

# 2017 Annual Report

**BUMN**  
*Hadir untuk negeri*



# Change and Acceleration Towards a Leading Lifescience Company



# Change and Acceleration Towards a Leading Lifescience Company

\* Viral and Bacterial Illustration



Global challenges in health sector due to the necessary new vaccine development resulting from emerging diseases and reemerging disease have pushed us to accelerate and change.

In 2017, Indonesia was trusted to become the Center of Excellence leader of Vaccine and Biotechnology Product Research for Islamic countries. This trust is an acknowledgment of Indonesia's performance through Bio Farma as having a vaccine and biotechnology product industry that is more advanced than that of members of OKI countries. Indonesia is the only member of OKI countries that has a complete vaccine industry acknowledged by WHO.

In line with Nawacita program number six, which is increasing productivities and competitiveness in international market, Indonesia's vaccine industry can be massively produced in the world and push the advancement of other developing countries. The year 2017, with the spirit of change and acceleration, we believe that the path to become life science company will be achieved for real in order to improve a better life quality.

## Theme Continuity

2016



### BIOTECH INNOVATION FOR A GLOBAL COMPETITIVENESS

Bio Farma has expertise and experience for more than 126 years. With such long history, we are ready to keep contributing in improving people's life quality in Indonesia and in the world. More than 130 countries have used Bio Farma's products. We have become the biggest vaccine producer in Southeast Asia with an annual production capacity of more than 3.2 billion doses. We believe that we will keep improving our performance in the present and the future. We streamline the entire production process in line with the target of the Sustainable Development Goals (SDG). We keep making biotechnological innovation, actively participate in maintaining the availability and independence of vaccine production for national immunization program demand and save the lives of million people.

2015



### BIOTECH INNOVATION FOR A BETTER FUTURE

With the dedication of all employees of Bio Farma, since 2011 we have been determined and committed to produce a wide range of biotechnological innovation, because innovation is our culture. Implementation of Environmentally Friendly Business Process and Innovation in Environment and CSR makes Bio Farma as the only Indonesian Pharmaceutical Industry to achieve gold PROPER from the Ministry of Environment and Forestry. In 2015, the Biotechnological Innovation resulted in the development of Erythropoietin (EPO) biological product and the development of other Life Science products. It is now the time for Bio Farma to keep innovating in Biotechnology sector to create a better future.

2014



### BIO FOR LIFE

Supported by competence, experience, and learning process that span more than 125 years, we are here as part of the fight to save lives and improve people's life quality, with an important role in developing the nation's health, in order to maintain our existence from era to era. With the philosophy of "Dedicated to Improve Quality of Life", we are ready to dedicate our hard work to the Global Health Security, so that through Bio for Life, we provide solutions for global welfare.

2013



### DEDICATED TO GLOBAL ENVIRONMENT AND PUBLIC HEALTH

With competence, experience, and learning process of more than 123 years, we continue to innovate in research and product development to find new vaccines that could cope with various diseases that continue to grow and threaten people's health. We dedicate our hard work to global environment and public health, providing solutions to achieve global welfare.

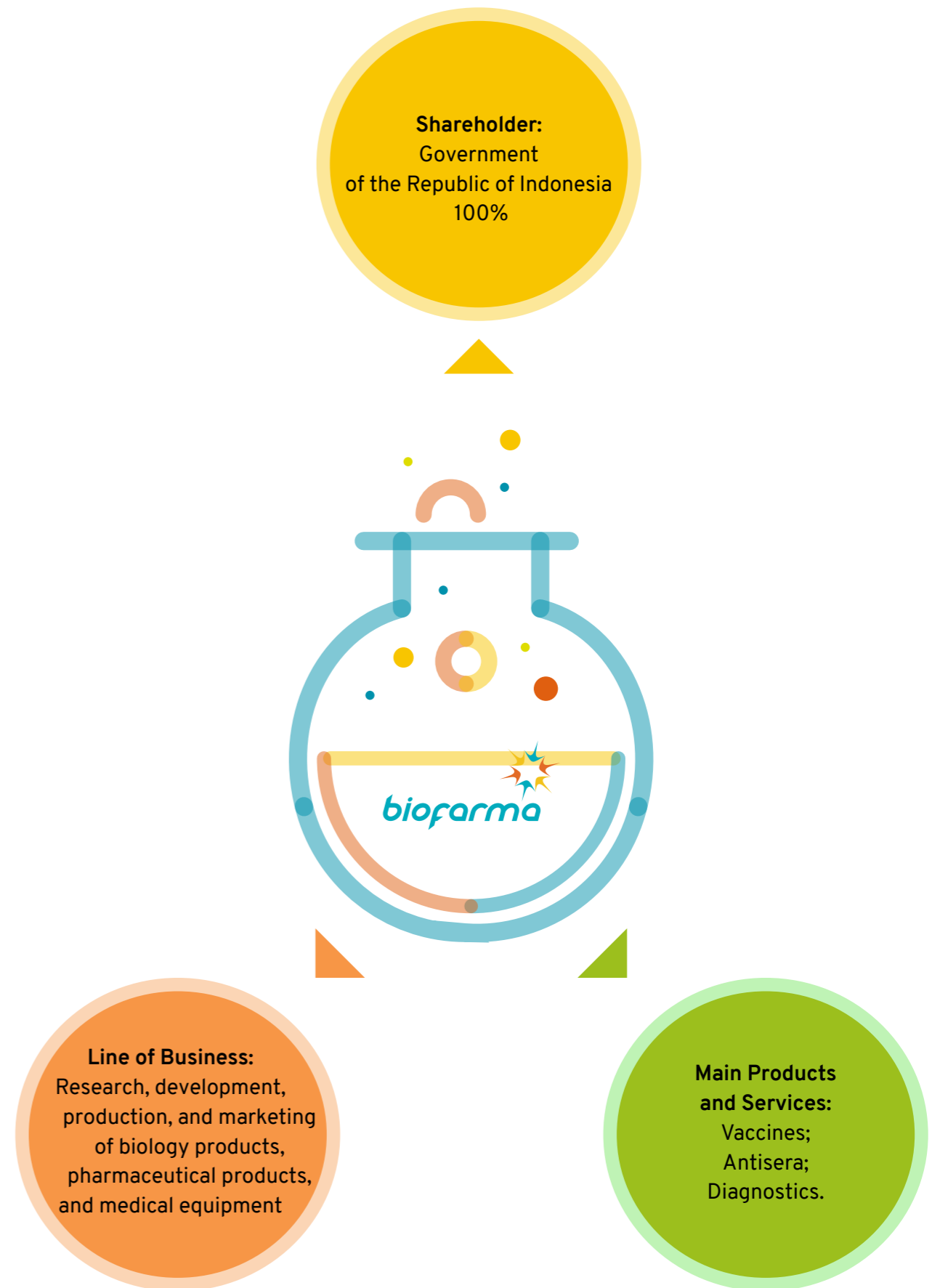
2012



### TOWARDS LIFESCIENCE INDUSTRY

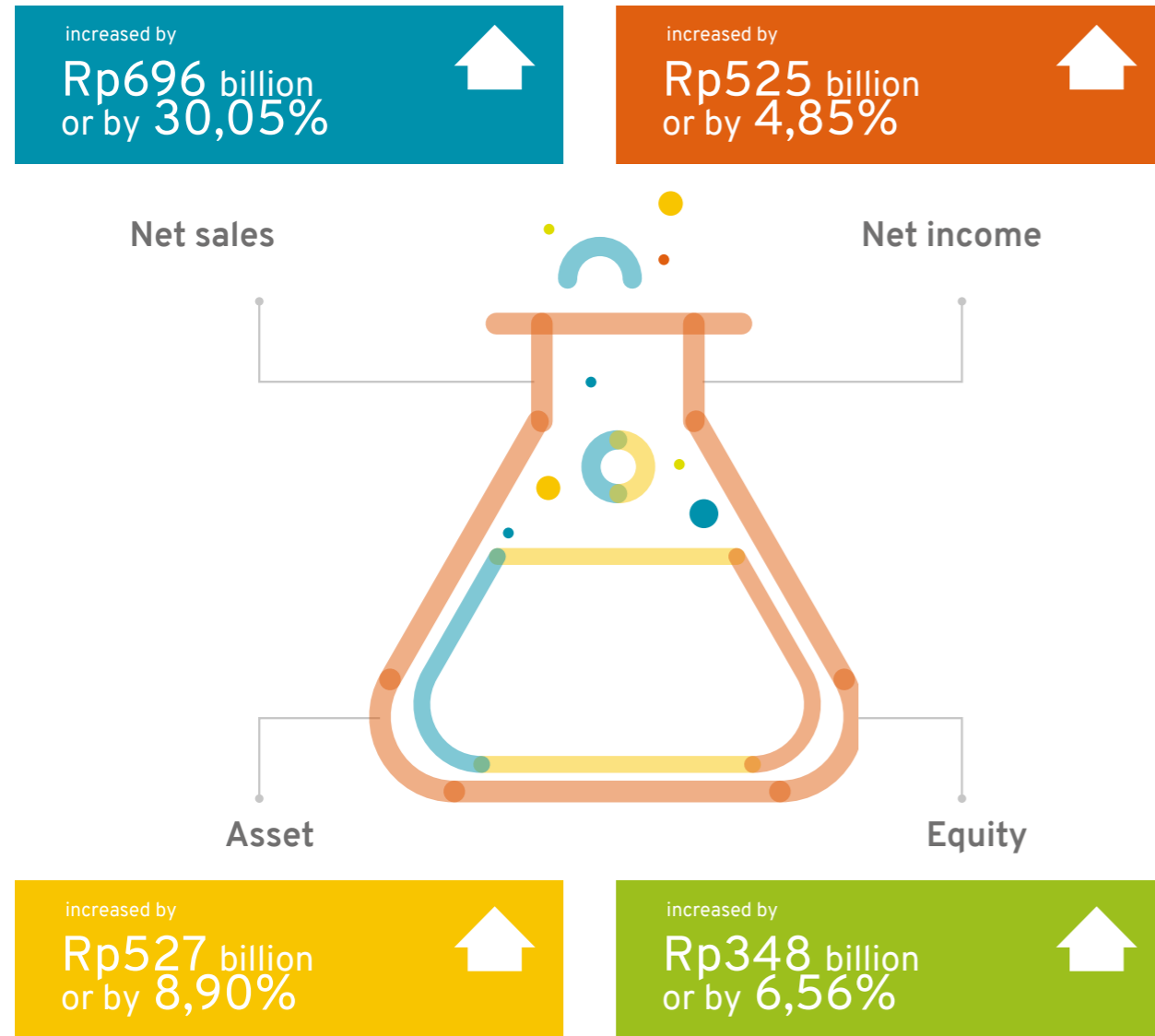
In 2012, Bio Farma improved the Company's vision, which is "to become a world-class vaccine and antisera producer with global competitiveness." With the spirit to provide solution to global welfare, it is time for Bio Farma to shift to a better direction by repositioning from Vaccine Producing Company to Life Science Industry, through changes of new corporate culture system, business process efficiency, technology advancement, and world-class human resources quality enhancement.

## The Company at a Glance



## Performance Highlights

### FINANCIAL PERFORMANCE:



### NON FINANCIAL PERFORMANCE:

- ✓ Center of Excellence Research Vaccine Organization Islamic Cooperation (OIC)
- ✓ GOLD PROPER from the Ministry of Environment and Forestry of the Republic of Indonesia
- ✓ Additional of four destination countries for export to be 136 countries.
- ✓ The Company's sound level assessment in 2017 achieved score of 86.00 with the criteria "AA HEALTHY"



## Milestones

6 August 1890

Bio Farma was established under the name of "Parc Vaccinogone" on 6 August 1890, based on the Decree of the Governor of the Dutch Indies No. 14 of 1890 at the Weltevreden Military Hospital, Batavia, which now has changed function to be Army Center Hospital (RSPAD) Gatot Soebroto, Jakarta.

1895-1901

The Company's name was changed to "Parc Vaccinogene en Instituut Pasteur."

1942-1945

During the Japanese colonialism, Bio Farma changed its name again to "Bandung Boeki Kenkyushoo", which was led by Kikuo Kurauchi.

1945-1946

The Company changed its name again to "Gedung Cacar and Lembaga Pasteur". The Company was led by R.M. Sardjito, who was the first Indonesian Leader. During the leadership of R.M. Sardjito, the location was moved to Klaten area.

1946-1949

During the Military Aggression, when Bandung was taken over by the Dutch army, the Company changed its name once more to "Landskoeboek Inrichting en Instituut Pasteur."

1950-1954

The Company changed its name back to "Gedung Cacar and Lembaga Pasteur", which was one of the institutions within the environment of the Ministry of Health of the Republic of Indonesia.

2008

The launch of a new logo reflected the spirit and optimism towards the world-class vaccine industry.

1997-2001

Bio Farma succeeded in obtaining WHO pre-qualification for 12 types of vaccines required for entering export market.

1997

Based on Government Regulation No. 1 of 1997, the Company changed its name again from Perum Bio Farma to Corporate Company (Persero), or better known as PT Bio Farma (Persero) until now.

1978-1996

Based on Government Regulation No. 26 of 1978, the Company changed its name to Bio Farma Public Company, better known as Perum Bio Farma.

1961-1978

The Company, again, changed its name to "Bio Farma State Company", or better known as PN. Bio Farma.

1955-1960

During the nationalization of Dutch company ownership in Indonesia, the Company changed its name again to "Pasteur State Company". The Company was more popularly known as PN. Pasteur.

2009

Under the new management team, Bio Farma stepped forward to be a world-class vaccine company with global competitiveness.

2013

The Roadmap towards Lifescience industry began. Launching of the latest Pentavalent vaccine (Diphtheria, Tetanus, Pertussis, Hepatitis B, HiB) and the launching of a national immunization program.

2014

Enhancement of the new Vision, "To be a World-Class Lifescience Company with Global Competitiveness".

2015

Inauguration of the Heritage Building and Bio Farma Museum.

2016

Transformation of the National Vaccine Research Forum (NVRF) into the National Life Science Research Forum (NLSRF).

2017

Indonesia through Bio Farma was trusted as the Center of Excellence Research Vaccine Organization Islamic Cooperation (OIC)



# Our Advantage

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With production capacity of approximately 2 billion doses per year, Bio Farma is recorded as the biggest vaccine manufacturer in Southeast Asia. Until now, Bio Farma keeps participating in global arena by fulfilling vaccine products to more than 130 countries in the world.

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## Bio Farma's Roles in the World

### Collaborating Partner



World Health Organization



unicef

BILL & MELINDA GATES foundation



Organization of Islamic Cooperation (OIC) Vaccine Manufacturer Group



Islamic Development Bank's Self Reliance in Vaccine Programs (IDB-SRVP) Center of Excellence for Biological

dcvmmn

Developing Countries Vaccine Manufacturers Network



International Vaccine Institute (IVI)

Bio Farma is a National Asset, which is assigned by the government as an SOE that produces Vaccine and Antisera. Currently, the Company is developing into a Life Science company. During its 128 years of existence, Bio Farma has contributed to improve the nation's life quality, has played an important role in preventing diseases both in Indonesia and in the world. More than 130 countries have used Bio Farma's Vaccine products, especially developing countries, and 50 of them are members of the Organization for Islamic Cooperation (OKI). Bio Farma has a role in the global arena with the fulfillment of vaccine products to more than 130 countries in the world, and more than 13 vaccine products currently have the pre-qualification from WHO BF in global (WHO PQ).

With a production capacity of about 2 billion doses per year, Bio Farma is the largest in Southeast Asia. Therefore, we strongly prioritize domestic needs by meeting the National vaccine needs, including vaccine needs for Extraordinary Diphtheria outbreak (KLB) some time ago, vaccines for Hajj and Umrah pilgrims, and other vaccine needs for the world through WHO and UNICEF.

Bio Farma has a strategic role to fulfill the vaccine and keep the vaccine's availability in the global arena and to cooperate with various international institutions such as: Organization of Islamic Cooperation (OKI), IDB, Bill & Melinda Gates Foundation, Developing Countries Vaccine Manufacturers Network (DCVMN), International Vaccine Institute (IVI), World Health Organization (WHO), and UNICEF.

## Indonesia Through Bio Farma as the Center of Excellence of the World's Vaccines



On 7 December 2017, the 6th Conference of Ministerial on Health of Organization for Islamic Cooperation (KTM OKI) in Jeddah validated Indonesia's establishment as a Center of Excellence on Vaccine and Bio-technology Products. This establishment is affirmed in OKI Resolution on "Self-Reliance in Supply and Production of Medicines, Vaccines, and Medical Technologies". Other resolution includes approving the terms of reference for the establishment of the Center of Excellence in Indonesia and requesting the Indonesian Government to accelerate the process of establishing the Center of Excellence. This trust is an acknowledgment of the Indonesian government's performance related to vaccine and biotechnology product industry that is more advanced in general than that of members of OKI countries. Indonesia is the only member of OKI countries that has a complete immunization vaccine industry acknowledged by WHO.

A number of countries appreciate the preparation efforts undertaken by the Indonesian government and assess that the establishment of the Center of Excellence on Vaccine and Bio-technology Products is crucial for the self-sufficiency of OKI countries in the supply of vaccines and bio-technology products. Through this Center of Excellence, it is expected that joint research on vaccine and bio-technology will be conducted in the long-term to jointly develop vaccines with self-reliant technology to address current health problems or potential health problems in the future in OKI countries.

The 6th KTM OKI discussed the theme Health in All Policies (HiAP) and resulted in 5 resolutions on the implementation of OKI's Strategic Health Program of Action (SHPA) and the health

situation in Palestine, as well as the Conference Declaration. On the Conference occasion, Indonesia also presented some best practices of Healthy Indonesia Development, Hajj health services, and the Indonesian pharmaceutical industry, in an exhibition held at this conference.

Through KTM OKI, the Minister of Health encourages OKI countries to further strengthen health cooperation among OKI countries, especially in implementing the Strategic Health Program of Action (SHPA) 2014-2023 and Sustainable Development Goals (SDG) 2030.

The Minister of Health also presented various health development efforts in Indonesia in line with SHPA OKI, among others, the implementation of International Health Regulation (2005) and the implementation of Joint External Evaluation, maternal and children's health program and nutrition, efforts towards self-sufficiency of pharmacy and medical equipment and Indonesia's readiness to be the Center of Excellence on Vaccines and Biotechnology Products of OKI, organizing Istithaah of Hajj health, readiness to face global health threats and health crisis management.

OKI countries appreciate Indonesia's active role as the Thematic Head for maternal and children's health as well as nutritional cooperation for two periods from 2013-2015 and 2015-2017. Under Indonesia's leadership, there have been various activities held, such as training on KIA Books for members of OKI countries. In 2017-2019 period, Indonesia is taking on a new role as chairman for cooperation areas of vaccines, medicines, and medical equipment alongside Malaysia.

## Prioritizing Domestic Vaccine Needs



Bio Farma, as an SOE manufacturer of Vaccines and Antisera, is committed to support the government in fulfilling vaccine needs, especially Diphtheria. With a total production capacity of about 2 billion doses per year, it is the largest in Southeast Asia. Bio Farma has met the National Vaccine needs. Bio Farma plays an active role in increasing the availability and self-sufficiency of vaccine production in developing countries and Islamic countries to maintain the Global Health Security.

In an effort to manage the Outbreak Response Immunization (ORI) or vaccination activity after the outbreak of a disease, Bio Farma continues to produce vaccines containing diphtheria, by maximizing the existing capacity. Vaccines

containing diphtheria consist of DT, Td, and DTP-HB-Hib. This amount is already included for national immunization needs and for ORI needs.

Bio Farma is ready to meet the needs of vaccines containing diphtheria. With such amount, it is expected to meet the government needs, both for routine immunization programs and for prevention of diphtheria extraordinary outbreaks. With the existing capabilities and capacities, we are ready to meet the government need to prevent the spread of diphtheria extraordinary outbreaks. The total production of vaccines containing diphtheria that we will produce in 2018 will be increased in capacity from 15 million vials to 19.5 million vials per year, by increasing the number of working days.

## Nawacita and the Self-Sufficiency of Vaccine Industry in Indonesia

With the philosophy of “Dedicated to Improve Quality of Life”, Bio Farma plays an active role in increasing the availability and self-sufficiency of vaccine production in developing countries and Islamic countries to maintain the Global Health Security.

In line with Bio Farma’s vision of “becoming a world-class Life Science company with global competitiveness” and a mission to “provide and develop International-standard Life Science Products to improve the life quality”.

In line with Nawacita and Presidential Instruction No. 6 of 2016 on the acceleration of self-sufficiency of pharmaceutical and medical equipment industry, in the next 5 years, we have plans to develop business such as in the development and production of Plasma Products (blood product). Plasma products (blood product) that will be produced are Albumin, Immunoglobulins, and Factor VIII required for cases of chronic disease and malignancy, treatment of hemophilia patients and infection healing as well as immune system failure.

**Presidential Instruction No. 6 of 2016  
Acceleration of the Self-Sufficiency of Pharmaceutical and  
Medical Equipment Industry**



## Ciletuh Geopark Has Officially Met the Criteria as a World’s Geopark

National Geopark Region of Ciletuh, Palabuhanratu, which is developed by Bio Farma has officially been established to have met the criteria as a World’s Geopark (Global Geopark). Related to the establishment, on 3 January 2018, Bio Farma received an appreciation in the form of an official letter from the Global Geopark Network (GGN) signed by Guy Martini as the Secretary General of GGN, in which its head office is in Paris.

In empowering the local communities, Bio Farma substitutes the work of illegal miners with work in the field of Geo Tourism, while in developing the cultural diversity aspect, Bio Farma implements Eco-Friendly Batik, Pakidulan Batik, promotion and dissemination of Ciletuh Geopark, Palabuhanratu, assisting the proposal and evaluation process of Global Geopark Network, as well as community development in synergy with the local communities. In the aspect of biodiversity, Bio Farma also plays an active role in the preservation of Flora and Fauna in Ciletuh area, such as mangrove tree planting, kepuh (sterculia foetida) tree planting, and conservation program in the form of increased biodiversity in Cikepuh Wildlife Sanctuary.



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## FINANCIAL REPORT

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# Performance Overview

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There was a change in the composition of the Company's net sales in 2017. Sales was usually dominated by export sector. In 2017, sales was dominated by domestic sector, reaching 58.73% from Bio Farma's total revenue or amounting to Rp1.77 trillion, exceeding the target of 2017 RKAP at 148.54%, which was expected to achieve Rp1.19 trillion, an increase of 65.70% compared to total domestic sales in 2016, recorded at Rp1.06 trillion.

## Performance Overview

### FINANCIAL HIGHLIGHTS

Table of Financial Highlights

(dalam juta rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
<b>STATEMENTS OF FINANCIAL POSITION</b>						
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	369.546	325.830	447.950	555.939	971.717	891.251
Available for Sale Securities	-	-	-	-	25.600	-
Trade Receivables	313.138	224.511	288.626	507.746	257.260	288.246
Other Receivables	122	1.012	446	822	850	346
Inventories	712.912	947.409	708.564	462.557	326.600	204.899
Advances	27.734	504.119	54.052	102.353	50.412	38.624
Prepaid Taxes	359.948	288.404	298.817	242.720	154.008	96.972
Prepaid Expenses	12.474	24.632	12.137	10.163	4.767	1.591
Accrued Income	14	42.236	800	1.592	2.726	3.104
Other Current Assets	168.198	-	38.162	111.888	30.698	17.870
<b>Total Current Assets</b>	<b>1.964.087</b>	<b>2.358.153</b>	<b>1.849.555</b>	<b>1.995.781</b>	<b>1.824.639</b>	<b>1.542.901</b>
<b>NON-CURRENT ASSETS</b>						
Deferred Tax Assets	30.214	30.416	23.585	22.087	17.874	14.447
Property, Plant, and Equipment	4.394.231	5.851.363	3.998.187	3.605.537	1.163.473	1.126.085
Intangible Assets	32.522	22.843	38.634	36.005	37.855	20.214
Other Non-Current Assets	28.395	10.191	12.493	21.253	766	956
<b>Total Non-Current Assets</b>	<b>4.485.362</b>	<b>5.934.762</b>	<b>4.072.899</b>	<b>3.684.882</b>	<b>1.219.969</b>	<b>1.161.703</b>
<b>TOTAL ASSETS</b>	<b>6.449.449</b>	<b>8.292.915</b>	<b>5.922.454</b>	<b>5.680.663</b>	<b>3.044.608</b>	<b>2.704.604</b>
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Trade Payables	371.253	492.512	259.234	233.417	145.095	158.098
Taxes Payables	57.801	84.083	47.624	46.518	38.919	86.916
Accrued Expenses	107.859	153.040	113.405	145.489	128.280	112.781

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
Unearned Revenue	1.008	-	44	899	1.366	5.405
Other Current Liabilities	41.635	7.942	32.861	30.341	26.009	26.437
<b>Total Current Liabilities</b>	<b>579.556</b>	<b>737.577</b>	<b>453.169</b>	<b>456.663</b>	<b>339.668</b>	<b>389.637</b>
<b>NON-CURRENT LIABILITIES</b>						
Non-Current Loan	-	-	-	-	-	-
Estimated Post-Employment Benefit Liabilities	219.937	185.337	167.133	152.022	136.368	48.371
Other Non-Current Liabilities	-	27.846	-	27.846	24.882	-
<b>Total Non-Current Liabilities</b>	<b>219.937</b>	<b>1.485.333</b>	<b>167.133</b>	<b>179.868</b>	<b>161.250</b>	<b>48.371</b>
<b>TOTAL LIABILITIES</b>	<b>799.493</b>	<b>2.222.910</b>	<b>620.302</b>	<b>636.532</b>	<b>500.919</b>	<b>438.008</b>
<b>EQUITY</b>						
Share Capital	2.000.000	2.000.000	2.000.000	1.650.000	1.250.000	750.000
Donation Capital	-	-	-	-	-	-
Retained Earnings	-	-	-	-	-	-
Appropriated	1.250.552	1.413.092	899.824	816.422	786.075	941.920
Unappropriated	-	-	-	(2.484)	-	675
Profit (Loss) for the Year	525.356	747.313	501.041	670.593	577.590	572.468
Other Equity Components	1.874.049	1.909.600	1.901.287	1.909.600	(69.976)	-
<b>TOTAL EQUITY</b>	<b>5.649.956</b>	<b>6.070.005</b>	<b>5.302.152</b>	<b>5.044.132</b>	<b>2.543.689</b>	<b>2.265.062</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>6.449.449</b>	<b>8.292.915</b>	<b>5.922.454</b>	<b>5.680.663</b>	<b>3.044.608</b>	<b>2.703.070</b>

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
<b>STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>						
<b>NET SALES</b>						
The Company's Product	1.872.113	2.452.728	1.927.724	2.329.624	2.028.988	1.848.452
Partnership Product	1.111.028	385.789	358.956	-	-	-
Trading Partnership	20.120	93.099	23.764	11.436	10.287	1.848
Services	8.310	8.599	5.315	4.858	4.805	3.382
<b>Total Net Sales</b>	<b>3.011.571</b>	<b>2.940.216</b>	<b>2.315.759</b>	<b>2.345.918</b>	<b>2.044.080</b>	<b>1.853.682</b>
<b>COST OF GOODS AND SERVICES SOLD</b>						
The Company's Product	(923.185)	(899.855)	(763.398)	(852.361)	(767.609)	(718.463)
Partnership Product	(710.318)	(266.662)	(215.497)	-	-	-
Trading Partnership	(16.766)	(89.452)	(21.437)	-	-	-
Services	(6.861)	(6.285)	(4.962)	(3.962)	(3.654)	(3.986)
<b>Total Cost of Goods and Services Sold</b>	<b>(1.657.130)</b>	<b>(1.262.254)</b>	<b>(1.005.294)</b>	<b>(867.488)</b>	<b>(780.090)</b>	<b>(723.596)</b>
<b>GROSS PROFIT (LOSS)</b>	<b>1.354.440</b>	<b>1.677.962</b>	<b>1.310.465</b>	<b>1.478.430</b>	<b>1.263.991</b>	<b>1.130.085</b>
Other Income	115.158	1.520	164.728	129.064	118.630	152.838
General and Administrative Expenses	(409.734)	(128.830)	(402.002)	(421.759)	(349.010)	(304.313)
Selling Expense	(137.478)	(402.122)	(133.996)	(126.818)	(99.182)	(72.830)
Research, Developments, and Surveillance Expenses	(124.570)		(114.481)	(93.443)	(88.779)	(68.318)
Loan Interest Expense	(124.570)	(3.674)	(9.343)	-	-	-
Other Expenses	(84.182)	(130)	(139.745)	(66.201)	(69.748)	(58.873)
<b>Total</b>	<b>(640.807)</b>	<b>(671.999)</b>	<b>(625.497)</b>	<b>(579.157)</b>	<b>(488.089)</b>	<b>(351.496)</b>
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>713.634</b>	<b>1.005.963</b>	<b>684.968</b>	<b>899.274</b>	<b>775.902</b>	<b>778.589</b>
<b>INCOME TAX BENEFITS (EXPENSES)</b>						
Current Tax	(194.907)	(263.158)	(185.425)	(232.893)	(197.136)	(207.288)
Deferred Tax	6.629	4.508	1.498	4.213	3.427	1.166
<b>Total Tax Expenses</b>	<b>(188.278)</b>	<b>(258.650)</b>	<b>(183.927)</b>	<b>(228.681)</b>	<b>(193.709)</b>	<b>(206.121)</b>
<b>NET PROFIT (LOSS)</b>	<b>525.356</b>	<b>747.313</b>	<b>501.041</b>	<b>670.593</b>	<b>582.193</b>	<b>572.468</b>

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>Items Not To Be Reclassified To Profit or Loss</b>						
Surplus From Asset Revaluation	-	-	-	1.980.782	-	-
Actuarial Gain (Loss) on Post-Employment Benefit	(27.238)	-	(8.313)	828.226	(21.701)	-
Other Comprehensive Income for the Year After Tax	(27.238)	-	(8.313)	<b>1.979.954</b>	(21.323)	1.979.954
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>498.117</b>	<b>747.313</b>	<b>492.728</b>	<b>2.650.547</b>	<b>560.870</b>	<b>572.468</b>

**STATEMENTS OF CASH FLOWS**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Received From Customers	3.111.408	3.004.396	2.334.948	2.106.478	2.108.672	1.800.735
Tax Receipts (Payments)	(369.722)	(349.775)	(267.037)	(297.534)	(314.959)	(151.969)
Interest Receipts	3.558	-	7.960	37.422	35.395	12.823
Cash Received from Grant/WHO's Donation	1.917	-	13.588	800	4.989	1.278
Other Receipts (Payments) - Net	613	1.520	1.238	(23.774)	11.673	(19.156)
Insurance Claim Receipts	575	-	-	-	107	-
Interest Payment	(8.071)	(3.674)	(9.343)	-	-	-
Payment of Tantiem	(11.021)	(14.750)	(14.750)	(13.737)	(9.727)	(6.980)
Payments to Suppliers and Employees	(2.362.898)	(2.065.122)	(1.519.679)	(1.584.191)	(1.330.310)	(1.003.850)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>366.360</b>	<b>572.595</b>	<b>546.926</b>	<b>225.465</b>	<b>505.839</b>	<b>632.880</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of Property, Plant, and Equipment	(293.309)	(1.782.105)	(393.170)	(535.175)	(163.149)	(192.644)
Investment on Financial Assets Available for Sale	-	-	-	-	(25.000)	-
Investment on Vials Companies	-	(19.950)	-	-	-	-
Purchase of Intangible Assets	(3.245)	(6.681)	(11.173)	(3.962)	(20.578)	(6.671)
Proceeds of Sale of Other Assets	-	(38.850)	-	25.000	-	138
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(296.554)</b>	<b>(1.847.586)</b>	<b>(404.343)</b>	<b>(514.137)</b>	<b>(208.727)</b>	<b>(199.176)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>						
Short Term Loans Received	-	-	235.000	-	-	-

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
Payments of Short Term Loans	-	-	(235.000)	-	-	-
Payment of Dividend and Partnership and Development Program	(150.313)	(128.317)	(234.707)	(149.727)	(228.987)	(113.938)
Donation Capital from WHO	-	-	-	-	-	-
Long Term Loans Received	-	1.200.000	-	-	-	-
Payments of Long Term Loans	-	-	-	-	-	-
Paid-Up Capital	-	-	-	-	-	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(150.313)</b>	<b>1.071.683</b>	<b>(234.707)</b>	<b>(149.727)</b>	<b>(228.987)</b>	<b>(113.938)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(80.507)</b>	<b>(203.308)</b>	<b>(92.123)</b>	<b>(438.398)</b>	<b>68.125</b>	<b>319.765</b>
Effect of Foreign Exchange Rate Changes of Cash and Cash Equivalents	2.103	-	(15.865)	22.621	12.341	72.988
Cash and Cash Equivalent At the Beginning of the Year	447.950	529.138	555.939	971.717	891.251	498.498
<b>Cash and Cash Equivalents At the End of the Year</b>	<b>369.546</b>	<b>325.830</b>	<b>447.950</b>	<b>555.939</b>	<b>971.717</b>	<b>891.251</b>

## FINANCIAL RATIOS

Liquidity (%)						
Cash Ratio	63,76	44,18	98,85	121,74	286,08	228,74
Current Ratio	338,90	319,72	408,14	437,04	537,18	395,98
Profitability (%)						
Gross Profit Margin	44,97	57,07	56,59	63,02	61,84	60,96
Operating Margin	22,67	34,29	28,50	35,65	35,57	36,93
Net Profit Margin	17,44	25,42	21,64	28,59	28,48	30,88
Return on Equity (ROE)	12,97	20,46	12,47	17,14	31,93	37,81
Return on Investment (ROI)	16,93	17,62	16,53	20,27	31,15	34,81
Return on Assets (ROA)	8,62	10,23	8,80	15,37	20,26	24,11
Solvency (%)						
Debt to Equity	14,15	36,62	11,70	12,62	19,69	19,34
Turnover (times)						

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
Inventory Turnover	2,33	1,53	1,72	2,20	2,94	3,95
Receivable Turnover	10,08	11,46	5,87	6,17	7,54	7,29
Growth (%)						
Sales	130,05	113,64	98,71	114,77	110,27	128,94
Operating Income	103,44	112,37	78,91	115,05	106,19	139,92
Income Before Taxes	104,18	116,37	76,17	115,90	99,65	149,41

## OPERATIONAL HIGHLIGHTS

## OPERATIONAL PERFORMANCE OF OPERATIONS SEGMENT

Table of Operational Performance of Bacterial Vaccine Segment

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
Bacterial Vaccine Production (Million Doses)	392,70	880,98	536,98	531,50	457,13	361,76
Realization of Production Cost (Rp/billion)	215,05	309,27	236,93	263,67	229,64	187,21

Table of Operational Performance of Virus Vaccine Segment

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
Virus Vaccine Production (Million Doses)	2.898,95	3.740,04	3.937,41	3.406,32	3.094,21	2.630,18
Realization of Production Cost (Rp/billion)	532,84	663,03	529,54	506,16	457,44	430,33

Table of Operational Performance of Combination Vaccine Segment

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
Combination Vaccine Production (Million Doses)	25,85	25,87	20,72	15,79	312,98	15,29
Realization of Production Cost (Rp/billion)	205,28	105,76	148,74	159,72	163,49	95,46

Table of Performance of Sera and Diagnostics Segment

Description	2017	RKAP 2017	2016	2015	2014	2013
	1	2	3	4	5	6
Production of Sera Vaccine and Diagnostics (vial/ampule)	460.403	615.057	697.818	507.420	456.733	658.975
Realization of Production Cost (Rp/billion)	58,57	39,04	38,26	33,06	32,20	30,59

Table of Performance of Partnership Product Segment

Description	2017	RKAP 2017	2016	2015*	2014*	2013*
	1	2	3	4	5	6
Production of Partnership Product (Million Doses)	87,05	36,98	27,36	-	-	-
Realization of Production Cost (Rp/billion)	713,27	265,69	218,47	-	-	-

\* Partnership Product commenced in 2016

## INFORMATION ON SHARE PRICE

Issued and fully paid capital as on 31 December 2017 and 2016 amounted to 2,000,000 shares with par value of Rp1,000,000 per share, therefore, the total issued and fully up capital amounted to Rp2,000,000,000,000.

	Share Nominal Value (Rp)	Total Shares	Total Issued and Fully Paid Capital (Rp)
<b>2017</b>			
Quarter I	1,000,000	2,000,000	2,000,000,000,000
Quarter II	1,000,000	2,000,000	2,000,000,000,000
Quarter III	1,000,000	2,000,000	2,000,000,000,000
Quarter IV	1,000,000	2,000,000	2,000,000,000,000
<b>2016</b>			
Quarter I	1,000,000	2,000,000	2,000,000,000,000
Quarter II	1,000,000	2,000,000	2,000,000,000,000
Quarter III	1,000,000	2,000,000	2,000,000,000,000
Quarter IV	1,000,000	2,000,000	2,000,000,000,000

Note: The graph is not presented because there is no change in the share value.

As of 31 December 2017, Bio Farma had not listed any shares on the Indonesia Stock Exchange. Thus, there is no information on share prices, market capitalization, and trading volume.

## CORPORATE ACTION

Bio Farma as of 31 December 2017 is one of the non-listed or not-yet-listed SOEs on the Indonesia Stock Exchange, thus, there is no information about Corporate Action.

## SUSPENSION OF SHARES TRADING AND/OR DELISTING OF SHARES

Until December 2017, PT Bio Farma was never subjected to suspension of shares trading and delisting of shares.

## INFORMATION ON BONDS, SUKUK, AND/OR CONVERTIBLE BOND

Until 31 December 2017, Bio Farma did not issue bonds/sukuk/convertible bonds, thus, there is no information on outstanding bonds/sukuk/convertible bonds, interest/return rates, maturity date, and bond/sukuk rating.

## INFORMATION ON OTHER SOURCES OF FUNDING

Until 31 December 2017, Bio Farma did not have other sources of funding from the public.

# Significant Events

## January ▶



19 - 20 January 2017

### Bio Farma's 2017 Annual Working Meeting

2017 is an important moment for Bio Farma to start a partnership strategy to increase market share

## February ▶



25-26 January dan 1- 2 February 2017

### Emission Test for Four-Wheel and Two-Wheel Vehicles

Emission test on four-wheel and two-wheel vehicles as a form of Bio Farma's efforts in preserving the environment in Bandung city



16 - 17 February 2017

### Dissemination of GCG Assessment 2016/2017

Dissemination of Good Corporate Governance (GCG) assessment by BPKP Team, West Java Province Representative



19 - 20 March 2017

### Media Gathering

Bio Farma held "Media Gathering and Workshop" in Rancabali, Ciwidey, Bandung Regency. This event aimed to refresh the media knowledge about vaccine industry and life science



21 March 2017

### Coffee Morning 2017

Bio Farma's Corporate Communications held the first "Coffee Morning" event in 2017



20 February 2017

### ISO Certification 14001: 2004

Bio Farma obtained certification of ISO 14001: 2004 on the Company's responsibility to the environment



19 February 2017

### Award for employees who donate blood 100 times

A total of 129 West Java residents were awarded Satyalancana Social Service of Voluntary Blood Donation (DDS) from the Vice President of the Republic of Indonesia, Jusuf Kalla. One of the residents is the Head of Public Procurement Division of PT Bio Farma (Persero), Dede Wanda, who has donated blood for 105 times

## March ▶



6 March 2017

### Dissemination of Socmed Ethics

Bio Farma's President Director conveyed the ethics of Social Media usage to all employees



6 March 2017

### Dissemination of "Good Corporate Governance" Implementation, Gratification Control, Corporate Policy, and Signing of Integrity Pact

Bio Farma organized Gratification Dissemination in Bio Farma's Multipurpose Building, which was attended by all employees by presenting Giri Suprapdiono, KPK's Gratification Director, followed by Dissemination of Corporate Policy, and Signing of Integrity Pact by all employees of the Company

## April ▶



4 April 2017

### Refreshment Training and Soft Live Application Enterprise Risk Management

Bio Farma held Refreshment Training and Soft Live Application Enterprise Risk Management Attended by the Board of Directors and Department Heads, the event started with presentation on the history of Enterprise Risk Management (ERM) in Bio Farma, which was presented by Basuki Harjo, Head of ERM and GCG Department in Bio Farma



3-6 April 2017

### National Coordination Meeting for Routine Immunization Intensification 2017

Bio Farma and the Ministry of Health held National Coordination Meeting for Routine Immunization Intensification 2017 followed by 100 immunization officers from Health Offices throughout Indonesia



6 April 2017

### Bio Farma SMEs follow Adiwastra Nusantara exhibition 2017

Bio Farma included its Partners of PKBL Narista (Shoes Craft), Nira Fashion (Muslim Clothing Production), and Wayang Dewi (Wayang Miniature Craft) at an exhibition in Jakarta Convention Center on 5-9 April 2017. The exhibition with the theme ADIWAstra NUSANTARA 2017, the Timeless Cultural Heritage, was to promote a wide range of superior fabric products of Indonesian cultural heritage as part of the Indonesian Charm



10 April 2017

### Dissemination of Education Concept in the Development of Geopark Ciletuh

Bio Farma and Sukabumi Tourism Office disseminated the education concept of Geopark development to stakeholders of Ciletuh Palabuhan Ratu



26 April 2017

### Media Seminar of World Immunization Week 2

Bio Farma as a Vaccine Manufacturer in Indonesia supported the 2017 World Immunization Week (PID) by participating in a 2017 PID media seminar at the IDAI office promoting Vaccines Work (Effective Vaccines for All Ages) to convey vital information that vaccinations are useful for all ages, especially for toddlers and children



May ▶



4 May 2017

**MOU Signing of Bio Farma and Osaka University**

Bio Farma Indonesia and Osaka University Japan signed a Memorandum of Understanding (MOU). From Osaka University Japan was Prof. Fukusaki, as Japan's Fukusaki Laboratory Head, and Iskandar, as Bio Farma's President Director



17 May 2017

**Flubio Vaccine for 325 Sukajadi District Cleaning Service Officers**

Bio Farma, through its Corporate Social Responsibility activities, provided free vaccinations and treatment for the cleaning service officers, PKK Cadres, Linmas, and Civil State Officials (ASN) located in Sukajadi District of Bandung city



24 May 2017

**Bio Farma Received MUI NTB Visit**

Bio Farma was visited by the Indonesian Ulema Council (MUI) of West Nusa Tenggara Province. This visit was a follow-up of the Immunization Dissemination in Mataram some time ago by Bio Farma and Ministry of Health

July ▶



4 July 2017

**Pre-Event National Lifescience Research Forum**

Bio Farma held the seventh National Life Science Research Forum on 30-31 August 2017 in Jakarta. As a follow-up of the National Life Science Products Research Forum (FRLN) Symposium 2016, FRLN 2017 Symposium held the theme of Independence Nation in Research and Innovation of Life Science Field. This symposium aimed to accelerate the independence of life sciences research in the country



11 July 2017

**Entry Meeting Assessment of GCG**

Bio Farma performed Entry Meeting Assessment for the activities of Good Corporate Governance (GCG) implementation assessment of 2017, on 11 July 2017 at Bio Farma's Multipurpose Building

June ▶



29 May - 4 June 2017

**Morning Talk of the Birth of Pancasila: "I am Indonesia, I am Pancasila"**

Bio Farma held a Pancasila Week from 29 May 2017 to 4 June 2017. The event was initiated by the Ministry of SOE and held simultaneously by the Ministry of SOE



9 June 2017

**Bio Farma Gave Support to Orphans in Shaum (Break-fasting) Event**

Bio Farma handover aids and compensation worth a total of Rp30 Million rupiah, compensation for 182 orphans worth a total of Rp91 million, and assistance to DKM An-Nuur of Rp500 Million



13 July 2017

**Bio Farma Distributed Synergy Partnership Fund**

Bio Farma, PT PN X, and PT PN XI signed a cooperation agreement in a partnership synergy program worth Rp11 billion to assist the government program in food independence and food security, especially sugar



16 July - 24 July 2017

**SOE Present For PIC Nation West Java**

As many as 27 high/vocational high school students from West Java were ready to participate in a student exchange program to Bangka Belitung Province for one week from 16 July to 24 July 2017. At the same time, Bangka-Belitung students are also doing the same visit to West Java



16 June 2017

**Bio Farma Held Cheap Market of Ramadhan 1438 H**

This event was held in a series of events of Bio Farma's CSR activities to welcome the holy month of Ramadhan 1438 H. The activities intended for the less-fortunate residents of the two districts sold basic necessities of 10 Kg rice, 2 liters cooking oil, and 2 kg sugar, costing Rp25,000 per package



22 June 2017

**SOE's Traveling to Hometown Together With Bio Farma**

SOE's traveling to hometown together with Bio Farma of 2017 for residents of Bandung City, West Bandung Regency, Cimahi City, and Bandung Regency, which were the closest regions to the Company



7 July 2017

**Change of the Board of Directors**

Appointment of M. Rahman Rustan as Bio Farma's Director of Marketing, and Juliman as Acting President Director in addition to performing his duties as Director of Production until the appointment of the definitive President Director



13 July 2017

**Farewell to the Board of Directors**

Employee thanks the President Director, Iskandar, Director of Human Resources, Andjang Kusumah, and Director of Marketing, Mahendra S



August ▶



1 August 2017

**Presentation of Geopark Ciletuh-Palabuhanratu Development**

Bio Farma was invited to present the industrial sector role in the development of National Geopark Ciletuh-Palabuhanratu (GNCP) during the visitation of UNESCO Global



3 August 2017

**Free Vaccination for 2,200 Culvert Cleaning Officers of Bandung City**

Bio Farma's free vaccination of Hepatitis B for 2,200 culvert cleaning officers & cleaning service officers for the entire Bandung City in Bio Farma's Multipurpose Building



8 August 2017

**Cooperation of Bio Farma and Bank Mandiri to Build Veteran Houses in West Java**

The signing of cooperation/MoU of Building Veteran House (BRV) program in 2017 between Bio Farma and Regional Military Command III Siliwangi at Regional Military Command Headquarter III Siliwangi, Bandung



10 August 2017

**Bio Farma Achieved Excellent Score 90.494 on GCG Implementation Assessment of 2016 Exit**

Meeting Assessment of GCG implementation was held in Bio Farma in 2016. The handover was done by Iman Achmad Nugraha, Head of BPKP West Java Province to Juliman, Acting President Director of Bio Farma, and witnessed by Purnomo Sinar Hadi, Assistant Deputy of Industrial and Pharmaceutical II Business Field of Ministry of SOE and Bio Farma's Commissioner, Heridadi



10 August 2017

**Bio Farma Reached Rank 1 of Science and Technology Anugerah Award 2017**

PT Bio Farma (Persero) was awarded Science and Technology Anugerah Award, Abyudaya, from the Ministry of Research and Technology and Higher Education (Kemristekdikti).



29 - 30 August 2017

**National Life Science Research Forum (FRLN) 2017**

Bio Farma with the Ministry of Health, Ministry of Research and Technology and Higher Education, and 20 institutions consisting of 400 researchers from various universities and research institutes re-discussed in the annual National Lifescience Research Forum in Jakarta, discussing the Independence of Nations In Research & Innovation of Lifescience Field



30 August 2017

**Bio Farma and LIPI Cooperate in Snake Antivenin Serum Manufacture**

Bio Farma and the Indonesian Institute of Sciences signed a Cooperation Agreement to develop Anti Venom Serum of Green Snakes. The signing was done by Juliman as Acting President Director with the Head of Biology Research Center of LIPI, Dr. Ir. Witjaksono, MSc, at the National Life Science Research Forum 2017, in Jakarta

September ▶



19 September 2017

**Bio Farma Won 2nd Rank of Annual Report Award 2016**

PT Bio Farma (Persero) won 2nd Rank for Non-Listed Non-Financial SOE (BNKNL) category in Annual Report Award 2016 (ARA 2016), at Dhanapala Building, Jakarta

October ▶



11 October 2017

**Bio Farma entered into a cooperation with UNISBA**

Signed a Memorandum of Understanding (MoU) with the Islamic University of Bandung (Unisba) on 11 October 2017 at GSG Bio Farma in the Bandung Meeting on Global Medicine and Health (BaMGM) event



19 October 2017

**Bio Farma Provided Assistance for Facilities of Bathing, Washing, Lavatory (MCK) and Electrification To Achieve a Sound Bandung City**

Bio Farma re-performed CSR (Corporate Social Responsibility) PKBL program on Thursday, 19 October 2017. Assistance given was in the forms of facilities of bathing, washing, lavatory (MCK), and Household Electrification in Bandung City



28 October 2017

**Three SOEs Gave Assistance To End-Year Students of Lampung University**

Three SOEs consisting of PT Bio Farma (Persero), PT Kereta Api Indonesia (Persero), and PT ASDP (Persero), jointly provided educational assistance to nine students at their end-year of study at Lampung University, on 28 October 2017, at the Soccer Field of Lampung University. This educational assistance is part of the SOE Present event at the Campus, held simultaneously at 28 selected universities in Indonesia, to commemorate the 89th Youth Pledge Day



28 October 2017

**Bio Farma, ASDP, and KAI Held Directors Teaching at Lampung University Campus**

Three SOEs (Bio Farma, ASDP, and KAI) held SOE Teaching at Lampung University campus on 28 October 2017, which was attended by about 1,500 participants. This program was "BUMN Present on campus" activity held by Ministry of SOEs at 28 campuses throughout Indonesia simultaneously, within the framework of the Youth Pledge Day



31 October 2017

**Bio Farma Wins 2017 TOP IT & Telco Award**

PT Bio Farma (Persero) received the TOP IT Implementation on Pharmacy Sector award from ITeM Magazine, in the 2017 Top IT & Telco event, the event was also supported by the Ministry of Communication and Information (Kominfo). The awarding was aimed at encouraging businesses, government institutions and SOEs and other institutions to be more sensitive to addressing the development trend of IT & Telco, by always updating and developing innovations and IT & Telco solutions



6 November 2017

**Bio Farma Achieved SOE Performance Excellence Award 2017**

Bio Farma, along with other SOEs, won the award of SOE Performance Excellence Award 2017, by SOE Excellent Forum (FEB). The award was delivered by the Special Staff of the Minister of SOE, Sahala Lumban Gaol, and received directly by the Acting President Director of Bio Farma, Juliman, on 6 November 2017 in Jakarta.

December ▶



9 November 2017

**Appreciation of Works of the Nation's Children Award in Pharmacy and Medical Devices Fields**

On the National Health Day 2017, Bio Farma was given the appreciation of Works of the Nation's Children Award in the Field of Pharmacy and Medical Devices, delivered directly by the Minister of Health, Nila F. Moeloek, to Juliman, Acting President Director of Bio Farma, which was held at Jakarta International Expo Kemayoran



12 November 2017

**Commemorating the 53rd National Health Day: Bio Farma Provided Free 1,000 Flu Vaccines**

PT Bio Farma (Persero) enlivened the peak event of the 53rd National Health Day in West Java Province, by giving 1,000 flu vaccine free of charge to the general public. This activity was held in the parking lot of Sate Building, Bandung



5-7 December 2017

**Conference of Minister of Health of Organization of Islamic Cooperation (OKI) in Jeddah**

Ministry of Health and Bio Farma attended the 6th Islamic Conference Ministry of Health or High-Level Meeting of Islamic State Health Minister, which was held again on 5-7 December 2017, in Jeddah, Saudi Arabia



5 December 2017

**Bio Farma Disseminated e-LHKPN**

Bio Farma organizes the dissemination of submission of state officials' wealth electronically or e-LHKPN according to Regulation of KPK-07 of 2016. This e-LHKPN must be carried out by the State Operator to the Corruption Eradication Commission (KPK), with the purpose that the reporting of wealth can be easier, more transparent, and more accessible



5 December 2017

**Thalassemia Community Visited Bio Farma**

The Thalassemia patient community, that is joined in "Thaller B227", visited Bio Farma during the routine blood donation event held by Blood Donor Family of Bio Farma



18 December 2017

**Bio Farma Won Gold PROPER for the 4th Time**

Bio Farma for the fourth time received the highest award in the Environmental Management Performance Assessment Program (PROPER), Gold predicate, from the Ministry of Environment and Forestry of the Republic of Indonesia, which was delivered directly at the Vice President's Palace, by Jusuf Kalla, and was received by Disril Revolun Putra, Director of Human Resources and General Affairs of Bio Farma



21 December 2017

**Public Information Openness**

Bio Farma remained in the top 10 awards of Public Information Openness organized by the Central Information Commission (KIP)





# Management Report

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The Company's Sound Level is categorized as "AA Healthy" with score of 86, market share addition can be well-acquired, and cooperation with companies that can support Bio Farma to become a life science company is continue to be intensified.

## Message from the Board of Commissioners



**Farid Wajdi Husain**  
President Commissioner

Dear Honorable Stakeholders and Shareholders,  
Assalamualaikum Warrohmatullahi Wabarokatuh,

Please allow us, Board of Commissioners of Bio Farma, to present the Annual Report of our Company's Activities for the year 2017, which just ended on 31 December 2017. A number of significant events has led Bio Farma to its 127<sup>th</sup> year. Among others, Signing of Memorandum of Understanding on Research Cooperations with several domestic and international Universities and Research Institutions, Measles Rubella Vaccination Propaganda by the President of RI, Mr.

Joko Widodo, in Yogyakarta, Partnership products sales, which has started to show improvement, the Change of Board of Commissioners and Board of Directors of Bio Farma, as well as the occurrence of Extraordinary Condition (KLB) of Diphtheria at the end of the year in several provinces in Indonesia. Even though so, the number of events have taught us the meaning of convergent and solidarity, so that we are able to go through everything gloriously.



In 2017, the Company managed to record net sales of Rp3.01 trillion, an increase of 30.05% compared to that of 2016, and achieve 102.43% from the Company's Work Plan & Budget 2017. There was a change in net sales composition, which was normally dominated by the export sector. In 2017, it was actually dominated by the domestic sector with contribution of 58.73% from the total net sales in 2017 or amounted to Rp1.77 trillion.

### ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE

The Board of Commissioners would like to convey appreciation to the Board of Directors who has consistently implemented the Company's Work Plan & Budget 2017 (RKAP 2017). The Company's financial instrument shows positive numbers. The Company's Sound Level is categorized as "AA Healthy" with score of 86, it could well-acquire the market share addition, and keep intensifying the cooperation with companies that can support Bio Farma to become a life science company.

#### Dear Honorable Shareholders,

In 2017, there was a change in the Company's net sales composition. The sales, which was normally dominated by export sector in 2017, was actually dominated by domestic sector with contribution of 58.73% of Bio Farma's total net revenue or amounted to Rp1.77 trillion. This achievement surpassed RKAP 2017 target by 148.54% which was estimated to reach Rp1.19 trillion and increased by 65.70% in comparison to domestic net sales in 2016 which was recorded at Rp1.06 trillion.

Bio Farma's domestic net sales achievement is divided into two sectors, which are government sector and private sector, which reached the highest achievement in the last five years. Even for government sector, it contributed as much as 45.14% of total 2017 revenue or amounted to Rp1.36 trillion, and increased by 99.49% from 2016 net sales, meanwhile in comparison to 2017 RKAP, it reached 170.86%, which was recorded at Rp795.57 billion. While for private sector, net sales experienced an increase of 6.05% to Rp409.38 billion from Rp386.01 billion in 2016, and successfully recorded 2017 RKAP achievement at 103.60%.

The increase in domestic sales was based on the increase of government contract value on routine vaccine purchases that reached 170.86% of 2017 RKAP. In addition to the government's routine purchases, Bio Farma has started to sell partnership products as a part of the Company's strategy to enhance market share. Partnership products sales include, among others, 20ds Babies and Children BCG vaccine, 5ds Inactivated Polio Vaccine (IPV), 10ds Measles Rubella Vaccine (MR), and Live Japanese Encephalitis Vaccine, in which its sales actualization reached 209.52%.

Net sales achievement from export sector amounted to Rp1.24 trillion or only 71.04% from 2017 RKAP, which was estimated to reach Rp1.75 trillion. Export sector sales achievement decreased by 0.44% in comparison with 2016 sales which reached Rp1.25 trillion. The decline is the effect of polio type 2 disease eradication announcement in mid-May 2016 by World Health Organization (WHO). This has certainly caused all vaccine sales with polio component for export encountered an inclination of approximately 20%. However, export sales market share for other vaccines such as 10ds Measles, 10ds DTP, 10ds Td, 10ds TT still shows positive market share development.

Bio Farma's net income in 2017 experienced an increase of 4.85%, compared to that of 2016, to Rp525.36 billion. However, the net income achievement in 2017 only reached 70.30% of RKAP 2017, which was Rp743.31 billion. The net income achievement, which was below RKAP 2017, was affected by the increase in Cost of Goods and Services Sold by 64.84%, deriving from partnership product. While assets encountered an increment in 2017, reaching Rp6.45 trillion or 108.90% if compared to 2016, in-line with production facility addition.

The Company's sound level assessment in 2017 scored 86.00 with the criteria of "AA HEALTHY", while in 2016 scored 81.60 with the criteria of "AA Healthy" and Key Performance Indicator achievement scored 91.21 out of total score of 100.



The Board of Commissioners requests for the Board of Directors to balance out sales composition between domestic and international sector. This is based on the fact that Indonesia's population has reached 261 million. This number represents 40% pharmaceutical products market share of the entire ASEAN countries market share. As such, vaccine, health and life science products, will be benefited from the large population as they will have their own market share. Therefore, we must innovate, as otherwise such potential market share will be taken by foreign companies.

Board of Commissioners would also like to extend appreciation to the Board of Directors for the spirit to continue the research and development of new vaccines and other products listed on the Company's Pipeline such as Hexavalent, biosimilar products, new generation vaccine OPV (nOPV), Erythropoietin (EPO), Pneumococcus Whole Cell, Hepatitis A, TB, Typhoid Conjugate, Rotavirus, s-IPV, Adjuvant R4/E8 Pam2Cys, Hepatitis B Consortium, Acellular Pertussis, and Trastuzumab.

## ECONOMY AND INDUSTRY ANALYSIS

International Monetary Fund (IMF) declared that in 2017 the world economic growth was recorded at 3.6%. This certainly is an achievement that we should be grateful for as it is a sign that the world economy has revived after world crisis in 2008. Global expansion started to roll. The world society has regain their confidence to start consuming.

Economic growth is estimated in all countries throughout the world, and Indonesia is not an exception. Based on data from Statistics Indonesia (BPS), Indonesia's economic growth in 2017 was recorded at 5.07% Even though it is still below Government's target, yet it is better than the economic growth in 2016, which was at 5.03%. In fact, the 2017 achievement was the best achievement since 2011.

National pharmaceutical industry continues to show positive performance if compared to other non oil and gas industry. Even though the growth is not as high as the estimation, the pharmaceutical industry is expected to be one of the most eminent industries in Indonesia, flagged with the issuance of Presidential Instruction No. 6 of 2016 on Acceleration of Pharmaceutical and Medical Devices Industries Development. This marks government's commitment in transforming pharmaceutical industry, in general, to be one of Indonesia's economic motors, so that pharmaceutical products produced by children of the nation can compete more and be free from any dependency to pharmaceutical raw materials that up until today are still imported.

## SUPERVISION OF THE COMPANY'S STRATEGY IMPLEMENTATION

Government initiative in transforming Indonesia into an independent country in pharmaceutical and medical devices raw materials in 2025 has segregated national pharmaceutical industry into 4 (four) pillars based upon the competency possessed by each Pharmaceuticals SOE, among others: Biotechnology, Herbal, Chemical, and Medical Devices.

For Bio Farma, which has been engaged in Biotechnology industry for 127 years, this is certainly a positive encouragement from the government to be able to immediately create new products such as stem cell, plasma product, therapeutic vaccine, and other biotechnology products.

Some strategies to achieve a global life science company, among others, are by maintaining a sustainable revenue growth through acceleration of time to market, product diversification such as vaccine and antisera, plasma product and biosimilar, have been stated in the Company's Long-Term Plan (RJPP) of 2017-2021, so that the Board of Directors has a guideline to accelerate Bio Farma's business transformation process.

Board of Commissioners along with other supporting organs that constitute the committees will be the strategic partners to assist the Board of Directors in achieving the Company's goal and to support the acceleration of national pharmaceutical industry independence.

## A VIEW OF THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

Dear Honorable Shareholders,

Pharmaceutical industries competition especially vaccine industry has encountered several changes in the last couple of years. All vaccine manufacturers in the world are racing to diversify their products. Aside from producing new type of vaccine or developing the existing vaccine for diseases categorized as emerging disease, they also innovate to produce products that can also function as medication/therapeutic.



The Board of Commissioners realizes that by implementing GCG equally to all Bio Farma's personnel, it will give the Company, which has currently transformed into a world-class life science company, a boost to compete so that the Company will have competitive advantages in life science industry.

As such, Bio Farma, as an SOE that has currently transformed into a world-class life science company with global competitiveness, is expected by the stakeholders to continue to survive. One way of achieving it is through the implementation of Good Corporate Governance (GCG). For Bio Farma, implementing GCG will provide a meaning that the Board of Directors and Employees have the same readiness and vision to win Global competition in a healthy manner, free from Corruption, Collusion, and Nepotism, free from any conflict of interest, so that the existence of Bio Farma can contribute to the Company's surrounding environment as well as national economy.

Board of Commissioners, as supervisor as well as Bio Farma's personnel, is fully confident that GCG implementation in the Company can already be accounted for. This can be seen from the Company's GCG assessment, which continued to show improvement, even in 2017, Bio Farma's GCG scored 90.49, which is categorized as "Excellent", based on assessment made by Financial Control and Development Agency of West Java Province.

## RISK MANAGEMENT

Dear Honorable Shareholders,

With the expansion of the Company's vision in becoming a world-class life science company with global competitiveness, it will generate risks which constitute deviation of the work plans. The Board of Commissioners demands the Board of Directors and Employees to consistently examine every possibility that might incur from any business decision taken. Even though not every risk can be avoided, but at least with risk management, we can calculate and take all the comprehensive mitigation steps so that risks incurred will not have a significant impact to the Company.

All mitigations executed by the work units must be based on laws and regulations related to the Company's activities, Company's Articles of Association, international regulation and standard related to the activities and products manufactured by the Company.

Risk management created by each work unit in Bio Farma does not simply protect a company from business uncertainty, but it also helps Bio Farma to anticipate any changes in policy, either nationally or internationally, investment delay, resignation or move of Bio Farma's qualified HR, non-achievement of Key Performance Indicator, products counterfeit, and the emerge of negative issues from main stream mass media. Board of Commissioners also demands the Board of Directors and all work units to continuously review, update, and disseminate the policy/Guidance and SOP of the corporate governance and risk management pursuant to the prevailing regulations.

## IMPLEMENTATION OF WHISTLEBLOWING SYSTEM

In the effort of implementing GCG entirely by all Bio Farma's personnel, the Company has a Violation Reporting System or known as Whistle Blowing System (WBS). The reporting system, which has been implemented since 2013, is intended to enforce business ethics and work ethics to eradicate Corruption, Collusion, Nepotism, fraud, or tort that are detrimental to the Company. This system can provide input to the organization to further view any critical area and work process that has weakness in its internal control, as well as to design all the remedies needed.

This system is implemented based on the Company's culture, which is PRO-Active (Professional, Customer Oriented, Teamwork, Integrity, and Innovation), so that WBS is a

factual evidence of the implementation of the Company's cultural value. The outcome of WBS implementation is an added value produced by the Company, in the forms of Company's surveillance and internal control that is able to detect operational risk events especially fraud, in an early stage (early warning system) so that any potential loss can be recognized as early as possible, therefore, there will be opportunity to handle any violations internally before being spread out to the public. WBS final outcome is the improvement of the Company's reputation in the eyes of the stakeholders, regulators, and society.

## PERFORMANCE ASSESMENT OF COMMITTEES UNDER THE BOARD OF COMMISSIONERS

In performing its duties, the Board of Commissioners is assisted by the Supporting Organs of the Board of Commissioners, consisting of Audit Committee, Risk, Development, and GCG Committee. Each of the supporting organs comprises President Commissioner, Independent Commissioner, and Members of Commissioners, as well as some members of the committees are external parties.

Establishment of these committees is an extension of the Board of Commissioners to assist the Board of Commissioners in providing insights and advices to the Board of Directors. Each committee appointed by the Board of Commissioners comprises at least two members of the Board of Commissioners, having the position as Chair and Vice Chair, as well as 2 (two) other professionals from external party.

During 2017, the Audit Committee, along with the Board of Commissioners, duly performed its duty of supervising the Board of Directors in order to run the business according to RKAP, which was agreed and consented in GMS on 4 January 4 2017. Likewise, the Risk, Development, and GCG Committee also assists the Board of Directors in mitigating risks that may occur in pharmaceutical industry, especially since Bio Farma will step into life science industry, in which the regulations are still too wide.

## CHANGES IN THE COMPOSITION OF BOARD OF COMMISSIONERS

The Board of Commissioners extends its deepest gratitude for dedication, contribution to Bio Farma, and last but not least, we offer our highest appreciation to *Ahmad M. Ramli*, Nizar Yamani, Paruli Lubis, and Ihan Setiadi Latief, in which the term of office of each of them expires on April 12<sup>th</sup> 2018, May 28<sup>th</sup> 2017, November 5<sup>th</sup> 2017, and April 20<sup>th</sup> 2018, based on the Decree of the Minister of State-Owned Enterprises No. SK-102/MBU/04/2018 on Dismissal and Appointment of Member of the Board of Commissioners of PT Bio Farma (Persero), which has ended their tenure as President Commissioner and Member of Board of Commissioners.

Therefore, the composition of the Board of Commissioners as of April 2018 is as follows: Farid Wajdi Husain as the President Commissioner, Yuni Suryanto, Made Arya Wijaya, Heridadi, Moh Subuh, Saud Usman as Commissioners.

It is expected that the new Board of Commissioners' composition which comprises multi discipline and various competencies personnel may accelerate and sharpen the Company's business strategy, so that Bio Farma can be a world-class life science company with global competitiveness.

### FREQUENCY AND MECHANISM TO GIVE ADVICE TO THE BOARD OF DIRECTORS

Board of Commissioners has a function to supervise and provide advices on the Company's course, either on business, policy or in general manner, conducted by the Board of Directors. Monitoring and providing advice is given during the implementation of the Company's Long-term Plan (RJP), the Company's Work Plan and Budget, and provisions of Articles of Association and Resolution of General Meeting of Shareholder (GMS), as well as the prevailing laws and regulations for the Company's interest in accordance with the Company's purpose and objective.

Therefore, in throughout 2017, the Board of Commissioners held 9 (nine) times Board of Commissioners internal meetings and 2 (two) times monitoring and consultative meetings with the Board of Directors (joint meeting) to discuss the Company's various operational and managerial aspects.

The meetings discussed strategic issues that become the Board of Commissioners' particular attention as well as routine meetings, which corresponds to the Company's 2017 Work Plan and Budget (RKAP 2017). The Board of Commissioners and Board of Directors' meetings were held regularly, except when there was any urgent matter to be discussed in the meeting.

### CLOSING

As a closure, the Board of Commissioners would like to extend gratitude and convey appreciation to the Board of Directors and all employees of Bio Farma for all their contributions throughout 2017. Thank you as well to the Shareholders and Stakeholders, for their trust, input, and cooperation so that the Board of Commissioners were able to carry its duties and functions according to GCG principles.

Strategy enhancement and sharpening of Bio Farma values must be re-echoed to all Bio Farma elements, so that all of us understand our respective roles and functions and have the same perception to bring Bio Farma to become a world-class life science company with global competitiveness.

May God Almighty always give all of us His guidance and protection so that Bio Farma's 2018 work program, **Towards a leading life science company**, will run smooth and successfully, as well as maintaining harmony and wishing success in carrying out 2018 Work Plan.

Wassalamualaikum Warrohmatullahi Wabarokatuh

May 2018

On behalf of the Board of Commissioners



**Farid Wajdi Husain**  
President Commissioner

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## Message from the Board of Directors



The improved global and national economic condition and opportunities in pharmaceutical industry as well as the effectiveness of the Company's business strategy implementation resulted in an excellent performance in 2017. Bio Farma managed to achieve the pre-determined performance target throughout 2017. Improved asset quality was also balanced by the increased Bio Farma's financial performance. Bio Farma's total assets in 2017 increased to Rp6.45 trillion from Rp5.92 trillion in 2016. The increase of total assets amounted to Rp526.99 billion or by 8.90%.

### M. Rahman Roestan President Director

Dear Honorable Shareholders and Stakeholders,

Allow us to present the 2017 Bio Farma's Annual Report.

#### ANALYSIS OF PERFORMANCE ACHIEVEMENT

#### INDUSTRIAL OVERVIEW

Vaccine is one of the most cost-effective ways or a way to save cost to protect millions of people from any infectious diseases. Through herd immunity, vaccine can protect those

who have not been vaccinated. Vaccine has been proven to reduce disability and death rate, saves life up to three million children every year.

Even though the coverage of global immunization has increased, almost one out of five children in 2015 did not receive basic vaccination for routine immunization that was recommended by the World Health Organization (WHO). With various reasons and considerations, including weak health system, supply chain, insufficient vaccine supply, financial problems, and the society reception towards vaccine.

Towards end of 2017, Indonesia was announced as experiencing Diphtheria Extraordinary Condition (KLB). Based on data from Ministry of Health, until mid of December there were 714 cases with 38 casualties. Thank God, Indonesian government provided fast response in handling this Diphtheria Extraordinary Condition as well as enhancing society awareness on the importance of vaccination, in various ministries, government agencies, State Owned Enterprises, private sectors, Universities, and society in general.

If compared to Yaman, according to World Health Organization (WHO)'s February 2018 data, there were 66 casualties due to diphtheria, quite a large number of casualties, which among others caused by difficult access to vaccine, conflict area, and delay in handling and providing vaccine.

In this context, vaccine company has an important contribution to improve access to vaccine. Bio Farma, as an Indonesian vaccine manufacturer, will continue to innovate in order to participate actively in various international institutions and is committed to manufacture high quality and affordable vaccine products, production planning, vaccine research and development, as well as meeting domestic needs and supporting independence, which is a necessity.

#### STRATEGIC POLICY

Global Vaccine Action Plan and Sustainable Development Goals (SDGs) have set clear targets to improve access to vaccine across the world. This target achievement needs a coordinated framework from various donors or funders, vaccine research and development institutions, as well as vaccine manufacturers. This is very crucial considering good synergy and collaboration are needed in production aspect and purchasing aspect of vaccine to maintain vaccine availability in the world.

According to Access to Vaccine Index report 2017, overall, vaccine global market experienced improvement from 2000 to 2014, in which it grew from USD 6 billion to USD 33 billion. The sales of vaccine to developed countries with high income was approximately 65% from the total vaccine market value, to middle-high income countries at 23%, to middle-low income countries at 8%, and low-income countries at 4%.

UNICEF's vaccine procurement value has doubled up between 2010 and 2014 to become USD1.5 billion. Considering that the national immunization program continues to grow, either to widen the coverage of the existing vaccine or to introduce new vaccine.

The implementation of this new vaccine program certainly requires access and new challenges to ensure such access. This is very important for countries with middle income growth experiencing transition and not having any fund assistance from donor countries, and therefore, the vaccine procurement program in each country is funded through each government's budget. In 2017, the Indonesian Government also declared Measles Rubella (MR) vaccination to be included as part of the national immunization program. This was announced in Yogyakarta by the President of RI, Mr. Joko Widodo.

#### OPERATIONAL AND FINANCIAL PERFORMANCE ANALYSIS

Bio Farma closed the year 2017 with a sufficiently good achievement. The Company managed to set a record of net sales of Rp3.01 billion, which means an increase of 30.05% compared to that of 2016 and achieved 102.43% from the Company's Work Plan & Budget (RKAP) 2017.

#### A BRIEF OVERVIEW OF THE COMPANY'S PERFORMANCE

The Company's performance in 2017 from sales aspect reached Rp3.01 trillion, an increase of 30.05% compared to 2016 actualization and reached 102.43% of the budget, while cost of goods and service sold is at Rp1.66 trillion, an increase of 64.84% compared to 2016 actualization and reached 131.28% of the budget. Net income increased by 4.8% from 2016 realization to become Rp525.36 billion or reaching 70.30% of the budget.

The Company's sound level assessment in 2017 scored 86.00 with the criteria of "AA HEALTHY", while in the previous year, the Company scored 81.60 with the criteria of "AA Healthy". Key Performance Indicator achievement scored 91.27 out of the total score of 100.

## 2017 TARGET ACHIEVEMENT AND OBSTACLES ENCOUNTERED

### 2017 TARGET ACHIEVEMENT

In 2017, Bio Farma was able to achieve the following targets:

- The increase of the Company's net sales in domestic sector reached 58.73% of the total Bio Farma net revenue or amounted to Rp1.77 trillion. This achievement surpassed the RKAP 2017 target by 148.54%, which was expected to reach Rp1.19 trillion, and increased by 65.70% compared to domestic net sales in 2016, which was recorded at Rp1.06 trillion.
- Bio Farma's domestic net sales achievement is divided into two sectors, which are government sector and private sector. Government sector contributed as much as 45.14% of total 2017 revenue or amounted to Rp1.36 trillion, and increased by 99.49% from 2016 net sales, reaching 170.86% of 2017 RKAP, which was recorded at Rp795.57 billion. While for private sector, net sales experienced an increase of 6.05% to Rp409.38 billion from Rp386.01 billion in 2016, and successfully recorded 2017 RKAP achievement at 103.60%.
- The increase in domestic sales was based on the increase of government contract value on routine vaccine purchases that reached 170.86% of 2017 RKAP.
- Partnership products sales as part of the Company's strategy to improve market share. Partnership products sales include, among others, import of 20ds Babies and Children BCG vaccine, 5ds Inactivated Polio Vaccine (IPV), 10ds Measles Rubella (MR) Vaccine, and Live Japanese Encephalitis Vaccine, in which its sales actualization reached 209.52%.
- Net sales achievement from export sector reached Rp1.24 trillion or only 71.04% of 2017 RKAP, which was expected to be Rp1.75trillion or a decrease of 0.44% compared to 2016 sales, which reached Rp1.25 trillion, that was still caused by the eradication of type 2 polio on mid May 2016 by the World Health Organization (WHO). This has certainly caused all vaccines sales with polio component for export declining by approximately 20%. However, export sales market share for other vaccines such as 10ds measles, 10ds DTP, 10ds Td, 10ds TT still shows positive market share development.
- The performance of net income is increasing by 4.85% compared to that of 2016, to Rp525.36 billion in 2017.
- The net income achievement in 2017 only achieved 70.30% of 2017 RKAP, which was Rp743.31 billion. The Company's net income in 2017 reached 104.85% compared to that of 2016.

- The Company's assets increase in 2017 reached Rp6.45 trillion or achieving 108.90% compared to that of 2016, in-line with the production facility addition.

### OBSTACLES ENCOUNTERED

In 2017, we encountered obstacles, either internally or externally. Our main obstacle is to adapt to the international vaccine policy and regulations. The speed of changes in international vaccine regulations is not in-line with the speed of vaccine research and development. No integration between research activities and research activists of vaccine in Indonesia such as University Research Institutions and government research institutions, therefore, the research outcome is not marketed to the society on time.

In dealing with these obstacles, Bio Farma actively participates in various international institutions such as DCVMN, GAVI, OIC so that we can prepare ourselves in the event of any changes in international vaccine policy and regulations. Furthermore, we work together domestically with Ministry of Research and Technology, Ministry of Health, Health Research and Development Agency, and national research institutions to accelerate vaccine research and life science products through National Life science Research Forum (FRLN).

Other obstacles that the pharmaceutical industry is dealing with in general are related to the readiness of the implementation of Law on Halal Products Certification. Pharmaceutical Industry regulations are extremely strict and complicated with regulations prioritizing on quality, safety, and efficacy aspects, thus, bio pharmaceutical is becoming a challenge in the future due to raw materials are from biological sources. How the biological sources can meet such criteria, including the challenge of plasma/blood products that are essential for Indonesia's health future such as albumin, globulin, and factor 8.

Acceleration of product development that is qualified, safe, and effective, as well as affordable to the society, which is followed by meeting the aspects that comply with halal products certification, has become the challenges for all pharmaceutical and biological industries in Indonesia.

Nevertheless, Bio Farma will always be committed and use the best endeavor to comply with the regulations including conducting some initiative such as organizing Workshop on halal manual compilation, inviting religious figures to visit production facilities, reviewing new products, and some of our vaccine products, which are under preparation process to apply to Indonesian Ulama Council (LPPOM MUI).

Currently, Organization of Islamic Cooperation (OKI) has acknowledged Indonesia as vaccine innovation and Indonesia has gained trusts from OKI countries to form vaccine manufacturers group (VMG - OKI), and is given the opportunity to provide training and workshop for vaccine management products to several Islamic countries and in December 2017, Indonesia was established as the Center of Excellence for vaccine research and production for Islamic countries.



### BUSINESS PROSPECTS

#### WAVING THE RED AND WHITE FLAG IN GLOBAL ARENA

We view Bio Farma's position as domestic vaccine manufacturer to have several strategic business prospects. Indonesia takes part in securing national vaccine supplies and independence in meeting the needs of vaccines for national immunization program across the nation. With high production capacity, we have more capacity that can be used to help other countries that do not have vaccine manufacturing plant, especially Islamic countries included in the Organization of Islamic Cooperation (OKI) as well as other developing countries included in the Developing Countries Vaccine Manufacturers Network (DCVMN), so that we are able to wave the red and white flag in global arena.

According to global vaccine manufacturer map, currently there are around 100 vaccine industries in the world, in which Bio Farma is the only vaccine or Biotech manufacturer in Indonesia. Currently, Bio Farma is included among the 30 global player vaccine manufacturers that obtain pre-qualification, and therefore, Bio Farma has an important role in supplying vaccine to World Health Organization (WHO) and UNICEF.

Vaccine industry market grows tremendously, emerging market always increases approximately 30%, with growth in the developing countries, including Indonesia, at approximately 14-17%, in which the growth in America and Japan is still below Indonesia.

#### IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE

Companies in global competition are required to sustain by their stakeholders by implementing Good Corporate Governance. Main factors that determine competitiveness are service process efficiency, quality, accuracy, and certainty of public policy in the governance system in various sectors. Therefore, implementation of Good Corporate Governance (GCG) is a strong fundamental for Bio Farma in the effort to improve competitiveness in various aspect, either locally, regionally, nationally, or globally.

The Board of Commissioners, Supporting Organs of the Board of Commissioners, the Board of Directors, and all Bio Farma's personnel uphold the commitment in implementing Good Corporate Governance. GCG has become the fundamental philosophy attached to the behavior, mindset, and work ethics of every Bio Farma's personnel. With GCG, Bio Farma can build an image and reputation as a leading and dignified Company, with its Corporate cultures of Professional, Customer Oriented, Teamwork, Integrity, Innovation.

By realizing GCG, Bio Farma can optimize the Company's value, increase the Company's contribution to the national economy, and increase conducive climate in the Company's surrounding environment.

## ASSESSMENT OF GCG IMPLEMENTATION

Assessment of GCG implementation in Bio Farma refers to Article 44 of the Regulation of State Minister of SOE No. PER-01/MBU/2011 dated August 1<sup>st</sup> 2011 on Implementation of Good Corporate Governance in SOE, Chapter XII, on the Measurement of GCG Implementation that obliges SOE to conduct measurement on GCG implementation in the form of assessment, which is a program to identify the implementation of GCG in SOE through measuring the implementation and application of GCG in SOE which is conducted periodically every 2 (two) years and to review, which is a program to describe the follow-up action of the implementation and application of GCG in SOE, which is carried out in the subsequent year after the assessment, covering evaluation on the assessment result and follow-up actions on the improvement recommendations.

Assessment engaging government agency service that is competent in GCG is conducted by the Financial Controller and Development Agency (BPKP) of West Java Representative that has been assessing GCG periodically for 6 (six) periods. In 2017, GCG assessment was conducted by BPKP West Java Representative, while self-assessment was conducted in 2016 by an Internal Assessment Team appointed based on decree of Board of Directors to evaluate GCG implementation in 2015. The result of GCG assessment for 2016 period reached the score of 90.494, which is categorized as "Excellent" predicate.

In 2017, we carried out various dissemination related to Good Corporate Governance (GCG) by the Financial Controller and Development Agency Team (BPKP) of West Java Province Representatives. Integrity Pact signing, Gratification Dissemination from Corruption Eradication Committee (KPK), Dissemination of Reports on Assets of State Officials (LHKPN), Refreshment Training and Soft Live Application Enterprise Risk Management.

## GOLD "PROPER"

In 2017, we also managed to maintain for the fourth time, the highest appreciation in Environment Management Performance Assessment Program (PROPER) of Gold predicate from the Ministry of Environment and Forestry of the Republic of Indonesia, which was awarded directly in the palace, by Vice President, Jusuf Kalla.

Certainly, to maintain Gold PROPER among 2000 companies is not easy to do and we are expected to always innovate in the environment sector and social performance, as well as to comply with matters beyond compliance.

## PARTICIPATION OF STAKEHOLDERS

### SOE SYNERGY IS HERE FOR THE COUNTRY

- As State Owned Enterprise (SOE), we participate in supporting the Government Program through SOE Ministry. In 2017, we created synergies by involving participation from various stakeholders, among others:
- Channeling synergy partnership fund to PT PN X and PT PN XI with cooperation agreement in partnership synergy program to assist government program in food independence and resilience, especially sugar;
- Providing environment facilities assistance for Bandung society by providing bathing, washing and lavatories services (MCK) and Electrification to Actualize the Healthy Bandung City.
- In education sector, we provide aid for university students from Lampung University in synergy with PT ASDP, PT KAI with total amount of Rp500 million, in the Youth Pledge event.
- Students exchange program of Get to Know Indonesian Archipelago (SMN). As many as 27 high/vocational high school students from West Java to Bangka Belitung Province for one week from 16 July to 24 July 2017. At the same time, Bangka-Belitung students are also doing the same visit to West Java.
- Bio Farma and Bank Mandiri are in synergy for the program of Military Retiree's House Renovation in West Java.
- Meeting and greeting the Leader of National Redaction with the theme of Challenge and Independence of Biotech Future in Indonesia, and to materialize the independence of pharmacy industry in the development of products, raw materials, vaccines, biotechnology products, and medical equipment.

### ESTABLISHMENT OF CILETUH GEOPARK AS A GLOBAL GEOPARK

Ciletuh Geopark, Pelabuhanratu, on 16 April 2018 was officially established as Global Geopark. The establishment was done in the Executive Board meeting on 4-17 April 2018. Such achievement is nonetheless a contribution from the parties involved in the development of Ciletuh Geopark Pelabuhan Ratu from the initial stage, such as: Government of West Java Province, government of Sukabumi Regency, Bio Farma, Universitas Padjajaran, surrounding Society and Communities in the Geopark area.

In relation with the establishment, on 3 January 2018, Bio Farma received an appreciation in the form of official letter from the Secretary General of Global Geopark Network (GGN), with its head office in Paris, extending appreciation to Bio Farma for the support to UNESCO's Global Geopark Project in Indonesia, especially the idea on cooperation between private sector and surrounding society, through the empowerment and development of the Geopark area, which is certainly an important matter.

Cooperation between Bio Farma and Ciletuh Pelabuhanratu Geopark can be an example of how a company can be actively involved in creating and developing a healthy Geopark in Indonesia.

Bio Farma's role in Ciletuh Pelabuhanratu Geopark development since the initial stage is through various CSR programs and society development in Ciletuh Pelabuhanratu Geopark, among others, through the empowerment of local society, where we substitute their illegal mining activities with Geo Tour sector profession, the development of the environment of Ciletuh Pelabuhanratu Geopark, such as Geo Tour development, development of assisted villages, development of home stay.

Development of cultural diversity aspect by Bio Farma through Environmentally Friendly Batik, Pakidulan Batik, promotion and dissemination of Ciletuh Pelabuhanratu Geopark, assistance in the application and evaluation process of Global Geopark Network, and community development that is in synergy with the local communities.

In Biodiversity aspect, Bio Farma also plays an active role in preserving flora and fauna in Ciletuh area such as mangrove planting, kepuh tree planting, as well as conservation program in the form of fauna biodiversity improvement in Cikepuh Wildlife Preserve.

All undertaken efforts in CSR are in-line with the Company's philosophy, which is dedicated to improve quality of life. We as the Board of Directors and all Bio Farma's personnel are very proud and we happily applaud the official establishment by UNESCO on Ciletuh Pelabuhanratu Geopark as a Global Geopark.

## DISCLOSURE OF INFORMATION

Regarding disclosure of information sector, in 2017 we were consistent in the implementation of Public Information Disclosure (KIP) Law No. 14 of 2010 and furnished KIP equipment either directly or through an integrated information system and fulfillment of society's rights on public information.

## GOOD CORPORATE GOVERNANCE ASSESSMENT AND ITS FOLLOW-UP

Throughout 2017, there were no events related to conflict of interests performed by members of Board of Commissioners and Board of Directors. In 2017, there were no reports on gratification acceptance conveyed by reporter, in which such reports were then passed on to the Corruption Eradication Commission (KPK). Provisions related to report on Gratification acceptance submitted by the reporter which then passed on to KPK must not exceed 30 (thirty) working days.

Recommendations of GCG Assessment Result by BPKP West Java Province Representatives in 2017 have been followed-up. The follow-up report is included in the discussion of Corporate Governance section of this report.

## PERFORMANCE ASSESSMENT OF COMMITTEES UNDER THE BOARD OF DIRECTORS

Committees in the form of task force or special team under the Board of Directors have performed well and professionally, according to the requirement, strategically and in accordance with the regulatory provisions of quality, environment, and safety aspects. The committees under the Board of Directors submit their performance report routinely to the Board of Directors so that their duties and roles can be performed optimally.

## CHANGES IN THE COMPOSITION OF BOARD OF DIRECTORS

In 2017, there were changes in the composition of the Board of Directors of Bio Farma, among others, the Director who has completed his term of office was Mr Iskandar – President Director. We extend our deepest gratitude and appreciation for Mr. Juliman's performance, the Production Director of Bio Farma, who concurrently serves as Acting President Director for the period July 2017 until the definitive appointment of President Director.

We welcome Mr Disril Revolin Putra to join us as HR Director, replacing Mr. Andjang Kusumah, Mr. M. Rahman Roestan as Marketing Director, replacing Mr. Mahendra Suhardono.

On 23 January 2018 the definitive President Director was appointed, which was Mr. M. Rahman Roestan, who previously served as Marketing Director. We also welcome Mrs Sri Harsi Teteki, as the Marketing Director of Bio Farma replacing Mr. Rahman Roestan.

We hope that the current Board of Directors' composition, which consists of various background of discipline, the right competence and experience, may continue to bring Bio Farma to perform and contribute positively in the forthcoming year. We would also like to report that the Board of Directors of Bio Farma is currently trusted to actively participate in both national forum and international institutions.

**CLOSING**

We would like to extend our appreciation and gratitude to all the stakeholders, shareholders, Board of Commissioners, and business partners for the continuous support and trust given. We also extend our appreciation to all Bio Farma's employees who have shown their dedication and professionalism in their work, as well as their consistency in preserving the company's value. We believe that with the support from all parties, Bio Farma will be able to actualize the vision in the future, that State Owned Enterprises are always here for the nation as well as to enhance the collaboration, to wave the red and white flag in the global arena, so that it will increase shareholders' value, provide benefit for the communities, encourage solution for life, for a sustainable prosperity. Statement of Responsibility for 2017 Annual Report.

April 2018  
On behalf of the Board of Directors



**M. Rahman Roestan**  
President Director

| Board of Directors



**1. M. Rahman Roestan**  
President Director

**2. Juliman**  
Director of Production

**3. Disril Revolin Putra**  
Director of Human Resources and General Affairs

**4. Sri Harsi Teteki**  
Director of Marketing

**5. Adriansjah Azhari**  
Director of Planning and Development

**6. Pardiman**  
Director of Finance

## Statement of Responsibility for 2017 Annual Report

This 2017 Annual Report, which includes within the Financial Statements and other related information, is the responsibility of the entire Board of Directors signed below.

### BOARD OF DIRECTORS

**M. Rahman Roestan**  
President Director

**Juliman**  
Director of Production

**Pardiman**  
Director of Finance

**Adriansjah Azhari**  
Director of Planning and  
Development

**Disril Revolin Putra**  
Director of Human Resources  
and General Affairs

**Sri Harsi Teteki**  
Director of Marketing

## Statement of Responsibility for 2017 Annual Report

This 2017 Annual Report, which includes within the Financial Statements and other related information, is the responsibility of the entire Board of Commissioners signed below.

### BOARD OF COMMISSIONERS

**Farid Wajdi Husain**  
President Commissioner

**Heridadi**  
Commissioner

**H.M. Subuh**  
Commissioner

**Saud Usman Nasution**  
Commissioner

**Yuni Suryanto**  
Commissioner

**Made Arya W.**  
Commissioner



# Company Profile

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“

Bio Farma is one of around 29 vaccine manufacturers in the world that have received World Health Organization (WHO) Pre-qualification, thus, is trusted to meet vaccine needs in more than 130 countries.

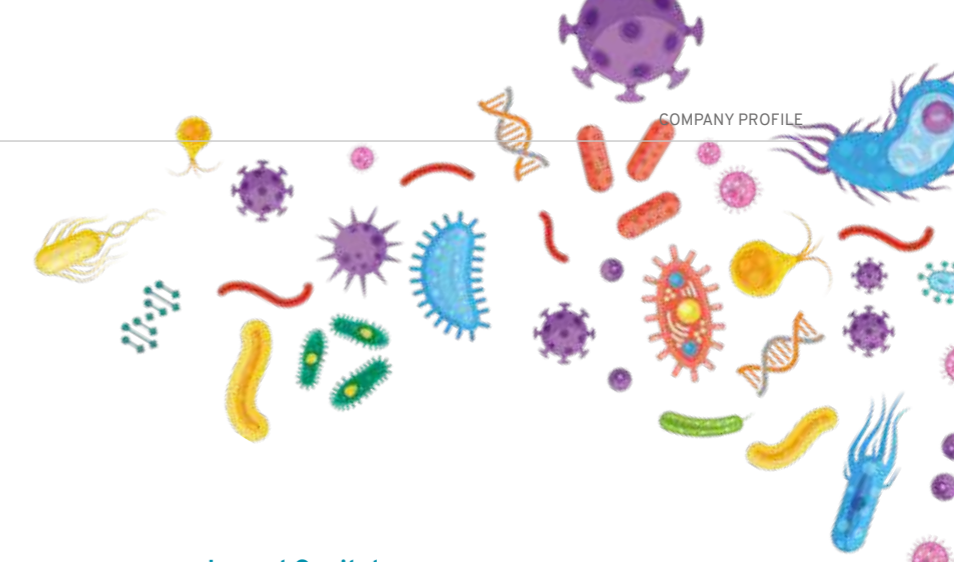
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## Company Profile



**Contact Address**  
Corporate Communication  
Jl. Pasteur No. 28, Bandung 40161, Indonesia.  
Telp +62 22-2033755 (37412)  
Fax: +62 22 - 2041306  
Contact Center (whatsapp): 082121511511  
Email: corcom@biofarma.co.id

Twitter: @biofarmaid  
Instagram: @biofarmaid  
Youtube: @biofarmaid  
Facebook: biofarmaid



### Company Name

PT Bio Farma (Persero)

### Brand

Bio Farma

### Line of Business

According to the Company's Articles of Association: Research, development, production, and marketing of biological products, pharmaceutical products, and medical equipment

### Date of Incorporation

6 August 1890

### Legal Basis of Incorporation

Decree of the Minister of Justice of the Republic of Indonesia On 5 March 1998 under No. C2-1423HT.01.01. Tahun 1998

### Ownership

Government of Republic of Indonesia 100%

### Authorized Capital

Rp8,000,000,000,000 (eight trillion Rupiah) consisting of 8,000,000 (eight million) shares, with a nominal value of Rp1,000,000 (one million Rupiah) per share

### Issued Capital

Rp2,000,000,000,000 (two trillion Rupiah) consisting of 2,000,000 (two million) shares, with a nominal value of Rp1,000,000 (one million Rupiah) per share

### Office Network Data

Head Office: 1  
Production Support Office: 1  
Representative Office: 1  
Marketing Service (marketer): 63 areas

### Total Employees

1,187

### Head Office Address

Jl. Pasteur No. 28, Bandung 40161, Indonesia. Telp +62 22-2033755 Fax: +62 22 - 2041306 email: mail@biofarma.co.id

### Website

www.biofarma.co.id



## Company Brief History

“ Bio Farma’s long journey until now has transformed into a world-class vaccine and antisera manufacturer. It began when the Dutch East Indies colonial government founded “Parcvaccinogène” (State Vaccine Development Institute) on 6 August 1890. The institution occupied a building in the Weltevreden - Batavia area, which is now Gatot Subroto Army Central Hospital (RSPAD) Jakarta.



Since its initial establishment, Parcvaccinogène focused on various researches to eradicate infectious diseases until finally Parcvaccinogène collaborated with Institut Pasteur to conduct research on microbiology, thus, this institution changed its name to Parcvaccinogène en Institut Pasteur. In line with the development of times, the Company has undergone several changes in name and legal entity until the year 1997, based on Government Regulation No. 1 of 1997, the Company changed into a Corporate Company (Persero), in which its shares are fully owned by the Government of the Republic of Indonesia under the name of PT Bio Farma (Persero).

The deed of incorporation and Articles of Association for changes in the form of the Company have been notarized under

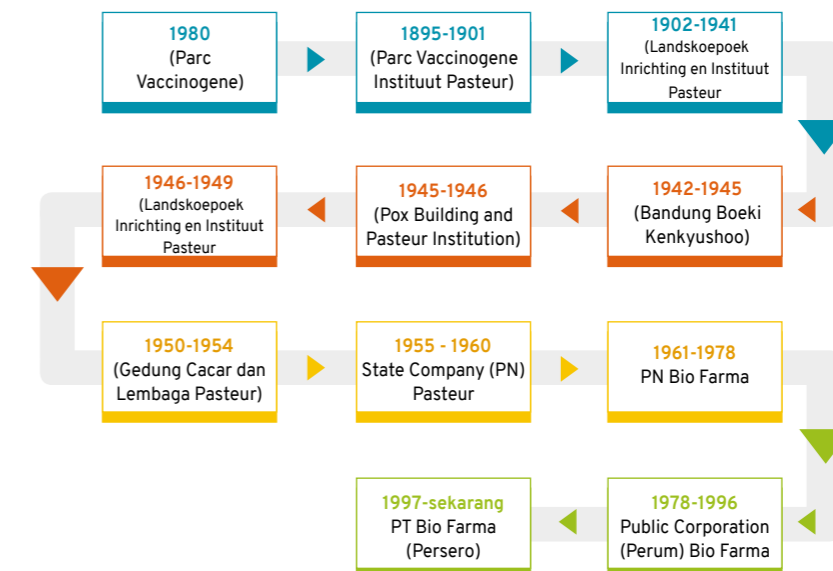
Notarial Deed Muhani Salim SH., No. 1 dated 3 February 1997, and was ratified by the Minister of Justice of the Republic of Indonesia under the Decree No. C2-1423HT.01.01. dated 5 March 1998 on the Ratification of the Company’s Deed of Incorporation and was announced in the State Gazette of the Republic of Indonesia dated 16 July 2002 No. 57 Supplement No. 6884. The Company’s Articles of Association have been amended several times and most recently based on the Company’s Articles of Association, which was announced in the State Gazette of the Republic of Indonesia dated 14 August 2009 No. 65 Supplement No. 21702. The latest composition of the Board of Directors has been included in Deed No. 45 dated 30 October 2009 on the Statement of Decree of the Minister of State-Owned Enterprises as the General

Meeting of Shareholders of the Company (Persero), made by notary Fathiah Helmi, SH., and has been received and recorded in the database of the Legal Entity Administration System of the Department of Law and Human Rights of Republic of Indonesia No. AHU-AH.01.10-19828 dated 9 November 2009, and changes in paid-in capital have been included in Deed No. 26 dated 18 July 2012 on the Decree of the Extraordinary General Meeting of Shareholders of the Company (Persero), which was validated by Notary Fathiah Helmi, SH. Until now, Bio Farma has played a significant role in the history of developing vaccines and serums. As the only State-Owned Enterprise (BUMN) that produces vaccines and antisera, commitment to offer quality and innovative products is demonstrated by the performance that always refers to international standards and the latest quality management system. Bio Farma has implemented a variety of integrated systems, including: CPOB (Good Manufacturing Practices) from POM and current Good Manufacturing Practices (cGMP) from World Health Organization (WHO), Good Laboratory Practices (GLP), Good Clinical Practices (GCP), Good Distribution Practices (GDP), integrated management systems ISO 9001: 2008, ISO 14001: 2004, and OHSAS 18001: 2007. As well as a world-class standard guideline including ISO 26000

guidance for CSR, ISO 31000 Enterprise Risk Management, and International Financial Reporting Standard (IFRS). Bio Farma’s work has been recognized at global level. Since 1997, Bio Farma has been one of around 29 vaccine manufacturers/22 countries in the world that have received World Health Organization (WHO) Pre-qualification, thus, is trusted to meet vaccine needs in more than 130 countries. Cooperating with global-scale international networks, research institutions, regional-level professional organizations, and multinational companies, Bio Farma actively pursues the health of the world community, both directly by providing vaccines, technology transfer, companies and governments that produce health policies that are more beneficial to the community. Currently, Bio Farma’s business activities center is on Jalan Pasteur No. 28 Bandung occupying an area of 91,058 m2, which is used for production, research and development, marketing and administration facilities. In addition, the Company has supporting facilities in Cisarua, Lembang, West Bandung Regency on an area of 282,441 m2, which is used for breeding and maintaining laboratory animals. The Company also has a representative office in Pakarti Center Building Jl. Tanah Abang III No. 23-27 Jakarta.

### INFORMATION ON CHANGES OF NAME

In line with the development of times, the Company has undergone several changes in name and legal entity until the year 1997, based on Government Regulation No. 1 of 1997, the Company changed into a Corporate Company (Persero), in which its shares are fully owned by the Government of the Republic of Indonesia under the name of PT Bio Farma (Persero).



## Company Brand

2008  
- sekarang



In 2008, the change of Bio Farma's logo reflected the spirit and optimism towards the world-class vaccine industry.

### LOGO DEFINITION

Bio Farma is an adaptive company in anticipating business trends and technology in the field of vaccines and antisera. One form of anticipation is by having a logo that is the Company's identity.

### LOGO PHILOSOPHY

1. Logo is an adaptation of the imaging form of "Crystal Protein" and "Glicoprotein". This matter reflects that Bio Farma is a Company engaging in vaccines and serums.
2. Imaging a sparkling illusion that means the spirit and dynamics of Bio Farma which has a brilliant future.
3. The dominant color of green psychologically implies a value of hygiene and health.
4. Orange and yellow colors, in an integrated manner, imply a progressive spirit and courage to innovate in order to always be at the forefront.

1961-2007



BIO FARMA

1955-1960





## Line of Business



In accordance with the Company's Articles of Association, the Company's purposes and objectives are to conduct business in the fields of research, development, production and marketing of biological products, pharmaceutical products, and medical equipment, as well as optimizing the utilization of resources owned by the Company to produce high quality goods and/or services and strong competitiveness in order to obtain/pursue profits to increase the Company's value by applying the principles of limited liability companies.

To achieve these goals and objectives, the scope of the Company's activities includes:

### BUSINESS ACTIVITIES BASED ON ARTICLES OF ASSOCIATION

#### MAIN BUSINESS ACTIVITIES

- Research and development of biological products and pharmaceutical products, either self-manufacturing or by cooperating with other parties.
- Production of biological products and pharmaceutical products, either self-manufacturing or by cooperating with other parties.
- Marketing, trade, and distribution of biological products, pharmaceutical products, medical equipment, including general goods, either domestically or internationally.
- Health Laboratory Services and clinics.
- Business in service field that is related to statement in letters a, b, c, and d.

#### SUPPORTING BUSINESS ACTIVITIES

- Industrial microbiology laboratory services
- Corporate and public vaccination services
- Bio Farma Pharmacy services

## Products and Services



### VACCINES, ANTISERA DIAGNOSTICS

The manufactured products that consist of vaccines and antisera for humans are as follows:

#### • VIRAL VACCINES



**1. Oral Polio Vaccine (Monovalent) Type 1**

For prevention against poliomyelitis type 1.



**2. Bivalent Oral Poliomyelitis Type 1 & 3 Vaccine**

For prevention against poliomyelitis type 1 and type 3 diseases.



**3. Measles Vaccine (Freeze-Drying)**

For prevention against Measles disease.



**4. Recombinant Hepatitis B Vaccine**

For prevention against Hepatitis B disease.



**5. Flubiotic Vaccine (Influenza HA)**

For prevention against seasonal influenza.



• BACTERIAL VACCINES



1. TT Vaccine

For prevention against Tetanus and Neonatal Tetanus diseases.

2. DT Adsorbent Vaccine

For prevention against Diphtheria and Tetanus diseases.

3. DTP Vaccine

For prevention against Diphtheria, Tetanus, and Pertussis diseases.



4. BCG Vaccine (Freeze-Drying)

For prevention against Tuberculosis disease.



5. Td Adsorbent Vaccine (10 doses)

For prevention against Tetanus and Diphtheria diseases in children aged 7 years and older.



6. Td Bio Vaccine

For prevention against Tetanus and Diphtheria diseases in children aged 7 years and older.



7. TT Bio Vaccine

For prevention against tetanus disease and protection against tetanus neonatorum in fertile women.

• COMBINATION VACCINES



Pentabio Vaccine (DTP-HB-Hib)

For prevention against Diphtheria, Tetanus, Pertussis, Hepatitis B, and Haemophilus Influenza type B diseases.

• ANTISERA



1. BIOSAT (Anti-Tetanus Serum)

For prevention and treatment against tetanus caused by infection of clostridium tetani.



2. BIOADS (Anti-Diphtheria Serum)

For treatment against diphtheria disease.



3. BIOSAVE (Polivales Anti-Snake Venom Serum)

For treatment against poisonous snake bites from a type of cobra snakes (Naja Sputratix), striped snake (Bungarus Fasciatus), and ground snake (Ankyrodon Rhodostoma).

• DIAGNOSTICS



TUBERCULIN PPD RT 23

The Mantoux test is to determine whether a person has ever been infected by Mycobacterium Tuberculosis.

• PARTNERSHIP PRODUCT



ACYW Menivax Vaccine (Meningitis)

For prevention against inflammation of the protective membranes covering the brain.

In addition to Bio Farma's products, we currently market other products to meet public health needs including:

- Varicella Vaccine
- MR Vaccine
- Anti-Snake Venom Serum
- Meningitis Vaccine

## Vaccine Distribution



Table of Office Network for the last 5 Years

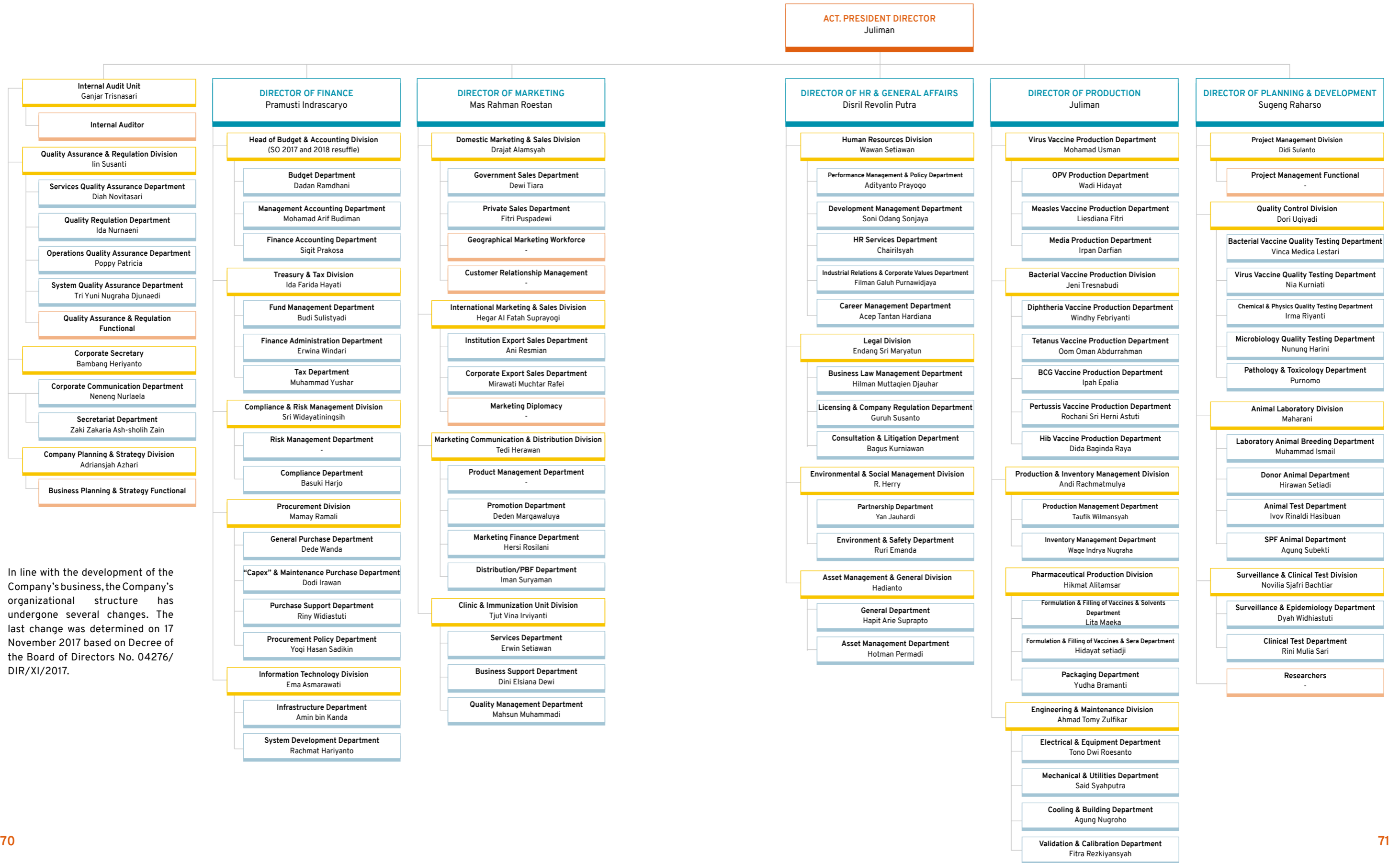
Description	2017	2016	2015	2014	2013
Head Office	1	1	1	1	1
Production Support Office	1	1	1	1	1
Representative Office	1	1	1	1	1
Marketing Service (marketer)	63	70	81	40	18

### LIST OF COUNTRIES FOR BIO FARMA VACCINES DISTRIBUTION

- |                |                |                            |                       |                |                          |                            |                                |
|----------------|----------------|----------------------------|-----------------------|----------------|--------------------------|----------------------------|--------------------------------|
| 1. Afghanistan | 7. Australia   | 13. Belize                 | 37. El Salvador       | 61. Jamaica    | 82. Montserrat           | 103. Saint Kitts & Nevis   | 124. Thailand                  |
| 2. Albania     | 8. Azerbaijan  | 14. Benin                  | 38. Equatorial guinea | 62. Kenya      | 83. Morocco              | 104. Sao Tome and Principe | 125. The British Virgin Island |
| 3. Algeria     | 9. Bahamas     | 15. Bhutan                 | 39. Eritrea           | 63. Kosovo     | 84. Mozambique           | 105. Saudi Arabia          | 126. Togo                      |
| 4. Angola      | 10. Bangladesh | 16. Bolivia                | 40. Ethiopia          | 64. Kuwait     | 85. Myanmar              | 106. Senegal               | 127. Trinidad                  |
| 5. Antigua     | 11. Barbados   | 17. Bosnia and Herzegovina | 41. Fiji              | 65. Kyrgyzstan | 86. Namibia              | 107. Seychelles            | 128. Tunisia                   |
| 6. Argentina   | 12. Belgium    | 18. Botswana               | 42. France            | 66. Laos       | 87. Nepal                | 108. Sierra Leone          | 129. Turkey                    |
|                |                | 19. Brazil                 | 43. Gabon             | 67. Lebanon    | 88. Netherlands          | 109. Singapore             | 130. Turkmenistan              |
|                |                | 20. Brunei Darussalam      | 44. Gambia            | 68. Lesotho    | 89. Netherlands Antilles | 110. Solomon Island        | 131. Turks & Caicos            |
|                |                | 21. Burkina Faso           | 45. Georgia           | 69. Liberia    | 90. New Zealand          | 111. Somalia               | 132. Uganda                    |
|                |                | 22. Burundi                | 46. Germany           | 70. Libya      | 91. Nicaragua            | 112. South Africa          | 133. Uruguay                   |
|                |                | 23. Cabo Verde             | 47. Ghana             | 71. Macau      | 92. Niger                | 113. South Korea           | 134. Uzbekistan                |
|                |                | 24. Cambodia               | 48. Grenada           | 72. Madagascar | 93. Nigeria              | 114. South Sudan           | 135. Vietnam                   |
|                |                | 25. Cameroon               | 49. Guam              | 73. Malawi     | 94. North Korea          | 115. Srilanka              | 136. Yemen                     |
|                |                | 26. Central Africa         | 50. Guatemala         | 74. Malaysia   | 95. Pakistan             | 116. St.Lucia              | 137. Zambia                    |
|                |                | 27. China                  | 51. Guinea            | 75. Maldives   | 96. Panama               | 117. Sudan                 | 138. Zimbabwe                  |
|                |                | 28. Colombia               | 52. Guinea Bissau     | 76. Mali       | 97. Papua New Guinea     | 118. Suriname              |                                |
|                |                | 29. Comoros                | 53. Haiti             | 77. Mauritania | 98. Paraguay             | 119. Swaziland             |                                |
|                |                | 30. Congo                  | 54. Honduras          | 78. Mauritius  | 99. Peru                 | 120. Syria                 |                                |
|                |                | 31. Cuba                   | 55. Hong kong         | 79. Mexico     | 100. Philippines         | 121. Tchad                 |                                |
|                |                | 32. Curacao                | 56. India             | 80. Micronesia | 101. Rep. Dominican      | 122. Tajikistan            |                                |
|                |                | 33. Djibouti               | 57. Iran              | 81. Mongolia   | 102. Rwanda              | 123. Tanzania              |                                |
|                |                | 34. East Timor             | 58. Iraq              |                |                          |                            |                                |
|                |                | 35. Ecuador                | 59. Israel            |                |                          |                            |                                |
|                |                | 36. Egypt                  | 60. Ivory Coast       |                |                          |                            |                                |

■ OIC Members

# Organizational Structure



In line with the development of the Company's business, the Company's organizational structure has undergone several changes. The last change was determined on 17 November 2017 based on Decree of the Board of Directors No. 04276/DIR/XI/2017.



## Vision, Mission, and Corporate Culture

### LEGAL BASIS OF PHILOSOPHY, VISION, MISSION, AND VALUE (CORPORATE CULTURE)

Based on the review results by Bio Farma's Board of Commissioners and Board of Directors, on 6 March 2014 Bio Farma's Board of Commissioners and Board of Directors agreed to change the Philosophy, Vision, Mission, and Value (Corporate Culture) determined by the Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero), No. KEP-07/DK/BF/III/2014, No. 01103/DIR/III/2014 on Amendments to Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 on the Code of Conduct of PT Bio Farma (Persero) Article I Point 1.5 and 1.6.

### VISION

To become a World-Class Life Science Company with Global Competitiveness.

Bio Farma's Vision is regulated in the Document of: MBF-01 revision 12, dated 30 June 2014, which is to be a world-class Life Science Company with global competitiveness, in which the vision emphasizes Bio Farma's role in fulfilling national and global vaccines' availability, repositioning itself from a vaccine producer to a Life Science company, means changes to better direction, world class addition accompanied by innovation in various segments, efficiency in environmentally-friendly business process, technological advancement, implementation of world-class CSR activities, and enhancement of world-class human capital quality.

### MISSION

Providing and Developing International Standard Life Science Products to Improve the Quality of Life.

Bio Farma's Mission is to achieve its vision, formulated by considering the Company's primary competencies and the strategic challenges to be faced. Bio Farma continuously makes innovations by producing, marketing, and distributing vaccines and antisera with international quality standards. To maintain quality, Bio Farma applies various integrated systems such as fulfilling requirements of ISO 9001:2015, ISO 14001:2004, OHSAS 18001:2007, ISO 17025: 2016, CPOB, ASEAN GMP, WHO GMP, and follows the development of cGMP requirements globally.

Dissemination of Vision, Mission, Philosophy, and Value is carried out regularly every year for all employees. In 2017, the dissemination was held on 16 January 2017, at Crown Plaza Hotel, Bandung. Whereas the dissemination for the Board of Commissioners, Board of Directors, Division Heads, and Department Heads was held on 18 January 2017 at Harris Ciumbuleit Hotel.

Adhering to the Company's vision and mission, Bio Farma has 9 corporate policies, which are

1. High-quality products
2. Environmentally-friendly products
3. Global competitiveness
4. Customer Satisfaction
5. Continuous Improvement
6. Pollution control
7. Prevention of occupational accidents and diseases
8. Preserving of energy and natural resources
9. Compliance with other regulations and requirements.

## CORPORATE CULTURE

Each Company's organ that acts and thinks professionally has high Integrity, functions as a team, highly innovative, and is oriented towards customer satisfaction. Bio Farma's Corporate Culture is as follows: In 2017, the Company held dissemination and that the Company's 5 values, which are Professional, Customer-Oriented, Teamwork, Integrity, Innovation were called as PROACTION.



**Professional**  
Committed to carry out duties responsibly, efficiently, effectively, future-oriented, and procedure-compliant.

**Customer Oriented**  
Understanding customers' needs and providing appropriate solutions to

**Teamwork**  
Working together by appreciating the role and opinion of others.

**Integrity**  
Honest, transparent, and trustworthy in line with the Company's goals.

**Innovation**  
Melakukan perbaikan dan pengembangan secara terus menerus untuk menghasilkan gagasan baru.

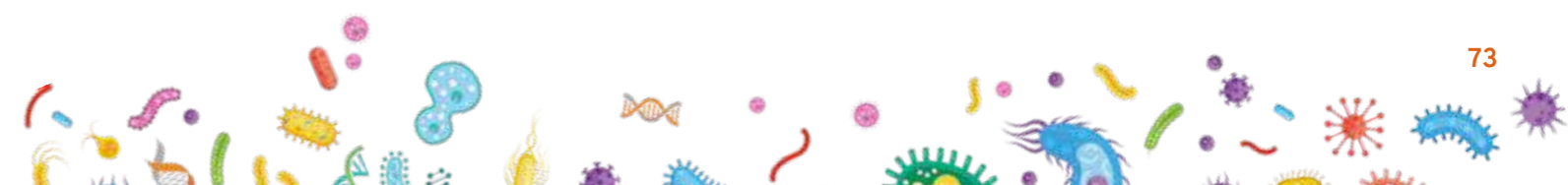
## COMPANY PHILOSOPHY

“Dedicated to Improve Better Quality of Life”

“Dedicated to Improve Quality of Life”

## Review of Vision and Mission by the Board of Commissioners and Board of Directors

In realizing the pre-determined Vision and Mission, various achievements had been successfully realized until 2017. The main indicators can be seen from the financial performance as illustrated in the financial highlights. The Board of Commissioners and Board of Directors assess that the Company's vision and mission are still relevant to the Company's condition and objectives. The achievement of vision and mission until 2017 is in accordance with the direction and stages determined by the Company.



## Profile of the Board of Commissioners

### Ahmad M. Ramli

12 April 2013 – April 2018

President  
Commissioner



<b>Nationality</b>	Indonesian
<b>Domicile</b>	Jakarta
<b>Place and Date of Birth/Age</b>	Born in Bandung, on 4 July 1961, 56 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Law from Universitas Padjadjaran (Unpad), Bandung, in 1985;</li> <li>Master of Law in International Law from the Postgraduate Department in 1992;</li> <li>Doctor in International Law from the Doctorate Department of Universitas Padjadjaran (Unpad), graduated with Cum Laude Predicate in 1999.</li> </ul>
<b>Training/Certification</b>	<ul style="list-style-type: none"> <li>Expert in Intellectual Property Rights (IP Rights) and and Cyber Law</li> <li>Certificate on Industrial Property Rights, Japan Institute of Invention and Innovation</li> </ul>
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Assistant Lecturer at Faculty of Law, Universitas Padjadjaran (Unpad) in 1986;</li> <li>Member of the Drafting Team on the Bill on Arbitration and Alternative Dispute Settlement and member of the Legislative Review Team (Legal Reform Team) of the Department of Justice of RI (1998-1999);</li> <li>Lecturer of Postgraduate at Universitas Padjadjaran (1995-present),</li> <li>Adjunct Lecturer at the Postgraduate Program of Information System Technology at ITB (1998);</li> <li>Assistant Dean II (1999-2001);</li> <li>Assistant Dean I (2001-2004)</li> <li>Professor of Faculty of Law of Universitas Padjadjaran (2002-present)</li> <li>Expert Staff of the Minister of Communications and Informatics of RI (2004-2007);</li> <li>Arbiter at the Indonesia National Board of Arbitration (BANI) (2004-present)</li> <li>member of the Telecommunications Regulation Agency – BRTI (2005-2007);</li> <li>Chairman of the Interdepartmental Team of Draft of Public Information Acquisition Freedom Bill, Department of Communications and Informatics – Department of Law and Human Rights (2006);</li> <li>Head of National Law Development Agency of Department of Law and Human Rights (2007-2010);</li> <li>Acting Director General of Laws and Regulations of Ministry of Law and Human Rights of the Republic of Indonesia (2010);</li> <li>Director General of Intellectual Property Rights of Ministry of Law and Human Rights of RI (2010-2015);</li> <li>Director General of Intellectual Property of Ministry of Law and Human Rights (2015-2016);</li> <li>Director General of Post and Information Technology Operations, Ministry of Communication and Informatics (October 2016-present)</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Member of Board of Commissioners of Bio Farma was on 8 October 2007 based on Decree of State Minister of SOE No. KEP-231/MBU/2007. Second appointment as Member of Board of Commissioners of Bio Farma was on 12 April 2013 based on Decree of State Minister of SOE No. SK-220/MBU/2013. On 23 January 2014, he was appointed as the President Commissioner based on Decree of Minister of SOE No. SK-17/MBU/2014 by continuing the remaining term of office of the previous position that began on 12 April 2013.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Does not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	12 April 2013 – April 2018

### Farid Wadji Husain

April 2018 – present

President  
Commissioner



<b>Nationality</b>	Indonesian
<b>Domicile</b>	Jakarta
<b>Place and Date of Birth/Age</b>	Born in Soppeng, South Sulawesi, on 09 March 1950, 67 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor in General Medicine at the Faculty of Medicine, Universitas Hasanuddin</li> <li>Specialist Degree in Surgeon at the Faculty of Medicine, Universitas Hasanuddin in 1981;</li> <li>Specialist Degree in Digestive Surgeon at Faculty of Medicine, Universitas Hasanuddin in 1984.</li> </ul>
<b>Training/Certification</b>	Have attended various training at previous institutions.
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Teaching Staff/Lecturer Staff/Lecturer at the Faculty of Medicine, Universitas Hasanuddin, Makassar (1978-2002);</li> <li>President Director of Faisal Islamic Hospital, Makassar (1995-2002);</li> <li>Expert Staff of the Coordinating Minister of Community Health Sector of Community Participation Sector (2001-2002);</li> <li>Deputy Coordinating Minister of People's Health of Health and Environment Coordination Sector (2002-2005);</li> <li>Director General of Medical Services, Department of Health (2005-2010);</li> <li>President Commissioner of PT Askes (Persero);</li> <li>Special Envoy of the President of RI for Papua Peace Mission;</li> <li>Independent Commissioner of PT Kimia Farma (Tbk) (2013-2015);</li> <li>President Commissioner/Independent Commissioner of PT Kimia Farma (Tbk) (2015-2018).</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Member of Board of Commissioners of Bio Farma was on 20 April 2018 based on Decree of State Minister of SOE No. SK-102/MBU/04/2018 dated 20 April 2018.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Currently, he is still serving as the Supervisory Board of Wahidin Sudiro Husodo Hospital as of 2016. In addition to that, he is also still the Chairman of Central PMI Jakarta as of 2015.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	April 2018 – present

### Yuni Suryanto

April 2018 – present

Commissioner



<b>Nationality</b>	Indonesian
<b>Domicile</b>	Jakarta
<b>Place and Date of Birth/Age</b>	Born in Yogyakarta, on 03 June 1964, 53 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor degree in Accounting from Universitas Gadjah Mada in 1990;</li> <li>Master of Business Administration Oklahoma City University, USA in 1993.</li> </ul>
<b>Training/Certification</b>	Have attended various training at previous institutions.
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Serving as Acting Section Head of the Department of Finance (1999);</li> <li>PPT Head of Sub-Directorate of Consultant Services Company of Ministry of SOE (2000);</li> <li>PPT Head of Sub-Directorate of Plantation II of Ministry of SOE (2001);</li> <li>Acting Head of Business Sector of Plantation II of Ministry of SOE (2002);</li> <li>Head of Business Sector of Plantation 1A of Ministry of SOE (2006);</li> <li>Assistant Deputy of Infrastructure Business Sector (2013);</li> <li>Logistics II of Ministry of SOE (2013);</li> <li>Commissioner of PT Jasa Raharja (Persero) (2013);</li> <li>Commissioner of PT LEN Industri (2013).</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Member of Board of Commissioners of Bio Farma was on 20 April 2018 based on Decree of State Minister of SOE No. SK-102/MBU/04/2018 dated 20 April 2018.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Does not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	April 2018 – present

### Made Arya W.

April 2018 – present

Commissioner



<b>Nationality</b>	Indonesian
<b>Domicile</b>	Jakarta
<b>Place and Date of Birth/Age</b>	Born in Singaraja, on 17 August 1965, 52 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Diploma III, State College of Accountancy, Jakarta, in 1987;</li> <li>Bachelor of Economic from Universitas Islam Jakarta, in 1995.</li> <li>Master of Science in Finance from University of Colorado in Denver, USA, in 2001.</li> </ul>
<b>Training/Certification</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Executor, Directorate of Other Budgets, Directorate General of Budget (1988-1990);</li> <li>Executing Coordinator, Directorate of Other Budget, Directorate General of Budget (1990-1996);</li> <li>Head of Sub Directorate of Budgeting System Development, Directorate of Budgeting Systems, Directorate General of Budget (2008-2011);</li> <li>Acting Director of Harmonization of Budgeting Regulations, Directorate of Harmonization of Budgeting Regulations, Directorate General of Budget (September 2014-November 2015).</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Member of Board of Commissioners of Bio Farma was on 20 April 2018 based on Decree of State Minister of SOE No. SK-102/MBU/04/2018 dated 20 April 2018.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Currently, he still serves as Director of Harmonization of Budgeting Regulations, Directorate of Harmonization of Budgeting Regulation, Directorate General of Budget, since November 2015.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	April 2018 – present



**Saud Usman Nasution**

April 2018 – present

Commissioner

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Jakarta
<b>Place and Date of Birth/Age</b>	Born in Sigalangan, on 25 February 1958, 59 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>• Bachelor of Law in 1994;</li> <li>• Bachelor of Economic from Universitas Islam Jakarta, in 1995.</li> <li>• Master of Law in 2002;</li> <li>• Doctorate of Law in 2015.</li> </ul>
<b>Training/ Certification</b>	<ul style="list-style-type: none"> <li>• Completing Vocational Education as Sus Jab Head of Resort Police (1999);</li> <li>• Sus Pasen Detective (1998);</li> <li>• Sus Gati Binal of Armed Forces (1994);</li> </ul>
<b>History of Positions</b>	
• <b>Work Experience</b>	Have occupied various structural and strategic positions in the Indonesian National Police.
• <b>Legal Basis of Appointment</b>	First appointment as Member of Board of Commissioners of Bio Farma was on 20 April 2018 based on Decree of State Minister of SOE No. SK-102/MBU/04/2018 dated 20 April 2018.
• <b>Concurrent Position</b>	Does not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	April 2018 – present



23 January 2014 – present

Independent  
Commissioner

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Jakarta
<b>Place and Date of Birth/Age</b>	Born in Tanjung Karang, on 24 July 1952, 65 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>• Bachelor of Medicine from the Faculty of Medicine, Universitas Indonesia in 1977;</li> <li>• Armed Forces Military School. His first assignment as Army Officer was at Kesdam II/Sriwijaya with the rank of First Lieutenant CKM as Doctor of Combat Training Center (Puslatpur).</li> <li>• Master of Health Planning and Management from Postgraduate Faculty of Universitas Indonesia in 1985-1987.</li> <li>• Doctoral Program in Biodefense, Faculty of Medicine, Universitas Gadjah Mada in 2013.</li> </ul>
<b>Training/ Certification</b>	Can be seen in the table of Board of Commissioners' training
<b>History of Positions</b>	
• <b>Work Experience</b>	<ul style="list-style-type: none"> <li>• Vice Commander of Health Battalion, First Infantry Division of Army Strategic Command (1990-1992);</li> <li>• Commander of Health Battalion, First Infantry Division of Army Strategic Command;</li> <li>• Commander of XIV/A Garuda Contingent for UN duty in Bosnia-Herzegovina (1994-1995)</li> <li>• Health Chief of Army Strategic Command;</li> <li>• Health Chief of Jayakarta Military Regional Command;</li> <li>• Commander of Health Education Center of Indonesian Army;</li> <li>• Director of Health of Indonesian Army (2004-2008);</li> <li>• National Resilience Institute education program;</li> <li>• Chief of Health of Indonesian Army (2008-2010).</li> </ul>
• <b>Legal Basis of Appointment</b>	First appointment as Member of Board of Commissioners of Bio Farma was on 23 January 2014 based on Decree of State Minister of SOE No. SK-17-MBU/2014. On 22 June 2015, he was appointed as the Independent Commissioner based on Decree of Minister of SOE No. SK-97/MBU/2015 by continuing the remaining term of office of the previous position that began on 23 January 2014.
• <b>Concurrent Position</b>	Currently, he is still active as Lecturer of Postgraduate Program at Universitas Pertahanan, Vice Chairman of PPAD Social Department Jakarta, Chairman of Purna Warga Kesehatan, Indonesian National Army, and Chairman of Alumnus Association of FKUI 1977.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	23 January 2014 – present



**H.M. Subuh**

22 June 2015 – present

Commissioner

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Jakarta
<b>Place and Date of Birth/Age</b>	Born in Pontianak, on 19 January 1962, 55 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Medicine from the Faculty of Medicine, Universitas Indonesia in 1988;</li> <li>Master of Public Administration, Qualification Master of Public Policy (MPPM) from University of Southern California in 1999.</li> </ul>
<b>Training/Certification</b>	Can be seen in the table of Board of Commissioners' training
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Director of Sultan Syarif Mohamad Alkadrie General Hospital, West Kalimantan (2004-2009);</li> <li>Chairman of Health Agency, West Kalimantan Province (2009-2010);</li> <li>Director of Communicable Disease Control (2010-2013);</li> <li>Secretary of Directorate General of Disease Control and Environment Recovery (2013-2014);</li> <li>Director General of Disease Control and Environment Recovery (P2PL) of the Ministry of Health RI (2014-2016).</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Member of Board of Commissioners of Bio Farma was on 22 June 2015 based on Decree of State Minister of SOE No. SK-97/MBU/06/2015.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Currently, he serves as Director General of Disease Control and Environment Recovery (P2PL) of the Ministry of Health RI (since 2016).
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	22 June 2015 – present



**Ihsan Setiadi Latief**

01 May 2013 – April 2018

Commissioner

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Bandung, on 14 July 1972, 45 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Philosophy Aqidah from the Faculty of Ushuluddin , IAIN Sunan Gunung Djati, Bandung in 1996;</li> <li>Master of Social Sciences, majoring in Communication Science from Universitas Padjadjaran in 2004;</li> <li>Doctor of Communication Science with Cum Laude Predicate in 2016.</li> </ul>
<b>Training/Certification</b>	Can be seen in the table of Board of Commissioners' training
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Lecturer at Islamic College of Persatuan Islam (STAI Persis), Chairman III of College of Teacher Training and Education of Persatuan Islam (STKIP Persis) (1998-2002);</li> <li>Chairman of College of Teacher Training and Education of Persatuan Islam (STKIP Persis);</li> <li>Adjunct Lecturer of Communication and Counseling at College of Health Science of Jenderal Achmad Yani (Stikes Unjani) Bandung;</li> <li>Adjunct Lecturer of Communication and Negotiation at Universitas Al-Azhar Indonesia, Jakarta, and Universitas Bung Karno.</li> <li>Founded the Cita Insani Mandiri Foundation engaging in the teaching of Islam, social and community issues;</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Member of Board of Commissioners of Bio Farma was on 01 May 2013 based on Decree of State Minister of SOE No. SK-235/MBU/2013.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Does not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners.
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	01 May 2013 – April 2018.

## Profile of the Board of Directors



### M. Rahman Roestan

10 July 2017 – present

President Director

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Bandung, on 05 August 1970. 47 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Pharmacy and Apothecary from Universitas Padjajaran Bandung;</li> <li>Master of Business Administration (MBA) from Institut Teknologi Bandung;</li> <li>Doctoral Program of Strategic Management from Universitas Padjajaran;</li> </ul>
<b>Training/Certification</b>	Can be seen in the table of Board of Directors' training
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Head of Formulation Department of Bio Farma;</li> <li>Head of Packaging Department of Bio Farma;</li> <li>Head of Quality Assurance System of Bio Farma;</li> <li>Head of Production Planning and Control Division of Bio Farma;</li> <li>Corporate Secretary of Bio Farma in 2008-2017;</li> <li>Director of Marketing of Bio Farma, July 2017-January 2018.</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	<ul style="list-style-type: none"> <li>First appointment as Director of Marketing was on 10 July 2017 based on Decree of Minister of SOE No. SK-127/MBU/07/2017.</li> <li>Then, as the President Director on 22 January 2018 based on Decree of Minister of SOE No. SK-27/MBU/2018 by continuing the remaining term of office of the previous position as Director of Marketing that began on 10 July 2017.</li> </ul>
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Do not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	10 July 2017 – present



### Sri Harsi Teteki

22 January 2018 - present

Director of Marketing

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Yogyakarta, on 28 June 1964, 53 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Medicine from Universitas Diponegoro, in 1989;</li> <li>Master of Health from Universitas Diponegoro, in 2002.</li> </ul>
<b>Training/Certification</b>	Have attended various training at previous institutions.
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Director of Marketing of PT Bio Farma (Persero) (2018-present)</li> <li>President Director of PT Sarana Usaha Sejahtera Insan Palapa (TelkoMedika) (2017-2018)</li> <li>Director of Marketing and Operations of PT Sarana Usaha Sejahtera Insan Palapa (TelkoMedika) (2016-2017)</li> <li>Director of Operations of PT Sarana Usaha Sejahtera Insan Palapa (TelkoMedika) (2015-2016)</li> <li>Director of Operations of PT Sarana Usaha Sejahtera Insan Palapa (TelkoMedika) (2013-2015)</li> <li>Manager of Area II Jakarta of Yayasan Kesehatan Telkom (2012-2013)</li> <li>Manager of Area IV of Yayasan Kesehatan Telkom (2007-2012)</li> <li>Head of Treatment Health Center of Mijen Demak Health Center, Mijen Demak Treatment Health Center (1990-1993)</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Director of Marketing was on 23 January 2018 based on Decree of Minister of SOE No. SK-27/MBU/01/2018.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Do not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	22 January 2018 – present



**Disril Revolin Putra**

14 July 2017 – present

Director of Human Resources and General Affairs

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Tanjung Pinang, on 18 December 1965. 52 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Law from Universitas Islam Jakarta, in 1989;</li> <li>Master of Law from Universitas Indonesia, in 1998.</li> </ul>
<b>Training/Certification</b>	Can be seen in the table of Board of Directors' training
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Legal Officer of Human Resources Division of BNI (1991-1995);</li> <li>Manager of Policy Management of Human Resources Division of BNI (1995-2000);</li> <li>Vice Head of BNI Wonogiri Branch (2000-2002);</li> <li>Vice Head of BNI Tangerang Main Branch (2002-2004);</li> <li>Head of BNI Jembatan Ampera Branch, Palembang (2004-2005);</li> <li>Head of BNI Tebet Utara Main Branch, Jakarta (2005-2006);</li> <li>Vice Chair of BNI Legal Division (2006-2008);</li> <li>Head of BNI Human Resources Division (2008-2010);</li> <li>Head of BNI Organizational Learning Division (2010-2011);</li> <li>Head of BNI Legal Division (2011-2015);</li> <li>Head of BNI Jakarta Kota Region (2015-2016);</li> <li>SEVP of BNI Network and Services (2016);</li> <li>Director of HR and Legal at PT Pelindo II (May 2016 - July 2017).</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Director of HR and General Affairs was on 14 July 2017 based on Decree of Minister of SOE No. SK-131/MBU/07/2017.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Do not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	14 July 2017 – present



**Juliman\***

12 April 2013 – present

Director of Production

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Pangkalpinang, on 23 September 1962, 55 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Pharmacy from Institut Teknologi Bandung in 1988 and Apothecary title in 1989 from the same alma mater;</li> <li>Master of Operations Management from Universitas Padjadjaran in 2005.</li> </ul>
<b>Training/Certification</b>	Often become speaker at seminars, interviews, and audience in the field of vaccine production and Good Manufacturing Practice (GMP)
	Frequently involved in various international level activities, including being active as a Trainer in the WHO Global Training Network (GTN) program on Quality Assurance of Live Attenuated Poliomyelitis and Measles Vaccines and being part of the Indonesian delegation to attend the World Health Assembly Forum organized by the World Health Organization (WHO). He also actively participates in the Annual General Meeting held by the Developing Countries Vaccines Manufacturer Network (DCVMN), a collaborative organization of vaccine manufacturers from developing countries.
	Currently, he also serves as the Alternate Global Alliance Board for Vaccine Immunization (GAVI) representing the DCVMN Organization to attend the regular GAVI Board Meeting routinely held three times a year to discuss and decide on policies taken by GAVI Board regarding the Global Immunization program.
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Head of Polio and Measles Vaccine Support Unit;</li> <li>Head of Measles Vaccine Production Unit;</li> <li>Head of Technical and Maintenance Division;</li> <li>Head of Export Marketing Division;</li> <li>Head of Logistic Division.</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	<ul style="list-style-type: none"> <li>First appointment as Director of Production was on 12 April 2013 based on Decree of Minister of SOE No. SK-221/MBU/2013.</li> <li>Then, as the Acting President Director on 10 July 2017 based on Decree of Minister of SOE No. SK-127/MBU/07/2017 until the appointment of the Definitive President Director on 22 January 2018.</li> </ul>
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Do not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	12 April 2013 – present.

\* serving as Acting President Director from 10 July 2017 to 22 January 2018



**Pardiman**

April 2018 - present

Director of Finance

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Boyolali, on 14 February 1960, 57 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Economic, majoring in Management, Universitas Diponegoro, in 1987.</li> <li>Master of Management from Universitas Diponegoro, in 2002.</li> </ul>
<b>Training/Certification</b>	Have attended various trainings in finance and business strategy sector.
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Director of Funding and Consumer of PT Bank BRI (2015-2016);</li> <li>Director of Finance concurrently Acting Director of HR and General Affairs of PT Petrokimia Gresik (2016-2017);</li> <li>Director of Finance of Perum Bulog (2017-2018).</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Director of Finance second period was Decree of Minister of SOE No. SK -101/MBU/04/2018 dated 20 April 2018.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Do not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	April 2018 - present



**Pramusti Indrascaryo**

12 April 2013 - present

Director of Finance

<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Semarang, on 23 August 1965, 52 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor from Universitas Diponegoro, Semarang, in 1989;</li> <li>Master in Management, concentration of Finance Management from Faculty of Economy and Business, Universitas Gadjah Mada, Yogyakarta, in 1998.</li> </ul>
<b>Training/Certification</b>	Can be seen in the table of Board of Directors' training
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b></li> </ul>	<ul style="list-style-type: none"> <li>Branch Head of Bank Ekspor Impor Indonesia before the merging of four Banks;</li> <li>Senior Manager of Corporate Risk Management of Bank Mandiri;</li> <li>Senior Manager of Corporate Banking of Bank Mandiri (2003);</li> <li>Assistant Vice President of Bank Mandiri (2009);</li> <li>Vice President of Bank Mandiri (2012).</li> </ul>
<ul style="list-style-type: none"> <li><b>Legal Basis of Appointment</b></li> </ul>	First appointment as Director of Finance was on 12 April 2013 based on Decree of Minister of SOE No. SK-221/MBU/2013.
<ul style="list-style-type: none"> <li><b>Concurrent Position</b></li> </ul>	Do not hold any concurrent position in other company or institution.
<b>Affiliation Relationship</b>	Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners
<b>Share Ownership at Bio Farma</b>	-
<b>Period of Office</b>	12 April 2013 - present

**Adriansjah Azhari**

April 2018 - present

Director of Planning and Development



<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Bloomington, Indiana, United States of America, on 05 September 1963, 54 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Pharmacy from Institut Teknologi Bandung in 1988;</li> <li>Master of Operations Management from Universitas Padjadjaran in 2005.</li> </ul>
<b>Training/Certification</b>	Have attended various training both domestic and overseas, such as: Developing Countries Vaccine Manufacturers' Network (DCVMN), World Health Organization (WHO), and International Society for Pharmaceutical Engineering (ISPE). Furthermore, he is also active as speaker at various events in the country and overseas such as Annual General Meeting of Developing Countries Vaccine Manufacturers' Network (DCVMN), Rio de Janeiro, Brazil; World Health Organization (WHO) QC course on Hib vaccine, NVI, The Netherlands; ISPE Indonesian Affiliate annual conference 2012, Jakarta; National Vaccine Research Forum, Jakarta; Rotavirus symposium, Bangkok, Thailand; Proteomic Avian Flu Vaccine Seminar, Avian Influenza Research Center (AIRC), Airlangga University, Surabaya; WHO briefing for manufacturers WHO pre-qualification program Beijing, China; Global Health Regulatory Meeting on PDPs organized by PATH, Hanoi, Vietnam et cetera.
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b> <ul style="list-style-type: none"> <li>Head Planning and Business Strategy Division (2017-2018);</li> <li>Head Research and Development Division (2012-2017);</li> <li>Head of Quality Assurance Division (2007-2012);</li> <li>Head of Bacterial Vaccines Division (2004-2007);</li> <li>Head of Pharmaceutical Production Division (2002-2004);</li> <li>Various strategic positions (1989-2002).</li> </ul> </li> <li><b>Legal Basis of Appointment</b> First time appointment as Director of Planning and Development was based on Decree of Minister of SOE No. SK-101/MBU/04/2018.</li> <li><b>Concurrent Position</b> Do not hold any concurrent position in other company or institution.</li> <li><b>Affiliation Relationship</b> Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners</li> <li><b>Share Ownership at Bio Farma</b> -</li> <li><b>Period of Office</b> April 2018 - present</li> </ul>	

12 April 2013 - April 2018

Director of Planning and Development



<b>Nationality</b>	Indonesian
<b>Domicile</b>	Bandung
<b>Place and Date of Birth/Age</b>	Born in Surabaya, on 20 December 1959, 58 years old per December 2017.
<b>Educational Background</b>	<ul style="list-style-type: none"> <li>Bachelor of Veterinarian Studies from Faculty of Veterinarian Studies, Institut Pertanian Bogor, in 1983;</li> <li>Veterinary Professional Certification in 1984 from the same alma mater.</li> <li>Master in Management, concentration of Operations Management from Master of Management Study Program, Faculty of Economy and Business, Universitas Padjadjaran, Bandung, in 2004.</li> </ul>
<b>Training/Certification</b>	Certified Professional Internal Auditor (CPIA) from Center for Development of Accountancy and Finance - The Association of Internal Auditor
<b>History of Positions</b>	
<ul style="list-style-type: none"> <li><b>Work Experience</b> <ul style="list-style-type: none"> <li>Head of Animal Husbandry Unit of Bio Farma (1985-1989);</li> <li>Staff to the Board of Directors of Bio Farma (2002-2007);</li> <li>Head of Internal Control Unit of Bio Farma (2007-2010);</li> <li>Head of Animal Laboratory Division of Bio Farma (2010-2012).</li> </ul> </li> <li><b>Legal Basis of Appointment</b> First appointment as Director of Planning and Development was on 12 April 2013 based on Decree of Minister of SOE No. SK-221/MBU/2013.</li> <li><b>Concurrent Position</b> Do not hold any concurrent position in other company or institution.</li> <li><b>Affiliation Relationship</b> Does not have any affiliation relationship with members of Board of Directors and other members of Board of Commissioners</li> <li><b>Share Ownership at Bio Farma</b> -</li> <li><b>Period of Office</b> 12 April 2013 - April 2018</li> </ul>	

\* term of office ended in April 2018



## Employees' Profile and Competence Development



### EMPLOYEES' COMPOSITION BY ORGANIZATIONAL LEVEL

Table of Total Employees by Organizational Level

(in person)

Organizational Level	2017			2016		
	Male	Female	Total	Male	Female	Total
Head of Division	16	10	26	17	9	26
Senior Expert	4	1	5	5	2	7
Head of Department	44	26	70	42	26	68
Associate Expert	26	10	36	30	9	39
Head of Section	97	37	134	107	55	162
Junior Expert	31	42	73	24	24	48
Staff	68	50	118	66	53	119
Junior Staff	116	49	165	114	49	163
Personnel	474	29	503	477	29	506
<b>Researchers</b>						
Portfolio Management Team	-	-	-	-	-	0
Project Integration Management	1	2	3	1	2	3
Research Coordinator	6	-	6	3	-	3
Research S.O.	1	-	1	1	-	1

Organizational Level	2017			2016		
	Male	Female	Total	Male	Female	Total
Researcher	6	5	11	2	3	5
Junior Researcher	9	10	19	3	7	10
Operation Staff	16	-	16	11	-	11
<b>Total</b>			<b>1,812</b>			<b>1,780</b>

### COMPOSITION OF EMPLOYEES BY DIRECTORATE

Table of Total Employees by Directorate

(in person)

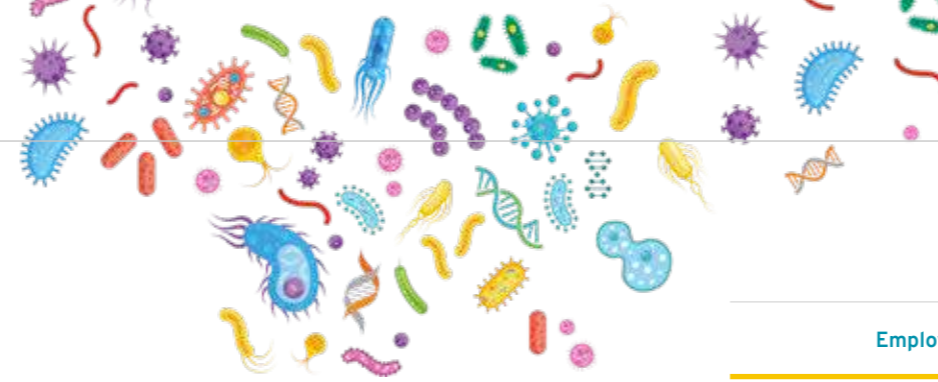
Years of Services	2017			2016		
	Male	Female	Total	Male	Female	Total
General	41	57	98	50	51	101
Finance	73	37	110	43	24	67
Marketing	52	33	85	56	35	91
Human Resources	116	19	135	133	30	163
Production	460	46	506	447	54	501
Planning and Development	173	79	252	174	74	248
<b>Total</b>			<b>1,812</b>			<b>1,780</b>

### EMPLOYEE'S COMPOSITION BY LEVEL OF EDUCATION

Table of Total Employees by Level of Education

(in person)

Education	2017			2016		
	Male	Female	Total	Male	Female	Total
Doctor	1	3	4	1	2	3
Master	80	51	131	77	50	127
Bachelor	277	118	395	246	115	361
Diploma 3	145	67	212	144	68	212
High School	412	32	444	435	33	468
<b>Total</b>			<b>1,812</b>			<b>1,780</b>



## EMPLOYEE'S COMPOSITION BY RANGE OF AGE

Table of Total Employees by Range of Age

(in person)

Range of Age	2017			2016		
	Male	Female	Total	Male	Female	Total
21-25	31	26	57	42	33	75
26-30	179	60	239	197	56	253
31-35	188	55	243	179	58	237
36-40	162	42	204	154	40	194
41-45	130	31	161	142	32	174
46-50	143	35	178	118	29	147
>51	82	22	104	71	20	91
<b>Total</b>		<b>1,812</b>			<b>1,780</b>	

## EMPLOYEE'S COMPOSITION BY YEARS OF SERVICES

Table of Total Employees By Years of Services

(in person)

Years of Services	2017			2016		
	Male	Female	Total	Male	Female	Total
0-5	333	88	421	354	89	443
6-10	166	72	238	147	78	225
11-15	150	42	192	146	38	184
16-20	114	26	140	125	26	151
21-25	75	19	94	70	17	87
26-30	42	12	54	33	9	42
>31	35	12	47	28	11	39
<b>Jumlah</b>		<b>1,812</b>			<b>1,780</b>	

## EMPLOYEE'S COMPOSITION BY GENDER

Table of Total Employees By Gender

(in person)

Gender	2017		2016	
Male	915		903	
Female	271		268	
<b>Total</b>	<b>1,812</b>		<b>1,780</b>	

## EMPLOYEE'S COMPOSITION BY EMPLOYMENT STATUS

Table of Total Employees By Employment Status

(in person)

Employment Status	2017			2016		
	Male	Female	Total	Male	Female	Total
Permanent Employees	915	271	1,186	903	268	1,171

Employment Status	2017			2016		
	Male	Female	Total	Male	Female	Total
Contract	71	59	130	79	65	144
Outsource	467	29	496	437	28	465
<b>Total</b>		<b>1,812</b>			<b>1,780</b>	

## EMPLOYEES' COMPETENCE DEVELOPMENT

### POLICIES

Internal policies regarding employee's competence development (Education and training) are regulated in Decree of Board of Directors No. 03971 dated 20 October 2016 on Competence of PT Bio Farma (Persero).

The Company designs training and education programs for employees on an ongoing basis to maintain the performance quality and improve competence. The Company also ensures that all employees at each level of employment have equal opportunities in improving competencies in accordance with their potential, abilities, and skills. The Company provides various forms of training conducted in-house as well as at external educational/training institutions.

### COMPETENCE DEVELOPMENT

Throughout 2017, a number of trainings related to standardization of competence were conducted as follows.

Table of Competence Development By Level of Position

No.	Level of Position	Training Topic	Training/Competence Program	Total Participants
1	Section Head/Junior Expert	Balanced Scorecard	Business Acumen and Management	214
2	Division Head/Senior Expert	Business Leadership Coaching	Team Leadership	36
3	Division Head/Senior Expert	Strategic Business Plan	Team Leadership	37
4	Department Head/Middle Expert	Leadership for Manager	Managing and Developing Others	105
5	Staff	Leadership: Character Building Training	Readiness to Change	30
6	Junior Staff and Staff	Core Values Internalization Training	Core Values	308
7	Junior Staff and Staff	Customer Service for New Employee	Core Values	30
8	Junior Staff and Staff	Financial Management for New Employee	Financial Management	30
9	Staff	Occupational Health and Safety (Safety Behavior)	Safety and Hygiene	30
10	Emergency Response Team	Emergency Response Team Training	Safety and Hygiene	85
11	Emergency Response Team	First-Aid Certification	Safety and Hygiene	20
12	Staff	Teamwork	Core Values	25

### COMPETENCE DEVELOPMENT EVALUATION

In line with good management implementation, each development program is evaluated for the program implementation either at the level of service satisfaction (Level 1), improvement of knowledge/skills (Level 2), and the implementation of the results of competence development in the workplace (Level 3). Based on the results of data processing and analysis, an evaluation index of 3.91 was obtained on a scale of 5 which stated that the development program during 2017 was stated and "very satisfying".

### COMPETENCE DEVELOPMENT COST

Human is as a success factor behind the process of system, material processing, machine operation, and monetary management. Therefore, the Company pays attention to Human Capital aspect as a strategic partner by investing to increase Human Capital value. In 2017, the total cost/investment spent by the Company was Rp11.1 billion, consisting of training/education costs of Rp9 billion and post-graduate formal education costs of Rp2.1 billion.

## Shareholders Composition

Until 31 December 2017, 100% of Bio Farma's shares are owned by the Government of Republic of Indonesia.

Shareholders	Number of Shares Issued and Fully Paid	Nominal Value	Share Ownership	Total
The Government of the Republic of Indonesia	2,000.000	Rp1,000,000	100%	Rp2,000,000,000,000

### COMPOSITION OF TOP 20 SHAREHOLDERS

As of 31 December 2017, Bio Farma had not yet become a company that lists its shares on the stock exchange because the shares of Bio Farma are 100% owned by the Government of the Republic of Indonesia. Thus, there is no information on the composition of the 20 largest shareholders.

### COMPOSITION OF SHAREHOLDERS OF 5% OR MORE

As of 31 December 2017, Bio Farma had not yet become a company that lists its shares on the stock exchange because the shares of Bio Farma are 100% owned by the Government of the Republic of Indonesia. Information on the composition of shareholders of 5% or more of the Company has been explained in the description of the composition of shareholders.

