

Building resilience in a dynamic **environment**

» Our business faces various strategic, operational and compliance risks in an evolving external environment that could impact our ability to achieve strategic objectives. To address these risks, we have established a comprehensive, multi-layered risk management framework designed to identify, evaluate and mitigate risks across all levels of the organisation.

Risk management approach

Our approach to risk management is embedded in our operations and strategy, emphasising preventive and responsive measures. This approach is structured to manage risks at different organisational levels through systematic procedures, clear accountabilities and continuous monitoring:

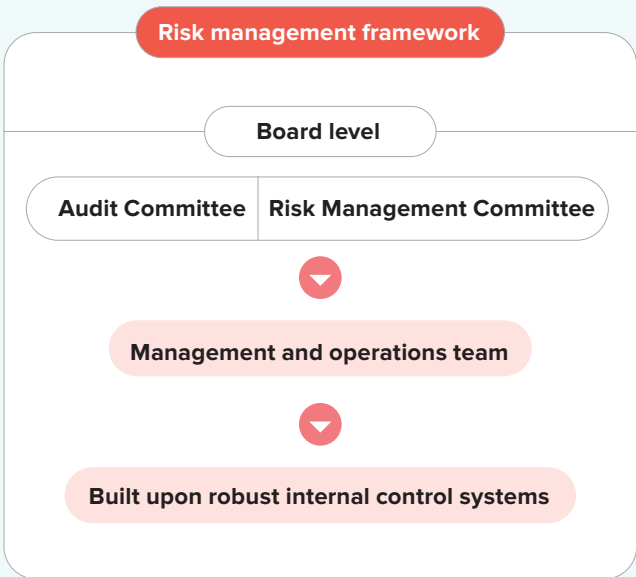
Holistic risk assessment

We employ a robust risk identification methodology covering existing operations and new projects across all business levels. Weekly business-level review meetings allow for proactive risk identification, impact assessment and strategy updates. Each business segment has tailored risk management processes that feed into a comprehensive group-level risk assessment reviewed by the Risk Management Committee (RMC).

Risk management framework

Our risk management framework provides a consistent structure for identifying, assessing and reporting risks. By focusing on key areas such as operational, regulatory, commercial, financial

and people risks, we gain a clear view of our exposure and manage risks effectively. Additionally, we leverage opportunities within identified risks to enhance our competitive advantage.



Risk governance and oversight

Board level

The Board of Directors, supported by the RMC and the Audit Committee, oversees our risk management strategy. The RMC is responsible for developing risk-specific strategies, assessing risk exposure and authorising corrective actions, while the Audit Committee reviews the effectiveness of internal controls, ensuring alignment with our strategic, financial and operational objectives.

Audit Committee

Comprising directors with diverse backgrounds, the Audit Committee oversees the risk management and internal control systems, ensuring that risk management practices are regularly reviewed and updated. The Committee evaluates risk management effectiveness, aligning it with our financial and operational objectives. It also assesses quarterly financial results, providing an in-depth review of our risk management practices.

Risk Management Committee

The RMC manages day-to-day risks through a Risk Management Policy and is responsible for reviewing identified risks, monitoring mitigation strategies and ensuring that risk management practices remain aligned with industry trends and organisational objectives. The RMC oversees regular updates on high-impact risks, ensuring that any necessary adjustments are promptly made.

Operational teams

Department heads manage risk within their respective units, providing weekly reports to the RMC and ensuring that roles and responsibilities are clearly defined. Operational teams, including those in legal, procurement, logistics and sales, are actively involved in identifying and mitigating internal and external risks to maintain smooth operations.

Internal control systems

Our risk management framework is supported by robust internal control systems and governance measures, ensuring that risks are promptly identified, communicated and mitigated. We have integrated these controls into our SAP system for comprehensive, automated tracking and response. Our internal audit team continuously assesses control effectiveness, reporting findings to the Audit Committee each quarter. This combination of automated risk tracking and independent governance oversight strengthens financial integrity and compliance, ultimately safeguarding assets and ensuring accuracy in our financial reporting.



HHCR Advanced Materials plant in Castrop-Rauxel, Germany

RISK MANAGEMENT

Key risks and our mitigation

		Mitigation measures	Key developments during the year	Stakeholders impacted	Material topics associated
Strategic risks	Inability to sell higher volumes	<ul style="list-style-type: none"> Expand market share and ensure customer retention Leverage channel financing Focus on cost efficiency 	Expanded customer base through diversified channels; increased cost efficiency through streamlined operations	  	Value chain and stakeholder management
	Fluctuation in exchange and interest rates	<ul style="list-style-type: none"> Board-approved FX policy Monitoring and hedging foreign exchange exposure 	Increased monitoring frequency; employed hedging instruments to withstand financial impacts	 	Corporate governance and business ethics
Operational risks	Environment protection	<ul style="list-style-type: none"> Compliance with applicable norms Adoption of circular economy principles 	Enhanced waste reduction measures; invested in eco-friendly technology	  	Climate action Environmental management, regulations and compliance Circularity and innovation
	Contamination of GPC and CPC during transit/storage	<ul style="list-style-type: none"> Logistics monitoring Standardised operating procedures Use of independent surveyors 	Improved handling protocols; conducted training sessions for logistics partners	 	Value chain and stakeholder management
	Decarbonisation policies/threats	<ul style="list-style-type: none"> Diversification into EV, recycling Ongoing GHG emission reduction strategies 	Progressed in GHG emission reduction initiatives; evaluated new partnerships in carbon capture	 	Climate action Circularity and innovation
	Talent management	<ul style="list-style-type: none"> People-friendly policies Opportunities for skill enhancement 	Increased employee engagement; launched new recruitment channels for our diverse talent pool		Talent and capability development Labour relations and human rights
	Information technology	<ul style="list-style-type: none"> Disaster recovery systems Cybersecurity protocols Mandatory employee cybersecurity training 	Strengthened cybersecurity with updated global insurance coverage; implemented multi-factor authentication	 	Cybersecurity and privacy



Investors and shareholders



Government and regulatory bodies



Vendors and suppliers






Customers



Communities



Employees

		Mitigation	Key developments during the year	Stakeholders impacted	Material topics associated
Compliance risks	Occupational health and safety	<ul style="list-style-type: none"> Incident-free performance goals (STOP™ initiative) Health insurance for employees 	Increased training sessions; maintained compliance with regulatory health standards		Health and safety
	Process safety	<ul style="list-style-type: none"> Maintenance of facilities Compliance with operational standards 	Increased monitoring frequency; employed hedging instruments to withstand financial impacts		Health and safety
	Regulatory compliance risk	<ul style="list-style-type: none"> Communication of regulatory updates Compliance calendar 	Implemented segment-wise compliance tracking; sent timely updates to the Board on major legal changes		Environmental management, regulations and compliance Corporate governance and business ethics Community development initiatives

