



FINANCIAL SERVICES AUTHORITY  
REPUBLIC OF INDONESIA

FINANCIAL SERVICES AUTHORITY REGULATION  
NUMBER 33/POJK.04/2014

CONCERNING

THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS OF  
ISSUERS OR PUBLIC COMPANIES

BY THE GRACE OF GOD ALMIGHTY

THE BOARD OF COMMISSIONERS OF FINANCIAL SERVICES AUTHORITY,

Considering: in order to improve the implementation of good corporate governance principles by Issuers or Public Companies related to the duties and responsibilities of the Board of Directors and the Board of Commissioners, it is necessary to improve regulations concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies by stipulating a Regulation of the Financial Services Authority concerning the Board of Directors and Board of Commissioners of Issuers or Public Companies;

In view of :

1. Law Number 8 of 1995 concerning Capital Markets (State Gazette of the Republic of Indonesia of 1995 Number 64, Supplement to the State Gazette of the Republic of Indonesia number 3608);
2. Law Number 40 of 2007 concerning Limited Company (State Gazette of the Republic of Indonesia of 2007 Number 106, Supplement to the State Gazette of the Republic of Indonesia number 4756);

3. Law Number 21 of 2011 concerning the Financial Services Authority (State Gazette of the Republic of Indonesia of 2011 Number 111, Supplement to the State Gazette of the Republic of Indonesia 5253);

HAS DECIDED:

To enact: FINANCIAL SERVICES AUTHORITY REGULATION CONCERNING THE BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS OF ISSUERS OR PUBLIC COMPANIES.

## CHAPTER I GENERAL PROVISIONS

### Article 1

Terminologies used in this Financial Services Authority Regulation shall be defined as follows:

1. The General Meeting of Shareholders hereinafter referred to as GMS is an organ of an Issuer or a Public Company that has authorities which are not delegated to the Board of Director or Board of Commissioners as stated in the Law concerning Limited Companies and/or Articles of Association.
2. The Board of Directors is an organ of an Issuer or a Public Company that is fully authorized and responsible for managing the Issuer or Public Company for the interest of and in accordance with the objectives and goals of the Issuer or Public Company, as well as representing the Issuer or Public Company, both inside or outside the court according to its Articles of Association.
3. The Board of Commissioners is an organ of an Issuer or a Public Company that is in charge for conducting a general and/or specific oversight in accordance with the

Articles of Association as well as providing advice to the Board of Directors.

4. Independent Commissioners refers to members of Board of Commissioners originating from outside an Issuer or a Public Company and are qualified to be independent commissioners as stipulated in this Regulation of the Financial Services Authority.

## CHAPTER II THE BOARD OF DIRECTORS

### Part One Membership

#### Article 2

- (1) Board of Directors of an Issuer or a Public Company shall at least consists of 2 (two) members.
- (2) 1 (one) of the members of Board of Directors shall be appointed as the president director.

#### Article 3

- (1) Members of Board of Directors are appointed and dismissed by GMS.
- (2) Members of Board of Directors are appointed for a certain period of service and can be reappointed.
- (3) 1 (one) period of service of a member of Board of Directors shall last no longer than 5 (five) years or until the closing of annual GMS at the end of 1 (one) period of the service.

#### Article 4

- (1) Those who can be appointed as members of Board of Directors are individuals who meet the following

qualifications at the time of appointment and during the tenure:

- a. having good characters, morals and good integrity;
- b. legally competent;
- c. within the period of 5 (five) years prior to the appointment and during the tenure:
  1. never been declared bankrupt
  2. never become members of Board of Directors and/or Board of Commissioners who were convicted of causing a company being declared bankrupt;
  3. never being convicted of criminal offenses resulting in state financial loss and/or related to the financial sector; and
  4. never become members of Board of Directors and/or Board of Commissioners who during the tenure:
    - a) failed to conduct an annual GMS;
    - b) their accountability as members of Board of Directors and/or Board of Commissioners was rejected by GMS or failed to provide accountability as members of Board of Directors and/or Board of Commissioners to the GMS; and
    - c) caused a company that had the license and approval from or registered at the Financial Services Authority failed to meet its obligation to submit the annual report and/or financial reports to the Financial Services Authority.
- d. committed to complying with the laws and regulations; and

- e. have the knowledge and/or expertise in the field needed Issuer or Public Company
- (2) The fulfilment of requirements as referred to in clause (1) shall be incorporated into a statement letter and submitted to the Issuer or Public Company.
- (3) The statement letter as referred to in clause (2) shall be examined and documented by the Issuer or Public Company.