### COMPOSITION OF SHAREHOLDERS FROM PUBLIC OF LESS THAN 5%

As of 31 December 2017, Bio Farma had not yet become a company that lists its shares on the stock exchange because the shares of Bio Farma are 100% owned by the Government of the Republic of Indonesia. Therefore, there is no information

on the composition of shareholders from public of less than 5% or more.

### SHARE OWNERSHIP OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

As of 31 December 2017, the Company is a State Owned Enterprise in which 100% of its shares are owned by the State of Republic of Indonesia. Therefore, there is no information on shareholders by the Board of Commissioners and Board of Directors of PT Bio Farma (Persero).

### CHRONOLOGY OF SHARE LISTING

As of 31 December 2017, Bio Farma is a Non-Listed Non-Financial SOE that does not list its shares on the Indonesia Stock Exchange. Thus, Bio Farma does not provide information about:

- Shares issuance year, number of shares, shares nominal value and shares offering price for each Corporate Action.
- The number of shares listed after each Corporate Action.
- The name of the exchange where the Company's shares are listed
- Chronology of share listing, type of Corporate Action that causes changes in the number of shares, changes in the number of shares from the beginning of listing up to the end of the fiscal year.

## List of Subsidiaries and/or Associated Entities

As of 31 December 2017, Bio Farma did not have subsidiaries and/or associated entities. Thus, Bio Farma does not provide information about the names of subsidiaries and/or associations, the percentage of share ownership.

## Company's Group Structure

As of 31 December 2017, Bio Farma did not have Company's Group Structure. Thus, Bio Farma does not provide Company's Group Structure in the form of a chart showing the parent entity, subsidiary, association entity, joint venture, and special purpose vehicle (SPV).

## Chronology of Other Securities Issuance and/or Listing

As of 31 December 2017, Bio Farma did not issue and/or list other securities. Thus, Bio Farma does not provide information about:

- Names of other securities, issuance years of other securities, interest/return rate of other securities, and maturity dates of other securities.
- Other securities offering values.
- Name of stock exchange where other securities are listed

- Securities rating
- Chronology of other securities listing, types of corporate actions that cause changes in the number of other securities, changes in the number of other securities from the beginning of listing up to the end of the fiscal year, the name of the stock exchange where other securities are listed and the securities rating.

## Name and Address of Institution and/or Supporting Profession

PUBLIC ACCOUNTANT FIRM	NOTARY	LEGAL CONSULTANT
<p><b>Djoermarma, Wahyudin &amp; Rekan</b>            Jalan Dr. Slamet No. 55 Bandung            Tel : (62-22) 2034044            Fax : (62-22) 2037466            Email: kapdw@yahoo.com            Services Provided: Audit Services on the 2016 Financial Statements</p>	<p><b>Fathiah Helmi, S.H.</b>            Jl. HR Rasuna Said Kav 1-2 BI X-1 Graha Irama            Lt 6-C, Kuningan Timur, Setia Budi            Jakarta, 12950            Tel : (62-21) 5261136, 52907304, 52907305, 52907306            Fax : (62-21) 5261136            Services Provided: Preparing Deed of Minutes of Annual GMS            Period of duty: January – December 2017            Period of duty: January – December 2017</p>	<p><b>Rahayu &amp; Partners in association with HFW</b>            Plaza Asia 18 Floor            Jalan Jend. Sudirman Kav. 59            Jakarta 12190            Indonesia            Tel: (62-21) 515 2477            Website : <a href="http://rahayuandpartners.com/">http://rahayuandpartners.com/</a>            Services Provided: Legal consultant services            Period of duty: January – December 2017</p>
		<p><b>A Hakim G. Nusantara, Harman &amp; Partners (NHP)</b>            Office 8, 12 Floor            Jl. Senopati Raya No. 8 B            Jakarta 12190            Indonesia            Tel: (62-21) 2933 3122, 2933 3123, 2933 3124            Fax: (62-21) 2933 3125            Website: <a href="http://nhplaw.com/">http://nhplaw.com/</a>            Services Provided: Legal consultant services            Period of duty: January – December 2017</p>

## Awards



### 05 APRIL 2017

**Name of Award:**  
Top CSR 2017 on Pharmaceutical Industry 2017  
**Event:**  
Anugerah TOP CSR 2017  
**Organizer:**  
Business News Magazine, National Committee on Governance Policy (KNKG), and Indonesia CSR Society

### 05 APRIL 2017

**Name of Award:**  
Iskandar as a Top Leader on CSR Commitment 2017  
**Event:**  
Anugerah TOP CSR 2017  
**Organizer:**  
Business News Magazine, National Committee on Governance Policy (KNKG), and Indonesia CSR Society

### 19 MAY 2017

**Name of Award:**  
Indonesia Most Admirer Companies  
**Event:**  
IMACO Awards 2017  
**Organizer:**  
Warta Ekonomi

### 14 JULY 2017

**Name of Award:**  
Zero Accident Award  
**Event:**  
Zero Accident Award 2017  
**Organizer:**  
Ministry of Manpower

### 10 AUGUST 2017

**Name of Award:**  
Abyudaya 2017  
**Event:**  
Anugerah IPTEK Abyudaya  
**Organizer:**  
Ministry of Research and Technology and Higher Education



**11 SEPTEMBER 2017**

**Name of Award:**  
Bio Farma as Social Business Innovation Award 2017 category Pharmaceuticals  
**Event:**  
Social Business Innovation Award 2017  
**Organizer:**  
Warta Ekonomi

**11 SEPTEMBER 2017**

**Name of Award:**  
The Best Green CEO 2017 category Pharmaceuticals  
**Event:**  
Green CEO Award 2017  
**Organizer:**  
Warta Ekonomi

**19 SEPTEMBER 2017**

**Name of Award:**  
2nd Winner of SOE Non-Financial Non-Listed Category  
**Event:**  
Annual Report Award 2017  
**Organizer:**  
Committee of Annual Report Award 2017

**19 SEPTEMBER 2017**

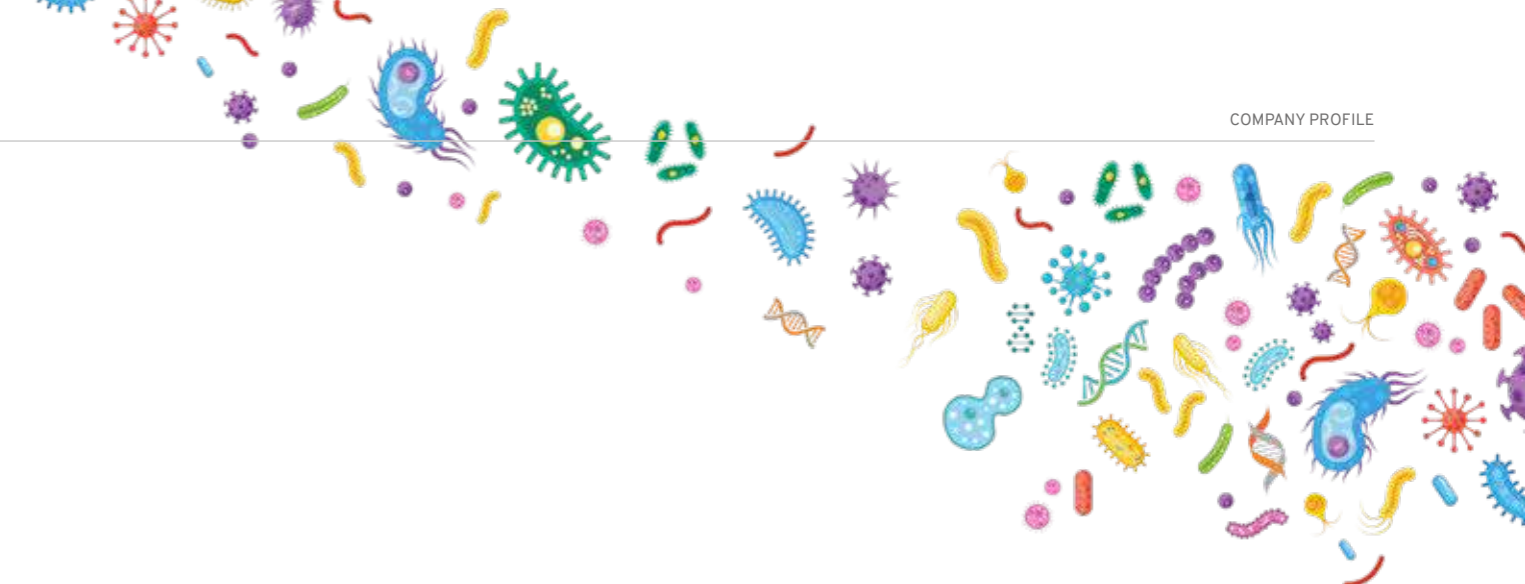
**Name of Award:**  
Bio Farma as Indonesia Living Legend Companies 2017  
**Event:**  
Indonesia Living Legend Companies 2017  
**Organizer:**  
SWA

**29 SEPTEMBER 2017**

**Name of Award:**  
The Most Popular Company category Pharmacy  
**Event:**  
International Public Relations Association (IPRA)  
**Organizer:**  
Warta Ekonomi

**31 OCTOBER 2017**

**Name of Award:**  
TOP IT Implementation on Pharmacy Sector  
**Event:**  
Top IT & Telco Award 2017  
**Organizer:**  
ITech Magazine



**06 SEPTEMBER 2017**

**Name of Award:**  
BUMN Performance Excellence Award 2017  
**Event:**  
Forum Ekselen BUMN (FEB)  
**Organizer:**  
Ministry of State-owned Enterprise of Indonesia

**09 SEPTEMBER 2017**

**Name of Award:**  
Penghargaan Karya Anak Bangsa di Bidang Farmasi dan Alat Kesehatan  
**Event:**  
Kemenkes Award 2017  
**Organizer:**  
Ministry of Health of the Republic of Indonesia

**06 DECEMBER 2017**

**Name of Award:**  
Mitra Kepabeanan Favorit  
**Event:**  
2017 Semester II MITA Evaluation  
**Event:**  
Directorate General of Customs and Excise Main Service Office of Type A Customs of Tanjung Priok

**08 DECEMBER 2017**

**Name of Award:**  
2017 Best Taxpayers in Land and Building Tax Categories  
**Event:**  
Bandung City Regional Tax Award  
**Organizer:**  
Pemerintah Kota Bandung

**18 DECEMBER 2017**

**Name of Award:**  
Environmental Management Performance Assessment Program (PROPER) Gold title  
**Event:**  
Environmental Management Performance Assessment Program (PROPER)  
**Organizer:**  
Ministry of Environment and Forestry of the Republic of Indonesia

**21 DECEMBER 2017**

**Name of Award:**  
Bio Farma Ranked IV on State-Owned Enterprises Category  
**Event:**  
2017 Public Information Openness Rating  
**Organizer:**  
Central Information Commission of the Republic of Indonesia

## Certifications



**Type of Certification:**  
ISO 9001:2015

**Certification Number:**  
JKT0403953

**Validation:**  
26 June 2019

**Issued By:**  
Lloyd's Register Indonesia, for and on behalf of Lloyd's Register Quality Assurance Limited, United Kingdom (LRQA - UK)

**Type of Certification:**  
ISO 14001:2004

**Certification Number:**  
JKT0500340

**Validation:**  
12 July 2018

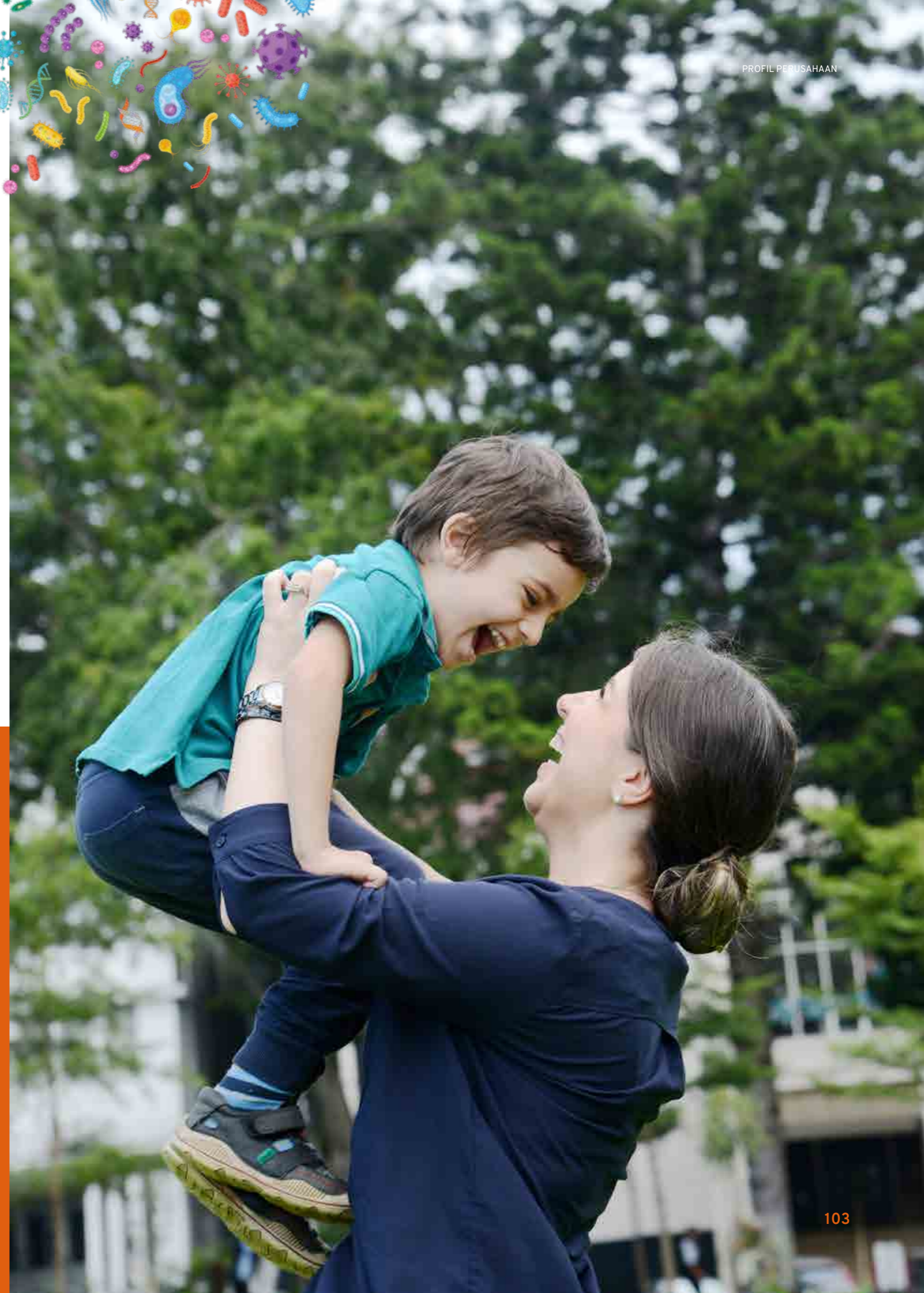
**Issued By:**  
Lloyd's Register Indonesia, for and on behalf of Lloyd's Register Quality Assurance Limited, United Kingdom (LRQA - UK)

**Type of Certification:**  
OHSAS 18001:2007

**Certification Number:**  
JKT0500339

**Validation:**  
12 July 2018

**Issued By:**  
Lloyd's Register Indonesia, for and on behalf of Lloyd's Register Quality Assurance Limited, United Kingdom (LRQA - UK)

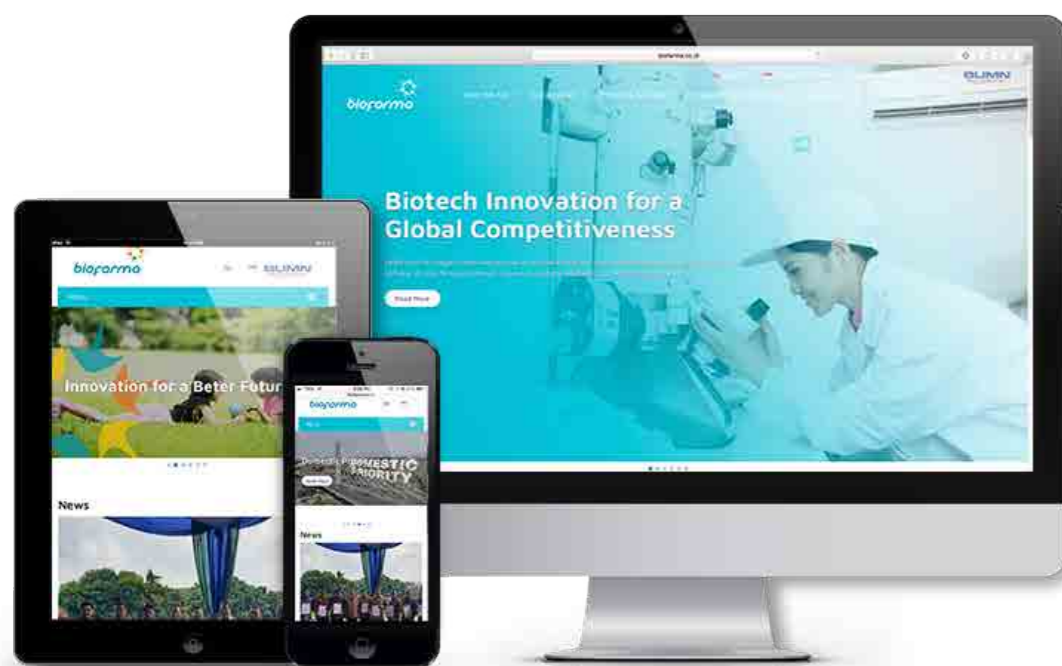


## Name and Address of Subsidiary, Association Entity, and Branch Offices

As of 31 December 2017, Bio Farma has 1 Head Office, 1 Production Support Office, 1 Representative Office, and 61 Marketing Services (marketers). Information regarding Bio Farma's office network address is as follows.

Description	Address
Head Office	Jl. Pasteur No. 28, Bandung 40161, Indonesia
Production Support Office	Jalan Kolonel Masturi, Desa Kertawang, Kecamatan Cisarua, Kabupaten Bandung Barat 40551.
Representative Office	Gedung Pakarti Center Jl. Tanah Abang III No. 23-27 Jakarta
Marketing Service (marketer)	Spread in several major cities such as: Jakarta, Tangerang, Depok, Bekasi, Cirebon, Bandung, Surabaya, Semarang, Solo, Jogjakarta, Purwokerto, Madiun, Jember, Denpasar, Mataram, Palu, Pontianak, Palangkaraya, Manado, Makassar, Kendari, Banjarmasin, Balikpapan.

## Information Available on the Website



Bio Farma has completed the company's website by posting various updated information about the Company, including:

- Shareholders information up to the ultimate individual owner;
- Code of Ethics;
- Information on General Meeting of Shareholders (GMS) at least includes the agenda discussed in GMS, a summary of the minutes of GMS, and information on important dates,

which are GMS announcement date, GMS notice date, GMS date, date of GMS minutes announcement;

- Separate annual financial statements (the last 5 years);
- Profile of Board of Commissioners and Board of Directors; and
- Charter of the Board of Commissioners, Board of Directors, Committees, and Internal Audit Unit.
- As well as important and up-to-date information.

## Education and/or Training of Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit

### COMPETENCE DEVELOPMENT OF BOARD OF COMMISSIONERS

Throughout 2017, members of the Company's Board of Commissioners attended various programs to increase the competence in the forms of trainings, workshops, conferences, seminars, as seen in the following table.

Table of Competence Development of Board of Commissioners

Name	Position	Competence Development/ Training Material	Time and Place	Type of Training and Organizer
Ahmad M. Ramli	President Commissioner	Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
Mohammad Subuh	Commissioner	Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
Heridadi	Independent Commissioner	Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
Ihsan Setiadi Latief	Commissioner	Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI



### COMPETENCE DEVELOPMENT OF BOARD OF DIRECTORS

Throughout 2017, members of the Company's Board of Directors attended various programs to increase the competence in the forms of training, workshops, conferences, seminars, as per the following table:

Table of Board of Directors' Competence Development

Name	Position	Competence Development/ Training Material	Time and Place	Type of Training and Organizer
M. Rahman Roestan	President Director	Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
Juliman	Director of Production	Education of Medicine and Halal Vaccine (as speaker)	11 October 2017, Bandung	Inhouse, Bio Farma
		Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		Executive Gathering	2017, Medan	Inhouse
Sugeng Raharso	Director of Planning and Development	LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		"Analytical Method in Development and Manufacture of Drugs and Biologics"	21 March 2017, Bandung	Inhouse, Bio Farma
		Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
Pramusti Indrascaryo	Director of Finance	Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
Disril Revolin Putra	Director of HR and General Affairs	Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
		Social Media for Employees	08 November 2017, Bandung	Inhouse, Mediawave

Name	Position	Competence Development/ Training Material	Time and Place	Type of Training and Organizer
Sugeng Raharso	Director of Planning and Development	Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
Pramusti Indrascaryo	Director of Finance	"Analytical Method in Development and Manufacture of Drugs and Biologics"	21 March 2017, Bandung	Inhouse, Bio Farma
		Transformation of Lifescience Business	16 January 2017, Bandung	Inhouse, Pricewater House Coopers
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
Disril Revolin Putra	Director of HR and General Affairs	Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP West Java
		Executive Gathering	2017, Medan	Inhouse
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI
M. Aswir Harahap	Member (external)	Synergy of SOE/Subsidiary and governance in goods and services procurement	2 - 3 November 2017, Bandar Lampung	Human Capital BUMN
		Financial Instrument PSAK 50, 55, 60 & PSAK 26	28 - 29 November 2017, Bandung	IAI Jabar
M. Aswir Harahap	Member (external)	Financial Instrument PSAK 50, 55, 60 & PSAK 26	28 - 29 November 2017, Bandung	IAI Jabar

### COMPETENCE DEVELOPMENT OF AUDIT COMMITTEE

Throughout 2017, members of the Company's Audit Committee attended various programs to increase the competence in the forms of training, workshops, conferences, seminars, as per the following table.

Table of Competence Development of Audit Committee

Name	Position	Material for Competence Development/Training	Time and Place Implementation	Type of Training and Organizer
Priyatno	Member (external)	Synergy of SOE/Subsidiary and governance in goods and services procurement	2 - 3 November 2017, Bandar Lampung	Human Capital BUMN
		Financial Instrument PSAK 50, 55, 60 & PSAK 26	28 - 29 November 2017, Bandung	IAI Jabar
M. Aswir Harahap	Member (external)	Financial Instrument PSAK 50, 55, 60 & PSAK 26	28 - 29 November 2017, Bandung	IAI Jabar

### COMPETENCE DEVELOPMENT OF RISK, DEVELOPMENT AND GCG COMMITTEE

Throughout 2017, members of Risk, Development, and GCG Committee performed competence development through internal as well as external discussion forum.

### COMPETENCE DEVELOPMENT OF CORPORATE SECRETARY

Throughout 2017, Corporate Secretary of Bio Farma attended various programs to increase the competence in the forms of trainings, workshops, conferences, seminars, as seen in the following table.

Table of Corporate Secretary Competence Development

Name	Position	Material for Competence Development/ Training	Time and Place Implementation	Type of Training and Organizer
Bambang Heriyanto	Corporate Secretary	Transformation of Lifescience Business	16 January 2017, Bandung	Pricewater House Coopers
		Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP Jawa Barat
		National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse,
		LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI

### COMPETENCE DEVELOPMENT OF INTERNAL AUDIT UNIT

Throughout 2017, the Internal Audit Unit of Bio Farma attended various programs to increase the competence in the forms of training, workshops, conferences, seminars, as per the following table.

Table of Competence Development of Internal Audit Unit

Name	Material for Competence Development/Training	Time and Place Implementation
Gandjar Trisnasari	Auditor Talks "Re-Branding Internal Audit to Increase Effectiveness of Roles in the Company"	25 October 2017, Jakarta
	National Anti Fraud Conference 2017 "Value-Based Anti-Fraud Strategy"	05-08 November 2017, Yogyakarta
Amar Yuliar S	Internal Audit, Managerial Level	28 August - 07 September 2017, Jakarta
	Pension Planning Training (Financial Planning Training)	07-08 September 2017, Bandung
Satia Permadi	Consolidated Financial Statements	31 July - 01 August 2017, Bandung
	National Anti Fraud Conference 2017 "Value-Based Anti-Fraud Strategy"	05-08 November 2017, Yogyakarta
Edi Iskandar	Sharing Session Review Certification (AAPM Indonesian Chapter- Jakarta)	07 February 2017, Jakarta
	Information Technology Infrastructure Library V.3 Foundation	25-28 July 2017, Jakarta
Sigit Prakosa	Professional Auditor Forum (PAF)	6 March 2017, Jakarta
	Continuing professional education	16-17 March 2017, Jakarta
	IAI International Seminar	29 March 2017, Jakarta
Johnny H. Gultom	Activity Based Costing (ABC) Method	28-29 August 2017, Bandung
	ERP intensive	25-26 September 2017, Bandung
Leni Lestari	Auditor Talk "Fraud in Procurement: Prevent, Detect & Correct"	05 - 06 December 2017, Jakarta

Name	Material for Competence Development/Training	Time and Place Implementation
Ai Sukarni	Pension Planning Training (Financial Planning Training)	07 - 08 September 2017, Bandung
	Balance Score Card	15 - 16 November 2017, Bandung
	Auditor Talk "Fraud in Procurement: Prevent, Detect & Correct"	05 - 06 December 2017, Jakarta
Emillina	Balance Score Card	15 - 16 November 2017, Bandung
Ahmad Agus R	Consolidated Financial Statements	31 July - 01 August 2017, Bandung
	Activity Based Costing (ABC) Method	28-29 August 2017, Bandung
	PSAK 71 and Implementation of Regulation of Minister of SOE No. PER-09/2013 & Circular of SOE No. 5-388/MBU/07/2017 on Hedging Transaction	28 - 29 November 2017, Bandung
	Training on Fraud of Procurement of Goods and Services (ACFE)	06 - 07 December 2017, Makassar
Dedi Mulyadi	Balance Score Card	13 - 14 December 2017, Bandung
	Training on Fraud of Procurement of Goods and Services (ACFE)	29 - 30 November 2017, Bandung
Nurdin Wijaya	Legal Drafting Training	06 - 07 December 2017, Makassar
	Public Training on Interpretation of SOE KPKU Assessment	10 - 12 July 2017, Jakarta
	Implementation of Whistleblower System in Corruption Countermeasures in SOE & Regional-Owned Enterprise	26 - 28 July 2017, Jakarta
	Internal Audit Training Level Basic I	28 September 2017, Surabaya
Dani Matias	Balance Score Card	23 October - 03 November 2017, Jakarta
	ERP intensive	29 November 2017, Bandung
	Implementation of Whistleblower System in Corruption Countermeasures in SOE & Regional-Owned Enterprise	25 - 26 September 2017, Bandung
Benny Emerald H	Balance Score Card	28 September 2017, Surabaya
	PSAK 71 and Implementation of Regulation of Minister of SOE No. PER-09/2013 & Circular of SOE No. 5-388/MBU/07/2017 on Hedging Transaction	18 - 19 December 2017, Bandung
Yanuar Rasyid	Balance Score Card	28 - 29 November 2017, Bandung
	Legal Drafting Training	10 - 12 July 2017, Jakarta





# Human Resources

“

Bio Farma realizes the implementation of building an innovation culture that has become a corporate value. Bio Farma has an innovation management system (product, process, and strategy) that is annually evaluated and awarded the Innovation Award for innovation with the highest business contribution value.

# Human Resources

“ In line with the Company’s vision to Become a World-Class Globally Competitive Lifescience Company, the Human Resource Management Strategy is based on the development of work culture through the implementation of corporate values, improving organizational structure, structuring human resources, improving employee competence and capability as well as improving corporate governance.



## ROADMAP OF DEVELOPMENT AND HUMAN RESOURCES DEVELOPMENT

HR management at Bio Farma refers to Human Capital (HC) management concept, where employees as the Company’s partners are encouraged to keep improving their individual quality and competence in order to achieve optimum performance. Bio Farma systematically performs various initiatives towards the Bioeconomy era or Life Science Industry in 2030, in which biotechnology will be the backbone of the world’s economic growth. From Human Capital perspective, the Company develops a Human Capital Development Roadmap towards Life Science Industry with stages as follows:



## HUMAN CAPITAL SYSTEMS FIT IN INFRASTRUCTURE

Bio Farma designs, develops, and aligns all integrated Human Resources management systems starting from organization system, management of job and position, management of competence, performance, talent, reward & punishment in the whole business process elements covering aspects of financial, good corporate governance, internal process, as well as learning and development, supported by information technology and good industrial relations with the employees as well as considering the balance between work and personal life.

## HUMAN CAPITAL SYSTEMS AND OPERATION IMPLEMENTATION

Bio Farma implements and evaluates the integrated Human Resources Management system within the whole Human Resources management activities.

## HUMAN CAPITAL SYSTEMS AND OPERATION SUSTAINABILITY

Bio Farma ensures that all integrated Human Resources management system runs consistently, reliably, and can be used as a basis for employee development in line with the Company’s business.

## EXCELLENCE HUMAN CAPITAL MANAGEMENT

Bio Farma ensures that the whole integrated Human Resource management system runs consistently, validly, and trusted as basis of decision making for all of Human Resources management activities.

## EXCELLENCE HUMAN CAPITAL WITHIN SUPPORT TO BUSINESS

Bio Farma ensures that all integrated Human Resources management system acts as the Company’s strategic partner in making business decisions.

## HUMAN CAPITAL MANAGEMENT STRATEGY

To achieve the Human Capital development objectives according to the established Roadmap, the Company sets the Bio Farma Human Resources Development Strategy (Human Capital) as follows:

1. Re-establishing organizational functions in Bio Farma.
2. Re-establishing work and position as indicated in the Company’s business objectives.
3. Implementing employees’ competency development and management system, especially in technical, soft, and managerial skills.
4. Implementing KPI-based employees’ performance assessment, integrated from corporate’s KPI down to individual’s KPI.
5. Implementing employees’ career development and management system using talent management system approach which is based on performance and competence.
6. Implementing reward and punishment system which is based on performance and competence.
7. Implementing Work Life Balance in various activities.
8. Building an organization culture which is oriented to the achievement of result and performance.
9. Preparing Information Technology (IT)-based Human Capital Information System (HCIS) that is integrated with ERP.
10. Simplifying all HR management systems and policies.

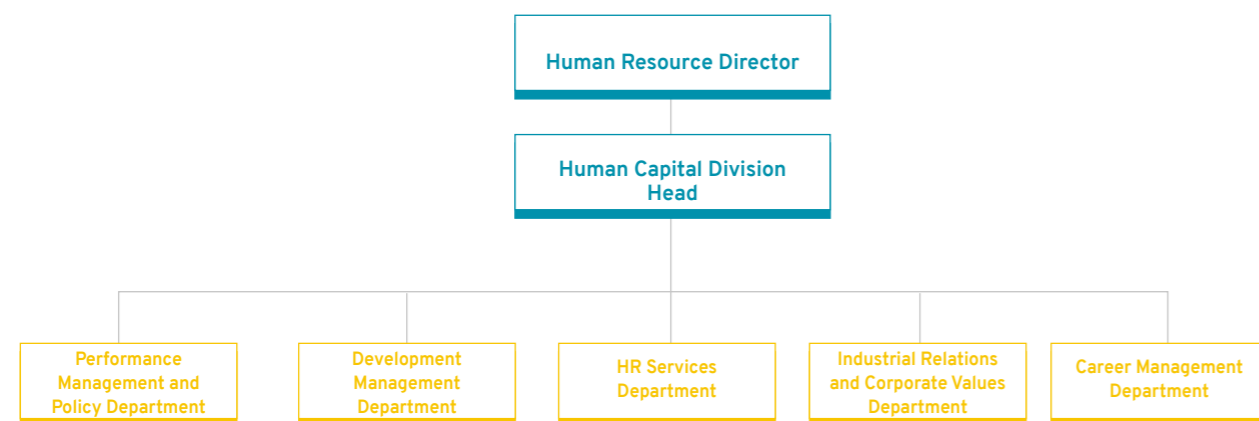
## ORGANIZATIONAL DEVELOPMENT

Organizational development is focused on the design and review activities on organization structure, job evaluation, design and review of career development model and the Company’s overall plan of Human Capital requirements. The Company’s organizational development activities are geared towards supporting Bio Farma’s long-term business development and strategies to bring its competitive edge. Bio Farma has performed numerous activities relating to its organizational development, such as:

- Mapping the functions within work units;
- Performing analysis on the workload of each job position;
- Re-organizing the conformity between individual function, job positions, and work unit; and
- Determining job position formation and classification.

## HUMAN RESOURCES MANAGEMENT STRUCTURE

The Company's Human Capital management is run by HR Division led by Wawan Setiawan, under the responsibility of Director of Human Resources and General Affairs. The organizational structure of the HR Division is as follows.



The work scope of each Department within the HR Division is as follows.

No.	Department	Job Description
1.	Performance Management and Policy Department	Ensuring the availability of system/policy and the management of Human Capital Management System, the implementation of performance management and work culture that is integrated with the company's business through review, analysis, and policy design, strategic initiatives to support business growth in accordance with RJPP.
2.	Development Management Department	Ensuring and supervising the implementation of Internal, External, and On-the-Job Training, Knowledge Sharing, developing Plan of Action, Training Cost Budget, as well as establishing cooperation with training and education institutions in order to implement the Company's formal training and education, through competence management that is integrated based on the strategies set forth in RJPP, GCG regulations, WHO regulations, and the Company's strategy formulation.
3.	HR Services Department	Ensuring proper and accurate management of Human Resource Administration through implementing effective employment and human resource services in order to support the achievement of HR Division objectives and employee satisfaction based on the applicable Laws and Regulations.
4.	Industrial Relations and Corporate Values Department	Ensuring good implementation of work program through optimizing the Industrial Relations and Corporate Values system in accordance with the Company's strategy in order to support the achievement of HR Division's objectives based on government's and the Company's regulations, Collective Labor Agreement, applicable laws and principles in Good Corporate Governance.
5.	Career Management Department	Ensuring the availability of accurate data and information related to the fulfillment of employee's needs, career, and termination through effective career and recruitment analysis in order to support the implementation of recruitment, career, and termination policies based on HR systems and strategies.



## HUMAN CAPITAL MANAGEMENT

Bio Farma has a policy of equal treatment for all employees. Bio Farma opens the same opportunity for all employees in improving their competence, career development, and perform their duties professionally without distinction of ethnicity, religion, race, class, gender, and physical condition in accordance with the required potential, ability, and skill.

### RECRUITMENT POLICY AND IMPLEMENTATION

The Company carries out recruitment based on the formation management established in the Company's Work Plan and Budget (RKAP) in line with the business development and the Company's growth. Bio Farma opens equal opportunities for all job applicants, women and men.

Gradually, starting from 2014, Bio Farma has opened employment opportunities for people with disabilities in accordance with Circular No. SE 01/MBU/2014 on the Placement for Employees with Disabilities. In implementing

the recruitment of prospective employees, the Company has several policies such as:

- Establishing a recruitment policy based on formation available on the work unit in accordance with the results of the organization's analysis and job positioning;
- Establishing a tiered evaluation system policy to determine status as permanent employee;
- Establishing staffing index according to the Company's business growth;
- Cooperating with external parties to select Employee; and
- Conducting tiered evaluation to determine Employee's status.

The recruitment process is open without discrimination to everyone as long as they meet the established requirements. To capture and provide the widest possible employment opportunities, the recruitment process is publicly announced through various national and local print media (Pikiran Rakyat, Kompas, Media Indonesia), electronic media (Corporate website, social media such as Facebook and Twitter, SOE portal, radio) as well as through job fair events and roadshows to several universities.

After the applicants are available, the next stage is the selection process. The type of tests given are in accordance with the requirements of the job title. The new employee recruitment procedure in Bio Farma is as follows:

- Job vacancies are published through mass media.
- Perform collaborations with universities/educational institutions.
- Applicants apply through website: [www.biofarma.co.id](http://www.biofarma.co.id) on the career link menu.
- Candidate selection by academic requirements are completed automatically by the system.
- Verifications and interviews.
- Psychological tests are performed by independent party.
- Comprehensive health tests become the final determinant of a candidate to succeed in becoming an employee.

The recruitment and selection process is necessary to ensure precise conformity between what the Company wants or needs and what the Company gets.

## COMPETENCE DEVELOPMENT POLICY AND IMPLEMENTATION

Competence is the ability and characteristics possessed by employees in the forms of knowledge, attitude, behavior needed to complete a task and occupy a position to achieve a set standard performance. Aspects included in competence are: knowledge, skills, and attitude. Competence is a deliberate action that encourages a number of motives and personal characters to perform an action towards the formation of a result.

In an effort to standardize the capability, the Company compiled the Competency Manual/Dictionary used as the standardization of competence for each job position as stipulated in Board of Directors' Decree No. 03971/DIR/X/16. Each competency is generated to a training matrix for each mandatory job position as a systematic effort to achieve a competency. Competence and trainings taken become a prerequisite in the process of employee promotion.

The implementation of human resources development is expected to improve the quality of professionalism and employees' skills in performing their duties and functions optimally so that they perform their tasks efficiently, effectively, and productively, balancing work morale, occupational health and safety, as well as the personal qualities of the employees.

## TRAINING AND EDUCATION

The Company designs training and education programs for employees on an ongoing basis to maintain the performance quality and improve competence. Every employee has equal opportunity in improving competency according to their potential, ability, and skill. The Company provides various forms of training conducted in-house as well as in external educational/training institutions. The types of education and training implemented by Bio Farma are as follows:

- Competence Training;**  
Trainings provided to fulfill the competencies matrix established for each role.
  - Technical/Functional Skills;**  
Trainings provided to fulfill technical competencies (hard competency) established for each job position.
  - Expertise Certification;**  
Certification trainings carried out in accordance with the provisions of government regulations (Ministry of Manpower and Transmigration) or international regulators for certain positions or jobs in a particular work area.
  - Managerial Training;**  
Trainings on leadership and managerial aimed for leadership positions in the Company.
  - Knowledge Sharing; and**  
One form of knowledge management activities that manages every employee who has completed a training and or is experienced to provide knowledge sharing to other employees.
  - Post Graduate Formal Education.**  
Postgraduate courses provided to potential and accomplished employees to improve their academic competence with an applied research-based approach.
- The type of development and cost of employee competence development can be seen in the Company Profile section of this Annual Report.

## SCHOLARSHIP FOR POST GRADUATE FORMAL EDUCATION

Bio Farma provides scholarships to employees who meet the applicable terms and conditions in Bio Farma to continue education to Post Graduate and Doctoral levels. Selected majors are tailored to the Company's strategic plan from the perspectives of organizational development, management, and product development plan so that the resulting thesis or dissertation is not basic research, but a practical, study with business values.



In order for the formal education program to be in line with the demands and business strategy, the Company sends employees to take graduate programs in universities with research collaborations with the Company, so that the results will have a selling value and contribute to the acceleration of researches.

Up to 2017, there are 20 (twenty) employees who are undergoing formal education scholarship program, in which 15 (fifteen) are pursuing Master's degree and 5 (five) are studying for Doctoral degree.

The selection process of the postgraduate education participants is as follows:

- Administration selection with the criteria: Working period of at least 5 years, Minimum B grade of their Performance Appraisal, has a Bachelor's degree diploma relevant to the scholarship program plan.
- Academic Potential Test through independent party, in this case BAPPENAS.
- Foreign language fluency test for international scholarship program.
- Interviews on the vision, mission, and implementation plan after finishing study.
- Evaluation and decision on the study assignment (scholarship).

## KNOWLEDGE MANAGEMENT

Knowledge management is initiated to secure the knowledge asset owned by the Company. This process involves identifying sources, storing, and disseminating knowledge. The activities undertaken in the process of Knowledge Management are as follows.

- Knowledge exchange**  
The process of sharing knowledge between employees of a skill that has been applied in the Company is done through presentation or coaching sessions. In this activity, there is also an exit interview for employees who will enter retirement by sharing knowledge and experience to future generations. During 2017, there have been 5 (five) Knowledge Exchange events.

- **Community of Practice (CoP)**  
The sharing process within the internal practitioner community to discuss a particular technical problem with the aim of collecting knowledge across disciplines to formulate solutions. During 2017, there have been 5 (five) CoP events.
- **Lesson Learned Sharing**  
Post-knowledge sharing process follows a training session outside the Company (public training) or benchmarking to initiate distribution or even dissemination of knowledge, especially in their respective work units. Employee participation in this program is 92% of the public training realization.

**PERFORMANCE ASSESSMENT POLICY AND IMPLEMENTATION**

**PERFORMANCE MANAGEMENT**

The Company constantly refers to measurable results through the Key Performance Indicator (KPI) in shaping the performance management pattern. In an effort to improve human capital capability and competence, it is necessary to immediately build, improve, and maintain the personnel database system; work systems and procedures, career patterns that encourage employee motivation to work; fair and transparent rank and remuneration systems; education systems and mechanisms as well as trainings that support and accelerate the technical and managerial capabilities of human capital in order to create an increasingly conducive working climate.

**REMUNERATION**

Bio Farma implements a competitive remuneration system, by considering wage levels in similar industries, Labor Law, Provincial Minimum Wages (UMP), and the Company's capabilities. The Company ensures that the minimum wage amount given to all employees is above the provincial minimum wage.

In addition, there is no remuneration policy that distinguishes treatment of male and female employees at all work levels. Competitive remuneration will retain highly competent employees. Remuneration is given to employees based on a fair performance assessment. The Company continues to develop a remuneration system that is in line with the Company's business development.

Since 2014, the Human Resource Division has developed a competency-based and performance-based remuneration system. The total rewards earned by employees consist of:

1. Pay for Person (compensation against the competence);
2. Pay for Position (compensation against the work);
3. Pay for Performance (compensation against the performance);
4. Incentive.



Employee payroll systems are expressed in grade and level of position, from grade 17 (lowest) to grade 2 (highest).

**Total Remuneration (Take Home Pay) received by Employee per Month for the Last 2 Years**

Level Position	Grade	2017		2016		Increase/Decrease (%)	
		min	max*	min	max*	min	max*
		1	2	3	4	3/1	6/2
Head of Division	6-2	24.964.040	32.671.310	24.860.040	32.586.257	0,42	0,26
Head of Department	8-3	14.967.042	24.024.157	16.311.229	23.989.161	(8,24)	0,15
Head of Section	12-3	10.356.260	20.122.698	11.007.054	19.548.659	(5,91)	2,94
Staff	9-5	6.908.530	10.955.685	6.855.330	11.046.718	0,78	(0,82)
Junior Staff	13-5	5.378.450	13.903.432	5.762.871	13.801.195	(6,67)	0,74
Executor	17-7	5.170.749	11.719.400	5.184.660	11.962.839	(0,27)	(2,03)

\* the maximum remuneration is established by term of office

**EMPLOYEES WELFARE**

Bio Farma provides various allowances to employees as part of remuneration. The allowances are in the forms of Holiday Allowance, Welfare Allowance, annual leave allowance, Sabbatical leave allowance, official uniform allowance, and annual bonus (production service). In addition to these allowances, employees receive facilities such as treatment (outpatient and inpatient), canteen, sports facilities, religious facilities, and recreation.

In granting the employees their normative rights, Bio Farma decides:

- a. Type of leave consisting of annual leave, sabbatical leave, sick leave, maternity leave, menstruation leave, miscarriage leave, worship leave, emergency leave, and unpaid leave, outside of the Company's responsibility. Employees are entitled to take leave and obtain permission to leave work for important reasons in accordance with the applicable provisions.
- b. Providing pension benefits in the forms of fixed contributions with benefits obtained at retirement age in the forms of monthly income, old-age savings, life insurance, and health care.

Basically, all permanent and non-permanent employees (contract workers) receive all facilities, allowances and incentives/ bonuses, except for official uniform allowance and sabbatical allowance, which are not given to non-permanent employees.

**CAREER DEVELOPMENT POLICY AND IMPLEMENTATION**

Career development is a process created to help employees further improve their careers. Career success in Bio Farma is influenced by 3 (three) aspects, which are:

- a. Company's business plan and requirements.
- b. Employees' tenacity and plans.
- c. Employees' performance and output.

Career development is aimed to gain a career path with the objectives: to provide certainty of career direction, to increase organizational power to attract qualified employees, to facilitate management in organizing career development program, and to facilitate personnel administration in promotion, rotation, and demotion.

**EMPLOYEES ENGAGEMENT**

The Company has established a number of policies on employees' engagement, which are:

- Policies on work life balance program;
- Policies on employee reward program;
- Policies on employee satisfaction measurement program;
- Implement the work life balance program which refers to employees' well-being.

- Implement employee recognition program in the form of appreciation as well as coaching, mentoring, and special assignment;
- Designing reward policies based on competence, position, and performance.

To improve the level of employee engagement towards the Company, Bio Farma has made changes from the views of corporate organization, HR management system, as well as reward and recognition program based on performance and output of employees, by considering the psychological condition of each employee.

### EMPLOYEES SATISFACTION SURVEY

Employee Satisfaction Survey results in 2017 indicated that employees were “satisfied” with the Human Capital management, although in some aspects there are still areas to be improved. Employee satisfaction surveys are conducted at the Head Office and all Branch Offices, in collaboration with third parties aimed at maintaining independence.

### EMPLOYEES TURNOVER RATE

Employees turnover rate in Bio Farma is triggered by several reasons, such as: retirement, deaths, resignations, etc. In 2017, Employee turnover rate in Bio Farma reached 0.51%. The turnover rate was especially caused by the high number of employees entering retirement age.

Table of Employees Turnover Rate

Description	2017	2016
Total Employees Resigned	5	1
Total Employees	1.186	1.171
Employees Turnover Rate	0,51%	0,09%

### INDUSTRIAL RELATIONS POLICY

Bio Farma recognizes the freedom of association for employees within the Company’s environment. Freedom of association for employees is a manifestation of the Company’s compliance with Labor Law No. 13 of 2003 and international regulations, which is ILO Convention 87 and 98. On 1 April 1999, employees of PT Bio Farma (Persero) formed an organization named PT Bio Farma (Persero) Employees Association (HIKA) and on 5 April 2010, an organization called Employee Communication Forum (Forwan) was established.

The Company encourages existing labor unions to be professionally managed as a means of liaison between employees and the Company in order to create harmonious relationship that is beneficial to each other. The latest negotiations between Labor Unions and the Company was made in 2012 which agreed and approved the Collective Labor Agreement (PKB) for the period of 2012-2014 which has been registered in accordance with the Decree of Head of Manpower and Transmigration Office of West Java Province, No. 568/07/PKB/Perlind/2012, which was extended until 2017.

The Company has established several policies related to the implementation of industrial relations, among others:

- Established a Collective Labor Agreement (PKB) between the Labor Union (SP) and Bio Farma (Management);
- Established a Bipartite Cooperation Institution (LKS) to conduct routine communication between Bio Farma and Labor Union (SP);
- Established audit/investigation team from the Company and Labor Union on various industrial relations case;
- Established policies of discipline and work order;
- Established work time policies;
- Enforcing discipline for working hours.

### PENSION POLICY AND PROGRAM

The Company has established several policies on the implementation of retirement program, such as:

- Established the career transition program policy;
- Established pension policy including the welfare improvement for post-retirement;
- Planning the pension benefit program policy;
- Providing retirement preparation training programs.

Career transition program starts 5 (five) years prior to retirement. This program is carried out, among others, in the form of Paradigm Alteration Training to prepare the mentality of employees facing retirement. One year before retirement, employees are discharged from their work and are given the obligation to perform sharing of either knowledge or experience with colleagues or personnel replacing them.

In relation to pension rights (severance pay, service fee, DPLK, Retirement Allowance), going forward, the Company has prepared the Post-Pension Welfare system, such as monthly pension allowance and retirement health, in the effort to improve engagement level.

Throughout 2017, Bio Farma conducted a training program for the retirement preparation, called Paradigm Alteration Training with total participants of 74 people costing Rp180 million, while the training theme is learning how to prepare for pension and financial planning for career transition.

### HUMAN CAPITAL PROFILE

You can see the description on the employees profile of Bio Farma can be seen in the Company Profile chapter of this Annual Report.

### INTERNALIZATION OF CORPORATE CULTURE

In an effort to improve the internalization of corporate culture, the Company organizes a training program on corporate value which in 2017 was dedicated to employees at the staff level. To support the achievement of human resource development, the Company will conduct a massive, systematic, and continuous internalization of corporate culture based on the spirit of innovation, synergy, and efficiency to all employees. This is realized through the establishment of an organizational structure that accommodates change managers, change agents, and culture festivals.



#### Innovation Award

Bio Farma realizes the implementation of building an innovation culture that has become a corporate value. Bio Farma has an innovation management system (products, processes, and strategies) that are annually evaluated and awarded the Innovation Award for innovation for the highest business contribution value.



# Information Technology

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Bio Farma utilizes Information Technology (IT) not only for business support, but also as one way to accelerate the Company's business through IT development plan.

## Information Technology

Bio Farma has prepared its Information Technology Master Plan (Roadmap) as a guideline in developing the Company's Information Technology (IT). Streamlining roadmap and IT management strategy is continuously performed so that the Company's IT development can accelerate the business growth and can accommodate changes in line with market demand to support Bio Farma's visions.



### MASTER PLAN OF INFORMATION TECHNOLOGY

Information Technology (IT) is essential in the development of the Company's business, therefore, we need to develop it in a directive and measurable way to support Bio Farma's business strategy and ensures that it is in line with the Company's long, medium, and short-term objectives.

In order for Information Technology to be utilized optimally, measurably, focused, and to fulfill the principles of Good Corporate Governance (GCG), the utilization and development of information technology in the Company must be based on a system of governance, stipulated in a master plan, and developed in a synergy among SOEs.

In the efforts to utilize and develop its IT, Bio Farma prepares Information Technology Master Plan (Roadmap):

1. The Information Technology Master Plan is established and approved by the Board of Directors.
2. The Information Technology Master Plan is created for a period of 5 (five) years and is aligned with the Company's Long-Term Plan (RJPP) and to support the Company's strategies and objectives.
3. The Information Technology Master Plan is implemented in the annual plan that is part of the Company's Work Plan and Budget (RKAP).
4. The Board of Directors monitors and evaluates the implementation of information technology master plan on a regular basis and annually to determine the success of the implementation, results, and objectives achievements of the information technology master plan.

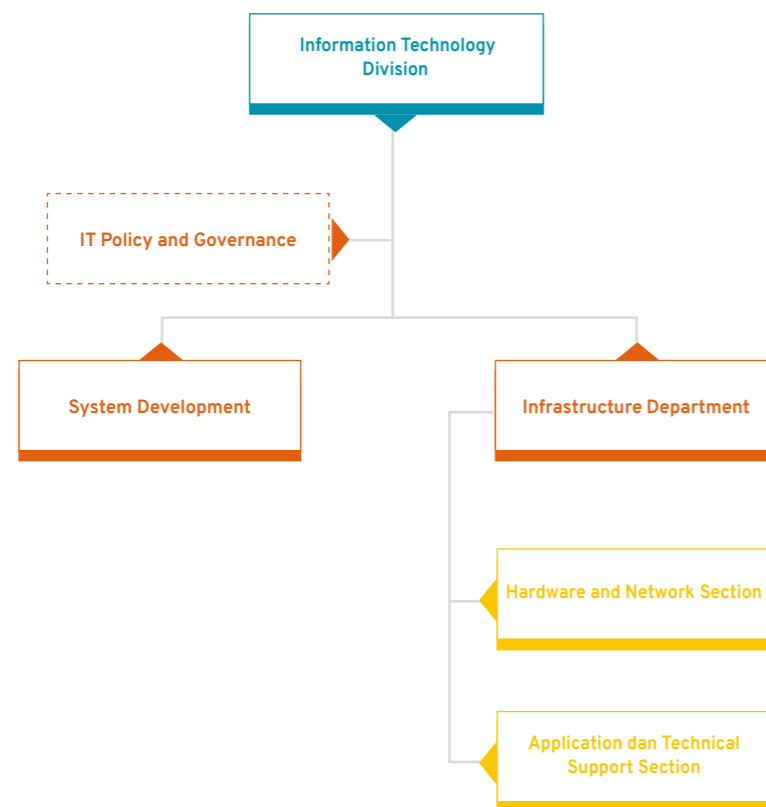
5. The results of periodic monitoring and evaluation become part of the Company's Management Report submitted to the GMS quarterly and annual evaluation results.
6. If deemed necessary, the Board of Directors will review and make changes to the information technology masterplan that has been established to anticipate business changes and developments in information technology.

The Information Technology Division of Bio Farma has created 2017-2021 Master Plan of Information Technology as the 5-year annual work guide.



### INFORMATION TECHNOLOGY MANAGER STRUCTURE

The Company's Information Technology Management is run by the Information Technology Division led by Hikmatullah Insan Purnama as the Head of Information Technology and is under the responsibility of the President Director. The organizational structure of the Information Technology Division is as follows.



The work scope of each Department within the Information Technology Division is as follows.

IT Policy and Governance	System Development	Infrastructure
<ul style="list-style-type: none"> <li>Preparing the Information Technology Policy according to company regulation and needs.</li> <li>Preparing/reviewing the Information Technology Master Plan.</li> <li>Developing and reviewing Master Plan Validation (VMP).</li> <li>Ensuring the implementation of all policies, guidelines, and standard procedures of Information Technology according to regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Developing applications according to needs of the Company</li> <li>Preparing/reviewing document of validation system.</li> <li>Refining applications that is already running</li> </ul>	<ul style="list-style-type: none"> <li>Managing hardware, data/information, and information technology infrastructure (network system, communication, and other supporting facilities).</li> <li>Managing information technology services.</li> </ul>

## INFORMATION TECHNOLOGY MANAGEMENT

### INFORMATION TECHNOLOGY MANAGEMENT STRATEGY

In order to achieve the targets set forth in the information technology master plan, the following strategic initiatives are defined:

- Develop infrastructure and supporting tools for employee development through management of product-based organizations and Strategic Partnerships.
  - IT Infrastructure and IT System Based on Product
  - IT Infrastructure and IT System for e-Learning
  - IT for Bio Farma Strategic Partnership (Managed Service or Invest by Subsidiary)
  - IT for Project Management and Collaboration Research (BioInformatics)

- Comply with local and international regulations, including international standards of quality system.
  - Government Regulation of the Republic of Indonesia No. PP 82 of 2012 on Implementation of Electronic System and Transaction.
  - Regulation of the Minister of State-Owned Enterprise No. PER-02/MBU/2013 on Guidelines to Prepare Information Technology Management of State-Owned Enterprise.
  - Guidelines on Good Manufacturing Product (GMP).
  - External Quality Framework: GAMP, COBIT, TOGAF, ITIL, PMBOK, ISO-27001, ISO-38500, ISO-20000, ISO-31000
- Capex and Opex Control:
  - IT for Green Office
  - IT for Project Management
  - IT for Cost Monitoring
- Revenue Growth and Market Share:
  - Improve Customer Relationship Management
- Accelerate the development of Production/Manufacturing Capacity by increasing capacity and improving product quality and streamlining asset utilization.
  - Improve Infrastructure Quality with Redundant Infrastructure and Optimize Cost
  - Integrate Production System with Business System

- process input and create output which will be used as information.
  - Computerized System. A combination of software, hardware, networking, system procedures (Standard Operating Procedure - SOP), User, interconnection of input process and output information used in reporting or information system control.
  - Computer System Validation (CSV). The process of software testing or computerized system to ensure the software or computerized system is aligned with users' functions and requirements.
  - Hardware Qualification. The process of ensuring that the hardware used on a computerized system has been guaranteed for its configuration and performance.
  - Software creation and development is well managed in accordance with the applicable regulations and the concept of System Development Life Cycle (SDLC).
  - The software validation process or computerized system is implemented in accordance with the applicable regulations to provide quality assurance.
- Information Security Policy:
    - The Company has full authority over the implementation of information systems security to protect the Company's information assets and ensure the continuity of the Company's business.
    - Bio Farma's information asset is owned by the Company that is available for business/operational purpose of the Company and to ensure confidentiality, integrity, and availability of information and the effectiveness and efficiency of IT services.

### INFORMATION TECHNOLOGY POLICY

- Software Development and Validation Policy Computerized System:
  - Software. A set of orders executed by a computerized machine in performing its tasks. Software can



- c. IT risk is managed by the Company to ensure security in Bio Farma's IT governance.
- 3. Policy on Electronic Record and Electronic Signature:
  - a. Electronic Record. Electronic data is a combination of text, graphics, numbers, audio, images, or other information in digital form that can be created, modified, updated, stored, retrieved, or distributed by a computer system.
  - b. Electronic Signature. Electronic Signatures is a compilation of computer data of executed, adopted, or authorized symbols that are legalized to be equivalent to manual signatures.
  - c. Usage of data or information in the form of electronic data (electronic record) which is the processing output of the computerized system and electronic signatures in Bio Farma is valid and possesses the legal power equivalent to manual process data and manual signature which are currently valid.

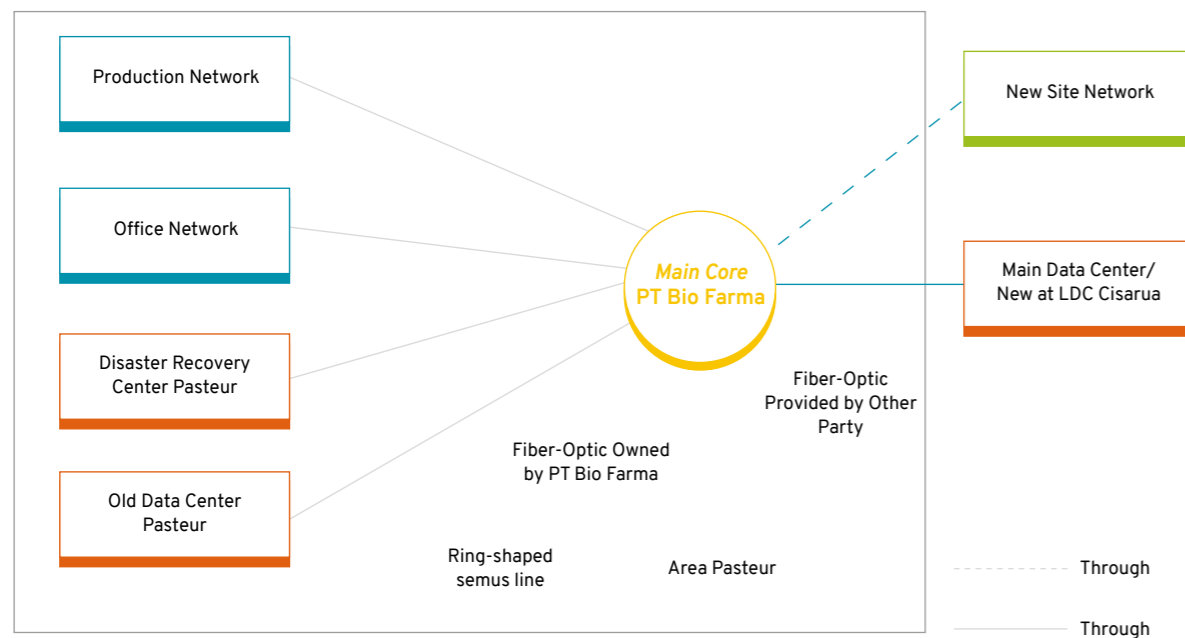
## INFORMATION TECHNOLOGY INFRASTRUCTURE

Technology Infrastructure is the foundation that supports the Company in utilizing information technology in its business. Information technology infrastructure can be centered within a data center, or it may be decentralized and dispersed across multiple locations. Current Bio Farma IT Infrastructure has become means of IT infrastructure that supports the Company's business.

In accordance with SOE governance, the Infrastructure management is divided into several major groups:

1. Computer network management.
2. Hardware management.
3. Software management.
4. Data and Information management.

You can see the block diagram of Bio Farma's infrastructure in the diagram below.



The module blocks consist of:

1. Main Core Module Block:  
Is a link to all the network module blocks in PT Bio Farma (Persero).
2. Production Network Module Block:  
Is a network that connects every device associated with production. Includes production computer network, CCTV IP network, network related to equipment and Telemetry, and SCADA.
3. Office Network Module Block:  
Is a network that connects every device that is associated with Office or business applications. Includes voice and data telecommunication networks.
4. Back-up Data Center/Transit Module Block:  
Is a data center network that serves as a backup/replication of data from Pasteur data center, and is a transit data center for

connecting to DC Cisarua, in emergency or data replication.

5. Pasteur Data Center Module Block:  
Is a data center network that serves as data center of PT Bio Farma (Persero) for Pasteur area which includes office and production server.
6. Main Data Center Module Block at Learning Development Center (LDC):  
Is a data center network that serves as the main data center for all data activities of PT Bio Farma (Persero).

All networks in PT Bio Farma (Persero) must be connected to optical fiber-based backbone and in the form of bus-star topology both in Pasteur and Cisarua areas. Some activities related to infrastructure management cover:

1. Network management.
  - a. Network Device Routine management.
  - b. Network Problem management.
  - c. Network Administration management.
  - d. Network Security.
  - e. Optic fiber maintenance (multi-mode and single mode).
  - f. Network connection testing.
  - g. Core Switch and Access Switch maintenance.
  - h. Firewall maintenance.
  - i. WiFi maintenance.
  - j. Production network design.
  - k. Network design for new building.
2. Software management.
  - a. Live Application management.  
Managing developed live applications and change request (CR) management over live applications managed by using help desk (Customer Care application).
  - b. Software License management.  
Managing licenses related to purchased original software starting from data update and license renewal. Including the monitoring of the license usage.
3. Hardware management.
  - a. Preventive Maintenance Server  
The preventive maintenance server is performed according to the schedule made within 1 (one) year. Includes Domain Controller (DC), server Database, Mail Server, File Server, and DMZ Server. The results of the preventive maintenance are also reported to the Quality Assurance Division.



- b. Maintenance Storage.
- c. Management of PC computers, Notebook, and other devices.
- 4. Data and Information management.
  - a. Mail box management.
  - b. Internet Usage management.
  - c. Back-up and Restore Data.
  - d. Monitoring Data File Server.
  - e. Anti-virus management.

The above infrastructure management is based on Bio Farma's Policy, Guidelines, and Standard Procedures including external governance rules.

**INFORMATION TECHNOLOGY GOVERNANCE**

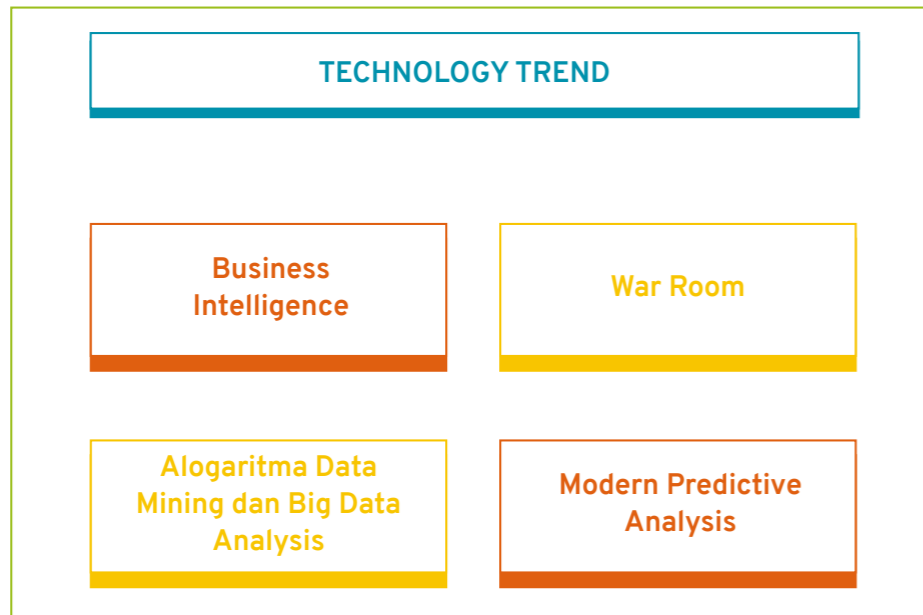
Information technology governance is under the responsibility of the Board of Directors and the organization's executive management. Information technology governance is an integral part of corporate governance that includes leadership, organizational structure and processes which ensures that we could use the Company's information technology can be used to maintain and expand organizational strategy and objectives.

Current information technology investment is not only aimed at improving the effectiveness, efficiency, and speed of work, but also as a driver of organizational performance improvement. The IT management responsibilities therefore must not entirely be submitted to a unit that only deals specifically with IT technically (IT Function). It must also be the responsibility of various management parties.

This is a new paradigm in managing information technology which is called IT governance. IT governance is a commitment, awareness, and process of organizational management control over all IT resources, including computer resources (software, brainware, database etc.) to information technology and LAN/Internet networks.

**INFORMATION TECHNOLOGY DEVELOPMENT PLAN TO THE FUTURE**

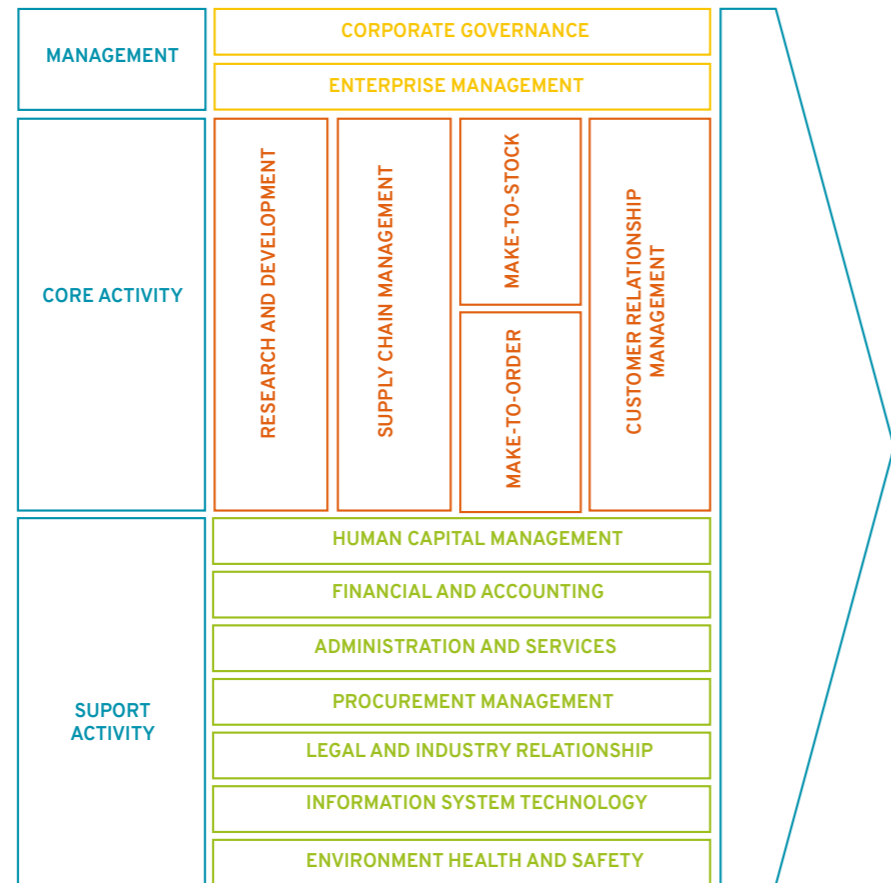
In line with technological trends, Bio Farma is planning to apply the technology in accordance with the current emerging trends.



Some of the trends, among others:

- Business Intelligence (BI) serves as a means to extract Bio Farma's internal and external data, and process them into valuable and useful information in effective decision making;
- War Room serves as a means of collecting various information at the actual time and related to the performance of Bio Farma;
- Modern predictive analysis serves as a sophisticated means of analysis based on the information received, collected, and analyzed in order to provide the useful information for Bio Farma;
- Data acquisition derived from business intelligence and war room produces information that is easy to understand, reliable, and accurate. Based on the information obtained, excellent decisions could be made quickly and accurately which would benefit Bio Farma;
- The use of data mining algorithms and big data analysis have become the needs of world-class companies.

In general, we would improve and refine the application development until 2021 based on business architecture as follows.

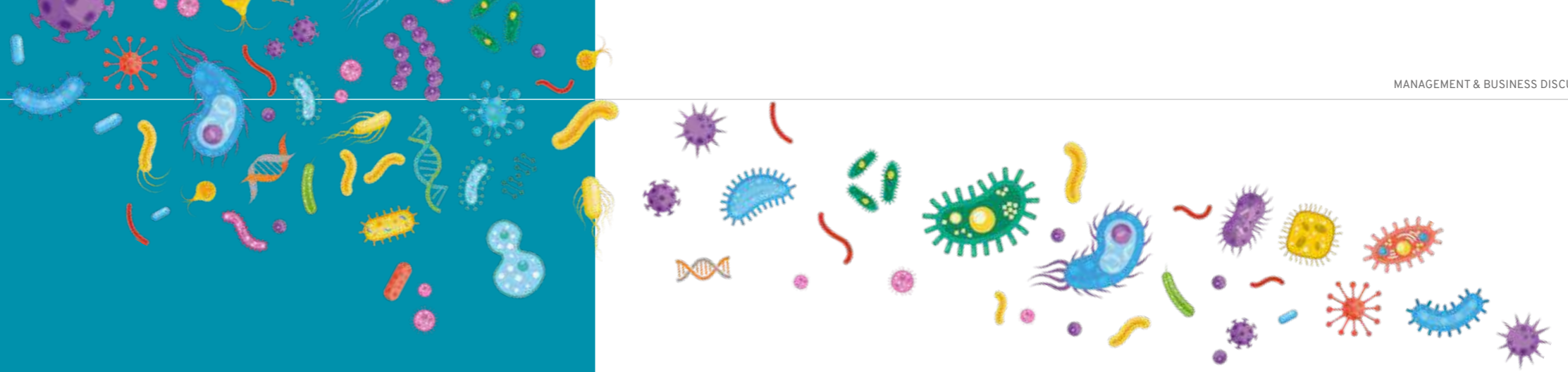
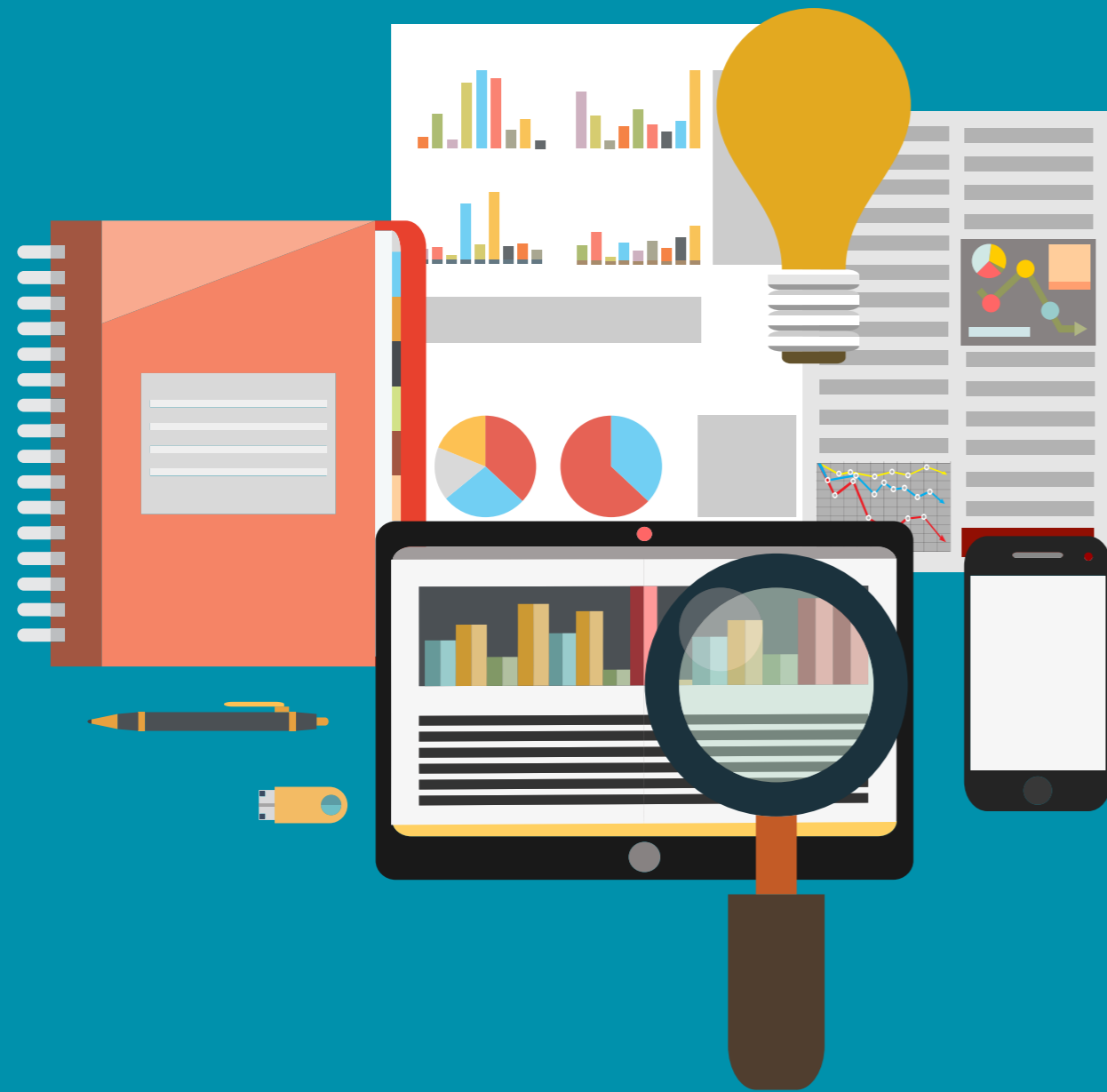


In accordance with the business architecture, built and refined applications would not only support the company core activities, but also support management decision-making requirements, and other supporting activities.

The application modules that must be available in accordance with the business architecture are as follows.

CORPORATE GOVERNANCE																	
ENTERPRISE MANAGEMENT																	
Strategic Analysis		Corporate Planning		Quality Assurance		Dashboard Management		Business Intelligence		Corporate Social Responsibility							
RESEARCH AND DEVELOPMENT	Research Inquiry	Clinical Trials	Classification and Registration	Regulatory Agency Approval	SUPPLY CHAIN MANAGEMENT	Animal Production	MAKE-TO-STOCK		MAKE-TO-ORDER		CUSTOMER RELATIONSHIP MANAGEMENT	Clinics & Vaccine Services	Prospecting Marketing	Selling	Retaining		
	Customer Inquiry						Demand Management		Sales order Procecomh								
	Manufacturing Executing System						QC										
	HUMAN CAPITAL MANAGEMENT						People Development		Union-HR Industrial Mangement								
	FINANCIAL AND ACCOUNTING						General ledger	Taxation	Cost Accounting	Account Receivable & Account Payable						Treasury & Cash Flow Management	Account Asset Management
ADMINISTRATION AND SERVICES						Office & Workflow Management		Global Business Relationships		Infrastructure & Facility Management	Helpdesk Management						
PROCUREMENT MANAGEMENT						Third Party/Vendor Management		Purchase Order Processing		Invoicing							
LEGAL AND INDUSTRY RELATIONSHIP						Legal Law & Industrial Disputes		Patent, Intellectual Property and Capital Management		Industrial and Government Relationships							
INFORMATION SYSTEM TECHNOLOGY						IT Planning and Organisation		IT Project and Implementation		IT Control and Monitoring		IT Audit and Governance					
ENVIRONMENT HEALTH AND SYSTEM						Health and Waste Management		Safety Management		Security Management							





# Management and Business Discussion

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Bio Farma has strengthened its competitive advantage by consistently contributing to the development and production of vaccines at national and global levels that focus on Biology products and is currently transforming towards Bio Farma Lifescience.

## Management Discussion and Analysis

Throughout 2017, Bio Farma managed to record Net Profit amounting to Rp525.36 billion, an increase of 4.85% compared to that of 2016, amounting to Rp501.04 billion.



### ECONOMIC OVERVIEW

#### GLOBAL ECONOMIC ANALYSIS

The global economic recovery continues to be stronger and evenly distributed in 2017. World's GDP grew 3.7% in 2017, higher than the growth in 2016 of 3.2%. Global growth was supported by accelerating economic recovery in developed countries and continued economic recovery in developing countries. Sources of economic growth also began to expand into investment, from previously focused more on consumption. Further improvements in investment pushed the volume of world trade to grow by up to 4.5%, higher than the 2016 achievement of 1.5%. This development

also resulted in an increase in global commodity prices, especially energy and metal commodities. Conducive global development in turn contributed positively to improvements in global financial markets, including with lower risk compared to the condition in the previous year.

The policy responses taken by various countries in general were directed to accelerate economic recovery and maintain the sustainability of the recovery. The policy direction is pursued by a different strategy to adjust to the conditions and challenges faced by each country. From monetary policy, several developed countries gradually entered the normalization phase to respond to a sufficiently strong economic recovery and followed by the inflation outlook

that is expected to increase. Meanwhile, most developing countries were still carrying out loose monetary policies to support economic recovery.

From fiscal policy, many countries still give a big role to fiscal in sustaining economic improvement, even though some countries face limited fiscal space. The recovery of global economic conditions was also responded through structural reform policies to increase productivity, to overcome problems in the labor market, and to increase potential economic growth. International cooperation also continues to be carried out in order to achieve strong, sustainable, balanced, and inclusive economic growth with maintained resilience.

Source: 2017 Indonesia Economic Report, Bank Indonesia, 28 March 2018

#### NATIONAL ECONOMIC ANALYSIS

Indonesia's economic growth in 2017 grew 5.07% (yoy), which is higher than that of 2016 of 5.03% (yoy). Economic growth is supported by an increase in commodity exports which in turn encourages non-building investment, especially in commodity-based corporations. The government's fiscal stimulus related to the infrastructure project development also encourages building investment. On the other hand, investment in non-commodity sectors has not shown significant improvement. Household consumption's growth is still limited, especially in food and clothing expenditures with shifts in consumption patterns to leisure, as well as there is a preference for delaying consumption in upper-middle class society. In 2018, the economic growth is expected to improve further due to more even investment, continuous fiscal stimulus by the government, and increased exports in line with the global economic recovery. With these developments, 2018 economic growth is expected to increase in the range of 5.1-5.5%.

Indonesia's Balance of Payments (BOP) of 2017 recorded a relatively large surplus with a controlled current account deficit below 2.0% of GDP. The large surplus of BOP was mainly supported by capital and financial transactions that increased compared to that of 2016, particularly in the form of direct investment and portfolio investment in line with the improved investor perceptions of the outlook for the domestic economy. On the other hand, the current account deficit was under control, mainly supported by an increase in the non-oil and gas surplus, amid a relatively large service account deficit and primary income balance, among others, related to the deficit in transportation services and payment of repatriation

of foreign investment yields. Indonesia's foreign exchange reserves position at the end of November 2017 were recorded at 125.97 billion US dollars, an increase from 116.36 billion US dollars at the end of 2016. The foreign exchange reserves were sufficient to finance 8.4 months of imports or 8.1 months of imports and government's foreign debt payments, and were above the international standard of adequacy for 3 months of imports. Looking ahead, the current account deficit in 2018 is expected to remain under control within a safe limit even though it will increase to 2.0-2.5% of GDP, in line with domestic economic growth.

Rupiah tend to be stable in 2017 despite having experienced external pressure at the beginning of quarter IV 2017. Rupiah exchange rate remained stable until September and weakened in October due to external factors. The weakening of Rupiah was in line with the weakening of the exchange rate of almost all world currencies against the US dollar in line with the normalization of monetary policy, rising expectations of interest rate increases, and tax reform plans in the US. In November, Rupiah was getting stronger again as macroeconomic stability was maintained and the economic outlook remained good so that point-to-point (ptp), Rupiah was getting stronger by 0.27% (mtm) to the level of Rp13,526 per US dollar. Going forward, Bank Indonesia continues to take measures to stabilize the exchange rate according to its fundamental value while maintaining the functioning of the market mechanism.

2017 inflation is maintained low of around 3.5% (yoy) and was within the inflation target range of  $4 \pm 1\%$ . Controlled inflation was mainly contributed by low volatile food inflation supported by adequate supply, Government's food price stabilization policy, and low global food prices. The volatile food inflation was the lowest in 14 years. Core inflation also declined in line with anchored expectations, stable exchange rates, and limited domestic demand. Meanwhile, administered prices inflation increased mainly due to the 900 VA electricity tariff increase in the first half of 2017, as part of energy subsidy reform. In November 2017, CPI inflation was recorded at 0.20% (mtm) so that cumulatively (January - November) and annually, the rates reached 2.87% (ytd) and 3.30% (yoy), respectively. To the future, 2018 inflation is expected to remain under control at a low level in the target range of  $3.5 \pm 1\%$ . Bank Indonesia will continue to strengthen policy coordination with the Central and Regional Governments in order to control inflation.

(Summarized from "Monetary Policy Report Quarter IV 2017" Department of Economic and Monetary Policy of Bank Indonesia, 15 December 2017)

### ANALYSIS OF PHARMACEUTICAL INDUSTRY

The national pharmaceutical industry continues to show increasingly positive performance by being able to provide drug needs for the domestic market. Based on data from Statistics Indonesia (BPS), the chemical, pharmaceutical, and traditional medicine industries experienced a quite high growth reaching 10.97% (yoy) in Quarter IV 2017, higher than the 2016 growth of 3.13 (yoy).

The market value of pharmaceutical products in Indonesia is around USD4.7 billion, equivalent to 27 percent of the total pharmaceutical market in ASEAN. The pharmaceutical industry is expected to dominate the domestic and export markets more. Moreover, the Indonesian government is currently improving access to health services for the entire community. This effort is carried out through a National Health Insurance program run by the National Health Insurance Agency (BPJS) Health to cover 160 million people. The program requires the supply of drugs in large quantities, especially generic drugs. Therefore, the domestic pharmaceutical industry is also required to produce quality products at competitive prices. In this matter, the government will certainly prioritize local producers in supplying drugs for the National Health Insurance Agency (BPJS) program.

Based on the 2015-2035 National Industrial Development Master Plan (RIPIN), the pharmaceutical industry and pharmaceutical material are ones of the primary sectors that play a major role as the main drivers of the economy in the future. The Ministry of Industry (Kemenperin) noted that the pharmaceutical industry contributed Rp54.4 trillion to the national Gross Domestic Product (GDP) and was able to absorb more than 40 thousand workers.

The Ministry of Industry is committed to deepening the structure of the pharmaceutical industry so that it will reduce dependence on imported raw materials. To encourage the development of pharmaceutical raw materials domestically, the government has provided several incentives, one of which is through income tax facility. This is in accordance with Government Regulation No. 9 of 2016 on Income Tax Facilities for Investment in Certain Business Fields and/or in Certain Regions.

In addition, the government also aggressively emphasized the importance of mastering technology and increasing the use of domestic products (P3DN). This is corroborated by Presidential Instruction No. 6 of 2016 on the Acceleration of Development of Pharmaceutical and Medical Devices Industry which instructed 12 (twelve) ministries and agencies to be in synergy and support the development of the pharmaceutical industry and pharmaceutical material to encourage national drug independence.

(Summarized from the "Industry Development Analysis", Ministry of Industry of the Republic of Indonesia, August 2017; Monthly Report on Socio-Economic Data, Statistics Indonesia (BPS), 93rd Edition, February 2018)

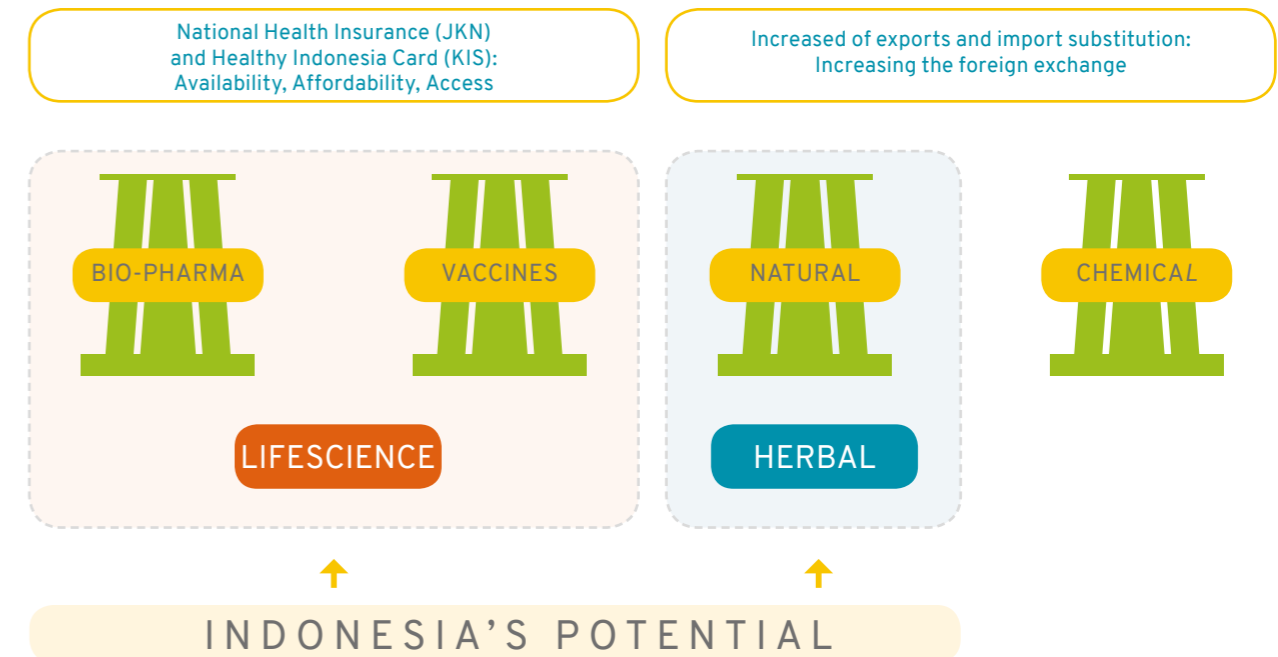


### ANALYSIS OF COMPANY'S POSITION IN GLOBAL AND NATIONAL PHARMACEUTICAL INDUSTRIES

#### INDONESIA PHARMACEUTICAL INDUSTRIES



TOTAL OF INDUSTRIES



Source: Incident Information management System (IImS) Health and Ministry of Health of the Republic of Indonesia

In the Indonesian pharmaceutical industry, there are currently 4 (four) State-Owned Enterprises (SOE) consisting of Kimia Farma, Indo Farma, Phapros, and Bio Farma, as well as 178 local companies and 24 multi-national companies (MNC). State-owned pharmaceutical companies have been given their respective functions and responsibilities. Bio Farma specifically focuses on Biology products and is currently transforming towards Bio Farma Lifescience, with vaccine as the main product. Other SOE will focus on herbal, natural, and chemical products.

In Bio Farma's Long-Term Plan (RJPP) for 2017-2021, by using SWOT analysis, Bio Farma is in a growing position where Bio Farma internally has greater strength than its weaknesses and externally has greater opportunity than its threat. Likewise, with the analysis of industry attractiveness and business strength, Bio Farma is in a growing position where the vaccine industry is classified as medium with average business strength. In a growing position, Bio Farma implements the strategy through horizontal integration.

In 2017, Bio Farma increased the production capacity of final and bulk products and continued the development of new vaccines. In addition, Bio Farma maintains quality management system, environmental, and occupational health and safety (K3), and implements the principles of good corporate governance.

Bio Farma currently has 11 (eleven) products that are qualified by the World Health Organization (WHO), which are TT Vaccine (10 ds/vial), Td Vaccine (10 ds/vial), DTP Vaccine (10 ds/vials), Vaccines TOPV 10 and 20 doses, BOPV Vaccine (20 ds/vial), Measles Vaccine (10 ds/vial), Infant VHB HJ Vaccine (1 ds/pouch), DTP HB HIB 5 ds Vaccine, MOPV 1 Vaccine, DT Vaccine, and DTP-HB Vaccine. In addition to obtaining WHO pre-qualification for product quality, Bio Farma also obtained WHO pre-qualification for laboratory quality, while for quality management systems, Bio Farma has obtained quality management system certification (ISO 9001: 2008), which is integrated with the environment (ISO 14001: 2004) and OHS (Occupational Health and Safety) - OHSaS 18001: 2007 from PT Lloy'd register Quality assurance.

With WHO, ISO, and OHSaS certifications and a high commitment to be a green company, it can be one of Bio Farma's strengths to compete with other companies in the global market.

### STRATEGIC ROLE OF BIO FARMA

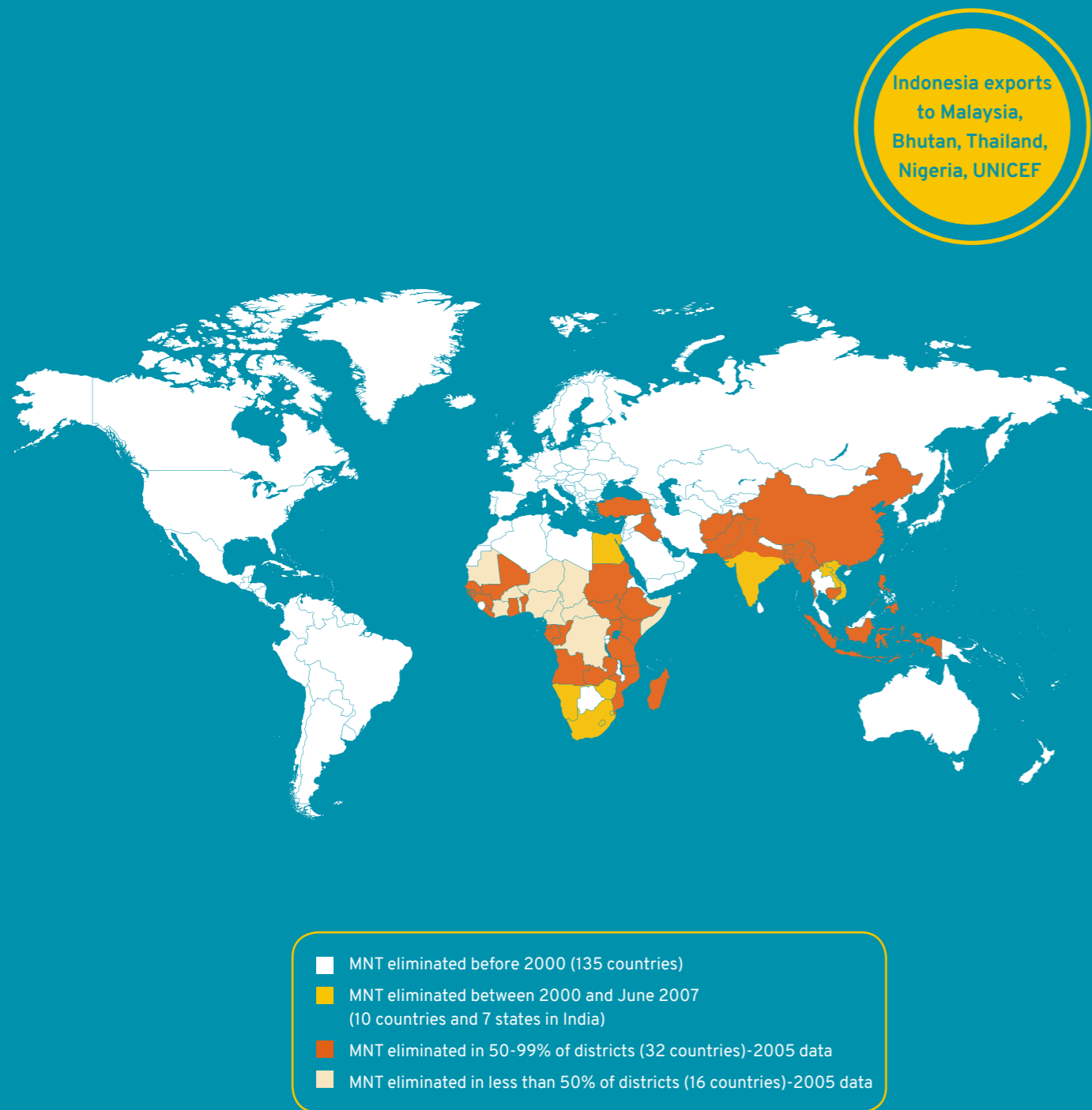
Bio Farma has a very strategic role in the field of vaccine development and production both locally and internationally. At the local level, it is the only producer that supplies expanded program on immunization (EPI) vaccines for the needs of the Indonesian people through the Ministry of Health of Republic of Indonesia, so that the nationwide supply of vaccines can be secured. Bio Farma is a member of the National Research Council, in which one of the tasks is to accelerate vaccine development in Indonesia so that the nation's independence in vaccine field can be realized soon. This is in accordance with the Government's program that seeks to create national independence in various fields including health.

At the international level, Bio Farma has a strategic role as a global player in supplying global vaccine needs through the World Health Organization (WHO)/United Nations International Children 'Emergency Fund (UNICEF), because it is one of the vaccine producers that has passed WHO pre-qualification. Other strategic roles at this time are being elected as chair of the Developing Countries Vaccine Manufacturers Network (DCVMN) and one of the members of the Global Alliance for Vaccines Immunization (GAVI), thus, increasing Bio Farma's bargaining position in the organization. In the Organization of Islamic countries (OIC), Bio Farma's strategic role is increasingly recognized, which is marked by the many offers from Islamic countries to conduct cooperation in the field of vaccine development and production, among others, from Iran and Saudi Arabia.

Bio Farma is a leader in the vaccine industry in Indonesia, with a philosophy of serving for a better life quality. Until now, Bio Farma has played an important role in combating infectious diseases in Indonesia and the world.

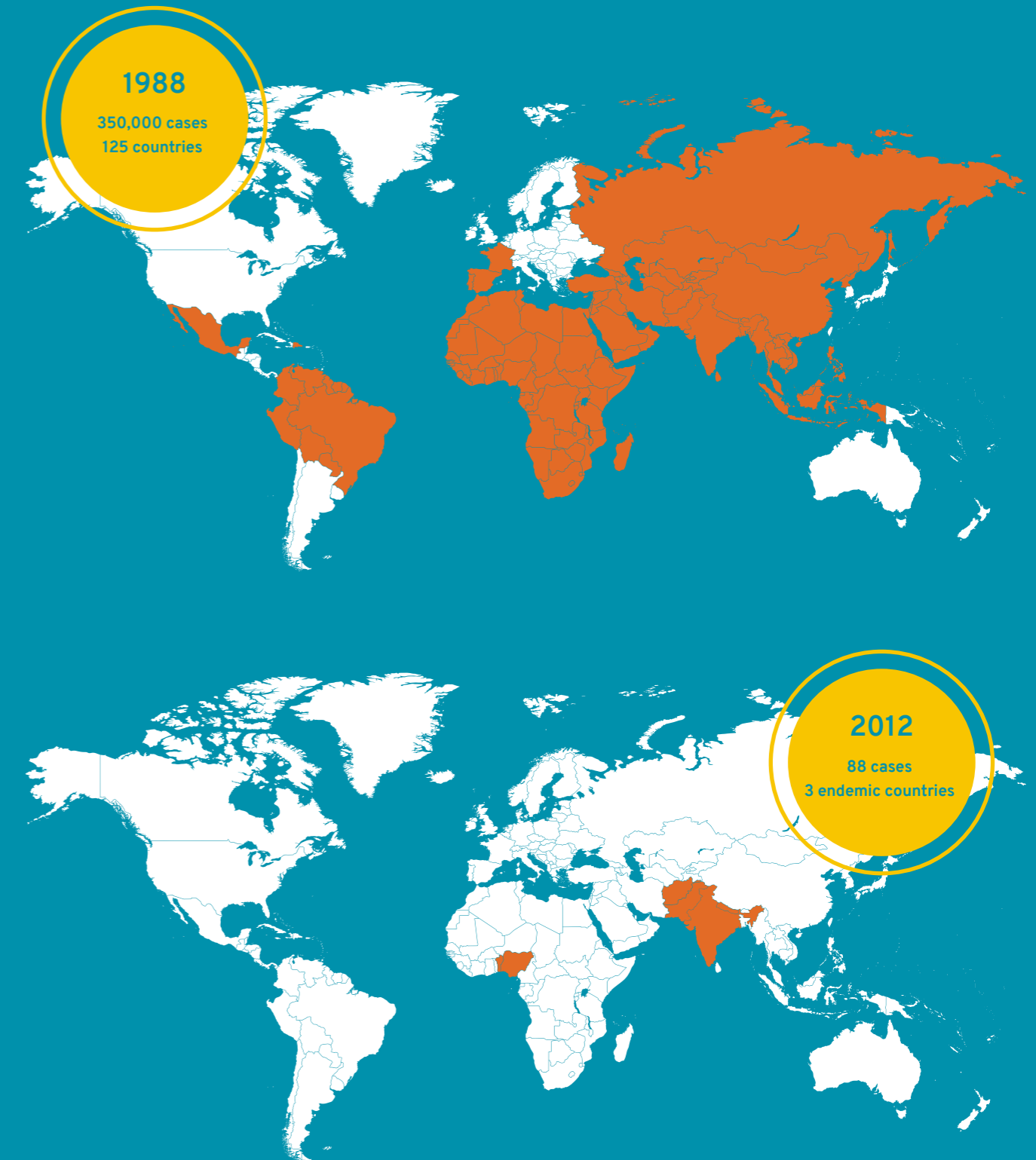


## Bio Farma's Role in Eradicating Tetanus



Source: World Health Organization (WHO)

## Bio Farma's Role in Eradicating Polio



Source: Center for Disease Control and Prevention (CDC) and World Health Organization (WHO)



## Bio Farma's Contribution to the World

For more than 127 years, Bio Farma has contributed to improving the life quality of the Indonesian people and the world. We have met national vaccine needs and world vaccine needs. With the philosophy of "Dedicated to Improve Quality of Life", Bio Farma plays an active role in increasing the availability and independence of vaccine production in developing countries and Islamic countries to maintain the Global Health Security.

Production capacity is more than  
**2 billion**  
doses  
per year

**130**  
Countries have  
been using Bio  
Farma's products

**50**  
Islamic Countries



## OPERATIONAL OVERVIEW

### COMPANY STRATEGIES

In 2017, the Company determined the strategies and policies of the Company which were translated into the work programs of each field. The Company's strategies and policies is described as follows.

#### COMPANY STRATEGIES

- The product portfolio is vaccine as the core business and will develop biosimilar and blood products as related businesses.
- Conducting partnership in the field of research and development and marketing (marketing authorization and joint marketing).
- Developing internal capacity and capability to support aspirations and revenue growth.
- Developing cost center to be profit center by establishing Business Unit or subsidiary as well as joint venture with technology/capital owners for new products.
- Using independent funds for operational costs and bank credit for business development.
- Improving supply chain management and costing with information technology based.
- Performing cost efficiency in the procurement of goods/ services, using raw/supporting materials, and repairing work process without reducing the effectiveness of work program.

#### COMPANY POLICIES

- Prioritizing vaccine supply to support Government immunization programs.
- Prioritizing research and development (R&D) that is in line with Government policy in addition to following the global trend (WHO and UNICEF), collaborating with R&D with the pattern of Academic Business Government and Community (ABCG). Utilizing all production capacity optimally. Selectively investing to maintain and improve production quality and capacity as well as new products. Adjusting the organization at directorate, division, and department levels that have a control range that is too wide and has interrelated functions.
- Formating management based on competence and knowledge based.
- Developing information technology applications in a self-supporting and integrated manner.
- Implementing a quality system in a consistent and integrated manner.
- Following the regulations of WHO and the National Food and Drug Agency (BPOM) on product quality.
- Implementing sustainable corporate social responsibility (CSR) programs in accordance with sociodiversity, geodiversity, and culture diversity.

### MARKETING ASPECT

Description of marketing aspects that include marketing strategies and product market share of Bio Farma. The right marketing strategy will encourage an increase in the Company's product share.

#### MARKETING STRATEGIES

To support the achievement of sales targets, Bio Farma carries out marketing strategies, including as follows:

##### 1. Domestic Sales

- Additional product lines from partnerships that are marketed in domestic market, which are IPV, MR, and Varicella vaccines.
- Direct meeting (face to face meeting) with customers in order to maintain good relationship with customers and obtain the latest information regarding vaccine needs and update information on global policy.
- Updating distribution process supporting facilities.
- Increased customer satisfaction through continuity of product availability and timely delivery.
- Conducting a survey and analysis of market potential and opportunities.

##### 2. Export Sales and Business Development

- Exploring the addition of product lines from partnerships that are marketed in domestic market, which are JE vaccine and Rotavirus.
- Additional product lines that are marketed in export market is Bulk Measles.
- The first export of Pentabio 10 vaccine through International Institutions (UNICEF).
- Direct meeting (face to face meeting) with customers in order to maintain good relationship with customers and obtain the latest information regarding vaccine needs and update information on global policy.
- Expansion of new markets for export purposes.
- Increased customer satisfaction through continuity of product availability and timely delivery.
- Increased promotional activities using effective and efficient media.
- Conducting a survey and analysis of market potential and opportunities.
- Initiation of the process of incorporating subsidiary of market access and delivery.
- Initiation of the process of incorporating subsidiary of vials and ampules production.
- Initiation of the process of incorporating subsidiary of Blood Product.
- Initiation of the process of incorporating MR Vaccine Joint Venture.
- Initiation of the process of incorporating a Joint Venture of conjugated meningitis Vaccine.

##### 3. Regulatory Affair and Marketing

- Registration of imported products in the country and their own products abroad, both old and new products.



- Following the development of Bio Farma's products ranging from experimental scale to commercial scale.
- Informing the applicable regulations to new products that will be made or are already running.
- Following information on Pharmacovigilance.
- Attending ASEAN meeting of consultative committee for Standards and Quality - Pharmaceutical Product Working Group (aCCSQ-PPWG).
- Improving the quality of dossier contents.
- Procuring the electronic Common Technical Document (e-CTD) software, online administration database, and software document management system.
- Establishing the marketing representative offices in major cities throughout Indonesia.
- Increased marketer performance for sales in the private sector and supported by customer relationship management (CRM) applications.
- Increased customer satisfaction through continuity of product availability and timely delivery.
- Increased promotional activities using effective and efficient media.

##### 4. Clinic and Immunization

In 2017, the Immunization Clinic was already a subsidiary engaging in preventive, clinical, and marketing synergy health services with one of the Pharmaceutical SOEs. Work programs of the immunization clinic are as follows:

- The opening of 12 vaccination service outlets.
- Proficiency Test for testing activities in microbiology laboratories.
- Implementation of Laboratory Information System (LIS).
- UBKI Employee Training to increase competence, service, customer satisfaction.
- Continuous implementation and improvement of IT-based service systems.
- Customer relationship management (CRM) implementation.
- Increasing visits and promotions, education, dissemination of services with corporate marketers.
- Adding special sales of laboratory services.
- Addition to the scope of Microbiology laboratory services, which are accredited by the National Accreditation Committee (KAN).
- Customer gathering for micro laboratory customers and vaccinations.

#### MARKET SHARE

According to 2017 Access to Vaccine Index Report, in overall, vaccine global market experienced improvement from 2000 to 2014, in which it grew from USD 6 billion to USD 33 billion. Vaccine sales to developed countries with high income was approximately 65% from the total vaccine market value, to middle-high income countries at 23%.

UNICEF's vaccine procurement value has doubled up between 2010 and 2014 to become USD1.5 billion. Considering that the national immunization program continues to grow, either to widen the coverage of the existing vaccine or to introduce new vaccine.

Table of Realization of Bio Farma's Net Product Sales per Business Segment/per Sector

(in million Rupiah)

Description	2017	2016	2015	2014
	1	3	4	5
Government Sector	1,359,280	681,376	570,619	539,959
Private Sector	409,382	386,015	139,485	137,889
Export Sector	1,242,909	1,248,368	1,635,814	1,366,232
<b>Total Net Sales</b>	<b>3,011,571</b>	<b>2,315,759</b>	<b>2,345,918</b>	<b>2,044,080</b>

The nature of Bio Farma's business is to serve the needs of the domestic and global markets, as follows:

- Government Market, which serves the Government's needs for basic/regular immunization programs, which are BCG, DT, TT, Polio, Measles, Hepatitis B (HB), Td, and DTP-HB-Hib (pentaBio) vaccines;
- National private market, which serves domestic distributors to meet vaccine needs outside the Government's routine immunization program, which are BCG, BioTd, BioTT, FluBio, Measles, Polio, Hepatitis B, PentaBio, meningitis; and antisera (BioSAT, BioADS, BioSAVE, ABU II (Australia)), and PPD 2 TU;
- International market, which serves especially the needs of the United Nations International Children 's Emergency Fund (UNICEF) and other countries that have carried out bilateral cooperation. The vaccines used are vaccines that have met WHO pre-qualification in the forms of finished and bulk products, which are TT Vaccine (10 ds/vial), Td Vaccine (10 ds/vial), DTP Vaccine (10 ds/vial), Vaccines TOPV 10 and 20 doses, BOPV Vaccine (20 ds/vial), Measles Vaccine (10 ds/vial), Infant HJ VHB Vaccine (1 ds/pouch), DTP HB HIB 5 ds Vaccine, MOPV 1 Vaccine, DT Vaccine, and DTP-HB Vaccine.

In 2017, the market share of Bio Farma's products for the Government Sector was still 100%, while for UNICEF needs varied, which were for 10 ds Measles vaccine of 24%, DTP 10 ds of 96%, Td 10 ds of 33%, TT 10 ds of 19%, and OPV of 48%. For Polio vaccines, Bio Farma prioritizes more on supplying vaccines for domestic needs, which is the regular polio immunization program. In addition, OPV was also exported to various countries in the form of vaccines (through UNICEF and bilateral cooperation), as well as bulk to several vaccine producers in India through bilateral cooperation.

In accordance with Bio Farma's policy to further enhance customer satisfaction, Bio Farma has implemented integrated customer relationship management (CRM) for both domestic and foreign consumers so that the existing market share can be maintained and even improved.

## PERFORMANCE OF BUSINESS SEGMENTS

### DESCRIPTION OF BUSINESS SEGMENTS

Bio Farma's products are grouped by segment consisting of Product Segments/Groups and Product Sales Per Segment/Business Sector.

#### PRODUCT SEGMENTS/GROUPS

##### BACTERIAL VACCINES

Bio Farma's products that are included in the bacterial vaccine segment (product group) are as follows:

- TT Vaccine**  
TT vaccine is a homogeneous colloidal suspension of milky white color in a glass vial, containing pure tetanus toxoid, adsorbed into aluminum phosphate. For prevention against tetanus and protection against Tetanus Neonatorum in fertile-aged women.
- DT Vaccine**  
DT vaccine is a homogeneous colloidal suspension of milky white color in a glass vial, containing tetanus toxoid and pure diphtheria toxoid, adsorbed into aluminum phosphate. For prevention against Diphtheria and Tetanus diseases simultaneously in children.



##### 3. DTP Vaccine

DTP vaccine is a homogeneous colloidal suspension of milky white color in a glass vial, containing pure tetanus toxoid, pure diphtheria toxoid, and inactivated pertussis bacteria, adsorbed into aluminum phosphate. For prevention against Diphtheria, Tetanus, and Pertussis (whooping cough) simultaneously in infants and children.

##### 4. Freeze Dried Bacillus Calmette Guerin (BCG) Vaccine

BCG vaccine is a freeze-dried vaccine containing live attenuated mycobacterium bovis (Bacillus Calmette Guerin), a Paris strain for prevention against Tuberculosis disease. BCG vaccine is given to babies from birth, to prevent tuberculosis disease. If the baby is more than three months old, the tuberculin test must be done first. BCG can be given if the tuberculin test results are negative.

##### 5. TD Vaccine

TD vaccine is a homogeneous colloidal suspension of milky white color in a glass vial, containing tetanus toxoid and pure diphtheria toxoid, with a low dose of diphtheria component and adsorbed into aluminum phosphate. For prevention against Tetanus and Diphtheria diseases in children aged 7 years and older.

##### 6. Bio-TT Vaccine

Bio-TT vaccine is a homogeneous colloidal suspension of milky white color in an ampule, containing pure tetanus toxoid, adsorbed into aluminum phosphate. For prevention against tetanus and protection against tetanus neonatorum in fertile women.

##### VIRAL VACCINES

Bio Farma's products that are included in the viral vaccine segment (product group) are as follows:

##### 1. Oral Polio Vaccine

Oral Polio Vaccine (OPV) is a tri-valent vaccine which is a reddish yellow liquid packed in glass vials containing suspensions of type 1, 2, and 3 of attenuated live Polio viruses (Sabin strains). This Oral Polio Vaccine is a suspension of "drops" to be dripped through dropper (orally). For prevention against poliomyelitis type 1, type 2, and type 3 diseases. Recently, this immunization has often been echoed by the government because it has taken quite a lot of casualties. The government's target is to free Indonesian children from polio disease. Polio-0 is given at the first visit after birth. Furthermore, this vaccine is given 3 times, when the baby is 2, 4, and 6 months old. This vaccine is given again at the age of 18 months and 5 years.

##### 2. Bivalent Oral Poliomyelitis Vaccine

The bOPV vaccine is a light yellow to pink liquid in a glass vial that contains a suspension of type 1 attenuated live Polio virus (Sabin strain). For prevention against poliomyelitis type 1, type 2, and type 3 diseases.

##### 3. Measles Vaccine (Freeze-Drying)

Measles vaccine is an attenuated live viral vaccine, a yellowish freeze-drying vaccine on glass vials, which must be dissolved only with dry measles vaccine solvent produced by Bio Farma, which has been provided separately. This measles vaccine is in the form of injection powder.

For prevention against Measles disease. Measles is first given when the child is 9 months old. Measles-2 is given in the BIAS program to 1st grade Elementary students, age 6 years old.

**4. Recombinant Hepatitis B Vaccine**

Recombinant Hepatitis B vaccine contains Hepatitis B virus antigen, HBsag, which does not infect, which is produced from yeast cell cultures with DNA engineering technology. Recombinant Hepatitis B vaccine is a whitish sterile suspension in prefill injection devices, which are packed in aluminum foil pouches, and vials. For prevention against Hepatitis B, Hepatitis B is given three times. The first is within 12 hours after birth. This immunization is continued when the baby is 1 month old, then given again at 3-6 months old.

**5. Flubio Vaccine**

Ha influenza vaccine is a clear or slightly slightly turbid suspension, containing haemagglutinin from influenza virus antigens. Ha influenza vaccine is a suspension given for injection for prevention against seasonal influenza. Influenza vaccine to healthy people aged 12 years old and over. Because naturally influenza is seasonal, vaccines are recommended once a year.

**COMBINATION VACCINES**

**1. Pentabio Vaccine (DTP-HB-Hib)**

Pentabio Vaccine is DTP-HB Hib Vaccine (Diphtheria Absorbent Vaccine, Tetanus, Pertussis, Recombinant Hepatitis B, Haemophilus influenza type b) in the form of homogeneous suspension containing tetanus toxoid and pure diphtheria, inactive pertussis bacteria (whooping cough), pure non-infectious hepatitis B (HBsag) surface antigen, and Hib component as a sub-unit bacterial vaccine in the form of non-infectious Haemophilus influenza type B polysaccharide capsule, which is conjugated to the tetanus toxoid protein. For prevention against Diphtheria, Tetanus, Pertussis, Hepatitis B, and Haemophilus Influenza type B diseases. Pentavalen combination immunization consists of 5 types of vaccines at once, among others, DTP-HB, Hib in infants and advanced immunization in toddlers below 3 years old, according to standards. DTP-HB Hib immunization is a routine immunization given to targets at the age of 0-11 months. Advanced immunization of DTP-HB, Hib, and Measles is given to toddlers (under three years old).

**SERA AND DIAGNOSTICS**

Bio Farma's products that are included in the sera and diagnostics segment (product group) are as follows:

**1. Serum**

**a. Anti-Tetanus Serum (BioSAT)**

Anti Tetanus Serum (BioSAT) is an anti-serum made from horse plasma which is made resistant against tetanus, and contains phenol as a preservative, in the form of clear yellowish liquid. For treatment against tetanus disease, an indication of ATS (Anti Tetanus Serum) injection, the wound is quite large (deep more

from 1 cm), star-shaped wounds, wounds from dirty and rusty objects, animal and human bite wounds, gunshot wounds and burns, contaminated wounds, ie injuries that are not treated for more than 6 hours, or injuries that are less than 6 hours but exposed to a lot of contamination, or less than 6 hours of injury but arises due to considerable strength (eg gunshot wounds or pinched by machines), Patients do not have a clear history of tetanus immunization or have not received a booster for 5 years or more.

**b. Anti Diphtheria Serum (BioADS)**

Is a serum for treatment against diphtheria disease.

**c. Anti-Snake Venom Serum (BioSave)**

Polyvalent Anti-Snake Venom Serum (BioSave) is a pure anti-serum made from horse plasma that provides resistance to neurotoxic snake venom (such as Naja sputatrix snakes - Cobra snakes, Bungarus fasciatus - Striped Snakes) and hemotoxic ones (Agistrodon rh snakes - dostoma - Ground Snake) which are widely found in Indonesia, and contains phenol as a preservative. Polyvalent Anti-Snake Venom Serum in the form of clear yellowish liquid. For treatment against poisonous snake bites containing neurotoxic effects (Naja sputatrix/cobra snakes and Bungarus fasciatus/striped snake) and hemotoxic effect (Ankyrodon rhodostoma/ground snake).

**1. Diagnostics**

PPD Rt 23 (Purified Protein Derivative). For testing against a person's sensitivity to tuberculosis infection.

**PARTNERSHIP PRODUCT**

Bio Farma's products that are included in the partnership segment (product group) are as follows:

**1. ACYW Menivax Vaccine (Meningitis)**

For prevention against inflammation of the protective membranes covering the brain.

**PRODUCT SALES PER SEGMENT/BUSINESS SECTOR**

1. Government Sector
2. Private Sector
3. Export Sector

**FACILITIES AND PRODUCTION QUALITY OF BIO FARMA**

Bio Farma is committed to produce quality and innovative products in various sectors by referring to the latest International Standard and Quality Management System. Since 1997, Bio Farma's product has been one of approximately 30 vaccine manufacturers in the world that has already had WHO pre-qualification. Bio Farma has implemented a variety of integrated systems, including: CPOB (Good Manufacturing Practices) from POM agency and current Good Manufacturing

Practices (cGMP) from World Health Organization (WHO), Good Laboratory Practices (GLP), Good Clinical Practices (GCP), Good Distribution Practices (GDP), integrated management systems of ISO 9001: 2015, ISO 14001: 2004, and OHSAS 18001: 2007. As well as a world-class standard guideline including ISO 26000, guidance for CSR, ISO 31000 Enterprise Risk Management, and International Financial Reporting Standard (IFRS).

Currently, Bio Farma operates in two different locations, one is at Jalan Pasteur No. 28, Bandung, occupying an area of 91,058 m2, which is used for production, research and development, marketing and administration facilities. While the second location is in Cisarua, Lembang, West Bandung Regency, on an area of 282,441 m2, which is used for breeding and maintaining laboratory animals. To support the smooth operation, the Company also has a Representative Office at Pakarti Center Building, Jl. Tanah Abang III No. 23-27, Jakarta.

**VACCINE PRODUCTION AND TESTING PROCESS AT BIO FARMA**

Bio Farma's vaccine production process is carried out through a rigorous process, and is of high standard. Beginning with the supply of raw materials, which come from partners who have certain qualifications and production facilities that must be validated from other equipment and supporting facilities to finished goods storage facilities and distribution processes that are monitored to be in order so that they meet the quality, safety, and consistent effectiveness factors. The whole process of manufacturing vaccine is inseparable from the quality testing phase, either for semi-finished goods (bulk) or for finished products, which have been established by BPOM and WHO.

Vaccines have fundamental differences with other pharmaceutical products such as drugs. Vaccines made from living things, have the potential for considerable contamination, either contamination comes from the environment or from the operator at every stage of manufacturing vaccine. Therefore, it is necessary to have a good guarantee of quality assurance and security guarantees of each product. Bio Farma has the responsibility to produce guaranteed products in terms of safety, quality, and efficacy. To produce such good product, Bio Farma conducts an inspection of each product, both by itself and by an external party. Internal Quality Test Examinations such as: potential test, safety test (toxicity), microbiological test (sterility), and chemical test (pH, preservative content, etc.), are carried out by the Quality Supervision Division and Quality Assurance Division. Examination by external party is conducted by the National Food and Drug Agency of the Republic of Indonesia (BPOM - RI), which has an important role in assessing the readiness of Bio Farma's factory facilities, including permits needed for vaccine production, inspection of batch of vaccine products, including monitoring the performance of each vaccine from Bio Farma.

Therefore, Bio Farma's production vaccines used by the Government for national immunization programs (Pentabio (dtp-hb-hib), DT, TD, TT, Hepatitis B, Measles, Polio, and BCG) are vaccines with very strict manufacturing processes according to WHO standards and has received a release from the National Food and Drug Agency.

**PRODUCTION/OPERATIONS PERFORMANCE BY SEGMENT**

Realization of production cost in 2017 was to produce finished products and in-process products amounting to Rp1.73 trillion, an increase of Rp553.07 billion or an increase of 47.19% if compared to the realization of production cost in 2016 amounting to Rp1.17 trillion and Rp342.23 billion or 24.75% above RKAP of Rp1.38 trillion.

**Table of Bacterial Vaccine Segment Performance**

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Bacterial Vaccine Production (Million Doses)	392.70	880.98	536.98	531.50	435.38	361.76	73.13	44.58	(144.28)	(26.87)
Realization of Production Cost (Rp/billion)	215.05	309.27	236.93	263.67	229.64	187.21	90.76	69.53	(21.89)	(9.24)

In 2017 bacterial vaccine production was recorded at 392.70 million doses, a decrease of 144.28 million doses or 26.87% compared to bacterial vaccine production in 2016 amounting to 536.98 million doses. This decline was in line with the decline in sales.

The realization of bacterial vaccine production cost in 2017 was recorded at Rp215.05 billion, a decrease of Rp21.89 billion or 9.24% compared to the realization of production cost in 2016 amounting to Rp236.93 billion.

Table of Viral Vaccine Segment Performance

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Viral Vaccine Production (Million Doses)	2,898.95	3,740.04	3,937.41	3,406.32	3,094.21	2,630.18	73.63	77.51	(1,038.47)	(26.37)
Realization of Production Cost (Rp/billion)	532.84	663.03	529.54	506.16	457.44	430.33	100.62	80.36	3.30	0.62

In 2017, viral vaccine production was recorded at 2,898.95 million doses, a decrease of 1,038.47 million doses or 26.37% compared to bacterial vaccine production in 2016 amounting to 3,937.41 million doses. This decrease was due to the declining Polio vaccine sales as a result of the declining world's demand of Polio vaccine caused by Polio eradication.

The realization of viral vaccine production cost in 2017 was recorded at Rp532.84 billion, an increase of Rp3.30 billion or 0.62% compared to the realization of production cost in 2016 amounting to Rp529.54 billion.

Table of Combination Vaccine Segment Performance

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Combination Vaccine Production (Million Doses)	25.85	25.87	20.72	15.79	312.98	15.29	124.78	99.96	5.14	24.80
Realization of Production Cost (Rp/billion)	205.28	105.76	148.74	159.72	163.49	95.46	138.01	194.09	56.54	38.01

In 2017, combination vaccine production was recorded at 25.85 million doses, an increase of 5.14 million doses or 24.80% compared to combination vaccine production in 2016 amounting to 20.72 million doses. The increase of total combination vaccine production was mainly due to the increase of Pentabio 5ds vaccine production.

The realization of combination vaccine production cost in 2017 was recorded at Rp205.28 billion, an increase of Rp56.64 billion or 38.01% compared to the realization of production cost in 2016 amounting to Rp148.74 billion.

Table of Sera and Diagnostics Segment Performance

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Sera Vaccine and Diagnostics Production (vial/ampule)	460,403	615,057	697,818	507,420	456,733	658,975	65.98	74.86	(237,405)	(34.02)
Realization of Production Cost (Rp/billion)	58.57	39.04	38.26	33.06	32.20	30.59	153.08	150.03	20.31	53.08

In 2017, the production of serum and diagnostics vaccines was recorded at 460.40 thousand vials/ampules, a decrease of 237.4 thousand vials/ampules or 65.98% compared to the production of serum and diagnostics vaccines in 2016 amounting 697.82 thousand vials/ampules. The decrease of total serum and diagnostics vaccine production was mainly due to the non-production of ADS 20,000/BIOADS in 2017.

The production cost of Serum and Diagnostic Products reached 150.03% of the budget or higher than the achievement of the sales, mainly due to an increase in fixed overhead costs of sera vaccine production.

Table of Partnership Product Segment Performance

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Partnership Product Production (Million Doses)	87.05	36.98	27.36	-	-	-	318.17	235.39	59.69	218.17
Realization of Production Cost (Rp/billion)	713.27	265.69	218.47	-	-	-	326.48	268.46	494.80	226.48

In 2017, the production of partnership product was recorded at 87.05 million doses, an increase of 59.69 million doses or 218.17% compared to production of partnership product in 2016 amounting to 27.36 million doses. The increase of total production of partnership product was due to the increase of vaccine production of V.BCG Baby+Child 20 ds Import, Meningitis, and MR 10 ds as well as IPV 5 ds vaccine production, which was previously not budgeted.

The realization of production cost of partnership product in 2017 was recorded at Rp713.27 billion, an increase of Rp494.89 billion or 226.48% compared to the realization of production cost in 2016 amounting to Rp218.47 billion.

## REVENUES AND PROFITABILITY BY SEGMENT

### REVENUE

#### SALES PER SEGMENTS/PRODUCT GROUPS

##### Company's Product Sales

The Company's Net Product Sales in 2017 was recorded at Rp1,872.11 billion, a decrease of Rp55.61 billion or 2.88% compared to that of 2016 amounting to Rp1,927.72 billion. The decrease was mainly due to the decrease in bacterial vaccine sales of Rp56.73 billion or 23.29%. Although the bacterial vaccine sales decreased, the combination vaccines sales experienced the highest growth of 61.34% or an increase of Rp123.12 billion.

Table of Company's Product Sales

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Bacterial Vaccines	186,865	269,303	243,598	305,289	217,605	233,754	76.71	69.39	(56,733)	(23.29)
Viral Vaccines	1,301,225	1,798,624	1,436,397	1,705,305	1,457,280	1,302,853	90.59	72.35	(135,173)	(9.41)
Combination Vaccines	323,810	298,351	200,695	253,404	276,548	248,565	161.34	108.53	123,116	61.34
Sera and Diagnostics	76,074	86,450	63,412	80,689	90,240	63,635	119.97	88.00	12,662	19.97
<b>Total</b>	<b>1,887,974</b>	<b>2,452,728</b>	<b>1,944,102</b>	<b>2,344,687</b>	<b>2,041,673</b>	<b>1,848,806</b>	<b>97.11</b>	<b>76.97</b>	<b>(56,128)</b>	<b>(2.89)</b>
Deducted By: Sales Discount	(15,861)		(16,378)	(15,063)	(12,685)	(354)	96.85		516	(3.15)
<b>Net Product Sales</b>	<b>1,872,113</b>	<b>2,452,728</b>	<b>1,927,724</b>	<b>2,329,624</b>	<b>2,028,988</b>	<b>1,848,452</b>	<b>97.12</b>	<b>76.33</b>	<b>(55,611)</b>	<b>(2.88)</b>

(in million Rupiah)

**Partnership Product Sales**

The Company's Partnership Product Sales in 2017 was recorded at Rp1,111.03 billion, an increase of Rp752.07 billion or 209.52% compared to that of 2016 amounting to Rp358.97 billion. The increase was mainly due to the increase in government sales of Rp738.36 billion or 568.80%.

**Table of Partnership Product Sales**

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
Government Sales	868,174	-	129,812	-	7,769	-	668.80	-	738,363	568.80
Private Sales	248,404	-	235,105	-	-	-	105.66	-	13,300	5.66
<b>Total</b>	<b>1,116,579</b>	<b>-</b>	<b>364,916</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>305.98</b>	<b>-</b>	<b>751,662</b>	<b>205.98</b>
Deducted By: Sales Discount	(5,551)	-	(5,961)	-	-	-	93.12	-	410	(6.88)
<b>Partnership Product Sales</b>	<b>1,111,028</b>	<b>385,789</b>	<b>358,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309.52</b>	<b>287.99</b>	<b>752,072</b>	<b>209.52</b>

**Trading Partnership Sales**

The Company's Net Trading Partnership Sales in 2017 was recorded at Rp20.12 billion, a decrease of Rp3.64 billion or 15.34% compared to that of 2016 amounting to Rp23.76 billion. The decrease was mainly due to the decrease in HPV vaccine sales of Rp7.45 billion or 32.66%. Although in total, the net trading partnership sales decreased, the Polyvalent Snake anti venom sales increased significantly of 76.25%.

**Table of Trading Partnership Sales**

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
Polyvalent Snake Anti-Venom	1,983	-	1,125	3,393.27	2,641	1,848	176.25	-	858	76.25
Imovac Rabies Vero	-	-	-	8,528	-	-	-	-	-	-
HJ HPV-Gardasil	15,355	-	22,804	-	-	-	67.34	-	(7,449)	(32.66)
HJ Diphtheria Antitoxin	2,898	-	-	-	-	-	-	-	2,898	-
Others (below Rp500 Million)	111	-	-	-	-	-	-	-	111	-
<b>Sub-Total</b>	<b>20,347</b>	<b>-</b>	<b>23,929</b>	<b>11,922</b>	<b>2,641</b>	<b>1,848</b>	<b>85.03</b>	<b>-</b>	<b>(3,582)</b>	<b>(14.97)</b>
Deducted By: Sales Discount	(228)	-	(165)	(486)	(122)	-	137.80	-	(62)	37.80
<b>Total Net Sales of Trading Partnership</b>	<b>20,120</b>	<b>93,099.31</b>	<b>23,764</b>	<b>11,436</b>	<b>10,287</b>	<b>1,848</b>	<b>84.66</b>	<b>21.61</b>	<b>(3,644)</b>	<b>(15.34)</b>

**Services Sales**

Total Sales of Product, Partnership Product, Trading Partnership, and Services in 2017 was recorded at Rp3,011.57 billion, an increase of Rp695.81 billion or 30.05% compared to that of 2016 amounting to Rp2,315.76 billion. The increase was mainly due to the increase in immunization services sales of 77.29%.

**Table of Services Sales**

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
Immunization	7,047	5,504	3,975	3,529	3,978	2,501	177.29	128.03	3,072	77.29
Laboratory	1,696	2,063	1,660	1,329	827	881	102.13	82.18	35	2.13
Polyclinic	-	1,032	-	-	-	-	-	0.00	-	-
<b>Total</b>	<b>8,743</b>	<b>8,599</b>	<b>5,635</b>	<b>4,859</b>	<b>4,805</b>	<b>3,382</b>	<b>155.15</b>	<b>101.67</b>	<b>3,108</b>	<b>55.15</b>
Deducted By: Sales Discount	(433)	-	(320)	(0)	-	(0)	135.27	-	(113)	35.27
<b>Net Services Sales</b>	<b>8,310</b>	<b>8,599</b>	<b>5,315</b>	<b>4,858</b>	<b>4,805</b>	<b>3,382</b>	<b>156.34</b>	<b>96.64</b>	<b>2,995</b>	<b>56.34</b>
<b>Total Product Sales, Partnership Product, Trading Partnership, and Services</b>	<b>3,011,571</b>	<b>2,940,215</b>	<b>2,315,759</b>	<b>2,345,918</b>	<b>2,044,080</b>	<b>1,853,682</b>	<b>130.05</b>	<b>102.43</b>	<b>695,812</b>	<b>30.05</b>

**NET PRODUCT SALES BY BUSINESS SEGMENT (BY SECTOR)**

In 2017, the Company's total net sales was recorded at Rp3,011.57 billion, an increase of Rp695.81 billion or 30.05% compared to that of 2016 amounting to Rp2,315.76 billion. The increase was mainly due to government sector's growth of Rp677.90 billion or 99.49%.

**Table of Realization of Net Product Sales per Business Segment/per Sector**

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016
	1	2					7=1/3	8=1/2	
Government Sector	1,359,280	795,573	681,376	570,619	539,959	548,724	199.49	170.86	677,90.16
Private Sector	409,382	395,148	386,015	139,485	137,889	82,106	106.05	103.60	23,366.21
Export Sector	1,242,909	1,749,494	1,248,368	1,635,814	1,366,232	1,222,852	99.56	71.04	(5,458.65)
<b>Total Net Sales</b>	<b>3,011,571</b>	<b>2,940,215</b>	<b>2,315,759</b>	<b>2,345,918</b>	<b>2,044,080</b>	<b>1,853,682</b>	<b>130.05</b>	<b>102.43</b>	<b>695,811.72</b>

## PROFITABILITY

The Company's profitability can be measured from the increase of net income of Rp24.31 billion from Rp501.04 billion in 2016 to Rp525.36 billion in 2017. The increase in net income in 2017 compared to that of 2016 was due to Partnership Product growth of 209.52% or amounting to Rp752.07 billion.

Table of Company's Profitability

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2		
<b>NET SALES</b>										
Company's Product	1.872.113	2.452.728	1.927.724	2.329.624	2.028.988	1.848.452	97,12	76,33	(55.611)	(2,88)
Partnership Product	1.111.028	385.789	358.956	-	-	-	309,52	287,99	752.072	209,52
Trading Partnership	20.120	93.099	23.764	11.436	10.287	1.848	84,67	21,61	(3.644)	(15,33)
Services	8.310	8.599	5.315	4.858	4.805	3.382	156,35	96,64	2.995	56,35
<b>Total Net Sales</b>	<b>3.011.571</b>	<b>2.940.216</b>	<b>2.315.759</b>	<b>2.345.918</b>	<b>2.044.080</b>	<b>1.853.682</b>	<b>130,05</b>	<b>102,43</b>	<b>695.812</b>	<b>30,05</b>
<b>COST OF GOODS AND SERVICES SOLD</b>										
The Company's Product	(923.185)	(899.855)	(763.398)	(852.361)	(767.609)	(718.463)	120,93	102,59	(159.787)	20,93
Partnership Product	(710.318)	(266.662)	(215.497)	-	-	-	329,62	266,37	(494.821)	229,62
Trading Partnership	(16.766)	(89.452)	(21.437)	-	-	-	78,21	18,74	4.671	(21,79)
Services	(6.861)	(6.285)	(4.962)	(3.962)	(3.654)	(3.986)	138,27	109,16	(1.899)	38,27
<b>Total Cost of Goods and Services Sold</b>	<b>(1.657.130)</b>	<b>(1.262.254)</b>	<b>(1.005.294)</b>	<b>(867.488)</b>	<b>(780.090)</b>	<b>(723.596)</b>	<b>164,84</b>	<b>131,28</b>	<b>(651.836)</b>	<b>64,84</b>
<b>GROSS PROFIT (LOSS)</b>										
Other Income	115.158	1.520	164.728	129.064	118.630	152.838	69,91	7.576,18	(49.570)	(30,09)
Administrative and General Expenses	(409.734)	(128.830)	(402.002)	(421.759)	(349.010)	(304.313)	101,92	318,04	(7.732)	1,92
Selling Expense	(137.478)	(402.122)	(133.996)	(126.818)	(99.182)	(72.830)	102,60	34,19	(3.482)	2,60
Research, Developments, and Surveillance Expenses	(124.570)	-	(114.481)	(93.443)	(88.779)	(68.318)	108,81	96,69	(10.089)	8,81
Loan Interest Expense	(124.570)	(3.674)	(9.343)	-	-	-	1.333,30	3.390,58	(115.227)	1.233,30



Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2		
Other Expenses	(84.182)	(130)	(139.745)	(66.201)	(69.748)	(58.873)	60,24	64.755,38	55.563	(39,76)
<b>Total</b>	<b>(640.807)</b>	<b>(671.999)</b>	<b>(625.497)</b>	<b>(579.157)</b>	<b>(488.089)</b>	<b>(351.496)</b>	<b>102,45</b>	<b>95,36</b>	<b>(15.310)</b>	<b>2,45</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>713.634</b>	<b>1.005.963</b>	<b>684.968</b>	<b>899.274</b>	<b>775.902</b>	<b>778.589</b>	<b>104,19</b>	<b>70,94</b>	<b>28.666</b>	<b>4,19</b>
<b>INCOME TAX BENEFITS (EXPENSES)</b>										
Current Tax	(194.907)	(263.158)	(185.425)	(232.893)	(197.136)	(207.288)	105,11	74,06	(9.482)	5,11
Deferred Tax	6.629	4.508	1.498	4.213	3.427	1.166	442,52	147,05	5.131	342,52
<b>Total Tax Expenses</b>	<b>(188.278)</b>	<b>(258.650)</b>	<b>(183.927)</b>	<b>(228.681)</b>	<b>(193.709)</b>	<b>(206.121)</b>	<b>102,37</b>	<b>72,79</b>	<b>(4.351)</b>	<b>2,37</b>
<b>NET PROFIT (LOSS)</b>	<b>525.356</b>	<b>747.313</b>	<b>501.041</b>	<b>670.593</b>	<b>582.193</b>	<b>572.468</b>	<b>104,85</b>	<b>70,30</b>	<b>24.315</b>	<b>4,85</b>
<b>OTHER COMPREHENSIVE INCOME</b>										
Items Not To Be Reclassified To Profit or Loss	-	-	-	-	-	-	-	-	-	-
Surplus From Asset Revaluation	-	-	-	1.980.782	-	-	-	-	-	-
Actuarial Gain (Loss) on Post-Employment Benefit	(27.238)	-	(8.313)	828.226	(21.701)	-	327,65	-	(18.925)	227,66

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Other Comprehensive Income for the Year After Tax	(27.238)	-	(8.313)	1.979.954	(21.323)	1.979.954	327,65	-	(18.925)	227,66
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>498.117</b>	<b>747.313</b>	<b>492.728</b>	<b>2.650.547</b>	<b>560.870</b>	<b>572.468</b>	<b>101,09</b>	<b>66,65</b>	<b>5.389</b>	<b>1,09</b>

## BUSINESS PROSPECTS

Bio Farma has a specific competitive situation with its industry characteristics, which are highly regulated, preventive product, dependency to government and global program, low profitability, and high content technology.

The Global Vaccine Action Plan and Sustainable Development Goals (SDGs) have set clear targets to improve access to vaccine across the world. This target achievement needs a coordinated framework from various donors or funders, vaccine research and development institutions, as well as vaccine manufacturers. This is very crucial considering good synergy and collaboration are needed in production aspect and vaccine purchasing aspect to maintain vaccine's availability in the world.

Currently, there are around 100 vaccine industries in the world, in the map of global vaccine producers, and Bio Farma is the only vaccine producer or Biotech in Indonesia. Now, Bio Farma is included in around 30 global-players, vaccine manufacturers, which have obtained pre-qualifications, therefore, they have an important role in providing vaccine supply to World Health Organization (WHO) and UNICEF. Vaccine industry market grows tremendously. Emerging market always increases approximately 30%, with growth in the developing countries, including Indonesia at approximately 14-17 %, in which the growth in America and Japan is way too far below Indonesia. The main market currently served by Bio Farma is the generic vaccine market that is needed by the developing countries (emerging market) for the government immunization program or by international institutions engaging in health or social affairs.

### Changes in the Competition Situation

Important changes that happen and can affect the position of competition, including opportunities for innovation and collaboration are:

- Replacement/changes of priority of needs of vaccine products globally in accordance with the appeal from WHO.
- Changes to regulations and WHO requirements for increasingly rigorous product pre-qualification.
- Increasing product registration requirements in each country
- Changes in production process technology aiming at capacity building and process modernization (Construction of new facilities).
- The need for new vaccines for mass immunization programs.

Opportunities for innovation and collaboration to deal with these global challenges are:

- Product research that fits the trends and regulations,
- Collaboration with various universities and research institutions within the country and overseas
- Active roles in international organizations such as WHO, DCVmN, OIC, and GaVI.

Pharmaceutical industry and material are the leading sectors that are prioritized because they act as the main drivers of the national economy in the future. The government has launched a program to accelerate the development of pharmaceutical industry sector through Regulation of Ministry of Health of Republic of Indonesia No. 17 of 2017 on the Action Plan to Develop Pharmaceutical Industry and Medical Equipment as well as Prioritized Activities in the Prioritized Program of Disease Prevention and Control to improve disease prevention and control. Prioritized activities that will be carried out by the Government in 2018 are: 1) prevention and control of infectious diseases, 2) prevention and control of non-communicable diseases, 3) surveillance, immunization, and health quarantine (Source: Presidential Regulation No. 79 of 2017 on Government Work Plans of 2018)

The Government Market, which has been a captive market, has changed since the vaccine procurement process has been implemented using e-catalog, consumers (in this case the government) buy vaccine products via e-catalogs online. This will

increase competition among vaccine manufacturers because only quality products and competitive prices that are included in the e-catalog. In addition, the entry of other competitors into the domestic market such as China (having 41 vaccine companies) and India as well as the effective of 2016 ASEAN single market (Asean Free Trade Area/AFTA) and 2020 World Trade Organization (WTO) will increase competition for either government or private sector.

Efforts that we can take for the domestic market are strengthening the market by maintaining and increasing customer satisfaction, especially in terms of accuracy of delivery and completeness/diversity of types of vaccines needed. For products that cannot be produced by Bio Farma itself but needed by consumers, Bio Farma will take advantage of these opportunities through partnerships with other producers starting from trading then if the market is promising, continue to fill and finish stage (bulk imports then Bio Farma will formulate and fill) and if the market has entered economic scale, it will continue to self-production.

In addition to that, opportunities can be created from the existing products, such as DTP, DT, TT, Td, DTP-Hep B-Hib vaccines, and Diphtheria bulk, Pertussis, Tetanus, bulk and Measles vaccines, bulk Hib, as well as bulk and vaccines Polio, in which the needs are increasing ahead of the eradication of Polio disease which is estimated in 2020. For Bacterial vaccines (Diphtheria, Pertussis, Tetanus, and BCG), Bio Farma gradually refines the production facilities according to the regulatory demands while increasing the production capacity to reduce production cost in order to compete in the global market.

Bio Farma has begun research and development outside vaccines and antisera such as the biosimilar Erythropoietin (ePO) and Trastuzumab groups; Diabetes Mellitus (DM) diagnostic kit and insulin; and plans to develop blood-product group product. The market prospect for blood-product is very large, especially for albumin and immunoglobulins which have so far been filled by imported products. In the context of blood-product independence, the Government of Indonesia through the Regulation of Minister of Health No. 72 of 2015 and the Letter of Minister of Health No. TU.02.01/V/0448/2016, the Government has given a mandate to Bio Farma to conduct local blood-product production in 2018.

Another opportunity is the existence of National Health Insurance (JKN), managed by the Social Insurance Administration Agency (BPJS), with a large budget allocated by the Government. In 2015, JKN covered 60% of the total population in Indonesia and in 2019, it is targeted to cover the entire population in Indonesia. Bio Farma can enter its products (currently vaccines and antisera) into the BPJS program.

At present, the private sector market for basic immunization vaccine sales is relatively difficult to improve considering that the vaccine has been fulfilled by the Government, except for certain regions due to Regional Autonomy (OTDA), which can prepare budget for vaccine needs that cannot be met by the

Central Government. Therefore, the opportunity in this sector is sales to non OTDA through branded products (products with special/different packaging) produced by themselves such as Bio Flu vaccine and serum and partnership products, such as Meningitis, Verorab, Vaxigrip, Varicella, HPV (gardasil), and measles rubella (MR). Bio Farma has formed a geographical marketer matrix in Bio Farma's organizational chart and opened several marketing representative offices in Indonesia which serve to increase sales and introduce Bio Farma products further to the public.

As for export sector, although currently Bio Farma has successfully sold its products to more than 132 countries, it is still necessary to develop the global market, among others, by increasing sales through international/local agents, local government market, and sales through United Nations International Children's Emergency Fund (UNICEF) and Pan American Health Organization (PAHO) as well as competitive selling prices.

Looking at the opportunities that exist in the pharmaceutical industry and with its strength, Bio Farma is optimistic that Bio Farma's business prospects in the future will be very good. Bio Farma considers that pharmaceutical business prospects in 2018 will continue to grow. Bio Farma continues to work in synergy to improve the business quality and quantity that is expected to be able to support the Company's plan to grow better in 2018.

## FUTURE STRATEGIES

To realize the business transformation from vaccine and antisera producers to become producers of life science products and the product diversification strategies as planned in RJPP 2017-2012, in 2017, Bio Farma planned the future strategies for the Company's business development as follows:

1. Developing the Immunization and Clinic Business Unit to become a subsidiary engaging in preventive, clinical, and marketing health services, in synergy with one of the Pharmaceutical SOEs;
2. Establishing a Market Access and Delivery Business Unit for the Marketing Division, Regulatory Affairs Division, Domestic Sales Division, and Export Sales Division in order to maximize the synergy of marketing, sales, and distribution network of its own products and partnership products;
3. Initiating the incorporation of subsidiary producing vials and ampules.
4. Initiating the incorporation of Sera and Diagnostic and Animal Breeding Business Unit.
5. Initiating the incorporation of Blood Product subsidiary, which begins with toll manufacturing with technology owners and conducts commercial agreements with the related institutions.
6. Initiating the incorporation of MR Vaccine Joint Venture.
7. Initiating the incorporation of Joint Venture of conjugated meningitis Vaccine.

## FINANCIAL OVERVIEW

The financial overview outlined hereinafter refers to the Financial Statements for the years ended on 31 December 2017 and 2016, which are presented in this Annual Report. The Financial Statements have been audited by Public Accountant Firm Djoemarma Wahyudin dan Rekan and received fair opinion in all material respects, Bio Farma's financial position as of 31 December 2017 and 2016, as well as the financial performance and cash flow for the year ended on the said date, in accordance with the Indonesian Financial Accounting Standards.

## FINANCIAL PERFORMANCE

### STATEMENTS OF FINANCIAL POSITION

Table of Statements of Financial Position

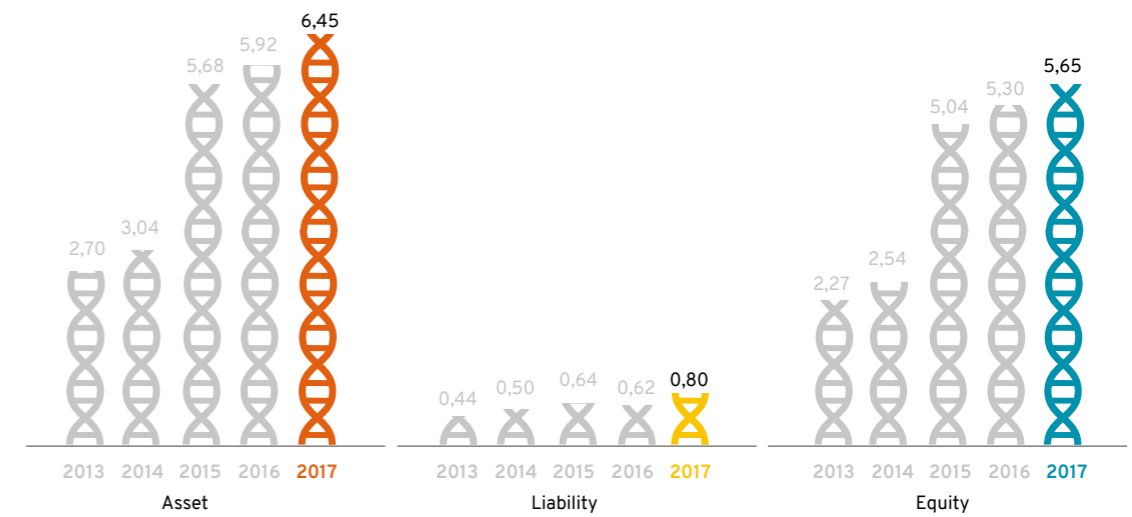
(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash and Cash Equivalents	369,546	325,830	447,950	555,939	971,717	891,251	82.50	113.42	(78,404)	(17.50)
Available for Sale Securities	-	-	-	-	25,600	-	-	-	-	-
Trade Receivables	313,138	224,511	288,626	507,746	257,260	288,246	108.49	139.48	24,512	8.49
Other Receivables	122	1,012	446	822	850	346	27.29	12.03	(324)	(72.71)
Inventories	712,912	947,409	708,564	462,557	326,600	204,899	100.61	75.25	4,347	0.61
Advances	27,734	504,119	54,052	102,353	50,412	38,624	51.31	5.50	(26,318)	(48.69)
Prepaid Taxes	359,948	288,404	298,817	242,720	154,008	96,972	120.46	124.81	61,131	20.46
Prepaid Expense	12,474	24,632	12,137	10,163	4,767	1,591	102.78	50.64	337	2.78
Accrued Income	14	42,236	800	1,592	2,726	3,104	1.75	0.03	(786)	(98.25)
Other Current Assets	168,198	-	38,162	111,888	30,698	17,870	440.75	-	130,036	340.75
<b>Total Current Assets</b>	<b>1,964,087</b>	<b>2,358,153</b>	<b>1,849,555</b>	<b>1,995,781</b>	<b>1,824,639</b>	<b>1,542,901</b>	<b>106.19</b>	<b>83.29</b>	<b>114,531</b>	<b>6.19</b>

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
<b>NON-CURRENT ASSETS</b>										
Deferred Tax Assets	30,214	30,416	23,585	22,087	17,874	14,447	128.11	99.34	6,629	28.11
Property, Plant, and Equipment	4,394,231	5,851,363	3,998,187	3,605,537	1,163,473	1,126,085	109.91	75.10	396,044	9.91
Intangible Assets	32,522	22,843	38,634	36,005	37,855	20,214	84.18	142.37	(6,112)	(15.82)
Other Non-Current Assets	28,395	10,191	12,493	21,253	766	956	227.29	278.63	15,902	127.29
<b>Total Non-Current Assets</b>	<b>4,485,362</b>	<b>5,934,762</b>	<b>4,072,899</b>	<b>3,684,882</b>	<b>1,219,969</b>	<b>1,161,703</b>	<b>110.13</b>	<b>75.83</b>	<b>412,463</b>	<b>10.13</b>
<b>TOTAL ASSETS</b>	<b>6,449,449</b>	<b>8,292,915</b>	<b>5,922,454</b>	<b>5,680,663</b>	<b>3,044,608</b>	<b>2,704,604</b>	<b>108.90</b>	<b>77.77</b>	<b>526,995</b>	<b>8.90</b>
<b>LIABILITIES</b>										
<b>CURRENT LIABILITIES</b>										
Trade Payables	371,253	492,512	259,234	233,417	145,095	158,098	143.21	75.38	112,018	43.21
Taxes Payables	57,801	84,083	47,624	46,518	38,919	86,916	121.37	68.74	10,177	21.37
Accrued Expenses	107,859	153,040	113,405	145,489	128,280	112,781	95.11	70.48	(5,546)	(4.89)
Unearned Revenue	1,008	-	44	899	1,366	5,405	2,283.65	-	964	2,183.65
Other Current Liabilities	41,635	7,942	32,861	30,341	26,009	26,437	126.70	524.22	8,774	26.70
<b>Total Current Liabilities</b>	<b>579,556</b>	<b>737,577</b>	<b>453,169</b>	<b>456,663</b>	<b>339,668</b>	<b>389,637</b>	<b>127.89</b>	<b>78.58</b>	<b>126,387</b>	<b>27.89</b>
<b>NON-CURRENT LIABILITIES</b>										
Non-Current Loan	-	-	-	-	-	-	-	-	-	-

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Estimated Post-Employment Benefit Liabilities	219,937	185,337	167,133	152,022	136,368	48,371	131.59	118.67	52,804	31.59
Other Non-Current Liabilities	-	27,846	-	27,846	24,882	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>219,937</b>	<b>1,485,333</b>	<b>167,133</b>	<b>179,868</b>	<b>161,250</b>	<b>48,371</b>	<b>131.59</b>	<b>14.81</b>	<b>52,804</b>	<b>31.59</b>
<b>TOTAL LIABILITIES</b>	<b>799,493</b>	<b>2,222,910</b>	<b>620,302</b>	<b>636,532</b>	<b>500,919</b>	<b>438,008</b>	<b>128.89</b>	<b>35.97</b>	<b>179,191</b>	<b>28.89</b>
<b>EQUITY</b>										
Share Capital	2,000,000	2,000,000	2,000,000	1,650,000	1,250,000	750,000	100.00	100.00	-	-
Donation Capital	-	-	-	-	-	-	-	-	-	-
Retained Earnings	-	-	-	-	-	-	-	-	-	-
Appropriated	1,250,552	1,413,092	899,824	816,422	786,075	941,920	138.98	88.50	350,728	38.98
Unappropriated	-	-	-	(2,484)	-	675	-	-	-	-
Profit (Loss) for the Year	525,356	747,313	501,041	670,593	577,590	572,468	104.85	70.30	24,315	4.85
Other Equity Components	1,874,049	1,909,600	1,901,287	1,909,600	(69,976)	-	98.57	98.14	(27,239)	(1.43)
<b>TOTAL EQUITY</b>	<b>5,649,956</b>	<b>6,070,005</b>	<b>5,302,152</b>	<b>5,044,132</b>	<b>2,543,689</b>	<b>2,265,062</b>	<b>106.56</b>	<b>93.08</b>	<b>347,804</b>	<b>6.56</b>
<b>TOTAL LIABILITY AND EQUITY</b>	<b>6,449,449</b>	<b>8,292,915</b>	<b>5,922,454</b>	<b>5,680,663</b>	<b>3,044,608</b>	<b>2,703,070</b>	<b>108.90</b>	<b>77.77</b>	<b>526,995</b>	<b>8.90</b>

Graphic of Financial Position  
[in trillion rupiah]



**ASSETS**

In 2017, the Company's total assets reached Rp6.45 trillion. The Company experienced growth of Rp526.99 billion or 8.90% compared to that of 2016 which reached Rp5.92 trillion. The increase came from growth of current assets and non-current assets.

