

WORKING GUIDELINES BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

PT MERRILL LYNCH SEKURITAS INDONESIA

Version 2.0/ 2022

**PT Merrill Lynch
Sekuritas Indonesia**

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Revision History

Date	Version	Remarks	Approved by
2017	1.0/2017	Document creation	Board of Directors
28/07/2022	2.0/2022	<ul style="list-style-type: none"> • Re-arranged the format • Updated the date of Articles of Association with the latest one • Updated some provisions in this Guidelines to be in line with the last Articles of Association • Removed President Commissioner paragraph • Updated the functions which are overseen by BOD under “Role and Responsibilities of the Board of Directors” • Updated the signer of Board Meeting Minutes under “Section IV Meeting Minutes” • Removed Integrated Risk Management Committee • Removed marketing and custodian functions under BOD’s roles and responsibilities • Removed the roles and responsibilities of risk management, compliance, and internal audit function which are related to Broker-Dealer activities and regulatory requirements • Updated the list of members of BOC and BOD in Appendix I and II 	Board of Directors and Board of Commissioners

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I. INTRODUCTION

This Information on Governance (**IOG**) is prepared in fulfilment of article 46(3) of the Otoritas Jasa Keuangan Rule No. 57 /POJK.04/2017 regarding Application of Governance of Securities Company Conducting Business Activity as Underwriter and Broker. This IOG is adapted from the Company's Corporate Governance Guideline and Articles of Association (**AoA**).

In accordance with the Company Law of Indonesia and the latest Articles of Association of the Company (dated 13 July 2020), the Board of Commissioners (**BOC**) is responsible for the supervisory and advisory functions in the legal entity, whereas the Board of Directors (**BOD**) is responsible for the management and executive functions in the entity, within the scope as stipulated in the Company's Articles of Association and pursuant to the Company Law of Indonesia.

The Directors and Commissioners have legal responsibility for the management and oversight of the affairs of the Company, including acting in the best interests of its shareholders and discharging their duties with respect to all relevant laws and regulatory requirements.

II. BOARD OF COMMISSIONERS

1. Roles and Responsibilities

The BOC shall be responsible for, among other things: the effective prudent and ethical oversight of the Company, supervision of the BOD and provision of advice to the BOD including setting the business strategy for the Company; ensuring that capital, liquidity, risk and compliance are properly managed and monitored; and ensuring the proper organizational structure and internal control and audit framework are in place and any significant changes in this regard. The BOC has reserved a number of matters for its exclusive competence (the **Reserved Matters**), including:

- Strategy and Management (including approval of the business plan and supervision of implementation of the business plan)¹
 - Review of the Company's long term objectives and commercial strategy. In particular, the BOC shall give due consideration, and if thought fit, approval, to any material extension of the Company's activities into new business or geographic areas, or any decisions to cease to operate all or any material part of the Company's business.
 - Oversight of the Company's operations ensuring:
 - Competent and prudent management
 - Sound planning and approval and implementation of the business plan
 - An adequate system of internal control
 - Approve proposed projects or transactions not in the ordinary course of the Company's business which may potentially have a material impact on the Company's financial condition.

¹ Pursuant to Article 42(2) of POJK 57/POJK.04/2017

- Structure and Capital including approval of:
 - Capital actions and contributions of the Company's capital where required by law, regulations or the AoA.
 - Material changes to the Company's corporate structure (for example establishment of a branch or subsidiary).
 - Material changes to the Company's control structure.
 - Any transactions relating to the sale and purchase of the Company or its assets as a going concern or grants of security over the Company's assets.
 - Substantial borrowing and significant expenditure
 - Transactions relating to the sale and purchase of the Company or its assets as a going concern or grants of security over the Company's assets
- Financial and regulatory reporting and controls including approval of:
 - semi-annual and annual report and financial statements.
 - any significant changes in accounting policies or practices
- Internal control, audit compliance and risk oversight:
 - Ensuring maintenance of a sound system of internal control, risk management, compliance and audit function, including receiving reports on, and reviewing the effectiveness of, risk and control processes (including any policies and internal audit plan) and oversee policies and procedures to support its internal control and risk management strategy and objectives and risk, compliance and audit functions.
 - Fulfilling its role under any escalation procedures.
- Corporate Governance matters and monitoring of adherence to corporate governance policies and procedures:
 - Members of the BOC are appointed at a general meeting of the shareholders, the BOC may request the BOD call a general meeting of shareholders.
- Delegation of authority, oversight of the duties and responsibilities of the BOD including follow up of expected reports (such as internal and external audit reports)
- Other as may be applicable including delegations from shareholders.

