



BLUE BIRD

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The Board of Directors Guidelines

PT Blue Bird Tbk. (the "Company")

Introduction

The following Board of Directors (BoD) 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 Roles and Director Duties

- 1. Board Roles and Responsibilities.** The BoD is responsible for the overall management of the Company by establishing and managing the strategic direction of the Company, and managing and safeguarding the Company's assets in a way that is beneficial to and in line with the Company's goals and interests.

The BoD is elected by and is accountable to the Company's General Meeting of Shareholders. Except for decisions explicitly reserved for General Meeting of Shareholders or the Board of Commissioners (BoC), the BoD has full

authority to carry out all activities to effectively manage the Company. Its ultimate goal is to create long-term share value, while taking into account the interests of its stakeholders. Following are examples of the primary roles and responsibilities of the BoD in compliance with prevailing laws and regulations:

- Establishing and ensuring effective implementation of the Company's long-term strategic objectives and business plans, including any performance indicators and targets to be used in relation to the strategy. Ideally, the BoD shall seek guidance and oversight from the BoC when establishing the Company's strategy and strategic objectives;
- Setting the risk appetite for the Company, including specific targets, caps, or indicators related to the risk appetite. Ideally, the BoD shall seek guidance and oversight from the BoC in relation to the Company's risk appetite, risk framework and policies;
- Establishing and ensuring implementation of the risk management framework and associated policies and

procedures used to effectively manage risk within the Company;

- Managing the overall performance and progress towards reaching the Company's strategic objectives while assessing the risks facing the Company and the steps taken by at different management levels to monitor and control such risks;
- Preparing the financial statements, ensuring their integrity as well as compliance with legal and regulatory requirements, and managing performance of the Internal Audit function;
- Establishing sound internal control frameworks within the organization and ensuring they are efficient and effective;
- Developing and implementing the human resource policies of the Company;
- Determining the remuneration and incentive schemes, including key performance indicators for management (excluding the BoD members);

- Evaluating the overall performance of management (excluding BoD members) and taking corrective actions as needed;
- Developing succession plans and developmental objectives for management positions in line with overall Succession Planning policy approved by the BoC;
- Developing and implementing overall operational, organization, financial policies and ensuring they are complied with and updated as necessary.

2. **Director Duties.** In representing the Company, each Director shall uphold the highest standards of ethics and conduct. Specifically, each Director shall adhere to the following duties:

- The Director shall exercise fully duty of loyalty to the Company, by not:
 - Conducting transactions in which they have a personal interest; not disclosing confidential information;
 - Entering into contractual relations with a competing company; not using assets and facilities of the Company for personal benefit/gain; or

- Using information and business opportunities received in their official capacity for personal gain.
- The Director shall exercise fully duty of care to the Company, including:
 - Directing and governing the affairs of the Company in a manner oriented towards the long-term interest of the entire Company;
 - Displaying maximum care, diligence, and prudence in carrying out his/her duties;
 - Ensuring that the Company acts in compliance with all applicable laws and regulations.

In addition, the Director shall act and exhibit the following norms and behaviors:

- Be aware of the BoD's roles and responsibilities, as identified in this guidelines;
- Be aware of the corporate governance and ethics policies of the Company;
- Commit adequate time to the position;

- Ensure maximum contribution of his/her knowledge, skills, expertise, abilities, and professional resources;
- Participate fully in BoD 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;
- Ensure that he/she takes individual responsibility to stay educated and informed.

Board Composition and Committees Structure

1. **BoD Composition and Size.** Collectively, the BoD should possess a broad range of expertise, skills, and competencies, sufficient to manage the Company to the best interest of the latter in fulfilling its goals and objectives. The BoD consists of minimum two (2) Directors and maximum six (6) Directors.

2. **BoD Balance and Independence.** In order to maintain the balance of interests among various groups of shareholders,

the Company shall have at least one (1) Independent Director.

The Independence criteria as applicable for independent commissioners will be applicable for the definition of Independent Directors.

