



BOD CHARTER

PT Semen Indonesia (Persero) Tbk.

Go
Beyond
Next

ATTESTATION SHEET

Jakarta, 1st May 2022
Board of Directors
PT Semen Indonesia (Persero) Tbk.

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CHAPTER 1 INTRODUCTION

1.1. Background

The relationship between the Board of Commissioners and the Board of Directors in the Indonesian law system is a relationship based on two *tiers system* principle. There is a clear separation of duties and obligations that the company is lead and managed by the Board of Directors, while the Board of Commissioners supervises and provides advice on actions taken by the Board of Directors. The Board of Commissioners and the Board of Directors are two separate and independent organs.

Both have the responsibility to maintain the company's business continuity in the long term. Therefore, it is necessary to have a clear system and structure regarding the relationship between Company Organs based on the principles of Good Corporate Governance ("GCG"). The functions, duties, and working relationships of each Company Organ are clearly defined and carried out consistently.

The Board of Commissioners and the Board of Directors have a high commitment to make the Work Guidelines for the Board of Commissioners and Directors, hereinafter referred as the Board of Commissioners Charter (BOC Charter) and the Board of Directors Charter (BOD Charter) as guidelines in the implementation of functions, duties, and working relationships between the Board of Commissioners and the Board of Directors so that can run effectively.

1.2. Purpose and Goal

This charter is one of the documents related to the implementation of GCG in the Company, meant for a work guideline for the Board of Directors which aims to:

- 1) Facilitate the Board of Directors in understanding the regulations related to the Board of Directors' work procedures and their implementation mechanisms;
- 2) Become a reference/guideline on main tasks, work functions and improve the quality and effectiveness of working relationships between organs;
- 3) Applying GCG principles, namely transparency, accountability, responsibility, independence, and fairness;¹
- 4) Increase the effectiveness of the Board of Directors in carrying out their fiduciary duties, so that they are protected from violations that can be categorized as piercing the *corporate veil*.

1.3. Scope

This charter includes a description of things that are the duties and authorities of the Board of Directors as well as an agreement on the mechanism and working relationship between the Board of Commissioners and the Board of Directors within the Company by referring to the applicable laws and regulations, the Articles of Association, and the directives of the Shareholders. determined in the General Meeting of Shareholders ("GMS") which regulates the work procedures of the Board of Directors.

1.4. Legal Foundation

The regulations that form the basis for the preparation of the Charter include:

- 1) Law Number 40 of 2007 about Limited Liability Companies;
- 2) Law Number 19 of 2003 about State-Owned Enterprises;
- 3) Law Number 8 of 1995 about Capital Market;
- 4) Law Number 21 of 2011 about the Financial Services Authority;

¹ Ministerial regulations SOE No. PER-09/MBU/2012

- 5) Financial Services Authority Regulation Number 33/POJK.04/2014 Regarding the Board of Directors and Board of Commissioners of Issuers or Public Companies, and all changes that occur in the future;
- 6) Financial Services Authority Regulation Number 34/POJK.04/2014 Regarding the Nomination and Remuneration Committee of Issuers or Public Companies, and all changes that occur in the future;
- 7) Financial Services Authority Regulation Number 35/POJK.04/2014 about Corporate Secretary of Issuers or Public Companies, and all changes that occur in the future;
- 8) Financial Services Authority Regulation Number 8/POJK.04/2015 concerning Websites of Issuers or Public Companies, and all changes that occur in the future;
- 9) Financial Services Authority Regulation Number 21/POJK.04/2015 about the Implementation of Public Company Governance Guidelines, and all changes that occur in the future;
- 10) Financial Services Authority Regulation Number 31/POJK.04/2015 about Disclosure of Material Information or Facts by Issuers or Public Companies, and all changes that occur in the future;
- 11) Financial Services Authority Regulation Number 55/POJK.04/2015 about the Establishment and Guidelines for the Work Implementation of the Audit Committee, and all changes that occur in the future;
- 12) Financial Services Authority Regulation Number 56/POJK.04/2015 about the Establishment and Guidelines for the Preparation of the Internal Audit Unit Charter, and all changes that occur in the future;
- 13) Financial Services Authority Regulation Number 29/POJK.04/2016 about Annual Reports of Issuers or Public Companies, and all amendments thereto that occur in the future;
- 14) Financial Services Authority Regulation Number 15/POJK.04/2020 about the Plan and Organizing of the General Meeting of Shareholders of a Public Company, and all changes that occur in the future;
- 15) Financial Services Authority Regulation Number 16/POJK.04/2020 about the Electronic Implementation of the General Meeting of Shareholders of Public Companies, and all changes that occur in the future;
- 16) Financial Services Authority Regulation Number 17/POJK.04/2020 Regarding Material Transactions and Changes in Business Activities, and all changes that occur in the future;
- 17) Financial Services Authority Regulation Number 42/POJK.04/2020 Regarding Affiliated Transactions and Conflict of Interest Transactions, and all changes that occur in the future;
- 18) Decree of the Chairman of the Capital Market Supervisory Agency Number: Kep-689/BL/2011 about Securities Company Accounting Guidelines;
- 19) Decree of the Chairman of the Capital Market and Financial Institutions Supervisory Agency Number: Kep-346/BL/2011 about Submission of Periodic Financial Reports of Issuers or Public Companies;
- 20) Decree of the Chairman of the Capital Market and Financial Institution Supervisory Agency Number: Kep-347/BI/2012 about Presentation and Disclosure of Financial Statements of Issuers or Public Companies;
- 21) Financial Services Authority Circular Letter Number 32/SEOJK.04/2015 about Guidelines for the Governance of Public Companies;
- 22) The Indonesian Corporate Governance Manual, Financial Services Authority (OJK), 2018 (second edition);
- 23) Indonesia's Good Corporate Governance Roadmap (Road Map of Good Corporate Governance), Financial Services Authority (OJK), 2014;
- 24) Regulation of the Minister of BUMN Number PER-01/MBU/2011 about the Implementation of Good Corporate Governance in State-Owned Enterprises, along with the amendments as stipulated in the Regulation of the Minister of BUMN Number PER-09/MBU/2012, and all changes that occur at a later date;

- 25) Regulation of the Minister of State Owned Enterprises Number PER-11/MBU/11/2020 about Management Contracts and Annual Management Contracts for Directors of State-Owned Enterprises, and all changes that occur in the future;
- 26) Regulation of the Minister of State-Owned Enterprises Number PER-06/MBU/04/2021 dated April 13, 2021, about Amendments to Regulation of the Minister of State-Owned Enterprises Number PER-12/MBU/2012 about Supporting Organs of the Board of Commissioners/Board of Supervisors of Business Entities State Owned;
- 27) Regulation of the Minister of State-Owned Enterprises Number PER-11/MBU/07/2021 about Requirements, Procedures for Appointment and Dismissal of Members of the Board of Directors of State-Owned Enterprises, and all changes that occur in the future;
- 28) Decree of the Minister of State-Owned Enterprises Number SK-16/S.MBU/2012 about Indicators/Parameters of Assessment and Evaluation of the Implementation of Good Corporate Governance in State-Owned Enterprises;
- 29) Letter of the Minister of State-Owned Enterprises No. S-800/MBU/11/2018 dated November 30, 2018 about Approval of Proposed Limitations and/or Criteria for Authority of the Board of Commissioners of PT Semen Indonesia (Persero) Tbk.;
- 30) The Company's Articles of Association as stated in Deed Number 42 dated December 21, 2021, that made in front of Aulia Taufani, S.H., Notary in Jakarta.

1.5. Terms Used

The terms used in this Charter, except pronounce different, have the following meanings:

- 1) Business Activities are all forms of activities that conducted by the Company as stated in the Articles of Association of the Company.
- 2) Members of the Board of Commissioners are commissioners or members of the Board of Commissioners who refer to individuals (not as a Board).
- 3) Members of the Board of Directors or Directors are members of the Board of Directors who refer to individuals (not as a Board).
- 4) The Board Manual is the Board of Commissioners Charter (BOC Charter) and the Board of Directors Charter (BOD Charter).
- 5) BOD Charter is a Board of Directors Charter which contains a compilation of applicable laws and regulations, the Articles of Association and the direction of the Shareholders set out in the General Meeting of Shareholders which regulates the work procedures of the Board of Directors, and the description of good practice mechanisms for increasing the effectiveness of the implementation of duties and authorities of Directors.
- 6) BOC Charter is the Board of Commissioners' Charter which contains a compilation of the applicable laws and regulations, Articles of Association and the direction of the Shareholders set out in the General Meeting of Shareholders which regulates the work procedures of the Board of Commissioners, and the description of good practice mechanisms for increasing the effectiveness of the implementation of duties and authority of the Board of Commissioners.
- 7) The Board of Commissioners is all members of the Board of Commissioners who act as a unit of Board (Board).
- 8) The Board of Directors is all Directors who act as a single Board (Board).
- 9) President Director is a Director who has the right and authority to lead the Board of Directors in carrying out the management of the Company.
- 10) Subsidiary is a limited liability company whose shares are owned by the Company directly or indirectly more than 50% of the voting rights of an entity, whose financial statements are consolidated with the Company.
- 11) Fiduciary duties is a principle that manage that the Board of Directors is fully responsible for the management of the Company and the Board of Commissioners is obliged to supervise and provide advice to the Board of Directors, for the benefit of the Company and in accordance with the purposes and objectives of the Company. The Board of Directors and

the Board of Commissioners must avoid conflicts of interest with the companies they lead/supervise.

