

Good Corporate Governance Code

PT. Soho Global Health

2015

Corporate Governance Code 2015

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**JOINT STATEMENT OF THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS PT SOHO
GLOBAL HEALTH
GOOD CORPORATE GOVERNANCE CODE**

On this day, [Friday, 2nd October 2015] the *Good Corporate Governance Code* ("GCG Code") of PT. Soho Global Health is established as the Master Policy for all implementations of management of the Company as reference in the operational decision-making of the Company. As a reference in the implementation of the Company activities, then all policies, regulations and decision in any form, must refer to and make this GCG Code as a guideline that is obliged to be followed.

Application of GCG Code is conducted to ensure that any policies in the Company will contain the Good Corporate Governance ("GCG") principles, namely, Transparency, Accountability, Responsibility, Independency, and Fairness. This GCG Code is made based on the prevailing business process / value chain and applicable laws and regulations.

No change to the contents of GCG Code PT. Soho Global Health shall be allowed without written consent of the Board of Commissioners and the Board of Directors.

Jakarta, 2nd October 2015

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Tan Eng Liang

President Commissioner

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Independent Commissioner

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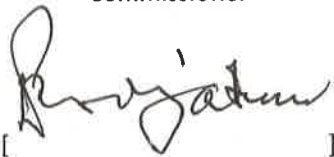
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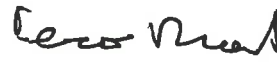
President Director

Corporate Governance Code 2015



Yuliana Tjhai

Director



Piero Brambati

Director



Steven Tjhoema

Director



Herlina Permatasari

Director



Preface of the President Commissioner

This GCG Code is the first version that is being published in 2015. In accordance with Law No. 40 year 2007 on Limited Liability Companies, the Board of Directors shall manage the Company that is oriented to the interests, purposes and objectives of the Company, that will not be separated from the policies that are deemed appropriate within the limits as specified in the prevailing laws and regulations, and the Articles of Association of the Company.

On the other hand, the Board of Commissioners serves the function of supervising over the management policies, the implementation of the management in general, either concerning the Company or its business and providing advice to the Board of Directors. Concept of GCG Code and its derivatives, such as Board of Directors Charter, Board of Commissioners Charter, Standard Operating Procedure (“SOP”) and Working Instructions (“WI”), is basically a part of the work coordination between the operational function of the Board of Directors and the supervisory function of the Board of Commissioners that is realized in a well established company policy. Presence of the GCG Code, will become a legal basis for the Company so as to accelerate decision-making, which in turn will be more efficient, flexible, safe and avoid inappropriate behaviors.

We- the Board of Commissioners – welcome the publication of this GCG Code, and encourage the Board of Directors to complete its derivatives, in the form of its policies and SOPs as operational guidelines for the Company. This document will be used as a guide to develop and enhance of the good corporate governance of PT Soho Global Health.

Jakarta, October 2nd, 2015



Tan Eng Liang

President Commissioner



Preface of the President Director

Implementation of the GCG best practices consistently and continually is a full commitment of SGH in running the Company. SGH attaches the GCG as a system that is inseparable from the existing tools in the Company in order to realize a prudent, established, controlled operational management, and considering balanced fulfillment of the interests of all stakeholders.

SGH's commitment in cultivating the GCG best practices is actualized, among other things, by continuously attempting to accommodate the dynamic changes and being open to new concepts. For that purpose, this GCG Code as a master policy in SGH is a living document, which shall be deemed necessary to be updated periodically in order to adapt to the Company's development and the internal as well as external issues of the Company.

In addition, as the reference for developing policies in SGH, the GCG Code can become a fundamental guideline in conducting supervision and control of all decisions and regulations in SGH so that able to encourage the management to promote the *internal control as well as checks and balances* on each of the business processes at every level and function of management.

This GCG Code will become an umbrella for the issuance of all policies, the Standard Operating Procedure (SOP) and the Work Instruction (WI) by the management board as the operational reference of the Company, and to be an important corridor in assuring long-term continuity and maintaining the direction of Company management correctly and on an ethical basis for the achievement of the Purpose, Vision and Core Values of SGH.

This GCG Code will be implemented with full sense of responsibility and spirit of mutual stewardship to the Company.

Jakarta, October 2nd, 2015



Rogelio Paulino Jr. Castillo La'O

President Director



CHAPTER I
INTRODUCTION

1.1 Definitions

In this GCG Code, the following terms and expressions have the meaning as follows:

- a. **Company** or **SGH** is the company of PT. Soho Global Health, except in the context of a certain sentence has meaning as companies in general.
- b. **Company's Organs** are General Meeting of Shareholders (GMS), Board of Commissioners, and Board of Directors.
- c. **ESAP** is Environmental and Social Action Plan which defining actions, responsibilities, Operating Plans, deliverables/compliance indicators and a timeframe for the measures required to remedy the known non-compliances with the Environmental and Social Requirements in the business activities of the Company.
- d. **Good Corporate Governance** is a process and structure that is used by the Company's Organs to determine policies in order to improve the business and accountability of the Company so that the Company could add value to the Shareholders in the long term by considering the interests of Stakeholders in accordance with the Articles of Association, the prevailing laws and regulations, and ethical values.
- e. **Stakeholders** are the parties that are affected directly by the strategic and/or operational decision of the Company, which may include Shareholders, government, investor, employees, business partners, customers, and society that are particularly located within the surrounding of the Company.
- f. **Subsidiary** is an entity of which its capital is partially or entirely owned and controlled by the Company.

1.2 Background and Purposes

1.2.1. Background of GCG Code Preparation

In the current competitive business landscape, the Company needs a set of tool that can improve its competitiveness and confidence in conducting its business. By applying the principles of *Good Corporate Governance* ("GCG") consistently and with due regard to the provisions of Articles of Association and the prevailing laws, the Company is expected to increase the added values particularly to the Shareholders and to the Stakeholders, in general.

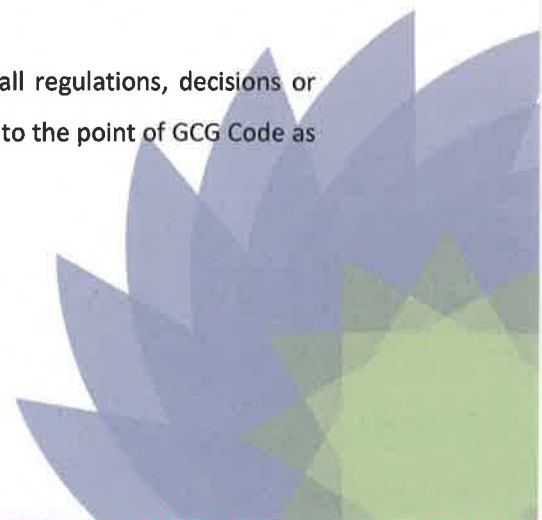
The Company considers the importance of preparing the GCG Code that can be applied consistently across all business aspects of the Company's business, offering standards as well as a reference to the Shareholders, Investors, the Board of Commissioners, the Board of Directors, Audit Committee, Corporate Secretary, Nomination and Remuneration Committee, Business Planning Committee and other Stakeholders who are involved with the Company. In the spirit on continuous improvement, the Company is committed to implementing the GCG by building the GCG infrastructure aspects, both hard structures and soft structures. Among the hard structures that have been built are the establishment of organs of the Board of Commissioners consisting of the Commissioners and Independent Commissioners, including the Audit Committee, the Nomination and Remuneration Committee, and the Business Planning Committee. The GCG soft structures that has been developed are the Standard Operating Procedures ("SOP"), the Company's Code of Conduct ("CoC"), the Board of Commissioners Charter, the Board of Directors Charter, the Audit Committee Charter, the Business Planning Committee Charter, and the Nomination and Remuneration Committee Charter. Further, it will also be followed by various policies and technical regulations in accordance with the Company's needs.

The existence of GCG Code is expected to contain a set of policies that are compiled based on the GCG principles that become reference for the entire lineup in the Company in carrying out the business activities and decision making in SGH, at the same time to serve as a guideline in conducting supervision and control and become a test criteria in assessing the validity of all decisions and regulations issued by SGH.

Considering the dynamic and evolving business environment, these policies in managing the Company shall always be updated and adapted to the existing internal and external conditions. Continuous analysis will always be conducted as an effort of achieving the best work standards to the Company.

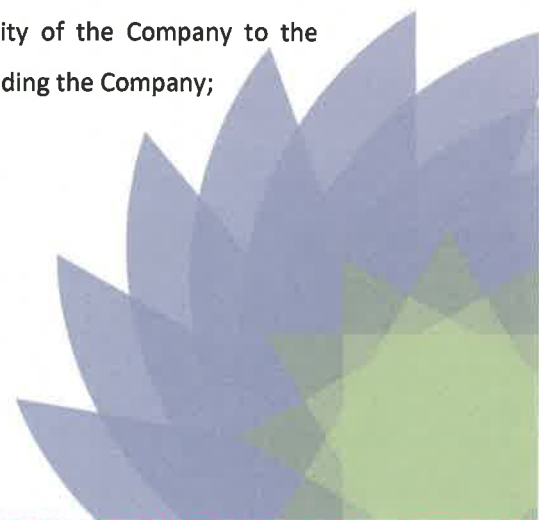
1.2.2. Purposes and Objectives of the GCG Code

Position of the GCG Code is as a Master Policy. Thus, all regulations, decisions or policies issued by SGH must refer to and mention clearly to the point of GCG Code as a basic standard and guideline in its establishment.



1. The purposes of the enactment of this GCG Code are:
 - a. to provide a reference on the implementation of GCG within the scope of a business group (subsidiary governance) to complement the management of GCG which has been executed by the Company and its Subsidiaries in managing and running the operational activities of the Company, and is expected to raise awareness of the importance of building back/develop the continuity of the business group through good corporate governance practices.
 - b. to achieve the maximum growth of the Company and to improve the Company's prosperity, as well as to realize the Shareholders' value in the long term without ignoring the interests of other Stakeholders.

