

Risk Management

PT United Tractors Tbk (the “**Company**”) continuously identifies, analyzes and evaluates potential risks in regular basis. With such precaution, the Company’s organization is capable of performing necessary responses to the potential risks.

The Company in particular formulated a framework for Risk Management in 2006 when the Company, along with Astra’s Risk Management team, developed a system that is based on an Internal Control Self-Assessment. The results provided a basis for the Enterprise Risk Management Framework.

The Company’s Enterprise Risk Management Framework has been further developed with guidance from ISO 31000:2009 and Astra’s Risk Management policy. The framework calls for a continuous process of identifying, analyzing, and evaluating risks which is done through the activities of communication and consultancy, treatment, monitoring and review, and establishment of context.

The Company’s end targets for establishment and implementation of solid Risk Management framework would be to:

- Reduce the costs and mitigate any impacts from potential risks.
- Equip people with skills to performing necessary treatment and restoration in case of harmful situation and disruption to the business continuity.
- Optimize opportunities to earn profits from operational activities.

Risk Management Structure

The Company’s Enterprise Risk Management Framework and the Board of Director’s directive provide a basis for setting up an organizational structure for risk management implementation, with different authority level, assigned with various risk management responsibilities. The structure is as follows:

a. Risk Management Coordinator

Assisted by a team, the Board of Directors is accountable in coordinating and ensuring Risk Management implementation within the Company.

b. Risk Management Supervisor and Assessor

The Board of Directors and the Board of Commissioners perform supervision and assessment functions of Risk Management, with assistance from immediate subordinates.

c. Risk Owner

According to work level, Risk Owners are including:

- At Strategic Corporate level: all members of the Board of Directors.
- At Strategic level: all Division Head.
- At Operational level: all Department and Branch/Site Head.

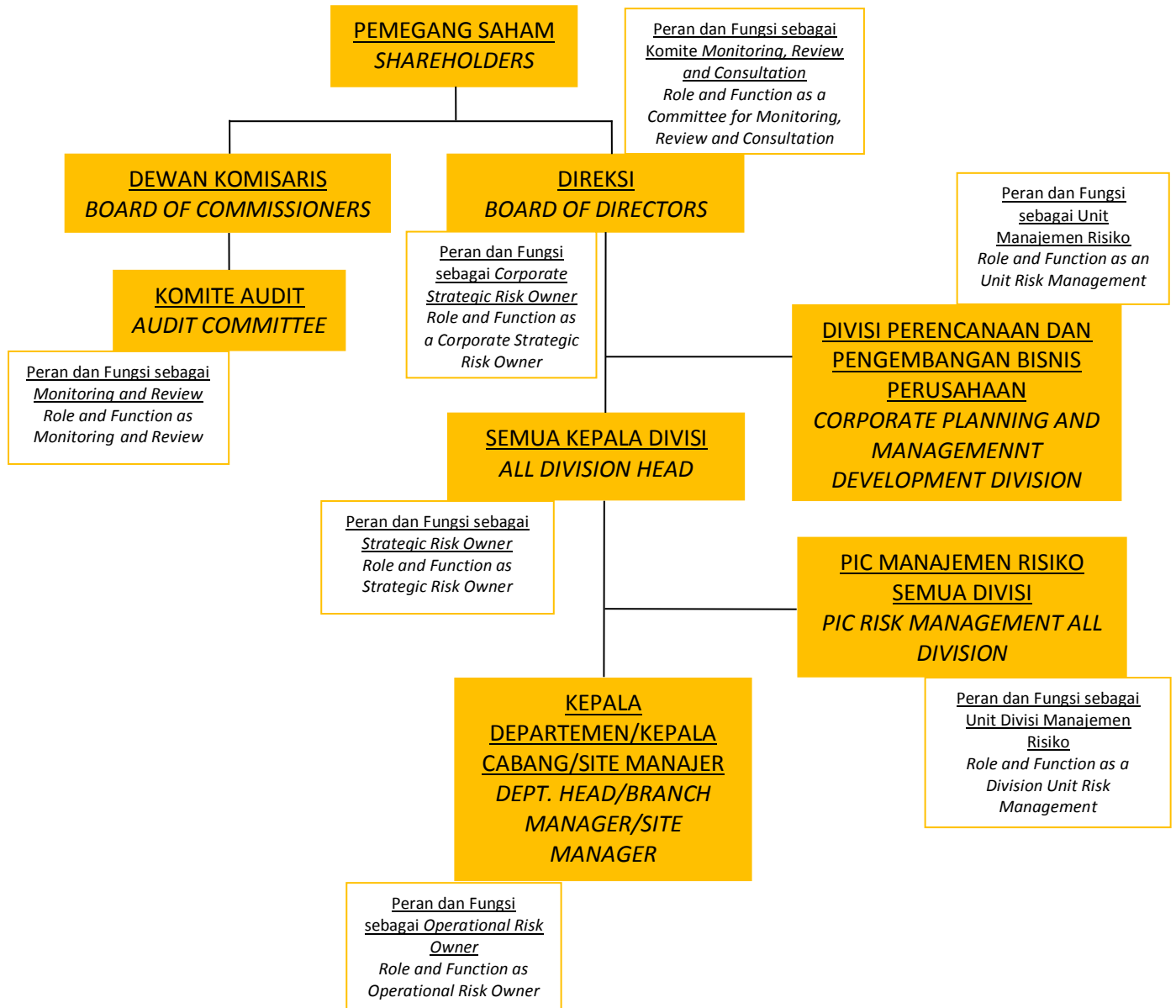
d. Risk Management Unit and Person In Charge (“PIC”)

- Risk Management unit, which is supervised by Risk Management and Management Development Department under Corporate Planning and Management Development Division, is responsible to establish Enterprise Risk Management within the Company with synergies from risk owner and risk PIC’s. This unit reviews and monitors Risk Management implementation at division level.
- Risk Management PIC’s are employees from each division that are appointed by the Division Head, as a risk owner, to specifically assist in Risk Management implementation within the division.

e. Corporate Audit Division

Corporate Audit Division is responsible to perform assessment on risk control and response plan.

Risk Management Structure in the Company



Evaluation on Effectiveness of Risk Management

The Company's Risk Management team conducts periodical assessments on the effectiveness of Risk Management implementation. The Company's Enterprise Risk Management Maturity Assessment ("EMA") assesses on aspects of internal environment, objectives setting, event identification, risk assessment, response on risk, control activities, control activities, information and communication, monitoring and continuity of operational activities.

The results of EMA will be used to improve the Enterprise Risk Governance (both Risk management framework and Risk Management process), which is reviewed annually by Astra Audit Group and Risk Advisory team.