CODE OF CORPORATE GOVERNANCE
(KTKP)

CORPORATE SECRETARY
PT GARUDA INDONESIA (PERSERO) Tbk

ANANG FAHKCRUDIN
SWORN & AUTHORIZED
TRANSLATOR
SK. GUB. KORI KE. NO. 451/2001
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Date : 29 March 2019
Edition : 3 Revision 0

ANANG FAHKCRUDIN
SWORN & AUTHORIZED TRANSLATOR
SK. GUB. KEM. P.JL. NO. 144B/341
This KTKP is effective as of 29 March 2019.

In relation with the issuance of this KTKP, to avoid mistakes in its use, the 2nd Issue of KTKP that we have sent previously in a soft copy form (compact disc) must be returned to us immediately to be destroyed.

Questions regarding this KTKP can be submitted to Corporate Secretary unit (JKTDSGA) at the address: Ground Floor, Garuda Indonesia Management Building Garuda City, Soekarno-Hatta International Airport Tangerang 15111, Indonesia

P.O.BOX 1004 TNG BUSH
Phone: 25601034, 25601075

This KTKP is distributed in the soft copy form through electronic media (e-mail). Please send receipt confirmation to us at the latest 2 working days after receipt.

Jakarta, 28 March 2019

VP CORPORATE SECRETARY

[signed]

M. IKHSAN ROSAN

1900245
Introduction

In the framework of implementing Good Corporate Governance ("GCG") and in relation to the status of PT Garuda Indonesia ("Persero") Tbk. ("Company’s") as a public state-owned enterprise and listed on the Indonesia Stock Exchange, and by taking into account changes to the Company’s Articles of Association and applicable laws and regulations, particularly in the capital market sector, which regulates governance for public companies, hence the Company’s deems it necessary to renew and refine the CODE OF CORPORATE GOVERNANCE ("KTKP") issued on 1 July 2014 which was previously also known as the Corporate Policy Guidelines issued on 28 July 2006, whose latest changes were issued on 5 March 2012. The change in KTKP also aims to adjust to the development of an increasingly dynamic and competitive business world.

KTKP is the main policy that applies in the Company’s environment, and is a Company’s policy document that is continuously reviewed periodically to be adjusted to developments and internal and external issues of the Company’s. Further provisions and related to this KTKP are regulated and set forth in separate manuals related to their respective work units. These manuals may not conflict with this KTKP and the preparation is done by referring to the guidelines for preparing quality documents that apply in the Company’s.

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KTKP must be a reference in carrying out activities in the Company as well as being a GCG guideline for the Company's.
Any changes to KTKP must obtain approval of President Director and Director responsible for GCG.
This KTKP is valid since it is signed. With the entry into force of this KTKP, the previous KTKP resolved on 1 July 2014 is declared invalid.

Jakarta, 28 March 2019
PT GARUDA INDONESIA (PERSERO) Tbk
PRESIDENT DIRECTOR
[signed]
IG.N. ASKHARA DANADIPUTRA
1900307
SHEET OF APPROVAL

With the grace of God Almighty, this day, Friday, 29 March 2019, 3rd Issue of Code of Corporate Governance of PT Garuda Indonesia (Persero) Tbk is resolved.

With the enactment of this Code of Corporate Governance, the previous Code of Corporate Governance which was resolved on 1 July 2014 is declared invalid.

Jakarta, 29 March 2019
PT GARUDA INDONESIA (PERSERO) Tbk

BOARD OF DIRECTORS
[signed]
Name: IG.N. Askhara Danadiputra
Position: President Director

BOARD OF COMMISSIONERS
[signed]
Name: Agus Santoso
Position: President
Commissioner & Independent Commissioner

[signed]
Name: Fuad Rizal
Position: Director of Finance & Risk Management

[signed]
Name: Insmersda Lebang
Position: Independent Commissioner

[signed]
Name: Pikri Ilham Kurniaysyah
Position: Director of Commerce

[signed]
Name: Muzaffar Ismail
Position: Commissioner

[signed]
Name: Mohammad Iqbal
Position: Director of Cargo & Business Development

Position: Commissioner

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[signed]
Name: Nicodemus P. Lampe
Position: Director of Services

[signed]
Name: Chairal Tanjung
Position: Commissioner

[signed]
Name: Heri Akhyar
Position: Director of Human Capital

[signed]
Name: Dony Oskana
Position: Commissioner

[signed]
Name: I Wayan Susena
Position: Director of Engineering

[signed]
Name: Herbert Timbo P.S.
Position: Independent Commissioner

[signed]
Name: Bambang Adisurya Angkasa
Position: Director of Operation

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ANANG FAHKCRUDIN
SWORN & AUTHORIZED TRANSLATOR
SK. GUB.KOMI HR.MENSAH
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Note Regarding Revision

The following below is about Issue Number, Amendment, Amendment Date, Inserted Date and Name of Unit/Personnel that inserted the revised page according to the amendment to CODE OF CORPORATE GOVERNANCE

<table>
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<tr>
<th>Issuance/Amendment</th>
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<th>Inserted Date</th>
<th>By</th>
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<tbody>
<tr>
<td>1st Issue</td>
<td>05 March 2012</td>
<td>05 March 2012</td>
<td>DS</td>
</tr>
<tr>
<td>Amendment 9 (PKP)</td>
<td>2012</td>
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<tr>
<td>2nd Issue (KTKP)</td>
<td>1 July 2014</td>
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<td>DS</td>
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<td>3rd Issue (KTKP)</td>
<td>29 March 2019</td>
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ANANG FAHKCRUAIN
SWORN & AUTHORIZED TRANSLATOR
SK GUB DIYI JIL NO 12803
Distribution and Confidentiality

This KTKP is distributed to all members of Board of Commissioners, Board of Directors, Committees of Board of Commissioners, Vice Presidents (VP), and Quality Assurance units.

The distribution is done through e-mail and the names of each KTKP recipient are included in the distribution list.

The distribution list is attached to each of these policy documents and the original documents are stored at the Corporate Legal & Compliance unit.

All the information contained in this policy belongs to a restricted category.
### Glossary

