

Corporate Governance

Chapter I

Introduction and Basic Principles

Company in the social context and the definition of Corporate Governance

Corporate Governance is a process, structure and cultures employed to direct and manage the Company's business and social interests in order to improve the business welfare of the Company and accountability in the Company, with the ultimate goal of creating values to the Shareholders in the long run, and at the same time observing interests of other stakeholders.

The Company has an important role in the society and the state. In carrying out its function as one of the pillars of society and economy of a country, the Company shall have power to ensure its long-term existence. The Company must seek a balance between the interests of the Shareholders, and the interest of other stakeholders, in order that in the long-term the two interests will not be conflicting with each other.

The Company's positive performance is the main factor that ensures the continuity of the Company and enhances

the economic value of the Company. In its efforts to create superior performance, the Company must take various forms of risks. With respect to these risks, the Company must work within the framework of law and business ethics in which the Company operates and also the internal code of conduct of the Company.

In its implementation, the Corporate Governance must ensure the Company's ability to create a superior performance and to increase economic value to the Shareholders and stakeholders, and at the same time ensure the Company operates in compliance with the law, business ethics and internal code of conduct of the Company in disciplined manner.

Basic Principles of the Corporate Governance

1. Accountability

The Company and its management must work with high accountability. The Company and its management must be held responsible for making sure that all of their actions in compliance with the law, business ethics and also for making sure that all of their measures are carried out in the interests of the Shareholders and stakeholders of the Company.

2. Responsibility

The Company and its management must act under the prudential principles and being aware of all the risks and negative implications that may be caused by their actions. The Company and its management must always take into consideration interests of all stakeholders in carrying out their functions and establishing the policies or making the decisions.

3. Fairness

The Company and its management must act with due observance of the principle of fairness to all parties. All the Company's policies and decisions shall be taken by considering the principle of fairness to the related parties, either directly or indirectly.

4. Transparency

The Company and its management must ensure that all policy-setting and decision-making has been carried out transparently and all stakeholders have access to balanced and accurate information.

5. Discipline

The Company and its management must ensure that the Company is managed properly in accordance with the basic principles of Good Corporate Governance

especially the concern and the involvement of the management in terms of assets maintenance, return of funds to the shareholders, protection of interest of the stakeholders, such as employees of the suppliers, creditors, etc. as well as of the shareholders.

6. Independence

The Company and its management must ensure that the Company is independent in making decisions because it has a good supervisory mechanism, i.e. with the existence of Independent Commissioner and committees under the Board of Commissioners who are responsible for assisting the Board of Commissioners in supervising the Board of Directors acts and measures, such as the Audit Committee.

7. Social Awareness

The Company and its management must have a general policy that emphasizes the attitude of social awareness, such as there are no discriminative policies on the basis of gender, race, religion etc. as well as the care about the environmental conservation and the poor.

Corporate Governance is a code of conduct for the Company's stakeholders, in particular the Board of Directors, the

Board of Commissioners and the Shareholders. This code of conduct contains a set of rules for the process of good management, good supervision and division of duties, responsibilities, and powers, which may indicate a balance of influence among the stakeholders.

Chapter II

General Meeting of Shareholders (GMS Meeting)

1. Rights of the Shareholders

- 1.1. The Shareholders shall be entitled to exercise the influence over the Company in accordance with their respective proportion of capital contribution or shareholding.
- 1.2. The Shareholders shall be entitled to obtain information from the Company's Management, either in the form of reports or answers to the questions and requests for information
- 1.3. The Shareholders shall be given an opportunity to express their respective opinions and the Board of Directors must consider such opinions.
- 1.4. The Shareholders shall be entitled to obtain good and transparent quality information to improve the quality of the GMS Meeting and the supervision.
- 1.5. The Shareholders shall be entitled to distribution of profits, equity bonus shares and others based on the resolutions of the General Meeting of Shareholders.
- 1.6. The Shareholders have the preemptive rights to each issue of equity securities under the applicable

regulations

2. Role of the Shareholders

The Company's Shareholders have an influence over the Company, based on the following 3 (three) principles:

- 2.1. Balanced proportion between the capital contribution and influence/effect owned, except Dwiwarna A Series Share.
- 2.2. All Shareholders of both large-scale and small-scale have an influence over the Company in accordance with the capital contribution owned (one share one vote).
- 2.3. The Management has full, clear and transparent accountability to the Shareholders.

3. General Meeting of Shareholders (GMS Meeting)

- 3.1. The General Meeting of Shareholders (GMS Meeting) is the Company organ that holds ultimate power in the Company and holds all authority that are not given to the Board of Directors and the Board of Commissioners
- 3.2. The General Meeting of Shareholders (GMS Meeting) is a forum in which the Board of Directors and the Board of Commissioners report and is responsible for their performance to the Shareholders.

- 3.3. The agendas discussed in the GMS Meeting shall include strategy, policy, financial performance, business return of the Company, and other material matters proposed by the Board of Directors, the Board of Commissioners or the Shareholders
- 3.4. The GMS Meeting of the Company consists of:
 - 3.4.1. Annual GMS Meeting.
 - 3.4.2. Other GMS Meetings, hereinafter referred to as the Extraordinary GMS Meeting, i.e. a GMS Meeting held at any time based on the needs.
- 3.5. GMS Meeting shall mean both Annual GMS Meeting and Extraordinary GMS Meeting, unless otherwise expressly stated.

4. Annual General Meeting of Shareholders

- 4.1. The Board of Directors shall be obliged to hold an Annual GMS Meeting once a year at the latest in June.
- 4.2. The Board of Directors shall be obliged to prepare the Annual GMS Meeting to discuss the following:
 - 4.2.1. Annual Account which had been audited by a Registered Public Accountant consisting of the balance sheets and statement of

income of the relevant financial year and explanation of the said documents to obtain approval and adoption from the Meeting.

- 4.2.2. Annual Report regarding the condition and the progress of the Company, the results that have been achieved, estimate regarding the progress of the Company in the future, main activities of the Company and its change during the financial year and the details of the problems arise during the financial year which influence the Company's activities to obtain approval and adoption from the Meeting.
- 4.2.3. The above-mentioned Annual Report shall be prepared with due observance of the applicable laws and regulations, particularly laws and regulations in the field of Capital Market.
- 4.2.4. Deciding the use of the Company's profits.
- 4.2.5. Designating the Registered Public Accountant.
- 4.2.6. If considered necessary, appointing the members of the Board of Directors or the members of the Board Commissioners.

- 4.2.7. Deciding other matters, which have been proposed properly in the Meeting without prejudice to the provisions of the Articles of Association.
- 4.3. The approval upon and adoption of an annual statement by an Annual GMS Meeting shall mean granting full release and discharge to the members of the Board of Directors and the members of the Board of Commissioners from the management and supervisions they carried out during the past financial year, to the extent that the said activities are dealt with in the said annual statement, except for embezzlement, fraud and other criminal acts.
- 4.4. In the event that the Board of Directors or the Board of Commissioners is negligent in holding an Annual GMS Meeting at the specified time, the Shareholders themselves shall be entitled to hold the Annual GMS Meeting at the expense of the Shareholders summoning such Meeting after obtaining a permit from the Chief Justice of the Court of First Instance having jurisdiction over the area at the place where the Company has its place of legal domicile.

5. Extraordinary General Meeting of Shareholders

- 5.1. An Extraordinary GMS Meeting shall be held each time if considered necessary by the Board of Directors and/or the Board of Commissioners and/or the Shareholders as described below.
- 5.2. The Board of Directors and the Board of Commissioners shall be obliged to summon and convene an Extraordinary GMS Meeting at the written request of 1 (one) or more Shareholders who jointly represents 1/10 (one-tenth) of the total Company's shares which have been issued by the Company with lawful voting rights.
- 5.3. The written request must be submitted by Registered mail, mentioning things to be discussed along with reasons thereof.
- 5.4. If the Board of Directors or the Board of Commissioners is negligent in holding an Extraordinary GMS Meeting as referred to in above after a period of 30 (thirty) days has passed commencing from such letter of request has been received, the Shareholders concerned shall be entitled to hold the Meeting themselves at the expense of the Shareholders convening such Meeting.
- 5.5. The Meeting as referred to in point 5.4 above,

shall be held/convened after obtaining permit from the Chief Justice of the Court of First Instance having jurisdiction over the area of the place where the Company has its place of legal domicile.

- 5.6. The holding of the Meeting as mentioned above should consider the ruling of the Chief Justice of the Court of First Instance granting such permit.

Chapter III

Board of Commissioners

1. Main Duties of the Board of Commissioners

- 1.1. Supervising the Company's management policy conducted by the Board of Directors.
- 1.2. Examining and reviewing the annual report prepared by the Board of Directors and signing such report.
- 1.3. Approving the direction of the company, the work plan and budget, which is prepared by the Board of Directors, as well as evaluating the implementation of the Company work plan and budget.
- 1.4. Evaluating and approving the plans for capital investments, acquisitions, sale of subsidiaries and strategic alliances that exceed the limit of value that has been agreed upon by the Board of Directors and the Board of Commissioners.
- 1.5. Providing input to the risk control policies and evaluating the integrity of the risk control systems.
- 1.6. Evaluating the performance of the Board of Directors, and set down the compensation for the Board of Directors pursuant to the authority granted by the GMS Meeting.

- 1.7. Ensuring that the Company complies with all applicable laws and regulations and meets the applicable transparency standard.
- 1.8. Ensuring the integrity of the accounting and financial reporting systems of the Company, including the internal and external audits and ensuring that the Company has implemented adequate control systems, particularly in controlling the risk management, financial and compliance.
- 1.9. Nominating members of the Board of Directors or the Board of Commissioners, for the next term of office or for a vacant position, to the Shareholders transparently.
- 1.10. Ensuring that the Board of Directors has an effective "succession plan" to ensure continuity in the leadership of the Company.
- 1.11. Providing advices to the Board of Directors, including the development plan of the Company, annual work plan and budget of the Company, the implementation of the provisions of the Articles of Association and resolutions of the GMS Meeting and the existing laws and regulations.

2. Rights and Authority

- 2.1. The members of the Board of Commissioners either jointly or severally at any time is/are entitled to enter into the buildings and premises and other places used or controlled by the Company
- 2.2. The members of the Board of Commissioners either jointly or severally is/are entitled to examine bookkeeping, letters of evidence, supply of goods (inventories), to examine and to verify the position of the cash/money (for verification purposes) and other securities (commercial papers) and shall be entitled to be informed of all steps or measures that have been carried out by the Board of Directors.
- 2.3. If considered necessary, the Board of Commissioners at the expense of the Company for a limited period of time, may use experts to do an audit in accordance with their duties and responsibilities.
- 2.4. The members of the Board of Commissioners shall be entitled to ask for an explanation and asking all matters relating to the performance of the duties of the Board of Commissioners to the the Board of Directors and the Board of Directors shall be obligated to provide all explanations of all matters asked by the Board of Commissioners;

- 2.5. The members of the Board of Commissioners shall be entitled to ask all information related to the Company from the Board of Directors and the Board of Directors shall be obligated to provide all information related to the Company as required/needed by the Board of Commissioners.
- 2.6. Division of work and the membership of committee among the members of the Board of Commissioners shall be governed by its own members of the Board of Commissioners and for the smoothness of their duties, the Board of Commissioners may be assisted by a Secretary appointed by the the Board of Commissioners at the expense of the Company.
- 2.7. Under the resolutions of the Board of Commissioners Meeting, the Board of Commissioners at any time is entitled to suspend the member(s) of the Board of Directors from his/her/their office by stating the the reasons thereof.
- 2.8. Within a period of 60 (sixty) days after such temporary suspension of the relevant member(s) of the Board of Directors, the Board of Commissioners shall be obliged to hold a GMS Meeting, which shall decide whether the member(s) of the Board of Directors concerned (in question) shall be

suspended forever or such person shall be reinstated, while the said suspended members of the Board of Directors shall be given an opportunity to be present and to defend him/herself.

- 2.9. If at any time the Company does not have a member of the Board of Directors, for the time being, the Board of Commissioners has the right to delegate (appoint) its members as the Director(s). In connection with such delegation/appointment, the relevant member of the Board of Commissioner for the time being must resign from the membership of the Board of Commissioners (cfm. Chapter IV Point 8:14).

3. Obligations

- 3.1. Performing his/her/their duties, authority, responsibilities in accordance with the provisions of the Company's Articles of Association and resolutions of the GMS Meeting.
- 3.2. Implementing the Company's interests with due observance of the interests of the Shareholders and Stakeholders, and is accountable to the GMS Meeting.
- 3.3. Signing the Code of Conduct of the Board of Com-

missioners.

- 3.4. A member of the Board of Commissioners meets in the Board of Commissioners Meeting with the Committee Meeting in which the member of the Board of Commissioners is also a member in accordance with the schedules that has been previously agreed upon.
- 3.5. The absence of a member of the Board of Commissioner must be accompanied by an explanation and it will affect the evaluation of performance of the relevant member of the Board of Commissioners.

