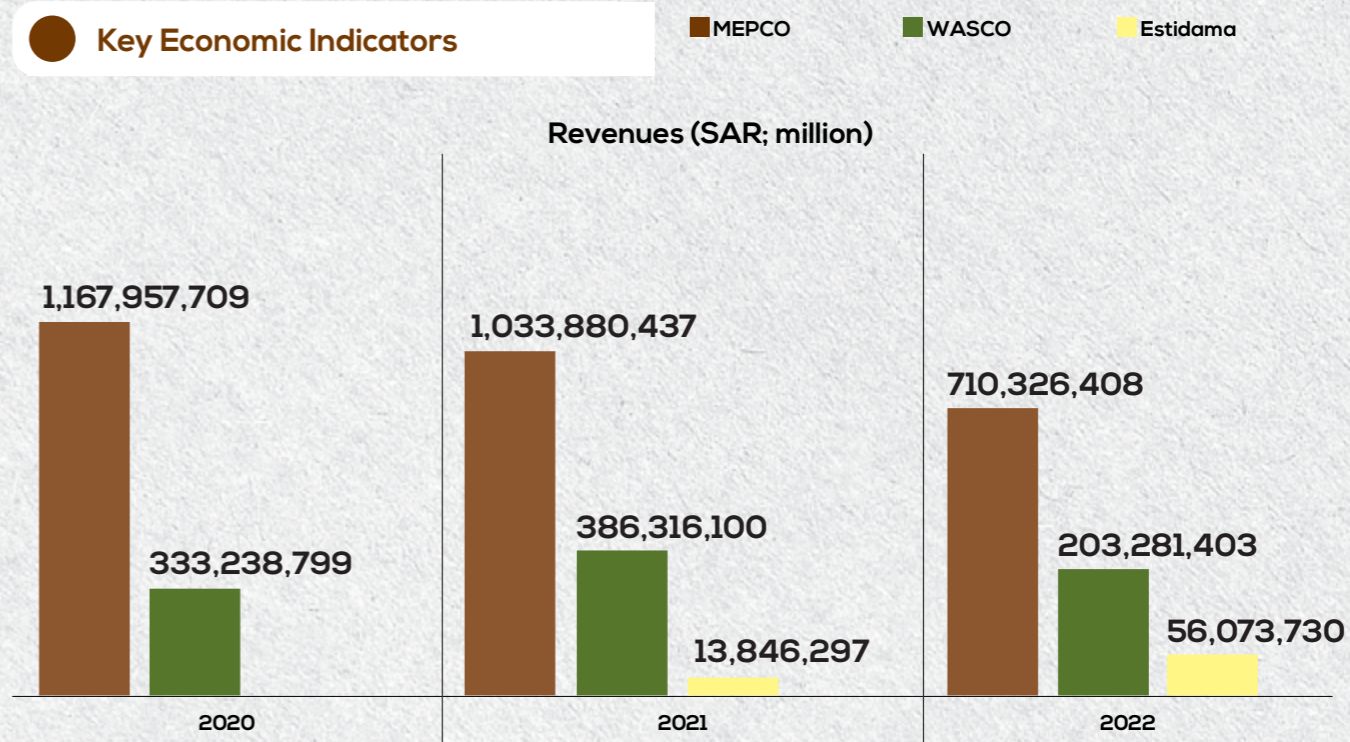
As the only listed containerboard manufacturer on the Saudi stock exchange, our Investor Relations function successfully continues to broaden the exposure of our activities and achievements among local, regional, and international investment communities.

With an annual capacity of 500,000 tons, our three existing paper machines enable us to produce a variety of products with fast lead times, providing competitive advantages in terms of economies of scale, productivity, and cost competitiveness. In 2022 our production volume was realized at 416,215 tons, mainly focused on fluting and testliner products. A large share of our products were sold locally in Saudi Arabia, followed by Algeria and Jordan, and subsequently other

MENA countries. During the final quarter of the year, heavy rainfall affected our production facilities and subsequently, MEPCO's operating plant, required restoration of the entire production capacity. While the restoration was effective and efficient, and completed ahead of the expected date, a loss of 7% of the value of sales was recorded for the quarter, as a result of the cessation of production operations. Nevertheless, MEPCO's financial performance continued to demonstrate stability, building on the record-breaking production achievements of 2021. Our revenues reached SAR 1,167,957,709 million, while dividends paid in 2022 reached SAR 75,000 million for MEPCO.

Besides, we are currently spearheading the largest expansion thus far in the company's history, by finalizing plans for establishing and running a facility that will be designed to focus on lightweight containerboard grades, with a total investment estimated at SR 1.5 billion. Not only will this facility further develop our product range, but it will also be an active player in our circular economy, as it will rely primarily on recovered paper as raw material. Building a new paper machine with an estimated production capacity of 400,000 tons will not only nearly double MEPCO's production capacity, but will also nearly double MEPCO's revenues.

Please see the MEPCO's 2022 Financial Statements for more information on financial performance.



Highlight story

Project Juthor

To further diversify our portfolio, in 2022, we were in the process of building a 60,000 tons per annum tissue jumbo roll manufacturing facility in King Abdullah Economic City (KAEC). Earthmoving activities started in late 2021, and the expected date of completion is set for 2023.

The project aims to reduce Saudi Arabia's imports of tissue products, such as facial tissues, pocket tissues, kitchen towels, toilet tissues and others. Besides boosting the contribution of the paper products sector's contribution to the non-oil segment of GDP, the facility will employ more than 100 employees once operational.

We also considered climate change and the environment right from the start. During the designing phase, we marked reducing the project's environmental footprint as a top priority. We took several pivotal decisions to ensure the lowest possible environmental impact of this project. This includes usage of natural gas to power the facility and ensuring the implementation of the latest technologies to reduce air and water emissions. The facility will use desalinated water, and the discharged water will be routed back to the treatment facility in KAEC to ensure maximum efficiency and preservation of natural resources.

Thereby, the facility will not only contribute to our performance as a company, but equally to the ambitions stipulated in the Saudi Vision 2030.



PRODUCT SAFETY AND QUALITY

In the paper industry, businesses must prioritize product safety and quality to protect consumer health, minimize negative environmental impact, while ensuring sustainable growth and maintaining a competitive edge in the market. Since 2019, MEPCO's commitment to quality has been recognized with ISO/IEC 17025:2017 Testing and Calibration Laboratories accreditation, making us the only containerboard manufacturer in the Middle East to hold this certification.

To ensure product health and safety, we adhere to international and local standards, identifying, evaluating, and mitigating risks through regular internal audits of our processes and product life cycle. Our products are biodegradable and designed to minimize health risks for consumers. We hold the Food Contact Certificate for Containerboard Products from ISEGA, an independent German-based testing and certification institute focused on pulp and paper products, which is valid for two years, to further mitigate health-related risks.

In 2022, we introduced new testing measures, such as measuring cockling (distortion) in board products, upgrading our laboratory's measuring equipment, and implementing an online quality compliance system. Furthermore, we provide material safety data sheets with our products, offering essential information and warnings in line with international standards, such as product identification

and composition, firefighting measures, and guidelines for safe handling and storage.

Further achievements in quality control measures were driven by enhanced testing standards, equipment maintenance and purchases, and stricter monitoring procedures. Key testing improvements included benchmarking against competitors and universal indices, such as the Cockling index, ply bond testing, flat crush strength testing and positive interlaboratory testing results.

New equipment acquisitions and maintenance, including roughness checking and tensile strength testing equipment, as well as calibration of measuring devices, contributed to these advancements. Notable quality control accomplishments featured successful annual surveillance audits for all our management systems and certifications as well as regular inter-group meetings for fibrous quality monitoring.

