



Middle East Paper Company (MEPCO)
A Saudi Joint-Stock Company

Board of Directors Annual Report for the fiscal year 2020 G

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Chairman's Statement

Messrs/ Shareholders of the Middle East Paper Company

Greetings,

On behalf of the Board of Directors, I am pleased to present the annual report of the Board including the MEPCO's main activities and results throughout the fiscal year 2020 G.

We would like to note that the Company, during 2020 G, has experienced significant challenges due to the precautionary measures imposed by KSA to prevent the outbreak of Coronavirus (Covid-19) Pandemic. MEPCO, thus, has taken all precautionary measures required to protect its employees, customers, and society. Despite being a challenging year, the Company has achieved the highest sales record since its incorporation. It managed to maintain stable performance in line with market changes, aiming to maintain its market share and customer base, as well as its commitment to the product quality, meeting the customer's demands with a priority given to meet local demand. The Board played a major role in addressing such challenges, as it managed to guide the management; increase interaction, both individually and collectively, among members and executive management to identify ways to address these challenges. Moreover, the Board has approved the development of the Company strategy and its subsidiaries in alignment with the business environment rapid changes. Further, we shall not forget the efforts of the Board, its committees and the executive management in maintaining good practices in corporate governance, along with the development and improvement of monitoring methods, risk management, social responsibility activities, environment perseverance and social development in line with Saudi Vision 2030. Hence, we hereby review the Board report for the fiscal year 2020 G.

I: Board of Directors

- The Board of Directors is the board elected by the General Assembly of the Company. It acts as MEPCO ruler and is delegated to manage. The Board is well aware of its legal responsibility and it is legally responsible before the shareholders for the conduct of the Company's affairs in a manner that fulfills the shareholder interests. Moreover, both the corporate governance and the board bylaws include detailed provisions regarding the formation of the Board, its committee, competencies, responsibilities, meetings, member rights and their duties, along with emphasizing the effective participation principle throughout decision-making processes within the Board and strictly codifies cases of conflicts of interests between its members and the Company. Further, the bylaws also identifies honesty and trustworthiness, due diligence and care as business principles and approaches. MEPCO principal bylaws specifies the number of board members, their incentives and authorities, in addition to their appointment and end-of-membership processes, taking into account the size and nature of MEPCO's business and the expertise required for membership.
- MEPCO's Board of Directors is made up of Eight (8) members, including four (4) independent members, elected by the Company's General Assembly on June 2019 G, with a term lasting for 3 calendar years as of November 14, 2019.

The most significant responsibilities and tasks of the Board of Directors including, but are not limited to:

- Development of plans, policies, strategies, and main objectives of the Company, supervision of the implementation thereof periodically, ensuring the availability of the necessary human and financial resources and establishing systems and controls for internal audit with general supervision thereof.
- Verification of the Company's commitment to the rules of corporate governance and review and updating thereof in accordance with regulatory requirements and best practices.
- Supervision of the management of Company's finance, cash flows, as well as the financial and credit relationships with others.

- Preparation of the preliminary and annual financial statements of the Company, including the proposed method for profit distribution, and approval of the statements prior to presentation.
- Development of the Board report and approval thereof prior publication.
- Development of policies and procedures ensuring the company's compliance with the laws and regulations, its commitment to disclose essential information to the shareholders and stakeholders, and verification of the executive management compliance with such policies and procedures.
- Ensuring the accuracy and integrity of data and information to be disclosed according to the applicable policies and disclosure and transparency procedures.
- Establishment of effective communication channels allowing shareholders to constantly and periodically access various Company activities and fundamental developments.

a) Composition of the Board of Directors and Membership Classification at the end of 2020 G

Name	Position	Membership
Eng. Abdullah Abdul Rahman Almoammar	Chairman of the Board	Non-Executive
Mr. Musaab Sulaiman Al Muhaidib	Deputy Chairman of the Board	Non-Executive
Mr. Mr. Emad Abdulkadir Al Muhaidib	Member	Non-Executive
Mr. Abdulelah Abdullah Abunayyan	Member	Non-Executive
Mr. Khaled Saleh Al Khattaf *	Member	Independent
Mr. Khaled Salem Mohammed Al-Rowais *	Member	Independent
Mr. Ahmed Mubarak Al Debasi	Member	Independent
Mr. Walid Ibrahim Shukri	Member	Independent
Eng. Omar Mohamed Siraj Najjar	Member	Independent

* The General Assembly approved the Board decision to appoint Mr. Khaled Salem Mohammed Al-Rowais - Independent member - as a member of the BoD as of May 10, 2020 G to complete the Board session until the end of the current session on November 13, 2022, in succession to the resigned member, Mr. Khaled Saleh Fahd Al Khattaf (independent member).

b) Board Meetings and Attendance Percentage:

Name	Board Meetings Timeline through 2020 G					Attendance Percentage
	March 17	June 7 th	June 28 th	August 30 th	December 28 th	
Eng. Abdullah Abdul Rahman Almoammar	Attended	Absent	Attended	Attended	Attended	100%
Mr. Musaab Sulaiman Al Muhaidib	Attended	Attended	Attended	Attended	Attended	100%
Mr. Mr. Emad Abdulkadir Al Muhaidib	Attended	Attended	Attended	Attended	Attended	100%
Mr. Abdulelah Abdullah Abunayyan	Attended	Absent	Attended	Attended	Attended	100%
Mr. Khaled Saleh Al Khattaf	Attended	Membership ended on May 10, 2020				20%
Mr. Khaled Salem Mohammed Al-Rowais	Absent	Attended	Attended	Attended	Attended	80%
Mr. Ahmed Mubarak Al Debasi	Attended	Attended	Attended	Attended	Attended	100%
Mr. Walid Ibrahim Shukri	Attended	Attended	Attended	Attended	Attended	100%
Eng. Omar Mohamed Siraj Najjar	Attended	Attended	Attended	Attended	Attended	100%

- The Board held its meetings through modern technology due to the emergency circumstances all over the world in light of Covid-19 Pandemic.

- The last meeting of the General Assembly was held on June 7th, 2020. Further, the Board of Directors has held three meetings post the Assembly meeting in accordance with the above table.

c) Academic qualifications and work experience of members of Board of Directors, committees and senior executives:

Name	Position	Work Qualifications	Work Experience, and Current/Previous Occupations
Members of the Board of Directors			
Mr. Mr. Emad Abdulkadir Al Muhaidib	Board Member	Bachelor of Commerce Honorary Doctorate Degree	Among the founders of the Middle East Paper Company (MEPCO). Mr. Emad is also acting as the vice chairman of the Board of Directors of Al Muhaidib Group for Multi-Investments. Mr. Emad has a vast experience in the fields of corporate business, commerce, business administration, investment and business Management, and membership of board of directors. He is a member of the Board of Directors of MEPCO, other companies and commerce chambers
Eng. Abdullah Abdul Rahman Almoammar	Board Chairman	Bachelor of Industrial Engineering, King Saud University - MA in Business Administration, King Fahd University	Among the founders of MEPCO, he has an extensive experience in the company's business. He is acting as the vice chairman of the Board of MEPCO. He has more than 25 years of experience in industry sector. Formerly, he was the managing director of MEPCO - Board Member of the Saudi Printing and Packaging Company – Deputy director and then general manager of the Saudi Paper Manufacturers Company
Mr. Abdulelah Abdullah Abunayyan	Board Member and chairman of the Strategic Committee	Bachelor of Economics	He held many leadership and executive positions in public, private, and industrial companies. Accordingly, he has extensive knowledge, skills and experience in the business of the Board of Directors and strategic business development, sales and marketing, besides his ability to identify and invest in business opportunities. He has excellent leadership and communication skills, excellent skills in management and strategic planning. Formerly, he was the vice president of investment at Samba Bank, and member of the board of directors at Qatar Alpha Beton Ready-Mix Concrete Company.
Mr. Khaled Salem Mohammed Al-Rowais	Board Member and Chairman of the Audit Committee	Bachelor of Accounting in 1984 G, King Saud University. -Member of the American Institute of Certified Public Accountants (AICPA) - 1990	Member of the Board and Audit Committee of several companies with experience in investment, financial analysis, acquisitions, strategic consulting, loans, restructuring and financing projects. He commenced his work at the Banking Control Department at the Saudi Central Bank (SAMA), and moved to SABIC as the Director of Finance. He joined Ma'aden as a Treasury Manager in 2002. He held several leadership positions, including vice president of strategy and planning, vice president of finance and senior vice president for phosphates. He also had a number of memberships in the boards of directors of Ma'aden subsidiaries.
Mr. Musaab Sulaiman Al Muhaidib	Vice-Chairman	Bachelor of Business Administration from the University of Miami – Master of Business Administration from the University of Liverpool	Board membership and committees in several companies with experience in strategic business development, directing sales and marketing operations, project management and real estate operations, directing expansion strategy and designing revenue resources to increase sales. He is the general manager of Masdar, a Building Materials Company, besides being a member of the board of directors in many companies in and abroad the Kingdom. Formerly (Giant stores, Al Badia Cement, Al-Latifia Trading and Contracting Company).
Mr. Ahmed Mubarak Al Debasi	Board Member and Chairman of Remuneration and Nominations Committee	Bachelor of Business Administration from Temple University, USA	He has 34 years of experience in industrial companies and membership in boards of directors and committees, chairman of the Saudi Steel Pipe Company and member of the Board of Directors of the Titanium & Steel Manufacturing Company and Space Structure Company. Formerly, he served as CEO and General Manager of the Saudi Steel Pipe Company.

Mr. Walid Ibrahim Shukri	Board Member	Bachelors of Industrial Management, Department of Accounting, King Fahd University of Petroleum and Minerals – Certified Public Accountant in Saudi Arabia & USA	A member of the Board of Directors, Audit and Risk Management Committees in several companies in and abroad the Kingdom. He gained experience in auditing, planning, organizing and supervising the provided audit services. A former member of the Board of Directors of ARCON Australia, senior director of Deloitte and Touche in Saudi Arabia, a former advisor to Ernst and Young, member of the Board of Directors of the Saudi Organization for Certified Public Accountants (SOCPA), a former member of the Committee for Small and Medium Enterprises in the Chamber of Commerce in the Eastern Province, and representative of the Kingdom of Saudi Arabia at the General Assembly of the Accounting and Auditing Organization of GCC countries).
Eng. Omar Mohamed Siraj Najjar	Board Member	Bachelor of Systems Engineering - Master in Industrial Engineering - Master in Business Administration and Management	CEO of MESK Training Academy, formerly Saudi Aramco for Engineering and Exploration Technology - Saudia for Industrial Engineering and Performance Development - Unilever for International Human Resources - Emaar Economic City for Business Development - National Industrial Company and subsidiaries, CEO of Saudi Ground Services, and vice-chairman of the Board of Directors National of Metal Manufacturing & Casting Company.