4. Resonsibilities

- 4.1. Approving or adopting the work plan and budget of the Company not later than 30 (thirty) days after the Company's current fiscal year.
- 4.2. In the event that the work plan and budget of the Company are not approved/adopted within the aforementioned period of time, the previous Company's work plan and budget will apply with due observance of the applicable regulations.
- 4.3. Following the development of the Company activities and in case the Company shows symptom of setback, he/she shall immediately report to a GMS

Meeting accompanied with the recommendation on corrective steps which shall be adopted

- 4.4. Recommending the appointment of a Registered Public Accountants office to audit the financial conditions of the Company to be reported to a GMS Meeting;
- 4.5. Approving and evaluating the risk management policies conducted at least once a year or in a higher frequency in the event of a change in the factors affecting significantly the Company's business activities.
- 4.6. Evaluating the accountability of the Board of Directors with regard to the implementation of risk management policy, which is done at least quarterly.
- 4.7. Evaluating and deciding the application or proposal of the Board of Directors in respect of transactions or business activities that are beyond the authority of the Board of Directors to decide the same, and thereby requiring the approval of the Board of Commissioners.
- 4.8. Performing other supervisory duties determined by a GMS Meeting and other duties relating to the Audit Committee;

5. Committees

- 5.1. The Board of Commissioners reserves the right to establish and/or change the committees at the level of the Board of Commissioners and shall regulate the membership thereto, except for the Audit Board/Committee, the existence of which must meet the applicable laws and regulations.
- 5.2. The committees shall be responsible to assist the Board of Commissioners in carrying out their main duties, as well as formulating the policies of the Board of Commissioners in certain areas, while the final decision remains in the hands of the Board of Commissioners or may be delegated to the committees through the Board of Commissioners resolutions.
- 5.3. The committees shall be approved and adopted by virtue of the Resolutions of the Board of Commissioners. Additional committees may be established according to the needs and the number of members of the Board of Commissioners and shall be approved and adopted by virtue of the Resolutions of the Board of Commissioners.
- 5.4. If at any time such committees are not relevant

any longer or no longer be needed, the existence of such committees can be terminated.

5.5. The committees that can be established, among others:

5.5.1. Audit Board/Committee

5.5.1.1. Consists of at least 3 (three) members, one among them is an Independent Commissioner who also serves as chairperson of the Audit Board/Committee.

5.5.1.2. Other members of the Audit Board/Committee shall be appointed by the Board of Commissioners with the approval of Bank Indonesia and reported to the GMS Meeting, who is an independent external party and have competence in the field of accounting and/or finance.

5.5.1.3. Following up the findings of the Internal Control Unit (SPI) in accordance with the policy or direction of the Board of Commissioners.

- 5.5.1.4. Represented by the Chairperson, together with the President Director jointly signing an implementation report and points of audit report which would be submitted to the Bank Indonesia each semester.
- 5.5.1.5. Represented by the Chairperson, together with the President Director jointly signing a report to be submitted to the Bank Indonesia on any audit findings, which could disturb the continuity of the Company's business.
- 5.5.1.6. Evaluating the audit findings by the SPI.
- 5.5.1.7. Requesting/asking the Board of Directors to follow up the audit findings of the SPI.
- 5.5.1.8. Giving approval for the appointment and dismissal of the SPI Manager by the Board of Directors and reported the same to

the Bank Indonesia.

5.5.1.9. Approving the Internal Audit Charter, responding to Internal Audit Plan and problems founded or discovered by the Internal Auditors as well as determining a special audit by SPI, if there are allegations of fraud, deviation from the applicable laws and regulations.

5.5.1.10. Taking the necessary steps or actions in the event that the auditee does not follow up the report of SPI.

5.5.1.11. Ensuring that the reports submitted to the Bank Indonesia and other interested agencies have been done properly and timely and ensuring that the Bank complies with all provisions of the applicable laws and regulations.

5.5.1.12. Ensuring that the management ensures both External Auditor and Internal Auditor to work

in accordance with the applicable Auditing Standards.

5.5.1.13. Ensuring the independence and objectivity of the registered public accountant.

5.5.1.14. Providing recommendations to the Board of Commissioners about the designation of a registered public accountant, as well as evaluating the candidates at least once in 3 years to maintain the independence of the designated registered public accountant.

5.5.1.15. Ensuring the audit adequacy conducted by a registered public accountant to ensure that all significant risks have been considered.

5.5.1.16. Ensuring that the management has been running its business in accordance with the sound principles of Bank management.

5.5.1.17. Assessing the effectiveness of

the implementation of the SPI functions.

5.5.1.18. Presenting the material audit report and recommendations for material improvements or suggestions to the Stock Exchange and shall be available at the office of the Company to be read by the Shareholders.

5.5.1.19. Complying with the regulations or rules contained in the Implementation Standard for Bank Internal Audit Function (SPFAIB) or other relevant legislation.

5.5.1.20. Evaluating the risk control policy.

5.5.1.21. Evaluating the taxes and laws issues that require special handling.

5.5.2. Nomination and Human Resources Committee.

5.5.2.1. Determining the criteria of selection and the procedures for nomination for the members of the Board of Commissioners,

the members of the Board of Directors and the senior management.

5.5.2.2. Nominating the members of the Board of Commissioners and the members of Board of Directors to the Company through the Board of Directors to be submitted to the Bank Indonesia (to take fit and proper test) and the Shareholders prior to the General Meeting of Shareholders, by carefully taking into consideration the proposals from the controlling Shareholders and from independent Shareholders.

5.5.2.3. Periodically evaluating the total numbers and the composition of the Board of Commissioners and the Board of Directors.

5.5.2.4. Preparing proposal for appointment or re-appointment of the members of the Board of Commissioners and the members of the

Board of Directors to the Share-
holders.

5.5.3. Compensation Committee.

5.5.3.1. Periodically evaluating the
compensation system and the pro-
vision of other facilities for
the members of the Board of
Directors.

5.5.3.2. Evaluating and considering the
granting of rights of share
options, pension, compensation
schemes and certain honorarium,
insurance for the members of the
Board of Directors.

5.5.3.3. Assessing the performance of
the members of the Board of
Commissioners (with peers review
system) and members of the Board
of Directors periodically.

5.5.3.4. Submitting a proposal of compen-
sation and facilities package
for the members of the Board of
Directors.

- 5.5.4. Risk and Compliance Committee
- 5.5.4.1. Evaluating the risk management policies and strategies prepared by the management annually.
- 5.5.4.2. Evaluating the accountability report of the Board of Directors over the implementation of risk management policies and compliance.
- 5.5.4.3. Evaluating the steps/actions taken by the Board of Directors in order to meet the regulations of Bank Indonesia and other applicable laws and regulations within the framework of implementation of the prudential principles, particularly with regard to risk management and compliance.
- 5.5.4.4. Evaluating the results of monitoring conducted by the Board of Directors over the Company's business activities, in order not to deviate from the appli-

cable provisions.

5.5.4.5. Evaluating the results of monitoring over the Company's compliance with all agreements and commitments made or entered into by the Board of Directors to the Bank Indonesia.

5.5.4.6. Evaluating the request for proposals of the Board of Directors in respect of transactions or business activities that beyond the authority of the Board of Directors to be used by the Board of Commissioners as a basis for decision making.

5.5.4.7. Evaluating the compliance with the internal regulations of the Company including but not limited to audit report of the SPI and the Compliance Director.

5.6. If due to any reason or certain limitations, such Committees cannot be established, the function of the Committees can be implemented in the agendas of a regular meeting of the Board of Commissioners.

6. Profile

- 6.1. Individuals who is able to take legal actions and has never been declared bankrupt
- 6.2. Individuals who has never been a member of the Board of Commissioners or a member of the Board of Directors who has been declared/found guilty that causes a company be declared bankrupt.
- 6.3. Individuals who has never been dishonorably discharged from a job within a period of the last 5 (five) years.
- 6.4. Individuals who has never been convicted/sentenced of committing a criminal act that cost the state within a period of 10 (ten) years before his/her appointment.
- 6.5. Individuals who has the competence and experience in the fields that support the implementation of duties and obligations of the members of the Board of Commissioners and has high integrity and reputation, as well as having a commitment to spend adequate time.
- 6.6. Individuals who is not included in the blacklist of banking and pass the fit and proper test conducted by the Bank Indonesia under the applicable

laws and regulations.

6.7. The Board of Commissioners as an organ in the Company, evaluates its management profile periodically, so that they can conclude about the composition, the numbers and the duties of the Board of Commissioners in accordance with the situations and conditions of business and the internal needs of the Company.

6.8. The annual report mentions the personal data of the members of the Board of Commissioners, including age, occupation, main position, nationality, and positions which is still held which is a factor that can affect his/her role or independence as a Commissioner.

7. Numbers and Composition

7.1. The Numbers of the Board of Commissioners shall be determined for a minimum of 4 (four) persons, one among them shall be appointed as the President Commissioner.

7.2. The numbers of Independent Commissioners shall be proportional to the total shares owned/possessed by the independent Shareholders with the provisions that the numbers of Independent Commis-

sioners shall be at least 30% (thirty percent) of the total members of the Board of Commissioners.

7.3. The number of former member of the Board of Directors who may act at the same time as a Commissioner must not be more than 1 (one) person.

7.4. The Board of Commissioners shall consist of individuals who have competence and experience that complement each other, so that they can support and enhance the implementation of the duties and obligations of the Board of Commissioners.

8. Independent Commissioners

The Independent Commissioner shall mean the members of the Board of Commissioners who meet the following requirements:

8.1. They have no affiliation with the controlling Shareholders of the Company.

8.2. They have no affiliation with the members of the Board of Directors and/or the members of the Board of Commissioners of the other companies that have a business relationship with the Company.

8.3. They are not holding the position concurrently (double positions) as a member of the Board of Director of other companies affiliated with the

Company.

- 8.4. They are proposed by the Shareholders and elected by the independent Shareholders in a GMS Meeting.

9. Membership

- 9.1. The members of the Board of Commissioners shall be appointed and dismissed by a GMS Meeting, which is attended by the Dwiwarna A Series Shareholder and the resolutions of such meeting shall be approved by the Dwiwarna A Series Shareholder with due observance of the provisions of quorums, voting rights and resolutions of a GMS Meeting as contained in the Articles of Association.
- 9.2. While the members of Independent Commissioners shall be proposed by the Shareholders as well as elected by the non-controlling Shareholders in a GMS Meeting.
- 9.3. The members of the Board of Commissioners shall be appointed by a GMS Meeting from the nominee or nominees proposed by the Shareholders and/or their respective proxy representing at least 1/10 (one-tenth) of the total shares which has been placed.
- 9.4. The members of the Board of Commissioners shall be appointed for a period of time commencing from

the date of a GMS Meeting which decides his/her/their appointment and shall cease at the closing date of the fifth Annual GMS Meeting after the date of his/her/their appointment, but without prejudice to the right of a GMS Meeting to dismiss or discharge the members of the Board of Commissioners at any time before his/her/their term of office has come to an end. The said dismissal shall be valid commencing from the closing date of the said GMS Meeting, unless otherwise stipulated by the GMS Meeting.

9.5. In the case there are additional members of the Board of Commissioners, the term of office of the additional members of the Board of Commissioners will come to an end concurrently with the term of office of the incumbent members of the Board of Commissioners.

9.6. A member of the Board of Commissioners shall be entitled to resign from his/her office by notifying the Company in writing regarding his/her said intention at least 30 (thirty) days before the date of his/her resignation and the relevant member of the Board of Commissioners who resigned is still held accountable since his/her appointment until

the date of his/her resignation is approved in the following GMS Meeting.

9.7. The term of office (position) of a member of the Board of Commissioners shall automatically cease (be terminated) if the said member of the Board of Commissioners:

9.7.1. is declared bankrupt or put under custody based on a written decision (verdict) of the court of law; or

9.7.2. no longer fulfills the requirements of laws and regulations; or

9.7.3. passes away; or

9.7.4. is dismissed/discharged based on Resolution of a GMS Meeting.

9.8. A GMS Meeting may appoint another person to fill the office of a member of the Board of Commissioners who was dismissed from his/her office, for a period of time until the expiry of the remaining term of office of the replaced member of the Board of Commissioners.

9.9. If due to any reasons a vacancy occur in the position/function of the members of the Board of Commissioners, at the latest within a period of

60 (sixty) days after such vacancy has occurred, a GMS Meeting shall be held to fill such vacancies.

9.10. If due to any reason the Company does not have any members of the Board of Commissioners, the GMS Meeting shall be entitled to appoint one among them to perform the duties of a member of the Board of Commissioners provided that at the latest within a period of 60 (sixty) days after such vacancy has occurred, an Extraordinary GMS Meeting shall be held to appoint new members of the Board of Commissioners.

9.11. Reappointment of a member of the Board of Commissioners for the following period, must be measured based on the profile and the need for new personnel. Thorough consideration relating to the re-appointment of a member of the Board of Commissioners must be made without the presence of the member of the Board of Commissioners, by virtue of the report prepared by the President Commissioner based on interviews with the member of the Board of Commissioners.

10. Independence Principle

10.1. The independence principle is free from influence

of the Company's management, Shareholders or other parties.

10.2. The members of the Board of Commissioners who have been elected based on nomination must perform their duties without prioritizing the interests of the parties nominating him/her.

10.3. A member of the Board of Commissioners may only be allowed to establish relationship with the Company in his/her capacity as a Commissioner.

10.4. A member of the Board of Commissioners may only be permitted to hold double position as:

10.4.1. a member of the Board of Commissioners with not more than 1 (one) other banks or a People's Bank; or

10.4.2. a member of the Board of Commissioners, a member of the Board of Directors or other executive officer that requires the full responsibility of not more than 2 (two) other non-banks companies nor people's banks,

except if the above position create a conflict of interest, either directly or indirectly, with the interests of the Company.

10.5. Among the members of the Board of Commissioners and between the members of the Board of Commissioners and the members of the Board of Directors there shall be no family blood line relationship (familial/filial relationship) until the second degree, either horizontally or vertically as well as father or son-in-law relationship.

10.6. The members of the Board of Commissioners must not seek personal benefits from the activities of the Company, other than the predetermined compensation, and/or an increase in the value of shares owned and/or shares dividends owned.

10.7. A member of the Board of Commissioners who has a conflict of interest shall be obliged to report the same to the President Commissioner as soon as possible. So that in the event of a case, consideration can be taken without involving the relevant member of the Board of Commissioners who has a conflict of interest.

11. Compensation

11.1. Form of compensation given to the members of the Board of Commissioners may include salary and/or ownership of shares and/or other benefits including

retirement benefit. If there are no provisions governing the same, then the Company may prepare internal provisions regarding that matter.

11.2. The amount of compensation given/provided shall be determined in the GMS Meeting, and such authority may be delegated to the Shareholders of Dwiwarna A Series Shares.

