



BOARD MANUAL



BOARD MANUAL
of PT XL AXIATA Tbk.

BOARD OF DIRECTORS AND BOARD OF COMMISSIONERS JOINT COMMITMENT DECLARATION

The Board of Directors (the “BoD”) and the Board of Commissioners (the “BoC”) of PT XL Axiata Tbk. (the “Company”) – hereinafter the BoD and the BoC collectively referred to as the “Board”, hereby declare the commitment to implement the principles of Good Corporate Governance (“GCG”), i.e. transparency, accountability, responsibility, independency, and fairness, as set out in this Board Manual.

This Board Manual specifies the main roles and duties of the BoD and the BoC which refers to the Company’s Article of Association (“AoA”) and related Laws and Regulations.

Having this Board Manual as reference/guideline for the Board, it is expected that the adherence and interworking relationship amongst the Company’s organs would be implemented harmoniously in accordance with the GCG principles.

This Board Manual shall apply unless determined otherwise by the Board with the necessary amendment from time to time.

April 20, 2011
PT XL Axiata Tbk.

**Tan Sri Dato’ Ir. Muhammad Radzi
bin Haji Mansoor**
President Commissioner

Hasnul Suhaimi
President Director

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CHAPTER I



INTRODUCTION

1.1 Purpose and Objectives

The BoD and the BoC BoD are the main organs of the Company who hold the key roles in the implementation of GCG. The purpose of the Board Manual would be as a reference for the Board in carrying out their duties and roles as well as their interworking relationship in accordance with the GCG principles.

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Having this Board Manual as a guideline, it is expected that effective decision-making process will be promoted, implementation of work programs and the consistency of measures in carrying out the management and supervisory roles by the BoD and the BoC as statutory will also be mandated, respectively, according to the Company's AoA and prevailing Laws and Regulations.

This Board Manual contains principles and governance resulted from the Board's consensus, and with it, the Board declared their commitment to implement this Board Manual in good faith with no exceptions.

1.2 Scopes

This Board Manual regulates the structure and working relations between the BoD and the BoC within the Company's organization with reference to the Company Article of Association and the prevailing Laws and Regulations.

1.3 References

- ◆ Law No. 40 Year 2007 on Limited Liability Company;
- ◆ Law No. 8 Year 1995 on Capital Market;
- ◆ Bapepam-LK Regulations;
- ◆ IDX Regulations;
- ◆ Article of Association of the Company;
- ◆ Governance Manual Book I (Year 2008).

CHAPTER II



BOARD OF COMMISSIONERS

2.1 Criteria and Composition

Criteria

Appointment as a member of the BoC of a public company requires the candidates to fulfill the statutory requirements.

Basic requirements for all of the BoC members:

- ◆ Has legal capacity to take any legal action, i.e not under guardianship.
- ◆ Never been declared bankrupt by a court decision.
- ◆ Never been a member of a BOD or BOC of a company where the courts have determined the BoD or BoC were responsible for the Company's bankruptcy.
- ◆ Never been convicted and sentenced for a criminal offence that caused loss to the state or the financial sector for the last 5 (five) years before the appointment as a BoC member of the Company.
- ◆ Has good moral and ethic.
- ◆ Can undertake legal actions.
- ◆ Never been disrespectfully discharged from any job / position for the last 5 years prior to the appointment; and
- ◆ Never been sentenced for any crime for the last 10 years prior to the appointment.

Specific requirements for an Independent Commissioner:

- ◆ External party;
- ◆ Does not have any shares, directly or indirectly, in the relevant public company;
- ◆ Is not an affiliated party to the public company, BoC, the BoD or majority shareholders of the public company;
- ◆ Does not have any business relationship, directly or indirectly, related with the core business of the public company;
- ◆ Does not hold any concurrent position as a director in any other company affiliated with the public company; and
- ◆ Understands capital market regulations.

In order to ascertain that these criteria are met, a candidate for BoC member is required to sign a statement letter certifying that he/she satisfies these criteria (see attachment 1 for Statement Letter form for all BoC members and attachment 2 as additional Statement Letter for Independent Commissioner).

Composition

- a. The BoC must comprise of at least 3 members, with a composition of 1 (one) president commissioner and 2 (two) or more other members, with due observation of the requirement of having independent commissioner(s).
- b. If, for any reason, the BoC has less than 3 members, a GMS must be convened to appoint commissioner(s) no later than 60 days after the vacancy. In any case the Company has no BoC member, the shareholders holding the majority shares is authorized to perform the duties of the BoC.

- c. The number of independent commissioners of a public company must be proportional to the shares owned by non-controlling shareholders with a provision that the number of independent commissioners must be, at least, 30% of the total number of BoC members (Bapepam-LK Regulation No. IX.1.5 and IDX Regulation No. 1-A). The Independent Commissioner(s) plays a crucial role within the Company as they represent the interests of the public by overseeing the Company's management. It is important to note that one of XL's Independent Commissioners is appointed as the Chairman of the Company's Audit Committee.

2.2 Appointment and Term of Office of the BoC

The appointment process of BoC member is as follows:

- a. Any candidate of BoC member proposed by Shareholder(s) and/or the Company shall be filed to the Nominating and Remuneration Committee (the "NRC") through the Corporate Secretary of the Company.
- b. The NRC will then verify and deliberate this candidacy by way of a NRC meeting or circular resolution; and further to decide having due consideration the qualification and background with the requirements, whether a candidate(s) is recommended to be appointed by the General Meeting of Shareholders ("GMS") as a BoC member of the Company.
- c. A GMS shall be held by the Company in due course, to obtain GMS approval for the appointment of the said candidate as recommended by the NRC.

- d. The new member of the BoC shall effectively sit as a BoC member of the Company for the term of office having due observation the GMS resolution until the closing of the third Annual GMS as of their appointment (*note: usually, unless resolved otherwise, the GMS resolves the effectiveness of such appointment is upon the conclusion of respective GMS and the term of office shall be the same with the incumbent BoC members in order to manage the re-appointment sequence once for all of the BoC members*).
- e. The Company shall immediately enroll the newly appointed BoC member for the internal BoC and BoD Induction Program.



