

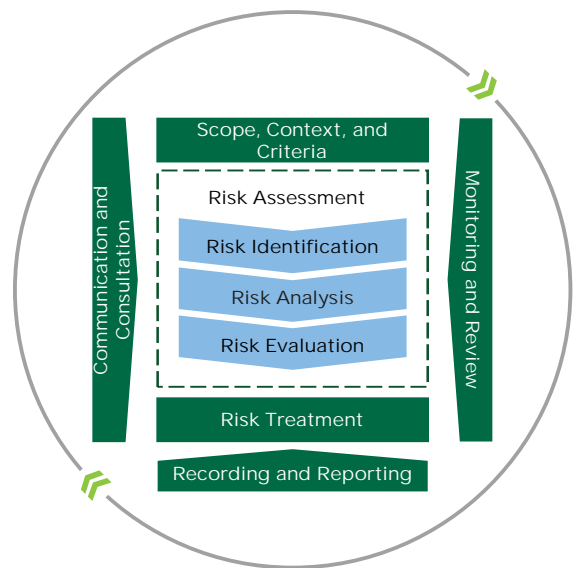
# RISK MANAGEMENT

## Enterprise Risk Management Framework

The risk management approach within the Telkom Enterprise Risk Management includes general enterprise risks, also ESG and climate risks. The risk management process is aligned with national regulations and adheres to the ISO 31000:2018 Risk Management - Principles and Guidelines.

Telkom has established Group-level Risk Management Implementation Guidelines that govern the principles, framework, and processes of risk management, as detailed in the 2023 Telkom Indonesia Annual Report. This serves as the foundation for Telkom to develop and implement climate-related risk and opportunity management processes.

Telkom's Risk Management Process



## Risk Assessment: Identification, Analysis, and Evaluation of Climate-related Risks

In the 2023 risk profile, flooding has been identified as a key driver of an operational risk related to disruptions in infrastructure and IT systems. Telkom initiated an in-depth identification of climate-related risks and opportunities at the group level in 2023. This process considers both internal and external factors of the Company that impact climate-related risks and opportunities.

### Factors in the Risk Identification Process

#### Internal

- Company's operational activities

#### External

- Climate trend, such as temperature and sea-level rise, and extreme weather.
- Industry trends, such as climate management practices by peer companies, technology, and market forecast.
- National regulation and global standard, such as emission reduction target and carbon price.
- Aspiration of stakeholder groups, such customer's preference changes, investor, and ESG rating agencies.

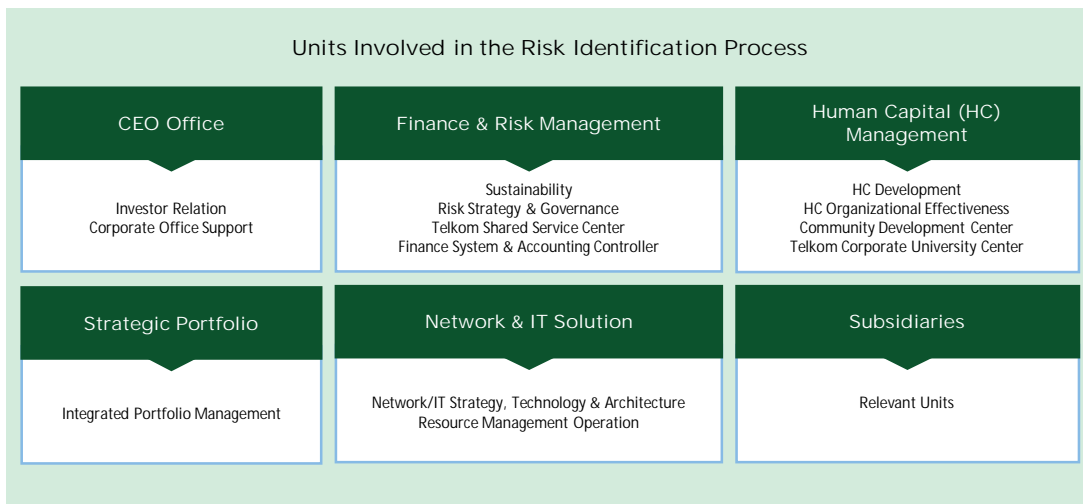


Telkom combined both top-down and bottom-up approaches in undertaking the climate-related risks and opportunities identification process, namely through document review and workshop involving cross-departments in Telkom.

The results of the risk and opportunity identification are then categorized into categories of physical and transition risks or opportunities. The initial analysis involves using climate scenario analysis methods to delve deeper into priority risks. The climate scenario analysis process is further detailed in the Strategy section. This entire process is coordinated by the sub-department of Sustainability.

Additionally, a risk monitoring process is implemented to monitor the development of risk levels and the progress of mitigation efforts. This process also aims to assess the potential emergence of new risks. The outcomes of the risk monitoring primarily contribute to improving the effectiveness of risk management.

Telkom is working to formalize an approach for each business unit to identify, assess, and monitor climate-related risks within our risk universe. This includes determining risk management plans, integrating them into our annual business planning and budgeting processes. Telkom already has procedures for disaster-related risks that can serve as a foundation for developing climate risk management processes, such as broadening our perspective on infrastructure damage from wildfires and floods.



## Climate Risk Management

Telkom implements risk treatments to reduce the impact of risks, which may involve accepting, avoiding, mitigating, or transferring them. These risk treatment plans are integrated into the Company's management plan and processes following consultation with relevant stakeholders. Details regarding strategies for addressing climate-related risks and opportunities are presented in the Strategy section.

Telkom has established a Business Continuity Plan (BCP) that governs the handling of high-risk natural disasters such as flash floods, droughts, and extreme weather events, using Business Impact Analysis to Disaster Recovery. The BCP serves as a guide for strategy, planning, and testing of potential disaster risks

In terms of Occupational Health and Safety (OHS), we have implemented an integrated Occupational Health and Safety Management System (OHSMS) aligned with the Company's Management System. The implementation of the OHSMS is governed by Board Decision No. 37 of 2010 on the Company's Security and Safety Management Policy dated October 26, 2010, and the Collective Labour Agreement VIII article 51 which specifies that, "Telkom is required to conduct a work safety and health program in accordance with prevailing regulations". This serves as the foundation for Telkom to identify and manage climate-related risks associated with OHS aspects, in alignment with our commitment in the OHS Policy to ensure a safe, comfortable, and conducive work environment.

We acknowledge that managing climate-related risks entails broader policies, including energy, asset, and technology management. Therefore, Telkom is actively working to ensure that identified and assessed climate-related risks are managed with appropriate and integrated systems. This is pivotal in enhancing the resilience of company assets against physical risks and mitigating the impacts of transitioning to a low-carbon economy.

The initial synchronization of Telkom's climate risk management will evolve from existing processes within the company, such as BCP and OHSMS. This specifically includes classifying aspects related to climate risks, such as through risk tagging, and enriching the risk universe to incorporate steps for addressing the risks. These steps consider climate scenario analysis as an input for risk analysis and evaluation. For instance, establishment of alternative risk treatments based on changes in likelihood and impact due to climate change.

## Integration of Climate Risks into Enterprise Risk Management

As a next step, Telkom will reassess, enhance, and drive the integration of climate-related risks into the company's overall risk management process. This includes incorporating climate-related risks into monitoring, documentation, and reporting processes, as well as communicating and consulting on these risks with relevant stakeholders. We recognize the dynamic nature of climate-related risks, particularly due to evolving regulations, which require thorough management.

Telkom is committed to continuously improving its climate risk management processes in accordance with evolving regulations and standards.