



# **PT LIPPO KARAWACI Tbk**

## **Board of Directors 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 Law No. 40 year 2007 regarding Limited Company and/or the Company’s Article of Association.
2. **Board of Directors** is an organ of the Company that is fully authorized and responsible for the whole affairs of the Company in terms of its interest in accordance with the objective and purpose of the Company as well as responsible to represent the Company in and outside of the court.
3. **Independent Director** is a member of the Board of Directors who are from outside of the Company and meet the requirements as Independent Director.
4. **Board of Commissioners** is an Organ of the Company that is authorized to supervise in general and/or in specific as well as provide advices to the Board of Directors.
5. **Organ of the Company** includes Board of Directors, Board of Commissioners and GMS.
6. **Company** is PT Lippo Karawaci Tbk.
7. **Nomination and Remuneration Committee (“Committee”)** is a Committee that is established by and responsible to the Board of Commissioners (“BOC”) in performing its function and duties that are associated with Nomination and Remuneration of the Board of Directors (“BOD”) and BOC.
8. **Nomination** is a nomination to appoint an individual to be assigned as a BOC or BOD.
9. **Remuneration** is a designated honorarium to be distributed to BOD and BOC according to its duties, authorities and responsibilities.

## CHAPTER II LEGAL FOUNDATION, MISSION, PURPOSES AND OBJECTIVES

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### Article 2 Legal Foundation

This BOD charter is regulated with reference to:

1. Law No. 40 year 2007 regarding Limited Company.
2. Financial Services Authority Regulation No. 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of the Company or Public Company.
3. Indonesia Stock Exchange Regulation No I-A regarding the Registrasion of Shares and Equity in addition Shares Issued by the Listed Company.
4. The Article of Association of the Company

**Article 3**  
**Mission**

Board of Directors considers the importance of Good Corporate Governance (GCG) and Corporate Social Responsibility (CSR) in order to enhance and strengthen the trust of Shareholders, Stakeholders and the public. The Board of Directors believes that implementation of Corporate Governance on the basis of the principles of GCG and CSR will be beneficial to the interests of the Company and all shareholders of the Company.

**Article 4**  
**Purposes and Objectives**

The Board of Directors Charter is regulated as a working guideline for BOD in order to perform their duties and responsibilities in a transparent, accountable, responsible, independent, and fair in the efforts to achieve purposes of the Company as well as provide an expected value by the interested parties. This charter is regulated to provide clarity of the relationship between members of the Board of Director with other members of the Company so that each party can perform the duties, responsibilities, and authority to the optimum and effective. BOD is obliged to follow this Charter, and submit to the legal basis on which the Charter is regulated and implementing high etiquette standard in performing its duties and responsibilities.

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

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

1. The Company is managed and led by the Board of Directors consisting of at least 3 (three) members of the Board of Directors:
  - a. A President Director
  - b. A Vice President Director (if appointed); and
  - c. A Director
  
2. The Company is obliged to have at least 1 (one) Independent Director.

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

1. An individual who may be a member of the Board of Directors is the individual who meet the requirements upon appointment and during his tenure :
  - a) Has a good character, morals, and integrity;
  - b) Proficient doing legal actions;
  - c) Within five (5) years prior to appointment and during his tenure:
    - i) Not been declared bankrupt;
    - ii) Never become a member of BOD and/or BOC who were found guilty and causing a company to go bankrupt;

- iii) Never been convicted of criminal acts that harm the country's financial and / or relating to the financial sector; and
  - iv) Never become a member of BOD and/or members of BOC during his tenure:
    - (1) Not hold Annual General Meeting;
    - (2) Responsibility as a member of the Board of Directors and /or members of the BOC have not been accepted by the AGM or never give a responsibility as a member of the Board of Directors and /or members of BOC to the AGM; and
    - (3) Ever caused a company that has a permit, approval, or registration from the Financial Services Authority does not fulfill the obligation to provide annual reports and/or financial reports to Financial Services Authority.
  - v) Have a commitment to comply with laws and regulations; and
  - vi) Have knowledge and /or expertise in the field needed by the Company.
2. Compliance with the requirements as mentioned in para (1), the Independent Director shall meet the requirements as follow:
- a. Not affiliated with the controlling shareholders of the Company at least 6 (six) months prior to his appointment as Independent Director;
  - b. Not affiliated with members of BOC or members of BOD of the Company;
  - c. Is not working as Directors in other companies;
  - d. Not being of people in institutions or professions and capital Market services are used by the company during the 6 (six) months prior to his appointment as an Independent Director.
3. Willingness to be appointed and qualify as members of BOD or Independent Directors in accordance with para (1) and/or para (2) shall be stated in an affidavit signed by each member of the Board of Directors and the Independent Director and delivered to the Company. Affidavit shall be investigated and documented by the Company.
4. The requirements in para (1) and (2) should be fulfilled by all members of BOD during their tenure.

