

# Corporate Governance Manual

PT Industri Jamu Dan Farmasi Sido Muncul Tbk  
and subsidiaries



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# Introduction

PT Industri Jamu Dan Farmasi Sido Muncul Tbk (“Sido Muncul” or “the Company”) recognizes the importance of Good Corporate Governance (GCG) implementation in running its business. The consistent implementation of GCG is expected to spur business development, accountability and create value for stakeholders and the Company so that Sido Muncul is able to survive in the increasingly intense business competition.

In order to apply the principles of GCG consistently, a guide is needed for the Company and stakeholders related. Therefore, Sido Muncul has developed a Corporate Governance Manual which regulates the implementation of good corporate governance for all relevant stakeholders.

The Corporate Governance Manual consists of the Code of Conduct, Board of Commissioners and Directors' Guidelines and supporting policies and procedures, namely the Anti-Bribery and Anti-Corruption Policy and the Whistleblowing Mechanism.

Along with the rapid and dynamic growth of the business environment, the Corporate Governance Manual will be reviewed and updated in accordance with the developments of the Company and the business environment in order to achieve the best performance standards.

# Values

S

## ***Stakeholder Focus***

- Maintain solid relationship with shareholders, investors, customers, suppliers, and government
- Contribute positive impact to community and environment.

I

## ***Integrity***

- Consistently doing what's right, honest, open, ethical, and genuine.

D

## ***Diversity***

- Respect other ideas, strengths, interest, and backgrounds
- Leverage collective genius
- Creates excitement
- Drives engagement and passion for winning.

O

## ***Outperforming***

- Continuous and consistent improvement
- Reach beyond boundaries to achieve high quality,
- Pursue growth and learning.



# Vision

To become a pharmaceutical, traditional medicine, healthy food and beverage, and herbal ingredient processing company which can provide benefits the community and environment.

# Mission

- To develop herbal-based products in the form of pharmaceutical preparations, traditional medicines, health food and beverage, and cosmetics based on rational, safe and trustworthy research.
- To continually develop research initiatives on herbal medicines.
- To assist and encourage the government, educational institutions, and medical sector to play a more important role in research and development of herbal medicines and medications.
- To raise community awareness on the importance of maintaining health through a healthy way of living, the use of authentic natural ingredients, and naturopathy medication.
- To implement an intensive corporate social responsibility (CSR) initiatives.
- To run the company through an environmentally-sound operation management.
- To become a world class herbal medicine company

# Code of Conduct

# Code of Conduct

Sido Muncul has developed the Code of Conduct that serves as a behavioral guideline for all levels of employees in conducting interactions and relationships with all stakeholders. In addition, the existence of the Code of Conduct is expected to avoid the occurrence of violation from established standards of behavior and become a guideline in detecting such violations that occur. Compliance with the Code of Conduct will avoid unnatural relationships with stakeholders that will harm the Company.

## ARTICLE 1: DEFINITION AND LEGAL BASIS

The Code of Conduct is a value system adopted by the Company as a reference for employees in dealing with internal and external parties, namely with business partners, fellow employees, customers, competitors, suppliers, shareholders, investors, state administrators, communities, mass media.

The development of the Code of Conduct is mandated by the Financial Services Authority Regulation Number 33/POJK.04/2014 concerning Directors and Board of Commissioners of Issuers or Public Companies, specifically regulated in Chapter IV concerning Guidelines and Code of Ethics while taking into account the provisions of the Articles of Association, Law Number 40 of 2007 concerning Limited Liability Companies and regulations in the Capital Market and Collective Labor Agreement / Company Regulations.

## ARTICLE 2: GENERAL

### **The Company, Board of Commissioners, Directors, Management and All Employees are obliged to:**

1. Comply with applicable laws and regulations in Indonesia as well as the Company's internal policies and procedures which include, but are not limited to, Collective Labor Agreements/Company Regulations, Company Code of Conduct, Standard Operating Procedures (SOP), implementation guidelines, and work programs that have been determined by the Company.
2. Implementing GCG Principles, namely Transparency, Accountability, Responsibility, Independence, and Fairness.
3. Develop a professional attitude and good integrity in accordance with applicable business ethics standards.
4. Strive to increase shareholder value and protect the rights of other stakeholders.
5. Avoiding conflicts of interest, including among others:
  1. Conduct insider trading (insider trading).
  2. The existence of family relationships among employees where the relationship can cause a conflict of interest and affect objectivity in decision making in the interest of the Company.
  3. Misuse of power and position held in the Company in any form for personal gain.
6. Not give or receive compensation from parties who have transaction or any interest as refers to the Company's Anti-Bribery and Anti-Corruption Policy.
7. Maintain security and confidentiality of Company's data and information including limiting its access from unauthorized parties.

## ARTICLE 2: GENERAL

**The Company, Board of Commissioners, Directors, Management and All Employees are obliged to:**

8. Protect and prevent the misuse of Company's assets.
9. Prevent all forms of conflict of interest pertaining to the interests of the Company.
10. Encourage diversity and equal opportunity, by fostering mutual trust with fellow employees and other stakeholders, respecting human rights and non-discrimination.

