

LAW OF THE REPUBLIC OF INDONESIA NUMBER 1 OF 2025
ON
THE THIRD AMENDMENT TO LAW NUMBER 19 OF 2003
ON STATE-OWNED ENTERPRISES

BY THE BLESSINGS OF ALMIGHTY GOD
PRESIDENT OF THE REPUBLIC OF INDONESIA,

Considering : a. that in order to preserve economic sovereignty as an integral part of national economic development, sectors of production which are essential to the State and affect the essential needs of the people are controlled by the State and utilized to the greatest extent for the prosperity of the people, thereby placing upon the State the responsibility to realize public welfare through State-Owned Enterprises as the extension of the State;

b. that the role of State-Owned Enterprises in the national economy is no longer aligned with current and future economic developments, thereby necessitating a planned, integrated, and sustainable management of State-Owned Enterprises to strengthen national competitiveness and to provide opportunities, support, protection, and partnership in the development of micro, small, medium enterprises, and cooperatives as the main pillars of national economic development;

c. that in order to optimize the management of State-Owned Enterprises, it is necessary to separate the regulatory, supervisory, and operational functions;

d. that Law Number 19 of 2003 on State-Owned Enterprises, as amended several times, last by Law Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law, requires adjustment of its material contents in line with the development of an effective and competitive management of State-Owned Enterprises, as well as to meet legal needs and public participation, and therefore needs to be amended;

- e. that based on the considerations as referred to in point a to point d, it is necessary to enact a Law on the Third Amendment to Law Number 19 of 2003 on State-Owned Enterprises;

Observing : 1. Article 20, Article 21, and Article 33 of the 1945 Constitution of the Republic of Indonesia;
2. Resolution of the People's Consultative Assembly of the Republic of Indonesia Number XVI/MPR/1998 on Economic Policy in the Framework of Economic Democracy;
3. Law Number 19 of 2003 on State-Owned Enterprises (State Gazette of the Republic of Indonesia of 2003 Number 70, Supplement to the State Gazette of the Republic of Indonesia Number 4297), as amended several times, last by Law Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law (State Gazette of the Republic of Indonesia of 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856);

With the Joint Approval of
THE HOUSE OF REPRESENTATIVES
and
THE PRESIDENT OF THE REPUBLIC OF INDONESIA

HAS DECIDED:

To enact : LAW ON THE THIRD AMENDMENT TO LAW NUMBER 19 OF 2003 ON STATE-OWNED ENTERPRISES.

Article I

Law Number 19 of 2003 on State-Owned Enterprises (State Gazette of the Republic of Indonesia of 2003 Number 70, Supplement to the State Gazette of the Republic of Indonesia Number 4297), that has been amended several times by the following Laws:

- a. Number 11 of 2020 on Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573); and
- b. Number 6 of 2023 on Enactment of Government Regulation in Lieu of Law Number 2 of 2022 on Job Creation into Law (State Gazette of the Republic of Indonesia of 2023 Number 41, Supplement to the State Gazette of the Republic of Indonesia Number 6856),

is amended as follows:

1. The provisions of Article 1 are amended to read as follows:

Article 1

In this Law:

1. State-Owned Enterprise, hereinafter abbreviated as SOE, means an enterprise that meets at least one of the following criteria:
 - a. its shares is wholly or predominantly owned by the Republic of Indonesia through direct equity participation; or
 - b. the Republic of Indonesia holds special rights.
2. SOE Subsidiary means a subsidiary of an SOE and its derivatives, established by the SOE for the purpose of fulfilling the business interests of the SOE.
3. Limited Liability Company (Perusahaan Perseroan), hereinafter referred to as Persero, means an SOE in the form of a limited liability company whose primary objective is to generate profit.
4. State-Owned Listed Company (Perusahaan Perseoran Terbuka), hereinafter referred to as Listed Persero, means a Persero whose shares and number of shareholders meet specific criteria, or a Persero that conducts a public offering in accordance with the provisions of legislation in the capital market sector.
5. Public Purpose Company (Perusahaan Umum), hereinafter referred to as Perum, means an SOE whose entire capital is owned by the Republic of Indonesia and is not divided into shares, whose primary objective is to provide and ensure the availability of goods and/or services for public benefit in order to fulfill the essential needs of the people or to meet strategic needs, based on sound corporate governance principles.
6. State Budget (Anggaran Pendapatan dan Belanja Negara), hereinafter abbreviated as APBN, means the annual financial plan of the state government approved by the House of Representatives of the Republic of Indonesia.
7. Board of Commissioners means the organ of Persero responsible for performing supervisory functions as referred to in the law on limited liability companies.
8. Board of Supervisors means the organ of Perum responsible for conducting general and/or specific supervision in accordance with the articles of association and for providing advice to the Board of Directors.
9. Board of Directors means the organ of the SOE that is authorized and fully responsible for the

management of the SOE in the interest of the SOE, in accordance with its purposes and objectives, both in and out of the court, pursuant to the provisions of the articles of association.

10. SOE Assets means all forms of goods or types of property owned by the SOE that can be valued in monetary terms and possess exchange value and/or economic value.
11. Restructuring means a legal act undertaken for the purpose of improving performance, increasing value, recovery, or rescuing the company.
12. Merger means a legal act undertaken by 1 (one) or more SOEs to merge into an existing SOE, resulting in the transfer by operation of law of the aktiva (assets) and pasiva (liabilities and equity) of the merging SOE(s) to the surviving SOE, and the legal status of the merging SOE(s) subsequently terminates by operation of law.
13. Consolidation means a legal act undertaken by 2 (two) or more SOEs to consolidate by establishing a new SOE, which by operation of law acquires the aktiva and pasiva of the consolidating SOEs, and the legal status of the consolidating SOEs subsequently terminates by operation of law.
14. Acquisition means a legal act undertaken by an SOE to acquire shares of another SOE and/or a limited liability company, resulting in a transfer of control over the respective SOE or limited liability company.
15. Spin-off means a legal act undertaken by an SOE to separate part of its business, resulting in the transfer by operation of law of all aktiva and pasiva of the SOE to 2 (two) or more SOEs, or the transfer of part of its aktiva and pasiva by operation of law to 1 (one) or more SOEs.
16. Privatization means the sale of shares owned by the Republic of Indonesia in a Persero, whether in part or in whole, to another party.
17. General Meeting of Shareholders, hereinafter abbreviated as GMS, means the corporate organ that holds authorities not granted to the Board of Directors or the Board of Commissioners, within the limits set forth in the law concerning limited liability companies.
18. Day means a working day.
19. Central Government means the President of the Republic of Indonesia who holds executive power of the Republic of Indonesia, assisted by the Vice President and ministers as referred to in the 1945

Constitution of the Republic of Indonesia.

20. House of Representatives of the Republic of Indonesia (Dewan Perwakilan Rakyat Republik Indonesia), hereinafter abbreviated as DPR RI, means the House of Representatives of the Republic of Indonesia as referred to in the 1945 Constitution of the Republic of Indonesia.
21. Minister means the minister administering government affairs in the field of SOEs.
22. Minister of Finance means the minister administering government affairs in the field of finance.
23. Daya Anagata Nusantara Investment Management Agency, hereinafter referred to as the Agency, means the agency that carries out government duties in the field of SOE management as regulated in this Law.
24. Investment Holding Company, hereinafter referred to as Investment Holding, means an SOE whose entire shares is owned by the Republic of Indonesia and the Agency, and which is assigned to manage dividends and/or optimize SOE Assets, as well as other duties as determined by the Minister and/or the Agency.
25. Operational Holding Company, hereinafter referred to as Operational Holding, means an SOE whose entire shares is owned by the Republic of Indonesia and the Agency, and which is assigned to supervise the operational activities of SOEs and other business activities.

2. Between Chapter I and Chapter II, 1 (one) chapter namely Chapter IA is inserted, to read as follows:

CHAPTER IA PRINCIPLES AND OBJECTIVES

3. Between Article 1 and Article 2, 1 (one) article namely Article 1A is inserted, to read as follows:

Article 1A

- (1) The management of SOEs is based on economic democracy, which includes the following principles:
 - a. togetherness;
 - b. equitable efficiency;
 - c. sustainability;
 - d. environmental awareness;
 - e. maintaining the balance, progress, and unity of the national economy; and
 - f. good corporate governance.

(2) The principle of good corporate governance as referred to in section (1) point f includes:

- a. transparency;
- b. accountability;
- c. responsibility;
- d. independence; and
- e. fairness.

4. The provisions of Article 2 are amended to read as follows:

Article 2

(1) The objectives of establishing SOEs are:

- a. to generate profit;
- b. to contribute to the development of the national economy in general and to state revenue in particular;
- c. to pioneer business activities that cannot yet be undertaken by the private sector and cooperatives;
- d. to empower, support, and build partnerships with micro, small, and medium enterprises, cooperatives, and the community;
- e. as a Persero, to provide and ensure the availability of high-quality and competitive goods and/or services;
- f. as a Perum, to ensure the availability of goods and/or services for public benefit in order to meet the essential needs of the people and for strategic needs; and
- g. to develop strategic industries based on research, innovation, and technology that are synergized with other countries.

(2) The activities of SOEs must be in accordance with their objectives and also not contrary to legislation, public order, and/or morality.

(3) The Republic of Indonesia holds a series A Dwiwarna share in SOEs through the Minister.

5. Between Chapter IA and Chapter II, 1 (one) chapter namely Chapter IB is inserted, to read as follows:

CHAPTER IB
AUTHORITY OVER THE MANAGEMENT OF STATE-OWNED ENTERPRISES

6. Between Article 3 and Article 4, 4 (four) articles namely Article 3A, Article 3B, Article 3C, and Article 3D are inserted, to read as follows:

Article 3A

- (1) The President, as the Head of Government, holds the authority over the management of SOEs as part of the state's executive power in the field of state financial management.
- (2) The authority as referred to in section (1) includes the ownership of state restricted assets.
- (3) The authority as referred to in section (1) and section (2) is delegated to the Minister as the holder of the series A Dwiwarna share and to the Agency as the holder of the series B share in the Investment Holding and Operational Holding, as representatives of the Central Government in the ownership of state restricted assets.

Article 3B

The Minister, as the representative of the Central Government and acting as regulator, has the duties to formulate policies, regulate, foster, coordinate, and supervise the implementation of SOE management policies.

Article 3C

To carry out the duties as referred to in Article 3B, the Minister, as the representative of the Central Government and with the approval of the President, has the authority to:

- a. determine the general policy direction of SOEs;
- b. determine SOE governance policies;
- c. determine the SOE roadmap and submit it to the relevant complementary organs of the DPR RI in charge of SOE affairs;
- d. regulate and assign mandates to SOEs;
- e. regulate the procedures and main contents of key performance indicators;
- f. determine the criteria for write-off and absolute write-off for SOE assets;
- g. establish SOEs;
- h. approve SOE Restructuring, including Mergers, Consolidations, Acquisitions, and Spin-offs;
- i. ratify and consult with the relevant complementary organs of the DPR RI in charge of SOEs on the corporate planning and budgeting of the Investment Holding and Operational Holding companies;
- j. conduct examinations of SOEs;
- k. propose a Privatization plan to the privatization committee; and
- l. exercise other authority as determined by the President.

Article 3D

Further provisions regarding the duties of the Minister as the representative of the Central Government acting as regulator as referred to in Article 3B, and the authority of the Minister as the representative of the Central Government as referred to in Article 3C, are regulated by a Government Regulation.

7. Between Chapter IB and Chapter II, 1 (one) chapter namely Chapter IC is inserted, to read as follows:

CHAPTER IC INVESTMENT MANAGEMENT AGENCY

8. Following Chapter IC, 1 (one) part namely Part One is added, to read as follows:

Part One General

9. Between Article 3D and Article 4, 8 (eight) articles namely Article 3E, Article 3F, Article 3G, Article 3H, Article 3I, Article 3J, Article 3K, and Article 3L are inserted, to read as follows:

Article 3E

- (1) In carrying out the management of SOEs, the President delegates part of his or her authority to the Agency established under this Law.
- (2) The Agency as referred to in section (1) is an Indonesian legal entity wholly owned by the Government of Indonesia.
- (3) The Agency as referred to in section (2) aims to enhance and optimize investments and operations of SOEs and other funding sources.
- (4) The Agency as referred to in section (1) is accountable to the President.
- (5) In order to ensure dividend contributions for investment management, the Minister appoints his or her representatives to the Agency, the Investment Holding, and the Operational Holding with the approval of the President.

Article 3F

- (1) The Agency has the duty to manage the SOEs.
- (2) In performing the duty as referred to in section (1), the Agency has the authority to:
 - a. manage dividends from the Investment Holding, Operational Holding, and SOEs;

- b. approve the increase and/or decrease of equity participation in SOEs sourced from dividend management;
- c. establish the Investment Holding and Operational Holding jointly with the Minister;
- d. jointly approve with the Minister the proposed write-off and/or absolute write-off for SOE assets as submitted by the Investment Holding or the Operational Holding;
- e. provide loans, receive loans, and encumber assets with the approval of the President; and
- f. ratify and consult with the relevant complementary organ of the DPR RI in charge of SOEs on the corporate planning and budgeting of the Investment Holding and Operational Holding companies.

Article 3G

- (1) The capital of the Agency is sourced from:
 - a. state equity participation; and/or
 - b. other sources.
- (2) The state equity participation as referred to in section (1) point a may originate from:
 - a. cash funds;
 - b. state-owned assets; and/or
 - c. state-owned shares in SOEs.
- (3) The capital of the Agency is set at a minimum of Rp1,000,000,000,000,000.00 (one thousand trillion rupiah).
- (4) The capital of the Agency as referred to in section (3) may be increased through state equity participation and/or other sources.

Article 3H

- (1) The Agency may carry out investments, either directly or indirectly, and engage in cooperation with the Investment Holding, Operational Holding, and third parties.
- (2) Any profit or loss incurred by the Agency in carrying out the investments as referred to in section (1) constitutes the profit or loss of the Agency.
- (3) In the event that the Agency earns a profit as referred to in section (2), a portion of such profit is designated as income for the state to be deposited into the state treasury, after reserving an amount to cover or bear the risk of loss from investments and/or to accumulate capital.
- (4) Further provisions regarding reserves to cover or bear the risk of loss from investments and/or to

accumulate capital as referred to in section (3) are regulated by a Government Regulation.

Article 3I

- (1) In order to enhance asset value, the Agency may manage assets through cooperation with third parties.
- (2) The cooperation with third parties is carried out by the Agency through:
 - a. management authority; and/or
 - b. other forms of cooperation.
- (3) Further provisions regarding the procedures for the management of the Agency's assets as referred to in section (1) are regulated by a Government Regulation.

Article 3J

- (1) The Agency's assets may originate from:
 - a. the capital as referred to in Article 3G section (1);
 - b. proceeds from the development of the Agency's assets;
 - c. transfer of state assets or SOE Assets;
 - d. grants; and/or
 - e. other lawful sources.
- (2) No party is permitted to seize any of the Agency's assets that are not pledged as collateral.
- (3) The management of the Agency's assets is fully carried out by the Agency's organs in accordance with the principles of good corporate governance, accountability, and transparency.

Article 3K

The audit of the Agency's financial management and accountability is conducted by the Audit Board of the Republic of Indonesia.

Article 3L

- (1) The Agency is domiciled and has its head office in the National Capital.
- (2) The Agency may establish offices outside the National Capital.

10. Following Part One, 1 (one) part namely Part Two is added, to read as follows:

Part Two
Organs

11. Between Article 3L and Article 4, 15 (fifteen) articles namely Article 3M, Article 3N, Article 3O, Article 3P, Article

3Q, Article 3R, Article 3S, Article 3T, Article 3U, Article 3V, Article 3W, Article 3X, Article 3Y, Article 3Z, and Article 3AA are inserted, to read as follows:

Article 3M

The organs of the Agency consist of:

- a. the board of supervisors; and
- b. the executive body.

Article 3N

(1) The board of supervisors consists of:

- a. a chairperson concurrently serving as a member;
- b. a vice chairperson concurrently serving as a member;
- c. representatives from the ministry responsible for synchronizing, coordinating, and controlling the implementation of ministerial affairs in the administration of government in the field of economic affairs, the ministry administering government affairs in the field of finance, the ministry administering government affairs in the field of SOEs, and the ministry administering government affairs in the field of investment, serving as members; and
- d. state officials or other parties serving as members.

(2) The chairperson, vice chairperson, and members of the board of supervisors as referred to in section (1) are appointed and dismissed by the President.

(3) The chairperson, vice chairperson, and members of the board of supervisors as referred to in section (1) are appointed for a term of office of 5 (five) years and may only be reappointed for 1 (one) additional term of office.

Article 3O

(1) The board of supervisors has the duties to supervise the management of the Agency carried out by the executive body.

(2) In carrying out its duties as referred to in section (1), the board of supervisors, with the approval of the President, has the authority to:

- a. approve the annual work plan and budget along with the key performance indicators proposed by the executive body;
- b. evaluate the achievement of the key performance indicators;
- c. receive and evaluate accountability reports from the executive body;

- d. submit accountability reports of the board of supervisors and the executive body to the President;
- e. determine the remuneration of the board of supervisors and the executive body;
- f. propose increases and/or decreases in the Agency's capital to the President;
- g. approve the Agency's annual financial statements; and
- h. temporarily suspend members of the executive body.

Article 3P

Further provisions regarding the board of supervisors as referred to in Article 3N and Article 3O are regulated by a Government Regulation.

