

BOARD MANUAL

PT GARUDA INDONESIA (PERSERO) Tbk
Issue 4 Amendment 0

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CORPORATE SECRETARY
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PREFACE

This revised Board Manual is an improvement of the Board Manual that was approved on December 08, 2014 (Board Manual Issue 3).

This revised Board Manual is issued with the intention to improve and adjust the Board Manual Issue 3 to the current condition of PT Garuda Indonesia (Persero) Tbk and to serve as a working guideline for the Board of Directors and Board of Commissioners in order to fulfill the interests of shareholders and other stakeholders, consisting of employees, customers, the community and regulators in accordance with the principles of good corporate governance.

This Board Manual is the copyright of PT Garuda Indonesia (Persero) Tbk, and any person is prohibited from reprinting, copying or reproducing it in any way without the written consent of the unit in charge of Corporate Secretary.

If there is a new regulation that is referred to in this Board Manual which substantially regulates the same matter, the provisions shall prevail as stipulated in the new regulation based on the principle of *lex posteriori derogate legi priori*, until the issuance of revisions to the Board Manual.

Improvement or updating of the Board Manual will be carried out by the unit in charge of Corporate Secretary.

Jakarta, December 08, 2022
VP CORPORATE SECRETARY

MITRA PIRANTI

CODE OF CONDUCT

In order to implement Good Corporate Governance in carrying out business processes in the Company, every employee is required to comply with the Company's code of conduct as stated in the Code of Business Ethics and Work Ethics that apply within the Company. In addition, employees who carry out the function of managing the Company's documents and archives must also comply with the following code of conduct:

1. Complying with all provisions and policies, implement business processes that apply in the Company, including in the Office Administration System Manual, Work Procedures, Work Instructions, Job Description, and security systems that have been established, and by continuing to refer to the Collective Labor Agreement, and related laws and regulations.
2. Maintaining the confidentiality of documents, archives, and all information related to the Company's document and archive management functions (not limited to the process of creation, storage, search, distribution & circulation, media transfer, destruction and confiscation) in the Company to unauthorized parties.
3. Maintaining the confidentiality of Personal data of Employees/Business Partners/Third Parties/Passengers/Customers, including data on name, gender, identity number (Identity Card/ID card), passport, or other identity marker in accordance with applicable laws and regulations, telephone number, place and date of birth and age, occupation, address, nationality, religion, online identifiers, such as IP address, e-mail address, frequent flyer number, biometric data, data on health or psychiatric conditions, personal financial data, cultural or social identity of a person (tribe), all employment data for Company employees, and other similar personal data managed in the Company's document and archive management function.
4. Maintaining the confidentiality of documents and information related to the management of document and archive management functions in the Company to unauthorized parties, including data on Policies/Decisions, Performance Data/Results Reports, Cooperation Agreements/Statements, Manuals/Procedures applicable in the Company, as well as Minutes of the Company's internal Meetings, including on the Company's document and archive management functions.
5. Refusing, not requesting or receiving, and providing gratuities in any form from and/or to third parties, in the process of managing documents and archives related to positions in the Company, and contrary to their duties and obligations. In the event of rejection/receipt of gratuities, must report to the Company's gratification control unit. Provisions related to gratification control refer to the Decree of the Board of Directors applicable in the Company.

6. Using work facilities and work inventory items, including telephone, faxes, e-mails, computers, and other facilities belonging to the Company, in accordance with its function for the benefit of the Company.
7. Not using the Company's attributes/assets/property/items such as uniforms, ID cards, logos, aircraft photos, inflight items, and other items for political purposes, endorsements, personal business, pornography and other activities that are contrary to the Company's objectives.
8. Not committing acts that are Ethnic, Religious, Racial, and Intergroup (SARA), discriminatory, spreading hatred, spreading false news (hoaxes) in the work environment aimed at personal interests / certain groups, including but not limited to political activities.
9. Immediately reporting to employee superiors, authorized work units, through the Company's Whistleblowing System (WBS) reporting media, or via e-mail whistleblower@garuda-indonesia.com, if they know or encounter any matters/behavior that is contrary to the Company's rules or know of any matters that may endanger/damage the Company.

Other matters that are not regulated in this code of conduct still refer to the Code of Business Ethics and Work Ethics that apply in the Company.

LIST OF TERMS

In this Board Manual, what are meant by :

No.	Terms	Definition
1.	Articles of Association	Deed No. 15 dated September 8, 2022, made before Notary Aulia Taufani, S.H., M.Kn., Notary in Jakarta which has received notification of amendment from the Minister of Law and Human Rights No. AHU-0066051.AH.01.02 Tahun 2022 dated September 14, 2022.
2.	Commercial Air Transportation	Air transportation for the public by collecting payment.
3.	APBN	State Budget
4.	Overseas Financial Assets	The Company's assets against overseas entities both in foreign currencies and in rupiah, among others in the form of cash in foreign currencies, deposits of the Company in overseas entities, trade or business receivables with overseas entities, ownership of securities issued by overseas entities and equity participation in an overseas entity.
5.	Bapepam – LK	Capital Market and Financial Institutions Supervisory Agency (now replaced by the Financial Services Authority/OJK)
6.	Bappenas	National Development Planning Agency
7.	IDX	Indonesia Stock Exchange
8.	SOE	State-Owned Enterprises, namely business entities in which all or most of the capital is owned by the state through direct participation originating from separated state assets.
9.	Special Register	A register containing information regarding the shares of members of the Board of Directors and Board of Commissioners and their families in the Company and/or in other companies and the date the shares were acquired.
10.	Board of Commissioners	An organ of the Company whose duty is to supervise the Company's management policies and business activities and to provide advice to the Board of Directors.
11.	Board of Directors	An organ of a limited liability company that is tasked with carrying out its duties in accordance with the provisions of the Company's Articles of Association.
12.	DPR	House of Representatives
13.	Issuer	The party conducting the Public Offering.
14.	HMETD	Pre-emptive Rights, which are rights attached to shares that allow existing shareholders to purchase new securities, including shares, securities convertible into

		shares and warrants, before they are offered to other parties. Such rights shall be transferable.
15.	Insider Information	Material information held by insiders that is not yet publicly available.
16.	Public Information	Information produced, managed, sent, and/or received by a public entity relating to the organizers and administration of the state and/or the organizers and administration of other public entities in accordance with the Public Information Disclosure Law as well as other information relating to the public interest.
17.	Kepmenkeu No. 279/1991	Decree of the Minister of Finance No. Kep-261/MK/IV/5/1973 of 1973 concerning Provisions on the Implementation of Foreign Loan Acceptance as last amended by Decree of the Minister of Finance No. 279/KMK.01/1991 of 1991 concerning Provisions on the Implementation of Foreign Loan Acceptance and Issuance of Bank Guarantees for Foreign Loan Acceptance by Foreign Exchange Banks.
18.	Kepmen-LH Lingkungan No. 48/1996	Decree of the Minister of Environment No. KEP-48/MENLH/11/1996 on Noise Level Standard.
19.	Permenhub No. 35/2021	Minister of Transportation Regulation No. PM No. 35 of 2021 concerning the Provision of Air Transport
20.	Keppres No. 59/1972	Presidential Decree of the Republic of Indonesia No. 59 of 1972 on the Acceptance of Foreign Credits.
21.	Overseas Financial Obligations	The Company's liabilities to an overseas entity both in foreign currency and rupiah, among others in the form of deposits belonging to overseas entities, trade or business payables with overseas entities, ownership of the Company's securities by an overseas entity, loans from an overseas entity and the Company's equity owned by an overseas entity.
22.	Audit Committee	Committees formed by and responsible to the Board of Commissioners in assisting the duties and functions of the Board of Commissioners.
23.	Business Development & Risk Monitoring Committee	The Committee is formed by and responsible to the Board of Commissioners in assisting the functions and duties of the Board of Commissioners related to the effectiveness of the management of the business development function and the implementation of risk management in the Company.
24.	Nomination and Remuneration Committee	Committee formed by and responsible to the Board of Commissioners in assisting the functions and duties of the Board of Commissioners related to Nomination and Remuneration of members of the Board of Directors and members of the Board of Commissioners.
25.	Talent Committee	A committee formed to screen and evaluate the talents of the Board of Directors of SOEs consisting of the Talent

		Committee of the Board of Directors of SOEs stipulated by a Decree of the Board of Directors and the Talent Committee of the Ministry of SOEs stipulated by a Decree of the Secretary of the Ministry.
26.	Formal Communication	Communication that occurs between organs relating to the fulfillment of formal provisions as stipulated in the Articles of Association and or prevalence based on best practices in the Company.
27.	Informal Communication	Communication between organs of the Board of Directors and the Board of Commissioners, between members or members of one organ and another, outside of the formal communication provisions stipulated in the Articles of Association, laws and regulations, and applicable internal provisions of the Company.
28.	Financial Statements	Under the Company Law, the financial statements consist of at least the balance sheet at the end of the financial year in comparison with the previous financial year, the profit and loss statement for the financial year, the cash flow statement, and the statement of changes in equity, as well as notes to the financial statements;
29.	Annual Report	Under the Company Law, the annual report must contain at least: <ul style="list-style-type: none"> a. financial statements; b. report on the Company's activities c. report on the implementation of Social and Environmental Responsibility; d. details of problems arising during the financial year that affect the Company's business activities; e. report on the supervisory duties performed by the Board of Commissioners during the previous financial year; f. names of members of the Board of Directors and members of the Board of Commissioners and; g. salaries and benefits for members of the Board of Directors and salaries or honorarium and benefits for members of the Board of Commissioners of the Company for the previous year.
30.	State Official Wealth Report	The State Officials' Wealth Report, hereinafter referred to as LHKPN, is a list of all State Officials' Wealth reported at a certain period or periodically to the Corruption Eradication Commission (KPK) referring to KPK Regulation No.07 of 2016 concerning Procedures for Registration, Announcement, and Examination of State Officials' Wealth and its amendments.
31.	OJK	Financial Services Authority
32.	Insider	Under the Capital Market Law, insiders are the following parties:

		<ul style="list-style-type: none"> i. Board of Commissioners, Directors, or employees of the Company; ii. Major shareholders of the Company; iii. Individuals who because of their position or profession or because of their business relationship with the Company enable them to obtain inside information; or iv. any party who has ceased to be a party within the last six months as referred to in points (a), (b), and (c).
33.	Controlling Shareholders	A party that owns more than 50% (fifty percent) of the fully paid shares or a party that has the ability to determine, either directly or indirectly, in any way, the management and/or policy of a Public Company.
34.	Public Offering	Securities offering activities carried out by the Issuer to sell securities to the public based on the procedures regulated in the prevailing laws and regulations in the field of capital markets.
35.	PBI No. 21/2019	Bank Indonesia Regulation No. 21/2/PBI/2019 on Reporting of Foreign Exchange Traffic Activities.
36.	Bapepam- LK Regulation No. VIII.G.11	Bapepam-LK Regulation No.VIII.G.11 concerning Directors' Responsibility for Financial Statements, Attachment to the Decree of the Chairman of Bapepam-LK Number KEP-40/PM/2003 of 2003
37.	OJK Regulation 42/2020	OJK Regulation No. 42/POJK.04/2020 concerning Affiliated Transactions and Conflict of Interest.
38.	Bapepam-LK Regulation No. X.K.2	Bapepam-LK Regulation No. X.K.2 on the Submission of Periodic Financial Statements of Issuers or Public Companies, Attachment to the Decree of the Chairman of Bapepam-LK No. KEP 346/BL/2011 of 2011.
39.	BEI Regulation No. I-E	IDX Regulation No. I-E on the Obligation to Submit Information, Attachment to the Decree of the Board of Directors of PT Bursa Efek Jakarta No. Kep- 306/BEJ/07-2004 of 2004.
40.	OJK Regulation 3/2014	OJK Regulation No. 3/POJK.02/2014 on the Procedure for the Implementation of Levies by OJK.
41.	OJK Regulation 32/2014	OJK Regulation No. 32/POJK.04/2014 on the Plan and Implementation of General Meeting of Shareholders (GMS) of Public Companies.
42.	OJK Regulation 33/2014	OJK Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers or Public Companies.
43.	OJK Regulation 34/2014	OJK Regulation No. 34/POJK.04/2014 on the Nomination and Remuneration Committee of Issuers or Public Companies.
44.	OJK Regulation 35/2014	OJK Regulation No. 35/POJK.04/2014 concerning Corporate Secretary of Issuers or Public Companies.

45.	OJK Regulation 55/2015	OJK Regulation No. 55/POJK.04/2015 on the Establishment and Implementation Guidelines for the Audit Committee.
46.	OJK Regulation 31/2015	OJK Regulation No. 31/POJK.04/2015 on the Disclosure of Information or Material Facts by Issuers or Public Companies.
47.	OJK Regulation 56/2015	OJK Regulation No. 56/POJK.04/2015 on the Establishment and Guidelines for the Preparation of Internal Audit Unit Charter.
48.	OJK Regulation 29/2016	OJK Regulation No. 29/POJK.04/2016 on the Annual Report of Issuers or Public Companies.
49.	OJK Regulation 13/2017	OJK Regulation No. 13/POJK.03/2017 on the Use of Public Accountant Services (AP) and Public Accountant Office (KAP) in financial services activities.
50.	OJK Regulation 7/2018	OJK Regulation No. 7/POJK.04/2018 on the Submission of Reports through the Electronic Reporting System.
51.	OJK Regulation 9/2018	OJK Regulation No. 9/POJK.04/2018 on the Takeover of Public Companies.
52.	OJK Regulation 17/2020	OJK Regulation No. 17/POJK.04/2020 on Material Transactions and Changes in Business Activities.
53.	Permen BUMN No. 12/2012	Regulation of the Minister of State-Owned Enterprises No. PER-12/MBU/2012 on the Supporting Organ of the Board of Commissioners/Supervisory Board of State-Owned Enterprises and its amendments.
54.	Permen BUMN No. 01/2011	Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises as amended by Regulation of the Minister of State-Owned Enterprises No. PER-09/MBU/2012 on Amendments to Regulation of the Minister of State-Owned Enterprises No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises.
55.	Permen BUMN No. 18/2014	Regulation of the Minister of State-Owned Enterprises No. PER-18/MBU/10/2014 on Electronic Submission of Data, Reports and Documents of State-Owned Enterprises.
56.	Permen BUMN No. 02/2015	Regulation of the Minister of SOEs No. PER-02/MBU/02/2015 on Requirements and Procedures for Appointment and Dismissal of Members of the Board of Commissioners of SOEs as amended by Regulation of the Minister of SOEs No. PER-10/MBU/2020 on Amendments to Regulation of the Minister of SOEs No. PER-02/MBU/02/2015 on Requirements and Procedures for Appointment and Dismissal of Members of the Board of Commissioners of SOEs.
57.	Permen BUMN No. 11/ /2021	Regulation of the Minister of SOEs No. PER-11/MBU/07/2021 on Requirements, Procedures for

		Appointing and Dismissing Members of the Board of Directors of SOEs.
58.	Company	PT Garuda Indonesia (Persero) Tbk
59.	Formal Meeting	Board of Commissioners meetings or Board of Directors meetings organized by each organ.
60.	Informal Meeting	Meetings of members of the Board of Commissioners and members of the Board of Directors outside of formal meetings.
61.	Public Companies	A company whose shares have been owned by at least 300 shareholders and has a paid-up capital of at least Rp 3,000,000,000.00 (three billion Rupiah) or a number of shareholders and paid-up capital determined based on the prevailing laws and regulations in the field of capital markets.
62.	Controlled Companies	Companies that are controlled, either directly or indirectly, by the Company.
63.	Audit Committee Charter	The audit committee charter at least contains: 1) duties and responsibilities as well as authority; 2) composition, structure, and membership requirements; 3) procedures and work procedures; 4) policy on organizing meetings; 5) activity reporting system; 6) provisions regarding the handling of complaints or reporting regarding alleged violations related to financial reporting; and 7) term of office of the Audit Committee.
64.	PP No. 11/2014	Government Regulation No. 11 of 2014 on Levies by OJK
65.	PP No. 45/2005	Government Regulation No. 45 of 2005 on the Establishment, Management, Supervision and Dissolution of SOEs
66.	PP No. 64/1999	Government Regulation No. 24 of 1998 on Annual Financial Information of Companies as amended by Government Regulation No. 64 of 1999.
67.	RJPP	Company Long-Term Plan
68.	RKAP	Company Work Plan and Budget
69.	GMS	General Meeting of Shareholders
70.	Series A Dwiwarna Shares	Special shares owned by the State that provide special rights not owned by other Shareholders as stipulated in the Company's Articles of Association.
71.	Series B Shares	Ordinary registered shares that are listed on the stock exchange, so that they can be owned by the general public and can be traded.
72.	Internal Audit Unit	The unit is led by a head who is appointed and dismissed by the President Director based on the company's internal mechanism with the approval of the Board of Commissioners.

73.	SE-OJK No. 4/2014	OJK Circular Letter No. 4/SEOJK.02/2014 on OJK Levy Payment Mechanism.
74.	Information Technology	A technique for collecting, preparing, storing, processing, publishing, analyzing, and/or disseminating information.
75.	SOE Law	Law No. 19 of 2003 on the State-Owned Enterprises.
76.	Public Information Disclosure Law	Law No. 14 of 2008 on Public Information Disclosure.
77.	Capital Market Law	Law No. 8 of 1995 on the Capital Market
78.	Aviation Law	Law Number 1 of 2009 on Aviation.
79.	Company Law	Law Number 40 of 2007 concerning Limited Liability Companies

BOM 1. INTRODUCTION

A. Background

The Company is a state-owned enterprise whose shares are listed on the IDX. As an SOE engaged in aviation business activities whose shares are listed on the IDX, the Company is subject to a set of rules that serve as guidelines for the Company to carry out its operational activities. After becoming a listed company, the authorities that oversee the Company's activities have increased. In addition to the authorities, the public also monitors the Company's performance and operations to ensure that the value of the investment made in the Company increases.

The Board of Directors is an organ of a limited liability company whose duty is to carry out its duties in accordance with the provisions of the Company's Articles of Association and prevailing laws and regulations. Meanwhile, the Board of Commissioners is an organ of the company whose duty is to supervise the Company's management policies and business activities and to provide advice to the Board of Directors as requested or when necessary in order to ensure that the Company is managed in accordance with its business purposes and objectives, and is not intended for the benefit of certain parties or groups. The Board of Commissioners shall, in good faith and with full responsibility, carry out its duties for the benefit of the Company.

In order to implement the principles of Good Corporate Governance and to fulfill the interests of shareholders and other interested parties, consisting of employees, consumers, communities, and regulators, the Board of Directors and Board of Commissioners require a working guideline related to corporate governance.

B. Vision and Mission

Vision

"To become a sustainable aviation group by connecting Indonesia and beyond while delivering Indonesian hospitality"

Mission

"Strengthening business fundamental through strong revenue growth, cost leadership implementation, organization effectiveness and group synergy"

reinforcement while focusing on high standard of safety and customer-oriented services delivered by professional & passionate employees”

C. Purposes and Objectives

This manual related to corporate governance for the Board of Directors and Board of Commissioners ("**Board Manual**") is a derivative and elaboration of the Corporate Governance Policy (CGP) which is prepared as a working guideline for the Board of Directors and Board of Commissioners in carrying out their duties and responsibilities for the best interests of the Company.

TKP 2. COMPANY'S ORGANS

A. Board of Directors

The Board of Directors is an organ of the Company that is responsible for carrying out the day-to-day management of the Company for the best interests of the Company, namely in order to achieve the purposes and objectives of the Company and to ensure that the Company carries out its social responsibilities and takes into account the interests of various stakeholders in accordance with the laws and regulations.

Based on the Company's Articles of Association, Corporate Organization Manual and prevailing laws and regulations, the Board of Directors acts as a decision maker, where for certain matters, the Board of Directors must obtain approval from the Board of Commissioners, the Series A Dwiwarna Shareholders, and/or the General Meeting of Shareholders. In addition to carrying out the management of the Company for the interests and purposes of the Company, the Board of Directors also acts as the leader and manages and maintains the Company's assets.

The Company's Organizational Structure refers to the Decree of the President Director of the Company regarding the Parent Organization, which will be amended and/or updated if necessary in accordance with the conditions of the Company.

1. Duties, Obligations and Authorities of the Board of Directors

The Board of Directors is responsible for the duties and functions of managing and administering the Company. In the event that the division of duties and authorities of the Board of Directors is not determined by the General Meeting of Shareholders, then the division of duties and authorities of the Board of Directors shall be determined by a Resolution of the Board of Directors. Each member of the Board of Directors is therefore responsible for the implementation of their respective duties and functions.

The Company's business process manual may further regulate the minimum Director approval required for decision making.

The Board of Directors is tasked with carrying out all actions related to the management of the Company for the benefit of the Company and in accordance with the purposes and objectives of the Company and representing the Company both inside and outside the court on all matters

and all events with restrictions as specified in the Company's Articles of Association.

In performing its duties, the Board of Directors is authorized to carry out management in accordance with policies deemed appropriate, within the limits set by the Company Law and/or the Company's Articles of Association. The provisions of the Company Law contain the concept of fiduciary duty. Fiduciary duty is a doctrine that shows the relationship that occurs between the Board of Directors and a limited liability company. According to Black's Law Dictionary, fiduciary duty is defined as follows:

"A duty of utmost good faith, trust, confidence, and candor owed by a fiduciary (such as a lawyer or corporate officer) to the beneficiary (such as the lawyer's client or a shareholder); a duty to act with the highest degree of honesty and loyalty toward another person and in the best interest of the other person."

The Board of Directors has a fiduciary duty, which in making business decisions must prioritize the best decision for the company and uphold the principle of prudence. The best decision is one that benefits the company and has no personal conflict of interest. While the principle of prudence is a decision taken in good faith, avoiding greater losses, in accordance with applicable regulations, and fulfilling the six eyes principle, segregation of duties, no budget no capex.

To fulfill the principle of prudence, the Board of Directors in making decisions is supported by three lines of defense consisting of business-related units, risk management, and internal audit with the principles of fair, independent and ethical. In addition, the Board of Directors may also request assistance, opinions and support as considerations from experts, consultants, and/or relevant government agencies.

In carrying out its duties, the Board of Directors has obligations, among others:

a. Approval of the Company's Articles of Association, Registration and Announcement in the State Gazette

Submitting the Company's Articles of Association and any amendments to the Minister of Law and Human Rights to obtain approval or notification statement, to be registered in the Company

Register and announced in the State Gazette by the Minister of Law and Human Rights (Article 21 (1) - (3), 29, 30 of the Company Law).

b. Register of Shareholders

Establishing and maintaining (or appointing a Share Registrar to do so) a register of shareholders that records:

- (a) the names and addresses of all shareholders; (b) the number, number and date of acquisition of shares or collective share certificates;
- (c) names and addresses of pledge holders of the Company's shares;
- (d) any other important information (Article 100 (1) (a) of the Company Law, Article 9 of the Company's Articles of Association).

Establishing and maintaining a special register containing the share ownership of each member of the Board of Directors, member of the Board of Commissioners and the family of each member of the Board of Directors and the Board of Commissioners in the Company and in other companies, as well as the date of acquisition of such shares (Article 100 (1) (a) of the Company Law, Article 9 of the Company's Articles of Association).

c. Company Documents

Maintaining all company registers, registration documents and documents, including resolutions, minutes of GMS, minutes of Board of Directors meetings, minutes of Board of Commissioners meetings and keep them at the Company's domicile, and provide access for shareholders to these documents (Article 100 (1) (c), (d), (2) of the Company Law, Article 12 (2.b.10 and 2.b.11) of the Company's Articles of Association).

d. Financial Statements and Company Accounting Standards

Preparing Financial Statements and maintaining the Company's accounting system based on Financial Accounting Standards and based on the principles of internal control, especially the separation of management, recording, storage and supervision functions, and submit them to a Public Accountant for audit (Articles 68, 69 of the Company Law, Article 12 (2.b.5, 2.b.12., 2.b.13) of the Company's Articles of Association). The audited Financial Statements are then

submitted to the Financial Services Authority, the Ministry of Trade, the Ministry of Law and Human Rights, the Ministry of SOEs, the Ministry of Finance, and the Ministry of Transportation in accordance with applicable laws and regulations.

e. Board of Directors Meeting

Preparing and maintaining all minutes of the Board of Directors' meetings (Article 100 (1) of the Company Law, Article 12 (2.b.3, 2.b.10, 2.b.11) of the Company's Articles of Association).

f. Annual Report

At the latest within 5 months after the fiscal year ends, preparing, submitting and providing explanations regarding the Annual Report and financial documents as a form of accountability for the management of the Company to the GMS for approval and ratification after being reviewed and approved by the Board of Commissioners (Articles 66, 67, 100 paragraphs (1)-(3) of the Company Law, Article 12 (2.b.5), (2.b.7), (2.b.8) of the Company's Articles of Association).

g. Company's RJPP and RKAP

Preparing the draft RJPP and RKAP of the Company and all amendments, and submitting it and providing explanations to the Board of Commissioners. The draft RJPP is submitted to the Board of Commissioners no later than October 31 before the RJPP period of the current year, for approval. Meanwhile, the draft RKAP is submitted no later than 30 days before the new financial year begins for approval (Article 63-65 of the Company Law, Article 12 (2.b.2), Article 17 (1), (3) of the Company's Articles of Association).

