

# The Board of Directors Charter

## PT Astra International Tbk

**December 2015**



Automotive



Financial Services



Heavy Equipment & Mining



Agribusiness



Infrastructure, Logistics  
and Others



Information Technology

## THE BOARD OF DIRECTORS 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 Directors Charter (“**Charter**”) is issued to provide guidance to the Board of Directors and its members in the management and operation of the Company.

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 Directors**

The Board of Directors shall lead and manage the Company in the interest of 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 Directors include among others:

- a. To formulate the Company's vision, mission, and values as well as its strategic plan in the form of corporate plan and work plan;
- b. To establish the organizational structure of the Company, complete with the detailed tasks of each divisions and business units;
- c. To control and develop the Company's resources effectively and efficiently;
- d. To establish the Company's internal control and risk management;
- e. To implement the Company's corporate social and environmental responsibility;
- f. To maintain the Company's share register and special register;
- g. To prepare and provide the Company's periodic financial statements and annual report;
- h. To prepare and communicate material information to the public;
- i. To convene an annual and extraordinary GMS in accordance with the Articles of Association and relevant regulations.

The Board of Directors shall carry out the management of the Company 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.

If deemed necessary, the Board of Directors may form a committee or working unit to assist the effective and efficient implementation of its tasks and authority.

#### **4.2 Authorities of the Board of Directors**

The Board of Directors is authorized to take all management actions at the Company in accordance with the Articles of Association and policies of the Company, among others as follows:

- a. To represent and bind the Company in its dealings with other parties;
- b. To appoint one or more person as its representative or proxy to perform certain actions through a power of attorney;
- c. To organize and develop the human resources of the Company, including the appointment and dismissal of employees and determination on salary, pension or retirement benefits and other remunerations for employees of the Company based on the applicable laws and regulations and/or resolutions of the GMS.

The President Director acts as the spokesperson for the Board of Directors and shall be the main contact for the Board of Directors. The President Director may designate a Director to be a spokesperson for the Board of Directors.

## 5. Rules of Conduct

### 5.1 Integrity and Non-competition

A Director 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.

### 5.2 Transparency

In all contacts with the Board of Commissioners and its members and committees, the Board of Directors 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 Directors 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 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 and/or regulations, which requires the Company to maintain the confidentiality of such information.

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

- 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 Directors shall be for long-term investment purposes. Members of the Board of Directors 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 Director should avoid putting him/herself into a position where his/her personal interests could conflict with his/her duty to the Company.

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

A transaction in which a Director 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 Director 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 Board of Directors 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 Directors 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 Directors 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 Directors consists of at least 3 (three) members, comprising:

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

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

A Director is appointed by a GMS, for a term of office as from the date as resolved in the GMS appointing them until the closing of the third Annual GMS following such date.

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

The term of office of a Director 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 a GMS.

A Director, whose term of office has expired, may be reappointed by a GMS.

## 9. Resignation

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

- a. a Director of 1 (one) other Issuer or Public Company (excluding the Company); and
- b. a Commissioner of a maximum 3 (three) other Issuers and/or Public Companies.

A member of the Board of Directors can serve as a member of the Committee of a maximum 5 (five) Issuers or Public Companies (inclusive 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 Directors shall hold a regular meeting once every month ("**Regular Meeting**"). In addition, the Board of Directors may hold a meeting (i) at any time when deemed necessary by the President Director or 1 (one) or more member of the Board of Directors or (ii) upon a request of the Board of Commissioner or 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 Directors shall meet with the Board of Commissioners regularly at least once every four months.

### 11.2 Invitation and Material

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

### 11.3 Conduct and Resolutions

- a. The Board of Directors 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 Directors;
- b. The meeting shall be presided by the President Director, and in case the President Director is absent, the meeting shall be presided by a Vice President Director. If the Vice President Director is also absent, the meeting shall be presided by 1 (one) of the Board of Directors designated by the members of the Board of Directors 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 1/2 (half) of the total number of the Board of Directors present at the Meeting;
- d. In the event of a tie vote, the proposal shall be deemed to be rejected;
- e. Each Director present shall be entitled to cast 1 (one) vote and 1 (one) additional vote for each other member of the Board of Directors 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 Directors can take valid resolutions without convening a meeting if all members of the Board of Directors 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 a minutes of meeting, which must be signed by all members of the Board of Directors 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 Directors shall be organized by the Corporate Secretary in a proper manner.

## **12. Working Hours**

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

## **13. Accountability**

The Board of Directors shall submit an annual work plan of the Company together with the annual budget for the following financial year to the Board of Commissioners before the end of the current financial year, for review and approval of the Board of Commissioners.

The Board of Directors shall present an annual report of the Company, which have been approved by the Board of Commissioners, to the annual GMS at the latest within a period of 6 (six) months after the end of the financial year.

## **14. Performance Assessment and Remuneration**

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

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

## **15. Matters to be Approved by the Board of the Commissioners**

The Board of Directors shall submit for approval to the Board of Commissioners on matters set out in the Annex.

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

Each newly elected Director 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 Directors and the Board of Commissioners.

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## ANNEX

### Matters to be Approved by the Board of the Commissioners

- a. To purchase or otherwise acquire or to sell or otherwise transfer fixed assets, including rights on land, if the value of such acquisition, sale or transfer exceeds the threshold determined by the meeting of the Board of Commissioners;
- b. To receive a loan from anyone, if the amount and term of such loan exceeds the threshold determined by the meeting of the Board of Commissioners;
- c. To extend a loan or transfer receivables of the Company to anyone, if the amount and term of such loan or receivables exceeds the threshold determined by the meeting of the Board of Commissioners;
- d. To guarantee or indemnify for the benefit of a person, legal entity or the Company, if the amount and the period of such guarantee or indemnity exceeds the threshold determined by the meeting of the Board of Commissioners;
- e. To pledge or otherwise encumber assets of the Company, if the amount and the period of such pledge or encumbrance exceeds the threshold determined by the meeting of the Board of Commissioners;
- f. To establish a new company or undertake an equity participation in other company or to increase or divest its equity participation or to transfer or release rights on companies, including but not limited to transfer or waive its pre-emptive right, onshore or offshore, if such equity participation, increase or divestment of its equity participation exceeds the threshold determined by the meeting of the Board of Commissioners;
- g. To enter into or terminate or cancel technical assistance agreement and license agreement.