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To : UN Global Compact

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Subject : **Legal Perspective on "Statement of Significant Audiences and Materiality"**

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SETTING THE LEGAL LANDSCAPE

1. Briefly explain the broader legal landscape regarding the obligations that a company has to its stakeholders or with regard to its impact of stakeholders, and in particular whether its primary duty is or is not to shareholders over all other stakeholders.

Basically Indonesian law does not directly govern the obligations that a company has to its stakeholders or with regard to its impact of stakeholders.

However, Law No 40 of 2007 concerning Limited Liability Companies ("**Company Law**") provides for environmental and social responsibility aimed at creating sustainable economic development in order to improve quality of life and the environment, which will be beneficial for the Company itself, the local community and society in general. This provision applies to companies whose business activities are in the field of and/or related to natural resources and is intended to support the ties of company relationships which are harmonious, balanced and in accordance with the environment, values, norms and culture of the local community.

In the Company Law, Indonesia adopted the concept of a two tier board. This concept recognizes two organs in the Company, the Board of Directors ("**BOD**") and Board of Commissioners ("**BOC**"). Each of the BOD and the BOC has its own roles and duties in the Company.

The basic duty to the shareholders is conducted by the BOD. Under the Company Law, the BOD is the company organ with full authority and responsibility for the management of the company in the interests of the company in accordance with the company's purposes and objectives and to represent the company in and out of court in accordance with the provisions of the articles of association. The management of the company must be performed in good faith and full responsibility. Full responsibility entails giving the company meticulous and dedicated attention. Therefore, in representing the company and running its business the BOD must take into account the interests of stakeholders (i.e. shareholders, managers, suppliers, directors, government, employees and the community) although its primary duty is to the shareholders since the BOD must submit the annual report to the shareholders.

The BOC, as a supervisory board, has the basic duty of giving advice to the BOD in running the management of the Company. Under Company Law, the duties of the BOC are to supervise management policies, the running of management in general, with regard to both the Company and the Company's business, including the supervision of the implementation of the Company's Long-Term Plan, the Annual Work Plan and Budget as well as the Company's Articles of Association and resolutions of the GMS in the interest of the Company as a whole and in accordance with the Company's purpose and objectives.

As for the Company's actions, the Company Law also provides that for the legal actions of merger, consolidation, acquisition and demerger, it must be subject to the interests of (a) the Company, minority shareholders, and the Company's employees; (b) creditors and other business partners of the Company; and (c) the public and sound business competition. This provision makes explicit that no merger, consolidation, acquisition, or demerger can be done if it will harm the interests of the parties specified. Furthermore, in mergers, consolidations, acquisitions, or demergers the possibility of a monopoly or monopsony occurring in various forms detrimental to the public must be avoided.

REGULATORY FRAMEWORK

2. To what legal tradition does the jurisdiction belong, i.e. civil/common law, mixed?

The Indonesian legal system follows a Civil Law system which derives from the Dutch colonial heritage and ultimately Roman law. The Civil Law system has three characteristics: codification, judges are not bound by precedent and so statutes become the main source of law, and the judicial system is inquisitorial. The main sources of law in a formal sense are legislation, custom and binding precedent.

3. Are corporate/securities laws regulated federally/ nationally, provincially or both?

Corporate and securities law are regulated nationally, being established by the legislative authority (People's Representative Council) in the form of statutes. There are some aspects of corporate and securities laws which are regulated by government authorities. Securities are regulated by the rules set by the Financial Services Authority (*Otoritas Jasa Keuangan* or "**OJK**"), w previously known as Capital Market Supervisory Board (*Badan Pengawas Pasar Modal dan lembaga Keuangan* or "**Bapepam-LK**"). Corporate law is regulated by the rules set by the Ministry of Law and Human Rights and state-owned companies are regulated by the rules set by the Ministry of State Enterprises.

