



COPY

**REGENT SUKOHARJO  
PROVINCE OF CENTRAL JAVA**

**REGIONAL REGULATIONS OF SUKOHARJO DISTRICT  
NUMBER 12 OF 2019**

**ABOUT**

**TIRTA MAKMUR REGIONAL PUBLIC WATER COMPANY**

**BY THE GRACE OF GOD ALMIGHTY**

**REGENT SUKOHARJO,**

**Considering: a. that in order to improve the regional economy, provide public benefits in the form of services and provision of drinking water, and provide benefits for local revenue, it is necessary to manage a Regional Drinking Water Public Company that implements good corporate governance;**

**b. that based on the provisions of Article 334 of Law Number 23 of 2014 concerning Regional Government as amended several times, most recently by Law Number 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government and Government Regulation Number 54 of 2017 regarding Regional Owned Enterprises, especially in relation to provisions regarding Regional Owned Enterprises, it is necessary to organize and adjust the Regional Public Drinking Water Company as one of the Regional Owned Enterprises;**

**c. that based on the considerations as intended in letters a and b, Sukoharjo Regency Regional Regulation Number 20 of 2016 concerning Regional Public Drinking Water Companies needs to be replaced;**

**d. that based on the considerations as intended in letters a, b and c, it is necessary to determine the Regional Public Company for Tirta Makmur Drinking Water;**

- Bearing in mind: 1. Article 18 paragraph (6) of the 1945 Constitution of the Republic of Indonesia;
2. Law Number 13 of 1950 concerning the Establishment of Regency Areas within the Province of Central Java;
3. Law Number 8 of 1999 concerning Consumer Protection (State Gazette of the Republic of Indonesia of 1999 Number 42, Supplement to State Gazette of the Republic of Indonesia Number 3821); 4. Law Number 13 of 2003 concerning Employment (State Gazette of the Republic of Indonesia of 2003 Number 39, Supplement to State Gazette of the Republic of Indonesia Number 4279);
5. Law Number 12 of 2011 concerning the Establishment of Legislative Regulations (State Gazette of the Republic of Indonesia of 2011 Number 82, Supplement to the State Gazette of the Republic of Indonesia Number 5234) as amended by Law Number 15 of 2019 concerning Amendments to Laws Number 12 of 2011 concerning the Formation of Legislation (State Gazette of the Republic of Indonesia of 2019 Number 183, Supplement to the State Gazette of the Republic of Indonesia Number 6396);
6. Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2014 Number 244, Supplement to the State Gazette of the Republic of Indonesia Number 5587) as amended several times, most recently by Law Number 9 of 2015 concerning the Second Amendment to the Law. Law Number 23 of 2014 concerning Regional Government (State Gazette of the Republic of Indonesia of 2015 Number 58, Supplement to State Gazette of the Republic of Indonesia Number 5679);
7. Law Number 17 of 2019 concerning Water Resources (State Gazette of the Republic of Indonesia of 2019 Number 190, Supplement to State Gazette of the Republic of Indonesia Number 6405);
8. Government Regulation Number 121 of 2015 concerning Water Resources Management (State Gazette of the Republic of Indonesia of 2015 Number 344, Supplement to State Gazette of the Republic of Indonesia Number 5801);

9. Government Regulation Number 122 of 2015 concerning Drinking Water Supply Systems (State Gazette of the Republic of Indonesia of 2015 Number 345, Supplement to the State Gazette of the Republic of Indonesia Number 58021);
10. Government Regulation Number 12 of 2017 Guidance Supervision of Regional Government Implementation (State Gazette of the Republic of Indonesia of 2017 Number 73, additional State Gazette of the Republic of Indonesia Number 6041);
11. Government Regulation Number 54 of 2017 concerning Regional Owned Enterprises (State Gazette of the Republic of Indonesia of 2017 Number 305, Supplement to State Gazette of the Republic of Indonesia Number 6173);
12. Government Regulation Number 28 of 2018 concerning Regional Cooperation (State Gazette of the Republic of Indonesia of 2018 Number 97, Supplement to State Gazette of the Republic of Indonesia Number 6219);
13. Presidential Regulation Number 87 of 2014 concerning Guidelines for Implementing Regulations for the Implementation of Law Number 12 of 2011 concerning the Establishment of Legislative Regulations in the State Gazette of the Republic of Indonesia of 2014 Number 199);
14. Sukoharjo Regency Regional Regulation Number 15 of 2016 concerning Corporate Social and Environmental Responsibility (Sukoharjo Regency Regional Gazette of 2016 Number 15, Supplement to Sukoharjo Regency Regional Gazette Number 15);
15. Sukoharjo Regency Regional Regulation Number 19 of 2018 concerning Regional Government Capital Inclusion in Regionally Owned Enterprises (Sukoharjo Regency Regional Gazette of 2018 Number 19, Supplement to Sukoharjo Regency Regional Gazette Number 277);

With Mutual Consent

REGIONAL PEOPLE'S REPRESENTATIVE COUNCIL OF SUKOHARJO DISTRICT

And

REGENT SUKOHARJO

DECIDE :

Establish: REGIONAL REGULATIONS CONCERNING COMPANIES  
TIRTA MAKMUR DRINKING WATER REGIONAL GENERAL.

**PIG**  
**GENERAL REQUIREMENTS**

**article 1**

In this Regional Regulation what is meant by:

1. The region is Sukoharjo Regency.
2. Regional Government is the regional head as the organizing element of Regional Government who leads the implementation of government affairs which fall under the authority of the autonomous region.
3. The Regent is the Regent of Sukoharjo.
4. The Regional People's Representative Council, hereinafter abbreviated as DPRD, is a regional people's representative institution whose position is as an organizing element of Regional Government.
5. Regionally Owned Enterprises, hereinafter abbreviated to BUMD, are business entities whose capital is wholly or largely owned by the Region.
6. Tirta Makmur Regional Public Company for Drinking Water, hereinafter referred to as Perumda Air Drinking Tirta Makmur, is the Regional Public Company for Drinking Water of Sukoharjo Regency which is a Regional Public Company which operates in the field of drinking water services.
7. Separated Regional Wealth is regional wealth originating from the Regional Revenue and Expenditure Budget to be used as regional capital participation in Perumda Tirta Makmur Drinking Water.
8. The Regional Head Who Represents the Regional Government in Ownership of Separated Regional Assets in Regional Public Companies, hereinafter abbreviated as KPM, is the organ of the Regional Public Company which holds the highest power in the Regional Public Company and holds all authority that is not delegated to the Directors or Supervisory Board.
9. The Supervisory Board is an organ of the Tirta Makmur Drinking Water Perumda which is tasked with supervising and providing advice to the Board of Directors in carrying out management activities of the Tirta Makmur Drinking Water Perumda.

10. **The Board of Directors is an organ of the Tirta Makmur Drinking Water Perumda which is responsible for managing the Tirta Makmur Drinking Water Perumda for the interests and objectives of the Tirta Makmur Drinking Water Perumda and representing the Tirta Makmur Drinking Water Perumda both inside and outside the court in accordance with the provisions of the articles of association.**
11. **A Business Plan is a breakdown of activities with a period of 5 (five) years.**
12. **Work Plan and Budget of Perumda Air Drinking Tirta Makmur, hereinafter referred to as RKA Perumda Air Drinking Tirta Makmur, is an annual elaboration of the Business Plan of Perumda Air Drinking Tirta Makmur.**
13. **Performance Contract is a statement of agreement with the company which includes, among other things, promises or statements from members of the Supervisory Board or members of the Board of Commissioners and members of the Board of Directors to meet the targets set by the KPM.**
14. **Standard Operating Procedures are a series of standardized written instructions regarding various processes for carrying out organizational activities, how and when they must be carried out, where and by whom they are carried out.**
15. **Corporate Social and Environmental Responsibility, hereinafter abbreviated as TJSPL, is the company's commitment to participate in sustainable economic development in order to improve the quality of life and a beneficial environment, both for the company itself, the local community and society in general.**

## CHAPTER II

### NAME AND DOMINANCE

#### Section 2

**With this Regional Regulation the regional public drinking water company is given the name "Tirta Makmur Regional Drinking Water Public Company".**

#### Article 3

- (1) Perumda Tirta Makmur Drinking Water is domiciled and headquartered in the Region.**
- (2) Perumda Air Minum Tirta Makmur can open Branch offices and Service Systems (Payment Points) in the Regional area.**

- (3) Opening of offices as intended in paragraph (2) takes into consideration the area and service coverage.**

**CHAPTER III  
PURPOSE AND OBJECTIVES**

**Article 4**

**The purpose of establishing Perumda Tirta Makmur Drinking Water is to improve the level of public health through the provision of drinking water.**

