



FPC
COATED TECHNICAL TEXTILES



BOARD OF DIRECTORS REPORT 2024

Filling & Packing Materials MFG.
Co. (FIPCO)



هيئة المحتوى المحلي
والمشتريات الحكومية
Local Content & Government
Procurement Authority



جائزة المحتوى المحلي
Local Content Award



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



2024



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 ingredients 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
God bless him**



Introduction

Dear Shareholders & Partners of FIPCO

Greetings of peace, mercy, & 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 2024, 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 2024. 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.

Our commitment to transparency and excellence is embodied in this report. The information provided regarding the events of the fiscal year 2024 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 2025, 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

Board of Directors' Message

Dear Esteemed Shareholders,

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

It is my pleasure to welcome you and express my thanks and appreciation for your continued support and valuable trust in your company, which is the cornerstone of our success and the continuation of our journey

During the past year, the company faced multiple challenges that affected its financial and operational performance. The most prominent of these was the decline in demand for some of the subsidiary's products, and the impact of supply chain challenges on operations. This led to a decrease in technical textile sales, despite the continued steady growth of the packaging sector.

Despite these challenges, the company's management was keen to take several corrective and precautionary measures aimed at improving performance and enhancing operational efficiency, while continuously striving to control expenses and restructure some operations in order to mitigate the negative effects of these circumstances.

We are confident that these measures will gradually contribute to improving performance and enhancing the company's ability to achieve sustainable growth in the near future. We will also continue our efforts to enhance transparency and implement best governance practices, to ensure the interests of our valued shareholders.

In conclusion, we ask God Almighty for success in achieving the company's goals, and that we always live up to your expectations.

Board Of Directors



CEO'S SPEECH

**Dear Shareholders of Filling & Packing Materials MFG. Co. (FIPCO),
Greetings of peace, mercy, and blessings of God be upon you**

Innovative future

sustainable growth

Glorious History

I am pleased to present to you the annual report of Filling & Packing Materials MFG. Co. (FIPCO) for the financial year ending December 31, 2024.

During the past year, the company achieved a net profit of 0.9 million Saudi Riyals, compared to a net profit of 12 million Riyals in the previous year. The results were mainly affected by several challenges, most notably the decline in sales volume for some of the subsidiary's main products, in addition to the continued effects of global supply chain disruptions and dumping practices faced by FBC Industry. We succeeded in winning the dumping case against Chinese and Korean products through the efforts of a distinguished internal team, resulting in the imposition of duties of up to 50% on these products, starting from January 1, 2025, for a period of five years.

Despite these challenges, the company continued to take strategic measures aimed at enhancing operational efficiency and controlling operating and administrative expenses, which had a positive impact in reducing the effects of those challenges.

We are proud that the company received the Local Content Award for Large Industrial Companies this year, in addition to receiving the golden mark of the "Made in Saudi Arabia" logo, as one of only seven factories in the Kingdom, which confirms the excellence of our products and our commitment to the highest quality standards.

The company also continued to invest in qualified national cadres, and succeeded in achieving high Saudization rates, and focused on attracting technical competencies, in addition to continuing investment in research and development to develop new products capable of strengthening our competitive position.

We aspire in the coming year, God willing, to enhance our operational performance and achieve sustainable growth that supports your aspirations as shareholders, while continuing to face challenges through well-thought-out plans and wise management.

Finally, I extend my sincere thanks and appreciation to our valued shareholders for their trust, and to our loyal employees for their efforts and dedication in supporting the company's journey.

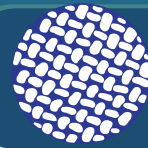


Abdullah Mohammed Al-Harbi

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FIPCO

A journey Spanning over 30 years

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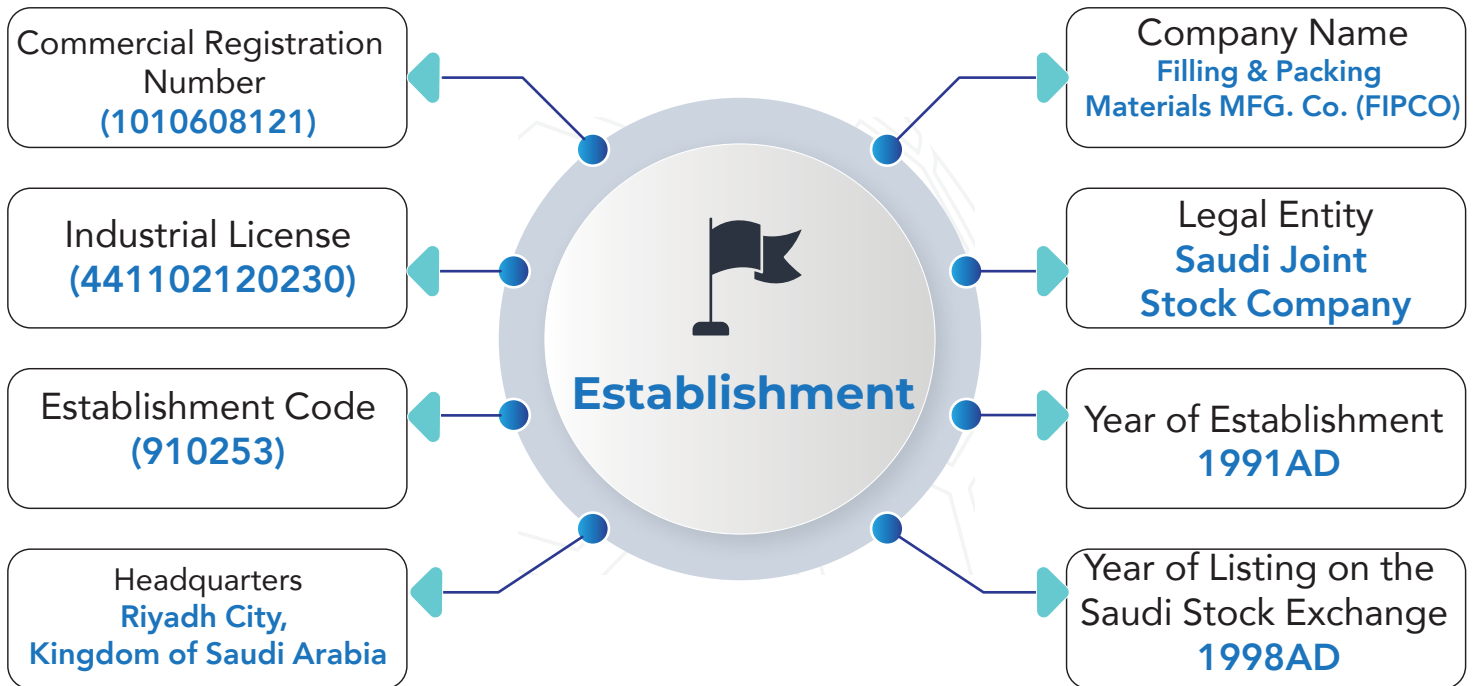
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Our products



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.



Most notable events of 2024

February

FIPCO crowned first place within the private sector track and received the Local Content Excellence Award for large establishments in the industry and mining sector from the Local Content and Government Procurement Authority.

March

Opening of nominations for membership in the Board of Directors for the new term, which begins on January 1, 2025, and for a period of four calendar years, ending on December 31, 2028.

November

FIPCO awarded the Gold Category of the "Made in Saudi Arabia" mark as a national company supporting local content. This recognition was among only seven national companies that earned this honor, and it was announced at the second edition of the Local Content Forum held from November 2024 ,22-, in Riyadh.

December

- ★ FIPCO awarded the Bronze Category of the "Sustainable Product Design" award related to innovation and sustainability practices, presented by the United Nations Industrial Development Organization (UNIDO) and the World Packaging Organisation (WPO). The announcement was made during the ceremony held as part of the activities of the Food Africa exhibition and the Middle East Processing and Packaging Exhibition (Pack Process) from December 32024 ,5-, in Cairo, Arab Republic of Egypt, in which FIPCO participated as a national company within the Saudi Exports Development Authority pavilion.
- ★ FIPCO honored for its outstanding performance in the Corporate Governance Index for best governance practices according to the Corporate Governance Practices Measurement Index issued by the Corporate Governance Center at Al Faisal University - Kingdom of Saudi Arabia.
- ★ FIPCO signed a master Murabaha agreement to grant short-term credit facilities with the Saudi Export-Import Bank worth 23 million Saudi Riyals to enhance the company's export activities, in line with the strategic directions of the Board of Directors.
- ★ FIPCO announced the issuance of the General Authority for Foreign Trade's decision regarding the anti-dumping complaint filed by its subsidiary (FIPCO Industry Company), which stipulates imposing final anti-dumping duties on imports of woven or knitted fabrics coated with polyvinyl chloride (PVC) originating in or exported from the People's Republic of China and the Republic of Korea for a period of five calendar years

January 2025

- Appointment of the Chairman and Vice Chairman of the Board of Directors, the Secretary of the Board of Directors, formation of the committees emanating from the Board of Directors, and appointment of the company's representatives during the new term (20252028-).
- FIPCO signed a Sharia-compliant credit facility agreement with Al Rajhi Bank worth SAR 50 million to finance working capital.



Small Bags
100,000,000
MT Annually



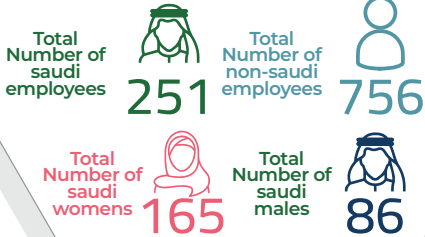
Other Products
10,500,000
Kg annually



The Countries
we reach
Countries+20



Workforce
+1000
HUMAN RESOURCES



JUMBO Bags
3,000,000
Bag annually



Cement Bags
100,000,000
Bag annually



Pillars of our strategy

Strengthening our Current Position

1

Meeting the needs of the local and global market for the company's products by increasing sales and targeting new markets and sectors

2

Production Efficiency and Production Process Development

3

Working to reduce job dropout rates by improving the work environment and Retaining Qualified Employees

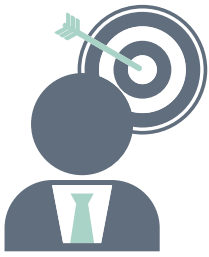
Optimal Investment in Growth Sectors

1

Sharing Expertise with the FPC Industries Co. and Promoting it to Leadership in the Regional and Global Market

2

Diversifying Sources of Income through Cash Management and Investing in New Growth Opportunities



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

To be a major player in the manufacturing industry, achieving competitive efficiency, sustainable growth, regional market leadership, and presence in global markets.



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 & 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.



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



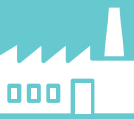
Exports representing approximately one-third of sales volume.



A high score on the local content index according to the measurement mechanisms adopted by the Local Content and Government Procurement Authority, and the company has been awarded the first place for excellence in local content for large establishments.



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.



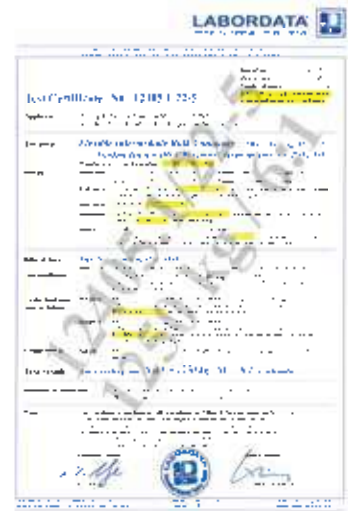
FIPCO is always investing in sustainability initiatives & clean energy solutions, & keeping up with global developments in this field.



FIPCO's diversified investments in industrial sectors with unique and qualitative characteristics.



Accreditation & Conformity Assessment



هيئة الرقابة النووية والإشعاعية
Nuclear and Radiological Regulatory Commission



المركز الوطني للرقابة
على الالتزام البيئي
National Center for Environmental Compliance
المملكة العربية السعودية





Certificate of Recognition & Appreciation



First Place Award for Excellence in Local Content



Made in Saudi Arabia



Corporate Governance Excellence Award



The Bronze Category of the "Sustainable Product Design" Award



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.



FIPCO Proudly Among Only 7 National Companies to Receive the Golden Category of the 'Made in Saudi Arabia' Mark as a National Supporter of Local Content, Within the Activities of the Local Content Forum 2024.



FIPCO announced it has received the Golden Category of the 'Made in Saudi Arabia' mark as a national company supporting local content.

Packaging Materials Manufacturing Company (FIPCO), one of the largest companies in the Middle East in the field of production in Saudi Arabia, is among only seven national companies that have earned this honor. The announcement was made at the second edition of the Local Content Forum held from November 20 - 22, 2024 in Riyadh.

The Local Content and Government Procurement Authority, in collaboration with the 'Made in Saudi Arabia' program of the Saudi Export Development Authority, developed the Golden Category of the 'Made in Saudi Arabia' mark to serve as a badge of honor for distinguished national companies in developing local content and as a catalyst for a vibrant national economy, in line with the objectives of the National Industrial Strategy and the goals and aspirations of Saudi Vision 2030.

This comes from FIPCO's constant commitment to its role towards society and its contribution to achieving the wise leadership's goals of increasing local content in the national economy. As the local content criterion is one of the most prominent criteria considered in evaluating companies, FIPCO has developed a strategic plan and allocated all available resources to increase its local content. It has also focused its efforts on steadily increasing its exports of its products and those of its subsidiaries, in light of its active participation in specialized trade fairs and the significant support provided by the Saudi Export Development Authority and the Saudi Export-Import Bank in this regard.

FIPCO always seeks to maximize the benefits of all initiatives and programs offered by government agencies, through the 'Vision Programs Achievement Committee' formed by the company's management in line with the aforementioned Board of Directors' strategy. The company's achievement of first place in the private sector category, the Excellence Award in Local Content for Large Enterprises in the Industrial and Mining sectors, and the Golden Category of the 'Made in Saudi Arabia' mark, in addition to the Saudi Quality Mark obtained by a large number of the company's and its subsidiaries' products, will enhance customer confidence from the private sector and government agencies, achieve the company's marketing objectives, and effectively contribute to penetrating new markets regionally and globally.

FIPCO will continue to implement and support mechanisms that increase its local content by continuing to employ and attract Saudi talent to its operational and administrative teams, in addition to continuing to invest in research and development initiatives, and making greater efforts to ensure that such awards and recognitions become entitlements that FIPCO always strives to obtain.

FIPCO is proud to receive the Bronze Category of the 'Sustainable Product Design' Award related to innovation and sustainability practices, presented by the United Nations Industrial Development Organization (UNIDO) and the World Packaging Organisation (WPO).

FIPCO announced it has received the Bronze Category of the 'Sustainable Packaging Product Design' Award related to innovation and sustainability practices, presented by the United Nations Industrial Development Organization (UNIDO) and the World Packaging Organisation (WPO). The announcement was made during the ceremony held as part of the Food Africa exhibition and the Middle East Processing and Packaging exhibition (pack Process) from December 3 - 5, 2024, in Cairo, Arab Republic of Egypt, in which FIPCO participates as a national company within the Saudi Export Development Authority's pavilion.

The Sustainable Packaging Product Design Award recognizes innovative products that promote sustainability and environmental responsibility practices, and confirms that the mentioned products have passed most of the essential criteria of the sustainability life cycle, including protecting human health, reducing toxic pollution and waste, conserving resources, reducing climate change, and effective product performance.

Among the criteria and specifications that FIPCO focused on innovating and developing products compatible with are the following:

- Using sustainable, recycled, or biodegradable materials.
- Energy efficiency by adopting designs that reduce energy consumption or use renewable energy sources, including FIPCO's solar energy project.
- Waste reduction by developing strategies that reduce waste during production and throughout the product's life cycle, and effectively recycling that waste.
- Innovation and developing creative solutions that address environmental challenges in new ways.
- Analyzing the environmental impact throughout the product's life cycle from raw material extraction to disposal.

It is worth noting that FIPCO is always keen to include sustainability elements in all its operational processes, starting from its investments in alternative energy, supporting and developing its human capital, qualifying national cadres, empowering women, and focusing on research and development initiatives, and aligning with the National Industrial Strategy to adopt the process automation and digital transformation initiative, which has clearly contributed to qualifying FIPCO 's products to obtain this award after passing all the criteria and providing the relevant evidence and proofs. FIPCO will double its efforts to invest in research and development initiatives, adopt innovation practices, and create added value, so that such awards and recognitions become entitlements that FIPCO always strives to obtain.





FIPCO is proud to receive the Excellence Award from the Corporate Governance Center at Alfaisal University.

FIPCO has been notified that the Corporate Governance Center at Alfaisal University has identified FIPCO as one of the top companies in corporate governance among non-financial companies listed on Tadawul, according to the Corporate Governance Index assessment for the fiscal year 2023.

This index was established in 2017 in collaboration with consultants from Harvard University and Kuberbetes.

The Corporate Governance Index at Alfaisal University annually evaluates listed companies in Saudi Arabia based on their administrative structure, policies, and processes, and their practices in key areas, including the Board of Directors, shareholder rights, public disclosure and transparency, and stakeholder rights, through compliance with the governance principles set by the Capital Market Authority (CMA), the Saudi Arabian Monetary Authority (SAMA), & the Organization for Economic Cooperation & Development (OECD). The Corporate Governance Index at Alfaisal University aims to raise governance standards, enhance transparency, and drive long-term economic success.





Our products

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

Our main activity is the production & 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 & 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.

Examples of our main products include:



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.



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.



Cable Fillers

This product is used in the electrical cable industry & ensures the safety of internal wires. It is manufactured with different and precise dimensions, & 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 & cardboard boxes, such as electrical & electronic appliances, and to secure pallets and concrete blocks to prevent the product itself from slipping or leaking during loading & 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.



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

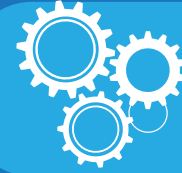
Woven container liners are covers for containers that are used to package materials inside. They secure the materials during transportation & prevent them from leaking out of the container, thus preserving the value of the product from the country of origin to unloading and consumption. These products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

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Operational performance



1

Operations Management & processes

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Sales & marketing management

3

Purchasing department



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:

<p>Jumbo Bags</p>	<p>Small Bags</p>	<p>AD Star Bags</p>
<p>Liner Bag</p>	<p>Sling Bags</p>	<p>Strapping Band</p>
<p>PP & PET</p>	<p>Bailer Twine & Sewing Thread</p>	<p>Agri Twins</p>
<p>Blown Film Lamination</p>	<p>Fabric rolls</p>	

Second, the Research & Development Department



This department plays a pivotal role in innovation, developing new products, & improving existing processes. By adopting artificial intelligence & Internet of Things technologies, the team seeks to enhance product quality, reduce production costs, and strengthen the company's competitive edge locally and globally.

In light of the fierce competition among local & regional companies operating in this field, it has become necessary to focus on research & development initiatives to achieve a standard operating mechanism for increasing production capacity & improving production rates through a flexible manufacturing strategy. This is achieved by working on introducing the best global technologies that improve production processes, enhance the quality of existing products, innovate new products, & provide creative solutions to customers in line with their aspirations and desires.

Since 2022, the role of research and development has not been limited to a specialized team. Instead, a research and development culture has become ingrained in all company departments, with employees from various departments working side by side in forming task forces on new initiatives and innovations. This contributes to enriching the production process, achieving digital transformation, and enhancing environmental sustainability.

Looking at the performance of the Research & Development Department at FIPCO in recent years, it has witnessed remarkable development through a series of achievements aimed at increasing production efficiency, improving product quality, & adopting the latest digital technologies to enhance competitiveness. The following are the most prominent achievements:

- 1- Improving and developing production processes by starting to adopt lean manufacturing principles to reduce waste and improve production rates, leading to the development of new methods to meet market needs with the highest quality & at a lower cost. In addition, successful experiments were conducted, such as printer tests and product slip resistance tests, to develop innovative technical solutions that meet customer requirements.
- 2- Enhancing the use of recycled materials in intermediate production stages, which contributed to reducing costs without affecting product quality, while supporting environmental sustainability initiatives.
- 3- Digital transformation & integration of smart technologies, where the team began implementing artificial intelligence and Internet of Things (IoT) technologies in monitoring & analysis processes, enabling management to obtain instant reports & improve operational decision-making, while continuously seeking to improve these tools in the future.
- 4- International cooperation & exchange of experiences with suppliers, machinery & production line manufacturers, & international institutions. The research and development team conducted field visits & comparative studies with leading companies in countries such as Germany, Austria, Thailand, India, the UAE, & the United States to adopt the latest global technologies & methods in improving production. In addition, technical visits were attracted by specialized engineers from major companies operating in this field to stimulate industrial thought by introducing the latest systems in this field, maintaining constant awareness of all technical and operational developments, raising operational efficiency, reducing waste rates in the production process, raising the level of preventive maintenance, & creating new products in the company's areas of operation.

Increasing investment in research and development, where the recent period witnessed a steady & significant increase in the budget allocated to research & development, which increased fivefold during 2024 compared to previous years, reaching nearly 5.5 million Saudi riyals. This provided an opportunity to create new solutions and improve products in line with technological developments & market needs.

Third: Quality Control Department



Furthermore, this department is an integral part of FIPCO's daily activities, & one of its sources of strength. It plays a key role in ensuring product quality & compliance with customer requirements and satisfaction, This department is concerned with ensuring that products conform to international & local specifications and standards through advanced control systems & periodic inspection procedures. These efforts contribute to raising customer satisfaction & maintaining the company's reputation as a leading provider of high-quality products.

Customer complaints are always processed after carefully listening to customer feedback & conducting re-inspections & 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.



Fourth: Maintenance Department

This department aims to maintain production continuity by implementing effective preventive and corrective maintenance programs. It also relies on data analysis methods to monitor the performance of machines and equipment, which contributes to reducing unplanned downtime and lowering operating costs.

This department includes a team of specialized engineers & technicians who provide the necessary technical and technological support for machines and production lines to ensure the continuity of work, guaranteeing the manufacturing of required products according to the specified schedule. The department adopts a new policy aimed at reducing the consumption of spare parts and working on developments and modifications that limit energy consumption, in line with FIPCO's energy cost reduction measures.

As a result of continuous efforts in re-engineering some machines to restore their original condition and reach their maximum production rates, in addition to updating a number of production lines by replacing & renewing some machines to improve their productivity, which also reflects on energy costs & labor ratios, in addition to continuing to introduce some repairs to spare parts instead of purchasing them from abroad, while informing technicians of the value of spare parts to increase care, which resulted in significant savings.

The maintenance team also expanded the use of stagnant spare parts by modifying the nature of the work of some machines mechanically and electrically, and establishing a mechanism to calculate consumption rates daily, & monitoring the consumption of high-rate machines and developing the necessary solutions for them without affecting the speed or capacity of the machines & product quality, while continuing to develop electrical parts & capacitors to control the electrical energy consumption of the machines, with the assistance of a number of specialized companies in developing electrical energy rationalization studies & other studies with specialized companies to increase solar energy capacity, as well as other projects that will have strong contributions in rationalizing energy consumption & obtaining the energy necessary for operation from alternative sources.

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



Highlights of the Operations Department's Achievements in 2024 AD

1 Focusing on improving operational efficiency by updating production lines and starting to adopt advanced automation systems to achieve higher production rates and reduce waste.

2 Improving the use of raw materials & applying Lean Manufacturing principles to reduce costs and increase production capacity.

3 Developing new products and improving the quality of existing products, with a focus on introducing modern technologies & updated designs that align with customer needs.

4 Emphasizing the application of international quality standards, which helped reduce error rates & improve production continuity.

5 Following digital and technological transformation by updating the Enterprise Resource Planning (ERP) system and introducing artificial intelligence & Internet of Things (IoT) technologies to improve process monitoring and reduce reliance on human intervention.

6 Focusing on sustainability & environmental development initiatives, improving energy consumption efficiency, and enhancing environmental solutions in its operational processes.

7 Adapting to economic challenges in response to fluctuations in raw material prices & global economic conditions, the company followed flexible strategies in inventory & supply management to ensure production continuity & meet market needs.

8 Reviewing & standardizing labor numbers & aligning qualified labor in all production departments periodically, replacing some labor with more experienced & technically knowledgeable competencies, & using some hired labor in non-technical fields that require significant technical & knowledge capabilities, which significantly affected the reduction of labor costs.

9 Expanding the use of national female technical cadres in all FIPCO production departments, and re-qualifying the work environment to align with the presence of female elements in all manufacturing stages.

10 Continuing to conduct the necessary studies with specialized entities & companies related to developing automation & digital transformation solutions in all production and warehouse stages.

