



BOARD MANUAL
of
PT ABM INVESTAMA TBK

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Chapter 1

INTRODUCTION

Part One

INTRODUCTION

I.a Purposes and Objectives of Preparation of Board Manual

Board Manual is a document that outlines things pertaining to organizational structure of the Board of Directors and the Board of Commissioners and functional relationship process of the Board of Directors organ, the Board of Commissioners organ and between the both organs of the Company. This Board Manual also contribute to arranging the organ of General Meeting of Shareholders in terms of its interaction with the other two company's organs.

This *Board Manual* is one of Codes of Corporate Governance which refers to the Articles of Association of the Company, the Law on Limited Liability Company and other relevant regulations.

Board Manual is a document of agreement between the Board of Directors and the Board of Commissioners that is aimed at:

- 1) Becoming a reference/guideline on tasks,

authorities and responsibilities of each organ;

- 2) Improving quality and effectiveness of working relationship between among organs;
- 3) Setting the Good Corporate Governance - GCG principles, namely transparency, accountability, responsibility, independent and fairness.
- 4) Building independence in making decisions and able of performing their respective tasks and responsibilities as expected by the shareholders and other stakeholders.

I.b Scope of *Board Manual*

This *Board Manual* serves as principal guidelines for implementation of working relationship between the organs of the Board of Directors, the Board of Commissioners and the General Meeting of Shareholders of PT ABM Investama, including tasks, responsibilities, authorities, meeting mechanisms, decision making and control and supervision principles that are performed by the Board of Directors and the Board of Commissioners and General Meeting of Shareholders.

I.c. References for Preparation of *Board Manual*

- 1) Law Number 40 of 2007 regarding Limited Liability Company;
- 2) Law Number 14 of 2008 regarding Public Disclosure;
- 3) Articles of Association of the Company;
- 4) General Guideline of Good Corporate Governance Indonesia - Komite Nasional Kebijakan Governance

I.d. Definitions

The definitions below have been made to allow the same perception of the terms found in the Board Manual.

- 1) **Board Manual** is a guidance for the Board of Directors and the Board of Commissioners in performing the Company's good corporate governance in accordance with the healthy corporate principle and in reference to all statutory regulations relating to the Company.
- 2) **Conflict of interest** is a difference between the Company's economic interest and individual economic interest of any member of the Board of Directors, member of the Board of Commissioners, or the controlling shareholder that is detrimental

to the Company.

- 3) **Board of Commissioners** is an organ **of the** Company that is in charge of making supervision on and providing advices to the Board of Directors.
- 4) **Board of Directors** is an organ **of the** Company that is responsible for management of the Company for the best interests and purposes of the Company, as well as to represent the Company both inside and outside the courts in accordance with provisions of the articles of association.
- 5) **ABM Group** is a group of Companies which are under the auspices of and owned, either directly or indirectly, by PT ABM Investama, a limited liability company that was incorporated under the laws of the Republic of Indonesia.
- 6) **Limit of Authority - LoA** is a Company's internal document which contains restrictions on authority for actions set forth therein, which provision is made and approved by and between the Board of Directors and the Board of Commissioners.
- 7) **Company** is PT ABM Investama Tbk.

- 8) **Stakeholders** are those who have interests in the Company and those who are affected directly by strategic and operational decisions of the Company, consisting of, among others, Shareholders, employees, business partners and communities around the place where the Company operates.
- 9) **General Meeting of Shareholders (GMS)** is the highest ruler in the Company and it holds all of the authorities that are not designated to the Board of Directors and the Board of Commissioners.
- 10) **RKJP** (Long Term Business Plan) is a reference for the Board of Directors in operating the Company within the next 5 years.
- 11) **RKT** (Annual Business Plan) is a reference for the Board of Directors in operating the Company in the current year.

Chapter 2

THE BOARD OF COMMISSIONERS

Part Two

THE BOARD OF COMMISSIONERS

II.a. Requirements and Composition of the Board of Commissioners

II.a.1. Requirements

Those who may be appointed to be members of the Board of Commissioners are individuals who meet the following requirements:

- 1) Having good character, morality and integrity;
- 2) Capable of taking legal actions;
- 3) Within 5 (five) years prior to their appointment and during in their office:
 - (a) Have not been declared bankrupt;
 - (b) Have not been a member of Board of Directors and/or member of Board of Commissioners who was declared guilty in causing a company declared bankrupt;
 - (c) Have not been punished for committing in criminal offense that inflicted a financial

loss to the state and/or that related to financial sector; and

(d) Have not been a member of Board of Directors and/or Board of Commissioners who, during in their office:

(i) have ever been held no Annual GMS;

(ii) Have had their accountability report as member of the Board of Directors and/or member of the Board of Commissioners not accepted by a GMS or have ever given no accountability report as member of the Board of Directors and/or member of the Board of Commissioners to a GMS; and

(iii) have ever caused a company that has obtained a license, approval, or registration from the Financial Services Authority not fulfilling its obligation to submit annual report and/or financial report to the Financial Services Authority.

4) Having commitment to comply with the statutory

regulations; and

- 5) Having knowledge and/or expertise in the fields as required by Company.¹

The Board of Commissioners through the assisting committee applies additional requirements for a prospective member of the Board of Commissioners.

II.a.2. Membership Composition of the Board of Commissioners

- 1) Membership structure of the Board of Commissioners consists of at least 2 (two) members of the Board of Commissioners, and one of them shall be appointed to be President Commissioner;²
- 2) Composition and number of members of the Board of Commissioners shall be determined by a GMS or the capital market regulation if the Company is of

¹ Article 110 paragraph 1 of Limited Liability Company Law No.40 Year.2007 and the Financial Services Authority Regulation Number 33/POJK.04/2014 dated 8 December 2014.

² Article 108 paragraph 5 Limited Liability Company Law No.40 Year.2007 and the Financial Services Authority Regulation Number 33/POJK.04/2014 dated 8 December 2014..

public listed status;

- 3) Members of the Board of Commissioners shall be appointed and dismissed by the Shareholders after passing through the nomination process in accordance with the prevailing statutory regulations. Members of the Board of Commissioners shall be appointed for a defined term and may be reappointed;
- 4) If for any reason position of a member of the Board of Commissioners is vacant, then:
 - a) the Shareholders shall, within not later than 90 (ninety) days as of such a vacancy, have filled such a vacancy;³
 - b) In case the vacancy is resulted from expiration of office term of member of the

³ Resolution of the Board of Directors of PT Bursa Efek Jakarta No.Kep-305/BEJ/07-2004 dated 19 July 2004, Regulation Number IA on Registration of Shares and Equity Securities Other Than Shares That Are Issued by a Listed Company and the Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014.

Board of Commissioners, then, the relevant member of the Board of Commissioners whose office term has expires shall remain perform his/her tasks and exercise his/her authorities with the same rights and obligations as a member of the Board of Commissioners, until the appointment of definitive members of the Board of Commissioners.

- 5) If at any time for any reason the Company has no members of the Board of Commissioners, then:
 - a) the Shareholders may appoint one or more person(s) to perform the tasks and to exercise the authorities of the Board of Commissioners with the same rights and obligations, until the appointment of definitive members of the Board of Commissioners;
 - b) In case the vacancy is resulted from expiration of office term of member of the Board of Commissioners, then, the relevant member of the Board of Commissioners whose

office term has expires shall remain perform his/her tasks and exercise his/her authorities with the same rights and obligations as a member of the Board of Commissioners, until the appointment of definitive members of the Board of Commissioners.

- 6) The nomination process of members of the Board of Commissioners shall be carried out by appointing or assigning the Committee for Nomination, Remuneration and Human Resource Development, that shall be chaired by a member of the Board of Commissioners to carry out the nomination process for members of the Board of Commissioners before decision in a meeting of the Board of Commissioners to be submitted later to the Shareholders for stipulation at a GMS.
- 7) Prospective members of the Board of Commissioners who have passed the fit and proper assessment will be proposed at a GMS for appointment.
- 8) At least 30% (thirty percent) of members of the Board of Commissioners shall be Independent

Commissioners who belong to circles outside the Company who are free from influence of other members of the Board of Commissioners and other members of the Board of Directors and the controlling Shareholders, one of them must have accounting and/or finance background.

9) Independent Commissioner shall meet the following requirements⁴:

- (a) Is not a person who is working with or having the authority and responsibility for planning, directing, controlling, or supervising the Company's activities within 6 (six) months, except for reappointment to be Independent Commissioner in the next period;
- (b) Holding no shares either directly or indirectly in the Company;
- (c) Having no affiliation relationship with the Company, members of the Board of Commissioners, members of the Board of

⁴ The Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014.

Directors or the controlling shareholders in the Company; and

(d) Having no business relationship, either directly or indirectly, related to the Company's business activities.

10) Any Independent Commissioner who has been in office for 2 (two) office term periods may be reappointed in the next period as long as an Independent Commissioner declares himself to remain independent to the GMS.⁵

II.b. Office Term of the Board of Commissioners

1) Each member of the Board of Commissioners shall hold his/her office for a period as from the date of GMS which appoints him/her and shall end at the closing of the 3rd Annual GMS as of his/her appointment and may be re-elected for another office term.⁶

⁵ Ibid.

⁶ Articles of Association of the Company Article 17, paragraph 2.

- 2) Any person who is appointed to replace a member of the Board of Commissioners who resigns or who is dismissed from his/her office or to fill a vacancy or any person who is appointed to fill a new position in the Board of Commissioners shall be appointed for a period which constitutes the remaining office term of other members of the Board of Commissioners who are in office.