4. Who are the government corporate/securities regulators and what are their respective powers (in summary only)?

For foreign investment, we have a Capital Investment Coordinating Board (*Badan Koordinasi Penanaman Modal*) as the government institution which has authority to handle all matters related to foreign investment. Article 28 of Investment Law Number 25 of 2007 states that the duties and functions of BKPM are as follows:

a. to perform duties and coordinate the implementation of investment policies;

b. to study and propose investment services policies;

c. to establish values, standards and procedures for the implementation of investment;

d. to enhance investment opportunities and potentials in regions by empowering business entities;

e. to make an Indonesian investment map;

f. to promote investment;

g. to enhance investment business sectors through investment guidance, by, inter alia, increasing partnership, increasing competitiveness, creating fair business competition, and disseminating as widely as possible information on the conduct of investment activities;

h. to help contain various obstacles and give consultation on problems investors face in the conduct of investments;

i. to coordinate domestic investors that conduct their investment activities outside the territory of Indonesia; and

j. to coordinate and implement one-stop integrated services.

In general, the government corporate regulator is the Minister of Law and Human Rights under the Ministry of Law and Human Rights. The Minister of Law and Human Rights has the power to manage all matters related to corporate law including the incorporation of companies and other legal entities in Indonesia. Any party who wishes to set up a company in Indonesia must submit an application to the Ministry of Law and Human Rights. When the Minister of Law and Human Rights gives its approval, then the company is ratified as a legal entity. Any change or amendment of the Articles of Association of a company must have prior approval or must be notified to the Minister of Law and Human Rights.

The government securities regulator is the OJK (previously known as Bapepam-LK), led by a BOC which works collectively and collegially, that has the power to manage, impose an integrated regulatory and supervision system on capital markets and other financial sectors such as banking, insurance, pension funds, financing companies, and other financial services institutions.

The following are the OJK's authority in general:

- to promulgate regulations in the financial services sector (including capital markets);
- to issue or revoke business permits in the financial services sector (including capital market);
- to monitor inspect, investigate, etc. financial service institutions as contained in law and regulations in the financial services sector;
- to impose any sanctions on any parties who violate the law and regulations in the financial services sector; and
- to implement any other authorities given by the law.

5. Does the Jurisdiction have a stock exchange(s)?

Yes, Indonesia currently has a stock exchange, namely the Indonesia Stock Exchange ("**IDX**") based in Jakarta. It was previously known as the Jakarta Stock Exchange (JSX) before its name changed in 2007 after merging with the Surabaya Stock Exchange (SSX).

INCORPORATION AND LISTING

6. Do the concepts of "limited liability" and "separate legal personality" exist?

The concepts of limited liability and separate legal personality exist under Indonesian law.

- Limited liability

  Article 3 paragraph (1) of the Company Law provides that the shareholders of the company are not personally liable for legal relationships entered into on behalf of the company and are not liable for the company's losses in excess of the shares they own. This provision makes explicit the character of a company that shareholders are only liable for the amount paid up on all of the shares they own and it does not cover their personal assets. Limited liability aims to protect the shareholders from greater losses than their investment in the company as well as a way to transfer the risk of loss of business so not to drag in the personal assets of shareholders.

  However, the limitation of liability mentioned above does not apply and shareholders become personally liable if:

  a. the requirements for the company to be a legal entity have not been or are not fulfilled;

  b. The shareholder concerned directly or indirectly exploits the company in bad faith in his/her personal interest;

  c. The shareholder concerned is involved in illegal acts committed by the company; or

  d. The shareholder concerned directly or indirectly illegally uses the company's assets with the result that the company's assets become insufficient to pay off the company's debts.

- Separate legal personality

  The concept of separate legal personality also exists, as formulated in the definition of limited liability company under the Company Law as a legal entity which constitutes an alliance of capital established pursuant to a contract in order to carry on business activities with an authorized capital all of which is divided into shares and which fulfils the requirements in the Company Law and its implementing regulations. The company obtains the status of a legal entity on the date the Decree of the Minister of Law and Human Rights concerning the company's ratification as a legal entity is issued.

  It is clear from the above definition that a company has a legal personality (and assets) which are separate from the founders' or shareholders', may have its own rights and obligations and in carrying on its business activities must comply with the principles of good faith, decency, and fairness and the principle of good corporate governance.

7. Did incorporation or listing historically, or does it today, require any recognition by the company or its directors of a duty to society, an obligation to take account of the company's special or environmental impacts, or to respect its stakeholders?

Incorporation or listing does not require any recognition by the company or its directors of a duty to society, an obligation to take account of the company's special or environmental impacts, or to respect its stakeholders.