Article 3Q

- (1) The executive body as referred to in Article 3M point b is composed of professional backgrounds.
- (2) One of the members of the executive body is appointed as the head of the executive body.
- (3) All members of the executive body are appointed and dismissed by the President.
- (4) The term of office of members of the executive body is 5 (five) years and may only be reappointed for one (1) additional term of office.

Article 3R

- (1) To be eligible for appointment as a member of the executive body, a person must meet the following requirements:
 - a. an Indonesian citizen;
 - b. legally competent to perform legal acts;
 - c. being physically and mentally healthy;
 - d. not more than 70 (seventy) years of age at the time of initial appointment;
 - e. not a member or official of any political party;
 - f. possess experience and/or expertise in the fields of investment, economics, finance, banking, law, and/or corporate management;
 - g. never been sentenced to imprisonment for committing a criminal offense;
 - h. never been declared bankrupt or served as a company official responsible for a company's bankruptcy; and
 - i. not declared as an individual of disgraceful conduct in the field of investment or other fields under the provisions of legislation.

(2) Members of the executive body are prohibited from having familial relationships up to the second degree or parents of daughter/son-in-law with:

- a. other members of the executive body;
- b. members of the board of supervisors;
- c. employees of the Agency;
- d. the Board of Directors of the Investment Holding or Operational Holding; and/or
- e. the Board of Commissioners of the Investment Holding or Operational Holding.

Article 3S

- (1) The term of office of a member of the executive body terminates in the event of:
 - a. death;
 - b. the expiration of the term of office; or
 - c. he or she is dismissed by the President.
- (2) A member of the executive body may be dismissed by the President on the following grounds:
 - a. failure to meet any of the membership requirements as referred to in Article 3R;
 - b. breach of confidentiality requirements;
 - c. failure to fulfill obligations agreed upon in the management contract;
 - d. failure to perform duties properly;
 - e. engaging in actions that violate ethics and/or propriety expected of members of the executive body;
 - f. being named as a suspect in an act detrimental to the Agency, SOEs, or state finances;
 - g. resignation;
 - h. failure to perform duties as a member of the executive body for more than 6 (six) months, even with reasonable justification;
 - i. permanent incapacity; and/or
 - j. other reasons deemed appropriate by the President.
- (3) A member of the executive body may be temporarily suspended by the board of supervisors.
- (4) In the event that a member of the executive body is temporarily suspended as referred to in section (3), the board of supervisors requests the President to appoint a replacement for the suspended member.
- (5) The temporary suspension as referred to in section (3) is notified in writing to the concerned member of the executive body.
- (6) A member of the executive body who has been temporarily suspended as referred to in section (3) is

not authorized to perform duties as a member of the executive body.

Article 3T

- (1) The executive body has the duties to administer the operational management of the Agency.
- (2) In performing its duties as referred to in section (1), the executive body has the authority to:
 - a. formulate and establish the Agency's policies;
 - b. implement policies and administer the Agency's operations;
 - c. prepare and propose the remuneration of the board of supervisors and executive body to the board of supervisors;
 - d. prepare and propose the annual work plan and budget along with key performance indicators to the board of supervisors;
 - e. establish the organizational structure of the Agency and manage human resources, including appointment, dismissal, salary system, remuneration, rewards, pension programs and retirement benefits, and other income for the employees of the Agency ; and
 - f. represent the Agency in and out of court.
- (3) Further provisions regarding the the duties of the executive body as referred to in section (1) and the authority of the executive body as referred to in section (2) are regulated by an Agency Regulation.

Article 3U

The executive body determines the area of responsibility of each member of the executive body with the approval of the board of supervisors.

Article 3V

- (1) The executive body establishes committees comprising members of the executive body, employees of the Agency, and other parties with the experience required by the committee, taking into account international best practices.
- (2) The committees as referred to in section (1) comprise at least:
 - a. an investment committee; and
 - b. a risk management committee.
- (3) The committees as referred to in section (2) are established by a decision of the executive body.
- (4) The investment committee as referred to in section (2) point a comprises at least:

- a. a member of the executive body in charge of investment or business development; and
- b. a member of the executive body in charge of risk management.

(5) The establishment of the committee is reported by the executive body to the board of supervisors after the committee has been established.

(6) The committee as referred to in section (1) is obligated to submit reports and recommendations to the executive body.

Article 3W

- (1) The President establishes an advisory board.
- (2) The advisory board as referred to in section (1) has the duties to provide input and recommendations to the Agency.
- (3) One of the members of the advisory board is appointed as the Chair.
- (4) The members of the advisory board are appointed and dismissed by the President.

Article 3X

- (1) The organs and employees of the Agency are not state administrators.
- (2) The Agency determines the personnel system, salary system, rewards, pension programs and retirement benefits, as well as other forms of income for the employees of the Agency.
- (3) The Agency may not be declared bankrupt unless insolvency can be proven.

Article 3Y

The Minister, organs, and employees of the Agency cannot be held legally liable for any loss if it can be proven that:

- a. the loss did not result from their fault or negligence;
- b. they have conducted the management in good faith and with prudence in accordance with the purposes and objectives of investment and governance;
- c. they had no conflict of interest, either directly or indirectly, in the investment management actions; and
- d. they did not unlawfully obtain any personal gain.

Article 3Z

- (1) The Agency may only be dissolved by a Law.
- (2) The development and supervision of the Agency are carried out by the President.

Article 3AA

- (1) Further provisions regarding the governance of the Agency as stipulated in Article 3E to Article 3Z are regulated by a Government Regulation.
- (2) To the extent specifically regulated under this Law, the provisions of legislation governing the management of state finances separated into SOEs, state treasury, non-tax state revenues, and limited liability companies do not apply to the Agency.

12. Between Chapter IC and Chapter II, 1 (one) chapter namely Chapter ID is inserted, to read as follows:

CHAPTER ID
INVESTMENT HOLDING

13. Following Chapter ID, 1 (one) part namely Part One is added, to read as follows:

Part One
General

14. Between Article 3AA and Article 4, 2 (two) articles namely Article 3AB and Article 3AC are inserted, to read as follows:

Article 3AB

- (1) In exercising the authority of the Minister as referred to in Article 3C and the authority of the Agency as referred to in Article 3F section (2), the Minister and the Agency establish an Investment Holding.
- (2) The Investment Holding has the duties to:
 - a. manage investments;
 - b. optimize assets to enhance investment value; and
 - c. carry out other duties as assigned by the Minister or the Agency.
- (3) The Investment Holding is a legal entity in the form of a limited liability company.
- (4) All shares of the Investment Holding are owned by the Republic of Indonesia and the Agency.
- (5) The Republic of Indonesia as referred to in section (4) holds 1% (one percent) of series A Dwiwarna shares with special rights through the ministry administering government affairs in the field of SOEs.
- (6) The Agency as referred to in section (4) holds 99% (ninety-nine percent) of series B shares in the Investment Holding.

Article 3AC

In performing its duties as referred to in Article 3AB section (2), the Investment Holding has the authority to undertake the following actions:

- a. prepare and propose the corporate planning and budgeting of the Investment Holding ;
- b. manage SOEs' dividends;
- c. carry out asset optimization;
- d. issue debt securities and/or receive loans;
- e. provide loans and/or guarantees to the Operational Holding, SOEs, or SOE Subsidiaries;
- f. manage and administer the Investment Holding's assets;
- g. propose write-offs and/or absolute write-off for the Investment Holding's assets to the Agency;
- h. propose a management contract to the Agency for approval; and
- i. other actions as determined by the Minister or the Agency, or as stipulated in the articles of association of the Investment Holding.

15. Following Part One, 1 (one) part namely Part Two is inserted, to read as follows:

Part Two
Board of Directors of the
Investment Holding

16. Between Article 3AC and Article 4, 4 (four) articles namely Article 3AD, Article 3AE, Article 3AF, and Article 3AG are inserted, to read as follows:

Article 3AD

- (1) The Board of Directors of the Investment Holding consists of 1 (one) president director and 1 (one) or more members of the Board of Directors.
- (2) The Board of Directors of the Investment Holding are selected from professional backgrounds.
- (3) In the event that the Board of Directors of the Investment Holding consists of 2 (two) or more members, the division of duties and authorities among the members of the Board of Directors is determined by resolution of the GMS of the Investment Holding.
- (4) In the event that the GMS of the Investment Holding as referred to in section (3) does not stipulate such division, the division of duties and authorities among the members of the Board of Directors is determined by resolution of the Board of Directors of the Investment Holding.

Article 3AE

- (1) To be eligible for appointment as a member of the Board of Directors of the Investment Holding, a person must meet the following requirements:
 - a. an Indonesian citizen;
 - b. legally competent to perform legal acts;
 - c. being physically and mentally healthy;
 - d. not more than 60 (sixty) years of age at the time of initial appointment;
 - e. not a member or official of any political party;
 - f. possess experience and/or expertise in the fields of investment, economics, finance, banking, law, and/or corporate management for at least 15 (fifteen) years;
 - g. never been sentenced to imprisonment for committing a criminal offense;
 - h. never been declared bankrupt or served as a company official responsible for a company's bankruptcy; and
 - i. not declared as an individual of disgraceful conduct in the field of investment or other fields under the provisions of legislation.
- (2) Members of the Board of Directors of the Investment Holding are prohibited from having family relationships up to the second degree or parents of daughter/son-in-law with:
 - a. other members of the Board of Directors of the Investment Holding;
 - b. members of the Board of Commissioners of the Investment Holding;
 - c. employees of the Investment Holding;
 - d. the board of supervisors of the Agency; and/or
 - e. the executive body of the Agency.
- (3) Further provisions regarding the requirements for members of the Board of Directors of the Investment Holding as referred to in section (1) and the prohibitions applicable to the Board of Directors of the Investment Holding as referred to in section (2) are regulated by a Ministerial Regulation.

Article 3AF

- (1) The term of office of the Board of Directors of the Investment Holding terminates in the event of:
 - a. death;
 - b. the expiration of the term of office; or
 - c. dismissal by the GMS.
- (2) A member of the Board of Directors of the Investment Holding may be temporarily dismissed by the Board of Commissioners of the Investment Holding on the following grounds:

- a. failure to meet any of the requirements as referred to in Article 3AE section (1);
- b. breach of disclosure and confidentiality requirements;
- c. failure to fulfill obligations agreed upon in the management contract;
- d. engaging in actions that violate ethics and/or propriety expected of the Board of Directors of the Investment Holding.
- e. being named as a suspect in an act detrimental to the Investment Holding, the Operational Holding, an SOE, or the state finances;
- f. resignation;
- g. failure to perform duties as a member of the Board of Directors of the Investment Holding for more than 6 (six) months, even with reasonable justification;
- h. permanent incapacity; and/or
- i. other reasons deemed appropriate by the Board of Commissioners of the Investment Holding or in accordance with legislation concerning limited liability companies or state-owned enterprises.

(3) Further provisions regarding the procedures for appointment, dismissal, and temporary dismissal of members of the Board of Directors of the Investment Holding are regulated by a Government Regulation.

Article 3AG

In exercising its authority to manage, the Board of Directors of the Investment Holding is responsible for carrying out the duties of the Investment Holding as governed in legislation concerning the Investment Holding and the articles of association of the Investment Holding.

17. Following Part Two, 1 (one) part namely Part Three is inserted to read as follows:

Part Three Board of Commissioners of the Investment Holding

18. Between Article 3AG and Article 4, 3 (three) articles namely Article 3AH, Article 3AI, and Article 3AJ are inserted to read as follows:

Article 3AH

(1) The Board of Commissioners of the Investment Holding consists of 1 (one) president commissioner, 1 (one) member of the Board of Commissioners, and

1 (one) independent member of the Board of Commissioners.

(2) The president commissioner of the Investment Holding represents the ministry administering government affairs in the field of SOEs.

(3) The independent member of the Board of Commissioners is selected from professional backgrounds.

(4) The representative of the ministry administering government affairs in the field of SOEs as referred to in section (2) is at least an echelon I official.

Article 3AI

(1) To be eligible for appointment as an independent member of the Board of Commissioners of the Investment Holding, a candidate for the independent member of the Board of Commissioners of the Investment Holding must meet the following requirements:

- a. an Indonesian citizen;
- b. legally competent to perform legal acts;
- c. being physically and mentally healthy;
- d. not more than 65 (sixty-five) years of age at the time of initial appointment;
- e. not a member and/or official of any political party;
- f. possesses at least 30 (thirty) years of experience and/or expertise in the fields of investment, economics, finance, banking, law, and/or corporate management ;
- g. never been sentenced to imprisonment for committing a criminal offense;
- h. never been declared bankrupt or served as a company official responsible for a company's bankruptcy; and
- i. not declared as an individual of disgraceful conduct in the field of investment or other fields under the provisions of legislation; and
- j. other requirements in accordance with the provisions of legislation concerning limited liability companies and concerning SOEs.

(2) Members of the Board of Commissioners of the Investment Holding are prohibited from having family relationships up to the second degree or parents of daughter/son-in-law with:

- a. members of the Board of Directors of the Investment Holding;

- b. other members of the Board of Commissioners of the Investment Holding;
- c. employees of the Investment Holding;
- d. the board of supervisors of the Agency; and/or
- e. the executive body of the Agency.

(3) Further provisions regarding the requirements for the Board of Commissioners of the Investment Holding as referred to in section (1) and the prohibitions for the Board of Commissioners of the Investment Holding as referred to in section (2) are regulated by a Ministerial Regulation.

Article 3AJ

- (1) The term of office of the Board of Commissioners of the Investment Holding terminates in the event of:
 - a. death;
 - b. the expiration of the term of office; or
 - c. dismissal by the GMS for independent members of the Board of Commissioners of the Investment Holding.
- (2) Further provisions regarding the procedures for the appointment and dismissal of members of the Board of Commissioners are regulated by a Government Regulation.

19. Between Chapter ID and Chapter II, 1 (one) chapter namely Chapter IE is inserted to read as follows:

CHAPTER IE
OPERATIONAL HOLDING

20. Between Article 3AJ and Article 4, 4 (four) articles namely Article 3AK, Article 3AL, Article 3AM, and Article 3AN are inserted, to read as follows:

Article 3AK

- (1) In exercising the authority of the Minister as referred to in Article 3C and the authority of the Agency as referred to in Article 3F section (2), the Minister and the Agency establish an Operational Holding.
- (2) The Operational Holding has the duties to:
 - a. conduct the operational management of SOEs; and
 - b. carry out other duties as determined by the Minister or the Agency.
- (3) The Operational Holding is a legal entity in the form of a limited liability company.

Article 3AL

In carrying out its duties as referred to in Article 3AK section (2), the Operational Holding is authorized to undertake the following actions:

- a. to prepare and propose the corporate planning and budgeting of the Operational Holding;
- b. to issue debt securities and/or obtain loans;
- c. to provide loans and/or guarantees to SOEs or SOE Subsidiaries;
- d. to manage and administer the assets of the Operational Holding, SOEs, and SOE Subsidiaries;
- e. to propose write-offs and/or absolute write-off for assets of the Operational Holding and/or SOEs to the Agency;
- f. to propose the management contract of the Operational Holding to the Agency for approval; and
- g. other actions as determined by the Minister or the Agency or as stipulated in the articles of association of the Operational Holding.

Article 3AM

- (1) All shares of the Operational Holding are owned by the Republic of Indonesia and the Agency.
- (2) The Republic of Indonesia as referred to in section (1) holds 1% (one percent) of series A Dwiwarna shares with special rights through the ministry administering government affairs in the field of SOEs.
- (3) The Agency as referred to in section (1) holds 99% (ninety-nine percent) of series B shares in the Operational Holding.

Article 3AN

The provisions as referred to in Article 3AD to Article 3AJ apply mutatis mutandis to the Board of Directors of the Operational Holding, the Board of Commissioners of the Operational Holding, and the corporate planning and budgeting of the Operational Holding.

21. Between Chapter IE and Chapter II, 1 (one) chapter namely Chapter IF is inserted to read as follows:

CHAPTER IF CAPITAL AND STATE EQUITY PARTICIPATION

22. Following Chapter IF, 1 (one) part namely Part One is inserted to read as follows:

Part One Capital

23. The provisions of Article 4 are amended to read as follows:

Article 4

- (1) The capital of SOEs originates from the APBN and non-APBN sources.
- (2) The capital of SOEs as referred to in section (1) constitutes part of the finances of the SOEs, the management of which is carried out in accordance with the principles of good corporate governance.
- (3) The capital of SOEs originating from the APBN consists of:
 - a. cash funds;
 - b. state-owned assets;
 - c. state receivables from SOEs or limited liability companies;
 - d. state-owned shares in SOEs or limited liability companies; and/or
 - e. other state assets.
- (4) The capital of SOEs originating from non-APBN sources consists of:
 - a. asset revaluation gains;
 - b. capitalization of reserves;
 - c. share premium; and/or
 - d. other lawful sources.
- (5) Capital injection for the Investment Holding, Operational Holding, SOEs, and SOE Subsidiaries are not originated from the APBN, except for the purpose of carrying out government assignments.

24. Following Part One, 1 (one) part namely Part Two is inserted to read as follows:

Part Two
State Equity Participation

25. Between Article 4 and Article 5, 2 (two) articles namely Article 4A and Article 4B are inserted to read as follows:

Article 4A

- (1) Any state equity participation for the establishment of the Agency, the Investment Holding, the Operational Holding, and SOEs, the funds for which originate from the APBN as referred to in Article 4 section (3) is stipulated by a Government Regulation.
- (2) Any change to state equity participation originating from the APBN as referred to in Article 4 section (3), whether in the form of capital increase or reduction, including changes in the ownership structure of state shares in a Persero, is stipulated by a Government Regulation.