## ARTICLE 3: RELATIONSHIP WITH EMPLOYEES

### **In carrying out work relations with employees; the Company, Board of Commissioners, Directors and Management shall:**

1. Respect universal human rights and the rights and obligations of employees based on applicable laws.
2. Encourage diversity and provide equal employment opportunities to all employees and candidates who have potential, abilities, skills and meeting the Company's employment requirements regardless of seniority, gender, ethnicity, religion, race and inter-group.
3. Treat employees as valuable partners. Hence, they need to be respected, their competence and character need to be enhanced.
4. Build an atmosphere of openness and two-way communication to employees.
5. Give awards to outstanding employees.
6. Support and help each other in order to achieve maximum work results.
7. Not tolerate any form of harassment in order to establish a work environment free from violence, threats and intimidation.
8. Not use coercion, mandatory work, human trafficking or child labor in any form in accordance with applicable laws and regulations.
9. Ensure that there is a transparent, fair and confidential procedure for employees to submit their inputs and complaints.

## ARTICLE 4 RELATIONSHIP WITH BUSINESS PARTNERS

**In establishing cooperation with the business partners (suppliers, distributors, bank creditors or others); the Company, Board of Commissioners, Directors, Management and All Employees are based on:**

1. Equality and mutual trust, do not differentiate between ethnicity, religion, race and between groups.
2. Based on the applicable laws and regulations.
3. Do not have a conflict of interest by avoiding business partners who have family relationships with decision makers.
4. Not giving or receiving rewards to and from business partners, either directly or indirectly.
5. Putting every agreement into a written document that is prepared in good faith and mutually beneficial.
6. The selection of business partners is based on professionalism, the principle of values alignment and QCDSM (Quality, Cost, Delivery, Safety, Moral)
7. Empowerment efforts for partner farmers, small and medium enterprises.
8. The Company develops a relationship with mutual respect, transparency and fairness to create a harmonious and mutually beneficial business relationship.
9. Expect business partners to comply with business principles that are in line with the Company's business principles.
10. Provide education, assistance and coaching if necessary to ensure business partners comply with the policies, procedures and requirements set by the Company.

## ARTICLE 5 RELATIONSHIP WITH CUSTOMERS

**In the interaction with Customers, the Company, Board of Commissioners, Directors, Management and All Employees shall:**

1. Respect customer rights in accordance with applicable laws and regulations.
2. Fulfilling its commitment to provide quality products and services that offer good value in terms of price, quality, delivery time, as well as product guarantees in accordance with applicable standards.
3. Provide the equal services to all customers, especially in responding and following up on customer complaints.
4. Not allow to give or receive any form of reward, either directly or indirectly.
5. Maintain the confidentiality of information about customers.
6. Provide product information through labeling, publication, advertising and other means of communication accurately and responsibly.
7. Provide opportunities for customers to submit complaints and input through customer service channels provided by the Company.

## ARTICLE 6 RELATIONSHIP WITH COMPETITORS

**In dealing with competitors; the Company, Board of Commissioners, Board of Directors, the Management and All Employees shall:**

1. Maintain fair, healthy and transparent competition in accordance with applicable laws and regulations.
2. Not cooperate with competitors that can harm customers or lead to monopolistic practices.
3. Not discredit competitors, whether in marketing, promotion or advertising activities.
4. Not violate applicable laws and regulations when seeking information about competitors.
5. Not allow to enter into the ownership or management of competitor companies.

## ARTICLE 7 RELATIONSHIP WITH SHAREHOLDERS

**In all forms of interaction with Shareholders; the Company, Board of Commissioners, Board of Directors, Management and All Employees shall:**

1. Treat shareholders in accordance with the Company's Articles of Association and prevailing laws and regulations.
2. Provide optimal performance and maintain a good image to increase shareholder value.
3. Adhere to the applicable laws and regulations regarding 'insider information' against requests to access certain sensitive and/or confidential information.

## ARTICLE 8 RELATIONSHIP WITH INVESTOR

**In the interaction with investors including analysts and fund manager; the Company, Board of Commissioners, Board of Directors, the Management and All Employees shall:**

- Provide actual, accurate and prospective information.
- Apply a balanced treatment principle in the provision of necessary information.
- Not carry out activities in the capital market that aim to harm or benefit certain investors and or shareholders.

## ARTICLE 9 RELATIONSHIP WITH STATE ADMINISTRATORS

**In interacting with State Administrators (state executing institutions and their apparatus which includes the legislature, executive, judiciary and other institutions, both at the central and regional levels); the Company, Board of Commissioners, Board of Directors, the Management and All Employees shall:**

1. Establish harmonious and constructive relationships based on honesty and mutual respect.
2. Attempt to support national and regional programs, especially in the aspects of education, social, economic and cultural.
3. Adopt a neutral stance and/or impartial to any political interests whatsoever.

## ARTICLE 10 RELATIONSHIP WITH COMMUNITIES

**In the interaction with communities; the Company, Board of Commissioners, Board of Directors, the Management and All Employees shall :**

1. Contribute in maintaining a clean and healthy environment around the company.
2. Build and foster harmonious relationships and strive to benefit through empowerment programs, especially communities around the company.
3. Respect for Human Rights and social aspects, culture, customs, politeness, beliefs and religion, especially the community around the company.

## ARTICLE 11 RELATIONSHIP WITH MASS MEDIA

**In the interaction with the mass media; the Company, Board of Commissioners, Board of Directors, the Management and All Employees shall**

1. Adhere to the truth and disclosure of information in accordance with applicable laws and Company regulations and the principle of accountability.
2. Treat the mass media as equal business partners, therefore it is necessary to build positive cooperation, mutual respect and benefit.
3. Not allow to receive any form of compensation, either directly or indirectly.