#### Article 5

Issuers or Public Companies must conduct GMS in order to replace members of Board of Directors who do not meet the requirements as referred to in Article 4

#### Article 6

- (1) Members of Board of Directors can concurrently serve as:
  - a. members of Board of Directors of not more than 1 (one) other Issuer or Public Company;
  - b. members of Board of Commissioners of not more than 3 (three) other Issuers or Public Companies; and/or
  - c. members of committee of not more than 5 (five) committees at Issuers or Public Companies where the individuals serve as members of Board of Directors or Board of Commissioners.
- (2) Having concurrent positions as referred to in clause (1) is only allowed if it does not contradict other laws and regulations.
- (3) Should there be any laws and regulations that stipulate provisions concerning concurrent positions which are different from the provisions of this Financial Services Authority Regulation, the stricter provisions shall prevail.

## Article 7

Proposals for the appointment, dismissal, and/or replacement of members of Directors to GMS shall consider the recommendations of the Board of Commissioners or a committee which carries out the nomination functions.

## Part Two

### Resignation and Temporary Dismissal

## Article 8

- (1) Members of Board of Directors can resign from their positions before the tenure ends.
- (2) Should there be any member who resign as referred to in clause (1), the member of Board of Directors shall submit his/her resignation to the Issuer or Public Company.
- (3) The Issuer or Public Company must conduct a GMS to decide on the resignation of the member of Board of Directors as referred to in clause (2) not later than 90 (ninety) days after the resignation is received.

## Article 9

The Issuer or Public Company must disclose information to the public and notify the Financial Services Authority within 2 (two) working days after:

- a. receiving the resignation of the member of Board of Directors as referred to in Article 8 clause (2); and
- b. conducting GMS as referred to in Article 8 Clause (3).

## Article 10

- (1) Members of Board of Directors can be temporarily dismissed by the Board of Commissioners by stating the reasons.

- (2) Temporary dismissal as referred to in clause (1) shall be notified in writing to the concerned members of Board of Directors.
- (3) Should there be any member of Board of Directors dismissed temporarily as referred to in clause (1), the Board of Commissioners shall conduct a GMS to revoke or confirm the dismissal decision:
- (4) The GMS as referred to in clause (3) shall be conducted within 90 (ninety) days since the date of temporary dismissal.
- (5) With the elapse of period for conducting GMS as referred to in clause (4) or if GMS fails to make a decision, the temporary dismissal as referred to in clause (1) shall be void.
- (6) In the GMS as referred to in clause (3), the concerned member of Board of Directors shall be given a chance to defend him/herself.
- (7) Members of Board of Directors who are temporarily dismissed as referred to in clause (1) do not have the authority to:
  - a. manage the Issuer or Public Company for the interest of the Issuer or Public Company according to the objectives and goals of the Issuer or Public Company.
  - b. represent the Issuer or Public Company inside or outside the court.
- (8) The restriction of authority as referred to in clause (7) is effective since the decision on temporary dismissal is made by the Board of Commissioners until:
  - a. there is a GMS' decision, which confirms or revokes the temporary dismissal as referred to in Clause (3);  
or
  - b. the elapse of period as referred to in clause (4).

### Article 11

Issuers or Public Companies shall disclose information to the public and notify the Financial Services Authority concerning:

- a. the decision on temporary dismissal; and
- b. the result of GMS as referred to in Article 10 clause (3) or the revocation of temporary dismissal by the Board of Commissioners because GMS did not take place until the elapse of period as referred to in Article 10 clause (5), not later than 2 (two) working days since the event.

### Part Three

#### Duties, Responsibilities, and Authorities

### Article 12

- (1) The Board of Directors carries out and is responsible for the management of the Issuer or Public Company in the interest of the Issuer or Public Company according to the objectives and goals of the Issuer or Public Company as set out in the corporate Articles of Association.
- (2) In carrying out the management duties and responsibilities as referred to in clause (1), the Board of Directors shall conduct annual GMS and other GMS as stipulated in laws and regulations and the corporate articles of associations.
- (3) Each member of Board of Directors must in good faith, prudently and responsibly carry out his/her duties and responsibilities as referred to in clause (1).
- (4) In order to support effective implementation of duties and responsibilities as referred to in clause (1), the Board of Directors can establish committees.
- (5) With regard to the establishment of committees as referred to in clause (4), the Board of Directors should

evaluate the committee's performance at the end of each fiscal year.

