

GOOD CORPORATE GOVERNANCE IMPLEMENTATION GUIDELINE

PT INDONESIA ASAHAN ALUMINIUM



2024

CORPORATE GOVERNANCE GUIDELINE
Good Corporate Governance (GCG)

PT INDONESIA ASAHAN ALUMINIUM (“INALUM”)

Good Corporate Governance Guidelines

In line with the commitment of PT Indonesia Asahan Aluminium (hereinafter referred to as the *Company*, the *Corporation*, or *INALUM*) in implementing Good Corporate Governance (hereinafter referred to as “GCG”) on a sustainable basis, the Company has established the GCG Guidelines as the Parent Policy for the implementation of all aspects of corporate management as well as a reference in the Company’s decision-making process.

The objective of the GCG Guidelines is to ensure that every policy within the Company complies with the principles of GCG, namely Transparency, Accountability, Responsibility, Independency, and Fairness (abbreviated as TARIF), while also emphasizing sound corporate governance practices grounded in the four pillars of Corporate Governance principles: Ethical Conduct, Accountability, Transparency, and Sustainability.

The implementation directives for all corporate management policies are formulated based on the Company’s prevailing business processes.

These GCG Guidelines may only be amended upon obtaining written approval from both the Board of Commissioners and the Board of Directors.

Jakarta, March 2024

TABLE OF CONTENTS

TABLE OF CONTENTS	3
GLOSSARY OF TERMS	4
CHAPTER I INTRODUCTION	
A. Background	6
B. Objectives	7
C. Scope	7
D. Vision, Mission and Values	8
E. Company Regulations as the Soft Structure of GCG	10
F. Refference	12
CHAPTER II GENERAL GUIDELINES ON GCG	
A. Principles of GCG	14
B. Corporate Organs	15
C. Code of Ethics for Officeholder	33
D. Implementasion of GCG Based on Applicable Laws and Regulations	33
CHAPTER III CORPORATE POLICIES ON GCG	
A. Company Code of Conduct (“COC”)	34
B. Charter	34
C. Main Process of Aluminium Production	35
D. Management Policy	35
CHAPTER IV STAKEHOLDER MANAGEMENT	48
CHAPTER V CONCLUSION	49

GLOSSARY OF TERMS

In this Company's Good Corporate Governance Guidelines (Code of Corporate Governance), the following terms are defined as:

1. **Subsidiary:** A limited liability company in which more than 50% of its shares are owned by the Company, or a limited liability company directly controlled by the Company.
2. **Member of the Board of Commissioners:** An individual member of the Board of Commissioners, referring to the person (not the Board as a whole).
3. **Member of the Board of Directors:** An individual member of the Board of Directors, referring to the person (not the Board as a whole).
4. **Members of MIND ID:** PT Aneka Tambang Tbk., PT Bukit Asam Tbk., PT Freeport Indonesia, PT Indonesia Asahan Aluminium, PT Timah Tbk., MIND ID TRADING Pte. Ltd., and PT Indonesia Papua Metal dan Mineral.
5. **Conflict of Interest:** A divergence between the Company's economic interests and the personal economic interests of members of the Board of Directors, members of the Board of Commissioners, or shareholders, which may potentially harm the Company.
6. **Board of Commissioners:** A corporate organ tasked with supervising and providing advice to the Board of Directors in the general management of the Company.
7. **Board of Directors:** A corporate organ fully responsible for the management of the Company in the interest of the Company, and authorized to represent the Company both within and outside of the court of law.
8. **Insan INALUM:** Members of the Board of Commissioners together with supporting organs of the Board of Commissioners, members of the Board of Directors, and employees of the Company.
9. **Proxy of the Series A Dwiwarna Shareholder:** PT Mineral Industri Indonesia (Persero) ("Mining Industry Indonesia – MIND ID"), acting as the proxy holder of the Series A Dwiwarna Shareholder pursuant to the Special Power of Attorney of the Minister of State-Owned Enterprises No. SKK-21/MBU/03/2023 and its amendments.
10. **Corporate Organs:** The General Meeting of Shareholders (GMS), the Board of Commissioners, and the Board of Directors of the Company.
11. **Company Code of Conduct (CoC):** A set of commitments consisting of the Company's business conduct and the work behavior of *Insan INALUM*, designed to establish, regulate, and align conduct within the Company.

12. **Stakeholders:** Parties who have an interest in the Company.
13. **Series A Dwiwarna Shareholder:** The Government of the Republic of Indonesia, represented by the Minister of State-Owned Enterprises.
14. **Assessment:** A program to identify the implementation of Good Corporate Governance (GCG) in State-Owned Enterprises (SOEs) through periodic measurement of the execution and application of GCG in SOEs, conducted every two (2) years as stipulated in the Regulation of the Minister of State-Owned Enterprises No. PER-2/MBU/03/2023.
15. **Company (Perseroan):** PT Indonesia Asahan Aluminium, hereinafter referred to as **INALUM**.

CHAPTER I INTRODUCTION

A. Background

PT Indonesia Asahan Aluminium, hereinafter referred to as **INALUM**, was established on January 6, 1976, with the status of a Foreign Investment Company (PMA). Its establishment was based on a Master Agreement between the Government of Indonesia and a consortium of Japanese investors for a period of thirty (30) years, commencing from the start of the operation of the reduction furnace – namely from October 31, 1983, until October 31, 2013.

Subsequently, as of November 1, 2013, the Company was fully transferred to the Government of Indonesia, even though, at that time, no final agreement had been reached regarding the amount of reimbursement costs to be paid by the Government of Indonesia to the Japanese investors. Negotiations for the takeover continued under the representation of three ministries – the Ministry of Finance, the Ministry of State-Owned Enterprises (SOEs), and the Ministry of Industry – until an agreement was finally reached on the reimbursement value. This was marked by the signing of the termination of the master agreement between the parties and the first General Meeting of Shareholders (GMS) on December 9, 2013, as well as the official handover of assets from the Japanese side to the Government of Indonesia through the Ministry of SOEs on December 19, 2013. Consequently, the Company officially changed its status into a State-Owned Enterprise (SOE) and its name into PT Indonesia Asahan Aluminium (Persero).

With the change of status into an SOE, the Company undertook adjustments to its internal regulations and policies to comply with the prevailing laws and regulations applicable to companies within the SOE environment. The Company fully believes that Good Corporate Governance (GCG) serves as a strategic foundation for achieving sustainable competitive advantage. GCG is a system, structure, mechanism, and culture designed to safeguard the interests of both shareholders and stakeholders. Through management's commitment and the support of all relevant parties, the Company not only complies with various provisions on the implementation of GCG but also strives to apply best practices, thereby placing the Company among the leading entities in GCG

implementation, in line with business environment demands and stakeholder expectations.

The Company continues to make adjustments and improvements towards better implementation of Good Corporate Governance (GCG) through the issuance of updated GCG Guidelines. This revision is driven by the Company's business model transformation in relation to the issuance of Government Regulation of the Republic of Indonesia No. 45 of 2022 dated December 8, 2022, concerning the Reduction of State Equity Participation in PT Indonesia Asahan Aluminium (Persero), and Government Regulation No. 46 of 2022 dated December 8, 2022, concerning the State Equity Participation for the Establishment of a State-Owned Enterprise in the Mining Sector.

Through the updating of these Guidelines, the Company expects that the implementation of GCG will evolve in line with the demands of the business environment, regulatory requirements, and the need to maintain sustainable competitive advantage, thereby enabling the Company to be recognized and trusted by stakeholders.

B. Objectives

These GCG Guidelines are prepared to encourage the application of GCG principles within the Company as the operational foundation for business activities, implemented consistently and believed to enhance both the performance and corporate image of the Company.

The implementation of these GCG Guidelines aims to :

- a. Maximize Company value through the consistent application of GCG principles, thereby strengthening the Company's competitiveness.
- b. Promote professional, efficient, and effective management of the Company, while empowering functions and enhancing corporate independence.
- c. Ensure that decision-making and its subsequent implementation by the Corporate Organs are carried out based on sound business values, good faith, mutually beneficial principles, adherence to moral and social values, and compliance with prevailing laws and regulations.

C. Scope

These Guidelines serve as a reference for the Company and *Insan INALUM* in conducting business activities and engaging with Stakeholders, in accordance with the provisions set forth in the applicable laws and regulations as well as the Company's Articles of Association.

