




## **Risk Management Committee Charter Indonesia Central Securities Depository (KSEI)**


Jakarta, November 3, 2022

PGM-009 Rev.1

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## **CHAPTER 1. INTRODUCTION**

### **1.1. Background**

The Risk Management Committee is a Committee under the Board of Directors tasked to assist the Indonesia Central Securities Depository (KSEI) Board of Directors in providing directions and recommendations for Risk Management implementation. The Risk Management Committee has a crucial role in supporting the Board of Directors and thus requires an operational guideline, referred to as Charter. This Charter is a guideline for the Risk Management Committee to perform its duties, responsibilities, and authority in providing professional support to the Board of Directors.

Through this Charter, the Risk Management Committee shall perform its functions and duties in supporting the Board of Directors while upholding existing rules and regulations; the Company's Articles of Association, regulations, and code of ethics; and Good Corporate Governance (GCG) best practices during all of its actions and in its conduct.


### **1.2. Purpose and Objectives**

This Risk Management Committee Charter is created as a guideline for the Committee to perform its duties and responsibilities efficiently, effectively, transparently, competently, independently, in accordance with existing rules and regulations.

### **1.3. Legal Foundation**

All aspects of this Charter are based on the following legal foundations:

- (1) KSEI Risk Management Policies.
- (2) KSEI Code of Corporate Governance/Corporate Governance Guidelines.
- (3) KSEI Business Ethics and Conduct Guideline

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## **CHAPTER 2. ORGANIZATION AND SERVICE TERM**

### **2.1. Risk Management Committee Organization**

The Risk Management Committee's organization defines its structure and membership's composition, criteria, nominations, dismissals, and resignations.


### **2.2. Risk Management Committee Membership Structure**

The Risk Management Committee's membership composition is defined as follows:

- (1) The Risk Management Committee has at least five appointed members.
- (2) The Head of the Risk Management Committee is the Director of Operations.
- (3) The Risk Management Committee must consist of at least two Heads of Operational Divisions and one Head of a Non-Operational Division from the Company.

### **2.3. The Risk Management Committee Members' Service Period**

The members of the Risk Management Committee serve as of the date of the Board of Directors Decree on the establishment of the Risk Management Committee up until another Board of Directors starts the office term.

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## **CHAPTER 3. DUTIES, RESPONSIBILITIES, AND AUTHORITIES**


### **3.1 Risk Management Committee Duties, Responsibilities, and Business**

The Risk Management Committee is created to provide directions and inputs in the Company's risk management implementation process.

#### **3.1.1 Risk Management Committee Members' Duties**

The Risk Management Committee's duties are to:

- (1) Provide directions and recommendations on the Company's Risk Management vision, mission, objectives, and strategy, as well as the Company's risk appetite and risk tolerance set by the Board of Directors.
- (2) Provide directions and recommendations on selecting and ensuring that the framework and processes used in the Company's Enterprise Risk Management (ERM) meet the Company's business needs.
- (3) Provide suggestions and recommendations on the Company's planned or adopted risk management policies and on developing ERM instruments that the Company requires.
- (4) If required, provide inputs to the Board of Directors regarding risk management implementation.
- (5) Provide inputs and recommendations on mitigating the Company's strategic risks.
- (6) Monitor developments in the implementation of set risk mitigation plans.
- (7) Monitor the effectiveness of the Company's risk management practices' implementation and results.

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### **3.1.2 Head of the Risk Management Committee's Duties:**

The Head of the Risk Management Committee's duties are to:

- (1) Coordinate the Risk Management Committee's activities to fulfill the goals of the Committee's establishment.
- (2) Determine the annual meeting schedule.
- (3) Preside over Risk Management Committee Meetings. If the Head of the Risk Management Committee cannot attend a meeting, another Committee member can be appointed by the Head of the Committee to preside over the Meeting.
- (4) If a consensus is not reached in a Risk Management Committee Meeting and there is a tie in the voting, the Head of the Risk Management Committee can decide on the Meeting's result.

### **3.1.3 Risk Management Committee Secretariat**


In performing its duties, the Risk Management Committee is assisted by the Corporate Risk Management Unit, which the Board of Directors appoints as the Risk Management Committee Secretariat.

The Risk Management Committee Secretariat's duties are to:

- (1) Assist the Head of the Committee on all issues related to the Committee's duties and responsibilities.
- (2) Assist the Head of the Committee in scheduling Committee Meetings.
- (3) Assist in the convening of Committee Meetings, including inviting and confirming the attendance of Committee members to ensure that the Meetings have a quorum as specified in this Charter.
- (4) Drafting Committee Meeting Minutes.

## **3.2 Risk Management Committee Organization**

The Risk Management Committee is authorized to receive information related to its duties and responsibilities.

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## **CHAPTER 4. WORK MECHANISM**

### **4.1 Risk Management Committee Meeting**

#### **4.1.1 Risk Management Committee Meeting**

The Risk Management Committee Meeting procedures are as follows:

- (1) Risk Management Committee Meetings are held by its members at least twice a year.
- (2) Risk Management Committee Meetings are held at the Company's location, main business location, or other mutually agreed locations.
- (3) Risk Management Committee Meeting convocations are sent in writing to Committee members before the Meetings are held.
- (4) Meeting convocations must include the respective Meeting's agenda, date, time, and location.
- (5) If all of the Risk Management Committee members are already present or represented, the pre-Meeting convocation is not required, the Meeting can be done anywhere, and its decisions are still legal and binding.
- (6) The Risk Management Committee Meeting's discussion agenda and materials must be sent to the Meetings' participants before it is held.
- (7) Risk Management Committee Meetings can be participated by other invitees approved by the Head of the Risk Management Committee.
- (8) Risk Management Committee Meetings can be done via teleconference, video conference, or other electronic media that allows all Meeting participants to view, to listen, and to participate directly in the Meeting.

