

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 Telkom 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 Telkom 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 Telkom'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. 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.	<ol 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.

Type of Risk	Risks that is Faced	The Impact to Telkom	Mitigation/Risk Management
Macro Economy	Changes in the rate of inflation.	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.	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).
	The fluctuation of Rupiah Exchange rate		
	Increase in energy and fuel prices		
	Increase in loan interest rates		
	The decrease of government or Telkom's credit rating		
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.
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.

Type of Risk	Risks that is Faced	The Impact to Telkom	Mitigation/Risk Management
	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.
	Liquidity risk.	Has an impact on the ability to meet financial obligations when these financial liabilities mature.	<ul style="list-style-type: none"> 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.

Type of Risk	Risks that is Faced	The Impact to Telkom	Mitigation/Risk Management
	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 Telkom'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.
Regulation Risk	The change of Indonesian or International Regulation.	Has the impact to the business, financial condition, operational performance, and business prospect.	<ul style="list-style-type: none"> 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 Telkom and industry.
Transformation Risk	The failure of significant business and organizational transformation initiatives.	Has an impact on business growth and the Telkom's financial performance in the short and long term.	<ul style="list-style-type: none"> 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.