D. Vision, Mission, and Values

Vision

To become a Leading Global Environmentally Friendly Integrated Aluminium-Based Company.

Mission

1. To operate an integrated aluminum smelting business that is profitable, safe, and environmentally friendly, thereby enhancing value for stakeholders.
2. To contribute to regional and national economic growth through operational activities and sustainable business development.
3. To participate in empowering surrounding communities through targeted Corporate Social Responsibility (CSR) initiatives and the Partnership and Community Development Program (PKBL).
4. To continuously and systematically improve human resources (HR) competencies to ensure operational excellence and the development of the aluminum industry.

Core Values of the Company

“AKHLAK”

1. Trustworthy (“Amanah”)

Definition: Upholding the trust that has been given.

- a. Fulfilling promises and commitments.
- b. Taking responsibility for assigned tasks, decisions, and actions.
- c. Adhering to moral and ethical values.

2. Competent (“Kompeten”)

Definition: Continuously learning and developing capabilities.

- a. Enhancing personal competencies to address ever-changing challenges.
- b. Assisting others in learning and growth.

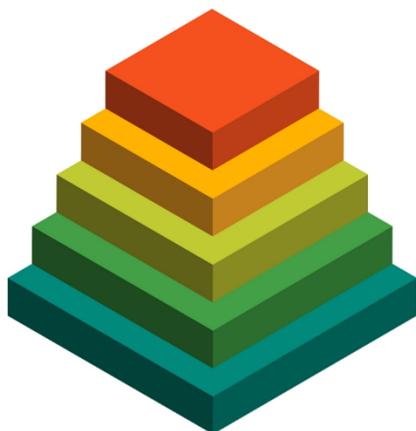
- c. Completing tasks with the highest quality standards.
3. **Harmonious (Harmonis)**
- Definition:* Caring for one another and respecting differences.
- a. Respecting every individual regardless of background.
 - b. Being helpful and supportive to others.
 - c. Creating a conducive and collaborative work environment.
4. **Loyal (“Loyal”)**
- Definition:* Demonstrating dedication and prioritizing the interests of the Nation and the State.
- a. Safeguarding the good name of colleagues, leaders, the Company, and the Nation.
 - b. Willing to sacrifice for the achievement of greater goals.
 - c. Obeying leadership as long as it does not conflict with laws and ethics.
5. **Adaptive (Adaptif)**
- Definition:* Continuously innovating and demonstrating enthusiasm in driving and responding to change.
- a. Adjusting swiftly for continuous improvement.
 - b. Pursuing ongoing enhancements in line with technological advancements.
 - c. Acting proactively in all circumstances.
6. **Collaborative (Kolaboratif)**
- Definition:* Building synergistic cooperation.
- a. Providing opportunities for various parties to contribute.
 - b. Being open to collaboration to generate added value.
 - c. Mobilizing resources effectively to achieve common goals.

Company “ProsPekTif” Values

- 1. **Professionalism (“Profesional”)** – We work professionally by applying best business practices.
- 2. **Development (“Pengembangan”)** – We grow larger through continuous development.
- 3. **Collaboration (“Kerjasama”)** – We thrive beyond expectations through synergistic cooperation.

4. **Responsibility (“Tanggung Jawab”)** – We are responsible for delivering the best contributions.
5. **Integrity (“Integritas”)** – We conduct business with integrity.
6. **Benefit (“Faedah”)** – We strive to conduct business that is profitable for well-being.

E. Company Regulations as Soft Structure of



- 1 Articles of Association | SKK INALUM | Threshold
- 2 “Pedoman Strategis MIND ID” | “Kebijakan Pelaksana MIND ID”
- 3 Company Guidelines
- 4 Company Policy
- 5 Technical Instruction or Implementation Guidelines

- **The Articles of Association** represent the highest Company Regulation governing the Company’s business activities in order to achieve its objectives and purposes.
- **SKK INALUM** constitutes a Special Power of Attorney granted by the Series A Dwiwarna Shareholder, namely the Government of the Republic of Indonesia, to PT Indonesia Asahan Aluminium, in accordance with Government Regulation No. 41 of 2023 and Government Regulation No. 44 of 2005 in conjunction with Government Regulation No. 72 of 2016, as well as the provisions of the Company’s Articles of Association. This Special Power of Attorney is delegated to PT Mineral Industri Indonesia (Persero), as the largest holder of Series B shares in PT Indonesia Asahan Aluminium, specifically to exercise the authorities and/or rights of the Series A Dwiwarna Shareholder within the share classification as stipulated in the Company’s Articles of Association, as formally set forth in Special Power of Attorney No. SKK-21/MBU/03/2023.
- **Threshold** refers to the limit of value and/or criteria for certain actions of the Board of Directors of PT Indonesia Asahan Aluminium (INALUM), as determined by PT Mineral Industri Indonesia (MIND ID) in its capacity as the majority holder of

INALUM's Series B shares and simultaneously the proxy of the Series A Dwiwarna Shareholder of INALUM. These thresholds, among others, are established with reference to the provisions set forth in the Articles of Association of MIND ID and the Articles of Association of INALUM.

- **Pedoman Strategis MIND ID (Strategic Guidelines)** are strategic matters that constitute initiatives of the General Meeting of Shareholders (GMS), as mandated to MIND ID under the Company's Articles of Association. The Strategic Guidelines of MIND ID cover the following areas:
 - i. Accounting and Finance
 - ii. Development and Investment
 - iii. Operations and Quality Control
 - iv. Marketing and Commercial Affairs
 - v. Information Technology
 - vi. Procurement and Logistics
 - vii. Human Resources
 - viii. Governance, Risk Management, and Internal Audit
 - ix. Legal Affairs, Compliance, and Legal Dispute Resolution
 - x. Occupational Health and Safety, Environmental Management, and Social Responsibility
 - xi. Research and Innovation related to Technology and Intellectual Property Rights (IPR)
 - xii. Regulatory and Policy Review
 - xiii. Other related areas as may be determined

- **Kebijakan Pelaksana MIND ID (Implementing Policies)** are more detailed rules and/or technical implementing provisions derived from the Strategic Guidelines.

- **Company Guidelines** are a set of provisions or regulations that serve as a reference in the management of the Company. Guidelines are determined/approved by the Board of Commissioners and/or the Board of Directors. The Company's Guidelines include, but are not limited to:
 - i. Good Corporate Governance (GCG) Guidelines;
 - ii. Code of Conduct (CoC);
 - iii. Board of Commissioners Charter (BOC Charter);

- iv. Board of Directors Charter (BOD Charter);
 - v. Audit Committee Charter;
 - vi. Cooperation Guidelines;
 - vii. Investment Governance Guidelines;
 - viii. Other relevant guidelines;
 - ix. Collective Labor Agreement (CLA).
- **Company Policy** are a series of rules or provisions established by Management with reference to the stipulations contained in the Guidelines.
 - **Technical Instructions** are detailed operational guidance on a Policy, which may be issued by the Head of Division or the Head of Department.

F. References

1. Law of the Republic of Indonesia Number 19 of 2003 concerning State-Owned Enterprises;
2. Law of the Republic of Indonesia Number 40 of 2007 concerning Limited Liability Companies;
3. Government Regulation Number 26 of 2014 concerning the Designation of PT Indonesia Asahan Aluminium as a State-Owned Limited Liability Company (Persero), dated April 21, 2014;
4. Government Regulation of the Republic of Indonesia Number 45 of 2022 dated December 8, 2022 concerning the Reduction of State Equity Participation in PT Indonesia Asahan Aluminium (Persero);
5. Government Regulation of the Republic of Indonesia Number 46 of 2022 dated December 8, 2022 concerning State Equity Participation for the Establishment of a State-Owned Limited Liability Company (Persero) in the Mining Sector;
6. Minister of SOEs Regulation Number PER-1/MBU/03/2023 dated March 26, 2023 concerning Special Assignments and Corporate Social and Environmental Responsibility Programs of State-Owned Enterprises;
7. Minister of SOEs Regulation Number PER-2/MBU/03/2023 dated March 24, 2023 concerning Corporate Governance Guidelines and Significant Corporate Activities of State-Owned Enterprises;
8. Minister of SOEs Regulation Number PER-3/MBU/03/2023 dated March 24, 2023 concerning Organs and Human Resources of State-Owned Enterprises;

9. Deed of Statement on the Share Transfer Agreement Number 60 dated November 27, 2017, made before Notary Liestiani Wang, SH., MKn.;
10. Articles of Association of PT Indonesia Asahan Aluminium, as amended from time to time and most recently by Notarial Deed of Jose Dima Satria, S.H., M.Kn., Number 138 dated March 21, 2023;
11. Special Power of Attorney of the Minister of SOEs Number SKK-21/MBU/03/2023 dated March 21, 2023;
12. Strategic Guidelines of the Mining Industry Holding.

