



**CODE OF GOOD CORPORATE GOVERNANCE
PT WIJAYA KARYA (PERSERO) Tbk.**

2014 EDITION

TABLE OF CONTENTS

Ownership Data	
Table of Contents.....	
Introduction	
Corporate Vision and Mission	
Corporate Culture and Quality Policy	
CHAPTER ONE	
GCG PRINCIPLES	
A. Transparency	
B. Fairness.....	
C. Accountability	
D. Responsibility	
E. Independence.....	
CHAPTER TWO	
COMPANY ORGAN	
A. Relationship between Company Organs	
B. General Meeting of Shareholders (RUPS).....	
C. Board of Commissioners	
1. Performance of Board of Commissioners.....	
2. Work Relationship between Board of Commissioners and Directors	
3. Committees under the Board of Commissioners	
D. Board of Directors.....	
1. Performance of Board of Directors.....	
E. Corporate Secretary	
CHAPTER THREE	
ACCOUNTING, INTERNAL AND EXTERNAL CONTROL STANDARD	
C.2 Accounting Standard.....	
D.2 Internal Control System.....	
E.2 External Audit.....	

Introduction

This Code of Good Corporate Governance is a foundation and guideline in managing the Company. It is expected that all of the Company's activities will in line with the Good Corporate Governance standard.

Changes in Good Corporate Governance Implementation Guide PT Wijaya Karya (Persero) Tbk is an elaboration of the changes the rules of Good Corporate Governance, Regulation of the Minister of State Owned Enterprises of the Republic of Indonesia Number 01 / MBU / 2011 about the Implementation of Good Corporate Governance Practices in State-Owned Enterprises.

This Code of Good Corporate Governance consists of applied principles in all of the Company's activities. PT Wijaya Karya (Persero) Tbk will consistently inform this Code of Good Corporate Governance to all related parties to be able to understand and consider the Company's work standard based on Good Corporate Governance. To Subsidiaries and Affiliated Companies, PT Wijaya Karya (Persero) Tbk will always actively encourage them to implement the inline policy with this policy, and if needed PT Wijaya Karya (Persero) Tbk will provide the practical guidance.

This Code of Good Corporate Governance is guidance for the the more details Corporate rules based on the organization units needs in the Company. With dynamic business environment, PT Wijaya Karya (Persero) Tbk always review this Code of Good Corporate Governance continuously as part of the best work standard achievement for the Company.

CORPORATE VISION AND MISSION

VISION

To be one of the best integrated EPC (Engineering Procurement & Construction) and Investment Company in Southeast Asia

MISSION

1. Providing excellent and integrated products and services in EPC and investment for infrastructure, building, energy, industrial plant, concrete industry and property
2. Satisfying the expectation of key stakeholders
3. Implementing Business Ethics to be Good Corporate Citizen and Promote Corporate Sustainability
4. Strategic Overseas Expansion
5. Implementing "Best Practices" Integrated Management System

CORPORATE CULTURE AND QUALITY POLICY

WKA employees uphold integrity in running their duties and believe in the following values:

1. **Commitment**
Act in accordance with agreement and promises
2. **Innovation**
Find a better solution at all time
3. **Balance**
Maintain the balance of all aspects
4. **Excellence**
Provide better results
5. **Relationship**
Maintain good partnership for both parties
6. **Team Work**
Synergy, cooperation within and across work units
7. **Integrity**
Nurture unity and sincerity by upholding fairness, accountability, integrity, transparency and honesty

Quality Policy

To be the leading company, all employees of WKA are committed to implement and develop the Quality Culture continuously and consistently, to produce excellent and competitive products in fulfilling and satisfying the customers' needs.

CHAPTER ONE

GOOD CORPORATE GOVERNANCE PRINCIPLES

In all of its activities, PT Wijaya Karya (Persero) Tbk always based on the Good Corporate Governance principles as follows:

A. Transparency

Transparency is openness in disclosing material and relevant information about the Company. PT Wijaya Karya (Persero) Tbk implemented transparency by always trying to spearhead the financial and non-financial information disclosure to various stakeholders and the disclosure is not limited to information that is required. Disclosure of information is carried out by PT Wijaya Karya (Persero) Tbk by complying with the prevailing regulations, as in accordance with the best practices of good corporate governance.

Implementations of transparency principles carried out by PT Wijaya Karya (Persero) Tbk are:

1. Corporate Annual Work Plan, with details as follows:
 - 1.1. The Board of Directors prepares policy, procedure, and guidance of Company's Work Plans and Budget ("RKAP").
 - 1.2. The Board of Directors prepares RKAP and its changes to the Shareholders before 15 September of the current year and delivers to the Board of Commissioners to obtain the approval latest on 15 September of the current year.
 - 1.3. Approval given by the Board of Commissioners before the book year starts.
 - 1.4. The book year of the Company starts from 1 January and ends on 31 December of the same year. The Company's book year ended at the end of December each year.
 - 1.5. In the event the Board of Directors does not deliver the work plan as above-mentioned in article (1), the work plan of previous year is used.
 - 1.6. In the event the Company's work plan has not been approved as stipulated by the articles of association and legislation, and then the Company uses the work plan of previous year.
 - 1.7. The Board of Directors communicates RKAP to all employees.
2. The Company's Annual Report is explained as follows:
 - 2.1. PT Wijaya Karya (Persero) Tbk as Public Company must submit annual report to Financial Services Authority (OJK) no later than 4 (four) months after the end of the book year in 4 (four) copies and minimum one of which is original copy. The original copy of annual report is annual report that must be signed by the Board of Directors and Commissioners.
 - 2.2. In the event where the annual report is already available to shareholders before 4

- (four) months after the end of the book year, then the annual report must be submitted to OJK at the same date with the date of availability to shareholders.
- 2.3. The annual report must be available to shareholders at the same time with the invitation of RUPS.
 - 2.4. RUPS for annual report ratification is conducted in time in accordance with the stipulated regulations, which is no later than 6 (six) months after the previous book year ended.
 - 2.5. In the event PT Wijaya Karya (Persero) Tbk as an Issuer issues debt securities, then the requirements to submit the annual report is valid until the Company has submitted all liabilities associated with the issuance of debt securities, without prejudice to the provisions governing the Company as a Public Company.
 - 2.6. Annual report must include a summary of important financial data, Board of Commissioners reports, Company Profile, Management's Analysis and Discussion, Corporate Governance, responsibility of Directors for the financial statement, and audited financial statement.
 - 2.7. Annual report must be in the Indonesian language. If the annual report is also presented in another language, either in the same or separate documents, the documents must be available at the same time and contain the same material information. In the event where there is any different interpretation due the translation, annual report in Indonesian language should become reference.
 - 2.8. Annual report must be printed on lights colored paper with high quality, in 21 x 30 centimeter size and in a format that enable reproduction by photocopy.
 - 2.9. Annual report must present summary of Important Financial Data, with following information:
 - a. Annual report must present financial data in comparative format for the last 5 (five) book years or since the establishment of the Company, if the Company has been in business for less than 5 (five) years, as stipulated in Regulations of OJK Number X.K.6.
 - b. Annual report must contain the information of the highest, lowest and closing shares price, as well as the number of shares traded for each quarter in 2 (two) recent year book (if any). The price of shares prior to the last capital change must be adjusted due to the split of shares, dividend and bonus shares.
 - 2.10. Annual report must present the Board of Commissioners' Report that must at least include:
 - a. The Board of Directors' performance appraisal toward organization governance;
 - b. Point of view of Company's business prospects prepared by the Board of Directors;
 - c. Committees under the Board of Commissioners supervision;
 - d. Changes of the Board of Commissioners composition (if any).
 - 2.11. Annual report must present the Board of Directors' report that must at least include:
 - a. Company performance including strategic policy, comparison between obtained and targeted result and constrains faced by the Company;
 - b. Description of the Company's business prospect;
 - c. Implementation of corporate governance;
 - d. Changes of the Board of Directors composition (if any).
 - 2.12. Annual report must present Company Profile that must at least include things as stipulated in OJK Regulations Number X.K.6