Table of Assets

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Current Assets	1,964,087	2,358,153	1,849,555	1,995,781	1,824,639	1,542,901	106.19	83.29	114,531	6.19
Non-Current Assets	4,485,362	5,934,762	4,072,899	3,684,882	1,219,969	1,161,703	110.13	75.83	412,463	10.13
<b>Total Assets</b>	<b>6,449,449</b>	<b>8,292,915</b>	<b>5,922,454</b>	<b>5,680,663</b>	<b>3,044,608</b>	<b>2,704,604</b>	<b>108.90</b>	<b>77.77</b>	<b>526,995</b>	<b>8.90</b>

**CURRENT ASSETS**

The Company's current assets in 2017 amounted to Rp1.96 trillion, an increase of Rp114.53 billion or 6.19% compared to current assets in 2016 which amounted to Rp1.85 trillion. The increase was mainly due to the increase in other current assets of 340.75%.

## Table of Current Assets

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Cash and Cash Equivalents	369,546	325,830	447,950	555,939	971,717	891,251	82.50	113.42	(78,404)	(17.50)
Available for Sale Securities	-	-	-	-	25,600	-	-	-	-	-
Trade Receivables	313,138	224,511	288,626	507,746	257,260	288,246	108.49	139.48	24,512	8.49
Other Receivables	122	1,012	446	822	850	346	27.29	12.03	(324)	(72.71)
Inventories	712,912	947,409	708,564	462,557	326,600	204,899	100.61	75.25	4,347	0.61
Advances	27,734	504,119	54,052	102,353	50,412	38,624	51.31	5.50	(26,318)	(48.69)
Prepaid Taxes	359,948	288,404	298,817	242,720	154,008	96,972	120.46	124.81	61,131	20.46
Prepaid Expense	12,474	24,632	12,137	10,163	4,767	1,591	102.78	50.64	337	2.78
Accrued Income	14	42,236	800	1,592	2,726	3,104	1.75	0.03	(786)	(98.25)
Other Current Assets	168,198	-	38,162	111,888	30,698	17,870	440.75	-	130,036	340.75
<b>Total Current Assets</b>	<b>1,964,087</b>	<b>2,358,153</b>	<b>1,849,555</b>	<b>1,995,781</b>	<b>1,824,639</b>	<b>1,542,901</b>	<b>106.19</b>	<b>83.29</b>	<b>114,531</b>	<b>6.19</b>

**Cash and Cash Equivalents**

The position of cash and cash equivalents decreased by Rp78,404 billion or 17.50%, from Rp447.95 billion in 2016 to Rp369.55 billion in 2017.

**Trade Receivables**

Trade receivables increased by Rp24.51 billion or 8.49%, from Rp288.63 billion in 2016 to Rp313.14 billion in 2017.

**Other Receivables**

Other receivables decreased by Rp324 million or 72.71%, from Rp446 million in 2016 to Rp122 million in 2017.

**Inventories**

Inventories increased by Rp4.35 billion or 0.61%, from Rp708.56 billion in 2016 to Rp712.91 billion in 2017.

**Advances**

Advances decreased by Rp26.32 billion or 48.69%, from Rp54.05 billion in 2016 to Rp27.73 billion in 2017.

**Prepaid Taxes**

Prepaid taxes increased by Rp61.13 billion or 20.46% from Rp298.82 billion in 2016 to Rp359.95 billion in 2017.

**Prepaid Expense**

Prepaid expense increased by Rp337 million or 2.78% from Rp12.14 billion in 2016 to Rp12.47 billion in 2017.

**Accrued Income**

Accrued income decreased by Rp786 million or 98.25% from Rp800 million in 2016 to Rp14 million in 2017.

**Other Current Assets**

Other current assets increased by Rp130.04 billion or 340.75% from Rp38.16 billion in 2016 to Rp168.20 billion in 2017.

**NON-CURRENT ASSETS**

Total non-current assets recorded in 2017 was valued at Rp4.49 trillion, an increase of Rp412.46 billion or 10.13% of the amount recorded in 2016, which was Rp4.07 trillion. The growth of non-current assets was dominated by the growth of fixed assets which grew by Rp396.04 billion to Rp4.39 trillion in 2017.

## Table of Non-Current Assets

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Deferred Tax Assets	30,214	30,416	23,585	22,087	17,874	14,447	128.11	99.34	6,629	28.11
Property, Plant, and Equipment	4,394,231	5,851,363	3,998,187	3,605,537	1,163,473	1,126,085	109.91	75.10	396,044	9.91
Intangible Assets	32,522	22,843	38,634	36,005	37,855	20,214	84.18	142.37	(6,112)	(15.82)
Other Non-Current Assets	28,395	10,191	12,493	21,253	766	956	227.29	278.63	15,902	127.29
<b>Total Non-Current Assets</b>	<b>4,485,362</b>	<b>5,934,762</b>	<b>4,072,899</b>	<b>3,684,882</b>	<b>1,219,969</b>	<b>1,161,703</b>	<b>110.13</b>	<b>75.83</b>	<b>412,463</b>	<b>10.13</b>

**Deferred Tax Assets**

Deferred tax assets increased by Rp6.63 billion or 28.11% from Rp23.59 billion in 2016 to Rp30.21 billion in 2017.

**Property, Plant, and Equipment**

Property, plant, and equipment increased by Rp396.04 billion or 9.91%, from Rp3.99 trillion in 2016 to Rp4.39 trillion in 2017.

**Intangible Assets**

Intangible assets decreased by Rp6.1 billion or 15.82%, from Rp38.63 billion in 2016 to Rp32.52 billion in 2017.

**Other Non-Current Assets**

Other non-current assets increased by Rp15.90 billion or 127.29% from Rp12.49 billion in 2016 to Rp28.40 billion in 2017.

**LIABILITIES**

In 2017, the Company's total liabilities reached Rp799.49 billion. The Company experienced growth of Rp179.19 billion or 28.89% compared to that of 2016 which reached Rp620.30 trillion. Such increase was due to the growth of current liabilities and non-current liabilities.

**Table of Liabilities**

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Current Liabilities	579,556	737,577	453,169	456,663	339,668	389,637	127.89	78.58	126,387	27.89
Non-Current Liabilities	219,937	1,485,333	167,133	179,868	161,250	48,371	131.59	14.81	52,804	31.59
<b>Total Liabilities</b>	<b>799,493</b>	<b>2,222,910</b>	<b>620,302</b>	<b>636,532</b>	<b>500,919</b>	<b>438,008</b>	<b>128.89</b>	<b>35.97</b>	<b>179,191</b>	<b>28.89</b>

**CURRENT LIABILITIES**

The Company's current liabilities in 2017 was recorded at Rp579.56 billion, an increase of Rp126.39 billion or 27.89% compared to the current liabilities in 2016 amounting to Rp453.17 billion.

**Table of Current Liabilities**

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Trade Payables	371,253	492,512	259,234	233,417	145,095	158,098	143.21	75.38	112,018	43.21
Taxes Payables	57,801	84,083	47,624	46,518	38,919	86,916	121.37	68.74	10,177	21.37
Accrued Expenses	107,859	153,040	113,405	145,489	128,280	112,781	95.11	70.48	(5,546)	(4.89)
Prepaid Income	1,008	0	44	899	1,366	5,405	2,283.65	-	964	2,183.65
Other Current Liabilities	41,635	7,942	32,861	30,341	26,009	26,437	126.70	524.22	8,774	26.70
<b>Total Current Liabilities</b>	<b>579,556</b>	<b>737,577</b>	<b>453,169</b>	<b>456,663</b>	<b>339,668</b>	<b>389,637</b>	<b>127.89</b>	<b>78.58</b>	<b>126,387</b>	<b>27.89</b>

**Trade Payables**

Trade payables increased by Rp112.02 billion or 43.21%, from Rp259.23 billion in 2016 to Rp371.25 billion in 2017.

**Taxes Payables**

Taxes payables increased by Rp10.18 billion or 21.37%, from Rp47.62 billion in 2016 to Rp57.80 billion in 2017.

**Accrued Expenses**

Accrued expenses decreased by Rp5.55 billion or 4.89%, from Rp113.40 billion in 2016 to Rp107.86 billion in 2017.

**Unearned Revenue**

Unearned revenue increased by Rp964 million or 2,183.65% from Rp44 million in 2016 to Rp1.00 billion in 2017.

**Other Current Liabilities**

Other current liabilities increased by Rp8.77 billion or 26.70%, from Rp32.86 billion in 2016 to Rp41.64 billion in 2017.

**NON-CURRENT LIABILITIES**

The Company's non-current liabilities in 2017 was recorded at Rp219.94 billion, an increase of Rp52.80 billion or 31.59% compared to the non-current liabilities in 2016 amounting to Rp167.13 billion.

**Table of Non-Current Liabilities**

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Non-Current Loan	-	-	-	-	-	-	-	-	-	-
Estimated Post-Employment Benefit Liabilities	219,937	185,337	167,133	152,022	136,368	48,371	131.59	118.67	52,804	31.59
Other Non-Current Liabilities	-	27,846	-	27,846	24,882	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>219,937</b>	<b>1,485,333</b>	<b>167,133</b>	<b>179,868</b>	<b>161,250</b>	<b>48,371</b>	<b>131.59</b>	<b>14.81</b>	<b>52,804</b>	<b>31.59</b>

**Estimated Post-Employment Benefit Liabilities**

Estimated post-employment benefit liabilities increased by Rp52.80 billion or 31.59%, from Rp167.13 billion in 2016 to Rp219.94 billion in 2017.

**EQUITY**

In 2017, the Company's equity reached Rp5.65 trillion, an increase of 6.56% compared to that of 2016, amounting to Rp5.30 trillion. The increase was mainly due to the increase of retained earnings, which was the appropriated retained earnings of Rp350.73 billion, an increase of 38.98% to Rp1.25 trillion from Rp899.82 billion in 2016, and the profit for the year of Rp525.36 billion, an increase of Rp24.32 billion or 4.85% from 2016 amounting to Rp501.04 billion.

## Table of Equity

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Share Capital	2,000,000	2,000,000	2,000,000	1,650,000	1,250,000	750,000	100.00	100.00	-	-
Donation Capital	-	-	-	-	-	-	-	-	-	-
Retained Earnings	-	-	-	-	-	-	-	-	-	-
Appropriated	1,250,552	1,413,092	899,824	816,422	786,075	941,920	138.98	88.50	350,728	38.98
Unappropriated	-	-	-	(2,484)	-	675	-	-	-	-
Profit (Loss) for the Year	525,356	747,313	501,041	670,593	577,590	572,468	104.85	70.30	24,315	4.85
Other Equity Components	1,874,049	1,909,600	1,901,287	1,909,600	(69,976)	-	98.57	98.14	(27,239)	(1.43)
<b>Total Equity</b>	<b>5,649,956</b>	<b>6,070,005</b>	<b>5,302,152</b>	<b>5,044,132</b>	<b>2,543,689</b>	<b>2,265,062</b>	<b>106.56</b>	<b>93.08</b>	<b>347,804</b>	<b>6.56</b>

## Share Capital

The share capital in Bio Farma reached Rp2 trillion in 2017. The share capital did not experience an increase or decrease from 2016, which reached Rp2 trillion.

## Retained Earnings- Appropriated

The appropriated Retained Earnings increased by Rp350.73 billion or 38.98%. The total appropriated retained earnings in 2017 was Rp1.25 trillion.

## Profit (Loss) for the Year

The profit for the year in 2017 was recorded at Rp525.36 billion, an increase of 4.85% compared to Rp501.04 billion in 2016.

## Other Equity Components

Other equity components decreased by Rp27.24 billion or 1.43%, from Rp1.90 trillion in 2016 to Rp1.87 trillion in 2017.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## Statements of Profit or Loss and Other Comprehensive Income

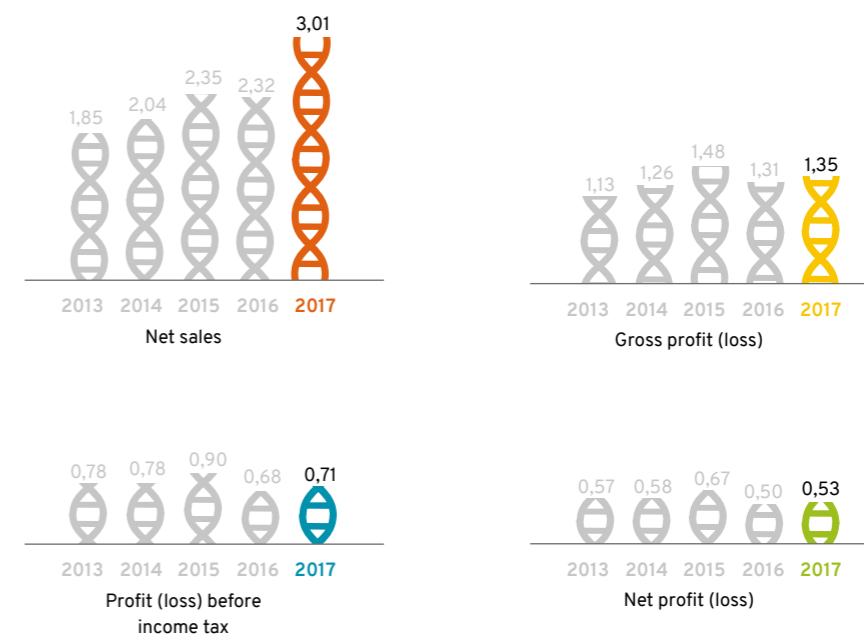
(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
<b>NET SALES</b>										
The Company's Product	1,872,113	2,452,728	1,927,724	2,329,624	2,028,988	1,848,452	97.12	76.33	(55,611)	(2.88)
Partnership Product	1,111,028	385,789	358,956	-	-	-	309.52	287.99	752,072	209.52
Trading Partnership	20,120	93,099	23,764	11,436	10,287	1,848	84.67	21.61	(3,644)	(15.33)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Services	8,310	8,599	5,315	4,858	4,805	3,382	156.35	96.64	2,995	56.35
<b>Total Net Sales</b>	<b>3,011,571</b>	<b>2,940,216</b>	<b>2,315,759</b>	<b>2,345,918</b>	<b>2,044,080</b>	<b>1,853,682</b>	<b>130.05</b>	<b>102.43</b>	<b>695,812</b>	<b>30.05</b>
<b>COST OF GOODS AND SERVICES SOLD</b>										
The Company's Product	(923,185)	(899,855)	(763,398)	(852,361)	(767,609)	(718,463)	120.93	102.59	(159,787)	20.93
Partnership Product	(710,318)	(266,662)	(215,497)	-	-	-	329.62	266.37	(494,821)	229.62
Trading Partnership	(16,766)	(89,452)	(21,437)	-	-	-	78.21	18.74	4,671	(21.79)
Services	(6,861)	(6,285)	(4,962)	(3,962)	(3,654)	(3,986)	138.27	109.16	(1,899)	38.27
<b>Total Cost of Goods and Services Sold</b>	<b>(1,657,130)</b>	<b>(1,262,254)</b>	<b>(1,005,294)</b>	<b>(867,488)</b>	<b>(780,090)</b>	<b>(723,596)</b>	<b>164.84</b>	<b>131.28</b>	<b>(651,836)</b>	<b>64.84</b>
<b>GROSS PROFIT (LOSS)</b>	<b>1,354,440</b>	<b>1,677,962</b>	<b>1,310,465</b>	<b>1,478,430</b>	<b>1,263,991</b>	<b>1,130,085</b>	<b>103.36</b>	<b>80.72</b>	<b>43,975</b>	<b>3.36</b>
Other Income	115,158	1,520	164,728	129,064	118,630	152,838	69.91	7576.18	(49,570)	(30.09)
Administrative and General Expenses	(409,734)	(128,830)	(402,002)	(421,759)	(349,010)	(304,313)	101.92	318.04	(7,732)	1.92
Selling Expense	(137,478)	(402,122)	(133,996)	(126,818)	(99,182)	(72,830)	102.60	34.19	(3,482)	2.60
Research, Developments, and Surveillance Expenses	(124,570)	-	(114,481)	(93,443)	(88,779)	(68,318)	108.81	96.69	(10,089)	8.81
Loan Interest Expense	(124,570)	(3,674)	(9,343)	-	-	-	1,333.30	3390.58	(115,227)	1,233.30
Other Expenses	(84,182)	(130)	(139,745)	(66,201)	(69,748)	(58,873)	60.24	-64,755.38	55,563	(39.76)
<b>Total</b>	<b>(640,807)</b>	<b>(671,999)</b>	<b>(625,497)</b>	<b>(579,157)</b>	<b>(488,089)</b>	<b>(351,496)</b>	<b>102.45</b>	<b>95.36</b>	<b>(15,310)</b>	<b>2.45</b>
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>713,634</b>	<b>1,005,963</b>	<b>684,968</b>	<b>899,274</b>	<b>775,902</b>	<b>778,589</b>	<b>104.19</b>	<b>70.94</b>	<b>28,666</b>	<b>4.19</b>
<b>INCOME TAX BENEFITS (EXPENSES)</b>										
Current Tax	(194,907)	(263,158)	(185,425)	(232,893)	(197,136)	(207,288)	105.11	74.06	(9,482)	5.11
Deferred Tax	6,629	4,508	1,498	4,213	3,427	1,166	442.52	147.05	5,131	342.52
<b>Total Tax Expenses</b>	<b>(188,278)</b>	<b>(258,650)</b>	<b>(183,927)</b>	<b>(228,681)</b>	<b>(193,709)</b>	<b>(206,121)</b>	<b>102.37</b>	<b>72.79</b>	<b>(4,351)</b>	<b>2.37</b>
<b>NET PROFIT (LOSS)</b>	<b>525,356</b>	<b>747,313</b>	<b>501,041</b>	<b>670,593</b>	<b>582,193</b>	<b>572,468</b>	<b>104.85</b>	<b>70.30</b>	<b>24,315</b>	<b>4.85</b>
<b>OTHER COMPREHENSIVE INCOME</b>										

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
<b>Items Not To Be Reclassified To Profit or Loss</b>										
Surplus From Asset Revaluation	-	-	-	1,980,782	-	-	-	-	-	-
Actuarial Gain (Loss) on Post-Employment Benefit	(27,238)	-	(8,313)	828,226	(21,701)	-	327.65	-	(18,925)	227.66
Other Comprehensive Income for the Year After Tax	(27,238)	-	(8,313)	1,979,954	(21,323)	1,979,954	327.65	-	(18,925)	227.66
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>498,117</b>	<b>747,313</b>	<b>492,728</b>	<b>2,650,547</b>	<b>560,870</b>	<b>572,468</b>	<b>101.09</b>	<b>66.65</b>	<b>5,389</b>	<b>1.09</b>

Graphic of Statements of Profit or Loss and Other Comprehensive Income [in trillion rupiah]



**NET SALES**

The Company's net sales increased by Rp695,81 billion or 30.05%, from Rp2.32 trillion in 2016 to Rp3.01 trillion in 2017. The increase was due to the increase of partnership product sales and services sales, which grew by 209.52% and 56.34%, respectively.

Table of Net Sales

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
<b>Net Sales</b>										
The Company's Product	1,872,113	2,452,728	1,927,724	2,329,624	2,028,988	1,848,452	97.12	76.33	(55,611)	(2.88)
Partnership Product	1,111,028	385,789	358,956	-	-	-	309.52	287.99	752,072	209.52
Trading Partnership	20,120	93,099	23,764	11,436	10,287	1,848	84.67	21.61	(3,644)	(15.33)
Services	8,310	8,599	5,315	4,858	4,805	3,382	156.35	96.64	2,995	56.35
<b>Total Net Sales</b>	<b>3,011,571</b>	<b>2,940,216</b>	<b>2,315,759</b>	<b>2,345,918</b>	<b>2,044,080</b>	<b>1,853,682</b>	<b>130.05</b>	<b>102.43</b>	<b>695,812</b>	<b>30.05</b>

## COST OF GOODS SOLD

The cost of goods sold decreased by Rp651.84 billion or 64.84%, from Rp1.00 trillion in 2016 to Rp1.66 trillion in 2017.

Table of Cost of Goods Sold

(in thousand Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
The Company's Product	(923,185)	(899,855)	(763,398)	(852,361)	(767,609)	(718,463)	120.93	102.59	(159,787)	20.93
Partnership Product	(710,318)	(266,662)	(215,497)	-	-	-	329.62	266.37	(494,821)	229.62
Trading Partnership	(16,766)	(89,452)	(21,437)	-	-	-	78.21	18.74	4,671	(21.79)
Services	(6,861)	(6,285)	(4,962)	(3,962)	(3,654)	(3,986)	138.27	109.16	(1,899)	38.27
<b>Total Cost of Goods and Services Sold</b>	<b>(1,657,130)</b>	<b>(1,262,254)</b>	<b>(1,005,294)</b>	<b>(867,488)</b>	<b>(780,090)</b>	<b>(723,596)</b>	<b>164.84</b>	<b>131.28</b>	<b>(651,836)</b>	<b>64.84</b>

## GROSS PROFIT (LOSS)

Gross profit in 2017 reached Rp1.35 trillion, an increase of Rp43.98 billion or 3.36% from 2016 which reached Rp1.31 trillion. This was due to the increase in net sales obtained was greater than the increase in cost of goods sold and services produced by the Company.

Table of Gross Profit (Loss)

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
Total Net Sales	3,011,571	2,940,216	2,315,759	2,345,918	2,044,080	1,853,682	130.05	102.43	695,812	30.05
Total Cost of Goods and Services Sold	(1,657,130)	(1,262,254)	(1,005,294)	(867,488)	(780,090)	(723,596)	164.84	131.28	(651,836)	64.84
<b>GROSS PROFIT (LOSS)</b>	<b>1,354,440</b>	<b>1,677,962</b>	<b>1,310,465</b>	<b>1,478,430</b>	<b>1,263,991</b>	<b>1,130,085</b>	<b>103.36</b>	<b>80.72</b>	<b>43,975</b>	<b>3.36</b>

## PROFIT BEFORE INCOME TAX

Profit before income tax in 2017 reached Rp713.63 billion, an increase of Rp28.67 billion or 4.19% compared to Rp684.97 billion in 2016. The increase was due to the increase in operating income was higher than the increase in operating expense.



Table of Profit Before Income Tax

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2					7=1/3	8=1/2		
<b>GROSS PROFIT (LOSS)</b>	<b>1,354,440</b>	<b>1,677,962</b>	<b>1,310,465</b>	<b>1,478,430</b>	<b>1,263,991</b>	<b>1,130,085</b>	<b>103.36</b>	<b>80.72</b>	<b>43,975</b>	<b>3.36</b>
Other Income	115,158	1,520	164,728	129,064	118,630	152,838	69.91	7576.18	(49,570)	(30.09)
Administrative and General Expenses	(409,734)	(128,830)	(402,002)	(421,759)	(349,010)	(304,313)	101.92	318.04	(7,732)	1.92
Selling Expense	(137,478)	(402,122)	(133,996)	(126,818)	(99,182)	(72,830)	102.60	34.19	(3,482)	2.60
Research, Developments, and Surveillance Expenses	(124,570)		(114,481)	(93,443)	(88,779)	(68,318)	108.81	96.69	(10,089)	8.81
Loan Interest Expense	(124,570)	(3,674)	(9,343)	-	-	-	1,333.30	3390.58	(115,227)	1,233.30
Other Expenses	(84,182)	(130)	(139,745)	(66,201)	(69,748)	(58,873)	60.24	-64,755.38	55,563	(39.76)
Total	(640,807)	(671,999)	(625,497)	(579,157)	(488,089)	(351,496)	102.45	95.36	(15,310)	2.45
<b>PROFIT BEFORE INCOME TAX</b>	<b>713,634</b>	<b>1,005,963</b>	<b>684,968</b>	<b>899,274</b>	<b>775,902</b>	<b>778,589</b>	<b>104.19</b>	<b>70.94</b>	<b>28,666</b>	<b>4.19</b>

## INCOME TAX EXPENSE

Income tax expenses increased by Rp4.35 billion or 2.37%, from Rp183.93 billion in 2016 to Rp188.28 billion in 2017. The income tax expense increased in line with the increase in profit before tax.

## Table of Income Tax Expenses

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Current Tax	(194,907)	(263,158)	(185,425)	(232,893)	(197,136)	(207,288)	105.11	74.06	(9,482)	5.11
Deferred Tax	6,629	4,508	1,498	4,213	3,427	1,166	442.52	147.05	5,131	342.52
<b>Total Tax Expenses</b>	<b>(188,278)</b>	<b>(258,650)</b>	<b>(183,927)</b>	<b>(228,681)</b>	<b>(193,709)</b>	<b>(206,121)</b>	<b>102.37</b>	<b>72.79</b>	<b>(4,351)</b>	<b>2.37</b>

## NET PROFIT FOR THE YEAR

Net profit for the year in 2017 reached Rp525.36 billion, an increase of Rp24.32 billion or 4.85% from Rp501.04 billion in 2016. The increase was in line with the increase in gross profit and profit before tax.

## Table of Net Profit for the Year

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
PROFIT BEFORE INCOME TAX	713,634	1,005,963	684,968	899,274	775,902	778,589	104.19	70.94	28,666	4.19
Total Tax Expenses	(188,278)	(258,650)	(183,927)	(228,681)	(193,709)	(206,121)	102.37	72.79	(4,351)	2.37
<b>NET PROFIT (LOSS)</b>	<b>525,356</b>	<b>747,313</b>	<b>501,041</b>	<b>670,593</b>	<b>582,193</b>	<b>572,468</b>	<b>104.85</b>	<b>70.30</b>	<b>24,315</b>	<b>4.85</b>

## OTHER COMPREHENSIVE INCOME FOR THE YEAR AFTER TAX

Other comprehensive income after tax increased by Rp18.92 billion or 227.65%, from Rp8.31 billion in 2016 to Rp27.24 billion in 2017.

## Table of Other Comprehensive Income After Tax

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
<b>Items Not To Be Reclassified To Profit or Loss</b>										
Surplus From Asset Revaluation	-	-	-	1,980,782	-	-	-	-	-	-
Actuarial Gain (Loss) on Post-Employment Benefit	(27,238)	-	(8,313)	828,226	(21,701)	-	327.66	-	(18,925)	227.66
<b>Other Comprehensive Income for the Year After Tax</b>	<b>(27,238)</b>	<b>-</b>	<b>(8,313)</b>	<b>1,979,954</b>	<b>(21,323)</b>	<b>1,979,954</b>	<b>327.66</b>	<b>-</b>	<b>(18,925)</b>	<b>227.66</b>

## COMPREHENSIVE INCOME FOR THE YEAR

Comprehensive income for the year increased by Rp5.39 billion or 1.09%, from Rp492.73 billion in 2016 to Rp498.12 billion in 2017.

## Table of Comprehensive Income for the Year

(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
NET PROFIT (LOSS)	525,356	747,313	501,041	670,593	582,193	572,468	104.85	70.30	24,315	4.85
Other Comprehensive Income for the Year After Tax	(27,238)	-	(8,313)	1,979,954	(21,323)	1,979,954	327.65	-	(18,925)	227.66
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>498,117</b>	<b>747,313</b>	<b>492,728</b>	<b>2,650,547</b>	<b>560,870</b>	<b>572,468</b>	<b>101.09</b>	<b>66.65</b>	<b>5,389</b>	<b>1.09</b>

## STATEMENTS OF CASH FLOWS

With strong operating cash flow, the Company has a solid position to grow in the future. This is reflected in the following disclosures of cash flows.

## Table of Cash Flows

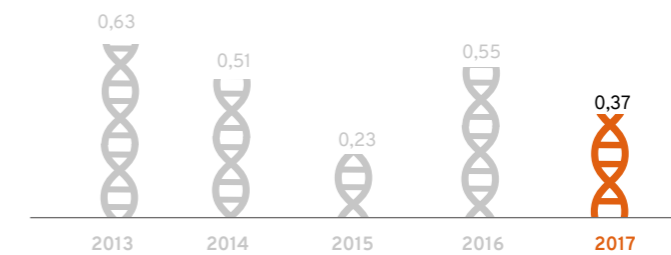
(in million Rupiah)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Cash Received From Customers	3,111,408	3,004,396	2,334,948	2,106,478	2,108,672	1,800,735	133.25	103.56	776,460	33.25
Tax Receipts (Payments)	(369,722)	(349,775)	(267,037)	(297,534)	(314,959)	(151,969)	138.45	105.70	(102,685)	38.45
Interest Receipts	3,558	-	7,960	37,422	35,395	12,823	44.69	-	(4,403)	(55.31)
Cash Received from Grant/WHO's Donation	1,917	-	13,588	800	4,989	1,278	14.11	-	(11,671)	(85.89)
Other Receipts (Payments) - Net	613	1,520	1,238	(23,774)	11,673	(19,156)	49.55	40.37	(625)	(50.45)
Insurance Claim Receipts	575	-	-	-	107	-	-	-	575	-
Interest Payment	(8,071)	(3,674)	(9,343)	-	-	-	86.39	219.70	1,271	(13.61)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Payment of Tantiem	(11,021)	(14,750)	(14,750)	(13,737)	(9,727)	(6,980)	74.72	74.72	3,729	(25.28)
Payments to Suppliers and Employees	(2,362,898)	(2,065,122)	(1,519,679)	(1,584,191)	(1,330,310)	(1,003,850)	155.49	114.42	(843,219)	55.49
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>366,360</b>	<b>572,595</b>	<b>546,926</b>	<b>225,465</b>	<b>505,839</b>	<b>632,880</b>	<b>66.99</b>	<b>63.98</b>	<b>(180,566)</b>	<b>(33.01)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Purchase of Property, Plant, and Equipment	(293,309)	(1,782,105)	(393,170)	(535,175)	(163,149)	(192,644)	74.60	16.46	99,861	(25.40)
Investment on Financial Assets Available for Sale	-	-	-	-	(25,000)	-	-	-	-	-
Investment on Vials Companies	-	(19,950)	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	(3,245)	(6,681)	(11,173)	(3,962)	(20,578)	(6,671)	29.04	48.57	7,928	(70.96)
Proceeds of Sale of Other Assets	-	(38,850)	-	25,000	-	138	-	-	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(296,554)</b>	<b>(1,847,586)</b>	<b>(404,343)</b>	<b>(514,137)</b>	<b>(208,727)</b>	<b>(199,176)</b>	<b>73.34</b>	<b>16.05</b>	<b>107,788</b>	<b>(26.66)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>										
Short Term Loans Received	-	-	235,000	-	-	-	-	-	(235,000)	(100.00)
Payments of Short Term Loans	-	-	(235,000)	-	-	-	-	-	235,000	(100.00)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Payment of Dividend and Partnership and Community Development Program (PKBL)	(150,313)	(128,317)	(234,707)	(149,727)	(228,987)	(113,938)	64.04	117.14	84,394	(35.96)
Donation Capital from WHO	-	-	-	-	-	-	-	-	-	-
Long Term Loans Received	-	1,200,000	-	-	-	-	-	-	-	-
Payments of Long Term Loans	-	-	-	-	-	-	-	-	-	-
Paid-Up Capital	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>(150,313)</b>	<b>1,071,683</b>	<b>(234,707)</b>	<b>(149,727)</b>	<b>(228,987)</b>	<b>(113,938)</b>	<b>64.04</b>	<b>(14.03)</b>	<b>84,394</b>	<b>(35.96)</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(80,507)</b>	<b>(203,308)</b>	<b>(92,123)</b>	<b>(438,398)</b>	<b>68,125</b>	<b>319,765</b>	<b>87.39</b>	<b>39.60</b>	<b>11,616</b>	<b>(12.61)</b>
Effect of Foreign Exchange Rate Changes of Cash and Cash Equivalents	2,103	-	(15,865)	22,621	12,341	72,988	(13.26)	-	17,969	(113.26)
Cash and Cash Equivalent At the Beginning of the Year	447,950	529,138	555,939	971,717	891,251	498,498	80.58	84.66	(107,989)	(19.42)
<b>Cash and Cash Equivalents At the End of the Year</b>	<b>369,546</b>	<b>325,830</b>	<b>447,950</b>	<b>555,939</b>	<b>971,717</b>	<b>891,251</b>	<b>82.50</b>	<b>113.42</b>	<b>(78,404)</b>	<b>(17.50)</b>

Statements Of Cash Flows  
[in trillion rupiah]



Cash Flows from Operating Activities

### CASH FLOWS FROM OPERATING ACTIVITIES

Net cash obtained from operating activities decreased by 33.01% or Rp180.57 billion, from Rp546.93 billion in 2016 to Rp366.36 billion in 2017. The decrease was due to an increase in cash payments to suppliers and employees in 2016 amounted to Rp1.52 trillion to Rp2.36 trillion in 2017. In addition, there was also an increase in cash payments used for tax payments in 2016 amounting to Rp267.04 billion and Rp369.72 billion in 2017.

### CASH FLOWS FROM INVESTING ACTIVITIES

Cash flows used for investing activities decreased by 26.66% or Rp107.79 billion, from Rp404.34 billion in 2016 to Rp296.55 billion in 2017. This decrease was caused by a decrease in cash expenditures used for additional property, plant, and equipment in 2016, reaching Rp393.17 billion, then decreasing to Rp293.31 billion in 2017.

### CASH FLOWS FROM FINANCING ACTIVITIES

Cash flows obtained from financing activities in 2016 were realized at Rp234.71 billion. While in 2017, Rp150.31 billion was realized. The increase was due to dividend payments and the Partnership and Community Development Program (PKBL) of 35.96% or Rp84.39 billion.

## ABILITY TO PAY DEBTS AND RECEIVABLES COLLECTABILITY

### ABILITY TO PAY SHORT-TERM DEBTS (LIQUIDITY)

The 2017 liquidity ratio was well-measured by using Cash Ratio and Current Ratio with the achievement of 63.76% and 338.90%, respectively. Based on the amount of current ratio, the Company's ability to pay debts in 2017 is still relatively good.

Table of Liquidity

(in %)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Cash Ratio	63.76	44.18	98.85	121.74	286.08	228.74	64.51	144.34	(35.08)	(35.49)
Current Ratio	338.90	319.72	408.14	437.04	537.18	395.98	83.03	106.00	(69.24)	(16.97)

### ABILITY TO PAY LONG-TERM DEBTS (SOLVENCY)

Solvency ratio shows the Company's ability to pay its obligations. The solvency ratio in 2017 was 14.15% in good condition even though there was no realization of investment loans. Debt to equity ratios as of 31 December 2017 and 31 December 2016 are as follows.

Table of Solvency

(in %)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Debt to Equity	14.15	36.62	11.70	12.62	19.69	19.34	120.95	38.64	2.45	20.95



## PROFITABILITY

In general, the realization of profitability in 2017 was below the 2017 budget. This was mainly influenced by the high cost of goods sold and services due to changes in the composition of products sold from what was previously budgeted in the form of Bulk Polio while the realization is in the form of partnership products that have an impact on the Company's efforts to make a profit.

Table of Profitability

(in %)

Description	2017	RKAP 2017	2016	2015	2014	2013	Increase/Decrease[%]		Difference of 2017-2016	Growth (%)
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Gross Profit Margin	44.97	57.07	56.59	63.02	61.84	60.96	79.48	78.81	(11.61)	(20.52)
Operating Margin	22.67	34.29	28.50	35.65	35.57	36.93	79.54	66.10	(5.83)	(20.46)
Net Profit Margin	17.44	25.42	21.64	28.59	28.48	30.88	80.61	68.62	(4.20)	(19.39)
Return on Equity (ROE)	12.97	20.46	12.47	17.14	31.93	37.81	104.04	63.41	0.50	4.04
Return on Investment (ROI)	16.93	17.62	16.53	20.27	31.15	34.81	102.38	96.04	0.39	2.38
Return On Assets (ROA)	8.62	10.23	8.80	15.37	20.26	24.11	98.02	84.27	(0.17)	(1.98)

## RECEIVABLES COLLECTIBILITY

The receivables collectibility is influenced by Bio Farma's ability to collect receivables. To reduce the risk of buyers' default (default), Bio Farma implements a policy of distributors who do not make payments or are late making payments as follows:

1. A fine of 1% of the invoice value for each day of late payment, which is calculated based on calendar days (stated in the distributorship agreement article 12).
2. Goods sent are retained first until payments are made (SOP and distributorship agreement).
3. A claim is made at the distributor's bank guarantee. The claim is submitted by the Private Sector Sales Department to the Finance Administration Department, which will be forwarded to the Bank or Insurance that issues the Bank Guarantee. (Bank Guarantee is listed in Article 12 of the Distributorship Agreement and SOP).
4. The amount of bank guarantee is determined by Marketing.

Table of Receivables Collectibility Level

Description	2017		2016	2015	2014	2013	Increase/ Decrease[%]		Difference of 2017- 2016	Growth (%)
	2017	RKAP 2017					7=1/3	8=1/2		
	1	2	3	4	5	6	7=1/3	8=1/2	9=1-3	10=9/3
Collection period	37.95	27.87	45.49	79.00	45.94	56.76	83.42	136.17	(7.54)	(16.58)
Average A/R	9.62	13.10	8.02	4.62	7.95	6.43	119.95	73.44	1.60	19.95

At the end of 2017, the collection period showed an improvement of 7.54% to 37.95 days compared to 45.49 days in 2016. This indicates that account receivables become faster into cash.

## CAPITAL STRUCTURE

Bio Farma prepares a Capital Plan based on review and assessment on the required capital adequacy requirements and review on the latest economic developments. The Capital Plan is prepared by the Board of Directors as part of the Company's Business Plan and approved by the Board of Commissioners. The Company always connects financial objectives and capital adequacy against risk through the capital planning process. So does the business that is based on the Company's capital and liquidity requirements. Capital needs are planned and discussed regularly with the support of analytical data.

The Company's objective in managing capital is to protect the ability to maintain business continuity so that the Company can continue to provide returns to shareholders and benefits to other stakeholders and maintain an optimal capital structure to reduce capital cost.

To maintain or adjust its capital structure, the Company can adjust the amount of dividends paid to shareholders. The company must monitor the capital based on debt to capital ratio. This ratio is calculated by dividing the amount of debt with total capital. Debt is the amount of liability in the statement of financial position. Capital consists of all existing equity components as per the amount in the statement of financial position. The capital structure is a balance between users of own capital and loans/debts which consist of short-term debt and long-term debt.

### CAPITAL STRUCTURE POLICY AND BASIS OF SELECTION

The company has a policy to focus on the use of equity as a source of capital. Until 2017, Bio Farma's capital structure is still dominated by equity.

The management policy related to capital is aimed at ensuring that the Company has strong capital and creates a strong capital structure to support the current business expansion development strategy and maintain the sustainable development in the future. In addition, the capital policy is established to meet the capital adequacy requirements set by the regulator and ensure that the Company's capital structure has been effective and efficient.

The Company determines an amount of capital in proportion to the risk. The Company manages the capital structure and makes adjustments by observing changes in economic conditions and the risk characteristics of the underlying assets. Therefore, Bio Farma establishes an optimal capital structure policy in order to maximize the Company value.

### DETAILS ON CAPITAL STRUCTURE

The composition of capital structure in 2017 owned by Bio Farma was 12.40% derived from liabilities and 87.60% from equity. Composition of Liabilities in 2016 was 10.47% and equity was 89.53%.

Table of Details on Capital Structure

(in million Rupiah)

Description	2017		2016		2015		2014		2013	
	Rp	%	Rp	%	Rp	%	Rp	%	Rp	%
Current Liabilities	579,556	8.99	453,169	7.65	456,663	8.04	339,668	11.16	389,637	14.41
Non-Current Liabilities	219,937	3.41	167,133	2.82	179,868	3.17	161,250	5.30	48,371	1.79
Total Liabilities	799,493	12.40	620,302	10.47	636,532	11.21	500,919	16.45	438,008	16.20
Equity	5,649,956	87.60	5,302,152	89.53	5,044,132	88.79	2,543,689	83.55	2,265,062	83.80
<b>Total Liabilities and Equity</b>	<b>6,449,449</b>	<b>100.00</b>	<b>5,922,454</b>	<b>100.00</b>	<b>5,680,663</b>	<b>100.00</b>	<b>3,044,608</b>	<b>100.00</b>	<b>2,703,070</b>	<b>100.00</b>

## MATERIAL COMMITMENT OF CAPITAL GOODS INVESTMENT

### NAME OF PARTY AND PURPOSE OF COMMITMENT

In 2017, Bio Farma made material commitment for capital goods investment with several partners with procurement objectives related to World Health Organization (WHO) Assessment and Good Manufacturing Practices (GMP), Replacement, Wastewater Treatment Plant (WWTP)/Occupational Health and Safety (OHS)/Environment, Capacity Building, Research and Development (R&D), and New Products.

### SOURCE OF FUND

The source of funding for capital expenditure comes from the Company's internal funds, which is from the 2017 RKAP.

### CURRENCY

The denominated currency is Rupiah and foreign currency. Transactions in foreign currencies are converted into Rupiah using the exchange rate on the transaction date. In the statement of financial position date, the financial statements in foreign currencies are converted into Rupiah using Bank Indonesia middle rate on that date, as follows.

**Table of Foreign Exchange**

(in full Rupiah)

Description	2017	2016	2015	2014	2013
	Rp	Rp	Rp	Rp	Rp
1 Euro (EUR)	16,173.62	14,161.55	15,069.67	15,133.26	16,821.44
1 United States Dollar (USD)	13,548.00	13,436.00	13,759.00	12,440.00	12,189.00
1 Australian Dollar (AUD)	10,557.29	9,724.31	10,064.16	10,218.22	10,875.66
1 Australian Dollar (AUD)	10,133.53	9,298.92	9,751.19	9,422.10	9,627.99
1 Great Britain Poundsterling (GBP)	18,218.01	16,507.51	20,451.11	19,370.33	20,096.63
1 Swiss Franc (CHF)	13,842.15	13,177.76	13,951.29	12,582.82	13,731.78
1 Denmark Danish Krone (DKK)	2,172.34	1,905.09	2,019.32	2,031.90	2,254.99
1 Japanese Yen (JPY)	120.22	115.40	114.52	104.24	116.17

**STEPS PLANNED BY THE COMPANY TO PROTECT RISK FROM RELATED FOREIGN CURRENCY'S POSITION**

In making investment transaction, the Company can use Rupiah or other currencies as agreed in the agreement. If the Company uses currency other than Rupiah, then there is a currency exposure, in this matter Bio Farma as the Company has several revenue sources in the form of foreign currency, if it has exposure then it can naturally be met from foreign currency receipts (natural hedge).

**FINANCE RISK**

The main finance risks faced by the Company are credit risk, currency risk, interest rate risk, and liquidity risk. Through risk management approach, the Company tries to minimize the potential negative impact of the risks above.

**Credit Risk**

Credit risk is the risk in which one party of a financial instrument will fail to fulfill its obligations and cause the other party to suffer financial loss. The Company's financial instruments that have potential credit risk consist of cash and cash equivalents in banks, trade receivables, and other receivables. The maximum amount of credit risk exposure is equal to the carrying value of these accounts.

For credit sales risk, the Company requires bank guarantee or LC with certain limit. For credit risks associated with banks, only banks with good predicate are chosen. In addition, the Company's policy is not to limit exposure to only one particular institution, therefore, the Company has cash and cash equivalents in various banks.

The table below illustrates the Company's maximum exposure to credit risk and risk concentration.

**Table of Maximum Exposure of Credit Risk and Risk Concentration**

(in full Rupiah)

Description	2017			2016		
	Credit Risk Concentration		Exposure Maximum	Credit Risk Concentration		Exposure Maximum
	Institution	Others		Institution	Others	
Trade Receivables	313,138,277,507		313,138,277,507	288,626,423,903	-	288,626,423,903
Other Receivables	1,302,637,458	121,769,028	1,424,406,486	1,302,637,458	446,140,212	1,748,777,670
Total	314,440,914,965	121,769,028	314,562,683,993	289,929,061,361	446,140,212	290,375,201,573

**Currency Risk**

Currency risk is the fluctuation risk in the financial instrument value that is caused by changes in foreign exchange rates. The Company uses foreign currency in transactions for procurement of goods/services and export sales with foreign parties as well as operating expenses, therefore, there is fluctuation risk in foreign currency exchange rates against Rupiah that arises since the transaction occurs until payment is made or received.

In addition to being exposed to transaction that may cause cash flow losses in the future when receiving or making payments, the Company will also be affected by economic exposure due to making international trade transactions. The Company will face the risk of decreasing income value or increasing costs due to exchange rate fluctuations, therefore, the product selling price becomes uncompetitive compared to that of competitors either in the global market or foreign competitors in the domestic market.

The proceeds from export sales which are dominated by US Dollars (USD) indirectly constitute natural hedging against exposure to exchange rate fluctuations. However, because the position of foreign exchange receipts is greater than the need (long position) and there are expenses for procurement of imported goods in non-USD foreign currencies, the Company has significant exposure to foreign currency fluctuations.

To avoid the risk of exchange rate fluctuations above, the Company hedges naturally by balancing foreign currency receipts and expenses by maintaining foreign currency balances as needed, transferring the purchase price of goods/services with Foreign Vendors from non-USD to USD, and selling the remaining USD needs gradually according to the projected cash flow needs and market prices.

**Interest Rate Risk**

Interest rate risk is the fluctuation risk in the financial instrument value that is caused by changes in interest rates. The Company monitors the impact of interest rate movements to minimize negative impacts to the Company.

The table below illustrates the details of maturity dates of the Company's assets and financial liabilities that are affected by interest rates

**Table of Details of Maturity Dates of the Company's Assets and Financial Liabilities that are Affected by Interest Rates**

(in full Rupiah)

Description	31 December 2017				31 December 2016			
	Floating Interest Rate Less Than 1 Year	Fixed Interest Rate Less Than 1 Year	No Interest	Total	Floating Interest Rate Less Than 1 Year	Fixed Interest Rate Less Than 1 Year	No Interest	Total
Cash and Cash Equivalents	334,477,033,019	334,477,033,019	183,925,904	35,069,098,304	175,710,469,720	272,050,386,800	189,469,748	272,239,856,548
Total Financial Assets	334,477,033,019	334,477,033,019	183,925,904	35,069,098,304	175,710,469,720	272,050,386,800	189,469,748	272,239,856,548
Total Interest Rate Gap	334,477,033,019	334,477,033,019	183,925,904	35,069,098,304	175,710,469,720	272,050,386,800	189,469,748	272,239,856,548

**Liquidity Risk**

Liquidity Risk is the risk where the Company will experience difficulties in obtaining funds to fulfill its commitments related to financial instruments. The Company manages liquidity risk by maintaining sufficient cash and cash equivalents to enable the Company to fulfill its commitments to all parties, to monitor the projections and actual cash flows on an ongoing basis, and to monitor the maturity date of financial assets and liabilities.



### FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is an amount where an asset can be exchanged, or a liability can be settled with an arms-length transaction. The company calculates the fair value of short-term financial assets and liabilities, which is close to their carrying amount, as a result of insignificant discounting.

The fair value of long-term loans is estimated at the present value of future cash flows at the interest rate in which as of 31 December 2017, there were no financial liabilities of the Company that were classified as long-term loans.

### CAPITAL GOODS INVESTMENT

Investment in the form of Capital Goods (capital expenditure) is an activity of fund expenditure used to buy a number of fixed assets (property, plant, and equipment) or add value to fixed assets that are expected to provide benefits in the future.

### OBJECTIVE OF CAPITAL GOODS INVESTMENT

The objective of capital goods investment for the purpose of Company's development is in order to increase the Company's value through expansion of production capacity, increase of production efficiency, and diversification of business lines.

### TYPES AND VALUES OF CAPITAL GOODS INVESTMENTS

The details of the types and values of capital goods investment are described in the table as follows.

Table of Realization of Investment By Usage

(in million Rupiah)

Investment Group	2017	2016	2015	2014	2013	Increase/ Decrease [%]	Difference of 2017- 2016	Growth (%)
	1	2	3	4	5	6=1/2	7=1-2	8=7/2
<b>Assessment of WHO AND GMP</b>								
Office Equipment	1,611	1,250	1,867	1,327	1,013	128.88	361	28.88
Factory Equipment	20,788	15,665	28,779	17,425	21,863	132.71	5,124	32.71
Other Equipment	-	-	595	3,133	7,142	-	-	-
Building Equipment	-	1,800	43,073	1,354	20,580	-	(1,800)	(100.00)
Motor Vehicle	-	-	-	-	-	-	-	-
Intangible Assets	-	4,826	-	7,632	56	-	(4,826)	(100.00)
Land	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22,399</b>	<b>23,540</b>	<b>74,314</b>	<b>30,873</b>	<b>50,655</b>	<b>95.15</b>	<b>(1,141)</b>	<b>(4.85)</b>
<b>REPLACEMENT</b>								
Office Equipment	6,370	8,689	7,860	17,876	5,620	73.31	(2,319)	(26.69)
Factory Equipment	17,958	20,582	13,700	7,320	23,284	87.25	(2,624)	(12.75)
Other Equipment	4,866	1,817	983	3,034	13,787	267.88	3,050	167.88
Building Equipment	1,157	2,438	807	909	2,122	47.47	(1,281)	(52.53)
Motor Vehicle	-	30	384	750	-	-	(30)	(100.00)
Intangible Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>30,351</b>	<b>33,555</b>	<b>23,735</b>	<b>29,889</b>	<b>44,814</b>	<b>90.45</b>	<b>(3,204)</b>	<b>(9.55)</b>
<b>WWTP/OHS/ ENVIRONMENT/ QUALITY CONTROL</b>								
Office Equipment	243	803	738	832	728	30.23	(560)	(69.77)
Factory Equipment	11,367	13,021	13,706	9,277	479	87.30	(1,653)	(12.70)
Other Equipment	-	-	-	-	-	-	-	-
Building Equipment	1,360	9,884	378	25	424	13.76	(8,524)	(86.24)
Motor Vehicle	-	-	-	-	-	-	-	-

Investment Group	2017	2016	2015	2014	2013	Increase/ Decrease [%]	Difference of 2017- 2016	Growth (%)
	1	2	3	4	5	6=1/2	7=1-2	8=7/2
Intangible Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>12,970</b>	<b>23,708</b>	<b>14,822</b>	<b>10,133</b>	<b>1,632</b>	<b>54.71</b>	<b>(10,738)</b>	<b>(45.29)</b>
<b>CAPACITY BUILDING</b>								
Office Equipment	3,707	6,464	2,879	12,115	3,589	57.35	(2,757)	(42.65)
Factory Equipment	312,148	284,970	160,586	482	8,067	109.54	27,178	9.54
Other Equipment	11,814	12,423	51,322	16,071	5,008	95.10	(609)	(4.90)
Building Equipment	38,689	70,321	180,371	37,561	90,904	55.02	(31,632)	(44.98)
Motor Vehicle	-	-	-	-	-	-	-	-
Intangible Assets	2,789	4,402	3,880	2,880	6,656	63.37	(1,612)	(36.63)
Land	40,268	-	-	-	-	-	40,268	-
<b>Total</b>	<b>409,415</b>	<b>378,580</b>	<b>399,039</b>	<b>69,109</b>	<b>114,224</b>	<b>108.14</b>	<b>30,835</b>	<b>8.14</b>
<b>R&amp;D/BASIC RESEARCH/ DEVELOPMENT</b>								
Office Equipment	679	1,006	328	243	324	67.48	(327)	(32.52)
Factory Equipment	47,075	42,293	5,946	7,886	19,579	111.31	4,782	11.31
Other Equipment	-	112	-	4,855	4,787	0.00	(112)	(100.00)
Building Equipment	4,187	28,079	3,698	-	-	14.91	(23,892)	(85.09)
Motor Vehicle	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>51,941</b>	<b>71,491</b>	<b>9,971</b>	<b>12,984</b>	<b>24,690</b>	<b>72.65</b>	<b>(19,550)</b>	<b>(27.35)</b>
<b>NEW PRODUCTS</b>								
Office Equipment	133	113	170	161	230	-	20	17.56
Factory Equipment	14,159	8,947	20,645	7,058	9,449	158.24	5,211	58.24
Other Equipment	-	-	907	4,925	1,233	-	-	-
Building Equipment	5,943	1,776	31	-	819	334.70	4,167	234.70
Motor Vehicle	-	-	-	-	-	-	-	-
Intangible Assets	393	961	1,339	9,492	530	40.96	(567)	(59.04)
<b>Total</b>	<b>20,628</b>	<b>11,797</b>	<b>23,093</b>	<b>21,636</b>	<b>12,262</b>	<b>174.86</b>	<b>8,831</b>	<b>74.86</b>
<b>Total</b>	<b>547,704</b>	<b>542,671</b>	<b>544,974</b>	<b>174,623</b>	<b>248,276</b>	<b>100.93</b>	<b>5,034</b>	<b>0.93</b>



## MATERIAL INFORMATION RELATED TO INVESTMENT, EXPANSION, DIVESTMENT, ACQUISITION, OR AND CAPITAL RESTRUCTURING

### INVESTMENT

Until 31 December 2017, Bio Farma did not conduct any investment activity.

### EXPANSION

Until 31 December 2017, Bio Farma did not conduct any expansion activity.

### DIVESTMENT

Until 31 December 2017, Bio Farma did not conduct any divestment activity.

### ACQUISITION

Until 31 December 2017, Bio Farma did not conduct any acquisition activity.

### DEBT AND CAPITAL RESTRUCTURING

Until 31 December 2017, Bio Farma did not conduct any debt restructuring and/or capital restructuring activity.

## TARGET ACHIEVEMENT AND FUTURE TARGET

### TARGET ACHIEVEMENT IN 2017

Realization of sales in 2017 increased by 2.43% from the target set, however, net profit achievement decreased by 29.70% from the target set. This was mainly due to the decline in Polio vaccine sales, where Polio vaccine had a quite high margin profit. The 2017 net profit achievement is explained as follows:

## Table of Target Achievements

(in million Rupiah)

Main Financial Posts	Target RKAP 2017	2017 Realization	Target Achievements	Deviation	
	Rp	Rp	%	Rp	%
1	2	3	4 = 3/2*100%	5 = 3 - 2	6 = 5/2*100%
<b>NET SALES</b>					
The Company's Product	2,452,728	1,872,113	76.33	(580,615)	(23.67)
Partnership Product	385,789	1,111,028	287.99	725,239	187.99
Trading Partnership	93,099	20,120	21.61	(72,979)	(78.39)
Services	8,599	8,310	96.64	(289)	(3.36)
<b>Total Net Sales</b>	<b>2,940,216</b>	<b>3,011,571</b>	<b>102.43</b>	<b>71,355</b>	<b>2.43</b>
<b>COST OF GOODS AND SERVICES SOLD</b>					
The Company's Product	(899,855)	(923,185)	102.59	(23,330)	2.59
Partnership Product	(266,662)	(710,318)	266.37	(443,656)	166.37
Trading Partnership	(89,452)	(16,766)	18.74	72,686	(81.26)
Services	(6,285)	(6,861)	109.16	(576)	9.16%
<b>Total Cost of Goods and Services Sold</b>	<b>(1,262,254)</b>	<b>(1,657,130)</b>	<b>131.28</b>	<b>(394,876)</b>	<b>31.28%</b>
<b>GROSS PROFIT (LOSS)</b>	<b>1,677,962</b>	<b>1,354,440</b>	<b>80.72</b>	<b>(323,522)</b>	<b>(19.28%)</b>
Other Income	1,520	115,158	7,576.18	113,638	7,476.18
Administrative and General Expenses	(128,830)	(409,734)	318.04	(280,904)	218.04
Selling Expense	(402,122)	(137,478)	34.19	264,644	(65.81%)
Research, Developments, and Surveillance Expenses	(124,570)	(124,570)		(124,570)	
Loan Interest Expense	(3,674)	(124,570)	3390.58	(120,896)	3290.58
Other Expenses	(130)	(84,182)	64,755.38	(84,052)	64,655.38
<b>Total</b>	<b>(671,999)</b>	<b>(640,807)</b>	<b>95.36</b>	<b>31,192</b>	<b>(4.64)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>1,005,963</b>	<b>713,634</b>	<b>70.94</b>	<b>(292,329)</b>	<b>(29.06)</b>
<b>INCOME TAX BENEFITS (EXPENSES)</b>					
Current Tax	(263,158)	(194,907)	74.06	68,251	(25.94)
Deferred Tax	4,508	6,629	147.05	2,121	47.05
Total Income Tax Expenses	(258,650)	(188,278)	72.79	70,372	(27.21)
<b>NET PROFIT (LOSS)</b>	<b>747,313</b>	<b>525,356</b>	<b>70.30</b>	<b>(221,957)</b>	<b>(29.70)</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Items Not To Be Reclassified To Profit or Loss					
Surplus From Asset Revaluation	-	-	-	-	-

Main Financial Posts	Target RKAP 2017	2017 Realization	Target Achievements	Deviation	
	Rp	Rp	%	Rp	%
1	2	3	4 = 3/2*100%	5 = 3 - 2	6 = 5/2*100%
Actuarial Gain (Loss) on Post-Employment Benefit	-	(27,238)	-	-	-
Other Comprehensive Income for the Year After Tax	-	(27,238)	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>747,313</b>	<b>498,117</b>	<b>66.65</b>	<b>(249,196)</b>	<b>(33.35)</b>

## 2018 PROJECTION

The Company's management has prepared the Company's Business Plan for 2018 by observing the current economic conditions and economic projection in 2018, both in regard of macro and micro perspective. The Company's Business Plan is detailed below.

## Table of Projection

(in million Rupiah)

Main Financial Posts	2018 Projection
<b>NET SALES</b>	
The Company's Product	2,102,189
Partnership Product	1,130,590
Trading Partnership	41,894
Services	9,006
<b>Total Net Sales</b>	<b>3,283,680</b>
<b>COST OF GOODS AND SERVICES SOLD</b>	
The Company's Product	(998,443)
Partnership Product	(740,047)
Trading Partnership	(34,149)
Services	(7,908)
<b>Total Cost of Goods and Services Sold</b>	<b>(1,780,548)</b>
<b>GROSS PROFIT (LOSS)</b>	<b>1,503,132</b>
Other Income	3,672
Administrative and General Expenses	(403,595)
Selling Expense	(154,578)
Research, Developments, and Surveillance Expenses	(150,703)
Loan Interest Expense	(11,877)
Other Expenses	(1,103)
<b>Total</b>	<b>(718,185)</b>
<b>PROFIT BEFORE INCOME TAX</b>	<b>784,947</b>
<b>INCOME TAX BENEFITS (EXPENSES)</b>	

Main Financial Posts	2018 Projection
Current Tax	(208,933)
Deferred Tax	5,163
Total Tax Expenses	(203,770)
<b>NET PROFIT (LOSS)</b>	<b>581,177</b>
<b>OTHER COMPREHENSIVE INCOME</b>	
Posts Not To Be Reclassified To Profit or Loss	
Surplus From Asset Revaluation	
Actuarial Gain (Loss) on Post-Employment Benefit	
Other Comprehensive Income for the Year After Tax	
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>581,177</b>

### ASSUMPTIONS IN PREPARING THE 2018 PROJECTIONS

To meet the target, the Company is strongly influenced by various factors. In general, a number of macroeconomic indicators can be put forward as assumptions for calculation as follows.

- The exchange rate of rupiah against 1 USD is Rp13,500.
- Interest rate of 5.3%.
- 3.5% inflation rate.
- Economic growth of 5.4%.
- The selling price of vaccines to the Government does not increase.
- Dividend from 2017 net income is 20%.

The above parameters are expected to have an impact on:

- The number of immunization coverage targets.
- The community's capacity and Government budget in financing health including for immunization.
- The price increase of goods and services needed in operations, both domestic and overseas (imported).
- Sales plan, Company expense, investment, and Company's profit target.

### INFORMATION AND MATERIAL FACTS SUBSEQUENT TO ACCOUNTING REPORTING DATE

There was a change of the Board of Directors on dates and under the Appointment Decree as follows.

Board of Directors	Appointment Decree Number	Appointment Date	Former Director	New Director
President Director	SK-27/MBU/01/2018	23 January 2018	Juliman*	M. Rahman Roestan
Director of Marketing	SK-27/MBU/01/2018	23 January 2018	M. Rahman Roestan	Sri Harsi Teteki
Director of Planning and Development	SK-101/MBU/04/2018	20 April 2018	Sugeng Raharso	Adriansjah Azhari
Director of Finance	SK-101/MBU/04/2018	20 April 2018	Pramusti Indrascaryo	Pardiman

\*Acting

There was no significant impact to the Company's performance over events that occurred subsequent to the accounting reporting date.

### POLICIES, ANNOUNCEMENT, AND DIVIDEND PAYMENT

#### DIVIDEND POLICY

Bio Farma has the policy to distribute dividend in cash to the shareholders at least once a year. Based on the 2017 net income achievement result amounting to Rp525.36 billion, the management proposed to disburse profit as follows.

Dividend	20%	=	Rp105,071,122,000
Appropriated	80%	=	Rp420,284,488,161
<b>Total</b>	<b>100%</b>	<b>=</b>	<b>Rp525,355,610,161</b>

The appropriated earnings were proposed at Rp420.28 billion or 80% from the net income to finance the 2018 investment plan that is sufficiently high, amounting to Rp1.18 trillion and to strengthen the working capital in connection with the increase in research, developments, and surveillance expenses to produce new products and sustainable growth.

#### ANNOUNCEMENT AND PAYMENT OF DIVIDENDS

The distribution of net income in 2016 and 2015 was established in the General Meeting of Shareholders (GMS) on the approval of annual financial statements, the approval of annual calculations, and the distribution of net income for 2016 and 2015 fiscal years on 10 May 2017 and 10 June 2016 as follows.

Table of Dividend Payment of 2015-2016 Fiscal Years

Description	(in full Rupiah)	
	2016 Fiscal Year	2015 Fiscal Year
Net Profit	501,040,990,083	670,592,891,245
Dividend	150,313,000,000	234,707,000,000
Cash Dividend per Share*	-	-
Dividend Pay Out Ratio (%)	30%	35%
Announcement date	10 May 2017	10 June 2016
Dividend Payment Date	30 May 2017	29 June 2016

\*) Bio Farma as of 31 December 2017 is one of the non-listed SOEs, in which its composition of share ownership is 100% Government of Republic of Indonesia, therefore, there is no information on the cash dividend amount per share.



Dividend liability from net income for 2016 fiscal year established at the General Meeting of Shareholders (GMS) of annual report of 2016 fiscal year on 10 May 2017 was Rp150,313,000,000.00. Dividend liability over net income of 2017 fiscal year will be established in GMS on Annual Report of 2017 fiscal year.

### SHARE OWNERSHIP PROGRAM FOR EMPLOYEES AND MANAGEMENT (ESOP/MSOP)

As of 31 December 2017, in line with the characteristic of Bio Farma, which is 100% owned by the Government, there is no employee and/or management share ownership program (ESOP/MSOP) implemented at Bio Farma. Thus, Bio Farma does not present information with employee and/or management share ownership programs (ESOP/MSOP) carried out by the Company such as the number of ESOP/MSOP shares and the realization, time period, requirements of eligible employees and/or management, as well as exercise prices.

### REALIZATION OF USE OF PROCEEDS OF PUBLIC OFFERING

Until 31 December 2017, Bio Farma is a state company that does not offer shares and bonds on the stock exchange, therefore, there is no realization of the use of proceeds from public offering in the Equity. Thus, Bio Farma does not provide information on the realization of the use of proceeds from public offering such as the total acquisition of funds, plan to use the funds.

### MATERIAL INFORMATION CONTAINING CONFLICT OF INTERESTS AND/OR TRANSACTIONS WITH RELATED PARTIES

#### REVIEW MECHANISM POLICY FOR TRANSACTIONS AND FULFILLMENT OF RELATED TERMS AND CONDITIONS

The Company has a policy on the terms and conditions of related party transactions. In general, the terms and conditions of transactions with related parties are carried out as they are done by third parties. Throughout 2017, there were no violations of laws and regulations related to transactions with related parties and no transactions containing conflicts of interest.

#### FAIRNESS OF AND REASONS FOR TRANSACTIONS

All transactions conducted in 2017 were done in arm's length and in accordance with normal commercial requirements. The fairness of transactions with related parties or containing conflict of interest has been conducted in a fair manner according to the laws and regulations. Transactions are conducted based on the Company's needs and free of any conflict of interest.

The Company has made transactions with related parties. The definition of related parties means person or entity related to the entity preparing the financial statements, in accordance with PSAK No. 7 (Adjustment 2015).

#### NAME AND NATURE OF AFFILIATION RELATIONSHIP

The table below shows details of the related parties to the Company along with the nature of the transactions.

Nature of Affiliation Relationships	Relationship with Company	Nature of Account Balance/Transaction
State-Owned/Regional-Owned Bank	Same Controlling Entity	Cash and Cash Equivalents
PT Kimia Farma (Persero) Tbk.	Same Controlling Entity	Product Sales
PT Indofarma Global Medika (Persero) Tbk.	Same Controlling Entity	Product Sales
PT Rajawali Nusantara Indonesia (Persero)	Same Controlling Entity	Product Sales
PT Rajawali Nusantara Indonesia (Persero)	Same Controlling Entity	Other Receivables
PT Pembangunan Perumahan (Persero) Tbk.	Same Controlling Entity	Investment Purchase
PT Adhi Karya (Persero) Tbk	Same Controlling Entity	Investment Purchase
Bio Farma's Employee's Cooperatives	Special Affiliation	Purchase of Goods and Investment
CV Karya Cahya Abadi	Special Affiliation	Purchase of Goods and Investment
Other Related Parties	Same Controlling Entity	Others with each transaction below Rp1

### REALIZATION OF RELATED PARTY TRANSACTIONS

In its business activities, the Company may enter into transactions with related parties. The Company policy stipulates that the pricing of these transactions is the same as that of transactions carried out with third parties.

Details of balance of transactions with related parties as of 31 December 2017 and 2016 are described in the table as follows.

Description	31 December 2017		31 December 2016	
	Total	% against Total Assets	Total	% against Total Assets
Cash and Cash Equivalents	369,362,205,418.52	5.73%	440,760,856,520.38	7.52%
Trade Receivables	9,214,473,247.32	0.14%	12,281,476,667.02	0.21%
Other Receivables	1,302,637,458.00	0.02%	1,302,637,458.00	0.02%
Advances for Purchase	-	-	-	-
Local	-	0.00%	834,000,000.00	0.01%
Accrued Income	13,994,095.00	0.00%	221,375,000.00	0.004%
Trade Payables	-	-	-	-
Bio Farma's Employee's Cooperatives	10,179,747,608.00	0.16%	14,869,209,175.93	0.25%
CV Karya Cahya Abadi	2,420,885,452.00	0.04%	1,652,232,908.17	0.03%
PT Pembangunan Perumahan (Persero) Tbk	-	0.00%	8,351,209,044.81	0.14%
PT Pertamina (Persero)	3,405,240,000.00	0.05%	-	0.00%
PT Kimia Farma (Persero) Tbk	194,204,873.00	0.00%	160,990,986.00	0.00%
PT Telekomunikasi Indonesia (Persero) Tbk	1,350,000,000.00	0.02%	-	0.00%
PT INTI	-	0.00%	71,221,650.00	0.00%
<b>Total</b>	<b>397,443,388,151.84</b>	<b>6.16%</b>	<b>480,505,209,410.31</b>	<b>8.19%</b>

### CHANGES IN LAWS AND REGULATIONS AND THE IMPACTS ON THE COMPANY

In 2017, there were no changes in laws and regulations that significantly affected Bio Farma. Therefore, Bio Farma does not provide information on changes in laws and regulations and its impact (qualitative and/or quantitative) to the Company.

### CHANGES IN ACCOUNTING POLICIES

#### COMPLIANCE STATEMENT

Bio Farma's Financial Statements for the year ended on 31 December 2017 and 2016 have been prepared in accordance with the Financial Accounting Standards in Indonesia and have met all the requirements.

#### BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The basis of measurement in preparing the financial statements is the concept of historical cost, except for several accounts, they use other measurement bases as described in the accounting policies of each account. The financial statements are prepared using the accrual basis, except for statements of cash flows.

## IMPLEMENTATION OF FINANCIAL ACCOUNTING STANDARD (PSAK) AND THE INTERPRETATION OF FINANCIAL ACCOUNTING STANDARD (ISAK)

### REASONS OF IMPLEMENTATION

Changes in accounting and disclosure policies are carried out to comply with the prevailing PSAK. In the current year, the Company has implemented a number of amendments and interpretations of PSAK that are relevant to its operations and effective for accounting period beginning on or after 1 January 2017.

### CHANGES OF STATEMENTS OF NEW FINANCIAL ACCOUNTING STANDARD (PSAK) AND THE INTERPRETATION OF FINANCIAL ACCOUNTING STANDARD (ISAK)

In 2016 and 2017, the Financial Accounting Standards Board (DSAK) of the Indonesian Institute of Accountants (IAI) ratified several PSAK adjustments and amendments, as well as validating relevant SAK and ISAK, which came to effect for the period beginning on or after 1 January 2017 as follows:

- ISAK 31: Interpretation of Scope of PSAK 13: Investment Property, provides an interpretation on the characteristics of the building used as part of the definition of investment property in PSAK 13: Investment Properties. Effective on 1 January 2017.
- PSAK 24 (Adjustment 2016): Employee Benefits, clarifies that the high-quality corporate bond market is valued based on the denomination of the bond's currency and not on the country where the bond is located.
- PSAK 58 (Adjustment to 2016): Non-Current Assets for Sale and Discontinued Operation, clarifies that the change from one method of release to another method of release is deemed as a sustainable initial plan and not as a new release plan. Furthermore, this change of release method does not change the classification date as an asset or release group.
- PSAK 60 (Adjustment to 2016): Financial Instrument: Disclosure, clarifies that the entity must assess the nature of service contract rewards as stipulated in paragraph PP30 and 42C to determine whether the entity has a continuing involvement in the financial asset and whether the disclosure requirements related to sustainable engagement are met.

Amendment, Interpretation, and Adjustment to standard, as well as SAK that became effective for the period beginning on or after 1 January 2017 are as follows:

- Amendment of PSAK 13: Investment Property on Transfer of Investment Property, amending paragraph 57 so that it reflects the principle that changes in the usage include an assessment of whether the property meets, or stops fulfilling, the definition of investment property and the supporting evidence that changes in the usage have occurred. Effective 1 January 2018, in which option of early application is permitted.
- Amendment to PSAK 16: Agriculture: Productive Crops, clarifies that biological assets that meet the definition of productive plants (bearer plants) fall within the scope of PSAK 16: Property, Plant, and Equipment. Effective for fiscal year that starts on or after 1 January 2018, in which option of early application is permitted.
- ISAK 33: Foreign Currency Transaction and Advance Payment, ISAK 33 clarifies the use of transaction date to determine the exchange rate used in the initial recognition of assets, expenses, or related income at the time the entity receives or pays in advance by using foreign currency. Effective 1 January 2019, in which option of early application is permitted.
- PSAK 69: Agriculture, regulates that biological assets or agricultural products are recognized when meeting several criteria that are similar to the criteria for asset recognition. Effective for fiscal year that starts on or after 1 January 2018, in which option of early application is permitted.
- PSAK 71: Financial Instrument, regulates changes of requirements related to financial instrument such as: classification and measurement; impairment; and hedge accounting. Effective 1 January 2020, in which option of early application is permitted.
- PSAK 72: Revenues from contracts with customers, establish principles applied by the entity to report useful information to users of financial statements on the nature, amount, time, and uncertainty of income and cash flows arising from contracts with customers. Effective 1 January 2020, in which option of early application is permitted.
- PSAK 73: Lease, establishes the principle of recognition of measurement, presentation, and disclosure of leases. Effective 1 January 2020, in which option of early application is permitted for entities that also apply PSAK 72: Revenues from contracts with customers.

## IMPACT OF CHANGES OF STATEMENTS OF NEW FINANCIAL ACCOUNTING STANDARD (PSAK) AND THE INTERPRETATION OF FINANCIAL ACCOUNTING STANDARD (ISAK)

The implementation of standards starting on or after 1 January 2017 does not have a material impact on the amounts and disclosures in the Company's financial statements. For the impact of standards/adjustments and interpretations in 2018-2020, the Company is evaluating the implementation of the accounting standards and has not yet determined the impact on the financial statements.

### CHANGES IN ACCOUNTING POLICIES AND THE IMPACT

There was no change in accounting policy and its impact to the Company in 2017.

## BUSINESS CONTINUITY INFORMATION

### MATTERS WITH POTENTIAL SIGNIFICANT IMPACT TO THE BUSINESS CONTINUITY

Towards the eradication of polio in 2020 where the use of Oral Polio Vaccine (OPV) will be terminated and replaced with the IPV vaccine (inactivated Polio Vaccine), Bio Farma's revenue growth rate has the potential to experience a drastic decline because approximately 60% of the revenue is obtained from polio vaccine. To deal with this condition, Bio Farma conducts a number of strategies through increasing production capacity for products that have received Pre-Qualification of World Health Organization (PQ WHO) and enters into partnerships for new products in the form of either research and development or marketing cooperation.

Product research and development is carried out in accordance with trends and attempts to accelerate so that the time to market of these products is in accordance with market needs. Bio Farma cooperates with various universities and research institutions at home and overseas in order to accelerate product availability in the market. Currently, it is intensifying the development of new products, among others, S-IPV vaccine, Rotavirus, Pneumococ vaccine, Typhoid conjugate vaccine, and Hep B vaccine. Furthermore, Bio Farma has begun the research and development outside vaccines and antisera such as the biosimilar Erythropoietin (EPO) and Trastuzumab groups; Diabetes Millitus (DM) diagnostic kit and insulin; and plans to develop blood-product group product.

Bio Farma prepares new land in Jasinga Bogor as Life Science Park which will be used as a research and development facility and the production of new products, biotechnology research center, and laboratory animal centers. The Life Science Park is prepared for the independence of the supply of vaccines, biosimilar products, stemcell, blood products, mAB (monoclonal Anti Body), and international standard diagnostics, as well as the development of an area of biotechnology research centers and laboratory animals. The existence of life science park facilities is expected to produce new products in which its efficient to market time is up to 50% and is expected to have social aspect in the form of a 70% reduction in medical costs and 80-100% reduction in the number of deaths and disease transmission.

### MANAGEMENT ASSESSMENT ON MATTERS WITH SIGNIFICANT IMPACT TO BUSINESS CONTINUITY

The Company's management has assessed the Company's ability to continue its business continuity and believes that the Company has the resources to continue its business in the future. Moreover, the Company's management does not see any material uncertainty which can cause significant doubts on the Company's ability to continue its business. In evaluating aspects that affect business continuity, Bio Farma has Compliance and Risk Management Division, Internal Audit Unit (SPI), and Quality Assurance (QA).

### ASSUMPTION USED BY MANAGEMENT IN CONDUCTING ASSESSMENT

Several factors that become the management's consideration in conducting assessment on the business continuity are as follows:

1. Company's Financial Performance Report
2. Liquidity
3. Solvency



4. Internal Matters
5. Inflation Rate
6. Exchange Rate
7. Indicators of Corporate Governance implementation

## TAX ASPECTS

### PUBLICATION OF TAX PAYMENT

Bio Farma in its operational activities has implemented good corporate governance, which is conducted in a transparent and accountable manner, especially in managing taxation rights and obligations. Bio Farma has conducted its rights and obligations of taxation in accordance with the applicable regulations.

### TAX PAYMENTS

Total Tax Payment for the period of January to December 2017 is as follows.

Table of Tax Payment

(in full Rupiah)

Tax Description	2017
Article 21 Income Tax	68,559,185,413
Article 4 (2) Final Income Tax	1,807,726,514
Article 22 Income Tax	7,671,294,580
Article 23 Income Tax	3,517,071,011
Article 25 Income Tax Monthly Installment	244,656,476,112
Article 22 Import (Credit) Income Tax	22,111,262,000
Article 22 (Credit) Income Tax	9,574,119,920

Tax Description	2017
Article 23 (Credit) Income Tax	29,006,674
VAT	175,370,448,462
Regional Tax	1,711,849,846
Other Taxes	3,051,726,988
<b>Total</b>	<b>538,060,167,834</b>

## COMPANY'S SOUNDNESS

Based on the Decree of Minister of State-Owned Enterprises No. KEP-100/MBU/2002 dated 4 June 2002 on the assessment of soundness of State-Owned Enterprises, the realization of the Company's performance throughout 2017 was in the criteria of "Sound AA" with a score of 86.00 as shown in the table below.

Table of the Company's Sound Level Assessment of 2017

No	Description	Weight	2017	
			Value	Score
<b>I</b>	<b>FINANCIAL ASPECT</b>			
1	Return on Equity (ROE)	20.00	12.97%	16.00
2	Return on Investment (ROI)	15.00	16.93%	13.50
3	Cash Ratio	5.00	63.76%	5.00
4	Current Ratio	5.00	338.90%	5.00
5	Collection Period (CP)	5.00	37.95 days	5.00
6	Inventory Turnover (IT)	5.00	86.40 days	4.50
7	Total Asset Turnover (TATO)	5.00	60.05%	3.00
8	Ratio of Total Own Equity (TMS) against Total Assets (TA)	10.00	83.51%	7.00
	<b>TOTAL VALUE (I)</b>	<b>70.00</b>		<b>59.00</b>
<b>B</b>	<b>OPERATIONAL ASPECT</b>			
1	Efficiency of Production and Productivities	5.00	Rp1,529.32	3.00
2	Production Continuity Maintenance	5.00	17.57%	4.00
3	Government Assignment		100%	3.00
4	Research and Development	5.00	94.36%	2.00
	<b>TOTAL VALUE (II)</b>	<b>15.00</b>		<b>12.00</b>
<b>C</b>	<b>ADMINISTRATION ASPECT</b>			
1	Annual Calculation Report	3.00	100.00%	3.00
2	RKAP Draft	3.00	100.00%	3.00
3	Periodic Report	3.00	100.00%	3.00
4	PKBL Performance:			
	a. Effectiveness in Fund Allocation	3.00	97.08%	3.00
	b. Collectibility Level of Loan Repayment	3.00	75.77%	3.00
	<b>TOTAL VALUE (III)</b>	<b>15.00</b>		<b>15.00</b>
	<b>TOTAL SCORE</b>	<b>100.00</b>		<b>86.00</b>
				<b>SOUND AA</b>

### COMPANY'S MAIN INDICATORS

Calculation of ten main indicators of the Company in 2017 is presented in the table below.

Table of the Company's Main Indicators

DESCRIPTION	2017 REALIZATION	2017 RKAP	2016 REALIZATION	2015 REALIZATION
<b>Growth [%]</b>				
a. Net Income/Sales	130.05	113.64	98.71	114.77
b. Operating Income	103.44	112.37	78.91	115.05
c. Income Before Taxes	104.18	116.37	76.17	115.90
<b>Return On Investment (ROI) * [%]</b>	<b>11.07</b>	<b>12.13</b>	<b>11.57</b>	<b>15.83</b>
<b>Profit Margin (PROMA) [%]</b>	<b>23.70</b>	<b>34.21</b>	<b>29.58</b>	<b>38.33</b>
<b>Company Productivity (COPRO) [Rp/person]</b>	<b>1,138,592,914.10</b>	<b>1,413,980,732.55</b>	<b>1,119,272,626.90</b>	<b>1,312,570,440.89</b>
<b>Employee Productivity (EMPRO) [Rp/person]</b>	<b>2,557,877,861.54</b>	<b>2,411,989,709.26</b>	<b>1,997,081,801.28</b>	<b>2,095,356,606.81</b>
<b>Asset Productivity (ASPRO) [%]</b>	<b>46.70</b>	<b>35.45</b>	<b>39.10</b>	<b>41.30</b>
<b>Inventory Turn Over (ITO) [times]</b>	<b>2.33</b>	<b>1.53</b>	<b>1.72</b>	<b>2.20</b>
<b>Receivable Turn Over (RTO) [times]</b>	<b>10.08</b>	<b>11.46</b>	<b>5.87</b>	<b>6.17</b>
<b>Base Cost Productivity (BASE PRO) [%]</b>	<b>77.33</b>	<b>65.71</b>	<b>71.50</b>	<b>64.35</b>
<b>Quality Performance Rate [%]</b>				
a. Product Defect	0.42	-	0.61	1.75
b. Material Defect	-	-	0.48	0.15

\*) KEP.210/M-PBUMN/1999





# Good Corporate Governance

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Bio Farma is committed to implement and has implemented the principles of Good Corporate Governance (GCG) as an effort to increase competitiveness in various aspects either at local, regional, national, or global level. GCG implementation at Bio Farma is able to build the Company's image and reputation as a superior company.

## Good Corporate Governance



Bio Farma has benefited from the implementation of good corporate governance. In addition to improvement in performance both in terms of operational and financial sustainability, Bio Farma received recognition from the community by obtaining several awards. In 2017, Bio Farma achieved awards among others Indonesia Most Admirer Companies from *Warta Ekonomi* and Indonesia Global Brand 2017 from *SWA*.



### COMPANY'S COMMITMENT IN IMPLEMENTING GOOD CORPORATE GOVERNANCE AND GOVERNANCE OUTCOME

Companies in global competition are required to sustain by their stakeholders by implementing Good Corporate Governance principles. Main factors that determine competitiveness are service process efficiency, quality, accuracy, and certainty of public policy in the governance system of various sectors. Therefore, implementation of Good Corporate Governance (GCG) principles fundamentally becomes a strong foundation for Bio Farma in the effort to improve competitiveness in various aspect, either locally, regionally, nationally, or globally.

The Board of Commissioners, Supporting Organs of the Board of Commissioners, Board of Directors, and all employees of Bio Farma, usually called as Bio Farma personnel, strongly uphold the commitment in implementing Good Corporate Governance.

GCG becomes the basic philosophy embedded in the attitude, manner, mindset, and way of work of each personnel of Bio Farma. With GCG, Bio Farma can build an image and reputation as a superior and dignified Company with the Company's cultures, which are Professional, Integrity, Team Work, Innovation, and Customer Oriented.

By realizing GCG, Bio Farma can optimize the Company's value, increase the Company's contribution to the national economy, and increase conducive climate in the Company's surrounding environment.



### THE IMPORTANT MEANING OF GCG FOR BIO FARMA

To the Company, GCG is a necessity. GCG has important meaning for Bio Farma, which are:

1. To improve and maximize the Company's value in order to win the Global competition.
2. To avoid fraud, corruption, collusion, and nepotism.
3. To encourage the creation of efficient and transparent market that is consistent with the laws and regulations based on some of Good Corporate Governance basic principles, which are: Transparency, Accountability, Responsibility, Independency, and Fairness.

Whereas, the purposes of GCG Implementation in Bio Farma are as follows:

1. To improve and maximize the Company's value in order to win the Global competition.
2. To avoid fraud, corruption, collusion, and nepotism.
3. To encourage the creation of efficient and transparent market that is consistent with the laws and regulations based on the Good Corporate Governance principles, which are: Transparency, Accountability, Responsibility, Independency, and Fairness.
4. To increase the Company's contributions to the Company's surrounding environment and to the national economy.
5. To improve conducive climate in the Company's surrounding environment.

### THE BENEFIT OF GCG

GCG implementation is expected to provide benefits to the Company, such as:

1. Reducing agency cost, that is the cost borne by the Shareholder as a result of authority delegation to the management. These costs may be in the form of losses suffered by the Company as a result of wrong-doings, or in the form of surveillance fees incurred to prevent misuse of authority.
2. Reducing cost of capital, as a result of good corporate governance, that leads to the decrease of interest rate on funds or resources borrowed by the Company as the Company's risk level also decreases.
3. Improving Company's image in public eyes in the long run.
4. Creating stakeholders' support in the Company's environment for Company's existence, strategy, and policies, as it is assured by all actions and operations of the Company in creating welfare and prosperity.
5. Producing Human Resources who have competence on Good Corporate Governance.
6. The Company can optimize high profitability and growth value.

### THE PRINCIPLES OF GCG

Good Corporate Governance (GCG) serves as a framework and reference for Bio Farma in managing the Company properly. Effective and balanced GCG implementation requires a positive role and contribution from all Bio Farma personnel. GCG implementation in Bio Farma aims to achieve success on the Company's philosophy, vision, mission, and objectives, which are based on 5 (five) basic principles of GCG, namely: Transparency, Accountability, Responsibility, Independency, and Fairness, abbreviated as TARIF.

1. **Transparency**  
Openness in applying the decision making process and openness in disclosing material and relevant information about the Company.
2. **Accountability**  
A clarity of function, implementation, and accountability of the Organs so that the Company's management is conducted effectively.
3. **Responsibility**  
The conformity in the Company's management against the laws and regulations, and principles of a sound corporation.
4. **Independency**  
A state in which the Company is managed professionally without conflict of interest and influence/pressure from any parties that are not in accordance with the applicable laws and regulations and principles of a sound corporation.
5. **Fairness**  
Justice and equality in fulfilling the rights of the Stakeholders arising based on agreement and laws and regulations.

### BASIS OF IMPLEMENTATION OF GCG

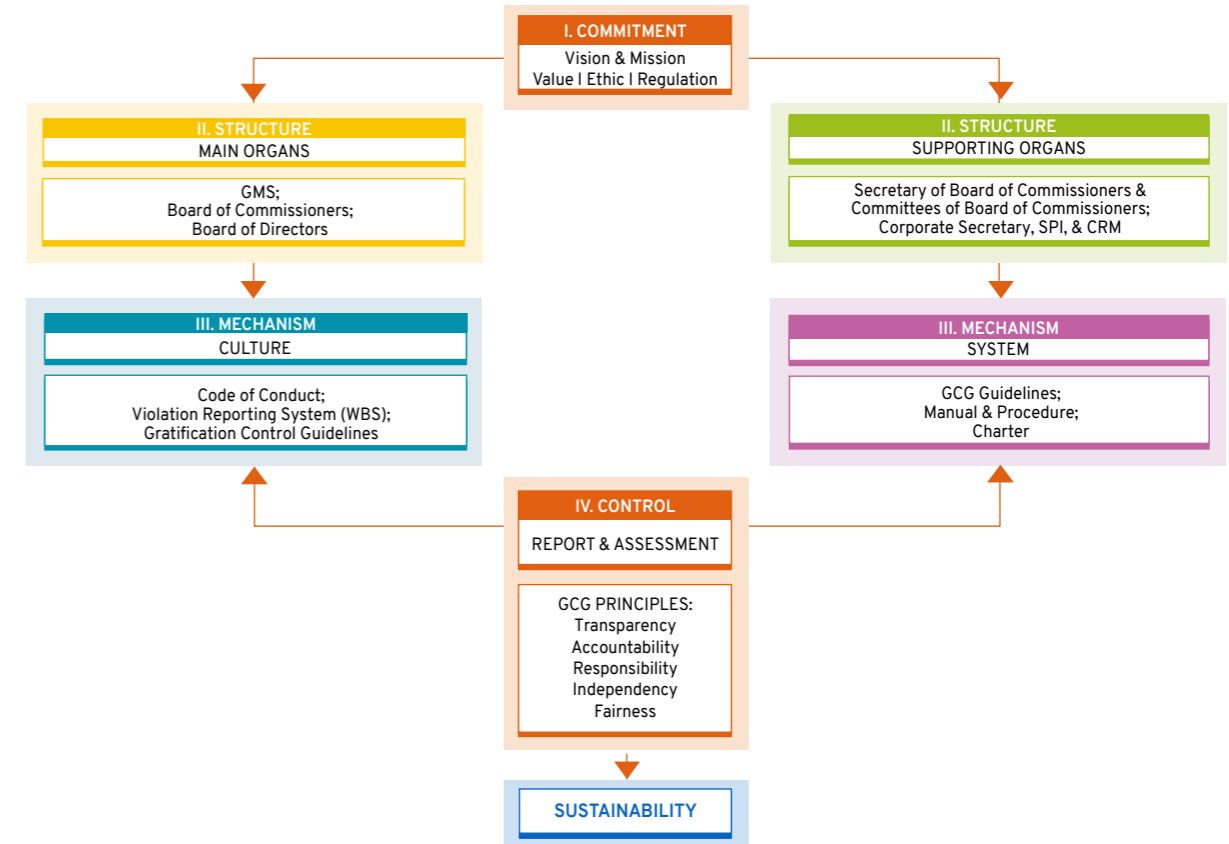
The implementation of Good Corporate Governance in Bio Farma always refers to the applicable laws and regulations. The basis of corporate governance implementation in Bio Farma is as follows:

1. Law No. 19 of 2003 dated 19 June 2003 on State-Owned Enterprises.
2. Law No. 40 of 2007 on Limited Liability Company.
3. Decree of Minister of SOE No. 117/M-MBU/2002 dated 31 July 2002, renewed under Regulation of State Minister of SOE No. PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance (GCG) in SOE as amended most recently under Regulation of Minister of SOE No. PER-09/MBU/2012 dated 6 July 2012 on Amendment to Regulation of Minister of SOE No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOE.
4. Secretarial Letter of SOE State Ministry No. S-168/MBU/2008 dated 27 June 2008 on Indicators/Parameters of Assessment and Evaluation on Good Corporate Governance Implementation as renewed under the Secretarial Decree of SOE Ministry No. SK-16/S.MBU/2012.

In addition to the mandatory provisions from various laws and regulations above, the Company also refers to guidelines of GCG implementation as follows:

1. Principles of Corporate Governance developed by the Organization for Economic Cooperation and Development (OECD).
2. ASEAN Corporate Governance Scorecard.
3. Guidelines of GCG Indonesia developed by National Committee of Governance Policies (KNKG).

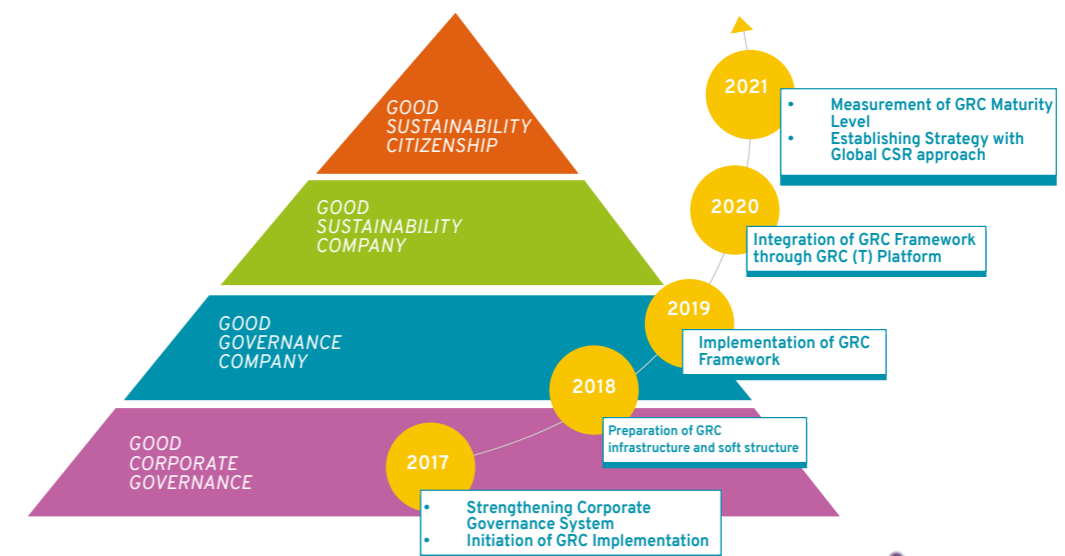
Internalization of various laws and regulations and guidelines above into the Company's internal policies is a commitment from the Board of Commissioners and Board of Directors and all employees. Company's commitment on GCG implementation is shown in the diagram below.



GCG becomes the basic philosophy embedded in the attitude, manner, and way of work of each personnel of Bio Farma. Through GCG, Bio Farma is able to build an image and reputation as a superior company.

### GCG ROADMAP

To improve the quality of GCG implementation even better, the management has established 2017-2021 GCG Roadmap which is divided into 4 (four) phases aligned with the 5 (five) years Corporate Long-Term Plan (RJPP). The final goal to achieve is the position as a global company whose strategic setting is through CSR Global approach and to be able to measure the maturity level of Governance, Risk and Compliance (GRC) towards Good Sustainability Citizenship. To strengthen Bio Farma's commitment and to improve its performance, Bio Farma has made improvement on its GCG Roadmap as follows:





**STRATEGY AND PLAN OF GCG IMPLEMENTATION IN BIO FARMA**

STRATEGIES	POLICIES	WORK PROGRAMS
<ol style="list-style-type: none"> <li>Building commitment from the Board of Directors and all Division/Department leaders to provide full support for the implementation of good corporate governance and corporate risk management.</li> <li>Performing collaboration among units in the Company and other institutions for activities related to good corporate governance (GCG) and risk management, utilizing available network facilities (intranet, internet, e-mail, etc.) to obtain and convey information related to laws and regulations and corporate governance.</li> <li>Managing Corporate Risk established based on the identification result of all potential events/risks that exist in all Risk Units (Department).</li> <li>Implementing GCG that is integrated with compliance management and risk management.</li> <li>Improving human resource competence in risk management, law, and good corporate governance.</li> <li>Disseminating good corporate governance (GCG) policies and making it a work culture within the Company's environment.</li> </ol>	<ol style="list-style-type: none"> <li>Referring to applicable laws and regulations relating to the Company's activities, Company's Articles of Association, regulations, and international standards on activities and products of the Company.</li> <li>The implementation of corporate governance is always based on five principles, namely transparency, accountability, responsibility, independency, and fairness, and the Company values, which are professionalism, integrity, teamwork, innovation, and customer orientation.</li> <li>Applying GCG implementation policy in the Company, Company's Code of Conduct, Corporate Governance Guidelines for Board of Directors, and GCG Internal Assessment Guidelines.</li> <li>Implementing Company's Risk Management with ISO 31000 reference.</li> <li>Multi-regulations demand and wide coverage scope.</li> <li>Applying ISO 22301 Business Continuity Management System.</li> </ol>	<ol style="list-style-type: none"> <li>Conducting preparations, reviews, and monitoring of legal documents (Board of Directors' Decrees, official memos) and Agreements made by the Company.</li> <li>Performing identification, dissemination, monitoring, and evaluation on compliance with environmental, health and safety laws and regulations related to the Company's activities.</li> <li>Identifying and monitoring licenses required by the Company.</li> <li>Conducting legal studies and providing necessary legal opinion.</li> <li>Performing consultations on legal matters.</li> <li>Reviewing, updating, and disseminating policies/guidelines and SOPs of corporate governance and risk management in accordance with applicable rules.</li> <li>Accompanying the application of GCG and KPKU implementation assessment, and making improvements to its recommendations.</li> <li>Creating Enterprise Risk Management (ERM) Report and Monitoring Implementation of Enterprise Risk Management (ERM).</li> </ol>

STRATEGIES	POLICIES	WORK PROGRAMS
<ol style="list-style-type: none"> <li>Monitoring the risk identification follow-up undertaken by all Risk Units (Division) either routinely or by project.</li> <li>Implementing GCG that is integrated with compliance management and risk management by building IT GRC.</li> <li>Providing competent human resources to build GRC concepts with the help of information and communication technology (ICT) - Single GRC Platform.</li> <li>Coordinating with other units/divisions to build the infrastructure and soft structure of the Business Continuity Management System (BCMS), establishing procedures and conducting examinations on BCMS.</li> </ol>		<ol style="list-style-type: none"> <li>Implementation of IT GRC application.</li> <li>Conducting consultations on the implementation of GCG, ERM, GRC IT applications, and KPKU.</li> <li>Preparing training requirements in law, good corporate governance, and risk management in CRM Division.</li> <li>Establishing GRC infrastructure and soft structure.</li> <li>Assessment of GRC maturity level.</li> <li>Establishing procedures, implementing and performing testing on BCMS.</li> <li>Achieving Awards in GCG</li> </ol>

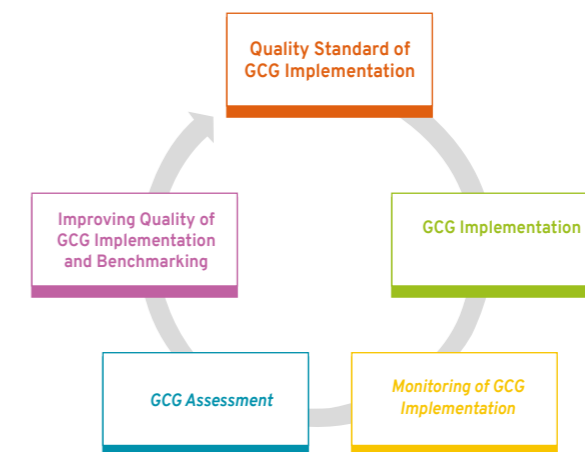
**GOVERNANCE OUTCOME**

The effectiveness of GCG implementation is reflected from the governance outcome achieved. By realizing Good Corporate Governance, Bio Farma is able to optimize the Company's value, to increase the Company's contribution to the national economy, and to increase conducive climate in the Company's surrounding environment. This can be seen from Bio Farma's Superior Performance Assessment Criteria (KPKU) score in 2017 that reached 537 or 5.24% or 26.75 points increase compared to the score in 2016 of 510.25. This score qualifies Bio Farma to be categorized as having Good Performance. The increased score gained in the evaluation result conducted by SOE Excellence Forum (FEB) proves that Bio Farma has better and more effective commitment in implementing Good Corporate Governance which led to the increased performance of the Company.

**SUSTAINABLE IMPLEMENTATION OF GCG**

Principally, GCG implementation in Bio Farma runs well and is applied by the Board of Commissioners, Supporting Organs of the Board of Commissioners, Board of Directors, and all employees with the purpose of protecting the interest of the Company, Shareholders, and Stakeholders. The Company always evaluates the GCG implementation continuously so that GCG implementation will always improve.

The cycle below shows the mechanism of GCG implementation.



GCG implementation in Bio Farma consists of stages as follows:

1. Preparation Stage
  - a. Awareness Building  
Building awareness on the importance of GCG and a shared commitment for its implementation. This activity is done through face-to-face meetings, banner installations, posters, desktop wallpapers, animated videos, emails, magazines/newsletters, GCG applications, and website.
  - b. GCG Assessment  
Identifying important aspects to be prioritized as well as steps taken to follow up.
  - c. GCG Manual Building  
Creating GCG implementation manual or guidelines. This manual can be differentiated between manuals for Company Organs and manuals for all work units, covering various aspects such as:
    - GCG Policies
    - GCG Guidelines
    - Charters of Audit Committee, Risk, Development, and GCG Committee, and Internal Control Unit.
    - Disclosure and Transparency Policy
    - Risk Management Policy
    - Information Technology Policy
    - Human Resources Policy
    - Standard Guidelines and Procedures of Each Unit
2. Implementation Stage
  - a. Dissemination  
Introducing all aspects relating to GCG implementation to all Bio Farma personnel.
  - b. Implementation  
Activities undertaken are in line with the existing GCG guidelines and adhere to the established roadmap. Implementation involves change management efforts to safeguard the change process brought about by GCG implementation.
  - c. Internalization  
Attempts to introduce GCG into all of the Company's business processes and various regulations.
3. Evaluation Stage  
Conducted periodically to measure the extent to which the effectiveness of GCG implementation has been carried out with the assistance of independent parties to assess the existing GCG implementation/practices.

### ESTABLISHING QUALITY STANDARDS OF GCG IMPLEMENTATION

Standard of GCG implementation is necessary as the basic reference to achieve the Vision and carry out the Mission of the Company. This basic reference covers criteria to meet from various aspects related to GCG implementation. The implementation standard is also aimed to encourage the Company to improve the GCG implementation quality. The standard is formulated based on relevant regulations, input from stakeholders, assessment result, and benchmarking.

The GCG implementation standard in the Company specifically refers to the Regulation of State Minister of SOE No. PER-09/MBU/2012 dated 6 July 2012 on the Implementation of Good Corporate Governance in SOE and Secretarial Decree of the Ministry of SOE No. SK-16/S.MBU/2012 dated 6 June 2012 on Indicator/Parameter of Assessment and Evaluation of Good Corporate Governance Implementation in SOE. GCG implementation standard covers:

1. Aspect of Commitment on Sustainable Good Corporate Governance Implementation.
2. Aspect of Shareholders and GMS/Equity Owners.
3. Aspect of Board of Commissioners/Board of Supervisors.
4. Aspect of Board of Directors.
5. Aspect of Disclosure of Information and Transparency.
6. Other aspects, among others, cover continuous reporting and the Company's ability as a benchmark in its field.

### IMPLEMENTATION OF GCG PRINCIPLES

Practices of GCG Principles implementation in Bio Farma are as follows:

<b>Transparency (T)</b>	<ul style="list-style-type: none"> <li>• Company's Annual Report</li> <li>• Other important information to stakeholders through website, mass media, etc.</li> </ul>
<b>Accountability (A)</b>	<ul style="list-style-type: none"> <li>• GMS ratifies RKAP and Annual Report</li> <li>• The Board of Commissioners monitors and advises the Board of Directors on the Company's management</li> <li>• The Board of Directors leads and manages the Company in accordance with applicable regulations</li> <li>• Clarity of tasks and functions is reflected in the Organizational Structure.</li> </ul>
<b>Responsibility (R)</b>	<ul style="list-style-type: none"> <li>• Carry out taxation obligations</li> <li>• Carry out Company policy and laws and regulations</li> <li>• Carry out the community development obligation and management of the surrounding environment</li> </ul>
<b>Independency (I)</b>	<ul style="list-style-type: none"> <li>• Company organs respect each other and do not interfere with the rights, duties, authority, and responsibilities of each respective organ</li> <li>• Board of Commissioners, Board of Directors, and employees of Bio Farma always avoid conflict of interest in making decisions.</li> </ul>
<b>Fairness (F)</b>	<ul style="list-style-type: none"> <li>• Shareholders have the right to attend and vote in the GMS according to the applicable regulations</li> <li>• The company provides good and safe working conditions, equal opportunities for all positions and employee competence improvements</li> </ul>

Some key activities that reflect the implementation of corporate governance in Bio Farma include:

1. The Company establishes value-added relationships for the Company and Stakeholders.
2. The Company determines KPI to improve shareholder values consistently and continuously.
3. Division of Environmental and Social Management has function to carry out the Company's environmental and social responsibility.
4. The Company is managed with attention to occupational health and safety as well as environmental preservation.
5. Board of Directors and officers in the Company are prohibited from engaging in actions that have conflicts of interest and taking personal advantage, either directly or indirectly from the Company's decisions and activities.
6. Board of Directors reports the relevant information to Shareholders and Board of Commissioners in the Management Report (quarterly and annual) and Annual Report to the Board of Commissioners and Shareholders in a timely manner.
7. The Internal Audit Unit (SPI) plans an annual internal monitoring work program and conducts monitoring as determined, reports its duty implementation to the President Director with a copy to the Board of Commissioners cq Audit Committee, contributes to the improvement of governance process, risk management and internal control, provides input on efforts to achieve the Company's business strategy, and monitors the follow-up on recommendations from internal and external audit results.
8. Corporate Secretary ensures that the Company complies with the regulations on disclosure requirements that are in line with the implementation of GCG principles, provides information required by the Board of Directors and Board of Commissioners periodically or at any time requested, acts as liaison officer, administers and maintains Company documents including but not limited to the Shareholder Register, Special List, and minutes of meetings of the Board of Directors, Board of Commissioners, and General Meeting of Shareholders, and organizes induction programs for newly appointed members of the Board of Directors and Board of Commissioners.
9. The Company establishes its information control procedures.

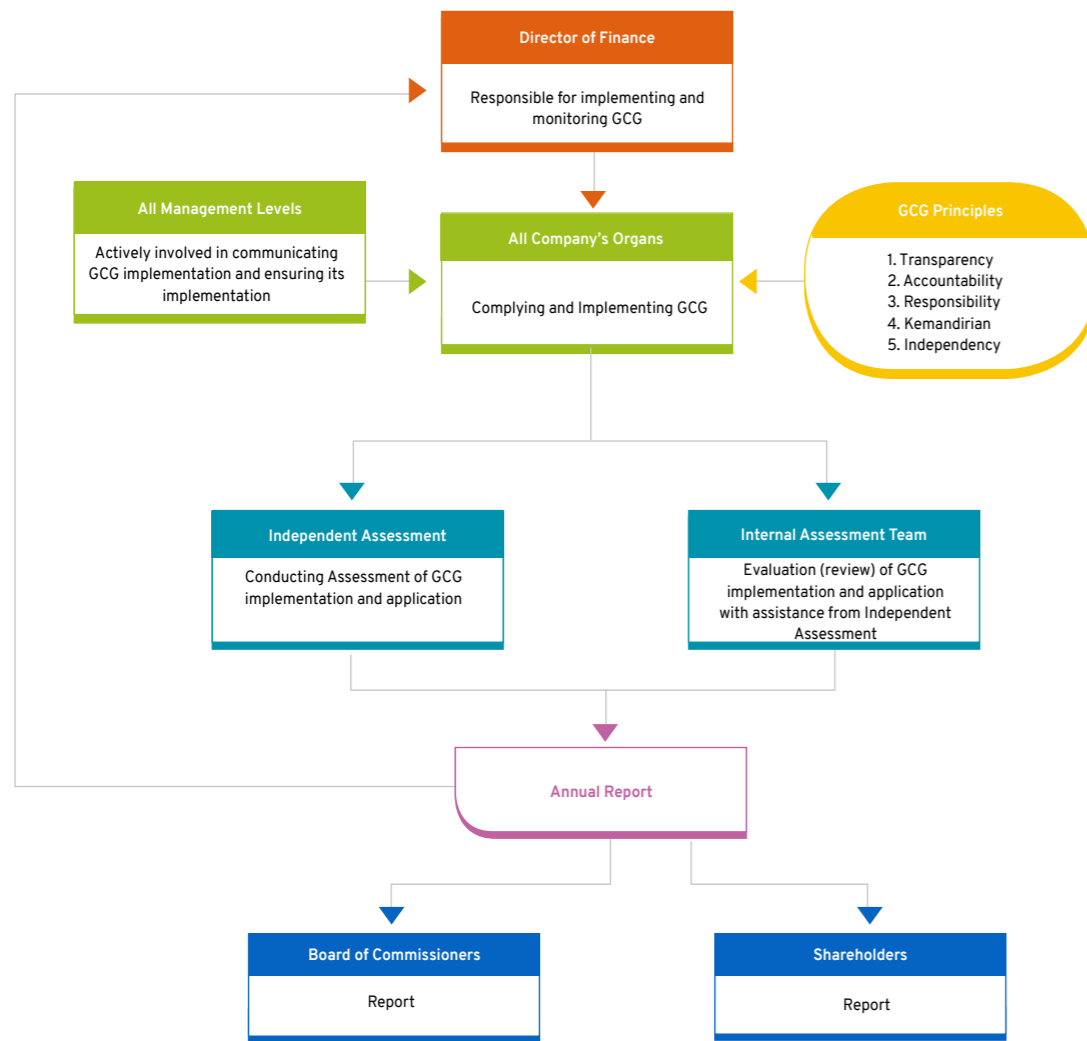
### MONITORING OF GCG IMPLEMENTATION

Bio Farma monitors GCG implementation routinely every year by following-up the recommendations from GCG assessment result, which is conducted by either external party or internal party.

### GCG ASSESSMENT

One of the efforts in measuring or mapping the Company's condition in GCG implementation is through GCG Assessment. This measure is taken to determine GCG implementation level and to identify appropriate measures in order to prepare infrastructure and corporate structure that is conducive to effectively implement GCG. In other words, GCG assessment is needed to identify the aspects that need to be prioritized, and the steps to make it happen.

The following chart can illustrate the mechanism of GCG implementation and assessment in Bio Farma.



Assessment of GCG implementation in Bio Farma refers to Article 44 of the Regulation of State Minister of SOE No. PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance in SOE Chapter XII on Measurement of GCG Implementation, which requires SOE to measure the GCG implementation in the form of assessment, which is a program to identify GCG implementation in SOE through measuring the execution and implementation of GCG in SOE that is conducted regularly every 2 (two) years and also conducting evaluation (review), which is a program to describe the follow-up of GCG execution and implementation in SOE, that is performed in the following year after assessment, which covers evaluations of the assessment results and follow-up of the recommendations for improvement.

### CRITERIA USED

Implementation of GCG assessment is based on the Secretarial Decree of Ministry of State-Owned Enterprise No. SK-16/S.MBU/2012 dated 6 June 2012 on Indicator/Parameter of Assessment and Evaluation of Good Corporate Governance Implementation in SOE. The indicators used in GCG assessment include:

1. Commitment to implement sustainable good corporate governance;
2. Shareholders and GMS/Equity Owners;
3. Board of Commissioners/Board of Supervisors;
4. Board of Directors;
5. Information Disclosure and Transparency; as well as
6. Other aspects.



### ASSESSOR

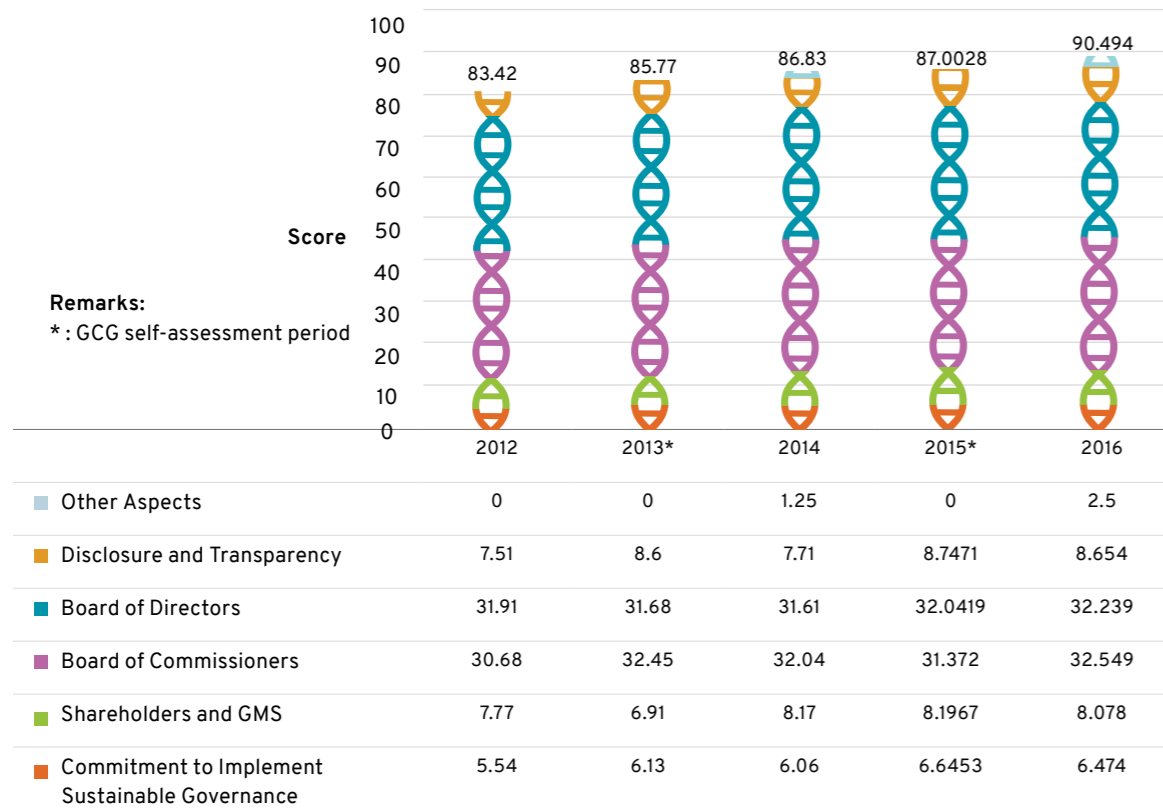
The assessment is carried by government institution that is competent in GCG, National Internal Audit Agency (BPKP) of West Java Representative that has performed GCG assessment periodically for 6 periods. In 2017, GCG assessment was conducted by BPKP West Java Representative, while self assessment was conducted in 2016 by an Internal Assessment Team appointed based on decree of Board of Directors to evaluate GCG implementation in 2015.

### ASSESSMENT SCORES

The result of GCG assessment for 2016 period reached the score of 90.494, which is categorized as "Excellent" predicate.

#### Assessment result of GCG implementation in PT Bio Farma (Persero) in 2016

TESTING/INDICATOR/PARAMETER ASPECTS	WEIGHT	ACHIEVEMENT IN 2016		PENJELASAN
		SCORE	% ACHIEVEMENT	
I Commitment to Sustainable Good Corporate Governance Implementation	7	6,474	92,49	Excellent
II Shareholders and GMS	9	8,078	89,76	
III The Board of Commissioners	35	32,549	93,00	Excellent
IV Board of Directors	35	32,239	92,11	Excellent
V Information Disclosure and Transparency	9	8,654	96,16	Excellent
Sub Total	95	87,994		
VI Other Aspects	5	2,500		
<b>TOTAL</b>	<b>100</b>	<b>90,494</b>		<b>EXCELLENT</b>



**RECOMMENDATION AND FOLLOW-UP**

Several weaknesses of Good Corporate Governance implementation that are managed to be identified by the GCG assessment process are further recommended for follow-up in order to improve the quality of GCG implementation to the future.

Some weaknesses that are recommended for follow-up corrective actions are as follows:

No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
1	The Shareholder definitively establishes the position of the President Director no later than 30 (thirty) days after the term of office expires	✓			<ul style="list-style-type: none"> <li>- Decree of Minister of SOE as the Company's GMS of PT Bio Farma (Persero) dated 10 July 2017 No. SK-127/MBU/07/2017 on Dismissal and Appointment of Members of Board of Directors of PT Bio Farma (Persero), which affirms the dismissal of Mr. Iskandar as President Director and assigns Mr. Juliman to perform duties as President Director in addition to his duties as Director of Production</li> <li>- Decree of Minister of SOE as the Company's GMS of PT Bio Farma (Persero) dated 22 January 2018 No. SK-27/MBU/01/2018 on Transfer of Duties and Appointment of Members of Board of Directors of PT Bio Farma (Persero) which transferred the assignment of Mr. Mas Rahman Roestan from previously the Director of Marketing to President Director</li> <li>- The definitive establishment of President Director position by the Shareholder exceeds 30 (thirty) days after the term of office expires</li> </ul>



No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
2	Provide Performance Assessment of the Board of Directors individually and set it forth in the GMS	✓			-
3	Establish Guidelines to Prepare Reports of the Board of Commissioners and their Assessment.	✓			-
4	Provide Performance Assessment of the Board of Commissioners in accordance with the Work Plan of the Board of Commissioners	✓			-
5	Implement follow-up of improvement areas resulting from the assessment of Good Corporate Governance implementation at PT Bio Farma (Persero)	✓			-
6	Provide validation of RJPP Year 2017-2021	✓			No implementation on GMS of RJPP 2017-2021 yet.
7	Perform validation of GMS of RKAP in a timely manner	✓			<ul style="list-style-type: none"> <li>- GMS of RKAP 2018 was held on 16 January 2018.</li> <li>- GMS of RKAP 2017 was held on 4 January 2017.</li> </ul> The GMS of RKAP is not held in a timely manner because it is not conducted no later than the end of the year before the current budget year.

No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
8	Provide approval/decision on Board of Directors' actions that must obtain Shareholder's approval on a timely basis (maximum of 7 (seven) days for the disposal of assets after the proposal document and the explanation is received in full)	√			<ul style="list-style-type: none"> <li>Proposal to Extend the Time Period and Increase the Limit of Credit Facility of PT Bank Mandiri (Persero) Tbk Year 2017-2018 No. 01351/DIR/IV/2017 dated 13 April 2017</li> <li>Approval to Pledge the Company's Fixed Assets Related to the Extension and Increase of Limit of Credit Facility of Bank Mandiri Year 2017-2018 No. S-15/DK/BF/05/2017 dated 3 May 2017</li> <li>14 (fourteen) business days for approval of Credit Facility of Bank Mandiri.</li> <li>Request to Pledge Fixed Assets Related to the Extension of Time Period of Working Capital Credit Facility for Export of Indonesia Eximbank of 2017-2018 No. 01352/DIR/IV/2017 dated 13 April 2017</li> <li>Approval to Pledge Company's Fixed Assets Related to the Extension of Working Capital Credit Facility for Export of Indonesia Eximbank of 2017-2018 dated 3 May 2017</li> <li>14 (fourteen) business days for approval of Indonesia Eximbank's Export Working Capital Credit Facility</li> <li>Request for Write-Off and/or Transfer of Fixed Assets of PT Bio Farma (Persero) No. 04404/DIR/XI/2016 dated 18 November 2016 and No. 04973/DIR/XII/2016 dated 29 December 2016 on the completeness of application letter for write-off and/or transfer of PT Bio Farma's fixed assets, which were received by the Board of Commissioners on 12 January 2017.</li> <li>Approval of the Board of Commissioners on the Write-off and/or Transfer of Fixed Assets of PT Bio Farma (Persero) No. S-11/DK/BF/03/2017 dated 24 March 2017</li> <li>50 (fifty) business days for approval for write-off and/or transfer of fixed assets. Board of Commissioners' approval for the release of assets is &gt; 7 days, therefore, it is assumed not in a timely manner</li> </ul>
9	Implement training programs in accordance with the targets set out in Board of Commissioners' KPI		√		-
10	Approval granting process on RJPP Design must be set forth in the Board Commissioners' Work Plan and Budget.		√		-
11	Provide guidance on the strengthening of internal control system based on review of the evaluation result of the effectiveness of internal control at the entity level, and internal control report		√		Minutes of Audit Committee Meeting with SPI dated 23 February 2018 on Discussion of Internal and External Audit Follow-up Progress and Evaluation of Entity's Internal Control Systems.



No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
12	Improve guidance and advice on policies of procurement of goods and services as well as the implementation, information technology policies and the implementation		√		<p>Until now there has been no specific discussion with the Audit Committee on procurement policies and the implementation, as well as IT policies and the implementation.</p> <p>The implementation of procurement of goods and services as well as information technology is discussed simultaneously with the discussion of Company Management Report.</p> <p>Minutes of Joint Meeting of Board of Directors and Board of Commissioners dated 24 February 2017 on Discussion of Corporate Management Report and PKBL Activity Report of 2016 Fiscal Year (Audited) of PT Bio Farma (Persero)</p>
13	Explicitly stipulate in the Work Plan and Budget of the Board of Commissioners, matters pertaining to: <ul style="list-style-type: none"> <li>- Discussion Plan of the Board of Directors' compliance with applicable laws and regulations and agreements with third parties;</li> <li>- Discussion Plan on transactions or actions within the authority of the Board of Commissioners that occurred during the current year;</li> <li>- Monitoring plan on the effectiveness of internal audit implementation and implementation plan for review of complaints relating to SOE that are received by the Board of Commissioners</li> </ul>		√		<ul style="list-style-type: none"> <li>The Board of Commissioners' activity plan for meeting discussion in the framework of establishing KAP to conduct the General Audit of Financial Statements, PKBL Reports, Company Performance, and Compliance with the 2017 laws and regulations, and the audit schedule and execution program by KAP by involving committees established by the Board of Commissioners</li> <li>The Audit Committee's activity plan to assess the efficiency and effectiveness of audits conducted by SPI in accordance with the agreed PKPT</li> </ul>

No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
					<ul style="list-style-type: none"> <li>The activity plan of Risk, Development, and GCG Committee to study and review GCG Policy (Manual Board, GCG Manual, code of conduct, gratification policy, and whistleblowing system and other GCG infrastructures) as well as to monitor the implementation of those policies</li> </ul>
14	Provide approval/authorization recommendation to the Board of Commissioners on actions of the Board of Directors that require recommendation/approval of the Board of Commissioners in a timely manner.		√		<ul style="list-style-type: none"> <li>Proposal to Extend and Increase the Limit of Credit Facility of PT Bank Mandiri (Persero) Tbk Year 2017-2018 No. 01351/DIR/IV/2017 dated 13 April 2017</li> <li>Approval to pledge the Company's Fixed Assets related to the Extension and Increase of Limit of Credit Facility of Bank Mandiri Year 2017-2018 No. S-15/DK/BF/05/2017 dated 3 May 2017.</li> <li>14 (fourteen) business days for approval of Credit Facility of Bank Mandiri.</li> <li>Request to pledge Fixed Assets Related to Extension of Working Capital Credit Facility for Export of Indonesia Eximbank of 2017-2018 No. 01352/DIR/IV/2017 dated 13 April 2017.</li> <li>Approval to pledge Company's Fixed Assets Related to Extension of Working Capital Credit Facility for Export of Indonesia Eximbank of 2017-2018 dated 3 May 2017.</li> <li>14 (fourteen) business days for approval of Indonesia Eximbank's Export Working Capital Credit Facility.</li> <li>Request for write off and/or transfer of fixed assets of PT Bio Farma (Persero) No. 04404/DIR/XI/2016 dated 18 November 2016 and No. 04973/DIR/XII/2016 dated 29 December 2016 on the completeness of application letter for write-off and/or transfer of PT Bio Farma's fixed assets received by the Board of Commissioners on 12 January 2017.</li> <li>Approval of the Board of Commissioners on the Write-off and/or Transfer of Fixed Assets of PT Bio Farma (Persero) No. S-11/DK/BF/03/2017 dated 24 March 2017.</li> <li>50 (fifty) business days for approval of write-off and/or transfer of fixed assets. Board of Commissioners' approval for the release of assets is &gt; 7 (seven) days, therefore, it is assumed not in a timely manner.</li> </ul>
15	Ensure that strategic actions requiring approval or recommendation from the Board of Commissioners have been supported by sufficient risk analysis		√		Letter of proposal from the Board of Directors and its attachments of risk analysis and other appendices on the strategic actions taken by the Board of Directors



No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
16	Include the amount of external auditor honorarium in proposing the external auditor appointment to the GMS/Shareholder		√		Performance Evaluation and Proposal of KAP Appointment to conduct General Audit of Bio Farma's Financial Statements for 2017 Fiscal Year No. 08/DK-KA/BF/III/2017 dated 23 March 2017. There is no proposal letter from the Board of Commissioners to GMS yet.
17	The Minutes of Meeting must include the review of audit report on the compliance with the prevailing laws and regulations (PSA-62) issued by the Public Accountant auditing the financial statements, and the audit report conducted by BPK RI regarding compliance with applicable legislation; review of the follow-up monitoring effectiveness of SPI and external auditors audit results, review of the conformity of the audit with internal audit standards, as well as the completeness of the attributes of PPI findings.		√		<ul style="list-style-type: none"> <li>Minutes of Audit Committee Meeting with SPI dated 23 February 2018 on discussion of internal and external audit follow-up progress and evaluation of entity's internal control systems.</li> <li>Minutes of Audit Committee Meeting dated 5 April 2017 on discussion of follow-up on BPK's findings.</li> <li>Minutes of Audit Committee Meeting dated 24 May 2017 on discussion of evaluation on 2017 PPI Phase I Audit results.</li> <li>Minutes of Audit Committee Meeting dated 13 October 2017 on discussion of evaluation on 2017 PPI Phase II Audit results.</li> <li>Minutes of Audit Committee Meeting dated 6 December 2017 on discussion of 2017 KAP memorandum audit progress and follow-up on 2016 KAP audit results.</li> </ul>

No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
18	Conduct performance evaluation of the Board of Directors based on the review of criteria, targets and key performance indicators covered in the individual Board of Directors Management Contracts taking into account the achievements realization of each Director.		✓		Performance Assessment of the Board of Directors by the Board of Commissioners is still in collegial manner based on 2017 management contract.
19	Document the discussion on GCG content in the Company's Annual Report and be more active in following-up areas of improvement from the GCG assessment result which are under the authority of the Board of Commissioners.		✓		<ul style="list-style-type: none"> <li>The Board of Commissioners Monitoring Report also includes GCG discussions.</li> <li>The RPG Committee Activity Report also includes GCG discussions</li> <li>Minutes of RPG Committee Meeting</li> </ul>
20	Instruct the Secretary of the Board of Commissioners to: <ul style="list-style-type: none"> <li>Include explanation of meeting absence and evaluation on the execution of the previous meeting's decision in the Minutes of Meeting of joint meeting of the Board of Commissioners and the Board of Directors</li> <li>Create proxy letter for members of Commissioners who are unable to attend the meeting to represent their votes in the meeting</li> <li>Validate the minutes of meeting no later than 7 (seven) days after the meeting is completed and the evaluation result on the execution of the previous meeting's decision is included in the Minutes of Meeting of joint meeting of the Board of Commissioners and Board of Directors</li> </ul>		✓		<ul style="list-style-type: none"> <li>Minutes of the Internal Meeting of the Board of Commissioners in 2017 (Meeting Participants).</li> <li>Board of Commissioners' power of attorney during 2017.</li> </ul>
21	Instruct the Committees of the Board of Commissioners to: <ul style="list-style-type: none"> <li>Include the self assessment plan of Audit Committee, and Risk, Development, and GCG Committee in the Annual Work Program of both committees.</li> <li>Streamline routine meetings of Audit Committee and Risk, Development, and GCG Committee in accordance with the work program</li> </ul>		✓		<ul style="list-style-type: none"> <li>Has not yet contained the self assessment of Board of Commissioners' Committee in the Board of Commissioners' Work Plan and Budget of 2017 and 2018.</li> <li>In the 2017 RPG Committee's Work Plan and Budget, there are 22 (twenty two) activity plans of RPG Committee during 2017, but the implemented/realized activities were 11 (eleven).</li> <li>In the 2017 Audit Committee's Work Plan and Budget, there are 46 (forty six) activity plans of Audit Committee during 2017, but the implemented/realized activities were 39 (thirty nine).</li> </ul>
22	Complete the process of updating the Governance (GCG) Implementation Guidelines at PT Bio Farma (Persero) by including the Company's main organs in implementing GCG			✓	Still in SK review process to finalize the GCG guidelines.
23	Complete the updating of the Code of Conduct by including Respect for Intellectual Property and Financial Statement integrity			✓	Still in SK review process to finalize the Code of Conduct.

No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/GMS	COMMISSIONERS	DIRECTORS	
24	Improve the Company's Policy on Report of Assets of State Officials (LHKPN) by adjusting it with the latest regulation from KPK, which is Regulation of KPK No. 07 of 2016 on Procedure of Registration, Announcement, and Inspection of Assets of State Officials dated 7 July 2016 and Circular Letter of KPK No. SE 08/01/10/2016 on Technical Guidelines of Submission and Management of Report of Assets of State Officials (LHKPN)			✓	Decree of Board of Directors of PT Bio Farma (Persero) No. 03991/DIR/X/2017 dated 23 October 2017 on Submission of Report of Assets of State Officials (LHKPN) within PT Bio Farma (Persero).
25	Encourage all employees who are obliged to report LHKPN to submit LHKPN to KPK in a timely manner according to the applicable laws and regulations			✓	In 2017, there was a waiver by KPK
26	Provide reprimand to Officials who are LHKPN Mandatory but have not submitted LHKPN to KPK			✓	In 2017, there was a waiver by KPK
27	Implement the Performance Management System (PMS) Guidelines as a system/guideline to measure and assess the performance of units and job title within the organization including its application			✓	<ul style="list-style-type: none"> <li>Individual's KPI</li> <li>Department's KPI</li> <li>Division's KPI</li> </ul> Throughout 2017 <ul style="list-style-type: none"> <li>PMS application (technical manual)</li> </ul>
28	Determine performance contracts for all job titles within the organization structure.			✓	Individual's KPI
29	Document in stages the analysis and evaluation of performance achievements for positions/units under the Board of Directors			✓	Minutes of QSHE meetings throughout 2017
30	Document and report the performance target achievement of Board of Directors individually to the Board of Commissioners			✓	KPI Directorate
31	Accelerate the process of implementing e-procurement applications in the procurement process of Goods and Services			✓	Bid module of E-procurement application URS has already been finalized.
32	Determine individual KPI that covers individual performance indicators and performance target for each employee			✓	Individual's KPI
33	Establish a job tender policy to fill positions one level below the Board of Directors as one means of equal opportunity to all employees to occupy positions in accordance with the specified requirements and specifications			✓	Still in review process of HR Division.
34	Update Classification Procedures and partners evaluation by adding evaluation criteria from the service and cost aspects provided and adding the performance appraisal arrangements of suppliers that supply investment goods			✓	Still in the review stage of the standard procedure of classification and evaluation of partner, and will contain the assessment of partners' performance/investment goods suppliers.
35	Improve the Company's performance (according to the established KPI) from that of the previous years			✓	Company's Management Report of 2017
36	Ensure that the meeting dynamics, dissenting comments, and explanations of the Board of Directors' absence are stated in the Minutes of Meeting			✓	Minutes of the Board of Directors' Meeting of 2017
37	Improve knowledge and expertise of internal auditor staff/quality of auditors/personnel assigned in PPI			✓	In 2017, 1 (one) out of 3 (three) SPI personnel planned achieved QIA certification training.

No.	Recommendation	Person in charge for Follow-Up			Follow-Up
		SHARE-HOLDERS/ GMS	COMMIS-SIONERS	DIREC-TORS	
38	Increase contribution to improvement / increase of governance process, risk management, and internal control by improving the quality of PPI audit result recommendations			✓	<p>Company Risks:</p> <ol style="list-style-type: none"> <li>Operations Examination on Human Capital Division (Performance Management Department)</li> <li>Operations Examination on Information Technology Division and Production Planning &amp; Production Management Division</li> <li>Operations Examination on Work Unit that has important role in controlling acceleration of project development.</li> </ol> <p>GCG:</p> <ol style="list-style-type: none"> <li>Operations Examination on Procurement Division (Purchase Support Department).</li> </ol> <p>PPI:</p> <ol style="list-style-type: none"> <li>Operations Examination on Finance Division (Tax Department).</li> <li>Operations Examination on Bacterial Vaccine Production Division (Tetanus Vaccine Production Department).</li> <li>Operations Examination on Production Planning &amp; Inventory Management Division (Production Planning Department).</li> <li>Operations Examination on Research &amp; Development Matrix.</li> </ol> <p>Operations Examination on General Affairs &amp; Asset Management Division.</p>

### IMPROVING THE QUALITY OF GCG IMPLEMENTATION

The assessment results, added by input from all stakeholders, are used as a consideration in improving the quality of GCG implementation. Quality improvement is done by following-up recommendations from the assessment results so that the gap of standard fulfillment can be closed. In addition, the Company also conducts benchmarking in order to follow the development of existing best practices, which in turn aims to improve the quality standards of GCG implementation in Bio Farma.

### GCG STRUCTURE AND MECHANISM

GCG structure includes the infrastructure and soft structure in the forms of company policies and guidelines which become the basis of GCG.

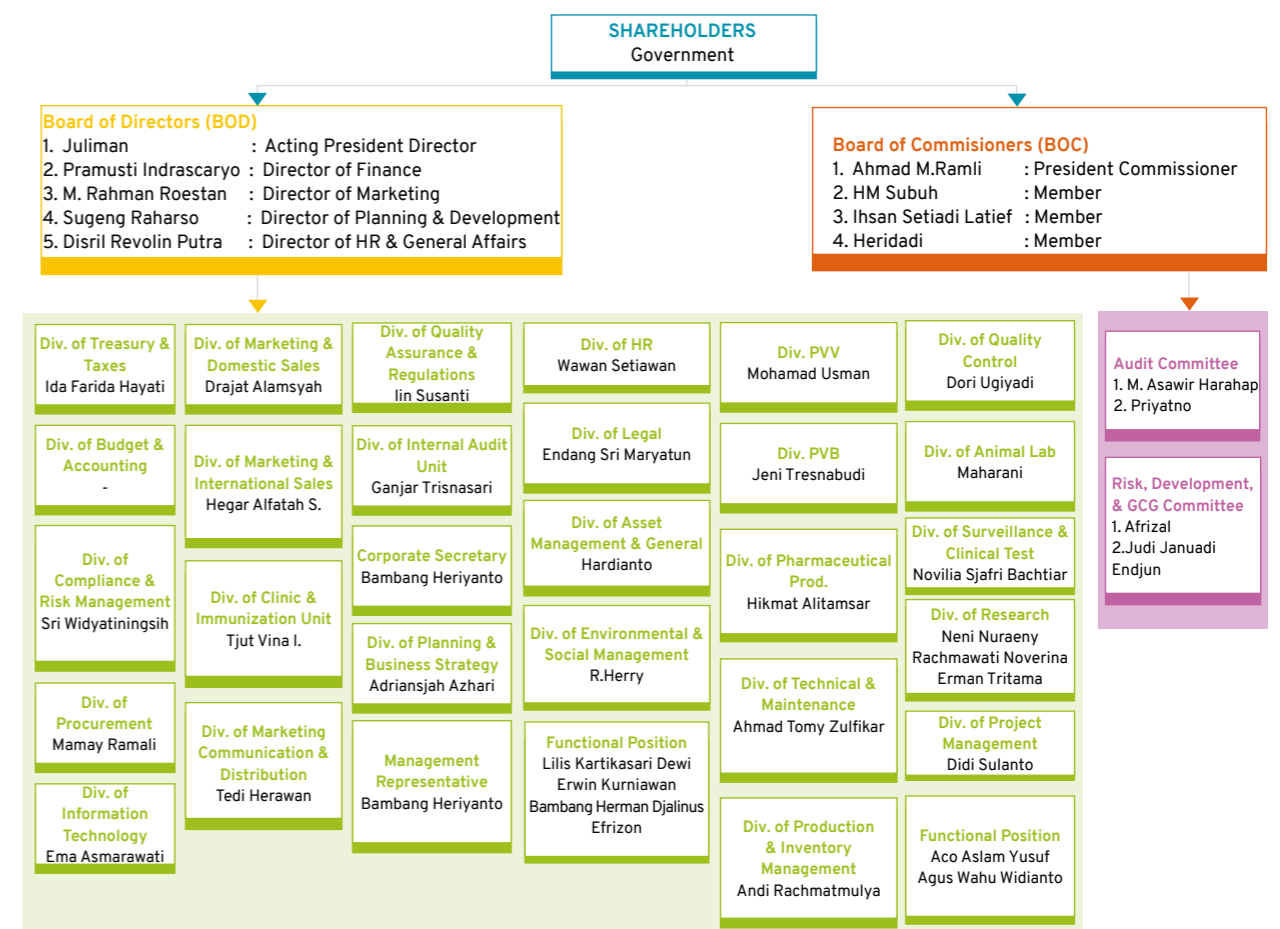
### STRUCTURE OF COMPANY ORGANS

The governance structure of Bio Farma refers to Law No. 40 of 2007 on Limited Liability Companies, Legal-based Limited Liability Companies having Company Organs consisting of three elements: Shareholders through General Meeting of Shareholders (GMS) as the highest forum of decision making for Shareholders, the Board of Commissioners as the supervisors of the management of the Company, and the Board of Directors as the managers of the Company.

In regard of the Company's Organs, the Board of Commissioners and Board of Directors have clear authority and responsibilities according to their respective functions as mandated in the Articles of Association and laws and regulations. The Board of Commissioners and Board of Directors are responsible for Bio Farma's business continuation in the long term, therefore, they need to have a common perception of the Company's philosophy, vision, mission, and values.



The structure of the Company's Organs is presented in the diagram below.



## CORPORATE GOVERNANCE SOFT STRUCTURE

In addition to the Company's Organ, Bio Farma has a number of policies in order to improve GCG implementation. The purposes and objectives of GCG policies/guidelines are as follows:

1. Encourage the achievement of the Company's sustainability through management based on the principles of transparency, accountability, responsibility, independency, fairness, and equality.
2. Encourage the empowerment of functions and independence of each Company's Organs, which are Board of Commissioners, Board of Directors, and General Meeting of Shareholders.
3. Encourage Shareholders, members of Board of Commissioners, and members of Board of Directors to make decisions and carry out their actions based on high moral values and compliance with laws and regulations.
4. Encourage the Company's awareness and social responsibility towards the community and environmental preservation, especially around the Company.
5. Optimize the Company's value for shareholders by keep considering other Stakeholders.
6. Enhance the Company's competitiveness nationally and internationally, thereby enhancing market confidence that can drive investment flows and sustainable national economic growth.

The policies developed by the Company are as follows:

1. Joint Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-04/DK/BF/II/2013, No. 01023/DIR/II/2013 dated 22 February 2013 on the Implementation of Good Corporate Governance (GCG) in PT Bio Farma (Persero).
2. Joint Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013 No. 01025/DIR/II/2013 dated 22 February 2013 on Board Manual of Board of Commissioners and Board of Directors of PT Bio Farma (Persero). The Board Manual is a reference for the Board of Commissioners and Board of Directors in performing its duties and functions.
3. Joint Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 dated 22 February 2013 on Code of Conduct of PT Bio Farma (Persero), which has been renewed under Joint Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014, No. 01123/DIR/III/2014 dated 06 March 2014. The Code of Conduct provides a guideline for the conduct of the Board of Commissioners, Board of Directors, and all Bio Farma personnel in applying the Company's values and performing daily activities. The Code of Conduct is an essential element for preventing unlawful/unethical behaviors.
4. Decree of Board of Directors of PT Bio Farma (Persero) No. 01236/DIR/III/2013 dated 4 March 2013 on Guidelines of Gratification Control of PT Bio Farma (Persero). Gratification control is an important element in setting standards to prevent corruption and other violations.
5. Decree of Board of Directors of PT Bio Farma (Persero) No. 01026/DIR/II/2013 dated 22 February 2013 on Policy of Whistleblowing System Implementation of PT Bio Farma (Persero). Whistleblowing system is one of the Company's efforts in detecting fraud, corruption, theft, bribery, gratification, conflict of interest, and violation of law and Company policy/procedure.
6. Decree of Board of Directors of PT Bio Farma (Persero) No. 00693/DIR/I/2014 dated 14 February 2014 on the Establishment of Employees in the Environment of PT Bio Farma (Persero) who are Obligated to Submit the Report on Assets of State Officials (LHKPN), Coordinator of Report on Assets of State Officials (LHKPN) Management, and LHKPN Mandatory Users Applications.
7. Decree of Board of Directors of PT Bio Farma (Persero) No. 07882/DIR/XII/2015 dated 30 December 2015 on Guidelines of Conflict of Interest Management of PT Bio Farma (Persero).

In addition, Bio Farma also has the following Policies/Guidelines:

1. Charters of Audit Committee, Risk, Development, and GCG Committee, and Internal Control Unit.
2. Management of Information Delivery through Mass Media Policy, Website Content Updating Policy, Internal Information Distribution Policy, Information Classification Determination Policy, and Public Information Disclosure Policy.
3. Risk Management Policy
4. Information Technology Policy
5. Human Resources Policy
6. Standard Guidelines and Procedures of Each Unit

Guidelines and policies related to the implementation of corporate governance are constantly updated in accordance with current conditions, changes in laws and regulations, and the dynamics of Bio Farma's business development. GCG implementation is expected to prevent corruption, collusion, and nepotism (KKN) practices, and to improve the supervisory function in the management of the Company.

As a concrete step of GCG implementation commitment, on 6 March 2017, Bio Farma Personnel (Board of Commissioners, Board of Directors, Supporting Organs of Board of Commissioners, and all Employees) signed an Integrity Pact after conducting internalization and dissemination of the Implementation of Good Corporate Governance, Gratification Control, Taxation, and

LHKPN. In addition to the Integrity Pact, on 6 March 2017 the signing of a commitment statement on the implementation of gratification control was held and attended by the Corruption Eradication Commission (KPK).

## GOOD CORPORATE GOVERNANCE MECHANISM

### GENERAL MEETING OF SHAREHOLDERS

GMS is the Company's Organ whose authority is not given to the Board of Directors or Board of Commissioners within the limits stipulated by Laws or Articles of Association. GMS has the authority to appoint and dismiss members of Board of Commissioners and Board of Directors, to evaluate the performance and ask for accountability of the Board of Commissioners and Board of Directors in regard of the Company's management, to validate amendment to the Articles of Association, to approve the Annual Report, to determine allocation of profit use, to appoint Public Accountant, and to determine the amount and type of compensation for the Board of Commissioners and Board of Directors.

Resolutions adopted at the GMS are conducted fairly by prioritizing transparency aspect. Furthermore, in adopting resolutions, GMS notes and considers various important matters related to the Company's long-term interests and other interests in the Company. The GMS or shareholders do not have the authority to intervene the duties, functions, and authority of the Board of Commissioners or the Board of Directors. However, it does not reduce the authority of the GMS in exercising its rights and obligations in accordance with the Articles of Association and the Laws.

According to the Company's Articles of Association, there are 2 types of GMS.

1. Annual GMS  
Annual GMS is held every year that includes:
  - GMS on the approval of the annual report, which is held no later than June after the closing of the relevant fiscal year.
  - GMS on the approval of the Company's RKAP, which is held no later than 30 (thirty) days after the current budget year (RKAP's relevant budget year).
2. Extraordinary GMS  
Extraordinary GMS may be held at any time based on need for the Company's interest.

### REFERENCES OF REGULATIONS

GMS is the Company's Organ whose authority is not given to the Board of Directors or Board of Commissioners within the limits stipulated by Law No. 40 of 2007 on Limited Liability Company and/or Articles of Association.

### SHAREHOLDERS

Shareholders are individuals or legal entities that validly own the Company's shares. Shareholders do not intervene the functions, duties, and authority of the Board of Commissioners and Board of Directors. GMS is a place for the shareholders to adopt fair and transparent resolutions for the Company's long-term interests. Shareholders through GMS have the authority to exercise their rights in accordance with the Company's Articles of Association and the applicable laws and regulations.

### SHAREHOLDERS' RIGHTS

Shareholders' rights must be protected and can be exercised in accordance with the laws and regulations and the Company's Articles of Association. Shareholders' Rights basically include:

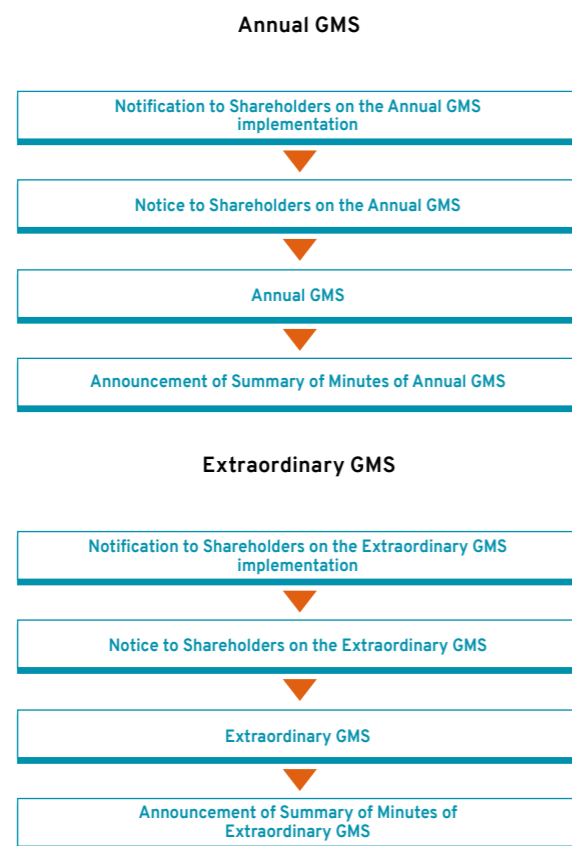
1. Only owned by the Government of the Republic of Indonesia.
2. May request to convene Extraordinary GMS.
3. Propose, approve, appoint, and dismiss the Board of Commissioners and Board of Directors who are appointed in the GMS.
4. Approve amendments to the Articles of Association and Household of the Company.
5. Approve changes in total equity.
6. Approve merger, consolidation, acquisition, separation, and dissolution of the Company (Persero).
7. Obtain the Company's financial statements.
8. Gain profit distribution in the form of dividend disbursed by the Company.
9. Gain the Company's net assets distribution.
10. Establish subsidiary or participation.

**SHAREHOLDERS'S RESPONSIBILITIES**

Shareholders must realize their responsibilities as capital owner by noting the laws and regulations and articles of association of the Company. Shareholders' Responsibilities basically include:

1. Controlling shareholders must be able to:
  - Note the interest of minority shareholders and other stakeholders according to the laws and regulations.
  - Disclose to law enforcement institution about the actual ultimate shareholders in the event of alleged violation on laws and regulations, or in the event of request by the relevant authority.
2. Minority shareholders are responsible to use their rights well according to laws and regulations and articles of association.
3. Shareholders must be able to:
  - Separate Company's asset ownership and personal asset ownership.
  - Separate their functions as shareholders with functions as member to Board of Commissioners or Board of Directors in the event that the shareholder serves at one of the two organs.
4. In the event that shareholders become controlling shareholder in several companies, accountability and relationship between the companies need to be clear.

**STAGES OF ORGANIZING GMS**



**ORGANIZING GENERAL MEETING OF SHAREHOLDERS**

**2017 ANNUAL GMS AND ITS REALIZATION**

Throughout 2017, the Company held 2 (two) Annual GMS, which were GMS to Validate the Financial Statements and the Activity Report of the Partnership and Community Development Program Report (PKBL) of PT Bio Farma (Persero) for Fiscal Year 2016 and GMS to Validate the Company's Work Plan and Budget (RKAP) and the Work Plan and Budget of the Partnership & Community Development Program (RKA-PKBL) of 2017.

**GMS ON THE APPROVAL OF THE COMPANY'S WORK PLAN AND BUDGET (RKAP) AND WORK PLAN AND BUDGET OF PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (RKA-PKBL) IN 2017**

Notice	Implementation	GMS Resolutions
Invitation to GMS on the Approval of the Company's Work Plan and Budget (RKAP) and the Work Plan and Budget of the Partnership and Community Development Program (RKA-PKBL) of 2017 was delivered to the Shareholders under the Letter No. 04811/DIR/XII/2016 dated 19 December 2016	The General Meeting of Shareholders (GMS) on the Approval of the Company's Work Plan and Budget (RKAP) and the Work Plan and Budget of the Partnership and Community Development Program (RKA-PKBL) of 2017 was held on Wednesday, 4 January 2017, at the Ministry of SOE Building at Jalan Medan Merdeka Selatan 13, Central Jakarta.	The results of the GMS resolutions are submitted through the Minutes of the General Meeting of Shareholders of PT Bio Farma (Persero) on the Approval of the Company's Work Plan and Budget (RKAP) and the Work Plan and Budget of the Partnership and Community Development Program (RKA-PKBL) of 2017 No. 01/RUPS/01/2017 dated 4 January 2017

**GMS AGENDA ON THE APPROVAL OF THE COMPANY'S WORK PLAN AND BUDGET (RKAP) AND WORK PLAN AND BUDGET OF PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (RKA-PKBL) IN 2017**

The GMS discussed about:

1. The Approval/Validation of the Company's Work Plan and Budget of 2017.
2. The Approval/Validation of the Work Plan and Budget of the Partnership and Community Development Program (RKA-PKBL) of 2017.
3. The establishment of Indicators of Operational Aspect for Sound Level Calculation for RKAP of 2017
4. The establishment of Key Performance Indicator (KPI) of the Board of Directors of 2017.
5. The establishment of Key Performance Indicators (KPI) of the Board of Commissioners of 2017.
6. The Approval to pledge the Company's property, plant, and equipment in the form of land area of 63,214 m2 at Jalan Kolonel Masturi, Kertawang Village, Cisarua District, West Bandung Regency, West Java Province with HGB certificate No. 00004 and land area of 91,058 m2 at Jalan Pasteur No. 28, Pasteur Urban Village, Sukajadi District, Bandung City, West Java Province with HGB certificate No. 288 for investment credit withdrawal of Rp1.20 trillion.

**RECAPITULATION OF ATTENDANCE OF GMS ON THE APPROVAL OF THE COMPANY'S WORK PLAN AND BUDGET (RKAP) AND WORK PLAN AND BUDGET OF PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (RKA-PKBL) IN 2017**

Name	Position	Attendance
Ahmad M. Ramli	President Commissioner	Present
Paruli Lubis	Member of Board of Commissioners	Absent and authorized a proxy with the power of attorney letter No. SKU-01/BF/01/2017 dated 3 January 2017
Heridadi	Member of Board of Commissioners	Present
Ihsan Setiadi Latief	Member of Board of Commissioners	Present
Nizar Yamani	Member of Board of Commissioners	Present
Mohamad Subuh	Member of Board of Commissioners	Present
Iskandar	President Director	Present
Andjang Kusumah	Director	Present
Pramusti Indrascaryo	Director	Absent and authorized a proxy with the power of attorney letter No. 04889/DIR/XII/2016 dated 23 December 2016
Mahendra Suhardono	Director	Present
Juliman	Director	Present
Sugeng Raharso	Director	Present

**GMS RESOLUTIONS ON THE APPROVAL OF THE COMPANY'S WORK PLAN AND BUDGET (RKAP) AND WORK PLAN AND BUDGET OF PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (RKA-PKBL) IN 2017**

Based on the Minutes of the General Meeting of Shareholders (GMS) of PT Bio Farma (Persero) on the Approval of RKAP and RKA-PKBL of 2017 No. 01/RUPS/01/2017, the resolutions are as follows:

1. To approve/validate the Company's Work Plan and Budget (RKAP) of 2017.
2. To approve/validate the Work Plan and Budget of Partnership and Community Development Program of 2017.
3. To establish the Indicators of Operational Aspect for Sound Level Calculation for RKAP of 2017.

4. To establish Key Performance Indicator (KPI) of the Board of Directors of 2017.
5. To establish Key Performance Indicators (KPI) of the Board of Commissioners of 2017.
6. To approve the pledge the Company's property, plant, and equipment in the form of land area of 63,214 m<sup>2</sup> at Jalan Kolonel Masturi, Kertawang Village, Cisarua District, West Bandung Regency, West Java Province with HGB certificate No. 00004 and land area of 91,058 m<sup>2</sup> at Jalan Pasteur No. 28, Pasteur Urban Village, Sukajadi District, Bandung City, West Java Province with HGB certificate No. 288 with the total market value of Rp1.88 trillion for investment credit withdrawal of Rp1.20 trillion.