- 12) Good Corporate Governance are the principles that underlying a process and mechanism for managing a company based on laws and regulations and business ethics.
- 13) The Board of Management is the Board of Directors and officials 1 (one) level below the Board of Directors who assist in the management of the Company.
- 14) The President Commissioner is a member of the Board of Commissioners who coordinates all activities of the Board of Commissioners in carrying out the supervision of the Company.
- 15) Independent Commissioner is a member of the Board of Commissioners who comes from outside the Company and fulfills the requirements according to laws and regulations as an Independent Commissioner.
- 16) Employees are Company employees whose appointment, dismissal, position, rights and obligations are determined based on the Decree of the Company's Board of Directors.
- 17) Management Contract is a contract that contains a promise or statement of a candidate for a member of the Board of Directors, that is, if he is appointed/re-appointed as a member of the Board of Directors, among others, he will fulfill all the targets set by the GMS and apply the principles of good corporate governance.
- 18) Annual Report is the accountability report of the Board of Directors and Board of Commissioners in managing and supervising the Company within 1 (one) financial year to the General Meeting of Shareholders which is prepared based on the applicable laws and regulations.
- 19) The Company's organs are the General Meeting of Shareholders (GMS), the Board of Commissioners and the Board of Directors.
- 20) Control is the ability of the Company to appoint or replace most of the composition of the members of the Board of Directors and/or the Board of Commissioners as well as the power to regulate strategic, operational and financial policies.
- 21) The company with the capital letter P is PT Semen Indonesia (Persero) Tbk. while companies with a lower case letter p refer to companies in general. In this Charter the Company is also referred to as Holding Company (HoldCo) in relation to its Subsidiaries (Operating Company/OpCo).
- 22) Orientation Program, is an introductory program held for Members of the Board of Commissioners and Directors who are new to the company for the first time.
- 23) General Meeting of Shareholders (GMS), is a company organ that has authority that is not given to the Board of Directors or the Board of Commissioners within the limits specified in the applicable laws and regulations and/or the company's Articles of Association.

CHAPTER 2

DIRECTORS

2.1. Board of Director's Vision and Mision

Vision:

Become a Company Organ that has high competence and works professionally and independently in carrying out its duties.

Mision:

Carry out international standard corporate management functions in accordance with GCG principles in order to achieve the corporate vision, and always comply with applicable laws and regulations and the Company's Articles of Association.

2.2. Functions of the Board of Directors

In good faith, the Board of Directors as an organ of the company carries out their duties in managing the company for the benefit of the company and in accordance with the aims and objectives of the company and represents the company both inside and outside the court by complying with the applicable laws and regulations, the Articles of Association and the resolutions of the GMS.

Implementation of the Management Functions of the Board of Director

- 1) Leading and managing the Company in accordance with the purposes and objectives of the Company;
- 2) Maintain and manage the Company's assets effectively and efficiently;
- 3) Protect the interests of stakeholders;
- 4) Carry out the management of the Company in good faith, full of responsibility and prudence for the interests and business of the Company by observing the applicable laws and regulations;
- 5) May not carry out transactions containing conflicts of interest as stipulated in the prevailing laws and regulations in the capital market without obtaining a written response from the Board of Commissioners and approval of the GMS;
- 6) May not represent the Company if they have a conflict of interest with the Company;
- 7) Basically, the Board of Directors works collegially, the decision of each member of the Board of Directors is the decision of the Board of Directors.

2.3. Directors Requirements

There are 3 (three) kinds of requirements that must be met by a candidate for Director. These requirements are Material Requirements, Formal Requirements, and Other Requirements.

2.3.1. Material Requirements

In order to be appointed as the Board of Directors of a State-Owned Enterprises, a person must meet the material requirements, such as:

- a. Skill;
- b. Integrity;
- c. Leadership;
- d. Experience;
- e. Honest;
- f. Good behaviour; and
- g. High dedication to advancing and developing the company.

2.3.2. Formal Requirements

In addition to fulfill the Material Requirements, to be appointed as the Board of Directors of the Company, a person must meet the requirements, it's an individual who is capable of carrying out legal actions, except that within 5 (five) years prior to the appointment he had:

- a. Declared bankrupt;
- b. become a member of the Board of Directors or a member of the Board of Commissioners/Supervisory Board who is found guilty of causing a state-owned enterprise and/or company to be declared bankrupt; or
- c. sentenced for committing a criminal act that is detrimental to state finances, State-Owned Enterprises, Company, and/or related to the financial sector.

2.3.3. Other Requirements

In order to be appointed as a SOE Board of Directors, in addition to fulfill the material requirements and formal requirements, a person must fulfill other requirements, such as:

- a. is not an administrator of a Political Party and/or candidate member and/or member of DPR, DPD, Provincial DPRD, and Regency/districts DPRD;
- b. not a candidate for regional head/deputy head and/or regional head/deputy head;
- c. does not serve as a Board of Directors in the relevant State-Owned Enterprises for 2 (two) consecutive periods;
- d. be dedicated and devote full time to doing their job;
- e. Physically and mentally healthy (not suffering from an illness that can hinder the performance of duties as a Board of Directors of SOEs), as evidenced by a health certificate from a doctor; and
- f. has a Taxpayer Identification Number (NPWP) and has carried out the responsible to pay taxes for the last two years.
- g. did not have a blood family relationship up to the third degree, either vertically or horizontally or by marriage (son-in-law or brother-in-law) with other members of the Board of Commissioners and/or Directors;

2.4. Membership of the Board of Directors

- 1) The company is managed and led by a Board of Directors consisting of at least 2 (two) people, one of whom is appointed as the President Director, and if necessary one of them can be appointed as the Deputy President Director.
- 2) The process of evaluating and nominating candidates for members of the Board of Directors is carried out by the Nomination, Remuneration & GCG Committee;
- 3) If at any time for any reason there is one position or more members of the Board of Directors vacant:
 - a) The Board of Commissioners appoints another member of the Board of Directors to carry out the work of the vacant member of the Board of Directors with the same power and authority.
 - b) By taking into account the applicable provisions, the GMS must be held to fill the vacant position if it causes the number of members of the Board of Directors to be less than 2 (two) one of them is the President Director or the vacant position is the President Director or other directors required by the provisions.
 - c) The GMS as referred to in letter b is held no later than 90 (ninety) days after the occurrence of the vacancy as referred to in letter b.
- 4) The members of the Board of Directors are appointed for a period starting from the closing or the date determined by the GMS that appointed them and ending at the closing of the 5th (fifth) Annual GMS after the date of appointment, provided that it should not exceed a period of 5 (five) years, taking into account laws and regulations in the Capital Market sector, but

without prejudice to the right of the GMS to dismiss members of the Board of Directors at any time before their term of office ends. After the term of office ends, members of the Board of Directors may be reappointed by the GMS for 1 (one) term of office;

- 5) The GMS may dismiss members of the Board of Directors if based on the facts, the relevant members of the Board of Directors include:
 - a) Not/less able to fulfill its obligations that have been agreed in the management contract;
 - b) Unable to carry out their duties properly;
 - c) Violating the provisions of the Articles of Association and/or laws and regulations;
 - d) Engaging in actions that are detrimental to the Company and/or the state;
 - e) Taking actions that violate ethics and/or compliance that should be respected as the Board of Directors;
 - f) Declared guilty by a court decision that has permanent legal force;
 - g) Resign;
 - h) Other reasons deemed appropriate by the GMS for the interests and objectives of the Company.
- 6) A member of the Board of Directors may resign from his/her position before the end of his/her term of office and must submit a written resignation request regarding his/her intention to the Company;²
- 7) The company responsible to hold a GMS to decide on the resignation of a member of the Board of Directors no later than 90 days (ninety days) after the receipt of the resignation letter.
- 8) The member of the Board of Directors who resigns is still held responsible from the appointment until the date of the determination of the resignation of the Members of the Board of Directors in the next GMS.

2.5. Composition and Independence of the Board of Directors

- 1) The composition of the Board of Directors must enable effective, precise and fast decision making and be able to act independently in the sense of not having any interests that can interfere with their ability to carry out their duties independently and critically;
- 2) In order for the Board of Directors to act as well as possible for the benefit of the Company as a whole, the independence of the Board of Directors is one of the important factors that must be maintained. To maintain independence, the Company stipulates the following provisions:
 - a) Except the Board of Directors, any other party is prohibited from doing or interfering in the management of the Company;
 - b) The Board of Directors must be able to make decisions objectively, without conflict of interest and free from any pressure from any party;
 - c) Directors are prohibited from carrying out activities that may interfere with their independence in managing the Company.

2.6. Ethics of the Boards of Directors

In carrying out its duties and functions, the Board of Directors must always base itself on office ethics. The ethics of the Board of Directors includes but is not limited to the following:

- 1) Ethics is related to Exemplary
The Board of Directors must encourage the creation of ethical behavior and uphold ethical standards in the Company, one of the ways is by setting himself as an example for the Company's employees.
- 2) Ethics related to Compliance with Legislation.

² Articles of Association of PT Semen Indonesia (Persero) Tbk.

The Board of Directors is required to comply with the applicable laws and regulations, the Articles of Association, the GCG Guidelines and the Company's Code of Ethics as well as the established Company policies.

3) Ethics relates to Company opportunities.

During their tenure, members of the Board of Directors are not allowed to:

- a) Taking the Company's business opportunities for himself;
- b) Using the Company's assets, Company information or position as a Member of the Board of Directors for personal interests that is contrary to the provisions of laws and regulations and applicable Company policies.

4) Ethics related to KKN, Gratification and Bribery.

Members of the Board of Directors always prevent and avoid the practices of KKN, gratification and bribery in any way, form and/or for any interest that is believed to be detrimental to the company.

Some of the things that are prohibited for Members of the Board of Directors are as follows:

- a) It is prohibited to give or offer, or receive directly or indirectly anything of value to a customer or a Government official to influence or as a reward for what he has done and other actions in accordance with the applicable laws and regulations.
- b) A sign of gratitude in business activities such as gifts, donations or entertainment, should not be done in a situation that can be considered as an inappropriate act.