Senior Executives

Eng. Sami Ali Yousef Al-Safran	Chief Executive Officer	Bachelor of industrial chemistry in 1992	The CEO of the Company from 2012 to date. Formerly (General Manager of the company since 2005 – Deputy General Manager since 2004 – Technical Director in the Saudi Paper Manufacturing Company – Project Manager in the Saudi Paper Manufacturing Company – Technical Advisor at the Nalco Saudi Company).
Dr. Mohamed Saleh Darwish	CFO	Bachelor of Commerce - Master of Accounting, Egypt - Ph.D. in Financial Business Administration - American Fellowship in Accounting and Auditing	He held the position of CFO for many industrial, commercial and real estate companies, with experience in external auditing, financial analysis, costs, feasibility studies, mergers and acquisitions. Formerly (CFO of Qassim Cement – CFO of Eshraqa For Real Estate Investment in Dubai – CFO of Khamas Group of Investment in Dubai – CFO of Delta Gas Group in Egypt – Auditor of Hashish audit company in Egypt)
Eng. Mohamed Wadih Mlebari	Chief Operations Officer	Bachelor of industrial chemistry in 1992	Head of the company's operations from 2011 to date. Formerly (General Manager of Services in the subsidiary, WASCO – General Manager of Procurement of Amiantit Company – Deputy General Manager of the Company – Director of Amiantit Fiberglass Factory – Procurement Director in Amiantit Companies – Director of Quality in Amiantit Companies.
Eng. Naguib Fakh Muhammad	WASCO President	Bachelor of Chemical Engineering in 1991	Experience in the works of the subsidiary, WASCO for 15 years. Formerly (General Manager of the East Dublas Factory in Dubai - Vice President of the Packaging Sector at Savola Group, Project Superintendent at United Engineers Company, Jeddah - Production Engineer, Clorox Factory, Jeddah)
Eng. Abdulaziz Bashir Al-Jazzar	WASCO General Manager	Bachelor of Systems Engineering	Experience in the work of the subsidiary, WASCO for 14 years. Formerly assistant manager of the Arab Bank, Jeddah Branch.

d) Names of companies in which the Company's board member is a member of its current, and previous boards of directors, or one of its managers:

Name of the Board Member	Mr. Emad Abdul Qadir Abdul Mohsen Al Muhaidib				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
Abdul Qadir Al-Muhaidib and Sons	Inside KSA	Closed joint-stock	Unlimited Sugar Company	Inside KSA	Limited Liability

Al Muhaidib Holding	Inside KSA	Limited Liability	Unlimited Sugar Company - Egypt	Outside KSA	Limited Liability
Masdar Building Materials	Inside KSA	Closed joint-stock	Emad Abdul Qader Al Muhaidib Company	Inside KSA	Limited Liability
Mayar Foods	Inside KSA	Limited Liability	Mayar Foods	Inside KSA	Limited Liability
United Feed Manufacturing Company	Inside KSA	Limited Liability	Industrial Cities Development & Operating Company (ICDOC)	Inside KSA	Limited Liability
United for Feed	Inside KSA	Limited Liability	Savola Group	Inside KSA	Limited Liability
Waste Collection and Recycling Company (WASCO)	Inside KSA	Limited Liability	Al Muhaidib Contracting (Thabat)	Inside KSA	Limited Liability
Al Masirah International Industrial Investments Company	Inside KSA	Limited Liability	Shamiya for Urban Development	Inside KSA	Limited Liability
Saudi Company for Paper Import & Export (Simpex)	Inside KSA	Limited Liability	Jeddah Development and Urban Regeneration Company	Inside KSA	Limited Liability
Al badia cement	Outside KSA	Closed joint-stock	Al-Tawfiq Company for Plastic & Woven Sacks	Inside KSA	Limited Liability
Wathrah Real Estate Development	Inside KSA	Limited Liability	United Mining Industries Company	Inside KSA	Closed joint-stock

Name of the Board Member	Eng. Abdullah Abdul Rahman Almoammar				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
Al Masirah International Industrial Investments Company	Inside KSA	Limited Liability	Saudi Paper Manufacturing Company	Inside KSA	Listed Joint-Stock
Waste Collection and Recycling Company (WASCO)	Inside KSA	Limited Liability	Saudi Printing and Packaging Company	Inside KSA	Listed Joint-Stock
Achievements Specialist Company	Inside KSA	Limited Liability			
United Feed Manufacturing Company	Inside KSA	Limited Liability			
Al Saraya Real Estate Investments Holding Company	Inside KSA	Limited Liability			

Name of the Board Member	Mr. Abdulrahman Abdullah Abunayyan				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
Burj Rafal	Inside KSA	Closed joint-stock	Qatar Alpha Beton Ready-Mix Concrete Company	Outside KSA	Limited Liability
LG Shaker Company	Inside KSA	Limited Liability	Communications Solutions Company	Inside KSA	Limited Liability
Al Hassan Ghazi Ibrahim Shaker Company	Inside KSA	Listed Joint-Stock	Ithraa Capital	Inside KSA	Limited Liability
Lafana Holding Company	Inside KSA	Closed joint-stock			

Abunayyan Group	Inside KSA	Limited Liability			
RAFAL Real Estate Development Company	Inside KSA	Closed joint-stock			
Abdulah Abdullah Abunayyan Company	Inside KSA	Limited Liability			
Ultra-Medical	Inside KSA	Limited Liability			

Name of the Board Member	Mr. Ahmed Mubarak Al Debasi				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
Saudi Steel Pipe Company	Inside KSA	Listed Joint Stock			
Titanium & Steel Manufacturing Company	Inside KSA	Limited Liability			
Space Structure Company	Inside KSA	Limited Liability			
ALSHARQ Integrated for Pipes	Inside KSA	Closed joint-stock			

Name of the Board Member	Mr. Khaled Salem Mohammed Al-Rowais				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
			Ma'aden	Inside KSA	Listed Joint-Stock

Name of the Board Member	Mr. Walid Ibrahim Shukri				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
Saudi Agriculture and Livestock Investment Company (SALIC)	Inside KSA	Closed joint-stock	United Matbouli Group	Inside KSA	Closed joint-stock
Al-Hokair Group	Inside KSA	Listed Joint-Stock	Arcon Group	Outside KSA	Limited Liability
Saudi Mechanical Industries	Inside KSA	Closed joint-stock	PricewaterhouseCoopers	Inside KSA	Limited Liability
Yusuf Bin Ahmed Kanoo Group of Companies	Outside KSA	Limited Liability			
Saudi Electricity Company	Inside KSA	Listed Joint-Stock			

Name of the Board Member	Mr. Musaab Sulaiman Al Muhaidib				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
Abdul Qadir Al-Muhaidib and Sons	Inside KSA	Closed joint-stock	Giant Stores	Inside KSA	Closed joint-stock

Al Hassan Ghazi Ibrahim Shaker Company	Inside KSA	Listed Joint-Stock	Al badia cement	Outside KSA	Closed joint-stock
Tasnee	Inside KSA	Listed Joint-Stock	Al-Latifia Trading and Contracting Company	Inside KSA	Closed joint-stock
Dur Hospitality	Inside KSA	Listed Joint-Stock	Masdar for Carpentry Materials	Inside KSA	Closed joint-stock
Goldman Sachs (GSSA)	Inside KSA	Listed Joint-Stock	Al Muhaidib Technical Supplies	Inside KSA	Closed joint-stock
Masdar for Building Materials	Inside KSA	Closed joint-stock	Al-Rayyan Company	Outside KSA	Closed joint-stock
Endeavor Saudi Arabia	Inside KSA	Closed joint-stock	Al Ibdia for Development & Real Estate Investment	Inside KSA	Closed joint-stock
Al Muhaidib Group for Entertainment Projects	Inside KSA	Closed joint-stock	Asala Real Estate Development Company	Inside KSA	Closed joint-stock
. Saudi Handicrafts and Crafts Company	Inside KSA	Closed joint-stock			
Sedra Real Estate	Inside KSA	Closed joint-stock			

Name of the Board Member	Eng. Omar Mohamed Siraj Najjar				
Names of Companies in which the Board member is a member of their current Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)	Names of Companies in which the Board member is a member of their previous Board or a manager	Inside KSA Outside KSA	Legal entity (listed jointstock/ non listed jointstock/limited liability/..)
Misk Foundation	Inside KSA		Saudi Ground Services	Inside KSA	Listed Joint-Stock
			Tasnee	Inside KSA	Listed Joint-Stock
			Emaar	Inside KSA	Listed Joint-Stock
			National Metal Manufacturing & Casting Co.	Inside KSA	Listed Joint-Stock

e) Communication with shareholders and investors:

In light of the Board's commitment to providing complete, clear, and correct information with updates in a timely manner to enable shareholders to exercise their rights fully, the Company has intensified its efforts to outreach to shareholders via digital means in light of the outbreak of Covid-19 Pandemic, and restrictions imposed on the freedom of movement. Investor relations programs focused on providing immediate, accurate information to local and global investors to inform them of all changes under these circumstances. The Company continued to hold a video conference with investors after each announcement of its annual and quarterly results, which provided a greater opportunity for investors and financial analysts to reach out to all financial and operational developments related to these periods. Further, the Investor Relations Department submits a periodic report to the Board of Directors on its various activities. It informs it with shareholder's and investors' opinions and inquiries, whether by direct communication during conferences and meetings or through the designated e-mails.

f) Means upon which Board of Directors evaluated its performance and the performance of committees and members:

In 2020, MEPCO completed a corporate governance review to enhance the Board's and Company's overall governance practices. Governance Compass (Compass), an independent, specialist consulting firm with which MEPCO does not have any commercial relationships, performed the Review in coordination with MEPCO's Nomination and Remuneration Committee. The Review took place between June and December 2020 and covered the following five dimensions:

- Board Leadership & Governance.
- Interactions & Information Flows between the Board & Management.
- Control Environment & Mechanisms.
- Interactions & Information Flows between the Board & Shareholders.
- Commitment to Good Governance Practices.

The Review unveiled specific areas for the Board to consider as it strives to enhance further its overall effectiveness and the company's governance practices. Compass has developed a comprehensive report with specific recommendations, a time-bound action plan and a "board toolkit". The report was presented to the Board of MEPCO on April 5, 2021.

II: Board Committees:

In order to ensure the optimal performance of the company's management and to assist the Board of Directors in fulfilling its role, the Board of Directors formed the Remuneration and Nominations and the Strategic Committees. Further, it recommended the General Assembly to form the Audit Committee. Accordingly, it agreed to its formation on June 16, 2019. The General Assembly also agreed to increase the number of seats for the Audit Committee to four seats in its meeting on June 7, 2020. It is agreed to appoint Eng. Omar Mohamed Siraj Najjar as a member of the audit committee.

The committees are formed according to general procedures set by the Board including the tasks of each committee, its term, and powers vested during such term, as well as how the board monitors the same. The committees shall inform the Board of their findings or decisions taken transparently. Further, the Board shall regularly follow the work of these committees to ensure their commitment to the assigned tasks. Each committee shall be responsible for its actions before the board of directors, without prejudice to the board's responsibility for those actions or the powers delegated to it. Moreover, the Company is committed to appointing a sufficient number of non-executives and independent board members in the committees concerned with tasks that may cause a conflict of interest, such as ensuring the integrity of financial and non-financial reports, reviewing the transactions of related parties, nominating for membership in the Board of Directors, appointing senior executives, and determining remunerations. The chairmen, along with members of these committees, shall adhere to the principles of honesty, loyalty and care, as well as giving due attention to the interests of the company and shareholders, giving the same priority over their personal interest.

a) Audit Committee

The General Assembly approved the formation of the Audit Committee, its tasks, work controls, and the remuneration of its members for a new session as of November 14, 2019 for three (3) calendar years. During AGM meeting on June 7, 2020, agreed to increase the number of Audit Committee seats to four. The committee consists of four (4) members of the board of directors, including three independents, most of whom have experience in financial and accounting matters. The committee is concerned with the control of Company's business, verification of the integrity of reports, financial statements and internal control systems, as well as verification of Company's compliance with the applicable regulations and laws, quality of risk management and assisting the Board in performing its control responsibilities concerning the Company's business. **Among the most important tasks of the audit committee are the following:**

- Studying the Company's preliminary and annual financial statements before submitting the same to the Board of Directors, providing its opinion and recommendation regarding them to ensure their integrity, fairness, and transparency.
- Examination of any important or unfamiliar matters involved in the financial reports.
- Examination of any issues raised by the Company's financial manager, its delegate, compliance officer or auditor carefully.

- Provision of technical opinion upon the request of the Board, whether the report of the Board of Directors and the financial statements are fair, balanced and understandable.
- Studying and review the Company's internal and financial control and risk management systems and internal audit reports and follow up on the implementation of corrective measures for the notes contained within.
- Recommendation to the Board to appoint the director of the internal audit unit or department and the compliance officer and propose their rewards.
- Review the results of the reports of the regulatory authorities and verify the company's compliance with the laws and regulations.
- Review the contracts and proposed transactions with the related parties, and provision of visuals to the Board of Directors.

