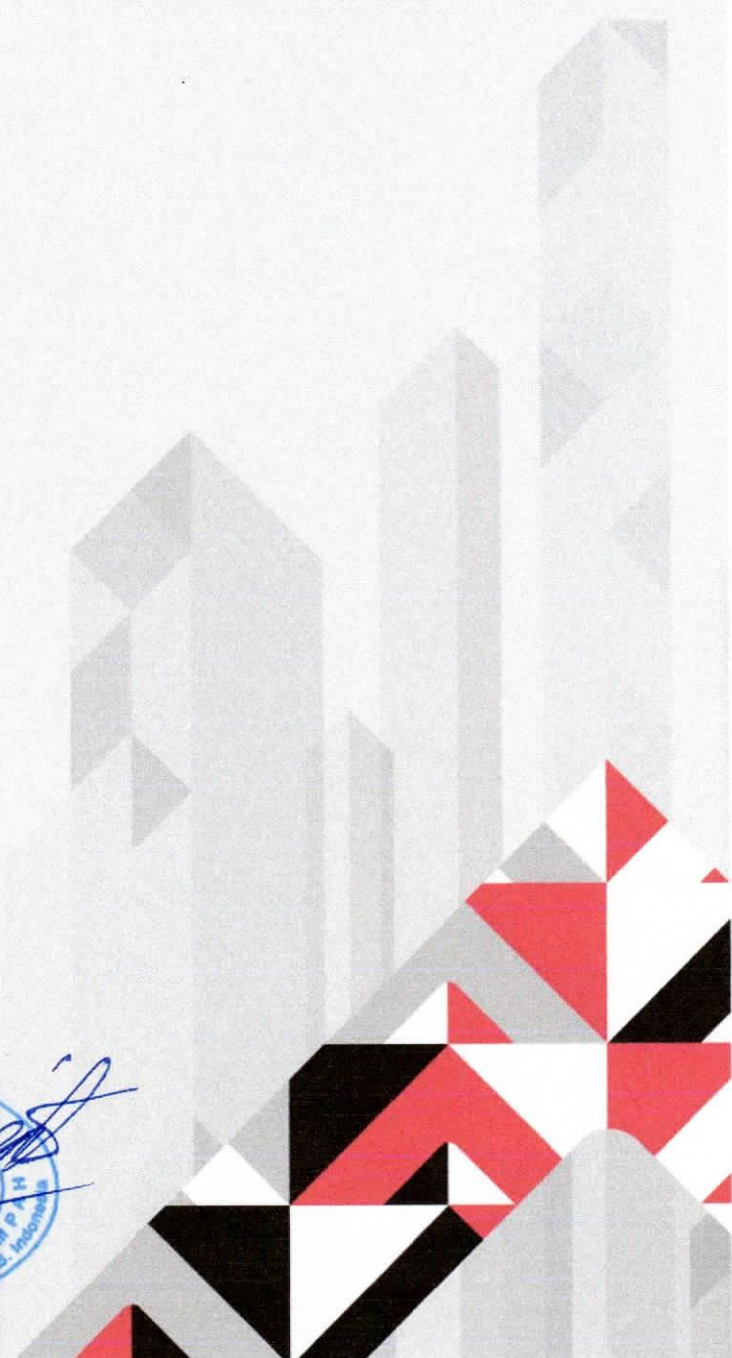




## GOOD CORPORATE GOVERNANCE GUIDELINES

PT Semen Indonesia (Persero) Tbk

Go  
Beyond  
Next





**COMMITMENT OF THE BOARD OF DIRECTORS AND THE BOARD OF  
COMMISSIONERS OF**

**PT SEMEN INDONESIA (PERSERO) Tbk**

With the grace of God Almighty, the Company professionally and responsibly manages the Company based on the principles of Good Corporate Governance. Based on this, all Personnel of the Company are committed to

1. carry out all business and decision-making processes based on the principles of Good Corporate Governance and compliance with the applicable laws and regulations; and
2. provide an example and create a conducive work environment, free from all forms of Corruption, prohibited Gratuities, Bribery, Conflict of Interest, abuse of position and Fraud.

The Board of Commissioners and the Board of Directors are responsible for implementing the Good Corporate Governance Guidelines within the Company and is applied down the tier to all line leaders.





In witness whereof, this statement of commitment is jointly  
made and signed.

Jakarta, 1 September 2023



**PT Semen Indonesia (Persero) Tbk.**

South Quarter Tower A Lt. 19-20 Jl. RA Kartini Kav. 8, Jakarta Selatan 12430, Indonesia p. +62 21 5261174-5 f. +62 21 5261176 [www.sig.id](http://www.sig.id)



RATIFICATION SHEET

Ratified

Board of Directors

PT Semen Indonesia (Persero) Tbk



Donny Aرسال

President Director



Yosviandri

Director of Supply Chain



Agung Wiharto

Director of HR &  
General Affairs



Adriano Hosny Panangi



Subhan



Reni Wulandari





Director of Finance    Director of Business  
& Portfolio            & Marketing  
Management

Director of  
Operations



**PT Semen Indonesia (Persero) Tbk.**

South Quarter Tower A Lt. 19-20 Jl. RA Kartini Kav. 8, Jakarta Selatan 12430, Indonesia p. +62 21 5261174-5 f. +62 21 5261176 [www.sig.id](http://www.sig.id)

**RATIFICATION SHEET**

Board of Commissioners



PT Semen Indonesia (Persero) Tbk



**Rudiantara**

President

Commissioner



**Nasaruddin Umar**

Independent

Commissioner

**Saor Siagian**

Independent

Commissioner



**Sony Subrata**

Commissioner



**Lydia Silvanna**

**Djaman**

Commissioner



**Arief Prasetyo Adi**

Commissioner



**Yustinus**

**Prastowo**

Commissioner





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## CHAPTER I

### INTRODUCTION

#### 1.1. Background

As a form of the commitment of the Company to implement healthy and ethical business practices in carrying out undertakings and business activities, the Company implements Good Corporate Governance consistently. The Company prepares and establishes Good Corporate Governance Guidelines as the Company's governance standards.

Good Corporate Governance Guidelines originate from the culture of the Company which is the basis to ensure that every policy of the Company is in accordance with the principles of Good Corporate Governance, while its implementation will be outlined in the Company's policies, the Charter of the Board of Directors, Charter of the Board of Commissioners, Code of Ethical Conduct, and other guidelines related to the implementation of Good Corporate Governance. The Company considers it is important to prepare Good Corporate Governance Guidelines to be implemented consistently and sustainably in all lines and aspects



of the business management of the company in order to realize Good Corporate Governance practices.

### 1.2. Objective

The purpose of preparing Good Corporate Governance Guidelines is

1. to optimize the value of the Company so that it has strong competitiveness, both nationally and internationally, so that it is able to maintain its existence and be sustainable in achieving the Company's purposes and objectives;
2. to encourage professional, efficient, and effective management of the Company, as well as empower the functions and increase the independence of the Organs of the Company;
3. to encourage the Organs of the Company to make decisions and carry out actions based on high moral values and compliance with the provisions of the laws and regulations, as well as awareness of the existence of corporate social responsibility towards the Stakeholders and environmental sustainability around the Company;



The Good Corporate Governance Guidelines are prepared as a guide for the Company and all Personnel of the Company in carrying out activities and connecting with the Stakeholders, in accordance with the Articles of Association of the Company and/or the applicable laws and regulations.

Subsidiaries are obliged to prepare Good Corporate Governance Guidelines in line with the Parent Company's Good Corporate Governance Guidelines.

#### 1.4. Principles of Good Corporate Governance

The application of Good Corporate Governance in the Company is based on the principles consisting of

1. **transparency**, means the openness in carrying out the decision-making process and openness in disclosing material and relevant information regarding the Company;
2. **accountability**, means the clarity of the function, implementation, and accountability of the Organs of the Company so that the management of the Company is carried out effectively;
3. **responsibility**, means the conformity in the management of the Company to the laws and





regulations as well as healthy corporate principles;

4. **independency**, means a situation where the Company is managed professionally without conflict of interest and influence/pressure from any party that is not in accordance with the laws and regulations and healthy corporate principles; and
5. **fairness**, means justice and equality in fulfilling the rights of the Stakeholders arising based on agreements and the laws and regulations.