End of Term of Office:

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Nevertheless of the above, the term of office of the BoC may end, should one or more of the following circumstances occur:

- ◆ the term of office lapsed and not be reappointed again;
- ◆ tendering a resignation*
- ◆ passed away
- ◆ dismissed by the GMS with reasonable reason
- ◆ declared bankrupt or insolvent based on court decision
- ◆ no longer qualified in accordance with the prevailing laws and regulations

* the BoC member may resign from his office by filing a resignation letter to the Company (addressed to the NRC copied to the BoC and the Corporate Secretary

of the Company). Subsequently, the Company shall convene a GMS to resolve the resignation request not later than 60 days upon received such resignation letter. In any case the Company did not convene the GMS until the 60 days period lapsed, such resignation request is deemed effective with no GMS required. However, the GMS would still need to ratify the resignation approval in order to grant full release and discharge (acquiesce et de charge) to the resigning BoC member, in the nearest GMS to be held.

2.3 Duties, Rights, Authorities, and Obligation of The BoC

Duties

The duties of the BoC are to supervise the management policy, the workability of the management in general with respect to both the Company and the business of the company, and give advice to the BOD, for the benefit of the Company with due observation of the purpose and objective of the Company.



Important Notes:

The BoC is formed as a council (board); therefore each member of the BOC may not act individually, but on the basis of the resolution of the BoC with due observation the resolution requirements further explained in 2.5 below.

Rights and Authorities

In order to perform its duties, the BoC has the rights and authorities as follows:

- a. To have access to the Company's premise at the working hours of the Company;
- b. To examine the books, the letters and other documents; to verify the cash and other securities, and the Company's assets at the working hours of the Company;
- c. To inquire the BoD and or other officials relating to any issues on the management of Company;
- d. To know all Company's policies and Company's actions made and to be made by the Board of Directors;
- e. To ask the BoD and its selected officials to present in the BoC meeting;
- f. To present at and provide comments in the BoD meeting;
- g. At any time by a resolution of the BoC meeting, to suspense one or more members of the BoD for doing actions contradict with the Company's AoA or incurring loss to the Company or negligence of obligations or for cause. The suspension of which must be notified in writing to the BoD member being suspended; and to hold a Shareholders Meeting after 45 days of the suspension for final decision whether the respective BoD member is being suspended would be dismissed or returned to his/her office.
- h. In any case the composition in the BoD become less than 3 members and the 60 days has lapsed for a Shareholders Meeting to appoint new BoD member to fill in the vacancy, the BoC has the authority to appoint any other member of the BoD to carry out the duty of the vacant position with the same authority to manage the Company temporarily

Obligations

In performing its supervisory and advisory duties, the BoC has the obligation:

- a. To undertake BoC meeting and maintain minutes of the BoC meeting;
- b. To report their shares and those of their family in the Company and/or the other Company;
- c. To report to the Annual Shareholders' meeting its supervisory activity carried out during the previous fiscal year;
- d. To establish the value limit of legal acts of the BoD that requires written approval from the BoC with due observation of the AoA and prevailing laws and regulations;
- e. To decide the BoD proposed legal acts requiring written approval from the BoC, as further defined in Chapter IV;
- f. To write comment and suggestion for the BoD's proposed legal acts requiring the approval of Shareholders' meeting, as further defined in Chapter IV;
- g. To advise the BoD and give opinion or suggestion to the Shareholders' meeting concerning the preparation and the execution of the work program and budget that presents the annual execution of the Company's business planning and strategy to comply with the provision of the AoA, the Shareholders' meeting and the prevailing law and regulation;
- h. In any case the Company has no BoD member, the BoC has the obligation to undertake the management role for and on behalf of the Company representing the Company and as such to hold a Shareholders Meeting at the latest by 60 days afterward for appointing the BoD member(s) to fill in the vacancy.



BoC Liabilities:

- ◆ A BoC member can be charged before the court by a Shareholder (holding at least $\frac{1}{10}$ of total shares with valid voting rights) for any Company's losses resulted by his/her negligence.
- ◆ A BoC member shall be personally liable for any Company's losses resulted by his/her negligence, unless he/she could prove otherwise. Where there is more than one member of the BoC caused such loss, then they shall be jointly and severally liable for any loss incurred,
- ◆ The BoC members shall be jointly and severally liable for the Company's bankruptcy resulted by his/her negligence, unless he/she could prove otherwise. This responsibility is also applicable for he/she who was no longer a Company's BoC members 5 (five) years before the bankruptcy verdict is declared.

2.4 Work Ethics

In performing the roles and responsibilities, the BoC shall adhere the work ethics, amongst other:

Conflict of Interest

- ◆ A BoC member is prohibited of entering into a conflict of interest transaction and/or action with due observation of prevailing laws and regulations.
- ◆ Should the BoC member(s) involve in a conflict of interest transaction and/or action, he/she shall declare it

accordingly, and therefore he/she shall not engage in the decision making process for any transaction and/or actions related thereto.

- ◆ A BoC member shall declare the share ownership within the Company and other companies (if any).
- ◆ In performing its duties, the BoC members shall put the interest of the Company's ahead his/her sole interest, and therefore the BoC members are prohibited of taking personal advantage from the Company other than the remuneration received.

Confidentiality

- ◆ A BoC member shall keep the confidentiality information of the Company until such information been disclosed as a public domain.
- ◆ A former BOC member shall keep any confidential information received from his/her office as a BoC member of the Company with due observation of the prevailing laws and regulation.

Role Model

- ◆ A BoC member shall obey the prevailing laws and regulations as well as the Company's policies and rules.
- ◆ A BoC member shall act as a role model by upholding the moral and work ethics.

2.5 BoC Meeting

Meeting frequency

The BoC shall convene a meeting on quarterly basis (“Regular Meeting”) or as deemed necessary upon request from 1 (one) or more members of the BoC (“Special Meeting”).

