



# **CORPORATE GOVERNANCE CODE**

**PT SARATOGA INVESTAMA SEDAYA, Tbk.**

Corporate Governance Code  
PT Saratoga Investama Sedaya, Tbk.

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## I. Introduction

1. The purpose of the Company's Code of Corporate Governance ("**Code**") is to summarize the Company's key corporate governance policies and provisions. By adopting this Code, the Company confirms its commitment to demonstrably lead and promote the Good Corporate Governance ("**CGC**") throughout its organization.
2. The Company defines corporate governance as a set of structures, mechanism and processes for the direction and control of the organs of the Company, involving a set of relationships between the Company's shareholders, board of directors ("**BoD**"), board of commissioners ("**BoC**"), and the Company's stakeholders for the purpose of creating long-term shareholder value, while respecting rights of stakeholders established by law or through mutual agreements.
3. In order to foster the confidence of its shareholders, employees, investors, and other stakeholders, this Code is based on internationally recognized corporate governance principles and practices (most notably the most recent OECD Principles of Corporate Governance), the Indonesia's Code of Good Corporate Governance 2006, relevant local regulations (Corporate Law, Capital Market Law, Financial Services Authority regulations) and the Company's by-laws and Articles of Association.
4. Adoption of the Company's Code is based on observance that stock exchanges and regulators around the world are increasingly setting standards or regulations regarding best practice of corporate governance. Moreover, investors are beginning to review more systematically the company's corporate governance practices as part of the investment decision making processes.
5. The implementation of GCG is imperative for building the trust of the public as well as the international community, and it becomes an absolute necessity for the Company to develop and grow.
6. The Company understands that there are many different codes of "best practices" which take into account differing regulations, board structures and business practices across countries. However, there are standards that can apply across a broad range of legal, political and economic environments based broadly on the following principles and are incorporated into the Code:
  - a. **Accountability:** This Code establishes the Company's accountability to all shareholders and guides the Company's boards in setting strategies to guide and monitor the Company's overall operations.
  - b. **Fairness:** the Company obligates itself to protect shareholders' rights and ensure the equitable treatment of all shareholders, including minority shareholders. All shareholders are to be granted effective redress for violation of their rights through a clear mechanism that is made known to

them.

- c. **Transparency:** the Company is to ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership and governance of the Company.
- d. **Responsibility:** the Company recognizes the rights of other stakeholders as established by law or through mutual agreements, and encourages active co-operation between the Company and stakeholders in creating sustainable and financially sound enterprise.
- e. **Independency:** to accelerate the implementation of the GCG principles, the Company must be managed independently with an appropriate balance of power, in such a manner that no single organ of the Company shall dominate the other and that no unnecessary intervention from other party shall exist.

## II. Purpose and Objective

The purpose and objective of the Code, as a living instrument, is to offer a standard, practical guide, and reference of adopted GCG principles for all parties of the Company including commissioners, directors, and all employees in achieving sustainable growth and enhancing local and global competitiveness toward a world class investment Company through the following:

1. Establishing strategic objectives and a set of corporate values that are communicated and implemented throughout the organization of the Company;
2. Empowering the function and independency of each Company's organ, namely, the General Meeting of Shareholders ("**GMS**"), the BoC and the BoD and setting clear lines of responsibility and accountability of the organs of the Company;
3. Applying the Company's standard ethics, values, objectives, strategy and control environment;
4. Encouraging shareholders, the BoC, and the BoD in course of making decisions and actions, to apply high moral values and compliance with the prevailing law and regulations, awareness of the Company's social duties toward greater stakeholders;
5. Protecting and facilitating the exercise of shareholders' rights;
6. Ensuring the equitable treatment of shareholders, including non-controlling and foreign shareholders;
7. Respecting the rights of stakeholders established by law or through mutual agreements;
8. Providing guidelines for a strong control system that includes the internal and external audit functions, risk management and compliance functions with proper checks and balances mechanism with the Company's business lines;
9. Providing guidelines for special monitoring of risk exposures, where conflicts of

- interest may occur, includes business relations with affiliated parties, shareholders, directors, commissioners and senior management officers.
10. Expanding long-term corporate values to the shareholders through improved transparency, accountability, responsibility, integrity and fairness;
  11. Encouraging professional, transparent and efficient management of the organization, as well as empowering the functions and improving impartiality of the GMS, the BoC and the BoD.

### **III. Vision, Mission and Core Values**

#### **A. Company's Vision**

To be a world-class active investment company in Indonesia that excels on the back strong corporate characters to create value for the Company's shareholders, its wider stakeholders and the Nation.

#### **B. Company's Mission**

To be the partner of choice for investors to participate in the dynamic growth of Indonesia.

#### **C. Corporate Core Values**

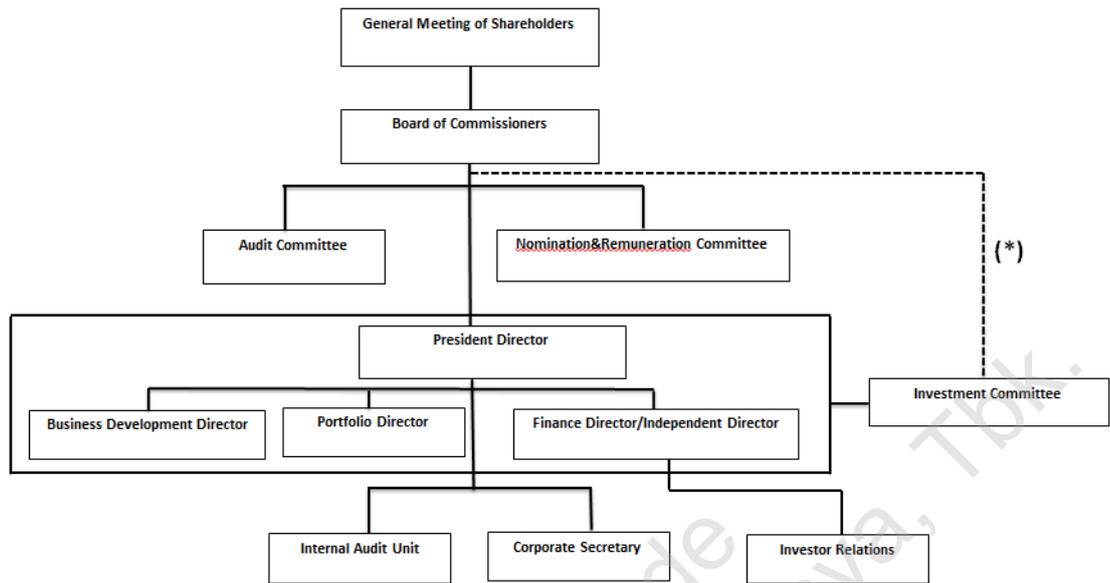
The 4 Aces:

1. *Kerja Keras* (work hard)
2. *Kerja Cerdas* (work smart)
3. *Kerja Tuntas* (work thoroughly)
4. *Kerja Ikhlas* (work whole-heartedly)

### **IV. Corporate Governance Policies and Practices**

The Company believes that the three organs of the Company, consisting of the GMS, the BoC, and the BoD, have an important role in implementing the GCG effectively. The organs of the Company would carry out their respective functions in accordance with an applicable provision based on the principle that each organ is independent in carrying out its duty, function and responsibility in the sole interest of the Company.