Further provisions related to the preparation and/or amendment of the RKAP and RJPP refer to a separate manual. In the event that the manual regulates provisions regarding the period of submission of the draft RKAP and RJPP that are different from the provisions above, it shall be subject to the provisions that regulate more strictly.

h. Balance Sheet and Profit-Loss Statement

Submitting the balance sheet and profit and loss statement (as part of the Financial Statements in the Annual Report) that have been

authorized by the GMS to the Minister of Law and Human Rights (Article 12 (2.b.8) of the Company's Articles of Association).

i. Internal Control System and Internal Audit Unit

Establishing a corporate risk management program, establish an internal control system in order to secure the Company's investments and assets, ensure the accuracy of financial reporting, implement the effectiveness and efficiency of business processes and regulate the reporting mechanism for alleged irregularities in work ethics and compliance with Company policies/regulations, conduct internal supervision through the establishment of an Internal Audit Unit (Article 25 - 29 Permen BUMN No. 01/2011, OJK Regulation 56/2015).

j. Information Technology and Human Capital Program Report

Establishing effective Information Technology governance and prepare a report to the Board of Commissioners on the implementation of the Information Technology and Human Capital program (Article 30 SOE Ministerial Regulation No. 01/2011).

k. Reporting Share Ownership

Reporting the share ownership of himself and his family to the Company and other companies to be recorded in the Special Register. Capital Market regulations require the Board of Directors to report their share ownership in the Company within 10 days of the transaction.

l. Carrying out Information Disclosure

Carrying out information disclosure in accordance with the provisions of the laws and regulations in the capital market sector, including announcing material transactions (see also Chapter III of the Board Manual regarding Certain Corporate Actions).

m. Risk Management

The Board of Directors in every decision/action must consider business risks and develop and implement an integrated corporate risk management program.

The Board of Directors must submit a report on the risk management profile and its handling together with the company's periodic reports to the Board of Commissioners (Article 25 PERMEN BUMN No. 01/2011).

n. Substantial Procurement Reporting

The Board of Directors submits a report to the Board of Commissioners regarding the process and results of the procurement of certain goods and services of a substantial nature carried out by the Company, non-routine procurement of goods / services that are not related to the company's business operations with a minimum value of Rp50,000,000,000 (fifty billion Rupiah) in one transaction.

o. Submission of Promotion and Mutation Plan of Officials 1 (one) level below the Board of Directors

The Board of Directors needs to submit to the Board of Commissioners regarding the promotion and mutation plan of officials 1 (one) level below the Board of Directors.

In carrying out its duties, in accordance with the provisions of the Articles of Association, the Board of Directors is authorized to:

- a. determine policies deemed appropriate in the management of the Company;
- b. regulate the transfer of power of the Board of Directors to represent the Company in and out of court to one or several persons specifically appointed for that purpose, including the Company's employees either individually or jointly and/or other parties;
- c. regulate the provisions concerning the Company's employees including the determination of wages, pensions or old age pensions and other income for the Company's employees based on the prevailing laws and regulations;
- d. appoint and dismiss the Company's employees based on the Company's labor regulations and prevailing laws and regulations;
- e. appoint and dismiss the Corporate Secretary and/or the Head of Internal Supervisory Unit with the approval of the Board of Commissioners;

- f. write off bad debts with provisions as stipulated in the Articles of Association and subsequently reported to the Board of Commissioners and accounted for in the Annual Report;
- g. no longer collect interest receivables, fines, fees and other receivables beyond the principal made in the context of restructuring and / or settlement of receivables and other actions in the context of settling the Company's receivables with the obligation to report to the Board of Commissioners whose provisions and reporting procedures are determined by the Board of Commissioners.
- h. perform all actions and other deeds regarding the management and ownership of the Company's assets, binding the Company with other parties and/or other parties with the Company, as well as representing the company in and out of court on all matters and all events, with restrictions as stipulated in the laws and regulations, Articles of Association and/or Resolutions of the General Meeting of Shareholders.
- i. establish a Committee in order to support the effectiveness of the implementation of duties and responsibilities.

2. Board of Directors' Leave and Travel

Members of the Board of Directors are entitled to annual leave of 12 (twelve) working days in each year, without annual leave allowance. Annual leave may be granted if the member of the BOD has worked for 12 (twelve) consecutive months. Permission for the implementation of annual leave for members of the Board of Directors is granted by the President Commissioner.

Travel Plans for Directors abroad are proposed in writing to the Minister of SOEs on a 3-monthly basis for official travel that is routine or has been planned in the RKAP. As for other official travels, the application is submitted no later than 14 (fourteen) working days before the schedule of the official travel.

In the plan for official travel abroad, it is explained about the purpose and importance of the official travel, the relationship with the company's goals and policies, the length of the official travel, the source of financing, the cost budget plan and other relevant information.

Provisions related to the application for official travel permits are exempted for official travel abroad on the orders of the Minister of SOEs.

Within 14 (fourteen) days after the implementation of the official travel, the Board of Directors must report the implementation of the official travel to the Minister of SOEs containing information on the official travel in accordance with the attachment to the Circular Letter of the Minister of SOEs related to overseas official travel for Directors, and attach other supporting materials or documents relevant to the official travel.

In the event that a member of the Board of Directors is unable to carry out his/her duties due to temporary absence (such as leave, illness, official travel, education or other duties determined by the company), he/she must appoint another Director as the Daily Executive by referring to the provisions in the Articles of Association and Decree of the President Director which regulates the provisions of daily executors.

3. Prohibition

3.1 Insider Transactions

Under the Capital Market Law, an insider of a public company is prohibited from:

- i. conduct transactions on the Company's shares or shares of other companies that conduct transactions with the Company;
- ii. influence other parties to purchase the Company's shares or the shares of other companies that conduct transactions with the Company; and
- iii. provide Insider Information to other parties.

Members of the Board of Directors are included in the definition of Insiders under the Capital Market Law, other than members of the Board of Commissioners and employees of the Company. Therefore, each member of the Board of Directors is prohibited from conducting such insider trading within a certain prohibited period, namely:

- i. For 30 (thirty) days prior to the issuance of the Annual Financial Statements or Mid-Year Financial Statements or other interim reports of the Company;
- ii. Certain periods prohibited by the applicable laws and regulations which will be determined and announced by the Board of Directors of the Company to the parties included in the definition

- of Insiders, including the Board of Commissioners of the Company; or
- iii. A certain period that will be determined by the Board of Directors of the Company related to the plan and implementation of corporate actions to be carried out by the Company.

Therefore, from the time the Insider Information is obtained until the Insider Information has become Public Information, the Insider concerned is prohibited from conducting insider trading as referred to above. Further explanation regarding this prohibition is explained in the Decree of the Board of Directors of the Company regarding the Prohibition of the Company's Share Transactions in Certain Periods.

Based on the Decree of the Board of Directors of the Company regarding the Prohibition of Share Transactions of the Company during Certain Periods, Insiders of the Company are prohibited from conducting share transactions during the Prohibited Periods, which are as follows:

- a. 30 (thirty) days prior to the announcement of the Annual Financial Statements or Mid-Year Financial Statements or other Interim Reports.
- b. Certain periods prohibited by the prevailing laws and regulations which will be determined and announced by the Board of Directors of the Company to the Insiders.
- c. Certain periods that will be determined by the Company's Board of Directors related to the plan and implementation of corporate actions that will be carried out by the Company.

The above provisions do not apply to Insiders who have Inside Information. In the period from the time the Insider Information is obtained until the Insider Information becomes Public Information, the Insider is prohibited from conducting share transactions.

The Company's Insiders are also prohibited from influencing other parties to purchase and/or sell shares or provide Insider Information to any party who is reasonably suspected of conducting transactions in the shares.

The Prohibited Period will end when all Insider Information has become Public Information and or at the end of the period determined

by the Board of Directors of the Company in accordance with the announcement made.

3.2 Conflict of Interest Transactions

Members of the Board of Directors are prohibited from taking actions that have elements of conflict of interest and taking personal benefits, either directly or indirectly from the decision-making and management activities of the Company, other than legal income.

Members of the BOD may not represent the Company in legal proceedings between the Company and the relevant member of the BOD, or if the relevant member of the BOD has a conflict of interest with the Company. If all members of the BOD have a conflict of interest with the Company, the BOC may represent the Company. In the event that any member of the BOD and BOC is involved in such legal proceedings and/or has a conflict of interest with the Company, the General Meeting of Shareholders shall appoint another party to represent the Company (Article 99 of the Company Law, Article 12 (20), (21) of the Company's Articles of Association).

Any member of the Board of Directors who personally in any way, either directly or indirectly, has an interest in a transaction, contract or proposed contract to which the Company is a party must declare the nature of his/her interest at a Meeting of the Board of Directors and is therefore not entitled to participate in voting on matters relating to such transaction or contract (Article 13(22) of the Company's Articles of Association).

In addition, the Board of Directors must also pay attention to the provisions regarding the guidelines for handling conflicts of interest that apply in the Company.

4. Responsibilities

The responsibilities of the Board of Directors include managing the Company. This management must be carried out in good faith, responsibly and prudently for the interests and business of the Company with due observance of the prevailing laws. (Article 12 (5) of the Company's Articles of Association)

Personal Responsibilities

A director may be personally liable if:

- (i) The director has been negligent and caused the Company to lose money as a result of his negligence.
- (ii) The director takes an action that contains a conflict of interest and is detrimental to the Company;
- (iii) The director acts outside his/her authority as specified in the Company Law and the Company's Articles of Association.

Joint and several liabilities with other Directors

Each member of the Board of Directors is jointly and severally liable in the event of the following conditions, among others:

- a. Bankruptcy where the bankruptcy occurs due to the fault or negligence of the Board of Directors and the bankruptcy assets are not sufficient to pay all of the Company's obligations in the bankruptcy;
- b. Repurchase of shares that exceeds the limit of the provisions of the Company Law, namely repurchase that causes the Company's net assets to be smaller than the amount of issued capital added to mandatory reserves;
- c. Any false statement or misleading information in the Company's financial statements (Bapepam-LK Regulation No. VIII.G.11);
- d. Any untrue statement regarding a material fact or not disclosing a material fact so that the statement made is not misleading regarding the state of the Company that occurred at the time the statement was made (OJK Regulation 31/2015);
- e. Failure of the shareholders to return the interim dividend if the Company suffers a loss after the distribution of the interim dividend;

Members of the Board of Directors shall not be liable for losses if they can prove that:

- (i) The loss is not due to his/her fault or negligence;
- (ii) They have carried out the management in good faith and prudence for the interests and in accordance with the purposes and objectives of the Company;
- (iii) They have no conflict of interest, either directly or indirectly, over the management actions that resulted in the loss; and

- (iv) They have taken measures to prevent the incidence or continuation of such losses.

Shareholders representing at least 10% (ten percent) of all shares with voting rights may file a lawsuit with the District Court against the relevant member of the Board of Directors who caused the loss (Article 97 (6) of the Company Law).

5. Criteria and Composition of the Board of Directors

5.1 Composition of the Company's Board of Directors

- a. The Company shall have at least 2 (two) directors, one of whom shall be appointed as President Director, and if necessary one of whom may be appointed as Vice President Director (Article 11 paragraph 1 of the Articles of Association).
- b. If, for any reason, the Company is managed by less than 2 (two) directors or there is no President Director or if the position of a member of the Board of Directors is completely vacant, a GMS must be held to appoint a director not more than 90 (ninety) days after the vacancy occurs. As long as the position of director is completely vacant and the GMS has not been able to fill the vacancy, the Company shall temporarily be managed by the Board of Commissioners with the same power and authority as the directors of the Company. (Article 11 paragraph 20 of the Articles of Association)

5.2 Criteria of the Company's Board of Directors

The requirements for candidates for the Board of Directors of the Company are as follows:

- a. Capable of performing legal acts;
- b. Having good morals, character, and integrity;
- c. Never been declared bankrupt within 5 (five) years prior to nomination and during office;
- d. Never been a member of the Board of Directors or the Board of Commissioners who was found guilty of causing a company/Perum to be declared bankrupt within 5 (five) years before the nomination and during the term of office;

- e. Never been convicted of a criminal offense causing loss to the state or financial sector within 5 (five) years prior to the nomination and during the term of office;
- f. Within 5 (five) years prior to the nomination and during the term of office has never been a member of the Board of Directors and/or Board of Commissioners during the term of office:
 - 1) Having not held an Annual General Meeting of Shareholders;
 - 2) His/her accountability as a member of the Board of Directors and/or a member of the Board of Commissioners has not been accepted by the GMS or has not provided accountability as a member of the Board of Directors and/or the Board of Commissioners to the GMS; and
 - 3) Having caused a company that obtained a license, approval, or registration from the Financial Services Authority to not fulfill the obligation to submit annual reports and/or financial reports to the Financial Services Authority.
- g. Never been convicted of a criminal offense during the last 10 (ten) years;
- h. Never been dismissed (dishonorably) from his/her job/position;
- i. Not having a blood family relationship up to the third degree, either in a straight line or sideways line or a familial relationship arising from marital ties including son-in-law or in-law with members of the Board of Directors and the Board of Commissioners who are currently serving in the Company;
- j. Not holding concurrent positions that are prohibited by the Articles of Association and relevant laws and regulations.
- k. Having a commitment to comply with laws and regulations;
- l. Not serving as a member of the Board of Directors of the SOE concerned for 2 (two) consecutive periods;
- m. Having dedication and provide full time to perform their duties;
- n. Being physically and mentally healthy (not suffering from an illness that may hinder the performance of duties as the Board of Directors of SOEs), as evidenced by a medical certificate from a doctor;
- o. Having a Taxpayer Identification Number (NPWP) and has carried out the obligation to pay taxes for the last two years; and
- p. Fulfilling other requirements set forth in the Company Law, laws and regulations in the capital market sector, and other laws and regulations applicable to the Company and related to the Company's business activities.

In addition to the above requirements, candidates for the Board of Directors must also fulfill the following requirements:

- a. integrity and morals, that the person concerned has never been involved:
 - i. acts of manipulation and deviant practices in the management of the SOE/Company/Institution where the person concerned works (acting dishonestly);
 - ii. acts of breach of promise that can be categorized as not fulfilling commitments that have been agreed upon with the SOE/Company/Institution where the person works and/or the Shareholders (misbehaving);
 - iii. acts that can be categorized as providing benefits to the personal of the candidates for members of the Board of Directors, employees of the BUMN/Company/Institution where they work (misbehaving);
 - iv. acts that can be categorized as violations of the provisions in the Aviation Law, not applicable to the President Director; and
 - v. acts that can be categorized as violations of provisions relating to the principles of sound corporate management (misbehavior).
- b. technical competence/expertise, that the person concerned has adequate knowledge and expertise in the business field of the Company.
- c. psychological, that the candidate has an adequate level of intelligence and emotional level to carry out his/her duties as a member of the Company's Board of Directors.

6. Appointment and Term of Office

Appointment as a member of the Board of Directors of a public company requires the prospective director to meet strict requirements. The Company Law specifies the basic requirements for directors of limited liability companies in general, but excludes additional requirements specified by the competent authority in the field of capital markets and the competent authority for SOEs.

Candidates for the Board of Directors from within the Company are proposed by the Company's Board of Commissioners to the Minister through the Secretary of the Ministry of SOEs. If the Minister considers that there are other candidates from within the Company who have the potential to become members of the Board of Directors, the Minister may request the Company's Board of Commissioners to conduct an assessment of the person concerned and if qualified to be proposed to the Minister.

The procedure for appointment of the Company's Board of Directors is as stipulated in PERMEN BUMN No. 11/2021. In relation to talent screening and selection, the Board of Directors based on input from the Talent Committee may submit a list of selected talents with the categories and percentages stipulated in Permen BUMN No. 11/2021 to the Board of Commissioners.

Furthermore, the Board of Commissioners through the Nomination and Remuneration Committee evaluates the list of selected talents based on the performance and capacity stipulated in PERMEN No. 11/2021, and evaluates the incumbent Directors. The results of the Board of Commissioners' evaluation are then proposed to the Minister of SOEs as nominated talents.

Members of the Board of Directors are appointed for a period commencing from the date stipulated in the GMS appointing them and ending at the closing of the 5th Annual GMS after the date of their appointment, without prejudice to the right of the GMS to dismiss them at any time before their term of office expires or reappoint them for 1 (one) term of office. Members of the Board of Directors may only be appointed for a maximum of 2 consecutive terms of office.

7. Resignation and Dismissal of the Board of Directors

Members of the Board of Directors may resign from their position with prior written notice. However, the director concerned is not relieved of any duties and responsibilities attached to him/her until his/her resignation is effectively accepted by the GMS. The Company must hold a GMS within 90 (ninety) days after the receipt of the resignation notice.

The Company shall make information disclosure to the public and submit to the Financial Services Authority no later than 2 (two) business days after: (i) the receipt of the request for resignation of the Board of Directors and (ii) the results of the GMS to approve the resignation.

If the resignation results in the number of members of the Board of Directors becoming less than 2 persons, then the resignation is only valid if it has been determined by the GMS and new members of the Board of Directors have been appointed so that the minimum requirement for the number of members of the Board of Directors is met, (Article 11 (23) (g) of the Company's Articles of Association).

Members of the BOD may be dismissed at any time by the GMS where the reasons for such dismissal shall be stated. However, any dismissal cannot be carried out arbitrarily and unilaterally, where members of the BOD who are dismissed for reasons other than being found guilty by a court decision that has permanent legal force and resigning, are given the right to defend themselves against the charges brought against them which are submitted to the GMS. (Article 17 of the SOE Law, Article 11 (15), Article 11 (27) (g) of the Company's Articles of Association).

Dismissal of a member of the Board of Directors can be carried out if the person concerned commits the following matters (Article 11 (14) of the Company's Articles of Association):

- a. Unable to fulfill its obligations as agreed in the management contract;
- b. Unable to perform his/her duties properly;
- c. Violating the provisions of laws and regulations or the Company's Articles of Association;
- d. Involved in actions that harm the Company and/or the State;
- e. Declared guilty by a court decision that has permanent legal force;
- f. Committing actions that violate ethics and/or propriety that should be respected as a member of the Board of Directors of SOEs;
- g. Resigned; or Other reasons deemed appropriate by the GMS for the interests and objectives of the Company.

Dismissal for the reasons mentioned in points d and e above shall constitute dishonorable dismissal (Article 11 (16) of the Company's Articles of Association).

Apart from the above reasons for dismissal, the term of office of a director automatically terminates if the person concerned (Article 11 (24) of the Company's Articles of Association):

- a. Passes away;
- b. His/her term of office ends;
- c. Declared bankrupt or under guardianship based on a court decision;

- d. His/her resignation is effective;
- e. No longer fulfilling the requirements of a member of the Board of Directors, including for holding a prohibited concurrent position.

Members of the Board of Directors may be temporarily dismissed by the Board of Commissioners at any time by stating the reasons if they act contrary to the Articles of Association or there are indications of taking actions that are detrimental to the Company or neglecting their obligations or there are urgent reasons for the Company, with due observance of the following provisions: (Article 11 (27) of the Company's Articles of Association).

- a. The temporary dismissal must be notified in writing to the member of the Board of Directors concerned along with the reasons that led to the action with a copy of the Board of Directors;
- b. The notification as referred to in letter a shall be submitted no later than 2 (two) working days after the temporary suspension is determined.
- c. The temporarily dismissed member of the Board of Directors shall not be authorized to carry out the management of the Company for the benefit of the Company in accordance with the purposes and objectives of the Company and to represent the Company both inside and outside the court.
- d. Within a period of no later than 90 (ninety) days after the temporary suspension, the Board of Commissioners must hold a General Meeting of Shareholders to revoke or strengthen the decision of the temporary suspension.
- e. With the expiration of the period for holding the GMS as referred to in letter d or the GMS is unable to make a decision, the temporary suspension shall become void.
- f. The limitation of authority in point c shall apply from the decision on temporary suspension by the Board of Commissioners until:
 - 1) there is a GMS resolution confirming or canceling the temporary suspension in point d; or
 - 2) the expiration of the period in letter d.
- g. In the General Meeting of Shareholders as referred to in letter d, the member of the Board of Directors concerned shall be given the opportunity to defend himself.
- h. Temporary dismissal cannot be extended or re-established for the same reason, if the temporary dismissal is declared void as referred to in letter e.

- i. If the General Meeting of Shareholders annuls the temporary suspension or the circumstances as referred to in letter e occur, the member of the Board of Directors concerned shall be obliged to resume his/her duties as appropriate.
- j. In the event that the GMS upholds the decision of temporary suspension, the member of the Board of Directors concerned shall be permanently dismissed.
- k. If the temporarily suspended member of the Board of Directors fails to attend the GMS after being summoned in writing, the temporarily suspended member of the Board of Directors shall be deemed not to have exercised his/her right to defend himself/herself in the GMS and to have accepted the resolution of the GMS.
- l. The Company shall disclose information to the public and submit it to the Financial Services Authority regarding:
 - 1) the decision of temporary suspension; and
 - 2) the results of the GMS to revoke or strengthen the temporary suspension decision as referred to in letter d, or information regarding the cancellation of the temporary suspension by the Board of Commissioners due to the failure to hold a GMS until the lapse of the period referred to in letter e, no later than 2 (two) business days after the occurrence of the event.

8. New Board of Directors Introduction Program

Members of the Board of Directors who are appointed for the first time must be given an introduction program about the Company so they can understand their duties and responsibilities as members of the Board of Directors, the Company's business processes, and can work in harmony with other organs of the Company.

The implementation of the introduction program is the responsibility of the Corporate Secretary.

The introduction program for newly appointed members of the Board of Directors shall at least include:

- a. Implementation of GCG principles by the Company;
- b. An overview of the Company with regard to its objectives, nature and scope of activities, financial and operating performance, strategy,

- short-term and long-term business plans, competitive position, risks and various other strategic issues;
- c. Information relating to delegated authority, internal and external audit, internal control systems and policies, including the Audit Committee; and
- d. Information regarding the duties and responsibilities of the Board of Directors and Board of Commissioners.

The introduction program can be in the form of presentations, meetings, visits to companies and document review or other programs according to the needs of the Company. This introduction program is carried out no later than 3 (three) months after the appointment of the Director concerned.

9. Concurrent Position of the Board of Directors

To avoid the possibility of conflict of interest, members of the Board of Directors are prohibited from holding concurrent positions as follows:

- a. Member of the Board of Directors in SOEs, Regional-Owned Enterprises, Private-Owned Enterprises;
- b. Member of the Board of Commissioners in other SOEs;
- c. Other structural and functional positions at central and/or regional government agencies/institutions;
- d. Political party management and/or legislative candidates/members and/or candidates for regional head/deputy regional head and/or regional head/deputy regional head; or
- e. Other positions that may cause a conflict of interest.

Concurrent positions other than those mentioned above require approval from the Board of Commissioners meeting (Article 11 (29) of the Company's Articles of Association).

Members of the Board of Directors are prohibited from holding concurrent positions as members of the Board of Commissioners in other companies, except:

- a. Members of the Board of Commissioners in subsidiaries/joint venture companies of the Company, provided that they are only entitled to accumulated income as members of the Board of Commissioners in one or more subsidiaries/joint venture companies at a maximum of 30% (thirty percent) of the salary of members of the Board of Directors

in the Company, while other/excess income is submitted to the Company's income.

- b. Members of the Board of Commissioners in other companies to represent/ champion the interests of the Company to the extent that they obtain permission from the Minister.

Members of the Company's Board of Directors are also prohibited from holding concurrent positions as Members of the Board of Commissioners in more than 3 issuers or public companies.

Any member of the Company's Board of Directors who holds a dual position as prohibited above, his/her position as a member of the Company's Board of Directors shall terminate as of the occurrence of such dual position. Actions taken by the director concerned after the expiration of his/her position on the Board of Directors shall automatically not bind the Company and shall be the personal responsibility of the director concerned.

In the event that a person who is currently serving as one of the above positions is subsequently appointed as a member of the Board of Directors of the Company, the person concerned must resign from the other position no later than 30 (thirty) days from his appointment as a member of the Board of Directors of the Company. (Article 21 (2) - (4) Government Regulation No. 45/2005). Thus, any action taken before the expiry of the deadline for resignation is still binding and becomes the responsibility of the Board of Directors of the Company.