CHAPTER II

GENERAL GUIDELINES FOR GCG

A. Principles of GCG

The spirit of implementing Good Corporate Governance (GCG) within the Company is reflected in the following principles, which serve as the foundation of daily operations:

1. **Transparency**

Transparency refers to openness in the decision-making process and in disclosing material and relevant information concerning the Company. In practice, the Company establishes an information transparency policy for stakeholders in accordance with prevailing laws and regulations. The Company discloses both financial and non-financial information, as well as other material information, while safeguarding confidentiality and the Company's interests.

2. **Accountability**

Accountability refers to the clarity of functions, execution, and responsibilities of the Company's Organs to ensure effective corporate management. This principle requires Company leaders to be accountable for their performance in a transparent, fair, accurate, measurable manner, and in alignment with the Company's interests while considering the interests of Shareholders and other Stakeholders. Accountability is demonstrated through the establishment of performance indicators and the definition of functions and responsibilities of each Organ of the Company. These functions and responsibilities must be consistent with the Company's Vision and measurable in their implementation.

3. **Responsibility**

Responsibility refers to the alignment of Company management with applicable laws, regulations, and sound corporate principles. This principle is realized through the Company's fulfillment of obligations in complying with prevailing laws and regulations in accordance with sound corporate principles. Company management is also carried out in good faith and based on sound business ethics to create added value for stakeholders. The principle of responsibility is further reflected in the Company's commitment to community development and environmental

sustainability through continuous Corporate Social Responsibility (CSR) programs and the Partnership and Community Development Programs.

4. **Independency**

Independency refers to the condition in which the Company is managed professionally, free from conflicts of interest and undue influence or pressure from any party that is inconsistent with applicable laws, regulations, and sound corporate principles.

In practice, the Company upholds independency by respecting the rights, obligations, duties, responsibilities, and authorities of each Organ, ensuring that the governance of the Company and decision-making processes remain free from potential conflicts of interest.

5. **Fairness**

Fairness refers to the principle of justice and equality in fulfilling the rights of Stakeholders, arising from agreements and applicable laws and regulations.

In practice, Stakeholders, in accordance with their rights as governed by law, are provided opportunities to participate in the governance of the Company within the boundaries of fairness. The Company ensures fairness by engaging stakeholders to provide input, suggestions, and constructive opinions in compliance with prevailing regulations.

B. Company Organs

The Company Organs, consisting of the **General Meeting of Shareholders (GMS)**, the **Board of Commissioners**, and the **Board of Directors**, play a crucial role in the implementation and success of Good Corporate Governance (GCG). Each Organ of the Company must carry out its functions in accordance with the prevailing laws and regulations, based on the principle that each Organ has its own independence in performing its duties, functions, and responsibilities solely for the benefit of the Company.

The Company encourages each Organ to make decisions and execute its duties in good faith, with full compliance to applicable laws and regulations, and with due awareness of the Company's responsibilities toward its Stakeholders.

The Company also promotes constructive relationships among its Organs. Each Organ is expected to respect and act in accordance with its respective functions and roles, while maintaining interactions on the basis of equality and mutual respect.

1. **General Meeting of Shareholders (GMS)**

The General Meeting of Shareholders (GMS) is the **supreme governing body** of the Company, vested with authority that is not conferred to the Board of Commissioners or the Board of Directors, within the limits set forth by prevailing laws and regulations as well as the Articles of Association.

The GMS holds the ultimate decision-making power on matters of fundamental importance to the Company. The agenda of the GMS includes, but is not limited to, deliberations on the Company's strategic direction, financial performance, business results, and other material matters proposed by the Board of Directors, the Board of Commissioners, or the Shareholders.

a. Types of General Meeting of Shareholders (GMS)

1) Annual General Meeting of Shareholders (AGMS)

The AGMS shall be convened once every financial year and shall include the following matters:

- a) Approval of the Annual Report. The AGMS for the approval of the Annual Report must be held no later than June of the following year after the closing of the relevant financial year.
- b) Approval of the Company's Work Plan and Budget. The AGMS for the approval of the Company's Work Plan and Budget must be held no later than thirty (30) days after the commencement of the relevant fiscal year.

2) Extraordinary General Meeting of Shareholders (EGMS)

The EGMS may be convened at any time as deemed necessary for the interest of the Company.

- b. The GMS must be held at the domicile of the Company or at a location where the Company conducts its business activities within the territory of the Republic of Indonesia.

- c. In accordance with prevailing laws, regulations, and the Company's Articles of Association, the GMS shall be convened by the Board of Directors. In addition, a GMS may be convened upon the request of:
- 1) The Board of Commissioners,
 - 2) The Series A Dwiwarna Shareholder, or
 - 3) One (1) or more Shareholders representing at least one-tenth (1/10) of the total issued shares of the Company with valid voting rights.

Shareholders

The Company's Shareholders consist of The Series A Dwiwarna Shareholder, held exclusively by the Government of the Republic of Indonesia; and The majority Series B Shareholder, held by PT Mineral Industri Indonesia (Persero), also referred to as MIND ID. Shareholders have rights and responsibilities over the Company in accordance with the Articles of Association and prevailing laws and regulations.

The Series A Dwiwarna Shareholder shall have the following rights:

- a. Approval of amendments to the Articles of Association;
- b. Approval of changes to the Company's capital structure;
- c. Approval of the appointment and dismissal of members of the Board of Directors and the Board of Commissioners;
- d. Approval of mergers, consolidations, acquisitions, spin-offs, and liquidations;
- e. Approval of the remuneration of members of the Board of Directors and the Board of Commissioners;
- f. Approval of asset transfers requiring GMS approval as stipulated in the Articles of Association;
- g. Approval of equity participation or reduction of ownership in other companies requiring GMS approval under the Articles of Association;
- h. Approval of profit appropriation and distribution;
- i. Approval of long-term investments and financing requiring GMS approval under the Articles of Association;
- j. The right to request and access the Company's data and documents;
- k. The right to nominate candidates for the Board of Directors and the Board of Commissioners;

- I. The right to propose GMS agenda items;
- m. The right to establish the Company's **Strategic Guidelines**, which include but are not limited to the following areas:
 - 1) Accounting and Finance;
 - 2) Development and Investment;
 - 3) Operations and Quality Control;
 - 4) Marketing and Commercial;
 - 5) Information Technology;
 - 6) Procurement and Logistics;
 - 7) Human Resources;
 - 8) Governance, Risk Management, and Internal Audit;
 - 9) Legal, Compliance, and Legal Issue Resolution;
 - 10) Occupational Health and Safety, Environmental Management, and Social Responsibility;
 - 11) Research and Innovation related to Technology and Intellectual Property Rights (IPR);
 - 12) Regulatory and Policy Review; and/or
 - 13) Other areas, including policies related to the exercise of Series A Dwiwarna Shareholder rights.
- n. The right to review, provide input, request information, and approve the Company's Long-Term Plan, Annual Work Plan and Budget, and other work plans (including amendments) as submitted by the Board of Directors.
- o. The right to review, provide input, request information, grant approvals, make determinations, and monitor the implementation of the management contract of the Company's Board of Directors, including the establishment of key performance indicators (KPIs) attached thereto.
- p. The right to coordinate, organize, and/or synergize functions for subsidiaries based on agreements with, or powers of attorney from, such subsidiaries in the fields mentioned in item (m).
- q. The right to exercise supervisory synergy over both operational and strategic activities of subsidiaries.

- r. The right to exercise control or monitoring over the implementation of strategic and operational activities or policies of subsidiaries.
- s. Any other rights expressly stipulated in the Articles of Association as rights and/or authorities of the Series A Dwiwarna Shareholder.