- 3) Office term of members of the Board of Commissioners shall end in the event he/she:
 - a) resigns;
 - b) his/her office term expires;
 - c) ceases to comply with the prevailing statutory regulations;
 - d) is dismissed by resolution of a GMS, or
 - e) passes away within his/her office term;
 - f) is unable to perform his/her tasks properly;
 - g) fails to implement the provisions of statutory regulations and/or the Articles of Association;

- h) is involved in any action that is detrimental to the Company and/or the state;
 - i) is declared guilty by final judgment of a court;
- 4) A member of the Board of Commissioners is entitled to resign from his office by notifying in writing to the Board of Commissioners concerning his/her intention not later than 60 (sixty) days prior to his/her resignation date comes to effect, and the relevant member of the Board of Commissioners can remain be held responsible as a member of the Board of Commissioners as from his/her appointment until the his/her resignation date;
- 5) A member of the Board of Commissioners can be dismissed at any time by a GMS if he/she is deemed unable to perform his/her tasks as specified in the Articles of Association of the Company and/or for any other reasons which are acceptable to the GMS, after the relevant member of the Board of Commissioners is given with opportunity to present at the GMS in order to defend him-/herself.
- 6) As long as the dismissal plan is still in process,

the relevant member of the Board of Commissioners shall perform his/her tasks accordingly.

II.c Tasks and Authorities of the Board of Commissioners

II.c.1 Tasks of the Board of Commissioners

It is the task of Board of Commissioners to supervise the management of the Company by the Board of Directors and to give advices to the Board of Directors including implementation of RKJP, RKT as well as provisions of the Articles of Association and GMS, and the prevailing statutory regulations.

The scope of work of the Board of Commissioners in performing its tasks includes:

- 1) To conduct supervision on the management of the Company by the Board of Directors and to approve the Company development plan, the Long Term Business Plan (RKJP), Annual Business Plan (RKT)⁷, and performance of tasks, authorities and responsibilities in accordance with provisions in

⁷ Articles of Association of the Company Article 20 paragraph 1.

the Articles of Association and GMS resolutions as well as the prevailing statutory regulations;

- 2) To perform tasks which are specifically assigned to him/her according to the Articles of Association, the prevailing statutory regulations, and/or based on resolution of the GMS;
- 3) To take actions for the best interest the Company and to be is responsible to the GMS;
- 4) To examine and analyze the annual report prepared by the Board of Directors and to sign that report;
- 5) To keep abreast with the Company's activity development, and to immediately report to the GMS if the Company shows any conspicuous deteriorating symptoms, accompanied by recommendations on corrective action to take;
- 6) To give opinion and advices in conformity with supervisory task of the Board of Commissioners to the GMS regarding any other issues as it deems important for management of the Company;
- 7) To coordinate with and evaluate the Public Accountant who audits the Company's accounts, for

submission later as proposition to the GMS;

- 8) To respond to periodic reports of the Board of Directors and, at any time as necessary, regarding development of the Company and to report the implementation results of its tasks to the Shareholders on timely basis;
- 9) To monitor the effectiveness of GCG practices and implementation of the Corporate Social Responsibility (CSR) that is applied by the Company and to make adjustments;
- 10) To set the Key Performance Indicator (KPI) of the Board of Directors at the beginning of every work year;
- 11) To determine transparent nomination, performance evaluation, remuneration systems to the Board of Commissioners and the Board of Directors on consideration of analysis results by the Nomination and Remuneration Committee to be submitted later for approval of the GMS and for internal implementation of the Board of Commissioners;

- 12) To determine transparent nomination, remuneration of performance evaluation systems of Senior Executives (General Managers or equivalent) who are not members of the Board of Directors on consideration of analysis results by the Nomination and Remuneration Committee;
- 13) To improve their competence and knowledge on an ongoing basis to perform the function as the Board of Commissioners professionally;
- 14) To make and keep copies of minutes of meetings of Board of Commissioners and, if required, the Secretary of Board of Commissioners may be appointed to make the minutes of meeting of the Board of Commissioners.
- 15) To report to the Company on its and/or its family's share ownership in the Company and in the ABM Group.⁸ Shareholding of members of the Board of Commissioners and their families in companies other than the Company and the ABM Group becomes

⁸ Article 116 of the Limited Liability Company Law No. 40 of 2007.

mandatory when the relevant company is involved in business activities of the Company and/or the ABM Group including but not limited in the form of vendor, supplier or business cooperation.

- 16) To provide a report of supervisory tasks which they have performed during the past financial year to the GMS.⁹
- 17) To establish decision on value limits of legal action of the Board of Directors that requires written consent of the Board of Commissioners.
- 18) To give approval on the proposed Legal actions of the Board of Directors that require Written Approval of the Board of Commissioners.
- 19) The Board of Commissioners shall established an Audit Committee and may establish other committees if they deem necessary. In performing their tasks, the Board of Commissioners may seek for assistance of experts for specific things and specific periods at the expense of the Company, Division of

⁹ Article 116 of the Limited Liability Company Law No. 40 of 2007.

tasks among members of the Board of Commissioners shall be governed among themselves.

II.c.2 Authorities of the Board of Commissioners

The Board of Commissioners is entitled to take supervisory actions on management of the Company and shall report it to the Shareholders through a GMS, such as:

- 1) To see the books, letters, and other documents, to examine the cash for verification purposes and other securities and to examine the Company's assets;
- 2) To enter into premises, buildings and offices that are being used by the Company;
- 3) To ask for explanation from the Board of Directors and/or other officers concerning any matters related to the Company management;
- 4) To know all the policies and actions that have been and will be performed by the Board of Directors;
- 5) To ask the Board of Directors and/or other

officers under the Board of Directors on acknowledgment of the Board of Directors to attend at any meetings of the Board of Commissioners.

- 6) To attend at meetings of the Board of Directors and to give opinions on the matters being discussed.

- 7) The Board of Commissioners through meetings is at any time entitled to suspend one or more member(s) of the Board of Directors, if they act contrary to the Articles of Association or are indicated as inflicting a loss to the Company or neglect from performing its obligations or there are urgent reasons for the Company. Such a suspension must be notified in writing to the relevant person and the Shareholders accompanied with reasons that caused such actions.¹⁰

Within 90 (ninety) days as of the suspension, the Company is obliged to hold an Extraordinary GMS that that will decide whether the relevant member

¹⁰ Article 106 of the Limited Liability Company Law No. 40 of 2007.

of the Board of Directors will be dismissed permanently or resumed to his/her original position and the suspended member of the Board of Directors shall be given with opportunity to defend him-/herself.¹¹

- 8) To carry out managerial action on the Company for temporary by appointing one or more of them with the same powers and authorities as members of the Board of Directors.¹²

If for any reason position of one or more or all members of the Board of Directors vacant, then within 90 (ninety) days as of such a vacancy occurs, a GMS shall be held to fill such a vacancy with due observance to provisions in the statutory regulations and the Articles of Association.¹³

¹¹ Articles of Association of the Company Article 14 paragraph 12 and the Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014.

¹² Article 118 of the Limited Liability Company Law No. 40 of 2007

¹³ Articles of Association of the Company Article 14

- 9) May appoint a third party to represent the Company in the event of any conflict of interest between the Company and the all members of the Board of Directors both inside and outside the court.

- 10) In the event all positions of the Board of Directors vacant and no successor has been available nor not in office, the Board of Commissioners is entitled to appoints one member of the Board of Commissioners to perform the Company management tasks.¹⁴

- 11) Unless as specified further in Board Manual or in a joint decision between the Board of Commissioners and the Board of Directors, then, any action of the Board of Directors of the Company that require approval of the Board of Commissioners are as follows:
 - a) To approve loans from Banks or other Financial Institutions or to lend moneys on behalf of the Company;

¹⁴ Article 118 of the Limited Liability Company Law No. 40 of 2007

- b) To approve a new business or to participate in other firms both in home country and abroad;
- c) To pledge any of the Company's fixed assets;
- d) To dispose of and write-off any of the fixed, movable or immovable assets with certain minimum value as specified by the Board of Commissioners;
- e) To write-off from the account any of bad debts up to a certain value as specified by the Board of Commissioners.

As to the determination of limit values of legal actions of the Board of Directors which requires the written consent of the Board of Commissioners shall be determined in a Meeting of the Board of Commissioners.

This decision shall be made after having heard the opinion of the Board of Directors and shall be valid for a period of at least 1 (one) fiscal year.

A working guideline for each committee that is

under the auspices of the Board of Commissioners may be made by the Board of Commissioners or on proposition of the Board of Directors for approval of the Board of Commissioners later.

II.c.3. Double Position¹⁵

Member of the Board of Commissioners may concurrently serve as:

- a. Member of the Board of Directors in not more than two (2) issuers or other public listed companies;
- b. Member of the Board of Commissioners in not more than two (2) issuers or other public listed companies.

In the event a member Board of Commissioners does not concurrently serve as member of the Board of Directors, the relevant member of the Board of Commissioners may concurrently serve as member of the Board of Commissioners in not more than 4 (four) other public listed companies.

¹⁵ The Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014.

Member of the Board of Commissioners may concurrently serve as member of committee in not more than 5 (five) committees in Issuers or Public Listed Companies in which he/she also serves as member of the Board of Directors or member of the Board of Commissioners.

II.d. Division of tasks of the Board of Commissioners

Division of tasks among members of the Board of Commissioners shall be set independently and, in order to facilitate implementation of their tasks, the Board of Commissioners may be assisted by a Secretary of the Board of Commissioners who is appointed by the Board of Commissioners on the Company's expense.

II.e. Proceeding of the Board of Commissioners Meeting

Commissioners meeting is a meeting held by the Board of Commissioners in relation to each of their tasks and functions at least once every 3 (three) months.

The Board of Commissioners must schedule meetings for the next year before the end of fiscal year.¹⁶

II.e.1. Frequency of the Board of Commissioners Meeting

¹⁶ Ibid.

Meeting may be held at any time if¹⁷:

- i. deemed necessary by one or more member(s) of the Board of Commissioners;
- ii. upon written request of one or more member(s) of the Board of Commissioners;
- iii. upon written request of one or more shareholder(s) who collectively hold 1/10 or more of total shares with voting rights.

Periodic meeting of the Board of Commissioners shall be held at least once every 2 (two) months.¹⁸

II.e.2. Summons and Venue of Meeting

- 1) Summons for a Meeting of the Board of Commissioners shall be conducted by the President Commissioner or a Commissioner of the Company if the President Commissioner is indisposed.
- 2) Summons for a Meeting of the Board of

¹⁷ Articles of Association of the Company Article 19

¹⁸ The Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014.

Commissioners shall be sent not later than 7 calendar days prior to the meeting date excluding the summons date by mail and confirmed by phone.

