



ناپكو الوطنية
napco national

Growing Together for a Sustainable Future

2017 Sustainability Initiatives

A GRI-Referenced Report



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A Message from Our President



Mounir Frem
President, Central Services
Napco National CJSC

Today, our society is under immense pressure to support a growing and young population and to find renewable solutions to sustain finite resources. We're pleased to present Napco National's first Global Reporting Initiative (GRI)-Referenced report. By starting to annually communicate our progress, Napco National is committing to a sustainable future.

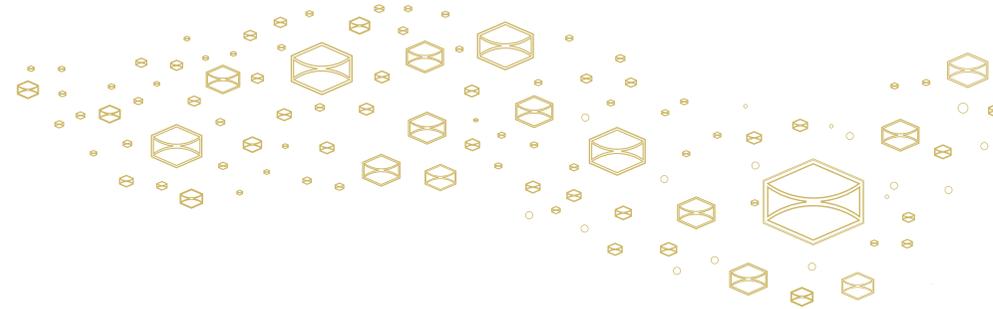
Commitment to the community has been an integral part of Napco National's story, and we've grown together with our suppliers, customers, and communities in Saudi Arabia and the GCC area, which we proudly serve, for the past 60 years. As manufacturers, we have more recently taken steps to preserve the environment by focusing on sustainable raw materials and a circular economy, in which we collect, recycle, regenerate waste into new products.

Growing Together for a sustainable future

Our sustainability program, aligning with Saudi Vision 2030 and with specific UN Sustainable Development Goals (SDGs), will engage key stakeholder groups. We'll fine-tune impact metrics and data collection by finalizing data automation before 2020 for accuracy and comparability. This will also help us pave the way to set Napco National's 2025 Sustainability Pledge that drives our business and generates value for all stakeholders.

This is a critical journey that we embark on together; I look to the entire Napco National family to champion and differentiate our company through our sustainability program.

General Disclosures



In this GRI-referenced report, the numbers in the side margins represent GRI Standards disclosure numbers. All data included in this report is as of 31 December 2017.

Napco National Overview

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In 1956, Georges N. Frem partnered with a like-minded businessman, Abdul Rahman Al-Moaibed, to launch National Paper Products Company in Dammam, Saudi Arabia. Growing from a community-oriented philosophy, Napco National today is a Closed Joint Stock Company (CJSC) headquartered in Dammam, with nine legal branches and 15 manufacturing facilities.

Nearly 60 years after our establishment, Napco National has vertically and horizontally diversified from paper and corrugated manufacturing to plastics packaging, as well as consumer and away-from-home disposables manufacturing. We have further established leading scrap collection and recycling services, as we grow a circular economy of plastics in our core areas of operation.

Today, our plants export to customers in over 50 countries, including manufacturers, distributors, retailers, wholesalers, institutions, government ministries and municipalities, and non-profit organizations.

Middle East manufacturer of consumer and away-from-home disposables, as well as corrugated, paper and plastic raw materials and packaging



Over 60 years
of commitment to the
communities in which
we operate



~5,200 employees
in 16 operations



Exporting to
~ 50 countries



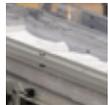
Serving
17 sectors

Target Sectors

B2C



Away-from-Home



Consumer Disposables

B2B



Agriculture



Beverage



Building & Construction



Chemical & Petrochemical



Food



Healthcare



Household Care



Hygiene Converting



Other Manufacturing



Personal Care



Plastics Converting



Retail & Wholesale



Tissue Converting



Tobacco



Transportation & Warehousing



★ **HQ**
Dammam,
Saudi Arabia

■ **Business-to-Business Operations**
9 Flexible Packaging Plants
2 Plastic Recycling Plants
1 Corrugated Packaging Plant

● **Business-to-Consumer Operations**
3 Consumer & Away-from-Home
Disposable Plants

● **Export Countries**

See full list in Appendix A

Learn More

<http://www.napconational.com/raw-material-and-packaging>

<http://www.napconational.com/consumer-disposables>

<http://www.napconational.com/professional>

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Products & Brands

B2C

Away-from-Home Disposables

Paramedical



Examination Disposables

Hygiene Wear



Patient Supplies

Sanitizers



Professional



Foodservice Disposables

Janitorial Supplies

Consumer Packaged Goods

Adult Care



Baby Care



Family Care



Feminine Care



Household Care



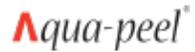
B2B

Corrugated Sheets & Packaging

Plain & Pre-Printed Corrugated Sheets
Corrugated Containers
POP Displays
Shelf-Ready Packaging

Flexible Packaging

Plastic Raw Materials
Plastic Films & Packaging
Paper Sheets & Packaging



Supporting Products & Services

Recycling

Plastic Scrap Collection, Segregation & Washing
Plastic Scrap Recycling & Regeneration

**Some B2B & B2C brands used by Napco are licensed from INDEVCO.*



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Operations & Employees

	Employees	Countries
Consumer & AFH Disposables	2,464	5
Corrugated & Folded Cartons	463	1
Flexible Packaging	1,873	1
Recycling	112	1
Supporting Products & Services	287	1

16
Operations in
5 Countries

15
Manufacturing
Facilities in
Saudi Arabia

Sales Teams
in Bahrain, Kuwait,
Oman, Saudi Arabia,
and UAE



5,199
Employees



Male
5,085
97.8%



Female
114
2.2%



Full-Time
~5,200



Part-Time
0



Permanent
4,756



Temporary
443

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Supply Chain

Procurement & Logistics

Napco National manages procurement and logistics at the division level and outsources some requirements to third parties. Our business units purchase machinery and spare parts, raw materials, packaging, logistics and transport, warehousing, and travel services from global suppliers.

Napco National corrugated and paper manufacturing business units are monitored by Sedex Members Ethical Trade Audit (SMETA) audit and EcoVadis CSR Scorecard.

