



Resolution of the Board of Directors PT Jasa Marga(Persero) Tbk

Number : 85/KPTS/2020

Date : 24 Septembe

CODE OF CORPORATE GOVERNANCE

PT JASA MARGA (PERSERO) Tbk



CHAPTER I INTRODUCTION

1. Background

The implementation of Toll Roads is a mandate of the Indonesian people considering that Toll Roads are strategic infrastructure in supporting national development to provide extensive benefit for all Stakeholders. As a State-Owned Enterprise (BUMN) of which the shares are owned by the government and public, PT Jasa Marga (Persero) Tbk (herein after to be called as “Company”) must be managed professionally and referring to the Capital Market regulations and other laws and regulations related to the Company’s activities.

The Company’s Management is based on the principles of Good Corporate Governance (herein after to be abbreviated as “GCG”) is basically an effort to make GCG as principle and guideline for the Company management in conducting its business activities. Applying the principles of GCG is a must for the Company to be able to survive and strong in facing stringent competition. GCG is expected to become a better means to achieve the vision, mission and objectives of the Company.

The Company is aware that systematic and consistent Application of the GCG is a need which must be conducted. The Application of GCG in the Company is expected to increase business development, accountability and realize the value of Shareholders within the long-run without neglecting other Stakeholders interest.

To improve the performance and compliance to the implementation of the GCG principles, the Company has compiled a Code of Corporate Governance (herein after to be abbreviated as “COCG”) consistently applied so that all value owned by Stakeholders on the Company can be optimally utilize and result into profitable economic relation pattern. COCG is the crystallization of the GCG principle, prevailing laws and regulation, adhere cultural values, vision and mission and the best practices of GCG. COCG which has been formulated to become reference for Shareholders, Board of Commissioners, Board of



Directors, Employees and also the reference for other Stakeholders in relation with the Company.

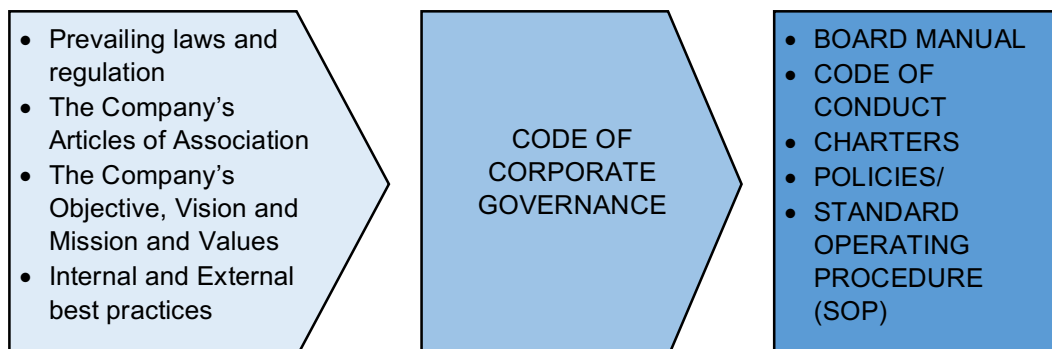
Considering the dynamic and developing business environment, the COCG formulated by the Company must constantly be complied with the existing internal and external condition. Continual review must be conducted as an effort to reach the best working standard for the Company.

2. Perception

Applying the GCG practice based on the Regulation of the Minister of State-Owned Enterprises Number: PER-01/MBU/2011 dated 01 August 2011 regarding Good Corporate Governance in State-Owned Enterprises and its Amendment Number: PER-09/MBU/2012 dated 6 July 2012, is perceived as a process and structure utilized by the Company's Organ (General Meeting of Shareholders (GMS), Board of Commissioners and Board of Directors) to improve the business success and Company's accountability, to realize the value for Shareholders in the long-run by still observing the interest of other Stakeholders, based on law and regulation and ethical values.

The COCG is a unit of regulation and practice which is the basic or reference for the Company's Organ and Management in managing the Company. Such COCG contains the principles of Company management in-line with the vision, mission and value of the Company. COCG in its implementation must be followed by various policies and technical regulation according to the needs of the Company.

Scheme of Compiling COCG:





3. Objective

The objective of Applying GCG in the Company are:

- a. Control and direct the relation between Shareholders, Board of Commissioners, Board of Directors, Employees, Toll Road Users/other Customers, Business Partner, Creditor/Investor, and the Public and Environment.
- b. To encourage and support the development, risk management of the Company to be more prudent, accountable, and responsible in-line with the GCG principles.
- c. Maximize the Company's value to make the Company have a strong competitive edge, be it national and also international.
- d. Empower the function and inter-dependency of the respective Company's Organ.
- e. Encourage the Company's management professionally, effective and efficient to achieve the Company's Vision and Mission.
- f. Encourage that the Company's management in taking resolution and conducting action must be based on high moral values and compliance to prevailing laws and regulation and awareness of the Company's social responsibility.
- g. Improve accountability to Stakeholders.
- h. Prevent the happening of deviation in the Company's management.
- i. Improve a more better image of the Company.
- j. Improve the Company's contribution in the national economic.
- k. Create Jasa Marga Being clean of all types of bribery.

4. Guidelines Reference

The Compiling of this Guideline refer to the following stipulation:

- a. The Law of the Republic of Indonesia among others:
 - 1) Law Number 8 of 1995 dated 10 November 1995 regarding Capital Market;
 - 2) Law Number 31 of 1999 dated 16 August 1999 regarding The Eradication of Corruption Criminal Act and its Amendment Number 20 of 2001 dated 21 November 2001;
 - 3) Law Number 19 of 2003 dated 19 June 2003 regarding State-Owned Enterprises;
 - 4) Law Number 38 of 2004 dated 18 October 2004 regarding Road;



- 5) Law Number 40 of 2007 dated 16 August 2007 regarding Limited Liability Company;
 - 6) Law Number 11 of 2008 dated 21 April 2008 regarding Information and Electronic Transaction and its Amendment Number 19 of 2016 dated 25 November 2016;
 - 7) Law Number 14 of 2008 dated 30 April 2008 regarding Transparency of Public Information;
 - 8) Law Number 22 of 2009 dated 22 June 2009 regarding Traffic and Road Transportation;
 - 9) Law Number 8 of 2010 dated 22 October 2010 regarding the Prevention and Eradication of Money Laundering Criminal Act.
- b. Government Regulation among others:
- 1) Government Regulation Number 12 of 1998 dated 17 January 1998 regarding Limited Liability Company (Persero) and its Amendment Number 45 of 2001 dated 5 June 2001;
 - 2) Government Regulation Number 15 of 2005 dated 21 March 2005 regarding Toll Roads as lastly amended by Number 43 of 2013 dated 29 May 2013;
 - 3) Government Regulation Number 45 of 2005 dated 25 October 2005 regarding the Establishment, Supervision and Dissolving of State-Owned Enterprise.
- c. Regulation of the State Minister of State-Owned Enterprises among others:
- 1) Regulation of the State Minister of State-Owned Enterprises Number: PER-01/MBU/2011 dated 01 August 2011 regarding Application of Good Corporate Governance in State-Owned Enterprises and its Amendment Number: PER-09/MBU/2012 dated 6 July 2012;
 - 2) Regulation of the State Minister of State-Owned Enterprises Number: PER-12/MBU/2012 dated 24 August 2012 regarding Supportive Organ of the Board of Commissioners/Board of Supervisors in State-Owned Enterprises;
 - 3) Regulation of the Minister of State-Owned Enterprises Number: PER-04/MBU/2014 dated 10 March 2014 regarding Guidelines on the Stipulation



to Numeration of the Board of Directors, Board of Commissioners, and Board of Supervisors in State-Owned Enterprises and its Amendment Number: PER-02/MBU/06/2016 dated 20 June 2016;

- 4) Regulation of the Minister of State-Owned Enterprises Number: PER-05/MBU/2014 dated 17 March 2014 regarding Gratification Control Program in the Environment of the Ministry of State-Owned Enterprises;
- 5) Regulation of the Minister of State-Owned Enterprises Number: PER-01/MBU/01/2015 dated 14 January 2015 regarding Guideline on the Handling of Conflict of Interest in the Environment of the Ministry of State-Owned Enterprises;
- 6) Regulation of the Minister of State-Owned Enterprises Number: PER-02/MBU/02/2015 dated 17 February 2015 regarding Requirements and Procedure of Appointing and Dismissing Members of the Board of Commissioners and Board of Supervisors of State-Owned Enterprises;
- 7) Regulation of the Minister of State-Owned Enterprises Number: PER-03/MBU/02/2015 dated 17 February 2015 regarding Requirements, Procedure of Appointment, and Dismissal of Members of the Board of Directors of State-Owned Enterprises;
- 8) Regulation of the Minister of State-Owned Enterprises Number: PER-13/MBU/10/2015 dated 08 October 2015 regarding the Guidelines on the Management of the Violation Allegation Report System in the Environment of the Ministry of State-Owned Enterprises.

d. Regulation of the Financial Service Authority (OJK) among others:

- 1) OJK Regulation Number 32/POJK.04/2014 dated 8 December 2014 regarding The Plan and Holding of General Meeting of Shareholders of the Public Company;
- 2) OJK Regulation Number 33/POJK.04/2014 dated 8 December 2014 regarding Board of Directors and Board of Commissioners of Emitted or Public Company;



- 3) OJK Regulation Number 34/POJK.04/2014 dated 8 December 2014 regarding Nomination and Remuneration Committee of Emitten or Public Company;
 - 4) OJK Regulation Number 35/POJK.04/2014 dated 8 December 2014 regarding Company's Secretary of Emitten or Public Company;
 - 5) OJK Regulation Number 08/POJK.04/2015 dated 25 June 2015 regarding Emitten Web Site or Public Company;
 - 6) OJK Regulation Number 21/POJK.04/2015 dated 16 November 2015 regarding Public Company Code of Corporate Governance;
 - 7) OJK Regulation Number 31/POJK.04/2015 dated 16 December 2015 regarding Information Transparency or Material Fact By Emitten or Public Company;
 - 8) OJK Regulation Number 55/POJK.04/2015 dated 23 December 2015 regarding the Formation and Guideline on the Work Implementation of the Audit Committee.
- e. The Articles of Association as stated in a Deed of Meeting Resolution Statement Number: 14 dated 18 June 2019 drawn up in the presence of Ir. Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta and letter of Receipt of the Notification on the Amendment of Articles of Association from the Directorate General Public Law Administration of the Ministry of Law and Human Rights Republic Indonesia Number: AHU-0031818.AH.01.02 Of 2019 dated 20 June 2019 and registered in the Company Register Number: AHU-0095136.AH.01.11.OF 2019 dated 20 June 2019;
- f. Board Manual of the Board of Commissioner and Board of Directors PT Jasa Marga (Persero) Tbk.
- g. Join Resolution of the Board of Directors and Board of Commissioners PT Jasa Marga (Persero) Tbk Number KEP 102/IX/2020 and Number 87/KPTS/2020 dated 25 September 2020 regarding Anti Bribery Policy PT Jasa Marga (Persero) Tbk.



5. Scope of the Guideline

The scope of this Guideline is to provide direction to all Jasa Marga Being in conducting the Company's business activity. Various regulated in this Guideline covers:

- a. Relation between the Company and Shareholders.
- b. Function and role of the Board of Commissioners.
- c. Function and role of the Board of Directors.
- d. Relation between the Company and its Stakeholders such as Employees, Toll Road User/other Customer, Creditor/Investor and Business Partner and the Public.
- e. The principle concerning important Company's Policy such as Policy regarding the Internal Control System, Risk Management, Information Technology, Accountancy and Finance, Goods/Service Providing System, and other policies.

6. Terms Used

- a. **Subsidiary**, is a company incorporated related to the Company's business activities of which more than 50% (fifty percent) of its share are owned by the Company or more than 50% (fifty percent) vote in the General Meeting of Shareholders is controlled by the Company or the company activity, appointment, dismissal of the Subsidiary Board of Directors and Board of Commissioners is controlled by the Company.
- b. **Members of the Board of Commissioners**, are Members of the Board of Commissioners referring to individual (not the Board).
- c. **Members of the Board of Directors**, are Members of the Board of Directors referring to individual (not the Board).
- d. **External Auditor**, is an independent and professional auditor from outside the Company providing audit or non-audit services to the Company.
- e. **Board of Commissioners**, is all the Members of the Board of Commissioners as unit or Board.
- f. **Board of Directors**, is all the Members of the Board of Directors as one unit or Board.
- g. **Jasa Marga Being**, are the Board of Commissioners, Board of Directors and Employees of the Company, including representative of Jasa Marga in the Subsidiaries.



- h. **Management Line**, are the Board of Directors and 1 (one) level official under the Board of Directors assisting the Company's management.
- i. **Employee**, are people bound by occupational relation with the Company and has met the requirements stipulated and appointed by the Board of Directors and given revenue, welfare, and other facilities according to the provision of law and stipulation of the Company.
- j. **Independent Commissioner**, a member of the Board of Commissioners who is not affiliated with the Board of Directors, other members of the Board of Commissioners and controlling Shareholders, and free in its business relation or other relation which may influence its capability to act independent or act only for the interest of the Company.
- k. **Audit Committee**, is a Committee assigned by the Board of Commissioners, assisting the Board of Commissioners to meet it duties and liability in reviewing the internal control system effectivity, the effectivity of the external and internal auditor in conducting their duties, and reviewing and provide approval on all information and motion prepared and submitted by other parties such as Financial Statement and Non-Financial and Annual Report of the Company.
- l. **Management**, is the Board of Directors, Structural Official according to the organizational structure of the Headl Office/Branch Offices/Project Office with the function to conduct the activities according to the a stipulated uthority limit.
- m. **Nomination, Remuneration and Risk Committee**, is a committee assigned by the Board of Commissioners in the framework of assisting the duty and function of the Board of Commissioners in its nomination aspect (among other related to composition, criteria, monitoring, performance evaluation of strategical position in the Company), remuneration (among other related to the structure stipulation, policy, monitoring and remuneration evaluation on strategical position in the Company) and risk (among other related to the review and evaluation on the Company's investment risk management).
- n. **Company's Organ**, are the General Meeting of Shareholders (GMS), Board of Commissioners and Board of Directors.
- o. **Integrity Pact**, is a statement letter signed by the Board of Commissioners, Board of Directors and Employees of the Company, containing the oath to implement the



- principles of Good Corporate Governance in conducting their duties and responsibility.
- p. **Code of Conduct**, is a system value or norm adhered by all Jasa Marga Being in conducting their duties containing business ethic and attitude of all the Jasa Marga Being in achieving the objective, vision and mission of the Company among others relation ethic between the Company and the Employees, Toll Road Users, Shareholders, Suppliers, Creditor/Investor, Government, Business Partner, Competitor, Mass Media, the Public and its Environment.
 - q. **Code of Corporate Governance or COCG**, is a value and practice group of the Company which has become the guideline for the Company's Organ and Management in managing the Company containing the GCG principles which are in-line with law and regulation, objective, vision and mission and values of the Company.
 - r. **Company** (or **Perseroan**) with capital P is PT Jasa Marga (Persero) Tbk, while **company** (or **perseroan**) with small letter p shows the company in general.
 - s. **General Meeting of Shareholders (GMS)** is the Company's Organ with the authority which cannot be given to the Board of Commissioners and Board of Directors according to prevailing laws and regulation and the Company's Articles of Association.
 - t. **Stakeholders**, is any party having good interest whether directly or not directly, be it financial or non-financial in the Company and has a direct and indirect influence on the Continuity of the Company's life, including therein the Shareholders, Employees, Government, Customer, Supplier, Creditor/Investor and the Public and other interested parties.