2. The objectives of the enactment of this GCG Code are:
 - a. Optimizing the Company's value for Shareholders and investors by taking into account the interests of stakeholders and encourage the achievement of sustainable growth of the Company by applying GCG principles of transparency, accountability, responsibility, independence, and fairness;
 - b. Encouraging the Company's Organs in making decisions and taking actions based on high moral values and compliance with the Articles of Associations and the prevailing laws and regulations as well as being responsible to the Stakeholders;
 - c. Encouraging the management of the Company and its subsidiaries to be more professional, transparent, focused, efficient, and have differentiation as well as added value to customers as their competitive advantage;
 - d. Empowering the function as well as improving the independency of the Company's Organ;
 - e. Encouraging and supporting the development and management of the Company's resources as well as the risk management of the Company's business with the application of by the precautionary principle (prudent), accountability, and responsibility which is in line with the GCG principles;
 - f. Fostering the awareness and social responsibility of the Company to the society and the environment particularly surrounding the Company;



- g. Developing attitudes and behavior in accordance with the demands of the development of the Company and changes in the business environment towards a better company culture.

The Company will always adhere to the applicable laws and regulations and the Company's Articles of Association as well as any contractual obligations where the Company is a party. If there is any provision under this GCG Code which may conflict with the contractual obligations where the Company is a party, then prevailing laws and regulations, Articles of Association and any agreements that were approved by the Board of Commissioners and/or the General Meeting of Shareholders (as applicable) shall prevail.

1.3 Hierarchy of Corporate Regulations and Policies

1.3.1. Hierarchy of Regulations and Policies

Hierarchy of the Corporate Regulations and Company Policies in SGH is as follows:

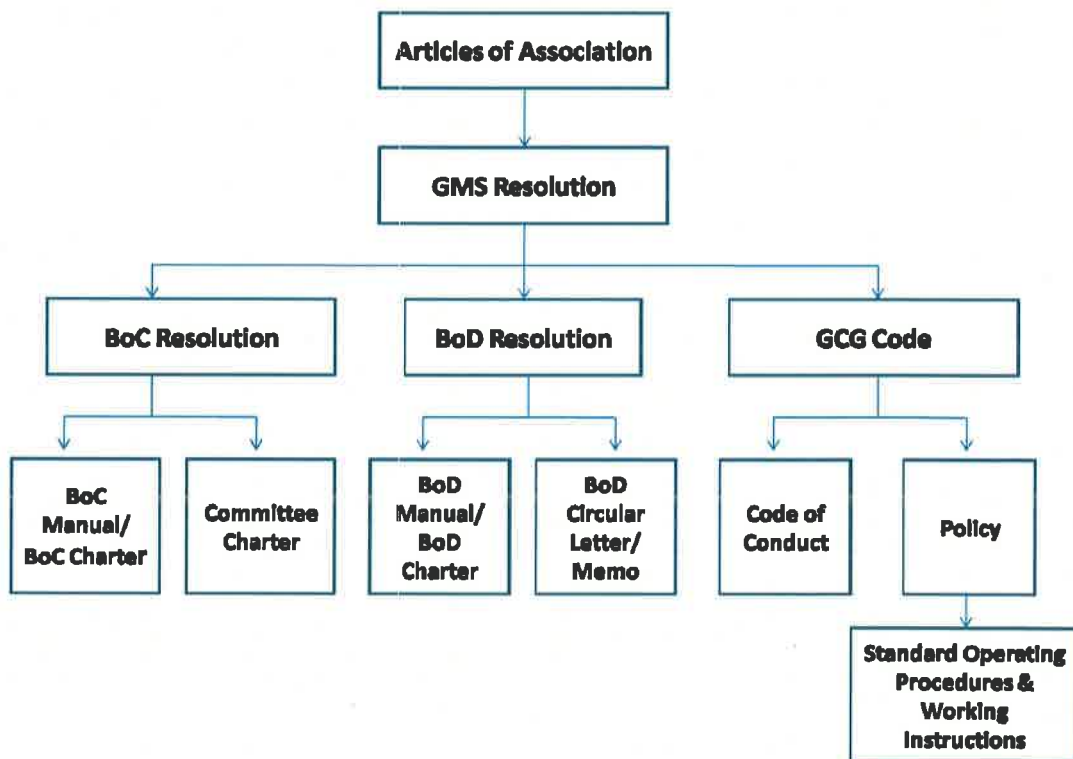


Figure 1.1 Hierarchy of Corporate Regulations

- a. A resolution of General Meeting of Shareholders — *Keputusan Rapat Umum Pemegang Saham* (“**GMS Resolution**”) contains any resolutions of the Shareholders of the Company related to the control and management of the Company, which is decided in a General Meeting of Shareholders.
- b. Articles of Association — *Anggaran Dasar* (“**AoA**”) is an internal regulation of the Company, which forms the Company's constitution and defines the responsibilities of the directors, the kind of business to be undertaken, and the means by which the Shareholders exert control over the Board of Directors. The AoA is derived from the Resolutions of GMS as well as provisions of the Indonesian Company Law.
- c. GCG Code is an SGH Master Policy that contains a set of main guidelines for good corporate governance, as a reference for all activities of SGH. GCG Code is a joint resolutions of the Board of Directors and Board of Commissioners, which contains a set of principles of good corporate governance aimed at SGH.
- d. Resolutions of the Board of Commissioners — *Keputusan Dewan Komisaris* (“**BoC Resolution**”) contains things which fall within authority of the Board of Commissioners in performing supervisory and advisory functions as provided under Articles of Association and the prevailing statutory regulations and other matters necessary to facilitate the performance of tasks of the Board of Commissioners. The fundamental thing for the necessity of a Resolution of the Board of Commissioners is to maintain the independency of the Board of Commissioners from the influence of the organ of the Board of Directors.
- e. Resolution of the Board of Directors— *Keputusan Direksi* (“**BoD Resolution**”) contains matters concerning stipulation of general policies in the Company's operation on establishment of strategies, organizational structure, human resources, finance and accounting, procurement, and so on, which serve as legal basis for execution of the daily tasks of the Directors.
- f. The Code of Conduct (“**CoC**”) is a translation of the Company's Purpose, Vision, Core Values and business ethics that is useful as guidance for the Company organs and all employees of the Company in conducting business activities. The CoC covers guidance regarding conflicts of interest, presenting and receiving gifts and donations, compliance with laws and regulations, confidentiality of information, and reporting of unethical behavior.
- g. BoC Manual/BoC Charter is a set of rules and guidelines for the Board of Commissioners in carrying out their duties and responsibilities in an efficient,

effective, transparent, competent, independent, and accountable manner so as to be accepted by all relevant parties and in accordance with the GCG principles and prevailing laws and regulations.

- h. BoD Manual/BoD Charter is a set of rules and guidelines for the Board of Directors in carrying out their duties and responsibilities in an efficient, effective, transparent, competent, independent, and accountable manner so as to be accepted by all relevant parties and in accordance with the GCG principles and prevailing laws and regulations.
- i. Committee Charter is a set of rules and guidelines for each Committee in carrying out their duties and responsibilities, which also containing the specific duties, authorities, membership and other matters related to Committee.
- j. Policy, SOP and WI are as set of business policies and technical supporting regulations which regulate the specific business activities in SGH and are prepared with reference to the regulations in the GCG Code.
- k. In order to keep the consistency of the policy flow, each CoC, BoC Manual/BoC Charter, BoD Manual/BoD Charter, Committee Charter, Policy, SOP and WI shall specify the legal basis of such policies. Thus, any inconsistencies and conflicts of policy that may occur will be easily detected and avoided.
- l. As a reference in the operational activities, the SOP and WI are prepared in accordance with the needs of the Company. The SOP and WI shall always refer to and shall not conflict with the GCG Code and the regulations or decisions of higher levels. The BoD shall ensure that each SOP and WI are established and implemented in all management activities of the Company.

1.3.2. Update and Validity

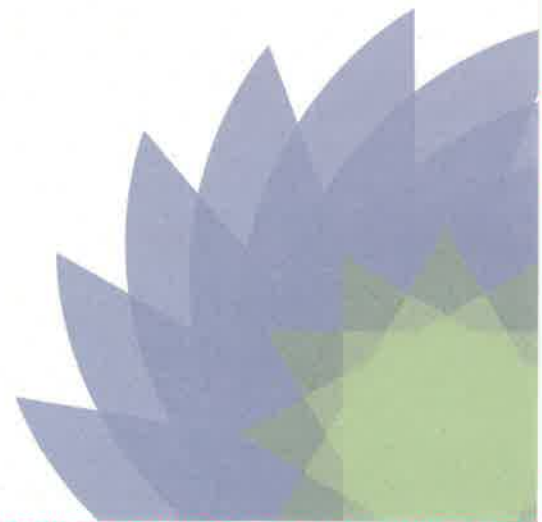
- I. The Company Policies of SGH shall be updated from time to time, to adapt with the development of business and the needs of the Company.
- II. Legalization and any updates of the Company Policies of SGH shall seek approval from and signed by the following parties:
 - GCG Code: the Board of Commissioners and the Board of Directors;
 - CoC: the Board of Commissioners and the Board of Directors;
 - Board of Commissioners Charter: the Board of Commissioners;
 - Committee Charter: the Board of Commissioners;



- Board of Directors Charter: the Board of Directors, after obtaining approval of the Board of Commissioners;
- III. Legalization and any updates of the applicable SOP in each business units shall be signed by the Directors in charge (Soho Global Health Executive Leadership Team/SGELT) and signed by respective Business Unit Head/Unit Head.