## CORPORATE GOVERNANCE STRUCTURE



### Notes:

- The BoC delegates to the Investment Committee the authority to decide on any investment and divestment of up to 10% of the Company's total equity as per 21 January 2014.
- The Investment Committee is composed of the BOD sitting en banc and supervised by the President Commissioner.
- The BOC is regularly apprised of the investments that have been made in the preceding period.
- Any investments and/or divestments above the 10% threshold are automatically escalated to the BOC for its approval.

## A. General Meeting of Shareholders

### 1. Principles

The GMS is the Company's organ that facilitates shareholders to make certain decisions that pursuant to the Company's Articles of Association, prevailing laws and regulations fall under the auspice of the shareholders. Any decision taken in the GMS must pursue the long term interest of the Company. The GMS cannot intervene in the exercise of the duty, function and authority of the BoC and/or the BoD.

### 2. Code Provisions

The GMS must be conducted in a timely, properly and in a transparent manner for purposes of adopting valid resolutions that will preserve the long term interest of the Company and by observing the articles of association and laws and regulations, including but not limited to:

- a. An invitation to attend a GMS that is published in at least 2 (two) Indonesian newspaper, one of them being published in English with

- national distribution at least 14 (fourteen) days before the date of the GMS and announced in the Company's website.
- b. An opportunity for all shareholders that hold at least 10% of the shares validly issued by the Company to propose an agenda item for the GMS in accordance with the Company's Articles of Association.
  - c. An information regarding the agenda, date, time and venue of the GMS that is included in each GMS invitation.
  - d. Agenda of the GMS shall not contain any bundling agenda item especially for agenda item that require voting.
  - e. A notification along the invitation for GMS that materials of each agenda item would be available at the Company's office by contacting Corporate Secretariat office and at the Company's website as from the day of the invitation for the GMS is made until the day of the GMS is held, to enable the shareholders to participate actively in the GMS and cast a responsible vote.
  - f. The meeting materials will include among others, the proxy forms and to the best extent possible proxy statements that highlight rationales and further explanations for each agenda item which require shareholders' approval.
  - g. Additional explanations regarding the agenda of the GMS that are given at the time of the GMS, to the extent proxy statements cannot be provided prior to the GMS, .
  - h. An opportunity for all shareholders to participate effectively and vote in the GMS along the meeting rules and voting procedures that have been properly informed.
  - i. Processes and procedures for the GMS that allow for equitable treatment of all shareholders. The Company's procedures should not make it unduly difficult or expensive to cast votes.
  - j. The resolutions of the meeting shall be made publicly available at the Company's website by the following one working day.
  - k. The minutes of the GMS shall be made available on the Company's website at the latest by five working days after the date of the GMS. In the case the minutes contain significant number of pages, a summary of the minutes shall be acceptable to be published on the Company's website. The minutes shall include at least the following matters:
    - (i) attendance record of members of the BoC and BOD;
    - (ii) record of questions and answers;
    - (iii) voting and vote tabulation procedures, including the appointment of independent party to count and record the votes; and
    - (iv) voting results including approving, dissenting, and abstaining votes for each agenda item.
  - l. The minutes of the GMS that is made available at the Company's office, and the provision by the Company of facilities required the shareholders to aid them read the minutes.
  - m. Internal mechanism that allows GMS is conducted properly by organs that have legitimate authority pursuant to the prevailing laws or the Company's Articles of Association. A clear procedure allowing appointments to the members of the BoC and the BoD by the GMS are done through proper

- procedure after taking into accounts the opinion and recommendation of the Company's Nomination and Remuneration Committee.
- n. Instilled internal practices that allow all reports submitted to the GMS including the BoD and BOC reports and recommendations are to take into accounts quality GCG considerations into the reports and recommendations.
  - o. Bylaws, internal policies and instilled corporate cultures that allow all shareholders decisions are made solely for the best interest of the Company by taking into accounts the interests of all shareholders and wider stakeholders.
  - p. Shareholders' decisions regarding the the remuneration and other benefits including welfare arrangements given to the members of BoC and BoD shall take into account the longer term interests of the Company and its then financial condition.

## **B. Board of Commissioners and Board of Directors**

### **1. Principles**

The Company operates in a legal system that adopts a two-tiered governance of a limited liability company system, namely the board of commissioners (the "BoC") and the board of directors (the "BoD"), each of which has a clear authority, roles and responsibilities based on their respective functions that are independent of each other as mandated by the prevailing laws and regulations as well as the Company's Articles of Association.

Yet, both organs have the responsibility to maintain the Company's sustainability in the long term. Accordingly, the BoC and the BoD along with the Shareholders and employees of the Company must have the same perception regarding the Company's vision, mission, values, objectives and targets.

### **2. Code Provisions**

The mutual responsibility of the BoC and the BoD in maintaining the Company's sustainability in long term shall be reflected in:

- a. An effective and efficient implementation of the internal control and risk management;
- b. A timely and accurate disclosure on all material matters regarding the Corporation;
- c. The achievement of an optimum return for the shareholders;
- d. Proper protection of stakeholders' interest; and
- e. A fair and proper succession to ensure management sustainability within all lines of the organization.

Aligned with the Company's values, both the BoC and the BoD shall agree on the following matters:

- a. vision, mission, a long term plan, business strategy, annual plan and budget;
- b. a policy to ensure the Company's compliance with the prevailing laws and regulations, and the Articles of Association, and to prevent all kinds of conflict of interest;
- c. a policy and method of properly evaluating the performance the Company;
- d. an organization structure up to one level under the BoD which can support the achievement of the Company's vision, mission and targets, based on the Company's values.

### **3. Key Working Procedures**

The Company adheres to the following standard working procedures to elaborate the relationship between the BoC and the BoD:

- A mechanism to allow the BoC to meet regularly (no less than six times a year) according to a fixed schedule, which enables members to the BoC to plan, monitor and evaluate its supervisory functions. .
- A mechanism to allow the BoD to meet regularly every month according to a fixed schedule, which enables members to the BoD to plan, monitor and evaluate its managerial functions.
- Detailed roles, responsibilities that elaborate the supervisory and managerial functions of the BOC and BoD along with meetings procedures of the BoC and the BoD are defined in each the BoC and BoD's Charter respectively.
- A corporate secretariat that runs as liaison officer for both organs to ensure that both the BoC and the BoD are provided with a concise, but comprehensive set of information in a timely manner, as much in advance as possible consisting of meeting arrangements including invitations, agendas, minutes and resolutions resulting therein along with their supporting materials and reports that are prepared in clear, succinct, insightful, and as necessary, include recommendations for action based on proper analysis.
- Both the BoC and the BoD keep detailed minutes of their respective meetings that adequately reflect board discussions, signed by all the members of the BoC and/or the BoD present in the meeting.

### **4. Continuing Education Programs for Board Members**

The Company offers an orientation program for new BOC and BOD members to ensure the new board members conduct their duties prudently. The board orientation program shall contain the following items:

- a) External relevant regulations (Corporate Law, Capital Market Law, Financial Services Authority Regulations, and other relevant regulations)

- b) Internal regulations (Article of Association, Corporate Governance Code, Code of Conduct, Board charters and other Company's policies)
- c) Company's business model
- d) Company's operational system and internal control

Corporate Secretary shall organize the orientation program for board members.

