



FPC
Coated Technical Textiles



SAUDI
INDUSTRY 

Board of
Directors
Report

20
23

Filling & Packing Materials MFG. Co. (FIPCO)

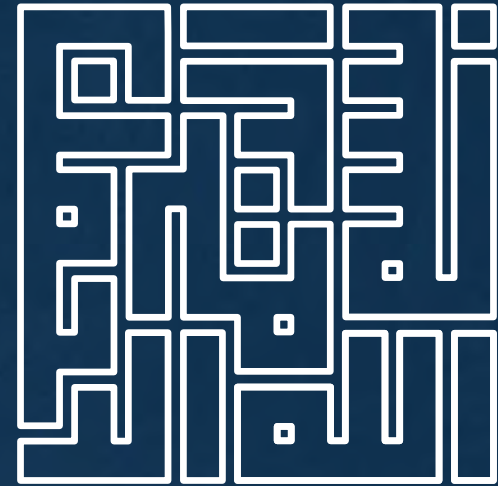
FIPCO is proud to receive
the first place award for
excellence in local content



هيئة المحتوى المحلي
والمشتريات الحكومية
Local Content & Government
Procurement Authority



20
23



“

MY first goal is for our country to be a successful and leading model in the world in all areas, and I will work with you to achieve this. We are determined to continue economic reforms and ensure the achievement of the vision's goals.

”

Custodian of the Two Holy Mosques

King Salman bin Abdulaziz Al Saud

God bless him





“

We possess all the possibilities to achieve a competitive and sustainable industrial economy. With ambitious young talents, a distinguished geographical location, abundant natural resources, and leading national industrial companies, the Kingdom will become a leading industrial power, contributing to securing global supply chains and exporting high-tech products to the world. Through the national industrial strategy and partnership with the private sector, this vision will become a reality.

”

HRH

prince Mohammed bin Salman bin Abdulaziz Al Saud

the Crown Prince and Prime Minister, may God bless him

Our commitment to transparency and excellence is embodied in this report. The information provided regarding the events of the fiscal year 2023 and beyond is what the Board of Directors believes to be accurate and represents the culmination of our previous efforts. With regard to our future vision and expectations for 2024, we are committed to setting realistic and achievable targets based on accurate analysis and well-considered strategic insights based on current data, which may be significantly affected positively or negatively by the volatility of global economic and geopolitical conditions and market dynamics.

We would like to highlight that this report has been prepared in accordance with the highest standards of governance and compliance, and in line with the laws and regulations issued by the Capital Market Authority and the applicable regulations of all stakeholders. It also adheres to the best global practices in the field of governance, with a focus on providing a high level of disclosure and transparency to empower all stakeholders to make informed decisions.

At FIPCO, we look forward to continued growth and development, supported by the trust and support of our shareholders and partners. We reaffirm our unwavering commitment to delivering sustainable and added value to all stakeholders.

We thank you for your continuous trust and unwavering support. Please accept our utmost respect and appreciation.

BOARD OF Directors

introduction

Dear Shareholders and Partners of FIPCO

Greetings of peace, mercy, and blessings of God be upon you.

we are with great pleasure that the Board of Directors of Filling & Packing Materials MFG. Co. (FIPCO) presents to you the Annual Report for the year 2023, which has been prepared for presentation and discussion at the company's General Assembly during its annual meeting. This report proudly showcases our achievements during the fiscal year 2023. It highlights the important steps we have taken towards achieving our vision and strengthening our position in our operating segments, which include the manufacturing of packaging and wrapping materials and the manufacturing of technical textiles

It also clearly indicates our success in overcoming the many challenges we have faced over the past years, which has enabled us to provide increasing value to our shareholders and all stakeholders in the company, both inside and outside the Kingdom. In this report, you will find a detailed presentation of the activities of FIPCO and its subsidiaries, with an explanation of the key developments and strategic updates that we have witnessed.

We also highlight our ongoing efforts to implement the highest standards of corporate governance, and provide a comprehensive overview of the Board of Directors, its committees, and the executive management team. It also sheds light on the most prominent risks facing the company's business and the company's philosophy in dealing with them, as well as the achieved and targeted sustainable development initiatives, the company's social responsibility, and our future expectations.

The Board of Directors' strategy for dealing with the next phase focuses on two main axes. The first axis is to strengthen our current position as the largest company operating in the field of manufacturing packaging materials in the Middle East, in terms of meeting the needs of the local and global market for the company's products and targeting new markets and sectors, in addition to developing the production process and raising production efficiency. The second axis is to promote growth in the technical textiles sector through our FPC Industries Co.

The Board of Directors of FIPCO affirms that the company operates according to a clear vision and strategy that ensures its commitment to maximizing value for stakeholders and consolidating FIPCO's position as one of the leading Saudi industrial brands in the field of textiles regionally and global. While we continue to focus on diversifying our product portfolio, developing new products and solutions for customers in the textile converting industries to meet local and global demand and achieve sustainable growth.

In conclusion, we would like to express our sincere thanks and appreciation for your trust in FIPCO. We also extend our thanks to our colleagues in the executive management and all FIPCO employees for their dedicated efforts. We also thank our customers and shareholders for their trust and support, which will always be an incentive to work harder. We look forward to further successes during 2024AD, and we hope to meet you at the annual general meeting of shareholders to answer your questions about the contents of this report.

BOARD OF Directors

Board of Directors' Message

Dear Shareholders and Partners of FIPCO .

Greetings of peace, mercy, and blessings of God upon you.

Your company, FIPCO , achieved a net profit of 12 million riyals during the year 2023AD, compared to a net profit of 9.8 million in 2022AD. These results came with an increase in gross profit despite a decrease in sales due to a variation in the sales mix and improved profit margins, in addition to a decrease in shipping costs and a decrease in the provision for credit losses.

Despite the economic challenges of the past few years, Starting with COVID-19, followed by a global rise in inflation and shipping costs, successive increases in interest rates, and other economic and geopolitical challenges that posed an obstacle requiring us to make more efforts to maintain our position in the market as the largest supplier in the Middle East for our products

Furthermore, the company has strengthened its customers' trust through disciplined shipping and supply operations, which has increased customer confidence and loyalty in dealing with the company in the face of strong competition. This reflects the company's ability and commitment to building distinctive long-term relationships with its customers.

“

In 2023AD, we focused on enhancing our ability to provide exceptional, competitive, and high-quality products in the fields of packaging, converting, and technical textiles. FIPCO is now the largest producer and most reliable supplier of these products in the region. This reflects our achievement of an operating profit of 17.8 million riyals in 2023AD, compared to 10.8 million riyals in 2022AD, representing a growth of 65%.

This is the highest gross profit margin since 2014AD, representing 20% of sales, compared to 16% in the previous year. This was achieved due to the improvement of the sales mix and our focus on high-margin products, as well as the increase in sales and profit margins of the subsidiary FIPCO for Industry, which achieved a sales growth of 24.8%. Net profit after zakat and tax also amounted to 11.9 million riyals, compared to 9.7 million riyals, representing an increase of 18.3%. The net profit margin reached 5%, compared to 4% in the previous year and Earnings per share amounted to 1.04 riyals, compared to 0.85 riyals in the previous year.

Export sales outside the Kingdom accounted for 35% of total sales, an increase of 6% from the previous year. This reflects our focus on opening new markets and promoting exports by participating in specialized exhibitions and conferences abroad. In 2024, we aim to strengthen our market position as the largest manufacturer of jumbo bags and technical textiles in the Middle East and North Africa. As FIPCO is committed to integrating the principle of sustainability into all its development plans, we aim in 2024 to invest in automating some production stages and looking forward to the latest global technologies to ensure a sustainable industry and reduce the workforce to remain the first and best partner for our customers and suppliers.

I would also like to thank our valued shareholders and I am pleased to present you with the Board of Directors' Report for the year 2023, which provides a comprehensive analysis of the company's operational performance. We have ensured that this report is highly transparent and discloses all relevant information. I would also like to extend my sincere gratitude to my colleagues at the company and its subsidiary for their dedication, contributions, and key role in maintaining growth. Finally, I would like to thank the Board of Directors for their trust and continuous support.

”

Abdullah Mohammed Al-Harbi

CEO'S SPEECH

Dear Shareholders and Partners of FIPCO

[Greetings of peace, mercy] and lessings of God upon you

Glorious:History:Sustainable:

Growth:Innovative:Future



3

FPC Industries Co.



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Financial
performance



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Environmental, Social,
& corporate governance



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FIPCO

A journey that has exceeded 30 years

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*Operational
performance*





FIPCO

A journey spanning over 30 years

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Establishment

Filling & Packing Materials MFG. Co. (FIPCO) (FIPCO) was established as a Saudi joint-stock company under the commercial register issued from Riyadh city with the number (1010084155) and the date 04 Dhu al-Hijjah 1411 AH and the ministerial decree number (8518935) on 29 Dhu al-Qadah 1411 AH. The factory operates under the industrial license number (2411021202301), establishment code (910253), and date 1410/11/13 AH. FIPCO's head office is located in Riyadh, Kingdom of Saudi Arabia, and FIPCO has been listed on the Saudi Stock Exchange since 1998.

Since its establishment in the early 1990s, FIPCO has maintained steady growth levels to become a leader in the manufacturing sector, relying on an integrated approach that combines innovation, quality and sustainability, making it one of the most prominent companies in the region in this sector. Driven by a strategic vision that aims to meet and exceed the expectations of partners, FIPCO is backed by more than three decades of experience and leadership.



Activity

Within the framework of FIPCO's core system, the company practices and implements manufacturing industries and their branches in accordance with the industrial licenses granted to it. For example, the company's main activities are the production of woven polypropylene bags, whether lined with low-density polyethylene bags or unlined for heavy-duty uses, as well as large bags, plastic straps, plastic ties, plastic cable fillers, plastic threads, polypropylene woven fabrics, ethylene liners and side-opening cement bags, and plastic waste recycling.

The company's basic system also allows it to engage in the following activities:

1. Managing its subsidiaries or participating in the management of other companies in which it contributes and providing them with the necessary support.
2. Investing in the manufacturing sector with all its components, and investing in the technical infrastructure, automation and digital transformation initiatives, artificial intelligence technologies, clean energy and sustainability solutions and related industries.
3. Investing money in shares, other securities and debt instruments.
4. Establishing companies in various forms to implement industrial or service projects and assist in their implementation or management.
5. Managing factories and developing internal capabilities to serve the national industrial sector in general.
6. Acquiring industrial technology by purchase or cooperation with its owners or developers.
7. Any other legitimate offer that is consistent with the nature of the company.

The company reserves the right to practice some or all of these activities according to the requirements of its business and in line with its operational strategies decided by the Board of Directors, with emphasis on following the regulatory procedures related to any of the mentioned activities.



July

"FIPCO" signed a memorandum of understanding with the "Saudi Summit Plastic Factory":

- The aim is to enhance cooperation in product development, quality assurance, and sustainability solutions.
- The memorandum of understanding includes the exchange of experiences and knowledge, and facilitating cooperative training programs.
- The memorandum of understanding has a term of three years without any direct financial or legal obligations.
- This step comes within the framework of achieving the goals of the Kingdom's Vision 2030.

September

Concluding a security facility agreement worth 19 million riyals with the Saudi Export-Import Bank

- The agreement aims to support FIPCO's export activities, within the framework of its strategy to expand its global market share in accordance with Saudi Vision 2030.
- Financing period is set at 12 months
- The agreement is compatible with Islamic law

October

Completion of the transformation of the FPC Industries Co. into a closed joint stock company has been completed, with the capital increase from 18 million to 70 million riyals.

- This transformation aims to support future expansions and improve stability and sustainability.
- This comes without a material impact on the financial results for the current year, with expectations that the financial impact of the capital restructuring will appear in the fourth quarter of 2023.

December

The General Authority for Foreign Trade accepted an investigation into the anti-dumping complaint filed by FPC Industries Co. against imports of PVC-coated fabrics. From China and Korea.

- The investigation period will begin on November 30, 2023, and will last for up to 12 months, with the possibility of an extension. This action came after continuous efforts to combat unfair competition and its impact on the financial and sales performance of the FPC Industries Co.
- "Fibco" confirms its readiness to participate in all stages of the investigation and will announce any relevant financial developments.

2023

Most notable events

January

Appointment of Mr. Abdullah Mohammed Al-Harbi as CEO of the company, effective January 1, 2023

- Mr. Abdullah Al-Harbi retains his position as an executive member of the Board of Directors
- Bachelor's degree in Marketing, Master's degree in Business Administration, and over 12 years of experience in governance, management consulting, and risk management

Signing a memorandum of understanding with Imam Muhammad bin Saud Islamic University:

- The goal is to enhance cooperation in scientific research, training, development, consulting, and quality assurance.
- The memorandum aims to exchange experiences and knowledge in line with the Kingdom's Vision 2030
- Cooperation in applied research includes sustainability solutions, artificial intelligence initiatives, and digital transformation

May

Conversion of the legal entity of the FPC Industries Co. from a limited liability company to a joint stock company.

- The authorized capital has been set at 100 million Saudi riyals
- The paid-up capital will be increased from 18 million to 70 million Saudi riyals. The increase will be financed from the current account balances between the partners.
- This transformation aims to support the future expansions of FPC Industries Co. increase its stability, sustainability, and financial position to increase export sales and improve credit relationships with major international clients

Announcement of the results of the tenth extraordinary general assembly meeting, which included the non-approval of the increase in the company's capital through the issuance of priority rights shares.

July

The FPC Industries Co. signed a memorandum of understanding with the company "DBS Engineering" in the Republic of Slovenia.

- The aim of the memorandum of understanding is to implement joint local and international projects in the field of air dome technology.
- The memorandum of understanding the result of research and development cooperation between the two companies that led to the development of innovative products.
- The projects focus on improving sports infrastructure and the event management industry with advanced technologies.
- The partnership is in line with the goals of Saudi Vision 2030 to promote non-oil exports and infrastructure.

FIPCO in numbers



FABRIC Production

255,000,000

Mt annually

Cement Bags

100,000,000

Bag annually



Small Bags

100,000,000

Mt annually



Other products

10,500,000

Kg annually



Professional Teams

+1000

human resources



The countries we reach

+20

Country



JUMBO BAG

3,000,000

Bag annually



Mission



Expanding the scope of our local and global presence through production efficiency and effective marketing with professional best practices, achieving the desired results for stakeholders.

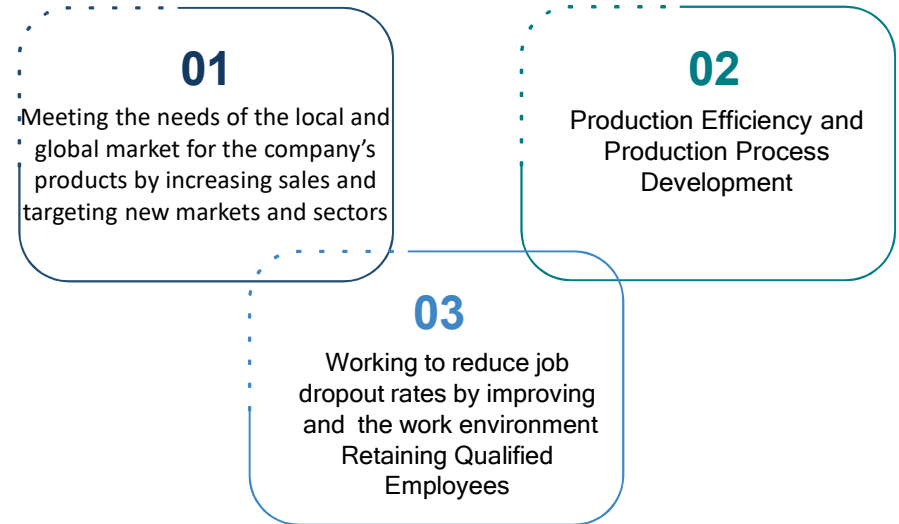
Vision



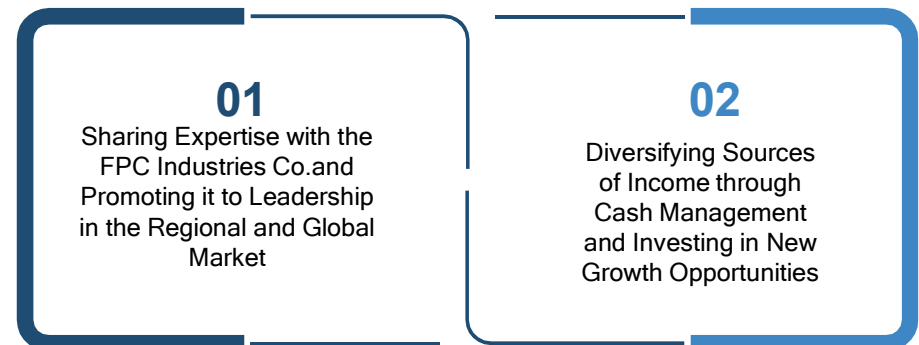
is to be a major player in the manufacturing sector and achieve competitive efficiency, sustainable growth, and leadership in the regional market and presence in global markets.

Pillars of our strategy

Strengthening Our Current Position



Optimal Investment in Growth Sectors





A massive production capacity of approximately 2500 tons per month of various products.



Exports representing approximately one-third of sales volume.

+20

A wide range of products and solutions related to packaging, where we manufacture more than 20 different products.



A high score on the local content index according to the measurement mechanisms adopted by the Local Content and Government Procurement Authority.



A strong reputation for commitment to the highest quality standards certified by major international specialized bodies.



Giant factories built on an area of 75,000 meters, including the latest industrial technologies in the second industrial city in Riyadh.



The factory is located within the boundaries of the Saudi Authority for Industrial Cities and Technology Zones (MODON) and complies with all applicable safety and security requirements.



Operational processes and handling of industrial waste are carried out in accordance with the requirements of the National Center for Environmental Compliance.



FIPCO is always investing in sustainability initiatives and clean energy solutions, and keeping up with global developments in this field.



FIPCo'S diversified investments in industrial sectors with unique and qualitative characteristics.

Power centers & competitive advantages



FIPCO has been listed on the Saudi Stock Exchange since 1998 and is the only listed company among the companies operating in the field of packaging materials



Leading the local market with a successful journey of over 30 years, contributing to the formation of a well-known brand in the local, regional and international market.



A company supporting the Kingdom's Vision 2030 by contributing to the achievement of the target of increasing non-oil exports.



A member of the "Authorized Economic Operator" program.



One of the strategic accounts of the Saudi Export Development Authority



A member of the "Made in Saudi Arabia" program



A vast pool of human resources with highly experienced technical and administrative staff exceeding 1000 employees from 15 different nationalities.



High Saudization rates of young men and women from the country in various technical and administrative fields.



A wide and diverse customer base where we sell and market our products in 5 continents. We export our products to more than 20 countries.

FIPCO is proud to receive the first place award for excellence in local content.



Since the strengthening of local content is a key pillar for achieving the Kingdom's Vision 2030, Fipco has started working with the Local Content and Government Procurement Authority to establish the necessary foundations for measuring the company's local content in line with the Kingdom's vision. The company obtained a very advanced level in the Local Content Measurement Index after auditing its file submitted by one of the entities authorized by the Authority, and the Authority officially approved its classification in early 2020. This approval was reviewed and a higher percentage was obtained in mid-2021, and the percentage continued to increase during 2022. The company has even started to develop the local content percentage of its subsidiary and is targeting additional programs to raise current percentages.

These efforts resulted in FIPCO winning first place in the private sector category and receiving the Excellence in Local Content Award for large enterprises in the industry and mining sector from the Local Content and Government Procurement Authority.

Local content focuses on raising and maximizing national purchasing power, which aims to build a strong and sustainable economy. Based on FIPCO'S continuous commitment to playing its role towards the community and contributing to achieving the goals of the wise leadership in raising the percentage of local content in the national economy, and since the local content criterion is one of the most prominent criteria considered in evaluating companies, FIPCO has adopted a strategic plan and harnessed all its capabilities to raise the percentage of local content it has.

Furthermore, Fipco's high local content percentage compared to other companies operating in the industry and mining sector will have a significant impact on supporting the company's customers and enhancing the added value for them. This will enable them to benefit from raising their own local content percentage and obtain price preference in government competitions and other benefits.

FIPCO was chosen among its competitors from large companies in the industry and mining sector to be crowned first place and receive the Excellence Award from the Local Content and Government Procurement Authority after passing all the evaluation and qualification methodologies set by specialized experts and independent arbitrators.

The award was received by Mr. Abdullah bin Mohammed Al-Harbi, CEO of the company, from His Excellency Mr. Bandar bin Ibrahim Al-Khorayef, Minister of Industry and Mineral Resources and Chairman of the Board of Directors of the Local Content and Government Procurement Authority, and His Excellency Mr. Abdulrahman bin Abdullah Al-Samari, CEO of the Authority, during the Local Content Award Ceremony.

FIPCO will continue to implement and integrate mechanisms that increase the percentage of local content, and make double efforts to make this award a well-deserved achievement that FIPCO seeks to obtain annually.



Certificates of excellence



FIPCO is certified with all relevant certifications related to Quality Management System (9001:2015) & Food Safety Management System (22000:2018)

FIPCO is fully responsible for the quality of its products to customers at all stages of manufacturing. To increase reliability, all FIPCO products have been tested in specialized laboratories and are technically and technically supported by international laboratories with a high reputation, such as the LABORDATA laboratory in Germany and others.

The quality assurance team reviews all stages of production, follows up on specifications and performance at 100%, and conducts scientific and systematic testing to ensure accuracy and awareness.





AD* STAR Bags Cement bags

Side-opening filling bags represent a major breakthrough in the field of packaging. They were specially designed for filling building materials such as all types of cement, gypsum, glue, and others. However, they have recently become widespread in other fields such as organic compounds, chemicals, and petrochemicals.

The reasons for the transition of most industries from paper bags to these bags are to reduce production and transportation losses. It is known that paper bags are easily damaged and cannot withstand moisture or rain, which has prompted most consumers to switch to these distinguished bags.

In addition, some countries require that the materials exported from and imported to them be packed in these types of bags because they are known to be environmentally friendly.



Small Bags

Small woven polypropylene bags are the most widely used products due to their multiple uses. These bags are used to pack food products such as rice, flour, wheat, sugar, salt, and others. They are also used to pack animal feed, chemicals, petrochemicals, recycled materials, and construction materials.

There are more than one type of bag that varies depending on the filling capacity and the type of material packed inside. There are also types that contain an internal plastic layer or an external layer laminated with polyethylene that prevents air or water leakage to preserve the products. In addition, FIPCO complies with the instructions of the Saudi Standards, Metrology and Quality Organization (SASO) to adhere to the Saudi standard specifications in the production of bags with biodegradable materials to protect the environment in all sizes and colors. The capacity of these bags starts from 5 kg and reaches 100 kg.

Our products



FIPCO manufactures more than 20 different products, each with its own uses and purposes. The company also aligns its products to satisfy the aspirations of its customers, in addition to proposing the appropriate product for customers and delivering on meeting their needs while reducing costs.

Our main activity is the production and manufacturing of woven polypropylene bags. These bags combine the advantages of high strength, low weight, water resistance and resistance to environmental changes, making them an ideal solution for packaging problems. They are also ideal products for heavy, sharp, bulk and chemical products with different physical properties. These bags are easily recyclable and can be used more than once, and are available in three different sizes with ties designed to meet the needs of customers.



Jumbo Bags

are large woven bags made of high-volume and high-capacity polypropylene. The capacity of these bags starts from 500 kg and reaches more than 2000 kg.

These bags are used in many fields, including but not limited to construction, food and grain industries, petrochemicals, chemical industries, and mining.

In terms of design and types, there are many designs depending on the customer's request and also the intended use.



Agri Twins

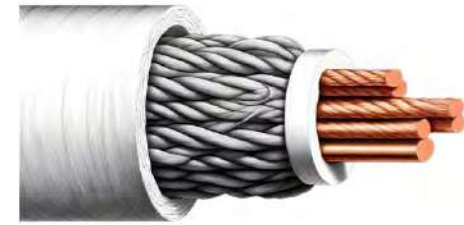
FIPCO offers a wide range of products, including threads for various applications such as agriculture, binding, and knitting. These products are available in different densities, colors, and weights. They also contain a high percentage of UV-resistant materials due to the environmental factors they may be exposed to during use.



Container liner

Woven container liners are covers for containers that are used to package materials inside. They secure the materials during transportation and prevent them from leaking out of the container, thus preserving the value of the product from the country of origin to unloading and consumption. These products are used to transport bulk goods such as petrochemicals, food products, grains, and ground or milled materials of all kinds.

These products come in two sizes: 40 feet or 20 feet depending on the capacity of the container. This product also saves the time and effort required to complete the container loading process, as the process is done automatically by pumping the materials into the bag inside the container to fill the container completely in a few minutes.



Cable Fillers

This product is used in the electrical cable industry and ensures the safety of internal wires. It is manufactured with different and precise dimensions, and the dimensions vary depending on the type of cable, whether it is high, medium, or low voltage.

This product is wound on reels that are either paper, wooden, or plastic depending on the size of the stuffing. It is then wrapped from the outside with a heat shrink plastic material.

In order to meet the needs of customers, FIPCO has produced a cable filling product without using a twist unit. This has been a pioneering and widespread step for some major customers in the production of cables locally and regionally.



Strapping Band

Plastic strapping is used to tie and secure goods and cardboard boxes, such as electrical and electronic appliances, and to secure pallets and concrete blocks to prevent the product itself from slipping or leaking during loading and unloading, which helps to reduce transportation losses.

This product is divided into two types: the first type is made of polyethylene terephthalate (PET) and the second type is made of polypropylene (PP). The type of material and the dimensions of the strap itself vary depending on the type of material that is being secured and tied during transportation. It also varies depending on the type of machines that will be used to tie the straps, including automatic and manual machines. This product is manufactured in different densities according to customer requirements.

Operational performance

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 - 1.3 **Quality control department**
 - 1.4 **Maintenance Department**
- 2 **Sales and marketing management**
- 3 **Purchasing department**





Secondly, the Research and Development Department

In light of the fierce competition between local and regional companies operating in this field, it has become essential to focus on research and development initiatives with the aim of reaching a feasible operating approach to increase production capacity and improve production rates through a typical lean manufacturing strategy. This is done by working on introducing the best global technologies that can improve production processes, raise the quality of existing products, innovate new products, and provide alternative solutions for customers in line with their aspirations and desires.

Since its inception, the main objective of the research and development department has been to focus primarily on product development activities and their applications. During 2023, efforts continued in cooperation with the research and development team of the subsidiary company to develop capabilities in operational excellence areas by activating joint work mechanisms to provide added value and focus on research and development processes and the introduction of new products that achieve added value for both companies.

The company's management also sent some members of the research and development team to visit some exhibitions and companies specialized in manufacturing machines and production lines in Germany, Austria, the United States of America, and the United Arab Emirates. In addition to attracting technical visits from specialized engineers from major companies operating in this field. This is aimed at activating the industrial thinking by introducing the latest systems in this field and keeping up to date with all technical and operational developments, raising operational efficiency, reducing waste rates in the production process, raising the level of preventive maintenance, and developing new products in the company's fields of work. This is followed by developing mechanisms to implement what is appropriate from them and taking them seriously to ensure the priority that enables it to continue its leadership in the local and regional market.

Based on this, the efforts of the research and development team have resulted in stopping dealing with suppliers of intermediate materials used in the production process after the ability to manufacture those materials internally. And passing the relevant quality tests, which affected the reduction of production costs

On the other hand, the company's technical staff has been studying and analyzing all energy sources continuously since 2017. This includes wasted energy, lost energy, discovering the causes of waste, treating weaknesses and efficiency levels to reach accurate results by calculating the optimal cost of energy needed to produce each unit of production processes for productivity to analyze points of consumption and efficiency using a productive method. Then, theoretical methods (%20 & %80) were used, which led to the standard production equation according to the latest technological methods

For more information, the details of FIPCO'S initiatives and programs for sustainable development have been elaborated in a separate chapter in this report.