Development of Operations Management & Proposed Operations for 2025 AD

In 2025 AD, FIPCO will continue its commitment to achieving operational excellence by updating its operational system, with a focus on digital transformation and environmental sustainability. The company seeks to enhance its production efficiency and develop a work environment that supports innovation to meet the increasing challenges in global markets, through the following:

1

Updating & developing production lines by investing in automation & robotics systems and updating the digital infrastructure using an advanced ERP system to enhance performance monitoring & issue real-time reports that support accurate decision-making.

2

Moving forward in applying Lean Manufacturing principles to achieve greater flexibility in production & reduce waste levels, which leads to improved efficiency & reduced costs.

3

Continuing to work on reducing scrap rates to acceptable levels & as low as possible for this field.

4

Expanding research & development efforts to provide new value-added products that meet changing customer needs, while improving the qualitative & technical characteristics of existing products.

5

Continuing to establish strategic partnerships with research centers & leading technology companies to exchange experiences & enhance innovation, which contributes to accelerating the pace of technical & technological development.

6

Adopting the latest quality control systems & updating them periodically to ensure continued product compliance with the highest international standards, while applying continuous improvement mechanisms based on data & accurate analysis.

7

Establishing periodic evaluation committees to review operational performance & identify weaknesses & opportunities to improve productivity & reduce errors.



8

Developing a comprehensive preventive maintenance system that relies on data analysis & predicting equipment failures, to ensure business continuity & reduce repair costs.

9

Adopting clean energy solutions & recycling systems to improve energy consumption efficiency & reduce carbon emissions, in line with Saudi Vision 2030.

10

Applying flexible inventory management to address economic fluctuations in planning & supply, ensuring production continuity & minimizing the impact of economic fluctuations on supply chains.

11

Continuing to strengthen relationships with key suppliers & improve supply terms through negotiation strategies aimed at achieving the best prices & ensuring the quality of raw materials.

12

Developing specialized training programs to enhance the skills of operational & administrative teams in line with the latest technologies & global standards, contributing to raising efficiency & achieving outstanding operational performance.

13

Continuing to implement digital transformation plans by leveraging technical expertise and under the supervision of specialized technical partners, by activating the use of government digital transformation programs to enable FIPCO to keep pace with the Fourth Industrial Revolution - one of the goals of Saudi Vision 2030 in industrial transformation programs aimed at raising the efficiency of Saudi factories.

14

Obtaining specialized certifications in reducing the carbon footprint, measuring environmental impact rates, committing to sustainable development standards, & contributing to the development of products that comply with the terms of the circular economy.



Sales & Marketing Department

FIPCO engages in marketing & distribution of its products through a qualified, experienced, & highly efficient team, comprising personnel of multiple nationalities, to serve all segments of the company's customers worldwide.

FIPCO relies on the quality of its products & the marketing team's ability to reach local, regional, & international companies across five continents, which is one of its most important expansion strategies.

Key Achievements of 2024 AD

1

Expanding the Customer Base & Strengthening Strategic Relationships

FIPCO continued to earn the trust of its customers with whom it has strategic relationships spanning over twenty years, whether with governmental & semi-governmental entities or major international companies. The company was able to enter into new contractual relationships with local companies in the fields of food, petrochemicals, cement, mining, & building materials, in addition to expanding its customer base in the African continent & renegotiating with former clients.

2

Enhancing Geographical Presence & Activating Sales Channels

A specialized support team was appointed to search for remote sales representatives & agents, which contributed to attracting top talent and opening new avenues for negotiation and concluding international agreements. The primary focus was on the sales of large and small bags, side-valve cement bags, & cable fillers, with efforts to market other products that rely primarily on automation in manufacturing.

3

Investing in Technology & Digital Marketing

FIPCO continued to invest in its technical infrastructure; the website was supported with more technical information on products, making it easier for customers to access and inquire and order online. Electronic marketing campaigns were expanded in cooperation with specialized international companies, & promotional videos were launched to introduce customers to the company & its products through platforms such as Alibaba and LinkedIn.

4

Leveraging Sustainable Development Initiatives

In cooperation with governmental & semi-governmental entities, efforts have been made to develop & convert cement bags to plastic bags instead of paper for the local market. This transformation aims to achieve a 100% local return, as the company is currently signing supply agreements with a number of targeted companies under government sponsorship & support, within the framework of supporting manufacturing industries & the sustainability of oil demand.

5

Presence at Specialized Exhibitions & International Forums

FIPCO has participated in a number of regional and international exhibitions & has also visited several international & regional exhibitions during 2024 in Saudi Arabia, Egypt, the UAE, Turkey, Germany, Italy, Iraq, and the United States. This is part of its efforts to implement its expansion strategy by increasing its export ratio, aiming to distribute sales to the largest possible segment & the largest possible number of strategic customers steadily over the next few years, in line with the government's direction & to benefit from support programs allocated for this purpose.



Forecasting 2025 AD Initiatives

FIPCO embarks on 2025 with a set of ambitious initiatives to strengthen its position in local and global markets. Through these renewed efforts and future initiatives, FIPCO reaffirms its commitment to expanding its customer base and achieving sustainable growth, relying on modern technology and advanced marketing strategies that ensure excellence in local and global markets. Among the most prominent of these initiatives are:

1

Launching digital & innovative marketing campaigns that rely on artificial intelligence & data analysis techniques to target new customer segments, expand reach into emerging markets, enhance digital interaction, & improve the company's visibility on relevant business platforms.

2

Launching new initiatives to improve customer experience by implementing field and digital after-sales services, such as technical support applications & real-time follow-up services, to ensure customer satisfaction & enhance loyalty.

3

Expanding the international distribution network & working to establish strategic partnerships with global distributors & activating digital distribution channels, contributing to increasing exports & distributing products as widely as possible.

4

Implementing specialized training programs to raise the efficiency of sales & marketing representatives, ensuring they are familiar with the latest technologies & global marketing practices, enhancing their ability to negotiate & conclude agreements with international clients.

5

Continuing to attract talent and expertise to market the company's products in a number of targeted countries.

6

Continuing to work harmoniously with success partners, solution & service providers, & government support programs that have common goals with FIPCO, as detailed below.



الهيئة السعودية للملكية الفكرية
Saudi Authority for Intellectual Property



- 1 **Project Concept**
- 2 **Competitive Advantages**
- 3 **Vision and Mission**
- 4 **Background Information**
- 5 **FIPCO's Objectives for the Project**
- 6 **Production Process Stages**
- 7 **Production Capacity and Quality Levels**
- 8 **Quality Certifications and Assurances**
- 9 **Key Partners**
- 10 **Exhibitions and Events**
- 11 **Product Range and Applications**
- 12 **Project Portfolio**
- 13 **Key Achievements in 2023**
- 14 **Anti-Dumping Complaint**
- 15 **Development Plans and Initiatives for 2024**
- 16 **Targeted Projects**



Project Concept

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

Values



vision

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

الرسالة

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



Competitive advantages



The first of its kind in terms of production technology



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



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



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



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



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



The fifth of its kind globally in terms of production capacity & product diversity.



Production lines designed to manufacture a wide range of products.



Patent applications for the new products have been filed with the Saudi Authority for Intellectual Property.



We invest in research & development to manufacture value-added products & unconventional solutions..



The first Saudi factory to obtain the Saudi Quality Mark for its technical textile products from the Saudi Standards, Metrology & Quality Organization (SASO).



Benefiting from state-launched initiatives and programs to support local content & localize government procurement.

basic information:

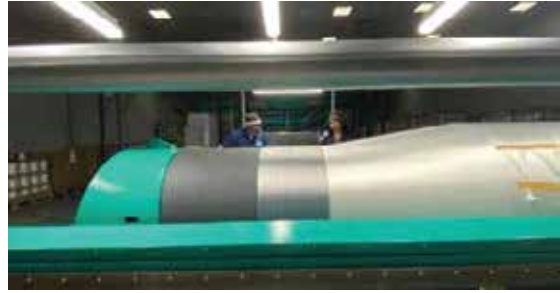
Sub company	FPC Industries Co.
Legal entity	Closely Held Joint Stock Company
Primary activity	Manufacturing Industries and Their Branches
Sub activity	Technical and industrial textile manufacturing from high-density threads coated with polyvinyl chloride (PVC), silicone or teflon(CTF) .
capital	70,000,000 riyals
Year of establishment	2017 AD
Country of establishment	Kingdom of Saudi Arabia
Country of operations	Kingdom of Saudi Arabia
FIPCO ownership percentage (direct)	100%
Partners & ownership shares	Do not apply
Total Revenues for 2024 AD	The company's revenues for 2024 amounted to 55.3 million riyals, compared to 72.9 million riyals in 2023, representing a decrease of 24%.



Stages of the Production Process

1

Warping



2

Weaving



3

Coating





4

QA & QC



5

Inspection



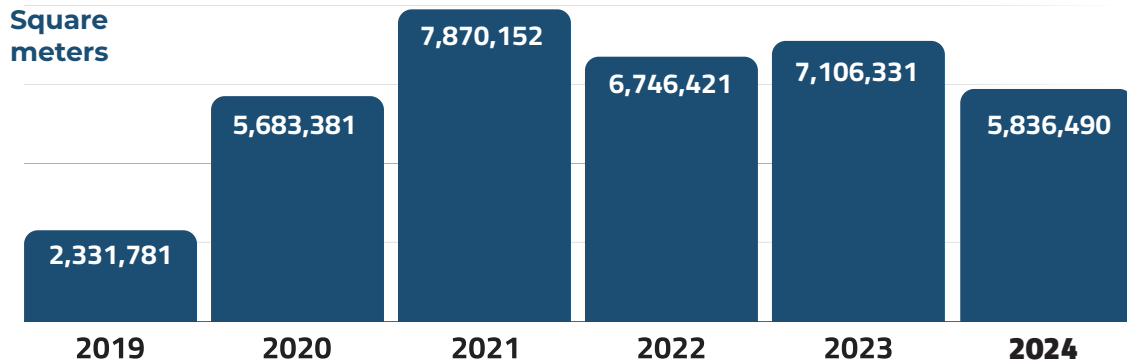
6

Warehousing

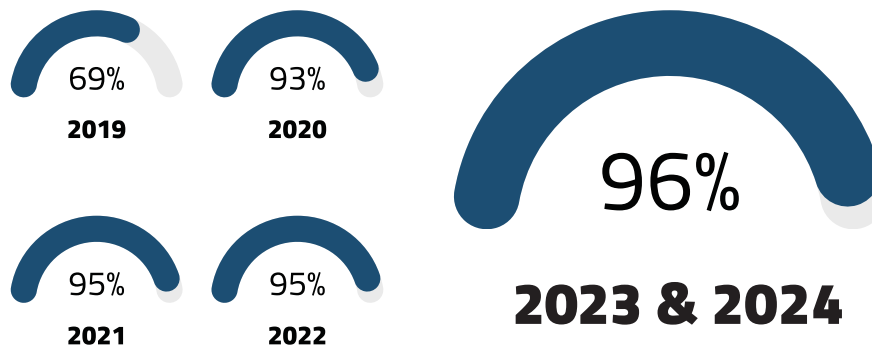


Sales, Production Capacity, & Quality Levels

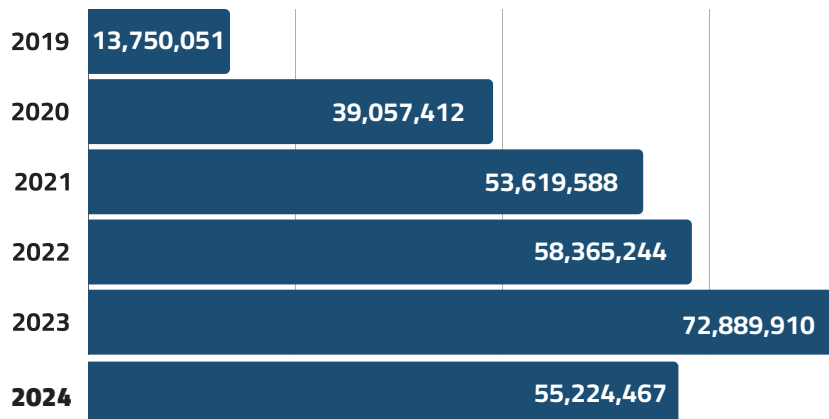
Evolution of Production Capacity 2019 -2024



Evolution of Quality Level 2019 -2024



SR Sales Growth 2019 - 2024





Quality Certifications



Exhibitions & Events

Exhibitions
participated in

during
2024

1

techtexsil

23. - 26. 4. 2024
FRANKFURT/MAIN

TECHTEXTIL Frankfurt 2024



Part of our participation in the Techtextil Exhibition, Frankfurt, Germany



2

MosBuild

MOSBUILD 2024



Part of our participation in the FBC Moscow Exhibition, Russia



3

cinte
techtexsil
CHINA

CINTE Techtextil 2024



Part of our participation in the Cinte Techtextil Exhibition in China.



4

Advanced Textiles
EXPO

IFAI or ADVANCE TEXTILES EXPO 2024



Part of our participation in the Expo Exhibition in the United States of America.





5



The SHOWMAN'S SHOW 2024



Part of our participation in The Showman's Show in the UK.



6



ADIPEC Abu Dhabi 2024



Part of our participation in ADIPEC Exhibition in Abu Dhabi.



7



CityScape Global 2024



Part of our participation in Cityscape Riyadh Exhibition.



8



Big 5 Global 2024



Part of our participation in the Big 5 Exhibition in Dubai.



**Targeted
exhibitions****2025****SNP Expo****Big 5 Construct Saudi****Mosbuild 2025****Roof India 2025****CINTE China****The Showman's Show
2025****ATA - Advanced Textile
Expo 2025**



Product Line and Applications

Signage, Billboard & Sign Board Technical Fabric



Tarpaulin Truck Covers

Isolation PVC



Blockout



Architectural Tensile Technical Fabric

PTEF Fabric





Waterproof Technical Fabric For Swimming Pools

Foldable Water Tanks



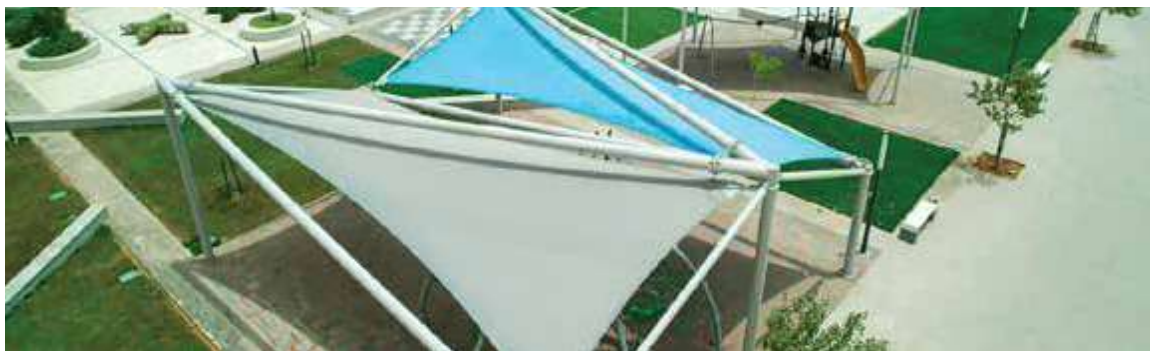
Technical Fabric For Military Applications

Facade



Hajj Tents

Sun Shades Technical Fabric





Images of Some of Our Projects (local)

Diriyah Motor Show



King Salman Park



Al Qadisiyyah TBC



Financial Center



National Housing - Riyadh



Al Qiddiya



Images of Some of Our Projects (Global)

Air Dome - Finland



Air Dome- United States of America



Air Dome-Jordan



Air Dome- Slovenia



Air Dome-Greece





Images of Some of Our Projects (Global)



Military Projects (Undisclosed)



Cairo Fifth Settlement



Hurghada



North Coa



Images of Some of Our Projects (Global)

Bahrain Gateway Project



Field Hospital - Sierra Leone -Africa



Oslo, Norway



Brentford, London





Key Achievements of the Company in 2024

1

Appointing a sales representative covering Mexico, Spain, & Portugal.

2

Appointing a sales representative covering Russia & the former Soviet Union countries.

3

Signing supply agreements with major marketing companies specializing in marketing the company's products in the Egyptian and Turkish markets.

4

Hiring regional supervisors within the Kingdom to follow up with customers & provide faster & more professional service, ensuring immediate handling of every complaint and resolving it in a way that maintains our strong customer relationships.

5

Providing regions with point-of-sale (POS) devices, & evaluating & improving the efficiency of the work team in proportion to the size of each region.

6

Equipping regions with sales devices and electronic invoicing, in line with the requirements of the Zakat, Tax and Customs Authority.

7

Licensing the company's shops and warehouses.

● Developing high-quality products

products that are fire-resistant & emit low toxic fumes, meeting international standards, which represent the highest specifications for technical textiles.

As a result of the efforts of its research & development team, FBC has developed a range of high-quality products that are resistant to fire & toxic fumes. These products represent a quantum leap in the field of safety and quality, and are designed to meet the needs of markets that require advanced products and innovations. These products have undergone rigorous testing & verification by recognized laboratories in those markets and globally, to ensure their compliance with international standards, including resistance to fire and toxic fumes during combustion, thereby enhancing user safety. These products can be used in a wide range of versatile end-use applications, taking into account environmental sustainability, which enhances customer confidence in the company's products & reflects its environmental commitment.

● Developing exclusive products

(details cannot be disclosed at this time due to competition & confidentiality, noting that patent applications for these products have been filed with the Saudi Authority for Intellectual Property).

These products, resulting from the company's research & development team's efforts, represent a quantum leap in the field of technical fabrics. These products combine high durability, aesthetic appeal, versatility, & superior resistance to heat and chemicals, & are designed to meet the needs of various industries & diverse customer applications. As a testament to its full commitment, an application has been filed with the relevant authorities to obtain patents for these products from the Saudi Authority for Intellectual Property. This contributes to enhancing FBC's reputation as a leading company in the field of technical fabrics and affirms its high capabilities in delivering products that meet the highest international standards .



Dumping

Complaint Timeline

Phase One Filing the Complaint

July 10, 2023:

FPC contacted local & international law firms specializing in anti-dumping lawsuits & received very high price quotes.

August 1, 2023:

FPC formed an internal team of its own experts to gather documents & files supporting the self-filing of the lawsuit.

October 11, 2023:

FPC submitted a formal complaint to the General Authority for Foreign Trade, supported by evidence & documents, alleging dumping on imports of PVC products from China and Korea.

Phase Two: Complaint Review & Investigation Initiation

November 27, 2023:

The Authority officially notified the governments of China and Korea of the investigation's initiation.

November 30, 2023:

Announcement No. 2 regarding the initiation of the anti-dumping investigation was issued and published in the Official Gazette & on the Authority's website.

December 3, 2023:

FIPCO announced to its shareholders that the Authority had officially accepted the initiation of the anti-dumping investigation complaint.

Phase Three: Preliminary Investigation

Information was collected from concerned parties (foreign exporting producers, importers, local users, & the governments of China and Korea).

Questionnaires were made available to the parties, & data on domestic prices, export prices, & normal value were collected.

Investigation period (dumping): July 1, 2022, to June 30, 2023.

Injury assessment period: January 1, 2020, to June 30, 2023.

Phase Four: Data Analysis & Issuance of Preliminary Findings

The data showed the existence of dumping at prices lower than the normal value.

Dumping caused significant material injury to the domestic industry, such as:

- Decrease in sales volume.
- Decline in domestic sales market share.
- Decrease in productivity.
- Decrease in profits (realization of net losses).
- Existence of price pressure (price suppression).
- Decline in financial performance indicators.
- Decrease in wages.
- Negative return on investment.
- The company's inability to increase capital and grow.
- The impact of the dumping margin.

It was found that dumped imports represent 62% of the Kingdom's total imports of the product under investigation, which exceeds the minimum required to initiate the investigation, set at (3%).

Phase Five: Issuance of the Final Decision

▶ November 26, 2024:

The Authority issued its final recommendations after the completion of the investigation.

▶ December 12, 2024:

Decision No. 2 was issued, imposing final anti-dumping duties on the concerned imports.

▶ December 17, 2024:

After verifying the publication of the decision in the Official Gazette and on the Authority's website, FIPCO disclosed to its shareholders the issuance of the duty imposition decision & officially announced the success of the case.

Decision Rationale and Implications

The rationale of the aforementioned decision included the findings of the Trade Remedies Agency at the General Authority for Foreign Trade, which revealed a significant increase in the volume of dumped imports, both in absolute terms and relative to domestic production. These imports had negative price effects on the domestically manufactured product, It was also found that these imports had a negative impact on the economic factors and indicators of the domestic industry during the investigation period, represented by the following:

- Price difference between the like product & the product under investigation.
- Existence of domestic price suppression effects.
- Inability to utilize available production capacity.
- Decrease in productivity.
- Decrease in domestic sales volume.
- Decrease in domestic sales market share.
- Stagnation of employment & inability to increase it.
- Increase in losses.
- Decrease in return on investment.
- Realization of negative cash flows.
- Inability to increase capital.
- Inability to grow.
- The impact of the dumping margin.

The investigation results also indicated a causal relationship between the dumped imports and the injury suffered by the domestic industry.

It is expected that the decision to impose anti-dumping duties will, God willing, contribute to providing a fair competitive environment in accordance with international trade regulations, which will contribute to increasing the company's market share in the domestic market. However, it is difficult to determine the financial impact of this decision at the present time, & it will be determined later after studying all market variables according to the consequences of the decision & its implementation mechanisms. FIPCO will keep its shareholders informed of any relevant developments as applicable and according to materiality and relative importance.

This decision culminates the company's efforts over the past two years, during which the company formed an internal team to reduce costs & proceed with filing the complaint and its subsequent procedures by conducting research, tracking, collecting evidence, & providing the necessary proof to confirm the existence of dumping practices in the domestic market, answering the General Authority for Foreign Trade's inquiries, & responding to the reports & defenses of the dumping companies & their defense teams. Saudi Arabia imposes final dumping duties on Chinese & Korean products to protect the domestic industry.





Development Plans and Initiatives in 2025

In 2025, FPC continues its journey towards excellence by implementing ambitious development plans and initiatives, including the following:

1

Continuing to appoint sales representatives in targeted countries (South America, North America, East Asian countries, & North African countries) according to market studies and a flexible commission system linked to sales targets.

2

Continuing to expand in retail sales & opening branches in various regions of the Kingdom to sell the company's products with varying quality levels according to market needs.

3

Continuing to establish framework agreements to enter into contractual relationships with raw material suppliers to obtain preferential benefits and competitive prices, & to grant the company an annual return on its annual purchase volume, ensuring supply and mitigating the risks of not obtaining the necessary manufacturing materials in a timely manner, especially in light of the political & economic changes the world has witnessed in recent times.

4

Continuing to update the company's website, develop advertising and promotional materials for marketing the company's products, improve the company's appearance rate on global search engines and social networks

5

Developing automated solutions for the company's warehouses to facilitate shipping, transportation, and distribution.

6

Continuing to establish the technical infrastructure to connect all machines & production lines to the resource management system and issue the necessary reports to make appropriate decisions.

7

Continuing to establish framework agreements with major international contractors to target unique iconic projects globally and regionally.

8

Developing new products according to the requirements of local & international markets.

9

Targeting projects announced by the Ministry of Sports, aiming to build 11 sports stadiums.

10

Benefiting from the initiatives of the Local Content & Government Procurement Authority to obligate government sectors & state-owned companies to give price preference to national products.

11

Benefiting from announced projects in the tourism, entertainment, sports, event management, & hosting major international events sectors.

12

Working in harmony with our commercial agents in the American & European markets to establish joint projects inside & outside the Kingdom.

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
- 12 Loans
- 13 Regular Payments
- 14 Clarification of Zakat & Value Added Tax (VAT)
- 15 Fines
- 16 Deviation from the Application of any Applicable Accounting Standards

First: Company Sales

FIPCO's net sales reached 245.7 million Riyals in the fiscal year ending on December 31, 2024, compared to 258.2 million Riyals in 2023, representing a decrease of 1.36%.

The decrease in sales is attributed to a decline in sales volume of some key products in the subsidiary (FPC Industries Co.). The following table illustrates net sales versus cost of sales and net profits over the past five years

	2020	2021	2022	2023	2024
Net Sales	181.5	222.6	260.7	258.2	245.7
Cost of Sales	152.2	193.6	218.5	207.9	202.8
Total of revenue	29.3	28.9	42.2	50.3	42.9
net Profit	-3.0	-9.1	9.8	12	0.9



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

1. Jumbo Bags

Sales of jumbo bags reached 52.2 million Riyals in 2024, compared to 60.5 million Riyals in 2023, representing a decrease of 13.72%. This decline is attributed to a decrease in average selling prices and customer orders. Jumbo bags represent approximately 21.25% of total sales.

