

IMPLEMENTATION OF GCG MANAGEMENT PRINCIPAL - FINANCIAL SERVICES AUTHORITY

Telkom has also implemented the 8 (eight) principles of Company management according to the Guidelines of Listed Company Governance from the Financial Services Authority, as follows:

Principle	Recommendation	Implementation	Status
Principle 1			
Improving The Value of General Meeting Shareholders (GMS).	1. Technical methods or procedures for open and closed voting that prioritize independence and interest of the shareholders.	Telkom already has technical procedures for voting set out in the procedures for the General Meeting of Shareholders.	Comply
	2. Members of Board of Directors and Board of Commissioners attend the Annual GMS.	All of the members of Board of Directors and Board of Commissioners attended the GMS.	Comply
	3. A summary of minutes of GMS is available at the Website at least 1 year.	Telkom provided a Summary of Minutes of GMS at the Company's Website under Investor Relations.	Comply
Principle 2			
Improving The Public Listed Company Communication Quality with Shareholders or Investors.	1. To have a policy on communications between Public Company and shareholders or investors.	Telkom has a policy on communications with Investors through Non-Deal Roadshow, One on One Meeting, Earnings Call, Public Expose, Conference, and Investor Summit.	Comply
	2. Posted the communications policy of a Public Company at the Website.	Telkom has made available materials of each Earnings Call, Conference and materials of presentation to investors at the Company's website to provide equality for Shareholders and Investors regarding the implementation of Communications with the Company.	Comply
Principle 3			
Strengthening The Membership and Composition of Board of Commissioners.	1. Determination of the numbers of board of commissioners members should take into account the Company's Conditions.	Telkom has complied with the provision applicable to the Company as Public Company as set out in Article 20 of Regulation of Financial Services Authority No. 33/POJK.04/2014 that the number of members of Board of Commissioners must be more than 2 (two) persons.	Comply
	2. Determination of the composition of members of Board of Commissioners takes into account the required variety of skills, knowledge, and experience.	At the Shareholders' discretion, members of Board of Commissioners have been appointed by taking into account a variety of skills, knowledge, experiences and Telkom's business conditions and complexity.	Comply
Principle 4			
Improving The Quality of Duty and Responsibility of Board of Commissioners.	1. Board of Commissioners has a policy to self-assess the performance of Board of Commissioners.	Basically, the assessment of the performance of Board of Commissioners is carried out by Class A Dwiwarna Shareholders through the mechanism of a General Meeting of Shareholders.	Explain
	2. The self-assessment policy is reported in an Annual Report.	Telkom does not has any self-assessment policy yet, therefore there is no self-assessment policy reported in the Annual Report.	Explain

Theme	Highlight Telkom	Report of The Board of Commissioners and Directors	About Telkom	Management Discussion and Analysis
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Principle	Recommendation	Implementation	Status
	3. Board of Commissioners has a policy of resignation in the event of involvement in any financial crimes.	<p>In accordance with Telkom's Articles of Association, jo. Regulation of Financial Services Authority No. 33/POJK.04/2014 any member of Board of Commissioners who does not meet any requirements to be a member of Board of Commissioners as set out in the Articles of Association and Regulation of Financial Services Authority No. 33/POJK.04/2014 including any involvement in any financial crimes, consequently his/her position will be null and void.</p> <p>In the event that the member of Board of Commissioners resigns, it will be resolved at a GMS.</p>	Comply
	4. Board of Commissioners or the KNR sets out a provision of succession in the Nomination Process of a member of Board of Directors.	<p>The Committee for Nomination and Remuneration sets out in the Committee for Nomination and Remuneration Charter that among its duties is to give recommendations to Board of Commissioners which will inform the Class A Dwiwarna Shareholders about the Planning of Succession of Members of Board of Directors.</p> <p>In addition, as a SOE, the provision of succession of Board of Directors refers to Regulation of Minister of SOE No. PER-03/MBU/02/2015 on the requirements, procedures for the appointment and dismissal of a member of Board of Directors of SOE.</p>	Comply
Principle 5			
Strengthening Membership and Compositions of Board of Directors.	1. Determination of the number of members of Board of Directors takes into account the Company's conditions and effectiveness in decision-making.	Determination of the number of members of Board of Directors of the Company refers to the Article 2 paragraph (1) and paragraph (2) Regulation of Financial Services Authority No. 33/POJK.04/2014 regarding Board of Directors and Board of Commissioners of listed Company which provides that Board of Directors of Listed Companies or Public Companies must consist of at least 2 (two) members which 1 (one) of them have to be appointed as the President Director.	Comply
	2. Determination of the Composition of members of Board of Directors takes into account a variety of skills, knowledges, and experiences as required.	At the Shareholders' discretion, members of Board of Directors of the Company have been appointed by taking into account a variety of skills, knowledges, experiences, and the Company's conditions and business complexity.	Comply
	3. Members of Board of Directors in charge of accounting and finance have skills and/or knowledge in accounting.	The member of Board of Directors in charge of accounting and finance in the Company is the Finance Director who has sufficient accounting and financial knowledges and experience as can be seen in the position and education history of Board of Directors under the section of Profiles of Board of Directors.	Comply