Product Safety

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

0

2020

1

2021

0

2022

CUSTOMER CENTRICITY

Serving a broad customer base across various markets on a global scale, we understand that direct customer engagement and delivering outstanding quality products at optimal cost are critical for our business success and ultimately to maintain a competitive edge.

Understanding customers' needs has helped us build a loyal customer base across markets, while diversifying our customers puts us in a strong and independent position. In line with this, we look for diversification into high-margin product categories, as it allows additional growth opportunities.

We engage with our customers in various ways, through direct

customer service channels, social media, our website, as well as various exhibits and events. Our target is always to reach zero complaints, and we are committed to making continuous improvements to our processes and systems to achieve this goal. In 2022, our customer satisfaction level reached 95%, while we received zero complaints in sales and marketing.

As part of our sustainability strategy, we will continue to prioritize customer engagement by actively seeking feedback, addressing concerns promptly, and maintaining open lines of communication with our clients. This approach not only helps us to deliver better products and services but also fosters long-lasting relationships with our customers, which are essential for our ongoing success.



CUSTOMER PRIVACY AND DATA SECURITY

In today's digital age, the confidentiality of customer and stakeholder information is of paramount importance to maintain trust and comply with regulations. At MEPCO, we recognize the significance of protecting sensitive data and mitigating potential risks and have implemented comprehensive strategies to ensure the highest level of data security and privacy.

Our approach to data security begins with employee awareness training, emphasizing the importance of adhering to our policy and related procedures and principles. This training equips our team members with the knowledge and skills necessary to prevent and respond to cyber-attacks effectively.

To further safeguard our customer and stakeholder information, we regularly back up all relevant sensitive, valuable, and critical business data. We have implemented the ISO 27001 Information Security Management standard, confirming our commitment to maintaining a robust information security management system.

In compliance with the National Cybersecurity Authority guidelines, we are developing and implementing a comprehensive framework to enhance our cybersecurity network. Our IT department plays a crucial role in maintaining data security by ensuring that all necessary software is installed and updated on our servers. They also keep staff informed about potential security threats, such as phishing attempts and spam emails.

Periodic IT security audits enable us to assess our infrastructure and develop an implementation plan based on the audit's recommendations. This proactive approach helps us stay ahead of emerging threats and maintain a secure environment for our customers and stakeholders.

In the event of a security breach, we maintain an incident register to document the occurrence, identify the root cause, and devise and implement corrective action plans. This process allows us to learn from incidents and continuously improve our security measures. In 2022, we have recorded zero security breaches.



PUTTING PEOPLE FIRST

MEPCO maintains an unwavering commitment to fostering a fair and equitable working environment that unlocks development opportunities for all employees. We recognize that attracting and retaining the best talent is crucial for sustainable business growth and maintaining high standards of health, safety, and risk management across our operations. In 2022 we received the "Great Place to Work" award, confirming that our efforts towards employee satisfaction, safety and engagement are successful.

Furthermore, we are steadfast in our mission to create positive value for society by actively contributing to poverty alleviation and supporting the education of young people, directly contributing to the UN Sustainable Development Goals as well as the Saudi Vision.

Material issues covered in this chapter

Occupational health and safety

Talent development and diversity

Strengthening communities



EMPOWERING EMPLOYEES

At MEPCO, we understand that employees are the backbone of any organization, and that a skilled and motivated workforce is essential for driving growth and success. Thereby, we are committed to providing a safe, fair, equal, and inclusive environment for our employees to thrive.

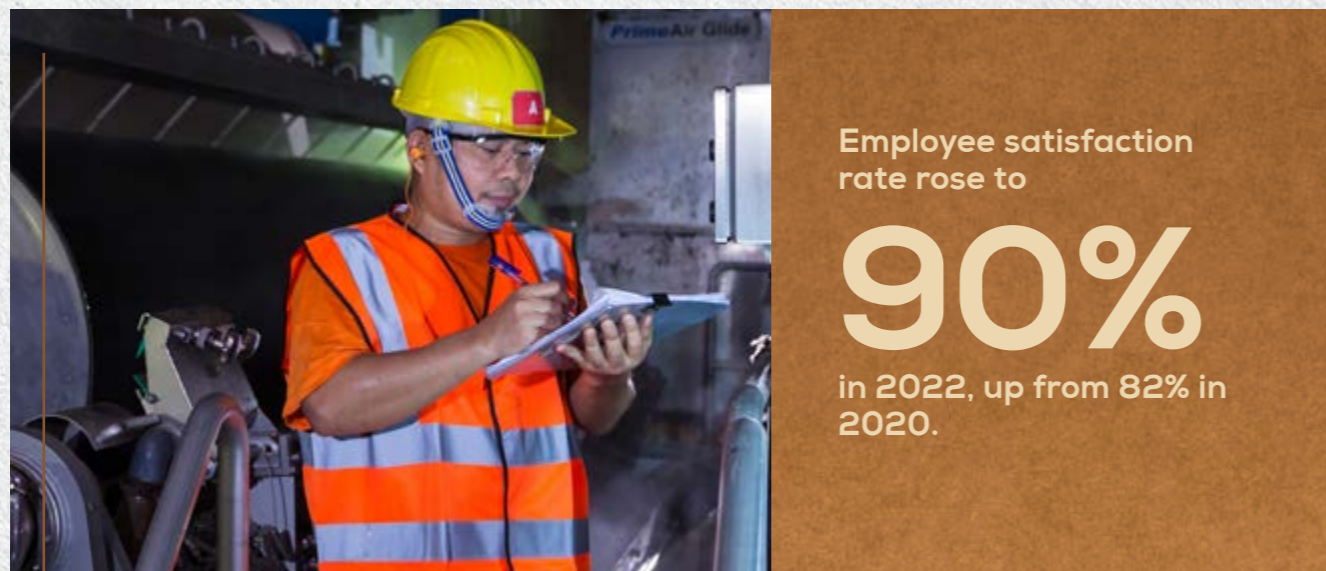
Through our dedication to empowering employees, we aim to cultivate a diverse and inclusive workforce that is equipped to navigate the challenges of the modern business world. Our Human Resources Policy is in accordance with the Saudi Labor Law and approved by the Ministry of Human Resource and Social Development. All employees receive training on the Saudi Labor Law to ensure full adherence, and we maintain strict compliance with relevant regulations, such as prohibition of child labor and forced labor.

Central to our employee development strategy is the emphasis on performance management. By closely monitoring employee progress and identifying areas for performance enhancement, we empower our workforce to achieve greater efficiency. Our annual performance assessments are based on transparent criteria, evaluating essential skill sets, and informing the creation of individual development plans. To ensure continuous growth, we implement new training sessions, informed by regular evaluations and employee interviews. Moreover, our remuneration