Independent Directors shall not be re-elected for an appointment as Independent Directors after two terms.

3. **Nomination of Directors.** Directors are elected and appointed by the General Meeting of Shareholders (GMS) to serve for a work period of three (3) years. A list of nominees is submitted to the GMS for election to the BoD based on the nomination policy, whereby nominees are assessed against skills and composition criteria defined by the nomination policy. A nomination to the GMS for a candidate for the BoD shall state: (i) the candidate's age, (ii) background, education, and profession, (iii) relationship to any shareholder, BoD member, or executive in the company, (iv) statement of compliance against the Director Qualification criteria defined earlier (v) other director, executive or commissioner roles currently or

previously held in the past three (3) years, (vi) key skillsets which will aid the functioning of the BoD, (vii) statement of independence if applicable; and (viii) any other information relevant to assess his/her suitability as a BoD member.

4. **Term Limits.** Upon reaching the conclusion of their term, Directors may be reappointed by the annual GMS for subsequent work periods. Before recommending a member of the BoD for reappointment, the BoC must carefully consider his/her past performance on the BoD and his/her ongoing ability to perform the necessary Director duties.

Should a vacant seat materialize between two annual GMS, the vacancy may be filled until the next GMS. That individual should then be officially elected by the shareholders at the next GMS in order to continue as a Director. The Company must report as per prevailing regulations in case of a BoD member resignation or temporary dismissal from the BOD.

5. **Director Qualifications.** Directors shall at all times meet the criteria as set forth in Indonesia's Financial Services Authority regulations. Further, each Director shall:

- Have adequate relevant technical skills and experience to perform his/her duties;
- Be a person of good reputation and good standing;
- Not be involved in financial-related crime;
- Not be a person whose name is in Wanted List (*Daftar Pencarian Orang/ DPO*);
- Not be involved in any political parties' activities while serving as the Director in the Company.

No person shall be nominated for a Director position unless he or she meets these qualifications. Further, if a Director ceases to meet such qualifications, that person shall submit his/her resignation or be terminated.

6. **Director Remuneration.** The Nomination and Remuneration Committee shall propose the Director's remuneration policy and package to be evaluated by the BoC. The specific amount of the payment shall be recommended to shareholders

at the GMS for their approval. Further, the remuneration policy shall be such that it does not encourage unjustified short-term risk taking, jeopardize a Director's independence or create misalignment of interests between Directors, shareholders and other stakeholders.

7. **Performance Assessment of the BoD:** The performance of each individual Director is assessed on the basis of the achievement of Key Performance Indicators (KPI) agreed at the beginning of each year. Such assessments are conducted formally one time a year by the BoC through its Nomination and Remuneration Committee.

8. **President Director.** The President Director is primarily responsible for governing the BoD and thus for the activities of the BoD and its committees. He or she shall act as the spokesperson of the BoD and is the principal contact for the top management of The Company.

The President Director's responsibilities include:

- a) Determining the agenda of BoD meetings, chairing such meetings and ensuring that minutes are made for such meetings;
- b) Ensuring the BoD satisfies its duties;
- c) Ensuring BoD members have a full opportunity to provide their views and opinions on BoD matters, and issues are discussed and vetted fully prior to taking decision;
- d) Ensuring BoD members receive all information necessary for them to perform their duties;
- e) Ensuring the BoD has sufficient time for consultation and decision-making;
- f) Ensuring the BoD and its committees, if any, function properly;
- g) Ensuring the performance of Directors and management team is evaluated at least once in a year in line with existing and applicable policies and under the guidance and oversight of the BoC;
- h) Overcoming problems related to the performance of individual BoD members; and

- i) Overcoming internal disputes and conflicts of interest concerning individual BoD members and the possible resignation of such members as a result.