Notice and Means of Meeting

- a. The notice for a meeting shall be made at least 3 (three) days prior to the date of the meeting.
- b. The Chairman in assistance of Corporate Secretary plans for the meetings and agenda, and ensure all members of the Committee receives paper and proper information in timely manner.
- c. The notice shall be made in writing via email and sent to each member of the BoC, notice of which shall include the agenda, date, time and venue of the meeting.
- d. The meeting materials/papers shall be made available in consolidated form of meeting pack and distributed to all members of the BoC upon the issuance of the notice of meeting.
- e. The meeting may be convened in the office of the Company or any other place agreed by the BoC.
- f. If in any case all the members of the BoC are in presence or being represented, a meeting could be convened without prior notice, and as such is valid and entitled to adopt binding resolutions.
- g. The meeting may also be convened via audio/video conference facility or other communication systems or means where the members of the BoC participating in the meeting can communicate with other members and this participation is deemed as direct attendance in the meeting.
- h. The meeting is chaired by the President Commissioner; or if any case is in absence shall be chaired by any other member of the BoC duly appointed by the President Commissioner in a proxy letter; or in any case there is no proxy letter, the BoC members being presence in the meeting shall appoint a chairman amongst them.

- i. A member of the BoC may only be represented at the BoC meeting by another member of the BoC by virtue of proxy letter and one member of the BoC can only be granted a proxy from one member of the BoC. The signed proxy letter shall have to be received by Corporate Secretary of the Company at the latest one day before the meeting.
- j. The meeting may also be presented by the BoD and any other party whose presence required or believed to be necessary by the BoC.
- k. The Chairman drives discussion toward consensus and to achieve closure on such discussion.
- l. Minutes of meeting shall be made and administered by Corporate Secretary or a person attending the meeting appointed by the Chairman.

Quorum, Voting Rights and Resolutions

- a. The meeting shall be valid and entitled to adopt binding resolutions if attended by members representing more than $\frac{1}{2}$ (one half) of the total members of the BoC being present in the meeting.
- b. In the event that the quorum mentioned in paragraph a is not reached, the meeting will be postponed until determined later on having confirmation on the availability of the BoC members.
- c. All resolutions shall be adopted based on amicable resolution. In the event an amicable resolution cannot be achieved, resolution shall be adopted based on the affirmative votes more than $\frac{1}{2}$ (one half) of the total votes lawfully cast at the meeting.
- d. In the event of a tie vote, a resolution shall be resolved by the Chairman.

- e. The BoC may also adopt valid resolutions without convening a meeting (“Circular Resolution(s)”), provided that all members of the BoC have been notified in writing or email and all members of the BoC have granted their approvals as evidenced by their signed consent or email. The resolutions adopted in such manner shall have the same legal force as resolutions lawfully adopted at a meeting.

2.6 BoC Remuneration

Salary and any other remuneration entitlements for the members of the BoC are to be determined by the GMS. This power of the GMS can be delegated to the NRC.

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2.7 BoC Work Distribution and Supporting Element

The BoC may determine the arrangement of work distribution amongst them and may have a secretary on Company’s expense.

In performing its supervisory function, the BoC is supported by the Board Audit Committee and other Committee(s) as deemed necessary, duly appointed by and responsible to the BoC. The BoC may also acquire expertise assistance for a certain period on Company’s expense, if required.

Board Audit Committee

The Board Audit Committee assists the BoC to supervise the BoD in managing the Company based on the principles of Good Corporate Governance. The Board Audit Committee is independent and reports directly to the BoC which includes the following matters:

- a. Review of compliance to ensure the Company's works effectively and efficiently and complies with prevailing laws and regulations;
- b. Review of financial results to be released to the public are of high quality, reliable and is presented transparently and timely;
- c. Review of risk management and internal controls systems;
- d. Review of independence of the Company's auditors;
- e. Review of implementation of the total remuneration package for the Company's Directors and Commissioners: and
- f. Performing other duties delegated by the BoC within the scope of the Board Audit Committee roles based on the prevailing laws and regulations.

Further information of Board Audit Committee shall refer to the Terms of Reference of Board Audit Committee of the Company.

CHAPTER III



BOARD OF DIRECTORS

3.1. Criteria and Composition

Criteria

Appointment as a member of the BoD of a public company requires the candidates to fulfill the statutory requirements.

Basic requirements for all of the BoD members:

- a. Has legal capacity to take any legal action, i.e not under guardianship.
- b. Never been declared bankrupt by a court decision.
- c. Never been a member of a BoD or BoC of a company where the courts have determined the BOD or BOC were responsible for the bankruptcy.
- d. Never been convicted and sentenced for a criminal offence that caused loss to the state or the financial sector for the last 5 (five) years before the appointment as a BoD member of the Company.
- e. Has good moral and ethic.
- f. Can undertake legal actions.
- g. Never been disrespectfully discharged from any job / position for the last 5 years prior to the appointment; and
- h. Never been sentenced for any crime for the last 10 years prior to the appointment.

Specific requirements for a Non-Affiliated Director:

- a. Does not have a relationship or affiliation with the controlling shareholders of the company for at least 6 months before the appointment as a non-affiliated director of the Company.
- b. Does not have a relationship or affiliation with the other members of the BoD or the BoC of the Company.
- c. Does not hold any concurrent positions as a director in any other company.
- d. Is not an inside party of an institution or supporting professional in the capital market who provides service to the Company within 6 months before their appointment.

In order to ascertain that these criteria are met, a candidate for BoD member is required to sign a statement letter certifying that he/she satisfies these criteria (*see attachment 2 for Statement Letter form for all BoD members and attachment 4 as additional Statement Letter for Non-Affiliated Director*).

Composition

- a. The BoD must comprise of at least 3 members, with a composition of 1 (one) president director and 2 (two) or more director(s), including at least one non-affiliated director (IDX Regulation No. 1-A).
- b. If, for any reason, the BoD has less than 3 members, and the 60 days has lapsed for a GMS to appoint new BoD member to fill in the vacancy, the BoC has the authority to appoint any other member of the BoD to carry out the duty of the vacant position with the same authority to manage the Company temporarily.
- c. If, in any case the Company has no BoD member, the BoC has the obligation to undertake the management role for

and on behalf of the Company representing the Company and as such to hold a GMS at the latest by 60 days afterward for appointing the BoD member(s) to fill in the vacancy.

