



**PT LIPPO KARAWACI Tbk**  
Board of Commissioners Charter

**CHAPTER I**  
**INTRODUCTION**

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**Article 1**  
**Definition**

1. **General Meeting of Shareholders (“GMS”)** is an Organ of the Company that has the authority not given to Board of Directors or Board of Commissioners as regulated in the Law No.40 year 2007 regarding Limited Liability Company and/or Article of Association of the Company.
2. **Board of Directors** is an Organ of the Company that is authorized and fully responsible for the whole affairs of the Company in terms of its interest in accordance with its objective and the purpose of the Company. BOD is also responsible to represent the Company in and outside of the court.
3. **Board of Commissioner** is an Organ of the Company that has the duty to supervise generally and/or specifically and provide advices to the Board of Directors.
4. **Independent Commissioner** is a member of Board of Commissioners that is from outside of the Company that meets the requirements to become an Independent Commissioner as regulated in POJK No.33/2014.
5. **Organ of the Company** is the Board of Directors, Board of Commissioners from outside the Company and meet the requirements as Independent Commissioners.
6. **Company** is PT Lippo Karawaci Tbk .
7. **Nomination and Remuneration Committee** is a Committee that is established by and responsible to the Board of Commissioners in performing its function and responsibilities that is associated with Nomination and Remuneration of the Board of Directors and Board of Commissioners.
8. **Nomination** is a nomination for an individual to be appointed as a member of the Board of Commissioner or Board of Directors or Senior Executive.
9. **Remuneration** is a designated honorarium to be distributed to the Board of Directors and the Board of Commissioners according to its duties, authorities and responsibilities.
10. **Senior Executive** is the highest Management in the Company or a level below the Board of Directors

## **CHAPTER II**

### **LEGAL FOUNDATION, MISSION, PURPOSES AND OBJECTIVES**

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#### **Article 2**

##### **Legal Foundation**

This charter of the Board of Commissioner is regulated based on:

1. Law No. 40 Year 2007 regarding Limited Liability Company.
2. Regulation of Financial Services Authority No. 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of Company or Public Company.
3. Regulation of Financial Services Authority No. 34/POJK.04/2014 regarding Nomination and Remuneration Committee of Company or Public Company (POJK 34/2014)
4. Regulation of Indonesia Stock Exchange No. I-A regarding the Registration of Shares and Equity in addition Shares Issued by the Listed Company.
5. Regulation of Financial Services Authority No. 55/POJK.04/2015 regarding Establishment and Implementation Guidance of the Audit Committee
6. Article of Association of the Company

#### **Article 3**

##### **Mision**

The Board of Commissioners charter is regulated to help the members in performing their duties and responsibilities so will be able to supervise better on the performance of the Board of Directors of the Company in running the business for the best interest of the Company and in accordance to the purpose and objective of the Company. This charter is also to help the members to improve the principle and application of Corporate Governance of the Company in doing the duties and responsibilities of the Board of Commissioners.

#### **Article 4**

##### **Purpose and Objectives**

The charter of the Board of Commissioners is regulated as a work guideline for the members so that they can perform their duties and responsibilities optimally, transparently and in line with the regulations that apply so that it can be accountable and accepted by interested party. This charter is regulated to give clarity of the relationship between the Board of Commissioners and other organs in the Company so that each of them can perform their duties, responsibilities, and authorities optimally and effectively.

**CHAPTER III**  
**MEMBERSHIP, APPOINTMENT, AND DISMISSAL**

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**Article 5**  
**Organizational Structure**

1. The Board of Commissioners must at least consist of 3 (three) members of Commissioners, which consist of:
  - a. A President Commissioner
  - b. A Vice President Commissioner (if any); and
  - c. A Commissioner
2. If the Board of Commissioners consist of 2 (two) members, 1 (one) of the members must be an Independent Commissioner.
3. If the Board of Commissioners consist of more than 2 (two) members, the number of Independent Commissioner must be at least 30% (thirty percent) from the total members of the Board of Commissioner.
4. The position of each member of the Board of Commissioners, including the President Commissioner is the same.