5) Meeting Etiquette

At the time of attending the meeting, members of the Board of Directors are required to:

- a) Attend the meeting on time, according to the time specified;
- b) Conducting meetings effectively in order to produce good decisions;
- c) Signing the attendance list and meeting minutes.

6) Conflict of Interests Ethics

During their tenure, members of the Board of Directors are not allowed to:

- a) Using Company assets, Company information or position as a Member of the Board of Directors for personal interests which is contrary to the provisions of laws and regulations and applicable Company policies.
- b) Make loans to the Company for personal or other party interests that are not in accordance with the provisions of the legislation and applicable Company policies.

2.7. Orientation and Capacity Building Program

2.7.1. Orientation Program

With the background of Members of the Board of Directors who come from various parties representing Shareholders and stakeholders and among the Members of the Board of Directors it is possible that they do not know each other and/or have never worked in a team before, the existence of an Orientation Program is very important to implement.

Matters that need attention in the implementation of the Orientation Program include, among others:

- 1) An orientation Program regarding the Company must be given to Members of the Board of Directors who are serving in the Company for the first time;
- 2) The Orientation Program is implemented in order to improve the function and work effectiveness of the Board of Directors;
- 3) The cost of the Orientation Program is budgeted in the Work Plan and Budget of the Board of Directors;
- 4) The responsibility for holding the orientation program rests with the Corporate Secretary, with the completion of implementation no later than six months after the appointment of the Board of Directors at the GMS;
- 5) The materials provided in the Orientation Program include the following:

- a) implementation of GCG principles, Governance, Risk & Compliance (GRC) systems, and whistleblowing systems.
 - b) description of the Company in relation to its objectives, nature, scope of activities, products produced, financial and operating performance, strategy, short and long term business plans, competitive position, risks and various other strategic issues;
 - c) explanations relating to the delegated authority, internal audit, external audit, internal control system and policies as well as the duties and roles of the Team, other committees established by the Company;
 - d) the legal responsibilities of members of the Board of Directors;
 - e) explanation of the working relationship, duties and responsibilities of the Board of Directors;
 - f) team building, in this activity includes all members of the Board of Directors, both new and previously served with the aim of realizing team cohesion and teamwork as the Board of Directors.
- 6) The orientation program provided can be in the form of presentations, meetings or visits to Company facilities, introductions to members of the Board of Commissioners, members of the Board of Directors and employees of the Company as well as other programs based on the needs of the members of the Board of Directors concerned and still prioritizing accountability and cost efficiency.

2.7.2. Capability Improvement Program

The Capability Improvement Program is one of the important programs so that Members of the Board of Directors can always update information about the latest developments of the Company's business activities and other knowledge related to the implementation of the duties of Members of the Board of Directors.

Matters that need attention in implementing the Capability Improvement Program for Members of the Board of Directors are as follows:

- 1) Capability Improvement Program is implemented in order to improve the function and work effectiveness of the Board of Directors;
- 2) The cost of the Capability Improvement Program is included in the Work Plan and Budget of the Board of Directors;
- 3) Each member of the Board of Directors who participates in the Capability Improvement Program such as seminars, training, workshops is expected to share information and knowledge with other members of the Board of Directors who do not participate in the Capability Improvement Program;
- 4) Materials received from the Capacity Building Program must be neatly documented in a separate section. The responsibility for documentation rests with the Corporate Secretary and must be available at any time when needed;
- 5) The training attended by the Board of Directors is disclosed in the Annual Report and the Company's website.

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

The division of duties and authorities of the Board of Directors is determined by the GMS. If the GMS does not determine the division of duties and authorities of the Board of Directors, the division of duties and authorities of each member of the Board of Directors is determined based on the decision of the Board of Directors.

Duties of the Board of Directors

- 1) Carry out all actions related to and responsible for the management of the Company in accordance with the purposes and objectives of the Company and represent the

- Company both inside and outside the Court on all matters and all events with restrictions as regulated in the laws and regulations, Article of Association and/or GMS resolutions;
- 2) The Board of Directors is required to devote full energy, thought, attention and dedication to the duties, obligations and achievement of the Company's goals;
 - 3) The Board of Directors must comply with the Company's Articles of Association and laws and regulations and must implement the principles of professionalism, efficiency, transparency, independence, accountability, responsibility and fairness;
 - 4) Each member of the Board of Directors is required to do his duties and responsibilities in good faith, full of responsibility and prudence.
 - 5) The Board of Directors must obtain written approval from other Company organs such as the Board of Commissioners and the GMS, in accordance with the established authority limits, in carrying out certain management actions as stated in the Articles of Association.
 - 6) The Board of Directors must obtain GMS approval to transfer the Company's assets or make collateral for the Company's assets, the value of which is more than 50% (fifty percent) of the total net assets of the Company in 1 (one) transaction or more, whether related to each other or not, except as the executor of the Company's business activities.
 - 7) The Board of Directors is required to obtain a written response from the Board of Commissioners and approval from the GMS in carrying out actions that are included in material transactions as stipulated by the legislation in the capital market sector, unless such actions are included in material transactions that are excluded by the applicable laws and regulations in the field of business. Capital Market, conduct transactions that contain conflicts of interest as specified in the laws and regulations in force in the capital market, and carry out other transactions in order to comply with the laws and regulations in force in the capital market.
 - 8) Members of the Board of Directors who have a conflict of interest are not authorized to represent the Company and are replaced by another Member of the Board of Directors who does not have a conflict or potential conflict of interest.
 - 9) If all members of the Board of Directors have a conflict or potential conflict of interest, the interests of the Company are represented by the Board of Commissioners or a person appointed by the Board of Commissioners.
 - 10) Each member of the Board of Directors must act in the interests of the Company and therefore:
 - a) Apart from the Board of Directors, any other party is prohibited from doing or interfering in the management of the Company.
 - b) The Board of Directors must be able to make decisions objectively, without conflict or interest and free from any pressure from any party.
 - 11) Carry out duties based on GCG principles, by prioritizing the interests of the Company over personal interests (The Duty of Loyalty), therefore the Board of Directors is prohibited from:
 - a) Participate in competing companies;
 - b) Using Company property and facilities for personal needs;
 - c) Disclosing confidential/non public information;
 - d) Using Company information or business opportunities for personal gain.
 - 12) Each member of the Board of Directors can carry out their duties make decisions in accordance with their duties and authorities, but all members of the Board of Directors are collectively responsible for its implementation.
 - 13) Each member of the Board of Directors can carry out their duties and make decisions in accordance with their duties and authorities, but all members of the Board of Directors are collectively responsible for its implementation.
 - 14) The implementation of the Company's management which has the potential to affect the Company's performance, needs to be communicated to the Board of Commissioners.

- 15) Members of the Board of Directors are required to resign if they are involved in a financial crime. Namely, there is a convict status of a member of the Board of Directors from the authorized party. The financial crimes referred to include manipulation and various forms of embezzlement in financial services activities as well as criminal acts of money laundering.

Authority

- 1) Establish policies that are deemed appropriate in the management of the Company.
- 2) Regulate the devolution of authority of the Board of Directors to represent the Company inside and outside the court to one or several persons specifically appointed for that purpose, including the Company's employees, either individually or jointly and/or other entities;
- 3) Regulating provisions regarding the Company's employees including the determination of wages, retired or old benefits, and other income based on the prevailing laws and regulations.
- 4) Appointing and dismissing Company employees based on the Company's labor regulations and laws and regulations.
- 5) a. Appoint and dismiss the company secretary with the approval of the Board of Commissioners. As well as reporting to the Financial Services Authority and submitting it on the Company's website no later than 2 working days after the appointment and dismissal.
b. Submitting the vacancy of the Corporate Secretary on the Company's Website no later than 2 working days after the dismissal occurs.
- 6) Appoint and dismiss the Head of the Internal Supervisory Unit with the approval of the Board of Commissioners and report to the Financial Services Authority.
- 7) Write off bad debts with the provisions as stipulated in the Company's Articles of Association and which are subsequently reported to the Board of Commissioners and subsequently reported and accounted for in the Annual Report.
- 8) No longer collecting interest receivables, fines, fees and other receivables other than the principal made in the context of restructuring and/or settlement of receivables as well as other actions in the context of settling the Company's receivables with the obligation to report to the Board of Commissioners whose reporting provisions and procedures are determined by Board of Commissioners.
- 9) Take all actions and other actions regarding the management and ownership of the Company's assets, bind the Company with other parties and/or other parties with the Company, and represent the Company inside and outside the court regarding all matters and all events, with limitations, the Articles of Association and/or GMS Resolutions.
- 10) The Board of Directors as the shareholder and/or majority shareholder in each Subsidiary has the authority to determine, manage, control and monitor the strategic and operational policies to be implemented by the Subsidiary as well as other strategic policies regulated in the Company's Articles of Association.
- 11) Members of the Board of Directors are not authorized to represent the Company if there is a case in court between the Company and the member of the Board of Directors concerned.
- 12) Establish a committee to support the effective implementation of the duties and responsibilities of the Board of Directors
- 13) Determine the organizational structure according to the company's needs
- 14) Establish operational policies and standard operating standards (SOP) for the company's core business processes.