Board Working Procedures and Meetings

1. **Annual Plan.** The BoD shall formulate an annual plan of meetings prior to the start of each fiscal year. 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 BoD considers all topics and matters in line with its role and responsibilities. Other matters will be added to the agenda as needed.
2. **Meeting Frequency.** The BoD shall meet as often as necessary, but at least once a month as required by law, and one joint meeting with the BoC at least every four (4) months. In case the BoD establishes sub-committees, these committees shall also meet as frequently as needed, but at least quarterly.
3. **Meeting Agendas.** Agendas of BoD Meetings should be set in alignment with the annual plan and include any other timely issues that need to be discussed. The President

Director shall consult with the other BoD members prior to convening the meeting on the content of the agenda. Each Director has the right to request that an item be placed on the agenda for a BoD meeting, per the approval of the President Director. In the event of joint BoC and BoD meetings, the President Director shall consult with the President Commissioner on the meeting agenda, which shall be part of the annual plan. BoC and BoD members have the right to request that items be added to the agenda after consulting with the President Commissioner and President Director.

4. **Meeting Notice.** Meetings of the BoD are called by the President Director with one (1) other BoD member, or, two Directors, at the latest seven (7) days prior to the meeting, regardless the date of notice and the date of meeting.
5. **Information for Directors.** Save in urgent cases as determined by the President Director, materials of the meeting shall be submitted to all BoD members at the latest seven (7) calendar days prior to the date of meeting. For each agenda item, an explanation in writing

shall be provided along with related documentation. All Directors shall be provided a concise, but complete set of information by the Corporate Secretary which includes: an agenda; minutes of the prior BoD meeting; issue papers to be discussed, and other reports prepared by Directors and other management team members. Issue papers should be clear, succinct, insightful, and include recommendations for action based on proper analysis.

6. **Meeting Venue.** BoD meetings are generally held at the offices of the Company but may also take place elsewhere. In addition, meetings of the BoD may be held at any time when necessary which can be conducted by conference call, video conference or by any other means of communication, provided all participants can communicate with each other simultaneously.
7. **Minutes of Meeting.** The BoD, through the Corporate Secretary, shall keep complete minutes of its meetings that adequately reflect Board discussions. The minutes do not need to capture details of everything spoken at the meetings, but should capture the essence of discussions held, any dissenting viewpoints, and key decisions or

actions taken by the BoD. A standard and consistent format shall be used for documenting minutes of BoD meeting. The minutes are to be signed by all the Directors who attended the meeting, and then added to the Company's records to serve as legal evidence of events and decisions taken in the meetings. The Director/s who refuses to sign the minutes, must submit a written objection and attached to the minutes of the meeting. Each member of the BoD shall receive a copy of the minutes. Each member of the BoD may demand a note explaining how he voted or a formal declaration by him to be included in the minutes. The minutes of a meeting are taken as having been approved if the members of the BoD do not submit a written objection to the President Director within two (2) weeks of the date by which the draft of the minutes were circulated. If the President Director is unable to resolve the objection, a decision must be taken on it in the next meeting. Urgent resolutions may be drawn up and adopted immediately in the relevant meeting.

8. **Proxies.** A BoD member may be represented at a BoD meeting by another BoD member holding a power of attorney in

writing. The existence of such authorization must be proved satisfactorily to Chairman of the meeting.

9. **Undue Absence.** If a BoD member is frequently absent from BoD meetings, he or she shall be required to explain such absences to the President Director. Frequent absences may result in dismissal as BoD member. All Directors are expected to attend at least 75% of the total number of meetings in the course of the year.
10. **Attendance by Non-Members.** The admission to a meeting of persons other than BoD members shall be decided by the President Director or a majority of the BoD members present at the meeting.
11. **Presiding Role.** BoD meetings are presided over by the President Director. In his/her absence, one of the other BoD members, designated by majority vote of the BoD members present at the meeting, shall preside.
12. **Board Quorum and Decision-Making.** Quorum for a BoD meeting shall be a majority of BoD members present at the meeting. 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 Director may

determine. The same quorum requirements shall be applicable at such adjourned meeting. The BoD members shall try to unanimously adopt resolutions that are brought before the BoD for a decision. Should a matter be brought to a vote by the BoD, then each BoD member has the right to cast one vote. Where unanimity cannot be reached all resolutions of the BoD are adopted by a majority of the votes cast.