2. BOARD OF COMMISSIONERS

The Board of Commissioners shall consist of at least two (2) members, one of whom shall be appointed as the President Commissioner. The Board of Commissioners is responsible for supervising and providing advice to the Board of Directors regarding policies and the management of the Company. The Board of Commissioners shall act as a collegial body, and no member may act individually but only based on decisions of the Board of Commissioners.

a. Independent Commissioner

To ensure that the Board of Commissioners carries out its duties and responsibilities in an independent manner, the composition of the Board of Commissioners shall include Independent Commissioners.

At least 20% (twenty percent) of the total members of the Board of Commissioners must be Independent Commissioners, as determined at the time of their appointment.

An Independent Commissioner is a member of the Board of Commissioners who does not have any financial, managerial, shareholding, and/or family relationship with other members of the Board of Commissioners, members of the Board of Directors, controlling shareholders, or any relationship with the Company that could affect their independence in carrying out supervisory functions.

b. Duties, Authorities, and Obligations of the Board of Commissioners

The Board of Commissioners is tasked with supervising the management policies and the overall conduct of the Company's operations, both with respect to the Company itself and the Company's business activities carried out by the Board of Directors.

The Board of Commissioners also provides advice to the Board of Directors, including supervision of the implementation of the Company's Long-Term Plan; the Company's Work Plan and Budget; the provisions of the Articles of Association and resolutions of the General Meeting of Shareholders (GMS); and compliance with applicable laws and regulations. Such supervisory and advisory roles shall be undertaken in the best interests of the Company and in alignment with the Company's objectives and purposes.

- 1) In carrying out its duties, the Board of Commissioners is authorized to:
 - a) Access the Company's books, letters, and other documents, examine cash for verification purposes, review other securities, and inspect the Company's assets;
 - b) Request explanations from the Board of Directors and/or other officers regarding any matters related to the management of the Company;
 - c) Be informed of all policies and actions that have been or will be undertaken by the Board of Directors;
 - d) Temporarily suspend members of the Board of Directors in accordance with the Articles of Association;
 - e) Establish other committees in addition to the Audit Committee, if deemed necessary, taking into account the Company's capabilities;
 - f) Exercise other authorities insofar as they do not conflict with laws and regulations, the Articles of Association, and/or resolutions of the General Meeting of Shareholders (GMS).

- 2) In carrying out its duties, the Board of Commissioners is obliged to:
 - a) Provide advice to the Board of Directors in managing the Company;
 - b) Review, examine, and sign the Company's Long-Term Plan (RJPP) and Annual Work Plan and Budget (RKAP) prepared by the Board of Directors in accordance with the Articles of Association;
 - c) Monitor the Company's business activities and provide opinions and recommendations to the GMS on any matters deemed significant for the Company's management;

- d) Review and examine periodic reports and the annual report prepared by the Board of Directors and sign the Annual Report; Report to the Company regarding share ownership by themselves and/or their family members in the Company and/or other companies;
- e) Fulfill other obligations insofar as they do not conflict with laws and regulations, the Articles of Association, and/or resolutions of the GMS.

Provisions relating to the Duties, Authorities, and Obligations of the Board of Commissioners are determined in accordance with the Articles of Association and are further detailed in the Board of Commissioners Charter (Charter of the Board of Commissioners).

c. Appointment and Dismissal of Members of the Board of Commissioners

The appointment and dismissal of members of the Board of Commissioners shall be carried out through the mechanism of the General Meeting of Shareholders (GMS), with due regard to the Articles of Association, in which the GMS is attended by the Series A Dwiwarna Shareholder. Any resolutions must be approved by the Series A Dwiwarna Shareholder and comply with the prevailing laws and regulations.

The requirements for members of the Company's Board of Commissioners are individuals who are legally competent to perform legal acts, except for those who, within five (5) years prior to their appointment, have :

- 1) Been declared bankrupt;
- 2) Served as a member of the Board of Directors, Board of Commissioners, or Supervisory Board found guilty of causing a company or state-owned enterprise to be declared bankrupt;
- 3) Been convicted of a criminal act detrimental to state finances and/or related to the financial sector.

In addition to the above, candidates must fulfill other requirements as stipulated by the competent authority under applicable laws and regulations. Compliance with such requirements shall be evidenced by a written statement signed by the candidate and retained by the Company.

Furthermore, the appointment of members of the Board of Commissioners shall consider integrity, dedication, an understanding of corporate management issues relevant to at least one area of management function, sufficient knowledge in the Company's line of business, the ability to allocate adequate time for their duties, and other qualifications required by applicable laws and regulations.

Appointments of the Board of Commissioners shall not coincide with appointments of the Board of Directors.

The term of office for members of the Board of Commissioners shall be five (5) years and may be renewed for one (1) additional term.

The GMS may at any time dismiss a member of the Board of Commissioners, stating the reasons therefor. Dismissal shall be carried out if, among others, it is established that the concerned Commissioner:

- 1) Is unable to properly perform his/her duties;
- 2) Fails to comply with applicable laws and regulations and/or the Articles of Association;
- 3) Is involved in actions detrimental to the Company and/or the State;
- 4) Engages in conduct that violates ethical standards and/or propriety expected of a member of the Company's Board of Commissioners;
- 5) Is convicted by a court ruling with permanent legal force;
- 6) Resigns voluntarily.

d. Meetings of the Board of Commissioners

- 1) The Board of Commissioners shall convene meetings at least once a month, and in such meetings may invite the Board of Directors.
- 2) Meetings of the Board of Commissioners may also be convened at any time at the request of one or more Commissioners, at the request of the Board of Directors, or upon a written request by one or more shareholders representing at least 1/10 (one-tenth) of the total issued shares with valid voting rights, specifying the matters to be discussed.

- 3) All resolutions of the Board of Commissioners shall be adopted in meetings of the Board of Commissioners or outside of such meetings, provided that all members of the Board of Commissioners agree on the manner and subject matter of the resolution.
 - 4) Meetings of the Board of Commissioners shall be valid and entitled to adopt binding resolutions if attended or represented by more than one-half ($\frac{1}{2}$) of the total members of the Board of Commissioners.
 - 5) Minutes of every meeting of the Board of Commissioners shall be drawn up, recording the matters discussed (including differing opinions or dissenting opinions, if any) and the resolutions adopted. The minutes shall be signed by the Chair of the meeting and all Commissioners present.
 - 6) All decisions of the Board of Commissioners' meetings shall be taken on the basis of deliberation for consensus.
 - 7) Other provisions concerning meetings of the Board of Commissioners shall be determined in accordance with the Articles of Association and further regulated in the Board of Commissioners Charter (Charter of the Board of Commissioners).
- e. Orientation and Capacity-Building Programs for the Board of Commissioners
- 1) Orientation Program for the Board of Commissioners
Any newly appointed member of the Board of Commissioners must be provided with an orientation program regarding the Company. The orientation program shall be organized by the Corporate Secretary function or any party carrying out the role of Corporate Secretary.
At a minimum, the orientation program for the Board of Commissioners shall include the following materials:
 - a) Implementation of Good Corporate Governance (GCG) principles;
 - b) An overview of the Company with respect to its objectives, scope of activities, financial and operational performance, strategies, business plans (short-term and long-term), competitive position, risks, and other strategic issues;

- c) Information on delegated authorities, internal and external audits, internal control systems and policies, including the Audit Committee;
- d) Information concerning the duties and responsibilities of the Board of Commissioners and the Board of Directors, as well as prohibited actions.

The orientation program may take the form of presentations, meetings, direct visits to the Company, document reviews, or other programs deemed appropriate to the needs of the Company.

- 2) Capacity-Building Program for the Board of Commissioners
The Board of Commissioners shall undertake capacity-building programs to enhance the competencies of its members in accordance with the Company's needs.