11.3. The shares or securities given to the members of the Board of Commissioners must be in the form of a long-term investment.

11.4. All types or forms of compensation given to the members of the Board of Commissioners shall be obliged to be included in the Annual Report and shall report the shareholding and the change to the shareholding of the Company to the Capital Market Supervisory Board (Bapepam).

12. Orientation Program

Before performing his/her duties, each new member of the Board of Commissioners shall be obliged to follow the orientation program for the development of capabilities and a perception similarity about the Corporate Governance that consists of:

12.1. Education and Training

12.1.1. Education and training to be given is focused in the following areas:

12.1.1.1. Main duties, obligations, responsibilities, rights and the matters relating to the laws and regulations.

12.1.1.2. Application of the related regulation.

12.1.1.3. If required, an introduction to the knowledge of the industries associated with the Company's business can be added.

12.1.2. Introduction to the Company.

The introduction to be given concerning the following matters:

12.1.2.1. Introduction to the organizational structure, functions and responsibilities as well as the latest developments of the Company.

12.1.2.2. Introduced to Division Managers, Unit Heads, and Department Heads within the Company.

13. The President Commissioner

- 13.1. The President Commissioner shall chair the Board of Commissioners and he/she shall be responsible for ensuring that the functions of the Board of Commissioners run well.
- 13.2. The President Commissioner shall manage the matters relating to membership of the Board of Commissioners.
- 13.3. The President Commissioner shall manage the communication among the members of the Board of Commissioners and the members of the Board of Directors, accountants and external consultants designated by the Board of Commissioners.
- 13.4. The President Commissioner is scheduled to have regular meetings with the President Director to discuss the communication agendas between the Board of Commissioners and the Board of Directors.
- 13.5. The President Commissioner shall be entitled and authorized to act for and on behalf of the Board of Commissioners, in the event that the President Director is not present or not available or unable to attend due to any reasons whatsoever, which matter is not required to be proved to any third

parties, a member of the Board of Commissioners who is designated by the President Commissioner shall be entitled and authorized to act for and on behalf of the Board of Commissioners.

14. Strategic Forum

At least once a year, the Board of Commissioners together with the Board of Directors must meet and discuss the vision and mission of the Company, the Company's strategy and the associated risks, assessment of the Company's internal control systems and assess the Company's strategies and targets of the previous years compared with the realization thereof.

15. Meeting without being attended by the members of the Board of Directors

At least once a year, the Board of Commissioners shall hold a meeting without being attended by the members of the Board of Directors and discuss the performance of the Board of Commissioners, the relationship with the Board of Directors, and the composition as well as the performance of the Board of Directors, including issues related to the succession and remuneration.

16. The Board of Commissioners needs for Information

16.1. The Board of Commissioners shall receive informa-

tion in a timely manner and in the sufficient form and quality as a material for performing their duties.

16.2. The Board of Commissioners not only receive quantitative historical and financial information but also information describing the qualitative performance of the Company relating to consumers, products and services, market share and needs for other specific information in accordance with the implementation of the Board of Commissioners' duties.

Chapter IV

Board of Directors

1. Main Duties of the Board of Directors

16.3. Leading and managing the Company in accordance with the purposes and objectives of the Company and continuously striving to improve the efficiency and effectiveness of the Company.

16.4. Controlling, maintaining and administering or managing the Company's assets.

2. Rights and Authority

2.1. The Board of Directors shall be entitled to represent the Company either inside and outside a court of law.

2.2. Establishing/setting the policies in the management of the Company.

2.3. Regulating the provisions pertaining to employment of the Company, including the determination of salaries, pensions, old-age securities and other incomes for the employees of the Company under the applicable laws and regulations.

2.4. Appointing, rewarding or sanctioning and dismissing the employees of the Company under the employment regulations of the Company.

- 2.5. Ensuring the competencies of the related Human Resources.
- 2.6. Regulating delegation of the Board of Directors' authority to represent the Company inside and outside a court of law to a member or several members of the Board of Directors who is specifically designated for that purpose or to an employee or several employees of the Company both jointly as well as severally or to any other person or entity.
- 2.7. Writing off the non-performing loans that is subsequently reported and accounted for in the Annual Report.
- 2.8. Buying part or all of collaterals, either inside or outside of the auction based on voluntary transfer by the owner of collateral or by virtue of the power of attorney to sell outside an auction, from the owner of collateral in case the debtor fails to fulfill its obligations to the Company, with the provisions that the purchased collateral shall be disbursed as soon as possible.
- 2.9. Carrying out other actions and measures, both with regard to the management affairs as well as owner-

ship affairs in accordance with the provisions provided for in the Articles of Association and set down by the GMS Meeting under the applicable laws and regulations.

2.10. The acts/measures of the Board of Directors that must obtain Approval from the Board of Commissioners:

2.10.1. Buying, relinquishing or selling and writing off of fixed assets owned/possessed by the Company which exceeds a certain amount set down by the Board of Commissioners Meeting

2.10.2. Entering into cooperation in operation of a company with other corporation or parties, in the form of joint operation, management contract, cooperation in Built, Operate and Transfer (BOT) license, Built, Operate and Own (BOO) license and other agreements with the same nature which shall be valid for a period of 3 (three) years.

2.10.3. Establishing the organizational structure of the Company and the change thereto.

2.10.4. Taking part either partially and wholly or

participating in the Company or other bodies/entities or incorporating a new company which is not within the framework of safeguarding receivables, in accordance with the applicable provisions;

2.10.5. Relinquishing a part of or the whole sum of the participation (equity) of the Company in another company or entity.

2.10.6. The action to stop trying to collect non performing loan which has already been written-off or to stop trying to collect receivable principal, interest and/or other liabilities within the framework of saving of the receivables or restructuring of credit up to a certain amount set down by the Board of Commissioners Meeting with due observance of the applicable laws and regulations.

2.11. The acts of the Board of Directors that must obtain prior Approval from the GMS Meeting:

2.11.1. The action to stop trying to collect non performing loan which has already been written-off or to stop trying to collect receivable principal, interest and/or

other liabilities within the framework of saving of the receivables or restructuring of credit up to a certain amount set down by the Board of Commissioners Meeting with due observance of the applicable laws and regulations.

2.11.2. Legal conduct to transfer, relinquish the rights or or to put the Company's assets as collateral of all or more than 50% (fifty percent) of the total Company's assets in one or several transactions, either separate or related or not.

2.11.3. Amending the Company's Articles of Association.

2.11.4. Conducting merger, amalgamation and acquisition of the Company.

2.12. The President Director shall be entitled and authorized to act for and on behalf of the Board of Directors and to represent the Company.

2.13. In the event that the President Director is not present or not available or unable to attend due to any reasons whatsoever, which matter is not required to be proved to any third parties, a member of the Board of Directors who is designated

by the President Director shall be entitled and authorized to act for and on behalf of the Board of Directors and to represent the Company.

2.14. The Board of Directors for certain measures at their own responsibility shall also be entitled to appoint one person or more as their representative or proxy by granting authority to him/her/ them for the said certain measures, which shall be specified/regulated in a written power of attorney.

3. Obligations

3.1. Making efforts and making sure that the performance of business and activities of the Company is in line with the purposes and objectives as well as its business activities

3.2. Preparing the Company's development plan on the stipulated time.

3.3. Setting down the Company's direction and preparing the Company's work plan and budget, including other plans related to the implementation of the Company's business and activities, and submit the same to the Board of Commissioners no later than 60 (sixty) days prior to the commencement of new financial year, to be evaluated and approved

by the Commissioner.

- 3.4. Making or writing and keeping or maintaining minutes of the General Meeting of Shareholders and Minutes of the Board of Directors Meeting as well as performing bookkeeping and administration of the Company in accordance with the standard applicable for a Company.
- 3.5. Compiling and working out the accounting system based on the principles of internal control, particularly the separation of functions of administration, recording, storing and controlling.
- 3.6. Giving accountability and any information regarding the circumstances and the running of the Company in the form of Company's activities report, particularly in the form of financial statements either in the form of annual report or in the form of other periodic reports in accordance with the manner and time as stipulated in the Articles of Association, and whenever requested by the GMS Meeting or by the Board of Commissioners.
- 3.7. Preparing and/or establishing the Company's organizational structure at the central, regional and branch levels, supplemented with the job descrip-

tions thereof;

- 3.8. Taking into account the inputs provided by the Board of Commissioners in carrying out supervisory function against the Company's policies.
- 3.9. Having adequate understanding of the risks inherent in all functional activities of the Company and taking necessary action in accordance with the risk profile.
- 3.10. Formulating or setting policies and strategies for risk management in writing and comprehensively including the establishment and approval of overall risk limits, by type of risk and by functional activity (business activities) of the Company. The formulation of policies and strategies for risk management shall be done at least once a year or in a higher frequency in the event of a change of the factors that affect significantly the Company's business activities.
- 3.11. Developing the risk management culture at all levels of the organization, including adequate communication to all levels of the organization concerning the importance of effective internal control.

- 3.12. Responsible for the implementation of risk management and risk exposure policies taken by the Company as a whole, including evaluating and providing strategic direction of risk management based on the reports submitted by the Risk Management Working Unit and delivery of accountability report to the Board of Commissioners quarterly.
- 3.13. Evaluating and deciding transactions exceeding the authority of the Company's officers one level below the Board of Directors or transactions that require approval in accordance with the applicable internal policies and procedures.
- 3.14. Ensuring the enhancement of human resources competency related to the implementation of risk management, among others, by means of sustainable educational and training programs, especially with regard to the risk management systems and processes.
- 3.15. Ensuring that the risk management function has been applied and/or implemented independently as reflected among others by the separation of functions between the Risk Management Working Unit that perform identification, measurement, moni-

toring and controlling of risks together with
the Working Unit performing and completing the
transaction.

3.16. Carrying out periodic review with the frequency
in accordance with the Company's needs to ensure:

3.16.1. The accuracy of risk assessment methodo-
logy;

3.16.2. The adequacy of implementation of manage-
ment information systems;

3.16.3. The accuracy of policies, procedures and
stipulation of risk limits.

3.17. Performing other obligations in accordance with
the provisions provided for in these Articles of
Association and those stipulated by a GMS Meeting.

4. Responsibilities

4.1. Each member of the Board of Directors in good faith
and with full accountability shall be obligated
to carry out his/her duties in the interest of and
for the business of the Company in accordance with
the public policy and the instruction given by
the GMS Meeting with due observance of the appli-
cable laws and regulations.

4.2. The Board of Directors shall be responsible for

the management of the Company, in other words, controlling, maintaining and managing the Company's assets in accordance with the purposes and objectives of the Company, the formulation of strategy or policy, and ensuring the progress of achievement of results, and constantly trying to improve the efficiency and effectiveness of the Company.

4.3. Each member of the Board of Directors shall be fully responsible individually if the person concerned makes mistake or is negligent in carrying out his/her duties in the interest of and for the business of the Company.

4.4. Within the framework of general control as specified in the Implementation Standard of Bank Internal Audit Function, the responsibilities of the Board of Directors are as follows:

4.4.1. creating the internal control structure,

4.4.2. ensuring the implementation of Internal Audit function at all levels of management, and

4.4.3. following up on the findings of Internal Audit in accordance with the policy or direction given by the Board of Commis-

sioners.

- 4.5. The Board of Directors shall be responsible for the implementation of the Risk Management and risk exposure.
- 4.6. The Board of Directors shall be responsible for ensuring risk management functions operate independently.
- 4.7. In the case of Corporate Secretary is not a Director of the Company, the Board of Directors shall be responsible for any information submitted by a Corporate Secretary.

5. Committees

- 5.1. The Board of Directors reserves the right to establish permanent committees at the level of the Board of Directors and senior management, as well as regulate the membership and other provisions adopted by virtue of the Board of Directors Resolutions.
- 5.2. The committees as referred to in the above points, can be given the authority to formulate and decide the Company policy in specific areas.
- 5.3. The formation and dissolution of committees can be done in accordance with the needs for the Company's

development or due to any other reason that is intended to achieve the mission and the objectives of the Company.

5.4. The committees may include:

5.4.1. Asset & Liability Management Committee (ALCO) with the basic function to perform the function of Assets & Liabilities Management (ALMA) which may include liquidity management, gap management, forex management, earnings and investment management.

5.4.2. Credit Policy Committee (CPC), which function to establish the policies, management systems, targets, strategy of credit business operational management that is sound, professional, flexible and adaptive against the changes in the business environment.

5.4.3. Risk Management Committee (RMC) which was established to stipulate and make adjustments to the Company's policies and strategies to achieve the optimum profits at the level of risk that can be tolerated by applying the precautionary principle, through a thorough, effective, and sus-

tainable risk control activities.

5.4.4. Human Resources Committee (HRC) with the mission to establish policies, management systems, targets, and strategies of human resource management and working culture of good quality, which is flexible, and adaptive to the development of the business environment.

5.4.5. Technology Management Committee (TMC) which functions to manage the operational risks associated with the technology risk through the formulation and establishment of policy/strategy of information technology development in order to meet the needs of the units and adapt to market demands and customer satisfaction.

6. Profile

6.1. Individuals who is able to take legal actions and has never been declared bankrupt or who has never been a member of the Board of Directors or a member of the Board of Commissioners who has been declared or found guilty that cause a company be declared bankrupt.

- 6.2. Individuals who has never been dishonorably discharged from a job within a period of 5 (five) years before his/her appointment.
- 6.3. Individuals who has never been convicted/sentenced of committing a criminal act that cost the state within a period of 10 (ten) years before his/her appointment.
- 6.4. Individuals who is appointed may be originated from the internal Company or outside the Company who is independent with quite substantial proportion. This is to ensure the management policies control is in place and enable a broader shared view.
- 6.5. Passing the fit and proper test conducted by the Bank Indonesia (BI) under the applicable laws and regulations.
- 6.6. The members of the Board of Directors have considerable experience in banking operations, demonstrate integrity and high professional skills in the field of banking.
- 6.7. The Board of Director as an organ in the Company, evaluating its management profile periodically, so that they can conclude about the composition,

the numbers and the duties of the Board of Directors in accordance with the situations and conditions of business and the internal needs of the Company.