**Article 5**

**The establishment of Perumda Tirta Makmur Drinking Water aims to:**

- a. provide benefits for regional economic development in general; b. carry out public benefits in the form of providing drinking water and/or quality services to fulfill the livelihood needs of the community and business world in accordance with the conditions, characteristics and potential of the region concerned based on good corporate governance; And**
- c. obtain profits and/or profits as wrong one source of Original Regional Income.**

**CHAPTER IV  
BUSINESS ACTIVITIES**

**Article 6**

- (1) Perumda Tirta Makmur Drinking Water is engaged in the business of providing drinking water and other fields that support businesses based on economic principles and social functions.**
- (2) Other fields that support business as intended in paragraph (1) are carried out by means of business development.**

**CHAPTER V  
CAPITAL**

**Article 7**

- (1) Perumda Air Minum Tirta Makmur is a BUMD whose entire capital is owned by the Region and is not divided into shares.**

- (2) Capital sources of Perumda Tirta Makmur Drinking Water consist of:**
- a. Regional capital participation;**
  - b. loan;**
  - c. grant; And**
  - d. other sources of capital.**
- (3) Regional capital participation as referred to in paragraph (1) letter a can be sourced from: a. APBD; and/or b. conversion of loans.**
- (4) Loans as referred to in paragraph (2) letter b can be sourced from:**
- a. Area;**
  - b. other BUMDs; and/or**
  - c. other sources in accordance with statutory provisions.**
- (5) Grants as intended in paragraph (2) letter c can be sourced from:**
- a. Central government;**
  - b. Area;**
  - c. other BUMDs; and/or**
  - d. other sources in accordance with statutory provisions.**
- (6) Other sources of capital as intended in paragraph (2) letter d consist of:**
- a. reserve capitalization; And**
  - b. asset revaluation gain.**

#### **Article 8**

- (1) The authorized capital of Perumda Air Minum Tirta Makmur is set at IDR 150,000,000,000.00 (one hundred and fifty billion rupiah).**
- (2) From the authorized capital as intended in paragraph (1), the paid-up capital is IDR 74,918,166,646.00 (seventy-four billion nine hundred eighteen million one hundred sixty-six thousand six hundred and forty-six rupiah).**
- (3) To fulfill the capital as intended in paragraph (1) the Regional Government increases the paid-in capital in stages which is budgeted in the Regional Revenue and Expenditure Budget in accordance with the Regional financial capacity.**

**Article 9**

- (1) Regional capital participation can be in the form of money and goods belonging to the Region.**
- (2) Regionally owned goods as referred to in paragraph (1) are assessed according to their real value at the time the regionally owned goods are to be used as capital participation.**
- (3) The real value as intended in paragraph (2) is obtained by interpreting the price of Regionally owned goods in accordance with the provisions of statutory regulations.**

**Article 10**

- (1) Regional capital participation in the context of increasing the capital of Perumda Tirta Makmur Drinking Water is carried out for: a.  
business development;  
b. strengthening capital structure; And  
c. Regional Government assignments.**
- (2) Regional capital participation for additional capital for Perumda Air Drinking Tirta Makmur as intended in paragraph (1) is carried out after an investment analysis has been carried out by the Regional Government and the business plan for Perumda Air Drinking Tirta Makmur is available.**

**CHAPTER VI**

**COMPANY ORGANS**

**Part One  
General**

**Article 11**

**The Tirta Makmur Drinking Water Perumda organ consists of: a. KPM;  
b. Supervisory Board: and  
c. Directors.**

**The second part  
KPM**

**Article 12**

- (1) The Regent as owner of capital in Perumda Air Minum Tirta Makmur has the authority to make decisions.**



- (2) The authority to make decisions as intended in paragraph (1) can be delegated to regional officials.**
- (3) The delegation of authority as intended in paragraph (2) includes, among others:**
- a. changes to the articles of association;**
  - b. transfer of fixed assets;**
  - c. cooperation;**
  - d. financing investment, including the formation of subsidiaries and/or capital participation;**
  - e. Regional Government capital participation comes from capitalization reserves and profits from asset revaluation;**
  - f. appointment and dismissal of the Supervisory Board and Directors;**
  - g. income of the Supervisory Board and Directors;**
  - h. determining the amount of use of profits;**
  - i. ratification of annual reports; j.**
  - merger, separation, consolidation, takeover and dissolution of Perumda Air Minum Tirta Makmur; And**
  - k. Asset collateral amounts to more than 50% (fifty percent) of the total net assets of Perumda Air Minum Tirta Makmur in 1 (one) or more transactions.**
- (4) Further provisions regarding procedures for delegation of authority as referred to in paragraph (2) and paragraph (3) are regulated in the Regent's Regulations with reference to the provisions of statutory regulations.**

### **Article 13**

**KPM is not responsible for Perumda Air's losses  
Drink Tirta Makmur if you can prove:**

- a. has no personal interests either directly or indirectly;**
- b. not involved in unlawful acts committed by Regional public companies; and/or**
- c. not involved, either directly or indirectly, in using regional public company assets unlawfully.**

**Article 14**

- (1) KPM, Supervisory Board and Directors hold meetings on the business development of Perumda Tirta Makmur Drinking Water.**
- (2) The meeting as referred to in paragraph (1) consists of:  
on:**
  - a. annual meeting;**
  - b. Tirta Makmur Drinking Water Perumda RKA approval meeting; And**
  - c. extraordinary meeting.**

**Part Three  
supervisory Board**

**Paragraph 1  
Election and Appointment**

**Article 15**

- (1) Members of the Supervisory Board may consist of independent elements and other elements in accordance with the provisions of statutory regulations.**
- (2) Other elements as intended in paragraph (1) may consist of Regional Government officials who are not tasked with carrying out public services.**

**Article 16**

- (1) Members of the Supervisory Board are appointed by KPM.**
- (2) To be appointed as a member of the Council Supervisors are Indonesian citizens who meet the following requirements:**
  - a. physically and mentally healthy;**
  - b. have expertise, integrity, leadership, experience, honesty, good behavior, and high dedication to advance and develop the company;**
  - c. understand government administration Area;**
  - d. understand company management related to one of the management functions;**
  - e. provide sufficient time to carry out their duties;**
  - f. have at least a Strata I (S-1) diploma;**
  - g. the maximum age is 60 (sixty) years old when registering for the first time;**

- h. never declared bankruptcy;**
- i. never been a member of the Board of Directors, Supervisory Board, or Commissioner who was found guilty of causing the business entity they lead to be declared bankrupt;**
- j. not currently undergoing criminal sanctions;**
- k. not currently a political party administrator, regional head candidate or deputy regional head candidate, and/or legislative member candidate; and l. not bound by family relations with the Regent/Deputy Regent, other members of the Supervisory Board, or directors up to the third degree either in a straight line or laterally, including sons-in-law and in-laws.**

#### **Article 17**

- (1) The number of members of the Supervisory Board is determined by KPM.**
- (2) The maximum number of members of the Supervisory Board equal to the number of Directors.**
- (3) In the event that the members of the Supervisory Board consist of more than 1 (one) member, 1 (one) member of the Supervisory Board is appointed as Chairman of the Supervisory Board.**
- (4) Determination of the number of members of the Supervisory Board as referred to in paragraph (1) and paragraph (2) is carried out based on the principles of efficiency and effectiveness of decisions, supervision and financing for the interests of Perumda Tirta Makmur Drinking Water.**
- (5) The composition of the supervisory board members as referred to in paragraph (2) is regulated in the Regent's Regulation.**

#### **Article 18**

- (1) The process of selecting members of the Supervisory Board is carried out through selection.**
- (2) The selection as referred to in paragraph (1) includes at least:
  - a. administrative selection;**
  - b. Fit and Proper Test (UKK); And**
  - c. final interview.****
- (3) The provisions regarding selection as intended in paragraph (1) do not apply to the re-appointment of Supervisory Board Members who are deemed capable of carrying out their duties well during their term of office.**

**(4) Assessment of the ability to carry out the duties well as intended in paragraph (3) of at least:**

- a. implementation of supervision;**
- b. providing input and suggestions on Company management;**
- c. implementation of good corporate governance;**
- d. anticipate and/or minimize its occurrence fraud; and e.**

**fulfillment of targets in performance contracts.**

**(5) Candidates for Supervisory Board Members who are declared to have passed the selection as intended in paragraph (2) and reappointment of Supervisory Board Members as intended in paragraph (3) are required to sign a performance contract before being appointed as Members of the Supervisory Board.**

**(6) Further provisions regarding the selection of members of the Supervisory Board as referred to in paragraph (2) are regulated in the Regent's Regulation.**

#### **Article 19**

**(1) The term of office of members of the Supervisory Board is a maximum of 4 (four) years and may be reappointed for 1 (one) term of office.**

**(2) Reappointment as intended in paragraph (1) if members of the Supervisory Board are deemed capable of carrying out their duties and obligations to successfully improve the performance of Perumda Tirta Makmur Drinking Water.**

**(3) Assessment of task capabilities as intended in paragraph (2) at least towards: a.**

**Implementation of supervision of Perumda Tirta Makmur Drinking Water Providing advice and input on the management of Perumda Drinking Water Tirta Makmur**

- b. Implementation of good corporate governance;**
- c. Anticipate and/or minimize occurrence fraud; And**

**d. Fulfillment of targets in performance contracts.**

**(4) When assessing task capabilities as intended in paragraph (3), based on documents consisting of at least:**

- a. Business plan; b.**

**Tirta Makmur Drinking Water Perumda Work Plan and Budget;**

- c. financial statements; d. monitoring results report; e. performance contracts; and
- f. meeting minutes and working papers.