However since the Company Law of 2007 came into effect, companies doing business in the field of natural resources (companies whose business is managing and exploiting natural resources) and/or in relation to natural resources (companies whose business activities have an impact on the functional capacity of natural resources) have had to put into practice Environmental and Social Responsibility ("**CSR**"). CSR constitutes an obligation of the company which must be budgeted for and calculated as a cost of the company performance of which shall be with due attention to decency and fairness. Further, Article 4 of Government Regulation No. 47 of 2012 concerning Companies' Environmental and Social Responsibility ("**GR 47/2012**") provides that the CSR must be implemented by the BOD based on the company's annual work plan as approved by the BOC or the General Meeting of Shareholders ("**GMS**") as stipulated in the articles of association of the company. The company's annual work plan must include a plan for activities and the budget required for the implementation of the CSR.

8. Do any stock exchanges have a responsible investment index, and is participation voluntary?

Yes, IDX has a responsible invesment index named SRI-Kehati Index. This index is a cooperation between IDX and a foundation called "Kehati" (the Indonesian Biodiversity Foundation). The term SRI itself means Sustainable and Responsible Invesment. The objective of this index is to materialize biodiversity conservation programs by raising awareness and consciousness of biodiversity among the public, the business sector and capital markets, and to provide open information to the public at large by identifying selected companies rated by the index, which are considered to to take into consideration in running their business environmental concerns, business management, community involvement, human resources, human rights, their business behavior and way of operation in accordance with internationally accepted business ethics.

Participation in this index is not voluntary but solely selected through assessments conducted by Kehati. The companies must fulfill the following criteria:

a. Negative selection:

- the company cannot be related to pesticides, nuclear power, weapons, tobacco, alcohol, pornography, gambling, or Genetically Modified Organisms (GMO).

b. Financial Aspect:

- the companies should have a market capitalization above Rp. 1,000,000,000,000.00 (one trillion rupiah), according to their latest audited financial reports;
- the companies should have assets above Rp. 1,000,000,000,000.00 (one trillion rupiah), according to their latest audited financial reports;
- the companies should have a Free Float Ratio above 10 percent (10%), publicly owned active shares on the stock exchange; and
- the companies should also have had a positive Price Earning Ratio (PER) for the last 6 (six) months.

c. Fundamental Aspect:

- corporate management, environment, community involvement, business manners, human resources, and human rights.

The evaluation is done through a review of secondary data, questionnaires filled in by those who have passed the initial selection (points a and b) and also through other relevant data. As the result, 25 (twenty five) companies with the highest score were declared eligible to be included in the SRI-Kehati Index so that they can be used as guidance for investors. The presence of those companies will be evaluated twice a year, in April and October, and the result will be publicized by IDX, which can be followed through www.idx.co.id.

9. To who are directors' duties generally owed?

Directors' duties are owed to the Company's shareholders and, more generally, to the Company.

10. What are the duties owed by directors – please state briefly. Please indicate if there are express or implied duties to avoid damage to the company's reputation?

Pursuant to the Company Law, the duties owed by Directors are as follows:

a. Directors must take full responsibility for the management of the Company for the interests and objectives of the Company and represent the Company both in and out of court;

b. The management of the company must be performed by each member of the BOD in good faith and full liability (giving the company meticulous and dedicated attention).

c. Directors must create and maintain a Register of Shareholders and Special register which must be made in accordance with the provisions contemplated in Article 50 of the Company Law, Minutes of Meetings of the GMS and the BOD which contain all proceedings and resolutions in a meeting which must be kept in the Company's domicile;

d. The BOD must seek GMS approval for assignment of Company assets, or making company assets security for debt; which constitute more than 50% (fifty per cent) of the Company net assets in 1 (one) or more separate or inter-related transactions; and

e. In the event of merger, consolidation or acquisition, the BOD must prepare a plan of merger, consolidation or acquisition to be submitted to the GMS. Under the Company Law, before the BOD submits the plan of merger, consolidation or acquisition to the GMS, such plan must be approved by the BOC.

There is no express duty to avoid damage to the company's reputation under Indonesian law, however in our view, the obligation to act in the best interests of the Company and running the Company in good faith and full liability implies this obligation.

The Company Law provides that each member of the BOD is fully personally liable for the company's losses if the Director concerned is at fault or negligent in carrying out his/her duties. Directors cannot be held liable for the losses if they can prove that: (a) the losses were not due to their fault or negligence; (b) they carried out the management in good faith and with prudence in the interests of and in accordance with the purpose and objectives of the Company;(c) they do not have a direct or indirect conflict of interest in the action of management that caused the losses; and (d) they took action to prevent the losses from arising or continuing (this also includes steps to obtain information about actions of management which could cause losses, among others through the forum of meetings of the BOD).