#### 1.5. Definition

In this Good Corporate Governance Guidelines, what is meant by

1. **Affiliate** is<sup>1</sup>
  - a. familial relationships due to marriage and descendants up to the second degree, both horizontal or vertical;
  - b. the relationship between a party and the employee, Director, or Board of Commissioners of that party;

---

<sup>1</sup> POJK Number 42/POJK.04/2020 on Affiliated Transactions and Conflict of Interest Transactions



- c. the relationship between 2 (two) companies where there are 1 (one) or more members of the Board of Directors or Board of Commissioners that are the same;
- d. the relationship between the company and a party, whether directly or indirectly, controlling or controlled by such company;
- e. the relationship between 2 (two) companies controlled, whether directly or indirectly, by the same party; or
- f. the relationship between the company and its principal shareholders.

2. **Control Activities** are the actions carried out in the process of controlling the activities of the Company at each level and unit in the Company's organizational structure, including regarding the authority, authorization, verification, reconciliation, assessment of work performance, division of tasks, and security of the assets of the Company.

3. **Subsidiary** is a limited liability company where the Company owns more than 50% of the shares issued by the limited liability

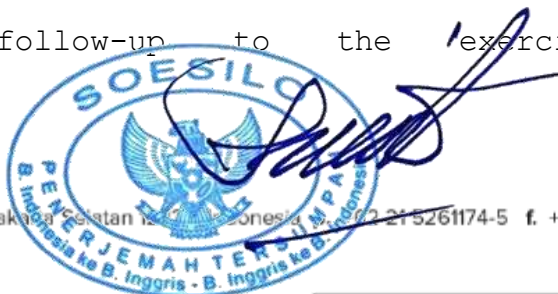


company, and has financial statements that are consolidated with the Company's financial statements.

4. **Articles of Association of the Company** is Deed Number 38 dated 17 April 2023 made before Aulia Taufani, S.H., Notary in Jakarta and all amendments thereto.
5. **Assets** are all movable and immovable fixed assets belonging to the Company.
6. **Assessment of the Implementation of Good Corporate Governance** is a program to identify the implementation of Good Corporate Governance in companies through measuring its exercise and implementation in the company, which is carried out periodically every 2 (two) years.
7. **Internal Audit** is an activity of providing assurance and consultation which is independent and objective in nature, with the aim of providing added value and improving the operations of the company, through a systematic and orderly approach, by evaluating and improving the effectiveness of internal control, risk management and the process of corporate governance.



8. **External Auditor** is a public accountant appointed by the GMS to examine the Company's financial statements.
9. **Conflict of Interest** is the difference between the personal economics of the Personnel of the Company or the shareholders which may be detrimental to the Company.
10. **Board of Commissioners** is the board of commissioners of the Company whose task is to carry out general and/or specific supervision in accordance with the Articles of Association of the Company and provide advice to the Board of Directors.
11. **Board of Directors** is the board of directors of the Company who has the authority and full responsibility for managing the Company for the interests of the Company, in accordance with the purposes and objectives of the Company and represents the Company, both inside and outside the court in accordance with the provisions of the Articles of Association of the Company.
12. **Evaluation of the Implementation of Good Corporate Governance** is a program to describe the follow-up to the exercise and





implementation of Good Corporate Governance, which is carried out in the following year after the Assessment, consisting of an evaluation of the assessment results and follow-up on the recommendations for improvement.

13. **Fraud** is an act of deviation or omission that is intentionally carried out to mislead, deceive or manipulate transactions of the Company or other parties that occur within the Company and/or using the facilities of the Company, thereby causing the Company or other parties to suffer losses and/or obtain financial benefits, whether directly or indirectly.

14. **Gratuity** is a grant in the broad sense, which includes giving money, goods, discounts, commissions, interest-free loans, travel tickets, lodging facilities, tours, free medical treatment, and other facilities. Such gratuity includes that which is received domestically or abroad and carried out using electronic means or without electronic means.

15. **Prohibited Gratuity** is a Gratuity received in connection with the position and/or a Gratuity

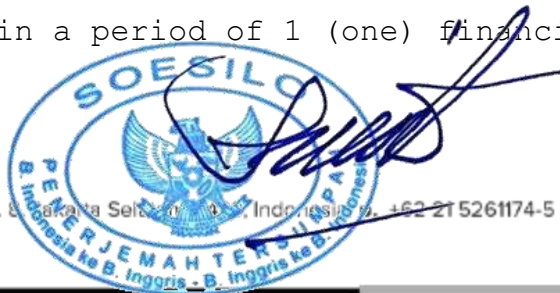


which is prohibited by the applicable regulations, is contrary to the code of ethics, has a conflict of interest or is an inappropriate/unreasonable receipt.

16. **Personnel of the Company** is the entire Board of Commissioners, supporting organs of the Board of Commissioners, the Board of Directors, and the Employees of the Company.
17. **Employees** are the employees of the Company who work by receiving wages or other forms of compensation in connection with the Company
18. **Key Performance Indicator**, hereinafter referred to as "**KPI**" is a measure or indicator that focuses on the most dominant aspect of the Company's performance which determines the Company's current and future success.
19. **Independent Commissioner** is a commissioner who serves in the Company, who has no financial relationship, management, share ownership, and/or family relationship with members of the Board of Commissioners, the Board of Directors, and/or the controlling shareholders or relationship with the Company, which could affect his or her ability to act independently.



20. **Annual Management Contract** is a contract that contains the targets for achieving the KPI for the Board of Directors collegially to fulfil all targets that are set by the GMS/Minister within 1 (one) year.
21. **Corruption** is an act of misappropriation or misuse of state money for personal gain as regulated in the laws and regulations that regulate the criminal act of corruption.
22. **Board of Directors' Collegial KPI**, hereinafter referred to as "**Collegial KPI**" are the Company's performance targets that must be achieved by the Board of Directors in managing the Company.
23. **Board of Directors' Individual KPIs**, hereinafter referred to as "**Individual KPI**" is an explanation of the Board of Directors' collegial KPI in accordance with the duties, functions, and responsibilities of each Director.
24. **Annual Report** is a report on the accountability of the Board of Directors and the Board of Commissioners in carrying out the management and supervision of the Company within a period of 1 (one) financial year to



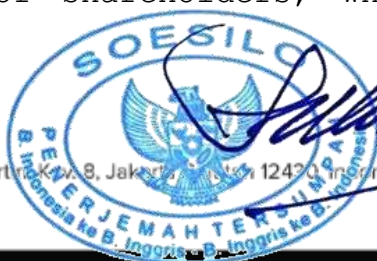
the GMS which is prepared based on the provisions in the Financial Services Authority Regulations regarding the Annual Report of issuers or public companies.

25. **Risk Management** is a series of structured procedures and methodologies used to identify, measure, treat and monitor risks arising from all of the Company's business activities, including internal control systems and integrated governance.
26. **Organs of the Company** are the GMS, the Board of Commissioners, and the Board of Directors.
27. **Code of Ethical Conduct** is the Code of Ethical Conduct of PT Semen Indonesia (Persero) Tbk and all amendments thereto.
28. **SOE Road Map** is a 10 (ten) year planning document containing strategic initiatives that will be taken by the Ministry of SOE in managing the SOE portfolio as a corporation.
29. **Monitoring** is the process of assessing the quality of the internal control system, including the internal audit function at each level and unit in the Company's organisational structure, so that it can be implemented optimally.





30. **Assessor** is an individual who, with his or her expertise, carries out activities in the capital market in accordance with the applicable laws and regulations relating to the capital market.
31. **Company** is PT Semen Indonesia (Persero) Tbk.
32. **Controlled Company** is a company controlled either directly or indirectly by the Company.
33. **Collective Labour Agreement**, hereinafter referred to as "**CLA**" is an agreement which is the result of negotiations between a trade union/labour union or several trade unions/labour unions registered with the agency responsible for the field of employment with an employer, or several employers or employers' associations, which contains terms and conditions of work, rights, and obligations of both parties.
34. **Charter of the Board of Commissioners** is a charter containing a compilation of the provisions of the applicable laws and regulations, the Articles of Association of the Company, and the directives of the shareholders stipulated in the General Meeting of Shareholders, which regulates the work



procedures of the Board of Commissioners and describes the good practice mechanisms for increasing the effectiveness of the implementation of duties and authority of the Board of Commissioners.

