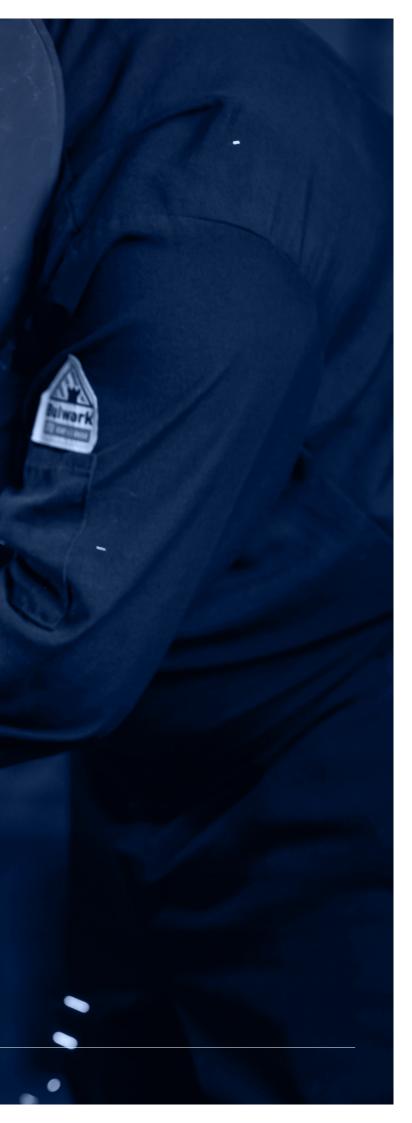
5. Risk

- 5.1 Risk Management
- 5.2 Risk Factors



Risk Management Systems and Approach

Luberef's business, financial condition, results of operations, and future prospects may be materially and adversely affected due to the risk associated with Luberef. This may have implications for Luberef's business in terms of direct or indirect impact on revenue and profitability.

The Board of Directors has overall responsibility for the establishment and oversight of Luberef's risk management framework. The Board is responsible for developing and monitoring Luberef's risk management policies.

Risk Assessment, Measurement and Management

Board of Directors Audit Committee Management Team

Process and Framework of Risk Management at Luberef

Luberef's risk management policies are established to identify and analyze the risks faced by Luberef, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Luberef's activities. Luberef, through its training and management standards and procedures, aims

to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Luberef management monitors compliance with Luberef's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Luberef. Luberef's audit

committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the management. Luberef is continuously monitoring the evolving scenario and any change in the risk management policies will be reflected in the future reporting periods.



Keep track of industry evolution and macro environment, tweak risk assessment and management frameworks proactively

Ongoing discussion on changes in controllable and uncontrollable factors, the implementation of risk related systems and process, with objective measurement and assessment of outcomes

Risk Factors

Risks Related to Luberef's Operations

Luberef's business success, financial performance and profitability are impacted by several factors which are related to the operations of Luberef.

Risks relating to the changes in crack margins – Luberef is impacted by the difference between the prices of base oil or Byproducts and the prices of feedstock, known as the base oil crack margin or Byproducts crack margin respectively. The feedstock prices are affected by many factors such as global supply and demand, oil prices, market expectations of future supply and demand, global political conditions, geopolitical conditions and variables including availability and overall economic conditions.

Risks relating to the Jeddah Facility closure and reliance on one facility in the future - As

per Luberef's business plan, the Jeddah Facility will close in 2026. The Jeddah Facility's closure may include a full shutdown of its operations and its demolition or mothballing. The demolition of a facility such as the Jeddah Facility might cause an environmental impact and damage to the environment of the site. If that occurs, Luberef could be liable to rectify such impact or damage. **Risks relating to revenue concentration in certain geographies** - Luberef has a significant proportion of its operations in and derive

its operations in, and derive significant amount of its revenue from, the Kingdom and MENA. Luberef sells directly in five countries, being the UAE, Egypt, Jordan, Oman and Pakistan, and sells indirectly through distributors, in South Africa, Tanzania and Sudan. Luberef sells in four countries through S-Oil, being: France, India, Singapore and Turkey, and sells in the Americas through Motiva. Luberef's financial performance will be affected by the conditions in these markets.

Other Non-Operational Risks

- Risks related to macroeconomic environment and Base Oils industry which could impact demand and pricing of Luberef's products
- Risks related to external factors which are broadly uncontrollable in nature such as geopolitical environment, factors related to global economic growth
- Risks such as Legal and regulatory risks, Risks related to the Kingdom and MENA region, and Risks related to abrupt and unexpected changes in rules and policies