7. Numbers and Composition

7.1. The Board of Directors consists of at least 3 (three) persons, one among them shall be appointed as the President Director.

7.2. The composition of the members of the Board of Directors shall be adjusted according to the internal conditions and organizational structure of the Company that has been approved by the Board of Commissioners.

8. Membership

8.1. The members of the Board of Directors shall be appointed and dismissed by a GMS Meeting, which is attended by the Dwiwarna A Series Shareholder and the resolutions of such meeting shall be approved by the Dwiwarna A Series Shareholder with due observance of the provisions on quorums, voting rights and resolutions of a GMS Meeting as contained in the Articles of Association.

8.2. The members of the Board of Directors shall be appointed by a GMS Meeting, from the nominee or

nominees proposed by the Dwiwarna A Series shareholder and/or his/her/its proxy representing at least 10% (ten percent) of the total shares of the Company which has been placed with lawful voting rights, and the said nomination shall be binding on a GMS Meeting.

8.3. The members of the Board of Directors shall be appointed for a period of time commencing from the date stipulated by a GMS Meeting which decides his/her/their appointment and shall cease at the closing date of the fifth Annual GMS Meeting after the date of his/her/their appointment, but without prejudice to the right of a GMS Meeting to dismiss or discharge the members of the Board of Directors at any time before his/her/their term of office has come to an end.

8.4. The dismissal as referred to in point 8.3 above shall be valid commencing from the closing date of the said GMS Meeting, unless otherwise stipulated by the GMS Meeting.

8.5. In the case there are additional members of the Board of Directors, the term of service of the additional members of the Board of Directors will come to an end concurrently with the term of service

of the incumbent members of the Board of Directors.

8.6. After his/her/their term of office has come to an end, the member(s) of the Board of Directors may be reappointed by a GMS Meeting.

8.7. A member of the Board of Directors shall be entitled to resign from his/her office by notifying the Company in writing regarding his/her said intention at least 30 (thirty) days before the date of his/her resignation

8.8. The relevant member of the Board of Directors who resigned is still held accountable since his/her appointment until the date of his/her resignation is approved in the following GMS Meeting.

8.9. The term of office (position) of a member of the Board of Directors shall automatically cease (be terminated) if the said member of the Board of Directors:

8.9.1. his/her term of office has come to an end;

or

8.9.2. is declared bankrupt or put under custody based on written decision (verdict) of a court of law; or

8.9.3. no longer fulfills the requirements of

- laws and regulations; or
- 8.9.4. passes away; or
- 8.9.5. is dismissed/discharged based on Resolution of a GMS Meeting.
- 8.10. A GMS Meeting may appoint another person to fill the office of a member of the Board of Directors who is dismissed from his/her office and a GMS Meeting may appoint a person as a member of the Board of Directors to fill such vacation.
- 8.11. The term of office of a person appointed to replace a dismissed member of the Board of Directors or to fill such vacation is the remaining term of service of the dismissed/replaced member of the Board of Directors.
- 8.12. If due to any reason a vacancy occur in the position/function of the members of the Board of Directors, at the latest within a period of 60 (sixty) days after such vacancy has occurred, a GMS Meeting shall be held to fill such vacancies.
- 8.13. As long as such position is vacant and the replacement of which has not been appointed or has not held such position, another member of the Board of Directors shall be designated to perform such

work/duties.

8.14. If due to any reason the Company does not have members of the Board of Directors, for the time being, all members of the Board of Commissioners or their proxies shall be entitled to grant authority to one or more members of the Board of Commissioners to perform on going works/duties of the Board of Directors provided that at the latest within a period of 60 (sixty) days after such vacancy has occurred, a GMS Meeting shall be held to fill such vacation.

8.15. In the event that there is no member of the Board of Commissioners or a person who is designated by the Board of Commissioners, the GMS Meeting may appoint one person or more to represent the Company in carrying out its duties.

9. Independence Principle

9.1. Among the members of the Board of Directors and between the members of the Board of Directors and the members of the Board of Commissioners, there shall be no family bloodline relationship (familial/filial relationship) until the second degree, either horizontally or vertically as well

as father or son-in-law relationship.

9.2. If something happens where the Company's interests conflict with the interests of a member of the Board of Directors and/or there is a case in a Court of Law between the Company and a member of the Board of Directors, the relevant member of the Board of Directors is not authorized to represent the Company, so therefore the Company shall be represented by another member of the Board of Directors who is approved by the Board of Commissioners.

9.3. If a conflict of interest and/or the occurrence of such case involves all members of the Board of Directors, the Company shall be represented by all members of the Board of Commissioners or a person designated by the Board of Commissioners with due observance of the applicable laws and regulations.

9.4. The members of the Board of Directors are prohibited from holding double (dual) positions as mentioned below, i.e.:

9.4.1. A member of the Board of Directors or a member of the Board of Commissioners in another State-Owned Enterprises (BUMN).

9.4.2. A member of the Board of Directors, a member of the Board of Commissioners, an executive officer or other positions related to the company management in other banking institutions, companies or other institutions.

9.4.3. Other structural or functional positions in the central and/or regional government agencies/institutions.

9.4.4. Other positions which can create conflict of interest either directly or indirectly with the Company he/she manages and/or conflict with the applicable laws and regulations.

10. Compensation

10.1. The compensation for the Board of Directors shall be determined in the GMS Meeting, and such authority may be delegated to the Board of Commissioners, and the compensation package may include basic salary, allowance, facility, annual bonuses and provision of shares for the long term.

10.2. The Board of Directors is not involved in the determination of the compensation package in the

GMS Meeting.

10.3. The study of compensation package for the Board of Directors is presented openly in the Company's Annual Report.

10.4. The Board of Directors may possess the Company's shares, as a compensation in the form of long-term ownership of at least 3 (three) years.

10.5. The members of the Board of Directors shall report the ownership of the Company's shares and any changes in the shareholding in an annual report to the Capital Market Supervisory Board (Bapepam).

10.6. The members of the Board of Directors are not allowed to gain personal benefits from the activities of the Company, other than the predetermined compensation, and/or an increase in the value of shares and/or shares dividends owned.

11. Orientation Program

Before performing his/her duties, each new member of the Board of Directors shall be obliged to follow the orientation program for the development of capabilities and a perception similarity about the Corporate Governance that consists of:

11.1. Education and Training

Education and training to be given is focused on the following areas:

11.1.1. Main duties, obligations, responsibilities, rights and the matters relating to the laws and regulations.

11.1.2. Application of the related regulation.

11.1.3. If required, an introduction to the knowledge of the industries associated with the Company's business can be added.

11.2. Introduction to the Company.

The introduction given concerning the following matters:

11.2.1. Introduction to the organizational structure, functions and responsibilities as well as the latest developments of the Company.

11.2.2. Introduction to Division Managers, Unit Heads, Department Heads and other Employees within the Company.

12. Targets and Strategies

The main targets, strategies used to achieve the targets, risks that may arise, as well as the mechanisms needed to control financial risks, which have been approved by

the Board of Commissioners, shall be reported in writing by the Board of Directors in the annual report.

13. Risk Control

The procedures for risk control shall be designed in such a way to be able to keep the Company's assets from unauthorized use or transfer. The Board of Directors shall submit a report in writing to the Board of Commissioners regarding the risks that may exist in setting policies and strategies. The scope of the risk control shall include providing accurate accounting data, the reliability of financial information, the achievement of effectiveness and efficiency of the Company processes, as well as the degree of compliance with the applicable laws and regulations.

Chapter V

Compliance

1. Supervising the Implementation of Good Corporate Governance by the External Parties

1.1. Compliance with good corporate governance practices in the annual reports.

1.1.1 Outline of the implementation of good corporate governance in the Company must be described in the Company's Annual Report.

1.1.2 Supervising procedures must be approved by the relevant parties in the preparation of such report.

1.1.3 The Company must provide explanation that can be accounted for as to how far the management's compliance with the good corporate governance practices under the Corporate Governance Handbook.

1.1.4 The Board of Commissioners may assign an independent auditor to assess and verify the accuracy of the Board of Directors Report concerning compliance with the good corporate governance practices.

1.2. The Audit of the Annual Financial Statements

- 1.2.1. The implementation of external audits will increase the reliability of the Annual Financial Statements to all parties interested in the Company.
- 1.2.2. The Board of Directors shall be responsible for preparatory activities for the preparation of the Annual Financial Statements, while the preparation of which is conducted by an independent auditor.
- 1.2.3. The independent auditor shall be responsible for the verification of the Annual Financial Statements.
- 1.2.4. The Board of Commissioners or the Audit Board/Committee shall hold a meeting with the independent auditors at least once a year, with the main item on the agenda of the meeting is the process of auditing and preparation of financial statements.
- 1.2.5. In the implementation of such activities, a special duty of the Audit Board/Committee shall be as follows:
 - 1.2.5.1. Supervising the quality of all financial reports to external parties.

1.2.5.2. Supervising compliance with internal procedures, laws and regulations, as well as controlling the the Company's risk.

1.2.5.3. Being a facilitator in dealing with the independent auditors.

1.2.5.4. Assessing the activities and functions of the independent auditors.

1.3. Securities Rating

If the Company is dependent on the rating process by the securities rating agencies, the report prepared by the rating agencies must be discussed with the Board of Commissioners.

2. Compliance Director

Compliance Director is a member of the Board of Directors who is assigned to establish the necessary measures/steps to ensure the compliance of bank with the regulations of Bank Indonesia, other applicable laws and regulations and agreements as well as commitments by Bank Indonesia.

3. General Provisions of Compliance Director

3.1. Assignment and dismissal of a Compliance Director

shall be done by the Board of Commissioners and the President Directors with the prior approval from the Bank Indonesia, unless if the Company take commercial bank recapitalization program, the assignment and dismissal of a Compliance Director shall be done by the GMS Meeting.

- 3.2. Not holding double positions as the President Director.
- 3.3. Not overseeing operational activities, accounting and/or Internal Control Unit (ISU).
- 3.4. Understanding the regulations of Bank Indonesia and other existing laws and regulations.
- 3.5. Able to work independently.

4. Duties and Responsibilities of the Compliance Director

- 4.1. Determining the steps necessary to ensure the Company has complied with all regulations of Bank Indonesia and other applicable laws and regulations in the framework of implementation of the prudential principles.
- 4.2. Monitoring and maintaining in order that the Company's business activities do not deviate from the applicable regulations.
- 4.3. Monitoring and maintaining the Company's compli-

ance with all commitment agreements made and entered into by the Company and the Bank Indonesia.

- 4.4. being obliged to prevent the Company's Board of Directors from taking the policies and/or making a resolution that deviates from Bank Indonesia regulations and the applicable laws and regulations.

5. Reporting in the Framework of Compliance Monitoring

- 5.1. The Compliance Director shall report the implementation of his/her duties and accountability periodically to the Board of Directors with a copy sent to the Board of Commissioners.
- 5.2. The Company shall be obliged to submit a report (signed by a Compliance Director and the President Director) to the Bank Indonesia concerning the main points of the implementation of the duties of the Compliance Director (other than the deviation problems) by the end of June and December respectively and at the latest 1 (one) month following the reporting month.
- 5.3. The Company shall be obliged to submit a report (signed by the Compliance Director) to the Bank

Indonesia concerning the policies and/or resolutions of the Board of Directors deviating from the Bank Indonesia regulations or other applicable laws and regulations no later than 7 (seven) days after the occurrence of such deviated policies and/or resolutions.

6. Sanctions against Violations of Compliance

- 6.1. The Compliance Director who does not honour his/her obligations (duties and responsibilities and reporting obligations) shall be liable to sanction in the form of cancellation of approval of Bank Indonesia as the Compliance Director.
- 6.2. If the existing Compliance Director is sanctioned, the Company shall be obliged to propose a new candidate for Compliance Director to the Bank Indonesia, not later than 30 (thirty) days from the cancellation of the approval of Bank Indonesia as the Compliance Director.
- 6.3. If the Company fails to submit a report as referred to in paragraph 5 above, the company shall be imposed with administrative sanction to pay IDR 1,000,000 (one million Rupiahs) per day of delay for each report.

6.4. The Company shall be considered not to have submitted a report if it has been over 30 (thirty) days after a determined period of time and shall be subject to pay a fine of IDR 60 million rupiahs for each report and administrative sanctions in accordance with the applicable regulations.

7. Internal Control Unit (SPI)

7.1. Based on the Regulation of Bank Indonesia Number 1/6/PBI/1999 dated September 20, 1999, the Company shall be required to apply the bank's internal audit function as governed by the standards as set down by the Bank Indonesia, if the Company has not met the standards, it must be required to adjust the same. In the said standard, the Company shall be obliged to do the following:

7.1.1. Preparing the Internal Audit Charter

7.1.2. Establishing an Internal Audit Unit (SPI)

7.1.3. Preparing internal audit guidelines

7.2. Duties and responsibilities of SPI

7.2.1. Assisting the duties of the President Director and the Board of Commissioners in supervising by describing operationally both the planning, the implementation and

the monitoring of the audit report.

7.2.2. Making analysis and assessment in the field of finance, accounting, operations and other activities through direct examination and indirect supervision.

7.2.3. Identifying all possibilities to improve and increase the efficiency of the use of resources and funds.

7.2.4. Providing recommendations for improvement and objective information about the activities examined at all levels of management.

7.2.5. SPI shall be directly responsible to the President Director.

7.2.6. SPI shall be obliged to submit a report to the president Director and the Board of Commissioners with a copy sent to the Compliance Director.

7.2.7. The Head of SPI shall be appointed and dismissed by the President Director with the approval of the Board of Commissioners.