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Principle 6			
Improving The Quality of Task execution and Responsibility of Board of Directors.	1. Board of Directors has a the policy to self-assess the performance of Board of Directors.	Board of Directors has a Self-Assessment policy as set out in the section of Performance Assessment of Board of Commissioners and Board of Directors.	Comply
	2. The self-assessment policy is reported in an Annual Report.	Results of the Self-Assessment of Board of Directors are reported in the Company's Annual Report under the section of Corporate Governance.	Comply
	3. Board of Directors has a policy of resignation in the event of involvement in any financial crimes.	In accordance with our Articles of Association jo. Regulation of Financial Services Authority No. 33/POJK.04/2014, any member of Board of Directors who does not meet any requirements to be a member of Board of Directors as set out in the Articles of Association including any involvement in any financial crimes, consequently his/her position will be null and void. In the event that the member of Board of Directors resigns, it will be resolved at a GMS.	Comply
Principle 7			
Improving Corporate Governance Aspect Through Stakeholders Participation.	1. To have a Policy to prevent Insider Trading.	In accordance with Regulation of Human Capital Management Director No. PR 209.05.r.00/PS800/COP-A4000000/2017 on Employees' Compliance Ethics, the provision to prevent Insider Trading is as set out in Article 7 on Gross Violations, which includes Abuse of Authority or Position.	Comply
	2. To have a Policy of Anti Corruption and Anti Fraud.	Telkom always committed to preventing Corruption in our Company. This is realized through the existence of integrity pact completed by all employees of Telkom and the existence of a separate website as an integrity portal for all employees of Telkom, called myintegrity.telkom.co.id.	Comply
	3. To have a Policy on the Selection and Capacity Building of Suppliers and Vendors.	Telkom selects our vendors and suppliers in accordance with our internal procurement policy managed through the Share Service Operation Procurement Department and implemented by reference to Regulation of Finance Director No. PR.301.08/r.01/COP-A00110000/2016 on Procurement Implementation Guidelines.	Comply

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	4. To have a Policy on the fulfillment of Creditors' Rights.	Telkom has a policy to fulfill the rights of our creditors through the Corporate Finance Unit that sets out and manages the rights of Telkom's creditors.	Comply
	5. To have a Policy on whistleblowing system.	Pursuant to Decision of Board of Commissioners No. 08/KEP/DK/2016 dated June 8, 2016, on the Provision of Complaint Handling Procedures (Whistleblowers) at PT Telkom Indonesia, Tbk and its consolidated Subsidiaries which then ratified by Board of Directors through Regulation of Board of Directors No. PD.618.00/r.00/HK200/COP-C0000000/2016 dated December 21, 2016, Telkom guarantees and ensures the protection of identity of the whistleblowers, whether the employees or third parties filing any complaints or reports of alleged violations.	Comply
	6. To have a Policy on the granting of long-term incentives to Board of Directors and Employees.	In determining the incentives to be earned by Board of Directors, Telkom guided by Regulation of Minister of SOE No.PER-04/MBU/2014 on the Setup Guidelines on Income Allocation Guidance for Board of Directors, Board of Commissioners, and Board of Trustees of State-Owned Enterprises, as for the incentives for employees, it is set out in the Collective Labor Agreement Chapter VI on compensations and benefits. In addition, Telkom also provides long-term incentives in the form of Employee Stock Option Plan (ESOP), which was last done in 2013.	Comply
Principle 8			
Improving The Implementation of Information Disclosure.	1. To use information technology more widely other than a Website as a medium of information disclosure.	Telkom also active in various social media as medium for information disclosure and product promotion. In addition, Telkom also use the mailing list system as medium for information disclosure and communication with investors.	Comply
	2. The Annual Reports of Public Companies disclose the most current beneficial owners of the Company's ownership, at least 5% other than Major Shareholders and Controllers.	Telkom discloses the most current beneficial owners of the Company's ownership with 5% or more in our Annual Report under the section of Shareholders' Composition and Ownership.	Comply