

PT Principal Asset Management



Board Charter

Prepared by	:	Legal Department
Document Version No.	:	01
Last Updated Date	:	30 July 2019
Approved By	:	PT Principal Asset Management Board of Commissioner
Approved Date	:	31 July 2019
Principal Group Policy	:	No

CONTENTS

Section 1 INTRODUCTION

- 1.1 Objective
- 1.2 Distribution
- 1.3 Proprietary Rights
- 1.4 Maintenance
- 1.5 Interpretations

Section 2 BOARD OF COMMISSIONERS

- 2.1 Function
- 2.2 Composition, Criteria and Term of Office
- 2.3 Duties, Responsibilities and Authorities
- 2.4 Independent Commissioner
- 2.5 Meeting
- 2.6 Conflicts of Interest
- 2.7 Delegation to Committee
- 2.8 Reporting and Accountability
- 2.9 Transparency
- 2.10 Risk Management
- 2.11 Ethical Standards

Section 3 BOARD OF DIRECTORS

- 3.1 Function
- 3.2 Composition, Criteria and Term of Office
- 3.3 Duties, Responsibilities and Authorities
- 3.4 Meeting
- 3.5 Reporting and Accountability
- 3.6 Conflicts of Interest
- 3.7 Delegation to Committees
- 3.8 New Appointments, Election and Removal of Directors
- 3.9 Transparency
- 3.10 Ethical Standards

Abbreviations	Definition / Description
BOD	Board of Directors of PT Principal Asset Management
BOC	Board of Commissioners of PT Principal Asset Management
Company Law	Act No. 40 of 2007 concerning Limited Liability Company
OJKR 10/2018	OJK Regulation No. 10 of 2018 concerning The Implementation of Corporate Governance for Investment Manager
the “Company”	PT Principal Asset Management

1. INTRODUCTION

1.1 Objective

This Charter intends to be a guideline for the BOC and BOD, to be able to carry out their main duties and work functions, as well as to comply with the good corporate governance principles. This Charter is to be read in conjunction with the following:

- a. Company Law;
- b. OJKR 10/2018;
- c. Articles of Association of the Company;
- d. Indonesia National Corporate Governance Code;
- e. Other relevant rules, guidelines and legislation that are applicable to the Company.

This Charter does not have the force of law and must not be interpreted in a way that would override the provisions of the law.

1.2 Distribution

Copy of this Charter is to be disseminated to all members of the BOC, BOD, Compliance Dept., and Legal Department. The parties required to receive this Charter must acknowledge receipt via email or hardcopy as having read, understood and are to abide by this Charter and any amendments and updates hereto.

1.3 Proprietary Rights

This Charter is the property of the Company and is strictly for internal use. No parts of this Charter or its contents are to be revealed to outside parties or reproduced in any form without the prior consent of the Company.

1.4 Maintenance

This Charter is to be reviewed and updated as and when there are changes made to the policies and procedures of the Company to reflect its current practices or as and when there are changes in the applicable laws, regulations and guidelines.

1.5 Interpretations

Unless otherwise expressed to the contrary, words imparting the singular shall include the plural and vice versa, and words imparting the masculine gender shall include the feminine and neuter genders and vice versa.

2. BOARD OF COMMISSIONERS

BOC is one of the company organs appointed through GMS that has the responsibility to give general and/or specific supervision, in accordance with the Company's Article of Association, as well as providing advice on the policy of the BOD in managing the Company. The BOC shall comply with the prevailing laws and regulations in carrying out its duties and responsibilities.

The supervisory function of the BOC shall include the responsibility to supervise the process of financial reporting, risk management and internal control system, audit process either conducted by the Internal Audit function of the Company or External Audit, as well as the compliance of the Company with all the prevailing laws and regulations, code of conduct, as well as other internal policies and procedures of the Company.

The BOC shall be accountable to the GMS, not only for overseeing the BOD and performance of the policies and management, but also the implementation of good corporate governance by the Company and compliance with the applicable laws and regulations.

2.1 Function

BOC is one of the organs of the Company, assigned to conduct general and/or specific supervision in accordance with the Articles of Association of the Company, and to provide advice to the BOD in carrying out the management of the Company. Oversight by the BOC includes oversight of the policy of the BOD in managing the Company, as well as the implementation of the said management in general, both the management of the Company and the management of the business of the Company. Supervision and advice conducted by the BOC should aim for the benefit of the Company and in accordance with the objectives and purpose of the Company.