- 2.13. Annual report shall present Analysis and Management's Discussion that at least include brief summary and analysis of financial statements and other information focusing on material changes that have occurred in the last annual financial reports. The summary shall include at least things as stipulated in OJK Regulations Number X.K.6.
 - 2.14. Annual report shall present Corporate Governance that at least includes a brief description regarding the implementation of corporate governance that the Company has taken and intends to take during the period of last annual financial statement.
 - 2.15. Annual report shall present the Board of Directors' responsibility on Financial Statement that must contain the Board of Directors' statement regarding Director's responsibility on Financial Statement referred to in Regulation of Bapepam Number VIII.G.11 (OJK) regarding the Board of Directors' Responsibility on Financial Statement.
 - 2.16. Annual report shall present the audited financial statements that must contain annual financial statements prepared in accordance with Financial Accounting Standards issued by the Indonesian Accountant Association (IAI) and accounting rules issued by Bapepam and must be audited by Public Accountant registered in Bapepam (OJK).
 - 2.17. Annual Report must present signature of the member of the Board of Directors and Commissioners.
 - a. Annual report must be signed by all active members of the Board of Directors and Commissioners;
 - b. The signature must be in separate sheet of annual report which also contain the statement that Board of Directors and Commissioners are fully responsible for the validity and completeness of the financial statements;
 - c. If there is any member of the Board of Directors or Commissioners does not sign the annual report, the concerned member must mention the reason in written in a separate letter attached to the annual report;
 - d. If there is any member of the Board of Directors or Commissioners who does not sign the annual report and not mention the reason in written, the matter must be stated in written in a separate letter by the member of the Board of Directors or Commissioners that sign the annual report.
3. Periodic financial statements include annual financial statements and semi annual financial statements with description as follows:
 - 3.1. The Company as Issuer and Public Company must submit periodic financial statements in 4 (four) copies to Bapepam-LK (OJK) in which one of them is original version.
 - 3.2. The financial statements that must be submitted to Bapepam-LK (OJK) consist of:
 - a. Balance Sheet;
 - b. Income statement;
 - c. Statement of equity changes;
 - d. Cash flow statement;
 - e. Other reports and explanations that are an integral part of the financial statements, if required by the authorized institution; and
 - f. Notes to the financial statements.
 - 3.3. Financial statements must be presented in Indonesian language.
 - 3.4. Financial statements must be presented in a format that provides a comparison

- with the same period in the previous year.
- 3.5. Financial statements should be presented in accordance with the generally accepted accounting principles as set in Financial Accounting Standards issued by the Indonesian Accountant Association (IAI) and any other accounting requirements in capital market established by Bapepam.
 - 3.6. Annual Financial Statements
 - a. The annual financial statements must be accompanied by a report of Accountant with unqualified opinion and submitted to Bapepam-LK (OJK) no later than the end of the third month after the date of the annual financial statements.
 - b. The annual financial statements must be disclosed to the public with the following requirements:
 - The Company must publish a balance sheet, income statement, and other statements required by the relevant authority in at least 2 (two) Indonesian newspapers one of which has a nation-wide circulation, and the other is published in the Issuer's or the Public Company's domicile, no later than end of the third month after the annual financial statement date;
 - The form and content of a balance sheet, income statement, and other statements required by relevant authority according to the type of industry that announced should be the same with annual financial statement submitted to Bapepam-LK;
 - The publication must include the opinion of Public Accountant and proof of publication must be submitted to Bapepam-LK (OJK) no later than 2 (two) workdays after the announcement date.
 - If there are differences between the semi-annual financial statements presented to the public and the annual financial statements covering the same period, explanation regarding the differences should be disclosed in notes to the financial statements. The difference in the annual financial statement data is mainly due to the correction suggested by Accountant in the context of audit the annual financial statements. The explanation also includes the differences in net income and the things that cause changes.
 - The annual financial statements shall be included in the annual report for the purpose of RUPS.
 - 3.7. Semi-Annual Financial Statements
 - a. The semi-annual financial statements must be submitted to Bapepam within the time period as follows:
 - No later than the end of the first month after the semi-annual financial statement date, if they are not accompanied with Public Accountant report;
 - No later than the end of the second month after the semi-annual financial statement date, if they are accompanied by Accountant report regarding limited review; and
 - No later than the end of the third month after the date of semi-annual financial statement, if accompanied by Accountant report that gives an opinion on the fairness of the financial statements as a whole.
 - b. The semi-annual financial statements should be presented based on the same principles as the annual financial statements, and they should also include normal adjustments at the end of Company's accounting period to achieve the accrual basis.
 - c. If there are any differences between semi-annual financial statements and the

annual financial statements of the same period, the semi-annual financial statements presented for comparison with those in the next period must be restated in accordance with the data in the annual financial statements.

- d. Semi-annual financial statements must be disclosed to the public with the following requirements:
 - The Company must publish the balance sheet, income statement and other statements required by authorized institution at least in 1 (one) Indonesian newspaper that has a nation-wide circulation;
 - The form and content of the balance sheet, income statement and other statements required by authorized institution must be the same as those presented in the semi-annual financial statements submitted to Bapepam-LK (OJK);
 - The announcement shall be made within the required period in accordance with the requirement to submit semi-annual financial statements to Bapepam-LK (OJK); and
 - Proof of the publication must be submitted to Bapepam-LK (OJK) no later than 2 (two) working days after the announcement date.
- 3.8. In the event that the due date of submission of the financial statement is on holiday, the financial statement should be submitted on the previous working day.
- 3.9. Quarterly report is financial statement submitted once in every three months regarding the use of funds from the public offering by Company (IPO or Bonds).
 - a. The Company as Issuer who's Registration Statement has become effective must submit a report to Bapepam regarding the use of funds from a Public Offering. The use of funds shall also be accounted for in RUPS, and or be submitted to Trust Agent.
 - b. The report of the use of funds must be submitted to Bapepam-LK (OJK) and Trust Agent and shall be prepared quarterly (March, June, September, and December). The submission of the report shall not later than the 15th of the following month. The form and content of the report shall be in accordance with form provided by Bapepam-LK.
 - c. The accountability of the use of funds in annual RUPS shall be conducted annually.
 - d. In the event of a change in the use of funds shall notice the following
 - The plan must be reported to Bapepam-LK (OJK), disclosing the reasons and considerations involved;
 - The changes in the use of funds come from a Public Offering must obtain the prior approval from the RUPS; and
 - The changes in the use of funds from the Public Offering of Bonds must obtain prior approval of the Trust Agent after it is approved by the General Meeting of Bondholders.
 - e. The type of changes referred to the above-mentioned include:
 - Material changes in each element of the use of funds; and
 - Changes in locations that may have economic effects.
 - f. In the event that the Company has used the entire proceeds from the public offering, shall submit a realization report of the last use of funds to Bapepam-LK (OJK) and account for the final realization of the use of funds in Annual General Meeting of Shareholders (RUPS) and/or submit to the Trust Agent within the period determined in the report.
 - g. In the event that a subsidiary or other Affiliate uses the funds, the Issuer shall

explain the allocation of the funds after the return of the funds.

- h. If there are any remaining funds, a clear explanation shall be given as the following:
 - Where the funds are deposited;
 - The rate of interest, and its allocation;
 - Any affiliation or relationship between the Issuer and the entity keeping the funds; and
 - The period of keeping
4. Other reports that must be submitted by the Company in accordance with the prevailing regulations in Capital Market, including an obligation rules on information disclosure related with matters such as: Material Transaction, Conflict of Interest Transaction, and Information or Material Fact that may affect the shares of the company or investors' decisions, including:
 - 4.1. A merger, purchase of shares, consolidation or establishment of a joint venture;
 - 4.2. A split of shares or distribution of share dividends;
 - 4.3. An income from unusual dividend;
 - 4.4. An acquisition or loss of an important contract;
 - 4.5. A significant product or innovation;
 - 4.6. A change in control or significant change in management;
 - 4.7. Announcements repurchase or repayment of debt Securities;
 - 4.8. Additional sales of Securities to the public or in restricted material;
 - 4.9. A purchase, or loss on sale of a material asset;
 - 4.10. A relatively important labor dispute;
 - 4.11. Any important lawsuit against the company and/or the Company's Board of Directors or Commissioners;
 - 4.12. An offer to purchase Securities of other companies;
 - 4.13. The replacement of the Accountant who audits the company;
 - 4.14. The replacement of the company's Trust Agent; and
 - 4.15. A change in the company's fiscal year.
5. In addition to the above-mentioned matters, the Company discloses important information to stakeholders, consist of:
 - 5.1. Procurement procedure and partner relationship;
 - 5.2. Obedience in paying taxes;
 - 5.3. Mechanism of HR management in accordance with Collective Labor Agreement (PKB)

B. Fairness

Fairness is equality in the fulfillment of the rights of stakeholders arising under the agreement or due to the prevailing regulations.

PT Wijaya Karya (Persero) Tbk guarantees that each stakeholder deserves to be treated fairly as stipulated in the prevailing legislation. PT Wijaya Karya (Persero) Tbk treats each employee fairly and freely with no discrimination in race, religion, race, origin, gender, or other things that are not related to the performance.