**Follow-Up on the Resolutions/Directives of GMS on the Approval of the Company's Work Plan and Budget (RKAP) and the Work Plan and Budget of the Partnership and Community Development Program (RKA-PKBL) of 2017**

In order to improve the implementation of good corporate governance, the Board of Directors and Board of Commissioners have followed-up the GMS Directives as follows:

No	Shareholders Directives	Status	Follow-Up on Shareholders Directives
1.	The ratified RAKP is a guideline for Board of Directors in implementing business activity in 2017 and Board of Commissioners is requested to evaluate and supervise the RKAP implementation by always referring to the principle of budget discipline and report it periodically to the Shareholders.	Completed	Board of Commissioners through the Audit Committee and Risk, Development & GCG Committee periodically supervises the business activity implemented by Board of Directors and report it to the Shareholders. Business activity is conducted based on RKAP as well as the business environment external dynamics.
2.	The book of RKAP, RKA, PKBL, written response of Board of Commissioners, Key Performance Indicator (KPI) of Board of Directors as written in Management Contract and the KPI of Board of Commissioners are integral to this GMS Minutes.	Completed	SOE periodic report that includes Management Report and PKBL report has been delivered electronically according to the prevailing stipulations.
3.	SOE Periodic Report that includes Management Report and PKBL report is to be delivered electronically according to the stipulation of the Minister of SOE Regulation No. PER-18/MBU/10/2014 and Minister of SOE Circular Letter No. SE-03/MBU/06/2015	Completed	<p>a. External Auditor-Audit Board of the Republic of Indonesia</p> <ol style="list-style-type: none"> <li>1) Until 13 October 2017, out of 11 (eleven) recommendations from Audit Board Assessment result on PKBL of 2010 and 2011 as well as costs related to avian flu up to 2011, 10 (ten) recommendations are stated as completed and 1 (one) recommendation has the follow up progress submitted to BPK RI on 27 December 2017.</li> </ol> <p>Currently still waiting on the Audit Board review on the progress.</p> <ol style="list-style-type: none"> <li>2) Until 28 July 2017, out of 52 (fifty-two) recommendations from Audit Board Assessment result on the Activity of Procurement, Inventory Management, Sales, and Costs of 2014 and 2015 Fiscal years, 27 (twenty-seven) recommendations are stated as completed and 25 (twenty-five) recommendations needs follow-up.</li> </ol> <p>On 3 October 2017, PT Bio Farma (Persero) sent another 19 follow-up recommendations to Audit Board and on 27 December 2017, sent 4 follow-up progresses that until the end of 2017, there were 2 recommendations that were still in follow-up process. Currently still in review by Audit Board.</p> <p>b. External Auditor-Public Accountant Firm</p> <ol style="list-style-type: none"> <li>1) Until 24 February 2017, all recommendations of Independent Auditor's Report on Compliance of Prevailing Laws and Regulations and Internal Control for the year ending on 31 December 2015 had been followed up and stated as completed.</li> <li>2) Until the end of 2017, 21 recommendations of Independent Auditor's Report on Compliance of Prevailing Laws and Regulations and Internal Control for the year ending on 31 December 2015 had been followed up and 5 recommendations were stated as in process, as discussed in the Certified Public Accountant and Audit Committee discussion meeting on 4 December 2017.</li> </ol>

No	Shareholders Directives	Status	Follow-Up on Shareholders Directives
			Currently still waiting on the Certified Public Accountant review on the progress.
			<p>c. Internal Auditor</p> <ol style="list-style-type: none"> <li>1) Report of Examination Result of 2016                             <ol style="list-style-type: none"> <li>a) Until the end of 2017, all LHP recommendations on PVV Division had been followed-up.</li> <li>b) Until the end of 2017, all LHP recommendations on Asset Management &amp; General Affairs.</li> <li>c) Until the end of 2017, 10 (ten) LHP recommendations on Procurement Division had been followed up and 1 (one) recommendation was still in progress.</li> <li>d) Until the end of 2017, 12 (twelve) LHP recommendations on UBKI had been followed-up and 2 (two) recommendations were still in progress.</li> <li>e) Until the end of 2017, 6 (six) LHP recommendations on Human Capital Division had been followed-up and 1 (one) recommendation was still in progress.</li> <li>f) Until the end of 2017, 3 (three) LHP recommendations on PKBL, CSR, &amp; EHS Division had been followed-up and 1 (one) recommendation was still in progress.</li> <li>g) Until the end of 2017, all LHP recommendations on Production Planning &amp; Supply Management Division.</li> <li>h) Until the end of 2017, all LHP recommendations on Engineering &amp; Maintenance Division had been followed up.</li> </ol> </li> <li>2) Report of Examination Result of 2017                             <ol style="list-style-type: none"> <li>a) Until the end of 2017, 11 (eleven) LHP recommendations on Finance Division had been followed-up and 2 (two) recommendations were still in progress.</li> <li>b) Until the end of 2017, all LHP recommendations on PVB Division had been followed up.</li> <li>c) Until the end of 2017, 15 (fifteen) LHP recommendations on Information Technology Division had been followed-up and 2 (two) recommendations were still in progress.</li> <li>d) Until the end of 2017, all LHP recommendations on Asset Management and General Affairs Division had been followed up.</li> <li>e) Until the end of 2017, all LHP recommendations on Human Capital Division had been followed up.</li> <li>f) Until the end of 2017, all LHP recommendations on Procurement Division had been followed up.</li> <li>g) Until the end of 2017, all LHP recommendations on Research &amp; Development Matrix had been followed up.</li> <li>h) Until the end of 2017, 19 (nineteen) LHP recommendations on PPMP Division had been followed-up and 3 (three) recommendations were still in progress.</li> </ol> </li> </ol> <p>Until the end of 2017, all recommendations were still in progress.</p>

No	Shareholders Directives	Status	Follow-Up on Shareholders Directives
4.	Board of Directors is requested to follow-up and complete the findings and recommendations resulted by the assessment by internal and external auditor performed in the previous years.	Selesai	RKAP 2017 has been disseminated to officials equal to Head of Division and Department Head in Work Plan (Plan of Action) of 2017, on 16-17 January 2017.  Efficiency program to reduce the cost has been disseminated to all employees through monthly briefing, and computer desktops at all work units continuously.
5.	Target of production and income in RKAP 2017 is the minimum target while cost target is maximum target to be achieved in 2017. This is disseminated to all management levels and embodied into joint commitment in the implementation and achievement.	Completed	Procedure, Regulation, and Policy of Performance Management System (PMS), which includes supporting phases of KPI system has been completely drafted in Quarter I 2017.  The alignment of KPI system and RKAP and RJPP by using balance scorecard approach has been completed. Currently, it is in dissemination and validation phase to determine KPI of each respective Division according to the Company's organizational structure. KPI for Corporate and Division has been completed in the middle of Quarter IV 2017, and the pilot test for Corporate and Division's KPI usage is currently being conducted in the Directorate of HR and General Affairs for 2018.
6.	As a follow up on Management Contract, which includes Key Performance Indicator (KPI) and has been agreed, KPI will be prepared in phases for every management level and subsidiary.	Completed	Company development is conducted according to the Pharmacy SOE roadmap directed to the development of Biotechnology and Life Sciences Industry.
7.	The Board of Directors is requested to focus on SOE Road Map in Health Service as a reference to company development policy in improving the Company's contribution in health service sector.	Completed	At present, the Company has established synergy among SOEs as follows: <ul style="list-style-type: none"> <li>• PT Kimia Farma (Persero) for procurement of production supporting raw materials (Kanamycin and anesthetic drugs);</li> <li>• PT Pembangunan Perumahan (Persero) and PT Yodya Karya (Persero) for construction work;</li> <li>• PT Pertamina (Persero) for solar procurement;</li> <li>• PT PLN (Persero) for electricity energy;</li> <li>• PT Telkom for information technology;</li> <li>• LKBN Antara for news;</li> <li>• PT Citilink Indonesia (Subsidiary of PT. Garuda (Persero) Tbk. for accommodation;</li> <li>• PT Sigma Cipta Caraka (Subsidiary of PT Telkom Indonesia (Persero) Tbk) for information technology;</li> <li>• PT Bahana Sekuritas (Persero) for consulting services;</li> <li>• PT Sucofindo (Persero) for consulting services.</li> </ul>
8.	SOE to build synergy between SOEs by referring to the Instruction of the Minister of SOE No. KEP-109/MBU/2002 on Synergy Among SOEs and Regulation of SOE Minister No. PER-15/MBU/2012 on General Guidelines on SOE Goods and Services Procurement with its implementation that remains to consider the principles of Good Corporate Governance .	Completed	Bio-Farma business transformation process to become a Global Life Science Company that excels and applies new strategic initiative is written in RJPP 2017-2021 along with the Indonesian Government's initiative to achieve national health security and self-sufficiency, hence, the 2017-2021 corporate strategy is "Maintaining continuous income growth through acceleration of time-to-market diversification product (Vaccine and Antisera, Blood Products Biosimilar)."  The corporate strategy is elaborated into product strategies and partnership as follows: <ol style="list-style-type: none"> <li>a. Product Strategy with 3 key products priorities, which are vaccine, antisera, blood product and biosimilar.</li> <li>b. Business Development Strategies through:                             <ol style="list-style-type: none"> <li>1. Developing infrastructure &amp; supporting tools for employee development through product-based organization regulation.</li> <li>2. Applying compliance to international and domestic regulations as well as quality system according to international standard.</li> <li>3. Accelerating production/manufacture production capacity development by supplementing capacity and improving product quality as well as streamlining asset usage.</li> </ol> </li> <li>c. Finance Strategies                             <ol style="list-style-type: none"> <li>1. Financing Provision.                                     <ul style="list-style-type: none"> <li>Self-funded, by using the Company's independent fund.</li> <li>External, by using bank or non-bank loan.</li> </ul> </li> <li>Capital Expenditure (CAPEX) and Operating Expenditure (OPEX) control</li> </ol> </li> </ol>

No	Shareholders Directives	Status	Follow-Up on Shareholders Directives
9.	Board of Directors to accelerate PT Bio Farma (Persero) business transformation process to anticipate bio-pharmacy industrial development by compiling concrete programs in all fields.	Completed	<ol style="list-style-type: none"> <li>1. Establish Counterpart Team to Create and Draft Feasibility Study/FS on Plasm Fractionation Industry Facility Construction on 1 December 2016.</li> <li>2. The FS of plasm fractionation industry establishment has been drafted and discussed with the Board of Commissioners as well as sent and disseminated to Minister of Health of Republic of Indonesia copied to Secretary General to Ministry of Health of Republic of Indonesia, Directorate General of Pharmaceuticals and Medical Devices of the Ministry of Health of Republic of Indonesia, Directorate General of Health Service of the Ministry of Health of Republic of Indonesia, Deputy of Agro and Pharmacy Industry Business Sector of SOE, and Head of Central Red Cross.</li> <li>3. The FS of plasm fractionation industry establishment has been disseminated to the board and management of Central Red Cross and West Java Red Cross.</li> <li>4. The dissemination of plasm fractionation FS result and request of support and acceleration on plasm fractionation industry independence to the Head of Food and Drug Administration.</li> <li>5. Drive regulation changes through task unit of acceleration and effectiveness of Work Group III of Economy Policy implementation in order to accelerate the independence of blood fractionation product.</li> <li>6. Currently, it is waiting for the assignment of blood fractionation implementation according to PMK 72 of 2015 which must be issued by Minister of Health.</li> <li>7. Currently, it is waiting for amendment to PMK 72 of 2015 to implement blood product toll manufacturing.</li> <li>8. There was a direction from Ministry of SOE on October 2017 to build synergy with Kimia Farma. Bio Farma plays the role in plasm product fractionation and Kimia Farma has roles in distribution and marketing.</li> </ol> <p>Joint review has been conducted between Bio Farma and Kimia Farma and was informed to Ministry of SOE in December 2017.</p>
10.	In order to follow up on Presidential Instruction mandate No. 6 of 2016 on acceleration of pharmacy and medical devices industry development, Board of Directors must accelerate pioneered biosimilar product development, specifically blood fractionation product.	Completed	<ol style="list-style-type: none"> <li>a. The plan to establish subsidiary has been made into a study in the form of Feasibility Study on Pharmaceutical Engineering and Supporting Subsidiary Establishment that works in vial and ampule manufacturing, in which the result showed it is financially decent and it is recommended to cooperate with a Korean partner due to there is no SOE that produces vial/ampule with number 1 quality.</li> <li>b. The study result in point a was discussed with the Board of Commissioners in June 2017.</li> </ol> <p>The land used for this business activity is in synergy with PT Pupuk Kujang in the form of land lease for 30 years.</p>
11.	Subsidiary participation investment program is conducted at the best possibility through synergy with other SOEs that have similar business unit or resources.	Completed	Board of Commissioners through the Audit Committee and Risk, Development & GCG Committee periodically supervises the business activity implemented by Board of Directors and report it to the Shareholders. Business activity is conducted based on RKAP as well as the business environment external dynamics.

**GMS ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE ACTIVITY REPORT OF THE PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (PKBL) OF PT BIO FARMA (PERSERO) OF FISCAL YEAR 2016**

Notice	Implementation	GMS Resolutions
Invitation to GMS on the Approval of Financial Statements and Activity Report of the Partnership and Community Development Program of PT Bio Farma (Persero) for Fiscal Year 2016 was delivered to the Shareholders through letter No. 01483/Dir/IV/2017 on 25 April 2017.	General Meeting of Shareholders (GMS) on the Approval of Financial Statements and Activity Report of the Partnership and Community Development Program of PT Bio Farma (Persero) for Fiscal Year 2016 was held on Thursday, 10 May 2017, at the Ministry of SOE Building at Jalan Medan Merdeka Selatan 13, Central Jakarta.	Results of GMS Resolutions were delivered through Minutes of General Meeting of Shareholders (GMS) of PT Bio Farma (Persero) on the Approval of Annual Report and Ratification of Financial Statements of Fiscal Year 2016 No. RIS-02/RUPS/BF/V/2017 dated 10 May 2017.

**GMS AGENDA ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE ACTIVITY REPORT OF THE PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (PKBL) OF PT BIO FARMA (PERSERO) OF FISCAL YEAR 2016**

The GMS discussed about:

1. The Approval of the Company's Annual Report on the condition and progress of the Company during Fiscal Year 2016, including the Supervisory Report of the Board of Commissioners during Fiscal Year 2016.
2. The Validation of the Company's Financial Statements for Fiscal Year 2016 as well as the Granting of Release and Discharge of Full Responsibility (volledig acquit et de charge) to the Company's Board of Directors and Board of Commissioners who are in charge of the management and supervision of the Company that was carried out in Fiscal Year 2016.
3. The Approval of the Annual Report and Validation of the Financial Report of the Partnership and Community Development Program for Fiscal Year 2016, as well as the Granting of Release and Discharge of Full Responsibility (volledig acquit et de charge) to the Company's Board of Directors and Board of Commissioners who are in charge of the management and supervision of PKBL in Fiscal Year 2016.
4. The Determination of the use of the Company's Net Profit for Fiscal Year 2016.
5. The Determination of tantiem of the Board of Directors and Board of Commissioners of 2016, Board of Directors' salary and honorarium of the Board of Commissioners, and allowances and facilities for the Board of Directors and Board of Commissioners of the Company for 2017.
6. The Appointment of Public Accountant Firm (KAP) to audit the Company's Financial Statements and Annual Report of the Implementation of Partnership and Community Development Program for Fiscal Year 2017.

**RECAPITULATION OF ATTENDANCE OF GMS ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE ACTIVITY REPORT OF THE PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (PKBL) OF PT BIO FARMA (PERSERO) OF FISCAL YEAR 2016**

Nama	Jabatan	Kehadiran
Ahmad M. Ramli	President Commissioner	Present
Paruli Lubis	Member of Board of Commissioners	Present
Heridadi	Member of Board of Commissioners	Present
Ihsan Setiadi Latief	Member of Board of Commissioners	Present
Nizar Yamani	Member of Board of Commissioners	Present
Mohamad Subuh	Member of Board of Commissioners	Absent and authorized a proxy with the power of attorney letter No. SKU-03/DK/BF/05/2017 dated 9 May 2017
Iskandar	President Director	Present
Pramusti Indrascaryo	Director	Present
Mahendra Suhardono	Director	Present
Juliman	Director	Present
Sugeng Raharso	Director	Present

**GMS RESOLUTIONS ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE ACTIVITY REPORT OF THE PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (PKBL) OF PT BIO FARMA (PERSERO) OF FISCAL YEAR 2016**

Based on the Minutes of General Meeting of Shareholders of PT Bio Farma (Persero) on the Approval of the Financial Statements and the Activity Report of the Partnership and Community Development (PKBL) of PT Bio Farma (Persero) of Fiscal Year 2016 No. RIS-02/RUPS/BF/V/2017 dated 10 May 2017, the resolutions are as follows:

1. To approve the Company's Annual Report on the condition and progress of the Company during Fiscal Year 2016, including the Supervisory Report of the Board of Commissioners during Fiscal Year 2016.
2. To validate the Company's Financial Statements for Fiscal Year 2016 that has been audited by KAP Djoemarma, Wahyudin & Rekan in accordance with its report No. 408/LAI.16.BF.5/DWR/2017 dated 24 February 2017 with the opinion of "fair in all material respects", while granting release and discharge of full responsibility (volledig acquit et de charge) to the Board of Directors and Board of Commissioners of the Company for the management and supervision carried out during the fiscal year 2016.
3. To approve the Activity Report of the Company's Partnership and Community Development Program for Fiscal Year 2016 and to validate the Financial Statements of the Company's Partnership and Community Development Program that has been audited by KAP Djoemarma, Wahyudin & Rekan in accordance with its report No. 407/LAI.16.BF-PKBL-5/DWR/2017 dated 10 February 2017 with the opinion of "fair in all material respects", while granting release and discharge of full responsibility (volledig acquit et de charge) to the Board of Directors and Board of Commissioners for the management and supervision of PKBL carried out during the fiscal year 2016.
4. To approve the determination of the use of Company's Net Profit for Fiscal Year 2016.
5. To approve the tantiem of the Board of Directors and Board of Commissioners of 2016, Board of Directors' salary and honorarium

of the Board of Commissioners, and allowances and facilities for the Board of Directors and Board of Commissioners of the Company for 2017 will be determined separately.

6. To approve the appointment of Public Accountant Firm (KAP) to audit the Company's Financial Statements and Annual Report of the Implementation of Partnership and Community Development Program for Fiscal Year 2017.

**FOLLOW-UP ON RESOLUTIONS/DIRECTIVES OF GMS ON THE APPROVAL OF THE FINANCIAL STATEMENTS AND THE ACTIVITY REPORT OF THE PARTNERSHIP AND COMMUNITY DEVELOPMENT PROGRAM (PKBL) OF PT BIO FARMA (PERSERO) OF FISCAL YEAR 2016**

Follow-up on Resolutions/Directives of GMS on the Approval of the Financial statements and the Activity Report of the Partnership and Community Development Program (PKBL) of PT Bio Farma (Persero) of Fiscal Year 2016 as follows.

No	Shareholders Directives	Status	Description
1.	Board of Directors is requested to follow up and thoroughly complete the findings, notes, and suggestions from Auditor in 2016 including the uncompleted ones from the previous years. The follow-up progress on the findings to be discussed with Board of Commissioners and delivered to the Minister of SOE periodically.	Completed	<p>a. Board of Directors has followed up findings, notes, and suggestions from the Auditor in 2016 including from the previous years with progress as explained in chapter 5.2 GMS Resolutions/Directives Follow up on 4 January 2017 on Work Plan &amp; Company's Budget (RKAP) and Work Plan &amp; Budget of Partnership and Community Development Program (RKA-PKBL) of 2017 point 3 a and b.</p> <p>Follow up progress on the external auditor findings has been discussed periodically and followed up. Follow up report is submitted to external auditor, copied to Board of Commissioners.</p>
2.	Board of Directors to focus on marketing development strategy in order to increase the Company's income especially from domestic market (government and private).	Completed	Board of Directors determined Partnership strategy to develop domestic marketing by meeting the needs of new product vaccine (vaccine and serum) both for national vaccination program from the government and private sector, and other biotechnology products required by private sector and its marketing supported by Marketing team all over Indonesia.
3.	Board of Directors to build business planning for the next five to ten years in order to anticipate fluctuations on government policy and/or international organization that can affect PT Bio Farma (Persero) business.	Completed	Board of Directors has drafted business plan for the next five years in the form of 2017-2021 Company's Long Term Plan (RJPP), which measures corporate risk and drafts the corporate strategy planning after the year of 2020.
4.	Direksi agar melakukan percepatan riset, mendorong penemuan/paten baru, serta melakukan kerjasama dengan produsen vaksin lainnya, perguruan tinggi, lembaga riset baik nasional maupun internasional untuk mempercepat ketersediaan produk di pasar dan memenuhi kebutuhan vaksin dalam dan luar negeri.	Completed	<p>a. In regard of research acceleration, the Board of Directors applies these policies:</p> <ul style="list-style-type: none"> <li>• R&amp;D priority in line with Government policy aside from following global trend (WHO and UNICEF).</li> <li>• R&amp;D cooperation priority with public sector.</li> <li>• Improving Human Resources quality and quantity through training and technology transfer with Bio Farma partners.</li> <li>• Conducting R&amp;D with matrix work system.</li> <li>• Conducting R&amp;D with Academic Business Government and Community (ABGC) pattern.</li> <li>• Necessarily adding R&amp;D facility, especially the facility of clinical material establishment for phase III.</li> </ul> <p>b. Several ongoing product research and development work programs in 2017 are as follow:</p> <ul style="list-style-type: none"> <li>• Typhoid Conjugate vaccine, clinical test stage I phase.</li> <li>• Whole cell pneumo vaccine, clinical test stage I phase.</li> <li>• Rotavirus vaccine, will start with clinical test stage I phase.</li> <li>• Hepatitis B vaccine, pre-clinical test stage.</li> <li>• Lipovaxin with New TB Vaccine model, cooperating with Lipotek, Australia.</li> <li>• Adjuvant R4/E8 Pam2Cys with hepatitis B therapeutic vaccine model, cooperating with Innovac, Australia.</li> <li>• Darbopoetin (EPO, 2nd generation) LIPI, UGM, and Batavia, the Netherlands.</li> <li>• Trastuzumab (monoclonal antibody for breast cancer), cooperating with ProBioGen USA.</li> <li>• DEN 1-4-protein-recombinant-based Dengue vaccine, cooperating with National Dengue Vaccine Research Consortium.</li> <li>• SI-6-cell-culture-based Influenza vaccine cooperating with SI-Biotech, Japan.</li> </ul>

No	Shareholders Directives	Status	Description
5.	In implementing the investment program, both in the forms of routine investment and/or developmental, the Board of Directors is requested to continuously improve the implementation of GCG principles in its implementation process and equipped with comprehensive risk management study along with mitigation measures design upon the said investment risks.	Completed	<p>a. In implementing the investment program, Bio Farma carries out the implementation of GCG principles started from the requirement planning, procurement planning, and procurement implementation until the goods are received according to contract.</p> <p>b. In order to ensure that investment needs are required by the Company and feasible, every investment proposal must be accompanied by study. Specifically for strategic investment/project, a feasibility study is made or at least a background study that incorporates the project risk aspect.</p> <p>All investment plans are completed with TOR to ensure that the needs and specifications are meeting the requirements.</p>
6.	Board of Directors with the Supervision of the Board of Commissioners is required to keep improving the compliance/fulfillment of the Financial Information System (FIS) portal, Asset Portal, HR Portal, PKBL Portal, and Public Portal. In relation with improving the quality of supervision and development of the Company, we requested that updates, accuracy, and completeness of filling the portal be the main concern of the Board of Commissioners and Board of Directors.	Completed	Board of Directors has determined the personnels of respective relevant unit assigned as administration to fill in the data on Financial Information System portal, Asset Portal, HR Portal, PKBL Portal, and Public Portal periodically.
7.	Board of Directors to follow up matters that were recommendations from the Board of Commissioners of PT Bio Farma (Persero) according to the letter No. S-12/DK/BF/03/2017 dated 24 March 2017 on The Board of Commissioners Response on PT Bio Farma (Persero) Annual Report of Fiscal Year 2016 (audited).	Completed	<p>a. Income target in RKAP 2017 has been elaborated in the relevant unit work program, while the Company load efficiency program has been disseminated to all work units to reduce cost significantly.</p> <p>b. Efficiency program to reduce the cost has been disseminated to all employees through monthly briefing, and computer desktops at all work units continuously.</p> <p>c. Board of Directors coordinates intensively with the Ministry of Health to determine stockpile bulk of OPV Type 2 to anticipate national requirement in the event that polio plague occurs, and coordinates with WHO for the policy on the stockpile bulk of OPV Type 2 for global requirement and supports world's polio eradication program.</p> <p>d. 1) To accelerate land procurement, the Company issued Board of Director's Decree No. 02149/DIR/VI/2017 on Land Procurement Procedure in PT Bio Farma (Persero) and No. 01583/Dir/V/2017 on Land Procurement Committee. Until semester I of 2017, land procurement was not yet realized. For land in industrial area, price appraisal and assessment to the owner has been conducted. Realization on semester II of 2017 is expected.</p> <p>2) In regard of building construction, since the planning until the work implementation, coordination with user/counterpart, planning consultant, supervision consultant/construction management, and contractor are conducted, including strict monitoring and evaluation upon the set schedule.</p> <p>3) In order to guide the acceleration of construction completion, Board of Directors has established PMO (Program Management Office) team to monitor implementation of strategic projects, including construction completion.</p> <p>4) Land procurement process in industrial area is adjusted with short and medium-term needs of the area.</p> <p>The utilities are adequately available, hence, enabling immediate usage.</p>

No	Shareholders Directives	Status	Description
			<p>e. Board of Directors has implemented income improvement program through cooperation by providing new product vaccine (vaccine and serum) required for national immunization program both from the Government and private sector in which its marketing is supported by the Marketing team all over Indonesia, and refining business processes and saving for cost efficiency.</p> <p>f. In order to strengthen the internal control system and improve SPI role, the following details have been conducted:</p> <ol style="list-style-type: none"> <li>1) Operational audit to assess that the internal control operates in line with PKPT.</li> <li>2) Financial Audit before the financial statements are issued in order to assess the report reasonableness and compliance.</li> <li>3) Cash Opname and Stock Opname, routinely, quarterly and annually.</li> <li>4) Special audits, according to the Board of Directors policy or special assignment.</li> <li>5) Providing suggestion and input in regard of work activity consultation.</li> <li>6) Improving SPI staffs competency with relevant training and certification.</li> <li>7) Reviewing calculation on royalty, incentive, bonus, etc.</li> <li>8) Reviewing the required SOP of Non-Production.</li> </ol> <p>g. 1) The Board of Directors has followed-up the recommendations of the external auditor (Audit Board RI and Public Accountant Firm) and internal auditor (Internal Control and Monitoring) with progress as explained in chapter 5.2 on Follow-Up on GMS Resolutions/Directives on 4 January 2017 on Company's Work Plan &amp; Budget (RKAP) and Work Plan &amp; Budget of Partnership and Community Development Program (RKA-PKBL) of 2017 point 3 a, b, and c.</p> <p>2) Continuous improvement on the existing system is conducted both originated from the work unit's initiative and recommendations from the Board of Commissioners, Shareholders, internal and external auditors.</p> <p>h. 1) The Company drafts investment planning based on the previously determined RJPP. The strategic investment planning is supported by feasibility study that analyzes the project from various aspects, such as technical, financial, and risk.</p> <p>2) When investment plan is to be executed and incorporated into RKAP, the Board of Directors will decide the priority scale based on level of interest and financial capability.</p> <p>i. 1) For investment planning monitoring, especially for strategic investment/project, routine coordination is conducted in Sub-Team or PMO (Project Management Office) Team meeting in the event that there are issues that potentially hamper the project completion.</p> <p>2) At the time of investment realization, deviation analysis against the plan will be made.</p> <p>j. Analysis on the cause of unrealized R&amp;D activity target according to RKAP in 2016 and its impact to operations is:</p>

No	Shareholders Directives	Status	Description																								
			<table border="1"> <thead> <tr> <th>No.</th> <th>Obstacle</th> <th>Impact</th> <th>Recommendation</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Research infrastructure was not yet adequate</td> <td>Project timeline was not met, delay time to market</td> <td>Build new research facility (already in DED phase for building 34 and building 16 in validation phase)</td> </tr> <tr> <td>2.</td> <td>Raw material and tools</td> <td>Research delay</td> <td>Suggest policy on internal and national research material procurement (SAS system and Research and technology recommendation)</td> </tr> <tr> <td>3.</td> <td>HR-innovation climate was not yet supporting</td> <td>Acceleration of R&amp;D result and new innovation did not emerge</td> <td>HR management system that drives innovation (Innovation system is available, ISO 2015 related to innovation will be implemented for the future audit, and merit system will be implemented).</td> </tr> <tr> <td>4.</td> <td>Project management</td> <td>Priority and focus on project did not happen</td> <td>Create priority scale and build business-based product portfolio system (involving Business Development/ BusDev, Division of Marketing and team)</td> </tr> <tr> <td>5.</td> <td>Research Partnership is in accordance with the Company's mission and BF condition</td> <td>Partnership needs to be reviewed with win-win solution consideration</td> <td>A team is required to assess proposal and draft FS (there is a team for FS for several projects and assisted by BusDev)</td> </tr> </tbody> </table>	No.	Obstacle	Impact	Recommendation	1.	Research infrastructure was not yet adequate	Project timeline was not met, delay time to market	Build new research facility (already in DED phase for building 34 and building 16 in validation phase)	2.	Raw material and tools	Research delay	Suggest policy on internal and national research material procurement (SAS system and Research and technology recommendation)	3.	HR-innovation climate was not yet supporting	Acceleration of R&D result and new innovation did not emerge	HR management system that drives innovation (Innovation system is available, ISO 2015 related to innovation will be implemented for the future audit, and merit system will be implemented).	4.	Project management	Priority and focus on project did not happen	Create priority scale and build business-based product portfolio system (involving Business Development/ BusDev, Division of Marketing and team)	5.	Research Partnership is in accordance with the Company's mission and BF condition	Partnership needs to be reviewed with win-win solution consideration	A team is required to assess proposal and draft FS (there is a team for FS for several projects and assisted by BusDev)
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No	Shareholders Directives	Status	Description
			<p>k. ERP implementation issue is resolved through 4 (four) approaches, which are:</p> <ol style="list-style-type: none"> <li>1) ERP Application             <ol style="list-style-type: none"> <li>a. ERP application refinement has been done that includes application of several controls that initially were not configured in ERP, business process change due to policy or new business process, application refinement adjusts with the business process in Bio Farma. The application of several controls adjusts with Bio Farma readiness.</li> <li>b. The creation of application aside from ERP, which is Raw Material Management application to manage test process, and Inventory Management application to monitor goods transfer in department before MRP operates.</li> </ol> </li> </ol> <p>RMM application has been fully developed and validated up to soft-live phase, while for Inventory Management application, it is in soft-live period (requiring refinement to match the goods' code including the dimension). It is expected to go live in Quarter I 2018.</p> <ol style="list-style-type: none"> <li>2) Infrastructure             <p>Infrastructure is on restoration phase. Mini DRC is on reliability test phase, disc-to-disc system backup build-up, bandwidth addition planning between main Server and Mini DRC, and network topology change from bus/star which is Single Point of Failure into Ring. Currently a configuration is on progress.</p> </li> <li>3) Business Process and Policy             <p>There are several refinements on the business process and the system and procedure that has been, is being, and will be conducted related to ERP implementation, which are:</p> <ul style="list-style-type: none"> <li>• Goods/services procurement process according to Procurement &amp; Sourcing module standard that changes the work procedure in Procurement Division.</li> <li>• The process of inventory recording according to the Inventory module and company business that has changed the work procedure in PPMP Division, Procurement Division, Compliance and Risk Management Division, Budget &amp; Accounting Division.</li> <li>• The budget control implementation that changes standard procedure in PPMP Division, Procurement Division, Budget &amp; Accounting Division.</li> <li>• All work units in which the work activities use ERP application must incorporate ERP implementation risk in the work unit into the Risk Management Report that is reported to the Compliance and Risk Management Division.</li> <li>• Information technology management refinement in Information Technology Division relates to application, hardware, data/information, and infrastructure and HR.</li> </ul> </li> </ol>

No	Shareholders Directives	Status	Description
			<p>4) Human Resources To ensure Human Resources readiness, the following activities have been, are being, and will be conducted:</p> <ul style="list-style-type: none"> <li>• Include ERP operator work into Job Description.</li> <li>• Re-train ERP application end-user, hence, the error level is expected to be lower or even eliminated.</li> <li>• Provide trainings on several ERP support applications, such as Raw Material Management and Inventory Management, hence, control will be better.</li> <li>• Prepare Unit Change Management establishment so that human resources will be more ready in using ERP.</li> </ul> <p>l. The Company has performed improvement efforts gradually to accelerate investment realization since the requirement planning to procurement, both from the aspect of system and procedure and the human resources, such as:</p> <ol style="list-style-type: none"> <li>1) Change of organizational structure in which this investment handling has been spread to various divisions along with system and procedure refinement including Policy, Guideline, and Standard Procedure of goods and service procurement.</li> <li>2) PMO (Program Management Office) Team has been established, functioning to integrate all of the Company's strategic activities.</li> </ol> <p>m. Board of Directors has set the transformation direction to Life Science Industry that has been drafted in 2017-2021 RJPP by diversifying new products, such as Blood Product and Biosimilar and strengthening Partnership program to overcome global competition. Various programs carried out, among others, are:</p> <ol style="list-style-type: none"> <li>1) Determining the organizational structure in which its functions and responsibility in Quarter III 2017 have currently obtained commissioners' approval and has been stipulated in Board of Directors' Decree on Organizational Structure dated 17 November 2017 and was disseminated to Worker's Union on 15 December 2017 and Employees, in this matter, the Head of Division and Department Head on 28 December 2017, and</li> <li>2) Re-arrangement of competency-based career system and performance that was finished in Quarter III 2017 and was disseminated to the Worker's Union on 15 December 2017 and Employees, in this matter, the Head of Division and Department Head on 28 December 2017 and obtained approval from the Board of Directors through Board of Directors meeting on 29 December 2017. Currently, the Decree on career system is on finalization phase, that is expected to be completed on the first week of January 2018.</li> </ol> <p>n. Board of Directors is committed to improve the role and control function of SPI through Human Capital strengthening in the Internal Control &amp; Monitoring (PPI), in the aspect of quantity and/or quality.</p> <p>PPI also guides the internal control in the human capital function by also reviewing the policies taken by human capital, which are related to HR by comparing the prevailing stipulation (compliance).</p>

No	Shareholders Directives	Status	Description
			<p>Currently, PPI and HC collaboration activity on policy quality is well implemented.</p> <p>o. 1) To improve the effectiveness of distribution and collectibility in partnership program, according to PER-02/MBU/07/2017 on Partnership and Community Development Program (PKBL), in 2017, PT Bio Farma PKBL distributed Partnership Program Fund of Rp16,337,500,000,00 or 105% of its budget of Rp15,500,000,000,00 such as:</p> <ol style="list-style-type: none"> <li>a. The distribution of Partnership Program on SOE synergy with PTPN X of Rp7,000,000,000,00 (seven billion Rupiah) as well as with PTPN X of Rp4,000,000,000,00 (four billion Rupiah), the Cooperation Agreement was signed on 13 July 2017.</li> <li>b. Direct distribution by PT Bio Farma (Persero) PKBL to 137 Community Developments with total distribution of Rp5,337,500,000,00 in Bandung and surrounding area within West Java Provincial Area. The partnership program distribution improves the effectiveness value for partnership fund distribution and improves the effectiveness of collectibility.</li> </ol> <p>2) In order to avoid the risk of bad/troubled debt increase, there are several steps than can be taken, such as:</p> <ol style="list-style-type: none"> <li>a. Synergy cooperation of the partnership program with SEO is conducted with the executing/guarantor (avalis) pattern. Partnership program distribution with guarantor (avalis) pattern with PTPN X of Rp7 Billion and with PTPN XI of Rp4 Billion.</li> <li>b. Selection on potential community development is conducted selectively, verification of survey result is conducted by supervisor, and it is prioritized for partner that submit the second/third loan with well-performing category on the first loan. Partnership fund distribution for SME in 2017 for 137 community development has been done selectively and is prioritized for partner that submits the second/third loan in which the first/second loan category was well-performing.</li> </ol> <p>3) Corporate Social Responsibility is a form of Bio Farma's awareness as an effort to improve the relationship with community and environment, therefore, PKBL program distribution is prioritized to area near the company that needs aid (one of them is by submitting proposal) and the aid can provide positive value to the Company.</p> <p>PKBL activity distribution has been prioritized to SME in Bandung greater area, including Community Development distribution such as Bedah Rumah Veteran program, electrification, sanitary construction/renovation, worship house construction/renovation, etc.</p>

No	Shareholders Directives	Status	Description
			<p>p. The Board of Directors has implemented good corporate governance principles as stipulated in GCG guidelines. Corporate policy that complies with laws and regulations becomes corporate policy and has been stipulated in Bio Farma Manual document.</p> <p>q. The Company has stipulated periodic reporting system on performance achievement that is applied to each work unit. In order to improve motivation and work spirit of the employees, the Company has stipulated performance improvement mechanism by utilizing opportunities through innovation management on work process.</p>
8.	Annual report book, audit report, and 2016 PKBL discussion minutes of meeting are integral parts of the minutes.	Completed	<p>b. Board of Directors has followed up findings, notes, and suggestions from the Auditor in 2016 including from the previous years with progress as explained in chapter 5.2 of Follow Up on GMS Resolutions/Directives on 4 January 2017 on Company's Work Plan &amp; Budget (RKAP) and Work Plan &amp; Budget of Partnership and Community Development Program (RKA-PKBL) of 2017 point 3 a and b.</p> <p>Follow up progress on the external auditor findings has been discussed periodically and followed up. Follow up report is submitted to external auditor, copied to Board of Commissioners.</p>



### BOARD OF COMMISSIONERS

Board of Commissioners is a Company's organ that has duty to monitor in general and/or in particular according to the Articles of Association, to give advice to the Board of Directors, and to ensure that the Company implements the GCG principles. The Board of Commissioners is responsible to the Shareholders in regard of monitoring the Board of Directors' policies on the Company's operating activities that refer to the business plans as approved by the Board of Commissioners and Shareholders, and ensuring compliance with the entire applicable laws and regulations.

Each member of the Board of Commissioners must have high integrity, knowledge, skills, and commitment to spare time in carrying out the duties. Therefore, Board of Commissioners' roles are very strategic. Moreover, the composition of the Company's Board of Commissioners must facilitate effective, accurate, and fast decision-making. In addition, the Board of Commissioners is also required to act independently, in the sense that there is no conflict of interest that may interfere with the ability to perform the duties independently and critically, whether in regard of the relationship of one another or the relationship with the Board of Directors.

### REFERENCES OF REGULATIONS

Regulation of State Minister of State-Owned Enterprise No. PER-01/MBU/2011 dated 01 August 2011 on the Implementation of Good Corporate Governance at State-Owned Enterprises, Regulation of State Minister of State-Owned Enterprise No. PER-09/MBU/2012 dated 06 July 2012 on Amendment to Regulation of State Minister of State-Owned Enterprise No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance at State-Owned Enterprises, Regulation of State Minister of State-Owned Enterprise No. PER-02/MBU/02/2015 dated 17 February 2015 on the Requirements and Procedures for Appointment and Dismissal of Members of Board of Commissioners and Board of Supervisors of State-Owned Enterprises, and Regulation of State Minister of State-Owned Enterprise No. PER-12/MBU/2012 dated 24 August 2012 on Supporting Organs of the Board of Commissioners/ Board of Supervisors of State-Owned Enterprise.

### BOARD MANUAL

The Board Manual is determined by mutual agreement between the Board of Directors and the Board of Commissioners. The Board Manual is established according to the applicable laws and regulations. The document is reviewed periodically. In addition to the Board Manual, the Board of Commissioners also has a Board of Commissioners Charter which was established on 17 December 2015. The Board of Commissioners' guidelines set forth in the Board Manual and the Board of Commissioners Charter, govern the following aspects:

1. Orientation Program for New Member of the Board of Commissioners.
2. Orientation Program for Member of the Board of Commissioners.
3. Decision-Making of the Board of Commissioners.

4. Follow-Up the Result of the Board of Commissioners' Meeting.
5. Work Relationship of the Board of Commissioners and Board of Directors.
6. Duties, Authority, and Obligations, as well as Division of Duties of the Board of Commissioners.
7. The job execution requirements for vacant Commissioner title.
8. The obligations of the Board of Commissioners relating to the preparation of long-term plans.
9. The obligation of the Board of Commissioners relating to RKAP establishment.
10. The obligation of the Board of Commissioners relating to establishment of the Annual Report.
11. Management of Risk Management.
12. Internal Control System.
13. Transparency and Confidentiality of Information.
14. Code of Conduct and Anti-corruption
15. Prohibition of taking personal advantage.
16. Supporting Organs to the Board of Commissioners.
17. Board of Commissioners' Meeting.
18. Joint Meeting of Board of Directors and Board of Commissioners.
19. Meetings between the Board of Commissioners' Committee and its counterpart.
20. Policy for establishing the Annual Work Plan and Budget of the Board of Commissioners.
21. Information policies that must be provided by the Board of Directors to the Board of Commissioners.
22. Policy on Business Environment Change Information
23. Policy in responding to suggestions, expectations, problems, and complaints from Stakeholders and delivering the Proposed Settlement to Board of Directors.
24. The Policy of Commissioners and Advice Provision for the Policy of the Company's Information Technology System and its Implementation.
25. The Policy of Commissioners and Advice Provision for Policies of Human Resources Management.
26. The Policy of Commissioners and Advice Provision for Policies of Accounting and Financial Statements Preparation.
27. The Policy of Commissioners and Advice Provision for Policies of Goods and Services Procurement and Its Implementation.
28. The Policy of Commissioners and Advice Provision for Policies of Quality and Service and Its Implementation.
29. The Policy of Commissioners and Advice Provision for Company Compliance in Implementing the Prevailing Laws and Regulations with Third Parties.
30. The Policy of Monitoring Board of Directors' Compliance in Exercising the Company Management with the Company's Work Plan and Budget (RKAP) and/or the Company's Long-Term Plan (RJPP).
31. The Policy of Granting Approval/Recommendation to Board of Directors' Action that Needs Board of Commissioners' Approval/Recommendation.
32. The Policy of Appointment Process of External Auditor Candidate and/or Reappointment of External Auditor and Submission of External Auditor Candidate Proposal to GMS.
33. The Policy of Commissioners Concerning The Effectiveness of External Audit and Internal Audit Exercise and Review

- On Complaints related to SOE, received by Board of Commissioners.
34. The Policy of Reporting to Shareholders if there is an Indication that the Company Performance is declining.
  35. The Policy of Commissioners and Advice Provision on Subsidiary Management Policy and Its Implementation.
  36. The Policy of the Appointment of Board of Directors and Board of Commissioners of Subsidiary.
  37. The Policy of Selection and Proposal of Board of Directors Candidate to Shareholders.
  38. The Policy of Performance Assessment and Reporting to Shareholders.
  39. The Policy and Management of Board of Directors Remuneration.
  40. The Policy of Monitoring the Implementation of Good Corporate Governance .
  41. The Policy of Measurement and Assessment of Board of Commissioners Performance.
  42. Gratification Control Policy.
  43. Whistleblowing System (WBS) Policy.

Some of the work guidelines of the Board of Commissioners set forth in the Board Manual are outlined below.

#### DUTIES AND RESPONSIBILITIES OF BOARD OF COMMISSIONERS

Duties of the Board of Commissioners are to monitor the management's policies, the management course in general, either about the Company or the Company's business carried out by the Board of Directors, and to provide advice to the Board of Directors, including supervising the implementation of the Company's Long-Term Plan, the Company's Work Plan and Budget, and the provisions of the Articles of Association and resolutions of the General Meeting of Shareholders as well as the applicable laws and regulations for the Company's interest and in accordance with the Company's purposes and objectives.

In carrying out the duties, each member of the Board of Commissioners must:

1. Comply with the Articles of Association and laws and regulations, as well as the principles of professionalism, efficiency, transparency, independency, accountability, responsibility, and fairness.
2. Have good faith, be full of caution and be responsible for carrying out supervisory and advisory duties to the Board of Directors for the Company's interest and in accordance with the Company's purposes and objectives.

#### OBLIGATION OF THE BOARD OF COMMISSIONERS

In performing the duties, the Board of Commissioners has obligations to:

1. Provide advice to the Board of Directors in conducting the Company's management.

2. Research, review, and sign the Company's Long-Term Plan (RJP) and the Company's Work Plan and Budget (RKAP), which are prepared by the Board of Directors, in accordance with the provisions of the Company's Articles of Association.
3. Provide opinions and suggestions to the GMS regarding the Company's Long-Term Plan (RJP) and the Company's Work Plan and Budget (RKAP) on the reasons for the Board of Commissioners to sign RJP and RKAP.
4. Follow the Company's activity development, provide opinions and suggestions to the GMS on any matter deemed necessary for the Company's management.
5. Immediately report to the GMS in the event of any symptom of declining performance of the Company.
6. Research and review the periodic report and annual report prepared by the Board of Directors, as well as sign the annual report.
7. Provide explanations, opinions, and suggestions to the GMS on the Annual Report, if requested.
8. Prepare the annual work plan and budget of the Board of Commissioners, which is an integral part of RKAP.
9. Establish the Audit Committee.
10. Propose Public Accountant to the GMS.
11. Prepare Minutes of Board of Commissioners' Meeting and keep the copy;
12. Report to the Company on their and/or their family's share ownership of the Company and other Companies;
13. Provide report on the supervisory duties that was done during the previous fiscal year to the GMS.
14. Carry out other obligations in the framework of supervisory and advisory duties, as long as they do not violate the laws and regulations, Articles of Association, and/or GMS resolutions.
15. Board of Commissioners must supervise that GCG has been implemented effectively and sustainably.
16. Propose the Key Performance Indicators of the Board of Commissioners to GMS.
17. Submit a quarterly report of the development of Key Performance Indicator realization to the Shareholders.

#### The Obligations of Board of Commissioners Related to the Preparation of the Company's Long Term Plan

The Board of Commissioners reviews and provides an opinion of the Company's Long Term Plan (RJP) prepared by Board of Directors prior to mutual signing.

The Obligations of Board of Commissioners Related to the Preparation of the Company's Work Plan and Budget

- a. The Board of Commissioners reviews and shares opinions on RKAP prepared by the Board of Directors prior to mutual signing.
- b. The Board of Commissioners gives direction to the Board



of Directors to implement Company's Policy and Plan as stated in Company's Work Plan and Budget, which is an elaboration of the Company's Long Term Plan.

#### The Obligations of Board of Commissioners Related to the Preparation of Annual Report

- a. The Board of Commissioners reviews the Annual Report draft including the financial statements that have been audited by Public Accountants.
- b. The Board of Directors and Board of Commissioners mutually sign the Annual Report to be further submitted to Shareholders by Board of Directors.

#### Management of Risk Management

The Board of Commissioners has obligations to regularly supervise and advise the Board of Directors on the effectiveness of risk management implementation.

#### Internal Control System

The Board of Commissioners has obligations to supervise and advise the Board of Directors to set effective internal control system.

#### Transparency and Confidentiality of Information

- a. The Board of Commissioners must ensure that the Company's Annual Report contains the information on their identity, main jobs, position as Board of Commissioners in other companies, including meetings held in one fiscal year (internal and joint meetings with the Board of Directors) and the honorarium, facilities, and/or other benefits received from the Company.

- b. The Board of Commissioners must report to the Company on their and/or their family's share ownership in the Company and other companies, including every change thereof.
- c. The Board of Commissioners is responsible to the Company to maintain the confidentiality of the Company's information.
- d. Information, which based on laws and regulations and/or Company regulations is deemed confidential related to the Company, must be kept confidential in accordance with the provisions of laws and regulations and/or Company regulations.
- e. The confidential information obtained during the tenure as Board of Commissioners must be kept in confidential in accordance with the prevailing laws and regulations.

#### AUTHORITY OF BOARD OF COMMISSIONERS

1. In performing the duties, the Board of Commissioners has authority to:
  - a. Look at records, letters, and other documents, check cash for verification purposes, and other securities, and check the Company's assets;
  - b. Enter the yard, building, and office used by the Company;
  - c. Request explanation from the Board of Directors and/or other officials regarding any issues related to the Company's management;
  - d. Know all policies and actions that have been and will be carried out by the Board of Directors;
  - e. Request the Board of Directors and/or other officials

- under the Board of Directors with acknowledgment of the Board of Directors to attend the Board of Commissioners meeting;
- f. Appoint and dismiss the Secretary of the Board of Commissioners, if deemed necessary;
  - g. Temporarily dismiss member of Board of Directors in accordance with the provision of the Articles of Association;
  - h. Establish Committees other than the Audit Committee, if deemed necessary, by observing the Company's ability;
  - i. Use experts for certain matters and within a certain period of time at the Company's expense, if deemed necessary;
  - j. Conduct the Company's management action in certain circumstances for a certain period of time in accordance with the provisions of the Articles of Association;
  - k. Attend meetings of the Board of Directors and provide views on matters discussed;
  - l. Carry out other supervisory authority as long as it does not violate the laws and regulations, Articles of Association, and/or General Meeting of Shareholders' resolutions.
2. Board of Commissioners has the authority to approve or disapprove in formal written the Board of Directors' plan to:
    - a. Pledge the fixed assets for short-term loan;
    - b. Enter into agreement with other Entities or parties such as licensing cooperation, management contract, asset leasing, Joint Operation (KSO), Build Operate Transfer (BOT), Build Own Transfer (BOWT), Build Transfer Operate (BTO), and other cooperation with the following terms and conditions:
      - Asset leasing  
The Board of Directors must obtain written approval from Board of Commissioners to lease the Company assets for more than 3 (three) years to 5 (five) years period with leasing/transaction interest more than 1% to 2.5% of revenue or more than 2% to 5% of equity, whichever is lower.
      - Joint Operation and Business Cooperation  
The Board of Directors must obtain written approval from Board of Commissioners to enter into Joint Operation or Business Cooperation of more than 5 (five) years to 10 (ten) years period with participation value (Company's asset in cooperation) of more than 2.5% to 5% of the revenue or more than 5% to 10% of the equity, whichever is lower.
      - Build Operate Transfer (BOT), Build Own Transfer (BOWT), and Build Transfer Operate (BTO)  
The Board of Directors must obtain written approval from Board of Commissioners to enter into Build Operate Transfer (BOT), Build Own Transfer (BOWT), and Build Transfer Operate (BTO)
- with more than 10 (ten) years to 20 (twenty) years period with joint asset value of the Company of more than 6% to 12.5% of revenue or more than 6.5% to 13% of equity, whichever is lower.
- Management Contracts and Other Cooperation  
The Board of Directors must obtain written approval from Board of Commissioners to enter into Management Contract or Other Cooperation with more than 10 (ten) years period with participation value (Company's asset in cooperation) of more than 2.5% to 5% of the revenue or more than 5% to 10% of the equity, whichever is lower.
  - The implementation of the above mentioned in point 1), 2), 3), and 4) must be accompanied with an Integrity Pact containing Board of Directors and/or Board of Commissioners statement that actions of the above mentioned have been carefully considered with goodwill and prudence, without interference of other parties and without conflict of interest, for the best interest of the Company by complying with the prevailing provisions and GCG principles.
- c. Receive or render middle/long-term loan, except for the loan (loan and receivable) occurred from business transaction and loan given to subsidiaries provided that loan given to subsidiaries is reported to the Board of Commissioners;
  - d. Write-off bad-debt and obsolete inventories;
  - e. Discharge movable fixed assets with an economic life that is generally applicable in industry of up to 5 (five) years.
  - f. Establish an organizational structure of 1 (one) level below the Board of Directors.
  - g. Appoint and dismiss the Head of Internal Control Unit.
  - h. Appoint and dismiss the Corporate Secretary.
3. In 30 (thirty) days after the request or background and complete document is accepted from the Board of Directors, the Board of Commissioners must deliver their Decision for such request from the Board of Directors as mentioned in point 2 above.

#### CRITERIA OF MEMBERS OF BOARD OF COMMISSIONERS

Based on the Regulation of Minister of State-Owned Enterprise No. PER-02/MBU/02/2015 on the Requirements, Procedures of Appointment and Dismissal of Members of the Board of Commissioners of State-Owned Enterprise, the Criteria of Members of the Board of Commissioners are as follows:

1. Formal Requirements
  - a. Formal requirements of members of Board of



Commissioners are:

- An individual person;
  - Proficient in performing legal actions;
  - Never been declared bankrupt within 5 (five) years before candidacy;
  - Never been a member of the Board of Directors or a member of the Board of Commissioners/Board of Supervisors who is found guilty of causing a Company/Public Corporation (Perum) to be declared bankrupt within 5 (five) years before candidacy; and
  - Never been punished for committing a criminal act that is detrimental to state finances and/or related to the financial sector within 5 (five) years before candidacy.
- b. Formal requirements of members of Board of Supervisors are:
    - An individual person;
    - Able to perform legal acts;
    - Never been declared bankrupt;
    - Never been a member of the Board of Directors or a member of the Board of Commissioners/Board of Supervisors who is found guilty of causing a Company/Public Corporation (Perum) to be declared bankrupt; and
    - Never been punished for committing criminal acts that is detrimental to the state finances.

#### 2. Material Requirements

Material requirements of members of Board of Commissioners and Board of Supervisors are:

- a. Integrity;
- b. Dedication;
- c. Understand Company's management issues related to one of the management functions;

- d. Have sufficient knowledge in the field of business of Persero/Perum where the concerned is nominated; and
- e. Can provide sufficient time to carry out the duties.

#### 3. Other Requirements

Other requirements of members of Board of Commissioners and Board of Supervisors are:

- a. Not a member of a political party and/or not a legislative member candidate and/or a legislative member. Candidates for legislative members or legislative members of House of Representatives (DPR), Regional Representative Council (DPD), Regional House of Representative Level I (DPRD I), and Regional House of Representative Level II (DPRD II);
- b. Not a candidate for Head/Deputy Head of Region and/or Head/Deputy Head of Region;
- c. Not serving as member of the Board of Commissioners/Board of Supervisors of the relevant SOE for 2 (two) consecutive periods;
- d. Physically and mentally healthy (not suffering from an illness that could impede the performance of duties as a member of the Board of Commissioners/Board of Supervisors), as evidenced by a health certificate from a doctor;
- e. Prospective candidates from the Technical Ministry or other Government Agencies must be based on a proposal letter of the relevant agency.

#### FIT AND PROPER TEST ASSESSMENT AND BASIS OF APPOINTMENT OF BOARD OF COMMISSIONERS

All members of Bio Farma's Board of Commissioners have met the criteria dan provisions required by the fit and proper test based on Law on Limited Liability Company, Articles of Association, regulations related to good corporate

governance, and other relevant regulations and provisions, including provisions on Independent Commissioner. All members of Board of Commissioners have adequate integrity, competency, and reputation. This is proven by passing the fit and proper test as follows.

#### Table of Fit and Proper Test Assessment

Name	Position	Assessor	Basis of Appointment	Effective Date
Ahmad Ramli	President Commissioner	Ministry of SOE	Decree of Minister of SOE No. SK-17/MBU/2014 dated 23 January 2014	23 January 2014
Paruli Lubis**	Independent Commissioner	Ministry of SOE	Decree of Minister of SOE No. 392/MBU/2012 dated 5 November 2012 KEP-97/MBU/06/2015 dated 22 June 2015	5 November 2012
Nizar Yamani*	Commissioner	Ministry of SOE	Resolution Outside GMS No. 204/MBU/2012 dated 28 May 2012 in conjunction with Decree of Minister of SOE No. SK-81/MBU/2013 dated 4 February 2013	28 May 2012
Ihsan Setiadi Latief	Commissioner	Ministry of SOE	Decree of Minister of SOE No. SK-235/MBU/2013 dated 1 May 2013	1 May 2013
Heridadi	Independent Commissioner	Ministry of SOE	Decree of Minister of SOE No. SK-17/MBU/2014 dated 23 January 2014 KEP-97/MBU/06/2015 dated 22 June 2015	23 January 2014
Mohamad Subuh	Commissioner	Ministry of SOE	Decree of Minister of SOE No. SK-97/MBU/06/2015 dated 22 June 2015	22 June 2015

Description:

\* term of office until 27 May 2017

\*\* term of office until 4 November 2017.

#### ORIENTATION PROGRAM FOR NEW COMMISSIONER

- The Board of Commissioners and the Board of Directors appointed for the first time must attend an introduction program of the Company.
- The Company's Corporate Secretary is responsible for the implementation of orientation program for the Board of Commissioners and Board of Directors.
- The orientation program at least includes:
  - Implementation of GCG Principles;
  - Overview of the Company related to the objectives, nature, scope of activity, financial and operational performance, strategies, short-term and long-term business plans, competitive position, risks, and other strategic matters;
  - Descriptions related to delegated authority, internal and external audits, internal control system and policies, including the Audit Committee;
  - Descriptions of duties and responsibilities of the Board of Commissioners and Board of Directors as well as prohibited matters.
- The implementation of orientation program can be in the forms of presentations, meetings, visits to the Company, and document assessment or other programs as deemed appropriate to the Company.
- The Corporate Secretary is responsible for preparing the report on the orientation program implementation for the Board of Commissioners and Board of Directors.

In order to introduce the Company to the Board of Commissioners, Bio Farma owns and executes an orientation program for the new Board of Commissioners, which aims to provide an overview of the company profile containing material on the Company's general condition, the Company's financial condition, the Company's current strategy, business activities, the Company's long-term plan (RJP), as well as the duties and responsibilities of the Board of Directors.

During 2017, there was no appointment of new Board of Commissioners based on the GMS, therefore, Bio Farma did not conduct the orientation program.

The orientation program for new Board of Commissioners was prepared by the Corporate Secretary in collaboration with the Human Resources Division and other relevant divisions, and was presented in the forms of presentations, handover of annual reports, company profile, company history, Corporate Governance Policy, as well as laws and regulations related to Bio Farma's business process.

At the orientation program, the new Board of Commissioners agrees to avoid the potential of being involved in the Company's operations, which fall under the authority of the Board of Directors, and to avoid the potential of gratifications and to be committed to implement GCG as exceptionally as possible. The Board of Commissioners also agrees on the division of duties among the Commissioners.

#### DIVISION OF SUPERVISORY DUTIES OF BOARD OF COMMISSIONERS

To make the Board of Commissioners' roles effective, the duties are divided among members of Board of Commissioners by considering the division of duties of the Board of Directors. The division of duties among members of Board of Commissioners is intended so that the implementation of duties of each member of Board of Commissioners is technically on an aspect of each expertise field that can run in a smooth, effective, and efficient manner, in accordance with their respective responsibilities and authority so that there is a clarity on the role of members of Board of Commissioners, either collectively or individually.

In performing supervisory and advisory functions, the Board of Commissioners has divided the duties among the members of the Board of Commissioners, in accordance with the Decree of the Board of Commissioners of PT Bio Farma (Persero) No: KEP-02/DK/BF/VII/2015 date 9 July 2015 as follows:

#### Table of Division of Duties of Board of Commissioners

Name	Position	Field of Duty
Ahmad Ramli	President Commissioner	<ul style="list-style-type: none"> <li>Coordinate the duties of members of the Board of Commissioners.</li> <li>Conduct monitoring and provide direction and advice to the Board of Directors in performing their duties as a whole, including adherence to the provisions of articles of association, applicable laws and regulations.</li> </ul>
Paruli Lubis**	Independent Commissioner	<p>In charge of Finance</p> <ul style="list-style-type: none"> <li>Conduct monitoring and provide advice on all aspects relating to process and procedure of establishing work plan and budget, long term planning, finance accountability and the preparation of</li> <li>reporting which includes quarterly management reports and annual financial statements by considering applicable reporting standards.</li> <li>As the Chairman of Audit Committee with duties as stipulated in the Audit Committee Charter</li> </ul>
Nizar Yamani*	Commissioner	<p>In charge of Production</p> <ul style="list-style-type: none"> <li>Conduct monitoring and provide advice on all aspects relating to production activities including production processes and investment plans to increase production capacity, availability of finished goods, work-in-process goods, raw materials, and control of expired inventory goods.</li> <li>As the Vice Chairman I of Risk, Development, and GCG Committee with the tasks as set forth in the Risk, Development, and GCG Committee Charter.</li> </ul>
Ihsan Setiadi Latief	Commissioner	<p>In charge of Marketing and Information Technology</p> <ul style="list-style-type: none"> <li>Conduct monitoring and provide advice on all aspects relating to local and international marketing including monitoring on the preparation and implementation of IT Master Plan.</li> <li>As the Vice Chairman of Audit Committee with duties as stipulated in the Audit Committee Charter.</li> </ul>
Heridadi	Independent Commissioner	<p>In charge of Research and Development</p> <ul style="list-style-type: none"> <li>Conduct monitoring and provide advice on all aspects relating to research and development of vaccine and antisera products.</li> <li>As Chairman of Risk, Development, and GCG Committee with duties as stipulated in the Risk, Development, and GCG Committee Charter.</li> </ul>
Mohamad Subuh	Commissioner	<p>In charge of HR</p> <ul style="list-style-type: none"> <li>Conduct monitoring and provide advise on all aspects relating to HR preparation system and procedures, ranging from recruitment system, discipline enforcement, payroll system, and incentives provision, employee training and education, company organization.</li> <li>As Vice Chairman II of Risk, Development, and GCG Committee with the tasks as set forth in the Risk, Development, and GCG Committee Charter.</li> </ul>

Description:

\* term of office until 27 May 2017

\*\* term of office until 4 November 2017.

**DIVERSITY POLICY OF THE COMPOSITION OF BOARD OF COMMISSIONERS**

Bio Farma has a policy on the diversity of the composition of the Board of Commissioners and Board of Directors which refers to:

- Regulation of Minister of SOE No. PER-02/MBU/02/2015 on the Requirements, Procedures for Appointment and Dismissal of Members of the Board of Commissioners of SOE.
- Regulation of Minister of SOE No. PER-03/MBU/02/2015 on the Requirements, Procedures for Appointment and Dismissal of Members of the Board of Directors of SOE.
- Articles of Association of PT Bio Farma (Persero)

In order to improve the competitiveness of SOEs in the business world especially in the global era today, it is necessary that the Human Resources are reliable, professional, integrated, dedicated, and possess the competence in managing SOEs, especially Human Resources occupying positions in SOEs Organs, some of which are the members of SOE's Board of Commissioners.

The Board of Commissioners is one of the SOE organs responsible for supervising the management of the company that is conducted by the Board of Directors and providing advice to the Board of Directors. As a party who supervises the management of the company conducted by the Board of Directors and provides advice to the Board of Directors, it is necessary to have competent Human Resources.

In connection with the above matters and pursuant to Article 30 and Article 59 of Law No. 19 of 2003 on State-Owned Enterprises and Article 58 of Government Regulation No. 45 of 2005 on Establishment, Management, Supervision, and Dissolution of State-Owned Enterprises, Regulation of Minister of State-Owned Enterprises No. PER-19/MBU/10/2014 dated 17 October 2014 was established on the Requirements and Procedures for Appointment and Dismissal of Members of the Board of Commissioners and Board of Supervisors of State-Owned-Enterprises and was amended by Regulation of Minister of State-Owned Enterprises No. PER-21/MBU/11/2014 dated 7 November 2014.

That in order to further clarify and smoothen the process, and to adapt to regulation/policy changes in the procedure of appointment and dismissal of Members of the Board of Commissioners and Board of Supervisors, it is necessary to review the Regulation of Minister of State-Owned-Enterprises No. PER-19/MBU/10/2014 as amended by Regulation of Minister of State-Owned-Enterprises No. PER-21/MBU/11/2014, therefore, the process of appointment and dismissal of members of the Board of Commissioners and Board of Supervisors can be conducted in a more effective, well-planned, and accountable manner.

In 2017, the diversity of composition of the Company's Board of Commissioners was reflected in the education, work experience, age and gender, as can be seen in the table below:

**Table of Diversity Policy of the Composition of Board of Commissioners**

Name	Position	Age	Gender	Education	Work Experience	Expertise
Ahmad Ramli	President Commissioner	56 years old	Male	<ul style="list-style-type: none"> <li>• Bachelor of Law;</li> <li>• Master of International Law;</li> <li>• Doctoral Program of International Law</li> </ul>	<ul style="list-style-type: none"> <li>• Director General of Post and Informatics Operation, Ministry of Communication and Information Technology</li> <li>• Director General of Intellectual Property, Ministry of Law and Human Rights</li> <li>• Director General of Intellectual Property Rights, Ministry of Law and Human Rights</li> <li>• Head of National Legal Development Board</li> <li>• Acting Director General of Laws and Regulations, Ministry of Law and Human Rights of the Republic of Indonesia</li> <li>• Arbitrator to the Indonesian National Board of Arbitration</li> <li>• Professor of Faculty of Law of Padjadjaran University</li> </ul>	Legal
Paruli Lubis**	Independent Commissioner	54 years old	Male	<ul style="list-style-type: none"> <li>• Bachelor of Finance</li> <li>• Master of Business Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Director of Treasury Transformation</li> <li>• Director of Treasury System</li> <li>• Director of Budget Implementation</li> <li>• Secretary of the State Accounting Agency, Department of Finance</li> <li>• Head of Regional Office XXVII, Directorate General of Budgeting, Manado</li> </ul>	Finance

Name	Position	Age	Gender	Education	Work Experience	Expertise
Nizar Yamani*	Commissioner	65 years old	Male	<ul style="list-style-type: none"> <li>• Bachelor of Medicine</li> <li>• Neurologist</li> <li>• Clinical Neurology Consultant</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Commissioners member of Dharmais Cancer Hospital</li> <li>• Board of Commissioners member of Sanglah Bali Hospital</li> <li>• Board of Commissioners member of PT Surveyor Carbon Consulting</li> <li>• Board of Commissioners member of PT Indofarma, Tbk.</li> <li>• Medical Unit Head of National Functional Brain Center Hospital</li> </ul>	Health
Ihsan Setiadi Latief	Commissioner	45 years old	Male	<ul style="list-style-type: none"> <li>• Bachelor Degree of Aqidah and Philosophy</li> <li>• Master's Degree with main study field of Communications</li> <li>• PhD Degree with main study field of Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Head of Islamic Unity College of Teacher Training and Education</li> <li>• Researcher in the fields of social, religion, and community</li> <li>• Head of Institute for Research and Community Development STAIPI</li> </ul>	Social
Heridadi	Independent Commissioner	65 years old	Male	<ul style="list-style-type: none"> <li>• Bachelor of Medicine</li> <li>• Master's Degree in Health Planning and Management</li> <li>• Doctor of Medicine</li> </ul>	<ul style="list-style-type: none"> <li>• Vice Chairman of PPAD Social Department</li> <li>• Chairman of Purna Warga Kesehatan, Indonesian National Army</li> <li>• Lecturer for Master's Degree at University of Defense</li> <li>• Head of the Indonesian National Army Health Center</li> <li>• Health Director of the Indonesian National Army</li> <li>• Health Vice Director of the Indonesian National Army</li> </ul>	Health
Mohamad Subuh	Commissioner	55 years old	Male	<ul style="list-style-type: none"> <li>• Bachelor of Medicine</li> <li>• Master of Public Policy</li> </ul>	<ul style="list-style-type: none"> <li>• General Director of Disease Prevention and Control</li> <li>• General Director of Disease Control and Environmental Health</li> <li>• Secretary of the Directorate General of Disease Control and Environmental Health</li> <li>• Director of Communicable Disease Control</li> <li>• Head of West Kalimantan Health Office</li> <li>• Director of Sultan Syarif Mohamad Alkadrie General Hospital, West Kalimantan</li> </ul>	Health

Description:  
 \* term of office until 27 May 2017  
 \*\* term of office until 4 November 2017.

**NUMBER AND COMPOSITION OF THE BOARD OF COMMISSIONERS**

In 2017, the number and composition of the Board of Commissioners of Bio Farma were amended as described below.

**PERIODE I: 1 JANUARY – 27 MAY 2017**

The period of 1 January 2017 - 27 May 2017, the Board of Commissioners consisted of 6 (six) persons comprising 1 (one) President Commissioner, 3 (three) Commissioners, and 2 (two) Independent Commissioners.

Name	Position
Ahmad M. Ramli	President Commissioner
Ihsan S. Latief	Member of Board of Commissioners
Nizar Yamani	Member of Board of Commissioners
Mohamad Subuh	Member of Board of Commissioners
Paruli Lubis	Independent Commissioner
Heridadi	Independent Commissioner

**PERIODE II: 28 MAY – 4 NOVEMBER 2017**

The period of 28 May 2017 - 4 November 2017, the Board of Commissioners consisted of 5 (five) persons comprising 1 (one) President Commissioner, 2 (two) Commissioners, and 2 (two) Independent Commissioners.

Name	Position
Ahmad M. Ramli	President Commissioner
Ihsan S. Latief	Member of Board of Commissioners
HM. Subuh	Member of Board of Commissioners
Paruli Lubis	Independent Commissioner
Heridadi	Independent Commissioner

**PERIODE III: 5 NOVEMBER – 31 DECEMBER 2017**

The period of 5 November 2017 - 31 December 2017, the Board of Commissioners consisted of 4 (four) persons comprising 1 (one) President Commissioner, 2 (two) Commissioners, and 1 (one) Independent Commissioner.

Name	Position
Ahmad M. Ramli	President Commissioner
Ihsan S. Latief	Member of Board of Commissioners
HM. Subuh	Member of Board of Commissioners
Heridadi	Independent Commissioner

**AFFILIATION RELATIONSHIP OF BOARD OF COMMISSIONERS**

Each member of the Company’s Board of Commissioners is required to act independently without any conflict of interest that may interfere with their ability to perform their duties independently and critically, in regard of relationship with either any party that is related to the Company or the Board of Directors.

All members of Board of Commissioners of PT Bio Farma (Persero) act independently and free from any interventions of any party.

To ensure the achievement of independence of its duties, the Board of Commissioners encourages the establishment of an objective work climate and environment, putting forward fairness among diverse interests and always be free from conflict of interest.

Criteria of affiliation relationship among members of Board of Directors, Board of Commissioners, and Controlling Shareholders include:

- Affiliation relationship between member of Board of Directors and another member of Board of Directors.
- Affiliation relationship between members of Board of Directors and members of Board of Commissioners.
- Affiliation relationship between members of Board of Directors and Major and/or Controlling Shareholders.
- Affiliation relationship between member of Board of Commissioners and another member of Board of Commissioners; and
- Affiliation relationship between members of Board of Commissioners and Major and/or Controlling Shareholders.

Affiliation relationship between members of Board of Directors, Board of Commissioners, and Controlling Shareholders can be seen in the table below:

**Table of Affiliation Relationship of the Board of Commissioners**

Name of Commissioner	Position	Financial, Family, and Management Relationship of the Commissioners													
		Financial Relationship With						Family Relationship With						Management Relationship With	
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders		Yes	No
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No				
Ahmad Ramli	President Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Paruli Lubis**	Independent Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Nizar Yamani*	Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Ihsan Setiadi Latief	Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	



Name of Commissioner	Position	Financial, Family, and Management Relationship of the Commissioners													
		Financial Relationship With						Family Relationship With						Management Relationship With	
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders		Yes	No
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No				
Heridadi	Independent Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Mohamad Subuh	Commissioner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	

Description:  
 \* term of office until 27 May 2017  
 \*\* term of office until 4 November 2017.

**CONCURRENT POSITION OF BOARD OF COMMISSIONERS**

The regulation of concurrent position of Board of Commissioners that is based on Regulation of Minister of SOE No. PER-02/MBU/02/2015 on the Requirements and Procedures for Appointment and Dismissal of Members of the Board of Commissioners and Board of Supervisors of State-Owned Enterprise is as follows:

1. Members of the Board of Commissioners are prohibited from holding concurrent positions as members of other SOE/ Company’s Board of Commissioners.
2. Members of the Board of Commissioners are prohibited from holding concurrent positions as members of the Board of Directors in State-Owned Enterprises, Regional-Owned Enterprises, Private-Owned Enterprises or holding positions which are prohibited by laws and regulations to be concurrent with the positions as member of the Board of Commissioners or positions that may cause a conflict of interest with the relevant SOE.

**Table of Concurrent Position of Board of Commissioners**

Name	Position	Position at Other Company/ Institution	Company Name/ Other Institution
Ahmad Ramli	President Commissioner	-	-
Paruli Lubis**	Independent Commissioner	-	-
Nizar Yamani*	Commissioner	-	-
Ihsan Setiadi Latief	Commissioner	-	-
Heridadi	Independent Commissioner	-	-
Mohamad Subuh	Commissioner	-	-

Description:

\* term of office until 27 May 2017

\*\* term of office until 4 November 2017.

**MANAGEMENT OF CONFLICT OF INTEREST OF BOARD OF COMMISSIONERS**

Members of the Board of Commissioners are prohibited from engaging in actions that have Conflict of Interest and aimed for personal advantage from the decision-making and/or implementation of the Company's activities, other than legitimate source of income.

**SHARE OWNERSHIP OF BOARD OF COMMISSIONERS**

In 2017, there was no share ownership of Bio Farma's Board of Commissioners. In order to minimize conflict of interest, each member of the Board of Commissioners has made a special list containing their and/or their families' share ownership of the Company.

**Table of Share Ownership of Board of Commissioners**

Name	Position	Share Ownership		
		Personal at Bio Farma	Family at Bio Farma	Personal/Family at Other Companies
Ahmad Ramli	President Commissioner	None	None	None
Paruli Lubis**	Independent Commissioner	None	None	None
Nizar Yamani*	Commissioner	None	None	None
Ihsan Setiadi Latief	Commissioner	None	None	None
Heridadi	Independent Commissioner	None	None	None
Mohamad Subuh	Commissioner	None	None	None

Description:

\* term of office until 27 May 2017

\*\* term of office until 4 November 2017.

**INDEPENDENT COMMISSIONER**

Independent Commissioner is a member of the Board of Commissioners who has no financial, management, share ownership, and/or family relationships with other members of the Board of Commissioners, members of the Board of Directors, and/or Controlling Shareholders, or the Company that may hinder or impede the position to act independently in accordance with GCG principles.

The composition of the Board of Commissioners has fulfilled the provisions of the Minister of SOEs Regulation No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in SOEs which stipulates that at least 20% (twenty percent) of the total members of the Board of Commissioners are Independent Commissioners. The composition of the Company's Board of Commissioners as of 31 December 2017 is 4 (four) members in which 1 (one) of them is as Independent Commissioner, which means it is more than 20% (twenty percent) of the existing numbers of Commissioners.

**CRITERIA TO DESIGNATE INDEPENDENT COMMISSIONER**

Criteria of the Company's Independent Commissioner refers to the Regulation of Minister of SOE No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOE. The criteria of the Independent Commissioners are as follows:

No.	Criteria of Independent Commissioner	Independent Commissioner	
		Paruli Lubis*	Heridadi
1.	Not having financial, management, share ownership, and/or family relationship with other members of the Board of Commissioners, members of Board of Directors, and/or Controlling Shareholders or relationship with the relevant SOE that can influence the ability to act independently.	✓	✓
2.	Not holding a position as Board of Director in a corporation affiliated with the Company. Not working for the government including for departments, agencies, and military within the last 3 (three) years.	✓	✓
3.	Not working for the Company or its affiliations within the last 3 (three) years,	✓	✓
4.	Not having direct or indirect financial linkage with the Company or any company providing services and products to the Company and its affiliates.	✓	✓

Description:

\* term of office until 4 November 2017.

**MEETING OF BOARD OF COMMISSIONERS**

Meeting of the Board of Commissioners as stipulated in the Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013; No. 01025/DIR/II/2013 on the Board of Commissioners and Board of Directors Manual of PT Bio Farma (Persero) and Board of Commissioner Decree of PT Bio Farma (Persero) No. 07/DK/BF/03/2016 on Internal Meeting Conduct of Board of Commissioners of PT Bio Farma (Persero).

Board of Commissioners' Meeting is held regularly, at least once every month. In addition of such time, the Board of Commissioners' Meeting may also be held at any time by stating the matters to be discussed and/or in need of decision makings, if:

1. By request from 1 (one) or more member(s) of the Board of Commissioners;
2. By request by the Board of Directors;
3. By written request from the Shareholder.

Meetings of the Board of Commissioners will be held at the place of the Company's domicile or elsewhere in the territory of the Republic of Indonesia as established by the Board of Commissioners.

## AGENDA, DATE, AND PARTICIPANTS OF MEETING OF BOARD OF COMMISSIONERS

## MEETING OF BOARD OF COMMISSIONERS

Throughout 2017, the agenda, dates, and participants of Board of Commissioners' Meeting were as follows.

Table of Board of Commissioners' Meeting

No.	Date	Meeting Agenda	Meeting Participants	Present/Absent	Reason for Absence
1.	27 January 2017	Discussing the Company's Management Report (LMP), Unaudited FY 2016, et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Nizar Yamanie	Present	
			Mohamad Subuh	Present	
2.	15 February 2017	Discussing the preparation of Interviews of the Director Candidates of PT Bio Farma (Persero) et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Nizar Yamanie	Present	
			Mohamad Subuh	Present	
3.	24 February 2017	Discussing the Company Management Report (LMP) Audit FY 2016, GCG Questionnaire, et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Nizar Yamanie	Present	
			Mohamad Subuh	Absent	is performing the task of his originating agency
4.	24 March 2017	Discussing the Supervisory Report of the Board of Commissioners of 2016, Discussing the Board of Commissioners' Response to LMP (Audited) FY 2016, et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Nizar Yamanie	Present	
			Mohamad Subuh	Absent	is performing the task of his originating agency
5.	3 May 2017	Discussing GCG Questionnaire, discussing the Public Accountant's recommendations and remuneration, discussing letter of request of Board of Directors on extension and limit increase of Bank Mandiri working capital loan facility, discussing letter of request of the Board of Directors on time extension of export working capital credit facility of Indonesian eximbank, discussing prospective members of Audit Committee, et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Nizar Yamanie	Present	
			Mohamad Subuh	Absent	is performing the task of his originating agency

No.	Date	Meeting Agenda	Meeting Participants	Present/Absent	Reason for Absence
6.	19 June 2017	Follow-up of jasinga land lease et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Mohamad Subuh	Absent	is performing the task of his originating agency
7.	28 July 2017	Discussing the Company's Management Report of PT Bio Farma (Persero) 2017 Semester I, et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Absent	Out of town
			Ihsan Setiadi Latief	Present	
			Mohamad Subuh	Absent	is performing the task of his originating agency
8.	18 September 2017	Follow up of Jasinga land, Board of Directors' Letter No. 028886/DIR/VIII/2017 on Proposed Changes of PT Bio Farma's Organization Structure of 2017 et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Mohamad Subuh	Absent	is performing the task of his originating agency
9.	9 October 2017	Discussing the Work Plan and Budget (RKA) of the Board of Commissioners and the Committee of 2018, Board of Directors' proposal on the establishment of a joint venture, discussing revision of RJPP 2017-2021, discussing Board of Directors' proposal on Long-Term Credit approval, et cetera	Ahmad M. Ramli	Present	
			Paruli Lubis	Present	
			Heridadi	Present	
			Ihsan Setiadi Latief	Present	
			Mohamad Subuh	Present	

## JOINT MEETING OF BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

Throughout 2017, the agenda, dates, and participants of Joint Meeting of Board of Commissioners and Board of Directors are as follows.

Table of Joint Meeting of Board of Commissioners and Board of Directors

No.	Meeting Date	Meeting Agenda	Meeting Participants - Board of Commissioners	Present/Absent	Meeting Participants - Board of Directors	Present/Absent
1.	30 January 2017	Discussion of the Company Management Report & PKBL Activity Report of 2016 Fiscal Year (Un-Audited) of PT Bio Farma (Persero)	Ahmad M. Ramli	Present	Iskandar	Present
			M. Subuh	Present	Sugeng Raharso	Present
			Ihsan Setiadi Latief	Present	Juliman	Present
			Heridadi	Present	Mahendra S.	Present
			Paruli Lubis	Present	Pramusti Indrascaryo	Present
			Nizar Yamanie	Present	Andjang Kusumah	Absent
2.	24 February 2017	Discussion of the Company Management Report & PKBL Activity Report of 2016 Fiscal Year (Audited) of PT Bio Farma (Persero)	Ahmad M. Ramli	Present	Iskandar	Absent
			M. Subuh	Absent	Sugeng Raharso	Present
			Ihsan Setiadi Latief	Present	Juliman	Present
			Heridadi	Present	Mahendra S.	Present
			Paruli Lubis	Present	Pramusti Indrascaryo	Present
			Nizar Yamanie	Present	Andjang Kusumah	Absent
3.	28 July 2017	Discussion of the Company's Management Report of Semester I 2017	Ahmad M. Ramli	Present	Juliman	Present
			M. Subuh	Present	Pramusti Indrascaryo	Present
			Ihsan Setiadi Latief	Present	M. Rahman Roestan	Present
			Heridadi	Present	Disril Revolin Putra	Present
			Paruli Lubis	Present	Sugeng Raharso	Present

No.	Meeting Date	Meeting Agenda	Meeting Participants - Board of Commissioners	Present/Absent	Meeting Participants - Board of Directors	Present/Absent
4.	18 September 2017	1. Jasinga Land 2. Organizational Structure 3. Others	Ahmad M. Ramli	Present	Juliman	Present
			M. Subuh	Present	Pramusti Indrascaryo	Present
			Ihsan Setiadi Latief	Present	M. Rahman Roestan	Present
			Heridadi	Present	Disril Revolin Putra	Present
5.	9 October 2017	1. Refinement of RJPP Year 2017-2021 2. JVC Cooperation Plan of Vial and Ampule Factory 3. SOP/Decree of Bio Farma's Cooperation with Partners 4. Finalization of Organizational Structure	Ahmad M. Ramli	Present	Juliman	Present
			M. Subuh	Present	Pramusti Indrascaryo	Present
			Ihsan Setiadi Latief	Present	M. Rahman Roestan	Present
			Heridadi	Present	Disril Revolin Putra	Present
6.	30 October 2017	1.1. Company's Management Report of Quarter III 2017 2. Draft of RKAP 2018 3. Refinement of RJPP 2017-2021	Ahmad M. Ramli	Present	Juliman	Present
			M. Subuh	Present	Pramusti Indrascaryo	Present
			Ihsan Setiadi Latief	Present	M. Rahman Roestan	Present
			Heridadi	Present	Disril Revolin Putra	Present
7.	18 December 2017	1. Report of the Board of Directors 2. Update on RKAP 2018 3. Readiness of Diphtheria Extraordinary Event 4. Others	Ahmad M. Ramli	Present	Juliman	Present
			M. Subuh	Present	Pramusti Indrascaryo	Present
			Ihsan Setiadi Latief	Present	M. Rahman Roestan	Present
			Heridadi	Present	Disril Revolin Putra	Present
					Sugeng Raharso	Present

#### MEETING FREQUENCY AND ATTENDANCE OF BOARD OF COMMISSIONERS

Table of Meeting Frequency and Attendance of Board of Commissioners

Name	Position	Meeting of Board of Commissioners			Joint Meeting of Board of Commissioners - Board of Directors		
		Number and (%) Attendance			Number and (%) Attendance		
		Total Meetings	Total Attendance	%	Total Meetings	Total Attendance	%
Ahmad M. Ramli	President Commissioner	9	9	100	7	7	100
Paruli Lubis **	Independent Commissioner	9	9	100	6	6	100
Nizar Yamani *	Member of Board of Commissioners	5	5	100	2	2	100
Ihsan Setiadi Latief	Member of Board of Commissioners	9	9	100	7	7	100
Heridadi	Member of Board of Commissioners	9	8	88.89	7	7	100
Mohamad Subuh	Member of Board of Commissioners	9	3	33.33	7	6	50

#### Remarks:

\* term of office until 27 May 2017

\*\* term of office until 4 November 2017.

#### COMPETENCE DEVELOPMENT OF BOARD OF COMMISSIONERS

- The Board of Commissioners and the Board of Directors participate in training programs in the forms of training/seminars in order to keep updated on the latest developments of the Company's business activities and other knowledge related to the duties of the Board of Commissioners and the Board of Directors.
- Training programs are implemented in order to improve the work effectiveness of the Board of Commissioners and Board of Directors and are incorporated in the Company's Work Plan and Budget.
- Each member of the Board of Commissioners and Board of Directors who participates in the training program is required to share information with other members of the Board of Commissioners and Board of Directors as well as with related Employees if necessary.

Throughout 2017, members of the Company's Board of Commissioners attended various programs to increase the competence in the forms of trainings, workshops, conferences, seminars. The Competence Development of the Board of Commissioners is presented in Profile Chapter of the Competence Development of Board of Commissioners Sub Section in this Annual Report.

#### REMUNERATION POLICY OF BOARD OF COMMISSIONERS

The determination of remuneration for Bio Farma's Board of Commissioners which includes salary/honorarium, allowances, facilities and tantem/incentives is the authority of the Board of Commissioners and stipulated in the Board of Commissioners' Decree of PT Bio Farma (Persero) No. KEP-06/DK/BF/07/2017 dated 10 July 2017 on the Determination of Salary/Honorarium, Allowances, and Facilities for Board of Directors and Board of Commissioners of PT Bio Farma (Persero) of 2017. The formulation of remuneration determination refers to the Decree of the Minister of SOE No. SK-122/MBU/06/2017 dated 21 June 2017 on Establishment of Earnings of Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprises of 2017 and Submission of Establishment of Earnings of Board of Directors and Board of Commissioners No. S-24/D1.MBU/06/2017 dated 22 June 2017.

#### PROCEDURE TO DETERMINE REMUNERATION

The procedure to determine remuneration of the Board of Commissioners is as follows:

- The Board of Commissioners assigns the Audit Committee to conduct study of Board of Commissioners remuneration.
- The Audit Committee coordinates with the Human Capital Division and related work units to prepare the proposal of Board of Commissioners' Remuneration.
- The Audit Committee prepares recommendation of Board of Commissioners' Remuneration and then submit it to the Board of Commissioners.
- The Board of Commissioners deliberates the Audit Committee's proposal.
- The Board of Commissioners submits the Board of Commissioners' Remuneration proposal in the GMS and GMS grant authority and power to the Board of Commissioners, after obtaining approval from Shareholders, to determine Bio Farma Board of Commissioners' Remuneration. The GMS determines the Board of Commissioners Remuneration based on PER-04/MBU/2014.
- The Board of Commissioners determines the Board of Commissioners Remuneration.

#### REMUNERATION STRUCTURE OF MEMBERS OF BOARD OF COMMISSIONERS

The structure to determine remuneration of the Board of Commissioners is as follows:

- Honorarium.
  - Honorarium of the President Commissioner is determined by position factor at 45% of the President Director's salary.
  - Honorarium of Board of Commissioners' member is determined by position factor at 90% of the President Commissioner's honorarium.
- Allowances.
  - Holiday allowance of 1 (one) time of monthly honorarium.
  - Transportation allowance of 20% of honorarium.
  - Post-employment insurance: premium of 25% of annual honorarium.

3. Facilities.
  - a. Health: Health facility is provided in the forms of health insurance or reimbursement of medical costs, with details as regulated in Regulation of Minister of SOE No. PER-04/MBU/2014 on Guidelines to Determine Remuneration of Board of Directors and Board of Commissioners of State-Owned Enterprise.
  - b. Legal aid: legal aid facility is regulated in line with Regulation of Minister of SOE No. PER-04/MBU/2014 on Guidelines to Determine Remuneration of Board of Directors and Board of Commissioners of State-Owned Enterprise.
4. Tantiem/Performance Incentive. Tantiem/Performance Incentive is based on performance of 2016 fiscal year.

**INDICATOR TO DETERMINE REMUNERATION OF BOARD OF COMMISSIONERS**

1. Income in the forms of salary/honorarium, allowances, and facility that are fixed in nature is determined by considering factors of revenue, assets, financial condition and capability of the Company, inflation rate, and other relevant factors, and must not contradict the laws and regulations.
2. Income in the forms of allowances and tantiem that are variable in nature is determined by considering factors of target achievement, sound level, and financial capability of the Company, and other relevant factors.
3. Providing remuneration to the Board of Commissioners is conducted by considering the realization of Key Performance Indicator (KPI) achievement of the Board of Commissioners on the 2017 monitoring.

**TOTAL NOMINAL/COMPONENT OF REMUNERATION OF BOARD OF COMMISSIONERS**

Remuneration of the Board of Commissioners of 2017					
Name	Salary per Year	Allowances per Year	Net Salary per Year	Tantiem & Holiday Allowances	Total
	1	2	3 = 1 + 2	4	5 = 3 + 4
Ahmad M. Ramli	540,000,000.00	108,000,000.00	648,000,000.00	666,874,608.00	1,314,874,608.00
Nizar Yamani *	202,500,000.00	40,500,000.00	243,000,000.00	600,187,147.00	843,187,147.00
Paruli Lubis **	405,000,000.00	81,000,000.00	486,000,000.00	600,187,147.00	1,086,187,147.00
Heridadi	486,000,000.00	97,200,000.00	583,200,000.00	600,187,147.00	1,183,387,147.00
Ihsan Setiadi Latief	486,000,000.00	97,200,000.00	583,200,000.00	600,187,147.00	1,183,387,147.00
H.M. Subuh	486,000,000.00	97,200,000.00	583,200,000.00	600,187,147.00	1,183,387,147.00
<b>Total</b>	<b>2,605,500,000.00</b>	<b>521,100,000.00</b>	<b>3,126,600,000.00</b>	<b>3,667,810,343.00</b>	<b>6,794,410,343.00</b>

Description:  
 \* term of office until 27 May 2017  
 \*\* term of office until 4 November 2017.

The remuneration in one year is grouped in the range of income levels as follows.

**Table of Group of Remuneration Amount of Board of Commissioners**

Total Remuneration	Total Commissioners
Above Rp2 Billion	-
Above Rp1 Billion - Rp2 Billion	5
Above Rp500 Million - Rp1 Billion	1
Below Rp500 Million	-



**DECISION, RECOMMENDATION, AND IMPLEMENTATION OF DUTIES OF BOARD OF COMMISSIONERS**

In accordance with its authority in Bio Farma's Articles of Association, the Board of Commissioners has given approval/recommendation, among others:

1. Approval to pledge the Company's Fixed Assets related to the Extension and Increase of Credit Limit of Bank Mandiri Year 2017-2018.
2. Recommendation of the Board of Commissioners on the use of a portion of the Company's reserves to increase Authorized, Paid-up, and Issued Capital of PT Bio Farma.
3. Approval of PT Bio Farma (Persero) organizational structure changes of 2017.
4. Approval on the write-off and/or transfer of PT Bio Farma (Persero) fixed assets.
5. Approval of the Board of Directors' remuneration system in accordance with the GMS resolution.

Throughout 2017, Bio Farma's Board of Commissioners performed its duties and responsibilities in line with the Company's Articles of Association as follows:

1. Supervise and advise on:
  - a. Implementation of RKAP 2017 and Long-Term Plan (RJPP).
  - b. Strategic issues for the Company, such as WHO PQ, Vaccine Development Project et cetera.
  - c. Adherence to the applicable laws and regulations.
  - d. Implementation of GCG, ISO, cGMP principles, et cetera.
  - e. Implementation of Enterprise Risk Management (ERM).
2. Making a decision/giving approval/response:
  - a. Sharing opinion/feedback/input to the Shareholders on the periodical Management Report, Annual Report, and Proposal of RKAP and RJPP;
  - b. RKAP and RKA PKBL Reports.
  - c. Appointment of Public Accountant Firm (KAP).
  - d. Approval on Asset write-off
  - e. Remuneration of Board of Directors.
3. Review of the Company's monthly performance analysis and discussion on the Company's progress through periodic internal meetings of the Board of Commissioners.

4. Review of the Company's monthly performance analysis and discussion on the Company's progress through joint meetings with the Board of Directors, including providing advice/suggestions to the Board of Directors.
5. Prepare and submit the Annual Work Program and Budget Plan of the Board of Commissioners.
6. Develop and submit Supervisory Duty Report;
7. Monitor the follow-up of shareholders resolutions/directives and internal and external audit findings/results.
8. Conduct work visits and monitor fields.
9. Implement competence and knowledge development activities.
10. Perform other emergency and urgent activities.

The Board of Commissioners has submitted various directives, advice, and approval in particular regarding the continuity/development of the Company's business. Specifically, the directions delivered by the Board of Commissioners in 2017 include:

1. The Board of Directors is required to use the RKAP approved by the Shareholders as a control tool of the Company's expenses, since the cost in RKAP is the maximum allowable limit, while the income is the minimum limit to be achieved.
2. The Board of Directors is required to note the effectiveness of efforts to improve efficiency, in addition to improve the monitoring and control of business costs, primarily on costs or activities that are less related to efforts to realize sales, so that the 2017 sales target can be achieved.
3. Considering that investment activities are the backbone of Company's sustainability and development and particularly having long-term impacts, it is suggested that the Board of Directors can give more attention to accelerate investment realization, to minimize obstacles for the Company's business development in the future, and to ensure the smoothness of the Company's operations in short term and strategic long-term planning.
4. Considering that research and development as well as product innovation are the objectives (mission) of the Company's establishment, it is recommended that the Board of Directors instructs the related management to make analysis on the reasons why the targets of activities in line with RKAP 2016 are not achieved, and how they impact the Company's going concern and operations in the future.
5. In the process of implementing the investment program, the Board of Directors keeps improving the GCG elements equipped with comprehensive risk management assessments and designs of mitigation measures for such risks.
6. In relation to the allocation of Community Development funds, the Board of Commissioners recommends that the management prioritizes the allocation of Community Development funds for programs/activities that are in line with the Company's business, and makes efforts to collect bad debts to the partners.
7. Achievement of Quarter III 2017 performance serves as the basis and lesson that is beneficial to improve performance achievement in the next quarter, which is followed by hard work, optimization of all resources, and continuous opportunity improvements through constructive supervision, as well as continuous motivation to employee morale in order to achieve optimal productivity and efficiency for the Company, considering the increasingly challenging obstacles the Company will encounter in the future.
8. The Board of Directors is required to strengthen the implementation of Good Corporate Governance in every aspect of the Company's management activities with due regard to the GCG guidelines as stipulated in the Regulation of Minister of SOE No. PER-01/MBU/2012 in conjunction with PER-16/MBU/2012.

## PERFORMANCE ASSESSMENT OF BOARD OF COMMISSIONERS

### PERFORMANCE ASSESSMENT OF BOARD OF COMMISSIONERS BASED ON KPI

Performance assessment of the Board of Commissioners through Key Performance Indicator (KPI) of 2017 has been validated by the Shareholders through a Management Contract.

### PERFORMANCE ASSESSMENT PROCEDURE OF BOARD OF COMMISSIONERS

The performance of the Board of Commissioners is evaluated by the Shareholders in the GMS based on the Company's performance as set forth in the ratification of the Company's Financial Statements by the GMS. Performance assessment of the Board of Commissioners in the GMS is reflected in the GMS resolutions, which grant approval and validations of the Financial Statements including the Report of the Board of Commissioners on the Company's supervisory duties for the past fiscal year.

Referring to the Regulation of Minister of State Owned Enterprises No. PER-01/MBU/2011, it states that the GMS establishes the Performance Achievement Indicators of the Board of Commissioners based on the Board of Commissioners' recommendation, therefore, Bio Farma's Board of Commissioners issued the 2016 Board of Commissioners Charter of PT Bio Farma (Persero).

### PERFORMANCE EVALUATION CRITERIA OF BOARD OF COMMISSIONERS

KPI assessment of the Board of Commissioners of 2017 is as follows:

No.	Aspect and Parameter	Period	Output Unit	Weight	Target	Realization	Weight
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>I. Aspect of Planning</b>							
1.	Preparing the Work Plan, Budget, and KPI of the Board of Commissioners 2016	Annual	Document	10	1	1	10
<b>Sub Total</b>				10			
<b>II. Aspect of Supervision and Advice</b>							
1.	Providing response/recommendation to the Shareholders on:						
a.	Company's Work Plan and Budget	Annual	Letter	4	1	1	4
b.	Annual Report	Annual	Letter	4	1	1	4
c.	Quarterly Performance Analysis	Quarterly	Letter	4	3	3	4
d.	RJPP Evaluation	A Year	Letter	4	1	1	4
2.	Providing advice and directives to the Board of Directors in accordance with the duties of the Board of Commissioners.						
a.	Total Meetings	Monthly	Times	4	12	12	4
b.	Meeting Attendance	Monthly	%	4	100	100	4
c.	Finalization of Minutes of Meeting	Monthly	Minutes	4	12	12	4
3.	Meeting of Board of Commissioners						
a.	Total Meetings	Monthly	Times	9	12	12	9
b.	Meeting Attendance	Monthly	%	5	100	100	5
c.	Finalization of Minutes of Meeting	Monthly	Minutes	5	12	12	5
4.	Meeting of Board of Directors and related unit	A Year	Minutes	6	12	12	6
5.	Work Visit of the Board of Commissioners	A Year	Visit	4	2	2	4
6.	Realization of Work Plan of Board of Commissioners' Committees	A Year	%	3	100	100	3
<b>Sub Total</b>				60			
<b>III. Aspect of Reporting</b>							
1.	Realization Report of KPI Implementation of the Board of Commissioners	Quarterly	Report	5	3	3	5
2.	Annual Board of Commissioners Supervisory Report	Annual	Report	10	1	1	5
<b>Sub Total</b>				15			
<b>IV. Aspect of Dynamics</b>							
1.	Proposing External Auditor to the Shareholders	Annual	Letter	3	1	1	3

No.	Aspect and Parameter	Period	Output Unit	Weight	Target	Realization	Weight
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2.	Competence development through seminars, workshops, et cetera.	A Year	Times	3	4	4	3
3.	GCG Assessment Results of Board of Commissioners (self assessment/Independent Consultant)	Annual	Score	3	25	25	3
4.	Division of Duties of the Board of Commissioners	A Year	Times	3	1	1	3
5.	Response on Follow-Up to Auditor/SPI/GCG Assessor findings	A Year	Letter	3	1	1	3
Sub Total				15			
TOTAL				100			

#### ASSESSORS

The performance assessment of the Board of Commissioners in 2017 was conducted in a collegial manner that is part of the Board of Commissioners' Supervisory Report. Implementation of duties is planned at the beginning of each year in a Work Program stated in RKAP. At the end of the year, the Board of Commissioners prepares a Supervisory Task Report that is submitted to the Shareholders at the GMS for evaluation and approval.

Assessment on the performance of the Board of Commissioners is conducted based on PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance at State-Owned Enterprises and the 2017 Board of Commissioners Charter of PT Bio Farma (Persero).

#### PERFORMANCE ASSESSMENT RESULTS OF BOARD OF COMMISSIONERS

The table below shows the KPI of the Board of Commissioners of 2016 and 2017:

Indicator	Weight	2016	2017
Aspect of Planning	10	10	10
Aspect of Supervision and Advice	60	64.4	60
Aspect of Reporting	15	15	15
Aspect of Dynamics	15	22.3	15
<b>Total</b>	<b>100</b>	<b>111.7</b>	<b>100</b>

#### PERFORMANCE ASSESSMENT OF BOARD OF COMMISSIONERS BASED ON GCG ASSESSMENT

In addition to the Board of Commissioners' assessment based on KPI, the Board of Commissioners is always committed to continuously improve its performance achievement. To support this, a performance assessment of the Board of Commissioners is undertaken through the GCG assessment. Performance assessment of the Board of Commissioners conducted in 2017 is as follows.

#### PROCEDURE OF PERFORMANCE ASSESSMENT OF BOARD OF COMMISSIONERS

Assessment using services of government agency that is competent in GCG is carried out by the BPKP of West Java Representative that has conducted periodic GCG assessments for 6 (six) periods. In 2017, GCG assessment was conducted by BPKP West Java Representative, while self-assessment was conducted in 2016 by an Internal Assessment Team appointed based on decree of Board of Directors to assess GCG implementation in 2015.

#### PERFORMANCE ASSESSMENT CRITERIA OF BOARD OF COMMISSIONERS

Performance assessment criteria of the Board of Commissioners include:

1. Implementation of the training/learning program of the Board of Commissioners;
2. Division of duties and determination of the required factors to support the implementation of the Board of Commissioners' tasks;
3. Granting approval on RJPP and RKAP draft submitted by the Board of Directors;
4. Providing direction to the Board of Directors on the implementation of the Company's plans and policies;
5. Supervising the Board of Directors on the implementation of the Company's plans and policies;
6. Supervising the implementation of the subsidiary/joint venture company management policies;
7. Having role in the nomination of members of Board of Directors, performance assessment of the Board of Directors (individually and collegially) and proposing tantiem/performance incentives of the Board of Directors;
8. Taking action against potential conflicts of interest concerning the Board of Commissioners;
9. Supervising the implementation of Good Corporate Governance principles;
10. Organizing Board of Commissioners' meetings and its attendance rate at the meeting;
11. Availability of Board of Commissioners' Secretary to support the Commissioners' secretarial tasks;
12. Availability of effective Board of Commissioners' Committee.

#### PARTY PERFORMING THE PERFORMANCE ASSESSMENT OF THE BOARD OF COMMISSIONERS

In 2017, Bio Farma conducted GCG assessment implemented by BPKP (Indonesia's National Government Internal Auditors) of West Java Representative Office.

#### PERFORMANCE ASSESSMENT RESULTS OF BOARD OF COMMISSIONERS

In 2017, the performance assessment results of the Board of Commissioners was a score of 32.549 with 93.00% achievement and Excellent rate.

#### MECHANISM FOR RESIGNATION AND DISMISSAL OF BOARD OF COMMISSIONERS

Mechanism for resignation and dismissal of Board of Commissioners are as follows:

1. Member of Board of Commissioners/Supervisory Board may at anytime be dismissed based on Decree of Minister or GMS by stating the reasons.
2. Such dismissal as mentioned in point 1 is conducted in the event that the respective Board of Commissioners/Supervisory Board:
  - a. Does not perform the duties well;
  - b. Violates the provisions of Articles of Association and/or laws and regulations;
  - c. Is involved in action which harms SOEs and/or State;
  - d. Commits acts that violate ethics and/or propriety that should be respected as a member of the Board of Commissioners and Supervisory Board of SOE;
  - e. Is stated guilty by a Court decision that has had permanent legal force; or
  - f. Resigns.
3. In addition to the reasons of dismissal of member of Board of Commissioners/Supervisory Board as stated in point 2 above, the member of Board of Commissioners/Supervisory Board may be dismissed by the Minister or GMS based on other reasons which are deemed appropriate by the Minister or GMS for the best interest and objective of the SOE, such as but not limited to:
  - a. Company restructuring;
  - b. Entering retirement age for Civil State Apparatuses or for member of Board of Commissioners/Supervisory Board who has assignments from other Technical Minister or Governmental Institution.

Procedure to Dismiss Member of the Board of Commissioners/Supervisory Board

1. Technical Deputy coordinates with Secretary to evaluate the member of Board of Commissioners/Supervisory Board who is going to be dismissed.
2. Based on evaluation outcome as mentioned in point 1 above, the Technical Deputy and Secretary submit the proposal to dismiss member of the Board of Commissioners/Supervisory Board to the Minister in order to obtain a decree.
3. The submission of proposal to dismiss as mentioned in point 2 above, must be attached by:
  - a. The explanation of such dismissal;

- b. The concept of Ministerial Decree or decree to all shareholders circularly on dismissal, or letter of authority to attend and make decision in GMS on the dismissal, or letter of authority to summon/accept self-defense in the event that the dismissal will be conducted outside GMS.
4. The Minister may dismiss the member of Board of Commissioners/Supervisory Board based on the Minister's own evaluation results other than that of proposed by Technical Deputy or Secretary as mentioned in point 2 above;
5. In the dismissal process as mentioned in point 4 above, the Minister may seek considerations from Technical Deputy, Secretary, and/or Deputy.
6. The plan to dismiss member of Board of Commissioners/Supervisory Board before the tenure ends must be priorly informed to the relevant member of Board of Commissioners/Supervisory Board both verbally and in writing by the Minister.
7. In the event that the Minister does not inform the matter as mentioned in point a above, therefore, with this Regulation, the Minister delegates power to Technical Deputy to inform such notification.
8. The Minister may also assign the Secretary and/or Deputy based on special letter of authority to inform such notification.
9. The decision to dismiss with reasons as stated in letter A point 2 letter a, b, c, d is taken after the relevant member is given opportunity to defend.
10. In the event that such notification is conducted outside the GMS forum, then such self-defense as mentioned in point 9 above must be submitted in writing to GMS for the Company or the Minister for Perum (Public Corporation) no later than 14 (fourteen) days since the relevant member of the Board of Commissioners/Supervisory Board is informed as mentioned in point 6 above.
11. The self-defense can be directly submitted at the same time with the notification from the Minister/official as mentioned in point 6, 7, and 8 above;
12. In the event that the member of Board of Commissioners/Supervisory Board who will be dismissed has conducted self-defense or submits objection/acceptance to the dismissal at the time the notification is informed, then the provision of 14 (fourteen) days as mentioned in point 10 above is considered satisfied.
13. In the event that such notification and self-defense is submitted verbally, it must be in a face-to-face manner, evidenced by a report or minutes signed by the relevant member of Board of Commissioners/Supervisory Board with the Minister/official as mentioned in point 6, 7, and 8 above.
14. In the event that the relevant member of Board of Commissioners/Supervisory Board is not willing to sign the minutes or report as mentioned in point 13 above, then the reasons of such objection must be mentioned in such minutes or report.
15. In the event that such notification is expressed in GMS forum, then the self-defense is expressed in such GMS in accordance with the provision of Article 119 of Law No. 40 of 2007 on Limited Liability Company.
16. All legal documentations related to the notification and self-defense process are prepared by the Technical Deputy by coordinating with Echelon II Officer who is responsible in legal aspects. The whole related documentations are then submitted to the Deputy for administration.
17. The establishment of dismissal of member of Supervisory Board is undertaken with a Ministerial Decree.
18. The establishment of dismissal of member of Board of Commissioners may be undertaken with a Ministerial Decree as GMS, GMS resolutions, and resolutions of the entire shareholders circularly.
19. In the event that the establishment of dismissal of member of the Board of Commissioners/Supervisory Board is undertaken with Ministerial Decree or resolutions of the entire shareholders circularly, then the Technical Deputy and Secretary will process the draft of Ministerial Decree or resolutions of the entire shareholders circularly.
20. In the event that the establishment of dismissal of member of Board of Commissioners is physically undertaken in GMS, and in the event that the Minister cannot be present at the GMS, then the Minister must provide letter of authority to the Technical Deputy to attend such GMS and make decisions;
21. The Minister may also provide letter of authority to the Deputy and/or Secretary to attend and to make decision in GMS as mentioned in point 20 above.
22. During the dismissal process, the relevant member of Board of Commissioners/Supervisory Board must still carry out the duties properly.
23. The dismissal of member of Board of Commissioners and Supervisory Board may be processed in parallel with the appointment process of member of Board of Commissioners and Supervisory Board of the respective SOE.
24. The dismissal of member of Board of Commissioners/Supervisory Board is effective since the date of establishment in the Ministerial decree/GMS resolutions/entire Shareholders' resolutions circularly.

## BOARD OF DIRECTORS

The Board of Directors is a Company's Organ responsible for the management of the Company. The Board of Directors must, with goodwill and full responsibility for the Company's best interest, manage the Company's business and matters by always maintaining the balance of the vested interests of all parties in the Company's activities. The Board of Directors acts carefully and prudently by considering various important aspects that are relevant to the performance of its duties. The Board of Directors exercises its authority solely for the Company's best interest.

## REFERENCES OF REGULATIONS

Regulation of State Minister of State-Owned Enterprise No. PER-01/MBU/2011 dated 01 August 2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises, Regulation of State Minister of State-Owned Enterprise No. PER-09/MBU/2012 dated 6 July 2012 on Amendment to Regulation of State Minister of State-Owned Enterprise No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises, Regulation of State Minister of State-Owned Enterprise No. PER-03/MBU/02/2015 dated 17 February 2015 on the Requirements, Procedures for Appointment and Dismissal of Members of Board of Directors of State-Owned Enterprises.

## BOARD MANUAL

In more details, the Board of Directors' guidelines and work procedures are set out in the Board Manual of Board of Commissioners and Board of Directors, which regulates the Work Procedures of Board of Commissioners and Board of Directors, among others, containing instructions of the Board of Directors' work procedures and explanation of activity stages in a structured and systematic way, easy to understand, and can be performed consistently, can be a reference for the Board of Commissioners in performing their respective duties to achieve the Company's vision and mission. With the Board Manual, it is expected that high work standard which is in line with GCG principles will be achieved.

The contents of the Board Manual, among others, regulate the following matters.

- I : General Provisions
- II : Orientation and Training Program
- III : Work Relationship of the Board of Commissioners and Board of Directors
- IV : The Board of Commissioners
- V : The Board of Directors
- VI : Board of Commissioners' Meeting
- VII : Meeting of the Board of Directors
- VIII : Joint Meeting between the Board of Directors and the Board of Commissioners
- IX : Meetings between the Board of Commissioners' Committee and Board of Commissioners' Counterpart

Some of the principal work guidelines of the Board of Directors that are regulated in the Board Manual are explained as follows.

## DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Duties, authority, and obligations of the Board of Directors as regulated in the Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013; No. 01025/DIR/II/2013 on Board Manual of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) are as follows:

1. The Board of Directors has duties to perform all management activities for the Company's interests and in line with the Company's purposes and objectives as well as representing the Company in or out of court in all matters and occurrences with certain limitations as stipulated by the laws and regulations, the Articles of Association, and/or Resolutions of General Meeting of Shareholders.
2. In performing the duties, the Board of Directors must devote full energy, mind, attention, and devotion to the duties, obligations, and achievements of the Company's objectives.
3. In performing the duties, members of Board of Directors must comply with the Company's Articles of Association and laws and regulations, and are obliged to implement the principles of professionalism, efficiency, transparency, independency, accountability, responsibility, and fairness.
4. Each member of the Board of Directors must in good faith and with full responsibility perform the duties for the Company's interests and business in compliance with applicable laws and regulations.

## BOARD OF DIRECTORS' OBLIGATIONS

In performing the duties, the Board of Directors has obligations to:

1. Undertake and ensure the implementation of the Company's business and activities in accordance with its purpose and objectives as well as its business activities;
2. Prepare the Company's Long-Term Plan (RJPP), the Company's Work Plan and Budget (RKAP), and their amendments in a timely manner, and submit them to the Board of Commissioners and Shareholders for approval at the General Meeting of Shareholders;
3. Provide explanation to the General Meeting of Shareholders on the Company's Long-Term Plan and the Company's Work Plan and Budget;
4. Prepare the Shareholders Register, Special Register, Minutes of General Meeting of Shareholders, and Minutes of Meetings of the Board of Directors;
5. Prepare Annual Report as a form of accountability of the Company's management as well as the Company's financial documents as referred to in Law on Company Documents;
6. Prepare Financial Statements based on Financial Accounting Standards and submit them to Public Accountant to be audited;
7. Submit the Annual Report including the Financial Statements to the General Meeting of Shareholders for approval and validation;



8. Provide explanation to the General Meeting of Shareholders on the Annual Report;
9. Deliver the Balance Sheet and Income Statement that have been validated by the General Meeting of Shareholders to the Minister in charge of Law and Human Rights in accordance with the provisions of laws and regulations;
10. Submit report on the changes of composition of Shareholders, Board of Directors, and Board of Commissioners to the Minister in charge of Law and Human Rights;
11. Maintain the Shareholders Register, Special Register, Minutes of General Meeting of Shareholders, Minutes of Board of Commissioners' Meeting, Minutes of Board of Directors' Meeting, Annual Report, and Company's financial documents, as well as other Company's documents;
12. Maintain the following documents in the Company's domicile: Shareholders Register, Special Register, Minutes of General Meeting of Shareholders, Minutes of Board of Commissioners' Meeting, Minutes of Board of Directors' Meeting, Annual Report, and Company's financial documents, as well as other Company's documents;
13. Prepare accounting system in accordance with the Financial Accounting Standards and based on the principles of internal control, especially the functions of handling, recording, storing, and supervising;
14. Provide periodic reports in the manner and time in accordance with the applicable provisions, as well as other reports at the request of the Board of Commissioners and/or Shareholders;
15. Prepare the Company's organizational structure complete with the details and duties;
16. Provide an explanation on all matters asked or requested by members of the Board of Commissioners and Shareholders;
17. Prepare and establish the blue print of the Company's

organization;

18. Prepare the Key Performance Indicator of the Board of Directors for GMS approval;
19. Carry out other obligations in accordance with the provisions stipulated in the Articles of Association and adopted by the General Meeting of Shareholders based on the laws and regulations.

#### **The Board of Director's Obligations with Respect to the Preparation of Long-Term Company Plan (RJP)**

1. The Board of Directors must prepare RJP as a strategic plan containing the goals and objectives to achieve within a period of 5 (five) years.
2. RJP must at least contain:
  - a. Evaluation of the previous RJP implementation.
  - b. Current Company's position.
  - c. Underlying assumptions in preparing RJP.
  - d. Establishment of missions, objectives, strategies, policies, and long-term work plan.
3. The Board of Commissioners reviews and provides opinions on the RJP prepared by the Board of Directors before signing it together.

#### **The Board of Director's Obligations with Respect to the Preparation of Company's Work Plan and Budget (RKAP)**

1. The Board of Directors must prepare RKAP as an annual elaboration of RJP.
2. RKAP must at least contain:
  - a. Company's missions, objectives, strategies, policies, and programs of work/activities.
  - b. Detailed Company's Budget for each program/activity.

- c. Financial projections of the Company and its subsidiaries.
  - d. Work programs of the Board of Commissioners.
  - e. Other matters requiring GMS resolutions.
3. The Board of Commissioners reviews and shares opinions on RKAP, which is prepared by the Board of Directors, before signing it together.
4. The RKAP draft that has been signed by all members of the Board of Directors and all members of the Board of Commissioners is submitted by the Board of Directors to Shareholders no later than 60 (sixty) days prior to the relevant RKAP fiscal year to obtain GMS approval by considering the prevailing provisions.
5. The RKAP draft is approved by the GMS no later than 30 (thirty) days after the beginning of the current fiscal year (the relevant RKAP's budget year).
6. In the event that the RKAP draft has not been submitted by the Board of the Directors and/or the RKAP has not been approved in the period of time referred to in number 5, then the previous year's RKAP is applied.
7. The RKAP draft as referred to in number 4 must be made available at the Company's office from the notice date to the GMS date for the Shareholders' interests.

#### **The Board of Director's Obligations with Respect to the Preparation of Annual Report**

1. The Company's fiscal year is the calendar year, and at the end of December of each year, the Company's books are closed.
2. The Board of Directors is obliged to prepare Annual Report that at least contains:
  - a. Financial statements consisting of at least the year-end balance sheet of the recent fiscal year in comparison with that of the previous fiscal year, income statements of the relevant fiscal year, cash flow statements, and statements of changes in equity, and notes on the financial statements.
  - b. Report on the Company's activities.
  - c. Report on the implementation of Social and Environmental Responsibility, if any.
  - d. Details of problems arising during the fiscal year that affect the Company's business activities.
  - e. Report on supervisory duty that has been performed by the Board of Commissioners during the previous fiscal year.
  - f. Names of members of Board of Directors and members of Board of Commissioners.
  - g. Salaries and allowances/facilities for members of the Board of Directors and honorarium and allowances/facilities for members of the Company's Board of Commissioners for the previous year.
3. The Annual Report draft that includes financial statements that have been audited by public accountants and have been signed by all members of the Board of Directors is submitted to the Board of Commissioners for review and signatures before being delivered to the Shareholders.
4. The Public Accountant as referred to in number 3 is determined by GMS upon the Board of Commissioners' proposal.

5. The Annual Report as referred to in number 2, which has been signed by all members of the Board of Commissioners and Board of Directors, is submitted by the Board of Directors to the Shareholders no later than 5 (five) months after the end of fiscal year by considering the prevailing provisions.
6. In the event that any member of the Board of Directors and Board of Commissioners does not sign the annual report, the reasons must be mentioned in writing or stated by the Board of Directors in a separate letter attached to the annual report.
7. In the event that any member of the Board of Directors and Board of Commissioners does not sign the annual report as referred to in number 5 and does not provide the reasons in writing, the concerned member is deemed to have approved the annual report.
8. Approval for Annual Report including validation of the financial statements as referred to in number 5 is made by the GMS no later than the end of the sixth month after the end of fiscal year.
9. Approval for Annual Report including validation of the Annual Report by GMS means granting release and discharge to members of the Board of Directors and Board of Commissioners on the management and supervision carried out during the previous fiscal year, to the extent that such actions are reflected in the annual report including the financial statements and in accordance with the applicable provisions.
10. The Annual Report including the Financial Statement as referred to in number 5 shall be made available at the Company's office from the call date up to the GMS date for the Shareholders' interests.
11. In the event that the financial statements provided are false and/or misleading, members of the Board of Directors and Board of Commissioners are jointly responsible to the injured party, unless proven otherwise.

#### **The Board of Director's Obligations with Respect to the Preparation of Periodic Report**

1. The Board of Directors is obliged to prepare periodic reports that include the implementation of RKAP.
2. The periodic reports as referred to in number 1 include quarterly report and annual report.
3. In addition to the periodic reports as referred to in number 2, the Board of Directors may at any time provide a special report to the Board of Commissioners, Shareholders, and/or GMS.
4. Periodic reports and other reports as referred to in number 1 and 3 above is submitted in the form, content, and procedure of preparation in accordance with the provisions of laws and regulations.
5. The Board of Directors submits quarterly reports to the Board of Commissioners and/or Shareholders no later than 30 (thirty) days after the end of the quarterly period.

6. Quarterly reports as referred to in number 5 is signed by all members of the Board of Directors.
7. In the event that any member of the Board of Directors does not sign the quarterly report as referred to in number 6, the reasons must be stated in writing.

#### Risk Management

1. The Board of Directors in any decision making/action taking must consider the business risks.
2. The Board of Directors must establish and implement an integrated corporate risk management program as part of GCG program implementation.
3. Risk management program may be implemented by:
  - a. Establishing a separate working unit under the Board of Directors, or
  - b. Assigning the existing and relevant working unit to carry out the risk management function.
4. The Board of Directors must submit report on risk management profile and organize it in conjunction with the Company's periodic report.

#### Internal Control System

1. The Board of Directors establishes an effective internal control system to secure the Company's investments and assets.
2. The internal control system, among others, includes:
  - a. The internal control environment in the Company that is run with discipline and structured consisting of:
    - i. Integrity, ethical values, and competence of the employees.
    - ii. Philosophy and management style.
    - iii. The way in which the management takes in performing its authority and responsibilities.
    - iv. Organizing and developing Human Resources.
    - v. Attention and directions made by the Board of Directors.
  - b. Review on business risk management, which means the process to identify, analyze, and assess the relevant risk management.
  - c. Control activities, which mean activities done in a control process against the Company's activities on every level and unit in the Company's organizational structure, among others, regarding authority, authorization, verification, reconciliation, assessment on work achievement, division of duties, and securities of the Company's assets.
  - d. Information and communication system, which means a process of preparing a report on the operational and financial activities, as well as compliance with the provisions of laws and regulations by the Company.
  - e. Monitoring, which means an assessment process on the quality of internal control system, including the internal audit function on every level and unit in the Company's organizational structure, so that it can run optimally.

#### Transparency and Confidentiality of Information

1. The Board of Directors must provide information on the Board of Commissioners' identity, principal tasks, positions in the subsidiaries/joint ventures and/or other companies, including meetings held within one fiscal year (internal meetings or joint meetings with the Board of Commissioners/Board of Supervisors), salaries, facilities, and/or other allowances received from the concerned Company and the subsidiaries/joint ventures to be published in the Company's Annual Report.
2. Members of the Board of Directors must report their and/or their family's (wife/husband and children) share ownership in the Company and other companies including any changes thereof.
3. The Board of Directors is responsible for maintaining the confidentiality of the Company's information.
4. Information, in which based on the provisions of laws and regulations and/or Company's regulations is deemed as confidential information related to the Company, must be kept in confidential manner in accordance with the provisions of laws and regulations and/or Company's regulations.
5. Confidential information obtained while serving as Board of Directors must be kept in confidential manner in accordance with the applicable laws and regulations.

#### RIGHTS AND AUTHORITY OF THE BOARD OF DIRECTORS

In performing the duties, the Board of Directors has the authority to:

1. Determine the Company's management policy;
2. Regulate the transfer of the Board of Directors' power to a certain or several members of the Board of Directors to make decisions on behalf of the Board of Directors or to represent the Company in and out of court;
3. Regulate the transfer of the Board of Directors' power to a certain or several Company's employees, either individually or jointly, or to other person to represent the Company in and out of court;
4. Regulate the Company's employment terms including the salary structure, retirement or pension scheme, and other earnings for the Company's employees based on applicable laws and regulations, provided that the terms of salary structure, retirement or pension scheme, and other earnings for the Company's employees who have already exceeded the obligations stipulated in the laws and regulations have first obtained GMS approval;
5. Appoint and dismiss Company's employees based on the Company's employment regulations and applicable laws and regulations;
6. Appoint and dismiss Corporate Secretary. The appointment and dismissal of the Corporate Secretary are conducted based on the Company's internal mechanism with the Board of Commissioners' approval;
7. Appoint and dismiss the Head of Internal Control Unit. The appointment and dismissal of the Head of Internal Control

Unit are conducted based on the Company's internal mechanism with the Board of Commissioners' approval;

8. Perform any actions and other activities regarding the Company's management and assets, bind the Company to other parties and/or other parties to the Company, as well as represent the Company in or out of court in all matters and occurrences with limitations as stipulated under the laws and regulations, the Articles of Association, and/or Resolutions of General Meeting of Shareholders.
9. Foster cooperation with business entities or other parties with limitations to authority as follows:
  - a. Asset leasing  
The Board of Directors may lease the Company's asset with the period of up to 3 (three) years with the lease/transaction amount of up to 1% of the revenue or 2% of the Company's equity, whichever is lower.
  - b. Operations and Business Cooperation  
The Board of Directors may foster Operations and Business Cooperation with the period of up to 5 (five) years with investment value (Company's assets in cooperation) of up to 2.5% of the revenue or 5% of the Company's equity, whichever is lower.
  - c. Build Operate Transfer (BOT), Build Own Transfer (BOWT), and Build Transfer Operate (BTO)  
The Board of Directors may foster Cooperation of Build Operate Transfer (BOT), Build Own Transfer (BOWT), Build Transfer Operate (BTO) with the period of up to 10 (ten) years with investment value (Company's assets in cooperation) of up to 6% of revenue or 6.5% of the Company's equity, whichever is lower.
  - d. Management Contracts and Other Cooperation  
The Board of Directors may have Management Contract and other Cooperation with the period of up to 5 (five) years with investment value (Company's assets in cooperation) of up to 2.5% of the revenue or 5% of the Company's equity, whichever is lower.
  - e. The implementation of such actions in articles a, b, c, and d must be accompanied by an Integrity Pact containing statement of the Board of Directors that the exercise of such actions has been carefully considered and in good faith, without influence from other party and without Conflict of Interest, as well as with prudence for the Company's best interest, by considering applicable provisions and the principles of Good Corporate Governance (GCG).

#### BOARD OF DIRECTORS' CRITERIA

Based on the Regulation of Minister of State-Owned Enterprise No. : PER-03/MBU/02/2015 on the Requirements, Procedures of Appointment and Dismissal of Members of the Board of Directors of State-Owned Enterprise, the criteria/requirements to become members of the Board of Directors are as follows:

1. Formal requirement of the Company's Board of Directors is an individual person who is capable to perform legal actions, unless within 5 (five) years before appointment has ever:
  - a. Been declared bankrupt
  - b. Become a member of Board of Directors or a member of Board of Commissioners/Board of Supervisors who is found guilty of causing an SOE and/or a Company to be declared bankrupt.
  - c. Been punished for committing a criminal action that is detrimental to state finances, SOE, Company, and/or related to the financial sector.
2. Material Requirements  
Material Requirements of SOE's Board of Directors are:
  - a. Expertise;
  - b. Integrity;
  - c. Leadership;
  - d. Experience;
  - e. Honesty;
  - f. Good behavior; and
  - g. High dedication to advance and develop the Company.
3. Other Requirements  
Other requirements of SOE's Board of Directors are as follows:
  - a. Not an administrator of a Political Party and/or a candidate member of legislature and/or a member of legislature. A candidate member of legislature or a member of legislature consists of candidates/members of the House of Representative (DPR), Regional House of Representative Council (DPD), Regional House of Representative Level I (DPRD I), and Regional House of Representative Level II (DPRD II).
  - b. Not a candidate for Head/Deputy Head of Region and/or Head/Deputy Head of Region.
  - c. Not serving as member of the Board of Directors of the relevant SOE for 2 (two) consecutive periods.
  - d. Has dedication and provide full time to carry out the duties.
  - e. Physically and mentally healthy (not suffering from an illness that could impede the performance of duties as SOE's Board of Directors), as evidenced by a health certificate from a doctor.



**BOARD OF DIRECTORS' FIT AND PROPER TEST**

All members of Bio Farma's Board of Directors have met the criteria and provisions required by the fit and proper test based on Law on Limited Liability Company, Company's Articles of Association, regulations related to good corporate governance, and other relevant regulations and provisions. All members of Board of Directors have adequate integrity, competency, and reputation. This is proven by passing the fit and proper test as follows.

**Table of Fit and Proper Test**

Name	Position	Assessor	Basis of Appointment	Effective Date
Iskandar **	President Director	Ministry of SOE	Decree of Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013	12 April 2013
Juliman	Director of Production as Acting President Director	Ministry of SOE	Decree of Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013	12 April 2013
Mahendra Suhardono **	Director of Marketing	Ministry of SOE	Decree of Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013	12 April 2013
Mas Rahman Roestan***	Director of Marketing	Ministry of SOE	Decree of Minister of SOE No. SK-127/MBU/07/2017 dated 10 July 2017	10 July 2017
Andjang Kusumah *	Director of HR	Ministry of SOE	Decree of Shareholders of PT Bio Farma (Persero) outside GMS No. SK-116/MBU/2012 dated 7 March 2012 and Decree of Minister of SOE No. SK-69/MBU/2013 dated 4 February 2013	4 February 2013
Disril Revolin Putra****	Director of HR & General Affairs	Ministry of SOE	Decree of Minister of SOE No. SK-131/MBU/07/2017 dated 14 July 2017	14 July 2017
Sugeng Raharso	Director of Planning & Development	Ministry of SOE	Decree of Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013	12 April 2013
Pramusti Indrascaryo	Director of Finance	Ministry of SOE	Decree of Minister of SOE No. SK-221/MBU/2013 dated 12 April 2013	12 April 2013

Remarks:  
 \* : Term of office until 6 March 2017  
 \*\* : Term of office until 9 July 2017  
 \*\*\* : Term of office from 10 July 2017  
 \*\*\*\* : Term of office from 14 July 2017

**ORIENTATION PROGRAM FOR NEW BOARD OF DIRECTORS**

- Board of Commissioners and Board of Directors who are appointed for the first time are obliged to attend orientation program on the Company.
- The Company's Corporate Secretary is responsible for conducting orientation program for the Board of Commissioners and Board of Directors.
- The orientation program at least includes:
  - Implementation of GCG Principles;
  - Overview of the Company related to the objectives, nature, activity scope, financial and operations performance, strategies, short-term and long-term business plans, competitive position, risks, and other strategic matters;
  - Descriptions related to the delegated authority, internal and external audits, internal control system and policies, including the Audit Committee;
  - Descriptions of duties and responsibilities of the Board of Commissioners and Board of Directors as well as prohibited matters.
- The implementation of orientation program can be in the forms of presentations, meetings, visits to the Company, and document assessment or other programs as deemed appropriate to the Company.
- The Corporate Secretary is responsible for preparing the implementation report on the orientation program for the Board of Commissioners and Board of Directors.

In regard of the Board of Directors' competence development and introduction to the Company, Bio Farma has and implements orientation program for new members of the Board of Directors that aims to provide an overview of the business activities, strategies, Company's long-term plan, as well as the Board of Directors' duties and responsibilities.

Orientation program for new Board of Directors is organized by the Corporate Secretary in cooperation with HR Division and other related divisions, which is delivered in the forms of presentations, annual report documents, company profile, Company's history book, GCG-related documents, product knowledge, and finally a visit to the vaccine production area.

During 2017, there were changes to the composition of Bio Farma's Board of Directors, hence, there was an orientation program for the new members of Board of Directors with the following information:

Name	Material of Orientation Program	Place of Implementation
Disril Revolin Putra	<ol style="list-style-type: none"> <li>Introduction to Levels of Position</li> <li>Procedure to Promote Contract Employees</li> <li>Process of Competency Assessment/Mapping</li> <li>Procedure of Adjustment of Certificate, Promotion, &amp; Career Transfer</li> <li>Regular Salary Increase &amp; Grade Increase</li> <li>Performance Management &amp; KPI</li> <li>Competency Management</li> <li>Distinct Job Profile (DJP)</li> <li>Assessment of Work Achievement (PPK)</li> <li>Organizational Structure</li> <li>On the Job Training (OJT)</li> <li>Training</li> <li>Formal Education</li> <li>Knowledge Management</li> <li>Internship</li> <li>Innovation Management</li> <li>BPJS Health</li> <li>BPJS Employment</li> <li>Work Life Balance (WLB) Activities</li> <li>Industrial Relations</li> <li>Employees' Identity Card</li> <li>Employees' Attendance, Permission, &amp; Provisions of Leave</li> <li>Permission to Leave the Company's Environment</li> <li>Pension Plan (DPLK), Services &amp; Dedication Money</li> <li>Provision of Normal Pension &amp; Employees' GSH</li> <li>Employees' Health Facilities</li> <li>BIOSIS (Bio Farma's HR Information System)</li> <li>SPPD/Procedure of Official Travel</li> <li>Policies of PT Bio Farma (Persero)</li> <li>Bio Farma Quality Management</li> <li>Basic Microbiology</li> <li>Contamination Control</li> <li>Gowning Procedures</li> <li>Process of Aseptic/Behavior in a Class Room</li> <li>Aseptic Operator Qualifications</li> <li>Documentation</li> </ol>	PT Bio Farma (Persero)

Name	Material of Orientation Program	Place of Implementation
	37. Change Control 38. Deviation and Investigation 39. Audit 40. Validation and Calibration 41. Water System 42. Post Market, Customer's Complaint Management and Recall 43. GMP of Sterile Product 44. Safety First in Work Environment 45. Introduction to Occupational Health and Safety (OHS) Equipments and Signs 46. Employees' Health Monitoring 47. Material Safety Data Sheet (MSDS) 48. Emergency Response Readiness 49. Environmental Maintenance 50. Waste Management 51. How to Dispose Garbage 52. Good Corporate Governance 53. Gratification Control 54. Risk Management 55. Introduction to the Company's Environment 56. Introduction to Production Process 57. Introduction to Marketing 58. Introduction to Product & Development	

**DIVISION OF BOARD OF DIRECTORS' DUTIES**

The Board of Directors perform its duties collectively, but to be more efficient and effective, the duties and authority are divided between the members of the Board of Directors. Division of duties and authority between members of the Board of Directors does not erase the collective responsibilities in managing the Company. Division of duties and authority to each member of the Board of Directors is described in the Company's Organization Chart in which its establishment is by approval of the Board of Commissioners.

The Board of Directors is accountable for the entire duty implementation to the shareholders through GMS. The Board of Directors must also act in the Company's interest in accordance with the vision and mission as well as represent the Company according to the provisions of the Company's Articles of Association and the applicable laws and regulations. Specifically, the main duties, functions, and responsibilities of each Director are as follows:

**Table of Division of Duties of the Board of Directors**

Name	Position	Field of Duty
Iskandar **	President Director	To ensure that the business performance's direction and achievements are in line with the Company's vision, mission, values, and culture, as well as to ensure strategies, planning, implementation, and evaluation of the Company's governance at the Main Directorate and all ranks of Board of Directors are carried out based on the implementation of Good Corporate Governance (GCG) principles and in compliance with the laws and regulations according to the performance's direction and achievements of the Company's business as stipulated in the Company's Long-term Plan (RJPP), Company's Work Plan & Budget (RKAP), and Performance Indicators defined by the General Meeting of Shareholders (GMS) according to the provisions of the Company's Articles of Association and laws and regulations as well as to coordinate with other members of Board of Directors in achieving the Company's business performance.
Juliman	Director of Production as Acting President Director	To ensure that the Company's business performance's direction and achievements are in line with the Company's vision, mission, values, and culture, as well as to ensure strategies, planning, implementation, and evaluation of the Company's governance at the Directorate of Production are carried out based on the implementation of Good Corporate Governance (GCG) principles and in compliance with the laws and regulations according to the performance's direction and achievements of the Company's business as stipulated in the Company's Long-term Plan (RJPP), Company's Work Plan & Budget (RKAP), and Performance Indicators defined by the General Meeting of Shareholders (GMS) according to the provisions of the Company's Articles of Association and laws and regulations.
Mahendra Suhardono **	Director of Marketing	To ensure that the Company's business performance's direction and achievements are in line with the Company's vision, mission, values, and culture, as well as to ensure strategies, planning, implementation, and evaluation of the Company's governance at the Directorate of Marketing including management of strategic business unit are carried out based on the implementation of Good Corporate Governance (GCG) principles and in compliance with the laws and regulations according to the performance's direction and achievements of the Company's business as stipulated in the Company's Long-term Plan (RJPP), Company's Work Plan & Budget (RKAP), and Performance Indicators defined by the General Meeting of Shareholders (GMS) according to the provisions of the Company's Articles of Association and laws and regulations.
Mas Rahman Roestan***	Director of Marketing	

Name	Position	Field of Duty
Andjang Kusumah *	Director of HR	To ensure that the Company's business performance's direction and achievements are in line with the Company's vision, mission, values, and culture, as well as to ensure strategies, planning, implementation, and evaluation of the Company's governance at the Directorate of HR & General Affairs are carried out based on the implementation of Good Corporate Governance (GCG) principles and in compliance with the laws and regulations according to the performance's direction and achievements of the Company's business as stipulated in the Company's Long-term Plan (RJPP), Company's Work Plan & Budget (RKAP), and Performance Indicators defined by the General Meeting of Shareholders (GMS) according to the provisions of the Company's Articles of Association and laws and regulations.
Disril Revolin Putra****	Director of HR & General Affairs	
Sugeng Raharso	Director of Planning & Development	To ensure that the Company's business performance's direction and achievements are in line with the Company's vision, mission, values, and culture, as well as to ensure strategies, planning, implementation, and evaluation of the Company's governance at the Directorate of Planning & Development are carried out based on the implementation of Good Corporate Governance (GCG) principles and in compliance with the laws and regulations according to the performance's direction and achievements of the Company's business as stipulated in the Company's Long-term Plan (RJPP), Company's Work Plan & Budget (RKAP), and Performance Indicators defined by the General Meeting of Shareholders (GMS) according to the provisions of the Company's Articles of Association and laws and regulations.
Pramusti Indrascaryo	Director of Finance	To ensure that the Company's business performance's direction and achievements are in line with the Company's vision, mission, values, and culture, as well as to ensure strategies, planning, implementation, and evaluation of the Company's governance at the Directorate of Finance are carried out based on the implementation of Good Corporate Governance (GCG) principles and in compliance with the laws and regulations according to the performance's direction and achievements of the Company's business as stipulated in the Company's Long-term Plan (RJPP), Company's Work Plan & Budget (RKAP), and Performance Indicators defined by the General Meeting of Shareholders (GMS) according to the provisions of the Company's Articles of Association and laws and regulations.

**Remarks:**

- \* : Term of office until 6 March 2017
- \*\* : Term of office until 9 July 2017
- \*\*\* : Term of office from 10 July 2017
- \*\*\*\* : Term of office from 14 July 2017

**DIVERSITY POLICY OF THE COMPOSITION OF BOARD OF DIRECTORS AND ITS IMPLEMENTATION**

Bio Farma has a policy on the diversity of composition of the Board of Commissioners and Board of Directors which refers to:

- Regulation of Minister of SOE No. PER-02/MBU/02/2015 on the Requirements, Procedures for Appointment and Dismissal of Members of the Board of Commissioners of SOE.
- Regulation of Minister of SOE No. PER-03/MBU/02/2015 on the Requirements, Procedures for Appointment and Dismissal of Members of the Board of Directors of SOE.
- Articles of Association of PT Bio Farma (Persero)

In order to obtain SOE Human Resources, especially members of the Board of Directors who are professional and have integrity, dedication, and competence to perform their duties and responsibilities as well as to realize a smooth replacement process of member of the Board of Directors, it is necessary to have a refined guideline that regulates the terms and procedures of appointment and dismissal of members of the Board of Directors that are accountable and can be accounted for.

The diversity in the Composition of Bio Farma's Board of Directors, among others:

1. An individual person:
  - Has good character and has the ability to perform the duties to the best extent.
  - Capable in performing legal actions.
  - Never been declared bankrupt within 5 (five) years before candidacy.
  - Never been a member of the Board of Directors or a member of the Board of Commissioners/Board of Supervisors who is found guilty of causing a Company to be declared bankrupt within 5 (five) years before candidacy.
  - Never been punished for committing a criminal act that is detrimental to state finances and/or related to the financial sector within 5 (five) years before candidacy.
2. Integrity; Technical/expertise competency, that the person:
  - Has considerable knowledge in the Company's business area
  - Has experience and expertise in the Company's management area
  - Has the ability to conduct strategic management in order to develop the Company
  - Understands the Company's management issues related to one of the management functions
  - Has dedication and provides full time to carry out the duties

- Has adequate level of intelligence and emotional in terms of psychological capacity to carry out the duties as a member of the Company's Board of Directors

### 3. Other requirements based on laws and regulations

In 2017, the diversity of composition of the Board of Directors was reflected in the education, work experience, age, and gender, as you can see in the table below:

**Table of Diversity of the Board of Directors' Composition**

Name	Position	Age	Gender	Education	Work Experience	Expertise
Iskandar **	President Director	62 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Pharmaceutical;</li> <li>Apothecary Profession;</li> <li>Master of Finance Management</li> </ul>	<ul style="list-style-type: none"> <li>Director of Planning and Development;</li> <li>Head of Research and Development Division</li> </ul>	Science
Juliman	Director of Production as Acting President Director	55 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Pharmaceutical;</li> <li>Apothecary Profession;</li> <li>Master of Operations Management</li> </ul>	<ul style="list-style-type: none"> <li>Head of Logistics Division;</li> <li>Head of Export Marketing Division</li> </ul>	Science
Mahendra Suhardono **	Director of Marketing	55 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Pharmaceutical;</li> <li>Apothecary Profession;</li> <li>Master of Management</li> </ul>	<ul style="list-style-type: none"> <li>Director of Production;</li> <li>Head of Quality Assurance Division</li> </ul>	Science
Mas Rahman Roestan***	Director of Marketing	47 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Pharmaceutical;</li> <li>Apothecary Profession;</li> <li>Master of Business Administration;</li> <li>Doctor of Strategic Management</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Secretary;</li> <li>Head of Division of Production Planning and Control</li> </ul>	Management
Andjang Kusumah *	Director of HR	64 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Economics;</li> <li>Master of Finance Management</li> </ul>	<ul style="list-style-type: none"> <li>Commissioner of several SOEs;</li> <li>Assistant Deputy of Telecommunication Business;</li> <li>Assistant Deputy of Strategic Industries and Manufacturing</li> </ul>	Management
Disril Revolin Putra****	Director of HR & General Affairs	52 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Law;</li> <li>Master of Law</li> </ul>	<ul style="list-style-type: none"> <li>Director of HR and Legal of PT Pelindo II</li> </ul>	Legal
Sugeng Raharso	Director of Planning & Development	58 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Veterinarian;</li> <li>Veterinarian Profession;</li> <li>Master of Operations Management</li> </ul>	<ul style="list-style-type: none"> <li>Head of Animal Laboratory Division</li> <li>Head of Internal Control Unit</li> </ul>	Science
Pramusti Indrascaryo	Director of Finance	52 years	Male	<ul style="list-style-type: none"> <li>Bachelor of Economics;</li> <li>Master of Finance Management</li> </ul>	<ul style="list-style-type: none"> <li>Vice President of Bank Mandiri</li> <li>Assistant Vice President of Bank Mandiri</li> </ul>	Finance

**Remarks:**

- \* : Term of office until 6 March 2017
- \*\* : Term of office until 9 July 2017
- \*\*\* : Term of office from 10 July 2017
- \*\*\*\* : Term of office from 14 July 2017

### AFFILIATION RELATIONSHIP OF BOARD OF DIRECTORS

The Board of Directors always acts independently, in the sense that there is no conflict of interest that may interfere with the ability to perform its duties independently and critically, either in regard of relationship of one another or in regard of relationship with the Board of Commissioners.

The Board of Directors has no financial relationship, management relationship, share ownership, and/or family relationship with other members of the Board of Commissioners, Board of Directors, and/or Controlling Shareholders or relationship with the Bank, therefore, they can perform the duties and responsibilities independently.

The Board of Directors does not have concurrent positions as President Director or other Director at State-Owned Enterprises, Regional State-Owned Enterprises, and Private Companies or other positions related to the management of a Company, as well as a structural position, and other functional position at central and regional government agencies/institutions and other position in accordance with the provisions of the Company's Articles of Association and other applicable laws and regulations.

Affiliation relationship between members of Board of Directors, Board of Commissioners, and Main and/or Controlling Shareholders includes:

- Affiliation relationship between member of Board of Directors and other member of Board of Directors.
- Affiliation relationship between member of Board of Directors and member of Board of Commissioners.
- Affiliation relationship between member of Board of Directors and Main and/or Controlling Shareholders.
- Affiliation relationship between member of Board of Commissioners and other member of Board of Commissioners; and
- Affiliation relationship between member of Board of Commissioners and Main and/or Controlling Shareholders.

Independence of the Board of Directors can be seen in the table below:

**Table of Board of Directors' Affiliation Relationship**

Name	Position	Financial, Family, and Management Relationship of the Board of Directors												Management Relationship with Other Companies	
		Financial Relationship With				Family Relationship With									
		Board of Commissioners		Board of Directors		Controlling Shareholders		Board of Commissioners		Board of Directors		Controlling Shareholders		Yes	No
Iskandar **	President Director	✓		✓		✓		✓		✓		✓		✓	
Juliman	Director of Production as Acting President Director	✓		✓		✓		✓		✓		✓		✓	
Mahendra Suhardono **	Director of Marketing	✓		✓		✓		✓		✓		✓		✓	
Mas Rahman Roestan***	Director of Marketing	✓		✓		✓		✓		✓		✓		✓	
Andjang Kusumah *	Director of HR	✓		✓		✓		✓		✓		✓		✓	
Disril Revolin Putra****	Director of HR & General Affairs	✓		✓		✓		✓		✓		✓		✓	
Sugeng Raharso	Director of Planning & Development	✓		✓		✓		✓		✓		✓		✓	
Pramusti Indrascaryo	Director of Finance	✓		✓		✓		✓		✓		✓		✓	

**Remarks:**

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- \*\*\*\* : Term of office from 14 July 2017

### CONCURRENT POSITION OF BOARD OF DIRECTORS

The regulation of concurrent position of Board of Directors that is based on the Regulation of Minister of SOE No. PER-03/MBU/02/2015 on the Requirements and Procedures for Appointment and Dismissal of the Board of Directors of State-Owned Enterprise is as follows:

- The Board of Directors is prohibited from having the following concurrent positions:
  - Board of Directors in SOE, regional-owned enterprises, private companies;
  - Board of Commissioners/Board of Supervisors at SOE
  - Structural and other functional positions at central and/or regional government institutions/agencies;
  - Other positions according to the provisions in laws and regulations;
  - Political party officials, member of legislature and/or regional head/deputy head; and/or
  - Other positions that may cause conflict of interest;
  - Become a legislature candidate or regional head/deputy head candidate;
  - Be dismissed according to GMS resolution in a physical manner, Minister Decree as GMS or circular decision of all shareholders.
- In addition to concurrent positions as described above, members of the Board of Directors are prohibited to have concurrent positions as members of the Board of Commissioners in other companies, unless:
  - Members of the Board of Commissioners in subsidiaries/joint venture of the related SOE;

- b. Members of the Board of Commissioners in other companies to represent/defend the related SOE's interest with the Minister's approval.

**Table of Concurrent Position of Board of Directors**

Name	Position	Position at Other Company/Institution	Name of Other Company/Institution
Iskandar **	President Director		
Juliman	Director of Production as Acting President Director	-	-
Mahendra Suhardono **	Director of Marketing	-	-
Mas Rahman Roestan***	Director of Marketing	-	-
Andjang Kusumah *	Director of HR	-	-
Disril Revolin Putra****	Director of HR & General Affairs	-	-
Sugeng Raharso	Director of Planning & Development	-	-
Pramusti Indrascaryo	Director of Finance	-	-

**Remarks:**

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 \*\* : Term of office until 9 July 2017  
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**MANAGEMENT OF CONFLICT OF INTEREST OF THE BOARD OF DIRECTORS**

- Members of the Board of Directors do not have the authority to represent the Company if:
  - There is a legal dispute in court between the Company and the related member of the Board of Directors; or
  - There is a conflict of interest between the related member of the Board of Directors and the Company.
- In the event that there is a situation as stated in number 1 above, the parties that have the right to represent the Company are:
  - Other members of the Board of Directors who have no conflict of interest with the Company, who are appointed by other members of the Board of Directors who do not have conflict of interest.
  - Board of Commissioners, in the event that all members of the Board of Directors have conflict of interest with the Company; or
  - Other party appointed by the General Meeting of Shareholders, in the event that all members of the Board of Directors or Board of Commissioners have conflict of interest with the Company.
- In the event that all members of the Board of Directors have conflict of interest with the Company and there are no members of the Board of Commissioners, the Company will be represented by other party appointed by the General Meeting of Shareholders.

**SHARE OWNERSHIP OF BOARD OF DIRECTORS**

In 2017, there was no share ownership by the Board of Directors either at Bio Farma or at other companies. To minimize the occurrence of conflict of interest, each Member of Board of Directors has made a special register containing information on share ownership of the Members of Board of Directors and/or their families.

**Tabel Kepemilikan Saham Direksi**

Name	Position	Share Ownership		
		Personal at Bio Farma	Family at Bio Farma	Personal/Family at Other Companies
Iskandar **	President Director	None	None	None
Juliman	Director of Production as Acting President Director	None	None	None
Mahendra Suhardono **	Director of Marketing	None	None	None
Mas Rahman Roestan***	Director of Marketing	None	None	None
Andjang Kusumah *	Director of HR	None	None	None
Disril Revolin Putra****	Director of HR & General Affairs	None	None	None

Name	Position	Share Ownership		
		Personal at Bio Farma	Family at Bio Farma	Personal/Family at Other Companies
Sugeng Raharso	Director of Planning & Development	None	None	None
Pramusti Indrascaryo	Director of Finance	None	None	None

**Remarks:**

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**MEETINGS OF THE BOARD OF DIRECTORS**

Meetings of Bio Farma's Board of Directors as regulated in the Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-06/DK/BF/II/2013, No. 01025/DIR/ II/2013 on Board Manual of Board of Commissioners and Board of Directors of PT Bio Farma (Persero).

**BASIS, TIME, AND PLACE TO CONDUCT MEETINGS**

- Board of Directors' Meeting is held regularly, at least once every month.
- In addition to the appointed time, Board of Directors' Meeting may be organized at any time by mentioning points to be discussed and/or required to be decided, in the event that:
  - It is at the request of 1 (one) or several members of the Board of Directors.
  - It is upon a written request from one or more members of the Board of Commissioners.
  - It is upon a written request from the Shareholder.
- Board of Directors' Meeting is organized at the Company's domicile or other place within the area of the Republic of Indonesia as determined by the Board of Directors.

**PARTICIPANTS OF BOARD OF DIRECTORS' MEETINGS**

- Participants of the Board of Directors' Meetings consist of all members of the Board of Directors.
- If deemed necessary by the Board of Directors, other parties may attend the Board of Directors' Meetings to provide required explanation.

**AGENDA OF BOARD OF DIRECTORS' MEETINGS**

- The Board of Directors who proposes to hold the Board of Directors' meetings will decide the meeting agenda, and prepare the materials/documents necessary to be discussed in the Board of Directors' meetings.
- The Board of Directors' Meeting Agenda may be delivered verbally or in writing, in the forms of memos, letters, and others, attached with the materials/documents necessary for the Board of Directors' Meeting.
- The Board of Directors who proposes to hold the Board of Directors' meetings will decide the meeting agenda that needs to be discussed/decided in the Board of Directors' meeting, and therefore--if deemed necessary by the related member of the Board of Directors--may assign the Corporate Secretary to prepare the meeting and materials/documents for the Board of Directors' meeting.
- Agenda that is not finished being discussed/decided in the previous Board of Directors' Meeting may be proposed to be discussed in the next Board of Directors' meeting by related/interested member of the Board of Directors.
- Each member of the Board of Directors may add the agenda of the Board of Directors' Meeting in addition to the ones that are already prepared beforehand to be discussed/decided in the Board of Directors' Meeting provided that the materials/documents have already been prepared by the related member of the Board of Directors and all members of the Board of Directors or their legal representatives agreed to add the item into the meeting agenda.
- All materials/documents that are required for discussion in the Board of Directors' Meeting are presented by the Corporate Secretary to all members of the Board of Directors before the Board of Directors' Meeting is held.