General guidelines on the BOC supervision:

- a. Supervision is conducted by the BOC against the management policy, the management implementation in general, both regarding the Company and the Company's business, as well as to give advice to the BOD;
- b. Supervision is conducted to maintain the balance of the interest of all Parties;
- c. In conducting supervision, the BOC act together as a Board, and cannot act on their own behalf of the BOC;
- d. Supervision shall not be transformed into conducting executive role, due to executive role is the authority of the BOD;
- e. Supervision must be carried out to the decisions that have been taken (ex post facto) or against the decisions that will be taken in the future (preventive basis);
- f. Supervision is done not only by receiving information from the BOD and the General Meeting of Shareholders, but can also be done by taking other measures according to the information from other sources, where such action must be done collectively;
- g. Supervision is done not only by approving or disapproving towards the actions that requires the approval of the BOC, but the supervision is done by covering all aspects of the business and operational aspects of the Company.
- h. responsible for overseeing the implementation of Governance in carrying out business activities at all levels of the organization, which among others are carried out through:
 - (i) supervision of the implementation of the duties and responsibilities of the BOD on the implementation of Governance;

- (ii) giving advice to the BOD on the implementation of Governance; and
 - (iii) evaluating company policies related to Governance, such as evaluating the guidelines of the BOD and the BOC.
- i. The BOC must carry out its duties professionally without being affected by the interests of other parties other than the interests of the Company

2.2 Composition, Criteria and Term of Office

The appointment of BOC members shall be approved by OJK before the said BOC member can be appointed by the GMS. OJK will conduct a fit and proper test on the BOC member candidate.

2.2.1 Composition

Under OJKR 10/2018, the number of members of the BOC shall be at least 2 (two) person(s), of which 1 (one) of them shall be appointed as the President Commissioner. In the event that the BOC consists of 2 (two) members, 1 (one) of the members shall be appointed as the Independent Commissioner; in the event that the BOC consists of more than 2 (two) members, the total Independent Commissioner shall be at least 30% (thirty percent) from the total members of the BOC.

2.2.2 Criteria

The appointment of the BOC members, shall take into account the following requirements:

- a. Integrity requirements, which includes:
 - (i) Legally competent based on the Indonesian Civil Code;
 - (ii) never been declared bankrupt or become a director or commissioner who was found guilty of causing a company be declared bankrupt;
 - (iii) never become an administrators or a supervisors in company, that its company's General Meeting of Shareholders (GMS) or other organ which is equivalent to the GMS, state as person who responsible for the bankruptcy of the company;
 - (iv) no management or supervisory position as the company when the company was declared bankrupt, unless the concerned can prove the fulfillment of the provisions of Article 104 paragraph (4) of Company Law;
 - (v) never make moral turpitude or been convicted of a crime in the financial sector;
 - (vi) have good character and morals; and
 - (vii) has a high commitment to comply with laws and regulations.
- b. Competency and expertise requirements, which includes:
 - (i) Each member of the BOC must possess adequate expertise in the Capital Market sector relevant with his/her position; and/or
 - (ii) Each member of the BOC must have at least two (2) years of experience with a company engaged in the business of the Capital Market and/or finance;
 - (iii) Members of BOC of the Company are prohibited to hold double positions as members of the BOC at another securities company.
- c. The BOC members must not hold double position as a commissioner on other securities companies.
- d. Financial reputation.
- e. In the event that the member of the BOC no longer meets the requirements of the member of the BOC as referred to in point 2.2.2 a, b, c, and d, such member of the BOC shall be prohibited from taking any legal action as a member of the BOC.

2.2.3 Term of Office

- a. BOC members shall be appointed and dismissed by the GMS.
- b. BOC member is be appointed by virtue of a resolutions of a GMS for a period as of the date determined by the GMS until the closing of the third annual GMS following such date, without prejudice to the right of the GMS to discharge the said member anytime.
A Commissioner whose term of office has expired may be reappointed by a GMS.
- c. The term of office of the BOC member shall expire due to:
 - (i) Resignation;
 - (ii) No longer complies with the requirements of the prevailing regulations;
 - (iii) Passed away; and or
 - (iv) Dismissed by virtue of a GMS resolution.
- d. BOC member is entitled to resign from his/her position by giving notice in writing of his/her intention to the Company at least 30 (thirty) days prior to the date of his/her resignation.