10. Code of Business Ethics and Work Ethics and Anti-Corruption

The Company has established the Code of Business Ethics and Work Ethics which contains the Company's values. The Board of Directors must study in detail the Code of Business Ethics and Work Ethics related to their scope of work and carry out their respective responsibilities based on the Code of Business Ethics and Work Ethics.

In connection with business ethics and work ethics, the Board of Directors of the Company has obligations, among others:

- a. Having a good understanding of the scope, work process, and operational and financial performance in order to increase work involvement and contribution as well as the delivery of transparent and accountable reporting;

- b. Disclosing the Company's information in a prudent manner, in accordance with the authority possessed and the prevailing laws and regulations;
- c. Making financial information as a means of controlling activities;
- d. Reporting various kinds of information that have an important impact on the Company's image and reputation to the immediate superior or authorized work unit;
- e. Not giving opinions through forums and media, other than those designated by the Company, regarding the Company's performance and prospects;
- f. Reporting and avoiding all actions or relationships that may lead to conflicts of interest;
- g. Not to abuse authority and position in various business activities of the Company for personal or group interests;
- h. Protecting the Company's assets from unauthorized use;
- i. Reporting indications or occurrences of fraud within the Company through the Whistle Blowing System mechanism in accordance with applicable regulations in the Company;
- j. Protecting the Company's data, information, and documents that are confidential from the time they are created until their destruction;
- k. Taking action in accordance with the applicable regulations in the Company, against any misuse of the Company's confidential data, information and documents;
- l. Rejecting or reporting the acceptance of gratuities that are prohibited under the applicable provisions in the Company;
- m. Reporting all assets owned before, during and after holding his/her position to the KPK by filling out the State Official Wealth Report ("LHKPN").

- n. Not to commit acts of corruption, collusion, and nepotism (KKN), bribery practices and other unethical acts that are contrary to the integrity and cultural values of the Company.

11. Directors' Resolution

11.1 Board of Directors Meeting

Meetings of the Board of Directors are held by requiring the presence of the Directors or by granting power of attorney. The attendance of the Board of Directors in the Board of Directors Meeting is disclosed in the Company's Annual Report.

The Board of Directors may request related units to review and discuss current issues regarding changes in the business environment and problems that have a major impact on the Company's business and performance in the Board of Directors Meeting.

Time and Place of the Meeting

- a. Meetings of the Board of Directors shall be held regularly at least once every month.
- b. The Board of Directors shall also hold a joint Board of Directors meeting with the Board of Commissioners on a regular basis at least 1 (one) time in 4 (four) months.
- c. The Board of Directors must schedule the meetings as referred to in letter a. and letter b. for the following year before the end of the financial year. At the scheduled meeting, the meeting materials shall be submitted to the participants at the latest 5 (five) days before the meeting is held. In the event that there is a meeting held outside the schedule that has been prepared, the meeting materials are submitted to the meeting participants no later than before the meeting is held. The meeting schedule is set forth in the Company's RKAP document for the current year.
- d. Meetings of the Board of Directors may also be held if and when deemed necessary by one or more members of the Board of Directors, or requested in writing by one or more members of the Board of Commissioners.

- e. The Board of Directors Meeting shall be held at the domicile or place of business of the Company or at any other place within the territory of the Republic of Indonesia, except in the event that the Board of Directors Meeting is held through video conference, teleconference or other electronic media means.

The Board of Directors Meeting held through video conference, teleconference or other electronic media means shall enable all meeting participants to be able to participate in the Meeting and in connection therewith, all persons participating shall be deemed to have been present to determine the fulfillment of the quorum and voting or decision requirements. Minutes of the Meeting held by teleconference, video conference or other electronic media means shall be made in writing and circulated to all participating Directors for their signatures.

Summons to the Meeting

- a. The members of the Board of Directors who are entitled to represent the Company are entitled to call the meeting of the Board of Directors. This invitation to the meeting of the Board of Directors must be made in writing and delivered or handed over directly to each member of the Board of Directors with adequate receipt, or by registered post or by courier service or by telex, facsimile or electronic mail (e-mail) no later than 5 (five) days before the meeting of the Board of Directors is held without taking into account the date of the Summons and the date of the Meeting, or a shorter period of time in case of urgency.
- b. Such summons is not required for a meeting that has been scheduled based on a resolution of a meeting of the Board of Directors held previously or if all members of the Board of Directors are present at the meeting.
- c. The summons of the meeting of the Board of Directors shall contain the agenda, date, time and place of the meeting.

Quorum and Resolution Adaptation

- a. In the event that the proposal submitted is complete, the Board of Directors shall adopt a resolution during the Meeting.

- b. The Meeting of the Board of Directors may adopt valid resolutions if more than $\frac{1}{2}$ (half) of the total number of Directors are present or represented in the Meeting of the Board of Directors.
- c. All resolutions in the meeting of the Board of Directors shall be adopted by deliberation to reach a consensus. In the event that a resolution cannot be adopted by deliberation to reach a consensus, the resolution shall be adopted by ordinary majority vote (voting). If the number of votes in favor and against are equal, the resolution of the meeting shall be in accordance with the opinion of the chairman of the meeting with due observance of the provisions on the accountability of the directors. In the event that there are more than two alternative proposals and the voting results have not obtained one alternative with more than $\frac{1}{2}$ (one-half) of the total votes cast, then re-election will be held on the two proposals that received the most votes so that one of the proposals received more than $\frac{1}{2}$ (one-half) of the total votes cast. A blank vote (abstention) shall be deemed to approve the proposal submitted at the meeting. Invalid votes are considered non-existent and are not counted in determining the number of votes cast in the meeting.
- d. Minutes of meeting shall be prepared in every meeting of the Board of Directors which must be signed by the Chairman of the Board of Directors Meeting and all members of the Board of Directors present so as to ensure the accuracy of the substance, and signed by the Corporate Secretary as the minutes taker. The minutes of the meeting of the Board of Directors must contain a statement of dissenting opinion from the members of the Board of Directors, if any, and the matters resolved and the reasons for the absence of the members of the Board of Directors in the Meeting. Directors who have dissenting opinions must still respect the resolutions adopted as corporate resolutions.
- e. If there is a member of the Board of Directors who does not sign the Minutes of the Meeting of the Board of Directors, he/she must state the reason in writing in a separate letter attached to the relevant Minutes of the Meeting of the Board of Directors.
- f. Resolutions adopted in the BOD Meeting shall be submitted to the relevant unit within 2 (two) working days by the Corporate Secretary, for follow-up.

11.2 Directors' Resolution outside the Board of Directors Meeting

The Board of Directors may also adopt valid resolutions without holding a Meeting of the Board of Directors provided that all members of the Board of Directors have been notified in writing and all members of the Board of Directors give their consent to the proposal submitted in writing and sign such consent.

Resolutions adopted in such manner shall have the same force as resolutions adopted validly in a Meeting of the Board of Directors.

Such resolution of the Board of Directors shall be effective from the last date of signing by the Director, and distributed to the relevant units within 3 (three) working days.

12. Relationship of the Board of Directors with the GMS and the Ministry of SOEs

12.1 Relationship of the Board of Directors with the GMS

The Board of Directors holds GMS consisting of annual GMS and other GMS. The annual GMS must be held no later than 6 (six) months after the financial year ends. Other GMS can be held at any time based on the need for the interests of the Public Company.

Members of the Board of Directors are appointed by the shareholders in the GMS, so in each annual GMS, the Board of Directors is obliged to provide its accountability by submitting its management report to the GMS and including the management report in the Company's Annual Report.

With the approval of the Annual Report and ratification of the financial statements, the GMS grants a release and discharge of responsibility to each member of the Board of Directors of the Company, to the extent that these matters are reflected in the Annual Report, but without reducing the responsibility of each member of the Board of Directors in the event of an error or criminal offense or negligence that causes losses to third parties.

The accountability of the Company's Board of Directors to the GMS is a manifestation of accountability for the management of the company

in the context of implementing the principles of good corporate governance.

1 (one) or more shareholders jointly representing 1/10 (one-tenth) or more of the total number of shares with voting rights, unless the Company's Articles of Association determine a smaller number, may request that a GMS be held. The request to hold a GMS as referred to above shall be submitted to the Board of Directors by registered letter along with the reasons therefor.

The GMS as the highest organ of power in the Company must be involved in decision-making regarding certain Company actions specified in the Company's Articles of Association and prevailing laws and regulations.

Limitation to Board of Directors' Authority

The Board of Directors has certain authorities that are limited by the obligation to seek approval from the GMS in advance, as follows:

- i. Conducting material transactions as determined by the laws and regulations in the capital market;
- ii. Conducting conflict of interest transactions as specified in the laws and regulations in the capital market sector;
- iii. Conducting other transactions to fulfill the provisions of laws and regulations in the capital market sector;
- iv. Transferring the Company's assets within a period of one financial year with a value of more than 50% (fifty percent) of the Company's net assets in one or more transactions, whether related or not;
- v. Pledging as debt collateral the Company's assets with a value of more than 50% (fifty percent) of the Company's net assets in one or more transactions, whether or not related; and
- vi. Filing a petition for bankruptcy for the Company.

12.2 Reporting of the Board of Directors to the Ministry of SOEs as Regulator

As a State-Owned Enterprise, the Company is subject to the provisions of legislation issued by the Minister of SOEs. Therefore, the Company has an obligation to submit reports to the Ministry of SOEs as the

regulator, including annual reports and other periodic reports determined by the Ministry of SOEs.

Periodic reports that must be submitted to the Ministry of SOEs include:

- i. Annual Report
- ii. Quarterly Management Report;
- iii. Partnership and Community Development Program (PKBL) Report;
- iv. Company Work Plan and Budget and Revision if any;
- v. Company Long-Term Plan.

The submission of reports to the Ministry of SOEs follows the reporting period deadline in accordance with applicable regulations, unless otherwise stated based on a letter from an authorized official at the Ministry of SOEs.

Compliance with the submission of reports to the Ministry of SOEs is part of the performance assessment of the Company's Board of Directors and Board of Commissioners.

13. Relationship between the Board of Directors and the Board of Commissioners

The Board of Directors in carrying out its duties to manage the Company is supervised by the Board of Commissioners. As a supervisor, the Board of Commissioners has the authority to conduct inspections, such as requesting information and/or documents related to the Company's actions. The Board of Directors is responsible for ensuring that information regarding the Company is provided to the Board of Commissioners in a complete and timely manner.

The Supervisory Report on the management of the Board of Directors for one year is submitted by the Board of Commissioners at the Annual GMS and included as part of the Company's Annual Report.

Before submitting a request for approval to the GMS, the Board of Directors must seek the opinion and/or approval of the Board of Commissioners. Documents related to the request for approval must be provided by the Board of Directors to the Board of Commissioners in accordance with the procedures and provisions stipulated in the Company's Articles of Association.

If necessary, the Board of Commissioners and the Board of Directors may formulate general policies to support the achievement of RKAP fulfillment.

Limitation to Company's Board of Directors' Authority

The Board of Directors shall seek the approval of the Board of Commissioners before carrying out the following matters:

- a. Releasing/transferring and/or pledging the Company's assets with a value exceeding a certain amount determined by the Board of Commissioners, except assets recorded as inventory, with due observance of the laws and regulations in the capital market sector.
- b. Entering into cooperation with business entities or other parties, in the form of joint operation (KSO), leasing assets, business cooperation (KSU), license cooperation, Build, Operate and Transfer (BOT), Build, Transfer and Operate (BTO), Build, Operate and Own (BOO) and other agreements of the same nature whose duration or value exceeds that determined by the Board of Commissioners;
- c. Determining and changing the Company's logo;
- d. Determining the organizational structure of 1 (one) level below the Board of Directors;
- e. Establishing foundations, organizations and or associations either directly or indirectly related to the Company that may have a financial impact on the Company.
- f. Charging the Company's costs that are fixed and routine for the activities of foundations, organizations and or associations either directly or indirectly related to the Company.
- g. Proposing the Company's representatives to become candidates for the Board of Directors and Board of Commissioners in subsidiaries that make a significant contribution to the Company and/or have strategic value as determined by the Board of Commissioners;
- h. Making capital investments, release capital investments including changes in the capital structure with a certain value determined by the Board of Commissioners in other companies, subsidiaries, and/or joint ventures that are not in the context of saving receivables with due observance of the provisions in the Capital Market;
- i. Establishing subsidiaries and/or joint venture companies with a certain value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
- j. Conducting merger, consolidation, acquisition, separation, and dissolution of subsidiaries and joint venture companies with a certain

- value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
- k. Binding the Company as guarantor (*borg or avalist*) with a certain value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
 - l. Receiving medium/long term loans and providing medium/long term loans with a certain value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
 - m. Providing short/medium/long term loans that are not operational in nature, except loans to subsidiaries are sufficiently reported to the Board of Commissioners;
 - n. Writing off bad debts and inventories of dead goods in a value that exceeds the limit set by the Board of Commissioners;
 - o. No longer collecting bad debts that have been written off, in a value that exceeds the limit set from time to time by the Board of Commissioners;
 - p. Actions that have not been stipulated in the RKAP.
 - i. The determination of limits and/or criteria by the Board of Commissioners for matters as referred to in letters (a), (b), (g), (h), (i), (j), (k), (l), (m), and (n) of this paragraph shall be made by the Board of Commissioners after obtaining approval from the Shareholders of Series A Dwiwarna.
 - ii. The approval of the Board of Commissioners specifically with respect to letters (a), (b), (g), (h), (i), (j), (k), (l), (m), and (n) of this paragraph with a certain value and period determined by the Board of Commissioners after obtaining the approval of the Series A Dwiwarna Shareholders.
 - iii. The actions of the Board of Directors as referred to in letter (b) of this paragraph, to the extent necessary in the context of carrying out the main business activities commonly carried out in the relevant business field with due observance of the provisions of laws and regulations, shall not require the approval of the Board of Commissioners and/or GMS.
 - iv. The actions of the Board of Directors as referred to in letters (b), (g), (h), (i), (j), and (k) of this paragraph to the extent necessary in order to participate in tenders and/or to carry out projects and/or to fulfill the requirements and/or implementation of the main business activities commonly carried out in the business field concerned with due observance of the provisions of laws and regulations, shall not require the approval of the Board of Commissioners and/or GMS.

Procedures for requesting approval from the Board of Commissioners:

The Board of Directors prepares materials for actions that require written approval from the Board of Commissioners.

The materials sent by the Board of Directors to the Board of Commissioners shall at least include:

- a. description of the action/transaction to be carried out, including the object, value, and related parties (if any).
- b. explanation, consideration, and reason for the action/transaction and its effect on the Company's financial condition (including risks, proforma, benefits, potential, financial and marketing projections, and added value to be obtained by the Company).
- c. the manner and implementation of such action.
- d. Integrity pact signed by the Board of Directors.
- e. Other data/documents referring to the relevant applicable provisions.

The Board of Directors submits applications to the Board of Commissioners regarding matters requiring approval in accordance with the limits and authority of the Board of Directors, through the following mechanism:

- a. The Board of Directors submits a request for approval to the Board of Commissioners by including materials to the Board of Commissioners. If the approval will be discussed in a meeting of the Board of Commissioners and the Board of Directors, the meeting materials are submitted through the secretary of the Board of Commissioners no later than 3 (three) days before the meeting is held.
- b. The Board of Directors shall complete additional materials required by the Board of Commissioners (if any).
- c. The Board of Commissioners shall provide a written decision on the request of the Board of Directors and send it to the Board of Directors, no later than 30 (thirty) days from the receipt of the request or explanation and complete documents from the Board of Directors.

Meeting and Communication Procedures between the Board of Directors and the Board of Commissioners

A. Formal Meeting

Formal meetings are Board of Commissioners meetings or Board of Directors meetings organized by each organ. The formal meeting is held at the invitation of the Board of Commissioners or the Board of Directors.

Formal Meetings are held at the Company's domicile or main place of business. Otherwise, the Formal Meeting is only considered valid if it is held within the territory of the Republic of Indonesia and attended by each member of the Board of Directors or Board of Commissioners, or their authorized representative.

In the event that members of the Board of Commissioners and/or the Board of Directors are unable to physically attend the meeting, members of the Board of Commissioners and/or the Board of Directors may attend the meeting through teleconference, video conference, or other electronic media facilities in accordance with applicable regulations.

1. Board of Commissioners Meeting Inviting Board of Directors

The presence of the Board of Directors in the Board of Commissioners meeting is based on an invitation from the Board of Commissioners, with the purpose of providing explanations, input, or conducting discussions.

The attendance of the Board of Directors in the Board of Commissioners meeting is carried out in accordance with the following procedures:

1. The BOC shall hold a joint meeting with the BOD on a regular basis at least 1 (one) time in 4 (four) months ("Periodic Meeting"). Outside of the Periodic Meeting, the Board of Commissioners may invite members of the Board of Directors to other meetings of the Board of Commissioners.
2. At each Meeting, the meeting agenda begins with the Board of Directors' report on the progress of the implementation of the follow-up of the Board of Commissioners' suggestions submitted at the previous meetings along with the status of completion.
3. The Board of Commissioners sends an invitation to the Board of Commissioners meeting to the Board of Directors, which may be in the form of an adequate receipt, or by registered post or by courier service or by telex, facsimile or electronic mail (e-mail), by

attaching the meeting materials, at least 5 days before the meeting is held.

4. Outside of the Periodic Meeting, the schedule and agenda of the Meeting will be agreed upon by the Board of Directors and the Board of Commissioners. The Board of Directors may also determine the members of the Board of Directors who will attend the Board of Commissioners meeting in accordance with the meeting agenda and provide confirmation to the Board of Commissioners at least 2 days before the meeting begins.
5. The Secretary of the Board of Commissioners prepares the minutes of the meeting and distributes them to the meeting participants.

2. Board of Directors Meeting Inviting Board of Commissioners

1. Presence of the Board of Commissioners in Board of Directors meetings at the invitation of the Board of Directors

The presence of the Board of Commissioners in the Board of Directors meeting is based on an invitation from the Board of Directors, with the aim of providing input or conducting a discussion on an issue as material for the Board of Directors to carry out its functions.

The presence of the Board of Commissioners in the Board of Directors meeting is conducted in accordance with the following procedures:

- a) The Board of Directors shall hold a joint meeting with the Board of Commissioners on a regular basis at least 1 (one) time in 4 (four) months ("Periodic Meeting").
- b) The Board of Directors shall send an invitation to the meeting of the Board of Directors to the Board of Commissioners, which may be in the form of an adequate receipt, or by registered post or by courier service or by telex, facsimile or electronic mail (e-mail), by attaching the meeting materials, at least 5 working days before the meeting is held.
- c) The Corporate Secretary shall prepare the minutes of the meeting and distribute them to the meeting participants.

2. Presence of the Board of Commissioners in Board of Directors meetings outside the Periodic Meeting

Members of the BOC may attend BOD meetings at any time and provide views on matters discussed.

The presence of the Board of Commissioners in the Board of Directors meeting outside the Periodic Meeting is carried out in accordance with the following procedures:

- a) The Board of Commissioners submits a request to the Board of Directors to attend the meeting of the Board of Directors.
- b) The Corporate Secretary shall prepare the minutes of the meeting and distribute them to the meeting participants.

B. Informal Communication

1. Periodic Reporting of the Board of Directors

Periodic reporting is the submission of reports from the Board of Directors to the Board of Commissioners in the Board of Commissioners and Board of Directors meetings.

Periodic reports are monthly performance reports and other periodic reports as stipulated in the Articles of Association.

Periodic reports are also carried out on matters required by Permen BUMN No. 01/2011, including the following:

- periodic internal control function reports; and
- periodic information technology governance implementation reports.

Procedures in Report Submission

- a. The Board of Directors shall submit the materials of the periodic report to the Board of Commissioners at the latest 5 (five) days before the meeting of the Board of Commissioners and the Board of Directors. This provision applies if the frequency of meetings is in accordance with the Articles of Association. In the event that the frequency of

meetings is different from the provisions of the Articles of Association, the period for submitting the report may be adjusted.

- b. Related periodic reports which are monthly performance reports and other periodic reports regulated in the Articles of Association and PERMEN BUMN are submitted in accordance with the provisions.
- c. The Board of Commissioners may request additional explanations from the Board of Directors regarding reports deemed necessary, and the Board of Directors may update the report.

2. Incidental Reporting

The Board of Directors may submit incidental reports to the Board of Commissioners regarding strategic actions of the Company to obtain advice from the Board of Commissioners.

In the event that the Board of Directors submits an incidental report, the Board of Directors must prepare materials for the incidental report to be studied by the Board of Commissioners.

The incidental report material shall at least contain:

- a. description of the action/transaction to be carried out, including the object, value, and related parties.
- b. explanation, consideration, and reason for the action/transaction and its effect on the Company's financial condition (including risk, pro forma, benefit, potential, financial and marketing projection, and added value that will be obtained by the Company).

Procedures in Incidental Report Submission

- a. The Board of Directors submits incidental reports to the Board of Commissioners.
- b. The BOC reviews the incidental report submitted by the BOD and if deemed necessary may request the BOD to complete the incidental report.

- c. The Board of Directors shall complete the incidental report material required by the Board of Commissioners.
- d. The Board of Commissioners may provide written advice on incidental reports submitted by the Board of Directors.

3. Correspondences

Correspondence is a formal inter-organ correspondence, regarding the implementation and smooth running of the main tasks and functions of each organ. Letters can be in the nature of information delivery, requests and opinions and advice, requests for specific written responses, and requests for approval from the Board of Directors to the Board of Commissioners.

Conversely, letters from the Board of Commissioners can be a submission of information, responses to opinions and advice, specific written responses, and statements of approval to requests from the Board of Directors.

Correspondence is carried out with reference to the manual related to the office administration system applicable in the Company.

14. Relationship between Board of Directors and Committees under the Board of Commissioners

Referring to the charter of each committee, each committee based on the assignment letter from the Board of Commissioners or through the Board of Commissioners, has the authority including:

- a. request, obtain and access documents, data, and information of the Issuer or Public Company about employees, funds, assets, and company resources as needed;
- b. request direct communication with employees, including the Board of Directors and those who carry out the functions of internal audit, risk management, and accountants related to the duties and responsibilities of the Audit Committee;
- c. engage independent parties outside the Committee members as necessary to assist in the performance of its duties (if required), with the approval of the Board of Commissioners; and
- d. perform other authorities granted by the Board of Commissioners.

Requests as mentioned above are made by submitting a written letter or electronic mail (email) to the relevant Unit by copying the relevant Director and Corporate Secretary.

15. Relationship between Board of Directors and Suppliers

To realize a relationship of mutual trust, the Board of Directors must act fairly in providing equal opportunities and information to all suppliers who will work with the Company. Information submitted to prospective suppliers includes the terms and criteria set for each procurement in the Request for Proposal (RFP). Evaluation of supplier determination is carried out based on consideration of quality, cost, delivery, and the most optimal service in accordance with the Company's needs. The Board of Directors is prohibited from holding informal meetings/communications with potential suppliers during the procurement process.

Evaluation of Suppliers is carried out annually by considering the optimization of quality and price range of suppliers with the needs of the Company and based on applicable laws and regulations.

16. Relationship between Board of Directors and Creditors

The Company is committed to carrying out its obligations in making payments of interest or profit sharing and principal. Each loan agreement between the Company and creditors must contain terms and conditions and clauses that bind the Company and creditors, including repayment schedules and description of the fulfillment of obligations to creditors and covenants that apply during the term of the agreement.

In the event that the Board of Directors conducts negotiations with creditors, the Board of Directors strives to prioritize the interests of the Company in order to obtain the best option.

17. Relationship between Board of Directors and Subsidiaries

The Board of Directors acts as a shareholder of the subsidiaries with reference to the provisions in the Articles of Association of each subsidiary. Matters requiring shareholder approval must first obtain approval from the subsidiary's Board of Commissioners.

The Company's Board of Directors may appoint one of the members of the Board of Directors to act as the Supervisory Director of the subsidiary,

whose duty is to coordinate transaction plans/activities, proposals related to the subsidiary's business activities, and also to monitor the achievement of performance in carrying out the subsidiary's business activities. If agreed by the Board of Directors of the Company and stated in the decision of the Board of Directors, the Director of the subsidiary may act as a shareholder for and on behalf of the Company.

Further provisions related to the relationship between the Company and its subsidiaries will be regulated in a separate guideline regarding subsidiaries.

18. Relationship between Board of Directors and Mass Media

The mass media plays an important role as the Company's partner, including in assisting the publication of the Company's service programs, improving brand image and building public trust.