Committee Members and Attendance Record

Name	Membership	Position	Committee Meetings Timeline through 2020					Attendance
			March 11	May 2 th	July 24	July 27 th	October 26 th	
Mr. Khaled Saleh Al Khattaf	Independent	Committee Chairman	Attended	Attended	Membership ended on May 10, 2020			2
Mr. Khaled Salem Mohammed Al-Rowais	Independent	Committee Chairman	A member as of May 10, 2020		Attended	Attended	Attended	3
Mr. Walid Ibrahim Shukri	Independent	Member	Attended	Attended	Attended	Attended	Attended	5
Mr. Musaab Sulaiman Al Muhaidib	Non-Executive	Member	Attended	Attended	Attended	Attended	Attended	5
Eng. Omar Mohamed Siraj Najjar	Independent	Member	A member as of June 7, 2020		Attended	Attended	Attended	3

- **The Committee held most of its meetings through means of modern technology due to the emergency circumstances all over the world in light of Covid-19 Pandemic.**

b) Remuneration and Nominations Committee

The purpose of such committee formation is to assist the Board of Directors to fulfil its control responsibilities in nominating board members and senior executives and ensuring the strategy integrity concerning rewards, benefits, incentives and salaries. **The most important tasks of the committee are as follows:**

- Participation in developing policies for the remuneration of the members of the Board of Directors and the committees emanating from the Board, and the executive management, clarification of the relationship between bonuses and policies, periodically reviewing the remuneration policy and assessing its effectiveness in achieving the objectives envisaged from it.
- Recommendation of the Board of Directors with the remuneration of the members, the committees stemming from it, and the senior executives of the company in accordance with the approved policy.
- Recommendation of the Board of Directors to nominate and re-nominate its members in accordance with the approved policies and standards, propose clear policies and criteria for membership in the Board of Directors and the executive management, and determine the time that the member shall allocate to perform its duties.
- Preparation of a description of the capabilities and qualifications required for membership in the Board of Directors and occupying executive management positions.

- Annual review of the necessary skills or appropriate expertise for board membership and executive management positions.
- Annual review of the structure of the Board of Directors and executive management and making recommendations regarding possible changes.
- Annual verification of the independence of the independent members, and that no conflict of interest shall arise if the member is a member of the board of directors of another company.
- Development of job descriptions for executive members, non-executive members, independent members and senior executives.
- Development of special procedures in case the position of a member of the board of directors or a senior executive becomes vacant.

Committee Members and Attendance Record

Name	Membership	Position	Committee Meetings Timeline through 2020				Attendance
			March 15	May 5 th	September 16 th	December 21 th	
Mr. Ahmed Mubarak Al Debasi	Independent	Committee Chairman	Attended	Attended	Attended	Attended	4
Eng. Abdullah Abdul Rahman Almoammar	Non-Executive	Member	Attended	Attended	Attended	Attended	4
Eng. Omar Mohamed Siraj Najjar	Independent	Member	Attended	Attended	Attended	Attended	4

- The Committee held most of its meetings through modern technology due to the emergency circumstances all over the world in light of Covid-19 Pandemic.

c) Strategic Committee (Board decision on June 28 to change the name of the Executive Committee to the Strategic Committee)

The purpose of forming the committee is to assist the board of directors in performing its responsibilities, control the company's operational and administrative work, supervise the company's executive management, make recommendations, and review the necessary studies on strategic matters and the general goals of the company and investments, and in general provide the board's presence between its meetings to provide the ability to respond quickly in emergencies, in addition to assisting the board in performing its supervisory tasks and implementing its recommendations efficiently and effectively. **Among its most prominent tasks are the following:**

- Discussion of and making decisions related to urgent issues that need urgent decisions.
- Follow up the preparation, implementation, updating and review of the company's long, medium and short-term strategic plans from time to time.
- Meeting with the sector heads and all related bodies to monitor the operating and financial performance of the company and its sectors.
- Nominate the company's senior executives in coordination with the Remuneration and Nominations Committee.
- Follow up the implementation of the company's estimated budgets, analyzing the causes of performance deviations, if any, and making recommendations thereon.
- Regular review of actual capital expenditures and their compliance with the budgets approved by the Board of Directors.

- Recommendation of participation in new investment and industrial projects, as well as the development of existing activities both vertically and horizontally.

Committee Members and Attendance Record

Name	Membership	Position	Committee Meetings Timeline through 2020				Attendance
			March 15	August 16 th	November 26 th	December 22 th	
Mr. Abdulelah Abdullah Abunayyan	Non-Executive	Committee Chairman	Attended	Attended	Attended	Attended	4
Eng. Abdullah Abdul Rahman Almoammar	Non-Executive	Member	Attended	Attended	Attended	Attended	4
Mr. Khaled Salem Mohammed Al-Rowais*	Independent	Member	-	Attended	Attended	Attended	3
Mr. Musaab Sulaiman Al Muhaidib	Non-Executive	Member	Attended	Attended	Attended	Attended	4

* Mr. Khaled Salem Mohammed Al-Rowais was selected as a member in the committee in place of Mr. Khaled Saleh Al Khattaf as of May 10.

- The Committee held most of its meetings through modern technology due to the emergency circumstances all over the world in light of Covid-19 Pandemic.

III: Description of the Interests of Members of the Board, the Executive Management, their Wives and Minor Children in the Company's Shares:

#	Name	Beginning of 2020		End of 2020		Net change during the year	Percentage of change
		Shares	Debt Instruments	Shares	Debt Instruments		
Board members, their wives and minor children, if any							
1	Emad Abdulkadir Al Muhaidib	1000	-	1000	-	-	-
2	Abdullah Abdul Rahman Almoammar	4,750,000	-	4,750,000	-	-	-
3	Abdulelah Abdullah Abunayyan	1000	-	1000	-	-	-
4	Walid Ibrahim Shukri	1000	-	1000	-	-	-
5	Ahmed Mubarak Al Debasi	22,765	-	1000	-	21,765	96%
6	Omar Mohamed Siraj Najjar	500	-	20,000	-	19,500	98%
7	Musaab Sulaiman Al Muhaidib	1000	-	1000	-	-	-
Senior executives, their wives and minor children if any							
1	Sami Ali Yousef Al-Safran	249,027	-	249,027	-	-	-
2	(Chief Executive Officer's Wife)	19,870	-	19,870	-	-	-

- Ownership of major shareholders exceeding 5% of the Company's shares as of 12/31/2020.

#	Name	Balance at the beginning of the year	Balance at the end of the year	Holding Percentage	Percentage of change
1	Abdul Qadir Al-Muhaidib and Sons Company	11,619,500	5,624,550	11,25%	-51,50%
2	Lafana Holding Company	3,572,534	2,322,034	4,64%	-35%
3	Abdullah Abdul Rahman Almoammar	4,750,000	4,750,000	9,5%	--

IV: Remuneration and Compensation Policy

a) General Criteria for Awarding Remuneration:

The Remunerations and Nominations Committee developed a policy for the remuneration of the members of the Board of Directors, the committees stemming from the Board and the senior executives. Such policy was approved by the General Assembly in its meeting on December 5, 2017 and to be reviewed annually, without prejudice to the provisions of the Corporate Law, the Capital Market Authority Law, their regulations, and the company's articles of association. The remuneration policy shall take into consideration the following:

- The policy to be consistent with the Company's strategy and objectives, and compatibility with the size, nature and degree of risks of the Company.
- Remuneration shall be presented for the purpose of urging the members of the Board and the executive management to realize long-term success and development for the company, such as linking the changing part of the remuneration to the long-term performance.
- Remuneration shall be determined based on job level, tasks and responsibilities assigned to them, academic qualifications, work experience, skills and level of performance.
- Practices of other companies shall be taken into consideration in determining bonuses, while avoiding the unjustified rise in bonuses and compensation that may result.
- The policy shall attract, maintain and motivate professional competencies, without exaggeration.
- The policy shall be prepared in coordination with the Nominations Committee upon new appointments.
- The Policy shall clarify the cases of ceasing the exchange of the reward or its recovery if found to be decided on the basis of inaccurate information provided by a member of the board of directors or the executive management in order to prevent the exploitation of the employment status to obtain unpaid bonuses.
- The policy shall regulate the granting of shares process in the company to the members of the board and executive management, whether it is newly issued, or shares bought by the company.

▪ The awards for the members of the Board and the committees were determined and granted based on the policy approved by the General Assembly and according to the following criteria:

- Subject to the provisions of the company's articles of association, the remuneration of the members of the Board provided that each member's earnings shall not exceed the limits stipulated in the corporate law and regulations, the committees' work regulations determine the members' remuneration and attendance allowances.
- The remuneration is proportional to the size of the members' participation in activities related to the work of the board or the committee stemming from it.
- The remuneration shall be fair and proportionate to the member's powers, actions, and responsibilities that such member undertakes and bears, in addition to the objectives specified by the Board of Directors and intended to be achieved during the fiscal year.
- The remuneration shall be based on the recommendation of the Company's Remunerations and Nominations Committee.

- Remunerations for non-independent directors may be a percentage of profits provided that this percentage does not exceed 10% and to be disbursed according to the provisions of the Corporate Law and its regulations and the Company's Articles of Association.
- Remuneration shall be reasonably sufficient to attract members of the Board and Committees with appropriate competence and experience.
- Remuneration may be of varying amount to reflect the member's experience, terms of reference, tasks assigned to him, his independence, the number of sessions he attends and other considerations.
- The independent members of the board of directors' remuneration shall not be a percentage of the profits achieved by the company, or be based directly or indirectly on the profitability of the company.
- A member of the Board may obtain a remuneration for his membership in the Audit Committee formed by the General Assembly, or for any business, executive, technical, administrative, or advisory positions under an additional professional license assigned to him in the company, in addition to the remuneration that he can obtain in his capacity as a member of the Board and in the committees formed by the Board of Directors, in accordance with the Corporate Law and the Company's Articles of Association.
- If the General Assembly decides to terminate the membership of a member of the Board of Directors due to his failure to attend three consecutive meetings of the Board without a legitimate excuse. This member is not entitled to any bonuses for the period following the last meeting he attended, and he shall return all the remunerations spent for him for that period.
- **The awards were determined and granted to the executive management based on the policy approved by the company's General Assembly and according to the following criteria:**
 - The remuneration shall be based on the recommendation of the Company's Remunerations and Nominations Committee.
 - Senior executives are awarded remunerations based on their performance evaluation, in addition to fixed compensation and remunerations according to their contracts and bonuses in the form of shares, in a manner that does not conflict with the regulatory controls and procedures issued in the implementation of the corporate Law.
 - Key performance indicators at the company level include a set of short and long-term goals, such as profitability, solvency, liquidity, and growth indicators. The performance management process ensures that all objectives are properly aligned at all levels of the company, reaching the relevant business units and employees.
 - The application of performance indicators upon which remunerations are spent for senior executives and employees, as well as the appropriateness of these standards for granted remunerations are monitored.
 - Remuneration aims to provide the required competitive condition to attract and retain qualified employees and maintain the high level of skills the company needs.

b) Remuneration of Members of the Board of Directors

Name	Fixed rewards						Grand Total
	Certain Amount	Allowance to attend Board sessions	Total allowance to attend committee sessions	In-kind benefits	Technical, administrative and consulting works reward	Reward of the board chairman, delegated member, or secretary if he is one of the members	
Mr. Ahmed Mubarak Al Debasi	200,000	15,000	12,000	-	-	-	227,000
Mr. Walid Ibrahim Shukri	200,000	15,000	18,000	-	-	-	233,000
Mr. Khaled Salem Mohammed Al-Rowais *	175,000	12,000	21,000	-	-	-	208,000
Mr. Khaled Saleh Al Khattaf *	25,000	3,000	6,000	-	-	-	34,000
Eng. Omar Mohamed Siraj Najjar	200,000	15,000	21,000	-	-	-	236,000
Total for independent members	800,000	60,000	78,000	-	-	-	938,000
Mr. Emad Abdulkadir Al Muhaidib	200,000	15,000	-	-	-	-	215,000
Eng. Abdullah Abdul Rahman Almoammar	200,000	15,000	24,000	-	-	-	239,000
Mr. Abdulelah Abdullah Abunayyan	200,000	15,000	12,000	-	-	-	227,000
Mr. Musaab Sulaiman Al Muhaidib	200,000	15,000	30,000	-	-	-	245,000
Total for non-executive members	800,000	60,000	66,000	-	-	-	926,000