11. More generally, are directors required or permitted to consider the company's impacts on non-shareholders, including impacts on the individuals and communities affected by the company's operations? Is the answer the same where the impacts occur outside the jurisdiction? Can or must directors consider such impacts by subsidiaries, suppliers and other business partners, whether occurring inside or outside the jurisdiction?

In Indonesia, directors are not required to consider the company's impacts on non-shareholders, including impacts on individuals and communities affected by the company's operations whether the impacts occur inside or outside the jurisdiction save for the provision related to CSR, which only applies to companies doing business in the field of natural resources and/or in relation to natural resources as explained in Point 7 above.

Directors also do not need to consider such impacts by subsidiaries, suppliers and other business partners except if the matters are related to the best interests and objectives of the company. However, Directors are permitted, but not required, to consider the company's impacts on non-shareholders, but limited to environmental aspects and competition and customer protection aspects.

12. If directors are required or permitted to consider impacts on non-shareholders to what extent do they have discretion in determining how to balance different factors including such impacts? What, additional liabilities, if any, do the board or individual directors assume in exercising such discretion?

As mentioned in point 11 above, a director's considerations when making decisions must be in accordance with the best interests, purpose and objective of the company. As long as the management of the company is conducted in good faith and full liability, directors have sole discretion to determine how to balance different factors including such impacts. Also, the BOD is authorized to undertake the management in accordance with any policy that seems appropriate within the limits specified in the Company Law and/or the articles of association of the Company.

13. What are the legal consequences for failing to fulfill any duties described above; and who may take action to initiate them? What defenses are available? Can these issues give rise to other causes of action or regulatory routes whereby a stakeholder can exert pressure on a company with regard to its actions?

Liability for breach of duty:

Each member of the BOD is fully personally liable for the Company's losses if the director concerned is at fault or negligent in carrying out his/her duties (without good faith and/or full liability). in the event that the BOD consists of 2 (two) or more members, the liability is joint and several for each member of the BOD.

They can be held liable for the losses if they cannot prove that: (a) the losses were not due to their fault or negligence; (b) they carried out the management in good faith and with prudence in the interests of and in accordance with the purpose and objectives of the company;(c) they do not have a direct or indirect conflict of interest in the action of management that caused the losses; and (d) they took action to prevent the losses from arising or continuing (this also includes steps to obtain information about actions of management which could cause losses, among others through the forum of meetings of the BOD).

Who can initiate action:

Shareholders representing at least 1/10 (one tenth) of the total number of shares with voting rights, on behalf of the company, may file suit (or claims) through the district court against the members of the BOD who by their fault or negligence gave rise to losses for the Company.

In the event that the actions of the members of the BOD cause losses to the Company, the other members of the BOD and/or members of the BOC shall be entitled also to file suit on behalf of the Company against such director. Suits submitted by the BOC come within the duty of the BOC to perform the functions of supervision of management of the Company by the BOD. To file suit the BOC does not need to act jointly with the other members of the BOD and the authority of the BOC is not limited to cases where all of the members of the BOD have a conflict of interest.

Apart from the foregoing, members of the BOD may be dismissed at any time by virtue of GMS resolutions stating the reason therefor. The resolutions to dismiss a director may be adopted after the director concerned has been given the opportunity to defend them self in the GMS.

The BOC, as the supervisory organ in the Company, also has the authority to suspend a Director by written notice giving the reasons therefor. A GMS must be convened within 30 (thirty) days as from the date of suspension to consider whether to confirm or revoke the resolution for suspension of the Director. In the event the period of 30 (thirty) days has passed and the GMS has not been convened or the GMS has not been able to adopt a resolution, then the suspension is void.

Defenses:

Generally, a director has the right to defend their position. He/she shall be given the opportunity to defend himself/herself in the GMS which must be convened no more than 30 (thirty) days after the date of the suspension (if the suspension is given by the BOC). In the event that shareholders file a suit against the directors through the District Court, the director may defend himself/herself before the court.

Exertion of Pressure by Stakeholders:

There is no express provision in the Company Law which directly regulates the right of stakeholders (other than as mentioned earlier) to exert pressure for breach of a director's duties. However, looking at certain cases, any stakeholder harmed by the Company's operation may file a lawsuit through a district court against the Company.

