



The Board of Directors Charter PT Citra Tubindo Tbk

**The Board of Directors
Batam, July 2016**

THE BOARD OF DIRECTORS CHARTER

1. INTRODUCTION

As an Indonesian limited liability company, PT Citra Tubindo Tbk (the "Company") has 3 (three) corporate bodies, comprising:

1. The General Meeting of Shareholders
2. The Board of Commissioners
3. The Board of Directors

Each corporate body of the Company has its respective duties and authorities with independence to carry out its respective duties and authorities in accordance with the Articles of Association of the Company and prevailing laws and regulations.

The General Meeting of Shareholders (GMS) principle is the forum for shareholders to determine members of the Board of Directors and Board of Commissioners of the Company as well as to approve annual financial statements, annual reports, appropriation of net income, changes to the capital and restructuring of the Company.

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

This Board of Directors Charter (Charter) is issued to provide guidance to the Board of Directors and its members in the management and operation of the Company.

2. LEGAL BASIS

1. Company Law
2. Capital Market regulations
3. Financial Services Authority Regulation
4. Indonesia Stock Exchange Regulations
5. Articles of Association of the Company

3. COMPOSITION

- A. The Company shall be managed and administered by a Board of Directors consisting of at least 5 (five) members of the Board of Directors with the composition as follows:
 - a. one President Director;
 - b. at least 4 (four) Directors.
- B. Appointment and Re-appointment

A Director is appointed by a GMS, for a term of office as from the date as resolved in the GMS appointing them until the closing of the third annual GMS following such date.

A GMS may dismiss a Director at anytime by mentioning a reason after the Director has been given a chance to defend him/herself in the said GMS.

The term of office of member of the Board of Directors shall terminate if he/she:

1. bankrupt or put under custody based on court ruling;
2. is dismissed by virtue of a resolution of a GMS;
3. no longer complies with the requirements of the prevailing regulations;
4. tenders his/her resignation; and/or
5. passed away.

A Director, whose term of office has expired, may be reappointed by a GMS.

C. Resignation

1. A member of the Board of Directors has the rights to resign from his/her position by notifying in writing concerning his/her intention to the Company at least 30 (thirty) days prior to the resignation date.
2. The Company is obliged to hold a GMS to decide the application of resignation of the members of the Board of Directors in a period of 90 (ninety) days after receiving the resignation letter.

D. Concurrent Positions

A Director is restricted from holding concurrent positions in other Issuers or Public Companies. The Director can only be:

- a. a Director of 1 (one) other Issuer or Public Company (excluding the Company);
- b. a Commissioner of a maximum 3 (three) in other Issuers and/or Public Companies.
- c. a member of the Board of Directors can serve as a member of the Committee of a maximum 5 (five) Issuers or Public Companies (inclusive his/her position in the Company).

4. Duties and Authorities

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

- B. The Board of Directors is entitle representing the company inside or outside the Court regarding of any matter, bind the company with other and other with company, as well as conducting both the management or ownership, and with the following restriction :
1. releasing or guarantee the immovable goods, including land title or companies.
 2. acquire the immovable goods including land title of the company.
 3. receive money loan from any parties if the amount equivalent from one time transaction exceeding of amount with the time frame determined by Board of Commissioner Meeting.
 4. lending some money to any party, if the amount for one time transaction exceeding of amount which determined by Board of Commissioner Meeting.
 5. provide grant debt securities or guaranty for someone interest, legal entity or company, if the amount one time of transaction which secured exceeding of amount and time frame determined by Board of Commissioner Meeting.
 6. To pawn or with other way to secure of company assets;
- It is required written approval of 2 (two) two of a member of the Board Commissioners which assigned by the Board of Commissioners Meeting or document transaction concerned should be signed by 2 (two) person of the Board of Commissioners which assigned by the Board of Commissioners Meeting.