Operations Management & processes



There is no doubt that operations and processes management is the main driver of FIPCO , as it is responsible for manufacturing all FIPCO products in a way that ensures quality, efficiency, and compliance with customer needs. To achieve this, FIPCO's operations and processes management relies on four main departments that all work in harmony to achieve FIPCO'S goals. These departments are

First, the production department

It is responsible for the main production processes, where it converts raw materials into a final product according to the specific requirements of each customer. This department has several sub-classifications, each of which specializes in manufacturing different products in terms of size, capacity, and application. FIPCO's main products include woven bags of various types, as follows:

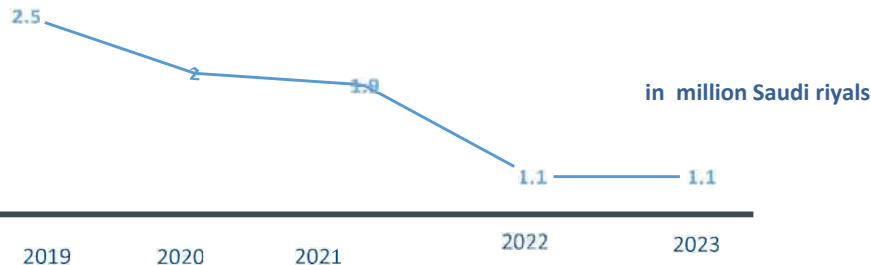


Fourthly: Maintenance Department

This department has a team of specialized engineers and technicians who provide the necessary technical and technical support for machines and production lines to ensure the continuity of work and the manufacture of the required products according to their specified schedule. The department adopts a new policy aimed at reducing the consumption of spare parts and working on development and modifications that reduce energy consumption in line with the procedures taken by FIPCO to reduce energy costs.

As a result of our ongoing efforts to re-engineer some of our machines, we have been able to restore them to their original state and reach their maximum production rates. We have also updated a number of production lines by replacing and renewing some of the machines, which has improved their productivity and reduced energy costs and labor ratios. In addition, we have been able to repair some spare parts instead of buying them from abroad, which has saved us a significant amount of money.

Spare parts consumption rates have decreased over the past two years compared to previous years. The cost of spare parts in 2022 and 2023 was 1.1 million riyals per year, a decrease of 41% from 2021, when the cost of spare parts was 1.9 million riyals. The decrease was 45% from 2020, when the cost of spare parts was 2.0 million riyals. The decrease was also 55% from 2019, when the cost of spare parts was 2.5 million riyals. The following graph shows the impact of the change in the cost of consumed spare parts:



On the other hand, a mechanism was put in place to withdraw spare parts in a systematic manner. This involved monitoring daily withdrawals from the dust sector and limiting the depletion of new parts by repairing parts that can be repaired internally or that can be maintained externally at a negligible cost compared to their replacement value. The positive results of this methodology began to appear in the first quarter of 2022.

The maintenance team has also taken a number of steps to reduce energy consumption. They have expanded the use of idle spare parts by modifying the mechanical and electrical operation of some machines. They have also put in place a mechanism to calculate daily consumption rates and monitor the consumption of machines with high rates. They have developed solutions for these machines without affecting their speed, capacity, or product quality. The team has also continued to develop electrical parts and capacitors to control the machines' electricity consumption. In addition, the team has consulted with a number of companies specialized in conducting energy efficiency studies. They have also conducted studies with other specialized companies to increase the capacity of solar energy. They are also working on a number of other projects that will have strong contributions to rationalizing energy consumption and obtaining the necessary operating energy from alternative sources.

On the other hand, the maintenance department contributes to the implementation of some contracting and renovation works, and some civil works related to all departments of the company, its facilities, insulation works, ventilation and air conditioning solutions, and others, within the framework of their technical capabilities and knowledge, instead of resorting to external contractors for all tasks.

Thirdly, the Quality Control Department

Furthermore, this department is an integral part of FIPCO's daily activities, and one of its sources of strength. It plays a key role in ensuring product quality and compliance with customer requirements and satisfaction.

Because we at FIPCO hold the accredited ISO certificates related to the quality management system and the food safety system 9001 2015 & 22000 2018, we have sufficient laboratory equipment to confirm quality through a highly efficient and professional team. They verify the quality of the raw materials used in manufacturing, review all production stages, and check the technical specifications and endurance of the produced bags according to international standards in this field, taking into account that the selection process is carried out tightly to ensure accuracy until the final product is reached and its compliance with international specifications. Therefore, we confirm that all our products have been tested in our laboratories and supported by international laboratories such as LABORDATA Germany. The company has also obtained a certificate for testing biodegradable products from the Saudi Standards, Metrology and Quality Org.

Customer complaints are always processed after carefully listening to customer feedback and conducting re-inspections and audits accordingly. The necessary corrective actions are then taken and solutions are developed to deal with those comments in the future. Field visits to customers are also coordinated to improve quality levels.



Proposed Operations and Operations Management Development Plan for 2024

- 01 | Continue to improve production efficiency and reduce production process costs
- 02 | Continue to maintain the company's basic infrastructure to ensure the continuity of the production process at the minimum cost and to guarantee non-stoppage, in all buildings and production halls.
- 03 | Work to reduce scrap rates to acceptable levels and to the minimum possible for this field.
- 04 | Commitment to providing training programs for all members of the production system to raise awareness and participation in decision-making and to diversify training programs to include environmental safety and health and occupational health.
- 05 | Continuing to implement the ERP system currently being developed in cooperation with the IT department in order to achieve a distinguished production behavior in terms of production cost calculation mechanism, barcode entry, CRM system, and report window placement. This also includes putting tools for data entry without human intervention to ensure the accuracy and timeliness of reports to facilitate decision-making.

Work on implementing digital transformation plans by utilizing technical staff and under the supervision of specialized technical partners through activating the use of government programs for digital transformation to enable FIPCO to keep pace with the fourth industrial revolution - one of the goals of the Kingdom's Vision 2030 in industrial transformation programs aimed at raising the efficiency of Saudi factories through the following:
 - 01 | Updating production lines to improve quality and operational efficiency, which will allow the company to increase its market share and export rate.
 - 02 | Digitization of production lines in line with the fourth industrial revolution, which increases production efficiency.
 - 03 | Work on the integration of artificial intelligence and IoT technologies in all stages of the manufacturing process, warehouse operations, and other areas where this type of development is desired
 - 04 | Reducing default rates and the costs incurred, and providing working capital sufficient to meet the company's expansion activities.
 - 05 | Automating the company's operations and production lines, which increases production capacity and reduces reliance on manual labor.
 - 06 | Improving the company's financial solvency to enable it to expand its sales, especially export sales.
 - 07 | Adding new products to give FIPCO's product basket additional diversity.
 - 08 | Investing in sustainability initiatives, particularly in clean energy, which saves on energy costs.

Highlights of the Operations Department's Achievements in 2023

- 01 | Studies were previously conducted to accurately determine the specifications and technical characteristics required to update the machines in order to increase productivity and improve product quality. Some machines that proved to be economically feasible were purchased during 2021 and 2022, and the upgrade plan was completed during 2023.
- 02 | We worked continuously with suppliers of machines and production lines to adopt joint development initiatives. These efforts were crowned with success in the creation of production units that contributed significantly to reducing the percentage of waste, increasing productivity, and saving time and effort.
- 03 | We utilized the specialized exhibitions and research forums that we attended to modify production equations and manufacturing mixes. This improved the properties of finished products and reduced manufacturing costs.
- 04 | We will continue to update our recycling machines and expand the use of recycled materials in the production of finished products. We also signed a Memorandum of Understanding (MoU) with Qima Saudi Arabia on July 11, 2023, with the aim of enhancing cooperation and mutual and joint investment in research projects, especially in areas related to the recycling of plastic products by both parties. The MoU also aims to create new products with high-quality properties that serve different purposes and are easy to recycle.
- 05 | We regularly review and optimize the number of employees and align qualified employees in all production departments. We also replace some employees with more experienced and technically knowledgeable workers, and outsource some non-technical jobs to workers who do not require extensive technical skills and knowledge. This has significantly reduced our labor costs.
- 06 | We are expanding our use of female national technical staff in all FIPCO production departments. We are also re-engineering the work environment to accommodate the presence of women in all manufacturing stages.
- 07 | We will continue to conduct the necessary studies with specialized entities and companies related to implementing agile solutions and digital transformation in all production and warehouse stages.



Participation in and arrangements for meeting potential customers at local and international exhibitions are one of the most important pillars on which the sales and marketing team relies to expand the customer base and attract new customers from different countries of the world. This is done through the distinguished and effective presence in most of the global events and activities that take place in our field of business, which are carefully selected according to geographical diversity. To this end, Fipco participated in a number of regional and international exhibitions and also visited several international and regional exhibitions during 2023 in Saudi Arabia, Egypt, the Emirates, Turkey, Germany and Italy. This is part of its efforts to implement its expansion strategy by increasing its export rate with the aim of distributing sales to the largest possible segment and the largest possible number of strategic customers on a steady basis during the next few years, in line with the government's direction and to benefit from the support programs allocated for this purpose.



Throughout 2023, Fipco continued to gain the trust of its clients, with whom it has maintained strategic relationships for over twenty years. These relationships are typically with government, semi-government, and global companies through tenders and competitions that often lead to long-term contracts of up to three years. Fipco has successfully signed contracts with major local and international companies, including food companies in various fields across the Kingdom, specialized petrochemical companies, local and international cement companies, mining and sand companies, building materials companies, and others. Fipco has also successfully entered into contractual relationships with clients in Africa, in addition to renewing agreements with a number of clients who had been discontinued for various reasons over the past years. The company has already renegotiated and signed agreements with a number of them, and has even succeeded in reaching clients in different countries that Fipco had never entered before, despite the difficulty of entry and competition in those regions.



Throughout 2023, Fipco continued to invest in its technical infrastructure and leverage its presence and marketing through social media platforms and activate e-commerce to a greater extent. This was achieved by supporting its website with more technical information about its products, making it easier for customers to access, inquire, and order online. The company also expanded its electronic marketing campaigns through specialized global e-commerce companies. In addition, it launched promotional videos to introduce the company and its products, ensuring its wider presence on social media platforms such as LinkedIn and Alibaba, and other digital marketing tools used globally.

Sales & marketing management



Fipco markets and distributes its products through a qualified, experienced, and highly efficient team of employees from various nationalities. This team is dedicated to serving all segments of Fipco's customers around the world. Our customer base includes local, regional, and international companies from five different continents around the world. This is in line with one of Fipco's most important strategies for expansion and growth, which relies on the quality of our products and the efficiency of our marketing team. The core activity of the sales and marketing department is to market, sell, and distribute Fipco's main products, including bags and others, in all their different types.

Throughout 2023, the sales and marketing team continued their efforts to expand in the local and international markets. They did this by coordinating and working on visits and continuous communication with customers, both before and after sales. This was done to gain customer loyalty and increase Fipco's market share in local and international markets in a sustainable and satisfactory manner.

Fipco continued to implement its plans for expansion and geographic spread. It focused heavily on sales of large bags, small bags, side-valve cement bags and cable fillers, while also making efforts to sell and market more other products, especially those that do not require a large workforce and are manufactured primarily on automatic machines

On the other hand, and within the framework of implementing Fipco's plans and initiatives for sustainable development, Fipco, in cooperation with governmental and semi-governmental entities, worked on developing and converting cement bags into plastic bags instead of paper bags for the local market. This development will have a 100% local return. These experiments were very successful, as the production of these bags will be local in the process of concluding supply agreements with a number of targeted companies, with government sponsorship and support. This transformation is one of the targets of the Program for Sustainable Demand for Petroleum and Support for Oil Conversion Industries.

Given the intense competition in the local and global market for such products, Fipco is looking to target major customers to gain a larger market share. This is based on its increasing production capacity, the efforts of the research and development team, and the initiatives that can be adopted by visiting exhibitions and searching for new technologies in the industry to improve the quality of products and distinguish itself from competitors in terms of technical specifications.



The following are additional achievements of the purchasing department in 2023:

TAX FREE

Fipco Obtained an Exemption for Key Raw Materials for 5 Years



FIPCO's Customs Exemptions Renewed to Cover Spare Parts



Regularly Reviewing and Tracking Inventory While Minimizing Safety Stock Levels for Each Material Based on Its Sensitivity



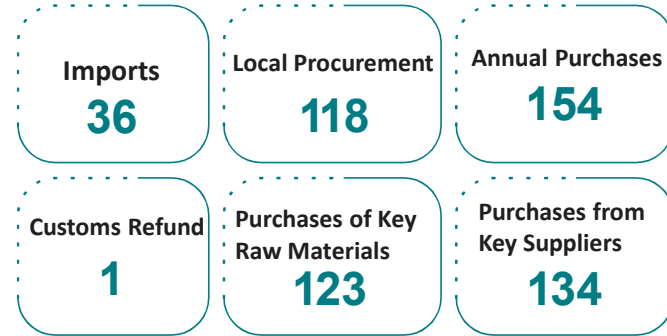
Benefiting from the Authorized Economic Operator Program to Facilitate Clearance Procedures, Expedite Cargo Release, and Ensure Prompt Refund of Customs Duties



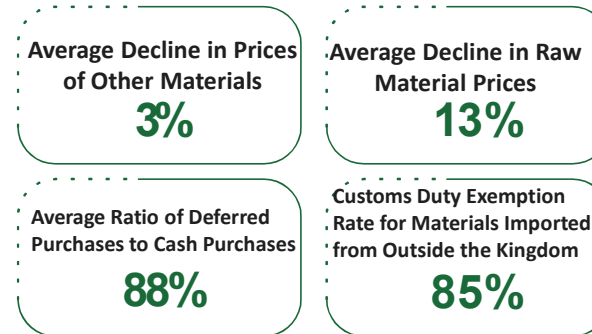
Purchasing Management



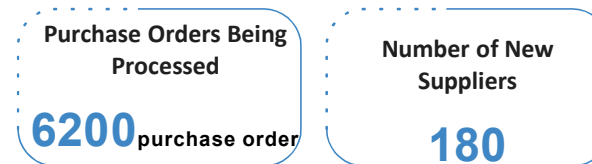
Key Figures for FIPCO and FPC Industries Co. in 2023



In million riyals



Key Ratios



Important Numbers

3

FPC Industries Co.

Contents

- 1 Project Concept
- 2 Competitive Advantages
- 3 Vision and Mission
- 4 Background Information
- 5 FIPCO's Objectives for the Project
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- 16 Targeted Projects



FPC
Coated Technical Textiles

Competitive advantages



A highly skilled and experienced team with diverse expertise from different countries around the world.



Production lines designed to manufacture a wide range of products.



The world's only factory that coats fabrics with both PVC and PTFE under one roof.



We are dedicated to research and development, driving the creation of value-added products and innovative solutions.



Saudi Arabia's trailblazing factory receives the prestigious Saudi Quality Mark for the majority of its products from the Saudi Standards, Metrology and Quality Organization.



Leveraging the State's Pioneering Initiatives and Programs to Drive Local Content and Achieve Localization of Government Procurement

Localizing the technical textiles industry to meet the local demand from the government and private sectors, and to replace imported products.



The first factory of its kind in the Middle East in terms of production technology and the fifth in the world in terms of production capacity and product diversity.



Aligning with Saudi Vision 2030 and meeting the demand for current and future projects that serve the vision's goals.



A smart factory where most manufacturing processes are automated and rely on a small number of workers.



State-of-the-art production lines that represent the latest in European technology.

Manufacturing of Technical and Industrial Textiles from High-Density Yarns Coated with Polyvinyl Chloride (PVC), Silicone or Teflon, Abbreviated as (CTF)

Project Concept



Value



Excellence



Honesty



Trust



Respect



cooperation



initiative

Mission

Meeting the needs of our customers with the highest quality and the best price, and building long-term trust relationships on a global level from the heart of the Kingdom of Saudi Arabia.

vision

Our vision is to be a leader in the technical textile industry in local, regional, and global markets.

basic information

FIPCO's objectives from the project

1

The company seeks to increase its engagement in specialized manufacturing industries, leveraging its over 30 years of accumulated expertise in the textile industry.

2

Diversification of Investments and Risk Reduction Initiative

3

Enhancing shareholder returns and creating added value for all stakeholders.

4

Diversification of Investments and Risk Reduction Initiative

5

Targeting to export at least 60% of products in line with the Kingdom's plans to increase the percentage of non-oil exports.

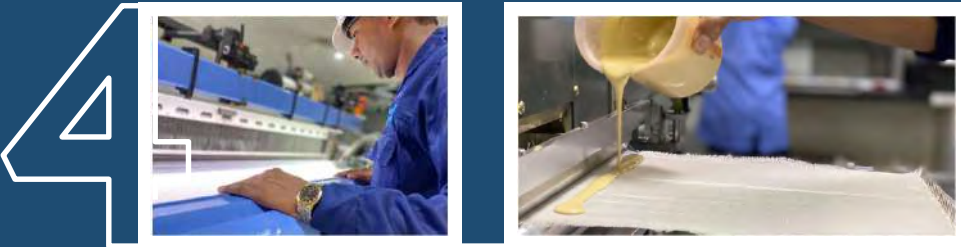
6

Catering to the needs of the regional market and opening up broad export horizons for penetration into global markets.

FPC Industries Co.	sub company
Closely Held Joint Stock Company In a landmark restructuring move, the company successfully transitioned from a Single-person Limited Liability Company (LLC) to a Public Joint Stock Company (PJSC), increasing its capital from 18 million SAR to 70 million SAR. This transformative step was approved by the Board of Directors and finalized after completing all regulatory requirements. The change was officially announced on the Saudi Stock Exchange (Tadawul) website on October 18, 2023.	legal entity
Manufacturing Industries and Their Branches	primary activity
Technical and industrial textile manufacturing from high-density threads coated with polyvinyl chloride (PVC), silicone or teflon. (CTF)	sub activity
70,000,000 riyals On October 18, 2023, the company's legal entity was changed from a limited liability company owned by one person to a detailed joint stock company. The company's capital was also increased from 18 million riyals to 70 million riyals. These changes were made in accordance with the decisions of the Board of Directors and after completing all the relevant regulatory procedures. The changes were announced on the website of the Saudi Stock Exchange (Tadawul).	capital
2017 AD	year of establishment
Kingdom of Saudi Arabia	country of establishment
Kingdom of Saudi Arabia	country of operations
100%	FIPCO ownership percentage (direct)
do not apply	Partners and Ownership Shares
The company commenced commercial production in early Q2 2019. In 2023, the company's revenues reached SAR 72.9 million, compared to SAR 58.3 million in 2022, representing a growth of 25%.	Total Revenue for 2023

Stages of the Production Process

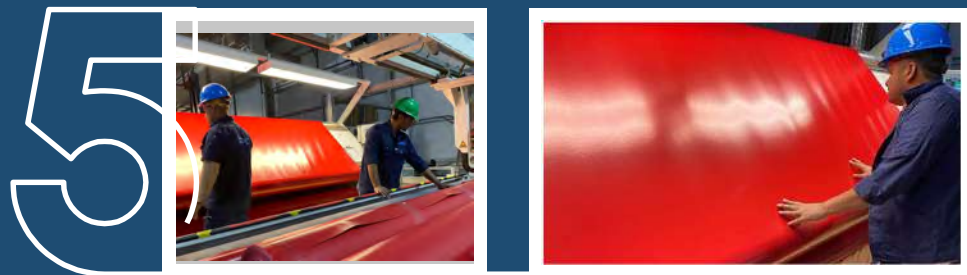
QA & QC |



Warping |



Inspection |



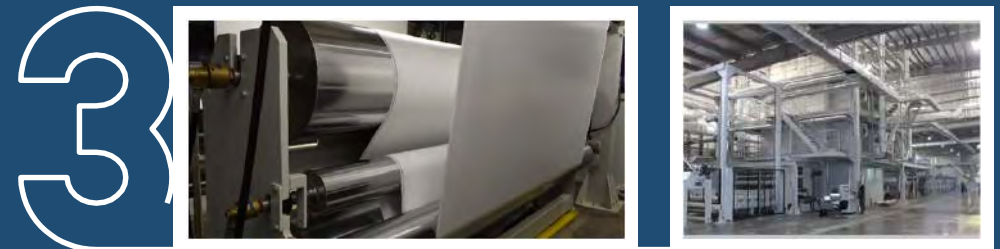
Weaving |



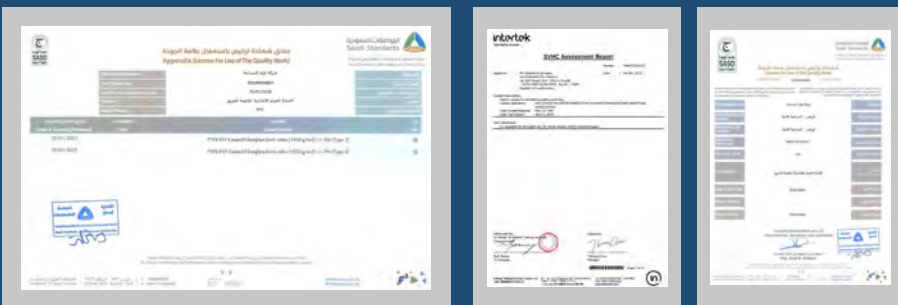
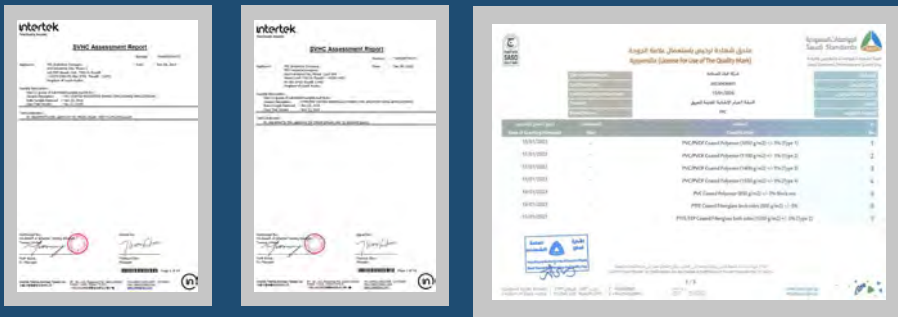
warehousing



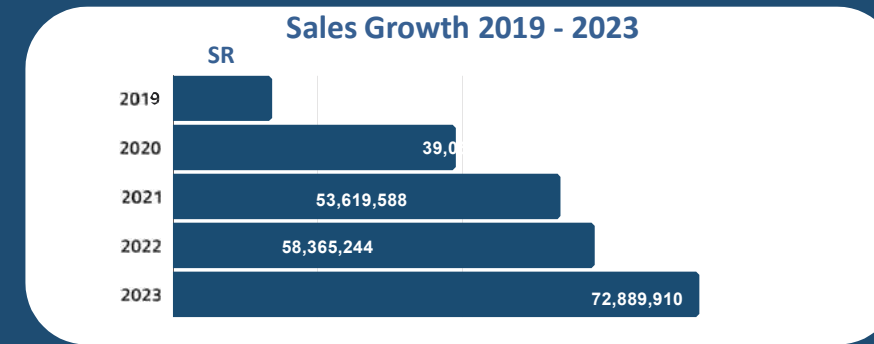
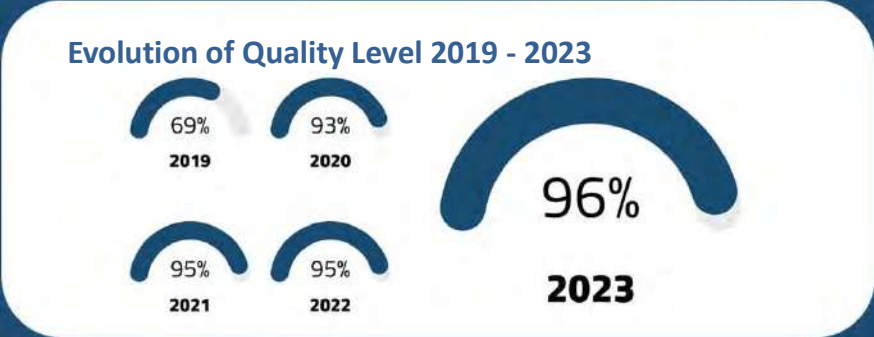
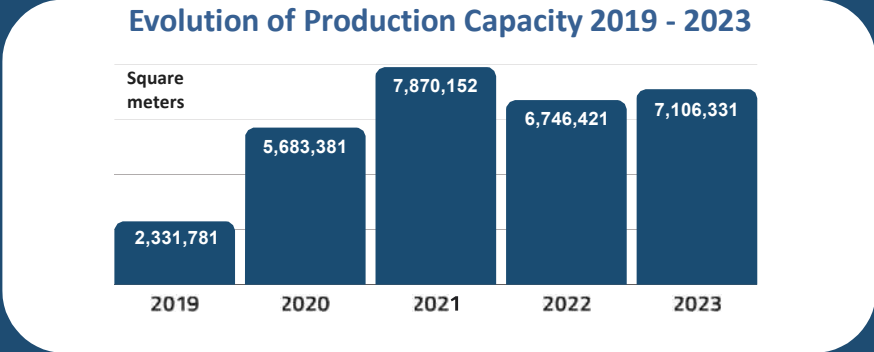
Coating



Quality Certifications



sales, Production Capacity, and Quality Levels



Key Partners



Quality Certifications and Confirmations



الهيئة السعودية للمواصفات والمقاييس والجودة
Saudi Standards, Metrology and Quality Org.



2022



2023



Exhibitions and Events

2019



2020



Targeted Exhibitions

2024

Blockout



Architectural Tensile:
Technical Fabric



PTFE Fabric



Product:Line:and:Applications

Signage, Billboard & Sign Board Technical Fabric



Tarpaulin Truck & Covers



Isolation PVC



Facade



Waterproof
Technical Fabric
for swimming
pools



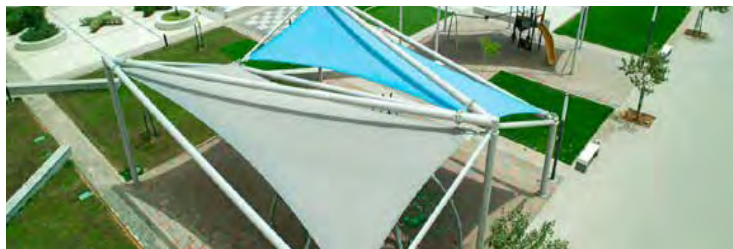
Hajj
tents



Foldable
Water
Tanks



Sun shades Technical Fabric



Technical Fabric for
Military Applications





Diriyah Motor Show
Riyadh



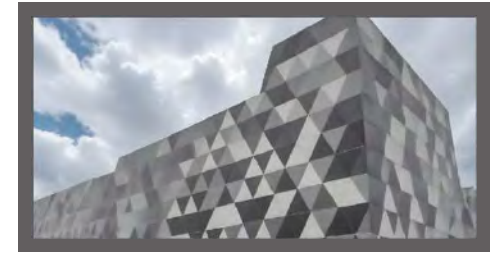
Riyadh Gardens



Jeddah Comiche



Second Health Cluster Hospital
Jeddah



Financial Center Parking
Riyadh



Hajj tents Mecca





Administrative capital
Egypt



Air Dome
Greece



Air Dome
Finland



Air Dome
United States of America



One of the military projects
undisclosed



Military Projects
Undisclosed

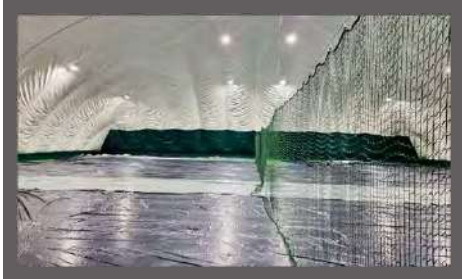




Oslo,
Norway



Air Dome
Greece Jordan



Brentford,
London



Images of Some of Our Projects



Field Hospital
Sierra Leone -Africa



Air Dome
Jordan



Air Dome
Greece



Signing of a Memorandum of Understanding (MoU) with DBS Engineering

2023



- Memorandum of Understanding Aims to Establish Leadership in Air Dome Technology Using Safety-Certified, Fire-Resistant Fabrics with Physical Properties Tailored to Specific Applications

- This Memorandum of Understanding (MoU) is the culmination of the efforts of the research and development teams of both companies, who have successfully innovated and developed products with unique aesthetic and advanced qualities that contribute to the implementation of unique projects around the world.