2. Membership of the BOC

- The Board of Commissioners shall consist of a maximum 4 (four) members. Currently the Board of Commissioners consists of 3 (three) members, one of whom is the Independent Commissioner. A list of current BOC Members is provided in Appendix I.
- Members of the BOD are appointed for 4 (four) successive annual general meetings of the shareholders (unless otherwise dismissed by the shareholders).²
- Members of the BOC who are unable to attend may appoint another member of the BOC to represent them at any meeting of the BOD by virtue of power of attorney.³

Independent Commissioner

² AoA article 17(2)

³ AoA article 19(6)

to the Company has appointed an Independent Commissioner. At least 30% (thirty-percent) of the Board of Commissioners must consist of members who fulfil the role of an Independent Commissioner⁴. If there is only one member of Board of Commissioners, then the said member of board of Commissioners shall be the Independent Commissioner.⁵ The Independent Commissioner shall have oversight of the audit function.

3. BOC Operations

A meeting of the BOC may be held by means such as videoconference, or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, participation in such a meeting shall constitute presence in person at such meeting.

a. Meeting Attendance

BOC members shall attend each BOC meeting unless they are unable to do so due to circumstances beyond their control, in which case they are able to appoint a proxy as their representative. In the least each BOC member shall attend seventy-five percent (75%) of the total meetings of the BOC each year. Members are expected to prepare for each meeting in advance, actively participate in the BOC's decision making process and exercise appropriate oversight of the execution of agreed strategies, goals and objectives. The BOC shall ensure that sufficient time is given at each meeting as is necessary to properly discharge their responsibilities to the Company and its stakeholders. Informational materials useful in preparing for meetings will be distributed to the BOC in advance of each meeting.

b. Frequency of Meetings

The BOC shall meet as often as is necessary to further the business of the Company and to fulfil its responsibilities to the stakeholders. Notwithstanding this, the BOC shall meet at least four times per calendar year on a quarterly basis.⁶

c. Notice of Meeting

Notice of a meeting of the Directors shall be given to all Directors, and may be given in a range of manners, including in writing by mail or courier, email, facsimile transmission or other electronic means (if sent through electronic means, written notice with proper receipt is to be given 7 (seven) days prior to the meeting). Notice for a BOC meeting is not required if all BOC members are present or represented.⁷

d. Quorum & Decision Making

The quorum necessary for the transaction of the business of the BOC shall be at least two-thirds (2/3rds) of the BOC. Decisions of the BOC shall be made by amicable settlement or by at least a two-thirds (2/3rds) majority of its voting members present at a duly convened meeting. Certain decisions as designated in the Company's Articles of Association require decision by the unanimous approval of the BOC or their representative at a BOC meeting that is attended by at least one Commissioner appointed by each shareholder.

⁴ Pursuant to the criteria in Article 22 of POJK 57-4-2017

⁵ AoA article 17 (1)

⁶ Article 27(1) of POJK 57-4-2017

⁷ AoA article 19(3) & (4)

In lieu of a meeting, the BOC may also act by circular resolution, which requires that all of the members of the BOC have been informed in writing of the circular resolution and at least 2/3rds (two-thirds) of the total members of the BOC have signed their approval of the circular resolution.