Implementation of fairness principles including:

1. Shareholders entitled to attend and vote in RUPS in accordance with the prevailing

regulations;

2. The Company treats fairly and transparently to all partners;
3. The Company guarantees good and safe working condition to each employee in accordance with the Company's ability and the prevailing regulations.

C. Accountability

Accountability is the clarity of function, implementation and accountability of each organ and the whole range of the Company's management to run the Company effectively. The Company believes that accountability related with the existence of a system that controls relationship between individuals and/or existing organ in the Company or relationship between the Company with stakeholders. The Company implements accountability principle as one of the solutions in managing agency problem arise as logic consequences of different interest between individual, the Company and stakeholders. Accountability can be achieved through effective supervisory with balanced oriented between Company's Organ (RUPS, The Board of Commissioners and Directors). RUPS holds all powers that is not given to other organs. The Board of Commissioners shall carry out supervisory and advisory function. The Board of Directors is responsible in managing the Company's Accountability of all the Company's management, which means that each person is responsible for the tasks assigned.

The Company implements accountability by encouraging individual and/or Company's organ to aware with their rights and obligations, duties and responsibilities as well as authorities. Implementation of accountability principle is realized with a clear division of tasks between Company's organ, including:

1. RUPS is authorized to approve annual report, determine the profit share and paid dividend, and decide important matters that need approval from RUPS as stipulated in the Articles of Association and the prevailing regulations;
2. The Board of Commissioners is authorized to validate the Company's Work Plans and Budget (RKAP), carry out supervisory of the Company's management conducted by the Board of Directors and provide advice to the Board of Directors including the development plan, and implementation of Articles of Association and follow up from RUPS resolutions;
3. The Board of Directors has main duty to lead and manage the Company as stipulated in the Company's vision and mission and always try to improve efficiency and effectiveness of the Company to control, maintain and manage the Company's assets.

D. Responsibility

Responsibility is compliance in managing the Company in accordance with the prevailing regulations and the principles of healthy company. The Company is responsible to comply with the prevailing law and regulations, including the provisions related to employment, taxation, competition, occupational health and safety, etc.

Implementation of responsibility principle is realized by:

1. Complying the Articles of Association and the prevailing regulations on the implementation of Company's activities.
2. Carrying out tax obligations properly and on time.
3. Implementing corporate social responsibility, implementing partnership with society and community development, for example by fostering the small and medium

enterprises and cooperatives.

4. Impelmenting information disclosure obligation as stipulated in the regulation of capital market.

E. Independency

Independency is a condition in which the Company is managed professionally without conflict of interest and intervention from any parties that are not in accordance with the prevailing regulations in force and the principles of healthy company.

The Company implements independency principle by always respecting the rights and obligations, duties and responsibilities as well as authorities of each Company's organ. The Company believes that by implementing independency principle optimally, all the Company's organs will be able to carry out their tasks properly and optimally in making decision and best management for the Company.

Implementation of independency principle by the Company is as follows:

1. Respecting rights, obligations, duties, authorities and responsibilities of each Company's organ;
2. Aside from the Company's organ shall not interfere the Company's management;
3. The Board of Commissioners, Directors and the Company's employees in taking decision always avoid conflict of interest.
4. The Company's activities that have conflict of interest must be approved first by the Independent Shareholders or their representatives who are authorized in the RUPS as stipulated and comply with the regulation in capital market concerning the conflict of interest.

CHAPTER TWO

COMPANY'S ORGAN

A. Relationship Between the Company's Organ

The Company believes that the fair relationship between the Company's organ very positively impacts the success of the Company's management and implementation of good corporate governance, therefore the Company clearly divide and separate the function and tasks of RUPS, Commissioners and Directors as the Company's organ.

PT Wijaya Karya (Persero) Tbk encourages the Company's organ to make decision and execute task based on the good intention and compliance towards the prevailing regulations, and awareness of the Company's responsibilities to stakeholders and environmental preservation.

PT Wijaya karya (Persero) Tbk will encourage the fair relationship between the Company's organ. Each Company's organ always respect and act based on its each function and role, related in accordance with equality principle and respecting each other.

B. General Meeting of Shareholders (RUPS)

General Meeting of Shareholders (RUPS) is the Company's organ who has all authorities that is not given to the Board of Commissioners and Board of Directors. RUPS is a platform for the shareholders to influence the Company. RUPS is a forum where Commissioners and Directors report and are responsible to the implementation of their duties and performances to the shareholders. Some agenda being discussed in RUPS include determination of the direction and long-term strategy of the Company, operational and financial performance appraisal, determination of the members of the Board of Commissioners and Directors and their remuneration and other agenda proposed by the Shareholders.

RUPS consists of Annual RUPS and Extraordinary RUPS. The Company must provide complete explanation and accurate information to each Shareholder in relation to the implementation of RUPS.

With regard to the implementation of RUPS:

1. The Company provides invitation to Shareholders, provide information regarding the RUPS agenda, including recommendation proposed by the Board of Directors;
2. Shareholders receive the explanation regarding the agenda of RUPS which is given before and/or during the RUPS;
3. The Company guarantees that the decisions are taken through transparent and fair procedure;
4. The Company provides minutes of RUPS to each Shareholder if requested. The minutes of RUPS will contain the favor and dissenting opinions to the resolutions made;
5. The Company discloses to Shareholders the system of salary and allowances determination to each member of the Board of Commissioners and Directors as well as the details regarding the salary and allowances received by the member of the Board of Commissioners and Directors.

C. The Board of Commissioners

The Board of Commissioners is responsible to monitor the management of the Company and provide advice to the Board of Directors if deemed necessary for the interest of Company. The Board of Commissioners is responsible to ensure that the Board of Directors has the ability to carry out their duties under any circumstances.

The Board of Commissioners is responsible to supervise the Company's management and give advice to the Board of Directors during the discussion of Company's work plans and budget (RKAP) proposed by the Board of Directors, keep abreast the development of Company's activities, report immediately to the Shareholders if there is any sign of decline in Company performance or other matters deemed necessary for the immediate attention of Shareholders. In performing its duties, the Board of Commissioners shall comply with the Articles of Association and the prevailing regulations. The Board of Commissioners can use independent professional advice and/or establish the Special Committee on the cost of the Company in accordance with the stipulated procedures by the Board of Commissioners.

Implementation of the Company's Board of Commissioners duties, include:

1. The Board of Commissioners is responsible to monitor the Company's management conducted by the Board of Directors and give advice to the Board of Directors to the Company's development plan, annual Company's work plan and budget, implementation of Articles of Association provision and resolutions of RUPS and the prevailing regulations;
2. The Board of Commissioners shall carry out its duties, authorities and responsibilities in accordance with the provisions in the Articles of Association and RUPS resolutions;
3. The Board of Commissioners is responsible to implement the Company's interest with regards to the interests of the Shareholders and responsible to the RUPS;
4. The Board of Commissioners is responsible to analyze and review the annual report prepared by the Board of Directors and sign the report (as long as the Board of Commissioners is agree with the contents of the annual report);
5. The Board of Commissioners reviews the compliance of the Company towards the prevailing regulations (regulation compliance);
6. The Board of Commissioners evaluates the implementation progress of Good Corporate Governance practices.

C.1. Criteria of the Board of Commissioners' Members

PT Wijaya Karya (Persero) Tbk fully aware that the Shareholders through RUPS has full authorities to appoint the Board of Commissioners. However, the Board of Commissioners who has performances as expected by the Shareholders and the Company's needs, therefore the Company needs to determine the policy regarding the criteria of the Board of Commissioners' members as needed.

Criteria of the Company's Board of Commissioners are as follows:

- a. The members of the Board of Commissioners are appointed and dismissed by RUPS from the candidates proposed by the Shareholders of Dwiwarna Series A after the recruitment process in accordance with the prevailing regulations and the process is tied with RUPS.
- b. Those who are eligible to be appointed as Members of the Board of

Commissioners are individuals who are able to conduct legal actions, except that within 5 (five) years prior to their appointments:

- Were declared bankrupt;
 - Became Members of the Board of Commissioners who were declared guilty of causing the Company to be declared bankrupt; or
 - Were punished for committing a criminal act which inflicted a loss to the state's finance/related to the financial sector.
- c. In addition to fulfill the criteria as above-mentioned in the article 2, the appointment of the members of the Board of Commissioners is carried out by considering the integrity, dedication, understanding the Company's management issues related to one of the management functions, have sufficient knowledge of the Company's business, and dedicate adequate time to carry out their duties and responsibilities in accordance with the prevailing laws and regulations.
- d. Particularly for the Independent Commissioner, must fulfill the additional criteria as stipulated in the Decision of the Minister of State-Owned Enterprises Number Kep-117/M-MBU/2002 concerning the Implementation of Good Corporate Governance Practices to State-Owned Enterprises (BUMN).
- e. Among the members of the Board of Commissioners and Directors, there are no blood relations until the third generation, both vertically and horizontally or related by marriage. In the case that such situation occurred, then RUPS is authorized to dismissed one of them.
- f. Members of the Board of Commissioners is prohibited to have double positions including:
- Members of the Board of Directors in other State-Owned Enterprises, Regional Enterprises, and Private-Owned Enterprises;
 - Other positions in accordance with the prevailing laws and regulations, member of management of any political party and/or candidate legislative member and/or legislative member; and/or
 - Other positions which might potentially create a conflict of interest.

