

**DECREE OF THE BOARD OF DIRECTORS AND BOARD OF  
COMMISSIONERS**

**PT BAKRIELAND DEVELOPMENT TBK  
No. 001 / KOM-DIR-PERSEROAN /SK/1/2016**

**CONCERNING**

**LEGALIZATION OF REVISION II OF THE BOARD MANUAL**

**Considering:**

1. PT Bakrieland Development Tbk (“the Company”) is a public company well-known by the communities at large, both national and international, so that it is appropriate to continue to improve *Good Corporate Governance* (GCG) practices in its business activities;
2. The Board of Commissioners and Board of Directors of the Company shall draw up a collective agreement which aims to:
  - a. Become a reference / guidance concerning the main tasks and work functions of each organ.
  - b. Improve the quality and effectiveness of work relationships between organs.
  - c. Apply GCG principles, namely Transparency, Accountability, Responsibility, Independence and Fairness
3. Revision I of the Board Manual, legalized by Decree Letter of the Board of Directors and Board of Commissioners of PT Bakrieland Development Tbk No. 004 / Dir-Kom / Perseroan / SK / IX12011, concerning the Validation of the Revision I of the Board Manual is considered necessary to be reviewed and adjusted to the laws and regulations in force.

**In View of:**

1. Act Number 40 of the year 2007 concerning Limited Liability Company.
2. Articles of Association of PT Bakrieland Development Tbk dated on October 13<sup>th</sup>, 2015, as well as its amendments.
3. Indonesia’s General Guidelines of Good Corporate Governance issued by the National Committee on Governance Policy.
4. Decree of the Board of Commissioners and Board of Directors of PT Bakrieland Development Tbk No. 001 / SK / Kom-BLD / X / 07 concerning Guidance on the Implementation of Good Corporate Governance (Code GCG)
5. Decree Letter of the Board of Directors and Board of Commissioners of PT. Bakrieland Development Tbk No. 004 / Dir-Kom / Perseroan / SK / IX/2011 concerning the Validation of the Revision I of the Board Manual.
6. Regulation of the Financial Services Authority No. 33 / POJK.04 / 2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies

**DECIDED**

**Has Decided:**

1. Validate the Revision II of the Board Manual as attached in this Decree.
2. The Board Manual is the guideline for the work relationship between the Company’s two organs so that the Company’s business activities can be implemented in harmony with the GCG principles in an effort to achieve the Company’s vision and mission.
3. This decree shall come into force as of the date of stipulation.
4. Through the application of this Decree, the Revision I of the Board Manual issued on December 26<sup>th</sup>, 2011 is therefore no longer valid.
5. Should there be any adjustment or errors found in this provision, an appropriate revision shall be made accordingly.

## CHAPTER I INTRODUCTION

### 1.1. Background

The Board Manual is a guidance on the work procedures of the Board of Commissioners and the Board of Directors which describes the stages of activities in a structured, systematic, understandable and consistent manner so that it can become a reference for the Board of Commissioners and the Board of Directors in performing their duties respectively in order to achieve the Vision and Mission of PT Bakrieland Development Tbk (the Company).

The Board Manual is prepared based on the principles of corporate laws, provisions of the Articles of Association, laws and regulations in force, directions of the Shareholders and the best practices of *Good Corporate Governance* hereinafter abbreviated as GCG. This Board Manual is one of the GCG soft structures, as the elaboration of the *Code of Corporate Governance* which refers to the Articles of Association of the Company.

This Board Manual is intended to describe the work relationship between the Board of Commissioners and the Board of Directors in performing their duties in order to create a professional, transparent and efficient management of the Company. The Board Manual, which is the draft of agreement between the Board of Directors and the Board of Commissioners, aims to:

1. Become a reference / guideline on the main tasks and work functions of each organ.
2. Improve the quality and effectiveness of work relationships between organs.
3. Further clarify the duties and responsibilities of the Board of Commissioners and the Board of Directors as well as work relationships between the two organs of the Company.
4. Further facilitate the organs of the Board of Commissioners and the Board of Directors to understand the duties and responsibilities of the Board of Commissioners and the Board of Directors as well as the duties of the organ of the Board of Commissioners and the organ of the Board of Directors.
5. Implement the GCG principles namely Transparency, Accountability, Responsibility, Independence, and Fairness.

Implementation of the Board Manual is one of the commitments of the Board of Commissioners and the Board of Directors in applying the principles of Good Corporate Governance, as well as an effort to further elaborate matters presented in the Code of Corporate Governance already owned by the Company. Furthermore, it is expected that through this Board Manual, it will create a standardized and mutually respectful pattern of working relationships that is presented in the policies of the Board of Commissioners and the Board of Directors.

The Board Manual itself is dynamic and always growing. The improvements are highly dependent on the needs of the Board of Commissioners and the Board of Directors as a result of the changes occurring and faced by the Company. Whereas the Board Manual is a compilation of the principles of corporate law, in its implementation, it must still refer and be always consistent with laws and regulations in force and decisions of the General Meeting of Shareholders (RUPS) as a higher provision. The detailed provisions presented in the Articles of Association, the directions of the Shareholders determined in the GMS, and other legal provisions remain binding, although these are not specifically described in this Board Manual.

The principles of good faith, full responsibility and fiduciary duties, inherent skill and care with the position holders of the Board of Commissioners and the Board of Directors are general principles

that must be respected by the Company's organs having responsibility for supervision and managing the Company.

## 1.2. Basic Law & Reference

1. Act Number 40 of the Year 2007 concerning Limited Liability Company.
2. Act Number 8 of the year 1995 concerning Capital Market.
3. Decision of the Board of Directors of Jakarta Stock Exchange No. Kep-305 / BEJ / 07-2004 Regulation Number I-A concerning Recording of Shares and Equity Securities In addition to Shares Issued by Listed Company.
4. The Articles of Association of PT Bakrieland Development Tbk.
5. Indonesia's General Guidelines of Good Corporate Governance issued by the National Committee on Governance Policy in 2006.
6. The Roadmap for Indonesia Corporate Governance issued by the Financial Services Authority in 2014.
7. Decree Letter of the Board of Commissioners and the Board of Directors. 001 / SK / Kom-BLD / X / 07 dated October 1<sup>st</sup>, 2007 concerning Guideline on the Implementation of Good Corporate Governance (Code of GCG).
8. Regulation of the Financial Services Authority No. 21 / POJK.04 / 2015 dated November 16<sup>th</sup>, 2015 concerning Guidelines on the Implementation of Open Corporate Governance.
9. Regulation of the Financial Services Authority No. 031 / POJK.04 / 2014 concerning Disclosure of Information or Material Facts by Issuers or Public Companies.
10. Regulation of the Financial Services Authority No.033 / POJK.04 / 2014 concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies.
11. Regulation of the Financial Services Authority No.034 / POJK.04 / 2014 concerning the Nomination and Remuneration Committee of Issuers or Public Companies.
12. Regulation of the Financial Services Authority No.035 / POJK.04 / 2014 concerning Corporate Secretary of Issuers or Public Companies.
13. Regulation of the Financial Services Authority No. 55 / POJK.0412015 concerning Establishment and Guidelines of Implementation of the Audit Committee.
14. Regulation of the Financial Services Authority No. 56 / POJK.04 / 2015 concerning Establishment and Guidelines for the Formulation of the Internal Audit Charter.

## 1.3. Scope

This Board Manual applies to the implementation of working relationship between the organs of the Board of Commissioners and the Board of Directors within the Company by referring to the provisions presented in the Company's Articles of Association and / or provisions presented in laws and regulations in force.

## 1.4. Glossary

1. **Subsidiary**, is a business entity in which the share ownership of the company is more than 50% or under the control of the Company.
2. **Members of the Board of Directors**, are individual person of the Board of Directors, including the President Director.
3. **Members of the Board of Commissioners**, are individual person of the Board of Commissioners including the President Commissioner.
4. **External Auditor or Independent Auditor**, is an organ or a party whose position is outside the Company's environment conducting an audit, especially an audit of the Company's Financial Statements.
5. **Internal Auditor or Internal Control Unit**, is a person or party whose position is within the Company's environment conducting independent and objective assurance and consultation activities, with the aim of improving the company's operations through

ANNEX

Decree of the Board of Directors and Board of Commissionaire

PT Bakrieland Development Tbk

No. : 001/KOM-DIR-PERSEROAN/SK/I/2016

Date: January 18<sup>th</sup>, 2016

systematical assessment through evaluation and improving effectiveness of the risk management, internal control, and corporate governance.

6. **Intangible Goods / Fixed Assets**, are tangible assets acquired in the form of ready to use goods, either through purchase or built first, which are used in the Company's business and are not intended to be sold in the framework of the Company's normal activities and have a useful life of more than one year.
7. **Special List**, is a list of share ownership of the Board of Commissioners - Board of Directors and their families, either in Company or in other companies.
8. **Board of Directors**, is the Company's Organ having full responsibility for the Company management for the purposes and objectives of the Company and to represent the Company both within and outside the Court pursuant to the provisions of the Articles of Association.
9. **Fiduciary Duties**, has definition in carrying out its duties and authority to administer the company, the Board of Directors is obliged to started from the basis it has obtained the duties and authorities based on 2 (two) principles. The two principles are trust given by the Company and the principles that refer to the ability and prudence of the Board of Directors' actions.
10. **Good Corporate Governance** is a process and structure used by the Company to improve the Company business success and accountability in order to realize shareholder value in long term manner by taking into account to the interests of other stakeholders, based on laws and regulations in force and ethical values.
11. **Day**, the meaning of the day as referred to in this document is effective working day and not calendar day.
12. **Board of Commissioner**, is an organ of the Company having responsibility for supervising and providing advice to the Board of Directors in running the Company.
13. **Independent Commissioner** is a member of the Board of Commissioners who does not have any financial, management, ownership and / or family relationships with other members of the Board of Commissioners, the Board of Directors and / or other controlling shareholders or relationships that may affect their ability to act independently.
14. **Audit Committee**, is a committee established by and responsible to the Board of Commissioners in assisting in carrying out the duties and functions of the Board of Commissioners.
15. **Nomination and Remuneration Committee**, is a committee established by and responsible to the Board of Commissioners in assisting in carrying out the functions and duties of the Board of Commissioners regarding the nomination and remuneration of members of the Board of Directors and members of the Board of Commissioners.
16. **Company organs**, are General Meeting of Shareholders, Board of Commissioners, and Board of Directors.
17. **Employees**, are any person who works for the Company (except for Members of the Board of Directors and Members of the Board of Commissioners and Members of the Committees) by receiving remuneration as stated in the Company's list of payment, including persons working under a specified period of employment agreement.
18. **Shareholder**, is a party registered in the List of Shareholders made by the Securities Administration Bureau.
19. **Controlling Shareholder**, is a shareholder owning 25% (twenty five percent) or more of company's shares, or shareholders having the ability to in any way to influence on the management and or policy of the company even if the number of shares owned is less than 25% (Twenty Five percent).
20. **Corporate or Company** is PT Bakrieland Development Tbk.
21. **General Meeting of Shareholders (AGMS)**, namely Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders, is the Company's organ which holds the highest authority in the Company and holds the power of all

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

authorities that is not submitted to the Board of Directors or Board of Commissioners pursuant to the Act No. 40 of the year 2007 concerning Limited Liability Company and Company's Articles of Association.