2. Fabric and other types of bags

FIPCO's sales of fabric and other types of bags reached 113.9 million Riyals in 2024, compared to 92.3 million Riyals in 2023, representing an increase of 23.4%. This increase is attributed to higher customer orders and an increase in the average selling price during 2024. These products represent approximately 46.36% of total sales.

3. Twisted Products

Sales of twisted products (cable fillers – agricultural tying and binding threads) reached 24.4 million Riyals in 2024, compared to 32.5 million Riyals in 2023, representing a decrease of 24.92%. This decrease is attributed to a decline in average selling prices and customer orders. Twisted products represent approximately 9.93% of total sales.

4. Contribution of the Subsidiary (FPC Industries Co.) to the Company's Business Volume

Sales of the subsidiary (FBC Industries Co.), representing all its commercial arms in retail and wholesale (Supply Hub with its branches in various regions & Zilal Al Dana), reached 55.2 million Riyals in 2024, compared to 72.9 million Riyals in 2023, representing a decrease of 24.28%. FBC sales represent approximately 22.47% of total sales.

Third: Operating profits

Operating profits for 2024 amounted to 2.4 million Riyals, compared to operating profits of 14.9 million Riyals for 2023. This decrease is attributed to a decline in gross profit due to increased costs, higher selling and marketing expenses, and increased expected credit losses in line with International Accounting Standard No. 9.

Fourth net profits

FIPCO achieved net profits of 0.9 million Riyals in the fiscal year 2024 AD, compared to net profits of 12 million Riyals in the fiscal year 2023 AD. The main reasons for this decline are as follows:

- 1- Decline in gross profit due to a decrease in sales volume and profit margins at the subsidiary, attributed to supply chain disruptions and continued dumping practices from Chinese and Korean products. The impact of these practices is expected to gradually mitigate in the future, as the imposed dumping duties are valid for 5 years following the company's successful lawsuit and the imposition of varying dumping duties on those countries.
- 2- Increase in selling and marketing expenses due to higher recruitment costs resulting from increased Saudization rates and the hiring of qualified technical personnel, as well as higher shipping expenses due to current geopolitical developments.
- 3- Increase in expected credit loss provisions in line with International Accounting Standard No. 9.
- 4- Decrease in other revenues due to the recovery of VAT on written-off debts in 2023 AD and a decrease in Murabaha deposit profits in the current year compared to 2023 AD.

These results were achieved despite:

- 1- A decrease in general and administrative expenses.
- 2- A change in the obligation to purchase non-controlling interest equity.
- 3- A decrease in financial charges during 2024.
- 4- A decrease in Zakat provisions reflecting amendments to the Zakat collection regulations.

Furthermore, it is important to note the following:

- Changes were made to the presentation of certain items, including the reclassification of some other revenues. Employment support programs were reclassified as part of the cost of goods sold, in accordance with International Financial Reporting Standards. Additionally, sales of certain other products were included in sales and cost of sales, and the remaining other revenues were classified as non-operating profits. These changes affected previously reported figures for revenues, gross profit, and operating profit for 2023 AD.

- The change in comprehensive income is due to the remeasurement of employee end-of-service benefits in 2024 AD.



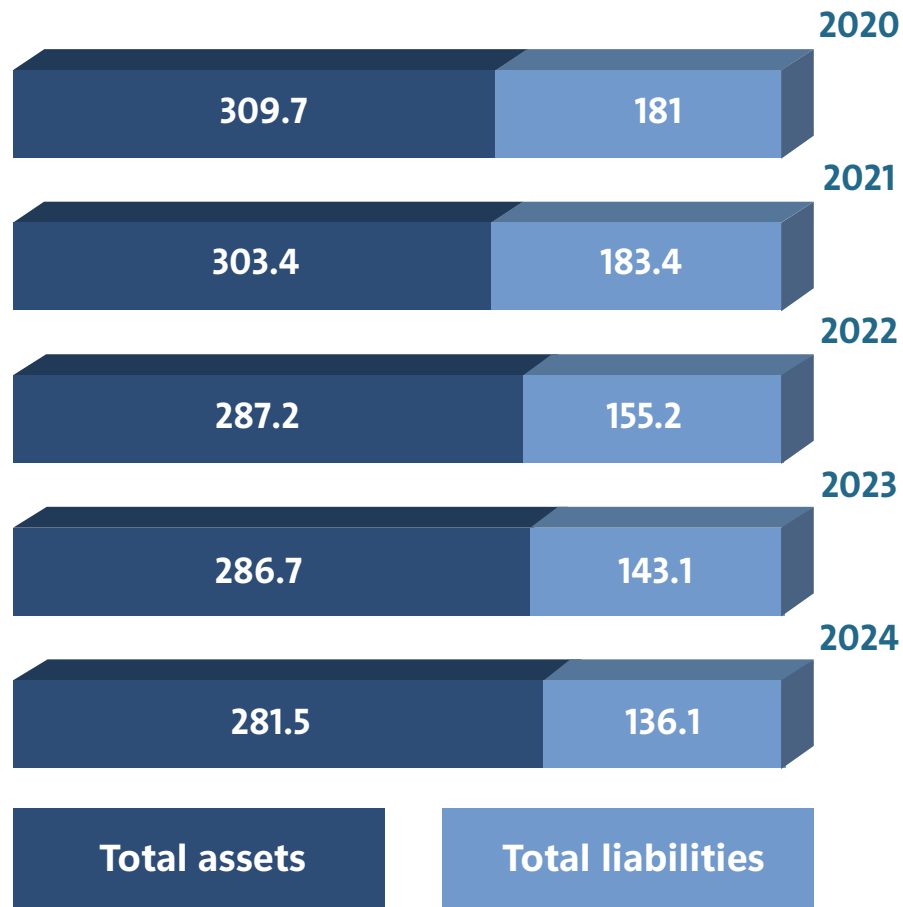
Fifth: Earnings per share(EPS) (in Saudi SAR)

Earnings per share for 2024 amounted to 0.08 SAR , compared to earnings of 1.04 SAR for 2023, representing a decrease of 92.3%.

Sixth: Asset Growth Development (in million SAR)

	2020	2021	2022	2023	2024
Current Assets	149.1	147.9	131.7	132.4	136.4
Non-Current Assets	160.6	155.5	155.5	154.3	145.1
Total Assets	309.7	303.4	287.2	286.7	281.5
Current Liabilities	98.2	87.3	76.4	71.1	88.6
Long-Term Liabilities	82.8	96.1	78.8	71.9	47.5
Total Liabilities	181.0	183.4	155.2	143	136.1
Shareholders' Equity	128.7	120.1	132.0	143.7	145.4
Non-Controlling Interests	0	0	0	0	0
Total Equity	128.7	120.1	132.0	143.7	145.4
Total Liabilities & Equity	309.7	303.4	287.2	286.7	281.5

Seventh: Total Assets and Liabilities (in million SAR)



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

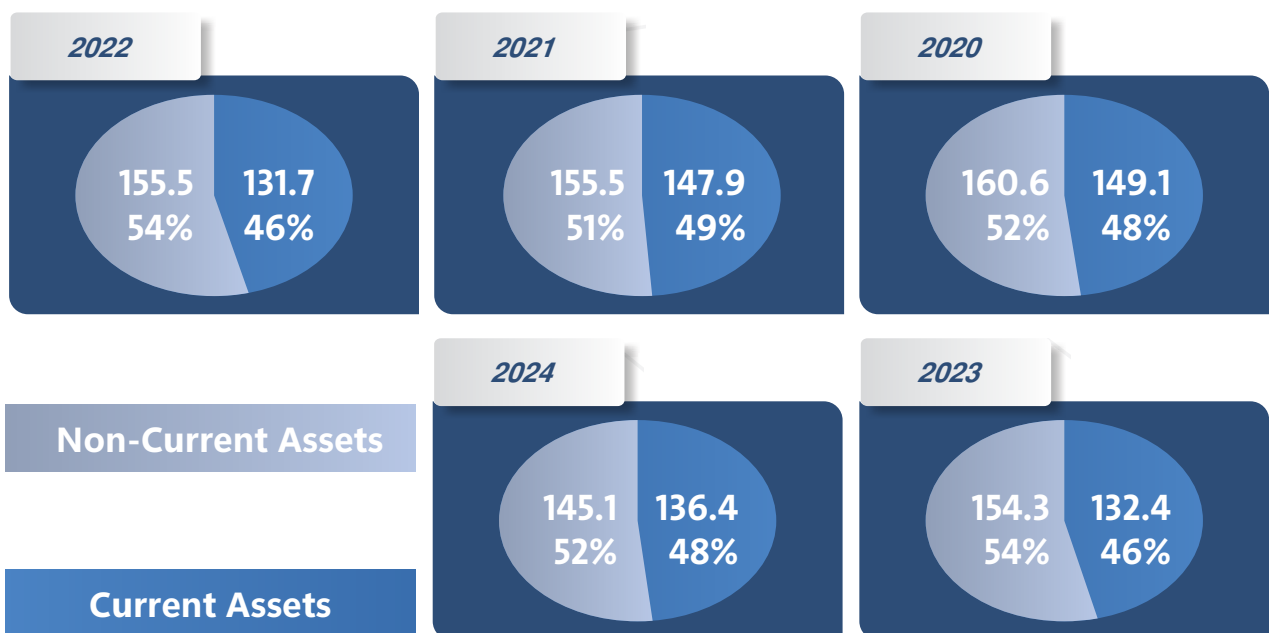




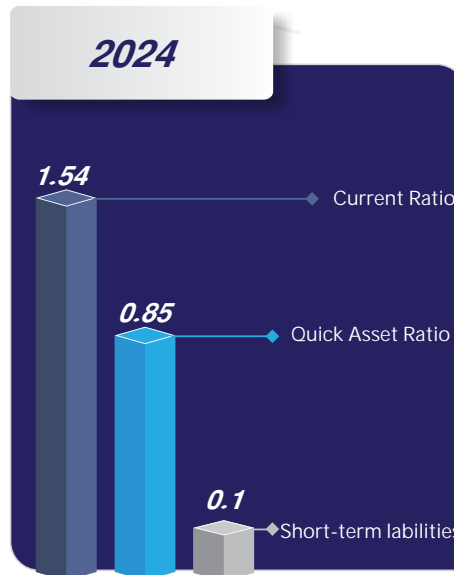
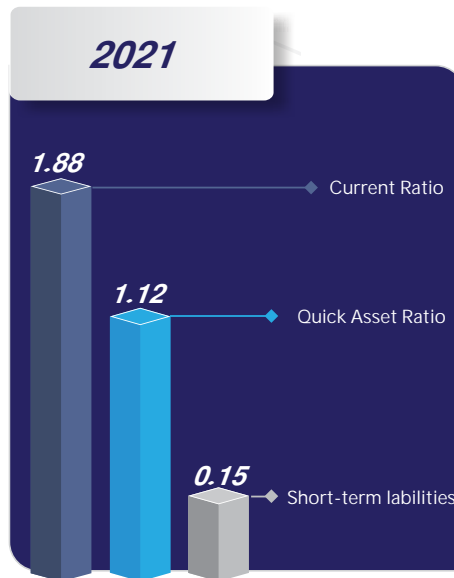
Ninth: Total Equity (in million SAR)

2020	128.7
2021	120.1
2022	132
2023	143.7
2024	145.4

Tenth: Trend of Asset Growth (in million SAR)



Eleventh: Liquidity Ratios and Indicators (in million SAR)



Current Ratio

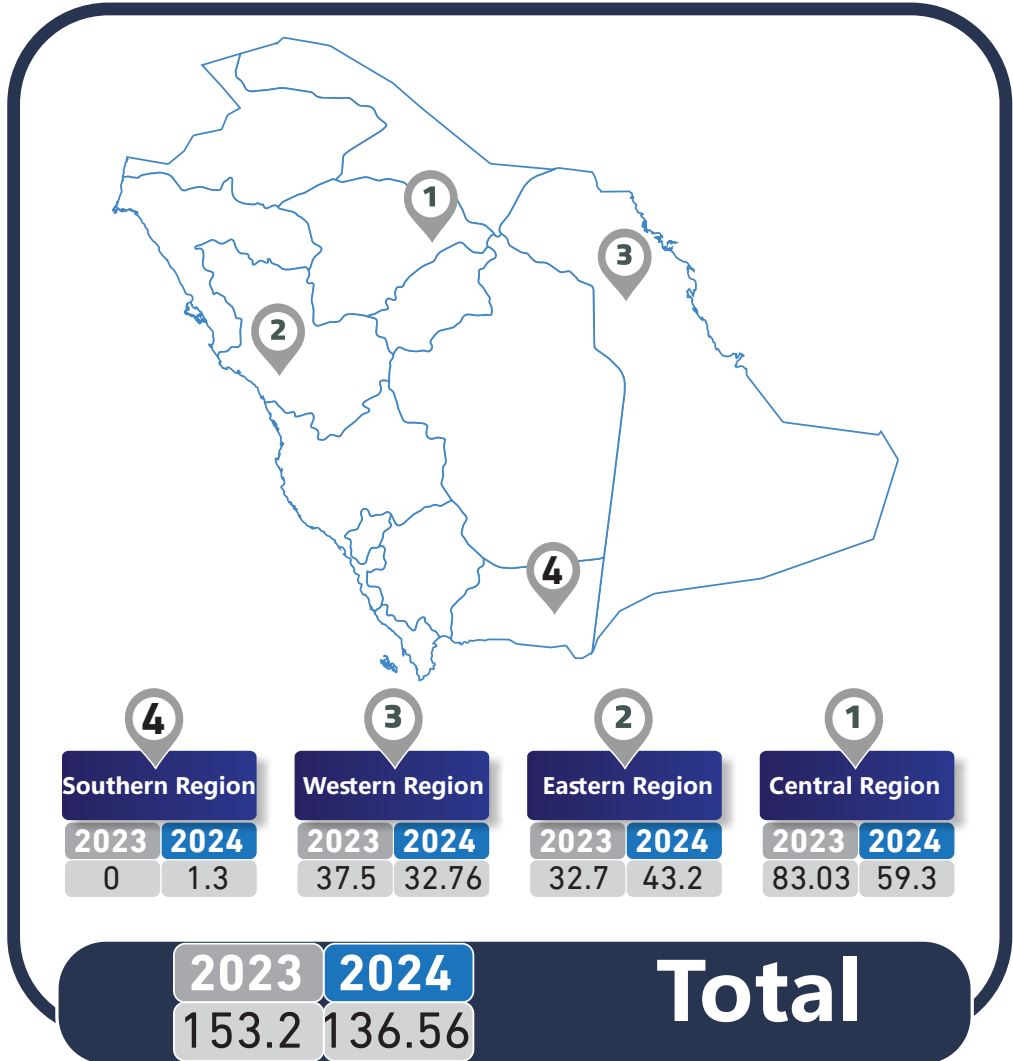
Quick Asset Ratio

Short-term liabilities

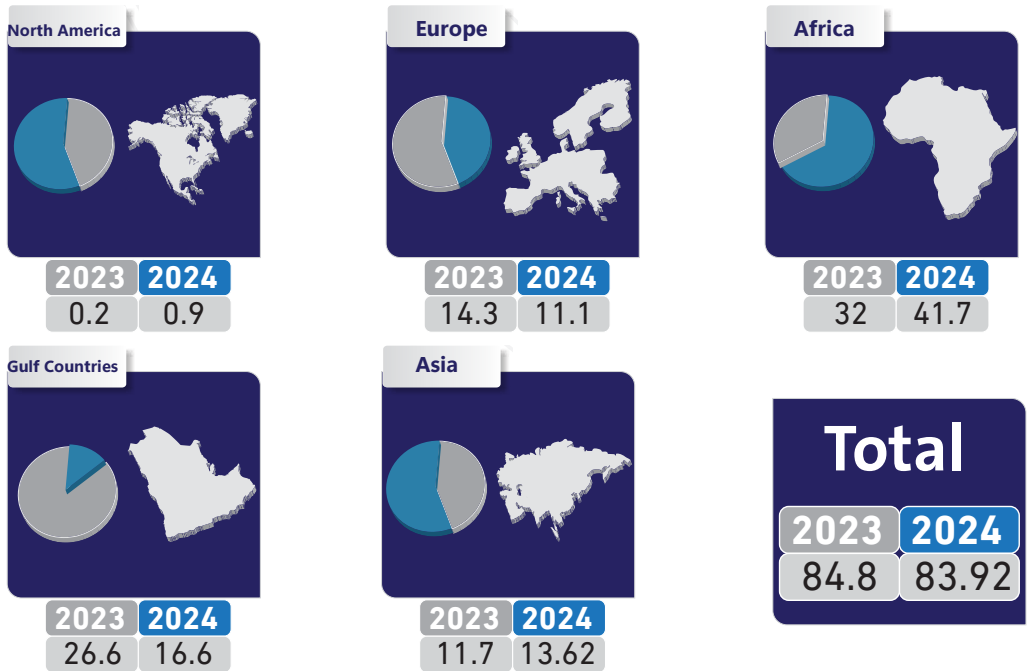


Twelfth: Geographic Sales Analysis

Domestic Sales (Saudi Arabia)



المبيعات خارج المملكة



Thirteenth: Loans

Lender	Loan Type	Principal Amount	Purpose	Balance Beginning of Year	Additions During year	Repayments	Balance End of Year	Payment Method
Saudi Industrial Development Fund	Long-term	53.4	Financing the expansions in production lines at Fibco Company	15.1	0.00	2.50	12.6	Unequal semi-annual in allments arting from 15 / 04 / 1430 AH & Ending on 14 / 02 / 1451 AH.
Saudi Industrial Development Fund	Long-term	35.3	Financing the Subsidiary Company's project (FBC I ndustries Co.)	19.2	0.00	8.60	10.6	Unequal semi-annual in allments arting from 15 / 08 / 1442 AH & Ending on 15 / 02 / 1447 AH
Riyad Bank	Long-term	38		22.1	0.60	7.10	15.6	Equal semi-annual in allments arting from May 2019 until July 2027
Riyad Bank	Short-term	33.3		0	3.20	0.00	3.2	Revolving loan with a maximum of 12 months.
Saudi Import - Export Bank	Short-term	19	Financing the purchase of raw materials for export sales	0	3.80	0.00	3.8	Revolving loan with a maximum of 4 months.
Total	-	179	-	56.4	7.6	18.2	45.8	-

*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 COVID-19 pandemic.

Current Portion of Loans	30.6
Non-Current Portion of Loans	15.2
Total	45.8

Fourteenth: Regulatory Payments

It includes all amounts paid by the company or owed to regulatory bodies, whether related to the company's own business or its subsidiary

Item	2024	2023	Due at the end of 2024 AD (And not paid)	Description	Reasons
Zakat	2,897,465	3,005,881	1,503,308	Payment of Zakat	The due amount will be paid after submitting & approving the zakat returns with the zakat & Income Tax
Social Insurance	3,725,379	3,932,946	318,347	Employers & Pension Contributions as per the Social Insurance Law	Government Fees
Value Add Tax (VAT)	6,112,908	5,418,772	132,698	Payment of taxes due in accordance with the regulations of the General Authority for Zakat & Income TAX.	Government Fees
Withholding Tax	28,002	15,841	7,256	Payment of taxes due in accordance with the regulations of the General Authority for Zakat & Income TAX.	The company withholds taxes on certain transactions with non-resident entities in the Saudi Arabia as required by the tax regulations in force in the Saudi Arabia, the withholding tax related to foreign payments is recorded as liabilities.
Passports and Labor Office	689,445	692,200	-	Approved regulatory costs for non-Saudi Employees	Government Fees
Saudi Industrial Development Fund	11,553,750	13,658,958	-	loan installments payment & follow-up fees.	The loan will be repaid as indicated in the loan schedule according to the agreement.
Saudi Stock Exchange (Tadawul)	261,205	255,232	-	Trading Services fees & Report Requests	Regulatory Fees
Customs	3,401,005	598,260	-	Customs Duties on Imports	Regulatory Fees

Fifteenth: Zakat and Taxes

Sharia Zakat

The Group is subject to Zakat in accordance with the regulations of the Zakat, Tax and Customs Authority. The Zakat provision is charged to the consolidated statement of profit or loss and other comprehensive income. Differences, if any, upon completion of the assessments are accounted for when these amounts are determined in accordance with the requirements of International Accounting Standard 8 'Accounting Policies, Changes in Accounting Estimates and Errors' as adopted in the Kingdom of Saudi Arabia

The Zakat charged for the year ended December 31, 2024, amounted to SAR 1,412,653, compared to SAR 2,897,465 for the year ended December 31, 2023 AD.

A provision for Zakat expense is made and charged to the consolidated statement of profit or loss and other comprehensive income of the group, based on a declaration prepared according to the Zakat collection regulations. Differences resulting from the final Zakat calculation, if any, are settled at the end of the year.

The group has submitted its Zakat declarations to the Zakat, Tax and Customs Authority for all years up to 2023 AD, and has received the final Zakat assessments for the years up to 2020 AD, and has paid the Zakat due for them.

The authority has not yet issued the Zakat assessments for the years 2021 AD, 2022 AD, and 2023 AD

Value Added Tax (VAT)

Revenues, expenses, and assets are recognized net, after deducting the VAT amount. When the VAT incurred on the purchase of assets or services is not recoverable from the authority, the VAT is recognized as part of the cost of acquiring the asset or as part of the expense item, as applicable.

Accounts receivable and payable are recorded inclusive of the VAT amount. The net recoverable or payable VAT amount to the authority is included as part of receivables or payables in the consolidated statement of financial position.

Withholding Tax

The group withholds tax on transactions with non-resident entities in accordance with the authority's regulations, which are not recognized as expenses, considering them as liabilities to the counterparty on whose behalf the amounts are withheld.

Sixteenth: Penalties

During the year 2024 AD, FIPCO and its subsidiary incurred penalties amounting to SAR 2,250 from the Saudi Passports Department due to delays in renewing residency permits for some employees, and traffic violations on company vehicles amounting to SAR 4,800. Additionally, payments of SAR 13,000 were made to the Public Transport Authority for delays in issuing operating cards for some vehicles, and customs fines of SAR 35,517 were incurred as ground fees for delays in clearing certain imports during holidays and official vacations. Furthermore, a fine of SAR 106,483 was imposed by the General Organization for Social Insurance, and a fine of SAR 20,000 by Modon Authority due to the accumulation of raw materials

Most of these fines were imposed due to exceptional & non-recurring circumstances, and some were contested due to their inaccuracy from the company's perspective. However, they must be paid to avoid affecting the company's operations, pending decisions from the adjudication committees.

In all cases, precautionary action plans have been implemented to prevent the recurrence of these errors, and concerned departments have been alerted, and labor regulations have been applied to some negligent employees to avoid such occurrences in the future.

The company has not been subject to any penalties, sanctions, or precautionary restrictions imposed by the 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, and there is no deviation in the application of these standards.

The Board of Directors is committed to providing the Capital Market Authority with any additional information it requests in the event that the auditor expresses any reservations regarding the annual financial statements.



5

**Environmental,
Social, & Corporate
Governance (ESG)
practices**

ESG

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Risks

FIPCO's Risk Management Concept

Risk management is the process of measuring & evaluating potential risks & developing management strategies to ensure 1 proactive handling of these risks and facilitate early detection of actual problems, aiming to minimize their negative impacts on FIPCO.



Why does FIPCO care about the risk management process

Tightening control and oversight of risks surrounding FIPCO's activities & operations.

Identifying specific treatments for each type of risk, allowing for the implementation of tailored solutions for each potential threat.

Minimizing losses through the implementation of proactive measures that reduce potential negative impacts.

Enhancing the confidence of stakeholders, including shareholders, creditors, customers, and suppliers, by protecting FIPCO's ability to generate profits even in the face of incidental losses that may affect its financial performance.

FIPCO's Risk Management Philosophy

FIPCO believes that risks are an integral part of any profit-oriented business activity, especially in the industrial sector, where intelligent interaction with risks is a crucial factor in sustaining growth & achieving operational success. From this perspective, FIPCO adopts an open & flexible risk management policy, allowing it to address high-impact risks without neglecting lower-impact risks, through their analysis, evaluation, & the development of proactive strategies to address them.



FIPCO's Risk Management Philosophy

FIPCO relies on a precise classification approach to risk management, dividing them into four main stages to ensure an effective response to each type of potential risk:

1 - Risk Avoidance:

This involves avoiding activities that may lead to significant risks, through proactive analysis of operational processes and investments.

2 - Risk Reduction

This is done by reducing the size of the investment that results in the risk or involving others in bearing the risk, such as strategic partnerships or distributing risks among multiple suppliers.