In furtherance to the capabilities of its board members, the Company also provides general access to training courses and education programs as a matter of continuing professional education. The BoC and BoD should annually plan, determine and budget relevant trainings and/or professional education programs required for each Board as a professional group and for the individual members based on the Company's agreed budget for the relevant year.

## **C. Board of Commissioners**

### **1. Principles**

- The BoC as an organ of the Company functions and be responsible collectively for (i) overseeing the Company's policies including its businesses; (ii) rendering advices to the BoD and ensuring that the Company implements the GCG; and (iii) review and examine annual reports that are prepared by the BoD and signoff such reports.
- The BoC is prohibited from participating in making any operational decision. Each of the members of the BoC, including the President Commissioner, has equal position.
- The duty of the President Commissioner of the BoC, as *primus inter pares*, is to coordinate the activities of the BoC.

### **2. Code Provisions: Composition, Appointment and Termination**

For the BoC to be able to effectively exercise its duties, the following principles shall be observed:

- a. The BoC is accountable to the Company and the shareholders.
- b. The BoC members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and the shareholders.
- c. The BoC should treat all shareholders fairly.
- d. Members to the BoC must be professional, commit themselves effectively to their responsibilities, and possess the integrity and capability to enable them to carry out their duties properly, including to ensure that the BoD upholds the interests of the Company, its shareholders, and the wider stakeholders.
- e. The BoC shall consist of a minimum 2 (two) members (including independent commissioner) that suits the complexity of the business of the

- Company by taking into accounts the effectiveness in decision making.
- f. The BoC includes members who are not originated from an affiliated party, known as Independent Commissioners, and 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.
  - g. The number of Independent Commissioners shall be at least 30% of the BoC members, so as to ensure that the control mechanism runs effectively, to ensure the impartiality of decisions and to maintain the balance of interest among various groups of shareholders and in accordance with laws and regulations. One of the Independent Commissioners shall have an accounting or finance background. (IDX regulations No. Kep-00001/BEI/01-2014)
  - h. An independent commissioner is an individual who has not received substantial financial or other benefits from such company in the last three years, such as:
    - (i) have not been an employee of the company or a shareholder of 10% or more of the company
    - (ii) have not paid to or received from the company a substantial amount, or been a major shareholder of a company that has paid to or received from the company a substantial amount (the threshold of such amount should be determined by the GMS and set out in the AoA of the company)
    - (iii) have not been an External Auditor of the company.
  - i. Any independent commissioner shall not provide personal services for compensation to the Company, other than in connection with serving as a commissioner.
  - j. Members of the BoC are appointed and terminated by the GMS through a formal and transparent process.
  - k. As per the Company's Articles of Association, members to the BoC will be elected to serve a period of three years without reducing the rights of the GMS to terminate any service of a BOC member at any time.
  - l. As per IDX regulations No. Kep-00001/BEI/01-2014 an Independent Commissioner shall only be elected to serve at the maximum of two periods.
  - m. Termination of members of the BoC and/or the BoD shall be effected by the GMS for a reasonable cause and after giving the relevant member of the BoC an opportunity to defend him/her.

### **3. Capability and Integrity**

- a. The BoC should apply high ethical standards. It should take into account the interests of the stakeholders.
- b. Members of the BoC shall have the capability and integrity required to ensure that the oversight and advisory function can be carried out properly.
- c. Members of the BoC are prohibited from utilizing the Company for his/her personal, family, business group and or other parties' interests.

- d. Members of the BoC shall understand and comply with the Articles of Association and prevailing laws and regulations as relevant to their duties.
- e. Members of the BoC shall understand and implement this Code and the GCG principles.

#### **4. Role and Function**

- The BoC is prohibited from participating in any operational decision making. In circumstances where the BoC makes decisions regarding matters as stipulated in the Articles of Association or laws and regulations, such decisions shall be made within the auspice its supervisory and advisory functions, so that decisions on operational activity shall remain the responsibility of the BoD.
- The oversight and advisory roles of the BoC at least contain the following:
  - (i) Reviewing and proposing to the shareholders the Company's corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing investments, acquisitions and divestitures that fall beyond the agreed threshold.
  - (ii) Reporting to the shareholders the performance of BoC supervisory and advisory functions that include recommendations and suggestions for improvements whenever there are signs of deterioration.
  - (iii) Validating the Company's work plans and budgets that have been prepared by the BoD, at the latest 30 days before the beginning of each financial year.
  - (iv) Monitoring the effectiveness of the Company's governance practices and making recommendations as needed.
  - (v) Monitoring the performance of the BoD and overseeing succession planning.
  - (vi) Aligning BoC and BoD remuneration with the longer term interests of the Company and its shareholders.
  - (vii) Ensuring a formal and transparent BoC and BoD members nomination and election process.
  - (viii) Reporting to the Company any ownership of shares each member of the BoC and his/her family members have.
  - (ix) Monitoring potential conflicts of interest of management, BoC and BoD members and shareholders, including misuse of corporate assets and abuse in related party transactions.
  - (x) Ensuring the integrity of the corporation's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.
  - (xi) Overseeing the process of disclosure and communications.

- In circumstances where it is deemed necessary in the 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 the GMS;
- In circumstances where a vacancy occurs in the BoD or in a situation as stipulated by laws and regulations and the articles of association, the BoC may carry out the function of the BoD on a temporary basis;
- To enable the exercise of its function, the members of the BoC, collectively and individually, are entitled to have access to, and to obtain information regarding the Company;
- The BoC shall have rules and guidelines set out in a BOC Charter 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; In performing its supervisory and 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 the GMS.
- In carrying out its duty, the BoC shall establish relevant committees, including an Audit and Risk Management Committee. Any proposal from the committees shall be submitted to the BoC for approval.

## **5. Committees**

- In adherence to the Company's business and ensuring effective supervisory and advisory functions, the BoC shall establish at least an Audit Committee and an Investment Committee. Currently the Company has had in place three committees: (i) Audit and Risk Management Committee, (ii) Nomination and Remuneration Committee, and (iii) Investment Committee. The Company may set up additional committees to the BoC to further enhance the BoC supervisory functions.
- Each committee is further governed in accordance with its charter containing provisions on the scope of authority, competencies, composition, working procedures, as well as the rights and responsibilities of the committee members. Final authority and decision-making on all board-designated matters ultimately rests with the full board of commissioners.
- Membership of the committees is to be decided by the BoC in accordance with the Company's article of associations, laws and regulations. Each committee will assign one of its members to be the chairman in accordance with the charter of relevant committee. Membership of each committee should be reviewed and reconfirmed each year by the BoC.

### **a) Audit and Risk Management Committee**

The Audit and Risk Management Committee oversees the Company's risk management control and financial reporting framework, with particular emphasis on the soundness of internal controls, compliance, and risk management; and the independence and competencies of both the Company's external auditor and internal auditor.

The Audit and Risk Management Committee shall function to assist the BoC to ensure that:

- (i) financial reports are presented appropriately in accordance with the generally accepted accounting principles;
- (ii) internal control structure is adequate and effective,
- (iii) internal and external audits are conducted in accordance with applicable auditing standards, and audit findings are followed up by the management;
- (iv) the Company's risk management system is prudently established by the BoD to properly evaluate the Company's risk tolerance;
- (v) a sound procedure is in place that allows BoC to recommend the appointment, reappointment, and dismissal of external auditors to the GMS.