III. BOARD OF DIRECTORS

1. Role and Responsibilities of the Board of Directors

The BOD shall be responsible for the management of the Company according to the aims and objectives of the Company and shall represent the Company in accordance with the Articles of Association and pursuant to the Company Law of Indonesia. The duties and responsibilities of the BOD, among others, are:

- To implement good governance principles⁸
- Establish working procedures and approve all strategic policies, long term and annual operating plans and budgets (including implementation and socialisation of the business plan)⁹
- To prepare and recommend to the BOC the business plan for approval by the BOC
- To resolve and determine strategic policies including with regard to implementation of the internal control, audit, compliance, risk management, business, accounting, HR and information technology functions
- Approve any outsourcing arrangements.
- To implement maintenance of a sound system of internal control, risk management, compliance and audit function, including receiving reports on, and following up, risk and control processes (including any policies and internal audit plan) and approving policies and procedures to support its internal control and risk management strategy and objectives and risk, compliance and audit functions.
- Fulfil its role under any escalation procedures.
- Follow up internal control and compliance matters including¹⁰:
 - audit report matters (from both internal and external audits)¹¹
 - recommendations from the risk management function, compliance and internal audit function
 - recommendations from the supervision finding of the BOC and supervision findings of the Financial Services Authority (OJK)
- Provide accurate and timely data and information to the BOC¹²
- To hold meetings of the BOD including procedures for approving a resolution and meeting documentation.
- Convene any extraordinary general meeting of the shareholders.

⁸ Pursuant to article 12 of OJK Rule number 57-4-2017

⁹ Pursuant to article 15 and 42(1) of OJK Rule number 57-4-2017

¹⁰ Pursuant to article 14 of OJK Rule number 57-4-2017

¹¹ Pursuant to article 14 of OJK Rule number 57-4-2017

¹² Pursuant to article 13 of OJK Rule number 57-4-2017

- Convene the annual general meeting of shareholders
- Approve any prosecution, defence or settlement of any material litigation brought against the Company.

2. Membership of BOD

- The BOD shall consist of a minimum of 2 (two) members and a maximum of 5 (five) members, one of whom shall be appointed as the President Director. Currently, the BOD consists of 3 (three) members, including one President Director. A list of BOD Members is provided in Appendix II.
- Members who are unable to attend may appoint another member of the BOD to represent them at any meeting of the BOD by virtue of power of attorney.¹³
- Members of the BOD are appointed for 3 (three) successive annual general meetings of the shareholders (unless otherwise dismissed by the shareholders). Members of the BOD can be reappointed after their terms of office end.¹⁴

President Director

The President Director is responsible for, among other things: creating and maintaining an effective working relationship with the other members of the BOD, providing management with ongoing direction as to BOD needs, interests and opinions; encouraging critical discussions, challenging mindsets and assuring that the BOD agenda is appropriately directed to the matters of greatest importance to the Company. The President Director shall call meetings of the BOD. The President Director shall chair the BOD meetings and preside over any extraordinary general meeting of shareholders.

3. BOD Operations

A meeting of the BOD may be held by means such as videoconference, or other communication facilities that permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting.

a. Meeting Attendance

BOD members shall attend each BOD meeting unless they are unable to do so due to circumstances beyond their control, in which case they are able to appoint a proxy as their representative. In the least each BOD member shall attend seventy-five percent (75%) of the total meetings of the BOD each year. Members are expected to prepare for each meeting in advance, actively participate in the BOD's decision making process and exercise appropriate oversight of the execution of agreed strategies, goals and objectives. The BOD shall ensure that sufficient time is given at each meeting as is necessary to properly discharge their responsibilities to the Company and its stakeholders. Informational

¹³ AoA article 16 (5)

¹⁴ AoA article 14(2 &3)

materials useful in preparing for meetings will be distributed to the BOD in advance of each meeting. A member of the BOD may also appoint a person to attend as an observer pursuant to the requirements set out in the AoA.