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- (9) Recommendations initiated by the Risk Management Committee itself are presented during Risk Management Committee Meetings.
- (10) Members of the Risk Management Committee can recommend and hold meetings if any urgent issues need to be discussed and decided by the Committee.
- (11) Risk Management Committee Meetings can be held without the attendance of members of the Board of Directors as long as there is a quorum of fifty percent of the Committee's members.

#### **4.1.2 Risk Management Committee Decision-Making**

The Risk Management Committee Meeting decision-making procedures are as follows:


- (1) Risk Management Committee Meeting decisions are reached through deliberation and consensus. If no consensus is reached, the decision will be made through voting, which is decided by at least half of the votes in the Meeting.
- (2) The decision is made based on the majority of votes based on a principle of one vote per person.
- (3) The Risk Management Committee can also make decision without holding a Risk Management Committee Meeting as long as the recommendation is made in writing and is delivered to and signed by all of the Committee's members. Decisions made through this method hold the same power as any decision made in a Risk Management Committee Meeting.

#### **4.1.3 Risk Management Committee Meeting Minutes**

Stipulations regarding the Risk Management Committee Meeting Minutes are as follows:

- (1) All Risk Management Committee Meetings must have Meeting Minutes, which include the views discussed in the Meeting or the Meeting's decision/summary.
- (2) The Risk Management Committee Meeting Minutes must be made by a Meeting attendee appointed by the Chair of the meeting and signed by the



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Chair and all attending Risk Management Committee members.

- (3) The Risk Management Committee Meeting Minutes must at least include the following:
  - a. The Meeting's location and date;
  - b. The Meeting's agenda;
  - c. The Meeting's attendees;
  - d. The Meeting's topics of discussion.
  - e. The decision-making process on the discussed topics;
  - f. Decisions made during the Meeting; and
  - g. Signatures of all of the Meeting's attendees.
- (4) The Risk Management Committee Meeting Minutes must be sent to all Committee members for approvals, rejections, or revisions (if there are any) before the subsequent Risk Management Committee Meeting is held. If there are no rejections or revisions within the provided time limit, it will be concluded that there are no objections to the Meeting Minutes.

## **4.2 The Risk Management Committee's Relationship with Relevant Parties**


In performing its duties, the Risk Management Committee may coordinate with the Board of Directors and the Risk Assessment and Management Unit.

### **4.2.1 Risk Management Committee Work Relationship with the Board of Directors**

The Risk Management Committee meets and communicates with the Board of Directors to discuss issues involving the Risk Management Committee's duties, especially on the Committee's recommendations.

### **4.2.2 Risk Management Committee Work Relationship with the Risk Assessment and Management Unit**

The Risk Management Committee can coordinate with the Risk Assessment and Management Unit to discuss issues related to risk management functions.


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## CHAPTER 5. Work Ethics

Work Ethics describes the basic personal behavioral principles that the Risk Management Committee should uphold. In its support of the Board of Directors, the Risk Management Committee must be guided by the Company's Articles of Association, the Business Ethics and Conduct Guideline, the Company's internal policies, and existing rules and regulations.

The Risk Management Committee's Work Ethics, in general, can be described as follows:

- (1) Risk Management Committee members must perform their duties, responsibilities, and authority by upholding the ethical values and moral standards as enshrined in the Business Ethics and Conduct Guideline.
- (2) Risk Management Committee members must encourage the implementation of Good Corporate Governance.
- (3) Risk Management Committee members must consider all issues objectively, professionally, and independently for the interest of the Company and in consideration of stakeholders.
- (4) Risk Management Committee members must perform their duties and responsibilities by always prioritizing the Company's interest and are refrained from using their positions for personal benefits that may directly or indirectly harm the Company.

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## **CHAPTER 6. CLOSING**

### **6.1. Secretariat and Activities Budget**

Any costs incurred during the Risk Management Committee's activities shall be charged to the Company's budget.

### **6.2. Effective Term**


The Risk Management Committee Charter is signed in Jakarta and comes into effect as of the date of its signing.

### **6.3. Evaluation and Updates**

The Risk Management Committee Charter shall be periodically evaluated and revised for updates to ensure that the Committee will continue to function optimally, reflect the Company's Good Corporate Governance practices, and complies with existing Risk Management rules and regulations.

### **6.4. Transitional Provisions**

If there are any differences between the stipulations of this Charter with other stipulations in existing rules and regulations, KSEI regulations, or the Financial Services Authority's (OJK) approvals/instructions, then the prevailing stipulations will be those specified in existing rules and regulations, KSEI regulations or OJK approvals/instructions.

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Signed in: Jakarta  
Date: November 3, 2022

**Indonesia Central Securities Depository (KSEI)**

**Board of Directors**

**Uriep Budhi Prasetyo**  
President Director

**Supranoto Prajogo**  
Director