## ARTICLE 12 RELATIONSHIP WITH ORGANIZATION OR POLITICS

**In the interaction with the organization and politics; the Company, Board of Commissioners, Board of Directors, the Management and All Employees:**

1. The Company respects the rights of the Board of Commissioners, Board of Directors, management and all employees to participate as members or participants of one or more organizational groups/political parties without disturbing their position and work as employees of the Company.
2. It is not allowed to disseminate, install and use the attributes of groups/organizations/political parties and carry out organizational or political activities during working hours or during assignments, in the work environment, and/or on behalf of the Company.

## ARTICLE 13 PROTECTION OF INFORMATION AND THE USE OF COMPANY ASSETS

**In carrying out the operations, the Company, Board of Commissioners, Board of Directors, the Management and All Employees are required to:**

1. Deliver all forms of Company information that can be consumed by the public correctly, with full caution in accordance with the authority possessed, honestly, fairly, accurately, and on time in oral and written form submitted to stakeholders.

## ARTICLE 13 PROTECTION OF INFORMATION AND THE USE OF COMPANY ASSETS

**In carrying out the operations, the Company, Board of Commissioners, Board of Directors, the Management and All Employees are required to:**

2. Maintaining the confidentiality of data, information and/or information both written and unwritten (including and not limited to trade secrets, business plans, business strategies, marketing and services, ideas, designs or designs, techniques, formulas, production processes , records, worker data, payroll, financial data and other important data) made, known, obtained or accepted in carrying out their duties.
3. Maintaining security and order of the work environment, besides it is also mandatory to protect and maintain company assets from theft, damage, loss, and ensure its use appropriately and correctly.

Every violation or non-compliance with the company's ethics guidelines and code of ethics carried out by the Board of Commissioners, Directors, Management or company employees can be subject to sanctions in the form of oral reprimands, written warnings, compensation, and termination of employment in accordance with applicable laws and regulations.

The company provides a means to stakeholders to report if there are allegations of behaviors that violate the company's guidelines and ethics codes and other actions that violate the applicable laws and regulations, through the Whistleblowing System facilities, namely:

- Call/SMS/WhatsApp: 0812-1500-0135
- Email:  
compliance.officer@sidomuncul.co.id

The company guarantees the confidentiality of information and identity and provides legal protection to the reporter for reports that have been verified correctly.

# Board of Commissioners Manual

## A. Legal Foundation

The preparation of the Board of Commissioners Manual is the mandate of the Financial Services Authority Regulation Number 33/POJK.04/2014 concerning Directors and Board of Commissioners of the issuer or public company, specifically regulated in Chapter IV regarding Guidelines and Code of Ethics while still taking into account the provisions of the Company's Articles of Association, Law Number 40 of 2007 concerning Limited Liability Companies and Regulations in the Capital Market.

## B. Objectives

In order to improve the application of the Good Corporate Governance principles, the Board of Commissioners (BOC) of PT Industri Jamu Dan Farmasi Sido Muncul Tbk ("Company") developed a guideline for the BOC to carry out the full authority and responsibility as the Company's organ for the supervision functions. This guidelines aim for the benefit of the Company to be in accordance with the Company's goals and objectives as regulated in the Company's articles of association.

## C. COMPOSITION AND TENURE

1. The BOC of the Company consists of at least 2 (two) people that act as a collective collegial and each member of the BOC cannot act individually, but based on the decision of the BOC.
2. The BOC is led by a President Commissioner and has a member consisting of independent commissioners and non-independent commissioners.
3. The number of independent commissioners must be at least 30% (thirty percent) of the total members of the BOC.
4. Every proposed replacement and/or appointment of BOC members of the BOC is addressed to the General Meeting of Shareholders ("GMS") and considers the recommendations from the Nomination and Remuneration Committee.
5. Each member of the BOC must comply with the following conditions:
  1. Company's articles of association
  2. Limited Liability Company Law
  3. Legislation in the Capital Market/ Financial Services Authority.
  4. Legislation related to the Company's business activities
  5. Corporate Guidelines and Code of Ethics.
6. A member of the BOC can resign from his/her position and must provide a written notice of his//her intention at least 90 (ninety) days before the date of the GMS concerning his/her resignation to the company.

## C. COMPOSITION AND TENURE

7. The tenure of the BOC automatically ends if:
  1. Declared bankrupt or placed under custody based on a court decision.
  2. Passed away
  3. Resigned or dismissed as ratified at the GMS.
  4. No longer meets the conditions required by the Company's Articles of Association and related regulations.
8. If there is a vacant position in the BOC structure which causes the BOC members to be less than 2 (two) persons or the composition of the BOC is not fulfilled according to the regulations, then within 90 (ninety) days a GMS must be held to appoint new members of the BOC.
9. During the vacant period, the roles of vacant member should be replaced by other members of the BOC based on the decision of the BOC meeting.
10. Independent Commissioners who have served for 2 (two) terms of office may be reappointed in the next period as long as the Independent Commissioner declares himself to be independent at the GMS.
11. The statement of independence of the Independent Commissioner as referred to in paragraph (1) must be disclosed in the annual report.
12. In the event that an Independent Commissioner serves on the Audit Committee, the relevant Independent Commissioner can only be reappointed to the Audit Committee for the next 1 (one) term of office of the Audit Committee.

