

SUSTAINABILITY RISK MANAGEMENT [2-25]

Telkom complies with the Minister of SOE Regulation No. PER 02/MBU/03/2023 on Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises, which includes initiatives to strengthen the risk management function and implement SOE governance. In the context of ESG (environment, social, and governance), Telkom manages business risks included in the company's main risk profile and mitigates ESG risks. Telkom has identified ESG risks and applied the precautionary principle as a preventive measure. The Risk Management & Sustainability Department periodically monitor and evaluate these risks as part of TelkomGroup's top risk/risk profile and submitted to the Director of Finance and Risk Management (FRM) and the Committee for Planning and Risk Evaluation and Monitoring (KEMPR).

Holistically, risk management at Telkom refers to ISO 31000:2018 Risk Management - Principles and Guidelines, which consists of three main components:

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 role and division of risk management functions; and
3. Process that describes the activities/stages in carrying out risk management.

A more detailed explanation regarding governance, Directors and Commissioners, and risk management as the application of a precautionary approach and internal control can be read in the 2023 Annual Report in the Corporate Governance Chapter.

ESG RISK IDENTIFICATION AND MANAGEMENT [2-25]

Aspects	Operational Risk and Impact	Influence on Risk Mitigation Stakeholders	Risk Mitigation
Environment (E)	The risk of natural disasters that can disrupt business operations and have a negative impact on financial performance and profits, business prospects, and market prices of securities	Customers, Partners, Community, Management	<ul style="list-style-type: none"> a. Coordination with ASKALSI (All Indonesian Sea Cable Association) for SKKL security b. Preventive & corrective action by preparing a disaster recovery plan and crisis management team c. Transfer risk by using asset insurance to anticipate natural disasters and fires
	The risk of increasing company emissions levels, which will result in increased operational costs, carbon taxes, and impact on the environment		Carrying out energy efficiency programs, looking for new renewable energy alternatives with lower emissions, carrying out various carbon offset programs
Social (S)	Disturbances in political stability, social unrest, and security, both domestically and internationally, resulting from specific issues, such as geopolitical crises, trade wars, and so on, which hurt business growth, operations, financial condition, business results, production equipment supply chain, and prospects and market prices for securities	Customers, Partners, Society, Management, Shareholders	<ul style="list-style-type: none"> a. Monitoring the influence of socio-political turmoil on operational or service disruptions b. Maintenance of vigilance through enhancing the function of safety & security c. Monitoring supply chain issues related to raw materials and looking for alternatives to materials or device designs

Aspects	Operational Risk and Impact	Influence on Risk Mitigation Stakeholders	Risk Mitigation
	New technologies that negatively impact competitiveness	Customers, Partners, Community, Management	<ul style="list-style-type: none"> a. Preparation of a Technology Roadmap by considering future technology and the potential implementation of competitor technology b. Acceleration of the IDN (Indonesia Digital Network) program to support future services
	The risk of fulfilling digital talent that has a negative impact on business continuity	Management	<ul style="list-style-type: none"> a. Preparation of WFP (Work Force Planning) Digital Talent according to the company's digital business priorities b. Improve Recruitment Strategy & Execution for Digital job functions c. Collaboration with tech giants, academics & external experts for expert training & development of training modules
Governance (G)	Risk of Penalties/fines by KPPU related to price fixing and class action occurring, which could reduce Telkom's revenue and have a negative impact on business, reputation, and profits	Management, Regulator	Strengthening legal review of corporate action plans or certain contracts
	Risk of changes in Indonesian or international regulations that impact business, financial condition, operational performance, and business prospects	Management, Regulator, Customers	<ul style="list-style-type: none"> a. Analysis of the impact of the regulatory plan on the industry in general and Telkom in particular b. Provide input so that the regulations to be enacted provide positive benefits for companies and industries
	Internet service competition (Fixed Broadband)	Customers, Partners, Community, Management	<ul style="list-style-type: none"> a. Strengthening the perception and quality of IndiHome as a new digital life style b. Acceleration of the deployment of fixed broadband service infrastructure
	Risk Threats to physical and cyber security, such as theft, vandalism or other actions that have a material adverse effect on business, financial condition and results of operations	Customers, Community, Management	<ul style="list-style-type: none"> a. Improved Preventive Actions through periodic Vulnerability Assessments and Penetration Tests b. Monitor and identify all attacks in real-time and select and take the necessary actions immediately c. Develop recommendations for handling cyber attacks based on historical incident analysis d. Intensive coordination of parties involved in handling cyber attacks