**Article 6**  
**Membership Requirements**

1. Individuals that can be a member of the Board of Commissioners are those who meet the requirements at the time of appointment and during his tenure:
  - a. Have a character, moral, and good integrity;
  - b. Proficient in doing legal acts;
  - c. During 5 (five) years before the appointment and during his tenure:
    - 1) Never declared bankrupt;
    - 2) Never a member of Board of Directors and/or a member of Board of Commissioners that is declared guilty causing a company declared bankruptcy;
    - 3) Never been convicted because of crimes that harmed state's financial and/or is related with financial sector; and
    - 4) Never been a member of Board of Directors and/or a member of Board of Commissioners that while in his tenure that:
      - a) Do not hold an Annual General Meeting (AGM);
      - b) Accountability as a member of the Board of Directors and/or member of the Board of Commissioners is not accepted by GMS or do not give any accountability as a member of the Board of Directors and/or a member of the Board of Commissioners to the GMS; and
      - c) Caused a licensed company which has an agreement, or registered to Financial Services Authority not to fulfill the requirement to submit Annual Reports and/or financial report to the Financial Services Authority.
  - d. Have a commitment to follow the regulations; and
  - e. Have knowledge and/or expertise in the field that is needed by the Company.

2. Besides fulfilling the requirements stated in para (1), an Independent Commissioner must fulfill the requirements as follows:
  - a. Not the people who work or have authority and responsibility to plan, lead, control, or supervise over the activities of the Company within the last 6 (six) months, unless for reappointment as an Independent Commissioner of the Company for the next period;
  - b. Do not have direct or indirect shares of the Company;
  - c. Do not have any affiliation with the Company, members of the Board of Directors, members of the Board of Commissioners, or major shareholders of the Company; and
  - d. Do not have any direct or indirect business relationship with the Company's activities.
3. Willingness to be appointed and meet the requirements as a member of the Board of Commissioners or Independent Commissioner as stated in para (1) and/or para (2) must be stated in a statement letter which is signed by all of the members of the Board of Commissioners and submitted to the Company.
4. Requirements in para (1) and (2) must be fulfilled by all of the members of the Board of Commissioners in their tenure.

#### **Article 7 Concurrent Position**

1. Members of the Board of Commissioner can have concurrent position as:
  - a. As a member of Board of Directors at no more than 2 (two) companies or other public companies;
  - b. As a member of Board of Commissioner at no more than 2 (two) companies or other public companies
2. If the Board of Commissioners do not hold concurrent positions as a member of the Board of Directors, then the relevant members may be concurrent positions as members of the Board of Commissioners at no more than 4 (four) companies or any other public companies.
3. Members of the Board of Commissioners may have 5 (five) committees at maximum in the Company and other public companies where the relevant members also serve as member of the Board of Directors or the Board of Commissioners.
4. Concurrent position as mentioned in para (3) can only be done as long as do not conflict with other regulations.
5. If any other regulations which control the provisions of concurrent position differently with the regulations of Financial Services Authority, then the more restrictive applies.

#### **Article 8 Appointment, Dismissal, and Tenure**

1. Members of the Board of Commissioners are appointed and dismissed by the General Meeting of Shareholders (GMS).
2. Members of the Board of Commissioners are appointed for 1 tenure period which is started from the closing of appointing GMS until the closing of third GMS after the date of the appointment, without decrease the right of GMS to dismiss the members of the Board of Commissioners at any time.

