

# The Board of Commissioners Charter

## PT Astra International Tbk

**December 2015**



Automotive



Financial Services



Heavy Equipment & Mining



Agribusiness



Infrastructure, Logistics  
and Others



Information Technology

## THE BOARD OF COMMISSIONERS CHARTER

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### 1. Introduction

As an Indonesian limited liability company, PT Astra International Tbk (the “**Company**” or “**Astra**”) has 3 (three) corporate bodies, comprising:

- The General Meeting of Shareholders
- The Board of Commissioners
- The Board of Directors

Each corporate body of the Company has its respective duties and authorities with independence to carry out its respective duties and authorities in accordance with the Articles of Association of the Company and prevailing laws and regulations.

The General Meeting of Shareholders (“**GMS**”) in principle is the forum for shareholders to determine members of the Board of Directors and Board of Commissioners of the Company as well as to approve annual financial statements, annual reports, appropriation of net income, changes to the capital and restructuring of the Company.

The Board of Commissioners carries out an oversight function, while the Board of Directors manages the Company.

This Board of Commissioners Charter (“**Charter**”) is issued to provide guidance to the Board of Commissioners and its members in carrying out their oversight function.

This Charter is part of Astra Good Corporate Governance.

### 2. Legal Basis

1. Company law
2. Capital market regulations
3. *Otoritas Jasa Keuangan* (Financial Services Authority) regulations
4. Indonesia Stock Exchange regulations
5. Articles of Association of the Company (the “**Articles of Association**”)

### **3. Philosophy - Values**

#### **Catur Dharma**

Catur Dharma is the core values that guide all Astra persons in their actions and behavior and unites all Astra persons in the spirit of Astra-ness. The internalization and consistent application of the values of Catur Dharma create a winning culture, which drives Astra to reach its vision.

The elements of Catur Dharma are as follow:

1. To be an Asset to the Nation
  - a. To become a role model company in managing the business
  - b. To develop sustainable businesses
  - c. To consistently implement social responsibility and environmental management
2. To Provide the Best Service to Our Customers
  - a. Service to customers is conducted in a consistent, full of commitment manner, and based on competency
  - b. Customers are the source of inspiration for innovative products and services
  - c. To develop delighted, loyal, and advocacy customers
3. To Respect Individuals and Promote Teamwork
  - a. Employee as individual is an asset of the Company
  - b. Cooperation based on interdependency
  - c. Synergy generates an effective and efficient organization
4. To Continually Strive for Excellence
  - a. Excellent business strategy and concept
  - b. Excellent system and process
  - c. Excellent management and team

### **4. Duties and Authorities**

#### **4.1 Duties of the Board of Commissioners**

The Board of Commissioners shall (i) oversee the management policy of the Board of Directors and (ii) oversee and provide advice to the Board of Directors in managing the Company in accordance with the purposes and objectives of the Company, the Articles of Association, prevailing laws and regulations and with due observance to the principles of Good Corporate Governance.

The duties of the Board of Commissioners include among others:

- a. To provide feedback and recommendations on the Company's annual working plan submitted by the Board of Directors;
- b. To supervise the implementation of the principles of Good Corporate Governance in the Company's business activities;
- c. To supervise and advise the Board of Directors on the Company's business risks as well as management's efforts at internal control;
- d. To supervise and advise the Board of Directors on the preparation and disclosure of periodic financial statements;
- e. To consider decisions of the Board of Directors which are subject to the approval of the Board of Commissioners pursuant to the Articles of Association;
- f. To provide a report of its supervision and advisory activities in the annual report and to review and approve the annual report;
- g. To carry out nomination and remuneration function;
- h. In certain situation, to convene an annual and extraordinary GMS in accordance with the Articles of Association and relevant regulations.

In performing its duties, the Board of Commissioners shall not participate in making operational decisions. Decisions by the Board of Commissioners are made in its oversight capacity, and thus decisions on operational activities remain the responsibility of the Board of Directors.

