

# BOARD OF COMMISSIONERS CHARTER

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## 1. Introduction

As an Indonesian limited liability company, PT Toyota Astra Financial Services (the “**Company**” or “**TAFS**”) 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 authority with independence to carry out its duties and functions in accordance with Articles of Association and prevailing laws and regulations.

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

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

This Charter was developed to provide guidance to the Board of Commissioners and its members in the management and/or operation of the Company.

This Charter is part of TAFS’ Good Corporate Governance.

## 2. Legal Basis

1. The Indonesian company law
2. The Indonesian capital market law
3. The *Otoritas Jasa Keuangan* (Financial Services Authority) (“**OJK**”) regulations
4. The Indonesia Stock Exchange (“**IDX**”) regulations
5. The Articles of Association of the Company (the “**Articles of Association**”)
6. Law No. 8 of 1995 on Capital Market

## 3. Philosophy - Values

The Company’s Value are as follows :

- **Professionalism**  
Be responsible to develop personal competency.

- **Good Relations**  
Respect and care for others.
- **Excellence**  
Care for continuous improvement.
- **Customer Focus**  
Care and responsible to deliver service excellence to our customer.

## 4. Duties and Authorities

### 4.1 Duties of the Board of Commissioners

The Board of Commissioners shall 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 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 strategic proposals and plans (including annual work 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 consider any decisions of the Board of Directors which are subject to the Board of Commissioners approval pursuant to the Articles of Association;
- e. To provide a report of its supervision and advisory activities in the annual report (including Good Corporate Governance report) and to review and approve the annual report;
- f. To approve in the event of the Sharia Supervisory Board (Dewan Pengawas Syariah) of the Company needs assistance from the member(s) of the committee formed by the Board of Commissioners;
- g. To ensure that the Board of Directors of the Company has followed up the audit finding(s) and recommendation from internal audit of the Company, external auditor, Financial Services Authority (Otoritas Jasa Keuangan) and/or other authorities.

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, Board of Commissioners is authorized to perform, among other 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 grant approval to the Company's proposed corporate action submitted by the Board of Directors;
- d. To temporarily dismiss 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 Non-competition and integrity**

A Commissioner shall not:

- a. Participate in the management of or own shares in a competitor of the Company, either directly or indirectly;
- b. Give or accept (substantial) gifts from business partners of the Company;
- c. Provide unjustified advantages to any third party to the detriment of the Company; or
- d. Take advantage of business opportunities, to which the Company is entitled, for him/herself or for his/her spouse, child or relative by blood or marriage up to the second degree.

### **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 TAFS or any company in which TAFS has 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 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 are:

- Financial statements and/or material transactions that have not been disclosed to the public;
- Strategic corporate plan;
- Information bound by confidentiality agreement;
- Products of the Company that are still in the development stage;
- Uniqueness of technology; and
- Other information that are 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 TAFS' Securities Dealing Rules under TAFS 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.

Each member of the Board of Commissioners is entitled to disclose regarding:

- a. His/her ownership in the Company and/or in another company (in Indonesia territory and outside Indonesia territory) reaches 50% (fifty percent) or more; and
- b. His/her financial relationship and family relationship with the other members of the Board of Commissioners of the Company, members of the Board of Directors of the Company, members of Sharia Supervisory Board (Dewan Pengawas Syariah) of the Company, and/or the shareholders of the Company to the Company and it shall be stated in the Good Corporate Governance implementation report.

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

A Commissioner shall not make any transactions which has a conflict of interest with the Company's business.

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 that is of material significance to the Company and/or to him/her, and shall provide all relevant information in the report. The Board of Commissioners shall decide, without Commissioner concerned being present, whether there is a conflict of interest. The President Commissioners shall provide the Board of Directors all relevant information relating the conflict of interest and decision of the Board of Commissioners on the matter.

A transaction in which a Commissioner has a conflict of interest must be concluded on terms at least customary in the relevant sector and approved by the Board of Commissioners and/or Board of Directors and must comply with the applicable regulations on affiliated party and/or conflict of interest transactions and the Company's Articles of Association.

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

On a quarterly basis, and whenever there is any changes, each member of the Board of Commissioners is required to disclose in a special share register regarding his/her, his/her spouse and child ownership of shares in any business, company or organization.

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

The Board of Commissioners in carrying out their 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 in a timely basis;
- c. The right to receive dividends;
- d. The right to receive distribution of the remaining assets of the Company's upon liquidation in proportion with 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 are among others:

- 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 their 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 Ethics.

## **7. Composition**

The Board of Commissioners consists of at least 2 (two) members and not more than 3 (three) members, comprising:

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

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 second Annual GMS following such date.

