

INTEGRATED GOVERNANCE POLICY

PT GARUDA INDONESIA (PERSERO) Tbk
Issue 1 Amendment 0

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CODE OF CONDUCT

In order to implement Good Corporate Governance in running business processes in the Company, every employee is required to comply with the Company's code of conduct as stated in the Business Ethics and Work Ethics Guidelines applicable within the Company. In addition, employees who carry out the Company's document and archive management functions are also required to comply with the following code of conduct:

1. Comply with all provisions and policies, carry out business processes that apply in the Company, including in the Office Administration System Manual, Work Procedures, Work Instructions, Job Description, and security systems that have been established, and while still referring to the Collective Labor Agreement, and related laws and regulations.
2. Maintain the confidentiality of documents, archives, and all information related to the Company's document and archive management functions (not limited to the process of creation, storage, search, distribution & circulation, media transfer, destruction and confiscation) in the Company to non-interested parties.
3. Maintain the confidentiality of Personal Data of Employees/Business Partners/Third Parties/Passengers/Customers, including name, gender, identity number (Identity Card/KTP), passport, or other identity markers in accordance with applicable laws and regulations, telephone number, place and date of birth as well as age, occupation, address, nationality, religion, online identifiers, such as IP address, e-mail address, number frequent flyers, biometric data, data on health or psychiatric conditions, personal financial data, cultural or social identity of an individual (tribe), all personnel data for the Company's employees, and other similar personal data managed in the Company's document and archive management function.
4. Maintain the confidentiality of documents and information related to the management of the management function of documents and archives in the Company to non-interested parties, including Policy data/Decision Letters, Performance Data/Results Report, Cooperation Agreements/Minutes of Agreements/Other Engagements, Manuals/Procedures applicable in the Company, and Minutes of the Company's internal meetings, including the Company's document and archive management functions.
5. Rejecting, not requesting or receiving, and providing gratuities in any form from and/or to third parties, in the process of managing documents and archives related to positions in the Company, and contrary to their duties and obligations. In the event of rejection/receipt of gratuities, it is mandatory to report to the Company's gratuity control unit. Provisions related to gratuity control refer to the Decree of the Board of Directors applicable in the Company.
6. Using work facilities and work inventory items, including telephones, facsimiles, e-mails, computers, and other facilities belonging to the Company, in accordance with their functions for the benefit of the Company.
7. Do not use the Company's attributes/assets/property/belongings such as uniforms, ID cards, logos, aircraft photos, inflight items, and other items for political purposes, endorsements, personal business, pornography and other activities that are contrary to the Company's objectives.

8. Not committing acts that are Ethnic, Religious, Racial, and Inter-Group (SARA), discriminatory, spreading hatred, spreading fake news (hoax) in the work environment that aims at personal interests/certain groups, including but not limited to political activities.
9. Report immediately to the employee's superiors, authorized work unit, through the Company's Whistleblowing System (WBS) reporting media, or through email whistleblower@garuda-indonesia.com, if they know or encounter any thing/behavior that is contrary to the Company's rules or knows of anything that could endanger/harm the Company.

Other matters that are not regulated in this code of conduct still refer to the Business Ethics and Work Ethics Guidelines applicable in the Company.

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GLOSSARY

No.	Term	Definition
1.	Subsidiaries	Limited liability companies whose shares are more than 50% owned by SOEs or limited liability companies directly controlled by SOEs
2.	Members of the Board of Commissioners	A member of the Board of Commissioners who refers to an individual, not a board
3.	Members of the Board of Directors	members of the Board of Directors who refer to individuals (not <i>the board</i>)
4.	Members of the Conglomerate	Subsidiaries or Affiliated Companies of Garuda Indonesia that are in a group stipulated in the Corporate Charter
5.	External Auditor	public accountant appointed by the General Meeting of Shareholders (GMS)/Minister of SOEs to examine Garuda Indonesia's financial statements
6.	Conflict of Interest	a situation or condition where there is a difference between the economic interests of Garuda Indonesia and the personal economic interests of Garuda Indonesia personnel that may be detrimental to Garuda Indonesia
7.	State-Owned Enterprises (SOEs)	business entities whose capital is wholly or substantially owned by the State through direct participation derived from and the State wealth that is separated
8.	The Board of Commissioners	The Company's organ is tasked with supervising and providing advice to the Board of Directors in carrying out the company's management activities
9.	Management	The Company's organ is responsible for the management of the Company for the Company's interests and purposes and represents the Company both in and out of court
10.	Director of Trustees	The Director is in charge of core activities in the company's operations.
11.	Functional Director	The Director is in charge of supporting the company's core activities.
12.	Garuda Indonesia Staff	The Board of Commissioners, Board of Directors, structural and functional officials as well as all employees, both permanent

		and non-permanent employees (KKWT) of Garuda Indonesia
13.	Fraud	Dishonest acts that cause potential loss or actual loss to Garuda Indonesia, employees or other persons, but are not limited to money theft, theft of goods or fraud. Also included in this act is falsification, concealment, or destruction of documents/reports, or using false documents for business purposes, or leaking Garuda Indonesia's information to parties outside Garuda Indonesia
14.	Independent Commissioner	Members of the Board of Commissioners who do not have financial, management, shareholding, and/or family relations with other Members of the Board of Commissioners, Members of the Board of Directors and/or controlling shareholders or relationships with the SOEs concerned, which may affect their ability to act independently
15.	Conglomeration	Companies that have the following characteristics: <ul style="list-style-type: none"> a. The amount of revenue from the consolidated Subsidiary is greater than or equal to 20% of the revenue of the Conglomerate Company; b. Investing in a Subsidiary with a total investment greater than or equal to 5% of the capital of the Conglomerate Company; c. Have a Subsidiary with series A shares and/or are categorised as Conglomerates by the relevant Minister, Authority and/or Regulator
16.	Integrated Management Risk	A series of methodologies and procedures used to identify, measure, monitor, and control Risks arising from all business activities of Subsidiaries that are members of a Conglomerate in an integrated manner
17.	Organs of the Company	GMS, Board of Commissioners, and Board of Directors

18.	Stakeholders	Parties interested in Garuda Indonesia because they have a legal relationship with Garuda Indonesia
19.	Company	PT Garuda Indonesia (Persero) Tbk
20.	Affiliated Companies	Limited Liability Companies whose shares are more than 50% (fifty percent) owned by a Subsidiary, a combination of Subsidiaries, or a combination of Subsidiaries with a Company, or a limited liability company directly controlled by a Subsidiary, a combination of Subsidiaries, or a combination of Subsidiaries with the Company
21.	Corporate Charter	Agreement between Garuda Indonesia and Conglomerate Members
22.	Continuing Training Program (PPL)	A form of training program for continuous improvement of knowledge and capabilities for Risk Management Organs in a systematic and measurable manner so that they can always maintain, improve and develop their professional competencies
23.	General Meeting of Shareholders (GMS)	Organs of the Company that hold the highest power in the Company and hold all authority that is not delegated to the Board of Directors or the Board of Commissioners within the limits specified in the law on limited liability companies and/or the articles of association
24.	Company Long-Term Plan (RJPP)	The company's strategic plan includes a formulation of the goals and objectives to be achieved by the company within a period of 5 (five) years
25.	Company Work Plan and Budget (RKAP)	Elaboration of RJPP into the company's work plan and budget for a period of 1 (one) year
26.	Risk	A circumstance, event or occurrence of future uncertainty that has an impact on the strategic objectives of the company
27.	<i>Self-Assessment</i>	Assessment conducted independently by the Company's Internal Assessment Team
28.	<i>Stress Testing</i>	Testing the Conglomerate's ability in crisis conditions using specific stress scenarios for Conglomerates and commonly accepted stress scenarios