2.3 Duties, Responsibilities and Authorities

2.3.1 Duties

The BOC serves in overseeing and providing advice to the BOD in good faith, full responsibility and in a prudent manner to the interests of the Company, including among others:

- a. To supervise and be responsible for supervision over management and operation policies in general, regarding both the Company and the Company's business, and give advice to the BOD.
- b. To supervise the Company's business risk and management efforts at internal control;
- c. To supervise the implementation of corporate governance principles in the Company's business activities;
- d. To provide feedback and recommendations on the proposal of the Company's strategic development plan submitted by the BOD;
- e. To ensure that the BOD due regard the interest of stakeholders.

2.3.2 Responsibilities

The BOC members are jointly and severally liable for the losses of the Company which are caused by errors or omissions by the BOC in carrying out its duties. BOC members shall not be responsible for any losses of the Company, if the BOC members are able to prove that:

- a. They have carried out their supervision in good faith, full of responsibility and prudence in the interests of the Company, as well as in accordance with the purposes and objectives of the Company;
- b. They do not have any direct or indirect personal interest in the actions of management of the BOD which caused the losses;
- c. They have advised the BOD to prevent such loss arising or continuing.

2.3.3 Authorities

In performing its supervisory and advisory functions, the BOC shall be authorized to perform the following, among others:

- a. To inspect records and other documents as well as assets of the Company;

- b. To request and accept information relating to the Company from the BOD;
- c. To grant approval to the Company's proposed corporate action submitted by the BOD in accordance with the Articles of Association;
- d. To give consent to the BOD in certain legal actions;
- e. To suspend the members of the BOD if they act contrary to the Articles of Association and/or the prevailing laws and regulations.

2.4 Independent Commissioner

In line with OJKR 10/2018, the Company shall have an Independent Commissioner, with the following requirements:

- a. Not someone who work or has authority and responsibility to plan, lead, control, or supervise the activities of the Company in the past 6 (six) months, except for the reappointment as Independent Commissioner of the Investment Manager for the next period;
- b. Has no shares, either directly or indirectly on the Company;
- c. Has no affiliation with the Company, other members of the Board of Commissioners, members of the BOD, Sharia Supervisory Board, or Controlling Shareholders of the Company; and
- d. Does not have any business relationship, either directly or indirectly, related to the business activities of the Investment Manager.

The above requirements shall be fulfilled during his/her tenure.

2.5 Meeting

2.5.1 Meeting Schedule

- a. The BOC shall convene the BOC meeting at least 1 (once) in three (3) months or at any time if deemed necessary, in which such meeting can be held if attended by the majority of all members of the BOC. While joint meeting of BOC inviting BOD shall be held at least 1 (one) time in 3 (three) months.
- b. Each BOC members shall attend at least 75% (seventy five percent) of the total BOC meeting in 1 (one) year.
- c. Meeting may be held by face-to-face or using teleconference technology (listening and/or seeing among meeting's participants).
- d. The BOC shall invite the BOD or other invited parties either internal or external of the Company to the BOC meeting, in order to discuss indication of regulatory violations in the financial services sector, either conducted by the BOC members, BOD members and/or employees of the Company that may jeopardize the business activity.

2.5.2 Meeting Notification

- a. Notice of Meeting of the Board of Commissioners shall be served by the President Commissioner.
- b. Notice of the Meeting of the BOD shall be sent by registered mail or personally delivered, against corresponding receipt thereof, to each member of the BOD no later than 14 (fourteen) days prior to the meeting, excluding the notice date and the meeting date.
- c. The meeting notification, is include the agenda, date, time, and place of the meeting.
- d. The Meeting of the BOC shall be held at the Company's domicile or at the Company's business place. In the event that all members of the BOC are present or represented, such a prior notice shall not be required and the Meeting of the BOC may be held at any place and shall be entitled to lawfully adopt valid and binding resolutions.