Based on this, the Board of Directors is obliged to foster good and professional relationships with the mass media and to know the characteristics of the mass media that are appropriate for the Company. The Board of Directors submits quality information to the mass media, by ensuring that the information is true, accurate and complete.

Information that is still confidential and/or cannot be ascertained is not allowed to be conveyed to the mass media.

19. Relationship between Board of Directors and Labor Union

The Company's relationship with the Labor Union is a partnership relationship in implementing industrial relations to support the Company's operational activities in accordance with applicable laws and Collective Labor Agreements to realize the company's progress and employee welfare. The Company recognizes that the Labor Union is the Company's partner in the field of employment and a partner in maintaining the Company's business continuity.

The Company shall provide opportunities to the management and/or members of the Labor Union appointed by the Management of the Labor Union for the implementation of the organizational activities of the Labor Union, as long as the activities are intended for the advancement of its members and the development of the Company, and as long as they do not interfere with the implementation of their work as employees.

The Company is prohibited from obstructing or forcing Employees to form or not to form, to be administrators or not to be administrators, to be members or not to be members and/or to carry out or not to carry out Labor Union activities by:

- a. Terminating employment, temporarily dismissing, demoting, or transferring;
- b. Not paying or reducing workers' wages;
- c. Committing intimidation in any form;
- d. Conducting anti-Union formation campaigns.

The Labor Union respects the Company's right to manage the course of the Company in accordance with the Articles of Association, Collective Labor Agreement and applicable laws and regulations.

As a partner in advancing the Company, the Company can provide information about the Company's condition to the Labor Union. The Company guarantees the implementation of deliberations with the Labor Union in resolving any labor issues.

20. Training for the Members of the Board of Directors

Board of Directors from time to time participates in training programs to improve their expertise. The Company encourages all members of the Board of Directors to participate in self-development programs as needed through the allocation of a training budget set annually in the RKAP approved by the Board of Commissioners.

The Board of Directors realizes the training plan and budget in accordance with the duties of the relevant members of the Board of Directors. The BOD documents the results of the training and makes a report on the results of the training or by sharing the results of the training with other members of the BOD or related units under them.

B. Board of Commissioners

The Board of Commissioners is a company organ whose duty is to supervise the management policy, the course of management in general both regarding the Company and the Company's business carried out by the Board of Directors and to provide advice to the Board of Directors in order to ensure that the Company is managed in accordance with its business purposes and objectives, and is not intended for the interests of certain parties or groups. The Board of Commissioners shall, in good faith and with full responsibility, carry out its duties

for the benefit of the Company (Article 108 of the Company Law, Article 31 of the SOE Law, Article 15 of the Articles of Association, Article 12 of SOE Regulation No. 01/2011).

1. Duties, Obligations and Authorities of the Board of Directors

A fundamental characteristic of the Board of Commissioners is that it is a panel, where each member of the Board of Commissioners cannot act individually but rather by resolution of the Board of Commissioners. As mentioned earlier, the duties of the Board of Commissioners are to supervise in good faith and with full responsibility and to provide advice and opinions to the Board of Directors in order to ensure that the Company is managed in accordance with the purposes and objectives of the Company's business activities. The Board of Commissioners makes a division of duties that is regulated by the members of the Board of Commissioners themselves.

In carrying out its duties, the Board of Commissioners is obliged to, among others, (Article 116 of the Company Law, Article 31 of the SOE Law, Article 15 (2b) of the Company's Articles of Association, Articles 12 and 15 of SOE Regulation No. 01/2011):

a. Supervision

Supervising the development of activities and performance of the Company's management including providing reports including opinions and suggestions to the GMS in connection with all supervisory duties and actions taken during the previous fiscal year.

The Board of Commissioners is responsible and authorized to supervise the management policy, the course of management in general, both regarding the Company and the Company's business and provide advice to the Board of Directors. The supervision and advice given are carried out for the benefit of the Company and in accordance with the purposes and objectives of the Company, and are not intended for the benefit of certain parties or groups.

b. Responses to the Annual Report and Periodic Reports

Examine and provide responses to the GMS on periodic reports and the Annual Report prepared by the Board of Directors and sign the Annual Report.

The Board of Commissioners shall ensure that the Company's Annual Report contains information on the identity, main occupations, positions of the Board of Commissioners/Supervisory Board in other companies, reports on the supervisory duties of the Board of Commissioners in the relevant financial year, including meetings conducted in a financial year (internal meetings and joint meetings with the Board of Directors), as well as honorarium, facilities, and/or other benefits received from the Company and other information related to the Board of Commissioners with reference to the Articles of Association and relevant laws and regulations.

c. Disclosure of Share Ownership

Reporting to the Company on their and their family's shareholdings in the Company or other companies. The Capital Article Regulation requires the Board of Commissioners to report their share ownership in the Company within 10 (ten) days of the transaction.

d. RKAP and RJPP Approval

To provide opinion and approval on the RJPP and RKAP prepared by the Board of Directors. With the approval of the RJPP and RKAP by the Board of Commissioners, the Board of Directors is authorized to carry out and implement the RJPP and RKAP during the fiscal year period.

The Board of Commissioners approves/authorizes the RJPP no later than 60 (sixty) days after receipt of the complete RJPP draft or RJPP revision or before the RJPP or RJPP revision period runs.

For RKAP approval is given by the Board of Commissioners no later than 30 (thirty) days after the current fiscal year.

e. Proposals for Public Accountant

Proposing to the GMS the appointment of a Public Accountant who will conduct an examination of the Company's books.

f. Board of Commissioners Annual RKAP and Performance Appraisal

Preparing the Annual Work Plan and Budget of the Board of Commissioners which is an integral part of the Company's Annual Work Plan and Budget.

The Board of Commissioners may provide proposals regarding the Key Performance Indicator ("KPI") which is a measure of assessment of the success of the implementation of the duties and responsibilities of supervision and advisory by the Board of Commissioners, to the GMS. The Board of Commissioners may assign a committee that has functions related to remuneration in the form of preparing the Key Performance Indicator (KPI) of the Board of Commissioners with a self-assessment system or other system to be decided at the Board of Commissioners meeting.

g. Performance Appraisal of the Board of Directors

The Board of Commissioners provides an appraisal and evaluation of the performance of the Board of Directors based on the KPIs set by the Board of Commissioners, both individually and collectively.

h. Reporting to the GMS and Providing Explanation to Series A Dwiwarna Shareholders

The Board of Commissioners shall submit a report on the supervisory duties performed during the past financial year to the GMS.

The Board of Commissioners is also obliged to provide explanations on all matters asked or requested by the Series A Dwiwarna shareholders with due observance of the laws and regulations, especially those applicable in the Capital Market sector.

i. Monitoring the Implementation of Good Corporate Governance and Risk Management

Monitoring of the implementation of Good Corporate Governance and risk management is carried out by the Board of Commissioners to ensure that Good Corporate Governance risk management policies have been running effectively and sustainably.

j. Evaluating the Secretariat of the Board of Commissioners

The Board of Commissioners evaluates the performance of the Board of Commissioners Secretariat annually using a method determined by the Board of Commissioners.

k. The Board of Commissioners also performs supervisory duties on promotion plans, mutations of officials 1 (one) level below the Board of Directors.

For this reason, the Board of Directors needs to submit a notification to the Board of Commissioners regarding the promotion plan, mutation of officials 1 (one) level below the Board of Directors to provide direction on the promotion and mutation plan.

The Board of Commissioners' supervisory report on the Board of Directors' management actions during the previous year as stated in item a above and the Board of Commissioners' response to the Board of Directors' Annual Report as stated in item b above are contained in the same report. The supervisory report of the Board of Commissioners and the response to the Annual Report of the Board of Directors, whether presented together or separately, are reported to the GMS and previously submitted to the OJK and IDX (OJK Regulation 29/2016 and IDX Regulation No. I-E).

In performing supervisory actions on management actions carried out by the Board of Directors, the Board of Commissioners is authorized:

- a. to examine books, letters, and other documents, to check cash for verification purposes and other securities and to examine the assets of the Company;
- b. to enter the grounds, buildings and offices used by the Company;
- c. to request explanations from the Board of Directors and/or other officials regarding all matters concerning the management of the Company;
- d. to know all policies and actions that have been and will be carried out by the Board of Directors;
- e. to request the Board of Directors and/or other officials under the Board of Directors with the knowledge of the Board of Directors to attend meetings of the Board of Commissioners;
- f. to appoint and dismiss a Secretary of the Board of Commissioners;
- g. to temporarily dismiss members of the Board of Directors in accordance with the provisions of these articles of association;

- h. to establish an Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee and other committees, if deemed necessary by taking into account the company's capabilities;
- i. to utilize experts for certain matters and within a certain period of time at the expense of the Company, if deemed necessary;
- j. to perform management actions of the Company in certain circumstances for a certain period of time in accordance with the provisions of these Articles of Association;
- k. to approve the appointment and dismissal of the Corporate Secretary and/or the Head of the Internal Audit Unit;
- l. to attend meetings of the Board of Directors and provide views on matters discussed;
- m. to exercise other supervisory authority to the extent that it does not conflict with laws and regulations, the Articles of Association, and/or the resolutions of the GMS.

2. Board of Commissioners' Business Travel

Travel Plans for the Board of Commissioners abroad are proposed in writing to the Minister of SOEs periodically in a 3-month period for official travel that are routine or have been planned in the RKAP. As for other official travels, the application is submitted no later than 14 (fourteen) working days before the schedule of the official travel.

In the plan for official travel abroad, it is explained about the purpose and importance of the official travel, the relationship with the company's goals and policies, the length of the official travel, the source of financing, the cost budget plan and other relevant information.

Provisions related to the application for official travel permits are exempted for official travel abroad on the orders of the Minister of SOEs.

Within 14 (fourteen) days after the implementation of the official travel, the Board of Commissioners must report the implementation of the official travel to the Minister of SOEs which contains information on official travel in accordance with the attachment to the Circular Letter of the Minister of SOEs related to overseas official travel for the Board of Commissioners, and attach other supporting materials or documents relevant to the official travel.

3. Prohibition

a. Insider Transactions

Provisions related to the prohibition of insider transactions that have been regulated in the Chapter related to the Board of Directors apply *mutatis mutandis* to members of the Board of Commissioners.

b. Conflict of Interest Transactions

Members of the Board of Commissioners are prohibited from taking actions that have a conflict of interest and taking personal advantage of the decision-making and/or implementation of the SOE activities concerned, in addition to their legitimate income (Article 17 Permen BUMN No. 01/2011).

If all members of the Board of Directors have a conflict of interest with the Company, the Board of Commissioners may represent the Company. In the event that each member of the Board of Directors and Board of Commissioners is involved in the legal process and/or has a conflict of interest with the Company, the General Meeting of Shareholders will appoint another party to represent the Company (Article 99 of the Company Law, Article 12 (20), (21) of the Company's Articles of Association).

Any member of the Board of Commissioners who personally in any way, either directly or indirectly, has an interest in a transaction, contract or proposed contract to which the Company is a party, shall declare the nature of his/her interest at a Meeting of the Board of Commissioners and shall not be entitled to participate in voting on matters relating to such transaction or contract. (Article 16 (21) of the Articles of Association).

In addition, the Board of Commissioners must also pay attention to the provisions regarding the guidelines for handling conflicts of interest that apply in the Company.

4. Responsibilities

Each member of the Board of Commissioners shall be jointly and severally liable for the losses of the Company if he/she is proven guilty or negligent in carrying out his/her duties for the interest and business of the Company,

unless the member of the Board of Commissioners concerned can prove that:

- a. the loss claimed is not the result of his/her fault or negligence;
- b. he/she has conducted supervision in good faith, responsibly and prudently for the interests of the Company in accordance with the purposes and objectives of the Company;
- c. he/she has no direct or indirect conflict of interest over the adverse supervisory action; and
- d. he/she has taken measures to prevent the occurrence or continuation of such losses.

If the Company is declared bankrupt and the bankruptcy is deemed to be the result of the fault or negligence of the Board of Commissioners, the members of the Board of Commissioners shall be jointly and severally liable with the Board of Directors to pay any debts not covered by the assets of the Company.

5. Criteria and Composition of the Board of Commissioners

5.1 Composition of the Company's Board of Commissioners

- a. The Board of Commissioners shall consist of at least 2 (two) persons and at most the same number as the number of members of the Board of Directors, one of whom shall be appointed as President Commissioner, and if necessary one of whom may be appointed as Vice President Commissioner.
- b. In the event that the Board of Commissioners consists of 2 (two) members, 1 (one) of them shall be an Independent Commissioner.
- c. In the event that the Board of Commissioners consists of more than 2 (two) members, the number of Independent Commissioners shall be at least 30% (thirty percent) of the total number of members of the Board of Commissioners.
- d. If at any time for any reason, the Board of Commissioners consists of less than 2 (two) members or there is no President Commissioner, or if the position of a member of the Board of Commissioners is completely vacant, the GMS shall be held to fill the vacant position no later than 90 (ninety) days after the vacancy arises.

5.2 Criteria of the Company's Board of Commissioners

- a. Capable of performing legal acts;
- b. Having good morals, character and integrity;
- c. Never been declared bankrupt within 5 (five) years prior to nomination and during office;
- d. Never been a member of the Board of Directors or the Board of Commissioners who was found guilty of causing a company/Perum to be declared bankrupt within 5 (five) years before the nomination and during the term of office;
- e. Never been convicted of a criminal offense causing loss to the state or financial sector within 5 (five) years prior to the nomination and during the term of office;
- f. Within 5 (five) years prior to the nomination and during the term of office has never been a member of the Board of Directors and/or Board of Commissioners during the term of office:
 - 1) Having not held an Annual General Meeting of Shareholders;
 - 2) His/her accountability as a member of the Board of Directors and/or a member of the Board of Commissioners has not been accepted by the GMS or has not provided accountability as a member of the Board of Directors and/or the Board of Commissioners to the GMS; and
 - 3) Having caused a company that obtained a license, approval, or registration from the Financial Services Authority to not fulfill the obligation to submit annual reports and/or financial reports to the Financial Services Authority.
- g. Never been dishonorably dismissed from any job/position;
- h. Never been convicted of a criminal offense in the last 10 years prior to appointment.
- i. Not having a family relationship up to the third degree, either in a straight line or sideways line or consanguinity/family relationship arising from marital ties including son-in-law or in-law with members of the Board of Directors and Board of Commissioners who are currently serving in the Company. In the event of such circumstances, the GMS is authorized to dismiss one of them;
- j. Not holding concurrent positions that are prohibited by the Articles of Association and relevant laws and regulations;
- k. Having a commitment to comply with the laws and regulations;
- l. Having knowledge and/or expertise in the field required by the Company; and
- m. Fulfilling other requirements set forth in the Company Law, laws and regulations in the capital market sector, and other laws and

regulations applicable to the Company and related to the Company's business activities.

Former members of the Company's Board of Directors may become members of the Company's Board of Commissioners, after not serving as members of the Company's Board of Directors for at least 1 (one) year.

Independent Commissioners in this case must also fulfill the following requirements: (Article 21 (2) of OJK Regulation 33/2014)

- a. not a person who works or has the authority and responsibility to plan, lead, control or supervise the activities of the Issuer or Public Company within the last 6 (six) months, except for reappointment as Independent Commissioner of the Issuer or Public Company in the following period;
- b. not having shares either directly or indirectly in the Issuer or Public Company;
- c. having no affiliation with the Issuer or Public Company, members of the Board of Commissioners, members of the Board of Directors, or major shareholders of the Issuer or Public Company; and
- d. having no direct or indirect business relationship related to the business activities of the Issuer or the Public Company.

6. Appointment and Term of Office

- a. Members of the Board of Commissioners shall be appointed for a term commencing from the date stipulated in the GMS appointing them and ending at the closing of the 5th Annual GMS after the date of their appointment, without prejudice to the right of the GMS to dismiss them at any time before their term of office expires or to re-appoint them for 1 (one) term of office.
- b. The effective date of appointment and dismissal shall be stated in the resolution of the GMS. If the date is not stated, it shall become effective at the closing of the relevant GMS.

The procedure for appointment of the Company's Board of Commissioners is as follows:

- a. Members of the Board of Commissioners shall be appointed by the GMS from the candidate or candidates proposed by the Series A Dwiwarna shareholders and/or a shareholder representing at least 10% (ten percent) of the total shares of the Company.

- b. The screening of candidates is conducted by the Minister of SOEs, the Secretary of the Ministry of SOEs, the Technical Deputy in charge of the Company, and/or the relevant Deputy.
- c. A candidate who is determined as a candidate for the Board of Commissioners is someone who has been declared to have fulfilled the formal requirements, material requirements, and other requirements which are in detail regulated in the Regulation of the Minister of SOEs related to the appointment of members of the Board of Commissioners of SOEs.
- d. Members of the Board of Commissioners are appointed at the General Meeting of Shareholders attended and approved by Series A Dwiwarna Shareholders.
- e. The curriculum vitae of prospective members of the Board of Commissioners must be available and announced at the time of the GMS before the appointment decision is made.
- f. Elected members of the Board of Commissioners shall sign a statement letter of ability to carry out their duties properly and are willing to be dismissed at any time based on the consideration of the Minister/GMS.

7. Resignation and Dismissal of the Board of Commissioners

Members of the BOC may resign from their position with prior written notice to the BOD. However, the member of the Board of Commissioners concerned is not relieved of any responsibilities attached to him/her until he/she is obliged to hold a GMS 90 (ninety) days after the receipt of the resignation letter. (OJK Regulation 33/2014, Article 14 (26) of the Company's Articles of Association).

The Company shall make information disclosure to the public and submit to the Financial Services Authority no later than 2 (two) business days after: (i) the receipt of the request for resignation of the Board of Commissioners and (ii) the results of the GMS to approve his/her resignation.

Members of the Board of Commissioners may be dismissed at any time by the GMS by stating the reasons. The dismissal of a member of the Board of Commissioners is carried out if, in fact, the person concerned:

- a. Unable to perform their duties properly;
- b. Not implementing the provisions of laws and regulations or the Company's Articles of Association;
- c. Involved in actions that are detrimental to the Company and/or the State;

- d. Conducting actions that violate ethics and/or decisions that should be respected as a member of the Board of Commissioners;
- e. Being named as a suspect or defendant by an authorized party in an action that is detrimental to the SOE and/or state finances;
- f. Declared guilty by a court decision that has permanent legal force;
- g. Resign.

Dismissal of a member of the Board of Commissioners may also be carried out based on other reasons deemed appropriate by the GMS. Dismissal for the reasons in letters a, b, c, d, and e is taken after the person concerned has been given the opportunity to defend himself/herself in the GMS. Dismissal in letters c and f is a dishonorable dismissal.

This dismissal plan must be notified to the member of the Board of Commissioners concerned verbally or in writing by the Shareholders.

Apart from the reasons for dismissal above, the position of a member of the Board of Commissioners automatically ends if (Article 14 (24) of the Company's Articles of Association):

- a. Passes away;
- b. His/her term of office ends;
- c. Declared bankrupt by the Commercial Court which has permanent legal force or is under guardianship based on a court decision;
- d. His/her resignation is effective; and/or
- e. No longer fulfills the requirements for members of the Board of Commissioners based on the Articles of Association and other laws and regulations, including one of which is due to holding a prohibited concurrent position.

8. New Board of Commissioners Introduction Program

Members of the Board of Commissioners who are appointed for the first time must be given an introduction program about the Company so as to understand their duties and responsibilities as members of the Board of Commissioners, the Company's business processes, and to work in harmony with other organs of the Company.

The implementation of the introduction program is the responsibility of the Corporate Secretary.

The introduction program for newly appointed members of the Board of Commissioners shall at least include:

- a. Implementation of GCG principles by the Company;
- b. An overview of the Company with regard to its objectives, nature and scope of activities, financial and operating performance, strategy, short and long term business plans, competitive position, risks and other strategic issues;
- c. Information relating to delegated authority, internal and external audit, internal control systems and policies, including the Audit Committee; and
- d. Information regarding the duties and responsibilities of the Board of Directors and Board of Commissioners.

The introduction program can be in the form of presentations, meetings, visits to companies and document review or other programs according to the needs of the Company. This familiarization program shall be conducted no later than 3 (three) months after the appointment of the Commissioner concerned.

9. Concurrent Position of the Board of Commissioners

To avoid possible conflicts of interest, members of the Board of Commissioners are prohibited from holding concurrent positions as:

- a. member of the Board of Commissioners and/or Supervisory Board of SOEs, except based on a special assignment from the Minister.
- b. member of the Board of Directors of State-Owned Enterprises, Regionally-Owned Enterprises, privately-owned enterprises, or holding a position that based on laws and regulations is prohibited to be concurrent with the position of a member of the Board of Commissioners, or a position that may cause a conflict of interest with the SOE concerned, unless signing a statement letter willing to resign from the position if elected as a member of the Board of Commissioners of the SOE.
- c. political party administrators and/or legislative members and/or regional head/deputy regional head candidates.

In the event of a concurrent position as referred to in letters a and b above, his/her term of office as a member of the Board of Commissioners shall expire by operation of law from the time when other members of the Board of Commissioners or Members of the Board of Directors or the GMS/Minister become aware of the concurrent position. Within 7 (seven)

days from the time the member of the Board of Commissioners or member of the Board of Directors becomes aware of the concurrent position as referred to in letters a and b, the other member of the Board of Commissioners or member of the Board of Directors must submit a notification to the GMS/Minister regarding the concurrent position for the subsequent dismissal determination process. Legal actions performed for and on behalf of the Company by a member of the Board of Commissioners after the termination of his/her position are invalid and become the personal responsibility of the member of the Board of Commissioners concerned.

In the event that a member of the Board of Commissioners does not concurrently serve as a member of the Board of Directors, the person concerned may concurrently serve as a member of the Board of Commissioners in a maximum of 4 (four) issuers or other public companies. (Article 24 (2) OJK Regulation 33/2014)

A member of the Board of Commissioners may also concurrently serve as a member of a committee at a maximum of 5 (five) committees in an issuer or public company where he/she also serves as a member of the Board of Commissioners as long as this does not conflict with other laws and regulations (Article 24 (2) and Article 24 (3) of OJK Regulation 33/2014).

10. Code of Business Ethics and Work Ethics and Anti-Corruption

The Company has established a Code of Business Ethics and Work Ethics that contains the Company's values. The Board of Commissioners shall study in detail the Code of Business Ethics and Work Ethics related to their scope of work and carry out their respective responsibilities based on the Code of Business Ethics and Work Ethics.

In connection with business ethics and work ethics, the Company's Board of Commissioners has obligations, among others:

- a. Having a good understanding of the scope, work process, and operational and financial performance in order to increase work involvement and contribution as well as the delivery of transparent and accountable reporting;
- b. Disclosing the Company's information in a prudent manner, in accordance with its authority and the prevailing laws and regulations;
- c. Making financial information as a means of controlling activities;

- d. Reporting various kinds of information that have an important impact on the Company's image and reputation to the immediate superior or authorized work unit;
- e. Not giving opinions through forums and media, other than those designated by the Company, regarding the Company's performance and prospects;
- f. Reporting and avoiding all actions or relationships that may lead to conflict of interest;
- g. Not abusing authority and position in various business activities of the Company for personal or group interests;
- h. Protecting the Company's assets from unauthorized use;
- i. Reporting indications or occurrences of fraud within the Company through the Whistle Blowing System mechanism in accordance with applicable regulations in the Company;
- j. Protecting the Company's data, information, and documents that are confidential from the time they are created until their destruction;
- k. Reporting immediately to the Board of Directors when aware of any misuse of the Company's confidential data, information and documents in accordance with the prevailing regulations in the Company.
- l. Rejecting or reporting the acceptance of prohibited gratuities based on the applicable provisions in the Company;
- m. Reporting all assets owned before, during and after holding his/her position to the KPK by filling out the State Official Wealth Report ("LHKPN").
- n. Not committing acts of corruption, collusion, and nepotism (KKN), bribery practices and other unethical acts that are contrary to the integrity and cultural values of the Company.

11. Board of Commissioners' Resolution

11.1 Board of Commissioners Meeting

Time and Place of the Meeting

1. The Board of Commissioners shall hold a meeting at least 1 (one) time in 2 (two) months.
2. The Board of Commissioners shall also hold a joint meeting with the Board of Directors periodically at least 1 (one) time in 4 (four) months.
3. Meetings of the Board of Commissioners may be held at any time at the request of 1 (one) or several members of the Board of Commissioners or the Board of Directors or or Shareholders representing at least 1/10 (one-tenth) of the total number of shares with voting rights, by stating the matters to be discussed.
4. The Meeting of the Board of Commissioners shall be held at the domicile or at any other place within the territory of the Republic of Indonesia or at the place of business of the Company, except in the event that the Meeting of the Board of Commissioners is held through video conference, teleconference or other electronic media means.