The composition of the Committee shall be such so that it can accommodate with the complexity of the Company by taking into account the effectiveness in decision making. The Committee is chaired by an Independent Commissioner and the members may consist of Commissioners and/or professionals from outside of the Company. One of the members should have an accounting background.

The Committee and its operational system shall be held accountable by and reporting to the BoC.

### **b) Nomination and Remuneration Committee**

The Nomination and Remuneration Committee oversees the nominations process and remuneration policies to the members of BoC, BoD and senior management that include their evaluation processes, succession planning, professional education program, and review the Company's human resources policies.

The Nomination and Remuneration Committee shall also assist the BoC in reviewing the GCG policies prepared by the BoD and monitoring the effectiveness of the GCG practices, including aspects related to the business ethics and social responsibility of the Company.

The Nomination and Remuneration Committee shall function to assist the BoC to ensure that:

- a. a sound remuneration policy is internalized to be able attract, motivate, reward, and retain members of the BoC as well as the BoD who have high integrity and superior ability and who are focused on enhancing long-term shareholder values. Further, the remuneration policy shall be such that it does not jeopardize the independence or encourage unjustified short-term risk taking. The remuneration package may consist of the following components:
  - i. Monthly/Annual fee
  - ii. Performance based bonus
  - iii. Other benefit as deemed necessary
- b. a function in determining the selection criteria for candidates of the member of the BoC and BoD as well as the remuneration system and compensation structure are well in place.
- c. The Committee is chaired by an Independent Commissioner, whilst the other members may consist of a Commissioner and or professionals from outside of the Company.
- d. A proper reporting procedure to the BoC is provisioned into a charter of the Nomination and Remuneration Committee.
- e. There is a proper disclosure of the Company's remuneration policy and details of the remuneration of each commissioner and director in its Annual Report that is made public.

**c) Investment Committee**

The Investment Committee plans, formulates and implements investment policies and strategies in order to ensure the Company's sustainability and the achievement of the Company's long-term strategic objectives.

To ensure investment decisions are made on timely basis, the Investment Committee has been delegated by the BoC to make investment decision with a value up to 10% of the Company's equity.

The Investment Committee provides professional and independent recommendations to the BoC by taking into deep consideration the GCG principles in matters related to the following:

- a. Design and implementation of systems and procedures related to investment and divestment activities of the Company.
- b. Design and implementation of systems and procedures related to monitoring of the performance of the Company's associates and subsidiaries (investee companies).
- c. Design and implementation of systems and procedures that allow active monitoring towards the risk profile of the Company associated with the Company's investment activities.
- d. The composition, roles and responsibilities of the Committee shall be detailed in the Investment Committee charter.
- e. The Committee is established by, and its operating system shall be accountable to the BoC.

All decisions of the IC need unanimous consent of all its members. Except when a member has a conflict, the member must refrain from voting for the conflicted item, and must conduct the appropriate actions as stipulated in the conflict of interest section in this document (Section L).

## **6. Performance Evaluation of the Board of Commissioners**

The BoC conducts a yearly self-evaluation to identify ways to strengthen its overall effectiveness. Once every year, each member of BoC will independently and anonymously evaluate the BoC's performance as a group and the performance of each other individual commissioner. The evaluation shall be based on a pre-defined and pre-agreed evaluation tool and the results will be summarized by the Corporate Secretary or other designated party for discussion in a BoC meeting forum. This evaluation process is to be overseen and facilitated by the Nomination and Remuneration Committee. If required, independent consultants may also be invited to assist the BoC in this process.

## **7. Succession Planning**

The BoC, based on recommendation from the Nomination and Remuneration Committee, is to adopt a succession plan that outlines how the Company will prepare the next generation of its directors. The succession planning includes the roles of the President Director, Directors and other key Executive positions deemed necessary by the BoC , BoD or the Nomination and Remuneration Committee.

To assist in this process, the President Director shall work with the BoC or the BoD or the Nomination and Remuneration Committee to identify a list of individuals' best suited to replace the company's key executives. The succession plan goes beyond simply naming potential leaders, but also identifying plans to professionally develop the Company's leadership pipeline. The BoC,BoD or the Nomination and Remuneration Committee should update its succession planning on a regular basis.

## **D. Board of Directors**

### **1. Principles**

The BoD as a company organ functions and be responsible collegially for the management of the Company. Each member of the BoD carries out its duties and takes decision and authorities. However, the execution of tasks by each member of the BoD remains to be a collective responsibility until there are proofs of gross negligence in the part of a relevant director.

The position of each respective member of the BoD including the President Director is equal

For the BoD to be able to effectively exercise its duties, the following principles are to be observed:

- 1) The composition of the BoD shall enable it to make effective, right and timely decisions and to act independently.
- 2) The members of the BoD must be professionals that possess the integrity, experience and capability required for carrying out their respective duties.
- 3) The BoD shall be responsible for the management of the Company for the purpose of achieving profitability and ensuring the Company's sustainability.
- 4) The BoD shall be accountable for its management to the GMS in accordance with applicable laws and regulations.

## **2. Code Provision: Composition, Appointment and Termination**

- 1) The BoD is accountable to the company and shareholders.
- 2) The BoD members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.
- 3) The BoD should treat all shareholders fairly.
- 4) The composition of the BoD shall be of sufficient size that suits the complexity of the business of the Company by taking into account the effectiveness in decision making.
- 5) Members of the BoD are appointed and terminated by the GMS through a formal and transparent process. The process of evaluating the candidates for the member of the BoD is carried out by the Nomination and Remuneration Committee and the BoC prior to the GMS meeting.
- 6) Termination of members of the BoD shall be affected by the GMS for a reasonable cause and after the related member has been given the opportunity to defend him/herself.
- 7) All members of the BoD shall be domiciled in Indonesia during his/her appointment to allow and effective execution of the daily management function.

## **3. Capability and Integrity**

- 1) The BoD should apply high ethical standards. It should take into account the interests of stakeholders.
- 2) Members of the BoD shall have the capability and integrity required to ensure the proper execution of management function.
- 3) Members of the BoD are prohibited from utilizing the Company for his/her personal, family, business group and or other parties' interests.
- 4) Members of the BoD shall understand and uphold the Articles of Association and the laws and regulations as relevant to their duties.
- 5) Members of the BoD shall understand and implement this Code and GCG principles.

#### **4. Role and Function**

The duties of the BoD shall cover 5 main tasks in the areas of management, corporate governance, risk management, internal control and internal audit, communication and disclosure, and corporate responsibility.

##### **a. Management**

- (i) The BoD shall formulate the vision, mission, values of the company as well as the short and long term programs and targets of the Company to be discussed and approved by the BoC or in accordance with the Article of Associations.
- (ii) The BoD shall manage resources of the Company effectively and efficiently.
- (iii) The BoD shall prudently manage the capital structure, ensuring the Company's solvency, liquidity, and long-term sustainability.
- (iv) The BoD shall properly consider the best interest of the Company, the shareholders, and its wider stakeholders.
- (v) The BoD may delegate certain authority to committee(s) established in support of the execution of its duty or to employee(s) of the Company to carry out a certain duty, but the ultimate responsibility shall remain with the BoD.
- (vi) The BoD shall have work rules and guidelines set out in a BoD charter to ensure that its duties can be executed in an objective and effective manner.
- (vii) The charter can also be used as one of the tools for appraising performance.