The capacity-building program for the Board of Commissioners shall at least meet the following requirements:

- a) Training programs for the Board of Commissioners must be included in the Work Plan and Budget of the Board of Commissioners;
- b) Training programs shall be attended by members of the Board of Commissioners and may involve supporting organs of the Board of Commissioners;
- c) Capacity-building materials must align with the competencies required for the supervisory role of the Board of Commissioners. Such programs shall be continuous in nature, providing comprehensive material while minimizing repetition of the same subjects. Accordingly, a competency and expertise assessment of each member of the Board of Commissioners must first be conducted. Based on this, a curriculum/plan shall be developed for each member, covering at least two competencies :
 - Technical competence, related to the Company's line of business or industry;
 - Managerial competence, related to corporate aspects, including finance, GCG, state-owned enterprise corporate law,

human resource development, and others.

d) Upon completion of the capacity-building program, the participating member of the Board of Commissioners shall submit a report on the results of the capacity-building program to the Board of Commissioners.

- d) After participating in the capacity-building program, the respective member of the Board of Commissioners shall submit a report on the results of such capacity-building to the Board of Commissioners.

The provisions related to the Orientation and Capacity-Building Programs of the Board of Commissioners shall be further detailed in the Board of Commissioners Charter.

f. Supporting Organs of the Board of Commissioners

1) Secretariat of the Board of Commissioners

The Board of Commissioners shall establish a Secretariat of the Board of Commissioners, led by the Secretary to the Board of Commissioners and assisted by Secretariat Staff, who are directly accountable to the Board of Commissioners. The Secretariat shall carry out, among others, the following duties:

- a) Ensuring that the Board of Commissioners complies with applicable laws and regulations and upholds the principles of Good Corporate Governance (GCG);
- b) Administering all activities of the Board of Commissioners, including Minutes of Meetings, correspondence, and other documentation;
- c) Coordinating the activities of Committees in order to facilitate the duties of the Board of Commissioners;
- d) Acting as liaison officer between the Board of Commissioners and other parties.

Further provisions regarding the Secretariat of the Board of Commissioners are regulated in the Board of Commissioners Charter.

2) Committees of the Board of Commissioners

The Board of Commissioners shall establish an Audit Committee, a Nomination and Remuneration Committee (or another nomenclature with equivalent functions), and may establish other Committees as necessary, with names and duties adjusted to the needs of the Board of Commissioners. These Committees, consisting of a Chairperson and members, are formed to assist the Board of Commissioners in carrying out its duties and to fulfill the requirements of applicable laws and regulations.

Supporting Committees of the Board of Commissioners shall report and be directly accountable to the Board of Commissioners. Each Supporting Committee shall be chaired by a member of the Board of Commissioners.

Further provisions regarding the duties, authorities, membership, and other relevant matters concerning the Supporting Committees of the Board of Commissioners are stipulated in their respective Charters.

3. Board of Directors

The Company is managed and led by a Board of Directors, the number of which shall be determined in accordance with the needs of the Company. In the event that the Board of Directors consists of more than one (1) member, one of them shall be appointed as the President Director.

The Board of Directors bears full responsibility for the management of the Company in the best interests and objectives of the Company and shall represent the Company both within and outside of court in accordance with the prevailing laws and regulations, the Articles of Association, and/or resolutions of the General Meeting of Shareholders (GMS).

a. Duties, Authorities, and Obligations of the Board of Directors

The Board of Directors is responsible for carrying out all actions related to the management of the Company for the benefit of the Company and in accordance with its purposes and objectives, as well as representing the Company both within and outside of the courts, in relation to all matters and

events, subject to the limitations stipulated in applicable laws and regulations, the Articles of Association, and/or resolutions of the General Meeting of Shareholders (GMS).

- 1) In the performance of its duties, the Board of Directors is authorized to:
 - a) Establish management policies of the Company, provided that policies in the fields of accounting and finance, development and investment, operations and quality control, marketing and commercial affairs, information technology, procurement and logistics, human resources, governance, risk management and internal control, legal affairs, compliance and legal issue resolution, occupational health and safety, environmental management and social responsibility, research and technological innovation including Intellectual Property Rights (IPR), review of legislation and policies, and/or other areas must remain aligned with and adhere to the policies and regulations established by the majority holder of Series B Shares, with the Board of Directors required to comply with the policies determined by the holder of the Series A Dwiwarna Share or its authorized representative;
 - b) Delegate authority from the Board of Directors to one or more members of the Board of Directors to make decisions on behalf of the Board of Directors or to represent the Company in and outside of court;
 - c) Appoint and dismiss Company employees in accordance with Company regulations and prevailing laws and regulations;
 - d) Undertake all actions and other legal acts relating to the management or ownership of the Company's assets, bind the Company to other parties and/or vice versa, as well as represent the Company in and outside of court in relation to all matters and events, subject to the limitations as regulated under laws and regulations, the Articles of Association, and/or resolutions of the GMS;

- e) Exercise other authorities as stipulated in the Articles of Association.
- 2) In the performance of its duties, the Board of Directors is obliged to:
- a) Ensure and guarantee that the business and activities of the Company are carried out in accordance with its purposes, objectives, and scope of business;
 - b) Prepare in a timely manner the Long-Term Corporate Plan (RJPP), the Corporate Work Plan and Budget (RKAP), and any amendments thereto, and submit them to the Board of Commissioners and the Shareholders for approval by the General Meeting of Shareholders (GMS);
 - c) Prepare Financial Statements in accordance with the prevailing Financial Accounting Standards and submit them to a Public Accountant for audit;
 - d) Present the Annual Report, including the Financial Statements, to the GMS for approval and ratification, as well as report on the Company's rights not recorded in the books, including but not limited to receivables written off from the accounting records;
 - e) Report to the Company regarding ownership of shares by themselves and/or their family members in the Company and other companies;
 - f) Carry out any other obligations in accordance with the Articles of Association and resolutions of the GMS.

Provisions regarding the Duties, Authorities, and Obligations of the Board of Directors are stipulated in the Articles of Association and further detailed in the Board of Directors Charter.

b. Appointment and Dismissal of Members of the Board of Directors

Members of the Board of Directors are appointed and dismissed by the General Meeting of Shareholders (GMS), which must be attended by the Series A Dwiwarna Shareholder. Resolutions of such meetings shall be valid only with the approval of the Series A Dwiwarna Shareholder, in accordance with the provisions stipulated in the Company's Articles of Association. This

requirement also applies to a GMS convened for the purpose of revoking or affirming the suspension of members of the Board of Directors.

- 1) Members of the Board of Directors shall be individuals legally competent to perform legal acts and who meet the requirements stipulated by applicable laws and regulations, provided that, within five (5) years prior to their appointment, they have not been declared bankrupt;
- 2) served as a member of the Board of Directors, the Board of Commissioners, or the Supervisory Board who was found guilty of causing a company or state-owned enterprise to be declared bankrupt; or
- 3) been convicted of a criminal offense detrimental to state finances and/or related to the financial sector.

In addition to the requirements set forth above, candidates must also fulfill other requirements established by the relevant technical authorities under applicable laws and regulations. Compliance with these requirements must be evidenced by a written statement signed by the candidate, which shall be kept by the Company.

Beyond these qualifications, the appointment of members of the Board of Directors shall also take into consideration expertise, experience, and other requirements in accordance with prevailing laws and regulations.

The term of office for a member of the Board of Directors shall be five (5) years and may be renewed for one (1) additional term.

The GMS may, at any time, dismiss members of the Board of Directors by stating the reasons for such dismissal. Grounds for dismissal may include, but are not limited to, the following:

- 1) failure to fulfill obligations agreed upon in the management contract;
- 2) inability to perform their duties properly;

- 3) failure to comply with the provisions of laws, regulations, and/or the Articles of Association;
 - 4) involvement in acts detrimental to the Company and/or the State;
 - 5) conduct violating ethics and/or propriety expected of a member of the Board of Directors;
 - 6) being found guilty by a court decision with permanent legal force; or
 - 7) voluntary resignation.
- c. Meetings of the Board of Directors
- 1) Meetings of the Board of Directors may be convened at any time under the following conditions :
 - a) when deemed necessary by one or more members of the Board of Directors;
 - b) upon a written request from one or more members of the Board of Commissioners, with the knowledge of the Board of Commissioners; or
 - c) upon a written request from one (1) or more shareholders collectively representing at least one-tenth (1/10) of the total issued shares with valid voting rights.
 - 2) Resolutions of the Board of Directors may be adopted either in a duly convened meeting or outside a meeting, provided that all members of the Board of Directors unanimously agree on both the method and the substance of the resolution.
 - 3) A meeting of the Board of Directors shall be deemed valid and authorized to adopt binding decisions if attended by more than one-half ($\frac{1}{2}$) of the total members of the Board of Directors or their duly authorized representatives.
 - 4) Minutes of each meeting of the Board of Directors must be prepared and signed by the Chairperson of the meeting and all members of the Board of Directors present. The minutes shall record the matters discussed (including any dissenting opinions, if any) and the resolutions adopted. A copy of the minutes shall be submitted to the Board of Commissioners for their information.