22. **AGMS of Subsidiaries**, is a subsidiary organs holding the highest authority in subsidiaries and holds all authorities that is not submitted to the Board of Directors of Subsidiaries or Board of Commissioners of Subsidiaries.
23. **Secretary of the Board of Commissioners**, is a structural unit under the Board of Commissioners taking the responsibility of providing support to the Board of Commissioners in carrying out its duties
24. **Corporate Secretary** or **Company Secretary**, is a structural unit within the organization of the Company taking responsibility of providing support to the Board of Directors in carrying out its duties
25. **Stakeholders**, are parties having interest (s) directly or indirectly to the Company's business activities.

## Chapter II BASIC PRINCIPLES OF WORKING RELATIONSHIP OF BOARD OF COMMISSIONERS - BOARD OF DIRECTORS

### 1.1. Basic Principles of Working Relations of Board of Commissioners - Board of Directors

Working Relationships of the Board of Commissioners and Board of Directors are pursuant to the following principles:

1. The Board of Commissioners conducts supervision on the management policies, the general management of the Company, both concerning the Company and concerning the Company's business, and provides advice to the Board of Directors.<sup>1</sup>
2. The Board of Directors respects the responsibilities and the authority of the Board of Commissioners to conduct the supervision and provides advice on the Company's management policies.
3. Each working relationship between the Board of Commissioners and the Board of Directors is a formal institutional relationship, in the sense that it is always pursuant to a standard mechanism or an accountable correspondence.
4. The Board of Commissioners shall be entitled to obtain accurate, complete and timely Company's information and may at any time request the Company's information to the Board of Directors and / or management.
5. The Board of Directors is responsible for the accuracy, completeness and timeliness of the Company's information submission to the Board of Commissioners. The information submission can be done through mechanisms of letter or meetings of Board of Commissioners and Board of Directors.
6. The Board of Directors are obliged to inform the investment made by the Company to the Board of Commissioners no later than 1 (one) month after the investment decision, or in the following Board of Commissioners meeting, which is the first one conducted.
7. In the framework of timely acquisition of such information, the Board of Commissioners are obliged to be informed at each meeting of the Board of Commissioners and the Board of Directors, especially related to the investment made by Bakrieland.
8. The working relationship between the organ of the Board of Commissioners and the organ of the Board of Directors is obliged to be agreed by the Board of Commissioners and the Board of Directors.

### 2.2. Achievement Commitment

The working relationship between the Board of Commissioners and the Board of Directors is the relationship of *checks and balances* in order to achieve the Company objectives. Accordingly, pursuant to its respective functions, the Board of Commissioners and the Board of Directors have a high commitment to jointly:

1. Realize the Company's objectives in the form of the achievement of long-term business sustainability that is reflected in:
  - a. The achievement of the *Value of the Firm* as expected by the Shareholders
  - b. The implementation of the processes of internal control and risk management.
  - c. Achieving a reasonable fair return for the Shareholders.
  - d. The protection of the interests of the stakeholders in a fair manner.
  - e. The implementation of leadership succession and management continuity in the organization of the Company.
  - f. The fulfillment of good corporate governance implementation.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

2. Agree on the following matters to support the achievement of the vision and mission as well as strategy of the Company:
  - a. Business targets, strategies, long-term plans as well as annual work plans and budgets.
  - b. Policy in compliance with laws and regulations in force and the Company's Articles of Association.
  - c. Policies and methods of the Company's performance assessment, units within the organization of the Company and its personnel.
  - d. The Company's organizational structure at the executive level which is capable of supporting the achievement of the Company's business objectives.

## Chapter III BOARD OF COMMISSIONERS

### 3.1. Functions of the Board of Commissioners

1. The Board of Commissioners is responsible for the supervision of the Company.<sup>3</sup>
2. Each member of the Board of Commissioners is obliged to be in good faith, prudence, and responsible in carrying out supervisory and advisory duties to the Board of Directors.<sup>4</sup>

### 3.2. Requirements, Membership, Multiple Positions, Independent Commissioners, and Term of Position

#### 1. Requirements of Commissioners

The requirements that must be fulfilled by a candidate Members of the Board of Commissioners include formal requirements and material requirements. The formal requirements are general requirements pursuant to laws and regulations in force while the material requirements are requirements that are adjusted to the needs and nature of the Company's business.

##### a. Formal Requirements

The formal requirements for members of the Board of Commissioners are:

- 1) Being able to perform legal acts, except within 5 (five) years prior to the recruitment and during term have<sup>5</sup>:
  - been declared bankrupt
  - become a member of the Board of Directors or a member of the Board of Commissioners who is found guilty of causing the Company to be declared bankrupt.
  - been punished for committing a crime that is detrimental to state finances and / or related to the financial sector.
- 2) Having good character and morals.<sup>6</sup>
- 3) Has never been punished for committing a criminal offense in the last 10 (ten) years.<sup>7</sup>
- 4) Has never been dismissed disrespectfully from a job within the last 5 (five) years.<sup>8</sup>
- 5) Not in guardianship.<sup>9</sup>
- 6) Has had no family-to-family relationship up to third degree, either on a straight line or a side line or a seminal relationship (in law) with other members of the Board of Commissioners and / or other members of the Board of Directors.

##### b. Material Requirements

The material requirements for members of the Board of Commissioners are:

- 1) Having good ability, integrity, and strong commitment to support the process and build governance within the Company, as well as uphold the ethical values in carrying out its duties, responsibilities and authorities.
- 2) Understanding company management issues related to one of the functions of management
- 3) Having sufficient knowledge in the business field of the Company.
- 4) Being able to build solid teamwork and support each other in order to achieve the vision, mission and business objectives, both short and long term.
- 5) Mainly for the Independent Commissioner, in addition to meeting the above material requirements, it is also not a person who is employed or has the authority and responsibility to plan, lead, control or supervise the Company's activities within the last 6 (six) months, except for re-appointment as Commissioner Independent of the Company in the following period, not have any direct or indirect shares in the Company, not have affiliated relationship with the Company, any member of the Board of Commissioners, any member of the Board of Directors or any major



shareholder of the Company, not have direct or indirect business relation related to the activities of the Company's business.<sup>10</sup>

## **2. Membership of the Board of Commissioners**

- a. The Board of Commissioners consists of 3 (three) persons or more members of the Board of Commissioners including Independent Commissioners whose its number is adjusted to the requirements in the laws and regulations in force in the field of capital market. Upon the appointment of more than one member of the Board of Commissioners, then one of them may be appointed as President Commissioner.<sup>11</sup>
- b. The division of labor among members of the Board of Commissioners is governed by them, and for the smooth functioning of the Board of Commissioners, it may be assisted by a Secretary appointed by the Board of Commissioners.
- c. If by any reason the position of the Board of Commissioners is vacant, pursuant to the Articles of Association of the Company, within 60 (sixty) days after the vacancy, the General Meeting of Shareholders is obliged to be held to fill such vacancies by taking into account to the provisions of legislation and the Articles of Association. A person appointed to replace a member of the Board of Commissioners who resigns or is terminated from his position or to fill vacancies is obliged to be appointed for a period of time which is the remaining position of another member of the Board of Commissioners.<sup>12</sup>
- d. The members of the Board of Commissioners are appointed and dismissed by the GMS and the proposed candidates by the shareholders and the nomination are binding for the GMS.
- e. The procedures for the nomination, selection and appointment of members of the Board of Commissioners by the GMS shall be outlined in selection criteria policies and nomination procedure.

## **3. Multiple Positions of the Members of the Board of Commissioners**

1. Members of the Board of Commissioners may multiple its position to serve as:
  - a. Members of the Board of Directors at most in 2 (two) other public companies
  - b. Members of the Board of Commissioners at most in 2 (two) other public companies
2. In the case the members of the Board of Directors may concurrently serve as members of the Board of Commissioners at the most in 4 (four) other public companies.
3. Member of the Board of Commissioners may also serve as a committee member at the most in 5 (five) committees in a public company where he also serves as a member of the Board of Directors or a member of the Board of Commissioners.
4. Multiple positions as members of the committee as referred to in point 3 can only be made as long as it is not contrary to other laws and regulations.
5. In the case of other applicable laws and regulations governing the different provisions concerning multiple positions from this provision, then it is applied the provisions governing in a stricter manner.<sup>13</sup>

#### **4. Independent Commissioner**

a. Definitions:

Independent Commissioner is a member of the Board of Commissioners<sup>14</sup> who:

- 1) Comes from outside the Company
- 2) Has no direct or indirect shares in the Company
- 3) Has no affiliation relationship with the Company, the Board of Commissioners, the Board of Directors or the Shareholders of the Company.
- 4) Has no direct or indirect business relationship relating to the Company's business activities.

b. Number of Independent Commissioners

The composition of the Company's Board of Commissioners is obliged to be in such a way so that it enables effective, prompt and prompt decision-making process. In addition, the Board of Commissioners is also required to act independently, in the sense that there is no conflict of interest that may interfere with its ability to perform its duties independently and critically, either in relation to each other or to the Board of Directors. For that purpose to be achieved, then it is necessary for an Independent Commissioner. The Independent Commissioners has its proportional numbers to the number of shareholders held by non-controlling Shareholders with the provisions of the number of Independent Commissioners at least 30% (thirty percent) from the total members of the Board of Commissioners.<sup>15</sup>

c. Requirements of Independent Commissioners

To be eligible to be appointed as the Independent Commissioners, in addition to fulfilling formal and material requirements, it is also obliged to fulfill the following independence requirements:

- 1) Has no affiliation relationship with the Controlling Shareholder of the Company.<sup>16</sup>
- 2) Has no affiliation relationship with the Director and / or Other Board of Commissionaires in the Company.<sup>17</sup>
- 3) Not serving as the Board of Directors of a company affiliated with the Company.<sup>18</sup>
- 4) Understanding the laws and regulations in force in the Capital Market.<sup>19</sup>
- 5) Not working with the government including ministries, agencies and military in the period of the last three years.
- 6) Has no direct or indirect financial relatedness to the Company or any other company providing services and products to the Company and its affiliates
- 7) Free from business interests and activities or other relationships that may obstruct or impair the ability of Independent Commissioners to act or to think in a free manner within the Company scope.
- 8) The number of Independent Commissioners is obliged to be able to ensure that the monitoring mechanism is effective and pursuant to the laws and regulations in force. One of the Independent Commissioners is obliged to have an accounting or financial background.<sup>20</sup>
- 9) The selection of Independent Commissioners is obliged to take into account to minority shareholders' opinions that can be accommodate through the Committee Nomination and Remuneration.<sup>21</sup>
- 10) Independent Commissioners who have served for 2 (two) periods of term, may be reappointed in the following period as long as the Independent Commissioner declares himself to be remain independent to the GMS, disclosed in the annual report.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

**5. Term of Positions**

- a. Members of the Board of Commissioners shall be appointed by the General Meeting of Shareholders for a period starting from their appointment until the closing of the following third Annual General Meeting of Shareholders without prejudice to the GMS's right to terminate at any time.<sup>22</sup>
- b. The position of the member of the Board of Commissioners shall be terminated if<sup>23</sup>:
  - 1) Resigning pursuant to the following provisions:
    - A member of the Board of Commissioners is entitled to resign from his position by providing written notification of such intention to the Company at least 90 (ninety) before the date of his resignation.<sup>24</sup>
    - The resigned member of the Board of Commissioners is still asked his liability since his appointment until the date of his resignation in the following GMS.
  - 2) No longer comply with legislation requirements in force
  - 3) Died
  - 4) Dismissed based on the decision of the General Meeting of Shareholders.
- c. The Company is obliged to hold the General Meeting of Shareholders to decide upon the resignation of members of the Board of Commissioners within 90 (ninety) years after the receipt of the resignation letter.<sup>25</sup>
- d. In the case of the Company does not hold the General Meeting of Shareholders within the period of point (c) above, then within such period of time, the resignation of the members of the Board of Commissioners becomes valid without requiring the approval from the GMS.<sup>26</sup>
- e. In the case of the members of the Board of Commissioners resign and cause the number of members of the Board of Commissioners to become less than 3 (three) persons, the resignation is valid if it has been determined by the GMS and has been appointed by the new Board of Commissioners to meet the minimum requirements of the number of members of the Board of Commissioners .<sup>27</sup>
- f. If a member of the Board of Commissioners resigns or is dismissed before the term of his term expires, the term of his successor is the remaining term of the member of the Board of Commissioners that he replaces.<sup>28</sup>
- g. In the case of an addition of a member of the Board of Commissioners, the term of the member of the Board of Commissioners will be at the same time of the term of the other existing Member of the Board of Commissioners.

