RISK MANAGEMENT SYSTEM

Within Telkom and its Subsidiaries, the risk management system has an important role in realizing GCG. Various business risks can be identified through the implementation and continuous improvement of the management system. By implementing a good risk management system, the company can compile appropriate risk changes to support business expansion and expansion of business scope for communication transformation in the digital era.

GENERAL ILLUSTRATION REGARDING THE RISK MANAGEMENT SYSTEM

As a company listed on the New York Stock Exchange (NYSE), Telkom has an obligation to implement risk management by complying with the Sarbanes-Oxley Act, specifically articles 302 and 404, also SOE Minister Regulation No. 1 of 2011. Implementation of a risk management system is not only a form of Telkom's compliance, but so that the company's business continuity can run well.

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

1. Decision of the Commissioners (KAKOM No. 7/2006 Risk Management regarding the Authorities and Responsibilities of the Commissioners, the Obligations of the Directors regarding the Implementation of Risk Management);
2. Decree of the Board of Directors/Regulation of the Board of Directors (KD 13/2009 regarding Guidelines for the Management of SOX Sections 302 and 404, Company Management refers to the provisions of the US SEC;
3. Regulation of the Board of Directors of a Limited Liability Company (Persero) (Number: 614.00/r/01/HK200/COP-D0030000/2021) regarding Company Risk Management;
4. Regulation of the Director of Finance and Risk Management (PR 614.00/r.01/HK200/COP-I0000000/2022 regarding Guidelines for Implementing Corporate Risk Management (Telkom Enterprise Risk Management);
5. Standard Operation Procedure, (Number: SOP.RMPP.03/RSG/2022) regarding the explanation of the regulations for the director of finance and risk management for corporate companies (Persero) PR 614.00/r.01/HK200/COP-I0000000/2022 regarding implementation guidelines for enterprise risk management.

These various regulations and provisions form the foundation for Telkom to carry out risk management, of course referring to various existing standards and best practices.

HEAD OF RISK MANAGEMENT DEPARTMENT'S PROFILE

JATI WIDAGDO

Age
49 years old

Nationality
Indonesian

Domicile
Jakarta, Indonesia

Education
- 1996   Bachelor Degree in Industrial Engineering, Sekolah Tinggi Teknologi Telkom, Indonesia.

Executive Course
- Executive Education: INSEAD (Global Leadership Course).
- Kellog Northwestern (Operational Strategy).
- Standford (Driving Innovation).
- BCI (Risk Management & Business Continuity Plan.

Basis of Appointment
Decision Letter of Telkom Directors No. SK 1804/PS720/HCB-105/2021 dated July 30, 2021 regarding Employee Movements.

Term of Office
August 1, 2021 up to present.

Career Experiences
- 2021 - Present   SVP Risk Management.
- 2020 - 2021   CEO Admedika.
- 2019 - 2020   CEO BOSNET Distribution Indonesia.
- 2016 - 2019   Director IT and Operation PT Integrasi Logistik Cipta Solusi.
- 2009 - 2016   Assistant Vice President RPM in Telkom.

Experience Engaged in Strategic Projects
- 2020 - 2021   Head of PMO Digital Market (PADI) MSME Ministry of SOE.
- 2020   Lead of Digitization Port and Logistics.
- 2017 - 2019   Digital Healthcare.

JAJAT SUTARJAT

Age	Nationality	Domicile
55 years	Indonesian	Bandung, Indonesia

Educational Background

2003	MM Financial STMB Yayasan Pendidikan Telkom.
1992	Bachelor of Industrial Engineering ITB.

Executive Course

1. Euromoney-Hongkong (M&A Winning Strategy).
2. American Management Association (AMA Strategic Planning).
3. The 9th Annual on Future EMEA Executive - STL Telco 2.0/London.
4. Workshop & Executive Training ICFR - Ernst & Young.
5. Risk Governance Master Class - ERM Academy/Malaysia.
6. London (Working with Business Processes: Discovery, Assessment, Mapping, Analysis and Design).

Certification

1. Certified Governance Risk Compliance Professional (GRCP) OCEG 2022.
2. Certified Governance Professional (CGP) LSP MKS 202.
3. Certified Risk Professional (CRP) LSPPM 2021.
4. Certified in Enterprise Risk and Governance (CERG) from CRMS - Kuala Lumpur 2017.

Basis of Appointment

Decision Letter of Telkom Directors No. SK 1247/PS720/HCB-105/2022 dated August 26, 2022 regarding Employee Movements.

Term of Office

August 26, 2022 up to present.

Career Experiences

2022 – Present	VP Risk Operation & Process Management.
2021 – 2022	VP Risk Strategy & Governance.
2020 – 2021	VP Governance & Risk Management
2017 – 2020	Senior Principal Expert Risk and Process Assurance .
2015 – 2017	VP Risk & Process Management.
2012 – 2014	VP Corporate Strategic Planning.
2006 - 2012	AVP Corporate Strategic Planning.

RISK MANAGEMENT DEPARTMENT'S TRAINING AND CERTIFICATION

As a commitment to constantly improve the risk management system, Telkom regularly enrolls members of the Risk Management Department to attend education and training to improve competency and quality.