##### **b. Corporate Governance**

- (i) The BoD shall establish and implement best practices of GCG framework within the Company.
- (ii) The framework complies with prevailing laws, is based on the (Indonesian / national) code of corporate governance and the OECD Corporate Governance principles.
- (iii) The Company employs a full-time company secretary to assist with its governance matters.
- (iv) The Corporate Secretary possesses the necessary qualifications and skills to ensure that the governing bodies follow internal rules and external regulations, facilitates clear communications between the governing bodies in-line with the Company's Articles of Association, Code of Best Practice of Corporate Governance, charters, by-laws and other internal rules, and keeps the BoC, BoD and the Company's key officers abreast of the latest corporate governance developments;
- (v) The Corporate Secretary shall carries out the compliance work as the Company does not have a separate compliance work unit to ensure the compliance with the laws and regulations.

**c. Risk Management**

- (i) The BoD shall establish and implement a sound enterprise risk management within the Company covering all aspects of the Company's activities.
- (ii) Each strategic decision taken, including the investment/divestment activities, shall carefully consider its risk exposure, ensuring appropriate balance between the benefit and risk.
- (iii) The Company appoints a Risk Manager to ensure proper implementation of the risk management.

**d. Internal Control and Internal Audit Unit**

- (i) The BoD shall establish and maintain a sound internal control system to safeguard Company's asset and performance and its compliance with laws and regulations.
- (ii) The internal control system is based on the Committee of Sponsoring Organizations (COSO) framework.
- (iii) The internal control function or unit shall to 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 internal control system and risk management process;
  - (iii) evaluating the Company's compliance with Company's regulations, implementation of GCG, and
  - (iv) facilitating sound coordination with external auditor.
- (iv) The internal control unit or the head of an internal control functions 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 BoC through Audit Committee.

**e. Communications**

- (i) The BoD shall establish and implement a disclosure policy that ensures that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the Company.
- (ii) The BoD ensures that the financial statements fairly represent the financial position and performance of the company in all material respects. In line with this, an annual audit should be conducted by an independent, competent and qualified, auditor.
- (iii) The BoD shall ensure the existence of a sound communication between the Company and its stakeholders by empowering the function of the Corporate Secretary and Investor Relations.
- (iv) The Company employs a variety of channels for disseminating information that provide for equal, timely and cost-efficient access to relevant information.
- (v) Function of the Corporate Secretary is to ensure (i) a sound communication between the Company and its stakeholders; and (ii)

the availability of information that is accessible to stakeholders in accordance with the proper need of stakeholders;

- (vi) The Corporate Secretary or the person who executes the Corporate Secretary's function shall be responsible to the BoD.
- (vii) Report on the implementation of the Corporate Secretary's duty shall also be submitted to the President Director.

## **5. Corporate Social Responsibility**

- In preserving the Company's sustainability, the BoD is responsible to ensure the fulfillment of the Company's social responsibilities.
- The BoD shall have a clear and focused written plan designed to meet the objectives of the Company's social responsibility programs, including the appropriate budget allocation to ensure implementation of CSR Programs.

## **6. Accountability report of the Board of Directors**

- The BoD shall prepare a report on its management accountability which contains, inter alia, a financial report, report on Company's activities, and report on the implementation of GCG.
- The annual report shall be approved by the GMS, and the financial report shall ratified by the GMS.
- The annual report shall be available prior to the conduct of the GMS in accordance with applicable provisions in order to enable the shareholders to make an evaluation.
- The approval of the annual report and ratification of the financial report shall signify that the GMS has given a release and discharge to each member of the BoD as far as it is reflected in the annual report, without limiting the responsibility of each of the BoD in the event of the occurrence of a crime or fault or negligence that causes damage to a third party which cannot be indemnified by the Company's assets.
- The accountability of the BoD to the GMS is a manifestation of the management accountability in light of the implementation of the GCG principles.

## **7. Access to Independent Advisors**

In fulfilling its managerial duties, the BOD and management of the Company shall have the right, upon approval by the BoD to retain independent outside support services including but not limited to tax, financial, legal or other advisory services that are deemed necessary on case by case basis.

## **E. Control Environment Practices**

The Company strives to maintain sound management control frameworks to ensure integrity of its operations and provide assurance to its shareholders and wider stakeholders.

## **1. Risk Management**

The Company places great importance on a risk management and it is the BoD that is tasked with ensuring that appropriate and prudent risk management systems are put in place and operating. The BoC's role is to oversee and provide strategic guidance to the BoD in managing overall risks. BoC also approves the risk appetite of the Company.

Among other things, the BoD shall be responsible to the following matters:

- approves risk management procedures and ensure compliance with such procedures;
- analyzes, evaluates, and improves the effectiveness of the internal risk management procedures on a regular basis;
- develops adequate incentives for the executive bodies, departments and employees to apply internal control systems;
- establishes a risk management forum within the BoD
- ensures that the Company upholds all contracts in which it is a party
- maintains a good reputational image of the Company, members to its BoC, BoD, executives and employees of the Company; and

## **2. Internal Control**

The Company places great importance on internal control. The BoD shall be in-charge in ensuring that appropriate systems of internal control are in place (assisted by the internal auditor), and the BoC is charged with overseeing that the BoD effectively conduct its tasks.

The internal auditor shall conduct ongoing assurance reviews of the internal control framework, using a risk-based approach, and provide feedback to the BoD and Audit Committee. The Company shall also require its external auditor to periodically review and to ensure that its internal control framework, system and procedures are working appropriately without major flaws.

## **3. Internal Audit**

The Company shall have an internal auditor that provides assurance to the BoC and BoD as to the effectiveness of the company's internal controls. The internal auditor shall be staffed by a highly respected and reputable person[s], and report to the audit committee functionally and to the President Director administratively.

The internal auditor's authority, composition, working procedures and other relevant matters are regulated in its charter.

## **4. Compliance**

The Company appoints Corporate Secretary as an active compliance function to ensure the Company is properly complied with all prevailing laws, regulations in

which it is subjected to, as well as by-laws internal charters, internal codes and policies.

The Company also appoints Legal division to cover contractual obligations in which the Company is a party.

Together with the Human Resource division, the compliance function shall monitor activities of the Company and its staff to ensure compliance and report to the BoC and BoD on a regular basis.

## **5. External Audit**

The Company shall engage a publicly recognized, independent auditing firm, which is fully independent from the company, the Company's BoC and BoD, and its major shareholders. The service fees of the external auditor shall be disclosed to shareholders. The external auditor shall be nominated, selected, (re)appointed, and dismissed the GMS upon a recommendation from the BoC, ie the Audit Committee. To ensure objectivity and in compliance to prevailing regulations, the external auditor is required to rotate its lead audit partner after three years of serving the Company. Furthermore, the external auditor firm shall be replaced after six years of service to the Company.

## **F. Shareholder's Rights and Equitable Treatment**

The corporate governance framework of the Company should protect and facilitate the exercise of equitable shareholders' right. Furthermore, it is also should ensure the equitable treatment of shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violations of their rights.

### **1. The General Meeting of Shareholders**

All shareholders have the rights to attend and cast votes in GMS.