#### Article 13

- (1) Each member of the Board of Directors is jointly and severally liable for the loss of the Issuer or Public Company caused by the fault or negligence of members of the Board of Directors in carrying out their duties.
- (2) Members of Board of Directors shall not be liable for any loss suffered by the Issuer or Public Company as referred to in clause (1) if they can prove that:
  - a. the loss is not due to error or negligence;
  - b. they have prudently managed the Issuer or Public Company in good faith and responsibly for the interest of the Issuer or Public Company and in accordance with the objectives and goals of the Issuer or Public Company;
  - c. they do not have any conflicts of interest either directly or indirectly related to management actions resulting the loss; and
  - d. they have taken necessary actions to prevent or curb the loss.

#### Article 14

The Board of Directors has the authority to carry out management function as referred to in Article 12 in accordance with appropriate policies, and the objectives and goals set forth in the corporate articles of association.

#### Article 15

- (1) The Board of Directors has the authority to represent the Issuer or Public Company inside or outside the court.

- (2) A member of Board of Directors does not have the authority to represent the Issuer or Public Company if:
  - a. there is a court case between the concerned member of Board of Directors and the Issuer or Public Company; and
  - b. the interest of the concerned member of Board of Directors conflicts with the interest of the Issuer or Public Company.
- (3) If the incidents as referred to clause (2) occurred, those who have the authority to represent the Issuer or Public Company are:
  - a. other members of Board of Directors who do not have conflicts of interest with the Issuers or Public Company;
  - b. the Board of Commissioners, if all members of Board of Directors have conflicts of interest with the Issuer or Public Company;
  - c. other parties appointed by GMS, if all members of Board or Directors or Board of Commissioners have conflicts of interest with the Issuer or Public Company.

#### Part Four

#### Meetings of Board of Directors

#### Article 16

- (1) The Board of Directors must conduct a regular meeting of Board of Directors at least once each month.
- (2) The meeting of Board of Directors as referred to in clause (1) can be conducted if it is attended by the majority members of Board of Directors.

- (3) The Board of Directors shall conduct a regular meeting with the Board of Commissioners at least once every 4 (four) months.
- (4) The attendance of the members of Board of Directors as referred to in clause (1) and clause (3) shall be disclosed in the annual report of the Issuer or Public Company.

#### Article 17

- (1) The Board of Directors shall schedule the meetings as referred to in Article 6 clause (1) and clause (3) for the following year before the end of current fiscal year.
- (2) Documents for the scheduled meetings as referred to clause (1) shall be provided to the meetings participants not later than 5 (five) days prior to the meetings.
- (3) If there is any meeting besides the scheduled ones as referred to in clause (1), documents for the meeting shall be provided to the meeting participants at least before the meeting is commenced.

#### Article 18

- (1) The decision making by the Board of Directors as referred to in Article 16 clause (1) is done based on a deliberative consensus.
- (2) If a decision cannot be made through a deliberative consensus as referred to in clause (1), the decision can be based on the majority voting

#### Article 19

- (1) Results of meeting as referred to in Article 16 clause (1) must be incorporated into minutes of meeting, signed by all attending members of Board of Directors and distributed to all members of Board of Directors.

- (2) The results of meeting as referred to in Article 16 clause (3) shall be incorporated into minutes of meeting, signed by all attending members of Board of Directors and Board of Commissioners, and distributed to all members of Board of Directors and Board of Commissioners.
- (3) Should there be any members of Board of Directors and/or members of Board of Commissioners who do not sign the minutes of meeting as referred to in clause (1) and clause (2), the concerned members shall specify the reasons in a letter attached to the minutes of meeting.
- (4) Minutes of meeting as referred to in clause (1) and clause (2) must be documented by the Issuer or Public Company.

### CHAPTER III

#### THE BOARD OF COMMISSIONERS

##### Membership

##### Article 20

- (1) The Board of Commissioners shall at least consist of 2 (two) members.
- (2) If the Board of Commissioners consists of 2 (two) members, 1 (one) of them shall be an Independent Commissioner.
- (3) If the Board of Commissioners consists of more than 2 (two) members, the number of Independent Commissioners should be accounted for at least 30% (thirty percent) of the total number of members of Board of Commissioners.
- (4) 1 (one) of the members of Board of Commissioners shall be appointed as the Chief Commissioner or President Commissioner.