## **Article 7**

### **Concurrent Position**

1. Members of the Board of Director may hold concurrent positions as:
  - a. Member of BOD at no more than 1 (one) company or another public company;
  - b. Members of BOC at no more than 3 (three) companies or other public listed companies;
  - c. Committee members at most 5 (five) committees in company or any other public company in which the concerned also a member of BOD or the BOC.
2. Concurrent positions referred to para (1) can only be achieved as it does not conflict with other legislation.
3. If there are other regulations that regulate the provision of different concurrent position with Financial Services Authority regulations, then the more restrictive applies.
4. Independent Directors are prohibited from holding concurrent positions as Directors in other companies.

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

1. Members of the Board of Directors are appointed and dismissed by GMS.
2. Members of the Board of Directors appointed by the GMS for a term of 1 (one) period, which as of the closing of the GMS that appoint members of the Board of Directors until the closing of the third GMS after the date of their appointment, without reducing the right of the GMS to dismiss members of the Board of Directors at any time.
3. Members of the Board of Directors whose term of office has expired may be reappointed to the provisions of Articles of Association and the legislation.
4. Term of office of Independent Director is 2 (two) consecutive terms at most.
5. The Independent Director who has served for 2 (two) periods of tenure may be reappointed in the next period in accordance with applicable regulations.
6. The mechanism of appointment, replacement and dismissal is regulated in the Article of Association of the Company.
7. The proposed appointment, dismissal and/or replacement of members of the Board of Directors to GMS must consider a recommendation of Nomination & Remuneration Committee.
8. The Company is obliged to hold GMS in order to announce the replacement of members of the Board of Directors who do not meet the requirements as regulated in Article 6 para (1) and (2) as above.
9. When the Independent Director is in vacant, the Company must fill it at the AGM no later than the next or within 6 (six) months after the vacancy occurs.
10. GMS is able to:
  - a. Appoint an individual to fill position of the dismissal Director; or
  - b. Fill a vacant position of the resigned Director; or
  - c. Appoint an individual as Director to fill the vacancy;
  - d. Add a new member of the Board of Directors.

The tenure of an appointed individual to replace a member of the Board of Directors who are dismissal or resign or to fill a vacancy is for the remaining tenure of the dismissed/replaced member and the tenure of the additional members is for the remaining tenure of the Board of Directors still serving in the period, unless different stipulated in the GMS.

11. The proposed appointment, dismissal and/or replacement of members of the Board of Directors to GMS must consider a recommendation from the Board of Commissioners or the committee which runs the nomination function.
12. Members of the Board of Directors granted the salary as well as facilities and other benefits which the number and the types are determined by GMS with due regard to the legislation.

**Article 9**  
**Resignation and Temporary Dismissal**

1. Members of BOD may submit the resignation before end of his tenure
2. If a member of the Board of Directors resigned as mentioned in para (1) above, the relevant member shall submit the resignation to the Company through the Board of Directors.
3. The Company must organize a GMS to decide the resignation letter from BOD as mentioned in para (2) no later than 90 (ninety) days after receiving the resignation letter.
4. The Board of Directors must disclose to the public and convey to the Financial Services Authority at least 2 (two) working days after:

- a. Acceptance of the resignation of the Board of Directors as referred to in Article 9 para (2); and
  - b. The results of the implementation of the GMS as referred to in Article 9 para (3).
5. Members of the Board of Directors may be dismissed for temporary by the Board of Commissioners with stating the reason
6. The suspension as mentioned in para (5) should be submitted in writing to the relevant member of the Board of Directors.
7. When the member of the Board of Directors who temporary dismissed as mentioned in para (5), the Board of Commissioners shall hold the GMS to revoke or strengthen the decision of the temporal dismissal.
8. The GMS as referred in para (7) must be held within a maximum period of 90 (ninety) days after the date.
9. With the lapse period of the GMS as referred in para (8) or the GMS cannot make decision, then the temporal dismissal as mentioned in para (5) will be canceled.
10. In the GMS as referred in para (7), the relevant member of the Board of Directors is given the opportunity to defend themselves.
11. The temporary dismissed Director as mentioned in para (5) is not authorized to:
  - a. Perform the management of the Company for the benefit of the Company in accordance with the purposes and objectives of the Company; and
  - b. Represent the Company in and out of court.
12. Restrictions on the authority referred in para (11) applies since the decision of temporary dismissal by the Board of Commissioners up to:
  - a. GMS decision that reinforce or cancel the temporary dismissal; or
  - b. The lapse period as mentioned in para (9).
13. The Board of Directors must disclose the information to the public and announce to the Financial Services Authority at the latest 2 (two) working days after:
  - a. The decision of the temporary dismissal; and
  - b. The results of GMS as referred in para (7) or information regarding the cancellation of the temporary dismissal by the Board of Commissioners because of there is no GMS until the lapse period as mentioned in para (9).
14. Regarding the additional members of the Board of Directors, the tenure of the members shall expire simultaneously with the expiration of the term of office of other members of the Board of Directors determined as its GMS.

## **CHAPTER IV**

### **DUTIES, RESPONSIBILITIES, AUTHORITIES**

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#### **Article 10**

#### **Duties and Responsibilities of Board of Directors**

1. Board of Directors is in charge of running and responsible for the management of the Company for the benefit of the Company in accordance with the purposes and objectives of the Company that have been defined in the Article of Association.
2. The Board of Directors is obliged to maintain the Company in accordance with its authority and responsibility as regulated in the Article of Association and the regulations.
3. The Board of Directors manage the asset of the Company in accordance with the regulations.

4. The Board of Directors is obliged to implement risk management and Good Corporate Governance principles in every activity of the Company and at all levels of the organization.
5. The Board of Directors designate organization structure and working system of the Company.
6. The Board of Directors shall hold an Annual General Meeting and other GMS in accordance with the laws and Article of Association.
7. Each member of the Board of Directors shall perform the duties and responsibilities as mentioned in para (1) with good faith, full of responsibility, and prudence.
8. To support the effectiveness of the implementation of tasks and responsibilities, the Board of Directors may establish committees.
9. If the Board of Directors formed a committee, the Board of Directors shall conduct a performance evaluation of the committee in each financial year end.
10. The Board of Directors shall responsible their performance to the shareholders through GMS.

### **Article 11**

#### **Authorities of Board of Directors**

1. The Board of Directors is authorized to perform the management of the Company as mentioned in Article 10 in accordance with the regulations deemed appropriate, in accordance with the purposes and objectives set out in the Articles of Association.
2. The Board of Directors is authorized to represent the Company in and out of court on all matters and in any event, bind the Company by other parties and other parties with the Company, and perform all actions, both regarding the maintenance and ownership, but with the restriction that for actions as follow the requirement from the Board of Commissioners will be needed:
  - a. Borrow or lend money on behalf of the Company (excluding withdraw money from the credits which have been opened, and in the event the Company is the Company's operations)
  - b. Buy/sell or acquire/release the rights to the real property owned by the Company except in matters performing their business
  - c. Collateralize/offers in any form immovable goods owned by the Company
  - d. Doing equity or equity participation in the release of the Company's to another without decreasing the permits authorized
  - e. Transfer, dispose the rights or guarantees of debt with a value up to 50% of the Company's total net assets in any one financial year in a single transaction or several transactions that stand alone or are related to one another.
3. Legal actions to transger or as security, all or more than 50% of the total net assets of the Company either in one transaction or several transactions that stand alone or are related to one another, which occur within a period of once fiscal year, except in order to conduct the Company's operations, must be approved by the GMS with regard to the provisions of the Article of Association of the Company.
4. 2 (two) members of the Board of Directors act together for and on behalf of the Board of Directors as well as representing the Company.
5. The Board of Directors is not authorized to represent the Company if:
  - a. There is a case between members of the Board of Directors and the Company in the courts; and
  - b. Member of the Board of Directors has a conflict of interest with the interests of the Company.
6. If there are instances mentioned in para (5), who are entitled to represent the Company are:

- a. Other members of the Board of Directors members who do not have conflicting interests with the Company;
  - b. Commissioners if all of the Directors have a conflict of interest with the Company; or
  - c. Other parties appointed by the GMS if all members of the Board of Directors and Board of Commissioners have conflict of interest with the Company.
7. The Board of Directors or Directors for certain acts are also entitled to appoint one or more as a representative or attorney to give him the power as regulated in the Power of Attorney.
8. Members of the Board of Directors is prohibited to give attorney to other parties that caused transfer of duties and functions of the Board of Directors
9. The division of duties and authority of management among members of the Board of Directors is determined based on the result of GMS. If the GMS does not determine, then the division of duties and authority of the members of the Board of Directors determined by the decision of the Board of Directors.