The Meeting of the Board of Commissioners held through video conference, teleconference or other electronic media means shall enable all meeting participants to participate in the Meeting and in connection therewith, all persons participating shall be deemed to have been present to determine the fulfillment of the quorum and voting or decision requirements. Minutes of the Meeting held by teleconference, video conference or other electronic media means must be made in writing and circulated to all participating members of the Board of Commissioners for signature.

Summons to the Meeting

- a. The summons to a meeting of the Board of Commissioners must be made by the President Commissioner.

- b. The summons for the meeting of the BOC must be made in writing and delivered or handed over directly to each member of the BOC with adequate receipt, or by registered post or by courier service or by telex, facsimile or electronic mail (e- mail) no later than 5 (five) days before the meeting of the BOC is held without taking into account the date of the summons and the date of the Meeting, or a shorter period of time in case of urgency.
- c. The summons must state the agenda, date, time and place of the meeting.
- d. Such summons is not required for a meeting that has been scheduled based on a resolution of a meeting of the Board of Commissioners held previously.

Quorum and Resolution Adaptation

- a. All resolutions in the BOC meetings are valid and binding if attended and/or represented by more than ½ of the members of the BOC.
- b. In the event that the proposals submitted at the BOC meeting are complete, the BOC shall make resolutions during the Meeting.
- c. All resolutions of the BOC meetings shall be adopted by deliberation to reach a consensus. In the event that consensus is not reached, the resolutions of the BOC meeting shall be adopted by ordinary majority vote (voting). Each member of the BOC is entitled to cast 1 vote plus 1 vote for the member of the BOC he/she represents. If the number of votes in favor and against is equal, then the chairman of the meeting resolves the results of the meeting by continuing to pay attention to the provisions regarding the accountability of the Board of Commissioners, except regarding the person, the meeting resolution is made by closed election. A blank vote (abstain) shall be deemed to approve the proposal submitted at the meeting. In the event that there are more than two alternative proposals and the voting results have not obtained one alternative with more than ½ (one-half) of the total votes cast, then re-election shall be conducted on the two proposals that received the most votes so one of the proposals received more than ½ (one-half) of the total votes cast. Invalid

votes are considered non-existent and are not counted in determining the number of votes cast in the meeting.

- d. Minutes shall be prepared for each meeting of the Board of Commissioners as evidence of each resolution made at the Meeting including a dissenting opinion expressed by one of the Commissioners and the reason for the absence of a member of the Board of Commissioners at the Meeting, if any. The Minutes of Meeting are signed by the Chairman of the Meeting and members of the Board of Commissioners present at the meeting, as well as the Secretary of the Board of Commissioners as the minutes taker. The original Minutes of Meeting shall be submitted to the Board of Directors to be kept and maintained, while the Board of Commissioners shall keep a copy.
- e. Resolutions adopted in the Board of Commissioners Meeting shall be submitted to the Board of Directors or relevant committees within 2 (two) working days by the Secretary of the Board of Commissioners for follow-up.

11.2 Board of Commissioners' Resolution outside the Board of Commissioners Meeting

The Board of Commissioners may also adopt valid resolutions without convening a Meeting and provided that all members of the Board of Commissioners have been notified in writing and all members of the Board of Commissioners approve the proposal in writing and sign the approval.

Resolutions adopted in this manner shall have the same force as resolutions adopted validly in a Meeting of the Board of Commissioners.

Such resolutions of the Board of Commissioners shall be effective from the last date of signing by the Board of Commissioners, and distributed to the Board of Directors or relevant committees within 3 (three) working days.

12. Relationship of the Board of Commissioners with the GMS and the Ministry of SOEs

12.1 Relationship of the Board of Commissioners with the GMS

The Board of Commissioners is appointed and dismissed by the GMS. In carrying out its duties, the Board of Commissioners is responsible to the GMS and is obliged to submit a supervisory accountability report on the management of the company carried out by the Board of Directors at each Annual GMS held. The supervisory report of the Board of Commissioners is part of the Annual Report submitted to the GMS for approval.

By granting approval of the Annual Report and ratification of the financial statements, it means that the GMS has given a release and discharge of responsibility to each member of the Board of Commissioners to the extent that these matters are reflected in the Annual Report, without reducing the responsibility of each member of the Board of Commissioners in the event of criminal acts or errors and or negligence that cause losses to third parties.

Members of the BOC are appointed for a certain period of time and may be reappointed. Dismissal of members of the BOC before the end of their term of office is carried out by the GMS by stating the reasons. The BOC has the obligation to review periodic reports and the Annual Report prepared by the BOD and sign the Annual Report. The BOC is also obliged to provide explanations, opinions and suggestions to the GMS regarding the Annual Report if requested.

In addition, the BOC has the obligation to propose to the GMS the appointment of a Public Accountant who will audit the Company's books and provide opinions and advice to the GMS on any issues deemed important for the management of the Company.

12.2 Reporting to the Ministry of SOEs as Series A Dwiwarna Shareholder

Based on the Company's Articles of Association, the Board of Commissioners has the obligation to:

- 1) report to the Series A Dwiwarna Shareholders if there are symptoms of a decline in the Company's performance;

- 2) provide explanations on all matters asked or requested by the Series A Dwiwarna Shareholders with due observance of the prevailing laws and regulations in the capital market.

13. Relationship between the Board of Commissioners and the Board of Directors

The main duty of the Board of Commissioners is to supervise the Company's management actions carried out by the Board of Directors, which includes overseeing the development of the Company's management activities and performance and providing reports including opinions/suggestions to the GMS in connection with all supervisory duties and actions carried out during the previous fiscal year.

One of the authorities of the Board of Commissioners in carrying out such supervisory duties is the right to enter the Company's buildings and facilities at any time during business hours to examine documents and data relating to the Company, as well as to examine the performance of the Board of Directors. This also includes the right to obtain information from the Director on the overall performance of the Board of Directors in order for the Board of Commissioners to perform their functions appropriately.

Requests for information/data as mentioned above as well as meeting invitations from the BOC to the BOD are made by submitting a written letter addressed to the President Director.

As a form of supervision, the BOC is required to give prior approval before the BOD can take the following actions:

- a. Releasing/transferring and/or pledging the Company's assets with a value exceeding a certain amount determined by the Board of Commissioners, except assets recorded as inventory, with due observance of the laws and regulations in the capital market sector.
- b. Entering into cooperation with business entities or other parties, in the form of joint operation (KSO), leasing assets, business cooperation (KSU), license cooperation, Build, Operate and Transfer (BOT), Build, Transfer and Operate (BTO), Build, Operate and Own (BOO) and other agreements of the same nature whose duration or value exceeds that determined by the Board of Commissioners;
- c. Determining and changing the Company's logo;
- d. Determining the organizational structure of 1 (one) level below the Board of Directors;

- e. Establishing foundations, organizations and or associations either directly or indirectly related to the Company that may have a financial impact on the Company.
 - f. Charging the Company's costs that are fixed and routine for the activities of foundations, organizations and or associations either directly or indirectly related to the Company.
 - g. Proposing the Company's representatives to become candidates for the Board of Directors and Board of Commissioners in subsidiaries that make a significant contribution to the Company and/or have strategic value as determined by the Board of Commissioners;
 - h. Making capital investments, releasing capital investments including changes in the capital structure with a certain value determined by the Board of Commissioners in other companies, subsidiaries, and/or joint ventures that are not in the context of saving receivables with due observance of the provisions in the Capital Market;
 - i. Establishing subsidiaries and/or joint venture companies with a certain value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
 - j. Conducting merger, consolidation, acquisition, separation, and dissolution of subsidiaries and joint venture companies with a certain value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
 - k. Binding the Company as guarantor (borg or avalist) with a certain value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
 - l. Receiving medium/long term loans and providing medium/long term loans with a certain value determined by the Board of Commissioners with due observance of the laws and regulations in the Capital Market sector;
 - m. Providing short/medium/long term loans that are not operational in nature, except for loans to subsidiaries that are sufficiently reported to the Board of Commissioners;
 - n. Writing off bad debts and inventories of dead goods at a value exceeding the limit set by the Board of Commissioners;
 - o. No longer collecting bad debts that have been written off, in a value that exceeds the limit set from time to time by the Board of Commissioners;
 - p. Actions that have not been stipulated in the RKAP.
-
- i. Determination of limitations and/or criteria by the Board of Commissioners for matters as referred to in letters (a), (b), (g), (h), (i), (j), (k), (l), (m), and (n) of this paragraph shall be made by the

Board of Commissioners after obtaining approval from the Shareholders of Series A Dwiwarna.

- ii. The approval of the Board of Commissioners specifically with respect to letters (a), (b), (g), (h), (i), (j), (k), (l), (m), and (n) of this paragraph with a certain value and period determined by the Board of Commissioners after obtaining the approval of the Series A Dwiwarna Shareholders.
- iii. The actions of the Board of Directors as referred to in letter (b) of this paragraph, to the extent necessary in the context of carrying out the main business activities commonly carried out in the relevant business field with due observance of the provisions of laws and regulations, shall not require the approval of the Board of Commissioners and/or GMS.
- iv. The actions of the Board of Directors as referred to in letters (b), (g), (h), (i), (j), and (k) of this paragraph, to the extent necessary in order to participate in tenders and/or to carry out projects and/or to fulfill requirements and/or to carry out the main business activities commonly carried out in the business field concerned with due observance of the provisions of laws and regulations, shall not require the approval of the Board of Commissioners and/or the GMS.

The Board of Commissioners provides a written decision on the request of the Board of Directors and is sent to the Board of Directors, no later than 30 (thirty) days from the receipt of the request or explanation and complete documents from the Board of Directors.

Procedures for Meetings and Communication between the Board of Directors and the Board of Commissioners

The procedures for meetings and communications between the Board of Directors and the Board of Commissioners set forth in the Chapter on the Board of Directors shall apply mutatis mutandis to the Board of Commissioners.

14. Relationship between Board of Commissioners and Committees under the Board of Commissioners

The Board of Commissioners may form committees in order to assist its duties and to fulfill the applicable statutory provisions. (Permen BUMN No. 12/2012, OJK Regulation 55/2015, OJK Regulation 34/2014)

Committees of the Board of Commissioners in accordance with Permen BUMN No. 12/2012, consist of:

1. Audit Committee;
2. Nomination and Remuneration Committee or other nomenclature with the same function;
3. One other committee, if required.

The committees under the Board of Commissioners that have been established are:

1. Audit Committee;
2. Business Development and Risk Monitoring Committee; and
3. Nomination and Remuneration Committee.

These committees will report and be responsible to the Board of Commissioners. Based on the reports of its committees, the Board of Commissioners will make recommendations for improvement or advice and submit them to all members of the Board of Directors.

In carrying out their duties, the committees under the BOC may communicate directly with the BOC or its members and hold regular or incidental meetings with the BOC.

Audit Committee

The laws and regulations on SOEs require the Company to establish an Audit Committee. This obligation is also required by the capital market laws and regulations. The Audit Committee, as a supporting organ of the Board of Commissioners in carrying out its duties, shall carry out its responsibility to provide independent professional and independent opinions to the Board of Commissioners on any matter requiring the attention of the Board of Commissioners.

The Audit Committee is formed by no less than 3 members, consisting of the Chairman who is an Independent Commissioner of the Company and at least 2 or more members who come from independent members of the Board of Commissioners or from outside the Company.

In the event that the Chairman of the Audit Committee who is a member of the Board of Commissioners ceases to be a member of the Board of Commissioners, the Chairman of the Audit Committee shall be replaced by another member of the Board of Commissioners within a period of 30 days.

The term of office for members of the Audit Committee who are not members of the Board of Commissioners of the Company shall be for a maximum of 3 years and may be extended once for a 2-year term, without prejudice to the right of the Board of Commissioners to dismiss them at any time.

The membership requirements of the Audit Committee are as follows:

- a. Having high integrity, adequate skills, knowledge and experience in the field of supervision/examination, and being able to communicate well and effectively;
- b. Having no personal interest/relationship that may cause negative impact and conflict of interest to the Company;
- c. Can provide sufficient time to complete his/her duties;
- d. Willing to improve competence continuously through education and training;
- e. Must have at least 1 (one) member with educational background and expertise in accounting or finance;
- f. Must understand financial statements, the company's business, especially those related to the Company's services or business activities, the audit process, risk management, and laws and regulations in the field of capital markets and other related laws and regulations;
- g. Not being an insider of the Public Accounting Office, Legal Consultant Office, or other parties providing insurance services, non-insurance services, appraisal services and/or other consulting services to the Company within the last 6 (six) months;
- h. Not a person who works or has the authority and responsibility to plan, lead or control the activities of the Company within the last 6 (six) months, except for Independent Commissioner;
- i. Not having shares either directly or indirectly in the Company. In the event that a member of the Audit Committee acquires shares as a

result of a legal event, then within a maximum period of 6 (six) months after the acquisition of such shares must transfer to another party;

- j. Not having:
 - 1) Affiliation with members of the Board of Commissioners, members of the Board of Directors, or major shareholders of the Company; and
 - 2) Direct or indirect business relationship related to the Company's business activities.
- k. Other requirements set forth in the Audit Committee charter

Audit Committee members must be appointed and dismissed by the Board of Commissioners and reported to the Financial Services Authority no later than 2 (two) business days after appointment or dismissal.

The Company's Board of Commissioners has established an Audit Committee Charter.

Based on the Company's Audit Committee Charter, the Company's Audit Committee has the following duties and responsibilities:

- a. Oversight of financial reporting;
- b. Oversight of the auditing process;
- c. Oversight of risk management and internal control
- d. Oversight of the Implementation of Good Corporate Governance (GCG)

The scope of duties and responsibilities of the Audit Committee is further regulated in the Audit Committee Charter.

Business Development and Risk Monitoring Committee

The Chairman of the Committee is a member of the Board of Commissioners, with members from the Board of Commissioners or outside the Company.

The term of office of Committee members is for a maximum of 3 years and can be extended once for 2 years, without prejudice to the right of the Board of Commissioners to dismiss them at any time.

In the event that the chairman of the Committee who is a member of the Board of Commissioners ceases to be a member of the Board of

Commissioners, the chairman of the Committee shall be replaced by another member of the Board of Commissioners within a period of 30 days.

The membership requirements of the Committee are as follows:

- a. Having good integrity and sufficient knowledge and work experience related to the duties of the Committee;
- b. Being able to cooperate and communicate effectively;
- c. Having no personal interest/relationship that may cause negative impact and conflict of interest to the Company;
- d. Having adequate knowledge in the Company's business field and able to provide sufficient time to complete his/her duties.

Based on the Business Development and Risk Monitoring Committee Charter, the Committee has the following duties and responsibilities:

- a. Related to business development
- b. Related to risk monitoring
- c. Other duties assigned by the Board of Commissioners based on the provisions of laws and regulations.

The scope of duties and responsibilities of the Committee is further regulated in the Business Development and Risk Monitoring Committee Charter.

Nomination and Remuneration Committee

The number of Committee members consists of at least 3 (three) people, provided that the chairman of the Committee is an Independent member of the Board of Commissioners who also doubles as a member of the Committee, while other members can come from:

- 1. member of the Board of Commissioners;
- 2. parties from outside the Company; or
- 3. parties who hold managerial positions under the Board of Directors in charge of human resources (the number may not be a majority of the total number of committees).

The term of office of Committee members shall be for a maximum of 3 years and may be extended once for a 2-year term, without prejudice to the right of the Board of Commissioners to dismiss them at any time. The term of

office of the Committee shall not exceed the term of office of the Board of Commissioners as stipulated in the Articles of Association.

In the event that the chairman of the Committee who is a member of the Board of Commissioners ceases to be a member of the Board of Commissioners, the chairman of the Committee shall be replaced by another member of the Board of Commissioners within a period of 30 days.

Replacement of Committee members who are not from the Board of Commissioners shall be carried out no later than 60 (sixty) days after the Committee member in question can no longer carry out his/her functions.

The requirements for Committee membership are as follows:

- a. Having good integrity and sufficient knowledge and work experience related to the duties of the Committee;
- b. Being able to cooperate and communicate effectively;
- c. Having no personal interest/relationship that may cause negative impact and conflict of interest to the Company;
- d. Having adequate knowledge in the Company's business field and able to provide sufficient time to complete his/her duties.

For Committee members who come from outside the Company, they must also fulfill the following requirements:

- a. having no affiliation with the Company, members of the Board of Directors, members of the Board of Commissioners, or Major Shareholders of the Company;
- b. having experience related to Nomination and/or Remuneration;
- c. not concurrently serving as a member of other committees owned by the Company.

Based on OJK Regulation 34/2014, the Committee has the following duties and responsibilities:

- a. related to the Nomination function:
 - 1) providing recommendations to the Board of Commissioners regarding:
 - a) the composition of positions for members of the Board of Directors and/or members of the Board of Commissioners;
 - b) policies and criteria required in the Nomination process; and
 - c) performance evaluation policies for members of the Board of Directors and/or members of the Board of Commissioners;

- 2) assisting the Board of Commissioners in assessing the performance of members of the Board of Directors and/or members of the Board of Commissioners based on benchmarks that have been prepared as evaluation materials;
 - 3) providing recommendations to the Board of Commissioners regarding capacity building programs for members of the Board of Directors and/or members of the Board of Commissioners; and
 - 4) providing proposals for candidates who qualify as members of the Board of Directors and / or Board of Commissioners to the Board of Commissioners to be submitted to the GMS.
- b. related to the Remuneration function:
- 1) providing recommendations to the Board of Commissioners regarding:
 - a) remuneration structure;
 - b) policy on Remuneration; and
 - c) amount of remuneration
 - 2) assisting the Board of Commissioners in conducting performance appraisal with the suitability of Remuneration received by each member of the Board of Directors and/or member of the Board of Commissioners.

The scope of duties and responsibilities of the Committee is further regulated in the Decree of the Board of Commissioners related to the establishment of the Nomination and Remuneration Committee.

Prohibition for Insider Transactions

Provisions related to the prohibition of insider transactions that have been regulated in the Chapter related to the Board of Directors apply mutatis mutandis to Committee members.

15. Relationship between Board of Commissioners and Subsidiaries

The relationship between the Board of Commissioners and the Subsidiaries is conducted through communication and coordination with the President Director or the Supervisory Director of the Subsidiary who has been appointed by the Board of Directors of the Company after obtaining authorization from the President Director of the Company.

Further provisions related to the relationship between the Company and its Subsidiaries will be regulated in separate guidelines regarding Subsidiaries.

16. Training for the Members of the Board of Commissioners

From time to time, the Board of Commissioners participates in training programs to improve its expertise. The Company encourages all members of the Board of Commissioners to participate in self-development programs as needed through the allocation of a training budget set annually in the Annual Work Plan and Budget of the Board of Commissioners in the RKAP.

The Board of Commissioners realizes the training plan and budget in accordance with the duties of the relevant member of the Board of Commissioners. The Board of Commissioners documents the results of the training and makes a report on the results of the training or by sharing the results of the training with other members of the Board of Commissioners or related committees.

C. Shareholders

1. Shareholder Classification

The Company's shares are issued in two types, namely Series A Dwiwarna Shares and Series B Shares. Except as described below, holders of Series A Dwiwarna Shares and holders of Series B Shares have equal rights and each 1 share gives 1 voting right to the Shareholder who owns it.

1.1. Classification Based on the Provisions of the Articles of Association

1) Series A Dwiwarna Shares

a. Series A Dwiwarna Shareholders

Series A Dwiwarna Shares are special shares owned by the State that provide special rights not owned by other Shareholders as stipulated in the Company's Articles of Association.

b. Rights as the Series A Dwiwarna Shareholders

The State as a Series A Dwiwarna Shareholder has special rights that are only granted to it, as follows:

- 1) The right to approve in the GMS regarding the following matters:

- a. Approval of amendments to the Articles of Association
 - b. Approval of changes in Capital
 - c. Approval of the appointment and dismissal of members of the Board of Directors and Board of Commissioners
 - d. Approval related to merger, consolidation, acquisition, separation and dissolution;
 - e. Approval of remuneration of members of the Board of Directors and Board of Commissioners;
 - f. Approval of the transfer of assets, which based on the articles of association needs GMS approval.
 - g. Approval of the participation and reduction of the percentage of capital participation in other companies, which based on the articles of association needs GMS approval;
 - h. Approval of the use of profit;
 - i. Approval regarding investment and long-term financing that is not operational in nature, which based on the articles of association needs GMS approval;
- 2) The right to propose candidates for members of the Board of Directors and candidates for members of the Board of Commissioners;
 - 3) The right to propose the agenda of the GMS;
 - 4) The right to request and access the company's data and documents; and
- with the mechanism for exercising such rights in accordance with the provisions in the Articles of Association and laws and regulations.

2) Series B Shares

a. Series B Shareholders

Series B shares are registered common shares and are listed on the stock exchange, so they can be owned by the general public and can be traded.

b. Rights as Series B Shareholders

Series B Shareholders have the same rights as other Shareholders, including the right to be present and vote in the GMS, except for special rights as mentioned and regulated in the Articles of Association which are only the rights of Series A Dwiwarna Shareholders.

3) Series C Shares

a. Series C Shareholders

Series C shares are registered common shares and are listed on the stock exchange, so they can be owned by the general public and can be traded.

b. Rights as Series C Shareholders

Series C Shareholders have the same rights as other Shareholders, including the right to be present and vote in the GMS, except for special rights as mentioned and regulated in the Articles of Association which are only the rights of Series A Dwiwarna Shareholders.

1.2. Classification Based on Capital Market Provisions

1) Major Shareholders

Based on the explanation of Article 1 Point 1 letter f of the Capital Market Law, what is meant as a Major Shareholder is a party who, either directly or indirectly, owns at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by a Company or a smaller amount than that as determined.

2) Independent Shareholders

Independent Shareholders are Shareholders who do not have a conflict of interest in relation to a particular transaction and/or are not affiliates of members of the Board of Directors, members of the Board of Commissioners or major shareholders who have a conflict of interest over a particular transaction.

In transactions that contain elements of conflict of interest, Independent Shareholders must be asked for their approval before the transaction is carried out.

3) Controlling Shareholders

In OJK Regulation 9/2018, what is referred to as the Controller of a Public Company is a party that directly or indirectly owns more than 50% (fifty percent) of all shares with fully paid voting rights or a party that has the ability to determine, directly or indirectly, by any means, the management and/or policies of a Public Company.

2. Responsibility of Shareholders

The Company Law establishes limited liability for shareholders whereby shareholders are not personally liable for agreements made on behalf of the Company and are not liable for the Company's losses in excess of the shares owned.

However, the principle of limited liability may not apply if:

- a. the requirements of the company as a legal entity have not been or are not fulfilled;
- b. the shareholder concerned, either directly or indirectly, with bad faith, utilizes the company for personal interests;
- c. the shareholder concerned is involved in an unlawful act committed by the company;
- d. the shareholder directly or indirectly unlawfully uses the assets of the company, resulting in the company's assets becoming insufficient to pay off debts.

3. Shareholder Rights

Shares entitle the owners to:

- a. attend and vote in the GMS;
- b. receive dividend payments and the remaining assets from liquidation;
- c. file a lawsuit against the Company to the District Court if they are disadvantaged due to the Company's actions which are considered unfair and without reasonable grounds as a result of the GMS resolution;

- d. request to the Company that its shares be purchased at a reasonable price if the relevant shareholder does not approve the Company's actions that are detrimental to the relevant shareholder, in the form of:
 - i. amendments to the Articles of Association
 - ii. transfer or pledge of the Company's assets having a value of more than 50% (fifty percent) of the Company's net assets, or
 - iii. merger, consolidation, acquisition, or separation.
- e. submit a request for the holding of a GMS provided that the ownership of such shareholders, individually or collectively, represents 1/10 (one-tenth) or more of the total number of shares with voting rights;
- f. on behalf of the Company, shareholders representing at least 1/10 (one-tenth) of the total number of shares with voting rights may file a lawsuit through the district court against members of the Board of Directors or the Board of Commissioners who, through their fault or negligence, cause losses to the Company; and
- g. one or more shareholders representing at least 1/10 (one-tenth) of the total number of shares with voting rights, may file an investigation against the Company if there is an allegation that the Company has committed an illegal act that harms shareholders or third parties or a member of the Board of Directors or Board of Commissioners has committed an illegal act that harms the Company or shareholders or third parties.

4. Prohibition for Shareholders

The definition of Insiders under the Capital Market Law is the following parties:

- a. Board of Commissioners, Director, or employees of the Company;
- b. major shareholders of the Company;
- c. any individual who, because of his/her position or profession or because of his/her business relationship with the Company, enables such individual to obtain Inside Information; or

What is meant by "**position**" in this case is a position in an institution, institution, or government body. Meanwhile, what is meant by "business relationship" is a working relationship or partnership in business activities, including customer, supplier, contractor, customer, and creditor relationships and "Inside Information" means Material Information owned by insiders that is not yet publicly available.

