



The Board of Commissioners Guidelines

PT Blue Bird Tbk. (the "Company")

Introduction

The following Board of Commissioners (BoC) Guidelines is part of other policies in the Company's Corporate Governance Policies, which is made in reference to, among others, prevailing statutory regulations including the Financial Services Authorities (OJK) Regulation No.33/POJK.04/2014 and the Company's Articles of Association.

Board of Commissioners Roles and Responsibilities

- 1. Responsibilities and Authority of the BoC.** The BoC is responsible to exercising oversight over the management of the Company by the Board of Directors (BoD). To accomplish this task, the BoC maintains regular communication with the BoD and the committees under its supervision through meetings and reports. BoC provides advice and recommendations to the BoD with respect to management issues geared for enhancing the performance and sustainability of the Company as well as strengthening the implementation of Good Corporate Governance. The BoC reports to the General Meeting of

Shareholder (GMS) which is also authorized to delegate to the BoC other duties as required. Following are the primary duties of the BoC:

- Supervise the management of the Company by the BoD, and oversee the development and implementation of the Company policies;
- Approve the annual workplan and budget as prepared by the BoD and approve decisions and/or material transactions as conferred to it by law and/or the AoA of the Company to the extent the BoD submitted the annual workplan and budget as well as information concerning material transactions in accordance with the agreed procedure and timeline. BoD is obligated to submit the 1st draft (big picture) of the annual workplan and budget to the BoC in September to be discussed with the BoC, and thereafter, to communicate by the BoD to the operating level through work program session (*proker*) and, after having discussed with the team, such annual workplan and budget is to be returned by the BoD to the BoC in the beginning of December for final review, and proposed to the BoC for approval;
- Conduct periodic meetings to discuss the management of the Company and progress towards reaching key milestones and provide active supervision and guidance to the BoD either directly at meetings or through Company Committees;

- Preside over and chair the GMS as stipulated in the statutory law and Articles of Association;
- Evaluate the overall performance of the BoD against targets in accordance with the agreed annual workplan and budget and set objectives, and determine the remuneration policies for members of the BoD;
- Evaluate the overall performance and effectiveness of the BoC and its members and take corrective actions as needed as well as establish the remuneration policies for members of the BoC;
- Identify and recommend potential new BoC and BoD members for election by GMS;
- Oversee the integrity of the financial statements, the compliance with legal and regulatory requirements, the performance, qualifications, and independence of the external auditor, and the performance of the internal audit function;
- Oversee the internal control framework used by BoD and management and ensure it is efficient and effective;
- Temporarily suspend member(s) of the BoD if they breach the Articles of Association or the prevailing law.

2. Commissioner Duties. In fulfilling their role, each commissioner shall uphold the highest standards of ethics and conduct. Specifically, each Commissioner shall adhere to the following duties:

- The Commissioner shall perform fully duty of loyalty (responsible to always be sided in the interest of the company he/she led) to the company, by:
 - NOT conducting transactions in which they have a personal interest; NOT disclosing confidential information;
 - NOT entering into contractual relations with a competing company; NOT using assets and facilities of the Company for personal benefit/gain; or
 - NOT using information and business opportunities received in their official capacity for personal gain.
- The Commissioner shall perform fully duty of care (to act prudently in making any decision and company's policies) among others:
 - Overseeing and governing the affairs of the Company in a manner oriented towards the long-term interest of the Company;
 - Displaying maximum care, diligence, and prudence in carrying his/her duties;
 - Ensuring that the Company continuously acts in compliance with all applicable laws and regulations;

In addition, the Commissioner shall exhibit the following norms, behaviors and values:

- understands the BoC's roles and responsibilities, as stated in this guidelines;
- understands the corporate governance and ethics policies of the Company;
- Commit adequate time to perform his/ her duties including meetings preparation and reading of meeting material to be discussed in meetings;
- Willing to contribute his/her knowledge, skills, expertise, abilities, and professional resources in maximum;
- Participate fully in BoC, as well as joint BoC and BoD meetings, discussions by ensuring that he/she gives full consideration and depth of analysis to issues;
- Ensure objectivity of analysis promoting the long-term interest of the Company;
- Strive to obtain sufficient information from BoD and management or other sources to enable him/her to make balanced decisions;
- Responsible to continuously improve his/her education and information quality; and
- Voice concern to the President Commissioner or other members of the BoC as appropriate, if he/she feels that any of the terms stated in this guidelines are not being realized.

Composition of the BoC and Committees

1. BoC Composition and Size. Collectively, the BoC should possess a broad range of expertise, skills, and competencies, sufficient to provide effective stewardship and oversight of the Company. In particular, this includes the ability to provide recommendations regarding opportunities to grow the business, enhance value for stakeholders, strengthen risk management practices, and reinforce and champion the implementation of good corporate governance. BoC shall consist of at least two (2) Commssioners and maximum ten (10) Commissioners.