See full list of supplier countries in Appendix B

2,360+
Suppliers

45+
Countries



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Significant Changes

Restructuring of Napco into a Closed Joint Stock Company (CJSC)

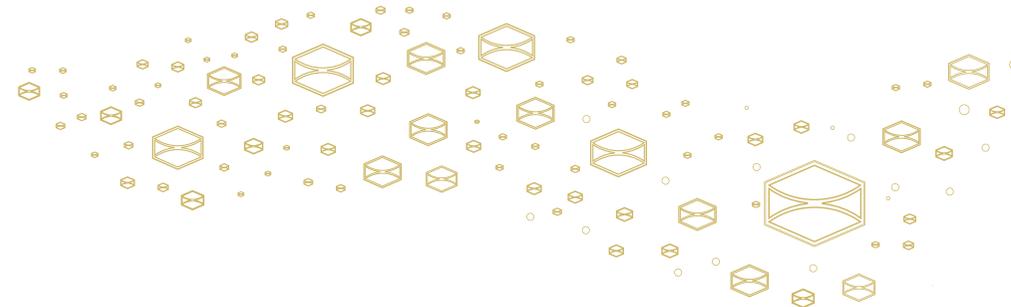
In August 2017, Napco group of companies, established in 1956, merged and changed its status as limited liability companies into one closed joint stock company registered as Napco National CJSC. The company was structured into two divisions: B2B and B2C. In addition to the Head Office in Dammam, Napco National manages Napco Trading and the following nine branches with a total of 15 manufacturing facilities in Dammam, Riyadh, and Jeddah:

- Easternpak Ltd.
- Napco Composite Film Packaging (Compact)
- Napco Consumer Products Co. Ltd.
- Napco Modern Plastic Products Co.
- Napco Multipak Ltd.
- Napco Packaging Systems Co. Ltd (Uniplast)
- Napco Riyadh Paper Products Co. Ltd.
- National Paper Co. Ltd.
- United Plastic Products Co.

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Precautionary Approach

Napco National monitors regional and global risks as a critical part of our corporate strategy, overseeing risk management policies and procedures, as well as effects on our economic, environment, and social stewardship. Division senior executives, in consultation with external consultants at INDEVCO, fully engage to understand and manage the magnitude of traditional and geopolitical risks that affect our operations. They support a culture of awareness, including risks associated with product materials, development and innovation, as well as the privacy and rights of our stakeholder groups.



External Initiatives

Napco National branches comply with a wide range of external charters, principles, standards, and initiatives.



Environment

Forest Stewardship Council (FSC) Chain of Custody
ISO 14001: 2004 Environmental Management System
Programme for the Endorsement of Forest Certification (PEFC) Chain of Custody
Sustainable Forestry Initiative (SFI)



Food Safety & Contact

British Retail Consortium (BRC) Global Standards for Packaging
Hazard Analysis and Critical Control Points (HACCP)
ISO 22000 Food Safety Management System



Health & Safety

Occupational Health and Safety Management System (OHSAS) 18001: 2007



Quality Management

ISO 9001: 2008 QMS
ISO 9001: 2015 QMS



Manufacturing

Good Manufacturing Practices (GMP)



Workplace Organization

5S Methodology

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Association Memberships

Saudi Arabia

Business Associations

Saudi Chamber of Commerce & Industry
Young Presidents' Organization (YPO)

Industry Associations

Composite Can & Tube Institute (CCTI)
European Core & Tube Association (ECTA)
EUROSAC
Gulf Petrochemicals and Chemicals Association (GPCA)
International Flexible Packaging Association (IFPN)

Sustainability & Ethics Associations

Supplier Ethical Data Exchange (SEDEX)



Strategy & Analysis

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Key Impacts, Risks & Opportunities

Monitoring regional and global trends proves critical to Napco National's success and growth. Serving over 50 countries, Napco assesses developments worldwide to manage key risks, identify profitable opportunities, and ensure effective stakeholder relations.

Key Risks & Opportunities

Impact

Diplomatic Conflict & War

Tension between GCC countries and Qatar and war between Saudi Arabia and Yemen

- Closed access to critical key markets (Qatar)
- Restrictions on any "Made in Saudi" products in Qatar
- Fear of spread of conflict along Saudi's southern border
- Migration of Saudi residents from the south

Disruption & Transformation in the Arab World

Regional political, economic & social change, as well as implementation of Saudi Vision 2030

- Solidified Saudi Arabia as a heavy-weight influencer in the region
- Reflected transformation in Saudi Arabia through Saudi Vision 2030 diversification plan to create a sustainable economy beyond oil and to create job opportunities for Saudi nationals, including women
- Reduced immigration and increased positive attitude towards living in the kingdom
- Increased price sensitivity in the kingdom with introduction of VAT

Regulations & Backlash against Plastics

Growing global pressure to transition away from single-use plastic disposables and to recycle and regenerate other plastics in a valuable circular economy

- Stimulated governmental regulations, multinational sustainability objectives, and consumer demand for renewable and recycled raw materials, as well as recyclable packaging
- Seen the introduction of zero waste, no packaging store concepts
- Propelled a consumer-based anti-plastic movement on social media and in purchase patterns
- Increased R&D and innovations in bioplastics
- Increased focus on Circular Economy, especially for Plastics, including waste collection, segregation and regeneration infrastructure
- Increased stakeholder interest in corporate sustainability initiatives

Data Security & Privacy

- Enforced corporate accountability to ensure better security and privacy of citizen data, in compliance with upcoming 2018 implementation of EU General Data Protection Regulation (GDPR)

Ecommerce & Changing Purchasing Patterns

- Opening an online route-to-market for manufacturers for direct channel to B2B and B2C customers

Ethics & Integrity

Ethics & Integrity

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People and community are at the heart of our corporate culture. Napco National Board of Directors has final approval on the company mission, vision and values. Employees actively learn our mission, vision and values during onboarding and training and in internal and marketing communications campaigns. Plants and offices display values décor as a daily reinforcement of the foundation for which the company stands.

Vision

Napco National will contribute to the welfare of Saudi Arabia and GCC communities by striving for excellence and value creation while meeting customer needs and actively protecting the environment.

Mission

Napco National will put full resources, knowledge, and commitment to manufacture and distribute fast moving consumer goods (FMCG), packaging, and sustainable solutions, utilizing indigenous raw materials and recycling waste, when possible. By acting responsibly towards our stakeholders, we will achieve consistent and profitable growth. With passion, dedication, and teamwork, our motivated leadership team will align our group through a strong value system to improve our customers' lives, protect the environment, and meet shareholder objectives.