**INVITATION TO BOARD OF DIRECTORS' MEETING**

- The meeting invitation is written by the President Director or other member of the Board of Directors who represents the President Director and is sent at least 3 (three) days prior to the meeting or in a shorter period of time if deemed necessary for urgent meeting, regardless of the invitation date and meeting date.
- The Board of Directors' Meeting invitation must include the date, time & place, and agenda of the Board of Directors' meeting.
- The Board of Directors' Meeting invitation is not required if all members of the Board of Directors are present in the meeting.

**QUORUM OF BOARD OF DIRECTORS' MEETING**

1. The Board of Directors' meeting is valid and eligible to make a binding decision if more than half of the Board of Directors' members or their legitimate representatives attend the meeting.
2. Efforts must be taken by all members of the Board of Directors to attend the Board of Directors' meeting.
3. A member of the Board of Directors may be represented in the Board of Directors' meeting only by another member of the Board of Directors who is present in the related meeting, based on a written power of attorney letter for the purpose of the related Board of Directors' meeting.
4. A member of the Board of Directors may only represent one other member of the Board of Directors.

**CHAIRPERSON OF BOARD OF DIRECTORS' MEETING**

1. The Board of Directors' Meeting is chaired by the President Director.
2. In the event that the President Director is absent, the Board of Directors' meeting is chaired by one of the Board of Directors' members who is assigned in writing by the President Director.
3. In the event that the President Director is absent and there is no assignment, one of the members of the Board of Directors with the longest tenure as Board of Directors' member will chair the meeting.
4. In the event that there are more than 1 (one) members of the Board of Directors who has the longest tenure as a member of the Company's Board of Directors, the member of the Board of Directors with the longest tenure and the oldest in age who will act as the chairman of the Board of Directors' Meeting.

**MINUTES OF BOARD OF DIRECTORS' MEETING**

1. Every Board of Directors' Meeting must have Minutes of Meetings.
2. Minutes of Board of Directors' Meeting must include:
  - a. Reasons for the absence of the Board of Directors' member, in case of absence.
  - b. Evaluation result of all implementation of the decision made in the previous Board of Directors' Meetings.
  - c. The meeting's dynamics as a decision making process in the Board of Directors' Meeting including emerging opinions, both pros and contras, or dissenting opinions if any.
  - d. Consideration and/or analysis in decision making in the Board of Directors' meeting.
  - e. Issues to be decided in the Board of Directors' Meeting.
3. The Minutes of the Board of Directors' Meeting are signed by the meeting chairman, all of the attending members of the Board of Directors, and the Note Taker.
4. The Minutes of the Board of Directors' Meeting must be reproduced and provided to all members of the Board of Directors, either present or absent in the related Board of Directors' Meeting.
5. The original copy of the Minutes of the Board of Directors' Meeting must be kept and maintained by the Board of Directors. The Board of Directors can assign the Corporate Secretary.

**NOTE TAKER OF THE BOARD OF DIRECTORS' MEETING**

1. The note taker of the Board of Directors' Meeting is the Corporate Secretary.
2. In the event that the Corporate Secretary is absent, the one acting as the Board of Directors' Meeting Note Taker is one of the attending members of the Board of Directors or other personnel appointed by the meeting chairman.

**AGENDA, DATE, AND PARTICIPANTS OF BOARD OF DIRECTORS' MEETING**

Throughout 2017, the agenda, dates, and participants of the Board of Directors' Meeting are as follows.

**Table of Board of Directors' Meeting**

No.	Date	Meeting Agenda	Meeting Participants	Present/Absent	Reason for Absence
1.	23 January 2017	1. Discussion of the Previous Meeting 2. 2016 Financial Statements 3. Others	Iskandar	Present	
			Pramusti Indrascaryo	Present	
			Mahendra Suhardono	Present	
			Sugeng Raharso	Present	
			Juliman	Present	
			Andjang Kusumah	Absent	Worship Leave

No.	Date	Meeting Agenda	Meeting Participants	Present/Absent	Reason for Absence
2.	27 February 2017	1. Discussion of the Previous Meeting 2. FS Blood Product Report 3. Progress Report of Anticipation of Fake Vaccine 4. Others	Iskandar	Present	
			Pramusti Indrascaryo	Present	
			Mahendra Suhardono	Present	
			Sugeng Raharso	Present	
			Juliman	Present	
			Andjang Kusumah	Present	
3.	10 April 2017	1. Discussion of the Previous Meeting 2. Forecast and investment plan 3. Others	Iskandar	Present	
			Pramusti Indrascaryo	Present	
			Mahendra Suhardono	Present	
			Sugeng Raharso	Present	
4.	25 April 2017	1. Discussion of the Previous Meeting 2. Discussion of Phase 2 Project 3. Progress of Blood Product 4. Progress of JV Vial and Ampule 5. Progress of IT Master Plan 6. Others	Iskandar	Present	
			Pramusti Indrascaryo	Present	
			Mahendra Suhardono	Present	
			Sugeng Raharso	Absent	No information
			Juliman	Present	
5.	18 May 2017	1. Discussion of the Previous Meeting 2. Global and National Regulation Risk 3. Others	Iskandar	Present	
			Pramusti Indrascaryo	Present	
			Mahendra Suhardono	Absent	Overseas Duty
			Sugeng Raharso	Present	
6.	9 June 2017	1. Discussion of the Previous Meeting 2. Progress of PEF Plan and Stockpile OPV 3. Progress of Blood Product Plan 4. Others	Iskandar	Present	
			Pramusti Indrascaryo	Present	
			Mahendra Suhardono	Present	
			Sugeng Raharso	Present	
			Juliman	Present	
7.	11 July 2017	1. Discussion of the Previous Meeting 2. Appointment of Pymt. Corporate Secretary 3. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
8.	14 July 2017	1. Discussion of the Previous Meeting 2. Plan of Joint Venture (JV) of Vial Production 3. Plan of Change of the Organizational Structure 4. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Absent	
9.	21 July 2017	1. Discussion of the Previous Meeting 2. Progress of ERP and MRP Implementation 3. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
10.	28 July 2017	1. Discussion of the Previous Meeting 2. Development of Jasinga Land 3. Development of Indotaise Land	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	

No.	Date	Meeting Agenda	Meeting Participants	Present/Absent	Reason for Absence
11.	4 August 2017	1. Discussion of the Previous Meeting 2. Plan of Change of the Organizational Structure	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
12.	11 August 2017	1. Discussion of the Previous Meeting 2. Response to Letter from the Minister of Health 19 July 2017 3. Plan of DM Diagnostic Kit 4. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
13.	21 August 2017	1. Discussion of the Previous Meeting 2. Refinement of 2017-2021 RJPP 3. 2018 RKAP and 2017 Prognosis 4. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
14.	29 August 2017	1. Price of Pneumococcal Vaccine 2. Contract Extension with Sigma	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
15.	6 September 2017	1. Discussion of the Previous Meeting 2. Syndication Credit 3. Self Estimated Price (HPS) Building No. 3 and Building No. 43 Phase 2 4. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
16.	13 September 2017	1. Discussion of the Previous Meeting 2. SOP/Decree of Bio Farma's Cooperation with Partners 3. Draft of RKAP 2018 4. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
17.	2 October 2017	1. Discussion of the Previous Meeting 2. Survey Report on Indotaisei Land Area 3. DCVMN Meeting Result Report	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
18.	4 October 2017	Further Discussion of Polio Bulk Delivery Plan to Bibcol	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
19.	9 October 2017	1. Investment Credit Proposal 2. Monitoring Activity and Cost	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	

No.	Date	Meeting Agenda	Meeting Participants	Present/Absent	Reason for Absence
20.	24 October 2017	1. Discussion of the Previous Meeting 2. Construction Project of Learning Development Center (LDC) Building 3. Company Management Report QII/2017 4. Development of Measles Rubella (MR) Vaccine 5. Others	Juliman	Absent	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
21.	26 October 2017	1. Discussion of the Previous Meeting 2. Calculation of 2017 Phase I Welfare Allowances 3. Changes of Self Estimated Price (HPS) Building No. 3 4. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
22.	1 November 2017	1. Organizational Structure 2. 2017 Annual Fee for Products Included in WHO PQ 3. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
23.	3 November 2017	Changes of Self Estimated Price (HPS) Building No. 3	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
24.	16 November 2017	1. Organizational Structure 2. Others	Juliman	Present	
			Sugeng Raharso	Absent	On Duty
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
25.	28 November 2017	1. Update on RKAP 2018 2. Organizational Structure 3. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	
26.	7 December 2017	1. Discussion of AI (Avian Influenza) Building Equipment 2. Organizational Structure 3. 2018 Partnership Program	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Absent	On Duty
			Disril Revolin Putra	Present	
27.	27 December 2017	1. Discussion of the Previous Meeting 2. Update on RKAP 2018 related to changes in investment 3. Preparation of Center of Excellent (CoE) of OIC 4. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	

No.	Date	Meeting Agenda	Meeting Participants	Present/Absent	Reason for Absence
28.	29 December 2017	1. Discussion of the Previous Meeting 2. Payroll 3. Others	Juliman	Present	
			Sugeng Raharso	Present	
			Pramusti Indrascaryo	Present	
			Mas Rahman Roestan	Present	
			Disril Revolin Putra	Present	

#### MEETING FREQUENCY AND ATTENDANCE

Table of Meeting Frequency and Attendance

Name	Position	Board of Directors' Meeting			Joint Meeting of Board of Commissioners - Board of Directors		
		Number and (%) Attendance			Number and (%) Attendance		
		Total Meetings	Total Attendance	%	Total Meetings	Total Attendance	%
Iskandar **	President Director	6	6	100	2	1	50
Juliman	Director of Production Acting as President Director	28	27	96,43	7	7	100
Mahendra Suhardono **	Director of Marketing	6	5	83,33	2	2	100
Mas Rahman Roestan ***	Director of Marketing	22	21	95,45	5	5	100
Andjang Kusumah *	Director of HR	2	1	50	2	0	0
Disril Revolin Putra ****	Director of HR & General Affairs	21	20	95,24	5	5	100
Sugeng Raharso	Director of Planning & Development	28	26	92,86	7	7	100
Pramusti Indrascaryo	Director of Finance	28	28	100	7	7	100

#### Remarks:

- \* : Term of office until 6 March 2017
- \*\* : Term of office until 9 July 2017
- \*\*\* : Term of office from 10 July 2017
- \*\*\*\* : Term of office from 14 July 2017

#### COMPETENCE DEVELOPMENT OF BOARD OF DIRECTORS

- The Board of Commissioners and Board of Directors attend competence development program in the forms of training or seminars in order to always update the information to the latest development of the Company's business activities and other knowledge related to the duty implementation of the Board of Commissioners and the Board of Directors.
- The training program is conducted in order to improve work effectiveness of the Board of Commissioners and the Board of Directors and is included in the Company's Work Plan and Budget.
- Each member of the Board of Commissioners and Board of Directors who attends the training program is required to share the information with other members of the Board of Commissioners and the Board of Directors as well as related Employees if necessary.

Throughout 2017, members of the Company's Board of Directors attended various competence development programs in the forms of trainings, workshops, conferences, seminars. The Board of Directors' competence development can be seen in Profile Chapter in Board of Directors' Competence Development Sub-chapter in this Annual Report.

#### BOARD OF DIRECTORS' REMUNERATION POLICY

Remuneration for members of the Board of Commissioners and the Board of Directors is under the authority of Shareholders and is defined in the GMS in which its formulation refers to the Regulation of Minister of State-Owned Enterprise No. PER-02/MBU/06/2016 dated 20 June 2016 on Amendment to Regulation of Minister of State-Owned Enterprise No. PER-04/MBU/2014 on the Guidelines of Determination of Income of the Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprise, Decree of the Board of Commissioners of PT Bio Farma (Persero) No. KEP-06/DK/BF/07/2017 dated 10 July 2017 on the Determination of Salaries/Honorarium, Allowances and Facilities for the Board of Directors and the Board of Commissioners of PT Bio Farma (Persero) of 2017 and Decree of the Minister of SOE No. SK-122/MBU/06/2017 dated 21 June

2017 on Determination of Income of the Board of Directors, Board of Commissioners, and Board of Supervisors of State-Owned Enterprises of 2017 and Submission of Determination of Income of the Board of Directors and Board of Commissioners No. S-24/D1.MBU/06/2017 dated 22 June 2017.

#### PROCEDURE TO DETERMINE REMUNERATION

- The Board of Commissioners assigns the Audit Committee to review the remuneration for members of the Board of Directors.
- The Audit Committee coordinates with Human Capital Division and related working unit in preparing the proposal of the Board of Directors' Remuneration.
- The Audit Committee prepares recommendation of the Board of Directors' Remuneration and then submit it to the Board of Commissioners.
- The Board of Commissioners discusses the Audit Committee's proposal on the Board of Directors' Remuneration.
- The Board of Commissioners delivers the Board of Directors' Remuneration proposal in the GMS and the GMS grants authority and power to the Board of Commissioners to determine by previously obtaining Shareholders' approval to determine the Remuneration of Bio Farma's Board of Directors. The GMS determines the Board of Directors' Remuneration based on PER-04/MBU/2014.
- The Board of Commissioners determines the Board of Directors' Remuneration.

#### REMUNERATION STRUCTURE OF MEMBERS OF BOARD OF DIRECTORS

Salaries, Allowances, and Facilities of the Board of Directors		
Salary per Year	Allowances	Facilities
President Director Rp1,200,000,000	<ul style="list-style-type: none"> <li>• Holiday Allowance: 1 (one) time Salary</li> <li>• Allowance for Post-Employment: Premium borne by the Company is 25% of the salary in 1 year</li> </ul>	<ul style="list-style-type: none"> <li>• Vehicle Facilities: 1 (one) unit plus maintenance and operational costs, according to the Company's condition.</li> </ul>
Board of Directors Rp1,080,000,000	<ul style="list-style-type: none"> <li>• Housing Allowances: Rp25,000,000 per month</li> </ul>	<ul style="list-style-type: none"> <li>• Health facilities: in the forms of health insurance or reimbursement of medical expenses (at cost)</li> <li>• Legal aid facility: at cost</li> </ul>

#### INDICATORS TO ESTABLISH BOARD OF DIRECTORS' REMUNERATION

- Establishment of income in the forms of salaries/honorarium, allowances, and facilities that are fixed in nature is conducted by considering the factors of revenue, assets, Company's financial condition and capability, inflation rate, and other relevant factors, and must not contradict the laws and regulations.
- Establishment of income in the forms of allowances and bonuses that are variable in nature is conducted by considering the factors of target achievement, financial sound level and capability, and other relevant factors.
- Providing remuneration to the Board of Directors is conducted by considering the realization of Key Performance Indicator (KPI) achievement of the Board of Directors in relation to the Company's performance achievement in 2017.

#### TOTAL NOMINAL/COMPONENT OF BOARD OF DIRECTORS' REMUNERATION

Based on the Regulation of Minister of SOE No. PER - 02/MBU/06/2016, remuneration that the Bio Farma Board of Directors received in 2017 are on honorarium, allowances and other facilities including insurance and pension, with details as follows:

Remuneration of Board of Directors of 2017						
In Rupiah						
Name	Salary per Year	Allowances per Year	Official Deduction	Net Salary per Year	Tantiem + Holiday Allowance	Total
	1	2	3	4 = 1 + 2 - 3	5	6 = 4 + 5
Iskandar **	600.000.000,00	150.000.000,00	13.960.000,00	736.040.000,00	1.481.943.574,00	2.217.983.574,00
Juliman	1.080.000.000,00	300.000.000,00	28.014.174,00	1.351.985.826,00	1.333.749.216,00	2.685.735.042,00
Mahendra Suhardono **	540.000.000,00	150.000.000,00	13.375.164,00	676.624.836,00	1.333.749.216,00	2.010.374.052,00
Mas Rahman Roestan***	600.000.000,00	150.000.000,00	12.985.175,00	737.014.825,00	-	737.014.825,00

## Remuneration of Board of Directors of 2017

Name	In Rupiah					
	Salary per Year	Allowances per Year	Official Deduction	Net Salary per Year	Tantiem + Holiday Allowance	Total
	1	2	3	4 = 1 + 2 - 3	5	6 = 4 + 5
Andjang Kusumah *	180.000.000,00	50.000.000,00	4.216.800,00	225.783.200,00	1.243.749.216,00	1.469.532.416,00
Disril Revolin Putra***	540.000.000,00	150.000.000,00	12.985.175,00	677.014.825,00	-	677.014.825,00
Sugeng Raharso	1.080.000.000,00	300.000.000,00	28.014.174,00	1.351.985.826,00	1.333.749.216,00	2.685.735.042,00
Pramusti Indrascaryo	1.080.000.000,00	300.000.000,00	28.014.174,00	1.351.985.826,00	1.333.749.216,00	2.685.735.042,00
Total	5.700.000.000,00	1.550.000.000,00	141.564.836,00	7.108.435.164,00	8.060.689.654,00	15.169.124.818,00

## Remarks:

- \* : Term of office until 6 March 2017  
 \*\* : Term of office until 9 July 2017  
 \*\*\* : Term of office from 10 July 2017  
 \*\*\*\* : Term of office from 14 July 2017

The remuneration in one year is grouped in the range of income levels as follows.

## Table of Group of Remuneration Amount

Total Remuneration	Number of People
Above Rp 2 Billion	5
Above Rp 1 Billion - Rp 2 Billion	1
Above Rp 500 million - Rp 1 Billion	2
Rp 500 million - below	-

## DELEGATION OF AUTHORITY OF BOARD OF DIRECTORS

The Board of Directors may delegate the authority to other members of the Board of Directors and official who is one level below the Board of the Directors. Delegation of authority includes duties, responsibilities, and power, and is made in writing. Every delegation of authority is exercised through an analysis of the task to be delegated and competence of the person who will receive the delegation of authority.

## BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT

The Board of Directors is committed to always improve its performance achievements. In order to support such matter, an assessment of the Board of Directors' performance was conducted using the Board of Directors' Key Performance Indicator (KPI) of 2017 that was validated by the Shareholders through management contract. Additionally, the Board of Directors' performance assessment was also conducted through GCG assessment.

## BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT BASED ON KEY PERFORMANCE INDICATOR

The Board of Directors' performance assessment using Key Performance Indicator (KPI) of 2017 was validated by the Shareholders through Management Contract.

## PERFORMANCE ASSESSMENT IMPLEMENTATION PROCEDURE FOR BOARD OF DIRECTORS

The Board of Directors' performance is evaluated by the Shareholders in GMS collectively according to the Company's performance and described in the approval and validation of the Company's Annual Report by the GMS. At the beginning of year, the Board of Directors must prepare Key Performance Indicator (KPI) that is the elaboration of RKAP, which is validated by the GMS and included in the management contract. KPI development refers to the Letter of the Minister of SOE No. S-676/MBU/2004 dated 22 December 2004 on KPI Implementation that aims as an assessment tool for the Shareholders on the Board of Directors' performance until the end of year. Results of the Board of Directors' performance are collectively reported to the Board of Commissioners to the GMS in the Report of Supervisory Duty of the Board of Commissioners.

## BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT CRITERIA

The Company's sound level is measured according to the guidelines issued by the Minister of SOE through the Decree of the Minister of State-Owned Enterprise No. KEP-100/MBU/2002 dated 4 June 2002 on sound level assessment of State-Owned Enterprise. The Company's Performance of 2013 was scored at 96.00 with the criteria of "Sound AAA", in 2014 was scored at 95.50 with the criteria of "Sound AAA", in 2015 was scored at 88.50 with the criteria of "Sound AA", in 2016 was scored at 81.60 with the criteria of "Sound AA", and in 2017 was scored at 86.00 with the criteria of "Sound AA".

## The Company's Sound Level Assessment 2013-2017 (Audited)

No.	Indicator	Weight	2013		2014		2015		2016		2017	
			Value	Score	Value	Score	Value	Score	Value	Score	Value	Score
<b>I. FINANCIAL ASPECT</b>												
1	Return to Shareholders (ROE)	20	37.81	20	30.76	20	17.14	20	12.47	16	12.97	16.00
2	Return on Investment (ROI)	15	34.81	15	31.20	15	20.27	15	16.53	13.50	16.93	13.50
3	Cash Ratio	5	228.74	5	286.08	5	121.74	5	98.85	5.00	63.76	5
4	Current Ratio	5	395.98	5	537.18	5	437.04	5	408.14	5.00	338.90	5
5	Collection Periods	5	56.76	5	45.94	5	79	4.5	45.49	5.00	37.95	5
6	Inventory Turnover	5	40.35	5	58.32	5	71.97	4.5	111.68	4.00	86.40	4.5
7	Total Assets Turnover	5	79.48	3.5	75.56	5	48.46	2.5	48.62	2.50	60.05	3
8	Equity to Total Assets Ratio	10	77.56	7.5	81.53	7	86.01	7	86.63	7.00	83.51	7
			70	66	65.50	63.50	58.00	59.00				
<b>II. OPERATIONAL ASPECTS</b>												
1	Efficiency of Production & Productivity	5	766.16	5	800.39	5	1.291.92	2	1.134.68	4	1.529.32	3
2	Production Continuity Maintenance	5	12.89	5	16.39	5	14.04	4	17.92	4	17.57	4
3	Research & Development	2	89.24	2	87.20	2	89.90	2	83.35	1.60	94.36	2
4	Government Assignment	3	100	3	100	3	100	3	100	3	100	3
			15	15	15	11	12.60	12				

No.	Indicator	Weight	2013		2014		2015		2016		2017	
			Value	Score	Value	Score	Value	Score	Value	Score	Value	Score
<b>III. ADMINISTRATION ASPECT</b>												
1	Annual Calculation Report	3	100	3	100	3	100	3	100	3	100	3
2	RKAP Draft	3	100	3	100	3	100	3	100	3	100	3
3	Periodic Report	3	100	3	100	3	100	3	100	3	100	3
4	PKBL Performance:											
	• Effectiveness in Fund Allocation	3	15.87	3	90.07	3	86.44	2	32.86	-	97.08	3
	• Collectability Level of Loan Repayment	3	71.32	3	75.72	3	76.30	3	59.95	2	75.77	3
		15		15		15		14		11		15
	<b>TOTAL SCORE</b>	<b>100</b>		<b>96</b>		<b>95.50</b>		<b>88.50</b>		<b>81.60</b>		<b>86</b>
	<b>CRITERIA</b>		<b>SOUND (AAA)</b>		<b>SOUND (AAA)</b>		<b>SOUND (AA)</b>		<b>SOUND (AA)</b>		<b>SOUND (AA)</b>	

**ASSESSORS**

The Board of Directors' performance assessment in 2017 was conducted based on Decree of Minister of State-Owned Enterprise No. KEP-100/MBU/2002 dated 4 June 2002 on sound level assessment of State-Owned Enterprise. The implementation is always planned at the beginning of the year in a Work Program contained in RKAP. At the end of year, the Board of Directors prepares the Company Management Report that is submitted to the Board of Commissioners and Shareholders in the GMS to be evaluated and validated.

**BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT RESULTS**

In overall, 2017 KPI exceeds the determined targets, especially for financial and market aspects as well as leadership, governance and community social responsibility, although on the other side, for product and process effectiveness aspects, focus on customers, and focus on manpower were not entirely in accordance with the determined targets.

<b>KPI Assessment of the Board of Directors 2017</b>						
	PERSPECTIVE	Weight (%)	Units	2017 Target	2017 Realization	
					Value	Score
Finance and Market	Revenues	10	Rp 000	2,940,215,456	3,011,570,730	10.24
	EBITDA: Interest	10	Rp 000	317.75	109.19	3.44
	Working Capital Days	5	Days	201.18	167.80	5.99
Effectiveness in Product and Process		25				19.67
	PQ WHO	7	Total Product	11	11	7.00
	PROPER KLH	8	Category	Green	Gold	10.00
Focus on Customers and Market		18				17.00
	Increasing of exported product	5	Rp 000	1,749,494,136	1,242,909,017	3.55
	Customer Satisfaction	7	Score	80	82.74	7.24
		7				10.79

<b>KPI Assessment of the Board of Directors 2017</b>							
	PERSPECTIVE	Weight (%)	Units	2017 Target	2017 Realization		
					Value	Score	
Focus on Manpower	Competence Development	5	Percentage	100	100	5.00	
	Productivity of Manpower/Empro	5	Rp/Employee	2,411,989,709	2,539,267,058	5.26	
		10				10.26	
Leadership, Governance, and Community Social Responsibility	Sound Level	7	Score	91.50	86.00	6.58	
	GCG & KPKU Score:						
	* GCG Score	8	Score	86.50	90.49	8.37	
	* KPKU Score	8	Score	500	537	8.59	
	c. Physics Capex	10	Percentage	75	37.49	5.00	
	d. Entry Data of SOE Portal	5	Item	5	5	5.00	
	Sub-Total	38				33.54	
	Total	100				91.27	

**KPI Based on KPKU's Perspective**

<b>KPI Based on KPKU's Perspective</b>		<b>Max. Score</b>	<b>Realization</b>	<b>Score</b>
<b>Category 1: Leadership</b>				
1.1	Senior Leadership	70	65%	45.50
1.2	Governance and Community Responsibility	50	60%	30.00
<b>Category 2: Strategic Planning</b>				
2.1	Strategy Development	40	65%	26.00
2.2	Strategy Implementation	45	60%	27.00
<b>Category 3: Focus on Customers</b>				
3.1	Customer Voice	45	55%	24.75
3.2	Customer Engagement	40	55%	22.00
<b>Category 4: Measurement, Analysis, and Management of Knowledge</b>				
4.1	Measurement, Analysis, and Performance Improvement	45	50%	22.50
4.2	Management of Information, Knowledge, and Information Technology	45	55%	24.75
<b>Category 5: Focus on Manpower</b>				
5.1	Manpower Environment	40	60%	24.00
5.2	Manpower Engagement	45	55%	24.75
<b>Category 6: Focus on Operation</b>				
6.1	Work Process	45	60%	27.00
6.2	Process Effectiveness	40	55%	22.00
<b>Category 7: Results</b>				
7.1	Results of Product and Process	110	50%	55.00
7.2	Results of Focus on Customers	85	50%	42.50
7.3	Results of Focus on Manpower	85	45%	38.25
7.4	Result of Leadership and Governance	80	45%	36.00

KPI Based on KPKU's Perspective	Max. Score	Realization	Score
7.5 Results of Finance	90	50%	45.00
Total	1,000		537.00

KPI Based on KPKU's Perspective	YEAR			
	2014	2015	2016	2017
Category 1: Leadership	60	63.50	69.50	75.50
Category 2: Strategic Planning	42.50	42.50	48.75	53.00
Category 3: Focus on Customers	29.75	40.50	48.75	46.75
Category 4: Measurement, Analysis, and Management of Knowledge	40.50	45	42.75	47.25
Category 5: Focus on Manpower	40.25	40.25	44.5	48.75
Category 6: Focus on Operation	44.25	42.50	49	49.00
Category 7: Results	165.5	192.75	207	216.75
TOTAL	422.75	467	510.25	537.00

#### PERFORMANCE ASSESSMENT OF BOARD OF DIRECTORS BASED ON GCG ASSESSMENT

The Board of Directors is committed to always improve its performance achievements. In order to support such matter, the Board of Directors' performance assessment is conducted through GCG assessment. The Board of Directors' performance assessment through GCG Assessment that was conducted in 2017 is as follows.

#### BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT IMPLEMENTATION PROCEDURE

The assessment is carried out by using services of government institution that is competent in GCG field, which is National Internal Audit Agency (BPKP) of West Java Representative that has conducted GCG assessment periodically for 6 periods. In 2017, GCG assessment was conducted by BPKP West Java Representative, while self assessment was conducted in 2016 to assess the 2015 GCG implementation by an Internal Assessment Team established based on Decree.

#### BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT CRITERIA

The criteria used in the performance assessment of the Board of Directors include:

1. Implementation of training/learning program of Board of Directors;
2. Clear division of duties/ functions, authority, and responsibilities of the Board of Directors;
3. Preparing Company's plan;
4. Meeting the Company's performance target;
5. Implementation of operational and financial control over the implementation of the Company's plans and policies;
6. Implementation of the Company's management in accordance with the prevailing laws and regulations and the Articles of Association;
7. Implementation of value-added relationships for the Company and Stakeholders;
8. Monitoring and managing potential conflicts of interest of members of Board of Directors and management under the Board of Directors;
9. Implementation of disclosure of information and communication as well as information delivery to the Board of Commissioners and Shareholders in a timely manner;
10. Organizing the Board of Directors' meetings and attendance at the Board of Commissioners' meetings;
11. Implementation of qualified and effective internal control;
12. Implementation of qualified and effective Corporate Secretary function;
13. Implementation of Annual GMS and other GMS in accordance with laws and regulations.

#### ASSESSOR OF BOARD OF DIRECTORS' PERFORMANCE

In 2017, Bio Farma had a GCG assessment carried out by National Internal Audit Agency (BPKP) of West Java Representative.

#### BOARD OF DIRECTORS' PERFORMANCE ASSESSMENT RESULTS

In 2017 the result of the Board of Directors' performance assessment recorded a score of 32.239 with the achievement of 92.11% and Excellent predicate.

#### MECHANISM OF RESIGNATION AND DISMISSAL OF BOARD OF DIRECTORS

1. Members of the Board of Directors may be dismissed at any time according to the GMS Resolution or the Minister's Decision by stating the reasons.
2. Reasons for Dismissal are among others:
  - a. Do not perform/is underperformed in fulfilling the obligations that have been agreed upon in the management contract.
  - b. Do not perform the duties well.
  - c. Violate the provisions of the Articles of Association and/or laws and regulations.
  - d. Named as a Suspect or Defendant in actions that harm the SOE and/or the State.
  - e. Commit an action that violates the Code of Conduct and/or properness that must be upheld as SOE's Board of Directors.
  - f. Convicted by a court decision that has permanent legal force.
  - g. Resign.
  - h. Other reasons deemed appropriate by GMS or the Minister for SOE's interests and objectives, such as causing disharmony between Members of the Board of Directors.
3. In the event that there are any inconsistencies between the provisions of the Minister's Regulation and the SOE's Articles of Association on the reasons for dismissal, the latter will apply.
4. The position of Board of Directors will end if:
  - a. The person passes away
  - b. The term of office ends
  - c. No longer able to meet the requirements as the Board of Directors based on the provisions of the Articles of Association and laws and regulations including on concurrent positions that are prohibited and resignation.
5. The prohibited concurrent positions as mentioned in number 4 point c are among others:
  - a. The Board of Directors in SOE, Regional-Owned Enterprises, Private Companies
  - b. The Board of Commissioners/Board of Supervisors at SOE
  - c. Structural and other functional positions at central and/or regional government institutions/agencies
  - d. Other positions according to the provisions in the laws and regulations
  - e. Administrator of political party, member of legislature and/or regional head/deputy head; and/or.
  - f. Other positions that may cause a conflict of interest.
  - g. Become as a legislature candidate or regional head/deputy head candidate.
  - h. Dismissed according to GMS resolution in a physic manner, Minister Decree as GMS or circular resolution of all Shareholders.
6. In addition to concurrent positions as described in number 5, members of the Board of Directors are prohibited to have concurrent positions as members of the Board of Commissioners in other companies, unless:
  - a. Members of the Board of Commissioners in subsidiaries/joint venture of the related SOE; provided that they are only entitled to income accumulation as members of the Board of Commissioners in one or more subsidiaries/joint venture to a maximum of 30 % (thirty per cent) of the related member of the Board of Directors' salary in the SOE, while other income/the rest of the income will be the income of the related SOE.
  - b. Members of the Board of Commissioners in other companies to represent/defend the interest of SOE with the Minister's approval.
7. The Board of Directors who has concurrent positions as mentioned in number 4 will end the term of office as the Board of Directors as of the moment the concurrent position takes place.

#### Procedure of Dismissal of the Board of Directors

1. The Technical Deputy conduct an evaluation of the member of the Board of Directors prior to proposing the dismissal of the related member to the Minister.
2. The Technical Deputy coordinates with the Deputy and Secretary to submit the proposal of dismissal of the SOE's Board of Directors to the Minister for approval.
3. The submission of dismissal proposal is completed with:
  - a. Explanation about the reasons for dismissal;
  - b. The concept of decision letter of the Minister or resolution of all shareholders outside GMS on the dismissal, or the Power of Attorney to attend and make decisions in the GMS on the dismissal, or the Power of Attorney to summon/receive self-defense in the event that the dismissal will be carried out outside GMS.
4. A plan to dismiss the Board of Directors before the term of office ends must be notified beforehand in verbal or in writing by the Minister to the related Board of Directors.
5. In the event that the Minister does not notify, then the Minister through Ministerial Regulation grants power to the Technical Deputy to issue such notification.
6. The Minister may assign Deputy and/or Secretary based on specific Power of Attorney to issue the notification.
7. The decision of dismissal with reasons aside from convicted by a court decision with permanent legal force and resigning is made after the related member is given the chance to defend him/herself.
8. The self-defense is made in writing to the GMS for Persero or the Minister for public corporation within 14 (fourteen) days after

the related Board of Directors is notified.

9. The self-defense may directly be offered during the notification to the official who gives the notification.
10. In the event that the related Board of Directors already makes the self-defense or voices the objection or no objection against the dismissal plan during the notification, then the time requirement is considered fulfilled.
11. In the event that the notification and self-defense are in verbal, a face-to-face meeting is held and evidenced by minutes of meeting or official report signed by the related Board of Directors and the notifying official.
12. In the event that the related Board of Directors refuses to sign the minutes of meeting or official report, then the reasons are written in the minutes of meeting or official report.
13. In the event that the notification is given at GMS, then the self-defense is done at the GMS according to Article 105 of Law No. 40 of 2007 on Limited Liability Company.
14. All legal documents related to the process of notification and self-defense are prepared by the Technical Deputy assisted by Echelon II official who is responsible for legal matters, and that all related documents are submitted to the Deputy to be administered.
15. The Minister may dismiss the Board of Directors based on results of evaluation performed by the Minister in addition to the Technical Deputy's proposal.
16. In the dismissal process, the Minister may ask for the consideration of the Technical Deputy and/or Secretary.
17. The establishment of the dismissal of members of the Board of Directors may be conducted in the following manners:
  - a. Ministerial Decree if all shares/capital of the SOE is owned by the State;
  - b. GMS Resolutions or circular resolutions of all shareholders if not all of the shares are owned by the State.
18. In the event the establishment of the dismissal of member of the Board of Directors is carried out by Ministerial Decree or circular resolutions of all shareholders, the Technical Deputy and the Secretary will process the draft of such Ministerial Decree or circular resolutions of all shareholders.
19. In the event that the establishment of dismissal of member of the Board of Directors is carried out physically and the Minister cannot attend the GMS, the Minister will grant power to the Technical Deputy to attend and adopt resolutions at the GMS.
20. The Minister may grant power to the Deputy and/or Secretary to attend and adopt resolutions at the GMS as mentioned in number 19.
21. While the dismissal is still in process, the related member of the Board of Directors must still perform the duties properly.
22. The dismissal of member of the Board of Directors may be processed at the same time with the appointment process of member of the Board of Directors at the related SOE.

## WORK RELATIONSHIP OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The Board of Commissioners and Board of Directors have duties and authority according to their respective functions as described in the Company's Articles of Association and applicable laws and regulations. Both of them are jointly responsible for maintaining the Company's business sustainability in the long-term.

The Board of Commissioners is a Company's organ with collective duties and responsibilities to monitor and give advice to the Board of Directors and to ensure that the Company implements GCG consistently. The Board of Commissioners is prohibited to interfere the decision making of the Company's operations.

The Board of Directors as a Company's organ has duties and is jointly responsible for managing the Company and will be accounted for in the GMS.

In order to unite opinions and decide on a certain important matter regarding business sustainability and strategic decisions of the Company, the Board of Commissioners and the Board of Directors as 2 (two) of the most important Company's organs will always have periodic meetings. Coordination between the Board of Commissioners and Board of Directors is performed through the Board of Commissioners' Meeting by inviting the Board of Directors. The meeting is organized periodically by the Board of Commissioners. The objectives are, among others, to discuss the Company's performance of the previous month, the Board of Directors' plan for the upcoming month to seize the existing opportunities, and strategic issues that need the Board of Commissioners' approval.

The relationship between the Board of Commissioners and the Board of Directors may include but not limited to the following matters:

1. Approving the Board of Directors' proposals concerning:
  - a. Company's Long-Term Plan (RJPP).
  - b. Company's Development Plan.
  - c. Company's Work Plan and Budget (RKAP).
  - d. Other plans related to the management of the Company's business and activities.
  - e. Appointment and dismissal of the Head of Internal Control Unit.
  - f. Appointment and dismissal of Corporate Secretary.
  - g. Unless stipulated otherwise by the applicable laws and regulations, several matters need written approval from the Board of Commissioners as described in the Company's Articles of Association.

2. Jointly perform a review of the Company's Vision and Mission with the Board of Directors.
3. If deemed necessary, the Board of Commissioners is assisted by the Board of Directors in:
  - a. The process of appointing external auditor candidates according to the Company's provisions of procurement of goods and services.
  - b. The appointment of independent assessors in the assessment process of GCG implementation in the Company.
4. The Board of Directors is responsible for ensuring that:
  - a. The Board of Commissioners receives information about the Company in a timely and complete manner.
  - b. The Board of Commissioners receives periodic reports on the implementation of internal control function and information technology governance.
  - c. The Board of Commissioners receives reports on the members of the Board of Directors and members of the Board of Commissioners at the Company's subsidiaries and/or joint venture companies that have been established in the GMS of the subsidiaries and/or joint venture companies.
  - d. The Board of Commissioners or the Supporting Committee of the Board of Commissioners receives explanation for every matter inquired;
  - e. The Board of Commissioners receives the Minutes of the Board of Directors' Meetings.
5. Other matters as listed in the Company's Articles of Association, Board Manual of the Board of Commissioners, and Board Manual of the Board of Directors as well as applicable laws and regulations.

## ORGANS AND COMMITTEES UNDER THE BOARD OF COMMISSIONERS

In carrying out its duties, the Board of Commissioners is assisted by Secretary of the Board of Commissioners and Supporting Committees comprising Audit Committee and Risk, Development, and GCG Committee. Organs and Committees under the Board of Commissioners are described as follows.

### SECRETARY OF THE BOARD OF COMMISSIONERS

Secretary of the Board of Commissioners is established under Board of Commissioners' Decree No. KEP-10/DK/BF/09/2017 dated 4 September 2017 on the Re-Appointment of Secretary of the Board of Commissioners of PT Bio Farma (Persero) and Board of Commissioners' Decree No. KEP-11/DK/BF/12/2017 dated 4 December 2017 on Dismissal and Appointment of Secretary of the Board of Commissioners to assist the achievement of work orderliness, transparency, accountability, and ease of Board of Commissioners' duty implementation. Criteria and procedure of appointment of Secretary of the Board of Commissioners refer to Regulation of Minister of SOE No. PER-12/MBU/2012 dated 24 August 2012 on Supporting Organs of SOE's Board of Commissioners, which among others requires the Secretary of the Board of Commissioners to be from outside the Company, appointed by the Board of Commissioners, who understands corporate governance, and is able to communicate properly.

### DUTIES AND RESPONSIBILITIES OF SECRETARY OF THE BOARD OF COMMISSIONERS

Duties and responsibilities of Secretary of the Board of Commissioners are:

1. Assisting the Board of Commissioners in maintaining the implementation of Board of Commissioners' orderliness so that technically it can be carried out in an orderly manner;
2. Preparing meetings including briefing sheet for the Board of Commissioners and meetings between Board of Commissioners and Board of Directors or shareholders and/or other related parties;
3. Providing information/data needed by the Board of Commissioners and Committees periodically and/or at any requested time;
4. Gathering technical data from the Committees in the Board of Commissioners' environment for the need of the Board of Commissioners;
5. Preparing minutes of meeting for both Board of Commissioners' internal meetings and joint meeting of Board of Commissioners and Board of Directors according to the provisions of the Company's articles of association;
6. In preparing minutes of Board of Commissioners and Board of Directors' joint meeting, the Secretary of Board of Commissioners must cooperate with the Corporate Secretary;
7. Administering Board of Commissioner's documents either incoming letters, outgoing letters, minutes of meeting, or any other documents;
8. Drafting Work Plan and Budget of the Board of Commissioners;
9. Drafting Board of Commissioners' reports;
10. Submitting every incoming letters to the President Commissioner to obtain disposition;
11. For administration orderliness, each letter signed by Board of Directors must first be corrected and initiated by Secretary of the Board of Commissioners;
12. Secretary of the Board of Commissioners may assist in each Committee's activity for the ease of the concerned duty;
13. Every October, Secretary of the Board of Commissioners in coordination with the Management prepares the Board of Commissioners' Work Plan and Budget for the following year;
14. In carrying out its duties, the Secretary of the Board of Commissioners is assisted by a Secretariat staff of the Board of Commissioners' who is appointed or discharged by the Board of Commissioners;



- 15. Ensuring that the Board of Commissioners complies to the laws and regulations and implements GCG principles;
- 16. Coordinating with member of the Committee if necessary, to ensure the ease of the Board of Commissioners' duties;
- 17. Becoming the liaison officer between Board of Commissioners and other parties.

**PROFILE OF SECRETARY OF BOARD OF COMMISSIONERS**

Roslyn Sitohang

An Indonesian Citizen, born in Rapusan, on 16 December 1963. Last Education is Bachelor of State Administration from STIAM I Jakarta. Previous working experience as Staff in the Directorate General of SOE Development in the Department of Finance, Staff of Deputy of Agro Industry Business and of Deputy of Other Business Services in the State Ministry of SOE, Head of Sub-directorate of Ial Strategic Industry Business, Deputy of Strategic Industry Business and Manufacturing, Head of Sub-directorate of Tourism & Hospitality Business, Head of Sub-directorate of Energy, Logistics, Estates and lib-2 Tourism, and Staff of Board of Commissioners in PT Indofarma (Persero) Tbk and in PT Kimia Farma (Persero) Tbk.

**REMUNERATION OF SECRETARY OF BOARD OF COMMISSIONERS**

Remuneration of Secretary of the Board of Commissioners is established in PT Bio Farma (Persero) Board of Commissioners' Decree No. KEP-09/DK/BF/07/2016 dated 27 July 2016 on the Establishment of Honorarium, Allowances, and Facilities for Secretary of the Board of Commissioners of PT Bio Farma (Persero) of 2016. Remuneration received by the Secretary of the Board of Commissioners consists of honorarium, allowances, facilities, and tantiem/work incentive.

**Determining Remuneration of Secretary of Board of Commissioners**

No.	Type of Remuneration	Amount
1.	Honorarium	15% x salary of President Director
2.	Allowances:	<ol style="list-style-type: none"> <li>1. 1 (one) time Take Home Pay per month</li> <li>2. 5% from Honorarium per month</li> <li>3. 20% x honorarium per month</li> <li>4. Post-employment insurance is provided under the following conditions:                             <ol style="list-style-type: none"> <li>a. provided during the term of office (beginning of appointment to termination).</li> <li>b. Premium borne by the Company at most is 25% (twenty-five percent) of the honorarium in one year.</li> <li>c. Provision of premium, fee, or other terms relevant to post-employment insurance includes premium for accident and death insurance.</li> </ol> </li> </ol>
1.	Holiday Allowance	
2.	Communication Allowance	
3.	Transportation Allowance	
4.	Post-Employment Insurance	

**Determining Remuneration of Secretary of Board of Commissioners**

No.	Type of Remuneration	Amount
3.	Facilities	<ol style="list-style-type: none"> <li>1. Secretary of the Board of Commissioners, the spouse (husband/wife), and maximum 3 (three) children who have not reached the age of 25 years are entitled to health facilities provided in the forms of health insurance or reimbursement at cost. Health facilities are provided in the forms of:                             <ul style="list-style-type: none"> <li>- Outpatient and medicines;</li> <li>- Inpatient and medicines; and</li> <li>- 1 (one) time annual medical check-up taken domestically for the concerned one.</li> </ul> </li> <li>2. In line with the Company's provisions</li> </ol>
4.	Tantiem/Performance Incentive	According to PER-12/MBU/2012 dated 24 August 2012
5.	Tax Obligation	Income Tax is borne by the Company

Tax obligation such as income tax is borne by the Company with exception to tax on tantiem/incentives is borne by the related person.

Remuneration received by the Secretary of the Board of Commissioners consists of honorarium, allowances, and other facilities such as insurance. The remuneration amount of Secretary of the Board of Commissioners is established through GMS with details as follows:

**Remuneration of Secretary of the Board of Commissioners in 2017  
In Rupiah**

Name	Salary per Year	Allowances per Year	Net Salary per Year	Tantiem & Holiday Allowances	Total
	1	2	3 = 1 + 2	4	5 = 3 + 4
Roslyn Sitohang *	165,000,000.00	41,250,000.00	206,250,000.00	18,750,000.00	225,000,000.00
Aan Rosyianto	15,000,000.00	3,750,000.00	18,750,000.00	-	18,750,000.00
Total	180,000,000.00	45,000,000.00	225,000,000.00	18,750,000.00	243,750,000.00

Remarks:

\*: Term of Office until 3 December 2017

**DUTY IMPLEMENTATION OF SECRETARY OF BOARD OF COMMISSIONERS IN 2017**

During 2017, Secretary of Board of Commissioners administered 76 (seventy six) incoming letters, 36 (thirty size) outgoing letters, 12 Decision Letters concerning various provisions, 9 (nine) Minutes of Board of Commissioners' Meetings, 8 (eight) Combined Minutes of Meetings of Board of Commissioners and Board of Directors. Secretary of Board of Commissioners had drafted the 2018 Work plan and Budget for the Board of Commissioners and Report on the 2017 Board of Commissioners' Supervisory Duty.

**AUDIT COMMITTEE**

Bio Farma's Audit Committee was established in 2004 and serves to assist the Board of Commissioners in carrying out supervisory duty towards the Company's management according to good corporate governance principles.

Members of Audit Committee are appointed and discharged by the Board of Commissioners and reported to the GMS. Members of the Audit Committee who are also members of Board of Commissioners will automatically be discharged once their term of office expires.

Audit Committee is established to comply with Law No 19 of 2003 on SOE, Article 70 paragraph 1 which states that the Board of Commissioners must establish an Audit Committee that works collectively and serves as the Company's supervisor, and Regulation of Minister of SOE No. PER-05/MBU/2006 dated 20 December 2006 on Audit Committee for State-Owned Enterprises that was updated under the Regulation of Minister of SOE No. PER-12/MBU/2012 dated 24 August 2012 on the Supporting Organs of the Board of Commissioners/Board of Supervisors of SOE.

In carrying out its duties, Audit Committee owns an Audit Committee Charter which was established on 1 July 2014. The Audit Committee Charter contains background, vision, mission, objectives and purposes, title, membership, rights and obligations, duties and responsibilities, relationship with related parties, meetings, reports as well as conflict and code of conduct as guidelines for the Audit Committee.

## BASIS OF ESTABLISHMENT OF AUDIT COMMITTEE

1. Law No 19 of 2003 on SOE, Article 70 paragraph 1 which states that the Board of Commissioners must establish an Audit Committee that works collectively and serves as the Company's supervisor.
2. Regulation of Minister of SOE No. PER-05/MBU/2006 dated 20 December 2006 on Audit Committee for State-Owned Enterprises that was updated under the Regulation of Minister of SOE No. PER-12/MBU/2012 dated 24 August 2012 on the Supporting Organs of the Board of Commissioners/Board of Supervisors of SOE.

## AUDIT COMMITTEE CHARTER

In carrying out its duties, Audit Committee owns an Audit Committee Charter which was established on 1 July 2014. The Charter contains background, vision, mission, objectives and purposes, title, membership, rights and obligations, duties and responsibilities, relationship with related parties, meetings, reports as well as conflict and code of conduct as guidelines for the Audit Committee.

## DUTIES AND RESPONSIBILITIES OF AUDIT COMMITTEE

Based on Audit Committee Charter, Duties and Responsibilities of the Audit Committee are as follows:

### Main Duties of Audit Committee

1. Audit Committee is responsible for giving opinion to the Board of Commissioners on reports or matters delivered by the Board of Directors, identifying matters that need the attention of the Board of Commissioners, and executing other duties relating to the duties of the Board of Commissioners, which among others cover:
  - a. Ensuring the effectiveness of internal control systems and the effectiveness of duty implementation of external auditor and internal auditor;
  - b. Ensuring the existence of a satisfying review procedure on information issued by the Company, among others, periodic financial statements, projection/forecast and other financial information to be submitted to the shareholders;
  - c. Assessing the planning, implementation, and results of audit conducted by Internal Auditor (SPI) or External Auditor in order to ensure that the audit implementation and reporting of the auditors meet the audit standards;
  - d. Providing recommendations on the improvement of the Company's internal control system and its implementation;
  - e. Identifying matters that need the Board of Commissioners' attention;
  - f. Performing other duties assigned by the Board of Commissioners provided that they are still in the scope of duties and obligations of the Board of Commissioners.
2. Audit Committee prepares an annual work program/plan containing work schedule plan and utilization of necessary resources.
3. Audit Committee must maintain the confidentiality of the document, data, and information related to the Company obtained while performing duties as Audit Committee.
4. Preparing type and amount of salary or honorarium, allowances, and facilities that have been/will be provided to the Board of Directors and Board of Commissioners to be proposed by the Board of Commissioners to the GMS.
5. Evaluating and analyzing the payroll system, honorarium, allowances, and facilities that have been/will be provided to the management level and employees.

Perform other duties assigned by the Board of Commissioners, but not limited to:

1. Preparing and reviewing the Audit Committee Charter periodically
2. Examining information related to SOE, and Long-Term Plan, Company's Work Plan and Budget, Management Report, and other information.
3. Reviewing the SOE's adherence to the applicable laws and regulations over the SOE's activities.
4. Reviewing complaints related to the SOE.
5. Reviewing the adequacy of internal audit function, including number of auditors, annual work plan, and assignment that has been carried out.
6. Reviewing the adequacy of external audit including audit planning and number of auditors.

## RIGHTS AND AUTHORITY OF THE AUDIT COMMITTEE

1. Orientation or introduction program in relation to Audit Committee's role, responsibility, and framework is provided to new Audit Committee member.
2. Audit Committee receives authority and assignment from the Board of Commissioners with due observance to regulations related to State-Owned Enterprises.
3. In performing its duties, the Audit Committee is authorized to access record or information on employees, fund, assets as well as the Company's other resources related to the duty implementation.
4. The Audit Committee, based on Assignment Letter from the Board of Commissioners, reserves the right to access information

held by the Company from the Board of Directors, SPI, and all of the Company's organization unit. In the event that there is a case/indication of fraud, the Audit Committee needs to examine/clarify such cases.

5. Audit Committee with approval of the Board of Commissioners may request for opinion and assistance from experts and other professionals at the Company's cost.

## STRUCTURE, COMPOSITION, AND EXPERTISE OF AUDIT COMMITTEE

Appointment and dismissal of Audit Committee member are based on Regulation of Minister SOE No. PER-12/MBU/2012 dated 24 August 2012, which states that Chairman and Member of Audit Committee are appointed and discharged by the Board of Commissioners and reported in the GMS. Chairman of the Audit Committee is a member of the Board of Commissioners who is an independent member of the Board of Commissioners or who can act independently. Member of Audit Committee who is also a member of the Board of Commissioners will automatically be discharged once the term of office expires. Member of Audit Committee may be from member of the Board of Commissioners or from outside the Company.

Based on the Audit Committee Charter, member of Audit Committee must meet the following qualifications:

- a. Having high integrity, adequate skill, knowledge, and experience according to the educational background and able to communicate well.
- b. One of the Audit Committee members has accounting or financial educational background.
- c. Having sufficient knowledge in reading and understanding financial statements.
- d. Having adequate knowledge on laws and regulations in Capital Market sector and other related laws and regulations.
- e. Can communicate effectively.
- f. Can provide sufficient time to finish the duties.
- g. Not working at Public Accountant Firm, Legal Consultant Office, or any other party that provides auditing services, non-auditing services, and or other consultancy services to the Company within the last 6 (six) months prior to being appointed by the Commissioner.
- h. Not a person who has authority and responsibility in planning, leading, or controlling the Company's activities in the last 12 (twelve) months.
- i. Not concurrently working as an Audit Committee in an other SOE/company.
- j. Does not have:
  - 1) Family relationship due to marriage and offspring up to second degree, either horizontally or vertically, with the Board of Commissioners, Board of Directors, or Main Shareholders of the Company, and or
  - 2) Business relationship, either directly or indirectly, relating to the Company's business activities.

The term of office of Audit Committee member who is not member of the Company's Board of Commissioners is 3 (three) years the most and can be extended for one time of 2 (two) years of term of office by not reducing the rights of the Board of Commissioners to discharge the related person at any time.

Member of Bio Farma's Audit Committee is not from Bio Farma's employee and does not have any conflict of interest, not a customer and not a vendor of Bio Farma. Board of Commissioners appoints and discharges Chairman and Member of Audit Committee through Board of Commissioners' Decree that is submitted to the Ministry of SOE as the shareholder.

## PERIOD I: JANUARY – MAY 2017

No.	Name	Position	Description	Expertise	Basis of Appointment
1	Paruli Lubis	Chairperson	Independent Commissioner	Finance	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015
2	Ihsan Setiadi Latief	Vice Chairperson concurrently as Member of	Board of Commissioners	Social	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015
3	Abu Bakar	Member	Independent Party	Accounting	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015
4	M. Aswir Harahap	Member	Independent Party	Legal	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015

**PERIOD II: MAY – NOVEMBER 2017**

No.	Name	Position	Description	Expertise	Basis of Appointment
1	Paruli Lubis	Chairperson	Independent Commissioner	Finance	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015
2	Ihsan Setiadi Latief	Vice Chairperson concurrently as Member of	Board of Commissioners	Social	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015
3	M. Asawir Harahap	Member	Independent Party	Legal	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015 and Board of Commissioners' Decree No. KEP-05/DK/BF/06/2017 dated 03 July 2017
4	Priyatno	Member	Independent Party	Accounting	Board of Commissioners' Decree No. KEP-04/DK/BF/05/2017 dated May 2017

**PERIOD III: NOVEMBER – DECEMBER 2017**

No.	Name	Position	Description	Expertise	Basis of Appointment
1	Ihsan Setiadi Latief	Vice Chairperson concurrently as Member of	Independent Commissioner	Finance	Board of Commissioners' Decree No. : KEP-10/DK/BF/09/2015 dated 30 September 2015
2	M. Asawir Harahap	Member	Independent Party	Legal	Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015 dated 30 September 2015 and Board of Commissioners' Decree No. KEP-05/DK/BF/06/2017 dated 03 July 2017
3	Priyatno	Member	Independent Party	Accounting	Board of Commissioners' Decree No. KEP-04/DK/BF/05/2017 dated May 2017

**PROFILES OF AUDIT COMMITTEE**

Audit Committee Profile per 31 December 2017 is as follows.

**Ihsan Setiadi Latief**  
Vice Chairperson of Audit Committee Concurrently Member

The profile can be seen in the Profile of the Board of Commissioners Section of this Annual Report.

The legal basis of appointment as Vice Chairman concurrently Member of Audit Committee is based on the Board of Commissioners' Decree No. KEP-10/DK/BF/09/2015, dated 30 September 2015. Not having an affiliation relationship with members of the Board of Directors, other members of the Board of Commissioners, member of other Committees, or Shareholders.

**M. Asawir Harahap**  
Member of Audit Committee

An Indonesian citizen, domiciled in Jakarta, 71 years old as of 31 December 2017. Born on 1 September 2006, obtained Bachelor Degree from Institute of Financial/Accounting Science (1975).

He has experiences as an Auditor in State and Regional Company at the Directorate of State Accountant (1969). Head of Supervisory Section of Regional Revenue and Expenditure Budget at Regional Office VII of Directorate General of State Finance Supervisory Palembang (1981), Head of Supervisory Section for Supervisory Sector of Industry, Trading and Mining Service at Regional Office VII of Directorate General of State Finance Supervisory Palembang (1982), Head of Supervisory Section of Mining and Energy, Supervisory Sector of State-Owned/Regional-Owned Enterprises II at Representative Unit of State Development Audit Agency of South Sumatra Province (1984), Head of Supervisory Section of Industry 3, Supervisory Sector of State-Owned/Regional-Owned Enterprises I at Representative Unit of State Development Audit Agency Jakarta Capital Special Region (1985), Head of Supervisory Sector of Expenditure II at Representative Unit of State Development Audit Agency of South Sumatra Province (1993), Head of Supervisory Sector of State-Owned/Regional-Owned Enterprises I at Representative Unit of State Development Audit Agency of East Java Province (1996), Head of Representative (Echelon II) at Revenue Supervisory Sector Deputy Unit (1998), Director of Tax Revenue Supervisory at Revenue Supervisory Sector Deputy Unit (2001), Director of Supervisory of Governmental Institution of Security and Defense Sector in Political Social and Security Sector of Government Institution Supervisory Deputy Unit (2001). Head of Representative (Echelon II) at Representative Unit of State Development Audit Agency of East Java Province (2002), Deputy (Echelon I) at State Accountant Sector Deputy Unit. In addition, he also experience in Auditing/Supervisory sector, particularly Audit experience, for 35 years in State Company, SOE and ROE, Independent Commissioners at PT Indofarma Global Medika, Chairperson of Supervisory Institution for Family Foundation of State Development Audit Agency Dharma Satya Parahita, Audit Committee at PT Indofarma (Persero) Tbk, PT Kimia Farma (Persero) Tbk, and PT Taspen (Persero). He was appointed as Bio Farma's Audit Committee Member on 23 January 2014.

The legal basis of appointment as Audit Committee Member is the Board of Commissioners' Decree No. KEP-01/DK/BF/I/2014 dated 23 January 2014 and re-appointed under Decree No. KEP-05/DK/BF/06/2017, dated 03 July 2017. Not having affiliation relationship with members of the Board of Directors, members of the Board of Commissioners, members of other Committees, or Shareholders.

**Priyatno**  
Member of Audit Committee

Indonesian citizen, domiciled in Depok, 63 years old as of 31 December 2017. Born on 20 June 1954, obtained Bachelor of Law and Master Degree in Laws and Regulations (1991).

Has work experience as Head of Law Review Sub-section (1989), Head of Governance Sub-section (1992), Head of Employment Plan Formulation Sub-sector (1995), Head of Analysis and Evaluation Planning Sector (1997), Head of Law Review Section (1999), Head of Employee Transfer Section (2001), Head of Employment and Organization Bureau (2003), and Head of General Bureau (2011).

The legal basis of appointment as Audit Committee Member is the Board of Commissioners' Decree No. KEP-04/DK/BF/05/2017 dated May 2017. Not having affiliation relationship with members of the Board of Directors, members of the Board of Commissioners, members of other Committees, or Shareholders.

**EDUCATION QUALIFICATION AND WORK EXPERIENCE OF AUDIT COMMITTEE**

- Member of Audit Committee must meet the following requirements:
  - Having good integrity, knowledge, and sufficient work experience in the field of supervision/examination.
  - Not having interests/personal connection that may adversely affect and rise conflict of interest with the Company.
  - Can communicate actively.
  - Can provide sufficient time to finish the duties.
  - Other requirements stipulated in the Audit Committee Charter, if deemed necessary.
- One of the Audit Committee members must have accounting or finance education background or expertise, and one of the members must have a comprehension of the Company's industry/business.

Per 31 December 2017, the education qualification and work experience of the Chairperson and Members of the Audit Committee are as follows.

**Table of Education Qualification and Work Experience of Audit Committee**

Name	Position	Education	Work Experience
Ihsan Setiadi Latief	Vice Chairperson concurrently Member	<ul style="list-style-type: none"> <li>Bachelor Degree of Aqidah and Philosophy</li> <li>Master's Degree with main study field of Communications</li> <li>Doctoral Degree with main study field of Communications</li> </ul>	<ul style="list-style-type: none"> <li>Head of Islamic Unity College of Teacher Training and Education (STKIP)</li> <li>Researcher in the fields of social, religion, and community field of Communications</li> <li>Head of Institute for Research and Community Development STAIPI</li> </ul>
Priyatno	Member	<ul style="list-style-type: none"> <li>Bachelor of Law</li> <li>Master of Laws and Regulations</li> </ul>	<ul style="list-style-type: none"> <li>Head of General Bureau</li> <li>Head of Employment and Organization Bureau</li> </ul>
M. Asawir Harahap	Member	<ul style="list-style-type: none"> <li>Bachelor of Financial/Accounting Science Institution</li> </ul>	<ul style="list-style-type: none"> <li>Deputy (Echelon I) of State Development Audit Agency (BPKP)</li> <li>Head of Representative (Echelon II) of BPKP of East Java Province</li> </ul>

**INDEPENDENCE OF AUDIT COMMITTEE**

All members of Audit Committee do not have any affiliation relationship with other members of the Audit Committee, with Risk, Development, and GCG Committee, with the Board of Directors, with the Board of Commissioners, and with Main and/or Controlling Shareholders.

Audit Committee's independence is established in order to perform all duties and responsibilities or the relationship with other parties is independent without any interference from any other parties that contravenes the laws and regulations as well as the Company's Articles of Association which can materially affect the objectivity and independence of the Audit Committee's duties that are performed for the best interest of the Company.

There are no family relationship up to third degree, either vertically or horizontally, including relationship resulting from marriage among the Audit Committee members, and between the Audit Committee and members of Risk, Development, and GCG Committee, and Board of Directors, and Board of Commissioners, and Main and/or Controlling Shareholders.



Table of Independence of Audit Committee

Independence Aspect	Paruli Lubis	Ihsan Setiadi Latief	Abu Bakar	Ihsan Setiadi Latief	Abu Bakar
Does not have financial relationship with the Board of Commissioners and Board of Directors	✓	✓	✓	✓	✓
Does not have management relationship in the company, subsidiary, and affiliated company	✓	✓	✓	✓	✓
Does not have share ownership relationship in the company	✓	✓	✓	✓	✓
Does not have family relationship with the Board of Commissioners, Board of Directors, and/or among members of Audit Committee	✓	✓	✓	✓	✓
Does not hold position as administrator of political party, state, and government	✓	✓	✓	✓	✓

COMPETENCE DEVELOPMENT OF AUDIT COMMITTEE

Throughout 2017, members of the Company’s Audit Committee attended various programs to increase the competence in the forms of trainings, workshops, conferences, seminars. The Audit Committee’s competence development can be seen in Profile Chapter in Audit Committee’s Competence Development Sub-chapter in this Annual Report.

MEETINGS OF AUDIT COMMITTEE

Audit Committee holds meeting minimum once a month, either internal meeting, or meeting with Board of Commissioners, Board of Directors, Head of SPI, Head of Divisions or External Auditor. Each Audit Committee meeting is recorded in minutes of meeting signed by all meeting participants. Minutes of Audit Committee Meeting are distributed to all meeting participants and submitted to the Board of Commissioners. Audit Committee may be present at the Board of Commissioners’ meeting or Board of Directors and Board of Commissioners joint meeting, if invited.

MEETING AGENDA OF AUDIT COMMITTEE

Throughout 2017, the date, meeting agenda, and participants of the Audit Committee Meeting are as follows.

Table of Meeting Agenda of the Audit Committee

No	Meeting Date	Meeting Agenda	Meeting Participants
1.	17 January 2017	Discussion of the Company's Management Report and PKBL Activity Report of PT Bio Farma (Persero) of 2016 Fiscal Year (Un-Audited)	<ul style="list-style-type: none"> <li>Paruli Lubis</li> <li>Ihsan Setiadi Latief</li> <li>M. Asawir Harahap</li> </ul>
2	18 January 2017	Discussion on Evaluation of Audit Results of Monitoring & Internal Control Phase III (July to October 2016)	<ul style="list-style-type: none"> <li>Paruli Lubis</li> <li>Ihsan Setiadi Latief</li> <li>M. Asawir Harahap</li> <li>Abu Bakar</li> </ul>
3	27 February 2017	Discussion Meeting of KAP to conduct audit activities on the Financial Statements of PT Bio Farma of 2017	<ul style="list-style-type: none"> <li>Paruli Lubis</li> <li>Ihsan Setiadi Latief</li> <li>M. Asawir Harahap</li> </ul>
4	23 March 2017	Discussion Meeting of KAP's proposal to conduct audit activities on the Financial Statements of PT Bio Farma (Persero) of 2017	
5	19 May 2017	Discussion of PPI's audit result evaluation	
6	9 June 2017	ERP-IT Discussion	
7	10 July 2017	Discussion Meeting of IT, Marketing Plan, and Investment Credit	
8	27 July 2017	Discussion Meeting of LMP Technical Semester I Year 2017 of PT Bio Farma (Persero)	
9	7 August 2017	IT progress report and marketing progress report	
10	18 August 2017	Discussion Meeting of IT progress report	
11	14 September 2017	Discussion Meeting of PKBL, Financial Statements up to August 2017 and RJPP	
12	11 October 2017	Discussion of Examination Result, Report of PPI Examination Result No. 03, 04, and 06	
13	23 November 2017	PKPT Plan 2018	<ul style="list-style-type: none"> <li>Ihsan Setiadi Latief</li> <li>M. Asawir Harahap</li> <li>Priyatno</li> </ul>
14	4 December 2017	Discussion of Follow-Up of KAP Findings Year 2016 and audit progress of 2017 KAP memorandum	
15	14 December 2017	Technical discussion of the Company's Work Plan and Budget (RKAP) Year 2018	

MEETING FREQUENCY AND ATTENDANCE OF AUDIT COMMITTEE

During 2017, Audit Committed held/attended 15 (fifteen) meetings which constitute meeting with SPI, meeting with external auditor, meeting with Budget and Accounting Division, attended meeting with Board of Commissioners, and joint meeting of Board of Commissioners and Board of Directors. Attendance record of each Committee member in the meetings is as follows:

Table of Meeting Attendance of Audit Committee

Name	Position	Total Meetings	Total Attendance	Percentage
Paruli Lubis *	Chairperson	12		
Ihsan Setiadi Latief	Vice Chairperson	15		

Name	Position	Total Meetings	Total Attendance	Percentage
M. Asawir Harahap	Member	15		
Abu Bakar **	Member	5		
Priyatno ***	Member	10		

## Description:

\* : Term of Office until November 2017

\*\* : Term of Office until May 2017.

\*\*\* : Term of Office began in May 2017.

## REMUNERATION OF THE AUDIT COMMITTEE

Remuneration of the Audit Committee member is internally established by the Board of Commissioners of Bio Farma and further stipulated in the Decree of the Board of Commissioners No. KEP-08/DK/BF/07/2017 on the Establishment of Remuneration for Members of Audit Committee and Risk, Development, and GCG Committee of PT Bio Farma (Persero) Tbk of 2017 dated 10 July 2017.

Members of Audit Committee who are also members of Board of Commissioners are not provided with additional income aside from their income as Commissioners. Members of the Audit Committee who are not members of Board of Commissioners receive monthly honorarium in which the amount is determined through the Board of Commissioners' decree according to laws and regulations provided that taxes will be borne by the Company and no additional income is allowed other than the said honorarium. All expenses incurred by the Audit Committee in carrying out its duties are at Company's expense. The remuneration amount of Audit Committee is established through GMS with details as follows:

## Remuneration Establishment for Members of Audit Committee

No	Type of Remuneration	Amount
1	Monthly honorarium of Member of Audit Committee	20% x salary of President Director
2	Allowances: 1. Allowance for Religious Holiday 2. Allowance for Communication 3. Allowance for Post-Employment 4. Allowance for Clothing 5. Allowance for Transportation	1. None 2. None 3. None 4. None 5. None
3	Facilities - Health Facilities	None
4	Tantiem/Performance Incentive	None

## Remuneration of Audit Committee in 2017

## In Rupiah

Name	Salary per Year	Allowances per Year	Net Salary per Year	Tantiem + Holiday Allowance	Total
	1	2	3 = 1 + 2	4	5 = 3 + 4
M. Asawir Harahap	240,000,000.00	-	240,000,000.00	20,000,000.00	260,000,000.00
Priyatno	240,000,000.00	-	240,000,000.00	20,000,000.00	260,000,000.00
<b>Total</b>	<b>480,000,000.00</b>	<b>-</b>	<b>480,000,000.00</b>	<b>40,000,000.00</b>	<b>520,000,000.00</b>

## ACHIEVEMENT OF KEY PERFORMANCE INDICATOR OF AUDIT COMMITTEE

No.	Activities	Target	Realization
1	Internal Meeting Evaluation of policy, management report, financial report, Company's Long-Term Plan (RJPP), Company's Work Plan and Budget (RKAP), and other specific issues.	12	19

No.	Activities	Target	Realization
2	Meeting with External Auditor Discussion on Audit Report with Public Accountant Firm (external auditor)	4	4
3	Meeting with Directorate of Finance Discussion on Company's Work Plan and Budget (RKAP) and Company's Long-Term Plan (RJPP) Discussion on Management Report and Financial Statements (quarterly, semester, and annually) Discussion on financial statements (audited) Discussion on policy and specific matters	2 4 1	2 5 4
4	Meeting with SPI Discussion of LHP (quarterly) Discussion on Internal Control Assessment Discussion on Investment Evaluation	5 1 1	1 1 0
5	Meeting with Board of Commissioners Discussion in the event of annual report validation and annual calculation (audited) Discussion on Company's Work Plan and Budget (RKAP) and Company's Long-Term Plan (RJPP) Discussion on management report (quarterly, semester, annually) Discussion on policy and specific matters	2 2 4 2	0 0 0 0
6	Work Visit and Capacity Building To obtain comprehension of the Company's business, domestic or overseas duty trip is carried out if deemed necessary To improve competence, domestic or overseas duty trip is carried out to attend seminar/workshop or comparison study in vaccine/pharmaceutical industry	2 2	0 0

## BRIEF REPORT OF THE IMPLEMENTATION OF AUDIT COMMITTEE'S ACTIVITIES IN 2017

In 2017, Audit Committee performed its duties according to the Audit Committee's Work Plan (RKKA), which was approved by the Board of Commissioners, as follows:

No.	Time of Implementation	Agenda
1.	16 - 17 January 2017	Work Meeting of PT Bio Farma (Persero) of 2017
2.	17 January 2017	KAP Audit Progress Phase I of the Financial Statements of PT Bio Farma (Persero) of 2016
3.	18 January 2017	Discussion on Evaluation of Audit Results of Monitoring & Internal Control Phase III (July to October 2016)
4.	27 January 2017	Discussion on the Company's Management Report of PT Bio Farma of 2016 (unaudited). (Report No. 01/DK/-KA/BF/I/2017 dated 27/01/2017 on: Evaluation of the Company's Management Report (LHP) of PT Bio Farma of 2016 (unaudited)
5.	3 February 2017	Audit Committee's Review on Request to Approve Write-off and or Transfer of Fixed Assets of PT Bio Farma (KA Report No. 03/DK-KA/BF-II/2017)
6.	27 February 2017	Meeting of KAP discussion to conduct audit activities on the Financial Statements of PT Bio Farma of 2017
7.	27 February 2017	Discussion on audit progress on Bio Farma's 2016 Financial Statements (Evaluation Report No. 04/DK-KA/BF/II/2017)
8.	27 February 2017	Technical Discussion on Company's Management Report (LMP) of PT Bio Farma of 2016 (audited) (Evaluation Report No. 05/DK-KA/BF/II/2017)
9.	6 March 2017	Audit Committee's Evaluation Report on Company's Management Report (LMP) of Bio Farma of 2016 (audited) (No. 05/DK-KA/BF/II/2017)
10.	14 March 2017	Legal study on Write-off and fixed assets of the Company's official vehicle (Audit Committee Review Report No. 07/DK-KA/III/2017)
11.	23 March 2017	Discussion meeting of KAP's proposal to conduct audit activities of the Financial Statements of PT Bio Farma (Persero) of 2017
12.	23 March 2017	Performance evaluation and Public Accountant Firm appointment proposal to perform general audit of Bio Farma's 2017 Financial Statements. (No.08/DK-KA/BF/III/2017)
13.	6 April 2017	09/DK-KA/BF/IV/2017, Audit Committee Activity Report Quarter I 2017.
14.	7 April 2017	10/DK-KA/BF/IV/2017 regarding proposal of Audit Committee member candidate to replace Mr. Abu Bakar Ak.CA
15.	27 April 2017	11/DK-KA/BF/IV/2017 on: Proposal to pledge the Company's fixed assets related to the extension and limit increase of credit facility of PT Bank Mandiri (Persero) Tbk Year 2016-2017



No.	Time of Implementation	Agenda
16.	27 April 2017	12/DK-KA/BF/IV/2017 on: Proposal to pledge the Company's fixed assets related to the extension and limit increase of credit facility of PT Bank Mandiri (Persero) Tbk Year 2016-2017
17.	2 May 2017	13/DK-KA/BF/V/2017 on: Evaluation of the Company's Management Report of PT Bio Farma (Persero) Quarter I 2017
18.	19 May 2017	034/PPI/V/2017 on: Discussion on PPI audit report evaluation and other matters
19.	30 May 2017	14/DK-KA/BF/V/2017 on: Evaluation of the financial statements of PT Bio Farma per 30 April 2017
20.	9 June 2017	038/PPI/VI/2017 dated 6 June 2017 On Invitation
21.	10 July 2017	043/PPI/VII/2017 dated 05 July 2017 Meeting with points of discussion: 1. IT 2. Marketing Plan 3. Investment Credit
22.	27 July 2017	02758/Dir/VII/2017 dated 25 July 2017 on: Invitation to meeting to discuss technicality of LMP (Company's Management Report) Semester I 2017 of PT Bio Farma (Persero) Tbk and No. 15/DK-KA/BF/VII/2017 dated 27 July 2017
23.	28 July 2017	16/DK-KA/BF/VII/2017 dated 28 July 2017 on: Audit Committee Activity Report of PT Bio Farma (Persero) Quarter II 2017.
24.	7 August 2017	17/DK-KA/BF/VIII/2017 dated 07 August 2017 on: Evaluation of the Company's Management of PT Bio Farma (Persero) Semester I 2017
25.	7 August 2017	047/PPI/VIII/2017 dated 7 August 2017 on: Meeting invitation with agenda of IT progress report and marketing progress report
26.	18 August 2017	048/PPI/VIII/2017 dated 18 August 2017 on: Meeting Invitation with agenda of IT progress report
27.	30 August 2017	18/DK-KA/BF/VIII/2017, dated 30/08/2017, Audit Committee's Work Plan and Budget of PT Bio Farma (Persero) of 2018
28.	11 September 2017	051/PPI/IX/2017 dated 11 September 2017 on meeting invitation
	14 September 2017	053/PPI/IX/2017 dated 14 September 2017 on meeting invitation, agenda: PKBL, Financial Statements up to August 2017 and RJPP
29.	28 September 2017	19/DK-KA/BF/IX/2017 dated 28 September 2017, PT Bio Farma (Persero) 2018 RKAP Draft was not submitted by the Board of Directors to the Board of Commissioners
30.	28 September 2017	20/DK-KA/BF/IX/2017 dated 28/09/2017 Long-Term Investment Loan Approval and Response on Assets Pledge
31.	3 October 2017	21/DK-KA/BF/X/2017 dated 03/10/2017 Response on the plan of establishment of Joint Venture Company
32.	4 October 2017	22/DK-KA/BF/XI/2017, dated 04/10/2017, Review on RJPP draft of PT Bio Farma (Persero) of 2017-2021
33.	11 October 2017	059/PPI/X/2017 dated 11/10/2017 Discussion on Audit Result, PPI Audit Result Report No. 03, 04, and 06

No.	Time of Implementation	Agenda
34.	30 November 2017	26/DK-KA/BF/XI/2017, dated 30/11/2017, Audit Committee Activity Report of PT Bio Farma (Persero) Quarter III 2017.
35.	4 December 2017	072/SPI/XII/2017 dated 4 December 2017 Discussion on Follow-up of 2016 Public Accounting Firm findings, discussion on audit progress of 2017 Public Accounting Firm Memorandum
36.	14 December 2017	Technical discussion of the Company's Work Plan and Budget (RKAP) of 2018.

**RISK, DEVELOPMENT, AND GCG COMMITTEE**

In order to manage PT Bio Farma (Persero)'s business activities efficiently and effectively, supervision on planning and implementation of the Company's management according to good corporate governance principles and good control is needed. To assist the Board of Commissioners in carrying out its duties, the establishment of PT Bio Farma's Risk Committee is deemed necessary.

PT Bio Farma (Persero)'s Risk Committee was established in 2009, based on Decree No. KEP-033/DK/BF/V/2009 dated 15 May 2009 on Risk Committee.

In 2012, the naming of Risk Committee was changed to Risk and Nomination Committed based on Board of Directors' Decree No. KEP-02/DK/BF/V/2012 dated 20-Jan-2012 on the Appointment of Risk and Nomination Committee of PT Bio Farma (Persero). The existence of Risk and Nomination Committee refers to Law No. 19 of 2003 on State-Owned Enterprises Article 70 paragraph (3), which obligates the Board of Commissioners to establish other Committees in addition to Audit Committee which serve to assist the Board of Commissioners in carrying out supervision duties and responsibilities at PT Bio Farma (Persero) and refers to the Regulation of Minister SOE No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOE Article 17 paragraph (1) that the organs of Board of Commissioners consist of:

- a. Secretary of Board of Commissioners, if deemed necessary
- b. Audit Committee,
- c. Other Committee, if deemed necessary

Other Committees needed and established by the Board of Commissioners are Risk and Nomination Committee under the consideration that the Company's risk management implementation becomes an integrated part in PER-01/MBU/2011 Article 25.

In 2013, the naming of Risk and Nomination Committee was changed into Risk Committee based on Board of Commissioners' Decree No. : KEP-11/DK/BF/IV/2013 dated 15 April 2013 on the Appointment of Risk Committee of PT Bio Farma (Persero) Board of Commissioners of PT Bio Farma (Persero).

In 2014, the naming of Risk Committee was changed into Risk, Development, and GCG Committee, based on Board of Commissioners' Decree No. : KEP-02/DK/BF/I/2014 dated 15 January 2014.

Mechanism and procedure of appointment and dismissal of members of Risk, Development, and GCG Committee are regulated further in the Charter of Risk, Development, and GCG Committee. The Risk, Development, and GCG Committee was established by the Board of Commissioners and serves to assist the Board of Commissioners in carrying out its duties. Risk, Development, and GCG Committee is responsible directly to the Board of Commissioners. Members of Risk, Development, and GCG Committee are appointed and discharged by the Board of Commissioners and reported to the GMS. Members who are also Members of the Board of Commissioners will automatically be discharged when their term of office as Board of Commissioners expires.

Bio Farma's Risk, Development, and GCG Committee was last updated based on Board of Commissioners' Decree No. KEP-03/DK/BF/02/2016 dated 04 February 2016 on the Composition of Risk, Development, and GCG Committee of PT Bio Farma (Persero).

The term of office of Risk, Development, and GCG Committee member who is not member of the Board of Commissioners is 3 (three) years the most and can be extended for 1 (one) time for 2 (two) years of period of services by not reducing the rights of the Board of Commissioners to discharge the related person at any time.

**BASIS OF ESTABLISHMENT OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

- 1. Law No 19 of 2003 on SOE, Article 70 paragraph 1 obligates the Board of Commissioners to establish committee other than Audit Committee that serves to assist Board of Commissioners in carrying out supervisory duties and responsibilities in PT Bio Farma (Persero).
- 2. PER-09/MBU/2012 dated 6 July 2012 on Amendment to Regulation of Minister of SOE No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOE Article 17 paragraph (1) that the organs of Board of Commissioners

consist of:

- a. Secretary of Board of Commissioners, if deemed necessary
  - a. Audit Committee
  - b. Other Committee, if deemed necessary
3. Regulation of Minister of SOE No. PER-12/MBU/2012 on the Supporting Organs of the Board of Commissioners.

#### CHARTER OF RISK, DEVELOPMENT, AND GCG COMMITTEE

In performing its duties, Risk, Development, and GCG Committee is guided by the Charter of Risk, Development, and GCG Committee which was validated on 19 February 2014.

The content of Risk, Development, and GCG Committee Charter covers:

1. Description and Legal Basis
2. Objective
3. Structure
4. Composition
5. Term of Office
6. Requirements for Committee Member
7. Code of Conduct of Committee Member
8. Duties and Responsibilities of Member of Risk, Development, and GCG Committee
9. Authority of Committee Member
10. Committee's Duty Implementation (Meeting, Duty Trip, and Education and Training)

#### DUTIES AND RESPONSIBILITIES OF RISK, DEVELOPMENT, AND GCG COMMITTEE

Risk, Development and GCG Committee has duties and responsibilities to provide recommendation to the Board of Commissioners, including but not limited to the following matters:

1. To review and provide recommendation on the effectiveness of risk management implementation performed by the Company's Compliance and Risk Management Division;
2. To review the risk assessment performed by Compliance and Risk Management Division on Company's material investment planning;
3. To supervise the activities of Compliance and Risk Management Division in monitoring risk mitigation implementation performed by the related work units;
4. To supervise the implementation of Risk, Development, and GCG Committee's recommendations performed by the Compliance and Risk Management Division;
5. To evaluate the development plan or business expansion;
6. To monitor the implementation of GCG principles and policies and to assist the Compliance and Risk Management (CRM) Division in the GCG assessment performed by external parties periodically;
7. To analyze and evaluate the Company's Work Plan and Budget (RKAP) proposals and annual review of the Company's Long Term Plan (RJPP) proposed by the Board of Directors;
8. To review risk information and the Company's risk management in the reports that will be published;
9. To discuss important risks on all units in the Company's environment according to the needs;
10. To prepare assessment and nomination system for candidates of Board of Directors and Board of Commissioners;
11. To provide evaluation and analysis on Company's employee selection, recruitment, and succession system;
12. To prepare type and amount of salary and honorarium, allowances and facilities that have been/will be provided to the Board of Directors and Board of Commissioners to be proposed by the Board of Commissioners to the GMS.
13. To evaluate and analyze the system of payroll, honorarium, allowances, and facilities that have been/will be provided to the management level and employees.

#### AUTHORITY OF RISK, DEVELOPMENT, AND GCG COMMITTEE

To support its duties and responsibilities, the Committee is authorized to:

1. Obtain all documents and full independent and unlimited access regarding Company's policies related to Company's business development strategies, GCG implementation, risk management, and Company's nomination and remuneration system.
2. Cooperate with Company's management counterpart, including related members of Board of Directors, and especially with Compliance and Risk Management Division, HR division, Corporate Strategy, SPI, and other related Divisions as the Risk/Business Process Owner;

3. Review the function of Compliance and Risk Management Division especially in coordinating the implementation and supervision of GCG principles implementation and the existence and effectiveness of ERM implementation in PT Bio Farma (Persero);
4. Obtain inputs from external professional/independent party if deemed necessary at Company's cost.

#### STRUCTURE, COMPOSITION, AND EXPERTISE OF RISK, DEVELOPMENT, AND GCG COMMITTEE

In Risk, Development, and GCG Committee's Charter, it is stated that members of Risk, Development, and GCG Committee must meet the following qualifications:

- a. Having good integrity, adequate knowledge and work experiences related to risk management and Company's business sector, as well as having adequate knowledge to comprehend nomination and remuneration principles in order to carry out its function optimally.
- b. Not having interests/personal connection that may adversely affect and rise conflict of interest with the Company.
- c. Having adequate knowledge regarding the Company's business sector and able to provide sufficient time to perform its duties.
- d. Can cooperate and communicate effectively.

Members of Bio Farma's Risk, Development, and GCG Committee comprise of 2 (two) Vice Chairpersons concurrently members who are also members of Board of Commissioners, and 2 (two) members from external parties. Members of Bio Farma's Risk, Development, and GCG Committee are not employees of Bio Farma and do not have any conflict interests, not clients and not vendor of Bio Farma.

#### PERIOD I: JANUARY – MAY 2017

No.	Name	Position	Description	Expertise	Basis of Appointment
1	Heridadi	Chairperson	Independent Commissioner	Health	Decree of Board of Commissioners No. KEP-02/DK/BF/VII/2015 dated 9 July 2015
2	Nizar Yamanie	Vice Chairperson I	Commissioner	Health	Decree of Board of Commissioners No. KEP-02/DK/BF/VII/2015 dated 9 July 2015
3	H.M. Subuh	Vice Chairperson II	Commissioner	Health	Decree of Board of Commissioners No. KEP-02/DK/BF/VII/2015 dated 9 July 2015
4	Afrizal	Member	Independent Party	Accounting	Decree of Board of Commissioners No. KEP-02/DK/BF/I/2014 dated 15 January 2014
5	Judi Januadi Endjun	Member	Independent Party	Health	Decree of Board of Commissioners No. KEP-02/DK/BF/02/2016 dated 02 February 2016

#### PERIOD II: MAY – DECEMBER 2017

No.	Name	Position	Description	Expertise	Basis of Appointment
1	Heridadi	Chairperson	Independent Commissioner	Health	Board of Commissioners' Decree No. KEP-02/DK/BF/VII/2015 dated 9 July 2015
2	H.M. Subuh	Vice Chairperson II	Commissioner	Health	Board of Commissioners' Decree No. KEP-02/DK/BF/VII/2015 dated 9 July 2015
3	Afrizal	Member	Independent Party	Health	Board of Commissioners' Decree No. KEP-02/DK/BF/I/2014 dated 15 January 2014
4	Judi Januadi Endjun	Member	Independent Party	Accounting	Board of Commissioners' Decree No. KEP-02/DK/BF/02/2016 dated 02 February 2016

**PROFILE OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

Profile of Risk, Development, and GCG Committee per 31 December 2017 is as follows.

**Heridadi**  
Chairperson of Risk, Development, and GCG Committee

The profile can be seen in the Profile of the Board of Commissioners Section of this Annual Report.

The legal basis of appointment as Risk, Development, and GCG Committee Member is based on Board of Commissioners' Decree No. KEP-06/DK/BF/II/2014 dated 19 February 2014 and updated under Board of Commissioners' Decree No. KEP-03/DK/BF/02/2016 dated 04 February 2016. Not having an affiliation relationship with members of the Board of Directors, other members of the Board of Commissioners, member of other Committees, or Shareholders.

**H. M. Subuh**  
Vice Chairperson II Concurrently Member of Risk, Development, and GCG Committee

The profile can be seen in the Profile of the Board of Commissioners Section of this Annual Report.

The legal basis of appointment as Risk, Development, and GCG Committee Member is based on Board of Commissioners' Decree No. KEP-02/DK/BF/VII/2015, dated 09 July 2015 and updated under Board of Commissioners' Decree No. KEP-03/DK/BF/02/2016 dated 04 February 2016. Not having an affiliation relationship with members of the Board of Directors, other members of the Board of Commissioners, member of the Committee, or Shareholders.

**Afrizal**  
Member of Risk, Development, and GCG Committee

Indonesian citizen. Domiciled in Jakarta. Age as of 31 December 2017 is 57 years old. Born in Jakarta, 17 April 1960. Accomplished his Bachelor Degree from Faculty of Economy majoring Accounting in Universitas Indonesia (1985). Obtained his Master Degree with Concentration in Administration and Tax Policy in Post Graduate study from Faculty of Social Science and Political Science of Universitas Indonesia (2002).

He has work experience as Lecturer of Faculty Of Economy of Universitas Indonesia (1988-1989). Finance and Accounting Consultant and Auditor (1987-1990), Financial Controller (1990-1995), Assistant of Board of Directors of PT Tarnsweep International (1996-2000), General Manager of Administration and Finance of PT SNC Lavalin TPS (2002-2004), Senior Consultant of Accounting Development Center of Faculty of Economy of Universitas Indonesia. (2003-2004), Audit Manager of Internal Audit Institution of Universitas Indonesia (2005-2008), Accounting Director of Universitas Indonesia (2008), Head of Internal Audit Institution of Universitas Indonesia (2008-2014), Logistic Director of Universitas Indonesia (2015-2016). He was appointed as Risk, Development, and GCG Committee Member of Bio Farma on 15 January 2014.

The legal basis of appointment as Risk, Development, and GCG Committee Member is based on Board of Commissioners' Decree No. KEP-06/DK/BF/II/2014 dated 19 February 2014 and updated under Board of Commissioners' Decree No. KEP-03/DK/BF/02/2016 dated 04 February 2016. Not having affiliation relationship with members of the Board of Directors, members of the Board of Commissioners, members of other Committee, or Shareholders.

**Judi Januadi Endjun**  
Member of Risk, Development, and GCG Committee

Indonesian citizen, domiciled in Jakarta. Accomplished his Bachelor education from Faculty of Medicine Universitas Padjadjaran (1985), Diploma of Ultrasound from University of Zagreb, Croatia (1991), Specialist in Obstetrics and Gynecology at Faculty of Medicine, Universitas Indonesia (1993), and Magister of Law of UPN Veteran (2017).

He has work experience as Assistant Lecturer of Anatomy at Faculty of Medicine, Universitas Padjajaran (1979), Head of Community Health Clinic at Hato Bulico Sub-district, East Timor (1985-1987), and Civil Servant (1985-2017). He was appointed as member of Risk, Development, and GCG Committee on 2 February 2016.

The legal basis of appointment as Risk, Development, and GCG Committee Member is based on Board of Commissioners' Decree No. KEP-02/DK/BF/02/2016 dated 02 February 2016. Not having affiliation relationship with members of the Board of Directors, members of the Board of Commissioners, member of other Committee, or Shareholders.

**EDUCATION QUALIFICATION AND WORK EXPERIENCE OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

Per 31 December 2017, the education qualification and work experience of the Chairperson and Members of the Risk, Development, and GCG Committee are as follows.

**Table of Education Qualification and Work Experience of Risk, Development, and GCG Committee**

Name	Position	Education	Work Experience
Heridadi	Chairperson	<ul style="list-style-type: none"> <li>Bachelor of Medicine</li> <li>Master's Degree in Health Planning and Management</li> <li>Doctor of Medicine</li> </ul>	<ul style="list-style-type: none"> <li>Vice Chairman of PPAD Social Department</li> <li>Chairman of Purna Warga Kesehatan, Indonesian National Army</li> <li>Lecturer at University of Defense Master's Degree</li> <li>Head of the Indonesian National Army Health Center</li> <li>Health Director of the Indonesian National Army</li> <li>Health Vice Director of the Indonesian National Army</li> </ul>
H.M. Subuh	Vice Chairperson II	<ul style="list-style-type: none"> <li>Bachelor of Medicine</li> <li>Master of Public Policy</li> </ul>	<ul style="list-style-type: none"> <li>General Director of Disease Prevention and Control</li> <li>General Director of Disease Control and Environmental Health</li> <li>Secretary of the Directorate General of Disease Control and Environmental Health</li> <li>Director of Communicable Disease Control</li> <li>Head of West Kalimantan Province Health Office</li> <li>Director of Sultan Syarif Mohamad Alkadrie Hospital, West Kalimantan</li> </ul>
Afrizal	Member	<ul style="list-style-type: none"> <li>Bachelor of Accounting;</li> <li>Master of Administration and Taxation Policies</li> <li>Master of Administration Science</li> </ul>	<ul style="list-style-type: none"> <li>Special Staff of Vice Rector in Planning, Finance, and Facility Field of Universitas Indonesia</li> <li>Logistic Director of Universitas Indonesia</li> <li>Accounting Director of Universitas Indonesia</li> </ul>
Judi Januadi Endjun	Member	<ul style="list-style-type: none"> <li>Bachelor of Medicine;</li> <li>Specialist in Obstetric and Gynecology;</li> <li>Master of Law</li> </ul>	<ul style="list-style-type: none"> <li>Civil Servant</li> <li>Head of Community Health Center</li> </ul>

**INDEPENDENCE OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

**Table of Independence of Risk, Development, and GCG Committee**

Independence Aspect	Heridadi	Nizar Yamanie	H.M. Subuh	Afrizal	Judi Januadi Endjun
Does not have financial relationship with the Board of Commissioners and Board of Directors;	✓	✓	✓	✓	✓
Does not have management relationship in the company, subsidiary, and affiliated company	✓	✓	✓	✓	✓
Does not have share ownership relationship in the company	✓	✓	✓	✓	✓
Does not have family relationship with Board of Commissioners, Board of Directors, and/or among members of Risk, Development, and GCG Committee	✓	✓	✓	✓	✓
Does not hold position as administrator of political party, state, and government	✓	✓	✓	✓	✓

**COMPETENCE DEVELOPMENT OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

The competence development of Risk, Development, and GCG Committee can be seen in Profile Chapter in Competence Development of Risk, Development, and GCG Committee Sub-chapter in this Annual Report.



**MEETING OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

**MEETING AGENDA OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

**Table of Meeting Agenda of Risk, Development, and GCG Committee**

No.	Meeting Date	Meeting Agenda	Meeting Participants
1.	2 March 2017	Discussion on PMO's role, function, and organization and corporate risk monitoring and evaluation: progress of building construction project implementation in 2017	<ul style="list-style-type: none"> <li>Heridadi</li> <li>Nizar Yamanie</li> <li>Judi Januadi Endjun</li> <li>Afrizal</li> </ul>
2.	30 March 2017	Discussion on progress of plasma product development and biosimilar and progress of vaccine development	<ul style="list-style-type: none"> <li>Heridadi</li> <li>Afrizal</li> </ul>
3.	27 April 2017	Discussion on progress of handling failure risk in developing HR	<ul style="list-style-type: none"> <li>Heridadi</li> <li>Afrizal</li> </ul>
4.	30 April 2017	Progress of handling failure risk in developing HR (03-ERM-2016 and 05-ERM-2016)	<ul style="list-style-type: none"> <li>Heridadi</li> <li>Afrizal</li> </ul>
5.	19 May 2017	Discussion on Monitoring and Evaluation of Corporate Risks: "Amendment to National and International Policies/Regulations"	<ul style="list-style-type: none"> <li>Heridadi</li> <li>Nizar Yamanie</li> <li>Afrizal</li> </ul>
6.	9 June 2017	Discussion on Handling 2017 Corporate Risk: Liquidity Risk and Investment Credit and the New Competitor of the Company's New Product	<ul style="list-style-type: none"> <li>Heridadi</li> <li>H. M. Subuh</li> <li>Afrizal</li> <li>Judi Januadi Endjun</li> </ul>
7.	25 July 2017	Discussion on Handling 2017 Corporate Risk: Risk of Bio Farma's product forgery and risk of negative news emerging on mainstream mass media	<ul style="list-style-type: none"> <li>Heridadi</li> <li>Afrizal</li> <li>Judi Januadi Endjun</li> </ul>
8.	28 August 2017	Discussion of Corporate Risk Handling of Unabsorbed Product Inventory and Risk Analysis on Jasinga Lease Land	<ul style="list-style-type: none"> <li>Heridadi</li> <li>H. M. Subuh</li> <li>Afrizal</li> <li>Judi Januadi Endjun</li> </ul>

No.	Meeting Date	Meeting Agenda	Meeting Participants
9.	21 November 2017	Discussion on Analysis of Investment Loan (KI) and Medium Term Notes (MTN) as Financing Facilities of PT Bio Farma (Persero)	<ul style="list-style-type: none"> <li>Heridadi</li> <li>H. M. Subuh</li> <li>Afrizal</li> <li>Judi Januadi Endjun</li> </ul>
10.	27 November 2017	Discussion on 2018 Corporate Risks preparation and monitoring and Evaluation of Corporate Risks Handling "MRP implementation does not meet the target"	<ul style="list-style-type: none"> <li>Heridadi</li> <li>Afrizal</li> <li>Judi Januadi Endjun</li> </ul>

**MEETING FREQUENCY AND ATTENDANCE LEVEL OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

**Table of Meeting Attendance of Risk, Development, and GCG Committee**

Name	Position	Total Meetings	Total Attendance in Meeting	Percentage (%)
Heridadi	Chairperson	10	10	100
Nizar Yamanie *	Vice Chairperson I	5	2	40
H. M. Subuh	Vice Chairperson II	10	3	30
Afrizal	Member	10	10	100
Judi Januadi Endjun	Member	10	6	60

Remarks:

\*: Term of office until May 2017.

**REMUNERATION OF RISK, DEVELOPMENT, AND GCG COMMITTEE**

Remuneration of the Risk, Development, and GCG Committee Member is internally established by the Board of Commissioners of Bio Farma and further stipulated in Board of Commissioners' Decree No. KEP-08/DK/BF/07/2017 on the Establishment of Remuneration for Members of Audit Committee and Risk, Development, and GCG Committee of PT Bio Farma (Persero) Tbk dated 10 July 2017.

Members of Risk, Development, and GCG Committee who are also members of Board of Commissioners are not provided with additional income aside from their income as Commissioners. Members of Risk, Development, and GCG Committee who are not members of Board of Commissioners receive monthly honorarium in which the amount is determined by Board of Commissioners' Decree according to laws and regulations provided that taxes will be borne by the Company and no additional income is allowed other than the said honorarium. All expenses incurred by the Risk, Development, and GCG Committee in carrying out its duties are at the Company's expense.

**Remuneration Establishment of Member of Risk, Development, and GCG Committee of PT Bio Farma (Persero)**

No	Type of Remuneration	Amount
1	Monthly honorarium of Member of Risk, Development, and GCG Committee	20% x salary of President Director
2	Allowances:	
	1. Allowance for Religious Holiday	1. None
	2. Allowance for Communication	2. None
	3. Allowance for Post-Employment	3. None
	4. Allowance for Clothing	4. None
3	Fasilitas - Fasilitas Kesehatan	Tidak ada
	4	Tantiem/Insentif Kinerja

## Remuneration of Risk, Development, and GCG Committee of 2017

In Rupiah

Salary per Year	Allowances per Year	Net Salary per Year	Tantem + Holiday Allowance	Total	Jumlah
	1	2	3 = 1 + 2	4	5 = 3 + 4
240,000,000.00	-	240,000,000.00	20,000,000.00	260,000,000.00	260,000,000.00
240,000,000.00	-	240,000,000.00	20,000,000.00	260,000,000.00	260,000,000.00
480,000,000.00	-	480,000,000.00	40,000,000.00	520,000,000.00	520,000,000.00

## ACHIEVEMENT OF KEY PERFORMANCE INDICATORS OF RISK, DEVELOPMENT, AND GCG COMMITTEE

No.	Activities	Target	Realization
1	Internal Meeting	5	0
2	Meeting with CPS Division and Directorate of Planning and Development	2	1
3	Meeting with CRM Division and Other related Divisions	11	10
4	Meeting with HR Division	2	0
5	Meeting with GCG and Independent Risk Management Consultant (if deemed necessary)	2	0

## BRIEF REPORT OF THE IMPLEMENTATION OF ACTIVITIES OF RISK, DEVELOPMENT, AND GCG COMMITTEE OF 2017

No.	Implementation	Agenda
1.	16-17 January 2017	2017 Plan of Action of PT Bio Farma (Persero) with the theme of Biotechnology Innovation for a Good Performance
2.	2 March 2017	a. Role, function, and organization of PMO b. Discussion on monitoring and evaluation of Corporate Risk on the progress of building construction project implementation in 2017
3.	30 March 2017	a. Discussion on the progress of blood product (plasma product) and biosimilar product development b. Discussion on progress of vaccine product development
4.	27 April 2017	Discussion on monitoring of the progress of failure risk handling in developing HR (03-ERM-2016 and 05-ERM-2016)
5.	19 May 2017	Discussion on monitoring and evaluation of risks handling on amendment to national and international policies/regulations
6.	9 June 2017	Discussion on risk handling of new competitors for new products and liquidity and investment loan risks
7.	25 July 2017	Interview preparation on GCG assessment of the Board of Commissioners
8.	25 July 2017	Meeting on RPG Committee and Counterpart Team of PT Bio Farma (Persero): - Discussion on Bio Farma's product forgery risk - Discussion on risks of negative news emerging on mainstream mass media
9.	28 August 2017	Meeting of RPG Committee and Counterpart Team of PT Bio Farma - Analysis of Jasinga land lease risk - Discussion on corporate risk handling on unabsorbed products
10.	21 November 2017	Discussion on Analysis of Investment Loan (KI) and Medium Term Notes (MTN) as the Financing Facilities of PT Bio Farma (Persero)
11.	27 November 2017	1. Discussion on preparation of 2018 corporate risk 2. Discussion on monitoring and evaluation of corporate risk handling on MRP implementation that does not meet the target

## NOMINATION AND REMUNERATION FUNCTION

Nomination and Remuneration Committee of PT Bio Farma (Persero) was established in 2011, according to Decree No. KEP-02/DK/BF/V/2011 dated 12 May 2011 on the Establishment of Nomination and Remuneration Committee of PT Bio Farma (Persero).

In 2012, the Nomination and Remuneration Committee of PT Bio Farma (Persero) was changed into Audit and Remuneration Committee and Risk & Nomination Committee based on KEP-02/DK/BF/V/2012 dated 20 January 2012 on the Appointment of Risk and Nomination Committee of PT Bio Farma (Persero) and No. KEP-10/DK/BF/XI/2012 dated 22 November 2012 on

Dismissal and Appointment of Chairperson and Vice Chairperson of Audit and Remuneration Committee.

As of 31 December 2017, PT Bio Farma (Persero) does not have Nomination and Remuneration Committee. Therefore, Bio Farma does not provide information on name, position, and brief curriculum vitae of member of the committee/nomination and/or remuneration function, independence of the committee/nomination and/or remuneration function, details of duties and responsibilities, description of implementation of activities of the committee/nomination and/or remuneration function, meeting frequency and attendance level of the committee/nomination and/or remuneration function, statement of availability of guidelines of committee/nomination and/or remuneration function, and policies on Board of Directors' succession.

## Audit and Remuneration Committee

Based on Decree No. KEP-10/DK/BF/IV/2013 dated 15 April 2013 in order to manage PT Bio Farma (Persero)'s business activities, aside from being efficient and effective, good planning and monitoring and control implementation is needed in assisting the duty of the Board of Commissioners. Therefore, it is necessary to establish an Audit Committee of PT Bio Farma.

To limit down the number of Committee, it is necessary to revoke Decree No. KEP-01/DK/BF/XI/2012 on the Appointment of Audit and Remuneration Committee and to revoke Decree No. KEP-10/DK/BF/XI/2012 on the Dismissal and Appointment of Chairperson and Vice Chairperson of Audit and Remuneration Committee.

Based on Decree No. KEP-10/DK/BF/IV/2013 dated 15 April 2013, Audit and Remuneration Committee was changed into Audit Committee.

## Risk and Nomination Committee

Based on Decree No. KEP-11/DK/BF/IV/2013 dated 15 April 2013 in order to manage PT Bio Farma (Persero)'s business activities, aside from being efficient and effective, good planning and monitoring and control implementation is needed in assisting the duty of the Board of Commissioners. Therefore, it is necessary to establish a Risk Committee of PT Bio Farma.

To limit down the number of Committee, it is necessary to revoke Decree No. KEP-01/DK/BF/XI/2012 on the Appointment of Risk and Nomination Committee and to revoke Decree No. KEP-11/DK/BF/XI/2012 on the Dismissal and Appointment of Chairperson and Vice Chairperson of Risk and Nomination Committee.

Based on Decree No. KEP-11/DK/BF/IV/2013 dated 15 April 2013, Risk and Nomination Committee was changed into Risk Committee.

In 2014, the naming of Risk Committee was changed into Risk, Development, and GCG Committee based on Board of Commissioners' Decree No. : KEP-02/DK/BF/I/2014 dated 15 January 2014.

## BOARD OF DIRECTORS' SUCCESSION POLICY

Based on the Regulation of Minister of SOE No. PER-03/MBU/02/2015 on the Requirements, Procedures of Appointment and Dismissal of Members of the Board of Directors of State-Owned Enterprise, the candidate of Board of Directors are from:

1. Board of Directors of SOE;
2. Board of Commissioners/Board of Supervisors of SOE;
3. SOE talents that are proposed through the Board of Commissioners, comprises:
  - a. An officer of one grade below Board of Directors or an officer with special achievement;
  - b. Board of Directors of SOE's subsidiary/SOE's joint venture company.
4. Talent of Ministry of SOE;
5. Other sources consisting of:
  - a. Other SOE officers, and
  - b. Other sources.

The potential candidate who will be established as candidate member of Board of Directors must meet the formal requirements and other requirements set out in PER-03/MBU/02/2015 as mentioned above and must pass the Fit and Proper test carried out by a professional institution. Potential candidate who will be proposed in the GMS is evaluated by a Team formed by Minister of SOE which involves the President Commissioner or Chairperson of Board of Commissioners' Nomination Committee.

Pursuant to the provisions of the Company's Articles of Association Article 17 paragraph 2, members of Board of Directors are appointed by the GMS, from candidates proposed by Shareholders after going through a candidacy process pursuant to the applicable laws and regulations and such candidacy is binding to the GMS.

The GMS may at anytime dismiss member of Board of Directors in the event that the member of the Board of Directors does not meet their obligations agreed in the management contract, cannot perform their duties well, violates the provisions of laws and regulations and/or Articles of Association, has been declared as a suspect or defendant in a case that causes the Company/ state to suffer loss, performs an action that violates norms and/or compliance that is supposed to be honored as member of the Company's Board of Director, and any other reasons deemed fit by the GMS, has been declared guilty under a court decision that is final and binding. Decision of such dismissal is taken after the related person is given an opportunity for self-defense.

Members of Board of Directors are entitled to resign from the position by notifying in writing on the intention to the Company.

Board of Commissioners determines the policy on selection and proposals of Board of Directors' candidate to the Shareholders in the 2016 Board Of Commissioners Charter of PT Bio Farma (Persero). In such charter, the following matters are regulated:

1. Board of Commissioners received talent pool result from Board of Directors periodically for employee of 1 (one) grade below the Board of Directors and Board of Directors of the subsidiary, among others in the forms of:
  - a. Curriculum Vitae;
  - b. Fit and proper test result from professional institution according to the provisions of Regulation of SOE Minister on Requirements and Procedures of Appointment and Dismissal of Member of Board of Directors of SOE.
2. Board of Commissioners reviews the policy and process of assessment and fit and proper test of the candidate member of Board of Directors, and review the submitted assessment result.
3. Board of Commissioners provides a written opinion on the candidate member of Board of Directors, anytime as requested by the Shareholders, including submission of fit and proper test result from a professional institution.
4. Appointment of the professional institution that will conduct fit and proper test is done by the Board of Commissioners, or by the Board of Directors in coordination with Board of Commissioners.

Policy regarding succession of Board of Directors is set out in Board of Directors' Decree of PT Bio Farma (Persero) Tbk No. 00488/DIR/II/2016 dated 9 February 2016 on the Sixth Amendment to Board of Directors' Decree of PT Bio Farma (Persero) No. 03940/DIR/VI/2007 dated 4 June 2007 on Employee's Career Plan System of of PT Bio Farma (Persero). Management succession is intended to prepare potential candidate of members of Board of Directors who are from the Company's internal party. Management succession is preceded by regeneration program with due observance of individual integrity, dedication, and competency. Board of Directors potential candidates who are from SOE's internal party may be considered to be appointed as Member of Board of Directors of the related SOE based on Fit and Proper Test performed by a Professional Institution appointed by the SOE or Ministry of SOE. Technical Deputy/Secretary of SOE Ministry may request for proposal or opinion from Board of Commissioners on the Potential Candidate for Members of Board of Directors from SOE's internal party.

## ORGANS AND COMMITTEES UNDER THE BOARD OF DIRECTORS

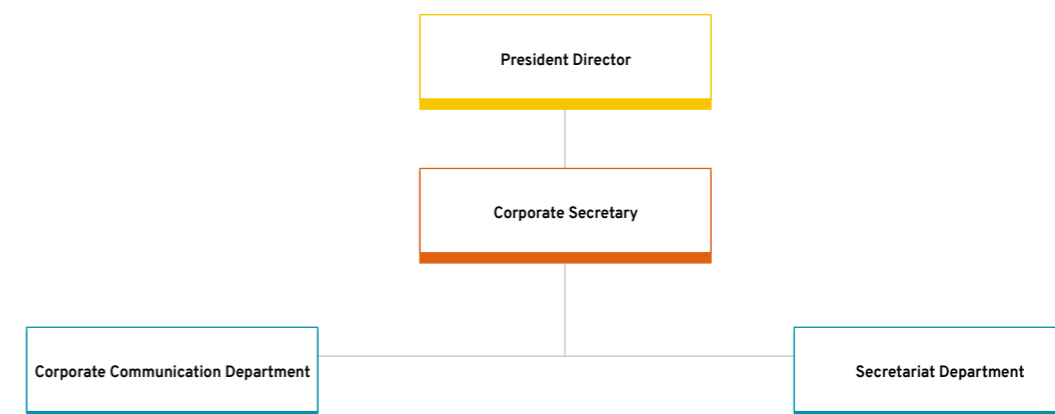
### CORPORATE SECRETARY

Corporate Secretary is a supporting organ of the Board of Directors which has an important role to ensure that the SOE complies with the regulations on disclosure requirements in line with the implementation of GCG principles, to provide information needed by the Board of Directors and Board of Commissioners/Board of Supervisors periodically and/or at any time when requested, to be a liaison officer, to administer and store Company's documents, minutes of Board of Directors' meetings, Board of Commissioners' meetings, and GMS.

### BASIS OF APPOINTMENT OF CORPORATE SECRETARY

Basis of appointment and dismissal as well as functions of Corporate Secretary of Bio Farma refers to Regulation of Minister of SOE No. PER-1/MBU/2011, Article 29 dated 1 August 2011 on the Implementation of Good Corporate Governance (GCG) in SOE as amended most recently by Regulation of Minister of SOE No. PER-09/MBU/2012 dated 6 July 2012 on Amendment to Regulation of Minister of SOE No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) in SOE.

### STRUCTURE OF CORPORATE SECRETARY



### FUNCTIONS AND DUTIES OF CORPORATE SECRETARY

Corporate Secretary has an important role in facilitating communication between the Company and all stakeholders. Corporate Secretary is also responsible for ensuring the Company's compliance with laws and regulations, as well as the transparency aspect of the Company.

Corporate Secretary acts as the Company's representative in dealing with Shareholders, is responsible for the administration of documents and minutes of meetings, the formulation of policies, planning and control of corporate communications in dealing with stakeholders, community, and internal parties.

1. Acting as the Company's representative and liaison officer between the Company and all stakeholders in communicating the Company's activities accurately and on time.
2. Directing all aspects of GMS implementation so that the GMS program can run smoothly.
3. Establishing strategy and implementation of corporate communication program for various domestic and international target audiences so that Bio Farma's reputation is well maintained.
4. Controlling the information delivery of the Company's performance and corporate actions to the interested parties.
5. Analyzing and overseeing the management of communication strategies to build corporate image based on key performance indicator.
6. Submitting the Company's Annual Report and Periodic Financial Statements to the Board of Directors and Board of Commissioners.
7. Coordinating the implementation of Board of Directors' meetings, joint meetings of Board of Directors and Board of Commissioners and the General Meeting of Shareholders, coordinating the note-taking of minutes of meetings, and controlling the secretariat administration of the Board of Directors.
8. Being the Management Representative for integrated management systems of ISO, OHSAS, ERM, and IFRS.
9. Coordinating, monitoring, and evaluating aspects of GCG, regulation with the Company's activity risk.

Regarding the task of evaluating GCG aspects, the Corporate Secretary provides advice and recommendations to the management in an effort to improve and complete the GCG policy tools such as Code of Conduct, GCG Policy, Guidelines for Implementation and Assessment of Good Internal Good Corporate Governance, Internal Charter Audit, and Audit Committee Charter.

To support the Company's vision to become a world-class vaccine manufacturer with global competitiveness, the Corporate Secretary holds the strategic task of representing the Company to be active in various international forums such as the World Health Organization (WHO), Organization of Islamic Conference (OIC), DCVMN, GAVI, and so on.

**PROFILE OF CORPORATE SECRETARY**



Indonesian citizen, domiciled in Bandung. Bambang Heriyanto, age 46 years old. Born in Cirebon in 1970. Obtained Bachelor of Pharmaceutical (1994) and Apothecary (1995) from Institut Teknologi Bandung (ITB) and Master of Management (2005). Started his career in Bio Farma as a Staff at Division of Purification & Diagnostics/ Reagensia (1997), Head of Sera & Diagnostics Production Department (2002), Head of Formulation & Filling Department (2003), Head of Tetanus Vaccine Production Department (2009), Head of Virus Vaccine Production Division (2012), Head of Compliance & Risk Management Division (2017-present).

Legal Basis of Appointment as Corporate Secretary is based on Board of Directors' Decree No. 0501/HC/TKK/VII/2017.

**COMPETENCE DEVELOPMENT PROGRAM FOR CORPORATE SECRETARY**

Throughout 2017, the Corporate Secretary of Bio Farma attended various competence development programs in the forms of training, workshop, conference, seminar, as seen in the following table:

Name	Competence Development/ Training Material	Time and Place	Type of Training and Organizer
Bambang Heriyanto	Transformation of Lifescience Business	16 January 2017, Bandung	Pricewater House Coopers
	Dissemination of Good Corporate Governance Assessment	02 February 2017, Bandung	Inhouse, BPKP Jawa Barat
	National Life Science Research Forum 2017	30 - 31 August 2017, Jakarta	Inhouse
	LHKPN Dissemination	05 December 2017, Bandung	Inhouse, KPK-RI

**INTERNAL AUDIT**

Bio Farma's Internal Audit in has developed its function to be Internal Control and Monitoring. This development aims at giving added value in improving the Company's performance by paying attention to the principles of Good Corporate Governance.

The Internal Audit provides assurance as well as independent and objective consultation with the purpose to increase value and improve the Company's operations through systematic approach by evaluating and improving the effectiveness of internal control system, risk management, and good corporate governance.

**ORGANIZATIONAL STRUCTURE AND HEAD OF INTERNAL AUDIT**



**POSITION OF INTERNAL AUDIT IN ORGANIZATIONAL STRUCTURE**

According to Board of Directors' Decree No. 04276/DIR/XI/2017 dated 17 November 2017 on the Organizational Structure of PT Bio Farma (Persero), the Internal Supervision & Control was changed into Internal Audit Unit (SPI).

Structurally, the Internal Audit Unit (SPI) is under the President Director and led by a Chairperson of Internal Audit Unit (Ka.SPI) that is in charge of the Internal Audit Department. Chairperson of SPI is appointed and dismissed by the President Director upon approval from the Board of Commissioners.

**PROFILE OF THE CHAIRPERSON OF INTERNAL AUDIT**



Indonesian citizen, domiciled in Bandung. Born in Tanjung Karang, on 10 September 1964. Gandjar Trisnasari obtained Bachelor of Pharmaceutical & Apothecary from Institut Teknologi Bandung in 1989 and Master of Operations Management from Universitas Padjadjaran in 2004.

Throughout his career in Bio Farma, he has hold various strategic positions, among others, as Head of Bacterial Vaccine Quality Testing Department (May 1995 - September 2001), Head of Tetanus Vaccine Production Department (September 2001 - December 2004), Head of Quality Assurance of Operations Department (December 2004 - September 2007). Head of Bacterial Vaccine Production Division (September 2007 - January 2015), Head of Pharmaceutical Production Division (January 2015 - July 2017), 2017 - present as Head of Internal Monitoring and Control of Bio Farma.

Appointed as Head of Bio Farma's Internal Audit Unit in July 2017, based on Board of Directors' Decree No. 0502/HC/TKK/VII/2017 and approval of the Board of Commissioners No. S-22/DK/BF/07/2017.

He also actively participated in various activities including being an examiner for Pharmacist exam activities held by the Pharmacy School (2013, 2014, 2016, & 2018), and as a speaker at the National Health Seminar organized by STIKES Paguwarnas, Cilacap (2016), 7th Annual World Vaccine Congress Singapore (2013), WHO PQ Implementation Socialization in Indonesia (2012), and Evaluation of the Development of Pre-Qualification program implementation in Indonesia (2012).

**PARTY APPOINTING AND DISMISSING THE CHAIRPERSON OF INTERNAL AUDIT**

Bio Farma established an Internal Audit called Internal Supervision (PI) led by a Chairperson of Internal Supervision who is appointed and dismissed by the President Director with the approval of the Board of Commissioners. Internal Supervision is an objective and independent supervisor, established to provide added value in improving the Company's performance by considering the principles of Good Corporate Governance.

**INTERNAL AUDIT CHARTER**

Internal Supervision Charter or Internal Audit Charter is a formal document that acknowledges the existence and commitment of the Leader on the function of an Internal Supervision Unit (PI) at PT Bio Farma (Persero). The Internal Audit Charter of PT Bio Farma (Persero) is the basis for carrying out the duties of the Internal Supervision auditor to be acknowledged by employees and other related parties, so that mutual understanding and good cooperation can be achieved in realizing the vision, mission, and purpose of PT Bio Farma (Persero).

**DUTIES AND RESPONSIBILITIES OF INTERNAL AUDIT**

Duties and Responsibilities of Internal Audit are

1. Preparing and implementing the Annual Supervision Work Program (PKPT) by using a risk-based approach (risk based auditing).
2. The Annual Supervision Work Program (PKPT) is submitted to the Board of Commissioners cq the Audit Committee to obtain consideration and suggestions.
3. The Annual Supervision Work Program (PKPT) that has been approved by the President Director is communicated to the Board of Commissioners cq the Audit Committee.
4. Examining and evaluating the implementation of internal control, risk management, and GCG in accordance with the Company policies.
5. Examining and assessing the efficiency and effectiveness of operations, finance, human resources, information technology, and other activities in the Company.

6. Providing recommendation for improvement and objective information on activities examined to the Management.
7. Preparing an audit result report and submitting it to the President Director and the Board of Commissioners cq the Audit Committee.
8. Discussing the audit result report and asking for the necessary input periodically, quarterly, or four times a year, together with the audit committee.
9. Monitoring the implementation of follow-up of recommended corrective actions, either from internal supervision or external supervision.
10. Preparing follow-up result report and submitting it to the President Director and the Board of Commissioners cq the Audit Committee, periodically, quarterly.
11. Performing consulting duties to improve the internal control system.
12. Performing special inspection if necessary.

#### AUTHORITY OF INTERNAL AUDIT

The President Director authorizes the Chairperson of the Internal Audit Unit to:

1. Access all information, documents, and records, to the Board of Directors and employees, to the location of Company's assets, to information systems, and to relevant systems and procedures regarding the Company that is related to the audit duties and functions.
2. Communicate directly with the Board of Directors, Board of Commissioners, Audit Committee, Risk Committee.
3. Conduct regular and incidental meetings with Board of Directors, Board of Commissioners, Audit Committee, Risk Committee
4. Coordinate when the Company is being audited by external auditor such as KAP or BPK.
5. Produce audit resources, determine the focus of audit scope and schedule.
6. Improve knowledge and skills in the audit field.
7. Obtain suggestion and advice from professional/experts.

#### COMPOSITION OF INTERNAL AUDIT PERSONNEL

No.	Name	Position
1.	Gandjar Trisnasari	Chairperson of SPI
2.	Amar Yuliar S.	Associate Expert
3.	Satia Permadi	Associate Expert
4.	Edi Iskandar	Associate Expert
5.	Sigit Prakosa	Associate Expert
6.	Johnny H. Gultom	Associate Expert
7.	Leni Lestari	Junior Expert
8.	Ai Sukarni	Junior Expert
9.	Emilina	Junior Expert
10.	Ahmad Agus R.	Junior Expert
11.	Dedi Mulyadi	Junior Expert
12.	Nuridin Wijaya	Junior Expert
13.	Dani Matias	Junior Expert
14.	Benny Emirald H.	Junior Expert
15.	Yanuar Rasyid	Staff

#### INTERNAL AUDIT PROFESSION CERTIFICATION

Certification of Qualified Internal Auditor (QIA) that has been Approved by Human Capital Division in 2017

No.	Name	Type of Training Stages					2017 Training Schedule				Total Stages	Description
		I	II	III	IV	V	Aug	Sep	Oct	Nov		
1.	Amar Yuliar S.	-	-	-	-	1	1	-	-	-	1	Managerial Level Training
2.	Johnny H. Gultom	-	-	-	-	1	-	1	-	-	1	

No.	Name	Type of Training Stages					2017 Training Schedule				Total Stages	Description
		I	II	III	IV	V	Aug	Sep	Oct	Nov		
3.	Nuridin Wijaya	1	0	-	-	-	-	-	1	-	1	Plan to attend Basic I & II Training Level
4.	Dani Matias	1	1	-	-	-	-	-	1	1	2	
5.	Emilina	-	-	-	-	1	-	-	1	-	1	

#### CODE OF ETHICS OF AUDITOR

1. Internal auditors must avoid matters that can cause conflict of interest.
2. Internal auditors are prohibited from engaging in activities that violate the law.
3. Internal auditors must be careful and prudent in using the information obtained from carrying out their duties.
4. Internal auditors must endeavor various efforts to always meet the Internal Audit Professional standards.
5. Internal auditors are prohibited from consciously engaging in actions or activities that can discredit the internal audit profession and discredit the organization.
6. Internal auditors must continually improve their competence by attending a tiered and continuous professional education.

#### COMPETENCE DEVELOPMENT OF INTERNAL AUDIT

Table of Competence Development of Internal Audit

No	Name	Type of Education/Training	Time	Place
1.	Gandjar Trisnasari	Auditor Talks "Re-Branding Internal Audit to Increase Effectiveness of Roles in the Company"	25 October 2017	Jakarta
		National Anti Fraud Conference 2017 "Value-Based Anti-Fraud Strategy"	05-08 November 2017	Yogyakarta
2.	Amar Yuliar S.	Internal Audit, Managerial Level	28 August - 7 September 2017	Jakarta
		Pension Planning Training (Financial Planning Training)	07-08 September 2017	Bandung
3.	Satia Permadi	Consolidated Financial Statements	31 July - 01 August 2017	Bandung
		National Anti Fraud Conference 2017 "Value-Based Anti-Fraud Strategy"	05-08 November 2017	Yogyakarta
4.	Edi Iskandar	Sharing Session Review Certification (AAPM Indonesian Chapter-Jakarta)	7 February 2017	Jakarta
		Information Technology Infrastructure Library V.3 Foundation	25-28 July 2017	Jakarta
5.	Sigit Prakosa	Professional Auditor Forum (PAF)	6 March 2017	Jakarta
		Continuing professional education	16-17 March 2017	Jakarta
		IAI International Seminar	29 March 2017	Jakarta
6.	Johnny H. Gultom	Activity Based Costing (ABC) Method	28-29 August 2017	Bandung
		ERP intensive	25-26 September 2017	Bandung
7.	Leni Lestari	Auditor Talk "Fraud in Procurement: Prevent, Detect & Correct"	05-06 December 2017	Jakarta
8.	Ai Sukarni	Pension Planning Training (Financial Planning Training)	07-08 September 2017	Bandung
		Balance Score Card	15-16 November 2017	Bandung
		Auditor Talk "Fraud in Procurement: Prevent, Detect & Correct"	05-06 December 2017	Jakarta
9.	Emilina	Balance Score Card	15-16 November 2017	Bandung
10.	Ahmad Agus R.	Consolidated Financial Statements	31 July-01 August 2017	Bandung
		Activity Based Costing (ABC) Method	28-29 August 2017	Bandung
		PSAK 71 and Implementation of Regulation of Minister of SOE No. PER-09/2013 & Circular of SOE No. 5-388/MBU/07/2017 on Hedging Transaction	28-29 November 2017	Bandung
		Training on Fraud of Procurement of Goods and Services (ACFE)	06-07 December 2017	Makassar
		Balance Score Card	13-14 December 2017	Bandung

No	Name	Type of Education/Training	Time	Place
11.	Dedi Mulyadi	<ul style="list-style-type: none"> <li>Balance Score Card</li> <li>Training on Fraud of Procurement of Goods and Services (ACFE)</li> </ul>	29-30 November 2017 06-07 December 2017	Bandung Makassar
12.	Nurdin Wijaya	<ul style="list-style-type: none"> <li>Legal Drafting Training</li> <li>Public Training on Interpretation of SOE KPKU Assessment</li> <li>Implementation of Whistleblower System in Corruption Countermeasures in SOE &amp; Regional-Owned Enterprise</li> <li>Internal Audit Training Level Basic I</li> <li>Balance Score Card</li> </ul>	10-12 July 2017 26-28 July 2017 28 September 2017 23 October-03 November 2017 29 November 2017	Jakarta Jakarta Surabaya Jakarta Bandung
13.	Dani Matias	<ul style="list-style-type: none"> <li>ERP intensive</li> <li>Implementation of Whistleblower System in Corruption Countermeasures in SOE &amp; Regional-Owned Enterprise</li> <li>Balance Score Card</li> </ul>	25-26 September 2017 28 September 2017 18-19 December 2017	Bandung Surabaya Bandung
14.	Benny Emerald H.	<ul style="list-style-type: none"> <li>PSAK 71 and Implementation of Regulation of Minister of SOE No. PER-09/2013 &amp; Circular of SOE No. 5-388/MBU/07/2017 on Hedging Transaction</li> </ul>	28-29 November 2017	Bandung
15.	Yanuar Rasyid	<ul style="list-style-type: none"> <li>Legal Drafting Training</li> </ul>	10-12 July 2017	Jakarta

**BRIEF REPORT OF THE INTERNAL AUDIT ACTIVITIES IN 2017**

**INTERNAL AUDIT WORK PROGRAM**

No.	PKPT Activities
1.	Operations Examination on Tax Department
2.	Operations Examination on Bacterial Vaccine Production Division (Tetanus Vaccine Production Department)
3.	Operations Examination on Asset Management & General Division
4.	Operations Examination on Human Capital Division (Performance Management Department)
5.	Operations Examination on Work Unit that has Important Role in Controlling Acceleration of Project Development
6.	Operations Examination on Information Technology Division and Production Planning & Inventory Management Division
7.	Operations Examination on Procurement Division (Purchase Support Department)
8.	Operations Examination on Research & Development Matrix
9.	Operations Examination on PPMP Division

**IMPLEMENTATION OF 2017 AUDIT ACTIVITIES**

No.	Audit Activities
1.	Operations Examination on Tax Department
2.	Operations Examination on Bacterial Vaccine Production Division (Tetanus Vaccine Production Department)
3.	Operations Examination on Asset Management & General Division
4.	Operations Examination on Human Capital Division (Performance Management Department)
5.	Operations Examination on Work Unit that has Important Role in Controlling Acceleration of Project Development
6.	Operations Examination on Information Technology Division and Production Planning & Inventory Management Division
7.	Operations Examination on Procurement Division (Purchase Support Department)
8.	Operations Examination on Research & Development Matrix
9.	Operations Examination on PPMP Division
10.	<ul style="list-style-type: none"> <li>Minutes of Cash Opname for Big Cash, Small Cash, and PKBL Cash as of 30 Dec 2016</li> <li>Report of Cash Opname Result as of 30 Dec 2016</li> <li>Report of PKBL Cash Opname Result as of 30 Dec 2016</li> <li>Minutes of Cash Opname for Big Cash, Small Cash as of 31 Mar 2017</li> <li>Minutes of PKBL Cash Opname as of 31 Mar 2017</li> <li>Report of Cash Opname Result as of 31 Mar 2017</li> <li>Report of PKBL Cash Opname Result as of 31 Mar 2017</li> <li>Minutes of Cash Opname for Big Cash, Small Cash, and PKBL Cash as of 31 Sep 2017</li> <li>Report of Cash Opname Result as of 31 Sep 2017</li> <li>Report of PKBL Cash Opname Result as of 31 Sep 2017</li> </ul>

No.	Audit Activities
11.	<ul style="list-style-type: none"> <li>Review Result of Royalty Calculation of Vaccines of Pentabio &amp; Flubio Phase 2 Year 2016</li> <li>Review Result of 2016 Sales Incentive Calculation</li> <li>Review Result of Royalty Calculation of Government Sector Sales of Pentabio for the 2016 period</li> <li>Review Result of Royalty Calculation of Flubio Vaccine for the period Apr 2016-Mar 2017</li> <li>Review Result of Royalty Calculation of Flubio &amp; Pentabio Jan-Jun 2017</li> <li>Review Result on Galenia Sharing Profit Calculation</li> </ul>
12.	<ul style="list-style-type: none"> <li>Minutes of Stock Opname of Inventory of 1/2-made Goods &amp; Raw Materials in Inventory Warehouse as of 30 Dec 2016</li> <li>Report of 2016 Stock Opname Result</li> <li>Minutes of Stock Opname Result of Goods in Department</li> </ul>
13.	<ul style="list-style-type: none"> <li>Non-PKPT Examination on Jasinga Land Operations (ST-010/PPI/VII/2017)</li> <li>Non-PKPT Examination of the Operations of Industrial Relations &amp; WLB Department</li> </ul>
14.	<ul style="list-style-type: none"> <li>Review Result on Request for Payment Plan of Employee Production Services of 2016 Phase I</li> <li>Review Result of Calculation of 2017 Official Clothing Money of Board of Directors and Board of Commissioners</li> <li>Review Result of Calculation of 2017 Employees' Official Clothing Money</li> <li>Review Result of Calculation for Payment Plan of Employee &amp; Contract Workers Production Services of 2016 Phase II</li> <li>Review Result on THR Payment Plan</li> <li>Review Result of Calculation of Employee &amp; Contract Worker Production Services of Final Phase</li> <li>Review Result of Calculation of Board of Directors' Salary Accumulation Jan-Jun 2017</li> <li>Review Result of Calculation of 2017 Employees Leave Money</li> <li>Review Result of Calculations of Rights' Substitution Money &amp; Severance Money for resigning Employee</li> <li>Review Result of Calculation of Salary Accumulation of Secretariat Staff of the Board of Commissioners</li> <li>Review Result of Calculation of TKK Phase 1</li> <li>Review Result of Calculation of TKK Phase 2</li> <li>Review Result of Calculation of Differences between Basic Salary &amp; City/Regency Minimum Wage (UMK) of Permanent Employees of Jan-Nov 2017</li> </ul>
15.	<ul style="list-style-type: none"> <li>Review of Draft of Decree on Determination of Authority for Approval and/or Signing of Payment Proof &amp; Bank Cash Receipt</li> <li>Review of Draft of Decree on Accounting Policy at BF</li> <li>Review of Draft of Decree on PKBL Policy</li> <li>Review of Draft of Decree on CSR Program</li> <li>Review of Draft of Decree on Procurement of Goods &amp; Services</li> <li>Review of Draft of Decree on Social Assistance</li> <li>Review of Draft of Decree on Employee's Career Transition Program</li> <li>Review of Draft of Decree on Career Management</li> </ul>
16.	<ul style="list-style-type: none"> <li>Review Result on SM/Proku: Marketing Division, Accounting Division, Human Capital Division, Asset Management Division</li> <li>Review Result on SM/Proku: Private Sector Sales Department, Logistics Division, Information Technology Division, CSR and PKBL Division, CPS Division, Institution Export Sales Division, Career Management Department</li> </ul>
17.	<ul style="list-style-type: none"> <li>Review Result of the Team's Proposal</li> </ul>
18.	<ul style="list-style-type: none"> <li>Managing facilities for exemption of import duties to the Higher Education and Customs related to R &amp; D machines</li> </ul>

**FINDINGS AND FOLLOW-UP TO AUDIT RESULTS**

No.	Findings	Follow-Up
1.	Independent Auditor's Report on Compliance with Laws and Regulations and Internal Control for the year ending on 31 December 2016 consists of 19 (nineteen) findings with 26 (twenty-six) recommendations	From 26 (twenty-six) recommendations, until 2017, 5 (five) recommendations are still stated in the process and 21 (twenty-one) recommendations are stated to have been followed-up.
2.	There are 8 (eight) findings including PKBL with 13 (thirteen) recommendations over KAP findings on the progress of the 2017 Phase I interim audit report (Transaction Testing Results and Internal Control)	Until the end of 2017, 7 (seven) recommendations were already followed-up and 6 (six) recommendations were being followed-up
3.	There are 13 (thirteen) findings with 17 (seventeen recommendations) over KAP findings on the progress of the 2017 Phase I interim audit report (IT Audit over MS Dynamics ERP Application)	Until the end of 2017, 12 (twelve) recommendations were already followed-up and 5 (five) recommendations were being followed-up.
4.	Based on Minutes of handover on 20 October 2016, the Indonesian Supreme Audit Agency (BPK) RI submitted LHP (Audit Result Report) with the Specific Purpose of the Procurement Activities, Inventory Management, Sales and Costs at PT Bio Farma (Persero) of 2014 and 2015 Fiscal Year to the President Director and President Commissioner, which contains 52 (fifty-two) recommendations.	Of the 52 (fifty-two) recommendations, there are 2 (two) remaining recommendations that have not been followed-up. As many as 50 (fifty) recommendations have been followed-up.
5.	There are 11 (eleven) recommendations submitted by the Indonesian Supreme Audit Agency (BPK) RI on an LHP (Audit Result Report) with Specific Objectives of the 2010 and 2011 Partnership & Environmental Development Programs as well as Costs related to Procurement of Avian Influenza Vaccine until 2011.	Of the 11 (eleven) recommendations submitted, all of them have been followed-up.
6.	Until 31 December 2017, SPI had produced 9 (nine) LHPs, 41 (forty-one) findings and 86 (eighty-six) recommendations.	Of 86 (eighty-six) recommendations, as many as 61 (sixty-one) have been followed-up and 25 (twenty-five) are still in the process of follow-up.

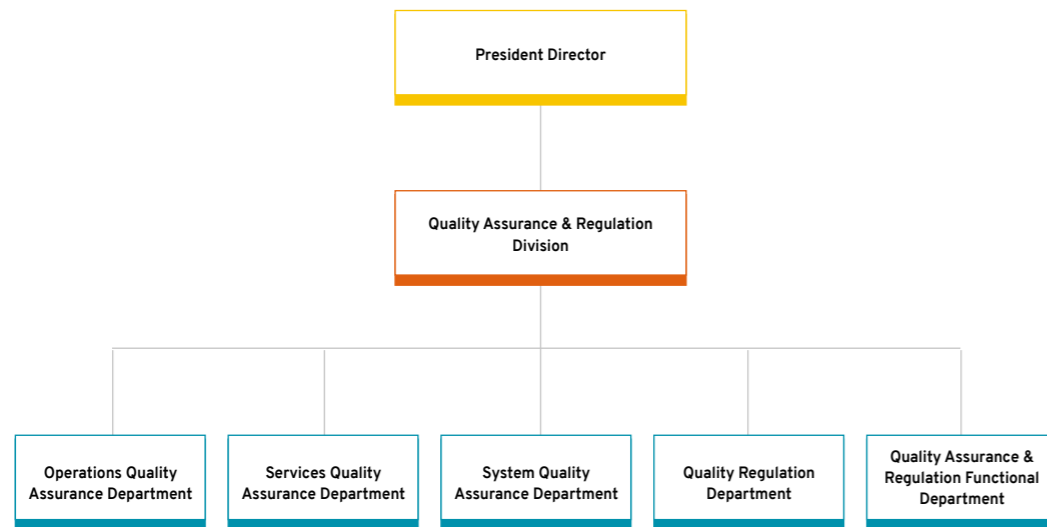
**PERFORMANCE EVALUATION OF INTERNAL AUDIT**

Based on the Data Analysis Report on the Achievement of SM-S10.2 Performance Indicator, Monitoring of 2017 Semester I Follow-up, the performance indicator was obtained from the grace period for submission of the Follow-Up Plan Sheet (LRTL) with an Introduction Letter to the auditee no later than 15 (fifteen) days from the date the Audit Result Report (LHP) is issued. Performance achievement is at least 90%. In 2017 Semester I, performance achievement was 100%. And based on the Data Analysis Report on the Achievement of SM-S10.2 Performance Indicator, Monitoring of 2017 Semester II Follow-Up, the performance achievement was 100%.

SPI's performance was assessed by KAP on 13 April 2015 and reported to the Quality Assessment Report of Internal Audit Unit (SPI) of PT Bio Farma (Persero). The main purpose of SPI assessment is to provide adequate and objective confidence that the SPI has met the standards of The Institute of Internal Auditors (The IIA) and to identify whether there are opportunities for quality improvement which therefore improve the effectiveness and efficiency of the internal audit process and provide added value to the Company. Based on the assessment results, the SPI function of PT Bio Farma (Persero) has partially conformed to the Standards, Code of Ethics, and definition of Internal Audit.

**QUALITY ASSURANCE AND REGULATION**

**ORGANIZATIONAL STRUCTURE OF QUALITY ASSURANCE AND REGULATION DIVISION**



**POSITION OF QUALITY ASSURANCE AND REGULATION IN THE ORGANIZATIONAL STRUCTURE**

Position of Quality Assurance and Regulation Division is under the President Director.

**DUTIES AND RESPONSIBILITIES OF QUALITY ASSURANCE AND REGULATION**

Ensure the quality assurance and status of product licenses through effective strategies, policies, and quality system procedures to support the creation of quality products in accordance with the requirements of Good Manufacturing Practices (CPOB) and other global requirements including the requirements of the World Health Organization (WHO). The responsibilities are as follows:

- a. Guaranteeing product quality in accordance with the latest CPOB requirements;
- b. Maintaining compliance with the latest CPOB requirements;
- c. Ensuring the availability and implementation of Policy and Standard Operating Procedures (SOP) for Quality Management Systems (QMS) in accordance with the applicable laws and regulations as well as requirements to support the smooth running of the Company's activities;
- d. Ensuring that the quality system audit implementation runs in accordance with the applicable provisions and ensuring that the audit findings have been followed-up;

- e. Ensuring regulatory maintenance over products, either Bio Farma's products marketed to the Government or to private parties (imported products or exported products) and other products marketed by Bio Farma in accordance with the applicable provisions in Indonesia and in the export destination countries;
- f. Ensuring effective, efficient, and accountable use of the budget

**COMPETENCE DEVELOPMENT OF QUALITY ASSURANCE AND REGULATION**

**Table of Competence Development of Quality Assurance and Regulation**

Name	Material for Development Competence/Training	Time and Place Implementation
Gandjar Trisnasari	Auditor Talks "Re-Branding Internal Audit to Increase Effectiveness of Roles in the Company"	25 October 2017, Jakarta
	National Anti Fraud Conference 2017 "Value-Based Anti-Fraud Strategy"	05-08 November 2017, Yogyakarta
Amar Yuliar S	Internal Audit, Managerial Level	28 August - 07 September 2017, Jakarta
	Pension Planning Training (Financial Planning Training)	07-08 September 2017, Bandung
Satia Permadi	Consolidated Financial Statements	31 July - 01 August 2017, Bandung
	National Anti Fraud Conference 2017 "Value-Based Anti-Fraud Strategy"	05-08 November 2017, Yogyakarta
Edi Iskandar	Sharing Session Review Certification (AAPM Indonesian Chapter-Jakarta)	07 February 2017, Jakarta
	Information Technology Infrastructure Library V.3 Foundation	25-28 July 2017, Jakarta
Sigit Prakosa	Professional Auditor Forum (PAF)	6 March 2017, Jakarta
	Continuing professional education	16-17 March 2017, Jakarta
	IAI International Seminar	29 March 2017, Jakarta
Johnny H. Gultom	Activity Based Costing (ABC) Method	28-29 August 2017, Bandung
	ERP intensive	25-26 September 2017, Bandung
Leni Lestari	Auditor Talk "Fraud in Procurement: Prevent, Detect & Correct"	05 - 06 December 2017, Jakarta
Ai Sukarni	Pension Planning Training (Financial Planning Training)	07 - 08 September 2017, Bandung
	Balance Score Card	15 - 16 November 2017, Bandung
	Auditor Talk "Fraud in Procurement: Prevent, Detect & Correct"	05 - 06 December 2017, Jakarta
Emillina	Balance Score Card	15 - 16 November 2017, Bandung
Ahmad Agus R	Consolidated Financial Statements	31 July - 01 August 2017, Bandung
	Activity Based Costing (ABC) Method	28-29 August 2017, Bandung
	PSAK 71 and Implementation of Regulation of Minister of SOE No. PER-09/2013 and SOE Circular No. 5-388/MBU/07/2017 on Hedging Transaction	28 - 29 November 2017, Bandung
Dedi Mulyadi	Training on Fraud of Procurement of Goods and Services (ACFE)	06 - 07 December 2017, Makassar
	Balance Score Card	13 - 14 December 2017, Bandung
	Balance Score Card	29 - 30 November 2017, Bandung
Nurdin Wijaya	Training on Fraud of Procurement of Goods and Services (ACFE)	06 - 07 December 2017, Makassar
	Legal Drafting Training	10 - 12 July 2017, Jakarta
	Public Training on Interpretation of SOE KPKU Assessment	26 - 28 July 2017, Jakarta
	Implementation of Whistleblower System in Corruption Countermeasures in SOE & Regional-Owned Enterprise	28 September 2017, Surabaya
	Internal Audit Training Level Basic I	23 October - 03 November 2017, Jakarta
	Balance Score Card	29 November 2017, Bandung

Name	Material for Development Competence/Training	Time and Place Implementation
Dani Matias	ERP intensive	25 - 26 September 2017, Bandung
	Implementation of Whistleblower System in Corruption Countermeasures in SOE & Regional-Owned Enterprise	28 September 2017, Surabaya
	Balance Score Card	18 - 19 December 2017, Bandung
Benny Emerald H	PSAK 71 and Implementation of Regulation of Minister of SOE No. PER-09/2013 and SOE Circular No. 5-388/MBU/07/2017 on Hedging Transaction	28 - 29 November 2017, Bandung
Yanuar Rasyid	Legal Drafting Training	10 - 12 July 2017, Jakarta

#### BRIEF REPORT OF ACTIVITY IMPLEMENTATION OF QUALITY ASSURANCE AND REGULATION IN 2017

No.	Activities
1.	Product passing
2.	Review of environmental monitoring (EM) data
3.	Review of Product's Statistical Analysis Report
4.	Review of Protocol and Stability Study Report
5.	Review of Raw Material and Media
6.	Product Quality Review (PQR)
7.	Control of quality document, environment, and OHS
8.	Self-Inspection (Internal QSHE Audit)
9.	External Auditor
10.	Vendor Qualification
11.	Validation of Aseptic Process
12.	Validation and Monitoring Cleaning
13.	Calibration of Equipment
14.	Qualification of Installation and Operations Equipment
15.	Validation of Equipment
16.	Validation of HEPA of Class Room and Equipment
17.	Validation of Software
18.	Qualification of Gowning
19.	Qualification of Visual Inspection Operator
20.	Qualification of Employees and Aseptic Operator
21.	Monkey Acceptance
22.	Monitoring the temperature of Coldroom and Freezer
23.	Validation of Process
24.	Validation of Testing
25.	QA/GMP Patrol
26.	Deviation Handling
27.	Customer Complaint Handling
28.	Change Control Management
29.	Quality Risk Management
30.	Mock Recall
31.	Water System Monitoring
32.	New Development Medicine
33.	Pre-Registration of Variation
34.	Registration of Variation
35.	New Pre-Registration
36.	New Registration
37.	Registration - Export Only
38.	Renewal

No.	Activities
39.	Other Requests
40.	Import Permit
41.	Tender
42.	Preparation of PQVAR

#### PUBLIC ACCOUNTANT

##### APPOINTMENT OF PUBLIC ACCOUNTANT

Appointment of Public Accountant Firm (KAP) to audit the Company's Financial Statements and Annual Report on the Implementation of Partnership and Community Development Program for 2017 Fiscal Year is set out in the Minutes of General Meeting of Shareholders (GMS) of PT Bio Farma (Persero) on the Approval of Annual Report and Validation of the Financial Statements of 2016 Fiscal Year No. RIS-02/RUPS/BF/V/2017 dated 10 May 2017.

In the GMS' Minutes, the Shareholders approved the re-appointment of the Public Accountant Firm (KAP) Djoemarma, Wahyudin & Rekan to audit the Company's Consolidated Financial Statements and the Partnership and Community Development Program (PKBL) Report of 2017 Fiscal Year.

##### PUBLIC ACCOUNTANT FIRM, ACCOUNTANT NAME, AND FEE FOR THE LAST 5 YEARS

Here is the list of Public Accountant Firm, accountant name, fee, and KAP license for the last 5 years.

Table of Public Accountant Firm, Accountant Name, Fee, and KAP License for the Last 5 Years

Year	Public Accountant Firm	Accountant's Name (Partner in charge)	Period	Audit Services Fee (in Million Rupiah)
2017	Djoemarma, Wahyudin & Rekan	Wahyudin Zarkasyi, CPA	4 years	Rp256,300,000
2016	Djoemarma, Wahyudin & Rekan	Djoemarma		Rp215,000,000
2015	Djoemarma, Wahyudin & Rekan	Djoemarma		Rp200,000,000
2014	Djoemarma, Wahyudin & Rekan	Djoemarma		Rp200,200,000
2013	Aryanto, Amir Jusuf, Mawar & Saptono	Aryanto, Amir Jusuf, Mawar & Saptono	1 year	Rp200,200,000

##### OTHER SERVICES PROVIDED BY THE ACCOUNTANT

There are no other services provided by the public accountant firm other than auditing the Company's Consolidated Financial Statements and the Partnership and Community Development Program (PKBL) Report of 2017 Fiscal Year.

### RISK MANAGEMENT

The Company's obligation to apply Risk Management is stated in the Regulation of Minister of State-Owned Enterprise No. PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises. Corporate Risk Management in Bio Farma is written in Bio Farma's Manual (MBF-01 and MBF-02).

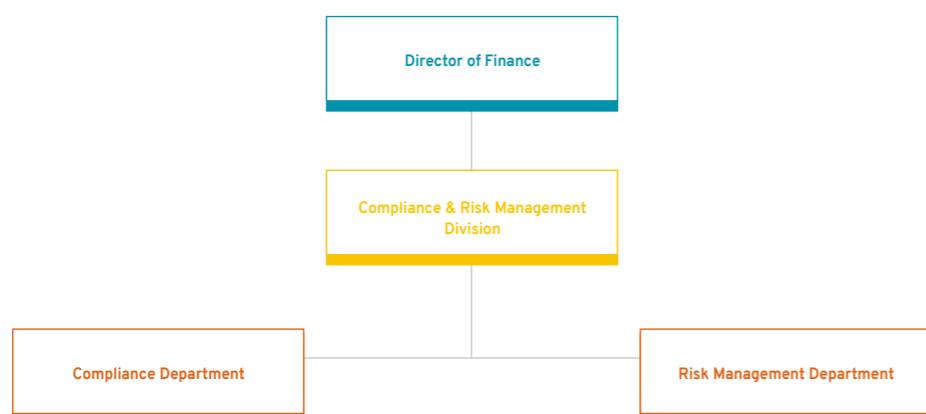
Corporate Risk Management is a measure to identify, analyze/evaluate, manage, and review the corporate risk effectively in order to achieve the objective of the Company that has been set, with risk impact as minimum as possible.

### BASIS OF RISK MANAGEMENT IMPLEMENTATION

Based on the existing laws and regulations and Regulation of State Minister of SOE RI No. PER-01/MBU/2011 Article 25, Bio Farma implements the following matters:

1. The Board of Directors in any decision-making/corporate action must consider business risks.
2. The Board of Directors must develop and implement an integrated corporate risk management program as a part of GCG program implementation.
3. The implementation of risk management program can be carried out by establishing a separate work unit under the Board of Directors; or assigning the available and relevant work unit to carry out the risk management function.

### RISK MANAGEMENT ORGANIZATIONAL STRUCTURE



### DUTIES AND RESPONSIBILITIES OF RISK MANAGEMENT DIVISION

Duties and Responsibilities of Head of Compliance & Risk Management Division are to ensure corporate governance and Company's compliance with the applicable regulations through planning, implementation, and monitoring of implementation of Governance, Risk and Compliance (GRC) in an integrated, consistent, and continuous manner in order to support the achievement of GCG and Company's vision based on procedures and regulations that apply nationally and internationally.

### COMPETENCE DEVELOPMENT OF RISK MANAGEMENT DIVISION

In order to improve competency and obtain risk management certification, the measure taken is attending training, workshop, and seminar either internally and externally.

Name	Position	Training/Workshop/Seminar Topic
Basuki Harjo	Head of Department	Project Risk Management
		Corporate Portfolio Risk Management "Risk Analysis, Modeling, and Optimization"
		Risk-Based Business Process Improvement
		ISO 31000-based ERM Practice
		Invitation on Responding to Risks Effectively with Key Risk Indicators
		Management of Legal Risk
		Enterprise Risk Management, Concept and Implementation
		Risk assessment technique of EC/ISO 31030
		Integrated Project Management, Manager Level
		IT Risk Management Optimizes The Hidden Value of IT Risk Management
Mudi Risandi	Head of Section	ISO 31000 International Risk Management Standard
		Governance Risk Compliance (GRC)
		Corporate Portfolio Risk Management "Risk Analysis, Modeling, and Optimization"
		Project Risk Management
		Business Continuity Management (BCM)
		Risk-Based Business Process Improvement
		ISO 31000 series 1: ERM fundamental
Global compliance for computer systems validation-mastering the balance of effectiveness and efficiency with risk and compliance		
Rian Dwi Oktavian	Staff	Project Risk Management
		Risk-Based Business Process Improvement

### RISK MANAGEMENT CERTIFICATION

Risk Management Certifications followed are:

Name	Position	Type of Certification
Basuki Harjo	Head of Department	ERMCP ISO 31000

### RISK MANAGEMENT SYSTEM

Bio Farma realizes that the course of the Company's operations is inseparable from various risks, either under or out of the Company's control. Therefore, risk must not be ignored and must be managed in an integral, optimal, and sustainable manner as an integral part of good governance practice. Managing risk is everyone's responsibility, therefore, every employee must recognize every risk related to the work and manage it pro-actively.