b. Frequency of Meetings

The BOD shall meet as often as is necessary to further the business of the Company and to fulfil its responsibilities to the stakeholders. Notwithstanding this, the BOD shall meet at least six (6) times per calendar, once every two months.¹⁵

c. Notice of Meeting

Notice of a meeting of the Directors shall be given to all Directors, and may be given in a range of manners, including in writing by mail or courier, email, facsimile transmission or other electronic means. Any Director may waive notice of any meeting and any such waiver may be retroactive.

d. Quorum and Decision making

The quorum necessary for the transaction of the business of the BOD shall be at least two-thirds of the BOD, including the President Director (or their proxy). Decisions of the BOD shall be made through deliberation to reach consensus or failing consensus by affirmative votes of more than 50% of the BOD members present or represented including the President Director (or their proxy) of its voting members present at a duly convened meeting. In lieu of a meeting, the BOD may also act by circular resolution, which requires that all of the members of the BOD have been informed in writing of the circular resolution and more than 50% (fifty percent) of the total members of the BOD including the President Director have signed their approval of the circular resolution.¹⁶

IV. MEETING MINUTES

Minutes of all BOD and BOC meetings shall be made. The minutes will be signed by the chair of the meeting and one other director or commissioner who attended the relevant meeting.¹⁷ The minutes of meetings convened through remote communication means, shall be signed by the chair of the meeting.¹⁸

V. DELEGATION OF AUTHORITY

The BOD and BOC may delegate its authority to individuals, committees or forums for the management of various matters affecting the Company, subject to the Reserved Matters of the

¹⁵ Pursuant to article 16(1) of OJK Rule number 57/POJK.04/2017

¹⁶ AOA 16(7 &10)

¹⁷ AoA article 19 (11b)

¹⁸ AOA article 19 (4)

BOC. The BOD and BOC may establish such committees or eliminate any existing committees as it deems appropriate in accordance with the Company's Articles of Association and applicable laws and regulations¹⁹. Each committee of the BOC or BOD shall have the authority and responsibilities set forth in the resolutions creating them and the applicable committee charter. The committee charter shall contain amongst other things the authority, functions, memberships, and quorum of the committee. Any committees so formed shall, in the exercise of such functions, comply with any instructions of the BOC or BOD (as applicable).

The BOC has authority to delegate certain responsibilities to management and the BOD as it deems fit.

VI. FUNCTION AND POLICY ON RISK MANAGEMENT, COMPLIANCE, AND INTERNAL AUDIT

In implementing the internal control, the Company establish the functions of:

- a. risk management;
- b. compliance; and
- c. internal audit.

1. Risk Management Function

The risk management function shall cover:²⁰

- a. preparation of policy on risk management;
- b. testing, evaluation, and recommendation of objective improvement for the implementation of risk management system, at least by annually or within more frequent frequency in case there is change of factor affecting the business activity of Securities Company significantly;
- c. monitoring, identification, measurement, and follow up related to any matters related to risk management requiring the attention of the Board of Directors; and

The policy on risk management contain: comprehensive strategy and frame of risk management; and prudential principle; provision of sufficient capital; fulfilment of provisions in the legislation; early detection system; risk identification and diversification; risk measurement, monitoring, and control; limit of risk taken and risk tolerance to capital sufficiency; risk mitigation; and transparency and risk awareness culture.

¹⁹ Including pursuant to article 12(5), 23(3) and 25(1) of OJK Rule number 57/POJK.04/2017

²⁰ Pursuant to article 37 (1) of OJK Rule number 57/POJK.04/2017

2. Compliance Function

The implementation of compliance shall cover:²¹

- a. preparation of policy on compliance;
- b. testing, evaluation, and recommendation of conformance of policy, provisions, system or procedure owned by the Securities Company to the provisions in the legislation at least by annually or in the more frequent frequency in case there is change of factor affecting the business activity of Securities Company significantly;
- c. monitoring, identification, measurement, and follow up related to any matters related to compliance requiring attention of the Board of Directors; and

3. Internal Audit Function

The implementation of internal audit function shall cover:²²

- a. preparation of policy on internal audit;
- b. preparation and implementation of adequate audit program to entire work units of which the implementation shall take into account the risk degree in each work unit; and
- c. monitoring, identification, measurement, and follow up related to any matters related to internal audit requiring attention of the Board of Directors.

