

**THE CHARTER  
OF  
THE BOARD OF DIRECTORS  
PT ADARO ENERGY TBK**

## **CHAPTER 1 INTRODUCTION**

### **1.1. Foreword**

PT Adaro Energy Tbk (“**the Company**”) is a publicly listed company based on the Letter of the Chairperson of the Capital Market and Financial Institution Supervisory Board Number S-4299/BL/2008 of 4 July 2008 regarding the notification that the registration statement has become effective. Being a publicly listed company, in carrying out business activities, the Company must comply with all the applicable regulatory provisions, including the capital market provisions.

The Board of Directors manages the Company for the Company’s best interests and in accordance with the Company’s goals and objectives. The Board of Directors has the authority to do so based on the policies deemed to be appropriate, within the limitation as determined in the Company’s articles of association (“**the Articles of Association**”) and Law number 40 of 2007 on Limited Liability Company<sup>1</sup> (“**Limited Liability Company**”). The Board of Directors is committed to acting and behaving in accordance with the principles of Good Corporate Governance, hereinafter referred to as “**GCG**”, which consist of transparency, accountability, responsibility, independency, and fairness, and the standards of ethics and values applied in the Company.

In carrying out their duties, responsibilities, and authority, the Board of Directors needs a set of implementation guidelines (hereinafter referred to as “**the Charter of the Board of Directors**”) to ensure the proper performance of these three elements in order to meet the interests of the shareholders and other stakeholders. This Charter of the Board of Directors is a company document incorporated to manifest the commitment of and to serve as the guidelines for the Company’s Board of Directors in applying the GCG. By having this Charter of the Board of Directors, the Board of Directors, when performing their duties, is expected to always prioritize the implementation of GCG principles, apply the standard of ethics and values applicable in the Company, and comply with the Articles of Association and all applicable laws and regulations, in order to achieve the Company’s vision, mission and strategic plans for attaining the Company’s goals and objectives.

### **1.2. The Vision of the Board of Directors, the Mission of the Board of Directors, and Company Values**

#### **1.2.1. The Vision of the Board of Directors**

to be a competent, professional, qualified board of directors which continuously applies the company values so that the Company and its subsidiaries become a leading mining and energy group of companies.

#### **1.2.2. The Mission of the Board of Directors**

to carry out a management function of a world-class company in accordance with the GCG principles and prioritize the Company’s interests above all other interests in order to achieve the Company’s vision and mission.

#### **1.2.3. Company Values**

To uphold the Company’s values of integrity, meritocracy, openness, respect, excellence, and other values as applied from time to time.

### **1.3. Objective**

This Charter of the Board of Directors aims to complement the Articles of Association and the applicable laws and regulations which set forth the provisions for the Board of Directors of limited liability companies and to serve as the guidelines for the Board of Directors in carrying out their duties, responsibilities and authority in accordance with the GCG principles.

### **1.4. Legal Framework**

This Charter of the Board of Directors is constituted based on the provisions applicable to and binding the Company, which are as follows:

- a. Law number 40 of 2007 on Limited Liability Company;
- b. Law number 8 of 1995 on Capital Market;
- c. Regulation of Financial Services Authority number 75/POJK.04/2017 on the Board of Directors' Responsibility on Financial Statements;
- d. Regulation of Financial Services Authority number 21/POJK.04/2015 on the Implementation of Public Companies' Corporate Governance Guidelines;
- e. Regulation of Financial Services Authority number 33/POJK.04/2014 on Issuers or Public Companies' Board of Directors and Board of Commissioners;
- f. Regulation of Financial Services Authority number 34/POJK.04/2014 on Issuers or Public Companies' Nomination and Remuneration Committee; and
- g. Decision of IDX's Board of Directors number Kep-00001/BEI/01-2014 on the Amendment to Regulation number I-A on the Listing of Shares and Equity Securities Other than Shares Issued by Listed Companies;

as amended and/or replaced from time to time.