3.2. Appointment and Term of Office

The appointment process of BoD member is as follows:

- a. Any candidate of BoD member proposed by Shareholder(s) and/or the Company shall be filed to the NRC through the Corporate Secretary of the Company.
- b. The NRC will then verify and deliberate this candidacy by way of a NRC meeting or circular resolution; and further to decide having due consideration the qualification and background with the requirements, whether a candidate(s) is recommended to be appointed by the General Meeting of Shareholders (“GMS”) as a BoC member of the Company.
- c. A GMS shall be held by the Company in due course, to obtain GMS approval for the appointment of the said candidate as recommended by the NRC.
 - a. The new member of the BoD shall effectively sit as a BoD member of the Company for the term of office having due observation the GMS resolution until the closing of the third Annual GMS as of their appointment (*note: usually, unless resolved otherwise, the GMS resolves the effectiveness of such appointment is upon the conclusion of respective GMS and the term of office shall be the same with the incumbent BoD members in order to manage the re-appointment sequence once for all of the BoD members*).
 - b. The Company shall immediately enroll the newly appointed BoC member for the internal BoC and BoD Induction Program.



End of Term of Office:

Nevertheless, the above stated term of office of the BoD may end, should one or more of the following circumstances occur:

- ◆ The term of office lapsed and not be reappointed again
- ◆ Tendering a resignation*
- ◆ Passed away
- ◆ Dismissed by the GMS with reasonable reason
- ◆ Declared bankrupt or insolvent based on court decision
- ◆ No longer qualified in accordance with the prevailing laws and regulations

*the BoC member may resign from his office by filing a resignation letter to the Company (addressed to the NRC copied to the BoD and the Corporate Secretary of the Company). Subsequently, the Company shall convene a GMS to resolve the resignation request not later than 60 days upon received such resignation letter. In any case the Company did not convene the GMS until the 60 days period lapsed, such resignation request is deemed effective with no GMS required. However, the GMS would still need to ratify the resignation approval in order to grant full release and discharge (acquit et de charge) to the resigning BoD member, in the nearest GMS to be held.

3.3 Duties, Rights, Authorities, and Obligations of the BoD

Duties

The duty of the BoD is to conduct the management of the Company in the best interest of the Company within the objectives and purposes of the Company.

Rights and Authorities

In order to perform its duties, the BoD has the rights and authorities as follows:

- a. To determine the Company's vision, mission and strategy.
- b. To represent the Company both in and out of Court of Law, to take every and courteous acts in managing and possessing of Company's assets and to bind the Company with other parties or otherwise within the authority limit.
- c. To determine, approve and review the Company's business strategy, network/IT, finance, products, and human resources strategy, as specified below*:

Obligations

In performing its management duties, the BoD has the obligation:

- a. To conduct the management in good faith and full acknowledgment within the limits of authorities specified by AoA and prevailing laws and regulations.
- b. Within 4 (four) months of fiscal year end, to prepare the annual business plan that includes the annual budgeting 60 days before the beginning of the subsequent fiscal year and to present to the BoC for approval.

* Please refer to the table on the next page

Matters	BoD Rights and Authorities
Business direction & Strategy	<ul style="list-style-type: none"> ◆ Review business strategy, business plan, including the dividend policy and then recommend them to the BoC ◆ Review and approve product, IT/Tech and network roadmap ◆ Approve POC segmentation and strategy by segment ◆ Review and approve direction, principles or key policies related to product, network and other aspects of business
Budgeting & CAPEX	<ul style="list-style-type: none"> ◆ Review and approve resource allocation policy, including CAPEX policy ◆ Review CAPEX and OPEX during annual planning cycle and in-period, and recommend to the BoC ◆ Monitor CAPEX during the year
Products	<ul style="list-style-type: none"> ◆ Review and approve the roadmap, principle, strategy, proposition of new major product/service offerings (e.g. 4G), major pricing/promo plan with major impact in conjunction of the approved Business Plan. E.g. <ul style="list-style-type: none"> – Nationwide impact – Network concerns raised – Additional CAPEX required
Performance monitoring	<ul style="list-style-type: none"> ◆ To determine the performance target and evaluation of the Company, ◆ Monitor business/revenue performance, recommend corrective actions ◆ Receive updates on progress of key projects/programs
HR	<ul style="list-style-type: none"> ◆ Review and approve HR matters (e.g. employee compensation & benefit, organization development) and bring up to the NRC for necessary deliberation and/or approval. ◆ Propose to the NRC to seek approval, i.e. the Directors KPI, the Board Remuneration and proposed bonuses and Long Term Incentive program.
General	<ul style="list-style-type: none"> ◆ Address any issues/decisions escalated by the operational committee(s) under the BoD

- c. To prepare the annual report consist amongst other the performance of the Company achieved during the relevant financial year which includes management and supervisory duties of the BoD and the BoC, the financial matters which includes the balance sheet report, profit and loss report, changes in equity report, any material proceedings, the BoD and the BoC remuneration and any other relevant matters deemed necessary to be informed and/or to obtain the GMS acceptance and acknowledgment.
- d. To respond inquires of the BoC to any issues relating to the management of the Company deemed required in order to perform the BoC duties.
- e. To manage and maintain the Company's assets and corporate accounts and provide the BoC and the Shareholders' access to them as deemed required.
- f. To create and maintain Share Registry and Special Share Registry (or appoint a Share Registrar to do so).
- g. To undertake the BoD meeting and maintain minutes of the BoD meeting.
- h. To report their shares and those of their family in the Company and/or the other Company.
- i. To report to the Annual Shareholders' meeting on its management activity carried out during the previous fiscal year.
- j. To seek the BoC and/or GMS approval for legal acts require written approval from the BoC and/or GMS, as further defined in Chapter IV, with due observation of the AoA and prevailing laws and regulations.
- k. To convene GMS in accordance to the AoA and prevailing laws and regulations.