**In this KTKP:**

<table>
<thead>
<tr>
<th>Term</th>
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<tbody>
<tr>
<td>AMDAL</td>
<td>means Environmental Impact Analysis, which is a study of the important impacts of a planned business and/or activity on the environment that is required for the decision making process regarding the operation of the business and/or activity.</td>
</tr>
<tr>
<td>Subsidiary</td>
<td>means a limited liability company’s whose shares are owned by the Company’s either directly or indirectly.</td>
</tr>
<tr>
<td>Articles of Association</td>
<td>means Deed No. 3 dated 15 May 2015, made before Notary Aulia Taufani, S.H., domiciled in Tangerang, the notification of amendment of which has been notified from Minister of Law and Human Rights of the Republic of Indonesia No. AHU-AH.01.03-0939814 dated 11 June 2015 which was last amended based on Deed No. 62 dated 27 April 2017, made before Notary Aryanti Artisari, S.H., M.Kn., a Notary practicing in Jakarta, which had</td>
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<tr>
<td>Term</td>
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<tr>
<td>AOC</td>
<td>means Air Operator Certificate that is given to Indonesian legal entities that operate civil aircrafts for commercial air transportation.</td>
</tr>
<tr>
<td>Public Entity</td>
<td>means executive, legislative, judicial and other entities whose functions and main tasks are related to the administration of the state, in that part or all of their funds are sourced from the State Budget and/or Regional Budget, or partially non-governmental organizations as long as part of or all their funds are sourced from the State Budget and/or Regional Budget, community contributions, and/or abroad.</td>
</tr>
<tr>
<td>Bapepam-LK</td>
<td>means Capital Market and Financial Institution Supervisory Agency (now replaced by Financial Services Authority (&quot;OJK&quot;).)</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>BAPPENAS</td>
<td>means National Planning and Development Agency.</td>
</tr>
<tr>
<td>IDX</td>
<td>means Indonesia Stock Exchange</td>
</tr>
<tr>
<td>Conflict of Interest</td>
<td>means the difference between the economic interests of the Company’s and the personal economic interests of members of Board of Directors, members of Board of Commissioners, or major shareholders that could harm the Company’s.</td>
</tr>
<tr>
<td>BI</td>
<td>means Bank Indonesia</td>
</tr>
<tr>
<td>BUMN</td>
<td>means a State-Owned Enterprise, namely business entity whose entire or part of capital is owned by the state through direct participation derived from separated state assets.</td>
</tr>
<tr>
<td>CASR</td>
<td>means Civil Aviation Safety Regulations.</td>
</tr>
<tr>
<td>Personal Data</td>
<td>means any information relating to an identifiable individual ('subject of data'), where an identifiable individual is a person who can be identified either directly or indirectly, specifically by referring to identification of identities such as</td>
</tr>
<tr>
<td>name, identity number (ID card/passport/household record), location data (address), online identification or for one or more specific factors related to the physical, psychological, mental, genetic identity, economic, cultural or social identity of a person.</td>
<td></td>
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<tr>
<td>Corporate Documents</td>
<td>mean data, records, and or information made and or received by the company’s in the context of carrying out its activities, whether written on paper or other means or recorded in the form of any pattern that can be seen, read or heard.</td>
</tr>
<tr>
<td>Issuer</td>
<td>means the party conducting the Public Offering.</td>
</tr>
<tr>
<td>GCG</td>
<td>means Good Corporate Governance, which is the principles that underlie a process and mechanism for managing a company’s based on laws and business ethics.</td>
</tr>
<tr>
<td>ICAO</td>
<td>means International Civil Aviation Organization.</td>
</tr>
<tr>
<td>Material Information</td>
<td>means material information in the form</td>
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<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Public Information</td>
<td>means information that is produced, stored, managed, sent, and/or received by a Public Entity relating to the organization and administration of the state and/or the organizer and organization of other Public Entities and other information relating to the public interest in accordance with the applicable laws and regulations.</td>
</tr>
<tr>
<td>Company’s Personnel</td>
<td>means directors, commissioners and employees of the Company’s.</td>
</tr>
<tr>
<td>KAP</td>
<td>means Public Accountant Office.</td>
</tr>
<tr>
<td>LHP</td>
<td>means Inspection Report.</td>
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<tr>
<td>Minister of Finance</td>
<td>means Minister of Finance of the Republic of Indonesia.</td>
</tr>
<tr>
<td>OJK</td>
<td>means Financial Services Authority (formerly Bapepam-LK).</td>
</tr>
<tr>
<td>Independent Shareholder</td>
<td>means a shareholder who has no conflict of interest in connection with a particular transaction and/or is not</td>
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<td>Term</td>
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<tr>
<td>affiliated party of directors,</td>
<td>commissioners or shareholders who have a conflict of interest over the transaction.</td>
</tr>
<tr>
<td>Public Information Requesters</td>
<td>mean all Indonesian citizens and/or legal entities that submit public information requests as stipulated in KIP Law.</td>
</tr>
<tr>
<td>Public Offering</td>
<td>means securities offering activities carried out by Issuer to sell securities to the public based on the procedures stipulated in the laws and regulations applicable in the capital market sector.</td>
</tr>
<tr>
<td>Company’s</td>
<td>means PT Garuda Indonesia (Persero) Tbk</td>
</tr>
<tr>
<td>Public Company’s</td>
<td>means a company’s whose shares have been owned by at least 300 shareholders and has paid-up capital of at least Rp 3,000,000,00 or a number of shareholders and paid-in capital determined based on the applicable laws and regulations in the field of capital market.</td>
</tr>
<tr>
<td>Listed Public Company’s</td>
<td>means a public company’s whose securities are listed on the stock.</td>
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<tr>
<td>PKPN</td>
<td>means National Aviation Security Program</td>
</tr>
<tr>
<td>PSAK</td>
<td>means Statement of Financial Accounting Standards</td>
</tr>
<tr>
<td>RAPBN</td>
<td>means Draft State Budget</td>
</tr>
<tr>
<td>RKAP</td>
<td>means Company’s Work Plan and Budget</td>
</tr>
<tr>
<td>RJPP</td>
<td>means Company’s Long Term Plan</td>
</tr>
<tr>
<td>GMS</td>
<td>means General Meeting of Shareholders</td>
</tr>
<tr>
<td>Conflict of Interest GMS</td>
<td>means a GMS specifically held to protect the interests of shareholders, especially Independent Shareholders relating to transactions that contain conflicts of interest.</td>
</tr>
<tr>
<td>Information System</td>
<td>means the use of information technology to assist business processes in the Company’s decision making.</td>
</tr>
<tr>
<td>Information Technology</td>
<td>means a technology that includes applications, information, infrastructure and human resources used for services within the Company’s own scope, as well as those used to connect with outside parties.</td>
</tr>
<tr>
<td>PKLN Team</td>
<td>means Overseas Commercial Loans Management Coordination Team.</td>
</tr>
<tr>
<td>TO</td>
<td>means Tender Offer.</td>
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<tr>
<td>UKL-UPL</td>
<td>means Environmental Management Efforts and Environmental Monitoring Efforts, namely management and monitoring of businesses and/or activities that do not have an important impact on the environment required for the decision-making process regarding the operation of businesses and/or activities.</td>
</tr>
<tr>
<td>Corporate Documents Law</td>
<td>means Law No. 8 of 1997 on Corporate Documents.</td>
</tr>
<tr>
<td>ITE Law</td>
<td>means Law No. 11 of 2008 on Information and Electronic Transactions.</td>
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<tr>
<td>KIP Law</td>
<td>means Law No. 14 of 2008 on Public Information Transparency.</td>
</tr>
<tr>
<td>Environmental Law</td>
<td>means Law No. 32 of 2009 on Environmental Protection and Management.</td>
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<tr>
<td>Aviation Law</td>
<td>means Law Number 1 of 2009 on Aviation.</td>
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| Company's Law | means Law Number 40 of 2007 on Limited Liability Companies. |
| VP | means Vice President. |
1. INTRODUCTION

1.1 Information about The Company's

The company's was first established based on Deed of Establishment No. 137 dated 31 March 1950, which was made before Notary Kadiman, S.H., domiciled in Jakarta under the name Garuda Indonesian Airways N.V., which was subsequently changed to Perusahaan Negara (P.N.) Perhubungan Udara Garuda Indonesian Airways based on Government Regulation No. 102 of 1961 and was announced in the State Gazette No. 126 of 1961.

With the enactment of Government Regulation No. 67 of 1971, State Gazette of 1971 No. 87, the Company's changed its form to become a Limited Liability Company's with a Deed No. 8 dated 4 March 1975, made before Notary Soeleman Ardjasasmita S.H., domiciled in Jakarta and announced in the State Gazette of the Republic of Indonesia No. 68 dated 26 August 1975.

In 2010, the Company's conducted an initial public offering (IPO) and listed its shares on the Indonesia Stock Exchange in February 2011. The Company's Articles of Association were last amended based on: (i) Deed No. 24 dated 16 November 2010, made before Notary Fathiah Helmi, S.H., domiciled in Jakarta, which was approved by Ministry of Law and Human Rights of the Republic of Indonesia No. AHU-5427.AH.01.02.Tahun 2010 dated 22 November 2010 and AHU.2-AH.01.01-9676 dated 20 December 2010, in connection with the change in the status of the Company's from a closed company's to a public company's.

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Based on the Articles of Association of the Company's, the Company's was established to conduct business in the field of commercial air transportation services and to optimize the utilization of Company's-owned resources to produce high-quality and highly competitive goods and/or services to obtain/pursue profits in order to increase the Company's value by applying Principles of Limited Liability Companies.

Full description of the main business activities of the Company's are as stipulated in the Articles of Association of the Company's.

Vision and mission

The Company's vision is

"To be a sustainable airline company's through customer-oriented services and growth in profit"

The Company's mission is

"Maximize shareholder return through strong revenue growth, cost leadership in full service operations, and group synergy while providing the highest value to customers through excellent Indonesian hospitality"

Corporate Values

The basic values adopted by the Company's organization are:

- Synergy
- Integrity
- Customer Focus
- Agility
- Safety
where the full description is given in the Guidelines of Business Ethics and Work Ethics.

1.2 Principles of Good Corporate Governance (GCG)

In carrying out its business practices, the Company must prioritize the survival of the Company's and the interests of stakeholders. The Company's must also prioritize compliance with the applicable laws and regulations.

As a BUMN and a public company's, the Company's applies GCG principles to grow, develop and be sustainable. Implementation of GCG at the Company's aims to:

a. Optimize the value of the Company's so that the Company's has strong competitiveness, both nationally and internationally, so as to be able to maintain its existence and sustainable life to achieve the Company's goals and objectives;

b. Encourage the management of the Company's in a professional, efficient and effective manner and empower functions and increase the independence of the Company's organs;

c. Encourage the Company's organs to make decisions and carry out actions based on high moral values and compliance with laws and regulations, as well as awareness of the Company's social responsibility towards stakeholders as well as environmental sustainability around BUMNs;

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d. Increase the Company's contribution to the national economy; and

e. Improve a conducive climate for the development of national investment.

