



# Fortifying against risks

Our vigilance in managing risks is key to ensuring Chemoil's ongoing stability and vitality.

## Managing Risks

We stand watch, guarding our assets against risks, with robust systems in place that ensure the channels we sail are clear.

### Managing Risks

Our vigilance in managing risks is key to ensuring Chemoil's ongoing stability and vitality.

Our corporate risk management approach is driven by the core objectives to deliver our long-term business goals and maximize shareholder value. The strategy and processes we devised are aimed at swift and effective identification, measurement, control, monitoring, and reporting of risk. The process is also reinforced by a rigorous internal controls system.

Our risk management approach revolves around extracting optimal GCMT from our global supply chain operations. We hedge against the most critical financial risk – price volatility of our physical fuel oil inventory. We adopt flexibility in our hedging strategy to remain agile in various conditions.

### Structure

Chemoil's governance structure for risk management comprises three levels: The Risk Management Department reports to the Executive Risk Management Committee (ERMC), which in turn reports to the Board of Directors.

### Process

Our risk management process adopts a top-down approach to identifying and assessing risks. Acceptable risks are distinguished from unacceptable risks, which are either insured against or hedged.

### Clearly Defined Roles

Clearly segregated roles between strategic risk takers, tactical risk takers and risk facilitators are vital to Chemoil's successful management of risks.

Our strategic risk takers represent the highest level of authority in the company and set the strategy for risks that the company will take. Our tactical risk takers make decisions at an operational level, based on the broad parameters laid out by the strategic risk takers. Our risk facilitators operate in an independent manner, facilitating communication between the tactical and strategic risk takers.

### Independence in Functions

Chemoil's Risk Management Department operates with total independence under our middle office functions.

## Managing Risks

Our R&D efforts keep our business abreast with the changing times. The newer models for risk control, evaluation, and management are focused on achieving better results and superior governance.



the globe. This allows for real-time monitoring of risk exposures and spontaneous management reporting round-the-clock, thereby minimizing the time gap between potential deviations and rectifications.

Chemoil conducts its risk management activities across all time zones in our global offices, with a core risk management team located in India.

### Recent Developments

Our ERMC now comprises our entire leadership team. A revamped credit committee has also been formalized, for which ERMC has oversight responsibilities. The credit committee is accountable for the quality of our customer credit and management of credit and counterparty risk in these challenging economic conditions to ensure smooth business operations.

The migration to a single trading and risk management platform has been successfully implemented, thanks to the dedication and commitment of our employees. The standardization of processes and the consolidation of

the group-wide trade portfolio have had an immediate positive impact.

Consequently, various risk and analytical reporting functions are now aligned with our global standards and benchmarks. Leveraging upon the automated systems, our continued commitment in this field aims to bring about higher business values through better controls and business reporting. Our R&D efforts keep our business abreast with the changing times. The newer

models for risk control, evaluation, and management are focused on achieving better results and superior governance. Our in-house ability to design, build, test and implement them enables our immediate roll-out and proactive management of these tools.

Furthermore, our focus on training and development of our employees is well synchronized with our efforts to achieve better risk control through modern tools.

It acquires information through independent channels and reports to the CFO, thereby establishing a sound control infrastructure to minimize risk exposure of the Group.

### Business Continuity

Underpinning our risk management operations is our business continuity objective. Risk management operations are carried out wherever our trading, supply, and marketing activities are located around