- (3) The Minister proposes state equity participation for the purpose of:
 - a. the establishment of the Agency, the Investment Holding, the Operational Holding, and SOEs as referred to in section (1);
 - b. changes to state equity participation to the Agency as referred to in section (2);
 - c. additional state equity participation to the Agency; and/or
 - d. Central Government assignments, to the complementary organ of the DPR RI in charge of SOEs, in order to obtain approval.
- (4) The state equity participation for the establishment of SOEs as referred to in section (1) and changes in state equity participation to SOEs as referred to in section (2) is carried out by the Minister.
- (5) State capital in SOEs originating from equity participation, whether for the purpose of establishment of SOEs or changes thereto, constitutes assets of the SOEs and is owned and becomes the responsibility of the respective SOEs.
- (6) Further provisions regarding the procedures for state equity participation in the establishment of SOEs as referred to in section (1) and changes in state equity participation as referred to in section (2) are regulated by a Government Regulation.

Article 4B

Profits or losses incurred by an SOE constitute the profits or losses of the respective SOE.

26. Following Part Two, 1 (one) part namely Part Three is inserted to read as follows:

Part Three Special Rights of Series A Dwiwarna Shares

27. Between Article 4B and Article 5, 1 (one) article namely Article 4C is inserted to read as follows:

Article 4C

- (1) The Republic of Indonesia holds series A Dwiwarna shares with special rights in the Investment Holding, the Operational Holding, and SOEs.
- (2) The ownership of the series A Dwiwarna shares with special rights by the Republic of Indonesia as referred to in section (1) is exercised through the ministry administering government affairs in the field of SOEs.

- (3) The series A Dwiwarna shares with special rights as referred to in section (1) confer at least the following special rights:
 - a. the right to grant approval at the GMS;
 - b. the right to propose the agenda of the GMS;
 - c. the right to request and access company data and documents in accordance with the provisions of legislation;
 - d. the right to determine strategic guidelines/policies in the following areas:
 1. accounting and finance;
 2. development and investment;
 3. operations and procurement of goods and/or services;
 4. information technology;
 5. human resources;
 6. risk management and supervision;
 7. legal affairs and compliance;
 8. corporate social programs; and
 9. environmental, social, and governance (ESG) programs.
 - e. the right to appoint and dismiss the Board of Directors and the Board of Commissioners with the approval of the President; and
 - f. other rights as stipulated in the articles of association.
- (4) Further provisions regarding the special rights as referred to in section (3) are regulated by a Government Regulation.

28. Between Chapter IF and Chapter II, 1 (one) chapter namely Chapter IG is inserted to read as follows:

CHAPTER IG
ESTABLISHMENT OF SOEs

29. Article 5 is deleted.
30. Article 6 is deleted.
31. Article 7 is deleted.
32. Article 8 is deleted.
33. The provisions of Article 9 are amended to read as follows:

Article 9
The legal forms of SOEs consist of Persero and Perum.

34. Between Article 9 and Article 10, 1 (one) article namely Article 9A is inserted to read as follows:

Article 9A

An SOE has its domicile within the territory of the Unitary State of the Republic of Indonesia as specified in its articles of association.

35. Between Chapter IG and Chapter II, 1 (one) chapter namely Chapter IH is inserted to read as follows:

CHAPTER IH
MANAGEMENT AND SUPERVISION

36. Between Article 9A and Article 10, 7 (seven) articles namely Article 9B, Article 9C, Article 9D, Article 9E, Article 9F, Article 9G, and Article 9H are inserted to read as follows:

Article 9B

- (1) The Board of Directors manages the SOE in the interest of the SOE and in accordance with the objectives of the SOE.
- (2) In managing the SOE as referred to in section (1), the Board of Directors is authorized to determine policies in accordance with the provisions of this Law and/or the articles of association.
- (3) The Board of Directors as referred to in section (1) represents the SOE both in and out of court.
- (4) In the event that the Board of Directors consists of more than 1 (one) member, each member of the Board of Directors is authorized to represent the SOE, unless otherwise stipulated in the articles of association.

Article 9C

- (1) The Board of Commissioners or the Board of Supervisors supervises the SOE in relation to its policies and the implementation of management, and provides advice to the Board of Directors.
- (2) The supervision and provision of advice as referred to in section (1) are carried out in the interest of the SOE and in accordance with the objectives of the SOE.

Article 9D

In carrying out the management as referred to in Article 9B and the supervision as referred to in Article 9C, the Board of Directors, the Board of Commissioners, and the Board of Supervisors are obligated to comply with:

- a. the provisions of legislation;
- b. the articles of association of the SOE; and
- c. the principles and norms governing the management of SOEs.

Article 9E

Each member of the Board of Directors, the Board of Commissioners, and the Board of Supervisors is prohibited from deriving personal gain, either directly or indirectly, from the activities of the SOE other than lawful income.

Article 9F

- (1) A member of the Board of Directors cannot be held legally liable for any loss if it can be proven that:
 - a. the loss did not result from his or her fault or negligence;
 - b. he or she has conducted the management in good faith and with prudence, in the interest of and in accordance with the objectives of the SOE;
 - c. he or she has no conflict of interest, either directly or indirectly, with respect to the management actions that caused the loss; and
 - d. he or she has taken actions to prevent the occurrence or continuation of such loss.
- (2) A member of the Board of Commissioners or the Board of Supervisors of an SOE cannot be held legally liable for any loss if it can be proven that:
 - a. he or she has conducted supervision in good faith and with prudence, in the interest of the SOE and in accordance with the objectives of the SOE;
 - b. he or she has no personal interest, either directly or indirectly, in the management actions of the Board of Directors that caused the loss; and
 - c. he or she has provided advice to the Board of Directors to prevent the occurrence or continuation of such loss.

Article 9G

Members of the Board of Directors, the Board of Commissioners, and the Board of Supervisors of SOEs are not state administrators.

Article 9H

- (1) Members of the Board of Directors, the Board of Commissioners, and the Board of Supervisors are not authorized to represent the SOE if:

- a. a legal dispute arises before a court between the SOE and the relevant member of the Board of Directors, the Board of Commissioners, or the Board of Supervisors; or
- b. the relevant member of the Board of Directors, the Board of Commissioners, or the Board of Supervisors has an interest that conflicts with the interest of the SOE.

- (2) The articles of association stipulate the person authorized to represent the SOE in the event of circumstances as referred to in section (1).
- (3) In the event that the articles of association do not stipulate the provisions as referred to in section (2), the GMS appoints 1 (one) or more shareholders to represent the Persero, and the Central Government appoints 1 (one) or more persons to represent the Perum.

37. Part One of Chapter II is amended to read as follows:

Part One
General

38. The provisions of Article 10 are amended to read as follows:

Article 10

- (1) The establishment and management of a Persero are carried out in accordance with the provisions of legislation governing limited liability companies, unless otherwise stipulated in this Law.
- (2) The establishment of the Persero is proposed by the Minister to the President and is accompanied by an establishment study of Persero.

39. Article 11 is deleted.

40. Part Two of Chapter II is amended to read as follows:

Part Two
Objectives

41. The provisions of Article 12 are amended to read as follows:

Article 12

The objectives of establishing a Persero are:

- a. to generate profit; and
- b. to provide and ensure the availability of quality and competitive goods and/or services.

42. The provisions of Article 13 are amended to read as follows:

Article 13

The organs of a Persero consist of:

- a. the GMS;
- b. the Board of Directors of the Persero; and
- c. the Board of Commissioners.

43. Part Four of Chapter II is amended to read as follows:

Part Four
General Meeting of Shareholders

44. The provisions of Article 14 are amended to read as follows:

Article 14

- (1) The Minister attends the GMS in the capacity of state shareholder in the Persero.
- (2) The Minister acts as the GMS in the event that all shares of the Persero are owned by the state, or act as a shareholder in the Persero in the event that not all shares are owned by the state.

45. Between Article 14 and Article 15, 1 (one) article namely Article 14A is inserted to read as follows:

Article 14A

- (1) The Board of Directors of a Persero consists of 1 (one) or more members of the Board of Directors of the Persero.
- (2) In the event that the Board of Directors of the Persero consists of 2 (two) or more members of the Board of Directors of the Persero, the division of duties and management authorities among the members of the Board of Directors of the Persero are determined by resolution of the GMS.
- (3) The composition of the Board of Directors of the Persero as referred to in section (1) is determined by resolution of the GMS.
- (4) In the event that the GMS as referred to in section (2) does not determine the division of duties and authorities, such division is determined by resolution of the Board of Directors of the Persero.

46. Between Article 15 and Article 16, 10 (ten) articles namely Article 15A, Article 15B, Article 15C, Article 15D, Article 15E, Article 15F, Article 15G, Article 15H, Article 15I, and Article 15J are inserted to read as follows:

Article 15A

- (1) To be eligible for appointment as a member of the Board of Directors of the Persero, a candidate must meet the following requirements:
 - a. an Indonesian citizen;
 - b. being physically and mentally healthy;
 - c. not having any blood or marital relationship, either in a direct line or a collateral line up to the second degree, with any member of the Board of Directors of the Persero or the Board of Commissioners;
 - d. possessing expertise and experience in managing a Persero or limited liability company for at least 5 (five) years;
 - e. having integrity, leadership, experience, honesty, good conduct, and a strong dedication to advancing and developing the Persero;
 - f. being able to perform duties on a full-time basis; and
 - g. other requirements in accordance with the provisions of legislation concerning limited liability companies.
- (2) In addition to the requirements as referred to in section (1), to be eligible for appointment as a member of the Board of Directors of the Persero, a person islegally competent to perform legal acts, unless within 5 (five) years prior to the appointment, he or she has:
 - a. been declared bankrupt;
 - b. served as a member of the Board of Directors, the Board of Commissioners, or the Board of Supervisors who, under a final and binding court decision, has been declared responsible for the bankruptcy of a Persero or Perum; or
 - c. been convicted of a criminal act that caused losses to the state finances and/or related to the financial sector, and/or any other criminal act punishable by minimum imprisonment of 5 (five) years.

Article 15B

A member of the Board of Directors of the Persero is prohibited from concurrently holding positions as:

- a. a member of the Board of Directors, the Board of Commissioners, or the Board of Supervisors of another SOE, SOE Subsidiary and its derivatives, a local-owned enterprise, and a private-owned enterprise;

- b. a structural or specialist position in a ministry/institution of the Central Government or local government;
- c. a political party official, legislative candidate, member of the legislature, candidate for regional head or vice regional head, regional head, and/or vice regional head;
- d. any other positions that may give rise to a conflict of interest; and/or
- e. any other positions in accordance with the provisions of legislation.

Article 15C

- (1) A member of the Board of Directors of the Persero is obligated to sign a management contract and an integrity pact prior to the confirmation of his or her appointment as a member of the Board of Directors of the Persero.
- (2) The management contract as referred to in section (1) is submitted by the member of the Board of Directors of the Persero to the Minister, the head of the executive body, and/or the GMS.

Article 15D

The term of office of members of the Board of Directors of the Persero is determined by the GMS.

Article 15E

- (1) The office of the Board of Directors of the Persero terminates in the event of:
 - a. death or permanent incapacity;
 - b. expiration of the term of office; or
 - c. dismissal prior to the expiration of the term of office due to no longer meeting the requirements to serve as a member of the Board of Directors of the Persero as referred to in Article 15A or dismissal by the GMS.
- (2) In the event that a member of the Board of Directors of the Persero is dismissed prior to the expiration of the term of office as referred to in section (1) point c, the GMS is obligated to provide the concerned Director with the opportunity to present their defense.

Article 15F

Taking into account the specific characteristics of each Persero, the Board of Directors of the Persero may appoint a corporate secretary.

Article 15G

- (1) The Board of Directors of the Persero is obligated to prepare a long-term planning, which constitutes a strategic plan containing the targets and objectives to be achieved by the Persero within a period of 5 (five) years.
- (2) The long-term planning as referred to in section (1), once jointly signed with the Board of Commissioners, is submitted to the GMS for approval.
- (3) The Board of Directors of the Persero is obligated to prepare an annual planning prior to the commencement of the upcoming fiscal year.
- (4) The annual planning as referred to in section (3) also includes the Persero's annual budget for the upcoming fiscal year.
- (5) The annual planning as referred to in section (3) is submitted to the GMS for approval.
- (6) The annual planning as referred to in section (3) must first be reviewed by the Board of Commissioners prior to its submission to the GMS.
- (7) In the event that the submitted annual planning has not yet received approval from the GMS, the previous year's annual planning remains in effect.
- (8) Further provisions regarding the long-term planning as referred to in section (1) and the annual planning as referred to in section (3) are regulated in a Ministerial Regulation.

Article 15H

- (1) The Board of Directors of the Persero is obligated to submit the annual report to the GMS no later than 6 (six) months after the end of the Persero's fiscal year for approval.
- (2) The annual report as referred to in section (1) at least contains:
 - a. financial statements, both consolidated and non-consolidated, consisting at least the balance sheet for the most recent fiscal year compared to the preceding fiscal year, the income statement for the relevant fiscal year, the cash flow statement, the statement of changes in equity, and the accompanying notes to the financial statements;
 - b. a report on the activities of the Persero;
 - c. a corporate social responsibility report;
 - d. a description of issues arising during the fiscal year that affected the business activities of the Persero;

- e. a report on the supervisory duties carried out by the Board of Commissioners during the most recent fiscal year;
- f. the names of the members of the Board of Directors and the Board of Commissioners; and
- g. the salaries and allowances for the members of the Board of Directors and the salaries or honoraria and allowances for the members of the Board of Commissioners for the most recent fiscal year.

(3) The annual report as referred to in section (1) is signed by all members of the Board of Directors of the Persero and all members of the Board of Commissioners who held office during the relevant fiscal year, and is made available at the Persero's office from the date of the GMS notice for inspection by the shareholders.

(4) In the event that any member of the Board of Directors of the Persero or the Board of Commissioners does not sign the annual report as referred to in section (3), the said individual must state the written explanation, or the explanation is stated by the Board of Directors of the Persero and the Board of Commissioners in a separate letter attached to the annual report.

(5) In the event that any member of the Board of Directors of the Persero or the Board of Commissioners does not sign the annual report as referred to in section (3) and does not provide a written explanation, such member is deemed to have approved the contents of the annual report.

Article 15I

Further provisions regarding the planning as referred to in Article 15G and the annual report of the Persero as referred to in Article 15H are regulated in a Ministerial Regulation.

Article 15J

The Board of Directors of the Persero is obligated to maintain registers, minutes, financial documents, and other corporate documents as regulated in the provisions of legislation.

47. Article 16 is deleted.
48. Article 17 is deleted.

49. Article 18 is deleted.
50. Article 19 is deleted.
51. Article 20 is deleted.
52. Article 21 is deleted.
53. Article 22 is deleted.
54. Article 23 is deleted.
55. Article 24 is deleted.
56. Article 25 is deleted.
57. Article 26 is deleted.
58. Part Six of Chapter II is amended to read as follows:

Part Six
Board of Commissioners

59. Between Article 26 and Article 27, 1 (one) article namely Article 26A is inserted to read as follows:

Article 26A

- (1) The Board of Commissioners consists of at least 2 (two) members or more.
- (2) The Board of Commissioners as referred to in section (1) is a collegial body, and each member of the Board of Commissioners cannot act individually but rather based on the decisions of the Board of Commissioners.
60. Between Article 27 and Article 28, 9 (nine) articles namely Article 27A, Article 27B, Article 27C, Article 27D, Article 27E, Article 27F, Article 27G, Article 27H, and Article 27I are inserted to read as follows:

Article 27A

- (1) To be eligible for appointment as a member of the Board of Commissioners, a candidate must meet the following requirements:
 - a. an Indonesian citizen;
 - b. being physically and mentally healthy;
 - c. not having any blood or marital relationship, either in a direct line and/or a collateral line up to the second degree, with any member of the

Board of Directors of the Persero or the Board of Commissioners;

- d. possessing adequate knowledge in one of the Persero's business activities;
- e. having integrity, leadership, experience, honesty, good conduct, and a strong dedication to advancing and developing the Persero; and
- f. other requirements in accordance with the provisions of legislation concerning limited liability companies.

(2) In addition to the requirements as referred to in section (1), to be eligible for appointment as a member of the Board of Commissioners, a person is legally competent to perform legal acts unless within 5 (five) years prior to the appointment, he or she has:

- a. been declared bankrupt;
- b. served as a member of the Board of Directors, Board of Commissioners, or Board of Supervisors who, under a final and binding court decision, has been declared responsible for the bankruptcy of a Persero or Perum; or
- c. been convicted of a criminal act that caused losses to the state finances and/or related to the financial sector, and/or any other criminal act punishable by a minimum imprisonment of 5 (five) years.

Article 27B

A member of the Board of Commissioners is prohibited from concurrently holding positions as:

- a. a member of the Board of Directors, Board of Commissioners, or Board of Supervisors of another SOE, SOE Subsidiary and its derivates, and a local-owned enterprise; and/or
- b. any other position in accordance with the provisions of legislation.

Article 27C

(1) A member of the Board of Commissioners is obligated to sign a management contract and an integrity pact prior to the confirmation of his or her appointment as a member of the Board of Commissioners.

(2) The management contract as referred to in section (1) is submitted by the member of the Board of Commissioners to the Minister, the head of the executive body, and/or the GMS.

