

CORPORATE GOVERNANCE CODE PT FEDERAL INTERNATIONAL FINANCE First Revision

I. Preface



As a corporate citizen, PT Federal International Finance Tbk (“FIFGROUP” or “**Company**”) has the determination and endeavor to reach its aim “To Prosper with the Nation”. FIFGROUP wishes to become a business institution that brings benefits both to its shareholders as well as to stakeholders in Indonesia.

FIFGROUP’s endeavor in reaching its aim to prosper with the Nation can only be achieved if the Company can exist and grow in a healthy and sustainable manner. A continuous growth of FIFGROUP’s businesses would contribute to the national development and the welfare of the Indonesian people.

FIFGROUP realizes that the sustainability of a company is strongly influenced by the behavior of the company as a corporate citizen. Therefore, since the very beginning Astra has affirmed its intention to be a Good Corporate Citizen that behaves and acts in harmony with the laws, regulations and ethics, implements an effective management system, and provides benefits to the wider community. The Company elects and manage its businesses with due observance to moral and social norms as well as the public interest.

To develop FIFGROUP as a Good Corporate Citizen, a guideline is established for all Astra persons to behave and act in an appropriate manner, namely FIFGROUP Good

Corporate Governance, comprising among others FIFGROUP Good Corporate Governance (“**FIFGROUP GCG**”).

FIFGROUP GCG has been prepared based on corporate philosophy, Catur Dharma, particularly the first and foremost value of Catur Dharma, which is To Be an Asset to the Nation, and with due observance to the principles of good corporate governance.

Catur Dharma

As one of PT Astra International Tbk (“Astra”) subsidiaries, the Company adheres to the value set by Astra by making some adjustments which identify the Company as an entity that engaging in the financing industry.

Catur Dharma has been enacted since 1984, which contains values that act as guidelines for every entity of Astra in acting and behaving, as well as unifying every entity of Astra within the spirit of Astra. Astra believes that by consistent appreciate and practice towards the values of catur dharma, winning culture will be achieved.

Catur Dharma consists of:

- To Be an Asset to the Nation
 - a. Become a business actor who is looked up to as role model in business management
 - b. Developing a sustainable line of business
 - c. Consistently implement social responsibility and environmental management
- Providing Best Service to Customers
 - a. Customer service is to be done consistently, full of commitment, and based on competence
 - b. Customer is the source of inspiration for product and service innovation
 - c. Establishing on delighted, loyal, and 'advocacy' customers
- Respecting Individuals and Nurturing Cooperation
 - a. Customer service is to be done consistently, full of commitment, and based on competence
 - b. Customer is the source of inspiration for product and service innovation
 - c. Establishing on delighted, loyal, and 'advocacy' customers
- Constantly Achieving to the Best
 - a. Superior business concepts and strategies
 - b. Superior system and process
 - c. Excellent management and team

Value FIFGROUP

Acts as a living value system within the organization of the Company and as a reference for every employee of the Company to behave. TEAM as the value of the Company consists of the following values:

1. *Teamwork*

Professional synergistic cooperation between individuals / groups based on mutual respect and mutual trust followed by the spirit of togetherness

2. *Excellence*

Proactively improve the quality of services and products through resource optimization and continuous improvement process to generate added value for stakeholders

3. *Achieving*

Committed to produce innovations based on integrity, spirit of winners and never give up to achieve the best performance

4. *Moving Forward*

Broad-minded and far-sighted in finding and creating opportunities to achieve sustainable growth

Good Corporate Governance

Good Corporate Governance principles that applied generally and adopted by the Company are:

1. **Transparency**

The Company provides material event concerning to the Company to shareholders and public, including the financial performance and the Company condition accurately and timely, so that the stakeholders able to evaluate the Company's performance and risk management.

2. **Accountability and Independency**

The Company takes responsibility to their performance transparently and fair to the prevailing law and regulations

The implementation of the Company's functions, duties and responsibilities by the Board of Directors, Board of Commissioners and General Meeting of Shareholders shall be conducted independently and in accordance with their respective authorities. The Board of Directors is responsible for the management of the Company to achieve benefit for the Company, while the Board of Commissioners responsible for supervising the management progress and providing advice to the Board of Directors. The General Meeting of Shareholders shall be responsible for exercising all authority outside the scope of the Board of Directors and Board of Commissioners' responsibilities.

Each organs of the Company shall avoid being influenced by certain interest and free themselves from conflict of interest, so that decision making process will be done objectively.

3. Responsibility

The Company complies with the provisions of the Company's articles of association, applicable laws and regulations and the principles of Good Corporate Governance, as well as attains responsibility for the community and the environment.

4. Fairness

The Company shall constantly consider the rights and interests of the shareholders and other stakeholders based on fairness and equity principles with due regard to the prevailing regulations and the Articles of Association of the Company.

II. FIFGROUP Good Corporate Governance

Guideline on Business Ethics and Work Ethics

1. Preface

Ethics is a values system. Values is norms that act as moral standing to determine:

- Matters to be good or bad
- Matters to be praiseworthy and reprehensible
- Matters to be appreciated and not appreciated

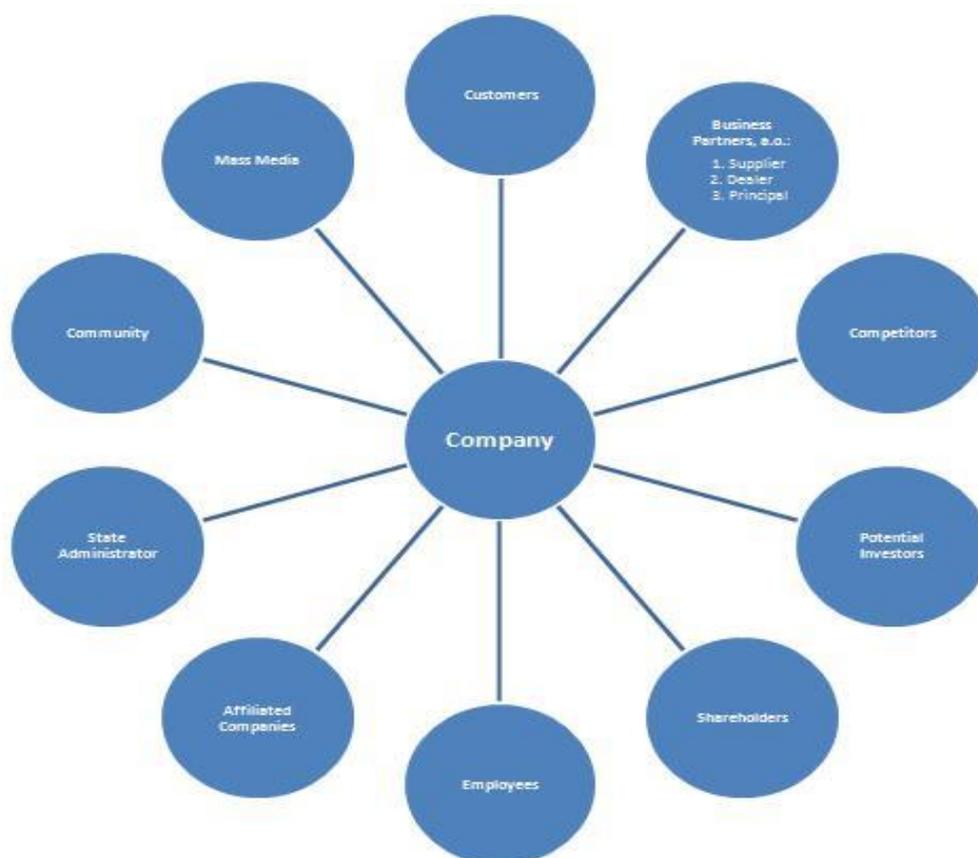
Generally, norms have several characteristics, which are:

- Universal.
- Ever-changing development to keep up with the demands of times.
- Moral.
- In need of operational description to effectively become the standing for every related organization's member, as well as the establishment with management system.