PROFILE, VISION AND MISSION OF THE COMPANY

Company's Profile

In the framework of accelerating economic between the regions and realize a free way the Government established a company especially in operating toll roads under the name PT JASA MARGA (Indonesia Highway Corporation) based on a Deed Number: 1 dated 1 March 1978. The development of the first free-way in Indonesia is the one connecting Jakarta-Bogor until



Ciawi officiated on 9 March 1978 by President Soeharto and given the name Jagorawi. Since that time the Company with the Government continued to construct new toll roads in the territory of Jabotabek, Bandung, Cirebon, Semarang, Surabaya and Medan. Until the end of the year 80, the Company is the only toll road operator in Indonesia until later on the Government invited private investor functioning as regulator to become investor in the toll road from the Government. The Company is prepared to compete with private toll road investors in building, operating and maintaining toll roads.

With the consideration that the operation and maintenance cost of such toll road segment can be conducted independently without burdening the Government budget, The Ministry of Public Work at that time, Ir. Sutami propose the establishment of a Persero to manage such roads. Based on a Deed Number: 187 on 19 May 1981 in the presence of notary Kartini Muljadi, S.H. the Company later on experience a change to become PT JASA MARGA (PERSERO).

The Company's Articles of Association later on was several times amended as follows:

1. A Deed No. 7 dated 4 October 1985 drawn up in the presence of Winnie Hadiprojo, S.H. substitute of Kartini Muljadi, S.H. at that time a Notary in Jakarta, which was later amended based on a Deed No. 112 dated 29 October 1985 drawn up in the presence of Kartini Muljadi, S.H., at that time a Notary in Jakarta. Both those Deed have obtained the approval of the Minister of Law Republic Indonesia with its Decision No. C2-7339.HT.01.04.TH.85 dated 15 November 1985 and registered in the book of register in the West Jakarta District Court consecutively under No. 1329/1985 and No. 1330/1985 dated 19 November 1985 and announced in the State Gazette Republic Indonesia No. 4 dated 14 January 1986, Supplement No. 53.
2. Compliant to Law of Republic Indonesia No. 1 of 1995 regarding Limited Liability Companies as stated in a Deed No. 52 dated 16 March 1998 and amended by a Deed No. 5 dated 2 April 1998, both Deeds are drawn up in the presence of Imas Fatimah, S.H., a Notary in Jakarta, and has obtained the approval of the Minister of Law Republic Indonesia based on its Decision No. C2-3192.HT.01.04. of.98 dated 3 April 1998 and was received and registered under No. C2-HT.01.04-A.2558 dated 3 April 1998, registered in the Company Register in the East Jakarta Municipality Company Register



- with the Department of Industry and Trade Republic Indonesia under No. agenda 947/BH.09.04/X/98 dated 30 October 1998, and announced in the State Gazette Republic Indonesia Number 104 dated 29 December 1998, Supplement No. 7650 juncto State Gazette Republic Indonesia No. 72 dated 7 September 1999, Supplement No. 7650a.
3. In the event of Shares Initial Public Offering stated in a Deed No. 27 dated 12 September 2007 drawn up in the presence of Mrs. Poerbaningsih Adi Warsito, S.H., a Notary in Jakarta. Such Deed has obtain the approval from the Ministry of Law and Human Rights Republic Indonesia based on its Decision No. W7-10487 HT.01.04-OF.2007 dated 21 September 2007 and was received and registered in the database in the Sisminbakum of the Department of Law and Human Rights as evident from the Letter of the Head of the Kanwil DKI Jakarta on behalf of the Ministry of Law and Human Rights No. W7-HT.01.10-13313 dated 24 September 2007 and registered in the Company Register in the Office of the East Jakarta Municipality Company Register under No. 269/RUB.09.04/X/07 dated 4 October 2007 and announced in the State Gazette Republic Indonesia No. 87 dated 30 October 2007, Supplement No. 10676.
 4. Compliant to Law No. 40 of 2007 regarding Limited Liability Companies and other laws and regulations related as stated in a Deed No. 28 dated 8 August 2008 drawn up in the presence of Mrs. Poerbaningsih Adi Warsito, S.H., a Notary in Jakarta and has obtain the approval of the Minister of Law and Human Rights Republic Indonesia No. AHU-54231.AH.01.02.of 2008 dated 22 August 2008, and registered in the Company Register under No. AHU-0074564.AH.01.09.Of 2008 dated 22 August 2008, and announced in the State Gazette Republic Indonesia No. 100 dated 12 December 2008, Supplement No. 27404.
 5. Compliant to Article 3 of the Company's Articles of Association regarding the Objectives and Goals and Business Activities to meet the Regulation of Bapepam and LK No. IX.J.1 and amendment to Article 18 paragraph 3 of the Company's Articles of Association as stated in a Deed No. 33 dated 5 April 2011 drawn up in the presence of Mrs. Poerbaningsih Adi Warsito, S.H., a Notary in Jakarta, and has obtain the approval from



the Minister of Law and Human Rights Republic Indonesia under No. AHU-20288.AH.01.02. Of 2011 dated 21 April 2011.

6. Compliance of several articles to meet the regulation of the Bapepam and LK and regulation of the State Minister of State-Owned Enterprises (BUMN) as stated in a Deed No. 95 dated 21 June 2012 drawn up in the presence of Mrs. Poerbaningsih Adi Warsito, S.H., a Notary in Jakarta, and has obtained a letter of receipt on the notification of the Directorate General Public Law Administration Ministry of Law and Human Rights under Number: AHU-AH.01.10-25313 dated 10 July 2012.
7. Compliance to the Nomenclature of the Position of the Board of Directors and Board of Commissioners as contained in a Deed of Meeting Resolution Statement Number: 15, dated 21 September 2018, drawn up in the presence of Ir. Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta and the letter of Receipt to the Notification on the Changes in the Company's Data from Directorate General Public Law Administration of the Ministry of Law and Human Rights Number: AHU-AH.01.03-0247428 dated 25 September 2018 and lastly amended through a deed of Meeting Resolution Statement Number: 76 dated 10 May 2019.
8. Compliance to the Regulation of the Financial Service Authority Number: 32/POJK.04/2014 regarding The Plan and Holding General Meeting of Shareholders for Public Company and Number: 33/POJK.04/2014 regarding the Board of Directors and Board of Commissioners of Emitten or Public Company as stated in a Deed of Meeting Resolution Statement Number: 61 dated 26 March 2015 drawn up in the presence of Ir. Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta and a letter of Receipt to the Notification of the Amendment in the Articles of Association from the Caretaker Director. of the Public Law Administration of the Ministry of Law and Human Rights Number: AHU-AH.01.03-0019825 dated 27 March 2015 and registered in the Company Register Number: AHU-0036530.AH.01.11.oF 2015 dated 27 March 2015.
9. Compliance to Article 4 related to the Limited Public Offering with the issuance of Preference Rights as contain in a Deed of Meeting Resolution Statement Number: 15,



dated 21 September 2018, drawn up in the presence of Ir. Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta and a letter of Receipt to the Notification on the Changes in the Company's Data from the Directorate General Public Law Administration of the Ministry of Law and Human Rights Number: AHU-AH.01.03-0247428 dated 25 September 2018 and lastly amended through a Deed of Meeting Resolution Statement Number: 76 dated 10 May 2019;

10. Compliance in the framework of BUMN Tbk standardization and meeting the governance in the field of Capital Market regulation as stated in a Deed of Meeting Resolution Statement No. 98 dated 28 April 2017 drawn up in the presence of Ir. Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta and the letter of Receipt on the Notification of the Amendment to the Articles of Association from the Directorate General Public Law Administration of the Ministry of Law and Human Rights No. AHU-0055628.AH.01.11.OF 2017 dated 28 April 2017 and registered in the Company Register under No. AHU-0036530.AH.01.11.OF 2017 dated 28 April 2017;
11. The joining of letter e and h in Article 12 paragraph 7i and Amendment to the contents of Article 12 paragraph 7ii and paragraph 7iii of the Company's Articles of Association as stated in a Deed Number 61 dated 19 April 2018 drawn up in the presence of Mrs. Poerbaningsih Adi Warsito, S.H., a Notary in Jakarta, and has obtain the approval of the Minister of Law and Human Rights Republic Indonesia No. AHU-0060009.AH.01.11.Of 2018 dated 27 April 2018.
12. Amendment to Article 3 of the Company's Articles of Association regarding the Objective and Goal and business activities of the Company's Articles of Association as stated in a Deed Number 14 dated 18 June 2019 drawn up in the presence of Mrs. Poerbaningsih Adi Warsito, S.H., a Notary in Jakarta, and has obtain the approval from the Minister of Law and Human Rights Republic Indonesia No. AHU-0095136.AH.01.11.OF 2019 dated 20 June 2019.
13. Amendment to Article 3 of the Company's Articles of Association regarding the Objectives and Goals and Business Activities of the Company's Articles of Association



as stated in a Deed of Meeting Resolution Statement Number 42 dated 15 June 2020 drawn up in the presence of Ir. Nanette Cahyanie Handari Adi Warsito, S.H., a Notary in Jakarta and has obtained the Approval on the Amendment of the Articles of Association from the Directorate General Public Law Administration of the Ministry of Law and Human Rights Republic Indonesia Number: AHU-0041856.AH.01.02.Of 2020 dated 19 June 2020 and registered in the Company Register Number: AHU-0097160.AH.01.11.OF 2020 dated 19 June 2020.

The Vision and Mission of the Company

Vision :

To Become the Greatest National Toll Road Company, Trusted, and Continual

The Company's Mission

1. Lead the Toll Road Business in the Overall Network Professionally and continuously to improve national connectivity.
2. Optimize the Development of Zones for the Development of the Society.
3. Improve Value for the Shareholders.
4. Improve the Satisfaction of Customer Through Prime Services.
5. Encourage the Development and Improvement of Employees Performance in Harmonious Environment

The Company's Values

Trustworthy

Holding tight to the given trust.

Competent

Continuously learn and develop capability.

Harmonious

Caring for each other and respecting differences

Loyal

Dedicated and prioritize the interest of the People and Nation.

Adaptive



Constantly innovate and enthusiast in activating or facing changes.

Collaborative

Build-up synergy cooperation.

Management Responsibility in Applying GCG

1. The Management shall maximally efforts to apply the Good Corporate Governance Principle in the Company's business process.
2. The Management shall compile a Code of Conduct regulating values or norms adopted by every Employee in conducting their duties among other including the relation ethic between the Company and Employee, Toll Road User, Shareholders, Suppliers, Creditors/Investors, the Government, Business Partner, Competitor, Mass Media, the Public and its Environment.
3. Update the Guideline of the Code of Corporate Governance and Code of Conduct is only valid if obtaining a written approval of the Board of Commissioners and Board of Directors. Updating in general is related to law and regulation, the Company's Articles of Association, General Meeting of Shareholders Resolution, Resolution of the Board of Commissioners, and other equal regulation.
4. The Management shall maximally effort to apply the Company's internal control system.
5. The Management shall comply to the prevailing laws and regulation and meet the stipulation in the Company's Management.
6. The Management shall compile a program and budget in the event of realizing a Company with Good Corporate Governance.
7. The Management shall communicate and ensure that all Employees understand and conduct the Company's stipulation.
8. The Management shall evaluate all activities and documentations related to the Company's Governance to further conduct improvement steps.
9. The Management shall organize an organization and stipulate the personnel responsible to control everything related to the Company's Governance.
10. The Management shall conduct a management system based on performance and consistently apply a reward and punishment to Employees.



Responsibility of Employees in Applying GCG

1. Employees must comply and meet the prevailing regulation and stipulation in the Company related to the implementation of Good Corporate Governance.
2. Employees must actively effort in conducting all the business process in the Company.
3. Employees must together efforts to realize the Company's Value and Good Corporate Governance.

Implementation of Application

For the implementation process of the Good Corporate Governance to run effectively, the following regulation must be conducted:

1. Implementation at the level of the Company led by the Board of Directors.
2. Every Work Unit Leader shall be responsible to control the Company Governance activities and ensure that all GCG principles and Code of Conduct is implemented consistently in the respective work unit.
3. In the event of ensuring the implementation of GCG in the Company, the Head of Work Unit listed hereunder must conduct their duty and responsibility as follows:
 - a. **Corporate Secretary**, shall be responsible to coordinate and integrate the contents of the Code of Corporate Governance and Code of Conduct in overall and conduct a periodical review and update the Guideline (if needed) and socialize the Code of Corporate Governance and Code of Conduct to the Company's Employees.
 - b. **Group Head of the Internal Audit**, shall be responsible to ensure whereas the work/activities process conducted by all work unit including effective risk management, management process and business ethic is according to prevailing regulation and stipulation

As a commitment in applying GCG in the Company, the Board of Commissioners, Board of Directors, and Employees must sign the renewed Integrity Pact at the beginning of each year.



CHAPTER II

PRINCIPLES OF CORPORATE GOVERNANCE

1. Transparency

The transparency principle is transparency in conducting the process of taking a resolution and disclose material and relevant information related to the Company to the related Stakeholders. Important aspect in implementing this principle are among others disclosing information related to the Company's performance clearly, adequately, accurate, timely and comparable; publication of the financial statement and material information with significant impact on the Company's performance, using accountancy principles and customary and widely accepted audit, and ease of access on important information regarding the Company's performance.

2. Accountability

The accountability principle means that there is transparency of the function, right, liability, authority and responsibility and resolution taken can be accounted between the GMS, Board of Commissioners and Board of Directors to create a balance of power and effective management of the Company.

Accountability refer to the liability of someone or related Company's work organ which its authority of implementation owned and/or implementation of the responsibility burdened by the Company to it. The Company has at least 3 (three) levels of accountability:

a. Individual Accountability

An inherent accountability in the relation between the superior and subordinate and valid to both parties.

b. Group Accountability

An inherent accountability to the group which must be collectively bond on the achieved condition and performance.



c. Corporate Accountability

An inherent accountability to the Company in overall in conducting its business activity according the Company's Articles of Association.

3. Responsibility

The responsibility principle depict the suitability and compliance of the Company's governance on prevailing laws and regulation and sound corporate principles. The implementation of this principle is a form of the Company as good corporate citizen economic agent.

4. Independency

The independency principle is a situation where the Company is govern professionally without conflict of interest and influence from whatsoever party, which is not compliant to prevailing laws and regulation and sound corporate principles.

5. Fairness

The fairness principle obligates a fair and equal treatment in meeting the rights of Shareholders and other Stakeholders, be it due to agreement or prevailing laws and regulation and the Company's policy. The Company shall continuously ensure that the interested party can execute their right according to prevailing laws and regulations. The Company shall also constantly ensure that the Company may execute its right on any interested party according to prevailing laws and regulations.

The importance of this principle is to guarantee the protection on the rights of Shareholders, especially minority Shareholders and guarantee the Company commitment implementation to other parties.



CHAPTER III THE COMPANY ORGANS

The Company's organ, consisting of the General Meeting of Shareholders, Board of Commissioners, and Board of Directors, has important role in the effective implementation of the GCG. The Company's Organ must conduct their function according to prevailing regulation on the basic principle that the respective organ has an independency in conducting its duty, function and responsibility only for the interest of the Company.