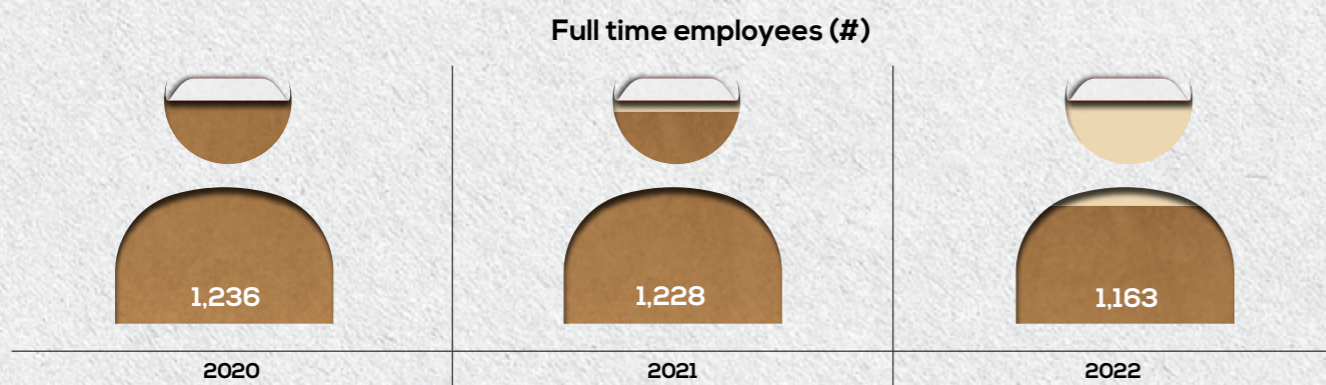
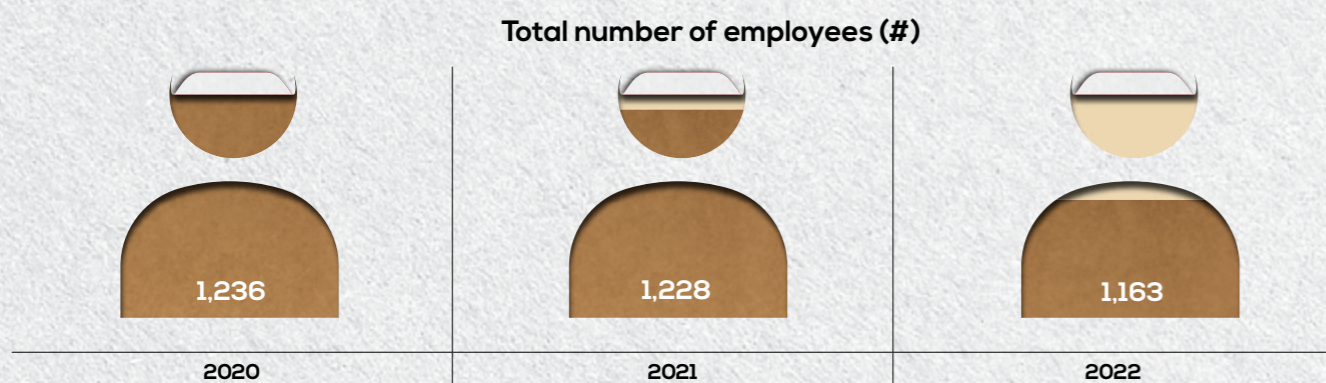
policy is designed to reward performance, further motivating our team members to excel. In addition, we conduct a series of employee engagement events to bring together employees and foster team spirit, such as celebrating national holidays and religious festivities or hosting health and sports tournaments throughout the year.

In 2022, we saw the positive impact of our employee development initiatives on engagement and satisfaction. We observed an increase in employee satisfaction rates, reaching 90%, compared to 85% in 2020. All employees received a performance and career review. We also saw zero grievances and zero harassment cases during the reporting period.

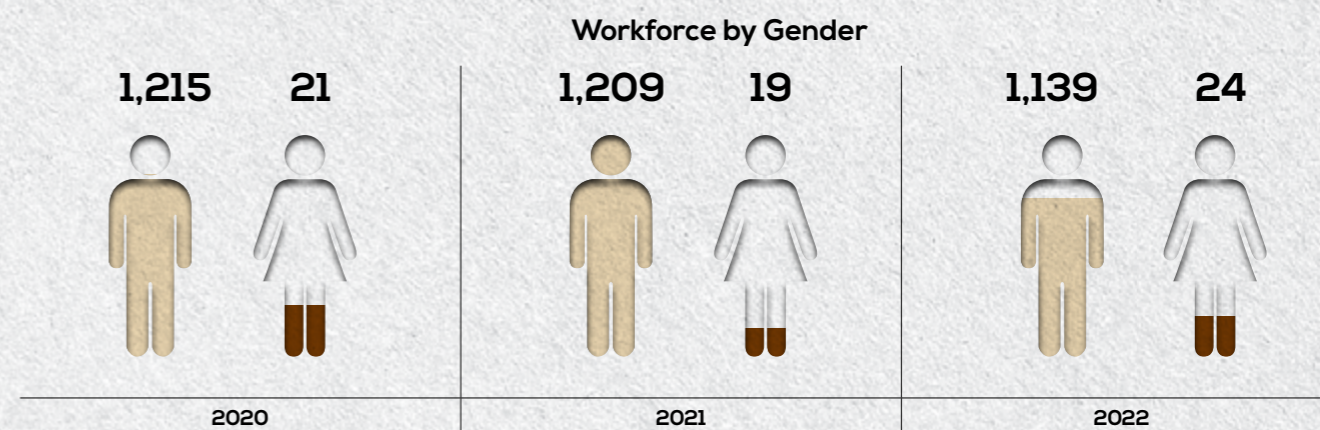


Lowered our turnover rate to 6.2% from 9.1% in the previous year.

Human Resources Data*



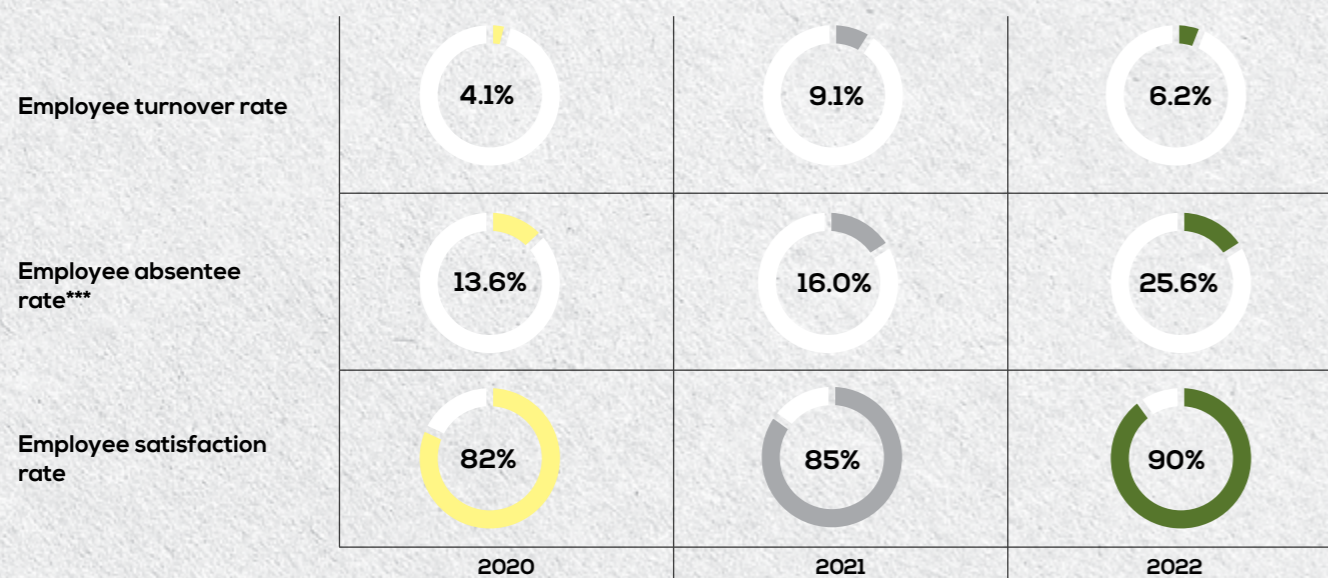
Human Resources Data*	2020	2021	2022
EMPLOYEES BY EMPLOYMENT LEVEL			
Full time employees in senior management (#)	8	10	10
Full time employees in middle management (#)	114	101	59
Full time staff (not senior or middle management) (#)	1,114	1,117	1,094
WORKFORCE BY AGE			
Workforce by age 18-30 (#)	277	283	236
Workforce by age 31-50 (#)	799	779	751
Workforce by age 51+ (#)	160	166	176