Core Values

Entrepreneurial Drive

Precision

Family Spirit

Modesty

Hard Work

Servant Leadership

Honesty

See

www.napconational.com/about-us for Napco National mission, vision and values

Code of Conduct

Our employees are held accountable for behaving with integrity and transparency and in accordance with international professional standards and/or laws that apply to their responsibilities at Napco National. As part of Napco National's restructuring into a Closed Joint Stock Company, the company is working on developing a new Code of Conduct in line with our new values, vision and mission. Currently, all business units require employees and members of governance bodies to adhere to the existing Napco National Code of Conduct and other policies, available in English and Arabic, which outline common rules for behavior.

Our code of conduct which emphasizes anti-corruption through employee accountability, no conflict of interest and bribery through gifts and other benefits. A 3rd party auditor has set policies and procedures, grid-lines and validating points to thoroughly evaluate business units, divisions, and departments with regular and surprise audits. These audits primarily intend to deter corruption, as well as identify any misconducts and violations of group policies, regulations, and international standards.

We take a progressive disciplinary approach to grant employees a chance to rectify poor performance or misconduct, starting off with a warning. Napco reserves the right to administer the appropriate disciplinary action based on the type and extent of disruptive or inappropriate behavior. Serious breaches of responsibility, unsatisfactory performance or misconduct result in immediate dismissal.

Employees are urged to seek advice about and report breaches, misconduct, and incidents of corruption to the auditing body or to management responsible for the business unit in which they work, with the possibility of going higher in the organization through Napco National Human Resources Department.

See Napco National Code of Conduct in Appendix C, including 'Breaches & Misconduct Reporting Process' on p. ##



Governance

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Governance Structure

Napco National's Board of Directors, led by Chairman Rabih Frem and Deputy Chairman Jamal Al Moaibed, is comprised of seven internal directors with management responsibility within the group. The board is responsible for monitoring risk management processes and regularly reviewing the company's performance. Napco National President of Central Services retains responsibility for the company's overall sustainability strategy and compliance with international laws and regulations and internal policies. He reviews and approves the Sustainability Report to ensure all material topics are covered.

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Sustainability Organization

Sustainability Governance

Napco National President, Mounir Frem, has delegated responsibility for corporate sustainability engagement, data collection, automation, and reporting to Napco National Communications, with the assistance of third-party GRI-certified consultants at INDEVCO.

At present, an executive-level position responsible for economic, environmental, and social programs has not yet been appointed to report to the Board of Directors. Nor has a Sustainability Committee been identified to oversee the process of monitoring sustainability risks, opportunities, and strategies.

R&D Centers

Napco National works with third-party consultants, INDEVCO Polymer Application Technology Center (PACT) and INDEVCO Paper Containers Innovation Center, to pioneer sustainable product development for their divisions. Business units partner with customers to deliver advancements in renewable, recycled and recyclable raw materials and efficient packaging performance and lightweighting. Likewise, Napco National Consumer Products division aligns brands and product portfolios according to corporate and consumer sustainability expectations.

102-12 International Standards & Guidelines

Napco National abides by uniform and international codes and standards to guide reporting, while allowing comparability for stakeholders to evaluate our performance.

UN Sustainable Development Goals

The United Nations has set the 2030 Agenda for Sustainable Development action plan to meet 17 Sustainable Development Goals (SDGs) to improve conditions for people, planet, and prosperity.

At Napco National, our initiatives align with eight SDGs for which we can show measurable impacts.



ENVIRONMENT



UN SDG 12 Responsible Consumption and Production

- Procuring renewable and sustainably-sourced raw materials
- Innovating and manufacturing plastics converting raw materials that are renewable and recycled and recyclable to reduce GHG emissions and to increase landfill diversion
- Working in coalition and partnership to establish industrial and post-consumer waste recycling infrastructure



UN SDG 15 Life on Land

- Monitoring and increasing the percentage of Napco National's global paper supply from sustainable sources



UN SDG 17 Partnerships for the Goals

- Working in partnership with government ministries and municipalities, international organizations, industry associations, and NGOs



Napco National's 2017 Global Sustainability Report is a non-financial report for our business units worldwide based on select Global Reporting Initiative (GRI) Standards. Disclosure numbers are identified in the side margins throughout the document. In the future, we aim to publish our report in accordance with the GRI Standards: Core option.



SOCIAL



UN SDG 3 Good Health and Wellbeing

- Supporting initiatives to improve women's physical and emotional wellbeing and children's development in the Middle East North Africa region
- Implementing objectives to improve employee health, safety, and job satisfaction



UN SDG 4 Quality Education

- Educating young women across Arab countries about menstrual hygiene and mothers about children's creativity



UN SDG 5 Gender Equality

- Addressing needs of female customers and employees
- Increasing recruitment of women in Saudi Arabia



UN SDG 8 Decent Work and Economic Growth

- Recruiting nationals for meaningful work
- Providing safe and decent work for employees
- Increasing employment of women & persons with disabilities



UN SDG 10 Reduced Inequalities

- Ensuring against discrimination of workers



UN SDG 17 Partnerships for the Goals

- Working in partnership with government ministries and municipalities, international organizations, industry associations, and NGOs

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Audits & External Assurance

Napco National does not tolerate breach of local laws, regulations, international standards, and international human rights, as well as internal policies.

Third-party consultants conduct an annual audit of business units for presence of business and sustainability objectives and reporting of required data.

Napco National corrugated and paper manufacturing business units comply with Sedex Members Ethical Trade Audit (SMETA) and have undergone EcoVadis CSR Scorecard audit and are working on enhancing score.



Stakeholder Engagement

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Our companies regularly engage with stakeholders through such means as:

- Employee Intranets, internal emails, and surveys
- Annual Customer Satisfaction (CSAT) surveys, Net Promoter Score (NPS) surveys, customer visits and events, and campaigns
- Customer and consumer focus groups and panels
- Alignment with government ministries
- Strategic partnerships with industry associations, environmental and humanitarian organizations

Key issues raised are managed at the relevant level of the division in strategic, business, and customer experience action plans.

*Napco National adheres to national labor rights and regulations related to employees and workers in every country in which we operate.

Internal Stakeholders

Board of Directors
Employees*

External Stakeholders

Consumers
Customers
Government Ministries
Industry Associations
Local communities
NGOs
Shareholders
Schools
Suppliers
Universities

Reporting Practice

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Entities Included in Consolidated Financial Statement

- شركة نابكو الوطنية (Napco National)
- الشركة الشرقية لصناعة الكرتون (Easternpak)
- مصنع شركة نابكو للمنتجات الاستهلاكية (Napco Consumer Products Co.)
- شركة نابكو لانتاج مواد التعبئة المحدودة (Napco Packaging Materials Co. Ltd. – Uniplast)
- شركة الورق الوطنية (National Paper Company)
- شركة نابكو للدائن التغليف المركبة (Compact)
- الشركة المتحدة لمنتجات البلاستيك (United Plastic Products Company)
- شركة نابكو الحديثة لمنتجات البلاستيك (Napco Modern Plastic Products Co.)
- شركة نابكو الرياض لمنتجات الورق (Napco Riyadh Paper Products)
- مصنع شركة نابكو للتغليف المتعدد (Multipack)

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Materiality Assessment

In 2017, Napco National executives from the Head Office, as well as flexible packaging, paper containers and consumer products divisions took part in a materiality workshop to identify key Stakeholder groups and significant economic, environmental, and social impacts affecting internal and external stakeholders.