## **CHAPTER V**

### **BOARD OF DIRECTORS MEETING**

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#### **Article 12**

##### **Frequency**

1. Board of Directors shall hold regular meetings at least one (1) time in every month and/or may be held in any time:
  - a. Consider necessary by one or more Directors
  - b. By written request from one or more member(s) of the Board of Commissioners; or
  - c. By written request from one or more shareholders who altogether represent 1/10 (one tenth) or more than total all the shares by voting.
2. The Board of Directors shall hold a joint meeting with the Board of Commissioners on a regular basis at least 1 (one) time in every 4 (four) months.
3. Every policy and strategic decision are obliged to be decided through the Board of Directors Meeting.

#### **Article 13**

##### **Meeting Provisions**

1. The Board of Directors meetings as mentioned in Article 12 para (1) may be held only if attended by a majority of all members of the Board of Directors.
2. The attendance of the Board of Directors in the Meeting as mentioned in Article 12 para (1) and (2) is obliged to be disclosed in Annual Report of the Company.
3. The Board of Directors shall schedule the next meeting referred to Article 12 para (1) and (2) for the next year prior to the end of the fiscal year.
4. If the schedule has been set as mentioned in para (3), the meeting materials must be distributed to the meeting participants no later than five (5) days before the meeting is held.
5. If the meeting is held outside the schedule that had been set as mentioned in para (3), meeting materials must be submitted to the meeting participants at least before the meeting begins.
6. The mechanism of the Board of Directors Meeting is regulated in Article of Association of the Company.



**Article 14**  
**Decision Making**

1. Decision-making of the Board of Directors Meeting as mentioned in Article 12 para (1) is conducted by consensus.
2. If a decision is not reached by consensus as referred in para (1), decisions are made by a majority.
3. The result of the Board of Directors Meeting as referred in Article 12 para (1) shall be announced in the Minutes of Meeting and signed by all attended members of the Board of Directors and disclosed to them all.
4. The result of the Board of Directors Meeting as referred in Article 12 para (2) is obliged to be announced in Minutes of Meeting and signed by all attended members of the Board of Directors and all attended members of the Board of Commissioners, and disclosed to all member of the Board of Directors and the Board of Commissioners.
5. If a member of the Board of Directors and/or a member of the Board of Commissioners who does not sign the meeting referred to in para (3) and (4), the relevant member shall state the reason in writing with separate letter which attached in the Minutes of Meeting.
6. The Minutes of Meeting as referred to in para (3) and (4) shall be documented by the Company
7. Dissenting Opinion occurs in the Board of Directors Meeting is obliged to be mentioned clearly in the Minutes of Meeting including the reason.
8. All decisions were legally decided in the Board of Directors Meeting are binding to all members of the Board of Directors.

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

1. All members of the Board of Directors shall be appointed and accountable directly to the GMS.
2. Independent Director shall be independent of the interests of the controlling shareholders to encourage a working environment that is more objective and also puts fairness and equality among various interests, including the interests of minority shareholders and other stakeholders.
3. The Board of Directors along with the Board of Commissioners will actively solicit the opinion of the controlling shareholders as consideration in the strategic decision making process and to ensure that there is no conflict of interest in the strategic decisions.
4. The interests of minority shareholders should be considered, especially for corporate actions related to the merger, consolidation, acquisition or separation.

**CHAPTER VI**  
**TRANSPARENCY, CODE OF ETHICS AND WORKING HOURS**

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**Article 16**  
**Transparency**

In performing its duties and responsibilities, every member of the Board of Directors shall highly consider matters as follow:

1. Convey (if any) a family and business relationship with other members of the Board of Directors or other members of the Board of Commissioners or the controlling shareholders.
2. Members of The Board of Directors shall report the ownership of their shares including their family to the Company through the Corporate Secretary to be published in the Special List of Shareholders as regulated in the Articles of Association of the Company.
3. Members of the Board of Directors is obliged to report every shares transaction to the Company through the Corporate Secretary within 2 (two) working days since the transaction.
4. If there is a conflict of interest between the Company and members of the Board of Directors, the relevant members are prohibited from taking action that may harm the Company and decrease the profits of the Company and must disclose conflicts of interest referred to in any decision.
5. Disclosure of the conflict of interest is written in the Minutes of Meeting, at least, including the relevant name, the main issue of the conflict of interest and the basis consideration of decision making.