- d. a party who within the last six months is no longer a party as referred to in points (a), (b), and (c) above.

Shareholders of the Company who have Inside Information are prohibited to:

- a. buy or sell securities of the Company or securities of other companies that conduct transactions with the Company;
- b. influence other parties to purchase or sell securities; or
- c. provide Insider Information to any party who is reasonably suspected of being able to use such information to make purchases or sales of securities.

The prohibition to conduct transactions as above does not apply if the inside information is already available in the public.

BOM 3. CERTAIN CORPORATE ACTIONS

In addition to compliance with the Company Law, regulations applicable to SOEs and aviation regulations, the Company must comply with Capital Market regulations. The Board of Directors must always ensure that every corporate action of the Company is carried out in accordance with the principles of good corporate governance and in accordance with the relevant regulations, so that the fairness and level of compliance of the Company in carrying out a corporate action can always be maintained.

A. Affiliated Transactions and Conflicts of Interest Certain Transactions

1. Introduction

In 2009, Bapepam-LK (now known as the Financial Services Authority) issued a regulation on affiliated and conflict of interest transactions, namely Bapepam-LK Regulation IX.E.1. Furthermore, in 2020 the Financial Services Authority issued OJK Regulation 42/2020 which regulates the provisions regarding affiliated and conflict of interest transactions and revokes and declares invalid Bapepam-LK Regulation IX.E.1. The purpose of the conflict of interest provisions is to protect the interests of minority shareholders from the possibility of unreasonable pricing of transactions carried out by public companies where such impropriety may cause potential losses to minority parties.

Based on OJK Regulation 42/2020, what is meant by affiliate is: (hereinafter referred to as "**Affiliates**")

- a. Family relationship by marriage and descent to the second degree, both horizontally and vertically;
- b. Relationship between a party and an employee, Director or Commissioner of that party;
- c. Relationship between 2 (two) companies in which there are 1 (one) or more members of the same Board of Directors or Board of Commissioners;
- d. Relationship between a company and another party, either directly or indirectly, controlling or controlled by the company;
- e. Relationship between 2 (two) companies that are controlled, either directly or indirectly, by the same party; or

- f. Relationship between a company and its major shareholder.

Neither the Company Law, Capital Market Law, nor SOE regulations prohibit transactions with affiliates. However, to protect the interests of minority shareholders, a mechanism of information disclosure and certainty over the fairness of a transaction is required.

The regulation regarding conflict of interest is also regulated in the Company Law where in the event of a conflict of interest, the company will be represented by other Directors who do not have a conflict of interest.

2. **Affiliated and Conflicts of Interest Transactions**

Affiliated Transaction is any activity and/or transaction conducted by the Company or a 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 any activity and/or transaction conducted by the Company or a controlled company for the benefit of Affiliates of the Company or Affiliates of members of the Board of Directors, members of the Board of Commissioners, major shareholders or Controllers.

Based on OJK Regulation 42/2020, in conducting an affiliated transaction, the Company is required to have adequate procedures to ensure that Affiliated Transactions are carried out in accordance with generally accepted business practices ("**Procedures**").

Conflict of Interest is the difference between the economic interests of the Company and the personal economic interests of the Director, Commissioner or major Shareholder which may harm the Company.

The difference between an Affiliated Transaction and a transaction containing a Conflict of Interest lies in the presence of the element of "loss" or the potential to disrupt business continuity. If the impact of the transaction will potentially disrupt the Company's business continuity, the Company must obtain approval from independent shareholders before carrying out the transaction. Based on OJK Regulation 42/2020, what is meant by disrupting the Company's business continuity, among others:

1. Transactions that can cause a reduction in the Company's pro forma operating income by 80% (eighty percent) or more; or

2. Transactions that can cause the Company to experience a loss for the year on a pro forma basis.

In addition to the foregoing, the Company is also required to obtain approval from independent shareholders in the event that affiliated transactions meet the limit of material transaction value that requires GMS approval and/or affiliated transactions that based on OJK considerations require approval from independent shareholders.

The Company in this case is also required to disclose the results of the implementation of Affiliated and/or Conflict of Interest Transactions that have been approved by Independent Shareholders in the annual report.

2.1 Affiliated Transactions

Broadly speaking, Affiliated Transactions are divided into 4 (four) categories, namely:

- a. Affiliated Transactions whose process is carried out in accordance with the Procedure, requires an appraisal process by an independent appraiser, must be announced to the public and reported to OJK;
- b. Affiliated Transactions that are only required to be reported to the OJK;
- c. Affiliated Transactions that do not require the fulfillment of any requirements; and
- d. Affiliated Transactions whose process is carried out in accordance with the Procedures and must only be disclosed in the annual report or annual financial report of the Company.

2.1.1 Affiliated Transactions whose process is carried out in accordance with the Procedure, requires an appraisal process by an independent appraiser, must be announced to the public and reported to OJK

In general, each Affiliated Transaction process must be carried out in accordance with the Procedures and must be announced and assessed. The Company must announce the disclosure of information on each Affiliated Transaction carried out to the public and submit

proof of announcement and supporting documents to OJK no later than the end of the second business day after the occurrence of the Affiliated Transaction, which contains:

- a. description of the Affiliated Transaction containing at least:
 1. date of transaction;
 2. the object of the transaction;
 3. transaction value;
 4. the names of the parties to the transaction and their relationship with the Company; and
 5. the nature of the Affiliation relationship of the Parties conducting transactions with the Company;
- b. a summary of the appraisal report, at least including information:
 1. identity of the party;
 2. object of appraisal;
 3. purpose of the appraisal;
 4. assumptions;
 5. approach and method of appraisal;
 6. value conclusion; and
 7. fairness opinion on the transaction.

The period between the valuation date and the transaction date must not exceed 6 (six) months.

- c. Pro forma impact of the transaction on the Company's financial condition prepared at least based on financial statements with limited review provided that the date of the financial statements is the same as the date of the appraisal report, in the event that the transaction potentially results in disruption of the Company's business continuity.
- d. explanation, considerations and reasons for the Affiliated Transaction, compared to other similar transactions that are not carried out with affiliated parties;
- e. the Company's plan, data on the acquired company, and other relevant information in the event that the Affiliated Transaction is a company takeover;
- f. Statement of the Board of Directors that the Affiliated Transaction has gone through the Procedure;

- g. statement of the Board of Commissioners and Board of Directors of the Company stating that the transaction does not contain a conflict of interest and all material information has been disclosed and the information is not misleading; and
- h. summary of independent expert or consultant reports, if deemed necessary.

2.1.2 Affiliated Transactions that are only required to be reported to the OJK

Affiliated Transactions that are only required to be reported by the Company to OJK no later than the end of the second business day after the transaction occurs by submitting information regarding Affiliated Transactions are transactions as follows:

- a. transactions carried out as the implementation of laws and regulations or court decisions;
- b. transactions between:
 - (i) the Company with a controlled company whose shares are owned by at least 99% (ninety nine percent) of the paid-up capital of the controlled company;
 - (ii) fellow controlled companies whose shares are owned at least 99% (ninety-nine percent) by the Company; or
 - (iii) a controlled company with a company whose shares are owned by the controlled company at least 99% (ninety-nine percent) of the paid-up capital of such company;
- c. Transactions with a transaction value not exceeding 0.5% (zero point five percent) of the paid-up capital of the Company or not exceeding the amount of Rp. 5,000,000,000.00 (five billion Rupiah), using the lower value;
- d. loan transactions received directly from banks, venture capital companies, finance companies, or infrastructure finance companies both from domestic and overseas;
- e. transactions providing guarantees to banks, venture capital companies, finance companies, or infrastructure finance companies both from domestic and overseas for loans received directly by a Public Listed Company or a Controlled Company;
- f. transactions in the addition or reduction of equity participation to maintain the percentage of ownership after such participation has been conducted for at least 1 (one) year;

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

2.13 Affiliated Transactions that do not require the fulfillment of any requirements

The following Affiliated Transactions are exempted from all Affiliated Transaction obligations as stipulated in OJK Regulation 42/2020, as follows:

- a. the use of any facilities provided by the Company to members of the Board of Commissioners, members of the Board of Directors, and / or major shareholders in the event that the major shareholder also serves as an employee and the facility is directly related to their responsibilities to the Company and in accordance with Company policy, and has been approved by the GMS;
- b. the Company's transactions with employees, members of the Board of Directors, or members of the Board of Commissioners of the Company as well as with employees, members of the Board of Directors, or members of the Board of Commissioners of controlled companies under the same terms, to the extent that such transactions have been approved by the GMS;
- c. compensation, including salaries, pension fund contributions, and/or special benefits provided to members of the Board of Directors, members of the Board of Commissioners, and major shareholders in the event that the major shareholder also serves as an employee, if the aggregate amount of such compensation is disclosed in the periodic financial statements, to the extent approved by the GMS;
- d. ongoing transactions that have been carried out before the Company conducts an Initial Public Offering or before the submission of a Registration Statement as a Public Company, provided that:
 - 1. the transaction has been disclosed in the prospectus of the Initial Public Offering or in the information disclosure of the Public Company Registration Statement; and
 - 2. the terms and conditions of the transaction do not undergo changes that may harm the Company; and/or
- e. continuing transactions carried out after the Company conducts an Initial Public Offering or after the Registration Statement as a Public Company becomes effective, provided that:

1. the initial transaction underlying the subsequent transaction has complied with OJK Regulation 42/2020; and
2. the terms and conditions of the transaction do not undergo changes that may harm the Company.

2.1.4 Affiliated Transactions whose process is carried out in accordance with the Procedures and must only be disclosed in the annual report or annual financial report of the Company

The Company is only required to carry out transactions in accordance with the Procedures and disclose the Affiliated Transaction in the Company's annual report or annual financial statements if the Affiliated Transaction is a business activity carried out in order to generate business income and is carried out regularly, repeatedly, and / or continuously.

What is meant by transactions that constitute the above business activities based on OJK Regulation 42/2020 is a transaction that will be carried out routinely, repeatedly, and / or continuously in the context of carrying out new business activities that will generate business income and have obtained GMS approval related to changes in business activities.

Disclosure in the annual report must include the following information:

- a. type of Affiliated Transaction;
- b. parties to the transaction;
- c. the nature of the Affiliate relationship;
- d. transaction value; and
- e. statement of the Board of Directors that the transaction has gone through the Procedure.

In the event that the disclosure of information as mentioned above is contained in the Company's annual financial statements, the Company shall provide a reference to the disclosure in the annual financial statements in the annual report.

2.2 Conflict of Interest Transactions

In connection with the implementation of Transactions containing Conflict of Interest, the Company is required to use an independent appraiser to determine the fair value of the transaction object, announce information disclosure to the public, report to OJK on

Conflict of Interest transactions, and obtain prior approval of independent shareholders in the GMS.

Information disclosure and report to OJK as mentioned above must be done together with the announcement of GMS for Conflict of Interest Transaction. Information Disclosure must contain at least:

- a. description of the transaction, containing at least:
 - i. the object of the transaction;
 - ii. the value of the transaction;
 - iii. the names of the parties entering into the transaction and their relationship with the Company; and
 - iv. the nature of the Conflict of Interest of the parties concerned in the transaction;
- b. summary of appraisal report;
- c. pro forma impact of the transaction on the financial condition of the Public Listed Company prepared at least based on the financial statements with limited review provided that the date of the financial statements is the same as the date of the appraisal report;
- d. the explanation, consideration, and reason for the transaction, compared to other similar transactions that do not contain a Conflict of Interest;
- e. the Company's plan, the Company's data, and other required information;
- f. a statement from the Board of Commissioners and Board of Directors stating that all material information has been disclosed and the information is not misleading; and
- g. summary of independent expert or consultant reports, if necessary.

The documents submitted to OJK include at least:

- a. information as contained in the disclosure of information on Conflict of Interest Transactions;
- b. the Appraiser's report, provided that the period between the date of appraisal in the Appraiser's report and the date of the GMS may not exceed 6 (six) months;
- c. data of the company to be acquired or divested;
- d. statement of the Board of Commissioners and Board of Directors that the material information presented has been disclosed completely and is not misleading;

- e. summary of independent expert or consultant reports, if any; and
- f. other supporting documents.

If there are changes or additions to the information regarding the implementation of the GMS, it must be announced no later than 2 (two) business days before the GMS is held.

If a Transaction containing Conflict of Interest does not obtain the approval of independent shareholders in the GMS that has reached the attendance quorum, then the transaction plan containing Conflict of Interest cannot be resubmitted within a period of 12 (twelve) months from the date of the rejection decision. The results of the implementation of transactions containing Conflict of Interest must be immediately reported to OJK.

The Company only needs to report Conflict of Interest Transactions to OJK no later than the end of the second business day after the date of the Conflict of Interest Transaction if it conducts the following transactions:

- a. transactions with a transaction value not exceeding 0.5% (zero point five percent) of the paid-up capital of the Company or not exceeding the amount of Rp5,000,000,000.00 (five billion rupiah), using the lower value;
- b. transactions carried out as the implementation of laws and regulations or court decisions;
- c. transactions between:
 - 1. the Company with a controlled company whose shares are owned by at least 99% (ninety-nine percent) of the paid-up capital of the controlled company;
 - 2. fellow controlled companies whose shares are owned at least 99% (ninety-nine percent) by the said Company; or
 - 3. a controlled company with a company whose shares are owned by the controlled company at least 99% (ninety-nine percent) of the paid-up capital of such company;
- d. transactions in the context of restructuring carried out by a Company controlled directly or indirectly by the government.

The Company is not required to use an independent appraiser, announce information disclosure to the public, report to OJK on Conflict of Interest transactions, and obtain prior approval of

independent shareholders in the GMS in the event that the Company conducts Conflict of Interest Transactions as follows:

- a. the use of any facilities provided by the Company to members of the board of directors, members of the board of commissioners, and/or major shareholders in the event that the major shareholders also serve as employees, and such facilities are directly related to their responsibilities to the Company and in accordance with the Company's policies, and have been approved by the GMS;
- b. transactions of the Company either with employees, members of the Board of Directors, or members of the Board of Commissioners of the Company or with employees, members of the Board of Directors, or members of the Board of Commissioners of controlled companies, or transactions of controlled companies either with employees, members of the Board of Directors, or members of the Board of Commissioners of such controlled companies or with employees, members of the Board of Directors, or members of the Board of Commissioners of the Company with the same requirements, to the extent that such matters have been approved by the GMS;
- c. fees, including salaries, pension fund contributions, and/or special benefits provided to members of the Board of Commissioners, members of the Board of Directors, and major shareholders who are also employees, if the aggregate amount of such fees is disclosed in the periodic financial statements, to the extent approved by the GMS;
- d. ongoing transactions carried out after the Company conducts an Initial Public Offering or after the Registration Statement as a Public Company becomes effective, with the following requirements:
 1. the initial transaction underlying the subsequent transaction has complied with OJK Regulation 42/2020; and
 2. the terms and conditions of the transaction do not undergo changes that may harm the Company.

3. Accountability of the Board of Directors

A member of the Board of Directors may be held liable if the member of the Board of Directors has a Conflict of Interest over the transaction and as a result of his/her actions, causes losses to the Company (see also Chapter II - Company Organs, regarding the Responsibility of the Board of Directors).

B. Material Transactions and Changes in Business Activities

Material Transaction is any transaction conducted by a publicly listed company or a controlled company that meets the following value limitations:

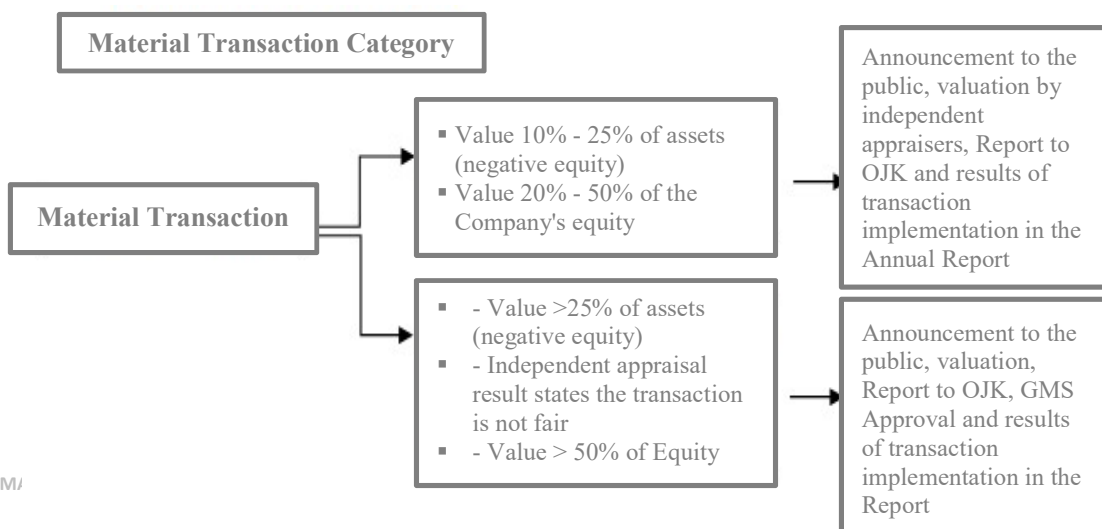
- 1) The transaction value is equal to 20% (twenty percent) or more of the Company's equity.
- 2) Transactions in the form of acquisition and disposal of companies or operating segments are categorized as Material Transactions in the event that the transaction value, total assets that become the object of the transaction divided by the Company's total assets, net income of the transaction object divided by the Company's net income, or operating income of the transaction object divided by the Company's operating income are equal to or more than 20% of the Company's equity.
- 3) In the event that the transaction is conducted by the Company with negative equity condition, the transaction is categorized as a material transaction if the transaction value is equal to 10% (ten percent) or more of the total assets.

The value of Material Transaction is calculated based on the most recent financial statements of:

- a. audited annual financial statements;
- b. quarterly financial statements accompanied by an accountant's review or audit report; or
- c. audited interim financial statements other than letter b.

The date of the financial statements used to calculate the value of Material Transactions may not exceed 12 (twelve) months before:

- a. the date the transaction is executed, for material transactions that do not require GMS approval; or
- b. the date of the GMS, for material transactions that require GMS approval.



The Company is not required to use an appraiser and obtain GMS approval if it conducts material transactions as follows:

- 1) transactions with a controlled company whose shares are owned by at least 99% (ninety-nine percent) of the paid-up capital of the controlled company or transactions conducted between fellow controlled companies whose shares are owned by at least 99% (ninety-nine percent) by the Company;
- 2) loan transactions received directly from banks, venture capital companies, finance companies, or infrastructure finance companies both from domestic and overseas;
- 3) transactions providing guarantees to banks, venture capital companies, finance companies, or infrastructure finance companies both from domestic and overseas for loans received directly by the Company or controlled companies;
- 4) transactions of addition or reduction of equity participation to maintain the percentage of ownership after such participation has been carried out for at least 1 (one) year;
- 5) transactions as a result of stipulation or court decision;
- 6) transactions conducted through an auction process in the event that the Company is an auction participant;
- 7) transactions conducted by a Company other than a bank with negative net working capital and negative equity;
- 8) transactions carried out by a Public Company which is a financial services institution with a Controlled Company which is a sharia financial services institution in the context of developing the sharia financial services institution;
- 9) transactions carried out by a Public Company in order to fulfill its obligations in accordance with the provisions of laws and regulations; and/or
- 10) transactions in the context of restructuring carried out by the Company which is controlled either directly or indirectly by the government.

Transactions as mentioned above still require the Company to conduct information disclosure to the public and submit the Information Disclosure along with supporting documents to the Financial Services Authority no later than 2 (two) business days after the transaction date.

In addition to the above transactions, material transactions which are business activities carried out in order to generate business income and are carried out routinely, repeatedly and/or continuously, also do not require appraisal reports, information disclosure to the Public, information disclosure to the OJK, and GMS approval. However, such transactions must be disclosed in the Company's

annual report or annual financial statements and must include the following information:

- a. object of transaction;
- b. parties to the transaction; and
- c. transaction value.

In the event that the above information is disclosed in the Company's annual financial statements, the Company shall provide a reference to the disclosure in the annual financial statements in the annual report.

1. Material Transactions that do not require GMS Approval

The Company in conducting Material transactions with a transaction value of 20% (twenty percent) up to 50% (fifty percent) of the Company's equity, or with a transaction value of 10% (ten percent) up to 25% (twenty-five percent) of assets in negative equity conditions, is not required to obtain GMS approval, but must fulfill the following conditions:

- a. In conducting Material Transactions, the Company must:
 - 1) use an Appraiser to determine the fair value of the object of the Material Transaction and/or the fairness of the transaction;
 - 2) announce information disclosure on each Material Transaction to the public;
 - 3) submit information disclosure as referred to in number 2) and its supporting documents to the Financial Services Authority;
- b. The period between the appraisal date as referred to in letter a number 1) and the date of the Material Transaction shall be a maximum of 6 (six) months;
- c. Announcement as referred to in letter a number 2) and submission of information disclosure and documents as referred to in letter a number 3) must be made no later than 2 (two) business days after the date of Material Transaction;
- d. Documents as referred to in letter a number 3) must include:
 - 1) appraiser's report;
 - 2) other supporting documents.

Information Disclosure as referred to in letter a number 2) above, must contain at least:

- a. Description of the Material Transaction carried out, at least including the object of the transaction, the transaction value, and the parties to the transaction; (including the address, telephone number and email address of the Company that can be contacted by shareholders)
- b. Explanation, consideration, and reasons for the material transaction and the effect of the transaction on the Company's financial condition.
- c. Summary of the Appraiser's report for the appraisal of the transaction object, which at least includes:
 - identity of the party;
 - object of appraisal;
 - purpose of the appraisal;
 - assumptions and limiting conditions;
 - appraisal approach and method; and
 - conclusion of value;
- d. The summary of the transaction fairness appraisal report contains at least:
 - identity of the party;
 - object of appraisal;
 - purpose of the appraisal;
 - assumptions and limiting conditions;
 - appraisal approach and method; and
 - fairness opinion on the transaction.
- e. Statement of the Board of Directors that the Material Transaction is or is not an affiliated transaction as referred to in the Financial Services Authority Regulation regarding affiliated transactions and conflict of interest transactions.
- f. Statement of the Board of Commissioners and Board of Directors stating that:
 - 1) Material Transactions do not contain Conflict of Interest as referred to in the Financial Services Authority Regulation regarding affiliated transactions and conflict of interest transactions; and
 - 2) All material information has been disclosed and the information is not misleading.

2. Material Transactions Requiring GMS Approval

The Company in conducting Material Transactions with a value greater than 50% (fifty percent) of the Company's equity, a value of more than 25% (twenty-five percent) of assets in negative equity conditions, or the results of an independent appraisal report state that the transaction is not fair, must first obtain GMS approval in accordance with the procedures and requirements stipulated in OJK Regulation 17/2020. The agenda of the GMS must contain a special agenda regarding the explanation of the material transaction to be carried out.

The Company conducting material transactions with the above criteria must fulfill the following provisions:

- a. The Company shall:
 - 1) use an Appraiser to determine the fair value of the object of the Material Transaction and/or the fairness of the transaction;
 - 2) announce the disclosure of information on each Material Transaction to the public;
 - 3) submit information disclosure as referred to in number 2) and its supporting documents to the Financial Services Authority;
- b. The period between the date of valuation as referred to in letter a number 1) and the date of the implementation of the GMS must be no longer than 6 (six) months;
- c. The announcement as referred to in point a number 2) and the submission of information disclosure and documents as referred to in point a number 3) shall be made simultaneously with the announcement of the GMS;
- d. In the event that there is any change or addition of information as referred to in point a number 2), such change or addition of information shall be announced at the latest 2 (two) business days prior to the implementation of the GMS;
- e. Documents as referred to in point a number 3) must include:
 - 1) the Appraiser's report;
 - 2) other supporting documents.

Information Disclosure as referred to in letter a number 2) above, must contain at least:

- a. Description of the Material Transaction carried out, at least including the object of the transaction, the transaction value, and the parties to the transaction; (including the address, telephone number and email address of the Company that can be contacted by shareholders)
- b. Explanation, consideration, and reasons for the material transaction and the effect of the transaction on the Company's financial condition.
- c. Summary of the Appraiser's report for the appraisal of the transaction object, which at least includes:
 - identity of the party;
 - object of appraisal;
 - purpose of the appraisal;
 - assumptions and limiting conditions;
 - approach and method of appraisal; and
 - conclusion of value;
- d. The summary of the transaction fairness appraisal report contains at least:
 - identity of the party;
 - object of appraisal;
 - purpose of the appraisal;
 - assumptions and limiting conditions;
 - approach and method of appraisal; and
 - fairness opinion on the transaction.
- e. Statement of the Board of Directors that the Material Transaction is or is not an affiliated transaction as referred to in the Financial Services Authority Regulation regarding affiliated transactions and conflict of interest transactions.
- f. Statement of the Board of Commissioners and the Board of Directors stating that:
 - 1) Material Transactions do not contain Conflict of Interest as referred to in the Financial Services Authority Regulation regarding affiliated transactions and conflict of interest transactions; and
 - 2) All material information has been disclosed and the information is not misleading.