Apart from that, just like in previous years, Telkom conducted outreach and workshops on risk management in offices, divisions, and subsidiaries. This is done so that all units within Telkom have the same understanding in the implementation of risk management. The table below describes the risk management training activities in 2022:

RISK MANAGEMENT TRAINING IN 2022

No.	Year	Name	Training Activities	Organization Institution
1.	2022	ISO 22301 BCMS Lead Implementer	Online	Sprint Consultant
2.	2022	Risk Assessment Project	Online	Tap Kapital
3.	2022	Risk Based Audit	Online	CRMS (Center of Risk Management & Sustainability)

No.	Year	Name	Training Activities	Organization Institution
4.	2022	Training Anti-Fraud: *Membangun Strategi Anti-Fraud dalam Organisasi*	Online	ACFE (Association of Certified Fraud Examiners)
5.	2022	Training ASEAN Corporate Governance Scorecard (ACGS)	Online	Indonesian Institute for Corporate Director
6.	2022	Risk Based Budgeting	Online	CRMS (Center of Risk Management & Sustainability)
7.	2022	Assessment significant business process ICOFR	Online	Deloitte
8.	2022	Business Process Management	Online	IPQI Training Center Member of Proxsis

PROFESSIONAL CERTIFICATION

Risk Management Department consists of professionals who are experts in their fields. By the end of 2022, there are 17 members of Telkom Risk Management Department who have professional certifications related to risk management, as presented in the table below.

No.	Member's Name	Certification		Year of Review	Status
1.	Jajat Sutarjat	a.	Certified in Enterprise Risk Governance (CERG)	2017	Active
		b.	Certified Risk Professional (CRP)	2021	Active
		c.	Certified Governance Professional (CGP)	2021	Active
		d.	Certified Risk Governance Professional (CRGP)	2022	Active
2.	Moh Ahmad	a.	Certified in Enterprise Risk Governance (CERG)	2017	Active
		b.	Certified Risk Professional (CRP)	2020	Active
		c.	Certified Governance Professional (CGP)	2021	Active
		d.	Certified Risk Governance Professional (CRGP)	2022	Active
3.	Hendri Purnaratman	a.	Certified Risk Professional (CRP)	2021	Active
		b.	Certified Governance Professional (CGP)	2021	Active
		c.	Certified Risk Governance Professional (CRGP)	2022	Active
4.	Agus Suprijanto	Certified Risk Professional (CRP)		2020	Active
5.	Rudi Sudiro M	Certified Risk Professional (CRP)		2020	Active
6.	Iswatoen Hasanah	Certified Risk Professional (CRP)		2020	Active
7.	Tati Krisnayanti	Certified Risk Professional (CRP)		2020	Active
8.	Fivtina Marbelanty	Certified Risk Professional (CRP)		2020	Active
9.	Sophia Khana	a.	Certified Risk Professional (CRP)	2021	Active
		b.	Certified Governance Professional (CGP)	2021	Active
10.	Meylia Candrawati	a.	Certified Risk Professional (CRP)	2021	Active
		b.	Certified Governance Professional (CGP)	2021	Active

No.	Member's Name	Certification	Year of Review	Status
11.	Nofriandi Rosa	Certified Risk Professional (CRP)	2021	Active
12.	Tatwanto Prastistho	Certified Risk Professional (CRP)	2021	Active
13.	Dimas Prasstyo	Certified Risk Professional (CRP)	2021	Active
14.	Ardistya Wirawan	Certified Risk Professional (CRP)	2022	Active
15.	Alya Mutiara Basti	Certified Risk Professional (CRP)	2022	Active
16.	Rizka Raniah Rahmat	Certified Risk Professional (CRP)	2022	Active
17.	Niken Dwi Trisnaningati	Certified Risk Professional (CRP)	2022	Active

In addition, training and certification programs are also aimed at divisions and/or sub-units where, in 2022 the Certified Risk Professional (CRP) program has been carried out for 22 Telkom employees who are the main risk managers in their respective divisions and/or sub-units. So that since 2020 the total number of TelkomGroup employees who have participated in the Certified Risk Professional (CRP) program are 115 employees.

RISK AWARENESS AND CULTURE

In line with the Strategic Plan of the Ministry of SOEs 2020-2024, specifically related to strengthening the risk management function and GCG of SOEs, increasing the Risk Aware Culture is important in achieving company targets & goals.

A good Risk Aware Culture can improve:
1. Organizational capability to manage measurable risk levels
2. Improving Corporate Governance Compliance
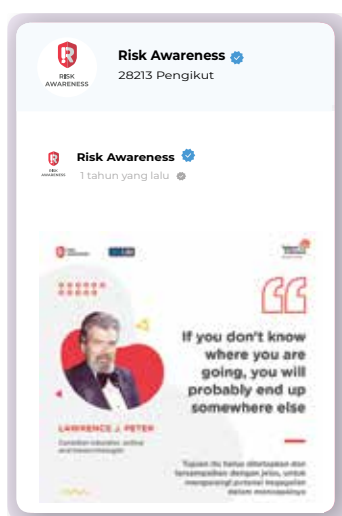3. Achievement of company performance targets

As a basis for the behavior of Telkom personnel in realizing risk management practices, Risk Aware Culture is one of the implementations of AKHLAK's Core Values, especially on the KOMPETEN value, namely continuing to learn and develop capabilities. The risk awareness program is carried out in 3 categories, namely the leader journey, people journey, and program journey.
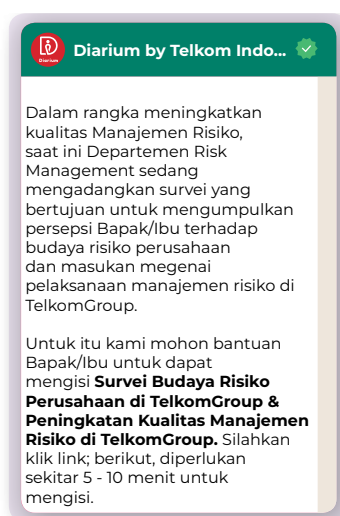
1. **Leader Journey**
   a. Sharing Session Involving Telkom Leaders
      Telkom routinely conducts sharing sessions involving C-Level Executives from divisions and subsidiaries with the aim of building a commitment to risk management implementation.
   b. Training and Certification
      Telkom also strengthens risk management through relevant training programs that are attended by Heads of Units and Management of Subsidiaries.
   c. Webinars with External Experts
      The webinar program is conducted by external experts, both consultants, practitioners, and academics.