The Risk Management implementation in Bio Farma aims to improve the awareness of its impact from activities and business actions and/or external factors containing risk, to lower the potential of events that are deemed harmful that may occur at present or in the future, to improve shareholders' value, and to provide comprehensive overview to stakeholders and Company's management on the potential opportunity or loss so that decision maker and internal-policy maker can have data and information availability on the Company's performance to take more effective and efficient decisions.

Bio Farma continuously develops and improves the frame of risk management system and internal control structure that are integrated and comprehensive, that can provide information on risk potential early, and subsequently can take appropriate measures to minimize the risk impact. The risk management frame is written on the policy, procedure, authority, and other provisions, as well as various risk management tools prevail in all scope of business activities.

### RISK PROFILE AND ITS MANAGEMENT

In 2017, there were 8 (eight) corporate risks, comprises 6 (six) risks from routine activities and 2 (two) project risks. After determining the corporate-related risks and the strategic measures to be taken in handling such risks, the Compliance and Risk



Management Division, as the party in charge of corporate risk, will perform evaluation and monitoring on risk management activities implemented by every unit. Each Department Head of risk unit is responsible for every risk and its handling activity which in overall becomes a measurement on risk management implementation effectiveness in Bio Farma. The corporate risk details are as follow:

No	Type of Risks	Risks Faced	
1	Routine Activity Risk	1. Change on National and International Policy/Regulation	The recognition of product quality by the World Health Organization (WHO) holds a key role in the ease of Bio Farma's export product sales. Based on that, the Company will always follow the development of changes on national and international policy and prerequisites, especially regulation from WHO institution in order to avoid WHO delisting, as well as regulation changes that might occur in the Government.
		2. Resignation/transfer of Talented and Highly Potential Employees.	Employee is the most valuable asset in running the Company's business. Every company always needs and hires qualified employees, mainly Employees who have talent and high potentials. Many factors that cause qualified employee leaves the company. However, if the employee leaves the company with all competencies and knowledge they own, then it will cause negative impact to the Company's business performance.
		3. Unabsorbed Product Availability	The Company has routinely supply vaccine for immunization program needs both domestic and international through international and bilateral institution. Vaccine availability is adjusted with the forecast or product shipment plan from the consumer. In the event that the product is produced and ready-to-market, there is a risk that the product becomes unabsorbed by the market.
		4. Management Performance and Employee Not Achieving KPI Target.	Key Performance Indicator (KPI) Target that matches the Company's business and has been agreed in the Company's Work Plan and Budget (RKAP) between the Shareholders and Management will then be elaborated in the KPIs of Directorate, Division, and Department. If the realization does not match or below the KPI target's standard in RKAP, it will cause the risk of lowered Company's income.
		5. Bio Farma Product Counterfeiting	In 2016, there was a finding of fake vaccine distribution in Indonesia. Although further investigation result showed that there was no Bio Farma's vaccine that was being counterfeited, and only serum that was counterfeited, the Company still sees that there is a potential risk of vaccine counterfeiting. This counterfeiting case may re-occur in the future and this may cause the decrease of consumer's confidence level on Bio Farma's products both vaccine and serum which will eventually affect the Company's performance.

No	Type of Risks	Risks Faced	
2	Project Activity Risk	6. Emerging Negative News About the Company in Mainstream Mass Media.	Along with the changes, currently media does not only create news that is profitable in business and media is not only as ideological institution but also as business institution. Media also has principle to assess whether the news is broadcast-worthy and sales-worthy also assess whether the news has news value & selling value. With such changes, the Company needs to have special strategy and be more cautious on media trend, as it may cause negative news about the Company, both in mainstream mass media and online media.
		7. Delay in Building Construction Project Implementation	To improve capacity on production and capability, the Company has budgeted several building construction projects. With these construction projects, an anticipation is required upon the risk of the projects' implementation delay. The delay will cause the operational schedule or facility usage to delay and consequently the Company's revenue will also be delayed.
		8. MRP Implementation Does Not Meet Target	The availability of production goods and the precision of total inventory are several key factors that win the competition in the market. The availability of total production is highly affected by total raw/supporting material that must always be available according to needs, no stock out or over stock. For this objective, the Company has drafted Material Resources Planning (MRP) module that covers production area.  In regards to the implementation of Material Resources Planning (MRP) module, there is a potential risk of MRP implementation that does not meet the target or does not meet the schedule, and may hamper the Company's performance.

**RISK MANAGEMENT**

Bio Farma is committed to comply to other laws and regulations that prevails in implementing its activities and keep the efforts to always implement the compliance culture and ensure the implementation of compliance function, that includes actions of:

1. Achieving the implementation of compliance culture at every organizational level and business activities of the Company.
2. Managing the compliance risk faced by the Company.
3. Assuring the policy, provision, procedure, and business activities being implemented have met the prevailing laws and regulations, government regulations, and code of conduct.

**RISK MANAGEMENT CONCEPT**

The concept of Bio Farma's risk management is guided by Bio Farma's Manual: MBF-01 and MBF-02, Risk Management Guideline SM-S.20, and Standard Procedures/SOP: 235K-SIS-ERM, Enterprise Risk Management; 235K-SIS-ORM, Operational Risk Management; and 235K-SIS-KBS, Finance, Business, and Strategy.

**RISK MANAGEMENT COMPONENT**

Risk management system consists of 3 interrelated components, which are:

1. Risk management principles.  
Risk management principles are the foundation (basic rules) for the risk management framework development that are the pillars of risk management process implementation.
2. Framework in risk management
3. Risk management process  
Risk management process is the elaboration of risk management framework in order to ease the implementation of risk management principles, in corporate level, work unit level, and individual level.

**PURPOSE OF RISK MANAGEMENT**

1. Improve the awareness that all measures to achieve Company's goals and targets have risks, that every individual/work unit must be able to manage the risk according to their respective position and responsibility as part of integrated corporate risk management.
2. Improve the assurance on Company's goals and target achievement by:
  - a. Lowering the possibility level of occurrences that may hamper the business process.
  - b. Minimizing potential loss as an effect that may be caused by those occurrences.

**EFFORTS TO MANAGE RISKS**

Measures to manage risk can be performed by:

1. Implementing risk assessment to every business process target as written in the Company' Work Plan and Budget (RKAP), and establishing mitigation plan or risk management as written in the risk management follow up report.
2. Performing monitoring and evaluation to ensure that the existing risks are all managed well, such as by performing routine evaluation by the Compliance and Risk Management Division and performing risk-based audit approach by Monitoring & Internal Control (PPI) Division.

**MANAGEMENT OF COMPLIANCE RISK**

Compliance risk management is focused on the measure to improve the compliance culture on all business activities and on every level of the organization. Throughout 2017, the Compliance & Risk Management Division conducted activities as follows:

1. Continue the dissemination about the importance of function and role of compliance in Company's activities to drive the establishment of compliance culture.
2. Set the required measures for compliance to assure all policy, provision, system, and procedure as well as business activities performed have met the prevailing laws and regulations.
3. Monitor and maintain the Company's business activities in order not to deviate from the prevailing provisions to minimize the Company's compliance risk.
4. Perform prevention measure if necessary, so that the policy and/or decision taken by the Board of Directors does not deviate from the applicable laws and regulations.
5. Monitor and maintain the Company's compliance on all agreements and commitments made between the Company and other party.
6. Draft the summary of regulation, analyze the impact for the Company, and inform every regulation changes issued by the government to all relevant level of Board of Directors and Division/Function Head so that it eases the implementation of compliance function.
7. Implement risk assessment to every business process target as written in the Company's Work Plan and Budget (RKAP), and draft mitigation plan or risk management that is written in the Risk Management Follow-Up Report.
8. Perform monitoring and evaluation to ensure that the existing risks are well managed, such as routine evaluation by Risk, Development, and GCG Committee and perform risk-based audit approach by Internal Supervision (IP) Unit.

Bio Farma's ERM management consists of Risk Unit ERM and Corporate ERM. Risk Unit ERM is complied by all Risk Units according to the Standard Procedure/SOP 235K-SIS-ERM, which means every Risk Unit creates annual Risk Unit ERM Report, with report format as follows:

1. Chapter of Introduction, consists of the purpose and objective of ERM in every Risk Unit, such as to deep dive and understand all risks that exist in the Company comprehensively that the risk may be managed and controlled.
2. Chapter of Scope, consists of the Company's business process elaboration.
3. Table of Risk (Risk Register), explains the identification steps and risk measurement to decide the occurrence or risk that might occur/emerge, then calculate the probability value by using the method of Poisson, Binomial, Z-Score, Approximation, and impact by Value at Risk (VaR) method, Risk Status is set, Risk map is drafted whether it is in Quadrant I (Minor/Prevention), Quadrant II (Major/Catastrophic/Avoidance), Quadrant III (Insignificant/Acceptance), or Quadrant IV (Moderate/Mitigation).
4. Chapter of Discussion, consists of information about:
  - a. Total risks that have been successfully identified and stated to be included as Risk Unit's risk.
  - b. The Risk status that is sequenced from the highest score to the lowest score as the based of priority of risk management.
  - c. The risks that are included in the categories of Acceptance, Prevention, Mitigation, and/or Avoidance.
5. Conclusion, concludes the risks that will be or are included as corporate risk and actions that need to be performed to manage them.
6. Risk Management Follow-Up Report, a table that explains how to manage or mitigation steps on the risk that might occur, consists of:
  - a. Type of activities of risk management.
  - b. Estimation of risk management cost.
  - c. Risk management implementation time.
  - d. Person in charge (PIC)

While Corporate ERM is drafted by the Compliance & Risk Management Division by analyzing and recommending Risk Unit's ERM Report from all parts which then are subsequently submitted to the management (Board of Directors) to set total/volume of Corporate Risk Profile.

**FOLLOW-UP ON CORPORATE RISK MANAGEMENT**

After deciding the risks related to corporate and strategic measures to be taken in managing such risks, the Compliance & Risk Management Division as the party accountable to the corporate risk will perform the monitoring and evaluation of risk management activity carried out by each unit whereas respective Risk Unit's Department Head or project Team Head becomes the person-in-charge of every risk and the comprehensive management activity becomes the measurement of Risk Management implementation effectiveness in Bio Farma.

The below table describes the risk management activity of each corporate risk of PT Bio Farma (Persero) that will be performed in 2017.

Risk Management Activity of Each Corporate Risk of Bio Farma			
NO.	INCIDENT	RISK MANAGEMENT ACTIVITY	RISK OWNER
1.	Changes on National & International Policy/Regulation	<ul style="list-style-type: none"> <li>• The confirmation of implementation on QMS, cGMP as per company wide: among others are regulation review, document control, monitoring on qualification, validation, calibration, implementation of self-inspection, and vendor audit regularly based on risk analysis, regular GMP training. Regular discussion on quality system through internal meeting, QSHE meeting, MR meeting;</li> <li>• Active in national and international QMS &amp; cGMP forum, such as: meeting forum, socialization, training, workshop, conference, intensive communication with BPOM and WHO;</li> <li>• Confirmation on product development according to regulation demand, several are: product development design, qualification &amp; validation implementation;</li> <li>• Assistance and communication with GMP consultant;</li> <li>• Carry out sustainable improvement in maintaining Quality Management System (for example: refinement on SM and SOP);</li> <li>• Organize interface activity (face to face meeting) with customers regularly, such as: UNICEF and PAHO, in order to maintain trust and good relationship between customer and Bio Farma, as well as to obtain the latest information related to current and future vaccine needs, and latest regulations from global policy holder (WHO);</li> <li>• Intensive communication with customer (UNICER, PAHO) through email or teleconference;</li> <li>• Cooperate with internal Bio Farma in maintaining QMS to inform complaint related to QMS and inform regulation changes in export destination country;</li> <li>• Search for other consumer to reduce dependability of bulk sales to several consumers only and search for consumer that does not require PQ WHO;</li> <li>• Replace animal raw material with non-animal origin;</li> <li>• Study on optimization of inoculums preparation to replace the use of sheep's blood;</li> <li>• Casamino acid usage that is being used with halal-certified casamino acid;</li> <li>• Coordinate with QA and RA Division related to change registration process to BPOM;</li> <li>• Revise all relevant final production BPR;</li> <li>• New facility construction for measles 2 bulk production (modular)</li> <li>• Study and use xeno free medium for production such as the replacement of Fetal Bovine Serum usage with Fresh Freeze Human Plasma.</li> </ul>	<ul style="list-style-type: none"> <li>• QA Service</li> <li>• Institution Export Sales</li> <li>• Corporate Export Sales</li> <li>• Project Integrated Manager</li> <li>• OPV Production</li> <li>• Tetanus Vaccine Production</li> <li>• Diphtheria Vaccine Production</li> <li>• Pertussis Vaccine Production</li> <li>• Formulation and Filling of Vaccines and Solvents</li> <li>• sIPV</li> <li>• Measles Vaccine Production</li> </ul>



**Risk Management Activity of Each Corporate Risk of Bio Farma**

NO.	INCIDENT	RISK MANAGEMENT ACTIVITY	RISK OWNER
2.	Delay on Building Construction Project Implementation	<ul style="list-style-type: none"> <li>Update on building construction timeline;</li> <li>Coordinate with Budgeting Department, CPS, Procurement, planning consultant, MK consultant, contractor, and other related departments, and building consultant;</li> <li>Coordinate with Counterpart Team of building 43 construction;</li> <li>Plan and set the DTV facility final layout;</li> <li>DTV facility DeD making;</li> <li>MK selection and DeD Review;</li> <li>Construction bidding;</li> <li>DTV-TCV facility construction supervision.</li> </ul>	<ul style="list-style-type: none"> <li>Tetanus Vaccine Production</li> <li>Diphtheria Vaccine Production</li> <li>Packaging</li> <li>sIPV</li> <li>Chemical Physics Quality Assessment</li> </ul>
3.	Resignation/transfer of Talented and High Potential Employee from the Company	<ul style="list-style-type: none"> <li>The implementation of human capital management system that is based on competency and performance;</li> <li>Design and implementation of the integration of Human Capital Management system integration based on competency and performance by using information technology;</li> <li>Design and implementation of comprehensive retention program to "keep" the employee at the Company;</li> <li>Design and implementation of development programs that can provide opportunity for employee to develop themselves.</li> <li>Design and implementation of a sort of written agreement that may bind the Employee and Company in order to be mutually binding.</li> </ul>	Performance Management
4.	Unabsorbed product availability	<ul style="list-style-type: none"> <li>To be new bulk buyer;</li> <li>To inform the internal party about regulation changes in the buyer's country;</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Export Sales</li> <li>Institution Export Sales</li> </ul>

**Risk Management Activity of Each Corporate Risk of Bio Farma**

NO.	INCIDENT	RISK MANAGEMENT ACTIVITY	RISK OWNER
5.	The Performance of Management and Employee Not Achieving KPI Target	<ul style="list-style-type: none"> <li>The implementation of human capital management system that is based on competency and performance;</li> <li>Design and implementation of the integration of Human Capital Management system integration that is based on competency and performance by using information technology;</li> <li>Performing intensive monitoring and assistance for every cycle of Performance Management Systems, starting from planning, monitoring, and evaluating by using IT;</li> <li>Assuring the availability of strategic plan and company business that can be communicated to all work units.</li> </ul>	Performance Management
6.	Bio Farma Product Counterfeiting	<ul style="list-style-type: none"> <li>Coordinate in the matter of void stock of Serum with Departments of Distribution, PPIC, QA, and QC. This is conducted in order to avoid indication of counterfeited product due to product void;</li> <li>Search for alternative vendor for serum;</li> <li>ADS production development in Bio Farma</li> </ul>	<ul style="list-style-type: none"> <li>Private Sector Sales</li> <li>Corporate Export Sales</li> </ul>
7.	Emerging Negative News About the Company in Mainstream Mass Media.	<ul style="list-style-type: none"> <li>Preventing strategy, by:                             <ul style="list-style-type: none"> <li>Educating and socializing regularly to the media in the format of vaccine workshop for journalists, and</li> <li>Carrying out positive media relationship with media from various levels, starting from: media owner/publisher; editorial personnel (Editor in Chief, Editor, Journalist); commercial personnel (Adverse Event/AE Team, Marketing).</li> </ul> </li> <li>Protecting strategy, by:                             <ul style="list-style-type: none"> <li>Performing management strategy in normal period in the forms of: Press Conference, Media Gathering, Press Tour, Event, Corrections or Right to Correct, School of Vaccine for Journalist (media workshop);</li> <li>Carrying out management strategy in crisis period through brief press release, immediate response, competent source person, contactable PIC</li> </ul> </li> <li>Promoting strategy, by:                             <ul style="list-style-type: none"> <li>Carrying out media placement, commercial, advertorial, infoterial, TV Commercial;</li> <li>Support in form of event sponsorship performed by media in form of Company sharing/promotion.</li> </ul> </li> </ul>	Corporate Communications
8.	MRP implementation has not yet met the Targeted Time.	<ul style="list-style-type: none"> <li>The implementation of stock opname of both supply and direct items;</li> <li>Soft Live Software MRP;</li> <li>Go Live Software MRP</li> </ul>	<ul style="list-style-type: none"> <li>System Development</li> <li>Inventory Management</li> </ul>

**RISK MANAGEMENT POLICY MANAGER**

In risk management, Bio Farma has established a division that is in charge of the Compliance function under the Director of Finance, which is the Compliance & Risk Management Division that is assigned to manage compliance risk and to assure that the compliance implementation in Bio Farma's environment is according to the applicable laws and regulations.

**DISSEMINATION AND RISK MANAGEMENT CULTURE**

Risk Management Dissemination in Bio Farma is conducted regularly and sustainably. Dissemination and internalization are performed to improve the knowledge of Bio Farma's individuals to have awareness on the risk in doing their daily work activities, hence become Company's culture.

## EVALUATION OF RISK MANAGEMENT IMPLEMENTATION

Evaluation is conducted on the effectiveness of risk management system by measuring 8 (eight) elements of Key Risk Indicators as follows:

1. Awareness, measuring the awareness level of internal stakeholders, both on general risk and on risk management that is being implemented.
2. Reputation, measuring view and acceptance of internal stakeholders on Risk Management implementation.
3. Culture, measuring the extent to which the risk awareness culture has embedded and become the background of Risk management practice.
4. Expertise, measuring the internal stakeholders' level of competence in Risk Management sector in order to support the risk management implementation.
5. Trust, measuring the extent to which the internal stakeholders' level of trust on the Risk Management result.
6. Resources, measuring resources, specifically the Company's Human Resources that are available adequately in order to support the implementation of risk management.
7. Implementation, measuring the extent to which Risk Management is practiced and Company's risk management data/information base maintenance has been supported by information-technology based automation process.
8. Process, measuring the extent to which Risk Management practice has been well implemented with the base of a methodology referred by Risk Management best practice.

Based on the above measurement result, the Risk Management System in Bio Farma operates effectively and continues to be developed according to the roadmap. This may be evidenced as follows:

- Risk owner's awareness to perform self-risk assessment.
- The risk awareness culture is closely embedded to the risk owner. This is marked by the effort to study the risk in the Company's operational activity.
- The stakeholders in Risk Management is considered as sufficiently capable to study the risk effectively, such as the use of risk analysis in semi quantitative manner.
- Adequately available resources.

There are 1,126 (one thousand one hundred twenty-six) risks identified out of 91 (ninety-one) work units (Department) and projects that are divided into 26 (twenty-six) activities (Division), and then they are evaluated and measured based on the probability value and impact, hence, risk priority to be controlled may be obtained.

## INTERNAL CONTROL SYSTEM

Internal Control System is a monitoring process mechanism set by Bio Farma's management in an on going basis which design quality and implementation are affected by the Board of Commissioners, the Board of Directors, and all Bio Farma individuals, designed to provide reasonable assurance in order to:

1. Maintain and secure Company's assets.
2. Ensure the availability of accurate Financial Statements.
3. Improve compliance with the applicable laws and regulations.
4. Reduce impact on financial loss.
5. Avoid deviation including fraud.
6. Avoid violation on prudent aspect.
7. Improve organization effectiveness and improve operational efficiency.
8. Information reliability and truth.
9. Company's compliance on work plan policy, procedure, and laws and regulations.
10. Use resources economically and efficiently.
11. Achieve the objective and target of operation or program.
12. Drive the compliance on management policy.

## BOARD OF COMMISSIONERS

Perform supervisory and advisory duty related to the adequacy and fairness in preparing financial statements, and risk management assisted by Committees owned by the Board of Commissioners.

## BOARD OF DIRECTORS

Apply Company's policy and procedure consistently and meet the compliance with the applicable regulations. Some implementation are among others related to operational activity, risk management, strategic plan, task delegation, authority delegation, and adequate accounting policy.

## BIO FARMA PERSONNEL/EMPLOYEES

All Bio Farma employees are an integral part of internal control system and in the daily functional tasks they must study and understand the internal control system policy in the Company. Internal control becomes an integral part in the system and procedure of every activity in the work unit so that every deviation can be detected early and that corrective action can be taken by the relevant work unit.

Bio Farma has Internal Supervision (IP) which has the role in evaluating the sufficiency and effectiveness of internal control conducted by the Company's management. The Internal Supervision (IP) always performs Internal Supervision by conducting systematic approach in order to have GCG principles well implemented.

## GUIDELINES OF INTERNAL CONTROL SYSTEM IMPLEMENTATION IN BIO FARMA

Bio Farma has implemented supervision system and internal control as mandated in:

1. Regulation of Minister of SOE No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG) Article 26 as follows:
  - a. The Board of Directors establishes an effective internal control system to secure investments and assets.
  - b. Internal control system in Bio Farma includes matters as follows:
    - The internal control environment in Bio Farma that is conducted with discipline and structured consists of:
      - Integrity, ethical values, and competence of the employees.
      - Philosophy and management style.
      - The way in which the management takes in performing its authority and responsibilities.
      - Organizing and developing human resources » Concerns and directives provided by the Board of Directors.
    - Reviewing the business risk management (risk assessment), which means the process to identify, analyze, and assess the relevant risk management.
    - Control activities, which mean activities done in a control process of the Company's activities on every level and unit in the Company's organizational structure, among others, regarding authority, authorization, verification, reconciliation, assessment on work achievement, division of duties, and securities of the Company's assets.
    - Information and communication system, which means a process to present the report regarding operational and financial activities, as well as adherence and compliance with the provisions of laws and regulations.
    - Monitoring, which means an assessment process on the quality of internal control system, including the internal audit function at every level and unit in the Company's organizational structure, so that it can run optimally.
2. Regulation of Minister of SOE No. PER-01/MBU/2011 on the Implementation of Good Corporate Governance (GCG), Article 28 as follows:
  - a. Board of Directors organizing Internal Supervision (IP)
  - b. Internal Supervision (IP) is conducted, by:
    - Establishing Internal Supervision (IP) Unit; and
    - Drafting Internal Supervision (IP) Charter.
  - c. The Internal Supervision (IP) Unit is led by a chairperson who is appointed and discharged by President Director based on the Company's internal mechanism with the approval from Board of Commissioners/Board of Supervisors.
  - d. Internal Supervision (IP) functions are:
    - Evaluating the effectiveness of implementation of internal control, risk management, and corporate governance process, according to the Company's laws and regulations and policies;
    - Examining and assessing the efficiency and effectiveness in sectors of finance, operations, human resources, information technology, and other activities;
  - e. The Board of Directors must deliver the Internal Supervision (IP) function implementation report periodically to the Board of Commissioners/Board of Supervisors.
  - f. Board of Directors must maintain and evaluate the quality of Internal Supervision (IP) function in the Company.

To understand Bio Farma's compliance level in internal control that is applied by the work units, Bio Farma develops monitoring and control system regulated in Board of Directors' Decree No. 05097/DIR/VIII/2012 dated 27 August 2015 on Internal Control General Policies. The policy includes:

1. Improving discipline and structured internal control environment.
2. Reviewing and managing business risk, covering the process to identify, analyze, assess, and manage relevant business risks continuously.
3. Conducting control activities in every level and unit in the organizational structure, among others, regarding authority, authorization, verification, reconciliation, assessment on work achievement, task delegation, and Company's asset security.
4. Increasing and developing information and communication system covering process of preparing report regarding the operational and financial activities, as well as compliance with the prevailing provisions and regulations.
5. Monitoring, an assessment process on internal control system quality including the involvement of audit internal function on every level and organization structure unit of the Company.

The above activities are managed and proportionate with synergy across Departments by involving activities of Internal Supervision (IP), Compliance and Risk management Division, Information technology, Quality Assurance Division, and other related divisions.

**INTERNAL CONTROL SYSTEM**

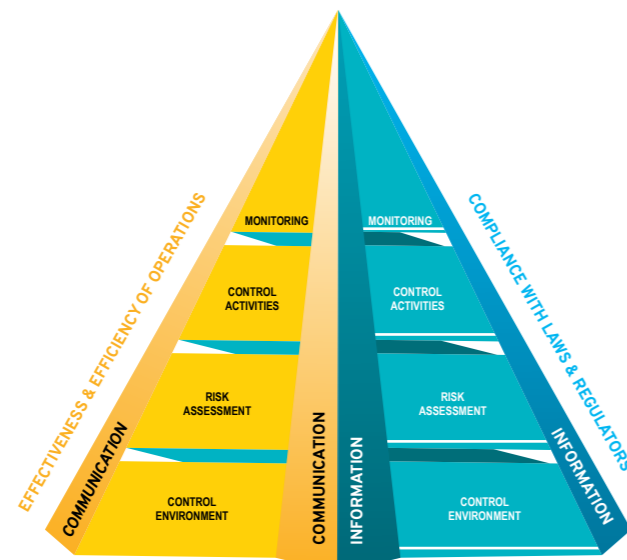
**FINANCE CONTROL**

The steps taken by Bio Farma for financial control are:

1. Drafting work plan that discuss overall Bio Farma's strategy including the direction of business development.
2. Investment control.
3. Cost allocation.
4. Monitoring RKAP in which its realization is stated in a report drafted periodically and discussed in Board of Directors' meeting when Board of Directors' follow-up is required.
5. Profit earnings to be obtained according to Company's plan.

**OPERATIONS CONTROL**

Steps taken by Bio Farma for Operations Control are to have the operational activity implemented effectively and efficiently.



1. Company's operations control uses standard operating procedure (SOP) that details out work procedure of every operational activity that is conducted by Bio Farma related to new product and activity including the related operational risk mitigation.
2. Decision rules that has been previously determined within relatively short-time period. The Company identifies operations and activities related to identified environment key aspects along with policy, objective, and target.
3. Bio Farma drafts good Company's organizational structure, equipped with supervision/control Division that can support operations control.

Bio Farma's control system involves all Bio Farma's individuals including Board of Commissioners and Board of Directors. Control activity must be planned ahead before being implemented in order to control the risk that affect the performance or cause Bio Farma's loss. Control activity also covers the establishment of policies and procedures of control, as well as early verification process to ensure that such policies and procedures are consistently adhered to and constitute as an inseparable part of Bio Farma's daily functions or activities. Control activity is implemented at all functional levels according to Company's organizational structure.

**REVIEW CONDUCTED BY BIO FARMA IN IMPROVING INTERNAL CONTROL SYSTEM MANAGEMENT REVIEW (TOP LEVEL REVIEWS)**

Bio Farma's Board of Directors periodically requests for information and operational performance report from the executive officer and employees to enable them to review the progress (realization) against the targets to be achieved, such as the financial statements compared to the pre-determined budget plan. Based on the review, the Board of Directors immediately detects problems such as control weaknesses, financial statements errors, or other fraud.

**OPERATIONAL PERFORMANCE REVIEW (FUNCTIONAL REVIEW)**

This review is performed by Internal Supervision (IP) Division with higher frequency, either daily, weekly, or monthly review.

1. Conduct review on risk assessment (risk profile report) that is produced by Compliance and Risk Management Division, Division of GCG and ERM.
2. Analyze operational data, both risk related data and financial data, that verifies details and transaction activities compared to output (report) produced by Compliance & Risk Management Division, GCG & ERM Division.
3. Review the realization of work plan and budget implementation in order to:
  - a. Identify the cause of significant deviations.
  - b. Establish requirements for corrective actions.

**INTERNAL CONTROL REVIEW**

Control review starts from control environment through:

1. Company cultures of PITIC (Professional, Integrity, Teamwork, Innovation, Customer Oriented) and GCG (Good Corporate Governance) through Code of Conduct pocket book that have been disseminated and distributed to the Board of Commissioners, Committees, Board of Directors, all Bio Farma individuals, and the signing of Integrity Pact, hence, Bio Farma's control environment is already in accordance with COSO frame.
2. Risk management, which means a risk mapped and mitigated.
3. Monitoring through internal audit conducted by Internal Supervision (IP) & Quality Assurance based on risk (risk-based audit)

**CONTROL OF INFORMATION AND TECHNOLOGY SYSTEM**

1. Bio Farma verifies the accuracy and completeness of the activity and performs the authorization procedure, in accordance with the internal requirements.
2. Information system control activities can be classified into two criteria, which are general control and application control.
  - a. General control includes control on data center operation, procurement system, and software maintenance, security access, as well as development and maintenance of the existing application systems. This general control is applied to mainframe, server, and user workstation, as well as internal-external network.
  - b. Application control is applied to programs used by Bio Farma in processing transactions and ensuring that all transactions are true, accurate, and properly authorized. In addition, application control must be able to ensure effective audit process and to check the accuracy of the related audit process.

**PHYSICAL ASSET CONTROL (PHYSICAL CONTROL)**

1. Physical asset control is performed to ensure physical security of Bio Farma assets.
2. These activities include securing assets, records, and limited access to computer programs and data files, as well as comparing Bio Farma's assets and liabilities value to the values stated in the control records, particularly periodic check of assets value.

## DOCUMENTATION

1. Bio Farma must at least formalize and document its policies, procedures, systems, and accounting standards, as well as audit process adequately.
2. The document must be updated periodically in order to describe Bio Farma's operational activity in actual manner, and is informed to officials and employees.
3. Upon a request, document must always be available for the purpose of internal auditors and public accountants.
4. Accuracy and availability of the document must be assessed by internal auditors when conducting routine and non-routine audits.

## CONFORMITY WITH COSO

Internal Control conducted by Bio Farma has met the COSO internal control frame that consists of 5 (five) components, which are:

1. Control Environment
  - a. Through PITIC (Professional, Integrity, Teamwork, Innovation, Customer Oriented) Company culture.
  - b. GCG (Good Corporate Governance) implementation through Code of Conduct pocket book that has been disseminated and distributed to Board of Commissioners, Committees, Board of Directors, all Bio Farma individuals.
  - c. Signing of Integrity Pact
  - d. Employee competency, organization and development of human resources.
  - e. Attention and direction conducted by Board of Directors to become Bio Farma's control environment.
2. Risk Assessment  
In Bio Farma, GCG & ERM Department, Compliance & Risk Management (CRM) Division that studies and manages business risk, which are identifying, analyzing, and evaluating, assessing and managing relevant business risk.
3. Control Procedure  
Actions conducted in a control process towards Company's activities in every level and work unit in the Company's organizational structure that have been applied by Bio Farma related to control activity:
  - a. Appropriate authority use to conduct an activity.
  - b. Delegation of duties and responsibilities for relevant activity.
  - c. Separation of operational function and storage of accounting function (recording).
  - d. Drafting and usage of adequate document and records. Annual Audited Financial Statements documentation and record already have physical control conducted upon asset and records, as well as independent performance assessment by Internal Audit and External Audit (Public Accountant Firm/KAP, Audit Board/BPK, State Development Audit Board/BPKP).
4. Information and Communication  
Information and communication are key elements of the Company's internal control. Information on control environment, risk assessment, control and monitoring procedure required by management, operational guidelines and assurance of the compliance with legal reporting and prevailing regulations in the Company. Information and communication control that have been conducted by Bio Farma: Conducted through Work Meeting, Coordination Meeting, dissemination, mail moderator, Company's website, Bio Farma's portal, biolibrary, and other media.
5. Monitoring  
Conducted through performance check by Technical Coach, Internal Audit by Divisions of Internal Supervision (IP) & Quality Assurance and External Audit (BPK, BPKP, KAP).

## EVALUATION OF INTERNAL CONTROL SYSTEM IMPLEMENTATION

Review and evaluation on the effectiveness of Bio Farma's internal control system are conducted on entity and operational levels. Review and evaluation on the effectiveness of Internal Control System are conducted periodically by Internal and External Auditor according to the the prevailing audit procedure. Internal Supervision (IP) Division performs review and evaluation in audited Sections set in PKPT. While as per entity, review and evaluation are conducted by External Auditor, which is Public Accountant Firm (KAP) during general audit of every end of fiscal year. Audit result on the effectiveness of internal control system is written in the Independent Auditor Report on the Compliance with Laws and Regulations and Internal Control.

In order to maintain and improve the effectiveness of supervision system and internal control, the Company conducts review and evaluation of internal control system periodically. The objectives of Review and Evaluation of Internal Control System are:

1. Providing confidence to the Board of Directors in providing assertion on the effectiveness of internal control and subsequently providing assurance to other stakeholders that internal control system implementation is adequate in achieving the expected

objectives, which are compliance with the prevailing laws and regulations, the availability of financial and management information that is proper, complete, and in a timely manner, as well as the efficiency/effectiveness of the Company's business activity.

2. Providing recommendation to the Board of Directors related to the improvement on implementation of Company's internal control system in the future (areas of improvement).

Measures taken by Bio Farma in order to assure the implementation of effective monitoring activities are:

1. Assuring that monitoring function has been set clearly and well structured in the Company.
2. Setting work unit assigned to monitor internal control effectiveness.
3. Setting the right frequency for monitoring activity based on risk embedded to Bio Farma and nature/frequency of change that occur in operational activity.
4. Integrating Internal Supervision into operational activities and providing routine reports, such as bookkeeping journal, management review, and report on approval on exception/deviation from policy and procedure that has been set (justification upon irregularities) which is subsequently reviewed.
5. Conducting a review on documentation and evaluation result from work unit assigned to monitor.
6. Setting information/feedback in the right format and frequency.

## PROVISION OF FUNDS FOR SOCIAL AND/OR POLITICAL ACTIVITIES

Provision of fund for social and/or political activities at Bio Farma is regulated under Joint Decree of the Board of Commissioners and Board of Directors No. KEP-05/DK/BF/II/2013; No. 01024/DIR/II/2013 dated 22 February 2013 on Code of Conduct of PT Bio Farma (Persero).

In the Code of Conduct, the following matters are regulated:

1. The company allows the expenditure of funds for the community in the form of donations for social/charitable purposes within the limits of propriety as a form of the Company's commitment and concern in improving the community's welfare and advancement.
2. For political activities, all Bio Farma's individuals:
  - a. Do not use the Company's name, assets, and potential for certain political purposes.
  - b. Do not act on behalf of the Company or contribute or give charity on behalf of the Company to any political party whatsoever.
  - c. Do not make any understanding, engagement, statements either directly or indirectly that can indicate that the Company has an attachment to any political party.

- d. Do not carry out political activities either directly or indirectly within the Company's environment.
- e. In the event that a person occupies a position as an administrator of a political party, candidate member of legislature and/or member of legislature, then the related person must submit a resignation letter to the Company.
- f. It is prohibited to use attributes of political party or social community organizations that are affiliated with political party within the Company's work environment.

Provision of fund for social activities that were carried out during 2017 can be seen in the Corporate Social Responsibility Chapter in this Annual Report.

## SIGNIFICANT CASES

### SIGNIFICANT CASES FACED BY THE COMPANY, SUBSIDIARY, AND MEMBERS OF THE BOARD OF COMMISSIONERS AND MEMBERS OF THE BOARD OF DIRECTORS WHO SERVED DURING THE ANNUAL REPORT PERIOD

Until 31 December 2017, there were no significant cases being faced by the Company, subsidiary, members of the Board of Directors, and/or members of the Board of Commissioners who served during the annual report period, either civil or criminal cases. There is no impact on the Company's financial and operational conditions. Thus, Bio Farma does not provide information on the subject matter/claim, the settlement status of the case/lawsuit.

This shows the adherence and compliance of the members of the Board of Directors and members of the Board of Commissioners to all regulations relating to the management of the Company as well as the management's commitment to uphold the principles of Good Corporate Governance.

## ADMINISTRATIVE SANCTION

During 2017, there were no administrative sanctions to Bio Farma, whether imposed to the Company, members of the Board of Commissioners, and Board of Directors, by the relevant authorities (banking and others) in the last fiscal year (or there is a statement that no administrative sanctions were imposed).

## TRANSACTIONS CONTAINING CONFLICT OF INTEREST

Throughout 2017, there was no transaction containing conflict of interest that may harm Bio Farma.



**ACCESS TO COMPANY'S INFORMATION AND DATA**

Bio Farma provides information to the stakeholders that enables the stakeholders to use their rights. Bio Farma's information dissemination, among others, is done through the following media.

Corporate Communication  
 Jl. Pasteur No. 28, Bandung 40161, Indonesia.  
 Tel.: +62 22-2033755 (37412)  
 Fax: +62 22 - 2041306  
 Contact Center (WhatsApp): 082121511511  
 Email: corcom@biofarma.co.id  
 Website: www.biofarma.co.id  
 Twitter: @biofarmaid  
 Instagram: @biofarmaid  
 Youtube: @biofarmaid  
 Facebook: biofarmaid

**PRESS CONFERENCE**

No.	Press Release Title	Date	Category
1.	Bio Farma held Health Dissemination at Islamic Boarding School	25-Jan-16	Corporate
2.	Bio Farma took part of PIN 2016	26-Jan-16	Corporate
3.	2/3 of world's polio vaccine needs are fulfilled by Bio Farma	2-Mar-16	Corporate
4.	Declaration of POLIO PIN of West Java at Bio Farma	08-Mar-16	Corporate
5.	Bio Farma's Laboratory achieved Accreditation	11-Mar-16	Corporate
6.	Bio Farma held Customer Gathering of Microbiology Laboratory	17-Mar-16	Corporate
7.	Saudi Arabia uses Indonesian vaccine	18-Mar-16	Corporate
8.	Bio Farma distributed CSR fund for West Java	19-Mar-16	CSR
9.	17 Ambassadors visited Bio Farma	20-Mar-16	Corporate
10.	Bio Farma achieved Taxpayer Award	4-Apr-16	Corporate

No.	Press Release Title	Date	Category
11.	Bio Farma invited Media to visit Vaccine Cold Chain System in Mataram	10-Apr-16	Corporate
12.	Bio Farma signed the Integrity Pact (Photo News)	24-Apr-16	Corporate
13.	Bio Farma assisted in Increasing MSME Productivity	11-May-16	CSR
14.	Bio Farma Achieved The Best IGA Award 2016	24-May-16	Corporate
15.	Bio Farma Spread Happiness to 1,126 Orphans and Held Safari Ramadan 1437 H	21-Jun-16	Corporate
16.	Bio Farma Clarified the Findings of Fake Vaccine	23-Jun-16	Corporate
17.	Bio Farma Participated in SOE Presence for the Country	27-Jun-16	Corporate
18.	Bio Farma's Explanation related to the Fake Vaccine	30-Jun-16	Corporate
19.	Re-Vaccination by Using Global-Quality Products	18-Jul-16	Corporate
20.	Getting to Know the Advanced Vaccine Production and Testing Process at Bio Farma	18-Jul-16	Corporate
21.	Bio Farma invited National Media to Visit the Vaccine Production Process Facility	19-Jul-16	Corporate
22.	Bio Farma's Explanation related to the Fake Vaccine	21-Jul-16	Corporate
23.	National Agency of Drug and Food Control (BPOM) Guarantees Quality Vaccines to Support the National Immunization Program	24-Jul-16	Corporate
24.	20 students of High-School & Vocational High-School are Ready to Attend "2016 Getting to Know Nusantara School" in North Sulawesi	24-Jul-16	Corporate
25.	Five SOE in West Java sent 20 Highly-Achieved Students of West Java to North Sulawesi	24-Jul-16	Corporate
26.	Bio Farma achieved Child Protection Award from KPAI	28-Jul-16	Corporate
27.	Five SOE in West Java are Present for West Java's Community	16-Aug-16	Corporate
28.	Release of 5 SOE in West Java Give Aid for Veterans' Home Remodeling	18-Aug-16	Corporate
29.	Through the Life Science Research Forum, Independent Biopharmaceuticals that are Affordable by the Indonesian People is here	23-Aug-16	Corporate
30.	Bio Farma Collects Synergy Between Elements from all over Indonesia to Create National Independence in Life Science Field	24-Aug-16	Corporate
31.	Bio Farma plays an active role in asset repatriation and dissemination of Tax Amnesty to Employees	2-Sep-16	Corporate
32.	The Mayor of Cimahi Inaugurates the Vaccination Park	10-Sep-16	Corporate
33.	NPAD - SOE Center of Excellence (BCE) Holds Pentahelix Seminar for the Independence of Pharmaceutical Raw Materials	16-Sep-16	Corporate
34.	Bio Farma Assists Garut Residents who are Victims of Flash Flood and Provides Free Health Services	23-Sep-16	Corporate
35.	Bio Farma-Indonesia promotes the CSR activities in Developing Geopark at the UNESCO Conference on Global Geopark in England	26-Sep-16	Corporate
36.	Continuously Consistent, Bio Farma Promotes the Role of SOE in Ciletuh Development at the UNESCO Geopark Conference in the UK	26-Sep-16	Corporate
37.	Apply Information Disclosure, Bio Farma Wins 2015 Annual Report Award	27-Sep-16	Corporate
38.	UNESCO Geopark Conference in Britain Raises Issues of Geological Conservation, Health and Welfare	28-Sep-16	Corporate
39.	Ministry of Religion Validates Hilal Monitoring	04/10/2016	Corporate
40.	Release: Bio Farma Supplies HPV Vaccine to DKI	06/10/2016	Corporate
41.	Commission V, Banten Regional House of Representatives (DPRD), Visits Bio Farma	01/11/2016	Corporate
42.	Bio Farma - Indonesia is trusted to host Vaccine training for Islamic Countries	04/11/2016	Corporate
43.	Cases Continue to Rise, Consortium Pursues Independence of Dengue Vaccine	09/11/2016	Corporate
44.	Management of Vaccine Waste is an Important Issue in Islamic Countries	09/11/2016	Corporate
45.	Acceleration of Vaccine Research with New Technology Platform Shopping	09/11/2016	Corporate
46.	Bio Farma, a Vaccine Producer SOE, is trusted by OKI to Host the Vaccine Production Training Program for Islamic Countries	11/11/2016	Corporate
47.	Bio Farma is trusted to Host the Vaccine Production Workshop for Islamic Countries	11/11/2016	Corporate
48.	Strategic vaccine products for the present and future	14-Nov-16	Corporate
49.	Indonesia is Driven to Become the Center of Excellence for Vaccine Products in Islamic Countries	16-Nov-16	Corporate
50.	Release of OIC_ Vaccine Manufacturer Targets Acceleration of Cooperation in Halal Product Research Centers	17-Nov-16	Corporate
51.	Release_Bio Farma participated in the Exhibition in Algeria	29-Nov-16	Corporate
52.	Bio Farma Signs MoU for the Expansion of the Ciletuh-Pelabuhanratu National Geopark	02/12/2016	Corporate
53.	Bio Farma Reaches the Gold PROPER for the Third Time	08/12/2016	Corporate
54.	Bio Farma Wins the Best Champion in the 2016 Sustainability Report	15/12/2016	Corporate



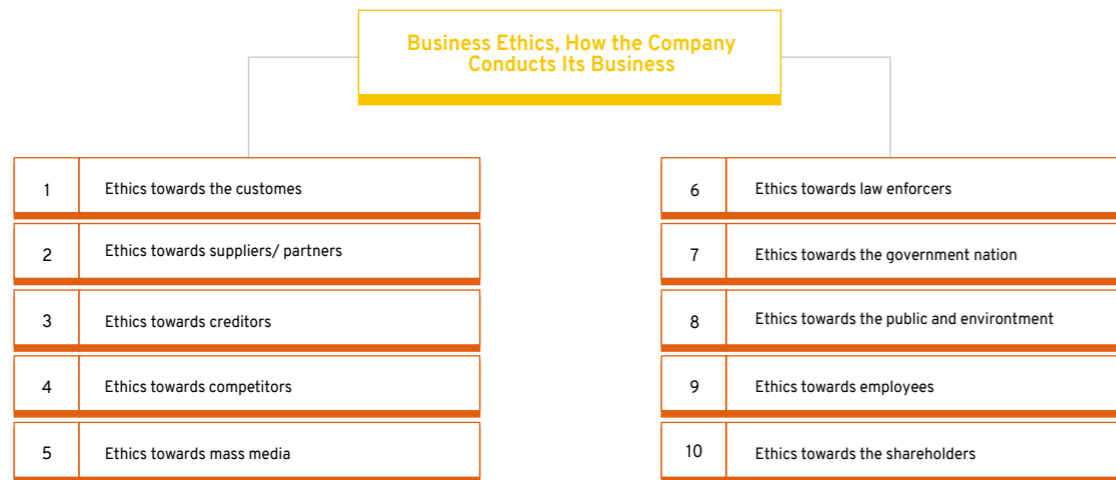
## CODE OF CONDUCT

### PRINCIPLES OF CODE OF CONDUCT

The Code of Conduct is a form of Bio Farma's commitments in the implementation of Good Corporate Governance, which contains obligations, restrictions, and relationships with other stakeholders.

The Company's Code of Conduct contains:

- Business Ethics : How the Company Conducts Business
- Work Ethics : Management and Employee Behavior.



**Work Ethics, Management and Employees Code of Conduct**

1	Compliance towards law	6	Record keeping and compiling of Company data as well as integrity in financial reporting
2	Conflict of interest	7	Company information protection
3	Acceptance of gifts, souvenirs, banquets, entertainment, giving of donation, and other facilities	8	Company assets protection
4	Equal opportunity to get a job and promotion	9	Political activity
5	Concern towards occupational health and safety as well as the conservation of the environment	10	Immoral behaviour, narcotics, illegal drugs, and gambling
		11	Ethical behaviour of the management and employees

### COMPLIANCE WITH CODE OF CONDUCT

All Bio Farma's personnel (Board of Commissioners, Supporting Organs of Board of Commissioners, Board of Directors, and all Employees) are required to uphold the principles of Good Corporate Governance (GCG) in the daily management of the company. Therefore, Bio Farma issued a Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 dated 22 February 2013 on Code of Conduct of PT Bio Farma (Persero), which has been renewed under Joint Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/ 2014, No. 01103/DIR/III/2014 on Amendment to Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 on the Code of Conduct of PT Bio Farma (Persero).

The Code of Conduct is a guideline for Bio Farma's personnel to act and behave in carrying out their daily tasks and in interacting with colleagues, business partners, and other interested parties. Thus, it is expected that Bio Farma's work environment can be a professional and enjoyable work environment so that all potential employees can be optimized.

### CODE OF CONDUCT APPLIES TO ALL LEVELS IN BIO FARMA

Every Bio Farma's employee must have a commitment to align with the Company's values and culture. Therefore, all Bio Farma's personnel must place themselves to equalize and unite their beliefs and determination so that they can apply work attitudes and behaviors that are in accordance with the values and culture set by the Company, which are codified in the Code of Conduct. The successful implementation of the Code of Conduct is the responsibility of every Bio Farma's employee in their respective work units.

On 6 March 2017, at the Multi-purpose Building (GSG), Bio Farma conducted internalization and dissemination of Joint Decree of Board of Commissioners and Board of Directors No. KEP-05/DK/BF/II/2013, No. 01024/DIR/II/2013 which was renewed under Joint Decree of Board of Commissioners and Board of Directors No. KEP-07/DK/BF/III/ 2014, No. 01103/DIR/III/2014 dated 6 March 2014 on Code of Conduct of PT Bio Farma (Persero). The event which was attended by all Bio Farma's personnel ended with the signing of Statement of Compliance with the Code of Conduct.

Every 1 year, all Bio Farma's personnel are required in writing to state their ability to comply and implement each item of the Code of Conduct, which is manifested in a statement of compliance signed by every Bio Farma's employee as one of the conditions for continued employment with the Company.

### DISSEMINATION OF CODE OF CONDUCT

The Company conducts dissemination of the Code of Conduct to provide understanding and awareness for all Bio Farma's personnel to implement this Code of Conduct.



The dissemination of the Code of Conduct is done in the following ways:

- Providing pocket book to every Bio Farma's employee
- Dissemination in the form of face-to-face method at least once a year
- Company website that presents information related to gratification control guidelines
- Installation of banners and posters in certain work areas
- GCG application
- Distribution of questionnaires periodically every year

**EFFORT TO IMPLEMENT AND ENFORCE THE CODE OF CONDUCT**

Enforcement and sanctions for violators of Code of Conduct are regulated by a Joint Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-05/DK/BF/II/2013, No. 01024/DIR/III/2013 on Amendments to Joint Decree of Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-07/DK/BF/III/2014, No. 01103/DIR/III/2014 dated 6 March 2014 on Code of Conduct of PT Bio Farma (Persero).

**INTEGRITY PACT**

Every Bio Farma's employee must sign an Integrity Pact which is a commitment of Bio Farma's employee to implement the Code of Conduct of PT Bio Farma (Persero).

**DISSEMINATION OF CODE OF CONDUCT OF PT BIO FARMA (PERSERO)**

The Company conducts dissemination of the Code of Conduct of PT Bio Farma (Persero) to provide understanding and awareness for all Bio Farma's personnel to implement this Code of Conduct.

**MEASURING THE UNDERSTANDING OF CODE OF ETHICS**

To measure understanding of the Code of Conduct, Bio Farma distributes questionnaires to all employees. Based on the results of the questionnaire filled by Bio Farma's respondents, it was concluded that the Code of Conduct was effectively applied in Bio Farma's work environment both in interacting with stakeholders and in practicing sound corporate principles.

**VIOLATION REPORTING MECHANISM**

1. In the event of a violation of the Code of Conduct, Bio Farma's personnel must report to:
  - a. Direct supervisor
  - b. Violation Complaint Box/Whistleblowing System.
2. Reporting is carried out on the basis of good faith and is not based on bad will or slander.
3. In addition to the Company's internal party, reporting of violation of the Code of Conduct can also be carried out by external party of the Company such as Customers, Business Partners, and other Stakeholders.
4. The Whistleblower must state his/her identity clearly in the reporting along with supporting evidence that is relevant

to the alleged violation of the Code of Conduct.

5. The company will keep the identity of the Whistleblower confidential in accordance with the applicable procedures.
6. The Company is obliged to follow-up on the reporting that has the potential to cause material losses to the Company and/or may damage the Company's image, in accordance with the applicable procedures.

**HANDLING ALLEGATION OF VIOLATION OF CODE OF CONDUCT**

The authority to handle alleged violation of the Code of Conduct is carried out by:

Suspected Violator	Officer Handling the Alleged Violation
Bio Farma's employee, in addition to the HR Division Head, Board of Commissioners and Board of Directors	Coordinator: HR Division Head - Members: Officials in CRM Division, SPL, HR Division in accordance with assignments from HR Director/President Director
Board of Commissioners, Head of HR Division	President Director
Board of Directors	The Board of Commissioners

**TYPE OF SANCTIONS FOR VIOLATION OF CODE OF CONDUCT**

1. Every Bio Farma's employee who is proven to have violated the Code of Conduct will be given sanctions in accordance with the provisions applicable in the Company.
2. Sanction for Employee who commits violation is determined by the Board of Directors.
3. Sanction for the Board of Commissioners, Board of Directors, and Supporting Organs of Board of Commissioners who commits violation is determined by the Board of Commissioners.
4. In the event that the Supplier, Business Partner, or other Stakeholders commit violation, the party will be subject to the provisions as stated in the relevant contract and Company's procedures, and in the event that it is related to a criminal act, it can be forwarded to the authorities.
5. Decision on sanction for violation committed by the Employee, Board of Directors, Board of Commissioners, and Supporting Organ of the Board of Commissioners is taken based on the following considerations:
  - 1) The result of the action taken:
    - a. Breaking the laws and regulations and regulations that apply to the Company.
    - b. Causing losses for the Company and/or other financial or non-financial parties.
    - c. Interfering with the smooth process or activities in the Company.
    - d. Interfering with the security and/or safety of Bio Farma's personnel or other parties.
    - e. Defaming the good name of the Company, Bio Farma's employees, or other parties.
    - f. Violating decency, norms prevailing in the community and/or violating the rights and dignity of other individuals.
  - 2) The degree of intention:
    - a. Is the deviation done is intentional or not.
    - b. Whether the alleged perpetrator who committed previous violation has been reminded of the action.
    - c. Action motives: from the deviation done, whether there are financial or non-financial motives.
6. Sanction of violation for Employee who is proven to have committed violation depends on the violation weight, which are violation under mild, moderate, and severe categories. The types of warnings given are oral warnings, warning letters (I, II, and III), and termination of employment (PHK). Termination of employment (PHK) is carried out in accordance with the applicable labor regulations.
7. Sanctions of violation that can be imposed on employee are as follows:
  - a. Merit deduction on salary components.
  - a. Incentive deduction.
  - b. Postponement of periodic salary increases/grade increase, de-grade, demotion.
  - c. Suspension (temporary suspension).
  - d. Termination of Employment (PHK).
8. Sanction of violation to the Board of Directors, Board of Commissioners, and Supporting Organ of the Board of Commissioners who is proven to have committed violation depends on the weight and the consequences. The decision to impose sanctions is determined by the Board of Commissioners.

## TOTAL VIOLATIONS OF CODE OF CONDUCT

Violation of Code of Conduct that is committed by Bio Farma's employee is monitored and evaluated by HR Division with the authority to give punishment in accordance with the Collective Labor Agreement that applies in the Company to employee who violates the code of conduct. In 2017, there was no violation of Code of Conduct committed by Bio Farma's employees.

## GRATIFICATION POLICY

To carry out sound business practices, the Company is committed to implement business ethics based on GCG principles. As an implementation, it is prohibited for all Bio Farma's personnel to give and/or receive in the forms of money, goods, discounts, commissions, interest-free loans, travel tickets, lodging facilities, travel, free medical treatment, and other facilities, both domestic and overseas including that of done by using electronic facilities or not using electronic facilities.

## MANAGEMENT OF GRATIFICATION CONTROL

Gratification Control at Bio Farma is regulated under Decree of Board of Directors of PT Bio Farma (Persero) No. 01236/DIR/III/2013 dated 4 March 2013 on Guidelines of Gratification Control of PT Bio Farma (Persero). The purpose of establishment of this Guidelines is to provide guidance for Bio Farma's Personnel to understand the definition and concept of Gratification and to know how to behave when dealing with Gratification, to provide guidance on the importance of compliance to report Gratification for the protection of themselves and their families from the possibility of being charged with bribery, and to form a Company's environment that is aware and controlled in handling Gratification practices, so that the principles of transparency and accountability in carrying out the Company's operational activities can run well.

On 6 March 2017, a statement of commitment was signed on the implementation of gratification control by the Board of Directors and Board of Commissioners of PT Bio Farma (Persero), and witnessed by the Director of Directorate of Gratification of the Corruption Eradication Commission (KPK) as a form of Bio Farma's commitment in implementing gratification controls to support efforts of corruption eradication in the environment of PT Bio Farma (Persero). The commitment statement of the implementation of gratification control states that:

1. PT Bio Farma (Persero) will not offer or provide bribes, gratification, or facilitation payment in any form to government agencies, individuals, or institutions to obtain various forms of benefits;

2. PT Bio Farma (Persero) will not ask for or accept bribes, gratification, and facilitation payment in any form from individuals or institutions, domestic companies, or foreign companies related to the implementation of their main duties and functions;
3. PT Bio Farma (Persero) is responsible for preventing and attempting to prevent corruption in the environment of PT Bio Farma (Persero) by improving integrity, supervision, and improving the system in accordance with its duties and functions.

Bio Farma's employees can identify and assess whether a gift received tends to be illegal/bribery gratification or legal. It can refer to the motive of why the gift was given, or equal position/power relationship, or strategic power relationship, or potential conflicts of interest, or the method of giving, and the appropriateness/fairness of the value and frequency of giving gifts.

## RECEIVING/GIVING GRATIFICATION CONSIDERED BRIBE

1. Bio Farma's employees are prohibited from receiving/giving Gratification on their own initiative or other parties, either directly or indirectly, related to their position and contrary to their obligations or duties, such as:
  - a. Receiving or giving money/goods/other facilities in order to influence the policies/decisions/treatment of Stakeholders;
  - b. Receiving or giving money/goods/other facilities regardless of value in each service related to their duties, authority, or responsibilities;
  - c. Receiving or giving money/goods/other facilities during an official visit;
  - d. Receiving or giving money/goods/other facilities in the process of employee recruitment/career promotion/transfer;
  - e. Receiving money/goods/other facilities, including but not limited to vouchers and checks, which are given to Bio Farma's Personnel as a thank you from third parties related to the procurement of goods and services in the Company, in connection with the selection or completion of a job at the Company;
  - f. Unofficial gifts in the forms of money/goods/facilities as a token of gratitude to Bio Farma's Personnel that is provided by third parties in connection with the process of examining the work feasibility and/or the approval process for Work performed by third parties in the Company;
  - g. Promising, offering, or giving Gratification to third parties by deviating from the provisions stipulated in this Guideline and laws and regulations;



- h. Bribing or providing anything in any form to third party, including but not limited to officials at an agency with the purpose to influence the decision making;
  - i. Unofficial gifts in the forms of money/goods/other facilities to Bio Farma's Personnel provided by third parties who are the Company's Business Partners such as Bank, Insurance Company, Travel Bureau, or companies/consultants on agreements/collaborations carried out by the Company;
  - j. Receiving loan from Bank or other financial institution that is accepted because of the position and authority of Bio Farma's employees and does not apply to the general public;
  - k. Receiving benefits such as the amount/percentage of special interest or commercial discount received by Bio Farma's employees due to personal or occupational relationships and does not apply to the general public;
  - l. Receiving food, drinks, or entertainment that is specifically given because of the position or authority of the related Bio Farma's Personnel, conducted outside and not related to official duties;
  - m. Providing entertainment, tour package, accommodation, and other facilities related to the implementation of duties and obligations of Bio Farma's Personnel in third party companies, which are not relevant or not related to the purpose and assignment of Bio Farma's Personnel;
  - n. Provision of parcels in any form to Bio Farma's personnel from third parties or from Bio Farma's personnel to third parties in connection with religious holidays;
  - o. Any gift to Bio Farma's Personnel, including those given to the Core Family in connection with a celebration, including but not limited to birthday celebration, wedding, and graduation, from third parties in which the material value in Rupiah exceeds Rp1,000,000 (one million Rupiah) from each third party;
  - p. Providing assistance to third parties by using Company's assets/funds/facilities for and on personal behalf;
  - q. Giving something in any form to fellow Bio Farma's Personnel and/or third parties that is not in accordance with religious principles, decency norms, and provisions in this Code;
  - r. Giving something in any form to fellow Bio Farma's Personnel and/or third parties that is the Company's asset/property/facilities without any documentation and cannot be accounted for;
  - s. All Bio Farma's employees and/or members of the Core Family are prohibited from giving Gratification to Third Parties, either directly or indirectly, which is carried out due to requests from these third parties.
2. Treatment of Gratification which is considered a bribe:
 

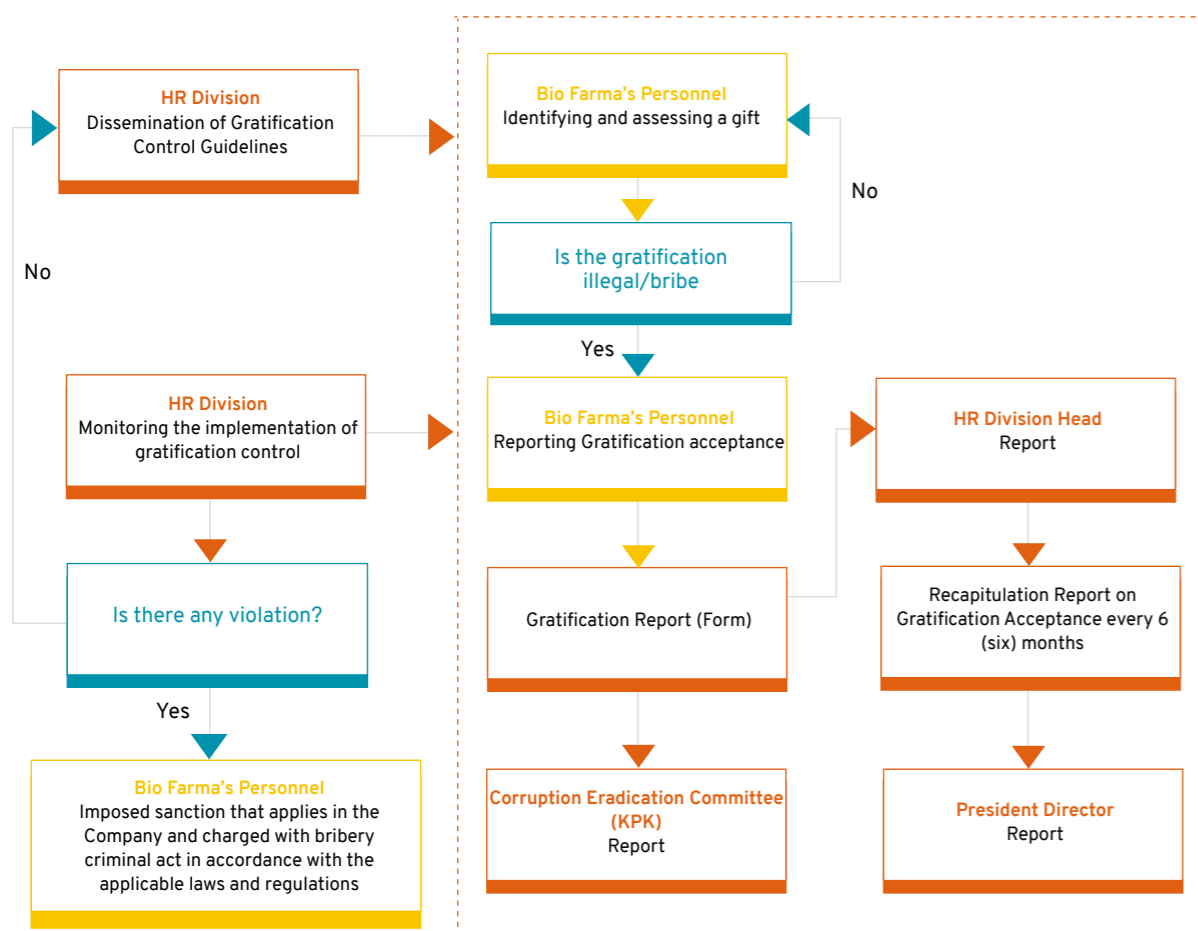
Every Gratification that is considered as a bribe based on this Code must be rejected, unless the situation at that time does not allow Bio Farma's Personnel to reject it.

Situations that are deemed not possible to refuse are as follows:

    - a. If the related Bio Farma's Personnel does not know about the gift, the time and location of when the Gratification is given, and

- does not know the identity and address of the third party;
- b. If rejecting the gift can disrupt the good relationship between the Company and the third party that is a Company's Business Partner, and that the gift is not in the form of money and/or equivalent to money in which the value does not exceed Rp1,000,000 (one million Rupiah), from each third party.

**PENGLOLAAN PENGENDALIAN GRATIFIKASI DI BIO FARMA**



**DISSEMINATION OF GRATIFICATION POLICY**

Dissemination of gratification control was carried out through face-to-face media conducted on 6 March 2017, emails, banners, posters, intranets, and websites, animated videos, bulletins, and annual reports. During religious holidays, dissemination is conducted on prohibition to receive gratifications in any form, whether parcel, gifts, money, etc.

**GRATIFICATION REPORT IN 2017**

In 2017, there were no reports on gratification acceptance conveyed by reporting party.

**WHISTLEBLOWING SYSTEM**

Whistleblowing is the disclosure of acts of violation or disclosure of acts that are unlawful, unethical/immoral acts, or other acts that may harm the Company or Stakeholders, which are carried out by Bio Farma's Personnel. This disclosure is carried out confidentially, in good faith, and is not a personal complaint on a Company's policy or based on bad will/slander.

The Whistleblowing System (WBS) is a system that manages complaints/disclosures on unlawful behavior, unethical/undesirable acts in a secret, anonymous, and independent manner, which are used to optimize the role of Bio Farma's personnel and other parties in disclosing violations that occur in the Company.

This system is implemented based on the corporate cultural value which states that every Company's organ behaves and thinks professionally, has high integrity, works in a team, is full of innovation, and is oriented towards customer service. Thus, this Whistleblowing System is a concrete proof of the implementation of the Company's cultural value.

The added value achieved by the Company through implementing this program is the Company's internal control and monitoring system that can detect operational risk events, especially early fraud events which allow the Company to quickly overcome these risk events.

**LEGAL BASIS OF THE IMPLEMENTATION OF WHISTLEBLOWING SYSTEM**

1. Law No. 28 of 1999 on the Organization of a State that is Clean and Free of Corruption, Collusion, and Nepotism, Article 9 (State Gazette of the Republic of Indonesia Year 1999 Number 75, Supplement to the State Gazette of the Republic of Indonesia Number 3851).
2. Law No. 31 of 1999 on Eradication of Corruption Criminal Acts, Article 31 and Article 41 paragraph (2) point e and has been updated by Law No. 20 of 2001 on Eradication of Corruption Criminal Acts.
3. Law No. 19 of 2003 on SOE (State Gazette of the Republic of Indonesia Year 2003 Number 70, Supplement to State Gazette of the Republic of Indonesia Number 4297).
4. Law No. 13 of 2006 on Protection of Witnesses and Victims (State Gazette of the Republic of Indonesia Year 2006 Number 64, Supplement to State Gazette of the Republic of Indonesia Number 4635).
5. Law No. 40 of 2007 on Limited Liability Company (State Gazette of the Republic of Indonesia Year 2007 Number 106, Supplement to State Gazette of the Republic of Indonesia Number 4756).
6. Government Regulation No. 1 of 1997 on the Transfer of the Form of Bio Farma Public Company to a Company (Persero) (State Gazette of the Republic of Indonesia Year 1997 Number 4).
7. Government Regulation No. 45 of 2005 on Establishment, Management, Supervision, and Dissolution of SOE (State Gazette of the Republic of Indonesia Year 2005 Number 117, Supplement to State Gazette of the Republic of Indonesia Number 4556).
8. Regulation of Minister of SOE No. PER-01/MBU/2011 dated 1 August 2011 on the Implementation of Good Corporate Governance (GCG) in SOE.
9. Articles of Association of PT Bio Farma (Persero).
10. Decree of Secretary of Minister of SOE No. SK-16/S.MBU/2012 dated 6 June 2012 on Indicators/Parameters for Assessment and Evaluation of GCG Implementation in SOE.
11. PKB (Collective Labor Agreement) of PT Bio Farma (Persero) with Trade Unions for 2012-2014 Period, 31 May 2012.
12. Joint Decree of the Board of Commissioners and Board of Directors of PT Bio Farma (Persero) No. KEP-04/DK/BF/II/2013 - No. 01023/DIR/II/2013 dated 22 February 2013 on Guidelines for GCG Implementation at PT Bio Farma (Persero) Code of Conduct of PT Bio Farma (Persero) of 2013.
13. Decree of Board of Directors No. 01026/DIR/II/2013 dated 22 February 2013 on Whistleblowing System Policy Implementation at PT Bio Farma (Persero).

**BENEFIT OF WHISTLEBLOWING SYSTEM**

1. Availability of delivery methods for important and critical information for the Company.
2. There is a violation reporting facility that is considered safer for the Whistleblower.
3. The reluctance to commit violations arises, with the increasing willingness to report violations, because of the trust in an effective reporting system.
4. Availability of an early warning system for the possibility of problems due to a violation.
5. The availability of opportunities to deal with violating problem internally beforehand, before expanding to become a public violation problem.
6. Reducing the risks faced by the organization, as a result of violations either in terms of finance, operations, legal, occupational safety, and reputation.

7. Reducing costs in dealing with the consequences of violations.
8. Increasing the Company's reputation in the eyes of stakeholders, regulators, and the general public.
9. Providing input to the organization to see further the critical areas and work processes that have internal control weaknesses, and to design necessary corrective actions.

#### PURPOSE OF WHISTLEBLOWING SYSTEM POLICY

1. As a guideline for the implementation of handling complaints of violations from internal and external parties of the Company to ensure that the mechanism of the Whistleblowing System runs effectively.
2. As an effort to disclose violations in the Company that are not in accordance with ethical and legal standards.
3. Through the Whistleblowing System, there will be a perception in the event that fraud, violation of law and ethics as well as other misconducts about to occur, there is a potential to be detect and report it to prevent violations.
4. The availability of opportunities to deal with violating problem internally beforehand, before expanding to become a public violation problem.
5. Reducing the risks faced by the organization, as a result of violations either in terms of finance, operations, legal, occupational safety, and reputation.

#### SCOPE OF IMPLEMENTATION OF WHISTLEBLOWING SYSTEM POLICY

This policy applies to Bio Farma Personnel with the following regulatory conditions:

1. Reporting Party is Bio Farma Personnel and other Stakeholders.
2. Reported Party is Bio Farma Personnel suspected of committing violations.

The Violation Reporting System is used if complaints/disclosures are deemed ineffective if submitted through formal channels (through direct supervisors or related functions).

#### MANAGEMENT OF WHISTLEBLOWING SYSTEM

WBS Manager is established based on the Board of Directors' Decree for alleged violations committed by Employees, in which the Head of the Internal Audit Unit (SPI) becomes the Coordinator of WBS Management Team and Officials at SPI, Compliance & Risk Management Division, and the HR Division are as Team members.

WBS Management Team has the following tasks:

1. Receive reporting of violations and verify the reporting of violations (whistleblowing) against the supporting documents submitted by the Reporting Party and forward them to:
  - a. President Director for reporting of violation (whistleblowing) which is allegedly carried out by Employees; or
  - b. The Board of Commissioners for reporting of violation (whistleblowing) which is allegedly carried out by the Board of Directors, Board of Commissioners, or Supporting Organ of the Board of Commissioners.
2. Prepare Minutes of Verification Results and report it to the President Director (for alleged violations committed by Employees) or to the Board of Commissioners for reporting of violation (whistleblowing) which is allegedly committed by the Board of Directors, Board of Commissioners, or Supporting Organ of Board of Commissioners;
3. It is obligatory to keep the identity of the Reporting Party confidential in accordance with the established policies, especially the confidentiality and security aspects of the Reporting Party;
4. Communicate with the Reporting Party;
5. Monitor the handling of whistleblowing reporting;
6. Make periodic reports to the President Director regarding reporting of violations that have been entered, that have been investigated, and that have been settled;
7. Administer activities that are their duties properly in accordance with applicable regulations.

In addition to the WBS Management Team, the Board of Directors through a Decree of the Board of Directors appoints the Head of Infrastructure Section in the Information Technology Division as the administrator of whistleblowing reporting, with the following tasks:

1. Receiving, registering, and administering whistleblowing reporting under the specified path, which are:
  - a. Reporting of violation (whistleblowing) that is allegedly carried out by Employees is addressed to the President Director;
  - b. Reporting of violation (whistleblowing) that is allegedly carried out by the Board of Directors, Board of Commissioners, or Supporting Organ of the Board of Commissioners is addressed to the Board of Commissioners.
2. In the event that reporting of violation (whistleblowing) that is allegedly carried out by the Whistleblowing System (WBS) Team, the violation report must be sent directly to the President Director;

3. If the whistleblowing reporting is addressed outside the specified path, it is obligatory to forward the report in line with the specified reporting path;
4. Properly administer all complaints that enter in accordance with applicable regulations;
5. Obligated and responsible for the confidentiality of the Reporting Party.

#### REPORTING MEDIA

- a. Reporting of violation (whistleblowing) that is allegedly carried out by Employees is addressed to the Board of Directors that can be submitted through;
  - Email: pelaporan.wbs@biofarma.co.id
  - Official letter addressed to the Board of Directors by means of being delivered directly or by mail at the address:  
Board of Directors of PT Bio Farma (Persero)  
Attn.: Whistleblowing Management Team  
Jalan Pasteur No. 28 Bandung 40161
  - Drop Box in Company office
  - Application developed by the Company (GCG Application)
- b. Reporting of violation (whistleblowing) that is allegedly carried out by the Board of Directors, Board of Commissioners, or Supporting Organ of the Board of Commissioners is addressed to the Board of Commissioners and submitted through:
  - Email: pelaporan.wbs@biofarma.co.id
  - Official letter addressed to the Board of Commissioners by means of being delivered directly or by mail at the address:  
Board of Commissioners of PT Bio Farma (Persero)  
Attn.: Whistleblowing Management Team  
Jalan Pasteur No. 28 Bandung 40161
  - Drop Box in Company office
  - Application developed by the Company (GCG Application)

#### SUBMISSION OF VIOLATION REPORT

The mechanism to submit reports of violations or disclosure of acts that are unlawful, unethical/immoral acts, or other acts that are prohibited and can harm the Company as stipulated in the Board of Directors' Decree No. 01026/DIR/II/2013 is as follows:

1. The mechanism for violation reporting is basically conducted through formal channels, which are direct supervisors and related functions, namely HR Division and SPI. However, if the Reporting Party considers the complaint facility to be ineffective or has doubts, the Reporting Party can submit a complaint through the Violation Reporting System (WBS).
2. Suspicions of violations that can be reported through the Violation Reporting System (WBS) are: corruption, fraud, theft, providing and/or accepting bribes, gratuities, conflicts of interest, violation of law and Company policies/procedures. Reporting must be carried out in good faith and not a personal complaint of a certain Company policy or based on bad will/slander.
3. Reporting party is Employee (Internal Party) but it is possible that the reporting party is external party (customer, supplier, community).
4. Reporting party can act as a Witness if the party sees and hears or experiences the violations committed by the Reported Party.
5. Reporting party must provide clear evidence, information, or indication of the occurrence of violation reported, so that it can be traced or acted upon. Without adequate information, it will be difficult to follow-up the report. To accelerate and simplify the process of handling violation reporting, the Reporting Party:
  - 1) in submitting a Whistleblowing Report may include an identity of the personal data containing home/office address, e-mail address, facsimile, contact number that can be contacted; or can also be without anonymity;
  - 2) Must be completed by supporting evidence on the violation report submitted, including:
    - a) The subject matter being complained;
    - b) The parties involved, which mean anyone who is involved in the violation that is filed, including those who are disadvantaged/benefited from the case;
    - c) Time and location of the incident, such as when the violation occurred and in which unit or function in the Company the violation case reported occurred;
    - d) Chronology of cases;
    - e) Supporting documents for the case being filed.



**PROTECTION FOR WHISTLEBLOWER**

The company provides protection to the Whistleblower as follows:

- a. Protection of confidentiality on the identity of the reporting party;
- b. Protection of retaliation from the reported party;
- c. Protection from termination, demotion of position or grade, delay in grade promotion or periodic grade, pressure, physical actions;
- d. Protection of adverse records in the personal data file;
- e. Information regarding the follow-up process being carried out. This information is delivered confidentially to the reporting party.

In the event that the Reporting Party feels necessary, the Party can also request assistance from the Witness and Victim Protection Agency (LPSK).

Protection policies and guarantees of confidentiality are not given to Reporting Party who is proven to conduct false and/or defamatory reporting. If the results of the investigation conclude that the Reporting Violation submitted is a false, defamatory report without clear basis, the Reporting Party can be sued or subject to sanctions in accordance with the applicable laws and regulations or the Company's internal regulations.

**TYPES OF VIOLATIONS THAT CAN BE REPORTED**

Alleged violations that can be reported through the Whistleblowing System are as follows:

- a. Corruption;
- b. Fraud;
- c. Theft;
- d. Providing and/or accepting bribes;
- e. Gratification;
- f. Conflict of Interest;
- g. Violation of law and Company policies/procedures.

**MECHANISM OF WHISTLEBLOWING SYSTEM**

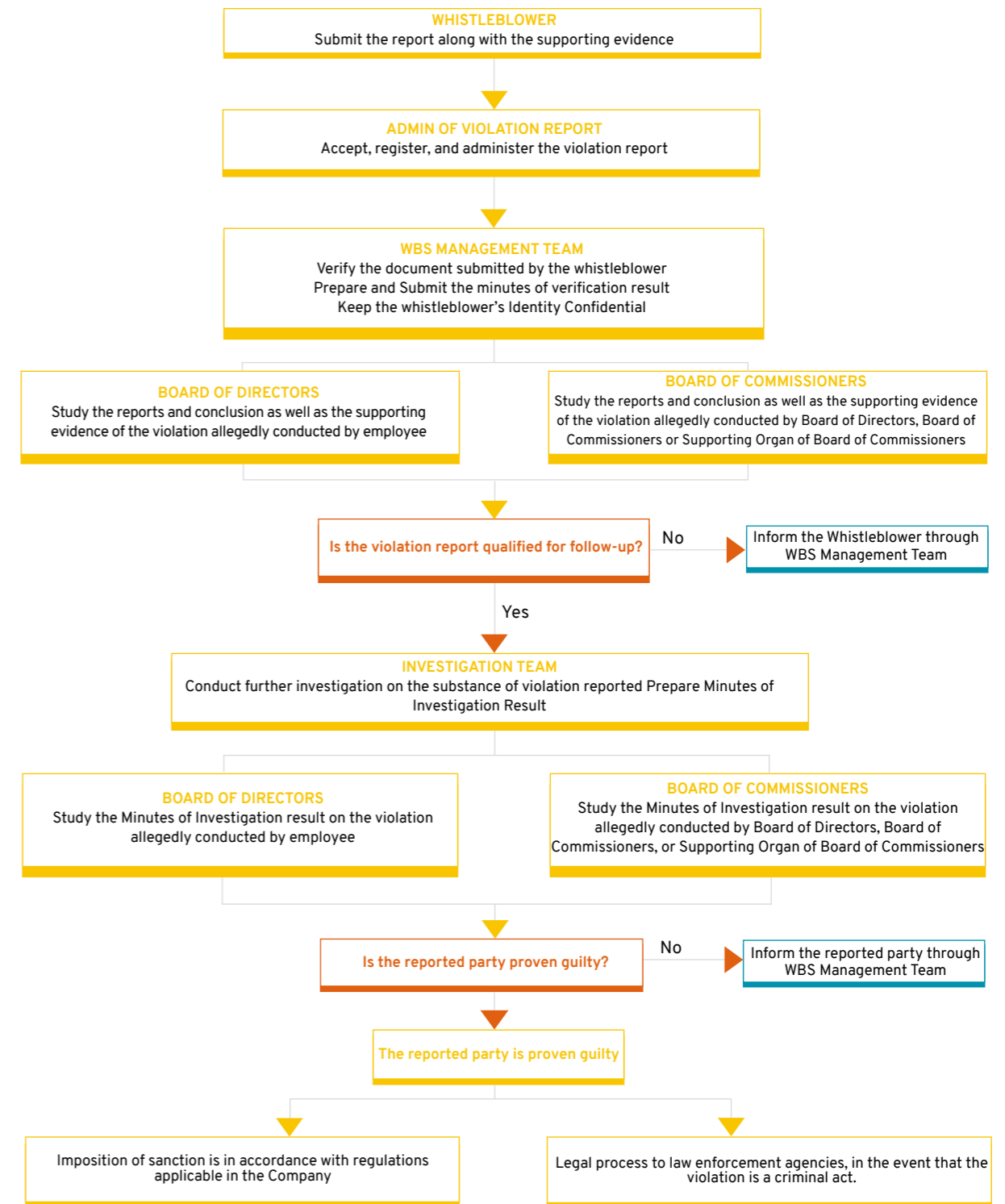
In 2016, Bio Farma began building a Website-based violation reporting system.

The implementation policy of the Whistleblowing System at PT Bio Farma (Persero) is regulated in Board of Directors' Decree No. 01026/DIR/II/2013 dated 22 February 2013. The WBS Management Team was established based on Board of Directors' Decree No. 00049/DIR/I/2017 dated 5 January 2017 on the Establishment of Whistleblowing System Management Team (WBS) for Complaints of Violations Allegedly Conducted By Employees. Establishment of WBS Administrator is regulated in Board of Directors' Decree No. 00056/DIR/II/2017 dated 5 January 2017 on the Appointment of Administrator of Whistleblowing Report of PT Bio Farma (Persero).

WBS development is one of Bio Farma's efforts to uphold business ethics, work ethics, and efforts to eradicate KKN (Corruption, Collusion, Nepotism). The WBS system enables all Bio Farma Personnel and other stakeholders to submit reports of alleged violations and fraud and other forms of ethical violations that occur in the Company.

Reporting Party can submit report online through a web-based system at <http://bioapp1.biofarma.co.id/GCG/Views/Application/PageHome.aspx>

**FLOWCHART OF VIOLATION REPORTING SUBMISSION**



**DISSEMINATION OF WHISTLEBLOWING SYSTEM**

The Company disseminated the Whistleblowing System (WBS) to all Bio Farma Personnel to provide an understanding of the Whistleblowing (WBS) Policy. The dissemination is also conducted for other Stakeholders through the Company's website.

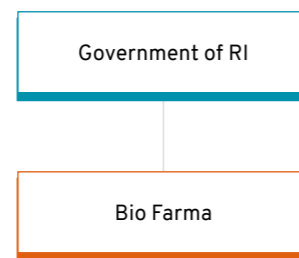
**NUMBER OF COMPLAINTS IN 2017 AND THE FOLLOW-UP**

In 2017, the WBS Management Team did not receive reports regarding violations committed by the management or Bio Farma's personnel, therefore, there was nothing to be handled in the current year.

As an embodiment of effective and good implementation of Good Corporate Governance, the dissemination and enforcement of the implementation of Whistleblowing System will always be improved and implemented periodically to improve the system in the context of continuous improvement in accordance with the Company's business development.

**INFORMATION ON MAIN AND CONTROLLING SHAREHOLDER**

The Company's main shareholder is the Government of the Republic of Indonesia, which owns 100% of the Company's shares. Thus, Bio Farma does not have individual controlling main shareholder.



**MANAGEMENT OF REPORT ON ASSETS OF STATE OFFICIALS (LHKPN)**

In order to uphold the principles of Good Corporate Governance (GCG), Bio Farma has a Policy on Reports on Assets of State Officials (LHKPN), which is regulated in Board of Directors' Decree of PT Bio Farma (Persero) dated 14 February 2014 No. 00693/DIR/I/2014 on the Establishment of Employees in the Environment of PT Bio Farma (Persero) who are Required to Submit the Reports on Assets of State Officials (LHKPN), Coordinator of Management of Reports on Assets of State Officials (LHKPN), and LHKPN Mandatory Users Applications.

The policy stipulates that employees in PT Bio Farma (Persero) who are required to submit Reports on Assets of State Officials (LHKPN) are officials up to 2 (two) levels below Board of Directors. LHKPN is submitted at first appointment at the position, at promotion or career transfer, and at termination or retirement. Officials who do not submit LHKPN are given sanctions in the forms of verbal warnings and written warnings in the form of warning letters.

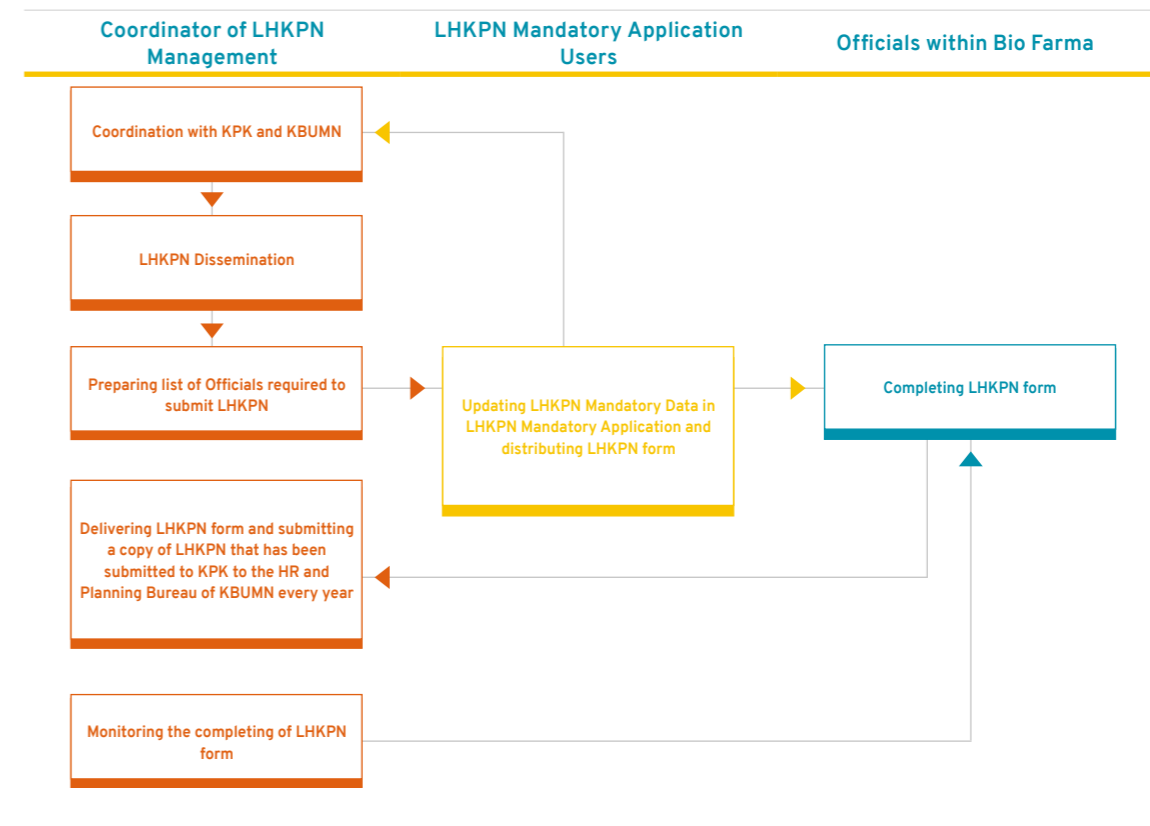
The policy appoints Head of Human Capital Division as Coordinator of LHKPN Management, with the following tasks:

1. Coordinating with KPK in distributing LHKPN Form, monitoring the completing and submission of LHKPN form, and disseminating that LHKPN is mandatory;
2. Coordinating with the State Ministry of SOE and KPK on the management and administration of LHKPN Mandatory Application;
3. Compiling a list of officials within PT Bio Farma (Persero) who are required to submit LHKPN;
4. Submitting a copy of LHKPN in the PT Bio Farma (Persero) environment that has been submitted to KPK to the Human Resources and Planning Bureau, Ministry of SOE every year;
5. Providing information and/or access to KPK on LHKPN within PT Bio Farma (Persero);
6. Providing data and information on changes in positions from positions that are required to submit LHKPN within PT Bio Farma (Persero);
7. Assisting KPK in distributing gratification form and monitoring the completing of gratification form within PT Bio Farma (Persero).

In its implementation, in 2017, the Company reported LHKPN in accordance with the provisions and applicable laws and regulations.

The Board of Commissioners also regulates the LHKPN for the Board of Commissioners in Board of Commissioners' Decree of PT Bio Farma (Persero) dated 18 March 2016 No. SK-04/DK/BF/03/2016 on Guidelines for the Mandatory Submission of Reports on Assets of State Officials of Board of Commissioners of PT Bio Farma (Persero).

**MECHANISM OF LHKPN SUBMISSION IN BIO FARMA**



**CONFLICT OF INTEREST**

Conflict of interest is a situation where Bio Farma personnel has or is suspected of having a personal interest in the use of authority in the position or rank, thus, affecting the quality of the decisions and/or actions.

In accordance with Regulation of Minister of SOE No. PER-01/MBU/2011, Board of Directors of SOE are prohibited from engaging in actions that have conflicts of interest and take personal advantage, either directly or indirectly from the relevant SOE's decisions and activities, other than the legal income.

Guidelines for Handling Conflict of Interest are regulated in Board of Directors' Decree No. 07882/DIR/XII/2015 on 30 December 2015, where the objective and purpose are as guidelines for Bio Farma personnel to understand, prevent, and overcome Conflict of Interest in the Company, as guidelines in taking a stand firm against Conflict of Interest in the Company and realizing a Company management that is free from all forms of Corruption, Collusion, and Nepotism (KKN).

Regarding this provision, all members of Bio Farma's Board of Directors have signed a Statement of No Conflict of Interest with the following contents:



**PERNYATAAN TIDAK MEMILIKI BENTURAN KEPENTINGAN**

Dalam rangka menegakkan Tata Kelola Perusahaan Yang Baik (*Good Corporate Governance*) di PT Bio Farma (Persero), maka dengan ini saya menyatakan bahwa :

1. Tidak pernah melakukan tindakan tercela di bidang perbankan, keuangan dan usaha lainnya, tidak pernah dihukum karena terbukti melakukan tindak pidana kejahatan dan tidak sedang dalam masa pengenaan sanksi untuk dilarang menjadi pengurus perusahaan sebagaimana diatur dalam ketentuan dan perundangan yang berlaku.
2. Mampu melaksanakan perbuatan hukum dan tidak pernah dinyatakan pailit atau menjadi anggota Direksi/Dewan Komisaris yang dinyatakan bersalah menyebabkan suatu perseroan dinyatakan pailit berdasarkan ketetapan pengadilan dalam waktu 5 tahun sebelum tanggal pengangkatan.
3. Bersedia untuk tidak memangku jabatan rangkap sebagai:
  - a. Anggota Direksi pada BUMN lain, Badan Usaha Milik Daerah, Badan Usaha Milik Swasta dan jabatan lain yang dapat menimbulkan benturan kepentingan;
  - b. Jabatan lainnya sesuai dengan ketentuan peraturan perundang-undangan.
4. Melaksanakan dengan sepenuhnya prinsip-prinsip *Good Corporate Governance* yang menekankan pada prinsip transparansi, akuntabilitas, responsibilitas, independensi, dan fairness di dalam pengelolaan perusahaan.
5. Tidak memiliki keterkaitan dalam kepengurusan, kepemilikan dan/atau hubungan keuangan dengan seluruh kelompok usaha Pemegang Saham perusahaan sejenis.
6. Tidak akan melakukan transaksi dalam bentuk apapun baik langsung maupun tidak langsung melalui pihak lain yang terkait dengan jabatan saya di Bio Farma dimana saya atau keluarga saya mempunyai kepentingan atau memperoleh manfaat karenanya.
7. Tidak menjabat sebagai pengurus partai politik dan/atau calon/anggota legislatif dan/atau merupakan calon atau menjabat sebagai Kepala/Wakil Kepala Pemerintahan Daerah.
8. Tidak mempunyai hubungan keluarga sedarah sampai derajat ke-3 (ke tiga) baik menurut garis lurus maupun garis ke samping ataupun hubungan yang timbul karena perkawinan dengan Anggota Direksi lainnya atau dengan Dewan Komisaris.
9. Akan dengan sepenuh hati menghindari benturan kepentingan yang dapat berpengaruh pada proses pengambilan keputusan operasional di Perusahaan.

Apabila dikemudian hari ditemukan ketidakbenaran atas pernyataan yang Saya buat, Saya bersedia dikenakan sanksi berdasarkan ketentuan perundangan yang berlaku.

Bandung, 6 Maret 2017  
**DIREKSI**  
**PT BIO FARMA (PERSERO)**



**PRAMUSTI INDRASCARYO**  
**DIREKTUR KEUANGAN**



Throughout 2017, there were no events related to conflict of interests performed by members of Board of Commissioners and Board of Directors.

**FORMS OF CONFLICT OF INTEREST**

Some forms of Conflict of Interest are:

1. A situation that causes a person to receive gratuities or gifts for a decision/position;
2. A situation that causes the use of assets of position or the Company for personal/group interests;
3. A situation that causes confidential information of position/ Company to be used for personal/group interests;
4. A situation of concurrent positions in several companies that have direct/indirect, similar/non-similar relationships, thus, causing the utilization of a position for another position, which has relationship with the Company's business activities;
5. A situation where Bio Farma personnel provides special access to certain parties without proper procedures;
6. A situation that causes the supervisory process not following procedures due to influence and expectations of the supervising or supervised party;
7. A situation in which an assessment is conducted on something, in which that something is the work of the relevant Bio Farma personnel;
8. A situation where there is an opportunity for abuse of office/authority;
9. A situation where it is possible to provide more information than the Company has determined, privileges or opportunities for prospective providers of goods/services

- to win in the process of procuring goods/services in the Company;
- 10. Performing work other than the main job (moonlighting/ outside employment).

**MANAGEMENT OF CONFLICT OF INTEREST**

In the event that a Conflict of Interest occurs, Bio Farma personnel must report the matter through:

1. Direct Supervisor  
 Reporting through direct supervisor is carried out if the reporting party is a Bio Farma employee involved or has the potential to be directly involved in a Conflict of Interest situation. Reporting is conducted by submitting a Statement of Potential Conflict of Interest to the direct supervisor.
2. Whistleblowing System  
 Reporting through the Whistleblowing System is carried out if the reporting party is a Bio Farma employee or other parties (Customers, Partners, and Communities) who do not have direct involvement, but are aware of the existence or potential Conflict of Interest in the Company. Reporting through the Whistleblowing System is carried out in accordance with a separate mechanism that regulates the Whistleblowing System in the Company.

In 2017, there were no reports entered through the Whistleblowing System regarding a potential Conflict of Interest committed by Bio Farma personnel.



# Corporate Social Responsibility

“

Bio Farma is committed to apply business practices that are able to create economic, social and ecology value by continuing to contribute towards the goal in achieving sustainable development.

# Corporate Social Responsibility

“ As a State-Owned Enterprise (SOE) manufacturing vaccine and serum which is currently transforming into a life science company, Bio Farma understands the high importance of maintaining, improving, and guaranteeing consumer satisfaction through continuing efforts in improving product quality and services. Bio Farma realizes that implementation of corporate social responsibility (CSR) is a moral responsibility to the stakeholders. For Bio Farma, parameter of success is by promoting moral and ethical principles in every business aspect we conduct, that is to achieve the best results without harming other community groups. Bio Farma believes that a company that works by putting forward moral and ethical principles will give the greatest benefit to the community.



Implementation of a Corporate Social Responsibility (CSR) has a strategic meaning for Bio Farma as its endeavor to improve the quality of community's life and preserve the environment. This is in line with the objectives of the Sustainable Development Goals (SDGs), a global program that has been ratified by Indonesian government.

Corporate Social Responsibility is the embodiment of Bio Farma's awareness in effort to enhance its relationship with community and environment. Bio Farma's involvement in social responsibility is not separated from the fact that social dimension is affecting every business activity. Social dimension is not something that is separated, but works in line to improve the sustainability of the company's business process.

Bio Farma is a State-Owned Enterprise (SOE) manufacturing vaccine and serum which is currently transforming into a life science company. As such, we understand the high importance of maintaining, improving, and guaranteeing consumer satisfaction through continuing efforts in improving product quality and services.

As an international vaccine manufacturing company, we continue to be committed in the contribution to the surrounding community and as embodiment of social responsibility to the environment in line with Government's program in promoting Corporate Social Responsibility (CSR) to every company.



## INTEGRATED HOLISTIC APPROACH IN THE IMPLEMENTATION OF BIO FARMA'S CORPORATE SOCIAL RESPONSIBILITY

Bio Farma realizes that implementation of corporate social responsibility (CSR) is a moral responsibility to the stakeholders. We are committed that with or without regulations, Bio Farma will continue to honor morality. Thus, the parameter of success is to promote moral and ethical principles, that is to achieve the best results without harming other community groups. We adhere to the principle that teaches a party to treat other party the way they themselves would like to be treated. Therefore, we believe that a company that works by putting forward moral and ethical principles will give the greatest benefit to the community.

In relation to that, in the implementation of CSR, Bio Farma is guided by ISO 26000: *Guidance Standard on Social Responsibility*. In ISO 26000, CSR covers the following 7 (seven) main issues: 1) Organizational Governance, 2) Human Rights, 3) Employment, 4) Environment, 5) Fair Institutional Practices), Consumers Issues, and 7) Community Involvement and Development. Bio Farma issues Sustainability Report that refers to the Global Reporting Initiative (GRI) guidance which constitute an inseparable part of the company's annual report.

Drawing of Holistic CSR Implementation



Source: ISO 26000: 2010 Guidance of Social Responsibility

## BASIS OF IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY

Bio Farma always complies to the laws and regulations and other rules applicable in Indonesia, in the implementation of CSR, among others:

1. Regulation of Minister of State-Owned Enterprise of Republic of Indonesia No. PER-02/MBU/7/2017 on the Second Amendment to Regulation of Minister of State-Owned Enterprise No. PER-09/MBU/07/2015 on Partnership Program and Community Development Program of State-Owned Enterprise.
2. Regulation of Minister of State-Owned Enterprise of Republic of Indonesia No. PER-03/MBU/12/2016 on Amendment to Regulation of Minister of State-Owned Enterprise No. PER-09/MBU/07/2015 on Partnership Program and Community Development Program of State-Owned Enterprise.
3. Regulation of Minister of State-Owned Enterprise of Republic of Indonesia No. PER-09/MBU/07/2015 on Partnership Program and Community Development Program of State-Owned Enterprise.
4. Law of Republic of Indonesia No. 19 of 2003 on State-Owned Enterprises.
5. Law Number 40 of 2007 on Limited Liability Company (State Gazette of the Republic of Indonesia Year 2007 Number 106, Supplement to State Gazette of the Republic of Indonesia Number 4756).
6. Government Regulation of the Republic of Indonesia No. 47 of 2012 on Social and Environmental Responsibility of Limited Liability Company.
7. Presidential Regulation of the Republic of Indonesia No. 59 of 2017 on the Implementation to Achieve Sustainable Development.
8. Regulation of Financial Services Authority No. 35/POJK.04/2014 on Corporate Secretary of Issuer or Public Company.
9. Labor Law No. 13 of 2013 Article 87 paragraph (2).
10. Government Regulation of RI No. 50 of 2012 on Occupational Health and Safety Management System.
11. Decree of Board of Directors No. 01923/DIR/VI/2017 dated 02 June 2017 on Establishment of OHS Adviser Committee (P2K3).
12. Assignment Letter No. 00897/DIR/III/2018 dated 01 March 2018 on Assigning Employees to Implement the System Integration of ISO 9001, ISO 14001, and OHSAS 18001.

## CORPORATE SOCIAL RESPONSIBILITY RELATED TO ENVIRONMENT

### POLICIES

Bio Farma has a strong commitment in operating its company on an environmentally friendly basis. Environmental impact is an important issue that must be considered in every decision-making process. Bio Farma supports the commitment of the world's citizens to reduce greenhouse gas (GHG) emissions

by formulating various strategic steps within GHG emission mitigation programs, both carried out in the Company's operational activities and those outside the Company's operational activities, such as tree planting programs. The program to reduce emissions from the Company's operational activities is implemented through efficiencies and innovations in the production processes, in addition to energy savings.

In green company context, Bio Farma has formulated environment preservation policy which is divided into 5 (five) main areas. First: Green Process, which applies green principles to all business processes, ranging from raw material selection through the selection of vendors who care about the environment to the production process, formulation, filling, packaging to handle finished product. Second: efficient energy use. Third: water efficiency and conservation through implementation of 4R principle (reduce, reuse, recycle, recovery). Fourth: waste management and segregating waste into five categories. Fifth: the effort in involving employees and their families, to adapt a pro-environment culture and work attitude.

### ACTIVITY TARGET

Bio Farma strives to make efficient use of energy in all its operational activities by implementing a range of policies. The company targets to always use renewable energy, to improvise equipments, to re-design the production process, and to set up production operation patterns. In addition to innovations in the production process, Bio Farma has also undertaken various policies to reduce vehicle emissions as well as electricity consumption in supporting facilities, and to improve operational vehicle management performance.

### ACTIVITY AND QUANTITATIVE IMPACT

#### WATER TREATMENT THROUGH 3R (REDUCE, RECYCLE, REUSE) PROGRAM

Bio Farma realizes that water is the product's main material so that it needs to be treated optimally. The opportunity to use remaining water of process/activity that may provide an added value especially in maintaining water resources sustainability.

Bio Farma applies 3R program for water treatment, and several programs such as optimizing Water Treatment Plant system by replacing resin-based ion exchanger with Electro De Ionization (EDI) system, efficiency of Blow Down Boiler, washing machine waste water management, drainage water recycle to be used as raw water, as well as other programs.

Soil water recovery is also conducted by creating 2 (two) infiltration wells in PT Bio Farma environment, as one of the water conservation techniques.

## QUANTITATIVE IMPACT OF SAVING ENERGY AND WATER

The effort in water saving through 3R program resulted in water saving at around 35,002m<sup>3</sup> in 2017 or equal to achievement of efficiency percentage at around 17.26% against total water utilization. This year's efficiency is better than that of 2016 which only reached 16.43%

Table of Volume and Water

Description	2017	2016	2015	2014
Water Usage Volume (m <sup>3</sup> )	202.753	207.635	195.795	190.226
Waste Water Volume (m <sup>3</sup> )	25.775	25.788	24.502	12.334

## SAVING ENERGY AS AN EFFORT TO REDUCE GREENHOUSE GAS EMISSIONS

Bio Farma strives to make efficient use of energy in all its operational activities by implementing a range of policies, such as the use of renewable energy, equipment improvisation, re-design of the production process and management of production operation pattern. In addition to innovations in the production process, Bio Farma has also undertaken various policies to reduce vehicle emissions as well as electricity consumption in supporting facilities, and to improve operational vehicle management performance.

Energy efficiency program that is not only applied in manufacturing activities but also in all supporting work units has also contributed in the program implementation. Activities conducted in Energy Efficiency Program throughout 2017 among others are:

1. Recovery condensate of Pilot Scale and Filling Line 2 Building Steam Channel;
2. Installation of Selective Control on the elevator of Administration 1 Building;
3. Installation of LED lights and Solar Cell in Administration 2 Building;
4. Installation of Solar Cell n Administration 2 Building;
5. Utilization of condensate water in AHU (Air Handling Unit) of Building 36 (Vaccine, Polio, Pertussis, and HiB Production Facility).

Bio Farma applies energy saving programs in order to reduce greenhouse gas emission. The industry needs energy that is obtained from energy generation process through fuel combustion. The energy saving program conducted will reduce energy consumption which will indirectly have an impact on the saving and decreasing of greenhouse gas emission which resulted from energy generation activities.

## QUANTITATIVE IMPACT OF SAVING ENERGY AS AN EFFORT TO REDUCE GREENHOUSE GAS EMISSIONS (GHG)

One of the contributors in greenhouse gas emission decrease is Pentabio Vaccine product which has been produced since 2013. With combination of five antigen in one packaging product, it contributes towards the saving in various aspects such as electricity and water usage, packaging usage, waste savings (syringe/dose cost, cold chain/vial cost savings). Bio Farma has succeeded in decreasing greenhouse gas emissions from along the years as shown in the table below.

Table of Green House Gas Emission Reduction

Description	2017	2016	2015	2014	2013
Ton CO <sup>2</sup> Eq.	2.166,66	2.168,72	2.097,81	2.090,40	2.030,01

## IMPLEMENTATION OF PAPERLESS OFFICE PROGRAM

Bio Farma gradually applies paperless office program which is initiated by the Company internally as a form of Company's environment protection efforts as well as one of the efforts in implementing Green Industry concept. Paperless office program does not need any budget in its formulation. Investment will be in the forms of knowledge and training for the personnel in charge of the formulation and implementing the system. Implementation of software/application in the work units. Not only will it simplify the Company's system, but it will also have an impact in reducing paper usage which directly reduces paper wastes.

## QUANTITATIVE IMPACT OF IMPLEMENTATION OF PAPERLESS OFFICE

The paperless office program, which uses Information-Technology based system, will change the administration process that has been performed manually. This will directly reduce paper usage. With this program, Bio Farma saved paper usage up to 23,500 kg in the period of 2016 -2017.



**MANAGING WASTE RESPONSIBLY**

Used lubricant waste generated from Bio Farma's activities is entirely (100%) processed and re-utilized in cooperation with third party. Lubricant recycle is performed by re-purifying the base oil content so that it can be re-used as the base oil for new lubricant. Used lubricant waste recycle, in addition to as one of the alternatives in the effort of oil consumption efficiency and saving, can also reduce pollution. The energy needed to manage used oil is only one-third of what is needed to process raw oil to become good lubricant. The average ratio for used lubricant reuse in 2017 was at 5.44 %.

**DE-IONIZATION SUBSTITUTION PROGRAM FROM RESIN BASED ION EXCHANGER TO CONTINUOUS ELECTRO DE-IONIZATION (EDI)**

Bio Farma in its operational activities performs raw water treatment to produce water that has quality according to vaccine production standard (also known as WFI or water for injection). The water treatment process is performed at 8 (eight) Water Treatment Plant (WTP) installations.

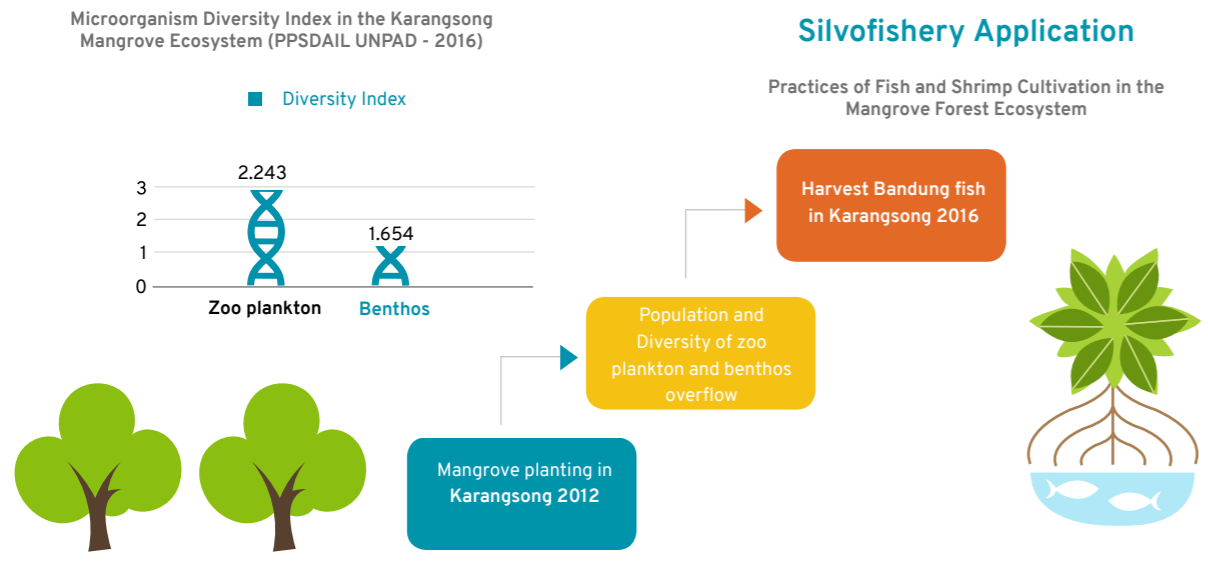
One of the phases in water treatment is de-ionization process using ion exchanger resin, to segregate unwanted particles so that it can meet the WFI quality requirements. De-ionization reactor tank is equipped with positive and negative ion exchanger resin.

From 2010, the ion exchange system has been gradually substituted from resin-based ion exchanger to Electro De Ionization (EDI) system. This system does not use resin so it can reduce the amount of resin waste that was previously produced. To support the Company's activities, Bio Farma has made another investment by adding one EDI unit in 2017

**QUANTITATIVE IMPACT OF MANAGING WASTE RESPONSIBLY**

De-ionization substitution program has succeeded in eliminating used resin hazardous waste in each maintenance period (once every 2 year). From the system substitution, in 2016, used resin hazardous waste amount was eliminated by 60% of the total used resin hazardous waste amount in 2010 (as a baseline). Since the year 2017 is not maintenance period, therefore the amount of used resin hazardous waste eliminated can only be calculated in 2018, at maintenance time.

**CONSERVATION ACTIVITIES AND BIODIVERSITY PROTECTION**



As a company that owns a vision to "Become a world-class Lifescience Company with global competitiveness", Bio Farma streamlines the concept of Inclusive and Sustainable Industrial Development which determines that inclusive and sustainable industrial development contains two pillars, which are creating shared prosperity and safeguarding the environment.



Since 2012, Bio Farma has carried out biodiversity management and development program through mangrove and fauna conservation program in cooperation with "Siklus" NGO in Indramayu Regency, "Ilalang" Association of Nature Lovers in Pangandaran Regency, POKMASI MANDRAJAYA NUSANTARA and Cikananga Animal Conservation Center in Sukabumi Regency.

Mangrove land is transformed into fish and shrimp cultivation, in cooperation with Siklus NGO in Indramayu. In 5 years, Bio Farma has succeeded in adopting and rehabilitating 15 species of 304 faunas. There are 18 faunas from 6 primates species managed to be returned to their original habitat with 2 species under Critical Endangered status and 2 species are Indonesian distinctive endemic faunas.

Bio Farma's commitment in environment conservation is also shown through Bio Farma's involvement in primates' conservation and rehabilitation program in 2013-2017, in cooperation with Cikananga Animal Rescuing Center (PPSC) in Sukabumi. In 2016-2017, we work together in a more specific manner with PPSC Cikananga by carrying out Wild Release program in Cikepuh Forest, Sukabumi Regency. This activity was assisted by Sukabumi Pakidulan Nature Association (PAPSI) as CSR partner of PT Bio Farma (Persero) in Ciletuh Pelabuhanratu National Geopark Area. The types of animals being freed in wild are:

- Eagle Snake Bido
- Beaver
- Forest Cat
- Deer
- Reticulated Python

**QUANTITATIVE IMPACT OF BIODIVERSITY CONSERVATION AND PROTECTION**

Biodiversity conservation and protection program also has impact on the increased mangrove conservation area. The increased mangrove conservation area is not carried out only in Indramayu regency and Pangandaran area. In 2017, the Company managed to add 9 hectares of land to be developed as mangrove conservation area in Mandrajaya, and Ciemas area of Sukabumi Regency. The total size of mangrove conservation land owned by the Company in this area in 2017 reached 14 hectares with an increment of 6.5 hectares compared to that of 2016.

**AWARD IN ENVIRONMENT FIELD**

Bio Farma's commitment towards environment is reflected in its ability to achieve several awards during 2017, such as:

1. Gold Award of Company Performance Rating Assessment Program (PROPER), from the Ministry of Environment and Forestry.
2. Top CSR 2017 on Pharmaceutical Industry.
3. Iskandar as a Top Leader on CSR Commitment.

**CERTIFICATION IN ENVIRONMENT FIELD**

Until now, Bio Farma has obtained certification in relation to environment among others ISO 14001:2004 on Environment Management System Standard awarded by Lloyd's Register Quality Assurance Limited, United Kingdom (LRQA - UK).

## CORPORATE SOCIAL RESPONSIBILITY RELATED TO EMPLOYMENT, OCCUPATIONAL HEALTH AND SAFETY

### POLICIES

Bio Farma is committed in implementing equality principle in treating each Bio Farma's employee, regardless of their gender, religion, ethnicity, and race. Such commitment is applied on all Human Resources management stages starting from recruitment, training and development, performance assessment, career development, and remuneration provision.

### ACTIVITY TARGET

In relation to employment practices, occupational health and safety for the employees, in 2017 the Company determined several achievement targets such as:

- Guarantee of employees' welfare according to the applicable regulations as defined in Collective Labor Agreement (PKB);
- Guarantee of gender equality in work opportunities, as well as equality in opportunities to participate in trainings for all employees;
- Improvement in health facility scheme for employees and manifestation of proper and safe work place for all of the Company's employees.

### ACTIVITY AND QUANTITATIVE IMPACT

#### EMPLOYMENT ACTIVITIES

#### GENDER EQUALITY IN WORK OPPURTINITIES

In recruiting employees, the Company provides equality in rights and opportunities to all people regardless of their religion, ethnicity, race, social status, skin color, gender or other physical condition. Likewise, in relation to candidate employment, the Company does not discriminate for any reason whatsoever as decisions are made based on selection and evaluation result during the employee's probation and orientation period. Gradually, starting from 2015, Bio Farma has opened employment opportunities for people with disabilities. The recruitment process is open without discrimination to anyone as long as the person meets the established requirements.

### EQUALITY IN EDUCATION AND TRAINING PROGRAM

In the event of improving employee's competence and capacity, the Company continually holds several education programs and training methods to support Company's operational activities. The Company guarantees that each employee has equal opportunity to join the education and training program held according to the Company's needs and development plan. Further explanations on the Training and Education Program that was carried out throughout 2017 can be seen in the Company Profile Chapter of this Annual Report.

### UTILIZATION OF LOCAL EMPLOYEES

The Company always strives to apply employment practices according to the prevailing provisions. In addition to gender equality in work opportunities, the Company also utilizes local employees as the main human resources in all of the Company's operational activities.

### REMUNERATION

The remuneration received by Bio Farma's employees is a formulation of remuneration system based on certain grade and job level. The Company guarantees that the minimum grade 17 has earned more than the Minimum Municipal Wage (UMK) set by the government. Remuneration is provided based on education level, period of employment, and established grading. In the applied remuneration system, the Company sets a relatively high standard of basic salary compared to the minimum wage. In addition to that, the Company also applies an equal remuneration treatment for all male and female employees at any level.

You can see ratio of the highest and lowest salary in Bio Farma in 2017 on the table below.

Table of the Highest and Lowest Salary Ratio

Description	Ratio
Employee's highest and lowest salary	6:1
Director's highest and lowest salary	1:1
Commissioner's highest and lowest salary	1,1:1
Director's highest and employee's lowest salary	2,7:1



### EMPLOYEES WELFARE

Bio Farma provides benefits other than salary and allowance which are fixed (Take Home Pay), such as providing other allowances as part of remuneration to the Employees, which are Religious Holiday Allowance (THR), Welfare Benefit, annual leave allowance, long leave allowance, uniform allowance, and bonus (production services). In addition to these allowances, employees are also provided with medical facilities (out-patient and inpatient). The Company also provides pension benefits, among others, fixed contributions with benefits obtained at retirement age in the forms of monthly income, old-age savings, life insurance, and health care (Prokespen).

### THE FREEDOM TO ASSOCIATE AND INDUSTRIAL RELATION

In building harmonious industrial relation between employees and the Company's management leaders, communication and consultancy is carried out with Bipartite Cooperation Institution (LKS), which the members are representatives of Workers Union and representatives of the Company. Various matters in relation to the Employees and Company's rights/obligations implementation up to settlement of Employee's disciplinary violations are regulated in the provisions of Collective Labor Agreement (PKB).

Bio Farma has formed Bipartite Cooperation Institution (LKS) Management, which comprises the Company's and Employees' representatives pursuant to Decree of Board of Director No. 01395/DIR/III/2013. The establishment of Bipartite

Cooperation Institution (LKS) is intended for industrial relation development, for the Company's sustainability, growth, and development, including employees' welfare.

The Bipartite Cooperation Institution (LKS) management has been holding periodical meetings and has communicated the Company's policies and employee's aspirations. LKS constitute a place for the employees to deliver their suggestions, considerations, and opinion to the Company in the framework of determining and implementing Company's policies.

PT Bio Farma Persero's Employees Association (HIKA) has been registered at the Department of Manpower and Transmigration of Republic of Indonesia No. 250/HIKA-BF/CTT.28-Disnaker/2005 dated 1 August 2005. HIKA's domicile and head office is at Jalan Pasteur No. 28, Bandung 40161, Indonesia.

### IMPACT OF EMPLOYMENT ACTIVITIES

Impact on social responsibility activities implementation in relation to employment is the low employee turnover and high employee engagement level. In 2017, employee turnover was recorded at 0.51%, an increment compared to previous year which was recorded at 0.09%.

While to find out employee engagement level, the Company conducted measurement in 2017 with the result showing a score of 60%.

### HEALTH FACILITIES PROVISION ACTIVITIES

To ensure employees' health, health is monitored under regulation in the 100K-SIS-08 Standard Procedure on Employee Health Monitoring, which is applied to eliminate potential sources of contamination from employees and also to protect employees from harm while in Bio Farma's environment.

In addition to monitoring employee's health, food catering is also monitored by the Company to meet employee meals needs in accordance with the applicable laws and regulations. The procedure is regulated under 236K-MonC-01 Standard Procedure. The work environment throughout the company area is measured. Parameters being measured includes noise and light intensity.

Health facility provided by Bio Farma to the employees covers promotive and preventive measures which constitute dissemination and education on disease prevention, vaccination, general check up, health consultancy, and sports facility development.

Bio Farma also provides medical service through Company's polyclinic in coordination with various state and private hospitals in the Company's surroundings, as part of curative and rehabilitative efforts.

### QUANTITATIVE IMPACT ON HEALTH FACILITY PROVISION ACTIVITIES

The health facility program provided by the Company is intended to improve employee's welfare and motivation so that it can impact employees' productivity level. Proper health facility management by the Company along 2017 has given impact to Bio Farma's employees of increased productivity level. In 2017, employees' productivity was recorded at Rp2.539,267.058 per employee, an increase of 27% from 2016, which was recorded at Rp1.997.081.801 per employee.

### OCCUPATIONAL SAFETY ACTIVITIES

As a company with a global vision, Bio Farma has implemented Occupational Health and Safety Management Systems (OHSAS) 18001:2007 standard, which are an International standard in building and implementing OHSAS (SMK3) to meet WHO requirements. Occupational Health and Safety (OHS) Management is handled by the Environment and Safety Department under PT Bio Farma (Persero)'s Environment and Social Management Division. This division monitors the implementation of OHS management system and the environment within Bio Farma. In addition, Bio Farma has also established an Occupational Health and Safety Guidance Committee Team (P2K3), as well as Emergency Response Team (TTD).

To ensure the effectiveness of the emergency response system, the emergency response procedures are periodically tested with the intention of assuring they are clearly understood and that all employees are capable of implementing these responses in the event of an emergency. Emergency Drills and Simulations are conducted once every two years involving all of the Company's personnel and the communities in the Company's vicinity.

### QUANTITATIVE IMPACTS ON OCCUPATIONAL HEALTH ACTIVITIES

Throughout 2017, Bio Farma recorded zero accident in Company's operational activities both in Head office and in Regional Offices. This is a proof that all operational activities have been running according to the applicable occupational safety procedure and standard.

## CORPORATE SOCIAL RESPONSIBILITY RELATED TO SOCIAL COMMUNITY DEVELOPMENT

### CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT STRUCTURE

The Corporate Social Responsibility Management Structure is under PT Bio Farma (Persero)'s Environment and Social Management Division. The Management provides full support in relation to Corporate Social Responsibility among others by issuing Decree of Board of Directors such as:

- Decree of Board of Directors of PT Bio Farma (Persero) No. 03019/DIR/VIII/2017 on Partnership Program and Community Development Program; and
- Decree of Board of Directors No. 04599/DIR/XII/2016 on Corporate Social Responsibility Program.



### POLICIES

As a form of social responsibility to the community, Bio Farma among others provides grant through Community Development Program. In line with the Regulation of Minister of SOE No. PER-09/MBU/07/2015, the financial resource for 2017 Community Development Program derives from the Company's budget and utilizes the Retained Earnings balance.

### ACTIVITIES TARGET

Through Social and Community Development Program, Bio Farma is committed to continuously improve the welfare and life quality of the marginal community through partnership and community development program.

## ACTIVITIES AND IMPACTS

### CILETUH GEOPARK DEVELOPMENT PROGRAM ACTIVITIES

In line with the objectives of Sustainable Development Goals (SDG), Bio Farma must be able to provide a significant impact on the economic growth for the stakeholders in addition to the contribution to Indonesia's economic development. As a company with a vision "To be the World-Class Life Science company with global competitiveness", Bio Farma sets Inclusive and Sustainable Industrial Development concept from UNIDO (United Nation for Industrial Development Organization) to be the mainstream of its business pattern. There are three values that must be practiced by a global standard company, among others: Green Industry, World-Class Corporate Social Responsibility, Governance Risk Management, and Compliance. These principles are the basis of Bio Farma to do more for the environment and community through the Company's CSR activities.

*Geopark:* "It's not just about rocks, it's about people" represents the urgency of economic opportunities creation in an effort to save the environment under conservation basis. Geopark concept is an alternative model and instrument for a sustainable development with the philosophy to glorify the earth legacy and to prosper the community. In Geopark concept, the potential of biodiversity, geology legacy, cultural legacy must be protected and utilized as sustainable livelihood resources.

One of PT Bio Farma (Persero)'s CSR programs that constitutes a manifestation of Geopark concept is Eel Fish Breeding Program in Mandrajaya Village, Ciletuh Pelabuhanratu Area, Sukabumi Regency, West Java Province.

Eel Fish Breeding Program in Mandrajaya Village is intended to align the local economic needs with environment conservation factor. Such program applied by the Company contributes to the Empowerment of Community Welfare and Environment Saving. The urgency of economic program development based on fishery industry is in line with the characteristic of Mandrajaya Village which constitutes a coastal area. One of the fishery resources potential is Eel Fish Breeding. High demand on Eel Fish export market makes this product a prospective commodity. However, there are some obstacles such as mortality level and water supply.

Conventional breeding reduces environment quality as it exploits water resources. Bio Secure Technique is the right solution to reduce mortality issue, and it also reduces the breeding pond's water consumption. With Bio Secure system, the pond water is managed so that it can be more hygienic and therefore will prevent any condition that may cause death to the eel fish.

In July – August 2017, UNESCO Global Geopark Assessor Team, Mr. Alexandru Andrassanu from Romania and Mr. Soo Jae Lee from South Korea have conducted evaluation and verification on the field on Ciletuh Pelabuhanratu Geopark feasibility to be designated as UNESCO Global Geopark. Based on UNESCO Global Geoparks Council meeting held in Zhijindong UNESCO Global Geopark in China, Ciletuh Pelabuhanratu Geopark is proposed to the UNESCO Executive Board to be designated as UNESCO Global Geopark. This has made Ciletuh Pelabuhanratu Geopark the first Geopark in Indonesia in which the application process to be UNESCO Global Geopark does not go through a postponement. The appointment process by UNESCO Executive Board will be held in the General Assembly in April 2018. PT Bio Farma (Persero), as the only private company directly involved in the Development of Ciletuh Pelabuhanratu National Geopark, assisted the team during assessment or verification by assessors from UNESCO, Mr. Soo Jae Lee and Mr. Andrasanu Alexandru.

Bio Farma encourages that Ciletuh Geopark Area in Ciemas Sub-district, Sukabumi Regency, West Java Province, receives special attention from UNESCO Global Geoparks so that Ciletuh Geopark Area can be part of UNESCO Global Geoparks. To achieve such matter, Ciletuh Geopark Area must meet the requirements stated in the Guidelines stipulated by UNESCO, including among others the compilation of application dossier.

### CILETUH GEOPARK DEVELOPMENT PROGRAM ACTIVITIES

The community development program implemented by Bio Farma for the development of Ciletuh Pelabuhanratu Geopark has had a positive impact on the community's social economy. The community development program implemented by Bio Farma for the development of Ciletuh Pelabuhanratu Geopark Area has had a positive impact on the community's social economy. In 2017, as many as 28 people (72%) switched



professions from active gold miners. A total of 8 (30%) of the residents switched professions to be rebon (shrimp) and eel supplier, having previously been poachers and lobster fry hunters. Ciletuh Pelabuhanratu Geopark area in 2017 created 149 new job opportunities as tour guides. In 2017, the number of visitors also increased to 12,000 people. Number of homestays rose to 40 units in 2017.

In addition, in line with CSR program carried out by PT Bio Farma (Persero) in Ciletuh Pelabuhanratu National Geopark Area, the continuous assistance is to be included as UNESCO Global Geopark, and it has finally been visited by UNESCO Global Geopark assessor, Ciletuh Pelabuhanratu National Geopark has now become one of the new traveling destination hits. Community Development Program for the communities in Ciletuh Pelabuhanratu Geopark Area especially in Tamanjaya Village, Ciemas Sub-district, Sukabumi Regency, has prepared the community to be ready in dealing with their territory condition which became an area of tourists' destination.

### GARUT SHEEP BREEDING VILLAGE DEVELOPMENT PROGRAM ACTIVITIES

A total of 20 male and female Garut sheep with excellent morphology have been obtained as breed stock. In addition, DNA analysis has been carried out on all the breed sheep to

determine the genetic potential of these Garut sheep. Based on the DNA analysis results, all of the male and female breed sheep in Garut Sheep Breeding Development Village are genetically in the excellent category. Thus, it has been proven that the sheep are superior in regard of phenotype and by genotype.

Bio Farma's CSR has undertaken activities that provide aid, including conducting Focus Group Discussions (FGD) with breeder in Wanajaya village related to the natural and human resources in Wanajaya village, applying Standard Operating Procedure (SOP) for Garut sheep management with pen workers, and providing animal husbandry knowledge transfer about sheep breeding. From these assistance activities, core group and plasma of Garut sheep husbandry have been formed that increases the farmers desire to enter the breeding business, while previously most breeders were only interested in fattening their livestock for sale as this activity generated profits more quickly compared to breeding, and a good market for the sale of superior lambs and primary lamb products (meat and skin) is available.

Bio Farma has been working alongside academician, BPPT, West Java provincial government, regency government, and village administration on Program Development to establish a Garut Sheep Breeding village, including:

1. Genetic Characterization using DNA Microsatellite Markers;
2. The formation of a women farmers' group producing compost;
3. Plasma group development.

Other activities conducted in relation to Garut sheep breeding are as follows:

1. Routine Livestock Health Management;
2. Livestock Health Service;
3. Empowering women and youths to make compost from animal dung;
4. Training for Breeders.

#### IMPACTS OF GARUT SHEEP BREEDING VILLAGE DEVELOPMENT PROGRAM ACTIVITIES

Several impacts perceived by the breeders through Program of Garut Sheep Breeding Village Development Program among others are:

1. Improvement in breeders' knowledge capacity in order to minimize the decrease of Garut sheep quality. Until now, there are 52 sheep comprises of 19 sheep as F0 descendant, 28 sheep are F1 descendant, and 5 sheep are F2 descendant.
2. Increasing breeders' awareness to pay attention to the livestock's health, livestock cultivation, and livestock food management.
3. Increasing capacity of Female Farmers to process Garut Sheep side products in the form of compost processing and breeding processing in the form of frozen *rendang* and the processing of farming crops in the form of various vegetable crackers.
4. Improvement in Garut sheep farmers economic condition, expansion of knowledge provided to other breeders thus forming beneficial network with wider reach, the existence of model village for development or cultivation of good Garut sheep.
5. The formation of new breeding institution as a space to accommodate the entire breeders' interests. New group. Institutions formed consists of core group (Berkah Jaya Group), plasma group (Samakan Jaya Group), and Female Farmers Group (KWT Jaya Asri Terpadu). Those three groups are lawfully registered.

#### COMMUNITY DEVELOPMENT PROGRAM ACTIVITIES

Community and Social Development Program Development that was carried out through Community Development Program is channeled in the forms of: (1) Health improvement assistance, (2) Education and/or training assistance, (3) Nature conservation assistance, (4) Public infrastructures and/or facilities development assistance, (5) Worship facilities assistance, (6) natural disaster victims assistance, (7) Social community assistance in the framework of poverty eradication, and (8) Education, training, internship, marketing, promotion assistance, and any other forms of assistance related to the effort in improving the Guided Partner in the Partnership Program. Brief explanation on the community development program distributed by the Company can be found as follows:

##### NATURAL DISASTER ASSISTANCE

Assistance for floods and landslide disasters victims in Tasikmalaya Regency. Assistance for flash floods disasters victims in Garut Regency.

##### EDUCATION AND/OR TRAINING ASSISTANCE

Education facilities assistance in the forms of equipments for School activities, facilities for educational activities in Islamic boarding schools and Madrasah, and Bio Farma's SMART DKM An-Nuur scholarships.

##### HEALTH IMPROVEMENT ASSISTANCE

Health assistance in the forms of free medical provisions, free vaccination, and medical equipments assistance in the form of Integrated Health Unit (Posyandu).

##### PUBLIC FACILITIES/INFRASTRUCTURE DEVELOPMENT ASSISTANCE

Infrastructures and facilities assistance for public interests among others Community Associations (RT) office development, drainage construction and repair assistance in Andir Sub-district, Bandung City, Sanitary facilities and clean water provision assistance in Bandung City, bridge construction in Singaparna Sub-district, Tasikmalaya Regency, and Ciemas Sub-district, Sukabumi Regency.

##### WORSHIP FACILITIES DEVELOPMENT ASSISTANCE

Assistance in the forms of renovation of worshiping facilities and infrastructure as well as assistance of equipments for other worship activities.



##### NATURAL PRESERVATION ASSISTANCE

Nature conservation assistance in the forms of trees seedlings in Jasinga sub-district, Bogor Regency, and animal release program in Cikananga Wildlife Center (PPSC), Sukabumi Regency.

##### SOCIAL COMMUNITY ASSISTANCE

Social Community assistance in the forms of free *mudik* (exodus to hometown) activity in 2017 with Semarang and Solo, Central Java, as cities of destination and electricity installation assistance for the underprivileged families.

##### ASSISTANCE OF EDUCATION AND TRAINING, MARKETING, AND PROMOTION OF PARTNER

Creative business development assistance for entrepreneur group and eel fish cultivation activities in Ciemas Sub-district, Sukabumi Regency, and assistance in education and training, marketing and promotion in the forms of SME entrepreneurship training and guided partner cooperation as well as guided partner exhibition activities in DKI Jakarta.

#### IMPACT OF COMMUNITY DEVELOPMENT PROGRAM ACTIVITIES

The implementation of Community Development Program carried out by the Company throughout 2017 is expected to provide positive impacts to the beneficiaries. The positive

impacts brought among others are:

1. Providing relief for victims of natural disaster and landslide which happened in 2017;
2. Improving public health qualities through free medical assistance, free vaccination, and medical facilities assistance;
3. Improving education quality for the surrounding communities through repairing/renovating education facilities, provision of education facilities and scholarships;
4. Improving the quality of public infrastructures and facilities in the forms of development/renovation of public facilities and infrastructures, construction and renovation of drainage and bridges;
5. Improving quality of worship facilities and infrastructure to improve the comfort and safety level of the communities in conducting worshiping activities;
6. Conserving nature for the surrounding communities through seedlings provisions and animal releases program;
7. Reducing potential traffic accident due to motor vehicle use through free *mudik* (exodus to hometown) activities and improving community's life quality through household electrification program for the underprivileged families;
8. Improving capacity building for business partners through education and training, marketing and promotion assistance.

### COST INCURRED

Throughout 2017, the Company disbursed cost amounting to Rp9,378,847,784. Throughout 2017, the Company disbursed cost amounting to Rp9,378,847,784. The amount reduced by 30%. The details on fund disbursement for partnership and community development program assistance are as follows:

**Table of Community Development Program Assistance Cost**

Assistance Category	2017	2016
Natural Disaster Assistance	130.880.000	354.984.171
Education and/or Training Assistance	3.608.549.821	2.522.466.454
Health Improvement Assistance	366.602.035	1.618.837.944
Public Facilities/Infrastructure Development Assistance	1.203.016.262	1.809.412.714
Worship Facilities Development Assistance	2.585.379.300	2.331.206.500
Natural Preservation Assistance	70.600.000	266.595.524
Social Community Assistance	1.413.820.366	4.081.594.500
Assistance of Education and Training, Marketing, and Promotion of Partner	-	453.010.740
<b>Total</b>	<b>9.378.847.784</b>	<b>13.438.108.547</b>

In addition to deriving from Community Development Program, Bio Farma's CSR activities are also funded from CSR Program budgeted by the Company to be distributed for CSR activities in Health, Education, Economic, and Environment Pillars. Details of CSR program fund distribution in 2017 and 2016 are as follows:

**Table of CSR Program Assistance Cost**

Assistance Category	2017	2016
Health Improvement Assistance	Rp 2.395.731.012	Rp 248.329.502
Education Sector Assistance	Rp 405.511.400	Rp 1.842.073.398
Economic Sector Assistance	Rp 303.987.000	Rp 119.234.000
Environmental Sector Assistance	Rp 338.668.667	Rp 503.170.430
<b>Total</b>	<b>Rp 3.443.898.079</b>	<b>Rp 2.712.807.330</b>

### CORPORATE SOCIAL RESPONSIBILITY RELATED TO RESPONSIBILITY TO CONSUMER

#### POLICIES

Bio Farma implements an integrated management system based on the fulfillment of Customer requirements and requirements/regulations contained in the Methods to Make Good Medicine (CPOB), ASEAN Good Manufacturing Practices (GMP), WHO GMP, and product requirements contained in WHO Reference Series, including the Technical Report Series, Good Laboratory Practices (GLP), Good Clinical Practices (GCP), Good Distribution Practices (GDP), ISO 9001 quality management system, Corporate Risk Management (CRM), ISO 17205 particularly for testing laboratories in the Immunization and Clinical Division, as well as other systems and regulations related to Bio Farma's performance improvement.

#### ACTIVITIES TARGET

As an international level company, the Company is committed to ensure that each product received by the consumer has met the applicable safety standards and to ensure the availability of accurate information in relation to the marketed products. With regards to consumer complaints, the Company ensure that each complaint will be handled properly according to the established standard level agreement.

#### ACTIVITIES AND IMPACTS

##### ACTIVITY OF RESPONSIBILITY TO CUSTOMERS

##### PRODUCT INFORMATION

Bio Farma ensures that the Consumers will always have accurate data regarding product information in each type of product. Such information constitutes which data has been approved by BPOM and WHO. Consumers can easily obtain product information on the Company's website, which can be accessed at any time. Other health-related information can be discussed directly through social media, managed by employees who are competent in their fields.

### PRODUCT QUALITY AND SAFETY

Guarantee and assurance of product quality are implemented from the initial stage, starting from selection of raw material vendors. Vendors involved directly in finished products must apply minimum standard of quality, environment, as well as occupational health and safety (OHS). Bio Farma audits its vendors periodically to ensure that implementation of such standards is being carried out properly. Thus, we are certain that the raw material quality meets the established specification. In the formulation stage of the product process, we also apply in-process controls. Before being marketed, our final product is tested by the Food and Drug Supervisory Agency (BPOM), thus all existing products in the community have passed BPOM testing, meeting the quality standard, and are in accordance with National and International specifications.

#### CONSUMER COMPLAINT SERVICES

Bio Farma provides a consumer complaint service that is able to answer and follow-up on any consumer complaints or reports through Adverse Events Following Immunization (KIPI) system. Bio Farma continues to carry out dissemination through distributors, doctors, and health workers using the KIPI reporting mechanism so that the appointed independent team can proceed to follow-up any consumer complaint, and settle all complaints immediately. However, until today, Bio Farma does not receive any complaints about violations related to product information or privacy violations.

#### CONSUMER COMMUNICATION ACCESS (CUSTOMER GATHERING)

Bio Farma conducts meetings routinely and information sharing with customers in various regions. These meetings are organized in coordination with the Health Ministry, Immunization sub-directorate, Public Communication division of the Ministry of Health, Health Promotions, and various health related organizations, including the Indonesian Pediatrician's Association (IDAI) and the Indonesian Pharmacists Association (GP Farmasi). The purpose of the above events is to raise public awareness on the importance of disease prevention through vaccination to improve the quality of life. These meetings are also useful for those attending, comprising health practitioners, midwives, immunization providers, community figures, religious figures, housewives, community health clinic personnel, and general public, as a form of education on the importance of vaccinations as a way to prevent disease for the communities.

In 2017, Bio Farma held "Meet The Customer" events in various cities and regencies across 34 provinces in Indonesia. These activities are carried out in the form of customers visitation, products dissemination, and vaccine monitoring. Through these various activities, Bio Farma receives feedback in the forms of evaluation on the services provided, improvement on the vaccine management resources competencies in relation to good vaccine management, as well as raising public awareness on the importance of vaccines, so that it indirectly helps the government in increasing the reach of the national immunization program.

### IMPACT OF ACTIVITIES OF RESPONSIBILITY TO CONSUMERS

Effective implementation on activities related to corporate responsibility towards customers has impacted the customer's satisfaction level, which is periodically assessed by Bio Farma. Bio Farma gathers information with the purpose to identify, analyze, and provide information on the development of customer's needs, desire, hopes, preferences, behaviors, and satisfaction so that they may be used to determine and manifest the Company's policies, realize sustainable improvement, and enhance Bio Farma's performance on quality system.

Customers play a significant role, as do other resources that can be utilized to assess customer satisfaction. In order to obtain accurate data for the customer satisfaction surveys, the implementation mechanisms are stipulated in a standard company guidelines and procedures under the responsibility of the Product Management Department. For accurate and comprehensive results, the surveys are conducted by an independent agency and involving national and international customers. In 2017, Bio Farma's Consumer satisfaction survey result scored 82.74 that is categorized as excellent (>80%). The consumer satisfaction score increases from that of previous year which was recorded at 79.64.



### GLOBAL GEOPARKS NETWORK

International Association on Geoparks

**CELEBRATING EARTH HERITAGE – SUSTAINING LOCAL COMMUNITIES**  
Haute Provence Geopark, Musée Promenade,  
10 Montée Bernard Dellecasagrande,  
BP 156, 04005 Cedex Digne les Bains – France.  
Téléphone : 06 79 87 36 22

[www.globalgeoparksnetwork.org](http://www.globalgeoparksnetwork.org)

January 3, 2018

Guy Martini  
General Secretary

TO:

**President Director**  
PT Bio Farma (Persero)  
Jl. Pasteur 28  
Bandung, West Java  
Republic of Indonesia

Dear Mr President Director,

I would like to highlight the great contribution, during the last years, of Bio Farma in the development of the Ciletuh-Palabuhanratu Aspiring Geopark.

The development of a Geopark project can not be succeeded without synergies between the Geopark authority and the main stakeholders in the region. Ciletuh-Palabuhanratu Geopark is one of the good examples in Geopark development, integrating stakeholder's involvement in Geoparks management together with the government, academics, private sector, and the local community.

As General Secretary of the Global Geopark Network, I would like to express my sincere appreciation to Bio Farma for supporting UNESCO Global Geopark project in Indonesia. The idea of private sector partnership with local authorities through active participation in developing Geopark project is truly needed,

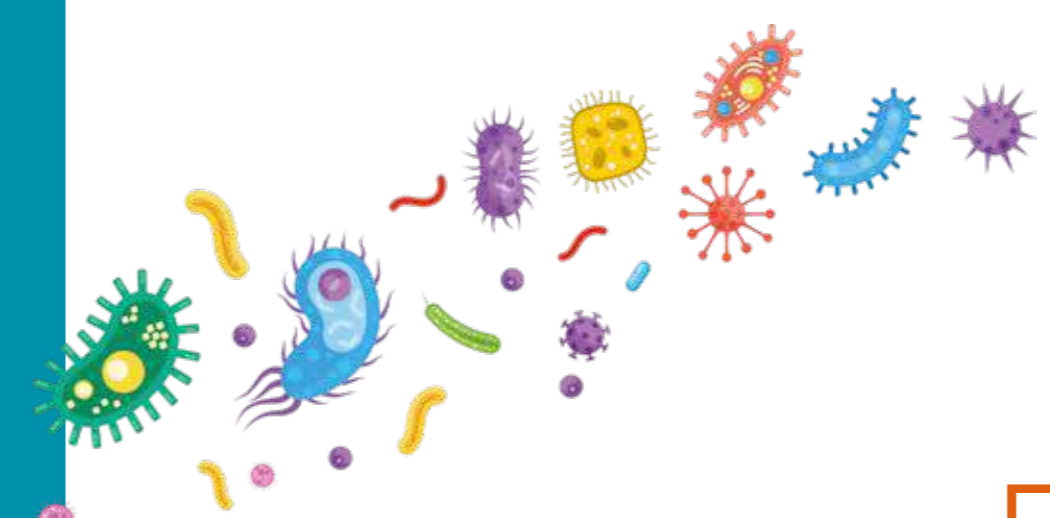
The partnership between Bio Farma and Ciletuh-Palabuhanratu Geopark can be used as one model of private sector involvement towards the creation and development of healthy Geoparks in Indonesia.

With all my congratulation for this excellent partnership and all my best regards.



Guy Martini  
GGN General Secretary





# Financial Reports

## Laporan Keuangan

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For The Years That Ended  
December 31, 2017 and 2016  
and Independent Auditors' Report

Untuk Tahun - Tahun Yang Berakhir  
Tanggal 31 Desember 2017 dan 2016  
dan Laporan Auditor Independent

# PT BIO FARMA (PERSERO)

## LAPORAN KEUANGAN Untuk Tahun - Tahun Yang Berakhir Pada Tanggal 31 Desember 2017 dan 2016 DAN LAPORAN AUDITOR INDEPENDEN

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**SURAT PERNYATAAN DIREKSI  
TENTANG  
TANGGUNG JAWAB ATAS LAPORAN KEUANGAN UNTUK  
TAHUN-TAHUN YANG BERAKHIR 31 DESEMBER 2017 dan 2016  
PT BIO FARMA (PERSERO)**

Kami yang bertanda tangan dibawah ini:

Nama : **M. Rahman Roestan**  
Alamat Kantor : Jl. Pasteur No.28 Bandung 40161, Jawa Barat  
Alamat Domisili : Bukit Dago Selatan RT 005/RW 002 Dago Cobleng Bandung  
Nomor Telepon : (022) 2033755  
Jabatan : Direktur Utama

Nama : **Pramusti Indrascaryo**  
Alamat Kantor : Jl. Pasteur No.28 Bandung 40161, Jawa Barat  
Alamat Domisili : Kav. Lestari II / 63 RT 012 RW 007  
Lebak Bulus , Cilandak - Jakarta  
Nomor Telepon : (022) 2033755  
Jabatan : Direktur Keuangan

Menyatakan Bahwa :

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan PT Bio Farma (Persero);
2. Laporan keuangan PT Bio Farma (Persero) telah disusun dan disajikan sesuai dengan standar akuntansi keuangan di Indonesia;
  - a. Semua informasi dalam laporan keuangan PT Bio Farma (Persero) telah dimuat secara lengkap dan benar;
  - b. Laporan keuangan PT Bio Farma (Persero) tidak mengandung informasi material yang tidak benar, dan tidak menghilangkan informasi atau fakta material.
3. Bertanggung jawab atas sistem pengendalian intern dalam Perusahaan.

Demikian pernyataan ini dibuat dengan sebenarnya.

Bandung, 13 Februari 2018

Direktur Utama  
  
( M. Rahman Roestan )

  
METERAI TEMPEL  
100 20  
#609CAEF907679025  
6000  
ENAM RIBU RUPIAH

Direktur Keuangan  
  
( Pramusti Indrascaryo )





## LAPORAN AUDITOR INDEPENDEN

Nomor : 425/LAI.17.BF-6/DWR/2018

Kepada Yth.  
Pemegang Saham, Dewan Komisaris dan Direksi  
PT BIO FARMA (PERSERO)

Kami telah mengaudit laporan keuangan PT Bio Farma (Persero) terlampir, yang terdiri dari laporan posisi keuangan tanggal 31 Desember 2017, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas dan laporan arus kas untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

### ***Tanggung jawab manajemen atas laporan keuangan***

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

### ***Tanggung jawab auditor***

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan tersebut bebas dari kesalahan penyajian material.

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

### ***Opini***

Menurut opini kami, laporan keuangan terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan PT Bio Farma (Persero) tanggal 31 Desember 2017 serta kinerja keuangan dan arus kasnya untuk tahun yang berakhir pada tanggal tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia.



**LAPORAN AUDITOR INDEPENDEN (Lanjutan)**

Nomor : 425/LAI.17.BF-6/DWR/2018

***Laporan atas kepatuhan terhadap peraturan perundang-undangan dan pengendalian internal***

Kami juga melakukan pengujian atas kepatuhan Perusahaan terhadap peraturan perundang-undangan tertentu dan pengendalian internal. Kepatuhan terhadap peraturan perundang-undangan dan pengendalian internal adalah tanggung jawab manajemen perusahaan. Tanggung jawab kami terletak pada pernyataan pendapat atas kepatuhan terhadap peraturan perundang-undangan tertentu dan pengendalian internal berdasarkan audit kami. **Pengujian atas kepatuhan** terhadap peraturan perundang-undangan tersebut kami laksanakan berdasarkan Standar Pemeriksaan Keuangan Negara yang diterbitkan oleh Badan Pemeriksaan Keuangan Republik Indonesia dan Pernyataan Standar Audit Nomor 62 yang ditetapkan oleh Institut Akuntan Publik Indonesia.

Laporan kepatuhan terhadap peraturan perundang-undangan dan pengendalian internal, disampaikan secara terpisah kepada manajemen dalam laporan kami Nomor 073A/LAK.17.BF-6/DWR/2018 dan Nomor 073B/LAK.17.BF-6/DWR/2018 tanggal 13 Februari 2018.

Partner,

Wahyudin Zarkasyi, CPA  
NRAP: AP.0198

Bandung, 13 Februari 2018

## 1. UMUM

### a. Pendirian Perusahaan

PT Bio Farma (Persero) ("Perusahaan"), pada awalnya bernama "Parc Vaccinogene" yang didirikan berdasarkan Surat Keputusan Gubernur Hindia Belanda No. 14 tanggal 6 Agustus 1890. Mulai tahun 1955, berdasarkan Undang-Undang Darurat No. 14 tahun 1955 Perusahaan berubah menjadi Perusahaan Negara (PN) Pasteur. Pada tahun 1961, Perusahaan berubah menjadi PN Bio Farma berdasarkan Peraturan Pemerintah No. 80 tahun 1961 Tentang Pendirian Perusahaan Negara Bio Farma. Sesuai Peraturan Pemerintah No.26 tahun 1978 tentang Pengalihan Bentuk Perusahaan Negara, status Perusahaan berubah menjadi Perusahaan Umum (Perum).

Berdasarkan Peraturan Pemerintah No. 1 tahun 1997 tentang Pengalihan Bentuk Perusahaan Umum (Perum) Bio Farma Menjadi Perusahaan Perseroan (Persero), status Perusahaan berubah menjadi Perusahaan Perseroan (Persero). Akta pendirian dan Anggaran Dasar atas perubahan bentuk Perusahaan tersebut telah dimuat dalam Akta No. 1 tanggal 3 Februari 1997, Akta No. 188 tanggal 20 Juni 1997, dan Akta No. 30 tanggal 21 Oktober 1997 yang dibuat oleh Notaris Muhani Salim, S.H., dan telah mendapat persetujuan berdasarkan Keputusan Menteri Kehakiman Republik Indonesia No. C2-1423 HT.01.01.Th.98 tanggal 5 Maret 1998 yang telah diumumkan dalam Berita Negara Republik Indonesia tanggal 16 Juli 2002 No. 57 Tambahan No. 6884

Anggaran Dasar Perusahaan telah mengalami beberapa kali perubahan dan terakhir Anggaran Dasar Perusahaan Nomor 26 tanggal 6 Juni 2014 yang dibuat oleh Notaris Fathiah Helmi, S.H., dan telah mendapat persetujuan Menteri Hukum dan Hak Asasi Manusia, berdasarkan Keputusan Nomor AHU-0104.40.20.2014 tanggal 10 Juni 2014, tentang Persetujuan Perubahan Badan Hukum Perseroan Terbatas PT Bio Farma (Persero).

### b. Tujuan Kegiatan Usaha Perusahaan

Sesuai dengan Anggaran Dasar Perusahaan, tujuan Perusahaan adalah melakukan usaha di bidang penelitian, pengembangan, produksi dan pemasaran produk biologi, produk farmasi dan alat kesehatan serta optimalisasi pemanfaatan sumber daya yang dimiliki Perseroan untuk menghasilkan barang dan/atau jasa yang bermutu tinggi dan berdaya saing kuat untuk mendapatkan/menyejajarkan keuntungan guna meningkatkan nilai Perseroan dengan menerangkan prinsip-prinsip Perseroan Terbatas

Untuk mencapai maksud dan tujuan tersebut di atas, Perseroan dapat melaksanakan kegiatan usaha utama

- Penelitian dan pengembangan produk biologi dan farmasi, baik yang dilakukan sendiri maupun kerjasama dengan pihak lain;
- Produksi produk biologi dan produk farmasi, baik yang dilakukan sendiri maupun kerjasama dengan pihak lain;

## 1. GENERAL

### a. The Company's Establishment

*PT Bio Farma (Persero) ("the Company"), formerly "Parc Vaccinogene", was established based on Decree No.14 dated August 6, 1890 of the Governor of Netherlands Indies. In 1955, under Emergency Law No.14 year 1955, the legal status of the Company was changed to a state-owned company named Perusahaan Negara (PN) Pasteur. In 1961, based on the Government Regulation No.80 year 1961, the Company's name changed to PN Bio Farma. Later in 1978, based on the Government Regulation No. 26 year 1978 regarding the Transformation of the State-Owned Company (PN) Bio Farma, the Company status was changed to a Public Company (Perum).*

*Based on Government Regulation No. 1 year 1997 regarding the Transformation of the Public Company (Perum) Bio Farma into a Limited Liability Corporation, the status of the Company was changed into a state-owned limited liability corporation (Persero). The Article of Association of the Company's transformation was appeared in notarial deed No.1 dated February 3, 1997, No.188 dated June 20, 1997, and No.30 dated October 21, 1997 of Muhani Salim, S.H., Notary. It has been approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-1423 HT.01.01.Th.98 dated March 5, 1998, and published in State Gazette of the Republic of Indonesia No. 57 Supplement No. 6884 dated July 16, 2002.*

*The Company's Articles of Association has been amended several times, the most recent amendment was made through notarial deed No. 26 dated June 6, 2014 of Fathiah Helmi, S.H., Notary, and has been approved by the Minister of Law and Human Rights in his Decision Letter No. AHU-0104.40.20.2014 date June 10, 2014, regarding the Approval of Amendment of the State-Owned Limited Liability Corporation of PT Bio Farma (Persero).*

### b. The Company's Objective

*According to the Company's Articles of Association, the Company's objectives are to make the efforts in research, development, production, and marketing of biological products, pharmaceutical products, and medical equipments, and optimization of the Company's resources to produce high quality and strong competitive products and services to seek profits that enhance the Company's value by applying the principles of the Limited Liability Corporation.*

*To achieve the objectives mentioned above, the Company performs major activities as follows:*

- Research and development of biological and pharmaceutical products, both performed by the Company itself and by cooperation with other parties;*
- Production of biological and pharmaceutical products, both from the Company's own production and from cooperation with other parties;*

1. UMUM (lanjutan)

b. Tujuan Kegiatan Usaha Perusahaan (lanjutan)

- c. Pemasaran, perdagangan dan distribusi produk biologi, farmasi, alat kesehatan, termasuk barang umum, baik di dalam maupun di luar negeri;
- d. Pelayanan Laboratorium Kesehatan dan Klinik;
- e. Berusaha di bidang jasa yang ada hubungannya dengan yang tertera pada huruf a, b, c, dan d.

