

PRINCIPAL RISKS AND UNCERTAINTIES IN 2010

Risks	Description	Mitigation
i) Operational		
a. Safety & Health	Hazardous production	<ul style="list-style-type: none"> Focus on standardisation of the processes across the Group Development of a critical incident response process Establishment of HSE Board Committee Appointment of VP of HSE
b. Plant and equipment downtime	Breakdown or stoppage due to improper maintenance/operation or due to economic reasons	<ul style="list-style-type: none"> Standardisation, streamlining and automation of the production processes Development of a critical incident response process Improvement of operational motivation system Training of personnel Enhancement of equipment maintenance procedures: <ul style="list-style-type: none"> Improvement of operational disciplines Acceleration of repair schedules Replacement of non-optimal production equipment Introduction of specific disaster recovery and business continuity plans
c. Environmental	(1) Damage caused by pollution with obligation to third parties (2) Cost of removing pollutants with obligation to governments or third parties	<ul style="list-style-type: none"> Compliance with regulatory requirements and operating permissions
d. Security and fraud	Management and/or employee fraud, illegal/unauthorised acts leading to reputation degradation or a loss of assets and/or financial losses	<ul style="list-style-type: none"> Corrective and preventive internal control measures Whistleblowing procedures Cooperation with law enforcement authorities
ii) Liquidity		
	Failure to generate adequate liquidity to meet financial obligations/business needs	<ul style="list-style-type: none"> Financial planning process
iii) Market Volatility		
a. Competitor actions	Gaining of competitive advantage over the Group	<ul style="list-style-type: none"> Enhanced strategic planning Strategic investment initiatives A delivery focused incentive programme
b. Industry cyclicality	Adverse impact of a sustained economic reversal on the Group's business	
c. Customer relations	Failure in customer service	
iv) Cost Competitiveness		
	Loss of cost competitive advantage due to increased production costs	<ul style="list-style-type: none"> Investments in own raw material base to enhance vertical integration Monitoring of the effectiveness of the purchasing process Review of the maintenance and performance metrics of key production plant and equipment Recycling of waste materials Negotiation of transport tariffs Development and implementation of the energy saving programme
v) Human Resources		
a. Ineffective leadership	Failure to make effective decisions due to lack of adequate communication	<ul style="list-style-type: none"> Improvement of communication through Defined training programmes Enhancement of the corporate culture in line with the Group's codes of conduct and ethics Promotion of a motivated environment
b. Excessive headcount	Excessive headcount leading to low productivity	<ul style="list-style-type: none"> Initiatives designed to reduce the cost of labour per unit of production Personnel motivation Lean management Technological improvement Reduction in lost working hours
c. Industrial relations disputes	Tension within labour groups	<ul style="list-style-type: none"> Introduction of social programmes Participation in industry associations Conclusion of collective bargaining agreements with various trade unions
vi) Political		
	Adverse consequences from specific or general political actions	<ul style="list-style-type: none"> Understanding of the various national political environments
vii) External compliance		
a. Fiscal	Exposure to tax compliance and tax management process in multiple tax jurisdictions	<ul style="list-style-type: none"> Comprehensive tax registers detailing tax liabilities, timelines and tax risks A process active management and technical review
b. Reporting timelines	Failure to meet the deadline in providing Statutory Financial Statements and Tax reporting	<ul style="list-style-type: none"> Careful planning Daily management monitoring of the actual closing process and resources availability
viii) Reputation		
	Loss of business and trading reputation	<ul style="list-style-type: none"> Pro-active management of potential reputation damaging situations