## D. WORK ETHICS

1. Members of the BOC must carry out their duties, responsibilities, rights and authorities with respect to Company's values, morals, and good integrity.
2. Each member of the BOC is required to carry out their duties and responsibilities by good faith, full responsibility and caution.
3. Every member of the BOC is required to maintain the confidentiality of Company's information and information which can not be disclosed to the public.
4. Each member of the BOC is obliged to avoid conflicts of interest, namely the difference between the economic interests of the Company and the personal economic interests of the BOC member, which can harm the Company.
5. Members of the BOC are prohibited from using the Company for personal, family, and/or other party benefits directly or indirectly other than legitimate income.
6. Every member of the BOC is required for sign Pact Integrity .
7. If there are unethical actions and violations to the BOC Manual, Corporate Governance Manual, Code of Conduct, policies, procedures, and/ or Company regulations intentionally and can cause financial or non-financial losses to the Company, the member of the BOC concerned will be dealt with in accordance with applicable law. In addition, the Company may postpone deferred variable remuneration (Malus) or withdraw variable remuneration that has been paid (Clawback) to the relevant member of the BOC in accordance with Company regulations.

## E. DUTIES AND RESPONSIBILITIES

1. The BOC is required to supervise the implementation of duties and responsibilities of the Board of Directors (BOD), as well as give advice to the BOD. In carrying out this task there are several rules that need to be observed, namely:
  1. The BOC is prohibited to be involved in the decision making activity for the Company's operational, except for matters that are already stated in the Company's Articles of Association or any relevant Government regulations.
  2. The BOC is obliged to direct, monitor, and evaluate the implementation of the Company's strategic policies that also covers evaluation to the Company's Business Plan.
  3. The BOC is required to do review, correction and approve the Company's Annual Report.
2. The BOC established Committees under its supervision to support the effectivity of its duties and responsibilities, which consists of at least :
  1. The Audit Commitee ,
  2. The Nomination and Remuneration Committee, and
  3. Other committees to support the implementation of the Good Corporate Governance.
3. The Committees under the BOC in the point 2 (two) above are appointed through the BOC's Letter of Decision.
4. The Board of Commissioners must ensure that the Committees that have been formed carry out their duties effectively.

## E. DUTIES AND RESPONSIBILITIES

5. The BOC coordinates with the BOD in ensuring and supervising the Company's compliance to the internal and external regulations.
6. The Board of Commissioners may authorize 1 (one) member of the BOC to take routine and strategic actions.

## F. WORKING TIMES AND MEETINGS

1. Each member of the BOC must provide sufficient working time to carry out their duties and responsibilities optimally.
2. The working time of each member of the BOC is said to be sufficient if each member of the BOC is presented in accordance with the predetermined Annual Activity Plan.
3. The BOC must hold a BOC Meeting at least 1 (one) time in 2 (two) months.
4. The BOC must hold regular meetings with the BOD at least 1 (one) time in 4 (four) months.
5. The BOC meetings may be held periodically and at any time if deemed necessary by the President Commissioner or by one or more members of the BOC or at the written request of a shareholder who (collectively) represents at least 1/10 (one tenth) of the total number of shares with valid voting rights issued by the Company.

## F. WORKING TIMES AND MEETINGS

6. The BOC meetings, both periodical and non-periodical meetings are held with the following mechanism:
  - a) The BOC meeting can only be started if more than 50% (fifty percent) of the total members of the BOC are physically present and or via teleconferencing/video conferencing technology, including 1 (one) Independent Commissioner,
  - b) The BOC meeting is chaired by a Meeting Leader, namely the President Commissioner or another member of the BOC that is appointed if the President Commissioner is unable to attend,
  - c) Minutes of the Meeting of the BOC meetings must be prepared by a person attending the meeting or appointed by the Chairperson of the Meeting and then must be signed by all other members of the BOC who are present and/or represented at the relevant Meeting and submitted to all members of the BOC.
  - d) The holding of Board of Commissioners meetings, including schedules, agendas, invitations, and minutes of meetings is managed centrally by the Secretariat.

## F. WORKING TIMES AND MEETINGS

7. The decision-making process at the BOC Meeting is carried out following the following principles:
  - a. All decisions made by the BOC must go through the BOC Meeting
  - b. The decisions of the BOC Meetings are collective so that every decision taken at the BOC meeting is binding on all members of the BOC
  - c. Decision making in the BOC Meeting is based on deliberation to reach consensus.
  - d. In the event that consensus is not reached, a decision can be made based on the approval of more than 50% (fifty percent) of the valid votes of the meeting participants.
  - e. Members of the BOC may represent their voices to other members of the BOC through a power of attorney.
  - f. Each member of the BOC present has 1 (one) vote and is added 1 (one) vote for another member of the BOC who is legally represented.
  - g. Each member of the BOC who has a personal interest in the results of the meeting decision must state the nature of his interest in the meeting of the BOC. Thus, the member of the BOC concerned no longer has a valid vote to be taken into account in the Meeting of the BOC.

## G. RIGHTS AND AUTHORITY

1. The BOC is entitled to receive fixed remuneration as determined in the GMS based on the recommendation of the Nomination and Remuneration Committee. In terms of the Remuneration for the BOC, there are several principles that must be adhered to, namely:
  1. The BOC is not entitled to a compensation provided by the Company on the basis of special tasks performed,
  2. Members of the BOC are prohibited from taking and/or receiving personal benefits from the Company other than remuneration and other facilities determined by the GMS.
2. The BOC has the right to access all data, information, and/or company reports needed to carry out their duties and responsibilities.
3. Requests for data, information, and/or reports are submitted through the BOD.