3 - Risk Transfer

Securing means that help accept the risk by limiting its potential impacts through insurance contracts or legal agreements that precisely define responsibilities.

4 - Risk Acceptance:

In some cases, it may be beneficial to accept small risks instead of avoiding or reducing them, as their impact is limited and does not affect the financial & operational stability of the company.



The most prominent risks facing FIPCO's activities & its subsidiaries can be summarized as follows:

1 -Global Economic Fluctuations and Financial Crises

FIPCO is not only affected by the local economy, but its operations and expansions are also influenced by global economic conditions, and it is certainly affected by global financial crises that emerge from time to time. This may force FIPCO's current & potential customers to reduce spending on FIPCO's products, thus affecting its profitability. Furthermore, FIPCO's large customer base in multiple markets around the world makes it vulnerable to various economic changes, such as inflation, exchange rate fluctuations, or economic slowdown in importing countries.

Financial institutions that Fipco deals with may also face impacts from economic crises, which could affect trade financing, interest rates, and credit costs, all of which may complicate the company's financial planning.

2 -Regional Political and Economic Conditions

The region is witnessing some political fluctuations that extend to many countries that FIPCO deals with, in addition to global conflicts and potential wars that cast shadows on energy markets, cash flow, exchange rate variations, supply chains, and other global economic variables, which may negatively affect access to some customers in those regions. This, in turn, affects one of FIPCO's most important strategic goals: targeting new markets and diversifying income sources

FIPCO faces challenges resulting from political and economic fluctuations in some regions where it operates or aims to expand. Global conflicts, geopolitical tensions, and regional instability can affect several key factors, including:

- Fluctuations in energy markets, which may lead to increased production & shipping costs.
- Exchange rate variations that may increase import & export costs, affecting the profitability of international operations.
- Disruptions in supply chains due to trade restrictions or the closure of ports & border crossings, which may lead to delays in supply and distribution processes.
- Restrictions on cash flow & liquidity due to sanctions or emergency economic policies that limit the ability to execute financial transactions smoothly.
- Contraction of target markets due to economic restrictions or trade sanctions, which may affect FIPCO's plans to diversify income sources & target new markets

3 -The Economic Performance of Saudi Arabia

Despite the launch of Saudi Vision 2030 and the adoption by the Saudi Arabian government of its new Financial Transformation Program, aimed at decoupling the relationship between oil and the Kingdom's GDP and creating an economy not entirely dependent on oil, any fluctuations in oil prices still directly impact the Kingdom's economy and all its sectors, particularly the industrial sector, which relies heavily on raw materials derived from oil or petrochemicals. This may affect the company's performance and core operations and negatively impact the company's forecasts and business results. Oil price fluctuations can also affect government financial policies, potentially leading to changes in government spending rates on industrial and infrastructure projects, which could reflect on demand in local markets.

4 -The Competitive Environment

FIPCO's growth and profit maximization depend on its high competitiveness, which is reflected in product quality, innovation, and expansion of targeted markets. However, increased competition with local, regional, and international companies may pose challenges that require effective strategies to maintain market leadership.

The impact of the competitive environment on FIPCO extends to:

- Pricing Pressures: FIPCO may be forced to offer discounts or price reductions to maintain customer loyalty and market share, which could affect profit margins.
- Increased Innovation Among Competitors: The introduction of new technologies or product improvements may increase competitive pressures on the company.
- Global Expansion of Competitors: The expansion of international companies into new markets may crowd out FIPCO in some targeted regions.
- Variations in Production Costs: Some competitors may enjoy lower production costs due to government subsidies or the local availability of raw materials, giving them a competitive advantage in pricing.



5. Key Suppliers

Reliance on a single key supplier for raw materials used in manufacturing is one of the biggest operational risks facing FIPCO, given the direct impact of this supplier on production supplies and operating costs. If the supply is disrupted or delayed, it may negatively affect FIPCO's ability to meet its obligations to customers. These challenges include:

- Supply Interruptions: Any malfunction in the main supplier's operations may disrupt production and delay deliveries to customers.
- Pricing Monopoly: The main supplier has the exclusive right to set raw material prices, which may increase costs for FIPCO without competitive alternatives.
- Difficulties Importing Alternatives: FIPCO may face restrictions when trying to import raw materials from the global market due to high customs duties, transportation and storage costs, and regulatory constraints.
- Government Approvals: Obtaining permits to import locally available materials can be difficult, limiting the company's flexibility in diversifying supply sources.

6 - Key Customers

FIPCO's success depends on its commercial reputation and customer trust. Reputational risks include all negative impacts on FIPCO's reputation or brand value, leading to financial losses or diminished customer confidence. Reputational risks can arise from negative events, public perception, unethical behavior, or failure to meet customer expectations. Therefore, reliance on key customers to purchase large volumes of FIPCO's products is one of the most significant risks FIPCO pays special attention to. To mitigate this risk, FIPCO always works to expand its customer base and diversify the types of goods sold, aiming to reduce reliance on key 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 product prices and raw material prices. These prices cannot be predicted by FIPCO, especially with varying government decisions according to global economic changes, which may result in an increase in energy product prices with unclear prospects for future increases. Additionally, raw material prices fluctuate with global oil price fluctuations, and this is expected to recur in the future. FIPCO's performance partially depends on its ability to incorporate these cost changes into product selling prices. However, due to the inability to predict these prices accurately, FIPCO may face challenges in maintaining profit margins, especially if energy and raw material costs rise without the ability to pass the increase on to customers through price adjustments.

8. Operational Shutdowns and Sudden Interruptions

Operational risks are defined as risks resulting from operational failures, such as mismanagement, technology errors, or human errors. They also include risks associated with fraud, errors, legal and regulatory compliance, business disruptions, cyberattacks, and supply chain disruptions. FIPCO operates with a labor division system that ensures continuous factory operation around the clock, seven days a week. However, there are some risks that may negatively affect the company's operational efficiency, such as natural disasters, machine or computer malfunctions, incidents involving key personnel, power or water outages, and heavy thunderstorms, which may lead to increased costs and decreased revenues and profits. FIPCO cannot provide any guarantees against operational disruptions, despite implementing all periodic and preventive maintenance standards.

9. FIPCO's Enterprise Resource Planning (ERP) System

All FIPCO departments rely primarily on computer systems to manage their assets and monitor their activities and financial records, in addition to using an Enterprise Resource Planning (ERP) system in all their financial, administrative, and operational processes. Therefore, any technical, legal, or administrative malfunction that arises in this system, or failure to renew usage licenses, or disputes over its ownership, or the complexity of update and upgrade processes, or server disruptions, etc., will negatively affect FIPCO's operations and workflow. To avoid this, FIPCO is keen to conduct the necessary system updates periodically through a specialized consultant, and contracts with a specialized company to store all information as a backup, in addition to taking the necessary measures to enhance information security and develop business continuity plans.

10. Currency Exchange Rates and Interest Rates

FIPCO conducts all its international imports & exports using currencies closely tied to the Saudi Riyal, such as the US dollar & the Euro. Any fluctuation between the value of the Saudi Riyal & these currencies could negatively impact FIPCO's revenues and profits. Additionally, any adverse shift in exchange rates in markets not dominated by the US dollar may negatively affect the company's profitability due to the Saudi Riyal's peg to the US dollar. Moreover, fluctuations in interest rates among Saudi banks (SAIBOR), as well as global interest rate fluctuations & their impact on financial institutions that FIPCO may deal with currently or in the future, could increase borrowing costs & negatively affect operating results. FIPCO is always keen to conclude its contractual relationships with customers outside the Kingdom in US dollars or Euros to mitigate currency fluctuation risks, & may rarely be forced to conclude contracts in other currencies according to the nature of the market or country. In all cases, sound & regulatory monetary practices imposed by the authorities are prioritized, & FIPCO believes it exercises due diligence to limit money laundering, terrorist financing, & other harmful monetary practices.



11. Insurance Coverage

Insurance coverage is considered a key element of operational risk management at FIPCO, as the company holds several insurance policies covering risks associated with manufacturing industries. However, these coverages may not be sufficient to protect the company from all potential risks due to changes in market conditions, which may lead to unexpected costs affecting profitability. Challenges related to insurance coverage include incomplete coverage, high insurance premiums, high deductibles, restrictions and conditions in insurance policies that may make claims difficult or slow to process, as well as changes in the insurance market where economic conditions or major disasters may lead to the repricing of insurance policies, making them more expensive or less comprehensive.

12. Human Resources

FIPCO relies heavily on manual labor due to the nature of its manufacturing industries, making rising wage costs and talent acquisition challenges that affect operating costs and production continuity. Labor turnover can also lead to a shortage of expertise and increased training and recruitment costs, making human resource stability a key element of the company's strategy.

These challenges can be summarized as follows:

- Rising wage costs due to increased demand for skilled labor and labor market regulatory changes.
- High labor turnover leading to increased recruitment and continuous training costs.
- High reliance on human labor in production processes, increasing the impact of labor shortages on production.
- Limited skilled labor, making finding qualified talent more difficult & competitive.
- Legal and regulatory challenges related to labor rights, which may affect operational flexibility

To mitigate these repercussions, FIPCO is always keen to take measures to improve the work environment and increase incentives and benefits, such as bonus programs, health insurance, and professional training and development programs to promote job stability. It also continues to automate production to reduce reliance on human labor and lower operating costs, and proactively manages talent through employee retention programs, develops internal competencies, and conducts periodic labor market analysis to adjust employment policies in line with economic trends and labor legislation.





13. Legislative and Regulatory Environment

FIPCO operates in a dynamic legislative environment, as it is subject to the regulations and laws in force in the Kingdom of Saudi Arabia. FIPCO's commitment to these regulations extends to all other countries where FIPCO or any of its subsidiaries operates. These laws and regulations may be subject to change, which may negatively or positively affect FIPCO's business. FIPCO may also modify its products or operations to align its activities with any future changes in these legislations and laws. To minimize the negative impacts arising from any of these changes, FIPCO continuously monitors any amendments to the regulations in force locally or in any of the countries where its activities extend. It then studies the impact of these amendments on its business scope and takes all necessary measures to minimize their effects or attempt to utilize them in a way that serves its

14. Labor Laws and Regulations

Legislation in Saudi Arabia requires companies to comply with Saudization ratios through the Nitaqat program, which mandates a certain percentage of Saudi employees in the total workforce. FIPCO has achieved the required ratio and continues its ongoing efforts to Saudize a number of administrative positions in line with its expansion plan, which requires a significant workforce in its various departments.

As continuous amendments are made to the ratios and levels of the Nitaqat program, and 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, the unsuitability of its jobs for Saudi job seekers, and its primary reliance on expatriate labor, making it difficult to achieve Saudization and localization ratios. The risks associated with this continue, especially with rising labor and recruitment costs.

15. Risks of Terminating Government Incentives Supporting Industrial Development

The company has benefited from the incentives provided by the government to support industry in Saudi Arabia, which include infrastructure support for industrial projects, provision of land, energy, and water at reduced prices in industrial cities, and exemption from the financial levy on expatriate labor for licensed industrial establishments for five years. As per the Saudi Council of Ministers' decision, the state bears the financial levy on expatriate labor for licensed industrial establishments under an industrial license for five years, starting from October 1, 2019, noting that the Saudi Council of Ministers has approved the extension of the state's bearing of the financial levy on expatriate labor for industrial establishments until December 31, 2025 AD.

Given the company's significant benefit from these incentives, the expiration of the exemption period from the financial levy on expatriate labor for licensed industrial establishments, or the suspension of some or all of these incentives, will have a significant negative impact on the company's business, financial position, operating results, and future prospects.

16. Environment, Safety, and Occupational Health

In its pursuit of applying the highest standards of safety & occupational health, FIPCO has taken it upon itself to adopt stricter standards to provide safety preventive requirements. This increases its costs, which may negatively reflect on its operating results and financial position. Additionally, FIPCO's business and financial position may be negatively affected in the event of losses or material damages resulting from handling hazardous & toxic materials, or in the event of accidents during production operations that are not covered by insurance policies or result from incidents not covered by insurance policies. Therefore, FIPCO considers maintaining the health and safety of its employees & human resources as one of its most important strategic priorities, and all its facilities are subject to local and international safety standards.

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

FPC Industries Co. represents a significant strategic investment for FIPCO, as the latter owns 100% of the subsidiary, making the project's success or failure a crucial factor directly affecting FIPCO's financial & operational performance. Although commercial operation began gradually in the second quarter of 2019 and the company continues to achieve steady growth, the challenges facing the project remain & require careful management to ensure its sustainable success.

Among the most prominent challenges that may affect the project are financial & investment burdens, as FIPCO relies on a mix of self-financing, Industrial Fund financing, and bank facilities. If the project fails for any reason, the company will face significant financial pressure due to obligations arising from outstanding financing and loans, which may affect its ability to expand or implement future growth plans.

Furthermore, the ability of FPC Industry's products to penetrate the market is a critical factor in the project's success. Any marketing obstacles or weak demand for products may lead to inventory accumulation & difficulty in achieving expected returns, negatively affecting the company's revenues and operating profits. Strong market competition may also increase the difficulty of achieving widespread product distribution, necessitating a strong marketing strategy to ensure the targeted market share.

Operationally, technical & logistical challenges can be a significant factor in production stability. Technical malfunctions, supply chain disruptions, or raw material shortages can lead to production disruptions or increased operating costs, placing additional pressure on resource management & operational efficiency. Moreover, any sudden production shutdown can significantly affect the company's reputation & customer relationships, potentially leading to long-term losses.

Additionally, global economic fluctuations can play a role in the project's stability. Fluctuations in raw material prices, exchange rate changes, or financial market disruptions can lead to increased production costs and reduced company competitiveness.

Although FIPCO continuously works to improve production, quality, & operational efficiency, these risks remain & require proactive strategies to mitigate their impact, making project management and careful financial planning top priorities for the company to maintain sustainable growth and achieve maximum success.

18. Risks Associated with Disease Outbreaks



FIPCO, like other industrial companies, faces risks associated with infectious disease outbreaks, which may have a significant negative impact on the company's business and financial performance. Despite the end of the acute effects of the COVID-19 pandemic, the continued discovery of new variants or the emergence of other epidemics may lead to strict government measures to limit their spread, such as travel bans, movement restrictions, curfews, or restrictions on commercial operations, all of which may affect supply chains, production, and sales.

The potential impact of disease outbreaks depends on the speed of virus spread, government measures to combat it, and its impact on the local and global economy. For example, during the spread of COVID-19, many countries, including Saudi Arabia, were forced to implement precautionary measures that led to operational disruptions in multiple sectors, affecting company operations and global supply chains. In the event of a new outbreak or the emergence of additional restrictions affecting suppliers and customers, FIPCO may face operational and financial challenges, which may lead to decreased revenues, slowed production, and increased operating costs. Additionally, any restrictions on raw material imports may disrupt production processes and affect the company's competitiveness.

19. Risks of Conflicts and Wars

In light of escalating geopolitical tensions, the impact of conflicts and wars on the global economy has become undeniable. With complex supply chains, sharp fluctuations in shipping costs, and rising inflation rates, industrial companies like FIPCO find themselves facing new challenges that require proactive strategies to address these risks. As FIPCO is part of the global economy, any radical changes in the geopolitical landscape may affect its production, operational processes, and target markets, necessitating advance planning and the activation of precautionary principles in all its dealings.

The challenges associated with global conflicts are numerous, but the most impactful on FIPCO are the complexities of supply chains. With the outbreak of wars or the imposition of international sanctions, raw material supplies may be significantly affected, leading to production disruptions & increased operating costs. Sudden closures of ports & vital trade routes may also hinder shipping operations, increasing delivery times and affecting operational efficiency & adherence to customer deadlines.

Additionally, the record rise in shipping and insurance costs places additional pressure on the operating budget. In times of conflict, transportation-related risks increase, leading to high insurance costs for shipments, coupled with a severe shortage of available shipping options, which directly reflects on the increase in final product prices.

20. Cybersecurity Risks



In light of rapid technological development & the increasing reliance on technology & digital transformation, cybersecurity and cyberterrorism risks have become among the biggest challenges facing industrial companies, including FIPCO. With the increasing electronic connectivity & automation of operational processes, cyber threats are emerging in a more complex & dangerous manner than ever before, making the enhancement of cybersecurity an urgent necessity to protect digital infrastructure and ensure business continuity.

The heavy reliance on digital systems in production, resource management, & supply chains is a crucial factor in increasing productivity and improving operational efficiency, but at the same time, it makes these systems vulnerable to intrusions & cyberattacks. A single cyberattack can penetrate industrial control systems, cause the shutdown of production lines, or steal sensitive data, which may lead to temporary or permanent paralysis of operational processes.

As an industrial company relying on automation & modern technologies, FIPCO faces multiple security challenges, ranging from cyberattacks, ransomware attacks, & industrial espionage. Malicious actors or competitors may attempt to carry out hacking attacks targeting its operational data or production systems, which could lead to operational disruptions, financial losses, & decreased customer & supplier confidence.

To counter these threats, FIPCO is working to enhance its cybersecurity strategies by updating electronic protection systems, implementing strict security protocols, & raising employee awareness of digital security practices. It also implements advanced threat detection & response systems, & invests in a robust technical infrastructure to protect it from any hacking attempts.

"The aforementioned risks also apply to FIPCO's subsidiaries & other business units. We have attempted to enumerate all risks surrounding the company's activities based on the information & experience available to us. However, this does not provide absolute assurance that other risks will not emerge currently or in the future."



The concept of sustainability

How does FIPCO view sustainability?



Sustainability has gained increasing importance both locally and globally, prompting leading companies to reformulate their strategies to ensure a balance between economic growth, environmental responsibility, and social responsibility

At FIPCO, we view sustainability as an integral part of our corporate culture, where it has become a key driver for decision-making and strategic planning, enhancing our competitiveness and adding value to all stakeholders.

In light of the growing global awareness of sustainability challenges, whether at the environmental, social, or governance level, we continue to integrate sustainability standards into all our operational processes, starting from improving production efficiency, reducing environmental impact, and promoting responsible resource management practices, to adopting policies that enhance transparency and good governance.

Our commitment to sustainability is not limited to compliance with environmental and social standards; rather, it extends to being a strategic element in our sustainable growth and a major supporter of our future plans, which we implement with passion and vitality, ensuring that we continue to achieve success and enhance our positive impact on society and the economy.

The relationship between sustainability & Environmental, Social, and Governance (ESG) practices



FIPCO views sustainability & ESG practices as integrated & interconnected concepts, where sustainability forms the overarching framework that guides the company's policies towards environmental practices, social responsibility, & good governance. Long-term sustainability cannot be achieved without adhering to standards of transparency & accountability, reducing environmental impact, and promoting responsible social practices, thus ensuring business continuity in a way that creates value for all stakeholders.

FIPCO is committed to monitoring international best practices and developing its own sustainability and ESG strategy & framework through:

- In-depth data analysis to understand the impact of sustainability policies on the company's objectives.
- Developing measurement methodologies to ensure the accurate evaluation of environmental, social responsibility, and governance programs.
- Transparent disclosure of these practices through specialized reports, reflecting the real impact of these policies on the company's sustainability in accordance with international standards and global best practices.

Thus, FIPCO emphasizes that achieving excellence in sustainability is not limited to compliance with standards, but is a strategic approach that enhances operational efficiency, creates sustainable economic value, & reflects the company's commitment to its responsibility towards the environment, society, & good governance.

FIPCO's Sustainability Strategy

FIPCO's Sustainability Strategy: FIPCO embarked on its sustainability journey in 2017. FIPCO's sustainability strategy undergoes periodic reviews to ensure its continued effectiveness in enhancing positive impacts across environmental, social, and economic aspects. Notably, FIPCO and its subsidiaries have begun adopting new industry mechanisms to keep pace with the Fourth Industrial Revolution by adding new areas to their strategy, namely "digitalization" or automating their operational processes, leveraging state-launched programs and initiatives to align with Saudi Vision 2030. In recent years, FIPCO signed an agreement with the Saudi Authority for Industrial Cities and Technology Zones (MODON) to support the industrial transformation plan within the National Productivity Program initiative, after passing the controls and standards set by MODON in collaboration with the Saudi Industrial Development Fund and King Abdulaziz City for Science and Technology to enter the program. Additionally, it has been working with global technical partners appointed by several government agencies within the National Productivity Program to analyze processes and propose improvements to enhance operational efficiency and optimally manage resources. These partners include Agile, McKinsey, and GE.

Therefore, FIPCO and its subsidiaries continue their efforts to maximize the benefits of these programs, which FIPCO believes will have positive future impacts, reducing industrial costs, primarily through lowering energy costs, reducing high labor numbers, improving product quality levels, and detecting and addressing errors. Currently, FIPCO faces significant challenges, including high labor numbers exceeding 1,000 employees due to the nature of its industry, resulting in annual salaries of approximately 40 million riyals, and electricity costs of about 7 million riyals annually.

FIPCO and its subsidiaries have furthered this journey by joining the Factories of the Future program to continue supporting development mechanisms. This follows the completion of the necessary technical evaluation using the SIRI methodology to assess their actual technological development levels, and then setting targets for the company to achieve. Joining this program will provide maximum enablers to enhance the company's competitiveness in its operating industrial sectors and create alternative solutions that contribute to improving the quality of local products, reducing operating costs, and enhancing the flexibility and responsiveness of supply chains.

Finally, FIPCO believes that leadership in sustainability at the local, regional, and global levels requires the optimal direction of the company's resources. This is achieved by placing sustainability as a primary objective in the company's overarching strategy, which is adopted by the Board of Directors.



FIPCO's Sustainable Development Programs

• Solar (Alternative) Energy

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

In this endeavor, and stemming from its leading role, FIPCO has begun reaping the benefits of the savings achieved from installing solar cell units. The return on investment is expected to be realized within approximately seven years since the project's launch. Given the novelty of the technology & the advancements in solar energy-related technologies, FIPCO has structured its project in several phases to capitalize on price reductions & keep pace with modern technologies.

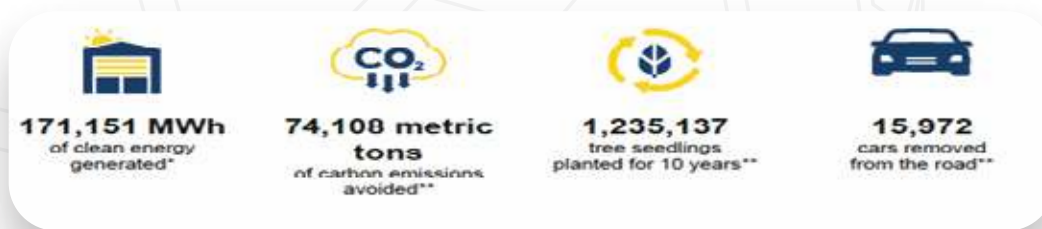
FIPCO has fully completed the installation of solar cell units with a capacity of 0.5 megawatts (500 kilowatts/hour) as the first phase of the integrated project, which is structured in three phases. This was achieved through continuous collaboration with leading global companies in this field, aiming to complete the second phase, which is expected to cover the majority of the current factory's consumption. Ultimately, this will ensure FIPCO's energy consumption is supplied by solar cells, positively impacting FIPCO's production costs in the coming years, ensuring leadership, increasing profitability rates, & contributing to sustainable development.



On another front, FIPCO is currently considering another project to enter into a strategic partnership to further benefit from solar panels. However, the project is still under study and regulation with government agencies, completing the relevant engineering studies, and then addressing regulatory and supervisory bodies to obtain a "no-objection" approval, followed by contract signing and program implementation.

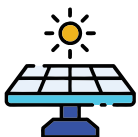
Through this project, FIPCO aims to achieve environmental sustainability and promote the use of clean energy by adopting sustainable solutions that aim to reduce the carbon footprint & support the transition to renewable energy. Additionally, it seeks to continue achieving tangible environmental accomplishments that contribute to creating a more sustainable environment for future generations. The following will be achieved for FIPCO during the project's estimated duration of 25 years:

- **Production of 171,151 megawatt-hours of clean energy.**
- **Reduction of carbon emissions by avoiding the emission of 74,108 metric tons of carbon dioxide.**
- **Planting 1,235,137 tree saplings over 10 years.**
- **Removal of 15,972 cars from the roads**



Accordingly, FIPCO's objectives for investing in solar energy can be summarized as follows:

- **Enhancing environmental sustainability by reducing carbon emissions & negative environmental impact.**
- **Reducing reliance on traditional energy sources by adopting renewable energy solutions.**
- **Improving operational efficiency by integrating clean energy sources into production processes.**
- **Contributing to the achievement of Saudi Vision 2030 goals related to the transition towards a green economy and renewable energy.**



**Net Zero
by 2060**

Through these initiatives, FIPCO affirms its commitment to promoting environmental sustainability and reducing harmful environmental impacts, thereby enhancing its position as one of the leading companies in sustainable industry and clean energy.