1.3.3. The Person In Charge for the GCG Code Implementation

- I. The related Units/Divisions are responsible for providing any inputs/updates on the contents and implementation of the GCG Code (and its derivatives) that are relevant to their respective function and field.
- II. The updates of GCG Code (and its derivatives) are conducted regularly. The Corporate Secretary is responsible for coordinating and collecting suggestions on and requests for changes, update of the existing written guidelines, and socialization of the updates to all employees of the Company.
- III. The SOP and WI are prepared by the respective business units which then archived in the Compliance Division.
- IV. The Internal Audit team shall conducts compliance audit on the GCG Code implementation together with its elaboration.



2.1 Policy References

Preparation of this GCG Code refers to the following provisions:

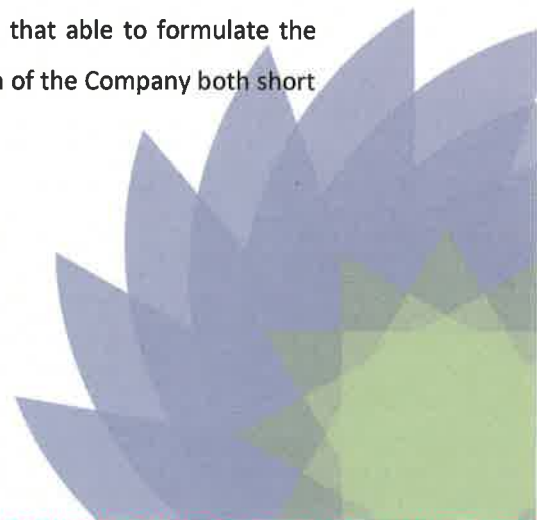
- 2.1.1 Law of the Republic of Indonesia No. 40 year 2007 on Limited Liability Companies (“Company Law”);
- 2.1.2 Regulations of the OJK, among others:
 - a) POJK 32/POJK.04/2014 Rencana dan Penyelenggaraan Rapat Umum Pemegang Saham Perusahaan Terbuka by Indonesia Financial Services Authority (OJK);
 - b) POJK 33/POJK.04/2014 Direksi dan Dewan Komisaris Emiten atau Perusahaan Publik by Indonesia Financial Services Authority (OJK);
 - c) POJK No 34/POJK.04/2014 Komite Remunerasi dan Nominasi by Indonesia Financial Services Authority (OJK);
- 2.1.3 General Guidelines of Indonesian Good Corporate Governance from the National Committee of Corporate Governance 2006 Policy;
- 2.1.4 The Indonesia Corporate Governance Manual 1st Edition by International Finance Corporation (IFC) Advisory Services in Indonesia, dated January 2014;
- 2.1.5 Articles of Association of PT. Soho Global Health, as lastly amended by Deed No. 147 Dated 30 January 2015, drawn up before Jimmy Tanal, S.H., M.Kn., as the substitute of Hasbullah Abdul Rasyid, S.H., M.Kn., Notary in South Jakarta, accepted by Minister of Law and Human Rights as stated in his decree No. AHU-AH.01.03-0010181 dated 16 February 2015 and its subsequent amendments from time to time.

2.2 Scope of the Policy

The GCG Code of PT. Soho Global Health Group is applied in PT. Soho Global Health and as a reference for the Subsidiary. It is prepared to protect and empower the Subsidiary, whilst still respecting Subsidiary as an independent entity.

2.3 Targets

- a. Realization of the reliable strategic management system, so that able to formulate the Purpose, Vision and Core Values in line with the strategic plan of the Company both short term and long term;



- b. Availability of a good transparency and two-way communication with the regulators and other Stakeholders;
- c. Proper functioning of the supporting organs for internal control and development activities of the Company;
- d. Enforcement of commitments and play rules of ethical business implementation practices;
- e. Availability of human resources that are reliable, superior, professional and free of conflicts of interest;
- f. Certainty that all lines in the Company know and are able to perform the duties, obligations and responsibilities in accordance with the prevailing provisions and understands the penalties and rewards as a result it is; and
- g. Enforcement of concern for the community and the environmental preservation.

2.4 Purpose, Vision and Core Values of SGH

PURPOSE

Our core purpose is to hold the care of human life as our highest priority.

VISION

We aspire to be a healthcare leader and the preeminent provider of innovative natural pharmaceutical products. We are a company that values the well-being of the community and promotes a healthy lifestyle in a socially responsible way.

CORE Values

Absolute Integrity

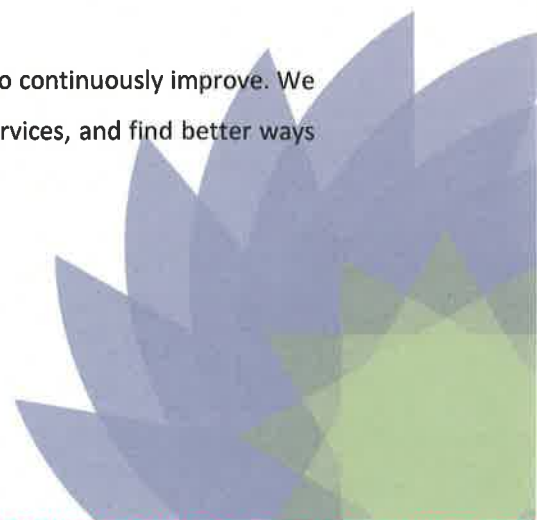
We adhere to the highest standards of ethical behavior within the internal and external business environment. We are committed to be transparent and compliant in all of our processes.

Mutual Respect

We value diversity in team collaboration and nurture sustainable trusting relationships in everything we do.

Passion for Innovation

We enable the innovative spirit and mindset in everything we do to continuously improve. We will embrace creative thinking in developing new products and services, and find better ways to solve problems and to face challenges.



Culture of Discipline

We will embed the culture that requires disciplined people who engage in disciplined thought and then take disciplined action towards achieving company objectives, and strive for self-discipline to follow its policies and procedures.

2.5 Basic Principles

SGH is committed to always applying the best corporate governance, ESG as well as compliance standards in accordance with the applicable standards in Indonesia.

2.5.1 GCG Principles

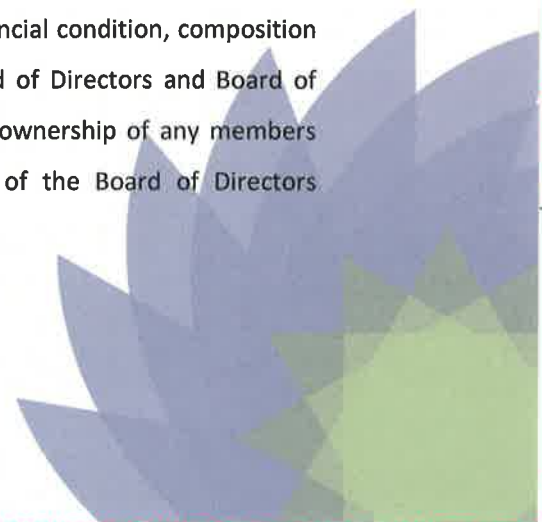
SGH ensures that the GCG principles are applied to every aspect of business processes and at all lines in the Company. These GCG principles include Transparency, Accountability, Responsibility, Independency and Fairness that are required to achieve sustainability of the Company by considering the Stakeholders.

a. Transparency

The Company maintains and ensures transparency and objectivity in the decision making process to run its operations. To maintain objectivity, the Company shall provide material and relevant information concerning the Company in a way that is easily accessible and understood by the Stakeholders. The Company shall take the initiative to disclose not only the information required by the Articles of Associations and the prevailing laws, but also other important matters that will affect the decision-making of the Stakeholders.

Implementation of the transparency principle includes:

- a) All relevant and material information concerning the Company shall be delivered in a timely manner, adequate, clear, accurate, and easily accessible by Stakeholders in accordance with their rights.
- b) The information which shall be disclosed by the Company include the disclosure of which is not limited only to the Purpose, Vision and Core Values, business targets and the Company strategies, financial condition, composition and compensation by the Company of the Board of Directors and Board of Commissioners, controlling Shareholders, shares ownership of any members of the Board of Commissioners and members of the Board of Directors



together with their family members in the Company, other companies in Indonesia, or any related party company with a material commercial relationship, the risk management system, the internal control and supervision systems, GCG system and implementation as well as compliance level of the Company and its applications, and significant events that may affect the Company's condition.

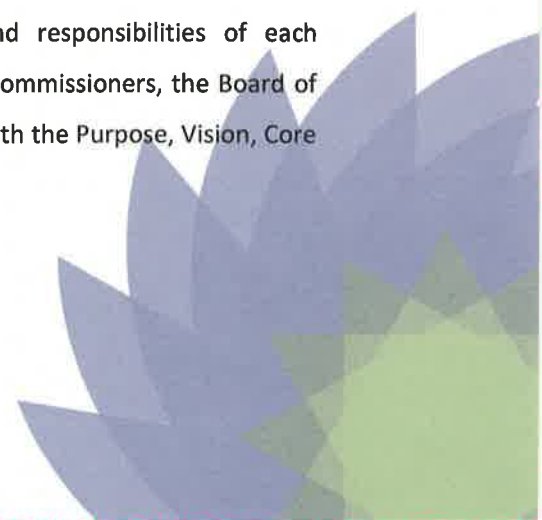
- c) The disclosure of information by the Company does not reduce the obligation of the Company to protect confidential information regarding the Company, Company's management and other related parties, in accordance with the Articles of Association and any other prevailing laws and regulations.
- d) The implementation of the transparency principle is intended to allow the Shareholders and other Stakeholders to understand how the Company is managed, the decision-making process, and the accountability of the decisions made by the Company; and
- e) The disclosure of information regarding affiliated transactions conducted by the Company (the transaction with an affiliated party (parties with special relationship)).
- f) Any information shall be disclosed proportionally by the Company to the Stakeholders.

b. Accountability

The Company works with high accountability and be accountable for all of its actions in a transparent and fair manner for the interests of the Company in accordance with the Articles of Association, the prevailing laws, business ethics and the Company's culture with regard to the interests of Stakeholders in order to achieve the Company's performance on an ongoing basis. Accountability is a necessary prerequisite for achieving continuous performance.

