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**THE BOARD OF DIRECTORS**

**MANUAL**

**PT TOTAL BANGUN PERSADA TBK**

**2014**



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## **FIRST SECTION INTRODUCTION**

### **I. BACKGROUND**

The preparation of this Board Manual is a manifestation of the commitment of PT Total Bangun Persada Tbk (hereinafter referred to as the Company) to consistently implementing Good Corporate Governance (GCG) in the management of the Company, to carry out the mission as well as to achieve the established vision.

The implementation of GCG in the Company shall not only fulfill the laws and regulations, but must be able to realize the principles of GCG, namely: transparency, accountability, responsibility, independency, and fairness, in the Company's activities in a constant manner.

GCG implementation in the Company can increase the trust of Shareholders (Capital Owners) and other Stakeholders on the ability to manage and elevate the values of the Company.

This Board Manual contains practical guidelines for the Board of Commissioners and Board of Directors in the implementation of GCG in the Company

### **II. PURPOSES AND OBJECTIVES**

As part of the Company's organs, the Board of Commissioners and Board of Directors must become a role model for all Employees. Hence, the implementation of duties and functions of these Company's organs must be carried out in good faith, full of responsibility, and with high dedication, so as to be able to contribute to the progress of the Company.

This Board Manual contains a compilation of the principles of corporate laws, the prevailing laws and regulations, directives from the Shareholders, and provisions of the Articles of Association, which regulate the work procedures of the Board of Commissioners and Board of Directors. The Board Manual is the result of codification of various regulations applicable in the Company and the best practices of the Good Corporate Governance principles.

The objective of this Board Manual is to provide guidance for the Board of Commissioners and Board of Directors in understanding the regulations related to their work procedures.

As the Board Manual is a compilation of the principles of corporate laws, its implementation shall continue to refer to the prevailing laws and regulations. Various detailed provisions contained in the Company's Articles of Association, the directives from Shareholders, as well as various other legal provisions remain binding even though they are not specifically described in this Board Manual.

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The principles of good faith, full responsibility and fiduciary duties, as well as skill and care that are attached to the position holders of Board of Commissioners and Board of Directors are the general principles that must be respected by the Company's organs in charge of supervising and managing the Company.

### **III. LEGAL BASIS OF BOARD MANUAL PREPARATION**

1. Law No. 40 of 2007 regarding Limited Liability Companies.
2. Law No. 8 of 1995 regarding Capital Market.
3. Law No. 5 of 1999 regarding Prohibition of Monopolistic Practices and Unfair Business Competition.
4. Law of the Republic of Indonesia No. 20 of 2001 regarding Amendment to the Law of the Republic of Indonesia No. 31 of 1999 regarding Eradication of the Criminal Act of Corruption.
5. Guidelines of Independent Commissioner by the Task Force of Corporate Governance Policy.
6. Regulation of Bapepam No. IX.I.6, Attachment of the Decision of Chairman of Bapepam No. KEP-45/PM/2004 regarding Board of Directors and Board of Commissioners of Issuers and Public Companies.
7. Regulation of Bapepam No. IX.E.2, Attachment of the Decision of Chairman of Bapepam and LK No. KEP-614/BL/2011 regarding Material Transaction and Change to the Main Business Activity.
8. Regulation of Bapepam No. IX.E.1, Attachment of the Decision of Chairman of Bapepam and LK No. KEP-412/BL/2009 regarding Affiliated Transaction and Conflict of Interest in Certain Transaction.
9. Regulation of Bapepam No. IX.1.5, Attachment of the Decision of Chairman of Bapepam No. KEP-29/PM/2004 regarding Establishment and Work Guidelines of Audit Committee.
10. Regulation of Bapepam No. IX.I.4, Attachment of the Decision of Bapepam No. KEP-63/PM/1996 regarding Establishment of Corporate Secretary.
11. Regulation of Bapepam No. VIII.G.7, Attachment of the Decision of Chairman of Bapepam and LK No. KEP-347/BL/2012 regarding Presentation and Disclosure of Financial Statements of Issuers or Public Companies.
12. Regulation of Bapepam No. VIII.G.11, Attachment of the Decision of Chairman of Bapepam No. KEP-40/PM/2003 regarding Responsibility of Board of Directors for Financial Statements.
13. Regulation of Bapepam No. X.K.2, Attachment of the Decision of Chairman of Bapepam and LK No. KEP-346/BL/2011 regarding Submission of Periodical Financial Statements of Issuers or Public Companies.
14. Regulation of Bapepam No. X.K.6, Attachment of the Decision of Chairman of Bapepam and LK No. KEP: 134/BL/2006 regarding Obligation to Submit Annual Report for Issuers or Public Companies.
15. Regulation of Bapepam No. X.K.7, Attachment of the Decision of Chairman of Bapepam and LK No. KEP-40/BL/2007 regarding Time Frame for Submission of Periodic Financial Statements and

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Annual Report for Issuers and Public Companies That Listed Their Securities Both in Indonesian Securities Exchanges and Foreign Securities Exchanges.

16. Articles of Association of PT Total Bangun Persada Tbk No. 35 dated April 20, 2009 with the Notarial Deed of Haryanto SH, Notary, which has been ratified by the Minister of Law and Human Rights of the Republic of Indonesia dated November 24, 2008, No. AHU-99669.AH.01.02.Year 2009.
17. Indonesian General Guidelines of GCG of 2006.
18. OECD Principles of Corporate Governance, 2004.