In the event that a Material Transaction containing a Conflict of Interest meets the value that requires GMS approval and contains affiliated transactions, and/or has the potential to disrupt business continuity, the Company is required to obtain the Approval of Independent Shareholders in advance at the GMS.

3. Change of Business Activity

Based on OJK Regulation 17/2020, Business Activities are business activities as stated in the Company's Articles of Association and businesses that have been carried out. What is included in the Change of Business Activities is as follows:

- a. addition of Business Activities that are not yet contained in the Articles of Association and will be carried out;
- b. the Company intends to carry out Business Activities that have been stated in the Articles of Association but have not been carried out;
- c. reduction of Business Activities that have been carried out by the Company; and
- d. replacing all Business Activities that have been carried out with new Business Activities.

In the event of making changes to Business Activities, the Company must fulfill the following provisions:

- a. first obtaining the approval of the GMS;
- b. using an Appraiser to conduct a feasibility study on the change in Business Activities with a distance between the date of the appraisal and the date of the GMS of a maximum of 6 (six) months;
- c. announcing Information Disclosure together with the announcement of the GMS regarding the plan to change Business Activities;
- d. providing data for shareholders in connection with the Change in Business Activities since the announcement of the GMS; and
- e. reporting to OJK at the latest at the time of the announcement of the GMS.

Information Disclosure as referred to above must contain at least:

- a. a summary of the feasibility study of changes in Business Activities, including at least:
 - 1. purpose and objectives;
 - 2. assumptions and limiting conditions; and
 - 3. opinion on the feasibility of changes in Business Activities;
- b. the availability of experts related to the changes in Business Activities;
- c. explanations, considerations, and reasons for the changes in Business Activities;
- d. explanation of the effect of changes in Business Activities on the Company's financial condition; and
- e. other material matters relating to the new Business Activity.

GMS approval is not required in the event that the Company conducts changes in Business Activities in the form of reduction of Business Activities, provided that it fulfills the following provisions:

- a. the Business Activity to be reduced has experienced business losses for 3 (three) consecutive years based on the Company's annual financial statements; and
- b. the reduction of Business Activities will not affect the Company's business continuity.

The reduction of Business Activities as mentioned above must be announced to the public and reported to OJK no later than the end of the second business day since the decision to change Business Activities. Such Information Disclosure must contain at least:

- a. explanations, considerations, and reasons for the change in Business Activities;
- b. financial information of the operating segment;
- c. management analysis of operating segment losses;
- d. management's statement that the reduction does not disrupt the Company's business continuity; and
- e. the date of the decision to change the Business Activities.

The Company is obliged to comply with the provisions of OJK Regulation 17/2020 in the event that a controlled company closed to the Company whose financial statements are consolidated with the Company changes its Business Activities, to the extent that the contribution of the controlled company's revenue is 20% or more as seen from the Company's Annual Financial Statements (Consolidated) or the Company's consolidated pro forma financial information reviewed by an Accountant, if the controlled company's financial statements have not been consolidated in the Company's annual financial statements.

C. Information Disclosure

1. Introduction

In line with the listing of the Company's shares on the IDX and the increasing number of shareholders of the Company, the parties that must be provided with information are also increasing, compared to when the Company's status was still a closed company where information was only provided on a limited basis to the Minister of SOEs, as the Series A shareholder and the Ministry of Transportation of the Republic of Indonesia, as the regulator. The information provided by the Company is material for

investors to determine or decide whether the investor will continue their investment in the Company or sell the investment.

Apart from the number of parties provided with information, the type of information that must be provided has also increased. Referring to the provisions in OJK Regulation 31/2015, information or material facts that must be reported to the Financial Services Authority and announced to the public, include:

- a. business merger, business separation, business consolidation or establishment of joint venture;
- b. submission of an offer to purchase securities of another company;
- c. purchase or sale of company shares with material value;
- d. stock split or stock merger;
- e. distribution of interim dividends;
- f. delisting and re-listing of shares on the Stock Exchange;
- g. income in the form of dividends that are extraordinary in nature; acquisition or
- h. loss of an important contract;
- i. new inventions or new products that add value to the company;
- j. sale of additional Securities to the public or on a limited basis which is material in amount;
- k. changes in direct or indirect control of the Issuer or Public Company;
- l. changes in members of the Board of Directors and/or members of the Board of Commissioners;
- m. repurchase or payment of Debt Securities and/or Sukuk;
- n. purchase or sale of assets of an important nature;
- o. labor disputes that may disrupt the company's operations;
- p. legal cases against the Issuer or Public Company and/or members of the Board of Directors and members of the Board of Commissioners of the Issuer or Public Company with material impact;
- q. replacement of Accountant who is assigned to audit the Issuer or Public Company;
- r. replacement of the Trustee;
- s. replacement of the Securities Administration Bureau;
- t. changes in the financial year of the Issuer or Public Company;
- u. changes in the use of reporting currency in the financial statements;
- v. the Issuer or Public Company is under special supervision from the relevant regulator which may affect the business continuity of the Issuer or Public Company;
- w. restrictions on business activities of the Issuer or Public Company by the relevant regulator;

- x. material changes or non-achievement of published financial projections;
- y. events that will cause an increase in financial liabilities or a material decrease in the income of the Issuer or Public Company;
- z. debt restructuring;
- aa. discontinuation or closure of some or all business segments;
- bb. material impact on the Issuer or Public Company due to force majeure events; and/or
- cc. other Material Information or Facts.

2. Board of Directors' Responsibility for Information Disclosure

In submitting information disclosure as above, the things that must be considered by the Board of Directors are:

- a. Information or Material Facts in reports and announcements must at least contain:
 - 1) date of the event;
 - 2) type of information or material facts;
 - 3) description of the information or material facts; and
 - 4) the impact of the information or material facts
- b. submission of reports and announcements shall be made as soon as possible no later than the end of the 2nd (second) business day after the occurrence of material information or facts.
- c. announcement is made at least through:
 - 1) the Company's website in Bahasa Indonesia and foreign languages, provided that the foreign language used is at least English; and
 - 2) Stock exchange website or 1 (one) daily newspaper in Indonesian language with national circulation.

In the event that the Information or Material Facts as referred to above other than letter d, letter e, letter f, letter r, and letter s, occurs in a controlled company whose financial statements are consolidated with the Company and the controlled company is not an Issuer or Public Company, the Company shall submit a report to the Financial Services Authority and announce the Information or Material Facts to the public as required.

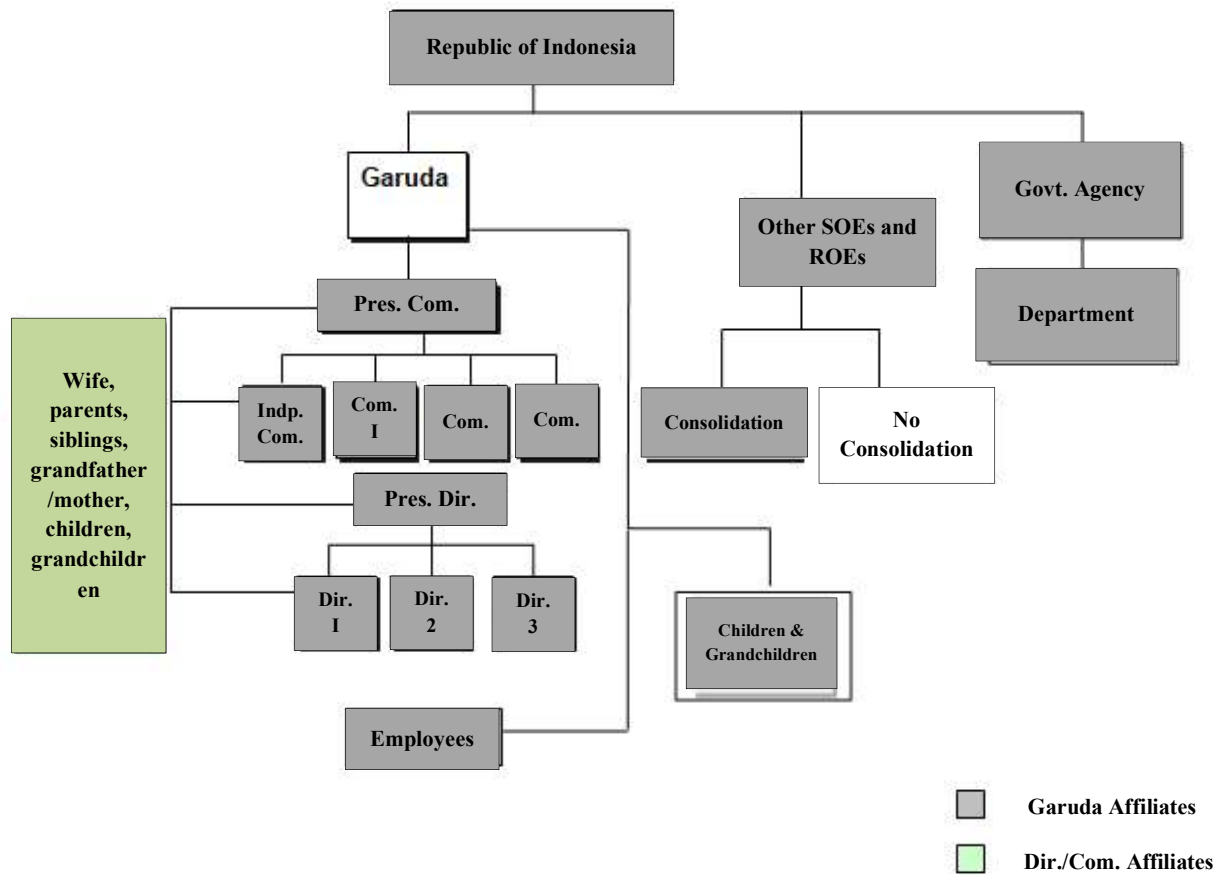
In the event that the Information or Material Facts as referred to above occurs in a controlled company whose financial statements are consolidated with the Company and is an Issuer or Public Company, the obligation to submit a report to the Financial Services Authority and

announce the Information or Material Facts to the Public only applies to the controlled company.

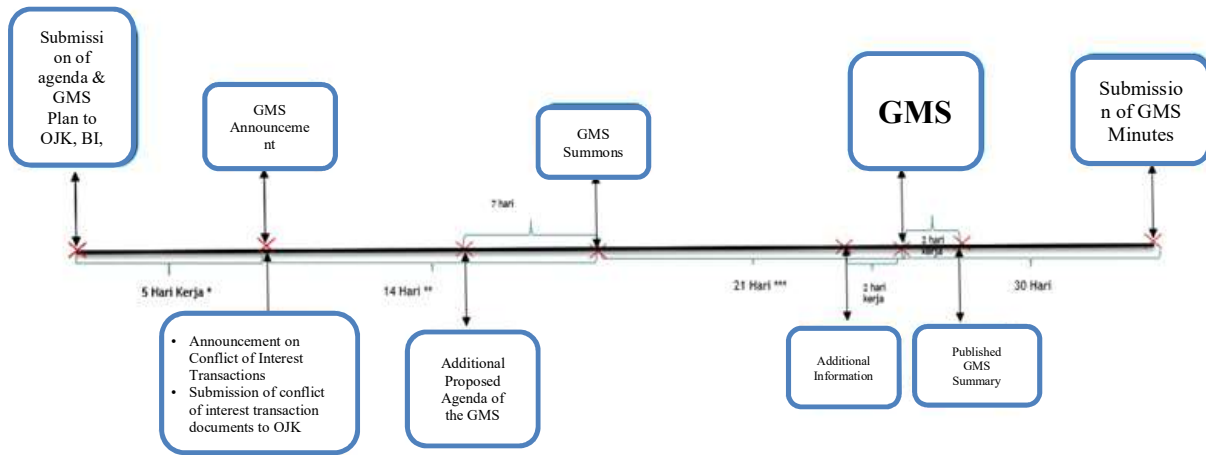
Capital Market Sanctions

OJK may impose sanctions on the Company if it does not fulfill the provisions as required by the capital market regulations.

Appendix 1 – Illustration of Company Affiliates

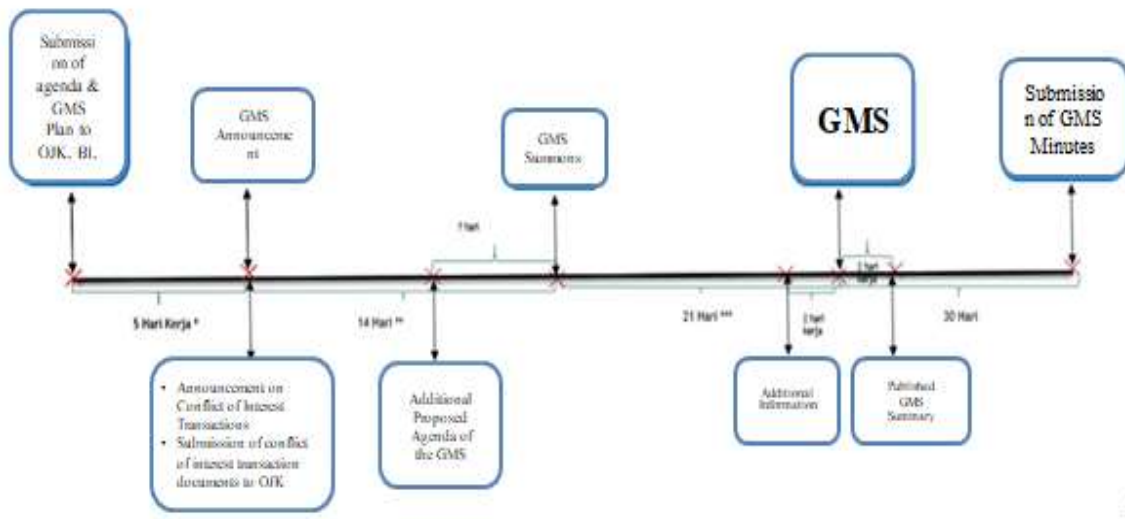


Appendix 2 – Holding Conflict of Interests GMS



- * At least 5 working days before the announcement of the GMS without taking into account the announcement date
 - ** At least 14 days before the invitation of the GMS by not taking into account the date of the announcement and the date of the invitation
 - *** At least 21 days prior to the GMS by excluding the date of the call and the date of the GMS.
- Conflict of Interest GMS must be approved by Independent Shareholders

Appendix 3 - Procedure for the Implementation of Material Transactions



- * At least 5 working days before the announcement of the GMS without taking into account the announcement date
- ** At least 14 days before the invitation of the GMS by not taking into account the date of the announcement and the date of the invitation
- *** At least 21 days prior to the GMS by excluding the date of the call and the date of the GMS.

BOM 4. RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS OF SERIES A DWIWARNA AND OTHER GOVERNMENT INSTITUTIONS

As an SOE with more than 51% (fifty-one percent) of its shares owned by the Government, the Company has a special relationship with the Minister of SOEs who acts not only as a regulator but also as a shareholder. In addition, the Company's existence as a company in general and a Public Company in particular, is also inseparable from other executive government institutions, including the Ministry of Finance, Ministry of Transportation, Ministry of Trade, Ministry of Law and Human Rights, Ministry of Environment, OJK, and BI in connection with the regulations issued by these institutions that regulate the Company's business activities. In the implementation of certain corporate actions related to the State Budget, the Company is also not free from the obligation to consult and/or obtain approvals from legislative government institutions, namely the House of Representatives (DPR).

A. Relationship between the Company and the Minister of SOEs as Series A Dwiwarna Shareholder

Based on the Articles of Association, Series A Dwiwarna shares are shares that grant their holders special rights not owned by other shareholders and can only be owned by the Government. In relation to the ownership of Series A Dwiwarna shares in the Company, the Government, which in this case is represented by the Minister of SOEs, as a shareholder, has the right to vote in the GMS and exercise the special rights granted only to it according to the Company's Articles of Association.

By having the special rights as mentioned above, the Government basically has control over the Company and therefore the Government meets the criteria as a Controlling Shareholder according to OJK Regulation 9/2018.

Like other shareholders of the Company, the Minister of SOEs may also grant power of attorney with the right of substitution to individuals or legal entities to represent him in attending and voting at the GMS. However, the Board of Directors should note that not every agenda of the GMS can be decided by the voting rights granted by the SOE Minister's proxy. Based on Article 14 of the SOE Law and the Company's Articles of Association, certain GMS agendas that require the proxy to obtain prior approval from the Minister of SOEs are as follows:

1. Change in capital amount;
2. Amendments to the Company's Articles of Association;
3. Profit utilization plan;

4. Merger, consolidation, acquisition, separation, and dissolution;
5. Long-term investment and financing with a value of more than 50% (fifty percent) of the Company's net assets;
6. Cooperation of the Company;
7. Establishment of subsidiary or participation; and
8. Transfer of assets of the Company within a period of one financial year with a value of more than 50% (fifty percent) of the net assets of the Company in one or more transactions, whether related or not.

B. Relationship between the Company and the Minister of SOEs as Regulator

The Ministry of SOEs is a government institution that has the main task and function of carrying out guidance and supervision of the management and management activities of SOEs in order to achieve increased state revenue and people's welfare based on corporate mechanisms. Therefore, as an SOE, the management of the Company is bound by every regulation, decision and policy issued by the Minister of SOEs and/or state officials below in the hierarchy of the Ministry of SOEs.

Regulations or decisions issued by the Ministry of SOEs basically standardize the quality of management and management of SOEs by the company's organs within the relevant SOE, for example:

1. From the early stages of the management of the SOE, the Ministry of SOEs determines the criteria for candidates for the Board of Directors of the SOE, conducts a separate SOE Fit and Proper Test to ensure the quality and credibility of the selected candidates for the Board of Directors, and requires the selected candidates to sign a management contract as a commitment to their integrity as Directors of the SOE;
2. The Ministry of SOEs regulates the criteria for the appointment of candidates for members of the Board of Directors and Board of Commissioners of SOE subsidiaries in order to ensure that the interests of the relevant SOE can still be facilitated by having adequate representation in the management of the SOE subsidiary;
3. The Ministry of SOEs regulates the formula that must be considered by SOEs in determining the income of the Board of Directors and Board of Commissioners;

4. The Ministry of SOEs regulates the establishment of Audit Committee and other committees to support certain functions in the management and management of SOEs; and
5. The Ministry of SOEs requires the implementation of Good Corporate Governance in the management and management of SOEs.

In addition to regulations or decisions that provide continuous guidance and supervision of the quality of management and management of SOEs as mentioned above, the Ministry of SOEs may also issue incidental policies to achieve its vision and mission, for example:

1. The Ministry of SOEs determines the names of SOEs that need to be restructured and/or revitalized in order to improve performance or achieve better development targets;
2. The Ministry of SOEs determines the names of SOEs that are deemed necessary for higher value creation by, among others: (a) conducting business development such as domestic and regional expansion strategies, (b) increasing the profitability of the entity by conducting mergers among several SOEs engaged in the same field, (c) implementing public-private partnership programs to synergize the contribution of private capital in the context of development, and (d) adding Public SOEs in accordance with the laws and regulations in the capital market in order to utilize public participation in providing working capital as well as optimizing the supervision of the performance of related SOEs by the public.

In carrying out the functions of guidance and supervision of the management activities of these SOEs, the Minister of SOEs is authorized to require the Company to submit reports both periodically and incidentally.

C. Relationship between the Company and the Minister of Transportation as Regulator

For the purpose of protecting the interests of the general public as consumers of commercial air transport services, the Government through the Minister of Transportation and officials under the Ministry of Transportation, particularly the Directorate General of Civil Aviation, is responsible for carrying out the function of guidance for business entities providing commercial air transport services such as the Company. Such guidance broadly covers the following aspects:

1. Regulatory aspects, which include the establishment of general and technical policies consisting of determining norms, standards, guidelines, criteria, plans and procedures including aviation safety and security requirements and licensing.
2. Control aspects, which include providing direction, guidance, training, licensing, certification, and technical assistance in the field of development and operation.
3. Supervisory aspects, which include activities to supervise the construction and operation in accordance with laws and regulations, including corrective action and law enforcement.

The three scopes of guidance above, among others, can be described into the authorities owned by the Ministry of Transportation as follows:

1. Issuing Commercial Air Transportation Business License;
2. Issuing Air Transportation Support Business License;
3. Determining domestic flight networks and routes for scheduled commercial air transportation. In the case of overseas flights, the Minister of Transportation is also authorized to determine overseas flight networks and routes based on inter-state air transport agreements. However, the Company as a business entity providing national scheduled commercial air transport services may also propose new domestic and/or overseas flight routes to the Minister of Transportation for evaluation;
4. Establishing aviation security facilities used in the context of realizing aviation security and therefore require the Company as a commercial air transport service provider to (a) provide, operate, maintain and modernize aviation security facilities in accordance with established standards; (b) maintain the accuracy of its performance by conducting calibrations, and (c) complete its aviation security facility equipment certificates;
5. Determining the upper limit tariff for domestic scheduled economy class passenger services, in which case the Company as a commercial air transportation service provider business entity that provides scheduled economy class services must comply with these provisions.

One of the most important authorities possessed by the Minister of Transportation towards commercial air transport service providers such as the

Company is by requiring the submission of certain reports both periodically and incidentally to the Ministry of Transportation, as follows:

1. Periodic Reports :

- a. A financial performance report that has been audited by a registered public accounting office which at least contains a balance sheet, profit and loss statement, cash flow, and cost breakdown for each year no later than the end of April of the following fiscal year as stipulated in Article 118 of the Aviation Law; and
- b. Report on internal control of air transportation activities every month by the 10th (tenth) day to the Directorate General of Civil Aviation which includes, among others, information on delays and cancellations of flight schedules (on time performance) as stipulated in KEPMENHUB No. 25/2008.

2. Incidental Reports :

- a. Report to the Ministry of Transportation in the event of a change in the person in charge or owner of the Company, domicile of the commercial air transport business entity and aircraft ownership, which potentially has an impact on the operation of the commercial air transport service business as stated in Article 118 of the Aviation Law; and
- b. Report on the results of continuous internal supervision of national aviation security in order to ensure the fulfillment of aviation security regulations implemented by aviation service providers or other institutions related to security by carrying out (a) audits; (b) inspections; (c) surveys, and (d) tests as stipulated in Articles 331-332 of the Aviation Law.

D. Relationship between the Company and the Minister of Finance as Regulator

The Ministry of Finance is a government agency tasked with carrying out good administration of financial management and state assets in order to ensure the achievement of the country's economic development. As stipulated in the SOE Law, SOE assets are state assets that have been separated from the state budget to be used as state equity participation in the relevant SOE. Therefore, in its function as a regulator, in terms of management and management actions, the Ministry of Finance has a limited relationship with the Company.

Apart from the foregoing, in its function as a regulator for matters relating to the inflow and outflow of foreign exchange which will determine the state's financial condition, the Ministry of Finance is authorized to directly regulate the Company in relation to foreign loans obtained by the Company. What is meant by foreign loans are foreign loans that have a period of more than 1 (one) year from the date of signing the credit and/or foreign loans that have a period of less than 1 (one) year but are revolving so that in essence it will exceed 1 (one) year. Presidential Decree No. 59/1972, which is still in effect, stipulates that the receipt of foreign loans by the Company as an SOE must obtain permission from the Minister of Finance who will first hear the opinions of the Head of BAPPENAS and the Governor of Bank Indonesia. After such permission is obtained, based on Decree No. 279/1991, the Company remains obliged to submit periodic reports on foreign loans starting on the effective date of the foreign loan agreement (contract) and every 3 (three) months thereafter to the Ministry of Finance, which contains an explanation of the source of the loan and the parties involved in the receipt of the foreign loan, the use, repayment and interest accrued on the foreign loans.