BoD Liabilities:

- ◆ A BoD member can be charged before the court for any Company's losses resulted by his/her negligence. This claim could be filed by a Shareholder (holding at least 1/10 of total shares with valid voting rights), by any other BoD member(s) and/or any BoC member(s) on behalf of the Company.
- ◆ A BoD member shall be personally liable for any Company's losses resulted by his/her negligence, unless he/she could prove otherwise. Where there is more than one member of the BoD caused such loss, then they shall be jointly and severally liable for any loss incurred,
- ◆ The BoD members shall be jointly and severally liable for the Company's bankruptcy resulted by his/her negligence, unless he/she could prove otherwise. This responsibility is also applicable for he/she who was no longer a Company's BoD members 5 (five) years before the bankruptcy verdict is declared.

3.4 Work Ethics

In performing the roles and responsibilities, the BoD shall adhere the work ethics, amongst other:

Conflict of Interest

- a. A BoD member is prohibited to enter a conflict of interest transaction and/or action with due observation of prevailing laws and regulations.

- b. Should the BoD member(s) involve in a conflict of interest transaction and/or action, he/she shall declare it accordingly, and therefore he/she shall not engage in the decision making process for any transaction and/or actions related thereto and the non-conflicting BoD member(s) may represent the Company. In any case, all the BoD and BoC members are involved or possessed interests that consequently could be detrimental to the Company, the GMS may appoint any other party to represent the Company.
- c. A BoD member shall declare the share ownership within the Company and other companies (if any).
- d. In performing its duties, the BoD members shall put the interest of the Company's ahead his/her sole interest, and therefore the BoD members are prohibited to take personal advantage from the Company other than the remuneration received.

Confidentiality

- a. A BoD member shall keep the confidentiality information of the Company until such information has been disclosed as a public domain.
- b. A former BOC member shall keep any confidential information received from his/her office as a BoD member of the Company with due observation of the prevailing laws and regulation.

Role Model

- a. A BoD member shall obey the prevailing laws and regulations as well as the Company's policies and rules.
- b. A BoD member shall act as a role model by upholding the moral and work ethics.

3.5 BoD Meeting

Meeting frequency

The BoD shall convene a meeting on weekly basis (“Regular Meeting”) or as deemed necessary upon request from 1 (one) or more members of the BoC (“Special Meeting”).

Notice and Means of Meeting

- a. The notice for a meeting shall be made at least 2 (two) days prior to the date of the meeting.
- b. The Chairman in assistance of Corporate Secretary plans for the meetings and agenda, and ensure all members of the Committee receives paper and proper information in timely manner.
- c. The notice shall be made in writing via email and sent to each member of the BoD, notice of which shall include the agenda, date, time and venue of the meeting.
- d. The meeting materials/papers shall be made available in consolidated form of meeting pack and distributed to all members of the BoD upon the issuance of the notice of meeting.
- e. The meeting may be convened in the office of the Company or any other place agreed by the BoD.
- f. If in any case all the members of the BoD are in presence or being represented, a meeting could be convened without prior notice, and as such is valid and entitled to adopt binding resolutions.
- g. The meeting may also be convened via audio/video conference facility or other communication systems or means where the members of the BoD participating in the meeting can communicate with other members and

this participation is deemed as direct attendance in the meeting.

- h. The meeting is chaired by the President Director; or if any case is in absence shall be chaired by any other member of the BoD duly appointed by the President Director in a proxy letter; or in any case there is no proxy letter, the BoD members being presence in the meeting shall appoint a chairman amongst them.
- i. A member of the BoD may only be represented at the BoD meeting by another member of the BoD by virtue of proxy letter and one member of the BoD can only be granted a proxy from one member of the BoD. The signed proxy letter shall have to be received by Corporate Secretary of the Company at the latest one day before the meeting.
- j. The meeting may also be presented by any other party whose presence required or believed to be necessary by the BoD.
- k. The Chairman drives discussion toward consensus and to achieve closure on such discussion.
- l. Minutes of meeting shall be made and administered by Corporate Secretary or a person attending the meeting appointed by the Chairman.

Quorum, Voting Rights and Resolutions

- a. The meeting shall be valid and entitled to adopt binding resolutions if attended by members representing more than $\frac{1}{2}$ (one half) of the total members of the BoD being present in the meeting.
- b. In the event that the quorum mentioned in point “a” is not reached, the meeting will be postponed until determined later on having confirmation on the availability of the BoD members.

- c. All resolutions shall be adopted based on amicable resolution. In the event an amicable resolution cannot be achieved, resolution shall be adopted based on the affirmative votes more than $\frac{1}{2}$ (one half) of the total votes lawfully cast at the meeting.
- d. In the event of a tie vote, a resolution shall be resolved by the Chairman.
- e. The BoD may also adopt valid resolutions without convening a meeting (“Circular Resolution(s)”), provided that all members of the BoD have been notified in writing or email and all members of the BoD have granted their approvals as evidenced by their signed consent or email. The resolutions adopted in such manner shall have the same legal force as resolutions lawfully adopted at a meeting.

3.6. BoD Remuneration

Salary and any other remuneration entitlements for the members of the BoD are to be determined by the GMS. This power of the GMS can be delegated to the NRC.

3.7. BoD Work Distribution and Supporting Elements

The BoD may determine the arrangement of work distribution amongst them. In any case needed, the BoD may appoint one or more proxies with the authorities and conditions granted in a special power of attorney letter, with due observation of the AoA and prevailing laws and regulations.

In performing its management functions, the BoD may establish several committees that are needed to support the BoD roles and responsibilities in the most efficient and effective manner. The BoD may also acquire expertise assistance for a certain period on Company's expense, if required.

There are, to date, 4 (four) committees that were formed by and report to the BoD: (1) the Operating Committee, (2) the Human Resources Committee, (3) the Budget Committee, and (4) the Business Continuity Management Committee. Their existence and responsibilities may be amended from time to time, as deemed necessary by the BoD.

The following provides brief responsibilities of each committee.