35. **Charter of the Board of Directors** is a charter containing a compilation of the provisions of the applicable laws and regulations, the Articles of Association of the Company, and the directives of the shareholders stipulated in the General Meeting of Shareholders, which regulates the work procedures of the Board of Directors and describes the good practice mechanisms for increasing the effectiveness of the implementation of the duties and authority of the Board of Directors.

36. **General Meeting of Shareholders**, hereinafter referred to as "GMS", is the Organ of the Company that holds the highest power in the Company and holds all authority that is not delegated to the Board of Directors or Board of Commissioners.

37. **Remuneration** is the employment consideration which can be in the form of salary, honorarium, fixed allowances, incentives,



bonuses for performance, severance pay, and/or pension.

38. **Long-Term Plan**, hereinafter referred to "**LTP**", is a strategic plan containing the Company's goals and objectives to be achieved within 5 (five) years.

39. **Company Work Plan and Budget**, hereinafter referred to "**CWPB**", is the annual elaboration of the Long-Term Plan (LTP).

40. **Internal Audit Unit**, hereinafter referred to "**IAU**", is a work unit within the Company's organisation that carries out the Internal Audit function and is chaired by the head of IAU.

41. **Information and Communication Systems** is a process of presenting reports regarding the operational activities, financial activities, as well as compliance and adherence to the laws and regulations by the Company.

42. **Stakeholders** are the parties that have an interest in the Company.

43. **Bribery** is the giving or promising of something to someone with the intention of persuading that person to do something or not do something in their duties, which is

contrary to their authority or obligations involving the public interest, is charged due to bribery with a criminal punishment in accordance with the applicable laws and regulations.

44. **Good Corporate Governance** is a company management procedure that applies the principles of transparency, accountability, responsibility, independency, and fairness.

45. **Integrated Governance** is a governance that applies the principles of transparency, accountability, responsibility, independency, professionalism, and fairness in an integrated manner within the conglomerated SOE.

46. **Information Technology Governance** is a system that directs and controls information technology in the present and future.

47. **Affiliated Transactions** means every activity and/or transaction carried out by the Company or Controlled Company with affiliates of the Company or affiliates of members of the Board of Directors, members of the Board of Commissioners, major shareholders or controllers, including every activity and/or transaction carried out by the Company or



Controlled Company for the interests of the affiliates of the Company or affiliates of members of the Board of Directors, members of the Board of Commissioners, major shareholders or controllers.

48. **Material Transactions** is every transaction carried out by a Company or Controlled Company that meets the value limits as regulated in the Financial Services Authority regulations.

#### 1.6. Legal Foundation

The Legal Foundation for these Good Corporate Governance Guidelines are as follows:

1. The 1945 Constitution of the Republic of Indonesia.
2. Law of the Republic of Indonesia Number 1 of 1970 on Work Safety.
3. Law of the Republic of Indonesia Number 11 of 1980 on Crime of Bribery.
4. Law of the Republic of Indonesia Number 8 of 1995 on Capital Markets as amended by Law of the Republic of Indonesia Number 4 of 2023 on the Development and Strengthening of the Financial Sector.



5. Law of the Republic of Indonesia Number 31 of 1999 on the Eradication of the Crime of Corruption.
6. Law of the Republic of Indonesia Number 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition as amended by Law of the Republic of Indonesia Number 6 of 2023 on the Enactment of the Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law.
7. Law of the Republic of Indonesia Number 21 of 1999 on the Ratification of ILO Convention No. 111 concerning Discrimination in Respect of Employment and Occupation (ILO Convention concerning Discrimination in Employment and Occupation).
8. Law of the Republic of Indonesia Number 20 of 2001 on the Amendment to Law Number 31 of 1999 on the Eradication of the Crime of Corruption as amended by Law of the Republic of Indonesia Number 30 of 2002 on the Commission for the Eradication of the Crime of Corruption and partially revoked by the Law of the Republic Indonesia Number 1 of 2023 on the Criminal Code.



9. Law of the Republic of Indonesia Number 30 of 2002 on the Commission for the Eradication of the Crime of Corruption as amended by Law of the Republic of Indonesia Number 19 of 2019 on the Second Amendment to Law Number 30 of 2002 on the Commission for the Eradication of the Crime of Corruption.
10. Law of the Republic of Indonesia Number 13 of 2003 on Employment as amended by Law of the Republic of Indonesia Number 6 of 2023 on the Enactment of the Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law.
11. Law of the Republic of Indonesia Number 19 of 2003 on State-Owned Enterprises as amended by Law of the Republic of Indonesia Number 6 of 2023 on the Enactment of the Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law.
12. Law of the Republic of Indonesia Number 40 of 2007 on Limited Liability Companies as amended by Law of the Republic of Indonesia Number 6 of 2023 on the Enactment of the Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law.



13. Law of the Republic of Indonesia Number 11 of 2008 on Electronic Information and Transactions as amended by Law of the Republic of Indonesia Number 19 of 2016 on Amendments to Law Number 11 of 2008 on Electronic Information and Transactions and partially revoked by Law of the Republic of Indonesia Number 1 of 2023 on the Criminal Code.
14. Law of the Republic of Indonesia Number 8 of 2010 on the Prevention and Eradication of the Crime of Money Laundering as partially revoked by Law of the Republic of Indonesia Number 1 of 2023 on the Criminal Code.
15. Law of the Republic of Indonesia Number 1 of 2015 on the Second Amendment to Law Number 30 of 2002 on the Commission for the Eradication of the Crime of Corruption.
16. Law of the Republic of Indonesia Number 19 of 2016 on the Amendment to Law Number 11 of 2008 on Electronic Information and Transactions as partially revoked by Law of the Republic of Indonesia Number 1 of 2023 on the Criminal Code.
17. Law of the Republic of Indonesia Number 1 of 2023 on the Criminal Code.



18. Law of the Republic of Indonesia Number 6 of 2023 on the Enactment of the Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law.
19. Government Regulation Number 45 of 2005 on the Establishment, Management, Supervision and Dissolution of State-Owned Enterprises, as amended by Government Regulation Number 23 of 2022 on the Amendment to Government Regulation Number 45 of 2005 on the Establishment, Management, Supervision and Dissolution of State-Owned Enterprises.
20. Government Regulation of the Republic of Indonesia Number 29 of 2018 on the Empowerment of Industry as amended by Government Regulation of the Republic of Indonesia Number 28 of 2021 on the Implementation of the Industrial Sector.
21. Government Regulation of the Republic of Indonesia Number 88 of 2019 on Occupational Health.
22. Government Regulation Number 44 of 2021 on the Implementation of the Prohibition on Monopolistic Practices and Unfair Business Competition.



23. Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-1/MBU/03/2023 on Special Assignments and Social and Environmental Responsibility Programs for State-Owned Enterprises.
24. Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-2/MBU/03/2023 on Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises.
25. Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-3/MBU/03/2023 on Organs and Human Resources of State-Owned Enterprises.
26. Financial Services Authority Regulation Number 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies.
27. Financial Services Authority Regulation Number 34/POJK.04/2014 on Nomination and Remuneration Committees for Issuers or Public Companies.





28. Financial Services Authority Regulation Number 35/POJK.04/2014 on Corporate Secretaries of Issuers or Public Companies.
29. Financial Services Authority Regulation Number 8/POJK.04/2015 on Websites of Issuers or Public Companies.
30. Financial Services Authority Regulation Number 21/POJK.04/2015 on the Implementation of Governance Guidelines for Public Companies.
31. Financial Services Authority Regulation Number 31/POJK.04/2015 on the Disclosure of Material Information or Facts by Issuers or Public Companies.
32. Financial Services Authority Regulation Number 55/POJK.04/2015 on the Establishment and Guidelines for Implementing the Work of the Audit Committee.
33. Financial Services Authority Regulation Number 56/POJK.04/2015 on the Establishment and Guidelines for Preparing a Charter of the Internal Audit Unit.
34. Financial Services Authority Regulation Number 29/POJK.04/2016 on Annual Reports of Issuers or Public Companies.