The Company shall encourage all shareholders to attend the GMS by providing announcement and invitation with ample time prior to the meeting. The Company will announce the GMS according to the procedures required by Financial Services Authority.

The Company shall facilitate those shareholders that attend the GMS by way of proxy by providing proxy forms, list of required documents to be submitted, and explanation of the GMS agenda prior to the proxy submission deadline.

## **2. Minority Shareholder Rights Protection**

The minority shareholders should be protected from abusive actions, by, or in the interest of, controlling shareholders acting either directly or indirectly. Moreover, the Company shall have a complaint system of registering shareholder complaints and effectively regulating corporate disputes.

## **3. Pre-emptive rights**

The Company may adopt pre-emptive rights that allow its shareholders to maintain a proportionate shareholding in the Company when the company issues new shares and thus avoiding dilution.

## **4. Dividends Policy**

The Company's dividends policy as set out in its Articles of Association allows distribution of dividends pursuant to a GMS resolution and dividends interim pursuant to the prevailing laws.

The Company's dividend policy sets a transparent, understandable and predictable mechanism for determining the payment procedure and the amount of the dividends; ensures that the dividend payment procedure is easy and efficient; and provides for the complete and timely payment of declared dividends.

Under Indonesian law the decision with regards to dividends is made by a resolution of the shareholders at the annual general meeting of shareholders upon the recommendation of the Board of Directors. According to the Company Law, the Company may declare dividends in any year if we have positive retained earnings and after deduction of reserves fund.

The recommendation, amount and payment of dividends by our Board of Directors and the approval of dividends by our Board of Commissioners is at their discretion and will depend on a number of factors including our net profits, availability of reserves, capital expenditure requirements, results of operations, cash flows, the payment of cash dividends by our subsidiaries and associated companies, and significant realization of value from our investments. These, in turn, depend on a variety of factors including successful implementation of our business strategy, financial, competitive and regulatory considerations, general economic conditions and other factors that may be specific to us or our industry. Many of these factors are beyond our control.

Prior to the end of a financial year, in accordance with Article 22 paragraph (4) of SIS' Articles of Association and Article 72 of Law No. 40 of 2007, an interim dividend may be distributed so long as it is permitted under our Articles of Association and provided that the interim dividend does not result in our net

assets becoming less than the total issued and paid up capital and the compulsory reserves.

Our dividend policy, which is stated in the Company's prospectus, is a statement of present intention and not legally binding as it is subject to modification by our Board of Directors' and shareholders' approval at a general meeting of shareholders.

## **G. Anti-Bribery & Corruption policy**

It is the policy of the Company to prohibit each member of BoC, BoD, executives and employees of the Company to offer or accept any form of bribery, and to conduct and/or participate in any acts of bribery and/or corruption.

Acts of bribery or corruption are understood as acts that would induce or influence an individual in the performance of their duty and incline them to act in a way that a reasonable person would consider to be dishonest in the circumstances.

Bribery can be defined as offering, promising or giving a financial (or other) advantage to another person with the intention of inducing or rewarding that person to act or for having acted in a way which a reasonable person would consider improper in the circumstances. Corruption is a form of abuse of entrusted power for private gain and may include, but is not necessarily limited to, bribery.

## **H. Anti-Money Laundering policy**

It is the policy of the firm to prohibit and actively prevent money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities by complying with all applicable requirements under the implementing regulations.

Money laundering is generally defined as engaging in acts designed to conceal or disguise the true origins of criminally derived proceeds so that the proceeds appear to have derived from legitimate origins or constitute legitimate assets.

Money laundering can be identified through its occurrence in three stages, as follows:

- Cash first enters the financial system at the "placement" stage, where the cash generated from criminal activities is converted into monetary instruments, such as money orders or traveler's checks, or deposited into accounts at financial institutions.
- At the "layering" stage, the funds are transferred or moved into other accounts or other financial institutions to further separate the money from its criminal origin.
- At the "integration" stage, the funds are reintroduced into the economy and used to purchase legitimate assets or to fund other criminal activities or legitimate

businesses.

## **I. Whistle Blowing Policy & Procedure**

The Whistle Blowing Policy of the Company is to encourage and enable investors and third parties, such as vendors, contractors and other stakeholders to raise any serious concerns below.

The Whistle Blowing Policy is designed to enable investors or third parties to raise concerns without fear of reprisal, discrimination or adverse consequences. It allows the Company to address such concerns by taking appropriate action including, but not limited to, disciplining or terminating the employment and/or services of those responsible.

However, while the policy is meant to protect genuine whistle-blowers from any unfair treatment as a result of their report, it strictly prohibits frivolous and bogus complaints. The Whistle Blowing Policy is also not a route for taking up personal grievances.

The scope of the Whistle Blowing Policy is as follows:

- Unusual/questionable accounting or auditing practices
- Disclosure matters
- Internal controls lapses or override
- Insider trading
- Conflict of interest
- Serious breaches of the Company and its Group policy
- Collusion with competitors
- Unsafe work practices or
- any other matters involving fraud, corruption and employee conduct

Details of the reporting procedures shall be stipulated in the Company's Code of Conduct.

### **1. Whistle-Blowing Reporting Procedures**

The Company shall enable anyone who has a concern about the Company's conduct, or any employee who has a complaint about the Company's accounting, internal accounting controls, auditing matters, and any other matters in general to communicate that concern according to the whistleblowing policy.

All concerns or irregularities raised should be treated with confidence. The Company should make every effort to ensure that confidentiality is maintained throughout the process.

Concerns should be made in writing and reported to the Receiving Officer. Currently, the Company has assigned Internal Audit Unit as the Receiving Officer. The written report should clearly state the background and history of

the matter, giving names, dates and places wherever possible and the reasons for the concerns.

The report shall be sent to an assigned email address or by mailing address as follows:

Address: Attn: Internal Audit  
PT Saratoga Investama Sedaya, Tbk  
15<sup>th</sup> Menara Karya  
Jalan. H.R. Rasuna Said Block X-5, Kav. 1-2  
Jakarta Selatan 12950, Indonesia

Email: [whistleblowing.report@saratoga-investama.com](mailto:whistleblowing.report@saratoga-investama.com)

All reports will be received and managed by the Receiving Officer. The Receiving Officer shall discern reports to be followed upon. Receiving Officer shall be responsible for maintaining a centralized repository of all reported cases and ensuring that issues raised are properly resolved. Unreasonable reports with no supporting documents will not be reviewed further. Reporting of such concerns is further governed in the Company's Code of Conduct.

All matters reported will be promptly reviewed within a reasonable timeframe, after which a decision shall be made whether to proceed with a detailed investigation. Consultation is sought from the Whistle Blowing Evaluation Team which comprises members of the Audit & Risk Committee and the Company's Internal Auditor.

The Audit and Risk Management Committee may direct that certain matters be presented to the full board and direct special treatment as deemed necessary, including seeking outside advisors or counsel, for any concern addressed to them.

## **2. Whistle-blower's Protection**

Genuine whistle-blowers will be adequately protected. The Company prohibits any commissioner or employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern.

If a whistle-blower believes that he or she is being subjected to discrimination, retaliation or harassment for having made a report under this Policy, he or she should immediately report those facts to the Whistle Blowing Evaluation Team. Reporting should be done promptly to facilitate investigation and the taking of appropriate action.