2.5.3 Meeting Resolution

- a. Resolution of the BOC meeting will be taken based on consensus. In the event that a consensus cannot be reached, thus, the resolution shall be taken based on the agreed vote of more than 1/2 (half) of the total votes legally cast at the meeting.
- b. In the event votes “for” and votes “against” are equal (tie vote), then the chairman of the BOC meeting shall decide.
- c. Voting rights:
 - (i) Each member of the BOC present shall reserve the right to cast 1 (one) vote and 1 (one) additional vote for each other member of the BOC for whom he legally represents;
 - (ii) Voting concerning an individual person shall be made by an unsigned, folded ballot, while voting concerning other matters shall be conducted orally, unless the Chairman of the Meeting determines otherwise without any objection from those present; and
 - (iii) Abstain votes and invalid votes shall be deemed being illegally cast and non-existing and not be counted in determining the number of votes cast.
- d. The resolution of the meeting, including any dissenting opinion and its reason shall be set out in the minutes of meeting, signed by the chairman of the meeting, delivered to all of the BOC members, and shall be properly documented.
- e. BOC members, both who are present or not present in the meeting, is entitled to receive a copy of the minutes of meeting of the Board of Commissioner.
- f. BOC can take legitimate decisions without convening BOC meeting, provided that all members of the BOC has been notified in writing and all the members of the BOC gave their approval on the proposal submitted in writing by signing the agreement. The decisions taken in this way has the same power as a legitimate decision taken in the BOC meeting.
- g. BOC meeting minutes shall be made by the Corporate Secretary of the meeting. In the event that and/or any appointed person as decided by BOC members attending the meeting.

2.6 Conflicts of Interest

Each Commissioner has a duty to avoid conflicts of interest, and, must disclose to the BOC of any potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company.

Each Commissioner has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as Commissioner. Disclosure of such information by a Commissioner should only be made after consultation with the BOC. In addition, a Commissioner shall excuse himself or herself from any discussion or decision on any matter in which the Commissioner is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

Each Commissioner must designate and implement provisions concerning conflicts of interest as stipulated in the Financial Services Authority Regulation concerning the Investment Manager's Behavior Guidelines.

2.7 Delegation to Committee

The BOC from time to time may establish Audit Committee is chaired by an Independent Commissioner and other committees to streamline the discharge of its responsibilities.

Each such committee shall be given delegated authority to enable it to obtain all information necessary to perform its functions effectively.

The system of delegation of authority to such committees and the exercise of that authority is predicated on an assumption that the BOC is kept appropriately and fully informed on all material issues. This means that appropriate and sufficiently detailed reports must be furnished at regular intervals in a form, timeframe and quality that enable the BOC to discharge its duties effectively. The BOC will therefore review the terms of the delegation not only in light of the affairs of the Company and the performance of its delegates from time to time but also the quality of information it is receiving from the delegates.

As a matter of principle, committee members will have access to the appropriate external and professional advice needed to assist the committee in fulfilling its roles.

The BOC reserves the right to withdraw or change any resolutions and/or delegation at any time.

2.8 Reporting and Accountability

Accountability Report of the BOC on its supervisory duties shall be delivered to the Company to be included in the annual report and would require the approval of the GMS.

2.9 Transparency

In implementing a transparency system, BOC members are required to notify the Company of the existence of:

- (i) share ownership, financial relationship, and/or family relationship between each Commissioner and the Director of Company;
- (ii) total remuneration and other facilities received by the Board of Commissioners; and/or
- (iii) a conflict of interest.

3.10 Risk Management

The BOC is ultimately responsible for risk management, which includes setting the Company's risk appetite and strategy which should be in line with the long term interests of the Company and are embedded in the corporate culture of the Company as well as Principal Financial Group; providing appropriate risk management systems and ensuring their effective operation; and approving and reviewing the adequacy and effectiveness of risk management policies for material risks on a regular basis; ensuring sufficient resources are in place for risk management.

The BOC, is responsible for designing, implementing and operating an effective risk management system that considers its business and regulatory environment and strategy; and is responsible for proposing the risk appetite and other significant risk-related policies and guidelines for the deliberation and adoption by the Board; and is responsible for providing a regular confirmation to the Board (on a frequency decided by the Board) on the effectiveness of such system (or an escalation to the Board if otherwise). The Company's Risk Management Officer is a standing invitee to Board meetings with risk management related agenda.