• Investing in Research and Development (R&D) Initiatives (Innovation to Enhance Industrial Sustainability)



In light of rapid industrial transformations and increasing environmental requirements, FIPCO places significant importance on research and development (R&D) as a fundamental pillar for enhancing competitiveness and sustainability. Accordingly, FIPCO has increased its investments in research and development by fivefold in 2024 compared to previous years, with a total investment of

5,5 Million
Saudi Riyals

This is achieved through:

- Re-engineering machinery to enhance operational efficiency & reduce energy consumption, & minimize raw material waste.
- Collaborating with suppliers to produce environmentally friendly intermediate materials. Integrating industrial supply chains by working closely with local & international suppliers to develop innovative intermediate materials that align with sustainable environmental standards.
- Developing innovative industrial formulations that comply with global environmental standards, aiming to reduce industrial waste, improve material properties, & extend product lifespan.
- Integrating with sister companies to develop innovative products that meet evolving market needs by leveraging accumulated expertise & modern technologies to provide innovative industrial solutions based on recycling & multiple material uses, thereby enhancing the added value of manufactured products & increasing the company's flexibility in responding to market demands.
- Sustainable orientation towards green manufacturing: In its commitment to the principles of the circular economy, FIPCO integrates sustainable solutions into its operations by recycling raw materials, improving energy consumption efficiency, & developing environmentally friendly products. This orientation is part of its broader strategy to enhance operational sustainability and achieve compliance with Environmental, Social, & Governance (ESG) standards.

•Joining the 'Made in Saudi Arabia' program to enhance FIPCO's international presence & national recognition, with FIPCO being awarded the Gold Category of the 'Made in Saudi Arabia' mark, among only 7 national factories.

In its endeavor to achieve its export targets and enhance its presence in global markets, Filling & Packing Materials MFG. Co. (FIPCO) & its subsidiary, FPC Industries Co., joined the 'Made in Saudi Arabia' program after fulfilling all the program's requirements.

This program is a national initiative launched by the Saudi Export Development Authority as part of the National Industrial Development & Logistics Program, aimed at stimulating national industries, encouraging consumers to purchase local goods, and developing and enhancing Saudi Arabia's exports to global markets.

Impact of Joining the 'Made in Saudi Arabia' Program on FIPCO's Export Targets:

FIPCO's joining the program enhances its ability to access new markets and increase its market share by leveraging the benefits and incentives offered by the program, such as product promotion, communication with government and private entities, knowledge exchange, and participation in specialized workshops. Furthermore, using the 'Made in Saudi Arabia' logo on FIPCO's products contributes to enhancing consumer confidence in both local and global markets, thereby supporting the company's export targets and strengthening its competitiveness.

Through this step, FIPCO affirms its commitment to supporting the national economy and enhancing the position of Saudi products on the international stage, in line with Saudi Vision 2030, which aims to diversify income sources and increase the proportion of non-oil exports.

FIPCO's Gold Category Award from the 'Made in Saudi Arabia' Mark, Among Only 7 National Factories:



In its continuous pursuit to enhance its position in local & international markets, Filling & Packing Materials MFG. Co. (FIPCO) has achieved a prestigious accomplishment by obtaining the Gold Category of the 'Made in Saudi Arabia' mark, becoming one of only seven national companies to receive this honor, reflecting its deep commitment to enhancing local content and providing high-quality products.

It is worth noting that the Local Content & Government Procurement Authority, in collaboration with the 'Made in Saudi Arabia' program, launched the Gold Category of the 'Made in Saudi Arabia' mark to highlight the private sector's contribution to developing local content & raising awareness of its value. This category was awarded to seven leading national companies across various sectors, including FIPCO, in recognition of their continuous efforts to support the national economy and enhance the position of Saudi products both locally & internationally.

This achievement adds to FIPCO's series of successes and underscores its commitment to enhancing local content and providing products that meet the highest quality standards, thereby strengthening its competitiveness and confirming its leading role in the Saudi industrial sector.

FIPCO's Commitment to Industrial Localization & Knowledge Transfer to Enhance Local Content:



هيئة المحتوى المحلي
والمشتريات الحكومية
Local Content & Government
Procurement Authority



FIPCO is consistently keen to leverage the initiatives of the Local Content and Government Procurement Authority, which aim to localize products, transfer knowledge, and enhance local content. This underscores that FIPCO is not merely an industrial company but a key partner in the Kingdom's economic development journey. As it continues to invest in technology and expand local manufacturing, it contributes to achieving the goals of Vision 2030 in promoting economic diversification and reducing reliance on imports, thereby enhancing the Kingdom's ability to compete globally in the manufacturing sector.

FIPCO's role in enhancing local content can be summarized as follows:

- Expanding local production and reducing reliance on imports. This not only involves manufacturing products that meet the needs of the Saudi market but also developing the raw materials used, ensuring greater reliance on local resources and reducing the overall manufacturing cost.
- Enhancing local partnerships and transferring knowledge by entering into strategic partnerships with numerous research institutions and bodies within the Kingdom, including Imam Muhammad ibn Saud Islamic University, to strengthen cooperation in research and development, improve manufacturing techniques, and support national talent through training and qualification. It has also signed memoranda of understanding with specialized companies to develop innovative solutions, such as its partnership with Qimmah Saudi Plastic Factory, aimed at improving the quality and sustainability of local products.
- Increasing local content ratios in manufacturing, which led to it receiving the first-place award for excellence in local content for large enterprises in the industry and mining sector. FIPCO reaps the benefits of attracting national skills, improving the efficiency of production processes, and developing new products based on local resources.
- Investing in industrial localization and knowledge transfer opportunities. Currently, FIPCO, through its subsidiary FPC Industries Co., is working with the Local Content and Government Procurement Authority to localize the manufacturing of high-quality products that have not been previously manufactured within the Kingdom, which will contribute to enhancing the independence of the national economy. Due to confidentiality and competitive reasons, these products cannot be disclosed at this time. However, they represent a qualitative step in the national industrial journey and will bring about a significant transformation if these initiatives succeed.

FIPCO Wins Sustainable Product Design Award: A Step Towards a Sustainable Industrial Future:



In a new achievement that reflects its deep commitment to sustainability and innovation, FIPCO has been awarded the Bronze Category of the "Sustainable Packaging Product Design" award, granted by the United Nations Industrial Development Organization (UNIDO) and the World Packaging Organisation (WPO). This recognition comes in appreciation of FIPCO's efforts in developing sustainable manufacturing solutions that contribute to environmental protection and enhance industrial sustainability.

This achievement highlights FIPCO's direction towards integrating sustainability standards into all stages of production, reinforcing its position as a leading company in the Saudi industrial sector. The company has adopted a clear strategy aimed at reducing the environmental impact of its products by using recycled & biodegradable materials, contributing to the reduction of industrial waste and improving the efficiency of natural resources.

Furthermore, FIPCO has focused on enhancing energy efficiency by adopting manufacturing designs that reduce electricity consumption and investing in solar energy as part of its future plan to achieve more sustainable production. The company also recycles industrial waste within its factories, enhancing production efficiency and reducing industrial waste.



FIPCO's receipt of this award is part of the United Nations Industrial Development Organization's (UNIDO) efforts to encourage companies to adopt sustainable manufacturing solutions that contribute to improving the economic and social environment of countries. UNIDO is one of the leading global organizations working to promote sustainable industrial development in developing countries through initiatives that encourage companies to reduce resource consumption & improve production efficiency.



As for the World Packaging Organisation (WPO), it is a non-profit organization that aims to improve global packaging standards and promote the exchange of knowledge and expertise in this field. The organization plays a significant role in supporting innovations that contribute to reducing waste and improving the sustainability of Filling & Packing products worldwide.

FIPCO Enhances Innovation by Filing Patent Applications for Some Products of its Subsidiary "FPC Industries Co."

الهيئة السعودية للملكية الفكرية
Saudi Authority for Intellectual Property



The patents that FIPCO seeks to register represent a significant milestone in its journey towards industrial innovation and technological development. FIPCO has filed patent applications for some products of its subsidiary, "FPC Industries Co.," with the Saudi Authority for Intellectual Property. This is driven by FIPCO's keenness to protect its intellectual property rights, enhance its competitiveness, ensure its industrial superiority, and strengthen its presence in local and global markets, as well as support the Saudi industrial sector with more innovative solutions.

Due to the importance of these innovations and their potential impact on the market, the nature of the submitted patent applications cannot be disclosed at this time for reasons related to confidentiality and competition. However, FIPCO affirms that these innovations will constitute a qualitative leap in the technical textiles sector and will contribute to providing more efficient, reliable, aesthetic, and sustainable industrial solutions.

It is expected that these innovations, upon their official disclosure, will have a significant positive impact on the Saudi industrial sector, enhancing the Kingdom's position as an advanced industrial hub in the region and the world.

Environmental Commitment

FIPCO's Goals to Achieve Environmental Sustainability

FIPCO is consistently committed to environmental standards and the requirements of environment, health, safety, and security, in accordance with its values, objectives, goals, policies, and annual key performance indicators. Since 2019, FIPCO has successfully passed the biodegradable plastic materials tests for a number of its products at the Saudi Standards, Metrology and Quality Organization, and obtained official licensing for this, with these certificates being renewed annually. Similarly, the products of the subsidiary company have successfully passed the tests of international research centers for the suitability of products to globally applied environmental and health considerations, which expands the export prospects for the company's products. Recently, the subsidiary company obtained the Saudi Quality Mark as the first factory to obtain the Saudi Quality Mark in the field of technical textiles for 9 of its main products. Efforts continue with legislative bodies to raise product quality levels in local markets and mandate the introduction of new environmental, health, and preventive items that serve public health and support the Kingdom's sustainable development directions.





In the past two years, FIPCO has achieved tangible developments in the areas of environment, health, safety, & security, including improvements in safety procedures, sustainable environmental performance, increased awareness of employee health, product sustainability, & the enhancement of a safety culture. These developments will be discussed in detail in the following sections.

The company is working to continuously reduce the rate of serious incidents at its sites to achieve a zero-incident rate.

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

FIPCO is collaborating with some private sector companies & research & development departments to develop environmentally friendly plastic & polymer products that can be used as support tools in various industries. Since 2023, FIPCO has been cooperating with those responsible for the Oil Sustainability Program (OSP) & a number of cement companies to conduct the necessary studies for implementing a program to convert cement packaging bags from paper to plastic, while ensuring that the targeted bags have specific characteristics that reduce costs, support sustainability, & lessen reliance on paper and its derivatives, which are manufactured from natural materials with environmental implications.



(Occupational Health, Safety, and Environment (HSE

Driven by FIPCO's interest and commitment to providing a healthy and attractive work environment for all its employees, the company has established a robust and well-structured system based on scientific methodologies that align with the directives of relevant authorities. The implemented procedures include:

1 - Enhancing safety and protection levels by contracting with Civil Defense-approved companies to install early warning systems and fire-fighting equipment as per requirements and specifications within factories. This includes fire hose reels, fire extinguishers, fully equipped and fire-resistant emergency exits, early warning systems, automatic fire extinguishing systems in transformer rooms and main electrical panels, a full factory automatic sprinkler system ensuring 100% coverage of all production areas, and a foam protection system for chemical storage areas. Additionally, contracting with a specialized and approved company to conduct preventive maintenance for early warning systems, fire-fighting equipment, and fire extinguishers to ensure their continuous effectiveness.

Safety evacuation plans for emergencies have also been approved, followed by emergency evacuation simulations and the submission of a report after monitoring the evacuation process, identifying weaknesses, and providing the necessary tools to enhance the facility's readiness in emergencies.

2 - Providing occupational health measures by making health and safety policies and procedures accessible to everyone and translating them into the company's official languages (Arabic, English, and Urdu). Providing multilingual publications that encourage employees to engage in physical activity, raise awareness about their physical and mental health, and motivate them to exercise. Providing disinfectants and sanitizers approved by the Saudi Food and Drug Authority and distributing publications explaining their usage. FIPCO also ensures the provision of necessary safety equipment for each department according to work procedures and risk assessment tables. First aid boxes are placed in all company areas and departments under the supervision of trained personnel from within the departments.

Furthermore, FIPCO has established a dedicated clinic with a daily on-site doctor to receive employees with medical conditions, monitor their cases, and provide medication, reflecting the company's commitment to its employees. We also conduct workshops to educate employees on proper work procedures.

3 -Adopting best practices towards environmental commitment is achieved through the company's contracting with a specialized & accredited consulting office at the National Center for Environmental Compliance to conduct an environmental impact assessment of the production processes of the company and its subsidiary, & to take the necessary actions based on the proposed recommendations. Additionally, contracting with an accredited office to conduct periodic environmental measurements to determine the level of noise, air, and water pollution, and contracting with a company accredited by the Meteorology & Environmental Protection Authority to dispose of waste according to requirements & regulations (chemical waste, industrial waste, & general waste) in proper & correct ways that comply with the authority's requirements. This has significantly contributed to obtaining the environmental compliance certificate from the National Center for Environmental Compliance. Furthermore, the experiments for measuring the percentage of chemicals in the water used in all facilities of the company and its subsidiary have been successful, & the necessary measures have been taken to keep them within the minimum allowed limits. The company also ensures the provision of adequate ventilation within all its facilities, particularly production areas, through the provision of ventilation fans, central air conditioning systems, and air purification devices.

بيئة نجاها

المركز الوطني للرقابة على الالتزام البيئي
National Center for Environmental Compliance
المملكة العربية السعودية

تصريح بيئي

0541145082	هاتف	اسم المنشأة	شركة هيك للصناعة
0	فاكس	رقم الطلب	EPOPP-2024-007246
0	الرمز البريدي	العنوان	
		النشاط	فص وتفصيل الحياض والأشعة
	صندوق البريد	السجل التجاري	1010468446
	المدينة	محافظة	الرياض
20/10/2027	تاريخ الإصدار	تاريخ الاصدار	20/10/2024
	دالة المشروع	مئة المشروع	2

بيئة نجاها

المركز الوطني للرقابة على الالتزام البيئي
National Center for Environmental Compliance
المملكة العربية السعودية

تصريح بيئي

0541145082	هاتف	اسم المنشأة	شركة تصنيع مواد التعبئة والتغليف
0112651275	فاكس	رقم الطلب	EPOPP-2024-018638
0	الرمز البريدي	العنوان	
		النشاط	صناعة الأكياس من اللدائن، صناعة البلاستيك اللدائن (في أشكالها الأولية
	صندوق البريد	السجل التجاري	1010084155
	المدينة	محافظة	الرياض
24/02/2028	تاريخ الإصدار	تاريخ الاصدار	24/02/2025
	دالة المشروع	مئة المشروع	2

4 -Periodic Inspection According to Risk Classification: This involves preparing daily inspection forms to verify the cleanliness of premises & production areas, ensure that fire-fighting equipment is unobstructed, confirm proper ventilation & lighting, and ensure that escape routes are clear of any obstacles. It also includes adhering to best practices in chemical storage & handling, verifying the fire pump room & testing the pumps for effectiveness on a weekly basis, testing water pressure within the fire-fighting system daily, and testing fire extinguishers to ensure their operational readiness when needed on a monthly basis.

5 - Development Initiatives: These include the annual review & update of policies & procedures to ensure compliance with all regulations and legislations issued by relevant regulatory authorities, updating the risk register for industrial operations & related activities, & developing solutions to identify and minimize risk as much as possible. The risk register is fully reviewed & reassessed annually, and high-risk items are closely monitored & periodically re-evaluated.



Environmental Measurements and Carbon Emission Levels:



The results of monitoring gas concentrations, dust concentrations in the work environment and surrounding environment, and noise levels, measured by a qualified and independent laboratory, indicate that gas emission levels are within the permissible limits according to the Occupational Safety and Health Administration (OSHA) and in line with the permissible limits outlined in the Executive Regulations of the National Center for Compliance Control of the Environment. Concentrations of all gases at the site did not exceed the permissible limits set by the National Center for Compliance Control of the Environment for the surrounding environment.

Furthermore, no value of respirable suspended particles outside the site boundaries exceeded the permissible limits according to the Executive Regulations of the Environmental Work System. The emitted gases were measured to determine air quality within the company's facilities and industrial units, and the monitoring of readings compared with the standards of the National Center for Compliance Control of the Environment revealed the following:

- No deviation in sulfur dioxide (SO₂) results.
- No deviation in nitrogen dioxide (NO₂) results.
- No deviation in carbon monoxide (CO) results.
- No deviation in hydrogen sulfide (H₂S) results.
- No deviation in ozone (O₃) results.
- No deviation in particulate matter (PM) results with aerodynamic diameters less than 10 microns and less than 2.5 microns.



Hazardous Waste Handling:

To minimize the impact of hazardous waste, FIPCO is committed to monitoring and tracking the companies contracted for the disposal of solid and liquid waste, ensuring that the factory receives certified copies of the proper disposal of this waste in accordance with the requirements of the National Center for Compliance Control of the Environment. These documents are stored in the environmental record, and the type and nature of waste, as well as the storage locations of solid and hazardous materials, are monitored and tracked until they are handed over to specialized companies to prevent tampering and avoid health and environmental impacts. It is worth noting that the company has already contracted with a qualified entity by the National Waste Management Center (MWAN) for the safe disposal of hazardous waste, both liquid and solid.

MWAN موان
المركز الوطني لإدارة النفايات
National Center for Waste Management



Regular training is provided to the team on the following:

- Separating hazardous waste from non-hazardous waste to facilitate reuse, recycling, or treatment.
- Avoiding mixing incompatible or non-harmonious waste to prevent hazardous chemical reactions.
- Storing waste in a secure location, protected from rainwater, temperature fluctuations, and humidity, and restricting access to authorized personnel only.
- Storing containers in confined areas to contain any leaks in case they occur.



Community Impact

FIPCO's Corporate Social Responsibility (CSR):

Based on its deep belief in social responsibility & its continuous commitment to achieving ethical goals, FIPCO recognizes that investing in the local community is not just an obligation, but a fundamental pillar for achieving sustainable development that positively reflects on everyone.



Since its establishment, FIPCO has adopted a comprehensive vision that emphasizes that its growth and success are not only measured by its financial performance but by its ability to create a positive impact on society through strategic initiatives that enhance environmental sustainability, human development, and community partnerships. In this context, FIPCO is working on implementing a range of leading initiatives:

- Investing in recycling mechanisms, reducing chemical waste, and developing new products from recycled materials.
Assigning certain tasks to charitable associations instead of contracting with commercial companies to achieve mutual benefit.
- Improving the work environment to attract employees with disabilities, and has obtained compliance certificates from the Ministry of Human Resources.
Providing a competitive and attractive work environment, stimulating development and innovation initiatives, and establishing quality concepts.
- Conclude agreements and support initiatives with industrial and training entities to develop human resources, and work in harmony with government agencies and large companies to adopt training programs leading to employment and other programs that contribute to the Saudization of the industrial sector.
- Paying great attention to Saudi women, as they are relied upon in some administrative and production process tasks, with diversified utilization at all technical, production, and administrative levels.
- Continuously communicating with its clients and strategic partners, both internally and externally, to ensure the sustainability of trust, interaction, and partnership, and listening carefully to their opinions and suggestions to develop products and enhance the corporate image.
- Supporting sustainability initiatives in cooperation with a number of ministries and governmental and semi-governmental bodies concerned with environmental dimensions, vision realization initiatives, and national transformation programs.
- Carrying out its role towards the environment by relying on raw materials that do not have environmental damage, conducting some recycling operations, and reducing the consumption of natural resources to preserve the environment, in addition to adopting high standards of safety and occupational health.
- Supporting scientific research programs and joint development initiatives with a number of Saudi universities and research centers in the Kingdom.



Investment in Human Capital:

Since its establishment, FIPCO has recognized the importance of human capital in its journey, understanding that success is undoubtedly contingent on caring for this vital element. Therefore, it gives it utmost attention through its Human Resources Department, which recognizes the importance of its role in creating a healthy & successful work environment, helping employees achieve job creativity, and enhancing their ability to produce, contributing to the company's continued success. FIPCO has been keen to meet all basic employee needs, in addition to ensuring health & safety conditions.

Following the challenges faced by the operations management department due to the repercussions of the Coronavirus and its variants in recent years, & the restrictions imposed on freedom of travel and movement, FIPCO reconsidered the situation of the workforce in all production departments, investing in them, increasing skills and training, and attracting national talents and competencies from the sons and daughters of the country, relying on various training programs conducted internally, ensuring the redistribution of labor and reducing their cost while maintaining machine operation around the clock, seven days a week.

Regarding training and career development programs, 104 employees participated in training programs in various fields, ranging from technical skills to leadership development. These programs aim to improve employee performance & support their professional growth. The most prominent areas are as follows:

- Multitasking and Prioritization Course: 29 employees were empowered.
- Time Management and Effective Communication Skills Course: 2 employees were empowered.
- Occupational Safety and Health Management System Course: 31 employees were empowered.
- English Language Improvement Course for Speaking and Writing Proficiency in the Workplace: 24 employees were empowered.



• Creating National Competencies

Based on our firm belief that the private sector is a permanent partner in 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 Plastics Industries to train national competencies to obtain diplomas and ambitious career path plans to elevate these competencies to leadership positions. This is in addition to raising the level of their job performance quality through information that helps them achieve their goals and the company's goals, and contributes to developing their skills and abilities. Alongside this is the positive impact that is reflected in behavior and attitudes by acquiring ideas that contribute to changing their behavior for the better in their practical aspects, which benefits their 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 lead to employment, and to encourage national talents to enter the industrial fields at all practical stages.

FIPCO invests in its national competencies, as it has promoted some national cadres who have been trained and honed with the necessary experience to assume leadership positions in the group (FIPCO and its subsidiaries). The rate of employing Saudis in leadership positions in the company has reached approximately 70% of the leadership and administrative positions in the group.

• Healthy Work Environment:

FIPCO recognizes the necessity of providing a healthy and attractive work environment to create a sense of happiness and comfort for employees and enhance their desire to come to the company with enthusiasm. This automatically motivates them to work diligently, devotedly, and harmoniously, and contributes to harnessing their competencies and experiences to advance the company and achieve its goals and mission to the fullest extent, which will positively reflect on the general work interest and contribute to the sustainability of excellence and distinction in all sectors and fields.

FIPCO always strives to create a work environment that empowers employees to participate with management in decision-making and contribute to setting their goals to align with the company's general objectives. It prepares a suitable environment for them, motivates them for any outstanding work they do, and helps them highlight their achievements as an important part of the system.

In this regard, and to reinforce FIPCO's efforts in this area, FIPCO has been honored to join the National Committee for Labor Committees. Here are some of the activities we have participated in with the committee:



The Second Forum of Company Presidents & Labor Committees for 2024, & the honoring of the Chairman of the company's Labor Committee, Mr. Fadi Al-Ghamdi, by the Deputy Minister of Human Resources, Dr. Abdullah Abu Thnain, & the Chairman of the National Committee for Labor Committees, Engineer Nasser Al-Jeraid."



Labor Committees Forum on Labor Day, under the patronage of His Royal Highness Prince Faisal bin Sultan bin Nasser Al Saud.