At the appropriate time, the party making the report may need to come forward as a witness. If an investor or third party makes an allegation in good faith but it is not confirmed by the investigation, no action will be taken against him or her.

However, if an investor has made an allegation frivolously, maliciously or for personal gain, disciplinary action may be taken against him or her. Likewise, if investigations reveal that the third party making the report had done so maliciously or for personal gain, appropriate action, including reporting the matter to the police, may be taken.

### **3. Managing of Reports/Concerns**

It is within the sole discretion of the Whistle Blowing Evaluation Team to assign any personnel of the Company to perform the investigation and/or outsource the investigation, where necessary. All information disclosed during the course of investigation will remain confidential, except as necessary or appropriate to conduct the investigation and to take any remedial action, in accordance with any applicable laws and regulations.

The Company reserves the right to refer any concerns or complaints to appropriate external regulatory authorities. Depending on the nature of the complaint, the subject of the complaint may be informed of the allegations against him or her and be provided with an opportunity to reply to such allegations. Investors or any third party stakeholder, who fails to cooperate in an investigation, or deliberately provide false information during an investigation, shall be subject to strict disciplinary action up to, and including, immediate dismissal.

If, at the conclusion of an investigation, the Company determines that a violation has occurred or the allegations are substantiated, effective remedial action commensurate with the severity of the offence will be taken.

### **J. Adherence to CG Code, Code of Conduct, Applicable Laws and Regulations**

The Company's BoC, BoD and all employees are required to understand and well comprehend this Code as their joint obligation, and accordingly, obligate themselves to ensure that its provisions and spirit are adhered to and acted upon throughout the Company.

Further, all Company's BoC, BoD and all employees shall agree to act in accordance with all prevailing laws and regulations along with ethical standards of business conducts as defined by this Code and Code of Conduct.

The Nomination and Remuneration Committee shall have primary responsibility for ensuring the development of, compliance with, and periodic review of corporate governance policies and practices in the Company, including the regular update of this Code.

## **K. Insider Trading**

According to Indonesia Corporate Governance Manual, insider information is defined as any information of a precise nature relating to a public company, which is not made public, and which can, directly or indirectly, have significant influence on the trade of the securities or on the prices of the company on the market.

An insider is a person who possesses inside information knowing, or ought to have known, that it is inside information. Under the elucidation of Article 95 of the Law on Capital Market, individuals with access to insider information particularly include:

- a. a commissioner, director or employee of an issuer or public company;
- b. a substantial shareholder of an issuer or public company;
- c. an individual, who due to his position or profession, or due to a business relationship with an issuer or public company, has access to inside information; or
- d. an individual who within the last six months was a person defined in letters a, b or c above.

Insiders, with respect to an issuer or public company, who is in possession of inside information, is prohibited from buying or selling securities of the issuer or public company or another company engaged in transactions with the issuer or public company. An insider is also prohibited to influence a person to buy or sell the securities in question, providing inside information to a person he has reason to believe may use such information to buy or sell the securities in question.

Indonesian legislation also recognizes criminal responsibility for insider information abuses. Namely, persons who may be considered insiders have an obligation to keep the insider information as a business secret and its disclosure is sanctioned as a criminal offence.

Members of the BoC, BoD and all employees shall not divulge or use confidential or insider information about the Company and shall comply with the insider trading policy. The insider trading policy of the Company shall explain when you may and may not buy, sell or transfer securities issued by the Company.

This policy shall apply whether the buying, selling or transferring is carried out by or for the BoC and/or BoD members or their associates, including their spouse and dependent children and all employees where they have any influence over investment decisions. It is responsibility of the BoC and/or BoD members and all employees to comply with this policy.

Compliance with this policy will be regularly monitored. A breach of this policy will result in disciplinary action which may include the termination of employment. In addition, severe criminal and civil penalties may be imposed for breach of insider trading laws.

## **L. Conflict of Interest**

According to Regulation No. IX.E.1, conflict of interest is a difference between economic interests of the Company and the personal interest of the director, commissioner, or the major shareholder of the Company in a transaction that may inflict financial loss upon the Company because of unfair pricing.

Transaction with conflict of interest is any transaction done by the Company or Controlled Company (a company controlled by the Company directly or indirectly by the Company) that its director, commissioner and/or substantial shareholder have a conflict of interest.

Members of the BoC, the BoD and all employees are expected to act ethically at all times and to acknowledge their adherence to all prevailing laws and regulations that regulate matters on conflict of interest, this Code and the Company's Code of Conduct.

- a. Members of the BoC, the BoD and employees shall abstain from actions that will or may lead to a conflict of interest with the Company.
- b. Members of the BoC, the BoD and employee shall immediately report to the BoC (for members of the BoC and the BoD) and to the BoD (for employees) any conflict of interest or potential conflict of interest and shall provide all relevant information, including information concerning his or her spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. When such a conflict exists, members of the board shall abstain from deliberating and voting on such issues. The Audit Committee shall analyze potential conflict of interests involving members of the board and recommend the BoC on resolving any such conflicts. The BoD shall analyze potential conflict of interests involving employees and resolve any such conflicts.
- c. If a potential conflict arises among all BoD members, the matter shall be handed over to the BoC. If the potential conflict also arise among all the BoC members, then the matter shall be decided by the shareholders through GMS.
- d. If a significant conflict exists and cannot be resolved, the commissioner / director / employee should resign.
- e. The BoC and BoD members must not have a direct or indirect personal interest in the contracts, projects and commitments made by the company or made on its account by others.
- f. The BoC, and other interest groups such as external auditor, founder of the Company or any other person that has access to critical information of the Company or any person who owns directly or indirectly 10% or more of the Company's capital has the right to compete in the company's contracts, bids or procurements which are open to the public where all concerned compete openly against each other on equal footing. Should a member of the board win a bid, he should have the best offer and the BoC must approve it with a two thirds majority, excluding the concerned member.
- g. The BoC and BoD members must not be involved in jobs in competition with the company's activities and also those that are in conflict with the Company's interest.

- h. In accordance with the prevailing OJK/Bapepam rule IX.E.1, a certain type of conflict of interest transactions need an approval from independent shareholders or their authorized representative at the general meeting of shareholders.

## **M. Related Party (Affiliated) Transactions**

A potential conflict of interest exists if the company intends to enter into a transaction with a related party. Some of these related party transactions may have legitimate purposes and can be conducted fairly, while others cannot. All related party transactions are prone to abuse and must be treated carefully. The Company shall follow all relevant regulations pertaining to the related party transactions, particularly Bapepam Regulation No. IX.E.1 which contains definition and detailed procedure to ensure fairness when related party transaction and conflict of interest on certain transaction takes place.

According to Regulation No. IX.E.1, a related party (affiliated) transaction is any transaction done by the Company with its affiliated parties.

According to Capital Market Law, chapter 1, article 1, an affiliated party is defined as follows:

- a. a family relationship by marriage and descent to the second degree, horizontal as well as vertical;
- b. a relationship between a person and its employees, directors, or commissioners;
- c. a relationship between two companies with one or more directors or commissioners in common;
- d. a relationship between a company and a person that directly or indirectly, controls or is controlled by that company;
- e. a relationship between two companies that are controlled directly or indirectly by the same person; or
- f. a relationship between a company and a substantial shareholder.