**3.3. Responsibility of the Board of Commissioners**

The Board of Commissioners conducts supervision on the management policies, general management of the Company and the Company's business, and provides advice to the Board of Directors.<sup>29</sup> The supervision and provision of advice by the Board of Commissioners are conducted based on the following principles:

1. In conducting the supervision, The Board of Commissioners will always comply with the Articles of Association and the laws and regulations in force.
2. The supervision shall be conducted by the Board of Commissioners on the Company management by the Board of Directors.
3. In conducting the supervision, the Board of Commissioners shall act as a council and shall not act individually on behalf of the Board of Commissioners.
4. The supervision does not change into executive duties, except in the case of that the Company has no Board of Directors, with an obligation that in not later than 60 (sixty) days after the absence of the Board of Directors, it is obliged to invite the General Meeting of Shareholders to appoint the Board of Directors.<sup>30</sup>
5. The supervision shall be conducted not only by approving or disapproving of actions requiring the approval of the Board of Commissioners, but the supervision is conducted pro-actively, covering all aspects of the Company's business.

6. The Board of Commissioners may use independent professional services and / or form a Committee to assist the duties of the Board of Commissioners.<sup>31</sup>

### **3.4. Duties and Obligations of the Board of Commissioners**

#### **1. General**

- a. Comply with the Articles of Association and laws and regulations in force as well as decisions of the GMS.
- b. Have good faith and with full responsibility to conduct the tasks for the Company's interests and business.
- c. Conduct the supervision on the Company's management policies by the Board of Directors and provide advice to the Board of Directors on the Company's development plan, Long Term Plan, Work Plan and Budget, the implementation of the Articles of Association and the decisions of the General Meeting of Shareholders and the laws and regulations in force.
- d. Provide advices to the Board of Directors in conducting the Company's management.
- e. Conduct the Company's interests by taking into account the interests of the Shareholders and stakeholders.
- f. Monitor the effectiveness of Good Corporate Governance practices applied by the Company.
- g. Prepare the work plan of the Board of Commissioners for the following year period.
- h. Take responsibility of the execution of its duties to the GMS.

#### **2. Supervision**

The supervision by the Board of Commissioners shall be conducted, among others, by ways:

- a. Requesting a written statement to the Board of Directors regarding a matter in the Company
- b. Making visits to certain work units / branch offices / projects, whether with (or without) notice to the Board of Directors previously.
- c. Respond to reports from the Board of Directors
- d. Assign the Audit Committee to conduct supervisory duties as set forth in the Audit Committee Charter

#### **3. Implementation of Duties relating to the General Meeting of Shareholders**

In relation to the GMS, the Board of Commissioners has the duty and obligation to:

- a. Provide opinions and suggestions regarding the Company's Annual Work Plan and Budget as well as their changes and additions.
- b. Follow the development of the Company's activities.
- c. Provide opinions and suggestions on any issues deemed important to the Company's management.
- d. Report to GMS in case of symptoms on the declining performance of the Company with suggestions on the improvement measures to be taken.
- e. Provide opinions and suggestions to the General Meeting of Shareholders regarding the planned action of the Company's management by the Board of Directors which must be approved by the GMS.
- f. Examine and review as well as sign the Annual Report that is prepared and submitted by the Board of Directors to the GMS. In the event that the Board of Commissioners does not sign the Annual Report, it is obliged to declare the reasons in writing.<sup>32</sup>
- g. Conducting other supervisory duties as determined by the GMS
- h. Providing immediate reports to the GMS if there are any symptoms of declining performance of the Company.
- i. Taking responsibility of the execution of its duties to the GMS

#### **4. Risk Management**

The Board of Commissioners has an obligation to supervise and provide regular advice to the Board of Directors on the effectiveness of risk management implementation.

## 5. Internal Control System

The Board of Commissioners has an obligation to supervise and advise the Board of Directors in implementing an effective internal control system.

## 6. Disclosure and Confidential Information

- a. The Board of Commissioners supervises the Board of Directors to disclose important information in the Company's Annual Report and Financial Statements to Shareholders and relevant Government Agencies pursuant to the legislation in force in a timely, accurate, clear and objective manner.
- b. The Board of Commissioners supervises the Board of Directors to take any initiatives to disclose not only the problems required by the legislation in force but also any important information required by Stakeholders.
- c. The Board of Commissioners supervises the Board of Directors to actively disclose the implementation of *good corporate governance* principles and material problems faced
- d. The Board of Commissioners is responsible for maintaining the confidentiality of the Company's information and supervising that the confidential information is not disclosed until such announcement is made public.
- e. Confidential information obtained while serving as a member of the Board of Commissioners is obliged to be kept confidential pursuant to the laws and regulations in force.

## 7. Ethics of Business and Anti-Corruption

Members of the Board of Commissioners are not permitted to request or accept gifts and similar things from any interested parties, for themselves, their families or associates in which it may affect its objectivity in presenting the Company's interests.

### 3.5. Authority of the Board of Commissioners

The authorities of the Board of Commissioners are as follows:

1. The Board of Commissioners is authorized to approve or reject in writing the Board of Directors' plan in case:
  - a. Borrowing or lending money on behalf of the Company (excluding the Company's cash withdrawals at banks) which its amount exceeding the amount that is determined from time to time by the Board of Commissioners, which the amount will be determined later.<sup>33</sup>
  - b. Establishing a business or participating in other companies both domestically and abroad.
  - c. Transferring, waiving rights or being debt guarantees of a small portion of the Company's fixed assets / net assets in one fiscal year, either in a single transaction or in several independent transactions or related to one another.
  - d. Defining and adjusting the organizational structure.
  - e. Releasing part or all of the Company's equity in a company or other entities involving values up to a certain amount specified by the GMS.
  - f. Ensuring a portion of shares that involves a value up to a certain amount specified by the GMS.
2. Entering buildings and yards or other places used or controlled by the Company and entitled to inspect books, letters of evidence, inventory of goods, check and match the cash condition for the purpose of verification and others securities as well as acknowledge all actions taken by the Board of Directors.<sup>34</sup>
3. In conducting the duties of the Board of Commissioners, it is entitled to obtain an explanation from the Board of Directors or each member of the Board of Directors on all matters required by the Board of Commissioners.<sup>35</sup>
4. The Board of Commissioners meetings at all times is entitled to dismiss temporarily one or more members of the Board of Directors, if the member of the Board of Directors acts contrary to the Articles of Association and / or regulations in force or prejudices the purposes and objectives of the Company or neglects its obligations.<sup>36</sup>

### 3.6. Rights of the Board of Commissioners

The rights of the Board of Commissioners are as follows:

1. Obtaining access to the Company's information in a timely and complete manner.
2. Asking for an explanation of all matters that are asked to the Board of Directors and the Board of Directors is obliged to provide an explanation.
3. Requesting assistance of experts in performing their duties for a limited period of time over the expenses of the Company, or establishing committees as required.
4. In assisting in the performance of its duties, the Board of Commissioners may appoint the Secretary at the expense of the Company.
5. Getting the Company's facilities pursuant to the determination results of the GMS.
6. Receiving incentives for his or her performance if the Company reaches a profit level.

### 3.7. Ethics of Position

In performing its duties and functions, the Board of Commissioners is obliged to always act pursuant to the ethics of the position as follows:

1. Avoiding Conflict of Interest
  - a. Members of the Board of Commissioners are prohibited from having transactions that have a conflict of interest.<sup>37</sup>
  - b. Members of the Board of Commissioners are obliged to disclose in the event of a conflict of interest, and the member of the Board of Commissioners in concerned shall not be involved in the decision making process of the Board of Commissioners related to the matter.<sup>38</sup>
  - c. Members of the Board of Commissioners are obliged to fill in a Special Register containing its share ownership in the Company.<sup>39</sup>
2. Always Keep Information Confidential
  - a. The Board of Commissioners is responsible for maintaining the confidentiality of the Company's information.
  - b. The confidential information obtained while serving as a member of the Board of Commissioners is obliged to remain secret although not serving as a member of the Board of Commissioners of the Company pursuant to the laws and regulations in force.
3. Not Taking Advantage and / or Corporate Business Opportunity for Self Interest  
The Board of Commissioners is prohibited from taking personal benefit from the Company's activities, other than the salary and facilities it receives as a member of the Board of Commissioners, as determined by the GMS.
4. Always Comply with all Laws and Regulations in force  
Comply with the Articles of Association and laws and regulations in force as well as decision of the GMS.
5. Exemplary  
Provide exemplary by encouraging the creation of ethical behavior and upholding ethical standards of the Company.

### 3.8. Board of Commissioners Meeting

#### 1. General

- a. The Meeting of the Board of Commissioners is a meeting held by the Board of Commissioners.
- b. The Meeting of the Board of Commissioners consists of internal meetings of the Board of Commissioners attended only by members of the Board of Commissioners and Board of Commissioners Meeting by inviting the Board of Directors.
- c. The Meeting of the Board of Commissioners shall be held at least 1 (once) within 2 (two) months, and the attendance of members of the Board of Commissioners is obliged to be disclosed in the annual report.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- d. The meeting of the Board of Commissioners shall be held in the domicile of the Company or the Company's business location. If all members of the Board of Commissioners are present or represented, such invitation shall not be required and the Meeting of the Board of Commissioners may be held wherever and shall have the right to make legal and binding decisions.<sup>41</sup>
  - e. Board of Commissioners' Meeting may also be held at any time as deemed necessary by<sup>42</sup>
    - a) One or more members of the Board of Commissioners
    - b) Upon a written request from one or more members of the Board of Commissioners
    - c) Upon a written request from 1 (one) or more shareholders representing 1/10 (one tenth) or more of the total number of shares with voting rights
  - f. The invitation of Meeting of the Board of Commissioners shall be conducted by the President Commissioner, if the President Commissioner is absent then the other members of the Board of Commissioners is entitled to conduct an invitation based on a power of attorney from the President Commissioner.<sup>43</sup>
  - g. The invitation of the Board of Commissioners and / or meetings held together with the Board of Directors shall be submitted by registered letter or by letter submitted directly to each member of the Board of Commissioners and / or Board of Directors by obtaining a receipt no later than 5 (five) days prior to the meeting, excluding the date of the invitation date and the meeting date.<sup>44</sup>
  - h. The invitation of the meeting is obliged to present the agenda, date, time and place of meeting.<sup>45</sup>
  - i. Each member of the Board of Commissioners is entitled to propose agendas for the meeting to be held.
  - j. A written meeting invitation of the Board of Commissioners is not required if all members of the Board of Commissioners agree to hold a meeting with a specific agenda.
  - k. The Meeting of the Board of Commissioners is chaired by the President Commissioner, in the event that the President Commissioner is unable to attend or is not required to be proven to a third party, the Board of Commissioners Meeting is chaired by a member of the Board of Commissioners elected by and among the present members of the Board of Commissioners.<sup>46</sup>
  - l. In addition to organizing the Board of Commissioners Meeting as referred to in point (d) above, the Board of Commissioners Meeting may also be held through teleconferencing media, video conferences or through other electronic media means to enable all participants of the Board of Commissioners to see and hear directly and participate in the Board of Commissioners Meeting.<sup>47</sup>
- 2. Meetings of the Board of Commissioners attended by the Board of Directors**
- a. Meetings of the Board of Commissioners attended by the Board of Directors shall be held periodically at least once (1) times in 4 (four) months, and the presence of members of the Board of Commissioners is obliged to be disclosed in the annual report.<sup>48</sup>
  - b. A meeting invitation is obliged to include the agenda, date, time and place of the meeting.
  - c. The Board of Commissioners is obliged to schedule meetings of the Board of Commissioners and the meetings of the Board of Commissioners with the Board of Directors for the following year before the end of the fiscal year and submit the meeting materials to the participants no later than 5 (five) days before the meeting is held.<sup>49</sup>
- 3. Attendance Procedure**
- a. The Meeting of the Board of Commissioners is valid and entitled to take binding decisions if more than one-half of the total number of members of the Board of Commissioners are present or represented in the meeting.<sup>50</sup>
  - b. A member of the Board of Commissioners may be represented in the Meeting of the Board of Commissioners only by other members of the Board of Commissioners by a power of attorney.<sup>51</sup>
- 4. Procedures of Meeting of the Board of Commissioners**