#### IV. GLOSSARY

1. **The Company**, with the letter C in uppercase, is PT Total Bangun Persada Tbk, meanwhile **company** or **companies** with the letter c in lowercase refers to companies in general.
2. **Organs of the Company** are the General Meeting of Shareholders, Board of Commissioners and Board of Directors.
3. **General Meeting of Shareholders (GMS)** is an Organ of the Company whose authority is not granted to the Board of Commissioners or Board of Directors pursuant to the prevailing Laws and regulations, as well as Articles of Association.
4. **Board of Commissioners** is the entire members of the Board of Commissioner as a Board.
5. **Member of Board of Commissioners** is a member of Board of Commissioners in reference to an individual (not a Board).
6. **Independent Commissioner** is a member of Board of Commissioners who is not affiliated with the Board of Directors, other members of Board of Commissioners, and Controlling Shareholder, and free from business relationship or other relationship that can influence their capability to act independently or for the sole interest of the Company.
7. **Secretary of Board of Commissioners** is a secretary appointed by the Board of Commissioners and tasked to carry out administration and secretariat duties related to the whole activities of Board of Commissioners.
8. **Audit Committee** is a Committee established by the Board of Commissioners whose function is to assist the Board of Commissioners in carrying out their duties and obligations in reviewing the effectiveness of internal control and duty implementation of external and internal auditors, and in evaluating and providing approval for all information and proposals prepared and submitted by other parties, such as the Financial Statements and Non-Financial Reports, and the Annual Report of the Company.
9. **Nomination and Remuneration Committee** is a Committee established by the Board of Commissioners whose function is to assist the Board of Commissioners in carrying out their duties and obligations to propose the candidates for Members of Board of Commissioners and Members of Board of Directors, to be appointed by the GMS, and to review the remuneration system of Board of Commissioners, Board of Directors, and Employees of the Company.

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10. **Business Development Committee** is a committee established by the Board of Commissioners whose function is to assist the Board of Commissioners in carrying out their duties and obligations to monitor and evaluate the business plan of the Company, as well as the business development/expansion plan of the Company.
  11. **Board of Directors** is the entire members of the Board of Directors as a Board.
  12. **Member of Board of Directors** is a member of Board of Directors in reference to an individual (not a Board).
  13. **External Auditor** is an auditor from outside the Company who acts independently and professionally in providing either audit or non-audit service for the Company.
  14. **Internal Auditor** is the Internal Audit Unit, which is a structural and technical unit within the Company, tasked to carry out audit activities and ensure the effective implementation of internal control system in the Company.
  15. **Corporate Secretary** is a unit of structural function in the Company's organization tasked to provide support to the Board of Directors in carrying out their duties, and to serve as a liaison between the Shareholders, Board of Commissioners, Board of Directors, Work Units, and Stakeholders.
  16. **The Management** consists of the Board of Directors and structural officials in accordance with the organization structure whose functions are to conduct activities in line with the predetermined authority limitations.
  17. **Manusia TOTAL** or **TOTAL People** are all members of Board of Commissioners, Board of Directors and Employees of the Company.
  18. **Stakeholders** are each party who has interests with the Company, both directly and indirectly, financially and non-financially, and has either direct or indirect influence on the Company' business continuity, which includes the Shareholders, Employees, Customers, Suppliers, Creditors, and the Society.
  19. **Conflict of interest** is a situation where there is a conflict between the Company's economic interests and personal economic interests of the shareholders, members of Board of Commissioners and Board of Directors, and employees of the Company.<sup>1</sup>
  20. **Material Transaction** is each of the following transactions, with the value of 20% (twenty per-cent) or more of the Company's Equity, conducted in 1 (one) series of transaction for certain objective or activity, covering:<sup>2</sup>
    - a. Sale and purchase of stocks, including acquisition;
    - b. Investment in business entities, projects and/or certain business activities;
    - c. Purchase, sale, transfer, exchange of business segment or asset other than stocks;
    - d. Lease of assets;
    - e. Fund lending;
    - f. Guaranteeing of assets; and/or

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<sup>1</sup> Indonesian General Guidelines of GCG of 2006, KNKG

<sup>2</sup> Bapepam Regulation No. IX.E.2, Attachment of Decision of Bapepam and LK Chairman No. KEP-614/BL/2011 regarding Material Transaction and Change to Main Business Activity

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- g. Guaranteeing of the Company.
22. **Equity of the Company is the net value of assets (value of assets reduced by total financial liabilities) of the Company** calculated based on the last/most recent financial statements, as follows:
- a. Audited annual financial statements;
  - b. Semi-annual or mid-year financial statements accompanied by accountant's report in order to perform limited review, at the minimum, for the equity item; or
  - c. Audited interim financial statements other than the semi-annual or mid-year interim financial statements, in the event the Company has interim financial statements.
23. **OECD (Organisation for Economic Cooperation and Development) Principles** are internationally-recognized guidelines for capital markets, investors, companies, and other parties who have a role in the process of developing good corporate governance in OECD and non-OECD countries, which covers:
- a. Rights of Shareholders
  - b. Equal treatment for all Shareholders
  - c. Roles of Stakeholders
  - d. Disclosure and Transparency
  - e. Responsibilities of the Board.



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## SECOND SECTION

### BOARD OF DIRECTORS

#### I. Functions of Board of Directors

The Board of Directors is an organ of the Company having full responsibility to manage the Company, for the interest and objectives of the Company, and to represent the Company both inside and outside the Court.

#### II. Requirements of Board of Directors

##### A. General Requirements

1. Have good character and morals.<sup>3</sup>
2. Be able to carry out legal actions.<sup>4</sup>
3. Have never been declared bankrupt or have never been a member of Board of Directors or Board of Commissioners found guilty of causing a company to be declared bankrupt in the 5 (five) years prior to their appointment.<sup>5</sup>
4. Have never been found guilty or convicted of a criminal offense in the financial sector in the 5 (five) years prior to their appointment.<sup>6</sup>
5. Have integrity and a good reputation, namely an individual who has never been directly or indirectly involved in deviant acts/practices, default practices, or other acts that cause loss to the place in which the individual concerned works or has worked.