In the event that the value of transaction with affiliated parties meet the criteria of material transaction and there is not a conflict of interest transaction, the Company must comply with Bapepam Regulation IX.E.2 only. As stated on Bapepam Regulation IX.E.2, material transaction means any purchase, sale, or share participation, and/or any purchase, sale, transfer, exchange of assets or business segment with a total value equal or greater than one of the following:

- a. 10% of a company's revenue; or
- b. 20% of a company's equity

In the event that transaction with affiliated parties is intended to take over an open company, the Company must comply with requirement on Bapepam

Regulation IX.E.2 and IX.H.1.

The Company must follow the required disclosure regarding related party transactions in accordance to Bapepam Regulation IX.E.1 and IX.E.2.

There are some transactions with affiliated parties and transactions with conflict of interest that are exempted from the rule as stated in Bapepam Regulation IX.E.1.

Any potential conflict of interest transactions must be brought up to the Audit and Risk Committee.

## **N. Personal Loans**

The Company may establish a guideline that provision a policy of employee personal loans. No personal loans are to be extended to the members of the BoC, BoD and other executives in a Director level of the Company.

## **O. Information Disclosure and Transparency**

As a publicly listed Company, the Company shall maintain a high-standard of corporate transparency to its shareholders and stakeholders by providing timely and accurate information disclosure.

The Company shall protect the shareholders' rights and improve the market participant's ability to make sound economic decisions by giving access to the Company's relevant material information. Furthermore, the Company's information may be useful for other stakeholders including creditors, partners, and employees to assess their positions, respond to changes, and shape their relations with the Company.

### **1. Disclosure Policies and Practices**

The Company's policy is to disclose all relevant material information in accordance to OECD Principles in the following areas:

- a. Financial and operating result of the Company
- b. Company objectives
- c. Shareholdings and ownership structure
- d. Commissioners and Directors , as well as their remuneration
- e. Material foreseeable risk factors
- f. Material issues regarding employees and other stakeholders
- g. Governance structure and policies

The above material information shall be made available to the Company's shareholders and the broader public in timely and appropriate manners.

The company shall keep records and prepare a full set of financial statements in

accordance with International Financial Reporting Standards (IFRS). Detailed notes accompany financial statements so that the users of the statements can properly interpret the company's financial performance. A management discussion and analysis as well as the opinions of the external auditor, shall complement all financial information.

Financial and operating results shall appear in the Company's prospectus, annual report, and financial statements published quarterly, semi-annual, and annual.

The Company shall disclose key non-financial information including: Company objectives; Material foreseeable risk factors; Management summary of operations, including forward-looking commentary; Capital adequacy status; Governance and management frameworks; Board composition, structure, and functioning information; Related party transactions; other non-financial information, and board meeting decisions.

The company shall ensure that the direct and indirect ownership of beneficial owners of five percent or more of the voting shares, commissioners, directors and senior management are publicly disclosed. Any corporate relations in case of groups of companies are also clearly identifiable and disclosed to the public.

## **2. Annual Report and Website**

The Company shall disclose information through various channels including but not limited to annual report, company website, media, and others.

The Company's annual report published annually shall contain relevant information as required by Bapepam regulation No. X.K.6.

The Company shall also strive to disclose its corporate governance practices and other material information on the company's website which shall be updated on a timely manner.

The Corporate Governance section of the annual report shall include:

- a. The date the BoC and BOD was formed; names of their members; each of the BoC and BoD's; the person(s) who is (are) delegated to sign for the Company (if relevant); a list of the company shares owned by each member, her/his spouse and children or associated firms in each calendar year; the resume of each member including his qualifications and experience; identification of independent member(s) and if the member had been pursued in a court case due to negligence in carrying out his duties.
- b. Board committees, their chairmen, secretaries and members, date of formation, their delegated authorities, activities undertaken during a relevant year; and procedures of releasing them from their responsibilities.

- c. Number of board meetings and committee meetings along with the attendance rate of the board members.
- d. The process of and the criteria for performance evaluation of the BoC, the BOD and their committees, their members and the extent to which the board has taken them into account.
- e. Remunerations of board members.
- f. Names of major shareholders who own, directly or indirectly, more than five percent of the Company shares, in addition to a brief description of the changes that occurred in the company's capital structure.
- g. A report on the adequacy of the Company's internal monitoring and control structure on financial disclosure, including the following:
  - i. A note on the responsibility of the executive management in establishing monitoring and control systems internally and the maintenance of such systems.
  - ii. The work plan of the executive management to evaluate internal monitoring and control systems.
  - iii. The evaluation of the executive management of the effectiveness of the company's internal monitoring and control systems at a time coinciding with the financial statements of the annual report.
  - iv. Disclosure of critical weaknesses in the company's internal monitoring and control systems, which may result in the potentiality of not being able to prevent or disclose inaccurate, critical reports.
- h. The degree to which corporate governance rules are followed and applied, especially as they relate to the company's governance guideline, if any, which includes governance policy, principles and procedures; the structure of the institutional governance inside the Company, especially as it relates to the distribution of responsibilities among the executive management, the BoC and shareholders; and the degree to which the management adhered governance code and the reasons for not abiding by any of them, the length of time during which the non-adherence lasted in case it should be applied at all times, and the remedies employed to avoid such infraction in the future .
  - i. The self-evaluation of the board's performance.
  - j. Internal audit procedures and the extent to which the board strictly follows their application. In case of no- compliance, the procedures that must be adopted to avoid such an occurrence should be mentioned.
  - k. The degree to which the Company follows the disclosure requirements as stated in prevailing laws, systems and procedures during the last three years.

### **3. Preserving Confidential Information**

The Company shall take measures to protect confidential information that constitutes as commercially sensitive information.

Unless required by law, the Company and its entire board members, during his or her membership on the board or afterwards, and employees, during their employment in the Company or afterwards, are prohibited from disclosing any

information of the Company that is deemed confidential either by nature of such information or the extent to which such information is available, such as that related to its clients, or the information of which the disclosure may damage or deprive the company of its competitive advantage. Any information obtained by the company's employees and the members of the governing bodies may not be used for their personal benefit.

The commercially sensitive information that should be protected must meet the following characteristics:

- a. the information is confidential in a way that such information is only known by a certain people or such information is not known by the public in general;
- b. the information has economic values in a way that the confidentiality of the information can be used to run commercial activities or business or can improve the benefit economically; and
- c. the secrecy of which is maintained with necessary efforts in a way that the owner or the parties that control the information have taken necessary and appropriate efforts.

----- **THE END** -----

**Jakarta, 25 June 2014**  
**PT Saratoga Investama Sedaya, Tbk.**  
**The Board of Commissioners**

[signed]

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**Edwin Soeryadjaya**  
**President Commissioner**

[signed]

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**Joyce Soeryadjaya Kerr**  
**Commissioner**

[signed]

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**Indra Cahya Uno**  
**Commissioner**

[signed]

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**Sidharta Utama**  
**Independent Commissioner**

[signed]

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**Anangga W. Roosdiono**  
**Independent Commissioner**

**The Board of Directors**

[signed]

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**Sandiaga S. Uno**  
**President Director**

[signed]

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**Michael William P. Soeryadjaya**  
**Director**

[signed]

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**Jerry Go Ngo**  
**Independent Director**