- 3) Summons for a meeting must mention the agenda, date, time and place of the Meeting.
- 4) Meeting of the Board of Commissioners shall be held at the Company's domicile or in the place where the company conducts its business activity.
- 5) Summons for meeting is not required and the meeting of the Board of Commissioners can be held anywhere if all members of the Board of Commissioners are present or represented.
- 6) Meetings of the Board of Commissioners can be held by means of video conference media or through other electronic media that allow all attendants of Meeting of the Board of Commissioners to see and hear each others in person and to participate in the meeting of the Board of Commissioners.
- 7) Materials of meeting shall be delivered to the meeting participants not later than 5 (five) days prior to the meeting. In the event a meeting is

held beyond the prepared schedule then the materials may can be delivered to the meeting participants not later than right before the meeting.¹⁹

II.e.3 Chairperson of Board of Commissioners Meeting and those who are entitled to be present

Meetings of the Board of Commissioners shall be presided over by the President Commissioner and in case the President Commissioner is indisposed, it shall be presided over by a member of the Board of Commissioners elected by and from among members of the Board of Commissioners who are present.²⁰

Meeting of the Board of Commissioners shall be attended by members of the Board of Commissioners and minutes of the meeting shall be drawn-up. If deemed necessary, Meetings of the commissioner can be expanded by inviting members of the Board of Directors, the Corporate Secretary, committees or other invitees.

¹⁹ Ibid.

²⁰ Articles of Association of the Company Article 19

II.e.4. Proxy of the Board of Commissioners At the Meeting

A member of the Board of Commissioners may be represented in a Meeting of the Board of Commissioners only by another member of the Board of Commissioners based on a power of attorney.

II.e.5. Quorum

- 1) Meeting of the Board of Commissioners is valid and entitled to adopt binding resolutions if more than $\frac{1}{2}$ of total number of members of the board of commissioner are present and those who are not present give a power of attorney to be represented at the Meeting.
- 2) Resolutions of meeting shall be adopted on amicable deliberation basis.
- 3) In the event of tie votes (pro-vote and contra-vote is equal), the Chairperson of Meeting of the Board of Commissioners will have a casting vote.
- 4) Voting on persons shall be carried out by an unsigned-folded ballot, whereas, voting on other matters shall be carried out verbally, unless the Chairperson of Meeting determines otherwise

without any objection from those present.

- 5) Blank votes and illegal votes shall be considered not to be cast legally and shall not be counted in determining the total votes cast.

| Action | Number of members of Board of Commissioners approve |
|--|--|
| 1. Borrowing or lending money on behalf of the Company. *) | >1/2 |
| 2. Merger or acquisition (including acquisition without causing takeover), joint venture, and joint operation. | >1/2 |
| 3. Establishing Subsidiaries | >1/2 |
| 4. Opening the Company's Branches | >1/2 |
| 5. Selling Subsidiaries | >1/2 |
| 6. Selling ≤50% of the Company's | >1/2 |

| Action | Number of members of Board of Commissioners approve |
|---|---|
| assets *) | |
| 7. Pledging ≤50% of the Company's assets. *) | >1/2 |
| 8. Investment/project/tender | >1/2 |
| 9. Mass employment termination | >1/2 |
| 10. Payrolls and bonuses of the Board of Directors | >1/2 |
| 11. RKT and RKJP | >1/2 |
| 12. Company's Annual Report | >1/2 |
| 13. Company's Annual Financial Report | >1/2 |
| 14. Write-off of assets, receivables and invoices (<i>ad hoc</i>). *) | >1/2 |
| 15. Interim dividend | >1/2 |

| Action | Number of members of Board of Commissioners approve |
|--|---|
| 16. Buying back shares and/or selling securities issued by the Company in the capital markets/financial institutions | >1/2 |
| 17. Renting out the assets for a period longer than 3 years | >1/2 |
| 18. Binding the Company to be a guarantor. | >1/2 |

*) Action is taken by complying with provisions in the Limit of Authority applicable with due observance to provisions of the prevailing statutory regulations including if the Company changes its status to be publicly open.

II.e.6 Circular Resolutions

The Board of Commissioners may adopt legal resolutions without holding a Meeting of the Board of Commissioners

provided that all members of the Board of Commissioners give their approval on the proposed proposal in writing by signing such an approval.

II.e.7. Minutes of Meeting

- 1) Shall be drawn-up by the Company Secretary or a party assigned by the Board of Commissioners.
- 2) Minutes shall specify any dissenting opinion/comment of members of the Board of Commissioners with the decisions made.
- 3) Minutes of meeting shall be distributed to all members of the Board of Commissioners not later than 7 (seven) calendar days as of the meeting date.
- 4) Members of the Board of Commissioners shall, not later than 7 (seven) calendar days as of the distribution date of minutes of meeting, present their approval or objection and/or propose any improvement on those that are specified in the minutes of meeting of the Board of Commissioners.
- 5) Members of the Board of Commissioners shall be deemed agreeing the contents of the minutes of

Meeting of the Board of Commissioners if they fail to present their approval, objection and/or improvement proposal on the minutes of meeting within 7 (seven) calendar days as of the distribution date.

- 6) Minutes of Meeting of the Board of Commissioners shall be signed by all members of the Board of Commissioners who attended the meeting and shall be submitted to all members of the Board of Commissioners.²¹
- 7) In case a member of the Board of Commissioners who attends the meeting refuses to sign the minutes of meeting of the Board of Commissioners, he/she is obliged to mention his/her reasons in writing in a separate letter attached to the minutes of meeting.²²
- 8) Original Minutes of Meeting of the Board of Commissioners shall be kept by the Board of

²¹ The Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014.

²² Ibid.

Directors and in doing so, the Board of Directors may appoint the Company Secretary to keep the minutes of meeting.

II.f Supporting Organs of the Board of Commissioners

In performing their tasks, the Board of Commissioners may or shall establish a committee who is to assist in the work and shall be responsible to the Board of Commissioners.

Members of the Board of Commissioners may concurrently serve as committee members in not more than 5 (five) committees in issuers or public listed companies in which he/she also serves as member of the Board of Directors or member of the Board of Commissioners.²³

II.f.1 Audit Committee ²⁴

The Audit Committee assists the Board of Commissioners in overseeing implementation of the Company's good management in accordance with the GCG principles. In

²³ Ibid.

²⁴ Regulations IX.I.5, Annex to Decision of Chairman of Bapepam` No. Kep-29/PM/2004 Dated 24 September 2004.

performing its tasks, the Audit Committee is independent, and is directly responsible to the Board of Commissioners. The Audit Committee shall ensure that:

- 1) The financial statements and other information that are provided by the Company to the relevant parties and the public, have been presented on transparent, reliable, trustworthy and timely basis;
- 2) The Company has had proper internal control that is able to protect its assets;
- 3) The Company works effectively and efficiently and complies with the prevailing statutory regulations.

The Audit Committee serves a function to assist the Board of Commissioners in performing supervisory tasks and in giving advices to the Board of Directors, in order to, among other things:

- 1) Ensure effectiveness of the internal control system and effectiveness of implementation of internal and external auditor tasks;

- 2) Make assessment of the activity plan and implementation and the results of audit that is conducted by the Internal Supervisor and External Auditor in order to prevent any substandard implementation and reporting;
- 3) Give recommendations on improvement of the Company's management control system and implementation thereof;
- 4) Ensure that there has been a satisfactory review procedures for information disclosed by the Company, including periodic financial statements, projections/forecasts and other financial information that are submitted to the Capital Owners;
- 5) Identify matters that need attention of the Board of Commissioners;
- 6) Perform other tasks assigned by the Board of Commissioners as long as still within their scope of tasks and obligations.

In addition to the foregoing, based on the agreed division of tasks of the Board of Commissioners, the

Audit Committee may also assist the Board of Commissioners in relation to the following matters:

- 1) Financial Statements of the Company;
- 2) Business Plan and Budget of the Company/Business Plan and Budget of Partnership and Community Development Program;
- 3) Financial Audit of the Company;
- 4) Public Complaints;
- 5) *Core business* of the Company;
- 6) The Company's Account Payables and Receivables;
- 7) Write-Off and Disposal of Assets;
- 8) Purchase/Disposal of Securities, to participate in the Participating Interest, and others;

II.f.2. The Nomination and Remuneration Committee

The Nomination Committee is in charge of setting the selection criteria and nomination procedures for Commissioners/Board of Commissioners, Board of Directors and other executives in the Company, to make the assessment system and to give recommendations on

number of Commissioners/Board of Commissioners and Board of Directors of the Company.

The Remuneration Committee is in charge of setting the payroll system and the provision of allowances as well as recommendations on:

- 1) assessment of those systems;
- 2) options granted, including option on shares;
- 3) retirement system; and
- 4) compensation system and other benefits in term of reduction of employees.

II.f.3. Investment Committee

Investment Committee is in charge of studying the investment periodically.

Detail of functions and tasks of each of assisting committees of the Board of Commissioners can be seen in the charters of relevant committees.

II.g. Secretary of the Board of Commissioners

The Board of Commissioners may appoint a Secretary of the Board of Commissioners to assist it in the field of

secretarial activities, among other things:

- 1) Conducting secretariat administrative activities within the auspice of the Board of Commissioners;
- 2) Holding Meetings of the Board of Commissioners and meetings between the Board of Commissioners and the Shareholders, the board of directors and other stakeholders;
- 3) Providing data/information as required by the Board of Commissioners and other Committees within the auspices of the Board of Commissioners in relation to:
 - a) Monitoring follow-up to results of decisions, recommendations and directions of the Board of Commissioners;
 - b) Materials that are administrative in nature on reports/activities of the Board of Directors in managing the Company;
 - c) Administrative supports and monitoring with regard to things that require approval or recommendation of the Board of Commissioners in relation to the activities of managing the

Company by the Board of Directors.

- 4) Collecting technical data from Committee within the auspices of the Board of Commissioners and the Experts for the purposes of the Board of Commissioners.

Chapter 3

THE BOARD OF DIRECTORS

Part Three

THE BOARD OF DIRECTORS

III.a. Requirements and Composition of the Board of Directors

The Board of Directors is an organ that is fully responsible for management of the Company for the Company's best interests and objectives and representing the Company both inside and outside the court.