14. Are there any other directors' duties which are relevant to the interests of stakeholders?

Other than as we have explained above, there are no other director's duties under the Company Law relevant to the interest of stakeholders.

15. For all of the above, if these exist in your jurisdiction, does the law provide guidance about the role of supervisory boards in cases of two tier board structures? What obligations are owed by senior management who are not board directors? Is this determined by law if no specific contractual provision applies?

Two Tier Boards

Two Tier Boards exist under the Company Law. Indonesia is a country that adheres to a two-tier boards system where the BOD manages the Company and the BOC acts as a supervisory organ in the company. Basically, the BOC supervises management policies, the running of management in general with regard to both the Company and the Company's business, and gives advice to the BOD.

In relation to CSR, according to GR 47/2012 since the implementation of the CSR is based on the annual work plan prepared by the BOD consisting of a plan for activities and the budget required for the CSR, the implementation of the CSR will also depend to the approval of the BOC in the event that the articles of association requires the BOC's approval for the annual work plan.

Senior Management

There are no direct rules imposing obligations on the senior management who are not members of the BOD. Indonesia only has the BOD who is in charge of the management of the Company and the BOC as the supervisory board.

REPORTING

16. Are companies required to disclose the impacts of their operations (including stakeholder impacts) on non-shareholders, as well as any action taken or intended to address those impacts? Is this required as part of financial reporting obligations or pursuant to a separate reporting regime? Please specific for each reporting route whether it is mandatory or voluntary. Please describe any mandatory reporting requirement, major voluntary initiative or trend towards voluntary reporting with regard to transparency (for example, payments to government or state-owned entities, reports on government orders to undertake surveillance or interception, reports on tax payments etc).

There is no legal requirement to disclose the impacts of a company's operations (including stakeholder impacts) on non-shareholders, or any action taken or intended to address those impacts.

The BOD of the Company is only obliged to prepare the annual report, which consists of at least a financial report, report on the company's activities, report on the implementation of CSR and details of problems which arose during the financial year which influenced the Company's business activities to be approved by the shareholders. After the annual report has been studied by the BOC as the supervisory board, it must be made available at the Company's office for examination by the shareholders.

From the broader perspective, with regard to the reporting obligation, we have divided the reporting obligations into 3 (three) aspects, namely listed companies, general and sectoral.

With regard to the public and/or listed companies, mandatory reporting requirements apply to the public and/or listed companies by which they are basically subject to a Disclosure and Fairness Principle under Law Number 8 of 1995 concerning Capital Markets. The reporting and disclosure requirements for public and/or listed companies are promulgated in OJK Regulations and for listed companies also in IDX Regulation No. I-E concerning the Obligation to Submit Information ("**Regulation I-E**").

According to Bapepam-LK Regulation Number X.K.1 concerning Disclosure of Information That Must Be Announced to the Public ("**Regulation X.K.1**"), public and/or listed companies must disclose any information which arises and/or material facts which occur which may affect their securities price and the decisions of investors, to the public no later than 2 (two) business days after the occurrence of such information and/or material facts. In practice, the information required under Regulation X.K.1 is simultaneously submitted with the disclosure of information required under Regulation I-E.

Moreover, in accordance with Bapepam-LK Regulation Number IX.E.2 concerning Material Transactions and Alteration of Primary Business ("**Regulation IX.E.2**") and Bapepam-LK Regulation Number IX.E.1 concerning Affiliated Transactions and Conflicts of Interest ("**Regulation IX.E.1**"), in the event a public and/or listed companies conducts a transaction which (i) is valued a 20% or more of the company's equity, (ii) is conducted with its affiliates, and/or (iii) involves a conflict of interest, the public and/or listed companies are obliged to disclose such transaction in a complete manner as required under Regulation IX.E.2 and/or Regulation IX.E.1 to the public and/or OJK. Failure to comply with this disclosure obligation may expose the Public and/or Listed Company to an administrative sanction by OJK.

