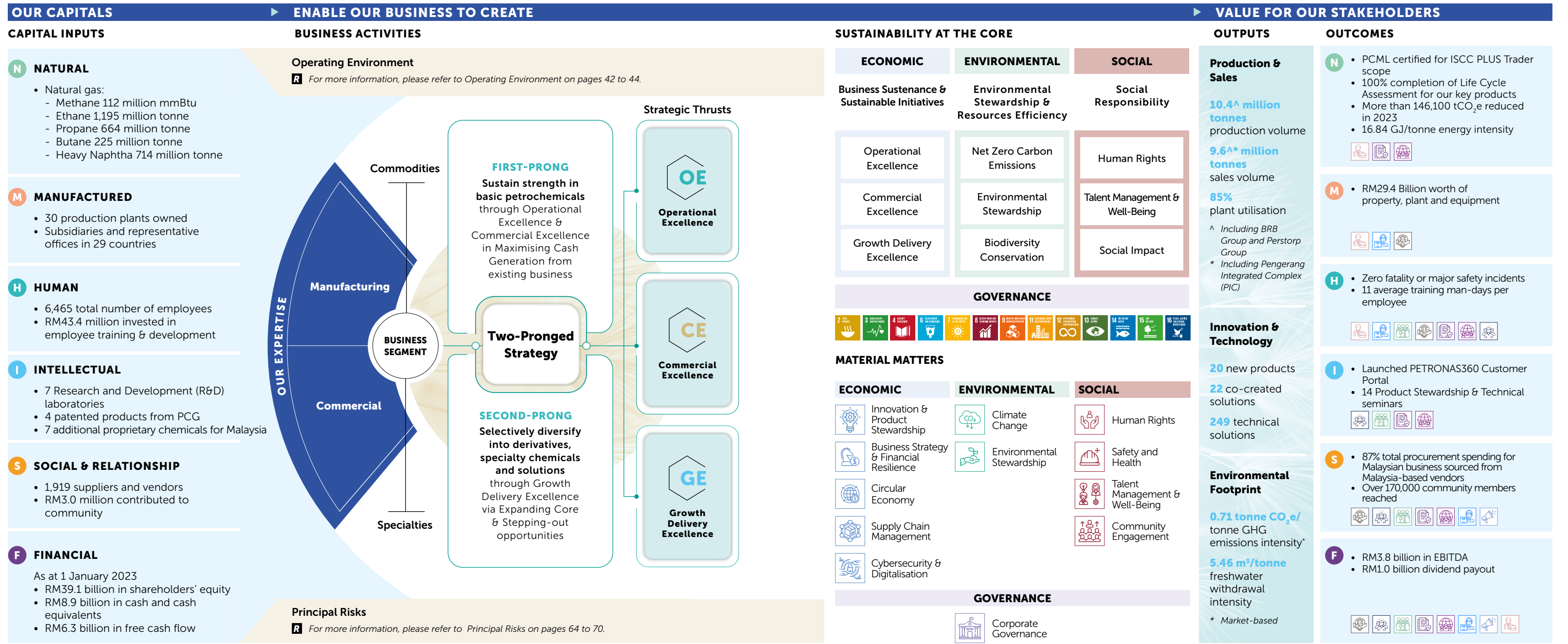


VALUE CREATING BUSINESS MODEL

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R Read more on page 7 for Sustaining Value Creation.

TRADE-OFFS

<p>Natural Capital</p> <p>Increased upfront costs associated with implementing low carbon technologies and sustainable practices to achieve Net Zero Carbon Emissions (NZCE) by 2050. While this shift contributes to environmental goals, it may initially strain financial resources, potentially impacting short-term profitability. However, over the long term, such investments can enhance the plant's resilience by aligning with evolving regulatory standards, reducing operational risks, and meeting the growing demand for sustainable products.</p>	<p>Manufactured Capital</p> <p>The key to PCG's value creation is underpinned by the performance of our plants. Thus, the trade-off between directing financial capital towards the maintenance of our plants or to other capitals is premised on ensuring that our plants, even ageing ones, are always able to perform at optimum levels. We consistently invested in repair and maintenance activities over Current Plant Replacement Value (CPRV) at about 3%.</p>	<p>Human Capital</p> <p>Balancing the required financial investments and time in employee development with immediate operational needs requires careful planning to prevent disruption to the business. In addition, achieving a balance between general skill enhancement and specific organisational needs is crucial for workforce adaptability, demanding strategic planning to align skills with evolving business requirements.</p>	<p>Intellectual Capital</p> <p>Allocating substantial financial capital to research and development (R&D) activities enhances intellectual capital by fostering innovation and technological advancements. However, this investment requires substantial financial which could have been utilised elsewhere, impacting short-term financial returns. Striking a balance is crucial to ensure long-term competitiveness while considering immediate financial performance goals.</p>	<p>Social & Relationship Capital</p> <p>We prioritise the safety of our plants as it fosters positive community relations, granting us the "license to operate." Simultaneously, we emphasise low carbon growth which aligns with society's expectations of responsible practices. We balance the investments required to support these efforts as it contributes to sustained operational effectiveness and stakeholder trust.</p>	<p>Financial Capital</p> <p>We carefully weigh the trade-offs that will occur in the allocation of financial capital, treading a fine balance between short-term financial interests and long-term growth objectives. To this end, our business adopts a dividend policy that allows for the distribution of profits to shareholders and reinvestment for growth and operational needs. We also implement cost optimisation and prioritisation to ensure efficient management of working capital.</p>
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