Sifat usaha Perusahaan adalah melayani kebutuhan pasar domestik dan global, sebagai berikut :

- a. Pasar Pemerintah, yaitu melayani kebutuhan Pemerintah untuk program imunisasi dasar/reguler yaitu Vaksin BCG, DT, TT, Polio, Campak, Hepatitis B, Td dan Vaksin DTP-HB-Hib.
- b. Pasar swasta nasional, yaitu melayani para distributor dalam negeri untuk memenuhi kebutuhan vaksin diluar program imunisasi rutin Pemerintah yaitu vaksin BCG, BioTd, BioTT, FluBio, Campak, Polio, Hepatitis B, PentaBio, anti sera (BioSAT, BioADS, BioSAVE, ABU II (Australia), PPD 2 TU.
- c. Pasar internasional, terutama untuk melayani kebutuhan UNICEF dan institusi lain yang telah melakukan kerjasama bilateral. Vaksin yang digunakan merupakan vaksin yang telah memenuhi prakualifikasi WHO baik dalam bentuk produk jadi maupun bulk, yaitu vaksin TT, Td, BioTT, DTP, Polio, Campak, Pentabio, *bulk* Polio, *bulk* Difteri, *bulk* Pertusis, dan *bulk* Tetanus.

c. Dewan Komisaris, Direksi, Komite-Komite dan Karyawan

Susunan Dewan Komisaris, Direksi dan Komite Perusahaan pada tanggal 31 Desember 2017 dan 2016 adalah sebagai

31 Desember 2017/December 31, 2017

**Dewan Komisaris**

Komisaris Utama <sup>1)</sup>	: Prof. DR. Ahmad Ramli, SH, MH
Komisaris <sup>2)</sup>	: -
Komisaris <sup>5)</sup>	: Dr. H. Mohamad Subuh
Komisaris <sup>3)</sup>	: -
Komisaris <sup>4)</sup>	: Ihsan Setiadi Latief, M.Si
Komisaris <sup>1)</sup>	: dr. Heridadi, M.Sc

**Komisaris Independen <sup>b)</sup>**

:	-
:	dr. Heridadi, M.Sc

**Direksi <sup>6)</sup>**

Direktur Utama	: Drs. Juliman, MM
Direktur Pemasaran	: M.Rahman Roestan, S.Si., Apt., MBA
Direktur produksi	: Drs. Juliman, MM
Direktur Keuangan	: Drs. Pramusti Indrascaryo, MM
Direktur Perencanaan dan Pengembangan	: Drh.Sugeng Raharso, MM
Direktur Sumber Daya Manusia <sup>7)</sup>	: Disril Revolin Putra, SH., MH

1. GENERAL (continued)

b. The Company's Objective (continued)

- c. Marketing, trading and distribution of biological and pharmaceutical products and medical equipments including general products, for domestics and
- d. Health care laboratory and clinic services;
- e. Providing services related to a, b, c, and d activities.

The nature of the Company is to serve domestic and global market needs as follows:

- a. Government market, provides the Government with BCG, DPT, DT, TT, polio, measles, hepatitis B, Td vaccines for basic/regular immunization programs, and with DTP-HB-Hib.
- b. National private market, provides domestic distributors with BCG, BioTd, BioTT, FluBio, Measles, Polio, Hepatitis B, Pentabio, anti-sera (BioSAT, BioADS, BioSAVE, ABU II (Australia) and PPD2TU vaccines for non-regular Government immunization programs.
- c. International markets, provides particularly the need of UNICEF and other parties who have bilateral cooperation with the Company, with TT, Td, BioTT, DTP, Polio, Measles, Pentabio, Polio bulk, Diphtheria bulk, Pertusis bulk, and Tetanus bulk vaccines. The vaccines are those that meet the pre-qualification of the WHO, both in finished products and bulk

c. Board of Commissioners, Directors, Committees, and Employees

The Company's Board of Commissioners, Directors and Committees as of December 31, 2017 and 2016 are as

31 Desember 2016/December 31, 2016

Prof. DR. Ahmad Ramli, SH, MH
Drs. Paruli Lubis, MBA
Dr. H. Mohamad Subuh
dr. Nizar Yamani, Sp.S (K)
Ihsan Setiadi Latief, M.Si
dr. Heridadi, M.Sc

**Board of Commissioners**

President Commissioner <sup>1)</sup>
Commissioner <sup>2)</sup>
Commissioner <sup>5)</sup>
Commissioner <sup>3)</sup>
Commissioner <sup>4)</sup>
Commissioner <sup>1)</sup>

**Independent Commissioners <sup>b)</sup>**

Drs. Paruli Lubis, MBA
dr. Heridadi, M.Sc

**Directors <sup>6)</sup>**

Drs. Iskandar, Apt. MM	President Director
Drs. Mahendra Suhardono, Apt, MM	Director of Marketing
Drs. Juliman, MM	Director of Production
Drs. Pramusti Indrascaryo, MM	Director of Finance
Drh.Sugeng Raharso, MM	Director of Planning and Development
Drs. Andjang Kusumah, MM	Director of Human Resource Development

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

1. UMUM (lanjutan)

c. Dewan Komisaris, Direksi, Komite-Komite dan Karyawan (lanjutan)

31 Desember 2017/December 31, 2017

**Komite Audit<sup>9)</sup>**

Ketua	: -
Wakil Ketua	: Ihsan Setiadi Latief, M.Si
Anggota <sup>8)</sup>	: Drs. Asawir Harahap AK, CA
Anggota <sup>10)</sup>	: Priyatno, S.H

**Komite Pengembangan, Risiko dan GCG<sup>10)</sup>**

Ketua	: dr. Heridadi, M.Sc
Wakil Ketua I	: -
Wakil Ketua II	: Dr. H. Mohamad Subuh
Anggota	: dr. JUDI Jaenudin Endjun Sp. OG
Anggota	: Afrizal, SE.Msi.Ak

<sup>1)</sup> Berdasarkan Keputusan Menteri BUMN No.SK-17/MBU/2014 tanggal 23 Januari 2014.

<sup>2)</sup> Berdasarkan Keputusan Menteri BUMN No. KEP 392/MBU/ 2012, tanggal 5 November 2012

<sup>3)</sup> Berdasarkan Keputusan Menteri BUMN No. SK-204/MBU/2012 tanggal 28 Mei 2012.

<sup>4)</sup> Berdasarkan Keputusan Menteri BUMN No. SK 235/MBU/2013 tanggal 1 Mei 2013.

<sup>5)</sup> Berdasarkan Keputusan Menteri BUMN No.SK-97/MBU/2015 tanggal 22 Juni 2015.

<sup>6)</sup> Berdasarkan Keputusan Menteri Negara BUMN No. SK-127/MBU/07/2017 tanggal 10 Juli 2017.

<sup>7)</sup> Berdasarkan Keputusan Menteri BUMN No. SK 116/MBU/2012 tanggal 7 Maret 2012.

<sup>8)</sup> Berdasarkan Keputusan Dewan Komisaris No. KEP-05/DK/BF/06/2017 tanggal 03 Juli 2017.

<sup>9)</sup> Berdasarkan Keputusan Dewan Komisaris No. KEP-03/DK/BF/02/2016, tanggal 4 Februari 2016.

<sup>10)</sup> Berdasarkan Keputusan Dewan Komisaris No KEP-04/DK/BF/05/2017 bulan Mei 2017.

Susunan Direksi Perusahaan terakhir berdasarkan Akta Nomor 86 tanggal 26 April 2013 yang dibuat oleh Notaris Fathiah Helmi, S.H., dan telah diterima dan dicatat di dalam database Sistem Administrasi Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan Surat Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia Nomor AHU-AH.01.10-17236 tanggal 3 Mei 2013 perihal Penerimaan Pemberitahuan Perubahan Data Perseroan PT Bio Farma (Persero)

Susunan Dewan Komisaris Perusahaan terakhir berdasarkan Akta Nomor 12 tanggal 9 Juli 2015 yang dibuat oleh Notaris Fathiah Helmi, S.H., dan telah diterima dan dicatat di dalam database Sistem Administrasi Badan Hukum Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan surat Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia Nomor AHU-AH.01.03-0949789 tanggal 9 Juli 2015 perihal Penerimaan Pemberitahuan Perubahan Data Perseroan PT Bio Farma (Persero).

Pada 31 Desember 2017 dan 2016, Perusahaan memiliki karyawan masing-masing 1.186 dan 1.171 karyawan (tidak diaudit).

1. UMUM (Lanjutan)

1. GENERAL (continued)

c. Board of Commissioners, Directors, Committees, and Employees (continued)

31 Desember 2016/December 31, 2016

**Audit Committee<sup>9)</sup>**

Drs. Paruli Lubis, MBA	Chairman
Ihsan Setiadi Latief, M.Si	Vice Chairman
Drs. Asawir Harahap AK, CA	Member <sup>8)</sup>
Drs. Abu Bakar Ak, CA	Member <sup>10)</sup>

**Committee of Development, Risk, and GCG<sup>10)</sup>**

dr. Heridadi, M.Sc	Chairman
dr. Nizar Yamani, Sp.S (K)	Vice Chairman
Dr. H. Mohamad Subuh	Vice Chairman II
Dadang Epi Sukarsa, SH., MH	Member
Afrizal, SE.Msi.Ak	Member

<sup>1)</sup> Based on Decision Letter of the Minister of State-Owned Enterprises No.SK-17/MBU/2014 dated January 23, 2014.

<sup>2)</sup> Based on Decision Letter of the Minister of State-Owned Enterprises No.KEP- 392/MBU/2012 dated November 5,

<sup>3)</sup> Based on Decision Letter of the Minister of State-Owned Enterprises No. SK 204/MBU/2012 dated May 28, 2012.

<sup>4)</sup> Based on Decision Letter of the Minister of State-Owned Enterprises No. SK 235/MBU/2013 dated Mei 1, 2013.

<sup>5)</sup> Based on Decision Letter of the Minister of State-Owned Enterprises No. SK 97/MBU/2015 dated June 22, 2015.

<sup>6)</sup> Based on Decision Letter of the Minister of State-Owned Enterprises No. SK 127/MBU/07/2017 dated July 10, 2017.

<sup>7)</sup> Based on Decision Letter of the Minister of State-Owned Enterprises No. SK 116/MBU/2013 dated March 7, 2012.

<sup>8)</sup> Based on Decision Letter of the Board of Commissioners No. KEP-05/DK/BF/06/2017 dated July 3, 2017.

<sup>9)</sup> Based on Decision Letter of the Board of Commissioners No. KEP-03/DK/BF/02/2016 dated February 4, 2016.

<sup>10)</sup> Based on Decision Letter of the Board of Commissioners No. KEP-04/DK/BF/05/2017 dated May, 2017.

The last Company's Board of Directors is based on Notary Deed No. 86 dated April 26, 2013 of Fathiah Helmi, SH, Notary, and has been accepted and recorded in database system of Legal Entity Administration at the Ministry of Justice and Human Rights of the Republic of Indonesia, according to letter of the Ministry of Justice and Human Rights of the Republic Indonesia No. AHU-AH.01.10-17236 dated May 3, 2013 regarding the Notification of Data Change of PT Bio Farma (Persero)

The last Company's Board of Commissioners is based on Notary Deed Number 12, dated July 9, 2015 of Fathiah Helmi, SH, Notary, and has been accepted and recorded in database system of Legal Entity Administration of the Ministry of Justice and Human Rights of the Republic of Indonesia according to letter of the Ministry of Justice and Human Rights of the Republic of Indonesia Number AHU-AH.01.03-0949789 dated July 9, 2015, regarding the Notification of Data Change of PT Bio Farma (Persero).

As of December 31, 2017 and 2016 the Company had 1.186 and 1.171 employees (unaudited), respectively.

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

d. Remunerasi Dewan Komisaris dan Direksi

Perincian gaji dan tunjangan untuk Dewan Komisaris dan Direksi Perusahaan tahun 2017 dan 2016, adalah sebagai berikut:

	2017
	Rp
Dewan Komisaris	12,754,173,358
Direksi	26,560,545,754
<b>Jumlah</b>	<b>39,314,719,112</b>

2. IKHTISAR KEBIJAKAN AKUNTANSI

a. Pernyataan Kepatuhan

Laporan keuangan PT Bio Farma (Persero) untuk tahun yang berakhir 31 Desember 2017 dan 2016 telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia dan telah memenuhi semua persyaratannya.

b. Dasar Penyusunan Laporan Keuangan

Laporan keuangan disusun berdasarkan konsep biaya perolehan, kecuali beberapa akun tertentu menggunakan dasar pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut. Laporan keuangan disusun dengan menggunakan metode akrual, kecuali untuk laporan arus kas.

Laporan arus kas disusun menggunakan metode langsung dengan mengelompokkan arus kas ke dalam aktivitas operasi, investasi dan pendanaan.

c. Perubahan Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK)

Pada tahun 2016 dan 2017, Dewan Standar Akuntansi Keuangan (DSAK) Ikatan Akuntan Indonesia (IAI) telah mengesahkan penyesuaian/amandemen beberapa PSAK, serta mengesahkan SAK dan ISAK yang relevan dan berlaku efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017 sebagai berikut :

- ISAK 31: Interpretasi atas ruang lingkup PSAK 13: Properti Investasi, memberikan interpretasi atas karakteristik bangunan yang digunakan sebagai bagian dari definisi properti investasi dalam PSAK 13: Properti Investasi. Berlaku efektif tanggal 1 Januari 2017.
- PSAK 58 (Penyesuaian 2016): Aset Tidak Lancar yang Dimiliki untuk Dijual dan Operasi yang Dihentikan, mengklarifikasi bahwa perubahan dari satu metode pelepasan ke metode pelepasan lainnya dianggap sebagai rencana awal yang berkelanjutan dan bukan sebagai rencana pelepasan baru. Selain itu, perubahan metode pelepasan ini tidak mengubah tanggal klasifikasi sebagai aset atau kelompok lepasan.
- PSAK 60 (Penyesuaian 2016): Instrumen Keuangan: Pengungkapan, mengklarifikasi bahwa entitas harus menilai sifat dari imbalan kontrak jasa sebagaimana dinyatakan dalam paragraf PP30 dan 42C untuk menentukan apakah entitas memiliki keterlibatan berkelanjutan dalam aset keuangan dan apakah persyaratan penandatangan terkait keterlibatan

d. Remuneration of Board of Commissioners and Directors

The details of salaries and allowances of the Board of Commissioners and Directors of the Company for 2017 and 2016 are as follows:

	2016	
	Rp	
	12,754,354,575	Board of Commissioners
	29,612,080,261	Directors
<b>Total</b>	<b>42,366,434,836</b>	<b>Total</b>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The financial statements of PT Bio Farma (Persero) for the year ended December 31, 2017 and 2016 have been prepared in accordance with Financial Accounting Standards in Indonesia and have met all its requirements.

b. Basis for Preparation of the Financial Statements

The financial statements have been prepared under the historical cost method, except for several accounts which use other measurement basis as explained in the accounting policies applied for those accounts. The financial statements, except for statement of cash flows, are prepared under the accrual basis of accounting.

Statement of cash flows is prepared using the direct method by classifying cash flows into operating, investing and financing activities.

c. Amendments and Improvements of Financial Accounting Standards (PSAKs) and Their Interpretations (ISAKs)

In 2016 and 2017, the Accounting Standards Board (DSAK) of the Indonesian Institute of Accountants (IAI) has issued amendments and improvements on certain PSAKs, and a new interpretation (ISAK) which are relevant and effective for periods beginning on or after January 1, 2017 as follows:

- ISAK 31: Interpretation of the Scope of PSAK 13: "Investment Property", provides an interpretation of the building characteristics used as part of the definition of investment property in PSAK 13: "Investment Property". Valid effective on January 1, 2017.
- PSAK 58 (Improvement 2016): "Non-current Assets Held for Sale and Discontinued Operations", clarifies that the change from one method of release to another is considered a sustainable starting plan and not as a new release plan. In addition, this change of release method does not alter the classification date as an asset or removable group.
- PSAK 60 (Improvement 2016): Financial Instruments: "Disclosures", clarifies that entities should assess the nature of service contract rewards as stated in paragraphs PP30 and 42C to determine whether an entity has a continuing involvement in financial assets and whether disclosure requirements related to sustainable arrangement are met

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

c. Perubahan Pernyataan Standar Akuntansi Keuangan (PSAK) dan Interpretasi Standar Akuntansi Keuangan (ISAK).

Penerapan standar-standar tersebut tidak mempunyai pengaruh material terhadap jumlah-jumlah dan pengungkapan dalam laporan keuangan Perusahaan.

Amandemen, Interpretasi, dan Penyesuaian standar, serta SAK yang berlaku efektif untuk periode yang dimulai pada atau setelah 1 Januari 2018, yaitu:

- Amendemen PSAK 13: Properti Investasi tentang Pengalihan Properti Investasi, mengamandemen paragraf 57 sehingga mencerminkan prinsip bahwa perubahan penggunaan mencakup penilaian atas apakah properti memenuhi, atau berhenti memenuhi, definisi properti investasi dan bukti pendukung bahwa perubahan penggunaan telah terjadi. Berlaku efektif 1 Januari 2018, dengan opsi penerapan dini diperkenankan.
- Amendemen PSAK 16: Aset Tetap tentang Agrikultur: Tanaman Produktif, mengklarifikasi bahwa aset biologis yang memenuhi definisi tanaman produktif (bearer plants) masuk dalam ruang lingkup PSAK 16: Aset Tetap. Berlaku efektif untuk periode tahun buku yang dimulai pada atau setelah 1 Januari 2018, penerapan dini.
- ISAK 33: Transaksi Valuta Asing dan Imbalan di Muka, ISAK 33 mengklarifikasi penggunaan tanggal transaksi untuk menentukan kurs yang digunakan pada pengakuan awal aset, beban atau penghasilan terkait pada saat entitas telah menerima atau membayar imbalan di muka dalam valuta asing. Berlaku efektif 1 Januari 2019, dengan opsi penerapan dini diperkenankan.
- PSAK 69: Agrikultur, mengatur bahwa aset biologis atau produk agrikultur diakui saat memenuhi beberapa kriteria yang sama dengan kriteria pengakuan aset. Berlaku efektif untuk periode tahun buku yang dimulai pada atau setelah 1 Januari 2018, penerapan dini diperkenankan.
- PSAK 71: Instrumen Keuangan, mengatur perubahan persyaratan terkait instrumen keuangan seperti: klasifikasi dan pengukuran; penurunan nilai; dan akuntansi lindung nilai. Berlaku efektif 1 Januari 2020 dengan opsi penerapan dini diperkenankan.
- PSAK 72: Pendapatan dari kontrak dengan pelanggan, menetapkan prinsip yang diterapkan entitas untuk melaporkan informasi yang berguna kepada pengguna laporan keuangan tentang sifat, jumlah, waktu, dan ketidakpastian pendapatan dan arus kas yang timbul dari kontrak dengan pelanggan. Berlaku efektif 1 Januari 2020 dengan opsi penerapan dini diperkenankan.
- PSAK 73: Sewa, menetapkan prinsip pengakuan, pengukuran, penyajian, dan pengungkapan sewa. Berlaku efektif 1 Januari 2020 dengan opsi penerapan dini diperkenankan untuk entitas yang juga menerapkan PSAK 72: Pendapatan dari kontrak dengan pelanggan.

Perusahaan sedang mengevaluasi penerapan standar-standar akuntansi tersebut dan belum menentukan dampaknya terhadap laporan keuangan.

(Expressed in Rupiah, unless otherwise stated)

c. Changes in Statements of Financial Accounting Standards (PSAK) and Interpretations of Financial Accounting Standards (ISAK).

The adoption of such standards has no material effect on the amounts and disclosures in the Company's financial statements.

Amendments, Interpretations, and Adjustments to Standards, and PSAK effective for periods beginning on or after January 1, 2018, namely:

- The amendment of PSAK 13: Investment Properties on the Transfer of Investment Property, amending paragraph 57 thus reflecting the principle that the change in use includes an assessment of whether the property meets, or ceases to meet, the definition of investment property and supporting evidence that a change of use has occurred. Effective January 1, 2018, with early applying options allowed.
- Amendment of PSAK 16: Fixed Assets about Agriculture: Productive Plants, clarifies that biological assets that meet the definition of the productive plants (bearer plants) fall within the scope of PSAK 16: Fixed Assets. Effective for periods beginning on or after January 1, 2018, early adoption is permitted.
- ISAK 33: Foreign Exchange Transactions and Advances, ISAK 33 clarifies the use of the transaction date to determine the exchange rate used in the initial recognition of the related asset, expense or income at the time the entity has received or prepaid interest in the foreign currency. Effective January 1, 2019, with early applying options allowed.
- PSAK 69: Agriculture, stipulates that biological assets or agricultural products are recognized when they meet several criteria similar to the asset recognition criteria. Effective for the yearbook period beginning on or after January 1, 2018, early adoption is permitted.
- PSAK 71: Financial Instruments, governs the change of requirements related to financial instruments such as classification and measurement; impairment; and hedge accounting. Effective January 1, 2020 with early application options allowed.
- PSAK 72: Revenue from contracts with customers sets forth the principle applied by the entity to report useful information to users of financial statements about the nature, amount, time, and uncertainty of revenue and cash flows arising from contracts with customers. Effective January 1, 2020 with early application options allowed.
- PSAK 73: Lease, establishes the principle of recognition, measurement, presentation, and disclosure of the lease. Effective January 1, 2020 with early adoption option allowed for entities that apply PSAK 72: Revenue from contracts with customers.

The Company is still evaluating the implementation of these standards and has not yet determined the impacts on the Company's financial statements.

0. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

d. Penentuan Tingkat Materialitas Suatu Pos

Berdasarkan SM-S15 Pedoman Akuntansi Keuangan sebagai ukuran objektif, suatu akun dinyatakan material dan karenanya harus disajikan tersendiri di dalam laporan keuangan jika:

- 5 % dari jumlah seluruh aset untuk akun-aset;
- 5 % dari jumlah seluruh kewajiban untuk akun-akun kewajiban;
- 5 % dari jumlah seluruh ekuitas untuk akun-akun ekuitas;
- 10 % dari pendapatan untuk akun-akun laba rugi; dan
- 10 % dari laba sebelum pajak untuk pengaruh suatu peristiwa atau transaksi.

e. Transaksi dan Saldo dalam Mata Uang Asing

Mata uang pelaporan yang digunakan dalam penyusunan laporan keuangan ini adalah Rupiah. Transaksi dalam mata uang asing dijabarkan dalam mata uang Rupiah dengan menggunakan kurs pada tanggal transaksi.

Pada akhir periode pelaporan keuangan, aset dan liabilitas moneter dalam mata uang asing dijabarkan dalam mata uang Rupiah dengan menggunakan kurs tengah Bank Indonesia yang berlaku pada tanggal tersebut, sebagai berikut:

	31 Desember 2017
Dollar Amerika Serikat (USD)	13,548.00
EURO (EUR)	16,173.62
Dollar Singapura (SGD)	10,133.53
Dollar Australia (AUD)	10,557.29
Yen Jepang (JPY)	120.22
Poundsterling Inggris (GBP)	18,218.01
Danish Krone Denmark (DKK)	2,172.34
Franc Swiss (CHF)	13,842.15

Keuntungan atau kerugian yang timbul dari penjabaran aset dan liabilitas keuangan dalam mata uang asing diakui dalam laporan laba rugi dan penghasilan komprehensif lainnya tahun berjalan.

f. Kas dan Setara Kas

Kas dan setara kas terdiri dari kas, bank dan semua investasi yang jatuh tempo dalam jangka waktu tiga bulan atau kurang dari tanggal perolehannya dan yang tidak dijaminkan serta tidak dibatasi penggunaannya.

g. Aset dan Liabilitas Keuangan  
 Aset Keuangan

Aset keuangan dikelompokkan menjadi 4 kategori, yaitu (i) aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi, (ii) pinjaman yang diberikan dan piutang, (iii) investasi yang dimiliki hingga jatuh tempo serta (iv) aset keuangan yang tersedia untuk dijual. Klasifikasi ini tergantung dari tujuan perolehan aset keuangan tersebut pada saat awal pencaukuannya.

(i) Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi

Aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi adalah aset keuangan yang ditujukan untuk diperdagangkan.

2. SUMMARY OF ACCOUNTING POLICIES (continued)

d. Determination of Materiality Level

Based on SM-S15 Financial Accounting Guide as the objective measurement, an account is considered material and, therefore, is presented separately in the financial statements if:

- 5% of total assets for asset accounts;
- 5% of total liabilities for liability accounts;
- 5% of total equity for equity accounts;
- 10% of revenues for profit and loss accounts; and
- 10% of income before taxes for the effect of an event or transaction.

e. Foreign Currency Transactions and Balances

The reporting currency used in the preparation of these financial statements is Rupiah. Transactions involving foreign currencies are translated to Rupiah at the rates of exchange prevailing at the transaction date.

At the end of the financial reporting period, monetary assets and liabilities denominated in foreign currencies are translated into Rupiah using the Bank Indonesia middle rates of exchange prevailing at that date, as follows:

	31 Desember 2016
Dollar Amerika Serikat (USD)	13,436.00
EURO (EUR)	14,161.55
Dollar Singapura (SGD)	9,298.92
Dollar Australia (AUD)	9,724.31
Yen Jepang (JPY)	115.4
Poundsterling Inggris (GBP)	16,507.51
Danish Krone Denmark (DKK)	1,905.09
Franc Swiss (CHF)	13,177.76

Gains or losses arising from transactions of monetary assets and liabilities denominated in foreign exchange currencies are presented in the current year's statement of comprehensive income.

f. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, in banks and all investments which mature within three months or less from the date of acquisition and which are not pledged and unrestricted.

g. Financial Assets and Liabilities  
 Financial Assets

Financial assets are classified into 4 categories: (i) financial assets measured at fair value through profit or loss, (ii) loans and receivables, (iii) held-to-maturity financial assets, and (iv) available-for-sale financial assets. This classification depends on the purpose of acquisition of the financial assets at initial recognition.

(i) Financial assets measured at fair value through statement of profit or loss

Financial assets measured at fair value through statement of profit or loss are financial assets which are held for trading.

**g. Aset dan Liabilitas Keuangan**

**Aset Keuangan**

Aset keuangan diklasifikasikan sebagai diperdagangkan jika diperoleh terutama untuk tujuan dijual atau dibeli kembali dalam waktu dekat dan terdapat bukti mengenai pola ambil untung dalam jangka pendek. Keuntungan/kerugian yang timbul dari perubahan nilai wajar diakui dalam laporan laba rugi. Derivatif diklasifikasikan sebagai aset diperdagangkan kecuali telah ditetapkan dan efektif sebagai instrumen lindung nilai

Pada 31 Desember 2017, tidak ada aset keuangan Perusahaan yang diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

**(ii) Pinjaman yang diberikan dan piutang**

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif.

Pada saat pengakuan awal, pinjaman yang diberikan dan piutang diakui pada nilai wajarnya ditambah biaya transaksi dan selanjutnya diukur pada biaya perolehan diamortisasi menggunakan metode suku bunga efektif.

Penyisihan piutang ragu-ragu dibentuk berdasarkan evaluasi manajemen terhadap tingkat ketertagihan saldo piutang. Pencatatan atas penyisihan piutang ragu-ragu dilakukan pada setiap triwulan. Piutang dihapuskan dalam periode ketika piutang tersebut dipastikan tidak dapat tertagih.

Pada tanggal 31 Desember 2017, aset keuangan Perusahaan yang diklasifikasikan sebagai pinjaman yang diberikan dan piutang terdiri dari Kas dan Setara Kas, Piutang Usaha dan Piutang Lain-Lain.

**(iii) Investasi yang dimiliki hingga jatuh tempo**

Investasi yang dimiliki hingga jatuh tempo adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan jatuh temponya telah ditetapkan, dimana Perusahaan mempunyai intensi positif dan kemampuan untuk memiliki aset keuangan tersebut hingga jatuh tempo, selain:

(a) Investasi yang pada saat pengakuan awal ditetapkan sebagai aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi;

(b) Investasi yang ditetapkan dalam kelompok tersedia untuk dijual; dan

(c) Investasi yang memenuhi definisi pinjaman yang diberikan dan piutang.

**(iii) Investasi yang dimiliki hingga jatuh tempo**

Pada saat pengakuan awal, investasi dimiliki hingga jatuh tempo diakui pada nilai wajarnya ditambah biaya transaksi, dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

**g. Financial Assets and Liabilities**

**Financial Assets**

A financial asset is classified as trading if it obtained particularly for the purpose of selling or repurchasing it in the near term, and for which there is evidence of recent actual pattern of short-term profit taking. Gains or Losses arising from changes in fair value are recognized in the statement of profit or loss. Derivatives are also categorized as held-for-trading, unless they are designated and effective as hedging instruments.

As of December 31, 2017, the Company has no financial asset classified as financial assets measured at fair value through profit or loss.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables are initially recognized at fair value plus transaction costs, and subsequently measured at amortized cost using the effective interest method.

Provision for impairment of receivables is determined based on management's estimate to collected level of the receivable balances. This provision is recorded on a quarterly basis. Receivables are written off in the period when they are determined to be uncollectable.

As of December 31, 2017, the Company's financial assets that are classified as loans and receivables consist of cash and cash equivalent, accounts receivables, and other receivables.

**(iii) Held-to-maturity**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Company's management has positive intention and ability to hold to maturity, other than:

(a) investments which are designated as financial assets measured at fair value through profit or loss at initial recognition;

(b) investments that are designated as available for sale category; and

(c) investments that meet the definition of loans and receivables.

**(iii) Held-to-maturity**

At the time of initial recognition, held-to-maturity investments are recognized at fair value plus transaction costs, and subsequently measured at amortized cost using the effective interest method.

**Aset Keuangan (lanjutan)**

Pada 31 Desember 2017, tidak ada aset keuangan Perusahaan yang diklasifikasikan sebagai investasi dimiliki hingga jatuh tempo.

(iv) **Aset keuangan tersedia untuk dijual**

Aset keuangan tersedia untuk dijual adalah aset keuangan non-derivatif yang ditetapkan untuk dimiliki selama periode yang tidak ditentukan, dimana akan dijual dalam rangka pemenuhan likuiditas, atau perubahan suku bunga, valuta asing, atau yang tidak diklasifikasikan sebagai pinjaman yang diberikan dan piutang, investasi yang diklasifikasikan sebagai dimiliki hingga jatuh tempo atau aset keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

Pada saat pengakuan awal, aset keuangan tersedia untuk dijual diakui pada nilai wajarnya ditambah biaya transaksi, dan selanjutnya diukur pada nilai wajarnya.

Keuntungan atau kerugian yang belum direalisasi dari perubahan nilai wajar diakui sebagai pendapatan (beban) komprehensif lain dan disajikan tersendiri pada bagian ekuitas hingga terealisasi, kecuali untuk kerugian penurunan nilai dibawah nilai perolehan yang bersifat non-temporer dan keuntungan atau kerugian yang timbul dari perubahan nilai tukar.

Pada 31 Desember 2017, tidak ada aset keuangan Perusahaan yang diklasifikasikan sebagai aset keuangan tersedia untuk dijual.

**Liabilitas Keuangan**

Liabilitas keuangan dikelompokkan ke dalam kategori :

(i) **Liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi.**

Liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi adalah liabilitas keuangan yang ditujukan untuk diperdagangkan. Liabilitas keuangan diklasifikasikan sebagai diperdagangkan jika diperoleh terutama untuk tujuan dijual atau dibeli kembali dalam waktu dekat dan terdapat bukti mengenai pola ambil untung dalam jangka pendek. Derivatif diklasifikasikan sebagai liabilitas diperdagangkan kecuali ditetapkan dan efektif sebagai instrumen lindung nilai.

Pada tahun 2017 dan 2016 Perusahaan tidak memiliki liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi.

(ii) **Liabilitas keuangan diukur dengan biaya perolehan**

Liabilitas keuangan yang tidak diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laporan laba rugi dikategorikan dan diukur pada biaya perolehan diamortisasi dengan menggunakan metode

Pada tahun 2017 dan 2016, Perusahaan mempunyai utang usaha, biaya masih harus dibayar, dan liabilitas lancar lainnya yang diklasifikasikan sebagai liabilitas keuangan yang diukur dengan biaya perolehan.

**Financial Assets (continued)**

As of December 31, 2017, the Company has no financial asset classified as held-to-maturity.

(iv) **Available for sale**

Available-for-sale financial assets are non-derivative financial assets that are intended to be held for indefinite period of time, which might be sold in response to liquidity needs or changes in interest rates or foreign exchanges, or which are not classified as loans or receivables, investments that are classified as held to maturity, or financial assets that measured at fair value through profit or loss.

At initial recognition, available for sale of financial assets are recognized at fair value plus transaction costs, and subsequently measured at fair value.

Gains or losses arising from changes in fair value are recognized as other comprehensive income (expense) and presented separately as part of equity until realized, except for impairment losses below the acquisition cost of a non-temporary and gains or losses arising from changes in exchange rate.

As of December 2017, the Company has no financial asset classified as available for sale.

**Financial Liabilities**

Financial liabilities are classified in categories of :

(i) **Financial liabilities measured at fair value through profit or loss.**

Financial liabilities measured at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified as held for trading if acquired particularly for the purpose of selling or repurchasing in the near future and there is evidence of a pattern of short-term profit taking. Derivatives are classified as liabilities for trading unless they are designated and effective as hedging instruments.

In 2017 and 2016, the Company has no financial liabilities measured at fair value through statement of profit or loss.

(ii) **Financial liabilities measured at amortized cost.**

Financial liabilities that are not classified as financial liabilities at fair value through profit or loss fall into this category and measured at amortized cost using the effective interest rate method.

In 2017 and 2016, the Company has trade payables, accrued expenses and other current liabilities are classified as financial liabilities at amortized cost.

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

g. Aset dan Liabilitas Keuangan (lanjutan)  
Estimasi Nilai Wajar

2. SUMMARY OF ACCOUNTING POLICIES (continued)

g. Financial Assets and Liabilities (continued)  
Estimation of Fair Value

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

Nilai wajar instrumen keuangan yang diperdagangkan di pasar aktif ditentukan berdasarkan harga pasar kuotasian (*quoted price*) pada tanggal pelaporan.

Untuk instrumen keuangan yang tidak diperdagangkan dalam pasar aktif, nilai wajarnya ditentukan dengan menggunakan teknik penilaian tertentu yang meliputi transaksi pasar wajar terkini, referensi nilai wajar instrumen keuangan lainnya yang serupa dan analisis arus kas diskonto atau model penilaian

#### **Penghentian Pengakuan**

Penghentian pengakuan aset keuangan dilakukan ketika hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir, atau ketika aset keuangan tersebut telah ditransfer dan secara substansial seluruh risiko dan manfaat atas kepemilikan aset tersebut telah ditransfer. Jika secara substansial seluruh risiko dan manfaat tidak ditransfer, maka Perusahaan melakukan evaluasi untuk memastikan keterlibatan berkelanjutan atas kendali yang masih dimiliki tidak mencegah penghentian pengakuan. Liabilitas keuangan dihentikan pengakuannya ketika dilepaskan atau dibatalkan atau kadaluwarsa

#### **Penurunan Nilai dari Aset Keuangan**

Pada setiap tanggal pelaporan, Perusahaan mengevaluasi apakah terdapat bukti obyektif bahwa aset keuangan mengalami penurunan nilai. Aset keuangan diturunkan nilainya dan kerugian penurunan nilai diakui jika, dan hanya jika, terdapat bukti obyektif bahwa penurunan nilai terjadi sebagai akibat dari adanya peristiwa merugikan yang terjadi setelah pengakuan awal aset keuangan tersebut. Peristiwa yang merugikan tersebut dapat diestimasi secara handal dan berdampak negatif pada estimasi arus kas masa depan dari aset keuangan yang bersangkutan.

Aset keuangan yang dicatat berdasarkan biaya perolehan diamortisasi penurunan nilainya diukur dari selisih antara nilai tercatat dan nilai kini estimasi arus kas di masa depan yang didiskontokan menggunakan suku bunga efektif.

#### **h. Transaksi Dengan Pihak-pihak Berelasi**

Perusahaan mempunyai transaksi dengan pihak-pihak berelasi. Definisi pihak-pihak berelasi adalah sesuai dengan yang diatur dalam PSAK No.7 (Penyesuaian 2015) "Pengungkapan Pihak-Pihak Berelasi".

Sifat hubungan dengan pihak-pihak berelasi antara lain sebagai berikut:

- Pemerintah RI yang diwakili oleh Menteri BUMN yang merupakan pemegang saham Perusahaan, dan BUMN lain yang memiliki hubungan afiliasi melalui Penyertaan Modal Pemerintah.
- Perusahaan menempatkan dana atau memiliki pinjaman dana pada bank yang dimiliki oleh Pemerintah atau BUMN/D dengan persyaratan dan tingkat bunga normal sebagaimana yang berlaku untuk nasabah pihak ketiga.

## **2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**

#### **h. Transaksi Dengan Pihak-pihak Berelasi**

- Mempunyai anggota pengurus (komisaris dan direksi) yang sama dengan Entitas Anak.

(Expressed in Rupiah, unless otherwise stated)

Fair value of financial instruments that are traded in active markets is determined based on quoted market price at the reporting date.

Fair value of financial instruments that are not traded in active markets is determined using appropriate valuation techniques such as current fair market transactions, reference to fair value of other financial instruments that are substantially similar, and a discounted cash flow analysis or other valuation

#### **Termination of Recognition**

Financial assets are derecognized when the contractual rights to receive cash flows from these assets have ceased, or when the assets have transferred and substantially all risks and benefits of the ownership of the assets are transferred. If, all the risks and benefits have not substantially transferred, the Company conducts an evaluation to ensure the ongoing involvement of the existing controls does not prevent the termination of recognition. Financial liabilities are derecognized when redeemed or expired.

#### **Impairment of Financial Assets**

At each reporting date, the Company evaluates whether there is any objective evidence that a financial asset is impaired. A financial asset is impaired and an impairment loss is recognized if, and only if, there is any objective evidence that the impairment occurred as the result of one or more loss events occurred after the initial recognition. The loss events can be estimated reliably and have adverse impact on estimated future cash flows for the financial assets.

Impairment of a financial asset carried at amortized cost is measured as the difference between its carrying amount and the present value of estimated future cash flows discounted using the effective interest rate.

#### **h. Transactions with Related Parties**

The Company has transactions with other parties which are considered as related party transactions as defined under PSAK No.7 (Improvement 2015) "Related Party Disclosures".

The nature of the relationship with related parties are as follows:

- Government of the Republic of Indonesia represented by the Minister for State-Owned Enterprises as the shareholder of the Company, and other state-owned Companies that have affiliated relationships through government investments.
- The Company invests its funds at or has loans from banks owned by the government or state/provincial-owned companies with normal terms and interest rates as applicable to third party customers.

## **2. SUMMARY OF ACCOUNTING POLICIES (continued)**

#### **h. Transactions with Related Parties**

- The Company has same board members (commissioners or directors) as its subsidiaries.

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

- Perusahaan mengadakan perjanjian dalam rangka usaha dengan BUMN lain maupun Entitas Anak BUMN serta badan/lembaga-lembaga Pemerintah.

**i. Persediaan**

**1. Penilaian Pesediaan**

Penilaian persediaan dinyatakan dalam laporan posisi keuangan sebesar yang lebih rendah antara biaya dan nilai realisasi neto. Biaya persediaan ditentukan dengan metode rata-rata bergerak atau rata-rata sederhana bergantung pada jenis persediaan. Nilai realisasi neto merupakan estimasi harga jual persediaan dalam kegiatan usaha biasa dikurangi estimasi biaya untuk menyelesaikan dan estimasi biaya untuk melakukan penitulan.

**2. Biaya Perolehan Persediaan**

Biaya perolehan *persediaan* meliputi harga beli, PPN masukan yang tidak dapat dikreditkan, biaya konversi, dan biaya lainnya yang timbul sampai persediaan dalam kondisi dan tempat yang siap untuk dijual atau dipakai (*present location and condition*), kecuali untuk persediaan produk dalam proses dicatat sebesar persentase beban pokok barang dalam proses terhadap beban pokok barang jadi yaitu:

- Produk dalam proses untuk barang curah (*bulk*) penilaiannya disamakan antara yang akan diformulasi menjadi produk akhir atau yang akan dijual.
- Produk dalam proses untuk produk akhir dilakukan berdasarkan rata-rata beban pokok produksi (HPP) tanpa bahan kemasan terhadap HPP Vaksin terapan dikurangi persentase produk *reject* saat dikemas, sebagaimana tertuang dalam Nota Dinas Direksi No.07841/DIR/XII/2010 tanggal 8 Desember 2010.

**3. Persediaan Bahan Baku, Penolong dan Perlengkapan**

Persediaan bahan baku, penolong dan perlengkapan dinyatakan berdasarkan nilai terendah antara biaya perolehan dan nilai realisasi bersih yang ditentukan dengan menggunakan metode rata-rata bergerak.

**4. Persediaan Produk Dalam Proses**

Persediaan produk dalam proses dihitung setiap triwulan berdasarkan beban pokok produksi terapan, dan pada akhir tahun buku dinyatakan sebesar beban pokok produksi dengan menggunakan metode rata-rata sederhana.

Persediaan produk dalam proses terdiri dari:

- *Bulk* hasil produksi yang telah lulus uji (*quality control*) dengan kondisi siap untuk diformulasi menjadi produk akhir dan siap untuk dijual sebelum dilakukan pengemasan.
- Produk akhir hasil produksi yang telah dikemas dalam wadah (*botol/ampul/vial/ uniject blank*) dan telah lulus uji (*quality control*) sebelum diberi etiket, *leaflet* dan dimasukkan ke dalam dus.

**2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**

**i. Persediaan (lanjutan)**

**5. Persediaan Produk Jadi**

Persediaan produk jadi terdiri dari persediaan produk perusahaan dan persediaan trading partnership. Biaya 15

(Expressed in Rupiah, unless otherwise stated)

- The Company entered into business agreements with other state-owned entities or their subsidiaries, and Government institutions or agencies.

**i. Inventories**

**1. Valuation of Inventory**

The valuation of inventories is stated in the statements of financial position at the lower of cost and net realizable value. The cost of inventory is determined by a simple moving average or average method depending on the type of inventory. The net realizable value represents the estimated selling price of inventories in the ordinary course of business less the estimated cost to complete and the estimated cost of making the sale.

**2. Cost of Inventory**

Inventories are stated at acquisition cost, which includes such purchase price, the VAT that cannot be credited, conversion costs, and other costs incurred in bringing inventories to present location and conditions, except for inventories of products in process which are recorded at the percentage of cost of goods in process on cost of finished goods, those are:

- The valuation of work in process of bulk goods (*bulk*) is measured equivalent to which will be formulated to final products or products to be sold.
- Work in process for end products are valued based on the average of production cost without package materials to the applied production cost of Vaccines less the percentage of reject products incurred at packaging, as stated in the Directors Memorandum No.07841/DIR/XII/ 2010 dated December 8, 2010.

**3. Raw Materials, Auxiliary Materials and Supplies**

Raw and auxiliary materials and supplies are stated at the lower of cost or net realizable value, which are determined using the moving average method.

**4. Work In Process**

Work in process inventory is computed at quarterly basis based on the applied production cost. At the end of book year the inventory is stated at production cost using a simple average method.

Work in process inventory consists of:

- Bulk products which are already passed the quality control tests and ready to be formulated and converted to finished goods inventory and available for sale, prior to packing process.
- Final products which have been packaged in bottle, ampul, vial, blank uniject and passed the quality control tests before putting label, brochure and loading into the boxes.

**2. SUMMARY OF ACCOUNTING POLICIES (continued)**

**i. Inventories (continued)**

**5. Finished Goods**

The finished product inventory consists of the Company's product inventory and trading partnership inventory. The

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

persediaan produk Perusahaan ditentukan dengan menggunakan metode rata-rata sederhana, sedangkan biaya persediaan trading partnership ditentukan dengan metode rata-rata bergerak.

6. Persediaan Dalam Perjalanan

Persediaan dalam perjalanan adalah persediaan bahan baku/bahan penolong/perengkapan/barang dagangan yang pada akhir periode pelaporan barangnya sudah diterima/tiba di pelabuhan dan sesuai syarat penyerahan barang sudah menjadi milik Perusahaan. Khusus untuk barang yang berasal dari impor dibuat Nota Perhitungan Barang Impor (NPI) sementara sebagai dasar mencatat nilai "Persediaan dalam Perjalanan".

7. Persediaan dalam Karantina

Persediaan dalam karantina merupakan persediaan bahan baku/penolong/perengkapan/trading partnership yang pada akhir periode pelaporan barangnya sudah diterima/tiba di Perusahaan, tetapi belum memenuhi syarat penyerahan barang karena belum lulus pengujian. Persediaan dalam karantina dikelompokkan ke kelompok Aset Lancar Lainnya.

8. Penurunan Nilai Persediaan

Penurunan nilai persediaan menjadi sebesar nilai realisasi bersih diakui sebagai beban dalam periode terjadinya penurunan nilai. Pemulihan kembali nilai persediaan setelah terjadi penurunan nilai diakui sebagai pengurangan beban dalam periode terjadinya pemulihan.

Persentase penurunan nilai persediaan diakui jika nilai tercatat melebihi nilai realisasi neto. Persentase ditentukan berdasarkan estimasi penggunaan atau penjualan masing-masing jenis persediaan pada masa depan.

j. Aset Tetap

1. Pengukuran Aset Tetap Selain Tanah

Aset tetap pemilikan langsung, kecuali tanah, dinyatakan sebesar biaya perolehannya dikurangi akumulasi penyusutan dan penurunan nilai. Aset tetap, kecuali Tanah, disusutkan sesuai tabel berikut:

Kelompok Aset Tetap	Metode Penyusutan <i>Depreciation Method</i>	Manfaat Keekonomian <i>Economic Benefit</i>	Tarif Penyusutan <i>Depreciation Rate</i>	Category of PPE
Bangunan	Garis Lurus	10 - 20 tahun/ years	5 % - 10 %	Building
Inventaris Pabrik dan Mesin	Saldo Menurun	8 - 16 tahun/ years	12,5 % - 25 %	Factory Equipment and Machine
Inventaris Kantor	Saldo Menurun	4 - 8 tahun/ years	25 % - 50 %	Office Equipment
Inventaris Lainnya	Saldo Menurun	8 - 16 tahun/ years	12,5 % - 25 %	Others Equipment
Kendaraan Bermotor	Saldo Menurun	4 - 5 tahun/ years	25 % - 50 %	Vehicle

2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

j. Aset Tetap

Pengeluaran setelah perolehan untuk menjaga manfaat keekonomian aset tetap diakui sebagai beban pada saat terjadinya. Pengeluaran yang dapat meningkatkan

December 31, 2017 and 2016

(Expressed in Rupiah, unless otherwise stated)

cost of inventory of the Company's products is determined using the simple average method, while the trading partnership inventory cost is determined by the moving average method.

6. Inventory in Transit

Inventories in transit are raw materials/auxiliaries/supplies/merchandises that have been arrived/ received at the port and. According to the delivery terms, have to be the belongings of the Company. Particularly for imported goods are made a temporarily Memorandum of the Calculation of Imported Goods as the basis for recording the value of "Inventories in Transit".

7. Inventory in Quarantine

Inventory in quarantine is supply of raw material / helper / equipment / trading partnership which at the end of reporting period of the goods have been received / arrived at the Company, but not yet fulfill the requirement of delivery of goods because it has not passed the test. Inventories in quarantine are grouped into the Group of Other Current Assets

8. Impairment of Inventory

Impairment of inventory value to be as net realizable value is recognized as expense in the period in which it is incurred. The recovery of inventory value after impairment is recognized as decrease in expense in the period in which it is incurred.

The percentage decrease in the value of inventories is recognized if the carrying amount exceeds the net realizable value. Percentage is determined based on the estimated use or sale of each type of inventory in the future.

j. Property, Plant and Equipment (PPE)

1. Measurement of PPE Unless Land

Direct ownership of PPE, unless land, are stated at acquisition cost less accumulated depreciation and impairment. PPE, unless land, are depreciated according to the following table:

2. SUMMARY OF ACCOUNTING POLICIES (continued)

j. Property, Plant and Equipment (PPE)

Expenditures after acquisition to maintain economic benefit of a fixed asset are expensed as they are incurred. Expenditures that improve economic benefit in the future

manfaat keekonomian dimasa yang akan datang dan bernilai material dikapitalisasi.

2. Perubahan Model Pengukuran Aset Tetap Tanah  
Kebijakan akuntansi untuk aset tetap kelompok Tanah didasarkan model revaluasi secara prospektif. Nilai Tanah per 31 Desember 2017 adalah sebesar jumlah revaluasi yang dilakukan pada 31 Desember 2015. Selisih yang timbul akibat revaluasi diakui dalam penghasilan komprehensif lain dan dalam ekuitas sebagai surplus revaluasi aset tetap. Surplus revaluasi akan dialihkan ke saldo laba ketika aset tersebut dihentikan penggunaannya.
3. Aset Dalam Pembangunan  
Aset dalam pembangunan disajikan tersendiri dalam kelompok aset tetap dan dinyatakan sebesar biaya perolehan. Akumulasi biaya perolehan dipindahkan ke masing-masing aset tetap yang bersangkutan pada saat aset tersebut selesai dikerjakan dan siap digunakan.
4. Aset Tetap Tidak Produktif  
Aset tetap yang sudah tidak dapat digunakan lagi karena rusak atau usang dikeluarkan dari kelompok aset tetap dan disajikan pada pos aset tetap tidak produktif.  
Aset tetap tidak produktif dalam kelompok aset tidak lancar lainnya sebesar nilai wajarnya. Jika akan dijual dalam periode pendek maka aset tersebut disajikan dalam kelompok aset lancar sebesar nilai wajarnya. Keuntungan atau kerugian yang timbul diakui sebagai beban pada periode terjadinya.  
Penghapusbukuan aset tetap dilakukan setelah mendapat persetujuan pemegang saham dalam RUPS atau Dewan Komisaris.

#### k. Aset Takberwujud

1. Biaya yang berhubungan dengan penyempurnaan sistem dan prosedur yang dapat diidentifikasi, dikendalikan serta memberikan manfaat ekonomi yang melebihi biayanya dalam jangka waktu lebih dari satu tahun, diakui sebagai aset takberwujud. Biaya ini diamortisasi dengan menggunakan metode garis lurus selama masa manfaat 4 (empat) tahun.
2. Biaya pengembangan *upstream* vaksin flu meliputi biaya-biaya yang terkait dengan penemuan riset atau pengetahuan produksi vaksin flu yang berbasis telur dari penyiapan telur, pembuatan *bulk* uji klinis sampai registrasi dari produk tersebut yang dilakukan oleh pihak eksternal. Biaya pengembangan *upstream* vaksin flu diakui sebagai aset takberwujud dan diamortisasi menggunakan metode garis lurus selama masa manfaat 8 (delapan) tahun.

## 2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)

### 1. Pengakuan Pendapatan dan Beban

Pendapatan diakui pada saat terjadi transaksi yaitu pada saat penyerahan barang atau jasa kepada pelanggan. Beban diakui pada saat terjadinya (metode akrual).

and material are capitalized.

2. *Change of Measurement Model for Land*  
Accounting policy for all lands based on revaluation model prospectively. At the reporting date December 31, 2017, the carrying value of lands is stated at revaluation amount at December 31, 2015. The difference between their cost and revaluation amount is recognized as revaluation surplus of fixed assets, and presented in both other comprehensive income and equity. The amount of revaluation surplus will be transferred to profit or loss when the asset is terminated.
3. *Asset in Construction*  
Fixed assets in construction are presented separately as part of fixed assets and are stated at cost. The accumulated costs of construction will be reclassified to the respective fixed asset when it is complete or ready for use.
4. *Unproductive Assets*  
Unused fixed assets because of damage or obsolete are disposed from fixed assets section, and are presented at their fair value in other non-current assets section.  
These assets are reclassified to current assets at their fair value when they will be sold in the short period. Gain or loss incurred is recognized as expenses in the period of incurred.  
Unproductive assets are written off by approval from Shareholders in Shareholders General Meeting or Commissioners.

#### k. Intangible Assets

1. Costs associated with refinement of systems and procedures that can be identified, controlled and provide economic benefits for more than one year are recognized as intangible assets. These costs are amortized using the straight-line method over the estimated useful life of 4 years.
2. Development costs of upstream flu vaccines represent costs associated with research findings or knowledge of production of egg-based flu vaccines from egg preparation, bulk manufacture, clinical trials to registration of such products performed by external parties. The development costs of upstream flu vaccines are recognized as intangible assets and will be amortized using straight line method over the useful life of 8 (eight) years.

## 2. SUMMARY OF ACCOUNTING POLICIES (continued)

### 1. Revenue and Expense Recognition

Revenues are recognized when the transaction incurred, which is the deliver of goods or services to customers have been completed. Expenses are recognized as incurred (the accrual method).

**m. Beban Penelitian, Pengembangan dan *Surveilans***

Biaya - biaya yang dikeluarkan dari tahapan penelitian (atau tahapan penelitian pada proyek internal) uji klinis, *surveilans* produk dan lingkungan serta pemantauan produk yang sudah dijual di pasar.

**n. Pajak Penghasilan**

Seluruh perbedaan temporer antara jumlah tercatat aset dan liabilitas dengan dasar pengenaan pajaknya diakui sebagai pajak tangguhan dengan metode liabilitas. Pajak tangguhan diukur dengan tarif pajak yang berlaku saat ini. Pajak kini diakui berdasarkan taksiran laba kena pajak untuk tahun yang bersangkutan sesuai dengan peraturan perpajakan yang berlaku.

Perubahan terhadap liabilitas perpajakan diakui pada saat Perusahaan menerima Surat Ketetapan Pajak (SKP) atau, jika Perusahaan mengajukan keberatan, pada saat keputusan atas keberatan tersebut telah ditetapkan.

**o. Imbalan Kerja**

Perusahaan melaksanakan imbalan manfaat karyawan dan menyelenggarakan program pensiun/imbalan pasca kerja karyawan sesuai dengan Undang-Undang Nomor 13 Tahun 2003 tentang Ketenagakerjaan. Program pensiun karyawan dikelola oleh Dana Pensiun Lembaga Keuangan (DPLK) PT Asuransi Jiwasraya.

Perusahaan mengakui beban dan liabilitas imbalan pascakerja dan imbalan jangka panjang lainnya sesuai dengan PSAK 24 (Revisi 2013) "Imbalan Kerja".

Perhitungan beban jasa kini, jasa lalu dan nilai kini kewajiban imbalan pasca kerja dan imbalan jangka panjang lainnya dilakukan oleh aktuaris independen dengan menggunakan metode "*projected unit credit*".

Perusahaan mengakui komponen biaya imbalan pasti sebagai berikut :

- a. Biaya jasa dan bunga neto atas liabilitas (aset) imbalan pasti dalam laba rugi; dan
- b. Keuntungan dan kerugian aktuarial dan imbal hasil atas aset program dalam penghasilan komprehensif lain.

Selain imbalan manfaat karyawan, Perusahaan juga menyelenggarakan program pensiun untuk seluruh karyawan tetap yang memenuhi syarat dan karyawan kontrak. Program ini memberikan imbalan manfaat karyawan berdasarkan penghasilan dasar pensiun dan masa kerja karyawan. Dana pensiun ini dikelola oleh Dana Pensiun Lembaga Keuangan (DPLK) PT Asuransi Jiwasraya.

**m. *Research, Development and Surveillance Expenses***

*Costs incurred from the research phase (or research stages of the internal project) of clinical trials, product and environmental surveillance and monitoring of products already sold in the market.*

**n. *Income Tax***

*All temporary differences between the tax based of assets and liabilities and their carrying amounts are recognized as deferred taxes using liability method. Deferred tax is measured by enacted tax rate. Current tax is recognized based on taxable income for the year, in accordance with current tax regulations.*

*Corrections of tax liabilities are recognized when tax assessment letter (SKP) is received, or if the Company appealed, when the result of the appeal is determined.*

**o. *Employee Benefits***

*The Company performs employee benefits and has a pension plan/postretirement benefits in accordance with labor law No.13 Year 2003 "Employment". The pension plan is managed by PT Asuransi Jiwasraya, a financial institution of pension fund ("DPLK").*

*The Company recognizes expense and postretirement benefit and other long-term benefit liabilities in accordance with the PSAK 24 (Revisi 2013) "Employee Benefits".*

*The calculation of current and past service costs and present value of postretirement and other long-term benefits are conducted by an independent actuary using "projected unit credit" method.*

*The Company recognizes the following defined benefit cost components :*

- Service cost and net interest on defined benefit liability (asset) in profit or loss, and Actuarial gain or loss and return on plan assets in other comprehensive income.*

*In addition to employee benefits, the Company also provides a pension plan for all eligible permanent employees and contract workers. This program provides employee benefits based on pension basic income and working period of the employees. The pension plan is managed by the Financial Institution of Pension Plan (DPLK) PT Asuransi Jiwasraya.*

**2. IKHTISAR KEBIJAKAN AKUNTANSI (lanjutan)**

**o. Imbalan Kerja**

Pendanaan dana pensiun berdasarkan ketentuan terakhir yang dituangkan dalam Perjanjian Kerja Bersama antara Perusahaan dengan Himpunan Karyawan (HIKA) periode 2015-2017 pasal 66, yaitu 15% dari gaji dasar dengan komposisi 60% ditanggung oleh pemberi kerja sedangkan

**2. SUMMARY OF ACCOUNTING POLICIES (continued)**

**o. *Employee Benefits***

*The pension plan funding is based on the latest decree that stipulated in the agreement between the Company and the Association of the Company's Employees (HIKA) for the period of 2015-2017 article 66, which is 15% from basic salary with the composition of 60% of which is supported by the*

40% ditanggung oleh karyawan masing-masing.

Employer and the other 40% is charged to the respective employee

**p. Pendapatan Hibah**

Sejak 1 Januari 2011, Perusahaan melakukan penerapan lebih awal terhadap PSAK 61 "Akuntansi Hibah Pemerintah dan Pengungkapan Bantuan Pemerintah" sehubungan dengan diberlakukannya PSAK 6 "Pencabutan PSAK 21: Akuntansi Ekuitas", ISAK 1 "Penentuan Harga Pasar Dividen", ISAK 2 "Penyajian Modal Dalam Neraca dan Piutang Kepada Pemegang Saham" dan ISAK 3 "Akuntansi Atas Pemberian Sumbangan atau Bantuan". Penerapan PSAK ini dilakukan secara retrospektif

Hibah terkait dengan aset, termasuk hibah nonmoneter pada nilai wajar, disajikan dalam laporan posisi keuangan sebagai penghasilan ditangguhkan atau dicatat sebagai pengurang jumlah tercatat aset. Hibah terkait dengan penghasilan disajikan dalam laporan laba rugi dan penghasilan komprehensif lain dalam pos umum seperti "penghasilan lain-lain" atau alternatif pengurang dalam beban terkait.

Hibah diakui dalam laba rugi dengan dasar yang sistematis selama periode entitas mengakui sebagai beban atas biaya terkait yang dimaksudkan akan dikompensasikan dengan hibah.

**p. Grant**

Since January 1, 2011, the Company applied early the PSAK 61, "Accounting for Government Grants and Disclosure of Government Assistance" in relation to the enforcement of PPSAK 6, "Revocation of PSAK 21 "Accounting for Equity", ISAK 1 "Determination of Market Price Dividend", ISAK 2: "Presentation of Capital in the Balance Sheet and Receivable to Shareholders" and ISAK 3: "Accounting for Donations or Grant". The application of those SFASs are done retrospectively.

Grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position as deferred income, or recorded as reduction of the carrying amount of the assets. Grants related to income are presented in the statement of profit or loss and other comprehensive income in a general heading such as "other income", or as reduction of the related costs.

Grants are recognized in profit or loss with a systematical basis during the period the entity recognizes as expense the related costs that will compensated with the grants.

**q. Penggunaan Estimasi**

Penyusunan laporan keuangan sesuai dengan prinsip akuntansi yang berlaku umum, mensyaratkan Perusahaan untuk memakai estimasi-estimasi dan asumsi-asumsi yang mempengaruhi jumlah-jumlah yang dilaporkan. Sehubungan dengan ketidakpastian yang melekat dalam pembuatan estimasi, hasil sebenarnya yang dilaporkan dalam periode mendatang mungkin didasarkan atas jumlah-jumlah yang berbeda dari estimasi tersebut.

Sejak 1 Januari 2011, Perusahaan telah mengadopsi PSAK 57 (Revisi 2009) "Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi", yang efektif untuk periode pelaporan keuangan yang dimulai pada atau setelah 1 Januari 2011 dan diterapkan secara prospektif.

Penyusunan laporan keuangan mengharuskan manajemen untuk membuat taksiran dan asumsi yang mempengaruhi jumlah aset dan liabilitas dan pengungkapan aset dan liabilitas kontinjensi pada tanggal laporan keuangan serta jumlah pendapatan dan beban yang dilaporkan selama periode pelaporan. Pos-pos signifikan yang terkait dengan taksiran dan asumsi antara lain termasuk, nilai tercatat aset tetap dan aset takberwujud dan penyisihan untuk piutang. Hasil aktual dapat berbeda dari taksiran tersebut

**q. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in Indonesia requires the Company to make estimates and assumptions that affects the amounts reported in the financial statements. Due to inherent uncertainty in determination of estimation, the actual amount reported in the future might possibly be different from these estimates.

Since January 1, 2011, the Company adopted PSAK 57 (Revised 2009) "Provision, Contingent Liability, and Contingent Asset" that was effective for the financial reporting periods beginning on or after January 1, 2011 and applied retrospectively.

The preparation of financial statement requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of financial reporting. The significant accounts related to the estimates and assumptions include carrying value of fixed assets and intangible assets and allowance for uncollectible receivables. The actual results might possibly be different from these estimates.

**3. KAS DAN SETARA KAS**

	31 Desember 2017 <i>December 31, 2017</i>
Kas	183,925,904
Bank	
Pihak Berelasi - Rupiah	
PT Bank Mandiri (Persero) Tbk	97,880,105,993
PT Bank Jabar Banten Tbk	1,013,938,428

**3. CASH AND CASH EQUIVALENTS**

	31 Desember 2016 <i>December 31, 2016</i>	
	189,469,748	Cash
		Bank
		Related Parties - Rupiah
	4,652,564,844	PT Bank Mandiri (Persero) Tbk
	356,476,633	PT Bank Negara Indonesia (Persero) Tbk

**PT BIO FARMA (PERSERO)**  
**CATATAN ATAS LAPORAN KEUANGAN**  
**31 Desember 2017 dan 2016**

**PT BIO FARMA (PERSERO)**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2017 and 2016**

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

PT Bank Negara Indonesia (Persero) Tbk	5,285,645,071	963,195,298	PT Bank Jabar Banten Tbk
Lembaga Pembiayaan Ekspor Indonesia	141,582,538	702,082,538	Lembaga Pembiayaan Ekspor Indonesia
PT Bank Rakyat Indonesia (Persero) Tbk	51,861,052,904	4,192,935,828	PT Bank Rakyat Indonesia (Persero) Tbk
<b>Pihak Berelasi - Valas</b>			
PT Bank Mandiri (Persero) Tbk			Related Parties - US Dollar
2017 : USD 10,050,348.8	136,162,057,802		PT Bank Mandiri (Persero) Tbk
2016 : USD 5,833,970.30		78,385,224,951	2017 : USD 10,050,348.8
PT Bank Mandiri (Persero) Tbk			2016 : USD 5,833,970.30
2017 : EUR 744,988.86	12,049,166,726		PT Bank Mandiri (Persero) Tbk
2016 : EUR 5,596,645.06		79,257,168,849	2017 : EUR 744,988.86
PT Bank Negara Indonesia (Persero) Tbk			2016 : EUR 5,596,645.06
2017 : USD 2,045,219.81	27,708,637,986		PT Bank Negara Indonesia (Persero) Tbk
2016 : USD 45,068.76		605,543,859	2017 : USD 2,045,219.81
Lembaga Pembiayaan Ekspor Indonesia			2016 : USD 45,068.76
2017 : USD 89,836.57	1,217,105,850		Lembaga Pembiayaan Ekspor Indonesia
2016 : USD 439,669.57		5,907,400,343	2017 : USD 89,836.57
Lembaga Pembiayaan Ekspor Indonesia			2016 : USD 439,669.57
2017 : EUR 27,149.4	439,104,079		Lembaga Pembiayaan Ekspor Indonesia
PT Bank BRI (Persero) Tbk			2017 : EUR 27,149.4
2017 : USD 53,043.67	718,635,641		PT Bank BRI (Persero) Tbk
2016 : USD 51,196.53		687,876,577	2017 : USD 53,043.67
	<u>334,477,033,019</u>	<u>175,710,469,720</u>	2016 : USD 51,196.53
<b>Sub Jumlah Kas &amp; Bank</b>	<b>334,660,958,923</b>	<b>175,899,939,468</b>	<b>Total Bank</b>
<b>Pihak Berelasi</b>			
Deposit On call			Related Parties
PT Bank Mandiri (Persero) Tbk	-	87,000,000,000	Deposit On call
PT Bank BNI (Persero) Tbk	1,000,000,000	49,000,000,000	PT Bank Mandiri (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	-	10,000,000,000	PT Bank Negara Indonesia (Persero) Tbk
PT Bank BTN Syariah (Persero) Tbk	15,000,000,000	-	PT Bank Rakyat Indonesia (Persero) Tbk
Deposito Berjangka - Rupiah			PT Bank BTN Syariah (Persero) Tbk
PT Bank BNI (Persero) Tbk	5,000,000,000	-	Time Deposit - Rupiah
PT Bank Mandiri (Persero) Tbk	4,500,000,000	55,000,000,000	PT Bank BNI (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk	3,000,000,000	24,000,000,000	PT Bank Mandiri (Persero) Tbk
PT BTN Syariah (Persero) Tbk	-	20,000,000,000	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Jabar Banten (Persero) Tbk	-	7,000,000,000	PT BTN Syariah (Persero) Tbk
Deposito Berjangka - Valas			PT Bank Jabar Banten (Persero) Tbk
PT Bank Mandiri (Persero) Tbk			Time Deposit - US Dollar
2017 : USD 471,300.00	6,385,172,400		PT Bank Mandiri (Persero) Tbk
2016 : USD 471,300.00		6,332,386,800	2017 : USD 471,300.00
PT Bank Jabar Banten (Persero) Tbk			2016 : USD 471,300.00
2016 : USD 500,000.00		6,718,000,000	PT Bank Jabar Banten (Persero) Tbk
			2016 : USD 500,000.00
<b>Pihak Ketiga</b>			
Rupiah			Third Parties
PT Bank Mega	-	7,000,000,000	Rupiah
<b>Sub Jumlah Setara Kas</b>	<u>34,885,172,400</u>	<u>272,050,386,800</u>	<b>Total Cash Equivalents</b>
<b>Jumlah Kas dan Setara Kas</b>	<u><b>369,546,131,323</b></u>	<u><b>447,950,326,268</b></u>	<b>Total Cash and Cash Equivalents</b>

**3. KAS DAN SETARA KAS (lanjutan)**

**31 Desember 2017**  
**December 31, 2017**

Tingkat Bunga Deposito :

Deposit On Call - Rupiah

Rupiah

Deposito Berjangka

Rupiah

Valas

3.5% - 4.0%

6.00%

0.5% - 1.5%

**3. CASH AND CASH EQUIVALENTS (continued)**

**31 Desember 2016**  
**December 31, 2016**

Interest Rate on Time Deposits

Deposit on Call - Rupiah

Rupiah

Time Deposits

Rupiah

Valas

4.25% - 5.5%

6.75% - 8.75%

0.5% - 1.25%

4. PIUTANG USAHA

	31 Desember 2017 December 31, 2017
<b>Pelanggan Dalam Negeri</b>	
Pihak Berelasi :	
PT Rajawali Nusantara Indonesia #	5,307,142,900
PT Indofarma Global Medika #	3,561,885,745
PT Perusahaan Perdagangan Indonesia	345,444,602
Jumlah #	9,214,473,247
Pihak Ketiga	
PT Merapi Utama Pharma	8,406,421,739
PT Sagi Capri	8,287,776,967
PT Pamor Baru	225,000,000
Aventis Pharma	464,200,400
Jumlah	17,383,399,106
Sub Jumlah	26,597,872,353
<b>Pelanggan Luar Negeri</b>	
Pihak Ketiga	
UNICEF	
2017 : USD 5,816,952.5	78,808,072,470
2016 : USD 955,950.00	
Bionet Asia Ltd	
2017 : USD 13,219,267.15	179,094,631,348
2016 : USD 18,061,019.5	
Universal - Exim	
2017 : USD 1,682,450.	22,793,832,600
2016 : USD 425,950.00	
BIOLOGICAL ELIMITED	
2017 : USD 403,760	5,470,140,480
PANACEA	
2017 : USD 115.00	1,558,020
Sub Jumlah	286,168,234,918
Jasa #	737,513,392
Jumlah	313,503,620,663
Dikurangi : Penyisihan Penurunan Nilai	(365,343,156)
<b>Jumlah Piutang Usaha - Bersih</b>	<b>313,138,277,507</b>
Jumlah piutang usaha berdasarkan umur (tahun) adalah :	
Sampai dengan 1 Tahun	313,137,291,250
> 1 s.d. 2 Tahun	17,816,280
> 2 s.d. 3 Tahun	225,492,710
> 3 s.d. 4 Tahun	29,796,419
Lebih dari 4 Tahun	93,224,024
Jumlah	313,503,620,663

4. TRADE RECEIVABLES

	31 Desember 2016 December 31, 2016	
<b>Domestic Customers</b>		
Related Parties		
PT Rajawali Nusantara Indonesia	6,991,961,405	
PT Indofarma Global Medika	5,288,616,407	
PT Perusahaan Perdagangan Indonesia	898,855	
Jumlah	12,281,476,667	
Third Parties		
PT Merapi Utama Pharma	137,220,000	
PT Sagi Capri	9,184,354,665	
PT Pamor Baru	5,207,137,650	
Aventis Pharma	250,000,000	
Jumlah	14,778,712,316	
Sub Jumlah	27,060,188,983	
<b>Overseas Customers</b>		
Third Parties		
UNICEF		
2017 : USD 5,816,952.5		78,808,072,470
2016 : USD 955,950.00		
Bionet Asia Ltd		
2017 : USD 13,219,267.15		179,094,631,348
2016 : USD 18,061,019.5		
Universal - Exim		
2017 : USD 1,682,450.		22,793,832,600
2016 : USD 425,950.00		
BIOLOGICAL ELIMITED		
2017 : USD 403,760		5,470,140,480
PANACEA		
2017 : USD 115.00		1,558,020
Sub Jumlah		261,235,066,402
Jasa		677,179,559
Jumlah		288,972,434,944
Dikurangi : Penyisihan Penurunan Nilai		(346,011,041)
<b>Jumlah Piutang Usaha - Bersih</b>		<b>288,626,423,903</b>
The aging (year) of trade receivables is as follows :		
Sampai dengan 1 Tahun	288,580,853,841	Up to 1 Year
> 1 up to 2 Years	18,037,702	more than 1 up to 2 Years
> 2 up to 3 Years	281,137,679	more than 2 up to 3 Years
> 3 up to 4 Years	83,874,024	more than 3 up to 4 Years
more than 4 Years	8,531,697	more than 4 Years
Jumlah	288,972,434,944	Total

4. PIUTANG USAHA

	31 Desember 2017 December 31, 2017
Saldo Awal	346,011,041
Penyisihan Penurunan Nilai	19,456,433
Penghapusan Tahun Berjalan	(124,318)
Saldo Akhir	365,343,156

Piutang usaha senilai Rp35.000.000.000 dijadikan jaminan yang

4. TRADE RECEIVABLES

	31 Desember 2016 December 31, 2016	
Saldo Awal	312,622,025	Beginning Balance
Penyisihan Penurunan Nilai	49,865,427	Provision for impairment
Penghapusan Tahun Berjalan	(16,476,412)	Written-off
Saldo Akhir	346,011,041	Ending Balance

Trade receivables amounting to Rp 35.000.000.000 have been

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

bersifat fidusia atas fasilitas kredit yang diterima dari Lembaga Pembiayaan Ekspor Indonesia (LPEI) berdasarkan Surat Persetujuan Perpanjangan Fasilitas Pembiayaan (SPPFP) No.PBD/SP3/38/2017 tanggal 15 Juni 2017 untuk perpanjangan jangka waktu kredit sampai dengan 25 Juni. Piutang usaha senilai Rp 250 miliar dijadikan jaminan yang bersifat fidusia atas fasilitas kredit modal kerja (KMK) yang diterima dari PT Bank Rakyat Indonesia (Persero) Tbk. berdasarkan Surat Persetujuan Fasilitas Pembiayaan No. R.II.291-ADK/DKR-2/12/2016, tanggal 19 Desember 2016 untuk jangka waktu kredit sampai dengan 19 Desember 2017 dan surat No. R.II.126-ADK.DKR-2/06/2017 tanggal 16 Juni 2017 untuk jangka waktu sampai dengan 22 Juni 2018 (catatan 38.a).

Manajemen berkeyakinan bahwa penyisihan penurunan nilai piutang cukup untuk menutupi kerugian yang mungkin timbul atas tidak tertagihnya piutang.

Adanya hubungan berelasi mungkin mengakibatkan persyaratan transaksi tersebut di atas tidak sama dengan transaksi lain yang dilakukan dengan pihak ketiga.

pledged as fiduciary collateral for credit facility obtained from the Lembaga Pembiayaan Ekspor Indonesia (LPEI) based on Letter of Approval for Extended Financing Facility No.PBD/SP3/38/2017 dated June 15, 2017 for the extension of loan period until June 25, 2018. (note 38.a)

Trade receivables amounting to Rp250,000,000,000 have been pledged as fiduciary collateral for credit facility obtained from the PT Bank Rakyat Indonesia (Persero) Tbk based on Letter of Approval for Extended Financing Facility No.R.II.291-ADK/DKR-2/12/2016 dated December 19, 2016 for the extension of loan period until December 19, 2017 and letter No. R.II.126-ADK.DKR-2/06/2017 dated June 16, 2017 for a period until June 22, 2018 (note 38.a)

Management believes that the amount of provision for impairment losses is adequate to cover possible losses from uncollectible trade receivables.

A related party may result in difference terms of the transactions with those of similar transactions to third parties.

#### 5. PIUTANG LAIN-LAIN

	31 Desember 2017 December 31, 2017
Pihak Berelasi :	
PT Iglas (Persero)	1,302,637,458
Pihak Ketiga :	
Piutang Lainnya	121,769,028
	<u>1,424,406,486</u>
Dikurangi : Penyisihan Penurunan Nilai	(1,302,637,458)
Jumlah Piutang Lain-Lain	<u>121,769,028</u>

#### 5. OTHER RECEIVABLES

	31 Desember 2016 December 31, 2016	
	1,302,637,458	Related Parties : PT Iglas (Persero)
	446,140,212	Third Parties : Others Receivables
	<u>1,748,777,670</u>	
	(1,302,637,458)	Less: Provision for Impairment
	<u>446,140,212</u>	Total Other Receivables

#### 6. PERSEDIAAN

	31 Desember 2017 December 31, 2017
Bahan Baku/ Penolong	212,600,886,226
Perlengkapan	767,989,350
Produk Dalam Proses	461,660,017,021
Produk Jadi	39,939,698,457
Trading Partnership	2,253,854,786
Jumlah	<u>717,222,445,840</u>
Dikurangi : Penyisihan Penurunan Nilai	4,310,484,907
Jumlah Persediaan-Bersih	<u>712,911,960,933</u>

#### 6. INVENTORIES

	31 Desember 2016 December 31, 2016	
	272,003,212,496	Raw Materials/Auxiliaries
	756,064,386	Supplies
	357,924,068,324	Products in process
	81,857,215,656	Finished Products
	1,077,050,535	Trading Partnership
	<u>713,617,611,397</u>	Total
	(5,053,143,454)	Less: Provision for impairment
	<u>708,564,467,943</u>	Total Inventories - Net

#### 6. PERSEDIAAN

Mutasi Penyisihan Penurunan Nilai Persediaan	31 Desember 2017 December 31, 2017
Saldo Awal	5,053,143,454
Pembebanan Tahun Berjalan	4,396,564,267
Pemulihan Tahun Berjalan	(5,139,222,814)
Saldo Akhir	<u>4,310,484,907</u>

#### 6. INVENTORIES

The movement of provision for impairment	31 Desember 2016 December 31, 2016	
	5,891,672,358	Beginning Balance
	3,366,831,466	Provision for the Current Year
	(4,205,360,370)	Current Year's Recovery of Impairment
	<u>5,053,143,454</u>	Ending Balance

Persediaan produk jadi dan bahan baku yang rusak atau kedaluwarsa tahun berjalan dibebankan pada kelompok beban

Finished products and raw materials damaged or expired in the current year are charged to the cost of goods sold in the

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

pokok penjualan di laporan laba rugi dan penghasilan komprehensif lain, kecuali untuk selisih kurang atau lebih harga pokok terapan-aktual dibebankan ke beban (penghasilan) lain. Penyisihan dilakukan atas saldo persediaan yang telah dikurangkan dengan yang rusak atau kedaluwarsa.

Persediaan tahun 2017 telah diasuransikan kepada PT Asuransi Bumiputera Muda 1967 (Polis No. 017-E/T/Bmd-Bdg/III2017); PT Mandiri AXA General Insurance (Polis No. CN/PAR/BDG-00248/032017/NDN), PT Asuransi Jasa Tania (Polis No. 000037/KP/KCBDG/III/2017), dan PT Asuransi Kredit Indonesia (Polis No.01/BF/PAR-PRS/III/2017) terhadap semua risiko kecuali gempa bumi berdasarkan suatu paket polis tertentu untuk periode pertanggunggaan 20 Maret 2017 sampai dengan 20 Maret 2018 dengan total nilai pertanggunggaan masing-masing sebesar Rp365.591.333,00; Rp111.186.417,00, Rp246.860.574,00, dan Rp232.773.678,00. Manajemen Perusahaan berkeyakinan bahwa nilai pertanggunggaan asuransi cukup untuk menutup kerugian yang mungkin timbul atas risiko kerugian.

Persediaan barang senilai Rp 60 miliar dijadikan jaminan yang bersifat fidusia atas fasilitas kredit yang diterima dari Lembaga Pembiayaan Ekspor Indonesia (LPEI) berdasarkan Surat Persetujuan Perpanjangan dan Penambahan Fasilitas Pembiayaan No. PBD/SP3/38/2017 tanggal 15 Juni 2017 untuk jangka waktu kredit sampai dengan 25 Juni 2018.

Persediaan barang senilai Rp 300 miliar dijadikan jaminan yang bersifat fidusia atas fasilitas kredit modal kerja (KMK) yang diterima dari PT Bank Rakyat Indonesia (Persero) Tbk. No. R.II.291-ADK/DKR-2/12/2016, tanggal 19 Desember 2016 untuk jangka waktu sampai dengan 19 Desember 2017 dan No. R.II.126-ADK.DKR-2/06/2017 tanggal 16 Juni 2017 untuk jangka waktu sampai dengan 22 Juni 2018 (catatan 38.n & 38.o).

## 7. UANG MUKA

	31 Desember 2017 December 31, 2017
Pembelian Lokal	3,547,564,020
Pembelian Barang Impor	22,119,373,593
Impor Dalam Penyelesaian	566,425,191
Uang Muka Kaca Mata	-
Uang Muka Monitoring	1,410,000,000
Uang Muka Diklat	67,000,000
Uang Muka Lainnya	24,000,000
<b>Jumlah</b>	<b>27,734,362,805</b>

Uang Muka pembelian lokal sebesar Rp3.547.564.020 terutama dari Pembangunan Fasilitas Downstream Produksi Vaksin BCG sebesar Rp1.617.525.420 dan Pembangunan Fasilitas Produksi Vaksin dan Pengemasan Produk Dalam Kemasan Profile Syringe di Area sebesar Rp1.174.530.000.

## 7. UANG MUKA (lanjutan)

Uang muka pembelian barang impor terdiri dari :

	31 Desember 2017 December 31, 2017
- Freeze Alert Profile 157; 20,000 pcs Vaxalert Type 1 & 10,000 pcs Vaxalert Type 2	6,071,454,912
- CS 40 With U Caps -Case Of 2 Pieces - Getinge singapore	4,466,369,160
- 20% for one (1) set Filling Syringe	

(Expressed in Rupiah, unless otherwise stated)

statements of income and other comprehensive income, except for the excess of or more cost of the actual cost is charged to other expenses (income). Allowance/Provision is made on the balance of the inventory which has been deducted with the damaged or expired

Inventories of 2017 are insured with PT Asuransi Bumiputera Muda 1967 (Policy No. 017-E / T / Bmd-Bdg / III2017); PT Mandiri AXA General Insurance (Polis No. CN / PAR / BDG-00248/032017 / NDN), PT Asuransi Jasa Tania (Polis No. 000037 / KP / KCBDG / III / 2017), and PT Asuransi Kredit Indonesia (Polis No. 01 / BF / PAR-PRS / III / 2017) against all risks except earthquakes under a certain policy package for the period from March 20, 2017 to March 20, 2018 for a total coverage of Rp365,591,333.00, respectively; Rp111,186,417.00, Rp246,860,574.00, and Rp232,773,678.00. The Company's management believes that the insurance coverage is adequate to cover possible losses arising from the risk of loss.

Inventories of goods amount at Rp 60 billion are pledged as fiduciary collateral for credit facilities received from the Indonesian Export Financing Institution based on the Letter of Approval of Renewal and Addition of Financing Facility no. PBD / SP3 / 38/2017 dated June 15, 2017 for credit terms up to June 25, 2018.

Inventories of goods amount at Rp 300 billion are used as fiduciary collateral for working capital loan facility (KMK) received from PT Bank Rakyat Indonesia (Persero) Tbk. No. R.II.291-ADK / DKR-2/12/2016, dated December 19, 2016 for a period up to December 19, 2017 and no. R.II.126-ADK.DKR-2/06/2017 dated 16 June 2017 for the time span up to 22 June 2018 (note 38.n & 38.o).

## 7. ADVANCES

	31 Desember 2016 December 31, 2016	
	2,205,788,311	Domestic Purchases
	42,995,436,451	Purchases of Imported Goods
	7,471,766,551	Import in Progress
	1,700,000	Eye Glasses Advance
	1,250,000,000	Monitoring Advance
	90,500,000	Training Advance
	37,100,000	Others Advance
<b>Jumlah</b>	<b>54,052,291,312</b>	<b>Total</b>

Advance domestic purchases amounting to Rp3.547.564.020 mainly from the Development of Downstream Facilities BCG Vaccine Production of Rp1.617.525.420 and Construction of Vaccine Production Facilities and Packaging Products In Profile Syringe Packaging in the Area of Rp1.174.530.000.

## 7. ADVANCES (continued)

Advance for purchase of imported goods consist of :

	31 Desember 2016 December 31, 2016
- Freeze Alert Profile 157; 20,000 pcs Vaxalert Type 1 & 10,000 pcs Vaxalert Type 2	
- CS 40 With U Caps -Case Of 2 Pieces - Getinge singapore	
- 20% for one (1) set Filling Syringe	

**PT BIO FARMA (PERSERO)**  
**CATATAN ATAS LAPORAN KEUANGAN**  
**31 Desember 2017 dan 2016**

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

<i>Machine_Inv 170370 PO-1406G</i>	4,085,456,412
- HEATmarker VVM30 Dot	1,578,125,232
- <i>Underpayment of Service Fee Invoice</i>	1,382,844,510
- 30% of 2.008 liters CS-IF-1D Iron Fortified Calf-Serum etc	1,371,100,954
- Autoclave Sterilizations for SPF Anima	1,696,506,639
- 30% CS-IF-1D Iron Fortified Calf-Serum	-
- Vaxalert Type 1 Plastic Electronic Temperature Monitor	-
- 20% of Upstream Tetanus Toxoid Vaccine Production Equipment	-
- Heatmarker VVM2 for OPV-Temptime	-
- Antibody to Poliovirus Type1-3	-
- Pembelian lainnya (dibawah Rp 1 mila	1,467,515,775
	<b>22,119,373,593</b>

Uang Muka Impor dalam penyelesaian sebesar Rp566.425.191 merupakan pembayaran biaya asuransi, biaya bongkar muat, biaya inklaring, dan pajak terkait proses penanganan barang impor dari pelabuhan dalam negeri ke lokasi Perusahaan.

**8. PERPAJAKAN**

**a. Pajak Dibayar Dimuka**

	31 Desember 2017 December 31, 2017
Pajak Pertambahan Nilai - Masukan	199,225,676,163
Pungutan/Potongan PPN Keluaran W/	5,561,014,882
PPh Pasal 22	-
Estimasi PPh Badan	155,161,335,095
<b>Jumlah</b>	<b>359,948,026,140</b>

Saldo PPN Masukan per 31 Desember 2017 sebesar Rp199.225.676.163 setelah memperhitungkan restitusi PPN Masa pajak Bulan Februari Tahun 2017 sebesar Rp6.859.852.977,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80358/051-00358-2017 tanggal 9 November 2017, restitusi PPN Masa pajak Bulan Maret Tahun 2017 sebesar Rp11.441.397.822,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80358/051-00359-2017 tanggal 9 November 2017, restitusi PPN Masa pajak Bulan April Tahun 2017 sebesar Rp3.230.018.592,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80358/051-00360-2017 tanggal 9 November 2017, restitusi PPN Masa pajak Bulan Mei Tahun 2017 sebesar Rp10.750.315.827,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80358/051-00367-2017 tanggal 16 November 2017,

**8. PERPAJAKAN (lanjutan)**

**a. Pajak Dibayar Dimuka**

restitusi PPN Masa pajak Bulan Juni Tahun 2017 sebesar Rp18.730.817.739,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No. 80358/051-00361-2017 tanggal 10 November 2017, restitusi PPN Masa Maret 2015 sebesar Rp 26.819.788.146 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) 00060/407/15/051/16 tanggal 22 Desember 2016, restitusi PPN Masa pajak Juni 2015 sebesar Rn 31 758 428 878 sesuai Surat Perintah Memhavar

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<i>Machine_Inv 170370 PO-1406G</i>	-	<i>Machine_Inv 170370 PO-1406G</i>
- HEATmarker VVM30 Dot	-	- HEATmarker VVM30 Dot
- <i>Underpayment of Service Fee Invoice</i>	-	- <i>Underpayment of Service Fee Invoice</i>
- 30% of 2.008 liters CS-IF-1D Iron Fortified Calf-Serum etc	-	- 30% of 2.008 liters CS-IF-1D Iron Fortified Calf-Serum etc
- Autoclave Sterilizations for SPF Anima	1,122,510,680	- Autoclave Sterilizations for SPF Anima
- 30% CS-IF-1D Iron Fortified Calf-Serum	4,010,527,763	- 30% CS-IF-1D Iron Fortified Calf-Serum
- Vaxalert Type 1 Plastic Electronic Temperature Monitor	3,835,010,608	- Vaxalert Type 1 Plastic Electronic Temperature Monitor
- 20% of Upstream Tetanus Toxoid Vaccine Production Equipment	24,046,311,900	- 20% of Upstream Tetanus Toxoid Vaccine Production Equipment
- Heatmarker VVM2 for OPV-Temptime	2,080,865,701	- Heatmarker VVM2 for OPV-Temptime
- Antibody to Poliovirus Type1-3	4,039,000,000	- Antibody to Poliovirus Type1-3
- Other Purchase (Less than 1 Billion)	3,861,209,799	- Other Purchase (Less than 1 Billion)
	<b>42,995,436,451</b>	

Import in progress amounting to Rp566.425.191 represents payment of insurance costs, loading and unloading costs, inclusion fees, and taxes related to the process of handling imported goods from domestic ports to the Company's premises.

**8. TAXES**

**a. Prepaid Taxes**

	31 Desember 2016 December 31, 2016	
	225,907,519,874	Value Added Tax (VAT) - Input
	-	Withholding VAT - Output
	467,020,625	Income Tax - Article 22
	72,442,448,878	Income Tax - Article 29
	<b>298,816,989,377</b>	<b>Total</b>

VAT Balance Inputs as of December 31, 2017 amounting to Rp199,225,676,163 after taking into account VAT refunds The tax period of February 2017 amounted to Rp6,859,852,977.00 as per Tax Exemption Letter (SPMKP) no. 80358 / 051-00358-2017 dated November 9, 2017, VAT refund The tax period of March 2017 amounting to Rp11,441,397,822.00 shall be in accordance with the Letter of Order to Pay Excess Tax (SPMKP) no. 80358 / 051-00359-2017 dated November 9, 2017, tax refund of the April Income Tax Period of 2017 amounting to Rp3,230,018,592.00 according to the Letter of Order to Pay Excess Tax (SPMKP) no. 80358 / 051-00360-2017 dated November 9, 2017, VAT refund The tax period of May of 2017 amounts to Rp10,750,315,827.00 according to the Letter of Order to Pay Excess Tax (SPMKP) no. 80358 / 051-00367-2017 dated November 16, 2017.

**# 8. TAXES (continued)**

**a. Prepaid Taxes**

VAT refund The tax period of June of 2017 amounts to Rp18,730,817,739.00 according to the Letter of Order to Pay Excess Tax (SPMKP) no. 80358 / 051-00361-2017 dated November 10, 2017, VAT refund of March 2015 amounting to Rp 26,819,788,146 according to the Tax Overpayment Order (SPMKP) 00060/407/15/051/16 dated December 22, 2016, VAT refund June tax period 2015 amounting to Rp 31 758 428 878 in accordance with the Letter of Order to Pay

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Kelebihan Pajak (SPMKP) 00005/407/15/051/17 tanggal 25 Januari 2017, restitusi PPN Masa pajak Oktober – Desember 2017 Rp 33.512.573.869 sesuai dengan Surat Ketetapan Pajak Lebih Bayar Nomor: 80162/051-00162-2017 dan restitusi PPN Masa pajak Juli – September 2017 Rp 24.509.445.759 sesuai dengan Surat Ketetapan Pajak Lebih Bayar Nomor: 80133/051-00133-2017.

33,512,573,869 in accordance with the Letter of Order to Pay the Excess Tax (SPMKP) 00005/407/15/051/17 dated January 25, 2017, tax refund The tax period October - December 2017 Rp 33,512,573,869 pursuant to the overpayment tax assessment letter Number: 80162 / 051-00162-2017 and VAT refund The tax period July - September 2017 Rp 24,509,445,759 corresponds to the overpayment tax assessment Letter Number: 80133 / 051-00133-2017.

Saldo PPN Masukan per 31 Desember 2016 sebesar Rp225.907.519.874,07 setelah memperhitungkan restitusi PPN Masa pajak Juli sampai dengan Desember 2013 sebesar Rp41.919.562.727,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.80054/051-00054-2016 tanggal 4 Januari 2016; restitusi PPN Masa pajak Januari sampai dengan Juni 2014 sebesar Rp40.195.806.361,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.80055/051-00055-2016 tanggal 10 Pebruari 2016; restitusi PPN Masa pajak September 2014 sebesar Rp17.784.958.518,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.00019/4071/14/051/ 2016 tanggal 21 Maret 2016 dan restitusi PPN Masa pajak Desember 2014 sebesar Rp24.891.987.705,00 sesuai Surat Perintah Membayar Kelebihan Pajak (SPMKP) No.80392/051-00392-2016 tanggal 13 September 2016.

VAT Balance Inputs as of December 31, 2016 amounting to Rp225,907,519,874.07 after taking into account the VAT refund The tax period of July to December 2013 amounts to Rp41,919,562,727.00 according to the Tax Overpayment Letter (SPMKP) No.80054 / 051-00054 -2016 dated 4 January 2016; VAT refund The tax period of January to June 2014 amounts to Rp40,195,806,361.00 according to the Letter of Order to Pay the Excess Tax (SPMKP) No.80055 / 051-00055-2016 dated February 10, 2016; VAT refund The tax period of September 2014 is Rp17,784,958,518.00 according to the Tax Overpayment Letter (SPMKP) No.00019/4071/14/051/ 2016 dated March 21, 2016 and VAT refund The tax period of December 2014 is Rp24,891,987,705.00 according to Letter of Order to Pay Excess Tax (SPMKP) No.80392 / 051-00392-2016 dated September 13, 2016.

**b. Utang Pajak**

	31 Desember 2017 December 31, 2017
PPN Wapu	12,985,314,722
Pajak Penghasilan Final Pasal 4 (2)	261,872,244
Pajak Penghasilan Pasal 21	43,541,965,863
Pajak Penghasilan Pasal 22	702,243,000
Pajak Penghasilan Pasal 23	309,718,290
Pajak Penghasilan Pasal 25	-
<b>Jumlah</b>	<b>57,801,114,118</b>

**b. Taxes Payable**

	31 Desember 2016 December 31, 2016	
	8,578,384,336	Withholding VAT - Output
	302,413,308	Income Tax Article 4(2)
	17,987,801,926	Income Tax Article 21
	407,189,034	Income Tax Article 22
	183,631,313	Income Tax Article 23
	20,164,941,321	Income Tax Article 25
	<b>47,624,361,238</b>	<b>Total</b>

**c. Manfaat (Beban) Pajak Penghasilan**

	31 Desember 2017 December 31, 2017
Pajak Kini	(194,907,187,750)
Manfaat (Beban) Pajak Tangguhan	6,628,937,923
<b>Beban Pajak Penghasilan - Bersih</b>	<b>(188,278,249,827)</b>

**c. Income Taxes Benefit (Expense)**

	31 Desember 2016 December 31, 2016	
	(185,425,250,000)	Current tax
	1,498,194,382	Deferred Tax Income (Expense)
	<b>(183,927,055,618)</b>	<b>Income Tax Expense - Net</b>

**8. PERPAJAKAN (lanjutan)**

**d. Rekonsiliasi antara laba komersial dan laba fiskal :**

	31 Desember 2017 December 31, 2017
Laba sebelum pajak penghasilan menurut laporan laba rugi	713,633,859,989
Beda Waktu	
Beban imbalan pasca kerja	25,565,469,092
Penyisihan penurunan nilai piutang	19,332,115
Penyisihan nilai persediaan	930,950,483

**# 8. TAXES (continued)**

**d. Reconciliation between commercial income and taxable income :**

	31 Desember 2016 December 31, 2016	
	684,968,045,701	Income before income tax as shown in statement of profit or loss
		Temporary Differences
	6,797,917,415	Employees benefit expense
	33,389,016	Provision for impairment of receivables
	<b>(838,528,904)</b>	Provision for impairment of inventories

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Jumlah Beda Waktu	#	26,515,751,690	5,992,777,527	Total Temporary Differences
Beda Permanen				Permanent Different
Tantiem		14,782,500,218	13,275,000,000	Management bonus
Koreksi pajak dan denda pajak		5,576,669,070	10,924,295,638	Tax and tax penalty corrections
Penghargaan dalam bentuk barang		1,054,924,200	1,112,146,820	Rewards in goods
Sumbangan sosial masyarakat		7,247,403,752	13,358,249,158	Public social donations
Bantuan sosial karyawan, direksi dan komisaris		-	-	Social aids for employee, directors and commissioners
Beban HUT Perusahaan, olah raga & paket ramadhan		7,937,060,217	10,530,780,335	The Company's anniversary, Sport and Ramadhan Package
Tunjangan Komunikasi Direksi (50%)		2,896,408,604	4,166,338,898	Director's Communication Allowance
Beban Jamuan Tamu Perusahaan Company Profile, Kalender, Agenda & Peliputan		38,374,123	58,684,399	Entertainment Company Profile, Calendar, Notebook & Coverage
Langganan perpustakaan dan surat kabar		2,081,747,859	3,691,586,542	Subscription of newspapers and library
Beban promosi yang tidak dapat dibiayakan		354,649,525	-	Non-deductible promotions
Bunga jasa giro dan deposito yang dikenakan PPh Final		620,277,273	401,303,977	Interests of bank deposits accounts subject to final tax
Penyusutan Mobil Non Direksi		(3,108,077,683)	(6,820,215,334)	Depreciation of Cars
Sewa ruangan dan bagi hasil yang dikenakan PPh Final		133,114,746	177,486,328	Room rent and profit sharing subject to final tax
Selisih Tantiem antara		(231,437,500)	(221,375,000)	Difference of estimated and actual
Jumlah Beda Permanen	#	-	-	Total Permanent Differences
Laba Kena Pajak		39,479,139,404	50,740,177,761	Taxable Income
Laba Kena Pajak (Dibulatkan)		779,628,751,083	741,701,000,988	Taxable Income (rounded-off)
Taksiran Beban Pajak Penghasilan		779,628,751,000	741,701,000,000	Estimated Income Tax Expense
Laba Kena Pajak (Dibulatkan) 25 % x Rp779.628.751.000		194,907,187,750	185,425,250,000	25 % x Rp779.628.751.000 25 % x Rp741.701.000.000
Dikurangi : Pajak Dibayar Dimuka				Less : Prepaid Taxes
Pasal 22		32,913,093,693	15,825,799,593	Article 22
Pasal 23		56,504,162	62,603,433	Article 23
Pasal 25		244,656,476,112	241,979,295,852	Article 25
		277,626,073,967	257,867,698,878	
(Lebih) Kurang Bayar PPh Badan		(82,748,886,217)	(72,442,448,878)	Income Tax (Over) Under Payment

e. Pajak Tangguhan

Rekonsiliasi antara taksiran pajak penghasilan yang dihitung dengan menggunakan tarif pajak yang berlaku sebesar 25% dari laba akuntansi sebelum taksiran beban (manfaat) pajak penghasilan dan beban pajak seperti yang tercantum dalam laporan laba rugi dan penghasilan komprehensif lain tanggal 31 Desember 2017 dan 2016 :

e. Deferred Tax

The reconciliation between estimated income tax expense computed using the prevailing tax rate of 25% of the income before income tax expense (benefit) and the tax expense as shown in the statement of profit or loss dan other comprehensive income for the years ended December 31, 2017 and 2016 :

8. PERPAJAKAN (lanjutan)

e. Pajak Tangguhan

	31 Desember 2017 December 31, 2017
Laba sebelum pajak penghasilan menurut laporan laba rugi	713,633,859,989
Beban Pajak dengan Tarif Pajak Maksimum	178,408,464,997
Pengaruh Pajak atas Beda Permanen	9,869,784,830
Pemulihan Biaya Dibayar Dimuka	-
Beban Pajak Perusahaan	188,278,249,827

8. TAXES (continued)

e. Deferred Tax

	31 Desember 2016 December 31, 2016
	684,968,045,701
	171,242,011,425
	12,685,044,193
	-
	183,927,055,618

Income before income tax  
Based on Income Statement  
Tax Expense based on  
Maximum Rate  
Tax Impact on  
Permanent Differences  
Prepaid Expense Recovery  
Corporate Tax Expense

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Beban Kini	194,907,187,750
Beban (Manfaat) Pajak Tangguhan	(6,628,937,923)

185,425,250,000	Current Tax
(1,498,194,382)	Deferred Tax Expense (Income)

Pajak tangguhan dihitung berdasarkan pengaruh dari perbedaan temporer antara jumlah tercatat aset dan liabilitas menurut laporan keuangan dari dasar pengenaan pajak aset dan liabilitas.

Deferred tax is computed based on the effect of the temporary differences between the carrying amounts of assets and liabilities of their respective tax bases.

Rincian aset dan liabilitas pajak tangguhan Perusahaan adalah sebagai berikut:

Details of the Company's deferred tax assets and liabilities are as follows:

	2015	Dibebankan ke Laba Rugi Komprehensif	2016	Dibebankan ke Laba Rugi Komprehensif	2017	
Aset Pajak Tangguhan						Deferred Tax Asset
Imbalan Kerja	20,210,095,554	1,699,479,354	21,909,574,908	6,391,367,273	28,300,942,181	Employee Benefits
Penyisihan Piutang Ragu-ragu	403,814,871	8,347,254	412,162,125	4,833,029	416,995,153	Allowance for Bad debt
Penyisihan Persediaan	1,472,918,089	(209,632,226)	1,263,285,863	232,737,621	1,496,023,484	Allowance for inventory
Jumlah	22,086,828,515	1,498,194,382	23,585,022,896	6,628,937,923	30,213,960,819	Total

9. BIAYA DIBAYAR DIMUKA

	31 Desember 2017 December 31, 2017
Asuransi	7,385,114,091
Sewa	5,088,516,667
Jumlah	12,473,630,758

Asuransi dibayar dimuka terdiri dari :

Asuransi karyawan	346,208,417
Asuransi persediaan	159,402,100
Asuransi kebakaran bangunan dan aset tetap didalamnya	6,851,822,718
Asuransi kendaraan	27,680,856
Jumlah	7,385,114,091

Asuransi dibayar di muka tersebut merupakan saldo premi asuransi yang diterbitkan oleh PT Asuransi Jiwasraya (Persero), BNI Life, PT Asuransi Parolamas, PT Asuransi Bumiputera Muda 1967, PT Mandiri AXA General Insurance, PT Asuransi Jasa Tania, PT Asuransi Kredit Indonesia dan PT Asuransi Jasa Indonesia (Persero).

Saldo sewa dibayar di muka per 31 Desember 2017 sebesar Rp 5.088.516.666,92 terutama berasal dari bagian lancar sewa dibayar dimuka yang jatuh tempo di tahun 2017 atas lahan Barang Milik Negara (BMN) aset eks BPPN di Jasinga Bogor Rp20.821.344.000,00 dengan jangka waktu sewa 3 tahun.

9. PREPAID EXPENSES

	31 Desember 2016 December 31, 2016	
Asurances	3,120,461,278	Insurances
Rents	9,016,048,583	Rents
Total	12,136,509,861	Total

Prepaid insurance consist of :

Employee insurance	156,937,288
Inventories insurance	175,199,558
Fire of buildings and related fixed assets	2,780,127,930
Vehicle insurance	8,196,503
Total	3,120,461,278

These prepaid insurances represent insurance premiums paid in advance to PT Asuransi Jiwasraya (Persero), BNI Life, PT Asuransi Parolamas, PT Asuransi Bumiputera Muda 1967, PT Asuransi Jasa Tania, PT Asuransi Kredit Indonesia, and PT Asuransi Jasa Indonesia (Persero).

The balance of prepaid rent as of December 31, 2017 amounting to Rp 5,088,516,666,92 particularly arising from current portion of prepaid rent of Government-owned land (BMN) ex. BPPN at Jasinga Bogor which was expired in 2017. The rental cost is of Rp20,821,344,000 for three years.

9. BIAYA DIBAYAR DIMUKA (lanjutan)

Perusahaan menggunakan tanah yang saat ini masih dalam proses PMN tersebut sebagai persiapan rencana pengembangan bisnis perusahaan ke arah life science. Saat ini dilakukan kegiatan CSR sebagai jaring pengaman sosial seperti access to medicine dan pengolahan air bersih, sehingga masyarakat dan pemerintah daerah setempat dapat menerima keberadaan PT Bio Farma (Persero)

Berdasarkan analisis lebih lanjut, Perusahaan menghentikan rencana pengambilalihan lahan Jasinga dengan pertimbangan:

- Terdapat pihak-pihak yang menggarap dan menguasai lahan tersebut secara ilegal, sehingga Perusahaan akan sulit dalam melakukan penguasaan lahan.

9. PREPAID EXPENSES (continued)

The Company uses the land, which is in the process to be the Government investment in the Company, to prepare its business development plan toward life science. Currently, at this location the Company performs CSR activities as social safety net such as access to medicine and processing clean water, with the result that the local Government and its society accept the existence of the Company.

Based on further analysis, the Company canceled the acquisition plan on Jasinga land with the following considerations:

- There are parties who work on and control the land illegally, so the Company will be difficult to control the land.

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- Aspek teknis lahan terutama ketersediaan air yang rendah dan belum memenuhi kebutuhan sebagai life science park.
- Proses perizinan yang sulit didapatkan dan kemungkinan munculnya risiko hukum lainnya.
- Rencana Tata Ruang Wilayah (RTRW) belum memenuhi persyaratan sebagai kawasan industri, sehingga sulit untuk mendapatkan izin industri.

10. PENDAPATAN YANG MASIH AKAN DITERIMA

	31 Desember 2017 <i>December 31, 2017</i>
Bunga Deposito	13,994,095
Sewa dan Bagi hasil	-
Pendapatan Lainnya YMA diterima	-
<b>Jumlah</b>	<b>13,994,095</b>

11. ASET LANCAR LAINNYA

	31 Desember 2017 <i>December 31, 2017</i>
Persediaan dalam Perjalanan	-
Persediaan dalam Karantina	166,520,427,315
Persediaan Dalam Proses Penggantian	1,677,961,312
<b>Jumlah</b>	<b>168,198,388,626</b>

Persediaan dalam karantina berasal dari pembelian bahan baku vaksin dan sera dan bahan perkemasan yang masih dalam status karantina karena sedang dalam proses pengujian. (Lihat Catatan 2i)

Persediaan Dalam Proses Penggantian per 31 Desember 2017 terutama dari persediaan bahan kemasan yang dinyatakan tidak lulus uji.

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- Technical aspects of the land, especially lack of water availability and has not fulfilled the needs as a life science park.
- Difficult to process licenses and likely to raise other legal risks.
- The Spatial Plan (RTRW) has not met the requirements of an industrial estate, making it difficult to obtain industry licenses.

10. ACCRUED INCOME

	31 Desember 2016 <i>December 31, 2016</i>	
	463,705,026	Interests on Time Deposits
	221,375,000	Leases and Profit Sharing
	114,977,985	Others
<b>Total</b>	<b>800,058,011</b>	<b>Total</b>

11. OTHER CURRENT ASSETS

	31 Desember 2016 <i>December 31, 2016</i>	
	3,235,039,000	Inventories in Transit
	34,387,620,196	Inventories in Quarantine
	539,537,034	Inventories in the Replacement Process
<b>Total</b>	<b>38,162,196,231</b>	<b>Total</b>

Inventories in quarantine are purchasing raw materials for Vaccine and Sera and packing materials that are in quarantine for testing process. (See Note 2i)

Inventories in the Replacement Process as of December 31, 2017 primarily from inventory of packaging materials that otherwise did not pass the test.

12. ASET TETAP

	12. PROPERTY, PLANT AND EQUIPMENT					
	Saldo Awal 1 Januari 2017	Penambahan	Pengurangan	Reklasifikasi / Koreksi	Saldo Akhir 31 Desember 2017	
<b>Biaya Perolehan</b>						<b>Acquisition Cost</b>
Tanah	2,059,183,000,000	40,267,724,575	-	-	2,099,450,724,575	Land
Bangunan	631,496,070,678	210,100,000	-	92,927,616,780	724,633,787,458	Building
Peralatan Mesin & Pabrik	1,277,104,717,501	51,840,821,026	-	45,395,716,834	1,374,341,255,360	Machine & Factory
Peralatan Kantor	130,023,223,543	12,664,403,205	-	780,000,000	143,467,626,748	Office Equipment
Peralatan Utilitas	98,139,095,695	810,909,000	-	7,378,393,100	106,328,397,795	Utility Equipment
Kendaraan Bermotor	4,700,933,750	-	-	-	4,700,933,750	Vehicle
<b>Aset dalam Pembangunan</b>						<b>Assets In Construction</b>
Bangunan	281,524,373,167	51,126,018,984	-	(92,927,616,780)	239,722,775,371	Building
Peralatan Mesin, Pabrik	-	-	-	-	-	Machine, Factory, Office
Kantor dan Utilitas	500,840,232,644	342,859,930,794	-	(53,554,109,934)	790,146,053,504	and Utility Equipment
<b>Aset Tetap dalam Perjalanan</b>						<b>Assets In Transit</b>

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Peralatan Mesin, Pabrik, Kantor dan Utilitas	44,741,257,121	-	-	44,741,257,121	Machine, Factory, Office and Utility Equipment
<b>Jumlah</b>	<b>4,983,011,646,978</b>	<b>544,521,164,705</b>	<b>-</b>	<b>5,527,532,811,682</b>	<b>Total</b>
<b>Akumulasi Penyusutan dan Penurunan Nilai</b>					<b>Accumulated Depreciation and Impairment</b>
Bangunan	178,620,094,413	33,930,942,056	-	212,551,036,469	Building
Peralatan Mesin & Pabrik	668,202,004,521	88,196,169,891	-	756,398,174,412	Machine & Factory
Peralatan Kantor	92,179,926,332	18,571,481,697	-	110,751,408,029	Office Equipment
Peralatan Utilitas	41,617,915,932	7,569,778,498	-	49,187,694,430	Utility Equipment
Kendaraan Bermotor	4,204,609,449	208,927,780	-	4,413,537,230	Vehicle
<b>Jumlah</b>	<b>984,824,550,647</b>	<b>148,477,299,923</b>	<b>-</b>	<b>1,133,301,850,570</b>	<b>Total</b>
<b>Nilai Buku</b>	<b>3,998,187,096,331</b>			<b>4,394,230,961,112</b>	<b>Book Value</b>

31 Desember 2016

	Saldo Awal 1 Januari 2016	Penambahan	Pengurangan	Reklasifikasi / Koreksi	Saldo Akhir 31 Desember 2016	
<b>Biaya Perolehan</b>						<b>Acquisition Cost</b>
Tanah	2,059,183,000,000	-	-	-	2,059,183,000,000	Land
Bangunan	557,669,974,701	-	-	73,826,095,977	631,496,070,678	Building
Peralatan Mesin & Pabrik	1,186,837,114,721	81,796,646,030	-	8,470,956,750	1,277,104,717,501	Machine & Factory
Peralatan Kantor	110,847,807,836	15,055,718,100	-	4,119,697,607	130,023,223,543	Office Equipment
Peralatan Lainnya	70,318,621,945	1,426,000,000	-	26,394,473,750	98,139,095,695	Others Equipment
Kendaraan Bermotor	4,670,890,000	30,043,750	-	-	4,700,933,750	Vehicle
<b>Aset dalam Pembanguna</b>						<b>Assets In Construction</b>
Bangunan	241,052,601,947	114,297,867,194	-	(73,826,095,977)	281,524,373,167	Building
Peralatan Mesin, Pabri Kantor dan Utilitas	219,971,521,489	319,853,839,260	-	(38,985,128,107)	500,840,232,644	Machine, Factory, Office and Utility Equipment
<b>Jumlah</b>	<b>4,450,551,532,639</b>	<b>532,460,114,334</b>	<b>-</b>	<b>-</b>	<b>4,983,011,646,978</b>	<b>Total</b>
<b>Akumulasi Penyusutan dan Penurunan Nilai</b>						<b>Accumulated Depreciation and Impairment</b>
Bangunan	148,287,188,859	30,332,905,554	-	-	178,620,094,413	Land
Peralatan Pabrik	587,905,586,503	80,296,418,016	-	-	668,202,004,521	Factory Equipment
Peralatan Kantor	70,918,026,467	21,261,899,865	-	-	92,179,926,332	Office Equipment
Peralatan Utilitas	34,201,520,496	7,416,395,436	-	-	41,617,915,932	Utility Equipment
Kendaraan Bermotor	3,702,196,345	502,413,104	-	-	4,204,609,449	Vehicle
<b>Jumlah</b>	<b>845,014,518,670</b>	<b>139,810,031,977</b>	<b>-</b>	<b>-</b>	<b>984,824,550,647</b>	<b>Total</b>
<b>Nilai Buku</b>	<b>3,605,537,013,969</b>				<b>3,998,187,096,331</b>	<b>Book Value</b>

12. ASET TETAP (lanjutan)

	31 Desember 2017 December 31, 2017
Rincian Aset Dalam Pelaksanaan	
<b>Bangunan Dalam Pelaksanaan :</b>	
Gedung Fasilitas Produksi Vaksin & Peng Fasilitas Downstream Vaksin BCG	184,575,974,155
20,909,603,900	
Sentral Hewan Laboratorium - Animal House 2 (SHL-AH2) Building	7,677,061,500
Piping & Utilities Fasilitas Vaksin Rekombinan (Gedung 16)	7,280,133,300
Pembangunan Fasprod Vaksin Dan Pengemasan Prefilled Syringe	6,323,525,000
Bangunan Utility untuk Proyek Modular Campak Biofarma - Cisarua	3,886,220,000
Gedung Fasilitas Gedung No.3 (Media, Surveillance, Pengujian Mutu)	2,589,471,250

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	31 Desember 2016 December 31, 2016	
		<b>Assets In Construction</b>
		<i>Building In Construction</i>
	183,611,624,155	<i>Buildings Vaccine Production and Packaging</i>
	1,516,467,750	<i>BCG Vaccine Downstream Facility</i>
	7,677,061,500	<i>Central Animal Laboratory - Animal House 2 (SHL-AH2) Building</i>
	-	<i>Piping &amp; Utilities Recombinant Vaccine Facility (Building 16)</i>
	-	<i>Development of Fasprod Vaccine and Prefilled Syringe Packaging</i>
	-	<i>Utility Building for Biofarma Measles Modular Project - Cisarua</i>
	1,329,758,750	<i>Building Facility Building No.3 (Media, Surveillance, Quality Testing)</i>

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Gedung Produksi Vaksin Dan Pengemasan Tahap II	2,310,138,636	-	Building Vaccine Production And Packaging Phase I
Pembangunan Fasilitas Pengembangan Produk Pilot Scale (Gd No.34)	1,571,187,500	-	Development of Pilot Scale Product Development Facility(Gd No.34)
Building Control System Gedung No.16	1,423,142,100	-	Building Control System Building No.16
Gedung Fasilitas Vaksin Rekombinan Berbasis Yeast (Gedung No. 16)	-	27,327,274,842	Building of Recombinant Vaccine Facility Based of yeast (Building No. 16)
Gedung Learning and Development Cent	1,037,715,095	-	Learning and Development Center Building
Ruang Penyimpanan Barang dan Sparep	-	1,020,964,200	Useless Vaccine Storage and Spareparts
Renovasi Gedung Distribusi	-	48,370,120,838	Renovation of distribution buildings
Renovasi Ruang BSL2	-	8,957,375,500	Renovation of BSL2 Room
Lainnya (di bawah Rp 1 Milyar)	138,602,934	1,713,725,632	Others (Less than Rp 1 billion)
	<u>239,722,775,371</u>	<u>281,524,373,167</u>	
<b>Mesin, Pabrik, dan Utility Dalam Pelaksanaan :</b>			
Integrated Filling Line 3	191,131,123,914	-	Integrated Filling Line 3
Filling Line BCG	119,400,375,374	119,362,615,929	Filling Line BCG
Integrated WTP	101,996,896,326	101,996,896,326	Integrated WTP
Upstream Integrasi Tetanus	73,279,800,675	-	Upstream Integrasi Tetanus
Downstream Tetanus	60,640,610,404	-	Downstream Tetanus
Integrated Filling Line For Filling Line 4	51,880,090,181	51,723,952,481	Integrated Filling Line For Filling Line 4
Utilitas Listrik Gedung Vaksin dan Penger	42,307,948,720	35,042,536,070	Electricity of Vaccine and Packaging Building
Packaging Line	36,135,620,717	36,348,107,363	Packaging Line
Autoclave	23,090,505,560	13,086,111,746	Autoclave
Vial Ampoule Packaging Line	18,407,202,364	18,349,032,204	Vial Ampoule Packaging Line
Fermentor	17,583,040,459	-	Fermentor
Formulation Equipment	13,974,936,470	-	Formulation Equipment
Separator	10,773,631,000	-	Separator
CEDI+Tangki Feed dan Permeated RO	5,928,351,242	-	CEDI+Tank Feed dan Permeated RO
Isolator	4,129,665,128	4,129,665,128	Isolator
Upgrade mixing Vessel	3,286,392,272	-	Upgrade mixing Vessel
Bioreactor 150L	3,261,929,763	3,261,929,763	Bioreactor 150L
INTEGRATED CONTINUOUS MONITORING PARTICLE AND REMOTE MICROBIA	3,051,000,000	-	INTEGRATED CONTINUOUS MONITORING PARTICLE AND REMOTE MICROBIA
Peremajaan Listrik Gedung 33	2,100,080,000	-	Rejuvenation of electricity Building No 33
URS SIPV	1,568,756,550	1,568,756,550	URS SIPV
Aset Pabrik/ Mesin/ Utility/ Kantor Eks. IHI	1,441,702,625	1,441,702,625	Factory/Machines/Utility/IHU Office
FFF URS Documents FPVP	1,063,601,200	1,063,601,200	FFF URS Documents FPVP
Integrated Filling Line 3 Vial For Lyo (M)	-	-	Integrated Filling Line 3 Vial For Lyo (M)
MR Vaccinne (Gedung 43)	-	93,475,499,356	MR Vaccinne (Building No. 43)
Sistem Kromatografi Kolom	-	8,001,000,000	Kromatografi Kolom System
Water Chiller	-	5,977,245,025	Water Chiller
TFF System	-	1,855,000,000	TFF System
Gardu Hubung PLN	-	1,673,341,150	Substation PLN
Lainnya (di bawah Rp 1 Milyar)	3,712,792,558	2,483,239,728	Others (less than Rp 1 billion)
	<u>790,146,053,504</u>	<u>500,840,232,644</u>	

**12. ASET TETAP (lanjutan)**

Bangunan Dalam Pelaksanaan berupa Gedung Learning and Development Center (LDC) senilai Rp1.037.715.095,00 merupakan Pekerjaan Konsultan Perencana yang sudah mencapai 85%. Berdasarkan prioritas dan fungsi strategis maka pelaksanaan pembangunan Gedung LDC dilakukan penundaan atau reschedule.

Pada tahun 2009 perusahaan menyediakan lahan untuk digunakan sebagai fasilitas vaksin flu burung oleh Departemen Kesehatan RI. Lahan tersebut berlokasi di Desa Kertawangi Kecamatan Cisarua Kabupaten Bandung Barat seluas 5.145 m2 dan di Jalan Pasteur seluas 3.953 m2. Sejak tahun 2011 proyek tersebut terhenti dan sampai dengan tanggal laporan ini lahan tersebut masih tertutup dan belum dapat digunakan oleh Perusahaan.

**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

Building In Implementation of Building Learning and Development Center (LDC) worth Rp1.037.715.095,00 is a Consultant Work Planner that has reached 85%. Based on the strategic priorities and functions, the implementation of the LDC Building development will be delayed or reschedule.

In 2009 the company provided the land for use as a bird flu vaccine facility by the Ministry of Health of the Republic of Indonesia. The land is located in the Village Kertawangi District Cisarua West Bandung regency of 5.145 m2 and on Jalan Pasteur area of 3453 m2. Since 2011 the project has ceased and up to the date of this report the land is still closed and can not be used by the Company.

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Sebagian aset tetap yang terdiri atas mesin, inventaris dan peralatan pabrik yang berlokasi di Jl. Pasteur No.28 Bandung senilai Rp180.000.000.000 dijadikan jaminan fidusia atas fasilitas kredit dari Lembaga Pembiayaan Ekspor Indonesia (LPEI)/Indonesia Eximbank berdasarkan Surat Peretujuan Perpanjangan dan Penambahan Fasilitas Pembiayaan No. PBD/SP3/38/2017 tanggal 15 Juni 2017 untuk jangka waktu kredit sampai dengan 25 Juni 2018 (catatan 38 m.)

Some fixed assets consisting of machinery, inventory and plant equipment located in Jl. Pasteur No.28 Bandung amounting to Rp180,000,000,000 is used as fiduciary guarantee on credit facilities from the Indonesian Export Financing Institution (LPEI) / Indonesia Eximbank based on Letter of Approval of Extension and Addition of Financing Facility No. PBD / SP3 / 38/2017 dated June 15, 2017 for credit terms up to June 25, 2018 (note 38.m.)

Sebagian aset tetap yang terdiri atas mesin, inventaris, dan peralatan pabrik yang berlokasi di Jl. Pasteur No.28 Bandung senilai Rp265.000.000.000,00 dijadikan jaminan fidusia atas fasilitas KMK sub limit non cash loan dan fasilitas non cash loan untuk penerbitan LC impor/SKDN (Sight, Usance & UPAS) / BG dengan sub limit trust receipt, fasilitas treasury line dan purchasing line dari PT Bank Mandiri (Persero) Tbk. berdasarkan Surat Penawaran Pemberian Kredit (SPPK) No. CBG.CB1/SPPK/SPD.003/2016 tanggal 24 Mei 2016 dengan jangka waktu sampai dengan 14 Agustus 2017 (catatan 38 k.)

Some fixed assets consisting of machinery, inventory and plant equipment are located on Jl. Pasteur No.28 Bandung amounting to Rp265,000,000,000.00 shall be used as fiduciary guarantee for KMK sub rate non cash loan facility and non cash loan facility for the issuance of imported LC / SKDN (Sight, Usance & UPAS) / BG with sub limit of trust receipt, treasury line and purchasing line facility from PT Bank Mandiri (Persero) Tbk. based on Letter of Supply of Credit no. CBG.CB1 / SPPK / SPD.003 / 2016 dated May 24, 2016 with a term up to August 14, 2017 (note 38.k.)

Sebagian aset tetap yang terdiri atas mesin, inventaris, dan peralatan pabrik yang berlokasi di Jl. Pasteur No.28 Bandung senilai Rp 430.000.000.000,00 dijadikan jaminan fidusia atas fasilitas kredit modal kerja ekspor (KMKE) dari PT Bank Mandiri (Persero) Tbk. berdasarkan Surat Penawaran Pemberian Kredit (SPPK) No.WBG.CB1/SPPK/016/2017 tanggal 2 Mei 2017 dengan jangka waktu sampai dengan 14 Agustus 2018 (catatan 38 l.)

Some fixed assets consisting of machinery, inventory, and factory equipment located on Jl. Pasteur No.28 Bandung amounting to Rp 430,000,000,000.00 shall be used as fiduciary guarantee for the export working capital credit facility from PT Bank Mandiri (Persero) Tbk. based on the Letter of Offer of Credit (SPPK) No.WBG.CB1 / SPPK / 016/2017 dated May 2, 2017 with maturities up to August 14, 2018 (note 38.l.)

Aset tetap kecuali tanah dan kendaraan, telah diasuransikan kepada PT Asuransi Bumiputera Muda 1967, PT Mandiri AXA General Insurance, PT Asuransi Jasa Indonesia (Persero), PT Asuransi Kredit Indonesia, dan PT Asuransi Jasa Tania terhadap semua risiko kecuali gempa bumi berdasarkan suatu paket polis tertentu dengan total nilai pertanggungan sebesar Rp2.834.282.170.239,46.

Fixed assets except land and vehicles are insured with PT Asuransi Bumiputera Muda 1967, PT Mandiri AXA General Insurance, PT Asuransi Jasa Indonesia (Persero), PT Asuransi Kredit Indonesia and PT Asuransi Jasa Tania against all risks except earthquakes based on a package of policies certain with total coverage of Rp2,834,282,170,239,46.

Kendaraan telah diasuransikan terhadap risiko All Risk dan Total Loss Only (TLO) kepada PT Mandiri AXA General Insurance, PT Asuransi Parolamas dan PT Asuransi Jasa Tania dengan total nilai pertanggungan sebesar Rp 1.336.393.750,00.

Vehicles are covered by insurance against the risk of All Risk and Total Loss Only (TLO) to PT Mandiri AXA General Insurance, PT Asuransi Parolamas and PT Asuransi Jasa Tania with total coverage of Rp 1,336,393,750,00.

Manajemen Perusahaan berkeyakinan bahwa nilai pertanggungan asuransi cukup untuk menutup kerugian yang mungkin timbul atas risiko kerugian.

The Company's management believes that the insurance coverage is adequate to cover possible losses arising from the risk of loss.

## 12. ASET TETAP (lanjutan)

Beban penyusutan aset tetap tahun 2017 dan 2016 dialokasikan sebagai berikut :

	2017
Beban Produksi (catatan 27)	97,756,594,684
Beban Jasa (catatan 30)	116,962,134
Beban Administrasi (catatan 33)	22,249,807,269
Beban Penjualan (catatan 32)	6,022,070,903
Beban Litbang (catatan 34)	22,331,864,932
<b>Jumlah</b>	<b>148,477,299,922</b>

## 12. PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation expenses of property, plant and equipment for 2017 and 2016 were allocated to as follows:

	2016	
	94,063,940,863	Production Expense (Notes 27)
	175,203,364	Service Expense (Notes 30)
	22,253,869,462	Research and Administration Expense (Notes 33)
	4,824,807,641	Selling Expense (Notes 32)
	18,492,210,647	Development, and Surveillance Expense (Notes 34)
<b>Total</b>	<b>139,810,031,977</b>	<b>Total</b>

## 13. ASET TAKBERWUJUD

## 13. INTANGIBLE ASSETS

31 Desember 2017

Saldo Awal 1 Januari 2017	Penambahan	Pengurangan	Reklasifikasi / Koreksi	Saldo Akhir 31 Desember 2017
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Nilai Bruto

Gross Value

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Pengembangan Upstream						Upstream Development
Vaksin Flu dalam Penyelesaian	14,638,406,706	393,480,000	-	-	15,031,886,706	Flu Vaccine in Progress
Perangkat Lunak	39,593,341,639	230,000,000	-	-	39,823,341,639	Software
Perangkat Lunak dalam Penyelesaian	3,320,151,506	2,559,425,440	-	-	5,879,576,946	Software in Progress
<b>Jumlah</b>	<b>57,551,899,851</b>	<b>3,182,905,440</b>			<b>60,734,805,291</b>	<b>Total</b>
Akumulasi Amortisasi						Accumulated Amortisation
Perangkat Lunak	18,918,302,793	9,294,109,308	-	-	28,212,412,101	Software
<b>Jumlah</b>	<b>18,918,302,793</b>	<b>9,294,109,308</b>			<b>28,212,412,101</b>	<b>Total</b>
<b>Nilai Buku</b>	<b>38,633,597,058</b>				<b>32,522,393,190</b>	<b>Book Value</b>

31 Desember 2016

	Saldo Awal 1 Januari 2016	Penambahan	Pengurangan	Reklasifikasi / Koreksi	Saldo Akhir 31 Desember 2016	
<b>Nilai Bruto</b>						<b>Gross Value</b>
Pengembangan Upstream						Upstream Development
Vaksin Flu dalam Penyelesaian	13,677,686,706	960,720,000	-	-	14,638,406,706	Flu Vaccine in Progress
Perangkat Lunak	30,065,551,789	-	-	9,527,789,850	39,593,341,639	Software
Perangkat Lunak dalam Penyelesaian	3,619,902,095	9,228,039,259	-	(9,527,789,850)	3,320,151,506	Software in Progress
<b>Jumlah</b>	<b>47,363,140,590</b>	<b>10,188,759,259</b>			<b>57,551,899,851</b>	<b>Total</b>
Akumulasi Amortisasi						Accumulated Amortisation
Perangkat Lunak	11,358,121,029	7,560,181,764	-	-	18,918,302,793	Software
<b>Jumlah</b>	<b>11,358,121,029</b>	<b>7,560,181,764</b>			<b>18,918,302,793</b>	<b>Total</b>
<b>Nilai Buku</b>	<b>36,005,019,561</b>				<b>38,633,597,058</b>	<b>Book Value</b>

Pengembangan Upstream Vaksin Flu dicatat sebagai aset takberwujud sesuai Nota Dinas No.09698/XII/2009 tanggal 21 Desember 2009 yang sampai dengan tanggal laporan masih dalam penyelesaian. Biaya ini merupakan biaya yang terkait dengan penerapan temuan riset atau pengetahuan produksi vaksin flu yang berbasis telur dari penyiapan telur, pembuatan bulk, uji klinis sampai registrasi dari produk tersebut.

Biaya Pengembangan Upstream Vaksin Flu Dalam Penyelesaian per 31 Desember 2017 sebesar Rp15.031.886.706,31 merupakan biaya yang terkait dengan transfer teknologi upstream flu dengan BIKEN - Jepang yang meliputi aktivitas pengembangan vaksin flu pada skala pilot (5000 telur), optimalisasi proses produksi pada skala pilot untuk menghasilkan yield (hasil) yang ekonomis, produksi preclinical lot, uji pra klinis (uji immunogenisitas pada hewan coba menci), hingga produksi clinical lot untuk vaksin flu prepandemik, uji tantangan (challenge study) pada hewan uji ferret dan uji preklinis immunogenicity.

Upstream Development of Flu Vaccine is recorded as an intangible asset in accordance with the Notary Note No.09698 / XII / 2009 dated December 21, 2009 up to the date of the report still in progress. This cost is a cost associated with the application of research findings or knowledge of egg flu vaccine production from egg preparation, bulk manufacture, clinical trials until registration of the product.

Cost of upstream development of Flu Vaccine in construction as of December 31, 2017 amounting to Rp15,031,886,706.31 is the cost associated with upstream flu technology transfer with BIKEN - Japan which includes flu vaccine development activities at the pilot scale (5000 eggs), optimization of production processes at pilot scale to produce economical yield, preclinical lot production, pre-clinical test (immunogenicity test in mice), clinical lot production for prepandemic flu vaccine, challenge challenge test in ferret test and preclinical immunogenicity test.

13. ASET TAKBERWUJUD (lanjutan)

Tahapan selanjutnya yang akan dilaksanakan mulai tahun 2018 untuk vaksin flu (pre-pandemik) meliputi Uji klinis fase 2 dan 3 serta lisensi/registrasi produk ke BPOM.

Biaya pengembangan Upstream Vaksin Flu ini akan diamortisasi dengan metode garis lurus selama masa manfaat 8 (delapan) tahun sejak vaksin tersebut diproduksi secara komersil.

13. INTANGIBLE ASSETS (continued)

The next steps to be implemented starting in 2018 for the flu vaccine (pre-pandemic) include Phase 2 and 3 clinical trials and product registration / licensing to BPOM.

Upstream Flu Vaccine development costs will be amortized on a straight-line basis over the life of 8 (eight) years since the vaccine is commercially produced.

14. ASET TIDAK LANCAR LAINNYA

	31 Desember 2017 December 31, 2017
Beban Tangguhan	9,024,791,000
Dikurangi: Akumulasi Amortisasi	(5,688,770,125)
<b>Jumlah Beban Tangguhan Bersih</b>	<b>3,336,020,875</b>
Seloran Jaminan	3,288,940,496
Sewa Dibayar Dimuka	-

14. OTHER NON-CURRENT ASSETS

	31 Desember 2016 December 31, 2016	
Beban Tangguhan	9,024,791,000	Deferred Charge
Dikurangi: Akumulasi Amortisasi	(3,869,122,375)	Less: Accumulated Amortization
<b>Jumlah Beban Tangguhan Bersih</b>	<b>5,155,668,625</b>	<b>Total Deferred Charges - Net</b>
Seloran Jaminan	3,288,940,496	Guarantee Deposits
Sewa Dibayar Dimuka	4,048,594,667	Prepaid Rent

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Persediaan tidak produktif	1,673,609,030
Dikurangi :	
Akumulasi Amortisasi Persediaan Tidak Produktif	(1,673,609,030)
Persediaan Bulk OPV Tipe 2	21,770,130,921
<b>Jumlah Aset Tidak Lancar Lainnya</b>	<b>28,395,092,292</b>

Beban tanggungan merupakan biaya sistem jaringan listrik PLN ditanggihkan yang diamortisasi selama 4 tahun.

Setoran jaminan merupakan jaminan yang diberikan untuk penambahan daya listrik, jaminan sewa gedung Pakarti Center (Kantor Perwakilan Perusahaan) dan jaminan gas elpiji.

Pada tanggal pelaporan 31 Desember 2017 seluruh nilai tercatat persediaan OPV tipe 2 dalam bentuk bulk (2.882,5 liter, setara 568.200.000 dosis) direklasifikasi dari akun persediaan sehubungan dengan keputusan World Health Organization (WHO) yang mendeklarasikan penghentian penggunaan, pengedaran, penyimpanan dan produksi vaksin polio tipe 2 (trivalent Oral Polio Vaccine (tOPV) secara global dan menggantinya dengan bivalent Oral Polio Vaccine (bOPV). Atas putusan tersebut Manajemen telah mengambil langkah-langkah menghentikan produksi tOPV dan bulk OPV tipe 2 serta menarik dari peredaran dan menggantinya dengan bOPV. Manajemen menetapkan untuk tetap menyimpan persediaan bulk OPV tipe 2 hingga daluwarsa dan mencatatnya sebesar biaya perolehan berdasarkan pertimbangan sebagai berikut :

- Adanya permintaan dari Unicef kepada PT Bio Farma untuk menyimpan OPV tipe 2 sebanyak 500 juta dosis.
- Sebagai cadangan untuk mendukung program Pemerintah jika terjadi outbreak atau wabah polio tipe 2, mengingat Indonesia masih berisiko tinggi terjadi outbreak atau wabah polio tipe 2.
- Untuk keperluan produksi sIPV pada tahun 2021 dan pengembangan vaksin Polio Oral baru menggunakan strain baru virus Polio tipe 2 (nOPV2);
- Berdasarkan kajian pengukuran nilai persediaan pada tanggal pelaporan dengan mempertimbangkan aspek kegunaan (butir a sampai dengan c) serta nilai transaksi-transaksi yang dilakukan Unicef dalam tahun 2017, disimpulkan bahwa nilai tercatat sebesar biaya perolehan Rp21.770.130.921 telah mencerminkan nilai realisasi

15. UTANG USAHA

	31 Desember 2017 December 31, 2017
Pihak Berelasi	
Bahan Baku/Penolong	14,188,380,308
Investasi	3,361,697,625
	<u>17,550,077,933</u>
Pihak Ketiga	
Bahan Baku/Penolong	227,735,251,361
Investasi	118,052,474,259
Pengadaan Jasa	7,914,720,921
	<u>353,702,446,540</u>
<b>Jumlah Utang Usaha</b>	<b><u>371,252,524,473</u></b>

Rincian Pihak Berelasi

Bahan Baku/Penolong	
Koperasi Karyawan Bio Farma (K2BF)	7,160,314,918

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Unproductive Inventory	-	Unproductive Inventory
Less:		Less:
Accumulated Amortization of Unproductive Inventory	-	Accumulated Amortization of Unproductive Inventory
Bulk OPV Type 2 Inventory	-	Bulk OPV Type 2 Inventory
<b>Total Other Non-Current Assets</b>	<b><u>12,493,203,788</u></b>	<b>Total Other Non-Current Assets</b>

Deferred charge represents cost of installation of PLN electricity system which is deferred and amortized over 4 years.

Guarantee deposits consist of guarantees provided for the addition of electric power, rental of Pakarti Center building (Company Representative Office) and gas.

At the reporting date December 31, 2017, the carrying value of OPV type 2 stock in bulk (2,882.5 liters, equivalent to 568,200,000 doses) has been reclassified from inventory to this account in connection with declaration of the World Health Organization (WHO) to terminate globally the use, distributions, storage and production of type 2 polio vaccine (trivalent Oral Polio Vaccine / tOPV), and to replace it with bivalent Oral Polio Vaccine (bOPV). Based on the decision, the Company's management has closed down the production of tOPV and bulk type 2 OPV, withdrawn from the market, and replaced with bOPV. Management determined to keep the remaining stock of OPV bulk type 2 until expired and record it at cost based on the following considerations:

- The Unicef requested PT Bio Farma to store away the OPV type 2 as much as 500 million doses.
- To support the Government program when the outbreak of polio type 2 is taken place, in the light of risk of the outbreak is still high in Indonesia.
- it will be used in production of sIPV in 2021 and in development of new oral polio vaccines using new strains of Polio virus type 2 (nOPV2);
- Based on a study of value measurement of inventory at reporting date by considering the usefulness aspects (points a through c) and the value of transactions conducted by Unicef in 2017, it was concluded that the carrying amount of Rp21,770,130,921 has reflected the net realizable value.

15. TRADE PAYABLES

	31 Desember 2016 December 31, 2016	
		Related Parties
	14,523,438,820	Raw Materials/Auxiliary
	10,581,424,945	Investment
	<u>25,104,863,765</u>	
		Third Parties
	98,449,962,062	Raw Materials/Auxiliary
	122,288,208,901	Investment
	13,391,431,334	Services
	<u>234,129,602,297</u>	
<b>Total Trade Payables</b>	<b><u>259,234,466,062</u></b>	<b>Total Trade Payables</b>

Details of Related Parties

Raw Materials/Auxiliary	
Koperasi Karyawan Bio Farma (K2BF)	12,735,214,926

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PT Pertamina (Persero)	3,405,240,000
CV Karya Cahya Abadi	2,078,620,517
PT TELKOM (Persero) Tbk.	1,350,000,000
PT Kimia Farma (Persero) Tbk.	194,204,873
<b>Jumlah</b>	<b>14,188,380,308</b>
<b>Investasi</b>	
Koperasi Karyawan Bio Farma (K2BF)	3,019,432,690
CV Karya Cahya Abadi	342,264,935
PT Pembangunan Perumahan (Perser)	-
PT Wijaya Karya (Persero) Tbk.	-
PT INTI (Persero)	-
<b>Jumlah</b>	<b>3,361,697,625</b>

**Rincian Pihak Ketiga**

Rincian Utang Bahan Baku/Penolong - Rupiah

PT Sagi Capri	32,763,500,000
PT ELO KARSA UTAMA	4,864,938,625
CV Sinar Gemilang	3,684,009,200
CV Surya Teknik	3,568,802,442
PT Sabil Huda Utama	3,315,101,214
CV EMS	2,345,830,801
PT INQUATEX	1,857,600,000
CV POP GRAFIKA	1,853,986,000
PT Bakti Mega Lestari	1,625,000,000
PT Pall Filtration Indonesia	1,570,420,295
PT TRAKINDO UTAMA	1,550,307,422
PT Schott Igar Glass	-
PT Sciencewerke	1,368,520,010
PT Global Satria Aji	1,326,353,140
PT Fluida Teknik	1,055,995,050
PT Daisitek Manufaktur	1,053,263,270
Monang Sianipar	1,003,160,150
SANOFI	-
PT Menjangan Sakti	-
PT INQUATEX	-
PT Bakti Mega Lestari	-
PT MGI ASIA PACIFIC	-
PT Merck Sharp & Dohme Indonesia	-
PT MES PROPHARMA	-
Lainnya (di bawah Rp 1 Miliar)	17,793,681,890
<b>Jumlah - Rupiah</b>	<b>82,600,469,509</b>

**PT BIO FARMA (PERSERO)**  
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PT Pertamina (Persero)	3,405,240,000	-	PT Pertamina (Persero)
CV Karya Cahya Abadi	2,078,620,517	1,627,232,908	CV Karya Cahya Abadi
PT TELKOM (Persero) Tbk.	1,350,000,000	-	PT TELKOM (Persero) Tbk.
PT Kimia Farma (Persero) Tbk.	194,204,873	160,990,986	PT Kimia Farma (Persero) Tbk.
<b>Jumlah</b>	<b>14,188,380,308</b>	<b>14,523,438,820</b>	<b>Total</b>
<b>Investasi</b>			<b>Investment</b>
Koperasi Karyawan Bio Farma (K2BF)	3,019,432,690	2,133,994,250	Koperasi Karyawan Bio Farma (K2BF)
CV Karya Cahya Abadi	342,264,935	25,000,000	CV Karya Cahya Abadi
PT Pembangunan Perumahan (Perser)	-	8,351,209,045	PT Pembangunan Perumahan (Perser)
PT Wijaya Karya (Persero) Tbk.	-	-	PT Wijaya Karya (Persero) Tbk.
PT INTI (Persero)	-	71,221,650	PT INTI (Persero)
<b>Jumlah</b>	<b>3,361,697,625</b>	<b>10,581,424,945</b>	<b>Total</b>

**Details of Third Parties**

Raw Materials/Auxiliary - Rupiah

PT Sagi Capri	32,763,500,000	-	PT Sagi Capri
PT ELO KARSA UTAMA	4,864,938,625	3,475,630,740	PT ELO KARSA UTAMA
CV Sinar Gemilang	3,684,009,200	1,992,623,000	CV Sinar Gemilang
CV Surya Teknik	3,568,802,442	1,488,584,780	CV Surya Teknik
PT Sabil Huda Utama	3,315,101,214	1,631,131,916	PT Sabil Huda Utama
CV EMS	2,345,830,801	-	CV EMS
PT INQUATEX	1,857,600,000	-	PT INQUATEX
CV POP GRAFIKA	1,853,986,000	2,715,756,250	CV POP GRAFIKA
PT Bakti Mega Lestari	1,625,000,000	6,011,535,050	PT Bakti Mega Lestari
PT Pall Filtration Indonesia	1,570,420,295	2,285,820,700	PT Pall Filtration Indonesia
PT TRAKINDO UTAMA	1,550,307,422	-	PT TRAKINDO UTAMA
PT Schott Igar Glass	-	1,034,760,436	PT Schott Igar Glass
PT Sciencewerke	1,368,520,010	-	PT Sciencewerke
PT Global Satria Aji	1,326,353,140	-	PT Global Satria Aji
PT Fluida Teknik	1,055,995,050	-	PT Fluida Teknik
PT Daisitek Manufaktur	1,053,263,270	-	PT Daisitek Manufaktur
Monang Sianipar	1,003,160,150	-	Monang Sianipar
SANOFI	-	3,000,000,000	SANOFI
PT Menjangan Sakti	-	1,124,937,755	PT Menjangan Sakti
PT INQUATEX	-	1,324,400,000	PT INQUATEX
PT Bakti Mega Lestari	-	-	PT Bakti Mega Lestari
PT MGI ASIA PACIFIC	-	4,937,337,045	PT MGI ASIA PACIFIC
PT Merck Sharp & Dohme Indonesia	-	5,507,502,934	PT Merck Sharp & Dohme Indonesia
PT MES PROPHARMA	-	1,552,865,700	PT MES PROPHARMA
Lainnya (di bawah Rp 1 Miliar)	17,793,681,890	14,154,221,448	Others (Less than Rp 1 Billion))
<b>Jumlah - Rupiah</b>	<b>82,600,469,509</b>	<b>52,237,107,754</b>	<b>Total - Rupiah</b>

**15. UTANG USAHA (lanjutan)**

	31 Desember 2017 <i>December 31, 2017</i>
Rincian Utang Bahan Baku/Penolong - Mata Uang Asing	
Janssen Vaccine Corp	
2017 : USD 9,375,124.4	127,014,185,371
2016 : USD 1,543,017.94	
BioNet-Asia HONG KONG	
2017 : USD 1,200,000.	16,257,600,000
BIONET-ASIA CO., LTD.	
2017 : USD 120,000.	1,625,760,000
Bio Laboratories	
2017 : USD 11,296.48	153,044,711
2017 : GBP 2,436.	44,379,072
BE Vaccines Pte. Ltd.	
2017 : USD 1,680.	22,760,640
BioReliance	

**15. TRADE PAYABLES (continued)**

	31 Desember 2016 <i>December 1, 2016</i>
Raw Materials/Auxiliary - Foreign Currencies	
Janssen Vaccine Corp	
2017 : USD 9,375,124.4	20,731,989,042
2016 : USD 1,543,017.94	
BioNet-Asia HONG KONG	
2017 : USD 1,200,000.	
BIONET-ASIA CO., LTD.	
2017 : USD 120,000.	
Bio Laboratories	
2017 : USD 11,296.48	
2017 : GBP 2,436.	
BE Vaccines Pte. Ltd.	
2017 : USD 1,680.	
BioReliance	

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2017 : GBP 936.	17,052,057
Temptime USD 123.629,32	
2016 : USD 819,000.00 Sanofi	
2016 : USD 178,858.80 Jangsung	
2016 : USD 298,491.20 Olympic Star	
Sartorius Stedim Malaysia Sdn. Bhd	
2016 : EUR 200,000	
Samsung Medical Rubber Co., Ltd	
2016 : USD 105,500	
Lainnya (di bawah Rp 1 Miliar)	-
Jumlah - Mata Uang Asing	145,134,781,852
Jumlah Bahan Baku/Penolong	227,735,251,361

2017 : GBP 936.		1,661,083,544	USD 123.629,32	Temptime
		11,004,084,000		Sanofi
		2,403,146,837		Jangsung
		4,010,527,763		Olympic Star
				Sartorius Stedim Malaysia Sdn. Bhd
		2,832,310,000		2016 : EUR 200,000
				Samsung Medical Rubber Co., Ltd
		1,417,498,000		2016 : USD 105,500
		2,152,215,122		Others (less than Rp1 billion)
		46,212,854,308		Total - Foreign Currencies
		98,449,962,062		Total Raw Materials/Auxiliaries

**Rincian Utang Investasi/Pembelian Aset**  
**Rupiah**

CV Bhakti Mega Lestari	7,145,660,000
PT MGI Asia Pacific	5,113,850,725
PT Trakindo Utama	5,016,900,000
PT Niagaraasri Karyatama	4,967,150,977
PT Sinar Inti Panel	4,701,880,000
PT Chandra Karya Nusa	3,532,955,700
PT Catudaya Data Prakasa	2,510,989,000
PT Azbil Berca Indonesia	1,923,142,100
PT Karunia Alamindo Utama	1,906,100,000
PT Vision Teknik	1,875,000,000
PT CELCO TEKNIK INDUSTRI	1,856,255,000
PT Prima Instrument Analitika	1,756,000,000
PT Sabil Huda Utama	1,152,065,225
PT Santosa Jatisari Kusumah	-
CV Sinar Gemilang	-
PT Sigma Bimed	-
PT Fluida Teknik	-
PT Multi Artha Sehati	-
CV Gratia Tifarindo	-
PT Pall Filtration	-
Lainnya (di bawah Rp 1 Miliar)	9,833,983,234
Jumlah - Rupiah	53,291,931,961

**Investment/Acquisition of Assets**  
**Rupiah**

CV Bhakti Mega Lestari	3,329,062,000
PT MGI Asia Pacific	-
PT Trakindo Utama	-
PT Niagaraasri Karyatama	-
PT Sinar Inti Panel	-
PT Chandra Karya Nusa	1,462,636,423
PT Catudaya Data Prakasa	-
PT Azbil Berca Indonesia	-
PT Karunia Alamindo Utama	-
PT Vision Teknik	-
PT CELCO TEKNIK INDUSTRI	-
PT Prima Instrument Analitika	-
PT Sabil Huda Utama	5,713,952,750
PT Santosa Jatisari Kusumah	5,064,150,000
CV Sinar Gemilang	5,343,660,500
PT Sigma Bimed	2,041,485,000
PT Fluida Teknik	2,118,722,500
PT Multi Artha Sehati	4,195,000,250
CV Gratia Tifarindo	2,997,300,000
PT Pall Filtration	1,325,000,000
Others (less than Rp1 billion)	7,761,084,605
Total - Rupiah	41,352,054,028

**15. UTANG USAHA (lanjutan)**

	31 Desember 2017 December 31, 2017
Mata Uang Asing	
MARCHESINI GROUP S.P.A	
2017 : EUR 1,701,364.46	27,517,222,258
Adam Fabrivwek P Ltd	
2017 : EUR 1,098,000.	14,875,704,000
Applikon Biotechnology	
2017 : EUR 806,175.	13,038,768,104
Pneumatic Scale Angelus	
2017 : USD 505,750.	6,851,901,000
Getinge	
2017 : EUR 69,670.	1,126,816,105
PURETECH PROCESS SYSTEM LTD.	
2017 : GBP 34,000.	619,412,340
Zirbus Technology GmbH	
2017 : EUR 33,131.35	535,853,865
MGI	

**15. TRADE PAYABLES (continued)**

	31 Desember 2016 December 31, 2016	Foreign Currencies
MARCHESINI GROUP S.P.A	-	
2017 : EUR 1,701,364.46		
Adam Fabrivwek P Ltd		
2017 : EUR 1,098,000.		
Applikon Biotechnology		
2017 : EUR 806,175.		
Pneumatic Scale Angelus		
2017 : USD 505,750.		
Getinge		
2017 : EUR 69,670.		
PURETECH PROCESS SYSTEM LTD.		
2017 : GBP 34,000.		
Zirbus Technology GmbH		
2017 : EUR 33,131.35		
MGI		

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2017 : EUR 12,048.30	194,864,626
2016 : EUR 4,665,679.55	
Azbil Telstar Technologies, S.L.U	
2016 : EUR 797,500.	11,293,836,125
Melchers Techexport GmbH	
2016 : CHF 270.840	3,569,064,517
Jumlah - Mata Uang Asing	64,760,542,297
Jumlah Pihak Ketiga - Investasi	118,052,474,259
Pengadaan Jasa	
Jasa Audit Manajemen dan Riset	6,738,630,725
Biaya Impor	1,176,090,196
Jumlah Pengadaan Jasa	7,914,720,921

**16. BIAYA YANG MASIH HARUS DIBAYAR**

	31 Desember 2017 December 31, 2017
Beban Karyawan dan lainnya	5,142,407,893
Jasa Produksi Karyawan	79,080,306,646
Beban Angkutan dan Embalage	2,639,339,438
Jasa Profesional	1,036,774,754
Keagenan Ekspor, Royalti & Insentif Penjualan	10,706,534,275
Kantor	9,253,711,680
Lainnya (di bawah Rp 1 Miliar)	-
<b>Jumlah</b>	<b>107,859,074,686</b>

**17. PENDAPATAN DITERIMA DIMUKA**

	31 Desember 2017 December 31, 2017
Swasta	97,054,169
Ekspor	910,722,301
<b>Jumlah</b>	<b>1,007,776,471</b>

**18. LIABILITAS LANCAR LAINNYA**

	31 Desember 2017 December 31, 2017
Titipan Potongan Karyawan	-
Tantiem	30,538,249,501
Taksasi Ongkos angkut dan embalage	10,490,052,968
Lainnya	606,729,508
<b>Jumlah</b>	<b>41,635,031,971</b>

**19. LIABILITAS DIESTIMASI ATAS IMBALAN PASCA KERJA**

Perusahaan menerapkan liabilitas imbalan pasca kerja sesuai dengan PSAK 24 (Revisi 2013). Perusahaan juga mengikutsertakan seluruh karyawan tetap dan kontrak ke dalam program pensiun yang dikelola oleh Dana Pensiun Lembaga Keuangan (DPLK) PT Asuransi Jiwasraya.