2. The Balance and Independence of the BoC. To ensure the impartiality of decisions and to maintain the balance of interests among various groups of shareholders, the Company should strive to ensure that at least thirty percent (30%) members of the BoC are Independent Commissioners as per the definition below.

An independent Commissioner is one who has no relationship with the Company, its affiliated companies, its shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the commissioner's independent business judgment with a view to the best interests of the Company.

In addition to minimum criteria independence set out in prevailing laws and regulations, and in order to strengthen the independence criteria, the following relationship should not exist for any commissioner to be considered as independent:

- a. being employed by the Company or any of its affiliated companies within 6 months prior to his/ her initial appointment as Independent Commissioner. Following the expiration of his/her term, he/she may be reappointed as Independent Commissioner in which such 6 months requirement is no longer applied;
- b. Commissioner who has an immediate family member who is, or has been within the last 6 months, employed by the company or any of its affiliated companies and whose remuneration is determined by the Nomination and Remuneration Committee;
- c. Commissioner, or an immediate family member, accepting any significant compensation from the Company or any of its affiliated companies for the provision of services, for the current or in the last 6 months, other than compensation of remuneration as member of BoC;
- d. A Commissioner:
 - i. who; or
 - ii. whose immediate family member, in the current or in the last 6 months, is or was,

iii.a 10% shareholder, or a partner (with 10% shareholding or more), or a director, or a commissioner, of any organization to which the Company or any of its subsidiaries made, or from which the company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or previous year. As a guide, payments aggregated over any financial year in excess of 2 billions Rupiah should generally be deemed significant;

e. A Commissioner who is a controlling shareholder or a family member of a controlling shareholder of the Company.

3. Commissioner Nomination Process and Term Limits.

Commissioners are elected and appointed by the GMS to serve for a work period of three (03) years until the closing of the third annual GMS following their appointment.

Commissioners may be reappointed by shareholders at the annual GMS. The BoC with majority vote should propose a list of candidates of Commissioners to the shareholders for election. The candidates recommended by the majority of BoC shall be based on an objective process, whereby candidates are assessed against skill and composition

criteria defined by majority of the BoC. A nomination for a candidate of member of the BoC in annual GMS shall state: (i) the candidate's age, (ii) background, education, and profession, (iii) relationship to any shareholder, member of BoC, or official in the Company, (iv) statement of compliance against the Commissioner Qualification criteria defined earlier (v) other commissioner or director roles currently or previously held in the past three years), (vi) key skillsets which will aid the functioning of the BoC, (vii) statement of independence if applicable; and (viii) any other information relevant to assess his/her suitability as a BoC member.

Upon reaching the conclusion of their term, Commissioners may be reappointed by the GMS. In the event of a substitution prior to the end of this term, the new Commissioner will serve the remaining term limit of the Commissioner who is replaced. Before recommending a member of the BoC for reappointment, the BoC must carefully consider his/her past performance on the BoC.

- 4. Commissioner Qualifications.** Commissioners shall at all times meet the criteria as set forth in Indonesia's Financial Services Authority regulations. Further, each Commissioner shall:

- Have adequate relevant technical skills and experience to perform his/her duties;
- Be a person of good reputation and good standing;
- Not be a person whose name is in Wanted List (Daftar Pencarian Orang/ DPO).

No person shall be nominated for a Commissioner position unless they meet these qualifications. Further, if a Commissioner ceases to meet such qualifications, that person shall resign or be dismissed.

5. Structure of BoC Committees. At a minimum, the Company shall have the following committees under the supervision of the BoC:

- **Audit Committee:** The purpose of which is to oversee the Company's internal control, audit, risk and financial reporting frameworks, with particular emphasis on the soundness of internal controls, compliance, risk oversight and financial reporting as well as the independence, and performance of the Company's external auditor and internal auditor.
- **Nomination and Remuneration Committee:** The purpose of which is to seek and recommend candidates of members of BoD and BoC, develop the remuneration policies for BoC and BoD members, develop performance management and measurement policies for members of BoC and BoD, and

develop professional development programs for members of BoC and BoD.

Both committees shall be chaired by an Independent Commissioner. Membership of each committee should be reviewed and reconfirmed each year by the BoC. After each meeting, a committee shall report on the meeting to the BoC, including proposals/recommendations on particular issues. Beyond these committees, the BoC may establish other committees for specific purposes. The precise committee structure for The Company may vary from time to time and can be determined by the BoC as needed. BoC may delegate certain responsibilities to a committee to do review and provide recommendation, however, final authority and decision-making on all BoC-designated matters ultimately rests with the BoC.

6. President Commissioner and Vice President Commissioner.

The Vice President Commissioner replaces and assumes the powers and duties of the President Commissioner when the latter is absent.