- The Memorandum of Understanding (MoU) has a duration of one calendar year, starting from July 2023, and is renewable for a similar period. The MoU also includes the desire of both parties to enter into a long-term contractual relationship for a period of 10 years.

- These fabrics have undergone rigorous testing and have successfully obtained the relevant quality certifications. The strategic partner (DBS Engineering) is reliable and qualified, possessing the necessary experience, knowledge, approach, and skills to implement unique, high-quality projects with a long lifespan. They have a proven track record of successfully executing air dome projects in various regions worldwide.

- Both companies aim to revolutionize sports infrastructure and the exhibition and event hall industry by expanding the use of air dome technology. This technology prioritizes not only energy efficiency and durability but also meets the highest safety and fire resistance standards

- The Memorandum of Understanding (MoU) aims to strengthen cooperation and joint investment in research projects, and leverage the integrated knowledge, technical expertise, and track records of both companies.

This Memorandum of Understanding (MoU) has been signed in line with the Kingdom's aspirations to achieve the goals of Vision 2030 by expanding infrastructure and hosting major global events in the sports, arts, and culture sectors. The MoU also aims to fulfill the company's role in promoting demand for local content.

- This Memorandum of Understanding (MoU) does not involve any related party interests. It does not create any financial or legal obligations for either party towards the other. Any agreements resulting from this MoU will be formalized in detailed agreements and contracts at a later stage.



Key Achievements of the Company in 2023



Growth in Export Sales

from 21 Million to 26 Million Riyals

by 24 %

25% Increase in Sales

Obtaining a Quality

Mark Certificate



For products



Product Development

Development of High-Quality Products Resistant to Fire and Toxic Fumes According to European Standards

FPC plans for 2024

Continuing to hire sales representatives in targeted countries based on market research and with a flexible commission system linked to sales targets.
Continuing to expand retail operations and open branches in various regions of the Kingdom to sell the company's products with different quality levels according to market needs.
Continuing to establish framework agreements to enter into contractual relationships with raw material suppliers to obtain preferential benefits and competitive prices, provide the company with an annual return on its annual purchase volume, and ensure supply and mitigate the risks of not obtaining the necessary materials for manufacturing on time, especially in light of the political and economic changes that the world has been witnessing recently.
Continuing to update the company's website and develop promotional and advertising materials for marketing the company's products, and improving the company's visibility on global search engines and social media.
Implement automated solutions in the company's warehouses to facilitate the shipping, transportation, and distribution processes.
Continuing to establish the technical infrastructure to connect all machines and production lines to the resource management system and issue the necessary reports to make the appropriate decisions.
Develop new products based on the requirements of local and global markets.
Targeting the announced projects of the Ministry of Sports aimed at constructing 11 sports stadiums.
Leveraging the initiatives of the Local Content and Government Procurement Authority to mandate government sectors and state-owned companies to give price preference to national products.
Capitalizing on the announced projects in the tourism, entertainment, sports, event management, and hosting of major global events sectors.
Collaborating with our trusted partners in the US, Turkish, and European markets to establish joint ventures both domestically and internationally.

•With regards to sales and marketing activities, the focus was on the following:

•Providing and improving sales and after-sales services through:

- 1 •Handling each complaint and ensuring it is resolved in a way that does not affect our relationship with customers.
- 2 •Hiring regional supervisors to follow up with customers and provide faster and more professional service.
- 3 Equipping regions with POS devices and evaluating and improving the efficiency of the workforce in proportion to the size of each region.
- 4 •Facilitating direct customer access to the company through continuous visits by the sales manager to branches and visits to major customers.
- 5 Licensing the company's stores and warehouses.
- 6 Equipping regions with sales devices and issuing electronic invoices.
- 7 Subscribing to e-commerce platforms and information on major local and global projects, including the following platforms:



الهيئة العامة للتجارة الخارجية
Saudi General Authority of Foreign Trade



The product under investigation

product name: Woven fabrics or impregnated, coated, covered or laminated polyvinyl chloride (PVC) sheeting, whether in rolls, tarpaulins, awnings, tarpaulin sails, or cargo covers

Product Description: The product is a woven polyester fabric coated with polyvinyl chloride (PVC) on both sides. It is then treated with acrylic or polyvinylidene fluoride (PVDF) on both sides. The fabric weighs between 200 and 2000 grams and has a tensile strength of 2000 to 10,000 Newtons. It is available in various colors upon request.

Similar domestic product

FPC Industries Co submitted evidence in its complaint application that the product it produces is similar to the product under investigation. The company provided evidence that the product under investigation and the similar domestic product share the same physical and chemical characteristics, production process, technology, use, distribution channels, and customs classification.

Accordingly, for the purposes of initiating the investigation, it became clear to the agency that the product produced by the domestic industry is

The countries concerned



FPC Industries Co stated that it was unable to obtain a total statement of imports of the investigated product from all sources during the investigation period and the injury assessment period. The company was unable to identify the statement of imports of the investigated product through the data published by the General Authority for Statistics for the two items referred to, from official sources in the Kingdom, and to process and separate it from other products with a description that does not fall within the scope of the investigated product.

At the request of FPC Industries Co, the agency obtained detailed import data for the two items referred to from official sources in the Kingdom. The agency processed and separated the data from other products with a description that does not fall within the scope of the investigated product. The agency provided FPC Industries Co with a total statement of the investigated product to the Kingdom from all sources for the two items referred to during the investigation period and the injury assessment period.

Pursuant to paragraph (7) of Article 6 of the Regulation, it became clear to the agency for the purposes of initiating the investigation and according to the processed statement of imports that the percentage of imports of the investigated product from the countries concerned during the investigation period is not less than 3% of the total imports of the Kingdom of the investigated product. The volume of imports from the People's Republic of China represents 62% and the volume of imports from the Republic of Korea represents 24% of the total volume of imports of the Kingdom during the investigation period.

anti – dumping complaint



The General Authority for Foreign Trade (GAFT) announced in the Official Gazette (Umm Al-Fari) on November 30, 2023, the initiation of an anti-dumping investigation against imports of: Printed or impregnated, coated, covered or laminated fabrics of polyvinyl chloride (PVC) (whether in rolls, tarpaulins, awnings, cargo covers, or impregnated or coated fabrics with PVC leaders) of any origin or source.

Pursuant to the powers vested in the Governor of the General Authority for Foreign Trade (GAFT) under the Foreign Trade Remedies System issued by Royal Decree No. (M/60) dated 1444/4/2H, corresponding to 2022/11/23, the Governor has decided to initiate an anti-dumping investigation against imports of: Printed or impregnated, coated, covered or laminated fabrics of polyvinyl chloride (PVC) (whether in rolls, tarpaulins, awnings, cargo covers), of any origin or source, from the People's Republic of China and the Republic of Korea. This decision was made based on the recommendation of the Trade Remedies Agency at the GAFT.

Complaint Acceptance Process:

The agency received a complaint supported by documentation from FPC Industries Co.. The complaint was supported by Al-Obeikan Technical Textiles Limited Company. The complaint request meets the conditions set forth in Articles 4 and 5 of the Regulations. The complaint alleges that imports of printed or impregnated, coated, covered or laminated fabrics of polyvinyl chloride (PVC) (whether in rolls, tarpaulins, awnings, cargo covers) of any origin or source from the People's Republic of China and the Republic of Korea are being dumped into the Kingdom at dumped prices and are causing material injury to the domestic industry. The agency accepted the complaint and registered it in the complaints register.

The agency then studied the accuracy and sufficiency of the evidence presented in the complaint to determine whether there was sufficient evidence to justify the initiation of an investigation in accordance with paragraph (1) of Article 6 of the Regulations. The report was submitted to the Governor with a recommendation to initiate the investigation in accordance with paragraph (3) of Article 6 of the Regulations. The governments of the countries concerned were also notified on 27 November 2023 of the receipt of the complaint in accordance with paragraph (4) of Article 6 of the Regulations.

FPC Industries Co. provided evidence that its actual production volume represents more than 25% of the total domestic production in the Kingdom of the similar domestic product. The company estimates that its production volume, together with the production volume of the supporting company, represents 100% of the total production of the Kingdom of the similar product during the investigation period.

The agency studied the accuracy and sufficiency of the evidence of local industry representation presented in the complaint, relying on data available from official sources in the Kingdom and data on the actual production of the similar product provided to the agency by FPC Industries Co and the supporting company.

The agency found that for the purposes of initiating the investigation, in accordance with paragraph (1) of Article 4 of the Regulations, the actual production volume of the complaining company exceeds 25% of the total domestic production in the Kingdom of the similar product during the investigation period. The agency also found that the actual production volume of FPC Industries Co and the supporting company together represents 100% of the Kingdom's production.

Investigation period

Investigation period: from 1/7/2022 to 6/30/2023

Damage assessment period: from 1/1/2020 to 6/3/2023

Time frame for conducting the investigation

According to the system, the investigation period shall not exceed (twelve months starting from the date of publication of the announcement of the initiation of the investigation). The governor may, if necessary, extend the investigation period for one or more additional periods not exceeding a total of eighteen months from the date of the announcement of the initiation of the investigation. The Authority shall publish a general announcement of any extension of the investigation period.

Interested parties

Exporters, foreign producers and importers of the product under investigation, trade or professional associations whose majority members are producers, importers or exporters of the product under investigation, local producers of the similar product. Trade or professional associations whose majority members are producers of the similar product in the Kingdom, producers in the Kingdom who include the product under investigation in their industrial inputs, governments of the exporting countries, and any other local or foreign parties with a direct interest in the product under investigation. Provided that the interested party declares itself within the time period specified in the announcement.

The Authority shall notify the known interested parties to the agency and the governments of the concerned countries through their embassies in the Kingdom of this announcement, including the non-confidential text of the complaint. The governments shall send this information to the producers and exporters in their countries

The Authority shall allow the interested parties the opportunity to comment and express their views on the complaint and the announcement of the initiation of the investigation within 37 days from the date of sending the notification of the announcement and the non-confidential text of the complaint to the known interested parties and the governments of the concerned countries. The agency may, at its discretion, accept an extension of this period (37 days) by no more than 10 days, based on a written approval from the agency to any of the interested parties if it is practical and based on a written request with reasons submitted to the agency by the interested party, provided that the agency receives the request for extension of the period from the interested party before the original period enters the last 5 days of the original period. The agency may, at its discretion, and if it finds it necessary, extend this period for more than ten days, and this extension shall be granted to all parties involved in the investigation.

If the interested party submits the required information in accordance with the terms and conditions set by the Authority, and the agency finds that parts of this information are not typically complete, or if it finds that some of the answers are insufficient and need further clarification or for any other objective and justified reasons, the agency will not reject this information immediately, but will send the interested party additional questions to request completion of the information or its correction within a specified period of time, provided that this does not cause disruption or delay of the investigation procedures.

Sampling technique

Sampling is used when the number of producers of a similar product in the Kingdom is large, or the number of exporters or importers of the product under investigation is large, or when the number of shipments or the number of varieties of the product under investigation is large. When it is impractical to limit the investigation to this large number, it is permissible to limit the investigation to an appropriate number of producers, exporters, importers, shipments or varieties by using a sample. The use of the sample should be based on statistically valid samples according to the information available to the agency at the time of determining the sample or based on the largest percentage of the production or sales volume of the concerned local producers or the volume of exports from the concerned country or the volume of imports for the concerned importers or the volume of sales for the shipments or varieties that it is appropriate to verify during the period available to conduct the investigation

The agency determines the final sample that will be used in the investigation. In order to determine an appropriate sample, the agency may consult with the producers, exporters or importers involved in the investigation and reach a sample acceptable to them, provided that the producers, exporters and importers have declared themselves in the investigation and provided sufficient information to the agency.

Dumping allegation

FPC Industries Co. submitted evidence obtained from private sources about the average export price of the investigated product when exported from China to the Kingdom during the investigation period, at the Free On Board (FOB) delivery level.

FPC Industries Co. also provided evidence of the investigated product's export price through the selling prices of the investigated Korean product during the investigation period in the local market of the Kingdom at the delivered duty paid (DDP) level. They made the necessary adjustments to arrive at the export price at the Free On Board (FOB) delivery level.

Normal value

With regard to the People's Republic of China, FPC Industries Co provided evidence of the normal value of the like product in the exporting country through the export price from China to a third country, using China's export prices to Malaysia during the investigation period. This is because the Malaysian market is similar to the Chinese market and the volume of Chinese exports to Malaysia of the like product is similar to the volume of Chinese exports to the Kingdom. FPC Industries Co also stated that there are no investigations or measures currently being imposed by Malaysia on Chinese exports of the like product.

Regarding the Republic of Korea, FPC Industries Co provided evidence of the normal value of the like product in the exporting country through the export price to a third country, using Korea's export prices to Japan during the investigation period. This is because the Japanese market is similar to the Korean market and the volume of Korean exports to Japan is similar to the volume of Korean exports to the Kingdom. FPC Industries Co also stated that there are no investigations or measures currently being imposed by Japan on Korean exports of the like product.

Dumping margin

FPC Industries Co based its claim when determining the dumping margin on the comparison between the export price of the investigated product and the normal value of the similar product at the same delivery level, for each country concerned. This comparison resulted in the existence of a dumping margin for each country of not less than 2%.

The agency studied the accuracy and sufficiency of the dumping evidence provided in the complaint, which related to the normal value, export price, and dumping margin calculations. The agency found, for the purposes of initiating the investigation, that the alleged dumping margin determined by FPC Industries Co for each of the countries concerned was not less than 2%, which is considered sufficient for the purposes of initiating the investigation

Claiming damage and the existence of a causal relationship

FPC Industries Co provided evidence that there was a significant increase in the volume of imports alleged to be dumped, both in absolute terms and as a proportion of production and consumption, during the investigation period. The company also claimed that the volume and prices of these imports had a negative impact on the price levels of the like product and on the economic indicators of the domestic industry, causing it material injury during the investigation period. The manifestations of this injury included the following:

Price difference and price suppression.

Decline in sales volume.

Decline in market share of local sales.

Decrease in wages, decrease in productivity.

Net loss.

Negative return on investment.

Inability of the company to raise capital and grow.

Impact of the size of the dumping margin.

The agency studied the accuracy and sufficiency of the evidence of material injury provided in the complaint. It found, for the purposes of initiating the investigation, that there was an increase in the volume of imports alleged to be dumped, both in absolute terms and as a proportion of production and consumption. The agency also found, for the purposes of initiating the investigation, that these imports had caused material injury to FPC Industries Co during the investigation period, and that this was sufficient to initiate the investigation.

Subsequently, on December 3, 2023, Fipco published an announcement on the Saudi Stock Exchange (Tadawul) and on its website regarding the issuance of a decision by the General Authority for Foreign Trade to accept and initiate the investigation procedures into the complaint filed by the FPC Industries Co. for anti-dumping against imports of textile products and fabrics coated with PVC from the People's Republic of China and the Republic of Korea.

Fipco confirms that its goal in submitting this complaint is to impose customs duties equal to the damage caused by imports from the countries subject to the complaint. The amount will be determined by the investigating authority if it is applicable and consistent with the General Authority for Foreign Trade's system, as indicated.

Fipco expects a positive financial impact, but it is difficult to quantify at this time due to market conditions and the course of the investigation. Fipco also believes that there will be a limit to the harmful practices of the imports referred to during the investigation period.

The financial impact can be said to be linked to the percentage of anti-dumping measures that will be imposed (if by any chance) and the market share that will be available after the imposition. It is important to note that the impact will begin to appear and grow from the date of the imposition of the fees, which is 12-18 months after the date of the announcement.

The impact may also begin to appear from the date of the announcement of the start of the investigation. This is because we believe that the sales of the dumping companies in the Saudi market will decline immediately after they know about the start of the investigation, for fear of the problem worsening.

This decision comes as the culmination of the company's efforts over the past two years. Over the past few years, the company has struggled to meet its sales targets and its financial results have been affected by unfair competition and dumping practices by Chinese and Korean companies. As a result, the company formed an internal team to reduce costs and conduct research, tracking and evidence gathering. The complaint was then officially filed with the General Authority for Foreign Trade, where the company presented evidence of its production capacity compared to local demand levels. The company also provided confirmation that the product under investigation and the similar local product have the same physical and chemical properties, production process, technology, use, distribution channels and customs classification. The company also provided evidence of dumping practices in the local market.

Fipco confirms its full readiness to follow up on the work and participate in all stages of the investigation in cooperation with the relevant authorities until anti-dumping duties are applied. Fipco will continue its efforts to implement preventive measures according to the system in order to maximize and accelerate the impact.

Fipco will keep its shareholders informed of any developments related to the complaint and the financial impact of these developments, if applicable, and according to materiality and relative importance.



The official authority's account on the X

Provisional measures

A decision may be taken to impose provisional anti-dumping measures in the form of provisional duties or security based on an anti-dumping investigation that has shown preliminary positive results that dumped imports have caused injury to the domestic industry and that the application of provisional measures is necessary to prevent damage during the investigation in accordance with the provisions of the system and regulations.

Provisional anti-dumping measures may not be imposed until at least 60 days after the start of the investigation, and provisional anti-dumping measures may not be imposed for more than 4 months from the date of their imposition. However, the period may be extended by up to 6 months if the investigation takes measures that would impose a measure less than the dumping margin sufficient to eliminate the damage.

Basic facts

The Authority notifies the interested parties of the report of the essential facts on which it will base its final results and gives them a suitable period of not less than 7 days to comment on it and defend their interests. The agency then prepares its report with the final results and recommendations for submission to the Chairman of the Board of Directors of the Authority to take the final decision on the final results and recommendations.

The Authority notifies the interested parties of the report of the essential facts on which it will base its final results and gives them a suitable period of not less than 7 days to comment on it and defend their interests. The agency then prepares its report with the final results and recommendations for submission to the Chairman of the Board of Directors of the Authority to take the final decision on the final results and recommendations.

Public interest stakeholders

Public interest stakeholders are: government agencies, institutions and civil society organizations in the Kingdom that do not fall within the definition of interested parties, and have an opinion on the impact of imposing measures on the public interest. These include, for example: entities concerned with consumers, public health and local market competitiveness, and other entities concerned with public interest issues.

The Authority allows public interest persons 15 days from the date of the announcement to register themselves in the investigation as public interest persons. They submit their views on the extent to which the imposition of measures will affect the public interest, and whether the imposition, extension, non-imposition or termination of measures serves the public interest, and provide written evidence to prove that any of the decisions will have more benefits for the public interest.

The Authority does not accept any information about the public interest from parties that have not declared themselves as public interest persons within the specified period or do not meet the conditions for being considered public interest persons. It also does not accept any party as a public interest person if they are themselves an interested party or are related to an interested party, without prejudice to the right of the interested party to submit all evidence and information to defend their interests during the investigation.

Official Gazette of the Kingdom of Saudi Arabia (Umm Al-Qura)

Targeted projects

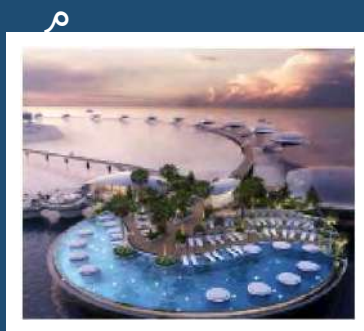
Al – Qadiyah



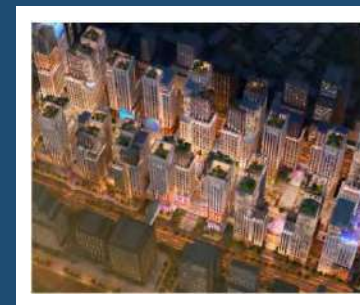
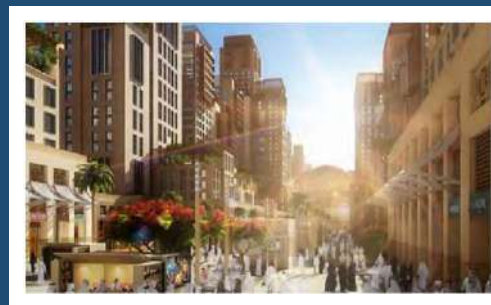
Diriyah Gate



Red Sea project



Umm al-Qura



4

Financial performance

Contents

1	Company Sales
2	performance of each activity of the company's business volume
3	operating profits
4	net profits
5	Earnings per Share (EPS) in Saudi SAR
6	Asset Growth Development
7	Assets to Liabilities Ratio
8	Liabilities to Equity Ratio
9	change in equity
10	Liquidity Ratios and Indicators
11	Geographical Analysis of Fipco's Revenues
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13	Regular Payments
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15	Fines
16	Deviation from the Application of any Applicable Accounting Standards



second : performance of each activity of the company's business volume

1- Jumbo Bags

Jumbo bag sales reached SAR 60.5 million in 2023 AD, compared to SAR 68.3 million in 2022 AD, representing a decrease of 11.42%. This decline is attributed to lower average selling prices, despite higher customer demand throughout 2023 AD. Jumbo bags account for approximately 25.4% of total sales.

1M SAR	YEAR
60.5	2023
68.3	2022

2- Fabric and other types of bags

FIPCO's sales of fabric and other types of bags reached SAR 72.1 million in 2023 AD, compared to SAR 100.3 million in 2022 AD, representing a decrease of 28.1%. This decline is attributed to lower customer demand during 2023 AD. These products account for approximately 30.3% of total sales

1M SAR	YEAR
72.1	2023
100.3	2022

3- Twisted Products.

Sales of twisted products (cable fillers - agricultural hanging and tying threads) for 2023 AD reached SAR 32.5 million, compared to SAR 32.4 million for 2022 AD, a slight increase of 0.3%. This increase is attributed to higher customer demand during the period, despite lower selling prices. Twisted products account for approximately 13.7% of total sales.

1M SAR	YEAR
32.5	2023
32.4	2022

4- Contribution of the subsidiary (FPC Industries Co.) to the company's business volume

Sales of the subsidiary (FPC Industries Co) for 2023 reached SAR 72.9 million, compared to SAR 58.3 million for 2022 AD, an increase of 25%. This increase is attributed to the growing demand for the company's products, gradual increase in production and quality levels, and increase in selling prices. FPC Industries Co's sales account for approximately 30.6% of total sales.

1M SAR	YEAR
72.9	2023
58.3	2022

Third: Operating profits

Operating profit for 2023 reached SAR 17.8 million, compared to SAR 10.8 million for 2022. This increase is attributed to the increase in gross profit due to lower cost, higher non-operating income, and lower expected credit losses in line with IFRS 9.

1M SAR	YEAR
17.8	2023
10.8	2022

First: Company Sales

FIPCO's net sales reached SAR 238.0 million for the fiscal year ended December 31, 2023, compared to SAR 260.6 million for 2022, representing a decrease of 8.7%

The decline in sales is attributed to a decrease in sales volume for some key products, coupled with lower selling prices due to falling prices of certain key raw materials, despite higher sales of some other products (sales mix variation) .

The following table illustrates the net sales, cost of sales, and net profits over the past five years:

2019	2020	2021	2022	2023	
164.1	181.5	222.6	260.7	238.0	net sales
141.6	152.2	193.6	218.5	190.2	cost of sales
20.6	29.3	28.9	42.2	47.8	Total Revenue
-20.3	-3.0	-9.1	9.8	12	net profit



These results were achieved despite:

- General and administrative expenses increased due to higher employment costs following the restructuring of some positions and the creation of a bonus provision. In addition, the settlement of issuance expenses paid to the financial advisor regarding the capital increase of the company through the issuance of rights issue shares during the financial year 2023 AD contributed to the increase.
- Change in commitment to purchase non-controlling interest ownership rights.
- Decrease in realized and unrealized gains from financial investments at fair value through profit or loss due to the exit from most investments.
- On the other hand, the change in comprehensive income during 2023 AD is due to the remeasurement of employee termination benefits as a result of the termination of employment with some employees of the company during 2022 AD, in addition to the restructuring of some key positions during 2023 AD.