C.2. Independent Commissioner

Member of the Independent Commissioner is the member of the Board of Commissioners who has no financial relationship, management, share ownership and/or family relationship with other members of the Board of Commissioners, members of the Board of Directors and/or controlling shareholders or relationship with the Company that might hinder or hamper his position to act independently.

The Company as Issuer appointed Independent Commissioner as stipulated in the Bapepam-LK (OJK) Regulation or Indonesia Stock Exchange regulation in Bapepam Regulation Number IX.I.5 and Indonesia Stock Exchange Regulation Number I-A Kep-305/BEJ/07-2004. Independent Commissioner is responsible to perform supervision and also represents the interest of minority shareholders.

Criteria of Independent Commissioner as stipulated in the Decree of Minister of State-Owned Enterprises Number Kep-117/M-MBU/2002 concerning the Implementation of Good Corporate Governance Practices in State-Owned Enterprises (BUMN):

- a. Is not holding the position of a Director in an affiliated Company
- b. Is not working for the Government, including Ministry, military institutions during the last three years;

- c. Is not working in related State-Owned Enterprises or its affiliated Company during the last three years;
- d. Has no financial relationship, either directly or indirectly with the related State-Owned Enterprises or other Companies which provide services and products to the related State-Owned Enterprises and its affiliated companies;
- e. Is free from any conflict of interest and business activities or other relationship that might hinder or hamper his position as the Board of Commissioners/Board of Supervisory who are from outside the State-Owned Enterprises to act or think freely within the scope of State-Owned Enterprises.

C.3 Board of Commissioners' Meeting

- a. All decisions of the Board of Commissioners are taken in the Board of Commissioners' meeting.
- b. The Board of Commissioners can hold meeting at the request of 1 (one) or some members of the Board of Commissioners, request of the Board of Directors or written request of 1 (one) or several Shareholders who represent at least 1/10 (one tenth) of the number of shares with voting rights, by mentioning the agenda to be discussed.
- c. The decision can be taken outside the Board of Commissioners' meeting as long as all members of the Board of Commissioners approve the method and materials being decided.
- d. At every meeting of the Board of Commissioners, minutes of meeting shall be prepared which contain matters discussed, (including the statement of disagreement/dissenting opinion of the members of the Board of Commissioner, if any and matters resolved.
- e. The minutes of meeting as above-mentioned in article d shall be signed by the chairman of the meeting and all members of the Board of Commissioners present at the meeting. Members of the Board of Commissioners who do not attend the meeting shall provide agreement and disagreement statement towards the meeting resolutions.
- f. The original copy of the minutes of the Board of Commissioners' meeting must be submitted to the Board of Directors to be kept and maintained, meanwhile the Board of Commissioners keeps the copy.
- g. The Board of Commissioners' meeting shall be considered valid if held in the Company's place of domicile or its principal business place.
- h. The Board of Commissioners shall hold a meeting at least once a month and in that meeting the Board of Commissioners may invite the Board of Directors.
- i. Summons to the Board of Commissioners' meeting shall be served in writing by the President Commissioner or by a member of the Board of Commissioners appointed by the President Commissioner and shall be delivered within 3 (three) days prior to the meeting or a shorter period if in urgent condition, excluding the date of summons and date of meeting.
- j. The summons mentioned in the article i shall include the agenda, date, time and venue of the meeting.
- k. The agenda of meeting shall be prepared by the Board of Commissioners' Secretary.
- l. Such summons to the meeting shall not be required if all members of the Board of Commissioners are present in the meeting.
- m. The Board of Commissioners' meeting shall be valid and entitled to adopt binding

resolutions if attended or represented by more than a half (1/2) of the total members of the Board of Commissioners.

- n. In the miscellaneous agenda, the Board of Commissioners' meeting shall have no right to adopt any resolutions unless all members of the Board of Commissioners or their formal representatives are present and agree to the additional meeting agenda.
- o. A member of the Board of Commissioners who is unable to attend a Board of Commissioners' meeting may only be represented by another member of the Board of Commissioners, by granting a power of attorney with sufficient duty stamp especially made for such purpose.
- p. All meetings of the Board of Commissioners shall be chaired by the President Commissioner.
- q. In the event the President Commissioner is unable to attend, the meeting shall be chaired by another member of the Board of Commissioners appointed by the President Commissioner.
- r. In the event the President Commissioner does not make any appointment, the Member with the longest service as a Commissioner shall act as chairman of the meeting.
- s. In the event there are more than 1 (one) longest-serving Members of the Board of Commissioners, the oldest (in age) Member shall act as the chairman of Meeting
- t. All resolutions from the Board of Commissioners' meeting shall be adopted amicably for deliberation.
- u. If no agreement is reached amicably, resolutions of the Board of Commissioners' meeting shall be adopted by majority votes.
- v. In the event of a tie vote, with regard to an individual, decision of the meeting shall be made through a closed voting until reach the majority votes meanwhile with regard other matters then the vote will be redone until reach the majority votes.
- w. Each member of the Board of Commissioners shall be entitled to cast 1 (one) vote plus 1 (one) vote for a member of the Board of Commissioners he represents.
- x. Blank votes (abstain) shall be deemed to agree with the proposal brought up in the meeting. Non-valid votes shall be deemed as null and not counted in determining the number of votes in the meeting.
- y. The Board of Commissioners' meeting is attended by the Board of Commissioners' Secretary or another official appointed by the President Commissioner as reporter, unless in the particular meeting that can only be attended by the members of the Board of Commissioners. The Board of Commissioners' Secretary or other official appointed shall prepare, revise, document, and distribute the minutes of meeting. In the event that the meeting is special and is not attended by the Board of Commissioners' Secretary, then the preparation, revision, documentation and distribution of the minutes of meeting is prepared by one of the members of the Board of Commissioners appointed.
- z. The minutes of meeting is a valid proof for the members of the Board of Commissioners and third party regarding the decisions taken in the meeting. If the minutes of meeting made by Notary, such signature is not required. In preparation of the Minutes of the Board of Commissioners' meeting must fulfill the following requirements:
 - The minutes of meeting shall reflect the situation of meeting. Therefore the minutes of meeting must mention the venue and date of the meeting, the agenda being discussed, attendance list, duration of the meeting, problems being discussed, various opinions brought forward in the meeting, who gave the

opinion, decision making process, resolutions adopted, and dissenting opinion on the resolution of the meeting if there is no unanimous decision.

- Each member of the Board of Commissioners shall be entitled to receive a copy of the minutes of the Board of Commissioners' meeting, whether or not the member concerned was present at the Board of Commissioners' meeting.
- A copy of the minutes of the Board of Commissioners' meeting shall be delivered to all members of the Board of Commissioners within 7 (seven) days after the meeting. Revision on the minutes of meeting is possible to made within 14 (fourteen) days of the date of delivery of the minutes of meeting. Each member of the Board of Commissioners present and/or represented in the meeting shall give his approval or objection and/or recommendation for correction, if any, on what is contained in the minutes of meeting to the chairman of the meeting. If the objection and/or proposed correction are not received during that period, it shall be concluded that there is no objection and/or revision on the minutes of meeting.
- The minutes of meeting shall be documented properly by the Board of Commissioners' Secretary or other official appointed for documentation and accountability process of decision making made by the Board of Commissioners.
- There is an evaluation of the Board of Commissioners on the follow-up of the previous meeting.
- The resolutions of the Board of Commissioners' report has been followed up.

C.4 The Board of Commissioners' Performance

The Board of Commissioners' performance will be evaluated every eyar by the Shareholders in the RUPS.

The Board of Commissioners' performance shall be determined based on the duties, authorities, and obligations contained in the prevailing laws and regulations and the Articles of Association. The criteria of a formal evaluation are given openly to the Board of Commissioners as of the date of his appointment.

The results of evaluation on the Board of Commissioners' performance as a whole and each member's performance individually shall become an integral part in the compensation scheme and in the awarding of incentives for the Board of Commissioners. The result of performance appraisal of each member of the Board of Commissioners individually shall become the basis of consideration for the Shareholders to terminate and/or reappoint the member of the Board of Commissioners concerned.