2. **People Journey**
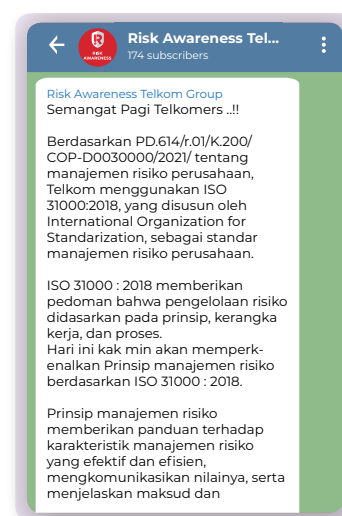   a. Communicate Clearly (Compile Story)
      Telkom's Risk Management Department intensively conducts advisory and also provide coaching to Units and Subsidiaries in order to strengthen risk management through several platforms (information listed on the platform is available in Indonesian language) including:
      1) Diarium (Digital Poster)
      2) Telegram Channels
      3) WhatsApp Blast

Risk Awareness ✔
28213 Pengikut

Risk Awareness ✔
1 tahun yang lalu

If you don't know where you are going, you will probably end up somewhere else

LAWRENCE J. PETER

Display of the Risk Awareness Channel on the TelkomGroup Diarium Platform

Diarium by Telkom Indo... ✔

Dalam rangka meningkatkan kualitas Manajemen Risiko, saat ini Departemen Risk Management sedang mengadangkan survei yang bertujuan untuk mengumpulkan persepsi Bapak/Ibu terhadap budaya risiko perusahaan dan masukan megenai pelaksanaan manajemen risiko di TelkomGroup.

Untuk itu kami mohon bantuan Bapak/Ibu untuk dapat mengisi **Survei Budaya Risiko Perusahaan di TelkomGroup & Peningkatan Kualitas Manajemen Risiko di TelkomGroup.** Silahkan klik link; berikut, diperlukan sekitar 5 - 10 menit untuk mengisi.

Display Broadcast on Whatsapp Diarium

Risk Awareness Tel...
174 subscribers

Risk Awareness Telkom Group
Semangat Pagi Telkomers ..!!

Berdasarkan PD.614/r.01/K.200/ COP-D0030000/2021/ tentang manajemen risiko perusahaan, Telkom menggunakan ISO 31000:2018, yang disusun oleh International Organization for Standarization, sebagai standar manajemen risiko perusahaan.

ISO 31000 : 2018 memberikan pedoman bahwa pengelolaan risiko didasarkan pada prinsip, kerangka kerja, dan proses.
Hari ini kak min akan memperk-enalkan Prinsip manajemen risiko berdasarkan ISO 31000 : 2018.

Prinsip manajemen risiko memberikan panduan terhadap karakteristik manajemen risiko yang efektif dan efisien, mengkomunikasikan nilainya, serta menjelaskan maksud dan

Display of the Risk Awareness Channel on Telegram

b. Mandatory Digital Learning

Telkom conducts mandatory digital training related to risk management which must be attended by all TelkomGroup entities. Besides that, after participating in digital training, awareness measurements were also carried out in the form of a risk culture survey.

SUMMARY IMPROVEMENT PROGRAM RISK AWARENESS

No.	Issue	2021	2022	2021 Program Evaluation
1.	Policies, regulations and SOPs related to Risk Management	As many as 68% of respondents strongly agree and agree that policies, regulations, and SOPs related to Risk Management are easy to obtain.	As many as 89% of respondents strongly agree and agree that information regarding risk management policies and procedures can be accessed easily by all units.	Create Risk Management management policies that are contained in the PD, PR and SOP uploaded to the ERM Online application.
2.	Implementation of Risk Management (Risk Monitoring)	As many as 80% of respondents strongly agree and agree That the management of major unit risks has been carried out properly, monitored transparently and measured objectively.	As many as 86% of respondents strongly agree and agree that they have monitored risks, have used ERM Online in compiling and regularly updating the Risk Register and Risk Reporting.	Socialization and enhancements have been carried out on the ERM Online application in order to make it easier for units to carry out risk monitoring in a transparent manner.
3.	Implementation of Risk Management (Risk Evaluation)	As many as 32% of respondents strongly agree and agree that monitoring and evaluation of the implementation of risk management in the workplace has not gone well.	As many as 92% of respondents strongly agree and agree that periodic monitoring and updating of risk mitigation reports have been carried out which have been evaluated by the Risk Management Department.	· Implementation of LO (Liaison Officer) to strengthen and oversee risk management in units and subsidiaries. · Evaluation and Assessment of RME KPIs every quarter.

No.	Issue	2021	2022	2021 Program Evaluation
4.	Risk management budget	As many as 22% of respondents strongly agree and agree that Senior Leaders find it difficult to allocate budgets related to risk mitigation activities.	As many as 93% of respondents strongly agree and agree that the risk mitigation plan has been integrated with the budget preparation process to mitigate risk.	Adding quantitative features to the ERM Online application (Budget Plan, Realization of risk response, risk impact).
5.	Risk management competency	As many as 68% of respondents strongly agree and agree that the competency of the person in charge of risk management in the unit is still lacking, so it needs to be improved.	As many as 90% of respondents strongly agree and agree have PIC Risk Management to help identify and manage risks.	Conduct CRP training and certification for risk managers in related units.

c. New Employee Training Program
Every new employee is required to attend several trainings, one of which is regarding Risk Management.