In 2017, engagement pertaining to the material issues focused on internal stakeholders only. In parallel, we developed sustainability stories describing the impacts of major initiatives not immediately obvious from GRI data. Each of these sustainability stories includes a thorough explanation of the Sustainability Context. Stories focus on initiatives which engage multiple business units within and across divisions.

Read our sustainability stories at <http://sustainability.napconational.com>

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It's important to note that we can tell our current stories of initiatives but have not yet set group-level goals and targets, as we are in the midst of a 2-year plan to automate collection and reporting of sustainability data, especially environmental. By engaging headquarter and division MIS and BI teams, we will gain visibility into our raw material, energy, water, emissions, and waste performance, necessary to be able to set objectives for the future. Data automation will ultimately allow us to better ensure data accuracy, comparability, clarity, reliability, timeliness and completeness in our reporting. Divisions manage social initiatives locally in line with business strategies and community needs.

We will conduct our next Materiality Assessment in 2019 to set our 2025 Sustainability Pledge. For 2019, we intend to conduct comprehensive stakeholder engagement, ensuring external stakeholder inclusion.

Material Topics

GRI Disclosure Material Topics Topic Boundary



RESPONSIBLE PRODUCTS

GRI 301 Raw Materials	Regeneration of Recycled Resins	INDEVCO / Napco Flexible Packaging Plastics Converters
	Oxo-Degradable Plastics	INDEVCO / Napco Flexible Packaging Saudi Standards, Metrology and Quality Organization (SASO) Consumers



ENVIRONMENT

GRI 301 Raw Materials	Responsible Paper Sourcing	GESPA sal INDEVCO / Napco Division Purchasing Units Paper Brokers Paper Manufacturers
	GRI 306 Waste	Waste Collection & Recycling



SOCIAL

GRI 403 Occupational Health & Safety	Employee Health & Safety	Napco Employees Napco HR External HR Consultancy Service Provider External Insurance Consultancy Service Provider Napco Division Strategy & Transformation Departments
	GRI 404 Training & Education	Employee Training & Development
GRI 405 Diversity & Equal Opportunity	Diversity & Inclusion in the Middle East	Napco Employees Napco HR External HR Consultancy Service Provider
	GRI 413-1 Local Communities	Arab Women's Wellbeing
	Childhood Development in the Middle East	Napco Consumer Products Divisions Healthcare Institutions NGOs Schools Universities

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Restatements & Changes in Reporting

As this is our first report, there are no restatements in reporting.

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Reporting Period, Cycle & Claim

Napco National reports annually from January – December.
This is our first report covering the calendar year 2017.

This document is a GRI-referenced report.

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Contact Points for Questions Regarding the Report

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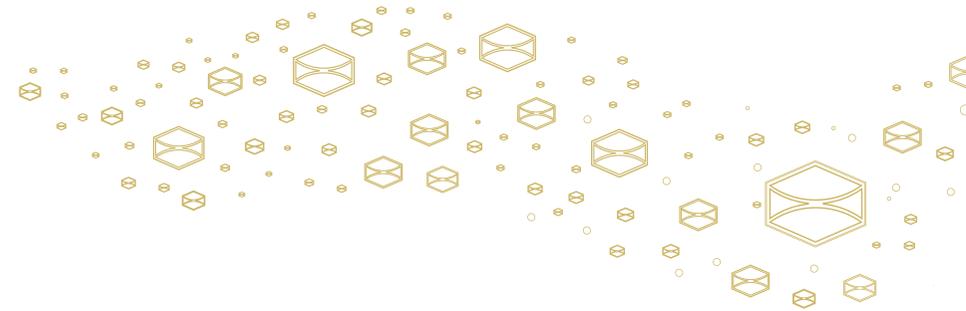
Email: Hatoon@napcogroup.com
Web: www.napconational.com

GRI Content Index

See p. #

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Specific Disclosures





Environmental Impact

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Management Approach

As a group of manufacturers, we impact the environment by utilizing natural resources and energy during production and by generating waste and emissions in the process.

In considering areas for greatest positive impact and in line with related UN Sustainable Development Goals (SDGs), we are actively engaged in the following initiatives:

- Responsible Paper Sourcing
- Responsible Raw Material Product Development
- Circular Economy & Waste

The boundaries of these material topics include direct impact on the raw materials and the power our manufacturing plants use, as well as indirect impact on our raw material and packaging customers, government ministries and municipalities, end consumers, and local communities.

Our management approach performance is monitored through such external standards as ISO 14001 Environmental Management System and EU Ecolabel, as well as Sedex Members Ethical Trade Audit (SMETA) and EcoVadis CSR Scorecard audits.

Automating data collection across our plants by 2019 will provide the necessary visibility to set clear goals and targets related to our current initiatives, as well as emissions and water consumption and discharge.

Learn More

<http://sustainability.napconational.com/#environmental-sustainability>



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2

Raw Materials

By sourcing and developing input raw materials that are renewable or recycled, Napco National business units support our customers in reaching their sustainable material goals and divert plastic waste that would otherwise be landfilled or lost to the environment.

Facilitating a shift to environmentally-friendly raw materials and finished goods aligns with UN SDG12 Responsible Consumption and Production, while greater visibility in our supply chain to track sustainable management of forests aligns with SDG15 Life on Land. We are also establishing recycling partnerships with government entities and industry associations, which coincides with SDG17 Partnerships.



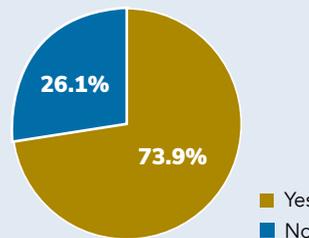
Responsible Paper Sourcing

In 2017, Napco National business units reported chain of custody certifications for their global virgin and recycled paper suppliers for the first time.