* Even though the members of the board received no sums for the following items (a percentage from the profits, periodic remuneration, short or long-term incentive plans, shares granted, end-of-service gratuity, expenses allowances). (*According to the changes made to the Audit Committee on May 10, 2020)

c) Remuneration of the Members of the Board Committees

Name	(Except for attendance allowance)	Allowance to attend sessions	Total
Members of the Audit Committee:			
Mr. Khaled Salem Mohammed Al-Rowais *	80,000	12,000	92,000
Mr. Khaled Saleh Al Khattaf *	20,000	6,000	26,000
Mr. Walid Ibrahim Shukri	175,000	18,000	193,000
Mr. Musaab Sulaiman Al Muhaidib	50,000	18,000	68,000
Eng. Omar Mohamed Siraj Najjar	25,000	9,000	34,000
Total	350,000	63,000	413,000
Members of Remuneration and Nominations Committee:			
Mr. Ahmed Mubarak Al Debasi	50,000	12,000	62,000
Eng. Abdullah Abdul Rahman Almoammar	50,000	12,000	62,000
Eng. Omar Mohamed Siraj Najjar	100,000	12,000	112,000
Total	200,000	36,000	236,000
Members of Strategic Committee:			

Eng. Abdullah Abdul Rahman Almoammar	50,000	12,000	62,000
Mr. Abdulelah Abdullah Abunayyan	50,000	12,000	62,000
Mr. Musaab Sulaiman Al Muhaidib	50,000	12,000	62,000
Mr. Khaled Salem Mohammed Al-Rowais*	35,000	9,000	44,000
Total	185,000	45,000	230,000

* Even though the members of the board received no sums for the following items (a percentage from the profits, periodic rewards, short or long-term incentive plans, shares granted, end-of-service gratuity, expenses allowances). (*Member/ Khaled Al-Rowais was appointed to the committee on May 10, 2020 G in place of Member/ Khaled Al Khattaf)

d) Senior Executives Remunerations (Figures in thousands SAR)

Five of the top executives who received the highest remunerations and compensation (including the CEO, CFO)	Fixed rewards				Variable Rewards					End-of-service gratuity	Total rewards of the board	Grand Total
	Salaries	Allowances	In-kind benefits	Total	Periodic Rewards	Short-term incentive plans	Long-term incentive plans	Granted Shares	Grand			
Chief Executive Officer	2,160	1,060	360	3,580	-	-	-	-	-	-	-	3,580
Chief Financial Officer	900	466	112	1,478	-	-	-	-	-	-	-	1,478
Chief Operations Officer	1,016	525	155	1,696	-	-	-	-	-	-	-	1,696
WASCO President	1,152	499	190	1,841	-	-	-	-	-	-	-	1,841
WASCO GM	710	358	180	1,248	-	-	-	-	-	-	-	1,248
Total	5,938	2,908	997	9,843	-	-	-	-	-	-	-	9,843

V: Statement of any penalty, sanction, precautionary measure, or precautionary restriction imposed on the company during 2020

Type of the Penalty	Reasons for violation	Imposing Authority	Measures undertaken to remedy and avoid such non-compliance in the future
Fine of 10 thousand riyals	Failure to comply with the regulations and decisions of the Ministry that regulate exceptional circumstances by terminating an employee's service during the Corona pandemic	Ministry of Human Resources and Social Development	The decision was appealed to the court, and an initial ruling was issued in favor of the company to cancel the fine, and the case is still pending before the courts
Fine of 10 thousand riyals	Failure to comply with the regulations and decisions of the Ministry that regulate exceptional circumstances by terminating an employee's service during the Corona pandemic	Ministry of Human Resources and Social Development	The fine decision was appealed to the court and the case is still pending before the court .

VI: Results of annual review of the effectiveness of internal control procedures

1) Supervising the implementation of the internal control system within the Company:

The "Audit Committee" shall review the reports submitted by the Internal Audit Department, Governance and Compliance Department and Risk Management on a regular basis within the framework of the annual plan for the control of the activities included in the plan to verify the following:

- The extent of compliance with the applicable laws and regulations.
- The adequacy and effectiveness of the internal control system.
- Procedures for evaluating and updating the policies and procedures related to administrative, financial, operational, and marketing activities of the company and its subsidiaries.
- Ways to verify the accuracy of the information contained in the financial reports of the company.
- How to proactively identify, mitigate and avoid risks to the extent available.
- Evaluating the periodic reports of the internal audit, including the most important notes, and following up on amendments to enhance the internal control environment in the company. Considering that the management is responsible for designing and implementing the bylaws within the company and making continuous improvements to raise its effectiveness regarding the internal control system.

The Committee shall also ensure that the work of the company's internal audit team is completely independent of the executive management. Further, the internal audit team directly reports to the Audit Committee.

The Internal Audit Department has applied the following to carry out its duties:

- Its activities were directed to high-risk activities and some medium-risk activities to raise the effectiveness and efficiency of the company's operations.
- Follow up on the necessary measures taken by the executive management to address the contents and notes contained in the audit reports.
- It has performed its role in coordination with the company's management and the external auditor in a satisfactory and efficient manner.

2) Scope of work of the Internal Audit Department:

The Internal Audit Department has adopted a systematic approach in carrying out its work to evaluate and improve the effectiveness of the internal control system, aiming to achieve the company's objectives and protect its assets. Its scope of work shall include studying the adequacy and effectiveness of the company's internal control system and the quality of management reports to ensure whether the company's internal control systems provide a reasonable guarantee to achieve the company's objectives and the reliability of the financial reports.

The scope of work of Internal Audit Department shall include the following:

- Audits are planned in accordance with a risk-based approach. The activities of which shall be prioritized based on an assessment of the risks involved in the audits. High risk operations shall be followed by medium risk operations.
- The activities of departments and processes within the company and its subsidiaries shall be audited at appropriate intervals in line with the approved annual internal audit plan.
- Officials in various departments that have been examined shall be informed of the results of the audit and examination processes to ensure that the necessary measures are taken regarding the deficiencies identified during the audit.
- The executive management shall be followed up on to take the necessary actions to address the notes contained in the audit reports.
- The work plan submitted by the process owners in the concerned department shall be assessed to address the notes and recommendations contained in the audit report.

The effectiveness of internal audit reports and notes during 2020 has comprehensively contributed to simplifying operations in various departments and branches of MEPCO and taking beneficial and corrective decisions for several departments. Further, procedures are still being updated as indicated in the

internal audit reports. **The most important notes on the internal audit reports during 2020 are as below:**

a) Entity level notes:

- Work procedures that define roles and responsibilities have not been fully documented. Further, duties, risks, controls, systems used have not been separated.
- MEPCO has hired an external consultant to develop segregation of duties (SODs).
 - The Enterprise resource planning (ERP) system is not currently used to update management's estimated budgets, monitor compliance with set goals, and generate periodic variation reports. Further, monthly variation reports are currently prepared manually which may be prone to human errors, time-consuming and costly. The concerned department has submitted requirements to Information Technology Department, which develops the reports required in the system.
 - The absence of a documented succession plan for some key positions, including identifying potential candidates, where the current succession plan needs updating. Management plans to develop the succession plan and adopt best practices to achieve the desired results.
- There is no policy and procedures for a business continuity plan or disaster recovery plan. Moreover, accident management, business continuity plan and disaster recovery plan have not been implemented/ tested. Restoration has not been tested periodically. Management has hired an external consultant to prepare the business continuity plan and disaster recovery plan.

b) Operation level notes:

- The absence of a report in the resource planning system to analyze inventory aging and identify obsolete and slow-moving stocks. The management started to develop an inventory aging analysis report and the resource planning system to identify slow-moving and obsolete items.
- During the investigation processes, it was found that some approved work policies and procedures were not updated and absent. Operations-related policies and procedures were formulated and approved.
- Some branches of the subsidiary did not obtain civil defense licenses. The management has prepared all civil defense requirements. A municipality license was obtained for some branches, which may ease the process. Further, such branches are waiting for defense visit to issue the licenses.

VII: Audit Committee Opinion on the Effectiveness of the Company's Internal Audit

Upon accessing the periodic reports of the internal audit including the most important notes, and following up on the corrective measures, with the purpose of enhancing the internal control environment within the company; noted that the management is responsible for designing and implementing the internal principles and the internal control system within the company and conducting an ongoing analysis to raise the efficiency and effectiveness of the internal control system; In light of the results of the planned and additional audit tasks carried out by the internal audit; and after discussion with the external auditor and the executive management on the preliminary and annual financial statements for 2020 G, the Audit Committee did not find a critical error in the internal control, where it is not possible to give confirmation of the effectiveness of any system of internal control with a degree of complete reliability.

Accordingly, the Audit Committee recommends that the management shall continue to strengthen the internal control system by improving the control environment, strengthening and developing the information technology systems applied in the company, using the COSO framework in implementing and evaluating the internal control system, enhancing the independence of the supervisory departments and supporting them with human and technological resources that help them to improve their

performance, as well as exerting more efforts to implement the recommendations and notes, and implement the corrective action plans undertaken by the management without any delay.

VIII: Social Responsibility Activities

The social responsibility of the Middle East Paper Company represents an essential part of its values and framework. The purpose of social responsibility is the company's contribution to achieving the sustainable development goals of the society in which it operates with its ongoing commitment to act ethically, responsibly and transparently to enhance its competitive position in the markets. The company follows the method of integration with the operating model by integrating the social responsibility of the company in the company's daily operations, as well as translating the commitment to social responsibility into specific goals included in the company's future policies, procedures, and goals.

The company is committed to create sustainable practices in its business that meet the needs of the present without compromising the well-being of future generations and committed to prepare strategies that enable it to move forward towards sustainability and enhance the value provided to our customers.

In order to ensure that our efforts are consistent with the value creation, MEPCO's initiatives of corporate responsibility towards society and corporates focus on two pillars: Education and Environment, these are the main pillars of 2020.

- Education and Empowerment:

Driven by MEPCO's keenness to enhance the skills and enthusiasm of the Saudi Youth and by virtue of the social responsibility of the company, since 2011, the company took the initiative to establish the Higher Institute for Paper and Industrial Technologies in Jeddah Governorate (as a non-profit institute), one of the projects of strategic partnership programs, by concluding an agreement between the Middle East Paper Company (MEPCO) and the Technical and Vocational Training Corporation, which aims to qualify high school graduates from Saudi Youth to obtain a diploma and employ them in the private sector companies as of the date they joined the institute.

In 2020 G, the number of trainees at the institute reached 442 trainees on the institute's training places, and the number of graduates reached 681, including 181 graduates working at MEPCO.

The vision of the institute is to have a qualified Saudi Youth specialized in all types of manufacturing industries, while its mission is to provide high-quality training using the latest training equipment and professional training staff.

The institute added a number of diploma programs, including the diploma of electricity, diploma of mechanics, diploma of supply and the diploma of occupational Health and Safety Cadre Program. The institute is also committed to providing a high-quality training environment in the field of technology needed by the private sector companies in all areas of manufacturing industries.

- Environment:

Sustainability is an essential part of the Company's strategy and the main source of its business model, in addition to innovation and constant improvement of sustainable practices, so we participate in society and industry more actively to enhance environmental awareness. 2020 initiatives include:

- MEPCO's contribution to the project of establishing Al-Khomrah neighborhood garden project, located to the south of Jeddah in conjunction with Jeddah Municipality and Al-Ahayaa Centers Association; as well as the adoption of the final form of the garden. The contract has been signed with the contractor's office to start implementing the project.
- "Friends of the Environment Convoys" initiative in partnership with the Research Endowment of King Abdulaziz University and our subsidiary WASCO. The initiative aims to create recycling sorting centres across Jeddah. In January 2020, 3 recycling programmes were implemented, each lasting 10 days and offering a dozen recycling sorting centres across the city of Jeddah.

- "Fazaa initiative" -Ramadan Campaign- that was initiated during the holy month of Ramadan, where 1500 boxes were provided to the chaste families, while adhering to preventive measures upon distribution in order to ensure community safety.
- Contribution of MEPCO and its subsidiary WASCO to support the "Environmental Leadership License Program" based on the Research Endowment of King Abdulaziz University, aiming to raise environmental awareness to lead operations and community contributions related to preserving the environment and the sustainability of its resources for creating a sustainable qualitative impact.
- Contribution of MEPCO and its subsidiary WASCO to support the initiative "With my craft, I can participate in my community" launched by the Hands Craft Association, which aims to develop the spirit of participation and responsibility of individuals towards their nation by raising awareness of ways to deal with the Covid-19 through developing the crafts and talents they possess and make the best use of quarantine. MEPCO has offered incentive rewards for the first winners to motivate them and develop their talents.