Responsibilities of Directors

- 1) Strive for and ensure the implementation of the Company's business and activities in accordance with the aims and objectives as well as its business activities.
- 2) Prepare in time the Company's Long-Term Plan, Work Plan and Annual Budget and other work plans and amendments to be submitted to the Board of Commissioners and obtain approval from the Board of Commissioners.
- 3) Prepare the Company's Annual Work Plan and Budget. The draft of the Company's Annual Work Plan and Budget which has been signed by all members of the Board of Directors shall be submitted to the Board of Commissioners no later than 30 (thirty) days before the start of the new financial year or within the time stipulated in the laws and regulations, for approval from the Board of Commissioners. In the event that the draft of the Company's Work Plan and Budget has not been submitted by the Board of Directors within that period, the previous year's Company's Work Plan and Budget shall be applied.
- 4) Drafting the Company's Annual Work Plan and Budget. The draft of the Company's Annual Work Plan and Budget which has been signed by all members of the Board of Directors shall be submitted to the Board of Commissioners no later than 30 (thirty) days before the start of the new financial year or within the time stipulated in the laws and regulations, for approval from the Board of Commissioners. In the event that the draft of the Company's Work Plan and Budget has not been submitted by the Board of Directors within that period, the previous year's Company's Work Plan and Budget shall be applied.
- 5) Create and maintain the Register of Shareholders, Special Register, Minutes of GMS, Minutes of Meeting of the Board of Commissioners and Minutes of Meeting of the Board of Directors;
- 6) Reporting to the Company regarding the ownership of their shares and/or their families in the Company and in other companies;
- 7) Reporting to the Company no later than 3 (three) working days for further submission to OJK on:
 - Ownership either directly or indirectly at least 5% (five percent) of the paid-up shares in the Company.
 - Report on changes in ownership of the Company's shares for each change of at least 0.5% (zero point five percent) of the paid-up shares in the Company, either in 1 (one) or several transactions.
- 8) Prepare an Annual Report which, among others, contains Financial Statements, as a form of accountability for the management of the Company, as well as other content as regulated in the Financial Services Authority Regulation Number 29/POJK.04/2016 along with all the amendments;
- 9) Submit the Annual Report after being reviewed by the Board of Commissioners to the Financial Services Authority no later than 5 months after the financial year ends;
- 10) Provide an explanation to the GMS regarding the Annual Report;
- 11) Submitting the Balance Sheet and Profit and Loss Report which has been ratified by the GMS to the Minister in charge of Law in accordance with the provisions of the legislation;
- 12) Prepare other reports required by the provisions of laws and regulations;
- 13) Prepare and sign the BOD Charter;
- 14) Carry out other obligations in accordance with the provisions stipulated in the Company's Articles of Association and determined by the GMS;
- 15) In carrying out their duties, the Board of Directors is required to devote full energy, thought, attention and dedication to the duties, obligations and achievement of the Company's goals;

- 16) Signing the Annual Management Contract which contains the KPI targets for the Board of Directors collectively and the KPI for the Board of Directors individually.
- 17) Submit reports from the Board of Directors regarding Material Information of Subsidiaries. Subsidiary Material Information is any information on material transactions conducted by Subsidiaries that meet the value limits and are not excluded material transactions as regulated in the Financial Services Authority Regulation, or that meet one of the following conditions:
 - a) Release/transfer and/or pledge assets of Subsidiaries with a value of Rp 100 billion or more, except for assets recorded as inventories;
 - b) Subsidiaries enter into collaborations with business entities or other parties, in the form of KSO, KSU, licensing agreements, BOT, BTO, BOD, and other agreements of the same nature with a value of Rp 100 billion or more and a period of more than 5 years;
 - c) Subsidiaries make new investments, additional investments, release participation and changes in capital structure in other companies, including establishing subsidiaries and/or joint ventures, with a value of 50% or more of the assets value of the Subsidiaries;
 - d) Merging, consolidating, taking over, separating, dissolving in other companies through Subsidiaries, with a value of Rp 75 billion or more;
 - e) Subsidiaries receive medium/long term loans and provide medium/long term operational loans, with a value of 50% or more of the Subsidiary's assets value;
 - f) Subsidiaries provide short/medium/long term loans that are not operational in nature, with a value of 50% or more of the Subsidiary's assets value;
 - g) Establishment of a new factory or purchase of a factory by a Subsidiary;
 - h) Court disputes involving Subsidiaries that have a material impact on the operations of the Subsidiaries and the Company's reputation; and
 - i) Court disputes involving Subsidiaries with other SOEs or subsidiaries of other SOEs.

Reports from the Board of Directors to the Board of Commissioners are carried out as follows:

- At the latest at the same time as reporting to OJK; or
 - If there is no reporting obligation to OJK, the report is submitted no later than 5 (five) working days after the report is received from the Subsidiary
- 18) Evaluate the performance of the committees under the Board of Directors periodically as determined.
 - 19) Reporting to the Board of Commissioners regarding the implementation of information technology systems.

2.9. Determination of Company Management Policy by the Board of Director

2.9.1. General

Company management policy is a decision or action taken by the Board of Directors in carrying out, directing and controlling certain work activities or resolving a certain problem, where the substance of the problem or work activity has not been regulated in a standard rule. The policy taken by the Board of Directors can be in the form of a policy taken through the Board of Directors Meeting, or it can also be a policy taken individually without the said meeting.

2.9.2. Principles of Company Management Policy

The principles that must be obeyed by the Board of Directors in making policies include:

- 1) In the event that a policy taken by the Board of Directors is something whose substance concerns the image of the Company, risks or material consequences, the policy must be approved by the Meeting of the Board;
- 2) In the event that the above policy is carried out by the Director of the Company in accordance with his sector/field of duty, the Director concerned shall be responsible for the policy until the policy can be approved by the Meeting of the Board of Directors;
- 3) In the event that the policies taken by the Board of Directors have the same substance and are carried out continuously so that they become a daily necessity of the Company, the relevant Director needs to propose to the Board of Directors to make the policies he does become a binding regulation;
- 4) In making a policy or decision on a problem that arises, each Director is required to consider several things as follows:
 - a) Good faith;
 - b) Rational considerations and sufficient information;
 - c) Adequate investigation of existing problems and various possible solutions along with their positive and negative impacts on the Company;
 - d) Made based on consideration solely for the benefit of the Company;
 - e) Coordination with other Directors in particular for a policy that will have a direct or indirect impact on the duties and authorities as well as the policies of other Directors.
 - f) In carrying out daily obligations, the Board of Directors always considers the suitability of actions with the plans and objectives of the Company, taking into account business risks and taking into account the applicable laws and regulations.
- 5) Delegation of the authority of the Board of Directors to employees or other parties to take legal actions on behalf of the Company must be stated in the form of a written document and approved by the Director of the Related Division;
- 6) The forms of Company management policies, such as Decrees and others, are regulated in separate Company documents.

2.10. Decision Making by the Board of Directors

- 1) The decision-making mechanism for corporate actions must be carried out in accordance with the provisions of the applicable laws and in a timely manner. The formal decision-making mechanism for the Board of Directors consists of (1) decision-making through a meeting of Board of Directors; (2) decision-making outside the meeting (through circular) and others.
- 2) The standard time for determining the decision making of the Board of Directors since the proposed action along with supporting documents and other complete information is submitted at the Board of Directors Meeting or in writing for circular decisions is no later than 7 (seven) working days and communicated to the organizational level below the Board of Directors related to the decision. no later than 3 (three) work since it was ratified/signed.
- 3) Decision-making that is binding but is not carried out through the mechanism of a physical Board of Directors Meeting must be approved in writing by all members of the Board of Directors. The decision of the Board of Directors has binding power with the same legal force as the decision of the Board of Directors which is produced by the physical meeting of the Board of Directors.
- 4) In special cases, which require an urgent decision, the decision can be taken by the relevant Director individually. However, this decision has binding legal force upon approval at the Board of Directors Meeting.
- 5) Decision-making by the Board of Directors regarding the management of the Company and its Subsidiaries must be based on GCG principles and carried out independently without any intervention from any party.

- 6) If there is a member of the Board of Directors who has a conflict of interest, the person concerned must disclose and may not be involved in the company's decision-making process related to this matter.

2.10.1. Board of Directors Meeting³

- 1) The Board of Directors is required to hold a Board of Directors Meeting periodically at least 1 (one) time in every month.
- 2) The Board of Directors shall hold a meeting of the Board of Directors together with the Board of Commissioners periodically at least 1 (one) time in 4 (four) Months.
- 3) The Board of Directors must schedule the Board of Directors Meeting as referred to in number 1) for the following year before the end of the financial year.
- 4) At the scheduled meeting as referred to in number 3), the meeting materials are submitted to the meeting participants no later than 5 (five) days before the meeting is held.
- 5) In the event that a meeting is held outside the schedule that has been prepared as referred to in number 4), the meeting materials are submitted to the meeting participants no later than before the meeting is held.
- 6) Meetings of the Board of Directors may be held at any time if deemed necessary by one or more members of the Board of Directors and at the written request of one or more members of the Board of Commissioners.
- 7) The summons for the Board of Directors Meeting must be made by a member of the Board of Directors who is entitled to represent the Board of Directors.
- 8) The invitation to the Board of Directors Meeting must be made in writing and delivered or submitted directly to each member of the Board of Directors with an adequate receipt or by registered post or by courier service or by telex, facsimile or electronic mail (e-mail) no later than 5 (five) days before the meeting is held without taking into account the date of the summons and the date of the meeting or in a shorter time if in an urgent situation.
- 9) Summons as previously described is not required for meetings that have been scheduled based on the resolutions of the previously held Meeting of the Board of Directors or if all members of the Board of Directors are present at the meeting.
- 10) The call to the Meeting of the Board of Directors shall include the event, date, time and place of the meeting. Meetings of the Board of Directors may be held at the place of domicile of the Company or elsewhere within the territory of the Republic of Indonesia or at the place of activities of the Company.
- 11) All Board of Directors Meetings are chaired by the President Director. If the President Director is not present or unable to attend, then the Deputy President Director who leads the meeting of the Board of Directors, or a Director appointed in writing by the President Director if at the same time the Deputy President Director is absent or unavailable, or a Director appointed by the Deputy President Director if at the same time at the same time the President Director and Deputy President Director are absent or unavailable and the President Director does not make appointments.
- 12) The list of attendance of members of the Board of Directors must be disclosed in the company's annual report.
- 13) If the GMS does not appoint a Deputy President Director, in the event that the President Director is absent or unavailable, then one of the Directors is appointed in writing by the President Director who chairs the Board of Directors Meeting.