## H. WORK RELATIONSHIP

1. All members of the BOC are appointed and report directly to the GMS.
2. The Independent Commissioner must be independent from the interests of the Controlling Shareholders to encourage the creation of a more objective working climate and environment, place fairness and equality among various interests including the interests of minority shareholders and other stakeholders.

## H. WORK RELATIONSHIP

3. The BOC together with the BOD can actively seek the opinion of the Controlling Shareholders as a consideration in the strategic decision-making process and to ensure that there is no conflict of interest in the strategic decision.
4. Considering that the Company is a Public Company, the BOC must refuse requests for information regarding the Company from the Controlling Shareholders that are not in accordance with the principles of fairness and equality applicable in the Indonesian Capital Market.
5. Members of the BOC are required to report to the Financial Services Authority on ownership and any changes in ownership of the shares of a Public Company, either directly or indirectly, in accordance with the Regulations of the Financial Services Authority.
6. The BOC coordinates with the BOD and Heads of Divisions in carrying out the evaluation of monitoring function according to their duties and responsibilities.

## I. PERFORMANCE ASSESSMENT AND EVALUATION

1. The performance of the Board of Commissioners will be assessed based on certain criteria recommended by a special committee formed in accordance with the Good Corporate Governance.

## I. PERFORMANCE ASSESSMENT AND EVALUATION

2. The evaluation of the main performance of the Board of Commissioners includes, but is not limited to:
  1. Achievement of the BOC Meeting implementation,
  2. Attendance and participation of the BOC members,
  3. Administrative order,
  4. Integrity and openness of members of the BOC,
  5. Participation and contribution in the Company's supervisory function.
3. The results of the performance appraisal of the BOC are disclosed in the Annual Report and presented at the GMS.

## J. REVIEW AND UPDATE

1. The BOC Manual must be reviewed annually with the assistance of the BOD and Committees that are part of the Good Corporate Governance, and/or there are the following events:
  1. There has been a change in the composition of the members of the BOC,
  2. There has been a change in the contents of the BOC Manual.
2. This BOC Manual must be signed by all members of BOC and is binding.

# Board of Directors Manual

## A. Legal Foundation

The preparation of the Board of Directors Manual (BOD Manual) is the mandate of the Financial Services Authority Regulation Number 33/POJK.04/2014 concerning the Board of Directors and the Board of Commissioners of Issuers or Public Companies, specifically regulated in Chapter IV concerning Guidelines and Code of Ethics with due regard to the provisions of the Company's Articles of Association, Law Number 40 of 2007 concerning Limited Liability Companies and regulations in the Capital Market sector.

## B. Objectives

In order to improve the implementation of the Good Corporate Governance principles, the Board of Directors (BOD) of PT Industri Jamu Dan Farmasi Sido Muncul Tbk (the “Company”) compiled a BOD Manual as a guideline in carrying out full authority and responsibility as an organ of the Company for the management and for the benefit of the Company, to be in accordance with the purposes and objectives of the Company as stipulated in the Articles of Association of the Company.

## C. COMPOSITION AND TENURE

1. The Company's BOD consists of at least 2 (two) people, one of the BOD members is appointed as the President Director.
2. Each proposed replacement and/or appointment of the BOD member is decided at the General Meeting of Shareholders ("GMS") by taking into account the recommendations of the Nomination and Remuneration Committee. The procedure for proposals for members of the BOD is regulated by the Nomination and Remuneration Committee.
3. Each member of the BOD must comply with the provisions as stipulated in:
  1. Company's articles of association
  2. Limited Liability Company Act
  3. Legislation in the Capital Market/Financial Services Authority
  4. Legislation related to the Company's business activities
  5. Corporate Governance Manual and Code of Conduct
4. A Director may resign from his position by giving written notice of his intention at least 90 (ninety) days before his resignation becomes effective.
5. The tenure of the BOD automatically ends if:
  1. Declared bankrupt or placed under custody based on a court decision.
  2. Passed away
  3. Resigned or dismissed as ratified at the GMS.
  4. No longer meets the conditions required by the Company's Articles of Association and related regulations.

## C. COMPOSITION AND TENURE

6. If there is a vacant position in the BOD structure which causes the BOD members to be less than 2 (two) persons or the composition of the BOD is not fulfilled according to the regulations, then within 90 (ninety) days a GMS must be held to appoint new members of the BOD.
7. During the vacant period, the roles of vacant member should be replaced by other existing members of the BOD.

## D. WORK ETHICS

1. Members of the BOD must carry out their duties, responsibilities, rights and authorities with respect to Company's values, morals, and good integrity.
2. Each member of the BOD is required to carry out their duties and responsibilities by faith good, full responsibility and caution.
3. Every member of the BOD is required to maintain the confidentiality of Company's information and information which can not be disclosed to the public.
4. Each member of the BOD is obliged to avoid conflicts of interest, namely the difference between the economic interests of the Company and the personal economic interests of the BOD members, which can harm the Company.
5. Members of the BOD are prohibited from using the Company for personal, family, and/or other party benefits directly or indirectly other than legitimate income.

## D. WORK ETHICS

6. Every member of the BOD is required to sign Pact Integrity .
7. If there are unethical actions and violations to the BOD Manual, Corporate Governance Manual, Code of Conduct, policies, procedures, and/ or Company regulations intentionally and can cause financial or non-financial losses to the Company, the member of the BOD concerned will be dealt with in accordance with applicable law. In addition, the Company may postpone deferred variable remuneration (Malus) or withdraw variable remuneration that has been paid (Clawback) to the relevant member of the BOD in accordance with Company regulations.