7.3. Reporting in the framework of implementation of SPI Functions.

The Company shall be obliged to submit a report to the Bank Indonesia concerning the implementation of SPI functions i.e. as follows:

7.3.1. Reports of the appointment or dismissal of SPI Head accompanied by considerations and reasons for the appointment or the dismissal. The report shall be signed by the President Director and the Board of Commissioners, as well as shall be obliged to be submitted to the Bank Indonesia no later than 14 (fourteen) days after the date of appointment or dismissal.

7.3.2. Reports of the implementation and the principles of internal audit outcomes, including the information of audit outcomes, which is confidential in nature. The report shall be signed by the President Director and the Board of Commissioners, and shall be submitted to the Bank Indonesia by the end of June and December respectively and at the latest 2 (two) months after the reporting month.

7.3.3. Special report concerning any findings of internal audit, which is expected to

disrupt the continuity of the Company's business. The report shall be signed by the President Director and the Board of Commissioners, and shall be obliged to be submitted to the Bank Indonesia no later than 7 (seven) days after the audit findings.

7.3.4. The report of review outcomes of the external parties that contains opinions about the work outcome of the SPI and its compliance with the Implementation Standard for Bank Internal Audit Function (SPFAIB) and the possible improvements. The report shall be submitted to the Bank Indonesia at least once in 3 (three) years at the latest 1 (one) month after the outcome of the review by the external parties is accepted by the Company.

7.4. Sanctions against the Violations of the Implementation of SPI Function

7.4.1. Bank that delayed in submitting reports as referred to in Clause 7.3 above, shall be imposed with administrative sanction in the form of obligation to pay IDR

1,000,000 (one million Rupiahs) per day of delay for each report.

7.4.2. The Bank shall be considered not to have submitted a report if it has been over 30 (thirty) days after a determined period of time and shall be subject to pay a fine of IDR 60 million rupiahs for each report and administrative sanctions according to applicable regulations.

7.5. Other Matters Related to the Implementation of SPI Functions

7.5.1. The final responsibility of monitoring conducted by the Board of Commissioner by the Audit Board/Committee, among others, by evaluating the audit findings of the SPI. In this regard, the Board of Commissioners shall be authorized to request the Board of Directors to follow up the audit findings of the SPI.

7.5.2. The responsibilities of the Board of Directors is to create the internal control structure, ensure the Internal Audit Function of bank at all levels of management and follow up the Internal Audit

findings of bank in accordance with the
policy or direction given by the Board
of Commissioners.

Chapter VI

Transparency of Information

1. Disclosure and Transparency

1.1. The good corporate governance practice requires the disclosure of all aspects accurately and in timely manner relating to the Company, including financial conditions, performance, ownership and management of the Company.

1.2. Disclosure of Company's information in the annual report must include the following materials:

1.2.1 The financial statements and operations of the Company .

1.2.2 The objectives of the Company.

1.2.3 Majority shareholding and voting rights.

1.2.4 Background of the members of the Board of Commissioners and the Board of Directors

1.2.5 The main risk factors that can be predicted.

1.2.6 Main issues pertaining to manpower and other stakeholders.

1.2.7 The structure and policies of the Company's management.

- 1.2.8 Frequency of the holding of the Board of Commissioners Meeting and the Board of Directors Meetings, and the attendance of each member at the meeting.
- 1.2.9 Review of the implementation of total compensation package for the Board of Directors and for the Board of Commissioners.
- 1.3. The annual report shall also be obliged to include an activities report of the Audit Committee, among others, relating to:
 - 1.3.1 The violations committed by the Company of the provisions of the applicable laws and regulation (if any);
 - 1.3.2 The mistake/error in the preparation of financial statements, internal controls and the independence of the Company's auditor (if any);
- 1.4. Information must be prepared, audited and disclosed according to the accounting, financial and non-financial quality standards.
- 1.5. The annual audit must be conducted by an independent auditor in order to obtain objectivity guarantees from the external parties in accor-

dance with the presentation financial statement.

- 1.6. Dissemination of information to the user must pay attention to the aspects of fairness, timeliness and cost efficiency.

2. Company's Financial Report

2.1. Annual Report

- 2.1.1. The annual financial statements must be accompanied by an Accountant's report with unqualified opinion and submitted to the Bapepam/Stock Exchange not later than 120 days after the end of the financial year.

- 2.1.2. To be able to submit an annual report to the Bapepam/Stock Exchange in timely manner, the public accountant of the Company and Financial Control Division (PKU) must provide such report within a period of less than 100 days.

- 2.1.3. Financial statements consisting of the Balance Sheets, Statement of Incomes, commitments and contingencies shall be obliged to be announced in at least 2 (two) daily newspapers one of which shall have a

national circulation, no later than 120 days after the end of the financial year.

2.1.4. The evidence of such announcement must be submitted to the Bapepam/the Stock Exchange no later than 2 (two) days after the date of the announcement.

2.2. Semi-Annually Report

2.2.1. Financial statements consisting of the Balance Sheets, Statement of Incomes, commitments and contingencies must be submitted to the Bapepam/the Stock Exchange not later than 120 days after the end of the financial year if it is accompanied by Accountant report with unqualified opinion and the same shall be announced in at least 2 (two) daily newspapers, one of which shall have a national circulation.

2.2.2. To be able to submit the Semi-Annually Report to the Bapepam/the Stock Exchange in a timely manner, the public accountant of the Company and Financial Control Division must provide such report, within a period of less than 100 days if it is accompanied by accountant opinions or 70

days if it is accompanied by the accountant limited opinions or 40 days without accountant opinions.

2.2.3. Financial statements consisting of the Balance Sheets, Statement of Incomes, commitments and contingencies must be submitted to the Bapepam/the Stock Exchange no later than 90 days after the end of the financial year if it is accompanied by the Accountant limited reports and the same shall be announced in at least 2 (two) daily newspapers one of which shall have a national circulation.

2.2.4. Financial statements consisting of the Balance Sheets, Statement of Incomes, commitments and contingencies must be submitted to the Bapepam/the Stock Exchange no later than 60 days after the end of the financial year, if it is not accompanied by the Accountant opinion and shall be announced in at least two (2) daily newspapers, one of which shall have a national circulation.

2.2.5. Evidence of this announcement must be submitted to the Bapepam/the Stock Exchange

no later than 2 (two) days after the date of the announcement.

2.2.6. Violation of item 4 above under the provisions of Law Number: 8/1995 regarding the Capital Markets shall be liable to 10 years imprisonment and for a maximum fine of 15 billion.

2.2.7. Each delay in submission of the said reports/obligations as mentioned above, shall be subject to a fine of IDR 1.000.000 (one million rupiahs) for each day of delay for the total fine for a maximum of IDR 500.000.000 (five hundred million rupiah) for units that provide/deliver the same.

2.3. Quarterly Report

2.3.1. Financial statements consisting of the Balance Sheets, Statement of Incomes, commitments and contingencies must be submitted to the Bapepam/the Stock Exchange not later than 120 days after the end of the financial year if it is accompanied by Accountant report with unqualified opinion and the same shall be announced in at least 2 (two) daily newspapers, one of which shall have a national circulation.

2.3.2. To be able to submit a Quarterly Report to the Bapepam/the Stock Exchange in a timely manner, the public accountant of the Company and Financial Control Division should have to provide such report, within a period of less than 100 days if it is accompanied by accountant opinions or 70 days if it is accompanied by the accountant limited opinions or 40 days without accountant opinions.

2.3.3. Financial statements consisting of the Balance Sheets, Statement of Incomes, commitments and contingencies must be submitted to the Bapepam/the Stock Exchange no later than 90 days after the end of the financial year if it is accompanied by the Accountant limited reports and the same shall be announced in at least 2 (two) daily newspapers one of which shall have a national circulation.

2.3.4. Financial statements consisting of the Balance Sheets, Statement of Incomes, commitments and contingencies must be submitted to the Bapepam/the Stock Exchange no later than 60 days after the end of the

financial year if it is not accompanied by the Accountant opinion and shall be announced in at least two (2) daily newspapers, one of which shall have a national circulation.

- 2.3.5. Evidence of this announcement must be submitted to the Bapepam/the Stock Exchange no later than 2 (two) days after the date of the announcement.

Chapter VII

Closing

1. All the Company's policies, including but not limited to the Resolutions of the Board of Directors, Circular Letter of the Board of Directors, all of the Company Manual Books, must be guided by and does not conflict with this Corporate Governance Handbook.
2. The Company Policies as mentioned above that have been published and contrary to the Corporate Governance Handbook must be adjusted properly.
3. If there are amendment to the laws and regulations and amendment/changes to the Articles of Association regarding the content of this Corporate Governance Handbook, this Corporate Governance Handbook may be revised in accordance with the applicable provisions by virtue of the Joint Resolutions of the Board of Commissioners and the Board of Directors.

ATTACHMENTS

I. General Meeting of Shareholders

1. Venue, Notification and Notice of General Meeting of Shareholders

- a) Without prejudice to other provisions of the Articles of Association, the GMS Meeting must be held at the place where the Company has its place of legal domicile or at the place of domicile of the Stock Exchange at the place where the Company's shares are listed if it is within the territory of the Republic of Indonesia.
- b) The notification of a GMS Meeting shall be made at the latest 14 (fourteen) calendar days before the notice of a GMS Meeting, by placing an advertisement at least in 2 (two) daily newspapers published in Indonesian language, one of which shall have a wide circulation and the other one shall be published or circulated at the place where the Company has its place of legal domicile as shall be determined by the Board of Directors.
- c) The notice of a GMS Meeting shall be served/sent at the latest 14 (fourteen) calendar days

before the date of a GMS Meeting by placing advertisement at least in 2 (two) daily newspapers published in Indonesian language, one of which shall have a wide circulation and the other one shall be published or circulated at the place where the Company has its place of legal domicile as shall be determined by the Board of Directors.

- d) If after the first GMS Meeting is held, a second GMS Meeting, then the second GMS Meeting must be held, shall be held at the earliest 10 (ten) days and at the latest 21 (twenty one) days as from the first GMS Meeting.
- e) The notice of the second GMS Meeting shall be served/sent at the latest 7 (sevent) calendar days before the date of the second GMS Meeting accompanied by information that the first GMS Meeting had been convened to decide the matters with conflict of interest, but the quorum was not reached (quorum was not present).
- f) The notice of a second GMS Meeting shall be served/sent by placing advertisement at least in 2 (two) daily newspapers published in Indonesian language, one of which shall have a wide

circulation and the other one shall be published or circulated at the place where the Company has its place of legal domicile as shall be determined by the Board of Directors.

- g) These provisions shall be valid without prejudice to the regulations on the Capital Market and other laws and regulations as well as regulations on the Stock Exchange in Indonesia at the place where the Company's shares are listed.
- h) In the Notice of the GMS Meeting it is compulsory to state the day, date, time, place, and the items on agenda of the meeting accompanied by the notification that the matters/items to be discussed in the GMS Meeting are available at the head office of the Company since the date of notice until the date of convening of a GMS Meeting.
- i) The notice of Annual GMS Meeting must also state that the Annual Report as referred to above is available at the head office of the Company for inspection by the shareholders at the head office of the Company since the date of the notice and that the copy of balance sheets and statement of incomes of the newly past

financial year can be obtained from the Company upon the written request from the Shareholders since the date of notice of the relevant Annual GMS Meeting.

- j) In the event that the notification and notice of meeting is not in accordance with this provision, the resolutions shall be still valid if the GMS Meeting is attended by all Shareholders representing the shares with lawful voting rights and such resolutions are approved unanimously, while the GMS Meeting may be held anywhere within the territory of the Republic of Indonesia.
- k) The proposals from the Shareholders must be included in items on the agenda of the GMS Meeting if:
 - i) the relevant proposal that has been submitted in writing to the Board of Directors by one or more Shareholders representing 1/10 (one-tenth) of the total shares issued by the Company with lawful voting rights;
 - ii) they have been received by the Board of Directors or the Board of Commissioners by registered mail accompanied by the reasons

thereof at least 3 (three) calendar days prior to the notice of the relevant meeting is served/sent;

iii) in the opinion of the Board of Directors such proposal is considered to be directly related to the business of the Company and binding on the other provisions of the articles of association.

2. Chairmanship and Minutes of a General Meeting of Shareholders

a) Unless otherwise stipulated in these Articles of Association, the GMS Meeting shall be chaired by a member of the Board of Commissioners who is appointed by the Board of Commissioners. In the event that all members of the Board of Commissioners are not present or all of them are not available or unable to attend the meeting, the GMS Meeting shall be chaired by the President Director. In the event that the President Director is not present or is not available or unable to attend the meeting, the GMS Meeting shall be chaired by a member of the Board of Directors. In the event that all members of the Board of Directors are not present or all of

them are not available or unable to attend the meeting, the GMS Meeting shall be chaired by a Shareholder present in the GMS Meeting designated or appointed from and by the participants of the GMS Meeting.

b) From all matters which are discussed and decided in the GMS Meeting, minutes of GMS Meeting shall be drawn up by a Notary Public.

c) The minutes of meeting drawn up in accordance with the prevailing provisions shall constitute lawful evidence to all Shareholders and to any third parties regarding decisions/resolutions made and all events/occurrences in the Meeting.

3. Quorum, Voting Right and Resolutions in a General Meeting of Shareholders

a) - The GMS Meeting (including GMS Meeting pur-ported for the issuance of Equity Securities) may be held if it is attended by Shareholders representing more than $\frac{1}{2}$ (one-half) of the total shares which have been placed by the Company with lawful voting rights, unless otherwise stipulated in the articles of association.