29.	Good Corporate Governance	A company management procedure that applies the principles <i>of</i> transparency, <i>accountability</i> , responsiveness, <i>independence</i> , and fairness
30.	Integrated Governance	A governance that applies the principles of transparency, <i>accountability</i> , <i>accountability</i> , <i>independency</i> , and <i>fairness</i> in an integrated manner in the Conglomerate

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TKT 1. INTRODUCTION

1.1. Background

In the determination of the Company and its Subsidiaries as conglomerates, the Company and its Subsidiaries are required to prepare and implement an Integrated Governance Policy comprehensively and effectively. The preparation and implementation of the Integrated Governance Policy is based on the Regulation of the Minister of State-Owned Enterprises of the Republic of Indonesia Number PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises as well as other applicable laws and regulations to serve as a guide for Companies and Subsidiaries as Conglomerates to encourage improvement in the quality of the implementation of *Integrated Governanceprudent* in accordance with the principles of Good Corporate Governance, which ultimately contributes to improving the stability of the financial system in a sustainable manner and increasing competitiveness. Companies as conglomerates need to draft and establish Integrated Governance Guidelines in conglomerates.

This guideline is issued to serve as a reference in ensuring the implementation of Good Corporate Governance in an integrated manner within the Corporate Conglomerate.

All parties involved in governance management across entities in the Conglomerate must understand and implement the Integrated Governance Policy. The Subsidiary is required to prepare guidelines and/or governance policies in accordance with the terms of reference in the Integrated Governance Policy, the Limited Liability Company Law, and the provisions of applicable laws and regulations.

1.2. Legal Basis

The preparation of this Guideline refers to:

a. Law

- 1) Law of the Republic of Indonesia Number 19 of 2003 concerning State-Owned Enterprises (Statute Book of the Republic of Indonesia Number 70 of 2003, Supplement to Statute Book of the Republic of Indonesia Number 4297) as last amended by Law Number 6 of 2023 concerning the Stipulation of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job Creation into Law (Statute Book of the Republic of Indonesia Number 41 of 2023 of 2023, Supplement to Statute Book of Regbpublik Indonesia Number 6856);
- 2) Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies (Statute Book of the Republic of Indonesia No. 106 of 2007, Supplement to Statute Book of the Republic of Indonesia No. 4756); as amended last by Law Number 6 of 2023 concerning the Stipulation of Government Regulations in Lieu of Law Number 2 of 2022 concerning Job

Creation into Law (Statute Book of the Republic of Indonesia Number 41 of 2023, Supplement to Statute Book of the Republic of Indonesia Number 6856); and

- 3) Law of the Republic of Indonesia No. 14 of 2008 concerning Public Information Disclosure (Statute Book of the Republic of Indonesia No. 61 of 2008, Supplement to Statute Book of the Republic of Indonesia No. 4846).

b. Government Regulations

- 1) Government Regulation of the Republic of Indonesia Number 45 of 2005 concerning the Establishment, Management, Supervision, and Dissolution of SOEs (Statute Book of the Republic of Indonesia Number 117 of 2005, Supplement to Statute Book of the Republic of Indonesia Number 4556) as last amended by Government Regulation of the Republic of Indonesia Number 23 of 2022 concerning Amendments to Government Regulation Number 45 of 2005 concerning the Establishment, Management, Supervision and Dissolution of State-Owned Enterprises (Statute Book Republic of Indonesia Year 2022 Number 133. Supplement to Statute Book of the Republic of Indonesia No. 6800).

c. Regulations, Decisions, and Ministerial Circulars

- 1) Regulation of the Minister of State-Owned Enterprises Number PER-2/MBU/03/2023 concerning Guidelines for Governance and Significant Corporate Activities of State-Owned Enterprises (State Gazette of the Republic of Indonesia Year 2023 Number 262);
- 2) Regulation of the Minister of State-Owned Enterprises Number PER-3/MBU/03/2023 concerning Organs and Human Resources of State-Owned Enterprises (State Gazette of the Republic of Indonesia Year 2023 Number 263);
- 3) Decree of the Deputy for Finance and Risk Management of the Ministry of State-Owned Enterprises of the Republic of Indonesia Number SK-3/DKU. MBU/05/2023 concerning Technical Guidelines for the Composition and Qualification of Risk Management Organs in State-Owned Enterprises;
- 4) Decree of the Deputy for Finance and Risk Management of the Ministry of State-Owned Enterprises of the Republic of Indonesia Number SK-6/DKU. MBU/10/2023 on Guidelines for Risk Management and Aggregation Processes on Risk Taxonomy of State-Owned Enterprises Portfolios;
- 5) Decree of the Deputy for Finance and Risk Management of the Ministry of State-Owned Enterprises of the Republic of Indonesia Number SK-7/DKU. MBU/10/2023 on Technical Guidelines for Risk Management Reporting; and

- 6) Circular Letter of the Minister of State-Owned Enterprises Number SE-05/MBU/09/2017 concerning Clean Management of SOEs.

d. OJK Regulations and Circulars

- 1) Regulation of the Financial Services Authority No. 17/POJK.03/2014 concerning the Implementation of Integrated Risk Management for Financial Conglomerates (Statute Book of the Republic of Indonesia No. 348 of 2014, Supplement to Statute Book of the Republic of Indonesia No. 5626);
- 2) Regulation of the Financial Services Authority No. 18/POJK.03/2014 concerning the Implementation of Integrated Governance for Financial Conglomerates (Statute Book of the Republic of Indonesia No. 349 of 2014, Supplement to Statute Book of the Republic of Indonesia No. 5627);
- 3) Regulation of the Financial Services Authority Number 45/POJK.03/2020 concerning Financial Conglomerates (Statute Book of the Republic of Indonesia Number 237 of 2020, Supplement to Statute Book of the Republic of Indonesia 6569);
- 4) Circular Letter of the Financial Services Authority Number 15/SEOJK.03/2015 concerning the Implementation of Integrated Governance for Financial Conglomerates (State Gazette of the Republic of Indonesia Year 2015 Number 44 dated June 1, 2015).

e. Company's Articles of Association

Deed of Statement of Meeting Resolution Number 83 dated June 20, 2023 made before Aulia Taufani, SH, Notary in Jakarta, which has received approval from the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-0036516. AH.01.02.OF 2023 dated June 27, 2023. Furthermore, the Company's articles of association are constantly changing from time to time.

1.3. Scope

This policy contains a framework for Good Corporate Governance for Companies and Subsidiaries and is a policy that must be complied with by the Company and Subsidiaries so that it is hoped that the level of implementation of governance will be achieved in all Subsidiaries. The scope of this Policy includes 2 (two) broad frameworks which include:

- a. Integrated Governance Policy for the Company; and
- b. Governance Policy for Subsidiaries.

1.4. Corporate Charter

As a conglomerate, the Company is obliged to draft and have a Corporate Charter signed by the Company's board of directors and the Subsidiary's board of directors. A Corporate Charter contains at least:

- a. objectives, basis of preparation, and scope;

- b. Conglomerate structure; and
- c. duties and responsibilities of the Company's directors and the directors of the Subsidiaries, with a scope tailored to the characteristics and complexity of the Conglomerate's business.

