

Risk management overview: Governance, processes and responsibilities

At Siegfried, we cultivate a strong risk culture aimed at identifying, controlling and preventing risks in a transparent manner.

Risk culture

Siegfried's risk management framework is structured in alignment with the widely recognized "Three Lines of Defense" model, ensuring clear accountability and effective risk oversight at every organizational level.

A key element of Siegfried's approach is the promotion of risk awareness and individual accountability throughout the organization. This is supported through Code of Conduct trainings, targeted training for risk owners, and the exchange of best practices, ensuring risk considerations are embedded into daily operations.

Siegfried's Board of Directors holds overall responsibility for risk control and management, including defining the Group-wide risk appetite. In this role, the Board approves Siegfried's risk management framework and conducts an annual assessment to ensure compliance with the following underlying principles:

Transparency

Systematically improve transparency about the company's Risk exposure



Risk management models in place

Monitoring

Manage risks in a controlled way and incorporate Risk in strategic and operational decision-making processes



Risk culture established

Prevention

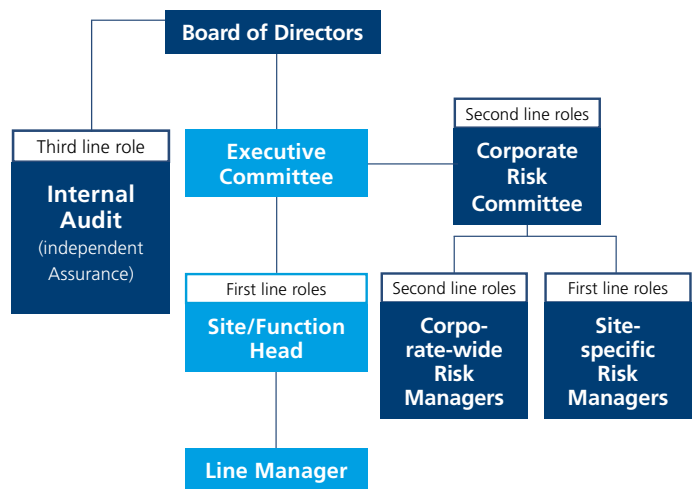
Reduce likelihood and/or impact of adverse events (mitigation, transfer, reject)



Risk process in place

Risk management governance

Based on our corporate Risk Management Manual that is applicable to all entities of the Siegfried-group ("Risk Management Manual"), Siegfried assesses and manages risks at both a consolidated/group level and at a site-specific level, including separate risk registers for each level. Both levels are evaluated and updated annually and reported to Siegfried's executive management as further specified below. Significant site-specific risks may be consolidated in the Group-wide risk register.



Siegfried's first & second line of defense

As part of Siegfried's First and Second Line of Defense, the Corporate Risk Committee, in collaboration with the Executive Committee and under the leadership of the Global Head Risk Management, ensures effective oversight, support, and coordination of risk management activities across the Group.

The following sections outline how these responsibilities are fulfilled:

1. Group-wide risks (corporate risks)

- Siegfried's Board of Directors defines the corporate risk governance framework and annually assesses Siegfried's group-wide risks. The Executive Committee is responsible for the assessment, management and annual reporting of group-wide risks to the Board of Directors in accordance with the Risk Management Manual.
- The Executive Committee has delegated the reporting on group-wide risk to Siegfried's Corporate Risk Committee under the chair of Siegfried's Global Head Risk Management.
- The Corporate Risk Committee meets semi-annually to report to Siegfried's Executive Committee and the Board of Directors.
- The heads of all global functions are responsible for managing the group-wide risks in accordance with the Risk Management Manual.
- In addition to the management of group-wide risks, Siegfried's Corporate Risk Committee may also include site-specific risks to the group-wide risk register if exceeding a certain thresholds in terms of EBITDA impact.
- The Global Head Risk Management triggers and coordinates the annual group-wide risk assessment, maintains and updates the group-wide risk register, and trains all corporate risk managers in terms of assessing and managing these risks.