III.a.1. General Requirements

Those who may be appointed to be members of the Board of Directors are individuals who meet the following requirements:

- 1) Having good character, morality and integrity;
- 2) Capable of taking legal actions;
- 3) Within 5 (five) years prior to their appointment and during in their office:
 - (a) Have not been declared bankrupt;
 - (b) Have not been a member of Board of Directors and/or member of Board of Commissioners who

was declared guilty in causing a company declared bankrupt;

(c) Have not been punished for committing in criminal offense that inflicted a financial loss to the state and/or that related to financial sector; and

(d) Have not been a member of Board of Directors and/or Board of Commissioners who, during in their office:

i. have ever been held no Annual GMS;

ii. Have had their accountability report as member of the Board of Directors and/or member of the Board of Commissioners not accepted by a GMS or have ever given no accountability report as member of the Board of Directors and/or member of the Board of Commissioners to a GMS; and

iii. have ever caused a company that has obtained a license, approval, or registration from the Financial Services Authority not fulfilling its obligation

to submit annual report and/or financial report to the Financial Services Authority.

- 4) Having commitment to comply with the statutory regulations; and
- 5) Having knowledge and/or expertise in the fields as required by Company.²⁵

III.a.2. Special Requirements

A candidate member of the Board of Directors shall have the special requirements as follows:

- 1) Having knowledge and skill on the business processes of the Company and ABM Group.
- 2) Have knowledge and skill on risk management, corporate governance and internal control system.
- 3) Having the ability of leadership conduct, positive thinking and mutual respect, be honest, creative

²⁵ Article 93 of the Limited Liability Company Law No. 40 of 2007 and the Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014.

and innovative, synergy and cooperation as well as high dedication to advance and develop the Company.

- 4) Having the ability and commitment to implement the reward and punishment system consequently and consistently.
- 5) Having integrity, namely never involved either directly or indirectly in any engineering act and deviating practices, default and other acts that harm the Company for which he/she is working or has ever worked.
- 6) Having the ability and experience in administering and managing the Company, having leadership, vision and mission of the Company, the Company's development strategies either long-term and on solving of strategic problems of the Company

The prescribed requirements as referred to above do not prejudice possibility of the competent technical agencies to set additional requirements based the statutory regulations.

Documents that prove the fulfillment of requirements

for holding position of member of the Board of Directors shall be kept by the Company.

III.a.3. Membership Composition of the Board of Directors

- 1) Members of the Board of Directors shall consists of at least 2 (two), one of them shall be appointed to be President Director. Number of members of the Board of Directors shall be determined by the Shareholders²⁶;
- 2) Division of tasks and authorities among members of the Board of Directors shall be determined by the Shareholders and the Shareholders may delegate such an authority to the Board of Commissioners;
- 3) If for any reason position of a member of Board of Directors is vacant, then:
 - a) the Shareholders shall, within not later than 90 (ninety) days as of such a vacancy, have

²⁶ Article 92 paragraph 4 of the Limited Liability Company Law No. 40 of.2007.

filled such a vacancy;²⁷

- b) As long as such a position is vacant and no successor has been available, then another member of the Board of Directors who is appointed by the Board of Commissioners shall perform the works of such a member of the Board of Directors who is vacant with the same tasks and authorities; or
- c) In case the vacancy is resulted from expiration of office term of member of the Board of Directors, then, the relevant member of the Board of Directors whose office term has expires shall remain perform his/her tasks and exercise his/her authorities with the same rights and obligations as a member of the Board of Directors, until the appointment of definitive members of the Board of Directors.

²⁷ Articles of Association of the Company Article 14 paragraph 6 and the Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014 ..

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- 4) If at any time for any reason the Company has no members of the Board of Directors, then:
- a) For temporary, the Board of Commissioners is obliged to perform the tasks of the Board of Directors, who may collectively do by themselves or appoint one or more of them or appoint a specific individual to do so;
 - b) In case the vacancy is resulted from expiration of office term of all members of the Board of Directors, then, the relevant members of the Board of Directors whose office term has expires shall remain perform his/her tasks and exercise his/her authorities with the same rights and obligations as members of the Board of Directors, until the definitive appointment of members of the Board of Directors.
- 5) To the individuals who are nominated to be candidates for members of the Board of Commissioners, shall be subjected to fit and proper test by the Nomination and Remuneration Committee;

- 6) Prospective members of the Board of Directors who have passed the fit and proper test and members of the Board of Directors who are reappointed, shall sign a management contract before confirmed to be members of the Board of Directors;
- 7) Members of the Board of Directors shall be appointed and dismissed by Shareholders or a GMS of the candidates who are nominated by the Nomination and Remuneration Committee.

III.b. Office Term of the Board of Directors

- 1) Each member of the Board of Directors shall hold his/her office for a period as from the date of GMS which appoints him/her and shall end at the closing of the 3rd Annual GMS as of his/her appointment and may be re-elected for another office term;²⁸
- 2) Office of members of the Board of Directors shall end in the event he/she:

²⁸ Articles of Association of the Company Article 17 paragraph 2.

- passes away;
 - his/her office term expires; and
 - is dismissed by Shareholders, including dismissal for ceasing from complying with the requirements as Member of the Board of Directors;
- 3) A member of the Board of Directors is entitled to resign from his office by notifying in writing to the Shareholders with carbon copy to the Board of Commissioners and other Directors;
- 4) Any members of the Board of Directors who quit before and after their office term expires, shall remain be responsible for their actions for which the accountability report has not been accepted by the Shareholders;
- 5) A member of the Board of Directors can be dismissed at any time based on Resolution of the Shareholders by stating the reasons thereof, including but not limited to:
- Unable to perform his/her obligations as agreed upon in the management contract;

- Unable to perform his/her tasks properly;
 - Fail to implement the provisions in the articles of association;
 - Involved in any actions that harm the Company and/or the state;
 - Declared guilty by a court judgment that is final; and/or
 - Resigns.
- 6) Any plan to dismiss a member of the Board of Directors shall be notified to the relevant Director either verbally or in writing by the Board of Commissioners or an officer as it may appoint. The decision on dismissal shall be made after the relevant member is given with opportunity to defend him-/herself;²⁹
- 7) Unless otherwise specified in the dismissal plan of members of the board of directors, then, as long as the dismissal plan is still under process,

²⁹ Article 105 of the Limited Liability Company Law No. 40 of.2007

the relevant members of the Board of Directors shall perform their tasks properly;

- 8) The Board of Commissioners may suspend one or more member(s) of the Board of Directors, if they act contrary to the Articles of Association of the Company or are indicated as inflicting a loss to the Company or neglect from performing its obligations or there are urgent reasons for the Company;
- 9) Such a suspension must be notified in writing to the relevant person and the Shareholders accompanied with reasons that caused such actions.³⁰ The members of Board of Directors who are suspended are entitled to defend themselves. Within 90 (ninety) days as of the receipt of notice of suspension, the Board of Commissioners shall have decided whether the relevant member shall be dismissed permanently or resumed to his/her original position;

³⁰ Article 106 of the Limited Liability Company Law No. 40 of 2007

- 10) If the Shareholders do not make such a decision within 90 (ninety) days, then, such a suspension shall be cancelled. The Suspension may not be extended or restated with the same reasons, therefore, the relevant member of the Board of Directors shall resume to perform his/her tasks properly;
- 11) In the event of increase in number of Members of the Board of Directors, office term of the new members of Board of Directors will expire coincidentally with the office term of the rest existing Members of the Board of Directors;³¹

III.c Tasks and Authorities of the Board of Directors

III.c.1 Tasks of the Board of Directors

Main tasks of the Board of Directors are:

- 1) Carry out the management of the Company in accordance with the best interests and goals of the Company and to act as leader in the management

³¹ Articles of Association of the Company Article 14 paragraph

of, and to represent the Company both inside and outside the Court.³²

- 2) To maintain and manage the Company's assets.
- 3) To maintain independence of the Board of Directors by not carrying out any activities that may interfere with its independence in managing the Company.
- 4) The Board of Directors is entitled to represent the Company inside and outside the court and to carry out all actions and deeds both concerning management and ownership of the Company's assets as well as to bind the Company with the other party and/or any other party with the Company, with restrictions as specified in the articles of association of the Company.
- 5) Members of the Board of Directors shall inform in the event of having any dissenting opinion/comment on the decision of the Board of Directors that potentially unfavorable/or detrimental to the Company. Dissenting opinions of members of the

³² Articles of Association of the Company Article 15.

Board of Directors shall be an evidence of release of responsibilities internally on the decision of the Board of Directors in question.

- 6) The Board of Directors has the right to establish committees as they deem necessary to assist with management of the Company. Committees under the auspices of the Board of Directors shall have a work guideline that is approved by the Board of Directors in performing their tasks.

In performing the aforesaid main tasks, each member of the Board of Directors shall perform the tasks and responsibilities with the following division:

A = Approve or not Approve

JR = Joint Responsibility

R = Responsible/Accountable for output in own area

S = Support and inform others in achieving the end result

The Board of Directors of the Company consist of a President Director, a Corporate Strategic Planning Director, a Finance Director and a Corporate Services Director.

In the event any of the Directors does not hold any of the position as referred to above, their tasks and responsibilities and authorities will be held concurrently by other members of the Board of Directors in accordance with a written agreement among members of the Board of Directors.