(5) Further provisions regarding the re-appointment of members of the Supervisory Board are regulated in the Regent's Regulations.

**Paragraph 2**  
**Duties, Authorities and Obligations**

**Article 20**

The Supervisory Board is tasked

with: a. supervising the Tirta Makmur Drinking Water Company; And

b. supervise and provide advice to the Board of Directors in carrying out the management of Perumda Tirta Makmur Drinking Water;

c. reviewing the Business Plan (*business plan/corporate plan*) and Work Plan and Budget of Perumda Air Minum Tirta Makmur made by the Board of Directors to KPM to obtain approval.

**Article 21**

The Supervisory Board has the authority to:

a. assess the performance of the Board of Directors in managing Perumda Tirta Makmur Drinking Water

b. assess Quarterly Reports;

c. assess the Annual Report submitted by the Board of Directors to obtain KPM approval; d. request information

from the Board of Directors regarding the management and development of Perumda Tirta Makmur Drinking Water; And

e. provide considerations and suggestions to KPM whether requested or not requested for the improvement and development of Perumda Air Minum Tirta Makmur.

**Article 22**

The Supervisory Board has the following obligations: a. report the results of supervision to KPM; and b. create and maintain meeting minutes.

**Paragraph 3  
Income**

**Article 23**

- (1) The income of members of the Supervisory Board is determined by KPM.**
- (2) The income of members of the Supervisory Board as referred to in paragraph (1) consists of:**
  - a. honorarium; And**
  - b. allowance; and/or**
  - c. bonus or performance incentive.**
- (3) Further provisions regarding the income of members of the Supervisory Board are regulated in the Regent's Regulations.**

**Paragraph 4  
Dismissal**

**Article 24**

**The term of office of a member of the Supervisory Board ends if:**

- a. die;**
- b. his term of office ends; and/or**
- c. dismissed at any time.**

**Article 25**

- (1) In the event that the position of a member of the Supervisory Board ends due to the end of their term of office as referred to in Article 24 letter b, the member of the Supervisory Board is obliged to submit a supervisory report on their duties at the end of their term of office no later than 3 (three) months before the end of their term of office.**
- (2) Members of the Supervisory Board as intended in paragraph (1) are required to report the remaining implementation of their supervisory duties which have not been reported no later than 1 (one) month after the end of their term of office.**
- (3) The report on the management of tasks at the end of the term of office as referred to in paragraph (1) is the basis for consideration by KPM to extend or dismiss members of the Supervisory Board.**
- (4) The report on the management of the duties at the end of the term of office of members of the Supervisory Board is carried out after the results of audits with specific objectives or annual audits from the public accounting firm to KPM.**

- (5) In the event that there is a vacancy in the positions of all members of the Supervisory Board, the implementation of the supervisory duties of Perumda Tirta Makmur Drinking Water is carried out by KPM.**

**Article 26**

- (1) In the event that the position of a member of the Supervisory Board ends due to being dismissed at any time as intended in Article 24 letter c, the reason for the dismissal must be provided.**
- (2) Dismissal of a member of the Supervisory Board as intended in paragraph (1) is carried out if the member of the Supervisory Board concerned is legally proven to:**
- a. unable to carry out duties;**
  - b. does not implement the provisions of statutory regulations and/or the provisions of the articles of association;**
  - c. involved in fraudulent acts that result in losses to Perumda Air Minum Tirta Makmur, the state, and/or the region;**
  - d. declared guilty by a court decision that has permanent legal force;**
  - e. resign;**
  - f. no longer fulfills the requirements as a member of the Supervisory Board in accordance with statutory provisions; and/or**
  - g. not re-elected in the event of changes in Regional Government policy such as restructuring, liquidation, acquisition and dissolution of Perumda Tirta Makmur Drinking Water.**

**Article 27**

**Members of the Supervisory Board were dismissed by KPM.**

**Article 28**

- (1) The Supervisory Board may appoint a Secretary who is financed by Perumda Tirta Makmur Drinking Water.**
- (2) The duties of the secretary as intended in paragraph (1) are to assist the smooth implementation of the duties of the Supervisory Board.**

**Article 29**

- (1) Members of the Supervisory Board are prohibited from holding more than 2 (two) positions of Member of the Supervisory Board and/or member of the Commissioner.**
- (2) Violations of the provisions as intended in paragraph (1) are subject to administrative sanctions in the form of being dismissed at any time from their position as a member of the Supervisory Board.**
- (3) In the event that the provisions as intended in paragraph (2) are not implemented by the KPM no later than 20 (twenty) working days after the person concerned is appointed to a new position as a member of the Supervisory Board, all positions concerned as a member of the Supervisory Board are declared terminated.**

**Article 30**

- (1) Members of the Supervisory Board are prohibited from holding concurrent positions as:
  - a. member of the Board of Directors of BUMD, state-owned enterprises, and/or private-owned enterprises;**
  - b. other officials in accordance with statutory provisions; and/or**
  - c. other officials who may create a conflict of interest.****
- (2) Violations of the provisions as intended in paragraph (1) are subject to administrative sanctions in the form of being dismissed at any time from their position as a member of the Supervisory Board.**
- (3) In the event that the provisions as intended in paragraph (2) are not implemented by the KPM no later than 20 (twenty) working days after the person concerned is appointed to a new position as a member of the Supervisory Board, the position concerned as a member of the Supervisory Board is declared terminated.**

**Article 31**

- (1) Members of the Supervisory Board are obliged to carry out their duties in good faith and responsibly for the benefit of the Tirta Makmur Drinking Water Perumda.**
- (2) Each member of the Supervisory Board is fully personally responsible if the person concerned is guilty or negligent in carrying out their duties.**



- (3) KPM can file a lawsuit in court against members of the Supervisory Board who, due to their errors or negligence, cause losses to Perumda Air Minum Tirta Makmur unless the member of the Supervisory Board concerned compensates for the losses incurred and deposits them into the regional general treasury account.**

**Part Four  
Directors**

**Paragraph 1  
Appointment**

**Article 32**

**(1) The Board of Directors is appointed by KPM.**

**(2) To be appointed as a member of the Board of Directors, an Indonesian citizen must meet the following requirements:**

- a. physically and mentally healthy;**
- b. have expertise, integrity, leadership, experience, honesty, good behavior, and high dedication to advance and develop the company;**
- c. understand government administration Area;**
- d. understand company management; e. have adequate knowledge in the company's business field;**
- f. have at least a Strata 1 (S-1) diploma;**
- g. minimum work experience of 5 (five) years in the managerial field of a legal entity company;**
- h. aged at least 35 (thirty five) years and at most 55 (fifty five) years at the time of first registration;**
- i. never been a member of the Board of Directors or Supervisory Board who was found guilty of causing the business entity they lead to be declared bankrupt;**
- j. never been convicted of committing a criminal offense that carries a sentence of more than 5 (five) years;**
- k. never been convicted of committing a criminal offense that harms state or regional finances;**
- l. not currently undergoing criminal sanctions;**

- m. not currently a political party administrator, regional head candidate or deputy regional head candidate, and/or legislative member candidate; And**
- n. not bound by family relations with the Regent/Deputy Regent, other members of the Supervisory Board, or directors up to the third degree either in a straight line or laterally, including sons-in-law and in-laws.**