##### B. Specific Requirements

1. Have adequate knowledge in construction field and other related businesses.
2. Have experiences in managing a Company/Institution.
3. Have an adequate level of intellectual, emotional, and spiritual intelligence to carry out their duties as members of Board of Directors.
4. Have the ability to lead and work together.
5. Have an understanding on the management and corporate governance.
6. Have the ability to formulate and implement strategic policies in the framework of Company's development.

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<sup>3</sup> Regulation of BAPEPAM Chairman No. IX.1.6 regarding Board of Directors and Board of Commissioners of Issuers and Public Companies, No. 1 point a

<sup>4</sup> Regulation of BAPEPAM Chairman No. IX.1.6 regarding Board of Directors and Board of Commissioners of Issuers and Public Companies, No. 1 point b

<sup>5</sup> Regulation of BAPEPAM Chairman No. IX.1.6 regarding Board of Directors and Board of Commissioners of Issuers and Public Companies, No. 1 point c

<sup>6</sup> Regulation of BAPEPAM Chairman No. IX.1.6 regarding Board of Directors and Board of Commissioners of Issuers and Public Companies, No. 1 point d

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### III. MEMBERSHIP OF BOARD OF DIRECTORS

#### A. Membership and Composition

1. The total members of Board of Directors are determined by the General Meeting of Shareholders in accordance with the needs, levels of complexity, business processes, and strategic plans of the Company. If the total members of Board of Commissioners are more than 1 (one) Directors, one of whom shall be appointed as the President Director.<sup>7</sup>
2. The composition of Board of Directors is a combination of professionals who have the knowledge and experience required by the Company; hence, enabling an effective and efficient decision-making process.
3. The distribution of duties and authority among the members of Board of Directors is determined by the President Director, with the approval of Board of Commissioners.

#### B. Position

1. The members of Board of Directors are appointed by the General Meeting of Shareholders for a period of 4 (four) years, unless otherwise determined by the General Meeting of Shareholders or based on the provisions of Company's Articles of Association, without prejudice to the rights of General Meeting of Shareholders to dismiss or reappoint them at any time.<sup>8</sup>
2. The Board of Commissioners shall conduct an assessment on the individuals nominated as candidates for the members of Board of Directors. This assessment process can be assisted by the Nomination & Remuneration Committee.
3. Candidates for the members of Board of Directors are assessed and selected by the Board of Commissioners to be proposed to the General Meeting of Shareholders for their determination and appointment.
4. The members of Board of Directors considered capable of carrying out their duties properly during their term of office can be reappointed after going through an assessment process by the Board of Commissioners.
5. The term of office of each Member of Board of Directors starts from the date of General Meeting of Shareholders which resolved to appoint them, without prejudice to the right of General Meeting of Shareholders to dismiss a Member of Board of Directors at any time prior to the end of their term of office, by stating the reasons, among others, if the member of Board of Directors cannot carry out their duties properly, does not carry out the laws and regulations and/or provisions of the Articles of Association, is involved in actions that can cause loss to the Company due to negligence or mistake of the member of Board of Directors, is found guilty by a court decision that has permanent legal force, and/or resigns.
6. If, for any reason, the position of a member of Board of Directors is vacant, then within a period of 6 (six) months since the vacancy, a notification of General Meeting of Shareholders convened to fill the vacant position shall be issued to resolve the fulfillment of the vacant position.<sup>9</sup>
7. The term of office of Members of Board of Directors shall end if they:<sup>10</sup>
  - a. Resign; or

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<sup>7</sup> Articles of Association of PT Total Bangun Persada Tbk, Article 16 Paragraph (1)

<sup>8</sup> Articles of Association of PT Total Bangun Persada Tbk, Article 16 Paragraph (2) letter a

<sup>9</sup> Articles of Association of PT Total Bangun Persada Tbk, Article 16 Paragraph (8) letter a

<sup>10</sup> Articles of Association of PT Total Bangun Persada Tbk, Article 16 Paragraph (10)

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- b. Are declared bankrupt or placed under pardon based on a court decision that has had permanent legal force; or
  - c. Are prohibited from becoming a member of Board of Directors due to the provisions of the prevailing laws and regulations, or no longer meeting the requirements of laws and regulations; or
  - d. Are dismissed based on the resolution of General Meeting of Shareholders; or
  - e. Pass away.

#### **IV. Orientation and Capability Improvement Programs**

##### **A. Orientation Program**

Provisions on the orientation program cover the following details:

1. An Orientation Program regarding the Company's general condition must be given for the newly appointed members of Board of Directors, particularly those from outside the Company.
2. The President Director or any party appointed by the President Director is responsible for holding the orientation program.
3. The orientation program includes:
  - a. The implementation of Good Corporate Governance principles in the Company;
  - b. The information regarding duties and responsibilities of Board of Directors and Board of Commissioners, based on the laws;
  - c. The description of the Company in relation to the objectives, nature and scope of activities, financial and operational performances, strategies, short-term and long-term business plans, competitive positions, risks, internal controls, and other strategic issues;
  - d. The information related to delegated authority, internal and external audits, and internal control systems and policies in the Company;
  - e. The information regarding obligations, duties, responsibilities, and rights of Board of Directors and Board of Commissioners;
  - f. Understanding on ethical principles and norms applicable within the Company and local communities.
4. The orientation program can be in the form of presentations, meetings, reviewing the Company's facilities and documents, team building activities, or other programs that are deemed appropriate to the needs.

##### **B. Capability Improvement Program**

Capability improvement is considered significant so that the Board of Directors can always have updated information on the latest developments of the Company's core business, and can anticipate problems that may arise in the future for the sake of Company's sustainability and progress. Budget for capability improvement is included in the Annual Work Plan.

Provisions concerning the Capability Improvement Program for the Board of Directors are as follows:

1. Capability Improvement Program is carried out in order to improve the effectiveness of Board of Directors' works.

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2. Plans to carry out the Capability Improvement Program must be included in the Work Plan and Budget of Board of Directors.
  3. Each member of Board of Directors participating in the Capability Improvement Programs, such as seminars and/or training, is asked to share the information gained with other Members of Board of Directors for the purpose of information and knowledge sharing.

