



## **WORK GUIDELINES AND RULES FOR THE BOARD OF DIRECTORS OF PT APEXINDO PRATAMA DUTA TBK ("APEXINDO"/"COMPANY")**

### **1. General**

- a. This document sets the work guidelines and rules for the Board of Directors of Apexindo. The work guidelines and rules for the Board of Directors are based on the applicable laws and regulations and binding upon each member of the Board of Directors.
- b. The work guidelines and rules for the Board of Directors shall be posted on the website of Apexindo.

### **2. Values**

The Board of Directors in cooperation with the Board of Commissioners shall set the visions, missions and values of the Company, and ensure that the same shall be used as guidelines and applied in Company's daily business activities. The Board of Directors shall enforce and set an example for the implementation of the principles of good corporate governance, ethics as well as laws and regulations applicable for all shareholders and other stakeholders.

The Company's visions, missions and values which constitute the guidelines in the implementation of Company's business activities are as follows:

#### **Vision:**

A world-class drilling contractor offering quality services without compromise.

#### **Mission:**

- o Maintaining high standard of Safety, Health, and Environment (SHE) to ensure the safety and welfare of employees and to protect the surrounding environment
- o Providing maximum value to all of stakeholders and making a positive impact to the society and the environment
- o Developing human resources with global-standard quality and competency

#### **Values:**

- Trust : Integrity, Commitment, Honesty
- Dedication : Loyalty, Enthusiasm, Devotion
- Performance : Competence, Professionalism, Leadership, Result

### 3. Membership

- a. The number of members of the Board of Directors shall not be less than 2 (two) members consisting of 1 (one) President Director and 1 (one) or more Directors.
- b. The members of the Board of Directors shall be appointed by a GMS, each for a period of 5 (five) years commencing from the date of the GMS appointing them to the close of the 5th (fifth) Annual GMS after the appointment and without prejudice to the right of the GMS to terminate them at any time subject to the provisions of the applicable laws and regulations. After his/her term of office expires, a member of the Board of Directors may be reappointed in accordance with the resolution of a GMS.
- c. Should the office of any Board members becomes vacant for any reason leaving the Board with fewer than 2 (two) members, then a GMS shall be held no later than ninety (90) days after the occurrence of such vacancy to fill the vacancy.
- d. Should the office of all Directors becomes vacant for any reason, then a GMS shall be held no later than 90 (ninety) days after the occurrence of such vacancy to appoint new Directors, and for the time being the Company shall be managed by the Board of Commissioners. In such case, the Board of Commissioners reserves the right to grant temporary power to one or more members of the Board of Commissioners at the expense of the Board of Commissioners.
- e. Those who may be appointed as members of the Board of Directors shall be Indonesian Citizens and/or foreign citizens who meet the requirements in accordance with the applicable laws and regulations.
- f. Members of the Board of Directors shall be individuals who meet the following requirements at the time of appointment and during their term of office:
  1. having good character, moral, and integrity;
  2. legally competent;
  3. within 5 (five) years prior to the appointment and during their term of office:
    - i. never been declared bankrupt;
    - ii. never been being any members of any board of directors and/or any members of any board of commissioners who were responsible for causing any company to be declared bankrupt;
    - iii. never been sentenced for any criminal act that is detrimental to the state finance and/or related to the financial sector;
    - iv. never been being any members of any board of directors and/or any members of any board of commissioners whom during their term of office:
      - have failed to hold an annual GMS
      - their accountability as any members of any board of directors and/or any members of any board of commissioners has ever been not accepted by a GMS or have failed to give an account as any members of any board of directors and/or any members of any board of commissioners to a GMS;
      - have caused any company that obtained consent, approval, or registration from the Financial Services Authority to fail to fulfil an



obligation to submit any annual reports and/or financial statements to the Financial Services Authority.

4. committed to complying with laws and regulations;
  5. having the ability, knowledge, experience and/or expertise in the field required by the Company as well as good communication skills;
  6. having knowledge about Apexindo and its subsidiaries.
- g. The Board of Directors shall be chaired by a President Director. Should the office of the President Director become vacant and as long as his/her replacement has not been appointed, then a Director shall perform the duties of a President Director and have the same authority and responsibilities as a President Director.
  - h. Any proposal for replacement, termination and/or appointment of any member of the Board of Directors submitted by the Board of Commissioners to the GMS, shall take into account recommendations from the Board of Commissioners or any committee performing the function of nomination.
  - i. Members of the Board of Directors shall agree to enhance competence continuously through education and training.
  - j. Members of the Board of Directors may be provided with salaries and allowances and/or any other income the amounts of which shall be determined by a GMS and such authority may be delegated to the Board of Commissioners in its capacity to perform the function of remuneration of the Company.