A. MAIN ORGAN

1. GENERAL MEETING OF SHAREHOLDERS (GMS)

A GMS as the Company's Organ which is the receptacle of the Shareholders to take important resolution related to the shares owned in the Company by observing the provision of the Articles of Association and prevailing laws and regulations.

a. Type of GMS

- 1) Annual GMS must be held annually, after the book year end according to the law.

In the Annual GMS:

- a) The Board of Directors submit their annual report;
- b) The Board of Directors must submit their proposal regarding the utilization of the Company's net profit, if the Company has a positive profit;
- c) The appointment of public accountant office registered with the Financial Service Authority as proposed by the Board of Commissioners, to conduct an audit on the current year Company's financial statement, including the internal control audit on the financial statement according to the prevailing stipulation and authority of the capital market where the Company's shares are listed;



- d) The Board of Directors may forward other matters for the interest of the Company according to the provision of the Articles of Association.
- 2) An Extraordinary GMS which can be held any time based on the need for the interest of the Company.

b. Holding of a GMS

A GMS is conducted according to the interest of the Company and by observing the Articles of Association and laws and regulations, and also with sufficient preparation, and therefore able to take valid resolution, fair and transparent by observing matters needed to maintain the company's business interest in the long-term, covering:

- 1) Place and Holding the GMS
The GMS must be conducted in the territory of the Republic of Indonesia, which can be held in:
 - a) The domicile of the Company;
 - b) The Place where the Company conduct its main business activities;
 - c) Capital of the province where the Company has its domicile or place of main business activity; or
 - d) The Province of the stock exchange domicile where the Company's share are listed.
- 2) Notification of the GMS
 - a) The Company must submit a notification of the GMS agenda item to the Financial Service Authority at the latest 5 (five) business days prior to the announcement of the GMS, exempting the date of the GMS announcement.
 - b) The item agenda of the GMS must be stated clearly and detailed.



- c) If there is change in the GMS agenda item, the Company must forward such changes in the agenda item to the Financial Service Authority at the latest at the time of the GMS summons.
- 3) Announcement of the GMS
- a) The Company must conduct announcement of the GMS to Shareholders at the latest 14 (fourteen) days prior to the summon of the GMS, exempting the date of the announcement and date of the summons.
 - b) The GMS announcement must at least contain:
 - i. Stipulation of Shareholders with the right to attend the GMS;
 - ii. Stipulation of Shareholders with the right to forward a motion for the GMS agenda item;
 - iii. Date of holding the GMS; and
 - iv. Date of the GMS summons.
 - c) If the GMS is conducted on the request of Shareholders, the GMS must contain the information that the Company held the GMS due to the request of the Shareholders.
 - d) The announcement of the GMS to Shareholders at least through:
 - i. 1 (one) Indonesian daily with national circulation;
 - ii. Website of the stock exchange; and
 - iii. The Company's website in Indonesian and/or other language stipulated by the prevailing laws and regulation.
 - e) Proof of the GMS announcement must be submitted to the Financial Service Authority at the latest 2 (two) business days after the announcement of the GMS.
 - f) If the GMS is conducted on the request of Shareholders, submitting the proof of announcing the GMS must be affix with the copy of the request letter to hold a GMS.



- g) The GMS announcement, to terminate transaction which has conflicting interest is conducted with the regulation of the capital market.
- 4) Motion for the agenda item can be forwarded by the Shareholders
- a) The Shareholders may propose item for the agenda in writing to the Board of Directors at the latest 7 (seven) days prior to the summons of the GMS.
 - b) The Shareholders entitled to forward the meeting agenda item are:
 - i. Serial A Dwiwarna Shareholders;
 - ii. 1 (one) Shareholder or more representing 1/20 (one per twenty) or more of all the share issued by the Company with valid voting rights.
 - c) The motion for the meeting agenda item must:
 - i. Conducted with good intention;
 - ii. Consider the interest of the Company;
 - iii. Give the reason and material of the motion of the meeting agenda item; and
 - iv. Is not contrary to law regulation.
 - d) The Company must insert the proposal for the meeting agenda item from the Shareholders in the meeting agenda item contained in the summons.
- 5) Summons of the GMS
- a) The Company must conduct a summons to the Shareholders at the latest 21 (twenty-one) days prior to the GMS, exempting the date of the summons and the date of the GMS.
 - b) The summons for the GMS must at least contain the information regarding:
 - i. Date of holding the GMS;
 - ii. Time of holding the GMS;



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- iii. Place of holding the GMS;
 - iv. Stipulation regarding Shareholders with the right to be present in the GMS;
 - v. The meeting agenda item including elucidation on each such agenda item; and
 - vi. Information stating that the material related to the meeting agenda item is available for the Shareholders since the date of the summons of the GMS until the GMS is held.
- c) Summons for the GMS to the Shareholders must at least be through:
- i. 1 (one) Indonesian daily with national circulation;
 - ii. Website of the stock exchange; and
 - iii. Website of the Company in Indonesian and/or other languages stipulated in prevailing laws and regulations.
- d) Proof of the GMS summons must be submitted to the Financial Service Authority at the latest 2 (two) business days after the summons of the GMS.
- e) A GMS summons, to terminate transaction which has conflicting interest is conducted with the regulation of the capital market.
- 6) Summons for the Second GMS
- a) Summons for second GMS is conducted in period of the latest 7 (seven) days prior to the second GMS is held.
 - b) In the second GMS summon must be mention that the first GMS was conducted and does not meet the attendance quorum. This stipulation is valid without prejudice to the regulation of the Capital Market and other laws and regulation and regulation of the stock exchange at the place where the Company's share are listed.
 - c) The second GMS is conducted within period not earlier than 10 (ten) days and the latest 21 (twenty-one) days after the first GMS is held.



- 7) Summons for a Third GMS
 - a) Summons for a third GMS on the request of the Company shall be stipulated by the Financial Service Authority.
 - b) In the summons for the third GMS shall be mention that the second GMS was conducted and did not reach the attendance quorum.

- 8) Agenda Item for the GMS
 - a) The Company must provide the material for the meeting agenda item for the Shareholders.
 - b) The material for meeting agenda item must be ready since the summons of the GMS until the GMS itself.
 - c) The material for the existing agenda item for the meeting can be in the form of physical document copy and/or electronic document.
 - d) The copy of the physical document is provided freely in the Company's office if requested in writing by the Shareholders.
 - e) The copy of the electronic document can be accessed or downloaded through the Company's website.
 - f) At the time of holding a GMS, the Shareholders must be entitled to obtain information concerning the meeting agenda item and material related to the agenda item as long as it is not contrary to the interest of the Company.

- 9) Errata on the GMS summons
 - a) The Company must conduct an errata on the GMS summons if there is a change in information in the summons for the GMS to be conducted.
 - b) If the errata of the GMS summons contain information on the changes in the date of the GMS and/or an addition in the GMS



agenda item, the Company must conduct resummons of the GMS by means of summons procedure.

- c) The stipulation regarding the obligation to conduct GMS resummons does not apply if the GMS summons is regarding the change on the date of holding the GMS and/or additional agenda item of the GMS is conducted not due to the fault of the Company.
- d) Prove of the errata of the summons not being the fault of the Company must be submitted to the Financial Service Authority on the same day of the summons errata.

10) GMS Discipline

- a) At the time of holding a GMS, the GMS Discipline must be provided to the Shareholders in attendance.
- b) Discipline Principles of the GMS must be readout prior to the start of the GMS.

11) Minutes of the GMS

- a) The minutes of the GMS is made in Indonesian, shall be valid evidence to all Shareholders and third party regarding the resolution and all what took place in the meeting.
- b) The minutes of the GMS must be made and signed by the chairman of the meeting and at least 1 (one) Shareholder appointed from and by the GMS participants.
- c) A signature is not required if such minutes of GMS is made in the form of a deed of the GMS drawn up by a notary.
- d) The minutes of the GMS must be submitted to the Financial Service Authority at the latest 30 (thirty) days after the GMS is held.
- e) The Company must make a summary of the GMS minutes which must at least contain the following information:
 - i. Date of the GMS, place of the GMS is held, the time of the GMS, and agenda items of the GMS;



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- ii. Members of the Board of Directors and Board of Commissioners in attendance at the time of the GMS;
 - iii. The number of Shares with valid voting rights in attendance at the time of the GMS and its percentage from the total number of Shares with valid voting rights;
 - iv. Whether there was an opportunity given to the Shareholders to forward question and/or give opinion regarding the meeting agenda item;
 - v. Number of Shareholders forwarding question and/or giving their opinion related to the meeting agenda item, if the Shareholders was given the opportunity;
 - vi. The mechanism of taking the GMS resolution;
 - vii. The result of vote taking including the number of consenting votes, dissenting and abstain (not giving any vote) for each meeting agenda item, if the vote taking was conducted orally;
 - viii. The GMS Resolution; and
 - ix. Implementation of the cash dividend payment to the Shareholders entitled, if there is a GMS resolution related to the cash dividend distribution.
- f) A Summary of the GMS minutes must be announced to the public at least through:
- i. 1 (one) Indonesian daily with national circulation;
 - ii. Website of the stock exchange; and
 - iii. Website of the Company in Indonesian and/or other languages stipulated by prevailing laws and regulations.
- g) The announcement of the summary of the GMS minutes must be announced to the public at the latest 2 (two) business days after the GMS is conducted.
- h) Proof of the summary announcement of the GMS minutes must be forwarded to the Financial Service Authority at the latest 2 (two) business days after being announced.



12) Quorum, Voting Right, and Resolution of the GMS

- a) Attended by Shareholders representing more than 1/2 (one per two) part of all the shares with valid voting rights and the resolution shall be valid if approved by more than 1/2 (one per two) part of all the number of shares with valid voting rights in attendance, except the law stipulate a greater number of quorum.
- b) If the attendance quorum is not attained, a second GMS shall be valid and entitled to take binding resolution if attended by Shareholders representing at least 1/3 (one per three) part of all the shares with valid voting rights and the resolution shall be valid if approved more than 1/2 (one per two) part of all the number of shares with valid voting rights in attendance, except the law stipulates a greater number of quorum.
- c) If the attendance quorum in the second GMS is not attained, a third GMS can be held with the stipulation that the third GMS shall be valid and entitled to take resolution if attended by Shareholders from share with valid voting rights in the attendance quorum and the quorum resolution is stipulated by the Financial Service Authority on the request of the Company.
- d) A GMS for agenda item of assigning the asset of the Company or put up as loan security the Company's asset exceeding 50% (fifty percent) of the net total asset of the Company in 1 (one) or more transaction be it related one and another or not conducted with the following stipulation:
 - i. The Meeting must be attended by other Shareholders representing at least 3/4 (three per four) part of all the number of Shares with valid voting Rights and the resolution shall be valid if approved by more than 3/4 (three per four) part of all the shares with valid voting rights present in the meeting;
 - ii. If the attendance quorum is not attained, a second GMS shall be valid if attended by Shareholders representing at



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- least 2/3 (two per third) part of all the number of shares with valid voting rights and the resolution shall be valid if approved more than 3/4 (three per four) part of all the shares with valid voting rights present in the meeting; and
- iii. If the attendance quorum in the second GMS is not attained, a third GMS can be held with the stipulation that third GMS is valid and entitled to take resolution if attended by Shareholders from shares with valid voting rights in the attendance quorum and the quorum resolution stipulated by the Financial Service Authority on the request of the Company.
- e) A GMS to approve transaction which has conflicting interest shall be conducted with the following stipulation:
- i. The Shareholders who has conflict of interest shall be deemed to provide the same resolution approved by the Independent Shareholders who has no conflicting interest;
 - ii. A GMS is attended by Independent Shareholders representing more than 1/2 (one per two) part of all the shares with valid voting rights owned by Independent Shareholders and the resolution shall be valid if approved by Independent Shareholders representing more than 1/2 (one per two) part of all numbers of shares with valid voting rights owned by the Independent Shareholders;
 - iii. And in the quorum, in the second GMS, a resolution shall be valid if attended by Independent Shareholders representing more than 1/2 (one per two) part of all the shares with valid voting rights owned by Independent Shareholders and approved by more than 1/2 (one per two) part of all the number of shares owned by Independent Shareholders present in the meeting; and
 - iv. And if the attendance quorum in the second GMS is not attained, a third GMS can be held with the stipulation that



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- the third GMS shall be valid and entitled to resolution if attended by an Independent Shareholders from shares with valid voting rights, and the attendance quorum stipulated by the Financial Service Authority on the request of the Company.
- v. The resolution of third GMS shall be valid if approved by Independent Shareholders representing more than 50% (fifty percent) shares owned by the Independent Shareholders in attendance.
- f) A GMS to conduct changes in the Board of Directors, changes in the Board of Commissioners, amendment to Articles of Association which does not need the approval of the Minister of Law and Human Rights, issuance of security and/or increase in the place in capital and paid-in capital can be conducted with the following provisions:
- i. The meeting must be attended by the Serial A Dwiwarna Shareholders and other Shareholders and/or their official proxies collectively representing more than 1/2 (one per two) part of all the shares with valid voting rights and the resolution must be approved by the Serial A Dwiwarna Shareholders and other Shareholders and/or their official proxies with collectively representing more than 1/2 (one per two) part of all the shares with valid voting rights present in the meeting.
 - ii. If the attendance quorum is not attained, a second GMS shall be valid if attended by the Serial A Dwiwarna Shareholders and other shareholders and/or their official proxies collectively representing at least 1/3 (one per third) part of all the shares with valid voting rights and the resolution must be approved by the Serial A Dwiwarna Shareholders and other Shareholders and/or their official proxies collectively representing more than 1/2 (one per



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- two) part of all the shares with valid voting rights present in the meeting.
- iii. If the attendance quorum in the second GMS is not attained, a third GMS can be held with the stipulation that the third GMS shall be valid and entitled to take resolution if attended by the Shareholders from shares with valid voting rights in the attendance quorum and the resolution quorum stipulated by the Financial Service Authority on the request of the Company, with the stipulation that it must be attended and approved by the Serial A Dwiwarna Shareholders.
- g) A GMS to conduct amendment on the Company's Articles of Association which need the approval of the Minister of Law and Human Rights, is conducted with the following provision:
- i. The amendment of the Articles of Association is stipulated by the GMS, attended by Serial A Dwiwarna Shareholders and other Shareholders and/or their official proxies collectively representing $\frac{2}{3}$ (two per third) part of all the shares with valid voting rights and the resolution must be approved by Serial A Dwiwarna Shareholders and other Shareholders and/or their official proxies collectively representing more than $\frac{2}{3}$ (two per third) part of all the shares with valid voting rights attending the Meeting.
 - ii. If the attendance quorum is not attained, a second GMS shall be valid if attended by Serial A Dwiwarna Shareholders and other Shareholders and/or their official proxies representing at least $\frac{3}{5}$ (three per five) part of all the shares with valid voting rights and the resolution is approved by Serial A Dwiwarna Shareholders and other Shareholders and/or their official proxies collectively representing at least more than $\frac{1}{2}$ (one per two) part of all the shares with valid voting rights present in the meeting.