## **CHAPTER 2 ORGANIZATIONAL STRUCTURE AND REQUIREMENTS FOR MEMBERSHIP**

### **2.1 Organizational Structure**

#### **2.1.1. Number and Composition of the Board of Directors Members**

The number and composition of the Board of Directors members are set forth as follows:

- a. The Board of Directors must consist of at least 2 (two) members who are appointed in the General Meeting of Shareholders (“**GMS**”) with the composition of a President Director and a Director. In the event that the Board of Directors consists of more than 2 (two) members, one of the members may be appointed as Vice President Director.
- b. The composition and number of the members of the Board of Directors need the approval of the **GMS** by taking into account the Company’s vision, mission, and strategic plans as well as the interest to make effective, right and fast decisions and can act independently.
- c. The recommendations for the composition of the positions of the Board of Directors members are made by the Company’s Nomination and Remuneration Committee and proposed to the Board of Commissioners.
- d. The Company must have at least 1 (one) Independent Director under these requirements:
  - (1) does not have any affiliate relationship according to the definition as set forth in article 1 point 1 of Law number 8 of 1995 on Capital Market on definition of affiliation (“**Affiliation**”) with the Company’s controller as set forth in the Regulation of the Financial Services Authority number 9/POJK.04/2018 of 2018 on the Acquisition of Public Companies (“**Controller**”) at least 6 (six) months prior to the appointment as unaffiliated Director;
  - (2) does not have any affiliate relationship with the Company’s Board of Commissioners or Board of Directors;
  - (3) does not hold another position as a member of the Board of Directors of another company; and
  - (4) is not an insider of any capital market supporting institution or profession whose services are used by the Company within 6 (six) months prior to the appointment as Director.
- e. In the event that due to any reason the positions of all Board of Directors members are vacant, the Company will temporarily be put under the management of a member of the Board of Commissioners appointed in the Board of Commissioners meeting.

#### **2.1.2. The Terms of Office of the Board of Directors**

The term of office for the Board of Directors is set forth as follows:

- a. The members of the Board of Directors are appointed by the **GMS**, for the period starting from the date as determined in the **GMS** in which they are appointed until the closure of the fifth annual **GMS** from the date of their appointment, without prejudice to the rights of **GMS** to terminate them at any time.
- b. Each member of the Board of Directors may be reappointed for the subsequent term.

### **2.1.3 The Appointment of the Board of Directors**

The Board of Directors appointment is set forth as follows:

- a. The members of the Board of Directors are appointed by the GMS.
- b. The nomination of the members of the Board of Directors may be proposed by 1 (one) or more shareholders who collectively hold at least 10% (ten per cent) of the total shares with valid voting rights and the proposal has been received by the Board of Directors within 7 (seven) days prior to the GMS date, unless it is determined otherwise by the applicable laws and regulations or by the consensus of the shareholders.
- c. The recommendation for the policies and criteria for the process to nominate an individual to be a member of the Board of Directors and the recommendation for the nomination of a candidate who fulfil the requirements to be a member of the Board of Directors is prepared by the Nomination and Remuneration Committee and submitted to the Board of Commissioners.
- d. In the event that due to any reason the position of one or more or all members of the Board of Directors are vacant, a GMS must be held within 6 (six) months since the start of the vacancy, to fill the vacancy by taking into account the provisions in the Articles of Association and the laws and regulations.
- e. An individual who is appointed to replace a member of the Board of Directors who has been terminated or to fill the vacancy or an individual appointed as an additional member of the existing Board of Directors must be appointed for a term which is the remaining term of office of the other members of the Board of Directors who remain.

### **2.1.4 The Termination of the Terms of Office of the Board of Directors**

The termination of the Board of Directors' Terms of Office is set forth as follows:

- a. The position of the members of the Board of Directors is terminated if they:
  - (1) resign;
  - (2) no longer fulfil the requirements of the applicable laws and regulations;
  - (3) die;
  - (4) have reached the end of the term of office; and
  - (5) are terminated based on a GMS decision.
- b. The members of the Board of Directors hold the right to resign from their position prior to the expiration of their term of office by submitting a written notification on such intention to the Company at the latest within 60 (sixty) days prior to the date of resignation. The Company must hold a GMS to decide on the proposal of the members of the Board of Directors for resignation within 60 (sixty) days since the resignation letter is received.
- c. In the event that the Company does not hold the GMS within such 60 (sixty) days, with the passing of this time limit the resignation of the member of the Board of Directors is considered valid without requiring the GMS approval.
- d. The Board of Directors members may be temporarily terminated by the Board of Commissioners by explaining the reason, under the following provisions:
  - (1) Such temporary termination must be notified in writing to the Board of Directors member to be terminated;
  - (2) In the event that any member of the Board of Directors is temporarily terminated, the Board of Commissioners must conduct a GMS within 90 (ninety) days after the date of the temporary termination to revoke or strengthen the decision to temporarily terminate the member;

- (3) With the passing of the time limit for conducting the GMS as explained in point 2 above or the GMS cannot reach a decision, the temporary termination is considered revoked;
- (4) In the GMS as explained in point 2 above, such member of the Board of Directors must be given an opportunity for defense;
- (5) The Board of Directors member who is temporarily terminated does not have the authority to carry out the Company's management and is not authorized to represent and speak on behalf of the Company within and outside the Company.