#### Article 21

- (1) Provisions concerning requirements and the fulfilment of requirements to be members of Board of Directors as referred to in Article 4 are mutatis mutandis of requirements and the fulfilment of requirements to be members of Board of Commissioners.
- (2) In addition to fulfilling the provisions as referred to in clause (1), an Independent Commissioner must also fulfill the following requirements:
  - a. not an individual who worked or had the authority and responsibility to plan, lead, control or supervise activities of the Issuer of Public Company within the last 6 (six) month, unless in the context of re-appointment as the Independent Commissioner of Issuer or Public Company for the following period;
  - b. does not directly or indirectly own shares at the Issuer or Public Company;
  - c. does not have an affiliation with the Issuer or Public Company, members of Board of Commissioners, members of Board of Directors, or the main shareholders of the Issuer or Public Company;
  - d. does not have a business relationship, which is directly or indirectly associated with the business activities of the Issuer or Public Company.
- (3) The requirements as set forth in clause (1) and clause (2) must be fulfilled by members of Board of Commissioners during their service period.

#### Article 22

Issuers or Public Companies shall hold a GMS in order to replace members of Board of Commissioners who are no longer able to fulfill the requirements set forth in Article 21 during their tenure.

### Article 23

Provisions concerning the appointment, dismissal, and service period of the Board of Directors as referred to in Article 3 and Article 4 are mutatis mutandis of those of Board of Commissioners.

### Article 24

- (1) Members of Board of Commissioners can concurrently serve as:
  - a. members of Board of Directors of not more than 2 (two) other Issuers or Public Companies; and
  - b. members of Board of Commissioners of not more than 2 (two) other Issuers or Public Companies.
- (2) If a member of Board of Commissioner does not have concurrent positions as a member of Board of Directors, the member of Board of Commissioner can concurrently serve as a member of Board of Commissioners of not more than 4 (four) other Issuers or Public Companies.
- (3) Members of Board of Commissioners can concurrently serve as members of not more than 5 (five) committees within the Issuers or Public Companies where they function as members of Board of Directors or Board of Commissioners.
- (4) Concurrent position as members of committees as referred to in clause (3) is only allowed if it does not contradict other laws and regulations.
- (5) Should there be any laws and regulations that stipulate provisions concerning concurrent positions which are different from the provisions of this Financial Services Authority Regulation, the stricter provisions shall prevail.

Article 25

- (1) Independent Commissioners who have been in the position for 2 (two) service periods can be re-appointed for the next period provided that they have declared themselves remain independent to the GMS.
- (2) Statement on the Independency of Independent Commissioners as referred to in clause (1) shall be disclosed in the annual report.
- (3) If an Independent Commissioner also serves in an Audit Committee, the individual can only be re-appointed at the Audit Committed for the following 1 (one) service period of Audit Committee.

Article 26

Proposals for the appointment, dismissal, and/or replacement of members of Board of Directors to GMS as referred to in Article 7 are mutatis mutandis of those of members of Board of Commissioners.

Article 27

Provisions concerning the resignation of members of Board of Directors as referred to in Article 8 and Article 9 are mutatis mutandis of those of Board of Commissioners.

Part Two

Duties, Responsibilities, and Authorities

Article 28

- (1) The Board of Commissioners has the duty of supervision and is responsible for the supervision on management policies, general management, either of the Issuer or Public Company or its businesses, and provide advice to the Board of Directors.

- (2) Under certain conditions, the Board of Commissioners shall conduct the annual GMS and other GMS in accordance with its authority under the law and as stipulated in the corporate articles of association.
- (3) Members of Board of Commissioners must carry out their duties and responsibilities as set forth in clause (1) in good faith, responsibly and prudently.
- (4) In order to support the effective implementation of duties and responsibilities as referred to in clause (1), the Board of Commissioners must establish an Audit Committee and may establish other committees.
- (5) The Board of Commissioners should evaluate the performance of any committees supporting the Board of Commissioners in conducting its duties and responsibilities as referred to in clause (4) at the end of each financial year.