The President Commissioner is primarily responsible for governing the BoC and thus for the activities of the BoC and its Committees. He or she shall act as the spokesperson of the BoC and is the principal contact for the BoC.

The responsibilities of the President Commissioner are to:

- a) Lead the BoC to ensure effectiveness on all aspects of its role,
- b) In line with the training and induction programs, ensures BoC members, when appointed, to participate in an induction program and, as needed, additional education or training programs;
- c) Ensures BoC members receive all information necessary for them to support the performance of their duties;
- d) Ensures BoC has sufficient time for consultation and decision-making;
- e) Determining the agenda of BoC meetings, chairing such meetings and ensuring that minutes are kept of such meetings;
- f) Promote a culture of openness and debate at the BoC;
- g) Ensures the BoC and its Committees function properly;
- h) Ensures BoC members have full opportunity to provide their views on BoC matters and issues are discussed and vetted fully prior to taking decision;
- i) Ensures the performance of the BoD members and the effectiveness of the BoC is evaluated at least once every year;
- j) Ensures the BoC satisfies its duties;
- k) Resolve issues related to the performance of individual BoC members;

- l) Resolve internal disputes and conflicts of interest concerning individual BoC members and the possible resignation of such members as a result;
- m) Promote high standards of corporate governance.

Working Procedures

- 7. **BoC Meetings.** The BoC must hold at least one (1) meeting every two (2) months and one joint meeting with the BoD at least every four (4) months. The BoC shall disclose in details its meetings frequency and individual attendance by BoC members, and, for joint BoC and BoD meetings, frequency and individual attendance of BoC and BoD members.

- 8. **Annual Calendar of Meetings.** The BoC shall strive to meet according to a set scheduled annual plan (or annual calendar of meetings), which enables it to properly discharge its duties. The Plan should highlight the proposed schedule of meetings and highlight key topics to be covered over the course of the year. This will help ensure the BoC doesn't only focus on near-term issues, but also considers other strategic and routine matters in line with its role as the oversight body. Other matters will be added to the agenda of specific meetings as needed.

9. Meeting Notice and Agenda. BoC meetings are called by the President Commissioner, at least 7 (seven) days prior to the meeting, regardless the date of notice and the date of meeting. Save in urgent cases as determined by the President Commissioner, materials of the meeting shall be submitted to all BoC members at the latest seven (7) calendar days prior to the date of meeting. Agendas should be set in alignment with the annual plan, and any other issues that needs to be discussed. Each BoC member has the right to request that an item be placed on the agenda for a BoC meeting, per the approval of the President Commissioner. For each item on the agenda, an explanation in writing shall be provided along with related documentation. Commissioners shall be provided by the Corporate Secretary a concise, but complete set of information, including: an agenda, minutes of the prior BoC meeting; issue papers, and other reports prepared by BoD and/or management. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis.

10. Meeting Minutes. Meeting minutes serve as evidence regarding any discussions or resolutions taken. Decisions taken at BoC meetings that are attended by more than half of the total BoC members are considered legally binding.

According to regulations, Commissioners may participate in BoC meetings via video or teleconference. Any member attending a BoC meeting, or the Corporate Secretary, can take meeting minutes. Minutes of BoC meetings that adequately reflect BoC meeting discussions, signed by the BoC members who attended the meeting, shall be kept by the Corporate Secretary and added to the meeting book of the Company. Each BoC member (and BoD member for joint meetings) shall receive a copy of the minutes. The minutes do not need to capture details of everything spoken at the meetings, but should capture the essence of discussions held, any dissenting points of view, and key decisions or actions taken by the BoC.

11. Written Consent. In general, resolutions of the BoC are adopted at a BoC meeting. BoC resolutions may also be adopted in writing, provided the proposal concerned is submitted to all BoC members and none of them objects to this form of adoption. Adoption of resolutions in writing shall be effected by statements in writing from all the BoC members. A statement from a BoC member who wishes to abstain from voting on a particular resolution which is adopted in writing must reflect the fact that he does not object to this form of adoption.

12. Quorum and Decision-Making. Quorum for a BoC meeting shall be a simple majority of BoC members, ideally, including at least one independent commissioner. In the absence of a valid quorum, the meeting shall be adjourned to the same time and place no later than twenty-one (21) days thereafter as the President Commissioner may determine. The same quorum requirements shall be applicable at such adjourned meeting. The BoC members shall try to unanimously adopt resolutions that are brought for a decision. Should a matter be brought to a vote by the BoC, then each member has the right to cast one vote. Where unanimity cannot be reached all resolutions are adopted by a majority of the votes cast.

13. Proxies. A BoC member may be represented at a BoC meeting by another commissioner holding a power of attorney in writing. The existence of such authorization must prove satisfactory to the Chairman of the meeting.