## **2.2 Requirements for Membership**

### **2.2.1 Legal Requirements**

The candidate of the Board of Directors members must fulfil the following:

- a. Has good moral and integrity;
- b. Legally competent;
- c. Within 5 (five) years prior to the appointment and during the term of office:
  - (1) Never been declared bankrupt;
  - (2) Never held a position as a member of the Board of Directors and/or Board of Commissioners who was convicted as guilty for causing a company to be declared bankrupt;
  - (3) Never been convicted for any criminal act which caused damage to the country and/or related to the financial sector; and
  - (4) Never held any position as a member of the Board of Directors and/or Board of Commissioners who, during the term of office has a record of:
    - a) failing to conduct annual GMS;
    - b) having the accountability as a member of the Board of Directors and/or Board of Commissioners denied by the GMS or failing to submit accountability as a member of the Board of Directors and/or Board of Commissioners to the GMS; and
    - c) causing a company which had obtained the license and approval from, or registration at the Financial Services Authority to fail the obligation to submit an annual report and/or financial statements to the Financial Services Authority.
  - (5) Has a commitment to comply with the laws and regulations; and
  - (6) Has the knowledge and/or skills needed by the Issuer or Public Company.

### **2.2.2 Requirements for Competence and Independence**

The candidates of the Board of Directors members must fulfil the following requirements:

- a. demonstrate to have good behavior, experience and competence necessary for performing duties and other qualifications as determined in the applicable laws and regulations and the Articles of Association;
- b. appointed based on the consideration of skills, integrity, leadership, experience, honesty, good behavior, and strong dedication to improve and develop the Company;
- c. has good understanding of the regulations applicable to limited liability companies, capital market, Indonesia Stock Exchange, regulations relevant to the Company's business, and the Articles of Association; and
- d. carry out duties without conflicts of interests.

### **2.3 Multiple Positions**

The members of the Board of Directors can hold multiple positions as:

- a. a member of the Board of Directors in maximum 1 (one) other public company;
- b. a member of the Board of Commissioners in maximum 3 (three) other public companies;  
and/or
- c. a member in maximum 5 (five) committees in a company where such member also hold a position as a member of the Board of Directors or a member of the Board of Commissioners.

The members of the Board of Directors may hold multiple positions provided that it is not in violation of other laws and regulations.

### **2.4 Orientation Program for Members of the Board of Directors**

Each member of the Board of Directors newly appointed by the GMS will attend an orientation program determined by the Board of Directors to get more familiar with the duties, responsibilities and authority of the Board of Directors in a public company according to the applicable laws and regulations and the Company's Articles of Association, and understand the operations of the businesses run by the Company. The members of the Board of Directors who attend the orientation program may visit the business operations in the Company's operational areas.

### **2.5 Continuous Learning**

Each member of the Board of Directors must continuously develop their knowledge and skills by attending educational programs, courses, training, or seminars relevant to the implementation of the duties and responsibilities of the Board of Directors as well as other fields relevant to the Company's business.

## **CHAPTER 3 DUTIES, AUTHORITY AND RESPONSIBILITY**

### **3.1 Duties, Authority and Responsibility**

The Board of Directors is a Company organ which has the full authority and responsibility on the management of the Company for the Company's interests, according to the Company's goals and objectives, and represents the Company, either in or out of court according to the provisions of the Articles of the Association and the applicable laws and regulations. The division of duties and authority for each member of the Board of Directors is determined collectively by all members of the Board of Directors. In carrying out the duties, the Board of Directors is supervised and advised by the Board of Commissioners and certain policies need the approval of the Board of Commissioners and/or GMS.

Each member of the Board of Directors must comply with all provisions and carry out their duties under good faith and responsibility according to the provisions of the Articles of Association, the applicable laws and regulations, and the Charter of the Board of Directors, and must always place the Company's interest above other interests and monitor the effectiveness of the implementation of GCG principles by the Company and makes necessary adjustments on such.