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- iii. If the attendance quorum in the second GMS is not attained a third GMS can be held with the stipulation that the third GMS shall be valid and entitled to take resolution if attended by Shareholders from shares with valid voting rights in the attendance quorum and the quorum resolution stipulated by the Financial Service Authority on the request of the Company with the stipulation that it must be attended and approved by the Serial A Dwiwarna Shareholders.
- h) By observing the prevailing laws and regulation merger, amalgamation, takeover, separation, request for the Company to be stated bankrupt, and dissolution can only be conducted based on resolution of the GMS with the following provision:
 - i. Must be attended by Serial A Dwiwarna Shareholder and other Shareholders and/or their official proxies collectively representing at least $\frac{3}{4}$ (three per four) part of all the shares with valid voting rights and the resolution must be approved by the Serial A Dwiwarna Shareholder and other Shareholders and/or their official proxies collectively representing at least $\frac{3}{4}$ (three per four) part of number of all the shares with valid voting rights present in the GMS.
 - ii. If the attendance quorum is not attained, a second GMS shall be valid if attended by Serial A Dwiwarna Shareholder and other Shareholders and/or their official proxies representing at least $\frac{2}{3}$ (two per third) part of all the shares with valid voting rights and the resolution approved by Serial A Dwiwarna Shareholder and approved by other Shareholders and/or their official proxies collectively representing more than $\frac{3}{4}$ (three per four) part of number of all the shares with valid voting rights present in the GMS.
 - iii. If the attendance quorum in the second GMS is not attained a third GMS can be held with the stipulation that the third GMS shall be valid and entitled to take resolution if



attended by Shareholders from shares with valid voting rights in the attendance quorum and the quorum resolution stipulated by the Financial Service Authority on the request of the Company with the stipulation that it must be attended and approved by Serial A Dwiwarna Shareholders.

c. Right of Shareholders

- 1) Attend and cast vote in a GMS.
- 2) Obtain material information regarding the Company timely and regularly as long as such information is not confidential.
- 3) Obtain elucidation regarding the application of the GCG.
- 4) Receive profit distribution in the form of dividend and other profit distribution.
- 5) Especially for the Serial A Dwiwarna Shareholder is entitled propose to the GMS, candidate members for the Board of Commissioners and Board of Directors and such candidacy shall bind the GMS.

d. Authority of the GMS

- 1) Approve and ratify the annual report reviewed by the Board of Commissioners including report on the supervisory duty of the Board of Commissioners.
- 2) Ratify the financial statement examined by public accountant.
- 3) Stipulate the application of the Company's net profit.
- 4) Stipulate the External Auditor registered in the Financial Service Authority (OJK) based on proposal received from the Board of Commissioners.
- 5) Stipulate the remuneration and tantiem of the Board of Commissioners and Board of Directors.
- 6) Appoint and dismiss the Board of Commissioners and Board of Directors through GMS which must be attended by Serial A Dwiwarna Shareholders and must be approved by Serial A Dwiwarna Shareholders.



- 7) Give approval on the Company's corporate action according to what is regulated in prevailing laws and regulation.

e. Liability of Shareholders

- 1) Adhere to the provision of the Articles of Association and the laws and regulations.
- 2) Not conduct supervision and management of the Company conducted by the Board of Commissioners and Board of Directors.
- 3) Not benefit from the Company for personal interest, family, Company or business group by spirit and means contrary to laws and regulations and sound practice in the toll road industry.
- 4) Conduct evaluation on the performance of the Board of Commissioners and Board of Directors through the GMS mechanism.

2. BOARD OF COMMISSIONERS

The Board of Commissioners as the Company's Organ has the duty and responsible to collectively conduct supervision and provide advice to the Board of Directors and ensure that the Company conduct Good Corporate Governance.

a. Qualification of the Board of Commissioners

Those entitled to be appointed as members of the Board of Commissioners are persons meeting the requirements at the time being appointed and during the term in office:

- 1) Has attitude, moral, and good integrity;
- 2) Able to conduct legal action;
- 3) Within the previous 5 (five) years of the appointment and during in this position:
 - a) Has never been pronounced bankrupt;
 - b) Has never been a member of the Board of Directors and/or Board of Commissioners stated to be guilty accuse of causing a company to be stated bankrupt;



- c) Has never been sentenced due to criminal act detrimental to the state finance and/or related to the financial sector;
- d) Has never been a member of the Board of Directors and/or member of the Board of Commissioners who during the period in office:
 - i. Has never conducted Annual GMS;
 - ii. His/Her responsibility as member of the Board of Directors and/or member of the Board of Commissioners was not received by the GMS or has ever not given accountability as member of the Board of Directors and/or member of the Board of Commissioners to the GMS; and
 - iii. Has ever cause a company with a permit, approval, or registration from the Financial Service Authority not complying to the obligation to submit an annual report and/or financial statement to the Financial Service Authority.
- 4) Has the commitment to comply with laws and regulation;
- 5) Has the knowledge and/or expertise in the field needed by the Company;
- 6) Has met other requirements such as having followed the stipulation of:
 - a) The law regarding Limited Liability Company;
 - b) Regulation in the field of capital market; and
 - c) Prevailing laws and regulation for the Company and related to the business activities of the Company.

b. Composition of the Board of Commissioners

The composition of the Company's Board of Commissioners must be in a form which enable the taking of effective, timely and rapid actions. Besides it the Board of Commissioners must also able to act independently, in the sense of not having a conflict of interest which may impair their capability to act independently and critical be it in relation to one and another and relation to the Board of Directors.



- 1) The Board of Commissioners consist of at least 2 (two) persons and at the most equal to the number of the Board of Directors, one of them shall be appointed as President Commissioner, and if need be one among them shall be appointed as Vice President Commissioner.
- 2) The Board of Commissioners consist of Commissioners and Independent Commissioners pursuant to the provisions of prevailing laws and regulations.

c. Period in Office

- 1) Members of the Board of Commissioners are appointed for a period as of the date stipulated by the GMS appointing them and end at the closing of the 5 (fifth) year after closing of the Annual GMS after their appointment, with the condition not to exceed a period of 5 (five) years by observing laws and regulation in the field of capital market.
- 2) Members of the Board of Commissioners may at any time be dismissed based on a resolution of a GMS by stating its reason.
- 3) The period in office of the member of Board of Commissioners shall terminate:
 - a. His/Her resignation is effective;
 - b. Passed away;
 - c. The period in office has ended;
 - d. Dismissed based on a GMS resolution; or
 - e. Stated to be bankrupt by a Commercial Court which has fixed power or put under trust issue based on the court decision;
 - f. No longer meet the requirement as a member of the Board of Commissioners based on the Articles of Association and other laws and regulation.

d. Independent Commissioner



- 1) In the Board of Commissioners there must be at least 30% (thirty percent) as independent Board of Commissioners stipulated in a appointment decision.
 - 2) Criteria for the position of an Independent Commissioner:
 - a) Understand the law and regulation in the field of capital market.
 - b) Is not affiliated with a controlling Shareholders, member of the Board of Director and/or another member of the Board of Commissioners.
 - c) Is not a director in a company affiliated with the Company.
 - d) Has no financial, management share owner relation and/or family relation with another member of the Board of Commissioners, member of the Board of Director and/or controlling Shareholder or relation with the Company.
 - e) Has no contractual relation with the Company as former member of the Board of Director and Board of Commissioners and the Company's Employees within a certain time period.
 - f) Is not employed with the government including the department, non-department mental institution and army within a period of the last 3 (three) years.
 - g) Is not employed in the Company or its affiliation within the last 3 (three) years.
 - h) Has no financial attachment, whether directly or in-directly with the Company or other company providing goods and services to the Company and its affiliates.
- e. Duty, Responsibility, Right and Authority of the Board of Commissioners**
- 1) Duties of the Board of Commissioners
Conduct supervision on the management policy, the running of the management in general be it regarding the Company or the Company business conducted by the Board of Director and provide advice to the Board of Director including supervision on the implementation of the



Company's short term plan, the Company's work plan and budget and the provision of the Articles of Association or resolution of the GMS's and prevailing laws and regulation, for the interest of the Company and according to the objective and goal of the Company.

- 2) Responsibility of the Board of Commissioners
 - a) Provide advice to the Board of Director in conducting the Company's management;
 - b) Provide opinion and approval to the work plan and the Company's annual budget and other Board of Director prepared work plan, according to the provision of this Articles of Association;
 - c) Follow the development in the Company's activities, provide opinion and suggestion to the GMS regarding any issue deemed important for the Company's management;
 - d) Report to the Serial A Dwiwarna Shareholder if there is tendency of the Company's performance deteriorating;
 - e) Propose to the GMS on the appointment of a public accountant to conduct an audit in the Company's book.
 - f) Study and peruse the periodical report and annual report prepared by the Board of Director and sign the annual report.
 - g) Provide elucidation, opinion and suggestion to the GMS regarding the annual report, if requested;
 - h) Draw up minutes of the Board of Commissioners meeting and store its copies;
 - i) Report to the Company regarding their shares ownership and/or their family in the Company and other Company;
 - j) Provide report regarding the duty of supervision conducted during the past book year to the GMS.
 - k) Provide elucidation regarding all matters questioned or requested by the Serial A Dwiwarna Shareholder by observing laws and regulation especially those effective in the field of capital market.



- l) Conduct other liability in the frame work of their supervisory duties and providing advice, as long as it is not contrary to laws and regulation the Articles of Association, and/or GMS resolution.
- 3) Right of the Board of Commissioners
 - a) Enter into the premises, building and offices used by the Company;
 - b) Appoint and dismissed the Board of Commissioners Secretary;
 - c) Know all the policies and other actions which has and shall be conducted by the Board of Director;
 - d) Attend the joint meeting of the Board of Commissioners and Board of Director and give their opinion on matters discussed.
 - 4) Authority of the Board of Commissioners
 - a) Examine the books, letters and other documents, inspect the cash for the need of verification and other value paper and inspect the Company's assets;
 - b) Request elucidation from the Board of Director and/or other officials regarding all matters related to the Company's management;
 - c) Request the Board of Director and/or other officials under the Board of Director with the acknowledgment of the Board of Director to be present in the meeting of the Board of Commissioners;
 - d) Appoint and dismissed the Secretary of the Board of Commissioners;
 - e) Temporary dismissed member of the Board of Director according to the provisions of the Articles of Association;
 - f) Assigned Audit Committee, Remuneration and Nomination Committee, Risk Monitoring Committee and other committee if deemed necessary by monitoring the Company's capacity;



- g) Used expert for certain matters and within the certain period on the expenses of the Company, if deemed necessary;
- h) Conduct the Company's management action in certain condition for a certain time according to the provision in the Articles of Association;
- i) Approve the appointment and dismissal of the Company's Secretary and/or Head of the Internal Supervisory Unit Head;
- j) Attend the meeting of the Board of Director and provide opinion on matters discussed;
- k) Conduct other supervisory authority as long as it is not contrary to law and regulation, the Articles of Association and the GMS resolution;

f. Meeting of the Board of Commissioners

- 1) Meeting Implementation
 - a) The Board of Commissioners must conduct a meeting at least 1 (one) time in 2 (two) months.
 - b) The Board of Commissioners must hold a joint periodical meeting with the Board of Director at least 1 (one) time in 4 (four) months.
 - c) The meeting call for the Board of Commissioners must be conducted by the President Commissioner and if the President Commissioner is prevented, this matter does not has not to be proven to whatever party, the call for a meeting is conducted by one of the members of the Board of Commissioners. The call for the Board of Commissioners meeting must be conducted in writing and handed or directly handed to the respective member of the Board of Commissioners with a adequate receipt or by registered mail or by the courier service or by telex, facsimile or email at the latest 5 (five) days prior to the meeting it held, exempting the date of the call or the meeting within the shorter period if in emergency. Call for a meeting must mentioned the agenda, date, time and place of the meeting.



- d) All meeting of the Board of Commissioners shall be chaired by the President Commissioner. If the President Commissioner is not present or prevented, another member of the Board of Commissioners appointed by the President Commissioner shall chaired the meeting of the Board of Commissioners. If the President Commissioner does not conduct an appointment, the longest in office of the member of the Board of Commissioners shall act as the chair in the Board of Commissioners meeting.
 - e) A member of the Board of Commissioners may be represented in the meeting of the Board of Commissioners only by the other member of the Board of Commissioners based on a letter of attorney.
 - f) A member of the Board of Commissioners can only be represented by another member of the Board of Commissioners
- 2) Taking Resolution
- a) The meeting of the Board of Commissioners shall be valid with the right to take binding resolution if attended and/or represented by more than $\frac{1}{2}$ (one per two) number of the Board of Commissioners.
 - b) The Resolution of a Board of Commissioners meeting must be taken based on a deliberation for consensus. If such resolution is not attained, such resolution must be taken by vote taking based on ascending votes more than $\frac{1}{2}$ (one per two) of the number valid votes cast in the concerned meeting.
 - c) In the meeting of the Board of Commissioners every member of the Board of Commissioners is entitled to give 1 (one) vote and an additional 1 (one) vote for another member of the Board of Commissioners he/she validly represent in such meeting.
 - d) Blank vote (abstain) shall be deemed to approve the motion forwarded in the meeting. Valid votes shall be deemed not to exist



and not calculated in stipulating the number of votes cast in the meeting.

- e) The Board of Commissioners may also take valid resolution without holding the meeting of the Board of Commissioners provided that all members of the Board of Commissioners has been notified in writing and all the member of Board of Commissioners gave their approval regarding such motion in writing and signed such approval.

3) Minutes of the Meeting

- a) The result of the meeting must be contained in a minutes of meeting. The minutes of meeting must be drawn up by someone who is attendance in the meeting appointed by the meeting chairman and further sign by all the member of the Board of Commissioners in attendance and distributed to all member of the Board of Commissioners
- b) If there is a member of the Board of Commissioners who does not sign the minutes of the meeting, the person concern must mention his / her reason in writing in a port letter affixes to the minutes of the meeting.
- c) Every member of the Board of Commissioners is entitled to receive a copy of the Board of Commissioners minutes of meeting where the person concern was present or not present in such Board of Commissioners meeting.
- d) The minutes of meeting must be documented by the Company.
- e) The minutes of meeting of the Board of Commissioners shall be valid through for the member of the Board of Commissioners and third parties regarding resolution taken in the meeting concern.
- f) The number of meeting of the Board of Commissioners and number of attendances of the respective members of Board of Commissioners must be contained in the Company's annual report.



g. Concurrent Position

To maintain the effectivity and sufficient time for the Board of Commissioners to conduct the roles / function in the Company must be observed the following matters:

1. A member of the Board of Commissioners is prohibited to hold concurrent position as member of the Board of Directors in a regional state-owned enterprise, private business entity or are the position according to the provision in the laws and regulation and / or other position which might give right to Conflict of Interest.
2. Manager of a political party and / or candidate / member of DPR DPD DPRD level 1, and DPRD level 2 and / or candidate for regional head / vice regional head.

3. BOARD OF DIRECTORS

The Board of Directors as the Company's organ has the duty and responsibility collegial in managing the Company. The implementation of the duty by respective member of the Board of Directors is a collective responsibility.

a. Qualification of the Board of Directors

Those able to be appointed as member of the Board of Directors are person meeting the requirements at the time of being appointed and during terms in office.