Fifth: Earnings per share(EPS) (in Saudi SAR)



fourth net profits

FIPCO achieved net profits of SAR 12 million during the financial year 2023 AD, compared to net profits of SAR 9.8 million during the financial year 2022 AD. The main reasons for this are as follows:

- Increase in gross profit despite the decrease in sales due to the variation of the sales mix and the improvement of profit margins
- Decrease in selling and marketing expenses due to lower shipping costs
- Decrease in expected credit loss provisions in line with IFRS 9 and due to improved collection levels and the company's tightening of control and supervision over restructured credit facilities for some customers and putting in place guarantees that mitigate the risks of default and non-payment.
- Increase in other income due to the company receiving localization support amounts provided by the Human Resources Development Fund (Hadaf), in addition to recovering value-added tax on bad debts and achieving profit from murabaha deposits through the optimal utilization of the company's available cash during the financial year 2023 AD.
- Decrease in zakat provision

2019



2020



2021



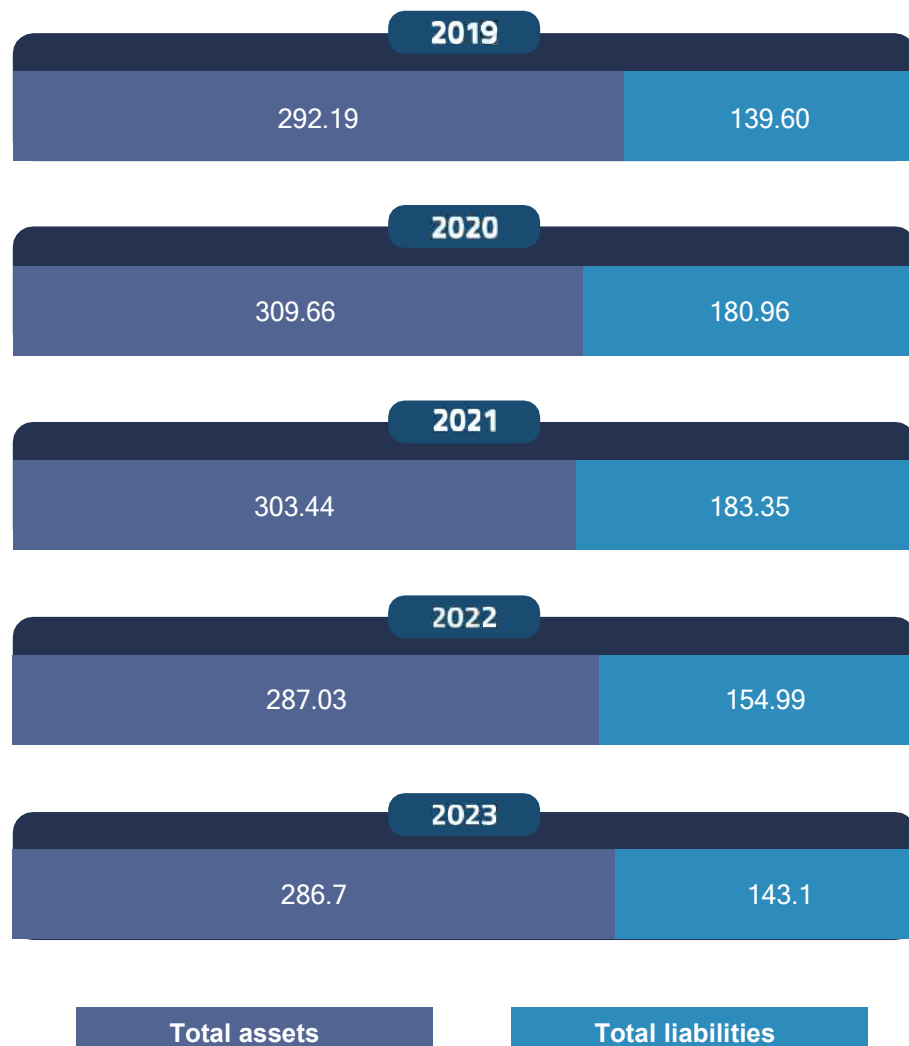
2022



2023



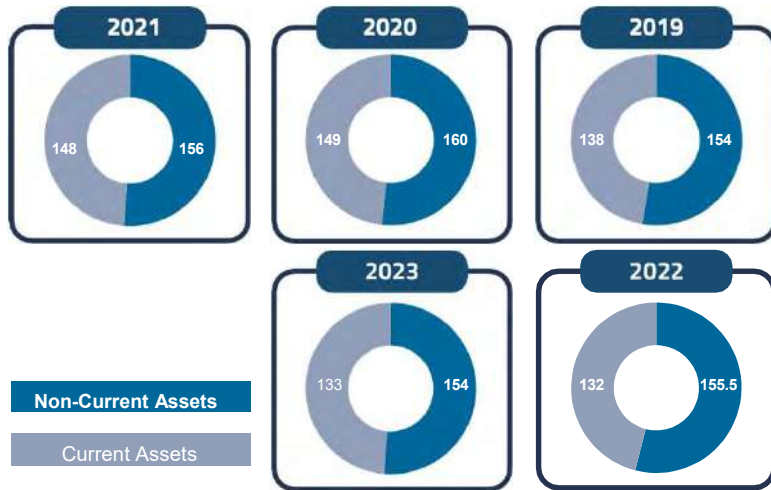
Seventh: Total Assets and Liabilities (in million SAR)



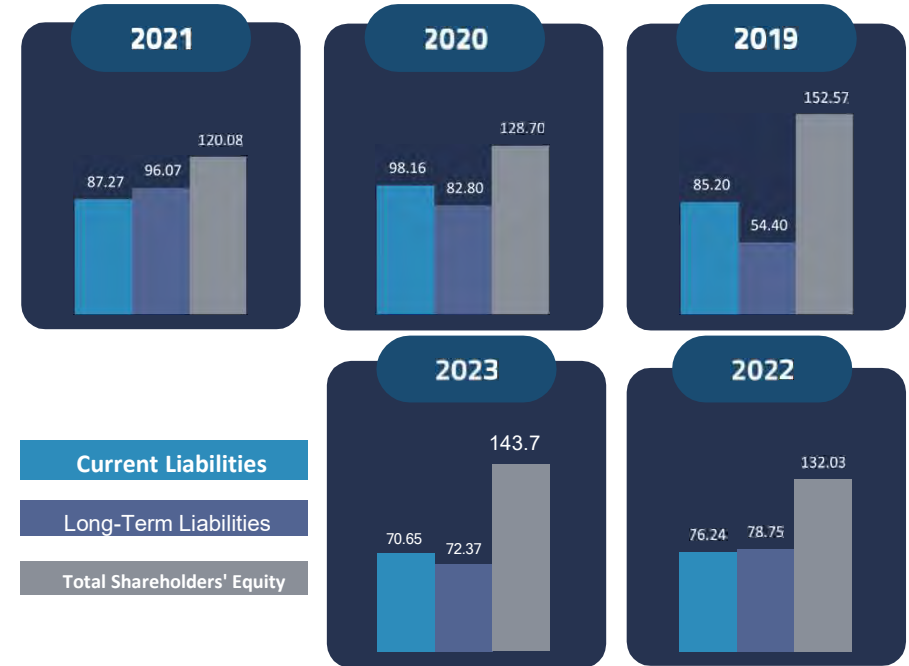
Sixth: Asset Growth Development (in million SAR)

2019	2020	2021	2022	2023	
137.9	149.1	147.9	131.7	132.4	Current Assets
154.3	160.6	155.5	155.5	154.3	Non-Current Assets
292.2	309.7	303.4	287.2	286.7	Total Assets
85.2	98.2	87.3	76.4	70.7	Current Liabilities
54.4	82.8	96.1	78.8	72.4	Long-Term Liabilities
139.6	181.0	183.4	155.2	143.1	Total Liabilities
157.6	128.7	120.1	132.0	143.7	Shareholders' Equity
-5.0	0	0	0	0	Non-Controlling Interests
152.6	128.7	120.1	132.0	143.7	Total Equity
292.2	309.7	303.4	287.2	286.7	Total Liabilities and Equity

Tenth:Trend of Asset Growth (in million SAR)



Eighth :Trend of Liabilities and Equity (in million SAR)



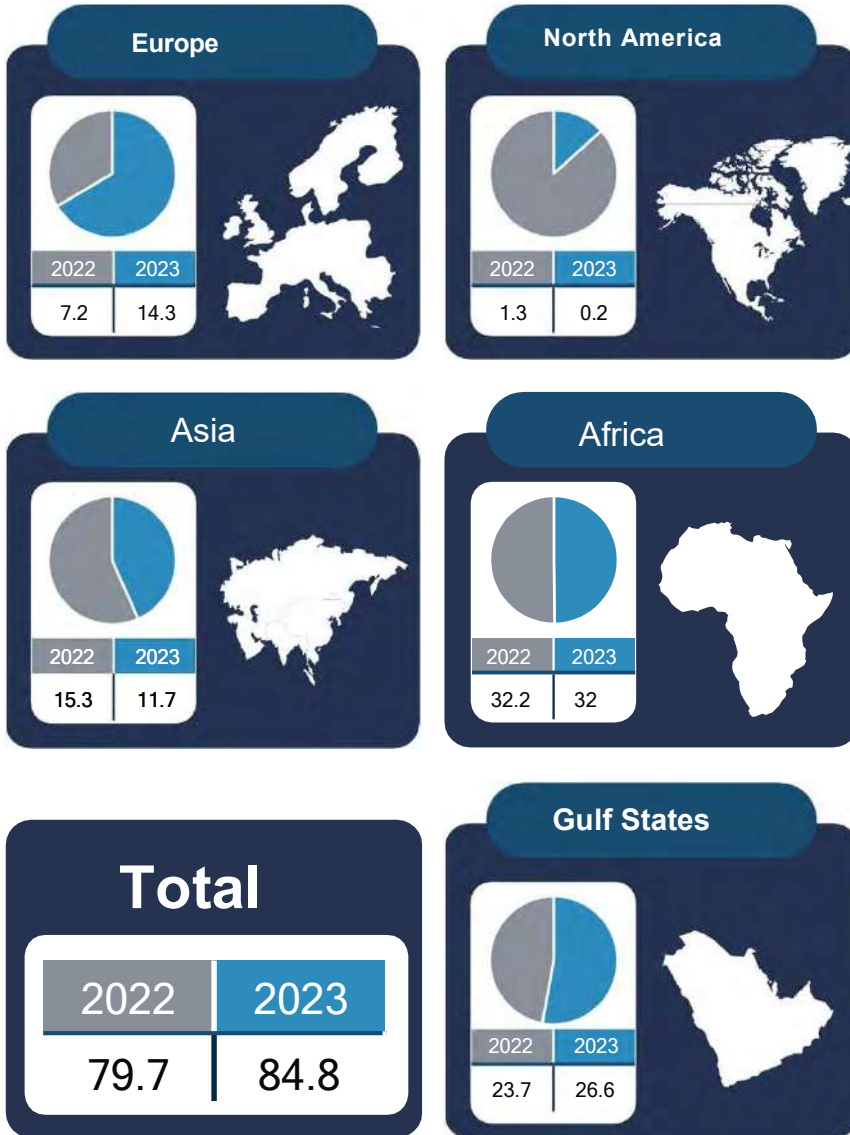
Eleventh:Liquidity Ratios and Indicators (in million SAR)



Ninth:Total Equity (in million SAR)



International Sales (Outside Saudi Arabia)



Twelfth:Geographic Sales Analysis (in million SAR)

Domestic Sales (Saudi Arabia)



Thirteenth :Loans

Repayment Method	Closing Balance	Repayments	Additions During the Year	Opening Balance		Purpose	Principal Amount	Loan Type	Donor
Unequal Semi-Annual Installments Starting from 15/04/1430 AH until 14/02/1451 AH	15.1	0.00	7.55	7.55		Financing of Production Line Expansions at Fipco	53.4	Long-term	Saudi Industrial Development Fund (SIDF)
Single Payment Due on 28/09/2023	0.00	5.78	0.00	5.78		Financing of Fipco's Public Capital	5.78	Short-term	
Unequal Semi-Annual Installments Starting from 15/08/1442 AH until 15/02/1447 AH	19.2	7.50	0.00	26.7		Financing of the Subsidiary Company's Project (FPC Industries Co.)	35.3	Long-term	
Equal Semi-Annual Installments Starting from May 2019 until July 2027	22.1	8.50	0.00	30.6			38	Long-term	Riyad Bank
	56.4	21.78	7.55	70.63			132.48		Total

* The repayment schedule for some loans has been adjusted in line with government initiatives launched by the state represented by the (Saudi Central Bank) to mitigate the economic impact of the spread of the novel coronavirus.

18.1	Traded Loans
38.3	Non-Traded Loans
56.4	Total

Fourteenth :Regulatory Payments

Reasons	Description	Due by the end of 2023 AD and not paid yet	2022	2023	Item
The due amount is paid after submitting zakat declarations and approving them by the Zakat, Tax and Customs Authority	Payment of Legal Zakat	2,988,120	2,703,359	3,005,881	Zakat
Government Fees	Employees' Contributions and Pensions According to the Social Security Law	300,200	3,580,502	3,932,946	GOSI
Government Fees	Payment of Due Taxes According to the Zakat, Tax and Customs Authority Regulations	65,728	7,154,384	5,418,772	Value Added Tax
The company withholds taxes on certain transactions with entities not resident in the Kingdom of Saudi Arabia as required by the tax regulations in force in the Kingdom of Saudi Arabia. Withholding tax related to foreign groups is recorded as liabilities.	Payment of Due Taxes According to the Zakat, Tax and Customs Authority Regulations	1,085	9,217	15,841	Withholding Tax
Government Fees	Approved Regulatory Costs for Non-Saudi Employees	-	3,049,754	692,200	Passports and Labor fees
The loan is repaid as indicated in the loan schedule according to the agreement	Loan Installments and Follow-up Fees	-	5,872,700	13,658,958	Saudi Industrial Development Fund
Regulatory Fees	Trading Services and Report Request Fees	-	266,499	255,232	Saudi Tadawul Group (Tadawul)
Government Fees	Customs or Import Duties	-	2,487,566	598,260	Customs

Fifteenth:Clarification of Zakat

The zakat charged for the year ended December 31, 2023AD amounted to 2,897,465 Saudi SAR(2022 AD amounted to 3,128,775 Saudi SAR)

A provision for zakat expense is recognized and charged to the consolidated income statement and other comprehensive income of the group based on an estimate after calculating zakat in accordance with the Zakat Collection Regulations. Any differences arising from the calculation of the final zakat are settled at the end of the year.

The group submitted its zakat declarations to the Zakat, Tax and Customs Authority for all years up to 2022 AD. The group received the final zakat reports for the years up to 2020 AD and paid the zakat due on them.

The Authority has not yet issued the zakat reports for the years 2021AD and 2022 AD.



Sixteenth:Fines

During 2023 AD, FiPco and its subsidiary FPC Industries Co. were subject to the following fines: 8,500 SAR from the Saudi General Directorate of Passports for delays in renewing the residencies of some employees. 148,953 SAR in customs fees and land charges for delays in clearing some imports during holidays and official holidays.14,60 SAR from the Zakat, Tax and Customs Authority for delays in paying the value-added tax.7,300 SAR in traffic fines.15,000 SAR in fines for the absence of vehicle operating cards, according to the instructions of the Ministry of Transport. Most of these fines were imposed due to exceptional and non-recurring circumstances. Action plans have been put in place to avoid repeating these mistakes, and the relevant departments have been alerted to apply the necessary regulations against some negligent employees to avoid such situations in the future.

No penalties, sanctions, or precautionary restrictions were imposed on the company by the Saudi Capital Market Authority or any other supervisory, regulatory, or judicial body.

Seventeenth:Deviation from the Application of any Applicable Accounting Standards

FiPco is committed to applying the accounting standards issued by the Saudi Organization for Certified Public Accountants (SOCPA), and there is no deviation in the application of those standards.

The Board of Directors is committed to providing the Saudi Capital Market Authority with any additional information it may request in the event that the auditors express any reservations about the annual financial statements.



5

Environmental, Social, and Governance (ESG) Practices

Contents

- 1 **Risks and Sustainability**

- 2 **A Vision for the Future Aligned with Saudi Vision 2030**

- 3 **Governance at FIPCO**



ESG

Prominent risks facing FIPCO and its subsidiaries can be summarized as follows:

1. Global economic fluctuations and financial crises:

FIPCO is not only affected by the local economy, but also by global economic conditions, and is certainly affected by occasional global financial crises. This may force FIPCO's current and potential customers to reduce spending on FIPCO's products, which will affect its profitability, especially since FIPCO has a considerable number of external customers in different continents around the world. Financial institutions with which FIPCO deals may also be affected, and the timing, strength, and duration of any subsequent economic slowdown or recovery cannot be predicted.

2-Regional political and economic conditions:

The region is witnessing some political fluctuations that extend to many countries with which FIPCO deals, in addition to global conflicts and potential wars that cast a shadow on energy markets, monetary flows, exchange rate fluctuations, supply chains, and other global economic variables. These factors may negatively affect access to some customers in those regions, and consequently affect one of FIPCO's key strategic objectives of targeting new markets and diversifying sources of income.

3- Economic performance of the Kingdom of Saudi Arabia:

Despite the launch of Saudi Vision 2030 and the adoption of the Kingdom of Saudi Arabia's new financial transformation program aimed at decoupling oil from the Kingdom's Gross Domestic Product (GDP) and creating a non-oil-dependent economic environment, any fluctuations in oil prices continue to have a direct impact on the Kingdom's economy and all its sectors, especially the industrial sector, which relies heavily on raw materials from derivatives of oil and petrochemicals. This may affect the company's performance and its main operations and may negatively affect the company's expectations and business results.

4-. Competitive environment:

FIPCO's growth and profit maximization are closely linked to its ability to compete and maintain its leading position among other local, regional, and international companies. This can be achieved by maintaining the quality and diversity of its products. However, the competitive environment may push FIPCO to reduce some of its prices to retain its major customers and market share.

5-Key suppliers:

Reliance on a single major supplier for the raw materials used by the company in the manufacturing of its products is considered one of the greatest risks that FIPCO pays particular attention to. This is especially true because the main supplier has a direct impact on FIPCO's main activities if supply is stopped for any reason or the supplier refrains from doing so for any reason. Additionally, the supplier has the exclusive right to determine the price levels of raw materials. On the other hand, FIPCO does not have the sufficient capacity to import those materials from the global market at higher prices due to customs duties, transportation, storage, and other fees. Additionally, it is difficult to obtain approval from the relevant authorities to import a product that is available locally.

Risks and Sustainability



Risk Management Approach at FIPCO

Risk Management at FIPCO is a process of identifying, assessing, and mitigating potential risks. This involves developing strategies to proactively address risks, facilitate early detection of actual problems, and minimize their negative impact on FIPCO.

Why FIPCO Prioritizes Risk Management

- Exercising Rigorous Oversight and Control over Risks Surrounding FIPCO's Activities and Operations
- Tailoring Risk Mitigation Strategies to Specific Risk Types
- Minimizing Losses and Accepting Them When Necessary
- Instilling Confidence in FIPCO's Stakeholders, including Shareholders, Creditors, Customers, and Suppliers, to Protect Profitability Despite Potential Losses

FIPCO's Risk Management Philosophy

FIPCO believes that risks are an inherent part of any profit-making activity, especially in the industrial sector. FIPCO's approach to risk management is based on an open policy that ensures the treatment of risks that may result in significant losses or fundamental impacts, without neglecting risks with less impact.

FIPCO's approach to risk management involves classifying risks into four main stages, which are as follows:

1- Risk Avoidance

This involves trying to avoid activities that could lead to a risk.

2- Risk Mitigation

This can be done by reducing the size of the investment that results in that risk or by involving others in sharing the risk.

3- Risk Transfer

Securing the means that help in accepting risk, which is usually done through contracts or financial protection such as insurance policies.

4- Risk Acceptance

This means accepting losses when they occur, which may be acceptable for small risks.

6- Major customers:

Reputational risks are risks of negative impacts on FIPCO's reputation or brand value, leading to financial losses or reduced customer confidence and trust. Reputational risks can arise from negative events, public perception, unethical behavior, or failure to meet customer expectations. Therefore, reliance on major customers for purchasing large products from FIPCO is one of the most important risks that FIPCO pays particular attention to. To mitigate this risk, FIPCO is always working to expand its customer base and diversify the types of goods sold. This aims to reduce reliance on major customers, both locally and internationally, to avoid continuous changes in price levels and pressure on profit margins

7- Energy and raw material prices:

FIPCO's sales and profitability depend directly on two main elements: energy and raw material prices. These prices are unpredictable for FIPCO, especially with varying government decisions based on global economic changes. This may lead to an increase in energy prices with an unclear vision of the possibility of their future increase, in addition to the volatility of raw material prices according to the global oil price fluctuations. This is expected to be repeated in the future, and FIPCO's performance depends partially on its ability to include these cost changes in product sales prices.

8- Operational disruptions and downtime:

Operational risks are defined as risks arising from operational failures, such as mismanagement, technological errors, or human error. They also include risks related to fraud, errors, legal and regulatory compliance, business disruptions, cyber attacks, and supply chain disruptions. At FIPCO, we work with a system of dividing work among the workforce to ensure that the factory operates continuously, around the clock, on all days of the week. However, there are some risks that may negatively affect the company's operational efficiency, such as natural disasters, breakdowns in machinery or computers, accidents related to key employees, power or water outages, and heavy thunderstorms. This can lead to increased costs and reduced revenues and profits. FIPCO cannot provide any guarantees that its operations will not be disrupted, despite its efforts to achieve all standards of periodic and preventive maintenance

9- FIPCO's Enterprise Resource Planning (ERP) System:

All FIPCO departments rely primarily on computer systems to manage their assets, control their activities, and maintain their financial records. Additionally, the Enterprise Resource Planning (ERP) system is used in all financial, administrative, and operational processes. Therefore, any failure in this system, failure to renew licenses, disputes over ownership rights, or otherwise will negatively affect FIPCO's operations and workflow. To avoid this, FIPCO encourages periodic updates to the system through a specialized consultant. In addition, a contract is signed with a specialized company to store all information as a backup.

10- Exchange rates and interest rates:

FIPCO deals with all its imports, exports, and international revenues in currencies closely linked to the Saudi Riyal, such as the US Dollar and the Euro. Any fluctuations between the value of the Saudi Riyal and any of these currencies could have a negative impact on FIPCO's revenues and profits. Additionally, any negative change in exchange rates in non-dollar dominated markets could negatively impact the company's profitability due to the Saudi Riyal's peg to the US Dollar. Furthermore, fluctuations in Saudi Interbank Offered Rates (SAIBOR) and global interest rates, and their impact on financial institutions with which FIPCO may currently or in the future deal with, could increase borrowing costs and negatively impact operating results. FIPCO always strives to conclude its contractual relationships with clients outside the Kingdom in US Dollars or Euros to mitigate currency volatility risks. It may rarely be forced to enter into contracts in other currencies depending on the nature of the market or country. In all cases, sound and regulatory monetary practices imposed by the authorities are always prioritized. FIPCO believes that it is exercising due diligence to mitigate money laundering, terrorist financing, and other harmful monetary practices.

11- Insurance coverage:

Although FIPCO has a number of insurance policies related to its operations in the manufacturing sector, these policies or documents may not provide full coverage against all potential risks related to its business due to changing market conditions. Additionally, insurance premiums and deductibles in some policies can increase significantly in some cases, which can lead to a significant increase in operating costs and reduce profitability.

12- Human Resources:

High labor wages are one of the most prominent risks facing FIPCO. This is because the nature of FIPCO's industry relies heavily on manual labor. Therefore, FIPCO has taken several initiatives to reduce employee turnover, which has significantly contributed to mitigating its risks. The most important of these initiatives include improving the work environment for human resources, increasing wages and incentives, and automating some production lines to reduce reliance on human labor.

13- Legislative and regulatory environment:

FIPCO operates in a dynamic legislative environment where it is subject to the laws and regulations in force in the Kingdom of Saudi Arabia. FIPCO's commitment to these regulations extends to all other countries in which FIPCO or any of its subsidiaries operate. These laws and regulations may be subject to change, which may have a negative or positive impact on FIPCO's business. FIPCO may also modify its products or operations to ensure its activities are aligned with any future changes in these laws and regulations. To mitigate the negative effects of any such changes, if any, FIPCO continuously monitors any amendments to the regulations in force locally or in any of the countries in which it operates. It then studies the impact of these amendments on its business and takes all necessary measures to mitigate their effects or try to utilize them to serve its business.

14- Labor Laws and Regulations:

Saudi Arabian legislation requires companies to achieve a certain Saudization rate for their workforce through the Nitaqat program, which sets a target percentage of Saudi employees out of the total workforce. FIPCO has already achieved the required percentage and continues to strive to Saudize a number of administrative positions in line with its expansion plan, which requires a large number of workers in its various departments. While the Nitaqat program's percentages and levels are constantly being adjusted, despite FIPCO's belief in the importance of Saudization as a national development requirement, it faces difficulties and challenges due to the nature of its industrial activity and the unsuitability of its work for job-seeking citizens. This makes it difficult to achieve Saudization and localization rates, and the associated risks continue, especially with the rising costs of labor and employment.

15-Risks of discontinuing government incentives for industrial development:

The company has benefited from the incentives that the government has been providing to support the industry in the Kingdom of Saudi Arabia. These incentives include support for the infrastructure of industrial projects, the provision of land, energy, and water at reduced prices in industrial cities, and the exemption from the financial counterpart for expatriate workers in licensed industrial establishments for 5 years. According to the decision of the Saudi Cabinet, the state will bear the financial counterpart for expatriate workers in licensed industrial establishments under an industrial license for five years from October 1, 2019. Given the company's significant reliance on these incentives, the end of the exemption period from the financial counterpart for expatriate workers in licensed industrial establishments or the discontinuation or suspension of some or all of these incentives will have a negative and fundamental impact on the company's business, financial position, operating results, and future expectations.

16- Environment, Health and Safety

FIPCO is committed to implementing the highest standards of safety, health and occupational health. To this end, it has adopted stricter criteria to provide preventive safety requirements, which increases its costs and may negatively impact its business results and financial position. FIPCO's business and financial position may also be negatively affected in the event of losses or physical damage resulting from the handling of hazardous and toxic materials or accidents during production operations that are not covered by insurance policies or result from accidents that are not covered by insurance policies. Therefore, FIPCO considers maintaining the health and safety of its employees and human resources to be one of its top strategic priorities, and all of its facilities are subject to local and international safety standards

17- Financial Results of the Subsidiary (FPC Industries Co.)

FIPCO owns a 100% stake in its subsidiary, FPC Industries Co.. FIPCO is responsible for fully financing the project through a combination of self-financing, the Industrial Development Fund, and bank facilities. Commercial operations began in the second quarter of 2019 and gradually ramped up to full production capacity. Therefore, any delay in this project, inability to enter the market for the company's products, or production stoppages for any reason will result in FIPCO incurring financial and investment losses. While the company is growing steadily and production capacity and quality levels are improving, the risk remains and should be a top priority.

18- Risks Associated with Disease Outbreaks

The outbreak of infectious diseases, similar threats to public health, or fear of such events could have a significant negative impact on the company's business and financial position. New strains and variants of the coronavirus (COVID-19) continue to emerge, and the disease has already spread to most countries around the world, leading many countries, including Saudi Arabia, to take various measures to contain the virus, including temporary restrictions such as travel bans and curfews. The extent of the impact of the coronavirus on the company's business depends on the development of current events and new information that may emerge regarding the severity of the virus and the necessary measures to contain or mitigate its impact. If the virus spreads further and the restrictions imposed continue or new restrictions emerge that limit the company's operations, suppliers, and customers, this will have a significant negative impact on the company's business, financial position, operating results, and future growth. In the meantime, FIPCO has put in place precautionary measures that can be used in the event of similar future threats

19- Risks of Conflicts and Wars

There is no doubt that conflicts and wars have a significant impact on the global economic situation. As we are part of this world, it is imperative that we focus on developing response and contingency plans to mitigate potential risks, especially given the increasing complexity of supply chains, sharp fluctuations in shipping trends, and record-high shipping prices and inflation rates. This will push FIPCO to take further precautionary measures and strengthen the principles of caution and prudence in all its dealings with various stakeholders.

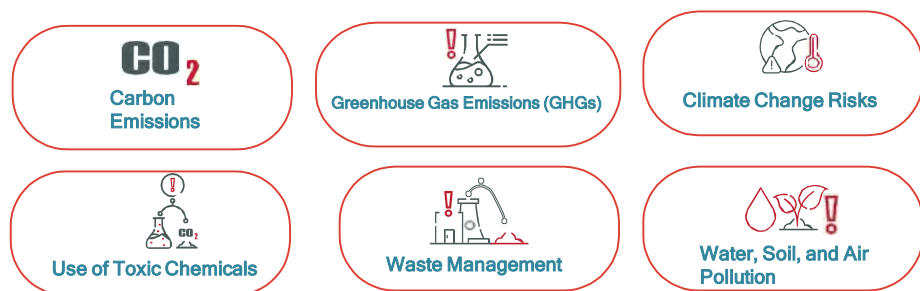
20- Cybersecurity Risks

With the increasing technological advancements, reliance on technology, and digital transformations taking place around the world, cybersecurity and cyberterrorism risks have been on the rise. Electronic threats are emerging more than ever before. Cybersecurity has become a critical necessity that FIPCO must address. Its industry requires a high degree of digital advancement, automation, and electronic connectivity, which can make it vulnerable to cyber threats and attacks. A single cyber attack can threaten the company's entire digital infrastructure and industrial control systems, and consequently its ability to perform and continue its operations at its best.

"The risks mentioned above also apply to the subsidiary and other business units of FIPCO. We have tried to identify all the risks surrounding the company's activities based on the information and experience available to us. However, this does not guarantee that no other risks will emerge in the present or future".

FIPCO's Environmental Sustainability Goals

FIPCO is committed to meeting and exceeding environmental standards, as well as health, safety, and security requirements. These commitments are aligned with the company's values, goals, policies, and annual Key Performance Indicators (KPIs). Since 2019, FIPCO has successfully passed biodegradability tests for a number of its products conducted by the Saudi Standards, Metrology and Quality Organization (SASO). The company has obtained official certification for these products, which is renewed annually. Products from FPC Industries Co.'s subsidiary have also passed tests conducted by international research centers to ensure compliance with global environmental and health considerations. This expands the export horizons for the company's products. Recently, FIPCO's subsidiary obtained the Saudi Quality Certificate, becoming the first factory to receive this certification in the field of technical textiles for a number of the parent company's products. FIPCO is continuously working with legislative bodies to raise the quality standards of products in local markets. The company is also advocating for the inclusion of new environmental, health, and safety measures that serve public health and support the Kingdom's drive towards sustainable development.