IX: General Assembly Meetings of the Shareholders during 2020 G

#	Name	Attendance Record for 2020 G
		First Meeting, June 7
1	Mr. Emad Abdulkadir Al Muhaidib	Attended
2	Eng. Abdullah Abdul Rahman Almoammar	Attended
3	Mr. Abdulelah Abdullah Abunayyan (Chairman of the Strategic Committee)	Attended
4	Mr. Khaled Salem Mohammed Al-Rowais (Chairman of the Audit Committee)	Attended
5	Mr. Musaab Sulaiman Al Muhaidib	Attended
6	Mr. Walid Ibrahim Shukri	Attended
7	Mr. Ahmed Mubarak Al Debasi (Chairman of the Remuneration and Nominations Committee)	Attended
8	Eng. Omar Mohamed Siraj Najjar	Attended

X: Profile of the Company & Subsidiaries:

Middle East Paper Company (MEPCO) is considered to be one of the largest producers of paperboard in the Middle East and Africa. It produces a diverse range of paper products for the customers all over the world. MEPCO serves a diversity of industries in packaging sector, including a wide range in building and furniture.

MEPCO supplies its products from KSA to the Member States of the Gulf Cooperation Council (GCC), Middle East and Africa, in addition to South Asia, the Americas and Europe.

The reflective integration of the Company enhances its powerful performance and competitive position in the market through Waste Collection and Recycling Co. Ltd. (WASCO). WASCO is a leading company in the field of waste management, whereas WASCO has launched a strategy to contribute to the achievement of the Kingdom's environment ambitions under Vision 2030.

The core values of MEPCO are to provide high-quality products to its customers, contribute in preserving the environment and meeting the needs of the market. Since the company incorporation, we care about the environment and preserve it by recycling the paper and converting it into products of economic value. Our interest in the environment extends to all aspects related to the production process, starting with

water treatment and reuse, using renewable chemical additives, we are making continuous efforts to preserve our green world.

The company is the official sponsor of the Higher Institute for Paper & Industrial Technologies (HIPIT) in Jeddah, a non-profit organization aiming to the improvement and development of the experience and technical skills of the Saudi workers in the sector of paper and industrial technologies, in order to enrich their skills, knowledge and experience necessary for recruitment. HIPIT is working under the supervision of the Technical and Vocational Training Corporation, Saudi Center for International Strategic Partnerships and the Company's Board of Directors. The institute is one of MEPCO's initiatives in the field of social responsibility, and many of its graduates are working in the Company.

The company has many activities in the field of social responsibility and environmental education, and has won several awards in this field.

The company has three paper production lines in the factory located at Jeddah with an annual capacity of 475 thousand tons of brown paper rolls. It is one of the largest companies in the region in terms of production capacity and geographical spread of sales.

The company invests heavily in research and development to provide a wide range of innovative products to its loyal partners and customers.

The company considers the highest international quality standards in terms of environmental sustainability and operational efficiency and is always working to develop its activities to meet the variables and needs of the markets.

The domestic content of Company's final product is more than 75%, as the company recycles the combined cardboard paper by WASCO (its subsidiary) and turns it into a raw material used in paper converting factories.

The strategic location of MEPCO, near Jeddah Islamic Port, enhances its ability to supply its products to a wide range of worldwide markets, whereas MEPCO supplies its products in 2020 throughout the five continents (e.g. Asia, Africa, Europe and Americas) by 44% of total sales.

Despite the challenges of Coronavirus, the year 2020 has proved the leadership, flexibility, and commitment of MEPCO in paper industry, in spite of the fluctuation of the basic goods prices. In fact, MEPCO's share in the Saudi market amounted to 31% of the total domestic demand and reached sales volume a new record in 2020 exceeding 445 thousand tons. It characterized by flexibility in facing such fluctuations and achieved annually remarkable increase in the production.

The Company provides a variety of products to many sectors, including:

a) Packaging Sector

Cardboard Paper: Used in producing cardboard boxes for packing foodstuff, electronics and many other uses.

Cardboard Pipe Paper: Used in a wide range of industries, including textile rolls, paper mills, etc.

b) Furniture Sector

High Impregnated Formica Paper: Used on furniture surfaces, including offices, kitchen cabinets and doors.

c) Building and Construction Sector

Gypsum Board Paper: This product is used to manufacture gypsum board which is used for walls and suspended ceiling.

a) Description of the main activities of the company and its subsidiary:

- The main activity of the company is the manufacture and production of packaging paper and industrial paper.
- The main activity of the subsidiaries is the collection, recycling and trading of paper and waste.

The activities contribution is represented in the volume of the company's business and its contribution to the results as follows: (figures are in thousand SAR)

Activity	Revenues from activity	Percentage (%)
Paper Industry and Production (Industry)	710,326	98
Waste Collection & Recycling & Trading	14,359	2

XI: Plans and Future Prospects

MEPCO aims to expand its operations to become more integrated with the field of paper industries. This includes all aspects of expansion, proven by MEPCO's announcement on December 2020 to enter hygienic paper rolls (jumbo rolls) industries with an investment of SAR 340 million, and the previous changes and updates in the work system of the subsidiary WASCO as the basic entity to supply materials to MEPCO. The expansion is not limited to the operational model, but also covers the two companies' core operations, including, for example:

- 1) Updating of the human resource management system.
- 2) Enhancement of the infrastructure of MEPCO and its subsidiaries in the field of information technology and use of modern technical systems.
- 3) Raising the level of company policies to manage governance, environment and social responsibility (ESG).

XII: Most Important Events and Disclosures during the Fiscal Year 2020 G

#	Event	2020 G
1	Announcement of non-distribution of cash dividends to shareholders for the fiscal year 2019 G.	March 18
2	Announcement of the annual financial results for the period ending on December 31, 2019 G.	March 18
3	Announcement of concluding a plot purchase agreement in King Abdullah Economic City (KAEC) for future expansions.	March 31
4	Announcement of the preliminary financial results for the period ending on December 31, 2020 G (Three months).	May 04
5	Announcement of the Board of Directors recommendation to appoint a fourth member at the Audit Committee.	May 10
6	Announcement of the resignation of an independent member of the Board of Directors and the Audit Committee chairman, and the appointment of a new member at the vacant position in both the Board and Committee.	May 10
7	Announcement of the shareholders' invitation to attend the Ordinary General Assembly meeting (First meeting)	May 14
8	Announcement of the conclusion of the Ordinary General Assembly meeting (first meeting).	June 8

9	Announcement of concluding a framework agreement with Al Masirah International Industrial Investments Company (Related party).	June 11
10	Announcement of the preliminary financial results for the period ending on June 30, 2020 G (Six months).	August 19
11	Announcement of the preliminary financial results for the period ending on September 30, 2020 G (Nine months).	October 28
12	Announcement of the renewal of bank facilitation agreement (in accordance with the Islamic Shaira Provisions) with AlBilad bank to finance the working capital.	November 5
13	Announcement of the Board of Directors acceptance on the project of raw paper tissue rolls production factory in King Abdullah Economic City.	December 7

XIII: Board of Directors Declarations during 2020 G:

#	Section	Acknowledgment
1	The audit committee's recommendation on the need for appointing an internal auditor for the Company, - MEPCO has had an Internal Audit Department since 2013 G.	N/A
2	the audit committee's recommendation with conflict with Board resolution or those which the Board disregards relating to the appointment, dismissal, assessment or determining the remuneration of an external auditor, as well as justifications for those recommendations and reasons for disregarding them.	N/A
3	A description of any interest in a class of voting shares held by persons (other than the company's directors, Senior Executives, and their relatives) who have notified the company of their holdings pursuant to Article 68 of the Rules on the Offer of Securities and Continuing Obligations, together with any change to such interests during the last fiscal year;	N/A
4	A description of the class and number of any convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the company during the fiscal year, as well as stating any compensation obtained by the company in this regard.	N/A
5	A description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants, or similar rights issued or granted by the company	N/A
6	description of any redemption, purchase, or cancellation by the company of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the company and those purchased by its affiliates.	N/A
7	A description of any arrangement or agreement under which a director or a Senior Executive of the company has waived any remuneration.	N/A
8	A statement of what the members of the Board have received in the capacity of active members or administrators, or what they have received for technical, administrative, or consulting work.	N/A
9	A description of any arrangement or agreement under which a shareholder of the company has waived any rights to dividends.	N/A
10	details of shares and debt instruments issued for each affiliate company.	N/A
11	A statement as to the value of any investments made or any reserves set up for the benefit of the employees of the company.	N/A

The Board of Directors also declarations that:

12	A. proper books of account have been maintained; B. the system of internal control is sound in design and has been effectively implemented; and C. there are no significant doubts concerning the company's ability to continue its activity.	
13	There are no differences from the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA)	
14	It was not recommended that the auditor be replaced during 2020 G prior to the end of the period for which he was appointed.	
15	There are no concerns from the auditor on the Company's financial statements according to its report for the fiscal year 2020 G.	
16	The auditor did not provide any consulting services for the Company. Accordingly, he did not receive any fees from it.	

17	The auditors did not submit any request to the Board of Directors to invite the General Assembly to convene during the fiscal year 2020 G.
18	The Chairman of the Board did not receive any written request to hold emergency between two or more members during the fiscal year 2020 G.
19	The Company emphasizes that it did not receive any request from shareholders who own 5% of the capital or more to convene the General Assembly or add an item or more to its agenda while preparing during the fiscal year 2020 G.
20	The Company emphasizes that it has not put in place any procedures or restrictions that may hinder the shareholder's use of their rights guaranteed under the laws and regulations.
21	The Company did not provide any cash loan of any kind to its Board members, nor did it guarantee any loans that any of them hold with third parties.

The Company does not have preferred shares or voting shares, whether for shareholders or Board members or their affiliates. Further, all the shares of the Company are ordinary shares of equal nominal value, equal in voting rights and other rights according to the system.

XIV: Risks Related to the Activity of the Company, its Subsidiaries, and Operations

The Company's activity, financial conditions, future expectations, operation results and cash flows may be fundamentally negatively affected if any of the following risks occurred, or in case other risks that could not be identified at the present time. The company, like any industrial entity, exposes to such risks during conducting its activities. Accordingly, the Company takes all possible measures, sets policies, and provides adequate support and information to the Risk and Compliance Department to reduce the effects of such risks on its performance.

During Q4 of 2020 G, the Board of Directors decided to appoint a consultant to develop a plan with the purpose of addressing risks of business interruption, based on the recommendation of the Audit Committee. It is scheduled to be completed in mid-2020 G.

1- Company Risk Management Strategy:

- The strategy of risk management is represented in the process of considering the calculated risks, a systematic way to identify risks, prioritize them, apply the strategies and work plans necessary to reduce such risks. Such way includes both prevention of potential risks and early detection of actual problems, it is an ongoing process in which human resources are involved among all levels of the Company.
- Well-prepared risk management strategy enables management to identify and analyze the risk using the appropriate method. Subsequently, the appropriate solution that eliminates such risk or reduces its effects would be developed.
- **The basic steps to develop a company's risk management strategy can be summarized in a five-step ongoing series:**
 - **Environmental Assessment** – This is done by setting rules for how the risk is considered and how the company's employees will deal with. Thus a risk management philosophy will be identified. The setting of goals by the management enables it to identify potential events that affect its achievement.
 - **Risk Identification** - This is done by answering the following two questions: What will happen? How will that happen? Internal and external events affect the achievement of the Company's goals. Moreover, the management shall distinguish between risks and opportunities.
 - **Risk Analysis** - This analysis is done by taking into account the possibility of the occurrence of the risk and the degree of its impact on the Company's goals, so that a clear rule is set for how the assessed risks should be managed.
 - **Risk Assessment** - Management assesses potential risks and selects reactions to risk: avoiding, accepting or reducing the impacts. The management shall then develop a set of activities to prioritize risks.

- **Risk Discussion/ Treatment** - At this stage, possible strategic alternatives are identified to control the risk. The optimal strategic alternative is then chosen. Accordingly, plans shall be developed to treat the risk including the necessary means while taking cost into account.

- These five steps are accompanied by an ongoing process of oversight by the risk management. The risk management shall monitor and make adjustments as necessary. These control activities may be separate for each of the previous five steps, or may be combined.

