

## COMPANY RISK MANAGEMENT

The Company operates a risk management system within a comprehensive framework covering all risks identified as risks faced by the Company. The framework of the Company's risk management system aims to minimize and manage the risk of an event or activity that may have a negative impact on the achievement of the Company.

### Establishment of a Risk Management Work Unit

The Company has formed a Risk Management Work Unit (SKMR) to implement the principles of good corporate governance. The establishment of SKMR was based on Directors' Decree Number: 075/IP-LEGAL/BOD/SK/XII/2022 on December 19, 2022. SKMR has the functions and duties to manage and prevent risks to the Company in outline including:

1. Operational Risk
2. Market Risk
3. Credit Risk

Apart from that, SKMR will also monitor, mitigate and evaluate risks which will be submitted to the Board of Directors in the form of an SKMR work report to be reviewed and approved by the Board of Directors. The work report will be reported in the 2023 financial year.

### Overview of Risk Management

Risk management is part of the Company's control efforts by maintaining a sustainable business existence from business risk factors that can hinder the continuation of the Company's business. For this reason, the Company is committed to implementing risk management in dealing with various types of risks such as operational risk, financial risk, strategic risk, safety and environmental risk and other risks related to the business activities being carried out.

The implementation of the Company's risk management is carried out to accommodate risk management in the form of risk identification, prevention of potential risks as well as mitigation. In terms of prevention and prosecution, it is carried out in an integrated manner by cooperating with related organs such as the Internal Audit Unit and the Internal Control System Manager. This form of integration is carried out in the form of an Early Warning System.

Meanwhile, the Company's risk mitigation is carried out through the formulation of risk mitigation procedures based on the assessment of the types of risks that have been mapped in the Company's risk tolerance index.

## Risks Faced by the Company and Risk Management Efforts

No.	Risk Type	Description	How to Manage
1	Business Competition Risk	Business competition in the Company's Industry may consist of similar products or substitute products originating from within the country or abroad. These products may have more competitive prices, more advanced technology or more effective marketing strategies so that this may result in a decrease in the Company's market share. If this condition occurs, it can affect the level of income, business activities, financial condition, performance and prospects of the Company and its Subsidiaries.	The Company diversifies its products, so that the market share that has been controlled can be maintained. The Company will also continue to maintain the quality of the Company's products and continue to develop innovations to become the market leader in the Company's industry.
2	Risk of Raw Material Price	The Company cannot control the price	The Company always strives to adjust product sales

No.	Risk Type	Description	How to Manage
	Fluctuation	fluctuations of basic raw materials, including economic developments, fluctuations in foreign exchange rates, availability of raw materials, consumer demand, government policies and other conditions. The main raw material used by the Company is resin, where fluctuations in resin prices greatly affect the price of plastic raw materials used by the Company and its Subsidiaries. Instability of raw material prices may affect product selling prices, business activities, financial condition, performance and prospects of the Company and its Subsidiaries.	margins so that it can continue to provide consistent performance.
3	Risk of Changes in Foreign Exchange Rates	Most of the Company's bank loans and purchases of imported raw materials are made in foreign currencies, so the decline in the Rupiah exchange rate will result in an increase in the Company's expenses which in turn can affect the level of income, business activities, financial condition, performance and prospects of the Company and its Subsidiaries.	The Company also conducts export sales in foreign currencies so that changes in exchange rates for purchasing raw materials can be offset by sales in foreign currencies. The Company believes that the movement of the Rupiah exchange rate against foreign currencies can still be managed by the Company.
4	Risk of Dependence on Raw Material	To produce the Company's and Subsidiaries' products, raw materials are needed in	The Company always strives to regulate the need for raw materials with the estimated

No.	Risk Type	Description	How to Manage
	Supply	<p>the form of resin and other auxiliary materials. The Company has a purchase order with a supplier, but it is not certain that the supplier will always be able to provide all the raw materials needed by the Company and its Subsidiaries. The disruption in the supply of raw materials will disrupt the production process and have a negative impact on the business activities, financial condition, performance and prospects of the Company and its Subsidiaries.</p>	<p>supply and demand for the Company's products, so as to minimize the occurrence of shortages of raw materials for production.</p>
5	Production Machine Damage Risk	<p>The Company currently has various machines that are used to carry out the production process as described in the production process for roofing, facade and material products. This production process is carried out through a series of processes using these machines. If there is damage to these machines, this will disrupt the production process of the Company and its Subsidiaries, this can have a negative impact on the business activities, financial condition, performance and business prospects of the Company and its Subsidiaries.</p>	<p>The Company periodically performs maintenance on production machines so that the Company's production process is not disturbed.</p>

No.	Risk Type	Description	How to Manage
6	Risk of Rising Fuel Prices	When the product has been produced by the Company and its Subsidiaries, the product must be sent using land and sea transportation modes to distributors and Subsidiaries. So that if there is an increase in the price of petroleum materials in general, it will increase the transportation costs, which will have an impact on the increase in transportation costs for the Company and its Subsidiaries.	The Company always strives to find the most efficient mode of transportation and according to the needs of the Company.
7	Risks regarding Employment, Strikes and Termination of Employment	This risk can occur if there are employment issues, such as salary and work benefits. These issues are important for the Company and its Subsidiaries in fulfilling their obligations to employees. Because such negligence can result in a decrease in productivity, or a work strike and in the end can disrupt the operations of the Company and its Subsidiaries. In addition, if an agreement is not reached between the Company and the workforce, there may be termination of employment which will cause the Company to pay severance pay in the amount stipulated by the labor regulations, so that this will have a negative impact on the financial condition of the Company and its	The Company has complied with the labor regulations and reviewed the salaries and allowances of human resources on a regular basis.

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8	Government Policy Risk	<p>Subsidiaries.</p> <p>The Company is domiciled in Indonesia so that all of the Company's business activities cannot be separated from the policies issued by the Government. All changes that occur in policies issued by the Government can directly or indirectly affect the Company's business activities, such as permits owned by the Company or the level of availability of substitute goods. Changes in Government policy on imported goods that are becoming increasingly stringent may also affect the ease with which the Company can obtain raw materials. If this condition occurs, this may have a negative impact on the business activities, performance and financial condition of the Company and its Subsidiaries.</p>	<p>The Company always strives to conduct a thorough review of the applicable rules and regulations and strives to produce innovative and useful products for customers so that they can compete with similar products in the market.</p>
9	Risiko Ekonomi Economic Risk	<p>In general, the performance of the Company and its Subsidiaries has a relationship with economic conditions in Indonesia. Economic factors that can affect the Company's performance include rising interest rates and inflation as well as changes in taxation that may affect people's purchasing power.</p>	<p>The Company periodically conducts market analysis where the data will be the basis for taking decisions for management to determine strategic steps the company going forward.</p>

No.	Risk Type	Description	How to Manage
		If these conditions occur, it will have an impact on the business activities, financial condition, performance and business prospects of the Company and its Subsidiaries.	

## Evaluation of the Effectiveness of the Risk Management System

Risk management has contributed positively to the process of planning, decision making, and strengthening the implementation of Good Corporate Governance (GCG) in the Company. The risk management system implemented by the Company is able to minimize and/or reduce the level of impact and the possibility of risk occurring. This can be seen from the effectiveness of the quality, quantity, and time of completion of a predetermined risk mitigation plan. Through this risk management system, it can support the Company in achieving significant revenue growth to achieve the set targets.

## Risk Management Process Flow