VII. DISCLOSURE OF CONFLICT OF INTEREST

In line with applicable legislative provisions and the BAC Code of Conduct Policy, a Commissioner or Director is expected to disclose his or her interest in any contract, transaction or arrangement, whether direct or indirect, which may be under discussion by the BOC or BOD from time to time. Where the BOC or BOD perceives a potential conflict of interest to arise, the commissioner or director concerned will not participate in the related discussions or decision making process. Commissioners and directors also have a duty not to abuse their authority for personal, family and/or other party's interests and take and/or receive personal profit from the activities of the Company directly or indirectly (other than valid income)²³.

VIII. ADHERENCE TO ENTERPRISE POLICY

Unless stipulated otherwise under the law and regulations in Indonesia, the Company, as a subsidiary of Bank of America Corporation ("BAC") adheres to and implements all enterprise policies and procedures applicable to the Company in its business processes. In the event the policy or procedure either partially or in its entirety is governed otherwise under the laws and

²¹ Pursuant to Article 38 (1) of OJK Rule number 57/POJK.04/2017

²² Pursuant to Article 38 (1) of OJK Rule number 57/POJK.04/2017

²³ Pursuant to article 29 of OJK Rule number 57-4-2017

regulations in Indonesia, the BOD shall consult with the regional office of BAC and based on the advice and recommendation of BAC management, the BOD shall prepare and implement a specific stipulation of the policy or procedure in accordance with the local law and regulation. These policies include BAC's Code of Conduct which can be found here <http://investor.bankofamerica.com/phoenix.zhtml?c=71595&p=irol-govconduct#fbid=RVoVHT5sDBB>.

IX. TRAINING

The Company shall dedicate sufficient resources towards the ongoing development of its BOC and BOD members. Members of the BOC and BOD shall attend the continued education program as set forth in the Regulation of Financial Services Authority regarding permit of securities companies conducting business activity as an underwriter and broker²⁴. BOC and BOD members are encouraged to attend other education and training as they feel appropriate for their development and ongoing capability as a BOC and BOD member. From time to time the Company arranges for management executives to address the BOC and BOD on topics of interest and relevance.

X. MATERIAL HARM

In accordance with Article 26 of the Regulation of Financial Services Authority Number 57 /POJK.04 2017, if any Commissioner acknowledges an indication that the Company is in breach of provisions in the legislation in the financial service sector that is able to endanger the continuity if the business activity of the Company, the Commissioner will report to the Financial Services Authority within 3 (three) business days of acknowledging indication of the breach. The BOC shall hold a meeting of the BOC inviting the BOD to discuss the indication of breach of the provisions in legislation in the financial service sector.

XI. AMENDMENTS

This Information on Governance will be reviewed by Board of Commissioners and Board of Directors of the Company at least annually and as required following amendment to the AoA or applicable laws and regulations.

XII. INCONSISTENCY WITH ARTICLES OF INCORPORATION

To the extent that there is any inconsistency between this Information on Governance and the Articles of Association, the Articles of Association will prevail.

²⁴ Pursuant to Article 28 and 17 of POJK 57-4-2017

APPENDIX I

BOARD OF COMMISSIONERS MEMBERSHIP

Members (Mandatory/ Voting Members)

- Andrew Briski - Commissioner
- Harish Aggrawal - Commissioner

Independent Commissioner : Gyanesh Nigam

APPENDIX II

BOARD OF DIRECTORS MEMBERSHIP

Members (Mandatory/ Voting Members)

- Samuel Resowijoyo (President Director)
- Prijadi
- Hartiani Rahayu