Implementation of the accountability principle includes:

- a) The Company specifies description of jobs and responsibilities of each Company's Organ (including GMS, the Board of Commissioners, the Board of Directors, and all employees) clearly and in line with the Purpose, Vision, Core

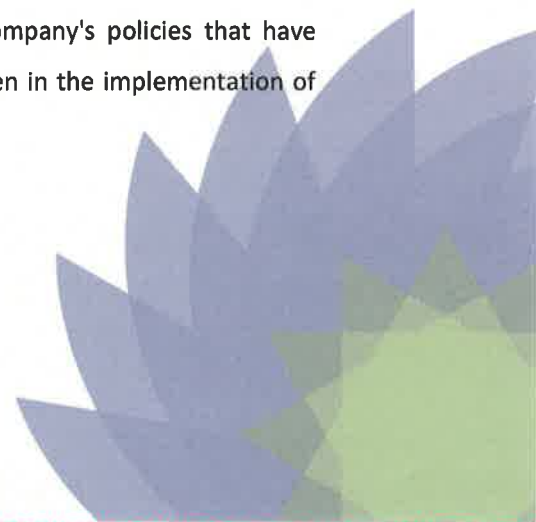


Values and corporate strategies of the Company so as to create a balance of power and the effective management of the Company.

- b) The Company implements the accountability principle by focusing on improving the function and role of each Company's Organ and the board management so that the management of the Company's business can run well, in which each party that holds position in the Company's Organs and board management shall have the relevant competencies in accordance with its responsibilities and understand their roles in the implementation of Good Corporate Governance.
- c) The Company ensures the existence and effectiveness of structures, systems and Standard Operating Procedures (SOPs), in order to maintain and ensure the implementation of the mechanism of checks and balances in the implementation of the Company's internal control system for achieving the Purpose, Vision, Core Values of the Company.
- d) The Company formulates the performance measurement of the entire Board of the Company based on agreed criteria that are consistent with Purpose, Vision, and Core Values of the Company and shall have a reward and punishment system.
- e) The Company has a code of ethics (code of conduct) which are written guidelines on ethical sensibility, ethical reasoning, and ethical conduct, for the successful implementation of Good Corporate Governance (GCG).

c. Responsibility

The Company adheres to the principle of prudence and ensures compliance to the Company's Articles of Association, by-laws, Regulations and other prevailing laws, as well as carrying out social responsibility, among others, concern towards the community and the environment by producing sufficient planning and implementation to maintain the continuity of the Company's business. This principle is fundamental for the Company's Organs, especially the Board of Commissioners and the Board of Directors in carrying out the operational activities which shall be in accordance with the Company's policies that have been outlined, and is responsible for any action taken in the implementation of the Company's operation activities.



d. Independency

SGH is professionally managed by avoiding conflicts of interest and any influence or pressure from any party that is not in accordance with the prevailing laws and regulations, and the principles of a healthy corporation.

Implementation of the independency principle includes:

- a) Each Company's Organ shall carry out its functions and duties with emphasis on independence and objectivity to avoid domination by any party, is not affected by particular interests, free from conflict of interest and free from any influences or pressures, so that the decisions can be made objectively.
- b) Each Company's Organ shall carry out its functions and duties in accordance with the Articles of Association and the prevailing laws and regulations, and in respect to the rights, obligations, duties, powers and responsibilities of each party and every decision shall be made solely for the benefit of the Company.

e. Fairness

In conducting its activities, SGH shall always consider the interests of the Stakeholders based on the principles of fairness and equality which is in accordance with the criteria and proportions should be, so that there would be no injured party.

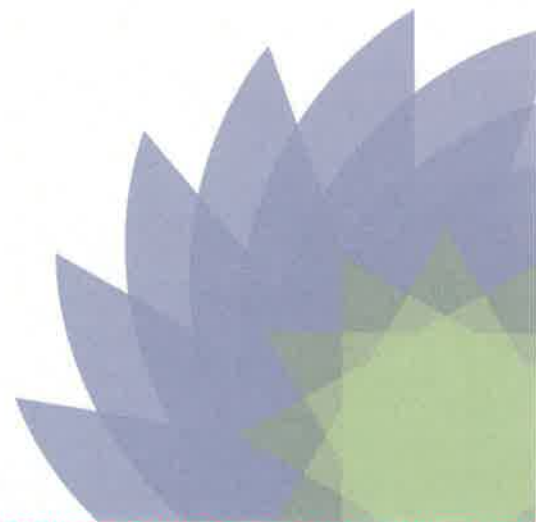
Implementation of the fairness and equality principle includes:

- a) The Company shall provide fair and equal treatment to Stakeholders in fulfilling their rights in accordance with the benefits and contributions made to the Company with regard to the Articles of Associations and the prevailing laws and regulations.
- b) The Company shall provide the opportunity for the Stakeholders in providing any inputs and opinions for the best interests of the Company as well as open access to information in accordance with the transparency principle within the scope of their respective capacities.

2.5.2 Compliance and ESG Principles

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SGH ensures that the Compliance and ESG principles as detailed below are also applied to every aspect of business processes and at all lines in the Company:

a) Integrity in Business Dealings

Zero tolerance towards corruption. Thus unduly influencing / inducing / bribing business partners, public officials and stakeholders; or unduly and unlawfully accepting favors or gifts - to obtain improper advantages in the conduct of business is prohibited.

b) Principle of Sustainability

Commitment to ensure that no inappropriate risks are caused to the environment or to the health and safety of everyone who comes into contact with SGH's products. The principle of sustainability also means to focus in maintaining and developing sustainable business relationships with compliant business partners who share SGH's business values.

c) Fair and Respectful Working Conditions

Respect for fellow human beings is essential for maintaining exemplary business operations. SGH has made it as its goal to promote human rights standards in all business activities.

Equal treatment to all employees is a fundamental principle of SGH's corporate policy. Harassment or discrimination of any kind is not tolerated.

A clear "zero tolerance to child labor" policy in SGH's business operations worldwide should be followed.

d) Keeping Corporate and Personal Interests Separate

Essentially, potential conflicts of interest must be avoided; wherein personnel decisions and business relationships with stakeholders and third parties must be transparent and based only on objective criteria.

e) Protection of SGH's assets and properties

Commitment to ensure the due protection of SGH's intellectual property rights; including but not limited to – patents, trademarks, utility models, designs, copyrights and trade secrets. Equal commitment also to not infringe any third party rights.

2.5.3 Corporate Organs in the Perspective of GCG

In general, SGH recognizes the two (2) board system, the Board of Commissioners ("BoC") and Board of Directors ("BoD"). Both of them are appointed by the General

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Meeting of Shareholders (“GMS”). BoC is responsible for supervising the BoD, while BoD is responsible for managing and running the business of the Company. The position of BoC and Board of Directors position is equal, whereas each is responsible to account for their performance at the GMS. However, both have a responsibility to maintain the Company's business sustainability in the long term, and therefore, the BoC as well as BoD shall have the same perception of the Purpose, Vision and Core Values of the Company.

The mutual responsibility of the Board of Commissioners and the Board of Directors in maintaining the Company's business sustainability in the long term shall be reflected in:

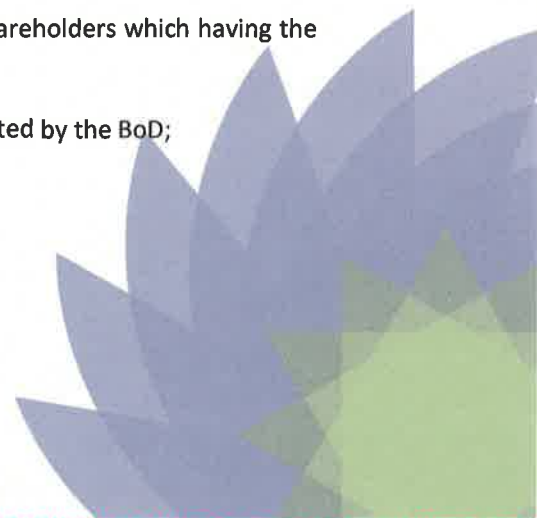
- an effective and efficient implementation of the internal control and risk management;
- the achievement of an optimum return for the Shareholders and investors;
- proper protection of Stakeholders' interest;
- a fair and proper succession to ensure the management sustainability within all lines of the organization.

Aligned with the Company's Purpose, Vision, and Core Values, both the Board of Commissioners and the Board of Directors shall agree on the following matters:

- i) a long term plan, strategy, Business Plan and Annual Operating Plan;
- ii) the policy to ensure the Company's compliance with laws and regulations and the Articles of Association, and to prevent all kinds of conflict of interest;
- iii) the policy and method of evaluating the performance the Company, the units within the Company and its personnel;
- iv) an organization structure up to one level under the BoD which can support the achievement of the Company's Purpose, Vision, and Core Values.

According to the aforementioned provision, GCG structure identifies the Company's Organs that is responsible for the GCG implementation which are as follows:

1. The GMS as the forum for decision-making by the Shareholders which having the authority that is not granted to the BoC and BoD;
2. The BoC as the supervisor over the policies implemented by the BoD;
3. The BoD as the Company management.



In addition to those organs as mentioned above, the Company can also have some supporting units that complement the course of corporate governance, among others:

1. Committee, which will assist the BoC or BoD in accordance with their scope of profession and expertise.
2. Corporate Secretary, as a liaison officer between the Company and the Shareholders, Investors or other external parties as well as being the administrative manager of the BoD.
3. Internal Audit, as the supervisor of Company's operations activities.