## E. DUTIES AND RESPONSIBILITIES

1. The BOD is fully responsible for carrying out its duties for the benefit of the Company in achieving its goals and objectives as stipulated in the Articles of Association.
2. Each member of the BOD is jointly and severally responsible for the Company's losses caused by the mistakes and negligence of the BOD members in carrying out their duties.
3. The BOD is legally and directly represents the Company both inside and outside the court regarding all matters and all events, binds the Company with other parties and carries out all actions both regarding management and ownership with the restrictions as stipulated in the Articles of Association.

## E. DUTIES AND RESPONSIBILITIES

4. 2 (two) members of the BOD are entitled and authorized to act for and on behalf of the BOD and legally represent the Company.
5. The BOD is required to prepare the Company's short-term and long-term Strategic Plans
6. The BOD is required to uphold and apply the principles of Good Corporate Governance in every business activity of the Company at all levels or levels of the organization.
7. The BOD is required to develop, ensure and supervise the Company's compliance with internal and external regulations.
8. If necessary, the BOD can form a special work unit to ensure that the results of the follow-up audits have been implemented properly.
9. Members of the BOD are prohibited from giving general power of attorney to other parties which result in the transfer of responsibilities of the BOD.

## F. WORKING TIMES AND MEETINGS

1. The working hours and leave of all BOD members are regulated as follows:
  1. The working hours of the BOD members are in accordance with the provisions in the Manpower Regulations and Company Regulations.
  2. Members of the BOD are entitled to leave in accordance with Company Regulations.
  3. Board of Directors leave must be known by the Board of Commissioners, Secretariat Function, Corporate Secretary and Head of Human Resources (HR) Division.
  4. If a member of the BOD is on leave, is sick or is temporarily unable to carry out his/her duties, his/her duties and authorities must be delegated to other members of the BOD through a Power of Attorney. The transfer of duties and authority in the Power of Attorney is limited to the Company's operations and does not involve strategic decision making.
2. The BOD is required to arrange a meeting schedule for the next 1 financial year.
3. Meetings of the BOD may be held periodically at least once a month or at any time if necessary at the request of one or more members of the BOD or at the written request of the Board of Commissioners or at the written request of 1 (one) or more shareholders who both represent 1/10 (one tenth) part or more of the total number of shares with valid votes that have been issued by the Company. In the event that a member of the BOD is unable to physically attend the meeting of the BOD meeting, the member of the BOD concerned may attend the meeting via teleconferencing/videoconferencing technology and his/her attendance will still be taken into account.

## F. WORKING TIMES AND MEETINGS

4. The BOD is required to hold a BOD meeting with the Board of Commissioners at least 1 (one) time in 4 (four) months.
5. Meetings of the BOD, both periodic and non-periodical meetings are held with the following mechanism:
  1. Meetings of the BOD can only be started if attended by 50% or more of the total members of the BOD who are physically present and or via teleconference/videoconference including among others officials in charge of the Compliance Unit and other work units related to the meeting agenda.
  2. Meetings of the BOD are chaired by a Chairperson of the Meeting, namely the President Director or another member of the BOD appointed if the President Director is unable to attend.
  3. Meeting materials must be submitted to the meeting participants 5 (five) days prior to the meeting.
  4. Minutes of the BOD Meeting must be prepared by a person present at the meeting or appointed by the chairman of the Meeting and then must be signed by all other members of the BOD who are present and/or represented at the relevant Meeting and submitted to all members of the BOD.
  5. The holding of BOD meetings, including schedules, agendas, invitations and minutes of meetings is managed centrally by the Secretariat Function.

## F. WORKING TIMES AND MEETINGS

7. The decision-making process at the BOD Meeting is carried out following the following principles:
  - a. All decisions made by the BOD must go through the BOD Meeting
  - b. Decision making in the BOD meeting is based on deliberation to reach consensus.
  - c. In the event that consensus is not reached, a decision can be made based on the approval of more than 50% (fifty percent) of the valid votes of the meeting participants.
  - d. If the votes that do not agree with the votes that agree are equal, then the proposal is rejected.
  - e. In certain conditions, especially in an emergency or urgent condition, the President Director can immediately make decisions to deal with the emergency condition immediately. All decisions taken by the President Director during an emergency must be immediately conveyed to other members of the BOD.
  - f. Members of the BOD may represent their voices to other members of the BOD through a power of attorney.
  - g. Each member of the BOD present has 1 (one) vote and is added 1 (one) vote for the other members of the BOD who are legally represented.
  - h. Each member of the BOD who has a personal interest in the results of the meeting decision must state the nature of his interest in the BOD meeting. Thus, the member of the BOD concerned no longer has a valid vote to be taken into account in the meeting of the BOD.

## F. WORKING TIMES AND MEETINGS

7. The decision-making process at the BOD Meeting is carried out following the following principles:
  - i. If in the future there is a conflict of interest that was not stated in the BOD meeting, the President Director must give a written warning to the member of the BOD concerned.
  - j. The BOD may also take legal and binding decisions without holding a BOD Meeting, provided that all members of the BOD have been notified in writing of the relevant proposals and all members of the BOD have given their approval of the proposal submitted in writing and signed the agreement.