The Company's must always ensure the implementation of GCG principles in each of the Company's business activities, namely:

a. Transparency

To maintain objectivity in conducting business, the Company's provides material and relevant information in a way that is easily accessible and understood by stakeholders. The Company's must take the initiative to disclose not only the matters required by legislation, but also important matters for decision making by shareholders, creditors and other stakeholders.

b. Accountability

The Company's strives to account for its performance transparently and fairly through management which is proper, measurable and in accordance with the interests of the Company's while taking into account the interests of shareholders and other stakeholders. Accountability is a prerequisite required to achieve sustainable performance.

c. Responsibility

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The Company's organs (General Meeting of Shareholders, Board of Commissioners and Board of Directors) comply with regulations, legislation, Articles of Association and Company's regulations and carry out responsibilities to the community and the environment, so that long-term business continuity can be maintained and recognized as a good corporate citizen.

d. Independency
To facilitate the implementation of GCG principles, the Company's must be managed independently and cannot be intervened by other parties.

e. Fairness
In carrying out its activities, the Company's must always pay attention to the interests of shareholders and other stakeholders based on the principle of fairness and equality.
2. COMPANY’S ORGANS

In line with the mandate of the Company’s Law, the Company’s has 3 main organs consisting of GMS, Board of Commissioners, and Board of Directors. The Company’s organs have an important role in the effective implementation of GCG. In addition, the Company’s organs must carry out their functions in accordance with the applicable provisions on the principle that each organ is independent in carrying out its duties, functions and responsibilities solely for the benefit of the Company’s.

2.1 General Meeting of Shareholders

GMS is an organ of the Company’s that holds the highest authority in the Company’s and holds all the authority not given to Board of Directors and Board of Commissioners. GMS is a means for shareholders to make important decisions that are required based on the provisions of the Company’s Law and the Articles of Association of the Company’s.

GMS and/or shareholders cannot intervene in the duties, functions and authority of Board of Commissioners and Board of Directors as long as the implementation of the duties and authorities of Board of Commissioners and Board of Directors is in accordance with the provisions of the Company’s Law and the Company’s Articles of Association.

There are 2 types of GMS, namely Annual GMS and Extraordinary GMS. Annual GMS to approve the Annual Report must be held no later than the sixth month after the closing of the relevant
financial year. Extraordinary GMS may be held at any time based on needs for the benefit of the Company's.

GMS is attended by all Directors and Board of Commissioners. Voting at a GMS is carried out verbally, unless the Chairperson of the GMS determines otherwise and insofar as it is not regulated by the applicable laws and regulations. Verbal voting is done by "Show of Hands" with the following procedure:

First, those who Disagree will be asked to raise their hands and submit their vote cards.

Second, those who do not vote (Abstain) or give Blank votes are asked to raise their hands and submit their vote cards.

(i) In accordance with the Articles of Association of the Company's, those who are Abstain or give Blank Votes are considered to cast the same votes as the majority votes of shareholders who cast votes.

(ii) Invalid Votes are considered non-existent and are not counted in determining the number of votes cast at the Meeting.

(iii) Then the number of disagreeing votes will be calculated with valid votes and the difference is the number of agreeing votes.

Third, those who do not raise their hands are deemed to have agreed to the proposal.

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Provisions regarding the implementation of GMS in more detail are discussed in the Company’s Articles of Association and the Board Manual.

2.2 Board of Commissioners

Board of Commissioners is the Company’s organ that is tasked and collectively responsible for overseeing the Company’s business policies and providing advice to Board of Directors and ensuring that the Company’s implements GCG.

Board of Commissioners may not take part in making operational decisions, unless otherwise determined based on the provisions of the Company’s Law and the Company’s Articles of Association. However, Board of Commissioners can take part in making decisions in the event that there is a proposal of Board of Directors regarding action plans or strategic plans to be carried out by the Company's.

In the event that there is a plan or action or strategic plan carried out by the Company’s, Board of Commissioners may make decisions regarding these matters. The decisions are made in its function as supervisor, so that the decisions on operational activities remain the responsibility of Board of Directors. The authority in Board of Commissioners is still carried out in its function as supervisor and advisor.

For the smooth functioning of Board of Commissioners, they may be assisted by a Secretary of Board of Commissioners appointed by Board of Commissioners.
The number of members of Board of Commissioners is determined by GMS by considering the condition of the Company’s and paying attention to the effectiveness in decision making. Determination of the composition of members of Board of Commissioners is done by taking into account the diversity of expertise, knowledge and experience that is in accordance with the needs of the Company’s. The company’s must have Independent Commissioners at least 30% (thirty percent) of the total Commissioners.

More detailed explanations regarding the duties, functions, authority and appointment of Board of Commissioners are outlined in the Company’s Articles of Association and the Company’s Board Manual.

2.3 Board of Directors

Board of Directors is a the Company’s organ that is fully responsible for managing the Company’s for the interests and objectives of the Company’s in order to achieve the Company’s goals and objectives and ensure that the Company’s carries out its social responsibilities and takes into account the interests of various stakeholders in accordance with laws and regulations.

Basically, Board of Directors as a the Company’s organ has a collegial duty and responsibility in managing the Company’s. Board of Directors always carry out the concept of “fiduciary duty” based on the Company’s Law which regulates the
relationship between Board of Directors and Limited Liability Companies. As a carrier of “fiduciary duty”, Board of Directors in good faith and can be trusted to carry out their duties and responsibilities to carry out the day-to-day management of the Company’s in accordance with the Company’s goals and objectives.

GMS or decision of Board of Directors stipulates the distribution of duties and authority of each member of Board of Directors. Each member of Board of Directors must carry out their duties and make decisions in accordance with the distribution of duties and authorities and follow the provisions in the Company’s Law and the Articles of Association of the Company’s. Implementation of duties by each member of Board of Directors remains a joint responsibility.

The Articles of Association of the Company’s determine certain conditions, which require the duties of Board of Directors to be taken over by Board of Commissioners.

The number of members of Board of Directors is determined by GMS by considering the condition of the Company’s and paying attention to the effectiveness in decision making, in which at least 1 (one) member acts as an Independent Director.

Determination of the composition of the members of Board of Directors is done by taking into account the diversity of expertise, knowledge and experience that suits the needs of the Company’s.

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More detailed explanations regarding the duties, functions, authorities, and appointments of members of Board of Directors are given in the Company’s Articles of Association and the Company’s Board Manual.

2.4 Committees under Board of Commissioners

Board of Commissioners is required to form an Audit Committee and may form other committees to facilitate the implementation of supervisory duties by Board of Commissioners in order to implement GCG practices. These committees will provide reports and accountability directly to Board of Commissioners.

2.5 Corporate Secretary

In the context of the development of the Capital Market in Indonesia as well as to improve the services of issuers or Public Companies to the investor community, the Company’s must have a Corporate Secretary.

Corporate Secretary must have access to material and relevant information relating to the Company’s and master the laws and regulations in the field of capital markets, especially those related to the issue of transparency.

The role of Corporate Secretary is very important for public companies, because Corporate Secretary is a liaison between the Company’s, OJK, and the community.

More detailed provisions regarding the duties, functions and authority of Corporate Secretary are regulated in the manual regarding Corporate Secretary.

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2.6 Internal Supervision (Internal Audit)

Based on the applicable laws and regulations in the capital market sector, the Company’s must have an Internal Audit Unit. Internal supervision carried out by Internal Audit Unit is an independent and objective assurance and consultation activity, with the aim of increasing value and improving the Company’s operations, through a systematic approach, by evaluating and increasing the effectiveness of risk management, control, and corporate governance processes.

More detailed provisions regarding the structure, duties and authority of Internal Audit are further regulated in the Company’s Board Manual and the prevailing laws and regulations in the Capital Market sector.
3. SHAREHOLDERS

Shareholders as capital owners have the rights and responsibilities for the Company's in accordance with the laws and regulations and the Articles of Association of the Company's.

In accordance with the provisions of the Company's Law, shareholders, through GMS, are the Company's organ that have authority not given to Board of Directors or Board of Commissioners within the limits specified in the Company's Law and/or the Articles of Association of the Company's.

Shareholders are not personally responsible for the agreements made on behalf of the Company's and are not responsible for the Company's losses in excess of the shares it owns. Every shareholder according to the law must comply with the Company's Articles of Association and to all decisions made legally at GMS and the laws and regulations applicable to for the Company's.

3.1 Rights and Protection of Shareholders

Board of Directors and Board of Commissioners must protect the rights of shareholders in accordance with the laws and regulations and the Articles of Association of the Company's.

The rights of the shareholders basically include:

a. The right to attend, express opinions and vote in a GMS based on the provision that one share gives the holder the right to cast one vote;

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b. The right to obtain information about the Company's in a timely, correct and orderly manner, except for confidential matters, so as to enable shareholders to make decisions regarding their investments in the Company's based on accurate information;

c. The right to receive a share of the Company's profits intended for shareholders in the form of dividends and other profit sharing, in proportion to the number of shares they own;

d. The right to obtain a full explanation and accurate information about procedures that must be fulfilled with regard to the implementation of GMS so that shareholders can participate in decision making, including decisions regarding matters that affect the existence of the Company's and the rights of shareholders; and

In the event that there is more than one type and classification of shares in the Company's, then: (i) each shareholder has the right to cast a vote in accordance with the type, classification and number of shares held; and (ii) each shareholder has the right to be treated equally based on the type and classification of the shares he owns.

The Company's shareholders are given certain rights that can be exercised if they feel they have been harmed by actions taken by the Company's. In general, the Capital Market Law protects each shareholder from the Company's actions that are

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deemed inappropriate or detrimental to him through the mechanisms of transparency, reporting and fairness applied by OJK and IDX for Public Companies.