FIPCO has made significant progress in the areas of environment, health, safety, and security over the past two years. These developments have included improvements in safety procedures and sustainable environmental performance, increased awareness of employee health and product sustainability, and the promotion of a safety culture. These achievements will be discussed in more detail in the following paragraphs.

The company is working to continuously reduce the rate of serious accidents at its sites with the aim of achieving a zero rate of such accidents.

FIPCO's strategic business units and its subsidiary have achieved an accident rate of less than (one) according to OSHA (Occupational Safety and Health Administration) standards, which is a very strong industrial performance. Additionally, the Environment, Health, Safety, and Security teams have provided extensive support to build organizational capacity and promote a strong culture of environment, health, safety, and security.

FIPCO joins forces with private sector companies and research and development departments to develop environmentally friendly plastic and paint products that are used as supportive tools in various industries. Since 2022, FIPCO has been cooperating with the Oil Demand Sustainability Program (OSP) and a number of cement companies to conduct the necessary studies to implement a program to convert cement packaging bags from paper to plastic. The targeted bags will have awareness-raising features that reduce costs, support sustainability, and reduce reliance on paper and its derivatives, which are made from natural materials with environmental impacts.

Sustainability at FIPCO

Sustainability has gained significant importance on both local and global levels, which in turn motivates FIPCO to continue its operations and support its future plans with the same passion and vitality. In light of the increasing global awareness of the challenges of environmental sustainability, social impact, and corporate governance, companies and investors have increasingly integrated sustainability factors into their decision-making processes.

Sustainability at FIPCO has become an integral part of the company's culture and a key driver of its decision-making process. This stems from FIPCO's recognition that sustainability is one of the most important pillars of business success and value creation for all stakeholders.

The Relationship Between Sustainability and Environmental, Social and Governance Practices:

FIPCO does not see a fundamental difference between the principle of sustainability and environmental, social and governance (ESG) programs. The sustainability of operations can only be guaranteed by complying with internationally recognized standards in the field of environment, social responsibility and governance.

The preparation of sustainability reports and ESG reports is a dynamic and changing process. As institutions naturally progress and improve, FIPCO is keen to conduct reviews and updates on its reporting processes to keep pace with the company's progress and growth, the development of international standards, and the changing needs and requirements of partners and the evolution of data collection and analysis mechanisms. FIPCO will continue to monitor international best practices and improve its ESG strategy and framework, conduct more partner data analysis, and work towards issuing a comprehensive set of metrics for FIPCO's ESG program. FIPCO will aim to disclose these practices in a separate report that focuses more on the nature of these practices and their impact on the company's objectives, in accordance with the applicable standards and best global practices.

Environmental Sustainability and Social Impact and Corporate Governance:



Corporate Governance

- Board Oversight and Governance
- Risk Management
- Business Continuity
- Shareholder Rights
- Responsible Supply Chain Management
- Cybersecurity
- Audit Quality
- Social Impact
- Community Contribution
- Compliance System
- Fair Wages



Social Responsibility

- Health and Safety
- Diversity and Gender Equality
- Decent Work
- Working Conditions
- Community Empowerment
- Addressing Social Inequality
- Human Capital Development



Environmental Sustainability

- Climate Change and Emissions Reduction
- Optimal Energy Use
- Waste Management
- Rational Water Use
- Afforestation and Reforestation
- Circular Economy
- Biodiversity

FIPCO and its subsidiary FPC Industries Co. completed their journey by joining the Future Factories Program to support development mechanisms after completing the necessary technical assessment. This was done using the SIRI methodology to assess their actual technical development levels and then determine the goals that the company hopes to achieve. Joining this program will help provide the greatest possible potential to enhance the company's competitiveness in the industrial sectors in which it operates. It will also help find alternative solutions that contribute to improving the quality of local products, reducing operating costs, and increasing the flexibility and responsiveness of supply chains.

FIPCO and its subsidiary FPC Industries Co. are scheduled to complete their activities during the first quarter of 2024 after finalizing and setting their transformation plans in cooperation with their technical partners.

Finally, FIPCO believes that leadership in sustainability at the local, regional, and global levels requires optimal management of the company's resources. This is achieved by positioning sustainability as a key objective in the company's high-level strategy, which is adopted by the Board of Directors.



McKinsey
& Company

FIPCO's Sustainability Strategy

FIPCO's sustainability strategy is subject to periodic review to ensure its continued effectiveness in promoting positive environmental, social, and economic impacts. In particular, FIPCO and all its subsidiaries have begun to adopt new approaches in the industry to keep pace with the Fourth Industrial Revolution. This is being done through the addition of a new field to its strategy: "digitization" or the automation of its operational processes. FIPCO is benefiting from the programs and initiatives launched by the government to keep pace with Saudi Vision 2030. On February 4, 2020, FIPCO announced on the Saudi Stock Exchange (Tadawul) website that it had signed an agreement with the Saudi Authority for Industrial Cities and Technology Zones (MODON) to support the industrial transformation plan within the framework of the National Productivity Program. This came after FIPCO met the standards and criteria set by MODON in collaboration with the Saudi Industrial Development Fund and King Abdulaziz City for Science and Technology to enter the program. Accordingly, FIPCO has proceeded with the implementation of the program's initiatives, which aim to empower the industry and enhance national productivity. This is being done by providing studies and transformation plans by a world-class consulting partner, which puts FIPCO at the forefront of national companies contributing to the creation of a sustainable industrial environment and development.

Therefore, FIPCO and its subsidiary FPC Industries Co. are following up on their efforts to maximize the benefits of the program's outputs. FIPCO believes that the program will have positive future implications that will reduce industrial costs. These implications mainly include reducing energy costs, reducing the high number of employees, improving product quality levels, and detecting and correcting errors. One of the main challenges facing FIPCO currently is the high number of employees, which exceeds 1000 workers. This is due to the nature of the industry in FIPCO, which costs the company an annual salary of approximately 38 million riyals. Another challenge is the cost of electricity, which is approximately 7 million riyals annually.



Reengineering of Existing Machinery

This initiative aims to introduce some engineering modifications and automate some operational processes, which will reduce the reliance on the human element. Consequently, this will reflect positively on the quality of products and production operations, leading to the optimal goal of reducing costs and meeting customer requirements with a high degree of professionalism. Since 2021, FIPCO has been implementing ambitious plans to purchase new machinery with modern technologies. These machines feature nanotechnology for bag ventilation during the filling process, as well as features that allow users to easily open the bag for ease of use. In addition, FIPCO has purchased a number of advanced sewing machines, cutting and slicing machines, new tools, and production equipment for intermediate production materials used in different stages of the manufacturing cycle. These new machines will give FIPCO a competitive advantage over its main competitors, as they are capable of manufacturing new products at a lower cost and lower prices. Additionally, the new machines have the ability to significantly increase production capacity, improve quality, and provide the flexibility needed to innovate products and offer alternative solutions according to the needs of the local and global market.

FIPCO continues to study the latest technological developments related to the textile industry. The company is investing in new machinery that will allow it to expand the production of certain products to meet growing local and global demand. FIPCO is also looking to increase its production capacity for various products, improve product features and offer solutions, and raise quality levels. Additionally, the company is aiming to acquire upgraded parts and machines that will reduce changeover time between production orders, lower scrap rates, and increase production. On the other hand, FIPCO is targeting the implementation of digital transformation initiatives and the adoption of creative solutions proposed as a result of previous years of research and analysis with global technical partners. This is part of the National Industry and Logistics Development Program (NIDL). FIPCO was previously selected to be part of this program after meeting all the conditions, regulations, and standards set by the relevant government agencies. FIPCO has also engaged in implementing the requirements for joining the Future Factories Program, which is adopted by the Ministry of Industry and Mineral Resources in collaboration with the Saudi Industrial Development Fund (SIDF) according to the SIRA methodology.

FIPCO's Sustainability Programs

First : Operational Programs

▪ Solar Energy (Alternative)

FIPCO has turned to the use of solar panels in its factories, not only to reduce costs but also to activate clean energy initiatives in line with achieving FIPCO's sustainability goals and providing permanent solutions based on natural energy sources, in line with the Kingdom of Saudi Vision 2030.

As part of its pioneering role, FIPCO has begun to reap the benefits of the savings achieved as a result of installing solar photovoltaic units. The return on investment is expected to be achieved within approximately seven years of the project's launch. Due to the recent advancements in solar energy technologies, FIPCO has decided to structure its project in several phases to take advantage of price reductions and keep up with the latest technologies.

FIPCO has successfully completed the installation of solar photovoltaic units with a capacity of 0.5 megawatts (500 kilowatt-hours) as the first phase of its integrated project, which is structured in three phases. FIPCO is working continuously with the world's leading companies in this field to complete the second phase, which is expected to cover the majority of the current plant's consumption. Ultimately, this will ensure that FIPCO's energy consumption is provided by solar cells, which will have a positive impact on FIPCO's production costs in the coming years. This will ensure leadership, increase profitability rates, and contribute to sustainable development.

On the other hand, FIPCO is studying another project to generate electricity independently from sources other than solar panels. However, the project is still under study and approval with the relevant government agencies. Recently, the technical studies related to the project have been completed, and the related engineering studies are being finalized. Then, the regulatory and supervisory authorities will be contacted to obtain a no-objection certificate, followed by negotiations with the supporting and financing parties, and then the implementation of the program will begin.





Joining the "Made in Saudi Arabia" Program

Filling & Packing Materials MFG. Co. (FIPCO) and its subsidiary FPC Industries Co for Industry have been deservedly awarded the honor of joining the "Made in Saudi Arabia" program after applying for the program and meeting all the requirements for joining.

The "Made in Saudi Arabia" program is a national initiative launched by the Saudi Exports Development Authority (SEDA) as part of the National Industry and Logistics Development Program. It aims to stimulate national industries, encourage consumers to buy local goods, and develop and promote the Kingdom's exports to global markets. The program is also an opportunity to celebrate technological innovations and creative talents, and reflects the Kingdom's ambitious vision for the national economy. The program contributes to strengthening cooperation between participating manufacturers, thus driving the national economy forward.

The "Made in Saudi Arabia" program is committed to building a unified industrial brand with the aim of providing promising opportunities for companies, expanding their business and promoting their products to make Saudi goods the preferred choice locally and globally. The program works to build a cooperative community where member companies are its focus by providing them with the necessary support from the public and private sectors.

Using the "Made in Saudi Arabia" logo on Saudi companies' products also contributes to enhancing the Kingdom's image in the world

Benefits and Incentives of Joining the "Made in Saudi Arabia" Program

Through the Made in Saudi Arabia program, national businesses can benefit from marketing and joint cooperation, field-related events, and support services, in addition to many advantages, most notably:

- Promotion of the company's name on the program's website and the soon to be created company directory.
- Use of the program's logo "Made in Saudi Arabia" on the company's products and on social media.
- Communication with many government agencies through the program.
- Learning more through knowledge sharing with government agencies and private sector experts.
- Strengthening your relationship with the program's partners from the public and private sectors.
- Participation in training workshops and obtaining specialized consultations in quality certificates, entering global markets, developing local content, or developing other skills provided by the program.

It is worth noting that membership is permanent and free of charge and is linked to the company's ability to meet all the requirements and regulations of the program.

FIPCO Strengthens Relationships with Major Machinery Manufacturers and Suppliers of Materials Used in Bag Production

FIPCO and its subsidiary FPC Industries Co. continue to develop relationships with current partners and establish new relationships with potential partners at all technical, logistical, and strategic levels. This aims to stay up-to-date with the latest developments in good manufacturing practices in the field of packaging and to introduce modern technologies. The goal is to reach a production equation that achieves growth and sustainability for production operations by relying on less energy and achieving higher quality rates in line with market requirements. This will enhance FIPCO's competitive position locally, regionally, and globally. FIPCO has also strengthened its partnerships with suppliers of materials used in bag manufacturing to achieve total quality and introduce additives and improvers that give FIPCO an advantage over its competitors by introducing quality specifications to its products that serve all customer segments.

Integration with sister companies and leveraging the products of FPC Industries Co. to innovate products and offer solutions

FIPCO has been able to invest in the outputs of the production process of its sister company (FPC Industries Co) to remanufacture them into finished products that serve different segments of existing customers and attract new customers for both companies. This will open new doors in the fields of processing industries, which will positively reflect on the marketing of the company's products locally and globally. The research and development team in both companies continues to work hand in hand with the sales and marketing team in a concerted effort to formulate a joint strategy that ensures market penetration that achieves FIPCO's interests and benefits all stakeholders.

FIPCO and its subsidiary (FPC Industries Co) will continue to work on expanding their participation in exhibitions and events that serve the aspirations of both companies. They will also continue to work on attracting investments of common interest to achieve steady growth rates in both companies, and to benefit from the company being a strategic account with the Saudi Export Development Authority (SEDA).



FIPCO has continued its constant efforts to raise the level of efficiency and quality through the efforts made by the Human Resources Department according to many plans, with the aim of raising the levels of internal work quality by developing the goal and performance evaluation system, restructuring and merging departments and shared services, and creating added value for all members of the group.

FIPCO is also keen to develop programs to receive new employees and raise their professionalism before joining the team, and enable them to obtain all the tools necessary for success in both the practical and personal fields

In addition, some improvements have been made to the salary and benefits structure by establishing a job hierarchy that includes clear job grades linked to basic and exceptional benefits.

The management also increased and updated all the job descriptions of the company, using new models specifically designed for it, and worked on developing the behavioral and technical competence systems.

Updated evaluation models were also developed and implemented in 2023 as a first step towards establishing an integrated performance indicator program that is easy to apply, supports the company's development goals, and helps employees achieve their professional goals.

Healthy Work Environment

FIPCO recognizes the importance of providing a healthy and attractive work environment. This creates a sense of happiness and comfort for employees, and enhances their desire to come to the company with passion. This automatically encourages them to work hard, diligently, and in harmony, and contributes to harnessing their skills and experience to advance the company and achieve its goals and mission to the fullest extent. This will positively reflect on the general interests of the business and contribute to the sustainability of excellence and distinction in all sectors and fields.

In pursuit of this and in reinforcement of FIPCO's efforts in this area, FIPCO has had the honor of joining the National Committee for Labor Committees.



Second :Human Capital

Since its inception, FIPCO has realized the importance of the human element in its journey, realizing that success is undoubtedly dependent on taking care of this vital element. Therefore, it gives it all its attention through the Human Resources Department, which realizes the importance of its role in creating a healthy and successful work environment and helps employees achieve job creativity and enhance their ability to produce in a way that contributes to the company's continued success. FIPCO has been keen to meet all the basic needs of its employees, in addition to ensuring health and safety conditions.

FIPCO always strives to create a work environment that empowers employees to participate with management in decision-making and goal-setting, in line with the company's overall goals. It provides employees with the appropriate environment, motivates them to do any outstanding work, and helps them to highlight their achievements as an important part of the system. FIPCO's vision for its human capital is as follows:

Investing in Human Capital

In light of the challenges faced by the operations and production management due to the repercussions of the Coronavirus and its variants in recent years, and the restrictions imposed on freedom of travel and movement, FIPCO has reconsidered the situation of the workforce in all production departments and invested in it by increasing skills and training, and attracting national talents and cadres from the sons and daughters of the country. They rely on various training programs that are implemented internally, which ensures the redistribution of the workforce and reduces their cost while maintaining the operation of the machines around the clock, 7/24.

The operations management has also adopted a balanced policy in introducing new labor in line with the number of production orders, with a view to achieving FIPCO's vision of increasing the production capacity of a number of products with increasing demand. A system of incentives for workers has also been launched and linked to key performance indicators to reduce the number of workers and make the most of the current workforce. An administrative excellence reward has also been created to motivate those with skills and experience or those who put forward initiatives that contribute to the production process and are reflected in the efficiency of the outputs (KPIs).

Building National Capabilities

Stemming from our firm belief that the private sector is a permanent partner for the success of any growing economy, FIPCO has contributed to creating national cadres and competencies through its partnerships with the Human Resources Development Fund (HADAF) and the Higher Institute for Plastic Industries to train national competencies to obtain a diploma and an ambitious career path to promote these competencies to obtain leadership positions, in addition to raising the level of their job performance, through information that helps them achieve their goals and the company's goals, and contributes to developing their skills and abilities, in addition to the positive impact that is reflected on behavior and attitudes as the individual gains ideas that contribute to changing his behavior towards the better in its practical aspects, which benefits his abilities and skills in many situations, whether the skills are technical, intellectual, or behavioral.

FIPCO has also continued to work with its strategic partners to activate training programs that end with employment, and to urge the sons of the country to knock on the doors of industrial fields in all their practical stages.

FIPCO invests in its national competencies, where it has promoted some of the national cadres that have been trained and refined with the necessary experience to take on leadership positions in the FIPCO Group and FPC Industries Co.. The Saudization rate in leadership positions in the company has reached approximately 70% of the leadership and administrative positions in the group.



Empowering People with Disabilities

Believing in the importance of integrating people with disabilities into the workplace and the necessity of developing a suitable workplace to help them achieve job stability, FIPCO has established the principle of supporting the employment and work of people with disabilities in the company's culture by facilitating their functional integration and creating a suitable environment for their success.

This initiative aims to create opportunities for people with disabilities and support our community by increasing their employment rate. We have implemented all the criteria of the "Mowahmah" program for developing the work environment to be suitable for people with disabilities. This has qualified FIPCO and its subsidiary to obtain the Silver Category "Mowahmah" Certificate for two years from the Ministry of Human Resources and Social Development as a supportive work environment for people with disabilities since 2021AD. The certificate was renewed in 2022AD and again in 2023AD.



Women's Empowerment

Saudi women have demonstrated a remarkable and tangible superiority in various experiences they have undertaken, including scientific and practical ones. With their diligence, they have managed to establish a prominent place for themselves at the top. From this honorable perspective, FIPCO has been keen to ensure that women have an important place in its system that leads it on the paths of success. Women should be a main partner who participates in decision-making, shaping messages and goals, and supporting the system to achieve all its aspirations.

Historical data indicates that since its establishment, FIPCO has relied on women to perform sewing tasks and some operational production tasks. However, it adopted a new strategy in 2021 aimed at raising the level of women's empowerment within the company. This strategy resulted in increasing the number of Saudi female employees in production departments and utilizing them in new production tasks that are not limited to traditional sewing tasks. They now work on machines, packaging lines, and others. In addition, FIPCO has attracted female administrative talents to other departments of the company. The number of Saudi female employees now constitutes 54% of the total number of FIPCO's Saudi employees.

FIPCO believes that its role in empowering women reflects the interest of the wise government of the Kingdom in women and their future. The government is keen - may God bless it - to ensure that women have a place in all fields and positions by enacting laws and regulations that guarantee their rights to choose their education and work. Therefore, FIPCO is keen to be a leading company in creating practical opportunities that are appropriate and in line with the aspirations of Saudi women. These opportunities support and help women invest their distinguished energies in line with Saudi Vision 2030AD.



Total Number of Saudi Females



Saudi Female Employees in Administrative Departments:



Saudi Female Employees in Production Departments





3- The company adopts the best practices towards environmental commitment through the following:

Contracting with a specialized and accredited consulting office by the General Authority of Meteorology and Environment Protection (GACA) to conduct an environmental impact assessment (EIA) of the company's and its subsidiaries' production operations and take the necessary measures based on the proposed recommendations. Contracting with an accredited office to conduct periodic environmental measurements to determine the level of noise, air and water pollution.

Contracting with a company accredited by GACA to dispose of waste according to the requirements and regulations (chemical waste, industrial waste and general waste) and dispose of it in a safe and sound manner that meets the requirements of the authority. This has significantly contributed to the company obtaining an environmental compliance certificate from the National Center for Environmental Compliance, in addition to the success of experiments to measure the percentage of chemicals in the water used in all facilities of the company and its subsidiaries and taking the necessary measures to keep it within the permissible limits.

The company is keen to provide suitable ventilation inside all its facilities, especially production areas, by providing the following: Ventilation fans, Central air conditioning systems and Air purifiers

4- Periodic inspection according to risk classification is carried out by preparing daily inspection forms to verify the cleanliness of the premises and production areas, ensuring that there are no obstacles to firefighting equipment, ensuring ventilation and lighting, and ensuring that escape routes are free of any obstacles. The company also ensures that best practices are applied in the storage and handling of chemicals, and that the fire pump room is checked and the pumps are tested weekly to ensure their effectiveness. The water pressure in the fire fighting system is also tested daily, and fire extinguishers are tested monthly to ensure their functionality when needed.

5- Development initiatives include the following: Annual review and update of policies and procedures to ensure compliance with all regulations and legislation issued by relevant regulatory bodies. Updating the risk register for industrial operations and associated activities, and finding solutions to identify and reduce the risk level as much as possible. Annual review and identification of risks for the entire register, with close monitoring of high risks and their periodic reassessment

On the other hand, the development plans aim to expand the scope of occupational safety culture among employees. This includes training them on how to use various firefighting equipment, such as fire extinguishers and water hoses, as well as raising their awareness of different types of fires and the correct methods for extinguishing them. The plans also aim to expand the use of emergency simulations and to test evacuation plans and other preventive measures.

Third: Health, Safety, and Environment (HSE)

Stemming from FIPCO's commitment to providing a healthy and attractive work environment for all its employees, it has established a strong and robust system that operates on systematic and scientific bases in line with the instructions of the relevant authorities in this regard. The procedures that have been implemented include the following:

1- To enhance safety and protection, we are contracting with Civil Defense-approved companies to install and maintain early warning systems, firefighting equipment (including fire boxes, fire extinguishers, and fire-resistant emergency exits), automatic fire extinguishing devices in transformer rooms and main electrical panels, a sprinkler system throughout the entire factory (ensuring 100% coverage of all production areas), and a foam protection system for chemical storage areas. We will also contract with a specialized and certified company to perform preventive maintenance on all safety and firefighting equipment to ensure their continuous effectiveness.

As part of our commitment to workplace safety, emergency evacuation plans have been implemented and tested through mock evacuations. These drills have allowed us to assess our evacuation procedures, identify areas for improvement, and provide the necessary tools to ensure the facility's readiness in the event of an emergency.

2- Providing occupational health through making health and safety policies and procedures accessible to all and translating them into the official languages of the company: Arabic, English, and Urdu) And provide translated publications in multiple languages that promote physical activity among employees, raise awareness about the importance of physical and mental health, and encourage them to exercise. You should also provide cleaning supplies and disinfectants approved by the General Authority for Food and Drug Control, and put up posters explaining how to use them.

In addition, FIPCO is committed to providing the necessary safety tools for each department according to the work method and the risk identification schedule. It also places first aid boxes in all areas and departments of the company under the supervision of trained personnel from within the departments.

Furthermore, FIPCO has gone the extra mile by setting up a dedicated clinic with a doctor present daily to receive employees who are suffering from any illnesses, monitor their condition, and provide them with medication. This demonstrates the company's commitment to its employees' well-being. We also offer workshops to raise awareness among employees about their work methods and how to perform them correctly.



Fourth: FIPCO's Corporate Social Responsibility (CSR)

Driven by its strong commitment to achieving ethical goals and its belief that investing in the local community benefits everyone, FIPCO, as a national and responsible company, has believed since its inception that the company's growth and development depend not only on its financial position but also on its ability to contribute to the community.

To this end, FIPCO is keen to play its role towards the community by:



It pays great attention to Saudi women, as they are relied upon in some tasks of the administrative and production process, with diversification of their use at all technical, production and administrative levels.

The company invests in recycling mechanisms and reduces the waste of chemicals. It also develops new products from recycled materials. During the year, a memorandum of understanding was signed with Qima Saudi Arabia to contribute to effective partnership in this field.

It communicates continuously with its customers and strategic partners internally and externally to ensure the sustainability of trust, interaction and partnership. It listens carefully to their opinions and suggestions to develop products and enhance the brand image.

The company assigns some of its work to charitable associations instead of contracting with commercial companies to achieve mutual benefit.

It supports sustainability initiatives in cooperation with a number of ministries and entities from governmental and semi-governmental bodies concerned with environmental dimensions, vision realization initiatives, and national transformation programs.

Improves the work environment to attract employees with disabilities and has obtained compliance certificates from the Ministry of Human Resources.

It plays its role towards the environment by relying on environmentally friendly raw materials, carrying out some recycling activities, and reducing the consumption of natural resources to preserve the environment. It also adopts high standards of safety, security and professionalism.

It provides a competitive and attractive work environment that encourages development and innovation initiatives and establishes quality concepts.

It supports scientific research programs and joint development initiatives with a number of Saudi universities and research centers in the Kingdom. A Memorandum of Understanding was signed with Imam Muhammad bin Saud Islamic University in 2023 in this regard.

It signs agreements and supports initiatives with industrial and training bodies to develop human resources. It works in harmony with government agencies and large companies to adopt training initiatives leading to employment and other programs that contribute to the Saudization of the industrial sector.

Future Factories



By focusing on exploiting raw materials locally to develop national manufacturing industries, diversify their finished and consumer products, stop importing them, achieve self-sufficiency, and give Saudi factories the opportunity to export the surplus, all of these factors support Vebeco's activities and the continued growth of its business. Vebeco is optimistic about these factors and is working hard to invest in them to achieve leadership and sustainable development.

FIPCO is working hard to provide tangible social and economic benefits by adding value to the national economy through business revenues, social consultations, creating job opportunities, and improving environmental awareness. Most of FIPCO's main operations are aligned with the goals of Saudi Vision 2030, with its products being environmentally friendly and generating export revenues being two key factors in the financial transformation program.

As for FIPCO's future plans, we plan to effectively expand the manufacturing and marketing of its products domestically and internationally, despite local and foreign competition. We are committed to continuing to develop and grow by diversifying our products and launching new production lines in the manufacturing industries that we believe the market is still thirsty for. In addition, we aim to manufacture products that are not available in the local market and rely heavily on imports, in line with achieving our profitability goals to maximize the return on investment for FIPCO shareholders and play our role in supporting the plans and programs of the Kingdom's Vision. To this end, our new project to establish FIPCO Industries Company was launched to enter the manufacturing of new products in the field of manufacturing industries - and the new project was highlighted in detail in the third chapter of this report.

FIPCO also seeks to enter into value-added partnerships in the manufacturing industries. Additionally, FIPCO and its new subsidiary FPC Industries Co. intend to expand their participation in local and international exhibitions and conferences to enhance their brand and open up local, regional, and international investment opportunities. On the technical and technological front, FIPCO aims to rely on technological advancements in the production process to reduce technical and professional errors and to reduce reliance on human labor in all stages of manufacturing. To this end, we visit international exhibitions of tools and machinery to learn about the latest technical and technological innovations that can be used in our factories, although plans for these visits have been affected by the restrictions imposed by the Corona pandemic during the current time.

In order to sustain current growth rates and alleviate pressure on profit margins, we are implementing a number of initiatives and tools to maintain effective growth rates through diversification of revenue streams and targeting new products with high profit margins. We are also conducting more market research and studies to improve product quality, reduce the proportion of raw materials used in manufacturing, and reduce waste and recycling.

FIPCO fully realizes that achieving these goals depends on a strong and qualified team. Therefore, it continues to invest in human capital and attract qualified personnel to provide the best value for its customers and investors.

We are committed to supporting growth and development plans, benefiting from the ongoing national economic transformations, and looking forward to a promising future as one of the leading national companies operating in the field of transformation industries.

A Future Vision in Line with Saudi Vision 2030 AD



Saudi Vision 2030 is a post-oil plan for the Kingdom of Saudi Arabia that was announced on April 25, 2016. It is based on three main axes: Arab-Islamic depth, leading investment power, and the axis of connecting the three continents. It is implemented in stages through several factors, the first of which was the Kingdom's announcement of the National Transformation Program, which was approved by the Council of Ministers on June 7, 2016, followed by amendments and the launch of accompanying development programs in all sectors to support the aforementioned axes.