#### Article 29

Provisions concerning the accountability of the Board of Directors as referred to in Article 13 are mutatis mutandis of those concerning the accountability of the Board of Commissioners.

#### Article 30

- (1) The Board of Commissioners has the authority to temporarily dismiss any members of Board of Directors by stating the reasons.
- (2) The Board of Commissioners can perform acts of management of the Issuer or Public Company under certain conditions for a certain period of time.
- (3) The authority as referred to in clause (2) is determined based on the corporate articles of association or the GMS' decision.

Part Three  
Meetings of Board of Commissioners

Article 31

- (1) The Board of Commissioners must conduct a meeting at least once in 2 (two) months.
- (2) The meeting as referred to in clause (1) can be held if it is attended by the majority members of Board of Commissioners.
- (3) The Board of Commissioners should conduct a meeting with the Board of Directors at least once in 4 (four) months.
- (4) The attendance of members of Board of Commissioners in the meeting as referred to in clause (1) and clause (3) must be disclosed in the annual report if Issuer or Public Company.

Article 32

Provisions concerning the schedule and submission of meeting documents to the Board of Directors as referred to in Article 17 are mutatis mutandis of those concerning the schedule and submission of meeting documents to the Board of Commissioners.

Article 33

- (1) The decision making by the meeting of Board of Commissioners as referred to in Article 31 clause (1) are based on a deliberative consensus.
- (2) If the decision cannot be made through a deliberative consensus as referred to in clause (1), the decision can be made based on majority voting.

Article 34

Provisions concerning the results and minutes of meeting of Board of Directors as referred to in Article 19 are mutatis mutandis of those concerning the results and minutes of meeting of Board of Commissioners

CHAPTER IV

THE GUIDELINE AND CODE OF ETHICS

Article 35

- (1) The Board of Directors and Board of Commissioners should formulate a guideline that binds every member of the Board of Directors and Board of Commissioners.
- (2) The guideline as referred to in clause (1) shall at least include:
  - a. the legal basis;
  - b. descriptions of duties, responsibilities, and authorities;
  - c. values;
  - d. working period;
  - e. meeting policies, including attendance in the meetings and minutes of meeting; and
  - f. reporting and accountability.
- (3) The Issuer or Public Company must disclose in its annual report that its Board of Directors and/or Board of Commissioners have already had a guideline.
- (4) The guideline as referred to in clause (1) must be published in full in the website of the Issuer or Public Company.

Article 36

- (1) The Board of Directors and Board of Commissioners should formulate a code of ethics for all members of the

Board of Directors and Board of Commissioners, employees/staff, and supporting organs of the Issuer or Public Company.

- (2) The code of ethics as referred to in clause (1) should at least contain:
  - a. principles for conducting the duties of Board of Directors, Board of Commissioners, employees/staff, and/or supporting organs of the Issuer or Public Company must be done in good faith, prudently and responsibly.
  - b. provisions concerning the professional behavior of Board of Directors, Board of Commissioner, employees/staff, and/or supporting organs of the Issuer or Public Company when there is any conflict of interest with the Issuer or Public Company.
- (3) The code of ethics as referred to in clause (1) should be socialized to all employees/staff who work at the Issuer or Public Company.
- (4) The code of ethics as referred to in clause (1) must be published in full in the website of the Issuer or Public Company.

## CHAPTER V RESTRICTIONS

### Article 37

Each member of Board of Directors and/or Board of Commissioners is prohibited from taking personal advantage directly or indirectly from the Issuer or Public Company aside from his/her legitimate income.

CHAPTER VI  
PROVISIONS ON SANCTIONS

Article 38

- (1) By no means undermining criminal stipulations in the Capital Markets Sector, the Financial Services Authority is authorized to impose the following administrative sanctions against any parties who violate provisions in this Financial Services Authority Regulation including those who cause those violations:
  - a. written warning;
  - b. penalty, namely an obligation to pay a certain amount of money;
  - c. restriction of business activity;
  - d. suspension of business activity;
  - e. revocation of business license;
  - f. cancellation of approval; and
  - g. cancellation of registration.
- (2) Administrative sanctions as mentioned in clause (1) point b, point c, point d, point e, point f, or point g can be imposed with or without being preceded by an administrative sanction in the form of written warning as referred to in clause (1) point a.
- (3) The administrative sanction in the form of penalty as referred to in clause (1) point b can be imposed individually or collectively with other administrative sanctions as mentioned in clause (1) point c, point d, point e, point f or point g.