#### **4. Independent Director**

In compliance with the requirements as a Public Company, Apexindo is required to have at least 1 (one) Independent Director.

An Independent Director is required to satisfy the following requirements:

- a. not affiliated with any controller of Apexindo at least 6 (six) months prior to his/her appointment as Independent Director;
- b. not affiliated with any of the Company's Commissioners or Directors;
- c. not act concurrently as a member of Board of Directors of any other company; and
- d. not become an insider of any capital market supporting institution or profession, the services of which are widely used by the Company within 6 (six) months prior to his/her appointment as Director.

An Independent Director can only retain his/her position for 2 (two) consecutive terms in office. Should the office of an Independent Director become vacant, then the Company shall fill such vacancy no later than the next GMS or within 6 (six) months since the occurrence of such vacancy.

#### **5. Duties and Responsibilities**

- a. The Board of Directors shall be fully responsible for the implementation of the management of Apexindo.



- b. The Board of Directors shall manage Apexindo in accordance with their authority and responsibilities as set out in Apexindo's articles of association and the applicable laws and regulations.
- c. The Board of Directors shall implement the principles of good corporate governance in all business activities of Apexindo at all organizational levels.
- d. The Board of Directors shall be fully responsible for setting the short-term and long-term strategic directions and priorities of Apexindo.
- e. The Board of Directors shall carry out Apexindo's corporate social responsibility programs.
- f. The Board of Directors shall maintain a healthy and open relationship with the Board of Commissioners and assist the Board of Commissioners in carrying out its role as a supervisory organ.
- g. The Board of Directors shall account for the performance of its duties to the shareholders through a GMS.
- h. The Board of Directors shall provide accurate, relevant and timely data and information to the Board of Commissioners.

**6. Establishment of Internal Audit Unit**

- a. The Board of Directors of Apexindo shall establish an Internal Audit Unit which serves to provide independent and objective assurance and consultation, for the purpose of increasing the values and improving the operations of the Company, through a systematic approach, by evaluating and improving the effectiveness of corporate governance's risk management, control, and processes.
- b. The Internal Audit Unit shall consist of at least 1 (one) or more internal auditors who are responsible to the President Director.
- c. The President Director shall appoint and dismiss the head of Internal Audit Unit upon approval of the Board of Commissioners.
- d. The President Director shall establish an Internal Audit Unit Charter upon approval of the Board of Commissioners.

**7. Authorization**

- a. The Board of Directors shall represent Apexindo inside and outside any courts on all matters and in any event, binding Apexindo with any other party and any other party with Apexindo with such restrictions and requirements as set out in Apexindo's articles of association and the applicable laws and regulations.
- b. Any member of the Board of Directors shall not be authorized to represent Apexindo if:
  - 1. there is a litigation between Apexindo and the relevant member of the Board of Directors; and/or
  - 2. the relevant member of the Board of Directors has a conflict of interest with the Company.
- c. In the event of any situation as mentioned above, the authorized representation of the Company shall be:



- d. The Board of Directors shall be authorized to exercise any other authority granted by the Company's articles of association and the applicable laws and regulations.

**8. Transparency**

Members of the Board of Directors shall disclose:

- a. The shareholding in the Company;
- b. Their titles in any other Listed Companies or Public Companies.

**9. Work Ethics**

- a. Each member of the Board of Directors shall perform their duties and responsibilities in good faith, in a responsible and prudent manner.
- b. Members of the Board of Directors are prohibited to take advantage of Apexindo for the benefits of their own, family, and/or any other parties that may harm or reduce the benefits and reputation of the Company and its subsidiaries.
- c. Members of the Board of Directors shall not take and/or receive personal gain from the Company other than the remuneration and other facilities set out by the GMS.
- d. Any member of the Board of Directors may hold dual positions as:
  - 1. a member of Board of Directors in a maximum of 1 (one) other Listed Company or Public Company;
  - 2. a member of Board of Commissioner in a maximum of 3 (three) other Listed Companies or Public Companies; and/or
  - 3. a member of a maximum of 5 (five) committees in a Listed Company or Public Company where he/she concurrently acts as a member of Board of Directors or a member of Board of Commissioners.Dual positions shall only be allowed to the extent consistent with other laws and regulations.
- e. Members of the Board of Directors shall comply with the Company's code of ethics, applicable laws and regulations, and Apexindo's internal policies.
- f. Members of the Board of Directors shall not directly or indirectly make any incorrect statements about any material facts or omit to disclose any material facts to make the statement made not misleading regarding the conditions of Apexindo when the statement was made.

**10. Meetings of the Board of Directors**

- a. The Board of Directors shall convene meetings of the Board of Directors periodically at least once in every month.
- b. The Board of Directors shall convene meetings of the Board of Directors with the Board of Commissioners periodically at least once in 4 (four) months.
- c. Any strategic policies and decisions shall be made by meetings of the Board of Directors subject to the provisions of Apexindo's articles of association and any other laws and regulations.