1.5. Garuda Indonesia Conglomerate

Garuda Indonesia Conglomerate is a company that is in a group due to ownership and/or control relationship with the Company, which in this guideline consists of the Company and Garuda Indonesia's subsidiaries.

The Integrated Governance Policy is a guideline in implementing Integrated Governance in the Garuda Indonesia Conglomerate. This policy will be ratified to be applicable to all Subsidiaries in the Conglomerate.

1.6. Governance Model Based on *Three Lines Model*

Any business undertaken by the Subsidiary must be aligned with the Company's strategy. The governance mechanism describes the communication relationship through *legal* and managerial mechanisms between the Company and the Subsidiary, in which case decision-making will follow the decision-making pattern in each company.

The governance mechanism needs to consider the completeness of the Risk management organ based on the SOE category and Risk classification by paying attention to the dimensions, size and complexity of the Company and Subsidiary identified in accordance with the provisions of laws and regulations.

- a. The SOE category consists of:
 - 1) Conglomerate SOEs, namely SOEs that have the following characteristics:
 - a) the amount of revenue from the consolidated SOE Subsidiary is greater than or equal to 20% of the conglomerate's SOE revenue;
 - b) have an investment in a state-owned subsidiary with a total investment greater than or equal to 5% of the capital of the conglomerate's SOEs;
 - c) owns a State-Owned Subsidiary with series A shares; and/or
 - d) is categorized as a conglomerate SOE by the Minister, relevant authorities and/or regulators.
 - 2) Individual SOEs, namely SOEs that do not meet the characteristics as referred to in point a above.
- b. The Risk Management Organ consists of:
 - 1) Board of Commissioners/Board of Supervisors;
 - 2) Management;
 - 3) audit committee;
 - 4) risk monitoring committee;
 - 5) the Integrated Governance committee;
 - 6) directors in charge of Risk management;
 - 7) director in charge of financial management; and

8) SPI.

The implementation of the function of the Risk Management Organ is carried out separately in the context of implementing a three-line risk governance model.



In the event that a trap is carried out, the Risk Management Organ is obliged to follow *the three lines model*, namely the first line must not concurrently the second line and the third line, or the third line must not concurrently the second line, unless otherwise specified by laws and regulations.

c. Risk Classification consists of:

- 1) Systemic A for companies with large size and high complexity;
- 2) Systemic B for companies with small size and high complexity;
- 3) Significant for companies with large size and not high complexity; and
- 4) Neutral for companies with not large size and not high complexity;

The determination of the Risk classification for the Company is carried out by the Board of Commissioners, and the determination of the Risk classification for the Subsidiary is carried out by the Company's Board of Directors.