Criteria for the Board of Commissioners' performance appraisal are decided in the RUPS. The criteria of the Commissioner's individual performance appraisal including:

- a. Compliance with the prevailing laws and regulations as well as Company's policies, concerning conflict of interest for example;
- b. Commitment in promoting Company's interest;
- c. Rate of attendance at the Board of Commissioners' or Committee's meeting;
- d. Contribution in performing the special tasks.

C.5 Work Relationship between the Board of Commissioners and Directors

With regard to carry out the supervisory function, the Board of Commissioners hold regular meeting for the Board of Directors (Coordination Meeting) to discuss the Company's problems. Apart from the regular meeting, the Board of Commissioners is entitled to hold each meeting, information for the Board of Commissioners is being prepared and distributed in written by the Board of Directors before the meeting to enable the Board of Commissioners to analyze the problems being discussed. If deemed necessary, the Board of Directors can help in preparing the problem summary that is will be discussed by not affecting the information essence.

The Board of Commissioners is entitled to request explanation regarding all matters being questioned to the Board of Directors and the Board of Directors shall provide explanation. The Board of Commisisoners is entitled to enter the premises or other place used or owned by the Company and is entitled to check the document for verification purpose. The implementation of the Board of Commissioners' rights is carried out in such a way so that does not interfere the operational activities of the Company.

C.1 Committees under the Board of Commissioners

The Board of Commissioners is entitled to receive independent professional advice on the Company's consents for matters that become the responsibility of the Board of Commissioners so that the Board of Commissioners can perform the duties. The Committees is responsible to support the Board of Commissioners in carrying out its duties and responsibilities, and help in determining the Board of Commissioners' policy in accordance with the scope of each Committee's duties. Determination of the policy is still the authority of the Board of Commissioners unless for matters delegated in the Decree Letter of the Board of Commissioners. Such committees are chaired by one of the members of the Board of Commissioners. Committees who support the Board of Commissioners are Audit Committee and Good Corporate Governance (GCG) Committee.

C.1 Audit Committee

Is responsible to support the Board of Commissioners to encourage the formation of an adequate internal supervisory, improve transparency in financial reporting, review the scope of work and the appointment of the external auditor including and not limited to the fairness of the audit fee, experiences, independency and objectivity. In addition, the Audit Committee is also responsible for preparing the statement that describes the Committee's duties and responsibilities through out the book year being analyzed by the external auditor, in which such letter should be attached in the annual report delivered to the Shareholders.

The duties of Audit Committee are as follows:

- a. The Audit Committee works collectively in performing its duties to support the Board of Commissioners.
- b. The Audit Committee is independent in performing its duties or in reporting, and responsible directly to the Board of Commissioners.
- c. Conduct a review of financial information that will be published by the Company to the public and/or authority parties including the financial statement, projection, and other reports related to the financial information of the Company.

- d. Conduct a review on the compliance of the Company towards the laws and regulations related to the Company's activities.
- e. Provide independent opinion in the event of disagreements between Company's management and the external auditor/Public Accountants for services rendered.
- f. Conduct a review with the management and External Auditor/Public Accountant related to all issues required to be discussed in compliance with professional standards of Public Accountant.
- g. Provide recommendation to the Board of Commissioners concerning the appointment of External Auditor/Public Accountant based on independency, scope of work, and fee.
- h. Conduct a review on the audit performed by Internal Supervisory Audit (SPI) and monitors the follow up of audit finding by the Directors.
- i. Conduct a review on the implementation of risk management performed by the Board of Directors.
- j. Conduct a review on the effectiveness of internal control system of the Company including control and security of information technology.
- k. Review complaints related to accounting process and financial reporting of the Company.
- l. Review and give recommendation to the Board of Commissioners related to the potential of conflict of interest in the Company.
- m. Prepare self-assessment tool and self-assessment toward the performance of Audit Committee and report it to the Board of Commissioners.

D.1 Good Corporate Governance (GCG) Committee

GCG Committee is responsible to support the Board of Commissioners in reviewing the policy of the Corporate Governance in overall that is prepared by the Board of Directors and the implementation of consistency including that is related with the business ethics and Corporate Social Responsibility.

The duties of GCG Committee are as follows:

- a. To review, evaluate and give recommendation to the Board of Commissioners on the implementation of Good Corporate Governance in the Company.
- b. To review the Company's compliance toward the prevailing regulations and relevant with the characteristic of the Company's business activities, including: rules and regulations related to Company's business entity, State-owned Enterprises, capital market, construction service, agreement, and corporate governance.
- c. To give objective, professional, and independent opinion and/or input on issues which require great attention, follow up, or other relevant issues that might help the Board of Commissioners' duty related to GCG practices.
- d. To review the suitability of the provisions in the Standard Operating Procedures (SOP) with the prevailing rules and regulations as well as the relevant code of ethics.
- e. To arrange self-assessment toward the performance of GCG Committee and report it to the Board of Commissioners periodically.
- f. To keep documentation of the implementation results of the Committee's duties and report it to the Board of Commissioners periodically.
- g. To perform special duties and other duties from the Board of Commissioners that is not in contraversion with the prevailing rules and regulations, the Company's

rules, Code of Corporate Governance, Code of Ethics of the Company, and Board Manual.

h. GCG Committee shall hold meeting at least 1 (once) a month.

D. The Board of Directors shall in good faith and full responsibility of running the Company for the interest of the Company. The Board of Directors shall manage the business and affairs of the Company with regard to the balance of interests of all parties concerned with the activities of the Company. The Board of Directors shall act diligently, carefully and with consideration of various important aspects relevant in performing its duties. The Board of Directors will use the authority held solely for the interest of the Company.

The Board of Directors as the Company's organ is responsible collegially in managing the Company. Each member of the Board of Directors can perform their duties and take decision based on the division of the duties and authorities.

Implementation of the Board of Directors' duties are as follows:

1. Comply with the Articles of Association and the prevailing rules and regulations;
2. The Board of Directors has duties and authorities including lead and manage the Company in accordance with the aims and objectives of the Company and always strive to improve efficiency and effectiveness of the Company. The Board of Directors is fully responsible in performing its duties for the Company's interest to achieve its aims and objectives, lead, maintain and manage the Company's assets.
3. The Board of Directors shall avoid condition where there is a conflict of the duties and the Company's interest or has potential of personal conflict of interest. In the event of such situation, then the member of the Board of Directors concerned is hand off or does not have authorities to represent the Company. In the event that such conflict of interest involving all members of the Board of Directors, then the Company will be represented by the Board of Commissioners.
4. To make all efforts and to ensure that the Company's business and activities run in accordance with the Company's aims and objectives;
5. The Board of Directors set out the organizational structure in accordance with the Company's needs:
 - a. There is an organizational structure that is set to ensure the achievement of Company's target and objectives.
 - b. There is a decision by the Board of Directors regarding the description of duties and responsibilities of each member of the Board of Directors.
 - c. There is a determination of position description and specification and job description for all levels in the organizational structure.
 - d. Request for approval to the Board of Commissioners on the organizational structure.
1. The Board of Directors set out the operational policies and Standard Operational Procedure (SOP) for the Company's core business:
 - a. There is a policy concerning the guideline of the SOP preparation
 - b. There is SOP for all core business processes of the Company as the guidance in implementing the Company's activities.
 - c. There is socialization of SOP for the Company's core business to related employees.
 - d. SOP for the Company's core business process is performed consistently and no violation on the procedure.
 - e. The Board of Directors reviews the improvement of SOP periodically.