Article 39

In addition to the administrative sanctions as mentioned Article 38 clause (1), the Financial Services Authority can exercise particular actions against any party who violates

stipulations in this Regulation of the Financial Services Authority.

#### Article 40

The Financial Services Authority can publicize the imposition of administrative sanctions as referred to in Article 38 clause (1) and other particular actions as referred to in Article 39.

### CHAPTER VII

#### TRANSITIONAL PROVISIONS

#### Article 41

Issuers or Public Companies must adhere to provisions in this Regulation of the Financial Services Authority within 1 (one) year since the promulgation of this Regulation of the Financial Services Authority at the latest.

### CHAPTER VIII

#### CLOSING PROVISIONS

#### Article 42

Provisions concerning the Board of Directors and Board of Commissioners in other laws and regulations shall remain valid for Issuers or Public Companies provided that they do not contradict provisions in this Regulation of the Financial Services Authority.

#### Article 43

At the time this Regulation of Financial Services Authority come into effect, the Decree of the Chairman of Indonesian Capital Markets and Financial Institutions Supervisory Agency number KEP-45/PM/2004 dated 29 November 2004 concerning Board of Directors and Board of Commissioners of

Issuers or Public Companies Number IX.I.6 as its Annex shall be revoked and deemed no longer applicable.

Article 44

This Regulation of Financial Services Authority shall come into effect upon its promulgation.

For public cognizant, it is hereby ordered that this Regulation of the Financial Services Authority be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

On 8 December 2014

CHAIRMAN OF BOARD OF COMMISSIONERS OF  
THE FINANCIAL SERVICES AUTHORITY,

[Signed]

MULIAMAN D. HADAD

Promulgated in Jakarta:

On 8 December 2014

THE MINISTER OF LAW AND HUMAN RIGHTS  
THE REPUBLIC OF INDONESIA

[Signed]

YASONNA H. LAOLY

A copy of the original  
document

Director of Legal I  
Legal Department,

[Signed]

Tini Kustini

ELUCIDATION  
OF  
FINANCIAL SERVICES AUTHORITY REGULATION  
NUMBER 33/POJK.04/2014

CONCERNING  
THE BOARD OF DIRECTORS AND THE BOARD OF COMMISSIONERS OF AN  
ISSUER OR A PUBLIC COMPANY

I. GENERAL

As a legal entity an Issuer or Public Company has 3 (three) organs to run its businesses, namely GMS, the Board of Directors and the Board of Commissioners. This has been clearly regulated in Law Number 40 of 2007 concerning Limited Liability Companies.

The Law gives the Board of Directors representational and managerial authorities, therefore in a corporate's daily operations the Board of Directors seems to be more dominant. In order to avoid the abuse of authority by the Board of Directors, it is necessary to have the Board of Commissioners to supervise and provide advice to the Board of Directors. Furthermore, the GMS has the authority to supervise the general performances of the Issuer or Public Company, the Board of Directors and the Board of Commissioners.

It is expected that the roles of each organ, particularly that of the Board of Directors and the Board of Commissioners be done in good faith, prudently and responsibly. Therefore, one of the aspects to judge whether or not an Issuer or a Public Company has conducted a good corporate governance is the fulfilment of the responsibilities of the Board of Directors and the Board of Commissioners.

The recent economic development, especially in the capital market sector requires an improved good corporate governance, for example through accountable information disclosure. This is evident considering that corporate

information can be used by both domestic and foreign investors to base their investment decisions at the company. Improved implementation of good corporate governance by the Board of Directors and the Board of Commissioners is expected to bring positive impacts to the sustainability of the Issuer or Public Company because it can increase shareholders' trust on the Board of Directors and Board of Commissioners in managing the Issuer or Public Company.

## II. ARTICLE BY ARTICLE

### Article 1

Self-explanatory.

### Article 2

Self-explanatory.

### Article 3

#### Clause (1)

Self-explanatory.

#### Clause (2)

Self-explanatory.

#### Clause (3)

"1 (one) period of service" refers to 1 (one) period of service as a member of Board of Directors which lasts not later than 5 (five) years. Therefore, the period of service of a member of Board of Directors in the phrase "until the closing of annual GMS at the end of 1 (one) period of the service" shall not exceed 5 (five) years.