To achieve a prosperous economy, "Vision Saudi" aims to increase the non-oil exports ratio from 16% to 50% at least of the non-oil Gross Domestic Product (GDP), and advance the Kingdom's ranking in the Logistics Performance Index from 49th to 25th globally and 1st regionally. To this end, a new Export Bank was established with a capital of 30 billion riyals to encourage export activity and support industrial and mining projects in the Kingdom.

Among the most prominent points that the ambitious Saudi plan focuses on are increasing the contribution of the private sector to the GDP from 3.8% currently to 5.77%, increasing female labor force participation from 22% to 30%, and reducing the unemployment rate among Saudis from 11.6% to 7%.

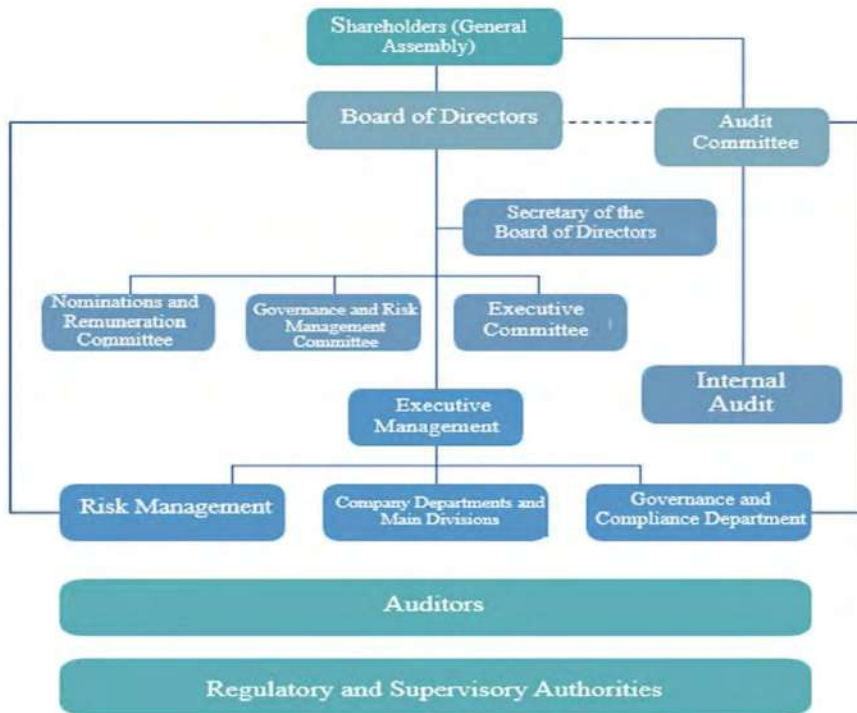
In terms of manufacturing industries, the Kingdom has launched a massive industrial project that aims to transform from an importer of raw materials and finished consumer products to manufacturing and producing them locally, by exploiting the wealth of raw materials. This opens the door to huge investments in the manufacturing sector estimated at 200 billion riyals and provides about 100,000 jobs.

In line with the aforementioned, and in light of the Kingdom's strategic policy orientation to support its economy through reliance on non-oil resources and focus on supporting industry and opening the door to encouraging exports, and developing ways to employ the vast wealth



Second :FIPCO's Governance Structure

The governance structure defines the distribution of powers and responsibilities between the various participants in the company, such as members of the board of directors, managers, shareholders, and other parties. It also clarifies the rules and procedures for decision-making related to all aspects of the company.



FIPCO'S Governance Procedures



First: FIPCO'S Governance Philosophy

Corporate governance is the optimal system through which a company is directed and controlled. It includes all of the relationships, structures, processes, information flows, controls, decision-making mechanisms, and accountability up to the highest level at FIPCO.

FIPCO strives to be at the forefront of global corporate governance practices. To achieve this, the company continuously implements international best practices in transparency, disclosure, and fair management. In developing its governance framework, FIPCO has drawn guidance from a number of key sources, including the Companies Law issued by the Ministry of Commerce, the Corporate Governance Regulations, the Securities Issuance Rules, and the Continuing Obligations issued by the Capital Market Authority, as well as established corporate governance best practices.

FIPCO's Board of Directors is committed to the principles of good governance, including accountability, transparency, responsibility, and fairness. The company regularly evaluates and reviews the effectiveness of its governance policies by comparing its systems to international best practices. This is done to strengthen the company's reporting, disclosure, and internal control mechanisms.

FIPCO firmly believes that full compliance with effective governance systems, commitment to good management standards, and preparation of financial and non-financial reports are the necessary safeguards to overcome many potential risks, whether internal or external. This is done while establishing a clear mechanism for separating the tasks between the Board of Directors and the company's executive management, which facilitates the company's affairs, identifies attractive investment opportunities, and accelerates the decision-making process. To this end, FIPCO is always keen to adopt governance practices and standards that ensure the institutionalization of the governance system. Therefore, FIPCO has made significant efforts to consolidate some of its work principles and policies to make governance a culture and not an obligation. This is done by setting the principles of transparency, disclosure, fairness, and preserving the rights of all stakeholders. This approach also extended to include the subsidiary company (FPC Industries Co.)

Compliance Authorities:



وزارة الصناعة
والثروة المعدنية
Ministry of Industry and Mineral Resources



بلدي
balady



هيئة السوق المالية
Capital Market Authority



هيئة الزكاة والضريبة والجمارك
Zakat, Tax and Customs Authority



وزارة التجارة
Ministry of Commerce



وزارة الشؤون البلدية
والقروية والإسكان



Fourth: Board of Directors' Tasks and Responsibilities

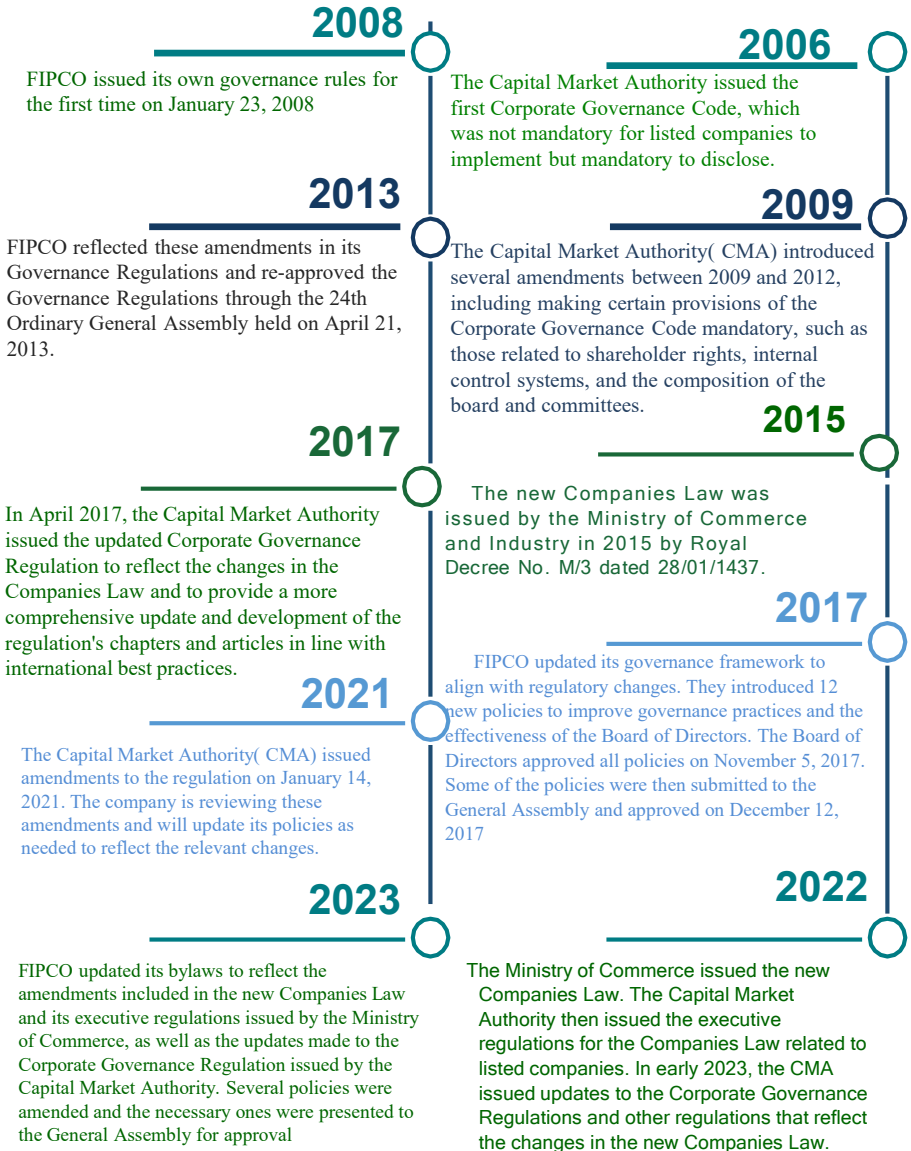
FIPCO's Board of Directors serves as the company's highest governing body within the company and is elected by the Ordinary General Assembly, in accordance with the applicable rules and regulations. Without prejudice to the Capital Market Law, the Companies Law, the applicable rules and regulations, the company's bylaws and its internal governance regulations, the board is responsible for providing guidance, direction and leadership on strategy, operations and business expansion locally within the Kingdom of Saudi Arabia and globally, while assessing opportunities, challenges, risks and associated mitigation measures. The board also oversees the company's internal controls, compliance framework and risk register.

The board's main responsibilities are to guide the company towards achieving its long-term interests. The board also assumes responsibility for issuing clear directives to the company's executive management and determining the parameters within which it operates. This includes setting a clear vision and strategy, defining the authorities delegated to the executive management, and establishing policies and standards within which the management is allowed to operate.

The board achieves this by:

- Developing a comprehensive corporate strategy and key business plans.
- Managing policy-related risks and reviewing and updating those policies.
- Determining the most appropriate capital structure for the company and approving its annual budgets.
- Overseeing capital expenditures and the acquisition and disposal of assets.
- Setting business objectives and overseeing their implementation.
- Monitoring the company's overall performance.
- Periodically reviewing and approving the company's organizational and functional structures.
- Establishing the necessary rules for internal control systems and overseeing these systems.
- Developing a written policy that regulates conflicts of interest and addresses any potential conflicts for board members, executive management, and shareholders.
- Ensuring the integrity of financial and accounting procedures, including those related to financial reporting.
- Ensuring that appropriate risk management controls are in place by predicting and disclosing risks to the company transparently.
- Annually reviewing the effectiveness of internal control systems.
- Formulating the company's governance system and rules in a manner that does not conflict with the provisions and texts of the applicable regulations and monitoring the effectiveness of these rules in general and amending them when necessary.
- Establishing policies, standards, and procedures for board membership and implementing them after their approval by the general assembly.
- Developing a written policy that regulates the relationship with related parties to protect the rights of all parties.
- Establishing rules of professional conduct for the company's directors and employees that comply with professional and ethical standards.
- Establishing policies and procedures that ensure the company's compliance with regulations and its commitment to disclosing material information to shareholders, creditors, and other parties.
- Preparing the financial statements and the annual report on the company's activities and financial position for the past fiscal year, including the proposed method of paying dividends.
- Recommending to the general assembly of shareholders the appointment, dismissal, and remuneration of auditors.

Third: Historical Development of Governance at FIPCO



Here is a summary of the qualifications and experience of the Board of Directors:

Professional Experience	Educational Qualifications	Previous Positions	Current Positions	Membership Status	Name	
-Experience in engineering consultancy -Experience in executive management -Experience in board of directors	-Bachelor of Engineering in Systems from King Fahd University of Petroleum and Minerals (KFUPM) -Master of Business Administration (MBA) from KFUPM	- Operations Manager at Bina Factory for Advanced Concrete Products - General Manager of Bina Saudi Arabia for Engineering Consultancy -Vice Chairman of the Board and Managing Director at FIPCO	- Chairman of the Board of Directors at FIPCO - Member of the Board of Directors at FPC Industries Co. - Member of the Board of Directors at Budget Saudi Arabia - Member of the Board of Directors at Shams Tourism Projects - CEO of Bina Holding Group - Member of the Board of Directors at The Red Sea Development Company Limited	Non-Executive	Ahmed Abdullatif Al-Barrak	1
- Entrepreneurial and investment experience in a number of companies	- Bachelor of Business Administration in Marketing - Master of Business Administration	- General Manager of Faba Saudi Company - General Manager of Safana International Trading Company - Chairman of the Board at FIPCO	- Vice Chairman of the Board and Managing Director at FIPCO - Member of the Board of Directors at FPC Industries Co. - Member of the Board of Directors at Shams Tourism Projects	Executive	Faisal Mohammed Al-Harbi	2
Diverse practical experience in business and company formation	High School Commercial Diploma -Office Business Specialization	General Manager of Nafe Global Company	General Manager of Manakh Al Aamal Foundation	Independent	Nimr Nasser Alharbi	3
Diverse practical experience in business, economic journalism management consulting governance, and risk management	Bachelor of Business Administration, Marketing Major MBA with Honors	Public Relations Manager at Faya Saudi Arabia Journalist in economic magazines Head of Risk Management at FiPCO	- CEO of FIPCO - Board Member of FPC Industries Co - Board Member of the Arab Pipes Company - Member of the Governance and Risk Committee at Budget Saudi Arabia - Co-founder of Makam for Management Consulting	Independent	Abdullah Mohammed Al-Harbi	4
Communications and information technology systems Strategies, policies, and procedures Development, innovation, and leadership skills	Bachelor of Electrical Engineering from King Fahd University of Petroleum and Minerals Master of Telecommunications Systems Management from Northeastern University Executive MBA from King Fahd University of Petroleum and Minerals	Petroleum Field Engineer at Schlumberger Held various positions at the Communications and Information Technology Commission (CITC), rising to the position of Branch Manager in the Eastern Region Regional Director of Souficom in the Kingdom of Saudi Arabia	Strategic Advisor and Board Member of Several Public Companies	Executive	Hathal Safar Al-Otaibi	5

Fifth: Composition of the Board of Directors and Classification of its Members

According to the company's bylaws, FIPCO is managed by a Board of Directors composed of five members appointed by the Ordinary General Assembly. The following table shows the members of the board and their qualifications:

Membership Status	Position	Name of Member	
Non-executive	Chairman of the Board of Directors	Ahmed Abdul latif Al-Barrak	1
Executive	Vice Chairman of the Board and Managing Director	Faisal Mohammed Al-Harbi	2
Independent	Member of the Board of Directors	Hathal Safar Al-Otaibi	3
Independent	Member of the Board of Directors	Nimr Nasser Alharbi	4
Executive	Board Member and CEO	Abdullah Mohammed Al-Harbi	5

Mr. Abdullah Mohammed Al-Harbi, a member of the Board of Directors, has been appointed as the CEO of the company. His seventh task in the Risk Management Unit has been assigned to the Governance Committee, and the name of the committee has been changed to the Governance and Risk Management Committee. This is effective from January 1, 2023. The announcement was made on the Saudi Stock Exchange (**Tadawul**) website on January 1, 2023 AD.



Sixth: Names of companies inside or outside the Kingdom that a member of the company's board of directors is a member of or one of its managers

Legal Entity	Company Headquarters	Names of companies where the board member was previously a member of the board of directors or a manager	Legal Entity	Company Headquarters	Names of companies where the board member is currently a member of the board of directors or one of its managers	Member Name
Public Joint Stock Company	Kingdom of Saudi Arabia	Filling & Packing Materials MFG. Co. (FIPCO)	Limited Liability Company	Kingdom of Saudi Arabia	FPC Industries Co.	Ahmed Abdul latif Al-Barrak
-	-	-	Public Joint Stock Company	Kingdom of Saudi Arabia	Budget Saudi Company	
-	-	-	Public Joint Stock Company	Kingdom of Saudi Arabia	Tourism Projects Company (Shams)	
-	-	-	Limited Liability Company	Kingdom of Saudi Arabia	Overseas Development Company	Faisal Mohammed Al-Harbi
Public Joint Stock Company	Kingdom of Saudi Arabia	Filling & Packing Materials MFG. Co. (FIPCO)	Limited Liability Company	Kingdom of Saudi Arabia	FPC Industries Co.	
Public Joint Stock Company	Kingdom of Saudi Arabia	Arab Pipes Company	Public Joint Stock Company	Kingdom of Saudi Arabia	Tourism Projects Company (Shams)	
Limited Liability Company	Kingdom of Saudi Arabia	Savanna Global Trading Company	Public Joint Stock Company	-	-	Nimr Nasser Alharbi
Public Joint Stock Company	Kingdom of Saudi Arabia	Filling & Packing Materials MFG. Co. (FIPCO)	Limited Liability Company	-	-	Abdullah Mohammed Al-Harbi
Saudi Listed Joint Stock Company	Kingdom of Saudi Arabia	Filling & Packing Materials MFG. Co. (FIPCO)	Limited Liability Company	Kingdom of Saudi Arabia	FPC Industries Co.	
-	-	-	Professional Corporation	Kingdom of Saudi Arabia	Makamen for Management Consulting	
-	-	-	Public Joint Stock Company	Kingdom of Saudi Arabia	The Arab Pipes Company	Hathal Safar Al-Otaibi
-	-	-	Public Joint Stock Company	Kingdom of Saudi Arabia	Middle East Specialized Cables Company (Misk)	

Seventh: The Company's Executive Management

Current Positions	Previous Positions	Experience	Qualifications	Name
Vice Chairman of the Board and Managing Director	As previously discussed in the Board of Directors section	As previously discussed in the Board of Directors section		Faisal Mohammed Al-Harbi
Member of Board of Directors and Risk Management Director	As previously discussed in the Board of Directors section	As previously discussed in the Board of Directors section		Abdullah Muhammad Alharbi
Executive Vice President of Financial Affairs	Worked for Ernst & Young in Jordan and Saudi Arabia, progressing through internal audit and financial management roles.	16 Years of Experience in External and Internal Audit and Financial Management	Bachelor's degree in Accounting and passed the US CPA Exam	Hamza Mahdi Baibars
General Manager of the subsidiary company (FPC Industries Co.)	Factory Manager at Convertex Plastics and Printing Industries in Lebanon and Romania Held various management and leadership positions in several companies operating in the plastics industry, including National Plastic Company, Orient Plastic Factories, Saudi Printing and Packaging Company, And Al-Murabaei Group for Industry	31 Years of Experience in the Plastics Conversion and Printing Industry across France, Lebanon, Romania, and Saudi Arabia	Bachelor's degree in Mechanical Engineering with a Master's degree in Plastics Processing Engineering from Grenoble University in France	Karim Marquis
Governance and Compliance Manager	Worked in the Technical Analysis and Financial Market Research Department at City Trade for Securities Trading. Worked in the Investor Relations and Board Secretariat Department at Jarir Marketing Company. Worked as an Assistant to the Chief Financial Officer for Governance Affairs at Saudi Arabian Services for Cars and Equipment (SASCO).	Extensive experience in governance, compliance, business management, and board and committee secretarial services for nearly 16 years.	Bachelor of Arts in Languages and Translation – Al-Azhar University – Egypt Obtained the Certified Corporate Governance Officer (CCGO) Certificate from London Business School Completed the Secretarial Management Program from the Egyptian Center for Directors affiliated with the General Authority for Financial Supervision. Successfully passed the Disclosure Certificate Exam in accordance with the Trading Requirements of the Riyadh Financial Academy.	Salah Sabry

The following is a statement of the dates of the meetings of the general assemblies held during the year 2023, and a statement of the attendance of the members of the Board of Directors and the percentage of their participation :

The dates of the meetings held during the year 2023					Name	
Attendance percentage	Attendance Times	16 November	01 June	09 May		
%100	3	√	√	√	Ahmed Abdul Latif Al-Barrak	1
%100	3	√	√	√	Faisal Mohammed Al-Harbi	2
%100	3	√	√	√	Hathal Safar AlOtaibi	3
%100	3	√	√	√	Nimr Nasser AlHarbi	4
%100	3	√	√	√	Abdullah Mohammed AlHarbi	5



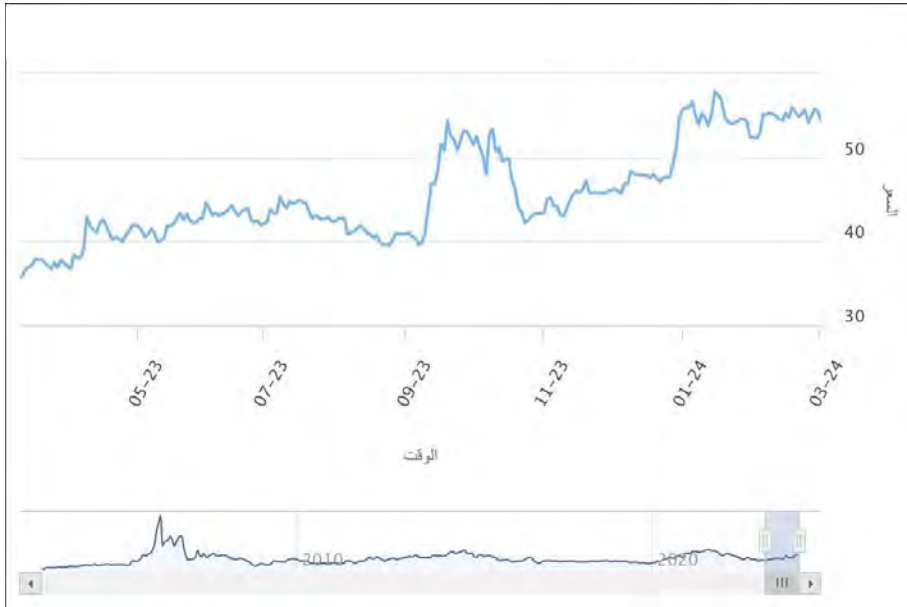
Eighth: Attendance record for board meetings and general assemblies held during the fiscal year 2023AD

Three general meetings of shareholders were held during the year 2023AD, namely the tenth ordinary extraordinary general meeting, during which the recommendation of the Board of Directors to increase the company's capital through the issuance of preemptive rights shares and the amendments to the articles of association of the company to comply with the Companies' Law were rejected. In addition to the aforementioned meetings, the thirty-seventh ordinary general meeting was also held in 2023AD, during which the company's annual financial results, the auditors' report, and the Board of Directors' report for the financial year 2022AD were approved; the auditors were appointed to audit the accounts for the financial year 2022AD and the first quarter of 2023AD, and their fees were determined; the Board of Directors' remuneration for the financial year 2022AD was approved; and amendments to certain policies and regulations were approved, including the Policy and Criteria for Membership of the Board of Directors, the Policy on Remuneration for Board Members, Nominated Directors, and Senior Executives, the Rules of Procedure for the Audit Committee, and the Rules of Procedure for the Nominations and Remuneration Committee. In addition to the aforementioned meetings, the eleventh ordinary extraordinary general meeting was also held in 2023AD. During this meeting, amendments to the company's articles of association were approved in compliance with the Companies' Law. The company's name and objectives were also amended, and the transfer of the statutory reserve as at the end of the financial year 2023AD to the retained earnings was approved.

The following is a statement of the dates of the above-mentioned meetings, the attendance of the members of the Board of Directors and the percentage of their participation

Dates of Board of Directors meetings held during the year 2023						Name	
Attendance percentage	Attendance Times	31 December	20 September	02 May	04 March		
%100	4	√	√	√	√	Ahmed Abdul latif Al-Barrak	1
%100	4	√	√	√	√	Faisal Mohammed Al-Harbi	2
%100	4	√	√	√	√	Hathal Safar AlOtaibi	3
%100	4	√	√	√	√	Nimr Nasser AlHarbi	4
%100	4	√	√	√	√	Abdullah Mohammed AlHarbi	5

3- FIPCO stock performance during year 2023



4- Comparative Graphic of FIPCO Stock Performance with Sector Index and Market Index



Ninth: Capital and property disclosures

1-Capital Information

The following table shows FIPCO's capital information and the number of its shares as at 31/ 12/2023AD

Capital	
Value	Statement
115,000,000	authorized capital (SAR)
115,000,000	Capital Payable (SAR)
11,500,000	shares issued *
11,500,000	Free Shares **
10	Nominal Value per Share (SAR)
10	Value paid per share (SAR)
Saudi Stock Exchange (Tadawul)	Stock Market in which the stock trades
Main Market	Market Type
Basic Materials	Main Sector
2180	Share symbol
SA0007879352	International symbol

- All FIPCO shares exported ordinary shares, do not have any excellent shares.
- ** Number of free shares varies from period to period according to FIPCO stock trading movement

2- Stock Data

The following table shows the company's share trading information during the fiscal year 2023

Trading information	
Value	Statement
35.15	Share Price as on 1/01/2021 First Session Trade in2023
54.80	Share Price as on 31/12/2023 (Latest Session Trade in2023)
56%	change
54.80 (recorded on 31December2023)	the highest share price in 2023
34.95 (recorded on 26 February 2023)	the lowest share price in 2023

Share Ownership and Change Ratio for Board Members and Chief Executives

1- Board members ,spouses and minor children :

Debt instruments and financing instruments	Number of FIPCO shares in which they have an interest				Name	
	Percentage Change%	Change during Year	End 2023	Start 2023		
NIL	0	0	1050	1050	Ahmed Abdul Latif Al-Barak	1
	0	0	0	0	Faisal Mohammed Al-Harbi	2
	0	0	0	0	Hathal Safar AlOtaibi	3
	0	0	0	0	Nimr Nasser Alharbi	4
	0	0	0	0	Abdullah Muhammad Alharbi	5

5- Investment Restrictions

There are no restrictions on the shares of the company as stated in both the rules governing the investment of qualified foreign financial institutions in the listed securities and the instructions regulating the possession by foreign strategic investors of strategic shares in the listed companies in accordance with the company's basic regulations and the instructions issued by the supervisory and supervisory authorities to which the company is subject.

6- Ownership structure for individuals and institutions by the end of 2023

Foreign ownership	
49%	Maximum ownership limit for foreign investors
3.59%	Actual Foreign Ownership
0	Foreign Strategic Investor Ownership
Investors by Nationality	
8,537 Investors from Saudi Arabia own 9,654,493 shares, representing 80.9% of the total ownership.	Saudi Investors
1,878 Investors from other nationalities own 1,845,507 shares, representing 19.1% of the total ownership.	Non-Saudi Investors
10,415 Investors own 11,500,000 shares, representing 100% of the total ownership.	Total
Investors according to their nature	
10,403	Individuals
9	Companies and Institutions
3	Investment Funds

7- List of major contributors and change in ownership shares

FIPCO does not have any of the major shareholders with 5% or more according to the shareholders registry on 31/12/2023AD . FIPCO has not reported any material changes in the ownership of its board members, audit committee members, or senior executives during the year 2023AD .

Tenth : Committees emanating from the Board Of Directors.

In line with FIPCO's needs and operational circumstances, and to enable the Board of Directors of FIPCO to effectively carry out its duties, the Board has formed specialized committees in accordance with the company's bylaws and the Corporate Governance Regulations issued by the Capital Market Authority. These committees were formed according to general procedures set by the Board, which include defining the tasks of each committee, its term of office, its powers, and how the Board supervises it. The Board regularly follows up on their work and the recommendations they submit to ensure that they carry out their assigned tasks. The Board also enjoys the flexibility to form committees and merge the tasks of one committee into another (other than mandatory committees) to achieve short-term initiatives or long-term goals. In this regard, on January, 2023AD, the responsibilities of the Risk Management Unit, which was previously supervised by Mr. Abdullah Al Harbi, were transferred to the tasks of the Governance Committee, and the name of the committee was changed to "Governance and Risk Management Committee" with the same previous formation, after the appointment of Mr. Abdullah Al Harbi as CEO of the company. The Board also discussed at its meeting No.1 held on March4, 2023 AD, the restructuring of some of its committees by transferring the responsibilities of the Investment Committee to the Executive Committee due to the absence of its purpose during the current stage. In addition to reviewing the formation of the Executive Committee after the appointment of a CEO, the Board unanimously decided to terminate the work of the Investment Committee and merge its tasks within the tasks of the Executive Committee, and to direct the Governance and Risk Management Committee to amend its work regulations accordingly. In addition to reconstituting the Executive Committee by terminating the membership of Mr. Hathal Safar AlOtaibi and appointing the CEO, Mr. Abdullah Al Harbi, to be a member of the committee as of the date of the meeting mentioned above.