2. Site-specific risks (local risks)

- The Global Head Risk Management is responsible for the consolidation of Siegfried's site-specific risks and annual reporting to the Corporate Risk Committee.
- For each site, the members of the Site Leadership Team are responsible for managing the site-specific risks in accordance with the Risk Management Manual.
- The Global Head Risk Management triggers and coordinates site-specific risk assessments, maintains a site-specific risk register for each site of the Siegfried group and trains all site-specific risk managers in terms of assessing and managing these risks.

Siegfried's third line of defense: Independent assurance

Internal Audit

Siegfried's Internal Audit plays a key role as the third line of defense within the company's risk management framework by providing independent, objective assurance on the adequacy and effectiveness of governance, risk management, and internal controls. Through its risk-based approach, Internal Audit ensures that critical risks are identified, assessed, and mitigated in alignment with Siegfried's strategic objectives.

An essential tool in this process is the development of tailored Objective-Risk Matrices. These matrices enable a structured and transparent evaluation of risk exposures, supporting informed decision-making and targeted mitigation strategies.

Internal Audit operates in accordance with the International Standards for the Professional Practice of Internal Auditing, as defined by the Institute of Internal Auditors (IIA). It provides regular reporting to senior management and the Board's Audit Committee, ensuring transparency and continuous improvement of Siegfried's risk governance practices.

The Internal Audit function not only evaluates the effectiveness of existing risk controls but also assesses the reliability of risk-related information and compliance with relevant policies, regulations, and industry standards.

Through its close alignment with Siegfried's risk management, Internal Audit contributes to strengthening the company's oversight of key risks, supporting informed decision-making and safeguarding business performance.

Risk management process

1. Risk classification

The risk management process is the same for group-wide risks and for site-specific risks, recognizing that the relevant metrics, such as EBITDA impact, are different for each level.

Siegfried systematically identifies risk categories and types. This includes the assessment of confirmed risks and the evaluation of emerging risks that need to be added to the risk registers.



Strategic risks

- Market
- Competition
- Reputation
- M&A
- Legal & compliance



Operational risks

- Production
- Governance
- IT
- Human Resource
- SHE
- Quality
- Infrastructure
- R&D



Financial risks

- Liquidity
- Capital
- Credit
- Tax
- Foreign exchange
- Commodity prices



Climate risks

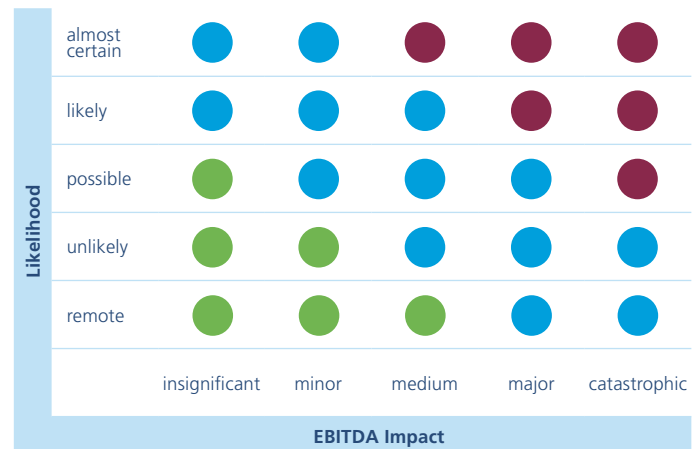
- Weather event
- Long-term shift in climate pattern
- Regulatory and legal
- Technological
- Market



External risks

- Economic
- Regulatory
- Partners
- Providers

2. Gross and net risk assessment



Risk treatment and monitoring

Each risk identified and assessed is monitored on a continuous basis and individually managed and mitigated in line with the following approach:

- Avoidance (eliminate, withdraw from or not become involved)
- Reduction (optimize – mitigate)
- Sharing (transfer – outsource or insure)
- Retention (accept and budget)