### **Article 33**

- (1) The process of selecting members of the Board of Directors is carried out through selection.**
- (2) The selection as referred to in paragraph (1) is carried out by a team formed by KPM or a professional institution appointed by KPM.**
- (3) The selection as intended in paragraph (1) includes at least:
  - a. administrative selection;**
  - b. Fit and Proper Test (UKK); And**
  - c. final interview.****
- (4) The provisions regarding selection as intended in paragraph (1) do not apply to the re-appointment of members of the Board of Directors who are deemed capable of carrying out their duties well during their term of office.**
- (5) Prospective members of the Board of Directors who are declared to have passed the selection as intended in paragraph (2) and re-appointment of members of the Board of Directors as intended in paragraph (4) are required to sign a performance contract before being appointed as Members of the Board of Directors.**

### **Article 34**

- (1) Number of members of the Board of Directors of Perumda Tirta Drinking Water Prosperity is determined by KPM.**
- (2) The number of members of the Board of Directors of Perumda Air Minum Tirta Makmur as referred to in paragraph (1) is at least 1 (one) person and a maximum of 5 (five) people.**
- (3) Determination of the number of members of the board of directors as intended in paragraph (2) is carried out based on the principles of efficiency and effectiveness in the management of Perumda Tirta Makmur Drinking Water.**
- (4) The main director is appointed from one of the members of the Board of Directors as intended in paragraph (3).**

### Article 35

The Board of Directors has the following duties:

- a. **prepare plans, manage and supervise all operational activities of Perumda Tirta Makmur Drinking Water; (management function)**
- b. **carry out personnel development; c. managing the assets of Perumda Tirta Drinking Water Prosperous;**
- d. **carrying out the governance of Perumda Tirta Makmur Drinking Water; And**
- e. **prepare and submit reports on all activities of Perumda Tirta Makmur Drinking Water.**

### Article 36

The Board of Directors has the authority to:

- a. **appoint and dismiss employees of Perumda Air Minum Tirta Makmur based on personnel regulations of Perumda Air Drink Tirta Makmur;**
- b. **determine the organizational structure and work procedures of Perumda Air Minum Tirta Makmur with the approval of the Supervisory Board;**
- c. **appoint employees to occupy positions under the Board of Directors;**
- d. **representing Perumda Air Minum Tirta Makmur inside and outside the Court:**
- e. **appoint a power of attorney to carry out legal actions on behalf of Perumda Air Minum Tirta Makmur; And**
- f. **sell, guarantee or dispose of assets belonging to Perumda Air Minum Tirta Makmur which are the result of management based on KPM approval at the discretion of the Supervisory Board.**

### Article 37

- (1) **Members of the Board of Directors are appointed for a maximum term of office of 5 (five) years and can be reappointed for 1 (one) term of office unless:**
  - a. **determined otherwise in accordance with the provisions of statutory regulations; and**
  - b. **in the event that members of the Board of Directors have special skills and/or excellent achievements, they can be appointed for a third term of office.**

- (2) In the event that a member of the Board of Directors who comes from the Perumda Air Minum Tirta Makmur element has ended his term of office before entering retirement age, his employment status will automatically cease.**

**Article 38**

**The division of duties and authority of members of the Board of Directors of Perumda Tirta Makmur Drinking Water is determined in the articles of association.**

**Article 39**

- (1) Members of the Board of Directors are prohibited from holding multiple positions as:**
- a. members of the Board of Directors at other BUMDs, state-owned enterprises, and private-owned enterprises;**
  - b. other positions in accordance with the provisions of statutory regulations; and/or**
  - c. other positions that may give rise to a conflict of interest.**
- (2) Violations of the provisions as intended in paragraph (1) are subject to administrative sanctions in the form of being dismissed at any time from their position as a member of the Board of Directors.**
- (3) In the event that the provisions as intended in paragraph (2) are not implemented by the KPM no later than 20 (twenty) working days after the person concerned is appointed to a new position as a member of the Board of Directors, the position concerned as a member of the Board of Directors is declared terminated.**

**Article 40**

- (1) Directors' income is determined by KPM.**
- (2) The Board of Directors' income as referred to in paragraph (1) consists of a maximum of:**
- a. wages;**
  - b. allowance;**
  - c. facility; and/or**
  - d. bonus or performance incentive.**
- (3) Further provisions regarding the income of members of the Board of Directors are regulated in the Regent's Regulations.**

**Paragraph 3  
Acting Directors**

**Article 41**

- (1) In the event that there is a vacancy in the positions of all members of the Board of Directors, the implementation of the management duties of Perumda Tirta Makmur Drinking Water is carried out by the Supervisory Board or Commissioners.**
- (2) The Supervisory Board or Commissioners can appoint officials from internal Perumda Air Minum Tirta Makmur to assist in carrying out the duties of the Directors until the appointment of a definitive Director within a maximum of 6 (six) months.**
- (3) In the event that there is a vacancy in the positions of all members of the Board of Directors and all members of the Supervisory Board or Commissioners, the management of Regional public companies is carried out by KPM and the management of Regional public companies.**
- (4) KPM can appoint officials from internal Perumda Air Drinking Tirta Makmur to assist in carrying out the management duties of Perumda Water Drinking Tirta Makmur until the appointment of members of the Supervisory Board or members of the Commissioners and members of the definitive Board of Directors for a maximum of 6 (six) months.**

**Article 42**

- (1) Directors obtain leave rights including:**
  - a. annual leave;**
  - b. great leave;**
  - c. sick leave;**
  - d. leave for important reasons or leave to perform the Hajj pilgrimage;**
  - e. marriage leave;**
  - f. maternity leave; And**
  - g. leave outside the responsibility of Perumda Tirta Drinking Water Prosperous.**
- (2) Directors who take leave as intended in paragraph (1) are still given full income except for leave that is not covered by Perumda Air Minum Tirta Makmur.**
- (3) The implementation of leave as intended in paragraph (1), is further regulated in the Regent's Regulations guided by statutory regulations.**

**Paragraph 5  
Dismissal**

**Article 43**

The term of office of a member of the Board of Directors ends when the member Directors:

- a. die; b. his term of office ends; or
- c. dismissed at any time.

**Article 44**

- (1) In the event that the position of a member of the Board of Directors ends because their term of office ends as referred to in Article 43 letter b, the member of the Board of Directors is obliged to submit a report on the management of their duties at the end of their term of office no later than 3 (three) months before the end of their term of office.
- (2) Members of the Board of Directors as referred to in paragraph (1) are required to report the remaining implementation of their management duties which have not been reported no later than 1 (one) month after the end of their term of office.
- (3) Based on the end of term assignment management report as referred to in paragraph (2), the Supervisory Board is obliged to submit an assessment and recommendation on the performance of the Board of Directors to the KPM.
- (4) The report as intended in paragraph (2) as well as the assessment and recommendations as intended in paragraph (3) are the basis for the Regent's consideration for extending or dismissing members of the Board of Directors.
- (5) Reports on the final duties of members of the Board of Directors whose term of office ends are carried out after the results of audits with specific objectives or annual audits from the public accounting firm and submitted to the KPM.

**Article 45**

- (1) In the event that the position of a member of the Board of Directors ends due to being dismissed at any time as intended in Article 43 letter c, the said dismissal must be accompanied by a reason for the dismissal.

**(2) Dismissal of a member of the Board of Directors as referred to in paragraph (1) is carried out if based on data and information that can be legally proven, the member of the Board of Directors concerned:**

- a. unable to carry out duties;**
- b. does not implement the provisions of statutory regulations and/or the provisions of the articles of association;**
- c. involved in fraudulent acts that result in losses to Perumda Air Minum Tirta Makmur, the state, and/or the region;**
- d. declared by a court decision which has permanent legal force;**
- e. resign;**
- f. no longer meets the requirements as a member of the Board of Directors in accordance with statutory provisions; and/or g. was not re-**  
**elected due to changes in Regional Government policy regarding restructuring, liquidation, acquisition and dissolution of Perumda Tirta Makmur Drinking Water.**

#### **Article 46**

**The directors of Perumda Air Minum Tirta Makmur were dismissed by KPM.**

#### **CHAPTER VII EMPLOYMENT**

#### **Article 47**

**Employees of Perumda Air Minum Tirta Makmur are employees of Perumda Air Drink Tirta Makmur whose appointment, dismissal, position, rights and obligations are determined based on an employment agreement in accordance with the provisions of the laws and regulations governing employment.**

#### **Article 48**

**The retirement age limit for employees of Perumda Air Minum Tirta Makmur is up to 58 (fifty eight) years.**

**Article 49**

- (1) Employees of Perumda Air Minum Tirta Makmur receive a fair and decent income in accordance with their workload, responsibilities and performance.**
- (2) The Board of Directors determines employee income in accordance with the work plan and budget of Perumda Air Minum Tirta Makmur.**
- (3) Income of employees of Perumda Tirta Drinking Water Prosperous consists of:
  - a. wages;**
  - b. allowance;**
  - c. facility; and/or**
  - d. production service.****
- (4) Further provisions regarding employee income are regulated in the Directors' Regulations.**