- 1) Has good attitude, moral, and integrity;
- 2) Able to conduct legal action;
- 3) Within the last 5 (five) years prior to the appointment and during the time in office.
 - a) Was never pronounced bankrupt;
 - b) Has never been a member of the Board of Directors and member of the Board of Commissioners stated to be guilty of causing a Company to be stated bankrupt;



- c) Has never been sentenced due to conducting criminal act detrimental to the state finance and / or related to the financial sector;
 - d) Has never been a member of the Board of Directors and / or member of the Board of Commissioners who during that period in office:
 - i. Has never help annual GMS;
 - ii. Accountability as member of the Board of Directors and / or member of the Board of Commissioners was ever not received by the GMS or has ever provided accountability.
 - 4) Has the commitment to comply laws and regulation;
 - 5) Has the knowledge and / or expertise in the field needed by the Company; and
 - 6) Meet other requirements such as, must comply to the provision to:
 - d) UUPT;
 - e) Laws and regulation in the field of capital market; and
 - f) Prevailing laws and regulation for the Company and related to the Company's business activity.
- b. The composition of the Board of Directors**
- 1) The composition of the Board of Directors must be arranged to make it possible for the effective precise and speedy resolution and can act independent in the sense has no interest which can disturb its capacity to conduct its duties independently and critically.
 - 2) The Board of Directors consist of at least 2 (two) persons one of them shall be appointed as the President Director and if needed another person among them can be appointed as Vice President Director.
- c. The Period in Office**
- 1) Members of the Board of Directors are appointed for a period as of the date stipulated by the GMS appointing them and at the closing of the fifth Annual GMS after the date of the appointment with the provision



not to exceed period 5 (five) years, by observing regulation in the field of capital market.

- 2) Members of the Board of Directors at any time can be dismissed based on GMS resolution by mentioning its reason.
- 3) The term in office of Board of Directors may end if:
 - a) The resigning of the person concerned is effective;
 - b) Passed away;
 - c) Has reached the end of the time in office;
 - d) Dismissed by a GMS;
 - e) Is stated bankrupt by a Commercial Court which has already exercised legal power or put under trusteeship based on a decision by the court; or
 - f) No longer meet the requirements as a member of the Board of Directors based on the article of association and other laws and regulation.

d. Duty, Liability, Rights and Authority if the Board of Directors

- 1) Duty of the Board of Directors
The Board of Directors' duty is to conduct all actions related and responsible on the running of the Company for the interest of the Company according to the Company's objective and goal and representing the Company both inside and also outside the court regarding all matters and all occurrences with the limitation as regulated in laws and regulation the Article of Association and / or GMS Resolution.
- 2) Liability of the Board of Directors
 - a) Effort and guarantee the running of the business and Company's activity according to the objective and goal and business activities.
 - b) Timely prepare the Company's long-term plan; work plan and the Company's annual budget and other work plans and its changes to be submitted to the Board of Commissioners and obtained the approval of the Board of Commissioners.



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- c) Compile the shareholders special register, GMS minutes of meeting and minutes of meeting of the Board of Directors.
- d) Compile the annual report among other containing financial statement as a form of accountability of the Company's management and a Company's financial document as refer to in the laws regarding Company's documents;
- e) Compile a financial statement based on financial accountancy standard and submit it to the public accountant to be audited;
- f) Convey the annual report after being values by the Board of Commissioners within at the latest 5 (five) months after the book year of the Company end to the GMS to be approved and ratified;
- g) Provide elucidation to the GMS regarding the annual report;
- h) Submit the plan and statement of laws and profit which was ratified by the GMS to the ministry of laws arguments rights according to prevailing laws and regulation;
- i) Compile other report which must be done by the stipulation of laws and regulation;
- j) Maintain shareholders special list, the GMS minutes of meeting, minutes of meeting of the Board of Commissioners and minutes of meeting of the Board of Directors, annual report and the Company's financial statement and other Company's document;
- k) Maintain at the place of the Company's domicile. A list of the shareholders, special list, minutes of the GMS, minutes of the Board of Commissioners meeting and minutes of the Board of Directors meeting, annual report and the Company's financial document and other Company's document;
- l) Provide and maintain the book keeping and administration of the Company according to prevailing norms for a Company.
- m) Formulate accountancy system according to the financial accountancy standard and based on the principles of internal control especially management function recording storage and supervision;



- n) Provide periodical report according to the valid stipulation, and other report every time requested by the Board of Commissioners and / or the Serial A Dwiwarna Shareholder by observing laws and regulation especially regulation in the field of capital market;
 - o) Prepare the complete formation of the Company's organization with its details and duties.
 - p) Provide elucidation regarding matters requested by members of the Board of Commissioners and the Serial A Dwiwarna Shareholder, by observing laws and regulation especially prevailing regulation in the field of capital market;
 - q) Conduct other liabilities according to the stipulation regulated in the articles of association and what is stipulated in the GMS.
3. Rights and Authority of the Board of Directors
- a) To stipulate the policy deemed precise in the Company's management;
 - b) Regulate the providing of power to the Board of Directors to represent the Company inside and outside the court to somebody or several special persons appointed for it including the Company's worker whether individually or collectively and / or other entity;
 - c) Regulate the stipulation regarding the Company's employees including stipulating the wages, pension or old its security and other revenues for the Company's employees based on prevailing laws and regulation.
 - d) Appoint and dismiss the Company's employees based on the regulation of the Company's man power and prevailing laws and regulation;
 - e) Appoint and dismiss the Company's Secretary and / or Head of the Internal Supervisory Unit with the approval of the Board of Commissioners.



- f) Dismiss problem loan with the provision as regulated in the articles of association and further reported to the Board of Commissioners and accounted in the annual report.
- g) No longer collect interest receivable, penalty, charges and other outstanding beside the principle conducted in the framework of restructuration and / or receivable settlement and other action in the framework of the Company's receivable settlement with the obligation to report to the Board of Commissioners of which reporting provision and process is stipulated by the Board of Commissioners.
- h) Conduct all action and other regarding the management and also the assets of the Company, bind the Company with other parties and / or other parties with the Company, and represent the Company inside and outside the court regarding all matters and all happening with the limitation as regulated in laws and regulation, the articles of association and / or resolution of GMS.

e. Board of Directors Meeting

The Board of Directors meeting is a meeting conducted by the Board of Directors whether already routinely held or not. The meeting is conducted as a mechanism to plan and monitor the application of strategy and the Company's policy.

- 1) Implementing Meeting
 - a) The Board of Directors must held Board of Directors meeting periodically at the least 1 (one) time every month.
 - b) The Board of Directors must hold join meeting with the Board of Commissioners periodically at least 1 (one) time in 4 (four) months.
 - c) The call for Board of Directors meeting must be conducted in writing and directly handed through every member of the Board of Directors with adequate receipt or by registered mail or by a courier service or by telex, facsimile or *email* at the latest 5 (five)



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business days prior to the meeting is held, exempting the date of the summons and date of the meeting itself or within shorter time if in emergency. The summons must mention the agenda, date, time and place of the meeting.

- d) Such summons as mentioned above is not needed for scheduled meeting based on previous Board of Directors meeting or if all members of the Board of Directors are present in the meeting.
- e) All Board of Directors meeting shall be chaired by the President Director, if the President Director is not present or prevented, a Director appointed in writing by the President Director shall chaired the Board of Directors meeting. If the President Director does not assign one of the other Directors, the longest in office in his position as the member of the Board of Directors chairing the Board of Directors meeting. If the Director who has been in period the longest as member of the Company's Board of Directors consist of more than 1 (one) person, the eldest Director shall act as chairman of the Board of Directors meeting.
- f) A member of the Board of Directors can represent in the Board of Directors meeting only by another member of the Board of Directors based on a proxy later. A member of the Board of Directors can only represent one other member of the Board of Directors.
- g) Meeting of the Board of Directors can be conducted any time if:
 - i. Deemed necessary by one or more members of the Board of Directors;
 - ii. On a written request by one or more members of the Board of Commissioners.
- h) The Board of Directors must stipulate the discipline of the Board of Directors meeting.



2) Taking Resolution

- a) Board of Directors meeting is valid and entitled to take binding resolution if attended by and / or represented by more than one / two number of the Board of Directors.
- b) A resolution of the Board of Directors meeting must be taken based on deliberation for consensus. If such resolution is not achieved, the resolution must be taken by vote taking based on assenting vote more than $\frac{1}{2}$ (one per two) part of the valid votes cause in the concern meeting.
- c) In Board of Directors meeting, every member of the Board of Directors is entitled to give 1 (one) vote and another 1 (one) vote for any other member of the Board he / she officially represent in such meeting.
- d) Abstain vote shall be deemed to approve the motion forwarded in the meeting. Invalid vote shall be deemed not to exist and not counted in stipulating the number of votes cast in the meeting.
- e) The Board of Directors can also take valid resolution without holding Board of Directors meeting with the provision that all member of the Board of Directors has been notified in writing and all members give their agreement regarding such motion in writing and signed such agreement.

3) Minutes of Meeting

- a) Result of the meeting must be contained in a minute of meeting. Minute of meeting must be drawn by a person present in the meeting appointed by the chairman of the meeting and further sign by all members of Directors in present and distribute it to all members of the Board of Directors.
- b) If there is a member of the Board of Directors who does not sign the meeting result, the person concern must mention the reason therefore in writing in apart letter which must be attached to the minutes of the meeting.



- c) The minutes of the meeting must be distributed to every member of the Board of Directors. The members of the Board of Directors are entitled to receive the copy of the Board of Directors minutes, whether such member was present or not present in such Board of Directors meeting.
- d) The minutes of the meeting must be documented by the Company.
- e) The minutes of the Board of Directors meeting is a valid proof for members of the Board of Directors and for third party regarding the resolution taken in such meeting.

f. Concurrent Position

To maintain the effectivity and adequate time for the Board of Directors to conduct their role, function for the Company. A member of Board of Directors is prohibited to hold concurrent position as mention here under, which are:

- 1) Board of Directors member in a state-owned enterprise, private business entity;
- 2) Board of Commissioners and / or Board of Supervisory member in a state-owned enterprise;
- 3) Structural position and other functional in central and / or regional government agencies;
- 4) Manager of a political party, member of DPR DPD DPRD level 1, and DPRD level 2 and / or regional head / vice regional head.
- 5) Become a candidate / of DPR DPD DPRD level 1, and DPRD level 2 or candidate for regional head / vice regional head;
- 6) Other position which might give right to Conflict of Interest; and / or
- 7) Another position according to the provision in the laws and regulation.

B. SUPPORTIVE ORGAN

1. CORPORATE SECRETARY

a. Position and Qualification



- 1) A Corporate Secretary shall be appointed, dismiss by the President Director with the approval of the Board of Commissioners, and shall be directly responsible to the President Director.
- 2) A Corporate Secretary must at least meet the requirements of:
 - a) Able to conduct legal action;
 - b) Has knowledge and understanding in a field of law, finance and management of the Company;
 - c) Understand the Company's business activity;
 - d) Able to communicate well; and
 - e) Domicile in Indonesia.

b. Function and Duty of Corporate Secretary

- 1) Function of the Corporate Secretary
 - a) Follow the development in the capital market, especially regulation valid in the capital market.
 - b) Provide input to the Board of Directors to meet the provision of laws and regulation in the field of capital market.
 - c) Provide service to the public on any information needed by financier (investor relation) and stakeholders (public relation) related to the Company's condition.
 - d) As liaison or contact person between the Company and OJK and the public and other stakeholders.
 - e) The function of Corporate Secretary can be conducted by a member of the Company's Board of Directors.
- 2) Duties of Corporate Secretary
 - a) Hold and attend the Board of Directors meeting and draw up the minutes of meeting.
 - b) Responsible on holding the GMS.
 - c) Prepare materials needed related to the Board of Directors report/routine activities to be submitted to outside parties.



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- d) Prepare material needed related to matters which must have the resolution of the Board of Directors related to the Company's management.
- e) Follow up any resolution of the Board of Directors by means of registering any resolution in the forum of taking resolution and the responsible person and monitor and inspect the improvement in the implementation of the meeting result.
- f) Ensure that all policies and resolution taking by the Board of Directors has followed the system and procedure of taking resolution.
- g) Conduct activities in the field of secretariat in the environment of the Board of Directors and administrated.
- h) Make, upgrade and administer the shareholders register and special register of share ownership at least once a year.
- i) Conduct socialization of the GCG policies and other companies policy to the Company's internal and external parties.
- j) Create culture of awareness on prevailing regulation for the Company.
- k) Conduct monitoring on the application of GCG in the framework of upholding the GCG application in the Company.
- l) Provide report to the Financial Service Authority accurately and timely
- m) Conduct the orientation program on the Company for the Board of Directors and/or Board of Commissioners.
- n) Achieving the KPI which are consummate with its field and responsibility
- o) Compile a periodical report at least 1 (one) time in 1 (one) year regarding the implementation of the Corporate Secretary function to the Board of Directors and with a cc to the Board of Commissioners.



2. GROUP HEAD OF INTERNAL AUDIT

a. Position and Qualification

- 1) A Group Head of Internal Audit shall be appointed, dismiss by the President Director with the approval of the Board of Commissioners, and shall be directly responsible to the President Director.
- 2) Group Head of Internal Audit must at least meet the requirements of:
 - a) Has the integrity and professional behavior, independent, honest, and objective in conduct their duties.
 - b) Has knowledge and experience regarding technical audit and other disciplines relevant with to her/his duties.
 - c) Has knowledge regarding laws and regulation in the field of capital market and other related laws and regulation;
 - d) Has the ability to interact and good communication skill whether orally and written effectively;
 - e) Compliance with profession standard issued by the Internal Audit Association;
 - f) Compliance with Internal Audit code of ethics;
 - g) Protect information and/or company's data confidentiality related to the implementation of the Internal Audit duties and responsibilities except obligated based on laws and regulations or a court decision.
 - h) Understand the Good Corporate Governance principle and risk management; and
 - i) Prepared to continuously improve her/his knowledge, expertise, and capability.

b. Function and Duties of the Internal Audit Group Head

Assist the Board of Directors in providing *assurance* and independent and objective consultation with the goal to improve the value and improve the Company's operational, through systematic approach by miss of evaluation and improve risk management effectivity, control and the Company's management process.



c. Responsibility of the Internal Audit Group Head

- 1) Formulate and conduct the annual Internal Audit plan;
- 2) Test and evaluate the internal control implementation and risk management system according to the Company's policy;
- 3) Conduct inspection and assessment on the efficiency and effectivity in the financial field, accountancy, operational, human resources, marketing, information technology and other activities;
- 4) Provide suggestion improvement and objective information regarding activities inspected on all the management level;
- 5) Conduct coordination and provide input to the related work unit to ensure the realization of GCG especially by encouraging organizational management control process effectivity, risk management, business ethic implementation and achieving the stipulated target;
- 6) Compile a report on audit result and submit such report to the President Director and Board of Commissioners;
- 7) Monitor, analysis and report the implementation of suggested follow up implementation;
- 8) Coordinate with the Audit Committee;
- 9) Compile program to evaluate the Internal Audit Activity Quality conducted; and
- 10) Special investigation if needed.

d. Internal Audit Charter

The Company must have Internal Audit Charter which must at least contain:

- 1) The Internal Audit unit structure and position;
- 2) Duties and responsibility of the Internal Audit unit;
- 3) Authority of the Internal Audit unit;
- 4) Code of ethic of the Internal Audit unit referring to the code of ethic stipulated by the Internal Audit association existing in Indonesia or Internal Audit ethic customary implemented internationally;
- 5) Requirements of an Internal Auditor in the Internal Audit unit;



- 6) Accountability of the Internal Audit unit; and
- 7) Prohibition of concurrent duties and position of the Internal Auditor and Implementer in the Internal Audit unit of the operation activities implementation be in the Company or subsidiary.

3. BOARD OF COMMISSIONER SECRETARY

The Board of Commissioner Secretary is appointed and dismiss and responsible to the Board of Commissioners to ensure the implementation of the Board of Commissioners duties to run effective by:

- a. Prepare meeting including the Board of Commissioners meeting material.
- b. Compile a manage of the Board of Commissioners meeting according to the provision of the Company's articles of association.
- c. At ministry the Board of Commissioners document be it incoming and outgoing manage of meeting and other documents.
- d. Compile an annual work plan for the Board of Commissioners.
- e. Conduct other duties of the Board of Commissioners.