5. MEETING

A. Schedule

1. The Board of Directors shall hold a regular meeting once in every month.
2. In addition the Board of Directors may hold a meeting (i) at any time when deemed necessary by the President Director or 1 (one) or more member of the Board of Directors or (ii) upon a request of the Board of Commissioners or 1 (one) shareholder or more representing at least 1/10 (one tenth) of the total number of shares with valid voting rights.
3. The Board of Directors shall meet with the Board of Commissioners regularly at least once every four months.

B. Invitation and Material

1. Invitations for the Board of Directors meeting are issued by the President Director or a member of the Board of Directors by written appointed by the President Director;
2. Invitations of the Regular Meeting with the agenda must be delivered to each member of the Board of Directors at least 7 (seven) calendar days before the meeting is convened (excluding the date of invitation and the date of meeting);

3. Invitations for the Board of Directors meeting (other than Regular Meeting) is not required if all members of the Board of Directors are present;
4. The material for the Regular Meeting must be delivered to the member of the Board of Directors at least 5 (five) calendar days before the meeting is convened.
5. Materials for other meetings of the Board of Directors may be delivered within a shorter period.

C. Conduct and Resolutions

1. The Board of Directors meeting is valid and entitled to adopt legally binding resolutions if attended by more than 1/2 (half) of the total number of the Board of Directors;
2. The meeting shall be presided by the President Director and in case the President Director is absent, the meeting shall be presided by 1 (one) of the Board of Directors designated by the members of the Board of Directors present at the meeting;
3. Resolutions of the meeting shall be taken based on deliberation to reach a consensus. If a consensus is not achieved, the resolutions shall be taken by affirmative votes of more than 1/2 (half) of the total number of the Board of Directors present at the Meeting;
4. In case the number of affirmative votes and disapproving votes are equal, then the proposal shall be rejected.
5. Each member of the the Board of Directors present is entitled to cast 1 (one) vote and 1 (one) additional vote for each other member of the Board of Directors represented legally;
6. Voting concerning the person is carried out by unsigned folded letter, however voting concerning other matters verbally, except the Chairman of the Meeting determine otherwise without any objection based on the majority votes of those present;
7. The Board of Directors may also make legal and binding decisions without holding a meeting, provided that all members of the Board of Directors have been acknowledged in writing concerning the proposal concerned, and more than 1/2 (half) number of members of the Board of Directors give approval in writing concerning the proposal being submitted and sign the said approval.
The decision made by such way has the same power to the decision made legally in the Meeting of the Board of Directors.

Meetings of the Board of Directors shall be organized by the Corporate Secretary in a proper manner.

8. VALUES

In conducting its functions and duties Company's Director adhered to the following values :

The Board of Directors Charter

1. Each Director shall oblige with good faith and full responsibility in performing its duty for the interest of the company;
2. The Board of Directors shall oblige to observe the prevailing law, the Article of Association of the Company, guidance of Good Corporate Governance, Code of Conduct of the Company and the policies which has been determined by the Company;
3. The Board of Directors is prohibited to give or offering, or receive either directly or undirectly something which is worthed to other party to influence or as reward of something which has been conducted and another action which is contrary with the prevailing law;
4. The Board of Directors is prohibited to take personal advantage from the Company activity other than salary and other allowance which received as a member of the Board of Directors based on the GMS Resolution;
5. Each member of the Board of Directors shall be obliged to respect right, duty and authority of another Director;
6. The Board of Directors shall oblige to stay away from such action which can hamper work relationship between the Board of Directors and work relation with the Board of Commisioners;
7. The Board of Directors shall be able to make himself as good pattern for the Company worker, both integrity side moral and ability;
8. The Board of Directors shall be liable to keep the confidentiality of Company information;
9. Confidential information which obtained in the duty of member of the Board of Director shall be remained be kept accordance with the prevailing law;
10. The performance of Director and member of the Board of Directors shall be evaluated every year by the Board of Commissioners and shall be reported to the Shareholder in the General Meeting of Shareholders.
11. Evaluation result of overall performance of Director and each performance of each member of Director is an unseparated part in the scheme of Director compensation allotment (remuneration). Performance evaluation result of each Director is one of the consideration for the shareholders in ceasing and/or reappoint the concerned of Director member.