NEW EMPLOYEE HIRES BY EMPLOYMENT LEVEL			
New employee hires in senior management (#)	1	5	2
New employee hires in middle management (#)	4	11	5
New staff hires (not senior or middle management) (#)	31	82	55



NEW EMPLOYEE HIRES BY AGE			
Workforce aged 18-30	15	28	20
Workforce aged 31-50	20	69	39
Workforce aged 51+	1	1	4
EMPLOYEE TURNOVER			
Total number of employees who left the organization (#)	50	111	72
TURNOVER BY EMPLOYMENT LEVEL			
Senior management (#)	0	1	0
Middle management (#)	10	6	6
Employees (#)	40	104	66
TURNOVER BY GENDER			
Female (#)	2	4	1
Male (#)	48	107	71
TURNOVER BY AGE			
Workforce by age 18-30 (#)	17	24	47
Workforce by age 31-50 (#)	27	74	20
Workforce by age 51+ (#)	6	13	5
EMPLOYEE ENGAGEMENT AND SATISFACTION			
Employee Engagement	78%	85%	90%
Employees who received a performance and career development review	100%	100%	100%



*This data includes MEPCO, WASCO and Estidama.

** Numbers restated due to a change in definition of employee grades. Currently, senior management covers the executive level and middle management covers the management level.

***Absentee rate based on number of missed work days, 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.

Employee Diversity and Inclusion

At MEPCO, we recognize the importance of equal opportunity and diversity in fostering a sustainable and inclusive work environment regardless of gender, race, or background. Since we are operating in a global landscape, ensuring that our workforce reflects the diversity of society in which we operate has proven to be a critical success factor. Our employees come from 15 different countries, whereby India, Saudi Arabia, Pakistan and Bangladesh represent most ethnicities. Our goal is to invest in human capital by attracting, developing and retaining the best talent, while creating a

work environment that enables everyone to thrive.

This is also true for our gender diversity. While our overall female employment rate is low, in 2022 we also observed that most of our female employees were concentrated in office functions. To address this imbalance, we have set a strategic goal to increase the percentage of female employees across all functions, ensuring a more equitable distribution of talent and opportunity. By doing so, we aim to create an environment where women can thrive and excel in leadership roles. Furthermore, we are dedicated

to fostering a culture of internal growth and development, enabling deserving female employees to advance within the organization and take on greater responsibilities. Our commitment to equal opportunity and diversity is not only a moral imperative but also a strategic investment in the future of our company and the communities we serve. As a first step in the right direction, the Board of Directors appointed its first female member in MEPCO's history, showcasing our commitment to diversity and female empowerment.



First woman

on the Board of Directors in MEPCO's history

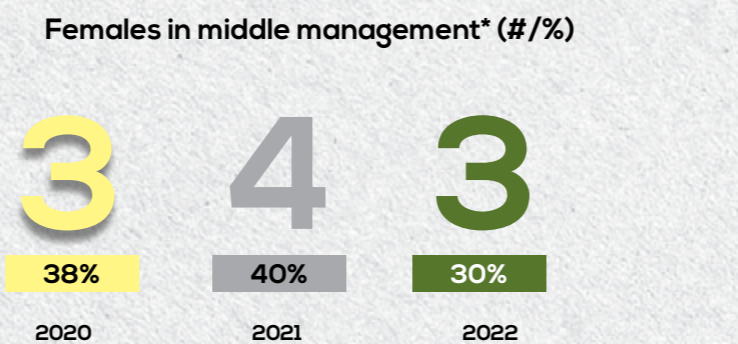
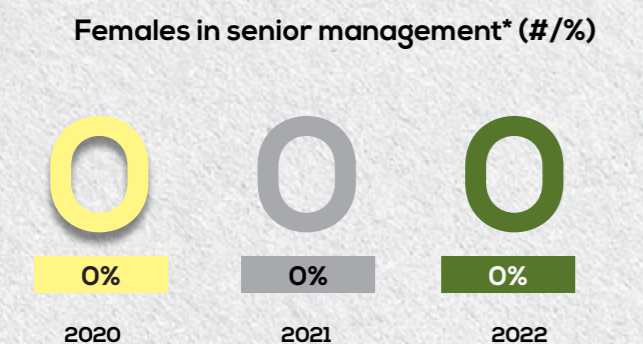
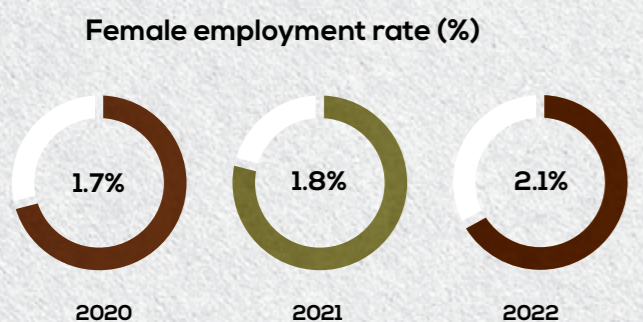
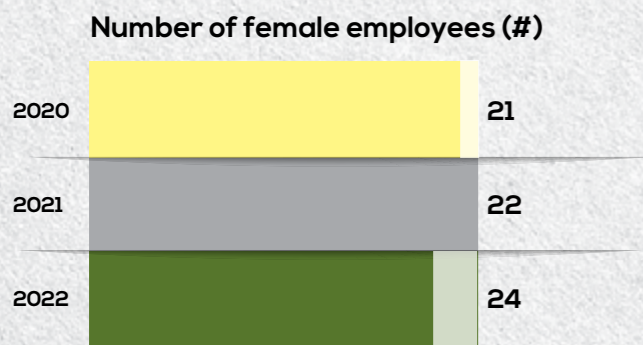
Zero cases of discrimination or harassment within our operations

Target 2025

14%

women in senior management, 8.5% in middle management and 4.5% women across operations

Female Employees



Parental Leave	2020	2021	2022
Number of female employees who took parental leave	2	0	0
Number of female employees who returned to work after parental leave ended (return to work)	2	0	0

Grievance Mechanism	2020	2021	2022
Number of grievances filed	4	4	0
Number of these performance grievance addressed or resolved	3	2	0
Harassment cases	0	0	0
Incidents of discrimination	0	0	0

50 * Numbers restated due to a change in definition of employee grades. Currently, senior management covers the executive level and middle management covers the management level.

Opportunities for Saudi Nationals

MEPCO is dedicated to fostering a sustainable future by actively supporting the growth and development of Saudi nationals as part of our commitment to the Saudi Vision 2030.

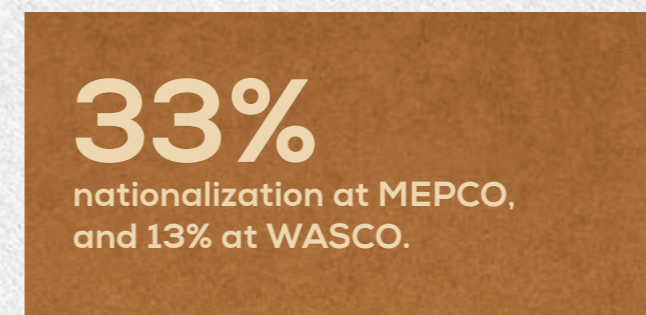
To achieve this, MEPCO has implemented a comprehensive strategy that includes offering company-sponsored training programs and educational sponsorships to Saudi employees. This enables them to develop their skills and contribute to the company's growth and success. Furthermore, our commitment to nationalization is reflected in the inclusion of Saudization

targets in each department's key performance indicators.