- d. Meetings of the Board of Directors shall be chaired by the President Director. In the event that the President Director is absent, then the Meeting of the Board of Directors shall be chaired by any of the members of the Board of Directors who is present at and appointed by such meeting.
- e. A member of the Board of Directors may only be represented at a meeting of the Board of Directors by any other member of the Board of Directors by virtue of a power of attorney.
- f. A meeting of the Board of Directors shall be valid and may adopt binding resolutions if more than  $\frac{1}{2}$  (one half) of the number of incumbent members of the Board of Directors are present or represented at such meeting.
- g. Resolutions of a meeting of the board of Directors shall be adopted amicably by deliberation to reach a consensus. In the event that the consensus is not reached in the deliberation, the resolutions shall be adopted by the affirmative votes of at least  $\frac{1}{2}$  (one half) of the total valid votes cast at such meeting, subject to the Company's articles of association. In the event of a tie vote, the chairperson of the meeting of the Board of Directors shall have the final vote.
- h. Minutes of a Meeting of the Board of Directors shall be made by a person present at the Meeting of the Board of Shareholders appointed by the Chairperson of the Board of Directors and then shall be signed by the Chairperson of the Meeting and any of the members of the Board of Directors or a representative or proxy of the appointed member of the Board of Directors.
- i. The Board of Directors may also adopt valid and binding resolutions without convening a meeting of the Board of Directors, provided that all of the members of the Board of Directors shall agree in writing by signing the resolutions containing the relevant recommendations. The resolutions so adopted shall have the same legal effect as the resolutions validly adopted at a meeting of the Board of Directors.

#### **11. Working Time**

Each member of the Board of Directors shall devote their time for and have full attention to the Company and be ready to attend the meetings as scheduled and/or at any time as requested.

#### **12. Term of Office**

- a. A member of the Board of Directors shall be appointed for a maximum term of 5 (five) years and may be reappointed.
- b. The appointment of a member of the Board of Directors by a GMS shall take effect from the date specified at the GMS appointing him/her and shall expire at the close of the 5th (fifth) annual GMS since the date of appointment, subject to the applicable laws and regulations and without prejudice to the provision that a GMS may at any time dismiss one or more members of the Board of Directors before his/her/their term of office expires stating the reasons for such dismissal.

- c. A member of the Board of Directors may resign from his/her office before his/her term expires.
- d. A resigning member of the Board of Directors shall submit his/her resignation to Apexindo at least 30 (thirty) calendar days in advance.
- e. Apexindo shall convene a GMS to decide on the resignation of the relevant member of the Board of Directors within a period of at least 90 (ninety) days upon receipt of such written notice. In the event that Apexindo does not convene a GMS within such period then the resignation of the relevant member of the Board of Directors shall be valid by lapse of time and the relevant member of the Board of Directors shall cease to hold office without requiring the approval of a GMS.
- f. If the resignation of a member of the Board of Directors leaves the number of members of the Board of Directors fewer than 2 (two) persons, then such resignation shall be valid upon decision of a GMS and upon appointment of a new member of the Board of Directors to meet the minimum requirement of the number of members of the Board of Directors.
- g. The term of office of a member of the Board of Directors shall terminate if he/she:
  - 1. is declared bankrupt or placed under guardianship by a court decision; or
  - 2. is prohibited to act as a member of any board of directors by a provision of any applicable laws or regulations; or
  - 3. Resigns in accordance with the applicable provisions; or
  - 4. No longer meets any requirements of the laws and regulations; or
  - 5. Passes away;
  - 6. Is dismissed by a resolution of a GMS

### **13. Reporting and Accountability**

The Board of Directors shall report and account for the management activities undertaken during the Financial Year to the shareholders through an Annual Report prepared in accordance with the applicable rules; to be thereafter approved by the shareholders through an Annual GMS.

The approval of an Annual Report by an Annual GMS shall release and discharge of responsibilities in full to the Board of Directors of the management that has been carried out during the previous Financial Year, to the extent that such action is reflected in the Annual Report.

The Annual GMS to approve an Annual Report shall be convened at the latest within 6 (six) months after the closing of the relevant Financial Year.

The accountability of the Board of Directors to a GMS shall constitute the accountability of the Company's management in the implementation of the principles of good corporate governance.



#### **14. Closing**

These work guidelines and rules for the Board of Directors are based on the applicable laws and regulations. These work guidelines and rules shall be binding upon each member of the Board of Directors. By applying these work guidelines and rules, the Board of Directors is responsible for improving the implementation of the principles of good corporate governance for the Company, and will ultimately provide added value for the Company.

**Jakarta, 8 December 2015**

**Zainal Abidinsyah Siregar**

President Director