Operating Committee

To ensure that the BoD could focus on strategic issues while enabling fast decision making with sufficient oversight. This Committee has the authority i.e. to assist the BOD by devoting more attention in operational decisions with complete view of linkages between capital, network, product and IT matters.

Human Resources Committee

To develop and review the corporate strategies pertaining to organizational development, employee rewards and benefits, HR policies, talent programs, outsourcing strategies, corporate culture, and redeployment.

Budget Committee

To control budget expenditure for OPEX and ensuring it safeguards Company's EBITDA targets. To achieve its objective, this committee is also required to provide approval and recommendation for any additional budget request, approval on budget allocation, and proactive identification of cost saving opportunities.

Business Continuity Management (BCM) Committee

To ensure business continuity risks are identified, categorized, assessed, and responded in a timely manner and further develop a thorough mitigation plan that will prevent and provide necessary rapid recovery during the crisis.

Nevertheless the whole organization that supports the BoD, there are **specific functions under the BoD** that crucially support and play roles in ensuring the GCG principles and implementation within the Company i.e. Internal Audit and Risk Management, Corporate Secretary, Corporate Legal, Investor Relations, and Corporate Communications.

CHAPTER IV



COMPANY'S INTER COMPONENTS ACTIVITY

4.1 Inter communication

Formal Communication

Formal communication is a communication among the members of the BoD and/or the BoC by means of meeting (either physical or through audio/video conference facility or other communication systems or means where the members of the BoD and the BoC participating in the meeting can communicate with other members and this participation is deemed as direct attendance in the meeting); to discuss and/or decide a matter that need collegial deliberation and/or decision.

Informal Communication

Informal communication is a communication among the members of the BoD and/or the BoC members beyond the formal communication specified in the AoA and prevailing laws and regulations. The informal communication may be in form of letter, email (group or personal), telephone and other feasible means. The informal communication is not aimed as a decision or resolution of the BoD and/or the BoC, however could be considered as principal deliberation to be further discussed and decided in a formal meeting/communication.

Arm's Length Relationship

- a. The Company and its shareholder(s) and/or the subsidiary(ies) and/or affiliations are a separate legal entity in which shall comply with local laws and regulations, respectively. Therefore, any compulsory compliance and information required from the Company by its shareholder(s) and/or the subsidiary(ies) and/or affiliation(s) shall be treated in a appropriate manner with due observation of the Indonesian prevailing laws and regulations.
- b. Any transaction between the Company and its shareholder(s) and/or the subsidiary(ies) and/or affiliation(s) shall be conducted in arm's length basis and treated fairly as a transaction with non-affiliated party(ies).
- c. The Company shall put the interest of the Company's ahead its shareholder(s) and/or the subsidiaries and/or affiliations. A special treatment would only be provided for the sake of Company's interest and advantage, with due observation of the Indonesian prevailing laws and regulations.

4.2 General Meeting of Shareholders

The Company's General Meeting of Shareholders (the "GMS") has the same rank as other Company's organs since the word highest stated in the definition of GMS in the old Company Law does not exist anymore.

Rights and Authorities

GMS holds authorities not held by either the BoD or the BoC within the limits as provided in the AoA and prevailing laws and regulations, amongst other:

- a. Request to the BoD, BoC or through Court to hold a GMS with due observation of the statutory procedures.
- b. Have access to information relevant to the company from the BoD and/or the BOC to the extent relevant to the agenda of the meeting and not in contravention with the interest of the Company.
- c. Receive invitation and propose agenda of GMS, and obtain materials related to the GMS agenda.
- d. Attend or being represented and cast vote at GMS.
- e. Receive dividend.
- f. Appoint and dismiss member(s) of the BoD and/ the BoC.
- g. Institute legal proceedings in the district court against a member of the BoD who due to his/her fault or negligence has resulted in losses to the Company.
- h. Examine the register of shareholders, special register, minutes of the GMS and an annual report, and obtain the copy thereof.



Important Notes:

The GMS and or shareholders cannot intervene in the exercise of the duty, function and authority of the BoC and/or the BoD, without limiting the authority of the GMS to carry out its rights in accordance with the AoA and laws and regulations, including the replacement or termination of the members of the BoC and/ BoD.

Type of Meeting

There are two type of GMS, i.e. Annual GMS (“AGMS”) and Extraordinary GMS (“EGMS”).

1. AGMS

AGMS must be convened at least once a year no later than 6 months after the completion of the relevant fiscal year.

The AGMS shall include at least the following agenda:

- a. Approval and acceptance for the annual report consist of, amongst others, the performance of the Company achieved during the relevant financial year which includes management and supervisory duties of the BoD and the BoC, the financial matters which includes the balance sheet report, profit and loss report, changes in equity report, any material proceedings, and any other relevant matters deemed necessary to be informed and/or to obtain the GMS acceptance and acknowledgment.
- b. Approval for the allocation of net profit including the dividends' distribution for the preceding financial year.
- c. Approval for the appointment of the Company's Independent Auditor for the corresponding financial year.
- d. Approval for the appointment of the Company's Board of Directors and/or Board of Commissioners, if required.
- e. Resolution for the remuneration for the company's Board of Commissioners and Board of Directors for year 2010.

2. EGMS

- a. EGMS may be held whenever deemed necessary by the BoD or the BoC.
- b. EGMS may also be held upon written request of one or more of Company's shareholder(s) representing at least 1/10 or 10% of the total number of shares with voting rights, the request of which shall be conveyed to the BoD copied to the BoC via registered mail stating the reason and matters for deliberation in the EGMS.
- c. The request shall be received by the BoD latest by 7 (seven) days before the invitation of the EGMS, and would be included in the EGMS agenda should the BoD considers it is relevant with direct Company's business operations, together with any other agenda deemed necessary by the BoD.
- d. If the BoD fails to respond to the request then the BoC can convene the EGMS either by its own volition or by request from the shareholders. Where the EGMS is convened by the BoC, then the only permissible agenda items are those included in the request submitted seeking the EGMS.
- e. Where both the BoD and the BoC fail to convene the EGMS, then the shareholders calling for the GMS can make an application to the Chairman of the District Court whose jurisdiction covers the domicile of the Company. The District Court will make a determination based on whether there are grounds for the EGMS to be convened. Where the court accepts, it will also set the agenda for the EGMS. However, if the District Court rejects the application, then the shareholders may appeal to the Supreme Court.