The Board of Commissioners shall carry out its duties in good faith, with full responsibility and in a prudent manner in the interest of the Company and with due consideration to the interest of the stakeholders of the Company.

#### **4.2 Authorities of the Board of Commissioners**

In discharging its supervision and advisory duties, the Board of Commissioners is authorized to perform, among other things the following:

- a. To inspect records and other documents as well as assets of the Company;
- b. To request and accept information relating to the Company from the Board of Directors;
- c. To suspend the members of the Board of Directors if they act contrary to the Articles of Association and/or the prevailing laws and regulations.

The President Commissioner acts as the spokesperson for the Board of Commissioners and shall be the main contact for the Board of Commissioners.

## 5. Rules of Conduct

### 5.1 Integrity and Non-competition

A Commissioner shall not:

- a. give or accept (substantial) gifts from business partners of the Company and/or from its subsidiaries;
- b. provide unjustified advantages to any third party to the detriment of the Company and/or its subsidiaries;
- c. take advantage of business opportunities, to which the Company (and/or its subsidiaries) is entitled, for him/herself or for his/her spouse, child or relatives by blood or marriage up to the second degree;
- d. participate in the management (as a director or commissioner) of a competitor of the Company and/or its subsidiaries, either directly or indirectly;
- e. hold shares in a competitor of the Company and/or its subsidiaries, except where the shareholding is part of a portfolio of investments, the level of shareholding does not confer material influence over the competitor and the shareholding has been approved by a committee of the Board of Commissioners.

### 5.2 Transparency

In all contacts with the Board of Directors and its members, the Board of Commissioners and its members shall act in an atmosphere of mutual trust and transparency.

### 5.3 Confidentiality

During his/her tenure and afterwards, a member of the Board of Commissioners shall not use or disclose (whether directly or indirectly) any confidential information belonging to Astra and/or its subsidiaries or any company in which Astra and/or its subsidiaries has an interest ("**Confidential Information**"). He/she is also prohibited from abusing such information.

Confidential Information includes documents and/or strategic information that are formulated or acquired by the Company, which may not be disclosed or submitted to external parties, with the following considerations:

- to maintain the Company's and/or its subsidiaries competitive advantage; and/or
- to honor agreements or regulations, which requires the Company to maintain the confidentiality of such information.

Information included in the Company's Confidential Information categories is:

- Financial statements and/or material transactions that have not been disclosed to the public;
- Strategic corporate plans;
- Information bound by confidentiality agreement;
- Products of the Company and/or its subsidiaries that are still in the development stage;
- Uniqueness of technology; and
- Other information that is considered confidential.

#### **5.4 Securities Dealing**

Any shareholding in the Company by member of the Board of Commissioners shall be for long-term investment purposes. Members of the Board of Commissioners are bound by Astra's Securities Dealing Rules under Astra Code of Ethics, as amended from time to time, which is posted in the Company's website and shall comply with the regulations applicable to ownership and transaction in securities.

#### **5.5 Conflicts of interest**

A Commissioner should avoid putting him/herself into a position where his/her personal interests could conflict with his/her duty to the Company.

A Commissioner shall immediately report to the President Commissioner and to the other Board of Commissioners members any conflict of interest or potential conflict of interest with the Company and shall provide all relevant information in the report. The President Commissioner shall provide the Board of Directors with such information relating to the conflict of interest.

A transaction in which a Commissioner has a conflict of interest must obtain the approval of the Board of Directors, be concluded on terms at least customary in the relevant sector and must comply with the applicable regulations on affiliated party and/or conflict of interest transactions. A Commissioner who has a conflict of interest should not be involved in the process of decision making related to the matter in which he/she has a conflict.

In the event that a member of the Board of Commissioners owns shares of the Company and/or shares in other companies, he/she must comply with reporting requirements provided under the prevailing laws and regulations.

