

WORKING GUIDELINES OF
BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS OF
PT TRAFINDO PRIMA PERKASA Tbk
(the Company)

CHAPTER I

PREFACE

I. Introduction

These guidelines discuss matters relating to the Board of Commissioners and the Board of Directors in the Company, such as: duties, responsibilities, authorities, values, working time, meeting policy, reporting and accountability.

These guidelines are prepared for the following purposes:

- As guidelines for the Board of Commissioners of the Company in conducting supervision in professionally, transparently and responsibly and with due regard to the interests of the company, shareholders and other interested parties.
- As guidelines for the Board of Directors of the Company in conducting professional, transparent and responsible management and with due regard to the interests of the company, shareholders and other interested parties.

The Board of Commissioners is the organ of the Company which has duties and is responsible assembly or collectively in overseeing the implementation of the duties and responsibilities of the Board of Directors and advising the Board of Directors and ensuring that the

Company implements the principles of Good Corporate Governance (GCG).

The Board of Commissioners is an assembly and each member of the Board of Commissioners cannot act individually, but based on the Board of Commissioners' decision.

The Board of Directors is the organ of the Company authorized and fully responsible for the maintenance of the Company for the interest of the Company, in accordance with the purposes and objectives of the Company and to represent the Company, both inside and outside the court in accordance with the provisions of the articles of association.

II. Legal Basis

- Law Number 8 of 1995 concerning the Capital Market;
- Law Number 40 of 2007 concerning Limited Liability Company;
- Law Number 21 of 2011 concerning Financial Services Authority;
- Regulation of the Financial Services Authority Number 33/POJK.04/2014, dated December 8, 2014 concerning the Board of Directors and the Board of Commissioners;

- Regulation of the Financial Services Authority Number 34/POJK.04/2014, dated December 8, 2014 concerning Nomination and Remuneration Committee
- Articles of Association of the Company.

III. Vision and Mission of the Board of Commissioners and the Board of Directors.

Management Vision of the Board of Commissioners:

Performance and implementation of good corporate governance principles by the Board of Commissioners of PT. Trafoindo Prima Perkasa, Tbk., in conducting supervision of the Company in order to conform to the purposes and objectives as stipulated in the Company's Articles of Association.

Management Vision of the Board of Directors:

Performance and implementation of Good Corporate Governance principles by the Board of Directors of PT. Trafoindo Prima Perkasa, Tbk., in conducting the management of the Company in order to conform with the purposes and objectives as stipulated in the Company's Articles of Association.

Mission of the Board of Commissioners and the Board of Directors:

- Realization of internal control and good risk management.

- Achieving an optimal return for shareholders.
- To protect the interests of the stakeholders properly.
- Realization of a reasonable leadership succession for the sustainability of management across all lines of the organization.

CHAPTER II

WORKING GUIDELINES OF THE BOARD OF COMMISSIONERS

I. Duties, Powers and Responsibilities of the Board of Commissioners

1. Duties of the Board of Commissioners

- a. Supervising and be responsible for oversight of the management policy, the course of general management and give advice to the Board of Directors.
- b. Under certain conditions, shall convene an Annual General Meeting of Shareholders and other General Meeting of Shareholders in accordance with their respective powers as provided in the laws and articles of association.
- c. Carrying out duties and responsibilities in good faith, full of responsibility, and prudence.
- d. In order to support the effectiveness of its duties and responsibilities, the Board of Commissioners is obliged to establish an Audit Committee and may establish other committees.
- e. Evaluating the performance of the committees that assist the implementation of its duties

and responsibilities as referred to in letter (d), at the end of each financial year.

2. The authority of the Board of Commissioners

The Board of Commissioners is authorized to undertake the following matters:

- a. Temporarily suspend members of the Board of Directors by stating the reasons thereof.
- b. May perform the Company's management actions in certain circumstances for a certain period of time as stipulated in the articles of association or resolutions of the General Meeting of Shareholders.
- c. Every time during office hours of the Company, is entitled to enter the building and the premises or other location used or controlled by the Company and is entitled to inspect all books, letters and other evidence.