The forms of Capability Improvement Program are, among others, as follows:

1. Improvement of knowledge related to the principles of corporate laws, and updating of information on the laws and regulations related to the Company's business activities as well as information technology.
2. Improvement of knowledge related to strategic management and formulation.
3. Development of special abilities in nurturing harmonious relationships with all stakeholders to generate a sense of supporting the stakeholders for the long-term existence of the Company.
4. Capacity building related to effective leadership in managing human resources which includes the challenges in developing Human Resources (HR) in the future, challenges in environmental development, planning, manpower selection and placement, manpower development, training and skill development programs appropriate for manpower, determination of reasonable wages, employee performance assessment, matters relating to occupational safety, welfare assurance for employees, and development of a reliable manpower system required by the Company in the long term.
5. Improvement of knowledge related to change management that can bring the Company towards the realization of vision and mission.
6. Improvement of knowledge related to Corporate Social Responsibility (CSR), and
7. Improvement of knowledge related to quality financial reporting.

## **V. ETHICS OF POSITION**

### **A. Ethics Related to Being an Exemplary Figure**

The Board of Commissioners is obliged to encourage the creation of ethical behavior and uphold the highest ethical standards in the Company, one of which is to make themselves a good role model for the Company's Employees.

### **B. Ethics Related to Compliance with Laws and Regulations**

The Board of Directors must comply with the prevailing laws and regulations, Articles of Association, Good Corporate Governance Guidelines, and policies of the Company that have been established.

### **C. Ethics Related to Opportunities for the Company**

The Board of Directors is prohibited from:

1. Taking the Company's business opportunity for their personal interest.

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2. Using the Company's assets and information, or their positions as a member of Board of Directors for personal interests outside the provisions of prevailing laws and regulations, and the Company's policies.
  3. Competing with the Company, namely using inside information to gain profits for interests other than the Company's interests.

**D. Ethics Related to Information Disclosure and Confidentiality**

The Board of Directors must disclose information in accordance with the provisions of prevailing laws and regulations, and always maintain the confidentiality of information entrusted to them in accordance with the provisions of prevailing laws and regulations, and of the Company.

**E. Ethics Related to Conflict of Interest**

Ethics related to conflict of interest cover the following details:<sup>11</sup>

1. The Board of Directors always avoids conflicts of interest in accordance with the prevailing laws and regulations.
2. The Board of Directors shall not utilize their position for personal interest or for the interest of other person or party that is contrary to the interests of the Company.
3. The Board of Directors is obliged to fill in a Special List containing their share ownership and/or their family's in another company, including if they do not have share ownership. The Special List shall be updated every year and the Board of Directors is obliged to notify the Company if there is a change in data, in accordance with the prevailing laws and regulations.
4. In the event of a conflict of interest, such conflict of interest must be disclosed and the relevant member of the Board of Directors may not involve themselves in the Company's decision-making process related to the case.
5. The Board of Directors shall not utilize their positions for personal interest or for the interest of other person or party that is contrary to the interests of the Company.
6. To avoid any activity that can influence their independence in carrying out their duties.
7. To conduct disclosure in the event of a conflict of interest, and the relevant member of the Board of Directors may not involve themselves in the Company's decision-making process related to the case.
8. The Board of Directors are prohibited from having concurrent positions as a member of Board of Directors or Board of Commissioners at other companies, except on the instructions of Board of Commissioners to become a member of Board of Directors or Board of Commissioners in a subsidiary.
9. To comply with the prevailing laws and regulations, including not involving themselves in insider trading to obtain personal benefits.

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<sup>11</sup> Indonesian General Guidelines of GCG of 2006, KNKG, CHAPTER III, Business Ethics and Code of Conduct

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**F. Ethics Related to Personal Gain/Interest**

The Board of Directors is prohibited from taking personal benefits from the Company's activities, other than the salaries and facilities received as members of Board of Directors of the Company.

**G. Ethics Related to Business and Anti-Corruption Principle**

The Members of Board of Directors are prohibited from receiving, directly or indirectly, any item of monetary value from customers and other stakeholders that can influence them or as a return for what they have done.

**VI. DUTIES AND OBLIGATIONS OF BOARD OF DIRECTORS****A. General Policies**

The duties and Obligations of Board of Directors in managing the Company are as follows:<sup>12</sup>

1. To lead and manage the Company in accordance with the purposes and objectives of the Company, and always strive to improve the efficiency and effectiveness of the Company.
2. To maintain and manage the Company's assets.
3. In carrying out their duties, the Board of Directors must fully devote their energy, thought, attention, and dedication to their duties and obligations, and to achieve the Company's objectives.
4. To carry out their duties in good faith and full responsibility for the Company's interests and business, by always heeding the laws and regulations.
5. To keep the minutes of meetings of Board of Directors and the Annual Reports, financial documents and other documents of the Company at the Company's place.
6. To represent the Company both inside and outside the Court regarding all matters and events, with limitations as stipulated in the provisions of laws and regulations, and/or Articles of Association.
7. To prepare the Company's organizational structure complete with details of their duties.
8. To implement Good Corporate Governance in a consistent manner.
9. To maintain and evaluate the quality of information technology governance functions in the Company.

**B. Related to Ethics in Business and Anti-Corruption**

1. Members of Board of Directors are prohibited from receiving, directly or indirectly, any item of monetary value from other parties that can influence them or as a return for what they have done.
2. The Board of Directors is obliged to sign an Integrity Pact for transactional actions that require the approval of Board of Commissioners and/or GMS.
3. The Board of Directors shall submit a report to the Company regarding their share ownership and/or their family's in the Company and other companies, to be recorded in a special list.