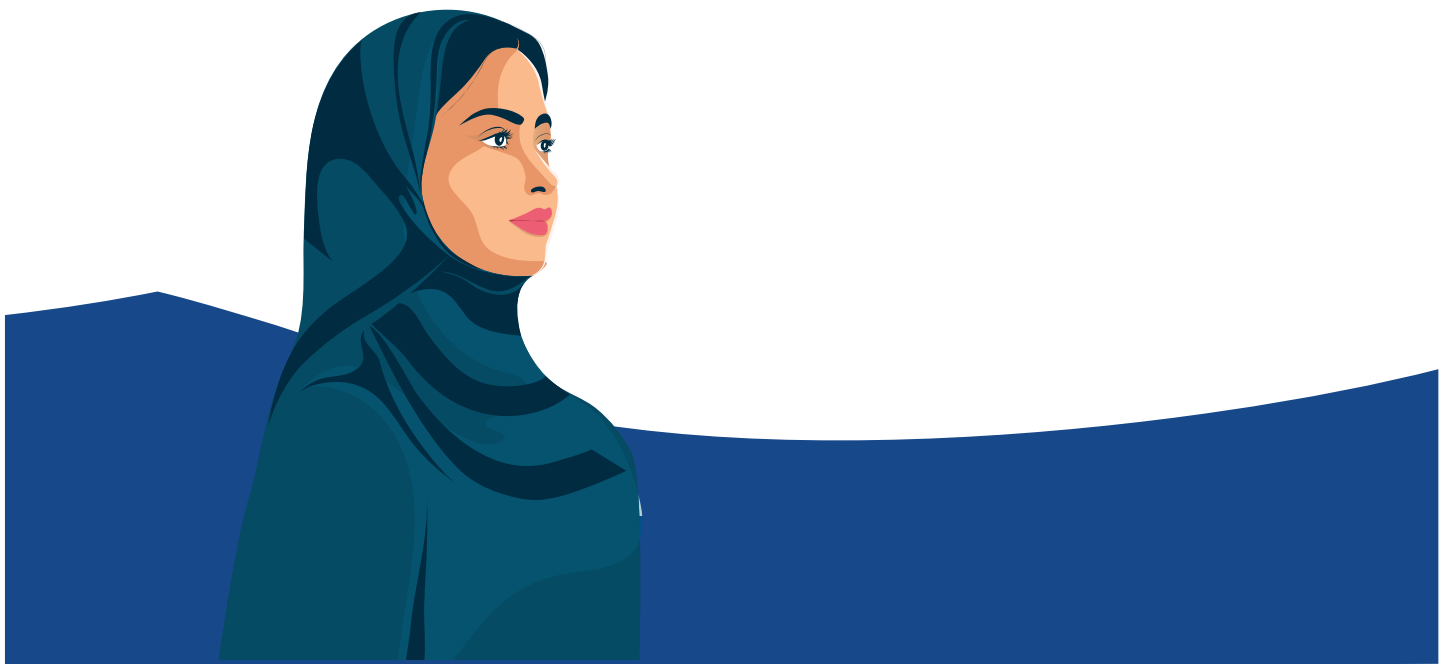
• Women Empowerment

Saudi women have demonstrated remarkable and tangible excellence in various experiences they have undertaken, both scientific and practical, and through their diligence, they have managed to secure a significant place at the top. From this honorable standpoint, FIPCO has been keen to give women an important place in its system that guides it on the paths of success, and to make them a key partner in decision-making, formulating messages and goals, and supporting the system to achieve all its aspirations.

Historical data indicates that since its establishment, FIPCO has employed women in sewing tasks and some production process tasks. However, it adopted a new strategy in 2021 aimed at enhancing women's empowerment within the company. It has succeeded in increasing the number of Saudi female employees in production departments and employing them in new production tasks that are not limited to traditional sewing work, but extend to operating machinery and production lines, among other things. It has also attracted administrative competencies in other company departments, with 165 Saudi female employees, representing 52% of FIPCO's total Saudi employees.

In 2024, FIPCO successfully hired 72 female employees in various departments, including 4 female employees with special needs, highlighting our commitment to inclusivity and providing equal opportunities for all.

FIPCO believes that its role in women's empowerment reflects the attention of the wise government of the Kingdom to them and their future, and its keenness, may God support it, to give women a place in all fields and positions by enacting laws and regulations that guarantee their rights in their choices in education and work. Therefore, FIPCO is keen to be among the pioneering companies in creating practical opportunities that suit the aspirations of Saudi women and support them in investing their distinguished energies in line with Saudi Vision 2030.



• Empowering People with Disabilities:

Given our belief in the importance of integrating people with disabilities into the work environment & the necessity of developing the workplace to be suitable for them, helping them achieve stability in their work, FIPCO has established the principle of supporting the employment of people with disabilities in the company's culture by facilitating their professional integration and creating an environment suitable for their success.

This initiative aims to create opportunities for them & support our community by increasing their employment rate. We have implemented all the standards of the "Mu'aamah" program (Accessibility Program) for developing the work environment to suit people with disabilities, which qualified FIPCO & its subsidiary to obtain the "Mu'aamah" Silver Category certificate for two years from the Ministry of Human Resources & Social Development as a supportive work environment for people with determination since 2021 AD, and it continued in 2022 AD. These certificates were renewed in 2023 & 2024 AD .



Future Outlook in Line with Saudi Vision 2030 AD



Saudi Vision 2030 represents an ambitious roadmap through which the Kingdom seeks to enhance local content, diversify the economy, & increase the proportion of non-oil exports. FIPCO's vision aligns with this strategy by expanding manufacturing, enhancing exports, and achieving leadership in the manufacturing industries, contributing to the achievement of targets to raise the proportion of non-oil exports to 50% of the non-oil GDP and enhance the competitiveness of the Saudi industrial sector.

FIPCO intends to expand its production scope by adding new specialized products that contribute to the development of industrial and logistics sectors locally and globally.

Its subsidiary, "FPC Industries Co.," is also working on manufacturing high-quality products for which it has previously filed patent applications with the Saudi Authority for Intellectual Property, aiming to penetrate international markets & enhance the Kingdom's competitiveness in advanced industries.

On the other hand, FIPCO adopts a modern approach to automation & smart manufacturing, benefiting from government support initiatives such as the Factories of the Future program, industrial sector competitiveness, & energy efficiency. Within this direction, the company is working on:

- Introducing artificial intelligence systems & the Internet of Things (IoT) to increase production efficiency & reduce waste.
- Improving resource management & digital planning systems to achieve long-term operational sustainability.
- Reducing reliance on human elements in sensitive manufacturing stages to ensure higher quality & reduce operational errors.
- Adopting clean energy solutions to reduce resource consumption & minimize the environmental impact of manufacturing operations.

Believing in the importance of strategic cooperation in enhancing national industry, FIPCO and FPC Industries Co. seek to enter into local and international partnerships with companies operating in the industrial sector or similar sectors within the manufacturing industries. This direction aims to enhance the exchange of knowledge & technology, improve supply chains, support innovation in industrial products, & expand research & development fields, which will positively reflect on product diversification and enhance global competitiveness.

FIPCO relies on investing in human capital as a fundamental part of its development plans, continuing its efforts in:

- Training and qualifying national cadres in collaboration with government agencies & Saudi universities.
- Empowering Saudi women by expanding their participation in administrative & production operations.
- Providing a competitive work environment that stimulates creativity & innovation, with a focus on attracting specialized talents in the fields of manufacturing and technology.

To achieve its expansion goals, FIPCO is working on:

- **Diversifying income sources** by manufacturing products with high-profit margins.
- **Improving product quality** by using the latest technologies, reducing waste, and recycling.
- **Enhancing Saudi exports** by opening new markets and participating in international exhibitions.
- **Supporting scientific research and technological development** through partnerships with universities and research centers.





Governance of FEPCO



First: FIPCO'S Governance Philosophy

Corporate governance is the optimal system through which a company is directed & controlled. It includes all of the relationships, structures, processes, information flows, controls, decision-making mechanisms, & 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, & 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, & the Continuing Obligations issued by the Capital Market Authority, as well as established corporate governance best practices.

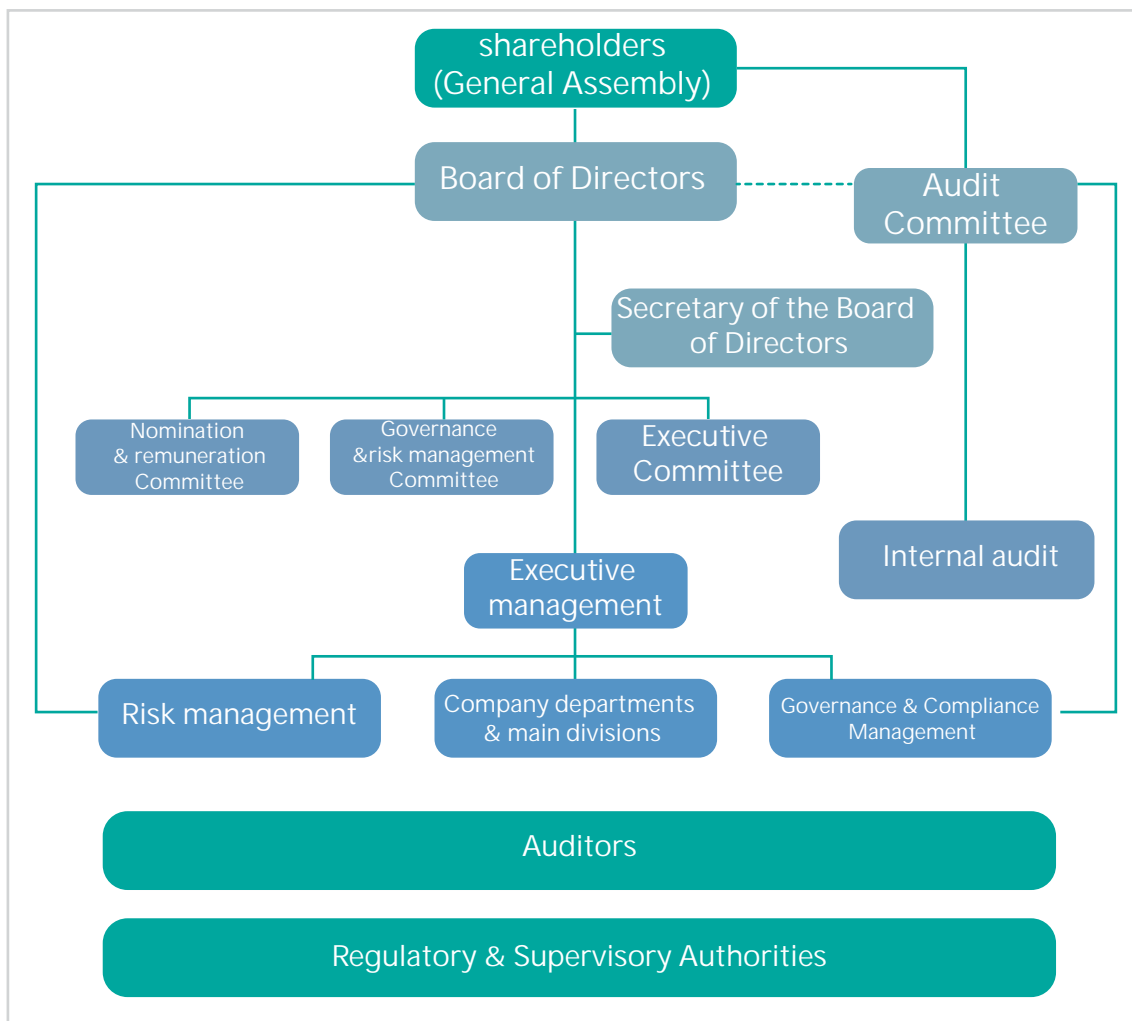
FIPCO's Board of Directors is committed to the principles of good governance, including accountability, transparency, responsibility, and fairness. The company regularly evaluates & reviews the effectiveness of its governance policies by comparing its systems to international best practices. This is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

FIPCO firmly believes that full compliance with effective governance systems, commitment to good management standards, & preparation of financial & 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 & the company's executive management, which facilitates the company's affairs, identifies attractive investment opportunities, & accelerates the decision-making process. To this end, FIPCO is always keen to adopt governance practices & standards that ensure the institutionalization of the governance system. Therefore, FIPCO has made significant efforts to consolidate some of its work principles & policies to make governance a culture & 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.)

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.



Third: Historical Development of Governance at FIPCO

2006

The Capital Market Authority issued the first Corporate Governance Code, which was not mandatory for listed companies to implement but mandatory to disclose.

2008

FIPCO issued its own governance rules for the first time on 23 January , 2008

2009

The Capital Market Authority(CMA) introduced several amendments between 2009 & 2012, including making certain provisions of the Corporate Governance Code mandatory, such as those related to shareholder rights, internal control systems, & the composition of the board & committees.

2013

FIPCO reflected these amendments in its Governance Regulations and re-approved the Governance Regulations through the 24th Ordinary General Assembly held on 21 April, 2013.

2015

The new Companies Law was issued by the Ministry of Commerce and Industry in 2015 by Royal Decree No. M/3 dated 28 / 01 / 1437 AH.

2017

In April 2017, the Capital Market Authority issued the updated Corporate Governance Regulation to reflect the changes in the Companies Law and to provide a more comprehensive update and development of the regulation's chapters and articles in line with international best practices.

2017

FIPCO updated its governance framework to align with regulatory changes. They introduced 12 new policies to improve governance practices and the effectiveness of the Board of Directors. The Board of Directors approved all policies on November 5, 2017. Some of the policies were then submitted to the General Assembly and approved on 12 December , 2017

2021

The Capital Market Authority(CMA) issued amendments to the regulation on January 14, 2021. The company is reviewing these amendments and will update its policies as needed to reflect the relevant changes.

2022

The Ministry of Commerce issued the new Companies Law. The Capital Market Authority then issued the executive regulations for the Companies Law related to listed companies. In early 2023, the CMA issued updates to the Corporate Governance Regulations and other regulations that reflect the changes in the new Companies Law.

2023

FIPCO updated its bylaws to reflect the amendments included in the new Companies Law and its executive regulations issued by the Ministry of Commerce, as well as the updates made to the Corporate Governance Regulation issued by the Capital Market Authority. Several policies were amended and the necessary ones were presented to the General Assembly for approval

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 & regulations. Without prejudice to the Capital Market Law, the Companies Law, the applicable rules & regulations, the company's bylaws & its internal governance regulations, the board is responsible for providing guidance, direction & leadership on strategy, operations and business expansion locally within the Kingdom of Saudi Arabia and globally, while assessing opportunities, challenges, risks & 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 & standards within which the management is allowed to operate.

The board achieves this by:

- 1- Developing a comprehensive corporate strategy & key business plans & managing policy-related risks and reviewing and updating those policies.
- 2- Determining the most appropriate capital structure for the company & approving its annual budgets and Overseeing capital expenditures and the acquisition and disposal of assets.
- 3- Setting business objectives and overseeing their implementation and monitoring the company's overall performance.
- 4- Periodically reviewing & approving the company's organizational & functional structures.
- 5- Establishing the necessary rules for internal control systems & overseeing these systems.
- 6- Developing a written policy that regulates conflicts of interest and addresses any potential conflicts for board members, executive management, & shareholders. This includes the misuse of company assets and facilities, & misconduct resulting from related party transactions.
- 7- Ensuring the integrity of financial & accounting procedures, including those related to financial reporting.
- 8- Ensuring that appropriate risk management controls are in place by predicting & disclosing risks to the company transparently.

9- Annually reviewing the effectiveness of internal control systems.

10- Formulating the company's governance system and rules in a manner that does not conflict with the provisions and texts of the applicable regulations & monitoring the effectiveness of these rules in general and amending them when necessary.

11- Establishing policies, standards, and procedures for board membership & implementing them after their approval by the general assembly.

12- Developing a written policy that regulates the relationship with related parties to protect the rights of all parties.

13- Establishing rules of professional conduct for the company's directors & employees that comply with professional and ethical standards.

14- Establishing policies & procedures that ensure the company's compliance with regulations and its commitment to disclosing material information to shareholders, creditors, and other parties.

15- Preparing the financial statements & the annual report on the company's activities & financial position for the past fiscal year, including the proposed method of paying dividends.

16- Recommending to the general assembly of shareholders the appointment, dismissal, & remuneration of auditors.



Fifth: Composition of the Board of Directors & 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 until the end of 2024 AD :

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

As the previous Board of Directors' term ended on December 31, 2024 AD, FIPCO followed the necessary regulatory procedures to form the Board of Directors for the new term, which began on January 1, 2025 AD, and continues for 4 years, ending on December 31, 2028 AD. Following the amendment of the company's articles of association in line with the amendments to the Companies Law, nominations for the new term were opened and announced on the Saudi Stock Exchange (Tadawul) website on March 28, 2024 AD. The nomination period remained open for 30 days, ending on April 27, 2024 AD. Subsequently, the company invited its shareholders on October 29, 2024 AD, to hold a General Assembly meeting to elect the Board of Directors for the new term. The General Assembly was indeed held on November 25, 2024, and the Board of Directors for the new term (2025 - 2028) was elected. The Board held its first meeting on January 1, 2025 AD, to appoint its Chairman, Vice Chairman, Managing Director, and form its subsidiary committees. The formation of the Board and the classification of its members in its new term are as follows:

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

Sixth: Qualifications and Experiences of Board Members.

	Name	Membership Status	Current Positions	Previous Positions	Educational Qualifications	Professional Experience
1	Ahmed Abdullatif Al-Barrak	Non-Executive	<ul style="list-style-type: none"> - 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 - CEO of Bina Holding Group 	<ul style="list-style-type: none"> - Operations Manager at Bina Factory for Advanced Concrete Products - General Manager of Bina Saudi Arabia for Engineering Consultancy - Vice Chairman of the Board & Managing Director at FIPCO 	<ul style="list-style-type: none"> - Bachelor of Engineering in Systems from King Fahd University of Petroleum & Minerals (KFUPM) - Master of Business Administration (MBA) from KFUPM 	<ul style="list-style-type: none"> - Experience in engineering consultancy - Experience in executive management - Experience in board of directors
2	Faisal Mohammed Al-Harbi	Executive	<ul style="list-style-type: none"> - Vice Chairman of the Board & Managing Director at FIPCO - Member of the Board of Directors at FPC Industries Co. 	<ul style="list-style-type: none"> - General Manager of Faba Saudi Company - General Manager of Safana International Trading Company - Chairman of the Board at FIPCO 	<ul style="list-style-type: none"> - Bachelor of Business Administration in Marketing - Master of Business Administration 	<ul style="list-style-type: none"> - Entrepreneurial & investment experience in a number of companies
3	Nimr Nasser Alharbi	Executive	<ul style="list-style-type: none"> - General Manager of the Business Climate Institution 	<ul style="list-style-type: none"> - General Manager of Nafe Global Company 	<ul style="list-style-type: none"> - High School Commercial Diploma - Office Business Specialization 	<ul style="list-style-type: none"> - Diverse practical experience in business & company formation
4	Abdullah Mohammed Al-Harbi	Executive	<ul style="list-style-type: none"> - CEO of FIPCO - Board Member of FPC Industries Co - Board Member of the Arab Pipes Company - Board Member, Tabuk Agricultural Development Company - Co-founder of Makamen for Management Consulting 	<ul style="list-style-type: none"> - Economic Journalist - Risk Management Director at FIPCO - Member of the Governance & Risk Management Committee at Budget Saudi Arabia - Investment Manager at FAYA Saudi Arabia 	<ul style="list-style-type: none"> - Bachelor of Business Administration, Marketing Major - MBA with Honors 	<ul style="list-style-type: none"> - Diverse work experience in business and writing economic journalism - Management consulting - Governance and Risk Management - Business Management
5	Hathal Safar Al-Otaibi*	Independent	<ul style="list-style-type: none"> - Strategic Advisor & Board Member of Several Public Companies 	<ul style="list-style-type: none"> - Petroleum Field Engineer at Schlumberger - Held various positions at the Communications & Information Technology Commission (CITC), rising to the position of Branch Manager in the Eastern Region - Regional Director of Souqom in the Kingdom of Saudi Arabia 	<ul style="list-style-type: none"> - Bachelor of Electrical Engineering from King Fahd University of Petroleum & Minerals - Master of Telecommunications Systems Management from Northeastern University - Executive MBA from King Fahd University of Petroleum & Minerals 	<ul style="list-style-type: none"> - Communications & information technology systems - Strategies, policies, & procedures Development, innovation, & leadership skills
6	Badr Ali Al Rabiah**	Independent	<ul style="list-style-type: none"> - Chief Executive Officer (CEO), Real Estate Development Company, a subsidiary of the Public Investment Fund (PIF), specializing in real estate development, coastal, tourism, & cultural developments. 	<ul style="list-style-type: none"> - Chief Executive Officer CEO, Baa Non-Profit Foundation that specializes in the environmental & cultural fields & supporting national initiatives - Vice President of Projects, Public Investment Fund, Management Special Projects. - Executive Director, Royal Commission for AlUla His Highness Governor's Executive Office - Investment Asset Manager, Saudi Aramco Partnerships & Investments Department - Founding Partner, Noor Al Moakbal Foundation, Restaurants, Cafes & Franchises & catering services 	<ul style="list-style-type: none"> - Bachelor of Science Department Mechanical Engineering - University California State University, USA - Professional Certificate in Project Management Project Management Professional (PMP) Project Management Institute, USA - Master of Project Management Boston University, USA - Executive Master of Business Administration Business - Prince Mohammed College Bin Salman, Saudi Arabia 	<ul style="list-style-type: none"> - Investment Asset Management - Project Management - Business Management - Real Estate Development

*His membership ended on December 31, 2024.

**His membership began on January 1, 2025.

Seventh: 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

	Member name	Names of companies where the board member Currently Services as a board Member of directors	Company headquarters	Legal entity	Names of companies where the board member Previously Services as a board Member of directors	Company headquarters	Legal entity
1	Ahmed Abdullatif Al-Barrak	FPC Industries, Co	Kingdom of Saudi Arabia	Closed Joint Stock Company	Tourism Projects Company (Shams)	Kingdom of Saudi Arabia	Public Joint Stock Company
		Budget Saudi Company	Kingdom of Saudi Arabia	Public Joint Stock Company			
2	Faisal Mohammed Al-Harbi	FPC Industries, Co	Kingdom of Saudi Arabia	Closed Joint Stock Company	Tourism Projects Company (Shams)	Kingdom of Saudi Arabia	Public Joint Stock Company
					Arabian Pipeline & Services Co. Anabeeb	Kingdom of Saudi Arabia	Public Joint Stock Company
3	Abdullah Mohammed Al-Harbi	FPC Industries, Co	Kingdom of Saudi Arabia	Closed Joint Stock Company	-	-	-
		Arabian Pipeline & Services Co. Anabeeb	Kingdom of Saudi Arabia	Public Joint Stock Company	-	-	-
		Tabuk agricultural development Company	Kingdom of Saudi Arabia	Public Joint Stock Company	-	-	-
		Makamen Administrative Consulting Company	Kingdom of Saudi Arabia	Professional Company	-	-	-
4	Nimr Nasser Alharbi	-	-	-	-	-	
5	Hathal Safar Al-Otaibi	-	-	-	Middle East for specialized cables Company(MESC)	Kingdom of Saudi Arabia	Public Joint Stock Company

Eighth: Company Executive Management

Name	Qualifications	Experience	Previous Positions	Current Positions
Faisal Mohammed Al-Harbi	previously mentioned in the Board of Directors Section.	previously mentioned in the Board of Directors Section.	previously mentioned in the Board of Directors Section.	Vice Chairman of the Board & Managing Director
Abdullah Mohammed Al-Harbi				Member of Board of Directors & Risk Management Director
Hamza Mahdi Baibars	Bachelor's degree in Accounting & passing the US CPA exams.	16 years of experience in external & internal audit & financial management.	Worked For Ernst & Young in Jordan & Saudi Arabia, progressing through internal audit & financial management roles.	Executive Vice president of Financial Affairs
Karim Marquis	Bachelor's degree in Mechanical Engineering with a Master's degree in Plastics Processing Engineering from Grenoble University in France	31 Years of Experience in the Plastics Conversion & Printing Industry across France, Lebanon, Romania, & Saudi Arabia	<ul style="list-style-type: none"> - Factory Manager at Convertex Plastics and Printing Industries in Lebanon and Romania - Held various management & leadership positions in several companies operating in the plastics industry, including National Plastic Company, Orient Plastic Factories, Saudi Printing and Packaging Company, & Al-Murabaei Group for Industry 	General Manager of the subsidiary company (FPC Industries Co.)
Salah Sabry	<ul style="list-style-type: none"> - Bachelor of Arts in Languages & 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 Examination in accordance with the Trading Requirements of the Riyadh Financial Academy. 	Extensive experience in governance, compliance, business management, & board & committee secretarial services for nearly 16 years.	<ul style="list-style-type: none"> - Worked in the Technical Analysis & Financial Market Research Department at City Trade for Securities Trading. - Worked in the Investor Relations & 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 & Equipment (SASCO) 	Strategic Planning Manager

Ninth: Attendance Record of Board of Directors & General Assembly Meetings Held During the Fiscal Year 2024 AD

Two General Assembly meetings were held during the year 2024 AD. The first was the Thirty-Eighth Ordinary General Assembly, during which the company's annual financial statements and the Board of Directors' report for the fiscal year 2023 AD were reviewed. The auditors' report for the year 2023 AD was approved, the auditors for the fiscal year 2024 AD and the first quarter of 2025 AD were appointed, their fees were determined, & the Board of Directors' bonuses for the fiscal year 2023 AD were approved. The second was the Thirty-Ninth Ordinary General Assembly, during which the election of Board of Directors members from among the candidates for the upcoming term, which begins on January 1, 2025 AD, and lasts for 4 years, ending on December 31, 2028 AD, was approved.