6. With regard to the implementation of the Company's management policy, if not specified by the Board of Directors, the President Director has the rights and authority to act for and on behalf of the Board of Directors and represents the Company with the provision that such actions taken by the President Director have been approved by the Board of Directors' meeting.
7. In the event that the President Director does not appoint anyone, then the member of the Board of Directors with the longest service has the authority to act for and on behalf of the Board of Directors and perform the duties of President Director.
8. In the event that there are more than 1 (one) longest-serving member of the Board of Directors, then the longest-serving and oldest (in age) member of the Board of Directors who has the authority to act for and on behalf of the Board of Directors performs the duties of the President Director.
9. The Company's management function by the Board of Directors including the main duties which are management, risk management, internal control, communication, investment, information technology and corporate social responsibility.
10. Management Duties including:
 - a. The Board of Directors shall set out Company's vision, mission, and values and Company's long-term and short-term program to be discussed and approved by the Board of Commissioners or RUPS in accordance with the Articles of Association.
 - b. The Board of Directors must be able to manage the resources owned effectively and efficiently.
 - c. The Board of Directors shall consider the fair interests from the stakeholders.
 - d. The Board of Directors can give the power of attorney to the committees formed to support the implementation of its duties or to the Company's employees to perform special tasks, but the responsibility is still on the Board of Directors.
11. The Board of Directors shall have and comply with the code of conduct and charter, so that the implementation of the duties can be directed and effective and can be used as one of the performance appraisal tool.
12. The Risk Management duties are:
 - a. The Board of Directors shall prepare and implement risk management system that covers all of the Company's activities aspects.
 - b. For each strategic decision making, including new products or services creation, the risk impact must be calculated carefully, which means that there is a balance between the result and the risk.
 - c. To implement good risk management, the Company must have Risk Policy Committee and Risk Management Work Unit.
 - d. Types of risk to the Company including but not limited to: risk as insurer/reinsurer, reputation risk, business competition risk, investment risk, liquidity risk, natural disasters risk, legal risk and compliance risk.
 - e. Risk Management Policy is socialized to all Company's employees.
 - f. There is a Company's work plan to implement the Risk Management policy.
 - g. The Board of Directors implement Risk Management program (Risk Management Program including identify and manage risk on the business process, project or

Company's proposed actions that must get approval from the Board of Commissioners or RUPS.

- h. The Board of Directors monitors on the Risk Management program.
- i. The Board of Directors reports the implementation of Risk Management to the Board of Commissioners.

13. Duties of Internal Control including:

- a. The Board of Directors shall prepare and implement internal control system to give adequate confidence on the achievement of Company's aims through effective and efficient activities, reliability of financial and performance report, asset security and compliance to the prevailing laws and regulations.
- b. The Company shall establish Internal Supervisory Unit (SPI). To be able to carry out its duties independently and professionally, SPI shall fulfill the following principles:
 - 1) Responsible to the President Director or Director who is in charge of the internal control duties and has functional relationship with the Board of Commissioners through Audit Committee so in the implementation, is responsible to report to the Audit Committee.
 - 2) Head of SPI is appointed by the Board of Directors, based on clear criteria and approval from the Board of Commissioners.
 - 3) SPI shall help the Board of Directors in ensuring the achievement of aims and business continuity by:
 - a) Evaluating the Company's program implementation.
 - b) Ensuring that the internal control system is functioning effectively and efficiently.
 - c) Giving advice in improving the effectivity of risk control process.
 - d) Evaluating compliance towards Company's rules, GCG implementation and regulations.
 - e) Facilitating the audit implementation by external auditor.
- c. The Company establishes internal control report that covers:
 - 1) A statement that management is responsible to determine and maintain an internal control structure and reliable financial report procedure.
 - 2) An appraisal on the effectiveness of internal control structure and financial report procedure at the end of Company's book year.

14. Communication duties including:

- a. The Board of Directors shall ensure good communication between the Company and stakeholders by optimizing the function of Corporate Secretary as liaison officer.
- b. In the event of Company's complexity has not require the appointment of Corporate Secretary, then the function of Corporate Secretary must be taken by one of the members of the Board of Directors.
- c. Corporate Secretary or executive function of Corporate Secretary should be able to:
 - 1) Ensure that the Company has comply with the rules of information disclosure in accordance with the prevailing rules and regulations.
 - 2) Provide services to stakeholders for each relevant information needed.

- d. Corporate Secretary or executive function of Corporate Secretary is responsible to the Board of Directors. The report of Corporate Secretary duties implementation is submitted also to the Board of Commissioners.
- e. In the event that the Company does not have compliance committee, the function to ensure compliance towards the prevailing rules and regulations is carried out by Corporate Secretary.

15. Investment duties covers:

- a. Investment shall be conducted in accordance with the prudent principle with optimum result, liquid and safe for the Company.
- b. To help the effectiveness of investment implementation, the Board of Directors can form Investment Committee. Investment Committee carries out the duties objectively in accordance with the Board of Directors' guidance such as assist the Board of Directors in assessing and determining the investment strategy to maintain adequate liquidity to fulfill the obligation.

16. Information technology duties including:

The use of Information Technology (IT) by the Company shall comply with the following principles:

- a. Has integrated information system with all management function.
- b. Has the latest operating manual (up to date).
- c. Comply with the prevailing rules and regulations, particularly in using software.
- d. Conduct IT audit periodically.
- e. The Board of Directors implement information technology system in accordance with the prevailing policies:
 - 1) The Company determines Information Technology Master Plan (ITMP) as a guideline in developing the information technology and Information Technology Detail Plan (ITDP) as further elaboration of ITMP, that is used as the code of implementation on the annual planning based on ITMP.
 - 2) Information system architecture shall also design up to data level and system security.
 - 3) The direction of use and procurement of information technology that is used has been planned by considering the technology development trend.
 - 4) There is data management policy, data management procedure, and IT reporting.
- f. Implementation of IT in the Company in accordance with masterplan and attached with the complete IT plan including human resources, management organizational structure and services level provided by IT.
- g. The Board of Directors reports the implementation of information technology to the Board of Commissioners.
 - 1) There is written IT system implementation report related to IT Master Plan implementation and ITDP and is submitted to the Board of Commissioners, whether requested or not requested.
 - 2) There is technology performance report submitted to the Board of Commissioners (including IT audit report).

17. The Corporate Social Responsibility duties are as follows:
 - a. In order to maintain the sustainability of the Company's business, the Board of Directors shall ensure the fulfillment of Corporate Social Responsibility.
 - b. The Board of Directors shall have a clear written plan and focus in implementing the Corporate Social Responsibility.
18. Prepare in time the Company's long-term plan, Company's annual work plan and budget including other plans related with the business implementation and Company's activities and submit it to the Board of Commissioners to further be submitted to the General Meeting of Shareholders (RUPS) to get approval;
19. Prepare and maintain the Company's bookkeeping and administration in accordance with the prevailing standards for a Company;
20. Prepare accounting system in accordance with the Financial Accounting Standard and based on the internal control principles, especially the management function, recording, storing and supervising;
21. Provide accountability and all the information concerning the condition and Company's activities in the form of annual report including the annual calculation to the General Meeting of Shareholders (RUPS);
22. Provide periodic report by way and time in accordance with the prevailing requirements and other reports at any time requested by the Shareholders;
23. Maintain and improve the Company's image.

D.1 Criteria of the Board of Directors' Members

PT Wijaya Karya (Persero) Tbk is fully aware that Shareholders through RUPS has full authority to appoint the Board of Directors. However, to ensure that the Board of Directors has performance as expected by the Shareholders and the Company's needs, therefore a policy to determine the Board of Directors criteria needed is set.

The Company implements the Company's Board of Directors criteria, including the following:

1. Those who are eligible to be appointed as members of the Board of Directors are individuals who are able to conduct legal actions, except that within 5 (five) years prior to their appointments:
 - a. Were declared bankrupt;
 - b. Became members of the Board of Directors or members of the Board of Commissioners who were declared guilty of causing and/or the Company to be declared bankrupt; or
 - c. Were punished for committing a criminal act which inflicted loss to the state's and/or BUMN'S and/or which is related to the financial sector.
2. Fulfillment of the requirements as above-mentioned in article 1 is proven with the statement letter signed by the candidates of the Board of Directors and that letter is kept by the Company.
3. In addition to fulfill the requirement as above-mentioned in the article 2, the appointment of the Board of Directors is conducted by considering the skills, experiences, and other requirements in accordance with the prevailing rules and regulations.
4. The appointment of the Board of Directors, that does not fulfill the requirements as above-mentioned in the article 1 and 3, null and void since the other members of the Board of Directors or Commissioners aware that there is requirement that is not fulfilled.
5. Among the members of the Board of Directors and between the member of the Board of Directors and Commissioners it is not allowed to have a family relationship up to the third

degree either based on vertical or horizontal lines, including relationship due to marriage. In the case that such situation occurred, then RUPS is authorized to dismissed one of them.

6. The members of the Board of Directors are appointed by RUPS from the candidates proposed by the Dwiwarna Shareholders after the nomination process in accordance with the prevailing laws, and the nomination is tied for the RUPS.
7. RUPS as above-mentioned in the article 6 shall be attended by the Shareholders of Dwiwarna Series A and the meeting resolutions must be approved by the Shareholders of Dwiwarna Series A by considering the provision of quorum, voting rights and RUPS decision as stipulated in the Articles of Association.
8. Members of the Board of Directors is prohibited to have double positions including:
 - a. Members of the Board of Directors in other State-Owned Enterprises, Regional Enterprises, and Private-Owned Enterprises;
 - b. Other structural and functional positions in central or regional government institutions;
 - c. Member of management of any political party and/or candidate legislative member and/or legislative member; and/or
 - d. Other positions which might potentially create a conflict of interest, and/or other positions in accordance with the prevailing laws and regulations.
9. Have good integrity based on the track record;
10. Understand and have experiences in the Company's business and/or relevant experiences with the Company's needs;
11. Have good leadership quality;
12. Have commitment to comply with the prevailing laws and regulations including the Company's rules and Shareholders' direction;
13. Able to represent the Company in front of public, Shareholders, and other Stakeholders;
14. Have high integrity and dedication to improve the Company;
15. Have a good character and ability to perform the duties with best efforts in accordance with the position mandated.