## **6. Relationship with the Shareholders and Other Stakeholders**

The Board of Commissioners in carrying out its duties shall ensure that the rights of the shareholders are protected and exercised fairly in accordance with the Articles of Association and prevailing regulations, which among others are:

- a. The right to attend, convey their views and vote at the GMS;
- b. The right to obtain the Company's material information on a timely basis;
- c. The right to receive dividends;
- d. The right to receive distribution of the remaining assets of the Company upon liquidation in proportion to their respective shareholding.

The shareholders, in exercising their rights and responsibilities, shall consider the sustainability of the Company and comply with the Articles of Association and prevailing regulations. The responsibilities of shareholders include the following:

- a. The controlling shareholder shall consider the interest of the minority shareholders and other stakeholders;
- b. The minority shareholders shall exercise their rights in a proper manner.

The Board of Commissioners in carrying out its duties shall always seek to have a good relationship between the Company and other stakeholders based on the principle of fairness in accordance with prevailing regulations. The guiding principles on the relationship between the Company and its stakeholders are further elaborated in the Company's Code of Conduct.

## **7. Composition**

The Board of Commissioners consists of at least 5 (five) members, comprising:

- a. 1 (one) President Commissioner;
- b. 1 (one) or more Vice President Commissioner (if required); and/or
- c. 1 (one) or more Commissioner.

The Company shall have Independent Commissioners of a minimum of 30% (thirty percent) of the total members of the Board of Commissioners.

## **8. Appointment & Re-appointment**

A Commissioner is appointed by a GMS, for a term of office from the date resolved in the GMS appointing him/her until the closing of the third Annual GMS following such date.

A GMS may dismiss a Commissioner at any time assigning a reason therefor after the Commissioner has been given a chance to defend him/herself in said GMS.

The term of office of a Commissioner shall terminate if he/she:

- tenders his/her resignation;
- no longer complies with the requirements of the prevailing regulations having the force of law;
- passed away; and/or
- is dismissed by virtue of a resolution of the GMS.

A Commissioner, whose term of office has expired, may be reappointed by the GMS.

## **9. Resignation**

- a. A Commissioner may resign from his/her post by giving a written notice to the Company at least 30 (thirty) days prior to the resignation date.
- b. The Company must convene a GMS to resolve such resignation at the latest 90 (ninety) days after receiving the resignation letter.
- c. A resigning Commissioner will only be discharged from his/her responsibilities during his/her term of office, if a GMS releases him/her from his/her responsibilities;

## **10. Concurrent Positions**

A Commissioner is restricted from holding concurrent positions in other Issuers or Public Companies. The Commissioner can only be:

- a. a Director of a maximum 2 (two) other Issuers and/or Public Companies; and
- b. a Commissioner of a maximum 2 (two) other Issuers and/ or Public Companies (excluding the Company).

In the event that a Commissioner of the Company does not hold a concurrent position as a Director in another Issuer and/or Public Companies, he/she can serve as a Commissioner of a maximum 4 (four) Issuers and/or Public Companies (excluding his/her position in the Company).

A member of the Board of Commissioners can serve as a member of Committee of a maximum 5 (five) Issuers and/or Public Companies (including his/her position in the Company).

The terms 'Issuers' and 'Public Companies' refer to Indonesian Issuers and Public Companies.

## 11. Meeting

### 11.1 Schedule

The Board of Commissioners shall hold regular a meeting at least once every 2 (two) months ("**Regular Meeting**"). In addition, the Board of Commissioner may hold a meeting (i) at any time whenever deemed necessary by the President Commissioner or 2 (two) or more members of the Board of Commissioners or (ii) upon a request of 1 (one) shareholder or more representing at least 1/10 (one tenth) of the total number of shares with valid voting rights.

The Board of Commissioners shall convene a joint meeting with the Board of Directors ("**Joint Meeting**") regularly at least once every four months.