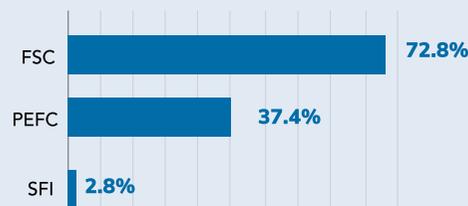
Nearly 74% of Napco National's paper suppliers are reported to be certified by one or more sustainable forestry bodies: Forest Stewardship Council (FSC, 73%), the Programme for the Endorsement of Forest Certification (PEFC, 37%), and/or the Sustainable Forestry Initiative (SFI, 3%).

[Learn More](http://sustainability.napconational.com/responsible-paper-sourcing)
<http://sustainability.napconational.com/responsible-paper-sourcing>

% of Napco National Paper Supply Sustainably Sourced



% of Napco National Paper Supply Certifications



Transition to Oxo-Degradable Plastic Films in Saudi Arabia

In October 2016, the Saudi Standards, Metrology and Quality Organization (SASO) mandated a phased transition of plastic films under 250 microns, whether produced in or imported to Saudi Arabia, to be composed of approved oxo-biodegradable materials.

The first phase began in April 2017, affecting products produced by Napco National in Saudi Arabia: garbage bags, t-shirt bags, and table covers.

While Napco National business units in Saudi Arabia secured the license from SASO and are producing the required oxo-degradable products, we have formally communicated our position that the extent of oxo-degradability is seriously debated and that it compromises the recyclability of plastics.

France banned oxo products in 2015, and Spain followed in 2017 by placing limits on labeling plastic bags as oxo-degradable. The United Nations Environment Programme (UNEP) confirmed its position that oxo-degradable products would not significantly decrease the quantity of plastics or their negative impacts on the marine environment.

Napco National believes in the possibilities unleashed by formalizing a circular economy of plastics, in line with the Ellen MacArthur Foundation's New Plastics Economy initiative.

301 -1B
4

Circular Economy

The world is shifting from a 'use-and-dispose' mindset to a regenerative Circular Economy. This economy emphasizes innovation to redesign products to be re-used as raw material sources for new products until end of their lifecycle. The system designs out waste and pollution, reduces depletion of finite resources, and decreases energy consumption in production.

Our business units have been recycling waste for decades. Napco National offers plastic collection and recycling, as well as regenerated and recyclable raw materials. With plastics operations, Napco National has aligned with the 'New Plastics Economy' initiative to unleash greater economic value and create more jobs from infrastructures supporting plastics recycling and regeneration.

Our focus on circular economy, reducing virgin raw material consumption, and increasing reuse and recycling, aligns with UN SDG12 Responsible Consumption and Production. Working closely with government entities, municipalities, petrochemical producers, and industry associations to further waste management and recycling infrastructure coincides with SDG17 Partnerships.



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Waste

Plastic Waste Collection, Sorting & Washing

At present, 95% of the value of plastics packaging is lost after first use, and only 14% is collected for recycling globally, according to the Ellen MacArthur Foundation. Recycling is an economically viable option for up to 50% of plastic packaging.

Napco National maintained volume of post-industrial waste recycled in 2017, while investing in new equipment in Saudi Arabia.

Over 50% of waste came from sister companies in 2017; they then convert recycled resins from their waste into a range of premium recycled plastic applications. Our plants work in consultation with INDEVCO Polymer Application Center for Technology (PACT) to capture greater material value and reprocessing yields by sister companies.

[Learn More](#)

<http://sustainability.napconational.com/circular-economy>

IMPACT

Diverted 56,006 m² of plastic waste from landfill

Eliminated associated GHG emissions by approximately 569 metric tons of carbon dioxide equivalent (MTCO₂E)



IMPACT

Increased production of recycled resins by 77.2%

Eliminated associated GHG emissions by approximately 71,108 metric tons of carbon dioxide equivalent (MTCO₂E)



Recycled Resins

Napco National in Saudi Arabia increased volume of regenerated resins in 2017. Sister companies utilized ~ 41% of the Napco's total recycled resin production.

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Social Impact

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Management Approach

Our local community engagement is deeply rooted in our vision “Napco National will contribute to the welfare of Saudi Arabia and GCC communities by striving for excellence and value creation while meeting customer needs...” As our corporate and brand outreach programs address unique social and cultural factors in the communities in which we operate, we evaluated our areas of greatest impact in line with the UN Sustainable Development Goals (UN SDGs) and arrived at the following social responsibility objectives:

- Supporting Arab Women’s Wellbeing
- Nurturing Childhood Development in the Middle East

Internally, we work to ensure a healthy and safe work environment, as well as to improve our policy of diversity and inclusion.

- Occupational Health & Safety
- Employee Diversity & Inclusion

The boundaries of these material topics begin directly with our employees in Saudi Arabia and the Arabian Gulf, then move beyond to include indirect impacts of insurance companies, healthcare institutions, local NGOs, educational institutions (primary schools and universities), and other associations we support in local and regional initiatives.

See <http://sustainability.napconational.com/#social-responsibility>

413-1

Operations with Local Community Engagement, Impact Assessments, and Development Programs

Our local initiatives are concentrated in Saudi Arabia, as Napco National corporate headquarters and related consumer disposables companies champion social programs and campaigns in support of Saudi employees, Arab women and children.





Occupational Health & Safety

403-1
4
5

All employees of Napco National operations are covered by internal Health & Safety systems and processes. Napco National business units are audited externally to ensure operations abide by labor rights and establish safe and secure working environments for all employees, in line with UN SDG8 (Target 8.8).

In 2017, Napco National business units maintained OHSAS 18001 certifications, audited by third-parties, while the Napco Learning Institute and HR managed Health & Safety courses and developed a series of online First Aid training for employee onboarding.

By providing access to health coverage and essential health care services for our employees, we align with UN SDG3 Good Health and Wellbeing. Our health and safety training increases the number of adults with relevant technical and vocational skills, consistent with SDG4 Quality Education.



Learn More
<http://sustainability.napconational.com/occupational-health-and-safety>

OHSAS 18001 Certification

Twenty seven percent (27%) of Napco National's manufacturing facilities, including paper and plastics plants in Saudi Arabia, currently hold OHSAS 18001 Occupational Health & Safety Management Certifications, which are audited by Lloyd's Register Quality Assurance.



Standardized Safety Reporting

Data fields and terminology for accident and incident reporting were standardized across divisions in 2017. Reporting automation will take place via an automated HR System in 2018.

Health & Safety Training

In 2017, Napco National, through a third-party training provider and the Napco Learning Institute, offered over 25 basic and advanced credit hours of training courses to over 325 employees (99% male; 1% female) across three divisions in Saudi Arabia. First Aid online video training series, developed from a third-party, will be used during new employee onboarding beginning in 2018. By developing and training our health workforce with the skills needed to promote sustainable development, we align with SDG3 (Target 3.C) and SDG 4 (Target 4.7).