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<sup>12</sup> Articles of Association of PT Total Bangun Persada Tbk, Article 17

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### **C. Related to Internal Control System**

1. The Board of Directors is obliged to establish a policy on an effective Internal Control System to secure investment, business activities and assets of the Company.
2. To evaluate the implementation of risk management according to the criteria that have been established.
3. To carry out control activities, namely actions conducted in a process of control of the Company's activities at every level and unit within the Company's organizational structure, including, among others, the authority, authorization, verification, reconciliation, assessment of work performance, distribution of duties, and security against the Company's assets.
4. To implement information and communication systems, namely a process of presenting reports on the Company's operational and financial activities, as well as compliance with the provisions and regulations applicable to the Company.
5. To carry out Monitoring, namely the process of evaluating the quality of internal control system, including internal audit function at each level and unit of the Company so as to be implemented optimally, provided that deviations that occur are reported to the Board of Directors and the copy of the report is submitted to the Board of Commissioners.
6. To prepare SOPs (Standard Operating Procedures) for each of the above items, tailored to the needs of the Company.
7. The Internal Control System is a system that must be formulated/built by the Board of Directors to enable them to direct and guide subordinates in carrying out their duties to achieve the organization's goals and objectives that have been set, and to be able to prevent the occurrence of irregularities, leakage and waste of the organization's finance, and even able to detect and prevent the occurrence of Corruption and Collusion.
8. To ensure an effective internal control system, the President Director is structurally assisted by all Structural Officials up to the level of Head of Departments/Units, and by the Internal Audit Unit.
9. Further elaboration of the duties and functions of Internal Audit is regulated in the Internal Audit Charter stipulated by the Decree of Board of Directors.
10. The Internal Control System includes the following:

The discipline and structured internal control environment within the Company, which consists of:

- Integrity, ethical values and competence of employees;
- Management philosophy and style;
- Methods taken by the management in carrying out their authority and responsibilities;
- Human resources organization and development;
- Attention and direction conducted by the Board of Directors.

### **D. Related to Information Disclosure and Confidentiality**

1. To disclose key information in the Annual Report and Financial Statements to other parties, in accordance with the prevailing laws and regulations in a timely, accurate, clear, and objective manner.

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2. To ensure that information on the Company can be obtained by the Board of Commissioners in a timely, measurable and complete manner.
  3. To disclose the extent of Good Corporate Governance principles implementation.
  4. To deliver information regarding identities, main duties, and positions of the Board of Commissioners in subsidiaries/joint ventures and/or other companies.
  5. To deliver information on meetings held in one fiscal year (internal meetings and joint meetings with the Board of Commissioners).
  6. To inform the President Director and Board of Commissioners about the salaries, facilities and/or other benefits received from the Company and from the relevant Company's subsidiaries or joint ventures.
  7. To submit periodic reports on the implementation of information technology governance to the Board of Commissioners.
  8. Confidential information obtained while serving as a Member of Board of Directors of the Company must remain confidential in accordance with the prevailing laws and regulations.
  9. In maintaining the confidentiality of Company's information, the Board of Directors is required to prioritize the Company's interests rather than the interests of individuals or groups.

#### **E. Related to Work Strategies and Plans**

1. To prepare the vision, mission, goals, strategies, and culture of the Company.
2. To organize and ensure the implementation of Company's business and activities in accordance with the purposes, objectives, and business activities of the Company.
3. To prepare in time the Company's development plans, Annual Work Plans, and other plans related to the implementation of Company's business and activities, and to submit them to the Board of Commissioners for approval.
4. To prepare a draft of Long-Term Plan which is a strategic plan containing the Company's goals and objectives to be achieved within a period of 5 (five) years.
5. To seek for the achievement of long-term targets listed in the Long-Term Plan.
6. To seek for the achievement of short-term targets listed in the Annual Work Plan.

#### **F. Related to Risk Management**

The Board of Directors is obliged to develop a risk management system and implement it consistently. The risk management system developed shall consist of the following stages:<sup>13</sup>

1. Risk Identification, namely a process to identify the types of risks that are relevant and have the potential to occur.
2. Risk measurement, namely a process to measure the level of impact and probability of the results of risk identification.

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<sup>13</sup> Indonesian General Guidelines of GCG of 2006, KNKG, CHAPTER IV, Board of Directors section



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3. Preparation of Risk Profile, namely a process to describe the level of the impact and probability of each type of risk based on the results of risk measurement.
  4. Risk Handling, namely a process to determine the efforts that can be conducted to handle the potential risks.
  5. Risk Monitoring, namely a process to monitor various factors alleged to be able to direct the emergence of risk.
  6. Risk evaluation, namely a process to review the adequacy of overall risk management activities carried out within the Company.
  7. Reporting and Disclosure, namely a process to report the risk management system implemented by the Company along with the disclosure to the parties concerned, in accordance with applicable provisions.

**G. Related to Relationship with Stakeholders**

1. To ensure that stakeholders' rights arising from the prevailing laws and regulation, and/or agreements made by the Company with Employees, Service Users, Suppliers and other stakeholders are always taken into account by the Company.
2. To ensure that the Company always carries out its social responsibilities.<sup>14</sup>

**H. Related to Accounting and Bookkeeping Systems**

1. To prepare Financial Statements based on the Financial Accounting Standards, and submit them to the Public Accountants to be audited.<sup>15</sup>
2. To develop an accounting system based on the principles of internal control, especially the separation of management, recording, documenting and supervision functions.
3. To conduct and maintain the Company's books and administration to produce orderly bookkeeping, adequate work capital with efficient capital costs, a good and solid balance sheet structure, timely and accurate presentation of financial statements and analysis, and other principles in accordance with the norms applicable to the Company.
4. To prepare the Annual Report of the Corporate Social Responsibility Program.<sup>16</sup>

**I. Related to Other Duties and Obligations**

To carry out other obligations in accordance with the provisions stipulated in the Articles of Association, as well as the laws and regulations.