In carrying out duties and responsibilities on the management of the Company, the Board of Directors must conduct annual GMS and other GMS as set forth in the Article of Association and applicable laws and regulations. The Board of Directors can also set up committees for supporting the effectiveness of its duties and responsibilities. In the event that the Board of Directors sets up committees, it must evaluate the committees' performance at the end of every fiscal year.

Each member of the Board of Directors is personally fully responsible for the loss incurred by the Company's if they are guilty or negligent in performing their duties. In the event that there are 2 (two) or more members of the Board of Directors, these members of the Board of Directors are jointly and severally liable for the loss incurred by the Company.

The Board of Directors is not responsible for the Company's loss if they can prove that:

- a. the loss is not the result of their fault or negligence;
- b. they have carry out the management under good faith and prudence, for the Company's interest and according to the Company's goals and objectives;
- c. they do not have any conflict of interest directly or indirectly on the management which has led to the loss; and
- d. they have taken the action to prevent the occurrence or continuation of the loss.

### **3.2 The Scope of Company Management**

The Board of Directors may represent the Company in or out of court on all matters and in all incidents, binding the Company to other parties, and take all actions, for both the management and the ownership, however with the limitation that to lend or borrow money on behalf of the Company, establish a new business or participate in another company in the country or overseas, and bind the Company as a guarantor, the Board of Directors must obtain the written approval from the Board of Commissioners.

The President Director has the right to act for and on behalf of the Board of Directors and represent the Company. In the event that the President Director is unavailable or not in attendance due to any reason which does not need to be proven to any third party, the Vice President Director and 1 (one) other member of the Board of

Directors have the right and authority to act for and on behalf of the Company. In the event that the Vice President Director is unavailable or not in attendance due to any reason which does not need to be proven to any third party, 2 (two) members of the Board of Directors hold the right to act for and on behalf of the Board of Directors and represent the Company.

With regard to the implementation of the duties as set forth in the Articles of Association and the applicable laws and regulations, the approval and implementation for the matters below are of the authority and responsibility of the Board of Directors without prejudice to the requirement to obtain the approval of the Board of Commissioners or GMS for certain actions if so required:

- a. The management of the Company for the Company's interest and based on the Company's goals and objectives, including the planning, constitution, and implementation of the Company's strategic policies in the long, medium and annual terms considered appropriate, according to the skills, available opportunities, business customs, and the Articles of Association, GMS resolutions and other regulatory provisions;
- b. The implementation of social and environmental responsibility with the budgeting and funding that take into account the suitability and fairness;
- c. The planning and implementation of the Company's general policies including the management and development of the Company's human resources, capital and finances and assets;
- d. The structuring, planning and administration of the Company's organization based on the Company's requirements and interests including the internal policies on the limit of the authority of each member of the Board of Directors and the entire hierarchy levels in the organization of the Company by developing and determining the standard policies and procedures of the Company's operations and the units within the Company's organization;
- e. The determination of KPI (Key Performance Indicator) in a clear and balance manner from the financial or non-financial aspects to determine the achievement of the Company's vision, missions and objectives;
- f. The monitoring and evaluation on the implementation of the Company's work plans and budgets including the achievement of the financial and non-financial targets and the follow up of the deviation from the targets;
- g. The responsibility for developing and ensuring that the Company has in place the internal risk management and control system in relation with the mechanism for monitoring and reporting appropriate for public companies in Indonesia;
- h. The existence of the full access to information in order to make decisions according to the authority of the Board of Directors. Each member of the Board of Directors must gain full or free access to the all work activities of the Company (and of the Company's third-party agents or consultants) with the purpose to obtain important information for fulfilling their obligations as a member of the Board of Directors;
- i. The regular reviews and recommendations to propose for the amendments to company policies for improving GCG practices;
- j. The report to the Company on the shares owned by a member(s) of the Board of Directors and/or his/her/their family members, i.e. the spouse and children of the member(s) in Company or other companies to be recorded in a special list ("**Special List**");
- k. The regular reports to the Board of Commissioners on the actions taken after the last regular report. If deemed necessary, the Board of Directors can prepare a report on an incident or situation which needs to be disclosed to the public investors according to the applicable laws and regulations;

- l. The recommendation on the necessary measures that need the approval of the GMS and/or the Board of Commissioners based on the applicable laws and regulations and the Articles of Association;
- m. The approval of GMS on the transactions or actions of the transfer and waiver of rights or putting as collateral an amount exceeding 50% (fifty percent) of the Company's net worth in one fiscal year, either in one or more transactions, stand alone or otherwise;
- n. The approval of the Board of Commissioners on the transactions or actions collectively agreed as set forth in the Articles of Association:
  - 1) borrow or lend money under the name of the Company (not including taking the Company's money) from / to a bank;
  - 2) establish a new business or participate another company in Indonesia or overseas;
  - 3) bind the Company as a guarantor.
- o. The stipulation of material changes or corrective actions recommended by the Board of Commissioners.