In general, Article 2 of Decree of the Minister of Industry and Trade No. 121/MPP/Kep/2/2002 provides that certain companies which fulfill one of the following requirements:

- being a listed company;
- having a business field related to the deployment of public funds;
- having issued a promissory note;
- having assets worth at least Rp 25,000,000,000,- (twenty five billion rupiah); or
- being a debtor whose annual financial statement required by the Bank to be audited.

has an obligation to submit to the Ministry of Trade of the Republic of Indonesia an annual financial statement of the Company which has been audited by registered public accountant, at the latest 6 (months) as from the end of the financial year. This provision also applies to any foreign company doing business in Indonesian territory according to the prevailing laws and entitled to make agreements, any companies in the form of Persero Company, Public Company (Perum) and Regional Company. Failure to comply with this reporting obligation will make the Company liable to a term of imprisonment of not more than 2 (two) months or a fine of not more than Rp 1,000,000.- (one million rupiah) as provided under Law number 3 of 1982 concerning the Mandatory Company Register.

For the sectoral aspects, Companies doing business in particular sectors have an obligation to submit a report depending on their type of business. We will give you examples for the reporting obligations in the aviation sector and the oil and gas mining sector.

For the aviation sector, Article 118 of the Aviation Law Number 1 of 2009 states that holders of commercial air carriage business permits have some reporting obligations, which are as follows:

- deliver to the Minister monthly reports on air carriage, including flight delays and cancellations, no later than on the 10th (tenth) day of the following month;

- deliver to the Minister annual financial performance reports audited by a registered public accountant and containing at least a balance sheet, profit and loss statement, cash flow, and breakdown of costs no later than the end of April of the following year; and

- make a report to the Minister if there is any change in the person in charge or owner of the commercial air carriage business entity, domicile of the commercial air carriage business entity, or ownership of the aircraft.

For the oil and gas mining sector, Working Procedure Guidelines Number PTK-057/SKKO0000/2014/S0 dated 6 June 2014 provides that any assignment of participating interest, change in control of the shareholders, appointment or change of operator, an offer of Indonesian participating interest and recordal of change of name and/address, imposes a reporting obligation on the contractor to either submit a notification to and/or obtain prior approval from the Special Task Force for Upstream Oil and Gas Business Activities (*Satuan Kerja Khusus Pelaksana Kegiatan Usaha Hulu Minyak dan Gas Bumi* or "**SKK Migas**") and/or the Ministry of Energy and Mineral Resources, depending on the type of action of the contractor.

17. Do legal reporting obligations extend to such impacts outside the jurisdiction; to the impacts of subsidiaries, suppliers and other business partners, whether occurring inside or outside the jurisdiction?

As mentioned above, there is no obligation to report on the impacts of a Company's operations, or the impact of its subsidiaries', suppliers' and other business partners' operations whether inside or outside the jurisdiction, in a Company's annual reports.

However, there are certain reporting obligations (as referred to in point 16 above) which must be fulfilled by public companies and/or listed companies if the subsidiaries' bookkeeping are consolidated with such public and/or listed companies.

18. Who must verify these reports; that can access reports; and what are the legal or regulatory consequences of failing to report or misrepresentation? Is there a regulator tasked with investigating complaints of misreporting?

There is no report verification or penalty applied to a failure to provide those reports.

19. What is the external assurance regime for reporting on a company's impacts on stakeholders? Please specify any mandatory requirements and also where reporting is voluntary what the current market practice is as regards to third party assurance. Please summarise any regulatory guidance on reporting that related to impacts on non-shareholder stakeholders.

There are no requirements related to an external assurance regime for reporting on a company's impacts on stakeholders.

STAKEHOLDER ENGAGEMENT

20. Are there any restrictions on circulating shareholder proposals which deal with impacts on non-shareholders, including stakeholder impacts?

There are no restrictions on circulating shareholder proposals which deal with impacts on non-shareholders, including stakeholder impacts.
According to the Company Law, shareholders are entitled to raise any discussion or obtain information related to the Company from the BOD and/or BOC in the GMS in so far as it does not conflict with the Company's interests. Generally, the Company will treat the discussion as confidential and there is no obligation to share it with other stakeholders.

21. Are institutional investors, including pension funds, required or permitted to consider such impacts in their investment decisions? What is legal duty pension funds owe with regard to investment decisions in this regard? How does the legal duty of the fund align with term and contractual performance criteria of fund managers – does this facilitate or deter consideration of such impacts?

In Indonesia, there are no direct rules imposing obligations on institutional investors, including pension funds, to consider impacts on stakeholders in their investment decisions. However, there is a provision regarding an investment direction as one of the required documents to be submitted in order to obtain ratification from the Minister of Finance provided under the Pension Fund Law.