In 2013, we established the Higher Institute for Paper and Industrial Technologies (HIPIT), to provide specialized training to Saudi nationals, equipping them with the necessary skills to excel in the paper and industrial sectors. The institute is an independent, not-for-profit technical training center, focusing on high school graduates. The knowledge they develop is valuable for future employment and helps develop a skilled workforce. Through HIPIT, we have also designed an Associate Diploma Program

specifically tailored for qualified high-school graduates, ensuring they have access to the best possible education and training opportunities.

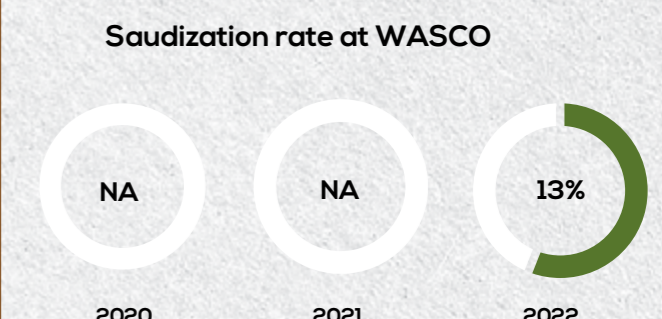
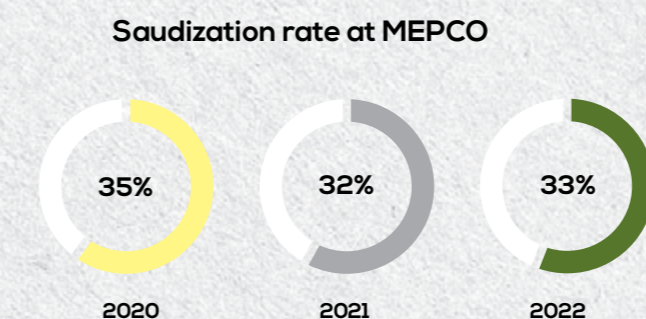
We also identify and nurture managerial talent among Saudi nationals, offering them appropriate management positions within the organization. By investing in the development of Saudi nationals, MEPCO is not only contributing to the realization of the Saudi Vision 2030 but also ensuring a more sustainable and prosperous future for the Kingdom.



Target 2025

Reach and maintain **Platinum status** under the **Nitaqat program**

Nationalization



TALENT DEVELOPMENT

At MEPCO, we recognize that by investing in the continuous growth and development of our employees, we not only enhance their individual capabilities but also drive innovation, productivity, and a high-performance culture across the organization. Our commitment to talent development and training is reflected in the comprehensive range of opportunities we provide for our employees to access continuous improvement.

To attract the best talent, we have established partnerships with renowned universities and organizations. Our Recruitment Policy outlines a comprehensive talent acquisition process, including candidate screening, pre-onboarding, and onboarding, to ensure a smooth transition for new employees.

On-the-job training is available in all functional areas of the business, allowing employees to hone their skills and expertise in real-world situations. In addition, we conduct targeted training sessions for individuals or groups based on operational and developmental needs identified through our annual performance management system. This system enables us to evaluate the current skill sets of our employees and create tailored individual development plans, which in turn inform our annual training plan covering all required internal and external training.

In 2022, MEPCO took a significant step forward in expanding the Learning and Development function across the company. This new approach, building on the



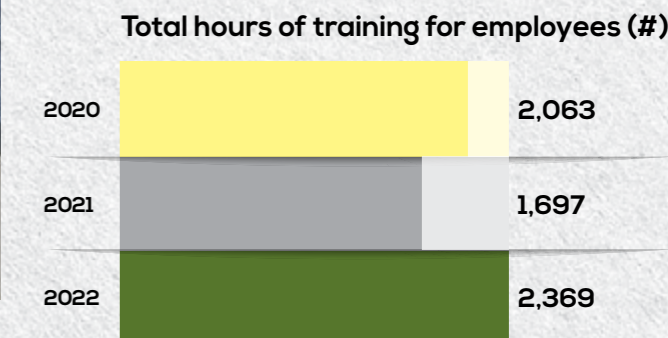
strategic direction developed by our Human Resources team in 2021, aims to drive a high-performance culture by developing a robust talent pool within the organization and sourcing talent with higher capabilities across different functions and new projects. In addition, as we embarked on our digital transformation roadmap, we recognize the need to align our workforce with the new skills required to fully utilize opportunities created by

digitalization and technology. To achieve this, we focus on agile, results-oriented working patterns that are in line with relevant regulations. As part of this digitalisation initiative, we launched the "Learning Hub", where employees can access easily digestible content provided by our accredited learning centers to constantly upgrade their skills and gain new knowledge.

During 2022, we provided a diverse array of training opportunities, with 104 programs covering areas such as corporate governance, health and safety, finance, regulation, time management, and sustainability. More than 700 employees attended training programs in 2022, which amounted to a total of 2,191 hours. Furthermore, in 2022, we enrolled a total of 9 employees in ESG sustainability training programs. Each employee received 14 hours of training, resulting in a cumulative total of 126 training hours.

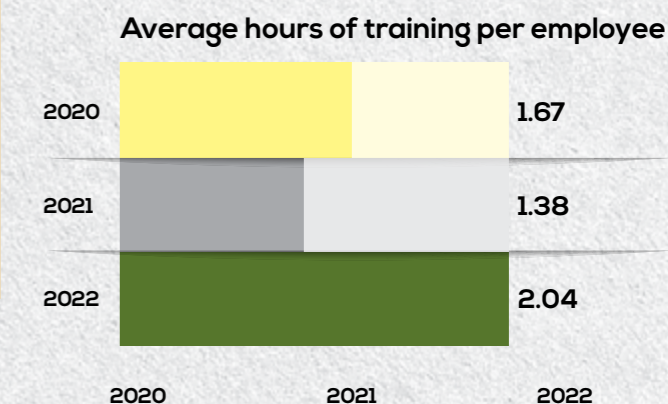


Training



Target for 2025

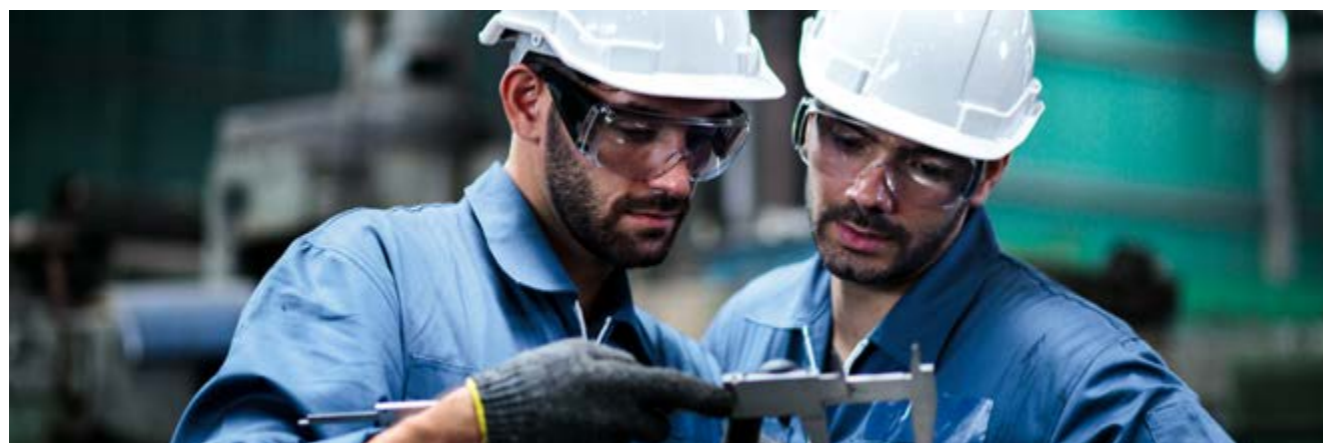
Increase employee training to five hours per employee per year