An example of service period "until the closing of annual GMS at the end of 1 (one) period of the service":

In the annual GMS on 30 June 2009, Mr A was appointed as a member of Board of Directors of PT ABC for the period of service of 5 (five) years as stipulated in the corporate articles of association. On 30 April 2014, PT ABC holds the annual GMS, which agenda

includes the replacement of members of Board of Directors. In this case, the period of service of members of Board of Directors is not exactly 5 (five) years.

#### Article 4

##### Clause (1)

##### Point a

“having good characters, morals and good integrity” means among others, never been blacklisted.

An example of someone with no integrity: when serving as a Director of a company, the individual did not provide his/her managerial accountability to the GMS or intentionally did not hold annual GMS for accountability purposes.

##### Point b

Self-explanatory.

##### Point c

##### Number 1

Self-explanatory.

##### Number 2

Self-explanatory.

##### Number 3

‘Financial sector’ refers to, among others, banks and non-banks financial institutions, capital markets, and other sectors associated with public fund management.

##### Number 4

##### Letter a)

Self-explanatory.

##### Letter b)

Self-explanatory.

##### Letter c)

Financial reports that should be submitted to the Financial Services Authority is the semi-annual and annual financial reports

Point d

“Laws and regulations” refer to all kinds of laws and regulations promulgated and valid concerning the Board of Directors of an Issuer of a Public Company.

Point e

Self-explanatory.

Article 5

Self-explanatory.

Article 6

Clause (1)

Point a

Self-explanatory.

Point b

Self-explanatory.

Point c

An example of an individual serving as a member of Boards of Directors of 2 (two) Issuers or Public Companies:

Mr. A is a member of Board of Directors of PT Y and PT Z.

Therefore, MR A can concurrently serve as a member of 3 (three) committees within PT Y and 2 (two) committees within PT Z.

An example of an individual serving as a member of Board of Directors at 2 (two) Issuers or Public Companies and as a member of Boards of Commissioners of 3 (three) Issuers or Public Companies:

Mr. A is a member of Boards of Director of PT M and PT N. Mr. A is also a member of the Boards of

Commissioners of PT X, PT Y, and PT Z. Therefore Mr. A can concurrently serve as a member of 1 (one) committee at PT M, 1 (one) committee at PT N, 1 (one) committee at PT X, 1 (one) committee at PT Y, and 1 (one) committee at PT Z.

Clause (2)

“does not contradict other laws and regulations” for example to be a member of Audit Committee an individual has to be a member of Board of Commissioners who serves as an Independent Commissioner.

Clause (3)

Self-explanatory.

Article 7

Provisions on nomination function refers to provisions of the Financial Services Regulation concerning the nomination and remuneration committee of an Issuer or a Public Company.

Article 8

Self-explanatory.

Article 9

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Self-explanatory.

Article 12

Clause (1)

Self-explanatory.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory.

Clause (4)

Examples of committee in this clause are risk management committee or human resource committee.

Clause (5)

The evaluation is used as a consideration for the Board of Directors to determine the existence of the committee and its members in the following year.

Article 13

Self-explanatory

Article 14

Appropriate policies shall be based on, among others, the expertise, available opportunities, and the normal practices in the similar business.

Article 15

Self-explanatory.

Article 16

Clause (1)

Self-explanatory.

Clause (2)

“Majority” refers to more than  $\frac{1}{2}$  (half) of the total members of Board of Directors.

Clause (3)

“Meeting with members of Board of Commissioners” refers to a meeting between the Board of Directors and Board of

Commissioners whereby the Board of Directors asks for direction/advice from the Board of Commissioners or report corporate management to the Board of Commissioners.

Clause (4)

Self-explanatory.

#### Article 17

Clause (1)

“Shall schedule” means shall decide the date and time of GMS in the following year.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory.

#### Article 18

Clause (1)

Self-explanatory.

Clause (2)

“Majority voting” refers to a situation where more than ½ (half) attending members of Board of Directors approve the decision.

#### Article 19

Self-explanatory.

#### Article 20

Self-explanatory.

#### Article 21

Clause (1)

Self-explanatory.