Business Ethics is a system of values upheld by the Company as a guidance to interact with its surrounding, internally and externally. Whereas, Work Ethics is a system of values upheld by the employees of the Company that govern their conduct, behavior and relationship with parties within the Company.

2. Scope of Ethics

The scope of Business Ethics and Work Ethics can be described as the following diagram:



3. Business Ethics

3.1. Customers

Definition:

Parties who are the purchasers or users of the products or services produced and/or marketed by the Company.

Principles in interacting with the customers:

- a. The Company respects the rights of the customers in accordance with applicable laws and regulations.
- b. The Company is committed to price, quality, delivery time, after-sales service and product warranties in accordance with applicable standards.
- c. The Company (including Commissioners, Directors and Employees) is not allowed to give to or accept from the customers (substantial) gifts which may influence decision-making.
- d. The Company maintains the confidential information of the customers.
- e. The Company adheres to the advertising ethics and applicable laws and regulations.

3.2. Business Partners

Definition:

Parties that have business relationship with the Company, such as principals, distributors, dealers and suppliers.

Principles in cooperating with business partners:

- a. Common interests, equality and mutual trust based on fairness and social responsibility regardless of ethnic, religious beliefs, race and social groups.
- b. Complies with applicable laws and regulations.
- c. Commissioners, Directors and Employees of the Company must avoid conflict of interest.

- d. All agreements must be made in writing in good faith and based on mutual benefit.
- e. Selection of the business partners is based on professionalism and in line with QCDSM (Quality, Cost, Delivery, Safety, Morale) values.
- f. Strive to empower small and medium scale business partners.
- g. The Company (including Commissioners, Directors and Employees) is not allowed to give to or accept from business partners (substantial) gifts which may influence decision-making.

3.3. Competitors

Definition:

Other parties that manufacture or market similar products and/or services or substitutes to the products and/or services manufactured or marketed by the Company.

Principles in dealing with the competitors:

- a. The Company supports fair and healthy competition in accordance with applicable laws and regulations.
- b. The Company is not allowed to develop cooperation with competitors, which could be detrimental to the customers and/or leads to monopolistic practices.
- c. The Company is not allowed to discredit competitors in its marketing, promotion and advertising activities.
- d. Commissioners, Directors and Employees of the Company are not allowed taking part in the management and/or to own shares of a competitor, either directly or indirectly.

3.4. Employees

Definition:

Individuals who work at the Company and receive salary based on an employment relationship.

Principles in conducting an employment relationship with the Employees:

- a. The Company honours the universal principle of human rights as well as the rights and obligations of Employees based on applicable laws and regulations.
- b. The Company provides equal opportunities regardless of seniority, gender, ethnicity, religion, race and social groups, with due observance to their competence and performance.
- c. The Company treats the Employees as valuable assets; therefore they need to be respected and their competence and character must be enhanced.
- d. The Company builds an atmosphere of openness and two-way communication with the Employees.
- e. The Company rewards its outstanding Employees.

3.5. Shareholders

Definition:

Individuals or institutions that are registered in the Shareholder Register of the Company.

Principles in interacting with the shareholders:

- a. The Company treats its shareholders in a fair manner, including in providing accurate and timely information, in accordance with the Articles of Association of the Company and applicable laws and regulations.
- b. The Company endeavors to deliver optimal performance and maintain a good corporate image to increase shareholders value
- c. The Company is committed to the prevailing laws and regulations regarding "insider information" on requests for access to sensitive and/or confidential information.

3.6. Potential Investors

Definition:

Individuals or institutions that have the potential or intend to participate in the Company's shares ownership, including investment supporting institutions.

Principles in interacting with potential investors:

- a. The Company provides accurate and timely information in accordance with applicable laws and regulations.
- b. The Company discloses required information in a fair manner.

3.7. Affiliated Companies

Definition:

Companies that have an ownership relation with Astra, either directly or indirectly.

Principles in interacting with affiliated companies:

- a. Together with and among affiliated companies, the Company develops a cooperation to achieve synergy in its various business and social activities both at the head office or at branch office level in accordance with applicable laws and regulations, including competition laws.

3.8. State Institutions

Definition:

State institutions, which include the legislative, executive, judiciary and other institutions, both at the national or regional levels, and their officers.

Principles in interacting with state institutions:

- a. The Company establishes harmonious, constructive and respectful relationships with due observance to applicable laws and regulations.
- b. The Company supports national and regional programs, particularly in education, socio-economic, health, and environment.

3.9. Community

Definition:

A group of people who live together in a certain location and having direct or indirect relationship with the Company's activities.

Dalam berinteraksi dengan masyarakat:

- a. The Company participates in maintaining a clean and healthy environment in the surrounding area of the Company.
- b. The Company, wherever it is located, builds and fosters congenial and harmonious relations and endeavors to provide benefits through empowerment programs, particularly to communities in the surrounding area of the Company.
- c. The Company respects the social, culture, tradition, modesty, beliefs and religions.

3.10. Mass Media

Definition:

Institutions which include printed, electronic and online media providing information, education, promotion, social control and entertainment.

Principles in interacting with the mass media:

- a. The Company adheres to the truth and disclosure of information in an accountable manner in accordance with the journalistic code of ethics and applicable laws and regulations.
- b. The Company positions the mass media as equal partner, therefore it is necessary to build a positive and mutual respective cooperation.

4. Work Ethics

The Work Ethics guideline applies to the Board of Commissioners, Board of Directors and Employees of the Company.

Work Ethics principles cover:

- a. Employee's conduct in the Company:
 - To be a good member of the Company by complying with internal policies/rules of the Company, the Company Regulations and applicable laws and regulations.
 - To apply and develop their maximum potentials for the benefit of the Company.
 - To participate in creating a conducive working environment and jointly develop a good working culture.

- b. Employees' conduct in the use of authority and position in the Company:
- To responsibly use their authority and position for the interests of the Company, and not to serve for their own or others interests.
 - To maintain and utilize all data, information, assets and facilities of the Company for the benefit of the Company, and not to serve for their own or others interests.
 - To keep the Company's good reputation by minding their conduct and behavior, both outside and inside the Company.

- c. Employees' conduct towards the Company's Confidential Information.

The Company's Confidential Information are strategic documents and/or information that are formulated or acquired by the Company which may not be disclosed and conveyed to external parties, with the following considerations:

- To maintain the Company's competitive advantage, and/or
- To honor agreements or laws or regulations, which requires the Company to maintain the confidentiality of such information

Information included in the Company's Confidential Information category is:

- Financial statements and/or material transactions that have not been disclosed to the public;
- Strategic corporate plan;
- Information bound by confidentiality agreement;
- Products of the Company that are still in the development stage;
- Uniqueness of technology;
- Material Information which is not yet available to the public; and
- Other information that is considered confidential

Each Members of Board of Commissioners, Board of Directors and every Employees is responsible to maintain the confidentiality and prohibited to misuse the Company's Confidential Information.

The Company's Confidential Information obtained while serving as Commissioner or Director or Employee of the Company must remain confidential prior to the term of office ends.

Capital market legislation prohibits the Commissioners, Directors, Employees of the Company who have Material Information, which is not yet publicly available, provides such information to any party that reasonably believes to use such information to make purchases or sales of shares of the Company.