³ Articles of Association of PT Semen Indonesia (Persero) Tbk.

- 14) In the event that the President Director does not make an appointment, then one of the longest-serving Directors in the position as a member of the Board of Directors who chairs the Board of Directors Meeting.
- 15) In the event that the Director who has served as the longest member of the Board of Directors of the Company is more than 1 (one) person, then the oldest Director in age who acts as the chairman of the Board of Directors Meeting.
- 16) A member of the Board of Directors may be represented at a Meeting of the Board of Directors only by another member of the Board of Directors based on a power of attorney. A member of the Board of Directors may only represent one other member of the Board of Directors.
- 17) Members of the Board of Directors who are unable to attend a Meeting of the Board of Directors may submit their opinions in writing and signed, then submitted to the President Director or Deputy President Director or to other members of the Board of Directors who will preside over the Meeting of the Board of Directors, as to whether or not he supports the matter to be discussed and this opinion will be considered as a valid vote issued at the Meeting of the Board of Directors.
- 18) The Meeting of the Board of Directors is valid and has the right to take binding decisions if attended and represented by more than 1/2 (one-half) of the number of members of the Board of Directors.
- 19) In the event that there is more than one proposal, a re-election is carried out so that one of the proposals obtains more than 1/2 (one-half) of the number of votes cast.
- 20) Decisions of the Board of Directors Meeting must be taken based on deliberation for consensus. If a decision based on deliberation for consensus is not reached, then the decision must be taken by a vote based on an affirmative vote of more than 1/2 (one-half) part of the number of valid votes issued at the meeting in question
- 21) In the Meeting of the Board of Directors, each member of the Board of Directors is entitled to issue 1 (one) vote and an additional 1 (one) vote for each other member of the Board of Directors that he or she validly represents at the meeting.
- 22) A blank vote (abstention) is considered to approve the proposal submitted at the meeting. Invalid votes are considered non-existent and are counted in determining the number of votes cast in the meeting.
- 23) Voting on persons is conducted by closed ballot without signatures, while voting on other matters is conducted orally, unless the Chairman of the Meeting determines otherwise without any objection based on a majority vote of those present.
- 24) The results of the Meeting of the Board of Directors shall be stated in the Minutes of the Meeting. The minutes of the Meeting must be made by a person present at the meeting appointed by the Chairman of the Meeting and then signed by all members of the Board of Directors present and conveyed to all members of the Board of Directors.
- 25) The results of the Meeting of the Board of Directors together with the Board of Commissioners must be stated in the Minutes of the Meeting. The minutes of the Meeting must be made by a person present at the meeting appointed by the Chairman of the Meeting and then signed by all members of the Board of Directors and members of the Board of Commissioners present and conveyed to all members of the Board of Directors and members of the Board of Commissioners.
- 26) In the event that there are members of the Board of Directors and/or members of the Board of Commissioners who do not sign the Results of the Meeting, the person concerned must state the reasons in writing in a separate letter attached to the minutes of the meeting.
- 27) The minutes of the Meeting must be documented by the Company.

- 28) The minutes of the Meeting of the Board of Directors shall provide valid evidence for the members of the Board of Directors and for third parties regarding the decisions adopted in the Meeting concerned.
- 29) The Board of Directors may take valid decisions without convening a Meeting of the Board of Directors provided that all members of the Board of Directors have been notified in writing and all members of the Board of Directors give approval to the proposal submitted in writing and sign the approval. The decisions arising have the same force as the decisions validly taken at the Meeting of the Board of Directors.
- 30) In the event that some or all Members of the Board of Directors are unable to physically attend the Meeting, the Member of the Board of Directors may attend the Meeting via teleconference, video conference or other electronic media means in accordance with applicable regulations.
- 31) Any member of the Board of Directors who personally in any way, whether directly or indirectly, has an interest in a transaction, contract or contract proposed in which the Company is a party must be declared the nature of his interest in a Meeting of the Board of Directors and therefore is not entitled to participate in voting on matters related to such transaction or contract.

2.11. Responsibility of the Board of Directors

- 1) The responsibility of the Board of Directors is carried out through the GMS held no later than 6 (six) months after the Company's financial year closes;
- 2) The Board of Directors shall submit responsibility for the management of the Company. The Company's Management Report is submitted in the Annual Report to obtain GMS approval;
- 3) Repayment and release of responsibility is fully granted for the management of the company that has been carried out during the newly completed financial year as long as the supervisory action is reflected in the Annual Report and Financial Statements, and has obtained the approval and ratification of the GMS;
- 4) The repayment and release of responsibility does not apply if each Board of Directors commits errors and/or omissions which include embezzlement, fraud and other criminal acts.

2.12. Performance Evaluation of the Board of Directors

The criteria for evaluating and assessing the performance of the Board of Directors include but are not limited to the effectiveness of the Company's management and the efforts of the Board of Directors in achieving all targets set in the Company's Work Plan and Budget (RKAP) and Key Performance Indicators (KPI) both Collegial and Individual, with assessment criteria including:

- a) Implementation of duties and responsibilities of the Board of Directors in accordance with the division of task areas set by the GMS.
- b) Assessment of all parameters contained in KPIs, both Collegial and Individual.
- c) Compliance with applicable regulations and the implementation of Good Corporate Governance.
- d) Each member of the Board of Directors is required to conduct a self-assessment of collegial KPIs and is disclosed in the Company's annual report.
- e) Evaluation of the performance of the Board of Directors is carried out by the Board of Commissioners.

2.13. Internal Audit and Corporate Secretary

2.13.1. Internal Audit⁴

⁴ The Indonesian Corporate Governance Manual, Financial Services Authority, 2014

2.13.1.1. Internal Audit Function

- 1) Providing confidence and consultation that is independent and objective, with the aim of increasing the value and improving the Company's operations, through a systematic approach, by evaluating and improving the effectiveness of risk management, control, and corporate governance processes;⁵
- 2) Become a work unit and partner that is needed / expected by the auditee, who is independent and professional in the Company's organizational structure, who provides assurance and consulting services objectively so that the Company can achieve its goals, improve the quality of its management and added value for shareholders and other stakeholders;
- 3) Provide rational, complete, accurate and timely recommendations to management to improve performance, achieve performance and prevent / avoid deviations that may arise;
- 4) Evaluation of the effectiveness of the implementation of internal control, risk management, and corporate governance processes, in accordance with laws and regulations and company policies;
- 5) Examination and assessment of efficiency and effectiveness in the fields of finance, operations, human resources, information technology, and other activities.

2.13.1.2. Duties, Authorities and Responsibilities

- 1) Internal Audit in carrying out its duties is responsible to the President Director.
- 2) Appointment, raise and dismissal of the Head of Internal Audit by the President Director with the approval of the Board of Commissioners.
- 3) Internal Audit Organization and Work Procedures are further regulated in the Internal Audit Charter.⁶
- 4) Internal Audit must carry out its duties objectively and independently. The duties and authorities of Internal Audit cover all business contexts in the Company and Subsidiaries, including the following:⁷
 - a) Test, evaluate and provide opinions on the effectiveness of internal controls, risk management systems, and corporate governance;
 - b) Evaluating, assessing and providing consulting services, including the preparation and implementation of Control Self Assessment (CSA) in the Company's main business processes;
 - c) Convincing and reviewing the quality of the implementation of Good Corporate Governance in the Company and Subsidiaries;
 - d) Providing confidence in compliance with applicable rules, regulations, standards & business ethics;
 - e) Evaluate the reliability and integrity of information and the means used to identify, measure, classify and report such information;
 - f) Provide internal consulting services (if necessary) for the Company's management on: (1) formulation of the Company's Work Plan and Budget, and (2) facilitate the process of identifying issues and controls;
 - g) Carry out audits in subsidiaries (if necessary) in accordance with the disposition of the President Director (as a shareholder of the subsidiary) or the Board of Commissioners / Audit Committee, and / or the request of the Board of Commissioners of the subsidiary through the President Director;
 - h) Provide suggestions for improvement and objective information about the activities examined at all levels of management;

⁵ FSA Regulation No. 56/POJK.04/2015 concerning the Establishment and Guidelines for the Preparation of the Internal Audit Charter

⁶ FSA Regulation 55/POJK.04/2015 concerning the Establishment and Implementation Guidelines of the Audit Committee

⁷ Internal Audit Charter of PT Semen Indonesia (Persero) Tbk.

- i) Make an audit report and submit the report to the President Director and the Board of Commissioners (Independent Commissioner/Chairman of the Audit Committee);
 - j) develop and implement an annual Internal Audit plan;
 - k) testing and evaluating the implementation of internal control and risk management systems in accordance with company policy;
 - l) conducting examinations and assessments of efficiency and effectiveness in the fields of finance, accounting, operations, human resources, marketing, information technology and other activities;
 - m) provide suggestions for improvement and objective information about the activities examined at all levels of management;
 - n) make an audit report and submit the report to the president director and the Board of Commissioners;
 - o) monitor, analyze and report on the implementation of follow-up improvements that have been suggested;
 - p) cooperate with the Audit Committee;
 - q) develop a program to evaluate the quality of the internal audit activities it carries out; and
 - r) perform special checks if necessary.
- 5) Conduct a study or review of the adequacy of the implementation of the Company's internal control management system and risk management together with the Management, Independent Auditors, Audit Committee and the results are disclosed in the Company's annual report.