3. Program Journey
a. Breakdown Silos
The Risk Management Department acts as an intermediary and communication center across divisions and subsidiaries to be able to carry out collaborative cooperation in the context of mitigating corporate risk. One form of activity that has been implemented is advisory for the alignment of strategy and risk management of all units.
b. Assume responsibility for risk
There is a risk manager in each division and subsidiary who conducts direct identification and monitoring so that it is expected to be able to capture all possible risks that exist in the company.
c. Utilization of technology and IT tools
Telkom has an online ERM application that is used by all divisions and subsidiaries in real time. Some of the modules that have been developed include:
1) Telkom and Subsidiaries' Risk Register Module
2) Project Risk Module
3) EWS (Early Warning System) Module
4) LED Module (Loss Event Database)
5) Support Needed Module
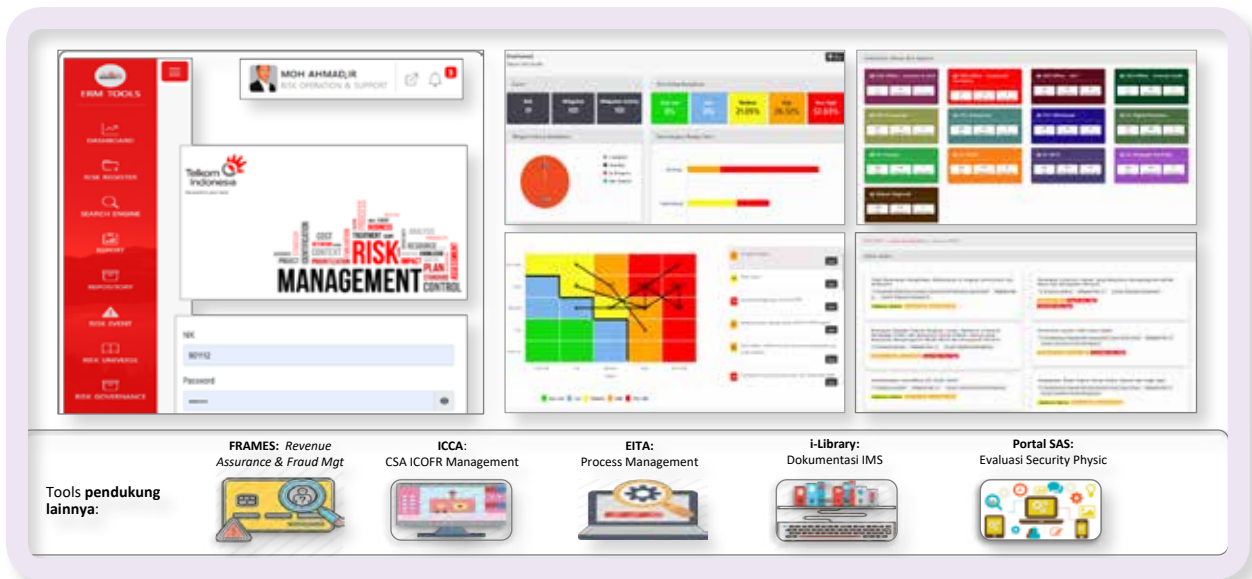
Display of ERM TelkomGroup Online Application

d. Implement risk management KPIs

The Senior Leader's commitment to the implementation of risk management is evidenced by the implementation of KPI Risk Management Effectiveness as one of the performance indicators assessed for all BOD-1 units in Telkom. Assessment is carried out quarterly by Telkom's Risk Management Department on the Risk Register and Risk Reporting of all BOD-1 units. The parameters used to evaluate the effectiveness of Risk Management include completeness, quality, and reporting time delivery.

RISK MANAGEMENT DEPARTMENT'S ACTIVITIES

During 2022, the Risk Management Department has carried out its duties and responsibilities in managing various risks. Duties and responsibilities that have been carried out, namely:

1. Compile and update the TelkomGroup risk profile.
2. Developing CSS and RKAP risk factors.
3. Coordinate and carry out advisory activities in the context of compiling risk registers, risk reviews, and escorting ERM improvements in both units and subsidiaries.
4. Updating the risk universe.
5. Conduct risk taxonomy mapping based on SOE Minister Regulation Number PER-5/MBU/09/2022 regarding Implementation of Risk Management in State-Owned Enterprises.
6. Categorizing parent entities and entities under the TelkomGroup parent company based on risk intensity referring to the Minister of SOE Regulation Number PER-5/MBU/09/2022 regarding Implementation of Risk Management in State-Owned Enterprises.
7. Perform alignment of risk management implementation with Subsidiaries.
8. Conducting Risk Maturity 2022 measurements at Telkom and 12 Subsidiaries with external independent consultants.
9. Develop a TelkomGroup ERM strategy and roadmap.
10. Develop and implement a risk management architecture (risk appetite, risk acceptance criteria, risk tolerance, risk capacity).
11. Coordinating the risk-based budgeting unit together with financial control.
12. Coordinating the preparation/updating of the BCP Set.
13. Coordinate risk assessment and business impact analysis.
14. Perform BCP (sampling) evaluation and testing.
15. Carry out ISO 22301 Certification: BCMS.
16. Managing Insurance (property, Director & Officer/ DNO, personal accident, in-orbit satellite insurance, etc.).
17. Support revenue assurance.
18. Oversee the implementation of fraud management.
19. Carry out the ICoFR fraud risk assessment business process.
20. Prepare risk management reports to BOD and BOC.
21. Prepare risk management reporting and support the risk management agenda of the Ministry of SOEs.
22. Develop and update ERM policies and SOPs (ERM PR, ERM SOP, guidelines for implementing risk assessment, BCMS, insurance, fraud management, and revenue).
23. Planning and facilitating the assessment of the effectiveness of risk management (risk maturity assessment).
24. Compiling, developing, and evaluating key performance indicators for risk management effectiveness units.
25. Develop policies, governance, and good corporate governance roadmaps.
26. Develop policies, governance, and quality management roadmaps.
27. Formulate policies (including methods), governance, process management mechanisms, and communications.
28. Manage, design, and develop company business processes (enterprise-wide processes, business unit processes).
29. Manage, design, and remediate ICoFR business processes.
30. Review the organization's high-layer business processes.