3. Responsibility of the Board of Commissioners

- a. To be fully liable for the loss of the Company due to the error or omission of members of the Board of Commissioners in performing their duties.
- b. The members of the Board of Commissioners cannot be held liable for the loss of the Company, if it can be proven that:

- the loss is not due to errors or omissions of the members of the Board of Commissioners;
 - members of the Board of Commissioners has conducted good faith supervision, full responsibility and prudence for the interest of and in accordance with the purposes and objectives of the Company;
 - members of the Board of Commissioners has no direct or indirect conflicts of interest on the act of disposal resulting in a loss; and
 - members of the Board of Commissioners have advised the Board of Directors to prevent the occurrence or extent of such losses.
- c. Provides a report on the supervisory duties that have been carried out during the past financial year.

II. Composition of the Board of Commissioners

1. The Board of Commissioners shall consist of at least 2 (two) persons, consisting of:
 - 1 (one) President Commissioner;
 - at least 1 (one) member of the Board of Commissioners or more; with due regard to the

provision of the prevailing regulations applicable in the field of Capital Market.

2. If the Board of Commissioners consists of 2 (two) members of the Board of Commissioners, 1 (one) of whom are Independent Commissioners.
3. If the Board of Commissioners consists of more than 2 (two) members of the Board of Commissioners, the number of Independent Commissioners shall be at least 30% (thirty percent) of the total members of the Board of Commissioners.
4. Those who may be appointed as a member of the Board of Commissioners is an individual who meets the requirements at the time of appointment and during his tenure:
 - a. Have good character, morals, and integrity;
 - b. Are Is able to carry out legal action;
 - c. Within 5 (five) years prior to the appointment and during the term of office:
 1. Have never been declared bankrupt;
 2. Have never being a member of the Board of Directors and/or a member of the Board of Commissioners found guilty of causing a company to be declared bankrupt;
 3. Have never been punished for committing a crime that is detrimental to state

finances and/or relating to the financial sector; and

4. Have been a member of the Board of Directors and/or any member of the Board of Commissioners that during his/her tenure:

i. Has ever been not convened an annual General Meeting of Shareholders;

ii. His / her responsibilities as a member of the Board of Directors and / or members of the Board of Commissioners has ever been not accepted by the General Meeting of Shareholders or has not given any responsibility as a member of the Board of Directors and / or members of the Board of Commissioners to the General Meeting of Shareholders; and

iii. Has ever caused a company that holds license, approval or registration from the Financial Services Authority does not fulfill the obligation to submit annual report and / or financial report to the Financial Services Authority.

- d. Have a commitment to comply with laws and regulations; and
- e. Have knowledge and / or expertise in the relevant field as required by the Company.

III. Independent Commissioner

- a. Independent Commissioners who have served for 2 (two) terms of tenure may be reappointed in the subsequent period as long as the Independent Commissioner declares him/herself independent to the General Meeting of Shareholders.
- b. The independence statement of the Independent Commissioner as referred to in paragraph (1) shall be disclosed in the annual report.
- c. In the event that an Independent Commissioner is served on the Audit Committee, the Independent Commissioner may only be re-appointed in the Audit Committee for 1 (one) term of the subsequent Audit Committee period.

IV. Meeting of the Board of Commissioners

- a. The Board of Commissioners shall convene a meeting with the Board of Directors on a periodical basis of at least 1 (one) time in 4 (four) months.
- b. The attendance of members of the Board of Commissioners in the meeting shall be disclosed in the annual report of the Company.

- c. The Meeting of the Board of Commissioners shall be chaired by the President Commissioner, if the President Commissioner is absent or unable to attend the Meeting, which impediment is not required to be proven to the third party, the Meeting shall be chaired by one member of the Board of Commissioners elected by and from the members of the Board of Commissioners present at the Meeting.
- d. Resolution of the meeting shall be set forth in the minutes of the meeting, signed by all members of the Meeting present, and submitted to all members of the Meeting.

