

AFFILIATE TRANSACTIONS AND CONFLICT OF INTEREST GUIDELINES

PT Astra Graphia Tbk



**Affiliate Transactions and Conflict of Interest Guidelines
PT Astra Graphia Tbk ("The Company")**

I. Introduction

1.1. Background

Transactions with affiliated parties have the potential for misuse by related parties that can harm independent shareholders, undermine market integrity, or disrupt a public company's operational continuity.

As part of the Company's commitment to protecting shareholders' interests, improving the quality of information disclosure, and implementing Good Corporate Governance principles, the Company believes it is necessary to develop procedures that regulate transactions with affiliated parties. This is in accordance with Article 3 of Financial Services Authority Regulation Number 42/POJK.04/2020, which requires companies to have adequate procedures in place to ensure that Affiliated Transactions are carried out in accordance with generally accepted business practices.

The aim of this guideline, among others:

1. As a guideline for conducting transactions with Affiliated Parties in accordance with generally accepted business practices and the arms-length principle.
2. As a benchmark for ensuring that transactions with linked parties do not harm the company's or independent shareholders' interests.
3. Assist and improve the Company's management's independence in managing transactions with affiliated parties as well as transactions involving potential conflicts of interest.

Decisions regarding affiliate transactions shall be made based on the Company's best interests, not for personal gain, and avoid any potential conflicts of interest.

1.2. Definition

- a. Affiliated Transaction is every activity and/or transaction carried out by the Company or a controlled company with:
 1. Affiliate of a public company, or
 2. Affiliate of a member of the Board of Directors, member of the Board of Commissioners, major shareholders, or controllers.
- b. Affiliated Parties of the Company, including:
 1. Employees, Directors, or Commissioners of the Company;
 2. A person who is related to a member of the Company's Board of Directors or Commissioners by marriage and descent to the second degree, either horizontally or vertically, and/or to the Company's major shareholder (if the Company's major shareholder is an individual);
 3. Director or Commissioner of the Company's Major Shareholder if the Company's Major Shareholder is a Corporation;
 4. Companies with one or more Directors or Commissioners who serve/concurrently serve as Directors or Commissioners of the Company;
 5. Controlling Shareholders or Major Shareholders of the Company;
 6. Controlled Company of the Company;
 7. Controlled Company of the Company's Major Shareholders;

8. Companies with the Director or Commissioner of the Company serve/concurrently serve as a major Shareholder.
- c. Conflict of Interest Transactions are transactions carried out by the Company or controlled companies with another party, both affiliated and non-affiliated, which are considered to be harmful to the Company.
- d. Controlled Company is a company that is controlled either directly or indirectly by the Company.
- e. The General Meeting of Shareholders (hereinafter referred to as "GMS") is an organ of a public company with authority that is not granted to the Board of Directors or the Board of Commissioners as defined in the Limited Liability Company Law and/or the Company's Articles of Association.
- f. Independent shareholders are those who do not have a personal interest in a certain transaction and who:
 1. Not a member of the Board of Directors, Commissioners, Major Shareholder, or Controlling Shareholder; or
 2. Not a member of the Board of Directors, the Board of Commissioners, Major Shareholder, or Controlling Shareholder.
- g. Major Shareholders are parties who, directly or indirectly, own at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by the company.
- h. Employees are all workers who receive wages and/or salaries from the Company.

1.3. Legal Basis

- a. Regulation of the Financial Services Authority Number 42/POJK.04/2020 of 2020 on Affiliated Transactions and Conflict-of-Interest Transactions.
- b. Articles of Association of the Company.

II. Affiliated Transactions

2.1. Basic principles

Affiliated parties of the Company are prohibited from using the Company for personal, family, or other parties' interests that could harm or reduce the Company's profits, and from taking and/or receiving personal benefits from the Company, other than the remuneration and facilities determined based on the GMS decision.

Affiliated Transactions are carried out using methods, processes, and/or in such a way that neither the Company nor the Controlled Company gives/receives any special or preferential treatment.

Affiliated transactions are carried out in accordance with the provisions of generally accepted business practices and the arms-length principle.

2.2. Scope of Transaction

Transactions carried out in a single transaction or a series of transactions for a specific

purpose or activity, including:

- a. Participation in certain business entities, projects, and/or activities;
- b. Purchase, sale, transfer, use, or exchange of assets or operating segments;
- c. Acquisition, disposal, and/or use of services;
- d. Asset leasing;
- e. Borrow or lend funds including their transfer;
- f. Guarantee the Company's and the Controlled Company's assets for loans from third parties; and
- g. Provide corporate guarantee.