As to the description of tasks and responsibilities of members of the Board of Directors is as follows:

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|---|----|-----|-----|------|
| 1. | To establish the Company's vision, missions and strategies with the approval of the Board of Commissioners. | JR | JR | JR | JR |
| 2. | To formulate the understanding on, commitment to and | JR | JR | JR | JR |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|--|----|-----|-----|------|
| | improvement of the Company's vision, missions and strategies. (Strategic objective) | | | | |
| 3. | To establish basic corporate policies regarding strategy, finance, organization, human resources and the ICT system. | JR | JR | JR | JR |
| 4. | To propose Policies, Standard Operating Procedures (SOP), in accordance with the authorities of the Board of Directors, as specified in the Articles of Association, GMS resolutions and/or this Board Manual. | JR | JR | JR | JR |
| 5. | The Board of Directors and | JR | JR | JR | JR |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|---|----|-----|-----|------|
| | each member of the Board of Directors are obliged to give explanation on anything asked by the Board of Commissioners. | | | | |
| 6. | To set the targets of each member of the Board of Directors in accordance with the vision, missions and strategic objectives of the Company. (Setting of work unit target shall be sufficient is made at the relevant director level) | A | R | R | R |
| 7. | To propose the RKT and the RKJP in their respective capacity as Heads (Directorate) | - | JR | JR | JR |
| 8. | To establish proposals on and amendment to the RKT | JR | JR | JR | JR |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|--|----|-----|-----|------|
| | and the RKJP. | | | | |
| 9. | To set targets/Key Performance Indicators of each Directorate and subsidiary in accordance with the RKT and the RKJP. | JR | JR | JR | JR |
| 10. | To propose policies and periodic evaluation on the <i>Limits of Authority</i> , which provides for transaction values or the use/acquisition of assets that are within the authority of the Board of Directors by referring to the Company's financial policies and the relevant decision-making quorum. | JR | JR | JR | JR |
| 11. | To appoint, dismiss, promote, demote the Company officers starting | R | R | R | R |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|--|----|-----|-----|------|
| | from the work unit heads to the highest position governed through stipulations of the Board of Directors. (It is adjusted to the process, its execution if always PD and CSSD) | | | | |
| 12. | To appoint the acting President Director to another member of the Board of Directors if the President Director is indisposed. | A | S | S | S |
| 13. | To establish and implement the procedures of the Board of Directors meeting. | JR | JR | JR | JR |
| 14. | To carry out risk analyzes, to set the steps that may reduce and | R | R | R | R |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|---|----|-----|-----|------|
| | mitigate various types of risks being encountered by the Company. | | | | |
| 15. | To verify, analyze, including making correction in implementation of any investment project in accordance with authority of the Board of Directors (IDPP or similar). | JR | JR | JR | JR |
| 16. | To make supervision on implementation of the approved projects and investments. | A | R | S | S |
| 17. | To formulate, rectify and implement business development plans of ABM Group. | A | R | S | S |
| 18. | To look for and determine | A | R | S | S |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|--|----|-----|-----|------|
| | business partners other than tender award. | | | | |
| 19. | To coordinate implementation of the RKT and the RKJP related to accounting and financial control, treasury, and fund resources management and development for the Company development. | A | R | S | S |
| 20. | To implement and control all of financial policies in accordance with resolutions of the Board of Directors and to implement the efficiency and effectiveness of financial functions in the Company and the ABM Group. | A | S | R | S |
| 21. | To foster and maintain relationship with public | A | S | R | S |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|--|----|-----|-----|------|
| | investors. | | | | |
| 22. | To identify and develop the values are able to improve the Company's competitiveness by giving compensation and benefits to human resources. | A | S | S | R |
| 23. | To design and develop an organization that are able to implement effective business strategies and achieve efficiency in implementation of operational routines of the Company <i>(organizational planning)</i> . | A | S | S | R |
| 24. | To acquire, develop and retain leaders/directors who are needed by the ABM Group <i>(leadership</i> | A | S | S | R |

| No. | TASKS | PD | CSD | CFD | CSSD |
|-----|--|----|-----|-----|------|
| | <i>development</i>). | | | | |
| 25. | To manage, develop and ensure communication to stakeholders through corporate communication conducted effectively and in accordance with the Company policy. | A | S | S | R |
| 26. | To plan, coordinate and perform obligations of the Company relating to social and environmental responsibility. | A | S | S | R |
| 27. | To encourage implementation of Good Corporate Governance in the Company and the ABM Group. | A | A | A | A |

PD : President Director

CSD : Corporate Strategic Planning Director

CFD : Corporate Finance Director

CSSD : Corporate Support Services Director

III.c.2. Authorities of the Board of Directors

In exercising their authorities, the Board of Directors of the Company qualifies for its authorities owned as follows:

AT = Authorized

CA = Collective Authority

S = Support

Further detail of the authorities of members of the Board of Directors can be seen as follows:

| No. | AUTHORITIES | PD | CSD | CFD | CSSD |
|-----|---|----|-----|-----|------|
| 1. | To represent the Company inside and outside the Court. | AT | AT | AT | AT |
| 2. | To represent and bind the Company with other parties in accordance with the authorities as specified in the Articles of Association | AT | AT | AT | AT |

| No. | AUTHORITIES | PD | CSD | CFD | CSSD |
|-----|---|----|-----|-----|------|
| | of the Company. | | | | |
| 3. | To hold Meetings of the Board of Directors at any time as deemed necessary by one or more member(s) of the Board of Directors or upon written request of one or more member(s) of the Board of Commissioners or Shareholders representing at least 1/10 of total number of shares with voting rights. | AT | AT | AT | AT |
| 4. | To hold General Meetings of Shareholders at any time as deemed necessary upon written request of one or more member(s) of the Board of Commissioners or Shareholders representing at least 1/10 of total number | CA | CA | CA | CA |

| No. | AUTHORITIES | PD | CSD | CFD | CSSD |
|-----|---|----|-----|-----|------|
| | of shares with voting rights. | | | | |
| 5. | To ratify the Company's Annual Reports including the Financial Statements. | CA | CA | CA | CA |
| 6. | To propose policies and procedures within their respective department or work unit under the auspices of each member of the Board of Directors in order to achieve the business targets in each function of department or work unit under its the auspices. | AT | AT | AT | AT |
| 7. | To establishes the organizational structure of the Company. | CA | CA | CA | CA |
| 8. | To propose amendments to the Annual Business Plan (RKT) | CA | CA | CA | CA |

| No. | AUTHORITIES | PD | CSD | CFD | CSSD |
|-----|--|----|-----|-----|------|
| | and the Long Term Business Plan (RKJP). | | | | |
| 9. | To establish a business activity development plan of the Company and the ABM Group. | CA | CA | S | S |
| 10. | To establish personnel management system of the Company. | CA | S | S | CA |
| 11. | To set policies and procedures in the field of accounting, treasury and financial management of the Company and the ABM Group. | CA | S | CA | S |

III.c.3. Double Position³³

Member of the Board of Directors may concurrently serve as:

³³ The Financial Services Authority Regulation No. 33/POJK.04/2014 dated December 8, 2014.

- a. Member of the Board of Directors in not more than 1 (one) issuer or another public listed company;
- b. Member of the Board of Commissioners in not more than 3 (three) issuers or other public listed companies.

Double positions may be conducted as long as not contrary to other statutory regulations.

Members of the Board of Directors may concurrently serve as member of committees in not more than 5 (five) committees Issuers or Public Listed Companies in which he/she also serves as member of the Board of Directors or member of the Board of Commissioners.

III.c.4. Annual Business Plan (RKT)

The Board of Directors shall compile a RKT before commencement of the next financial year. the RKT shall contain the annual budget of the Company for the next financial year.

The RKT shall be submitted by the Board of Directors to the Board of Commissioners for later review and approval of the Board of Commissioners.³⁴

The RKT shall contain at least:

- a. Vision and missions, business targets, business strategies, the Company's policies and work programs/activities;
- b. The company Budget as detailed by work/activity program budget of the next fiscal year;
- c. Financial forecasts of the Company and its subsidiaries in the next financial year;
- d. Other matters that require resolution of General Meeting of Shareholders.

III.c.5. Long Term Business Plan (RKJP)

The Board of Directors is obliged to prepare a draft RKJP which is a strategic plan that specifies the goals and objectives to be achieved by the Company within a

³⁴ Articles of Association of the Company Article 20 paragraph 1.

period of 3 (three) or 5 (five) years and RKT which as an annual elaboration of the RKJP.

Draft RKJP and RKT shall be signed by the Board of Directors and submitted to the Board of Commissioners for ratification.³⁵

The RKJP shall at least contain as follows:

- a. Evaluation of previous RKJP implementation;
- b. Company's position at the time of preparation;
- c. Assumptions used in preparing the RKJP;
- d. Setting of Vision, Missions, Goals, Strategies, Policies, Programs of Long Term Business Plan;
- e. Company business development policies.

Purposes of RKJP preparation are to:

- a. Define the Vision and Missions.
- b. Reveal priorities to be attained and performances to be achieved.

³⁵ Articles of Association of the Company Article 20 paragraph 1.

- c. Prepare strategic plan to improve the Company competitiveness in order to achieve the vision, missions, and goals of the Company.

III.d. Division of Tasks of the Board of Directors

The division of tasks of each member of the Board of Directors shall be determined by the GMS. In the event the GMS does not determine the division of tasks and authorities of members of the Board of Directors, it shall be determined based on a resolution of the Board of Directors.³⁶

III.e. Proceeding of the Board of Directors Meeting

III.e.1 The Board of Directors Meeting Period

- 1) Meetings of the Board of Directors can be held any time if deemed necessary by:
 - i. one or more member(s) of the Board of Directors;
 - ii. upon written request of one or more member(s)

³⁶ Limited Liability Company Law No.40 of 2007 Article 92 paragraph 6.

of the Board of Commissioners;

iii. upon written request of one or more shareholder(s) who collectively hold 1/10 or more of total shares with voting rights.³⁷

2) Periodic meetings shall be held once every 2 weeks.

III.e.2 Summons and Venue of Meeting

a) Summons for a Meeting of Board of Directors shall be conducted by the President Director or a Director of the Company if the President Director is indisposed.

b) Summons for a Meeting of the Board of Directors shall be sent not later than 7 calendar days prior to the meeting date excluding the summons date by mail and confirmed by phone.

c) Summons for a Meeting of the Board of Directors must mention the agenda, date, time and place of

³⁷ The Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014 and the Articles of Association of the Company.

the Meeting.

- d) Meeting of the Board of Directors shall be held at the Company's domicile or in the place where the company conducts its business activity.
- e) Summon for a Meeting of the Board of Directors is not required and the meeting of the Board of Commissioners can be held anywhere if all members of the Board of Directors are present or represented.
- f) Meeting of the Board of Directors can be held by means of video conference media or through other electronic media that allow all attendants of Meeting of the Board of Directors to see and hear each others in person and to participate in the Meeting of the Board of Directors.

