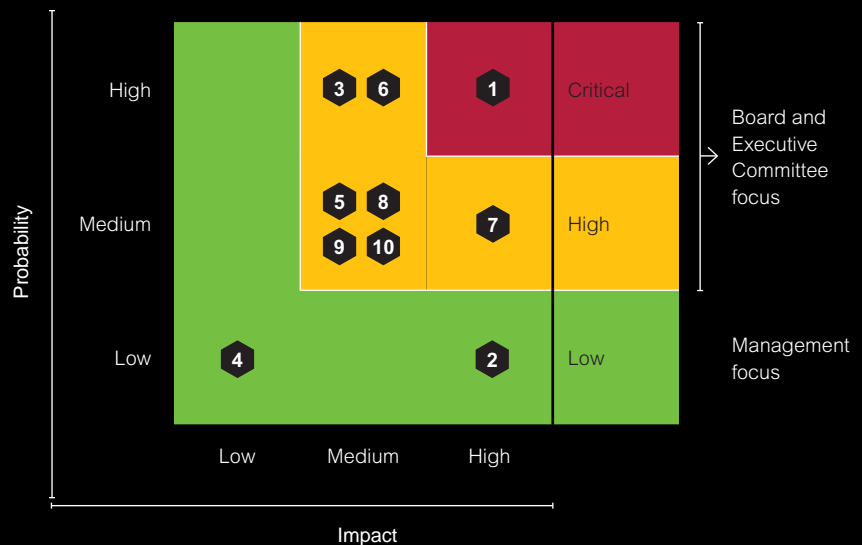


TOP TEN RISKS

The top ten risks York faces, together with the probability of these events occurring and the impact thereof (high, medium and low), are listed here. The mitigating strategies, together with opportunities arising and the KPIs, are listed alongside.

The Board and management team continuously review the top corporate risks to ensure an appropriate understanding of our operating environment.

The **residual risks** facing York are reflected on this heat map:



















The numbers on the heat map correspond to the table alongside.

York continually assesses its major risks and responses thereto.



	Key risks and description	Probability	Impact	Mitigating strategies and opportunities arising	KPIs	Capitals affected
1	KOMATILAND FORESTS (KLF)* MARKETING POLICY <ul style="list-style-type: none"> • KLF limits log supply to external parties, increasing log prices • KLF's logs are the highest priced in the country • KLF intends to invest in processing capability based on its artificially created "low demand for logs", which will further diminish log supply • KLF is not willing to provide long-term log supply agreements to its long-standing customers 			<ul style="list-style-type: none"> • York continues to engage with KLF for transparent pricing and three-year, renewable log supply agreements • Should no amicable solution be reached, York will act to protect its rights • Mutual respect and collaboration on industry matters • Alternative log supply solutions are being actively pursued • Exploring opportunities for expansion of forestry landholdings • Consolidation of operations by implementing new technology • Regime changes will increase sustainable volumes from York's own plantations 	<ul style="list-style-type: none"> • Sustainability of biological asset • Maintain value and safety margins for sawmills • Profitability – EBITDA/ revenue • Net cash from operating activities • Return on capital employed • Purchase of property, plant and equipment • Control cost of logistics 	
2	YORK'S MARKETING STRATEGY <ul style="list-style-type: none"> • GDP growth now less than 1% • Delay in housing and infrastructure projects by Government • Change in buyer behaviour 			<ul style="list-style-type: none"> • Developing alternative export markets • Expanding customer base and focus on an increase in overall product margins • Present when the customer makes decisions • Improved customer service and responsiveness • Quicker turnaround on decision-making and floor space utilisation of customers • Supply superior quality products • Upgrading processing facilities to offer a wider product range 	<ul style="list-style-type: none"> • Purchase of property, plant and equipment • New products launched • Profitability – EBITDA/ revenue • Net cash from operating activities 	
3	PESTS AND DISEASES IN PLANTATIONS <ul style="list-style-type: none"> • Insects and damage-causing animals • Diseases in pine plantations 			<ul style="list-style-type: none"> • Research projects in conjunction with various universities • Development of Forestry Health Index to identify areas in need of special attention • Development of disease-resistant hybrid species • Working with Forestry South Africa and University of Cape Town to develop sustainable solutions for the control of damage-causing animals 	<ul style="list-style-type: none"> • Value of biological asset • Profitability – EBITDA/ revenue • Total cost excluding external log purchases • Net cash from operating activities 	

* Komatiland Forests SOC Limited is a wholly owned subsidiary of South African Forestry Company SOC Limited (SAFCOL).