2.5.3.1 General Meeting of Shareholders ("GMS")

The GMS holds the highest power in the Company that facilitates Shareholders to make important decisions regarding their investment in the Company. Shareholders as owner of share capital shall have certain rights and responsibilities within the Company in accordance with the laws and regulations and the Articles of Association of the Company or any Agreements or contractual obligations previously approved by GMS. In exercising their rights and responsibilities, the Shareholders shall observe the following principles:

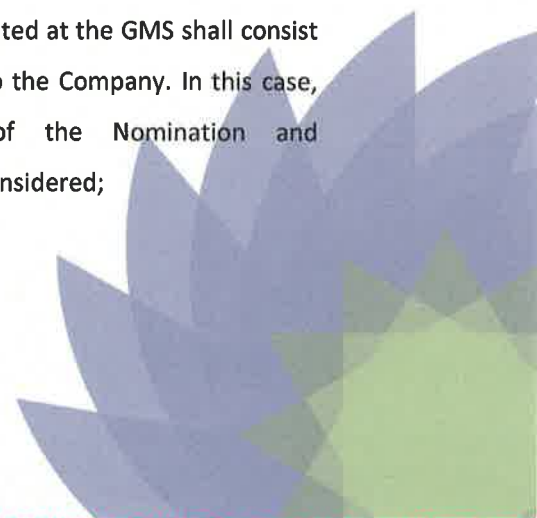
- 1) the Shareholders must be aware that in exercising their rights and responsibilities, they shall also consider the sustainability of the Company.
- 2) the Company shall facilitate the exercise of the ownership rights and responsibilities of the Shareholders based on the principle of fairness and in accordance with prevailing laws and regulations and the Articles of Association.

Any resolutions adopted at the GMS must be based on the the long term interest of the Company. The GMS and/or the Shareholders cannot intervene in the exercise of the duties, functions and authorities of the BoC and the BoD, without prejudice to the authority of the GMS to exercise its rights in accordance with the Articles of Association of the Company and the prevailing laws and regulations, including but not limited to the replacement or termination of the members of the BoC and/or the BoD.

To achieve good corporate governance practices, the governance of the GMS should always consider the following matters:

1. The GMS shall be held in accordance with the interest of the Company and by observing the Articles of Association and laws and regulations, and with a proper preparation, to enable the adoption of a valid decision. For such purpose:
 - a. the Shareholders shall have the opportunity to propose an agenda item for the GMS in accordance with prevailing laws and regulations;
 - b. the notice for a GMS shall include information regarding the agenda, date, time and venue of the GMS;
 - c. the material of each agenda item included in the notice for the GMS shall be available at the Company's premises as from the day the notices for GMS are made until the day the GMS is held, to enable the Shareholders to participate actively in the GMS and cast a responsible vote; If such material is not yet available at the time the notice was made, then the material shall be made available before the GMS is held;
 - d. other explanations regarding the agenda of the GMS may be given before and or at the time of the GMS;
 - e. the minutes of the GMS shall be available at the Company's premises, and the Company shall provide the facility that enable the Shareholders to read the minutes.

2. Decisions-making in a GMS must be conducted properly, fairly and transparently with due observance to things necessary to maintain the business interests of the Company in the long term, including but not limited to:
 - a. The BoC and the BoD who are appointed at the GMS shall consist of persons who are fit and proper to the Company. In this case, opinions or recommendations of the Nomination and Remuneration Committee must be considered;

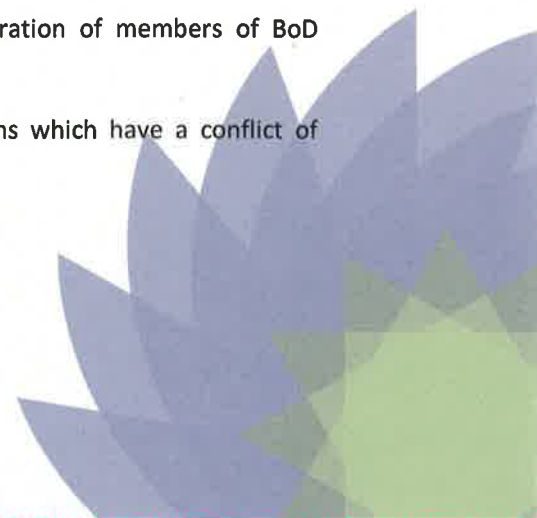


- b. In making decision on whether to accept or reject any reports of the BoC and the BoD, it is necessary to also consider the quality of the report relating to the GCG practices in the Company;
 - c. In determining the external auditor of the Company, Shareholders shall also consider the opinions of the Audit Committee that are submitted to the BoC, including on the tender process, the performance, the amount of fee, etc;
 - d. In the event the Articles of Association of the Company and/or the prevailing laws and regulations require a GMS approval on matters relating to the Company's business, the decision shall be made by considering the interests of the Stakeholders and for the best interest of the Company; and
 - e. In making decision on grading bonuses, and dividends, the Shareholders must pay attention to the financial health condition of the Company, the Management Incentive Program and the proposal from Nomination and Remuneration Committee.
3. The conduct of the GMS is the responsibility of the BoD. In condition that the BoD is unable to conduct the GMS, then the convening of the GMS is conducted by the BoC or Shareholders in accordance with laws and regulations as well as the Articles of Association of the Company.

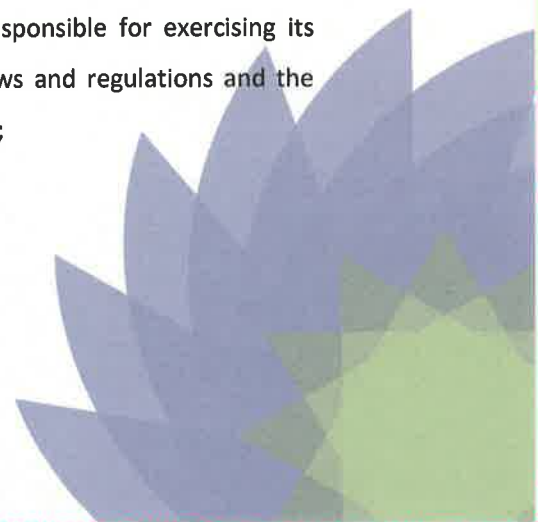
Rights, Authorities and Responsibilities of Shareholders

1. The Shareholders' rights or authorities shall be protected and exercised in accordance with the Articles of Association of the Company and prevailing laws and regulations and also in compliance with any agreements and contractual obligations that were approved by the General Meeting of Shareholders. The Rights of Shareholders shall essentially include:
 - the right to attend, express opinions, and vote in the GMS based on the provision that one share entitles the rights of the holder to cast one vote;
 - the right to obtain information regarding the Company on a timely, proper and regular basis, except with respect to confidential matters, so that the Shareholders can make a

- decision in relation to their investment in the Company based on accurate information;
- the right to establish the calculation of the allocation of Company profits, among others for retained earnings and reserve funds or dividends to Shareholders;
 - the right to receive shares of profit from the Company appropriated for Shareholders in the form of dividends and other profit sharing, in proportion to the number of the shares they owned;
 - the right to obtain full explanation and accurate information regarding procedures to be met in relation to the convening of the GMS in order for the Shareholders to participate in decision-makings, including decision on matters that affect existence of the Company and the rights of Shareholders; and
 - in the event that there are more than one type and classification of shares in the Company, then: (i) each Shareholders is entitled to cast a vote in accordance with the type, classification and number of shares owned; and (ii) each Shareholder is entitled to obtain a fair treatment based on type and classification of the shares owned.
 - the right to make decisions regarding appointment, replacement and dismissal, including setting the enactment of the appointment, replacement and dismissal of a member of the BoD and/or BoC. The majority shareholders can nominate people who will sit on the BoD and BoC. The power of the shareholders on the BoD can also be extended by way of agreements, be it a management agreement or technical assistance agreement, or others. Having and applying these agreements should not circumvent the authority and responsibility of the BoD in running and managing the Company.
 - the right to determine the remuneration of members of BoD and/or BoC;
 - the right to approve any transactions which have a conflict of interest.



- the right to decide on other corporate actions conducted by the Company that are subject to the Shareholder's approval as required under Articles of Association of the Company as well as prevailing laws and regulations. The Shareholders are also entitled to set quorum requirements greater than those in the law that are commonly governed by the Company's Articles of Association or by the Shareholders' agreement. Pursuant to the Company Law, certain decisions are reserved for Shareholders with minimum quorums set by law for each of these reserved matters, among others:
 - increasing or decreasing to the Company's authorized capital;
 - changes to the Company's status from a private to a public company;
 - distribution of dividends;
 - transfer, dispose of any right or secure all or substantial part of the Company's assets in one or more transactions;
 - amendments to the Company's Articles of Association;
 - mergers, consolidation, acquisitions or spin-offs; and
 - dissolution or liquidation.
- 2. The Shareholders as owners of share capital shall be responsible for observing the prevailing laws and regulations as well as the Articles of Association of the Company. The responsibilities of Shareholders essentially include:
 - the Controlling Shareholder shall: (i) consider the interests of the minority Shareholders and other Stakeholders in accordance with laws and regulations; and (ii) disclose information regarding the Company's ultimate Shareholder (actual controlling Shareholder) to the relevant government agencies, in case there is suspected that a violation is committed against laws and regulations, or when requested by the relevant authorities;
 - The minority Shareholder shall be responsible for exercising its rights properly in accordance with laws and regulations and the Articles of Association of the Company;



- as Shareholders shall be able to: (i) segregate the Company's asset from his/her personal assets; and (ii) separate his/her functions as a Shareholder from his/her function as a member of the BoC or the BoD, if that Shareholder holds position in one of the two (2) Company's organs; and
- In the event that the Shareholder is a controlling Shareholder in several companies, it is necessary that the accountability and inter-company relationship are carried out clearly.