Article 27D

The term of office of members of the Board of Commissioners is determined by the GMS.

Article 27E

- (1) The office of a member of the Board of Commissioners terminates in the event of:
 - a. death or permanent incapacity;
 - b. the expiration of the term of office; or
 - c. dismissal prior to the expiration of the term of office due to no longer meeting the requirements to serve as the Board of Commissioners as referred to in Article 27A or dismissal by the GMS.
- (2) In the event that a member of the Board of Commissioners is dismissed prior to the expiration of the term of office as referred to in section (1) point c, the GMS is obligated to provide the concerned member of the Board of Commissioner with the opportunity to present their defense.

Article 27F

- (1) The Board of Commissioners supervises the management policies, the general course of management of the Persero and its business activities, and provides advice to the Board of Directors of the Persero.
- (2) The supervision and provision of advice as referred to in section (1) are carried out in the interest of the Persero and in accordance with the objectives of the Persero.
- (3) In carrying out its supervisory duties as referred to in section (1), the Board of Commissioners is obligated to:
 - a. provide opinions and advice to the GMS regarding the planning proposed by the Board of Directors of the Persero;
 - b. monitor the development of the Persero's activities, and provide opinions and advice to the GMS regarding any matters deemed important for the management of the Persero;
 - c. immediately report to the shareholders in the event of indications of a decline in the performance of the Persero;
 - d. provide advice to the Board of Directors of the Persero in carrying out the management of the Persero; and
 - e. carry out other supervisory duties as stipulated in the articles of association of the Persero and/or based on resolutions of the GMS.

Article 27G

- (1) The articles of association may stipulate the granting of authority to the Board of Commissioners to approve certain legal acts to be taken by the Board of Directors of the Persero.
- (2) Based on the articles of association or a resolution of GMS, the Board of Commissioners may carry out the management of the Persero under certain circumstances and for a specific period of time.
- (3) In the event that the Board of Commissioners carries out the management of the Persero under certain circumstances and for a specific period of time as referred to in section (2), all provisions regarding the rights, authorities, and obligations of the Board of Directors of the Persero to the Persero and third parties are applied.

Article 27H

The Board of Commissioners is obligated to:

- a. prepare minutes of meetings of the Board of Commissioners and retain copies thereof;
- b. report to the Persero regarding their own and/or their family members' share ownership in the said Persero and/or other Perseros; and
- c. submit a report to the GMS on the supervisory duties carried out during the most recent fiscal year.

Article 27I

Further provisions regarding the establishment and management of a Persero are regulated by a Government Regulation.

61. Article 28 is deleted.
62. Article 29 is deleted.
63. Article 30 is deleted.
64. Article 31 is deleted.
65. Article 32 is deleted.
66. Article 33 is deleted.
67. The provisions of Article 34 are amended to read as follows:

Article 34

- (1) A Persero may become a Listed Persero by offering its shares for sale in the capital market.

(2) The Listed Persero as referred to in section (1) is governed by the provisions of the law on the capital market and the law on limited liability companies, unless otherwise stipulated in this Law.

68. Part One of Chapter III is amended to read as follows:

Part One
General

69. The provisions of Article 35 are amended to read as follows:
Article 35

(1) The establishment of a Perum must meet, among others, the following criteria:

- its line of business or activities is related to the public interest;
- it is established not solely for the purpose of generating profit; and
- based on a feasibility study, it fulfills the economic requirements necessary for the establishment of a business entity.

(2) The authority of the President as referred to in Article 3A is delegated to the Minister as the capital holder in the Perum.

(3) The establishment of the Perum is proposed by the Minister to the President and is accompanied by a establishment study of the Perum.

(4) The establishment of the Perum as referred to in section (1) and section (2) obtains legal entity status as of the promulgation of the Government Regulation on its establishment.

(5) The Government Regulation on the establishment of the Perum as referred to in section (3) contains, among others:

- the stipulation of the establishment of the Perum;
- the articles of association; and
- the Minister as the capital holder.

70. Part Two of Chapter III is amended to read as follows:

Part Two
Objectives

71. The provisions of Article 36 are amended to read as follows:

Article 36

The objectives of establishing a Perum are:

- to provide and ensure the availability of goods and/or services for the benefit of the public in order to meet

- the essential needs of the people or for strategic needs; and
- b. to generate profit.

72. The provisions of Article 37 are amended to read as follows:

Article 37

The organs of a Perum consist of:

- a. the Minister;
- b. the Board of Directors of the Perum; and
- c. the Board of Supervisors.

73. The provisions of Article 38 are amended to read as follows:

Article 38

- (1) The Minister approves the business development policy of the Perum as proposed by the Board of Directors of the Perum.
- (2) The business development policy of the Perum as referred to in section (1) is submitted by the Board of Directors of the Perum to the Minister upon approval from the Board of Supervisors.
- (3) The policy as referred to in section (1) is determined in accordance with the objectives of the relevant Perum.

74. The provisions of Article 39 are amended to read as follows:

Article 39

The Minister is not held liable for any legal consequences arising from legal acts undertaken by the Perum, nor for any losses incurred by the Perum beyond the value of the state assets invested in the Perum, unless the Minister:

- a. either directly or indirectly, in bad faith exploits the Perum solely for personal gain;
- b. is involved in any unlawful act committed by the Perum; or
- c. either directly or indirectly, unlawfully utilizes the assets of the Perum.

75. The provisions of Article 42 are amended to read as follows:

Article 42

- (1) In each fiscal year, the Perum is obligated to allocate a certain portion of its net profit for reserves.
- (2) The allocation of net profit as referred to in section (1) is made until the reserves reach at least 20% (twenty percent) of the capital of the Perum.

- (3) The reserves as referred to in section (1), which have not yet reached the amount as referred to in section (2), may only be used to cover losses that cannot be covered by other reserves.
- (4) The obligation to allocate reserves as referred to in section (1) applies if the Perum has a positive retained earnings balance.

76. Between Article 43 and Article 44, 13 (thirteen) articles namely Article 43A, Article 43B, Article 43C, Article 43D, Article 43E, Article 43F, Article 43G, Article 43H, Article 43I, Article 43J, Article 43K, Article 43L, and Article 43M are inserted to read as follows:

Article 43A

- (1) The Board of Directors of a Perum consists of 1 (one) or more members of the Board of Directors.
- (2) In the event that the Board of Directors of the Perum consists of 2 (two) or more members, the division of duties and authorities among the members is determined by the Minister.

Article 43B

The appointment and dismissal of members of the Board of Directors of the Perum are determined by the Minister.

Article 43C

- (1) To be eligible for appointment as a member of the Board of Directors of the Perum, the following requirements must be met:
 - a. an Indonesian citizen;
 - b. being physically and mentally healthy;
 - c. not having any blood or marital family relationship, either in a direct line and/or collateral line up to the second degree, with any member of the Board of Directors of the Perum and the Board of Supervisors;
 - d. possessing expertise and experience in managing a company for at least 5 (five) years;
 - e. having integrity, leadership, experience, honesty, good conduct, and a strong dedication to advancing and developing the Perum;
 - f. being able to perform duties on a full-time basis; and
 - g. other requirements in accordance with the provisions of legislation.
- (2) In addition to the requirements as referred to in section (1), to be eligible for appointment as a member

of the Board of Directors of the Perum, a person is legally competent to perform legal acts, unless within 5 (five) years prior to the appointment, he or she has:

- a. been declared bankrupt;
- b. served as a member of the Board of Directors, Board of Commissioners, or Board of Supervisors who, under a final and binding court decision, has been declared responsible for the bankruptcy of a Persero or Perum; or
- c. been convicted of a criminal act that caused losses to the state finances and/or related to the financial sector, and/or any other criminal act punishable by a minimum imprisonment of 5 (five) years.

(3) Further provisions regarding the requirements for Board of Directors of the Perum as referred to in section (1) are regulated by a Ministerial Regulation.

Article 43D

A Member of the Board of Directors of the Perum is prohibited from concurrently holding positions as:

- a. a member of the Board of Directors, Board of Commissioners, or Board of Supervisors of another SOE, SOE Subsidiary and its derivatives, a local-owned enterprise, a private-owned enterprise, and any other positions that may give rise to a conflict of interest;
- b. a structural or specialist position in a ministry/institution of the Central Government or local government;
- c. a political party official, legislative candidate, member of the legislature, candidate for regional head or vice regional head, regional head, and/or vice regional head; and/or
- d. any other positions in accordance with the provisions of legislation.

Article 43E

- (1) A member of the Board of Directors of the Perum is obligated to sign a management contract and an integrity pact prior to the confirmation of his or her appointment as a member of the Board of Directors of the Perum.
- (2) The management contract as referred to in section (1) is submitted by the member of the Board of Directors of the Perum to the Minister.

Article 43F

The term of office of members of the Board of Directors of the Perum is determined by the Minister.

Article 43G

- (1) The office of the Board of Directors of the Perum terminates in the event of:
 - a. death or permanent incapacity;
 - b. expiration of the term of office; or
 - c. dismissal prior to the expiration of the term of office due to no longer meeting the requirements to serve as the Board of Directors of the Perum as referred to in Article 43C or dismissal by the Minister.
- (2) In the event that a member of the Board of Directors of the Perum is dismissed prior to the expiration of the term of office as referred to in section (1) point c, the Minister is obligated to provide the concerned Director with the opportunity to present their defense.

Article 43H

Taking into account the specific characteristics of each Perum, the Board of Directors of the Perum may appoint a corporate secretary.

Article 43I

- (1) The Board of Directors of the Perum is obligated to prepare a long-term planning, which constitutes a strategic plan containing the targets and objectives to be achieved by the Perum within a period of 5 (five) years.
- (2) The long-term planning as referred to in section (1), once jointly signed with the Board of Supervisors, is submitted to the Minister for approval.
- (3) The Board of Directors of the Perum is obligated to prepare an annual planning prior to the commencement of the upcoming fiscal year.
- (4) The annual planning as referred to in section (3) also includes the Perum's annual budget for the upcoming fiscal year.
- (5) The annual planning as referred to in section (3) is submitted to the Minister for approval.
- (6) The annual planning as referred to in section (3) must first be reviewed by the Board of Supervisors prior to its submission to the Minister.
- (7) In the event that the submitted annual planning has not yet received approval by the Minister, the previous year's annual planning remains in effect.

(8) Further provisions regarding the long-term planning as referred to in section (1) and the annual planning as referred to in section (3) are regulated in a Ministerial Regulation.

Article 43J

(1) The Board of Directors of the Perum is obligated to submit the annual report to the Minister no later than 6 (six) months after the end of the Perum's fiscal year for approval.

(2) The annual report as referred to in section (1) at least contains:

- a. financial statements, both consolidated and non-consolidated, consisting at least the balance sheet for the most recent fiscal year compared to the preceding fiscal year, the income statement for the relevant fiscal year, the cash flow statement, the statement of changes in equity, and the accompanying notes to the financial statements;
- b. a report on the activities of the Perum;
- c. a report on the implementation of corporate social responsibility report;
- d. a description of issues arising during the fiscal year that affected the business activities of the Perum;
- e. a report on the supervisory duties carried out by the Board of Supervisors during the most recent fiscal year;
- f. the names of the members of the Board of Directors of the Perum and the Board of Supervisors; and
- g. the salaries and allowances for the members of the Board of Directors of the Perum and the salaries or honoraria and allowances for the members of the Board of Supervisors for the most recent fiscal year.

(3) The annual report as referred to in section (1) is signed by all members of the Board of Directors of the Perum and all members of the Board of Supervisors who held office during the relevant fiscal year.

(4) In the event that any member of the Board of Directors of the Perum or the Board of Supervisors does not sign the annual report as referred to in section (3), a written explanation must be provided, or the explanation is stated by the Board of Directors of the Perum and the Board of Supervisors in a separate letter attached to the annual report.

(5) In the event that any member of the Board of Directors of the Perum or the Board of Supervisors does not sign the annual report as referred to in section (3) and does not provide a written explanation,

such member is deemed to have approved the contents of the annual report.

Article 43K

Further provisions regarding the planning as referred to in Article 43I and the annual report of the Perum as referred to in Article 43J are regulated by a Ministerial Regulation.

Article 43L

The Board of Directors of the Perum is obligated to maintain registers, minutes, financial documents, and other corporate documents as regulated in the provisions of legislation.

Article 43M

- (1) The Board of Directors of the Perum may only file a voluntary petition to the district court for the declaration of bankruptcy of the Perum with the approval of the Minister.
- (2) In the event that the bankruptcy occurs due to the fault or negligence of the Board of Directors of the Perum, and the assets of the Perum are insufficient to cover the losses arising from such bankruptcy, each member of the Board of Directors of the Perum are jointly and severally liable for the said losses.
- (3) Any member of the Board of Directors who can prove that the bankruptcy did not result from his or her fault or negligence is not jointly and severally liable for such losses.
- (4) In the event that the fault or negligence of the Board of Directors of the Perum as referred to in section (2) results in losses to the Perum, the Minister, on behalf of the Perum, files a claim or lawsuit against the Board of Directors through the court.

77. Article 44 is deleted.

78. Article 45 is deleted.

79. Article 46 is deleted.

80. Article 47 is deleted.

81. Article 48 is deleted.

82. Article 49 is deleted.

83. Article 50 is deleted.

84. Article 51 is deleted.

85. Article 52 is deleted.
86. Article 53 is deleted.
87. Article 54 is deleted.
88. Article 55 is deleted.
89. Between Article 55 and Article 56, 1 (one) article namely Article 55A is inserted to read as follows:

Article 55A

- (1) The Board of Supervisors consists of at least 2 (two) members.
- (2) The Board of Supervisors as referred to in section (1) is a collegial body, and each member of the Board of Supervisors cannot act individually, but rather based on the decisions of the Board of Supervisors.

90. The provisions of Article 56 are amended to read as follows:

Article 56

The appointment and dismissal of a member of the Board of Supervisors are carried out by the Minister.

91. Between Article 56 and Article 57, 9 (nine) articles namely Article 56A, Article 56B, Article 56C, Article 56D, Article 56E, Article 56F, Article 56G, Article 56H, and Article 56I are inserted to read as follows:

Article 56A

- (1) To be eligible for appointment as a member of the Board of Supervisors, the following requirements must be met:
 - a. an Indonesian citizen;
 - b. being physically and mentally healthy;
 - c. not having any blood or marital family relationship, either in a direct line and/or collateral line up to the second degree, with any member of the Board of Directors of the Perum and the Board of Supervisors;
 - d. possessing adequate knowledge in one of the Perum's business activities;
 - e. having integrity, leadership, experience, honesty, good conduct, and a strong dedication to advancing and developing the Perum; and
 - f. other requirements in accordance with the provisions of legislation.

- (2) In addition to the requirements as referred to in section (1), to be eligible for appointment as a member of the Board of Supervisors, a person is legally competent to perform legal acts, unless within 5 (five) years prior to the appointment, he or she has:
 - a. been declared bankrupt;
 - b. served as a member of the Board of Directors, Board of Commissioners, or Board of Supervisors who, under a final and binding court decision, has been declared responsible for the bankruptcy of Persero or Perum; or
 - c. been convicted of a criminal act that caused losses to the state finances and/or related to the financial sector, and/or any other criminal act punishable by a minimum imprisonment of 5 (five) years.
- (3) Further provisions regarding the requirements for the Board of Supervisors as referred to in section (1) are regulated in a Ministerial Regulation.

Article 56B

A member of the Board of Supervisors is prohibited from concurrently holding positions as:

- a. a member of the Board of Directors, Board of Commissioners, or Board of Supervisors of another SOE, SOE Subsidiary and its derivatives, a local-owned enterprise, and any other positions that may give rise to a conflict of interest; and/or
- b. any other positions in accordance with the provisions of legislation.

Article 56C

- (1) A member of the Board of Supervisors is obligated to sign a management contract and an integrity pact prior to the confirmation of his or her appointment as a member of the Board of Supervisors.
- (2) The management contract as referred to in section (1) is submitted by the member of the Board of Supervisors to the Minister.

Article 56D

The term of office of members of the Board of Supervisors is determined by the Minister.

Article 56E

- (1) The office of a member of the Board of Supervisors terminates in the event of:
 - a. death or permanent incapacity;
 - b. expiration of the term of office; or

- c. dismissal prior to the expiration of the term of office due to no longer meeting the requirements to serve as the Board of Supervisors as referred to in Article 56A or dismissal by the Minister.
- (2) In the event that a member of the Board of Supervisors is dismissed prior to the expiration of the term of office as referred to in section (1) point c, the Minister is obligated to provide a member of the Board of Supervisors with the opportunity to present their defense.

Article 56F

- (1) The Board of Supervisors supervises the management policies, the general course of management of the Perum and its business activities, and provides advice to the Board of Directors of the Perum.
- (2) The supervision and provision of advice as referred to in section (1) are carried out in the interest of the Perum and in accordance with the objectives of the Perum.

Article 56G

- (1) The articles of association may stipulate that the granting of authority to the Board of Supervisors to approve certain legal acts to be taken by the Board of Directors of the Perum.
- (2) Based on the articles of association or Government Regulation, the Board of Supervisors may carry out the management of the Perum under certain circumstances and for a specific period of time.
- (3) In the event that the Board of Commissioners carries out the management of the Perum under certain circumstances and for a specific period of time as referred to in section (2), all provisions regarding the rights, authorities, and obligations of the Board of Directors of the Perum to the Perum and third parties are applied

Article 56H

The Board of Supervisors is obligated to:

- a. prepare minutes of meetings of the Board of Supervisors and retain copies thereof;
- b. report to the Perum regarding their own and/or their family members' share ownership in the company; and
- c. submit a report to the Minister on the supervisory duties carried out during the most recent fiscal year.