3. The mechanism of appointment, replacement, dismissal members of the Board of Commissioners is regulated in the Article of Association of the Company.
4. Proposal of appointment, dismissing, and/or replacement of the Board of Commissioners to the GMS must be regarded by the recommendation from the Board of Commissioner or Remuneration and Nomination Committee.
5. The tenure of Independent Commissioner at most 2 (two) consecutive terms.
6. Members of the Board of Commissioners are appointed for a certain term of office in accordance with the Article of Association and can be reappointed.
7. An Independent Commissioner that has be on duty for 2 (two) periods of term of office can be reappointed for the next period as long as that Independent Commissioner declares to the GMS that he/she will remain Independent in accordance to Article 25 POJK 33/2014.
8. Independency statement of the Independent Commissioner as regulated in para (6) shall declare in the Annual Report

### **Article 9 Resignation**

1. Members of the Board of Commissioners can resign from his office even though his term of office has not ended.
2. If a member of the Board of Commissiners resigns from his office before his tenure ended, the member must write a resignation letter to the Company.
3. The Company must organize a GMS to decide the resignation from the member of the Board of Commissioners as mentioned in para (2) no later than 90 (ninety) days after receiving the resignation letter.
4. The Company must disclose this information to the public and convey to Financial Service Authority no later than 2 (two) working days after:
  - a) The resignation letter of the member of the Board of Commissioners is received as mentioned in para (2).
  - b) The result of GMS as mentioned in para (3).

### **Article 10 Duties of Board of Commissioners**

1. The Board of Commissioners is obliged to:
  - a. Conduct a supervision on the management of the Company by the Board of Directors in general, both the Company or the business of the Company as well as provide advices to the Board of Directors.
  - b. Perform duties that are specifically given according to the Article of Association, the legislation and/or based on the result of GMS; and
  - c. Perform duties, responsibilities and authority in accordance with the Article of Association of the Company and the result of GMS.
2. In implementing the supervision referred to para (1), the Board of Commissioners shall direct, monitor and evaluate the implementation of the strategic policy of the Company.

3. Members of the Board of Commissioners must do their duties and responsibilities as mentioned in para (1) with good intention, full of responsibilities, and prudence.
4. Members of the Board of Commissioners are obliged to perform their duties and responsibilities independently.
5. Members of the Board of Commissioners are obliged to implement and ensure the performance of Management Risk and the principles of Good Corporate Governance in every business activities of the Company for every level in organisation.
6. Members of the Board of Commissioners shall evaluate and approve the work plan of the Company
7. Members of the Board of Commissioners are obliged to facilitate and encourage business development of the Company
8. To support the effectiveness of performing duties and responsibilities, the Board of Commissioners shall establish an Audit Committee and other committees in accordance with the applicable regulation.
9. The Board of Commissioners shall ensure the performance of the established committees in doing their duties effectively.
10. Members of the Board of Commissioners shall evaluate the performance of each committee that helps the Board of Commissioners in doing their duties and responsibilities on every end of the fiscal year.
11. In certain circumstances, the Board of Commissioners is obliged to convene the AGM and other GMS in accordance with the authority as regulated in the regulation and Article of Association.
12. The duty of the President Commissioner as primus inter pares is mainly coordination the activities of the Board of Commissioners and ensure every member will be able to deliver their opinion which based on adequate information
13. The GMS is chaired by a member of the Board of Commissioners whom appointed by the Board of Commissioners. If all members are absent or unavaivable, it is not necessary to prove to a third party, then the GMS shall be chaired by a member of a member of the Board of Directors appointed by the Board of Directors. If all members are absent or unavailable, then the GMS shall be chaired by the Shareholders who is present in the GMS whom appointed from and by the participants of the GMS.

### **Article 11**

#### **Reporting and Responsibilities of Board of Commissioners**

1. Every member of the Board of Commissioners is responsible to the Company for the mistake and negligence caused by the Board of Commissioners in doing their duty.
2. Members of the Board of Commissioners cannot be held responsible for the loss of the Company as mentioned in verse (1) if they can prove:
  - a. Loss is not caused by their mistake or negligence;
  - b. They have perform with good intention, caution, and full of responsibility for the sake of the best interest of the Company and the purpose and objective of the Company;
  - c. Do not have conflict of interest directly or indirectly in doing their job that caused loss; and
  - d. Have taken an action to prevent the loss or the continuous loss.