Material Information is important and relevant information that may affect the securities price of the Company/decision of the investor to purchase or sell securities of the Company.

- d. Employees' relations as superior/subordinate in the Company:

- Superior acts as role model, leader and mentor for their subordinates.
- Subordinates proactively develop and express their potentials under the direction and guidance of their superior.
- To mutually accept, respect and foster a good cooperation in an atmosphere of openness based on sincerity and good faith.

- e. Relationship among Employees:

- To mutually respect, encourage and foster a good cooperation in carrying out their respective duties and responsibilities
- To reinforce integrity and foster transparency and abundance mentality in a harmonious relationship as members of the Company.

III. Corporate Secretary

a. Preface

The Corporate Secretary is a function that is established to assist the Board of Directors in ensuring compliance of the Company with applicable laws and regulations and administering the decisions of the Company as well as communicating with the capital market authorities and the public

b. Objectives of Corporate Secretary

The Corporate Secretary is responsible to the Board of Directors and has among others the following tasks:

- a. To act as a liaison or contact person between the Company and Indonesia Financial Services Authority (Otoritas Jasa Keuangan), the stock exchange, where the securities of the Company are listed, and the public
- b. To ensure that the meetings of the Board of Directors and Board of Commissioners are conducted properly and on schedule and the meeting's decisions are properly documented and archived
- c. To ensure that the General Meeting of Shareholders is conducted properly and in a good order
- d. In coordination with related divisions to socialize implement, monitor and review the implementation of FIFGROUP Corporate Governance Code
- e. To provide input to the Strategic Corporate Planning of the Company
- f. To ensure that the administration, registration, and reporting to the Financial Services Authority (Otoritas Jasa Keuangan) and the stock exchange where the securities of the Company are listed, are implemented properly and in a timely manner
- g. Prepare and / or communicate material information accurately, and fully to the capital market community, including on the Company's performance and corporate actions
- h. To establish good relationship with stakeholders to foster trust in the ability of the management to run the Company and create long-term value for the stakeholders
- i. To support the socialization and implementation of the Corporate Philosophy, Corporate Values, Systems, and Corporate Culture
- j. To keep pace with developments in the capital markets, particularly applicable laws and regulations and international practices on good corporate governance
- k. To conduct orientation program for new member(s) of the Board of Directors and/or the Board of Commissioners
- l. Maintain confidentiality of confidential documents, data and information
- m. To provide input for Board of Directors and Board of Commissioners to comply with Capital Market laws and regulations
- n. Supporting the information disclosure towards the society, which includes providing the information on the Company Website

IV. Audit and Risk Management

As a part of the implementation of Astra Good Corporate Governance, FIFGROUP conforms its management control tools in line with the regulations applicable to audit and risk management comprising:

- a. Audit Committee
 - b. Risk Monitoring Committee
 - c. Internal Audit
 - d. Risk Management
 - e. External Auditor
- a. Audit Committee

The Audit Committee is a committee established by and responsible to the Board of Commissioners. The primary function of the Audit Committee is to assist the Board of Commissioners in carrying out its oversight function on reporting of financial statements, audit, risk management and compliance with applicable laws and regulations.

b. Risk Monitoring Committee

The Risk Monitoring Committee is an independent committee established by the Board of Commissioners with responsibility to the Board of Commissioners. Main function of the Risk Monitoring Committee is to help the Board of Commissioners in fulfilling supervisory function on risk management methodology and process, according to the law and Corporate Governance implementation.

c. Internal Audit

Internal audit is an activity associated with providing independent and objective assurance and consultations, with the aim to increase the values and improve operations of the Company through systematic approach, by way of evaluating and increasing internal control effectiveness

d. Risk Management

Risk management is a structured process for aligning strategy, process, people, technology and knowledge within an enterprise organization, with the aim to evaluate and mitigate the adverse effects of a potential condition.

Risk Management unit assists the Board of Directors in identifying the risk exposures of the Company, the current control measures, and to explore other possible alternative solutions to further reduce the risk.

e. External Auditor

As one of the accountabilities of the Board of Directors in operating and managing the Company, the Board of Directors periodically submits financial statements in accordance with the accounting principles and practices that are generally accepted in Indonesia. The Board of Directors is responsible in implementing good general accounting policies to establish and maintain the internal control in recording, processing, summarizing and reporting of transactions that are within the authority and control of the Board of Directors.

To provide reasonable assurance that the financial statements of the Company have been presented fairly in all material respects, the Company appoints external auditor to audit the financial statements of the Company.

External Auditor is appointed by GMS from candidates of external auditor submitted by the Board of Commissioners based on recommendation from audit committee (if there is any) in respect to conditions set by capital market regulations and other applicable regulations, in regards to professional requirements and constantly uphold the spirit of independence, by the following:

- Has no direct or indirect financial interest to the Company.
- Not having a working relationship with the Company.
- Has no direct or indirect business relationship with the Company, key employees of the Company or major shareholders of the Company.
- Not providing services or products to the Company based on a contingent or commission fee, or accepting contingent fees or commissions from the Company. In addition, any external assignment of the auditor must comply with applicable laws and regulations.

V. Appointment of Functions, Activities, and Duties of Company Organs

1. Preface

As a limited liability company, FIFGROUP has 3 (three) Company Organs, consisting of:

- General Meeting of Shareholders
- Board of Commissioners
- Board of Directors

Each organ of the Company carries independent duty and authority to perform its tasks and functions in accordance with the Articles of Association and prevailing laws and regulations.

In principle, the General Meeting of Shareholders ("GMS") is a forum for shareholders to appoint members of the Board of Directors and Board of Commissioners of the Company and to approve annual financial statements, annual reports, use of net income, changes in capital and significant changes to the Company's structure.

The Board of Commissioners carries out an oversight function, while the Board of Directors manages the Company.

2. Board of Commissioners

a. Duties of the Board of Commissioners

The Board of Commissioners shall oversee and provide advice to the Board of Directors in managing the Company in accordance with the purposes and objectives of the Company, the Articles of Association, prevailing laws and regulations and the principles of Good Corporate Governance.

The duties of the Board of Commissioners include among others:

1. To provide feedback and recommendations on the Company's strategic proposals and plans (including annual work plan) submitted by the Board of Directors;
2. To supervise the implementation of the principles of Good Corporate Governance in the Company's business activities;
3. To supervise and advise the Board of Directors on the Company's business risks as well as management's efforts at internal control;
4. To consider any decisions of the Board of Directors which are subject to the Board of Commissioners approval pursuant to the Articles of Association;
5. To provide a report of its supervision and advisory activities in the annual report and to review and approve the annual report;
6. To approve in the event of the Sharia Supervisory Board (Dewan Pengawas Syariah) of the Company necessity of assistance from the member(s) of the committee formed under the Board of Commissioners;
7. To ensure that the Board of Director of the Company has followed up the audit finding(s) and recommendation from internal audit of the Company, external auditor, Financial Services Authority (Otoritas Jasa Keuangan) and/or findings from other authority's supervision.

The duties of the Board of Commissioners include among others: In performing its duties, the Board of Commissioners shall not participate in making operational decisions. Decisions by the Board of Commissioners are made in its oversight capacity, and thus decisions on operational activities remain the responsibility of the Board of Directors.