Responsibilities of the Company against Shareholders

1. The Company shall protect the rights of Shareholders in accordance with the Articles of Association of the Company and the prevailing laws and regulations;
2. The Company shall maintain a Shareholders Register in an orderly manner and in accordance with the Articles of Association of the Company and the the prevailing laws and regulations;
3. The Company shall provide information regarding the Company on a timely, correct and regular basis to the Shareholders, except with respect to confidential matters;
4. The Company shall not favor certain Shareholder by providing him/her with information that are not disclosed to other Shareholders. The information shall be provided to all Shareholders regardless of type and classification of the shares owned; and
5. The Company shall provide full explanation and accurate information regarding the conduct of a GMS.

2.5.3.2 Board of Commissioners ("BoC")

The BoC as an organ of the Company shall function and be responsible collectively for overseeing and providing advices to the BoD and ensuring that the Company implements the GCG. However, the BoC is prohibited from participating in making any operational decisions. Each of the members of the BoC, including the President Commissioner, has equal position. The duty of the President Commissioner as *primus inter pares* is to coordinate the activities of the Board of Commissioners.

To achieve good corporate governance practices, the governance of the BoC should always consider the following matters. Any further details or provisions are regulated in the BoC Charter.

1) Membership and Composition of the BoC

- i. Composition and number of the Board of Commissioners shall be determined by a GMS with due observance to the Purpose, Vision, Core Values and strategic plan of the Company, thus enabling effective, appropriate and quick decision making, and able to act independently. The composition of the Board of Commissioners shall also be of sufficient size that suits the complexity of the business of the Company.
- ii. The BoC may consist of Commissioners who are not originated from an affiliated party, known as Independent Commissioners and Non-Affiliated Commissioners. Affiliated means having business and family relations with the controlling Shareholders, members of the BoD and other members of the BoC, and with the Company itself. Former affiliated members of the BoD and the BoC and the employees of the Company shall for a certain period of time, be considered as affiliated.
- iii. The number of Independent Commissioners shall be sufficient, so as to ensure that the supervisory and control mechanism runs effectively and in accordance with the prevailing laws and regulations. One of the Independent Commissioners shall have an accounting or finance background.
- iv. The BoC shall be appointed and dismissed by a GMS through a transparent process. Process of assessing candidates for the BoC shall be conducted prior to the GMS through the Nomination and Remuneration Committee. Selection of the Independent Commissioners shall also consider opinions of the minority Shareholders which can be obtained through the Nomination and Remuneration Committee; and

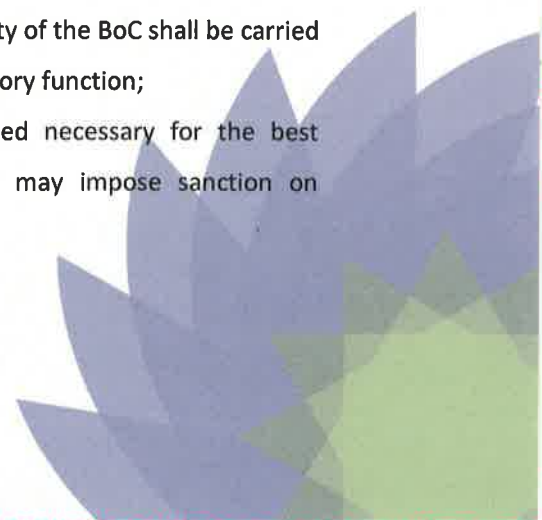
- v. Dismissal of members of the BoC before expiry of their term of office shall be conducted by a GMS based on reasonable grounds and after the relevant members of the BoC has been given with opportunity to defend himself or herself.

2) Capability and Qualification of the Members of the BoC

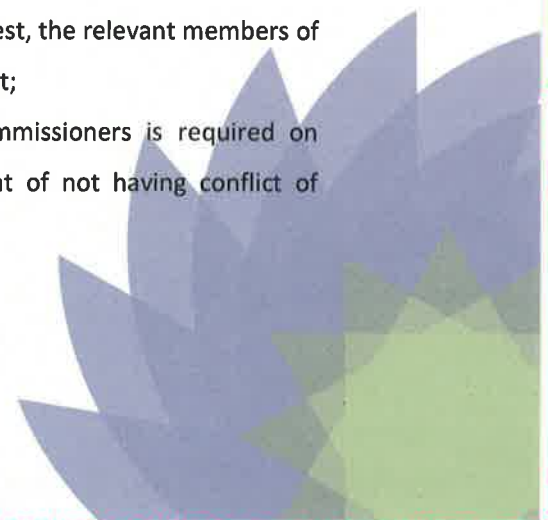
- i. The members of BoC must fulfill the requirements and have integrity, dedication, good faith, and a sense of responsibility so that performance of the supervisory and advisory functions for the benefit of the Company can be performed properly;
- ii. The member of BoC is prohibited from having any conflict of interest in performing their duties. Any member of BoC is prohibited from utilizing the Company for their personal, familial, or business group and other party's interests;
- iii. The members of BoC shall understand and comply with the Articles of Association of the Company and other prevailing laws and regulations pertaining to their duties;
- iv. The members of BoC shall understand the supervisory duties and have adequate skills and knowledge in the field of the Company's business;
- v. The members of BoC shall understand and implement the GCG Code in performing their responsibilities and authorities.

3) Duties and Responsibilities of the BoC

- i. The members of BoC are prohibited from participating in any operational decision making. In circumstances where the BoC makes decisions regarding matters as stipulated in the Articles of Association of the Company or prevailing laws and regulations, such decisions shall be made within its supervisory function, so that decisions on operational activity shall remain the responsibility of the BoD. The authority of the BoC shall be carried out within their supervisory and advisory function;
- ii. In circumstances where it is deemed necessary for the best interest of the Company, the BoC may impose sanction on



- members of the BoD in the form of a suspension, subject to further determination by GMS;
- iii. In circumstances where a vacancy occurs in the BoD or in a certain situation as stipulated by prevailing laws and regulations and the Articles of Association of the Company, the BoC may carry out the function of the BoD on a temporary basis;
 - iv. To enable the exercise of its functions, the members of BoC, collectively and individually, are entitled to have access to, and to obtain information regarding the Company on a timely and complete basis;
 - v. The BoC shall have rules and guidelines set out in a Charter (BoC Charter/BoC Manual) to ensure that its duties can be executed in an objective and effective manner. The Charter can also be used as one of the tools for performance evaluation purposes of the BoC;
 - vi. Members of the Board of Commissioners shall, in performing their duties and responsibilities, be required to comply with the Code of Conduct of the Company and shall be prohibited from taking any personal advantages, both directly and indirectly, from the Company activities, other than salaries and other benefits which they are legally entitled to, including the retirement benefits they receive as members of BoC in accordance with the prevailing laws and regulations. The President Commissioner is obliged to ensure the compliance of all members of the BoC with the Code of Conduct of the Company, including settling any conflicts that may arise;
 - vii. In performing its duties and obligations, the Board of Commissioners must always put higher priority on the Company's interests over the personal or families, as well as other party's interests. Therefore, in the event of discussion and decision-making that contains conflict of interest, the relevant members of BoC are not allowed to participate in it;
 - viii. Each member of the Board of Commissioners is required on quarterly basis to make a statement of not having conflict of



interest in any decisions that have been made by him/her and has implemented the Code of Conduct as established by the Company.

- ix. In optimizing the duties as BoC, the BoC may divide the tasks according to capability and expertise of each member of the BoC with due observance to the scope of the Company's business. Such division of work can be regulated separately by a BoC Resolution; and
- x. In performing its oversight function, the BoC shall submit an accountability report for overseeing the conduct of the management by the BoD in the framework of obtaining the release and discharge (*acquitt et decharge*) from GMS. The supervision report of the BoC shall form a part of the Annual Report to be submitted to the GMS for approval. Upon granting approval on the Annual Report and legalization of the financial statements, means that the GMS has given a full release and discharge from responsibilities to each member of the BoC to the extent they are reflected in the Annual Report, without prejudice to the responsibilities of each member of the BoC in the event of any criminal offenses or faults or negligence that result in damages to a third parties which cannot be covered by the Company's assets. The accountability of the BoC to the GMS is a manifestation of the oversight accountability on the company's management in light of the GCG principles implementation.

4) Supporting Committee for Board of Commissioners

In carrying out its duty, the BoC may establish some Supporting Committees at the Company's expenses. Each Committee shall be chaired by a member of the BoC. The Supporting Committees which have been established are as follows:

- Audit Committee
- Nomination and Remuneration Committee
- Business Planning Committee



Duties, authorities, membership and other matters related to the Supporting Committee, shall be governed in a separate Charter.

2.5.3.3 Board of Directors (“BoD”)

The BoD is the Company’s organ that is responsible fully for the management of the Company for the best interest of the Company and for the purpose of achieving profitability and ensuring the Company’s sustainability. The BoD shall be accountable for its management to the GMS in accordance with the provisions in the Articles of Association of the Company and applicable laws and regulations.

The BoD as a Company’s organ shall function and be responsible collegially for managing the Company. Each member of the BoD can carry out its duty and take decisions in accordance with their respective assignments and authorities. However, the executions of duties by each member of the BoD shall remain a joint (collective) responsibility. The position of each respective member of the BoD including the President Director is equal. The duty of the President Director as *primus inter pares* is to coordinate the activities of the BoD.