**Article 50**

**Perumda Air Drinking Tirta Makmur is obliged to include employees in health insurance, old age security and other social security programs in accordance with statutory provisions.**

**Article 51**

**In order to increase employee competency, Perumda Air Minum Tirta Makmur is implementing a program to increase human resource capacity.**

**Article 52**

**Employees of Perumda Air Minum Tirta Makmur are prohibited from becoming administrators and members of political parties.**

**Article 53**

**Further provisions regarding the personnel of Perumda Air Minum Tirta Makmur are regulated in the Directors' Regulations.**



CHAPTER VIII  
INTERNAL SUPERVISION UNIT

**Article 54**

- (1) The Tirta Makmur Drinking Water Perumda Internal Supervisory Unit is led by a head who is responsible to the Board of Directors.**
- (2) The Head of the Internal Supervisory Unit as intended in paragraph (1) is an employee of Perumda Air Minum Tirta Makmur.**
- (3) The appointment of the head of the Internal Supervisory Unit as intended in paragraph (2) is carried out after receiving a written recommendation from the Supervisory Board.**

**Article 55**

The Internal Supervisory Unit is tasked with:

- a. assist the board of directors in carry out operational and financial audits of Perumda Air Minum Tirta Makmur, assess its control, management and implementation, and provide suggestions for improvement;**
- b. provide information regarding the results of the inspection or results of the implementation of the duties of the Internal Supervisory Unit as referred to in letter a to the board of directors; And**
- c. monitor follow-up on inspection results has been reported.**

**Article 56**

- (1) The Internal Supervisory Unit provides a report on the results of the implementation of its duties to the directors with a copy to the Supervisory Board.**
- (2) The Internal Supervisory Unit can provide information directly to the Supervisory Board regarding the report as intended in paragraph (1).**

**Article 57**

- (1) The Board of Directors submits the results of the Internal Supervisory Unit inspection to KPM, for further follow-up at the board of directors' meeting.**
- (2) The Board of Directors is obliged to pay attention to and immediately take the necessary steps regarding everything stated in every audit report prepared by the Internal Supervisory Unit.**

**Article 58**

**In carrying out its duties, the Internal Supervisory Unit is obliged to maintain the smooth running of the duties of other organizational units within the Tirta Makmur Drinking Water Company in accordance with their respective duties and responsibilities.**

**CHAPTER IX  
PLANNING**

**Part One  
Business plan**

**Article 59**

- (1) The Board of Directors is obliged to prepare a business plan to be achieved within a period of 5 (five) years.**
- (2) The business plan as intended in paragraph (1) contains at least:**
  - a. evaluate the results of previous business plans;**
  - b. the current condition of Perumda Tirta Makmur;**
  - c. assumptions used in preparing the plan business; And**
  - d. determining vision, mission, targets, strategies, policies and work programs.**
- (3) The Board of Directors submits a draft business plan to the Supervisory Board for joint signature.**
- (4) The business plan that has been signed with the Supervisory Board is submitted to KPM for approval.**
- (5) The business plan as intended in paragraph (1) is the basis of the performance contract agreement.**

**The second part  
Work Plan and Budget**

**Article 60**

- (1) The Board of Directors is obliged to prepare a work plan and budget which is an annual elaboration of the business plan.**
- (2) The work plan and budget as intended in paragraph (1) at least contains a detailed plan for the work program and annual budget.**

- (3) The Board of Directors submits the work plan and budget to the Supervisory Board no later than the end of November for joint signature.
- (4) The work plan and budget that have been signed with the Supervisory Board are submitted to the KPM for approval.

CHAPTER X  
**OPERATIONAL**

**Part One**  
**Standard Operating Procedures**

**Article 61**

- (1) Perumda Tirta Makmur's operations are carried out based on standard operational procedures.
- (2) Standard operational procedures are prepared by the Board of Directors and approved by the Supervisory Board.
- (3) Standard operational procedures must fulfill the elements of continuous improvement.
- (4) Standard operational procedures as referred to in paragraph (3) at least contain the following aspects:
  - a. organ;
  - b. organization and staffing; c. finance d. customer service; e. business risks; f. procurement of goods and services; g. goods management; h. marketing; and i. supervision.
- (5) Standard operational procedures as referred to in paragraph (4) must be fulfilled no later than 1 (one) year after the establishment of Perumda Tirta Makmur.
- (6) Standard operational procedures as intended in paragraph (4) are submitted to the Regional Secretary.

**The second part**  
**Good Corporate Governance**

**Article 62**

- (1) Management of Perumda Tirta Makmur Drinking Water is carried out in accordance with good corporate governance.

- (2) Good corporate governance as intended in paragraph (1) consists of the principles:**
- a. transparency;**
  - b. accountability;**
  - c. accountability;**
  - d. independence; And**
  - e. fairness.**
- (3) The implementation of good corporate governance as intended in paragraph (2) aims to:**
- a. achieve the goals of Perumda Tirta Makmur Drinking Water;**
  - b. optimizing the value of Perumda Air Minum Tirta Makmur so that the company has strong competitiveness, both nationally and internationally;**
  - c. encouraging the management of the Tirta Makmur Drinking Water Company in a professional, efficient and effective manner, as well as empowering the functions and increasing the independence of the Tirta Makmur Drinking Water Company's organs;**
  - d. encourage the organs of Perumda Air Drinking Tirta Makmur to make decisions and carry out actions based on high moral values and compliance with statutory regulations, as well as awareness of the social responsibility of Perumda Air Drinking Tirta Makmur towards stakeholders and preserving the environment around Perumda Air Drinking Tirta Makmur ;**
  - e. increase the contribution of Perumda Tirta Makmur Drinking Water to the national economy; and f. improving a business climate that is conducive to the development of national investment.**
- (4) Good corporate governance as intended in paragraph (2) and paragraph (3) is determined by the Board of Directors.**
- (5) Implementation of good corporate governance is carried out no later than 2 (two) years after Perumda Air Minum Tirta Makmur is established.**

**Part Three  
Procurement of goods and services**

**Article 63**

- (1) Perumda Tirta Makmur's procurement of goods and services is carried out taking into account the principles of efficiency and transparency.**
- (2) Provisions regarding the procurement of goods and services for Perumda Tirta Makmur as intended in paragraph (1) are stipulated in a Regent's Regulation.**

**Part Four  
Cooperation**

**Article 64**

- (1) Perumda Tirta Makmur Drinking Water can do so cooperation with other parties.**
- (2) Tirta Makmur Drinking Water Perumda prioritizes collaboration with other Regional Government Drinking Water Perumda to support regional cooperation.**
- (3) Cooperation as intended in paragraph (1), is carried out with the principles:**
  - a. in accordance with the provisions of laws and regulations;**
  - b. in accordance with good corporate governance and benefits; c. mutually beneficial and provide optimal benefits for Perumda Air Minum Tirta Makmur; And**
  - d. protect the interests of the Tirta Makmur Drinking Water Company, the Regional Government and the community.**

**Article 65**

- (1) Cooperation is contained in a cooperation agreement signed by the cooperation parties in accordance with their authority.**
- (2) Cooperation agreement as referred to in paragraph (1), contains:**
  - a. rights and obligations of the parties; b. cooperation period;**
  - c. dispute resolution; and D. sanctions for parties who do not fulfill the agreement.**

- (3) The cooperation agreement as intended in paragraph (2), uses good and correct Indonesian.

**Article 66**

The implementation of cooperation with Perumda Tirta Makmur Drinking Water is carried out by the Board of Directors.

**Article 67**

- (1) Forms of cooperation include:

a. surgery (*joint operation*); b. utilization of equity (*joint venture*); and c. others in accordance with the provisions of statutory regulations.

- (2) The form of cooperation in the form of operations as intended in paragraph (1) letter a, is carried out with the following provisions:

a. approved by KPM; and b. have a business field that supports the business main.

- (3) The form of cooperation in the form of equity utilization as intended in paragraph (1) letter b, is carried out with the following provisions:

a. approved by KPM; b. Tirta Makmur Drinking Water Company's financial reports for the last 3 (three) years are in good health; c. may not make capital investments in the form of land from BUMDs originating from regional capital investments; And d. have a business field that supports the business main.

**Article 68**

- (1) Cooperation between Perumda Air Minum Tirta Makmur carried out on the initiative of the cooperation partner must be accompanied by required documents.

- (2) Requirement documents as referred to in paragraph (1), includes: a. cooperation proposals; b. cooperation feasibility study; c. third party business plans; And d. third party risk management and collaboration.