The Board of Commissioners shall carry out its duties in good faith, with full responsibility and in a prudent manner in the interest of the Company and with due consideration to the interest of the stakeholders of the Company.

b. Authorities of the Board of Commissioners

In performing its supervision and advisory duties, Board of Commissioners is authorized to perform, among other the following:

1. To inspect records and other documents as well as assets of the Company;
2. To request and accept information relating to the Company from the Board of Directors;
3. To grant approval to the Company's proposed corporate action submitted by the Board of Directors;
4. To temporarily dismiss the members of the Board of Directors if they act contrary to the Articles of Association and/or the prevailing laws and regulations.

c. Responsibilities of the Board of Commissioners

The Board of Commissioners shall review, thus giving approval to the Annual Report prepared by the Board of Directors before the Annual Report is published.

The Board of Commissioners shall provide a report on its supervisory activities for the year. The report will be included in the Company's Annual Report, and will be approved by the GMS.

The Independent Commissioner of the Company shall report to the Financial Services Authority (OJK) no later than 10 (ten) calendar days in the event of any discovery of:

1. Violation of prevailing laws and regulations in the field of financing; and/or
2. Situation or future predictions of circumstances that may endanger the business of the Company.

For further information, the authorities and responsibilities of the Board of Commissioners are stipulated in "The Board of Commissioners Charter PT Federal International Finance" dated November 27, 2015 and their amendments (if any).

3. Board of Directors

a. Duties of the Board of Directors

The Board of Directors shall lead and manage the Company in the interest of the Company in accordance with the purposes and objectives of the Company, the Articles of Association, prevailing laws and regulations, and the principles of Good Corporate Governance.

The duties of the Board of Directors include among others:

1. To formulate the Company's vision, mission, and values as well as its strategic plan in the form of corporate plan and business plan;
2. To establish the organizational structure of the Company (including compliance function), complete with the detailed tasks of each divisions and business units;
3. To control and develop the Company's resources effectively and efficiently;
4. To establish the Company's internal control and risk management systems;
5. To implement the Company's corporate social and environmental responsibility;
6. To maintain the Company's share register and special register;
7. To prepare and provide the Company's periodic financial reports and annual report;
8. To convene an annual and extraordinary GMS in accordance with the Articles of Association;
9. To comply with all prevailing regulations, articles of association, and other internal policies of the Company in conducting their duties;
10. To manage the Company in accordance with their authorities and responsibilities.

Each member of the Board of Directors shall conduct the management of the Company in good faith, with full responsibility and in a prudent manner in the interest of the Company and with due consideration to the interest of the stakeholders of the Company.

The Board of Directors discharges its duties in a collegial manner. Each member of the Board of Directors is able to conduct their duties and to make decisions within its specified duties and authorities in accordance with the Articles of Association.

If deemed necessary, the Board Directors may form a committee or a unit to assist the effective and efficient implementation of its tasks and authority.

b. Authorities of the Board of Directors

The Board of Directors is authorized to take all management actions at the Company in accordance with the Articles of Association and appropriate policies, among others as follows:

1. To represent and bind the Company in its dealings with other parties;
2. To appoint one or more person as its representative or proxy to perform certain actions through a power of attorney;

3. To organize and develop the Company's human resources, including the appointment and dismissal of employees, salary determination, pension or retirement benefits and other remunerations for employees of the Company based on the prevailing laws and regulations and/or resolutions of the GMS.

c. Responsibilities of the Board of Directors

The Board of Directors shall submit the annual business plan of the Company consecutively with the annual financial plan for the upcoming fiscal year to the Board of Commissioners prior to the end of the current financial year for review and approval by the Board of Commissioners.

The Board of Directors shall provide the annual report of the Company, which has been approved by the Board of Commissioners, to the Annual General Meeting of Shareholders no later than 6 (six) months after the end of the fiscal year.

For further information, the authorities and responsibilities of the Board of Directors are stipulated in "The Board of Directors Charter PT Federal International Finance" dated November 27, 2015 and their amendments (if any).

4. The Committees which perform the function of Internal Control

In carrying out the internal control function, the Company has established committees working under the auspices of the Board of Commissioners, namely the Audit Committee and the Risk Monitoring Committee. Roles of each of the Committees in the Internal Control function include:

- a. Audit Committee; and
- b. Risk Monitoring Committee.

5. Policies and Procedures for Compliance, Internal Audit and External Audit Implementation

The Compliance function is a set of actions or measures that are ex-ante (preventive) to ensure that the business activities carried out by the Company are in compliance with the prevailing laws and regulations.

The Company's compliance function is run by Corporate Compliance and Internal Audit.

6. Duties and Responsibilities of the Compliance Function

The duties and responsibilities of the compliance function include the following actions:

- a. Actualize the implementation of Compliance Culture at all levels of the organization and business activities;
- b. Manage compliance risks;
- c. Ensure that policies, provisions, systems and procedures as well as business activities are in accordance with the prevailing laws and regulations; and
- d. Ensure compliance with commitments made to regulators.

7. Risk Management Policies and Procedures and Internal Control Systems

The process of implementing an effective Risk Management must be supported with a reliable internal control system. The effective implementation of the internal control system can assist the Company in maintaining its assets, guarantee the availability of reliable financial and managerial reporting, improve the Company's compliance with the prevailing laws and regulations, and reduce the risk of losses, irregularities and violations of prudential aspects.

The implementation of the Company's reliable and effective internal control system is the responsibility of all supporting work units and internal audit work units. Matters that need to be considered in the implementation of the internal control system are as follows.

1. The company carries out an effective internal control system in the implementation of The Company's Risk Management by referring to the policies and procedures that have been established.
2. The internal control system in the implementation of Risk Management includes at least:

- a. Conformity between the internal control system and the type and level of risk that attached to the Company's business activities;
- b. Appointment of authority and responsibility to monitor the compliance of policies, procedures and limits;
- c. Appointment of reporting routes and distinct separation of functions from the operational work unit towards the work that performs internal control functions;
- d. Organizational structure that distinctly describes the duties and responsibilities of each work unit and individual;
- e. Accurate and timely Financial reporting and operational activities;
- f. The adequacy of procedures to ensure the Company's compliance with the prevailing laws and regulations;
- g. Effective, independent and objective review of Company Operational policies, frameworks and procedures;
- h. Adequate testing and review of management information systems;
- i. Through and adequate documentation of the scope, operational procedures, audit findings, as well as the response of the Company's management based on audit results;
- j. Periodic and continuous verification and review of the handling of the Company's material weaknesses and the actions of the Company's management to remedy the irregularities that occur.

Review by independent parties, such as the internal audit work unit, among others includes:

1. Reliability of the Risk Management framework, which includes policies, organizational structure, resource allocation, design of Risk Management processes, information systems, and Corporate Risk reporting;
2. Application of Risk Management by the Company's business work unit/supporting activities, including review of the implementation of monitoring by the work unit that carries out the Risk Management function.

Corrective actions to internal audit findings must be monitored by the company's internal audit work unit. Audit findings that have not been followed up must be informed by the internal audit work unit to Board of Directors in order for the necessary actions to be taken.

8. Remuneration Policies

1. Definition

Remuneration is a reward allocated and given to members of the Board of Directors, members of the Board of Commissioners, and members of the Sharia Supervisory Board related to the position and role given which are in accordance with the duties, responsibilities and authority of members of the Board of Directors, members of the Board of Commissioners, and members of the Sharia Supervisory Board.

Additionally, Remuneration is an important aspect in the Company's efforts to ensure and improve the welfare of each employee. The most important welfare measure is remuneration which is also the focus of the Company's Human Capital.