2- Methods for Risk Handling:

Upon risk recognition and assessment, all the techniques used to deal with it include in one or more of the following four main groups:

Transportation: It is a means that helps in accepting the risk by another party, usually through contracts or financial protection. Insurance is an example of transferring the risk through contracts.

Avoidance: Attempting to avoid activities that lead to a certain risk means that avoidance appears to be a solution to all risks, but at the same time, it may lead to deprivation of benefits and profits that could have been obtained from the activity that was avoided.

Downsizing: This includes ways to reduce the severity of loss due to risk by taking measures to reduce the loss caused by the risk.

Acceptance: It means accepting loss when it occurs. This method is considered an acceptable strategy in the case of low risks, in which the cost of risk insurance over time is greater than the total loss. Therefore all risks that cannot be avoided or transferred shall be accepted.

3- Types of Risks that the Company and its Subsidiaries May Face

a) Risks of economic and political Upheavals:

Some countries in the region witness some political upheavals that may adversely affect the competitiveness of the Company and limit access to some customers in those countries. Accessing to new markets is among the company's strategic goals and risk management policy to compensate the loss suffered by them in conflict areas. The Company's performance is also affected by economic conditions at the local and global levels. In this case, the Company cannot predict the time, strength or duration of any economic slowdown or subsequent recovery.

b) Risk of epidemic outbreak:

In March 2020 G, WHO has announced the outbreak of Coronavirus (covid-19) as a pandemic. it continues to spread all over the world, including KSA. During 2020 G, the Saudi Government has taken several measures to contain the spread of the virus, such as imposing restrictions on travelling, gathering and imposing curfew, leading to close several non-fundamental business till further notice. The organizational authorities consider packaging material industry as a fundamental sector. Accordingly, the Company was allowed to operate within the ordinary course of business; in addition, employees could attend offices after taking precautions according to rules set by the organizational authorities. Considering such factors, the Company has conducted an impact assessment on the whole group processes and its business, including handling customers, smoothly delivering product, collection protocols, non-interruption of material supply, strong expectations of the working capital, etc. It concluded that till the date of these consolidated financial statements issuance for 2020 G, its business and works, to a great extent, have not been negatively effected due to covid-19. As the situation evolves rapidly with uncertainty for the future, and to decrease the impacts of the Coronavirus outbreak on the business continuity, the executive management has immediately, in cooperation with an international expertise office, developed and implemented a strategy to handle the Pandemic, in order to ensure production and distribution continuity, meeting all the Company obligations. Further, it was keen on its business continuity.

c) Risks related to the activity of the Company, its subsidiaries and operations:

1. **Risks of relying on key employees:** The Company is managed by elite of the best administrative and technical competencies. Thus, failure of these competencies to work is one of the most important risks affecting the development and continuation of the Company. the Company and its subsidiaries, therefore, endavours to provide an environment that encourages continuity and creativity at work, and to support the Company's team with qualified competencies to assume responsibility in the future and take over from leaders who supervised their training in job skills.
2. **Risks of unavailability of raw materials and fluctuating prices:** Revenues and profits of the Company and its subsidiaries are affected by the prevailing prices of goods and raw materials, especially used paper. Moreover, they are affected by the availability of which in the markets, which by their nature are subject to rapid and wide fluctuations. Accordingly, the Company is always keen to support the business of its subsidiary (WASCO) and to maintain a leading edge it against competitors to strengthen its competitive position in the markets as the strategic entity of the Company in providing the its needs of raw materials with the right price.
3. **Risks of energy supply:** The Company conckuded a contract with Saudi Aramco to supply fuel to its facilities. The price of fuel that Saudi Aramco supplies to the Company may rise. The Company may not be able to increase the prices of its products by a rate that reflects the value of the increase in the price of fuel supplied, which, in turn, will negatively affect the Company's business and future expectations. The Company supports internal initiatives to reduce costs eliminating the effects of higher energy prices if it occurred.
4. **Risks of the Company's geographical location:** The Company's factory is located in Khamra, Jeddah in a private industrial zone on a plot fully owned by the Company. The Company own all the necessary licenses to practice its activity within the current location and is keen on its renewal upon statutory dates. In the event of new laws that prevent the presence of factories outside the industrial cities of the Saudi Authority for Industrial Cities and Technology Zones (MODON), such act will affect the company's business and its financial position.
5. **Risks related to operation and unexpected business interruptions:** The Company's factory consists of several production lines and machines for the manufacture of paper. Consequently, if anything that negatively affects the factory's business, whether for technical reasons (such as a power, energy or water supply interruption) or its exposure to any accident or emergency, God forbid, affects the continuity of its business, which will fundamentally affect the Company's operational and financial results. Therefore, the Company takes all precautionary measures to reduce these risks as the Company has an electric power generation plant that covers its needs in addition to backup generators used when necessary, as well as long-term contracts and agreements with more than one party to supply the quantities of water needed for the industry. Further, the Company maintains an insurance cover that includes compensation for business interruption; and production lines operate completely independent of each other, so that none of them is affected by the other's discontinuation.
6. **Risks of transportation:** The Company relies on external transportation service providers to deliver its products to its customers. Any interruption in these transportation services may temporarily affect the Company's ability to supply its products, which can negatively affect the results of the Company's business. The Company is always keen to establish strategic companies and conclude agreements with several companies that provide transportation services to ensure the continued availability of such services with quality and competitive price.

d) Risks related to market and sector:

1. **Product price risk:** The future performance of the Company is affected by its ability to maintain product-related appropriate prices and the ability to transfer any increase in production costs to its customers by raising product prices. Such process is not certain as the price of the final product depends on supply and demand in the local and global market.
2. **Risks related to sector concentration and specialization:** The Company targets one sector of the paper industry, namely manufacturing recycled brown paper. Growth factors in industrial and agricultural production, the expenditure per capita growth, the development of patterns and methods for paper packaging by manufacturers, and the increased awareness towards the importance of paper recycling are all key factors affecting, whether positively or negatively, this industry. Consequently, regression in these factors or their negative change will affect the Company's operations. Further, the Company endeavours to develop and diversify its products to keep pace with the development in Company's activity-related field of packaging and manufacturing industry.
3. **Risks related to competitive environment:** The Company operates in a highly competitive environment with a possibility of being dumped with cheap products from external competitors. The Company may face a reduction in product prices as a result of this competition. The results of the Company's business may thus be negatively affected. The Company's competitive ability is to distinguish its products from other products offered in the market by providing high quality products at reasonable prices.

e) **Financial Risks:**

1. **Risks of insufficient insurance:** The Company maintains an insurance cover including several lines of insurance. Situations may arise that call for the company to resort to the concerned insurer to compensate for any insured loss or damage. Further, the value of the Company's claims may exceed the amount of insurance held by the Company, or in case the damage suffered is not completely covered by insurance. Consequently, such cases would negatively affect the Company's business and the results of its operational and financial operations.
2. **Risks of future additional funding:** The funding needs of the Company depend on its capital, financial position, operation results, cash flows and funding received from financial institutions. The Company may need an additional funding in the future. Accordingly, any delay or failure to secure such funding, when necessary, or in case of providing such funding on unfavorable terms or high cost, may adversely affect the Company's business and its operational and financial results. Thus, the Company avoids such risks through continuous monitoring of cash flows while ensuring the availability of the necessary funding for the Company's needs through the credit facilities obtained.
3. **Risk of credit:** Credit risk is the risk of financial loss due to the inability of the customers to fulfill their obligations. The credit risk of the Company mainly relates to trade receivables. Some of the company's customers may face unfavorable economic conditions preventing them from fulfilling their financial obligations towards the Company, which will negatively affect the results of its business and its expectations. The company regularly monitors receivables-related credit risks and the allocations necessary to hedge these risks. The Company also resorts to insurance coverage of credit risks, especially for its customers outside KSA to reduce such risks.
4. **Risks of fluctuating interest rates, currency exchange rates and funding costs:** The Company is exposed to foreign currency exchange rate risks. Accordingly, any unexpected large fluctuations in exchange rates will negatively affect its financial performance. The significant increase in the funding costs, especially in case of growth in the volume of funding, will expose the Company to incur high

funding costs, which may adversely affect its future profitability. Most of the Company's dealings are made in Saudi riyals and US dollars. The company hedges the risks of fluctuating interest rates by regularly monitoring interest rates. Further, the Company entered into financial derivative contracts (interest / profit trade-off) with banks to hedge the risks of fluctuating interest rates.

5. **Risk of liquidity:** Liquidity risk is the risk that the Company will encounter difficulty in raising funds to fulfill obligations associated with the financial instruments. Liquidity risk may result from an inability to quickly sell a financial asset at an amount close to its fair value. Liquidity risk is managed by regularly ensuring that sufficient funds are available through committed credit facilities to meet any future obligations. The Company does not significantly focus on liquidity risk.
 6. **Risk of dividend distribution:** The distribution of dividends depends on several factors, including the Company's ability to achieve profits, its financial position, legal precaution requirements, the requirements of the funding institutions, available credit limits, general economic conditions, and other factors that are subject to the recommendation of the Board of Directors to declare the distribution of dividend as it deems appropriate. Any fundamental change in these factors may affect the Company's ability to distribute dividends. The distribution of dividends is subject to the requirements of the Company's articles of association, the applicable regulations and laws in this regard.
 7. **Risk of different fair values of financial instruments:** Different fair values of financial instruments risk is the risk that the Company may face as a result of the difference in price that will be agreed upon to sell an asset or be paid to settle an obligation in a transaction between market participants at the measurement date. The Company's management follows the process of permanently managing financial assets and liabilities so that fair values of financial instruments do not materially differ from their book values.
 8. **Risk of capital management:** The Company's goals from the capital management is to maintain its ability to continue in the market and thus provide returns to shareholders and benefits for others and maintain the optimal capital structure to reduce the cost of capital while maintaining and improving it. The Company manages capital risk by actively monitoring levels of its debt and liquid assets, maintaining future investment requirements and shareholder expectations.
- f) **Risks related to laws, regulations, permits and licenses:**
1. **Legislations, laws and regulatory environment:** The Company and its operations in the field of paper, waste collection and recycling are subject to supervisory authorities that apply the applicable laws and regulations in KSA in particular. In the event of amendments made to the current laws or regulations or the issuance of new laws or regulations related to the manufacture and production of paper or collection and recycling of waste, the Company, in this case, may be forced, in order to comply with it, to make adjustments to its operations or methods of providing its services or to make adjustments to its products or production lines in line with the laws, which will accordingly lead to additional financial unexpected expenses or substantially influence its operations leading to a negative impact on its financial results and profitability. The Company always seeks to renew its industrial and commercial licenses, reconcile its conditions and develop its facilities according to the new regulations and decisions. It has developed a special department for governance and compliance to follow up the application of laws and regulations, and to ensure that the Company or its subsidiaries do not violate such laws and regulations while conducting its activities.
 2. **Risks related to environment and safety:** Company and its subsidiaries' businesses involve some risks related to environmental and safety regulations. Obliging factories in the future to apply more

stringent standards to provide environmental and safety requirements will increase the costs of the Company, which will affect the results of its business. The Company pays high attention to maintain the environment, safety and security while conducting its works; in addition, it applies occupational safety, fire safety and hazardous materials protection standards. The safety team conducts field visits to deal with all emergencies and accidents, in addition to conducting periodic training courses for employees on safety procedures and measures. That is besides ensuring uniformity and applying safety precautions within all departments and sites of the Company.