**Part Five  
Loan**

**Article 69**

- (1) Perumda Tirta Makmur Drinking Water can make loans from financial institutions, the Central Government, Regional Government, and other sources of funds from within the country for business development and investment.**
- (2) In the event that the loan as intended in paragraph (1) requires collateral, the assets of Perumda Air Minum Tirta Makmur originating from the business results of Perumda Air Minum Tirta Makmur can be used as collateral to obtain the loan.**
- (3) In the event that Perumda Air Minum Tirta Makmur makes a loan as intended in paragraph (1) to the Regional Government, no collateral is required.**
- (4) Further provisions regarding loans as referred to in paragraph (2) are in accordance with the provisions of statutory regulations.**
- (5) In making loans as intended in paragraph (2), Perumda Air Minum Tirta Makmur can bind itself with other parties with the approval of the KPM at the discretion of the Supervisory Board.**

**CHAPTER XI  
REPORTING**

**Part One  
Supervisory Board Reporting**

**Article 70**

- (1) The Supervisory Board report consists of quarterly reports and annual reports submitted to KPM.**
- (2) The Supervisory Board report as intended in paragraph (1), contains at least:**
  - a. implementation of the Perumda Business Plan and RKA Tirta Makmur Drinking Water;**
  - b. factors that influence the performance of Perumda Air Drink Tirta Makmur; And**
  - c. efforts to improve the performance of Perumda Drinking Water Tirta Makmur.**

- (3) The quarterly report as intended in paragraph (1), is submitted no later than 30 (thirty) working days after the end of the quarter in question.**
- (4) The annual report as referred to in paragraph (1), is submitted to KPM no later than 90 (ninety) working days after the financial year of Perumda Air Minum Tirta Makmur closes.**
- (5) The annual report as intended in paragraph (4), is ratified by KPM no later than 30 (thirty) working days after the report is received.**

**The second part  
Directors' Reporting**

**Article 71**

- (1) The reports of the Directors of Perumda Air Minum Tirta Makmur consist of monthly reports, quarterly reports and annual reports.**
- (2) The report as intended in paragraph (1), is submitted to the Supervisory Board as one of the basis for supervision.**

**Article 72**

- (1) The monthly report as intended in Article 71 paragraph (1), consists of operational activity reports and financial reports.**
- (2) Operational activity reports as intended in paragraph (1), include:**
  - a. comparison between the RKA of Perumda Air Drinking Tirta Makmur and the realization of the RKA of Perumda Air Drinking Tirta Makmur;**
  - b. explanation regarding deviations in the realization of the Tirta Makmur Drinking Water Perumda RKA; And**
  - c. follow-up plans for the RKA of Perumda Air Minum Tirta Makmur which have not been achieved.**
- (3) The financial report as intended in paragraph (2), at least contains a cash flow report.**



**Article 73**

- (1) Quarterly reports as intended in Article 71 paragraph (1), consist of operational activity reports and financial reports.**
- (2) The operational activity report as intended in paragraph (1), consists of: a.**
  - comparison between the RKA of Perumda Air Drinking Tirta Makmur and the realization of the RKA of Perumda Air Drinking Tirta Makmur;**
  - b. explanation regarding deviations in the realization of the Tirta Makmur Drinking Water Perumda RKA; And**
  - c. follow-up plans for the RKA of Perumda Air Minum Tirta Makmur which have not been achieved.**
- (3) The financial report as intended in paragraph (1), at least contains a balance sheet, loss/profit report and cash flow report.**
- (4) The quarterly report as intended in paragraph (1), is submitted to KPM no later than 20 (twenty) working days after the end of the quarter in question.**

**Article 74**

- (1) The annual report as intended in Article 71 paragraph (1), consists of audited financial reports and management reports.**
- (2) The annual report as intended in paragraph (1), is signed jointly by the Board of Directors and the Supervisory Board.**
- (3) The annual report as intended in paragraph (1), is submitted to KPM for approval no later than 30 (thirty) working days after it is received.**
- (4) The Board of Directors publishes the annual report to the public no later than 15 (fifteen) working days after the annual report as intended in paragraph (3), is ratified by the KPM.**
- (5) The annual report that has been ratified by the KPM as intended in paragraph (4), is submitted to the Minister who administers domestic affairs.**

CHAPTER XII  
USE OF PROFITS

Part One

Use of Profits from Perumda Tirta Makmur Drinking Water

Article 75

- (1) The net profit of Perumda Air Drinking Tirta Makmur which has been approved by KPM after tax deductions is determined as follows:
  - a. Regional Government 55% (fifty five percent);
  - b. reserve fund 20% (twenty percent); c. TJSLP 2.5% (two and a half percent); d. education funding 6% (six percent); e. production services 12.5% (twelve and a half percent) (for organs and employees)
  - f. Tantiem for the Supervisory Board and Directors as well as a bonus for employees of 4% (four percent).
- (2) The distribution of education funds as referred to in paragraph (1) letter d is determined by the Directors' Decree.
- (3) Production services and tantiem and bonuses as referred to in paragraph (1) letter e and letter f with their distribution are regulated by the Board of Directors Regulations.

Article 76

- (1) Reserve funds up to 20% (twenty percent) of capital can only be used to cover losses of Perumda Air Minum Tirta Makmur.
- (2) If the reserve funds exceed 20% (twenty percent) of the capital, the KPM may decide that the excess reserve funds be used for the purposes of the Tirta Makmur Drinking Water Company.
- (3) The Board of Directors must manage reserve funds so that the reserve funds obtain profits in a good manner by taking into account the provisions of laws and regulations.
- (4) Profits obtained from reserve fund management are included in the profit and loss calculation.

Article 77

The profits of Perumda Tirta Makmur Drinking Water which are the rights of the Region are Regional revenues after being ratified by the KPM.

**Article 78**

If the calculation of profit and loss in a financial year shows a loss that cannot be covered with reserve funds, the loss is still recorded in the books of Perumda Air Minum Tirta Makmur and is considered not to have made a profit as long as the recorded loss has not been completely covered in accordance with the provisions of the laws and regulations. .

**The second part  
Use of Profits for TJSLP**

**Article 79**

- (1) Perumda Air Drinking Tirta Makmur carries out social and environmental responsibility by setting aside a portion of net profit.**
- (2) The use of profits for social and environmental responsibility as intended in paragraph (1) is prioritized for educational, social and environmental purposes.**

**CHAPTER XIII  
SUBSIDIARY**

**Article 80**

- (1) Perumda Tirta Makmur Drinking Water can form subsidiary.**
- (2) The formation of a subsidiary as referred to in paragraph (1) is carried out in accordance with the provisions of statutory regulations.**

**CHAPTER XIV  
SPECIAL ASSIGNMENT OF REGIONAL GOVERNMENT**

**Article 81**

- (1) The Regional Government may give a special assignment to Perumda Air Minum Tirta Makmur in order to carry out some of the tasks of the regional government to carry out public benefit functions in the field of drinking water supply.**
- (2) Assignment as intended in paragraph (1) includes:
  - a. implementation of government programs to provide drinking water assistance to non-customer communities experiencing a drinking water crisis;****

- b. implementation of government management programs liquid waste; And
  - c. other activities in accordance with the business sector of providing drinking water to the community.
- (3) In carrying out special regional government assignments as intended in paragraph (1), bookkeeping is carried out separately.

CHAPTER XV  
EVALUATION

Article 82

- (1) Carrying out an evaluation is preceded by monitoring which can be carried out monthly, quarterly and annually.
- (2) Monitoring as intended in paragraph (1), is carried out based on monthly, quarterly and annual reports.
- (3) Monitoring as intended in paragraph (2), is carried out by:
- a. Tirta Makmur Drinking Water Company; and/or
  - b. Local government.

Article 83

- (1) Evaluation of the Tirta Makmur Drinking Water Perumda is carried out by comparing targets and realization.
- (2) Evaluation of the Tirta Makmur Drinking Water Perumda as intended in paragraph (1), is carried out at least once a year.
- (3) Evaluation as intended in paragraph (2), is carried out by:
- a. Tirta Makmur Drinking Water Company; and/or b. Local government;
- (4) Evaluation as intended in paragraph (2), includes at least: a. performance assessment; b. assessment of health level; and c. service assessment.

Article 84

The Regional Government, in carrying out the evaluation as intended in Article 82 paragraph (3) letter b, is carried out by regional officials in charge of BUMD in accordance with their duties and authority.

