

BOARD OF DIRECTORS CHARTER

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 the 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 Directors 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 – Value

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 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 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 business plan;
- b. To establish the organizational structure of the Company (including compliance function), 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 systems;
- 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 reports and annual report;
- h. To convene an annual and extraordinary GMS in accordance with the Articles of Association;
- i. To comply with all prevailing regulations, articles of association, and other internal policies of the Company in conducting his/her duties;
- j. To manage the Company in accordance with his/her authorities and responsibilities.

Each member of the Board of Directors shall conduct 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.

The Board of Directors discharges its duties in a collegial manner. Each member of the Board of Directors is able to conduct his/her duties and to make decisions within its specified duties and authorities in accordance with the Articles of Association, but the execution of duties by each member of the Board of Directors remains a shared collegial responsibility.

If deemed necessary, the Board Directors may form a committee or 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 appropriate policies, 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 Company's human resources, including the appointment and dismissal of employees, salary determination, 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.

5. Rules of Conduct

5.1 Non-competition and integrity

A Director 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 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 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 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 plan;
- Information bound by confidentiality agreement;
- Products of the Company that are still in the development stage;
- Uniqueness of technology; and/or
- Other information that are 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 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 Directors 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 Directors of the Company, members of the Board of Commissioners 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 Director shall not make any transactions which has a conflict of interest with the Company's business.

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 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 Directors shall decide, without the Director concerned being present, whether there is a conflict of interest.

A transaction in which a Director has a conflict of interest must be concluded on terms at least customary in the relevant sector, must be approved by the Board of Directors and must comply with the applicable regulations on affiliated party and/or conflict of interest transactions.

In the event that the member of Board of Directors 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 Director is required to disclose in a special share register of the Company of his/her, his/her spouse and/or child share ownership of shares in any business, company or organization.

6. Relationship with the Shareholders and Other Stakeholders

The Board of Directors 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 Directors 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 Directors consists of at least 4 (four) members, comprising:

- a. 1 (one) President Director;
- b. 1 (one) or Vice President Director; and
- c. At least 2 (two) Directors.

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 second Annual GMS following such date.

A GMS may dismiss a Director at anytime assigning a reason therefore 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 a resolution of a GMS.

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

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

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. A resigning Director shall 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 Director is restricted from holding concurrent positions in other Issuers or Public Companies, as follows:

- a. The Director can only be a Director of 1 (one) other Issuer or Public Company;
- b. The Director can only be a Commissioners of a maximum 3 (three) other Issuers and/or Public Companies.

The Company's Director is restricted from holding a position as : (i) a Director in other companies; and (ii) 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 to time (if any).

A member of the Board of Directors can only serve as a member of the Committee of a Board of Commissioners of a maximum 5 (five) Issuers 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 Directors shall hold a regular meeting once every month (“**Regular Meeting**”). In addition, the Board of Directors may hold a meeting) at any time when deemed necessary by the President Director or the Vice President Director or upon a written request of: (i) 2 (two) members of the Board of Directors; or (ii) the President Commissioner and the Vice President Commissioner, with due observance to the requirements of the applicable regulations.

Each member of the Board of Directors shall present in Regular Meetings at least 50% (fifty 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 Directors shall be stipulated in Good Corporate Governance implementation report.

The Board of Directors shall meet with the Board of Commissioners regularly at least once every four months.