**Article 12**  
**Authority of Board of Commissioners**

1. The Board of Commissioner gives approval and assistance to the Board of Directors in performing certain legal actions as regulated in the Article of Association of the Company;
2. The decision by the Board of Commissioners does not negate the responsibility of the Board of Directors in the implementation of the management of the Company.
3. The Board of Commissioner either jointly or individually at any time in the working hours of the Company is entitled to enter the building and yard or other places used or controlled by the Company and also entitled to examine all the books, letters and other documents, examine and verify the financial position and others as well as the right to know all the actions taken by the Board of Directors.
4. The Board of Commissioner may request to convene GMS
5. Members of the Board of Commissioners can temporary dismiss a director or more at any time if the director act contrary to the article of association and/or the applicable regulations.
6. The temporary dismissal shall be disclosed to the related director along with the reasons.
7. In a period of at least 90 (ninety) days after the dismissal of the Board of Commissioners must for organizing the GMS that will decide whether the members of the Board of Directors is concerned to be dismissed so or returned to its original position, while the members of the Board of Directors who has been suspended given an opportunity to be present to defend himself
8. The mechanism of the implementation of the GMS as referred to in para (3) above regulated in the article of association of the Company
9. The Board of Commissioner may take action in the management of the Company in certain circumstances for a certain period of time
10. The authority mentioned in para (4) is stipulated based on the Article of Association or the decision of GMS.
11. In performing its duties and responsibilities, the Board of Commissioners is not involved in the decision making operational activities of the Company, except for matters stipulated in the article of association of the Company or the applicable regulations.
12. The Board of Commissioners reserves the right to access all data, information and/or report the Company needed to perform their duties and responsibilities
13. Requests the data, information and/or reports submitted through the Corporate Secretary of the Company

**Article 13**  
**Board of Commissioners Meeting**

1. The Board of Commissioners must convene a meeting at least 1 (one) time every 2 (two) months, except when deemed necessary by the President Commissioner or by at least 2 (two) Commissioners or by the Meeting or the Board of Directors.
2. The meeting of the Board of Commissioners chaired by the President Commissioner, If the President Commissioner is absent or unavailable, which does not need to prove to a third party, then the meeting will be chaired by an individual appointed by and from the members of the Board of Commissioner present



3. The Board of Commissioners must hold a meeting with the Board of Directors at least 1 (one) time every 4 (four) months.
4. Members present in the meeting must be disclosed in the Company's annual report.
5. The presence of members of the Board of Commissioners at the meeting shall be disclosed in the Annual Report of the Company
6. The Board of Commissioners must schedule the meetings for the next year before the fiscal year ends.
7. When the schedule is set, the meeting material must be given to the attendees no later than 5 (five) days before the meeting is held.
8. When the meeting is held out of the scheduled time, the material of the meeting must be given to the attendees before the meeting started.
9. The mechanism of the Board of Commissioners meeting is regulated in the article of association of the Company
10. The result of the meeting will be written in the minutes of meeting and documented properly
11. The Minutes of the Board of Commissioners meeting made by the Company Secretary or a party designated in the meeting and signed by all members of the Board of Commissioners present in the meeting.

#### **Article 14**

#### **Decision Making in the Board of Commissioner Meeting**

1. Making decision in the Board of Commissioners meeting is based on consensus.
2. If a decision is not reached consensus, decision made by the affirmative vote of more than ½ (one half) of the total votes at the meeting.
3. If the vote agree and disagree equally balanced, then the chairman of the meeting will determine.
4. The result of the meeting as mentioned in Article 13 para (1) must be written in the minutes of meeting, signed by all of the members of the Board of Commissioners that are present.
5. The result of meeting as mentioned in Article 13 para (3), must be written in the minutes of meeting, signed by all of the members of the Board of Commissioners that are present.
6. If there is a member of the Board of Directors and/or Board of Commissioners that does not sign the result of the meeting as mentioned in para (1) and (2), the person must declare the reason in writing in a separate letter that is to be attached to the minutes of meeting.
7. The Board of Commissioners can make a legitimate decision without having the Board of Commissioners meeting, under the condition that all of the members of the Board of Commissioners are informed in writing and all of the members approve the submitted proposal in writing and also sign that agreement. The decision taken in this way, have the same power with the legitimate decision in the Board of Commissioners meeting.
8. The mechanism of decision making in the Board of Commissioners meeting is regulated in the Article of Association of the Company
9. Every legally decision in the Board of Commissioners meeting are binding to all members of the Board of Commissioners.
10. Dissenting Opinion that occurs in the meeting of the Board of Commissioner shall be clearly stated in the minutes of meeting and the reasons such dissent

