

THE BOARD OF DIRECTORS CHARTER

CHAPTER I

INTRODUCTION

A. Background

As a company listed on the Indonesia Stock Exchange (BEI) since 1990, PT. Gajah Tunggal, Tbk. (hereinafter referred to as the "Company") is subject to the prevailing laws and regulations of the Financial Services Authority (OJK), Indonesia Stock Exchange (BEI) as well as other capital market regulations.

The Board of Directors in carrying out its duties shall always act and behave exemplary based on the principles of Good Corporate Governance (GCG), namely *transparency, accountability, responsibility, independency and fairness* to comply with the interest of the Shareholders and other Stakeholders (employees, consumers, communities, regulators, colleagues and others), in accordance with ethical standards and values applied in the Company as well as the prevailing laws and regulations and the Articles of Association of the Company.

B. Vision and Mission

Vision

To be a highly competent body (management) of the Company that works professionally and independently in realizing the Company's vision, ie. to be a Good Corporate Citizen with solid financial standing, market leadership in Indonesia, and an established global reputation as a manufacturer of quality tires.

Mission

Carry out the functions of managing the Company's world-class standard in accordance with the rules of good corporate governance and put the best interests of the Company above the interests of the other in order to realize the vision of the corporation as well as other tasks determined by the Shareholders by virtue of the prevailing laws and regulations and the Articles of Association of the Company namely, to be a leading and dependable producer of an optimal range of competitively priced, superior quality tires while also pursuing brand equity and corporate social responsibilities as well as delivering profitability and returns to shareholders and values to stakeholders.



CHAPTER II

FORMATION, ORGANIZATION AND TERM OF OFFICE

A. Legal Basis

Formation, organization, working mechanism, duties and responsibilities as well as authorities of the Board of Directors as set out in this Board of Directors' Charter refer to the following legal basis:

1. Law No. 40 Year 2007 on Limited Liability Companies;
2. Deed of the Company's Resolution of PT. Gajah Tunggal, Tbk. No. 1 dated 3rd August 2015, executed before HILDA YULISTIAWATI, Notary in the Administrative City of South Jakarta;
3. Regulation of Financial Service Authority Number 33/POJK.04/2014 dated 8th December 2014 concerning Board of Directors and Board of Commissioners of an Issuer or Public Company;
4. Regulation of Financial Service Authority Number 8/POJK.04/2015 dated 25th June 2015 concerning Issuers or Public Company's Website;
5. Decision of Chairman of Capital Market and Financial Institution Supervisory Board Number: Kep-431/BL/2012 dated: 1st August 2012 on the SUBMISSION OF an ISSUER's OR PUBLIC COMPANY's ANNUAL REPORT;
6. Decision of Chairman of Capital Market and Financial Institution Supervisory Board No. KEP-643/BL/2012 dated 7th December 2012 on Formation and Guidelines for the Implementation of Audit Committee's duties;
7. Decision of the Board of Directors of PT BEI No. Kep-00001/BEI/01-2014 dated 20th January 2014 on the Amendment to the Regulation No. 1-A concerning Registration of Share and Equity Securities Other Than Shares Issued by the Listed Company;
8. General Guidelines of Indonesian Good Corporate Governance from the National Committee of Corporate Governance Policy 2006;
9. Public Companies' Corporate Governance Guidelines – Financial Service Authority 2015;
10. Decision of Chairman of the Capital Market and Financial Institution Supervisory Board No. KEP-82/PM/1996 dated 17th January 1996 concerning Disclosure of Particular Shareholder.

B. Aims and Position in Organization

Pursuant to the Articles of Association of the Company, the Board of Directors is a body of the Company that is fully responsible for the management of the Company in accordance with its aims and objectives, either within or outside the court of law; which position is parallel to the Board of Commissioners and accountable to the Annual General Meeting of Shareholders.



C. Board of Directors Organization Structure

1. Structure of Membership

- a. The Company is managed and led by the Board of Directors, consisting of at least 3 (three) members, with the following composition:
 - 1) one President Director;
 - 2) one Vice President Director; and
 - 3) one or more Director(s).
- b. The Company must have at least one Independent Director qualified in accordance with the prevailing laws and regulations.
- c. Members of the Board of Directors shall be Indonesian and/or Foreign Citizens that meet the requirements pursuant to the prevailing laws and regulations applied in Capital Market.
- d. Nomination of members of the Board of Directors can be made by 1 (one) shareholder or more jointly representing at least 10% (ten) percent of the total number of shares with valid voting rights and the proposal shall be accepted in writing by the Board of Directors at the latest 7 (seven) days prior to the date of the notice of the General Meeting of Shareholders.

2. Nomination of Members

- a. Members of the Board of Directors shall be nominated by the General Meeting of Shareholders for a period starting from the date determined by the General Meeting of Shareholders until the closing of the second General Meeting of Shareholders after which they were appointed, without prejudice to the right of the General Meeting of Shareholders to terminate him/her at any time and Members of the Board of Directors whose terms of office has expired are eligible to be re-appointed.
- b. If for any reason whatsoever the position of one or more or all members of the Board of Directors are vacant, then within a period of 180 (one hundred eighty) days after such vacancy, a General Meeting of Shareholders must be conducted to fill such vacancy, with due observance to the prevailing laws and regulations in Capital Market and Articles of Association.