The procedures for the implementation of the Board of Commissioners Meeting are stipulated as follows:

- a. The Secretary of the Board of Commissioners prepares the materials to be used in the Meeting of the Board of Commissioners. These materials include the Company's management documents / reports obtained from the Company's Secretary, among others in the form of Monthly Report of the Company, Quarterly Report of the Company, Annual Report of the Company, and other required reports, as well as documents / reports from committees under the Board of Commissioners.
- b. The Secretary of the Board of Commissioners shall document the materials received in accordance with administrative procedures.
- c. The Secretary of the Board of Commissioners submits the materials to all Members of the Board of Commissioners.
- d. The Board of Commissioners studies the materials and provides direction to the Secretary of the Board of Commissioners for follow-up.
- e. If the directions are to be followed up by a meeting, the Secretary of the Board of Commissioners shall immediately prepare the agenda of the meeting according to the direction of the Board of Commissioners.
- f. The Secretary of the Board of Commissioners circulates the agenda of the meeting and the materials to be discussed in the meeting to the members of the Board of Commissioners to obtain inputs on the agenda of the meeting.
- g. Members of the Board of Commissioners receive, read and study the meeting agenda and its materials. Upon completion, the agenda is sent back to the Secretary of the Board of Commissioners as well as the inputs from the Members of the Board of Commissioners in concerned and put the signature as a sign of approval for the agenda of the meeting.
- h. The Secretary of the Board of Commissioners shall prepare a letter of invitation to the meeting after receiving all inputs from the Board of Commissioners.
- i. In the letter of invitation, the Secretary of the Board of Commissioners prepares points of issue to be discussed in the meeting.
- j. If the meeting invites another party, the Secretary of the Board of Commissioners is responsible for making an invitation letter to the party in concerned.
- k. Meeting participants receive invitations and meeting materials.

## **5. Problem Discussion and Decision Making Procedures**

The procedure for discussion of problems and decision-making in the Meeting of the Board of Commissioners shall apply the following provisions:

- a. All decisions in the Meeting of the Board of Commissioners are obliged to be in good faith, rational considerations and through in-depth investigation of relevant matters, sufficient information and free from conflict of interest and independently created by each member of the Board of Commissioners.
- b. The decision of the Meeting of the Board of Commissioners is obliged to be taken by deliberation for consensus. If it is not reached, then the decision shall be made by a vote based on an agreed vote of at least 1/2 (one per two) of the number given by the meeting.<sup>52</sup>
- c. If the agreed and disagreed votes are balance, the chairman of the Board of Commissioners' meeting shall decide.<sup>53</sup>
- d. Each member of the Board of Commissioners present is entitled to issue 1 (one) vote and 1 (one) additional vote for each member of the Board of Commissioners represented by him.<sup>54</sup>
- e. The voting of a person is done by a closed ballot without a signature while voting on other matters is done orally, unless the chairperson determines otherwise without any objections from the present ones.<sup>55</sup>
- f. Unauthorized voting and voting form are considered not to be issued legally and are considered non-existent and counted in determining the number of issued votes.



**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- g. If any member of the Board of Commissioners has a different opinion on the decision, then the opinion should be included in the Meeting minutes as a form of *dissenting opinion*.
- h. To maintain independence and objectivity, any member of the Board of Commissioners with a conflict of interest is required not to participate in voting for decision-making. It is obliged to be noted in the Meeting minutes of the Board of Commissioners.
- i. The Board of Commissioners may also take a valid decision without holding a Meeting of the Board of Commissioners, with provision that all members of the Board of Commissioners have been notified in writing and all members of the Board of Commissioners agree on the proposal submitted in writing by signing the agreement. The decisions taken in such manner shall have the same power as those taken legally in the Meeting of the Board of Commissioners.<sup>56</sup>

j.

## **6. Preparation of Meeting Minutes**

### **a. Procedures for Preparation of the Meeting Minutes of the Board of Commissioners**

- 1) Meeting minutes of the results of the Meeting of the Board of Commissioners are obliged to be made in writing and circulated to all members of the Board of Commissioners who participate to be approved and signed.<sup>57</sup>
- 2) Meeting minutes shall be made and administered by the Secretary of the Board of Commissioners or other officials appointed by the Board of Commissioners and give a copy to all meeting participants.
- 3) Meeting minutes are obliged to describe the course of the meeting. The Meeting minutes are obliged to include at least:
  - Agenda, location, dates and times of meetings held
  - List of attendees
  - Issues to be discussed
  - Various opinions contained in the meeting, especially in discussing strategic or material issues, including those expressing opinions
  - Decision-making process
  - Decisions established
  - *Dissenting opinions*, if any.
- 4) The Meeting minutes are obliged to be attached with a power of attorney given by a special member of the Board of Commissioners who is not present to the other members of the Board of Commissioners (if any).
- 5) The Meeting minutes of the Board of Commissioners shall be submitted to all members of the Board of Commissioners no later than 7 (seven) after the Meeting is held.
- 6) Within a period of 14 (fourteen) days from the date of delivery of the minutes of the meeting, each member of the Board of Commissioners that is present and / or represented in the Meeting of the Board of Commissioners concerned is obliged to submit its approval or objection and / or its proposed remedy (if any) to the chair of the Meeting The Board of Commissioners.
- 7) If the objection and or proposal for improvement are not received within that period, it can be concluded that there is no objection and or correction to the draft minutes of the Board of Commissioners' Meeting concerned.
- 8) The Meeting minutes of the results of the Meeting of the Board of Commissioners are obliged to be made in writing and signed by all present members of the Board of Commissioners and submitted to all members of the Board of Commissioners.<sup>58</sup>
- 9) Every member of the Board of Commissioners is entitled to receive a copy of the Meeting minutes of the Board of Commissioners.
- 10) The Annual Report of the Company is obliged to present the number of Board of Commissioners Meeting and the attendance of each member of the Board of Commissioners.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire  
PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- 11) The original minutes of the Board of Commissioners Meeting shall be properly administered and shall be kept in such a way as the Company's documents by the Secretary of the Board of Commissioners and are obliged to always be available when necessary.

**b. Procedures for Preparation of Meeting Minutes of the Board of Commissioners Inviting Directors**

Drafting of Minutes of the meetings Board of Commissioners inviting the Board of Directors shall be conducted by the following procedures:

- 1) The Secretary of the Board of Commissioners, the Corporate Secretary and / or other appointed officials take the responsibility of creating and administering as well as distributing the Meeting minutes of Board of Commissioners together with the Board of Directors.
- 2) In the case of a Meeting of the Board of Commissioners by inviting the Board of Directors which is confidential (only attended by the members of the Board of Commissioners and the Board of Directors), the Meeting minutes of the Board of Commissioners shall be made by one of the appointed members of the Board of Commissioners or Board of Directors. However, members of the Board of Commissioners or Board of Directors may appoint the Corporate Secretary or the Secretary of the Board of Commissioners to prepare the Meeting minutes.
- 3) The Meeting minutes of the Board of Commissioners by inviting the Board of Directors are obliged to be signed by the present members of the Board of Commissioners and the Board of Directors and then the Meeting minutes are obliged to be submitted to all Board of Commissioners and Board of Directors members.<sup>59</sup>
- 4) Every member of the Board of Commissioners and the Board of Directors is entitled to receive a copy of the Meeting Minutes even though the person in concerned is not present at the meeting.
- 5) Concept of the Meeting minutes of the Board of Commissioners and the Board of Directors is obliged to be submitted to all members of the Board of Commissioners and Board of Directors no later than 7 (seven) after the meeting.
- 6) Improvement of the Meeting minutes of the Board of Commissioners shall be possible within a period of 14 (fourteen) days as from the date of delivery.
- 7) Any present members of the Board of Commissioners and / or represented and the Board of Directors may submit their objection and / or their proposed correction, if any, to the minutes in the period as mentioned in point 6 above.
- 8) If the objection or proposed correction is not received within that time period, it is concluded that there is no objection or correction to the Meeting minutes concerned.
- 9) The original Meeting Minutes shall be properly administered and shall be retained as kept as other Company's documents by the Secretary of the Board of Commissioners and copies by the Corporate Secretary. The Meeting Minutes are obliged to always be available when necessary.
- 10) In the case that a member of the Board of Commissioners and / or a member of the Board of Directors who does not sign the results of the Board of Commissioners meeting or the Board of Commissioners meeting inviting the Board of Directors, the concerned is obliged to declare the reasons in writing in a separate letter attached to the minutes of the meeting.<sup>60</sup>

**3.9. Board of Commissioners Committees**

The Board of Commissioners may establish committees as a support to assist the Board of Commissioners in applying its duties and obligations, and to formulate the policies of the Board of Commissioners within the scope of the committee's duties.

Determination of the committee establishment is applied by the Decree of the Board of Commissioners. Each committee is chaired by a member of the Board of Commissioners appointed by the Board of Commissioners. The Audit Committee is a committee that is obliged to be established by the Board of Commissioners,<sup>61</sup> whereas the Nomination and Remuneration Committee may be established by the Board of Commissioners if the function implementation is not applied by the Board of Commissioners.

## **1. Audit Committee**

The main task of the Audit Committee is to encourage the implementation of good corporate governance, establish an adequate internal control structure, improve the quality of transparency and financial reporting and review the scope, accuracy, independence and objectivity of public accountants.