Article 56I

Further provisions regarding the establishment and management of a Perum are regulated by a Government Regulation.

92. Article 57 is deleted.
93. Article 58 is deleted.
94. Article 59 is deleted.
95. Article 60 is deleted.
96. Article 61 is deleted.
97. Article 62 is deleted.
98. Between Chapter III and Chapter IV, 1 (one) chapter namely Chapter IIIA is inserted to read as follows:

CHAPTER IIIA
STATE-OWNED ENTERPRISE ASSET MANAGEMENT

99. Between Article 62 and Article 63, 3 (three) articles namely Article 62A, Article 62B, and Article 62C are inserted to read as follows:

Article 62A

- (1) The SOE assets are required to be managed by the SOE in accordance with the principles of good corporate governance.
- (2) The management of SOE assets as referred to in section (1) is carried out by the Board of Directors in accordance with mechanisms determined by the Board of Directors, taking into account the limitations of the Board of Directors' authority as regulated in the provisions of legislation, the articles of association, and/or resolutions of the GMS/Decisions of the Minister.
- (3) The SOE assets as referred to in section (1) may be transferred, pledged as collateral, and/or subject to cooperation with third parties.
- (4) The SOE assets that may be transferred to third parties as referred to in section (3) exclude SOE assets related to vital production sectors that are important to the state and affect the essential needs of the people, as well as SOE assets consisting of land, water, and natural resources contained therein.

Article 62B

- (1) The Minister proposes the establishment of an asset management SOE to the President, accompanied by an establishment study of the SOE.
- (2) The asset management SOE as referred to in section (1) has the authority to:
 - a. manage SOE's Assets;
 - b. carry out restructuring in financial and/or business aspects and/or the revitalization of SOEs;
 - c. manage non-performing assets in SOEs;
 - d. manage productive state-owned assets; and
 - e. manage assets originating from other parties.
- (3) The Central Government may provide support to the asset management SOE as referred to in section (1) in the form of capital injection in cash or in kind, purchase of securities issued by or managed by the asset management SOE, and/or provision of guarantees.
- (4) Further provisions regarding the asset management SOE as referred to in section (1) and section (2) are regulated by a Ministerial Regulation.

Article 62C

Further provisions regarding the management of SOE Assets as referred to in Article 62A and asset management SOEs as referred to in Article 62B are regulated by a Ministerial Regulation.

100. Between Chapter IIIA and Chapter IV, 1 (one) chapter namely Chapter IIIB is inserted to read as follows:

CHAPTER IIIB
WRITE-OFFS AND ABSOLUTE WRITE-OFFS

101. After Chapter IIIB, 1 (one) part namely Part One is added to read as follows:

Part One
Write-Offs and Absolute Write-Offs

102. Between Article 62C and Article 63, 2 (two) articles namely Article 62D and Article 62E are inserted to read as follows:

Article 62D

- (1) SOEs have the authority to perform write-offs and/or absolute write-offs.
- (2) The write-off and/or absolute write-offs as referred to in section (1) may be applied to SOE Assets.

- (3) Account receivables that may be written off are non-performing receivables for which collection efforts have been exhausted but remain uncollected and are not due to any wrongdoing.
- (4) SOEs are obligated to continue recovery efforts for receivables that have been written off prior to the receivables being absolutely written off.

Article 62E

SOEs may perform absolute write-off on receivables that have been written off with the approval of the Minister in the case of Perum, and the Agency in the case of Persero.

103. Following Part One, 1 (one) part namely Part Two is added , to read as follows:

**Part Two
Reporting**

104. Between Article 62E and Article 63, 3 (three) articles namely Article 62F, Article 62G, and Article 62H are inserted to read as follows:

Article 62F

- (1) The SOEs report the write-off and absolute write-off to the Minister and the Agency.
- (2) The report as referred to in section (1) is submitted in the SOE's annual report and/or at any time as required.

Article 62G

The Agency reports the write-off and absolute write-off to the complementary organ of the DPR RI in charge of SOEs and to the President.

Article 62H

Further provisions regarding the procedures for the write-off of SOE assets as referred to in Article 62D and absolute write-off as referred to in Article 62E, as well as the reporting procedures as referred to in Article 62F are regulated by a Ministerial Regulation.

105. Chapter IV is amended to read as follows:

**CHAPTER IV
MERGER, CONSOLIDATION, ACQUISITION, AND SPIN-OFF OF STATE-OWNED ENTERPRISES**

106. Between Article 62H and Article 63, 4 (four) articles namely Article 62I, Article 62J, Article 62K, and Article 62L are inserted to read as follows:

Article 62I

- (1) The Merger, Consolidation, Acquisition, or Spin-off of SOEs are proposed by the Minister to the President.
- (2) The Merger, Consolidation, Acquisition, or Spin-off of SOEs are regulated by a Government Regulation.

Article 62J

- (1) The Merger, Consolidation, Acquisition, or Spin-off of SOEs are carried out by the Minister following the issuance of a Government Regulation concerning the Merger, Consolidation, Acquisition, or Spin-off of SOEs.
- (2) The plan and execution of the Merger, Consolidation, Acquisition, or Spin-off of SOEs as referred to in section (1) are reported to the complementary organ of the DPR RI in charge of SOEs.
- (3) As of the effective date of the Merger or Consolidation of SOEs as referred to in section (1), all assets, rights, and obligations of the merging or consolidating SOE, by operation of law, are transferred to the surviving SOE or the newly established SOE resulting from the Consolidation.

Article 62K

- (1) The Merger or Consolidation of SOEs results in the termination by operation of law of the merging or consolidating SOE.
- (2) The Merger or Consolidation of SOEs is carried out without prior liquidation.

Article 62L

Further provisions regarding the Merger, Consolidation, Acquisition, and Spin-off of SOEs as referred to in Article 62I to Article 62K are regulated by a Government Regulation.

107. Article 63 is deleted.

108. Article 64 is deleted.

109. Article 65 is deleted.

110. Between Chapter IV and Chapter V, 1 (one) chapter namely Chapter IVA is inserted to read as follows:

CHAPTER IVA
STATE-OWNED ENTERPRISE SUBSIDIARIES

111. Between Article 62L and Article 63, 3 (three) articles namely Article 62M, Article 62N, and Article 62O are inserted, to read as follows:

Article 62M

- (1) To support the achievement of the objectives of establishing SOEs as referred to in Article 2 section (1), SOEs may establish SOE Subsidiaries.
- (2) The SOEs may hold shares with special rights in SOE Subsidiaries.
- (3) The establishment of SOE Subsidiaries as referred to in section (1) must meet following requirements:
 - a. preparing a business feasibility study concerning the establishment of the SOE Subsidiary; and
 - b. the business sector of the SOE Subsidiary is preferably related to the business sector developed by the parent company.

Article 62N

The establishment of SOE Subsidiaries constitutes part of the corporate planning and budgeting of the Investment Holding company, Operational Holding company, or the SOE.

Article 62O

Further provisions regarding the establishment of SOE Subsidiaries as referred to in Article 62M and Article 62N are regulated by a Ministerial Regulation.

112. Part One of Chapter VI is amended to read as follows:

Part One
Internal Audit Unit

113. The provisions of Article 67 are amended to read as follows:

Article 67

- (1) An internal audit unit is established within each SOE.
- (2) The internal audit unit as referred to in section (1) is led by a chief who is responsible to the president director.

114. Between Article 67 and Article 68, 1 (one) article namely Article 67A is inserted to read as follows:

Article 67A

The internal audit unit has the duties:

- a. to assist the president director in conducting operational and financial audits of the Investment Holding, Operational Holding, and the SOEs, to assess the control, management, and operation of the Investment Holding, Operational Holding, and the SOEs, and to provide recommendations for improvements;
- b. to submit the audit report or the performance report of the internal audit unit as referred to in point a to the president director; and
- c. to monitor the follow-up actions on the audit findings that have been reported.

115. The provisions of Article 68 are amended to read as follows:

Article 68

Upon the written request from the Board of Commissioners or the Board of Supervisors, the Board of Directors provides information on the audit findings or the performance results of the internal audit unit.

116. The provisions of Article 69 are amended to read as follows:

Article 69

The Board of Directors is obligated to give due consideration to and promptly take the necessary actions in response to each audit report issued by the internal audit unit.

117. The provisions of Article 70 are amended to read as follows:

Article 70

- (1) The Board of Commissioners or the Board of Supervisors is obligated to establish an audit committee which works collectively and serve to assist the Board of Commissioners or the Board of Supervisors in performing its duties.
- (2) The audit committee as referred to in section (1) is led by a chair who is responsible to the Board of Commissioners or the Board of Supervisors.
- (3) In addition to the audit committee as referred to in section (1), the Board of Commissioners or the Board of Supervisors may establish other committees.
- (4) Further provisions regarding the audit committee as referred to in section (1) and the other committees as referred to in section (3) are regulated by a Ministerial Regulation.

118. The provisions of Article 71 are amended to read as follows:

Article 71

- (1) The audit of the annual corporate financial statements is conducted by a public accountant appointed by the GMS for Persero and by the Minister for Perum.
- (2) The Audit Board of the Republic of Indonesia has the authority to conduct audits with special purposes on SOEs in accordance with the provisions of legislation.
- (3) The audit with special purposes as referred to in section (2) may only be conducted upon request of the complementary organ of the DPR RI in charge of SOEs.
- (4) The audit with special purposes as referred to in section (3) is conducted in accordance with the provisions of legislation.

119. Between Article 71 and Article 72, 1 (one) article namely Article 71A is inserted to read as follows:

Article 71A

The audit of the financial management and accountability of SOEs is conducted by public accountants registered with the Audit Board of the Republic of Indonesia and the Financial Services Authority.

120. Chapter VIII is amended to read as follows:

CHAPTER VIII
RESTRUCTURING

121. Part One of Chapter VIII is amended to read as follows:

Part One
Purposes and Objectives of Restructuring

122. The provisions of Article 72 are amended to read as follows:

Article 72

- (1) The purposes of the SOE restructuring are to carry out:
 - a. performance improvement;
 - b. value enhancement;
 - c. recovery; or
 - d. rescue.
- (2) A Restructuring decision for recovery as referred to in section (1) point c is stipulated by the Minister, with due regard to at least the principle of expected benefits and/or costs.

- (3) A Restructuring decision for rescue as referred to in section (1) point d is stipulated by the SOE rescue committee, with due regard to at least the principle of expected benefits.
- (4) An SOE is designated for recovery if it meets the following requirements:
 - a. the SOE demonstrates good business prospects; and/or
 - b. the estimated cost of recovery is lower than the estimated cost of not undertaking the recovery of the said SOE.
- (5) An SOE is designated for rescue if it meets the following requirements:
 - a. it has broad socio-economic impacts for the state; and/or
 - b. it provides benefits for the livelihood of the general public.
- (6) An SOE is designated for dissolution if one or more of the requirements as referred to in section (4) or section (5) are not fulfilled.
- (7) Further provisions regarding the requirements for the SOE Restructuring as referred to in section (4) and section (5) are regulated by a Government Regulation.

123. Between Article 72 and Article 73, 1 (one) article namely Article 72A is inserted to read as follows:

Article 72A

The objectives of Restructuring are to:

- a. improve the performance and value of the enterprise;
- b. recover the SOE;
- c. provide benefits to the state in the form of dividends and taxes;
- d. deliver products and services at competitive prices to consumers; and/or
- e. facilitate the Privatization.

124. The provisions of Article 73 are amended to read as follows:

Article 73

- (1) The Restructuring for the purpose of recovery as referred to in Article 72 section (1) point c and for the purpose of rescue as referred to in Article 72 section (1) point d is carried out through:
 - a. Merger, Consolidation, Acquisition, and Spin-off;
 - b. transfer of shares;
 - c. issuance of new shares subscribed by SOEs; and/or

d. other mechanisms.

(2) The Restructuring as referred to in section (1) is carried out with due regard to the interests of the SOE, shareholders, employees, and the public.

125. Following Part Two, 1 (one) part namely Part Three is added to read as follows:

Part Three
Rescue Committee

126. Between Article 73 and Article 74, 2 (two) articles namely Article 73A and Article 73B are inserted to read as follows:

Article 73A

(1) To assess and decide on the rescue of SOE, the Central Government establishes a rescue committee.

(2) The rescue committee is chaired by the Minister and composed of the Minister of Finance and the relevant line ministers.

(3) The membership of the rescue committee as referred to in section (2) is stipulated by a Presidential Decree.

Article 73B

(1) The rescue committee has the duties to:

- a. formulate and determine general policies and the requirements of the rescue mechanism;
- b. coordinate decision-making on rescue measures and determine the necessary actions to facilitate the rescue process; and
- c. deliberate and provide solutions to strategic issues arising in the course of the rescue process.

(2) In performing its duties as referred to in section (1), the rescue committee requests study and reports from the Agency related to the rescued SOE.

(3) The chair of the rescue committee periodically reports on the progress of the implementation of its duties to the President.

127. Between Chapter VIII and Chapter IX, 1 (one) chapter namely Chapter VIIIA is inserted to read as follows:

CHAPTER VIIIA
PRIVATIZATION

128. Part Three of Chapter VIII is amended to become Part One of Chapter VIIIA to read as follows:

Part One
Objectives of Privatization

129. The provisions of Article 74 are amended to read as follows:

Article 74

Privatization is carried out with the objectives of:

- a. enhancing the efficiency and productivity of the company;
- b. expanding the public ownership of the company;
- c. establishing sound/strong financial structures and financial management;
- d. creating competitive and globally oriented companies; and/or
- e. fostering a business climate, macroeconomic growth, and market capacity.

130. Part Four of Chapter VIII is amended to become Part Two of Chapter VIII A to read as follows:

Part Two
Principles and Criteria of Privatization

131. The provisions of Article 75 are amended to read as follows:

Article 75

Privatization is carried out with due regard to the principles of transparency, independence, accountability, responsibility, fairness, prudence, and the principle of best pricing with due consideration of market conditions.

132. The provisions of Article 76 are amended to read as follows:

Article 76

- (1) A Persero eligible for Privatization at least meet the following criteria:
 - a. operates in a competitive industry or business sector;
 - b. operates in an industry or business sector with rapidly evolving technology; and/or
 - c. operates in an industry or business sector that does not control the essential needs of the people at large.
- (2) Portions of assets or activities of a Persero that carries out public service obligations and/or whose business activities are legally mandated must be conducted by a SOE may be separated to form equity participation

in the establishment of a company which, if necessary, Privatization may be carried out.

133. The provisions of Article 77 are amended to read as follows:

Article 77

Privatization can not be applied to :

- a. Persero whose business sectors, under the provisions of legislation, only allowed to be managed by SOEs;
- b. Persero operating in business sectors related to strategic state defense and security industries;
- c. Persero operating in specific sectors assigned a special mandate by the Central Government to carry out certain activities related to public interest; and/or
- d. Persero operating in business sectors that are explicitly prohibited from Privatization under the provisions of legislation.

134. The provisions of Article 78 are amended to read as follows:

Article 78

Privatization is carried out through:

- a. sale of shares in accordance with capital market regulations;
- b. direct sale of shares to investors; or
- c. sale of shares to its respective management and/or employees.

135. Between Article 78 and Article 79, 2 (two) articles namely Article 78A and Article 78B are inserted to read as follows:

Article 78A

The President may carry out Privatization upon obtaining the approval of the complementary organ of the DPR RI in charge of SOEs.

Article 78B

The Privatization plan as referred to in Article 78A must be incorporated into the annual Privatization program prepared by the Minister.

136. Part Five of Chapter VIII is amended to become Part Three of Chapter VIIIA to read as follows:

Part Three
Privatization Committee

137. The provisions of Article 79 are amended to read as follows:

Article 79

- (1) To deliberate and decide on policies concerning Privatization, particularly those involving cross-sectoral policies, the President establishes a privatization committee as a coordination forum.
- (2) The privatization committee is chaired by the Minister and composed of the Minister of Finance and the relevant line ministers.
- (3) The membership of the privatization committee as referred to in section (2) is stipulated by a Presidential Decree.

138. The provisions of Article 80 are amended to read as follows:

Article 80

- (1) The privatization committee has the duties to:
 - a. formulate and determine general policies and the requirements for the Privatization;
 - b. determine the necessary measures to facilitate the Privatization process; and
 - c. deliberate and provide solutions to strategic issues arising in the Privatization process, including those related to sectoral policies of the Central Government.
- (2) In carrying out its duties as referred to in section (1), the privatization committee may invite, seek input from, and/or request assistance from relevant Central Government agencies or other parties deemed necessary.
- (3) The chair of the privatization committee periodically reports the progress of its performance to the President.

139. The provisions of Article 81 are amended to read as follows:

Article 81

- (1) In carrying out Privatization, the Minister has the duties to:
 - a. prepare the annual Privatization program;
 - b. submit the annual Privatization program to the privatization committee for direction; and
 - c. carry out the Privatization.
- (2) In order to carry out the Privatization as referred to in section (1), the Minister takes the following measures:
 - a. to determine the SOEs to be Privatized;
 - b. to determine the method of Privatization to be used;
 - c. to determine the type and range of shares to be divested;

- d. to determine the price range for share sales; and
- e. to prepare an estimated value to be obtained and the Privatization program for an SOE.