CHAPTER XVI  
**RESTRUCTURISATION**

**Article 85**

**Perumda Air Drinking Tirta Makmur can carry out restructuring to make the company healthy so that it can operate efficiently, accountably, transparently and professionally.**

CHAPTER XVII  
**DISSOLUTION**

**Article 86**

- (1) The dissolution of Perumda Tirta Makmur Drinking Water is determined by Regional Regulation.**
- (2) The functions of the Tirta Makmur Drinking Water Perumda which were dissolved as intended in paragraph (1) are carried out by the Regional Government.**
- (3) Regional assets resulting from the dissolution of Perumda Air Minum Tirta Makmur are returned to the Region.**

CHAPTER XVIII  
**BANKRUPTCY**

**Article 87**

- (1) Perumda Air Drinking Tirta Makmur can be declared bankrupt in accordance with the provisions of statutory regulations.**
- (2) The Directors of Perumda Air Drinking Tirta Makmur can only submit a request to the Court to declare Perumda Air Drinking Tirta Makmur bankrupt after obtaining approval from the Regent and DPRD.**
- (3) The Directors of Perumda Air Minum Tirta Makmur can only submit a request to the Court to declare Perumda Air Drink Tirta Makmur bankrupt after obtaining approval from the Regent and DPRD, to be subsequently determined by the KPM.**
- (4) In the event that bankruptcy occurs due to the fault or negligence of the Board of Directors and the assets of Perumda Air Minum Tirta Makmur are not sufficient to cover the losses resulting from the bankruptcy, each member of the Board of Directors is jointly and severally responsible for the losses in question.**

- (5) The responsibility as referred to in paragraph (4) also applies to erroneous or negligent members of the Board of Directors who have not served 5 (five) years before Perumda Air Minum Tirta Makmur was declared bankrupt.
- (6) Members of the Board of Directors who can prove that bankruptcy was not due to their fault or negligence are not jointly and severally liable for the losses in question.

**Article 88**

- (1) In the event that the assets of Perumda Air Minum Tirta Makmur which are declared bankrupt are used to serve the basic needs of the community, the Regional Government takes over the assets to serve the basic needs of the community without changing the purpose and function of the assets in question.
- (2) In the event that the Regional Government cannot take over what is used to serve the basic needs of the community as intended in paragraph (1), the Regional Government is obliged to provide the basic needs of the community in question.

**CHAPTER XIX  
GUIDANCE AND SUPERVISION**

**Part One  
Coaching**

**Article 89**

- (1) The Regional Government carries out guidance on the governance of Perumda Tirta Makmur Drinking Water.
- (2) Guidance as intended in paragraph (1) implemented by:
- a. Regional Secretary;
  - b. officials in the Regional Government who carry out the technical guidance function of Perumda Tirta Makmur Drinking Water; And
  - c. officials in the Regional Government who carry out supervisory functions at the request of the Regional Secretary.

**Article 90**

The Regional Secretary carries out guidance on the governance of Perumda Tirta Makmur Drinking Water on strategic policies.

**Article 91**

- (1) Officials in the Regional Government who carry out the technical guidance function of Perumda Tirta Drinking Water Makmur has the task of carrying out:**
  - a. organizational, management and financial development;**
  - b. management development; c. fostering asset utilization; d. business development coaching; e. monitoring and evaluation;**
  - f. coaching administration; And**
  - g. other functions assigned by the Secretary Area.**
- (2) The officials as intended in paragraph (1) are adjusted to the Regional apparatus or work unit in the Regional apparatus that handles BUMD.**

**The second part  
Supervision**

**Article 92**

- (1) Supervision of Tirta Makmur Drinking Water Perumda is carried out to enforce good corporate governance.**
- (2) Supervision as intended in paragraph (1) is carried out by internal supervision and external supervision.**
- (3) Internal supervision as intended in paragraph (2) is carried out by the internal supervisory unit.**
- (4) External supervision as intended in paragraph (2) is carried out by:**
  - a. Local government;**
  - b. minister for general supervision; And**
  - c. technical minister or head of a non-ministerial government agency for technical supervision.**
- (5) Supervision by the Regional Government as intended in paragraph (4) letter a is carried out by officials in the Regional Government who carry out the supervisory function.**

CHAPTER XX  
PENSION FUND

Article 93

- (1) Directors and employees of Perumda Air Minum Tirta Makmur must be included in the pension program organized by the Employer Pension Fund or the Financial Institution Pension Fund.**
- (2) The pension program organizers as referred to in paragraph (1) are based on considerations of optimization and certainty of benefits for the Directors and employees of Perumda Air Minum Tirta Makmur in accordance with statutory regulations.**
- (3) Based on the consideration of the effectiveness and efficiency of the pension program organizers as referred to in paragraph (1), priority is given to employer pension funds managed by the joint Perumda Air Minum Tirta Makmur.**

CHAPTER XXI  
RATES

Article 94

- (1) Calculation and determination of drinking water tariffs are regulated by Regent's Regulations with reference to statutory regulations.**
- (2) Calculation and determination of drinking water tariffs as intended in paragraph (1) are based on:**
  - a. affordability and**
  - fairness; b. service quality;**
  - c. cost recovery;**
  - d. water use efficiency;**
  - e. raw water protection; And**
  - f. transparency and accountability.**

CHAPTER XXII  
ASSOCIATION

Article 95

- (1) Perumda Tirta Makmur Drinking Water is required to become a member of the Association of Indonesian Drinking Water Companies (PERPAMSI).**



- (2) Tirta Makmur Drinking Water Perumda can utilize PERPAMSI as an association that bridges cooperative activities between domestic and foreign Drinking Water Perumda and coordinates with relevant agencies at the central and regional levels.

CHAPTER XXIII  
MISCELLANEOUS PROVISIONS

Article 96

- (1) The Regent represents the regional government in the ownership of regional assets which are separated into Perumda Air Minum Tirta Makmur.
- (2) The Regent as owner of capital in Perumda Air Minum Tirta Makmur has the authority to make decisions.
- (3) In carrying out the authority as referred to in paragraph (2), the Regent is given incentives sourced from the results of the management of regional assets which are separated from Perumda Tirta Makmur Drinking Water.
- (4) Amount of Incentive as referred to in paragraph (3) determined based on:
- a. Performance target of Perumda Tirta Makmur Drinking Water;
  - b. Classification of regional wealth management results which are separated from Perumda Air Minum Tirta Makmur; And
  - c. Financial report of Perumda Tirta Makmur Drinking Water.
- (5) Provisions regarding the exercise of authority and incentives for the exercise of authority as intended in paragraph (2) to paragraph (4) are regulated in Regent Regulations in accordance with the provisions of statutory regulations.

CHAPTER XXIV  
TRANSITIONAL PROVISIONS

Article 97

When this Regional Regulation comes into effect, the supervisory board and directors of Perumda Air Minum Tirta Makmur will continue to carry out their duties until their term of office ends.

CHAPTER XXV  
CLOSING

**Article 98**

When this Regional Regulation comes into force, Sukoharjo Regency Regional Regulation Number 20 of 2016 concerning the Regional Public Company for Drinking Water of Sukoharjo Regency (Sukoharjo Regency Regional Gazette of 2016 Number 20, Supplement to Sukoharjo Regency Regional Gazette Number 242) is revoked and declared invalid.

**Article 99**

This local regulation are applied at the date stated.

So that everyone knows about it, the government promulgates this Regional Regulation by placing it in the Sukoharjo Regency Regional Gazette.

Set in Sukoharjo  
on December 31, 2019  
REGENT SUKOHARJO,

signed

Promulgated in Sukoharjo  
on December 31, 2019

WARDOYO WIJAYA

REGIONAL SECRETARY  
SUKOHARJO DISTRICT,

signed

AGUS SANTOSA

SUKOHARJO DISTRICT REGIONAL GAZETTE  
YEAR 2019 NUMBER 12

NOREG REGIONAL REGULATIONS OF SUKOHARJO DISTRICT, PROVINCE  
CENTRAL JAVA : (12-456/2019)

**EXPLANATION  
ON  
REGIONAL REGULATIONS OF SUKOHARJO DISTRICT  
NUMBER 12 OF 2019  
ABOUT  
TIRTA MAKMUR REGIONAL PUBLIC WATER COMPANY**

**I. GENERAL**

The enactment of Law Number 23 of 2014 concerning Regional Government, as amended several times, most recently by Law Number 9 of 2015 concerning the Second Amendment to Law Number 23 of 2014 concerning Regional Government, brought fundamental changes regarding the regulation of Regional Owned Enterprises (BUMD).

Based on their capital ownership, BUMD consists of Regional public companies and Regional public companies.

Because PDAM Tirta Makmur is a fully-fledged BUMD

The capital is owned by one region and is not divided into shares, so adjustments need to be made to become a public company regional (Perumda) Drinking Water.