The Board of Directors 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 Directors meeting are issued by (i) the President Director and the Vice President Director; or (ii) 2 (two) members of the Board of Directors, 1 (one) Director nominated by PT Astra International Tbk and 1 (one) Director nominated by Toyota Financial Services Corporation;
- b. Invitations of the Regular Meeting must be delivered directly to each member of the Board of Directors 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 Directors 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 Directors meeting is not required if all members of the Board of Directors are present or otherwise represented;
- d. The material for the Regular Meeting must be delivered to the member of the Board of Directors at least 5 (five) 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 shall be valid and entitled to adopt legally binding resolutions if attended by at least more than 1/2 (half) of the total number of the Board of Directors. 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 Director of the Company to each member of the Board of Directors. The second meeting shall be held not sooner than 2 (two) working days and not later than 5 (five) working days after the first meeting. Invitation of the second meeting shall be given not later than 2 (two) 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 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 a Director designated by the members of the Board of Directors present at the meeting;
- c. A member of the Board of Directors may be represented at a meeting only by another member of the Board of Directors 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 Directors present and/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. In the event of a tie vote, the matter shall be referred to a meeting of the Board of Commissioners;
- f. 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;
- g. 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;
- h. 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 evidenced by their signatures;
- i. Resolutions of the meeting shall be stated in the minutes of meeting. Minutes of the Meeting of the Board of Directors 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 Directors present at the meeting and delivered to all Board of Directors 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 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 Assessments and Remuneration

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.

15. Matters to be approved by the Board of the Commissioners and the General Meeting of Shareholders

The Board of Directors shall submit for approval to the Board of Commissioners on matters set out in Annex 1.

The Board of Directors shall submit for approval to the General Meeting of Shareholders whether in a meeting or by circular resolution on matters set out in Annex 2.

16. Induction Program for new Director

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

ANNEX 1

Matters to be approved by the Board of the Commissioners

- a. To receive loan in:
 - i) Non-ordinary course of business;
 - ii) Ordinary course of business for new, renew or review of credit facility in respect of loans from each Bank or any lending institution exceeds the threshold amount as determined by the Board of Commissioners or the Shareholders from time to time;
- b. To provide loan in:
 - i) Non-ordinary course of business;
 - ii) Ordinary course of business exceeds the threshold amount as determined in the Company's Articles of Association and its amendment(s);
- c. To encumber, mortgage, pledge, lease, exchange or in any manner sale or transfer the Company's assets having a book value not exceeding 1/20 (one-twentieth) of the asset value of the Company as stated in the audited financial statements duly ratified by the Annual General Meeting of Shareholders either in a single transaction or a series of transactions in one accounting year;
- d. To acquire and/or dispose any fixed assets exceeds the threshold amount as determined in the Company's Articles of Association and its amendment(s);
- e. To approve the permanent write-off of the Company's assets (including credit losses) in the book value with threshold amount as determined in the Company's Articles of Association and its amendment(s);
- f. To approve long-term and annual business plans (such as profit and loss, capital investment);
- g. To declare interim dividends;
- h. To approve the annual budget of the Company and its amendment;
- i. To act as guarantor of a third party; and
- j. To handle, conduct or defend any claim, suit or legal proceedings exceeds the threshold amount as determined in the Company's Articles of Association and its amendment(s).

ANNEX 2

Matters to be approved by the General Meeting of Shareholders

- a. Approve capital or marketable securities investment exceeds the threshold amount as determined in the Company's Articles of Association and its amendment(s);
- b. Any change in the principal business conducted by the Company;
- c. Appointment or removal of and to determine the honorarium of the auditor of the Company (a firm of independent public accountant);
- d. Any changes to the rights attached to any Shares; the approval of and any amendment to any employee option scheme; or the issue of any Shares or other equity securities; the granting of any options, warrants or other rights to purchase Shares or rights convertible into Shares; the consolidation, conversion or repurchase of any of its share capital; or the making of an Initial Public Offering or an offering of convertible debt to the public (including whether such Initial Public Offering should include a secondary component and the number of Shares which may be sold by shareholders in such Initial Public Offering).

For the avoidance of doubt, unless otherwise agreed in writing by the Shareholders, any options, Shares, warrants, securities or other rights to purchase Shares or rights convertible into Shares shall be offered to the Shareholders on a pro rata basis in accordance with the Company's Articles of Association; and

- e. Permanent write-off of the Company's assets (including credit losses) in the book value exceeds the threshold amount as determined in the Company's Articles of Association and its amendment(s).