2.11 Ethical Standards

As a matter of Board policy, Commissioner are expected to conduct themselves with the highest ethical standards. All Commissioner are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

It is expected that Commissioner, Directors as well as officers and employees of the Company act ethically at all times and to acknowledge their adherence to the Code. The BOC is responsible for monitoring compliance with the Code.

All Commissioner, are expected to:

- (i) Act honestly and fairly in all their business dealings;
- (ii) Prevent bribery by persons associated with the Company, to foster a culture in which bribery, is never acceptable and commit to zero tolerance towards bribery;
- (iii) Comply with the law and respect the local communities wherever the Company operates;
- (iv) Be accurate, diligent and professional in all activities; and
- (v) Work together to promote a safe, ethical and professional workplace.

- END-

3. BOARD OF DIRECTORS

The BOD has a collegial duties and responsibilities. Each BOD members may perform their duties and make decisions in accordance with their duties and responsibility, however, the execution of duties of each of the BOD members will ultimately remain as joint responsibility. The implementation of duties and responsibilities of the BOD is based on the AOA of the Company, as well as the prevailing laws and regulations.

3.1 Function

- a. The BOD shall undertake and be responsible for the management of the Company, for the interests of the Company in accordance with the purpose and objective of the Company stipulated in the articles of association.
- b. The BOD is responsible for implement Governance in business activity in all levels of organizations.

3.2 Composition, Criteria and Term of Office

The appointment of BOD members shall be approved by OJK before the said BOD member can be appointed by the GMS. OJK will conduct a fit and proper test on the BOD member candidate.

3.2.1 Composition

The BOD shall consist of at least 2 (two) members, one of whom shall be appointed as a President Director.

3.2.2 Criteria

The appointment of the BOD members, shall take into account the following requirements:

- a. Integrity requirements, which includes:
 - (i) Legally competent based on the Indonesian Civil Code;
 - (ii) never been declared bankrupt or become a director or commissioner who was found guilty of causing a company be declared bankrupt;
 - (iii) never become an administrators or a supervisors in company, that its company's General Meeting of Shareholders (GMS) or other organ which is equivalent to the GMS, state as person who responsible for the bankruptcy of the company;
 - (iv) no management or supervisory position as the company when the company was declared bankrupt, unless the concerned can prove the fulfillment of the provisions of Article 104 paragraph (4) of Company Law;
 - (v) never make moral turpitude or been convicted of a crime in the financial sector;
 - (vi) have good character and morals; and
 - (vii) has a high commitment to comply with laws and regulations.
- b. Competency and expertise requirements, which includes:
 - (i) Each member of the BOD must have adequate knowledge in Capital Markets and relevant to his/her position in the office with Diploma degree as a minimum level of education;
 - (ii) Each member of the BOD must have the experience and expertise in the field of Capital Market and/or the financial sector at least 3 (three) years in managerial positions within the institution that engages in capital market and/or related financial management of public funds or companies that invested in a portfolio

securities or collective investment portfolio. Managerial positions referred to in this point are:

- positions one level below the BOD;
 - supervises a unit of work on institutions in capital markets and / or finance;
or
 - in charge of at least 10 (ten) employees.
- c. Each member of the BOD shall have individual license as Securities Companies Representative, and at least one member of the BOD is required to have individual licenses as an Investment Manager.
 - d. Each member of the BOD must not hold double position in another company, unless as a commissioner in Stock Exchange, Clearing Guarantee Institution or Central Securities Depository.
 - e. Each member of the BOD must be domiciled in Indonesia.
 - f. BOD members are expected to possess the following characteristics and traits:
 - (i) Demonstrate high ethical standards and integrity in their personal and professional dealings;
 - (ii) Act honestly and in good faith with a view to the best interests of the Company;
 - (iii) Devote sufficient time to the affairs of the Company and exercise care, diligence and skill in fulfilling their responsibilities both as Board members and as committee members;
 - (iv) Provide independent judgment on a broad range of issues;
 - (v) Understand and critically evaluate the key business plans and the strategic direction of the Company;
 - (vi) Raise questions and issues to facilitate active and effective participation in the deliberation of the Board and of each committee;
 - (vii) Make all reasonable efforts to attend all Board and committee meetings; and
 - (viii) Review the materials provided by management in advance of the Board and committee meetings.