- A second GMS Meeting is lawful and shall be entitled to make binding resolutions if it is attended by the Shareholders representing at least 1/3 (one-third) of the total shares which have been placed by the Company with lawful voting rights and the resolutions is approved by more than 1/2 (one-half) of the total votes lawfully cast in the meeting, except otherwise stipulated in the articles of association and the applicable laws and regulations.
 - In the event that the quorum of the second GMS Meeting, at the request of the Company, the quorum of attendance shall be determined by the Chief Justice of the Court of First Instance the jurisdiction of which covering the place of legal domicile of the Company.
- b) The GMS Meeting purported to decide the matters that have a conflict of interest, shall be held with the following provisions:
- i) Shareholders who have a conflict of interest shall be considered to have given/approved the same resolution with the resolution approved by the independent Shareholders who

do not have a conflict of interest.

ii) The quorum for the GMS Meeting purported to decide the matters that have a conflict of interest shall meet the requirements that the GMS Meeting is attended by the independent Shareholders representing more than 1/2 (one-half) of the total shares with lawful voting rights held by the independent Shareholders and the resolutions are made by the affirmative votes of the independent Shareholders representing more than $\frac{1}{2}$ (one-half) of the total shares with the lawful voting rights.

iii) In the event that the quorum as referred to in point ii) above is not reached (quorum is not present), a second GMS Meeting may make resolutions provided that it is attended by the independent Shareholders representing more than 1/2 (one-half) of the total shares with lawful voting rights owned/possessed by the independent Shareholders and the resolutions are made by the affirmative votes of the independent Shareholders representing more than 1/2 (one-half) of the total

shares owned/possessed by the independent Shareholders which are present in the meeting;

- iv) In the event that the quorum as referred to in point iii) is not reached (quorum is not present), at the request of the Company, the quorum of attendance, total votes to make resolutions, notice, and time for convening the GMS Meeting shall be decided by the Chairperson of the Capital Market Supervisory Agency (Bapepam).
- c) Those who are entitled to attend the GMS Meeting are only the Shareholders whose names are included in the Company's Register of Shareholders 1 (one) working day before the date of notice of GMS Meeting with due observance of the applicable laws and regulations and the provisions of Stock Exchange at the place where the Company's shares are listed. The Shareholders or the Accountholders may be represented by the other Shareholder or any third party by virtue of written power of attorney with due observance of the applicable laws and regulations.
- d) The chairperson of the GMS Meeting shall be

- entitled to request that written power of attorney to represent Shareholders be shown to him/her at the time the Meeting is held.
- e) In the Meeting, each share (without due observance of the nominal value of shares) shall grant the right to cast 1 (one) vote to its owner/holder.
- f) The member(s) of the Board of Directors, the member(s) of the Board of Commissioners, and the employees of the Company may act as proxy in the Meeting, but the votes they cast in the meeting as proxies shall not be counted in the casting of votes.
- g) Voting with regard to individuals/persons shall be carried out by folded vote without signature, whereas voting with regard to other matters shall be carried out verbally, unless otherwise stipulated by the Chairperson of the meeting without any objections from those present in the meeting who are entitled to vote. Voting with regard to other matters shall be carried out verbally, unless if the Shareholders who are jointly or severally representing at least 10% (ten percent) of the total Company's shares which

have been issued ask for the voting to be carried out in writing and in confidential manner.

- h) Blank or unlawful votes shall be considered not to exist and shall not be counted in the final tally of the votes announced in the GMS Meeting.
- i) All resolutions of the GMS Meeting shall be made based on deliberation and/or discussion leading to mutual agreement/consensus, in the event that a resolution to be made based on deliberation or discussion (leading to mutual consensus) is not reached, such resolution shall be made based on affirmative votes at least more than 1/2 (one-half) of the total votes lawfully cast in the meeting, except otherwise stipulated in the articles of association. In the event that the total assenting votes and dissenting votes are equal in number, the proposal shall be considered to have been rejected.

II. The Board of Commissioners Meeting

1. Place and Notice of the Board of Commissioners Meeting

- a) The Board of Commissioners Meeting may be held at least once a month, in the said meeting, the

Board of Commissioners may invite the Board of Directors or the meeting will be held if considered necessary by the President Commissioner or by at least 1/3 (one-third) of the members of the Board of Commissioners or at the written request of one or more members of the Board of Directors or at the request of 1 (one) or more Shareholders jointly possess 1/10 (one-tenth) of the total shares issued by the Company with lawful voting rights.

- b) The Board of Commissioners Meeting may be held at the place where the Company has its place of legal domicile or at other places within the territory of the Republic of Indonesia.
- c) Notice of the Board of Commissioners Meeting shall be served/sent by the President Commissioner or by a member of the Board of Commissioners who is designated by the President Commissioner with any means at the latest 3 (three) calendar days before the meeting is convened or within a shorter period if the matters shall be settled with exceptional urgency. In the event that all members of the Board of Commissioners are present or represented in the meeting, the

said prior notice is not required.

- d) In the said notice of meeting the agenda, date, time and place of the meeting must be stated.

2. Chairmanship and Minutes of the Board of Commissioners Meeting

- a) The Board of Commissioners Meeting shall be chaired by the President Commissioner, in the event that the President Commissioner is not present or not available or unable to attend the Board of Commissioners Meeting due to any reasons whatsoever, such matters is not required to be proved to any third parties, the Board of Commissioners Meeting shall be chaired by a member of the Board of Commissioners who is designated by the President Commissioners and in the event that the President Commissioners does not make designation, the oldest member of the Board of Commissioners in his/her position shall chair the Board of Commissioners Meeting.
- b) From all matters which are discussed and decided in the Board of Commissioners Meeting, Minutes of Meeting shall be drawn up. The Minutes of Board of Commissioners Meeting must be signed

by the Chairperson of the Meeting and cosigned by another member of the Board of Commissioners present and/or represented in the relevant meeting. The signature as intended above is not required if the minutes of meeting are drawn up by a Notary Public.

- c) The Minutes of the Board of Commissioners Meeting drawn up shall constitute lawful evidence of the resolutions made in the relevant Board of Commissioners Meeting, both for the members of the Board of Commissioners and for any third parties.
- d) The intended Minutes of Meeting shall be obliged to be submitted to the Board of Directors/the Division thereof within a period of less than 3 (three) days to be followed up.

3. Voting Rights of the Board of Commissioners Meeting

- a) Any member of the Board of Commissioners shall be entitled to cast 1 (one) vote and 1 (one) additional vote for each other member of the Board of Commissioners he/she represents.
- b) Each member of the Board of Commissioners who individually/personally in any manner whatsoever

either directly or indirectly has interest in a transaction, contract or proposed contract, in which the Company shall become one of the parties, must state the nature of such interest in a Board of Commissioners Meeting and shall not be entitled to participate in casting of votes regarding the matters relating to the said transaction, contract or proposed contract, unless otherwise stipulated by the Board of Commissioners Meeting.

- c) Voting with regard to individuals/persons shall be carried out by folded vote without signature, whereas voting with regard to other matters shall be carried out verbally, unless otherwise stipulated by the Chairperson of the Meeting without any objections from those present.
- d) Each member of the Board of Commissioners is prohibited from casting blank vote in the Board of Commissioners Meeting
- e) Unlawful vote shall be considered not to exist and shall not be counted in the final tally of the votes announced in the Board of Commissioners Meeting.

4. Quorum and Adoption of Resolutions of the Board of Commissioners Meeting
 - a) A member of the Board of Commissioners may be represented in the Board of Commissioners Meeting only by another member of the Board of Commissioners by virtue of written power of attorney and another member of the Board of Commissioners by virtue of written power of attorney may only representing another member of the Board of Commissioners.
 - b) The Board of Commissioners Meeting shall be lawful and shall be entitled to make binding resolutions if it is attended or represented by more than 1/2 (one-half) of the total members of the Board of Commissioners.
 - c) The resolutions of the Board of Commissioners meeting shall be made based on deliberation and/or discussion leading to mutual agreement/consensus. In the event that a resolution to be made based on deliberation and/or discussion (leading to mutual agreement) is not reached, such resolution shall be made based on affirmative/assenting votes of more than 1/2 (one-half) of the total votes lawfully cast in the

said Meeting.

d) In the event that the total assenting votes and dissenting votes are equal in number, such proposal shall be determined by the Chairperson of the Board of Commissioners Meeting, to reject or not, except for voting with regard to the individual/person it shall be carried out by drawing lots.

5. Circular Resolution of the Board of Commissioners

The Board of Commissioners may also make/adopt lawful and binding resolutions without holding the Board of Commissioners Meeting, with the stipulation that all members of the Board of Commissioners have been notified in writing regarding the relevant proposal and all members of the Board of Commissioners have given their approval in writing on the matters proposed and the said approval must be signed by all of them. The resolutions adopted in such manner shall have the same force and effect as a resolution lawfully made in a Board of Commissioners Meeting.

III. The Board of Directors Meeting

1. Agenda, Notice and Place of the Board of Directors Meeting

- a. The Board of Directors Meeting shall be held:
- To fulfill the provisions of the Articles of Association and/or applicable laws and regulations, or
 - if considered necessary by one or more member of the Board of Directors or at the written request of one or more member of the Board of Commissioners or at the written request of 1 (one) or more Shareholder jointly representing 1/10 (one-tenth) of the total shares which have been placed by the Company with lawful voting right.
- b. Notice of the Board of Directors Meeting shall be served/sent by a member of the Board of Directors who is entitled to represent the Board of Directors.
- c. Notice of the Board of Directors Meeting shall be served/sent by any means whatsoever to the members of the Board of Directors at the latest 3 (three) calendar days before the said Meeting is convened or within a shorter period if the matters shall be settled with exceptional urgency. In the event that all members of the

Board of Directors are present or represented in the meeting, the said prior notice is not required.

- d. In the notice of such Meeting, the agenda, the date, time and place of the Meeting must be stated.
 - e. The Board of Directors Meeting may be held at the place where the Company has its place of legal domicile or at other places within the territory of the Republic of Indonesia.
2. Chairmanship and Minutes of the Board of Directors Meeting
- a) The Board of Directors Meeting shall be chaired by the President Director.
 - b) In the event that the President Director is not present or not available or unable to attend the Board of Directors Meeting due to any reasons whatsoever, such matters is not required to be proved to any third parties, the Board of Directors Meeting shall be chaired by a member of the Board of Directors who is designated for that purposes by the President Directors and in the event that the President Director does

not make designation, the oldest member of the Board of Directors (in his/her position) shall chair the Board of Directors Meeting.

c) From all matters, which are discussed and decided in the Board of Directors Meeting, Minutes of Meeting shall be drawn up. The Minutes of Board of Directors Meeting must be signed by the Chairperson of the Meeting and cosigned at least by another member of the Board of Directors present and/or represented in the relevant meeting, and photocopy/copy of the Minutes of Meeting shall be obliged to be submitted to the Board of Commissioners no later than the following working day after such meeting. The signature as intended above is not required if the minutes of meeting are drawn up by a Notary Public.

d) The Minutes of the Board of Directors Meeting drawn up in accordance with the provisions of Articles of Association shall constitute lawful evidence of the resolutions made in the relevant Board of Directors Meeting, both for the members of the Board of Directors and for any third parties.

3. Voting Rights of the Board of Directors Meeting

- a) Each member of the Board of Directors including the Compliance Director present shall be entitled to cast 1 (one) vote and 1 (one) additional vote for each other member of the Board of Directors he/she represents.
- b) Each member of the Board of Directors who individually/personally in any manner whatsoever either directly or indirectly has interest in a transaction, contract or proposed contract, in which the Company shall become one of the parties, must state the nature of such interest in a Board of Directors Meeting and shall not be entitled to participate in casting of votes regarding the matters relating to the said transaction or contract, unless otherwise stipulated by the Board of Directors Meeting.
- c) Voting with regard to individuals/persons shall be carried out by folded vote without signature, whereas voting with regard to other matters shall be carried out verbally, unless otherwise stipulated by the Chairperson of the Meeting without any objections from those present.
- d) Each member of the Board of Directors is prohibited from casting blank vote in the Board of

Directors Meeting.

- e) Unlawful vote shall be considered not to exist and shall not be counted in the final tally of the votes announced in the Board of Directors Meeting.

4. Quorum and Adoption of Resolutions of the Board of Directors Meeting

- a) A member of the Board of Directors may be represented in the Board of Directors Meeting only by another member of the Board of Commissioners by virtue of written power of attorney and one member of the Board of Directors may only represent another another member of the Board of Directors.
- b) The Board of Directors Meeting shall be lawful and shall be entitled to make binding resolutions if it is attended or represented by more than 1/2 (one-half) of the total members of the Board of Directors.
- c) The resolutions of the Board of Directors Meeting shall be made based on deliberation and/or discussion leading to mutual agreement/consensus. In the event that a resolution to be made based

on deliberation and/or discussion (leading to mutual agreement) is not reached, such resolution shall be made based on affirmative/assenting votes of more than 1/2 (one-half) of the total votes lawfully cast in the said Meeting.

- d) In the event that the total assenting votes and dissenting votes are equal in number, the Chairperson of the Board of Directors Meeting shall decide (shall have a second vote).

5. Circular Resolution of the Board of Commissioners

a) Definition

- The Board of Directors may also adopt lawful resolutions without holding the Board of Directors Meeting (circular resolutions), provided that all members of the Board of Directors have been notified in writing regarding the related proposal and all members of the Board of Directors have given their approval on the matters proposed in writing and the said approval must be signed by all of them.
- The resolutions adopted in such manner shall have the same force and effect as the decision

or resolution lawfully made in a Board of Directors Meeting.

b) Procedures for Submission and Making of Resolutions of the Board of Directors through a Circular

- The Resolutions of the Board of Directors through a circular shall be submitted by one or more members of the Board of Directors or by the proposing unit through a member of the Board of Directors and all members of the Board of Directors must approve the proposals submitted in the circular.

- In the event that over the proposals submitted there is a member of the Board of Directors who does not give approval either expressly or not, then the proposal after being improved may be resubmitted with a new circular or decided in the Board of Directors Meeting.

c) Memo/letter that is not intended as a Circular Requirements for approval of the Board of Directors does not apply to the memo/letter that is not intended as a Circular. Over such memo/letter, the resolutions shall be made based on

the approval of one or more members of the Board of Directors in accordance with the division of duties and authority of the members of the Board of Directors.