13. **Written Consent.** In general, resolutions of the BoD are adopted at a BoD meeting. BoD resolutions may also be adopted in writing, provided the proposal concerned is submitted to all BoD 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 BoD members. A statement from a BoD 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.
14. **Relationship between BoD and BoC:** The BoD shall provide access to the BoC and supply the BoC with the best possible information to enable the BoC to fulfill its

supervisory role and make decisions effectively. Joint meetings between the BoD and the BoC are necessary in order to have a better understanding and relationship between the two Boards. Minutes of the BoD meetings shall also be made available if the BoC considers them relevant to its supervisory work.

15. **BoD Evaluation.** The BoD shall conduct a yearly performance evaluation in order to assess its individual and group performance, against set objectives and KPIs, and identify ways to strengthen its overall effectiveness. The procedure for conducting such evaluation is established by the BoC through its Nomination and Remuneration Committee.
16. **Continuing Education.** The Company shall offer an orientation program for new BoD members about the Company, its business and on other subjects that will assist them in discharging their duties. The Company also provides general access to training courses to its BoD members as a matter of continuing professional education. The BoD, with support from the Nomination and Remuneration Committee, should annually determine what training needs are required for the BoD as a group and for individual BoD members and

then decide, based on its budget, trainings that should be undertaken each year. The Directors are expected to ensure that through ongoing education, their knowledge and competencies will keep pace with the latest developments in their respective fields.

17. **Remuneration.** The remuneration of The BoD shall be in line with the remuneration policy established and approved by the BoC through its Nomination and remuneration Committee and linked to the performance of the Directors. The remuneration package shall be based on various components, including fixed salary plus defined performance incentive bonuses. The remuneration scheme should be defined based on underlying principles: (i) that the level of remuneration ensures alignment of managements' incentives with the long-term interests of the Company and its shareholders; (ii) that the remuneration be of sufficient order so as to attract, motivate, and retain the managerial talent it needs.

18. **Corporate Secretary.** The Company shall employ a Corporate Secretary to assist with its governance matters. The Corporate Secretary shall possess the necessary

qualifications and skills to ensure that the BoD and BoC comply with the Company's internal policies and prevailing statutory regulations. The Corporate Secretary shall also be capable of facilitating the Company's governing bodies to functioning effectively.

Other General Provisions

1. **Prohibition of multiple positions.** Members of the BoD are not permitted to hold multiple positions either as Director or Commissioner in other companies other than in subsidiaries and affiliated companies of the Company, except with prior written approval from BoC of the Company.

2. **Notice of Outside Positions.** BoD members must inform the President Director, the Chairman of the Nomination and remuneration Committee and the Corporate Secretary of their other positions in other companies before accepting such positions. If, after consultation with the Nomination and Remuneration Committee, the President Director

determines that there is a risk of a conflict of interest, the matter shall be discussed by the BoD and the BoC (or the Nomination and Remuneration Committee who shall then report to the BoC). The Corporate Secretary shall keep a list of the outside positions held by each BoD member.

3. **Acceptance by BoD members.** Anyone who is appointed as a BoD member must, upon assuming office, declare in writing to the Company that he accepts and agrees to comply with these Policies.
4. **Amendment.** This BoD Guidelines may be amended by BoD provided that the changes conform to the Company's Articles of Association and all prevailing laws and regulations.
5. **Interpretation.** In case of uncertainty or difference of opinion on how a provision of this BoD Guidelines should be interpreted, a vote shall take place and the interpretation that received 2/3rds of the votes shall apply.
6. **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.

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

This Board of Directors Guidelines replaces the Board of Directors Guidelines signed on November 30, 2015.

This Board of Directors Guidelines was approved and signed by the Board of Directors of PT Blue Bird Tbk. in Jakarta, on 24th October 2018.