A GMS may dismiss a Commissioner at any time assigning a reason therefore 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.

Before effectively served, each member of the Board of Commissioners of the Company shall pass the fit and proper test in accordance with OJK regulations.

## **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. 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;
- b. The Company must convene a GMS to resolve such resignation at the latest 90 (ninety) days after receiving the resignation letter.

## **10. Concurrent Positions**

A Commissioner is restricted from holding concurrent positions in other Issuers or Public Companies, as follows:

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

The Company's Commissioner is restricted from holding a position as a Commissioner of a maximum 3 (three) other multifinance companies. This restriction is subject to any related provision(s) in OJK Regulations No. 30/POJK.05/2014 on Good Corporate Governance For Multifinance Companies and its amendment from time to time (if any).

In the event that a Commissioner of the Company doesn't 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 (exclusive his/her position in the Company).

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

Issuer(s) means Issuer as defined in Law No. 8 of 1995 on Capital Market and its amendment from time to time.

Public Company(ies) means Public Company as defined in Law No. 8 of 1995 on Capital Market and its amendment from time to time.

## 11. Meeting

### 11.1 Schedule

The Board of Commissioners shall hold regular meeting at least once every 2 (two) months ("**Regular Meeting**"). In addition, the Board of Commissioner may hold a meeting at any time whenever it deems necessary by the President Commissioner or the Vice President Commissioner or upon a written request of all members of the Board of Directors or the shareholders, with due observance to the requirements of the applicable regulations.

Each member of the Board of Commissioners shall present in Regular Meetings at least 75% (seventy five percent) of the total Regular Meetings in 1 (one) year period.

The total of the Regular Meetings has been held and attendance of each member of the Board of Commissioners shall be stipulated in Good Corporate Governance implementation report.

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

The Board of Commissioners shall schedule the Regular Meeting for the next year before the end of fiscal year.

### **11.2 Invitation and Material**

- a. Invitations for the Board of Commissioners meeting are issued by (i) the President Commissioner; or (ii) the Vice President Commissioner; or (iii) the Board of Directors; or (iv) the shareholder(s);
- b. Invitations for the Board of Commissioners meeting must be delivered directly to each member of Board of Commissioners at least 5 (five) days before the meeting is convened (excluding the date of 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 3 (three) days (excluding the date of invitation and the date of meeting);
- c. Invitations for the Board of Commissioners meeting is not required if all members of the Board of Commissioners are present or otherwise represented;
- 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) 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 comprising one (1) representative each from PT Astra International Tbk and Toyota Financial Services Corporation. If at the meeting such a quorum is not present, the meeting shall be adjourned. Notice of the adjourned meeting shall be given by the President Commissioner of the Company to each member of the Board of Commissioners. The second meeting shall be held not sooner than 5 (five) working days and not later than 7 (seven) working days after the first meeting. Invitation of the second meeting shall be given not later than 3 (three) working days before the second meeting (including the date of invitation and the date of the second meeting);
- 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;
- c. A member of the Board of Commissioners may be represented at the Meeting of the Board of Commissioners only by another member of the Board of Commissioners by virtue of a valid proxy or power of attorney;
- d. 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 Commissioners present or represented at the meeting provided that the vote comprises a minimum of 1 (one) vote each from PT Astra International Tbk and Toyota Financial Services Corporation;
- 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 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 evidenced by their signatures;
- h. Resolutions of the meeting shall be stated in the minutes of meeting. Minutes of the Meeting of the Board of Commissioners shall be drawn-up by someone present at the Meeting designated by the Chairman of the Meeting and shall be signed by all members of the Board of Commissioners present at the meeting and delivered to all Board of Commissioners members. If there is a member that does not wish to sign the Minutes of Meeting, that 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.

## **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.

Independent Commissioner of the Company shall report to Financial Services Authority (Otoritas Jasa Keuangan) no later than 10 (ten) days since the finding of:

- a. Violation of applicable laws and regulations in financing business; and/or

- b. Circumstances or estimate circumstances that could endanger the continuity of the Company's business.

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

The Board of Commissioners undertakes the nomination and remuneration functions of the Company.

Assessment on the performance of the Board of Directors shall be carried out periodically by the Board of Commissioners of the Company.

The GMS shall determine the remunerations for the members of the Board of Directors based on the recommendation of the Board of Commissioners. The GMS may also authorize the Board of Commissioners to determine the remuneration for the members of the Board of Directors

The Board of Commissioners will draw up guidelines on the implementation of the nomination and remuneration functions.

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

Newly elected Commissioner shall participate in an induction program of the Company, covering among others the Company's value, the business of the Company, TAFS Good Corporate Governance and the roles and responsibilities of the Board of Commissioners and the Board of Directors.

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