TYPES OF RISK AND MANAGEMENT METHOD

The Risk Management Department at Telkom has a function to assist the Company's management in identifying strategic risks related to business processes. The following table presents some of the main risks that affect Telkom's business activities.

TABLE OF RISK AND MANAGEMENT METHOD

Type of Risk	Risks that is Faced	The Impact to Telkom	Mitigation/Risk Management
1. Sistemic Risks			
Political and Social	Disruptions to political stability, social, and security turmoil both domestically and internationally caused by specific issues such as geopolitical crises, trade wars, and so on.	Has a negative impact on business growth, operations, financial condition, results of operations, supply chain of production equipment and prospects, as well as market prices of securities.	a. Monitoring the influence of socio-political turmoil on operational/service disruptions. b. The maintenance of awareness through the improvement of safety & security functions. c. Monitoring supply chain issues related to raw materials and looking for alternatives to materials/device designs.
Macro Economy	Changes in the rate of inflation. The fluctuation of Rupiah Exchange rate. Increase in energy and fuel prices. Increase in loan interest rates. The decrease of Government or Company's credit rating.	1. Affects the purchasing power and ability to pay customers. 2. Have the impact on the business, financial condition, business result or business prospect. 3. Have a material adverse effect to the business, financial, condition, business proceeds or business prospect.	a. Monitoring the influence of macroeconomy to the change to increase the expense through Cost Leadership program. b. To look for the opportunity to increase the spending of APBN pursuant to the government focus (health, energy, education, etc).
Risk of Disaster	Natural disasters such as floods, lightning, hurricanes, earthquakes, tsunamis, volcanic eruptions, epidemics, fires, droughts and pandemics, as well as other events such as power outages, riots, terrorist attacks, which are beyond Telkom's control.	Disrupting its business operations and give negative impact to the financial performance and profit, business prospect as well as market price of securities.	a. Monitoring indicators that have the potential to cause disturbances to equipment such as device humidity and temperature, ship traffic on the SKKL route through the system. b. Transfer of risk by using the insurance of assets to anticipate the natural disaster and fire. c. Coordination with ASKALSI (Indonesian Sea Cable Association) and BAKAMLA (Indonesian Marine Safety Agency) to secure SKKL. d. Preventive & corrective action by preparing the disaster recovery plan and crisis management team.

Type of Risk	Risks that is Faced	The Impact to Telkom	Mitigation/Risk Management
2. Business Related Risks			
Operational Risk	The failure in the sustainability of network operation, main system, gateway on Telkom's network, or other operator's network.	Has the negative impact to the business, financial condition, proceeds from the operation and business prospect.	a. Implementation of BCM, BCP, and DRP. b. Certification of Integrated Management System (IMS) for infrastructure management.
	Threat of physical and cyber security, such as brute force attack, DDoS attack, and threats do Data Center.	Has the negative impact to the business, financial condition, result from the operation materially.	a. The upgrade of preventive action in the form of vulnerability assessment and penetration test periodically. b. Monitor and identify all types of attack in the real-time as well as to choose and conduct a necessary action immediately. c. Preparing the recommendation to handle cyber attack based on the historical incident analysis. d. Intensive coordination with relevant parties to handle the cyber attack.
	Risks related to sub-optimal internet services.	May face a lawsuit and damage the reputation.	To be more prudent in the preparation of contract with content provider partner.
	New technology.	Has an impact on the competitive power.	a. The preparation of Technology Roadmap by taking into account future technologies and the possible implementation of competitor's technologies. b. Acceleration of IDN (Indonesia Digital Network) program to support future services.
	The limit of operation period, damage or ruin, delay or failure to launch, or the revocation of satellite license.	Can create loss to financial condition, operation result, and capability to give services.	a. The planning to change the satellite of which operation period will be immediately expired. b. The insurance of satellite operation during the active period. c. Insurance for manufacturing and launching of new satellite. d. Developing the understanding with regulator in relation to the satellite operation by Telkom.
Financial Risk	Interest rate risk.	Has an impact on increasing interest expenses, especially for floating interest loans.	Interest rate swap contract from the float interest rate to become the fix interest rate upon certain loan term.
	Market price risk.	Has an impact of changes in fair value on the performance of financial assets measured through profit or loss.	Perform hedging activities of financial assets.

Type of Risk	Risks that is Faced	The Impact to Telkom	Mitigation/Risk Management
	Foreign exchange rate risk.	Has negative impact on the financial condition or result from the operation.	Placement of time deposit and hedging to cover the fluctuation risk of foreign exchange.
	Credit risk mainly from trade receivables and other receivables.	Adverse impact on financial condition, operational performance, and business prospects.	Continuous monitoring of accounts receivable balances and periodic billing.
	Liquidity risk.	Adverse impact on financial condition, operational performance, and business prospects.	a. Maintaining adequate cash balances in an effort to fulfill financial liabilities. b. Perform analysis to monitor statement of financial position liquidity ratios such as current ratio and debt to equity ratio against debt agreement requirements.
	The limitation of financing capital expenditures.	Has a material adverse effect to the business, financial condition, operational performance, and business prospect.	Maintaining and improving the Company's performance to gain the trust from national or global fund institution sources.
Legal and Compliance Risk	Penalty/fine by KPPU in relation to the price-fixing and the occurrence of class action.	Reducing Telkom's revenue and has negative impact to the business, reputation, and profit.	Strengthening legal review towards corporate action plan or certain contract.
Regulation Risk	The change of Indonesian or International Regulation.	Has the impact to the business, financial condition, operational performance, and business prospect.	a. Analysis on the impact of the regulation plan towards the industry in general and Telkom in particular. b. Giving inputs so that the regulation that will be stipulated will give positive impact to the Company and industry.
Transformation Risk	The failure of significant business and organizational transformation initiatives.	Has an impact on business growth and the company's financial performance in the short and long-term.	a. Market Assessment and strategic situation analysis on transformation initiatives. b. Preparation of strategic fit and roadmap for transformation initiatives. c. Conducting risk assessment of transformation initiatives both at the pre and post-transformation stages. d. Implementation of change management by maximizing the Project Management Office (PMO) function.