Furthermore, the regulations issued by OJK stipulate that minority shareholders also get protection in transactions that are considered to be detrimental to the interests of shareholders, for example in the event of a transaction containing Conflict of Interest, then before the transaction is carried out, a Conflict of Interest GMS must be held to obtain approval from Independent Shareholders to carry out these actions. In a Conflict of Interest GMS, Independent Shareholders may reject or approve the implementation of the Company's actions involving Conflict of Interest.

In addition, in the event of changes in control of the Company's, the rights of public shareholders are also protected by the obligation for new controllers to conduct a Tender Offer for all remaining shares in the company's.

3.2 Corporate Responsibility for Rights of Shareholders
The Company's must protect the rights of shareholders in accordance with the applicable laws and regulations and the Articles of Association of the Company's.
4. RELATION OF COMPANY’S WITH ITS SUBSIDIARIES AND AFFILIATE COMPANIES

The Company’s may establish subsidiaries or make capital participation in a company’s based on the Company’s considerations and policies. Consolidated subsidiaries are subject to the prevailing laws and regulations in the field of capital markets. Therefore, activities carried out by Subsidiaries are also not immune from the possibility of creating certain obligations for the Company’s, for example the obligation to disclose information, announcements in the context of material transactions, and approval requests to GMS in terms of material transactions with a value of more than 50% of the Company’s equity.

4.1 Relation between Company’s and Subsidiaries

The Company’s as a shareholder in a Subsidiary has the right to appoint a representative of the Company’s as a director or commissioner in a Subsidiary with a mechanism in accordance with the prevailing laws and regulations and the Articles of Association of the Company’s.

In general, all Subsidiaries are supervised by the Director of the Company’s who is responsible for managing the Subsidiaries.

4.2 Relation between Company’s and Affiliated Companies

Based on the provisions of legislation in the field of capital markets, affiliates are:

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a. family relation due to marriage and descent to the second degree, both horizontally and vertically;
b. relation between the Party and employee, director or commissioner of the Party;
c. relation between 2 (two) companies in which there are one or more members of the same board of directors or board of commissioners;
d. the relation between the company’s and the Party, both directly and indirectly, controlling or controlled by the company’s;
e. relation between 2 (two) companies controlled, directly or indirectly, by the same Party; or
f. relation between the company’s and major shareholders.
Affiliated companies also include other companies controlled by the Government, in this case other BUMNs or government agencies. In the event that the Company’s conducts a transaction or cooperation with an affiliated company’s and if the transaction is not excluded from the affiliate transaction, the transaction between the Company’s and the affiliated company’s must be assessed by an independent appraiser registered with OJK and announced to the public two working days after the transaction or collaboration is conducted or based on the applicable provisions in the Capital Market sector. The purpose of this appraisal by an independent
appraiser is to ensure that the transaction conducted with affiliated companies are fair transactions.
5. COMPANY’S LONG-TERM PLAN (RJPP) AND COMPANY’S WORK PLAN AND ANNUAL BUDGET (RKAP)

5.1 RJPP

RJPP is a strategic plan prepared by Board of Directors that contains the Company’s goals and objectives to be achieved within a period of 5 years. RJPP is prepared by Board of Directors and must be approved by Board of Commissioners. Board of Commissioners is responsible for overseeing Board of Directors in implementing RJPP prepared by Board of Directors. RJPP is a guideline for Board of Directors to develop the Company’s. However, RJPP needs to be reviewed from time to time to ensure that RJPP made by the Company’s is still in accordance with economic and social conditions in Indonesia. Board of Directors, based on their policies, by taking into account economic and social conditions, may change RJPP that has been made with the approval of Board of Commissioners.

RJPP design includes at least an evaluation of the implementation of the previous RJPP, the Company’s current position, assumptions that may be used in the preparation of RJPP and the establishment of the Company’s RJPP mission, objectives, strategies, and work programs.

RJPP approval process must refer to the provisions of the Articles of Association and the Board Manual.

The company’s must make or set a manual to compile RJPP.
5.2 RKAP

RKAP is an annual elaboration of RJPP prepared by Board of Directors and submitted to Board of Commissioners for approval. RKAP contains, among other things, the Company’s annual budget for the upcoming fiscal year, which is made before the next fiscal year begins.

In preparing RKAP, Board of Directors and related work units must pay attention to the basic assumptions in general and the assumptions used refer to the assumptions set out in RAPBN and the results of the Company’s internal evaluation. RKAP is the basis or guideline for the Company’s to issue capital expenditure or working capital. The Company’s boundaries for investing must be based on the approved RKAP.

The Company’s must make or establish a manual for preparation of RKAP.
6. FINANCIAL AND ACCOUNTING POLICIES

6.1 Policy regarding Financial Statements

The financial statements must be prepared based on generally accepted accounting principles, namely PSAK. Board of Directors must have an internal control system to ensure that every expenditure or receipt is recorded in the Company’s balance sheet. In preparing the Financial Statement, Board of Directors must pay attention to the principle of prudence to avoid any errors in recording that may harm shareholders. In accordance with the provisions of the Company’s Law, Board of Directors must submit financial statements to public accountants to be audited.

By considering the current status of the Company’s as a public company’s, Board of Directors must periodically submit the Company’s financial statements to OJK and IDX, which at the end of each financial year must be audited by KAP registered with OJK.

6.2 Policy regarding Retained Earnings

6.2.1 Reserves

In accordance with the provisions of the Company’s Law and the Company’s Articles of Association, ratification of financial statements and approval of the use of net profits each year is determined by the approval of General Meeting of Shareholders.
The Company’s must set aside a certain amount of net profits for each financial year for reserves. The obligation for the provision of net profits for reserves and dividends is only valid if the Company’s has a positive retained earnings. Positive retained earnings is the Company’s net profits in the current financial year that has covered the accumulated losses of the Company’s from the previous financial year. The Company’s Law requires a company’s to reserve net profits for reserves up to at least 20% of the issued and paid-up capital. Companies are required to form legal reserve and other reserves. Legal reserve must be used by the Company’s to cover possible losses for the Company’s in the future, while other reserves are reserves outside the legal reserve that may be used for various purposes of the Company’s, for example for business expansion.

Board of Directors must manage the reserve fund in a manner deemed proper by Board of Directors with the approval of Board of Commissioners.

6.2.2 Dividends
After the net profits are reserved for legal reserve and by taking into account the covenant of debt agreements governing the distribution of dividends, the Company’s may propose a dividend distribution. The Company’s may distribute interim dividends before the Company’s
financial year ends if the Company's net assets do not become smaller than the amount of issued and paid-up capital plus legal reserve. Interim dividend distribution is determined based on the decision of Board of Directors with the approval of Board of Commissioners.

6.3 Funding Policy

The Company's receives internal and external funding. External funds may be obtained by the Company's either through the capital market or banks or financial institutions. Taking into account that fundraising through the capital market or banks or financial institutions is very dependent on market conditions, one of which is interest rates, the Company's must pay attention to the right opportunity to seek funding from the capital market or banks or financial institutions.

Before the Company's considers obtaining funding, the Company's needs to review the covenants that must be fulfilled by the Company's based on the agreements made by the Company's, in this case the Company's needs to see, but not limited to whether the financial ratios required under the agreements are still within limits. In addition, the Company's also needs to study the terms and conditions of the agreements so that the funding facilities taken by the Company's are more efficient and do not burden the Company's in carrying out its operational activities.
After funding is obtained by the Company's, the Company's needs to make a list that contains covenant details that must be met by the Company's. The list of covenants must be shared with relevant parties in the Company's organizations, such as treasury, accounting, legal, and corporate secretary sections. Each organization in the Company's must ensure that the Company's continues to pay attention to the limitations that exist in each credit agreement. Before starting a corporate action, the Company's must review the provisions in each credit agreement to ensure that no restrictions or notices are needed to carry out the corporate action.

6.4 Long-Term Loan Management Policy
The Company's incurs long-term loans to finance the Company's need for investment/capital goods/non-current assets. The amount of long-term loans is adjusted to the size of the Company's operational growth and the ability of the Company's according to the limits of financial ratios required by creditors (financial covenants). The loan period is adjusted to the Company's cash flow capability when the loan is made and financial projections are at least the next 2 years. The source of long-term loans comes from banks/financial institutions, bank/non-bank financial institutions, both at home and abroad. The Company's analyzes the financing offers and negotiations on the loan offer given by the loan sources and chooses the best terms & conditions for the Company's.
Most of the Company's long-term loans are used for Pre Delivery Payment (PDP) payments, in addition to refinancing of loans with better conditions and for payment of aircraft leases. After the loan disbursement requirements are met, the Company's may immediately withdraw the funds. If the funds have not been used, then the loan will be placed in the Company's account at the creditor bank, or transferred to the Company's operational account on the same day that the funds go into the Company's account at the creditor bank. The use of these funds is adjusted to the due date of PDP payment/aircraft lease or loan refinancing due. The Company's will place the remaining funds that have not been used in the form of short-term deposits, where the placement period is adjusted to the due date of PDP/aircraft lease payments or loans to be repaid.