2.13.2. Corporate Secretary⁸

The Corporate Secretary is responsible to the Board of Directors. The Corporate Secretary reports the performance of his duties to the Board of Directors and submits the copy to the Board of Commissioners.⁹

Corporate Secretary Requirements:

- 1) Speak of committing a legal act;
- 2) Have knowledge and understanding in the fields of law, finance, and corporate governance;
- 3) understand the business activities of the Issuer or Public Company;
- 4) able to communicate well; and
- 5) Domiciled in Indonesia.

The Corporate Secretary is in charge of:¹⁰

- 1) ensuring smooth communication between the Company and Stakeholders and ensuring compliance with the implementation of the provisions of the Articles of Association and applicable laws and regulations;
- 2) ensure the availability of public information that can be accessed by Stakeholders according to the reasonable needs of stakeholders.
- 3) ensure that the Company complies with regulations on disclosure requirements in line with the implementation of GCG principles;
- 4) provide information needed by the Board of Directors and the Board of Commissioners periodically and/or at any time if requested;
- 5) as liaison officer; and

⁸ Permen BUMN No. 01/MBU/2011 tentang Penerapan Praktik Good Corporate Governance pada Badan Usaha Milik Negara.

⁹ The Indonesian Corporate Governance Manual, Financial Services Authority, 2014

¹⁰ The Indonesian Corporate Governance Manual, Financial Services Authority, 2014

- 6) administering and maintaining company documents, including but not limited to the Register of Shareholders, Special Register and minutes of meetings of the Board of Directors, meetings of the Board of Commissioners and GMS.

The duties of the Corporate Secretary must be implemented in several functions as follows:

- 1) Regulations monitoring, following and providing input to the Board of Directors and the Board of Commissioners on the development of applicable laws and regulations, regulations and GCG principles and ensuring that the Company meets these provisions/regulations. The Company will disclose necessary information to Stakeholders relating to certain regulations.
- 2) Stakeholders relations, providing services to Shareholders, Board of Commissioners, Directors and other Stakeholders including but not limited to investors for information related to conditions in accordance with the Articles of Association and applicable laws and regulations. This service will create transparency and disclosure between the Company and stakeholders.¹¹
- 3) Liaison officer/contact person, acting as a liaison officer between the Company and the Financial Services Authority (OJK), stock exchange, and the public.
- 4) Business information, providing immediate information on actual events that actually occurred in response to rumors or issues, both positive and negative to stakeholders.
- 5) The establishment and educational qualifications of the Corporate Secretary are carried out in accordance with the OJK Regulations. The duties and responsibilities of the Corporate Secretary follow the development of the capital market, especially the applicable regulations in the Capital Market ¹²and provide services to the public for any information needed by financiers.
- 6) Assist the Board of Directors and the Board of Commissioners in the implementation of corporate governance which includes:
 - a) timely submission of reports to the Financial Services Authority
 - b) organizing and administering and maintaining company documents, including but not limited to the Register of Shareholders, Special Register and minutes of meetings of the Board of Directors, meetings of the Board of Commissioners and GMS
 - c) implementation of an orientation program towards the company for the Board of Directors and / or the Board of Commissioners.
 - d) make periodic reports at least 1 (one) time in 1 (one) year regarding the implementation of the functions of the Corporate Secretary to the Board of Directors and penetrated to the Board of Commissioners.

The Company is required to disclose a brief description of the functions of the Corporate Secretary and information regarding the education and/or training that the Corporate Secretary participates in in the Company's annual report.

¹¹ The Indonesian Corporate Governance Manual, Financial Services Authority, 2014

¹² OJK Regulation No. 35/POJK.04/2014 concerning Secretary of Companies Issuers or Public Companies

CHAPTER 3

MANAGEMENT OF THE WORKING RELATIONSHIP BETWEEN THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

3.1. Governance of Employment Relations

The Board of Commissioners and Board of Directors are the organs of the company that are equally domiciled before the law. A good working relationship between the Board of Commissioners and the Board of Directors is one of the most important things so that each of these organs can work according to their respective functions effectively and efficiently. The principles in maintaining a good working relationship between the Board of Commissioners and the Board of Directors are as follows:

- 1) The Board of Commissioners respects the function and role of the Board of Directors in managing the Company as stipulated in the laws and regulations and the Company's Articles of Association.
- 2) The Board of Directors respects the function and role of the Board of Commissioners in supervising and providing advice on the Company's management policies.
- 3) Every working relationship between the Board of Commissioners and the Board of Directors is a formal relationship, which is always based on a standard mechanism or correspondence that can be accounted for.
- 4) Any informal working relationship may be carried out by each Member of the Board of Commissioners and Board of Directors, but cannot be used as a formal policy before going through a mechanism or correspondence that can be accounted for.
- 5) The Board of Commissioners either jointly or individually at any time during office hours of the Company has the right to enter buildings and courtyards or other places used or controlled by the Company and has the right to check all books, letters and other evidence, check and match the state of cash and others and has the right to know all actions that have been carried out by the Board of Directors.
- 6) Regarding the supervision of the Board of Commissioners over the Subsidiaries, the Board of Commissioners must notify the President Director in advance as the shareholders of the Subsidiaries.
- 7) The Board of Commissioners must obtain access to the Company's information in a timely and complete manner.
- 8) The Board of Directors and each Director must provide an explanation of all matters asked by the Board of Commissioners.
- 9) The Board of Directors is responsible for ensuring that information about the Company is provided to the Board of Commissioners in a timely and complete manner and is responsible for submitting reports required by the Board of Commissioners periodically in accordance with applicable regulations.
- 10) The Board of Commissioners has the authority to request the Board of Directors and/or other officers under the Board of Directors with the knowledge of the Board of Directors to attend the Board of Commissioners Meeting.
- 11) The Board of Commissioners has the authority to attend Meetings of the Board of Directors and provide views on the matters discussed.
- 12) Various matters relating to the working relationship between the Board of Commissioners and the Board of Directors that have not been regulated in the Articles of Association and this Charter will be regulated through a meeting of the Board of Commissioners regarding an agreement between the Board of Commissioners and the Board of Directors which is carried out in accordance with GCG principles. The results of the meeting resolutions are stated in the Minutes of Meeting of the Board of Commissioners.

3.2. Conflict of Interest of the Board of Commissioners and Board of Directors

- 1) Conflict of interest is a certain condition where the interests of the Board of Directors conflict with the interests of the company to make a profit, increase value, achieve the vision and carry out the mission and direction of the General Meeting of Shareholders, which will ultimately harm the company.
- 2) The Board of Directors is prohibited from conducting transactions that have a conflict of interest and take personal advantage of the Company's activities.
- 3) The Board of Directors is prohibited from using its position for personal interests or for the benefit of other related persons or parties that are contrary to the interests of the company and avoids any activities that may affect independence in carrying out their duties.
- 4) The Board of Commissioners together with the Board of Directors establishes policies on mechanisms for Commissioners, Directors and structural officers to prevent taking personal and other parties' profits due to conflicts of interest. The mechanism for preventing the personal profit-taking of the Commissioners, Directors and structural officers of the company includes but is not limited to the signing of a statement by the Commissioners, Directors and structural officers that they have no conflict of interest between personal/family interests, other positions, or classes with the interests of the company at the beginning of the appointment renewed at the beginning of each year or an integral part of the signed Management Contract.
- 5) The Board of Directors shall submit a report on share ownership in the company and other companies to the Company (Corporate Secretary) for record in the Special Register. The Board of Directors signs the Integrity Pact attached to the Proposed Actions of the Board of Directors which must obtain approval from the Board of Commissioners. The Commissioners signed the Integrity Pact attached to the Recommendation of the Board of Commissioners for the Proposed Actions of the Board of Directors submitted for the approval of the GMS. If it turns out that the Commissioners or Directors have a potential conflict of interest and do not sign the Integrity Pact, then the members of the Commissioners or Board of Directors submit in writing to the Board of Commissioners or GMS accompanied by steps taken to avoid transactions that contain conflicts of interest.
- 6) The Board of Directors must show sincerity (commitment) in ensuring that there is no conflict of interest in the following matters: (1) opportunities owned by the company (corporate opportunity), (2) self-dealing transactions involving the Board of Directors and structural officers either directly or indirectly.

3.3. Meeting Mechanism

- 1) The implementation of the meeting must begin with a follow-up evaluation of the results of the previous meeting including discussion or review of the Board of Directors' proposal and the directions/decisions of the Commissioners and GMS related to the Board of Directors' proposal and other matters from the results of the previous meeting.
- 2) There is a power of attorney made by members of the Board of Directors or the Board of Commissioners who are unable to attend the meeting as well as an explanation of the absence at the meeting, which is stated in the Minutes of the Meeting.
- 3) Quorum requirements, meeting call times, matters that must be included in the meeting appointment, meeting location, determination of meeting mechanisms (physical, electronic, or circular) and dissenting mechanisms, must be implemented in accordance with the Ad and applicable laws and regulations.
- 4) Meeting materials must be submitted to meeting participants 5 (days) days before the meeting is held for the agenda of meetings that have been scheduled since the previous year or at the latest before the meeting is held in the event that the meeting is held outside the meeting schedule that has been prepared.
- 5) Each meeting must be made minutes of the meeting, which include the agenda of the meeting, the date and place of implementation, the mechanisms used, the resulting decisions,

the dynamics during the meeting, the signatures of the meeting participants and notarized attestation (if required).