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<sup>14</sup> Law No. 40 of 2007 regarding Limited Liability Companies, Article 74 paragraph (1)

<sup>15</sup> Law No. 40 of 2007 regarding Limited Liability Companies, Article 66 paragraph (2)

<sup>16</sup> Law No. 40 of 2007 regarding Limited Liability Companies, Article 6 paragraph (2) letter c

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## VII. RESPONSIBILITIES OF BOARD OF DIRECTORS

The responsibilities of the Board of Directors include:

1. The Board of Directors is fully responsible for carrying out their duties for the Company's interest in order to achieve its purposes and objectives.
2. Each member of Board of Directors is fully responsible personally if the person concerned is guilty or negligent in carrying out his duties for the interests and business of the Company.
3. In the event that a bankruptcy occurs due to the mistake or negligence of Board of Directors and the Company's assets are insufficient to cover losses due to bankruptcy, then, each member of the Board of Directors shall be held accountable collectively for the loss.
4. The members of Board of Directors cannot be accounted for the loss of the Company, if they can prove that:
  - a. The loss is not due to their errors or negligence;
  - b. The management has been conducted in good faith and prudently for the interests of the Company and in accordance with the Company's purposes and objectives;
  - c. There has been no conflict of interest, either directly or indirectly, over the management actions that result in losses; and
  - d. Actions have been taken to prevent continuing losses.

## VIII. AUTHORITY OF BOARD OF DIRECTORS

### A. General Authority

1. Carrying out business development.
2. Representing the Company both inside and outside the court.
3. Regulating the provisions regarding employment including the appointment, transfer, succession, and dismissal issues, as well as determination of salary, post-employment benefits, old age insurance, and other income based on the prevailing laws and regulations.
4. Appointing and dismissing a Corporate Secretary.
5. Determining candidates for the members of Board of Directors and Board of Commissioners of a Subsidiary/Joint Venture company, which are subsequently reported to the Board of Commissioners.

### B. Authority Requiring Approval from the Board of Commissioners

1. Receiving or giving a medium or long-term loan, except for loans (debt or receivables) arising from business transactions, and loans given to subsidiaries.
2. Conducting and disposing capital investments in other companies.<sup>17</sup>
3. Buying/selling or obtaining/disposing rights to immovable properties belonging to the Company.<sup>18</sup>
4. Binding the Company as a guarantor (*borg* or *avalist*).
5. Determining the organizational structure of 1 (one) level below the Board of Directors.

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<sup>17</sup> Articles of Association of PT Total Bangun Persada Tbk, Article 17 paragraph (4) letter d

<sup>18</sup> Articles of Association of PT Total Bangun Persada Tbk, Article 17 paragraph (4) letter b

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6. Determining the distribution of duties and authority of members of Board of Directors of the Company.
  7. Writing-off non-performing receivables and non-moving goods inventory from bookkeeping.
  8. Writing-off fixed assets due to certain conditions (lost, destroyed, total lost, the transfer fee is greater than the economic value obtained from the transfer, dismantled, no longer owned or controlled by the company based on the laws and regulations and/or court decisions that have permanent legal force).
  9. Transferring or collateralizing the Company's fixed assets whose value does not exceed 50% (fifty percent) of the Company's net worth and insofar as the Company's equity is not negative, within 1 (one) or more transactions in 1 (one) year, either related to each other or not, for short-term credit withdrawals.
  10. Formulating the blue print of Company's organization.
  11. Determining and changing the Company's logo.
  12. Establishing foundations, organizations, and/or associations, both directly and indirectly related to the Company, which can provide an impact on the company.
  13. Imposing fixed and routine Company's expenses for the activities of foundations, organizations, and/or associations, both directly and indirectly related to the company.
  14. Preparing and proposing the Annual Work Plan and its amendment to the Board of Commissioners to be validated.
  15. Conducting actions that have not been set in the Annual Work Plan on the Annual Work Plan approved by the Board of Commissioners.
  16. Proposing a representative of the Company to become a candidate for the member of Board of Directors and Board of Commissioners at joint ventures and/ or subsidiaries.

**C. Authority Requiring Approval from the Shareholders, with prior recommendations from the Board of Commissioners**

1. Transferring or collateralizing the Company's fixed assets whose value exceeds 50% (fifty percent) of the Company's net worth in one or more transactions.
2. Proposing the use of net income.
3. Proposing amendment to the Articles of Association.
4. Proposing bond issuance.

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## **IX. Rights of Board of Directors**

1. The members of Board of Directors are entitled to receive salaries and/or benefits of which the amount is determined by the General Meeting of Shareholders. This authority of the GMS can be delegated to the Board of Commissioners.<sup>19</sup>
2. The Board of Directors is entitled to appoint one or more individuals as their representatives or proxies to carry out certain legal actions by giving special powers regulated in a power of attorney.<sup>20</sup>
3. The Board of Directors is entitled to represent the Company, both inside and outside the Court, regarding all matters and in all events, as well as to take all actions regarding management and ownership, and bind the Company with other parties and other parties with the Company, with the limitations set forth in the Articles of Association.<sup>21</sup>
4. Each member of Board of Directors is entitled to resign from their position by notifying the Company in written form.<sup>22</sup>
5. Each member of Board of Directors is entitled to give defense in the General Meeting of Shareholders if the GMS dismiss the relevant member of Board of Directors at any time.<sup>23</sup>

## **X. Meetings of Board of Directors**

### **A. General Policies**

1. Meeting of Board of Directors is a meeting held by the Board of Directors.
2. Meeting of Board of Directors is attended by the Board of Directors and/or Members of Board of Commissioners. In the meeting, the Board of Directors may invite other officials assigned by the President Director.
3. Meeting of Board of Directors can be held at any time if deemed necessary by one or more members of Board of Directors, or upon the written request of Board of Commissioners based on the decision of Board of Commissioners' Meeting, or upon the written request of 1 (one) or more shareholders who (jointly) represent at least 1/10 (one-tenths) of the total number of shares with valid voting rights issued by the Company.<sup>24</sup>
4. Meeting of Board of Directors can also be conducted through teleconference media or through other electronic media facilities that enable all participants of the Meeting of Board of Directors to hear directly and participate in the Meeting, as evidenced by recordings, videos, voice records, and written records.