V. Nomination and Remuneration Functions

- a. In the absence of a Nomination and Remuneration Committee, the procedures, meetings and guidelines for the implementation of the Nomination and Remuneration functions shall be exercised by the Board of Commissioners.
- b. Duties and Responsibilities and procedures related to the Nomination function shall be as follows:
 - 1. to prepare the composition of positions and processes of nomination of the members of the Board of Directors and / or members of the Board of Commissioners;

2. to formulate the policies and criteria required in the nomination process of the candidates for members of the Board of Directors and / or members of the Board of Commissioners;
3. to carry out performance evaluation for members of the Board of Directors and/or members of the Board of Commissioners;
4. to develop a capacity development program for members of the Board of Directors and/or members of the Board of Commissioners;
5. to review and propose candidates who qualify as members of the Board of Directors and/or members of the Board of Commissioners to be submitted to the General Meeting of Shareholders.

c. Duties and Responsibilities and Procedures related to the Remuneration function shall be as follows:

1. to prepare a Remuneration structure for members of the Board of Directors and/or members of the Board of Commissioners;
2. to formulate a policy on Remuneration for members of the Board of Directors and / or members of the Board of Commissioners;
3. To prepare the amount of Remuneration for members of the Board of Directors and / or members of the Board of Commissioners.

4. To conduct a performance appraisal with the suitability of Remuneration received by each member of the Board of Directors and / or members of the Board of Commissioners.
5. Remuneration structure can be in the form of:
 - a) salary;
 - b) honorarium;
 - c) incentives; and/or
 - d) fixed and/or variable allowances.
6. The preparation of the structure, policies and amount of the Remuneration as referred to in paragraph (1) shall take into account the followings:
 - a) Remuneration applicable to the industry that is in accordance with the business activities of the company and the scale of its business in the industry;
 - b) the duties, responsibilities and authorities of members of the Board of Directors and / or members of the Board of Commissioners are attributed to the achievement of the company's objectives and performance;
 - c) performance targets of each member of the Board of Directors and/or members of the Board of Commissioners; and

- d) the balance between the fixed and variable allowance.
 - e) The structure, policies and magnitudes of Remuneration should be evaluated once a year.
- d. Meetings with the Nomination and Remuneration agenda shall be held at least once in 4 months. The meeting can be held when it is attended by a majority of the members of the Board of Commissioners and attended by an Independent Commissioner.
- e. Implementation of Nomination and Remuneration related functions shall be disclosed in the annual report and on the company's website.

CHAPTER III

WORKING GUIDELINES OF THE BOARD OF DIRECTORS

I. Duties, Powers and Responsibilities of the Board of Directors

1. Duties of the Board of Directors

The duties of the Board of Directors are in good faith and fully responsible to lead and manage the Company to achieve the aims and objectives of the Company, covering among others:

- a. Undertakes and is responsible for the maintenance of the Company for the interest of the Company in accordance with the purposes and objectives of the Company stipulated in the articles of association.
- b. Organizing the Annual General Meeting of Shareholders and other General Meeting of Shareholders as stipulated in the laws and the articles of association.
- c. Carrying out duties and responsibilities in good faith, full of responsibility, and prudence.
- d. In order to support the effectiveness of execution of duties and responsibilities of the Board of Directors may establish a committee. In the case of committees established, the

Board of Directors shall evaluate the performance of the Committee at the end of each financial year.

e. The Board of Directors together with the Board of Commissioners shall prepare:

- guidelines that shall bind each member of the Board of Directors and Board of Commissioners, in accordance with applicable laws and regulations.

- code of conduct applicable to all members of Board of Directors and all members of the Board of Commissioners, employees / staffs, and supporting organs owned by the Company, in accordance with applicable laws and regulations.

2. Authority of the Board of Directors

The Board of Directors is authorized to undertake the following matters:

a. to represent the Company legally and directly in or outside the court on any matter and in any event, binding the Company with other parties and other parties with the Company and carrying out all acts, either those pertaining to the management or those pertaining to the

ownership, with restrictions as stipulated in the Articles of Association of the Company.

- b. to appoint one or more as its representative or proxy by giving a power of attorney for certain actions.
- c. to manage the human resources of the Company including the hiring and dismissal of employees, the determination of salaries, pensions or old-age benefits and other income for the Company's employees under applicable laws and / or resolutions of the General Meeting of Shareholders.