- 5) Further provisions regarding meetings of the Board of Directors shall be stipulated in the Company's Articles of Association and further elaborated in the Charter of the Board of Directors.
- d. Orientation and Capacity Building Program for the Board of Directors
- 1) Orientation Program for the Board of Directors
An orientation program must be provided to any member of the Board of Directors who is appointed for the first time. The responsibility for organizing the orientation program rests with the Corporate Secretary function or any other party acting in such capacity.

The orientation program shall cover at least the following:
 - a) Implementation of Good Corporate Governance (GCG) principles;
 - b) An overview of the Company, including its objectives, scope of activities, financial and operational performance, strategy, business plans (short-term and long-term), competitive position, risks, and other relevant strategic issues;
 - c) Information concerning delegated authorities, internal and external audit, internal control systems and policies, including the Audit Committee;
 - d) Information regarding the duties and responsibilities of the Board of Commissioners and the Board of Directors, as well as prohibited matters.
The orientation program may take the form of presentations, meetings, site visits, document reviews, or other programs deemed appropriate based on the Company's needs.
 - 2) Capacity Building Program for the Board of Directors
The Board of Directors shall participate in capacity building programs aimed at enhancing the competencies of its members in accordance with the Company's requirements.

The capacity building program for the Board of Directors shall at minimum comply with the following provisions:

- a) Training programs for the Board of Directors must be included in the annual work plan and budget;
- b) Training programs shall be attended by members of the Board of Directors and may include participation from functions reporting to the Board of Directors;
- c) Training materials shall be aligned with competencies required for the effective performance of the Board of Directors' duties. The program shall be continuous in nature, providing comprehensive materials and minimizing duplication. Accordingly, a competency and expertise assessment shall first be conducted for each member of the Board of Directors. Based on this assessment, a curriculum shall be developed for each member, covering at least two of the following competencies :
 - Technical competencies related to the Company's business activities or industry;
 - Managerial competencies related to corporate governance, such as finance, GCG, state-owned enterprise corporate law, human resource development, risk management, fraud prevention, and other relevant areas.
- d) Following completion of a capacity building program, the participating member of the Board of Directors shall submit a report on the outcome of such program to the Board of Directors.

Further provisions regarding the Orientation and Capacity Building Program for the Board of Directors are detailed in the Charter of the Board of Directors.

e. Supporting Organs of the Board of Directors

In order to facilitate the effective performance of its functions and duties, the Board of Directors shall establish committees as required under the prevailing laws and regulations. The Board of Directors may also establish additional

committees deemed necessary to provide advice and recommendations in the decision-making process, in accordance with their respective mandates, while taking into account the Company's needs and capabilities.

C. Code of Ethics for Officeholder

In carrying out their duties, Insan INALUM shall uphold and adhere to the following ethical standards:

1. **Compliance**
Observe and comply with applicable laws and regulations, Company rules, and the Company's Code of Conduct.
2. **Avoidance of Conflicts of Interest**
Refrain from engaging in activities or decisions that may give rise to conflicts of interest.
3. **Confidentiality**
Safeguard and maintain the confidentiality of the Company's information.
4. **Prohibition of Personal Gain**
5. **Abstain from exploiting the Company's assets, opportunities, or business prospects for personal benefit, or for the benefit of family members or third parties.**

D. Implementation of Good Corporate Governance ("GCG") in Accordance with Applicable Laws and Regulations

1. The Company applies standards of GCG implementation based on testing indicators/parameters in compliance with the prevailing laws and regulations.
2. To assess the effectiveness of GCG implementation, the Company conducts evaluations through an assessment program carried out by independent assessors or by engaging competent Government Institutions specializing in GCG. The results of such assessments shall be reviewed to outline follow-up actions for improving the implementation of GCG in the subsequent year.
3. The results of the assessment and evaluation are reported to the General Meeting of Shareholders (GMS) concurrently with the submission of the Annual Report.

CHAPTER III

COMPANY POLICIES IN GOOD CORPORATE GOVERNANCE

A. Company Code of Conduct (CoC)

The Code of Conduct (CoC) serves as a practical guideline outlining ethical standards that must be observed by the Board of Commissioners, the Board of Directors, and Insan INALUM in their daily interactions with all stakeholders. It is intended to serve as a moral compass and a foundation for decision-making processes within the Company.

The CoC encompasses several general policies, including the following :

1. To minimize the risk of CoC violations, the Company shall implement effective monitoring and control mechanisms, and conduct continuous awareness and training programs aimed at enhancing employees' understanding and adherence to ethical standards.
2. The Board of Directors must ensure that the CoC is fully understood and duly signed by Insan INALUM.
3. To uphold ethical standards, both the Board of Commissioners and the Board of Directors must ensure that all Insan INALUM comply with the provisions of the CoC.

B. Charter

The Board of Commissioners, Board of Directors, and their respective Supporting Organs play crucial roles in achieving the Company's business objectives. Therefore, it is essential to establish an operational guideline (Charter) that clearly outlines their duties, responsibilities, and authorities to safeguard the interests of the Shareholders and other Stakeholders.

The Board of Commissioners, Board of Directors, and their Supporting Organs are responsible for preparing their respective Charters in alignment with their specific functions and as a detailed implementation of the Company's GCG Guidelines.

Each Charter serves as a comprehensive reference for the execution of duties and responsibilities of the Board of Commissioners, Board of Directors, and their Supporting

Organs, founded upon the principles of Good Corporate Governance and in full compliance with prevailing laws and regulations.

C. Core Aluminium Production Process

In line with its primary function focused on aluminum production operations, INALUM has established specific provisions governing its core aluminum production processes, namely the Hydroelectric Power Plant (PLTA) Operations and the Smelting Plant.

The operation of the Hydroelectric Power Plant and the Smelting Plant, as an integrated process, is carried out to achieve the following objectives while ensuring strict adherence to Occupational Health and Safety (OHS) and Environmental standards:

1. To operate the Hydroelectric Power Plant and Smelting Plant in a safe and efficient manner;
2. To properly maintain all equipment and facilities of the Hydroelectric Power Plant and Smelting Plant;
3. To distribute electrical power in accordance with the operational requirements of the smelting plant and supporting facilities;
4. To produce sufficient quantities of aluminum products that are of high quality and competitive value.

To ensure the successful operation of both the Hydroelectric Power Plant and the Smelting Plant, the Board of Directors must ensure the existence of clear and detailed operational guidelines developed in the form of technical instructions, which include, among others, Procedure Manuals (PM) and Work Instructions (WI).

D. Management Policy

The formulation of all policies and decision-making processes related to the Company's governance management requires clear guidelines or policies, which shall be documented in the form of Decrees and Procedures.

1. Corporate Finance

The financial management process aims to effectively manage the allocation of the Company's financial resources and to provide accurate information and reporting on the Company's financial condition.

The Company must ensure the existence and implementation of the following elements:

- a. A reliable treasury process, covering cash flow management, banking transactions, investment, and hedging activities;
- b. A robust taxation and insurance process, ensuring proper calculation, documentation, reporting, and protection of Company assets;
- c. Financial statements prepared in accordance with generally accepted accounting standards;
- d. Documented procedures governing the process of preparing financial reports.

2. Development

The Development function aims to enhance the Company's growth and competitiveness in anticipating changes in the business and industrial environment and/or in response to applicable laws and regulations. Every Development Project process must be carried out effectively, in alignment with the Company's policies and in compliance with prevailing regulations.

Technology Development shall serve to enhance value creation, competitiveness, and productivity in order to optimize the achievement of the Company's objectives. The Board of Directors must ensure that all technology development processes are implemented effectively and efficiently.

3. Information and Communication Technology (ICT)

The ICT system must undergo a systematic development process that is free from any conflict of interest. A comprehensive testing process, conducted in accordance with applicable standards, must be completed for every ICT system before it can be fully operational.