It is worth noting that the FIPCO Board of Directors, when forming these committees, took into account the provisions of the Corporate Governance Regulations issued by the Capital Market Authority and any updates thereto, and what is in line with the best practices and procedures in force globally, by appointing a sufficient number of non-executive directors to the committees concerned with tasks that may give rise to conflicts of interest, such as ensuring the accuracy of financial and non-financial reports, reviewing related party transactions - if any - and nominating for membership of the Board of Directors and appointing senior executives, determining compensations, etc.

The heads and members of these committees are committed to the principles of honesty, integrity, loyalty, care, and attention to the interests of FIPCO and its shareholders, and to prioritize them over their personal interests.

The Board's committees included the Audit Committee, the Nominations and Remunerations Committee, the Executive Committee, and the Governance and Risk Management Committee. It is worth noting that the term of office of all committees ends at the end of the current session of the Board of Directors (31/12/2024 AD), and that the regulations governing the work of all committees have been updated to reflect the systems and regulations issued by the relevant authorities.

In the following, we summarize a description of the subordinate committees, a statement of their members, their responsibilities and their meetings held throughout the year 2023 AD

1- Audit Committee:

In accordance with the provisions of the Companies Law issued by the Ministry of Commerce, the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, and the corresponding provisions of FIPCO's bylaws and governance regulations, the Audit Committee was formed by a resolution of the Fifth and Thirty Ordinary General Assembly held on February17, 2022 AD, for a period of three years (2022-2024 AD), consisting of non-executive directors, including specialists in financial and accounting matters. The Committee's work regulations were approved, specifying the controls, procedures, and remuneration of its members. In addition, amendments were made to the Audit Committee's work regulations to reflect the new amendments introduced in the Companies Law, its executive regulations, and the Corporate Governance Regulations. The amended regulations were presented to the Seventh and Thirty Ordinary General Assembly held on June1, 2023, and were approved.

Members, spouses and minor children of the Review Committee

Debt instruments and financing instruments	Number of FIPCO shares in which they have an interest				Name	
	Percentage Change%	Change during Yea	End 2023	Start 2023		
NIL	0	0	0	0	Fawzi Ibrahim Alhobayeb	1
	0	0	0	0	Khaled Ali Aten	2
	0	0	0	0	Hathal Safar Al-Otaibi	3

Senior executives, their spouses and minor children

Debt instruments and financing instruments	Number of FIPCO shares in which they have an interest				Name	
	Percentage Change%	Change during Yea	End 2023	Start 2023		
NIL	0	0	0	0	Faisal Mohammed AlHarbi	1
	0	0	0	0	Abdullah Muhammad Alharbi	2
	0	0	0	0	Karim Marquis	3
	0	0	0	0	Hamza Baybars	4
	0	0	0	0	Salah Sabry	5

In particular, the Audit Committee's functions include:

A - Financial Reports

- Reviewing the preliminary and annual financial statements before presenting them to the Board of Directors and providing an opinion and recommendation on them.
- Providing a technical opinion - upon the request of the Board of Directors - on whether the Board's report and the company's financial statements are fair, balanced, understandable, and include the information that allows shareholders and investors to assess the company's financial position, performance, business model, and strategy.
- Studying any important or unusual matters included in the financial reports.
- Investigating in detail any issues raised by the CFO, the person acting as CFO, the compliance officer, or the auditor.
- Verifying the accounting estimates in the material matters included in the financial reports.
- Reviewing the accounting policies followed and providing an opinion and recommendation to the Board of Directors on them.

B - Internal Audit

- Reviewing and following up on the internal control, financial, and risk management systems at FIPCO.
- Reviewing internal audit reports and following up on the implementation of corrective actions for the observations mentioned therein.
- Supervising and monitoring the performance and activities of the internal audit department at FIPCO to ensure the availability of the necessary resources and its effectiveness in carrying out the work and tasks assigned to it, while verifying its independence.

C - Auditors

- Recommending to the Board of Directors the nomination and dismissal of auditors, determining their fees, and evaluating their performance after verifying their independence, reviewing their scope of work, and the terms of their contract.
- Ensuring the independence, objectivity, and fairness of the auditors, and the effectiveness of their work, taking into account the relevant rules and standards.
- Reviewing the auditors' plan and work, and verifying that they do not provide any technical or administrative work that falls outside the scope of the audit work and providing their opinion on this.
- Responding to the inquiries of FIPCO's auditors.
- Reviewing the auditors' report and their observations on the financial statements and following up on what was taken regarding them.

D - Compliance Assurance

- Reviewing the results of the reports of the regulatory authorities and verifying that the company has taken the necessary actions regarding them.
- Ensuring the company's compliance with the relevant systems, regulations, policies, and instructions.
- Reviewing the contracts and transactions that the company proposes to conduct with related parties and providing its opinion on this to the Board of Directors.
- Raising any issues that it deems necessary to take action on to the Board of Directors, and making recommendations on the actions to be taken.

Accordingly, the composition of the committee during the fiscal year 2023 was as follows :

Hathal Safar Al-Otaib	Khaled Ali Attin	Fawzi Ibrahim Alhobayeb	Name
Member	Member	President	Membership Status
One of the board members I have already spoken about	work in the field of legal review Zakat and tax consultations And administrative	Member of the Audit Committee of Al Jazeera	Current jobs
	consulting partner of United Accountants Company	Bank, member of the Audit Committee of Qassim Cement Company	
	Board Member of Animation Society		previous jobs
	Graduation in the work of legal review to reach the position of partner in Ernst & Young. - Partner in the Professional Opinion Center for Training. Partner in the office of Talal Abu-Ghazaleh. - Worked in the Saudi Chevron Company in the completion of some special tasks. - Member of the Audit Committee of Saudi Airlines Catering Company.	He worked in the Capital Market Authority for 12 years as head of follow-up and implementation, and then as head of internal audit Worked as Head of Internal Audit at the Arab National Bank for more than nine years Worked at Ernst & Young for more than three years	
	- Holds a Bachelor's degree in Accounting - King Saud University Fellowship of the Saudi Organization for Certified Public Accountants (SOCPA). - Fellowship of the Institute of Management Accountants (CMA), Australia - Fellowship of the Society of Fraud and Fraud Auditors (CFE) in the United States of America	Holds a Bachelor's degree in Accounting - King Abdulaziz University - Passed the American Association of Certified Public Accountants (CPA) test	Academic qualifications
	Work experience in financial and administrative consulting, auditing, zakat, tax and accounting in the private sector for nearly 30 years	Significant experience in internal auditing and auditing in the private and government sector	Practical experiences

Results of the annual audit of the effectiveness of FIPCO's internal control Procedures :

The Internal Audit Unit at FIPCO provides assurance and consulting services independently and objectively to add value, improve operations, and achieve the company's strategic goals. The Internal Audit Unit also assists FIPCO in achieving its goals by evaluating and improving the effectiveness of internal control, risk management, and governance processes, through a risk-based audit approach that directs audit efforts towards the activities and operations that are of the highest risk and importance to the company, and in accordance with best professional practices.

The scope of work of the Internal Audit Unit includes reviewing activities, operations, risk management procedures, internal control systems, information systems, governance processes, and assisting in protecting against and detecting fraud, deception, and embezzlement. All activities, functions, departments, branches, and subsidiaries of the company fall within the scope of work of the Internal Audit Unit.

The Internal Audit Unit has implemented some of the periodic audit operations according to the amended 2023 plan approved by the Audit Committee, with the aim of providing the necessary assurances regarding the effectiveness and efficiency of internal control and risk management at FIPCO, with a focus on high-risk activities and functions. However, the audit work implemented did not go according to plan due to the vacancy of the Internal Auditor position since the end of the first quarter of 2022 until March 2023, despite the Committee's recommendation to expedite the appointment of an Internal Auditor so that the detailed audit plan or strategy is not affected.

Based on the fact that internal control is one of the most important foundations necessary to protect FIPCO's assets and support it in achieving its goals, and since sound financial, operational, and administrative control procedures are sufficient to reduce the misuse of FIPCO's assets and affect its actions, the FIPCO Board of Directors pays special attention to it and ensures the effectiveness of these procedures on an annual basis by reviewing them annually and directing the necessary amendments to develop control work. This is done in light of the recommendations and directives issued by the Audit Committee.

3-. Audit Committee's opinion on the adequacy of FIPCO's internal control system

Based on the foregoing and based on the partial work carried out by the Internal Audit Department in the company according to the plan approved by the Audit Committee during the fiscal year 2023, and the observations of the company's external auditor, and taking into account that any internal control system, no matter how safe its design and implementation procedures are, cannot provide absolute assurance about the effectiveness of the internal control system in place, the Audit Committee did not find any material weaknesses in the internal control system in place within the company, with the continued recommendation of the Audit Committee to the company's management to continuously follow up on the development and improvement of the efficiency and effectiveness of the internal controls in place and the necessity of continuous updating of the company's policies and procedures, and implementing the observations of the Committee regarding internal audit reports and in line with the nature of the company's activity, with the continuation of conducting a continuous assessment of all the company's subsidiaries in the operational, financial, compliance, and risk management aspects.

In addition, the Commission oversees investigations related to fraud or errors in FIPCO or any other matter that the Committee considers important to investigate. To this end, the Committee has established a mechanism for submitting notes on any financial or other overreach confidential through the establishment of a dedicated e-mail as well as a fund for submitting such proposals to the company. The notes are to be reviewed and their materiality determined by the company's internal auditor and their report is to be submitted to the audit committee. and hence the Commission's role is to verify the proper application of this mechanism, conduct an independent investigation commensurate with the magnitude of the error or override and adopt appropriate follow-up procedures. The Committee is keen to follow up on this on a quarterly basis

Five Audit Committee meetings were held during 2023. The following is a statement of the names of the members and the attendance record:

The dates of the meetings held during the year 2023							position	Name
Attendance percentage	Attendance Times	25 October	10 August	08 May	03 April	09 March		
100%	5	√	√	√	√	√	chairman	Fawzi Ibrahim Alhobayeb
100%	5	√	√	√	√	√	member	Khaled Ali Attin
100%	5	√	√	√	√	√	member	Hathal Safar AlOtaibi

Two meetings of the Nominations and Remuneration Committee were held during 2023,

Attendance percentage	Attendance Times	The dates of the meetings held during the year 2023		position	Name
		02 May	04 March		
100%	2	√	√	President	Nemer Nasser AlHarbi
100%	2	√	√	Member	Hathal Safar Al-Otaibi
100%	2	√	√	Member	Ahmed Abdul Latif Al-Barrak

5- Executive Committee:

Based on the vision of the Board of Directors and to organize the work within the Board, the Executive Committee was formed with four members. Some tasks have been assigned to it to enable it to devote more time and effort to discussing specific topics to facilitate decision-making within the Board of Directors. These tasks include:

- Reviewing periodic management reports, assessing performance, reviewing new or reinvestments, and approving them before submitting them to the Board for approval.
- Reviewing annual budgets and plans and investigating any material variances related to budgets (if any) before submitting them to the Board of Directors.
- Following up and receiving reports on the implementation and completion of major projects or major expansion works of the company.
- Monitoring the company's performance and seeking explanations for any deviations from the approved plans, budgets, and forecasts.
- Assisting the Board in carrying out its responsibilities, especially with regard to the tasks assigned to it by the Board when the time factor is crucial.
- Receiving periodic reports from the company's management on risk management operations in the company, including risk assessment and procedures in place to address and follow up on these risks.
- Ensuring that the administrative committees (if any) in the company are working effectively.
- Receiving periodic management reports from the CEO on the company's performance to be presented in the Executive Committee meetings for discussion and review before submitting them to the Board (if necessary).
- Communicating with senior officials in government, civil society, and private sector companies to overcome the difficulties facing FIPCO's work and explain its programs to officials, as long as this is within the framework of the laws in force.
- Carrying out the tasks of the Investment Committee assigned to it by the Board of Directors' resolution issued on 4 March 2023, which includes:

2- The Nominations and Remunerations Committee

Nominations and Remuneration Committee:

The Nominations and Remuneration Committee consists of three members:

- Nimer Nasser Al-Harbi (Independent Board Member) - Committee Chairman.
- Hazar Safar Al-Otaibi (Independent Board Member) - Committee Member.
- Ahmed Abdullatif Al-Barrak (Non-Executive Board Member) - Committee Member.

Since all members of the Committee are members of the Board of Directors, their current and previous positions, academic qualifications, and practical experience have been discussed in the section on the Board of Directors.

The Committee's tasks and responsibilities are summarized as follows:

- Preparing a clear policy for the remuneration of Board members, its committees, and the executive management, and submitting it to the Board of Directors for approval by the General Assembly, taking into account the use of performance-related criteria when setting such policies.
- Clarifying the relationship between the granted rewards and the remuneration policy in place, and explaining any material deviation from this policy.
- Periodic review of the remuneration policy and assessment of its effectiveness in achieving its objectives.
- Recommending to the Board of Directors the remuneration of Board members, its committees, and senior executives of the company in accordance with the approved policy.

Regarding nominations:

- Proposing clear policies and criteria for membership in the Board of Directors and executive management.
- Recommending to the Board of Directors the nomination and re-nomination of members according to the approved policies and criteria, taking into account not nominating anyone who has previously been convicted of a crime of dishonesty.
- Preparing a description of the skills and qualifications required for membership in the Board of Directors and to occupy executive management positions.
- Determining the time that a member must allocate to the work of the Board of Directors.
- Annually reviewing the need for the necessary skills or experience appropriate for membership in the Board of Directors and executive management positions.
- Reviewing the structure of the Board of Directors and executive management and making recommendations on changes that can be made.
- Verifying annually the independence of independent members and the absence of any conflict of interest if the member is a member of the Board of Directors of another company.
- Preparing a job description for executive members, non-executive members, independent members, and senior executives.
- Establishing procedures in case of a vacancy in the position of a Board member or a senior executive.
- Identifying the strengths and weaknesses of the Board of Directors and proposing solutions to address them in the best interests of the company.

6- Governance and Risk Management Committee:

FIPCO's rapid response to developing its own governance and corporate governance rules is a testament to its belief that following good governance rules is the cornerstone of its management, control, and oversight of its resources, ensuring the best returns for stakeholders and interested parties. This prompted the Board of Directors to decide to form a special Governance Committee - despite the fact that forming such a committee is not mandatory - to review compliance with governance rules on a regular basis and devote more time and effort to this matter. This is based on FIPCO's keenness to obtain an advanced position in the governance measurement indicators issued by reputable specialized centers locally and internationally.

The main tasks of the committee are as follows:

- To ensure FIPCO's compliance with the systems and regulations issued by the Ministry of Commerce and Investment, the Capital Market Authority, and any other regulatory or supervisory bodies concerned.
- Reviewing policies and regulations and updating them in accordance with regulatory requirements and international best practices.
- Recommending amendments to the company's bylaws (if necessary).
- Reviewing and developing the code of professional conduct that represents FIPCO's values, and other internal policies and procedures to meet FIPCO's needs and comply with best practices to develop the work environment.
- Keeping Board members informed of developments in corporate governance and international best practices.
- Reviewing and updating the register of risks facing the company and its administrative and operational activities and establishing a system for managing these risks and evaluating the effectiveness of its tools.
- Developing a comprehensive risk management strategy and policy that is appropriate for the nature and size of the company's activities, and ensuring its implementation, review, and updating based on internal and external changes.
- Determining an acceptable level of risk that the company may be exposed to and maintaining it, and ensuring that the company does not exceed it.
- Ensuring the sustainability of the company and its continued success by identifying the risks that threaten its sustainability during the next ten years.
- Overseeing the risk management system in the company and evaluating the effectiveness of the systems and mechanisms for identifying, measuring, and monitoring the risks that the company may be exposed to, in order to identify any shortcomings therein.
- Reassessing the company's risk appetite and exposure on a regular basis.
- Preparing risk reports and submitting them to the Board of Directors, as well as presenting recommendations to the Board on risk management issues.
- Reviewing any issues raised by the Audit Committee that may affect risk management in the company.

The Executive Committee is responsible for the following tasks:

- Presenting recommendations on mergers and acquisitions to the Board of Directors.
 - Making recommendations regarding the company's share repurchases.
 - Reviewing the company's surplus liquidity investment plans.
 - Receiving periodic reports from the company's management on risk management operations in the company, including risk assessment and procedures in place to address and follow up on these risks.
 - Reviewing key financial topics and criteria, including financing adequacy.
 - Reviewing investment and expansion opportunities, in addition to addressing the challenges facing FIPCO's operational activities to ensure product quality.
 - Periodically reviewing capital expenditures and keeping the company's assets in mind.
 - Discussing and making decisions on matters that require urgent investment decisions, such as entering into public offerings, tying up deposits, or other investments.
 - Ensuring the allocation of the company's resources in a way that achieves consistency between the strategic plans of the company and its subsidiaries, operational goals, and investment goals.
 - Preparing and reviewing recommendations to the Board of Directors on annual and long-term financial goals and strategies (the company's financial planning).
 - Reviewing key financial matters of the company and its subsidiaries, such as matters related to capital structure, the company's credit rating, cash flows, borrowing, investment deposits, in cooperation with the company's executive management and in a way that does not conflict with the work of other committees.
 - Evaluating existing investments or researching future opportunities and submitting a periodic report to the Board of Directors when applicable or upon request.
 - The possibility of hiring specialized companies, individuals, or consulting firms to assist in evaluating or entering into any investment opportunity after verifying its economic feasibility.
- The Committee consists of four members whose qualifications and experience have been discussed in the section on Board Members. The Executive Committee held two meetings during 2023, as shown in the following table.**

Attendance percentage	Attendance Times	The dates of the meetings held during the year 2023		position	Name
		December 31	March 04		
100%	2	√	√	chairman	Ahmed Abdul Latif Al-Barrak
100%	2	√	√	Member	Faisal Mohammed AlHarbi
100%	2	√	√	Member	Abdullah Muhammad Alharbi

Eleventh: Procedures taken by the Board of Directors to keep its members - especially non-executive members - informed of shareholders' proposals and comments on FIPCO and its performance

The company's bylaws, governance regulations, and shareholders' guide in FIPCO guarantee all rights related to the share. Accordingly, FIPCO has taken a number of procedures to inform the members of the Board of Directors, especially the non-executive members, of the shareholders' proposals and comments on the company and its performance as follows:

FIPCO has allocated a unit for investor relations within the company to respond to shareholders' inquiries and receive their comments or complaints through the available communication channels via phone, fax, or email. FIPCO has also allocated an email address for confidential messages to report any error or violation related to any of the company's works or any of the related parties. This email is followed up by the Chairman of the Board himself, and he may raise to the attention of the Board members anything that requires attention if any material information is received.

These inquiries or information - if any - are examined and classified, and the material ones are raised to the Board of Directors during its regular meetings.

FIPCO always urges all members of its Board of Directors to attend the general assemblies to answer shareholders' questions and to **الاطلاع** on their views and comments on the company and its performance. The regulations of the Board's committees also require the heads of the committees affiliated with the Board of Directors or their representatives from its members to attend the general assemblies to answer shareholders' inquiries.

Shareholders' questions and inquiries are recorded in the minutes of the general assemblies and kept at the company's headquarters, and any shareholder can access them.

Twelfth: The means used by the Board to evaluate its performance and the performance of its committees and members, and the external party that conducted the evaluation (if any)

The Board of Directors in FIPCO is keen to follow up on the application of the guidelines set forth in the Corporate Governance Regulations issued by the Capital Market Authority, especially with regard to the role of the Chairman of the Board in listening to the views of non-executive board members regarding their comments and views on the company's performance and the evaluation of its executive management. In addition, meetings are held from time to time between the members of the board without the chairman of the board to discuss the performance of the chairman of the board in carrying out the tasks assigned to him. These meetings were held during the year 2023 following the board meeting held on December 31, 2023.

FIPCO has also prepared a self-assessment form for board members through appropriate and effective mechanisms to detect errors, and it is constantly working to update these mechanisms. The member evaluates himself and his peers from the members of the Board of Directors. The evaluation form seeks the opinion of each member on the performance of the board in carrying out its tasks and suggests ways to develop the performance of the board and the effectiveness of its role. Evaluation forms are also developed for each of the committees affiliated with the Board of Directors to ensure that they perform the roles assigned to them, as stipulated in the regulations of these committees.

FIPCO has also prepared a self-assessment form for board members through appropriate and effective mechanisms to detect errors, and it is constantly working to update these mechanisms. The member evaluates himself and his peers from the members of the Board of Directors. The evaluation form seeks the opinion of each member on the performance of the board in carrying out its tasks and suggests ways to develop the performance of the board and the effectiveness of its role. Evaluation forms are also developed for each of the committees affiliated with the Board of Directors to ensure that they perform the roles assigned to them, as stipulated in the regulations of these committees.

It is worth noting that no third party (external evaluation body) has been used, and this may be done in the future if necessary, according to the absolute evaluation of the Nominations and Remunerations Committee and the approval of the Board of Directors.

The Governance Committee has played a major role during the past two years following the issuance of the new Companies Law and its executive regulations and the regulations and legislations issued by the Capital Market Authority. The Governance Committee has developed the necessary proposals to amend the company's systems and regulations to comply with the relevant systems and regulations.

According to the Board of Directors' resolution dated January 1, 2023, which transferred the responsibilities of the Risk Management Unit, which was supervised by Mr. Abdullah Al-Harbi, to the tasks of the Governance Committee and changed the name of the committee to "Governance and Risk Management Committee" with the same previous formation, after the appointment of Mr. Abdullah Al-Harbi as the company's CEO. The committee consists of four members whose qualifications and experience have been discussed in the section on Board Members and Senior Executives. The Governance Committee held four meetings during the year 2023AD, as shown in the following table.

Attendance percentage	Attendance Times	The dates of the meetings held during the year 2022				position	Name
		17 September	02 May	10 March	10 January		
100%	1	√	√	√	√	President	Ahmed Abdul Latif Al-Barrak
100%	1	√	√	√	√	Member	Abdullah Mohammed Al-Harbi
100%	1	√	√	√	√	Member	Salah Mohamed Sabry

As for the staged dividend distribution process:

- Annual, semi-annual, or staged dividends may be distributed from the distributable profits to shareholders, in accordance with the regulations set by the competent authority
- The ordinary general assembly, based on a proposal from the Board of Directors, may decide to form any reserves to the extent that achieves the company's interest or ensures the distribution of fixed dividends as much as possible to shareholders. The aforementioned assembly may also deduct from the net profit amounts to establish social institutions for the company's employees or to support existing ones. The general assembly, based on a proposal from the Board of Directors, may also decide to disburse the reserves that have been previously set aside in accordance with any regulatory requirements that preceded the date of approval of this system, in a way that benefits the company or shareholders.
- If dividends are distributed to shareholders in violation of the provisions of the above paragraphs, the company's creditors may claim them, and the company may claim any shareholder, even if in good faith, to return what he received from it.
- The shareholder is not required to return the dividends distributed to him in accordance with the provisions of the above paragraphs, even if the company incurs losses in subsequent periods.
- The regulations shall specify the necessary controls to implement the provisions of this article.
- The Board of Directors shall approve its annual report submitted to the General Assembly, the percentages of profits distributed to shareholders during the different periods of the current year, in addition to the percentage of profits proposed to be distributed at the end of the fiscal year and the total of these profits.
- Zakat and any other tax systems in force in the Kingdom of Saudi Arabia shall apply.
- Cash dividends approved for distribution to shareholders shall be deposited into their accounts linked to their investment portfolio, and granted shares shall be deposited into the shareholders' investment portfolios after announcing this on the website of the Saudi Stock Exchange (Tadawul)

It is worth noting that FIPCO's Board of Directors issued a resolution during its meeting No. (1) for the year 2024 held on March 19, 2024, to recommend to the General Assembly not to distribute cash dividends for the fiscal year 2023AD, in order to support FIPCO's financial position and its fully owned subsidiary, 100%, and to finance its future expansions, which aim largely to diversify its products in line with the company's goals and investors' aspirations.

Thirteenth: Dividend Distribution Policy

The dividend distribution process in FIPCO is based on the net profit achieved, cash flows, and future expectations of major investments, taking into account the importance of maintaining a strong financial position to cope with any changes in the general situation or exposure to pandemics or dramatic changes in the global financial situation or any material changes that may affect the market situation and the economic climate in general locally, regionally and globally.

Despite FIPCO's keenness to maximize the return on investment for all stakeholders, there is no guarantee of current cash dividend distributions or the value of future distributions. The dividend distribution policy may change from time to time depending on the company's financial performance and the Board of Directors' vision based on the analysis of investment opportunities, cash and capital needs, and expectations of expansion in major activities. The distribution process is carried out by submitting a proposal from the Board of Directors to the General Assembly, which approves or rejects the proposal. In case of approval, the distribution is made at the place and dates determined by the Board of Directors in accordance with the instructions and regulations issued by the competent authorities in this regard.

Based on Article (43) of FIPCO's amended Articles of Association, which was approved by the resolution of the Eleventh Extraordinary General Assembly held on 16/ 11/2023 (it is worth noting that the amended Articles of Association have not been published in the Ministry of Commerce's electronic system until this date due to a problem with the company's trade name, which will be explained in a separate disclosure), the net profit distribution policy is as follows:

- The General Assembly determines the percentage of net profit to be distributed to shareholders after deducting reserves, if any.
- The shareholder shall be entitled to his share of the profit in accordance with the resolution of the General Assembly or the resolution of the Board of Directors - under a delegation from the General Assembly - issued in this regard. The resolution shall specify the entitlement date and the distribution date. The right to dividends shall be for the owners of the shares registered in the shareholders' records at the end of the day specified for entitlement. The regulations shall specify the maximum period within which the Board of Directors must implement the resolution of the General Assembly regarding the distribution of dividends to shareholders.

The compensation of board members and their committees is subject to the following:

- 1-The compensation of board members may consist of a fixed amount, attendance fees, benefits in kind, or a percentage of net profits. It is permissible to combine two or more of these benefits.
- 2-The compensation of members may be different in value so as to reflect the member's experience, specialization, assigned tasks, independence, number of meetings attended, and any other considerations as determined by the board of directors.
- 3-The board of directors' report to the ordinary general assembly at its annual meeting should include a comprehensive statement of all that each board member has received or is entitled to receive during the fiscal year from bonuses, attendance fees, expenses, and other benefits. It should also include a statement of what the board members have received as employees or administrators, or what they have received for technical, administrative, or consulting work. It should also include a statement of the number of board meetings and the number of meetings attended by each member.
- 4-A board member may receive compensation for membership in the audit committee formed by the board of directors, or for any additional work or executive, technical, administrative, or consulting positions (a professional license is required if the nature of the work is consulting) assigned to him in the company, in addition to the compensation that he may receive as a member of the board of directors and in the committees formed by the board of directors in accordance with the companies' regulations and the company's bylaws.
- 5-The compensation of independent board members should not be a percentage of the company's profits or be based directly or indirectly on the company's profitability.
- 6-Board members may not vote on the board of directors' and its committees' compensation item in the general assembly meeting.
- 7-The entitlement to the compensation should be proportional to the number of meetings attended by the member, and any assessment that contradicts this is void.
- 8-Compensation such as travel and accommodation expenses is paid according to the actual reasonable meetings that the members bear in order to attend the meetings, and these expenses and costs are excluded from the annual compensation amount.
- 9-A board member is entitled, upon his request and after obtaining the approval of the board of directors, to obtain appropriate medical insurance for himself and his family members or parents - as the board sees fit.
- 10-The payment of the bonus shall be suspended or recovered if it turns out that it was decided based on inaccurate information provided by a board member, a member of one of the committees, or the executive management, in order to prevent abuse of power to obtain undeserved bonuses. The board's decision in this regard is either to suspend the payment of the bonus if it has not been paid to him - or to recover it partially or in full according to the circumstances and circumstances of the case.
- 11-If the general assembly decides to terminate the membership of one of the board members who is absent due to his non-attendance of three consecutive meetings or five separate meetings of the board during his membership without a legitimate excuse accepted by the board, the member shall not be entitled to any bonuses or benefits for the period following the last meeting he attended, and he must return all bonuses paid to him for that period.
- 12-The board of directors, based on the recommendation of the Nomination and Compensation Committee, may grant additional compensation to the chairman of the board, the managing director, or the chief executive officer (if he is a member of the board of directors).
- 13-The Nomination and Compensation Committee shall determine the upper limits for the compensation of board members, committee members, and senior executives of the company, and shall recommend the granting of annual compensation according to its assessment and approval of the board of directors, provided that it does not exceed the upper limits included in this policy.

