



CITATAH

**WORKING GUIDELINES AND RULES OF  
THE BOARD OF COMMISSIONERS  
PT CITATAH TBK (the "COMPANY")**

## **A. INTRODUCTION**

PT Citatah Tbk, hereinafter referred to as the Company, a company duly established in Indonesia and listed as issuer in Indonesia Stock Exchange ("**IDX**"). In the event to operate its business activities thus the Company, as the public listed Company in IDX, has an obligation to fulfill all prevailing laws and regulations where the Company is listed.

The BoC is the organ of the Company which is responsible for overseeing general management policies, both regarding the Company and the Company's activities, and providing input to the BoD, as well as ensuring Good Corporate Governance (Transparency, Accountability, Accountability, Independence, and Fairness) has implemented effectively.

The position of the BoC is above the BoD and shall report to the GMS. The BoC also has duties to supervise the BoD which assisted with supporting committee.

To improve the application of Good Corporate Governance principles in the Company related to the duties and responsibilities of the Board of Commissioners ("**BoC**"), thus the establishment of Working Guidelines and Rules of The BoC is urgently needed to regulate the authority, duties, obligations, and responsibilities of the BoC itself.

## **B. LEGAL BASIS**

This Working Guidelines and Rules of The BoC has prepared according to:

1. Law No. 40 of 2007 on Limited Liability Company
2. The Article of Association of the Company including its amendments.
3. Financial Services Authority Regulation Number 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies, as amended from time to time.
4. Circular Letter of Financial Services Authority Number 32/SEOJK.04/2015 on Good Governance of Public Companies, as amended from time to time.
5. Other related prevailing laws and regulations.

## **C. ESTABLISHMENT, ORGANISATION, AND TERM OF SERVICE**

### **C.1. Appointment, Dismiss, and Resignation**

#### **1. Appointment and Dismiss**

The selection of members of the BoC is conducting through selection and nomination process by the Nomination and Remuneration Committee, which appointed. The Nomination and Remuneration Committee shall submit the process results to the Shareholders and Shareholder shall resolve and enact the results at the General Meeting of Shareholders ("**GMS**").

The GMS may dismiss the members of the BoC which at any time.

## **2. Resignation**

The members of BoC may resign from their position before the tenure ends with the following procedures:

- a. The related members of BoC shall submit their resignation to the Company at the latest 30 (thirty) days prior to their effective resign date.
- b. The Company must conduct a GMS to decide on the resignation of the members of BoC not later than 90 (ninety) days after the resignation is received.
- c. The Company must disclose information to the public and notify the Financial Services Authority within 2 (two) working days after receiving the resignation of the members of BoC and conducting GMS.

The resigned members of BoC are still responsible since their appointment until the date when GMS is conducted.

## **C.2. Organization Structure and Term of Service**

### **1. Membership Structure**

The number of BoC in the Company is according to the Company's necessity with the requirement at least 2 (two) members, one of them shall be appointed as President Commissioner.

The number of Independent Commissioners shall be at least 30% (thirty percent) of the total members of BoC if the BoC consists of more than 2 (two) members.

### **2. Membership Requirement**

Those who can be appointed as members of BoC 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 5 (five) years before the appointment and during the tenure:
  - (1). Never been declared bankrupt;
  - (2). Never become members of BoD and/or members of BoC that were found guilty in causing a company to become bankrupt;
  - (3). Never being convicted of any criminal offenses that is detrimental to a country's and/or related to the financial sector; and
  - (4). Never become members of BoD and/or members of BoC who during the tenure:

- (a). Failed to conduct an annual GMS;
- (a). Their accountability as members of BoD and/or members of BoC was rejected by GMS or failed to provide accountability as members of BoD and/or members of BoC 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 comply the prevailing laws and regulations; and
- e. Have a knowledge and/or expertise in the field, which is required by the Company.

The fulfillment of requirements shall be incorporated into a statement letter and submitted to the Company for examination and documentation.

Moreover, the Independent Commissioner shall also meet the following requirements during his term of service:

- a. Not an individual who worked or had the authority and responsibility to plan, lead, control or supervise activities of the Company within the last 6 (six) month, unless in the context of re-appointment as the Independent Commissioner of the Company for the following period;
- b. Does not directly or indirectly own shares at the Company;
- c. Does not have an affiliation with the Company, members of BoC, members of BoD, or the main shareholders of the Company;
- d. Does not have a business relationship, which is directly or indirectly associated with the business activities of the Company.