The following is a statement of the dates of the general assembly meetings held during the year 2024 and a statement of the attendance of board members and their participation rates:

	Name	Dates of the General Assembly meetings held during the year 2024			
		06 June	25 November	Attendance times	Attendance Percentage
1	Ahmed Abdullatif Al-Barrak	√	√	2	100 %
2	Faisal Mohammed Al-Harbi	√	√	2	100 %
3	Hathal Safar Al-Otaibi	√	√	2	100 %
4	Nimr Nasser Alharbi	√	√	2	100 %
5	Abdullah Mohammed Al-Harbi	√	√	2	100 %

During the fiscal year 2024 AD, the Board of Directors held 4 meetings, & 4 resolutions were also issued by circulation for urgent matters during the same year. The following is a statement of the dates of those meetings and a statement of the attendance of the Board of Directors members and their participation rates.

	Name	Dates of board of Directors meetings held during the year 2024.				Attendance times	Attendance Percentage
		19 March	12 September	31 October	18 December		
1	Ahmed Abdullatif Al-Barrak	√	√	√	√	4	100 %
2	Faisal Mohammed Al-Harbi	√	√	√	√	4	100 %
3	Hathal Safar Al-Otaibi	√	√	√	√	4	100 %
4	Nimr Nasser Alharbi	√	√	√	√	4	100 %
5	Abdullah Mohammed Al-Harbi	√	√	√	√	4	100 %



Tenth: Capital and Ownership-Related Disclosures

1- Capital Information

The following table shows FIPCO's capital information and the number of its shares as of 31 December , 2024 AD

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

* 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 stock trading information during the fiscal year 2024 AD

Capital	
Statement	Value
Share price as of 01/ 01/ 2024 AD	55.70
Share price as of 31/ 12 /2024 AD	44.50
change	56%
High share price during 2024 AD	59.40, recorded on March 17, 2024 AD
Low share price during 2024 AD	42.75, recorded on November 28, 2024 AD

3- FIPCO's Stock Performance Over the Last 3 Years

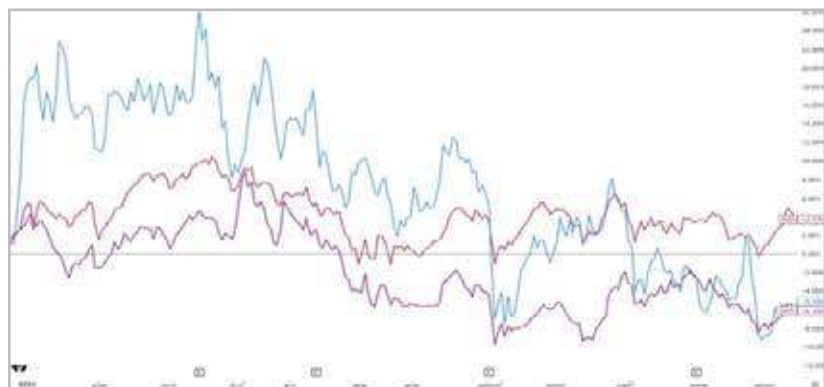


4- Comparative Chart of FIPCO's Stock Performance with Sector Index and Market Index

FIPCO Index ●

Market Index ●

Sector Index ●



5. Investment Restrictions

There are no restrictions on the company's shares as stipulated in both the Regulations for Qualified Foreign Financial Institutions Investment in Listed Securities and the Instructions for Strategic Foreign Investors' Ownership of Strategic Stakes in Listed Companies, in accordance with the company's Articles of Association and the instructions issued by the supervisory and regulatory authorities to which the company is subject.

6. Ownership Structure of Individuals & Institutions at the End of 2024 AD

Foreign ownership	
49%	Maximum ownership limit for foreign investors
1.92%	Actual Foreign Ownership
0	Foreign Strategic Investor Ownership
Investors by Nationality	
10,232 Investors from Saudi Arabia own shares, 11,422,828 representing %99.3 of the total ownership.	Saudi Investors
86 Investors from other nationalities own 77,172 shares, representing %0.7 of the total ownership.	Non-Saudi Investors
10,318 Investors own 11,500,000 shares, representing 100% of the total ownership.	Total
Investors according to their nature	
10,295	Individuals
14	Companies and Institutions
3	Investment Funds
4	Qualified Foreign Entities
1	Qualified Foreign Fund
1	Swap Agreements

7. List of Major Shareholders and Changes in Ownership Stakes

FIPCO has no major shareholders owning 5% or more as per the shareholders' register dated December 31, 2024. Furthermore, FIPCO was not notified of any significant changes in ownership by members of the Board of Directors, members of the Audit Committee, or senior executives during the year 2024 AD

8- Share Ownership Percentage & Changes for Board Members, Audit Committee Members, & Senior Executives

Board Members, their Spouses, & Minor Children:

	Name	Number of FIPCO shares owned & in which they have an interest				Debt instruments & financing instruments
		Start 2024	End 2024	Change during Year	Percentage Change %	
1	Ahmed Abdullatif Al-Barrak	1050	1050	0	0	N/A
2	Faisal Mohammed Al-Harbi	0	19	19	N/A	
3	Hathal Safar Al-Otaibi	0	0	0	0	
4	Nimr Nasser Alharbi	0	5	5	N/A	
5	Abdullah Mohammed Al-Harbi	0	400	400	N/A	

Audit Committee Members, their Spouses, and Minor Children

	Name	Number of FIPCO shares owned & in which they have an interest.				Debt instruments & financing instruments
		Start 2024	End 2024	Change during Year	Percentage Change%	
1	Fawzi Ibrahim Alhobayeb	0	0	0	0	N/A
2	Khaled Ali Aten	0	0	0	0	
3	Hathal Safar Al-Otaibi	0	0	0	0	

Senior Executives, their Spouses, and Minor Children

	Name	Number of FIPCO shares owned & in which they have an interest.				Debt instruments & financing instruments
		Start 2024	End 2024	Change during Year	Percentage Change%	
1	Faisal Mohammed Helal Al-Harb	0	0	0	0	N/A
2	Abdullah Mohammed Helal Al Harbi	0	0	0	0	
3	Karim Marquis	0	0	0	0	
4	Hamza Baybars	0	0	0	0	
5	Salah Sabry	0	0	0	0	

Tenth : Committees emanating from the Board Of Directors.

In accordance with FIPCO's needs and its operating conditions, and to enable the FIPCO Board of Directors to perform its duties effectively, the Board has formed specialized committees in line with the company's Articles of Association and the corresponding Companies Law and Corporate Governance Regulations issued by the Capital Market Authority.

These committees have been formed in accordance with general procedures established by the Board, which include defining each committee's tasks, term, delegated authorities, and how the Board oversees them. Their work and recommendations are periodically monitored by the Board of Directors to ensure they are performing their assigned tasks. The Board also has the necessary flexibility to form committees and merge the tasks of one committee into another (excluding mandatory committees) to achieve short-term initiatives or long-term goals.

It is worth noting that when forming these committees, the FIPCO Board of Directors took into account the Corporate Governance Regulations issued by the Capital Market Authority and any updates thereto, as well as aligning with best international practices, by appointing a sufficient number of non-executive Board of Directors members to committees responsible for tasks that may result in conflicts of interest, such as ensuring the integrity of financial and non-financial reports, reviewing related party transactions (if any), nominating Board of Directors members, appointing senior executives, determining remuneration, and other matters.

The chairpersons 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, prioritizing them over their personal interests.

The Board committees included the Audit Committee, the Nominations and Remuneration Committee, the Executive Committee, and the Governance and Risk Management Committee. It is noted that the term of all committees ends at the end of the current Board of Directors term (December 31, 2024). Furthermore, the bylaws governing the operation of all committees have been updated to reflect the regulations and bylaws issued by the relevant authorities.

The following is a summary of the subsidiary committees, their members, responsibilities, and meetings held throughout the year 2024 AD.

1. Audit Committee

In accordance with the Companies Law issued by the Ministry of Commerce and the provisions of the Corporate Governance Regulations issued by the Capital Market Authority, and their corresponding provisions in FIPCO's Articles of Association and Governance Regulations, the Audit Committee was formed by a resolution of the Thirty-Fifth Ordinary General Assembly held on February 17, 2022, for a period of three years (2022 - 2024), consisting of three members who are not executive members of the Board of Directors, including those specialized in financial and accounting matters, with the approval of the committee's bylaws that define its work controls, procedures, & member remuneration. Amendments were also made to the Audit Committee's bylaws to reflect the new amendments in the Companies Law, its Implementing Regulations, & the Corporate Governance Regulations. The amended bylaws were presented to the Thirty-Seventh Ordinary General Assembly held on June 1, 2023, and were approved.



Accordingly, the committee was formed during the fiscal year 2024 AD as follows:

Name	Fawzi Ibrahim Al Habib (External Member)	Khaled Ali Attin (External Member)	Hathal Safar Al-Otaib (Independent Board Member)
Membership Status	Chairman	Member	Member
Current jobs	Member of the Audit Committee of Al Jazeera Bank, member of the Audit Committee of Qassim Cement Company	- work in the field of legal review Zakat & tax consultations & administrative Managing - Partner at HLB International Accountants Board Member of the Animation Association - Chairman of the Audit Committee for Tharwa Human Resources Company	One of the Board Members Previously Mentioned.
previous jobs	- He worked in the Capital Market Authority for 12 years as head of follow-up & implementation, & then as head of internal audit - Worked as Head of Internal Audit at the Arab National Bank for more than nine years - Worked at Ern & Young for more than three years	- Graduation in the work of legal review to reach the position of partner in Ern & Young. - Owner of Professional Opinion Consulting Center. - Worked at Chevron Saudi Arabia on specific assignments Former member of the Audit Committee at Saudi Airlines Catering Company	
Academic qualifications	- Holds a Bachelor's degree in Accounting - King Abdulaziz University - Passed the American Association of Certified Public Accountants (CPA) te	- 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	
Practical experiences	Experience in internal auditing & auditing within the private & government sectors.	Work experience in financial & administrative consulting, auditing, zakat, tax & accounting in the private sector for nearly 30 years	

The duties of the Audit Committee specifically include the following:

A - Financial Reports:

- Reviewing the interim and annual financial statements before submission to the Board of Directors, and providing opinions and recommendations regarding them.
- Providing technical opinions – at the request of the Board of Directors – on whether the Board of Directors' report and the company's financial statements are fair, balanced, understandable, and include information that allows shareholders and investors to assess the company's financial position, performance, business model, and strategy.
- Examining any significant or unusual matters included in the financial reports. Thoroughly investigating any issues raised by the Chief Financial Officer, their deputy, the Compliance Officer, or the external auditor.
- Verifying the accounting estimates in material matters presented in the financial reports.
- Reviewing the accounting policies followed & providing opinions & recommendations to the Board of Directors regarding them.

B - Internal Audit:

- Reviewing and monitoring the internal and financial control systems and risk management at FIPCO.
- Reviewing internal audit reports and monitoring the implementation of corrective actions for the observations contained therein.
- Supervising and overseeing the performance and activities of the Internal Audit Department at FIPCO to ensure the availability of necessary resources and their effectiveness in carrying out assigned tasks, while verifying their independence.

C - External Auditor:

- Recommending to the Board of Directors the nomination, dismissal, and determination of fees for the external auditors, and evaluating their performance after verifying their independence and reviewing their scope of work and contractual terms.
- Verifying the independence, objectivity, and fairness of the external auditors, and the effectiveness of their audit work, taking into account relevant rules and standards.
- Reviewing the external auditors' plan and work, and verifying that they do not provide technical or administrative services outside the scope of their audit work, and providing feedback on this matter.
Responding to inquiries from the external auditor.
- Reviewing the external auditors' report and their observations on the financial statements, and following up on the actions taken in response.

D - Compliance Assurance:

- Reviewing the results of regulatory reports and verifying that the company has taken the necessary actions regarding them.
- Verifying the company's compliance with relevant regulations, bylaws, policies, and instructions.
- Reviewing proposed contracts and transactions between the company and related parties and providing its views to the Board of Directors.
- Raising any matters that it deems necessary to take action on to the Board of Directors, and providing recommendations on the actions that should be taken.

Furthermore, the committee oversees investigations related to fraud or errors occurring at FIPCO, or any other matters that the committee deems important to investigate. To this end, the committee has established a 'Whistleblowing Policy' that includes a clear mechanism for submitting confidential observations regarding any irregularities in financial or other reports. This is done through a dedicated email address and a physical mailbox within the company for submitting such reports. These observations are reviewed and their materiality is determined by the company's internal auditor, who then submits a report to the Audit Committee. The committee then verifies the proper implementation of this mechanism, conducts an independent investigation commensurate with the extent of the error or irregularity, and adopts appropriate follow-up procedures. The committee ensures quarterly monitoring of this process.

Five meetings of the Audit Committee were held during 2024. The following is a statement of the members' names and attendance record:

Name	position	Number of FIPCO shares owned & in which they have an interest.					Attendance Times	Attendance percentage
		13 March	12 May	31 July	30 October	26 December		
Fawzi Ibrahim Alhobayeb	Chairman						5	% 100
Khaled Ali Attin	Member						5	% 100
Hathal Safar AlOtaibi	Member						5	% 100

2. Annual Review Results of the Effectiveness of Internal Control Procedures at FIPCO

The Internal Audit Unit at FIPCO provides independent and objective assurance and consulting services to add value, improve operations, and achieve the company's strategic goals. The Internal Audit Unit also helps achieve FIPCO's objectives by evaluating and improving the effectiveness of the internal control system, risk management, and governance processes, through a risk-based audit approach that directs audit activities towards the most risky and important activities and operations for the company, in accordance with best professional practices.

The scope of work of the Internal Audit Unit also includes reviewing activities, operations, risk management procedures, internal control systems, information systems, and governance processes, as well as assisting in the prevention and detection of fraud, misrepresentation, and embezzlement. All activities, functions, departments, branches of the company, and subsidiaries fall within the scope of work of the Internal Audit Unit.

The Internal Audit Unit has conducted several periodic audits in accordance with the 2024 plan approved by the Audit Committee, with the aim of providing necessary assurances regarding the effectiveness and efficiency of internal control and risk management at FIPCO, focusing on high-risk activities and functions. The executed audit work was carried out as planned and in line with the strategic audit plan.

Given that internal control is one of the most essential foundations for protecting FIPCO's assets and supporting its achievement of its objectives, and considering that sound financial, operational, and administrative control procedures are capable of limiting the misuse of FIPCO's assets and influencing its actions, the FIPCO Board of Directors pays special attention to it and annually verifies the effectiveness of these procedures through annual reviews and the direction of necessary modifications to develop control activities. 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 During the Fiscal Year 2024 AD

Based on the foregoing and in light of the examination and audit work carried out by the external auditor until the end of the fiscal year 2024, and the internal audit work conducted by the Internal Audit Department during 2024, and considering that any internal control system, regardless of its design's integrity and the implementation of its procedures, cannot provide absolute assurance regarding the effectiveness of the implemented internal control systems, therefore, the Audit Committee did not identify any material weakness in the internal control system implemented within the company. The Audit Committee continues to recommend that the company's management continuously monitor the development and improvement of the efficiency and effectiveness of the implemented internal controls, the necessity for continuous updating of the company's policies and procedures, and the implementation of the observations made by the committee regarding internal audit reports, in line with the nature of the company's business, and continue to conduct ongoing assessments of all the subsidiary's activities in the operational, financial, compliance, and risk management aspects.

4- Nominations and Remuneration Committee

The Nominations and Remuneration Committee consists of three members, namely:

- 1- Nimr Nasser Alharbi (Independent Board Member) - Committee Chairman.
- 2- Hathal Safar Al-Otaibi (Independent Board Member) - Committee Member.
- 3- Ahmed Abdul Latif Al-Barak (Non-Executive Board Member) - Committee .

Since all members of the committee are non-executive and independent Board members, their current and previous positions, academic qualifications, and professional experiences have been discussed in the section regarding the Board of Directors.



The committee's tasks & responsibilities are summarized as follows:

Regarding remuneration:

- Developing a clear policy for the remuneration of board members, board committees, and executive management, and submitting it to the board of directors for approval by the general assembly, while taking into account the use of performance-related criteria when formulating these policies.
- Clarifying the relationship between the remuneration granted and the applicable remuneration policy, and disclosing any significant deviations from this policy.
- Conducting periodic reviews of the remuneration policy, and evaluating its effectiveness in achieving its intended objectives.
- Recommending to the board of directors the remuneration for board members, board 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 in accordance with the approved policies and criteria, while taking into account not to nominate any person previously convicted of a crime involving dishonesty.
- Preparing a description of the capabilities and qualifications required for membership in the board of directors and occupying executive management positions.
- Determining the time that a member must allocate to the work of the board of directors.
- Conducting an annual review of the skills or experiences necessary 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 regarding changes that can be made.
- Verifying annually the independence of independent members, and the absence of any conflict of interest if the member holds membership on the board of directors of another company.
- Developing a job description for executive members, non-executive members, independent members, and senior executives.
- Establishing procedures in the event of a vacancy for a member of the board of directors or senior executives (succession policy).
- Identifying the weaknesses and strengths of the board of directors and proposing solutions to address them in accordance with the company's interest.



The Nominations and Remuneration Committee held three meetings during the year 2024 AD, as follows:

Name	position	Dates of the meetings held during the Year 2024 AD			Attendance Times	Attendance percentage
		17 October	27 October	29 February		
Nimr Nasser Alharbi	Chairman				3	100 %
Hathal Safar AlOtaibi	Member				3	100 %
Ahmed Abdul Latif Al-Barak	Member				3	100 %

5- Executive Committee

In accordance with the Board of Directors' vision and to organize the work within the Board, the Executive Committee was formed with three members. Certain tasks were assigned to it to play its role in dedicating more time and effort to discussing specific topics to facilitate decision-making within the Board of Directors. These tasks include:

- Reviewing periodic management reports, evaluating performance, and reviewing and approving new investments or reinvestments before submitting them to the Board for approval.
- Reviewing annual budgets and plans and investigating significant discrepancies related to budgets (if any) before they are presented to the Board of Directors.
- Monitoring 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 approved plans, budgets, and forecasts.
- Assisting the Board in fulfilling its responsibilities, particularly regarding tasks assigned to it by the Board when time is critical.
- Receiving periodic reports from the company's management on risk management operations in the company, including risk assessment and procedures established to address and monitor these risks.
- Ensuring that the company's administrative committees (if any) operate effectively.
- Receiving periodic management reports through the CEO on the company's performance to be presented at Executive Committee meetings for discussion and review before submission to the Board (if necessary).
- Communicating with senior officials in government and private sector entities and companies to overcome obstacles that hinder FIPCO's business and explain its programs to officials, as long as it is within the limits of applicable laws.

To carry out the tasks of the Investment Committee assigned to it by the Board of Directors' decision issued on March 4, 2023, which include:

- Providing recommendations on mergers and acquisitions to the Board of Directors.
- Providing recommendations regarding the company's purchase of its own shares.
- Reviewing investment plans for the company's surplus liquidity.
- Receiving periodic reports from the company's management on risk management operations in the company, including risk assessment and procedures established to address and monitor these risks.
- Reviewing important financial matters and criteria, including funding alignment. Reviewing investment and expansion opportunities, in addition to identifying challenges facing FIPCO's operational activities, to ensure product quality.
- Conducting periodic reviews of capital expenditures and keeping the company's assets in mind.
- Discussing and making decisions on matters requiring urgent investment decisions, such as participating in public offerings, placing deposits, or other investment avenues.
- Ensuring the allocation of the company's resources in a manner that aligns with the strategic plans of the company and its subsidiaries, operational objectives, and investment goals.
- Preparing and reviewing recommendations for the Board of Directors regarding annual and long-term financial objectives and strategies (company financial planning).
- Reviewing important financial matters of the company and its subsidiaries, such as matters related to capital structure, company credit rating, cash flows, borrowing, and investment deposits, in cooperation with the company's executive management and without conflicting with the work of other committees.
- Evaluating existing investments or exploring future opportunities and submitting a periodic report to the Board of Directors when applicable or upon request.
- The ability to engage 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 three members whose qualifications and experiences were previously discussed in the section on Board of Directors members. The Executive Committee held two meetings during the year 2024, as shown in the following table:

Name	position	Dates of the meetings held during the Year 2024 AD		Attendance Times	Attendance percentage
		12 September	18 December		
Ahmed Abdul Latif Al-Barak	Chairman			2	100 %
Faisal Mohammed Al-Harbi	Member			2	100 %
Abdullah Mohammed Al Harbi	Member			2	100 %

6. Governance and Risk Management Committee

FIPCO's rapid response to developing its governance rules and good management principles stems from its belief that adhering to good governance rules is the solid foundation for its management, resource control, and oversight, ensuring the best returns for shareholders and stakeholders. This led the Board of Directors to make the decision to form a governance committee - despite the non-mandatory nature of forming this committee systemically - to periodically review compliance with governance rules and dedicate more time and effort to this matter. This is driven by FIPCO's keenness to achieve an advanced position in governance level measurement indicators issued by reputable local and international centers of expertise.

The committee's main tasks are as follows:

- Verifying FIPCO's compliance with the regulations and rules issued by the Ministry of Commerce and Investment, the Capital Market Authority, and any other relevant regulatory or supervisory bodies.
- Reviewing and updating policies and rules in accordance with regulatory requirements and best practices applied globally.
- Recommending amendments to the company's articles of association (if necessary).
- Reviewing and developing professional conduct rules that represent FIPCO's values, and other internal policies and procedures, to meet FIPCO's needs and align with best practices for developing the work environment.
- Keeping board members informed of developments in corporate governance and best practices applied globally.
- Reviewing & updating the risk register that faces the company and its administrative and operational activities, and establishing a system to manage these risks and evaluate the effectiveness of its tools.
- Developing a comprehensive risk management strategy and policies that align with the nature and size of the company's activities, and verifying their implementation, review, and update based on internal and external variables.
- Determining and maintaining an acceptable level of risk that the company may be exposed to and verifying that the company does not exceed it.
- Verifying the feasibility of the company's continued operation and successful business continuity, while identifying risks that threaten its continuity over the next twelve months.
- Supervising the company's risk management system & evaluating the effectiveness of systems and mechanisms for identifying, measuring, and monitoring the risks that the company may be exposed to, to identify its shortcomings.
- Periodically re-evaluating the company's risk tolerance and exposure.
- Preparing risk reports and submitting them to the Board of Directors, as well as providing recommendations to the Board on risk management matters.
- Reviewing matters raised by the Audit Committee that may affect the company's risk management.

The Governance and Risk Management Committee has played a significant role over the past two years following the issuance of the new Companies Law and its implementing regulations, and the corresponding regulations and legislation issued by the Capital Market Authority, where the Governance Committee developed the necessary proposals to amend the company's systems and regulations to align with the relevant systems and regulations.

The Governance and Risk Management Committee consists of three members, including two members from the Board of Directors and one senior executive from outside the Board members. Their qualifications and experiences have been previously discussed. The Governance and Risk Management Committee held four meetings during the year 2024, as shown in the following table:

Name	Dates of the meetings held during the Year 2024 AD				Attendance Times	Attendance percentage
	06 February	02 May	20 October	17 December		
Ahmed Abdul Latif Al-Barrak	√	√	√	√	4	100 %
Abdullah Mohammed Al-Harbi	√	√	√	√	4	100 %
Salah Mohamed Sabry	√	√	√	√	4	100 %

Twelfth: The procedures taken by the Board of Directors to inform its members - especially non-executive members - of shareholders' proposals and observations regarding FIPCO & its performance.

The Company's Basic System, Governance Regulations, and Shareholder Guide at FIPCO guarantee all share-related rights. Accordingly, FIPCO has taken several measures to inform members of the Board of Directors, especially non-executive members, of shareholder proposals regarding the Company and its performance, as follows:

FIPCO has allocated a unit for investor relations within the Company, tasked with responding to shareholder inquiries and receiving their comments or complaints through available communication channels via telephone, fax, or email. Additionally, FIPCO has designated an email address specifically for confidential correspondence to report any error or violation related to the Company's activities or any related parties. This email is monitored and tracked by the Chairman of the Board himself, and any significant information received may be brought to the attention of the Board members. These inquiries or information, if any, are examined and classified, and any significant matters are presented to the Board of Directors during its regular meetings.

FIPCO consistently encourages all members of its Board of Directors to attend general assemblies to answer shareholder questions and to take into account their views and comments on the Company and its performance. Furthermore, the working regulations of the Board's committees mandate that committee chairs, or their designated members, attend general assemblies to respond to shareholder inquiries.

Shareholder questions and inquiries are recorded in the minutes of general assembly meetings and kept at the Company's headquarters, accessible to any shareholder for review.

Thirteenth: The Means Relied Upon by the Board in Evaluating Its Performance, the Performance of Its Committees & Members, & the External Party that Conducted the Evaluation (if any).