Training Courses		First Aid Video Series	
5S		Introduction to First Aid	Bleeding
First Aid		Blood Donation	Poisoning
Hygiene		Skin Burns & Wounds	Fractures
Safety & Firefighting		Correct Behavior	CPR
Sanitation & Housekeeping		Upper Airway Obstructions	State of Shock

405-1B

Employee Diversity & Inclusion

Napco National is working to reach the national quota for employment of people with disabilities. In addition, we are providing inclusive and good working conditions for women, supporting their effective participation in economic life. This is consistent with SDG5 Gender Equality, SDG8 Decent Work and Economic Growth, and SDG10 Reduced Inequalities



Persons with Disabilities in the Workplace

As part of this initiative, offices and plants are providing access areas, safe passageways and signs, customized restrooms, and reserved parking spaces.

Facilitating the employment and economic inclusion of persons with disabilities aligns with UN SDG8 Decent Work and Economic Growth (Target 8.5) and SDG10 Reduced Inequalities (Target 10.2) to achieve full, productive and decent work, as well as promote the social and economic inclusion of all.

IMPACT

Employed over 90 persons with disabilities in Saudi Arabia (96% male, 4% female)

Women in the Workforce

The MENA region has the lowest female labor force participation at 22%, with over four out of five working-age women not formally employed, a figure substantially lower than the global average of 46%.¹⁹ Saudi Vision 2030 has set equal opportunity as a key target, identifying women as important for the development of society and economy and comprising over 50% of university graduates in the Kingdom.

Napco National, operating in the industrial manufacturing industry, employs over 100 women in Saudi Arabia and the Gulf. In addition to employment, Napco National offered learning and development opportunities to over 35% of women employees in Saudi Arabia in 2017.

Learn More

<http://sustainability.napconational.com/diversity-and-inclusion>

IMPACT

Diversity in Saudi Arabia & Gulf
Napco National employs 110+ women in the Arabian Gulf

Training & Development
35% of female employees in Napco National in Saudi Arabia received training



413-1

Supporting Arab Women's Wellbeing

Cultural norms in the Arab region affect women's access to health-related information and education. Napco National brand teams delivered programs during 2017 on breast cancer awareness and healthier and happier living in the Arabian Gulf and Levant countries. Napco National is also working to strengthen the role of women in the workforce.

Our initiatives provide healthcare information and education needed to promote sustainable development, as well as use technology to empower women which coincide with UN SDG3 Good Health & Wellbeing, SDG4 Quality Education, and SDG5 Gender Equality. By establishing public-private and civil society collaborations, we also align with SDG17 Partnerships.



[Learn More](#)

<http://sustainability.napconational.com/arab-womens-wellbeing>

Fam® Cares for Arab Women's Wellbeing

In 2017, Fam® brand launched the I Take Care of Myself; I Choose campaign to promote Arab women's wellbeing via healthier and happier living. The integrated campaign shared a video series about wellness choices encouraging work-life balance, fitness, and personal comfort on Facebook, Twitter, and YouTube, as well as on pan-Arab satellite TV.

Fam® Cares for Early Breast Cancer Detection

Since 2009, Napco National's Fam® brand has partnered with Zahra Breast Cancer Association to promote public awareness of early screening in Saudi Arabia during Breast Cancer Awareness Month in October. Breast cancer is the leading form of cancer for women in the Kingdom.

Each year, the program engages with women in Saudi malls in the Eastern, Central, and Western provinces

In addition, Fam's 2017 integrated campaign encouraged social sharing of survivor stories in Saudi Arabia using the hashtag (Ou3aber_bel_Wardi) #اعبري_بالوردي_عن a social media campaign, The Will to Live (Iradat Al Hayat), across 3 Arab countries, and a pan-Arab satellite TV ad, Minutes are Worth Years (#دقائق_تسوي_سنين), to encourage regular screenings



REACH

580,000+ women aged 18-45 on social media

COUNTRIES

Bahrain Saudi Arabia
Kuwait UAE
Oman



REACH

21,000+ women in malls in the Kingdom
Over 400,000 women aged 18-45 in 3 Arab countries via social media

COUNTRIES

Kuwait
Saudi Arabia
United Arab Emirates

413-1

Nurturing Childhood Development in the Middle East

The private sector plays a critical role in Early Childhood Development (ECD) in the Middle East North Africa (MENA) region, where investment is among the lowest in the world, according to the World Bank. Napco National brand teams in Saudi Arabia deliver ECD programs emphasizing creativity, parent-child bonding, giving positive feedback, and hand hygiene.

Our childhood development initiatives for good hygiene against communicable diseases link to UN SDG3 Good Health and Wellbeing, while our programs that focus on parenting and children's early learning aligns with SDG4 Quality Education.



Early Learning Initiatives

During 2017, Napco National's Sanita Bambi® brand team reached women and caretakers across 7 Arab countries with three social media-based programs devoted to early learning, as well as engaged families at Kids in Motion, Saudi Arabia's popular kids' festival.

Campaigns shared Arabic-language educational videos and postings on Facebook, Instagram, Twitter, and YouTube.

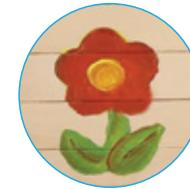
REACH

2.5 million+ women

COUNTRIES

Bahrain	Saudi Arabia
Kuwait	UAE
Oman	

Learn More
<http://sustainability.napconational.com/childhood-development>



Raising Creativity

Educated mothers about stimulating children's imaginations and learning through play, experimentation and exploration.



Life is Short (El 3omor Ghafila)

Encouraged creating and recording memorable experiences for mother-child bonding.



Words

Emphasized reframing language to give positive direction for learning rather than to emphasize children's poor behavior.

Children's Hygiene Program

Napco National's popular Hand Sanitizer brand launched Sanita® Back-to-School Hygiene Program in 6 Arabian Gulf countries, in alignment with Global Handwashing Day on 15 October. The initiative, directed at parents and teachers, communicated the importance of handwashing at critical times to prevent disease and save lives. Three expert how-to videos featuring medical doctors were broadcast over Facebook, Instagram, Twitter, and YouTube.