Training Hours		2022
Mepco: Total number of training hours provided to female employees		144
Mepco: Total number of training hours provided to male employees		2,203
Wasco: Total number of training hours provided to male employees		22
Average training hours per female		6
Average training hours per male		2
Total number of training hours provided to Senior Management		31
Total number of training hours provided to Middle Management		258.5
Total number of training hours provided to Staff/Employee (MEPCO)		2,057.0
Total number of training hours provided to Staff (WASCO)		22

OCCUPATIONAL HEALTH AND SAFETY

MEPCO is fully committed to providing a safe and healthy workplace for all its workers and contractors. Our Health and Safety Policy not only ensures the physical well-being of our employees but also fosters a positive and supportive work environment. We continually invest in occupational health and safety practices and in safe working conditions for our employees to ensure we achieve and maintain our zero-fatality target. Our operations are certified ISO 45001:2018 Occupational Health & Safety Management System, which demonstrates our commitment to implementing international standards on occupational, fire, and hazardous material safety.



In 2022, our Health and Safety (HSE) department revised the Safety Guidelines related to fire response, hand, and power tools, and created new guidelines on general emergency response, personal hygiene, and sanitation. All hazards and risks within our processes are identified and mitigated through our Hazard Identification and Risk Assessment procedures. Where hazards are identified, appropriate engineering controls, such as machine guarding, are applied.

We conduct field safety audits to develop emergency or disaster management plans and provide regular training to employees on safety issues. We standardize and apply safety measures at all departments and ensure these are applied in all maintenance, equipment, and construction work. 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.

In 2022, no safety incident investigations were required, showcasing the effectiveness of our risk management approach. A critical element of our OHS procedures is the management of risks arising from fires. The HSE Department regularly monitors and upgrades the fire suppression system and adopts preventive policies and practices, such as regular fire drills, provision of fire equipment, monitoring and reducing inflammable substances, and providing 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.

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, and we expect our business partners to conduct their operations in a safe and professional manner, considering our standards.

In 2022, we delivered 1,029 hours of essential health and safety training, ensuring our

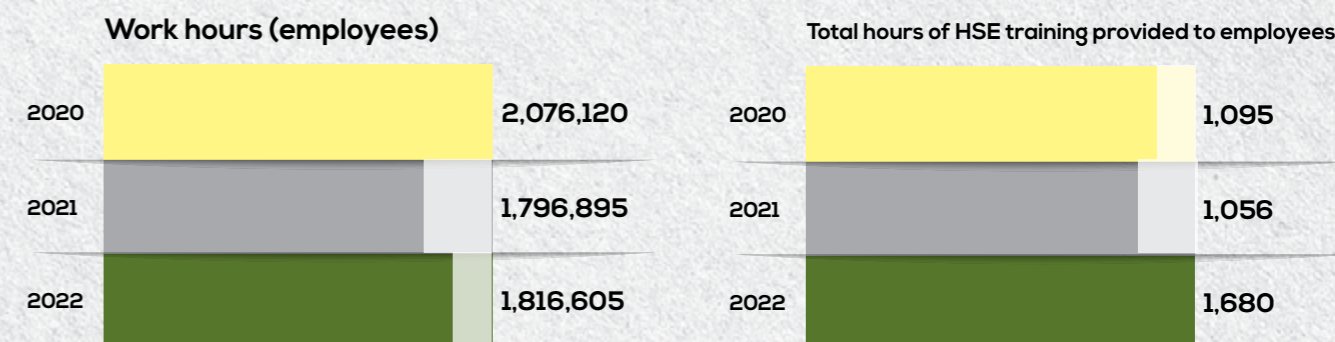
workforce is well-equipped to handle workplace challenges. Furthermore, we offer comprehensive medical insurance to all team members and conduct regular health assessments to identify and address any significant illnesses resulting from hazardous processes, such as hearing tests.

Following our strategic transformation in 2021, our Human Resources department established a clear objective to uphold a secure and healthy work environment. To support seamless business operations, we focused on fostering a robust safety culture. As a result, we now designate a

monthly Safety Champion who is acknowledged and rewarded for their active involvement in the execution of our Safety Management System.

Achieved two years in a row without any reportable accident.

Health and Safety*



Employee fatalities	0	0	0
Contractor fatalities	1	0	0
Employee lost-time injuries	1	0	0
Contractor lost-time injuries	1	0	0
Employee total recordable injuries**	1	0	0
Contractor total recordable injuries**	1	0	0
Total number of emergency response drills conducted	4	4	5

* H&S data only covers MEPCO

** This is the total number of fatalities, lost-time injuries, restricted work cases, or medical treatment cases for all employees.

STRENGTHENING COMMUNITIES

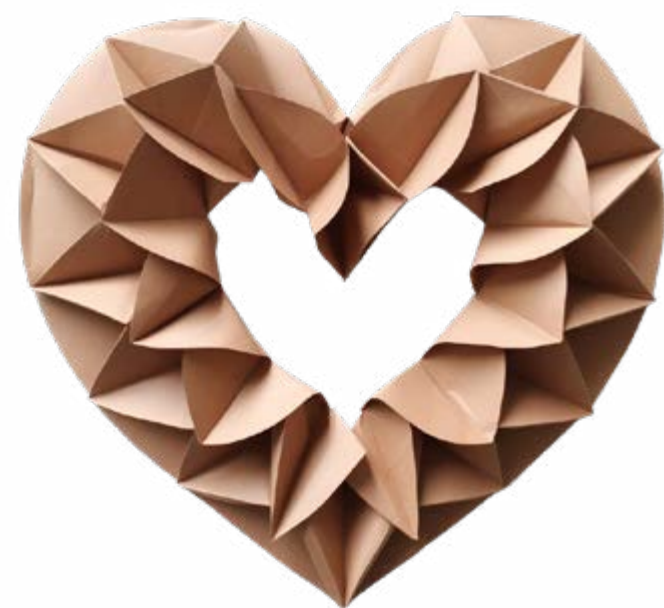
At MEPCO, we understand the importance of community engagement in fostering sustainability and strengthening the communities we serve. Businesses today must take action to address social and environmental challenges, as our success is intrinsically linked to the well-being of the communities where we operate. Our efforts in this area continued to focus on community engagement, environmental education, and supporting local initiatives. We invested a total of SAR1,294,758 million in community projects in 2022.

Key activities in 2022 included distributing 1,500 food baskets to needy families in Al-Khumrah during our annual Ramadan campaign, educating children on environmental preservation as part of the "Sustainable License" program with King Abdulaziz University, participating in the "For Them" campaign in collaboration with the KISWA Saudi Recycling Service, where we contributed to the donation of pre-owned clothes and promoted volunteerism, as well as promoting recycling

awareness on Global Recycling Day.