### **B. Meeting Procedures**

1. The invitation to a Board of Directors' Meeting is prepared by the members of Board of Directors who are entitled to act for and on behalf of, and to represent the Board of Directors in accordance with the Company's Articles of Association.<sup>25</sup>
2. The invitation to a Board of Directors' Meeting held outside the regular meeting schedule is delivered to each member of Board of Directors directly, and a notification of receipt must be given (can be electronically).
3. The invitation to a Board of Directors' Meeting must state the agenda, date, time, and place of the meeting.<sup>26</sup>

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<sup>19</sup> Articles of Association of PT Total Bangun Persada Article 16 paragraph (6)

<sup>20</sup> Articles of Association of PT Total Bangun Persada Article 17 paragraph (8)

<sup>21</sup> Articles of Association of PT Total Bangun Persada Article 17 paragraph (3)

<sup>22</sup> Articles of Association of PT Total Bangun Persada Article 16 paragraph (9) letter a

<sup>23</sup> Articles of Association of PT Total Bangun Persada Article 16 paragraph (4) letter a

<sup>24</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (1)

<sup>25</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (2)

<sup>26</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (4)

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4. The invitation to a Board of Directors' Meeting can be prepared in forms other than written form provided that the meeting meets the quorum.
  5. If a meeting of Board of Directors held by teleconference, the following provisions shall apply:
    - a. Each participating member of Board of Directors will be considered to be present at the Meeting in order to determine the fulfillment of attendance quorum requirements and decisions of the Board of Directors' Meeting;
    - b. The place where the Chairman of the Meeting participates will be considered as the place where the Board of Directors' Meeting takes place;
    - c. Minutes of the Meeting must be delivered to all members of Board of Directors, either participating or not participating in the Meeting.

#### **C. Attendance Mechanism and Validity of the Meeting**

1. The Board of Directors' Meeting is chaired by the President Director. In the event the President Director is unable to attend or absent due to any reason, which do not need to be proven to any other party, the Board of Directors' Meeting will be chaired by a member of Board of Directors elected by and among the present members of Board of Directors.<sup>27</sup>
2. The Board of Directors' Meeting is considered valid and has the right to make binding decisions if more than  $\frac{1}{2}$  (one half) of the total members of Board of Directors are present or represented at the Meeting.<sup>28</sup>

#### **D. Discussion and Decision-Making Processes**

1. All decisions of the Board of Directors must be made based on good faith and rational considerations, and must have gone through in-depth investigations into various relevant issues, have sufficient information, and be free from conflicts of interest. In addition, the decision shall be made independently by each Director.
2. Decisions of the Board of Directors' Meeting must be made based on deliberation to reach consensus. If consensus cannot be reached through deliberation, then the decision of Board of Directors' Meeting shall be made by voting with affirmative votes amounting to more than  $\frac{1}{2}$  (one half) of the number of valid votes issued at the meeting.<sup>29</sup>
3. If the total of both affirmative and negative votes are the same, the proposal is deemed rejected.<sup>30</sup>
4. To maintain independency and objectivity, every member of Board of Directors who has a conflict of interest in a proposed transaction, contract, or proposed contract, in which the Company becomes one of the parties, is required to disclose the issue and must not participate in voting for decision-making. This fact must be recorded in the minutes of meeting.
5. Every present member of Board of Directors is entitled to cast 1 (one) vote and an additional 1 (one) vote for each member of the Board of Directors whom they represent.<sup>31</sup>
6. Abstain votes and invalid votes are deemed non-existent and are not counted in determining the number of votes issued.<sup>32</sup>

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<sup>27</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (6)

<sup>28</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (8)

<sup>29</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (9)

<sup>30</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (10)

<sup>31</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (11) letter a

<sup>32</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (11) letter c

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7. The members of Board of Directors who are not present or who do not grant power to other members of Board of Directors, are considered to approve all decisions taken in the Board of Directors' Meeting.

#### **E. Minutes of Meeting**

1. The Minutes of Board of Directors' Meeting must be made for each Meeting of Board of Directors.
2. It is recommended that the Minutes of Meeting describe the dynamics of the meeting, i.e. containing details that are discussed (including statements of disapproval from the members of Board of Directors, if any) and matters that are decided. This is vital in enabling others to observe the decision-making process and, at the same time, being a legal document to determine accountability from the outcome of a meeting decision. Therefore, the Minutes of Meeting shall include:
  - a. Place, date, and time of the meeting;
  - b. Agenda discussed;
  - c. List of participants of the meeting;
  - d. The duration of the meeting;
  - e. Various opinions stated in the meeting (if possible);
  - f. Parties expressing the opinions (if possible);
  - g. Decision-making process (if possible);
  - h. Decisions made.
3. The Minutes of Board of Directors' Meeting are made by one of the attendees of the Meeting appointed by the Chairman of the Meeting to be then signed by the Chairman of the Meeting and one member of the Board of Directors present and appointed by the Meeting concerned for that purpose.<sup>33</sup>
4. The Minutes of Board of Directors' Meeting can be made and documented by the Corporate Secretary, including keeping and distributing them to the participants of the meeting.
5. The Minutes of Meeting must be accompanied by a power of attorney specifically given by the members of Board of Directors who are not present, to other Directors (if any).
6. Each member of Board of Directors has the right to receive a copy of the minutes of Board of Directors' Meeting, regardless of whether the member of Board of Directors is present or not present at the Directors' Meeting.
7. A copy of the Minutes of Board of Directors' Meeting must be submitted to all Members of Board of Directors within no later than 7 (seven) days after the Meeting.
8. Within a period of 14 (fourteen) days from the date the minutes of meeting are delivered, each member of Board of Directors who is present and/or represented in the relevant Meeting must submit their approval or objection, and/or proposed improvements, if any, to the details listed in the Minutes of Board of Directors' Meeting, to the chairman of Board of Directors' Meeting.
9. If the objections and/or proposed improvements on the minutes of meeting are not received within the aforementioned period, then, it can be concluded that there are indeed no objections and/or improvements to the relevant Minutes of Board of Directors' Meeting.
10. The revised Minutes of Meeting (if any) must be delivered to all Members of Board of Directors within no later than 7 (seven) days after the revised Minutes of Meeting are revised.