In the implementation of their duties and responsibilities, each member of the Board of Directors conducts regular assessment on the performance of the Board of Directors. The mechanism and criteria of the performance is determined by the members of the Board of Directors collectively. With such assessment, each member of the Board of Directors is expected to contribute to the continuous improvement of the Board of Directors.

### **3.3 Office Hours**

The Board of Directors works within a normal work hours during the days other than the days determined by the government as national holidays.

### **3.4 Internal Audit**

The Board of Directors is committed to ensuring that the Company's internal monitoring system runs effectively and efficiently, including all operational aspects, and in accordance with the applicable laws and regulations.

The Board of Directors sets up the Internal Audit to ensure that all of the Company's operating units work according to the operational procedures. In addition, the Internal Audit must prepare and submit the reports of the Internal Audit team to the Board of Directors, the Board of Commissioners and the Audit Committee.

### **3.5 The Relationship between the Board of Directors and the Board of Commissioners**

The relationship of the Board of Directors and the Board of Commissioners is as follows:

- a. The Board of Directors must provide the full access and information to the Board of Commissioners especially the ones relevant to the decision making by the Board of Commissioners. The meetings between the Board of Directors and the Board of Commissioners are necessary to gain thorough and same understanding between the Board of Directors and the Board of Commissioners.
- b. The Board of Directors and the Board of Commissioners must sign the Company's annual reports.
- c. The Board of Directors must provide all material information needed by the Board of Commissioners. The minutes of the Board of Directors meetings must be provided to the Board of Commissioners if according to the Board of

Commissioners such documents are important for the supervisory role of the Board of Commissioners.

- d. The Board of Directors must conduct collective meetings with the Board of Commissioners regularly of at least 1 (once) in 4 (four) months.

### **3.6 Business Ethics**

The business ethics are the standard ethics and values of the Company which must be championed and complied with by the Board of Directors, the Board of Commissioners, the Audit Committee and all the employees in carrying out their duties and responsibilities within the Company (“**Code of Conduct**”). The Board of Directors is responsible for making the best effort to ensure that the Code of Conduct is consistently adhered to and regularly monitoring the compliance with the Code of Conduct. To ensure that the Code of Conduct is adhered to, the Board of Directors provides the tool for the employees and stakeholders to report the suspected violation on the Code of Conduct and guarantee the confidentiality of the identity of the reporter. The Board of Directors may assign a certain unit/section of the Company to conduct regular investigation on the compliance with the Code of Conduct.

The Board of Directors must be the role model for all employees of the Company in the compliance with the Code of Conduct, such as with regard to the following:

- a. Information disclosure

All interactions with the media and members of the general public must be made in accordance with the Company’s policies and relevant policies. Members of the Board of Directors must maintain the confidentiality, confidential information and intellectual assets of the Company.

- b. Ethical conduct in business and anti-corruption

Members of the Board of Directors are prohibited from taking personal gain from the Company’s activities other than receiving the salary and allowances to which they are entitled as a member of the Board of Directors and must comply with the applicable anti-corruption laws and regulations.

- c. Conflict of interest

Conflict of interest is all transaction or acts which will be taken by the Company with the members of the Board of Directors or its affiliated parties, including in the matters of employment, procurement of goods and services, waivers of charges which are of personal expenses, acquisition and investment and other transactions.

Each member of the Board of Directors must report all potential conflicts of interest (if any) to all other members of the Board of Directors immediately after they identify such potential conflicts of interest. In the event of any conflict of interest, the Director of concern must not have the voting right to make decisions on the matters associated with the transactions that contain the conflict of interest.

- d. A member of the Board of Directors does not have the authority to represent the Company in the even that:

- 1) There is a court case between the Company and such member of the Board of Directors; and
- 2) Such member of the Board of Directors has a conflict of interest with the Company.

e. Insider Information

The Board of Directors must prohibit or prevent any misuse of material information which is associated with the Company's business for personal or third-party interests.

f. Rules on sales of shares

The Board of Directors must not sell or buy the Company's shares before the information of operational results, financial statements and annual report are shared with the public.