D.2 The Board of Directors' Meeting

The Board of Directors' meeting is meeting held by the Board of Directors to make several business decisions, evaluate the Company's performances and decide several policies in the Company's management.

The Board of Directors' meeting conducted by the following principles:

1. All decisions of the Board of Directors are taken in the Board of Directors' meeting.
2. The decision can be taken outside the Board of Directors' meeting as long as all members of the Board of Directors approve the method and materials being decided.
3. The Board of Directors' meeting shall be held periodically, at least once in a month, and in the meeting, the Board of Directors can invite the Board of Commissioners.
4. At every meeting of the Board of Directors, minutes of meeting shall be prepared which contain matters discussed (including the statement of disagreement/dissenting opinion of the members of the Board of Directors, if any) and matters decided.
5. The minutes of meeting as above-mentioned in article 3 is signed by the meeting's Chairperson and all members of the Board of Directors who are present. The members of the Board of Directors who are not present at the meeting shall give opinion of agreement or disagreement on the meeting resolutions.
6. The Board of Directors can hold meeting at any time if:
 - a. If deemed necessary by 1 (one) or some members of the Board of Directors;

- b. Written request by 1 (one) or some members of the Board of Commissioners; or
 - c. Written request of 1 (one) or several Shareholders who represent at least 1/10 (one tenth) of the number of shares with voting rights.
7. The Board of Directors' meeting shall be held at the place of domicile of the Company or at the main business place of the Company.
 8. Summons to the Board of Directors' meeting shall be served in writing letter by the member of the Board of Directors who represents the Company and delivered at least 3 (three) days prior to the meeting or in a shorter period if in urgent condition, excluding the date of summons and date of meeting.
 9. Summons of the meeting shall be prepared by the Corporate Secretary.
 10. The summons of meeting as above-mentioned in article 7 shall specify date, time, agenda and venue of the meeting.
 11. The summons of meeting is not required if all members of the Board of Directors present in the meeting.
 12. The Board of Directors' meeting shall be valid and entitled to adopt binding resolutions if attended by more than $\frac{1}{2}$ (a half) of the total members of the Board of Directors are present or validly represented in the meeting as above-mentioned in article 9.
 13. In the miscellaneous item of the agenda, the Board of Directors' meeting shall have no right to make a decision unless all members of the Board of Directors or their valid representatives are present and approve the additional agenda item.
 14. All of the Board of Directors' meetings shall be chaired by the President Director.
 - In the event that the President Director is prevented or absent for any reason, the Board of Directors' meeting shall be chaired by a member of the Board of Directors assigned in written by the President Director.
 - In the event that the President Director does not make any appointment, the member with the longest service as a Director shall act as chairman of the meeting.
 - In the event there are more than 1 (one) longest-serving members of the Board of Directors, the oldest (in age) member shall act as the chairman of the meeting.
 15. To give vote in the decision making, a member of the Board of Directors may only be represented by another member of the Board of Directors, by granting a power of attorney with sufficient duty stamp specially made for such purpose.
 16. One member of the Board of Directors may only represent one other member of the Board of Directors.
 17. All resolutions from the Board of Directors' meeting shall be adopted amicably for deliberation.
 - If no agreement is reached amicably, resolutions of the Board of Directors' meeting shall be adopted by majority votes.
 - In the event of a tie vote, with regard to an individual, decision of the meeting shall be made through a closed voting until reach the majority votes meanwhile with regard other matters then the vote will be redone until reach the majority votes.
 18. Each member of the Board of Directors shall be entitled to cast 1 (one) vote plus 1 (one) vote for a member of the Board of Directors he represents.
 19. In the event of more than two alternatives are proposed and the results of voting have not obtained one alternative with votes of more than $\frac{1}{2}$ (a half) portion of the total votes cast, then the second voting may be held on the two alternatives which receive most votes so that one proposed alternative would receive votes of more than $\frac{1}{2}$ (a half) portion from the total votes cast.
 20. Blank votes shall be deemed to agree with the proposal brought up in the meeting.
 21. Non-valid votes shall be deemed as null and not counted in determining the number of

votes in the meeting.

22. The Board of Directors' meeting is attended by Corporate Secretary or another official appointed by the President Director as reporter, unless in the particular meeting that can only be attended by the members of the Board of Directors. The Corporate Secretary or other official appointed shall prepare, revise, document, and distribute the minutes of meeting. In the event that the meeting is special and is not attended by the Corporate Secretary, then the preparation, revision, documentation and distribution of the minutes of meeting is prepared by one of the members of the Board of Directors appointed.
23. The minutes of meeting is a valid proof for the members of the Board of Directors and third party regarding the decisions taken in the meeting. If the minutes of meeting made by Notary, such signature is not required.

In preparation of the Minutes of the Board of Directors' meeting must fulfill the following requirements:

- a. The minutes of the Board of Directors' meeting shall be prepared for each Board of Directors' meeting that contains all matters being discussed and decided in the meeting, including but not limited to the opinions in the meeting, both for agreement or disagreement or any dissenting comments, and reasons of absent of the members of the Board of Directors, if any.
- b. The minutes of meeting shall reflect the situation of meeting. Therefore the minutes of meeting must mention the venue and date of the meeting, the agenda being discussed, attendance list, duration of the meeting, problems being discussed, various opinions brought forward in the meeting, who gave the opinion, decision making process, resolutions adopted, and dissenting opinion on the resolution of the meeting if there is no unanimous decision.
- c. Each member of the Board of Directors shall be entitled to receive a copy of the minutes of the Board of Directors' meeting, whether or not the member concerned was present at the Board of Directors' meeting.
- d. A copy of the minutes of the Board of Directors' meeting shall be delivered to all members of the Board of Directors within 7 (seven) days after the meeting. Revision on the minutes of meeting is possible to made within 14 (fourteen) days of the date of delivery of the minutes of meeting. Each member of the Board of Directors present and/or represented in the meeting shall give his approval or objection and/or recommendation for correction, if any, on what is contained in the minutes of meeting to the chairman of the meeting. If the objection and/or proposed correction are not received during that period, it shall be conducted that there is no objection and/or revision on the minutes of meeting.
- e. The minutes of meeting shall be documented properly by the Corporate Secretary or other official appointed for documentation and accountability process of decision making made by the Board of Directors.

D.3 Policy in Taking Professional Advice

PT Wijaya Karya (Persero) Tbk has policy that enables the Board of Directors to get independent professional advice in performing duties and responsibilities in accordance with the prevailing laws and regulations. To ensure that the Board of Directors can perform the duties properly for the interest of the Company, PT Wijaya Karya (Persero) Tbk. allows the Board of Directors to get the professional advice on the Company's expense.

D.4 The Board of Directors' Performance

The performance appraisal criteria of the Board of Directors and its members are set based on the performance target in the appointment agreement of the Board of Directors. The Board of Directors' performance will be evaluated every year in the General Meeting of Shareholders (RUPS) based on the performance appraisal criteria set.

The result of performance appraisal of each member of the Board of Directors individually shall become the basis of consideration for the Shareholders to reappoint. The results of evaluation on the Board of Directors' performance as a whole and each member's performance individually shall become an integral part in the compensation scheme and in the awarding of incentives for the Board of Directors.

General Meeting of Shareholders (RUPS) defines the criteria of the Board of Directors' performances or each member of the Board of Directors as follows:

- a. Company's performance achievement in accordance with the target set by RUPS;
- b. Implementation of each duties and responsibilities;
- c. Compliance to the prevailing rules and regulations and Shareholders' direction;
- d. Commitment in improving the Company;
- e. Attendance in the Board of Directors' meetings;
- f. Achievements in particular assignment;
- g. Contribution in decision making process.

E. Corporate Secretary

The Company is fully aware the importance of good relationship among the Company's organ (RUPS, the Board of Directors, and the Board of Commissioners) and relationship between the Company and stakeholders. Therefore, the Company appoints a Corporate Secretary. In structure, Corporate Secretary is responsible to the President Director and has adequate authority.