The general policies relating to the Audit Committee are as follows<sup>62</sup>:

- a. The Audit Committee is appointed and dismissed by the Board of Commissioners.
- b. The Audit Committee shall consist of at least 3 (three) members from independent commissioners and external parties.
- c. The Audit Committee is chaired by an Independent Commissioner, whose members may only be re-appointed for the next 1 (one) term of the Audit Committee.
- d. Members of the Audit Committee are obliged to have high integrity, competence, knowledge and experience appropriate to their educational background, and are able to communicate well.
- e. One of the members of the Audit Committee has an Accounting or Finance education background.
- f. The Audit Committee is responsible for reviewing the Company's financial information such as financial reports, projections and other financial information.
- g. The Audit Committee reviews the Company's compliance with the laws and regulations in force relating to its business activities.
- h. The Audit Committee provides an independent opinion in the event of any disagreements between the management and the Accountant on the services provided.
- i. The Audit Committee recommends to the Board of Commissioners regarding the appointment of Accountants based on the independence, scope of assignment, and service rewards.
- j. The Audit Committee conducts other duties granted by the Board of Commissioners as long as it is within the scope of duties and obligations of the Board of Commissioners under the provisions of laws and regulations in force.
- k. The more complete provisions on the Audit Committee are governed by the Audit Committee Charter.

## **2. Nomination and Remuneration Committee**

The general policies relating to the Nomination and Remuneration Committee are as follows:<sup>63</sup>

- a. The Nomination and Remuneration Committee is in charge of assisting the Board of Commissioners in determining the election criteria for members of the Board of Commissioners and the Board of Directors and their remuneration system.
- b. The Nomination and Remuneration Committee is in charge of assisting the Board of Commissioners to prepare candidates for the Boards of Commissioners and Directors and to propose the amount of remuneration. The Board of Commissioners may propose such candidates and remuneration for the decision of the GMS pursuant to the Articles of Association of the Company.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- c. The Nomination and Remuneration Committee is chaired by an Independent Commissioner and its members may consist of Commissioners and / or professionals outside the Company.
- d. The existence of the Nomination and Remuneration Committee as well as its work is reported in the GMS.

The duties and authorities of the Nomination and Remuneration Committee shall be governed by the Charter of the Committee.

## Chapter IV BOARD OF DIRECTORS

### 4.1. Requirements, Membership, Independent Director and Board of Directors

#### 1. Requirements

The requirements that must be fulfilled by a candidate Members of the Board of Directors include formal requirements and material requirements. The formal requirements are general requirements pursuant to laws and regulations in force while the material requirements are requirements that are adjusted to the needs and nature of the Company's business.

##### a. Formal Requirements

The formal requirements for members of the Board of Commissioners are:

- 1) Indonesian citizens and / or foreigners who are eligible to be appointed as Board of Directors under the provisions of OJK Regulations and other applicable laws and regulations.<sup>64</sup>
- 2) Being able to perform legal acts, except within 5 (five) years prior to the recruitment and during term have<sup>65</sup> :
  - been declared bankrupt
  - Been a member of the Board of Directors or a member of the Board of Commissioners who is found guilty of causing the Company to be declared bankrupt.
  - Been punished for committing a crime that is detrimental to state finances and / or related to the financial sector.
- 3) Having good character and morals.<sup>66</sup>
- 4) Has never been punished for committing a criminal offense in the last 10 (ten) years.<sup>67</sup>
- 5) Has never been dismissed disrespectfully from a job within the last 5 (five) years .<sup>68</sup>
- 6) Not in guardianship.<sup>69</sup>
- 7) Has had no family-to-family relationship up to third degree, either on a straight line or a side line or a seminal relationship (in law) with other members of the Board of Commissioners and / or other members of the Board of Directors.

##### b. Material Requirements

The material requirements for members of the Board of Directors are:

- 1) Integrity and morality, that the person has never been involved:
  - Any fraud and violation practices in the company / institution management where the employee is working (doing dishonesty)
  - The act of breach of agreement that can be categorized as not fulfilling the agreed commitments with the company / institution where the employee is working and / or the Shareholder (inappropriate behavior)
  - Any actions categorized to provide personal benefit for the candidate for the Board of Directors, the company / agency concerned employee) is working (inappropriate behavior)
  - Any actions categorized as a violation of the provisions relating to the principle of healthy corporate management (inappropriate behavior).
- 2) Technical competence / expertise, that the person has:
  - Adequate knowledge in the field of the Company's business.
  - Experience and expertise in the Company's management.
  - Ability to perform strategic management in the framework of the Company's development.
  - Understanding of company management issues related to one of management's functions
  - Dedication and providing full time to do its job.
- 3) Psychological meaning that the person has adequate level of intelligence and emotional level to conduct his duties as a member of the Board of Directors of the Company.

- 4) Able to raise team work in a solid and mutually supportive in order to achieve vision, mission and business objectives, both short and long term.
- 5) Other requirements stipulated by the GMS.

## **2. Membership of the Board of Directors**

- a. The Board of Directors consists of 3 (three) persons or more members of the Board of Directors. Upon the appointment of more than one member of the Board of Commissioners, then one of them may be appointed as President Commissioner.<sup>70</sup>
- b. Appointment and dismissal of the members of the Board of Directors shall be conducted by the GMS<sup>71</sup> whereby the members of the Board of Directors are appointed from the candidates proposed by the Company's Shareholders.
- c. The division of duties and authority for each member of the Board of Directors is governed by GMS<sup>72</sup>, and if in the General Meeting of Shareholders does not stipulate, the division of duties and authority of the members of the Board of Directors is determined by the decision of the Board of Directors.<sup>73</sup>
- d. If by any reason the position of one or more or all members of the Board of Directors is vacant, then pursuant to the Articles of Association of the Company, within 60 (sixty) days after the vacancy, the General Meeting of Shareholders is obliged to be held to fill such vacancies by taking into account to the provisions of legislation and the Articles of Association.<sup>74</sup>
- e. As long as the position of a Board of Directors is vacant and there is yet any his successor or his successor has not authorized its position, then one of the other members of the Board of Directors appointed by the Commissioner shall perform the vacant job of the Members of the Board of Directors with the same powers and authority.
- f. If for all reasons the positions of members of the Board of Directors are vacant, the Company shall temporarily be administered by members of the Board of Commissioners appointed by the Board of Commissioners.<sup>75</sup>

## **3. Independent Director**<sup>76</sup>

The Independent Director shall be at least 1 (one) person from the Board of Directors, who meet the following requirements:

- a. Not having affiliation relationship with the Company's control for at least 6 (six) months prior to the appointment as Independent Director.
- b. Not having affiliation relationship with other Commissioners or Directors of the Company.
- c. Not working as a Board of Directors at another company.
- d. Not become an insider at the Capital Market Supporting Institution or its services used by the Company for 6 (six) months prior to its appointment as Director.

## **4. The term of the Board of Directors**

- a. Members of the Board of Directors shall be appointed by the GMS, each of which is for a period starting from the date of its appointment until the close of the following third Annual General Meeting year, without prejudice to the right of the General Meeting of Shareholders to dismiss it at any time.<sup>77</sup>
- b. Members of the Board of Directors whose term has expired may be re-appointed.<sup>78</sup>
- c. Positions of members of the Board of Directors expire, if <sup>79</sup>:
  - 1) Resign
  - 2) No longer meet the legislation provisions
  - 3) Died
  - 4) Dismissed based on the decision of the GMS.
- d. Resignation of members of the Board of Directors:

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- 1) Members of the Board of Directors is entitled to resign from its position by providing written notification to the Company at least 90 (ninety) days before the date of resignation.<sup>80</sup>
- 2) The Company is obliged to hold the General Meeting of Shareholders to decide upon the resignation of members of the Board of Directors in term no later than 90 (ninety) days after the receipt of the letter of resignation.<sup>81</sup>
- 3) Pursuant to the Company's Articles of Association, if the Company does not hold the GMS within 60 (sixty) days of receipt of the resignation letter, the resignation of the members of the Board of Directors becomes legitimate without requiring the approval of the GMS.<sup>82</sup>
- 4) In the case that the member of the Board of Directors resigns to the extent that the number of members of the Board of Directors is less than 3 (three) persons, the resignation is valid if it has been determined by the GMS and it has been appointed a new member of the Board of Directors to meet the minimum requirements of members of the Board of Directors.<sup>83</sup>
- e. Temporary dismissal of members of the Board of Directors by the Board of Commissioners:
  - 1) Members of the Board of Directors may be temporarily dismissed by the Board of Commissioners by declaring the reasons. Such temporary dismiss shall be notified in writing to the members of the Board of Directors.<sup>84</sup>
  - 2) In the case that there are any members of the Board of Directors discharged temporarily by the Board of Commissioners, the Company is obliged to hold the General Meeting of Shareholders within 90 (ninety) days after the date of temporary dismissal.<sup>85</sup>
  - 3) In the GMS as referred to in point (2) above the members of the Board of Directors concerned are given the opportunity to defend themselves.<sup>86</sup>
  - 4) The GMS revokes or reinforces the decision of such dismiss. In the case that the GMS reaffirms the decision of temporary dismissal, the member of the Board of Directors concerned shall be dismissed forever.<sup>87</sup>
  - 5) In the case that the General Meeting of Shareholders as referred to in the above mentioned point (2) cannot make a decision or after the period of the GMS is not held, The Board of Directors becomes void.<sup>88</sup>
- f. Termination of any member of the Board of Directors by the GMS:
  - 1) Members of the Board of Directors may be terminated at any time based on the decision of the GMS by declaring the reasons.<sup>89</sup>
  - 2) The decision to dismiss the members of The Board of Directors as referred to in point (1) above is taken after the concerned one is given opportunity to defend himself in the GMS.<sup>90</sup>
  - 3) In the case that a decision to dismiss a member of the Board of Directors is made by a decision outside the GMS (binding decision outside the GMS is with provisions that all shareholders with agree voting rights in writing sign the relevant proposal<sup>91</sup>, the member of the Board of Directors in concerned is notified in advance concerning the dismissal plan and given an opportunity to defend himself before the dismissal decision is taken.<sup>92</sup>
  - 4) Provision of opportunities for self-defense is not required in the case of a person in concerned does not object to the dismissal.<sup>93</sup>
- g. Dismissal of members of the Board of Directors shall be effective since:
  - 1) Closing of the GMS
  - 2) Date of decision of the GMS
  - 3) Other date as stipulated in the decision of the GMS
  - 4) Other date as specified in the decision of dismissal outside the GMS (point f - 3)
- h. A person appointed to succeed a member of the Board of Directors who quit his / her from its position or to fill vacancies is obliged to be appointed for a period of time which is the remaining position of another member of the Board of Directors taking the position.<sup>94</sup>

- i. Members of the Board of Directors resigning shall remain held accountable at the GMS, for the performance of their duties from the date of appointment until the date of resignation.