Uraian berikut ini merupakan rangkuman perhitungan beban dan liabilitas imbalan pasca kerja karyawan tahun 2017 dan 2016 yang diakui pada laporan laba rugi dan laporan posisi keuangan. Perhitungan beban dan liabilitas imbalan pasca kerja karyawan per 31 Desember 2017 dilakukan berdasarkan proyeksi perhitungan tahun 2017 yang dilakukan oleh aktuaris independen PT Katsir Imam Sapto Sejahtera Aktuaria dalam laporannya tanggal 29 Desember 2017 dengan menggunakan metode "Projected Unit Credit"

Beban Imbalan Pasca Kerja

31 Desember 2017

**PT BIO FARMA (PERSERO)**  
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2017 : EUR 12,048.30	194,864,626	2017 : EUR 12,048.30
2016 : EUR 4,665,679.55		2016 : EUR 4,665,679.55
Azbil Telstar Technologies, S.L.U		Azbil Telstar Technologies, S.L.U
2016 : EUR 797,500.	11,293,836,125	2016 : EUR 797,500.
Melchers Techexport GmbH		Melchers Techexport GmbH
2016 : CHF 270.840	3,569,064,517	2016 : CHF 270.840
Total - Foreign Currencies	80,936,154,874	Total - Foreign Currencies
Total Third Parties - Investment	122,288,208,901	Total Third Parties - Investment
Services		Services
Audit Management and Research	8,262,850,330	Audit Management and Research
Import	5,128,581,004	Import
Total Services	13,391,431,334	Total Services

**16. ACCRUED EXPENSES**

	31 Desember 2016 December 31, 2016	
Employee Expenses	19,663,061,885	Employee Expenses
Employee Production Services	75,290,000,000	Employee Production Services
Freights and Embalage	2,449,122,398	Freights and Embalage
Professional Services	1,358,453,255	Professional Services
Export Agencies, Royalties and Sales Incentives	7,985,174,769	Export Agencies, Royalties and Sales Incentives
Office Expense	5,689,177,303	Office Expense
Others (less than Rp1 billion)	970,218,637	Others (less than Rp1 billion)
<b>Total</b>	<b>113,405,208,247</b>	<b>Total</b>

**17. UNEARNED REVENUE**

	31 Desember 2016 December 31, 2016	
Domestic	44,130,371	Domestic
Export	-	Export
<b>Total</b>	<b>44,130,371</b>	<b>Total</b>

**18. OTHER CURRENT LIABILITIES**

	31 Desember 2016 December 31, 2016	
Employee Deposits	165,872,829	Employee Deposits
Management Bonus	18,849,515,000	Management Bonus
Estimated Freights and Embalage	12,937,959,640	Estimated Freights and Embalage
Others	907,462,156	Others
<b>Total</b>	<b>32,860,809,624</b>	<b>Total</b>

**19. ESTIMATED POST EMPLOYMENT BENEFITS LIABILITIES**

The Company accounts for post employment benefits liabilities in conformity with PSAK 24 (Revised 2013). In addition, the Company arranges a defined contribution pension plan covering both its permanent and contract employees. The plan is managed by Financial Institutions of Pension Fund (DPLK) PT Asuransi Jiwasraya.

The following is a summary of the employee benefits expense and liabilities calculation for 2017 and 2016 recognized in the statements of income and the statement of financial position. The calculation of personnel expenses and liabilities for employees post-retirement benefits as of December 31, 2017 is based on the projected 2017 estimate by PT Katsir Imam Sapto Sejahtera Aktuaria independent actuary in its report dated December 29, 2017 using the "Projected Unit Credit" method.

Pos Employment Benefit Expense

31 Desember 2016

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PT BIO FARMA (PERSERO)  
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(Expressed in Rupiah, unless otherwise stated)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>	
Beban Jasa Kini	14,394,931,921	10,891,724,096	<i>Current Service Cost</i>
Beban Bunga	13,064,543,848	13,833,995,459	<i>Interest Expense</i>
Dampak Perubahan Kurtailmen dan Penyelesaian	-	(12,436,507,984)	<i>Change Impacts curtailment and settlement</i>
Pembayaran GSH (beban langsung)	-	5,041,776,979	<i>Payments of GSH (direct charges)</i>
<b>Jumlah</b>	<b><u>27,459,475,769</u></b>	<b><u>17,330,988,550</u></b>	<b>Total</b>

**Liabilitas Diestimasi atas Imbalan Pasca Kerja**

	<u>31 Desember 2017</u> <u>December 31, 2017</u>	<u>31 Desember 2016</u> <u>December 31, 2016</u>	
Saldo Awal Nilai Kini	167,133,074,162	152,021,928,119	<i>Beginning Balance of Present Value of</i>
Dampak Perubahan Kurtailmen dan Penyelesaian	-	(12,436,507,984)	<i>Change Impacts curtailment and settlement</i>
Dampak Perubahan Asumsi Aktuarial	31,811,337,218	10,121,564,306	<i>Effect of Changes in Actuarial Assumption</i>
Beban Jasa Kini	14,394,931,921	10,891,724,096	<i>Current Service Cost</i>
Beban Bunga	13,064,543,848	13,833,995,459	<i>Interest Expense</i>
Pembayaran GSH	-	(5,491,294,156)	<i>Payment of Golden Shake Hana</i>
Pembayaran Pensiun	(1,894,006,678)	-	<i>Payments of Pension</i>
Laba (Rugi) aktuarial atas kewajiban	(4,572,811,032)	(1,808,335,678)	<i>Actuarial Gain (Loss) on Liability</i>
<b>Liabilitas Imbalan Pasca Kerja</b>	<b><u>219,937,069,439</u></b>	<b><u>167,133,074,162</u></b>	

**Perubahan Liabilitas Diestimasi atas Imbalan Pasca Kerja**

	<u>31 Desember 2017</u> <u>December 31, 2017</u>	<u>31 Desember 2016</u> <u>December 31, 2016</u>	
Saldo Awal	167,133,074,162	152,021,928,119	<i>Beginning Balance</i>
Beban Imbalan Pasca Kerja Tahun Berjalan	27,459,475,769	17,330,988,550	<i>Employee Benefit Expense of the Year</i>
Pembayaran Pensiun	(1,894,006,678)	(3,750,178,135)	<i>Payments of Pension</i>
Pembayaran GSH (sesuai cadangan)	-	(1,741,116,021)	<i>Payments of GSH (reserved)</i>
Pembayaran GSH (beban langsung)	-	(5,041,776,979)	<i>Payments of GSH (direct charges)</i>
Penghasilan Komprehensif Lain	27,238,526,186	8,313,228,628	<i>Other Comprehensive Income</i>
<b>Saldo Akhir</b>	<b><u>219,937,069,439</u></b>	<b><u>167,133,074,162</u></b>	<b>Ending Balance</b>

**Asumsi Utama Yang Digunakan**

	<u>31 Desember 2017</u> <u>December 31, 2017</u>	<u>31 Desember 2016</u> <u>December 31, 2016</u>	
Usia Pensiun Normal	50 & 58	56 Tahun	<i>Normal Pension Age</i>
Tingkat Diskonto	7.50%	9.10%	<i>Discount Rate</i>
Tingkat Proyeksi Kenaikan Gaji	8%	8%	<i>Projection of Salary Increase Rate</i>
Tabel Mortalita	TMI III - 2011	TMI III 2011	<i>Mortality Table</i>
Tingkat Cacat	1% dari Mortalita	1% dari Mortalita	<i>Disability Rate</i>
Tingkat Pengunduran Diri	-	0% - 2%	<i>Resignation Rate</i>

**20. MODAL SAHAM**

	<u>31 Desember 2017</u> <u>December 31, 2017</u>	<u>31 Desember 2016</u> <u>December 31, 2016</u>	
Modal Ditempatkan dan Disetor Pada Awal Tahun	8,000,000,000,000	8,000,000,000,000	<i>Share Capital Issued and Paid at Beginning of Year</i>
Kapitalisasi Cadangan ke Modal Disetor	(6,000,000,000,000)	(6,000,000,000,000)	<i>Capitalization of Appropriated Earnings to Share Capital</i>
<b>Modal ditempatkan dan disetor pada akhir tahun</b>	<b><u>2,000,000,000,000</u></b>	<b><u>2,000,000,000,000</u></b>	<b>Share Capital Issued and Fully Paid at End of Year</b>

Sesuai dengan Pernyataan Keputusan Risalah Rapat Umum Pemegang Saham (RUPS) No 34, tanggal 14 Desember 2016, dan Keputusan Menteri Hukum dan Hak Asasi Manusia Republik Indonesia Nomor AHU-0024481.AH.01.02 Tahun 2016 tanggal 21 Desember 2016, tentang Persetujuan Perubahan Anggaran Dasar Perseroan Terbatas PT Bio Farma (Persero), modal dasar Perseroan meningkat dari semula Rp 5.000.000.000.000,00 (terdiri dari 5.000.000 lembar saham) menjadi Rp 8.000.000.000.000,00 (terdiri dari 8.000.000 lembar saham) dan

**20. SHARE CAPITAL**

	<u>31 Desember 2017</u> <u>December 31, 2017</u>	<u>31 Desember 2016</u> <u>December 31, 2016</u>	
Modal Ditempatkan dan Disetor Pada Awal Tahun	8,000,000,000,000	8,000,000,000,000	<i>Share Capital Issued and Paid at Beginning of Year</i>
Kapitalisasi Cadangan ke Modal Disetor	(6,000,000,000,000)	(6,000,000,000,000)	<i>Capitalization of Appropriated Earnings to Share Capital</i>
<b>Modal ditempatkan dan disetor pada akhir tahun</b>	<b><u>2,000,000,000,000</u></b>	<b><u>2,000,000,000,000</u></b>	<b>Share Capital Issued and Fully Paid at End of Year</b>

In accordance with Decision of Minutes of General Meeting of Shareholders No. 34 dated December 14, 2016 and Decree of the Minister of Justice and Human Rights of the Republic of Indonesia No. AHU-0024481.AH.01.02 Year 2016 dated December 21, 2016, concerning Approval of Amendment of the Articles of Association PT Bio Farma Limited (Persero), the authorized capital of the Company increased from Rp 5,000,000,000,000.00 (consisting of 5,000,000 shares) to Rp 8,000,000,000,000.00 (consisting of 8,000,000 shares) and the

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modal ditempatkan dan disetor Perusahaan meningkat dari semula Rp 1.650.000.000.000 (terdiri dari 1.650.000 lembar saham) menjadi Rp 2.000.000.000.000 (terdiri dari 2.000.000 lembar saham) dengan mengkapitalisasi sebagian cadangan sampai dengan tanggal 31 Desember 2015 sebesar Rp 350.000.000.000

21. KOMPONEN EKUITAS LAINNYA

	31 Desember 2017 <i>December 31, 2017</i>
Surplus Revaluasi Aset Tetap	1,980,781,821,592
Keuntungan (Kerugian) Aktuarial	
Saldo Awal	(79,494,774,530)
Penambahan tahun berjalan	(27,238,526,186)
jumlah	<u>(106,733,300,716)</u>
Jumlah Komponen Ekuitas Lainnya	<u>1,874,048,520,876</u>

22. SALDO LABA DAN PENGGUNAAN LABA

a. Saldo Laba - Dicadangkan

	31 Desember 2017 <i>December 31, 2017</i>
Saldo pada awal tahun	899,824,236,342
Pembentukan Cadangan	350,727,990,083
Kapitalisasi Cadangan ke Setoran Modal	-
Penerapan PSAK 24	-
Saldo laba dicadangkan akhir tahun	<u>1,250,552,226,426</u>

Sesuai dengan PER-09/MBU/07/2015 tanggal 3 Juli 2015 tentang Program Kemitraan dan Program Bina Lingkungan Badan Usaha Milik Negara, Perusahaan mengalokasikan dana cadangan untuk bina lingkungan.

22. SALDO LABA DAN PENGGUNAAN LABA (lanjutan)

b. Saldo Laba - Belum Dicadangkan

	31 Desember 2017 <i>December 31, 2017</i>
Saldo Laba pada awal tahun	501,040,990,083
Pembagian Laba	
Dividen	(150,313,000,000)
Cadangan	(350,727,990,083)
Konversi Cadangan Akibat Penerapan PSAK 24 Tahun 2015	-
Laba (Rugi) Tahun Berjalan	525,355,610,162
Saldo laba belum dicadangkan akhir	<u>525,355,610,162</u>

c. Penggunaan Laba

Pembagian atas laba bersih tahun 2016 dan 2015 ditetapkan dalam RUPS tentang persetujuan laporan keuangan tahunan, pengesahan perhitungan tahunan, dan pembagian laba bersih tahun buku 2016 dan 2015 pada tanggal 10 Mei 2017 dan 10 Juni 2016.

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issued and paid-up capital of the Company increased from Rp 1,650,000,000,000 (consisting of 1,650,000 shares) to Rp 2,000,000,000,000 (consisting of 2,000,000 shares) by capitalizing a portion of the reserves up to December 31, 2015 amounting to Rp 350,000,000,000.

21. OTHER EQUITY COMPONENTS

	31 Desember 2016 <i>December 31, 2016</i>	
	1,980,781,821,592	Revaluation Surplus - Net
		Actuarial Gain (Loss)
	(71,181,545,902)	Beginning Balance
	(8,313,228,628)	Current year's addition
	<u>(79,494,774,530)</u>	Total
	<u>1,901,287,047,062</u>	Total Other Equity Components

22. RETAINED EARNINGS AND DISTRIBUTION OF INCOME

a. Retained /earnings - Appropriated

	31 Desember 2016 <i>December 31, 2016</i>	
	816,422,044,549	Beginning Balance
	435,885,891,245	Establishment of Appropriated
	(350,000,000,000)	Capitalization to Share Capital
	(2,483,699,451)	Implementation of PSAK 24
	<u>899,824,236,342</u>	Earnings - Appropriated at End of Year

In accordance with PER-09 / MBU / 07/2015 dated July 3, 2015 on the Partnership Program and Community Development Program of State-Owned Enterprises, the Company allocates reserve funds for community

22. RETAINED EARNINGS AND DISTRIBUTION OF INCOME

(continued)

b. Retained /earnings - Unappropriated

	31 Desember 2016 <i>December 31, 2016</i>	
	668,109,191,794	Beginning Balance
		Distribution of Income
	(234,707,000,000)	Dividends
	(435,885,891,245)	Appropriated
	2,483,699,451	Conversion Appropriated of Implementation
	501,040,990,083	PSAK 24 of Year 2015
	<u>501,040,990,083</u>	Profit (Loss) for the Year
		Earnings - Not Appropriated at End of Year

c. Distribution of Income

The division of the 2016 and 2015 net income is stipulated in the GMS on the approval of the annual financial statements, the approval of annual calculations, and the distribution of net profit for fiscal year 2016 and 2015 on May 10, 2017 and June 10, 2016.

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

	Laba Tahun 2016 / Income for 2016		Laba Tahun Buku 2015 / Income for 2015		
	Jumlah Total	Persen Percentage	Jumlah Total	Persen Percentage	
Dividen	150,313,000,000	30.00%	234,707,000,000	35.00%	Dividends
Cadangan	350,727,990,083	70.00%	435,885,891,245	65.00%	Appropriated
Jumlah	<u>501,040,990,083</u>	<u>100.00%</u>	<u>670,592,891,245</u>	<u>100.00%</u>	Total

23. PENJUALAN PRODUK PERUSAHAAN

23. SALES OF THE COMPANY'S PRODUCTS

	2017			Jumlah Total	
	Pemerintah Government	Swasta / Private			
		Lokal / Local	Ekspor / Export		
Vaksin Bakteri	46,830,834,000	15,238,641,615	124,795,782,701	186,865,258,316	Bacterial Vaccines
Vaksin Virus	137,983,668,000	45,137,436,034	1,118,103,714,876	1,301,224,818,910	Virus Vaccines
Vaksin Kombinasi	306,291,210,000	17,509,693,665	9,519,244	323,810,422,909	Combination Vaccines
Sera & Diagnostika	-	76,073,806,650	-	76,073,806,650	Sera and Diagnostics
Jumlah	491,105,712,000	153,959,577,964	1,242,909,016,820	1,887,974,306,784	Total
Potongan Penjualan	-	(15,861,230,634)	-	(15,861,230,634)	Less: Sales Discount
Jumlah Bersih	<u>491,105,712,000</u>	<u>138,098,347,330</u>	<u>1,242,909,016,820</u>	<u>1,872,113,076,150</u>	Total - Net

	2016			Jumlah Total	
	Pemerintah Government	Swasta / Private			
		Lokal / Local	Ekspor / Export		
Vaksin Bakteri	91,703,448,400	8,244,545,889	143,650,102,476	243,598,096,765	Bacterial Vaccines
Vaksin Virus	274,617,304,400	57,955,635,954	1,103,824,537,618	1,436,397,477,972	Virus Vaccines
Vaksin Kombinasi	185,243,559,000	15,451,346,226	-	200,694,905,226	Combination Vaccines
Sera & Diagnostika	-	63,411,578,500	-	63,411,578,500	Sera and Diagnostics
Jumlah	551,564,311,800	145,063,106,569	1,247,474,640,094	1,944,102,058,463	Total
Potongan Penjualan	-	(16,377,724,036)	-	(16,377,724,036)	Less: Sales Discount
Jumlah Bersih	<u>551,564,311,800</u>	<u>128,685,382,533</u>	<u>1,247,474,640,094</u>	<u>1,927,724,334,427</u>	Total - Net

24. PENJUALAN PRODUK PARTNERSHIP

24. SALES OF PARTNERSHIP PRODUCT

	31 Desember 2017 December 31, 2017	31 Desember 2016 December 31, 2016	
	Pemerintah		
Vaksin MR 10DS	650,647,830,000	-	Measles-Rubella (MR) 10 ds Vaccine
IPV	130,326,496,000	64,365,025,000	Inactivated Polio Vaccine (IPV)
Vaksin BCG Impor	87,200,000,000	65,446,543,000	acillus Calmette-Guérin (BCG) vaccine
Sub Jumlah	<u>868,174,326,000</u>	<u>129,811,568,000</u>	Sub Total

24. PENJUALAN PRODUK PARTNERSHIP (lanjutan)

24. SALES OF PARTNERSHIP PRODUCT (continued)

	31 Desember 2017 December 31, 2017	31 Desember 2016 December 31, 2016	
	Pemerintah - pindahan	868,174,326,000	
Swasta			Private
HJ Vaksin Meningitis/Menivax ACWY (0.	227,782,836,375	223,820,571,125	ingitis/Menivax ACWY Vaccine (0.5 ml/vial)
HJ. Vaksin PPD	10,444,130,220	11,284,358,400	Purified Protein Derivative (PPD) Vaccine
HJ Live Attenuated JE	8,607,780,000	-	Live Attenuated JE Vaccine
HJ BD VAKSIN MEASLES RUBELLA (M	715,600,000	-	Measles-Rubella (MR) 5 ds Vaccine
HJ BD Vaksin Measles Rubella (MR) 10	854,100,000	-	Measles-Rubella (MR) 10 ds Trading Vaccine
Sub Jumlah	248,404,446,595	235,104,929,525	Sub Total
Jumlah	1,116,578,772,595	364,916,497,525	Total
Dikurangi : Potongan Penjualan	(5,550,739,021)	(5,960,897,089)	Less: Sales Discount
Jumlah Bersih	<u>1,111,028,033,574</u>	<u>358,955,600,436</u>	Total - Net

25. PENJUALAN TRADING PARTNERSHIP

25. SALES OF TRADING PARTNERSHIP

	31 Desember 2017 December 31, 2017	31 Desember 2016 December 31, 2016	
	Swasta		
Polyvalent snake Anti Venom	1,983,447,000	1,125,360,000	Polyvalent snake Anti Venom

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Human Papilloma Virus - Gardasil	15,355,050,000
HJ Difteria Antitoxin	2,898,360,000
HJ Live Attenuated JE 1ds	110,500,000
Jumlah	20,347,357,000
Dikurangi : Potongan Penjualan	(227,767,900)
Jumlah Bersih	20,119,589,100

26. PENJUALAN JASA

	31 Desember 2017 <i>December 31, 2017</i>
Imunisasi	7,047,018,650
Laboratorium	1,695,687,637
Jumlah	8,742,706,287
Dikurangi : Potongan Penjualan	(432,674,767)
Jumlah Bersih	8,310,031,520

Hasil penjualan imunisasi diperoleh dari jasa imunisasi vaksin dan serum, sedangkan hasil penjualan laboratorium diperoleh dari jasa pengujian mutu dan pemeriksaan laboratorium.

Terhitung sejak tanggal 6 Agustus 2015 unit pelayanan jasa diubah statusnya menjadi *Strategic Business Unit* (SBU) dengan nama Unit Bisnis Klinik dan Imunisasi. Selanjutnya berdasarkan SK Direksi Nomor 04276/DIR/XII/2017 tentang Struktur Organisasi PT Bio Farma (Persero) terjadi penggantian nama menjadi Unit Klinik dan Imunisasi

27. BEBAN POKOK PENJUALAN PRODUK PERUSAHAAN

	31 Desember 2017 <i>December 31, 2017</i>
<b>Beban Pokok Penjualan Produk</b>	
Pemakaian Bahan baku	357,218,375,992
Pemakaian Bahan Penolong	185,157,807,918
Pegawai	185,227,576,626
Sosial Karyawan	6,450,248,204
Perjalanan Dinas	3,339,827,992
Jasa Profesional	5,562,337,525
Pemeliharaan dan Perbaikan	148,022,825,768
Asuransi	3,967,633,607
Penyusutan dan Amortisasi	104,704,854,926
Kantor	9,143,705,323
Peningkatan & Pengembangan SDM	2,947,002,960
<b>Total Beban Produksi Tidak Langsung</b>	1,011,742,196,840

27. BEBAN POKOK PENJUALAN PRODUK PERUSAHAAN  
(lanjutan)

	31 Desember 2017 <i>December 31, 2017</i>
<b>Total Beban Produksi Tidak Langsung</b>	
pindahan	1,011,742,196,840
<b>Beban Produksi</b>	
Persediaan Produk Dalam Proses	
Awal Tahun	357,924,068,324
Akhir Tahun	(461,660,017,021)
Beban Pokok Produksi	908,006,248,143
Persediaan Produk Jadi	
Awal Tahun	77,727,356,075
Kedaluwarsa/Rusak	(3,755,261,785)
Promosi, Disumbangkan	(330,416,527)
Penggantian dan Pemakaian Sendiri	(337,541,327)
Reklasifikasi ke Persediaan Lain-lain	(21,770,130,921)
Beban Pokok Barang Tersedia untuk Dijual	959,540,253,659

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Human Papilloma Virus - Gardasil	22,803,750,000	Human Papilloma Virus - Gardasil
HJ Difteria Antitoxin	-	HJ Difteria Antitoxin
HJ Live Attenuated JE 1ds	-	HJ Live Attenuated JE 1ds
Total	23,929,110,000	Total
Less: Sales Discount	(165,287,250)	Less: Sales Discount
<b>Total - Net</b>	<b>23,763,822,750</b>	<b>Total - Net</b>

26. SERVICES

	31 Desember 2016 <i>December 31, 2016</i>	
Imunisasi	1,660,380,480	Immunization
Laboratorium	3,974,742,832	Laboratorium
Total	5,635,123,312	Total
Less: Sales Discount	(319,866,802)	Less: Sales Discount
<b>Total Sales of Service-Net</b>	<b>5,315,256,510</b>	<b>Total Sales of Service-Net</b>

Sales of immunization obtained from vaccine and serum immunization services, whereas sales of laboratory obtained from providing the laboratory and quality testing services.

Since August 6, 2015, the status of the services unit has changed to be a strategic business unit named Clinical and Immunization Business Unit. Furthermore, based on the Decree of the Board of Directors Number 04276 / DIR / XII / 2017 on the Organizational Structure of PT Bio Farma (Persero) there was renamed the Clinic and Immunization Unit.

27. COST OF GOODS SOLD OF THE COMPANY'S PRODUCTS

	31 Desember 2016 <i>December 31, 2016</i>	
<b>COST OF GOODS SOLD OF PRODUCTS</b>		
Raw Materials Used	328,370,014,672	Raw Materials Used
Auxiliary Materials Used	169,623,828,954	Auxiliary Materials Used
Employees	176,057,198,069	Employees
Social Employee	6,516,956,525	Social Employee
Business Travelling	3,880,814,195	Business Travelling
Professional Fees	2,205,416,798	Professional Fees
Maintenance and Repairs	150,225,162,776	Maintenance and Repairs
Insurance	2,372,476,078	Insurance
Depreciation and amortization	99,906,185,480	Depreciation and amortization
Office	10,662,356,362	Office
Development of Human Resources	3,654,482,732	Development of Human Resources
<b>Indirect Production Costs</b>	<b>953,474,892,641</b>	<b>Indirect Production Costs</b>

27. COST OF GOODS SOLD OF THE COMPANY'S PRODUCTS  
(continued)

	31 Desember 2016 <i>December 31, 2016</i>	
<b>Cost of Goods Sold of Products brought forward</b>		
Production costs		Production costs
Inventory of Product in Process		Inventory of Product in Process
Beginning of Year	222,475,046,209	Beginning of Year
End of year	(357,924,068,324)	End of year
Cost of Goods Manufactured	818,025,870,526	Cost of Goods Manufactured
Inventory of Finished Products		Inventory of Finished Products
Beginning of Year	31,981,742,296	Beginning of Year
Expired/Damaged	(6,396,852,325)	Expired/Damaged
Promotion, Donated, Replacement and Self Consumptions	(191,315,866)	Promotion, Donated, Replacement and Self Consumptions
Reclassification Other inventory	(1,625,740,401)	Reclassification Other inventory
Cost of goods Available for sale	841,793,704,230	Cost of goods Available for sale

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Dijual untuk Imunisasi	(904,119,432)	(668,294,453)	Sold for Immunization
Akhir Tahun	(35,450,728,207)	(77,727,356,075)	End of year
<b>Jumlah Beban Pokok Penjualan Produk</b>	<b>923,185,406,019</b>	<b>763,398,053,702</b>	<b>Total Cost Of Goods Sold Of Products</b>
<b>28. BEBAN POKOK PENJUALAN PRODUK PARTNERSHIP</b>	<b>31 Desember 2017</b>	<b>31 Desember 2016</b>	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	
<b>Beban Pokok</b>			<b>Cost Of Goods</b>
<b>Beban produksi</b>			<b>Production Expense</b>
Pemakaian Bahan baku	713,271,342,990	218,470,228,358	Raw Materials Used
	713,271,342,990	218,470,228,358	
<b>Persediaan Produk Dalam Proses</b>			<b>Inventory of Products in Process</b>
Ditambah : PDP awal tahun	-	-	- Beginning Inventory of Product in Process
Dikurangi : PDP akhir	-	-	- s: Ending Inventory of Product in Process
<b>Beban Pokok Produksi</b>	<b>713,271,342,990</b>	<b>218,470,228,358</b>	<b>Production Expense</b>
<b>Persediaan Produk Jadi</b>			<b>Inventory of Finished Products</b>
Ditambah : Persediaan Awal Produk	4,129,859,581	1,179,964,471	Beginning Inventory of Finished Products
Dikurangi : Produk rusak/Kadaluarsa	(1,786,655,458)	-	Less : Expired/Damaged Products
Dikurangi : Pemakaian Produk Sendiri	(793,179,172)	(11,796,572)	Less: Products used for self consumption
Dikurangi : Promosi Produk	(1,913,076)	(961,692)	Less: Product Promotion
<b>BP Produk Siap Jual</b>	<b>714,819,454,865</b>	<b>219,637,434,566</b>	<b>Expense of Product Available for Sale</b>
Dikurangi : Persediaan Produk Jadi Akhir	(4,488,970,250)	(4,129,859,581)	Less: Ending Inventory
Dikurangi : Beban Pokok Produk untuk Imunisasi	(12,530,913)	(10,319,575)	Less : Cost of Goods Sold for Immunization
<b>BP Penjualan Produk Jadi Partnership</b>	<b>710,317,953,702</b>	<b>215,497,255,410</b>	<b>COST OF GOODS SOLD OF PARTNERSHIP PRODUCT</b>
<b>29. BEBAN POKOK PENJUALAN TRADING PARTNERSHIP</b>	<b>31 Desember 2017</b>	<b>31 Desember 2016</b>	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	
Persediaan Awal Tahun	1,077,050,535	2,010,514,545	Beginning Inventory
Pembelian	20,680,487,803	22,306,954,293	Purchases
Tersedia untuk Dijual	21,757,538,338	24,317,468,838	Available for Sale
Kadaluarsa/rusak	(532,905,285)	(469,961,502)	Expired/Damaged
Digunakan untuk Promosi, Penggantian, Pemakaian Sendiri dan Disumbangkan	(378,090,231)	(907,950,034)	Used for Promotion, Replacement, Self Consumption and Donation
Digunakan untuk Imunisasi	(1,826,955,855)	(425,209,308)	Used for Immunization
Persediaan Akhir Tahun	(2,253,854,786)	(1,077,050,535)	Ending Inventory
<b>Jumlah</b>	<b>16,765,732,180</b>	<b>21,437,297,459</b>	<b>Total</b>
<b>30. BEBAN JASA</b>	<b>31 Desember 2017</b>	<b>31 Desember 2016</b>	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	
Produk Jadi Perusahaan untuk imunisasi	904,119,432	678,614,028	Company's Products for Immunization
Produk Jadi Partnership untuk imunisasi	12,530,913	425,209,308	Products Partnership for Immunization
Trading Partnership untuk imunisasi	1,826,955,855	-	Trading Partnership for Immunization
Pemakaian Bahan Baku dan Penolong	21,795,553	80,542,435	Raw Materials and Auxiliaries used
Karyawan	3,490,437,848	2,492,880,473	Employees
Perjalanan Dinas	76,145,000	171,205,907	Business travelling
Jasa Profesional	73,217,000	410,402,000	Professional Services
Pemeliharaan dan Perbaikan	121,015,368	150,922,812	Repairs and Maintenance
Penyusutan Aset Tetap	116,962,134	175,203,364	Depreciation of Fixed Assets
Asuransi	4,261,212	2,012,006	Insurance
Beban Kantor	202,788,450	273,151,725	Office Expense
Peningkatan & Pengembangan SDM	11,021,880	101,379,000	Human Resource Development
<b>Jumlah</b>	<b>6,861,250,646</b>	<b>4,961,523,057</b>	<b>Total</b>
<b>31. PENGHASILAN LAIN-LAIN</b>	<b>31 Desember 2017</b>	<b>31 Desember 2016</b>	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	
			<b>31. OTHER INCOME</b>

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	<u>December 31, 2017</u>	<u>December 31, 2016</u>	
Penjualan Sampingan	448,844,848	437,723,305	Other Sales
Pendapatan Bunga Deposito	2,390,541,148	6,100,342,074	Interest Revenue from Time Deposit
Pendapatan Jasa Giro	720,209,013	719,873,260	Interest Revenue from Deposit Accounts
Hasil Sewa Ruangan dan Bagi Hasil	231,437,500	221,375,000	Revenue from Room Rental dan Profit Sharing
Pendapatan Denda dari Pemasok dan Pel	1,744,798,043	1,382,822,931	Penalties from Distributors and Customers
Pendapatan Klaim Asuransi	575,233,401	-	Revenue from Insurance Claim
Keuntungan Selisih Kurs	86,500,603,564	98,339,421,776	Gains from Foreign Exchange
Potongan Pembelian Tunai	868,008,072	-	Purchase Discount
Pendapatan Hibah	2,005,440,189	42,086,241,496	Donation Revenue
Pemulihan Penyisihan Piutang	124,318	16,476,412	Recovery of Receivable Impairment
Pemulihan Penyisihan Persediaan	3,465,613,784	4,206,854,370	Recovery of Inventory Impairment
Penghasilan Lainnya (di bawah Rp 1 milia	16,207,559,323	11,216,584,159	Other Income (Less than Rp1 Billion)
<b>Jumlah</b>	<b>115,158,413,202</b>	<b>164,727,714,782</b>	<b>Total</b>

32. BEBAN PENJUALAN

	<u>31 Desember 2017</u> <u>December 31, 2017</u>
Pemakaian Bahan Baku & Penolong	126,000
Karyawan	27,980,806,494
Perjalanan Dinas	2,587,115,407
Jasa Profesional	91,515,600
Pemeliharaan dan Perbaikan	572,513,947
Asuransi	51,632,657
Penyusutan Aset Tetap	7,109,850,616
Beban Kantor	3,875,745,936
Peningkatan dan Pengembangan SDM	249,016,921
Keagenan Ekspor	-
Ongkos Angkut & Embalage	52,019,220,941
Promosi dan Periklanan	15,634,426,421
Monitoring Produk	9,732,928,505
Royalti & Insentif Penjualan	16,207,869,473
Jaminan dan Kerugian Penjualan	1,365,481,224
Pajak	-
<b>Jumlah</b>	<b>137,478,250,141</b>

32. SELLING EXPENSES

	<u>31 Desember 2016</u> <u>December 31, 2016</u>	
	6,484,609	Raw Materials/Auxiliary Used
	26,338,936,758	Employees
	2,569,626,461	Business travelling
	1,585,800,000	Professional Services
	1,904,745,936	Repairs and Maintenance
	34,209,742	Insurance
	5,278,049,188	Depreciation Expense
	3,514,079,743	Office Expense
	469,372,279	Human Resource Development
	3,121,962,336	Export Agency Services
	48,307,423,816	Transportation & Embalage
	18,182,334,592	Promotion and Advertising
	10,918,268,981	Monitoring of Products
	9,566,643,368	Royalties & Sales Incentives
	1,994,250,717	Sales Warranty
	204,209,466	Tax
<b>Jumlah</b>	<b>133,996,397,992</b>	<b>Total</b>

33. BEBAN ADMINISTRASI DAN UMUM

	<u>31 Desember 2017</u> <u>December 31, 2017</u>
Karyawan	214,386,016,524
Dewan Komisaris dan Direksi	39,314,719,112
Beban Kantor	47,473,842,440
Pemeliharaan dan Perbaikan	27,009,466,724
Sosial Karyawan	11,122,746,763
Penyusutan Aset Tetap	22,249,807,269
Peningkatan dan Pengembangan SDM	8,491,504,654
Perjalanan Dinas	3,649,999,918
Jasa Profesional	8,976,897,266
HUT Perusahaan dan Olahraga	3,121,033,604
Jamuan Tamu	2,397,876,959
Pajak Bumi dan Bangunan dan Pajak Kendaraan	4,763,576,834
Asuransi	695,823,263
Amortisasi Beban Tangguhan dan Aset Takberwujud	3,077,717,103
Kemitraan dan Bina Lingkungan	12,822,702,113

33. GENERAL AND ADMINISTRATIVE EXPENSES

	<u>31 Desember 2016</u> <u>December 31, 2016</u>	
	190,329,122,692	Employees
	42,366,434,836	Directors and Commissioners
	45,866,546,121	Office Expenses
	31,413,171,647	Repairs and Maintenance
	12,015,618,046	Employees Social Expenses
	22,253,869,462	Depreciation Expense
	12,308,462,663	Human Resources Development
	6,255,459,573	Business Travelling
	11,670,053,213	Professional Services
	4,166,338,898	Company's Anniversary and Sports
	3,691,586,542	Entertainment
	2,732,650,737	Land and Buildings and Vehicle Taxes
	373,656,854	Insurance
	3,084,343,350	Amortization of Deferred Charges and Intangible Assets
	10,686,678,646	Partnership and Community Development Program

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Lain-lain	180,718,589	2,787,653,477	Others
Jumlah	<u>409,734,449,135</u>	<u>402,001,646,756</u>	Total
<b>34. BEBAN PENELITIAN, PENGEMBANGAN DAN SURVEILANS</b>		<b>34. RESEARCH, DEVELOPMENT AND SURVEILLANCE EXPENSE</b>	
	31 Desember 2017	31 Desember 2016	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	
Pemakaian Bahan Baku dan Bahan Penol	37,148,956,510	26,850,010,656	Raw Materials and Auxiliary Used
Jasa Profesional	26,633,091,812	35,114,038,007	Professional Services
Karyawan	26,930,763,992	24,787,380,972	Employees
Penyusutan Aset Tetap	22,331,864,932	18,492,210,647	Depreciation
Pemeliharaan dan Perbaikan	4,584,743,214	4,008,787,093	Repair and Maintenance
Perjalanan Dinas	2,687,082,347	2,189,323,192	Business Travelling
Beban Kantor	2,950,701,329	459,907,143	Office Expense
Peningkatan dan Pengembangan SDM	682,785,552	2,261,971,272	Human Resource Development
Asuransi	620,353,495	317,725,454	Insurance
Jumlah	<u>124,570,343,182</u>	<u>114,481,354,438</u>	Total
<b>35. BEBAN LAIN-LAIN</b>		<b>35. OTHER EXPENSES</b>	
	31 Desember 2017	31 Desember 2016	
	<i>December 31, 2017</i>	<i>December 31, 2016</i>	
Kerugian Selisih Kurs	68,944,343,868	115,652,270,297	Loss on Foreign Exchange
Koreksi Pajak dan Denda Pajak	5,576,669,070	10,924,295,638	Tax Corrections and Penalties
Beban Bunga Pinjaman	8,071,427,633	9,342,500,000	Interest Loans Expense
Beban Hibah	1,175,911,572	-	Donation Expense
Beban Lainnya (di bawah Rp1 milyar)	413,546,409	3,826,088,455	Others (less than Rp1 billion)
Jumlah	<u>84,181,898,552</u>	<u>139,745,154,390</u>	Total

**36. ASET DAN LIABILITAS DALAM MATA UANG ASING**

**36. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

Aset	31 Desember 2017		31 Desember 2016		Assets	
	<i>December, 31 2017</i>		<i>December, 31 2016</i>			
	Mata Uang Asing	Ekuivalen Rupiah	Mata Uang Asing	Ekuivalen Rupiah		
	Foreign Currency	Rupiah Equivalent	Foreign Currency	Rupiah Equivalent		
Kas dan Setara Kas	USD	12,709,743.85	172,191,609,679.80	7,341,205.16	98,636,432,529.76	Cash and Cash Equivalent
	EUR	772,138.26	12,488,270,804.68	5,596,645.06	79,257,168,849.44	
Piutang Usaha	USD	21,122,544.65	286,168,234,918.20	19,442,919.50	261,235,066,402.00	Trade Receivable
Uang Muka	USD	1,018,633.20	13,800,442,593.60	784,815.17	10,544,776,624.12	Advances
	EUR	512,396.27	8,287,302,560.40	1,902,085.28	26,936,475,796.98	
	GBP	-	-	68,892.00	1,137,235,378.92	
	JPY	263,088.00	31,628,439.36	37,928,497.24	4,376,948,581.50	
<b>Jumlah Aset</b>		<u>492,967,488,996.04</u>		<u>482,124,104,162.72</u>	<b>Total Assets</b>	
<b>Liabilitas</b>					<b>Liabilities</b>	
Uang Muka Penjualan	USD	67,221.90	903,193,448.40	-	-	Advanced Receipts
Utang Usaha	USD	11,830,199.22	160,275,539,032.56	3,322,164.16	44,636,597,653.76	Trade Payables
	EUR	1,966,514.11	31,805,651,939.78	5,789,274.81	81,985,104,685.56	
	GBP	37,372.00	680,843,469.72	1,692.00	27,930,706.92	
	JPY	-	-	602,488.00	69,527,115.20	
	CHF	-	-	270,840.00	3,569,064,518.40	
	AUD	-	43	19,000.00	184,761,890.00	

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	SGD			52,026.00	483,785,611.92	
Biaya YMH Dibayar USD	62,400.00	845,395,200.00		28,800.00	386,956,800.00	Accrued Expenses
Liabilitas Lancar Lainnya USD	315,347.64	4,272,329,826.72		218,797.23	2,939,759,582.28	Other Liabilities
<b>Jumlah Liabilitas</b>		<b>198,782,952,917.18</b>			<b>134,283,488,564.04</b>	<b>Total Liabilities</b>
<b>Aset (Liabilitas) Bersih</b>		<b>294,184,536,078.86</b>			<b>347,840,615,598.69</b>	<b>Asset (Liability) - Net</b>

37. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI

Dalam kegiatan usahanya, Perusahaan melakukan transaksi dengan pihak-pihak berelasi. Kebijakan Perusahaan mengatur bahwa penetapan harga atas transaksi-transaksi tersebut sama dengan transaksi-transaksi yang dilakukan dengan pihak ketiga.

a. Berikut adalah saldo akun dengan pihak-pihak berelasi:

31 Desember 2017

December 31, 2017

	Jumlah	% terhadap
	Total	jumlah Aset/ to total assets
Kas dan Setara Kas	369,362,205,418.52	5.73%
Piutang Usaha	9,214,473,247.32	0.14%
Piutang Lain-lain	1,302,637,458.00	0.02%
Uang Muka Pembelian Lokal	-	0.00%
Pendapatan yang Masih akan diterima	13,994,095.00	0.00%
Utang Usaha		
Koperasi Karyawan Bio Farma	10,179,747,608.00	0.16%
CV Karya Cahya Abadi	2,420,885,452.00	0.04%
PT Pembangunan Perumahan (Persero) Tbk	-	-
PT Pertamina (Persero)	3,405,240,000.00	0.05%
PT Kimia Farma (Persero) Tbk	194,204,873.00	0.00%
PT Telekomunikasi Indonesia (Persero) Tbk	1,350,000,000.00	0.02%
PT INTI (Persero)	-	0.00%
<b>Jumlah</b>	<b>17,550,077,933.00</b>	<b>0.27%</b>

37. RELATED PARTY TRANSACTION

In its business activities, the Company entered into transactions with related parties. The Company's policy stipulates that the pricing of these transactions is the same as for transactions made with third parties.

a. These are the account balances with related parties:

31 Desember 2016

December 31, 2016

	Jumlah	% terhadap	
	Total	jumlah Aset/ to total assets	
	440,760,856,520.38	7.44%	Cash and Cash Equivalent
	12,281,476,667.02	0.21%	Trade Receivable
	1,302,637,458.00	0.02%	Other Receivables
	834,000,000.00	0.01%	Advance - Local Purchases
	221,375,000.00	0.00%	Unearned Revenue
			Trade Payables
	14,869,209,175.93	0.25%	Koperasi Karyawan Bio
	1,652,232,908.17	0.03%	CV Karya Cahya Abadi
	8,351,209,044.81	0.14%	PT Pembangunan Perumahan (Persero) Tbk
	-	0.00%	PT Pertamina (Persero)
			PT Kimia Farma (Persero) Tbk
	160,990,986.00	0.00%	PT Telekomunikasi Indonesia (Persero) Tbk
	-	0.00%	PT INTI (Persero)
	71,221,650.00	0.00%	
	<b>25,104,863,764.91</b>	<b>0.42%</b>	<b>Total</b>

37. TRANSAKSI DENGAN PIHAK-PIHAK BERELASI (lanjutan)

b. Sifat Hubungan

Pihak Berelasi Related Parties	Hubungan dengan Perusahaan Relationship with the Company	Sifat Saldo Akun/Transaksi Nature of Accounts/Transactions
Bank Milik Negara/ Daerah	Entitas Sepengendali / Entity Under Common Control	Kas dan Setara Kas / Cash and Equivalent Cash
PT Kimia Farma (Persero) Tbk	Entitas Sepengendali / Entity Under Common Control	Penjualan Produk / Sale of Product
PT Indofarma Global Medika	Entitas Sepengendali / Entity Under Common Control	Penjualan Produk / Sale of Product
PT Rajawali Nusantara Indonesia	Entitas Sepengendali / Entity Under Common Control	Penjualan Produk / Sale of Product
PT Iglas (Persero)	Entitas Sepengendali / Entity Under Common Control	Piutang Lain-lain / Other Receivables
PT Pembangunan Perumahan (Persero)	Entitas Sepengendali / Entity Under Common Control	Pembelian Investasi / Purchase of Investment
PT Adhi Karya (Persero) Tbk	Entitas Sepengendali / Entity Under Common Control	Pembelian Investasi / Purchase of Investment
Koperasi Karyawan Bio Farma	Entitas Sepengendali / Entity Under Common Control	Pembelian Barang dan Investasi / Purchase of Goods and Investment
CV Karya Cahya Abadi	Entitas Sepengendali / Entity Under Common Control	Pembelian Barang dan Investasi / Purchase of Goods and Investment
Pihak Berelasi Lainnya	Entitas Sepengendali / Entity Under Common Control	Lain-lain dengan nilai dibawah Rp 1 miliar / Other transactions less than Rp 1 billion

37. RELATED PARTY TRANSACTION (continued)

b. Nature of Relationships

38. PERJANJIAN DAN PERIKATAN PENTING

a. PT Bio Farma (Persero) mengadakan perjanjian jual beli/kontrak dengan Direktorat Tata Kelola Obat Publik dan

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS

a. PT Bio Farma (Persero) has a sale and purchase agreement with the Directorate of Public Health and Pharmaceutical of

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Perbekalan Kesehatan Direktorat Jenderal Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Nomor: KN.01.01/6/040-PK-2017 tanggal 8 Februari 2017 untuk melaksanakan penyediaan vaksin reguler tahun 2017 senilai Rp636.576.481.200,00 (termasuk PPN). Rincian jenis dan nilai vaksin sebagai berikut:

Directorate General of Pharmaceutical and Medical Device of the Ministry of Health Number: KN.01.01/6/040-PK-2017 dated February 8, 2017 for providing regular vaccines for 2017 amounted to Rp636.576.481.200,00 (include VAT). The details are as follows:

No	Jenis Vaksin/ Vaccine Types	Kemasan/ Packing	Kuantum/ Quantities	Harga Satuan/ Unit Price	Jumlah (Rp.) Amount (Rp.)
1	BCG	20 ds/amp	1,794,300	54,500	97,789,350,000
2	DT	10 ds/vial	754,800	16,180	12,212,664,000
3	Campak	10 ds/vial	297,700	25,640	7,633,028,000
4	b-OPV	10 ds/vial	3,876,000	18,140	70,310,640,000
5	Hep. B 0.5 ml	1 ds/pouch	3,160,000	19,000	60,040,000,000
6	DTP-HB-Hib	5 ds/vial	4,416,600	69,350	306,291,210,000
7	Td	10 ds/vial	1,461,800	15,000	21,927,000,000
8	siPV	5 ds/vial	18,000	139,000	2,502,000,000
<b>Total</b>					<b>578,705,892,000</b>
PPN/VAT 10 %					<b>57,870,589,200</b>
<b>Total - PPN/VAT</b>					<b>636,576,481,200</b>

b. PT Bio Farma (Persero) mengadakan perjanjian jual beli/kontrak dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Nomor: KN.01.01/6/265-PK/2017 tanggal 3 Juli 2017 untuk melaksanakan penyediaan vaksin reguler tahun 2017 (Vaksin Measles Rubella (MR)) senilai Rp374.505.054.000,00 (termasuk PPN). Rekapitulasi vaksin tersebut adalah sebagai berikut:

b. PT Bio Farma (Persero) has a sale and purchase agreement with the Directorate of Public Health and Pharmaceutical Directorate of Directorate General of Pharmaceutical and Medical Device of the Ministry of Health Number: KN.01.01 / 6/265-PK / 2017 dated July 3, 2017 to provide regular vaccines for 2017 (Measles Rubella (MR) Vaccines) amounted to Rp374,505,054,000,00 (include VAT). The following is the recapitulation of the vaccine :

38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

No.	Provinsi (Provinces)	Jumlah Kebutuhan Kampanye (Amount of Campaign Needs)	Harga Satuan (Unit Price)	Jumlah Harga (Total Amount)	Jumlah Kebutuhan Produksi (Amount of Production Needs)	Harga Satuan (Unit Price)	Jumlah Harga (Total Amount)
1	DKI Jakarta	146.470	Rp149.820	Rp21.944.135.400	29.330	Rp149.820	Rp4.394.220.600
2	Jawa Barat	725.090	Rp149.820	Rp108.632.983.800	145.220	Rp149.820	Rp21.756.860.400
3	Jawa Tengah	469.300	Rp149.820	Rp70.310.526.000	88.220	Rp149.820	Rp13.217.120.400
4	DI Yogyakarta	46.440	Rp149.820	Rp6.957.640.800	9.080	Rp149.820	Rp1.360.365.600
5	Jawa Timur	506.970	Rp149.820	Rp75.954.245.400	94.620	Rp149.820	Rp14.175.968.400
6	Banten	198.880	Rp149.820	Rp29.796.201.600	40.080	Rp149.820	Rp6.004.785.600
<b>Total</b>		<b>2.093.150,00</b>		<b>Rp313.595.733.000</b>	<b>406.550</b>		<b>Rp60.909.321.000</b>
<b>Grand Total</b>							<b>Rp374.505.054.000</b>

c. PT Bio Farma (Persero) mengadakan perjanjian jual beli/kontrak dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Nomor: KN.01.01/6/234-PK.GAVI-2017 tanggal 3 Juli 2017 untuk melaksanakan Penyediaan Vaksin Measles Rubella (MR),

c. PT Bio Farma (Persero) has a sale and purchase agreement with the Directorate of Public Health and Pharmaceutical Directorate of the Directorate General of Pharmaceutical and Medical Equipment of the Ministry of Health Number: KN.01.01 / 6/234-PK.GAVI-2017 dated July 3, 2017 to provide Measles Rubella (MR) vaccines, ADS and Safety Boxes for

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ADS dan Safety Box Bersumber Dana Hibah GAVI Tahun 2017 (Vaksin MR) senilai Rp310.188.690.000,00 (tidak termasuk PPN). Rekapitulasi vaksin tersebut adalah sebagai berikut:

2017 amounted to Rp310,188,690,000.00 (exclude VAT), funded by GAVI Grant. The following is the recapitulation of the vaccines :

No	Provinsi / Province	Vaksin MR			
		Alokasi (Vial) Allocation (Vial)	Harga Satuan/ Unit Price	Penyedia Provider	Jumlah Harga Total Amount
1	DKI Jakarta	159,360	Rp 136,200.00	PT. Bio farma	Rp 21,704,832,000.00
2	Jawa Barat	788,940	Rp 136,200.00	PT. Bio farma	Rp 107,453,628,000.00
3	Jawa Tengah	510,620	Rp 136,200.00	PT. Bio farma	Rp 69,546,444,000.00
4	DI Yogyakarta	50,510	Rp 136,200.00	PT. Bio farma	Rp 6,879,462,000.00
5	Jawa Timur	551,620	Rp 136,200.00	PT. Bio farma	Rp 75,130,644,000.00
6	Banten	216,400	Rp 136,200.00	PT. Bio farma	Rp 29,473,680,000.00
	<b>Total</b>	<b>2,277,450</b>			<b>Rp 310,188,690,000.00</b>

- d. PT Bio Farma (Persero) mengadakan perjanjian jual beli/kontrak dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Nomor: KN.01.01/6/359-PK/2017 tanggal 22 Agustus 2017 untuk melaksanakan Penyediaan Vaksin Reguler Tahun 2017 (Vaksin IPV) senilai Rp5.552.021.904,00 (termasuk PPN). Rekapitulasi vaksin sebagai berikut:

- d. PT Bio Farma (Persero) has a sale and purchase agreement with the Directorate of Public Health and Pharmaceutical Directorate of Directorate General of Pharmaceutical and Medical Device of the Ministry of Health Number: KN.01.01 / 6/359-PK / 2017 dated 22 August 2017 to provide regular vaccines for 2017 (IPV Vaccines) amounted to Rp5,552,021,904,00 (including VAT). The recapitulation is as follows:

No	Provinsi / Province	Vaksin IPV (vial@5 dosis)			
		Alokasi Distribusi Distribution Allocation	Harga Satuan Unit Price	Penyedia Provider	Jumlah Harga Total Amount
1	Buffer Stok Pusat	36,114	Rp 153,736.00	PT Bio Farma	Rp 5,552,021,904.00
	<b>Total</b>	<b>36,114</b>			<b>Rp 5,552,021,904.00</b>

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

- e. PT Bio Farma (Persero) mengadakan perjanjian jual beli/kontrak dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Nomor: KN.01.01/6/163-PK.GAVI-2017 tanggal 10 Mei 2017 untuk melaksanakan penyediaan vaksin IPV, ADS dan Safety Box bersumber dana hibah GAVI Tahun 2017 (Vaksin IPV) senilai Rp51.892.888.000,00 (tidak termasuk PPN). Rekapitulasi vaksin sebagai berikut:

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- e. PT Bio Farma (Persero) has a sale and purchase agreement with the Directorate of Public Health and Pharmaceutical Directorate of the Directorate General of Pharmaceutical and Medical Equipment of the Ministry of Health Number: KN.01.01 / 6/163-PK.GAVI-2017 dated May 10, 2017 to provide IPV vaccines, ADS and Safety Boxes amounted to Rp51,892,888,000,00 (excluding VAT), funded by GAVI Grant 2017. The recapitulation is as follows:

No	Provinsi Province	Kuantitas Quantities	Harga Satuan Unit Price	Nilai Amount
1	Jawa Tengah	41,900	Rp 139,760.00	Rp 5,855,944,000.00
2	Jawa Timur	45,000	Rp 139,760.00	Rp 6,289,200,000.00
3	Jawa Barat	69,000	Rp 139,760.00	Rp 9,643,440,000.00
4	DKI Jakarta	13,900	Rp 139,760.00	Rp 1,942,664,000.00
5	Kep. Riau	3,350	Rp 139,760.00	Rp 468,196,000.00
6	Kep. Bangka Belitung	2,100	Rp 139,760.00	Rp 293,496,000.00
7	Sulawesi Utara	3,250	Rp 139,760.00	Rp 454,220,000.00
8	Kalimantan Utara	1,100	Rp 139,760.00	Rp 153,736,000.00
9	Kalimantan Timur	5,600	Rp 139,760.00	Rp 782,656,000.00
10	Kalimantan Selatan	6,300	Rp 139,760.00	Rp 880,488,000.00

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

11	Kalimantan Tengah	4,100	Rp	139,760.00	Rp	573,016,000.00
12	Kalimantan Barat	7,850	Rp	139,760.00	Rp	1,097,116,000.00
13	NTT	10,300	Rp	139,760.00	Rp	1,439,528,000.00
14	NTB	8,000	Rp	139,760.00	Rp	1,118,080,000.00
15	Lampung	12,000	Rp	139,760.00	Rp	1,677,120,000.00
16	Sumatera Selatan	12,600	Rp	139,760.00	Rp	1,760,976,000.00
17	Bengkulu	2,900	Rp	139,760.00	Rp	405,304,000.00
18	Jambi	5,100	Rp	139,760.00	Rp	712,776,000.00
19	Riau	11,900	Rp	139,760.00	Rp	1,663,144,000.00
20	Sumatera Barat	8,600	Rp	139,760.00	Rp	1,201,936,000.00
21	Sumatera Utara	23,950	Rp	139,760.00	Rp	3,347,252,000.00
22	Papua	5,300	Rp	139,760.00	Rp	740,728,000.00
23	Aceh	9,100	Rp	139,760.00	Rp	1,271,816,000.00
24	Papua Barat	1,600	Rp	139,760.00	Rp	223,616,000.00
25	Maluku Utara	2,200	Rp	139,760.00	Rp	307,472,000.00
26	Maluku Utara	3,300	Rp	139,760.00	Rp	461,208,000.00
27	Sulawesi Barat	2,450	Rp	139,760.00	Rp	342,412,000.00
28	Gorontalo	1,800	Rp	139,760.00	Rp	251,568,000.00
29	Sulawesi Tenggara	4,750	Rp	139,760.00	Rp	663,860,000.00
30	Sulawesi Selatan	13,100	Rp	139,760.00	Rp	1,830,856,000.00
31	Sulawesi Tengah	4,800	Rp	139,760.00	Rp	670,848,000.00
32	Bali	5,100	Rp	139,760.00	Rp	712,776,000.00
33	Banten	19,000	Rp	139,760.00	Rp	2,655,440,000.00
					Rp	51,892,888,000.00

f. PT Bio Farma (Persero) mengadakan perjanjian jual beli/kontrak dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Nomor: KN.01.01/6/271-PK.GAVI-2017 tanggal 8 Agustus 2017 untuk melaksanakan penyediaan vaksin IPV, ADS dan Safety Box bersumber dana hibah GAVI Tahap II Tahun 2017 (Vaksin IPV) senilai Rp35.580.939.360,00 (tidak termasuk PPN). Rekanitulasi vaksin sebagai berikut:

f. PT Bio Farma (Persero) has a sale and purchase agreement with the Directorate of Public Health and Pharmaceutical Directorate of Directorate General of Pharmaceutical and Medical Device of the Ministry of Health Number: KN.01.01 / 6/271-PK.GAVI-2017 dated August 8, 2017 to provide IPV vaccines, ADS and Safety Boxes Funded by GAVI Phase II Grants Year 2017 (IPV Vaccine) amounting to Rp35,580,939,360.00 (exclude VAT). The recapitulation is as follows:

38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

No	Provinsi Province	Kuantitas Quantities	Harga Satuan Unit Price	Nilai Amount
1	Aceh	6,250	Rp 139,760.00	Rp 873,500,000.00
2	Sumatera Utara	16,400	Rp 139,760.00	Rp 2,292,064,000.00
3	Sumatera Barat	5,900	Rp 139,760.00	Rp 824,584,000.00
4	Riau	8,150	Rp 139,760.00	Rp 1,139,044,000.00
5	Jambi	3,500	Rp 139,760.00	Rp 489,160,000.00
6	Sumatera Selatan	8,650	Rp 139,760.00	Rp 1,208,924,000.00
7	Bengkulu	2,000	Rp 139,760.00	Rp 279,520,000.00
8	Lampung	8,250	Rp 139,760.00	Rp 1,153,020,000.00
9	Kep. Bangka Belitung	1,450	Rp 139,760.00	Rp 202,652,000.00
10	Kep. Riau	2,300	Rp 139,760.00	Rp 321,448,000.00
11	DKI Jakarta	9,550	Rp 139,760.00	Rp 1,334,708,000.00
12	Jawa Barat	47,286	Rp 139,760.00	Rp 6,608,691,360.00
13	Jawa Tengah	28,750	Rp 139,760.00	Rp 4,018,100,000.00
14	Jawa Timur	30,800	Rp 139,760.00	Rp 4,304,608,000.00
15	Banten	13,050	Rp 139,760.00	Rp 1,823,868,000.00
16	Bali	3,500	Rp 139,760.00	Rp 489,160,000.00
17	NTB	5,450	Rp 139,760.00	Rp 761,692,000.00
18	NTT	7,100	Rp 139,760.00	Rp 992,296,000.00
19	Kalimantan Barat	5,350	Rp 139,760.00	Rp 747,716,000.00
20	Kalimantan Tengah	2,800	Rp 139,760.00	Rp 391,328,000.00

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

21	Kalimantan Selatan	4,300	Rp	139,760.00	Rp	600,968,000.00
22	Kalimantan Timur	3,850	Rp	139,760.00	Rp	538,076,000.00
23	Kalimantan Utara	800	Rp	139,760.00	Rp	111,808,000.00
24	Sulawesi Utara	2,200	Rp	139,760.00	Rp	307,472,000.00
25	Sulawesi Tengah	3,300	Rp	139,760.00	Rp	461,208,000.00
26	Sulawesi Selatan	9,000	Rp	139,760.00	Rp	1,257,840,000.00
27	Sulawesi Tenggara	3,250	Rp	139,760.00	Rp	454,220,000.00
28	Gorontalo	1,250	Rp	139,760.00	Rp	174,700,000.00
29	Sulawesi Barat	1,650	Rp	139,760.00	Rp	230,604,000.00
30	Maluku	2,250	Rp	139,760.00	Rp	314,460,000.00
31	Maluku Utara	1,550	Rp	139,760.00	Rp	216,628,000.00
32	Papua Barat	1,100	Rp	139,760.00	Rp	153,736,000.00
33	Papua	3,600	Rp	139,760.00	Rp	503,136,000.00
					Rp	35,580,939,360.00

g. PT Bio Farma (Persero) mengadakan penandatanganan kontrak dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan tentang vaksin regular Tahun 2017 (Vaksin IPV) pada tanggal 14 September 2017 dengan nomor kontrak : KN.01.01/6/412-PK/2017. Rekapitulasi vaksin sebagai berikut:

g. On September 14, 2017, PT Bio Farma (Persero) signed a contract number KN.01.01 / 6/412-PK / 2017 with the Directorate of Public Procurement and Medical Supplies to provide regular vaccines for 2017 (IPV Vaccines). The recapitulation is as follows:

No	Jenis Barang/ Type of Product	Satuan Ukuran/ Unit of Measure	Kuantitas/ Quantities	Harga satuan	Total Harga (Rp.)
				Unit Price	Total Amount (Rp.)
Produk Partnership/ Partnership Product					
1	Vaksin IPV 5ds (APBN) Buffer Pusat	Vial	252,600	139,760	35,303,376,000
Jumlah (-PPN 10%)/ Total (-VAT 10 %)					35,303,376,000
Jumlah (+PPN 10%)/ Total (+VAT 10 %)					38,833,713,600

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

h. PT Bio Farma (Persero) mengadakan perjanjian jual beli/kontrak dengan Direktorat Tata Kelola Obat Publik dan Perbekalan Kesehatan Direktorat Jenderal Kefarmasian dan Alat Kesehatan Kementerian Kesehatan Nomor: KN.01.01/6/566-PK/2017 tanggal 14 Desember 2017 untuk melaksanakan Penyediaan Obat Buffer Bencana/KLB/Penanganan Darurat/Emergency Dalam Rangka ORI Difteri Tahun 2017 senilai Rp2.312.002.000,00 (termasuk PPN). Rekapitulasi vaksin sebagai berikut:

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

h. PT Bio Farma (Persero) has a sale and purchase agreement with the Directorate of Public Health and Pharmaceutical Directorate of the Directorate General of Pharmaceutical and Medical Equipment of the Ministry of Health Number: KN.01.01 / 6/566-PK / 2017 dated December 14, 2017 to provide Drug Supply Buffer Disaster / Emergency / Emergency / Emergency Outbreak in term of ORI Diphtheria Year 2017 amounted to Rp2.312.002.000,00 (excluding VAT). The recapitulation is as follows:

No	Provinsi/ Province	Vaksin DT (10 dosis)			
		Alokasi Distribusi Distribution Allocation	Harga Satuan Unit Price	Penyedia Provider	Jumlah Harga Total Amount
1	DKI Jakarta	7,725	Rp 17,798.00	PT. Bio Farma	Rp 137,489,550.00
2	Jawa Barat	17,461	Rp 17,798.00	PT. Bio Farma	Rp 310,770,878.00
3	Banten	9,814	Rp 17,798.00	PT. Bio Farma	Rp 174,669,572.00
	Jumlah	35,000			Rp 622,930,000.00
Vaksin Td / Vaccine Td (10 dosis)					
1	DKI Jakarta	23,407	Rp 16,500.00	PT. Bio Farma	Rp 386,215,500.00
2	Jawa Barat	49,357	Rp 16,500.00	PT. Bio Farma	Rp 814,390,500.00
3	Banten	29,604	Rp 16,500.00	PT. Bio Farma	Rp 488,466,000.00
	Jumlah	102,368			Rp 1,689,072,000.00
	Total				Rp 2,312,002,000.00

- i. Perusahaan melakukan perjanjian dengan distributor untuk menjual dan mendistribusikan produk kepada konsumen swasta dalam negeri, melalui:
1. Perjanjian Distributorship antara PT Bio Farma (Persero) dengan PT Perusahaan Perdagangan Indonesia (Persero) Nomor: 00009/DIR/I/2017 tanggal 3 Januari 2017.
  2. Perjanjian Distributorship antara PT Bio Farma (Persero) dengan PT Merapi Utama Pharma Nomor: 00010/DIR/I/2017 tanggal 3 Januari 2017.
  3. Perjanjian Distributorship antara PT Bio Farma (Persero) dengan PT Rajawali Nusindo Nomor: 00012/DIR/I/201; Nomor: 02/S.Pj/Nus.01/I/2017 tanggal 3 Januari 2017.
  4. Perjanjian Distributorship antara PT Bio Farma (Persero) dengan PT Indofarma Global Medika Nomor: 00012/DIR/I/2017 tanggal 3 Januari 2017.
  5. Perjanjian Distributorship antara PT Bio Farma (Persero) dengan PT Sagi Capri Nomor: 00013/DIR/I/2017 tanggal 3 Januari 2017.
- j. Perusahaan mengadakan perjanjian jual beli produk-produk Perusahaan dengan beberapa pelanggan di luar negeri sebagai berikut:
1. Pada tanggal 30 Juni 2010, Perusahaan mengadakan perjanjian No. 04394/DIR/VI/2010 dengan Universal Exim tentang Perjanjian Pemasaran, yang meliputi penjualan Monovalent Poliomyelitis Bulk dan DTP Bulk, yang berlaku hingga 31 Maret 2014. Pada tanggal 12 Juli 2013 dilakukan amendement IX atas perjanjian tersebut sesuai dengan perjanjian No. 03975/DIR/VII/2013, yang memperbaharui masa berlaku hingga 31 Maret 2016.

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

Pada tanggal 17 Desember 2013 dilakukan amendement X atas perjanjian tersebut sesuai dengan perjanjian No. 06724/DIR/XII/2013, yang memperbaharui nilai perjanjian. Pada tanggal 9 Maret 2015 dilakukan amendement XI atas perjanjian tersebut sesuai dengan perjanjian No. 01512/DIR/III/2015 yang memperbaharui masa berlaku hingga 31 Maret 2019 dan nilai perjanjian.

2. Pada tanggal 7 November 2011, Perusahaan mengadakan perjanjian No. 06384/DIR/XI/2011 dengan BioNet Asia Ltd. tentang penjualan DPT Bulk, yang berlaku hingga 31 Desember 2015. Pada tanggal 14 Mei 2012 dilakukan amendement II atas perjanjian tersebut sesuai dengan perjanjian No. 03098/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2016. Pada tanggal 17 November 2014 dilakukan amendement III atas perjanjian tersebut sesuai dengan perjanjian No. 05664/DIR/XI/2014, yang memperbaharui masa berlaku hingga 31 Desember 2019.
3. Pada tanggal 7 November 2011, Perusahaan mengadakan perjanjian No. 06383/DIR/XI/2011 dengan BioNet Asia Ltd. tentang penjualan Monovalent

- i. The Company has agreements with its distributors to sell and distribute the Company's products to private domestic consumers, as follows :
1. Distributorship agreement between PT Bio Farma (Persero) and PT Perusahaan Perdagangan Indonesia (Persero) Number: 00009 / DIR / I / 2017 dated 3 January 2017.
  2. Distributorship agreement between PT Bio Farma (Persero) and PT Merapi Utama Pharma Number: 00010 / DIR / I / 2017 dated 3 January 2017.
  3. Distributorship agreement between PT Bio Farma (Persero) and PT Rajawali Nusindo Number: 00012 / DIR / I / 201; Number: 02 / S.Pj / Nus.01 / I / 2017 dated 3
  4. Distributorship agreement between PT Bio Farma (Persero) and PT Indofarma Global Medika Number: 00012 / DIR / I / 2017 dated 3 January 2017.
  5. Distributorship agreement between PT Bio Farma (Persero) and PT Sagi Capri Number: 00013 / DIR / I / 2017 dated 3 January 2017.
- j. The Company has several agreements with its overseas customers, as follows:
1. On June 30, 2010, the Company entered into a marketing agreement with Universal Exim No. 04394 / DIR / VI / 2010 dated June 30, 2010, pertaining the sale of Monovalent Poliomyelitis Bulk and DTP Bulk, which was valid until March 31, 2014. On July 12, 2013 the agreement has been amended (amendment IX) by agreement no. 03975 / DIR / VII / 2013 which extended the period of the agreement until March 31, 2016.

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

Furthermore, on December 17, 2013, the amendment IX has been amended (amendment X) by an agreement no. 06724 / DIR / XII / 2013. Later, on March 9, 2015, an agreement no. 01512 / DIR / III / 2015 (amendment XI) has been made to change the price and to extend the period of the agreement until March 31, 2019.

2. On November 7, 2011, the Company entered into agreement no. 06384 / DIR / XI / 2011 with BioNet Asia Ltd. regarding the sale of Bulk DPT, which was valid until December 31, 2015. On May 14, 2012, the agreement has been amended by agreement no. 03098 / DIR / V / 2012 to extend the period of the agreement until December 31, 2016. Later, on November 17, 2014, amendment III of the agreement was applied by agreement no. 05664 / DIR / XI / 2014, to extend the period of the agreement until 31 December 2019.
3. On November 7, 2011, the Company entered into agreement no. 06383 / DIR / XI / 2011 with BioNet Asia Ltd. regarding the sale of Monovalent Poliomyelitis Bulk,

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

Poliomyelitis Bulk, yang berlaku hingga 31 Desember 2015. Pada tanggal 14 Mei 2012 dilakukan amendment I atas perjanjian tersebut sesuai dengan perjanjian No. 03097/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2017. Pada tanggal 30 September 2013 dilakukan amendment II atas perjanjian tersebut sesuai dengan perjanjian No. 05265/DIR/IX/2013, yang memperbaharui nilai perjanjian. Pada tanggal 17 November 2014 dilakukan amendment III atas perjanjian tersebut sesuai dengan perjanjian No.05663/DIR/XI/2014, yang memperbaharui masa berlaku hingga 31 Desember 2019.

4. Pada tanggal 10 Desember 2009, Perusahaan mengadakan perjanjian No. 09439/DIR/XII/2009 dengan BioNet Asia Ltd. tentang Pemasaran Produk Bio Farma, berupa Bulk dan Finished Product (Vaccine), yang berlaku hingga 31 Desember 2014. Pada tanggal 9 Mei 2012 dilakukan amendment II atas perjanjian tersebut dengan perjanjian No. 02956/DIR/V/2012 yang memperbaharui masa berlaku hingga 31 Desember 2016. Pada tanggal 30 Desember 2016 dilakukan amendment III atas perjanjian tersebut dengan perjanjian No.04948/DIR/XII/2016 yang memperbaharui masa berlaku hingga 31 Desember 2019.

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

5. Pada tanggal 30 Maret 2010, Perusahaan mengadakan perjanjian No. 02051/DIR/III/2010 dengan BioNet Asia Ltd. tentang Penjualan Poliomyelitis Bulk, yang berlaku hingga 30 Maret 2013. Pada tanggal 9 Mei 2012 dilakukan amendment II atas perjanjian tersebut sesuai dengan perjanjian No. 02957/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2016. Pada tanggal 30 Desember 2016 dilakukan amendment III atas perjanjian tersebut dengan perjanjian No. 04949/DIR/XII/2016 yang memperbaharui masa berlaku hingga 31 Desember 2019.
6. Pada tanggal 8 April 2010, Perusahaan mengadakan perjanjian No. 02305/DIR/IV/2010 dengan BioNet Asia Ltd. tentang penjualan DPT Bulk, yang berlaku hingga 8 April 2013. Pada tanggal 9 Mei 2012 dilakukan amendment II atas perjanjian tersebut sesuai dengan perjanjian No. 02958/DIR/V/2012, yang memperbaharui masa berlaku hingga 31 Desember 2016. Pada tanggal 30 Desember 2016 dilakukan amendment III atas perjanjian tersebut dengan perjanjian No. 04950/DIR/XII/2016 yang memperbaharui masa berlaku hingga 31 Desember 2019.
7. Pada tanggal 20 Desember 2012, Perusahaan mengadakan perjanjian No. 07444/DIR/XII/2012 dengan

(Expressed in Rupiah, unless otherwise stated)

which was valid until December 31, 2015. On May 14, 2012 the agreement has been amended by an agreement no. 03097 / DIR / V / 2012 (amendment I) to extend the period of the agreement until December 31, 2017 . Afterwards, on September 30, 2013, the amendment I has been amended by amendment II under agreement no. 05265 / DIR / IX / 2013, which renewed the value of the agreement. Later, on November 17, 2014, the amendment III has been made under the agreement No.05663 / DIR / XI / 2014 to extend the period of the agreement until December 31, 2019.

4. On December 10, 2009, the Company entered into an agreement no. 09439 / DIR / XII / 2009 with BioNet Asia Ltd. regarding the marketing of the Bio Farma products, i.e. Bulk and Finished Products (Vaccines), which was valid until December 31, 2014. Then, on May 9, 2012 the agreement has been amended by agreement no. 02956 / DIR / V / 2012 (amendment II) to extend the period of the agreement until December 31, 2016. Later, on December 30, 2016, the amendment II was amended by agreement no. 04948 / DIR / XII / 2016 (amendment III) to extend the period until 31 December 2019.

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

5. On March 30, 2010, the Company entered into an agreement no. 02051 / DIR / III / 2010 with BioNet Asia Ltd. dealing with the sale of Bulk Poliomyelitis, which was valid until March 30, 2013. Then, on May 9, 2012, the agreement was amended (amendment II) by agreement no. 02957 / DIR / V / 2012, which extended the period until December 31, 2016. Later, on December 30, 2016, the amendment II has been amended (amendment III) by agreement no. 04949 / DIR / XII / 2016 to extend the period of the agreement until 31 December 2019.
6. On April 8, 2010, the Company entered into an agreement no. 02305 / DIR / IV / 2010 with BioNet Asia Ltd. regarding the sale of Bulk DPT, which was valid until April 8, 2013. Then, on May 9, 2012, the agreement has been amended (amendment II) under agreement no. 02958 / DIR / V / 2012 to extend the period of the agreement until December 31, 2016. Later, on December 30, 2016, the amendment II has been amended (amendment III) under agreement no. 04950 / DIR / XII / 2016 to extend the period of the agreement until 31 December 2019.
7. On December 20, 2012, the Company entered into an agreement no. 07444 / DIR / XII / 2012 with BioNet Asia

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

- BioNet Asia Ltd. tentang Penjualan Ready-to-fill Final Bulk Td Vaccine, yang berlaku untuk jangka waktu 5 tahun sejak tanggal registrasi dari produk akhir di wilayah Thailand.
8. Pada tanggal 16 Maret 2013, Perusahaan mengadakan perjanjian No. 01391/DIR/III/2013 dengan Biological E Limited tentang Penjualan Measles Bulk, yang berlaku hingga 5 tahun mendatang (16 Maret 2018). Pada tanggal 5 Desember 2013 dilakukan amendement I atas perjanjian tersebut sesuai dengan perjanjian No. 06511/DIR/XII/2013, yang memperbaharui masa berlaku hingga 31 Desember 2018.
9. Pada tanggal 3 Desember 2014, Perusahaan mengadakan perjanjian No. 05887/DIR/XI/2014 dengan Propharm (M) SDN. BHD tentang Penjualan Finished Product (Vaccine), yang berlaku hingga 30 April 2018.
10. Pada tanggal 19 Januari 2015, Perusahaan mengadakan perjanjian No. 05900/DIR/XI/2014 dengan Arabio tentang Penjualan Produk, Bulk Final dan vaksin yang berlaku hingga 31 Desember 2024.
11. Pada tanggal 25 April 2016, Perusahaan mengadakan perjanjian No. 03001/DIR/VIII/2016 dengan Serum Institute of India Private Limited dan BioNet Asia Ltd. tentang Suplai Bulk Campak yang berlaku hingga 31 Desember 2021.
12. Pada tanggal 6 September 2016, Perusahaan mengadakan perjanjian No. 03347/DIR/VIII/2016 dengan BioNet Asia Ltd. tentang penjualan Bulk Difteri dan Tetanus, yang berlaku hingga 31 Desember 2019.

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

13. Perusahaan mengadakan perjanjian (Long Term Arrangement/LTA) dengan UNICEF untuk pengadaan vaksin-vaksin berikut ini, yang ditandatangani pada
- 18 Maret 2016, untuk supply Vaksin DTP - 10 ds dari tahun 2016 sampai 2018.
  - 7 April 2016, untuk supply Vaksin TT - 10 ds dan Td - 10 ds, dari tahun 2016 sampai 2017.
  - 16 September 2016 - LTA Variation 11 No. 42104359 untuk supply bOPV-20 ds tahun 2017.
  - 8 November 2016 - LTA Variation 4 No. 42104330 untuk supply Vaksin Measles-10 ds tahun 2017.
  - 3 Februari 2017 - LTA Variation 3 No. 42105646 untuk supply Vaksin DTP-10 ds tahun 2017.
  - 24 Mei 2017 - LTA Variation 14 No. 42104359 untuk supply bOPV 10 ds tahun 2017.
  - 5 September 2017 - LTA Variation 4 No. 42105646 untuk penambahan supply Vaksin DTP-10 ds tahun 2017 melalui UNICEF, yang semula 376.000 vial menjadi 562.000 vial.
14. Perusahaan mengadakan perjanjian kerjasama kegiatan pengembangan produk dengan pihak ketiga yaitu University of Melbourne, Artes Biotechnology GmbH, PATH Vaccine Solution (PVS), The International Vaccine Institute (IVI), Lipotek Pty. Ltd., Iwate Medical University dan Japan Poliomyelitis Research Institute (JPRI).

(Expressed in Rupiah, unless otherwise stated)

- Ltd. regarding the sale of Ready-to-fill Final Bulk Td Vaccine for 5 years since the date of registration of the final product in the territory of Thailand.
8. On March 16, 2013, the Company entered into an agreement no. 01391 / DIR / III / 2013 with Biological E Limited regarding the sale of Measles Bulk, valid for 5 years (March 16, 2018). On December 5, 2013, this agreement has been amended by agreement no. 06511 / DIR / XII / 2013 to extend the period of the agreement until 31 December 2018.
9. On December 3, 2014, the Company entered into an agreement no. 05887 / DIR / XI / 2014 with Propharm (M) SDN. BHD regarding the sale of finished products (vaccines), which is valid until April 30, 2018.
10. On January 19, 2015, the Company entered into agreement no. 05900 / DIR / XI / 2014 with Arabio regarding the sale of final products, bulk and vaccines which is valid until December 31, 2024.
11. On April 25, 2016, the Company entered into agreement no. 03001 / DIR / VIII / 2016 with Serum Institute of India Private Limited and BioNet Asia Ltd. regarding the supply of measles bulk. The agreement valid until 31 December 2021.
12. On September 6, 2016, the Company entered into an agreement no. 03347 / DIR / VIII / 2016 with BioNet Asia Ltd. regarding the sale of Bulk Diphtheria and Tetanus, which is valid until December 31, 2019.

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

13. The Company entered into a long-term arrangement (LTA) with UNICEF for the following procurement of vaccines which was signed on :
- March 18, 2016, for supply DTP vaccine - 10 ds from 2016 to 2018.
  - April 7, 2016, for supply TT vaccine - 10 ds and Td - 10 ds, from 2016 to 2017.
  - September 16, 2016 - LTA Variation 11 No. 42104359 for supply bOPV-20 ds in 2017.
  - November 8, 2016 - LTA Variation 4 No. 42104330 for supply measles vaccines-10 ds in 2017.
  - February 3, 2017 - LTA Variation 3 No. 42105646 for supply DTP-10 ds vaccines in 2017.
  - May 24, 2017 - LTA Variation 14 No. 42104359 for supply bOPV 10 ds in 2017.
  - September 5, 2017 - LTA Variation 4 No. 42105646 regarding the addition of the amount of the supply of DTP-10 ds vaccines in 2017 from 376,000 vials to 562,000 vials.
14. The Company entered into a cooperation agreement for product development activities with third parties, i.e. the University of Melbourne, Artes Biotechnology GmbH, PATH Vaccine Solution (PVS), the International Vaccine Institute (IVI), Lipotek Pty. Ltd., Iwate Medical University, and Japan Poliomyelitis Research Institute (JPRI).

- k. Perusahaan melakukan penandatanganan perpanjangan & peningkatan plafond Fasilitas Pembiayaan dengan PT Bank Mandiri (Persero) dengan rincian fasilitas sebagaimana tercantum pada SPPK No. WBG.CB I/SPPK/010/2017 tanggal 12 Juli 2017 perihal Surat Penawaran Pemberian Kredit (SPPK) yang meliputi :
- Fasilitas Kredit Modal Kerja (KMK) Sub Limit NCL
    - Limit : RP 250.000.000.000,00
    - Jenis Fasilitas : KMK Revolving Non Rekening Koran
    - Suku Bunga : 9 % p.a
    - Jangka Waktu : Sejak penandatanganan perjanjian kredit s.d. tanggal 14 Agustus 2017
    - Tujuan : Modal Kerja Operasional
  - Fasilitas Non Cash Loan untuk penerbitan LC Impor/SKDN (Sight, Usance & UPAS)/BG dengan sub limit Trust Receipt, Fasilitas Treasury Line, dan Purchasing Line.
  - Jaminan Fidusia atas Mesin, Inventaris, dan Peralatan Pabrik yang berlokasi di Jl. Pasteur No.28 Bandung dengan nilai penjaminan sebesar IDR 265.000.000.000.
- l. Perusahaan melakukan penandatanganan Penambahan Fasilitas Kredit dengan PT Bank Mandiri (Persero) dengan rincian fasilitas sebagaimana tercantum pada SPPK No. WBG.CB1/SPPK/016/2017 tanggal 2 Mei 2017 perihal Surat Penawaran Pemberian Kredit (SPPK) yang meliputi :

- k. The Company signed the extension of a credit facility agreement with PT Bank Mandiri (Persero) regarding the extension of credit period and credit limit as mentioned in SPPK No. WBG.CB I / SPPK / 010/2017 dated July 12, 2017 regarding Letter of Credit Offer (SPPK) which includes:
- Working Capital Loan Facility Sub Limit NCL
    - Limit : RP 250.000.000.000,00
    - Facility Type : KMK Revolving Non Bank Statement
    - Interest rate : 9 % p.a
    - Time period : From the the date of signing the agreement until August 14, 2017
    - Purpose : Operating Working Capital
  - Non cash loan facility for the issuance of LC Import / SKDN (Sight, Usance & UPAS) / BG with sub limit Trust Receipt, Treasury Line Facility, and Purchasing Line.
  - Fiduciary Guarantee on machines, office and factory equipments located at Jl. Pasteur No.28 Bandung with guarantee value of IDR 265,000,000,000.
- l. The Company obtained a credit facility addition from PT Bank Mandiri (Persero) with details as mentioned in SPPK No. WBG.CB1 / SPPK / 016/2017 dated May 2, 2017 regarding Letter of Credit Offer (SPPK) which includes:

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

- Fasilitas Kredit Modal kerja (KMK)
    - Limit : RP 400.000.000.000,00
    - Jenis Fasilitas : Revolving Non Cash Loan
    - Suku Bunga : 9,25% p.a untuk utilisasi dalam IDR; 5,6% p.a untuk utilisasi dalam USD
    - Jangka Waktu : Sejak penandatanganan perjanjian kredit s.d. tanggal 14 Agustus 2018
    - Tujuan : Modal kerja operasional
  - Fasilitas Non Cash Loan untuk penerbitan LC Impor/SKDN (Sight, Usance & UPAS)/BG
  - Jaminan Fidusia atas Mesin, Inventaris, dan Peralatan Pabrik yang berlokasi di Jl. Pasteur No.28 Bandung dengan nilai penjaminan sebesar IDR 430.000.000.000.
- m. Perusahaan melakukan penandatanganan perpanjangan Kredit Modal Kerja Ekspor (KMKE) dengan Lembaga Pembiayaan Ekspor Indonesia (LPEI)/Indonesia Eximbank sesuai dengan Surat Persetujuan Perpanjangan dan Penambahan Fasilitas Pembiayaan No. PBD/SP3/38/2017 tanggal 15 Juni 2017 yang meliputi:
- Fasilitas Kredit Modal Kerja Ekspor (KMKE) dan Pembukaan LC Sight/Usance/UPAS dan/atau Pembukaan SKBDN Sight/Usance/UPAS dan/atau Pembiayaan LC dan/atau Pembiayaan SKBDN.
    - Limit : RP 250.000.000.000,00
    - Jenis fasilitas : KMK Revolving Non Rekening Koran

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- Working Capital Loan Facility Sub Limit NCL
    - Limit : RP 400.000.000.000,00
    - Facility Type : Revolving Non Cash Loan
    - Interest rate : 9.25% p.a for utilization in IDR; 5.6% p.a for utilization in USD
    - Time period : From the the date of signing the agreement until August 14, 2017
    - Purpose : Operational Working Capital
  - Non Cash Loan Facility for issuance of import LC / SKDN (Sight, Usance & UPAS) / BG
  - Fiduciary Guarantee on machines, office and factory equipments located at Jl. Pasteur No.28 Bandung with guarantee value of IDR 430,000,000,000.
- m. The Company signed the extension of Export Working Capital Credit (KMKE) with the Lembaga Pembiayaan Ekspor Indonesia (LPEI) / Indonesia Eximbank in accordance with Approval Letter of Renewal and Addition of Financing Facility. PBD / SP3 / 38/2017 dated June 15, 2017 which includes:
- Export Credit Working Capital Facility (KMKE) and Opening of LC Sight / Usance / UPAS and / or Opening of Sight / Usance / UPAS and / or LC Financing and / or SKBDN Financing.
    - Limit : RP 250.000.000.000,00
    - Facility type : KMK Revolving Non Rekening Koran

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

(Expressed in Rupiah, unless otherwise stated)

<p>Suku bunga : 9,25% p.a untuk utilisasi dalam IDR; 5,6% p.a untuk utilisasi dalam USD</p> <p>Jangka waktu : Sejak penandatanganan perjanjian kredit s.d. tanggal 25 Juni 2018</p> <p>Tujuan : Modal kerja operasional</p> <p>- Jaminan :</p> <ul style="list-style-type: none"> <li>- Fidusia atas Mesin, Inventaris, dan Peralatan Pabrik yang berlokasi di Jl. Pasteur No. 28 Bandung dengan nilai penjaminan sebesar Rp 180 miliar.</li> <li>- Fidusia atas persediaan barang berlokasi di Jl. Pasteur No. 28 dengan nilai penjaminan sebesar Rp</li> <li>- Fidusia atas piutang usaha dengan nilai penjaminan sebesar Rp 35 miliar.</li> </ul> <p>n. Perusahaan melakukan penandatanganan perjanjian kredit modal kerja (KMK) dengan PT Bank Rakyat Indonesia (Persero) sesuai dengan surat No. R.II.291-ADK/DKR-2/12/2016, tanggal 19 Desember 2016, yang meliputi:</p> <ul style="list-style-type: none"> <li>- Fasilitas Kredit Modal Kerja Max Co. Tetap (Fasilitas KMK)</li> </ul> <p>Limit : RP 250.000.000.000,00</p> <p>Jenis Fasilitas : <i>Rekening Koran dengan Max Co. Tetap. Interchangeable dengan fasilitas Penangguhan Jaminan Impor (PJI) (LC/SKBDN), Fasilitas Trade Line, Fasilitas Comercial Line dan Fasilitas Forex Line.</i></p> <p>Suku Bunga : 9 % p.a</p> <p>Jangka Waktu : <i>Sejak penandatanganan perjanjian kredit s.d. tanggal 19 Desember</i></p>	<p>Interest rate : 9.25% p.a for utilization in IDR; 5.6% p.a for utilization in USD</p> <p>Time period : <i>From the the date of signing the agreement until June 25, 2018</i></p> <p>Purpose : <i>Operating working capital</i></p> <p>- Warranty :</p> <ul style="list-style-type: none"> <li>- <i>Fiduciary over machines, office and factory equipment located at Jl. Pasteur No. 28 Bandung with a guarantee value of Rp 180 billion.</i></li> <li>- <i>Fiduciary on inventories located at Jl. Pasteur No. 28 with a guarantee value of Rp 60 billion.</i></li> <li>- <i>Fiduciary on accounts receivable with guarantee value of Rp 35 billion.</i></li> </ul> <p>n. <i>The Company signed a working capital credit agreement with PT Bank Rakyat Indonesia (Persero) in accordance with letter no. R.II.291-ADK / DKR-2/12/2016, dated December 19, 2016, which includes:</i></p> <ul style="list-style-type: none"> <li>- <i>Export Credit Working Capital Facility Fixed Max Co.</i></li> </ul> <p>Limit : <i>RP 250.000.000.000,00</i></p> <p>Facility Type : <i>Current Account with Fixed Max Co. Interchangeable with Import Suspension (ISL) facility, Trade Line Facility, Comercial Line Facility and Forex Line Facility.</i></p> <p>Interest rate : 9 % p.a</p> <p>Time Period : <i>Since the agreement is signed until December 19, 2017</i></p>
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### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

<p>Tujuan : Modal kerja operasional</p> <p>- Jaminan :</p> <ul style="list-style-type: none"> <li>- Fidusia atas persediaan barang dengan nilai penjaminan sebesar Rp 300 miliar (cross collateral dengan KMK W/A periode Juni 2017).</li> <li>- Fidusia atas piutang usaha dengan nilai penjaminan sebesar Rp 250 miliar (cross collateral dengan KMK W/A periode Juni 2017).</li> </ul> <p>o. Perusahaan melakukan penandatanganan perjanjian kredit modal kerja (KMK) dengan PT Bank Rakyat Indonesia (Persero) sesuai dengan surat No. R.II.126-ADK.DKR-2/06/2017, tanggal 16 Juni 2017, yang meliputi:</p> <ul style="list-style-type: none"> <li>- Fasilitas Kredit Modal Kerja Withdrawal Approval (W/A) Max Co. Tetap (Fasilitas KMK)</li> </ul> <p>Limit : RP 250.000.000.000,00</p> <p>Jenis Fasilitas : <i>Pseudo R/K dengan Max Co. Tetap. Interchangeable dengan fasilitas Penangguhan Jaminan Impor (PJI) (LC/SKBDN), Fasilitas Trade Line, Fasilitas Comercial Line dan Fasilitas Forex Line.</i></p> <p>Suku Bunga : 9 % p.a</p> <p>Jangka Waktu : <i>Sejak penandatanganan perjanjian kredit s.d. tanggal 22 Juni 2018</i></p> <p>Tujuan : Modal kerja operasional</p> <p>- Jaminan :</p> <ul style="list-style-type: none"> <li>- Fidusia atas persediaan barang dengan nilai</li> </ul>	<h3>38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)</h3> <p>Purpose : <i>Operating working capital</i></p> <p>- Warranty :</p> <ul style="list-style-type: none"> <li>- <i>Fiduciary on inventories with guarantee value of Rp 300 billion (cross collateral with KMK W / A period of June 2017).</i></li> <li>- <i>Fiduciary on accounts receivable with guarantee value of Rp 250 billion (cross collateral with KMK W / A period June 2017).</i></li> </ul> <p>o. <i>The Company entered into a working capital credit agreement with PT Bank Rakyat Indonesia (Persero) in accordance with letter no. R.II.126-ADK.DKR-2/06/2017, dated June 16, 2017, which includes:</i></p> <ul style="list-style-type: none"> <li>- <i>Export Credit Working Capital Facility Approval Withdrawal (W/A) Max Co. (Facility KMK)</i></li> </ul> <p>Limit : <i>RP 250.000.000.000,00</i></p> <p>Facility Type : <i>Pseudo R / K with Max Co. Permanent. Interchangeable with Import Suspension (ISL) facility, Trade Line Facility, Comercial Line Facility and Forex Line Facility.</i></p> <p>Interest rate : 9 % p.a</p> <p>Time Period : <i>Since the signing of credit agreement s.d. June 22, 2018</i></p> <p>Purpose : <i>Operational working capital</i></p> <p>- Warranty :</p> <ul style="list-style-type: none"> <li>- <i>Fiduciary on stock of goods with guarantee value of</i></li> </ul>
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(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

- penjaminan sebesar Rp 300 miliar (cross collateral dengan KMK periode Desember 2016).
- Fidusia atas piutang usaha dengan nilai penjaminan sebesar Rp 250 miliar (cross collateral dengan KMK periode Desember 2016).
- p. Atas dasar putusan Mahkamah Agung RI No. 397K/Pdt.Sus/2009 tanggal 30 Juli 2009, Jo No. 01/Pailit/2009/PN Niaga Sby tanggal 30 September 2009 yang menyatakan status PT Iglas (Persero) (dalam pailit), Perusahaan melakukan penyisihan 100% atas pokok piutang PT Iglas (Persero) sebesar Rp 4.894.737.040 dari jumlah kewajibannya sebesar Rp 6.503.458.205 yang terdiri dari :
- Pokok : Rp 4.894.737.040,00
  - Akumulasi : Rp 1.398.732.896,00
  - Akumulasi : Rp 209.988.269,00

Perusahaan belum mengakui pendapatan bunga dan denda atas piutang tersebut karena pendapatan dan denda atas piutang tersebut dapat diakui pada saat diterima (*cash basis*).

Namun, sesuai dengan Putusan Perdamaian per tanggal 13 Januari 2010 yang diputuskan oleh Pengadilan Niaga di Pengadilan Negeri Surabaya bahwa Perusahaan sebagai Kreditor Konkuren PT Iglas (Persero) berhak untuk memperoleh pembayaran atas piutang mulai bulan April 2010, sehingga terbuka kembali kemungkinan untuk tertagihnya piutang tersebut.

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

Posisi Piutang PT Iglass (Persero) sebagai berikut :

1. Total Piutang PT Iglass (Persero) pada saat pailit :	Rp 4,894,737,040
2. Pembayaran :	
a. Sumber dana dari PT Iglass (Persero) 2010 - Jumlah	Rp 1,058,748,939
b. Sumber dana dari PT PPA	Rp 2,533,350,643
<i>Jumlah Pembayaran</i>	<u>Rp 3,592,099,582</u>
<i>Saldo Piutang</i>	<u>Rp 1,302,637,458</u>

Sisa dana PPA sebesar Rp 999.690.769,00 akan segera diselesaikan berdasarkan Notulen Rapat tentang Piutang PT Iglas (Persero) antara PT Iglas (Persero) dengan PT Bio Farma (Persero) tanggal 14 September 2012, namun sampai saat ini pembayaran tersebut belum diterima perusahaan.

PT Iglas (Persero) melalui surat No. 0736/Q-12-2011 tanggal 27 Desember 2011 perihal Penyelesaian Pinjaman dan No. 0084/Q-2-2012 tanggal 6 Pebruari 2012 perihal Konfirmasi Data Hutang PT Iglas (Persero) telah mengajukan permohonan pembebasan denda dan bunga pinjaman sebesar Rp 1.608.721.165 dan telah dijawab oleh Perusahaan melalui surat No. 02316/TUK/IV/2012 tanggal 13 April 2012 tentang Pembebasan Bunga dan Denda Piutang PT Iglas (Persero) bahwa permohonan tersebut belum dapat dikabulkan sesuai rekomendasi Dewan Komisaris melalui surat No.15/DK.BF/II/2012 tanggal 12 Maret 2012.

(Expressed in Rupiah, unless otherwise stated)

- Rp 300 billion (cross collateral with KMK period December 2016).
- Fiduciary of accounts receivable with guarantee value of Rp 250 billion (cross collateral with KMK period December 2016).
- p. On the basis of Supreme Court decision No. RI. 397K / Pdt.Sus / 2009 dated July 30, 2009, No. Jo. 01 / Bankrupt / 2009 / PN Niaga Sby dated September 30, 2009 stating the status of PT Iglas (Persero) (in bankruptcy), the Company made a 100% allowance for PT Iglas (Persero) receivables amounting to Rp 4,894,737,040 from total liabilities of Rp 6,503,458,205 which consists of:
- Principal Receivables : Rp 4,894,737,040,00
  - Accumulated Interest : Rp 1,398,732,896,00
  - Accumulated Penalties : Rp 209,988,269,00

The Company has not recognized interest income and penalties on the receivables because the income and penalties on the receivables can be recognized upon receipt (*cash basis*).

However, pursuant to the Decision of Peace as of January 13, 2010 decided by the Commercial Court in the Surabaya District Court that the Company as a Concurrent Lender of PT Iglas (Persero) is entitled to receive payment of receivables beginning April 2010, thus reopening the possibility of collectibility of the receivables.

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

Posisi Piutang PT Iglass (Persero) sebagai berikut :

Total Receivables PT Iglass (Persero) at the time of bankruptcy:	Rp 4,894,737,040
Payment:	
a. Source of fund from PT Iglass (Persero) 2010 - Total	Rp 1,058,748,939
b. Source of funds from PT PPA	Rp 2,533,350,643
<i>Total payment</i>	<u>Rp 3,592,099,582</u>
<i>Other Receivable Balance</i>	<u>Rp 1,302,637,458</u>

The remaining funds of PPA amounting to Rp 999,690,769.00 will be settled by the Minutes of Meeting on Receivables of PT Iglas (Persero) between PT Iglas (Persero) and PT Bio Farma (Persero) dated September 14, 2012, but until now such payment has not been received company.

PT Iglas (Persero) through letter no. 0736 / Q-12-2011 response December 27, 2011 regarding Loan Settlement and No. 0084 / Q-2-2012 dated February 6, 2012 regarding Confirmation of Data Payable PT Iglas (Persero) has applied for the exemption of penalty and interest rate of Rp 1,608,721,165 and has been answered by the Company through letter no. 02316 / TUK / IV / 2012 dated April 13, 2012 concerning the Liberation of Interest and Receivable Penalty of PT Iglas (Persero) that the request has not been granted as recommended by the Board of Commissioners through letter no. 15 / DK.BF / III / 2012 dated March 12, 2012.

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

Pada tanggal 11 Juni 2013 PT Iglas (Persero) mengirimkan surat ke PT Bio Farma (Persero) dengan surat No. 0214/D-06-2013 perihal Penundaan Sementara Pembayaran Kewajiban, yang isinya menerangkan tentang pembayaran angsuran yang tersendat karena adanya mesin yang rusak yang harus diperbaiki sehingga mempengaruhi *cash flow* di PT Iglas (Persero).

Pada tanggal 30 Desember 2013 PT Iglas (Persero) mengirimkan surat ke PT Bio Farma (Persero) dengan surat No. 0489/D-12-2013 perihal Kewajiban PT Iglas (Persero) yang menyatakan bahwa pembayaran PT Iglas (Persero) ke PT Bio Farma (Persero) tahun 2013 adalah benar sebesar Rp 25.000.000,00 dan belum dapat melakukan pembayaran kewajiban pada PT Bio Farma (Persero) tepat waktu sesuai kesenakatan.

PT Bio Farma (Persero) telah melakukan penagihan melalui surat no. 03307/TUK/II/2014 tanggal 18 Juli 2014 dan surat no. 04581/TUK/IX/2014 tanggal 30 September 2014, dan telah ditanggapi oleh PT Iglas (Persero) melalui surat No. 0328/D-10-2014 tanggal 9 Oktober 2014 yang menyatakan bahwa saat ini PT Iglas (Persero) masih berupaya memperbaiki mesin-mesin baik secara mandiri maupun dalam rencana dikerjasamakan dengan PT Petrosida Gresik dengan cara Kerjasama Operasi (KSO) sehingga belum dapat menyelesaikan kewajiban kepada PT Bio Farma (Persero).

### 38. PERJANJIAN DAN PERIKATAN PENTING (lanjutan)

PT Bio Farma (Persero) mengirimkan surat penagihan ke PT Iglass (Persero) dengan surat No. 04442/TUK/VI/2015, tanggal 30 Juni 2015 perihal konfirmasi penagihan atas penyelesaian kewajiban pembayaran tersebut.

PT Bio Farma (Persero) telah melakukan penagihan ke PT Iglass (Persero) melalui surat No. 07769/TUK/XII/2015, tanggal 18 Desember 2015 perihal konfirmasi lebih lanjut atas penyelesaian kewajiban pembayaran setelah dilakukannya perbaikan dan pemasangan mesin – mesin di pabrik PT Iglass (Persero) berdasarkan jawaban surat PT Iglass (Persero) sebelumnya No. 0313/D-07/2015 tanggal 15 Juli 2015 yang menyatakan hal – hal sebagai berikut :

- a. PT Iglass (Persero) telah melakukan perbaikan dan pemasangan kembali mesin Emhart di line Dapur G-1.
- b. Melalui PPA telah merencanakan untuk memberikan pinjaman dana untuk pembelian /pembangunan Dapur G-2 beserta mesin – mesin lainnya

PT Bio Farma (Persero) telah melakukan penagihan ke PT Iglass (Persero) melalui surat No. 01372/TUK/IV/2016, tanggal 7 April 2016 perihal konfirmasi lebih lanjut atas penyelesaian kewajiban pembayaran dan berdasarkan tanggapan yang diterima tanggal 20 April 2016 sesuai surat No. 0104/D-4- 2016 PT Iglass (Persero) menyatakan telah menghentikan kegiatan operasional Perusahaan sejak 31 Oktober 2015 dan di tahun 2016 oleh KBUMN telah dimasukkan dalam program Privatisasi Tahunan, sehingga belum bisa memastikan rencana pembayaran maupun penyelesaian kewajiban.

(Expressed in Rupiah, unless otherwise stated)

On June 11, 2013 PT Iglas (Persero) sent a letter to PT Bio Farma (Persero) by letter no. 0214 / D-06-2013 regarding Temporary Delay of Payment of Obligation, which explains about the payment of installment which is stalled due to the damaged machine that must be repaired so as to affect cash flow in PT Iglas (Persero).

On December 30, 2013 PT Iglas (Persero) sent a letter to PT Bio Farma (Persero) by letter no. 0489 / D-12-2013 regarding PT Iglas Liability (Persero) stating that the payment of PT Iglas (Persero) to PT Bio Farma (Persero) in 2013 is true Rp 25,000,000,00 and has not been able to make payment of obligations to PT Bio Farma (Persero) on time according to the agreement.

PT Bio Farma (Persero) has made the collection through letter no. 03307 / TUK / VII / 2014 dated July 18, 2014 and letter no. 04581 / TUK / IX / 2014 dated September 30, 2014, and has been responded by PT Iglas (Persero) by letter no. 0328 / D-10-2014 dated October 9, 2014 stating that currently PT Iglas (Persero) is still working to improve the machines either independently or in a plan in cooperation with PT Petrosida Gresik by way of Joint Operation (KSO) to PT Bio Farma (Persero).

### 38. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

PT Bio Farma (Persero) sends a letter to PT Iglass (Persero) by letter no. 04442 / TUK / VI / 2015, dated June 30, 2015 regarding billing confirmation of the settlement of the payment obligation.

PT Bio Farma (Persero) has been billing to PT Iglass (Persero) through letter no. 07769 / TUK / XII / 2015, dated December 18, 2015, concerning further confirmation of the settlement of payment obligations after the repair and installation of machinery at PT Iglass (Persero) plant based on the previous letter of PT Iglass (Persero) no. 0313 / D-07/2015 dated July 15, 2015 stating the following matters:

- a. PT Iglass (Persero) has made repairs and reassembling the Emhart machine in the G-1 Kitchen line.
- b. Through the PPA has planned to provide loans for the purchase/ construction of Kitchen G-2 and other machines

PT Bio Farma (Persero) has been billing to PT Iglass (Persero) through letter no. 01372 / TUK / IV / 2016 dated April 7, 2016 regarding further confirmation of the settlement of payment obligations and on the basis of the response dated April 20, 2016 pursuant to letter No. 0104 / D-4- 2016 PT Iglass (Persero) has terminated its operations since October 31, 2015 and in 2016 by KBUMN has been included in the Annual Privatization program, so it has not been able to ascertain the payment plan as well as the settlement of the obligations.

### 39. MANAJEMEN RISIKO KEUANGAN

#### a. Manajemen Risiko Keuangan

Risiko keuangan utama yang dihadapi Perusahaan adalah risiko kredit, risiko mata uang, risiko suku bunga dan risiko likuiditas. Melalui pendekatan manajemen risiko, Perusahaan mencoba untuk meminimalkan potensi dampak negatif dari risiko-risiko di atas.

##### (i). Risiko Kredit

Risiko kredit adalah risiko dimana salah satu pihak atas instrumen keuangan akan gagal memenuhi kewajibannya dan menyebabkan pihak lain mengalami kerugian keuangan. Instrumen keuangan Perusahaan yang mempunyai potensi atas risiko kredit terdiri dari kas dan setara kas di bank, piutang usaha, dan piutang lain. Jumlah eksposur risiko kredit maksimum sama dengan nilai tercatat atas akun-akun tersebut.

Untuk risiko atas penjualan kredit, Perusahaan mensyaratkan adanya bank garansi atau LC dengan limit tertentu. Untuk risiko kredit yang berhubungan dengan bank, hanya bank-bank dengan predikat baik yang dipilih. Selain itu, kebijakan Perusahaan adalah untuk tidak membatasi eksposur hanya kepada satu institusi tertentu, sehingga Perusahaan memiliki kas dan setara kas di

Tabel di bawah ini menggambarkan eksposur maksimum risiko kredit dan konsentrasi risiko yang dimiliki Perusahaan:

### 39. MANAJEMEN RISIKO KEUANGAN (lanjutan)

#### a. Manajemen Risiko Keuangan (lanjutan)

##### (i). Risiko Kredit (lanjutan)

	Konsentrasi Risiko Kredit Credit Risk Concentration		Eksposur Maksimum Maximum Exposure
	Institusi Institution	Lain-lain Others	
Piutang Usaha	313,138,277,507.32	-	313,138,277,507.32
Piutang Lain-lain	1,302,637,458.00	121,769,028.34	1,424,406,486.34
	<b>314,440,914,965.32</b>	<b>121,769,028.34</b>	<b>314,562,683,993.66</b>

##### (ii) Risiko Mata Uang

Risiko mata uang adalah risiko fluktuasi nilai instrumen keuangan yang disebabkan perubahan nilai tukar mata uang asing.

Perusahaan menggunakan mata uang asing dalam transaksi pengadaan barang/jasa dan penjualan ekspor dengan pihak luar negeri serta pengeluaran biaya operasional sehingga terdapat risiko fluktuasi nilai tukar mata uang asing terhadap Rupiah yang berlangsung sejak transaksi terjadi sampai dengan pembayaran dilakukan atau diterima.

Disamping terkena eksposur transaksi yang dapat menyebabkan kerugian arus kas dimasa yang datang pada saat menerima atau melakukan pembayaran, juga Perusahaan akan terkena eksposur ekonomi karena melakukan transaksi perdagangan internasional. Perusahaan akan menghadapi risiko penurunan nilai pendapatan atau peningkatan biaya akibat fluktuasi nilai tukar sehingga harga jual produk menjadi tidak kompetitif

### 39. FINANCIAL RISK MANAGEMENT

#### a. Financial Risk Management

The main financial risks facing the Company are credit risk, currency risk, interest rate risk and liquidity risk. Through a risk management approach, the Company tries to minimize the potential negative impacts of these risks.

##### (i). Credit Risk

Credit risk is the risk that one of the parties to a financial instrument will fail to fulfill its obligations and cause the other party to experience financial loss. The Company's financial instruments that have potential for credit risk consist of cash and cash equivalents in banks, accounts receivable, and other receivables. The maximum credit risk exposure amount is equal to the carrying amount of those accounts.

For risk on credit sales, the Company requires a bank guarantee or LC with a certain limit. For credit risk associated with the bank, only banks with a good predicate are selected. In addition, the Company's policy is not to limit exposure to only one particular institution, so that the Company has cash and cash equivalents in various banks.

The table below illustrates the maximum exposure to credit risk and risk concentrations of the Company:

### 39. FINANCIAL RISK MANAGEMENT (continued)

#### a. Financial Risk Management (continued)

##### (i). Credit Risk (continued)

	Konsentrasi Risiko Kredit Credit Risk Concentration		Eksposur Maksimum Maximum Exposure
	Institusi Institution	Lain-lain Others	
Piutang Usaha	313,138,277,507.32	-	313,138,277,507.32
Piutang Lain-lain	1,302,637,458.00	121,769,028.34	1,424,406,486.34
	<b>314,440,914,965.32</b>	<b>121,769,028.34</b>	<b>314,562,683,993.66</b>

##### (ii). Currency Risk

Currency risk is the risk of fluctuations in the value of financial instruments caused by changes in foreign

The Company uses foreign currency in procurement transactions with foreign parties as well as operating expenses so that there is a risk of foreign currency exchange rate fluctuations against the Rupiah that takes place since the transaction takes place until payment is made or received.

In addition to exposure to transactions that may cause future cash flows to come in upon receiving or making payments, the Company will also be exposed to economic exposure for conducting international trade transactions. The Company will face the risk of impairment or increase in cost due to fluctuations in the exchange rate so that the selling price of the product becomes uncompetitive compared to competitors either in the global market or

(Dinyatakan dalam Rupiah, kecuali dinyatakan lain)

Penerimaan hasil penjualan ekspor yang didominasi oleh mata uang Dolar AS (USD) secara tidak langsung merupakan lindung nilai alami (*natural hedging*) terhadap *eksposur* fluktuasi nilai tukar. Namun demikian, karena posisi penerimaan dalam valuta asing lebih besar dibanding kebutuhan (*long position*) serta terdapat pengeluaran untuk pengadaan barang impor dalam mata uang asing non USD, maka Perusahaan mempunyai *eksposur* yang signifikan terhadap fluktuasi mata uang.

Untuk menghindari risiko fluktuasi nilai tukar di atas, Perusahaan melakukan lindung nilai alami dengan menyeimbangkan penerimaan dan pengeluaran mata uang asing dengan cara memelihara saldo mata uang asing sesuai kebutuhan, mengalihkan harga beli barang/jasa dengan Vendor Luar Negeri dari non USD ke USD, dan menjual sisa kebutuhan USD secara bertahap sesuai proyeksi kebutuhan arus kas dan harga pasar.

(iii). Risiko Suku Bunga

Risiko suku bunga adalah risiko fluktuasi nilai instrumen keuangan yang disebabkan perubahan suku bunga pasar. Perusahaan melakukan pengawasan terhadap dampak pergerakan tingkat suku bunga untuk meminimalisasi dampak negatif terhadap Perusahaan. Tabel di bawah ini menggambarkan detail jatuh tempo aset dan liabilitas keuangan Perusahaan yang dipengaruhi oleh tingkat suku bunga.

39. MANAJEMEN RISIKO KEUANGAN (lanjutan)

a. Manajemen Risiko Keuangan (lanjutan)

(iii). Risiko Suku Bunga (lanjutan)

	31 Desember 2017 / December 31, 2017				
	Suku Bunga Mengambang	Suku Bunga Tetap	Tdk dikenakan bunga	Jumlah	
	<i>Floating Interest Rate</i>	<i>Fixed Interest</i>			
	Kurang dari 1 tahun	Kurang dari 1 tahun	<i>No interest charged</i>	<i>Total</i>	
	<i>Less than 1 year</i>	<i>Less than 1 year</i>			
Aset					Asset
Kas dan Setara Kas	334,477,033,019	34,885,172,400	183,925,904	369,546,131,323	Cash and Cash Equivalents
Jumlah aset keuangan	334,477,033,019	34,885,172,400	183,925,904	369,546,131,323	Total financial assets
Jumlah gap suku bunga	334,477,033,019	34,885,172,400	183,925,904	369,546,131,323	Total interest rate gap

(iv) Risiko Likuiditas

Risiko Likuiditas adalah risiko dimana Perusahaan akan mengalami kesulitan dalam rangka memperoleh dana untuk memenuhi komitmennya terkait dengan instrumen keuangan.

Perusahaan mengelola risiko likuiditas dengan mempertahankan kas dan setara kas yang mencukupi untuk memungkinkan Perusahaan memenuhi komitmen kepada semua pihak dan melakukan pengawasan proyeksi dan arus kas aktual secara terus menerus serta pengawasan tanggal jatuh tempo aset dan kewajiban.

b. Nilai Wajar Aset dan Liabilitas Keuangan

Nilai wajar adalah suatu jumlah dimana aset dapat ditukar, atau liabilitas dapat diselesaikan dengan transaksi *arms-length*.

Perusahaan memperhitungkan nilai wajar dari aset dan liabilitas keuangan jangka pendek mendekati nilai

December 31, 2017 and 2016

(Expressed in Rupiah, unless otherwise stated)

Acceptance of export-export proceeds dominated by US Dollar (USD) indirectly is a natural hedge against exposure to exchange rate fluctuations. However, since the position of revenue in foreign currency is greater than the long position and there is expenditure for procurement of imported goods in non-USD foreign currency, the Company has significant exposure to foreign currency fluctuations.

To avoid the risk of exchange rate fluctuations above, the Company exercises a natural hedge by balancing foreign currency receipts and expenditures by maintaining foreign currency balance as necessary, transferring the purchase price of goods / services with Overseas Vendors from non USD to USD, and selling the remaining needs of the USD gradually according to the projected needs of cash flow and market prices.

(iii). Interest Rate Risk

Interest rate risk is the risk of fluctuations in the value of financial instruments caused by changes in market rates. The Company monitors the impact of interest rate movements to minimize negative impacts to the Company. The table below illustrates the details of the maturity of the Company's financial assets and liabilities that are affected by the interest rate.

39. FINANCIAL RISK MANAGEMENT (continued)

a. Financial Risk Management (continued)

(iii). Interest Rate Risk (continued)

(iv) Liquidity Risk

Liquidity Risk is the risk that the Company will have difficulty in obtaining funds to fulfill its commitments related to financial instruments.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents to enable the Company to fulfill its commitments to all parties and monitor the projection and actual cash flow continuously as well as oversee the due date of financial assets and liabilities.

b. Fair Value of Financial Assets and Liabilities

Fair value is the amount at which assets can be exchanged, or liabilities can be settled by *arms-length* transactions.

The Company takes into account the fair value of short-term financial assets and liabilities near their carrying values, as a result of its insignificant discounting.

tercatatnya, sebagai dampak pendiskontoannya yang tidak signifikan.

Nilai wajar dari pinjaman jangka panjang diestimasi pada 31 Desember 2017, tidak ada liabilitas keuangan Perusahaan yang diklasifikasikan sebagai pinjaman jangka panjang.

**40. TANGGUNG JAWAB ATAS LAPORAN KEUANGAN**

Manajemen Perusahaan bertanggung jawab atas penyusunan laporan keuangan yang diselesaikan pada tanggal 13 Februari 2018.

*The fair value of long-term loans is estimated at the present value of future cash flows at the interest rates offered by the bank to the Company for debts with similar maturities. As of December 31, 2017, none of the Company's financial liabilities are classified as long-term loans.*

**40. RESPONSIBILITY ON THE FINANCIAL STATEMENTS**

*The Company's management is responsible for the preparation of the financial statements that were completed on February 13, 2018.*

AS

# Criteria Reference of Financial Service Authority and Annual Report Award

Criteria	Descriptions	Page
<b>General</b>		
The annual report is presented in proper and correct Bahasa Indonesia and is recommended to be presented in English as well		✓
The annual report is printed in fine quality, with easy-to-read font types and sizes.		✓
The annual report presents clear identity of the company	Company name and the year of the Annual Report are shown in: <ol style="list-style-type: none"> <li>1. Front cover;</li> <li>2. Side margin;</li> <li>3. Back cover; and</li> <li>4. Each page.</li> </ol>	✓
The annual report is available at company website	Including current annual report and the annual reports from at least the last four (4) years.	✓
<b>Key Financial Highlights</b>		
Information on Company's operating results with comparisons of 3 (three) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses, among others: <ol style="list-style-type: none"> <li>1. Sales/revenues;</li> <li>2. Profit (loss):               <ol style="list-style-type: none"> <li>a. Attributable to the owner of the holding entity; and</li> <li>b. Attributable to non-controlling interest</li> </ol> </li> <li>3. Total comprehensive profit (loss) and other comprehensive income:               <ol style="list-style-type: none"> <li>a. Attributable to the owner of the holding entity; and</li> <li>b. Attributable to non-controlling interest; and</li> </ol> </li> <li>4. Profit (Loss) per Share</li> </ol> <p><b>Note:</b> For a company with no subsidiaries, the company presents the profit (loss) and other profit (loss) and other comprehensive income in total.</p>	24
Information on Company's financial position with comparisons of three (3) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses, among others: <ol style="list-style-type: none"> <li>1. Total investments in associates;</li> <li>2. Total assets;</li> <li>3. Total liabilities; and</li> <li>4. Total equity.</li> </ol>	22-23
Financial ratios with comparisons of three (3) fiscal years or since the starting of the company if the business activities have run for less than three (3) years	The information encloses five (5) financial ratios that are common and relevant to company's industry.	26



Criteria	Descriptions	Page
Information on stock price in tables and charts	<ol style="list-style-type: none"> <li>1. Number of outstanding shares;</li> <li>2. The information in tables and charts covers               <ol style="list-style-type: none"> <li>a. Market capitalization by prices in Stock Exchange where the shares are listed;</li> <li>b. The highest, lowest, and closing price of shares; and</li> <li>c. Trading volume where the shares are listed.</li> </ol> </li> <li>3. Information in charts contains at least:               <ol style="list-style-type: none"> <li>a. Closing price and share trading volume</li> <li>b. Trading volume where the shares are listed</li> </ol> </li> </ol> <p>For each quarter of the last two (2) fiscal years.  <b>Note:</b> if the company shall disclose information on share prices and trading volume if such company does not have market capitalization.</p>	29
Information on outstanding bonds, sukuk, or convertible bonds of the last two (2) fiscal years	<p>The information covers:</p> <ol style="list-style-type: none"> <li>1. Number of outstanding bonds/sukuk/convertible bonds;</li> <li>2. Interest rate/yield;</li> <li>3. Maturity date; and</li> <li>4. Bonds/sukuk rating in 2016 and 2017.</li> </ol> <p><b>Note:</b> if the company shall disclose information on outstanding bonds, sukuk, or convertible bonds if such company does not have market capitalization.</p>	29
<b>Board of Commissioners and Directors Reports</b>		
Board of Commissioners Report	<p>Containing the following:</p> <ol style="list-style-type: none"> <li>1. Assessment on Directors' performance on company management and the basis for the assessment;</li> <li>2. Perspective on company business outlook set by Directors and its consideration basis;</li> <li>3. Prospective on the implementation/management of whistleblowing system (WBS) in the company and the role of Board of Commissioners in such WBS; and</li> <li>4. Changes in Board of Commissioners' composition and the reason behind the change (if any).</li> </ol>	41-44
Directors Report	<p>Containing the following:</p> <ol style="list-style-type: none"> <li>1. Analysis on company performance, which among others covers:               <ol style="list-style-type: none"> <li>a. Strategic policies;</li> <li>b. Comparisons between realizations and targets; and</li> <li>c. Challenges faced by the company and its settlement measures.</li> </ol> </li> <li>2. Analysis on business outlook;</li> <li>3. Development of the implementation of corporate governance in the fiscal year; and</li> <li>4. Changes in Board of Director's composition and the reason behind the change (if any)</li> </ol>	47-51
Directors and Board of Commissioners' signatures	<p>Containing the following:</p> <ol style="list-style-type: none"> <li>1. Signatures are given on separate sheets;</li> <li>2. Statement of full accountability on the accuracy of the annual report contents by Directors and Board of Commissioners;</li> <li>3. Signed by all members of Board of Commissioners and Directors by stating names and positions; and</li> <li>4. Written explanation in separate letter from the person(s) concerned in the event that a member of Board of Commissioners or Directors fails to sign the annual report, or written explanation in separate letter from the other member(s) in the event that the person(s) concerned fails to provide a written explanation.</li> </ol>	54-55

Criteria	Descriptions	Page
<b>Company Profile</b>		
Name and complete address of the company	The information contains among others: name and address, postal code, phone number(s), facsimile, e-mail, and website address.	58-59
Brief history of the company	Consisting among others: date/year of establishment, name, changes in company name (if any), and effective date for such changes in company name. <b>Note:</b> explanation shall be given in the event that the entity has never made any change to the name	60-61
Line of business	Description of, among others: 1. Company's business activities in accordance with the latest articles of association; 2. Business activities engaged; and 3. Generated products and/or services	64; 65-67
Organizational structure	In a chart, consisting of names and positions, at least up to one level under the Directors.	70-71
Company Vision, Mission, and Culture	Containing: 1. Company vision; 2. Company mission; 3. Explanation that the vision and mission have been reviewed and agreed upon by Directors/Board of Commissioners. 4. Statement on corporate culture adhered by the company.	72-73
Identity and brief CV of Board of Commissioners members	The information encloses, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Educations (Field of Study and Educational Institution); 6. Work experience (Position, Institution, and Term of Office); 7. History of the appointment (period and position) as Board of Commissioners' member since initial appointment.	74-81
Identity and brief CV of Board of Commissioners members	The information encloses, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Educations (Field of Study and Educational Institution); 6. Work experience (Position, Institution, and Term of Office); 7. History of the appointment (period and position) as Board of Commissioners' member since initial appointment.	82-89
Total number of employees (2 years' comparison) and data of competency development that reflects the opportunity for every organizational level	The information encloses, among others: 1. Number of employees for each organizational level; 2. Number of employees for each educational level; 3. Number of employees by employment status; 4. Data of undertaken employee competency developments in fiscal year containing parties (Position level) attending the training, type of trainings, and purpose of trainings; and 5. Incurred costs for employee competency development in the fiscal year.	90-93



Criteria	Descriptions	Page
Shareholder Competition	<p>Containing, among others:</p> <ol style="list-style-type: none"> <li>Detailed name of shareholders covering 20 largest shareholders and their shareholding percentage;</li> <li>Details of shareholders and their shareholding percentage, which include: <ol style="list-style-type: none"> <li>Name of shareholders with 5% or more percent of shares;</li> <li>Public shareholding groups with their respective shareholding of less than 5%.</li> </ol> </li> <li>Name of Directors and Commissioners holding direct or indirect shares and their percentages;</li> </ol> <p><b>Note:</b> Explanation shall be given in the event of Directors and Commissioners do not hold direct or indirect shares.</p> <p>Number of Shareholders and percentage of ownership of the company's shares based on:</p> <ol style="list-style-type: none"> <li>Ownership by local institutions;</li> <li>Ownership by foreign institutions;</li> <li>Ownership by local individuals;</li> <li>Ownership by foreign individuals.</li> </ol>	94
List of subsidiaries and/or associates	<p>In the form of table containing the following information:</p> <ol style="list-style-type: none"> <li>Names of subsidiaries and/or associates;</li> <li>Shareholding percentage;</li> <li>Explanation on the subsidiaries and/or associates' lines of business; and</li> <li>Explanation on the operational status of the subsidiaries and/or associates (in operation or has not yet operating).</li> </ol>	94
Company group structure	Company group structure in a chart describing subsidiaries, associates, joint ventures, and special purpose vehicles (SPVs).	94
Share listing chronology (including private placement) and/or share listing from the initial listing to the end of fiscal year	<p>Containing, among others:</p> <ol style="list-style-type: none"> <li>The year of shares issuance, number of shares, shares par value, and share offering price for each of corporate action;</li> <li>Number of shares listed following the corporate actions;</li> <li>Name of stock exchange where the shares are listed.</li> </ol> <p><b>Note:</b> Explanation shall be given in the event of the company does not have share listing chronology.</p>	94
Issuance and/or other securities listing chronology from the initial listing to the end of fiscal year	<p>Containing, among others:</p> <ol style="list-style-type: none"> <li>Name of other securities, year of other securities issuance, interest/ yield rate, and the maturity date of other securities;</li> <li>Other securities offering price;</li> <li>Name of stock exchange where the other securities are listed; and</li> <li>Rating of securities.</li> </ol> <p><b>Note:</b> Explanation shall be given in the event of the company does not have other securities issuance and listing chronology.</p>	95
Names and addresses of capital market supporting institutions and/or professions	<p>The information encloses, among others:</p> <ol style="list-style-type: none"> <li>Name and address of Securities Administration Bureau (BAE)/parties administrating company's shares;</li> <li>Name and address of Public Accounting Firm; and</li> <li>Name and address of rating agency.</li> </ol>	95
List of awards received in the last fiscal year and/or certifications valid for the last fiscal year, both national and international-scale	<p>The information encloses, among others:</p> <ol style="list-style-type: none"> <li>Name of awards and/or certificates;</li> <li>Year of receipt;</li> <li>Awarding and/or certifying agencies; and</li> <li>Validity period (for certifications).</li> </ol>	96-102
Names and addresses of subsidiaries and/or branch or representative offices (if any)	<p>Containing the information about, among others:</p> <ol style="list-style-type: none"> <li>Names and addresses of subsidiaries; and</li> <li>Names and addresses of branch/representative offices.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that the entity does not have any subsidiaries/branches/representatives.</p>	104

Criteria	Descriptions	Page
Information on Company Website	Covering at least: <ol style="list-style-type: none"> <li>1. Information on shareholders to last individual owners;</li> <li>2. Contain of the Code of Ethics;</li> <li>3. Information on General Meeting of Shareholders (GMS) at least covering the agenda discussed in GMS, minutes of GMS, and important dates i.e. GMS announcement date, GMS summon date, GMS date, GMS minutes announcement date;</li> <li>4. Separate Annual financial statements (last 5 years);</li> <li>5. Board of Commissioners and Directors Profiles; and</li> <li>6. Charter of the Board of Commissioners, Directors, Committees, and Internal Audit Unit.</li> </ol>	104
Educations and/or trainings for the Board of Commissioners, Directors, Committees, and Internal Audit Unit.	Covering at least the following information (type and parties eligible to attend): <ol style="list-style-type: none"> <li>1. Educations and/or trainings for the Board of Commissioners;</li> <li>2. Educations and/or trainings for the Directors;</li> <li>3. Educations and/or trainings for Audit Committee;</li> <li>4. Educations and/or trainings for Nomination and Remuneration Committee;</li> <li>5. Educations and/or trainings for Other Committees;</li> <li>6. Educations and/or trainings for Corporate Secretary; and</li> <li>7. Educations and/or trainings for Internal Audit Unit;</li> </ol> Attended in the fiscal year <b>Note:</b> Explanation shall be given in the event of there are no educations and/or trainings in the fiscal year.	105-109
<b>Management Discussion and Analysis on Company Performance</b>		
Operational review per business segment	Containing descriptions of: <ol style="list-style-type: none"> <li>1. Explanation of each business segment.</li> <li>2. Performance of each business segment, among others: <ol style="list-style-type: none"> <li>a. Productions;</li> <li>b. Increase/decrease in business capacity;</li> <li>c. Sales/operating revenues; and</li> <li>d. Profitability.</li> </ol> </li> </ol>	148-158
Description of company's financial performance	Analysis on financial performance containing comparison between current financial performance and previous year's financial performance and causes for the increase/decrease (in narration and tables), among others concerning: <ol style="list-style-type: none"> <li>1. Current assets, non-current assets, and total assets;</li> <li>2. Short-term liabilities, long-term liabilities, and total liabilities;</li> <li>3. Equity;</li> <li>4. Sales/revenues, expenses and profit (loss), other comprehensive incomes and total comprehensive profit (loss); and</li> <li>5. Cash flow.</li> </ol>	160-178
Discussion and analysis on company solvency and liquidity by presenting ratios that are relevant to company's industry	Explanation on: <ol style="list-style-type: none"> <li>1. Solvency for short- and long-term debts; and</li> <li>2. Receivables collectability.</li> </ol>	178-180
Discussion on capital structure and capital structure policy	Explanation on: <ol style="list-style-type: none"> <li>1. Capital structure, consisting of interest-based debts and equity;</li> <li>2. Management policies on the capital structure (capital structure policies); and</li> <li>3. The basis for Capital structure policies.</li> </ol>	180-181



Criteria	Descriptions	Page
Discussion on material commitments for capital goods investments (other than funding commitment) in the last fiscal year	<p>Explanation on:</p> <ol style="list-style-type: none"> <li>1. The name of parties engaging in the commitment</li> <li>2. Purpose of the commitments;</li> <li>3. Sources of funds expected to meet these commitments;</li> <li>4. Currency used; and</li> <li>5. Planned measures to protect the company from risks arising from relevant currency position.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that the company does not have any commitments relating to capital investments in the last fiscal year.</p>	181-184
Discussion on capital investments realized in the last fiscal year	<p>Explanation on:</p> <ol style="list-style-type: none"> <li>1. Type of capital investments;</li> <li>2. Purposes of the capital investments; and</li> <li>3. Value of capital investment spent in the last fiscal year.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that any capital investment realizations are nonexistent</p>	184-186
Information on comparisons between beginning of fiscal year's targets and realizations, and expected targets or projection for the coming year relating to revenue, profit, and other matters considered important to the company	<p>The information encloses, among others:</p> <ol style="list-style-type: none"> <li>1. Comparisons between beginning of year's targets and realizations; and</li> <li>2. Expected targets or projection for the coming year.</li> </ol>	187-189
Information and material facts occurring after <b>accountant's reporting date</b>	<p>Description of significant events after accountant's reporting date including their effects on business performance and risks in the future.</p> <p><b>Note:</b> explanation shall be given in the event that any significant events after accountant's reporting date are nonexistent.</p>	189-190
Description on company's business outlook	<p>Description on company's business outlook is related to industry and economy in general accompanied by quantitative supporting data from trustworthy source of data.</p>	158-159
Description on marketing aspect	<p>Description on marketing aspect on company products and/or services, among others marketing strategies and market share.</p>	
Description on dividend policy and amount of cash dividends per share and amount of dividends per year announced or paid for the last two (2) fiscal years.	<p>Containing descriptions of:</p> <ol style="list-style-type: none"> <li>1. Policy on dividend sharing;</li> <li>2. Total dividends shared;</li> <li>3. Amount of cash dividends per share;</li> <li>4. Payout ratio; and</li> <li>5. Date of announcement and payment of cash dividends.</li> </ol> <p>For each year.</p> <p><b>Note:</b> explanation shall be given in the event that any dividend sharing is nonexistent.</p>	190-192
Employee and/or Management Stock Ownership Plan (ESOP/MSOP) carried out by the company existing until the end of fiscal year	<p>Containing descriptions of:</p> <ol style="list-style-type: none"> <li>1. Total ESOP/MSOP shares and its realization;</li> <li>2. Term;</li> <li>3. Requirements for entitled employees and/or management; and</li> <li>4. Exercise price.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that the program concerned is nonexistent.</p>	192
Realization of the use of proceeds from public offering (in the event that the company still has the obligation to report the proceed use realization)*	<p>Containing descriptions of:</p> <ol style="list-style-type: none"> <li>1. Total proceeds;</li> <li>2. Planned use of the proceeds;</li> <li>3. Detailed use of the proceeds;</li> <li>4. Balance of proceeds; and</li> <li>5. Date of GMS/GMB approval on changes in the use of proceeds (if any).</li> </ol> <p><b>Note:</b> explanation shall be given in the event that there is no information regarding realization of the use of proceeds from public offering.</p>	192

Criteria	Descriptions	Page
Information on material transactions containing conflicts of interest and/or transactions with affiliates	Containing descriptions of: <ol style="list-style-type: none"> <li>1. Name of affiliates and the nature of affiliation;</li> <li>2. Explanation on the fairness of transaction;</li> <li>3. Reason behind the transaction;</li> <li>4. Realization of transactions in the last fiscal year;</li> <li>5. Company policy relating to review mechanism on transactions; and</li> <li>6. Compliance with relevant regulations and provisions.</li> </ol> <b>Note:</b> explanation shall be given in the event that any transaction concerned is nonexistent.	192-193
Description on regulatory changes having significant impact on the company	The description contains among others: <ol style="list-style-type: none"> <li>1. Regulatory changes; and</li> <li>2. Their impacts (qualitative and quantitative) on the company (if significant) or statements stating that the impacts are insignificant.</li> </ol> <b>Note:</b> explanation shall be given in the event that any regulatory changes having significant impacts on the company are nonexistent in the last fiscal year.	193
Description on changes in accounting policies applied by the company in the last fiscal year	The description includes among others: <ol style="list-style-type: none"> <li>1. Changes in accounting policies;</li> <li>2. Their reasons; and</li> <li>3. Impacts toward financial statements.</li> </ol> <b>Note:</b> explanation shall be given in the event that any changes in accounting policies are nonexistent in the last fiscal year.	193-195
Information on business continuity	Disclosure of information includes: <ol style="list-style-type: none"> <li>1. Matters which potentially inflict significant impact on company's business continuity for the last fiscal year;</li> <li>2. Management assessment on matters in point 1; and</li> <li>3. Assumptions used by the management in performing the assessment.</li> </ol> <b>Note:</b> in the event that any matters which potentially inflict significant impact on company's business continuity for the last fiscal year are nonexistent, the assumptions used as the basis for the management in assuring that such matters are nonexistent shall be disclosed.	195
<b>Good Corporate Governance</b>		
Board of Commissioners description	The description includes, among others: <ol style="list-style-type: none"> <li>1. Description of Board of Commissioners' responsibilities;</li> <li>2. Assessment on the performances of committees under the Board of Commissioners and the basis for such assessment; and</li> <li>3. Disclosure of the Board Charter (guidelines and codes of conduct for Board of Commissioners).</li> </ol>	239-240
Information on Independent Commissioners	Covering, among others: <ol style="list-style-type: none"> <li>1. The criteria for Independent Commissioners appointment; and</li> <li>2. Statement of independency of each Independent Commissioner.</li> </ol>	250-251
Directors description	The description includes, among others: <ol style="list-style-type: none"> <li>1. Scopes of duties and responsibilities of each Directors member;</li> <li>2. Assessment on the performances of committees under the Directors (if any); and</li> <li>3. Disclosure of the Board Charter (guidelines and codes of conduct for Directors).</li> </ol>	263
Assessment of the implementation of GCG for fiscal year 2017 covering at least Board of Commissioners and Directors aspects.	Containing explanations on, among others: <ol style="list-style-type: none"> <li>1. Criteria used for the assessment;</li> <li>2. Assessing party;</li> <li>3. Assessment score for each criteria;</li> <li>4. Recommendation of the assessment results; and</li> <li>5. Reasons on why the recommendations are/has not been implemented.</li> </ol> <b>Note:</b> explanation shall be given in the event of the GCG implementation assessment for fiscal year 2017 is nonexistent.	209-221



Criteria	Descriptions	Page
Description of remuneration policy for Boards of Commissioners and Directors	<p>Containing, among others:</p> <ol style="list-style-type: none"> <li>1. Disclosure of remuneration procedures to the determination for the Board of Commissioners;</li> <li>2. Disclosure of remuneration procedures to the determination for the Directors;</li> <li>3. Remuneration structure which shows the remuneration components and amount of value per component for each Board of Commissioners' member;</li> <li>4. Remuneration structure which shows the remuneration components and amount of value per component for each Directors' member;</li> <li>5. Disclosure of indicators for the determination of Directors' remuneration; and</li> <li>6. Disclosure of performance bonus, non-performance bonus, and/or shares option received by each Board of Commissioners' and Directors' member (if any).</li> </ol> <p><b>Note:</b> explanation shall be given in the event of performance bonus, non-performance bonus, and/or shares option received by each Board of Commissioners' and Directors' member are nonexistent.</p>	225-226, 280-282
Frequency and attendance rate in BOC Meetings, BOD meetings, and BOC-BOD joint meetings	<p>The information encloses, among others:</p> <ol style="list-style-type: none"> <li>1. Meeting date;</li> <li>2. Meeting participants; and</li> <li>3. Meeting agenda</li> </ol> <p>For each BOC meeting, BOD meeting, and joint meeting.</p>	251-254, 275-280
Information on majority and controlling shareholders, both direct and indirectly, to individual holders	<p>In schematic chart or diagram, that differs the main shareholders and controlling shareholders.</p> <p><b>Note:</b> he main shareholder is the party which, either directly or indirectly, holds at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by a company, but not a controlling shareholder.</p>	350
Disclosure of affiliations among the members of Directors, Board of Commissioners, and Majority and/or Controlling Shareholders	<p>Containing, among others:</p> <ol style="list-style-type: none"> <li>1. Affiliations among Directors' fellow members;</li> <li>2. Affiliations among Directors members and Board of Commissioners members;</li> <li>3. Affiliations among Directors members and Majority and/or Controlling Shareholders;</li> <li>4. Affiliations among Board of Commissioners' fellow members; and</li> <li>5. Affiliations among Board of Commissioners' members and Majority and/or Controlling Shareholders.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that any concerned affiliations are nonexistent.</p>	248-249, 272-273
Audit Committee	<p>Containing, among others:</p> <ol style="list-style-type: none"> <li>1. Name and position of Audit Committee members;</li> <li>2. Educational history qualifications (field of study and educational institution) and work experience of Audit Committee members (Position, Institution, and Term of Office);</li> <li>3. Audit Committee members' independency;</li> <li>4. Description of Audit Committee's duties and responsibilities;</li> <li>5. Brief report on Audit Committee members' activities in the fiscal year; and</li> <li>6. Frequency of meetings and attendance rate of Audit Committee members.</li> </ol>	291-301

Criteria	Descriptions	Page
Nomination and/or Remuneration Committee	Containing, among others: <ol style="list-style-type: none"> <li>1. Name, position, and brief CV of Nomination and/or Remuneration Committee members;</li> <li>2. Independency of Nomination and/or Remuneration Committee members;</li> <li>3. Description of duties and responsibilities;</li> <li>4. Description of implementation of activities of Nomination and/or Remuneration Committee members in the fiscal year;</li> <li>5. Frequency of meetings and attendance rate of Nomination and/or Remuneration Committee members;</li> <li>6. Statement about the existence of guidelines for Nomination and/or Remuneration Committee; and</li> <li>7. Policy relating to Directors' succession.</li> </ol>	308-310
Other committees under the Board of Commissioners owned by the company	Containing, among others: <ol style="list-style-type: none"> <li>1. Name, position, and brief CV of other committee members;</li> <li>2. Independency of other committee members;</li> <li>3. Description of duties and responsibilities;</li> <li>4. Description of the implementation of activities of other committees in the fiscal year; and</li> <li>5. Frequency of meetings and attendance rate of other committees.</li> </ol>	301-308
Description of duties and function of Corporate Secretary	Containing among others: <ol style="list-style-type: none"> <li>1. Name and brief CV of the corporate secretary;</li> <li>2. Domicile;</li> <li>3. Description of the duties and responsibilities; and</li> <li>4. Descriptions on the implementation of Corporate Secretary's duties in fiscal year.</li> </ol>	310-312
Description on internal audit unit	Containing, among others: <ol style="list-style-type: none"> <li>1. Name of internal audit unit head;</li> <li>2. Number of employees (internal auditors) in internal audit unit;</li> <li>3. Certification for internal audit professions;</li> <li>4. Internal audit unit position in corporate structure;</li> <li>5. Brief report on internal audit unit's implementation of activities; and</li> <li>6. Parties appointing and dismissing head of internal audit unit.</li> </ol>	312-318
Public Accountant	The information encloses, among others: <ol style="list-style-type: none"> <li>1. Number of periods in which a public accountant has conducted annual audit on financial statements for the last five (5) years;</li> <li>2. Name and the year in which a Public Accounting Firm has conducted annual audit on financial statements for the last five (5) years;</li> <li>3. Amount of fee for each service provided by public accountant in the last fiscal year; and</li> <li>4. Other services provided by the accountant apart from annual audit on financial statements in the last fiscal year.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that any services are nonexistent.</p>	321
Description on company risk management	Containing, among others: <ol style="list-style-type: none"> <li>1. Explanation on risk management system applied by the company;</li> <li>2. Explanation on review on risk management system in the fiscal year;</li> <li>3. Explanation on risks faced by the company; and</li> <li>4. Risk management efforts.</li> </ol>	322-330
Description on internal control system	Covering, among others: <ol style="list-style-type: none"> <li>1. Brief explanation on internal control system, among others concerning financial and operational control;</li> <li>2. Explanation on compliance with internal control system with internationally-recognized framework (COSO – internal control framework); and</li> <li>3. Explanation on review conducted on internal control system implementation in the fiscal year.</li> </ol>	330-335



Criteria	Descriptions	Page
Description on corporate social responsibility in relation to environment	<p>Covering among others the information on:</p> <ol style="list-style-type: none"> <li>1. Activity target/plan in 2017 specified by the management;</li> <li>2. Implemented activities and its quantitative impact due to such activities; and</li> </ol> <p>In relation to environmental programs associated with company's operations, such as the use of environmentally-friendly and recyclable materials and energy, company's waste treatment system, environmental aspect consideration in the provision of loans to the customers, etc.</p> <ol style="list-style-type: none"> <li>3. Environmental certifications owned.</li> </ol>	358-361
Description on corporate social responsibility in relation to employment, occupational health and safety	<p>Covering among others the information on:</p> <ol style="list-style-type: none"> <li>1. Activity target/plan in 2017 specified by the management;</li> <li>2. Implemented activities and its quantitative impact; and</li> </ol> <p>In relation to employment, occupational health and safety practices, such as gender equality and equal work opportunity, occupational facilities and safety, employee turnover rate, workplace accidents, remuneration, and mechanism of complaint regarding employment, etc.</p>	362-364
Description on corporate social responsibility in relation to social and community development	<p>Covering among others the information on:</p> <ol style="list-style-type: none"> <li>1. Activity target/plan in 2017 specified by the management;</li> <li>2. Implemented activities and its impacts; and</li> <li>3. Costs incurred.</li> </ol> <p>In relation to social and community development, such as the use of local workforce, empowerment of surrounding communities, repair of social facilities and infrastructure, other forms of donations, communication on anti-corruption policy and procedure, anti-corruption trainings, etc.</p>	364-370
Description on corporate social responsibility in relation to responsibility to customers	<p>Covering, among others:</p> <ol style="list-style-type: none"> <li>1. Activity target/plan in 2017 specified by the management; and</li> <li>2. Implemented activities and its impacts; and.</li> </ol> <p>In relation to product responsibility, such as consumer's health and safety, product information, facilities, number and response on customers complaints, etc.</p>	370-371
Significant cases currently faced by the company, subsidiaries, and Directors and/or Board of Commissioners member(s) serving during the annual report period	<p>Covering, among others:</p> <ol style="list-style-type: none"> <li>1. Principal case/lawsuit;</li> <li>2. Dispute/lawsuit settlement status;</li> <li>3. Risk faced by the company and amount of dispute/lawsuit settlement; and</li> <li>4. Administrative sanctions imposed to the company, Board of Commissioners and Directors members, by relevant authorities (capital market, banking, and others) for the latest fiscal year (or if any statement confirming no imposition of administrative sanction exists).</li> </ol> <p><b>Note:</b> explanation shall be given in the event that any significant cases faced by the company, subsidiaries, Board of Commissioners and Directors members are nonexistent.</p>	335
Access to company information and data	<p>Description on the availability of company information and data to public, such as through website (in Bahasa Indonesia and English), mass media, mailing list, bulletin, analyst meeting, etc.</p>	336-337
Discussion on code of conduct	<p>Consisting description, among others on:</p> <ol style="list-style-type: none"> <li>1. Code of conduct contents;</li> <li>2. Disclosure that the code of conduct applies to all levels of organization;</li> <li>3. Dissemination of the code of conduct;</li> <li>4. Types of sanction for each code of conduct violation; and</li> <li>5. Number of code of conduct violation and the sanctions imposed in the last fiscal year.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that any codes of conduct violations are nonexistent in the last fiscal year.</p>	338-342

Criteria	Descriptions	Page
Disclosure of whistleblowing system	<p>Consisting of description on whistleblowing system mechanism, among others:</p> <ol style="list-style-type: none"> <li>1. Whistleblowing delivery;</li> <li>2. Whistleblower protection;</li> <li>3. Handling of complaints;</li> <li>4. Parties handling the complaints; and</li> <li>5. Number of complaints received and processed in the last fiscal year; and</li> <li>6. Sanction/follow-ups for the complaints which are settled in the fiscal year.</li> </ol> <p><b>Note:</b> explanation shall be given in the event that any incoming complaints are nonexistent in the last fiscal year.</p>	344-350
Policy on the diversity of Board of Commissioners and Directors composition	<p>Description of Company policy on the diversity of Board of Commissioners and Directors composition by education (field of study), work experience, age, and gender.</p> <p><b>Note:</b> explanation and basis of consideration shall be given in the event that concerned policy is nonexistent</p>	246-248, 271-272
<b>Financial Statements</b>		
Statements from Directors and/ or Board of Commissioners on the Accountability on Financial Statements	Compliance with relevant regulation on Accountability on Financial Statements	FR Page Statement of Board of Directors
Independent auditor's opinion on the financial statements		FR Page i
Independent auditor's description on the opinion	<p>The description includes:</p> <ol style="list-style-type: none"> <li>1. Names and signatures;</li> <li>2. Date of Audit Report; and</li> <li>3. Public Accounting Firm's and Public Accountant's License Numbers.</li> </ol>	FR Page i-ii
Comprehensive financial statements	<p>Comprehensively consisting elements of the financial statements, such as:</p> <ol style="list-style-type: none"> <li>1. Statement of financial position;</li> <li>2. Statement of income and comprehensive income;</li> <li>3. Statement of changes in equity;</li> <li>4. Statement of cash flows;</li> <li>5. Notes to the financial statements;</li> <li>6. Comparative information on the previous period; and</li> <li>7. Statements of financial position at the beginning of the previous period presented when an entity applies an accounting policy retrospectively or makes restatement of financial statements posts, or when an entity reclassifies posts in the financial statements (if relevant).</li> </ol>	FR Page 1-48
Comparison of profitability level	Comparison between profit (loss) in current year and the previous year.	FR Page 3
Statement of Cash Flow	<p>Fulfilling the following requirements:</p> <ol style="list-style-type: none"> <li>1. Classification in three categories of activity: operating, investing, and funding;</li> <li>2. The use of direct method in reporting the cash flow from operating activities;</li> <li>3. Separation of presentation between cash receipts and/or cash expenses for the current year in operating, investing, and funding activities; and</li> <li>4. Disclosure of non-cash transaction must be included in the notes to the financial statements.</li> </ol>	FR Page 5
Accounting Policy Highlights	<p>Consisting at least:</p> <ol style="list-style-type: none"> <li>1. Statement of compliance with Financial Accounting Standards (SAK);</li> <li>2. Basis for the measurement and preparation of financial statements;</li> <li>3. Income tax;</li> <li>4. Employee benefits; and</li> <li>5. Financial instruments.</li> </ol>	FR Page 8-15



Criteria	Descriptions	Page
Disclosure of transactions with related parties	<p>Items disclosed among others are:</p> <ol style="list-style-type: none"> <li>Names of related parties and the nature of relationship with these parties;</li> <li>Transactional value and its percentage against total revenue and relevant expenses; and</li> <li>Total balance and its percentage against total assets or liabilities.</li> </ol>	FR Page 38-39
Disclosure of matters relating to taxation	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> <li>Fiscal reconciliation and current tax expense calculation;</li> <li>Explanation of relationship between tax expense (income) and accounting profit;</li> <li>Statement acknowledging that Taxable Profits (LKP) from the reconciliation serves as the basis for Corporate Income Tax's Annual Tax Returns (SPT) of 2017;</li> <li>Details of assets and deferred tax liabilities recognized in the financial position statement for each presenting period, and the amount of deferred tax (income) expenses recognized in the income statements if the amount is not visible in the total assets or liabilities of deferred tax recognized in the statements of financial position; and</li> <li>Disclosure of any tax disputes.</li> </ol>	FR Page 20-22
Disclosure of matters relating to fixed assets	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> <li>Depreciation method used;</li> <li>Description of accounting policy selected, either revaluation or cost model;</li> <li>Methods and significant assumptions used to estimate fixed assets' fair value (for revaluation model) or disclosure of fixed assets' fair value (for cost model); and</li> <li>Reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and the end of period by presenting: addition, reduction, and reclassification.</li> </ol>	FR Page 13-14
Disclosure of operational segment	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> <li>General information covering the factors used to identify reported segment;</li> <li>Information regarding profit and loss, assets, and liabilities of the reported segment;</li> <li>Reconciliation of total revenue, profit and loss, assets, liabilities of the reported segment, and other material elements of the segment against relevant amount in the entity; and</li> <li>Disclosure at the level of entity, covering information on products and/or services, geographical area, and main customers.</li> </ol>	FR Page 33-38
Disclosure relating to Financial Instruments	<p>Matters need to be disclosed:</p> <ol style="list-style-type: none"> <li>Detailed of financial instruments by classification;</li> <li>Fair value and hierarchy of each group of financial instruments;</li> <li>Explanation of risks relating to financial instruments: market risks, credit risks, and liquidity risks;</li> <li>Risk management policies; and</li> <li>Quantitative risk analysis relating to financial instruments.</li> </ol>	FR Page 47-48
Publication of financial statements	<p>Items disclosed among others are:</p> <ol style="list-style-type: none"> <li>Authorized publication date of the financial statements; and</li> <li>The party responsible for the financial statements authorization.</li> </ol>	FR Page Statement of Board of Directors

# 2017

Annual  
Report



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