RISK MANAGEMENT SYSTEM'S REVIEW ON THE EFFECTIVENESS

During 2022, Telkom's risk management system has been running effectively. The implemented system can manage Telkom's various business risks to support every policy and process in the TelkomGroup. The effectiveness of the risk management system at Telkom is supported by several tools or risk management information systems, namely:

1. Generic Tools Enterprise Risk Management Online (ERM Online), which is used by all units to manage risk register.
2. Specific Tools for certain risk management which are:
   a. Fraud Management System (FRAMES) application is used as an early detection system for the possibility of Customer and Third Party Fraud.
   b. i-Library application managed by Service Operation Division and to be used to manage the documentation system of the Integrated Management System.
   c. SMK 3 Online application managed by Security & Safety unit for Health and Safety Documentation Management.

The evaluation process for assessing the effectiveness of Risk Management implementation will be carried out in 2022, namely:

1. Measurement of Risk Maturity Index (RMI).
2. Monitoring and evaluation of the effectiveness of risk mitigation through the ERM Online application.
3. One-on-one evaluation/discussion and advisory with business units as needed.
4. Joint reporting and evaluation with BOD and Committee for Planning and Risk Evaluation and Monitoring (KEMPR).

STATEMENT OF BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS ON ADEQUACY OF RISK MANAGEMENT SYSTEM

In an effort to ensure the implementation of risk management, the Board of Directors and Board of Commissioners through the Planning and Risk Evaluation and Monitoring Committee conduct meetings with the Risk Management Department on a regular basis. The meeting discussed risk monitoring in the corporate environment and follow-ups that have been carried out by the risk owner to minimize the risks that occur. The Risk Management Department will report to the Board of Directors and Board of Commissioners the results of risk monitoring on a quarterly basis.

In 2022, the Board of Directors and Board of Commissioners assess that the risk management system at Telkom has been running well according to and fulfilling the adequacy of the policies and standards referred to. The adequacy includes among others:

1. **Adequacy of Risk Management Information System**
   The risk management system implemented in the Company refers to the ISO 31000:2018 framework and adopts various international standards to ensure the best implementation of risk management. The preparation of the company's risk register and risk profile has utilized the ERM Online application, as well as the monitoring and evaluation process as well as the dashboard.

2. **Adequacy of Risk Identification, Measurement, Monitoring, and Control Processes.**
   The Board of Directors through the Internal Audit function has carry out inspections, evaluations, reports, and/or recommendations for improvement of adequacy and the effectiveness of the risk management process then followed up through evaluation by the Evaluation Committee and Planning and Risk Monitoring.

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 (Telkom Enterprise Risk Management).

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**
   Risk Management Principles as the foundation for how risk management works to ensure the creation and protection of value, including:
   1) Integrated
      Risk management is an integrated part of the company's overall activities.
   2) Structured & Comprehensive
      In practice, the company takes a structured and comprehensive approach to provide consistent and comparable results.
   3) Customized
      The risk management framework and process must be adapted and proportionate to the external and internal context of the organization in line with the company's goals.
   4) Inclusive
      It is necessary to involve the right stakeholders at the right time to take their knowledge, views, and perceptions into account, thereby increasing awareness of risk management, which is well-informed.
   5) Dynamic
      Risks can appear, change, and disappear along with the changes in the context and conditions of the company's internal and external environment. The application of risk management must be able to anticipate, detect, acknowledge, and respond to these changes and events in an appropriate and timely manner.

6) Best Available Information
   Risk management is based on historical, current information and expectations for the future. Risk management explicitly considers all limitations and uncertainties associated with such information and expectations. Information must be timely, clear, and available to relevant stakeholders.
7) Human & Culture Factors
   Behavior and culture significantly affect all aspects of risk management at every level and stage of the company's activities.
8) Continuous Improvement
   Risk management is continuously improved through learning and experience.

2. **Framework**
   The framework that regulates the commitment to the role and division of Telkom's risk management functions includes:
   1) Leadership & Commitment
      i. The Board of Directors ensures that risk management is integrated into all activities of the Company and must demonstrate leadership and commitment, by:
         a. Customize and implement all components of the framework;
         b. Issue a statement or policy that sets out risk management approaches, plans, or actions;
         c. Ensure that necessary resources are allocated to manage risk;
         d. Establish authority, responsibility, and accountability at the appropriate level within the Company.
      ii. The Board of Directors is responsible for managing risks, while the Board of Commissioners is responsible for overseeing risk management.
   2) Integration
      i. Risk management becomes inseparable from the Company's objectives, governance, leadership and commitment, strategy, goals, and operations.
      ii. The integration of risk management into the Company is a dynamic and iterative process and must be adapted to the needs and culture of the Company.
      iii. Risks are managed in every part of the Company's structure, where everyone in the Company has the responsibility to manage risks.

3) Design
   i. The design of the risk management framework is carried out by examining and understanding the external and internal context of the Company.
   ii. The Board of Directors and the Board of Commissioners demonstrate and articulate their ongoing commitment to risk management through policies, statements, or other forms, and are communicated within the Company and stakeholders.
   iii. Authority, responsibility, and accountability related to risk management are established and communicated at all levels within the Company.
   iv. Management ensures the appropriate allocation of resources for risk management.
   v. The Company establishes approved communication and consulting approaches to support the framework and facilitate the implementation of effective risk management.
4) Implementation
   Risk management implementation requires stakeholders' involvement and awareness, thus allowing the Company to consider uncertainty in decision-making explicitly.
5) Evaluation
   The company evaluates the effectiveness of the risk management framework by periodically measuring its performance of the risk management framework.
6) Improvements
   i. The Company monitors and adjusts the risk management framework in anticipation of external and internal changes.
   ii. The Company is constantly improving the suit-ability, adequacy, and effectiveness of the risk management framework and how to integrate risk management processes.