### 11.2 Invitation and Material

- a. Invitations for the Board of Commissioners meeting are issued by the President Commissioner or a member of the Board of Commissioners;
- b. Invitations for the Board of Commissioners meeting must be delivered to each member of the Board of Commissioners at least 10 (ten) calendar days before the meeting is convened (excluding the date of the invitation and the date of meeting). For urgent matters required to be discussed at a Board of Commissioners meeting, the period can be shortened to 5 (five) calendar days;
- c. Invitations for the Board of Commissioners meeting (other than Regular and Joint Meeting) is not required if all members of the Board of Commissioners are present;
- d. The material for the Regular Meeting and the Joint Meeting must be delivered to the member of the Board of Commissioners at least 5 (five) calendar days before the meeting is convened. Materials for other meetings of the Board of Commissioners may be delivered within a shorter period.

### 11.3 Conduct and Resolutions

- a. The Board of Commissioners meeting is valid and entitled to adopt legally binding resolutions if attended by more than 1/2 (half) of the total number of the Board of Commissioners;
- b. The meeting shall be presided by the President Commissioner, and if the President Commissioner is absent, the meeting shall be presided by the

Vice President Commissioner. If the Vice President Commissioner is also absent, the meeting shall be presided by a Commissioner designated by the members of the Board of Commissioner is present at the meeting;

- c. Resolutions of the meeting shall be taken based on deliberation to reach a consensus. If a consensus is not achieved, the resolutions shall be taken by affirmative votes of more than  $\frac{1}{2}$  (half) of the total number of the Board of Commissioners present at the meeting;
- d. In the event of a tie vote, the proposal shall be deemed to be rejected;
- e. Each Commissioner present shall be entitled to cast 1 (one) vote and 1 (one) additional vote for each other member of the Board of Commissioners who he/she legally represents;
- f. Voting concerning an individual shall be made in an unsigned, folded ballot paper, while voting concerning other matters shall be conducted orally, unless the chairman of the meeting decides otherwise without any objection of other majority attendance;
- g. The Board of Commissioners can take valid resolutions without convening a meeting if all members of the Board of Commissioners have been informed in writing and give their written approval to the proposal submitted as evidenced by their signatures;
- h. Resolutions of the meeting shall be stated in the minutes of meeting and must be signed by all members of the Board of Commissioners present at the meeting. If there is a member that does not wish to sign the Minutes of Meeting, said member must state the reason in a written letter that will be attached to the Minutes of Meeting.

Meetings of the Board of Commissioners shall be organized by the Corporate Secretary in a proper manner.

## **12. Committees of the Board of Commissioners**

To assist the Board of Commissioners in its oversight responsibilities, the Board of Commissioners may establish permanent or ad-hoc committees with due observance to the requirements of the applicable regulations.

The Board of Commissioners shall establish charters for each permanent committee and may amend such charters at any time. The Board of Commissioners shall determine the composition and the role and responsibilities of any ad hoc committee in writing.

The Board of Commissioners of the Company has established certain permanent committees, i.e. the Audit Committee, the Nomination and Remuneration Committee and the Executive Committee.

The Board of Commissioners shall evaluate the performance of the committees annually.

### **13. Working Hours**

The working hours is based on the needs of the Company, in line with the applicable laws and regulations.

### **14. Accountability**

The Board of Commissioners shall review for its approval the annual report prepared by the Board of Directors prior to the issuance of the annual report.

The Board of Commissioners shall provide a report of its supervision activities for the year. Such report shall be included in the annual report of the Company, which shall be submitted to the GMS for its approval.

### **15. Performance Assessment and Remuneration**

Assessment on the performance of the Board of Commissioners shall be carried out periodically by the Nomination and Remuneration Committee.

The GMS shall determine the remuneration for the members of the Board of Commissioners based on the recommendation of the Nomination and Remuneration Committee. The GMS may also authorize the President Commissioner to determine the remuneration for the members of the Board of Commissioners with due observation to the opinions of the Company's Nomination & Remuneration Committee.

### **16. Induction Program for New Commissioner**

Each newly elected Commissioner shall participate in an induction program of the Company, covering among others the Company's value and Astra Management System, the business of the Company and its group, Astra Good Corporate Governance and the roles and responsibilities of the Board of Commissioners and the Board of Directors.

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