140. Part Six of Chapter VIII is amended to become Part Four of Chapter VIIIA to read as follows:

Part Four
Procedures for Privatization

141. The provisions of Article 82 are amended to read as follows:

Article 82

- (1) Privatization must be preceded by a selection process of the Persero, based on criteria stipulated in a Government Regulation.
- (2) A Persero that has been selected and meets the criteria is subsequently be made known to the public after obtaining approval from the complementary organ of the DPR RI in charge of SOEs.

142. Article 83 is deleted.

143. Article 84 is deleted.

144. Part Seven of Chapter VIII is amended to become Part Five of Chapter VIIIA to read as follows:

Part Five
Conflict of Interest and Confidentiality of Information

145. The provisions of Article 85 are amended to read as follows:

Article 85

- (1) Any person and/or legal entity with a potential conflict of interest is prohibited from involving in the Privatization process.
- (2) Parties involved in the Privatization program and process are obligated to maintain the confidentiality of any information obtained, insofar as such information has not been disclosed and made available to the public.
- (3) Any violation of the provisions as referred to in section (1) and section (2) is subject to sanctions in accordance with the provisions of legislation.

146. Part Eight of Chapter VIII is amended to become Part Six of Chapter VIIIA to read as follows:

Part Six
Proceeds from Privatization

147. The provisions of Article 86 are amended to read as follows:

Article 86

Proceeds from Privatization through the sale of state-owned shares in a Persero are required to be directly deposited into the state treasury.

148. Between Article 86 and Article 87, 1 (one) article namely Article 86A is inserted to read as follows:

Article 86A

Further provisions regarding the procedures for Privatization of SOEs, the privatization committee, and the procedures for depositing proceeds from Privatization as referred to in Article 74 to Article 86 are regulated by a Government Regulation.

149. Between Chapter VIIIA and Chapter IX, 1 (one) chapter namely Chapter VIIIB is inserted to read as follows:

CHAPTER VIIIB
DISSOLUTION OF STATE-OWNED ENTERPRISES

150. Following Chapter VIIIB, 1 (one) part namely Part One is added to read as follows:

Part One
Dissolution of Persero

151. Between Article 86A and Article 87, 3 (three) articles namely Article 86B, Article 86C, and Article 86D are inserted to read as follows:

Article 86B

- (1) The dissolution of a Persero occurs:
 - a. based on a resolution of the GMS;
 - b. due to the expiration of the term of establishment as stipulated in the articles of association;
 - c. pursuant to a court ruling;
 - d. upon the revocation of bankruptcy under a final and binding decision of the commercial court, where the bankrupt estate of the Persero is insufficient to cover the costs of bankruptcy;

- e. because the assets of the bankrupt Persero are in a state of insolvency as governed by the provisions of legislation in the field of bankruptcy; or
- f. due to the revocation of the Persero's business license which requires the Persero to conduct liquidation in accordance with the provisions of legislation.

(2) The dissolution of a Persero is stipulated by a Government Regulation.

Article 86C

The dissolution of a Persero carried out pursuant to the provision as referred to in Article 86B section (1) point a is reported by the Minister to the President.

Article 86D

- (1) The dissolution of a Persero as referred to in Article 86C is required to be followed by liquidation.
- (2) The liquidation as referred to in section (1) is completed within a maximum period of 2 (two) years from the date of establishment of the liquidation team.
- (3) Claims arising after the completion of the liquidation process may be submitted against the remaining liquidation proceeds that constitute the rights of shareholders.
- (4) The period for submitting claims as referred to in section (3) is 60 (sixty) calendar days from the date of the announcement of the completion of liquidation.
- (5) Further provisions regarding the liquidation as referred to in section (1) are regulated by a Government Regulation.

152. Following Part One, 1 (one) part namely Section Two is added, to read as follows:

Part Two Dissolution of Public Purpose Company

153. Between Article 86D and Article 87, 8 (eight) articles namely Article 86E, Article 86F, Article 86G, Article 86H, Article 86I, Article 86J, Article 86K, and Article 86L are inserted to read as follows:

Article 86E

(1) A Perum may be dissolved on the following grounds:

- a. as stipulated by a Government Regulation based on a proposal from the Central Government;

- b. the expiration of the term of establishment as provided for in the articles of association;
- c. a court ruling;
- d. the revocation of a bankruptcy declaration by the Commercial Court on the grounds that the bankrupt estate of the Perum is insufficient to cover the costs of bankruptcy; and/or
- e. the Perum is in a state of insolvency as regulated in the provisions of legislation in the field of bankruptcy.

- (2) The dissolution of a Perum is followed by liquidation.
- (3) The liquidation as referred to in section (2) is carried out by a liquidator appointed by the Minister.
- (4) The dissolution of a Perum is stipulated by a Government Regulation.

Article 86F

The dissolution of a Perum conducted pursuant to the provision as referred to in Article 86E section (1) point a is proposed by the Minister to the President after consultation with the complementary organ of the DPR RI in charge of SOEs.

Article 86G

The court may dissolve a Perum as referred to in Article 86E section (1) point c upon the petition of the Minister.

Article 86H

Liquidation in the event of the dissolution of a Perum as referred to in Article 86E section (1) point e is carried out in accordance with the provisions of the Government Regulation concerning the dissolution of a Perum.

Article 86I

The liquidator is obligated to register the final result of the liquidation process in the Company Register and announce it in the Supplement to the State Bulletin of the Republic of Indonesia, as well as publish the announcement in 2 (two) daily newspapers no later than 30 (thirty) calendar days from the issuance of the Government Regulation or the issuance of a court ruling approving the final result of the liquidation.

Article 86J

Unless otherwise provided in the Government Regulation concerning the dissolution of a Perum, the remaining assets resulting from the liquidation are deposited into the State Treasury.

Article 86K

- (1) A Perum that has been declared dissolved may only undertake legal acts for the purpose of asset settlement within the liquidation process.
- (2) The asset settlement as referred to in section (1) include:
 - a. recording and collection of assets;
 - b. determination of the procedures for asset distribution;
 - c. payment to creditors;
 - d. payment of the remaining assets resulting from the liquidation to the Minister; and
 - e. any other actions necessary for the execution of asset settlement.

Article 86L

Further provisions regarding the dissolution of SOEs as referred to in Article 86B to Article 86K are regulated by a Government Regulation.

154. Between Chapter VIIIB and Chapter IX, 1 (one) chapter namely Chapter VIIIC is inserted to read as follows:

CHAPTER VIIIC
MONOPOLY RIGHTS

155. Between Article 86L and Article 87, 1 (one) article namely Article 86M is inserted, to read as follows:

Article 86M

- (1) The President may grant monopoly rights to an SOE or SOE Subsidiary to produce and/or market goods and/or services related to the essential needs of the people and strategic sectors of production essential to the state, in the interest of the state and/or for other reasons as based on considerations by the President.
- (2) Further provisions regarding the granting of monopoly rights as referred to in section (1) are regulated by a Government Regulation.

156. Chapter IX is amended to read as follows:

CHAPTER IX
HUMAN RESOURCES

157. The provisions of Article 87 are amended to read as follows:

Article 87

- (1) In the management of SOEs, such enterprises are

supported by professional and globally competitive human resources.

- (2) The human resources as referred to in section (1) are SOE employees whose appointment, dismissal, position, rights, and obligations are determined based on company regulations or collective employment agreements, which at minimum comply with the provisions of legislation in the field of manpower.
- (3) The SOE employees as referred to in section (2) may be recruited from local communities and/or persons with disabilities in accordance with the provisions of legislation.
- (4) The SOE employees as referred to in section (2) who are female may hold positions as members of the Board of Directors, the Board of Commissioners, or other managerial positions within the SOE.
- (5) The SOE employees as referred to in section (2) are not deemed state administrators.
- (6) The SOE employees as referred to in section (2) may be assigned and/or seconded to another SOE for a specific period.
- (7) The SOE employees as referred to in section (2) must meet competency standards as determined by the company regulations.
- (8) The SOE employees as referred to in section (2) may establish labor unions in accordance with the provisions of legislation.
- (9) Provisions regarding BUMN employees as referred to in section (2) to section (4) are regulated by a Ministerial Regulation.

158. Between Article 87 and Article 88, 2 (two) articles namely Article 87A and Article 87B are inserted to read as follows:

Article 87A

The SOEs may employ foreign workers in accordance with the provisions of legislation.

Article 87B

- (1) In order to improve the competence of SOE human resources, the ministry administering government affairs in the field of SOEs and/or Agency develops human resources education and training, including the establishment and development of entities that carry out competency development activities for SOEs.
- (2) Further provisions regarding human resources education and training as referred to in section (1) are regulated by a Ministerial Regulation.

159. Between Chapter IX and Chapter X, 1 (one) chapter namely Chapter IXA is inserted, to read as follows:

CHAPTER IXA
SPECIAL ASSIGNMENTS

160. Between Article 87B and Article 88, 2 (two) articles namely Article 87C and Article 87D are inserted to read as follows:

Article 87C

- (1) The Central Government may assign special assignments to SOEs or SOE Subsidiaries to carry out public utility functions, research and development, and national innovation.
- (2) The special assignment as referred to in section (1) first obtains the approval of the Minister.
- (3) The special assignment as referred to in section (1) is stipulated by the President.
- (4) The special assignment as referred to in section (1) is carried out with due regard to the objectives of the SOE and by taking into account the capacity of the SOE or SOE Subsidiary.
- (5) In the event that the special assignment as referred to in section (1) requires funding and/or is financially unfeasible, the Central Government provides the necessary funding.
- (6) An SOE or SOE Subsidiary assigned a special assignment by the Central Government as referred to in section (1) maintains separate administrative records or bookkeeping for the assignment, distinct from the bookkeeping related to the company's business targets.
- (7) Further provisions regarding special assignments as referred to in section (1) to section (6) are regulated by a Government Regulation.

Article 87D

- (1) In the context of special assignments as referred to in Article 87C, the Minister coordinates with the Minister of Finance and the relevant line ministers.
- (2) The coordination between the Minister, the Minister of Finance, and the relevant line ministers as referred to in section (1) is stipulated by a joint decree.

161. Between Chapter IXA and Chapter X, 1 (one) chapter namely Chapter IXB is inserted to read as follows:

CHAPTER IXB
CORPORATE SOCIAL RESPONSIBILITY

162. Between Article 87D and Article 88, 1 (one) article namely Article 87E is inserted to read as follows:

Article 87E

- (1) The SOEs, SOE Subsidiaries, and their derivatives are obligated to carry out corporate social responsibility.
- (2) The social responsibility as referred to in section (1) are carried out through:
 - a. guidance, training, empowerment, and cooperation with micro, small, and medium enterprises, cooperatives, and other institutions; and
 - b. community development throughout the territory of the Unitary State of the Republic of Indonesia, with priority given to communities located in the vicinity of the SOE.
- (3) The sources of funding for guidance and cooperation with micro, small, and medium enterprises, cooperatives, and community development as referred to in section (2) consist of:
 - a. allocation of a portion of the net profit of the SOE from the previous fiscal year;
 - b. budgeted activities accounted for as expenses in the SOE during the current fiscal year; and/or
 - c. other lawful sources in accordance with the provisions of legislation.
- (4) The community development as referred to in section (2) point b is carried out by the concerned SOE and may be conducted in cooperation with other parties.
- (5) An SOE may, within reasonable limits, provide donations for charitable or social purposes in accordance with the provisions of legislation.
- (6) Further provisions regarding the corporate social responsibility as referred to in section (1) to section (5) are regulated by a Ministerial Regulation.

163. Between Chapter IXB and Chapter X, 1 (one) chapter namely Chapter IXC is inserted to read as follows:

CHAPTER IXC
DISPUTE SETTLEMENT OF STATE-OWNED
ENTERPRISES

164. Between Article 87E and Article 88, 1 (one) article namely Article 87F is inserted to read as follows:

Article 87F

- (1) Any dispute arising among SOEs, SOE Subsidiaries,

and/or affiliated companies is settled through deliberation to reach consensus.

- (2) In the event that the deliberation to reach consensus as referred to in section (1) fails, the dispute, disagreement, or conflict, upon written agreement of the parties, is resolved through a mediator.
- (3) In the event that the parties fail to reach agreement on the appointment of a mediator within 14 (fourteen) calendar days, the ministry administering government affairs in the field of SOEs appoints a mediator.
- (4) Any agreement resulting from the dispute settlement, disagreement, or conflict is final and binding upon the parties and is implemented in good faith.

165. Article 88 is deleted.

166. Between Chapter IXC and Chapter X, 1 (one) chapter namely Chapter IXD is inserted to read as follows:

CHAPTER IXD MISCELLANEOUS PROVISIONS

167. Article 90 is deleted.

168. The provisions of Article 93 are amended to read as follows:

Article 93
Upon the enactment of this Law, all ongoing assignments are subject to the provisions of this Law.

169. Between Article 93 and Article 94, 1 (one) article namely Article 93A is inserted to read as follows:

Article 93A
In the event that a Persero operates in the banking sector, the provisions regarding the liquidation period of such Persero as referred to in Article 86D section (2) are subject to the prevailing banking liquidation regulations.

170. The provisions of Article 94 are amended to read as follows:

Article 94
SOEs are obligated to comply with the provisions of this Law no later than 1 (one) year from the date this Law is promulgated.

171. Between Article 94 and Article 95, 2 (two) articles namely Article 94A and Article 94B are inserted to read as follows:

Article 94A

At the time this Law comes into force:

- a. all legislation governing SOEs remain effective to the extent not contrary to the provisions of this Law; and
- b. all provisions of legislation concerning the authority to manage state finances in relation to state restricted assets, state treasury, non-tax state revenues, and limited liability companies no longer apply to the extent that they are specifically regulated under this Law.

Article 94B

The implementing regulations of this Law must be issued no later than 6 (six) months as of the promulgation of this Law.

Article II

1. The Central Government and the House of Representatives of the Republic of Indonesia, through their complementary organ responsible for legislation, are obligated to monitor and review the implementation of this Law 2 (two) years after the promulgation of this Law, pursuant to the mechanism stipulated in the Law concerning the Legislation Making.
2. This Law comes into force on the date of its promulgation.

In order that every person may know hereof, it is ordered to promulgate this Law by its placement in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta
on 24 February 2025

PRESIDENT OF THE REPUBLIC OF INDONESIA,

signed

PRABOWO SUBIANTO

Promulgated in Jakarta
on 24 February 2025

MINISTER OF STATE SECRETARY
OF THE REPUBLIC OF INDONESIA,

signed

PRASETYO HADI

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2025 NUMBER 25

Jakarta, 23 October 2025

Has been translated as an Official Translation
on behalf of the Minister of Law
of the Republic of Indonesia

DIRECTOR GENERAL OF LEGISLATION,



**ELUCIDATION OF
LAW OF THE REPUBLIC OF INDONESIA
NUMBER 1 OF 2025
ON
THE THIRD AMENDMENT TO LAW NUMBER 19 OF 2003
ON STATE-OWNED ENTERPRISES**

I. GENERAL

The management of SOEs aims to realize general welfare and social justice for all the people of Indonesia. This means that all efforts carried out by the State through SOEs must be directed at enabling the public to enjoy welfare and social justice more equally, without exception. To achieve this objective, the State must manage SOEs by adhering to the principles or doctrines mandated by the 1945 Constitution of the Republic of Indonesia. In an effort to optimize SOE management, a separation between supervisory and operational functions is necessary to be carried out.

These principles constitute the legitimacy and legal basis for the State to control vital and strategic sectors of production through the establishment of SOEs, within which the State is mandated to exercise the functions of regulating (*regelendaad*), administering (*bestuursdaad*), managing (*beheersdaad*), and supervising (*toezichthoudensdaad*) such sectors. SOEs are established as extensions of the State in carrying out State objectives that cannot be fulfilled solely through government functions, but must instead be realized through business mechanisms.

The role of SOEs in national economic development is highly important and strategic, among others because they contribute to the overall growth of the national economy and to State revenues in particular, generate profits, provide high-quality and competitive goods and/or services, supply goods and/or services for public benefit in fulfilling the essential needs of the people or for strategic purposes, serve as pioneers in business activities that cannot yet be undertaken by the private sector and cooperatives, engage in empowerment efforts, offer support, and foster partnerships with micro, small, and medium enterprises, cooperatives, and the broader community.

Efforts to enhance the efficiency of SOEs are essential to improve their performance, enabling them to serve as an instrument of the State in promoting public welfare by providing better services to the community and without imposing a burden on State finances. Considering the strategic role of SOEs, both sociologically and economically, in achieving the objectives of a welfare state, it is necessary to establish globally competitive SOEs.

The provisions in this Law reaffirm the definition of SOEs as business entities in which its shares is wholly or predominantly owned by the State through direct equity participation. In addition, the Law stipulates that the management of SOEs is based on the principles of economic democracy and good corporate governance.

The regulation stipulates that the capital of the Agency or SOE originates from both the APBN and non-APBN sources. Any state equity participation in the Agency or SOE must obtain the approval of the DPR RI. Additional provisions are introduced regarding the Daya Anagata Nusantara Investment Management Agency as a legal entity, including its duties, authorities, and organs. Several additional requirements have also been introduced for the appointment of Board of Directors of a Persero or Perum, as well as the Board of Commissioners and Board of Supervisors.