1.1 Board of Directors' Remuneration Policies

1.1.1 General Policies

1.1.1.1 The Board of Commissioners, as the executor of the remuneration function, performs the remuneration policy for the Board of Directors followed by these responsibilities:

- (a) determine the remuneration structure of members of the Board of Directors and/or members of the Board of Commissioners;
- (b) establish policies for the remuneration of members of the Board of Directors and/or members of the Board of Commissioners;

- (c) determine the amount of remuneration for members of the Board of Directors and/or members of the Board of Commissioners; and
- (d) carry out an assessment of performance with the appropriateness of the remuneration received by each member of the Board of Directors and/or members of the Board of Commissioners.

1.1.1.2 In general, the Board of Directors' remuneration is determined based on their duties and obligations and by considering the market and the ability of the Company as well.

1.1.1.3 Structure of Directors' Remuneration consists of:

- (a) Salary;
- (b) Honorarium;
- (c) Incentives; and/or
- (d) Fixed and/or variable allowances

1.1.1.4 The formulation of the remuneration system is determined based on these principles:

- (a) In accordance with the prevailing laws and regulations, especially in the field of taxation and employment.
- (b) The principle of internal balance and competitiveness with other companies outside the Company.
- (c) Determination of the remuneration system is based on the principle of "pay for performance" whereby the Company respects members of the Board of Directors in accordance with the performance and contribution to the Company.

1.1.2 Evaluation of Remuneration

1.1.2.1 Evaluation of the Remuneration for the Board of Directors is carried out at least 1 (one) time a year by the Board of Commissioners who carries out the functions of the Nomination and Remuneration Committee where the structure, policy and amount of remuneration must be determined by taking into account of these following:

- (a) Remuneration that applies to the industry in accordance with similar business activities and / or business of the Company;
- (b) The duties, responsibilities and authority of members of the Board of Directors, members of the Board of Commissioners and/or members of the Sharia Supervisory Board which linked to the achievement of the Company's goals and performance;
- (c) Performance targets in regard to the performance of each member of the Board of Directors, members of the Board of Commissioners, and / or members of the Sharia Supervisory Board; and
- (d) The balance between fixed and variable benefits.

1.2 Board of Commissioners' Remuneration Policies

1.2.1 General Policies

1.2.1.1 The Board of Commissioners, as the executor of the remuneration function, performs the remuneration policy for the Board of Commissioners followed by these responsibilities:

- (a) determine the remuneration structure of members of the Board of Directors and/or members of the Board of Commissioners;
- (b) establish policies for the remuneration of members of the Board of Directors and/or members of the Board of Commissioners;

- (c) determine the amount of remuneration for members of the Board of Directors and/or members of the Board of Commissioners; and
- (d) carry out an assessment of performance with the appropriateness of the remuneration received by each member of the Board of Directors and/or members of the Board of Commissioners.

1.2.1.2 In general, the Board of Commissioners' remuneration is determined based on their duties and obligations and by considering the market and the ability of the Company as well.

1.2.1.3 Structure of Directors' Remuneration consists of:

- (a) Salary;
- (b) Honorarium;
- (c) Incentives; and/or
- (d) Fixed and/or variable allowances

1.2.1.4 The formulation of the remuneration system is determined based on these principles:

- (a) In accordance with the prevailing laws and regulations, especially in the field of taxation and employment.
- (b) The principle of internal balance and competitiveness with other companies outside the Company.

1.2.2 Evaluation of Remuneration

1.2.2.1 Evaluation of the Remuneration for the Board of Commissioners is carried out at least 1 (one) time a year by the Board of Commissioners who carries out the functions of the Nomination and Remuneration Committee where the structure, policy and amount of remuneration must be determined by taking into account of these following:

- (a) Remuneration that applies to the industry in accordance with similar business activities and/or business of the Company;
- (b) The duties, responsibilities and authority of members of the Board of Directors, members of the Board of Commissioners and/or members of the Sharia Supervisory Board which linked to the achievement of the Company's goals and performance;
- (c) Performance targets in regard to the performance of each member of the Board of Directors, members of the Board of Commissioners, and/or members of the Sharia Supervisory Board; and
- (d) The balance between fixed and variable benefits.

1.3 Sharia Supervisory Board's Remuneration Policies

1.3.1 General Policies

1.3.1.1 The GMS determines the remuneration of the Sharia Supervisory Board. The GMS may authorize the Board of Commissioners to determine the remuneration of the Board of Directors.

1.3.1.2 The GMS authorizes the Board of Commissioners to determine the remuneration of the Sharia Supervisory Board and each individual members of the Sharia Supervisory Board.

1.3.1.3 Structure of Directors' Remuneration consists of:

- (a) Salary;
- (b) Honorarium;
- (c) Incentives; and/or

(d) Fixed and/or variable allowances

1.3.1.4 The formulation of the remuneration system is determined based on these principles:

- (a) In accordance with the prevailing laws and regulations, especially in the field of taxation and employment.
- (b) The principle of internal balance and competitiveness with other companies outside the Company.

1.3.2 Evaluation of Remuneration

1.3.2.1 Evaluation of the Remuneration for the Sharia Supervisory Board is carried out at least 1 (one) time a year by the Board of Commissioners who carries out the functions of the Nomination and Remuneration Committee where the structure, policy and amount of remuneration must be determined by taking into account of these following:

- (a) Remuneration that applies to the industry in accordance with similar business activities and/or business of the Company;
- (b) The duties, responsibilities and authority of members of the Board of Directors, members of the Board of Commissioners and/or members of the Sharia Supervisory Board which linked to the achievement of the Company's goals and performance;
- (c) Performance targets in regard to the performance of each member of the Board of Directors, members of the Board of Commissioners, and/or members of the Sharia Supervisory Board; and
- (d) The balance between fixed and variable benefits.

1.4 Employees' Remuneration Policies

Remuneration is an important aspect in the Company's efforts to ensure and improve the welfare of every employee. The most important measurement of welfare is remuneration, one of the focus of Human Capital. Every year, the Company carries out employee wage surveys and studies benchmark against market competitiveness to ensure all employees receive enticing and competitive remuneration based on the Government's Minimum Wage provisions.

The Company aligns the implementation of HR competency development through talent management with the Company's remuneration policy through the 3P concept adopted from Astra International, which includes:

1. Pay for Position

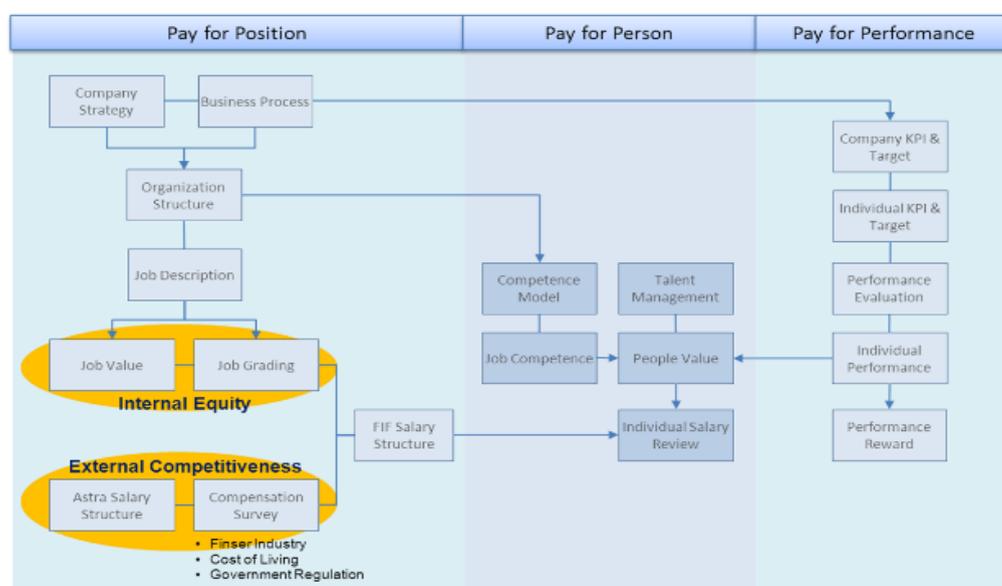
Employees are valued according to their position in accordance with Astra Group's remuneration structure which remains competitive with the market.