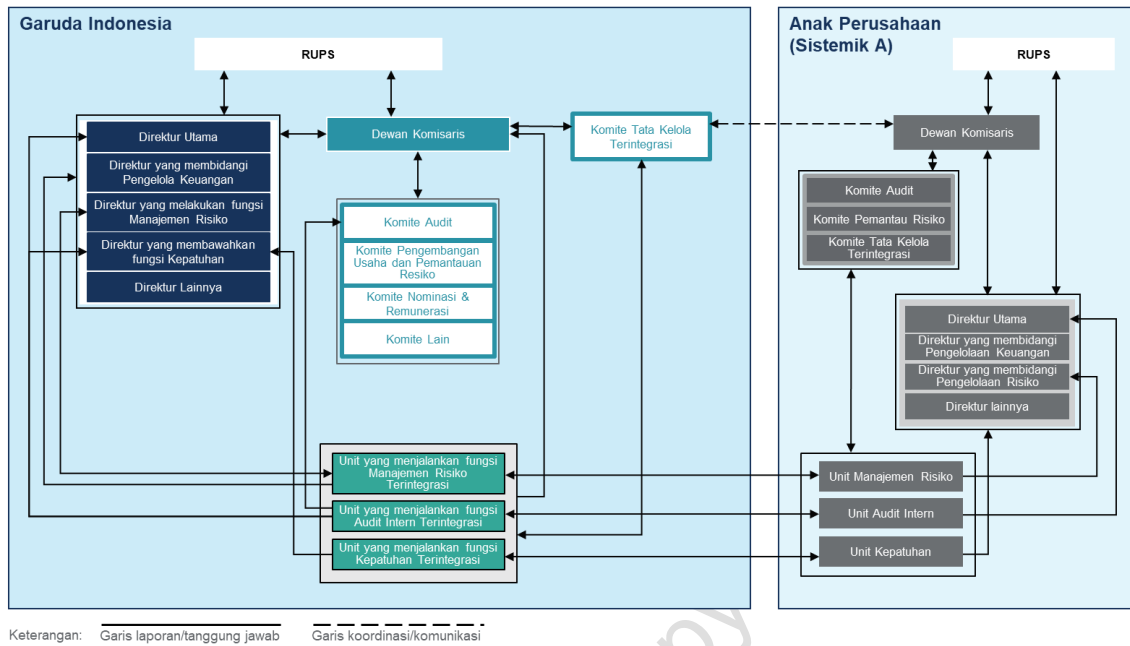


Figure 1. Governance Model with Subsidiary Systemic Risk Classification A

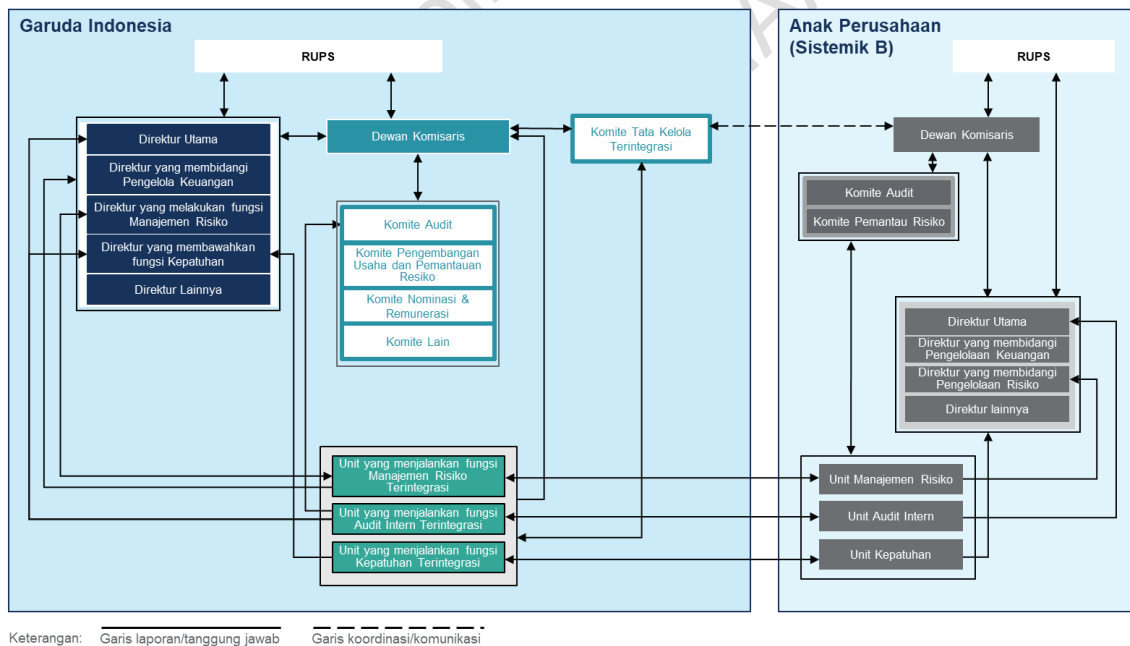


Figure 2. Governance Model with Subsidiary Systemic Risk Classification B

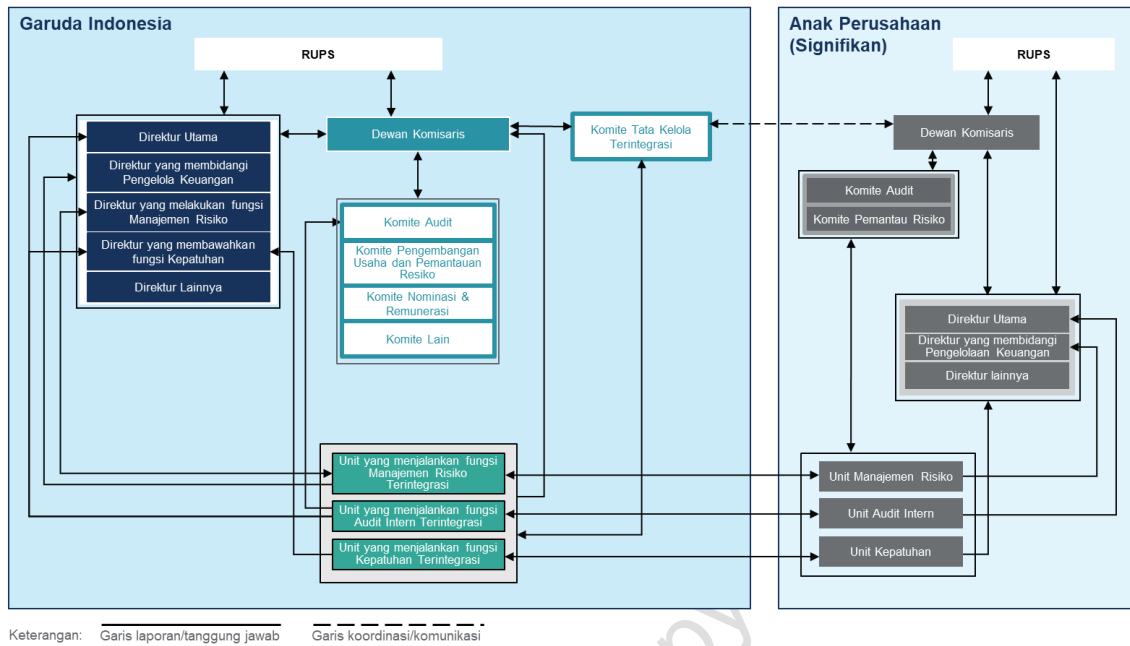


Figure 3. Governance Model with Significant Risk Classification Subsidiaries

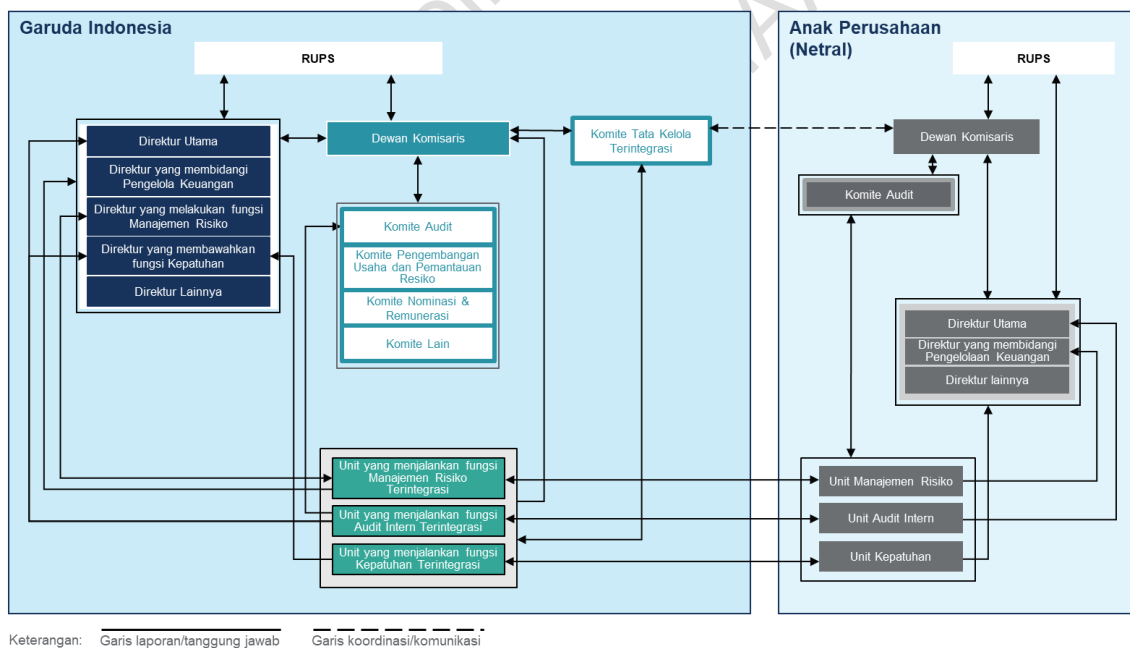


Figure 4. Governance Model with Neutral Risk Classification Subsidiaries

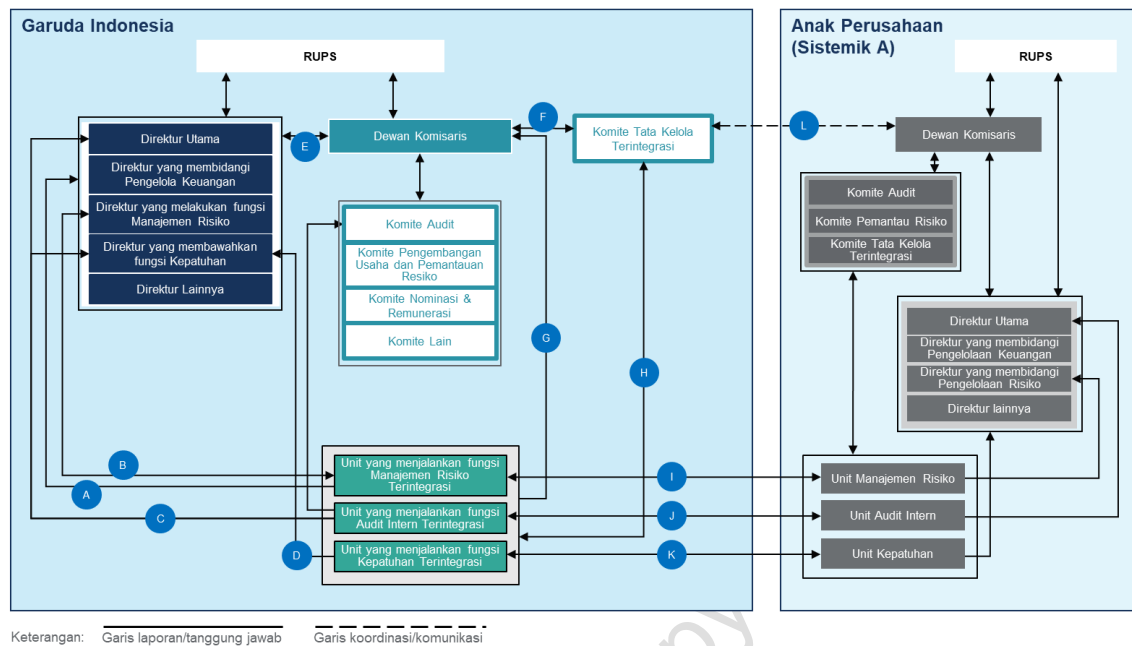


Figure 5. Governance Model with Relationship Identification

The relationship to the governance mechanism is as follows:

Identification	Relationship
A	The unit that carries out the Integrated Risk Management function provides input to the Company's Board of Directors, among others, in the preparation of the Integrated Risk Management Policy.
B	<ul style="list-style-type: none"> The unit that performs the Integrated Risk Management function is directly responsible to the Director who is under the Integrated Risk Management function. The unit that performs the Integrated Risk Management function prepares and submits the Integrated Risk profile report on a regular basis to the Director under the Integrated Risk Management function.
C	The unit that carries out the Integrated Internal Audit function submits the integrated internal audit report to the President Director and the Director who is under the Company's compliance function.
D	The unit that performs the Integrated Compliance function prepares and submits reports on the implementation of duties and responsibilities to the Director of Corporate Compliance.
E	<ul style="list-style-type: none"> The Board of Commissioners supervises the implementation of the duties and responsibilities of the Company's Board of Directors, as well as provides direction or advice to the Company's Board of Directors on the implementation of the Integrated Governance Guidelines.

Identification	Relationship
	<ul style="list-style-type: none"> The Director of Corporate Compliance prepares and submits an integrated compliance duties and responsibilities implementation report to the Company's Board of Directors and the Company's Board of Commissioners. The Company's Board of Directors submits an accountability report on the implementation of the Integrated Risk Management policy to the Board of Commissioners
F	The Integrated Governance Committee provides recommendations to the Board of Commissioners and then the Board of Commissioners gives its direction to the Board of Directors for the improvement of the Integrated Governance guideline policy.
G	The unit that performs the Integrated Internal Audit function submits the integrated internal audit report to the Company's Board of Commissioners.
H	The Integrated Governance Committee communicates with work units for functions including Internal Audit, legal and compliance, finance and Risk Management, human resources and necessary aspects of business operational functions, to obtain information, clarification and request the necessary reports in an integrated manner through the Board of Directors.
I	Units that perform Management functions Integrated coordinates with work units that carry out Risk Management functions in each Subsidiary.
J	The unit that carries out the Integrated Compliance function monitors and evaluates the implementation of the compliance function in each Subsidiary.
K	The unit that carries out the Integrated Internal Audit function monitors the implementation of internal audits in each Subsidiary.
L	The Integrated Governance Committee obtains information in the form of evaluation results on the implementation of internal audits and compliance functions of each Subsidiary from members of the Subsidiary Board of Commissioners who are members of the Integrated Governance Committee.

The Company is included in the category of Conglomerate SOEs and Systemic SOEs A. If there is a significant change in the Company's assets and/or capital, the Company is required to conduct *a re-assessment* to determine the Company's risk category and classification and report it to the Ministry of SOEs.

1.7. Basic Principles of Conglomerate Integrated Governance

The implementation of Integrated Governance by Conglomerates is carried out in accordance with the principles of transparency, *accountability*, responsibility, *independence*, and *fairness*.

Openness (*transparency*) is openness in carrying out the decision-making process and openness in disclosing material and relevant information about the company. Accountability is the clarity of the functions, implementation and accountability of the company's organs so that its management runs effectively. Responsibility is the conformity in the management of the company to the provisions of laws and regulations and healthy corporate principles. Independence is a situation in which the company is managed professionally without Conflict of Interest and influence/pressure from any party that is not in accordance with the provisions of laws and regulations and sound corporate principles. Fairness, namely fairness and equality in fulfilling the rights of stakeholders arising based on agreements and provisions of laws and regulations.

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TKT 2. INTEGRATED GOVERNANCE FRAMEWORK FOR ENTERPRISES

In line with the mandate of the Regulation of the Minister of State-Owned Enterprises, the Company is obliged to have a Risk Management Organ in accordance with the risk classification category. The Risk Management Organ has an important role in the effective implementation of Integrated Governance. In addition, the Company's organs must carry out their functions in accordance with the applicable provisions on the basis of the principle that each organ has independence in carrying out its duties, functions and responsibilities solely for the benefit of the Company.

2.1. Board of Commissioners of the Company

The Board of Commissioners is tasked with carrying out supervision of management policies, the course of management in general both regarding the Company and the Company's business carried out by the Board of Directors and providing advice to the Board of Directors in order to ensure that the Company is managed in accordance with its business purposes and objectives, and is not intended for the benefit of certain parties or groups. The Board of Commissioners shall, in good faith and full responsibility, carry out its duties for the benefit of the Company.

a. Duties, Authorities and Responsibilities

In order to supervise the implementation of the Integrated Governance function, the Board of Commissioners has the authority, duties, and responsibilities, including:

- 1) evaluate and approve the Integrated Governance Policy;
- 2) overseeing the implementation of Integrated Governance in the Subsidiary to be in line with the Company's Risk Management guidelines;
- 3) supervise the implementation of the duties and responsibilities of the Company's Board of Directors, as well as provide direction or advice to the Company's Board of Directors on the implementation of the Integrated Governance Policy;
- 4) evaluate the Integrated Governance Policy and direct for improvement;
- 5) supervise the implementation of Integrated Governance in the Subsidiary to be in line with the Integrated Governance Policy of the Company and the Subsidiary;
- 6) carry out supervision and advice on the implementation of other Integrated Governance functions in accordance with the provisions of laws and regulations, articles of association, and/or decisions of the GMS/Minister of SOEs; and
- 7) establish the charter of the Integrated Governance Committee as a reference in the implementation of the duties of the Integrated Governance Committee.

A more detailed explanation regarding the duties, functions, authorities, and appointment of the Board of Commissioners of the Company is described in the *Company's Board Manual*.

2.2. Company Board of Directors

The Board of Directors is an organ of the Company that is fully responsible for the management of the Company for the interests and purposes of the Company in order to achieve the Company's goals and objectives and ensure that the Company carries out its social responsibility and pays attention to the interests of various stakeholders in accordance with laws and regulations.

a. Structure

- 1) Members of the Board of Directors who are appointed as President Director may not concurrently the role of the Director in charge of Financial Management and the Director in charge of Risk Management;
- 2) The Board of Directors through the Board of Directors meeting determines the Functional Director and the Supervisory Director;
- 3) The implementation of the duties and responsibilities of the Board of Directors in the implementation of Integrated Governance is not considered as dual positions.

b. Duties, Authorities and Responsibilities

The Board of Directors carries out the functions of Integrated Governance which includes the following responsibilities:

- 1) establish policies in the Company that are harmonized with policies/guidelines for the Subsidiary through:
 - a) The Functional Director is obliged to harmonize functional policies/guidelines in the Subsidiary; and
 - b) The Director of Trustees is obliged to ensure the alignment and synergy of the Company's and Subsidiary's strategies;
- 2) monitor the implementation of policies/guidelines in harmony with the Company's policies/guidelines;
- 3) conduct Risk monitoring in a structured and integrated manner between the Company and its Subsidiaries;
- 4) The Board of Directors is obliged to ensure the implementation of Integrated Governance in the Conglomerate;
- 5) drafting an Integrated Governance Policy;
- 6) directing, monitoring and evaluating the implementation of the Integrated Governance Policy;
- 7) follow up on the direction or advice of the Board of Commissioners of the Company in order to improve the Integrated Governance Policy;
- 8) carry out other Integrated Governance functions in accordance with the provisions of laws and regulations, articles of association, and/or resolutions of the GMS/Ministers; and

- 9) The Board of Directors is obliged to ensure that the audit findings and recommendations from the integrated internal audit work unit, the External Auditor, the results of the supervision of the Financial Services Authority and/or the results of the supervision of other authorities have been followed up by the Company and/or its Subsidiaries.

