

Director's "Cheat Sheet"

Topic	Question ¹	Report section reference	Page 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, Appendix 2
	What does a circular strategy look like - e.g., timescale, investments, product demand?	Limited circularity	13, Appendix 2
	Would a circular economy strategy extend the company's business lifecycle? ²	Limited circularity	13, Appendix 2
	International Energy Agency (IEA) data suggests that a Clean Technology Scenario is lower capex than business as usual (BAU). Is this true for our company?	The plastic journey	25-30, Appendix 2
Risk Mitigation	Environmental regulation and societal expectations are rising. Is this reflected in rising compliance and legal expenses? Do we require provisions/contingent liabilities?	The plastic journey	25-30, Appendix 2
	If polymer production is less than 10% of corporate revenues, should we persist in investing? ³ 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 ⁴ universe	14-16, Appendix 5
	With falling revenues, EBITDA/EBIT margins and ROCE, will this change in a post COVID-19 world? If so, how and why? ⁵	The financial reality - PP universe; the oil & gas companies	14-18, Appendix 5
	Have we run different scenarios such as a sustainable transition to a low carbon world to see how demand will be impacted? In that type of scenario, how would investors likely respond to our capex plans - would they give us a higher asset multiple?	The financial reality - PP universe; the chemical companies; the oil & gas companies	14-20, 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 universe; the oil & gas companies	14-18, 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 universe; the chemical companies; the oil & gas companies	14-20, Appendix 5
	Capital markets appear close to stranding corporate assets. How do we avoid this?	The financial reality - the oil & gas companies	17-18
	How do we encourage capital markets to apply a higher valuation on our capital employed?	The financial reality - PP universe; the chemical companies; the oil & gas companies	14-20, Appendix 5

For the full context of this "Cheat Sheet", please read our report [Policing the Plastic Producers - a Director's Duty](#)

¹ Note that not all questions apply to every company

² The two leaders for circularity are Indorama Ventures and Far Eastern New Century

³ 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%)

⁴ Plastic Producers

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