3. **Context assignment - Scope, context, and criteria;**
   a) Risk assessment consisting of:
      i. Risk identification;
         It is a process to find, recognize, and describe risks in achieving the Company's objectives. Relevant, appropriate, and up-to-date information is essential in identifying risks.
      ii. Risk analysis;
         It is a process to understand the nature and characteristics of risk, including its level of risk. Risk analysis involves a detailed consideration of the uncertainty, the source of the risk, the consequences, the possibilities, events, scenarios, controls, and their effectiveness. An event can have many causes and consequences and can also affect a variety of objectives.
      iii. Risk evaluation.
         Is a process to support decision-making. Risk evaluation involves comparing risk analysis results with established risk criteria to determine where additional measures are needed.
   b) Risk treatment;
      i. Risk treatment is to select and implement options for dealing with risk, which consists of:
         a. risk aversion;
         b. accept risks;
         c. mitigating risks;
         d. dividing/transferring risks.
      ii. The risk treatment plan should be integrated into the Company's management plans and processes in consultation with appropriate stakeholders.
   c) Monitoring and review;
      i. Monitoring and review are to ensure and improve the quality and effectiveness of the process design, implementation, and risk management outcomes.
      ii. Monitoring and review should be carried out at all process stages, including planning, collecting, analyzing information, documenting results, and providing feedback.
   d) Recording and reporting;
      i. The risk management process and its results should be documented and reported through appropriate mechanisms.
      ii. Reporting is an integral part of corporate governance. It is intended to improve the quality of dialogue with stakeholders and support the Board of Directors and the Board of Commissioners in fulfilling their responsibilities.

RISK MANAGEMENT'S ORGANIZATIONAL STRUCTURE

As an initiative to strengthen the risk management organization based on directions and aspirations from the Ministry of SOEs and the Board of Commissioners, governance of the management function is under the responsibility of the Risk Management Department which is under the Directorate of Finance & Risk Management. Appointment and dismissal of members of Risk Management Department is carried out by President Director, Director of HCM or SGM HCBP based on Resolution of President Director, Director of HCM or SGM HCBP. The number of employees in Risk Management Department are currently 27 peoples. The arrangement of the organizational constellation of the Risk Management department is regulated in the Directors Regulation Number: PD.202.47/r.06/HK200/COP-A2000000/2021 regarding the Organization of the Directorate of Finance & Risk Management, it is explained that the Risk Management Department is the department that has the role and responsibility for providing business processes, implementation of governance and quality management, management of strategic & operational risk management, adequate, and effective management of Enterprise Risk Management (ERM) within the scope of the TelkomGroup. The structure of the Risk Management Department is as follows:
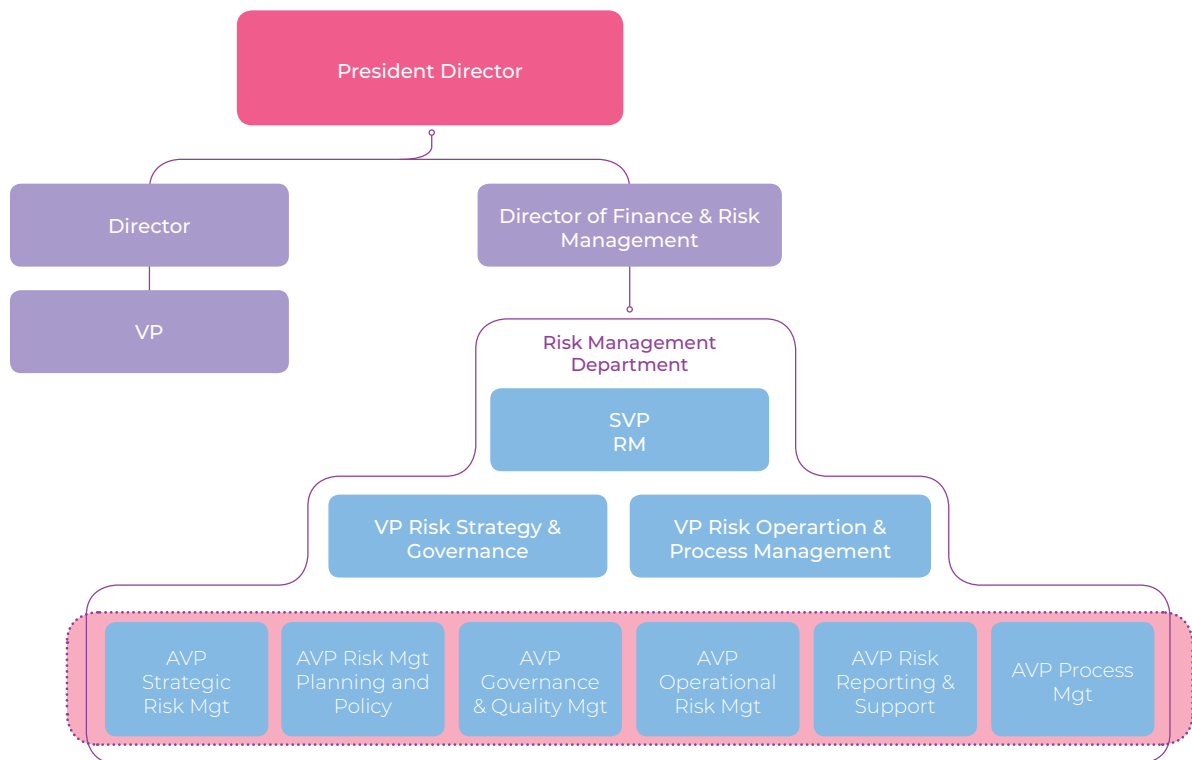
RISK MANAGEMENT GROUP TASKS AND RESPONSIBILITIES