#### **4.2. Responsibility of the Board of Directors**

1. The Board of Directors shall be responsible for the Company management in good faith and with full responsibility.<sup>95</sup>
2. Each member of the Board of Directors is fully responsible for the loss of the Company if the person is guilty or negligent in performing his duties.<sup>96</sup>
3. In the case of the Board of Directors consists of 2 (two) members of the Board of Directors or more, the responsibilities as referred to in point (2) above shall apply jointly to each member of the Board of Directors.<sup>97</sup>
4. The members of the Board of Directors shall not be liable for losses as referred to in point (3) above if they can prove<sup>98</sup> that:
  - a. The losses are not due to their errors or negligent
  - b. They have been in good faith, full of responsibility, and prudent care for the interests and pursuant to the purposes and objectives of the Company.
  - c. They have no direct or indirect conflict of interest on the management action resulting in the loss
  - d. They have taken action to prevent the occurrence or continuation of such losses.
5. On behalf of the Company, a shareholder representing at least 1/10 (sate tenth) of the total number of shares with voting rights may file a lawsuit through a district court against members of the Board of Directors who due to their errors or negligent, it creates a loss to the Company.<sup>99</sup>
6. The provisions as referred to in point (4) shall not prejudice the right of other members of the Board of Directors and / or members of the Board of Commissioners to file a claim on behalf of the Company.<sup>100</sup>

#### **4.3. Duties and Fatalities of the Board of Directors**

##### **1. General**

- a. Each member of the Board of Directors is obliged to be in good faith and take full responsibilities to conduct the duties for the interests and business of the Company.
- b. Comply with the provisions of laws and regulations in force, Articles of Association and decisions of the GMS and ensure that the Company's activities are in compliance with laws and regulations in force, the Articles of Association and decisions of the GMS.
- c. Lead and manage the Company pursuant to the purposes and objectives of the Company and to continuously strive to improve the efficiency and effectiveness of the Company.
- d. Master, maintain and manage the Company's assets.
- e. Being fully responsible in performing its duties for the benefit of the Company in achieving its vision, mission and objectives.
- f. Represent the Company either inside or outside the court.
- g. Members of the Board of Directors are not authorized to represent the Company if:
  1. There is a court case between the Company and the member of the Board of Directors concerned,
  2. The member of the Board of Directors concerned has conflict of interests with the interests of the Company.
- h. In the case of any member of the Board of Directors is not authorized to represent the Company in or outside the court, then the entitled ones to represent the Company shall be:
  1. Other members of the Board of Directors who have no conflict of interest with the Company.
  2. Board of Commissioners, if all members of the Board of Directors have a conflict of interest with the Company.



**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

3. Other parties appointed by the GMS in the event that all Directors or Board of Commissioners have conflict of interest with the Company.
  - i. Conduct any actions and manners, either concerning the management or ownership as well as binding the Company with other parties and / or other parties with the Company, with certain restrictions.
  - j. Preparing the organizational structure of the Company management with details of its duties.
  - k. Implementing good corporate governance in an consistent manner
  - l. Being obliged to organize and maintain Special Register pursuant to the provisions of legislation
  - m. being personally responsible for the error and negligent in performing duties
  - n. In the case of the General Meeting of Shareholders does not stipulate the duties and authorities of each member of the Board of Directors, the division of duties and authority of the members of the Board of Directors shall be determined on the basis of the decision of the Board of Directors.<sup>101</sup>
  - o. Provide an explanation on all matters asked by the Board of Commissioners or the experts assisting it.
  - p. The Board of Directors is obliged to make sure the implementation of the Corporate Secretary function as the liaison officer with the stakeholders.

**2. Duties Related to the General Meeting of Shareholders**

- a. Being obliged to organize and maintain List of Shareholders, special register, meeting minutes of Board of Directors and documents related to GMS<sup>102</sup> pursuant to the provisions of legislation.
- b. Signing the Annual Report, in the case of the member of the Board of Directors does not sign the Annual Report, then it is obliged to declare the reasons.<sup>103</sup>
- c. Invitation to the shareholders, and organizing the Annual General Meeting of Shareholders and Extraordinary GMS.<sup>104</sup>
- d. Requesting approval from the General Meeting of Shareholders regarding the legal act of transferring, relinquishing rights or being a debt guarantee constituting more than 50% (fifty percent) of the Company's net assets in one or more transactions whether related to each other or not.

**3. Tasks related to the Company's Strategy, Work Plan and Budget**

- a. Undertake and make sure that the implementation of the Company's business and activities is pursuant to its purpose and objectives and business activities.
- b. The Board of Directors is obliged to prepare and submit a work plan containing the Company's annual budget to the Board of Commissioners for approval, prior to the year the book is started. The work plan is obliged to be submitted no later than 30 (thirty) days prior to the starting of the forthcoming fiscal year.<sup>106</sup>
- c. The Board of Directors is obliged to implement the business plan effectively in the Company management.

**4. Tasks related to the Long Term Corporate Plan (RJPP)**

- a. The Board of Directors shall prepare the RJPP which at least includes:
  - 1) Evaluation of the previous RJPP implementation.
  - 2) The current Company's position.
  - 3) The assumptions used in the preparation of RJPP.
  - 4) Determination of Vision, Mission, Objectives, Strategy, Policy and Work Program of Long Term Plan.
- b. The Board of Directors together with the Board of Commissioners shall sign the agreed RJPP.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- c. In the case of any change in internal and external factors of the Company due to material changes beyond the control of the Board of Directors, the Board of Directors reviews the possibility of applicable RJPP revision.
- d. In the case of it is necessary for RJPP revision, the Board of Directors is obliged to submit the results of RJPP revision to the Board of Commissioners for response and approval.

**5. Tasks Related to the Preparation of the Annual Report**

a. Annual Report Contents

The Annual Report shall at least contain <sup>107</sup>:

- 1) Financial statement consisting of at least the last statement of the financial year end of the financial year in comparison with the preceding fiscal year, the statements of profit and loss of the current financial year, the statements of cash flows , and statement of changes in equity, as well as any records on the financial statements.
- 2) Report on the Company's activities.
- 3) Report on the implementation of Social and Environmental Responsibility.
- 4) Details of any issues arising during the fiscal year that affect on the Company's business activities.
- 5) Report on supervisory duties that have been executed by the Board of Commissioners during the current past fiscal year.
- 6) Name of the members of Board of Directors and Board of Commissioners
- 7) Remuneration for members of the Board of Directors and Board of Commissioners of the Company for the current past year as a whole.

b. Submission of Annual Report

- 1) The Board of Directors shall submit annual reports to the GMS upon examination by the Board of Commissioners within a period of no more than 6 (six) months after the financial year of the Company.<sup>108</sup>
- 2) The Board of Directors prepares and provides annual reports in the Company's office to be audited by the Shareholders starting from the date of the invitation of the Annual GMS.<sup>109</sup>
- 3) The annual report shall be signed by all members of the Board of Directors and all members of the Board of Commissioners serving in the fiscal year concerned. In the case of any member of the Board of Directors or a member of the Board of Commissioners who does not sign the annual report, the concerned one is obliged to declare the reasons in writing, or the reasons stated by the Board of Directors in a separate private affairs attached to the annual report. If any member of the Board of Directors and the Board of Commissioners fails to register the annual report and provides no reason in writing, the concerned one is considered to have approved the contents of the annual report.<sup>110</sup>

**6. Tasks related to Risk Management<sup>111</sup>**

- a. The Board of Directors is obliged to establish and implement a corporate risk management system that covers aspects of the Company's activities.
- b. For any strategic decision-making, including creation of new products or services, it is obliged to take into account to any impacts of the risks, meaning that there is a balance between the results and risk burden.
- c. To make sure that there is a proper implementation of risk management, the Board of Directors may establish a special working unit that deals with the risk management.

**7. Tasks related to Internal Control**

- a. The Board of Directors is obliged to establish and implement a reliable internal control system in order to safeguard the Company's assets and performance as well as financial statement as well as comply with laws and regulations in force.
- b. The Board of Directors is obliged to establish an Internal Audit Unit.<sup>112</sup>

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

**8. Disclosure and Confidentiality of Information**

- a. The Company as a public company whose its registration statement has become effective, is obliged to convey to the FSA and announce to the public in an immediate manner, no later than the second (2) working day after the decision or any material information or facts that may affect the value of the Company's Securities or Investment decisions.<sup>113</sup>
- b. Information or Material Facts that are expected to affect the price of Securities or investors' investment decisions are as follows<sup>114</sup>:
  - 1) Business combination, share purchase, consolidation of business, or establishment of joint ventures
  - 2) Stock split or merger of shares
  - 3) Interim dividend distribution
  - 4) Obtaining or losing important contracts
  - 5) New products or inventions that add value for the Company
  - 6) Changes in the control both direct and indirect in the management
  - 7) Announcement of repurchase or payment of debt Securities and or Sukuk
  - 8) Sale of additional securities to the public or limited material quantities.
  - 9) Purchase or loss of sale on important assets
  - 10) Labor disputes that may disrupt the Company operations
  - 11) Important lawsuits against the Company, and / or the Director and Commissioner of the Company.
  - 12) Submission of bids for Securities purchases of other companies.
  - 13) Replacement of Accountant that is being given task for the Company's audit
  - 14) Replacement of the Mandate Guard
  - 15) Changes in the Company's fiscal year
  - 16) Replacement of the Securities Administration Bureau
- c. The Board of Directors and / or members of the Board of Commissioners is obliged to report to FSA on the ownership and any changes of the Company's shares ownership, not later than 10 (ten) days after the ownership or ownership change of the shares.<sup>115</sup>
- d. Report any ownership and change of ownership of the Company's shares to FSA, any party owning at least 5% (five percent) of shares, not later than 10 (ten) days after the ownership or ownership change of the Company's shares.<sup>116</sup>
- e. Members of the Board of Directors are obliged to keep the Company's information confidentiality pursuant to the Act No. 8 of the year 1995 concerning Capital Market Articles 95, 96 and 97 and other relevant regulations.
- f. Any former Boards of Directors who have transferred their shares are prohibited from disclosing confidential information to the Company, unless such information is required for examination and investigation pursuant to legislation in force or no longer classified as confidential data for the company.<sup>117</sup>
9. The Company is obliged to disclose information to the public and submit to the Financial Services Authority no later than 2 (two) working days after the occurrence of the incidents concerning:
  - Decision of temporary dismissal, and
  - The results of the GMS to revoke or strengthen the decision of the dismissal of the members of the Board of Directors, or the non-implementation of such AGMS up to a period of 90 (Ninety) working days.

**9. Ethics of Business and Anti-Corruption <sup>118</sup>**

- a. Every member of the Board of Directors is prohibited from providing or offering anything, directly or indirectly, to state officials and / or individuals representing business partners, which may influence on decision making.
- b. Every member of the Board of Directors and Board of Commissioners and is prohibited from receiving anything for its benefit, either directly or indirectly, from a business partner, which may influence on decision making.

## ANNEX

Decree of the Board of Directors and Board of Commissionaire

PT Bakrieland Development Tbk

No. : 001/KOM-DIR-PERSEROAN/SK/I/2016

Date: January 18<sup>th</sup>, 2016

- c. The donation by the company or the grant of a Company asset to a political party or one or more legislative and executive institution candidates shall only be made pursuant to laws and regulations in force. In the limits of compliance as established by the Company, the donations to charities may be justified.
- d. The Board of Directors is obliged to develop and lead the implementation of Good Corporate Governance and Code of Conduct.

### 10. Relationship with Stakeholders

- a. Respect for Stakeholder rights arising under laws and regulations in force and / or agreements made by the Company with Stakeholders.
- b. Ensure the Company to conduct its social responsibility
- c. Ensure that the Company's assets and business locations as well as other facilities comply with laws and regulations in force regarding environmental conservation, occupational health and safety.
- d. In employing, determining salaries, providing training, establishing career paths, and determining other employment requirements for the Employees, the Company does not discriminate because of one's ethnic background, religion, sex, age, disability owned by a person or any other special circumstances protected by laws and regulations in force.
- e. The Board of Directors is obliged to provide a working environment that is free from any form of pressure.
- f. The Board of Directors is obliged to maintain good relations with capital market profession and other institutions

### 11. Accounting and Bookkeeping System

- a. The process of presenting financial statements pursuant to the Financial Accounting Standards and based on the principles of internal control, especially the functions of handling, recording, storage, and supervision.
- b. Implement and maintain accounting pursuant to applicable financial accounting standards and conduct the Company administration pursuant to applicable norms for the Company.