Duties of Corporate Secretary are:

- a. Ensure that the Company complies with the prevailing laws and regulations and implementation of Good Corporate Governance.
- b. Handle activities related with the investors, shares, stock exchange, capital market and information of the Subsidiaries' activities.
- c. Implement Corporate Social Responsibility.
- d. Conduct and administer familiarization program of the new Board of Directors.
- e. Provide information needed by the Board of Directors and Board of Commissioners periodically and at any time as requested.
- f. As liaison officer.
- g. Administer and keep Company's documents, including but not limited to a Register of Shareholders, Special Register and minutes of Board of Directors' meeting, Board of Commissioners' meeting and RUPS.
- h. Corporate Secretary coordinates the preparation of accurate and reliable quarter and annual Management Report. If the quarter management report shall be submitted to the Shareholders/RUPS at least 1 (one) month after the quarter period, then the delivery process to the Board of Directors/ Supervisory Board at least 7 (seven) days after the end of the quarter period, so that the Board of Commissioners/Supervisory Board has 21 (twenty one) days to review, 7 (seven) days before submitted to the Shareholders (or in accordance with internal company rules, if any).

- i. Update the information material provided in the Company's website or online Company's website is updated regularly.
- j. Coordinate the preparation and provide materials for Press Release for each statement in the level of the Board of Directors.
- k. Providing information needed related to data or the Company's performance within the limites set in the Information Protocol set by the Company and other reports disclosure to the other stakeholders in accordance with the prevailing laws in time.

CHAPTER THREE

ACCOUNTING STANDARD, INTERNAL CONTROL AND EXTERNAL AUDIT

A. Accounting Standard

PT Wijaya Karya (Persero) Tbk. ensures that all policies and regulations related to accounting always refer to meet the requirements of Statement of Financial Accounting Standards (PSAK). The PSAK requires the Company's financial statements fairly present the financial position, financial performance, changes in equity and cash flows as well as other disclosures in the notes to the financial statements. For other things that have not been regulated in PSAK, the disclosure which is conducted by the Company continues to consider aspects of relevance to the needs of users of financial statements and reliable.

Presentation of financial statements (balance sheet, income statement, cash flow statement, changes in equity report) in each book year, carried out by the Company to meet the interests of all parties related to the Company. The Company is committed to disclose the report in a fair and transparent based on the applicable regulations.

To meet all of the above principles, the Company has a policy that guarantees the reliability of the record. Transactions are recorded in the accounting system at least have been approved by the management who has the authority for this purpose and has been recorded correctly. The Company's financial statements fairly and accurately depict the actual transaction without the slightest intention to fool the readers. All parties, both the Board of Directors and employees who are responsible for these functions are required to understand and implement the policy of financial internal control system and procedures for the accounting records of the Company.

B. Internal Control System

Financial Internal Control System applied to guarantee reliability of the financial information, the effectiveness and efficiency of the Company's management process and compliance with the prevailing laws and regulations.

To improve the quality of auditors personnel assigned by SPI in accordance with the requirements, thus, PT Wijaya Karya (Persero) prepares some of the following programs:

- a. Head of Internal Audit Function has recognized expertise in the profession of internal auditor to obtain appropriate professional certification (Certified Internal Auditor/Qualified Internal Auditor).
- b. Internal Auditor staff has the knowledge and expertise necessary to obtain appropriate professional certification in the Internal Auditor function structure.
- c. There is a continuing professional development program for internal auditor staff, both to maintain certification profession and involve internal auditor staff in education that supports efforts to obtain professional certification.

Company continues to maintain an effective internal control system to secure the Company's investments and assets. Internal control system encompasses include the things as follows:

1. The Company's internal control environment in which discipline and structured, consisting of:
 - Integrity, code of ethics dan employees competence;

- Method taken by the management in implementing its authorities and responsibilities;
 - Management and development of the human resources;
 - Attention and direction made by the Board of Directors.
2. Assessment and management of business risk is a process to identify, analyze, assess and manage the relevant business risk;
 3. Controlling activities are actions taken in the controlling process of the Company's activities in each level and unit in the Company's organization structure, concerning the authorities, verification, reconciliation, assessment of the performance achievement, job division and security of the Company's assets;
 4. Information and communication system is a process of preparing a report regarding the operations, financial, and compliance on the prevailing rules and regulations in the Company;
 5. Monitoring is a process of assessment towards the quality of internal control system including audit internal function to each level and unit of Company's organizational structure, so that it can be implemented optimally, with the stipulation that if there is any violation happened is reported to the Board of Directors and a copy is submitted to Audit Committee.

Internal Control System is carried out by the Internal Supervisory Unit (SPI) who is responsible to the President Director.

The mission of SPI is to help the Board of Directors and Management in ensuring the effectiveness of the Company's aims achievement, through evaluation on the controlling process of operation activities, risk management, and corporate governance by auditing, consulting, and providing independent, objective, and innovative recommendation.

In performing its tasks, SPI has the authorities:

- a. To see all documents, receive explanation in the requested time and/or check the Company.
- b. If deemed necessary, SPI has authority to get feedback and advice from professional expert both within the Company or outsource.

Implementation of SPI duties and responsibilities are:

- a. Preparing Annual Supervisory Work Program/PKPT (Annual Audit Plan) has been carried out with risk based auditing.
- b. Assignment Plan (PKPT) is submitted to the Board of Commissioners/Supervisory Board and Audit Committee to obtain consideration and advices.
- c. Assignment Plan (PKPT) approved by the President Director is communicated to the Board of Directors and Board of Commissioners/Supervisory Board and Audit Committee.
- d. Internal Auditor Function conducts audit based on the set annual supervisory work program.
- e. Person in charge of the Internal Audit reports the performance result (internal controlling assignment) to the President Director.
- f. Report of the internal control assignment result is submitted to the Board of Commissioners/Supervisory Board and Audit Committee.
- g. SPI gives input on the efforts to achieve the Company's business strategy.
- h. SPI monitors the follow up of recommendation on the internal and external control

- report.
- i. Assist the Board of Directors and Management in monitoring the adequate and effectiveness of the Company's management control system.
 - j. Assist the Board of Directors and Management in improving the Company's corporate governance, by encouraging the effectiveness of corporate governance organs, and effectiveness of management control process, risk management, business ethics implementation and organization performance appraisal.
 - k. Create added value by identifying business opportunities to improve savings, efficiency, and effectiveness of the Company's activities implementation.
 - l. Consult with the President Director, and coordinate with the Board of Commissioners through Audit Committee.

To fulfill the above responsibilities, the scope of work of SPI consists of:

- a. Ensuring that the management control system is adequate, work efficiently and economically, and functioning effectively to achieve the expected aims and objective.
- b. Implementing relevant special assignment with the above scope of work such as: investigation and disclosure of violation, fraud and waste.
- c. Conducting audit to Subsidiaries as stated in the authority, duties, and scope of work of SPI.
- d. In performing audit together with other work units such as Audit SMM, K-3, Environmental or GCG Assessment.

In fulfilling its responsibilities, Head of SPI is responsible to the President Director to:

- a. Give assessment on the adequate and effectiveness of the Company's management process and controlling the activities and risk management.
- b. Report important matters related to the process of management control, including the possibility of improving such process.
- c. Give information concerning the audit activities progress and results of the annual audit plan and the availability of the audit resources.
- d. Coordinate with the controlling institution in the Company's environment, communicate with the Board of Commissioners through Audit Committee, and also external party to complete the investigation materials, monitor the activities and investigation result.
- e. Auditor has the authority to keep the work paper as the proof of the independent audit implementation.

Meanwhile concerning the work relationship of SPI and Audit Committee are as follows:

- a. Audit Committee evaluates independency, objectivity and effectiveness of SPI.
- b. Audit Committee monitors the compliance towards Auditor Profession Code of Ethics.
- c. Audit Committee provides consideration to the Board of Commissioners on the appointment and termination of Head of SPI approval.

C. External Audit

In relations with the External Auditor, the Company set policies as follows:

1. Is the authority of RUPS to appoint the External Auditor from the candidates proposed by the Board of Commissioners based on the Audit Committee recommendation; the authority can be delegated to the Board of Commissioners based on the RUPS resolutions.
2. Audit Committee through the Board of Commissioners shall deliver to RUPS the reasons of recommendation and remuneration proposed for the External Auditor;

3. External Auditor shall be free from the influence and conflict of interest between the Board of Commissioners, Board of Directors, and stakeholders of the Company;
4. The Company shall provide External Auditor all accounting records and supporting data needed to enable the External Auditor to give opinions about fairness, compliance, and suitability of the Company's financial report with the Indonesia Financial Accounting Standard;
5. The appointment of External Auditor (especially financial report auditor) is limited to maximum for 3 consecutive book years.