To achieve good corporate governance practices, the governance of the BoD should always consider the following matters:

1) Membership and Composition of the BoD

- i. Composition and number of the BoD shall be determined by the GMS with due observance to the Purpose, Vision, Core Values, and strategic plan of the Company, thus enabling effective, appropriate and quick decision making, and able to act independently. The composition of the BoD shall also be of sufficient size that suits the complexity of the business of the Company;
- ii. The BoD shall be elected and dismissed by the GMS through a transparent process. Process of assessing candidates for the BoD shall be conducted prior to the GMS through the Nomination and



Remuneration Committee. If required, each member of BoD shall sign a management contract which contains a statement to meet all targets set by the Shareholders; and

- iii. Dismissal of members of the BoD before expiry of their term of office shall be conducted by a GMS based on a reasonable ground and after the concerned Director has been given with opportunity to defend himself or herself.

2) Capability and Qualification of the Members of BoD

- i. The members of BoD must fulfill the integrity requirements, have dedication, good faith, adequate experience in their fields and shall be professional, so that the Company management functions can be performed properly;
- ii. The member of BoD is prohibited from having any conflict of interest in performing their duties. Any members of BoD is prohibited from utilizing the Company for their personal, familial, or business group and other party's interests;
- iii. The members of BoD must understand and comply with the Articles of Association of the Company and other prevailing laws and regulations pertaining to their duties; and
- iv. The members of BoD shall understand and be capable to perform the GCG Code in accordance with their responsibilities and authorities.

3) Duties and Responsibilities of the BoD

The duties of the BoD shall cover 5 (five) main tasks, namely in the areas of management, risk management, internal control, communication, and social responsibility.

a) Management

- The BoD shall formulate and establish the Purpose, Vision, and Core Values of the Company as well as long-term and short-term programs of the Company to be discussed and



approved by the BoC and/or the GMS in accordance with the provisions of Articles of Association of the Company;

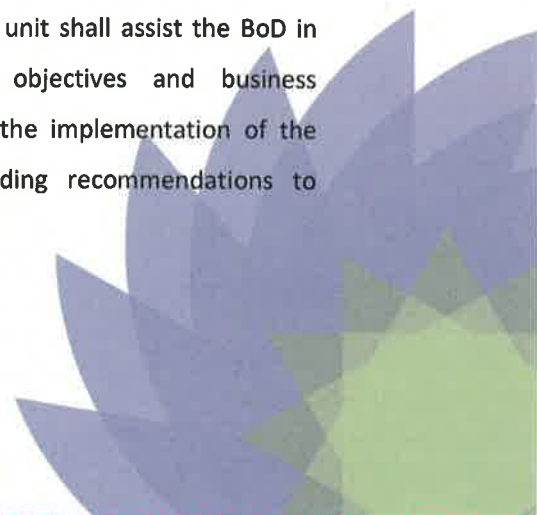
- The BoD must be able to manage the Company's resources effectively and efficiently;
- The BoD shall consider the interests of the Stakeholders properly; and
- The BoD may delegate certain authority to the committee established in support of the execution of its duty or to an employee of the Company to carry out a certain duty, but the ultimate responsibility shall remain with the BoD;
- The BoD shall have work rules and guidelines set out in a Charter (BoD Charter/BoD Manual) to ensure that its duties can be executed in an objective and effective manner. The charter can also be used as one of the tools for performance evaluation/assessment of the BoD.

b) Risk Management

- The BoD shall establish and implement a sound risk management within the Company covering all aspects of the Company's activities;
- Each strategic decision taken, including creation of new products or services, shall carefully consider its risk exposures and ensuring appropriate balance between the benefit and risk;
- To ensure proper implementation of the risk management, the Company shall have a business unit or a person in charge for the risk control.

c) Internal Control

- The BoD shall establish and maintain a sound internal control system to safeguard assets and performance of the Company and its compliance with the laws and regulations;
- The internal control function or unit shall assist the BoD in ensuring the attainment of objectives and business sustainability by: (i) evaluating the implementation of the Company's program; (ii) providing recommendations to



- improve the effectiveness of the risk management process;
 - (iii) evaluating the Company's compliance with Company's regulations, implementation of GCG and the laws and regulations; and (iv) facilitating sound coordination with external auditor;
 - The internal control unit or the head of an internal control function shall be responsible to the President Director or to the Director in charge for the internal control function. The internal control unit has a functional relation with the Board of Commissioners through the Audit Committee.
- d) Communication
- The BoD shall ensure the existence of a sound communication between the Company and the Stakeholders by empowering the Corporate Secretary functions;
 - The Corporate Secretary or the acting Corporate Secretary shall report its tasks implementation to the BoD.
- e) Social Responsibility
- In preserving the sustainability of the Company, the BoD must be able to ensure the fulfillment of the Company's social responsibility; and
 - The BoD shall have a clear and focused written planning in meeting the social responsibility of the Company.

Further, members of the BoD shall, in performing their duties and responsibilities, be required to comply with the Code of Conducts of the Company and are prohibited from taking personal advantages, both directly and indirectly, from the Company's activities other than salaries and other benefits which they are legally entitled to, including the retirement benefits they receive as members of BoD in accordance with the prevailing laws and regulations. The President Director is obliged to ensure compliance of all members of the Board of Directors with the Code of Conduct of the Company, including settling any conflicts that may arise.

In performing their duties and responsibilities, the BoD must always put higher priority on the Company's interests over the personal or families, as well as other party's interests. Therefore, in the event of discussion and decision-making that contains conflict of interest, the relevant members of BoD are not allowed to participate in it. Besides that, each member of the BoD is also required on quarterly basis to make a statement of not having conflict of interest in any decisions that have been made by him/her and has implemented the Code of Conduct as established by the Company.

In performing its management duties, the BoD must prepare accountability of management of the Company in the form of Annual Report that contains, among other financial statements, the Company activity report, and GCG implementation report. The Annual Report must obtain approval of the GMS, and specifically for the financial statements, must obtain legalization by the GMS. The Annual Report must have been provided prior to the GMS in accordance with the prevailing laws and regulations to allow the Shareholders making evaluation.

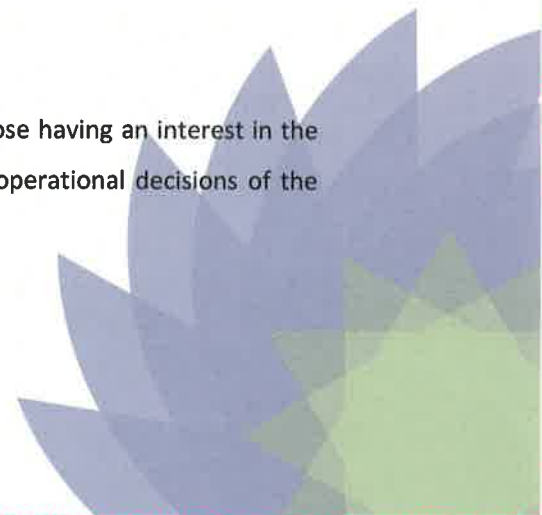
Upon approval on to the annual report and legalization of the financial statements, means that the GMS has been given a full release and discharge from responsibilities to each member of the BoD to the extent that they are reflected in the Annual Report, without prejudice to responsibilities of each member of the BoD in the event of any criminal offenses or faults or negligence that result in damages to a third parties which can not be covered by the Company's assets. Accountability of the BoD to the GMS constitutes a manifestation of accountability of the Company management in the framework of implementation of the GCG principles.

2.5.4 Stakeholders

The Stakeholders – aside from the Shareholders – are those having an interest in the Company and are directly affected by the strategic and operational decisions of the

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Company, including employees, business partners/resource providers and the community, as users of products and services of the Company. Thus, between the Company and its Stakeholders, a fair and equal relationship must be established in accordance with the prevailing laws and regulations and/or through mutual agreements applicable to each respective party.

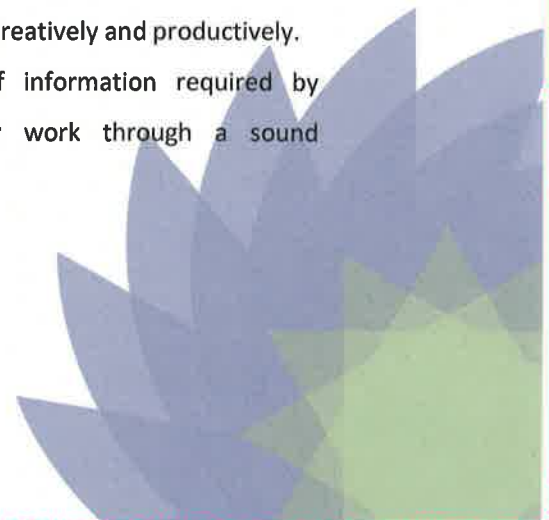
For a sound relationship between the Company and its Stakeholders, the following principles shall be observed:

1. The Company shall ensure that there shall be no discrimination exists based on ethnic, religion, race, group, gender, and/or physical condition and shall guarantee the creation of a fair and honest treatment in promoting the employees development in accordance with their respective competencies, capabilities, experience and skills.
2. The Company and the business partners/resource providers shall cooperate with each other in the interest of both parties on a mutual benefit principle basis.
3. The Company shall consider the public interests, particularly those of the communities in which the Company operates, and the users of the Company's products and services.

Implementation Main Guidelines

1. Employees

- a. Decisions on recruitment shall be made by applying consistently the criteria and capabilities requirement for the respective jobs.
- b. Determination on salary, participation in training, career path and other work requirements shall be made objectively, without discriminating any ethnic, religion, race, group, gender, and physical condition of any person, or any other circumstances protected by the prevailing laws and regulations.
- c. The Company shall have rules and regulations which clearly regulates the recruitment system and the rights and obligations of the employee.
- d. The Company shall create a conducive working environment, including health and work safety so that each employee can work creatively and productively.
- e. The Company shall ensure the availability of information required by employees to allow them to perform their work through a sound communication system.