6.5 Investment Policy

Board of Directors may make investments based on carefully taken considerations. Before deciding to invest, Board of Directors must pay attention to RJPP and RKAP of the Company's. In addition, before investing, it must also be supported by an analysis of the risks that might arise in the investment.
7. COMPLIANCE

In carrying out its business activities, the Company's is subject to various provisions of laws and regulations, including the Company's Law, capital market regulations, BUMN regulations, regulations in the field of aviation, and regulations in the field environment. Failure to comply with the above regulations may have legal consequences that could harm the Company's, including fines to be paid by the Company's and the possibility of revocation of licenses from the Government.

In implementing the provisions of the laws and regulations, the Company's applies the legal principle "lex specialis derogate legi generalis" which implies that special legal provisions will override common legal provisions. The application of the legal principle is, in essence, if there is a discrepancy between one regulation and another, then the Company's will apply the more specific legal regulations.

The following is the explanation about compliance with the abovementioned laws and regulations in general.

7.1 Compliance with The Aspect of Limited Company’s Regulations in General

The activities of a limited company's are generally regulated by the Company's Law. The Company's Law is the highest regulation for limited companies. The Company's Law regulates how a limited company's must be managed, including regulating

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the company's obligations in general and the duties of Board of Directors and Board of Commissioners of the company's. The Company's Articles of Association must refer to the Company's Law. The Company's Articles of Association may stipulate specific matters but must not be in contrast to the general matters stipulated in the Company's Law.

The negligence of the Company's in carrying out its obligations under the Company's Law may cause several legal consequences, including claims from shareholders or third parties on the basis of illegal acts.

7.2 Compliance with The Aspect of Capital Market Regulations

As an Issuer and listed Public Company's, the Company's 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 general principle of legislations in the field of capital markets is the protection of public shareholders. This can be seen from the Company's obligation to disclose transactions or information to the public, both through newspapers and IDX website, for example the Company's obligation to disclose the existence of affiliate transactions to the public and the obligation to disclose the existence of material transactions in newspapers. In addition, there is also an obligation to disclose material information to the public within 2 working days after material information or material facts have been made. The principle of
information disclosure is limited by the provision that information issued by the Company’s must not be misleading. In addition to the protection of minority shareholders, the aim of the Capital Market Law is to create a fair and orderly capital market. This can be seen from the provisions that regulate the prohibition of insider trading. Failure to comply with laws and regulations in the field of capital markets may have legal consequences, from fines to criminal sanctions. The Company’s may also be charged on the basis of illegal actions in the field of capital market regulations.

7.3 Compliance with The Aspect of BUMN Regulations
As a BUMN, the Company’s activities are also subject to the provisions of the BUMN Law. To the extent that there are no other rules and regulations in the capital market sector, the concept of good corporate governance is subject to the provisions of the BUMN Law.

7.4 Compliance with The Aspect of Aviation
As a company’s engaged in the field of air transportation, the Company’s is subject to the provisions issued by Ministry of Transportation. The Company’s aviation business activities are regulated in regulations issued by Ministry of Transportation. The Company’s also has reporting obligation to Ministry of Transportation. Failure to carry out obligations in the field of transportation or failure to implement or comply with
permits that have been issued to the Company’s may have legal consequences, from fines to freezing or revocation of licenses, which may hinder the Company’s business activities and harm the Company’s.

7.5 Compliance with The Aspect of Information Technology

In supporting its business activities, the Company’s operates a website that makes it easy for the community and its investors to connect with the Company’s. Under the ITE Law, the Company’s falls into the category of an electronic system organizer. As an electronic system operator, the Company’s must always maintain its information technology activities in accordance with the ITE Law.

The ITE Law requires companies as electronic system operators to carry out the following matters:

a. to operate electronic systems reliably and safely and to be properly responsible for the operation of the electronic system.

b. to operate electronic systems that meet the minimum requirements specified in the ITE Law.

Based on the provisions of the ITE Law, the Company’s is prohibited from using any information through electronic media concerning personal data without the consent of the owner of the personal data.
7.6 Compliance with The Aspect of Environmental Regulations

Compliance with environmental regulations in Indonesia is regulated in the Environmental Law. Even though the Company's is not subject to compulsory AMDAL or UKL-UPL, the Company's is still obliged to carry out obligations related to noise level standards.

One of the impacts of the Company's business and activities that may disrupt the environment is due to the level of noise produced. Therefore, based on the laws and regulations that apply in the field of environment and aviation, the Company's is obliged to maintain the noise threshold at airports and surrounding areas in accordance with the threshold set by the Government.

The Company's is also required to prevent environmental pollution at airports and its surroundings by complying with the applicable quality standards for exhaust emissions.

In relation to the environment, the Company's must ensure that the Company's facilities, workplaces, equipment, services and work environment meet the operational safety and security requirements as specified in the IOSA Standards Manual.

7.7 Compliance in Relation with Foreign Loans

In the event that the Company’s plans to obtain a loan from abroad, the Company’s must ensure that the loan is obtained in accordance with the applicable statutory provisions including and not limited to provisions for obtaining foreign loan

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agreements (if any). The Company's is also obliged to submit reports to Government agencies as required by applicable regulations relating to each implementation, use and payment of these foreign loans.

7.8 Compliance with The Aspect of Business Competition

In carrying out its business, the Company's must always pay attention to the provisions of the Business Competition Law. The Company's and all the Company's Personnel must avoid any monopolistic practices that may hinder growth and harm other business actors engaged in the aviation business. The Company's and all the Company's Personnel must always avoid actions that lead to unhealthy business competition, including:

a. making agreements with other business actors that lead to domination of production and or marketing of goods and/or services (oligopoly), pricing, division of land, boycotts, cartels, trusts, domination of purchases or supplies (oligopsonies), vertical integration, closed agreements, and other agreements (with foreign parties) that lead to monopolistic practices;

b. monopoly activities, monopsony, market control, conspiracy; and

c. using dominant positions both directly and indirectly to:
   • establish trade conditions with the aim of preventing and or hindering consumers from obtaining

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competitive goods and or services, both in terms of price and quality;

• restrict markets and technology development; or

• inhibit other business actors who have the potential to become competitors to enter the relevant market.

d. other prohibitions, such as prohibition of multiple positions, share ownership, merger, consolidation and expropriation with the provisions as stipulated in the Business Competition Law.
8. POLICY OF AVIATION OPERATION SAFETY AND SECURITY,
FLEET MANAGEMENT, MARKETING AND SALES, SERVICES

The Company's in carrying out its aviation operations under Law No. 1 of 2009 on Aviation, meets the provisions of CASR and ICAO, and other aviation practice requirements that are internationally recognized.

8.1 Aviation Operation Management Policy

As an airline operator holding AOC 121 aviation operator certificate, aviation operation management is carried out in accordance with the technical and operational requirements in CASR Part 121 and Part 91 and carrying out aviation operations in accordance with company's manuals that have been approved by Directorate General of Air Transportation.

8.2 Aviation Safety and Security Policy

The Company's as an airline service provider must always ensure that it uses high technology, capital intensive, reliable management and guarantees optimal safety and security. Under the Aviation Law, aviation safety is a condition of fulfilling safety requirements in the use of airspace, aircrafts, airports, air transportation, aviation navigation, and supporting facilities and other public facilities. While aviation security is a condition that provides protection to aviation from unlawful actions through the integration of the use of human resources, facilities and procedures.

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The company's has made a safety policy established by the Company's President Director which is the highest commitment of the organization's management of safety. The Company's Aviation Safety Management is carried out systematically which is formed in a Safety Management System ("SMS"). The security policy that is also set by the President Director of the Company's is the Company's commitment to carry out and renew security management on an ongoing basis, ensure compliance with aviation regulations and security standards, provide required personnel and resources, and encourage all employees to report security issues in order to create a culture of security. As with safety management, the Company's also has aviation security management in the form of a Security Management System ("SEMS").

The Company's SEMS includes the Company's security policies formally declared by the highest leadership of the Company's, organizational structure, security personnel training programs, risk assessment and management of security threats, and supervision of security implementation.

8.3 Aircraft Airworthiness Management Policy

The Company's must have a management mechanism for Airworthiness that includes Safety and Reliability in aircraft maintenance to ensure the aircraft operation that is safe, reliable, comfortable and punctual by considering the factors of effectiveness and efficiency and business opportunities.

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The function responsible for managing aircraft airworthiness must carry out aircraft maintenance programs professionally, efficiently and effectively and safely and reliably (safety & reliability) both for scheduled and unscheduled aircraft maintenance in accordance with airworthiness and civil aviation requirements of CASR Part 121 and Part 91. In order to fulfill the provisions of laws and other obligations relating to aviation management, aviation safety and security policies and aircraft airworthiness management policies, a full description of the implementation of these policies will be regulated in a manual or other policy document in accordance with the provisions applies to the Company’s.