A more detailed explanation regarding the duties, functions, authorities, and appointment of the Company's Board of Directors is described in the *Company's Board Manual*.

2.3. Integrated Governance Committee

The Integrated Governance Committee is a committee formed by the Board of Commissioners to carry out adequate supervision over the implementation of governance, compliance and ethics. The Integrated Governance Committee is independent, both in the performance of its duties and in reporting, and is directly accountable to the Board of Commissioners.

a. Structure and Membership

- 1) Composition
 - a) The President Commissioner serves as the Chairman of the committee and is a member;
 - b) In the event that the implementation of the Integrated Governance Committee is concurrently carried out by another Committee, then when carrying out the functions of the Integrated Governance, the chairman acts as the President Commissioner, and the chairman of the other committee serves as a member of the Integrated Governance Committee;
 - c) Committee members come from the Board of Commissioners of the Company and the Board of Commissioners of the Subsidiaries;
 - d) Other committee members who are not members of the Board of Commissioners are not members of the Integrated Governance Committee, but may be assigned to assist in the work of the Integrated Governance Committee.
- 2) Qualification
 - a) Training
 1. Every year each member is required to attend training on the topic of corporate governance;
 2. In one year, it is mandatory to attend training as referred to in number 1 for at least 20 (twenty) hours of training;
 3. The training that is followed is PPL organized by professional institutions, regulators, training institutions accredited by accreditation institutions, and/or training institutions owned or controlled by SOEs.

b) Certification

1. Members of the Integrated Governance Committee who are certified while serving in the field of corporate governance;
2. Certification as referred to in number 1 is fulfilled with the following conditions:
 - a. issued by a nationally and/or internationally recognized certification board/regulator/professional organization;
 - b. certification issuing bodies have professional standards and standards councils; and
 - c. Certification is required to be valid for the duration of the term.

b. Committee Meetings

The Integrated Governance Committee meeting was held with the following provisions, among others:

- 1) Meetings are held periodically at least 1 (one) time every quarter or in accordance with applicable industry regulations;
- 2) A meeting can be held if it is attended by more than 50% of the members;
- 3) meetings can be held via *video conference*;
- 4) The results of the meeting are stated in the minutes of the meeting signed by all members of the Integrated Governance Committee who were present and well documented;
- 5) *Dissenting opinions* that occur in the meeting are clearly stated in the minutes of the meeting along with the reasons for the difference of opinion.

c. Duties, Authorities, and Responsibilities

The duties, authorities, and responsibilities of the Integrated Governance Committee include, at a minimum:

- 1) evaluate the Integrated Governance guidelines;
- 2) conducting monitoring and evaluation of the suitability of the Integrated Governance guidelines of the Company or Subsidiary;
- 3) evaluate the implementation of Integrated Governance, at least through the assessment of the adequacy of internal control and the implementation of compliance functions in an integrated manner;
- 4) provide recommendations to the Board of Commissioners and then the Board of Commissioners provide its direction to the Board of Directors for the improvement of the Integrated Governance Policy;
- 5) communicate with work units for functions including Internal Audit, law and compliance, finance and Risk Management, human resources and necessary aspects of business operational functions, to obtain information, clarification and request necessary reports in an integrated manner through the Board of Directors;

- 6) carry out monitoring and evaluation of the implementation of other Integrated Governance functions in accordance with the provisions of laws and regulations, articles of association, and/or resolutions of the GMS/Minister of SOEs; and
- 7) exercising other authority, duties, and responsibilities related to its functions.

The scope of the Committee's duties, authorities, and responsibilities are further set out in the Charter of the Integrated Governance Committee.

d. Reporting

- 1) The Integrated Governance Committee is obliged to make a report to the Board of Commissioners of the Company on each assignment given.
- 2) The Integrated Governance Committee is obliged to make periodic reports to the Board of Commissioners of the Company.
- 3) The Integrated Governance Committee is obliged to make an annual report on the implementation of the activities of the Integrated Governance Committee as disclosed in the Company's Annual Report.
- 4) The preparation of reports, meeting minutes and all other forms of documents related to the implementation of the duties of the Integrated Governance Committee is carried out by the Secretary of the Company's Board of Commissioners and can coordinate with units that carry out the Company's integrated governance functions.

2.4. Integrated Compliance Work Unit

a. Structure and Membership

- 1) The Company is required to have an independent Integrated Compliance Work Unit, among other things through the separation of work units that carry out integrated compliance functions with operational work units (*risk-taking units*) in the Company.
- 2) The implementation of integrated compliance tasks can be carried out by existing Corporate Compliance Work Units.

b. Duties and Responsibilities

The Integrated Compliance Work Unit has the least task of monitoring and evaluating the implementation of compliance functions in the Company and its Subsidiaries.

2.5. Integrated Internal Supervision Unit (SPI)

a. Structure and Membership

- 1) The Company is required to have an independent Integrated SPI, among other things through the separation of work units that carry out the integrated internal audit function with the operational work unit (*risk-taking unit*) in the Company.

- 2) The implementation of integrated internal audit tasks can be carried out by the Company's existing SPI.

b. Duties and Responsibilities

The Integrated SPI has the least task of monitoring and evaluating the implementation of the internal audit function in the Company and its Subsidiaries.

2.6. Implementation of Integrated Risk Management

The Company and its Subsidiaries are obliged to implement Integrated Governance and Integrated Risk Management comprehensively and effectively guided by the provisions regarding the implementation of integrated risk management for conglomerates.

a. Integrated Risk Management Scope

The implementation of Integrated Risk Management includes at least:

- 1) supervision of the Board of Directors and the Board of Commissioners of the Company;
- 2) adequacy of guidelines, policies, procedures, and limits of Integrated Risk Management;
- 3) adequacy of the process of identification, measurement, monitoring, and integrated risk control, and integrated risk management information system; and
- 4) monitoring and evaluation of the implementation of Integrated Risk Management.

b. Integrated Risk Management Work Unit

- 1) Structure and Membership
 - a) The Company is required to have an independent Integrated Risk Management Work Unit, among others through the separation of work units that carry out the integrated Risk management function with the operational work unit (*risk-taking unit*) in the Company;
 1. The establishment of an Integrated Risk Management Work Unit organization in the Company is adjusted to the characteristics and complexity of the business as well as the risks inherent in the Conglomerate;
 2. The implementation of the duties and responsibilities of the Integrated Risk Management Work Unit can be one of the functions of the existing Risk Management work unit;
 3. The Integrated Risk Management Work Unit is directly responsible to the Director in charge of Risk management.