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<sup>33</sup> Articles of Association of PT Total Bangun Persada Tbk Article 18 paragraph (12)

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11. The original Minutes of Board of Directors' Meeting are kept and documented by the Board of Directors. In its implementation, the Board of Directors can appoint one employee to carry out this duty.
  12. The original Power of Attorney is kept by the Corporate Secretary and a copy is submitted to the Board of Commissioners *cq.* Secretary of Board of Commissioners (if any) to be kept and documented.

## **XI. Performance Evaluation on Board of Directors**

### **A. General Policies**

The performance of Board of Directors and members of the Board of Directors shall be evaluated by the Board of Commissioners, assisted by the President Director. In general, the performance of Board of Directors is determined based on the duties and obligations stipulated in the prevailing laws and regulations, as well as the Company's Articles of Association.

The results of evaluation on the overall performance of Board of Directors and the performance of individual member of Board of Directors will form an integral part of the compensation and incentive schemes for the members of Board of Directors.

The results of evaluation on the performance of individual member of Board of Directors is one of the basic considerations for the Shareholders to dismiss and/or reappoint the relevant member of Board of Directors. Such performance evaluation results serve as a means of assessment and improving the effectiveness of Board of Directors.

### **B. Criteria for Performance Evaluation of Board of Directors**

Criteria for evaluating the performance of Board of Directors are outlined in the Key Performance Indicators (KPIs). Performance criteria of the Board of Directors, either collectively or individually, that are based on the proposal of Nomination and Remuneration Committee (if established) or other committees that have the nomination and remuneration functions, are submitted by the Board of Commissioners to the Shareholders for approval. KPIs of the Board of Directors shall, at least, include:

1. The attendance rate at the Board of Directors' Meeting and joint meetings with the Board of Commissioners.
2. Their contribution to the Company's business activities.
3. Achievement of the Company's targets set out in the Annual Work Plan and Management Contract.
4. Their commitment to advancing and prioritizing the Company's interests.
5. Implementation of corporate and cultural values in leadership behaviors.

## **XII. Supporting Organs of Board of Directors**

### **A. Corporate Secretary**

The functions of Corporate Secretary are as follows:

1. To ensure that the Company complies with the regulations regarding disclosure requirements, in line with the implementation of Good Corporate Governance principles.
2. To provide information required by the Board of Directors and Board of Commissioners periodically and/or at any time when requested.
3. To serve as a liaison officer.

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4. To administrate and keep the Company's documents, including but not limited to the Shareholder Register, Special Register, and minutes of Board of Directors' meetings and Board of Commissioners' meetings.
  5. To carry out and coordinate correspondence activities, including but not limited to preparing meeting invitation and archives of the Board of Directors.

The Authority, Duties, Responsibilities, and Obligations of the Corporate Secretary shall be determined by the Decree of Board of Directors.

## **B. Internal Audit**

The Board of Directors is obliged to carry out internal supervision. Such Internal supervision as intended is carried out by establishing an Internal Audit function and formulating the Internal Audit Charter. The Internal Audit function is led by a head who is appointed and dismissed by the President Director based on the Company's internal mechanism, with the approval from the Board of Commissioners.

The functions of Internal Audit are as follows:

1. To evaluate the effectiveness of internal control, risk management, and corporate governance process implementations, in accordance with the laws and regulations, and the Company's policies.
2. To examine and assess the efficiency and effectiveness in the fields of finance, operations, human resources, information technology, and other activities.

Meanwhile, the duties and responsibilities of Internal Audit include:

1. To assist the Board of Directors, Management Unit, and Work Unit of the Company by monitoring the adequacy and effectiveness of management control system, through the provision of assurance that the risks identified have been mitigated using an effective and consistent risk management and internal control.
2. To improve the efforts to realize Good Corporate Governance, particularly by encouraging organizational effectiveness, management control process effectiveness, risk management, business ethics implementation, and achievement of predetermined targets.
3. To submit audit result reports related to the processes of financial control and operational management control.
4. To coordinate with external control institutions in relation to the Company's supervisory duties.



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Stipulated in: Jakarta

Date: July 18, 2014

**Board of Commissioners of PT Total Bangun Persada Tbk**

**Board of Directors of PT Total Bangun Persada Tbk**

*(signed)*

**Ir. Reyno Stephanus Adhiputranto**  
President Commissioner

*(signed)*

**Janti Komadjaja, MSc.**  
President Director

*(signed)*

**Pinarto Sutanto**  
Commissioner

*(signed)*

**Ir. Handoyo Rusli, MT.**  
Director

*(signed)*

**Drs. Wibowo**  
Commissioner

*(signed)*

**Dipl. Ing. Akam Wiranjaya**  
Independent Director

*(signed)*

**Liliana Komajaya, MBA**  
Commissioner

*(signed)*

**Ir. Moeljati Soetrisno**  
Director

*(signed)*

**Rudi Komajaya, MBA**  
Commissioner

*(signed)*

**Ir. Dedet Syafinal Sy., MM.**  
Director

*(signed)*

**Drs. H. Mustofa, Ak**  
Independent Commissioner

*(signed)*

**Ir. Lio Sudarto, MM**  
Director

*(signed)*

**Ir. Saleh, MM**  
Director

*(signed)*

**Ir. Teddy Budjamin**  
Director

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