3. Responsibility of the Board of Directors

- a. The Board of Directors is fully responsible for the management of the Company.
- b. The members of the Board of Directors shall not be liable for any loss of the Company, if it is proven that:
 - the loss is not due to errors or omissions of the members of the Board of Directors;
 - the members of the Board of Directors have conducted good faith and prudent care for the interest and in accordance with the purposes and objectives of the Company;

- the members of the Board of Directors has no direct or indirect conflicts of interest on the act of disposal resulting in a loss; and
- the members of the Board of Directors have taken action to prevent the occurrence or extent of such losses.

c. To prepare the management account of the Company in the form of annual report which contains among others?

1. financial statements audited by Public Accountant registered with Financial Services Authority;
2. a report on the Company's activities;
3. reports on the implementation of Social and Environmental Responsibility;
4. details of issues arising during the fiscal year affecting the business of the Company;
5. salaries and allowances for members of the Board of Directors and salaries or honoraria and allowances for members of the Board of Commissioners of the Company for the previous year.

- d. Annual reports must obtain approval and approval of the Annual General Meeting of Shareholders;
- e. The responsibility of the Board of Directors to the General Meeting of Shareholders is the realization of the accountability of the management of the Company in the implementation of Good Corporate Governance principles.

II. **Composition of the Board of Directors**

1. The Company is managed and chaired by the Board of Directors.
2. The Board of Directors shall consist of at least 2 (two) persons, consisting of:
 - 1 (one) President Director;
 - 1 (one) Director or more; With due regard to the regulations applicable in the field of Capital Market field.
3. Those who may be appointed as members of the Board of Directors are individuals who meet the requirements when appointed and during their term of office:
 - a. Have good character, morals, and integrity;
 - b. are able to do legal action;
 - c. Within 5 (five) years prior to the appointment and during the term of office:
 - 1) have never been declared bankrupt;

- 2) have never been a member of the Board of Directors and / or a member of the Board of Commissioners found guilty of causing a company to be declared bankrupt;
- 3) have never been punished for committing a crime that is detrimental to state finances and / or relating to the financial sector; and
- 4) have never been a member of the Board of Directors and / or any member of the Board of Commissioners during his/her tenure:
 - i. Has ever been not convened an annual General Meeting of Shareholders;
 - ii. His / her responsibilities as a member of the Board of Directors and / or members of the Board of Commissioners has ever been not accepted by the General Meeting of Shareholders or has not given any responsibility as a member of the Board of Directors and / or members of the Board of Commissioners to the General Meeting of Shareholders; and
 - iii. Has ever caused a company that holds license, approval or registration from Financial Services Authority

does not fulfill the obligation to submit annual report and / or financial report to the Financial Services Authority.

- d. Has a commitment to comply with laws and regulations;
- e. Has knowledge and / or expertise in the relevant field as required by the Company;
- f. In addition of fulfilling the above requirements, members of the Board of Directors shall comply with the provisions of other laws and regulations.

III. Working Time of Members of the Board of Directors

Each member of the Board of Directors shall provide sufficient time to carry out its duties and responsibilities optimally.

IV. Meetings of the Board of Directors

- a. Meetings of the Board of Directors shall be convened periodically at least 1 (one) time in 1 (one) month.
- b. The presence of members of the Board of Directors in the meeting shall be disclosed in the annual report of the Company.
- c. Meeting of the Board of Directors is chaired by the President Director. In the event that the President Director is absent or is prevented from attending

the meeting of the Board of Directors Meeting due to any reason, which impediment is not required to be proven to any third party, one of the members of the Board of Directors present and elected to the Meeting of the Board of Directors may chair the Meeting of the Board of Directors.

- d. Resolution of the meeting shall be set forth in the minutes of the meeting, signed by all members of the Meeting present, and submitted to all members of the Meeting.