This Law explicitly regulates the Agency, Investment Holding, Operational Holding, Restructuring, Privatization, the establishment of SOE Subsidiaries, and/or the dissolution of SOEs. Furthermore, provisions are stipulated concerning the granting of monopoly rights to SOEs for the production and/or distribution of goods and/or services related to essential public needs and strategic sectors of production in the interest of the State. The Law also includes dedicated chapters on human resources in the management of SOEs and on corporate social responsibility.

The Central Government may assign specific mandates to SOEs to carry out functions of public utility, research and development, and innovation, while duly taking into account the objectives of the SOEs and considering their capacities. Furthermore, provisions are included regarding internal audit units, audit committees, and other relevant committees. External audits are also regulated, which must be conducted by public accountants appointed by the GMS for Persero and by the Minister for Perum. The Law establishes the obligation of SOEs to support micro, small, medium enterprises, and cooperatives, as well as to foster community development across all regions of the Republic of Indonesia, with priority given to communities located in proximity to the SOEs, as part of their corporate social responsibility. In addition, the settlement of disputes arising between SOEs, SOE Subsidiaries, and/or affiliated companies is regulated to be resolved through deliberation to reach consensus.

II. ARTICLE BY ARTICLE

Article I

Point 1

Article 1

Sufficiently clear.

Point 2

Sufficiently clear.

Point 3

Article 1A

Section (1)

Point a

The term “principle of togetherness” means the principle that encourages the role of SOEs to ensure that their activities serve the collective interests of all the people of Indonesia.

Point b

The term “principle of equitable efficiency” means the principle that prioritizes efficiency in efforts to create a fair, conducive, and competitive business climate.

Point c

The term “principle of sustainability” means the principle that underpins a continuous development process, thereby establishing a resilient and self-reliant economy.

Point d

The term “principle of environmental awareness” means the requirement that the management of SOEs must consistently take into account and prioritize the protection and preservation of the environment.

Point e

The term “principle of maintaining the balance, progress, and the unity of national economy” means the principle underlying the operation of SOEs, which seeks to harmonize individual interests, community welfare, and national interests, thereby contributing to the development of a unified national economy.

Point f

The term “principle of good corporate governance” means the structure and processes utilized and implemented by the corporate organ to enhance the achievement of business objectives and to optimize company value for all stakeholders in an accountable manner, based on legislation and ethical values.

Section (2)

Point a

The term “principle of transparency” means openness in the decision-making process and in the disclosure of material and relevant information about the company, in accordance with the provisions of legislation and/or the company’s articles of association regarding information disclosure.

Point b

The term “principle of accountability” means the

clarity of functions, implementation, and responsibilities of the corporate organs to ensure effective corporate governance.

Point c

The term “principle of responsibility” means the conformity of corporate governance with legislation as well as sound corporate principles.

Point d

The term “principle of independence” means the principle underlying the management of SOEs by upholding and prioritizing professionalism, free from conflicts of interest and influence or pressure from any parties that are inconsistent with the legislation and sound corporate principles.

Point e

The term “principle of fairness” means the principle of justice and equality in fulfilling the rights of stakeholders arising from agreements and the provisions of legislation.

Point 4

Article 2

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Pioneering activities refer to business undertakings aimed at providing goods and/or services needed by the public, which cannot yet be carried out by the private sector or cooperatives due to their lack of commercial viability. Therefore, such undertakings may be assigned to SOEs. In the event of an urgent public need, the Central Government may also assign an SOE that performs a public service function to implement partnership programs with entrepreneurs from economically disadvantaged groups.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)
Sufficiently clear.

Point 5
Sufficiently clear.

Point 6
Article 3A
Section (1)
Sufficiently clear.
Section (2)
Sufficiently clear.
Section (3)

The authority delegated to the Minister and the Agency includes the authority of the Central Government as the shareholder in SOEs and as the capital owner in Perum.

Article 3B
Sufficiently clear.

Article 3C
Point a
Sufficiently clear.
Point b
Sufficiently clear.
Point c
Sufficiently clear.

Point d
Sufficiently clear.
Point e
Sufficiently clear.

Point f
Sufficiently clear.
Point g
Sufficiently clear.

Point h
Sufficiently clear.
Point i
Sufficiently clear.

Point j
Sufficiently clear.
Point k
Sufficiently clear.

Point l
The term “other authority” means other powers related to the management and supervision of SOEs.

Article 3D
Sufficiently clear.

Point 7
Sufficiently clear.

Point 8
Sufficiently clear.

Point 9

Article 3E

Sufficiently clear.

Article 3F

Sufficiently clear.

Article 3G

Sufficiently clear.

Article 3H

Sufficiently clear.

Article 3I

Section (1)

Cooperation with third parties remains subject to the Central Government retaining a decisive position in the formulation of policies and decision-making.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 3J

Sufficiently clear.

Article 3K

Sufficiently clear.

Article 3L

Sufficiently clear.

Point 10

Sufficiently clear.

Point 11

Article 3M

Sufficiently clear.

Article 3N

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Representatives from the ministry responsible for synchronizing, coordinating, and controlling the implementation of ministerial affairs in the administration of government in the field of economic affairs, the ministry administering government affairs in the field of finance, the ministry administering government affairs in the field of SOEs, and the ministry administering government affairs in the field of investment are at a minimum of echelon I officials.

Point d

Sufficiently clear.

Section (2)

Sufficiently clear.

Article (3)

Sufficiently clear.

- Article 3O
Sufficiently clear.
- Article 3P
Sufficiently clear.
- Article 3Q
Sufficiently clear.
- Article 3R
Sufficiently clear.
- Article 3S
Sufficiently clear.
- Article 3T
 - Section (1)
Sufficiently clear.
 - Section (2)
 - Point a
Sufficiently clear.
 - Point b
Sufficiently clear.
 - Point c
Sufficiently clear.
 - Point d
Sufficiently clear.
 - Point e
Sufficiently clear.
 - Point f
The person representing the Agency in and out of court is the head of the executive body.
 - Section (3)
Sufficiently clear.
- Article 3U
Sufficiently clear.
- Article 3V
Sufficiently clear.
- Article 3W
Sufficiently clear.
- Article 3X
Sufficiently clear.
- Article 3Y
Sufficiently clear.
- Article 3Z
Sufficiently clear.
- Article 3AA
Sufficiently clear.
- Point 12
Sufficiently clear.
- Point 13
Sufficiently clear.

Point 14

Article 3AB

Section (1)

The term “establish an Investment Holding” means establishing a new SOE or designating one of the existing SOEs to serve as an Investment Holding.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Article 3AC

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Asset optimization is carried out, among other things, by formulating policies concerning asset optimization.

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Point h

Sufficiently clear.

Point i

Sufficiently clear.

Point 15

Sufficiently clear.

Point 16

Article 3AD

Sufficiently clear.

Article 3AE

Sufficiently clear.

Article 3AF

Sufficiently clear.

Article 3AG

Sufficiently clear.

Point 17

Sufficiently clear.

Point 18

Article 3AH

Sufficiently clear.

Article 3AI

Sufficiently clear.

Article 3AJ

Sufficiently clear.

Point 19

Sufficiently clear.

Point 20

Article 3AK

Section (1)

The term “establish an Operational Holding” means establishing a new SOE or designating one of the existing SOEs to serve as an Operational Holding.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 3AL

Sufficiently clear.

Article 3AM

Sufficiently clear.

Article 3AN

Sufficiently clear.

Point 21

Sufficiently clear.

Point 22

Sufficiently clear.

Point 23

Article 4

Sufficiently clear.

Point 24

Sufficiently clear.

Point 25

Article 4A

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

State equity participation for the purpose of Central Government assignment is provided to the Agency to be injected to the assigned SOE.

Section (4)

Sufficiently clear.

Section (5)

An SOE is a private legal entity whose shares constitutes the property and responsibility of the SOE as a legal entity, whether sourced from the APBN or from non-APBN sources. Therefore, it must be supervised and managed based on the principles of good corporate governance.

Section (6)

Sufficiently clear.

Article 4B

The shares and assets of an SOE constitute the property of the SOE, and any profits or losses incurred by the SOE are not deemed as profits or losses of the State. The profits or losses of the SOE include, but not be limited to, those arising from the management of part or all of its assets in the course of its investment and/or operational activities.

Point 26

Sufficiently clear.

Point 27

Article 4C

Sufficiently clear.

Point 28

Sufficiently clear.

Point 29

Article 5

Deleted.

Point 30

Article 6

Deleted.

Point 31

Article 7

Deleted.

Point 32

Article 8

Deleted.

Point 33

Article 9

Sufficiently clear.

Point 34

Article 9A

Sufficiently clear.

Point 35

Sufficiently clear.

Point 36

Article 9B

Sufficiently clear.

Article 9C

Sufficiently clear.

Article 9D

Sufficiently clear.

Article 9E

Sufficiently clear.

Article 9F

Sufficiently clear.

Article 9G

This is not construed to mean that a state official who serves as a member of the management of an SOE loses their status as a state administrator.

Article 9H

Sufficiently clear.

Point 37

Sufficiently clear.

Point 38

Article 10

Sufficiently clear.

Point 39

Article 11

Deleted.

Point 40

Sufficiently clear.

Point 41

Article 12

Point a

Sufficiently clear.

Point b

As one of the actors in the national economy, a Persero is required to meet market demand by providing high-quality and highly competitive goods and/or services, both in domestic and international markets. In doing so, it may increase the profits and value of the respective Persero, thereby delivering optimal benefits to the relevant stakeholders.

Point 42

Article 13

Sufficiently clear.

Point 43

Sufficiently clear.

Point 44

Article 14

Sufficiently clear.

Point 45

Article 14A

Section (1)

The term “Board of Directors of a Persero” means the Board of Directors other than the Board of Directors of the Investment Holding.

The Board of Directors of a Persero consists of a president director and/or other directors, as required.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Point 46

Article 15A

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

The term “family relationship up to the second degree” means:

1. A family relationship by marriage means a person’s relationship with:

- a. the spouse;
- b. the parents of the spouse (first-degree vertical relationship);
- c. the spouse of one’s child (first-degree vertical relationship);
- d. the grandfather and grandmother of the husband or wife (second-degree vertical relationship);
- e. the spouse of one’s grandchild (second-degree vertical relationship);
- f. the siblings of the spouse and the respective spouses of such siblings (second-degree horizontal relationship); and
- g. the spouse of the biological or step-sibling of the person concerned (second-degree horizontal relationship).

2. A family relationship by bloodline means a person’s relationship with:

- a. the parents and children (first-degree vertical relationship);
- b. the grandparents and grandchildren (second-degree vertical relationship); and
- c. the biological or step-siblings of the person concerned (second-degree horizontal relationship).

Point d

The term “expertise” means the competence in the core business of the SOE to be held.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The determination of whether a member of the Board of Directors or a member of the Board of Commissioners/Board of Supervisors may be declared responsible for the bankruptcy of a Persero or Perum is based on a claim and/or legal action that may be filed against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors serving at the time the Persero or Perum is declared bankrupt, and/or against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors who served during the period prior to such bankruptcy declaration.

Point c

Sufficiently clear.

Article 15B

Sufficiently clear.

Article 15C

Section (1)

The term “management contract” means the Statement of Corporate Intent (SCI), which, among other things, contains the commitment or declaration of the Board of Directors of the Persero to achieve all targets agreed upon between the shareholders, the Board of Commissioners, and the Board of Directors of the Persero. Such management contract may be renewed annually to reflect the company’s conditions and developments.

Section (2)

Sufficiently clear.

Article 15D

Sufficiently clear.

Article 15E

Sufficiently clear.

Article 15F

The corporate secretary functions to ensure that the Persero complies with regulations on disclosure requirements in alignment with the implementation of good corporate governance principles, and provides information to the Board

of Directors and the Board of Commissioners of the Persero periodically or upon request. The corporate secretary must meet adequate standards of professionalism. The corporate secretary is appointed and dismissed by the Board of Directors of the Persero and is accountable to the Board of Directors of the Persero.

Article 15G

Section (1)

Sufficiently clear.

Section (2)

The long-term planning includes, among other things:
an evaluation of the implementation of the previous plan;
the current position of the company;
the assumptions used in its preparation;
the mission of the Persero, business targets, business strategies, corporate policies, and work programs;
the budgeting, itemized by each work program budget; and
the financial projections of the Persero.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Section (7)

Sufficiently clear.

Section (8)

Sufficiently clear.

Article 15H

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Prior to signing the annual report submitted by the Board of Directors of the Persero, the Board of Commissioners is obligated to jointly deliberate the report with the Board of Directors of the Persero. Upon being jointly signed, all members of the Board of Directors of the Persero and the Board of Commissioners are held responsible for the contents of the said annual report.

Section (4)

The explanation for any member of the Board of Directors of the Persero not signing the report is stated in writing to the GMS, so that the GMS may use it as one of the considerations in assessing the report.

Section (5)

Sufficiently clear.

Article 15I

Sufficiently clear.

Article 15J

The term “other corporate documents” means data, records, and/or information created and/or received by the company in the course of conducting its activities, whether written on paper or recorded by other means, in any form or pattern that can be seen, read, or heard.

Point 47

Article 16

Deleted.

Point 48

Article 17

Deleted.

Point 49

Article 18

Deleted.

Point 50

Article 19

Deleted.

Point 51

Article 20

Deleted.

Point 52

Article 21

Deleted.

Point 53

Article 22

Deleted.

Point 54

Article 23

Deleted.

Point 55

Article 24

Deleted.

Point 56

Article 25

Deleted.

Point 57

Article 26

Deleted.

Point 58

Sufficiently clear.

Point 59

Article 26A

Section (1)

The Board of Commissioners consists of a president commissioner and/or other commissioners, as required.

Section (2)

Sufficiently clear.

Point 60

Article 27A

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

The term “family relationship up to the second degree” means:

1. A family relationship by marriage means a person’s relationship with:
 - a. the spouse;
 - b. the parents of the spouse (first-degree vertical relationship);
 - c. the spouse of one’s child (first-degree vertical relationship);
 - d. the grandfather and grandmother of the husband or wife (second-degree vertical relationship);
 - e. the spouse of one’s grandchild (second-degree vertical relationship);
 - f. the siblings of the spouse and the respective spouses of such siblings (second-degree horizontal relationship);
 - g. the spouse of the biological or step-sibling of the person concerned (second-degree horizontal relationship).
2. A family relationship by bloodline means a person’s relationship with:
 - a. the parents and children (first-degree vertical relationship);
 - b. the grandparents and grandchildren (second-degree vertical relationship); and
 - c. the biological or step-siblings of the person concerned (second-degree horizontal relationship).

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The determination of whether a member of the Board of Directors or a member of the Board of Commissioners/ Board of Supervisors may be declared responsible for the bankruptcy of a Persero or Perum must be based on a claim and/or legal action that may be filed against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors serving at the time the Persero or Perum is declared bankrupt, and/or against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors who served during the period prior to such bankruptcy declaration..

Point c

Sufficiently clear.

Article 27B

Sufficiently clear.

Article 27C

Section (1)

The term “management contract” means the Statement of Corporate Intent (SCI), which, among other things, contains the commitment or declaration of the Board of Directors of the Persero to achieve all targets agreed upon between the shareholders, the Board of Commissioners, and the Board of Directors of the Persero. Such management contract may be renewed annually to reflect the company’s conditions and developments.

Section (2)

Sufficiently clear.

Article 27D

Sufficiently clear.

Article 27E

Sufficiently clear.

Article 27F

Sufficiently clear.

Article 27G

Section (1)

Sufficiently clear.

Section (2)

This provision grants authority to the Board of Commissioners to manage the Persero in circumstances where the Board of Directors of the Persero is absent, even though such management is normally the exclusive domain of the Board of Directors. If the Board of Directors is in place, the Board of Commissioners may only undertake specific actions as determined by the GMS in the articles of association and in accordance with the provisions of legislation.

Section (3)

Sufficiently clear.

Article 27H

Sufficiently clear.

Article 27I
Sufficiently clear.

Point 61
Article 28
Deleted.

Point 62
Article 29
Deleted.

Point 63
Article 30
Deleted.

Point 64
Article 31
Deleted.

Point 65
Article 32
Deleted.

Point 66
Article 33
Deleted.

Point 67
Article 34
Sufficiently clear.

Point 68
Sufficiently clear.

Point 69
Article 35
Sufficiently clear.

Point 70
Sufficiently clear.

Point 71
Article 36
Sufficiently clear.

Point 72
Article 37
Sufficiently clear.

Point 73
Article 38
Section (1)
The Minister, as the representative of the capital owner
of the Perum, determines the development policy of the
Perum with the objective of setting the direction for

achieving the corporation's goals, including but not limited to policies on investment, business financing, sources of funding, utilization of corporate earnings, and other development-related policies.

Considering that the Board of Supervisors oversees the implementation of such policy, any proposal from the Board of Directors of the Perum to the Minister must first be approved by the Board of Supervisors.

The Minister has a vested interest in the development of state capital embedded in the Perum. Therefore, matters concerning investment, financing, and the utilization of the Perum's earnings are clearly directed through a corporate development policy.

In granting approval of the aforementioned proposal from the Board of Directors of the Perum, the Minister may hold discussions concerning matters related to sectoral policy.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Point 74

Article 39

Considering that the capital of a Perum essentially constitutes state assets, the capital owner is only liable up to the amount of capital contribution paid in, and such liability does not extend to other state assets beyond said capital.

In the event of actions taken outside the corporate mechanism as stipulated in this Article, such limited liability does not longer apply.

The term "state assets in a Perum" means state capital in the Perum.