III.e.3 Chairperson of Meeting and Those who are Entitled to be Present

Meetings of the Board of Directors shall be presided over by the President Director and in case the President Director is indisposed, it shall be presided over by a member of the Board of Directors elected by

and from among members of the Board of Directors who are present.³⁸

The Board of Directors may invite members of the Board of Commissioners to explain, give inputs or conduct discussions on an issue as materials for the Board of Directors in performing their functions. If deemed necessary, the Board of Directors may invite relevant departments or work units to attend the Meeting of the Board of Directors.

III.e.4 Proxy the Board of Directors At the Meeting

A member of the Board of Directors may be represented in a Meeting of the Board of Directors only by another member of the Board of Directors based on a power of attorney.³⁹

III.e.5 Quorum

a) Meeting of the Board of Directors is valid and

³⁸ Articles of Association of the Company Article 16, paragraph 6.

³⁹ Articles of Association of the Company Article 16, paragraph 7.

entitled to adopt binding resolutions if more than $\frac{1}{2}$ of total number of members of the Board of Directors are present or represented at the Meeting of the Board of Directors.

- b) Resolutions of Meeting of the Board of Directors shall be adopted on amicable deliberation basis.
- c) Decision-making by voting shall be adopted by affirmative vote of at least more than $\frac{1}{2}$ of total votes cast at the meeting.
- d) In the event of tie votes (pro-vote and contra-vote is equal), the Chairperson of Meeting of the Board of Directors will have a casting vote.
- e) Voting on persons shall be carried out by an unsigned-folded ballot, whereas, voting on other matters shall be carried out verbally, unless the Chairperson of Meeting determines otherwise without any objection from those present.
- f) Blank votes and illegal votes shall be considered not to be cast legally and shall not be counted in

determining the total votes cast.⁴⁰

| Action | Number of members of Board of Directors approve |
|--|---|
| 1. Borrowing or lending money on behalf of the Company.*) | >1/2 |
| 2. Merger or acquisition (including acquisition without causing takeover), joint venture, and joint operation. | >1/2 |
| 3. Establishing Subsidiaries | >1/2 |
| 4. Opening Company's Branches | >1/2 |
| 5. Selling Subsidiaries*) | >1/2 |
| 6. Selling ≤50% of the Company's assets*) | >1/2 |
| 7. Pledging ≤50% of the | >1/2 |

⁴⁰ Articles of Association of the Company Article 16, paragraph 11.

| Action | Number of members of Board of Directors approve |
|---|---|
| Company's assets.*) | |
| 8. Investment/project/tender | >1/2 |
| 9. Mass employment termination | >1/2 |
| 10. Payrolls and bonuses of the Board of Directors | >1/2 |
| 11. the RKT and the RKJP | >1/2 |
| 12. Company's Annual Report | >1/2 |
| 13. Company's Annual Financial Report | >1/2 |
| 14. Write-off of assets, receivables and invoices (<i>ad hoc</i>). *) | >1/2 |
| 15. Issuing tender winner notice to Vendor (<i>Vendor award</i>) *) | >1/2 |
| 16. Setting or changing of system or process that significantly | >1/2 |

| Action | Number of members of Board of Directors approve |
|--|---|
| affect the Company. | |
| 17. Interim dividend | >1/2 |
| 18. Buying back shares and/or selling securities issued by the Company in the capital markets/financial institutions | >1/2 |
| 19. Renting out the asset for a period longer than 3 years | >1/2 |
| 20. Binding the Company to be a guarantor. | >1/2 |

*) Action is taken by complying with provisions in the Limit of Authority applicable with due observance to provisions of the prevailing statutory regulations including if the Company changes its status to be publicly open.

In addition to the provisions of quorum in the table above, any resolution to be adopted by the Board of

Directors Meeting is valid if adopted in a quorum of agreement of at least $> 1/2$ of the voting rights.⁴¹

III.e.6 Circular Resolutions

The Board of Directors may adopt legal resolutions without holding a Meeting of the Board of Directors provided that all members of the Board of Directors give their approval on the proposed proposal in writing by signing such an approval.⁴²

III.e.7 Minutes of Meeting

- 1) Shall be drawn-up by the Company Secretary or a party assigned by the Board of Directors.
- 2) Minutes shall specify any dissenting opinion/comment of members of the Board of Directors with the decisions made.
- 3) Minutes of meeting shall be distributed to all

⁴¹ Articles of Association of the Company Article 16 paragraph 9

⁴² Articles of Association of the Company Article 16, paragraph 12.

members of the Board of Directors not later than 3 (three) calendar days as of the meeting date.

- 4) Members of the Board of Directors shall, not later than 3 (three) calendar days as of the distribution date of minutes of meeting, present their approval or objection and/or propose any improvement on those that are specified in the minutes of meeting of the Board of Directors.
- 5) Member of the Board of Directors shall be deemed agreeing the contents of the minutes Meeting of the Board of Directors if they fail to present their approval, objection and/or improvement proposal on the minutes of meeting within 3 (three) calendar days as of the distribution date.
- 6) Minutes of Meeting of the Board of Directors shall be signed by all members of the Board of Directors who attended the meeting and shall be submitted to all members of the Board of Directors.
- 7) In case a member of the Board of Directors who attends the meeting refuses to sign the minutes of meeting of the Board of Directors, he/she is obliged to mention his/her reasons in writing in a

separate letter attached to the minutes of meeting.

- 8) Minutes of the Meeting of the Board of Directors shall be kept by the Board of Directors.

III.f. Supporting Organs of the Board of Directors

In performing their tasks, the Board of Directors may be assisted by the supporting organs, such as, committees below the Board of Directors, Company Secretary and the risk management functions that are adapted to the needs and capabilities of the Company.

III.f.1 Company Secretary

In order to facilitate implementation of their tasks, the Board of Directors may appoint a Company Secretary. The Company Secretary must have adequate academic qualifications to allow him/her performs their tasks and responsibilities properly.

Tasks and responsibilities of the Company Secretary are as follows:

- 1) Carrying out a role as contact person between the Board of Directors, the Board of Commissioners,

the Shareholders, the Government/competent Authorities, the community and other stakeholders.

- 2) Directing, coordinating and examining the giving of legal opinion, document management, public relationship, protocols and ceremonials of the Company to support the Company activities in order to run effectively and efficiently and to improve the Company image.
- 3) Carrying out activities in secretaryship sector within the auspices of the Board of Directors, the Board of Commissioners and the Company and administration thereof including managing and keeping documents related to the Company's activities including GMS documents, minutes of Meeting of the Board of Directors, minutes of Meeting of the Board of Commissioners, minutes of Joint Meeting, Special Register of Shareholders, dissenting opinion documentation, invitations, meeting agendas, meeting materials and other documents.
- 4) Coordinating the convention of GMS, Meetings of the Board of Directors, Meetings of the Board of

Commissioners and Joint Meetings and managing the meeting schedule to ensure the effective course of the meetings for the best interests of the Company.

- 5) Directing, coordinating and carrying out all activities of providing information in the form of formal orientations, bulletins, clippings, electronic mails and other media to the Board of Directors and the Board of Commissioners and other stakeholders so that accurate and up to date and supporting the Company image.
- 6) Providing information periodically to the Board of Directors and the Board of Commissioners if requested, to ensure that the Company complies with regulation on disclosure requirement in accordance with the Company regulation, capital market regulations and other prevailing regulations.
- 7) Coordinating activities of the Board of Directors relating to corporate activities to support the effective functions of the Board of Directors and the Company's performance.

- 8) Representing the Board of Directors to deal with parties outside and or inside the Company in accordance with the assignment given and the policies established.
- 9) Directing, coordinating and, if necessary, acting as representative of the Company in activities related to the Company's best interests in order to bridge the relationship of the Company with the stakeholders and other relevant external parties.
- 10) Directing, coordinating and controlling execution of activities related to implementation of the Good Corporate Governance (GCG) to ensure implementation of sound corporate governance.
- 11) The Company Secretary and employees in work units that perform the company secretary function shall keep confidentiality of any documents, data and information that are confidential in nature, except in the framework of performing obligations in accordance with the statutory regulations or as otherwise specified in the statutory regulations.

III.f.2 Internal Audit

In order to ensure effective internal control system, the Board of Directors is structurally assisted by the Internal Audit, the Structural Officers and all components in the Company. The Internal Audit shall be chaired by a head who is responsible to the Board of Directors. The work programs and audit reports shall be submitted to the Board of Directors and carbon copied to the Board of Commissioners which shall be submitted for review of the Audit Committee.

Main tasks of the Internal Audit include:

- 1) To make and implement strategies, policies and plans of supervision activities;
- 2) To conduct operational and compliance audits on all activities of the company in order to improve effectiveness of internal control, risk management and GCG process;
- 3) To conduct special audits to reveal cases that indicate abuse of authority, embezzlement, misappropriation and frauds;
- 4) To provide consultancy to all levels of management concerning the efforts of improving effectiveness

of internal control, efficiency improvement, risk management, and other related activities to improve the Company performance.

III.g. Actions of the Board of Directors that Require Written Consent of the Board of Commissioners.

In taking certain actions for which the authorities have been jointly arranged and mutually agreed upon with the Board of Commissioners, the Board of Directors must first obtain the prior written approval from the Board of Commissioners for the following actions:

- 1) To borrow or lend money on behalf of the Company;
- 2) Merger or acquisition (including acquisition without causing takeover), joint venture, and joint operation;
- 3) To establish subsidiaries;
- 4) To open the Company's Branches;
- 5) To sell the shares of subsidiaries;
- 6) To sell $\leq 50\%$ of the Company's assets;
- 7) To pledge $\leq 50\%$ of the Company's assets;

- 8) Investment/project/tender;
- 9) Mass employment termination;
- 10) Payrolls and bonuses of the Board of Directors;
- 11) RKT and RKJP;
- 12) Company's Annual Report;
- 13) Company's Annual Financial Report;
- 14) Write-off of assets, receivables and invoices (ad hoc);
- 15) Interim Dividend;
- 16) To buyback shares and/or to sell securities issued by the Company in the capital markets/financial institutions;
- 17) To rent out the assets for a period longer than 3 years;
- 18) To bind the Company to be a guarantor;

In addition to the aforesaid provisions, the Board of Directors must observe the provisions in the *Limit of Authority* that governs actions which require approval from the Board of Commissioners.