XV: Financial Information and Data:

The consolidated financial statements of the Company shall be prepared in accordance with the International Financial Reporting Standards (IFRS) approved in KSA and other standards and circulars issued by the Saudi Organization for Certified Public Accountants. (SOCPA)

The General Assembly agreed in its meeting on June 16, 2020 to appoint Ernst and Young (E&Y), among the candidates, to audit the Company's accounts based on the recommendation of the Audit Committee, to examine, review and audit the financial statements for the second, third and annual quarter of the fiscal year 2020 and the first quarter of the fiscal year 2021, and to decide its fees.

a) Business results (Figures in SAR Thousands)

Statement	2020	2019	2018	2017	2016
Sales	724,685	691,077	833,614	771,008	634,405
Costs of sales	581,436	549,368	597,940	584,898	503,122
Gross profit	143,249	141,710	235,674	186,110	131,283
Operating profit	43,592	31,860	128,230	95,833	33,892
Net profit	20,176	6,128	99,444	68,131	94,907

b) Assets and Liabilities (Figures in SAR Thousands)

Statement	2020	2019	2018	2017	2016
Current assets	445,262	474,595	459,173	477,544	444,344
Non-Current assets	1,132,097	1,102,216	1,046,513	1,071,491	1,095,397
Total assets	1,577,359	1,576,811	1,505,686	1,549,035	1,539,741
Current Liabilities	406,231	420,460	354,100	432,969	426,413
Non-Current Liabilities	419,135	424,972	400,274	393,686	419,863
Total Liabilities	825,366	845,433	754,373	826,655	846,276

c) Substantial differences in operating results (Numbers in Thousands SAR)

Income statement indicators	2020	2019	Value of changes	Percentage of changes	Causes of change
Sales	724,685	691,077	33,608	5%	The volume of sales increased despite the decrease in the average price.
Sales Cost	581,436	549,368	32,068	6%	Average prices for raw materials and volume of sales increased.
Total Income	143,249	141,710	1,539	1%	An increase in volume of sales.
Operating and other Expenses	100,095	114,395	-14,300	-13%	Decrease in the items of selling and distribution expenses and the items of general and administrative expenses and a decrease in the fair value loss of financial derivatives.

Operating and other Income	438	4,544	-4,106	-90%	Low profit on sale of investments at fair value.
Operating profit	43,592	31,860	11,732	37%	Reduction in selling and distribution expenses, general and administrative expenses, and a decrease in derivative financial losses at fair value despite the decrease in other revenues.

d) Geographical Analysis of the Company total revenue and its subsidiaries:

The company and its subsidiaries operate in KSA, GCC countries, North and East Africa countries, and some other geographical regions. According to the geographical distribution as follows: - (Figures in SAR Thousands)

Statement	Kingdom of Saudi Arabia	Gulf Cooperation Council	Other Countries	Total Revenue
Company	409,586	42,681	258,059	710,326
Subsidiary	14,359	-	-	14,359
Total	423,945	42,681	258,059	724,685

e) Information related to loans to MEPCO and its subsidiaries.

1. Medium term loans and facilitations (Numbers in Thousands SAR)

Loan Grantor	The principal loan amount / facilitations	Duration of the loan / facilitations	Balance at the beginning of the year	Added during the year / scaled during the year	Amount paid during the year	Balance at the end of the year
Industrial Development Fund	139,500	5 years	72,500	37,353	-	109,853
Samba Bank	50,000	5 years	50,000	-	9,374	40,626
French bank	150,000	5 years	60,000	-	-	60,000
National bank of Kuwait	150,000	4 years	47,732	-	21,090	26,642
SABB Bank	100,000	4 years	78,571	-	21,428	57,143
Bank AlBilad	100,000	5 years	100,000	-	6,250	93,750
National Commercial Bank	80,000	4 years	75,000	-	15,000	60,000
Riyad Bank	50,000	5 years	-	50,000	-	50,000
Total	819,500		483,803	87,353	73,142	498,014
Financing fees due, deferred financial charges	-	-	732	-	-	(1,634)
Total	819,500		484,535	87,353	73,142	496,380

2. Short term loans and facilitations (Rotating) (Figures in SAR Thousands)

Loan Grantor	The principal loan amount / facilitations	Duration of the loan / facilitations	Balance at the beginning of the year	Added during the year / scaled during the year	Amount paid during the year	Balance at the end of the year
Arab Bank	17,120	1 year	17,120	-	17,120	-
Bank AlBilad	100,000	1 year	60,000	65,000	85,000	40,000
Al Rajhi Bank	50,000	1 year	18,000	-	18,000	-
National Commercial Bank	60,000	1 year	4,000	5,000	9,000.00	-
Samba Bank	40,000	1 year	40,000	-	-	40,000
Riyad Bank	50,000	1 year	24,999	55,000	74,999	5,000
Total	317,120		164,119	125,000	204,119	85,000
Due and other payment papers	-	-	7,581	-	-	1,296

Total	317,120	171,700	125,000	204,119	86,296
Total medium and short term	1,136,620	656,235	212,353	277,261	582,676

3. Subsidiary company (WASCO) short-term facilitations (Rotating) (Numbers in Thousands SAR): (These Facilitations were not used during the year 2020)

Loan Grantor	The principal loan amount / facilitations	Duration of the loan / facilitations	Balance at the beginning of the year	Added during the year	Amount paid during the year	Balance at the end of the year
National Commercial Bank	15,000	1 year	-	-	-	-
Total	15,000	-	-	-	-	-
Total (MEPCO & WASCO)	1,151,620	-	656,235	212,353	277,261	582,676

4. Classification of total loans according to international standards (Numbers in Thousands SAR):

Classification	2020	2019
Short-term loans and facilities	86,296	171,700
Current portion of long-term loans	192,222	141,617
Long-term loans	304,158	342,918
Total	582,676	656,235

f) Subsidiary

Company name	Capital	Activity	County of Establishmen	Country of Activity	Equity
Waste Collection & Recycling Company	SAR 20 million	Used Paper Collection and Trade	Saudi Arabia	Saudi Arabia and other countries	100%
Achievement Specialized Company Ltd.	SAR 100 thousand	Used Paper Collection and Trade	Saudi Arabia	Saudi Arabia	100%

It is worth noting that subsidiaries work in integration with their parent company, as paper collection and sorting companies and their branch supply the paper factory with the raw materials needed for production in addition to their trade in the rest of the types that the factory does not need in order to achieve profit by selling the surplus in the targeted markets.

g) Value statement of the due regular payments with a brief description:

- **Zakat:** The Company is subject to the laws of the General Authority of Zakat and Tax in KSA. Zakat is registered on an accrual basis. Subsidiaries operating outside KSA are subject to tax laws for countries in which they operate.
- **Tax:** The Company and its subsidiary registered in the value-added tax law, which was activated in January 2018.
- **Social Insurance:** The Company is subject to the social insurance law. Social insurance fees are recorded according to the accrual basis, and social insurance is paid monthly based on the due for the previous month.
- **Passport & Visa costs:** These are costs that the Company bear to obtain visas, abroad recruitment fees and commercial visits.
- **Labor office fees:** are the costs of obtaining a work permit and changing professions.

Figures (in SAR Thousands)

Statement for the financial year	Due	Paid	Reasons
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Zakat	4,517	1,261	According to the review through the company's zakat advisor
Tax	10,347	9,235	VAT and external services to foreign suppliers
General Organization for Social Insurance.	4,768	4,129	According to who is due in the social security records
Passport & Visa costs	865	1,081	Recruitment, commercial visits, visas and their renewal
Labor office fees	8,093	7,944	Employment fees and work permits
Total	28,590	23,650	

XVI: Details of the Treasury Shares Held by the Company and Details of the Uses of these Shares

During 2018, 300,000 shares of the Company were purchased as treasury shares after the approval of the General Assembly. Further, the shares were allocated to the employee shares program. Such shares are not considered to be voting shares regarding the terms of the General Assembly meetings.

XVII: Number of Requests for the Shareholders Register during 2020

#	Date of Ownership File	Request Reason
1	1 April 2020	Data on the movement of ownership ratios of companies and investment funds
2	13 May 2020	Data on the movement of ownership ratios of companies and investment funds
3	7 June 2020	Stock register for the purpose of the extraordinary general assembly meeting.
4	30 June 2020	Data on the movement of ownership ratios of companies and investment funds
5	20 August 2020	Data on the movement of ownership ratios of companies and investment funds
6	26 August 2020	Data on the movement of ownership ratios of companies and investment funds
7	7 September 2020	Data on the movement of ownership ratios of companies and investment funds
8	2 November 2020	Data on the movement of ownership ratios of companies and investment funds
10	2 December 2020	Data on the movement of ownership ratios of companies and investment funds
11	31 December 2020	Ownership data for board, Senior Executives, and major shareholders at the end of the year.

XVIII: Information about the Contracts or Deals that the Company Signed with Related Parties

They are the same transactions that have an indirect interest to some members of the Board of Directors, the CEO, or related person.

Contracting Nature	The Other Party in the Contract	Conditions of Work or Contract	Beginning of Contract	Contract – Transaction Duration	Value of Transactions in Riyals during 2020	Member's Name / Senior
						Executives or any person related to any of them
Supply the corn material necessary for paper rolls manufacturing.	Al-Masirah International Company	These are commercial continuous transactions which are done in the context of the normal business according to the prevalent commercial conditions and without any preferential conditions.	2020	5-Year framework agreement	8,722,682	Abdullah Abdul Rahman Almoammar Mr. Emad Abdulkadir Al Muhaidib
Purchase the company's products from gypsum board rolls	United Mining Company	These are commercial continuous transactions which are done in the context of the normal business according to the prevalent	2010	Valid until termination by one of the parties whenever they desire.	2,489,076	Mr. Emad Abdulkadir Al Muhaidib

		commercial conditions and without any preferential conditions.				
Supply water to meet the company's needs among the approved suppliers	Develop and operate the industrial cities	These are commercial continuous transactions which are done in the context of the normal business according to the prevalent commercial conditions and without any preferential conditions.	2005	Valid till 2025	5,127,498	Mr. Emad Abdulkadir Al Muhaidib Abduelah Abduallah Abunayyan

- **Transaction values in the above-mentioned schedule is with calculating the VAT cost.**

XIX: Regarding the recommendations for the distribution of cash dividends during 2020

Before issuing the report, the Board of Directors has decided on March 17, 2021 to recommend to the General Assembly not to distribute dividends for 2020 G. The recommendation will be presented to the General Assembly for voting in its next meeting.

- **Dividend distribution policy:**

1-Cash Dividend Distribution: Dividends are distributed to the shareholders according to the Corporate Law, its regulations, and the company's Articles of Association. The Company's net profits are distributed after deducting all general expenses and other costs as follows:

- (10%) of the net profits are set aside to form a statutory reserve. The Ordinary General Assembly may suspend this appropriation when the said reserve reaches (30%) of the paid-up capital.
- The Ordinary General Assembly, based on the proposal of the Board of Directors, may set aside a certain percentage of the net profits to form an agreed reserve allocating it for a specific purpose(s). This reserve may not be used except by a decision from the Extraordinary General Assembly.
- The Ordinary General Assembly may decide to form other reserves, to the extent that it achieves the interest of the Company or ensure distributing fixed profits as much as possible to the shareholders. The aforementioned assembly may also deduct amounts from the net profits to establish social institutions for the employees of the Company or to assist the existing ones from these institutions.
- A payment from the remaining part shall be distributed to the shareholders, not less than (5%) of the paid up capital.
- Subject to the provisions of Article (twenty-one) of the Company's article of association, and Article (seventy-six) of Saudi Corporate Law, a percentage of no more than (10%) of the remaining part shall be allocated to the remuneration of the Board of Directors if the remuneration is a certain percentage of the company's profits, provided that the entitlement to this remuneration is proportional to the number of sessions attended by the member.
- Upon meeting the controls set by the competent authority, the Company may distribute semi-annual and quarterly dividends to shareholders.

2- Distribution of Bonus Shares:

- The Company may distribute the dividends in the form of granting bonus shares to the shareholders with an aim to increase the capital by issuing bonus shares at the nominal value of the share, by transferring the nominal value of the bonus shares from the retained earnings item and adding them to the capital, the approval of the Capital Market Authority (CMA) shall be obtained on the request of increasing the capital, then obtain the approval of the extraordinary general assembly of the Company.
- The shareholder deserves his share in the cash dividends or the bonus shares in accordance with the decision of the General Assembly issued in this regard or the decision of the Board of Directors to distribute interim dividends, and the decision shall specify the due date and date of distribution. The distribution of the dividends is entitled to the shareholders who are registered in the shareholders' records at the end of the specified day for entitlement.

XX: Corporate Governance Information

a) MEPCO Corporate Governance

The Company has established its own corporate governance system with the aim of setting rules and standards to guarantee compliance with the best governance practices that ensure the protection of the rights of shareholders, stakeholders and related parties, and the rules, policies and procedures listed in the company's corporate governance rules and regulations are binding on all members of the board of directors, executive management, managers and all employees of the company. This system may not be modified except by a decision of the company's board of directors.