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Shareholder questions and inquiries are recorded in the minutes of general assembly meetings and kept at the Company's headquarters, accessible to any shareholder for review.

Fourteenth: Dividend Distribution Policy

FIPCO's dividend distribution process is based on achieved net profits, cash flows, and future prospects for major investments, while considering the importance of maintaining a strong financial position to address any changes in the general situation, exposure to pandemics, dramatic changes in global financial conditions, or any significant 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 its stakeholders, there are no guarantees of current cash dividend distributions or guarantees of future dividend values. 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 an analysis of investment opportunities, cash and capital needs, and expectations of expansions in key 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. If approved, the distribution takes place in the place and at the times 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 Resolution of the Eleventh Extraordinary General Assembly held on November 16, 2023 AD, the net profit distribution policy is as follows:

- The General Assembly determines the percentage of net profits to be distributed to shareholders after deducting reserves, if any.
- A shareholder is entitled to their share of profits according to a resolution of the General Assembly or a resolution of the Board of Directors, under an authorization from the General Assembly issued in this regard. The resolution specifies the entitlement date and the distribution date.
- Profit entitlement is for shareholders registered in the shareholder records at the end of the specified entitlement day.
- Regulations specify the maximum period within which the Board of Directors must implement the General Assembly's decision regarding dividend distribution to shareholders.

The process of distributing interim profits is subject to:

- Annual, semi-annual, or interim dividends may be distributed from distributable profits to shareholders, according to the controls set by the competent authority.
- The Ordinary General Assembly, based on a proposal from the Board of Directors, may decide to create any reserves to the extent that achieves the company's interest or ensures the distribution of stable dividends to shareholders as much as possible. The aforementioned assembly may also deduct amounts from net profits to establish social institutions for the company's employees or to assist existing institutions. The General Assembly may also, based on a proposal from the Board of Directors, decide to disburse previously allocated reserves according to any regulatory requirements preceding the date of adopting these regulations, in a manner that benefits the company or its shareholders.
- If dividends are distributed to shareholders in violation of the provisions of the paragraphs above, the company's creditors may demand the company, and the company may demand each shareholder, even if they acted in good faith, to return what they received.
- A shareholder is not obligated to return dividends distributed to them according to the provisions of the paragraphs above, even if the company incurs losses in subsequent periods.
- Regulations specify the necessary controls to implement what is stated in this article.
- The Board of Directors must approve its annual report submitted to the General Assembly, which includes the profit percentages distributed to shareholders during the various periods of the current year, in addition to the proposed profit percentage to be distributed at the end of the financial year and the total of these profits.
- Zakat and any other applicable tax regulations in the Kingdom of Saudi Arabia are applied.
- Cash dividends to be distributed to shareholders are deposited into their accounts linked to their investment portfolios, and granted shares are deposited into shareholders' investment portfolios after announcing this on the Saudi Stock Exchange (Tadawul) website.

It is worth noting that FIPCO's Board of Directors issued a resolution during its meeting No. 2 of 2025 AD, held on March 19, 2025 AD, to recommend to the General Assembly not to distribute cash dividends for the fiscal year 2024, in order to support FIPCO's financial position and its wholly owned subsidiary, and to finance its future expansions, which aim significantly to diversify its products in line with the company's objectives and investor expectations.

Fifteenth: Policy for Remuneration of Board of Directors Members, Subsidiary Committees, and Senior Executives, and a Statement of Any Material Deviations.

FIPCO has adopted a policy for the disbursement of remuneration to members of the Board of Directors, subsidiary committees, and senior executives, based on the approved policy by the Thirty-Seventh Ordinary General Assembly held on June 1, 2023 AD, and its corresponding articles in the Company's Basic System, which outline the following criteria:

- The remuneration policy must align with the company's strategy and objectives.
- The purpose of providing remuneration is to incentivize members of the Board of Directors and executive management to ensure the company's success and long-term growth.
- Remuneration is determined based on the level of the position, the tasks and responsibilities assigned to the incumbent, their academic and professional qualifications, and the level of performance and achievements.
- The remuneration policy must align with the size and nature of the risks surrounding the company and must not create conflicts of interest.
- The company's internal regulations and systems must comply with the remuneration policy.
- Consideration is given to the sector in which the company operates and the practices of other companies in determining remuneration, while avoiding any unjustified increase in remuneration and compensation.
- The reward policy aims to attract, retain, and motivate professional talents, without exaggeration, and to ensure that the rewards are reasonably sufficient to achieve this.
- The reward policy should be applied in any new appointments in coordination with the Nominations and Rewards Committee and the executive management of the company.
- Consideration should be given to cases of suspending and recovering rewards if it is found that they were based on inaccurate or misleading information provided by the person concerned, in order to prevent the exploitation of the job position to obtain undeserved rewards.
- The reward policy allows, according to regulations, the granting of shares in the company to members of the board of directors and executive management, whether as a new issuance or shares purchased by the company.
- The rewards should be fair and commensurate with the member's responsibilities, taking into account the work and duties they perform, without neglecting other objectives set by the board of directors for each financial year.
- These rewards should be based on the recommendation of the Nominations and Rewards Committee.





The remuneration of members of the Board of Directors & its committees is subject to the following:

- The remuneration of members of the Board of Directors consists of a specific amount, meeting attendance allowance, in-kind benefits, or a percentage of net profits. Two or more of these benefits may be combined.
- The remuneration of members may vary in amount, reflecting the member's experience, specialization, assigned tasks, independence, number of meetings attended, and any other considerations as determined by the Board of Directors.
- The Board of Directors' report to the Ordinary General Assembly at its annual meeting must include a comprehensive statement of all remuneration, meeting attendance allowances, expense allowances, and other benefits received or due to each member of the Board of Directors during the fiscal year. It must also include a statement of what the Board members received as employees or administrators or for technical, administrative, or consulting work, and a statement of the number of Board meetings and the number of meetings attended by each member.
- A member of the Board of Directors may receive remuneration for their membership in the audit committee formed by the Board of Directors, or for any additional work, executive, technical, administrative, or consulting positions (a professional license is required if the nature of the work is consulting) assigned to them in the company, in addition to the remuneration they may receive as a member of the Board of Directors and committees formed by the Board of Directors, in accordance with the Companies Law and the Company's Basic System.
- The remuneration of independent members of the Board of Directors must not be a percentage of the company's profits or be based directly or indirectly on the company's profitability.
- Members of the Board of Directors may not vote on the remuneration item of the Board of Directors and its subsidiary committees at the General Assembly meeting.
- Remuneration entitlement must be proportional to the number of meetings attended by the member, and any assessment to the contrary is void.
- Compensation, such as travel and accommodation expenses, is paid based on actual reasonable meeting attendance incurred by members to attend meetings, and these expenses are excluded from the annual remuneration amount.
- Upon request and after obtaining the approval of the Board of Directors, a Board member is entitled to receive appropriate medical insurance for themselves, their family members, or their parents, as the Board deems appropriate.
- Remuneration will be suspended or recovered if it is found that it was decided based on inaccurate information provided by a member of the Board of Directors, a member of a subsidiary committee, or executive management, to prevent abuse of authority to obtain undeserved remuneration. The Board's decision in this regard may be to suspend the remuneration if it has not been paid, or to recover it partially or fully, depending on the circumstances of the case.
- If the General Assembly decides to terminate the membership of a Board member who has been absent from three consecutive meetings or five separate Board meetings during their membership period without a legitimate excuse accepted by the Board, the member is not entitled to any remuneration or benefits for the period following their last attended meeting, and they must return all remuneration paid to them for that period.
- The Board of Directors may, based on the recommendation of the Nominations and Remuneration Committee, grant additional remuneration to the Chairman of the Board, the Managing Director, or the Chief Executive Officer (if they are a member of the Board of Directors).
- The Nominations and Remuneration Committee sets the upper limits for the remuneration of members of the Board of Directors, members of subsidiary committees, and senior executives of the company, and recommends granting annual remuneration according to its assessment and the approval of the Board of Directors, provided that it does not exceed the upper limits included in this policy.

In accordance with the provisions of the aforementioned clauses, the upper limits for the remuneration of members of the Board of Directors and members of subsidiary committees are as follows:

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

During the year 2024, based on the recommendation of the Nominations and Remuneration Committee during its meeting No. 1 of 2025, held on March 16, 2025, and the issuance of the Board of Directors' resolution during its meeting No. 2 of 2025, held on March 19, 2025, the following was approved:

1- Disbursement of remuneration to members of the Board of Directors for their membership on the Board in the amount of 300,000 Saudi Riyals (SAR) during the fiscal year 2024, distributed as follows:

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

2- Disbursement of remuneration to Board members for their membership on certain subsidiary committees of the Board, as follows:

- Amount of 225,000 SAR to the Chairman of the Board, Mr. Ahmed Abdul Latif Al-Barrak, for membership in the Executive Committee, the Governance and Risk Management Committee, and the Nominations and Remuneration Committee (75,000 SAR per committee).
- Amount of 100,000 SAR to the Vice Chairman of the Board and Managing Director, Mr. Faisal Mohammed Al-Harbi, for membership in the Executive Committee.
- Amount of 200,000 SAR to Board Member and Chief Executive Officer, Mr. Abdullah Mohammed Al-Harbi, for membership in the Executive Committee and the Governance and Risk Management Committee (100,000 SAR per committee).
- Amount of 100,000 SAR to Board Member, Mr. Nimer Nasser Al Harbi., for membership in the Nominations and Remuneration Committee.
- Amount of 100,000 SAR to Board Member, Mr. Hathal Safar Al-Otaibi, for membership in the Nominations and Remuneration Committee, and 50,000 SAR for membership in the Audit Committee.

3- Disbursement of remuneration to committee members (who are not members of the Board of Directors), as follows:

- Amount of 125,000 SAR to the Chairman of the Audit Committee, Mr. Fawzi Al-Habib.
- Amount of 75,000 SAR to Audit Committee Member, Khaled Attin



Regarding the remuneration of executive management, it is subject to the following:

- The company's established policies in this regard must be considered when approving the remuneration of executive management and their achievement of their assigned objectives.
- The remuneration determined for each employee in executive management may vary according to the results they achieved during the evaluation year.
- When approving remuneration, consideration should be given to companies operating in the sector as well as companies operating in the Saudi market.
- The upper limit for executive management remuneration may be reviewed annually, and any proposed amendments may be submitted to the Board.
- This policy must align with the company's strategy and objectives, and be consistent with the performance and evaluation policy in place, with respect to executive management remuneration.
- If the remuneration determined for executive management is based on inaccurate or misleading information, regardless of the motive, the case is submitted to the Board for appropriate action.
- The Board's decision in the preceding paragraph may be to suspend the disbursement of remuneration, if it has not been paid, or to recover it partially or fully, depending on the circumstances of the case.

FIPCO believes that remunerations were distributed during the fiscal year 2024 AD in accordance with the approved policy, and there are no material deviations from it.



Sixteenth: What Members of the Board of Directors, Committee Members, and Senior Executives Received.

1. Remuneration of Board members

Nature of membership	Independent members		Non-executive members	Executive Members	
Member's Name	Nimer Nasser Al Harbi	Hathal Safar AIOtaibi	Ahmed Abdul Latif Al-Barrak	Faisal Mohammed Al-Harbi	Abdullah Mohammed Al-Harbi
Fixed Rewards					
A certain amount	100,000	100,000	*720,000	100,000	—
Allowance to attend Council meetings	12,000	12,000	12,000	12,000	12,000
Commissions allowance	12,000	27,000	30,000	6,000	18,000
In-kind advantages	—	—	—	—	—
Reward for artistic, administrative & consulting works	—	—	—	—	—
Remuneration for Council President, Managing Director or Secretary if members	—	—	—	—	—
Total	124,000	139,000	762,000	118,000	30,000
Variable rewards					
Percentage of profits	—	—	—	—	—
Periodic rewards	—	—	—	—	—
Short Term Stimulus Plans	—	—	—	—	—
Long-term stimulus plans	—	—	—	—	—
Shares awarded	—	—	—	—	—
Total	—	—	—	—	—
End of Service Bonus	—	—	—	—	—
Expense allowance	—	—	—	—	—
Total	124,000	139,000	762,000	118,000	30,000

Based on FIPCO's policy for the disbursement of remuneration to members of the Board of Directors, subsidiary committees, and senior executives, which was approved by the Thirty-Seventh Ordinary General Assembly held on June 1, 2023 AD, and its corresponding articles in the Company's Basic System, the amount paid to the Chairman of the Board of Directors was approved as 60,000 Saudi Riyals (SAR) as a 'lump sum' paid monthly. This is based on the exceptional efforts made by the Chairman of the Board in managing a number of files related to the company's business and its subsidiary, which strengthens its strategic relationships.

2. Remuneration of committee members

Committee	Fixed bonuses (no session allowance)	Allowance to attend sessions	Total
Members of the Audit Committee			
Fawzi Ibrahim Alhobayeb	125,000	15,000	140,000
Khaled Ali Attin	75,000	15,000	90,000
Hathal Safar Al-Otaibi	50,000	15,000	65,000
Audit Committee Members			
Nimer Nasser Al-Harbi	100,000	12,000	112,000
Hathal Safar Al-Otaibi	100,000	12,000	112,000
Ahmed Abdul Latif Al-Barrak	75,000	12,000	87,000
Executive Committee members			
Ahmed Abdul Latif Al-Barrak	75,000	6,000	81,000
Abdullah Mohammed AlHarbi	100,000	6,000	106,000
Faisal Mohammed Al-Harbi	100,000	6,000	106,000
Members of the Governance & Risk Management Committee			
Abdullah Mohammed AlHarbi	100,000	12,000	112,000
Ahmed Abdul Latif Al-Barrak	75,000	12,000	87,000
Salah Mohamed Sabry	—	18,000*	18,000*

The amount paid includes a meeting attendance allowance of 12,000 SAR, in addition to 6,000 SAR for performing the duties of the Committee Secretary.

3- Senior Executive Rewards

The table below illustrates the total amounts earned by the five highest-compensated senior executives, including the Managing Director, the Chief Executive Officer, and the Chief Financial Officer, in addition to the General Manager of the subsidiary company and the FIPCO Sales Manager, as follows:

Five senior executives	
Fixed Rewards	
Salaries	2,976,150
Allowances	1,056,843
In-kind advantages	-
Total	4,032,993
Variable Rewards	
Periodic Rewards	800,000
Profits	-
Short-term stimulus plans	-
Long-term stimulus plans	-
Shares awarded	-
Total	800,000
End of Service Bonus	-
* Total remuneration for executives Council	-
Total	4,832,993

In this regard, FIPCO confirms the following:

- There are no arrangements or waiver agreements under which any member of the Board of Directors or any senior executive waived any remuneration, salaries, or compensation during the fiscal year 2024 AD.
- There are no arrangements or waiver agreements under which any of FIPCO's shareholders waived any rights to profits during the fiscal year 2024 AD.
- There are no other investments or reserves established for the benefit of FIPCO's employees or any of its subsidiaries during the year 2024 AD, except for end-of-service benefits in accordance with the regulations issued by the competent authorities.

Seventeenth: Transactions with Related Parties

FIPCO confirms that during the fiscal year 2024, no contracts, transactions, or dealings were entered into where FIPCO or any of its subsidiaries were a party, and in which any member of the Board of Directors, the Managing Director, the Chief Executive Officer, the Chief Financial Officer, or any senior executive of the company or its subsidiaries, or any person related to any of them, had an interest.

Furthermore, no member of the Board of Directors, senior executive, or any person related to any of them, engaged in any business that competes with the company or its branches.

Eighteenth: Results of Governance Practices During 2024 AD

During the year 2024, FIPCO believes that it has complied with the basic and mandatory governance provisions and rules, and that no violation of those provisions occurred. FIPCO consistently strives to achieve the guiding materials included in the governance regulations, in addition to adopting best practices applied globally, in recognition of the importance of governance and its role in achieving sustainable development. To this end, FIPCO has previously undertaken the following:

- Developed disclosure and transparency policies and established appropriate procedures to ensure that shareholders are kept informed of FIPCO's activities and business developments.
- Established a governance committee under the Board of Directors and approved its working regulations. A risk management unit was also established, and its responsibilities were defined. This unit was supervised by a member of the Board of Directors, Mr. Abdullah Al-Harbi. After his appointment as Chief Executive Officer, and in order to separate tasks and implement best governance practices, the responsibilities of the risk management unit were merged into the governance committee, and the committee's name was changed to "Governance and Risk Management Committee," with its working regulations approved as of the beginning of 2023 AD.
- Held a meeting of the Board of Directors led by the Chairman of the Board, without the presence of any executive members of the Board.
- Held a meeting of all Board members without the Chairman for the purpose of evaluating the Chairman's performance.
- Developed a task implementation confirmation list for all Board committees and reviewed it periodically to ensure that these committees are performing their assigned tasks.
- Established the necessary mechanisms to evaluate the Board of Directors through evaluation forms prepared for the purposes of self-assessment and peer assessment within the Board, as well as evaluating the Board's overall performance annually according to appropriate performance 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 for company management. Board members also attend workshops and lectures organized and held by governmental and non-governmental entities related to the company's business.
- Developed appropriate training programs for the company's executive management team according to each department's specialization. FIPCO also focuses on research and development initiatives and sends representatives to follow up on them, in addition to training administrative staff on executive management programs, office work, computer programs, law, governance, and other areas that may benefit the company and its employees in the future.
- FIPCO is keen to undertake social work initiatives and has some corporate social responsibility initiatives, for which a dedicated section is included in the report.

Nineteenth: Disclosure and Transparency Policies

Disclosure and transparency policies are an integral part of FIPCO's governance regulations, driven by its belief in the shareholder's right to obtain all information with the clarity and detail necessary to make informed investment decisions, while ensuring non-discrimination in providing information to all shareholders. This is achieved through multiple mechanisms for publishing and disclosing information that FIPCO deems necessary for stakeholders to know. FIPCO publishes its quarterly and annual financial results on the Saudi Stock Exchange (Tadawul) website within the required regulatory periods, and also publishes them on the company's website and its official social media accounts. It also commits to publishing all information related to regulatory disclosures or material developments in a timely manner, immediately upon their occurrence, whether concerning FIPCO itself, its subsidiary, or any changes that significantly affect FIPCO's activities and operations, positively or negatively. The company's management continuously works to improve the level of disclosure through the nature, quality, and timing of the information disclosed, while continuing to enrich the website with all information that may assist all stakeholders in understanding FIPCO's activities and business developments, thereby helping them make their investment decisions.

FIPCO also consistently ensures that its annual report includes all information in greater detail, based on the fact that the annual report is one of the most important disclosure tools that enable stakeholders to accurately understand the company's activities and business developments, whether related to the company itself or its subsidiary. It also highlights the reasons for changes in results and provides justifications for strategic decisions that may be made by the Board of Directors or the company's executive management during the fiscal year, or for significant material events preceding or following the end of the fiscal year 2024 AD.

Twentieth: Board of Directors' Declarations

The Board of Directors declares the following:

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





Twenty-first: Board of Directors' Assurances.

In line with the governance regulations issued by the Capital Market Authority and FIPCO's governance regulations, the Board of Directors confirms the following:

- FIPCO is committed to protecting shareholders' rights and not discriminating between shareholders holding the same class of shares, and to not withholding any rights from them, ensuring fair treatment for all shareholders.
- FIPCO did not receive any requests from one or more major shareholders to convene a General Assembly during the year ended, and no General Assembly was convened.
- FIPCO did not receive any requests from one or more major shareholders to add one or more items to the General Assembly meeting agenda when it was prepared. FIPCO did not establish any procedures that could hinder a shareholder's right to vote.
- FIPCO did not provide any cash loans of any kind to any of its Board members, nor did it guarantee any loans contracted by a Board member with a third party.
- Loans with maturities exceeding three years were not contracted, and no real estate owned by FIPCO was sold or mortgaged, other than what was disclosed in this report.
- Some of FIPCO's debtors were discharged from their obligations during the year 2024, in order to exclude those amounts from the accounts. Most of these amounts were outstanding for more than a year, and their reasons varied between problems with the quality of some supplies for products that were previously manufactured at the beginning of the subsidiary's commercial operation, or disputes in invoicing operations at the beginning of the value-added tax application stages, in addition to excluding some stagnant inventory items during the year 2024 AD and granting some regular customers discounts on them.
- FIPCO or any of its subsidiaries did not issue any shares or debt instruments during the year 2024 AD.
- FIPCO or any of its subsidiaries was not notified by any person (other than Board members, senior executives, and their relatives) of any interest or rights they have in the class of shares entitled to vote during the year 2024 AD.
- There are no contractual interests, securities, or subscription rights belonging to Board members and senior executives in FIPCO's shares or debt instruments, or in those of any of its subsidiaries, during the year 2024 AD.
- FIPCO or any of its subsidiaries does not have any convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by FIPCO or any of its subsidiaries during the year 2024 AD.
- There are no conversion or subscription rights under convertible debt instruments, contractual securities, subscription right notes, or similar rights issued or granted by FIPCO or any of its subsidiaries during the year 2024 AD.
- FIPCO or any of its subsidiaries did not redeem, purchase, or cancel any redeemable debt instruments during the year 2024 AD.
- FIPCO does not have any preferred shares or shares with special voting priority, whether for shareholders or Board members. All of FIPCO's shares are common shares of equal nominal value and equal voting rights and other rights according to the regulations.
- During the fiscal year 2024 AD, the auditor did not provide any consulting services to the company and did not receive any fees in this regard.

- The auditor's report did not include any reservations or attention points on the annual financial statements for the fiscal year 2024 AD.
- FIPCO did not receive a request from the auditor to convene a General Assembly during the ended fiscal year, and no such assembly was convened.
- The Board of Directors did not issue any recommendation to replace the auditor before the end of their appointed period.
- There is no conflict between management decisions and the Audit Committee's recommendations.
- There are no recommendations from the Audit Committee that the Board refused to adopt regarding the appointment, dismissal, and fee determination of the auditor, and the evaluation of their performance.
- There are no lawsuits filed for or against FIPCO with a value exceeding 5% of its net assets during the year 2024 AD.
- FIPCO does not hold any treasury shares during the fiscal year 2024 AD or any previous years.
- There are no material subsequent events affecting the integrity of FIPCO's financial position and operating results that occurred after the end of the year and were not explained, other than what is included in this report.
- The outstanding dividends due to shareholders, which were previously approved for distribution by the General Assembly of Shareholders and have not been received by their owners as of December 31, 2024, due to outdated data, amount to 5,148,109 Saudi Riyals (SAR).

Twenty-second: Requests for FIPCO's Shareholder Records During 2024 AD

Date of application	Reason for request
02 Jan	Shareholder register updates and ownership data for Board of Directors members, senior executives, their spouses, and minor children, for the purpose of preparing the annual report for the fiscal year 2023 AD.
18 Mar	Corporate Actions
29 Apr	Corporate Actions
30 May	Corporate Actions
06 JUN	Li of Shareholders Entitled to Vote at the General Assembly Meeting
04 Aug	Corporate Actions
02 Oct	Corporate Actions
14 Nov	Corporate Actions
25 Nov	Li of Shareholders Entitled to Vote at the General Assembly Meeting
02 Jan 2025	Shareholder register updates and ownership data for Board of Directors members, senior executives, their spouses, and minor children, for the purpose of preparing the annual report for the fiscal year 2024 AD.



Twenty-third: Shareholder Rights & Communication Mechanism

Based on FIPCO's keenness and interest in the rights of its shareholders, and the Board of Directors' awareness of its responsibilities towards shareholders in order to achieve communication based on a mutual understanding of FIPCO's strategic objectives and interests, all rights of shareholders and stakeholders have been included in its Basic System, and those rights have been detailed in the Shareholder Guide. All these documents can be viewed on FIPCO's website: www.fipco.com.sa.

FIPCO also has a dedicated department to follow up on shareholder affairs, which carries out its duties through continuous communication, responding to inquiries, and following up on any potential problems that shareholders may face regarding dividend distribution or other matters. The Investor Relations Department can be contacted via email at fir@fipco.com.sa or by speaking directly to us via phone at +966 11 265 2299, extension 770.

In FIPCO's commitment to protecting the rights of its shareholders and all stakeholders, an email address, secret@fipco.com.sa, has been launched and announced on its official website for the purpose of disclosing any misleading transactions, suspected fraud, or other irregularities. These cases are handled directly by FIPCO's senior management.



Fipco Company



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fipco.com.sa



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.



FPC
COATED TECHNICAL TEXTILES


**BOARD
OF DIRECTORS
REPORT**

2024

**Saudi Arabia
Riyadh, Second Industrial City**



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