IV. Shares

1). Type and Ownership of Shares

a). All shares of the Company shall be registered shares, which shall consist of Dwiwarna A Series Share, B Series Share and C Series Share.

b). Dwiwarna A Series Share is a share which gives the privileges to the holder to attend and to approve the appointment and dismissal of the members of the Board of Commissioners and the members of the Board of Directors, to approve amendments to the Articles of Association, the dissolution, the liquidation, the merger, amalgamation, and acquisition of the Company as provided for in the Company's Articles of Association and other rights owned by B Series Share and C Series Share.

B Series Share and C Series Share are registered ordinary shares, which have the same rights.

c). The company shall only acknowledge 1 (one)

person or 1 (one) legal entity as the owner of
1 (one) share.

- d). In the event 1 (one) share due to any reasons shall be jointly owned by several persons, those who jointly have the shares shall be obliged to appoint in writing one person among them or another person as their joint empowered proxy and only this joint empowered proxy shall be registered in the Register of Shareholders and Special Register of the Company and this joint empowered proxy must be considered as the lawful shareholders of the relevant shares and shall be entitled to exercise and use the rights granted by law upon the said shares.
- e). In the event that the joint owners neglect to notify the Company in writing regarding the appointment of their joint empowered proxy. The Company shall be entitled to treat the Shareholder whose name is registered in the Register of Shareholders of the Company as the only lawful Shareholders of the relevant share(s).
- f). Any shareholder shall be subject to the Company's Articles of Association and to all resolutions lawfully made in a General Meeting of Share-

holders and the applicable laws and regulations.

g). With regard to all shares of the Company which are listed on the Stock Exchange, laws and regulations in the field of Capital Market and regulations of the Stock Exchange at the place where the Company's shares are listed on shall apply.

2). Share Certificate

a). The Company may issue share certificate(s) in the names of their/its respective owners which are registered in the Company's Register of Shareholders, in accordance with the existing laws and regulations in the field of Capital Market and prevailing provisions on the Stock Exchange at the place where the Company's shares are listed on.

b). The Company may issue a collective share certificate as an evidence of ownership of 2 (two) or more shares owned by a Shareholder.

c). On a share certificate at least the following items shall be included:

- Name and address of the Shareholders;
- The share certificate number along with

- classification of the shares;
 - Date of issuance of the share certificate;
 - The share nominal value.
- d). On a collective share certificate at least the following items shall be included:
- Names and addresses of the Shareholders;
 - Collective share certificates number along with classification of the shares;
 - Date of issuance of the collective share certificate;
 - The share nominal value;
 - Total of shares and serial number of the relevant share.
- e). Each share certificate and/or collective share certificate and/or conversion bond and/or warrant and/or other stock which can be converted into share must bear the signatures of the President Director jointly with the President Commissioner, or in the event that the President Commissioner is not present or not available or unable to attend, in which such matter is not required to be proved to any third parties, by the President Director and the same shall be cosigned by a member of the Board of Commis-

sioners, or in the event that the President Director and the President Commissioner are not present or not available or unable to attend, such matter is not required to be proved to any third parties, by a member of the Board of Directors and cosigned by a member of the Board of Commissioners, and the said signatures may be directly printed on the share certificate and/or collective share certificate and/or conversion bond and/or warrant and/or other stock which can be converted into share, with due observance of the prevailing laws and regulations in the field of Capital Market and the regulations on the Stock Exchange at the place where the Company's shares are listed on.

3). Replacement of Share Certificates

a). In the event that the share certificates are damaged, the replacements of the said share certificates may be issued if the Company has received adequate proof that:

- The relevant share certificate is damaged;
- The party who proposes written request for the replacement of share certificates is the rightful owner of the said share certifi-

cates;

- The original of the share certificates which are damaged as mentioned above must be returned to the Company and may be replaced with new share certificates which have the same number as the number of the original share certificates.
 - The original share certificates which are damaged after the replacement of share certificates have been granted/issued must be destroyed.
- b). In the event that the share certificates are lost, the replacements of the said share certificates may be issued if the Company has received adequate proof that:
- The relevant share certificate is lost;
 - the party who proposes written request for the replacement of the share certificates is the rightful owner of the said share certificates;
 - the party who propose written request for the replacement of share certificates shall grant guarantee as deemed necessary by the Board of Directors of the Company;

- c). All costs for the issuance of the replacement of share certificates must be borne by the Shareholder concerned.
- d). The issuance of the replacement of the lost share certificates must be announced on the Stock Exchange at the place where the Company's shares are listed on at the latest within a period of 14 (fourteen) days before the issuance of the replacement of share certificates with due observance of the regulations of Stock Exchange at the place where the Company's shares are listed on.
- e). The issuance of replacement of share certificate for a share certificate, resulting in the original share certificate being cancelled and being no longer valid, and the one that applies to the Company is the replacement of share certificate.
- f). The provisions as stated above regarding the issuance of the replacement of share certificates shall also be valid for the issuance of the replacement of collective share certificates or Equity Securities.

4). Collective Custody

a). The following provisions shall apply to the Shares in the Collective Custody:

i). Shares in the Collective Custody with the Depository and Settlement Agency shall be registered/recorded in the Company's Register of Shareholders on behalf of or in the name of the Depository and Settlement Agency.

ii). Shares in the Collective Custody with the Custodian Bank or Securities Company which have been recorded in the Securities account with the Depository and Settlement Agency shall be registered/recorded on behalf of or in the name of the intended Custodian Bank or Securities Company;

iii). If the shares in the Collective Custody with the Custodian Bank constitutes a part of Mutual Fund Securities Portfolio in the form of collective investment contract and not included in the Collective Custody with the Depository and Settlement Agency, the Company will register/record the said shares in the Company's Register of Share-

- holders on behalf of or in the name of the Custodian Bank in the interest of the owner of Participation Unit from the said Mutual Fund in the form of collective investment contract;
- iv). The Company shall be obligated to issue certificates or confirmation to the Depository and Settlement Agency or the Custodian Bank as evidence of registration in the Company's Register of Shareholders;
- v). The Company shall be obligated to transfer the shares in the Collective Custody which are registered on behalf of or in the name of the Depository and Settlement Agency or Custodian Bank for Mutual Fund in the form of collective investment contract in the Company's Register of Shareholders into the name of the Party appointed/designated by the intended Depository and Settlement Agency or Custodian Bank. The request/application for transfer must be proposed by the Depository and Settlement Agency or Custodian Bank to the Company or Securities Administration Agency appointed

- by the Company;
- vi). The Depository and Settlement Agency, Custodian Bank or Securities Company shall be obligated to issue confirmation to the accountholder as evidence of registration in the Securities account;
 - vii). In the Collective Custody, any issued share by the Company of the same types and classification shall be considered equivalent and may be exchanged between one and others;
 - viii) The Company shall be obligated to reject a registration of shares into the Collective Custody if the said share certificates are lost or destroyed, unless the party (shareholder) who request the intended transfer can provide sufficient evidence and/or guarantee that the said Party is rightful shareholder and such share certificates were truly lost or destroyed;
 - ix). The Company shall be obligated to reject a registration of shares into the Collective Custody if the said shares certificate are

- being put up as collateral, placed in conservatory attachment based on a decision/ruling of a court of law or seized for an investigation of a criminal case of surety and/or the conservatory attachment is notified in writing by the relevant Shareholder to the Company;
- x). The holder of Securities account, the Securities of which is registered in the Collective Custody shall be entitled to present and/or to cast votes in a GMS Meeting in accordance with the total number of shares owned/possessed by him/her in the said account;
- xi). The Custodian Bank and Securities Company shall be obligated to submit/surrender list of Securities account and the total number of the Company's shares owned/possessed by each accountholder with the said Custodian Bank and Securities Company to the Depository and Settlement Agency, to be subsequently surrendered/submitted to the Company at the latest 1 (one) business day before a Notice of a GMS

Meeting;

xii). The Investment Manager shall be entitled to be present and to cast votes in a GMS Meeting on the Company's shares which are included in the Collective Custody with the Custodian Bank which shall constitute part of Mutual Fund Securities portfolio in the form of collective investment contract and not included in the Collective Custody with the Depository and Settlement Agency, with the provision that the said Custodian Bank shall be obligated to submit the name of the said Investment Manager at the latest 1 (one) business day before the notice of a GMS Meeting;

xiii) The Company shall be obligated to submit dividend, bonus shares or other rights in connection with the ownership of shares to the Depository and Settlement Agency over the shares in the Collective Custody with the Depository and Settlement Agency, and subsequently the said Depository and Settlement Agency shall submit the dividend, bonus shares or other rights to the

Custodian Bank and Securities Company in the interest of each accountholder with the said Custodian Bank and/or Securities Company;

xiv). The Company shall be obligated to submit dividend, bonus shares or other rights relating to the ownership of shares to the Custodian Bank over the shares in the Collective Custody with the Custodian Bank which shall constitute a part of Mutual Fund Securities Portfolio in the form of collective investment contract and not included in the Collective Custody with the Depository and Settlement Agency; and

xv). The deadline of determination of the Securities accountholders who are entitled to obtain dividends, bonus shares or other rights relating to the ownership of shares in the Collective Custody shall be determined by a GMS Meeting with the provision that the Custodian Bank and Securities Company shall be obligated to furnish a list of the Securities account-holder as well as the total number of the

Company's shares owned/possessed by each Securities accountholder to the Depository and Settlement Agency to be subsequently surrendered to the Company at the latest 1 (one) business day after the date which shall become the basis for the determination of the shareholders who are entitled to obtain dividends, bonus shares, or other rights mentioned above.

b). Provisions on Collective Custody shall be subject to the laws and regulations in the field of Capital Market and provisions on the Stock Exchange in the territory of the Republic of Indonesia where the Company's shares are listed on.

5). Register of Shareholders and Special Register

a). The Board of Directors shall be obligated to prepare, keep and maintain the Register of Shareholders and Special Register at the place where the Company has its place of legal domicile.

b) In the Register of Shareholders the following items shall be recorded:

- i). Name(s) and address(es) of the Shareholder(s) and the Depository and Settlement Agency and other parties designated/appointed by by the accountholder with the Depository and Settlement Agency;
 - ii). The total, the number, and the date of acquisition of the shares owned by the Shareholders;
 - iii). Total amount that has been paid for each share;
 - iv). Name(s) and address(es) of any individual or legal entities which have lien over (mortgage right upon) the shares and date of acquisition of mortgage rights;
 - v). Statement of payment for shares in other forms other than in terms of cash; and
 - vi). Other information deemed necessary by the Board of Directors.
- c). In the Special Register, the statement regarding the ownership right to shares and/or change of the ownership right to shares of the members of the Board of Directors and the members of the Board of Commissioners and their families in the Company and/or in other companies and the

date of acquisition of the shares shall be recorded.

The Board of Directors shall be obligated to keep and maintain the Register of Shareholders and the Special Register to the best of their ability.

- d). The relevant Shareholders shall be obliged to notify in writing the Board of Directors of any change of address of Shareholders whose names are recorded in the Register of Shareholders or the Special Register of the Company. As long as such notification has not been served/sent, all notices and notifications to the Shareholders shall be lawful if addressed to the address of the shareholders as most recently recorded in the Register of Shareholders.
- e). The records in the Register of Shareholders and the Special Register must be signed by the Board of Directors and cosigned by the Board of Commissioners.
- f). The Board of Directors shall make available a Register of Shareholders and a Special Register at the head office of the Company, each Shareholder or his/her authorized proxy may request that the Register of Shareholders and Special

Register specifically with respect to the relevant Shareholder be shown to him/her at the time of the Company's working hours.

- g). The lawful Shareholders of the Company shall have the right to exercise all rights granted to the Shareholders under the applicable laws and regulations with due observance of the provisions of the articles of association.
- h). Registration of names of more than 1 (one) person for 1 (one) share, or transfer of right to 1 (one) share to more than 1 (one) person is not allowed. Therefore in the case of joint ownership of 1 (one) share, those who jointly have the shares shall be obliged to appoint one person among them who will represent them in the shareholding and whose name shall be recorded as a Shareholder in the Register of Shareholders and/or in the Special Register and on the relevant share certificate. In the event that those who jointly have the shares is negligent in notifying the Company in writing regarding the appointment of joint proxy, the Company shall be entitled to treat the Shareholder whose name is registered in the Register of Shareholders of the Company as the only lawful shareholder.

- i). The Company's Board of Directors may appoint and give authority to the Securities Administration Agency to do the registration of shares in the Register of Shareholders and in the Special Register. Any registration or recording in the Register of Shareholders and in the Special Register including registration regarding a sale, transfer, mortgage by collateral, pledge relating to the Company's shares or rights or interests to the shares must be carried out in accordance with the provisions contained of the articles of association and laws and regulations in the field of Capital Market.
- 6). Transfer of Ownership Rights to Shares
 - a). The transfer of ownership rights to shares must be proved by a document which is signed by or on behalf of the party making the transfer (transferor) and by or on behalf of the party receiving the transfer (transferee) of the relevant shares.
 - b). The transfer of ownership right to shares which are included in the Collective Custody shall be carried out by transfer from a Securities account to another Securities account with the Depository and Settlement Agency, Custodian Bank

and Securities Company. The transfer of ownership rights to shares shall only apply after recording of registration of such transfer in the relevant Register of Shareholders, as such with due observance of the applicable laws and regulations and the provisions in the field of Capital Market as well as the provisions of the Stock Exchange at the place where the Company's shares are listed on. The documents/deed of transfer of ownership right to shares must be in the form as determined and/or which is acceptable to the Board of Directors with the provisions that the documents of transfer of ownership right to shares which are listed on the Stock Exchange must fulfill the prevailing regulations of the Stock Exchange at the place where the said shares are listed on, without prejudice to the applicable laws and regulations and the prevailing provisions at the place where the Company's shares are listed on.