Notices and Means of Meeting

- a. Prior to convening a GMS, the Company as a public listed company must notify in writing to Bapepam-LK the plan of convening a GMS, at the latest by 7 days prior to publication of announcement in the newspaper. This notification shall include at least the date and agenda of the GMS.
- b. The BoD shall publish the announcement of the planned GMS in at least 2 (two) Indonesian daily newspapers, one in Bahasa Indonesia which shall have a nationwide circulation and the other one in English, both published in the Republic of Indonesia. The announcement must be made no later than 14 days prior to the date of the invitation of the GMS (be counted excluding the date of the announcement and the invitation are published).
- c. Subsequently, the BoD shall publish the invitation of the GMS in at least 2 (two) Indonesian daily newspapers, one in Bahasa Indonesia which shall have a nationwide circulation and the other one in English, both published in the Republic of Indonesia. The invitation must be made no later than 14 days prior to the date of the GMS (be counted excluding the date of the published invitation and the date of the GMS). The invitation shall include the date, time, venue, agenda and the requirement related to the GMS. The relevant material of the GMS shall be made available at the Company's office.
- d. All GMS must be convened within the territory of the Republic of Indonesia, specifically in the Company's registered office or in other place within the domicile where the Company runs the business or in the domicile of the Stock Exchange where the Company's shares are listed.

- e. The GMS is chaired by the President Commissioner, or failing of which by the following: (1) any Commissioner; (2) President Director; (3) any Director; (4) a controlling shareholder or its proxy.
- f. Invitees who are present upon the invitation by the BoD and are not shareholders of the Company shall have no right to address an opinion and to vote in the GMS.

Quorum, Voting Rights and Resolutions

- a. The meeting shall be valid and entitled to adopt binding resolutions if attended by certain number of the shareholders being present or represented in the GMS. The following is the required quorum of attendees and approval for certain actions/transaction as regulated in the AoA and/or prevailing laws and regulations*:
- b. The Company Law stipulates that no resolution may be adopted for miscellaneous agenda in the GMS unless all shareholders attend and/or are represented and unanimously approve the resolution(s).
- c. Minutes of the GMS are prepared in the form of notarial deed. Within 2 (two) working days from the GMS held, the Company must notify the GMS resolutions to the Bapepam-LK and the IDX as well as published it in at least 2 (two) Indonesian daily newspapers in Bahasa Indonesia having a nationwide circulation.

* Please refer to the table on the next page

No.	Actions/ Transactions	First GMS						Second GMS*						
		Attendance			Approval			Attendance			Approval			
		1/2	2/3	3/4	simple majority	2/3	3/4	1/2	2/3	3/5	simple majority	2/3	3/4	
1	Amendment of Company's AoA		X			X				X		X		
2	Buy back of shares		X			X				X		X		
3	Increasing authorized capital		X			X				X		X		
4	Increasing issued and paid-up capital	X				X								
5	Ratification of the annual report and annual financial statements	X				X								
6	The utilization of net profits	X				X								
7	Transfer or pledge the Company's asset with a value exceeding 50% of Company's total assets or more than the net assets stipulated in the latest Company's balance sheet approved by the GMS			X				X			X			X
8	The appointment and discharge of the BoD and BoC members	X				X								
9	The takeover of the Company's management by the BoC	X				X								
10	Merger, consolidation, acquisition and separation of the Company			X				X			X			X
11	Bankruptcy, dissolution of the Company			X				X			X			X
12	The request for the extension of the Company's term of establishment			X				X			X			X
13	Conflict of interest transaction** (requires Independent Shareholders approval)	X				X			X				X	
14	Material transaction exceeding 50% of Company's equity**	X				X			X				X	
15	Change of Company's core business activities**		X			X			X				X	

* second GMS is held should the required attendance quorum was not achieved in First GMS.

** there are exemptions for the transactions no.13-15 in which the GMS approval would be not required, please refer to the Bapepam-LK regulation No. IX.E.1 and IX.E.2.

4.3 Nominating and Remuneration Committee

The Nominating and Remuneration Committee (“NRC”) is a committee with direct reporting to the GMS to provide recommendations to the GMS with regards to the nomination, selection, and recommendation of candidates as members of the Company’s BoC, BoD, and other Board committee(s). In addition to this, the NRC is entrusted with formulating policy pertaining to the remuneration for members of the Company’s BoC, BoD, as well as other Board committee(s) and determining the size of the Board in view of the effectiveness and appropriateness of the numbers and composition.

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The NRC carries out its tasks and responsibilities professionally and independently without intervention from any party that is not consistent with the prevailing laws and regulations. Further information of NRC shall refer to the Terms of Reference of the NRC of the Company.

4.4 Corporate Approval

The BoD must obtain the BoC and/or the GMS approval to carry out certain actions on behalf of the Company.

BoC approval

- a. Obtain or provide loan.
- b. Acquire or dispose the Company’s fixed asset.
- c. In any way encumber the Company’s fixed asset.

COMPANY'S INTER COMPONENTS ACTIVITY

- d. (for a – c applied should the value of transaction or action exceeds 5% of gross revenue before discount and/or 10% of net tangible asset of the Company)
- e. Bind the company as a guarantor.
- f. Acquire or divest all or part of the Company's share in other company, including establishing a subsidiary.
- g. Approve annual business plan, budget and capital expenditures (Capex), including any amendment thereto. Consequently, the interim financial reports be made available for public consumption and submission to the relevant regulatory bodies, stock exchange and capital market institutions shall obtain endorsement from the BoC prior its releases.
- h. Determine pension plan, bonus, incentive, distribution of profit or share option plan for Company's employees.

GMS approval

Please refer to the table on section 4.2 above.