### **3. Concurrent Position**

The members of the BoC can concurrently serve as:

- a. Members of BoD of not more than 2 (two) other Issuers or Public Companies;
- b. Members of BoC of not more than 2 (two) other Issuers or Public Companies;
- c. Members of BoC of not more than 4 (four) other Issuers or Public Companies if the members of BoC do not have concurrent positions as member of BoD;
- d. Members of not more than 5 (five) committees within the Company where their function as members of BoD or BoC in the Company;

The members of BoC are allowed for having concurrent positions if it does not contradict other laws and regulations.

#### **4. Term of Service**

The maximum term of service for the members of BoC is 3 (three) years and may be reappointed, without prejudice to the right of GMS to dismiss at any time before ends of tenure according to the Company's articles of association.

The term of service of the members of BoC shall expire if:

- a. Passed away;
- b. End of term of service;
- c. Dismissed according to the GMS resolution;
- d. Resign;
- e. Declared as bankrupt or put under guardianship according to court verdict;
- f. No longer meet the qualifications of members of BoC in accordance with the Company's articles of association and the prevailing laws and regulations.

The member of the BoC shall immediately submit his resignation if he is sentenced in a criminal case of finance.

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 and disclosed in the annual report.

If an Independent Commissioner also serves in an Audit Committee, the individual can only be re-appointed at the Audit Committee for the following 1 (one) service period of Audit Committee.

### **D. DUTIES, RESPONSIBILITIES, AND AUTHORITIES**

#### **1. Duties and Responsibilities**

- a. The BoC is responsible for supervising management policies, both regarding the Company and the Company's business, and advising the BoD;
- b. Approving the annual work plan of the Company, not later than before the forthcoming financial year;
- c. Performing tasks as granted under the articles of association, prevailing law and regulations and/or the GMS resolution;
- d. To examine and review the annual reports prepared by the BoD and to sign the annual report;
- e. Comply with the articles of association and prevailing laws and regulations and must implement the principles of Good Corporate Governance;
- f. Establish an Audit Committee and may set up other committees to support the effectiveness of its duties and responsibilities implementation;

- g. Evaluate the performance of the committees at the end of each financial year;
- h. Supervise the implementation of the Company's annual work plan;
- i. Update on the progress of the Company's activities and reporting to the GMS if the Company shows significant regressions accompanied by suggestions for remedial measures;
- j. Providing opinions and recommendations to the GMS regarding any other matters deemed important by the Company;
- k. Carry out other supervisory duties as determined by the GMS;
- l. Provide feedback for the BoD regular reports and at any time required for the development of the Company;
- m. Responsible and jointly liable for any loss of the Company caused by errors or omissions of members of BoC in performing their duties.

## **2. Authorities**

According to the Company's articles of association and the applicable laws and regulations, the BoC has authority as follows:

- a. The BoC is authorized to temporarily dismiss the members of the BoD by stating the reasons;
- b. In the event that the BoC temporarily dismissed any member of the BoD, the Company shall convene the GMS within 90 (ninety) days after the date of the suspension. If the GMS fails to make a decision or with the elapse of the period for conducting GMS thus the temporary dismissal shall be void;
- c. The BoC shall provide written approval for the BoD prior to conduct following actions:
  - (1). Transfer/release immovable property which amounts up to 1/2 (one-half) of the total net worth of the Company or constituting the entire assets of the Company;
  - (2). Receive or lend money in an amount exceeding the limit from time to time is determined by the BoC Meeting, as long as it does not require the GMS approval;
  - (3). Have a cooperation, establish a new business or participate in another company either inside or outside the country, whose amount exceeds the limit from time to time is determined by the BoC Meeting, as long as it does not require the GMS approval.
- d. Perform an appointing process of a candidate external auditor and if necessary may request the assistance of the BoD in the appointment process, and submit to the GMS.