2. Pay for People

Employees are valued according to their competency based on their achievement in the Human Asset Value (HAV) box.

3. Pay for Performance

Employees are valued according to their performance based on the results of Performance Appraisal every year. Details of the remuneration policy system as described in the following chart:



In addition to wages, the Company also provides employee welfare insurance facilities that are determined fairly according to the contribution and value of each work. The following are the outlined components of welfare benefits and guarantees received by employees:

- Holiday allowance
- Employment support benefits (transportation, meal money, operational allowances, job allowances, credit)
- Pension fund
- Treatment facilities (outpatient care)
- Health insurance (hospitalization and childbirth)
- Life insurance and accident insurance
- Service tenure
- Performance bonus

In addition to the remuneration component above, the Company also provides health and social guarantees to employees in accordance with the obligations determined by the Government. The Company registers each employee to Social Security Administrator (*BPJS Kesehatan*) as an effort to get employees to obtain national health insurance. The Company also enrolls each employee into the *BPJS Ketenagakerjaan* program as an effort so that every employee can also benefit from social protection.

As a form of motivation for the involvement of every workforce in development programs, the Company has an appreciation system in the form of Value Internalization Points (VIP). This point will be given to employees who are actively involved as instructors, resource persons, contributors, or innovators in training and development activities. These points can be accumulated and exchanged for prizes.

9. Transparency and Disclosure of Information

1. Definition:

The company is required to implement transparency and information disclosure as one of the important pillars in the implementation of good corporate governance.

2. The application of transparency and information disclosure is carried out through the provision of quantitative, qualitative information that is timely, accurate, relevant and adequate.
3. Transparency and disclosure of information can facilitate the information users in assessing financial conditions, performance, risk profiles, Company business activities and other relevant information.

- a. Transparency of financial and non-financial conditions

The company must disclose the financial and non-financial conditions to stakeholders. Disclosure of information regarding financial conditions is carried out, among others, through publication reports which at least contain financial reports, financial performance and other information that is presented regularly in rupiah.

Non-financial information disclosure includes management and ownership of the company, business development, business groups, management strategies and policies, management reports and other material information.

- b. Transparency of Product Information and Use of Consumer Data

1. Information on Products and/or Services

Transparency of information regarding products and/or services is one of the efforts to provide clarity to consumers regarding the benefits and risks of every product and/or service. The company must provide or deliver information in Indonesian regarding products and or services that are accurate, honest, clear and not misleading as outlined in documents or other facilities that can be used as evidence. The information submitted must be up-to-date and easily accessible to consumers.

2. Consumer Information

The company is prohibited in any way from providing data and/or information about its customers to third parties, unless the consumer has given written consent; and/or required by legislation.

In the event that the Company obtains personal data and/or information regarding an individual and/or a group of people from other parties and assuming to use the data and/or information to carry out its activities, then the Company needs to have the party that give the data and/or information to provide written statement that they have obtained written approval from the data and/or information owner.

10. Long Term Plan and Work Plan and Budget

- a. Annual Business Plan

1. Definition:

The business plan is a plan for the Company's business activities in the short term (1 year) which includes a plan to improve business performance and a strategy to realize the plan while still taking into account the principles of prudence and the application of risk management.

2. The Company must prepare an annual business plan and submit it to OJK in accordance with the laws and regulations.
3. The Board of Directors is required to carry out the Company's business plan effectively and communicate the business plan to shareholders and organizations in the Company.
4. The annual business plan will includes at least these followings:
 - a. executive summary;

- b. management policies and strategies;
- c. application of risk and compliance management;
- d. the application of Good Corporate Governance;
- e. the Company's financial performance in the previous period;
- f. financial statement projections and assumptions used;
- g. projected ratios and level of financial health;
- h. financing development and marketing plans;
- i. plans for development and / or changes in office networks;
- j. capital plan;
- k. funding plan;
- l. organizational and human resource development plans; and
- m. other information.

The Company will submit the annual business plan as mentioned in paragraph (1) to OJK at no later than 30th January of the following year.

VI. Securities Dealing Rules

1. Preface

As one of the subsidiaries of Astra and as an issuer in connection with its bond offering, the Company is in compliance with Securities Dealing Rules as determined by Astra with certain adjustments so that Securities Dealing Rules is as described below.

In principle, Astra encourages its Employees to invest in and hold securities (including shares or bonds) which are issued by the Company and/or other companies within Astra Group listed on the Indonesian Stock Exchange ("Astra Group Issuer"), as a long term and non-speculative investment. However, these investments must be carried out in accordance with the capital market regulations.

The capital market regulations prohibit commissioners, directors, employees of an issuer and certain other parties from purchasing or selling securities of the issuer, unless the requirements provided in such regulation.

To protect the Employee and Astra from potential violation of such laws and regulations as well as from any possible claim or charge, this Securities Dealing Rules is imposed to the Commissioners, Directors and Employees of the Company. The Securities Dealing Rules is made based on capital market laws and regulations and intended to provide further guidance.

In the event that the Company's shares are owned by the controlling shareholder (directly or indirectly) whose securities are listed on a stock exchange, Securities Dealing Rules also apply to the sale and / or purchase of securities of the controlling shareholder. It is recalled that the insider information of the Astra Group Issuer may also affect the price of securities of the controlling shareholder.

2. Definition

“Dealing” includes:

- any acquisition or disposal of securities of Astra Group Issuer (or an agreement to acquire or dispose of the same), at present or in the future, conditional or unconditional
- entering into a contract, the purpose of which is to secure a profit or to avoid loss due to price fluctuations of any securities of Astra Group Issuer, and/or
- any transaction which is effecting a change of ownership of shares of the Astra Group Issuer

“Inside Information” is information that are:

- (a) not available to the public;
- (b) relates, directly or indirectly with the relevant Astra Group Issuer; and
- (c) may affect the price of securities of the relevant Astra Group Issuer.

“Insider” is:

- (a) a commissioner, director, or employee of an Issuer or Public Company;
- (b) the majority shareholder of the Issuer or Public Company;
- (c) an individual who, by virtue of his position or profession or because of his or her business relationship with the Issuer or Public Company, allows the person to obtain inside information; or
- (d) Persons who in the last 6 (six) months shall no longer be Parties referred to in letter a, letter b, or letter c above.

“Black Out Period” is:

- within 60 (sixty) days prior to the announcement of the annual financial statements by the relevant Astra Group Issuer;
- within 30 (thirty) days prior to the announcement of the quarterly financial statements by the relevant Astra Group Issuer.

“Short-term” means 12 (twelve) months period or less.

“Related Party” includes:

- the husband/wife of a Director, a Commissioner and an Employee;
- the children of a Director, a Commissioner and an Employee;

- any individual or legal entity controlled by a Director, a Commissioner and an Employee, either directly and indirectly.

“Prohibited Party” means the Directors, Commissioners and Employees.

3. Rule

3.1. Prohibited Party and Related Party are not allowed to conduct Dealing:

- during the Black Out Period, and/or
- when they possess Inside Information

Prohibited Party and Related Party are encouraged to engage in long term Dealing and refrain from conducting Short-term Dealing.

The Prohibited Party should carefully consider whether they have, or do not have, Inside Information (or can be considered to have such information).