The corporate governance system aims to the optimal and most rational investment its capabilities and resources by creating a work environment based on responsibility, control, commitment and its pillars are clarity and transparency, whether in defining the company's goals and strategic business plans, or in describing the rights of each of its entities and their obligations, or in managing its relationship with suppliers, financiers, consumers and monitoring authorities and on the activity they works in. This environment interacts with the national legislation system in which the company operates within its framework and integrates with it to achieve its goals effectively and fairly.

MEPCO adheres to the best standards of corporate governance and always adjusts its systems due to developments in these standards and considers that this commitment is a fundamental factor for its long-term success, therefore the company has developed its own governance system and rules, and this system is consistent with the company's commitment to integrity and quality in all of its operations, activities and products.

MEPCO Governance System focuses on the following objectives:

- Activating the role of shareholders in the company and facilitate their exercise of their rights;
- Achieving transparency, integrity and fairness in the company and its dealings and business environment and enhance disclosure thereof;
- Providing effective and balanced tools to deal with conflict-of-interest situations;
- Clarifying the specializations of the Board of Directors and the Executive Management and their responsibilities;
- Activating the role of the Board of Directors and committees and developing their efficiency to enhance decision-making mechanisms in the company;
- Strengthening the oversight and accountability mechanisms of company employees;
- Establish a general framework for dealing with stakeholders and considerate their rights;
- Increase the efficiency of internal supervision and oversight and provide the necessary tools for that.
- Educate employees about the concept of professional behavior and urging them to adopt responsible and normalized behavior when exercising their duties.

The most important principles of MEPCO governance

Responsibility:	Ensuring effective performance of tasks and with the best available capabilities
Control and Accountability:	Control of actions, behaviors and accountability of any person making a decision and ensuring that they are able to clarify and justify their actions;
Equality:	Fair treatment and non-discrimination for all parties;
Transparency:	Disclosure carefully and clearly, and ensuring that all company operations and data are clear and available to all;

Ethics:	Act according to the Code of Professional and Ethical Conduct and deal with integrity, fairness and professionalism with all parties;
A vision to establish sustainable value:	Long-term outlook for achieving sustainability, ensuring growth and achieving benefit for society.

b) The Company's Articles of Association

It is its own system that determines what the company is and organizes its affairs and purposes, how to manage it, organize its meetings, the rights of shareholders in it, how to monitor its business, the company's authority to borrow and buy its shares and outlines its policy outlines from its inception until its expiration.

Shareholders' Rights

The corporate governance regulations pay special attention to the rights of shareholders, and encourage their effective participation in the general assembly meetings and inform them about voting procedures and rules, their rights to fair treatment without discrimination among them, and obtain information that enables them to fully exercise their statutory rights, obtain a share of the profits, and their right to obtain a share of the company's assets upon liquidation, the right to attend shareholder assemblies, participate in its deliberations, vote on its decisions, the right to dispose of shares, the right to request access to the company's books and documents, control the actions of the board of directors, the right to inquire and request information that does not harm the company's interests and does not contradict the financial market system and its executive regulations, the right to file a liability claim against the members of the board, and to appeal the nullity of the shareholders assemblies decision, as it took care of the rights of other stakeholders, and all of those rights were guaranteed and confirmed by the company's Articles of Association.

c) Internal Control System

The Board of Directors adopted a system of internal control of the company based on recommendation of the Audit Committee with the aim of evaluating the policies and procedures related to risk management, applying the provisions of the rules of corporate governance system and its regulations, and adhering to the relevant laws and regulations. The audit committee also recommended the use of the COSO framework in the evaluation, implementation and supervision of internal control. The internal control and risk management processes of the company are listed according to the COSO framework as follows:

- **Strategy:** That the higher goals of the company are consistent with and supportive of the company's mission.
- **Operations:** The effective and efficient use of resources to achieve the targeted goals.
- **Reports:** The reliability of financial reports.
- **Compliance:** Compliance with all ongoing and applicable laws and regulations.

The executive management undertakes the implementation of internal control systems and risk management, verifies the effectiveness and adequacy of these systems and the application of best practices, and assesses and monitors the internal control system in the company and its subsidiaries, both from internal audit management, governance, compliance and risk management, each according to its specific role. These departments enjoy independence and report to the Audit Committee and the Board of Directors periodically.

In the beginning of 2020, with the aim of strengthening the internal control system, the Audit Committee recommended the approval of the framework issued by the Committee of Sponsoring Organizations (COSO) in implementing, reviewing and evaluating the internal control system, and work began to evaluate the existing system by an independent consultant, and a steering committee was formed to oversee the

implementation of the recommendations. The company continues to use the framework to implement internal control procedures and evaluate them annually.

The Audit Committee also recommended during 2020 to adopt the amendments of the corporate risk management policy in the framework of risk management post development, risk records review, control plans and the company ability to risk tolerance.

The company has strengthened governance role by taking the following actions:

- 1) The Internal Audit Department plays an important role in providing the board and executive management with an objective and comprehensive view of all the company's activities and ensuring the effectiveness of internal control systems in addressing the risks identified by the risk management function in order to reduce and limit those risks. Its functions will be addressed in the results of the annual review of control procedures, which is an independent department that performs its work under the supervision of the Audit Committee.
- 2) **The Corporate Governance and Compliance Department** is an independent department that works in cooperation with the company's departments and under the supervision of the Board of Directors and the Audit Committee. Its main tasks are as following:
 - Monitor the application of the general framework of governance and ensure that its components are reviewed periodically to ensure its conformity with changes that may occur to the company's objectives or activities, regulatory requirements or leading practices in the field of governance.
 - Follow-up the amendments issued by the regulatory and supervisory authorities on the laws, regulations, and instructions of joint-stock companies; and update the company's internal regulations accordingly.
 - Ensure that the company abides by the instructions and regulations imposed by the regulatory and supervisory authorities related to the company's activities.
 - Respond to inquiries and correspondence received by the company from the regulatory and supervisory authorities and participating in training activities conducted by these authorities and strengthening trust between them and the company.
 - Monitor company compliance with policies and internal control systems to achieve compliance with externally imposed rules.
 - Promote awareness of the culture of corporate governance and commitment within the company and conducting the necessary training for workers.
 - Inform the executive management of (the risks of non-compliance) that result in statutory penalties and procedures, financial losses, or damage of company's reputation as a result of its failure to implement the regulations, instructions, rules, teachings, behavioral and ethical values that cover work environment in which the company operates.
 - Respond to alleged violations of rules, regulations, policies, procedures, and standards of ethical behavior through evaluation and recommending the initiation of investigation procedures.
 - Conduct an annual review of all instructions included in the policy and procedures manuals relevant to corporate governance applied in the company to ensure that they conform and comply with the requirements of all regulations and instructions, and to ensure compliance with their application, and updating them according to requirements.
 - Monitor the company's compliance with laws and regulations in its dealings with the external environment; the company's departments' commitment to operate in accordance with the company's corporate governance policies and internal regulations and support the internal audit department in its control role.

3) **Risk Management** is operating under the umbrella of the Governance and Compliance Department. The most prominent functions are as following:

- Ensure the effectiveness of risks management that company is, or likely to, exposed to.
- Define, develop and monitor the application of guidelines and risk management procedures necessary to define, measure, control and monitor risks inherent to company's activities.
- Review the risk record submitted by each department manager regarding his management and submitting it to the CEO and the company's Audit Committee and preparing a regular report on the risk management framework and risk structure of the company.
- Promote awareness of the risks and culture of risk management within the company and conduct the necessary training for workers.
- Ensure that all employees are fully aware of the risks in their work environment and their personal responsibilities.
- Coordinate with the executive management to ensure the effectiveness and efficiency of the company's risk management system.
- Submit reports to the Audit Committee and Board of Directors, including recommendations to the executive management that support the effective risk management.

4) **Legal Department**: is a specialized department that works with other departments to achieve objectives of the company, and to ensure that the actions taken by the departments operating in the company are in conformity with the statutory rules and that they provide legitimate and legal consultations and opinions, review the regulations, and audit contracts and agreements, as well as providing legal advice in what is referred to it from dealings from different departments. Its tasks are formulate decisions, letters and memos to be prepared, and to express the legal opinion on the issues that are referred thereto and coordinate with the law offices that handle the company cases, in addition to spreading legal awareness and educating the company's employees through coordination with different departments.

XXI: The provisions of the Corporate Governance Regulations that have been implemented and what have not been implemented, and the reasons for that

The company has implemented the mandatory provisions contained in the corporate governance regulations issued by the board of the Capital Market Authority, and its subsequent amendments until the end of the year 2019, with the exception of the following provisions, which include indicative provisions.

Article Number	Article Text	Reasons for Non-application
14 Paragraph (a)	When preparing the General Assembly's agenda, the Board shall take into consideration the matters that the shareholders wish to list; shareholders holding no less than (5%) of the Company's shares are entitled to add one or more items to the agenda upon its preparation.	The company was not notified of any issues that the shareholders wish to be included on the agenda during the meetings of the General Assembly in 2019.
39 Paragraph (2)	developing the necessary mechanisms for Board members and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	The company merely applied paragraph (1) of the article, and the board is always informed of developments in the company's work field through meetings and reports submitted by the management.
60	a) The Company's Board shall, by resolution thereof, set up a committee to be named the "remuneration committee." Members of the committee shall not be Executive	Not applicable since the company combined the Remuneration and Nominations Committee in one committee

	<p>Directors, provided that there shall be at least one Independent Director among them.</p> <p>b) The Company's General Assembly, as per the Board recommendation, issues a regulation for the remuneration committee including its procedure, duties and rules for selecting its members, the term of their membership and their remunerations.</p>	
63	The remuneration committee shall convene periodically at least once a year, and as may be necessary.	Not applicable since the company combined the Remuneration and Nominations Committee in one committee
64	<p>a) The Company's Board shall, by resolution thereof, form a committee to be named the "nomination committee.". Members of the committee shall not be Executive Directors, provided that there shall be at least one Independent Director among them.</p> <p>b) The Company's General Assembly, as per the Board recommendation, issues a regulation for the nomination committee including its procedures, duties and rules for selecting its members, the term of their membership and their remunerations.</p>	Not applicable since the company combined the Remuneration and Nominations Committee in one committee
67	The nomination committee shall convene periodically at least once a year, and as may be necessary.	Not applicable since the company combined the Remuneration and Nominations Committee in one committee
70	The Company's Board shall, by resolution therefrom, form a committee to be named the "risk management committee.". Chairman and majority of its members shall be Non-Executive Directors. The members of that committee shall possess an adequate level of knowledge in risk management and finance.	The company did not form a specialized committee for risk management, and the risk officer monitors the risk management and implementation of the risk management policy in coordination with the internal audit and compliance and under the supervision of the audit committee.
72	The risk management committee shall convene periodically at least once every six months, and as may be necessary.	The company did not form a specialized risk management committee.
85 Paragraph 3,1	<p>1) forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions;</p> <p>3) establishing social organisations for the benefit of the Company's employees.</p>	Partially not applicable, knowing that the company has established a program to give some employees shares in the company, as the company provides means of communication for employees to offer opinions and submit suggestions and complaints, and surveys of job satisfaction are conducted through independent external parties, and training courses for employees inside and outside the company are also prepared.
88 Paragraph (1)	establishing indicators that link the Company's performance with its social initiatives and comparing it with other companies that engage in similar activities;	Not applicable because the text is indicative and difficult to implement, especially comparing to other companies with similar activity to the scarcity of information.
95	If the Board forms a corporate governance committee, it shall assign to it the competences stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance and shall provide the Board with its reports and recommendations at least annually.	The company has not formed a special governance committee, and there is a governance and compliance department responsible for overseeing and supervising the implementation of the corporate governance regulation under the supervision of audit committee and the board of directors.

In conclusion, the Board of Directors is pleased to extend sincere thanks and appreciation to the rational government of the Custodian of the Two Holy Mosques for its support and ongoing care for the private sector and government initiatives to mitigate Coronavirus pandemic effects, in addition, its paid attention to support the industrial sector throughout the crisis. The Board also extends sincere thanks and appreciation to the shareholders of the company, for their trust and continuous support, calling on the Lord Almighty to crown this confidence with more development and prosperity and thanks to the executive management and employees of the company for their sincere efforts, and the board looks forward to accomplishing more achievements during 2021, God willing.

May Allah bless and guide all of you towards success.

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