35. Financial Services Authority Regulation Number 78/POJK.04/2017 on Securities Transactions that are Not Prohibited for Insiders.
36. Financial Services Authority Regulation Number 15/POJK.04/2020 on Planning and Organising General Meetings of Shareholders of Public Companies.
37. Financial Services Authority Regulation Number 16/POJK.04/2020 on the Implementation of Electronic General Meetings of Shareholders of Public Companies.
38. Financial Services Authority Regulation Number 17/POJK.04/2020 on Material Transactions and Changes in Business Activities.
39. Financial Services Authority Regulation Number 42/POJK.04/2020 on Affiliated Transactions and Conflict of Interest Transactions.
40. Business Competition Supervisory Commission of the Republic of Indonesia Regulation Number 1 of 2022 on the Business Competition Compliance Program.



41. Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency Number: KEP-347/BL/2012 on Presentation and Disclosure of Financial Reports of Issuers or Public Companies.
42. Circular Letter of the Ministry of State-Owned Enterprises of the Republic of Indonesia Number SE-2/MBU/07/2019 on Clean Management of State-Owned Enterprises through the Implementation of Prevention of Corruption, Collusion and Nepotism, and Handling of Conflicts of Interest and Strengthening Internal Supervision.
43. Circular Letter of the Ministry of State-Owned Enterprises of the Republic of Indonesia Number SE-7/MBU/2020 on the Core Values of Human Resources of State-Owned Enterprises.
44. Circular Letter of the Ministry of State-Owned Enterprises of the Republic of Indonesia Number SE-15/MBU/12/2020 on Securing Assets of State-Owned Enterprises.
45. Circular Letter of the Ministry of State-Owned Enterprises of the Republic of Indonesia Number SE-3/MBU/04/2022 on Policies for



Respectful Workplace Policy in the State-Owned Enterprises Environment.

46. Financial Services Authority Circular Number 32/SEOJK.04/2015 on Guidelines for Governance of Public Companies.
47. Financial Services Authority Circular Number 16/SEOJK.04/2021 on Form and Content of Annual Reports of Issuers or Public Companies.
48. Indonesia Corporate Governance Manual, First Edition, Financial Services Authority (OJK), 2014.
49. Indonesia Corporate Governance Manual, Second Edition, Financial Services Authority (OJK), 2018.
50. General Guidelines for Indonesian Corporate Governance, National Policy Committee Governance, 2021.
51. Statement of Financial Accounting Standards (*Pernyataan Standar Akuntansi Keuangan -PSAK*) which is applicable in Indonesia and is issued by the Indonesian Accountants Association (*Ikatan Akuntan Indonesia- IAI*).
52. The Articles of Association of the Company.



VISION, MISSION AND CULTURE OF THE COMPANY

**2.1. Vision**

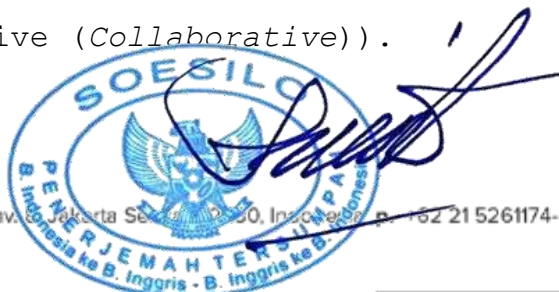
To become the largest building materials solutions provider company in the region.

**2.2. Mission**

1. Oriented to customer satisfaction in every business initiative.
2. Applying the best standards to guarantee quality.
3. Focus on creating environmental protection and sustainable social responsibility.
4. Providing the best added value for all stakeholders.
5. Making human resources the centre of Company development.

**2.3. Culture of the Company**

The culture of the Company is AKHLAK (Trustworthy (Amanah) - Competent (Kompeten) - Harmonious (Harmonis) - Loyal (Loyal) - Adaptive (Adaptif) - Collaborative (Collaborative)).





Key Values	Definition	Conduct Guide
Trustworthy	Hold firm the trust given.	<ol style="list-style-type: none"> <li>1. Fulfil promises and commitments.</li> <li>2. Responsible for tasks, decisions and actions taken.</li> <li>3. Hold firm to moral and ethical values.</li> </ol>
Competent	Continue to learn and develop capabilities.	<ol style="list-style-type: none"> <li>1. Increase self-competence to respond to ever-changing challenges.</li> <li>2. Help others to learn.</li> </ol>





Key Values	Definition	Conduct Guide
		3. Complete tasks with the best quality.
Harmonious	Care for each other and respect differences.	1. Respect everyone regardless of background. 2. Like to help others. 3. Build a conducive work environment.
Loyal	Dedicated and prioritise the interests of the nation and the country.	1. Maintain the reputation of fellow employees, leaders, SOE and the state. 2. Willing to make sacrifices to achieve greater goals. 3. Obey the leadership as long as it does not conflict with the law and ethics.
Adaptive	Try to innovate and be enthusiastic in	1. Quickly adapt to be better. 2. Continuously make improvements



Key Values	Definition	Conduct Guide
	driving or facing change.	following technological developments. 3. Be proactive.
Collaborative	Build synergistic collaboration.	1. Provide opportunities for various parties to contribute. 2. Open in working together to produce added value. 3. Mobilize the utilization of various resources for common goals.



STRUCTURE OF CORPORATE GOVERNANCE

3.1. GMS

1. The GMS must be held in a transparent and accountable manner, in accordance with the provisions of the laws and regulations and the Articles of Association of the Company.
2. In making decisions, the GMS must try to balance the interests of all parties.
3. Every shareholder has the right to obtain a complete explanation and accurate information regarding the holding of the GMS, including:
  - a. the summons to the GMS, which includes information regarding each agenda item on the agenda of the GMS, including the Board of Directors' proposals to be submitted at the GMS, provided that if the information is not yet available when the summons for the GMS is made, then the information and/or proposals must be provided at the Company's office before the GMS is held;
  - b. the method of calculating and determining the salary/honorarium,



facilities and/or other allowances for each member of the Board of Commissioners and Board of Directors, as well as details regarding the salary/honorarium, facilities and/or other allowances received by members of the Board of Commissioners and Board of Directors who currently hold position, specifically in the GMS regarding the Annual Report;

- c. the information regarding the details of the CWPB and other matters planned to be implemented by the Company, specifically for the GMS, LTP and CWPB.
- d. the financial information and other matters relating to the Company contained in the Annual Report and financial statements; and
- e. the complete explanation and accurate information regarding matters relating to the GMS agenda provided before and/or during the GMS.

- 4. The GMS, for other agenda items, has the right to make decisions as long as all shareholders



are present and/or represented at the GMS and approve the additional GMS agenda items.

5. Resolutions on the additional agenda items as contemplated in number 4 must be approved and meet the applicable quorum limits.
6. Every time a GMS is held, a minutes of the GMS must be prepared which at least contain the time, agenda, participants, opinions developed at the GMS, and the resolutions of the GMS.
7. The minutes of the GMS must be signed by the chairman of the GMS and at least 1 (one) shareholder appointed from and by the GMS participants. Such signatures are not required if the minutes of the GMS are prepared in the form of a notarial deed.
8. The Company has and discloses rules and procedures that facilitate shareholders in participating and voting effectively at the GMS.

#### **8.2. Board of Commissioners**

The Board of Commissioners, being part of the Organs of the Company, has the responsibility to supervise



and provide advice on the Company's management actions.