We also participated in the Qaderoon Forum in Jeddah, which encourages organizations to enable people with disabilities to be equal and effective members of the workforce. We were honored for our commitment to empowering people with disabilities and were recognized with the 7th place in the mid-sized company category. We also partnered with the Distinguished Initiatives

Association to bring to life the Future Industrialists initiative, a program for students that aims to enhance human capabilities in line with the Kingdom's transformation ambition into a leading industrial power. The program seeks to maximize the economic impact in support of the Kingdom's Vision 2030 by giving students an opportunity to explore the internal structures of industrial companies.

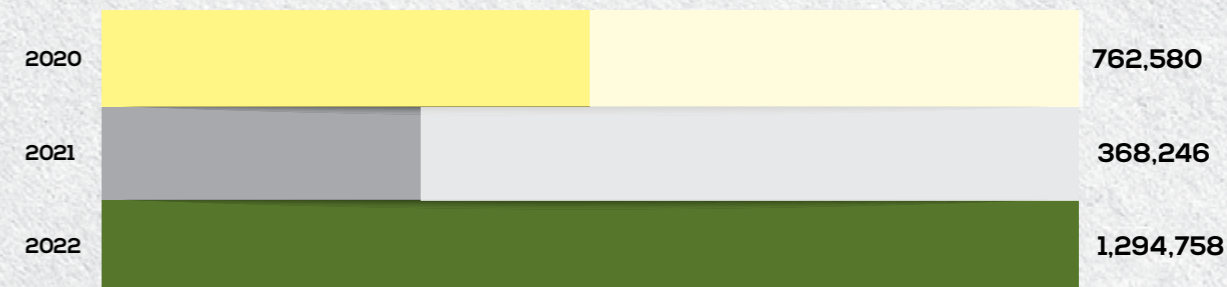


Target

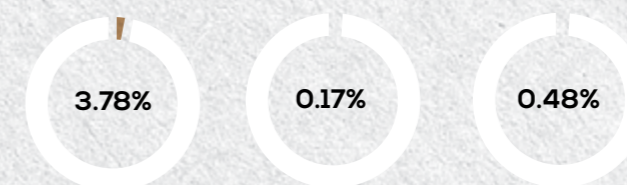
From 2025 onwards, spend 1% of our net income on community investment initiatives

Community Investment

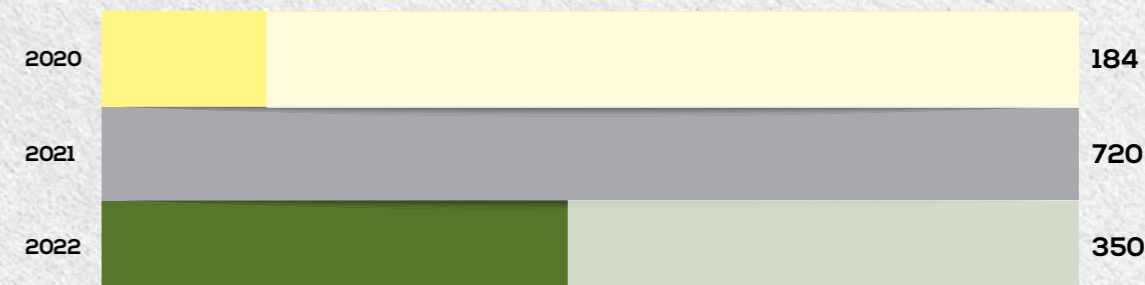
Donations and sponsorships (SAR million)



Community investment share of net income



Total number of employee volunteering hours



ANNEX 1: GRI CONTENT INDEX

GRI 1: FOUNDATION

Statement of use	MEPCO has reported in accordance with the GRI Standards for the period January 1, 2022 - December 31, 2022.
GRI 1 applied	GRI 1: Foundation 2021



2023

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.

GRI Standard	Disclosure	Page Number(s) and/or URL / Direct Answer	Omission	External Assurance	
GRI 2: GENERAL DISCLOSURES					
The organisation and its reporting practices					
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	23, 47, 50			
	2-5 External assurance	64-67			
	Activities and employees				
	2-6 Activities, value chain and other business relationships	3, 6-7, 12, 38			
	2-7 Employees	44-48			
	2-8 Workers who are not employees	44-48	Due to fluctuations and accuracy concerns, number of contractors is not included in this report. We are aiming to provide this data in the next report.		
	Governance				
	2-9 Governance structure and composition	31-33			
2-10 Nomination and selection of the highest governance body	32				
2-11 Chair of the highest governance body	32				

APPENDICES

GRI Standard	Disclosure	Page Number(s) and/or URL / Direct Answer	Omission	External Assurance	
GRI 2: General Disclosures 2021	2-12 Role of the highest governance body in overseeing the management of impacts	31-33			
	2-13 Delegation of responsibility for managing impacts	31-33			
	2-14 Role of the highest governance body in sustainability reporting	16, 31-33			
	2-15 Conflicts of interest	https://ir.mepco.biz/media/1374/mepco-ar22-english-annual-report-2022-after-bod-approval.pdf			
	2-16 Communication of critical concerns	https://ir.mepco.biz/media/1374/mepco-ar22-english-annual-report-2022-after-bod-approval.pdf			
	2-17 Collective knowledge of the highest governance body	https://ir.mepco.biz/media/1374/mepco-ar22-english-annual-report-2022-after-bod-approval.pdf			
	2-18 Evaluation of the performance of the highest governance body	https://ir.mepco.biz/media/1374/mepco-ar22-english-annual-report-2022-after-bod-approval.pdf			
	2-19 Remuneration policies	https://ir.mepco.biz/media/1374/mepco-ar22-english-annual-report-2022-after-bod-approval.pdf			
	2-20 Process to determine remuneration	https://ir.mepco.biz/media/1374/mepco-ar22-english-annual-report-2022-after-bod-approval.pdf			
	2-21 Annual total compensation ratio	https://ir.mepco.biz/media/1374/mepco-ar22-english-annual-report-2022-after-bod-approval.pdf	Annual total compensation ratio data is not disclosed due to confidentiality.		
	Strategy, policies and practices				
	2-22 Statement on sustainable development strategy	4-5			
	2-23 Policy commitments	10-11, 31-34			
	2-24 Embedding policy commitments	10-11, 29, 31-34			
2-25 Processes to remediate negative impacts	31-33				
2-26 Mechanisms for seeking advice and raising concerns	34				
2-27 Compliance with laws and regulations	31-34				
2-28 Membership associations	13, 15, 51, 57				

GRI Standard	Disclosure	Page Number(s) and/or URL / Direct Answer	Omission	External Assurance
GRI 2: General Disclosures 2021	Stakeholder engagement			
	GRI 2-29: Approach to stakeholder engagement	14-15		
	2-30 Collective bargaining agreements	MEPCO respects its employees' rights to collective bargaining.		
GRI 3: MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	14-18		
	3-2 List of material topics	3, 17		
Material topic: Business performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	38-40, 57		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	38-39, https://ir.mepco.biz/media/1340/mepco-consolidated-english-fs-31-december-2022.pdf		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	38, 40, 57-58		
Material topics: Innovating for a more sustainable future; Responsibility in the value chain; Circularity and new opportunities				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	29-30, 36-37		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	29-30		
Material topic: Water management				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	21-23		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	22		
	303-2 Management of water discharge-related impacts	22		
	303-5 Water consumption	23		Yes
Material topics: Energy and climate change management; Air emission management				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	21-22, 26, 37		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	26-27		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	26-27		Yes
	305-2 Energy indirect (Scope 2) GHG emissions	26-27		Yes
	305-4 GHG emissions intensity	26-27		
	305-6 NOx, SOx, and other significant air emissions	26-27		