8.4 Marketing & Sales Policy
The Company's must plan, implement and evaluate and improve marketing strategies that refer to RJPP to achieve the Company’s Vision and Mission in order to achieve optimal revenues through:

- Provision of aviation products and services that are in accordance with the needs of service users (oriented to service users)
- Management and establishment of a good image on the market.
- Optimization of Market Share.
The Company must plan and implement sales strategies that refer to Marketing Plan, and carry out evaluations and improvements.

The function responsible for managing the distribution channels is obliged to manage the distribution channels to support the achievement of sales targets and optimize the Company’s revenues by taking into account aspects of utilization of technology and optimization of distribution channel system.

The function responsible for revenue management must establish a mechanism to optimize revenues through effective management of prices and capacities.

The function responsible for managing aviation networks (network management) must ensure that there is an integrated aviation network.

On each flight route, an analysis of route profitability and network profitability analysis must be carried out to ensure the level of profits and risks, and ensure that improvement is made if the results are not profitable. The Revenue Management function is responsible for implementing Route Profitability and Network Profitability analysis.

8.5 Service Policy

Services to service users are always oriented to service users’ satisfaction during pre-flight, in-flight and post-flight, which refers to the provisions of civil aviation.
The function responsible for managing valuable transportation documents must ensure that valuable transport documents issued are accurate and in accordance with the reservation and requests from service users.

The function responsible for managing reservation services must manage reservation services for service users with principles of ease of access, fairness and well managed inventory to obtain optimal revenues through effective management of load factors.

The mechanism and collaboration between the function responsible for managing Check-in must be carried out to ensure the effectiveness and efficiency of all procedures. Safety, security and comfort of passengers during the flight must be a top priority, because it will greatly affect the overall satisfaction of service users. The mechanism and cooperation among functions must guarantee the achievement of these things.

Coordination of cooperation among functions responsible for managing services to service users is mandatory to minimize service users' inconvenience due to flight delays and cancellations.
9. INFORMATION DISCLOSURE AND CONFIDENTIALITY

9.1 Transparency and Access to Information

Transparency of public information is a means of optimizing public supervision of the administration of the state and other public entities and everything that has an impact on the public interest.

As a Public Entity, the Company’s has an obligation to provide and/or issue Public Information under its authority to Public Information Requesters, in addition to information excluded under the KIP Law. Public information provided must be accurate, correct and not misleading. To carry out this obligation, the Company’s must develop information and documentation systems to manage Public Information properly and efficiently so that it can be accessed easily.

In addition, the Company’s is also obliged to make and develop a system of providing information services quickly, easily, and fairly in accordance with the technical guidelines for public information service standards that apply nationally to realize fast, precise and simple services.

9.2 Information Disclosure in The Capital Market Sector

The Capital Market Law stipulates several requirements for disclosure and reports needed, OJK further determines the provisions, types, and procedures for reporting that must be carried out based on the Capital Market Law along with the exceptions as outlined in OJK regulations. In addition, IDX as
a self-regulatory organization (SRO) also issues regulations regarding the requirements for disclosure and reporting in detail in relation to securities trading on the exchange, which is also an implementing regulation of the Capital Market Law. Broadly speaking, the principle of transparency based on the Capital Market Law requires a periodic transparency and incidental reporting.

9.3 Corporate Documents

Under the Corporate Documents Law, company’s documents include:

- records, bookkeeping evidence, and financial administration supporting data, which is evidence of the existence of rights and obligations as well as business activities of a company’s (“Financial Documents”); and
- other documents consist of data or each writing containing information that has use value for the company’s even though it is not directly related to other financial documents (“Other Documents”).

The records included in the Financial Documents consist of an annual balance sheet, annual profit and loss calculation, accounts, daily transaction journals or any writing containing information about rights and obligations and other matters relating to the Company’s business activities (“Records”).

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In accordance with the provisions of the Corporate Documents Law, the Company's is required to make Records in accordance with the needs of the Company's. The procedure for making these Records as stipulated in the Corporate Documents Law. Records and proof of bookkeeping must be kept for a minimum of 10 (ten) years from the end of the Company's financial year. Meanwhile, the time period for storing financial administration supporting data is adjusted to the needs of the Company's concerned based on the decisions of the Company's directors.

Based on IOSA Standards Manual, the Company's must have a documentation system to ensure that the Company's operations, maintenance and security manuals are centrally managed and coordinated in the corporate document hierarchy. The Company's must have a management and control management system for documentation and/or data used directly for the implementation or support of the Company's operations. The system must meet the standards as set out in IOSA Standards Manual.

In addition, the Company's must also have a mechanism and provisions governing the management of documents and archives including the recording and storage of Corporate Documents with the aim that the archives are always well-maintained and safe, avoiding any possible harm. Corporate Documents may be transferred to microfilm or other media according to the
Corporate Documents Law. Corporate Documents that are in the form of microfilm or other media are legitimate evidence. Records, bookkeeping evidence, and financial administration supporting data may be destroyed based on the decision of the head of the Company's, who will be responsible for all losses of the Company's and/or third parties as a result of the destruction if done:

a. before the 10 year period ends, or
b. it is known or should be known that the Corporate Documents must still be kept, because they have good use values related to the Company's assets, rights and obligations as well as other interests.

The Company's must have a mechanism for managing corporate documents and destruction of records.

9.4 Confidentiality of Information

The Company's in carrying out its activities and business activities must uphold and always implement transparency based on the principle of prudence.

In principle, Corporate Documents are confidential documents and any information or data concerning the Company's, employees, and service users and parties related to the Company's that have not been submitted to the public is confidential information.

Confidential information (material information) is information about the Company's where:

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a. If disclosed, it will affect the competitiveness of the Company's.

b. If disclosed, there is a huge potential to influence the decision making of Shareholders and other relevant stakeholders.

c. Information that includes analysis of work plans, business development, competitors, service users, suppliers and others.

d. Information and/or data which includes personal data of service users/customers, employees, and work partners managed by the Company's.

Each Company's Personnel must keep information about these data confidential, except if the disclosure of information is required based on the applicable laws and regulations. In addition to information about the Company's, every employee of the Company's is also required to keep the Company's corporate action plan confidential as long as the information regarding the corporate action plan has not been disclosed to outside parties.

Within certain limits, Company's Personnel may disclose confidential information to the public and/or other third parties that legally have valid agreements or authorities. The limits that need to be taken into account by Company's Personnel when disclosing Company's information include confidential information may be provided as long as the

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recipient of the information is required to maintain the confidentiality of Company’s information. The Company’s is obliged to make a disclaimer which basically contains information that information about the Company’s is confidential information that has not been disclosed to the public, so the recipient of the information is required to maintain the confidentiality of the information provided by the Company’s and includes prohibited transactions on Company’s shares based on confidential information provided by Company’s.

In addition to the prohibition on disclosing confidential information, Company’s Personnel who have received such confidential information are also prohibited from using the information to conduct transactions on the capital market or to be given to other third parties for the purpose not having legal basis or not referring to the applicable laws and regulations.

9.5 Outgoing communication

Any outgoing contact or communication with parties outside the Company’s carried out by the Company’s and its employees must be carried out with the principle of prudence, especially those concerning confidential information for the Company’s.

In carrying out its business activities, the Company’s must always use the identity of the Company’s and the Company’s Personnel are required to maintain the Company’s image.

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Any information conveyed to the public regarding products or services provided by the Company's through all publicity activities including in the form of advertisements and promotions, must be accurate, realistic (in accordance with reality) and informative.

All materials on the Company's publicity activities including advertisements and promotions must refer to the Company's policies, advertising ethical codes and other applicable laws and regulations.

Before providing the Company's information to Shareholders and creditors, the Company's must ensure that the information provided is valid and has been verified by other functions within the Company's relating to that information. For financial statements, it must be ensured that the Audit Committee has reviewed and given its approval to issue the financial statements to the Shareholders and creditors.

Any question, criticism or suggestion from the community, whether delivered verbally or in writing through various means of communication, should be responded to as properly as possible. The work unit in charge of Corporate Communication is responsible for coordinating the responses to be conveyed by the Company's by taking into account the inputs given by officials or related functions.

In accordance with the needs of the Company's, providing written or verbal information (interviews and/or appearances

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in the media) and other forms of public exposure can be arranged, to disseminate information about the Company’s activities, performance and plans.

Communication-related work unit of the Company’s is responsible for managing the Company’s reputation in coordinating communication media, both electronic and printed media, so that the integrity and credibility of the Company’s information to the public can be maintained.

9.5.1 Communication with Creditors

As a form of protection of creditors’ rights, the Company needs to disclose information in a transparent, accurate, and timely manner, both at the time of request for and use of loans.

Before providing the Company’s information to creditors, the Company’s must ensure that the information provided is valid and has been verified by other functions within the Company’s relating to that information and has been disclosed to the public in accordance with the applicable regulations.