2) Duties and Responsibilities

The Integrated Risk Management Work Unit has the following minimum tasks:

- a) together with the Integrated Governance Committee to monitor and evaluate the implementation of integrated Risk Management in each Subsidiary;
- b) compile and submit reports on the implementation of duties and responsibilities to the Director in charge of Risk management in the Company.

c. Integrated Risk Management Policy

The Company is required to prepare Integrated Risk Management Guidelines/Policies as a reference for the implementation of integrated risk management for Subsidiaries that contain at least:

- 1) determination of risks related to the Conglomerate's business activities;
- 2) formulation of Integrated Risk Management strategies;
- 3) determination of the use of measurement methods and Integrated Risk Management information systems;
- 4) determination of risk strategies and frameworks in accordance with the level of risk to be taken (*risk appetite*) and risk tolerance;
- 5) determination of risk rating assessment methods;
- 6) preparation of *contingency plans* in the worst *case scenario*;
- 7) the establishment of a monitoring and evaluation system in the implementation of Integrated Risk Management.

2.7. Remuneration Policy

a. Company Board of Directors

Members of the Board of Directors are at least given salaries and allowances, facilities including *tantiem* whose type and amount are determined by the GMS by taking into account the provisions of the Company's Articles of Association and the provisions of laws and regulations.

b. Board of Commissioners of the Company

Members of the Board of Commissioners are at least given honorarium and allowances/facilities including *tantiem* whose type and amount are determined by the GMS by taking into account the provisions of the Subsidiary Articles of Association and the provisions of laws and regulations.

2.8. Conflict of Interest Management

Conflict of Interest Management contains at least one policy:

- a. to identify, mitigate, and manage Conflicts of Interest, including those arising from transactions with affiliates and *intra-group transactions*;

- b. prohibition for Members of the Board of Directors and Members of the Board of Commissioners to take actions that may harm or reduce the Company's profits; and
- c. obligation to disclose in the event of a Conflict of Interest in every decision-making.

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TKT 3. INTEGRATED GOVERNANCE FRAMEWORK FOR SUBSIDIARIES

In line with the mandate of the Regulation of the Minister of State-Owned Enterprises, the Subsidiary is obliged to have a Risk Management Organ in accordance with the risk classification category. The Risk Management Organ has an important role in the effective implementation of Integrated Governance. In addition, the organs of the Subsidiary must carry out their functions in accordance with the applicable provisions on the principle that each organ has independence in carrying out its duties, functions and responsibilities solely for the benefit of the Subsidiary.

3.1. Subsidiary Board of Commissioners

The Board of Commissioners is tasked with supervising and advising the Board of Directors as the management of the Subsidiary which includes, among others, the implementation of the RJPP, RKAP, provisions of the articles of association, resolutions of the GMS, and monitoring the effectiveness of the implementation of Good Corporate Governance, Risk management, and *information and technology governance* implemented by the Subsidiary.

a. Requirement

In the appointment of Members of the Board of Commissioners, prospective Members of the Board of Commissioners must meet the requirements related to the appointment of Members of the Board of Commissioners in accordance with the articles of association and laws and regulations in the business services sector of each Subsidiary.

b. Structure

Arrangements related to the structure of Members of the Board of Commissioners of the Subsidiary refer to the provisions of the applicable laws and regulations in accordance with the Subsidiary's business service sector.

c. Implementation of the Supervisory Function by the Board of Commissioners

The Board of Commissioners of each Subsidiary is obliged to carry out its duties and responsibilities in carrying out its supervisory functions, which at least include:

- 1) supervise the implementation of governance, duties and responsibilities of the Board of Directors and follow up on audit results from internal and external parties;
- 2) establish a committee or appoint a party to carry out functions that support the duties and responsibilities of the Board of Commissioners, at least an audit monitoring committee or function, and a compliance monitoring committee or function;

- 3) to hold the meeting of the Board of Commissioners which shall at least include the frequency, attendance and decision-making procedures; and
- 4) Drafting the work rules of the Board of Commissioners.
- 5) Attend meetings with the Company to improve coordination and synergy in order to carry out supervisory functions.

d. Independence of Members of the Board of Commissioners

- 1) There shall be no blood family relationship between the Members of the Board of Commissioners of the Subsidiary and the Board of Directors of the Subsidiary, either according to the straight line or the sideways or the relationship of the same person (son-in-law or brother-in-law).
- 2) Members of the Board of Commissioners of the Subsidiary can only concurrently hold positions in accordance with the provisions that have been stipulated in the Articles of Association of the Subsidiary and the provisions of the applicable laws.
- 3) Members of the Board of Commissioners of the Subsidiary shall not derive personal profits from the activities of the Subsidiary, other than the compensation that has been pre-arranged, and/or the increase in the value of the shares owned, or the dividends of the shares owned.
- 4) Members of the Board of Commissioners of Subsidiaries who experience a conflict of interest are required to report to the President Commissioner of the Subsidiary as soon as possible. So that if a case occurs, consideration can be carried out without involving members who experience the conflict.

3.2. Subsidiary Directors

In the management of the Subsidiary, the Board of Directors of the Subsidiary is fully responsible for carrying out its duties and each member of the Board of Directors is personally responsible if it makes a mistake or is negligent in carrying out its duties.

a. Requirement

In the appointment of Members of the Board of Directors of the Subsidiary, prospective Members of the Board of Directors of the Subsidiary must meet the requirements related to the appointment of Members of the Board of Directors in accordance with the articles of association and laws and regulations in the business services sector of each Subsidiary.

b. Structure

- 1) The number of Directors of the Subsidiary refers to the applicable laws and regulations in the Subsidiary's business services sector.
- 2) The division of duties and authorities of each Member of the Board of Directors in the Subsidiary is determined by the GMS of the Subsidiary.

c. Implementation of Management Functions by the Board of Directors

The Board of Directors of each Subsidiary is obliged to carry out its duties and responsibilities in carrying out its management functions, which at least include:

- 1) implementing the principles of Good Corporate Governance;
- 2) follow up on audit results by internal and external parties;
- 3) develop work rules;
- 4) holding the meeting of the Board of Directors which at least includes decision-making procedures and meeting documentation;
- 5) Provide complete, accurate, and up-to-date reports, data and/or other information to the Company in the implementation of Integrated Governance and Integrated Risk Management as well as reporting fulfillment; and
- 6) Attend meetings with the Company to improve coordination and synergy in order to carry out supervisory functions.

3.3. Implementation of Compliance Functions, Internal Audit Functions, and External Audit Implementation

a. Implementation of Compliance Functions

- 1) Formation
 - a) The Subsidiary must have employees or compliance work units that assist the Board of Directors in ensuring compliance, especially with applicable laws and regulations.
 - b) The Compliance Work Unit must be independent of the operational work unit.
 - c) The Compliance Work Unit is led by a Head of the Compliance Work Unit who reports to the President Director or the Director appointed to oversee the compliance function.
 - d) The Subsidiary is required to have a Compliance Director or Director appointed to oversee the compliance function.
- 2) Compliance Function

The Compliance Task Force performs compliance functions, including the following:

 - a) realizing the implementation of a culture of compliance at all levels of organizations and business activities;
 - b) minimize compliance risks in business activities;
 - c) provide *guidelines* to Holding Members in implementing the Compliance function within their company;

- d) monitoring of policies/guidelines, provisions, systems, and procedures as well as business activities carried out by the Company in accordance with the provisions of applicable laws and regulations, and values, ethics as well as standards, principles, and practices for the implementation of healthy business activities on an ongoing basis;
 - e) Conduct checks on the company's compliance with the commitments made to the competent supervisory authority.
- 3) The Company and its Subsidiaries are required to have a unit responsible for controlling fraudulent acts.