14. Undue Absence. If a commissioner is absent from BoC meetings, he or she shall be required to explain such absences to the President Commissioner. Frequent absences may result in dismissal as BoC member. Commissioners are expected to attend at least 75% of the total meetings held in each year.

Other General Provisions

15. Remuneration of BoC Member. The BoC shall develop remuneration policy that seeks to attract, motivate, reward, and retain Commissioners of high integrity and ability. Further, the remuneration policy shall be such that it does not jeopardize a Commissioner's independence or encourage unjustified short-term risk taking. Each Commissioner's remuneration shall be commensurate with his or her responsibilities, expertise and skills that he or she brings to the Company. Other considerations when determining the remuneration amount are the Company's performance, achievement of corporate or individual targets, benchmarking against peer companies in the industry, and prevailing regulations.

The amount of remuneration shall be recommended to shareholders at GMS for their consideration and approval. The BoC instructs the Nomination and Remuneration Committee to propose the remuneration package.

16. BoC Continuing Education. The Commissioners are expected to ensure that, through continuous learning, their leadership skills, professional knowledge and competencies keep pace with the latest developments in the industry, with regard to good corporate governance practices and any other topic relevant to their function.

They therefore shall participate in a number of executive training and education programs, consultations, seminars and conferences throughout the year. Such annual programs will be established by the Nomination and Remuneration Committee and reviewed every year.

17. BoC Internal Evaluation. The BoC shall conduct a yearly internal evaluation to identify ways to strengthen its overall effectiveness. This evaluation process can be facilitated either by the Nomination and Remuneration Committee or by the President Commissioner with the support of the Corporate Secretary, as needed. If required, independent consultants may also be invited to assist the BoC in this process.

18. Succession Planning. The BoC shall adopt a succession plan that outlines how it will effectively prepare the succession of key positions in the Company, including BoD and BoC positions. This succession plan is developed by the Nomination and Remuneration Committee. The President Director should provide support to the BoC in this process. The succession plan goes beyond simply naming potential leaders, but also identifying plans to professionally develop the Company's leadership pipeline. It should also lead the BoC, with the support of the BoD, to defining strategies for recruiting and retaining

qualified management staff to support the growth of the Company. The BoC should update this plan on a regular basis. Beyond long-term succession planning, the BoC should also ensure there are short-term continuity plans in place in the case of an unexpected absence in a key position. For key management positions, the BoC shall identify backups that can quickly take over a function should it be unexpectedly vacated for whatever reason. This should be part of a wider business continuity plan for the company.

19. Limitation of Multiple Positions. To ensure members of BoC can effectively perform their duties as Commissioners of the Company, members of the BoC shall seek to limit their other positions as Directors and/or Commissioners in other listed companies and comply with prevailing statutory regulations on this matter.

20. Notice of Outside Positions. BoC members must inform the President Commissioner, the Chairman of the Nomination and Remuneration Committee and the Corporate Secretary of their positions in other companies before accepting such positions. If, after consultation with the Nomination and Remuneration Committee, the President Commissioner determines that there is a risk of a conflict of interest, the matter shall be discussed by the BoC. The Corporate Secretary shall keep a list of the outside positions held by each BoC member.

- 21. Conflicting Positions.** BoC members shall not hold positions in other companies in Indonesia if such positions may cause conflict between one and another. BoC members are allowed to hold positions as BoC members in subsidiaries or holding companies.
- 22. Acceptance by BoC members.** Anyone who is appointed as a BoC member must, upon assuming office, declare in writing to the Company that he/she accepts and agrees to comply with these Policies.
- 23. Amendment.** This BoC Guidelines may be amended by the BoC with majority votes provided that the changes conform to the Company's Articles of Association and all prevailing laws and regulations.
- 24. Interpretation.** In case of uncertainty or difference of opinion on how a provision of this BoC Guidelines should be interpreted, a vote shall take place and the interpretation that received majority votes shall apply.
- 25. Inconsistency with Statutory Regulations and Company's Articles of Association.** If the provisions included herein are in contrary with the statutory regulations and/or the Company's Articles of Association, the statutory regulations and/or the Company's Articles of Association shall prevail.



BLUE BIRD

PT Blue Bird Tbk
Jl. Mampang Prapatan Raya No.60
Jakarta Selatan 12790 Indonesia
Phone : (021) 798 9000, 798 9111
Facsimile : (021) 798 9102
www.bluebirdgroup.com

26. Partial Invalidity. If one or more provisions of this BoC Guidelines are (or become) invalid, this shall not affect the validity of the remaining provisions. The BoC may replace the invalid provisions by provisions which are valid and the effect of which, given the contents and purpose of this BoC Guidelines is, to the greatest extent possible, similar to that of the invalid provisions.

This Board of Commissioners Guidelines was approved and signed by the Board of Commissioners in Jakarta, on 30th November 2015.