In order for trustworthiness and certainty of creditors to be maintained, the Company’s needs to regularly and continuously announce the Company’s performance and plans in accordance with the obligations that must be fulfilled by the Company’s in an agreement with creditors. It is important to note that in order to avoid differences in disclosure of information to creditors and shareholders, any information may only be given
to creditors after disclosure of such information to shareholders.

9.5.2 Communication through Sites

The Company's provides stakeholders access to the Company's information that is relevant, adequate and reliable in a timely and periodic manner. The Company's has media to provide Public Information in the form of sites handled directly by the Company's.

The Company's website publishes the Company's policies and important information including the following:

a. An important financial data overview in the annual financial statement

b. Guidelines for implementing good corporate governance include the publication of KTKP and the implementation of GMS, Code of Conduct, and Board Manual.

c. Performance evaluation report on the Company's website, which may be in the form of quarterly financial performance.

The Company's also needs to update the Company's information on BUMN sites on a regular basis. More detailed provisions regarding the management and updating of the sites will be arranged in a separate manual.

9.6 Internal Communication

Internal communication builds understanding, pride and involvement in the Company's, as well as internalizing the

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Company’s vision, mission and values. Internalization is aimed at creating value applications in the Company’s business process, as well as building the corporate culture needed to build the Company’s brand and achieve the Company’s vision and mission.

Internal communication activities are expected to be the driving force for two-way communication within the Company. Two-way communication will give birth to good relations and trust between the management and employees, so that engagement and involvement will form which gives birth to support for management policies and transformation efforts carried out by the Company.

In general, internal communication here is divided into two, namely “Company’s communication to all employees” (carried out by work units in charge of Corporate Communication) and “leadership communication” from each leader or people manager. Company’s communications to all employees are carried out with various ‘packages’, such as CEO Message, Townhall Meeting, directors’ memos, e-newsletters or email blasts, interactive portals, employee blogs, internal magazines, publication of interviews with Board of Directors and Board of Commissioners, and management speech in various internal corporate events.

Before giving information to employees, the Company’s - in this case the work unit in charge of Corporate Communication - must ensure that the accuracy of the information to be conveyed
has been traced and ascertained, and has obtained approval from the relevant people manager. To employees, the Company’s is also responsible for providing an understanding of the communication guidelines in accordance with the Company’s Business Ethics and Work Ethics, including communication made through social media.

In a crisis situation, employees are only allowed to provide information or explanations as needed to external parties (through social media, chat groups, or other channels) by referring to an Official Statement or Press Release issued by the Company’s. In other words, employees are not allowed to speculate, engage in discussions about the crisis experienced by the Company’s, or provide explanations to the media.
10. COMPANY’S ETHICS

10.1 Company’s Ethics

The Company’s must establish the Company’s ethics in a separate guideline that regulates the Company’s values and as a behavioral guideline including relationships with stakeholders.

The Company’s Personnel must comply with and implement the Company’s ethics related to the scope of their duties and responsibilities.

10.2 Violation

"Violation" means any action that violates the laws and regulations that apply internally at the Company’s. Actions that are considered as Violations are acts that are not in accordance with the Company’s ethics and are considered illegal.

Acts considered as violations include but are not limited to:

a. Corruption, collusion, nepotism;

b. Fraud;

c. Unlawful acts (including theft, use of violence against employees or leaders, extortion, drug use, harassment, other criminal acts);

d. Violations of the Company’s ethics or violations of courtesy norms in general;

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e. Actions that endanger aviation security and safety, occupational safety and health, or endanger the security of the Company’s assets; and

f. Violations of the Company’s standard operating procedures (SOP), including but not limited to procedures for the procurement of goods and services.

Actions that are considered as violations must not be committed and must be avoided by all the Company’s Personnel.

In the Collective Labor Agreement document that regulates industrial relations between the Company’s and its employees, the Company’s regulates the types of Violations that must be avoided and may not committed by employees.

For such violations, the Company’s applies sanctions that will be imposed on violators in accordance with the type of violation committed.

10.3 Violation Reporting System or Whistle Blowing System

As a company’s that consistently applies the principles of GCG, the Company’s supports every element of the Company’s to report allegations of Violations of the Company’s ethics, the Company’s internal regulations, or statutory regulations that apply through the Whistle Blowing System or “WBS”. WBS is a violation reporting system that allows everyone to report suspected fraud, violations of law and ethics and other misconducts carried out by the Company’s Personnel. The
Company's guarantees identity confidentiality and provides protection to whistleblowers.

10.4 Anti-Corruption

In accordance with the provisions of the Corruption Law, the Company's must always ensure that it supports the prevention and eradication of all forms of corruption that may harm the interests of the State, the Company's and the public as service users. Corruption as stipulated in the Corruption Law is explicitly formulated as a formal crime that is very important for proof. With formal formulations, even though the proceeds of corruption have been returned to the State, the perpetrators of corruption are still brought to justice and still convicted. In addition, the Corruption Law also applies reverse proof that is limited or balanced, which is the defendant has the right to prove that he or she has not committed a corruption act and is obliged to provide information about all his or her properties and properties of his wife or husband, child and properties of any person or corporation suspected of having connection with the case in question and the public prosecutor is still obliged to prove the charges.

All the Company's Personnel must comply with the provisions of the Corruption Law specifically regarding bribery and gratuities and the Law on State Administrators. All the Company's Personnel based on the Law on State Administrators

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and the Corruption Law are State Administrators or Civil Servants.

10.4.1 Bribery

Gifts are prohibited because they are categorized as bribe, if bribery is done to State Operator or Civil Servant, because or relating to something that is contrary to his obligations in his position, either done or not done in his capacity ("Bribery"). Article 13 of the Corruption Law stipulates that any person who gives gifts or promises to Civil Servants in relation with the power or authority inherent in his position, or by the person who offer the gifts or promises is considered inherent in that position, shall be sentenced to a maximum of 3 years imprisonment and/or a maximum fine of Rp 150,000,000.00 (one hundred fifty million Rupiah).

The Company’s Personnel are prohibited from accepting any form of gifts from any party whether in the form of money or its equivalent, presents, promises or gifts in a certain form and format, where it is known or reasonably suspected that the gifts are given in relation to his job or position. The Company’s Personnel must refuse any gifts that is considered to be related to their position. The Company’s Personnel are also prohibited from delivering gifts to State Administrators or Civil

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Servants in the hope that the recipient of the gifts in question will do or not do something that is contrary to their obligations.

10.4.1 Gratification

Gratification according to the Corruption Law is a gift in the broadest sense, which may be in the form of money, goods, rebates, commissions, interest-free loans, travel tickets, lodging facilities, travel trips, etc., which are received both domestically and abroad ("Gratification"). Unlike Bribery, Gratification is not always prohibited, and the Company’s Personnel are allowed to give or receive Gratification with certain conditions as stipulated in the applicable Company’s provisions regarding gratification.

Before giving or accepting Gratification, the Company’s Personnel must always pay attention to the provisions stipulated in the Corruption Law and the Company’s Code of Business Ethics and Work Ethics as well as technical provisions regarding Gratification controls that is applicable at the Company’s.

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11. INFORMATION SYSTEM AND TECHNOLOGY MANAGEMENT

Information Systems and Information Technology policies regulate the organization in order to achieve the Company's objectives by providing added value from the use of Information Technology which balances risks and is compared with the results provided by information technology and the process.

The function that manages Information Technology is responsible for implementing information technology development and operations in the Company's, by ensuring:

a. Availability of IT Master Plan according to the Company’s strategy & business needs.

b. Availability of annual IT Planning in line with RKAP.

c. Availability of IT solutions that add to the Company’s competitive value through:
   i. Control of budget realization in accordance with needs and IT Planning
   ii. Increased benefits of IT solutions so as to make a positive contribution to the Company’s.

d. Availability of a reliable application system to support the provision of accurate, fast and integrated information through aviation business needs analysis and IT.


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e. Implementation of IT Governance in the Company's by implementing self audits or audits conducted by external parties.

f. Risk management related to IT resources, and the development and operational processes of Information Technology.
12. EMPLOYMENT

The company's establishes personnel planning that is carried out by referring to the Company's needs based on the business plan, the direction of the Company's policies and strategies. Basic management of employment is based on the principles of productivity and performance.

Employment development is regulated in such a way that basic rights and protection are met for employees and at the same time can create conducive conditions for improving the performance of the Company's.

The Company's and employees must create a mechanism to foster and develop the capabilities and skills of employees to improve work productivity and employee performance which in turn can improve employee welfare. The Company's and employees who are members of the Company's Employee Union prepare and agree on Collective Labor Agreements to create harmonious, safe, peaceful and dynamic working relationships, work peacefulness, employee welfare, business continuity, certainty of the rights and obligations of each employee and the Company's. Collective Labor Agreements can be a legal basis for the Company's and employees in carrying out industrial relations between the two.