Besides conducting such duties, the Board of Commissioner Secretary as the leader of the Secretariat conduct other duties such as:

- a. Ensure that the Board of Commissioners comply to the regulation of law and apply the GCG principles.
- b. Periodically provide information needed by the Board of Commissioners and from time to time if requested.
- c. Coordinate committee member if needed to smooth the duties of the Board of Commissioners.
- d. As a *liaison officer* of the Board of Commissioners which are the parties.

4. AUDIT COMMITTEE

a. Composition and Membership

- 1) The Audit Committee consist of at least 3 (three) members, one of them shall be the Independent Commissioner and concurrently also as Head



of the Audit Committee and 2 (two) others who are not employees of the Company meeting the qualification required by the Company.

2) Members of the Audit Committee:

- a) Must have high integrity, capability, knowledge, experience according to the field of work and able to communicate well;
- b) Must understand financial statement, the Company's business especially related to service or the Company business activity, audit process, risk management and laws and regulation in the field of capital market and other related laws and regulation;
- c) Must complied to the Audit Committee code of ethic stipulated by the Company;
- d) Willing to continuously enhance competence through education and training;
- e) Must at least has one member with a background and education and expertise in the field of accountancy and finance;
- f) Is not an insider in a public accountant office, law consultant office, public assessment service office or other parties providing insurance services, non-insurance services, assessment services and / or other consultation services to the Company concern within 6 (six) last months;
- g) Is not a person employed or having the authority and responsibility to plan, lead, control or supervise such Company's activities within the last 6 (six) months, except for Independent Commissioner;
- h) Has no direct or indirect share in the Company;
- i) If the Audit Committee member obtain the Company share by directly or indirectly due to legal event, such share must be assigned to another party and within the longest period as 6 (six) months after obtaining such share;
- j) Has no affiliated relation with the member of the Board of Commissioners, members of the Board of Directors, or controlling Shareholders of the Company; and



- k) Has no business relation be direct or indirect related to the Company's business activities.
- 3) A member of the Audit Committee shall be appointed and dismiss based on the Resolution of Meeting of the Board of Commissioners.

b. Duties and Responsibility

- 1) Conduct investigation on financial information to be issued by the Company to the public and / or authority among other financial statement, projection and other report related to the Company's financial information;
- 2) Conduct study on the compliance to the laws and regulation related to the Company's activities;
- 3) Provide independent opinion if there is a difference in opinion between management and accountant on the provided service;
- 4) Provide recommendation to the Board of Commissioners regarding the appointment of an accountant based on independency scope of duty and service fee;
- 5) In a conduct research on the implementation of inspection by the Internal Auditor and supervised the implementation of follow up by the Board of Directors on the findings of the Internal Auditor;
- 6) Conduct investigation on activities in the risk management implementation conducted by the Board of Directors, if the Company has no risk monitoring function under the Board of Commissioners;
- 7) Investigate claim related to the process of accountancy and the Company's financial report;
- 8) Investigate and provide suggestion to the Board of Commissioners related to the potential of the Company's *Conflict of Interest*; and
- 9) Maintain confidentiality of documents, data and Company's information.

c. A Charter of Audit Committee

- 1) The Company must have Audit Committee Charter.
- 2) The Audit Committee Charter must at least contain:



- a) Duties and responsibility and authority;
 - b) Composition structure and member requirement;
 - c) Work procedure;
 - d) Policy on holding meeting;
 - e) Activities reporting system;
 - f) Stipulation regarding the handling of claim / report related to violation in the financial statement; and
 - g) The period in office of the Audit Committee.
- 3) The Audit Committee Charter must be contained in the Company's website.

5. NOMINATION, REMUNERATION AND RISK COMMITTEE (NRR COMMITTEE)

a. Composition and Membership

- 1) The NRR Commission must consist of at least 3 (three) members, one of them the Independent Commissioner concurrently also as the Head of the NRR Committee and 2 (two) other persons who are not the employees of the Company who must meet the qualification required by the Company.
- 2) The NRR Committee member must have a strong commitment and high integrity, capability to communicate effectively and has the knowledge, experience and capacity in its duty.
- 3) The NRR Committee member shall be appointed and dismissed based on the Resolution of a Board of Commissioners Meeting.

b. Duties and Responsibility

- 1) Nomination function
 - a) Provide recommendation to the Board of Commissioners regarding:
 - i. Position composition of the Board of Directors members and / or Board of Commissioners members.
 - ii. Policy and criteria needed in the process of Nomination.



- iii. Performance evaluation policy for the members of the Board of Directors and / or members of the Board of Commissioners.
 - b) Assist the Board of Commissioners to conduct performance assessment of the Board of Directors members and / or members of the Board of Commissioners based on benchmark which has been formulated as evaluation material.
 - c) Provide recommendation to the Board of Commissioners regarding the program of developing the capability of the members of the Board of Directors and / or members of the Board of Commissioners.
 - d) Propose candidates meeting the requirements as member of the Board of Directors and/or member of the Board of Commissioners to the Board of Commissioners to be forwarded to the GMS.
- 2) Remuneration Function
- a) Provide recommendation to the Board of Commissioners regarding:
 - i. Remuneration Structure.
 - ii. A Policy on Remuneration.
 - iii. Amount of the Remuneration.
 - b) Assist the Board of Commissioners to conduct performance assessment and Remuneration compatibility received by the respective members of the Board of Directors and / or members of the Board of Commissioners.
 - c) The remuneration function is remuneration for members of the Board of Directors and members of the Board of Commissioners.
- 3) Risk Function
- a) Provide advice and input for the Board of Commissioners regarding the investment policy and strategy in the toll road



business and non-toll road business and in the framework of compiling the Company's Long-Term Plan (RJPP).

- b) Submit the result of the study on the Company's investment realization plan contained in the Company's RJPP and RKAP for the Board of Commissioners as suggestion, input and opinion of the Board of Commissioners to the Board of Directors in reviewing the RKAP and RJPP.
- c) Submit the result of the study on the investment plan forwarded by the Board of Directors to the Board of Commissioners, as input material for the Board of Commissioners and providing suggestion, input, opinion and approval of the Board of Commissioners to the Board of Directors in the field of new investment.
- d) Submit the result of investigation on the Company's risk management, covering various risk faced by the Company, system and strategy and the Company's risk management policy, the Company's internal control, including policy, methodology and infrastructure, cooperating with the *Risk Quality Management* Division.
- e) Forward the result of the study on various model of risk measurement used by the Company and the implementation of the risk management as input for the Board of Commissioners in providing suggestion and opinion to the Board of Directors for further considerations.
- f) Monitor and submit the compatibility evaluation result on various policies and the Company's risk management implementation and various risk potential faced by the Company, as input material for the Board of Commissioners in providing advice and opinion to the Board of Directors to review and improve various policies and the implementation of the Company's risk management and risk mitigation policies.



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- g) Prepare material, information material, analysis and review related to the implementation of investment and risk management, as material for the Board of Commissioners in providing input, advice and opinion to the Board of Directors in the framework of preventing the Company from *cost overrun* and improve the efficiency and effectivity in the field of toll road and non-toll road investment.
- h) Conduct investigation on the feasibility of the toll road and non-toll road investment and its risks, related to the preciseness of the traffic volume projection, land acquisition, engineering its financing and the precise technology and innovation applied and *value engineering* as input material for the Board of Commissioners in providing advice and opinion to the Board of Directors prior to conduct toll road and non-toll road investment.



CHAPTER IV

THE COMPANY MAIN POLICY

A. General

1. Business Integrity

The Company's business scope closely interacting with the society and environment around it compel it to such standard ethic. The standard ethic applied is based on the GCG principles and the Company values which are **AKHLAK (Trust, Competent, Harmonious, Loyal, Adaptive, Collaborative)**.

The continuous development of its business environment made the Company conscious of the importance to take an active role and acting responsible in its business as a corporation. The Company is fully aware that good relation with Stakeholders and the improvement of the Shareholders value in the long run can only be achieved if it continuously maintain its business integrity and improve in all the Company's business activities.

The Company consistently encourage all the Jasa Marga Being to comply to prevailing laws and regulations in conducting their function as a Company. On the other hand, the Company prohibit all the Jasa Marga Being in conducting its function and work to conduct violation on prevailing laws and regulations.

2. Relation with Shareholders

The Company guarantee that Shareholders are entitled to obtain equal treatment according to the class and share proportion owned and may use their rights according to the provisions of the Company's Articles of Association and prevailing laws and regulations. Every Shareholder according to the law must adhere to the Company's Articles of Association, all resolution validly taken in a GMS and prevailing laws and regulations.

Shareholders, without going through a GMS may not intervene in the Company's management. In similar sense that meddling is an act or directive which directly



affect on the management or supervision of the Company or on the taking of resolution by the Board of Directors/Board of Commissioners. This stipulation is intended to underline the independency of the Company as business entity so that the Board of Directors/Board of Commissioners accountability can be better and transparent

To create a good relation with shareholders and meeting the provisions of prevailing laws and regulations, the Company has stipulated policies related to the Shareholders as follows:

- a. The Board of Directors must provide complete and accurate material information regarding the Company to every Shareholder.
- b. The Board of Directors must prepare the GMS mechanism which enable every Shareholders to be able to attend a GMS and cast their vote according to prevailing laws and regulations.
- c. The Company must guarantee that every Shareholder obtain their rights according to the provisions of the Company's Articles of Association, all resolution validly taken in a GMS and prevailing laws and regulations.
- d. Every Shareholder must meet its liability and conduct its responsibility according to the Company's Articles of Association and prevailing laws and regulations.

3. Accountancy Standard

The Company has a policy to operate an accountancy system which accurately reflect any financial transaction and changes to its asset. The Company guarantee that only real financial transaction are recorded. Such financial transaction must have the approval of the management and properly recorded in the Company's accounting system. The Company consistently ensure that all policy and regulation related to accountancy must refer to the Financial Accountancy Standard Guidelines Valid and Standardized by the Institute of Indonesia Chartered Accountants

The Company's financial is professionally managed, transparent and based on conservative and prudent principles oriented on optimal result.



Financial management is intended to maximize the Company's value through the implementation of work programs based on cost principles and prudence.

The Company's Financial Statement consistently contain the financial position, financial performance, changes to the equity and cash flow and notes to the financial statement. The Company disclose in the Company's Financial Statement various information relevant for the financial statement user properly and accurately according to prevailing accountancy stipulations and standards.

To achieve an accountancy standard which must be good and meet valid internal and also external stipulation, the Company has stipulated policies related to the accountancy standard as follows:

- a. The Board of Directors stipulate integrated financial management which include the interest of all operational activities, investment activities and the Company's financial activities.
- b. The Company manage its financial prudently and transparent and apply budget discipline.
- c. The Company utilize idle funds through short term and low risk investment portfolio.
- d. The Company has standardize the system and procedure of financial management by observing good internal control.
- e. The Company integrate its financial statement system and budget reporting between the Head Office, Branch Offices and Subsidiaries.
- f. The Company conduct analysis on all risk possibilities and conduct needed actions to anticipate existing risk.
- g. The Company shall consistently improve its accountancy policy owned to be compliant with prevailing and standardize financial accountancy standard by the Institute of Indonesia Chartered Accountants.
- h. Every Management Line and Employees responsible on financial functions must understand and conduct the Company's policy in the field of finance consistently.



- i. Every Management Line and Employees responsible on financial functions are prohibited to conduct false transaction record in all the journals.
- j. Every Management Line and Employees responsible on financial functions must treat financial information according to the Company's information classification policies and also prevailing laws and regulations.

4. Internal Control

The internal control system is an integral process in the continuous handling and action conducted by the management and all the employees to provide adequate certainty on the achievement of the organization objective through effective and efficient activities, trustworthiness of the financial statement, security of the Company's asset and compliance to law and regulation.

The internal control system adopts the concept of *Committee of Sponsoring Organizations (COSO) of The Treadway Commission* consisting of 5 (five) elements which are: environment control, risk assessment, control activities, information and communication, and internal control monitoring.

The application of those 5 elements is conducted integrated to become an integral part of the accountability of all the Company's activities.

- a. Control activities consist of:
 - 1) *Review* on the Company's performance;
 - 2) Development of the human resources;
 - 3) Control on the information system management;
 - 4) Physical control on asset;
 - 5) Stipulation and *review* on indicators and performance measurement;
 - 6) Separation of function;
 - 7) Authorization on transaction and important event;
 - 8) Accurate and timely recording of transaction and event;
 - 9) Limitation of access to resources and its recording;
 - 10) Accountability on the resources and its recording;
 - 11) Good documentation on the internal control system and important transaction and event.



- b. The Board of Directors must stipulate an effective internal control system to save investment and the Company's asset among others the control environment review and control activity risk management, information and communication system and *monitoring*.
- c. The internal audit assists the President Director in conducting the Company's financial internal audit and the Company's operational and assess the control management and implementation and provide improvement suggestion.
- d. The Board of Directors must follow up the report of internal audit result.
- e. The Audit committee assess the implementation of activities and the audit result conducted by the internal audit provide recommendation for the perfection of the management control system, ensure that there is a satisfactory procedure issue review on all information issued by the Company and identify matters which need the attention of the Board of Commissioners.

5. External Auditor

An external auditor is needed by the Company especially in giving their opinion regarding the appropriateness in all material matters, the financial position, business result, equity changes and cash flow according to the principles of accountancy which is generally applicable in Indonesia. The opinion of the External Auditor is an opinion of an independent third party regarding the unqualified financial statement submitted to the Company's shareholders and also other *Stakeholders* related to material matters contained in such financial statement.

The financial statement is the responsibility of the Board of Directors. The responsibility of the External Auditor is to give an opinion on such financial report.

B. Special

1. The Appointment and dismissal of the Board of Commissioners and Board of Directors

The appointment and dismissal of the Board of Commissioners and Board of Directors in the Company is as follows:

- a. Members of the Board of Commissioners and Board of Directors are appointed and dismissed by a GMS attended by the serial A Dwiwarna



- shareholder and must be approved by the serial A Dwiwarna shareholder, by observing the stipulation of the Company's Articles Of Association.
- b. Members of the Board of Commissioners and Board of Directors are appointed by a GMS, from candidates forwarded by the serial A Dwiwarna shareholder and such candidacy is binding on the GMS.
 - c. At least 30% (thirty percent) of the members of Board of Commissioners and 20% (twenty percent) of the members of Board of Directors must be from independent circles.
 - d. The Board of Commissioners and Board of Directors must sign the Integrity Pact at the time of starting their position which is renewed annually.
 - e. Shareholders can temporarily dismiss a member of the Board of Commissioners and Board of Directors in the event that they act contrary to the Company's Deed of Incorporation and or prevailing laws and regulations, is stated to be guilty with Court decision or they have neglected their duties.

2. Program of Knowing the Company

- a. Members of the Board of Directors / members of the Board of Commissioners who are just appointed must follow an introduction program regarding the Company covering:
 - 1) Implementation of the GCG principles in the Company.
 - 2) Overview regarding the Company related to its objective, nature and scope of activities, financial performance and operation, strategy, short-term and long-term business plan, competitive position, risk, internal control and other strategical issues.
 - 3) Information related to the authority delegated, internal and external audit, the internal control system and policy and other committees assigned by the Board of Commissioners.
 - 4) Information related to the authority delegated, internal and external audit, the internal control policy and system in the Company.
 - 5) Information regarding the liability, duty, responsibility and rights of the Board of Commissioners and Board of Directors and matters which are prohibited.



