

12. Coordinating the preparation/updating of the BCP Set.
13. Coordinating risk assessment and business impact analysis.
14. Evaluating and test BCP (sampling).
15. Implementing ISO 22301: BCMS Re-Certification.
16. Supporting the management of Insurance (Property insurance, Director & Officer/D&O, personal accident, in-orbit satellite insurance, etc.).
17. Supporting revenue assurance.
18. Overseeing the implementation of fraud management.
19. Performing Risk Assessment Scoping & Significant ICOFR periodically.
20. Performing Entity Level Control (ELC) design for ICOFR.
21. Performing design, evaluation, and remediation of Business Process & Risk Control Matrix design as part of ICOFR Transaction Level Control (TLC) design.
22. Performing Risk Assessment of ICOFR's Key Control Business Process periodically.
23. Supervising the ICOFR Control Self-Assessment process carried out by the Business Process Owner.
24. Carrying out a fraud risk assessment of the ICoFR business process.
25. Preparing risk management reporting to BOD and BOC.
26. Preparing risk management reporting and support the Risk Management agenda of the Ministry of SOEs.
27. Developing and updating ERM policies and SOPs (PR ERM, SOP ERM, guidelines for implementing risk assessment, BCMS, insurance, fraud management, and revenue).
28. Planning and facilitating the assessment of the effectiveness of Risk Management management (risk maturity assessment).
29. Preparing, developing, and assessing key performance indicators of the Risk Management effectiveness unit.
30. Developing policies, governance, and roadmap of good corporate governance.
31. Formulate policies, governance, and roadmap for quality management.
32. Formulating policies (including methods), governance, process management mechanisms, and communication.
33. Managing, designing, and developing company business processes (enterprise-wide process, business unit process).
34. Reviewing the organization's high-layer business process.
35. Conducting risk review of business initiatives (corporate actions, business cooperation, new business, business problem solving, etc.).
36. Conducting Fraud Risk Assessment of New Products/Services.
37. Preparation/Updating of SOP business continuity plan (BCP).

TYPES OF RISK AND MANAGEMENT METHOD

The Risk Management Department identified several strategic risks that affect Telkom's business activities, including:

Table of Risk and Management Method

Type of Risk	Risks that is Faced	The Impact to Telkom	Mitigation/Risk Management
1. Systemic 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.	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 Penurunan peringkat kredit pemerintah atau Perseroan. 	<ul style="list-style-type: none"> a. Affects the purchasing power and ability to pay customers. b. Have the impact on the business, financial condition, business result or business prospect. c. Have a material adverse effect to the business, financial condition, business proceeds or business prospect. 	<ul style="list-style-type: none"> a. Monitoring of 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.	<ul style="list-style-type: none"> 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.
Sustainability	Implementation of ESG & Climate Change strategy is not in accordance with IFRS standards	Telkom may be subject to legal sanctions or fines from regulatory authorities	<ul style="list-style-type: none"> a. Fulfillment of employee capacity and capability to implement ESG based on applicable standards/requirements at NYSE and IDX. b. Develop information systems to support the fulfillment of ESG data metrics and reporting. c. Improve collaboration and synergy across entities to support the achievement of ESG targets. d. Improve communication with assessors and ESG Rating institutions. e. Integrate climate risk and its mitigation into Telkom's Risk Profile.

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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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 realtime 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.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> 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.
	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.

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	Liquidity risk.	Has an impact on the ability to meet financial obligations when these financial liabilities mature.	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 the 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 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.
	Civil lawsuits from third parties (vendors, partners or cooperation partners)	It lowers Telkom's revenue and negatively impacts its business, reputation, and profits.	Strengthening legal review of engagement documents with third parties and escorting the settlement of rights and obligations according to contracts.
	Administrative sanctions for the implementation of business activities	It lowers Telkom's revenue and negatively impacts its business, reputation, and profits.	Complete all necessary permits in the context of the implementation of business activities.
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.