The guidelines for carrying out their duties as the Board of Commissioners to be in accordance with the Good Corporate Governance Guidelines, consists of:

1. the governance of the duties and responsibilities of the Board of Commissioners;
2. the composition of the Board of Commissioners;
3. the meeting of the Board of Commissioners;
4. the assessment of the Board of Commissioners;
5. the information for the Board of Commissioners; and
6. the prohibition of personal gain and conflict of interest;

which refers to the laws and regulations as well as the Articles of Association of the Company, and the directives of the shareholders stipulated in the General Meeting of Shareholders, which are fully stated in the Charter of the Board of Commissioners.





#### **8.3. Supporting Organs of the Board of Commissioners**

In order to support the effectiveness of the implementation of supervisory duties and responsibilities, the Board of Commissioners is obliged to establish supporting organs for the Board of Commissioners which at least include the secretary of the board of commissioners, audit committee, nomination, remuneration and GCG/CSR committee, risk management and strategy committee, integrated governance committee, and other committees if needed. The governance of the supporting organs of the Board of Commissioners refers to the applicable laws and regulations and is fully explained in the Charter of the Board of Commissioners.

#### **8.4. Board of Directors**

The Board of Directors, being part of the Organs of the Company, has the responsibility to carry out all actions related to the management of the Company for the interests of the Company in accordance with the Company's purposes and objectives and to represent the Company both inside and outside the court.



The guidelines for carrying out their duties as the Board of Directors to be in accordance with the Good Corporate Governance Guidelines, consists of:

1. the governance and duties and responsibilities of the Board of Directors;
2. the maintenance of lists and documents by the Board of Directors;
3. the prohibition of personal gain and conflict of interest;
4. the meeting of the Board of Directors;
5. the internal control system;
6. the internal supervision;
7. the function of company secretary; and
8. Information Technology Governance;

which refers to the applicable laws and regulations, the Articles of Association of the Company, and the directives of the shareholders set out in the General Meeting of Shareholders, which are fully stated in the Charter of the Board of Directors.

#### **8.5. Supporting Organs of the Board of Directors**

The Board of Directors is obliged to organize and establish a system of internal control, internal supervision, company secretary, Information

Technology Governance and to support the effective implementation of its duties, the Board of Directors may form committees and/or other supporting units. To support the effectiveness of carrying out their duties, the Board of Directors can form committees and/or supporting units for the Board of Directors and ensure that they carry out their duties effectively.



## CHAPTER IV

### SHAREHOLDERS

#### 4.1 Rights of the Shareholders

The shareholders whose names are recorded in the shareholders' register have the following rights

1. attend and vote at the GMS, provided that 1 (one) share gives the holder the right to cast 1 (one) vote;
2. obtain material information regarding the Company, in a timely, measurable, and regular manner;
3. receive distribution of the Company's profits intended for shareholders/capital owners in the form of dividends, and remaining assets from liquidation, in proportion to the number of shares/capitals owned;
4. the right of all shareholders of the same series in one class of shares to be treated equally as supported by the Company's rules and procedures, or the right to receive disclosure of such rules and procedures as well as disclosure of capital structures and arrangements that enable certain shareholders



- to obtain influence or control that is disproportionate to their share ownership;
5. obtain protection in accordance with the class for their rights regarding merger, acquisition, consolidation, spin-off, dissolution, liquidation, and substantial extraordinary transactions in transactions carried out transparently and fairly; and
  6. other rights based on the Articles of Association of the Company and provisions of the laws and regulations.

#### **4.2 Obligations of the Shareholders**

The shareholders have an obligation to implement Good Corporate Governance in accordance with their authority and responsibility.

#### **4.3 Responsibility of the Company**

The company has a responsibility to shareholders namely:

1. Protect and facilitate the implementation of the rights of the shareholders/capital owners; and
2. Ensure fair treatment of the shareholders, including the minority shareholders.

## CORPORATE GOVERNANCE POLICY

**5.1. LTP and CWPB policies**

The Board of Directors is obliged to design, prepare, and implement the LTP and CWPB to achieve the targets specified in the SOE Road Map and increase the Company's efficiency and productivity. Ratification of the LTP and CWPB is carried out by referring to the applicable laws and regulations, and the Board of Commissioners is obliged to supervise the implementation of the LTP and CWPB.

Amendments to the LTP may be made if based on the evaluation results there are

1. fundamental changes in the global, national, and industrial external conditions as well as significant changes in the Company's internal conditions;
2. changes to the Company's development policies; and/or
3. government assignments and/or policies.

Amendments to the CWPB may be made with the consideration that must be fulfilled, namely





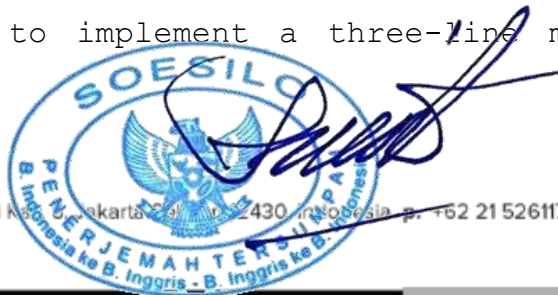
1. the internal and external conditions that significantly affect the Company's operations;
2. the changes to Company's development policies; and/or
3. the government assignments and/or policies.

## 5.2. Risk Management Policy

The Company is required to implement Risk Management effectively, which includes at least:

1. the active management by the Board of Directors and supervision by the Board of Commissioners;
2. the adequacy of Risk Management policies and standard procedures as well as the determination of Risk strategies;
3. the adequacy of the identification, measurement, treatment, recording, monitoring, evaluation and reporting processes as well as the Risk Management information systems; and
4. the comprehensive internal control system.

In implementing Risk Management, the Company is required to implement a three-line model of risk



governance and Integrated Governance in accordance with the applicable laws and regulations.

### **5.3. Internal Control System Implementation Policy of the Company**

The Board of Directors is obliged to establish an effective internal control system to safeguard the Company's investments and assets, which consists of:

1. an Internal Control environment which is implemented in a disciplined and structured manner, which consists of:
  - a. integrity, ethical values, and competence of the employees;
  - b. philosophy and management style;
  - c. the method taken by the management in carrying out its authority and responsibility;
  - d. organisation and development of human resources; and
  - e. attention and direction carried out by the Board of Directors;
2. Control Activities;
3. Information and Communication Systems; and
4. monitoring,



in accordance with the applicable laws and regulations.

#### **5.4. Internal Monitoring Implementation Policy**

The Board of Directors carries out internal monitoring by establishing an IAU and creating an Internal Audit Charter.

The internal monitoring is carried out by:

1. the evaluation of the effectiveness of the implementation of internal control, Risk Management, and corporate governance processes, in accordance with the provisions of the laws and regulations and policies of the Company;
2. examination and assessment of the efficiency and effectiveness in the fields of finance, operations, human resources, information technology and other activities;
3. IAU is led by a head who is appointed and dismissed by the president director based on the Company's internal mechanism with approval from the Board of Commissioners;
4. The Board of Directors is obliged to submit a report on the implementation of the internal



monitoring function to the Board of Commissioners; and

5. The Board of Directors is obliged to maintain and evaluate the quality of the internal monitoring function.

#### **5.5. Information Technology Governance Policy**

The Board of Directors is obliged to implement good Information Technology Governance by compiling, establishing, and evaluating the Information Technology Governance guidelines that cover and have regard to the following aspects:

1. strategic alignment;
2. added value of the application of information technology;
3. Risk Management;
4. resource management; and
5. performance measurement.

The implementation of Information Technology Governance must have regard to the principles of management, data and information, technology principles and information technology security principles in accordance with the applicable laws and regulations.



#### 5.6. Annual Financial Report Audit Policy

The Company's annual financial statements are audited by an External Auditor appointed by the GMS from candidates proposed by the Board of Commissioners, taking into account the recommendations of the audit committee. The audit committee carries out the selection process for the candidates for External Auditors in accordance with the provisions for the procurement of goods and services in the Company, and if necessary, may ask for assistance from the Board of Directors in the appointment process.

The Board of Commissioners is obliged to convey to the GMS the reasons for nominating the External Auditor and the proposed honorarium/remuneration amount. The external auditor must be free from the influence of the Board of Commissioners, the Board of Directors and the interested party in the Company (Stakeholder).