III.h. Actions of the Board of Directors that Require Approval of GMS

In taking certain actions, the Board of Directors must first obtain the prior written approval from a GMS, including:⁴³

- 1) To amend the Articles of Association
- 2) Amalgamation
- 3) Merger
- 4) Take over
- 5) Spin-off
- 6) Applying for bankruptcy
- 7) Extension of establishment period of the Company
- 8) Dissolution of the Company
- 9) To pledge more than 50% of the Company's assets
- 10) To increase/decrease the issued capital and the paid-up capital

⁴³ Limited Liability Company Law No.40 of 2007 Articles 15, 21, 38, 41, 44, 88, 89, 94.102, 111, and 122.

- 11) To buyback the shares (buyback) or securities in the capital markets or other financial institutions
- 12) Release and discharge of responsibilities of the Board of Directors and the Board of Commissioners
- 13) To bind the Company to be a guarantor
- 14) Change in the management board of the Company
- 15) To set the bonuses, salaries and benefits for the Board of Directors and the Board of Commissioners
- 16) To determine the independent auditor or Public Accounting Firm

Chapter 4

RELATIONSHIP AMONG THE COMPANY ORGANS

Part Four

RELATIONSHIP AMONG THE COMPANY ORGANS

IV.a. General Meeting of Shareholders

General Meeting of Shareholders hereinafter referred to as GMS is an Organ of the Company which has authorities that are not given to the Board of Directors or the Board of Commissioners within the limits as specified in the laws and/or the articles of association.

GMS consists of:

a) Annual GMS

Annual GMS is a General Meeting of Shareholders that is held on annual basis for ratification of Annual Reports which have been prepared by the Board of Directors, and for appointment of Public Accountant.

Ratification of Annual Reports

The aim of ratification of Annual Report is to account for the performance of the Board of Directors in the previous year compared with the approved RKT and the prevailing statutory

regulations and to give full release and acquittal discharge (*et aquit de charge*) to each member of the Board of Directors and the Board of Commissioners, despite of not reducing their respective responsibilities in the event any criminal offences or faults or negligence that result in losses to third parties that can not be covered by the company's assets.

Preparation of Annual Report shall be conducted in order to give overview and accountability on the course of the Company activities during one year for ratification by the Shareholders and for publication to other Stakeholders. The Annual Report shall at least contain⁴⁴:

- a. Financial statements that consist of, at least, the balance sheet for the end of the past financial year in comparison with the previous financial year, income statement of the relevant financial year, cash flow statement, and statement of changes in

⁴⁴ Article 66 paragraph 2 of the Limited Liability Company Law No. 40 of 2007.

- equity, and notes to the financial statements;
- b. Report of the Company activities (including achievement of the RKT and the RKJP);
 - c. Report of Social and Environmental Responsibility implementation;
 - d. Details of problems that arose during the fiscal year that affect the Company's business activities;
 - e. Report of supervisory tasks that have been performed by the Board of Commissioners during the past financial year;
 - f. Names of Members of the Board of Directors and the Board of Commissioners;
 - g. Salaries and allowances for members of the Board of Directors and salaries or honorariums and allowances for members of the Board of Commissioners for the past year.

Appointment of Public Accounting Firm (KAP)

Appointment of KAP is intended to get a KAP that

is internationally reputable, meets the public accountant professional standard requirements and registered with the Bapepam-LK.

b) Other GMS or Extraordinary GMS

Extraordinary General Meeting of Shareholders shall be held at any time if the Board of Directors and/or the Board of Commissioners and/or Shareholders deem necessary.

IV.a.1 Request for GMS

Other GMSs as referred to above can be held upon request of:

- 1) 1 (one) or more shareholder(s) who collectively represent 1/10 (one-tenth) or more of total shares with voting rights, unless the articles of association determines a smaller number.⁴⁵ The Shareholders shall submit a written request for GMS to the Board of Directors by registered mail

⁴⁵ The Financial Services Authority Regulation Number 33/POJK.04/2014 dated 8 December 2014 and the Articles of Association of the Company.

accompanied with the reasons for holding the GMS. The written request for GMS by the shareholders shall be carbon copied to the Board of Commissioners. The request for GMS must⁴⁶:

- a) be made in good faith;
 - b) consider the best interests of the Company;
 - c) be a request that requires approval of GMS;
 - d) be accompanied with the reasons and materials related to matters to be decided in the GMS; and
 - e) not conflict with the statutory regulations and the articles of association of the Company.
- 2) The Board of Commissioners shall submit a written request for GMS to the Board of Directors by registered mail accompanied with the reasons thereof.

After its receipt of the request for Annual GMS or

⁴⁶ Ibid.

Other GMSs, the Board of Directors or the Board of Commissioners shall perform the following:

- 1) The Board of Directors shall implement the procedures for holding GMS within not later than 15 (fifteen) calendar days as of the date the request for GMS is received.
- 2) In the event the Board of Directors does not conduct summons for GMS as referred to in number 1 above, the request for GMS can be resubmitted by the shareholders to the Board of Commissioners (in case shareholders requesting the GMS);
- 3) In the event the Board of Directors at the request of the Board of Commissioners does not carry out summons for GMS, the Board of Commissioners shall have the right to summon for GMS by themselves (in case the Board of Commissioners requesting the GMS).
- 4) The Board of Commissioners shall carry out summons for GMS as referred to above within not later than 15 (fifteen) calendar days as of the date the request for GMS is received.

- 5) GMS of a Public Listed Company shall be held subject to this law provision as long as the provisions of statutory regulations in the field of capital market does not specify otherwise.
- 6) GMS shall be held at the Company's domicile or the Company's business place.
- 7) GMS shall be held in territory of the Republic of Indonesia.⁴⁷

IV.a.2 Chairperson of GMS and Those who are Entitled to be Present

GMS shall be presided over by the President Commissioner and in case the President Commissioner is indisposed the meeting shall be presided over by a member of the Board of Commissioners elected by and from among members of the Board of Commissioners who are present.⁴⁸

⁴⁷ Article 76 paragraph 3 of the Limited Liability Company Law No. 40 of.2007.

⁴⁸ Articles of Association of the Company Article 10 paragraph 8.

If all members of the Board of Commissioners are absent or indisposed for any reason which is not necessary to be proven to the third party, the GMS shall be presided over by the President Director of the Company. If the President Director is indisposed then the GMS shall be presided over by a person elected among members of the Board of Directors who are present.

If all members of the Board of Directors are absent or indisposed for any reason, which is not necessary to be proven to the third party, the GMS shall be presided over by a person elected by and among those who are present at the meeting.

Provisions on the GMS chairperson subject to the Articles of Association of the Company and/or other regulations or provisions that govern it.

IV.a.4. GMS Chairperson with Conflict of Interest Agenda

In case a GMS is held to decide something that relates to Conflict of Interest, then, the GMS shall be presided over by one of Commissioners appointed by the Board of Commissioners. In case the appointed Commissioner has a conflict of interest, then the GMS shall be presided over by a member of the Board of

Commissioners who has no Conflict of Interest and is appointed by members of the Board of Commissioners who are present. In case all members of the Board of Commissioners have Conflict of Interest, the GMS shall be presided over by a Director appointed by the Board of Directors.

In case the appointed Director has a conflict of interest, then the GMS shall be presided over by another Director who has no conflict of interest and is appointed by members of the Board of Directors who are present. In case all members of the Board of Directors have conflict of interest, the GMS shall be presided over by one of independent Shareholders who is appointed by other Shareholders who are present at the meeting.⁴⁹

IV.a.5. Quorum

- 1) GMS is valid and entitled to adopt binding resolutions if more than $\frac{1}{2}$ of total number of shares with voting rights are present or

⁴⁹ Articles of Association of the Company Article 10 paragraph 8.

represented at the GMS unless the law and/or the Articles of Association determines a larger quorum.⁵⁰

- 2) Resolutions of GMS shall be adopted on amicable deliberation basis.
- 3) Decision-making by voting shall be adopted by affirmative vote of at least more than $\frac{1}{2}$ of total votes cast, the articles of association specifies that the decision is valid if approved by majority votes.
- 4) Voting on persons shall be carried out by an unsigned-folded ballot, whereas, voting on other matters shall be carried out verbally, unless the Chairperson of Meeting determines otherwise without any objection from those present.
- 5) Blank votes and illegal votes shall be considered not to be cast legally and shall not be counted in determining the total votes cast.

⁵⁰ Article 86 paragraph 1 of the Limited Liability Company Law No. 40 of.2007.

- 6) Shareholders with voting rights who are present at the GMS but do not cast vote (abstain) shall be deemed casting the same vote as those of the majority shareholder who cast vote.

| Action | Attendance quorum | Decision Quorum |
|---|-------------------|-----------------|
| 1. To amend the Articles of Association | 2/3 | 2/3 |
| 2. Amalgamation | 3/4 | 3/4 |
| 3. Merger | 3/4 | 3/4 |
| 4. Take over | 3/4 | 3/4 |
| 5. Spin-off | 3/4 | 3/4 |
| 6. Applying for bankruptcy | 3/4 | 3/4 |
| 7. Extension of establishment period of the Company | 3/4 | 3/4 |
| 8. Dissolution of the | 3/4 | 3/4 |

| Action | Attendance quorum | Decision Quorum |
|--|-------------------|-----------------|
| Company | | |
| 9. To pledge more than 50% of the Company's assets | 1/2 | >1/2 |
| 10. To increase/decrease the issued capital and the paid-up capital | 1/2 | >1/2 |
| 11. To buyback the shares (buyback) or securities in the capital markets or other financial institutions | 1/2 | >1/2 |
| 12. Release and discharge of responsibilities of the Board of Directors and the | 1/2 | >1/2 |

| Action | Attendance quorum | Decision Quorum |
|--|-------------------|-----------------|
| Board of Commissioners | | |
| 13. To bind the Company to be a guarantor | 3/4 | 3/4 |
| 14. Change in the management board of the Company | 1/2 | >1/2 |
| 15. To set the salaries and benefits for the Board of Directors and the Board of Commissioners | 1/2 | >1/2 |
| 16. To determine the independent auditor | 1/2 | >1/2 |

In addition to the provisions of quorum in the table above, unless the Articles of Association or the regulations/law determine a larger quorum, any resolution to be adopted by GMS is valid if adopted in

a quorum of agreement of at least $> 1/2$ of the voting rights present or represented and approved by $> 1/2$ of votes present.