REACH

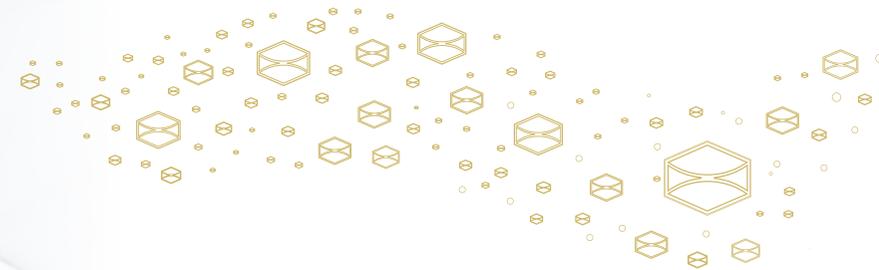
220,000 men and women

VIEWS

Over 85,000 times

COUNTRIES

Bahrain	Saudi Arabia
Kuwait	UAE
Oman	



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Appendix A: Export Countries | Appendix B: Origin of Suppliers

	A	B
AFRICA		
Algeria	•	
Angola	•	
Cameroon	•	
Djibouti	•	
Egypt	•	•
Eritrea	•	
Ethiopia	•	
Ghana	•	
Guinea	•	
Ivory Coast	•	
Kenya	•	
Libya	•	
Mali	•	
Morocco	•	
Niger	•	
Nigeria	•	
South Africa	•	
Swaziland		•
Tanzania	•	
Togo	•	
Tunisia	•	
AMERICAS		
Brazil		•
Canada		•
United States	•	•
Uruguay		•
Venezuela		

	A	B
ASIA		
Afghanistan	•	
Armenia		
Azerbaijan	•	
China		•
India	•	•
Indonesia		•
Japan		•
Korea South		•
Malaysia		•
Pakistan	•	•
Russia	•	
Taiwan		•
Thailand		•
Vietnam		•
EUROPE		
Andorra		•
Austria		•
Belgium	•	•
Bosnia Herzegovina	•	•
Cyprus	•	
Czech Republic		•
Denmark	•	•
Estonia		•
Finland		•
France	•	•
Germany	•	•
Greece	•	•
Ireland	•	

	A	B
Italy	•	•
Malta		•
Netherlands	•	•
Poland		•
Slovakia		•
Spain	•	•
Sweden		•
Switzerland		•
Turkey	•	•
Ukraine		•
United Kingdom	•	•
MIDDLE EAST & ARABIAN GULF		
Bahrain	•	•
Iraq	•	
Jordan	•	•
Kuwait	•	•
Lebanon	•	•
Oman	•	
Saudi Arabia	•	•
United Arab Emirates	•	•
OCEANA		
Australia	•	•
TOTAL	47	45

Appendix C: Napco National Code of Conduct

1. Purpose

In line with Napco Companies' culture and core values, and in recognition of their determination to promote business ethics and personal integrity in different transactions and interactions, Napco Companies have adopted a new code of conduct that clarifies the standards of behavior that are expected of all employees in the performance of their duties.

2. Scope

This code of conduct is applicable to all Napco Companies' employees in all operating countries. All employees must abide by the Code, employment guidelines, and other applicable policies as a condition of their employment within Napco Companies.

3. Responsibilities

It is the responsibility of the top management and senior executives, as well as the Human Resources and Administration departments, across Napco Companies to monitor the compliance with the Code and ensure its proper implementation among employees.

4. Code of Conduct

The Code of Conduct sets the standards for "how we work together" to develop and deliver our products and services, "how we protect the reputé" of Napco Companies and their affiliates, and "how we deal with" customers, suppliers, distributors, and other third parties.

4.1 CORE VALUES

Napco Companies are committed to maintaining and developing their corporate culture and respecting the 7 core values - addressed hereafter - which have guided their business since their foundation.

Their success is tightly woven into the core values which influence the way "we do" our job and the way "we think" about managing and leading our business. In a true sense, the core values are vital, essential, lasting and intended to be acted upon.

Therefore, all employees need to stand by these values which are capable to unite and inspire us to achieve a healthier, stronger and more productive work environment, as well as empower and energize Napco Companies to earn customers and stakeholders' confidence while growing consistently and mounting toward higher achievements.

Napco Companies expect all their people to embrace the 7 core values in business and personal relationships:

Entrepreneurial Drive: Displaying self-motivation in taking calculated risks and initiatives of a significant strategic contribution

Family Spirit: Creating a feeling of belonging, supporting and caring for each other, and being there in times of need

Hard Work: Going the extra mile to overcome challenges, get things done, and achieve business objectives

Honesty: Acting and interacting with integrity, transparency, and credibility with self and towards others

Modesty: Behaving and communicating with humility, sincerity, and respect towards others

Precision: Working to high standards of accuracy without losing sight of the big picture

Servant Leadership: Sacrificing self-interest for the good of the group and serving others equally

4.2 INCLUSION & DIVERSITY

Napco Companies believe in a fair, respectful, inclusive and safe work environment, where diversity is valued and where unlawful discrimination, violence, bullying, and harassment in any form are considered unacceptable.

At Napco Companies, employees shall be:

- Instrumental in creating a work environment where all members cooperate fully, find a sense of belonging, and have opportunities to engage with the comprehensive community;
- Ready to integrate the principles of equality of employment opportunity, natural justice and inclusion into their day-to-day practices and behaviors.

4.3 PERSONAL AND PROFESSIONAL BEHAVIOR

Employees are to perform their duties diligently, impartially and meticulously.

They are expected to:

- Treat other team members, colleagues, visitors, suppliers, customers, stakeholders with the highest standards of professional integrity, courtesy, respect and sensitivity to their rights;
- Strive to keep up-to-date with advances and changes for professional and behavioral development relevant to their areas of expertise;
- Seek improvement in the proficiency and effectiveness of the services and products they deliver;
- Build professional reputation on the merit of their services and shall not compete unfairly with others;
- Stick to company policies and regulations and cascade them; o Conform with Napco Companies' commitment to sustainability.

4.4 ACCOUNTABILITY

- Employees shall act with honesty and integrity and in accordance with any professional standards and/or laws and legislations that have application to the responsibilities they perform for or on behalf of Napco Companies in line with the core values;
- Employees shall adhere to the policies and procedures of Napco Companies and support the decisions and directions of the top management and its delegated authority (refer to FCA);
- Employees shall take responsibility for their actions and decisions and ensure not to exceed the authority of their position.

4.5 HEALTH, SAFETY AND WELFARE

Employees collectively share responsibility and commitment for maintaining a healthy and safe workplace in which the welfare and dignity of staff and visitors are held uppermost by:

- Ensuring strict adherence to all legislative requirements and all policies relating to occupational health and safety
- Taking reasonable care for the health and safety of themselves and of other persons at their place of work;
- Immediately notifying their direct manager of any work-related injury or accident;
- Never compromising the health, safety or welfare of others through unnecessary physical risk, the consumption of alcohol or the use of drugs.

