**PT TOYOTA ASTRA FINANCIAL SERVICES**

**GUIDELINES FOR NOMINATION AND REMUNERATION FUNCTIONS**

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6. **Background**

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.

In carry out its oversight function, the Board of Commissioners shall conduct the management of nomination and remuneration system for the candidate of Board of Directors (“**Board of Directors**”) and the Board of Commissioners (“**Board of Commissioners**”) members.

This Guideline for Nomination and Remuneration Functions (“**Guidelines**”) is structured to provide guidance to the Board of Commissioners in carrying out its duties and responsibilities to comply with *Otoritas Jasa Keuangan* (Financial Services Authority) regulation No. 34/POJK.04/2014.

**2. Duties and Responsibilities**

**2.1 Nomination Function**

The Board of Commissioners has duties and responsibilities as follows:

1. to regulate the composition of the Board of Directors members and/or the Board of Commissioners members;
2. to set required policies and criteria in the nomination process;
3. to establish a performance evaluation policy for the Board of Directors members and/or the Board Commissioner members;
4. to assess the performance of the Board of Directors members and/or the Board of Commissioners members based on benchmarks that had been developed as an evaluation;
5. to develop capacity building programs of the Board of Directors members and/or the Board of Commissioners members; and
6. to propose candidates who qualify as the Board of Directors members and/or the Board of Commissioners members to the GMS.

2.2 **Remuneration Function**

The Board of Commissioners has duties and responsibilities as follows:

a. to establish the structure of the Board of Directors members and/or the Board of Commissioners members’ remuneration;

b. to set policies on the remuneration of the Board of Directors members and/or the Board of Commissioners members;

1. to determine the amount of the remuneration of the Board of Directors members and/or the Board of Commissioners members; and
2. to assess the conformity of performance with the remuneration received by each member of the Board of Directors and/or the Board of Commissioners.
3. **Working Procedures**

**3.1 Nomination Function**

In carrying out the nomination function, the Board of Commissioners shall perform the following procedures:

1. to set the composition and nomination process of the Board of Directors members and/or the Board of Commissioners members;
2. to set policies and criterias required in the nomination process of the Board of Directors members and/or the Board of Commissioners members’ candidates;
3. to evaluate the performance of the Board of Directors members and/or the Board of Commissioners members;
4. to develop capacity building programs of the Board of Directors members and/or the Board of Commissioners members; and
5. to examine and propose candidates who qualify as the Board of Directors members and/or the Board of Commissioners members to the GMS.

**3.2 Remuneration Function**

3.2.1 In carrying out the functions of the remuneration, the Board of Commissioners shall perform the following procedures:

a. to structure the Board of Directors members and/or the Board of Commissioners members’ remuneration, which can be:

(i) salaries;

(ii) honorarium;

(iii) incentive; and/or

(iv) fixed and/or variable benefits;

b. to set policies on the Board of Directors members and/or the Board of Commissioners members’ remuneration; and

c. to set the remuneration amount for the Board of Directors members and/or the Board of Commissioners members.

3.2.2 The arrangement of the structure, policies, and amount of remuneration shall pay attention to all things mentioned below and shall be evaluated by the Board of Commissioners at least once a year:

a. prevailing remuneration in the industry in accordance with similar business activities and/or scale of business of the Company;

b. duties, responsibilities, and authorities of the Board of Directors members and/or the Board of Commissioners members are associated with the achievement of the goals and performance of the Company;

c. performance targets or the individual performance of each member of the Board of Directors and/or the Board of Commissioners; and

d. balance between the fixed and variable benefits.

1. **Meeting Organizing**

**4.1 Schedule**

The Board of Commissioners shall hold regular meeting at least once every 4 (four) months with nomination and/or remuneration agenda (the "**Meeting**").

* 1. **Invitation**

a. Invitations for the 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 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) and in urgent circumstances at least three (3) days before the Meeting is convened (excluding the date of invitation and the date of Meeting).

c. The Board of Commissioners may also invite the other deemed necessary parties in connection with the execution of his/her duties to be present at the Meeting.

d. Invitations for the Meeting shall include the agenda, date, time and venue of the Meeting.

e. The Meeting of the Board of Commissioners shall be held at the legal domicile of the Company or at the place where the Company conducts its business activities, and if all members of the Board of Commissioners are present and/or represented by proxy, the Meeting of the Board of Commissioners may be held at any place as determined by the President Commissioner and Vice President Commissioner and shall be entitled to adopt valid and binding resolution.

f. The Meeting of the Board of Commissioners may also be convened through video conference or other electronic media whereby all persons participating in the Meeting can directly see, hear and speak to each other.

* 1. **Chairman and Resolutions**

a. The Meeting shall be presided by the President Commissioner, and if the President Commissioners is absent, the Meeting shall be presided by the Vice President Commissioner.

b. The Meeting can only be convened if attended by a majority of the members of the Board of Commissioners, one of whom is an Independent Commissioner.

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.

d. In the case of there are disagreements in the resolutions-taking process, such disagreements (and the reasons of the disagreements) shall be stipulated in the minutes of the Meeting.

1. Minutes of the Meeting shall be taken by a person who is present at the Meeting appointed by the chairman of the Meeting and must be signed by the chairman of the Meeting and one of the members of the Board of Commissioners appointed for that purpose who attended the Meeting in order to ensure the completeness and validity of minutes of the Meeting.
2. Resolution of the Meeting shall set forth in the minutes of the Meeting and documented.
3. 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.
4. **Reporting**
The implementation of nomination and remuneration functions shall be disclosed in:

a. Annual report; and

b. Company web site

at least comprising the following:

(i) A description of the establishment does not Nomination and Remuneration Committee; and

(ii) Description of the nomination and remuneration functions performed in the fiscal year.

The Meeting report is an integral part of the Board of Commissioners duties report contained in the Annual Report to be presented at the GMS.

**SIGNATORY PAGE**
**GUIDELINES FOR NOMINATION AND REMUNERATION FUNCTIONS**

Enacted in Jakarta
Date \_\_\_\_\_\_\_\_\_\_\_\_\_

**BOARD OF COMMISSIONERS OF PT TOYOTA ASTRA FINANCIAL SERVICES**

By : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name : Yasuhiro Yomoda Name : Gunawan Geniusahardja

Title : President Commissioner Title : Vice President Commissioner

By : \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name : Harry Wiguna

Title : Independent Commissioner