If Dealing is solved and there is an investigation by the capital market authority on the securities transaction concerned, or there is a public response, it may make it difficult for the individuals who do such dealing to prove that they have not known the Insider Information before.

In case of any doubt, the Prohibited Party is advised to consult with the Corporate Secretary or the legal division of the Company prior to conducting the Dealing.

3.2. The Prohibited Party and Related Party are not allowed to invest in or divest the securities of another issuer or public company in Indonesia nor overseas if they are aware of a transaction plan of the said issuer or public company with Astra that may affect the price of their securities.

3.3. The Prohibited Party and Related Party who have Inside Information are not allowed:

- to influence other party to purchase or sell securities of Astra Group Issuer, or
- to provide Inside Information to any party who they should have reasonably suspected may use such information to purchase or sell securities of Astra Group Issuer.

VI. Guidelines for Affiliate Transactions and Conflict of Interest Transactions

As one of the companies controlled by Astra, the Company must ascertain whether a transaction will be related to the provisions of IX.E.1 regarding Affiliate Transactions and Conflict of Interest The certain transactions that apply to Astra.

1. General Guidelines

Every transaction made between:

- o Astra with its Affiliates (as defined below); or
- o Companies controlled by Astra ("Controlled Company") with Astra Affiliates shall be made in accordance with capital market regulations, to ensure that the required information relating to such transactions is disclosed and that such transactions are conducted in the interests of Astra.

In general, a transaction between (i) Astra or a Controlled Company with (ii) an Astra Affiliate may be liable to be reported to the capital market authority, to be disclosed to the public, and / or to obtain prior approval from independent shareholders of Astra.

To determine whether a transaction needs to be reported, disclosed and / or approved, the various elements of the transaction must be thoroughly examined.

2. Matters that should be observed

- 2.1 Each proposed transaction between (i) Astra or a Controlled Company and (ii) Affiliates of Astra (including its renewal and/or amendments) shall firstly be reviewed by the Corporate Legal of Astra and/or the Corporate Legal of the Controlled Company to ensure compliance with applicable laws and regulations.
The Corporate Legal of the Controlled Company shall subsequently report such proposed transaction to the Corporate Legal of Astra.
- 2.2 For the following particular transaction
 - a. between Astra or the Controlled Company and a Director/Commissioner/Major Shareholder of Astra or their Affiliates, or
 - b. where there is a difference between the economic interests of Astra/the Controlled Company with the personal economic interests of the Director/Commissioner/Major Shareholder of Astra
- 2.3 If according to the laws and regulations, a Conflict of Interest Transaction requires approval from independent shareholders of Astra, such proposed transaction shall require prior approval from the Board of Commissioners of the Company.
- 2.4 Every Conflict of Interest Transaction shall be carried out under customary terms and at a fair price, and not detrimental to the Company. Appropriate internal control procedures shall be carried out to support such requirements.
- 2.5 If an Employee (including executive) has a conflict of interest with Astra or Astra Group, or if a transaction involving an Employee is deemed by other relevant party as a conflict of interest transaction with Astra or Astra Group, the Employee shall immediately disclose such transaction in writing to the Board of Directors of Astra.
- 2.6 Every Director, Commissioner, and Employee of Astra or Controlled Company who has a conflict of interest with Astra or Controlled Company must not be involved in the decision making process related to such conflict of interest.
- 2.7 Quarterly and when changes occur, every member of the Board of Commissioners, members of the Board of Directors, Majority Shareholders [and Astra Group executives] are required to disclose in the Register of Interest regarding their shareholdings (and any affiliated parties) on any business, company or organization.

VII. Guideline on Donation Policy

1. Definition

Donation is a contribution or participation of the Company, which is granted on its own initiative or at the request of other party, in the form of cash funds, goods/in kind, vehicles, or joint programs, and particularly granted to the communities in the surrounding area of the Company, organization, institutions or other parties.

2. Objectives

As a form of the Company's concern and corporate social responsibility towards the social conditions of the community that needs assistance.

3. Priority

3.1 High Priority,

Areas or activities:

- Natural disaster
- Education
- Health
- Environment

Organization or institution that may propose:

- Health
- Environment
- Communities in the vicinity of the Company
- Mass media/Press
- Educational institutions
- Community based organizations
- Reputable Non-Governmental Organizations
- Governmental institutions
- Other related parties

3.2 Medium Priority

Areas or activities:

- Sport
- Social/Religious
- Culture

3.3 Low Priority

Areas or activities:

- Areas or activities that are routine, among others: Anniversary, Dies Natalis, Seminar, Purchase invitations
- The request that is private
- Congress, workshops, congress
- The regional Areas or activities

3.4 Non-Priority

Areas or activities that are not in accordance with the values of Catur Dharma Astra, among others:

- Politics
- Associated with competitors
- Tendering conflict and concerned with ethnicity, religion, race, and inter-group relation

4. Granting Consideration

- Shall be evaluated taking into account the objectives and reputation of the parties or organizations/institutions submitting the proposal
- Shall be targeted to the right recipients and in line with the need
- Shall be coordinated and communicated with the affiliates of the Company to avoid duplications
- Availability of funds (according to budget)

5. Donation Policy

- a. Request for donations from surrounding communities such as: *RT, RW, Kelurahan* and *Kecamatan*, evaluated and decided by the Company. In the case of donation in the same area it will be coordinated with and between Affiliated Companies.
- b. Donation requests from wider regional levels, such as: provincial and national organizations, institutions, individuals, will be coordinated between Public Relations within Group Companies and Corporate Communications.
- c. Each Public Relations in Affiliated Company records donation to organizations, institutions, institutions and informs Corporate Communication Company as a consideration of donation.

Principles of Astra System of Management

In line with the growing demand for the fulfillment of stakeholder rights and the application of Good Corporate Governance principles, the Company as part of Astra has consistently applied the Triple Bottom Line principle in its business management, so that business success is measured by success in three areas: economic success, environmental and social. To ensure consistency of its implementation, the Company has issued the following standards: AMS (Astra Management System) for economics, AGC (Astra Green Company) for Environment, Occupational Safety and Health and AFC (Astra Friendly Company) for the field of social responsibility, and AHCM (Astra Human Capital Management) for the management of human resources.

The objective of the Company's continuous and sustainable management of the environment and social responsibility is to ensure the Company's sustainable business and benefit the nation and all stakeholders through the creation of added value in every business activity.

I. Astra Green Company

In the Astra Green Company, the Company is committed to preventing pollution, accidents and occupational diseases and clearly and consistently refers to the laws and other requirements consistently.

As a form of commitment from the leadership, the leadership periodically evaluates the level of compliance with the laws and other requirements of the environment, occupational safety and health (EHS). From the evaluation result, the Company made continuous improvement.

In general, there are 4 pillars that support the success of Astra Green Company, those are:

- **Green Strategy Pillar:**
The Company ensures that the EHS aspect has been integrated into the Company's business strategy.
- **Green Process Pillar:**
The Company ensures that all processes and procedures have efficiently met the aspects of EHS that are governed by EHS regulations and standards both nationally and internationally. The Company with green process will apply appropriate technology to achieve cleaner production condition and refer to the regulation and other requirements.
- **Green Product Pillar:**
The Company strives to produce services and products that are not environmentally destructive, safe for users, saving energy and natural resources through consistent development, in line with economic considerations and benefit principles.
- **Green Employee Pillar:**
The Company conducts training and awareness programs for employees and other stakeholders to ensure that the EHS aspect is an integral and essential part of the work.