	Key risks and description	Probability	Impact	Mitigating strategies and opportunities arising	KPIs	Capitals affected
4	TECHNOLOGY DISADVANTAGE <ul style="list-style-type: none"> Ageing processing technology with limited process information feedback Lack of information systems integration preventing quick decision-making 			<ul style="list-style-type: none"> Upgrading processing technology to the right programmable logic controller (PLC) platforms and software packages IT systems review to identify best-fit ERP solution for improved information access to enable better decision-making 	<ul style="list-style-type: none"> Purchase of property, plant and equipment Profitability – EBITDA/revenue Value margin Safety margin Overall equipment efficiency 	  
5	FIRES <ul style="list-style-type: none"> Plantation fire – risk of fire and magnitude of loss is the highest in younger age class plantations Fuel load in plantations adds to higher fire risk 			<ul style="list-style-type: none"> Self-insurance fund fully funded Collaborative industry response Focused programme for reduction of fuel load in plantations Identification of high-risk areas, early detection and rapid initial attack Under canopy burning in appropriate high-risk areas York is a member of various fire protection associations Enhanced aerial resource coverage Enhanced digital detection with wider coverage resulting in reduced manual lookouts Continued investment in fire suppression equipment and technology Implementation of Integrated Fire Management Plan per estate, based on high-risk areas and fuel load 	<ul style="list-style-type: none"> Value of biological asset Profitability – EBITDA/revenue Total cost excluding external log purchases Net cash from operating activities Self-insurance fund value 	  
6	BIOMASS POWER PLANT PROJECT <i>Potential cancellation of REIPPPP</i> <ul style="list-style-type: none"> Government has not signed any new contracts under the REIPPPP for more than a year Programme and its continuation currently under review Political interference in electricity supply strategy of Eskom 			<ul style="list-style-type: none"> Revised processing strategy and performance targets Pursue other projects with the potential to optimise biomass utilisation Exploring alternative model to participate in energy sector 	<ul style="list-style-type: none"> Purchase of property, plant and equipment Diversified product mix – lumber:plywood:biomass Gearing Value of biological asset 	   



	Key risks and description	Probability	Impact	Mitigating strategies and opportunities arising	KPIs	Capitals affected
7	<p>COMMUNITY York required to fulfil the role of Government in serving the community</p> <ul style="list-style-type: none"> Poor basic service delivery of municipalities leading to public unrest Increased politicisation of municipal officers, abusing their positions for political gain 			<ul style="list-style-type: none"> Active engagement with local and provincial governing bodies on service delivery York has a functional healthy relationship with unions and staff York's management team communicates and engages directly with the community, unions and staff Assisting local municipality in service delivery and repairing infrastructure Various community upliftment projects Community forums ensure better understanding and communication between stakeholders 	<ul style="list-style-type: none"> Number of visits to York clinics <ul style="list-style-type: none"> Primary healthcare Counselling CSI spend on community programmes Total cost excluding external log purchases 	
8	<p>HUMAN CAPITAL</p> <ul style="list-style-type: none"> Retaining and recruitment of critical skills York staff is targeted for recruitment 			<ul style="list-style-type: none"> Competitive remuneration policy and career path development Active recruitment to ensure hired skills are a fit with York's values 	<ul style="list-style-type: none"> Staff turnover People trained Training programmes spend 	
9	<p>SPREADSHEET THINKING</p> <ul style="list-style-type: none"> Reliance on theoretical and spreadsheet-driven solutions can often result in not realising the holistic impact of the decision made based on desktop study 			<ul style="list-style-type: none"> Interactive business environment Access to all available and relevant information 	<ul style="list-style-type: none"> Reflect and review 	
10	<p>LACK OF PROBLEM-SOLVING SKILLS</p> <ul style="list-style-type: none"> Limited capability for optimal problem solving 			<ul style="list-style-type: none"> Focused training programmes Coaching and mentoring of staff Advisory Board of experts 	<ul style="list-style-type: none"> People trained 	