2.3. Transaction Exceptions:

- a. Transactions carried out as the implementation of laws and regulations or court decisions.
- b. Transactions between:
 1. The Company with a Controlled Company whose shares are owned at least 99% (ninety-nine percent) of the Controlled Company's paid-up capital.
 2. Fellow Controlled Companies whose shares are owned at least 99% (ninety-nine percent) by the Company; or
 3. Controlled Company with a company whose shares are owned by the Controlled Company at least 99% (ninety-nine percent).
- c. Transactions with a transaction value not exceeding 0.5% (zero point five percent) of the Company's paid-up capital or not exceeding Rp 5.000.000.000,- (five billion Rupiah), the lower value shall be used.
- d. Loan transactions obtained directly, both within and outside the country, from banks, venture capital companies, Finance companies, or infrastructure financing companies.
- e. Transactions in which the Company or the Controlled Company provides domestic and international guarantees to banks, venture capital firms, finance firms, or infrastructure financing companies for loans received.
- f. Transaction in addition or subtraction of shares participation to retain the percentage of ownership once that participation has been in place for at least 1 (one) year.
- g. Transactions carried out on a regular, repetitive, and/or continuous basis in order to create business profits.

2.4. Transaction Procedure:

- a. Each member of the Board of Directors and/or Board of Commissioners of the Company is required to disclose plans to conduct Affiliate Transaction, whether carried out by themselves or their family.
- b. Every Company employee is required to disclose his or her plans to conduct an Affiliated Transaction.
- c. Every Company work unit that intends to conduct Affiliated Transactions is required to disclose those plans.

The Affiliated Transaction Plan, as stated in number 2.2, must be provided to the Company's Corporate Secretary and Legal Department for review to ensure compliance with the Affiliated Transaction's provisions.

The Affiliated Transaction Plan, as stated in number 2.2, must use an independent appraiser registered with the Financial Services Authority to determine the fair value of the object of Affiliate Transactions if the transaction value is more than 0.5 percent of the Company's paid-up capital or exceeds Rp 5.000.000.000,- (five billion Rupiah).

2.5. Reporting and Information Disclosure

- a. The Corporate Secretary & Legal Department shall assess the information provided as stated in number 2.4 and report the results to the Director in charge of the Corporate Secretary & Legal Department.
- b. The results of the assessment include:
 1. Reporting obligations on the proposed Affiliated Transaction;
 2. Whether or not there is a Conflict of Interest in the proposed Affiliated Transaction;
 3. Opinions from appraisers/experts/independent consultants regarding the fairness of Affiliated Transactions.
- c. The Affiliated Transaction plan will be presented to the Company's Board of Directors by the Director in Charge of Corporate Secretary & Legal Department.
- d. The Corporate Secretary & Legal Department will submit information obligations to the Financial Services Authority and/or the public in accordance with prevailing laws and regulations after receiving approval from the Company's Board of Directors.

III. Conflict of Interest Transactions

3.1. Basic principles

In the event of a conflict of interest, members of the Board of Commissioners, members of the Board of Directors, and the Company's Major Shareholders must act in the best interests of the Company and not take actions that may harm or reduce the Company's profits.

Every decision containing a Conflict of Interest must be approved by the Independent Shareholder in the GMS first.

3.2. Obligation to Disclose Conflict of Interest

Members of the Board of Directors, members of the Board of Commissioners, and/or Major Shareholders of the Company who are involved in transactions that have the potential to contain a conflict of interest must submit such information to the Corporate Secretary & Legal Department to comply with the provisions on Conflict of Interest Transactions

3.3. Reporting, Information Disclosure, and Independent GMS

- a. The Corporate Secretary & Legal Department shall assess the information provided as stated in number 3.2 and report the results to the Director in charge of the Corporate Secretary & Legal Department.
- b. If the value of the Conflict of Interest Transaction is less than 0.5 percent of the Company's paid-up capital and does not exceed Rp 5.000.000.000,- (five billion Rupiah), the Director in charge of the Corporate Secretary & Legal Department will schedule an agenda item in the Board of Directors meeting to determine whether the Conflict of Interest Transaction can be executed or not.

- c. If the value of the Conflict of Interest Transaction is more than 0.5 percent of the Company's paid-up capital and does not exceed Rp 5.000.000.000,- (five billion Rupiah), the Director in Charge of the Corporate Secretary & Legal Department will report the results of the assessment to the Company's Board of Directors.
- d. After approval by the Company's Board of Directors, The Corporate Secretary & Legal Department shall conduct an Independent GMS, in line with the terms of the Articles of Association and applicable laws and regulations.

IV. Closing

4.1. Guidelines Change

This Affiliated Transactions and Conflicts of Interest Guideline will be reviewed periodically to suit the Company's business needs and the applicable laws and regulations.

4.2. Closing

This Affiliated Transactions and Conflicts of Interest Guideline is used as the main reference in the implementation of Good Corporate Governance for Shareholders, Board of Commissioners, Directors, and Employees of the Company.

The prevalent laws and regulations implement to matters not covered by this Affiliated Transactions and Conflicts of Interest Guideline

The Affiliated Transactions and Conflicts of Interest Guideline is effective as of the stipulated date.