

## COMMUNICATION ON PROGRESS (COP)

### BASIC TEMPLATE

Period covered by your Communication on Progress (COP)

**From:** 1 January 2020 **To:** 31 December 2020

#### 1. STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER (OWNER OR PRESIDENT IN THE CASE OF SMALL BUSINESSES)

30 September 2021

I am pleased to reaffirm Napco National's commitment to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption and the Sustainable Development Goals (SDGs). In this annual Communication on Progress, we highlight our actions to continuously integrate the UNGC principles and SDGs in our business strategy, culture and daily operations.

We also commit to sharing a more thorough and detailed sustainability report based on the Global Reporting Initiative (GRI) leading sustainability reporting standard. We will be submitting our full sustainability report by end 2021 with a more in-depth dive into all our efforts towards environmental, social, and economic sustainability. This report will be shared with our stakeholders via our sustainability portal and our other primary channels of communication.

Sincerely yours,

Mounir Frem  
CEO, Napco National

#### 2. DESCRIPTION OF ACTIONS

##### Human Rights

We have ISO 45000 certification at our manufacturing plants to ensure that our operations abide by the stringent occupational health and safety standards and requirements to protect employee wellbeing.

We have a zero-tolerance policy in our Code of Conduct that prohibits workplace harassment, including physical, verbal, sexual or psychological harassment, abuse or threats.

Our Diversity & Inclusion policy, as well as the **Qudratak** program ensures the economic inclusion and empowerment of people with disabilities. We are also focused on encouraging and supporting women in the workplace to offer equal opportunities and strengthen the role of women in the economy. We believe in the right of every individual to find quality employment.

With community at the center of our founder's philosophy, we emphasize the development of quality and sustainable products that meet societal/community needs, protect the economic livelihood of local communities, and improve people's lives.

## Labour

Our HR ensures that we follow the legal employment regulations set by the governments of the countries in which it operate, predominantly the Kingdom of Saudi Arabia. We prohibit employment of employees below the legal working age, and employment of any person below the age of 16 nonetheless.

We do not participate in any form of forced or compulsory labour. We abide by local employment legislation, respect the freedom and rights of all employees and workers, and comply with minimum wage standards (aiming to continuously provide competitive employment packages with career plans, fair salaries, and growth opportunities).

Following international HR standards, employees are graded base on job requirements, educational background, and experience and talent. Discrimination is prohibited and shall not hinder employment-related decisions which are based on relevant and objective criteria. Our HR policies and procedures make qualifications, skill and experience the basis for the recruitment, placement, training and advancement of staff at all levels.

Napco National launched the “Qudratak..Quwatak” Program as part of its commitment to a diverse and inclusive workplace aimed at empowering & supporting employees with special needs and in alignment with Vision 2030, United Nations Global Compact principles and the United Nations Sustainable Development Goals. We put in place the **“Qudratak..Quwatak” Committee** dedicated to ensuring suitable employment, as well as a healthy work environment for employees with special needs by means of providing the following training programs to help in nurturing their skills and abilities. In 2020, we also sent internally “Employers Guide for People with Disabilities” issued by the Ministry of Human Resources and Social Development.

## Environment

In 2020, our operations in KSA launched the below initiatives and strategic goals to solidify our commitment to reducing our environmental impacts:

- Reducing raw material consumption (such as via lightweight/downgauging packaging)
- Using renewable and recycled materials in products to reduce virgin material consumption, especially fossil-fuel based materials
- Optimizing operational performance to reduce energy consumption and waste generation through system upgrades
- Recycling internal and external post-industrial plastic and paper waste and use recycled materials in manufacturing corrugated, paper, and plastic packaging products
- Sourcing virgin paper raw materials from responsible forestry (chain of custody) certified suppliers
- Refocusing research and development towards ‘design for sustainability’/ Innovate and expand production of circular

## Anti-Corruption

Our Code of Conduct emphasises anti-corruption, while our audit department ensures to evaluate the systems, processes, and actions of our operations to ensure no violations of

this Code and ethical business behaviour. We have a zero-tolerance policy for bribery and other such actions.

### **3. MEASUREMENT OF OUTCOMES**

In 2020, Napco National held its first materiality workshop with leadership to identify key environmental, social and economic impacts and stakeholders to engage in order to develop its 2030 sustainability pledge. As part of its commitment to the sustainability, Napco National joined UN Global Compact (UNGC) in February 2020 and joined the UNGC Interim Working Group in KSA.

We also joined the efforts of the Alliance to End Plastic Waste in January 2020 in collaboration with INDEVCO, a related party.

Below are some measurements of outcome of our efforts to enhance empowerment of women and people with disabilities, as well as our efforts towards the circular economy of packaging. In-depth results will be analysed and represented in our full sustainability report to be release before end year (2021).

3% of Napco National employees are women, while 2% of employees also have special needs, 10% increase from 2019. We have targets to increase number of women in the company, as well as support employees with special needs through our Qudartak program. As part of our commitment to diversity & inclusion, we employ people from over 34 nationalities. We received bronze level from the Saudi Ministry of Human Resources and Social Development for our efforts for inclusive work.

In 2020, our recycling operations, Recom, increased recycling capacity by by **33%** (up from 2019). We were named Company of the Year for Circular Economy of Packaging in the GCC, 2020 by Frost and Sullivan.