- f. The Company shall ensure that its employees shall not use the Company's name, facility, or business relationship with any external parties for their personal interests. For such purpose, the Company shall establish and maintain a system that can ensure that each employee upholds a high standard of ethics and Company's values and adheres to the applicable policies, regulations and internal procedures.
- g. Employees and labor union within the Company are entitled to express their opinions and recommendations regarding working environment and the employee's welfare.
- h. Employees shall have the right to report on any violations/breach of the business ethics and the Code of Conduct, as well as any violation against the prevailing laws and regulations that occurred within the Company.

2. Business Partners / Resource Providers

- a. Business partners/resource providers shall include suppliers, distributors, creditors, debtors, and any other party who conduct business transactions with the Company;
- b. The Company shall establish rules and regulations which can ensure that any business partner/resource provider can exercise its rights and obligations in accordance with the respective agreements and the prevailing laws and regulations.
- c. Business partners/resource providers are entitled to obtain any information that are relevant to their business relationship with the Company so that each party can make decisions based on a fair and reasonable considerations.
- d. Unless otherwise required by prevailing laws and regulations, the Company and the business partners/resource providers are obliged to keep confidential information and protect the interests of each respective party.

3. Community and User of the Products and Services

- a. The Company shall establish rules and regulations that ensure the preservation of a harmonious relationship with the communities, including the implementation of partnership programs and preserve the environment.
- b. The Company shall be responsible for the quality of products and services produced and the negative impact on the health and safety of users.



- c. The Company shall be responsible for the negative impact that may result from its business activities on the communities and environment in which the Company operates. Accordingly, the Company shall provide information to the communities that may be affected by its activities.

CHAPTER III

BUSINESS ETHICS AND CODE OF CONDUCT

3.1. Principles

In order to achieve a long-term success, the GCG implementation needs to be based on high integrity. Hence, a Code of Conduct that can be used as a reference for the Company's Organs and its employees in applying the values and business ethics is required so that it may become a part of the Company's culture.

3.2. Company Values

Company values constitute the moral basis in achieving the Company's vision and mission. The SGH's values are described further in Chapter 2.4 and 2.5 above.

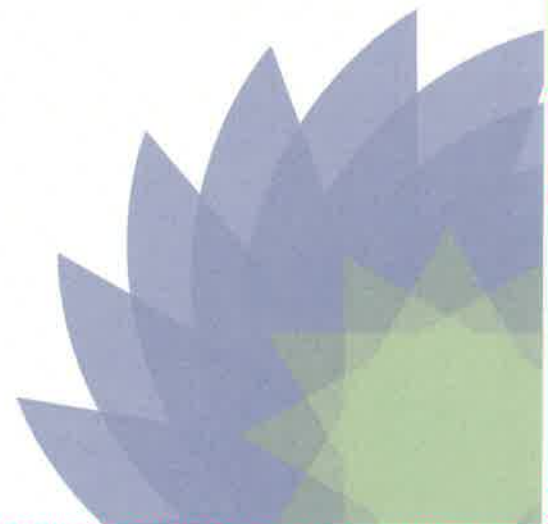
3.3. Business Ethics

Business ethics shall serve as a reference for the Company in conducting business including in interacting with its Stakeholders. Sustainable implementation of a Company values and business ethics will promote the creation of the Company culture. SGH formulated its business ethics and elaborated it further in the Code of Conduct.

3.4. Function of Code Of Conduct

The Code of Conduct covers guidance regarding conflicts of interest, presenting and receiving gifts and donations, compliance with laws and regulations, confidentiality of information, and reporting of unethical behavior.

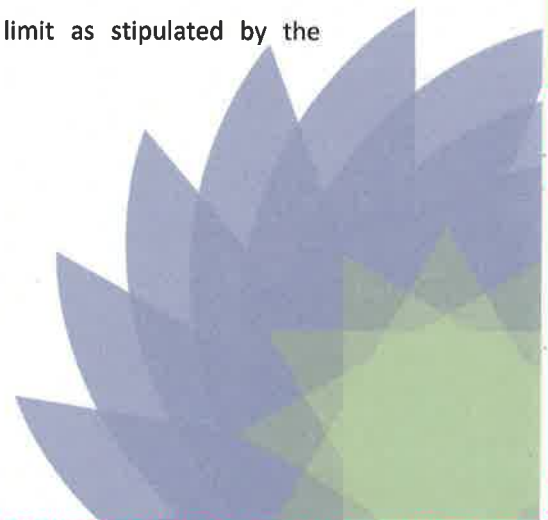
3.5. Conflicts of Interest



- a) Conflicts of interests arise when there is a conflict between the economic interests of the Company and the personal economic interest of its Shareholders, members of the BoC and the BoD, and the employees of the Company.
- b) In carrying out their duties and obligations, members of the BoC and the BoD and the employees of the Company must prioritize the economic interest of the Company above the personal and family's economic interests as well as that of any other party;
- c) Members of the BoC and the BoD and all employees are prohibited from abusing their respective powers and positions in the Company in the interest and for the benefit of himself/herself, his/her family and another party.
- d) The party with a possible conflict of interest is prohibited from participating in discussions and decision-making process.
- e) A shareholder shall disclose all conflicts of interest that are being faced and any potential conflicts of interest or anything that may inhibit appropriate and independent decision making. The Shareholder shall follow the decision-making process as stipulated in the Articles of Association.
- f) Each member of the BoC and the BoD as well as the employees of the Company having a decision making authority shall make an annual statement certifying that he/she has no conflict of interest in any decisions made by him/her and that he/she has implemented the Code of Conduct issued by the Company.

3.6. Presenting and Receiving Gifts and Donations

- a) Each member of the BoC and the BoD and employees of the Company are prohibited from giving or offering something, either directly or indirectly, to an official of the regulatory, supervisory and enforcement authorities and/or an individual representing a resource provider, which may influence his/her decision making;
- b) Each member of the BoC and the BoD and the employees of the Company are prohibited from receiving something in his/her personal interests, either directly or indirectly, from a resource provider which may affect his/her decision making;
- c) A donation made by the Company or the giving of the Company's asset to a political party or a member of the legislative or executive body may be done only in accordance with prevailing laws and regulations. Within the appropriate limit as stipulated by the Company, a donation for charity may be justified.



- d) Each member of the BoC and the BoD and the employees of the Company having a decision making authority shall make an annual statement certifying that he/she has not given and/or received anything that might affect his/her decision making.

3.7. Compliance With Laws and Regulations

- a) The organs and employees of the Company shall abide by the prevailing laws and regulations and the Company's Articles of Association.
- b) The BoC must ensure that the BoD and the employees of the Company shall adhere to the prevailing laws and regulations and the Company's Articles of Association;
- c) The Company must keep records of its assets, debts and equity properly and in accordance with generally accepted accounting principles.

3.8. Confidentiality of Information

- a) Members of the BoC and the BoD and the employees of the Company shall maintain confidentiality of Company's information in accordance with prevailing laws and regulations, the Company's Articles of Association and common business norms;
- b) Each member of the BoC and the BoD, Shareholders and the employees of the Company are prohibited from abusing any information related to the Company including, but not limited to, information on strategic plan of the Company, such as merger and acquisition, and of shares buy-back;
- c) Each former member of the BoC and the BoD and former employees of the Company, as well as a Shareholder who has transferred its share ownership are prohibited from disclosing any Company's confidential information acquired during his/her service or exposure within the Company, unless the information is required for examination and investigation in accordance with the prevailing laws and and regulations, or has no longer considered as confidential by the Company.

3.9. Reporting on Violation and Protection of Whistleblower

- a) The BoC is obliged to receive and ensure that any complaints reported on violation of business ethics, Code of Conduct, Company's Articles of Association and prevailing laws and regulations are processed properly and timely.
- b) The Company and its subsidiaries must develop rules to protect the individuals that report complaints and/or information regarding violation of business ethics, Code of Conduct, Company's Articles of Association and prevailing laws and regulations. For this

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purpose, the Audit Committee will be responsible for supervising the implementation of GCG.

CHAPTER IV

CLOSING

4. 1. GCG Code Socialization

The Company will continuously conduct GCG Code socialization systematically and continually. Therefore, a practical guideline is required that can be made a reference by the Company in implementing the GCG. The socialization activity will be conducted to the internal and external parties. Socialization to internal parties is focused on existence of understanding, incurrence of awareness and the need for applying the GCG Code consistently. Socialization to external parties is aimed to provide an understanding of the procedures in accordance with the GCG Code applicable in the Company.

4. 2. GCG Code Implementation and Evaluation

GCG Code implementation will be conducted continuously in consistent with the full commitment from all lines of SGH management and support from all of the other Stakeholders. One form of such an implementation is reflected from existence of periodic reports from each work unit on the GCG Code implementation and linked with the reward and punishment system that is developed by the Company for each division and SGH personnel.

SGH shall make a statement on the GCG implementation and its report shall be made a part of the Annual Reports. The statement and its report can be used simultaneously to meet the reporting requirement of the relevant authorities. In the event that the GCG Code has not been fully implemented, the Company shall disclose the non-conformance aspects and the reasons for such.

4. 3. GCG Code Evaluation

The Company will continuously conduct evaluation of the GCG Code. This evaluation is aimed to know and measure suitability of the GCG Code with the corporate needs and effectiveness of the implementation programs that have been implemented. Based on results of such

evaluation, the GCG Code improvement and development and its implementation programs will be continuously be conducted on a sustainable basis.

4. 4. GCG Code Validity

The Company shall always comply with any prevailing laws and regulations, Articles of Association as well as any contractual obligations where the Company is a party. If there is any provision under this GCG Code which may conflict with the contractual obligations where the Company is a party, then prevailing laws and regulations, Articles of Association and any agreements that were approved by the BoC and/or the GMS (as applicable) shall prevail.