A Perum is distinguished from a Persero by the nature of its business. A Perum places greater emphasis on providing services for the public benefit, whether in the form of services or the supply of goods and services.

Point 75

Article 42

Sufficiently clear.

Point 76

Article 43A

Section (1)

The Board of Directors of the Perum consists of a president director and/or other directors, as required. Other directors as required may include, among others, the director of human resources and the director of finance and/or assets.

Section (2)

Sufficiently clear.

Article 43B

Sufficiently clear.

Article 43C

Section (1)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

The term “family relationship up to the second degree” means:

1. A family relationship by marriage means a person’s relationship with:
 - a. the spouse;
 - b. the parents of the spouse (first-degree vertical relationship);
 - c. the spouse of one’s child (first-degree vertical relationship);
 - d. the grandfather and grandmother of the husband or wife (second-degree vertical relationship);
 - e. the spouse of one’s grandchild (second-degree vertical relationship);
 - f. the siblings of the spouse and the respective spouses of such siblings (second-degree horizontal relationship); and
 - g. the spouse of the biological or step-sibling of the person concerned (second-degree horizontal relationship).
2. A family relationship by bloodline means a person’s relationship with:
 - a. the parents and children (first-degree vertical relationship);
 - b. the grandparents and grandchildren (second-degree vertical relationship); and
 - c. the biological or step-siblings of the person concerned (second-degree horizontal relationship).

Point d

The term “expertise” means the competence in the core business of the SOE to be held.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Point g

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The determination of whether a member of the Board of Directors or a member of the Board of Commissioners/Board of Supervisors may be declared responsible for the bankruptcy of a Persero or Perum must be based on a claim

and/or legal action that may be filed against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors serving at the time the Persero or Perum is declared bankrupt, and/or against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors who served during the period prior to such bankruptcy declaration.

Point c

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 43D

Sufficiently clear.

Article 43E

Section (1)

The term “management contract” means the Statement of Corporate Intent (SCI), which, among other things, contains the commitment or declaration of the Board of Directors of the Perum to achieve all targets agreed upon between the shareholders, the Board of Commissioners, and the Board of Directors of the Perum. Such management contract may be renewed annually to reflect the company’s conditions and developments.

Section (2)

Sufficiently clear.

Article 43F

Sufficiently clear.

Article 43G

Sufficiently clear.

Article 43H

Sufficiently clear.

Article 43I

Section (1)

The long-term planning includes, among other things:

- a. an evaluation of the implementation of the previous plan;
- b. the current position of the company;
- c. the assumptions used in its preparation;
- d. the mission of the Perum, business targets, business strategies, corporate policies, and work programs;
- e. budgeting, itemized by each work program budget; the financial projections of the Perum.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Sufficiently clear.

Section (6)

Sufficiently clear.

Section (7)
Sufficiently clear.

Section (8)
Sufficiently clear.

Article 43J

Section (1)
Sufficiently clear.

Section (2)
Sufficiently clear.

Section (3)

Prior to signing the annual report submitted by the Board of Directors of the Perum, the Board of Supervisor is obligated to jointly deliberate the report with the Board of Directors. Upon being jointly signed, all members of the Board of Directors of the Perum and the Board of Supervisors are held responsible for the contents of the said annual report.

Section (4)

The explanation for any member of the Board of Directors of the Perum or member of the Board of Supervisors not signing the report is stated in writing to the Minister, so that the Minister may use it as one of the considerations in assessing the report.

Section (5)

Sufficiently clear.

Article 43K

Sufficiently clear.

Article 43L

The term “other corporate documents” means data, records, and/or information created and/or received by the company in the course of conducting its activities, whether written on paper or recorded by other means, in any form or pattern that can be seen, read, or heard.

Article 43M

Section (1)
Sufficiently clear.

Section (2)

The fault or negligence of the Board of Directors of the Perum as referred to in this section must first be proven and determined by a competent court before joint and several liability may be enforced.

Section (3)
Sufficiently clear.

Section (4)
Sufficiently clear.

Point 77

Article 44

Deleted.

Point 78

Article 45

Deleted.

Point 79
Article 46
Deleted.

Point 80
Article 47
Deleted.

Point 81
Article 48
Deleted.

Point 82
Article 49
Deleted.

Point 83
Article 50
Deleted.

Point 84
Article 51
Deleted.

Point 85
Article 52
Deleted.

Point 86
Article 53
Deleted.

Point 87
Article 54
Deleted.

Point 88
Article 55
Deleted.

Point 89
Article 55A
Sufficiently clear.

Point 90
Article 56
Sufficiently clear.

Point 91
Article 56A
Section (1)
Point a
Sufficiently clear.
Point b
Sufficiently clear.

Point c

The term “family relationship up to the second degree” means:

1. A family relationship by marriage means a person’s relationship with:
 - a. the spouse;
 - b. the parents of the spouse (first-degree vertical relationship);
 - c. the spouse of one’s child (first-degree vertical relationship);
 - d. the grandfather and grandmother of the husband or wife (second-degree vertical relationship);
 - e. the spouse of one’s grandchild (second-degree vertical relationship);
 - f. the siblings of the spouse and the respective spouses of such siblings (second-degree horizontal relationship); and
 - g. the spouse of the biological or step-sibling of the person concerned (second-degree horizontal relationship).
2. A family relationship by bloodline means a person’s relationship with:
 - a. the parents and children (first-degree vertical relationship);
 - b. the grandparents and grandchildren (second-degree vertical relationship); and
 - c. the biological or step-siblings of the person concerned (second-degree horizontal relationship).

Point d

Sufficiently clear.

Point e

Sufficiently clear.

Point f

Sufficiently clear.

Section (2)

Point a

Sufficiently clear.

Point b

The determination of whether a member of the Board of Directors or a member of the Board of Commissioners/Board of Supervisors may be declared responsible for the bankruptcy of a Persero or Perum must be based on a claim and/or legal action that may be filed against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors serving at the time the Persero or Perum is declared bankrupt, and/or against members of the Board of Directors and/or members of the Board of Commissioners/Board of Supervisors who served during the period prior to such bankruptcy declaration.

Point c

Sufficiently clear.

Section (3)

Sufficiently clear.

Article 56B

Sufficiently clear.

Article 56C

Section (1)

The term “management contract” means the Statement of Corporate Intent (SCI), which, among other things, contains the commitment or declaration of the Board of Supervisors to achieve all targets agreed upon between the Board of Directors of the Perum, and the Board of Supervisors. Such management contract may be renewed annually to reflect the company’s conditions and developments.

Section (2)

Sufficiently clear.

Article 56D

Sufficiently clear.

Article 56E

Sufficiently clear.

Article 56F

Sufficiently clear.

Article 56G

Section (1)

Sufficiently clear.

Section (2)

This provision grants authority to the Board of Supervisors to manage the Perum in circumstances where the Board of Directors of the Perum is absent, even though such management is normally the exclusive domain of the Board of Directors. If the Board of Directors is in place, the Board of Supervisors may only undertake specific actions as determined by the Central Government in the articles of association and pursuant to the provisions of legislation.

Section (3)

Sufficiently clear.

Article 56H

Sufficiently clear.

Article 56I

Sufficiently clear.

Point 92

Article 57

Deleted.

Point 93

Article 58

Deleted.

Point 94

Article 59

Deleted.

Point 95

Article 60

Deleted.

Point 96

Article 61

Deleted.

Point 97

Article 62

Deleted.

Point 98

Sufficiently clear.

Point 99

Article 62A

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Cooperation with third parties remains subject to the Central Government retaining a decisive position in the formulation of policies and decision-making.

Section (4)

Sufficiently clear.

Article 62B

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Securities managed by an SOE engaged in asset management may take the form of mutual funds.

Section (4)

Sufficiently clear.

Article 62C

Sufficiently clear.

Point 100

Sufficiently clear.

Point 101

Sufficiently clear.

Point 102

Article 62D

Section (1)

Sufficiently clear.

Section (2)

The term “SOE Assets” as referred to in this provision means assets in the form of receivables or fixed assets.

Section (3)
Sufficiently clear.

Section (4)
Sufficiently clear.

Article 62E
Sufficiently clear.

Point 103
Sufficiently clear.

Point 104
Article 62F
Sufficiently clear.
Article 62G
Sufficiently clear.
Article 62H
Sufficiently clear.

Point 105
Sufficiently clear.

Point 106
Article 62I
Sufficiently clear.
Article 62J
Section (1)
Sufficiently clear.
Section (2)
The transfer of all assets, rights, and obligations of an SOE that merges or consolidates does not require a separate deed or agreement of transfer for such assets, rights, and obligations.
Section (3)
Sufficiently clear.
Article 62K
Sufficiently clear.
Article 62L
Sufficiently clear.

Point 107
Article 63
Deleted.

Point 108
Article 64
Deleted.

Point 109
Article 65
Deleted.

Point 110
Sufficiently clear.

Point 111

Article 62M

Section (1)

Sufficiently clear.

Section (2)

The special rights held by an SOE are further regulated in the articles of association of SOE Subsidiary.

Section (3)

Sufficiently clear.

Article 62N

Sufficiently clear.

Article 62O

Sufficiently clear.

Point 112

Sufficiently clear.

Point 113

Article 67

Sufficiently clear.

Point 114

Article 67A

Sufficiently clear.

Point 115

Article 68

Sufficiently clear.

Point 116

Article 69

Sufficiently clear.

Point 117

Article 70

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

The term “other committees” includes, among others, the nomination committee and the remuneration committee.

Section (4)

Sufficiently clear.

Point 118

Article 71

Section (1)

The corporate financial statements include the annual report of the Persero or Perum.

The corporate financial audit is intended to obtain an auditor’s opinion on the fairness of the financial statements and the annual accounts of the respective company. The auditor’s opinion on the said financial

statements and annual accounts is required by the shareholders/the Minister, among others, for the purpose of granting *acquit et decharge* to the Board of Directors and the Board of Commissioners/ Board of Supervisors of the company. In accordance with the provisions of the legislation in the field of limited liability companies and capital markets, the corporate financial audit and annual accounts of the Persero are conducted by a public accountant.

Section (2)

An audit with special-purposes on SOE is conducted for matters concerning the use of government funds (e.g., state equity participation), and not for matters relating to corporate business operations.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Point 119

Article 71A

Sufficiently clear.

Point 120

Sufficiently clear.

Point 121

Sufficiently clear.

Point 122

Article 72

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

Point a

The term “having a broad socio-economic impact for the state” means that the SOE has strong and extensive interlinkages with other SOEs, conducts labor-intensive business activities, carries out state assignments, or poses systemic risks to the financial sector and/or other sectors.

Point b

The term “having benefits for the livelihood of the general public” means that the SOE provides significant benefits, cannot be substituted by another SOE, and has a substantial impact on national sovereignty and resilience.

Section (6)

Sufficiently clear.

Section (7)
Sufficiently clear.

Point 123
Article 72A
Sufficiently clear.

Point 124
Article 73
Section (1)
Point a
Sufficiently clear.
Point b
The transfer of shares between SOEs includes non-cash capital contributions by the State to another SOE using the shares of an SOE, for the purpose of establishing a holding company.
Point c
Sufficiently clear.
Point d
Other mechanisms include those agreed upon between the lender and the borrowing SOEs as part of the recovery and rescue measures for the said SOEs.
Section (2)
Sufficiently clear.

Point 125
Sufficiently clear.

Point 126
Article 73A
Sufficiently clear.
Article 73B
Sufficiently clear.

Point 127
Sufficiently clear.

Point 128
Sufficiently clear.

Point 129
Article 74
Sufficiently clear.

Point 130
Sufficiently clear.

Point 131
Article 75
The term “principle of fairness” include the use of independent appraisers to determine the valuation of a Persero to be privatized.

The term “market conditions” means both domestic and international market conditions.

Point 132

Article 76

Section (1)

Point a

The term “competitive industry or business sector” means industries or sectors that are, in principle, open to participation by any party, whether SOEs or private entities. In other words, there are no legislation (sectoral policies) prohibiting private entities from engaging in such sectors, or more specifically, the sectors are not exclusively reserved for SOEs.

Point b

The term “industry or business sector with rapidly evolving technology” means industries/sectors characterized by extremely rapid and radical technological advancements, requiring substantial investment to upgrade or replace the technology.

Point c

Sufficiently clear.

Section (2)

Sufficiently clear.

Point 133

Article 77

Sufficiently clear.

Point 134

Article 78

Point a

The term “sale of shares in accordance with capital market regulations” includes, among others, the sale of shares through a public offering (initial public offering/go public), issuance of convertible bonds, and other equity-based securities. This also includes the sale of shares to strategic partners (direct placement) in the case of a Persero already listed on the stock exchange.

Point b

The term “direct sale of shares to investors” means the sale of shares to strategic partners (direct placement) or to other investors, including financial investors. This method applies specifically to the sale of shares in a Persero that is not yet listed on the stock exchange.

Offers to domestic investors are carried out with due regard to the values of self-reliance and sovereignty.

Point c

The term “sale of shares to its respective management and/or employees” means the direct sale of a majority or all shares to the management (management buyout/MBO) and/or employees (employee buyout/EBO) of the respective Persero.

In the event that the management and/or employees are unable to purchase the majority or all of the shares, the offer to the management and/or employees is made with due consideration of their financial capacity.

The term “management” means the Board of Directors.

Point 135

Article 78A

Sufficiently clear.

Article 78B

The SOE Privatization plan for the relevant fiscal year intended to meet the state revenue target from Privatization is included in the draft State Budget (RAPBN) submitted to the DPR RI. Accordingly, the DPR RI's approval of the RAPBN constitutes approval of the SOE Privatization plan to be implemented by the Central Government.

Point 136

Sufficiently clear.

Point 137

Article 79

Sufficiently clear.

Point 138

Article 80

Sufficiently clear.

Point 139

Article 81

Sufficiently clear.

Point 140

Sufficiently clear.

Point 141

Article 82

Sufficiently clear.

Point 142

Article 83

Sufficiently clear.

Point 143

Article 84

Deleted.

Point 144

Sufficiently clear.

Point 145

Article 85

Section (1)

The term “person and/or legal entity with a potential conflict of interest” means parties that have affiliated relationships as follows:

- a. family relationships by virtue of marriage or blood up to the second degree, whether horizontal or vertical;
- b. a relationship between a party and any employee, Director, or member of the Board of Commissioners of such party;
- c. a relationship between 2 (two) companies in which one or more members of the Board of Directors or the Board of Commissioners are the same individuals;
- d. a relationship between a company and any party that, either directly or indirectly, controls or is controlled by such company;
- e. a relationship between two companies that are, either directly or indirectly, controlled by the same party; or
- f. a relationship between a company and its principal shareholder.

Section (2)

Confidentiality of information in the Privatization program and process includes production methods, processing methods, sales methods, or other information in the fields of technology and/or business that has economic value and is not publicly known.

Section (3)

Sufficiently clear.

Point 146

Sufficiently clear.

Point 147

Article 86

Proceeds from Privatization that are remitted to the state treasury constitutes the proceeds from the divestment of state-owned shares. Meanwhile, proceeds from the issuance of new shares are remitted to the company's treasury.

The term "proceeds from Privatization" means the net proceeds after deduction of Privatization implementation costs. Such implementation costs must observe the principles of fairness, transparency, and accountability.

Point 148

Article 86A

Sufficiently clear.

Point 149

Sufficiently clear.

Point 150

Sufficiently clear.

Point 151

Article 86B

Sufficiently clear.

Article 86C

Sufficiently clear.

Article 86D

Sufficiently clear.

Point 152

Sufficiently clear.

Point 153

Article 86E

Sufficiently clear.

Article 86F

Sufficiently clear.

Article 86G

Sufficiently clear.

Article 86H

Sufficiently clear.

Article 86I

Sufficiently clear.

Article 86J

Sufficiently clear.

Article 86K

Sufficiently clear.

Article 86L

The Government Regulation governs, among others, the procedures for liquidation, the order of payment and utilization of liquidated assets, as well as the treatment of the remaining proceeds from the liquidation.

Point 154

Sufficiently clear.

Point 155

Article 86M

Sufficiently clear.

Point 156

Sufficiently clear.

Point 157

Article 87

Sufficiently clear.

Point 158

Article 87A

Sufficiently clear.

Article 87B

Sufficiently clear.

Point 159

Sufficiently clear.

Point 160

Article 87C

Section (1)

Sufficiently clear.

Section (2)

Sufficiently clear.

Section (3)

Sufficiently clear.

Section (4)

Sufficiently clear.

Section (5)

The funding of all expenses incurred by SOEs and SOE Subsidiaries, including the expected margin, is provided insofar as such margin remains within reasonable limits and is in accordance with the assignment given.

The implementation of special assignments by SOEs and SOE Subsidiaries may include the provision of support in the form of state equity participation, loans, Central Government guarantees, or other forms of support.

Section (6)

Sufficiently clear.

Section (7)

Sufficiently clear.

Article 87D

Sufficiently clear.

Point 161

Sufficiently clear.

Point 162

Article 87E

Sufficiently clear.

Point 163

Sufficiently clear.

Point 164

Article 87F

Sufficiently clear.

Point 165

Article 88

Deleted.

Point 166

Sufficiently clear.

Point 167

Article 90

Deleted.

Point 168

Article 93

Sufficiently clear.

Point 169

Article 93A

Sufficiently clear.

Point 170

Article 94

Sufficiently clear.

Point 171

Article 94A

Sufficiently clear.

Article 94B

Sufficiently clear.

Article II

Sufficiently clear.

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