7. ACCOUNTABILITY

1. The Board of Directors shall be obligated to submit an annual work plan of the Company together with the annual budget for the following financial year to the Board of Commissioners before the end of the current financial year, for review and approval of the Board of Commissioners.
2. The Board of Directors shall present an annual report of the Company, which have been approved by the Board of Commissioners, to the annual GMS within a period of 6 (six) months after the end of the financial year.
3. The annual report shall be obliged to submit to Otoritas Jasa Keuangan at the latest 4 (four) months after the end of financial year;
4. The annual report shall be obligated to be uploaded in website of the Company together its submission to Otoritas Jasa Keuangan;

5. The annual report shall be available for shareholders at the time of the invitation of annual GMS;

8. PERFORMANCE ASSESSMENT AND REMUNERATION

GMS determined remuneration for member of the Board of Directors based on the assessment and recommendation from the Board of Commissioners.

9. RULES OF CONDUCT TRANSPARENCY

A. Transparansi

In dealing with the Board of Commissioners and its members and committees, the Board of Directors and its members shall act in an atmosphere of mutual trust and transparency.

B. Confidentiality

During his/her tenure and afterwards, a member of the Board of Directors shall not use or disclose (whether directly or indirectly) any confidential information belonging to the Company and/or its subsidiaries or any company in which the Company has an interest (Confidential Information): he/she is also prohibited from abusing such information.

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

- to maintain the Company's and/or its subsidiaries competitive advantage; and/or
- to observe agreements and/or regulations, which requires the Company to maintain the confidentiality of such information.
- Information included in the Company's confidential information categories are :
 - Financial statements and/or material transactions that have not been disclosed to the public;
 - Strategic corporate plans;
 - Information bound by confidentiality agreement;
 - Products of the Company and/ or its subsidiaries that are still in the development stage;
 - Other information that is considered confidential.

C. Conflicts of interest

A Director should avoid putting him/herself into a position where his/her personal interests could conflict with his/her duty to the Company.

Director shall immediately report to the President Director and other Board of Directors members any conflict of interest or potential conflict of interest with the Company and shall provide all relevant information in the report.

A transaction in which a Director has a conflict of interest must obtain the approval of the Board of Directors, be concluded on terms and conditions which must comply with the applicable regulations on affiliated party and/or conflict of interest transactions.

A Director who has a conflict of interest should not be involved in the process of decision making related to the matter in which he/she has a conflict.

10. RELATIONSHIP WITH THE SHAREHOLDERS AND OTHER STAKEHOLDERS

The Board of Directors in carrying out its duties shall ensure that the rights of the shareholders are protected and exercised fairly in accordance with the Articles of Association and prevailing regulations, which among others are:

- a. The right to attend, convey their views and vote at the GMS;
- b. The right to obtain the Company's material information on a timely basis;
- c. The right to receive dividends;
- d. The right to receive distribution of the remaining assets of the Company upon liquidation in proportion to their respective shareholding.

The shareholders, in exercising their rights and responsibilities, shall consider the sustainability of the Company and comply with the Articles of Association and prevailing regulations. The responsibilities of shareholders include the following:

- a. The controlling shareholder shall consider the interest of the minority shareholders and other stakeholders;
- b. The minority shareholders shall exercise their rights in a proper manner.

The Board of Directors in carrying out its duties shall always seek to have a good relationship between the Company and other stakeholders based on the principle of fairness in accordance with prevailing regulations. The guiding principles on the relationship between the Company and its stakeholders are further elaborated in the Company's Code of Conduct.

11. CLOSING

1. This Charter of the Board of Directors is effective from the date of signing.
2. This Charter of the Board of Directors will periodically be evaluated for improvement.