## G. RIGHTS AND AUTHORITY

1. The BOD is authorized to represent the Company inside or outside the court with representation and restrictions in accordance with the Company's Articles of Association.
2. The BOD is entitled to receive remuneration with the following conditions:
  1. The remuneration is approved by the Shareholders through the GMS and recommended by the Nomination and Remuneration Committee by taking into account the Company's performance, individual work performance, fairness and consideration of the Company's long-term goals and strategies.
  2. The determination of the remuneration for the BOD can be delegated to the Board of Commissioners by the GMS with due regard to the recommendations of the Nomination and Remuneration Committee. 39

## H. WORK RELATIONSHIP

1. All members of the BOD are appointed and are responsible to the GMS as the highest organ in the Company.
2. Considering that the Company is a public company, the BOD is required to refuse requests for information regarding the Company from the controlling shareholder that are not in accordance with the principles of fairness and equality that apply in the Indonesian Capital Market.
3. Members of the BOD are required to report to the Financial Services Authority on ownership and any changes in ownership of the shares of a Public Company, either directly or indirectly, in accordance with the Regulations of the Financial Services Authority.

## I. PERFORMANCE ASSESSMENT AND EVALUATION

1. The performance of the BOD will be assessed based on certain criteria recommended by the Nomination and Remuneration Committee
2. The performance evaluation of the BOD includes, but is not limited to:
  1. Achievement of business targets that must be achieved
  2. Achievement of targets related to sustainability aspects (social, economic, environmental) that must be achieved
  3. Achievement of the Company's short-term and long-term plans
  4. Budget and revenue achievement
  5. Achievement of the Financial Services Authority Rating target related to the Good Corporate Governance.

## J. REVIEW AND UPDATE

1. The BOD Manual must be reviewed periodically with the assistance of the BOC especially when these following events happen:
  1. There has been a change in the composition of the BOD members
  2. There has been a change in the contents of the BOD Manual.
2. This BOD Manual must be signed by all members of BOD and is binding.

# Anti-Bribery and Anti-Corruption Policy

## Anti-Bribery and Anti-Corruption Policy

PT Industri Jamu Dan Farmasi Sido Muncul Tbk. and the Group (the “Company”) is committed to comply with the prevailing laws and regulations and supports the Government of Indonesia in combating corruption. Therefore, the Company establishes an Anti-Bribery and Anti-Corruption Policy that applies within the Company by involving all stakeholders including employees, business partners and Government agencies.

### SCOPE

**This policy applies to the Board of Commissioners, Board of Directors, management and all employees of the Company without exception.**

## GENERAL DEFINITION

1. **The Company** is PT Industri Jamu Dan Farmasi Sido Muncul Tbk and its subsidiaries.
1. **Gratification** is a gift in a broad sense which includes the provision of additional money (fees), cash prizes, goods, rebates (discounts), interest-free loan commissions, travel tickets, lodging facilities, tourist trips, free medical treatment, and other facilities.
3. **Corruption** is a criminal act of corruption as referred to in:  
**UU no. 31 of 1999 in conjunction with Law no. 20 of 2001 concerning the Eradication of Criminal Acts of Corruption (UU Tipikor), including the following:**
  1. Any person who unlawfully commits an act of enriching himself or another person or a corporation that can harm the state finances or the state economy (Article 2 paragraph (1) of the Anti-Corruption Law);
  2. Any person who with the aim of benefiting himself or another person or a corporation, abuses the authority, opportunity or facilities available to him because of his position or position that can harm the state finances or the state economy (Article 3 of the Anti-Corruption Law);
  3. Everyone is an individual, including a corporation (Article 1 point 3 of the Anti-Corruption Law).
4. **Bribery** is the act of giving money, goods or other forms of retaliation from the giver of the bribe to the recipient of the bribe which is carried out to change the attitude of the recipient of an interest.

## GENERAL DEFINITION

5. **A facilitation fee** as defined by Transparency International, 2014 is a sum of money (usually in the form of money) to initiate, secure, and accelerate access to a service. The recipients of facilitation payments are usually public officials or employees of an organization and are usually able to manage procedural matters, but do not have the power to influence decision making. Facilitation payments are part of the act of bribery and are generally in a relatively small amount compared to the provision of bribes.
6. **Conflict of Interest:** a situation where there is a conflict of interest of a person who takes advantage of his position and authority (either intentionally or unintentionally) for his personal, family, or group interests so that the mandated tasks cannot be carried out objectively and have the potential to cause losses.

## OBJECTIVES

**The objectives of implementing the Anti-Bribery and Anti-Corruption Policy are:**

- To prevent material and immaterial losses that may interfere with the continuity of the Company's business/business.
- To improve obedience and discipline to laws, regulations and ethics as well as to support government programs in order to prevent acts of corruption in Indonesia.
- To increase awareness of high ethical culture in carrying out work activities related to external parties, in this case, business partners and Government agencies related to the Company.

# POLICIES

All employees including the Board of Commissioners, the Board of Directors are required to ensure that the Company's activities and business are protected from acts of corruption as defined in the Anti-Corruption Law, which are related to activities:

1. Harming State Finances
2. Bribery
3. Embezzlement
4. Blackmail
5. Cheating
6. Conflict of Interest
7. Gratification

To maintain independence in carrying out the roles/functions of each of the main organs in the Company (Shareholders, Board of Commissioners, Board of Directors and Employees), it is necessary to pay attention to the following matters:

- It is prohibited to conduct transactions that have a conflict of interest and take personal benefits from the activities of the Company concerned.
- It is prohibited to hold other positions that may cause a conflict of interest.
- Not authorized to represent the Company if they have interests that conflict with the interests of the Company.

