



RISK MANAGEMENT SYSTEM

Risk management system has an important role in ensuring the realization of Good Corporate Governance (GCG) within Telkom and its Subsidiaries. By continuing to implement and improve this system on an ongoing basis, Telkom will be able to expand its business scope amidst various risks related to the transformation of communication in the digital era. In addition, risk management that goes well will support the continuity of the Company's telecommunications business in the midst of increasingly fierce competition.

GENERAL ILLUSTRATION REGARDING THE RISK MANAGEMENT SYSTEM

Telkom is obliged to implement risk management because it is listed on New York Stock Exchange (NYSE) to comply with Sarbanes-Oxley Act, specifically articles 302 and 404. In addition, as a State-Owned company, Telkom is required to implement this system in accordance with Regulation of Minister of SOE No.1 Year 2011.

From the aspect of company's internal regulations, relating to the implementation of risk management, Telkom has also issued various company policies in the form of:

1. Decision of the Board of Commissioners (KAKOM No. 7/2006 Risk Management regarding Authorities and Responsibilities of the Board of Commissioners, Obligations of the Board of Directors regarding Implementation of Risk Management);
2. Decision of the Board of Directors/Regulation of the Board of Directors (KD 13/2009 regarding Guidelines for SOX Management Sections 302 and 404, Company Management refers to the provisions of the US SEC and PD 614.00/r.01/2021 regarding Telkom Enterprise Risk Management);
3. Regulation of the Board of Directors (PR614.00/r.00/2016 regarding Guidelines for Implementation of Enterprise Risk Management (Telkom Enterprise Risk Management).

These various regulations and provisions are the basis for Telkom to carry out risk management, of course, it has referred to various existing standards and best practices.

RISK MANAGEMENT SYSTEM (FRAMEWORK) AND POLICY

In implementing risk management policies, Telkom is guided by two policy bases, namely Regulation of the Board of Directors No. PD.614.00/r.01/HK.200/COP-D0030000/2021 dated April 30, 2021 regarding Corporate Risk Management (Telkom Enterprise Risk Management) and Regulation of the Director of Finance number PR.614.01/r.00/HK200/COP-D0030000/2016 regarding Guidelines for the Implementation of Corporate Risk Management (currently still in the process of updating).

In 2021, the standardization of risk management at Telkom from which originally referred to COSO ERM switched to ISO 31000:2018 Risk Management - Principles and Guidelines, where this standardization consists of 3 (three) main components, namely:

1. Principle as the foundation of how risk management works to ensure the creation and protection of value;
2. Framework that regulates the commitment to the roles and division of risk management functions;
3. Process that describes the activities/stages in carrying out risk management. The risk management process consists of 6 (six) processes, namely:
 - a. Setting context - Scope, context and criteria;
 - b. Risk assessment which consist of:
 - i. Risk identification;
 - ii. Risk analysis;
 - iii. Risk evaluation.
 - c. Risk treatment;
 - d. Communication and consulting;
 - e. Monitoring and review;
 - f. Recording and reporting.