Good Information Technology Governance (IT Governance) shall be properly established and maintained to ensure effective data management, and to safeguard data quality and security.

The implementation of ICT within the Company shall adhere to IT governance principles, which at minimum include:

- a. Management principles;
 - b. Data and information principles;
 - c. Technology principles; and
 - d. Information security principles.
4. Procurement

The procurement policy is based on the fulfillment of goods and services requirements through mechanisms that are proper, independent (free from any conflict of interest), and transparent.

In general, the policy for procurement of goods and services as well as inventory control shall include the following provisions:

- a. The Company must establish methodologies and criteria for the selection and evaluation of suppliers, ensuring the acquisition of goods and services that meet the required quantity, quality, and fair pricing;
- b. Procurement documents must be reviewed, approved, and authorized by the designated officials in accordance with the established levels of authority;
- c. All parties involved in the procurement process must ensure that requests for goods and services are properly planned and submitted in a timely manner to avoid loss of the Company's bargaining position with suppliers;
- d. The Company shall only accept goods and services that comply with the agreed terms and conditions. Furthermore, the Company shall establish guidelines for storage and issuance of materials by implementing sound warehouse management practices;
- e. The Board of Directors must ensure that the availability of goods and materials is maintained at an optimal service level to support the Company's operational requirements.

Principles of Goods and Services Procurement

In carrying out the procurement of goods and services, the Company must adhere to the following principles:

- a. Efficiency, meaning that the Procurement of Goods and Services (PGS) must aim to achieve optimal and best results within the shortest possible time by

utilizing available funds and resources in a reasonable and effective manner – not merely based on the lowest price. Exceptions may apply to strategic procurements with significant value, which may adopt a total cost of ownership (TCO) approach;

- b. Effectiveness, meaning that procurement must be aligned with predetermined needs and must deliver benefits consistent with the Company's objectives and targets;
 - c. Competitiveness, meaning that procurement must be open to qualified providers and conducted through fair competition among equally qualified suppliers, based on clear and transparent criteria and procedures;
 - d. Transparency, meaning that all provisions and information regarding the procurement process – including technical and administrative requirements, evaluation procedures, evaluation results, and supplier selection decisions – must be accessible to interested and eligible suppliers;
 - e. Fairness and Equity, meaning that the Company must ensure equal treatment to all qualified prospective suppliers in the procurement process;
 - f. Openness, meaning that the procurement process must be open to participation by all suppliers who meet the required qualifications; and
 - g. Accountability, meaning that the procurement process must achieve its intended objectives and be defensible and auditable, thereby preventing any potential misuse or deviation.
5. Sales and Marketing

All sales and marketing activities must be supported by comprehensive market and customer data and must continuously pursue market penetration efforts to create and develop new market opportunities.

The sales and marketing process must ensure that all contractual requirements agreed with customers provide added value to the Company and are in full compliance with applicable laws and regulations.

The Company must deliver high-quality products that meet customer needs by consistently upholding the principles of on-time delivery, compliance with specifications, and quick response, to achieve and maintain customer satisfaction.

Furthermore, all sales contracts must be entered into only with qualified and credible customers, ensuring compliance with all statutory and regulatory provisions, thereby securing and enhancing the Company's value creation.

6. Human Resources (HR)

To achieve the management of high-quality human resources, the Company must implement the following strategies :

- a. Conduct proper recruitment processes to acquire the best human resources in alignment with corporate needs and values;
- b. Maintain employee profiles that meet job requirements through assessment programs tailored to the Company's operational and strategic needs;
- c. Implement training and development programs to enhance employee competencies, performance, and productivity on an ongoing basis;
- d. Apply Knowledge Management principles aimed at systematically managing and utilizing organizational knowledge to support the Company's objectives and long-term sustainability;
- e. Foster partnership-based industrial relations, maintaining harmony between management and employees in accordance with prevailing labor laws and regulations;
- f. Provide employee welfare programs in compliance with applicable statutory and regulatory provisions;
- g. Implement termination of employment in accordance with applicable laws and regulations while upholding fairness and transparency;
- h. Ensure that the management of outsourced labor (outsourcing) is carried out in full compliance with prevailing laws and regulations to maintain ethical, fair, and lawful employment practices.

7. Risk Management

The Risk Management Policy serves as the foundation for the formulation of all Company policies and provides essential input for management in making decisions related to the Company's risk management.

The Board of Directors is responsible for ensuring that the implementation of Risk Management within the Company is effective and that all risks are maintained within an acceptable level of tolerance.

The implementation of Risk Management shall at least include the following components :

- a. Active management by the Board of Directors and oversight by the Board of Commissioners;
- b. Adequacy of policies, standards, and procedures for Risk Management, including the establishment of a risk strategy;
- c. Adequacy of processes for identifying, measuring, treating, recording, monitoring, evaluating, and reporting risks, as well as the supporting Risk Management Information System; and
- d. A comprehensive Internal Control System to ensure the effectiveness and reliability of risk mitigation efforts.

8. Internal Control System

The Internal Control System functions to provide independent and objective assurance and consulting activities aimed at improving value creation and enhancing the operational performance of the Company.

The internal control policy defines the long-term and short-term internal audit strategies aligned with the Company's objectives and strategic direction.

The internal control process through internal audit is conducted periodically based on an annual audit plan, approved by the President Director, and prepared in accordance with the Company's risk profile.

Business processes deemed to pose significant risks to the achievement of the Company's objectives must be given high priority in the audit plan, which shall be reviewed periodically and revised when there are material changes to the Company's risk profile.

In addition, external audits are carried out by independent auditors to evaluate the effectiveness of the Company's internal control system and provide assurance that

all significant aspects of corporate management have been conducted in compliance with applicable laws and regulations.

Following both internal and external audits, follow-up and improvement measures are taken to ensure that all audit recommendations (if any) have been effectively and appropriately implemented.

Internal Control System

The Internal Control System encompasses the following components:

a. Internal Control Environment

The internal control environment within the Company is implemented in a disciplined and structured manner, consisting of:

- 1) Integrity, ethical values, and employee competence;
- 2) Management philosophy and style;
- 3) The approach taken by management in exercising authority and responsibilities;
- 4) Organizational structure and human resource development; and
- 5) The attention and direction provided by the Board of Directors.

b. Control Activities

Control activities refer to actions taken within a process of control over the Company's operations at every level and unit of the organizational structure. These activities include, among others, authorization, approval, verification, reconciliation, performance evaluation, task segregation, and safeguarding of Company assets.

c. Information and Communication Systems

Information and communication systems involve processes for presenting reports on operational, financial, and compliance activities in accordance with applicable laws and regulations.

d. Monitoring

Monitoring refers to the assessment process of the quality and effectiveness of the internal control system, including the internal audit function at all levels and units of the Company's organizational structure, to ensure optimal implementation.

9. Legal

The Company's legal processes are carried out to ensure the Company's full compliance with applicable laws and regulations, as well as to safeguard the legality of the Company's assets.

The Legal Function is responsible for evaluating all contracts – both ongoing and prospective – to ensure that the Company's interests are prioritized and to minimize potential legal disputes in the future.

In the event of a dispute, the Company shall continue to monitor and oversee the resolution process to ensure that it is handled in accordance with the prevailing laws, contractual provisions, and the principles of sound corporate governance.

10. Corporate Social and Environmental Responsibility

The Company's Corporate Social and Environmental Responsibility (CSER) programs, both at the local and national levels, aim to maintain a balanced relationship between the Company and its stakeholders, which has a direct impact on the Company's reputation and public image.

Accordingly, the Company is committed to actively participating in CSER programs that are designed to:

- a. contribute to the advancement of economic, social, environmental, legal, and governance development for the benefit of the Company;
- b. provide added value to the Company through programs that are integrated, well-directed, measurable in impact, and accountable; and
- c. empower micro and small enterprises to become more resilient and independent, as well as to support the surrounding communities.

The implementation of CSR programs is guided by the following principles:

- a. **Integration**, meaning that the programs are based on risk analysis and business processes that are connected to stakeholder interests;
- b. **Direction**, meaning that the programs have clear objectives aligned with the Company's strategic goals;

- c. **Measurable Impact**, meaning that the programs contribute tangible benefits and create positive changes or added value for stakeholders and the Company; and
- d. **Accountability**, meaning that all programs are transparent, properly documented, and safeguarded against potential misuse or irregularities.