### 12. Other Duties and Obligations

Implement other obligations pursuant to the provisions set forth in the Articles of Association and which are stipulated by the General Meeting of Shareholders pursuant to laws and regulations in force.

## 4.4. Authorities

### 1. General

The authorities of the Board of Directors of the Company include:

- a. Representing the Company inside and outside the Court.<sup>119</sup>
- b. Conduct all actions and manners concerning the management or ownership as well as bind the Company with other parties and / or other parties with the Company within the limits of applicable regulations.
- c. Establish discretion in leading the Company management.
- d. Arrange provisions on the Company employment, including recruitment and dismissal of employees under laws and regulations in force concerning employment.
- e. Without prejudice to its responsibilities, the Board of Directors may authorize in writing to a person or more for and on behalf of the Company to perform certain legal acts as described in the power of attorney.<sup>120</sup>
- f. Conduct other actions, in respect of the Company management and the administration of the Company's assets pursuant to the provisions of the Articles of Association and pursuant to the decisions of the GMS.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

**2. Authorities of the Board of Directors Requiring Approval by the Board of Commissioners**

- a. Borrowing or lending money on behalf of the Company (excluding cash withdrawals in banks) exceeding the amount determined from time to time by the Board of Commissioners, whose amount shall be determined later.<sup>121</sup>
- b. Establishing a business or participate in other companies both domestically and abroad.<sup>122</sup>

**3. The authorities of the Board of Directors to be approved by the General Meeting of Shareholders and approval shall be granted upon hearing the opinions and suggestions of the Commissioners**

Merger, consolidation, acquisition or separation, submission of application for bankruptcy, extension of term of its establishment and dissolution of the Company can be conducted with the provisions as follows:

- a. The GMS may be held if the GMS is attended by shareholders owning at least 3A (three fourths) shares and the total number of shares with valid voting rights
- b. The decisions of the GMS are valid if it is approved by more than 3% (three quarters) of all shares with present voting rights at the GMS
- c. In the case of the quorum as referred to in point a) is not reached, the second RUPS may be held with the provision that the second RUPS is valid and entitled to take a decision if the GMS is attended by shareholders representing at least 2/3 of the total shares with valid voting rights.
- d. The decision of the second GMS is valid if it is approved by more than ¾ (three quarters) of all shares with present voting rights at the GMS.
- e. In the case of the quorum of attendance at the second GMS as referred to in point c) is not reached, the third GMS may be held with the provision that the third RUPS is valid and entitled to take a decision if it is attended by shareholders of the shares with valid voting rights in quorum attendance and quorum decisions established by FSA at the request of the Company.<sup>123</sup>

**4.5. Rights of the Board of Directors**

The rights of the Board of Directors are as follows:

1. Representing the Company inside and outside the court,<sup>124</sup> including providing information to the public
2. Conducting all actions and manner both regarding the management or ownership as well as binding the Company with other parties and or other parties with the Company by certain predetermined restrictions.
3. Establishing policies in leading and managing the Company.
4. Arranging provisions concerning the Company employment including determination of salaries, pensions or old-age benefits and other income for the Company employees under laws and regulations in force.
5. Appointing and dismissing an employee of the Company pursuant to employment regulations of the Company and laws and regulations in force
6. Arranging the delegation of the Board of Directors to represent the Company in and out of court to any person or persons designated by the Board of Directors or to one or more the Company employees both personally and jointly or to other persons or bodies.<sup>125</sup>
7. Conducting other actions, either on management or ownership, pursuant to the provisions stipulated in the Articles of Association and the decision of the General Meeting of Shareholders pursuant to laws and regulations in force
8. Accepting salary, fees and other allowances (if any), which are obliged to be determined by the GMS and such authority by the GMS may be delegated to the Board of Commissioners in conducting nomination and remuneration functions.<sup>126</sup>

9. Asking for helps or advices from expert / professional in performing its duties for a limited period of time to the expenses of the Company, or establishing committees / ad hoc working unit as required.

#### 4.6. Ethics of Position

In performing its duties and functions, the Board of Directors is obliged to always act pursuant to the ethics of position as follows:

##### 1. **Avoiding Conflict of Interest** <sup>127</sup>

Conflict of interest is a situation where there is a conflict between the Company's economic interests and personal economic interests of shareholders, members of the Board of Commissioners and the Board of Directors.

In performing its duties and obligations, members of the Board of Directors are obliged to always prioritize the Company's economic interests over the economic interests of personal or family, as well as other parties.

- a. Members of the Board of Directors are prohibited from misusing their positions for personal, family and other interests.
- b. The Board of Directors is obliged to make disclosure in the case of a conflict of interest.
- c. In the case of discussion and decision-making presenting elements of conflict of interest, the parties concerned may not participate.
- d. In the case of a member of the Board of Directors has a conflict of interest with the Company, the person entitled to represent the Company is:
  - Members of the Board of Directors who have no conflict of interest with the Company,
  - Board of Commissioners, in the case of all members of the Board of Directors have a conflict of interest with the Company, or
  - Other designated parties by the GMS, in the case of all members of the Board of Directors or the Board of Commissioners have a conflict of interest with the Company.
- e. Members of the Board of Directors are obliged to report to the Company the shares owned by the members of the Board of Directors concerned in the Company for then it is recorded in special register.<sup>128</sup>
- f. Members of the Board of Directors who do not perform the obligation to report their share ownership and lead losses for the Company are personally liable for the Company's losses.<sup>129</sup>

##### 2. **Always Keeping Information Confidential** <sup>130</sup>

- a. Members of the Board of Directors are obliged to maintain the confidentiality of the Company's information pursuant to laws and regulations in force, company regulations and business practices.
- b. Every member of the Board of Directors is prohibited from misusing information relating to the Company, including but not limited to information on acquisition plans, mergers and share buybacks.
- c. Any former member of the Board of Directors who has transferred his or her shares, is prohibited from disclosing any information as the company confidentiality acquired during its term or shareholder in the company, unless such information is required for examination and investigation pursuant to laws or regulations in force, no longer classified as company confidentiality.

##### 3. **Not Taking the Company's Advantage and / or Business Opportunity for Personal**

Members of the Board of Directors are prohibited from taking personal benefit from the Company activities, other than the salary and facilities received as Members of the Board of Directors, which have been determined.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

**4. Always Comply with the Laws and Regulations In Force**

Comply with the Articles of Association and laws and regulations in force as well as decisions of the GMS.

**5. Exemplary**

Providing exemplary examples by encouraging the creation of ethical behavior and upholding ethical standards of the Company.

**4.7. Determination of the Company's Management Policy by the Board of Directors**

**1. General**

- a. Any company management policy is obliged to be established in a written policy.
- b. The written policy is stipulated by the Board of Directors, through a decree of the Board of Directors.

**2. Principles of Corporate Governance Policy**

In order to use and apply the rights and obligations of daily management, the Board of Directors is obliged to comply with the following principles:

- a. In the case of the policies set by the Board of Directors are collegial to something that will affect the Company's performance, then the policy is obliged to be approved by the Board of Directors Meeting.
- b. If the member of the Board of Directors fails to reach the quorum for a meeting of the Board of Directors, but it is obliged to take decisions that will affect the Company's performance, it can determined a temporary policy until it is decided in the subsequent Board of Directors Meeting.
- c. In determining the policy on a matter, each Member of the Board of Directors is obliged to take into account to the following principles:
  - 1) Good faith
  - 2) Rational considerations and sufficient information
  - 3) Investigation on problems as well as various possible solutions
  - 4) Established on the basis of consideration only for the sake of the Company's interest.
- d. In applying its daily obligations, the Board of Directors is obliged to always take into account to the conformity of the action with the Company's plans and objectives.
- e. Delegation of authority of the Board of Directors to employees or other parties to perform legal acts on behalf of the Company is obliged is obliged to be stated in a written document and approved by the President Director.
- f. Forms of the Company's Management Policy such as Decree and others, shall be regulated separately.

**4.8. Delegation of Authority among Members of the Board of Directors of the Company**

1. The President Director is entitled and has authority to act for and on behalf of the Board of Directors and to represent the Company.<sup>132</sup>
2. In the case of the President Director is absent or unavailable for any reason, which is not necessary to be proven to third parties, other members of the Board of Directors are entitled and authorized to act for and on behalf of the Board of Directors as well as representing the Company.<sup>133</sup>
3. In the case of the President Director does not make an appointment, then one of the members of the Board of Directors appointed by the Commissioner is authorized to act on behalf of the Board of Directors.
4. In the case of the President Director or Commissioner does not make an appointment, then one of the members of the Board of Directors agreed in the Board of Directors Meeting, in the position of a member of the Board of Directors is authorized to act on behalf of the Board of Directors.

5. If there is more than 1 (one) member of the Board of Directors approved in the Board of Directors Meeting, then the member of the Board of Directors acts on behalf of the Board of Directors.

#### **4.9. Procedures of the Board of Directors**

##### **1. General**

The Board of Directors shall be assigned in a collegial manner, but in order to be more efficient and effective in performing the tasks, the tasks are held among the members of the Board of Directors. The division of duties among the Board of Directors does not remove the responsibility of the Board of Directors in a collegial manner in the Company management.

##### **2. Division of The Board of Directors Duties**

The division of the Board of Directors duties shall be determined on the basis of the Board of Directors' decision.

##### **3. Use of Professional Suggestions**

The Company sets out provisions on the use of professional advice at the Company's expense for the Board of Directors as follows:

- a. The use of professional advice based on the Company's needs.
- b. The use of professional advice by each Member of the Board of Directors is possible with the following conditions:
  - 1) within the limits of efficiency and effectiveness.
  - 2) completed with guidelines presenting:
    - Scope of job (job description).
    - Job Specification.
    - Authority and responsibility.
    - Reporting and Responsibility Mechanisms.
- c. The use of professional advice cannot be made in cases in which the relevant member of the Board of Directors has a conflict of interest.