**Article 15**  
**Working Relationship**

1. All members of the Board of Commissioners shall be appointed and accountable directly to the GMS
2. Independent Commissioner should be independent of the interests of the controlling shareholders to encourage the creation of a working environment that is more objective and puts fairness and equality among various interests, including the interests of minority shareholders and other stakeholders.
3. Members of the Board of Commissioners shall comply with the provisions of Article 21 para (1) and (2) POJK No.33/2014 during his tenure
4. The Board of Commissioners jointly with the Board of Directors may actively solicit the opinion of the controlling shareholder and/or other parties who have the skills/competence/expertise in certain fields as a consideration in the strategic decision making process for the benefit of the company as well as to ensure that there is no conflict of interest in the strategic decisions
5. The interests of minority shareholders should be considered, especially for corporate actions related to the merger, consolidation, acquisition or separation
6. The Board of Commissioners conduct supervision and evaluation based on the duties and responsibilities.

**CHAPTER IV**  
**TRANSPARENCY, CODE OF ETHICS AND OFFICE HOUR**

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**Article 16**  
**Transparency**

In performing the duties and responsibilities, each member of the Board of Commissioners shall observe and uphold the following things:

1. Convey (if any) their family and business relationship with members of the Board of Commissioners or members of the Board of Directors or the controlling Shareholder
2. Members of the Board of Commissioners shall report the ownership including the shares of their family to the Company through the Corporate Secretary to be published in the Special Register Shareholder as stipulated in the article of association of the Company
3. Members of the Board of Commissioner is obliged to report every share transaction to the Company through the Corporate Secretary within 2 (two) working days since the transaction occurs
4. If there is conflict of interest between the Company and members of the BOC, the related member is prohibited from taking action that could harm the Company or reduce the profits of the Company and must disclose conflicts of interest referred to in any decision.
5. Disclosure of conflicts of interest written in the minutes of meetings at least include the name of the party who has a conflict of interest, the main issue of conflict of interest and the basic consideration of decision making

**Article 17**  
**Code of Ethics**

In performing the duties and responsibility, each member of the Board of Commissioner shall observe and uphold the following things:

1. Members of the Board of Commissioners shall perform their duties and responsibilities independently
2. Members of the Board of Commissioners shall perform their duties with full responsibility, good faith, integrity, prudence and uphold and put forward the professionalism and business etiquette.
3. Members of the Board of Commissioners are obliged to maintain the confidentiality of information related to the Company, especially the material information that could affect the Company's operations
4. Members of the Board of Commissioners should be an example for employees in the application of code of ethics of the Company and to always act according and submit to the article of association of the Company, the regulation of capital market, Law No. 40 year 2007 regarding Limited Company and others applicable regulations related to the business of the Company.
5. Members of the Board of Commissioners perform its duties and responsibilities independently toward the Shareholders and the Board of Directors.
6. Members of the Board of Commissioners are prohibited from utilizing the Company for personal or family interests, and/or other parties that may harm the Company
7. Members of the Board of Commissioners are prohibited from taking personal interest both directly and indirectly from the activities of the Company other than legitimate income
8. Members of the Board of Commissioners shall be submit to the values and code of ethics of the Company

**Article 18**  
**Furlough/Temporary Absent**

To smoothly perform the duties and responsibilities of the Board of Commissioner, so the provisions of furlough or temporary absent is regulated as follow:

1. If a member of the Board of Commissioners on leave or absent for the things that cause the members of the Board of Commissioners are unable to perform their duties in a certain period, the related member shall provide written notification to all members of the Board of Commissioners
2. For the President Commissioners, the notification shall be conveyed to all the members of the Board of Commissioners
3. The letter notification of furlough/ temporary absent which mentioned above, shall include the numbers of days off or the days when the member will not be able to perform the duties and responsibilities.
4. Members of the Board of Commissioners who are on furlough/temporary absent shall submit the power of attorney to other members of the Board of Commissioners to make decision in the BOC meeting

**Article 19**  
**Office Hour**

1. The Board of Commissioners is obliged to provide an enough time to perform its duties and responsibilities optimally
2. The Board of Commissioners is obliged to attend at least in the Board of Commissioners meeting and a committee meeting in which members of the Board of Commissioners are the members of the committee. If the member of the Board of Commissioner is unavailable, the member could authorize another member of the Board of Commissioner.

**CHAPTER V**  
**BOARD OF COMMISSIONERS ORIENTATION AND TRAINING**

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**Article 20**  
**Orientation Program**

Orientation Program is given to all of the BOC members that join the Company. The reason is so that Board of Commissioner can understand the Company in a short time and can do their job well.

**Article 21**  
**Scope of Orientation Program**

1. Knowledge about the Company such as:
  - a. Vision, Mission, Purpose and Objective of the Company;
  - b. Strategy of the Company;
  - c. Short-term and Long-term Plan of the Company;
  - d. Operational Performance of the Company;
  - e. Financial Performance of the Company; and
  - f. Risk Management of the Company.
2. Knowledge about the position of Board of Commissioners such as:
  - a. Duties, Responsibilities and Authority of Board of Commissioners;
  - b. Office Hour;
  - c. Relationship with Board of Directors;
  - d. Rules / Regulations, and so on.
3. Board of Commissioners members that join the Orientation Program can:
  - a. Ask for explanations and presentation to get some information about some aspects that are needed from management under his control.
  - b. Have a meeting with the Board of Directors to discuss about the problems in the Company or information that is needed.
  - c. Pay a visit on locations where Company activities/branches are, with Board of Directors/Management.

**Article 22**  
**Document of Orientation Program**

The documents are needed for orientation program of the Board of Commissioners as follow:

1. Article of Association of the Company;
2. Business Plan of the Company;
3. The regulations of Capital Market and/or policies of the Company;
4. Annual Report of the Company

**Article 23**  
**Board of Commissioners Training Program**

Members of the Board of Commissioner are obliged to follow new updates about economy, monetary, industrial property and so on as well as improve their self competence for the progress of the Company through Seminar, Visit, Benchmark, and Brainstorming.

**CHAPTER VI**  
**VALIDATION AND COMPLIANCE**

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**Article 24**  
**Validation**

1. The charter of the Board of Commissioner is valid from the date of enactment and has an expiry date that is unlimited but it can be adjusted and/or changes at any time in accordance with the needs of the Company
2. Adjustment and/or changes in the charter of the Board of Commissioners could be done only by the approval of the Board of Commissioners.

**Article 25**  
**Compliance**

1. The charter of the Board of Commissioners is obliged to be signed by all members of the Board of Commissioners and must be obeyed, adhered to and implemented by all members of the Board of Commissioners
2. If there is a breach of the charter of the Board of Commissioners, it will be applied the provisions as regulated in the article of association and the regulations in capital market

**CHAPTER VII**  
**CLOSING**

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**Article 26**  
**Closing**

1. Further details regarding the terms and reference of the Board of Commissioners will refer to the Article of Association of the Company
2. The charter of the Board of Commissioners is effective from the date of enactment
3. The charter of the Board of Commissioners shall be published in the official website of the Company
4. The charter of the Board of Commissioners may be reviewed periodically, or updated when deemed necessary for more refined with considering the provisions and the applicable legislation and approval from the Board of Commissioners

**Set in Lippo Karawaci**

**On 26 February 2016**

**Board of Commissioners**