- 6) The minutes of the meeting must be circulated to all participants, whether present or not no later than 7 (seven) days after the meeting is over. The original minutes of the meeting are kept by the Company (Corporate Secretary) and can be accessed whenever needed.
- 7) For Meetings of the Board of Directors inviting other parties:
 - a) Meetings of the Board of Directors that invite the Board of Commissioners and or other parties are held at least twice a year (semesterly and annually) and are based on GCG principles, namely transparency, accountability, responsibility, independency, and fairness (TARIF).
 - b) The Board of Directors may invite the Board of Commissioners or one of the members of the Board of Commissioners to explain, provide input or discuss a problem as material for the Board of Directors to carry out their functions.
 - c) Members of the Board of Commissioners either together or individually at any time are entitled to attend a meeting of the Board of Directors by submitting a letter to the Board of Directors containing the purposes and objectives, no later than one day before the implementation of the Board of Directors meeting.
 - d) The Board of Directors meeting may invite other parties. Specifically, to invite the Board of Commissioners and Directors of Subsidiaries, they must notify other Shareholders in advance.
 - e) The Board of Directors may invite a Committee of the Board of Commissioners with the knowledge of the Board of Commissioners.
 - f) The presence of the Board of Commissioners Committee at the Meeting of the Board of Directors is also possible at the request of the Board of Commissioners or one of the members of the Board of Commissioners to attend the meeting of the Board of Directors by notifying in advance to / with the knowledge of the Board of Directors.

3.4. Authorization of Transactions or Actions within the Scope of Authority of the Board of Commissioners or GMS

- 1) The Board of Commissioners develops policies related to the approval of transactions or actions of the Board of Directors within the scope of the authority of the Board of Commissioners.
- 2) The Board of Commissioners reviews the transactions or actions of the Board of Directors through the internal discussion process of the Board of Commissioners and with the Board of Directors, both of which are stated in the minutes of internal meetings of the Board of Commissioners and the minutes of meetings of the Board of Commissioners and the Board of Directors. In the authorization process, the Board of Commissioners ensures that strategic actions that require approval or recommendations of the Board of Commissioners have been supported by adequate risk analysis submitted by the Board of Directors as well as complete and reliable data and information. The review process carried out by the Board of Commissioners uses supporting organs of the Board of Commissioners and external experts if needed.
- 3) The Board of Commissioners and the Board of Directors shall carry out the matters required to obtain authorization from the Commissioners as stipulated in the Articles of Association and in order to carry them out in an effective and efficient manner. Similarly, the Board of Commissioners and Board of Directors are required to carry out matters that are required to obtain approval from the General Meeting of Shareholders (GMS) as stipulated in the Articles of Association.
- 4) Granting authorization or recommendation no later than 7 (seven) working days after the joint understanding meeting between the Board of Commissioners and the Board of Directors.

3.5. Limitations and/or criteria for actions of the Board of Directors that require the approval of the Board of Commissioners, Board of Commissioners and Series A Dwiwarna Shareholders, and GMS¹³

No	Actions	GMS	BOC & Series A	BOC	Directors
1	Remove/move and/or collateralize the Company's assets, except those recorded as inventory	>50% of the company's total net worth audited last	≥ 200 Billion*	≥ 100 Billion*	< 100 Billion
2	Entering into cooperation with business entities or other parties, in the form of KSO, KSU, license cooperation, BOT, BTO, BOO, and other agreements that have the same properties		≥ 200 Billion and a period of > 10 years to 20 years	≥ 100 Billion and term > 5 years to 10 years	< 100 Miliar and term < 5 years
3	Doing inclusion, releasing inclusion as well as structural changes capital on other companies		≥ 100 Billion	≥ 75 Billion	< 75 Billion
4	Establishing a Subsidiary and/or joint ventures		≥ 100 Billion	≥ 75 Billion	< 75 Billion
5	Performs merging, smelting, expropriation, separation, dissolution of the Subsidiary and joint venture, including inclusion capital on other companies through Subsidiaries.		≥ 100 Billion	≥ 75 Billion	< 75 Billion
6	Binding the Company as guarantor (borg/avalist)		≥ 500 Billion	≥ 300 Billion	< 300 Billion
7	Receiving a term loan medium/long and gives medium/long term loans operational		≥ 5 Trillion	≥ 1 Trillion	< 1 Trillion
8	Providing term loans short/medium/long that is not is operational, except loans to the Subsidiary simply reported to the Board of Commissioners		≥ 500 Billion	≥ 300 Billion	< 300 Billion
9	Removing from the books against bad receivables and inventory of dead goods in value that exceeds the set limit by the Board of Commissioners		≥ 150 Billion	≥ 100 Billion	< 100 Billion
10	Propose a representative of the Company to become a candidate for Member of the Board of Directors and Board of Commissioners in a Subsidiary that contributes significantly to the Company and/or strategic value determined by the Board of Commissioners		President Director and President Commissioners for all Subsidiaries All Directors and Commissioners of Subsidiaries whose total assets ≥ 50% of the total assets of the parent	All Directors and Commissionees of Subsidiaries (exp. PD & PC), whose total assets are <50% of the total assets of the parent and/or the revenue of the child <50% of the parent's	

¹³ Letter of the Minister of SOEs No. S-800/MBU/11/2018 dated November 30, 2018 concerning Approval of Proposed Restrictions and/or Criteria for Authority of the Board of Commissioners of PT Semen Indonesia (Persero) Tbk.

			<p>and/or revenue \geq 50% of</p> <p>parent revenue (on <i>an audited</i> basis last)</p>	<p>revenue (based on the last <i>audited</i>)</p>	
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**the stated value is only applicable if the value <50% of the company's net worth (Article 102 paragraph (1) of Law 40/2007*

CHAPTER 4

MANAGEMENT OF SUBSIDIARIES

4.1. Management of Companies and Subsidiaries¹⁴

The role and function of the Board of Directors of PT Semen Indonesia (Persero) Tbk. is as a holding company related to strategic aspects and policy making. Meanwhile, the role and function of the Board of Commissioners of Subsidiaries within Semen Indonesia Group is related to operational aspects (operational excellence) and the effectiveness of the Company.

4.2. Company Decision Making regarding Subsidiaries

- 1) Decision making is carried out through the mechanism of the Shareholders' GMS and the Company's operational meetings for making operational decisions regarding the management of the Subsidiaries. Operational decisions that are binding on the Subsidiary must be carried out by taking into account:
 - a) The principle of prudence (potential piercing the corporate veil) and business judgement rule (efficiency, strategic response or strategic response to changes in the business environment that require immediate decisions).
 - b) Strategic decision making or operational decision making that has a strategic impact on the Subsidiary whose aspects have been stipulated in the articles of association and has the potential to cause a situation of piercing the corporate veil must be ratified in the AGMS of the Subsidiary.
 - c) Decision-making on strategic aspects that have not been determined or new policies can be decided by the Board of Directors of PT Semen Indonesia (Persero) Tbk as the majority shareholder as stated in the Articles of Association of the Subsidiaries and submitted to the Subsidiaries through Instructions or Shareholders' Circulars.
- 2) The decision-making mechanism related to the aspects discussed in point a above, is endorsed by the Shareholders with a circular mechanism (non-GMS).
- 3) The duties and authorities of the Board of Directors of the Company related to the Subsidiaries are:
 - a) The Board of Directors as the shareholder and/or majority shareholder in each Subsidiary is authorized to, among others, to:
 - 1) Establish, manage, control and monitor strategic and operational policies to be implemented by the Subsidiary, namely -all policies that can materially affect the condition of the Subsidiary and can provide added value as stated in the Shareholders and Subsidiaries Governance Guidelines and the Parent and Subsidiary Governance Guidelines;
 - 2) Planning to decide, manage, and control strategic activities and functions, including cash management, logistics, procurement, capital expenditure and others;
 - 3) Establish strategic and operational policies that have not been set out in the Governance Guidelines;
 - 4) Establish an organizational structure policy of 1 (one) level below the Board of Directors of the Subsidiary by taking into account input from the Board of Commissioners of the Subsidiary;
 - 5) Approve the Board of Directors of the Subsidiary for actions of an operational nature that have not been stipulated in the Work Plan and Budget of the Subsidiary;
 - 6) Obtain periodic reports and explanations from both the Board of Directors and / or the Board of Commissioners of the Subsidiaries;

¹⁴ Berdasarkan keputusan RUPS PT Semen Indonesia (Persero) Tbk pada tanggal 20 Desember 2012 mengenai Blueprint PT Semen Indonesia (Persero) Tbk yang di dalamnya mengatur mengenai Blueprint; RUPS PT Semen Padang pada tanggal 10 Desember 2013; RUPS PT Semen Tonasa tanggal 4 Desember 2013 yang di dalamnya mengatur ratifikasi Blueprint.