E. Relationship between the Company and the Ministry of Environment as Regulator

The Ministry of Environment has a role in formulating policies and coordination in the field of environment and environmental impact control. In relation to its business activities, the Company is obliged to comply with noise regulations in Indonesia and noise regulations in each country where the Company has flight routes. For Indonesia, the Company is subject to the regulation of environmental quality standards, especially noise level standards set by the Minister of Environment, namely the Decree of the Minister of Environment (KEPMEN-LH) No. 48/1996. However, based on Article 4 of the Decree of the Minister of Environment No. 48/1996, the Governor of the Company's domicile may set a more stringent noise level standard than that set by the Minister of Environment. The Company is obliged to carry out obligations related to noise level standards, as follows:

1. Comply with the required noise level standards;
2. Installing noise prevention devices; and
3. Submitting a report on the results of noise level monitoring at least once every 3 months to the Governor of DKI Jakarta, the Minister of Environment, the Environmental Impact Control Agency, and the Directorate General of Civil Aviation.

F. Relationship between the Company and the Ministry of Law and Human Rights as Regulator

As a limited liability company in general, the Company is subject to the provisions of the Company Law which stipulates that any amendment to the Company's Articles of Association concerning:

- a. the name of the Company and/or the domicile of the Company;
- b. the purposes and objectives and business activities of the Company;
- c. the period of establishment of the Company;
- d. the amount of authorized capital;
- e. reduction of issued and paid-up capital; and/or
- f. the status of a closed Company to become a Public Company or vice versa,

must obtain approval from the Minister of Law and Human Rights. The application for such approval must be submitted to the Minister of Law and Human Rights no later than 30 (thirty) days from the date of the notarial deed containing the amendment to the Company's Articles of Association concerning the above amendments.

Meanwhile, amendments to the Company's Articles of Association other than those mentioned above are only required to be notified to the Minister of Law and Human Rights. Notification to the Minister of Law and Human Rights on the amendment of the Company's Articles of Association must be made no later than 30 (thirty) days from the date of the notarial deed containing the amendment of the Company's Articles of Association.

In addition, the Board of Directors is also required to notify changes in the composition of the Board of Directors and Board of Commissioners to the Minister of Law and Human Rights within 30 (thirty) days from the date of the GMS resolution.

Any amendment to the Articles of Association for which approval is sought or notified to the Minister of Law and Human Rights will be published in the Register of Companies organized by the Minister of Law and Human Rights itself on the same date as the date of the decree of the Minister of Law and Human Rights on the approval of the amendment to the Articles of Association of the Company applied for or the receipt of notification from the Minister of Law and Human Rights on the amendment to the Articles of Association of the Company or on the amendment to the composition of shareholders and/or the composition of

the Board of Directors and Board of Commissioners which only needs to be notified.

Article 66 paragraph (4) of the Company Law also stipulates that the Company is required to submit an audited balance sheet and profit and loss statement for the relevant fiscal year to the Minister of Law and Human Rights.

G. The Company's Relationship with OJK as Regulator

As a Public Company, the Company has an obligation to comply with the provisions stipulated in the Capital Market Law and its implementing regulations, including regulations issued by OJK and IDX.

The Corporate Secretary follows the development of the Capital Market, especially the prevailing laws and regulations in the Capital Market and provides input to the Board of Directors and Board of Commissioners of Issuers or Public Companies to comply with the provisions of laws and regulations in the Capital Market.

The Corporate Secretary also assists the Board of Directors and Board of Commissioners in the implementation of corporate governance, one of which is information disclosure to the public, including the availability of information on the Issuer's or Public Company's Website and the timely submission of reports to the Financial Services Authority.

The following are the provisions of the Capital Market regulatory aspects that must be fulfilled by the Company:

1. Submission of Periodic Financial Statements

The Company is required to submit Periodic Financial Statements, consisting of Annual Financial Statements and Mid-Year Financial Statements to OJK and the public.

The Company's audited Annual Financial Statements will be part of the Company's Annual Report which will be submitted to the GMS as a form of accountability of the Board of Directors and Board of Commissioners.

Annual Financial Statements that have been audited by a public accounting office must be submitted no later than 3 (three) months after the financial year or at the time of the invitation to the GMS, whichever comes first.

Unlike the Annual Financial Statements, the Mid-Year Financial Statements are not required to be audited, the Mid-Year Financial Statements must be submitted to OJK and announced to the public within a period of:

- a. no later than the end of the first month after the date of the Mid-Year Financial Statements, if not accompanied by an Accountant's report;
- b. by no later than the end of the second month after the date of the Mid-Year Financial Statements, if accompanied by an Accountant's report in the context of a limited review; and
- c. no later than the end of the third month after the date of the Mid-Year Financial Statements, if accompanied by an Accountant's report in the context of an audit of financial statements.

In addition, based on IDX Regulation No. I-E, IDX also requires the submission of interim financial statements in the form of first quarter financial statements, semi-annual financial statements, and third quarter financial statements:

- n. no later than 3 (three) months after the date of the report, if audited by a public accountant;
- o. no later than 2 (two) months after the reporting date, if reviewed on a limited basis by a public accountant;
- p. no later than one month after the date of the report if not audited by a public accountant.

Failure to fulfill the obligation to submit this interim financial report may be sanctioned by the IDX in the form of:

- a. Written Warning I;
- b. Written Warning II;
- c. Written Warning III;
- d. A fine of up to Rp500,000,000 (five hundred million Rupiah);
- e. Temporary Suspension of Securities Trading of Listed Companies (suspension) on the IDX.

2. Submission of other Periodic Reports

Other than the Periodic Financial Statements, the Company is also required to comply with the provisions of the submission of other routine reports, namely:

- a. Realization of the use of proceeds from the public offering

As an Issuer, the Company obtained proceeds from a public offering of shares or debt securities to the public, where the Company had previously stated its commitment to use the proceeds from the public offering to OJK as well as the investors.

Therefore, the Company is bound to report the implementation of the use of funds to OJK and IDX as well as to the trustee (specifically for debt securities) until the funds are fully utilized.

- b. The proceeds from the implementation of convertible bonds, warrants, or other securities conversion, and the remaining convertible bonds, warrants, and/or securities conversion that have not been converted, if in the future the Company also conducts a public offering not only of its shares but also issues other forms of securities; and
- c. Register of Shareholders.

3. Submission of Incidental Report

The Capital Market Law requires a public company to announce information disclosure to the public in the event of important events considered as Material Information or Facts in accordance with OJK Regulation 31/2015 which are considered to affect the price of the Company's securities and the investment decisions of investors. The obligation must be reported to OJK and announced to the public no later than 2 working days after the decision is made or the occurrence of the Material Information or Facts.

Based on IDX Regulation No. I-E, the Company is also required to submit reports to the IDX. The Company is also obliged to conduct an annual public expose and incidental public expose if requested by the IDX on the grounds of:

- a. the listed company experiences events or occurrences or there is information that can affect the value of securities or the decisions of investors; and
- b. the written explanation submitted by the Company is not sufficient.

In addition, there are certain transactions and actions of the Company that are also required to be reported to the OJK and IDX and announced to the public, such as the announcement of affiliated transactions and conflicts of interest and material transactions.

4. OJK Levies

Government Regulation No. 11/2014 requires parties conducting activities in the financial services sector to pay a certain amount of money to OJK ("**OJK Levies**"). OJK levies are used to finance operational, administrative, asset procurement and other supporting activities.

Types of OJK Levies include (i) fees for licensing, approval, registration, ratification, and review of corporate action plans, and (ii) annual fees for the purpose of regulation, supervision, examination, and research ("**Annual Levies**").

The Company shall pay 0.03% (zero point zero three percent) of the issuance value of its securities as Annual Levies, at a minimum of Rp 15,000,000.00 (fifteen million Rupiah) and at a maximum of Rp 150,000,000.00 (one hundred fifty million Rupiah). In addition, the Company must also pay OJK Levies for each corporate action taken with the amount as stipulated in Government Regulation No. 11/2014.

Based on SE-OJK No. 4/2014, to be able to carry out the OJK Levy payment obligation, the Company must register to the OJK Receipt Information System ("SIPO"). The Company is deemed to have submitted payment information if it has filled in the electronic form completely and correctly and the payment has been received and validated by the bank.

Late payment of Annual Levies is subject to administrative sanctions in the form of a fine by OJK of 2% (two percent) per month of the amount of Annual Levies payable and a maximum of 48% (forty-eight percent) of the amount of Annual Levies payable provided that part of the month is counted as one month. OJK may also impose additional administrative sanctions or certain actions to the Company in the event of late or non-payment.

H. Relationship between the Company and BI as Regulator

Bank Indonesia (BI) is a state institution that acts as a central bank as well as a regulator in the monetary sector whose main task is to maintain the stability of the Rupiah value. In carrying out its function, BI is authorized to require any party that obtains loans or debts from overseas sources to report them to Bank Indonesia, and the Company is no exception. The reporting obligation referred to is a report containing Foreign Exchange Traffic activities to BI based on Bank Indonesia Regulation No. 21/2019 ("**Reporting of Foreign Exchange Traffic Activities**"). Foreign Exchange Traffic is defined as the movement of financial assets and liabilities between the Company and an overseas entity.

With the inclusion of loan acquisition from an overseas party in the definition of Overseas Financial Obligations, the loan acquisition is included in the scope of the transfer of the Company's financial obligations to an overseas entity which is therefore required to submit a Foreign Exchange Report to BI.

The Foreign Exchange Report includes information and data regarding:

1. Trade transactions of goods, services, and other transactions between the Company and an overseas entity;
2. Principal data of Foreign Debt and/or Risk Participation Transactions;
3. The plan of withdrawal and/or payment of Foreign Debt and/or Risk Participation Transaction;
4. Realization of withdrawal and/or payment of Foreign Debt and/or Risk Participation Transaction;
5. Position and changes in Foreign Financial Assets, Foreign Financial Liabilities and/or Risk Participation Transactions; and/or
6. New Foreign Debt plan and/or its changes.

This Foreign Exchange Traffic Report must be submitted online every month at the latest on the 15th (fifteenth) of the following month. In particular, the Foreign Exchange Report in the form of Foreign Debt plan must be submitted at the beginning of each year no later than March 15 and if there are changes, it must be submitted no later than June 15. In the event that there is an error in the Foreign Exchange Traffic Report that has been submitted to BI, the correction of the error must be submitted online no later than the 20th (twentieth) month of the submission of the relevant report. If on the last day of submission of the Foreign Exchange Report and/or correction of the Foreign Exchange Report there is a technical disturbance that results in the Foreign Exchange Report and/or correction of the Foreign Exchange Report cannot be submitted online, the Foreign Exchange Report and/or correction of the Foreign Exchange Report shall be submitted offline on the next business day.

The Company may be subject to administrative sanctions in the form of a written warning if it submits the Foreign Exchange Traffic Report incorrectly and is not followed up with the submission of corrections, is late in submitting the Foreign Exchange Traffic Report and does not submit the Foreign Exchange Traffic Report.

BOM 5. APPENDICES

NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
A.	Periodic Reporting		
A.1	Annual Financial Statements		
A.1.1	Annual financial statements under the authority of OJK and IDX		
	<p>Deliver and publish in at least one daily newspaper in Indonesian language with national circulation and report to OJK and IDX in the form of electronic copy through OJK and IDX electronic reporting system.</p> <p>The annual financial statements must contain:</p> <ul style="list-style-type: none"> - Statement of financial position (balance sheet) - Comprehensive profit and loss statement - Cash flow statement - Statement of financial position at the beginning of the comparative period, if the Issuer or Public Company applies an accounting policy retrospectively, restates financial statement items, or reclassifies items in its financial statements; and - Notes to the financial statements. <p>Annual financial statements must be presented on a comparative basis with the same period of the previous year, accompanied by an</p>	<p>Every year at the latest by the end of the third month after the date of the annual financial statements or on the date of the Annual GMS call, whichever is earlier.</p>	<p>Administrative sanctions by OJK in the form of:</p> <ul style="list-style-type: none"> o written warning o fine o cancellation of approval o cancellation of registration <p>Sanctions by the IDX in the form of:</p> <ul style="list-style-type: none"> o Written Warning I; o Written Warning II; o Written Warning III; o A fine of up to Rp 500,000,000 (five hundred million Rupiah); o Temporary Suspension of Securities Trading of Listed Companies (suspense) on the IDX.

	accountant's report in the context of an audit of the financial statements.		
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NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
	<p>Evidence of the announcement of periodic financial statements in the newspaper must be submitted to OJK no later than 2 working days after the announcement date.</p> <p>(Bapepam-LK Regulation No. X.K.2) (OJK Regulation 7/2018) (IDX Regulation No. I-E)</p>		
A.1.2	Annual financial statements under the authority of the Ministry of SOEs		
	<p>Submit annual financial reports to the Ministry of SOEs electronically through the Ministry of SOEs information system.</p> <p>(PP No. 45/2005) (Permen BUMN 18/2014)</p>	<p>Submission of reports to the Ministry of SOEs follows the reporting period deadline in accordance with applicable regulations, unless otherwise stated based on a letter from an authorized official at the Ministry of SOEs.</p>	<p>Subject to sanctions as further stipulated by the Minister of SOEs.</p>
A.1.3	Annual financial statements under the authority of the Ministry of Transportation		
	<p>Submit a financial performance report (at least including balance sheet, income statement, cash flow and cost breakdown) that has been audited by a registered public accounting firm to the Director General of Civil Aviation and the Minister of Transportation.</p>		<ul style="list-style-type: none"> • Written warning 3 times with a deadline of 1 month • Suspension of commercial air transportation business license • Revocation of commercial air transportation business license

	(Minister of Transportation Regulation No. 25/2008: Article 35 (1) (g) jo Permenhub No. 41/2015 Article I point 6)		
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NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
A.2	Mid-Year Financial Statements		
	<p>Deliver and publish in at least one daily newspaper in Indonesian language with national circulation and report to OJK and IDX in the form of electronic copy through OJK and IDX electronic reporting system.</p> <p>The semi-annual financial report must contain:</p> <ul style="list-style-type: none"> - Statement of financial position (balance sheet) - Comprehensive profit and loss statement - Cash flow statement - Statement of financial position at the beginning of the comparative period, if the Issuer or Public Company applies an accounting policy retrospectively, restates financial statement items, or reclassifies items in its financial statements; and - Notes to the financial statements. <p>The semi-annual financial statements must be presented on a comparative basis with the same period in the previous year, except for the statement of financial position (balance sheet) as of the end of the semi-annual</p>	<ul style="list-style-type: none"> • No later than the end of the first month after the date of the semi-annual financial statements, if not accompanied by an Accountant's report; • No later than the end of the second month after the date of the semi-annual financial statements, if accompanied by the report of the Accountant's report in the context of limited review; • No later than the end of the third month after the date of the semi-annual financial statements, if accompanied by an Accountant's report in the context of an audit of the financial statements. 	<p>Administrative sanctions by OJK in the form of:</p> <ul style="list-style-type: none"> • written warning • fine • cancellation of approval • cancellation of registration

	<p>period which is compared with the statement of financial position (balance sheet) as of the end of the previous fiscal year. Evidence of the announcement of periodic financial statements in the newspaper must be submitted to OJK no later than 2 (two) working days after the date of the announcement.</p>		
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NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
	(Bapepam-LK Regulation No. X.K.2) (OJK Regulation 7/2018)		
A.3	Interim Financial Statements		
	<p>Submit interim financial reports to the IDX in the form of first quarter financial reports, semi-annual financial reports, and third quarter financial reports in the form of electronic copies through the OJK and IDX electronic reporting systems.</p> <p>Interim financial reports must contain: Statement of financial position (balance sheet), Statement of comprehensive income, Statement of cash flows, Statement of financial position at the beginning of the comparative period, if the Issuer or Public Company applies an accounting policy retrospectively, restates financial statement items, or reclassifies items in its financial statements; and Notes to the financial statements.</p> <p>(IDX Regulation No. I-E)</p>	<ul style="list-style-type: none"> • No later than 3 months after the reporting date, if audited by a public accountant; • No later than 2 months after the date of the report, if reviewed on a limited basis by a public accountant; • No later than 1 month after the date of the report if not audited by a public accountant. 	<p>Sanctions by IDX in the form of:</p> <ul style="list-style-type: none"> • Written Warning I; • Written Warning II; • Written Warning III; • A fine of up to IDR 500 million; • Temporary Suspension of Securities Trading of Listed Companies (suspense) on the IDX.
A.4	Report on the implementation of the Partnership Program and Community Development Program		
	Submitting reports on the implementation of the Partnership Program and Community Development Program		-

	<p>periodically to the Minister of SOEs through the information system of the Ministry of SOEs.</p> <p>The Partnership and Community Development Program Implementation Report consists of Quarterly Reports and Annual Reports.</p>		
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NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
	<p>The ratification of the Partnership and Community Development Program report becomes an integral part of the ratification of the Company's Annual Report in the Annual GMS.</p> <p>(Permen BUMN No. 02/2020)</p>	The report is submitted based on the deadline set by the Ministry of SOEs or the deadline for holding the Company's Annual GMS.	-
A.5	Balance Sheet and Profit and Loss Statements		
	<p>Submitting the audited balance sheet and profit and loss statement of the relevant financial year to the Minister of Law and Human Rights.</p> <p>(Company Law: Article 66 (4)) Article 12 paragraph 2 letter b number 8 of the Articles of Association)</p>	Every year after being ratified by the GMS	-
A.6	Noise Level Report		
	<p>Submit a report on the results of noise level monitoring to the Governor, Minister, Agency responsible for environmental impact control and other agencies in charge of the activities concerned and other agencies deemed necessary (see permit).</p> <p>(Minister of Environment Decree No. 48/1996: Article 6)</p>	At least once every 3 months	-
A.7	On time Performance Report		
	Submit reports on air transport activities, including flight delays	Every month, no later than the 10th of the following month	Written warning 3 times with a deadline of 1 month

	<p>and cancellations to the Director General of Civil Aviation and the Minister of Transportation.</p> <p>(Permenhub No. 25/2008: Article 35 (1) (f) jo Permenhub No. 41/2015 Article I point 6)</p>		<p>Suspension of commercial air transportation business license</p> <p>Revocation of commercial air transportation business license</p>
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NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
A.8	Aviation Security Internal Audit Report		
	<p>Submitting the aviation security internal audit report to the Minister of Transportation.</p> <p>The Internal Audit Report is not further explained in the Aviation Law or its implementing regulations. However, the obligation regarding the Internal Audit Report is regulated under the chapter on provisions regarding the supervision of aviation safety by the Minister of Transportation, which includes aspects of: (a) audits; (b) inspections; (c) surveys, and (d) tests (Aviation Law: Article 332)</p>	-	-
A.9	Foreign Loan Report		
	<p>Submit periodic reports to the Minister of Finance regarding the implementation, utilization and repayment of principal and interest of foreign loans.</p> <p>This obligation to periodically report to the Minister of Finance only applies if the Company obtains a license to receive foreign loans from the Minister of Finance.</p> <p>(Presidential Decree No. 59/1972: Article 4(2))</p>	From the effective date of the credit agreement every 3 (three) months until the repayment of the related foreign loan is complete	-

	(Article 3(1) and (2) of Minister of Finance Decree No. 279/1991)		
	Submitting periodic reports to the PKLN Team on the implementation of foreign commercial loans.		

NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
	<p>Periodic reports to the PKLN Team regarding the implementation of these foreign loans are only made if the Company has obtained approval from the PKLN Team for the foreign loans obtained by the Company.</p> <p>(12th dictum of Presidential Decree No. 39 of 1991)</p>		
	<p>Submit Foreign Exchange Reports covering (i) trade transactions in goods, services and other transactions; (ii) principal data of Foreign Debt and/or Risk Participation Transactions; (iii) plan for withdrawal and/or payment of Foreign Debt and/or Risk Participation Transactions; (iv) realization of withdrawal and/or payment of Foreign Debt and/or Risk Participation Transactions; (v) position and changes in Foreign Financial Assets, Foreign Financial Liabilities and/or Risk Participation Transactions; and/or (vi) plan for New Foreign Debt and/or its changes.</p> <p>(Article 3 and 5 of BI Regulation No. 14/2012) (SEBI No. 15/2013)</p>	<p>Monthly no later than the 15th of the following month</p>	<p>Administrative sanctions in the form of a written warning if:</p> <p>data and information in the Foreign Exchange Traffic Report are incorrect and are not followed up with the submission of corrections;</p> <p>Late in submitting the Foreign Exchange Traffic report; and/or</p> <p>Does not submit the Foreign Exchange Traffic report</p>

A.10	OJK Annual Levies		
	To pay the Annual Levies to OJK in the amount of 0.03% (zero point zero three percent) of the Company's securities issuance value, in the minimum amount of	Annual levy payment stage I is no later than April 15. Annual levy payment stage II is no later than July 15.	Reprimand Letter I contains: <ul style="list-style-type: none"> • obligation to pay the Annual Levy no later than 30 (thirty) days from the date of the first reprimand; and

NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
	<p>Rp15,000,000.00 (fifteen million Rupiah) and in the maximum amount of Rp150,000,000.00 (one hundred fifty million Rupiah).</p> <p>(Government Regulation No. 11/2014) (Article 9 of OJK Regulation No. 3/2014)</p>	<p>Annual Levy payment stage III is no later than October 15.</p> <p>Annual Levy payment stage IV no later than December 31.</p> <p>In the event that the amount of the Annual Levies is determined based on a certain nominal amount that does not refer to the financial statements, the OJK Levies must be paid no later than June 15 of the current year.</p>	<ul style="list-style-type: none"> • imposition of administrative sanctions in the form of a fine of 2% (two percent) per month from the payment obligation of the Annual Levies and a maximum of 48% (forty-eight percent) of the amount of Annual Levies that must be paid with the provisions that part of the month shall be calculated as one month. <p>Reprimand Letter I contains:</p> <ul style="list-style-type: none"> • obligation to pay the Annual Levies no later than 30 (thirty) days as stipulated in Letter of Reprimand I; and • imposition of administrative sanctions in the form of a fine of 2% (two percent) per month from the obligation to pay the Annual Levies and a maximum of 48% (forty-eight percent) of the amount of Annual Levies

			that must be paid, provided that part of the month shall be calculated as one month.
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NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
			<ul style="list-style-type: none"> OJK may also impose additional administrative sanctions or certain actions to the Company that is late or does not make payments in accordance with the types of sanctions or certain actions as stipulated in the laws and regulations in the financial services sector.
B.	Incidental Reporting Obligation		
B.1	Report on changes in the person in charge or owner of the commercial air transportation business entity		
	Submitting a report to the Minister of Transportation every time there is a change in the person in charge or owner of the Company.	-	-
B.2	Report on change of domicile of commercial air transportation business entity		
	Submitting a report to the Minister of Transportation every time there is a change in the Company's domicile. (Aviation Law: Article 118 (1) (h))	-	-
B.3	Report on changes in aircraft ownership		
	Submit a report to the Minister of Transportation every time there is a change in the ownership of the Company's aircraft.	-	-

	(Aviation Law: Article 118 (1) (h))		
B.4	OJK Levies for Corporate Acts		
	Pay 0.05% (zero point zero five percent) of the issuance value, at most Rp 750,000,000.00 (seven hundred fifty million Rupiah) as registration fee for the		

NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
	<p>Public Offering of Equity Securities, in the event of a Public Offering. hundred fifty million Rupiah) as registration fee in the Public Offering of Equity Securities, Debt Securities, in the context of capital increase with Pre-emptive Rights (Limited Public Offering/Right Issue), for Capital Increase without Pre-emptive Rights, Securities that can be converted into shares, and by Shareholders.</p> <p>(Government Regulation No. 11/2014)</p> <p>(Article 5 of OJK Regulation No. 3/2014)</p>		
	<p>Pay 0.05% (zero point zero five percent) of the issuance value, at most Rp 150,000,000.00 (one hundred fifty million Rupiah) as registration fee in the context of Sukuk Public Offering.</p> <p>(Government Regulation No. 11/2014)</p> <p>(Article 5 of OJK Regulation No. 3/2014)</p>		
	<p>Pay Rp 25,000,000.00 (twenty five million Rupiah) per Registration Statement for the Voluntary Tender Offer</p>		

	Pay 0.025% (zero point zero two five percent) of the issuance value, maximum Rp 500,000,000.00 (five hundred million Rupiah) as the cost of reviewing the corporate action plan for		
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NO.	REPORTING OBLIGATION	DEADLINE/ TIMEFRAME	SANCTION
	Capital Increase without Pre-emptive Rights without a Public Offering is not to improve the financial position.		
	Pay 0.05% (zero point zero five percent) of the value of assets based on the pro forma financial statements of the merger or consolidation of public companies, at a maximum of Rp 250,000,000.00 (two hundred and fifty million Rupiah), as the cost of reviewing the corporate action plan for merger or consolidation of public companies. (Government Regulation No. 11/2014) (Article 6 of OJK Regulation No. 3/2014)		
	To pay an amount of Rp 1,000,000,000.00 (one billion Rupiah) per change of public company to voluntary going private.		
	Paying an amount of Rp 25,000,000.00 (twenty-five million Rupiah) per takeover of a public company.		