3.2.3 Term of Office

- a. BOD members shall be appointed and dismissed by the GMS.
- b. BOD member is appointed by virtue of a resolution of a GMS for a period as of the date determined by the GMS until the closing of the third annual GMS following such date, without prejudice to the right of the GMS to discharge the said member anytime.

A Director whose term of office has expired may be reappointed by a GMS.
- c. The term of office of the BOD member shall expire due to:
 - (i) resignation;
 - (ii) no longer complies with the requirements of the prevailing regulations;
 - (iii) passed away; and or
 - (iv) dismissed by virtue of a GMS resolution.
- d. BOD member is entitled to resign from his/her position by giving notice in writing of his/her intention to the Company at least 30 (thirty) days prior to the date of his/her resignation.

3.3 Duties, Responsibilities and Authorities

3.3.1 Duties and Responsibilities

The BOD shall carry out and manage the Company in the interest of the Company in accordance with the purposes and objectives of the Company, the Articles of Association, prevailing laws and regulations and with due observance to the principles of Good Corporate Governance.

The Board's principal role is to govern, rather than manage, the Company, by ensuring that there is a proper governance framework in place to promote and protect the Company's interests for the benefit of its shareholders, and other stakeholders.

In addressing its responsibilities, the BOD will be concerned with the matters listed below, taking account of the recommendations of the CEO as appropriate.

a. Strategy and Oversight

- (i) Responsibility for setting and overseeing the strategy and goals of the Company.
- (ii) Understanding product, marketing and distribution strategies of the Company (if applicable).
- (iii) Understanding at a high level the operations, risks and opportunities of the Company.
- (iv) Determining the Company's long-term objectives and commercial strategy as a basis for management to develop enterprise strategies, annual business plans and budgets.
- (v) Approving of the annual operating and capital expenditure budgets and any material changes to them.
- (vi) Reviewing performance in the light of the Company's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken.
- (vii) Overseeing the Company's control and accountability systems.
- (viii) Ensuring appropriate resources are available for the Company in the pursuit of its strategic objectives.
- (ix) Ensuring the financial integrity of the Company, including:
 - Monitoring the cash flow position;
 - Monitoring performance of the prudential reserve and approving significant changes to reserve policy;
 - Monitoring investment performance and approving significant changes to investment policy (where applicable); and
 - Monitoring of the solvency requirement and capital adequacy requirement.

b. Board Membership and Other Appointments, and Structure of Company

- (i) Changing the structure, size and composition of the Board (including appointments and removals).
- (ii) Approving chairmanship and membership of board committees.
- (iii) Appointing or removing the Company Secretary or such other senior executives as the Board think fit.
- (iv) Changes to the Company's corporate structure

c. Financial Reporting and Controls

- (i) Understanding financial results of the Company.
- (ii) Approving any significant changes in accounting policies or practices.

d. Risk

- (i) Ensuring that staff are fully aware of and comply with the Global Code of Conduct (the "**Code**") issued by Principal Financial Group and applicable to the Company.

- (ii) The BOD members are jointly and severally liable for the losses of the Company which are caused by errors or omissions by the BOD in carrying out its duties. BOD members shall not be responsible for any losses of the Company, if the BOD members are able to prove that:
 - the losses were not due to their fault or negligence;
 - they carried out the management in good faith and with prudence in the interests of and in accordance with the purpose and objectives of the Company;
 - they do not have a direct or indirect conflict of interest in the action of management that caused the losses; and
 - they took action to prevent the losses from arising or continuing.

e. Audit Finding and Recommendations

BOD must follow up on findings and recommendations from:

- (i) functions of risk management, compliance and internal audit;
- (ii) external audit findings;
- (iii) supervision of the BOC;
- (iv) results of supervision of the Financial Services Authority; and
- (v) the results of supervision of the Sharia Supervisory Board, in the event that the Company manages Sharia investment products.

f. Contracts

- (i) Overseeing major capital projects, investments, acquisitions and disposals.
- (ii) Approving contracts, entered into by the Company or any subsidiary whether in the ordinary course of business or otherwise.

g. Communication

- (i) Ensuring the timely disclosure of the information and transactions to the appropriate parties, as required by applicable laws, ordinances, codes and rules.
- (ii) Ensuring the timely reporting and the accuracy of the Company's documents that are required to be produced.

h. Others

- (i) Approving the primary written delegations of authority for expenditure and other matters
- (ii) Approving BOD resolutions and corresponding documentation
- (iii) Ensuring the provision of a safe working environment for staff.
- (iv) Reviewing on a continuing basis the executive succession planning and executive development activities.