IV.a.6 Circular Resolutions

The shareholders may adopt binding resolutions without holding a GMS provided that all shareholders with voting right give their approval in writing by signing such a proposal.⁵¹

IV.a.7 Minutes of Meeting

- 1) Shall be drawn-up by the Board of Directors or a party assigned by the Board of Directors (for example, the Company Secretary).
- 2) Minutes of meeting shall be signed by the meeting chairperson and at least 1 Shareholder.
- 3) Such a signature as referred to in number 2 above is not required if the minutes of GMS is made by notarial deed.

⁵¹ Articles of Association of the Company Article 11 paragraph 10 and Article 91 of the Limited Liability Company Law No. 40 of.2007.

- 4) Minutes of GMS shall be signed by the Meeting Chairperson and a Shareholder or a proxy of Shareholder who is appointed by and from among those who are present at the meeting.
- 5) The signing as referred to in number 4 is not required if the minutes of GMS is made in the form of notarial deed.
- 6) Minutes of meeting shall be kept by the Board of Directors.

In case its status is a Public Listed Company, the Company shall be subject to any regulation governing the applicable implementation and procedures of GMS of public listed company or public company.

IV.b. Joint Meeting of the Board of Directors and the Board of Commissioners

The Board of Directors and Board of Commissioners Organs shall, in performing the managerial function and supervisory functions on the Company, hold joint/coordination meetings regularly (Joint Meeting). The procedures and provisions of the Joint of Coordination Meeting are as follows:

IV.b.1. Those who are Entitled to be Present At the Joint Meeting

Joint Meeting may be held any time if deemed necessary by one or more member(s) of the Board of Commissioners or the Board of Directors;

Periodic Joint Meeting shall be held once every 3 months.⁵²

IV.b.2 Summons and Venue of Meeting

- 1) Summons for a Joint Meeting of shall be conducted by a member of the Board of Commissioners or the Board of Directors.
- 2) Summons for a Joint Meeting shall be sent not later than 7 calendar days prior to the meeting date excluding the summons date.
- 3) Summons for a Joint Meeting must mention the agenda, date, time and place of the Meeting.

⁵² The Financial Services Authority Regulation Number 33/POJK.04/2014 dated December 8, 2014 Article 31 paragraph (3) define at least 1 (one) time in 4 (four) months.

- 4) Joint Meeting shall be held at the Company's domicile or in the place where the company conducts its business activity.
- 5) Joint Meeting can be held by means of video conference media or through other electronic media that allow all attendants of the Joint Meeting to see and hear each others in person and to participate in the Joint Meeting.

IV.b.3 Chairperson of Joint Meeting and Those who are Entitled to be Present

Joint Meeting shall be presided over by the President Commissioner or a member of the Board of Commissioners appointed by the President Commissioner at the meeting. Members of the Board of Commissioners and the Board of Directors shall attend the Joint Meeting.

Joint Meeting shall be attended by members of the Board of Commissioners, members of the Board of Directors, the Company Secretary and invitees. Minutes of the meeting shall be drawn-up by the Company Secretary or an appointed Director.

IV.b.4 Minutes of Meeting

- 1) Shall be drawn-up by the Company Secretary or a party assigned by the Board of Directors.
- 2) Minutes of meeting shall be distributed to all members of the Board of Commissioners and the Board of Directors not later than 14 (fourteen) calendar days as of the meeting date.
- 3) Members of the Board of Commissioners and the Board of Directors shall, not later than 14 (fourteen) calendar days as of the distribution date of minutes of meeting, present their approval or objection and/or propose any improvement on those that are specified in the minutes of Joint Meeting.
- 4) Members of the Board of Commissioners and the Board of Directors shall be deemed agreeing the contents of the minutes of Joint Meeting if they fail to present their approval, objection and/or improvement proposal on the minutes of meeting within 14 (fourteen) calendar days as of the distribution date.
- 5) The Minutes of Joint Meeting may be signed by the Meeting Chairperson and at least one member of the

Board of Directors appointed by and from among those present.

- 6) Original Minutes of the Joint Meeting shall be kept by the Board of Directors.

IV.b.5. Periodic Reporting

Periodic reporting is submission of a report from the Board of Directors to the Board of Commissioners, which contain implementation of the RKT.

These periodic reports to be submitted consist of Report of quarterly RKT realization and Report of Annual RKT realization. The Board of Directors is obliged to prepare in time the RKJP, the RKT, including other plans related to implementation of the Company's business and activities and to deliver them to the Board of Commissioners.

IV.b.6. Special Report

In addition to periodic report, the Board of Directors may at any time submit special report to the Board of Commissioners and/or the Shareholders.

Special reporting is submission of report from the

Board of Directors to the Board of Commissioners, other than the submission of periodic reports on request of the Board of Commissioners or at initiative of the Board of Directors, related to implementation of the Company's activities. It, among other things, relates to implementation of the performance management system, the risk management application and the information technology system that are used by the Company.

IV.c. Formal Communication

Formal Communication is written correspondence in the form of reports, memos (*nota dinas*) and correspondence including the handling of Memorandums between formal organs, in relation to implementation and smoothness of the main tasks and functions of each organ. The letters/memorandums can be delivery of information, requests, opinions or advices, and request for response.

In the implementation, it can be carried out in written text (hard-copy), electronic records (computer media or utilization of electronic mail (e-mail)). The Company Secretary shall monitor and give directions/reprimands in terms of handling the correspondence, Memorandums

and formal communication.

In order to increase the security and confidentiality of documents, efforts of prevention and deterrence, detection and corrective actions are made by relevant function units, by making efforts to reduce hard copies.

Such efforts can be made by converting immediately any hard copies into electronic records (for example, by using scanners), physical security, file storage, security of infrastructures (server, workstation, network) and determination of access right division.

Reporting

Reporting is a form of written formal communication that occurs between organs in relation to compliance with the provisions as specified in the Articles of Association and/or the custom based on best practices in the Company, in the form of submission of reports and or exchange of the supporting data, information and analysis thereof.

Correspondence/Memo

Correspondence/Memo is correspondence among organs that

is formal in nature, in relation to implementation and smoothness of the main tasks and functions of each organ. Letter/Memorandum can be also a delivery of information, requests and opinions and advices, requests for specific written response, and request for approval from the Board of Directors to the Board of Commissioners.

Likewise, on contrary, from the Board of Commissioners, it constitutes delivery of information, responses to opinions and advices, specific written responses, and statements of agreement to requests of the Board of Directors.

Procedures :

- 1) Correspondence/Memorandum handling can be conducted in written texts (hard-copy), electronic records (computer media) or by using electronic mail (e-mail);
- 2) The Company Secretary and the Secretary of the Board of Commissioners shall monitor and give directions/reprimands in the event of deviation from the timing of handling occurs.

3) In order to increase the security and confidentiality of documents, efforts of prevention and deterrence, detection and corrective actions are made by relevant function units, by making efforts to reduce hard copies. Such efforts can be made by converting immediately any hard copies into electronic records (for example, by using scanners), physical security, file storage, security of infrastructures (server, workstation, network) and determination of access right division.

IV.d. Informal Communication

Informal communication is communication between organs and between members of one organ with another, beyond the provisions of formal communication as specified in the Articles of Association, the prevailing statutory regulations and this Board Manual.

In addition to using personal written letter/memo (hard-copy), informal communication is supported by implementation of *e-office*, in the form of, among other things:

- Personal E-mail;

- *Group-chatting;*
- *Personal blog;*
- *Personal Portal;*
- *Other similar media that are personal in nature.*

The use of media as referred to above does not bind upon the organs or the members of organs of the Company.

Notice of Implementation of Official Activity of the Company;

Each of the Company's activities at corporate level that is formal ceremonial in nature that is relevant and significant within the auspices of the Board of Directors and within the auspices of the Board of Commissioners, shall be informed to all related parties by the Board of Directors and the Board of Commissioners. That information is placed on the Activity Agenda monitoring application, that forms part of electronic office system facility (*e-Office*).

Included in this formal ceremonial activity are events of official visit to the working area of the Company,

either as a perpetrator or as companion for officers of other agencies.

Upon enactment of this Board Manual in the employment relationship between the three organs of the Company, the Company's business activities are expected to be able to be implemented harmoniously based on the GCG principles in the effort of achieving the Company's vision and missions which have been set.

Chapter 5

CLOSING

Part Five

CLOSING

V.a. Enforcement of *Board Manual*

This *Board Manual* has been prepared as a guideline to allow the Board of Commissioners and the Board of Directors perform their tasks and responsibilities efficiently, effectively, transparently, competently, independently, and accountably so that acceptable to all concerned parties and with reference to the prevailing statutory regulations. The Board of Commissioners and the Board of Directors are responsible to establish the Board Manual;

V.b. Socialization of the *Board Manual*

The Company will carry out socialization of the *Board Manual* continuously. The continuous socialization activity will be carried out to the both new and existing members of the Board of Directors and the Board of Commissioners. Socialization is focused on the availability of understanding, the raising of awareness and the need to implement the Good Corporate Governance consistently through induction/introduction program to

members of the Board of Directors and the Board of Commissioners, meetings and other relevant forums.

V.c. Evaluation and Review of the Board Manual

The Company will conduct evaluations periodically or as needed to know and measure the suitability of the *Board Manual* with the prevailing statutory regulations and the business dynamics occurring. Evaluation of the Company Board Manual will be carried out by the Company Secretary, and the Secretary of the Board of Commissioners in coordination with the Internal Audit.