GRI Standard	Disclosure	Page Number(s) and/or URL / Direct Answer	Omission	External Assurance
Material topics: Waste management; Biodiversity and ecosystem management; Responsible use of materials				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	21-22, 24-25, 28		
GRI 306: Waste 2020	306-1 Water discharge by quality and destination	22-23		
	306-2 Waste by type and disposal method	24		
	306-3 Significant spills	24		
Material topic: Talent development and diversity				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	44-45, 49, 51, 53		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	47-48		Yes
	401-3 Parental leave	50		
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	53-54		Yes
	404-2 Programs for upgrading employee skills and transition assistance programs	45, 49-51, 53, 56		
	404-3 Percentage of employees receiving regular performance and career development reviews	58, 59		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	47-50		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	49		

GRI Standard	Disclosure	Page Number(s) and/or URL / Direct Answer	Omission	External Assurance
Material topic: Occupational Health and Safety				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	44-45, 55-56		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	55-56		
	403-2 Hazard identification, risk assessment, and incident investigation	55-56		
	403-3 Occupational health services	55-56		
	403-4 Worker participation, consultation, and communication on occupational health and safety	55-56		
	403-5 Worker training on occupational health and safety	55-56		
	403-9 Work-related injuries	55-56		
	403-10 Work-related ill health	55-56		
Material topic: Strengthening communities				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	44, 51, 57		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	38, 40, 57-58		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	51, 57-58		
Material topics: Customer centricity; Product safety and quality; Customer privacy and data security				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	35, 41-43		
Material topics: Business ethics and compliance; Corporate governance; Risk management				
GRI 3: Material Topics 2021	GRI 3-3: Management of material topics	31-34		

ANNEX 2: INDEPENDENT ASSURANCE STATEMENT



KPMG Professional Services

Roshn Front, Airport Road
P. O. Box 92676
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واحدة روتن، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent limited assurance report to Middle East Paper Company For Manufacturing And Producing Paper (“MEPCO”) on selected quantitative indicators disclosed in MEPCO’s Sustainability Report for the year ended 31 December 2022

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 2022 Sustainability Report for the year ended 31 December 2022 (“the Report”), as prepared and presented by the management of the Company.

The Indicators are based on the reporting boundary developed by the Company which consists of the Company and its subsidiaries under its control which are detailed in Annexure 1 of this report.

Applicable Criteria

The Applicable Criteria for this limited assurance engagement were the reporting requirements of the consolidated Global Reporting Initiative (“GRI”) standards, as issued by the Global Sustainability Standards Board (“GSSB”) and as applicable to the respective indicators in scope, the details of which are mentioned in Annexure 2 of this report.

Middle East Paper Company For Manufacturing And Producing Paper’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 against which 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 2022:

- Obtaining an understanding of the collection, compilation and reporting processes for MEPCO, including obtaining an understanding of internal controls, systems and processes relevant to the preparation of the Subject Matter;
- Interviewing management and other relevant staff and personnel responsible for data collection, data management, and data analysis pertaining to the indicators in scope;
- Reviewing management documentation and the Company data reporting tools to the extent they underpin the preparation of the Subject Matter;
- Performing analytical reviews, where applicable, for the Indicators;
- 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 level, as per the reporting boundary developed by management and agreeing the data with the information detailed in the Subject Matter;
- Obtaining inventory breakdown data for each selected Indicator, at site level, as per the reporting boundary developed by management;
- Checking aggregation of quantitative data for the Indicators in scope in the reporting boundary set by the management;

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كي بي إم جي للاستشارات المهنية شركة مساهمة مغلقة مسجلة في المملكة العربية السعودية، رأسمالها (٤٠.٠٠٠.٠٠٠) ريال سعودي مدفوع بالكامل، الصيغة سابقاً شركة كي بي إم جي للفران وشركاه بمشاورين ومحاسبين قانونيين. هي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المسجلة ورعاية أدكي بي إم جي العالمية المحسوبة لشركة التظاهرة مسجولة بنسب. جميع الحقوق محفوظة.



Independent limited assurance report

Procedures performed (continued)

- Selecting a sample, and performing the following in relation to the Indicators:
 - Agreeing and reconciling the Indicator's information from records prepared by the management to the Subject Matter;
 - Performing recalculation (where applicable) of the Indicator data of selected sample based on data obtained from system outputs, reports and other relevant records; and
 - Comparing results of the recalculation of above sample level data with information used by the management to determine the total Indicator value. Where variances are noted, reviewing the rationale for the variances.

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 self-assessment. 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 of any claims or qualitative information in the Report other than the quantitative data for the Indicators in scope as mentioned in the Subject Matter information above;
- Checking the Indicators in reference to any other international frameworks. The Indicators were assessed on the basis of the Applicable Criteria only;
- Assessing compliance of any other indicators or related information, either qualitative or quantitative, which is not part of the Subject Matter information, featuring in the Report with the disclosure requirements of the Applicable Criteria;
- Assessment of accuracy and completeness of the reporting boundaries determined by the management for the purposes of the Report;
- 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;
- Assessing the appropriateness of the materiality approach applied by management in preparation of the Report;
- Checking the accuracy of the GRI content indexation, as featured in the Report;
- Detecting any weaknesses in the internal controls over the preparation of the Subject Matter information as the procedures performed will be undertaken on a test basis; and
- Testing, verifying or auditing the completeness and accuracy of outputs from MEPCO's data collecting systems used for the compilation of the Subject Matter information.

Furthermore, our limited assurance engagement entailed performing assurance procedures around the calculation of the Indicators in accordance with the *compilation approach* demonstrated in the disclosure requirement of the respective GRI standard used to calculate the performance Indicator only. We have therefore not assessed the completeness of the disclosure requirements provided by the applicable GRI standards as part of our limited assurance engagement.



Independent limited assurance report

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.

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



Fahad Mubark Aldossari
License no: 469

Riyadh, 14 November 2023
Corresponding to: 30 Rabi' al Thani 1445H

Annexure 1

Details of the selected quantitative indicators ("the Indicators") comprising of the Subject Matter and the respective reporting boundary:

Indicator	Page number of MEPCO's 2022 Sustainability Report where the Indicators are disclosed	Reporting boundary
Water consumption	23	MEPCO only
Greenhouse Gas Emissions (Scope 1 and Scope 2)	26 and 27	MEPCO only
New employee hires and employee turnover	45 to 51	MEPCO and subsidiaries*
Average training hours per employee	52 and 53	MEPCO and subsidiaries*

*The following are MEPCO's subsidiaries:

- 1) Waste Collection and Recycling Co. Ltd. ("WASCO")
- 2) ESTIDAMA

Annexure 2

Applicable requirements of GRI standards, as applicable to the respective Indicator in scope, comprising of the Applicable Criteria:

Indicator	Applicable component of disclosure of related GRI Standard
Water Consumption	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" and Formula of computing water consumption as mentioned in 'Guidance for Disclosure 303-5'
Greenhouse Gas Emission (Scope 1 and Scope 2)	Compilation requirement 2.1 and 2.2 of Disclosure 305-1 Direct (Scope 1) GHG emissions & compilation requirement 2.3 and 2.4 of Disclosure 305-2 Energy indirect (Scope 2) GHG Emissions of GRI Standard 305 "Emissions 2016"
New employee hires and employee turnover	Requirement (a) and (b) and the Compilation Requirement 2.2 of Disclosure 401-1 New employee hires and employee turnover of GRI standard 401 "Employment 2016"
Average training hours per employee	Guidance for Disclosure 404-1 "Average hours of training per year per employee" of GRI standard 404 "Training and Education 2016".



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