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

In performing its duties and responsibilities, every member of the Board of Directors shall highly consider matters as follow:

1. Members of the Board of Directors shall perform its duties and responsibilities independently.
2. Members of the Board of Directors shall perform its duties with fully responsibility, good faith, high integrity, prudence as well as uphold professionalism and business ethics.
3. Members of the Board of Directors shall 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 Directors shall be an example for employees in implementing the code of ethics and codes of conduct of the Company and to always act according to the Articles of Association, the regulations of the Company related to the capital markets, the Law No.40 year 2007 on Limited Company and other regulations relating to the Company's business activities.
5. Members of the Board of Directors are prohibited from utilizing the Company for personal or family interest, and/or other parties that may harm the Company.
6. Members of the Board of Directors are prohibited from taking personal advantage either directly or indirectly from the activities of the Company other than legitimate income.
7. In performing it duties, members of the Board of Directors shall hold to the Corporate Governance principles and submit to the code of ethics of profession, both related to the expertise of each member of the Board of Directors and the code of professional conduct and in line with the corporate values and culture of the Company.
8. Members of the Board of Directors shall subject to the values and code of ethics of the Company.

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

For the duties and activities of members of the Board of Directors can run smoothly, so the provisions of furlough or temporary absent are regulated as follow:

1. If a member of the Board of Directors is absent because of furlough or other matters cause the relevant member cannot run his duties in certain period (temporary absent), then the relevant member shall convey in written announcement to all members of the Board of Directors.
2. For President Director, the announcement is conveyed to all members of the Board of Directors.
3. The letter of furlough/temporary absent notification as referred above shall mention the number of furlough days or a day when the member is not able to perform his duties and responsibilities.
4. Members of the Board of Directors who furlough/temporary absent shall give Power of Attorney to the other members of the Board of Directors to take a decision in Board of Directors meeting.

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

Directors shall provide sufficient time to perform their duties and responsibilities optimally in accordance with the office hour of the Company. But, it is possibly, the Directors are present outside the office hour due important and urgent other matters.

**CHAPTER VII**  
**BOARD OF DIRECTORS ORIENTATION AND TRAINING**

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

Orientation Program is given to all members of the Board of Directors that firstly appointed. The purpose is so the Directors 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 Objectives 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 Board of Director's position such as:
  - a. Duties, Responsibilities and Authority of the Board of Directors;
  - b. Office Hour;
  - c. Relationship with members of the Board of Directors;
  - d. Rules / Regulations

3. Members of the Board of Directors 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 needed.
  - c. Visit locations to where Company activities / branches are with the Board of Directors / Management.
  - d. Join seminars and training programs with the approval from the Director of the Company.

**Article 22**  
**Orientation Documents**

Documents needed for the BOD Orientation Program are as follow:

1. Article of Association of the Company;
2. Business Plan of the Company;
3. Capital Market Regulations and/or Company's Policy;
4. Annual Report of the Company.

**Article 23**  
**Board of Directors Training Program**

BOD Training Program is very important because by participating in the Training Programs, BOD gain knowledge and new updates about the economy, monetary, industry, property and etc. This Training Program is considered a requirement so that BOD can anticipate and increase their competence for the progress of the Company. BOD must follow this training program at least 1 (one) time in a year.

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**CHAPTER VIII**  
**VALIDITY AND COMPLIANCE**

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**Article 24**  
**Validity Period**

1. This Charter of the Board of Directors is valid since its enactment date and has an unlimited expiry date but it can be adjusted and/or changes at any time in accordance with the needs of the Company
2. The adjustment and/or changes in the Charter of the Board of Directors can be done only with approval of the Board of Directors of the Company.

**Article 25**  
**Compliance**

1. The charter of the Board of Directors shall be signed by all members of the Board of Directors and shall be observed, adhered to and implemented by all members of the Board of Directors.
2. If there is any breach of the Charter, then it will apply the provisions regulated in the Articles of Association and legislation in the field of capital markets.

**Article 26**  
**Closing**

1. Further details regarding the terms and reference of the Board of Directors will refer to the Articles of Association of the Company.
2. This BOD charter can be adjusted according to the prevailing regulations or if deemed necessary by the Board of Directors.

**Set in Lippo Karawaci**

**23 February 2016**

**Board of Directors**