11. Asset Management

All Company assets must be managed properly to preserve their value and utility in supporting the smooth operation of the Company. Asset management shall be conducted based on the principle of highest and best use (optimization) for every asset owned by the Company.

Accordingly, the Company must establish an asset management strategy aligned with the overall corporate strategy, whereby:

- a. The Company shall have a mechanism for asset identification, as well as regular physical and value verification to ensure accuracy and accountability.
- b. Every asset owned by the Company must be supported by legal documentation evidencing valid ownership.
- c. The Company shall optimize the utilization of productive assets and implement disposal or write-off measures for non-productive assets, in accordance with prevailing regulations and sound asset management practices.

12. Corporate Secretariat

The Corporate Secretariat aims to:

- a. Ensure that the Company complies with disclosure requirements in accordance with the principles of Good Corporate Governance (GCG);
- b. Maintain a balance of rights and obligations among Shareholders, the Board of Commissioners, the Board of Directors, and Stakeholders, foster constructive relationships, and build a positive corporate image;
- c. Ensure that Shareholders, the Board of Commissioners, the Board of Directors, and Stakeholders have access to information concerning internal regulations (such as the results of General Meetings of Shareholders, Articles

of Association, GCG Guidelines, and others) as well as external regulations relevant to the Company;

- d. Facilitate and organize communication protocols among Shareholders, the Board of Commissioners, the Board of Directors, and Stakeholders in an open, transparent, and effective manner; and
 - e. Administer and maintain corporate documentation, including but not limited to the register of shareholders, special registers, and minutes of meetings of the Board of Directors, the Board of Commissioners, and the General Meeting of Shareholders (GMS).
13. Corporate Information Control

Transparency is one of the fundamental principles of Good Corporate Governance that must be adhered to. Therefore, the Company requires all parties to disclose relevant information and to cooperate with external auditors during compliance audits or other investigative processes.

The Company establishes clear classifications of public information and confidential information, including the parties authorized to disclose or convey such public information.

Disclosure of information to any party or stakeholder must be conducted and managed with due prudence to protect the Company's interests from potential misuse.

14. Administrative Management

Administrative management aims to maintain standardized correspondence, reporting, and documentation processes that directly affect the Company's operations.

The Company must establish internal and external reporting mechanisms that accurately reflect the Company's actual condition. Furthermore, document and correspondence management must be carried out through effective methods and governed by clear procedures regarding correspondence handling, the mechanism and authority for signing official letters and decrees, and both physical and electronic archiving systems.

15. Occupational Health, Safety, and Environment (K3L)

The Company ensures that the management of occupational health and safety is an integral part of the production system developed and a component of the Company's long-term strategy. The Company is committed to providing a safe and healthy work environment by ensuring that all locations and operational activities meet the health, safety, and environmental management standards in accordance with applicable laws and regulations, as well as the Company's policies.

The Company strives to safeguard the health and safety of its Employees and other collaborating parties through various occupational health and safety management programs, including the establishment of a dedicated unit handling health and safety management, providing necessary infrastructure (such as protective equipment for workers), conducting monitoring activities related to health and safety practices, and carrying out regular health and safety audits.

16. Affiliate Transactions

The Company engages in transactions with several partners, including affiliate companies, particularly due to the ownership controlled by the Government of Indonesia and the shareholding owned by the Company. Transactions with affiliated parties are always conducted based on the principle of fairness, ensuring that the interests of Minority Shareholders and the Company are not compromised.

The Company ensures that all transactions with affiliated parties are disclosed fairly in accordance with the relevant laws and regulations. All Insan INALUM (employees) and external parties conducting business activities with the Company are required to disclose their shareholding in any affiliated company through a written statement.

17. Anti-Bribery and Anti-Corruption

The giving of gifts is defined as any form of offering by Insan INALUM to certain parties with the intention of influencing these parties to benefit the Company beyond reasonable limits. Offering gifts to parties that provide economic benefits to the Company may be justified within reasonable limits, provided it is done in compliance with applicable laws and regulations.

The receiving of gifts is defined as any form of acceptance by Insan INALUM from interested parties with the intention of influencing the decisions of Insan INALUM in favor of the gift giver. The acceptance of gifts, both legally and under business ethics, is not justifiable. Both the giving and receiving of gifts are categorized under bribery and corruption, which the Company strongly condemns.

In principle, the giving and receiving of gifts are prohibited by the Company, unless such actions comply with specific regulations set by the Company or applicable laws and regulations.

The regulations regarding the giving and receiving of gifts are further detailed in the Gratification Control Policy.

18. Involvement in Political Activities

The Company acknowledges the right of every Employee to express their political aspirations. The Company does not force or limit an individual's right to express their political aspirations, as long as it is permitted by the applicable laws and regulations.

It is the Company's policy that Employees who become Political Party Officials, including those affiliated with certain Political Parties or organizations, as well as volunteer supporters of executive candidates, must choose to resign from the Company or relinquish their positions, as evidenced by a resignation letter.

The Company does not permit Insan INALUM to coerce other Insan INALUM employees, thus limiting their individual rights to express their political aspirations.

The Company strictly prohibits the use of its assets or any form of contribution to Political Parties, organizations affiliated with Political Parties, or any political activities outside the applicable laws and regulations.

19. Intellectual Property Rights (IPR)

Intellectual Property refers to the Company's rights over patents, copyrights, or other forms of intellectual property that have been registered with the relevant regulatory authorities in the field of Intellectual Property Rights (IPR).

To ensure this, the Company commits to protecting its IPR from any form of infringement by any party. Additionally, the Company respects the IPR of others and ensures that there are no IPR violations within the Company's environment.

20. Subsidiaries and Joint Ventures

The establishment and management of Subsidiaries and Joint Ventures are part of the Company's strategy to ensure sustainability, business development, and achieve the Company's objectives. The Board of Directors ensures that the formation and management of Subsidiaries and Joint Ventures will benefit the Company, free from any conflicting interests.

The Company ensures that the decision-making process for the formation of Subsidiaries involves, at a minimum, long-term planning, strategic studies, feasibility studies, risk analysis, and legal reviews, all of which support the achievement of the Company's goals and objectives.

The Company prioritizes synergies with MIND ID members and/or between Subsidiaries to enhance the Company's value and sustainability, while complying with applicable laws and regulations.

The Company conducts regular monitoring and evaluation of the performance of Subsidiaries and Joint Ventures, measuring their performance using key performance indicators in the financial, operational, and administrative aspects.

CHAPTER IV

MANAGEMENT OF STAKEHOLDERS

In line with the Company's mission, stakeholders play a significant role and have influence over the Company's management, both directly and indirectly. The Company consistently maintains good relationships with all stakeholders in accordance with applicable laws and based on the principles of transparency, accountability, responsibility, independence, and equality.

The stakeholders of the Company include:

1. Employees
2. Customers
3. Suppliers
4. Creditors
5. Business Partners
6. Competitors
7. Regulators
8. Society
9. Media
10. MIND ID and MIND ID Members

The mechanisms for the Company's relationships with the stakeholders listed above are explained in further detail in the Company's Code of Conduct (CoC).

CHAPTER V

CONCLUSION

The GCG (Good Corporate Governance) Guidelines serve as the Company's guide to conducting its business in accordance with GCG principles, so that better business management of the Corporation can be achieved. The consistent implementation of GCG has become a necessity in all state-owned enterprises (BUMN). Therefore, the Company must have all the necessary GCG tools for the next phases, which include socialization, implementation, and continuous evaluation.

Socialization activities are carried out continuously to both internal and external stakeholders of the Company. Internal socialization focuses on understanding, raising awareness, and the need for consistent application of the GCG guidelines. External socialization aims to provide an understanding of the work methods in accordance with the applicable GCG guidelines.

The implementation of GCG is continuously carried out with full commitment from all Insan INALUM (employees) and support from other stakeholders. One form of this implementation is reflected in the periodic reports from each work unit regarding the implementation of GCG, linked to the reward and punishment system developed by the Company.

The Company continues to evaluate the GCG guidelines to determine and measure their alignment with the Company's needs, as well as the effectiveness of the implementation programs that have been carried out. Based on the results of the evaluation, continuous improvement and development programs must be carried out.