The Company must provide all accounting records and supporting data required by the External Auditor to enable the External Auditor to provide an opinion regarding the fairness, consistency, and conformity of the Company's financial statements with the



Indonesian Financial Accounting Standards and the applicable laws and regulations.

The Board of Commissioners is obliged to submit information related to the Annual Financial Report Audit work through the management information system of the Ministry of SOE no later than 1 (one) month after the work is completed.

#### **5.7. Internal Reporting Policy**

In order to improve the quality of the Board of Directors' decision-making process and the quality of the supervision process by the Board of Commissioners, the Company is obliged to ensure the availability and adequacy of internal reporting supported by an adequate management information system.

#### **5.8. Company Information Policy**

##### **5.8.1. Information Access**

The Board of Commissioners and Board of Directors must ensure that the External Auditor, internal auditor, and audit committee, as well as other committees, have access to the accounting records, supporting data, and information regarding the Company,



so long as necessary to carry out their duties.

#### **5.8.2. Confidentiality of Company Information**

In connection with the confidentiality of Company information, unless required by the laws and regulations, the Articles of Association of the Company and/or the Company's internal policies, the External Auditor, internal auditor, and audit committee, as well as other committees, must keep confidential the information obtained while carrying out their duties.

The Board of Commissioners and Board of Directors are responsible to the Company for maintaining the confidentiality of Company information in accordance with the provisions of the applicable laws and regulations and/or the Company's internal policies.

#### **5.8.3. Information Disclosure**

Companies are required to carry out information disclosure in a timely, accurate, clear, and objective manner and have disclosure and transparency policies and



procedures that ensure the disclosure of material information and safeguard sensitive information and corporate secrets in accordance with the provisions of the applicable laws and regulations.

#### **5.8.4. Personal Data Protection**

The Company is obliged to protect and ensure the security of the personal data managed by the Company in accordance with the provisions of the applicable laws and regulations regarding personal data protection.

#### **5.9. Business Ethics and Ethical Conduct of the Personnel of the Company**

Business ethics and ethical conduct of the Personnel of the Company outlined in the Code of Ethical Conduct as the basis for implementing Good Corporate Governance, is a set of commitments for the Personnel of the Company which are structured to influence, shape, regulate and carry out a conformity of conduct based on ethical sensibility, ethical reasoning, and ethical conduct so that it is in accordance with the Company's work culture in achieving its vision and mission.



**5.10. Company Introduction Program Policy for the Board  
of Commissioners and Board of Directors**

The Board of Commissioners and Board of Directors who are appointed for the first time must be given a Company induction program.

The responsibility for holding the induction program lies with the company secretary or anyone who carries out the function of a company secretary.

The induction program covers

1. the implementation of the principles of Good Corporate Governance;
2. an overview of the Company relating to the objectives, nature and scope of activities, financial and operational performance, strategy, short-term and long-term business plans, competitive position, risks, and other strategic issues;
3. the information relating to delegated authority, internal and external audit, internal control systems and policies, including the audit committee; and
4. the information regarding the duties and responsibilities of the Board of Commissioners



and Board of Directors as well as things that are prohibited.

Company induction programs can be in the form of presentations, meetings, visits to the Company and review of documents or other programs deemed appropriate to the Company where the program is implemented.

#### **5.11. Employee Work Procedure Policy**

The Company may draw up a CLA in order to regulate employee work procedures. The validity period of the CLA is a maximum of 2 (two) years as of the time it is signed or otherwise regulated in the CLA. In the event that the CLA negotiations have not reached an agreement, then within 30 (thirty) days the validity period of the CLA expires, it can be extended 1 (one) time for a maximum of 1 (one) year with a written agreement between the Company and the Employees' Union.

The Company considers the Employees to be the Company's main assets who play an important role in the Company's development. Therefore, human resources are managed optimally by the Company to ensure that



the Company always has superior employees who can be directed to achieve the Company's goals.

#### **5.12. Performance Appraisal and Remuneration System Policy**

The Company establishes a performance assessment system used to carry out evaluation and analysis and can be used as a basis for awarding reward and punishments on performance achievements.

The Annual Management Contract is signed by the Board of Directors and Board of Commissioners which contains the Collegial KPI and Individual KPI and serves as a reference in assessing the Company's performance. The Individual KPI is an elaboration of the Collegial KPI in accordance with each Director's duties, functions, and responsibilities. Both Collegial KPI and Individual KPIs are fulfilled fairly, transparently, and independently using key performance indicators that are determined by considering the aspects of relevance, measurable, comparable, comprehensive, and reasonable.

KPI achievement is one of the Company's considerations in providing bonuses/performance incentives to the Board of Directors and Board of Commissioners based on the GMS determination. The Company has a remuneration system that is established



fairly and transparently. The Company carries out regular reviews of the Remuneration system by having regard to the applicable laws and regulations, particularly in the field of employment and other important factors.

#### **5.13. Financial Management and Accounting Policies**

The Company manages the Company's finances and accounting professionally based on the principles of Good Corporate Governance. The Company's financial management is carried out by creating effective internal control.

#### **5.14. Quality Management Implementation Policy**

The Company is committed to implementing a consistent and integrated quality management system at all functions and levels by having regard to the effectiveness of business processes and overall, the Company performance in order to increase productivity and competitiveness. The quality management system must be implemented by all Personnel of the Company at all levels based on the principle of prioritising the Company's interests, focusing on satisfaction of the customers and Stakeholders, involving all levels



of the Company, and having regard to occupational safety and health, the environment and energy.

#### **5.15. Business Development Policy**

The Company views that business development is a strategic function carried out in order to maintain business continuity and increase the Company's growth and competitiveness.

In business development activities, the Company is guided by the principles which consist of:

1. prudent, namely planning and implementation based on prudence and the application of Risk Management;
2. professional, namely planning and implementation prioritising expertise, independence and the provisions of the applicable laws and regulations; and
3. confidential, namely the information in the company's development plan is not misused for the benefit of parties outside the Company.

Changes to the company's development policy are carried out based on a comprehensive review by the Board of Directors which results in changes to the

Company's targets, objectives, and strategies, in accordance with the provisions of the applicable laws and regulations.

#### **5.16. Company Soundness Level Assessment Policy**

The rating used as a tool for assessing the soundness level of the Company is a corporate rating, which consists of

1. a stand-alone rating; and
2. a final rating.

The soundness level assessment is carried out 1 (one) time in 1 (one) year based on the performance of the consolidated audited financial statement for the relevant financial year and reported to the Minister of SOE in accordance with the applicable laws and regulations.





**MATERIAL TRANSACTIONS OF THE COMPANY**

**6.1. Material Transactions**

1. Material Transactions shall mean, among others
  - a. participation in certain business entities, projects and/or business activities;
  - b. purchase, sale, assignment, use, exchange of assets or operating segments;
  - c. acquisition, release, and/or use of services;
  - d. lease of assets;
  - e. borrowing of funds including the assignment thereof;
  - f. encumbrance of the assets of the Company and/or Controlled Company for loans from other parties; and
  - g. provision of corporate guarantees, with a value of 20% (twenty percent) or more of the Company's equity, carried out in one or in a series of transactions for a specific purpose or activity.



2. The Value of the Material Transactions is calculated based on the latest financial statement as follows

- a. The audited annual financial statements;
- b. The quarterly financial statements accompanied by an accountant's report on the results of the review or audit; or
- c. The audited interim financial statements other than the quarterly interim financial statements, in the event that the Company has interim financial statements.

3. In carrying out Material Transactions, the Company is obliged to

- a. use an Assessor to determine the fair value of the object of the Material Transactions and/or the fairness of the such transaction;
- b. announce the disclosure of information on every Material Transaction to the public;
- c. convey the information disclosure regarding every Material Transaction

to the public and the supporting documents to the Financial Services Authority; and

- d. require a GMS approval in the event of a Material Transactions that meets the provisions stipulated by the laws and regulations.

The mechanism for implementing Material Transactions refers to the applicable laws and regulations regarding capital markets.