3.3.2 Authorities

The BOD shall carry out the management of the Company in good faith, with full responsibility and in a prudent manner for the interest of the Company and with due consideration to the interest of the stakeholders of the Company. If deemed necessary, the BOD may form a committee or working unit to assist the effective and efficient implementation of its tasks and authority.

The BOD shall be authorized to represent the Company inside as well as outside the Courts of Law in respect of all matters and in all events, to bind the Company with other

parties and other parties with the Company, and to undertake all actions, both regarding management and ownership, subject to, however, with the limitations determined in the Articles of Association with due observance of the prevailing laws and regulations in the capital market industry in Indonesia.

3.4 Meeting

3.4.1 Meeting Schedule

The BOD shall meet in accordance with the relevant regulatory requirements. Each Director has a responsibility to attend and participate in meetings of the Board at least 75% (seventy five percent) of the total BOD meeting in 1 (one) year.

3.4.2 Meeting Notification

- a. Notice of the Meeting of the BOD shall be served by the member of the BOD entitled to represent the BOD pursuant to the provision of Article 12 of these Articles of Association.
- b. Notice of the Meeting of the BOD shall be sent by registered mail or personally delivered, against corresponding receipt thereof, to each member of the BOD no later than 14 (fourteen) days prior to the meeting, excluding the notice date and the meeting date.
- c. Such notice shall specify the agenda, date, time and place of the Meeting.
- d. The Meeting of the BOD shall be held at the Company's domicile or at the Company's business place. In the event that all members of the BOD are present or represented, such a prior notice shall not be required and the Meeting of the BOD may be held at any place and shall be entitled to lawfully adopt valid and binding resolutions.
- e. The Company Secretary shall distribute the meeting agenda and meeting minutes to the BOD. Information and materials that are important to the Board's understanding of the agenda items and related topics shall be distributed to each director in advance of the relevant meeting. The Company shall deliver information on the business, operations and finances of the Company to the BOD on an as-required basis. Minutes of each BOD meeting will be circulated for directors' review and approval shortly after the meeting.

3.4.3 Meeting Resolution

- a. Resolution of the BOD meeting will be taken based on consensus. In the event that a consensus cannot be reached, thus, the resolution shall be taken based on the agreed vote of more than 1/2 (half) of the total votes legally cast at the meeting.
- b. In the event votes "for" and votes "against" are equal (tie vote), then the chairman of the BOD meeting shall decide.
- c. Voting rights:
 - (i) Each member of the BOD present shall reserve the right to cast 1 (one) vote and 1 (one) additional vote for each other member of the BOD for whom he legally represents;
 - (ii) Voting concerning an individual person shall be made by an unsigned, folded ballot, while voting concerning other matters shall be conducted orally, unless the Chairman of the Meeting determines otherwise without any objection from those present; and
 - (iii) Abstain votes and invalid votes shall be deemed being illegally cast and non-existing and not be counted in determining the number of votes cast.
- d. The resolution of the meeting, including any dissenting opinion and its reason shall

- be set out in the minutes of meeting, signed by the chairman of the meeting, delivered to all of the BOD members, and shall be properly documented.
- e. BOD members, both who are present or not present in the meeting, is entitled to receive a copy of the minutes of meeting of the BOC.
 - f. BOD can take legitimate decisions without convening BOD meeting, provided that all members of the BOD has been notified in writing and all the members of the BOD gave their approval on the proposal submitted in writing by signing the agreement. The decisions taken in this way has the same power as a legitimate decision taken in the BOD meeting.
 - g. BOD meeting minutes shall be made by the Corporate Secretary of the meeting. In the event that and/or any appointed person as decided by BOD members attending the meeting.