b. Implementation of the Internal Audit Function

- 1) Formation
 - a) The Subsidiary is required to have an independent Internal Supervision Unit (SPI) in assisting the Board of Directors to conduct an examination/assessment/control of the effectiveness/efficiency of the company's operations, finance, resources, information technology and other fields.
 - b) SPI is led by a Head of SPI who is responsible to the President Director and is appointed and dismissed with the approval of the Board of Commissioners.
- 2) Internal Audit Functions
 - a) Conduct evaluation, monitoring, and consulting services on the implementation practices of GCG, Risk Management, and internal control of the company.
 - b) Conducting an audit and assessment of efficiency and effectiveness in the fields of accounting and finance, development and investment, actuarial, operational, marketing and product, technology intortion, human resources, risk management and internal supervision, law, as well as partnership and environmental development programs.
 - c) Provide recommendations for improvement and/or relevant and objective information on the activities examined at all levels of management.
 - d) Make an audit report and submit the report to the President Director and/or the Board of Commissioners through the Audit Committee.
 - e) Monitor, analyze and report on the implementation of follow-up on recommended improvements.
 - f) Develop a program to independently evaluate the effectiveness of quality control within the scope of SPI's work to ensure its conformity with operating procedure standards and internal professional audit practice standards.

- g) Assist the Audit Committee in evaluating the performance of the Public Accounting Firm.
- h) Perform special checks when needed.
- i) Carry out an integrated internal audit function together with the Company's SPI.
- j) SPI is obliged to prepare an annual internal audit work plan and implement it.

c. Implementation of External Audit Functions

- 1) In order to uphold the principles of accountability and transparency, each Subsidiary is required to request an audit by an External Auditor of the financial statements of the relevant Subsidiary.
- 2) In the implementation of external audits, the Subsidiary is obliged to provide all necessary accounting records and supporting data to the External Auditor so as to enable the external auditor to provide his opinion on the fairness and suitability of the financial statements with applicable financial accounting standards.
- 3) To appoint an external auditor, the Subsidiary must at least pay attention to the following matters:
 - a) public accountants and public accounting firms that will be appointed to be registered with the OJK;
 - b) the appointment of a public accountant and a public accounting firm to examine the financial statements of the Subsidiary shall be carried out through the GMS based on the proposal of the Board of Commissioners recommended by the Audit Committee;
 - c) The nomination of an external auditor must be accompanied by:
 - 1. the reason for the nomination and the amount of honorarium or remuneration proposed for the external auditor; and
 - 2. a statement of ability signed by the External Auditor, to be free from the influence of the Board of Directors, the Board of Commissioners, and interested parties in the Company and the willingness to provide information related to the results of its audit to the supervisory authority.

3.4. Implementation of Risk Management Functions

The implementation of Risk Management in the Subsidiary always follows the development of applicable regulations so that the management and control of Risk can run as applied in accordance with the business service sector in each Subsidiary.

To ensure the effectiveness and adequacy of the implementation of Risk management in accordance with the objectives, business policies, size and complexity of the Subsidiaries' businesses and the risks faced as well as

active supervision of the implementation of Risk management policies and strategies, a competent Risk Management Function has been established in its field. The implementation of the Risk Management function actively carries out the following:

- a. Implement and monitor the implementation of Risk Management effectively;
- b. Monitor Risk positions;
- c. Compile Risk profile reports;
- d. Periodically review the adequacy and feasibility of policies and guidelines for the implementation of Risk Management strategies and submit recommendations for changes to the Director in charge of Risk management; and/or
- e. Develop procedures regarding Risk Management.

3.5. Remuneration Policy

- a. **Subsidiary Directors**
Members of the Board of Directors are at least given salaries and allowances, facilities including *tantiem* whose type and amount are determined by the GMS by taking into account the provisions of the Subsidiary's Articles of Association and the provisions of laws and regulations.
- b. **Subsidiary Board of Commissioners**
Members of the Board of Commissioners are at least given honorarium and allowances/facilities including *tantiem* whose type and amount are determined by the GMS by taking into account the provisions of the Subsidiary Articles of Association and the provisions of laws and regulations.

3.6. Conflict of Interest Management

Subsidiary Conflict of Interest Management refers to the Conflict of Interest Guidelines that have been prepared and published by the Parent Company.

Conflict of Interest Management contains at least one policy:

- d. to identify, mitigate, and manage Conflicts of Interest, including those arising from transactions with affiliates and *intra-group transactions*;
- e. prohibition for Members of the Board of Directors and Members of the Board of Commissioners to take actions that may harm or reduce the profits of the Subsidiary; and
- f. obligation to disclose in the event of a Conflict of Interest in every decision-making.

TKT 4. REPORTING

In order to establish the Company as a conglomerate and the implementation of Integrated Governance, the Company is required to submit an Integrated Governance Report containing a *Self-Assessment* of the implementation of the Company's Integrated Governance with the following provisions:

1. The Company is required to prepare an Integrated Governance Report on a semi-annual and annual basis for the position at the end of June and December.
2. Companies are required to submit an Integrated Governance Report to the Ministry of SOEs.
3. The Integrated Governance Report shall be submitted on a semi-annual basis no later than the 31st (thirty-one) of the month after the end of the relevant report month.
4. The Integrated Governance Report is part of the Risk Management Report which is a unit with the Company's quarterly report and annual report which is outlined in a separate chapter.
5. The Integrated Governance Report consists of:
 - a. Integrated Governance structure report;
 - b. Integrated Governance process reports; and
 - c. Report on the results of Integrated Governance.
6. The Integrated Governance structure report presents the following information:
 - a. Results of Internal Assessment (*Self-Assessment*) of fulfillment of the Integrated Governance structure; and
 - b. The realization of strengthening the Integrated Governance structure that has been carried out and the strengthening plan that will be reported for its realization in the next semester or will be a continuation in the next RKAP planning.
7. The Integrated Governance process report presents information:
 - a. Results of Internal Assessment (*Self-Assessment*) of fulfillment of the Integrated Governance process; and
 - b. The realization of strengthening the Integrated Governance process that has been carried out and the strengthening plan that will be reported to be realized in the next semester or be a continuation in the next RKAP planning.
8. The Integrated Governance results report presents the following information:
 - a. Comparison of realization with the plan to improve the results of the implementation of Integrated Governance planned in the RKAP; and
 - b. Explanation of the achievement of the realization of the results of Integrated Governance.
9. The Board of Directors may supplement the Integrated Governance report with other information that can be in the form of management analysis.

TKT 5. SOCIALIZATION, IMPLEMENTATION, AND EVALUATION

The Company will continue to carry out socialization, implementation, and evaluation stages of the implementation of integrated governance policies on an ongoing basis. Socialization activities will continue to be carried out continuously for internal and external parties. Socialization to internal parties is focused on understanding, awareness, and the need to implement integrated governance guidelines consistently. Socialization to external parties is aimed at providing an understanding of how it works in accordance with the integrated governance policy applicable in the Company.

The implementation of the integrated governance policy will continue to be carried out consistently with the full commitment of all management of the Company and its Subsidiaries as well as the support of all other Stakeholders. One form of implementation is reflected in the periodic reports from each work unit regarding the implementation of the policy. The Company requires the Subsidiary to comply with the integrated governance policy.

The Company will continue to evaluate the implementation of integrated governance policies. This evaluation is aimed at determining and measuring the suitability of governance policies with the Company's needs and the effectiveness of the implementation programs that have been implemented. Based on the results of the evaluation, the improvement and development of integrated governance policies and implementation programs will continue to be carried out on an ongoing basis.