## **6.2. Affiliated Transactions and Conflict of Interest Transactions**

### **6.2.1. Affiliated Transactions**

1. The Company in carrying out an Affiliated Transaction in
  - a. 1 (one) transaction; or
  - b. a series of transactions for a particular purpose or activity must comply with the provisions of the regulation of the Financial Services Authority.
2. The Company in carrying out an Affiliated Transaction is obliged to



- a. have adequate procedures to ensure that the Affiliated Transaction is carried out in accordance with the generally accepted business practices; and
  - b. keep documents related to the application of the Affiliated Transaction implementation procedures within the document retention period in accordance with the provisions of the laws and regulations.
3. In carrying out an Affiliated Transaction, the Company is obliged to fulfil the requirements as follows:
- a. use an assessor to determine the fair value of the object of the Affiliated Transaction and/or the fairness of such transaction;
  - b. announce the disclosure of information regarding each Affiliated Transaction to the public;



- c. submit information disclosure regarding each Affiliated Transaction to the public and supporting documents to the Financial Services Authority;
- d. first obtain independent shareholder approval at the GMS, in the event
  - 1) that the value of the Affiliated Transaction meets the value limit of a Material Transaction that must obtain a GMS approval;
  - 2) an Affiliated Transaction could disrupt the continuity of the Company's business; and/or
  - 3) exercise an Affiliated Transaction which, based on the consideration of the Financial Services Authority requires an



independent shareholder  
approval;

e. the period between the dates of  
assessment by the Assessor is a  
maximum of 6 (six) months which  
consists of

1) the date of the  
Affiliated Transaction;  
or

2) the date of the  
implementation of the  
GMS in the event that  
the Affiliated  
Transaction must obtain  
a GMS approval

the announcement of each  
Affiliated Transaction to the  
public as well as the  
submission of the disclosure of  
information and documents to  
the Financial Services  
Authority, must be carried out

1) no later than 2 (two)  
business days after the



date of the Affiliated Transaction; or

2) simultaneously with the announcement of the GMS, in the event that the Affiliated Transaction carried out by the Company is required to obtain an approval from the GMS;

f. in the event that there are changes to or additions to the information regarding any Affiliated Transaction to the public, such changes or additions to the information must be announced no later than 2 (two) business days before the GMS is held; and

g. the documents for submitting the information disclosure regarding each Affiliated Transaction to the Financial Services Authority must include:





- 1) the Assessor report; and
- 2) other supporting documents.

4. The Company is not obliged to carry out procedures for implementing Affiliated Transactions and is not obliged to fulfil provisions number 3 letters a - d, if it carries out the Affiliated Transaction as follows

- a. the use of any facilities provided by the Company to the members of the Board of Commissioners, the members of the Board of Directors, and these facilities are directly related to their responsibilities towards the company and are in accordance with the Company policy, and have been approved by the GMS;
- b. transactions of the Company with the employees, the members of the Board of Directors, or the members of the Board of Commissioners of the Company or



with the Employees, members of the Board of Directors, or members of the Board of Commissioners of the Controlled Company with the same requirements, so long as this has been approved by the GMS;

c. considerations, including salaries, pension fund contributions, and/or special benefits provided to the members of the Board of Directors, the members of the Board of Commissioners, and in the event that the principal shareholders also serve as an Employee, if the total amount of the consideration is disclosed in the periodic financial statement, so long as this has been approved by the GMS;

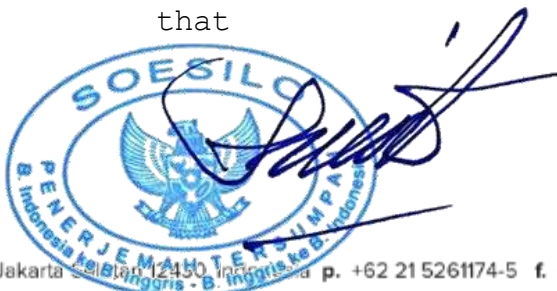
d. ongoing transactions which have been carried out before the Company carries out its initial



public offering or before submitting a registration statement as a public company, provided that

- 1) the transaction has been disclosed in the initial public offering prospectus or in the information disclosure of the public company's registration statement; and
- 2) the terms and conditions of the transaction have not changed which could be detrimental to the Company;

e. ongoing transactions carried out after the Company carries out its initial public offering or after the registration statement as a public company becomes effective, provided that



1) the initial transaction underlying the subsequent transactions has complied with the relevant regulation of the financial services authority; and

2) the terms and conditions of the transaction have not changed which could be detrimental to the Company;

f. transactions that are carried out as an implementation of the laws and regulations or court decisions;

g. transactions between the Company and a Controlled Company whose shares are owned at least 99% (ninety-nine percent) of the paid-up capital of the Controlled Company;

h. transactions with a transaction value not exceeding 0.5% (zero-point five percent) of the



Company's paid-up capital or not exceeding IDR 5,000,000,000.00 (five billion rupiah), the lower value of which shall be used;

- i. loan transactions received directly from banks, venture capital companies, financing companies, or infrastructure financing companies both domestically and overseas;
- j. transactions providing collaterals to banks, venture capital companies, financing companies, or infrastructure financing companies both domestically and overseas for loans received directly by the Company or the Controlled Company;
- k. transactions of increase or reduction of capital participation to maintain the percentage of ownership after the relevant investment has



been carried out for a minimum of 1 (one) year;

l. transactions carried out by a Company which is a financial services institution with a Controlled Company that is a sharia financial services institution in the context of developing such sharia financial services institution; and/or

m. transactions in the context of restructuring carried out by the Company which is controlled either directly or indirectly by the government.

5. The Company is not obliged to fulfil the provisions as contemplated in number 3 (three) letters a - d if it carries out Affiliated Transactions which are business activities carried out in order to generate business income and are carried out routinely, repeatedly and/or continuously.



6. In carrying out the transactions as referred to in number 5 (five), the procedures for implementing Affiliated Transactions are only carried out at the beginning of the transaction.
7. In the event that there are changes to the terms and conditions of the Affiliated Transactions which constitute business activities as referred to in number 5 (five), and these changes have the potential to be detrimental to the Company, the Company is obliged to re-implement the procedures for implementing Affiliated Transactions.
8. Affiliated Transactions as referred to in number 5 must be disclosed in the Company's Annual Report or annual financial statement.
9. For the purpose of disclosures in the Annual Report or annual financial statement, the Company is required to include the information as follows
  - a. the type of Affiliated Transaction;





- b. the transaction parties;
- c. the nature of the Affiliate relationship;
- d. the transaction value; and
- e. a statement by the Board of Directors that the Affiliated Transaction has gone through the procedures for implementing the Affiliated Transaction. In the event that the disclosure of information as referred to in number 8 is included in the Company's annual financial statement, the Company is obliged to provide a reference to the disclosure in the annual financial statement in the Annual Report.

10. Submit evidence of information disclosure and supporting documents to the Financial Services Authority and PT Bursa Efek Indonesia no later than the end of the 2nd businesses day after the transaction occurs, which at least includes

a. a description of the Affiliated Transactions at least

- 1) the transaction date;
- 2) the object of the relevant transaction;
- 3) the value of the relevant transaction;
- 4) the names of parties carrying out the transactions and their relationships with the company; and
- 5) the nature of the affiliate relationship of the parties carrying out the transactions with the company.

b. a summary of the Assesor's report on the object of the transaction, which at least includes the information as follows

- 1) the identity of the parties;



- 2) the object of the assessment;
- 3) the objectives of the assessment;
- 4) the assumptions and limiting conditions;
- 5) the approaches and methods of the assessment; and
- 6) the conclusion of the value.

c. a summary of the Assessor's report regarding the fairness of the transaction, which at least includes the information as follows

- 1) the identity of the parties;
- 2) the object of the assessment;
- 3) the objectives of the assessment;
- 4) the assumptions and limiting conditions;



5) the approaches and methods of the assessment; and

6) the fairness opinion on the transaction.

11. The proforma of the impact of the transactions on the Company's financial condition is prepared at least based on the financial statements with limited review provided that the date of the financial statement is the same as the date of the valuation report, in the event that the transaction has the potential to disrupt the continuity of the Company's business.