The aim of establishing Perumda Tirta Makmur Drinking Water is:

- a. provide benefits for regional economic development in general;
- b. carry out public benefits in the form of providing quality goods and/or services for the fulfillment of people's livelihoods in accordance with the conditions, characteristics and potential of the region concerned based on good corporate governance; And
- c. obtain profits and/or benefits.

To realize this goal, a Perumda organ is needed which consists of regional heads as regional representatives as capital owners, Directors, Supervisory Board and Perumda employees.

In order for the Tirta Makmur Drinking Water Company to be able to provide drinking water services to the community, as well as provide economic benefits for local revenue, the management of the Perumda must at least fulfill the following elements:

- a. procedures for capital participation;
- b. organ
- c. employment;
- d. good corporate governance;
- e. planning, supervision;      operational,      reporting,      coaching,

- f. cooperation;
- g. use of profits;
- h. Regional Government assignments;
- i. loan;
- j. internal supervisory unit, audit committee and other committees;
- k. evaluation
  
- l. assessment of the level of soundness, restructuring, privatization;
- m. change in legal form;
- n. bankruptcy; and
- o. mergers, consolidations and takeovers.

## II. ARTICLE BY ARTICLE

### article 1

Quite clear.

### Section 2

Quite clear.

### Article 3

Quite clear.

### Article 4

Quite clear.

### Article 5

Quite clear.

### Article 6

#### Paragraph (1)

What is meant by other fields include: a. bottled drinking water business sector; b. industrial and household waste processing;

And

c. distribution of clean water to other areas need.

#### Paragraph (2)

Quite clear .

### Article 7

#### Paragraph (1)

Quite clear.

#### Paragraph (2)

Quite clear .

Paragraph (3)

**Letter a**

**Quite clear**

**Letter b**

**What is meant by "conversion of loan" is a Regional loan that is converted in the form of Regional capital participation in Perumda Air Minum Tirta Makmur.**

Paragraph (4)

**Quite clear.**

Paragraph (5)

**Letter a**

**Quite clear.**

**Letter b**

**Quite clear.**

**Letter c**

**Quite clear.**

**Letter d**

**What is meant by "other sources in accordance with the provisions of statutory regulations" are loans originating from bank or non-bank financial institutions in accordance with the provisions of statutory regulations.**

Paragraph (6)

**Letter a**

**What is meant by "reserve capitalization" is the addition of paid-in capital originating from reserves.**

**Letter b**

**What is meant by "asset revaluation gain" is the difference in asset revaluation which results in an increase in asset value.**

**Article 8**

**Quite clear.**

**Article 9**

**Quite clear.**

**Article 10**

**Quite clear.**

**Article 11**

**Quite clear.**

**Article 12**

Paragraph (1)

**Quite clear.**

Paragraph (2)

**What is meant by "regional officials" are "officials who are supporting elements of the Regent in the administration of government affairs which fall under the authority of the Region".**

Paragraph (3)

**Quite clear.**

Paragraph (4)

**Quite clear.**

**Article 13**

**Quite clear.**

**Article 14**

**Quite clear.**

**Article 15**

Paragraph (1)

**Quite clear.**

Paragraph (2)

**Regional Government officials are prioritized in the context of evaluating, coaching and supervising the Tirta Makmur Drinking Water Company.**

**Article 16**

**Quite clear.**

**Article 17**

**Quite clear.**

**Article 18**

Paragraph (1)

**Quite clear.**

Paragraph (2)

**Quite clear.**

Paragraph (3)

**Quite clear.**

Paragraph (4)

**Letter e**

**What is meant by "performance contract" is a statement of agreement with the company (*statement of corporate intent*) which contains, among other things, a promise or statement from the Board of Directors to meet the targets set by KPM.**

Paragraph (5)

**Quite clear.**

Paragraph (6)

**Quite clear.**

**Article 19**

**Quite clear.**

**Article 20**

**Quite clear.**

**Article 21**

**Quite clear.**

**Article 22**

**Quite clear.**

**Article 23**

**Quite clear.**

**Article 24**

**Quite clear.**

**Article 25**

**Quite clear.**

**Article 26**

**Quite clear.**

**Article 27**

**Quite clear.**

**Article 28**

**Quite clear.**

**Article 29**

**Quite clear.**

**Article 30**

**Quite clear .**

**Article 31**

**Quite clear.**

**Article 32**

**Quite clear.**

**Article 33**

**Quite clear.**

**Article 34**

**Quite clear.**

**Article 35**

**Quite clear.**

**Article 36**

**Quite clear.**

**Article 37**

**Quite clear.**

**Article 38**

**Quite clear.**

**Article 39**

**Paragraph (1)**

**Letter a**

**Quite clear.**

**Letter b**

**Quite clear.**

**Letter c**

**What is meant by "other positions that may give rise to a conflict of interest" is the condition of a member of the board of directors who has a personal interest in benefiting himself and/or others in the use of authority so that it can affect the neutrality and quality of decisions and/or actions made and/or carried out.**

**Paragraph (2)**

**Quite clear.**

**Paragraph (3)**

**Quite clear.**

**Article 40**

**Paragraph (1)**

**Quite clear.**



Paragraph (2)

**Letter a**

**Quite clear.**

**Letter b**

**Quite clear.**

**Letter c**

**What is meant by "facilities" are representative funds. Representative funds are funds given to the Board of Directors in connection with their position as chairman of Perumda Air Minum Tirta Makmur.**

**Directors can be given representative funds of a maximum of 75% (seventy five percent) of the Directors' total income in 1 (one) year, to support the smooth management of the Tirta Makmur Drinking Water Company.**

Paragraph (3)

**Quite clear.**

**Article 41**

**Quite clear.**

**Article 42**

**Quite clear.**

**Article 43**

**Quite clear.**

**Article 44**

**Quite clear.**

**Article 45**

**Quite clear.**

**Article 46**

**Quite clear.**

**Article 47**

**Quite clear.**

**Article 48**

**Quite clear.**

**Article 49**

**Quite clear.**

**Article 50**

**Quite clear.**

**Article 51**

**Quite clear.**

**Article 52**

**Quite clear.**

**Article 53**

**Quite clear.**

**Article 54**

**Quite clear.**

**Article 55**

**Quite clear.**

**Article 56**

**Quite clear.**

**Article 57**

**Quite clear.**

**Article 58**

**Quite clear.**

**Article 59**

Paragraph (1)

**What is meant by "business plan" is the details of activities with a period of 5 (five) years or what is called *a business plan*.**

Paragraph (2)

**Quite clear.**

Paragraph (3)

**Quite clear.**

Paragraph (4)

**Quite clear.**

Paragraph (5)

**Quite clear.**

**Article 60**

**Quite clear.**

**Article 61**

**Quite clear.**

**Article 62**

**Quite clear.**

**Article 63**

**Quite clear.**

**Article 64**

Quite clear..

**Article 65**

Quite clear.

**Article 66**

Quite clear.

**Article 67**

Quite clear.

**Article 68**

Quite clear.

**Article 69**

Quite clear.

**Article 70**

Quite clear.

**Article 71**

Quite clear.

**Article 72**

Quite clear.

**Article 73**

Quite clear.

**Article 74**

Quite clear.

**Article 75**

Paragraph (1)

**Letter a**

Quite clear.

**Letter b**

Quite clear.

**Letter c**

Quite clear.

**Letter d**

Quite clear.

**Letter e**

Quite clear.

**Letter f**

**Tantiem is given if Perumda Air Minum Tirta Makmur achieves a profit.**

**Bonuses are given if Perumda Air Drinking Tirta Makmur exceeds the profit target.**

Paragraph (2)

**Quite clear.**

Paragraph (3)

**Quite clear.**

**Article 76**

**Quite clear.**

**Article 77**

**Quite clear.**

**Article 78**

**Quite clear.**

**Article 79**

**Quite clear.**

**Article 80**

**Quite clear.**

**Article 81**

**Quite clear.**

**Article 82**

**Quite clear.**

**Article 83**

**Quite clear.**

**Article 84**

**Quite clear.**

**Article 85**

**Quite clear.**

**Article 86**

**Quite clear.**

**Article 87**

**Quite clear.**

**Article 88**

**Quite clear.**

**Article 89**

**Quite clear.**

**Article 90**

Quite clear.

**Article 91**

Quite clear.

**Article 92**

Quite clear.

**Article 93**

Quite clear.

**Article 94**

Quite clear.

**Article 95**

Quite clear.

**Article 96**

Quite clear.

**Article 97**

Quite clear.

**Article 98**

Quite clear.

**Article 99**

Quite clear.