Further, Minister of Finance Decree Number 511/KMK.06/2002 on Investments of Pension Funds states that the founder or the founder and the supervisory board must determine an Investment Direction which consists of at least a maximum percentage of the Pension Fund's assets to be placed in investment and investments that are prohibited for the Pension Fund. The management of the Pension Fund must prepare an annual investment plan which consists of at least the planned composition of investment types, the estimated rank of investment result and the considerations to be used as the basis for the planned composition of investment types.

Pursuant to the foregoing, we are of view that the pension funds are permitted to consider the impacts on stakeholders in their investment decisions when preparing the Investment Direction and annual investment plan but they are solely at the discretion of the founder or the management of the pension fund.

22. Can non-shareholders address companies' annual general meeting? What is the minimum shareholding required for a shareholder to raise a question at a company's AGM?

Non-shareholders cannot attend the annual general meeting of the company without invitation.

If there is no shareholders agreement between the shareholders of the company which limits the rights of the shares owned by the shareholders, i.e. the right to attend and/or to vote at the AGM, then any shareholders may attend the company's AGM and they are entitled to raise a question as long as the question is related to the agenda of the AGM and does not conflict with the company's interests.

OTHER ISSUES OF CORPORATE GOVERNANCE

23. Are there any other laws, policies, codes or guidelines or standards applied in the context of particular contractual relationships (for example project finance) or through adherence to particular contractual relationships (for example project finance) or through adherence to particular sustainability principles (for example the UN Global Compact, the OECD Guidelines for Multinational Enterprises etc.), related corporate governance that might encourage companies to consider in a structured way their impacts upon and the interests of their wider stakeholders including through a stakeholder engagement process?

Except as mentioned above, there are no other laws, policies, codes or guidelines or standards applied in the context of particular contractual relationships that might encourage companies to consider in a structured way their impacts upon and the interests of their wider stakeholders including through a stakeholder engagement process.

24. Are there any laws requiring representation of particular stakeholder constituencies (i.e. employees, representatives of affected communities) on company boards?

There are no laws requiring representation of particular stakeholder constituencies on company boards. The board of a company is comprised of persons appointed by the shareholders or as otherwise specified in the company's Articles of Association.

Some specific rules related to employee representation in the companies may be found in the Indonesian Manpower Law. Under the Manpower Law, a collective labour agreement must be made between a labour union, which has already been recorded at a government agency, and the employer. This labour union has the right to represent workers in negotiating a collective labour agreement with the employer provided that more than 50% (fifty percent) of the total number of workers who work in the company are members of such labour union. Generally, labour unions have no right to be represented on companies' boards.

25. Are there any laws requiring gender, racial/ethnic, religious or other stakeholder representation; or non-discrimination general, on company boards?

There are no laws reguiring gender, racial/ethnic, religious or other stakeholder representation; or non-discrimination general, on company boards.

However, the Company Law provides that for companies doing business based on sharia principles, apart from a BOC they also must have a Sharia Supervisory Board which consists of 1 (one) or more sharia experts appointed by the GMS on the recommendation of the Indonesian Council of Ulema. The Sharia Supervisory Boards have the task of giving advice and suggestions to the BOD and supervising companies' activities so that they are in accordance with sharia principles.

26. In your jurisdiction is there any legal route whereby a parent company can incur liability with regard to the impacts that one of its subsidiaries has had on stakeholder groups? Are there any serious proposals to impose such responsibility?

There is no legal route whereby a parent company can incur liability with regard to the impacts that one of its subsidiaries has had on stakeholders groups, unless it has expressly contracted to do so.

However, in the oil and gas mining sector, usually SKK Migas or Pertamina or the party holding the tender will require a contractor to submit a corporate guarantee from the parent company in the event that the contractor is a new company having business in the oil and

gas sector. Therefore piercing the corporate veil and submission of the guarantee will become essential factors to obtain cooperation in developing oil and gas blocks in Indonesia. In this condition, the parent company may incur liability with regard to the impact of its subsidiaries.

27. Are you aware of any incoming law or proposals that are relevant to the issues raised in this questionnaire? If so please describe, providing an indication of the anticipated date the legislation will come into force or be adopted.

To the best of our knowledge, we are not aware of any incoming law or proposals that are relevant to the issues raised in this questionnaire.