SVP RISK MANAGEMENT

1. The Risk Management Department is led by the Senior Vice President of Risk management, referred to as SVP Risk Management.
2. In carrying out its duties and authorities, the SVP of Risk Management is responsible for reporting to the Director of Finance and Risk Management.
3. SVP Risk Management is responsible for managing policies, controlling, supervising, and implementing risk management functions, including the management of Enterprise Risk Management (ERM), the implementation of governance and quality management, business processes, and risk management reports within the TelkomGroup.
4. If not otherwise determined by the Board of Directors or Company Regulations related to the Executive Committee, the SVP of Risk Management is responsible as Secretary of the Executive Committee of the Risk Management, Compliance, and Revenue Assurance Company.
5. In carrying out its responsibilities, SVP Risk Management carries out the main activities, among others, but not limited to the following:
   a. Determine strategies, roadmaps, policies, governance, and mechanisms in risk management (Enterprise Risk Management), governance & quality management, and process management at TelkomGroup;
   b. Coordinating the implementation of risk management, GCG, quality management, and process management with related units within the TelkomGroup;
   c. Coordinating strategies and implementation of risk management and GCG with external parties, including regulators; and
   d. Coordinate the monitoring, evaluation, and reporting processes of management, GCG, quality management, and process management implementation at TelkomGroup.
6. In carrying out the duties and authorities as referred to in paragraph (3), SVP Risk Management is assisted by:
   a. VP Risk Strategy & Governance; and
   b. VP Risk Operation & Process Management.

VP RISK STRATEGY & GOVERNANCE

1. VP Risk Strategy & Governance is responsible for managing Enterprise Risk Management (ERM) at an adequate and effective strategic level and implementing governance and quality within the scope of TelkomGroup.
2. In carrying out its responsibilities, VP Risk Strategy & Governance carries out the main activities, among others, but not limited to the following:
   a. Formulate and develop Enterprise Risk Management (ERM) strategies, roadmaps, policies, and architectures;
   b. Compiling and managing the Company's risks, including Risk Profile, Risk Factors, RKAP, including risk management advisory activities within the TelkomGroup;
   c. Develop, assign, and assess the Key Performance Indicator Risk Management Department and develop, manage, and update the Application Support ERM;
   d. Formulate strategies, policies, and mechanisms for GCG and quality management within the scope of TelkomGroup;
   e. Coordinating and overseeing the implementation of GCG & quality management as well as mechanisms and business process disclosure (DCP) along with its evaluation and reporting; and
   f. Carry out advisory functions for implementing GCG and quality management within the scope of TelkomGroup.
3. In carrying out its activities, VP Risk Strategy & Governance interacts among others, but is not limited to:
   a. All units in the Company and its Subsidiaries and other entities, including the Foundation, in terms of managing enterprise quality management and GCG;
   b. All units in the Company in terms of advisory on the preparation of risk register units, preparation of Risk Profile, and KPI assessment of Risk Management Effectiveness;
   c. All Subsidiaries in terms of advisory risk management;
   d. Financial Controller Unit in terms of risk budgeting & monitoring;
   e. Internal Audit Department in terms of auditing the effectiveness of Enterprise Risk Management (ERM) implementation;
   f. Performance management unit determines and measures KPI Risk Management Department.
4. In carrying out the duties and authorities as referred to in paragraph (3), VP Risk Strategy & Governance is assisted by:
   a. AVP Strategic Risk Management.
   b. AVP Risk Management Planning & Policy.
   c. AVP Governance & Quality Management.

VP RISK OPERATION & PROCESS MANAGEMENT

1. VP Risk Operation & Process Management is responsible for managing Enterprise Risk Management (ERM) at the operational level and the availability of adequate and effective business processes within the scope of the Company.

2. In carrying out its responsibilities, VP Risk Operation & Process Management carries out the main activities, among others, but not limited to the following:
   a. Coordinate management business continuity management (BCP), insurance management, revenue assurance, and fraud management;
   b. Conduct business risk reviews, regularization notes, waivers, and ICoFR risk assessments;
   c. Coordinating risk-based budgeting, support hedging, budget management & KPI/KM, risk culture, and risk competency enhancement;
   d. Prepare the Company's risk management reporting;
   e. Formulate strategies, policies, governance, and management mechanism management processes that include, among others, enterprise-wide process, business unit process, cross-functional process, and business process ICoFR (Transactional Level Control) of the Company;
   f. Ensure that all ICoFR business processes are by the provisions of SOA 404 to meet compliance with financial and internal control audits (integrated audits); and
   g. Formulate strategies, policies, governance, and control mechanisms for the Company's Internal Entity Level Control.

3. In carrying out its activities, VP Risk Operation & Process Management interact, among others, but is not limited to:
   a. Infrastructure Management Business Unit and Asset Management Unit in terms of business continuity management and insurance management;
   b. Customer Management Business Unit in terms of revenue assurance and fraud management;
   c. Financial controller unit in terms of risk-based budgeting and budget management;
   d. All units in terms of business risk review, risk culture management, risk competency enhancement, and risk management reporting; and
   e. Organizational Development Management Unit, Corporate Policy Management Unit, Internal Audit Management Unit, all operational units and subsidiaries in terms of management and audit of the enterprise-wide process, business unit process, cross-functional process, and business process ICoFR (Transactional Level Control).

4. In carrying out the duties and authorities as referred to in paragraph (3), VP Risk Operation & Process Management is assisted by:
   a. AVP Process Management.
   b. AVP Risk Reporting & Support; and
   c. AVP Operational Risk Management.