In the event that the information is associated with corporate actions such as asset acquisition, establishment of joint venture, increase/decrease of capital, issuance of securities, share buyback, dividend payment, or incidents that affect the share price, the Board of Directors must not buy/sell the shares of the Company and/or the company with whom the Company is to conduct a transaction from the time the information is known until the time the information is shared with the public.

Each member of the Board of Directors must report to the Financial Services Authority on their ownership and change of their ownership on the Company's shares within 3 (three) business days since the occurrence of the ownership or change of ownership on the Company's shares.

### **3.7 Accountability**

The Board of Directors must be accountable and submit annual reports to the Board of Commissioners including the report on the effectiveness of the internal control framework and control procedures of the Company.

### **3.8 Remuneration**

Remuneration for the members of the Board of Directors is as follows:

- a. The determination of remuneration for the members of the Board of Directors may be delegated by the GMS to the Nomination and Remuneration Committee, whose function is carried out by the Company's Board of Commissioners, and will be determined at the Board of Commissioners meeting.
- b. The recommendations on the structure, policy and amount of the remuneration for the Board of Directors are made by the Board of Commissioners.
- c. Whenever necessary, the Board of Commissioners may establish a nomination and remuneration committee to perform such role.
- d. The Board of Commissioners may assign 1 (one) or more of its members to prepare recommendations which include the structure, policy and amount of the remuneration for the Board of Directors from time to time.
- e. The determination of the structure, policy and amount of the remuneration for the Board of Directors must take into account the following:
  - 1) The remuneration applicable in the industry, in comparison to other companies with similar business activities and scale;
  - 2) The duties, responsibilities and authority of the Board of Directors members, which are associated with the achievement of the Company's objectives and performance;
  - 3) The performance target or the performance of each member of the Board of Directors; and
  - 4) The balance between fixed and variable allowances.
  - 5) The structure, policies, and amount of remuneration for the Board of Directors must be evaluated by the Board of Commissioners at least once in a year.

**3.9 Grant of Power of Attorney**

- a. Without prejudice to its responsibility, the Board of Directors holds the right, for certain actions, to appoint one or more attorneys under the provisions as set forth by the Board of Directors in a particular letter of attorney; the authority must be used in accordance with the Articles of Association and the applicable laws and regulations.
- b. The power of attorney can only be granted by a member of the Board of Directors to another member of the Board of Directors using a letter of attorney issued particularly for that purpose.

**3.10 Delegation of Authority**

The Board of Directors may delegate authority to its subordinates according to the Matrix on the Delegation of Authorities applicable from time to time.

## **CHAPTER 4 MEETING AND REPORTING**

### **4.1 Meeting**

The provisions for the Board of Directors meetings are as follows:

- a. The Board of Directors must hold the Board of Directors meetings regularly, at least 1 (once) every month to discuss the matters considered necessary by the members of the Board of Directors either with a prior meeting invitation or otherwise.
- b. The invitation to the Board of Directors meetings is made by an authorized member of the Board of Directors, or a person particularly designated to do so, to act for and on behalf of the Board of Directors. In the event that such member of the Board of Directors does not make any invitation within 3 (three) days since the request is made or since the expiration of the time limit scheduled for the meeting of the Board of Directors, the invitation will be made by another member of the Board of Directors, or the person who is particularly designated to do. The invitation to the Board of Directors meeting must be made in writing or using an electronic medium at the latest within 3 (three) days prior to the implementation of the meeting, by not taking into account the date of invitation and the date of meeting. The meeting invitation must specify the day, date, time, venue, and agenda, except for a meeting to discuss a matter considered necessary or urgent.
- c. The Board of Directors meetings can be held at any time whenever considered necessary by one or more members of the Board of Directors, or on a written request of one or more members of the Board of Commissioners, or on the written request of one or more shareholders who collectively hold 1/10 (one tenth) or more of the total shares with valid voting rights.
- d. Regarding the attendance in the meeting, all members of the Board of Directors are expected to attend each meeting of the Board of Directors. In the event of unavailability to attend, a member of the Board of Directors may be represented in the Board of Directors meeting only by another member of the Board of Directors with a grant of a power of attorney and a member of the Board of Directors may only represent another member of the Board of Directors.
- e. The Board of Directors meetings are valid and able to make a binding resolution under the condition that more than  $\frac{1}{2}$  (one half) of the number of current members of the Board of Directors attend or represented in the meetings.
- f. The Board of Directors meetings are chaired by the President Director, and in the event that the President Director is unable to attend for a reason need not to be proven to any third party, the meetings are chaired by the Vice President Director, and in the event that the Vice President Director is unable to attend for a reason need not to be proven to any third party, the meetings are chaired by a member of the Board of Directors appointed by and among the members of the Board of Directors in attendance.
- g. The decisions of the Board of Directors meetings must be made based on deliberation for a consensus. In the event that deliberation is not reached, decisions are made by voting under the condition that the votes to approve must comprise at least more than  $\frac{1}{2}$  (one half) of the number of valid votes made in the meetings.
- h. Each member of the Board of Directors in attendance is entitled to 1 (one) vote and 1 (one) additional vote for another member of the Board of Directors she/he represents.
- i. Voting on individuals is made by secret ballots without signatures while voting for other matters is made verbally, unless the chair of the meeting decides otherwise without any objection based on majority votes.