ATTACHMENTS



Attachment 1

STATEMENT LETTER
(for all BoC members)

I, the undersigned,

Name :

Home Address :

ID/Passport No. :

Nationality :

In relation my appointment as a member of the Board of Commissioners of PT XL Axiata Tbk., a company domiciled in Jakarta (the “Company”), hereby do solemnly and sincerely declare, that I:

- a. Have the capability to perform legal actions;
- b. Have good morals and ethics;
- c. Have never been declared bankrupt by a court decision;
- d. Have never been a member of the Board of Directors or the Board of Commissioners who caused a company to become bankrupt;
- e. Have never been disrespectfully discharged from any job / position for the last 5 (five) years before my appointment as a member of the Board of Commissioners of the Company;

- f. Have never been sentenced for any crime in financial sector or which caused financial loss to the state for the last 5 (five) years before my appointment as a member of the Board of Commissioners of the Company; and
- g. Have never been sentenced for any crime for the last 10 (ten) years before my appointment as a member of the Board of Commissioners of the Company.

The above statement is made pursuant to the Law No. 40 of 2007 on Limited Liability Company and Bapepam Rule No. IX.1.6 attachment to the Decree of Chairman of Bapepam-LK No. Kep- 45/PM/2004 dated 29 November 2004.

I declare that this statement is true and correct.

[city], [date]

stamp duty Rp 6.000,-

[Name of the member of the Board of Commissioners]

Attachment 2

STATEMENT LETTER
(for Independent Commissioner)

I, the undersigned,

Name :

Home Address :

ID/Passport No. :

Nationality :

In relation with my appointment as Independent Commissioner of PT XL Axiata Tbk., a company domiciled in Jakarta (the “Company”), hereby do solemnly and sincerely declare that I:

- a. Am capable of carrying out legal actions;
- b. Have good moral and ethics;
- c. Have never been declared bankrupt or never been acting as a member of the Board of Directors or as a member of the Board of Commissioners who has been charged guilty causing a company being declared bankrupt;
- d. Have never been sentenced due to criminal action causing a loss to the State’s monetary and/or related to financial sector within 5 (five) years prior to my appointment;
- e. Have never been sentenced due to criminal action within the last 10 (ten) years;
- f. Have never been terminated without honor from any job position within the last 5 (five) years;
- g. Am not under conservator;

- h. Do not have any shares, directly or indirectly in the Company;
- i. Do not have any affiliated relationship with the Company or Board of Commissioners, Board of Directors, or Majority Shareholders of the Company;
- j. Do not have any business relationship, directly or indirectly related with the Company's business activities;
- k. Do not hold position as Director in other company affiliated with the Company; and
- l. Understand capital market regulations.

The above statement is made pursuant to the Law No. 40 of 2007 on Limited Liability Company, Bapepam Rule No. IX.1.6 attachment to the Decree of Chairman of Bapepam-LK No. Kep- 45/PM/2004 dated 29 November 2004, Bapepam-LK Rule No. IX.1.5 attachment to the Decree of Chairman of Bapepam No. 29/PM/2004 dated 24 September 2004, and IDX Regulation No. I-A, attachment to Board of Directors Decree of the Jakarta Stock Exchange No. Kep-305/BEJ/07-2004 dated 9 July 2004.

I declare that this statement is true and correct.

[city], [date]

stamp duty Rp 6.000,-

[Name of Independent Commissioner]

Attachment 3

STATEMENT LETTER
(for all BoD members)

I, the undersigned,

Name :

Home Address :

ID/Passport No. :

Nationality :

In relation with my appointment as a new Director of PT XL Axiata Tbk., a company domiciled in Jakarta (the “Company”), hereby do solemnly and sincerely declare, that I:

- a. Have the capability to perform legal actions;
- b. Have good morals and ethics;
- c. Have never been declared bankrupt by a court decision;
- d. Have never been a member of the Board of Directors or the Board of Commissioners who caused a company to become bankrupt;
- e. Have never been disrespectfully discharged from any job / position for the last 5 (five) years before my appointment as a member of the Board of Directors of the Company;
- f. Have never been sentenced for any crime in financial sector or which caused financial loss to the state for the last 5 (five) years before my appointment as a member of the Board of Directors of the Company; and

- g. Have never been sentenced for any crime for the last 10 (ten) years before my appointment as a member of the Board of Directors of the Company.

The above statement is made pursuant to the Law No. 40 of 2007 on Limited Liability Company and Bapepam Rule No. IX.1.6 attachment to the Decree of Chairman of Bapepam-LK No. Kep- 45/PM/2004 dated 29 November 2004.

I declare that this statement is true and correct.

[city], [date]

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stamp duty Rp 6.000,-

[Name of the member of the Board of Directors]

Attachment 4

STATEMENT LETTER
(for Non-Affiliated Director)

I, the undersigned,

Name :

Home Address :

ID/Passport No. :

Nationality :

In relation my appointment as a new Director of PT XL Axiata Tbk., a company domiciled in Jakarta (the “Company”), hereby do solemnly and sincerely declare my requirements as a Non-Affiliated Director, that I:

- a. Do not have a relationship or affiliation with the controlling shareholders of the company for at least 6 months before the appointment as a non-affiliated director of the Company.
- b. Do not have a relationship or affiliation with the other members of the BoD or the BoC of the Company.
- c. Do not hold any concurrent positions as a director in any other company.
- d. Am not an inside party of an institution or supporting professional in the capital market who provides service to the Company within 6 months before their appointment.

The above statement is made pursuant to the Law No. 40 of 2007 on Limited Liability Company, Bapepam Rule No. IX.I.6

attachment to the Decree of Chairman of Bapepam-LK No. Kep-45/PM/2004 dated 29 November 2004 and IDX Regulation No. I-A, attachment to Board of Directors Decree of the Jakarta Stock Exchange No. Kep-305/BEJ/07-2004 dated 9 July 2004.

I declare that this statement is true and correct.

[city], [date]

stamp duty Rp 6.000,-

[Name of Non-Affiliated Director]

PT XL AXIATA TBK