

## **Director's "Cheat Sheet"**

| Торіс              | Question <sup>1</sup>  | Report section reference  | Page<br>reference      |
|--------------------|--|---|------------------------|
| Strategy           | Where in the lifecycle is this industry - growth, maturity, decline? Plastic demand suggests growth; financial metrics suggest decline?  | The plastics context  | 9-11,<br>Appendix 2    |
|                    | What does a circular strategy look like - e.g., timescale, investments, product demand?  | Limited circularity   | 12-13,<br>Appendix 2   |
|                    | Would a circular economy strategy extend the company's business lifecycle? <sup>2</sup>  | Limited circularity   | 12-13,<br>Appendix 2   |
|                    | International Energy Agency (IEA) data suggests that a<br>Clean Technology Scenario is lower capex than business<br>as usual (BAU). Is this true for our company?  | The plastic journey   | 10,<br>Appendix 2      |
| Risk<br>Mitigation | Environmental regulation and societal expectations<br>are rising. Is this reflected in rising compliance and<br>legal expenses? Do we require provisions/contingent<br>liabilities?  | The plastic journey   | 10 & 11,<br>Appendix 2 |
|                    | If polymer production is less than 10% of corporate revenues, should we persist in investing? <sup>3</sup> Is the risk/ reward ratio adequate?   | Summary Data  | Appendix 4             |
| Finances           | Are investors placing a premium on our invested capital? If not, should alternatives such as shrinking our asset base be considered?   | The financial reality - PP <sup>4</sup><br>universe   | 4-16,<br>Appendix 5    |
|                    | With falling revenues, EBITDA/EBIT margins and ROCE, will this change in a post COVID-19 world? If so, how and why? <sup>5</sup>   | The financial reality - PP<br>universe; the oil & gas<br>companies                            | 14-18,<br>Appendix 5   |
|                    | Have we run different scenarios such as a sustainable<br>transition to a low carbon world to see how demand<br>will be impacted? In that type of scenario, how would<br>investors likely respond to our capex plans - would<br>they give us a higher asset multiple? | The financial realty - PP<br>universe; the chemical<br>companies; the oil & gas<br>companies  | 14-20,<br>Appendix 5   |
|                    | The recent collapse in the capex/depreciation ratio strongly implies nervousness about continued investment. How should we interpret this trend?   | The financial reality - PP<br>universe; the oil & gas<br>companies                            | 14-20,<br>Appendix 5   |
| Investors          | If dividend and share buybacks become limited by falling free cash flow and rising debt levels how will investors react?   | The financial reality - PP<br>universe; the chemical<br>companies; the oil & gas<br>companies | 14-20,<br>Appendix 5   |
|                    | Capital markets appear close to stranding corporate assets. How do we avoid this?  | The financial reality - the oil & gas companies   | 14-18                  |
|                    | How do we encourage capital markets to apply a higher valuation on our capital employed?   | The financial reality - PP<br>universe; the chemical<br>companies; the oil & gas<br>companies | 14-20,<br>Appendix 5   |

<sup>1</sup> Note that not all questions apply to every company
<sup>2</sup> The two leaders for circularity are Indorama Ventures and Far Eastern New Century
<sup>3</sup> Note that the following companies have less than 10% of their corporate 2019 revenue from SUPs: Jiangsu Hailun Petrochemical (2%), Saudi Aramco (3%), PetroChina (3%), TotalEnergies (3%), Sinopec (4%), ExxonMobil (5%), China Energy Investment (5%), PTT (5%), Reliance Industries (8%)
<sup>4</sup> Plastic Producers

<sup>5</sup> A sustained oil price bounce would help group cashflow and margins for the oil & gas subset