## TYPES OF ACTION CATEGORIZED AS CORRUPTION

Any party, members of the Board of Directors, members of the Board of Commissioners, individual employees or groups who intentionally violate the law, legislation, Articles of Association, Company Regulations, and Code of Conduct as well as Company policies by committing acts of enriching themselves or other people or groups that can harm Company and business partners' finances in the following manner:

1. Abusing the authority, opportunities or facilities available to him/her because of his/her position.
2. Giving, requesting, receiving, giving, permitting and/or promising something to an official or work partner both internally and externally with the intention of moving him/her to do or not do something in his/her position that is contrary to his/her obligations, regulations, provisions and applicable ethics
3. Embezzle money, securities or other important documents that are kept and/or entrusted under his/her control because of his/her position, or allow the money or securities to be taken or embezzled by other parties, or assist in carrying out such acts.
4. Giving and/or receiving gifts or promises to/from someone both internally and externally by utilizing the power or authority attached to their position.
5. Violating the provisions of the law which expressly states that the violation of the provisions of the law is an act of corruption.
6. Conducting attempted assistance or conspiracy to commit acts of corruption.
7. Providing assistance, opportunities, facilities, or information for the occurrence of acts of corruption

## GRATIFICATION GUIDELINE

Gratification/giving or receipt of gifts/commissions for personal interests, which are referred to as follows:

- Each party, members of the Board of Directors, members of the Board of Commissioners, individual employees or groups are prohibited from requesting, receiving or allowing their immediate family members to receive gifts, services, loans or preferential treatment either directly or indirectly, cash or non-cash from customers, suppliers or other parties. any other party in return for a current or future business relationship with the Company;
- Any gifts and/or gifts received as mentioned above regardless of the amount are ethically prohibited and must be politely rejected and/or endeavored to be returned and must be reported to their superiors at work.
- If there is a justifiable reason that causes rejection and returns to be difficult to implement, then with due regard to the interests of the Company, the said gifts and receipts must be enjoyed/used by all employees, division heads with the approval of the Board of Directors as the implementation of accountability.

## COMPANY COMMITMENTS

Each individual and/or work units of the Company will strive and compete with all their might, to obtain all opportunities for cooperation or business in an honest, fair and legal manner according to laws, regulations, business ethics and will negotiate contracts fairly and openly, without heed the pressure exerted by external parties.

The Company will conduct business and/or work in a legal, ethical, honest and professional manner and in line with the Code of Conduct as well as the Company's vision and mission. This practice will be applied to every activity carried out by the Company.

## PUNISHMENT AND CONSEQUENCES FOR CONFIRMED CASE OF BRIBERY AND CORRUPTION

The Company will provide sanctions or consequences for violations of Company policies, especially the Anti-Bribery and Anti-Corruption Policy, either individually or in groups by:

1. Imposing sanctions by taking into account the Articles of Association, Company Regulations and statutory provisions in the field of manpower
  - Written warning
  - Termination of Employment (PHK)
  - Impose a fine with a large amount or at least 2 times the proceeds of corruption.
2. Criminalize the person concerned to the applicable law in the territory of the Republic of Indonesia, if there is a criminal element in it.

## ROLES OF MEMBERS OF THE BOARD OF DIRECTORS, MEMBERS OF THE BOARD OF COMMISSIONERS, EMPLOYEES AND EXTERNAL PARTIES

Members of the Board of Directors, Members of the Board of Commissioners, Employees and External Parties can participate in assisting efforts to prevent and eradicate corruption by informing the Company through the Whistleblowing System that there is an act of corruption involving the Company.

### **Reporting can be done through: :**

- Phone/SMS/WhatsApp: 0812-1500-0135
- Email: [compliance.officer@sidomuncul.co.id](mailto:compliance.officer@sidomuncul.co.id)

The company appreciates every employee and external party who has contributed to the prevention, eradication, or disclosure of acts of corruption in accordance with company policies.

# Whistleblowing Mechanism

To further increase the value of all stakeholders, in relation to the implementation of Good Corporate Governance, the Company implements a Whistleblowing System. The Whistleblowing System implemented by the Company provides a means for anyone to report any allegations of illegal, immoral behavior or other practices within the Company that are illegal and deviate from the Company's Code of Conduct or applicable law.

Any personnel who feel restless or see something that is not in accordance with the Code of Conduct/ applicable law / a violation of the rules can:

- Submit their complaint through the compliance channel (complaint contact) below,
- Discuss findings of violations with their superiors at work,
- Discuss with the compliance officer.

**Information that can be reported through the Whistleblowing System includes:**

- Acts of fraud, fraud, corruption, collusion/bribery, extortion
- Acts that violate the law, the Company's Code of Conduct, Company Regulations and applicable Standard Operating Procedures (SOP);
- Ethical violations; and,
- Other violation of behavior that has the potential to cause harm to the Company.

To support the follow-up steps, the whistle-blower should explain about:

- What was the violation (what)?
- Who are the parties involved (who)?
- When did the violation (when) occur?
- Where did the violation occur (where)?
- And how chronologically these violations can occur (how)?

## WHISTLEBLOWING CONTACT

- **Phone/SMS/WhatsApp: 0812-1500-0135**
- **Email: [compliance.officer@sidomuncul.co.id](mailto:compliance.officer@sidomuncul.co.id)**

## PROTECTION FOR THE WHISTLEBLOWER

The whistleblower is allowed not to provide his/her identity but if he/she provides his/her identity, this compliance channel will be able to report the results to the complainant or request additional information if needed.

The Company guarantees the confidentiality of information and identity as well as provides legal protection to the whistleblower for reports that have been properly verified.