As a benchmark for success in EHS management, the Company conducts measurements and monitoring of waste generated (following proper standards), frequency and severity of occupational accidents and management system of EHS, where the final status of the management starts from the lowest level ie Black, Red, Blue, Green and highest is Gold. From the results of this performance achievement of the EHS, the Company evaluates that the performance can reach the level of independence (minimum level is Green, but for the category of Manufacturing, Mining and Agribusiness is Blue).

The Company has developed a number of guidelines for the adoption of AGC standards, including: the EHS Corporate Policy Book, the AGC Assessment Standards Criteria book (covering 16 criteria) and the 'Green Company' book - Guidelines on Environmental Management, Occupational Safety and Health.

II. Astra Friendly Company (AFC)

The Company lays out Astra Friendly Company through value, mindset and behavior to fulfill the Company's obligations related to the rights of stakeholders (shareholders, employees and family, community, government, consumers, suppliers, and environment) and the code of ethics/convention/regulation of responsibility social responsibility.

- Pillar of Value: The Company in its operation ensures that business ethics and work ethics guidelines have been executed and based on the points of Catur Dharma Astra which is the philosophy of the Company
- Pillar of Mindset: The Company develops an organization that manages the areas of social responsibility to identify stakeholder expectations and social impacts, identify conventions / regulations / requirements for stakeholders, make efforts to meet the expectations of stakeholders with appropriate and effective programs.
- Pillar of Behaviour: The Company ensures that the Company's obligations related to the rights of stakeholders is to be fulfilled well.

The focus of the Company's current corporate social responsibility program is internal (employees and family) and external (surrounding communities), with emphasis on the areas of Education, Health, Environment and the Economy (Income Generating Activities). All of our corporate social responsibility programs use the same branding, the Astra Terpadu for (SATU) Indonesia.

The Company measures the performance of the implementation of social responsibility (AFC) standards based on the value of the management system (consisting of the pillars of Value, Mindset and Behavior), social responsibility activities and Key Performance Indicators with 1 star rating as the lowest level up to 5 stars as the highest level.

The Company has established standards and guidelines for the implementation of social responsibility described in the book of Standards Astra Friendly Company and Astra Friendly Company Criteria Guidelines.

III. Astra Management System (AMS)

Astra Management System (AMS) is a management system that enables all employees of the Company from all levels of the organization to manage and improve the quality of business processes to achieve customer satisfaction and competitiveness.

From above definition, it can be said that the AMS activity is related to:

1. Customer Satisfaction AMS activity is prioritized and aims to improve customer satisfaction. The definition of the customer is not only limited to end-product users but also the 'next process' of a job.
2. Total Participation.
AMS activities involve all employees from all levels of management both vertically and horizontally.
3. Innovation - Continuous Improvement
AMS activities through the cycle of Plan-Do-Check-Action (PDCA) cycle drive innovation and continuous improvement of all business processes.

Within the activity, it is required to conduct continuous learning process. In practice, the Astra Management System is done by running the PDCA cycle continuously and integrated, from the topmost organizational level to the bottom.

The scope of AMS can be described in four pillars consisting of: Basic Mentality, Strategic Management, Management Tools and Enablers for Implementation.

IV. Astra Human Capital Management (AHCM)

The role of Human Capital as one of the functions within the company needs to be elaborated in the daily operational guidelines. For that Astra compile AHCM which describes the basic framework, scope or main processes of Astra human resource management practices



The scope of AHCM:

- **Organization development Management**

The process of building a superior, competitive, and sustainable growing organization in line with the objectives of the Company.

The underlying philosophy of Organizational Development Management are:

- The Company places human resources as the most valuable company's wealth (Human capital)
- The Company places the level of organizational productivity and employee engagement as an enabler to win the competition and create sustainable growth.
- The Company sees organizational flexibility as a key key to responding to changes in the business.
- The Company ensures employees and organizations grow together.
- The Company manages its business and operations professionally and in accordance with the principles of Good Corporate Governance.
- The Company ensures that core competencies become competitive advantage of the company and are attached to the organization, not to the individual.
- The Company manages business processes that are aligned with its strategy.

- **Recruitment management**

The process of meeting labor requirements in accordance with the Manpower Plan.

The underlying philosophy of Recruitment Management are:

- Build strong brands through integrated activities to increase awareness and interest in joining the Company.
- Provide equal opportunity to everyone without differentiating gender, ethnicity, religion, race among groups (ethnicity, religion, race, and inter-group relation), including against persons with disabilities.
- Making the qualification standard the main basis for employee acceptance.

- **People development**

The process of growth-character development, competence, and career of employees to encourage the growth of the Company and done in a structured and systematic.

The underlying philosophy of Employee Development Management are:

- The Company provides an opportunity for all employees to develop their character and competence and career to build a sustainable business.
- The Company ensures that the development of employees is a joint responsibility between the employer and the employee concerned.
- The Company ensures the mapping process of employees is done comprehensively (competence and performance), using objective measurement standards.
- The Company ensures the employee development plan runs effectively
- The Company ensures the availability of cadres to meet future business needs.

- **Performance management**

The process of planning, review, direction and guidance as well as performance appraisal for the achievement of organizational goals.

The underlying philosophy of Performance Management are:

- The Company manages employee performance planning to align and support the achievement of organizational performance.
- The Company conducts a periodic monitoring system to ensure the achievement of individual performance plans.
- Performance appraisal is done objectively as a basis for feedback.
- The Company recognizes the need for employee development based on its performance.

- **Reward management**

The process of reward system management to employees in accordance with the value of the job (job value), contribution, and competence to motivate employees in achieving organizational goals.

The philosophy underlying the Management of Reply Services are:

- The Company recognizes the need for employee development based on its performance.
- The Company considers Internal Equitability and market competitiveness as External Competitiveness in managing the reward system as well as adjusting to the Company's ability in the short term and long term.
- Company rewards according to job value, contribution, and employee competency.
- The Company provides attractive rewards and encourages increased productivity.

- **Industrial relations management**

It is the process of creating harmonious and dynamic relationships between employers, workers and governments.

The underlying philosophy of Industrial Relations Management are:

- The Company provides attractive rewards and encourages increased productivity.
- The Company prioritizes partnership principles between employers and employees and fellow employees.
- The Company prioritizes compliance with applicable regulations.
- The Company prioritizes anticipatory action in managing industrial relations risks.
- The Company prioritizes the settlement of industrial relations by way of deliberation, consensus, without prejudice to alternative solutions through legal channels, while maintaining the principle of prudence, as well as taking into account the risks and reputations of the company.

- **Termination management**

The management process of termination of employment resulting in the termination of rights and obligations between workers and employers.

The philosophy underlying Termination Management are:

- The Company prioritizes the principle of compliance with labor law in terminating employment relationship.

- The Company ensures the preparation of retirement in accordance with the rules of human capital management that has become the standard of Astra.
 - The Company ensures that the process of termination of the employment relationship is carried out in the best possible manner.
- **Culture management**

The process of managing company's operational values (Business Operating Values) in accordance with the business context to build a superior work culture that is in harmony with Catur Dharma.

The philosophy underlying Cultural management are:

- Culture is the 'strategic tools' for top management of the Company to achieve excellence.
- The superior culture within the Company is a collective behavior that is formed deliberately for the creation of a high-performance culture.
- All management lines become role models in the implementation of Company Operating Values.
- Values is to be the behaviour standing of every employee of all functions within the organization, without exception.

Information Facilities

If the Company's employees have any inquiries regarding the matters contained in this FIFGROUP GCG, the questions or concerns may be communicated to their direct supervisor, or directly to the Corporate Secretary.