- j. Abstain or invalid votes are deemed not validly made and nonexistent and not counted in the total votes.
- k. The Board of Directors can also make valid decisions without conducting a Board of Directors meeting, under the condition that all members of the Board of Directors have been notified in writing and all members of the Board of Directors have provided their approval for the proposal which is submitted in writing by signing the approval, in which the decisions have the same legal force as the decisions made in the Board of Directors meetings.
- l. The Board of Directors must prepare the minutes of the Board of Directors meeting and may assign a person who is not a member of the Board of Directors to act as the meeting secretary and keep the copies. The meeting secretary must record the reports along the meeting and circulate the records after the meeting for review and approval by the Board of Directors in the subsequent meeting. All reports which have been approved by the Board of Directors must be filed in a book of the minutes of the Board of Directors made available for this purpose.
- m. The minutes of the Board of Directors meetings must be signed by all members of the Board of Directors in attendance, and circulated to all members of the Board of Directors. If there is any member of the Board of Directors who does not sign the minutes, such member must explain the reason in writing in a separate letter attached to the minutes of meeting.
- n. Each member of the Board of Directors must attend at least 50% (fifty per cent) of the total number of the Board of Directors meetings held within 1 (one) year, except in the event of unavailability due to a valid reason.

#### **4.2. Reporting**

The report on the Board of Directors' activities and the Company's performance in each fiscal year must be included in the Company's Annual Report and submitted to the Board of Commissioners and the General Meeting of Shareholders for approval.

## **CHAPTER 5 CLOSURE**

### **5.1. Effective Date**

This Charter of the Board of Directors is effective as of 10 June 2016.

### **5.2. Approval of the Board of Directors**

By signing this Charter of the Board of Directors, each member of the Board of Directors accepts and agrees with the content hereof and must strive to fulfill the provisions herein.

### **5.3. Amendments to the Charter of the Board of Directors**

Any amendment to the Charter of the Board of Directors must obtain a written approval from the Board of Directors.

### **5.4. Conflicts**

In the event of any conflict between this Charter of the Board of Directors and the Articles of Association or the applicable laws and regulations, then the provisions of the Articles of Association or the laws and regulations will prevail.

### **5.4. Date of Review**

This Charter of the Board of Directors will be reviewed periodically, at the latest every 3 (three) years or at any time considered necessary by taking into account the laws and regulations applied in the Republic of Indonesia, under the following conditions:

- a. Each material revision needs a recommendation of the Board of Directors to obtain the approval of the Board of Commissioners;
- b. Each non material revision which does not reduce the standard of risk management must obtain the approval of the Board of Directors with a notification delivered to the Board of Commissioners.

### **5.5. Separately Signing**

This Charter of the Board of Commissioners may be signed separately, every after being signed will be considered and valid as a single original document, and the entire signature if put together will be considered and valid as a single document.

*[signatures are provided on the following page]*

Enacted in Jakarta  
on June 10, June 2019  
The Board of Directors of PT Adaro Energy Tbk

Garibaldi Thohir\*  
President Director

Christian Ariano Rachmat\*  
Vice President Director

Chia Ah Hoo\*  
Director

M. Syah Indra Aman\*  
Director

Julius Aslan\*  
Independent Director

\*All members of the Board of Directors have signed the document in Indonesian version.