

## **RISK MANAGEMENT POLICY MANDIRI COAL**

PT. Prima Andalan Mandiri Tbk adopts prudent and professional principles in managing the company's risk management called "Mandiri Risk Management (MMR) to meet with the company's goal and objectives

MMR is determined by Board of Directors as a reference in achieving company's long-term goals and as a form of commitment to the implementation of risk management throughout the organization in a broad and integrated manner, in the context of accelerating the achievement of the company's vision and mission, as well as providing a framework for implementing a systematic and measurable risk management.

The objectives of the MMR are as follows:

1. To protect the company from factors that can hinder the achievement of the company's goals.
2. Information on various risks resulting from the Risk Management process is adequately reported and used as a basis for decision making by the Company
3. To minimize the risk of loss, to improve on the company's competitive performance advantage through proper risk management.

### **Risk Management Framework**

In carrying out the MMR function, the Company establishes sound risk management governance, an Independent Risk Management Unit, formulates the risk appetite and risk tolerance, and develops appropriate risk management policies and procedures to maintain risk level at predetermined limits through the following principles:

<b>Identification</b>	Risk identification aims to identify all types of risks that have the potential to hinder, reduce, or delay the achievement of existing risk targets. This process is carried out by identifying the location, time, cause and process of the occurrence of risk events that can hinder, reduce, or delay the achievement of existing targets.
<b>Accountability</b>	Applying the principle of accountability by obtaining accurate data and information so that the Company's activities can run as intended. Accountability is a necessary prerequisite to achieve sustainable performance

<b>Decision making</b>	Used in choosing the right decision by considering the information regarding risk exposure and risk appetite contained in each option.
<b>Governance</b>	Managing the company to deal with uncertainty, establish control mechanisms, maximize opportunities and minimize negative impacts
<b>Systematic and structured</b>	Implemented in a systematic, structured, and timely manner to ensure efficient and reliable results
<b>Periodic assessment</b>	Always reassess the actions taken on a regular basis
<b>Communication and socialization</b>	Aims to obtain relevant information and communicate every stage of the Risk Management process so that the relevant parties can carry out their responsibilities properly. The process inherent in the entire risk management process will be carried out by developing communication with internal and external stakeholders.
<b>Transparency</b>	Involving stakeholders, both internal and external, in every stage of risk management and being open about all mitigation actions and their progress

The Company is aware that risk management must be applied in all lines. Therefore, a Risk Management Committee was created, with everyone having a role in establishing, managing and ensuring the implementation of risk management.

### **Duties and Responsibilities of the Risk Management Committee**

The duties and responsibilities of the Risk Management Committee are as follows:

1. Review and ensure that the implementation of the risk management system is in accordance with that prepared by the Board of Directors, and evaluates whether the risk tolerance assumed by the company is appropriate.
2. Assist the Board of Commissioners in carrying out the following supervisory duties:
  - Reviewing the risk management framework, risk strategy, risk appetite and corporate objectives as prepared by the Board of Directors;

- Reviewing the adequacy and completeness of the risk management process within the company and recommending necessary improvements;
- Reviewing the company's risk profile and risk management, which includes management action plans and execution status reports from management;
- Reports and monitoring from Risk Management, including supervising reporting to the Board of Commissioners, both routinely and specifically if needed on routine issues of interest to the Board of Commissioners;
- Prepare a statement to be included in the Company's annual report regarding its activities from the Risk Management committee.

### **Risk Management Committee Meeting**

The Risk Management Committee holds at least 2 (two) meetings a year.

### **Corporate Risk Management Model**

3 Lines Model is the company's internal defense model consisting of:

#### **1. First line**

The first line is carried out by units or components or business functions that carry out daily operational activities of the company, especially those who are in the front line or spearhead of the company. In this case they are expected to:

- Ensuring a conducive control environment in the business unit.
- Implement risk management policies that have been established while carrying out their roles and responsibilities, especially in pursuing the company's growth.
- Able to demonstrate the existence of effective internal controls in the company's business units, as well as monitoring and transparency of the effectiveness of these internal controls

#### **2. Second line**

The second line carried out by the risk management and compliance functions, especially the structured one, such as the Risk Management Committee established above. In this case, it is expected to:

- Responsible for developing and monitoring the implementation of the company's overall risk management.
- Supervise how business functions are carried out within the corridor of risk management policies and operational standards set by the company.
- Monitor and report the company's risks as a whole to the Board of Directors.

Thus the second line role in the company focuses on the company on specific risk management objectives, for example: compliance with laws, regulations and ethical

behavior; internal control; technology and information security; continuity; and quality insurance

### **3. Third line**

The third line carried out by auditors, both internal and external auditors. The role of internal auditors is much more intense in this model because they are an internal part of the company that is independent of other functions. In this case, the internal auditor will:

- Review and evaluate the overall design and implementation of risk management, and
- Ensure that the first and second tiers of defense work as expected.

### **Closing**

The maturity and effectiveness of Mandiri Risk Management (MMR) in the company will be reflected in the effectiveness of the model implementation and the identification of the risk factors. The more mature it is applied, the more intense the creation of an integrated risk management culture in all lines and process of the company, leading to a strong and comprehensive level of organizational resilience. Any changes, updates, and adjustments of the company's internal policies to the dynamics of risk exposure and applicable regulations, will always be informed through this website.