- 7) Determine the value or period of cooperation between the Subsidiary and business entities or other parties in the form of licensing cooperation, management contracts, leases to rent assets, operating cooperation (KSO), over hand Build (BOT), build owned hand over (BOWT), hand over build (BTO) and similar agreements;
 - 8) Approve capital participation and the amount of capital participation to be made by the Subsidiary in other companies;
 - 9) Approve the establishment of a subsidiary and/or joint venture of the said Subsidiary;
 - 10) Approve the release of capital investment in the subsidiary and/or joint venture of the said Subsidiary;
 - 11) Approve, merge, amalgamate, expropriate, separate and disband a subsidiary and/or joint venture of such Subsidiary;
 - 12) Approve the write-off of uncollectible receivables and/or require the sale of inventory of goods cannot be used by the Subsidiary;
 - 13) Establish and/or change the logo, and trademarks of the Subsidiaries;
 - 14) Approve the establishment of foundations, organizations and/or associations incorporated either directly or indirectly related to the Subsidiaries;
 - 15) Agree to charge fixed and routine fees and obligations for foundations, organizations and/or associations incorporated by the Subsidiaries.
- b) Appointment and Dismissal of the Board of Commissioners and Directors of Subsidiaries:
- 1) The Board of Directors establishes regulatory policies for subsidiaries and affiliates. These policies and guidelines include:
 - a) Appointment of Board of Commissioners and Board of Directors,
 - b) Setting performance targets and performance appraisals as well as incentives for the Board of Commissioners and Directors. The appointment of the Board of Directors and Board of Commissioners of the Subsidiaries is carried out through a process of networking, assessment, and determination.
 - 2) In order to improve the effectiveness of the implementation of the above policies, the Board of Directors must develop guidelines for the appointment and dismissal of the Board of Directors and Board of Commissioners of Subsidiaries, which include, among others:
 - a) the selection or nomination of candidates for the Board of Directors;
 - b) assessment/testing of fit and proper tests for candidates for the Board of Directors and the Board of Commissioners;
 - c) the process of determining the candidates for the Board of Directors and the Board of Commissioners to be elected.
 - 1) The Board of Directors is also required to develop guidelines for the Performance Assessment of the Board of Directors (collegial and individual) and the Board of Commissioners (Collegial) of the Subsidiaries, which contain at least the main performance indicators and success criteria.
 - 2) The Board of Directors is required to develop Salary/honorarium Guidelines, Benefits and Facilities of the Board of Directors and Board of Commissioners of Subsidiaries, which at least includes: salary / honorarium calculation formula, taking into account income, assets, inflation rates, and considering similar industry sectors that are measured (benchmark), business competition conditions (competitiveness) or business complexity, and scarcity of Human Resources.

c) Supervision of Subsidiary Management:

Evaluation of the direction and suitability regarding the direction of management of the Subsidiaries / joint ventures and the performance of the Subsidiaries related to the

company's business development vision, both through the internal discussion process and joint meetings of the Board of Commissioners and the Board of Directors are carried out regularly according to the policies of the Board of Directors or at least 1 (one) time in two months.¹⁵

The Subsidiary shall compile the Board Manual of the Subsidiary in reference to this BOD Charter. However, taking into account the provisions of the Company's Articles of Association, the duties, authorities, rights and obligations attached to the position of the Board of Directors of PT Semen Indonesia (Persero) Tbk as a holding company, cannot be enforced as duties, authorities, rights and obligations of the Board of Directors of the Subsidiaries.

¹⁵Indonesia's Corporate Governance Road Map, Financial Services Authority (OJK), 2014.

CHAPTER 5

USE OF THE COMPANY'S TIME AND FACILITIES

5.1. Use of Time

The use of the Board of Directors' time is governed by the principles of:

- 1) The Board of Directors shall use its working hours, facilities and facilities of the Company solely for activities related to the interests of the Company.
- 2) Activities of the Board of Directors outside the company that are not directly related to the interests of the Company such as teaching activities, being a management of business associations and the like are allowed to use reasonable time and with the knowledge of the President Director or other Directors.

5.2. Provision of Salaries, Benefits and Facilities¹⁶

In providing salaries, benefits and facilities of the Company to the Board of Directors based on the principles:

- 1) The income of the Company's Board of Directors is determined by the GMS where details can be submitted to the Board of Commissioners. In the event that the GMS/Minister does not determine the amount of salary of members of the Board of Directors for a certain year, then the amount of salary of members of the Board of Directors uses the amount that is most recently determined and enforced by the GMS/Minister.
- 2) The salary of the President Director is determined using internal guidelines set by the Minister. Meanwhile, the salary of other Directors is determined by the composition of the following Position Factors: Deputy President Director 90% (ninety percent) of the President Director's Salary; and other Members of the Board of Directors 85% (eighty-five percent) of the Salary of the President Director.
- 3) The determination of income in the form of fixed salaries, benefits and facilities is carried out by considering business scale factors, business complexity factors, inflation rates, company financial conditions and capabilities, and other relevant factors such as generally accepted income levels in similar industries, and must not conflict with laws and regulations.
- 4) The determination of Income in the form of Tantiem / Performance Incentives which is variable (merit rating) is carried out by considering the company's performance factors and financial capabilities, as well as other relevant factors, including the generally accepted level of income in similar industries.
- 5) Members of the Board of Directors who serve as members of the Board of Commissioners in Subsidiaries/joint ventures, receive honorarium as members of the Board of Commissioners from Subsidiaries/joint ventures in the amount of a maximum of 30% (thirty percent) of the salary of the members of the Board of Directors concerned in SOEs. If you serve as a member of the Board of Commissioners in more than one Subsidiary/joint venture, the accumulated Honorarium of the Subsidiary/joint venture company received by the person concerned is a maximum of 30% (thirty percent) of the salary of the relevant Board of Directors member in the SOE.
- 6) In addition to the Honorarium of the Subsidiaries/joint ventures in accordance with the provisions as referred to earlier, other income that is the right of members of the Board of Directors of SOEs as members of the Board of Commissioners of Subsidiaries/joint ventures (Tantiem and other Income), is paid by the Subsidiaries/joint ventures to SOEs as miscellaneous Income.

¹⁶Letter of the Minister of SOEs No. PER-0 6/MBU/6/2018 t challenge to the Third Amendment to the Regulation of the Minister of State-Owned Enterprises Number PER-04 / MBU / 2014 about Guidelines for Determining the Income of Directors, Board of Commissioners, and Supervisory Board of State Owned Business Entities

- 7) Members of the Board of Directors of SOEs can be provided with facilities in the form of: vehicle facilities, health facilities and legal aid facilities. The facilities provided to the Board of Directors must refer to the applicable regulations.

5.3. Work Trip

The Company provides accommodation facilities, transportation, and work trip allowances both domestically and abroad to the Board of Directors. The provision of facilities and facilities in this regard is based on the principles of:

- 1) Work Trip is solely intended for the activities and interests of the Company.
- 2) In establishing transportation and accommodation facilities related to work trip, it is adjusted to the company's financial capabilities while still paying attention to aspects of propriety, support for the implementation of work, and maintaining the company's image.
- 3) Approval for the implementation of domestic and foreign work trip for Members of the Board of Directors is given by the President Director.
- 4) The type of means of transportation, the provision of accommodation, and the amount of work trip allowances for the Board of Directors are further regulated by a Decree of the Board of Directors.
- 5) The work trip arrangements of the Board of Directors are regulated in the Decision of the Board of Directors by taking into account the applicable provisions.

For work trips abroad, the Board of Directors must pay attention to the following matters:¹⁷

- 1) Foreign service travel of the Board of Directors:
 - a) Work trip activities are part of the implementation of the company's duties and are not benefits or facilities provided/provided by the company.
 - b) Work trip activities must be carried out by taking into account aspects of effectiveness, efficiency, selectiveness, appropriateness and prioritizing the interests of the company's progress.
 - c) Work trip activities are carried out in order to achieve the company's goals in accordance with the company's long-term and annual planning or in the context of supporting Government policies and are adequately planned.
 - d) The number of personnel of the Board of Directors of SOEs who travel officially is limited in number according to the purpose of work trip and considers aspects of risk management.
 - e) Work trip for seminars, workshops, socialization and similar activities abroad, so that they are carried out selectively and really according to the needs of the company.
 - f) The results of the implementation of work trip must be reported and evaluated periodically and adequately accompanied by a follow-up plan for the results in a clear corporate action program and for planning purposes in the next period.
- 2) In the planning and implementation of work trip abroad, the following provisions are mandatory:
 - a) The plan for overseas official travel for the Board of Directors is proposed in writing to the Minister of SOEs.
 - b) Work trip that are routine or have been planned in the RKAP, the permit application is submitted periodically in a quarterly period. Meanwhile, for non-routine work trip, the application is submitted no later than fourteen working days before the scheduled Work trip.
 - c) In the overseas official itinerary as letter a, to be explained about the purpose and interests of official travel, the relationship with the company's goals and policies, the

¹⁷Surat Circular of the Ministry of SOEs No. SE-08/MBU/12/2015 concerning Official Travel Abroad for the Board of Directors and Board of Commissioners/Supervisory Board of SOEs

length of official travel, financing number, cost budget plan and other relevant information.

- d) Excluded from the provisions as referred to in letters b and c for work trip abroad by order of the Minister of SOEs.
 - e) After making an work trip abroad, within a period of no later than 14 (fourteen) days after the implementation of the Board of Directors' work trip, the Board of Commissioners of SOEs must report the implementation of work trip to the Minister of SOEs by attaching the contents as attached to this circular and other relevant supporting materials or documents as an integral part of the official travel report.
- 3) The Minister of SOEs or an official appointed on the power of the Minister of SOEs will issue a letter of decision on the application submitted by the SOE. If within fourteen working days after the application has been filed there has not been a written answer from the Ministry of SOEs, the work trip is deemed to have been approved.
- 4) The provisions as referred to in the dictums above, so that they can also be used as guidelines for the Board of Directors in determining work trip provisions for employees in their respective SOEs.

CHAPTER 6

CLOSING

The Board of Directors Charter or BOD Charter is intended to ensure professional and responsible management in determining and achieving the Company's objectives so that it must be applied consistently and responsibly.

In order for this Charter to be effectively implemented in accordance with its objectives the Board of Directors needs to always:

- a) build commitment, engagement and trustworthy leadership in its implementation;
- b) develop the right Corporate Culture as a foundation for directing and developing mindsets and behaviors;
- c) creating a healthy organizational climate;
- d) implement the Good Corporate Governance Guidelines;
- e) implement the Company's Code of Ethics; and
- f) enforce the Company's internal control system policies, whistle-blowing, employee discipline enforcement policies, and anti-fraud policies.

Periodically this Charter will be evaluated for refinement. If there are changes in laws and regulations or the Company's Articles of Association that are used as a reference in the preparation of this Charter, then what is used as a reference is changes in the laws and regulations or articles of association of the Company, until the issuance of an update to the Board of Directors Charter (BOD Charter).