Fourteenth: Remuneration policy for members of the Board of Directors, committees and senior executives, and statement of any material deviations

In its disbursement of bonuses to board members, sub-committees, and senior executives, FIPCO relied on the organization's policy approved by the 37th Ordinary General Assembly held on June 1, 2023AD, and the corresponding provisions of the company's bylaws, which set the following criteria:

- 1-The compensation policy should be aligned with the company's strategy and objectives.
- 2-The purpose of providing compensation is to motivate board members and management to achieve the company's success and long-term growth.
- 3-Compensation is determined based on the level of the position, the tasks and responsibilities assigned to the incumbent, their academic and professional qualifications, performance level, and achievements.
- 4-The compensation policy must be consistent with the size and nature of the risks surrounding the company, and should not create a conflict of interest.
- 5-The company's internal regulations and systems must be consistent with the compensation policy.
- 6-The sector in which the company operates and the practices of other companies should be taken into account when determining compensation, while avoiding any unjustified increase in compensation and benefits.
- 7-The compensation policy aims to attract, retain and motivate professional talent, without being excessive, and should be reasonably sufficient to achieve this.
- 8-The application of the compensation policy is considered for any new appointments in coordination with the Nomination and Compensation Committee and the company's management.
- 9-Cases of stopping the payment of the bonus and its recovery are considered if it turns out that it was based on inaccurate or incorrect information provided by the person concerned, in order to prevent the exploitation of the employment status to obtain undeserved bonuses.
- 10-The compensation policy allows - according to the regulations - the granting of shares in the company to board members and management, whether it is a new issue or shares purchased by the company.
- 11-Compensation is fair and proportional to the member's specialties and takes into account the work and responsibilities they perform, without neglecting the other goals set by the board of directors for each fiscal year.
- 12-This compensation is based on the recommendation of the Nomination and Compensation Committee.

3-Payment of bonuses to committee members (non-board members) is as follows:

- Amount of 125,000 SAR to the Chairman of the Audit Committee, Mr. Fawzi Al Habib.
- Amount of 75,000 SAR to the Audit Committee Member, Mr. Khalid Atef.
- Amount of 25,000 SAR to the Governance and Risk Management Committee Member, Mr. Salah Sabry.

As for the executive management bonuses, they are subject to the following:

- 1-The company's policies in this regard must be observed when deciding on the executive management bonus, and in order to achieve the goals set for it.
- 2-The bonus determined for each employee in the executive management may vary according to the results he achieved during the year under evaluation.
- 3-When deciding on the bonus, the companies operating in the sector and the companies operating in the Saudi market should be taken into consideration.
- 4-The upper limit for executive management bonuses may be reviewed annually and any proposed amendments may be submitted to the board.
- 5-This policy should be consistent with the company's strategy and objectives, and in line with the performance and evaluation policy in place with regard to executive management compensation.
- 6-If the bonus determined for the executive management is based on inaccurate or incorrect information - whatever the motive for that - the matter is immediately raised to the board to take the appropriate decision towards it.
- 7-The board's decision in the previous paragraph is either to suspend the payment of the bonus with the presentation - if it has not been paid to him - or to recover it partially or in full according to the circumstances and circumstances of the case.

Fipco believes that the bonuses were distributed during the fiscal year 2023AD in accordance with the approved policy and there are no material deviations from it.

In addition to what was mentioned in the above items, the upper limits for the compensation of board members and committee members are as follows:

Maximum reward	Statement
250 thousand SAR	Chairman of the Board of Directors
200 thousand SAR	Board Member
100 thousand SAR	Committee Member (from the Board of Directors)
125 thousand SAR	Committee Member (not from the Board of Directors)
50 thousand SAR	Board Secretary (from the Board of Directors)
25 thousand SAR	Committee Secretary (from the Board of Directors)

During the year 2023, based on the recommendation of the Nomination and Compensation Committee during its meeting No. (1)2024 AD held on February29 ,2024AD, and the issuance of the Board of Directors' decision during its meeting No. (1) 2024AD held on March19,2024 AD , the following was approved:

1-. Payment of bonuses to board members for their membership in the board at a rate of 500,000 SAR during the fiscal year 2023AD, distributed as follows:

- Amount of 200,000 SAR to the Vice Chairman and Managing Director, Mr. Faisal Mohammed Al Harbi
- Amount of 100,000 SAR to the Board Member and CEO, Mr. Abdullah Mohammed Al Harbi
- Amount of 200,000 SAR to the Board Member, Mr. Nimer Nasser Al Harbi

2-. Payment of bonuses to board members for their membership in some of the committees emanating from the board as follows:

- Amount of 300,000 SAR to the Chairman of the Board, Mr. Ahmed Abdullah Al-Barrak, for his membership in the Executive Committee, the Governance and Risk Management Committee, and the Nomination and Compensation Committee (at a rate of 100,000 SAR for each committee).
- Amount of 100,000 SAR to the Vice Chairman and Managing Director, Mr. Faisal Mohammed Al Harbi, for his membership in the Executive Committee.
- Amount of 200,000 SAR to the Board Member and CEO, Mr. Abdullah Mohammed Al Harbi, for his membership in the Executive Committee and the Governance and Risk Management Committee (at a rate of 100,000 SAR for each committee).
- Amount of 100,000 SAR to the Board Member, Mr. Nimer Nasser Al Harbi, for his membership in the Nomination and Compensation Committee.
- Amount of 200,000 SAR to the Board Member, Mr. Hazzaal Safar Al Otaibi, for his membership in the Audit Committee and the Nomination and Compensation Committee.

2. Remuneration of committee members

Total	Allowance to attend sessions	Fixed bonuses (no session allowance)	Committee
Members of the Audit Committee			
140,000	15,000	125,000	Fawzi Ibrahim Alhobayeb
90,000	15,000	75,000	Khaled Ali Attin
115,000	15,000	100,000	Hathal Safar Al-Otaibi
Members of the Nomination and Remuneration Committee			
106,000	6,000	100,000	Nimer Nasser Al-Harbi
106,000	6,000	100,000	Hathal Safar Al-Otaibi
106,000	6,000	100,000	Ahmed Abdul Latif Al-Barrak
Executive Committee members			
106,000	6,000	100,000	Ahmed Abdul Latif Al-Barrak
103,000	3,000	100,000	Abdullah Mohammed AlHarbi
106,000	6,000	100,000	Faisal Mohammed Al-Harbi
Members of the Governance and Risk Management Committee			
112,000	12,000	100,000	Abdullah Mohammed AlHarbi
112,000	12,000	100,000	Ahmed Abdul Latif Al-Barrak
42,000	*18,000	25,000	Salah Mohamed Sabry

*the paid amount includes 12K the committee meeting allowance and other 6K for the committee secretary.

Fifteenth: What the Board Members, Committee Members, and Senior Executives Received

1. Remuneration of Board members

Executive Members		Non-executive members	Independent members		Nature of membership
Abdullah Mohammed Al-Harbi	Faisal Mohammed Al-Harbi	Ahmed Abdul Latif Al-Barrak	Hathal Safar AlOtaibi	Nemer Nasser Al-Harbi	Members Name
Fixed Rewards					
100,000	200,000	*720,000	—	200,000	A certain amount
15,000	15,000	15,000	15,000	15,000	Allowance to attend Council meetings
15,000	6,000	24,000	24,000	6,000	Commissions allowance
—	—	—	—	—	In-kind advantages
—	—	—	—	—	Reward for artistic, administrative and consulting works
—	—	—	—	—	Remuneration for Council President, Managing Director or Secretary if members
130,000	221,000	759,000	39,000	221,000	Total
Variable Remuneration					
—	—	—	—	—	Percentage of profits
312,000	318,600	—	—	—	Periodic rewards
—	—	—	—	—	Short Term Stimulus Plans
—	—	—	—	—	Long-term stimulus plans
—	—	—	—	—	Shares awarded
—	—	—	—	—	Total
—	—	—	—	—	End of Service Bonus
—	—	—	—	—	Expense allowance
442,000	539,600	759,000	39,000	221,000	Total

*the remuneration paid by FIPCO was according to the remuneration policy approved by the 37th AGM conducted in Jun. 01, 2024, by which The amount paid to the Chairman of the Board of Directors is equivalent to a monthly bonus of 60,000 SAR as a "lump sum". This is based on the exceptional efforts made by the Chairman of the Board in managing a number of files related to the work of the company and its subsidiaries, in a way that consolidates its strategic relationships.

Sixteenth: Related Party Transactions:

FIPCO confirms that during the fiscal year 2023, no contracts, deals, or transactions were entered into where FIPCO or any of its subsidiaries FPC Industries Co. was a party and where any member of the Board of Directors, the Managing Director, the CEO, the CFO, or any of the company's senior executives, or any person related to any of them, had an interest.

Furthermore, none of the members of the Board of Directors, senior executives, or any person related to any of them, engaged in any activities that competed with the company or its branches.

Seventeenth: Governance Practices Results in 2023

FIPCO believes that during the year 2023, it has complied with the provisions and rules of basic and mandatory governance and that there has been no breach of these provisions. Rather, FIPCO is always keen to achieve the guidelines included in the governance regulations, in addition to updating the best practices in place on a regular basis, given the importance of governance and its role in achieving sustainable development. In this regard, FIPCO has previously taken the following steps:

- Developed disclosure and transparency policies and defined appropriate procedures to ensure that shareholders are kept informed of the latest developments in FIPCO's activities and the progress of its operations.
- Updated the Governance Committee of the Board of Directors and approved its work regulations. A risk management unit was also established and its responsibilities were defined. It was supervised by one of the Board members, Mr. Abdullah Al Harbi. After his appointment as CEO, and in order to separate the tasks and best practices of governance, the responsibilities of the risk management unit were merged into the Governance Committee and the name of the committee was changed to "Governance and Risk Committee". The work regulations were approved as of the beginning of the year 2023.
- Held a meeting of the Board of Directors led by the Chairman of the Board and without the presence of any of the executive board members.
- Held a meeting for all board members without the chairman to evaluate the performance of the chairman of the board.
- Developed a confirmation list of tasks for all committees of the Board of Directors and reviewed it periodically to ensure that these committees are carrying out their assigned tasks.
- Developed the necessary mechanisms to evaluate the Board of Directors through evaluation models prepared for self-evaluation and peer evaluation within the board, as well as evaluating the performance of the board as a whole on an annual basis according to appropriate performance measurement indicators.
- Developed appropriate training programs for Board members and senior executives. Executive members are sent to attend conferences and workshops related to the technical matters necessary to manage the company. The Chairman of the Board has also completed an Executive MBA program from a prestigious university. In addition, the Board members are keen to attend workshops and lectures organized by government and non-government entities related to the company's business.
- Developed appropriate training programs for the executive management team at the company according to the specialization of each department. This includes training financial management employees on international financial reporting standards and training technical and operations management officials on new machinery and production lines. They are also registered to attend interactive online seminars and workshops to stay up-to-date with all industry developments. FIPCO is also interested in research and development initiatives and sends representatives to follow them up, in addition to training administrative cadres on executive management programs, office work, computer programs, law, governance, and others that may benefit the company and the employee in the future.
- FIPCO is keen to carry out social work initiatives and has some social responsibility initiatives. It has allocated a dedicated section for this in the report.

3- Senior Executive Rewards

The table below shows the total amounts earned by the five senior executives who received the highest bonuses and compensation, including the Managing Director and CEO, the CFO, the General Manager of the subsidiary, and the Director of Governance and Compliance, as follows:

Five senior executives	
Fixed Rewards	
	Salaries
2,881,701	
	Allowances
1,014,889	
	In-kind advantages
-	
	Total
3,896,590	
Variable Rewards	
	Periodic Rewards
779,994	
	Profits
-	
	Short-term stimulus plans
-	
	Long-term stimulus plans
-	
	Shares awarded
-	
	Total
779,994	
	End of Service Bonus
-	
	Total remuneration for executives Council *
-	
	Total
4,676,584	

In this regard, FIPCO confirms the following:

- There are no arrangements or agreements under which any member of the Board of Directors or any senior executive has waived any bonuses, salaries or compensation during the fiscal year 2023.
- There are no arrangements or agreements under which any FIPCO shareholder has waived any rights to profits during the fiscal year 2023.
- There are no other investments or reserves created for the benefit of FIPCO employees or any of its subsidiaries FPC Industries Co. during the year 2023, except for the end-of-service gratuity according to the regulations issued by the competent authorities.

Given the current damages that the company faces due to this error of delaying the full adoption of its bylaws in accordance with the Companies' Regulation, in addition to delaying the vision of the company's strategic direction, which is directly reflected in the company's management plans to achieve the interests of its shareholders, it has been decided to publish this disclosure in detail to clarify the matter to the shareholders regarding the company's taking of all available measures to implement the decision of the General Assembly. Due to the impossibility of implementing the aforementioned decision, the matter will be put to a vote by holding an extraordinary general meeting of shareholders either to change the name to another name or to return to the company's previous name, according to the relevant regulations. After taking all necessary regulatory procedures with the Ministry of Commerce, we will announce the date of the extraordinary general meeting.

Accordingly, it was necessary to include a report by the auditor on regulatory and other regulatory requirements regarding the consolidated financial statements, where the regulatory reserve balance of 17.4 million Saudi riyals was transferred to retained earnings based on the decision of the aforementioned extraordinary general meeting. The relevant regulatory procedures are being completed to update the company's amended bylaws. Consequently, the presentation of shareholders' equity in the company's balance sheet as of 31 December 2023 does not comply with Article (47) of the company's bylaws in its current form.

FIPCO confirms that the Extraordinary General Assembly approved amendments to the company's bylaws to comply with the changes made to the Companies' Regulation in the Kingdom of Saudi Arabia. The General Assembly also approved changing the company's name, amending the company's objectives, and transferring the balance of the company's regulatory reserve to retained earnings. The relevant regulatory procedures are being completed to publish and update the company's amended bylaws.

Accordingly, the balance of the regulatory reserve of 17.4 million Saudi SAR was transferred to retained earnings in the consolidated balance sheet as of 31 December 2023 based on the decision of the aforementioned extraordinary general meeting. The preparers of the consolidated financial statements believe that the other amendments, with the exception of the amendment of the company's trade name, have obtained the necessary approvals and there is no objection to completing the regulatory procedures related to them.

FIPCO confirms that it is sparing no effort in coordinating with the relevant government agencies to amend the trade name and publish and update the amended bylaws accordingly. Shareholders will be kept informed of any developments in this regard in a timely manner.

Twentieth: Board of Directors' Statements:

The Board of Directors confirms the following:

- The accounting records have been prepared correctly.
- The internal control system was prepared on sound bases and implemented effectively.
- There is no significant doubt about FIPCO's ability to continue its activities.

Twenty-First: Board of Directors' Confirmations:

In full compliance with the Governance Regulations issued by the Capital Market Authority and FIPCO's Governance Charter, the Board of Directors confirms the following:

- FIPCO is committed to protecting the rights of shareholders and not discriminating between shareholders owning the same class of shares and not withholding any right from them in a manner that treats all shareholders fairly.
- FIPCO has not received a request from one or more major shareholders to hold a general meeting during the year ended and it was not held.
- FIPCO has not received a request from one or more major shareholders to add one or more items to the agenda of the general meeting when it is prepared.
- FIPCO has not put in place any measures that may impede the use of the shareholder's right to vote.
- FIPCO has not provided any cash loan of any kind to any of its board members, nor has it guaranteed any loan contracted by one of its board members with others.
- No loans with a maturity exceeding three years have been contracted, and no real estate owned by FIPCO has been sold or mortgaged.

Eighteenth: Disclosure and Transparency Policies:

Disclosure and transparency policies are an integral part of FIPCO's governance framework, reflecting its commitment to ensuring that shareholders have access to all information in a clear and detailed manner to enable them to make informed investment decisions. FIPCO is committed to non-discrimination in providing information to all shareholders through various publication and disclosure mechanisms. FIPCO publishes its quarterly and annual financial results on the Saudi Stock Exchange (Tadawul) website within the required regulatory periods for publication. It also publishes them on the company's website and on its official social media accounts. FIPCO also undertakes to publish all information related to regulatory disclosures or material developments in a timely manner, immediately upon their occurrence and without any delay, whether they relate to FIPCO itself, its subsidiaries FPC Industries Co., or any changes that have a significant negative or positive impact on FIPCO's activities and operations. The company's management is constantly working to improve the level of disclosure through the nature, type, and timing of the information disclosed, while continuing to enrich the website with all information that may help stakeholders understand FIPCO's activities and business developments, enabling them to make informed investment decisions.

FIPCO is also keen to include all information in its annual report in a more detailed manner, as the annual report is one of the most important disclosure tools that enables stakeholders to accurately understand the company's activities and business developments, whether related to it or its subsidiaries, in addition to highlighting the reasons for the change in results and explaining the strategic decisions that may be taken by the Board of Directors or the company's executive management during the financial year, or the significant material events preceding or following the end of the financial year.

Nineteenth: Disclosure of Significant Material Developments:

With reference to the announcement of the National Company for Manufacturing Packaging Materials (FIPCO) on the results of the Extraordinary General Assembly Meeting (the Third Meeting) published on the Saudi Stock Exchange (Tadawul) website on 05/05/1445 AH corresponding to 19/11/2023 AD, which included the approval to amend Article (2) of the company's bylaws related to (the company's name), and based on the company's keenness to implement the decisions of the General Assembly immediately upon their issuance, and given the company's inability to fulfill the regulatory procedures related to changing the company's name due to regulatory obstacles at the Ministry of Commerce, and as part of the company's commitment to the principles of disclosure and transparency with its shareholders, the National Company for Manufacturing Packaging Materials (FIPCO) would like to clarify the following to its shareholders:

- 1-The company obtained the approval of the Ministry of Commerce to reserve the trade name " Sava Investment Company" under number 3604484.
- 2-The company applied to the competent department at the Ministry to obtain a letter of no objection to the amendments to the bylaws including changing the company's name to Sava Investment Company, and received the Ministry's letter of no objection No. 333132 dated 04/03/1445 AH.
- 3- The company completed the necessary regulatory procedures on the electronic meetings system at the Capital Market Authority in light of the aforementioned letters, and the Extraordinary General Assembly of Shareholders was actually held and quorum was achieved during the third meeting.
- 4- The company obtained preliminary approval from the Saudi Stock Exchange (Tadawul) for the new trading name.
- 5- After holding the meeting and issuing the resolution to amend the company's name, the company contacted the Ministry of Commerce to amend the bylaws and publish it according to the followed regulations. We were surprised by the Ministry's refusal on the pretext that the name is already reserved and used by one of the commercial records.
- 6- The Capital Market Authority was contacted and the nature of the problem was explained. They stated that the matter does not concern the Authority in implementing the requirements of the company's regulations and mentioned the need to discuss the best solution with the Ministry officials.
- 7-After escalating the matter with the Ministry officials and consulting with them to find the best available solutions, they stated that the previous name reservation " Sava Investment Company" was done by mistake and cannot be approved currently due to the existence of an existing commercial register that bears the same trade name. They suggested reserving a new trade name.

twenty - second : Requests for FIPCO Shareholders' Records During the Year 2023 AD

Reason for request	Date of application
Update the shareholders register and ownership data of board members, senior executives, their wives and minor children in order to prepare the annual report for fiscal year 2022AD	02 Jan
Corporate Actions	26 Mar
Corporate Actions	04 Apr
List of Shareholders Entitled to Vote at the General Assembly Meeting	12 May
List of Shareholders Entitled to Vote at the General Assembly Meeting	09 May
Corporate Actions	24 May
List of Shareholders Entitled to Vote at the General Assembly Meeting	01 Jun
Corporate Actions	30 Jul
Corporate Actions	14 Sep
Corporate Actions	19 Sep
Corporate Actions	11 Oct
List of Shareholders Entitled to Vote at the General Assembly Meeting	19 Oct
Corporate Actions	09 Nov
List of Shareholders Entitled to Vote at the General Assembly Meeting	16 Nov

In addition to what has been disclosed in this report:

Some of FIPCO's debtors were released from their obligations to it during the year 2023, in order to exclude these amounts from the accounts. Most of these amounts have been outstanding for more than a year, and the reasons for them vary between problems in the quality of some supplies for products that were previously manufactured at the beginning of the commercial operation of the subsidiary company, or disputes in invoicing operations at the beginning of the stages of applying the value added tax, or amounts related to former clients who were declared bankrupt or insolvent. In addition to the exclusion of some slow-moving inventory items during the year 2023 and granting some permanent customers discounts on them, in addition to the fact that FIPCO's subsidiary obtained judicial execution orders against a number of its defaulting clients and the necessary regulatory procedures were issued against them. FIPCO continues its efforts to collect some or all of these amounts.

- FIPCO or any of its subsidiaries FPC Industries Co. did not issue any shares or debt instruments during the year 2023 AD.
- FIPCO or any of its subsidiaries were not notified by any person (except for board members, senior executives and their relatives) of any interest or rights they have in the class of shares with voting rights during the year 2023 AD
- There are no interests, financial instruments, contractual rights, or subscription rights for board members and senior executives in FIPCO's or any of its subsidiaries' shares or debt instruments during the year 2023 AD
- FIPCO or any of its subsidiaries do not have any convertible debt instruments, financial instruments, subscription rights, or similar rights issued or granted during the year 2023 AD
- There are no conversion or subscription rights under convertible debt instruments, financial instruments, subscription rights, or similar rights issued or granted by FIPCO or any of its subsidiaries during the year 2023 AD
- FIPCO or any of its subsidiaries do not have any redemption, purchase, or cancellation of any callable debt instruments during the year 2023 AD
- FIPCO does not have any preferred shares or shares with special voting priority, either for shareholders or board members. All FIPCO shares are ordinary shares with equal nominal value and equal voting rights and other rights according to the regulations.
- The auditor did not provide any consulting services to the company during the financial year 2023 AD and did not receive any fees in this regard.
- The auditor's report did not include any reservations or drew attention to the annual financial statements for the financial year 2023 AD.
- FIPCO did not receive a request from the auditor to hold a general meeting during the financial year ended and it was not held.
- The Board of Directors did not issue any recommendation to replace the auditor before the end of the specified period.
- There is no conflict between the management decisions and the recommendations of the Audit Committee.
- There are no recommendations from the Audit Committee that the Board refused to accept regarding the appointment of the auditor, his dismissal, determination of his fees, and evaluation of his performance.
- There are no lawsuits filed in favor of or against FIPCO exceeding 5% of its net assets during the year 2023 AD
- FIPCO does not have any treasury shares held during the financial year 2023 AD or any previous years.
- There are no subsequent material events that affect the integrity of FIPCO's financial position and operating results that occurred after the end of the year and have not been explained, other than what is included in this report.
- The undistributed profits to shareholders that were previously decided to be distributed to them by the general assembly of shareholders and have not been received by their owners until the date of 31/12 / 2023 AD due to the lack of updating the data amount to 5,149,087 Saudi SAR



Disclaimer

This annual report and all information contained therein have been prepared by FIPCO. The purpose of this information is to provide an overview of the company's activities and details of its operations. FIPCO believes that all information contained in the report is correct as of the date of its publication and is subject to change without prior notice. The company bears sole responsibility for the content of the report, and no regulatory or supervisory authority has reviewed its content or confirmed its accuracy.

This report contains publicly available financial information about the company's operations, projects, and assets. Not all of this financial information may have been audited, reviewed, or verified by an independent accounting firm. The inclusion of such financial information in this report or any other related report should not be considered a representation or warranty by the company or any of its affiliates, advisors, representatives, or any other person that such information is accurate and complete and represents the company's financial position or the results of its operations or those of its affiliates and subsidiaries.

All information related to the industry, market, competitive position, and to the extent available, is taken from official or external sources that are believed to be reliable, but without any guarantees as to their accuracy or completeness. Some specific information related to the industry, market, and competitive position is derived from the company's internal research and assessments based on the knowledge and experience of the company's management in the markets in which the company operates. While the company believes for reasonable reasons that such research and assessments are reasonable and reliable, the methodology used in conducting them and the assumptions made therein have not been verified by any independent source to confirm their accuracy and completeness, and they are subject to change from time to time. Accordingly, no reliance should be placed on any information related to the industry, market, or competitive position contained herein.

This information may include "forward-looking statements" based on current expectations of future events. These statements may include words or phrases such as "targets," "believes," "expects," "plans," "intends," "may," "is expected to," "estimates," "intends," "is likely," "should," "is likely," and "must," and other similar or similar words or phrases in the negative form. These statements are subject to risks, uncertainties, and assumptions about the company and its subsidiaries and investments, including, but not limited to, business or financial development, growth, strategies, and trends in the industry, and developments in the overall economy in the Kingdom of Saudi Arabia and other countries in which the company operates. The majority of these risks and uncertainties relate to factors beyond the company's ability to control or accurately assess, such as future market conditions, currency exchange rate fluctuations, the behavior of other market players, regulatory actions, and changes in government regulations or policies.

In light of these risks, uncertainties, and assumptions, many of the events described in the forward-looking statements may not occur. Past performance should not be relied upon as a guarantee of future results, and there is no guarantee that any of the items described in the forward-looking statements will be realized. No party has undertaken to make any updates, additions, modifications, or revisions to any of these forward-looking statements.

Twenty-third:: Shareholders' Rights and Communication Mechanism

Stemming from FIPCO's keenness and interest in the rights of its shareholders and the awareness of the Board of Directors of its responsibilities towards the shareholders in a way that achieves communication based on a shared understanding of FIPCO's strategic goals and interests, it has included all the rights of shareholders and stakeholders in its bylaws and focused on those rights in detail in the Shareholders' Guide. All of these documents can be viewed on FIPCO's website www.fipco.com.sa

In addition to the above, FIPCO has a dedicated department to follow up on the affairs of its shareholders, which carries out its duties through continuous communication, responding to inquiries, and following up on any potential problems that shareholders may face regarding profit distribution operations or others. You can contact the Investor Relations Department via email at fir@fipco.com.sa or

by speaking to us directly on the phone 011 /2652299 Extension 770.

FIPCO is keen to protect the rights of its shareholders and all stakeholders, so it has launched an email address secret@fipco.com.sa and announced it on its official website. This is for the purpose of disclosing any misleading transactions, suspected fraud, or others. These cases are dealt with directly by FIPCO's senior management.



Fipco Company



@fipco



@fipcoкса



fipco.com.sa



FPC
Coated Technical Textiles



✉ info@fipco.com.sa

☎ +966 112 652 299

🌐 www.fipco.com.sa