3.5 Reporting and Accountability

Accountability Report of the BOD on its management duties shall be delivered to the Company to be included in the annual report and would require the approval of the GMS.

3.6 Conflicts of Interest

Each Director has a duty to avoid conflicts of interest, and, must disclose to the BOD of any potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company.

Each Director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as Director. Disclosure of such information by a Director should only be made after consultation with the BOD. In addition, a director shall excuse himself or herself from any discussion or decision on any matter in which the Director is precluded from voting as a result of a conflict of interest or which otherwise affects his or her personal, business or professional interests.

No Directors are allowed to hold equity positions in the Company.

3.7 Delegation to Committees

The BOD has retained ultimate responsibility for the strategic direction and control of the Company. The BOD delegates management of the Company to the senior management team under the leadership of the CEO, to deliver the strategic direction and goals determined by the BOD. A key function of the BOD is to monitor the performance of senior management in this function.

The BOD from time to time may establish management committees to streamline the discharge of its responsibilities. Each such committee shall be given delegated authority to enable it to obtain all information necessary to perform its functions effectively.

The system of delegation of authority to such committees and the exercise of that authority is predicated on an assumption that the BOD is kept appropriately and fully informed on all material issues. This means that appropriate and sufficiently detailed reports must be furnished at regular intervals in a form, timeframe and quality that enable the BOD to discharge its duties effectively. The BOD will therefore review the terms of the delegation not only in light of the affairs of the Company and the performance of its delegates from time to time but also the quality of information it is receiving from the delegates.

As a matter of principle, committee members will have access to the appropriate external and professional advice needed to assist the committee in fulfilling its roles.

The BOD also delegates specific functions to ad hoc committees on an “as needed” basis. The terms of reference and powers delegated to any such committee will be agreed by the BOD at the time the committee is established as set out in BOD resolutions.

The BOD reserves the right to withdraw or change any resolutions and/or delegation at any time.

3.8 New Appointments, Election and Removal of Directors

There are formal, considered and transparent procedures for nominating candidates to stand for election as Directors. The process of evaluating the skills and composition of the BOD is ongoing and is kept under regular review in order to ensure that appropriate plans for succession to the BOD are in place for smooth BOD refreshment, and that the BOD retains its effectiveness at all times.

The appointment of Directors of the Company is subject to approval from the relevant regulators.

A Guide on Directors’ Duties will be provided to all new Directors. The new Directors will also be provided with induction training after they are on board.

The BOD believes it is in the best interest of the Company that (a) the term of each Director shall not extend beyond the annual meeting following the Director’s 72nd birthday; (b) no more than one retired Principal CEO shall serve on the BOD at any one time; and (c) a Director who experiences a significant change in his or her personal circumstances, including a change in employment or major responsibilities from those held when most recently elected or re-elected to the BOD or other circumstances that reasonably may have an adverse effect on the Director’s service on the BOD or the Company’s business or reputation, shall submit their resignation to the Chairman of the BOD.

3.9 Transparency

In implementing a transparency system, BOD members are required to notify the Company of the existence of:

- (i) share ownership, financial relationship, and/or family relations of Director of the Company with members of the Board of Commissioners, other members of the Board of Directors, members of the Sharia Supervisory Board, and/or shareholders of the Company;
- (ii) total remuneration and other facilities received by the Board of Directors;
- (iii) a conflict of interest

3.10 Ethical Standards

As a matter of Board policy, Directors and management are expected to conduct themselves with the highest ethical standards. All Directors, executives and staff are expected to behave ethically and professionally at all times and thereby protect and promote the reputation and performance of the Company.

It is expected that Directors as well as officers and employees of the Company act ethically at all times and to acknowledge their adherence to the Code. The BOD is responsible for monitoring compliance with the Code.

All Directors, executives and staff are expected to:

- (vi) Act honestly and fairly in all their business dealings;
- (vii) Prevent bribery by persons associated with the Company, to foster a culture in which bribery, is never acceptable and commit to zero tolerance towards bribery;
- (viii) Comply with the law and respect the local communities wherever the Company operates;
- (ix) Be accurate, diligent and professional in all activities and in preparing all documents; and
- (x) Work together to promote a safe, ethical and professional workplace.

- END -