- 6) An understanding related to ethical principles and norms effective in the Company's environment and the local community.
- b. The responsibility to hold an introductory program is with the Corporate Secretary or whomsoever conducting the function of Corporate Secretary.
- c. The introductory program can be in a form of presentation, meeting, visit to the Company's facility, visit to the branch offices, review on the Company's document or other programs deem needed.
- d. This introductory program is conducted at the latest 3 (three) months after the appointment of the new Members of the Board of Commissioners and / or Members of the Board of Directors.

3. Vision, Mission, RJPP and RKAP

- a. The Company's Vision and Mission:
 - 1) The formulation of the Vision and Mission of the Company is conducted by the Board of Directors assisted by all the Company's Management.
 - 2) The Company's Vision and Mission is elaborated in the RJPP which is a continuous strategical plan from year to year.
- b. RJPP and RKAP:
 - 1) RJPP and RKAP is compiled by the Board of Directors and approved by the Board of Commissioners.
 - 2) The Board of Directors compile the RJPP and RKAP by considering the following matters:
 - a) Planning is compiled periodically in the RJPP and contained in the annual RKAP by observing the changes in the business environment.
 - b) The RKAP is the Company's operational guideline.
 - c) The RKAP is a controlling tool of the work implementation.
 - d) The formulation process of the RJPP and RKAP is conducted according to prevailing laws and regulation.
- 3) The Board of Commissioners provide an agreement on the RJPP and RKAP by observing the following matters:
 - a) Implementation evaluation of the former RJPP and RKAP;



- b) Mission, objective, strategy, policy and work program of the RJPP and RKAP forwarded by the Board of Directors;
 - c) Compliance to prevailing laws and regulation.
 - d) Meeting the balance between the interest of the *Stakeholders*.
- 4) The Board of Directors control the implementation of the RJPP and RKAP and accountable to the Shareholders.

4. Reporting

- a. The Company's book year start from the 1 (first) of January and end on the 31 (thirty first) of December in the same year. At the end of December annually, the Company closed its books.
- b. Within a period of the latest on the third month after the Company's book year is closed, the Board of Directors must compile a profit loss statement in 2 (two) Indonesian dailies, according to the Board of Directors consideration, 1 (one) among it must have a circulation in the territory of the Republic of Indonesia and another 1 (one) which is issued at the place of the Company's domicile.
- c. The Board of Directors must compile the annual report according to the provision of prevailing laws and regulations and signed by all members of the Board of Directors and members of the Board of Commissioners to be submitted in the annual GMS. Such annual report must be provided in the Company's office at the latest 14 (fourteen) days prior to the date of the annual GMS is conducted and can be obtained to be perused by the Shareholders by a written request.
- d. The Report to the Financial Service Authority (OJK):
 - 1) The Company's Annual Report
 - a) The Company's Annual Report must be submitted to the Financial Service Authority (OJK) in 4 (four) copies and available for the shareholders at latest 14 (fourteen) days prior to the annual GMS.
 - b) The Company's Annual Report after a public offering of security must be submitted to the Financial Service Authority (OJK) in 4



(four) copies at the latest 5 (five) months after the Company's book year ends.

- 2) Periodical Financial Statement
 - a) A Periodical Financial Statement is the Annual Financial Statement / Half Yearly Financial Statement / Quarterly Financial Statement.
 - b) A Periodical Financial Statement must be submitted to the Financial Service Authority (OJK) in 4 (four) copies at the latest and at least 1 (one) must be the original.
 - c) The Annual Financial Statement (*audited*) must be completed with the report of the accountant with an unqualified opinion and submitted to the Financial Service Authority (OJK) at the latest at the end of third month after the date of the Annual Financial Statement.
 - d) Half Yearly Report (*unaudited*) must be submitted to the Financial Service Authority (OJK) at the latest at the of first month after the date of half year report, if not accompanied by an accountant report.
 - e) Quarterly Financial Statement (*unaudited*) must be submitted to the Indonesian Stock Exchange at the latest at the end of first month after the date of the quarterly financial statement.
- 3) A Report on the Realization of the Fund Utilization
 - a) A report on the Realization of the Utilization of the Result of the Public Offering must be submitted to the Financial Service Authority (OJK) and Thrustee periodically every 3 (three) months (March, June, September and December). Such report submitting must be the latest on 15 (fifteen) of the next months.
 - b) The Realization of the Fund Utilization as a result of public offering must also be accountable to the annual GMS periodically every year.
- 4) The report on the information disclosure regarding the application on the recommendation in the Guideline of an Open Company Corporate



Governance of the Financial Service Authority (OJK) disclosed in the Annual Report of the Company.

- 5) Other reports according to prevailing laws and regulations.

5. Taking Resolutions

The Company taking resolution,

- a. All resolutions are taken according to the level of authority compliant to prevailing regulation and stipulation.
- b. The right to forward opinion is highly uphold and can be given freely and openly be it in or outside a meeting.
- c. Any resolution is taken by considering:
 1. The benefit principle for the Company.
 2. As a result of a comprehensive study.
 3. The balance of the *Stakeholder's* interest.
 4. Related risk.
- d. All strategical resolution which is the authority of the Board of Directors must be resolved in a Board of Directors' meeting.
- e. The shareholders, Board of Directors and Board of Commissioners must be consistent in conducting stipulated resolution.

6. Delegation of Authority

The delegation of authority involve the process of assigning authority for a certain duty to another party in the Company. The party receiving the authority has the *discretion* in conducting such delegation although the final authority is still with the *sovereign-authority*. Delegation includes responsibility and authority and is not only focus to the result but also its process.

- a. Authority delegation must begin with an analysis of the work to be delegated and observe the level of the competence of the person to receive the delegation and contained in a *job description*.
- b. The Board of Directors stipulate the policy of the authority delegation based on guideline of stipulated operational activity.



- c. Delegation of part of the authority of the Board of Directors to the head of the work unit is regulated with a Decision Letter and consideration:
 - 1. Assist the smoothness of the duty;
 - 2. Improve efficiency and effectivity;
 - 3. Clarify the responsibility, authority and work procedure;
 - 4. Simplify the control and development.
- d. Delegation of authority is reviewed periodically to be complied with the Company's changes and development.
- e. The delegation of authority does not release the responsibility of the Board of Directors.

7. Toll Road Investment and Other Businesses Development

- a. The Board of Directors compile a study on toll road investment and other business by observing the added value for the Company and the Company's financial capacity.
- b. Toll road investment are conducted selectively in the Toll Road segment which has good feasibility levels and prioritize on Toll sections which are connected to the Company's existing toll segment.
- c. The Board of Directors has formulated a study on the development of other businesses by utilizing the Company's tangible and intangible assets by observing good feasibility levels.
- d. Types of other businesses developed include property development, human transportation services development, goods, gas/fluids or information by utilizing toll road corridors, and toll road maintenance services.
- e. The choice of business partner (if needed) to gain power in the aspect of market control and/or technology and/or financial capacity in choosing its business partners the Company continuously observe values in conducting its business and commitment of applying the GCG conducted by such business partner.
- f. Approval on investment plan/business development is provided by the Board of Commissioners/Shareholders according to prevailing stipulations and regulations.



8. Toll Road Operation and Maintenance

- a. The Board of Directors stipulate operational quality goal and toll road maintenance formulated based on customer need which covers continuity, safety and comfort and meet Minimum Service Standard.
- b. The Company consistently conduct enhancement on its service to toll road users by conducting transaction system modernization, tools and service facilities.
- c. Apply environmental friendly and efficient technology.
- d. Regional and Subsidiaries with the function to operate Toll Road must achieve its quality goal through the implementation of the Quality Management System by the ISO 9001:2008 Standard and the Excellent Performance Assessment Criteria from the Ministry of State-Owned Enterprises.

9. Appointing the Formation of Unit Head/Organization

- a. The Company's organizational structure is formulated in-line with the Company's strategic goals.
- b. The Board of Directors stipulate job description and position requirements.
- c. The Board of Directors stipulate the appointment for position formation through transparent competitive and justified selection process based on meeting position requirements.
- d. Learning and training is formulated by observing the Company's need and objective analysis.
- e. The Subsidiaries organizational structure or affiliated parties must be effective and efficient.

10. Quality and Risk Management

The Company is aware that risk management is very important to be conducted, keeping in mind that the Toll Road industry with potential level of financial risk, operational, strategy which is very great if it is not well managed. The risk



management system must always develop to anticipate the possibility of risk happening and eliminate such risk to achieve the Company's goals.

The Risk Management System developed by the Company is conducted integrated at the corporate level by involving the respective work units. The development of the Risk Management System is part of the Company's long-term strategy, with the assignment of special work unit handling such matters and conducted systematically according to risk management standard generally applied and referred to.

The Company ensure the realization of product quality and also the work process through stipulating a guideline and the duty and responsibility of the Company's Management as follows:

a. Guideline:

- 1) Quality Management Guidelines of PT Jasa Marga (Persero) Tbk;
- 2) Risk Management Guidelines of PT Jasa Marga (Persero) Tbk;
- 3) Occupational Health and Safety Guidelines (K3) PT Jasa Marga (Persero) Tbk;
- 4) The ISO 9001:2008 Operational Standard Guideline;
- 5) Work Process Performance Guideline Based on Performance Assessment Criteria (KPKU).

b. Duties and Responsibility of the Management:

- 1) The Board of Commissioners evaluate the accountability and provide improvement advice to the Board of Directors on the implementation of the Risk Management Policy
- 2) The Board of Commissioners conduct supervision activities on the application of the risk management policy based on the evaluation result by the Internal Audit.
- 3) The Board of Commissioners evaluate and decide on the request of the Board of Directors related to transactions which need the approval of the Board of Commissioners after going through a risk analysis study.



- 4) The Board of Directors conduct a study on the risk and the Company's risk management.
- 5) The Board of Directors provide information on the result of the risk analysis to the Board of Commissioners according to the level of need.
- 6) The Board of Directors compile a guideline for risk handling faced by the Company.
- 7) The Board of Directors assign a committee to conduct and stipulate the Company's risk profile.
- 8) The Board of Directors perfect the risk management system and disclose it in the annual report, the management assessment regarding business risk which can be anticipated to become important information for the *Stakeholders*.
- 9) The Head of the Quality and Risk Management Work Unit supervise and ensure that all investment conducted by the Company has been through a quality and risk study.

11. Communication and Information Media

- a. The Board of Directors and Board of Commissioners communicate with the Shareholders through a GMS and other media according to prevailing laws and regulations.
- b. The Board of Directors conduct effective communication with the other Directors and with the Board of Commissioners using efficient communication media among other routine meetings and reports.
- c. The Company submit information plan and structure to be able to improve the Company's value.
- d. The Company's through its Corporate Secretary guarantee the distribution of public information to *Stakeholders* through the Company's media and mass media.
- e. The Company continuously improve the information quality and management information system to achieve accountability from the business process.



- f. The Company manage a Management Information System which must guarantee the availability of complete information, accurate, timely and relevant to assist the taking of resolutions.

12. Corporate Social Responsibility (CSR)

The Company cannot free itself from the social responsibility to the community through its *Corporate Social Responsibility (CSR)* program.

The *Corporate Social Responsibility (CSR)* consist of:

- a. The Board of Directors stipulate the Company's program related to the *Corporate Social Responsibility (CSR)* among other education assistance, art, sport, religion and natural disaster and the reboisation of the toll road territory.
- b. The Board of Directors report on the evaluation result, the effectivity and benefit of the program related to the Company's social responsibility to the Board of Commissioners and Shareholders.
- c. The implementation of such program is contained in the Company's Annual Report.

The Company integrate the **Partnership Program and Environment Development** in the *Corporate Social Responsibility (CSR)* program. The implementation of PKBL conducted by the Company is based on the procedure and policy stipulated by the Company by still referring to prevailing laws and regulations. The Company conduct the partnership program and environmental development with the priority on the zones in the vicinity of the toll road corridor.

13. Occupancy Health and Safety (K3)

The occupancy safety and health management are very important for the success of the activities of the Company's efforts. The Company is committed to apply and maintain an attitude which create work safety and health for all Jasa Marga being. Therefore, Jasa Marga being in working must:



- a. Comply to all regulation and all standard regarding occupancy security and health.
- b. Prioritize prevention which is to avoid the happening of accident.
- c. Conduct recovery on accident event according to prevailing standard and procedure and always have a plan to overcome emergency condition.
- d. Immediately report any work incident and accident which take place to the respective unit leader and authorized institution related in the stipulated time period.
- e. Conduct regular examination, inspection and evaluation on all means including resources, equipment and detection system according to its authority to ensure its readiness.

The implementation of occupancy health and safety (K3) is the responsibility of all parties involved in the Company's business activity.

14. Relation with the Stakeholder

The Company maintain harmonious and synergize relation with the various stakeholders, among others but not limited to:

- a. Relation with Employees

The Company value the right of every Jasa Marga Being. In the relation between PT Jasa Marga (Persero) Tbk and its Employee represented by the Jasa Marga Workers Union (SKJM) is bound in a form of Mutual Cooperation Agreement (PKB). The Company's commitment to place the Mutual Cooperation Agreement as a basic in developing the relation with the Employees. The human resources management policy and procedures, such as formation, mutation, and the employee development and also the reward and punishment is consistently conducted.

The Company apply the human resources management system based on transparency value, fair, and free of bias due among other to differences in race, origin, gender, religion and place of birth and matters which has no relation with the Employee performance.



The policy development by the Company and its relationship with the Employee is based on the following matters:

- 1) Human resources management policy and procedure is develop based on principles agreed upon in the Mutual Cooperation Agreement and the GCG principles.
- 2) The human resources management policy and procedure is consistent implemented.
- 3) Good and safe occupational condition according to prevailing laws and regulation.
- 4) Employees can choose whether they are collectively represented or not by a group of representative workers union.
- 5) Employees obtain similar opportunities to follow education, training and further improvement in line with the Company's competence and need.
- 6) The Company and Employees must comply to the Mutual Work Agreement.
- 7) Employees must do their best effort in conducting their work duties assigned to them.
- 8) Employees must protect the assets and good reputation of the Company.
- 9) Employees who are superiors must develop and give example to their subordinates in their environment.

b. Relation with State Officials

The Company in interaction with regulator and other institution related with the Company's business constantly maintain harmonious and constructive relation on the basis of honesty and respect by prioritizing the general interest.

Any relation with government official must be maintain as a relation objective and fair in nature in the prevailing law corridor by ethical means and not contrary to prevailing laws and regulation.



The Company's relation with State Officials, among others:

- 1) The Company constantly adhere to prevailing laws and regulations.
- 2) Develop sound, harmonious, and constructive relation with the related regulators, legislator, and other institution both from the Central Government also the Regional Administration.
- 3) The Company avoid the practice of Corruption, Collusion and Nepotism (KKN) in relation with the Government /Regulator.
- 4) The Company abide by tax regulation in supporting the state revenue whether direct or indirectly according to laws and regulations.
- 5) The Company constantly observe the Regional Administration aspiration in developing the Toll Road network in the region and other related businesses by still observing the Company's goals.