- c). Transfer of ownership right to shares which are contrary to the provisions as contained in the Articles of Association or not in accordance with the applicable laws and regulations or without

approval from the relevant authorities if required, shall not apply to the Company.

- d). The Board of Directors on their own discretion and by giving reasons for that purpose may reject/refuse to register the transfer of ownership rights to shares in the Register of Shareholders if the provisions of these articles of association are not fulfilled.
- e). If the Board of Directors rejects/refuses to register the transfer of ownership right to shares, the Board of Directors shall be obligated to submit/send notification of rejection/refusal to the party who will transfer his/her/its rights at the latest within a period of 30 (thirty) calendar days after the date of request for such registration is received by the Board of Directors and with due observance of the applicable laws and regulations in the field of Capital Market and regulations on the Stock Exchange at the place where the Company's shares are listed on.
- f). In the event that a change of ownership right to a share is made, the original/previous owner who is registered in the Register of Shareholders

must still be considered as a shareholder until the name of a new shareholder has been included in the Register of Shareholders, and such inclusion shall be done with due observance of the applicable laws and regulations and provisions in the field of Capital Market as well as the provisions on the Stock Exchange at the place where the Company's shares are listed on.

g). Any persons who obtains the ownership right to a share as consequences of the death of a Shareholder or due to any other reasons which cause the ownership rights to a share to be transferred before the law, by submitting proof of rights as shall be required by the Board of Directors, may propose written request to be registered as a Shareholder of the said share. The registration may only be carried out if the Board of Directors duly accepts the said proof of rights and without prejudice to the provisions of the articles of association.

h). Forms and procedures for transfer of ownership right to shares traded in Capital Market shall be obligated to fulfill the laws and regulations in the field of Capital Market and the provi-

sions on the Stock Exchange, at the place where the Company's shares are listed on, except for the ownership right to Dwiwarna A Series Share which shall not be transferred to any other person/parties whomsoever.

V. Principles of Information Transparency and Insider Information

The Company shall provide information that is adequate, accurate, credible and in timely manner to the stakeholders, in this matter to keep in mind the principle of "equal treatment"

1). Type of Information/Data.

As a public company, the Company has two categories of information, namely:

a). Non-public information/data is information/data that is provided or submitted for the purposes of reporting to the monetary and financial authorities such as to the Bank Indonesia and the Ministry of Finance as well as between the internal units both regular and incidental.

b). Public information/data is information/data provided or submitted as a report to the capital market authority and the Shareholders in order

to meet routine obligations and disclosure of information (incidental).

2). Responsibility for Provision and Submission of Information.

a). Submission of non-public information/data to the requiring parties shall be the responsibility of each unit as a source of information/data both concerning the validity, the accuracy and the time of submission and any consequence thereto.

b). Submission of public information/data to the requiring parties shall be carried out by the HIS/Corporate Secretary Division, as the party responsible for the source of information/data either concerning the validity, the accuracy and the time of submission and any consequence thereto. However, it does not rule out the possibility that the information/data that have been published by the HIS/Corporate Secretary Division are submitted by other units to the requiring parties.

c). Each unit shall prepare information/data and submit them to the HIS/Corporate Secretary Division in accordance with the needs of the related

parties within the specified limit of time under the applicable regulations.

- d). Each component/element in the Company shall be prohibited from submitting information/data to other parties as long as such data have not been disclosed/released to the public and such information/data is material in nature that can influence the share price.

3). Criteria for Material Information/Data

- a). The information/data is material in nature if it meets one of the following requirements:
- i). 5% (five percent) of the Company's revenues
 - ii). 10% (ten percent) of the owner's equity
- b) Or the information/data is about:
- i). Merger of business, purchase of shares, amalgamation of business, or the establishment of joint ventures
 - ii). Stock split or distribution of dividend
 - iii). Revenue from extraordinary dividends
 - iv). Acquisition or loss of important contracts
 - v). Significant product/new invention
 - vi). Change in control or significant change in management

- vii). Announcement of the repurchase or payment of debt securities
 - viii) Additional sales of securities to the public or limited amount which is material in nature
 - ix). Purchase or material loss of sale of property
 - x). Labor disputes that are relatively important
 - xi). Significant lawsuits against the Company and/or the Board of Directors and the Board of Commissioners
 - xii). Submission of offer for the purchase of securities of other companies
 - xiii) Replacement of accountants who audited the Company
 - xiv). Replacement of Trustee
 - xv). Changes to the fiscal year.
- 4). Prohibition from Making Statement or Giving Information
- a). Each component or element in the Company due to any reasons whatsoever is prohibited from making a statement or giving information that

is materially wrong or misleading and thus affects the stock prices on the stock exchange if at the time the statement was made or information was given:

- i). The relevant party knew or should have known that the statement or information is materially wrong or misleading; or
 - ii). The relevant party is not careful enough in determining the material truthfulness of the statement or information.
- b). Each component or element in the Company due to any reasons whatsoever is prohibited from making a statement or giving information that is materially correct which can be expected to influence the price of shares, to the other party prior to the official announcement by the Company to the general public.
- 5). Any material information/data as referred to in point 3, must be submitted by the HIS/Corporate Secretary Unit to the public no later than the end of the 2nd (second) working day after the decision or the existence of information or material facts to the Bapepam and the Stock Exchange and be announced through 2 (two) daily newspapers which shall have a

national circulation.

- 6). Each unit shall be obliged to convey the events in point 3 to HIS/Corporate Secretary Unit 1 (one) business day after the date of such event by any means, to be further processed as described in point 5.
- 7). Submission and Presentation of Financial Statements (Ref. Corporate Governance Handbook)
- 8). Violation of the provisions of point 4 above under the Law Number: 8/1995 regarding Capital Market shall be liable to imprisonment for a maximum of 10 years and a maximum fine of IDR 15 billion.
- 9). Delay in each submission of reports/obligations as mentioned above, will be subject to a fine of IDR 1 million for each day of delay with the total maximum fine of IDR 500 million for the providing/submitting units.
- 10) Transparency of Information of Certain Shareholders
 - a). The Board of Directors or the Board of Commissioners shall be obliged to report to the Bapepam of their shareholding and any changes in ownership of the Company's shares not later than 10 (ten) days as of the transaction.

- b). The said obligation also applies to any party who has 5% (five percent) or more of the paid-up shares.
- c). Such report shall at least include the name, the residence, the citizenship; total shares purchased/sold; the purchase/sale price; the date of transaction; the purpose of transaction.

11) Insider Transaction:

- a). That which is meant by Insider is:
 - i). The Board of Commissioners, the Board of Directors or the employees,
 - ii). Main Shareholders,
 - iii). The Company's person due to his/her position or due to his/her his profession or due to a business relationship that allows such person to get information,
 - iv). The party who, within the last 6 (six) months, no longer be a party as mentioned above.
- b). The insiders possessing insider information shall be prohibited from purchasing or selling shares of his/her/their own company or shares of other companies who are doing all forms of

transactions.

- c). The Insiders shall be prohibited from influencing other parties to purchase/sell the securities of his/her/their own company.

VI. The role of Corporate Secretary

Based on the decision of the Bapepam Nomor: KEP-63/PM/96 dated January 17, 1996, it requires each public company to appoint a Corporate Secretary with the following duties:

- 1). Getting updates of the development of Capital Markets, especially the applicable regulations in the field of capital market.
- 2). Providing services to the public of any information needed by the investors relating to the condition of the company.
- 3). Providing input to the Board of Directors to comply with the provisions of Law Number 8 regarding Capital Market and regulation on the implementation thereof. As a liaison between the Company and the Bapepam and the general public.

According to the Resolution of the Board of Directors of the Jakarta Stock Exchange Number: Kep-315/JSE/002000 concerning Regulation of Securities Listing

Number 1-A: Regarding the General Provisions of Listing of Equity Securities on the Stock Exchange it is determined that within the framework of the implementation of Good Corporate Governance (GCG), the Company shall be obliged to have a Corporate Secretary who has duties other than those set forth in the provisions of Bapepam as mentioned above, he/she also has the following duties:

- 1). Preparing Special Register relating to the Board of Directors, the Board of Commissioners and their respective family members both in the Publicly Listed Company and its affiliates which includes among others shareholding, business relationships and other roles that give rise to a conflict of interest with the Company.
- 2). Preparing Register of Shareholders including the ownership of 5% (five percent) or more.
- 3). Attending the Board of Directors Meetings and drawing up minutes of meeting.
- 4). Responsible for holding a General Meeting of Shareholders.

The appointment of a Corporate Secretary shall be reported to the Stock Exchange no later than the next trading day after the appointment and shall be advertised

in at least 1 (one) daily newspaper with national circulation.

VII. Use of Profits

- 1). The net profits of the Company in a financial year as contained in balance sheet and profit-loss account (statement of income) which has been approved and adopted by an Annual GMS Meeting shall be distributed in a manner that has been determined by the said meeting.
- 2). The dividends may only be distributed in accordance with the financial capacity of the Company under the resolution of the GMS Meeting, in such resolutions the period of time and method of payment shall also be determined.
- 3). Dividend for a shares must be paid to the person in whose name the shares are registered in the Register of Shareholders, on a business day to be determined by or under the authority of the GMS Meeting in which such resolution for distribution of dividend is made, and without prejudice to the provisions of the Stock Exchange Regulations at the place where the shares are listed on.
- 4). If the financial condition of the Company makes it

possible, the Board of Directors based on resolutions of the Board of Directors Meeting is permitted to distribute interim dividends, with the provisions that the said interim dividends at a later date shall be calculated with the dividends distributed based on the Resolution of the following Annual GMS Meeting.

- 5). If the profit loss account in a financial year results in a loss that cannot be recovered by the reserve funds, the said loss shall be recorded and included in the bookkeeping of the Company and in the succeeding year(s) the Company shall be deemed not to have made any profits until the loss recorded and included in the bookkeeping has been completely recovered, and as such without prejudice to the provisions on the applicable laws and regulations.
- 6). Notification regarding dividend and interim dividend shall be announced in at least 2 (two) daily newspapers published in Indonesian language, one of which shall have a wide/national circulation.
- 7). Dividends may be collected/claimed by the Shareholders who are entitled thereto before the lapse of a period of 5 (five) years by submitting proof of their right to the dividend that can be accepted

by the Company's Board of Directors. The dividends which are not collected/claimed within a period of 5 (five) years after having been made available to be paid, shall be included in the special reserve funds specifically kept for that purpose. The dividends that are not collected/claimed after such period of time shall belong to the Company

- 8). With regard to shares which are listed on the Stock Exchange, the regulations in the field of Capital Market at the place where the Company's shares are listed on shall apply.

VIII. Use of Reserve Funds

- 1). The profits allocated for reserve funds shall be determined by a GMS Meeting with due observance of the applicable laws and regulations.
- 2). The reserve funds which has not reached the total of at least 20% (twenty percent) of the placed capital shall only be used to cover the losses suffered by the Company.
- 3). If the total of reserve funds has exceeded an amount of at least 20% (twenty percent) of the placed capital, a GMS Meeting may decide that the amount of the reserve funds exceeding the amount as stipu-

lated above shall be used for the Company's needs.

- 4). The Board of Directors shall manage the said reserve funds in order that the reserve funds generate profits therefrom, in a manner considered good and expedient by the Board of Directors with the approval of the Board of Commissioners and with due observance of the applicable laws and regulations.
- 5). Any profits received/earned from the reserve funds must be included in the statement of income of the Company.

IX. The legal basis for preparation of the Corporate Governance Handbook

- 1). The Company's Articles of Association
- 2). Law Number 1 of 1995 regarding Limited Liability Company.
- 3). Law Number 8 of 1995 regarding Capital Market.
- 4). Law Number 7 of 1992 regarding Banking as already amended by virtue of the Law Number 10 of 1998.
- 5). Law Number 19 of 2003 regarding State-Owned Enterprises.
- 6). Decree of the Minister of State-Owned Enterprises Number: KEP-117/M-MBU/2002, dated August 1, 2002 regarding Implementation of Good Corporate Governance Practice with the State-Owned Enterprises

(Badan Usaha Milik Negara--BUMN)

- 7). Decree of the Board of Directors of Bank Indonesia Number: 32/33/KEP/DIR dated May 12, 1999 regarding Commercial Banks.
- 8). Regulation of Bank Indonesia Number: 1/6/PBI/1999 regarding Assignment of Compliance Director and Application of Implementation Standard for Bank Internal Audit Function (SPFAIB) for Commercial Banks.
- 9). Regulation of Bank Indonesia Number: 2/1/PBI/2000 dated January 14, 2000 regarding Fit and Proper Test.
- 10) Circular Resolution of Bank Indonesia Number: 5/21/DPNP dated September 29, 2003 regarding Implementation of Risk Management for Commercial Banks.
- 11) Circular Letter of the Minister of Finance Number: SE-389/MK.16/1997 dated October 10, 1997 regarding Standard for the Company's Articles of Association.
- 12) Circular Letter of Capital Market Supervisory Board Number: SE-03/PM/2000 dated May 5, 2000 regarding Audit Committee
- 13) Regulation Number: IX.I.4 Attachment_to_the Decree of the Chairperson of Bapepam Number: Kep-63/PM/1996 dated January 17, 1996 regarding Establishment of Corporate Secretary.
- 14) Regulation Number: IX.K.1 Attachment to the Decree

of the Chairperson of Bapepam Number: Kep-86/PM/1996 dated January 24, 1996 regarding Transparency of Information that must be Announced to the General Public.

15) Regulation Number: X.M.1 Attachment to the Decree of the Chairperson of Bapepam Number: Kep-82/PM/1996 dated January 17, 1996 regarding Information Transparency of Certain Shareholders.

16) Decree of the Board of Directors of PT Bursa Efek Jakarta Number: Kep-315/BEJ/06-2000 dated June 30, 2000, regarding Regulation of Securities Listing Number 1-A: Regarding the General Provisions of Listing of Equity Securities on the Stock Exchange.