V. Appointment, Performance Assessment and Remuneration System of the Board of Directors

- a. The Board of Directors shall be appointed and dismissed by the General Meeting of Shareholders.
- b. One period term of office of the member of the Board of Directors shall be 5 (five) years and after the expiration of its term of office, such member of the Board of Directors may be reappointed by the General Meeting of Shareholders.
- c. Assessment of the performance of members of the Board of Directors is conducted by the Board of Commissioners based on the Key Performance Indicator (KPI) & benchmarks that have been prepared as an evaluation material.

d. Decisions concerning the amount of salaries and allowances of members of the Board of Directors are determined based on the resolution of the General Meeting of Shareholders or the authority of the General Meeting of Shareholders may be delegated to the Board of Commissioners.

CHAPTER IV

WORK RELATIONSHIP BETWEEN THE BOARD OF COMMISSIONERS AND

THE BOARD OF DIRECTORS

I. COORDINATION MEETING OF BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

- a. Coordination Meeting of the Board of Directors with the Board of Commissioners shall be convened periodically 1 (one) time in 3 (three) months or at least 1 (one) time in 4 (four) months.
- b. The Coordination Meeting, among others, shall discuss the following matters:
 - Evaluate the achievement of the Annual Work Plan.
 - The next Quarterly Work Plan.
 - Quarterly Report to the institution in accordance with the prevailing provisions in the capital market.
- c. The presence of members of the Board of Directors and Board of Commissioners in the meeting shall be disclosed in the annual report of the Company.
- d. Resolution of the meeting shall be set forth in the minutes of the meeting, signed by all members of the Meeting present, and submitted to all members of the Meeting.

II. Meeting of Working Plan and Corporate Budget

- a. The Working Plan and Corporate Budget will be discussed before the new financial year, namely on the 1st week of December.
- b. The meeting of Working Plan and Corporate Budget shall be attended by the Board of Directors and the Board of Commissioners of the Company.
- c. The meeting of Working Plan and Corporate Budget is chaired by the President Director.
- d. The Chairman of the Meeting shall appoint one of the members of the meeting to prepare the minutes of the meeting, who shall record any matter that is occurred and resolved in such Meeting, and the minutes shall be signed by each participant of the Meeting.

III. Approval of the Board of Commissioners

1. Actions of the Board of Directors which require the approval of the Board of Commissioners shall be as follows:
 - a. Borrow or lend money on behalf of the Company (excluding taking the Company's money in the Bank) except in the course of day-to-day business activities;
 - b. Establishing a new business or participating in another company whether domestically or abroad;

- c. To bind the Company as the guarantor / mortgagee;
 - d. Sell or otherwise dispose of the Company's immovable property rights less than 50% (fifty percent) of the Company's assets;
 - e. Pledge the Company's assets with the value of less than 50% (fifty percent) of the total assets of the Company within 1 (one) fiscal year.
2. The Board of Directors shall manage the reserve fund in order for the reserve fund to make a profit, in a manner deemed favorable by the Board of Directors with the approval of the Board of Commissioners, taking into account the prevailing laws and regulations.
 3. The Board of Directors shall obtain the approval of the Board of Commissioners Meeting to divide the interim dividend by observing the prevailing laws and regulations.
 4. The Board of Directors shall obtain the approval of the Board of Commissioners on the annual work plan of the Company, at the latest prior to the commencement of the forthcoming financial year by observing the laws and regulations applicable in the Capital Market.

CHAPTER V

WORK RELATIONSHIP BETWEEN THE COMPANY AND ITS SUBSIDIARIES

1. Subsidiary is a legal entity whose shares are owned by the Company and controlled by the Company.
2. Subsidiary is a part of a group of companies that harmoniously and mutually beneficial.
3. Company's Work Plan and its execution shall be conducted in consideration of the development of the Subsidiary as well as the Company itself.
4. Company's Financial Statements are consolidated financial statements that present the financial position and results of operations for the Company and its Subsidiaries.
5. Relationship between the Company and its Subsidiaries from legal aspect, that is through:
 - a. Appointment of directors and commissioners of the Subsidiary by the Company, to the extent it is not inconsistent with the Articles of Association of the Company;
 - b. Contractual relationship and to the extent not inconsistent with the Company's Articles of Association.
6. The Company's relationship with the Subsidiaries shall be conducted with due observance of applicable laws and regulations including but not limited to the independence

of legal entities in carrying out operational and decision-making activities.