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13. PROCUREMENT OF GOODS AND SERVICES

This policy covers the procurement of non-aircraft assets which include products, goods and services, both through purchases and leases. The scope of procurement can be in the form of inventory programs, office equipment, information technology products and services, official vehicles, maintenance services, and so on. The programs, products, goods and services include those intended for routine/operational purposes as well as to fulfill project needs within the Company's, both those carried out for internal purposes and for service users.

Procurement of goods/services in the Company's environment is carried out with the following basic principles and values:

- **Transparency**, namely the decision-making process and the delivery of materials and relevant information in the entire process of procurement of goods/services in a transparent manner while still paying attention to the principle of prudence and maintaining confidentiality for the benefit of the Company's,

- **Accountability**, namely the existence of clarity of the functions of implementation and accountability so that the process of procurement of goods/services can be carried out effectively and efficiently,

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• Responsibility, that is, the whole process of procurement of goods/services is carried out in accordance with the applicable laws and regulations,

• Fairness, namely the existence of equal and fair treatment to all suppliers in every process of procurement of goods/services,

• Effective & Efficient, namely the use of reasonable costs to obtain goods/services that are in accordance with the needs and can provide benefits,

• Integrity, namely the guarantee that the entire process of procurement of goods/services is carried out legally, cleanly and ethically.

Procurement of goods/services also prioritizes direct source or non-intermediary principles, value added and upholds the values of integrity and honesty.

The Company's applies 6 (six) basic criteria for each decision in carrying out procurement, namely:

• Price: To pay at an appropriate and fair price.

• Volume: To buy the right quantity/according to needs and benefits.

• Quality: To obtain goods or services in accordance with the quality needed.

• Compliance: To ensure that all items to be installed or added to the aircraft have met applicable civil aviation safety regulations;

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• Time: An efficient order process and pick up of shipments at the optimal time.

• Source: The process of getting the right source of goods/services.

More detailed provisions regarding the procurement of goods and services are regulated in the Company's Procurement Manual.
14. RISK MANAGEMENT POLICY

The Company's must implement corporate risk management, which as a form of implementation of the principles of Good Corporate Governance:

a. Board of Directors, in every decision/action, must consider business risks.

b. Board of Directors must develop and implement a corporate risk management program in an integrated manner that is part of the implementation of GCG program.

c. The risk management program can be carried out by:
   i. Establishing a separate work unit under Board of Directors; or
   ii. Giving assignments to existing work units which are relevant for carrying out risk management functions.

In addition to that, as an airline company's the Company's is bound by aviation regulations from the International Civil Aviation Organization (ICAO), Law of the Republic of Indonesia Number 1 of 2009 on Aviation, and Civil Aviation Safety Regulations (CASR), which requires the application of safety risk management.
15. SUPERVISION AND CONTROL POLICY

The supervision and control policy includes policies for the overall supervision and control function of the Company's which includes supervision and control at the level of all the Company's Personnel. Supervision and control includes financial, non-financial, qualitative and quantitative aspects with the aim of achieving optimum balance of quality, delivery and costs in an effort to achieve the Company's objectives and maintain and increase service user satisfaction. In carrying out its duties, the supervision or control function must always pay attention to the interests of the Company's, Shareholders and related stakeholders (service users, employees, the public, and the State) in accordance with the framework outlined in the Company's vision, mission and objectives.

The responsibility for coordination and implementation of the supervisory and control function is with the Commissioners. In carrying out the coordination the Commissioners are assisted by the Audit Committee which has the main task to:

a. Assist the Commissioners to ensure the effectiveness of the internal control system and the effectiveness of the implementation of external auditor and internal auditor duties;

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b. Assess the implementation of activities and the results of audits carried out by internal and external audit units;

c. Provide recommendations on improving management control systems and their implementation;

d. Ensure that there are satisfactory review procedures for all information released by the Company’s; and

e. Identify matters that require the attention of the Commissioners as well as the duties of the Commissioners.

At present, the Company’s has an Audit Committee Charter that applies as a mechanism that regulates the performance of the Audit Committee in the Company’s.

**Internal Control Policy**

Internal control is a process designed to provide reasonable guarantees so that the Company’s can achieve its objectives by involving all existing personnel in the organization ranging from decommissioning, BOD, management, to lower level employees, including supporting units (embedded internal control), Internal Audit and Risk Management, while at the Commissioner level the implementation of internal control management is assisted by the Audit Committee. In addition, internal control is not an activity added to the management process, but is an integral part of the process.
Internal Control (COSO) is designed to aim to provide reasonable assurance in order to achieve the Company's objectives, which are grouped into 3 categories as follows:

- effectiveness and efficiency of operations,
- reliability of financial reporting, and
- compliance with laws, regulations and applicable stipulations.

Internal control in its implementation, must always pay attention to the interests of the Company, Shareholders and stakeholders and be harmonized with the framework outlined in the Company’s vision, mission and objectives.

Effective internal control must play an important role in detecting and preventing fraud and protecting organizational assets, both tangible (inventories, fixed assets and cash etc.) and intangibles (reputation, intellectual property rights, and trademarks).

In order for internal control to be effective, all components (5 components) must be supported by 17 main principles that must exist and function and operate together & integrated.

Five components that support internal control effectiveness include:

- **A. Internal Control Environment;** constitutes the entire actions, standards, policies and procedures that reflect the entire attitude of the top management, Board of Commissioners and the owner of the entity.

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With the main principles as follows:

1. The organization shows a commitment to integrity and ethical values;

2. Board of Commissioners carries out supervisory responsibilities;

3. Management proposes structure, authority and responsibility, Board of Commissioners approves, in accordance with the provisions of Articles of Association;

4. Commitment to competence;

5. Encourage accountability for the Internal Control system.

B. Risk Assessment; identifying the organization risks and analyzing them with General Risks and Inherent Risks that are relevant and have an impact on achieving its objectives.

With the main principles as follows:

1. Determining the goals

2. Identifying and analyzing risks

3. Assessing fraud risk

4. Identifying and analyzing significant changes

5. Detailing policies and recommending decisions that benefit the organization

C. Control Activities; an action determined through policies and procedures to assist the management in guaranteeing
and ensuring that management directives are carried out in order to minimize risks.

With the main principles as follows:
1. Developing control activities
2. Developing general control of technology
3. Detailing policies and procedures

D. **Information and Communication**: an ongoing process to obtain, share, provide relevant and quality information, both from internal and external sources while internal communication must be a means of disseminating information within the organization, both from top to bottom, from the bottom up, and across functions.

With the main principles as follows:
1. Using relevant information
2. Effective internal communication
3. Effective external communication

E. **Monitoring**: Monitoring is a process that determines the quality of internal control performance over time, including ongoing evaluations, separate evaluations, or a combination of both, aiming to ensure that each component of internal control is present and functioning properly.

With the main principles as follows:
1. Continuous and/or separate evaluation
2. Evaluating and providing constructive advice on any reported deficiencies and problems
The Audit Committee, Internal Audit and concern units can use the components, the principles of internal control above with their respective descriptions as indicators to assess the effectiveness of the organization's internal controls.
16. COOPERATION IMPLEMENTATION POLICY

This policy includes cooperation carried out by the Company’s both in the position of company’s as a collaborator and company’s as a party seeking partners to cooperate. Cooperation within the Company’s is carried out with the following principles:

a. Cooperation is carried out by paying attention to the principles of transparency, independence, accountability, expediency and fairness, and in accordance with applicable laws and regulations;

b. Cooperation is carried out for a certain period of time stated in the agreement and it is not permitted to carry out cooperation without time limits except for cooperation in the form of the establishment of a joint venture company’s.

c. Cooperation prioritizes synergies between BUMNs and/or state-owned subsidiaries and/or BUMN affiliated companies and increases national business participation through direct appointment, or direct cooperation by comparing at least two (2) BUMNs, BUMN subsidiaries, and/or companies affiliated with BUMN, while considering that the quality, price, and capability possessed by BUMN/BUMN subsidiaries and/or BUMN affiliated companies can be accounted for.

d. Any party other than a party that has authority based on the applicable provisions in the Company’s is prohibited

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from interfering in the process and making decisions regarding cooperation in accordance with the provisions of the legislation.

e. Cooperation is carried out for the benefit of the Company's and is free from pressure, coercion and interference from any party.

f. Evaluation of cooperation agreements is carried out for cooperations that are detrimental to the Company’s or have not provided optimal benefits while taking into account the applicable legal provisions.

More detailed provisions regarding the implementation of cooperations in the Company’s are regulated in the cooperation guidelines that apply in the Company’s.

I, Anang Fahkrudin, residing at Jl. Kalibata Timur Raya No. 12, Kel. Kalibata, Kec. Pancoran, South Jakarta, (anangf@gmail.com), a sworn and authorized translator, by virtue of Jakarta Capital Territory Governor’s Decree No. 2228/2001, practicing in Jakarta, do solemnly and sincerely declare that the foregoing document is a true and faithful translation from Indonesian into English of the original document.

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