#### **4.10. Meetings of the Board of Directors**

##### **1. General**

- a. Meetings of the Board of Directors are meetings held by the Board of Directors.
- b. Meetings of the Board of Directors are held at the place of the Company domicile or place of the Company activity. If all members of the Board of Directors are present or represented, prior notification shall not be required and the Meeting of the Board of Directors may also be held elsewhere and shall have the right to make informed and binding decisions.<sup>134</sup>
- c. In addition to the implementation of the Meeting of the Board of Directors as referred to in point (b) above, the Meeting of the Board of Directors may also be conducted through teleconference media, video conferencing or other electronic media means to enable all Directors Meeting participants to see and hear directly and participate in the Meeting of the Board of Directors.<sup>135</sup>
- d. The Meeting of the Board of Directors is chaired by the President Director. In the case of the President Director is unable to attend or is not required to be proven to a third party, the Meeting of Board of Directors' Meeting is chaired by a member of the Board of Directors elected by and among the present members of the Board of Directors.<sup>136</sup>

##### **2. Schedule and Agenda of Meetings**

- a. The implementation of the Meetings of Board of Directors shall be held periodically pursuant to laws and regulations in force.<sup>137</sup>
- b. The Board of Directors is obliged to hold a meeting of the Board of Directors periodically at least once (1) times in each month.<sup>138</sup>



**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- c. The Board of Directors is obliged to hold a meeting of the Board of Directors together with the Board of Commissioners on a periodical basis of at least 1 (one) time in 4 (four) months.<sup>139</sup>
- d. The Meeting of Board of Directors may be held outside the regular schedule, if it is considered necessary:
  - 1) By a Member or More Members of the Board of Directors
  - 2) On written request of a member or more members of the Board of Commissioners
  - 3) On written request of one or more shareholders jointly representing 1/10 (one tenth) or more than the total number of shares with voting rights.<sup>140</sup>
- e. The invitation of the Board of Directors and Meetings held jointly by the Board of Commissioners shall be conducted by members of the Board of Directors entitled to act for and on behalf of the Board of Directors.
- f. Invitation of meetings of the Board of Directors and / or meetings held along with the Board of Commissioners shall be submitted by registered letter or by letter submitted directly to each member of the Board of Directors and or Board of Commissioners by obtaining a receipt no later than 5 (five) days before the meeting, excluding the date of the invitation and the date of the meeting.<sup>141</sup>
- g. The invitation of the Board of Directors is obliged to include the agenda, date, time and place of meeting.<sup>142</sup>
- h. Each member of the Board of Directors is entitled to propose agendas for the meeting to be held.
- i. The Board of Directors is obliged to schedule the meetings of the Board of Directors periodically, as well as Board of Directors meetings with the Board of Commissioners for the following year before the end of financial year. The schedule shall be submitted to the participants no later than 5 (five) days prior to the meeting. Or if the meeting is held outside the stipulated schedule, the meeting material shall be submitted to the meeting participants no later than 5 (five) days before the meeting is held.<sup>143</sup>

### **3. Attendance Procedure**

- a. The meeting of the Board of Directors is valid and entitled to take binding decisions, if more than 1/2 (a half) of the number of members of the Board of Directors are present or represented in the meeting.<sup>144</sup>
- b. A Member of the Board of Directors may be represented in a meeting of the Board of Directors only by other members of the Board of Directors by power of attorney.<sup>145</sup>
- c. A member of the Board of Directors may only represent another member of the Board of Directors.

### **4. Problem Discussion and Decision Making Procedures**

The procedure for discussion of problems and decision making in the Meeting of Board of Directors shall apply the following provisions:

- a. All decisions in the Meeting of Board of Directors are obliged to be based in good faith, rational considerations and subject to in-depth investigation on any various relevant matters, sufficient information and free from conflict of interest and made independently by each of the members of the Board of Directors.
- b. The decision of the Meeting of the Board of Directors is obliged to be taken by deliberation to reach consensus. If it is not reached then the decision shall be taken by agree voting at least more than 1/2 (a half) of the number of voting rights in the meeting.<sup>146</sup>
- c. Each present member of the Board of Directors is entitled to issue 1 (one) vote and one additional vote for the member of the Board of Directors that he represents.<sup>147</sup>

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- d. Voting on one person is done by a closed ballot without any signatures while voting on other matters is done orally, unless the chairperson of the meeting determines otherwise without any objection from the present ones.<sup>148</sup>
- e. Unauthorized voting and voting form are considered not to be issued legally and are considered non-existent and counted in determining the number of issued votes.<sup>149</sup>
- f. If the agree votes and disagreed votes are balance, the chairman of the meeting of Board of Directors will determine.<sup>150</sup>
- g. If any member of the Board of Commissioners has a different opinion on the decision, then the opinion should be included in the Meeting minutes as a form of *dissenting opinion*.
- h. The Board of Directors may also take a valid decision without holding a Meeting of the Board of Directors, with provision that all members of the Board of Directors have been notified in writing and all members of the Board of Directors agree on the proposal submitted in writing by signing the agreement. The decisions taken in such manner shall have the same power as those taken legally in the Meeting of the Board of Directors.<sup>151</sup>

**5. Preparation of Meeting minutes of the Board of Directors**

- 1) Each periodic Meeting of the Board of Directors or Meeting of the Board of Directors along with the Board of Commissioners is obliged to be made in writing and circulated to all members of the Board of Commissioners who participate to be approved and signed.<sup>152</sup>
- 2) Meeting minutes on the implementation results of the Meeting of Board of Directors are obliged to be made in writing and signed by all present members of Board of Directors, and then the Meeting minutes are submitted to all members of the Board of Directors. The meeting minutes of the Board of Directors along with the Board of Commissionaires are obliged to be made in writing and signed by all present members of Board of Directors as well as Board of Commissionaires and then the meeting minutes are submitted to all members of Board of Directors.<sup>153</sup>
- 3) If there are members of the Board of Directors or members of the Board of Commissioners who do not sign the results of the Periodic Meeting of the Board of Directors or the Board of Directors Meeting together with the Board of Commissioners, the concerned one is obliged to declare the reasons in writing in a separate letter attached to the meeting minutes.<sup>154</sup>
- 4) Minutes of meeting is obliged to be made and administered by the Corporate Secretary and shall provide copies to all meeting participants.
- 5) Minutes of Meeting shall describe the course of the meeting. Therefore, the Meeting minutes are obliged to include at least:
  - Agenda, location, dates and times of meetings held
  - List of attendees
  - Issues to be discussed
  - Various opinions contained in the meeting, especially in discussing strategic or material issues, including those expressing opinions
  - Decision-making process
  - Decisions established
  - Dissenting opinions, if any.
- 6) The Meeting minutes are obliged to be attached with a power of attorney given by a special member of the Board of Directors who is not present to the other members of the Board of Directors (if any).
- 7) Each member Board of Directors is entitled to receive the Meeting minutes, regardless whether the members of the Board of Directors in concerned are present or absence in the Meeting of the Board of Directors.
- 8) Within a period of 14 (fourteen) days from the date of delivery of the draft of meeting minutes, each member of the Board of Directors that is present and / or represented in the Meeting of the Board of Directors concerned can submit its approval or objection and / or its proposed any correction (if any) to the chair of the Meeting the Board of Directors.

- 9) If the objection and or proposal for correction are not received within that period, then it can be concluded that there is no objection and or correction to the draft of meeting minutes of the Board of Commissioners concerned.
- 10) The Meeting minutes of the Board of Directors are obliged be signed by all members of the Board of Directors present.
- 11) The original minutes of each meeting of Board of Directors are obliged to bound in annual collections and kept by the Company and are obliged to be available upon request by each member of the Board of Commissioners and the Board of Directors.
- 12) The Company's Annual Report is obliged to include the number of periodic Meetings of Board of Directors and meetings of Board of Directors with Board of Commissioners together with the attendance of each of members of the Board of Directors.

#### **4.11. Independence of the Board of Directors**

- 1) The independence of the Board of Directors is obliged to be maintained so that the Board of Directors can act as well as possible for the sake of the Company interest as a whole.
- 2) The Board of Directors is prohibited from engaging any activities that may interfere its independence in managing the Company.

#### **4.12. Corporate Secretary**

The Company appoints the Corporate Secretary who serves as a *liaison officer* between the Company and the Company's Organ and stakeholders. The Corporate Secretary is responsible to the Board of Directors and the report on its duty execution of the Corporate Secretary is also submitted to the Board of Commissioners<sup>155</sup>.

The duties of the Corporate Secretary are as follows<sup>156</sup>:

1. Following the development of the Capital Market especially laws and regulations in force in the Capital Market.
2. Providing input to the Board of Directors and Board of Commissioners to comply with the provisions of the laws and regulations in the field of Market Capital.
3. As a liaison between the Company and its shareholders, FSA, and other stakeholders.
4. Assisting the Board of Directors and Board of Commissioners in the implementation of corporate governance which includes:
  - a) Disclosure of information to the public, including the availability of information on the Issuer's Website or Public Company;
  - b) Submission of reports to Finance Service Authority on a timely manner;
  - c) Implementation and documentation of the General Meeting of Shareholders;
  - d) Implementation and documentation of meetings of the Board of Directors and / or Board of Commissioners; and
  - e) Implementation of orientation programs on the company for the Board of Directors and / or Board of Commissioners
5. The Corporate Secretary and employees in the work unit performing the corporate secretary's functions are obliged to keep the confidentiality of confidential documents, data and information except in compliance with obligations pursuant to laws and regulations or otherwise provided in laws and regulations.
6. The Corporate Secretary and employees in the work unit performing the company secretary's functions are prohibited from taking personal benefit directly or indirectly, giving losses to the Issuer or Public Company.
7. In order to improve knowledge and understanding to assist in its duty implementation, the Corporate Secretary is obliged to join education and or training.
8. The Corporate Secretary is responsible to the Board of Directors and any information submitted by the Corporate Secretary to the public is the official information from the Company.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

9. The Corporate Secretary is obliged to report periodically at least 1 (one) time in 1 (one) year concerning the implementation of the corporate secretary's function to the Board of Directors and forwarded to the Board of Commissioners.

The Corporate Secretary is obliged to meet the following requirements:

- a. Proficient in performing legal actions;
- b. Having knowledge and understanding in law, finance, and corporate governance;
- c. Understanding business activities of Issuer or Public Company;
- d. being able to communicate well; and
- e. Domiciled in Indonesia.

#### **4.13. Relationship with Subsidiaries**

##### **1. General principles**

- a. The Subsidiary is a separate legal entity that has different Company Organs.
- b. The mechanisms applicable between the Company and its Subsidiaries must be conducted through a sound corporate mechanism.

##### **2. Supervision Mechanism**

The supervision Mechanism on Subsidiaries is conducted by placing Company's representatives as Commissioners and / or Members of the Board of Directors of Subsidiaries.

##### **3. GMS of Subsidiaries**

Representing the Company in the General Meeting of Shareholders of Subsidiaries is a role and responsibility given to the Board of Directors as the Subsidiary's Shareholders. The function is inherent in the Board of Directors because the Board of Directors based on the authority delegation of the Company's shareholders as presented in the Company's Articles of Association is the only party entitled to represent the Company either inside or outside the court.

The Board of Directors may transfer the authority to either a member of the Board of Directors or a person appointed by the Board of Directors to represent the Company as the Proxy of the Shareholder at the General Meeting of Shareholders of Subsidiaries. In the GMS Subsidiaries, the Board of Directors has authority to request reports on the management and supervision of Subsidiaries.

##### **4. Procedure to represent the Company in the Subsidiary's GMS**

- a. The Company's Board of Directors holds a meeting of the Board of Directors to discuss plan / proposed decisions to be brought in the GMS Subsidiary's. The proposed plan / proposal includes:
  - 1) Ratification of subsidiary financial report
  - 2) Dividend / profit distribution of subsidiary
  - 3) Strategic policies presented in Long Term Plan / Budget Work Plan of Subsidiary
- b. If necessary, the Board of Directors appoints a member of the Board of Directors as the Shareholder's Attorney in the Subsidiary's General Meeting of Shareholders.
- c. Member of the Board of Directors or parties appointed by the Board of Directors in the AGMS of Subsidiaries submit the results of AGMS of Subsidiary to the Directors.

##### **5. Transactions with Subsidiaries**

Business transactions with Subsidiaries are conducted under the following criteria:

- a. Business transactions with Subsidiaries are obliged to be made on the basis of an *arm's length relationship* as it is supposed to be a business transaction with an unaffiliated party.
- b. Special treatment will be granted only under certain conditions and beneficial to the Company.

**ANNEX**

**Decree of the Board of Directors and Board of Commissionaire**

**PT Bakrieland Development Tbk**

**No. : 001/KOM-DIR-PERSEROAN/SK/I/2016**

**Date: January 18<sup>th</sup>, 2016**

- c. In the case of any conflict of interest between the Company and the Subsidiary, the Company interest is obliged to be prioritized.