

RISK MANAGEMENT POLICY

I. OBJECTIVES OF IMPLEMENTING RISK MANAGEMENT

PT Indah Cup Sukses Makmur Tbk. ("Company") realizes that the implementation of an adequate risk management system plays an important role in managing various business risks faced by the Company. The implementation of risk management is expected to provide the following objectives:

- a. Providing information to management regarding the risk exposure faced;
- b. Improving decision-making methods and processes;
- c. Provide an assessment of the risks inherent in each of the Company's products and business activities.

II. ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT

Within the Company's organizational structure, the Internal Audit Unit functions to review and carry out assessments in the implementation of risk management within the Company by synergizing with risk owners and risk PICs. This unit reviews and monitors the implementation of Risk Management at the division level. In addition, the Internal Audit Unit is also responsible for facilitating the improvement of risk disclosure capabilities and encouraging the effectiveness of the development and implementation of overall risk control strategies. This is carried out through a consultation and evaluation process, to ensure that each work unit identifies the main risk factors and implements control policies to mitigate these risks.

III. RISK MANAGEMENT FRAMEWORK

The Company continues to apply a Top-Down approach as a complement to the Bottom-Up approach implemented in implementing risk management. Apart from facilitating each department within the company's work unit to identify and understand risks related to the business processes it carries out, the Internal Audit Unit also assists Management in identifying strategic risks faced by the entity.

IV. RISK PROFILE

Several main risks that have an important influence on the Company's business activities include:

a. Business Competition Risk

In the current era of open markets, competition in the manufacturing sector will become increasingly fierce with many local and international manufacturers operating. This competition arises in various aspects, including stronger financial resources and operational capabilities of international competitors, as well as product innovation, promotional and marketing methods, changes in market demand, limited public purchasing power and the Company's readiness to face unhealthy business competition.

Handling this risk is carried out, among other things, by increasing sensitivity to market changes and the ability to adapt and seize available opportunities. Apart from that, the Company is also required to be able to provide more value from the products and services

offered by the Company compared to those that can be offered by other similar companies.

b. Raw Material Price Fluctuations

The Company cannot control fluctuations in prices of basic raw materials, including economic developments, fluctuations in foreign currency exchange rates, availability of raw materials, consumer demand, government policies and other conditions. Instability in raw material prices can affect product selling prices, business activities, financial condition, performance and prospects of the Company.

The Company handles this risk by continually trying to adjust product sales margins so that it can continue to provide consistent performance.

c. Risk of Dependence on Raw Material Supply

To produce the Company's products, raw materials are needed in the form of resin and other auxiliary materials. The Company has a purchase order with suppliers, but it cannot be guaranteed that the suppliers will always be able to provide all the raw materials required by the Company.

The Company handles this risk by always trying to manage raw material needs with estimates of supply and demand for the Company's products, so as to minimize shortages of raw materials for production.

d. Risk of Production Machine Damage

The company currently has various machines used to carry out the production process. 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 Company's production process, this could have a negative impact on the Company's business activities, financial condition, performance and business prospects.

The Company handles this risk by periodically carrying out maintenance and monitoring of production machines and carrying out investment in new machines in order to replace old machines.

e. Risk of Increase in Fuel Prices

When the product has been produced by the Company, the product must be sent using land and sea transportation to the distributor. So, if there is an increase in the price of petroleum materials in general it will increase the transportation costs in question which will have an impact on increasing the Company's transportation costs.

The Company handles this risk by always trying to find the most efficient mode of transportation that suits the Company's needs.

f. Risks regarding Employment, Strikes and Layoffs

This risk can occur if there are employment issues, such as salary and work benefits. These issues are important for the Company in fulfilling its obligations towards employees. Because such negligence could result in a decrease in productivity or work strikes and could ultimately disrupt the Company's operations. In addition, if an agreement is not reached between the Company and the workforce, employment termination may occur which will cause the Company to have to pay severance pay in the amount determined by labor regulations, so this will have a negative impact on the Company's financial condition.

The Company handles this risk, namely that the Company has complied with employment regulations and carried out periodic reviews of remuneration and human resource benefits.