15. Involvement in Political Activity

The Company acknowledge the right of every Jasa Marga Being to channel their political aspiration. The Company does not force or limit individual right to channel their political aspiration as long as it is allowed by prevailing laws and regulations. The Company's regulate that Jasa Marga Being who are the Manager of a Political Party must choose to resign itself from the Company or release such management by a statement letter. The Company does not allow individual Jasa Marga Being to force other Jasa Marga Being, limiting the concerned individual right to channel its political aspiration. The decision taken by individual Jasa Marga Being to contribute its time, money or personal resources for political activity is a personal choice and risk of the person concerned.

The Company guaranty that all Jasa Marga Being are able to implement their right on the opportunity to channel their political aspiration. The Company does not provide political contribution and is not affiliated to whatsoever political party.

To political activities, all Jasa Marga Being:

- a. May not profit from the name, assets, and Company's potential for certain political objective.



- b. Does not represent the Company or provide contribution on behalf of the Company to any political party whatsoever.
- c. Does not conduct any understanding, bonding, statement whether directly or indirectly which can show that the Company is affiliated with whatsoever political party.
- d. Any activity to channel political aspiration must be conducted outside the working hours and not use the Company's attribute.
- e. If a person is in a position in a political party or political activity which shall impair its duty in the Company, the person concerned must submit a resignation from the Company.
- f. Not to conduct political activities whether direct or indirect in the Company's environment.
- g. Prohibited to use the party attribute or public social organization affiliated to the political party in the work environment of the Company.

16. Technology Management

The Company is aware that technology management is related to the success in the Company's governance in overall. The Company ensure the process of improvement, completeness, and the application of technology periodically, measurable, and efficient. The Company constantly develop technology handover, knowledge and other expertise related to the Company's operational.

The technological management also involve the processes in the governance and information technology resources, and the development in the technological system integrated according to the objective and need of the Company's business process. Information technology governance process is directed to ensure the output of data's/information issued by the Company is more accurate easily access, can be applied according to need, simplify reporting, trustworthy and safe.

This technology management application is integrated with the Company's Management Information System to improve the Company's operational activity effective and efficien.



17. Performance Management

In the framework of implementing the GCG principles, the Company applied the performance management system develop based on the principles of transparency, accountability, independency, and reasonable. Performance assessment system is applied to:

- a. Transparency in the sense that all Employees can know what kind of measurement is used so that the person concerned can independently estimate the result of his/her performance assessment and can compare with the performance assessment result conducted by the Company.
- b. Accountability in the sense that the performance management is conducted by the work unit able to conduct it well and performance management is based on fair measurable measures.
- c. Independent in the sense that the assessing or performance management is conducted objectively based on measurement stipulated without the influence or coercion from whatsoever party which may influence the result of the performance management assessment.
- d. Reasonable in the sense that the performance management is develop based on the performance target which can be achieved.

The result of the performance assessment is part of the target achievement of a work unit which ultimately also shall be used as assessment in the career system and providing compensation.

18. Work Ethic

Employees is one of the important aspects to attain the Company's goal which in the implementation of its work is based on the Company's value such as ATTITUDE (Trusted, Competent, Harmonious, Loyal, Adaptive, Collaborative).

Every Employees in conducting the Company's business activities must meet the following stipulation:

- a. Constantly highly uphold business ethic in conducting their daily duties which is their responsibility.



- b. Not conduct matters which are contrary with the ethics or prevailing laws and regulation.
- c. Not to conduct KKN practices (Corruption, Collusion and Nepotism) in the Company's management.
- d. Not to conduct covenant or conspiracy profiting other parties and/or impairing the Company.
- e. Not to disclose all form of sensitive and confidential information related to the Company's business activities (insider information). Must work only for the interest of the Company and not for the interest of a group, personal, family, friends and/or other parties.
- f. Must develop positive and productive cooperation with superior, subordinate and colleagues
- g. Must keep position secrets which are secrets related to duty and/or position, be it in the form of written document, voice recording, or oral statement from its superior.
- h. Prohibited to receive to give present exceeding a certain value stipulated by the Company or law if it is known that such gift is conducted by observing the power or authority inherent in such position or the title of the concerned party.
- i. Must be in the workplace and conduct its task on the stipulated workdays and work hours.

Value and work ethics of the Company are contained and further detailed in the Code of Conduct to be understood and applied consistently.

19. Affiliated Transaction

The Company has transaction with several customers which are affiliated Companies especially due to ownership control by the Indonesian Government and share ownership owned by the company. Transaction with such affiliated parties shall always be conducted based on an arm's length relationship so that the interest of the minority Shareholders and Company is not detrimental. The Company constantly express transaction with affiliated parties reasonable according to the provision in prevailing laws and regulations. All Jasa Marga Being and other parties



conducting business activity with the Company must express their share ownership in the Company by giving a written statement

Management of Affiliated Unit

What is meant by affiliated is a business unit which has ownership relation with the Company such as:

- a. A Subsidiary Company; and
- b. Jasa Marga Pension Fund

In its relation to the affiliated unit, the Company has the following policies:

- a. The Board of Directors assigning affiliated units and the Company's shares participation must have the objective for business interest and conducted after studies including the business aspect, legal, financial, and technical according to laws and regulation.
- b. The Board of Directors place the Company's representative as member of the Subsidiary management/Jasa Marga Pension Fund.
- c. The Board of Directors must request periodically report on the running of the Subsidiary/Jasa Marga Pension Fund business.
- d. The Board of Directors conduct control and or affiliated unit development through corporation mechanism such as GMS/Founders Meeting or periodical meeting.
- e. Sales and or purchase of shares in the subsidiary is conducted after a study by observing the principle of benefit for the Company of which the implementation is conducted according to prevailing stipulation and regulation.

20. Conflict of Interest

Conflict of Interest is defined as a situation or condition where the Jasa Marga Being due to its position, has the authority with the potential to be misused deliberately or not deliberately for other interest and therefore may affect the decision quality and result of the performance of such decision for the Company.



Jasa Marga Being who has the potential and or already in a situation of Conflict of Interest is **prohibited** to continue activities conducted duties and responsibility related to such situation. Further to it the person concerned may resign from duties with the potential of Conflict of Interest or decide not to be involved in the process of taking resolution related to the activity with a Conflict of Interest as referred to, except by certain consideration only for the interest of the Company, the Board of Directors may request the person concern to still conduct its duties and responsibility in such activity.

To avoid a Conflict of Interest:

- a. A Shareholder is not allowed to be involved in the Company's operational activities which are the responsibility of the Board of Directors according to the provisions of the Company's Articles of Association and prevailing regulations.
- b. The members of the Board of Commissioners are prohibited to have concurrent position as:
 - 1) Member of the Board of Directors in a State Owned Enterprise/Regional Owned Enterprise/Private Owned Enterprise;
 - 2) Political parties management and or candidate of a legislative; and or
 - 3) Other position which may give rise to a Conflict of Interest.
- c. Member of the Board of Commissioners and member of the Board of Directors must disclose their own shares ownership in the Company or in other Companies in the special register as required by prevailing laws and regulations.
- d. A member of the Company's Board of Directors is prohibited to hold concurrent position as:
 - 1) Member of the Board of Directors in another State Owned Enterprise/Regional Ownrd Enterprise/and Private Owned Enterprise;
 - 2) Structural and other functional position in an institution foundation of the Central and Regional Government;
 - 3) Managers of political parties and or candidate member of the legislative member;



- 4) Other position according to the provision in laws and regulations; and
or
 - 5) Other positions which may give rise to a Conflict of Interest.
- e. The Board of Directors is prohibited to conduct transaction which has Conflict of Interest and take personal profit from the Company's Activities beside remuneration and facilities as member of the Board of Directors stipulated by a GMS.
 - f. The Board of Directors in conducting the procurement of goods and services follow the competition and transparency principle and prioritize the benefit principle for the Company.
 - g. Any Jasa Marga Being is prohibited to misuse her/his position for personal interest or for the interest of the other people or parties impairing the Company's interest.
 - h. Every Jasa Marga Being is prohibited to utilize important and confidential information for personal interests or for the interest of the other people or party detrimental to the Company's interest.
 - i. Every Jasa Marga Being must avoid economic interest in the Company which may give rise to economical conflict of interest.

Regulation regarding Conflict of Interest is further regulated in the Conflict of Interest policy which shall be an inseparable part of this COCG.

21. Gratification

Gratification is an action of giving and or receiving Present/Gift and Entertainment, be it domestically received or overseas, and conducted by using electronic means or without electronic means. Considering the meaning of such gratification above, basically Gratification is natural, in the sense that there is no negative and despicable in the word Gratification. Gratification, however, can also become bribery criminal act/illegal Gratification which is one of Corruption action which may give a legal impact for the giver and also the receiver and at the same time also a negative image to the Company.



A Gratification shall become bribery criminal act/illegal Gratification if meeting the following elements:

- a. Such Gratification is related to the authority position of the Jasa Marga Being in the Company, therefore may give rise to conflicting interest affecting independency, objectivity and also the professionalism of the Jasa Marga Being.
- b. Such Gratification is not reported within a period of 30 (thirty) business days to the Corruption Eradication Commission (KPK) since the date of receiving the Gratification.

Basic Principle of Handling Gratification:

a. Refusing Gratification

Jasa Marga Being if offered/given a Gratification which is not compliant to stipulation regulated in this guideline, **MUST REFUSE** by polite means on such offering /gift, by giving elucidation on the policy and this regulation to the giver. **MUST REPORT** such refusal to the Company's Gratification Control Unit.

The Jasa Marga Being concerned can also request to the Gratification Control Unit to assist informing regarding this guideline as a form of socialization to parties offering/giving Gratification.

b. Giving Gratification

All Jasa Marga Being be it directly or indirectly promise to give and/or provide Gratification to any party having business relation or a competitor of Jasa Marga with the objective to obtain information, or something not allowed by the provision of law , or to influence the party concerned to do or not to do a matter related to her/his position/title.

c. Receiving Gratification

All Jasa Marga Being due to their position and/or their family members (core family), are **PROHIBITED** to receive or request whether directly or indirectly



Gratification from any party which has a business or competitor of Jasa Marga with the intention to obtain information or a matter which is not allowed by the prevailing law and stipulation or to influence the Jasa Marga Being to conduct and/or not to conduct matter related to his/her position/title and received whatsoever from other party which deviate from the law and regulation and prevailing Company's regulation.

22. Information Transparency and Confidentiality and Information from an Insider

In conducting information transparency and confidentiality, the Company base it on prevailing laws and regulations. Information which are not confidential may be published and accessed by the public through existing means and facilities. The Company provide and announce information which must be immediately submitted to *Shareholders* and also other *Stakeholders* in the process of taking quick resolution. One of the media to conduct the Company information transparency is through the Company's official website www.jasamarga.com.

The Company does not publish confidential information or information which has not yet been/allowed to be accessed by the public. All Jasa Marga Being may not conduct actions which may be detrimental to the Company as a result of an information leak whether part or overall to non-interested parties, which covers: The Long Term Plan of the Company (RJPP), The Company's Work Plan and Budget (RKAP), other data or documents which are categorized confidential.

Providing confidential information can only be conducted through special authority by parties appointed by the Company.

Insider Information

Jasa Marga Being cannot disclose all information which are sensitive and confidential related to business activities which are not yet disclosed according to internal regulation and prevailing laws and regulations.



23. Goods/Service Procurement

The Company in conducting its business activities consistently maintain the creation of sound competition according to prevailing laws and regulations by upholding effective and efficient principles, transparent and competitive, transparent, justified/not discriminative and accountable. The development of the procurement system is based on the above principles of GCG. The development of procurement as mentioned above is supported by technological resources, information, organization and adequate human resources.

The goods and services procurement system developed by the Company is conducted by observing the following matters:

- a. Consistently implemented.
- b. Periodically reviewed regarding the sufficiently of the existing procurement system to meet effective and efficient principles, open and competitive, transparent, justified/not discriminative and accountable.
- c. The obligation to avoid conflict of interest transaction and affiliated transaction by all the Jasa Marga Being in the goods and service procurement system.

24. Asset Management

The Company conduct its asset management based on the highest and best (optimization) principle on each asset owned by the Company prudently by observing prevailing laws and regulations. By this type of asset management all information related to the assets can be obtained quickly and easily and affect the decision taking process especially in asset utilization and optimization.

Asset maintenance is conducted by a schedule where the Company has work plan and mechanism of the asset maintenance to protect its safety, trustworthiness and asset administration discipline. Assets with high risk shall be given insurance protection. The Company also effort that every asset owned has a legal document showing the right ownership on such asset.



The Company conduct asset identification and document control on asset used by itself and also by other parties.

25. The Company's Document/Archive Management

The Company's Document/ Archive Management conducted is based on an effective document storage and maintenance based on its effective value and the storage endurance of a document, providing easy access to obtain information/data needed and the process of taking resolution in the Company.

Every function/work unit of the Company owns the plan and mechanism for the maintenance of document/archive covering all the Company's document/archive especially the protection on public document/archive, common, important and confidential. The Company has compile policy regarding the Company's document/archive to be depreciated or destroyed based on prevailing provision and periodically conducted reassessment on the document/archive to analyze its utilization value and storage age.

26. Anti-Bribery Policy

All the Jasa Marga Company's Organ and Jasa Marga Being must implement the Anti-Bribery Policy in conducting their duties and responsibilities.



CHAPTER V

GUIDELINE IMPLEMENTATION

1. Socialization, Implementation and Evaluation

The Company shall conduct continuous COCG socialization, implementation and evaluation stages. The Corporate Secretary shall further handle such stages activities.

Socialization activities shall be conducted to the Company's internal and external Parties. Socialization on internal party shall be stressed on the awareness to the GCG understanding and the consciousness and need to consistently apply the GCG. Socialization to external parties is intended to provide awareness regarding the work process conducted by the Company according to the GCG principles.

COCG implementation shall be conducted consistently and supported by periodic report from the respective work units regarding the implementation of the guideline and related to the reward and punishment system developed by the Company for each work unit and also individual Employee.

The Company shall conduct evaluation on the COCG to know and measure how the COCG compliance meets the need of the Company and the effectiveness of the implementation program conducted. Based on the evaluation result conducted, the development on COCG and improvement from its implementation program shall be conducted continuously.

2. Violation Report Through Whistleblowing System

The Company provide the opportunity to all Jasa Marga Being and other external parties to be able submit report regarding the allegation of violation to the Company in private, by means of the Whistleblowing System provided by Jasa Marga for the need of reporting violation. Such media provided is intended to submit allegation of violation to the COCG and not to submit the reporter personal claims.



Resolution of the Board of Directors PT Jasa Marga(Persero) Tbk

Number : 85/KPTS/2020

Date : 24 September

The identity of the reporter should be clearly mentioned. The Company shall keep the confidentiality of the reporter identity, except if:

- a. It is needed related to the report and investigation conducted by those in authority.
- b. In-line with the interest of the Company and this COCG goal.
- c. Needed to protect the Company's position before the law.

The Whistleblowing System regulation shall be further regulated in Whistleblowing System Policy which shall be an inseparable part of this COCG.

**BOARD OF DIRECTORS
PT JASA MARGA (PERSERO) Tbk**

signed

SUBAKTI SYUKUR
PRESIDENT DIRECTOR

YAN/ESA/DNY/AIS/FWS/AGS/ALP/SRH/BNB/ATH/ALI/DAZ/FIK

I, HARSO SUTANDYO, SWORN TRANSLATOR,
in Jakarta, registered with the Ministry of Law and Human
Rights Republic of Indonesia, do hereby declare this to be
a true and correct translation of the original in Indonesian.

Jakarta, 18 June 2021