4.6 CHILD LABOR

There shall be no use of child labor which shall be exploitative or shall jeopardize the health, safety, educational development or morals of any child. No person below the age of 16 is employed by our affiliates. If the local legal minimum age for work is higher than 16, we employ no one younger than the legal minimum age.

4.7 CONFLICT OF INTEREST

The conflict of interest is assessed in terms of situations where employees' private arrangements, benefits, interests, personal circumstances or personal or family relationships could, or could be perceived to, impact on the performance of their duties.

- Employees shall not compete or enter into any activity that may be in real or apparent conflict of interest with Napco Companies;
- Employees shall not improperly cooperate or coordinate

Napco Companies' activities with competitors; they shall not offer or solicit improper payments or gratuities in connection with the purchase of goods or services for Napco Companies or the sales of their products or services;

- Employees, who have a financial interest in a company that is in a position to influence a contract for business between that company and one of Napco Companies, should immediately declare this interest to their direct manager;
- Employees, who work with family members or with persons with whom they develop close personal relationships inside Napco Companies, must be aware that this has the potential to create a conflict of interest* and must bring the matter to the attention of their direct manager and take immediate steps to resolve the conflict;

**Involved in a decision relating to the selection, appointment or promotion of another; or in a supervisory relationship to another and is responsible for employment-related decisions; or in a personal or family relationship to another and have direct assessing responsibility*

- Before engaging in any activity, transaction or relationship that might give rise to a conflict of interest, employees must seek review and approval from:
 1. Presidents/EVPs for the divisional staff
 2. Executive Directors for the business unit staff
 3. President for Head Office departments
- Employees must fill the **Acknowledgment and Pledge Form for Conflict of Interest** and submit it to the Administration/Personnel Department

4.8 PERSONAL BUSINESS

- Employees must not be engaged in any personal business as it will have an adverse effect on their job duties at Napco Companies
- Before engaging in any family/personal business, employees must seek review and approval from:
 1. Presidents/EVPs for the divisional and business unit staff
 2. President for Head Office departments

Employees must fill the Acknowledgment and Pledge Form for Conflict of Interest and submit it to the Administration/Personnel Department

4.9 GIFTS AND BENEFITS

- Employees have a responsibility to behave with integrity and impartiality including responding appropriately to offers of gifts, benefits and hospitality, including when travelling overseas on business trips;
- Employees or members of their immediate families shall not solicit or accept directly or indirectly, gifts, entertainment, benefits, favors or other economic consideration from any person, group, private business, or public agency that may compromise or affect the impartial performance of the employee's duties;
- Employees shall not seek or accept commissions or allowances, directly or indirectly, from contractors or other parties dealing with clients or internal/external parties in connection with work. Employees shall not request, propose, or accept a commission on a contingent basis under circumstances in which their judgment may be compromised;

- Employees shall not benefit from customers or/and suppliers by getting loans, services, benefits or/and any personal courtesies;
- Employees may give or receive a gift which is offered as part of a social, cultural or ceremonial practice only. In that case, the gift must be reported to management and shall remain the property of the company;
- If employees are offered a bribe, the incident must be reported to the relevant manager immediately; if employees are unsure how to respond to a gift of money, they should seek advice from their direct manager.

4.10 CONFIDENTIAL INFORMATION

- Employees shall comply with confidentiality and privacy with respect to information relating to Napco Companies. Employees should ensure they are aware of the legal and ethical requirements relating to the use of commercially sensitive and confidential information;
- Employees shall be prudent in the disclosure or use of information (copying, distribution or alteration of software or other intellectual property...) that may infringe upon another's right to privacy. They shall not use confidential information for any personal gain nor in a manner that may be detrimental to Napco Companies' benefits;
- Employees shall not be allowed to copy company data and assets on personal external devices, nor send business confidential information to personal accounts or third parties, nor take any document outside the company premises;
- Employees shall be vigilant when providing any nonpublic information with respect to Napco Companies, their securities, business operations,

plans, financial condition, and results of operations or any development plan. They shall be particularly vigilant when making presentations or proposals to customers, suppliers and other third parties to ensure that used presentations do not contain material nonpublic information;

- Employees shall be personally responsible for the content they publish or communicate externally and on social media channels. Employees are expected to be mindful of their use of social media and ensure their interactions are respectful to Napco Companies' guidelines, policies, and procedures.

4.11 COMPANY RESOURCES

- Employees shall not use Napco Companies' resources, including time, facilities, equipment, supplies or uniforms, for private benefit, advantage or other unprincipled profit;
- Employees shall use computing and networking resources for business needs only. Under no circumstances may these resources (computers, software, networks, printers, plotters, scanners, etc.) be used for personal financial gain and/or commercial purposes. The computer system and anything stored on it belong to the company and may be accessed by an authorized agent of Napco Companies at any time;
- Employees shall protect company resources from any willful damage or destruction;
- Employees shall secure prior approval of the management before using the company assets for community projects.

4.12 NON-COMPETITION

- Employees shall agree that for two years following their termination of employment:
 1. They will not directly or indirectly engage in any employment or private business that is in competition with Napco Companies affiliates;
 2. They will not directly or indirectly, either individually or as an agent, employee, director or owner, or otherwise on behalf of or in conjunction with any person, firm, corporation, or other entity, cause or attempt to cause any supplier or customer of the company and/or its subsidiaries and affiliates not to do business with the company or otherwise interfere or attempt to interfere with any business relationship between the company and/or its subsidiaries and affiliates and any of its suppliers or customers.

- Napco Companies will use their utmost endeavors to protect employees who in good faith and with good grounds report breaches to the Code of Conduct;
- If, upon inquiry, the purported disclosure pursuant to the breach of the Code of Conduct was assessed as untrue and was made with malicious or mischievous intent, the action disclosure will in itself constitute misconduct and a breach of this Code;
- Employees found to be in breach of this Code may face disciplinary action, up to and including immediate dismissal.

**Unacceptable, dishonest and deceptive behavior such as dereliction of duty, failure to comply with instructions, prejudicial action to the health or safety of others, bullying, harassing, intimidating, overbearing or physically or emotionally threatening.*

5. Breaches & Misconduct Reporting Process

This Code is designed to promote and enhance the ethical behavior of Napco Companies' employees in the workplace; thus, breaches of the Code's aforementioned points are dealt with seriously and fairly.

- Employees must report misconducts* and breaches of this Code to the management that is responsible for the functional or organizational unit in which they work;



نابكو الوطنية
napco national

2017 Global Sustainability Report

<http://sustainability.napconational.com>