## **3. The BoC Meeting**

- a. The BoC shall conduct a BoC Meeting at least once in every 2 (two) months. The BoC Meeting may be held at any time where deemed necessary by President Commissioner or by 1/3 (one-third) of the members of the BoC or at the written request of the BoD or at the request of 1 (one) shareholder or more jointly representing 1/10

- (one-tenth) shares which have been placed by the Company with valid voting rights;
- b. President Commissioner shall summon for the BoC Meeting. If the President Commissioner is absent, the appointed member of the BoC by the President Commissioner shall do summon.
  - c. Summon for the BoC Meeting to all members of the BoC and the BoD shall conduct in any forms in writing at least 14 (fourteen) days before conducting the Meeting and in urgent condition at least 3 (three) days before the Meeting is held;
  - d. Summoning the BoC Meeting shall include the Meeting agenda, date, time and place;
  - e. The Meetings shall be held at the location of domicile of the Company or the location of principal business of the Company within the territory of the Republic of Indonesia;
  - f. The President Commissioner shall lead the Meeting. If the President Commissioner is absent or unable to attend, an appointed Commissioner by and from the members of the BoC shall preside the Meeting;
  - g. The Meetings are valid and entitled to take a valid and binding decision if at least more than 1/2 (one-half) of the total members of the BoC who present at the Meeting;
  - h. The decision of the BoC Meeting shall be taken by deliberation to reach consensus. If a decision based on deliberations for consensus is not reached then a decision is made by vote agreeing more than 1/2 (one-half) of the total members of the BoC who present in the Meeting;
  - i. Each member of the BoC who presents at the Meeting shall give or cast a vote. If the members of the BoD does not vote (abstain), they shall follow the majority decision in the Meeting;
  - j. A Minutes of Meeting shall consist of discussions and decisions at the Meeting. The appointed party by the chair of the Meeting shall prepare Minutes of Meeting, and all members of the BoC shall sign the Minutes of Meeting unless Notary makes it;
  - k. The BoC may also take a valid decision without BoC Meeting if all members of the BoC have been notified in writing of the proposed decision and all members of the BoC sign the proposal as the form of approval.

#### **4. Joint Meeting of BoD and BoC**

- a. The BoD shall conduct Joint Meeting at least 3 (three) times in a year.
- b. A quorum of the Joint Meeting reached when at least more than 1/2 (one-half) of the invited members of the BoD or BoC attend the Meeting.
- c. A Minutes of Meeting shall consist all discussions and decisions at the Joint Meeting, and it shall be signed by and circulated to all members of the BoD and BoC who present the Meeting.

## **5. Reporting and Responsibility**

- a. The BoD and BoC shall submit annual report to the GMS for obtaining approval and ratification;
- b. The Company shall announce the Company's balance sheet and income statement in a national-scale and Indonesia language daily newspaper according to the prevailing capital market regulations;
- c. The members of BoC are not liable for the loss of the Company if they can prove that:
  - (1). The loss is not due to errors or omissions;
  - (2). They managed the Company with good faith, full responsibility, and prudent care for the Company's interest;
  - (3). They have no direct or indirect conflict of interest which is resulting a loss; and
  - (4). They have taken action to prevent the occurrence or continuation of such losses.

## **6. Code of Conduct**

- a. In performing its obligations, duties, responsibilities, and authorities, each member of BoC shall observe the Company's articles of association and applicable laws and regulations;
- b. The members of BoC are obliged to maintain the confidentiality of the Company's information;
- c. The members of BoC who own the Company's shares (if any) are not allowed to misuse valuable information relating to the Company for their gains, notably but not limited to the insider trading;
- d. The members of BoC are not allowed to engage in actions that have a conflict of interest, and take personal advantage, either directly or indirectly, from the Company's decision-making and activities;
- e. The members of BoC are prohibited either directly or indirectly to give, offer, or receive, any of valuable items to or from a customer or a Government officer to influence or in return for what he has done and other actions, according to the prevailing laws and regulations;
- f. The members of BoC in performing their duties and responsibilities shall comply with the Company's Code of Conduct.

## **E. CLOSING**

This Working Guidelines and Rules of The BoC may be updated if deemed necessary by taking into account the prevailing laws and regulations in Indonesia.

In the event, the provisions of this Working Guidelines and Rules are contrary to the Company's articles of association or the applicable laws and regulations, the provisions of the articles of association or laws and regulations shall prevail.



This Working Guidelines and Rules of The BoC shall come into force on 1 February 2017.

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Under the Article 4 paragraph (3) of the Financial Services Authority Regulation No. 8/POJK.04.2015 on Web Site of Issuers or Public Companies, in the event there is any difference of interpretation between Indonesia language and foreign language in the disclosed information thus Indonesia language shall prevail.