Clause (2)

Point a

For example, Mr. A is an Independent Commissioner at PT XYZ Tbk for 3 (three) years' tenure starting from the 2011 annual GMS on 30 April 2011, therefore his tenure as the Independent Commissioner ended on 30 April 2014. On the 2014 annual GMS on 30 April 2014, Mr. A can be re-appointed as the Independent Commissioner at PT XYZ Ltd Tbk although in the last 6 (six) months before the re-appointment Mr. A has been supervising or authorized to and responsible for supervising the activities of PT XYZ Ltd Tbk in his capacity as the Independent Commissioner.

Point b

Self-explanatory.

Point c

“The main shareholders” in this point refer to parties who either directly or indirectly own at least 20% (twenty percent) of voting rights of all shares with voting rights issued by a Public Company; or a smaller percentage than that as regulated by the Financial Services Authority.

Point d

Self-explanatory.

Clause (3)

Self-explanatory.

Article 22

Self-explanatory.

Article 23

Self-explanatory.

Article 24

Clause (1)

Self-explanatory.

Clause (2)

Self-explanatory.

Clause (3)

An example if an individual serving as a member of Boards of Commissioners of 3 (three) Issuers or Public Companies and also a member of Boards of Directors of 2 (two) Issuers or Public Companies:

Mr. A is a member of Boards of Commissioners of PT X, PT Y, and PT Z. Mr. A is also a member of Boards of Directors of PT M and PT N. Therefore MR. A can concurrently serve as a member of 1 (one) committee at PT M, 1 (one) committee at PT N, 1 (one) committee at PT X, 1 (one) committee at PT Y, and 1 (one) committee at PT Z.

An example of an individual serving as a member of Boards of Commissioners of 5 (five) Issuers or Public Companies:

Mr. A is a member of Boards of Commissioners of PT M, PT N, PT X, PT Y, and PT Z.

Therefore Mr. A can concurrently serve as a member of 1 (one) committee of each of the 5 companies.

Article 25

Clause (1)

Self-explanatory.

Clause (2)

Self-Explanatory.

Clause (3)

Provisions on the appointment of Audit Committee refer to the Regulation of Financial Services Authority concerning the Establishment and Implementing Guideline of Audit Committee.

Article 26

Self-explanatory.

Article 27

Self-explanatory.

Article 28

Clause (1)

The supervisory function of Board of Commissioners is related to, among others, nomination, remuneration, risk monitoring, or monitoring on corporate good governance implementation.

Clause (2)

An example of a certain condition is when the Board of Directors cannot hold GMS based on the request of shareholders.

Clause (3)

Self-explanatory.

Clause (4)

“Other committees” refers to, for example the Nomination and Remuneration Committee.

Article 29

Self-explanatory.

Article 30

Clause (1)

Self-explanatory.

Clause (2)

“Certain conditions” might include a situation when all members of Board of Directors have conflicts of interest with the Issuer or Public Company, or when all members of Board of Directors are temporary absent or dismissed.

Clause (3)

Self-explanatory.

Article 31

Clause (1)

Self-explanatory.

Clause (2)

“Majority” refers to  $\frac{1}{2}$  (half) of the total members of Board of Commissioners.

Clause (3)

“Meeting with the of Board of Directors” refers to a meeting between the Board of Commissioner and Board of Directors for the purpose of monitoring/providing direction/advice to the Board of Directors.

Clause (4)

Self-explanatory.

Article 32

Self-explanatory.

Article 33

Clause (1)

Self-explanatory

Clause (2)

“Majority voting” refers to a situation where the decision is approved by more than  $\frac{1}{2}$  (half) of attending members of Board of Commissioners.

Article 34

Self-explanatory.

Article 35

Clause (1)

In practice, the guideline is also known as charter.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory

Clause (4)

Self-explanatory.

Article 36

Clause (1)

Self-explanatory.

Clause (2)

Self-explanatory.

Clause (3)

Self-explanatory.

Clause (4)

Self-explanatory.

Article 37

Legitimate income refers to an income stated in the GMS, including facilities.

Article 38

Self-explanatory.

Article 39

“Particular actions” can be in the form of, among others:

1. determining that a Director or Commissioner of the Issuer or Public Company does not have proven integrity and fail to provide managerial accountability of the Issuer or Public Company.
2. ordering the Board of Directors of the Issuer or Public Company to hold annual GMS concerning managerial accountability of the Board of Directors and supervisory role of the Board of Commissioners.

Article 40

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Self-explanatory.

Article 43

Self-explanatory.

Article 44

Self-explanatory.

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