12. The explanation, considerations and reasons for carrying out the transaction, compared with other similar transactions that are not carried out with the affiliated parties.

13. Company plans, company data taken over, and other related information in



terms of the transactions constituting an acquisition of the Company.

14. Summary of the reports from independent experts or consultants, if deemed necessary.
15. Statement from the Board of Directors that the Affiliated Transaction has gone through the procedures for implementing the Affiliated Transaction and a statement from the Board of Commissioners and Board of Directors stating that the Affiliated Transaction
  - a. does not contain a Conflict of Interest; and
  - b. all material information has been disclosed and the information is not misleading.
16. Announcement of the Conflict of Interest transactions must be made at least on
  - a. the website of the Company; and
  - b. the website of the stock exchange.



The mechanism for implementing Affiliated Transactions refers to the applicable laws and regulations regarding capital markets.

#### 6.2.2. Conflict of Interest Transactions

1. In carrying out transactions that contain a Conflict of Interest, it shall
  - a. use a an Assessor to determine the fair value of the object of the Conflict of Interest transaction and/or the fairness of such transaction;
  - b. announce the disclosure of information regarding each Conflict of Interest transaction to the public, which must include at least
    - 1) a description of the transaction;
    - 2) a summary of the Assessor's report (in the case of using an Assessor);



- 3) a summary of the Assessor's report on the fairness of the transaction;
- 4) performance impact of transactions on the Company's financial condition;
- 5) explanation, considerations and reasons for carrying out the transaction;
- 6) plans, data and other information;
- 7) a summary of reports from independent experts or consultants (if any); and
- 8) a statement from the Board of Commissioners and Board of Directors stating that all material information has been disclosed and that

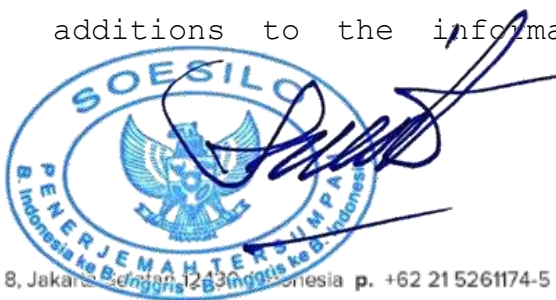


the information is not misleading;

- c. announce the disclosure of information on every conflict of interest transaction to the public and supporting documents to the Financial Services Authority; and
- d. has been approved by the independent shareholders or their representatives who are authorised to do so at the GMS.

2. The period between the date of assessment and the mandatory GMS implementation date is a maximum of 6 (six) months.

3. The announcement and delivery of information disclosure to the public and the Financial Services Authority must be carried out simultaneously with the announcement of the GMS for conflict of interest transactions and in the event that there are changes or additions to the information, they





must be announced no later than 2 (two) business days before the GMS is held.

4. The supporting documents submitted to the Financial Services Authority must include at least

- a. the information on the transaction plan;
- b. the Assessor report;
- c. the data on companies to be acquired or divested;
- d. a summary of reports from the independent experts or consultants (if any);
- e. a statement by the Board of Commissioners and Board of Directors that the material information presented has been completely disclosed and is not misleading; and
- f. other supporting documents.

5. The Company is not obliged to comply with the provisions in number 1, if it carries out the following Conflict of Interest transactions



- a. the transaction value does not exceed 0.5% (zero-point five percent) of the paid-in capital or does not exceed IDR 5,000,000,000.00 (five billion rupiah), the lower value of which shall be used;
- b. transactions that are carried out as an implementation of the laws and regulations or court decisions;
- c. transactions between the Company and a Controlled Company whose shares are owned at least 99% (ninety-nine percent) of the paid-up capital of the Controlled Company;
- d. transactions in the context of Company restructuring;
- e. the use of any facilities provided by the Company or Controlled Company to the members of the Board of Commissioners, the members of the Board of Directors, and/or



principal shareholders in the event that the principal shareholders also serve as employees, and these facilities are directly related to their responsibilities to the company and are in accordance with Company policy, and has been approved by the GMS;

- f. transactions between companies, either with the employees, the members of the Board of Directors, or members of the Board of Commissioners of the Company or with the employees, members of the Board of Directors, or members of the Board of Commissioners of the Controlled Company, or transactions between the Controlled Companies and the employees, members of the Board of Directors, or members of the Board of Commissioners of the Controlled Company or with the



employees, the members of the Board of Directors, or the members of the Board of Commissioners of the company with the same requirements, so long as this has been approved by the GMS;

- g. considerations, including salaries, pension fund contributions, and/or special benefits given to the members of the Board of Commissioners, members of the Board of Directors, and the principal shareholders who also serve as employees, if the total amount of the consideration is disclosed in the periodic financial statements; and/or
- h. ongoing transactions which have been carried out after the company carries out a public offering or after the registration statement as a



public company becomes effective, provided that

- 1) the initial transaction underlying the subsequent transactions complies with these regulations; and
- 2) the terms and conditions of the transaction have not changed which could be detrimental to the Company.

The Company is required to report the Conflict of Interest transactions to the Financial Services Authority no later than the end of the 2nd business day after the date of the Conflict of Interest transaction.

6. Announcement of the conflict of interest transactions must be made at least at on
  - a. the website of the Company; and



b. the website of the stock exchange.

The mechanism for implementing transactions containing a Conflict of Interest refers to the applicable laws and regulations regarding capital markets.



**MEASUREMENT OF THE IMPLEMENTATION OF  
GOOD CORPORATE GOVERNANCE**

**7.1. Appointment of Assessor**

In principle, the assessment is carried out by independent assessor appointed by the Board of Commissioners through a process in accordance with the provisions for procurement of goods and services in the Company, and if necessary, may request for assistance from the Board of Directors in the appointment process. If it is deemed more effective and efficient, the assessment may be carried out using the services of a government agency that is competent in the field of Good Corporate Governance, whose appointment is made by the Board of Directors through direct appointment.

**7.2. Preparation of Assessment**

Before carrying out the Assessment on the implementation of Good Corporate Governance, it is preceded by the action of socialising Good Corporate Governance in the Company. The independent Assessor signs a work contract/agreement with the Company which at least contains the rights and obligations of

each party, including the time period and implementation costs.

### **7.3. Implementation of Assessment**

The assessment is carried out in the form of:

1. Assessment of the Implementation of Good Corporate Governance; and
2. Evaluation of the Implementation of Good Corporate Governance.

The Implementation of the Assessment and Evaluation of the Implementation of Good Corporate Governance is carried out using indicators/parameters determined by the Ministry of SOE. The results of the Assessment and Evaluation of the Implementation of Good Corporate Governance are reported to the GMS at the same time as the submission of the Annual Report.





**CLOSING**

Good Corporate Governance is a system that guarantees the good management of the company at determining and achieving the purposes of the Company so they must be implemented consistently. The implementation of the Good Corporate Governance Guidelines is expected to ensure that the Company always carries out its business activities in accordance with ethical standards and the principles of Good Corporate Governance.

In connection with the implementation of Good Corporate Governance, the Company procures to do the following

1. establish commitment, direct involvement and leadership from the Board of Commissioners and the Board of Directors;
2. develop a good company culture as a basis for directing and developing thought patterns and conduct;
3. create a healthy organisational climate; and
4. implement the Code of Ethical Conduct and other guidelines related to the implementation of Good Corporate Governance;



The Company continuously improves and develops the implementation of Good Corporate Governance. Commitment and support of all Personnel of the Company and the Stakeholders is the key to the successful implementation of Good Corporate Governance.

If there are changes to the statutory provisions and regulations that are used as a reference in preparing the Good Corporate Governance Guidelines, then the reference shall be made to the changes to the provisions as well as the laws and regulations, until the Good Corporate Governance Guidelines are updated and issued.



**AFFIDAVIT**

I, SOESILO, a Sworn Translator in the Republic of Indonesia, pursuant to the prevailing laws and regulations in the Republic of Indonesia, hereby certify and declare, in accordance with my oath of office, that this document is a true, faithful, and complete translation from Indonesian to English.

Jakarta, 02 February 2024

  
  
SOESILO