In the event a minimum number of the Board of Directors as set forth in Article 10 paragraph (1) of the Articles of Association has been fulfilled, then it is not necessary to conduct a General Meeting of Shareholders to fill such vacancy and the vacancy may be filled in the following Annual General Meeting of Shareholders. A member nominated to replace the member of the Board of Directors so terminated by virtue of Article 10 paragraph (2) of the Articles of Association of the Company or to fill the vacancy or nominated to be additional member of the Board of Directors, shall be appointed for a term that is the remaining term of office of the other member of the Board of Directors still in office.



- c. If for any reason whatsoever all positions of the members of the Board of Directors are vacant, the Company shall temporarily be managed by a member of the Board of Commissioners appointed by the Meeting of the Board of Commissioners.
- d. A member of the Board of Directors is entitled to resign from his/her position by submitting a request in writing to the Company at least 30 (thirty) days prior to the date of his/her resignation. The Company must hold a General Meeting of Shareholders to decide on the resignation request of a member of the Board of Directors within 90 (ninety) days after the acceptance of the resignation letter.

In the event that the Company does not hold a General Meeting of Shareholders within a period as referred to above, then by the lapse of such period, the resignation of such member of the Board of Directors shall be valid without approval of a General Meeting of Shareholders.

In the event that a member of the Board of Directors resigned that caused the number of members of the Board of Directors being less than 3 (three) persons, then the resignation shall be valid if it has been determined by the General Meeting of Shareholders and a new member of the Board of Directors has been appointed that meets the requirements of a minimum number of members of the Board of Directors.

- e. Proposal of nomination, termination and/or replacement of members of the Board of Directors to the General Meeting of Shareholders shall consider the recommendation from the Board of Commissioners or the committee carrying out the nominating function.
- f. Position of the member of the Board of Directors shall be terminated, in case of:
 - 1) resignation pursuant to the provision of Article 10 paragraph (5) of the Articles of Association of the Company;
 - 2) terms of office have been terminated;
 - 3) no longer complies with the requirements of the prevailing laws and regulations;
 - 4) death;
 - 5) terminated by virtue of the resolutions of the General Meeting of Shareholders.

3. Membership Requirements

a. Legal Requirements

Those eligible to be members of the Board of Directors shall be individuals who fulfil the requirement at the time of the nomination and within the term of office:

- 1) shall have good attitude, moral and integrity;



- 2) able to conduct legal acts;
- 3) within 5 (five) years prior to the appointment and during his/her term of office:
 - a) has never been bankrupt;
 - b) has never become a member of the Board of Directors and/or member of the Board of Commissioners responsible for causing a company being declared bankrupt;
 - c) has never been convicted of a criminal offense that is detrimental to the country's financials and related to the financial sector; and
 - d) has never been a member of the Board of Directors and/or member of the Board of Commissioners who during his/her term of office:
 - (1) has never conducted an annual General Meeting of Shareholders;
 - (2) his/her responsibility as a member of the Board of Directors and/or the Board of Commissioners who's accountability has ever been rejected by the General Meeting of Shareholders or those who has never provided his/her accountability as a member of the Board of Directors and/or the Board of Commissioners to the General Meeting of Shareholders; and
 - (3) has ever caused the Company to obtain a permit, approval, or registration from the Financial Services Authority that did not fulfill the obligation to submit annual reports and/or financial reports to the Financial Services Authority;
- 4) has commitment to abide by the laws and regulations;
- 5) has knowledge and/or expertise in areas required by the Company; and
- 6) Independent Director must fulfil the requirements as follows:
 - a) does not have any share; either directly or indirectly in the Company;
 - b) does not have any affiliation with the Company, members of the Board of Commissioners, members of the Board of Directors, or main shareholder of the Company;
 - c) does not have business relationship; either directly or indirectly related to the business activities of the Company.

b. Special Requirements

- 1) Members of the Board of Directors may concurrently hold positions as follows:
 - a) Be a member of the Board of Directors at no more than 1 (one) Issuer or Public Company; and
 - b) Be a member of the Board of Commissioners at no more than 3 (three) Issuers or any other Public Companies; and/or



- c) Be a member of a committee at no more than 5 (five) committees in the Company where such member also hold a position as a member of the Board of Directors or a member of the Board of Commissioners.
- 2) The concurrent positions as referred to in point a can only be held provided that they do not conflict with other legislation.
- 3) In the case where there is other legislation governing concurrent positions which are different compared to the Financial Services Authority Regulation, the stricter provision shall apply.

CHAPTER III

DUTIES, AUTHORITIES AND RESPONSIBILITIES

A. Duties and Authorities

1. The Board of Directors is entitled to represent the Company within or outside the Court of Law in respect of all matters and in all events, to bind the Company with other parties and vice versa and to perform any action, either on management or ownership subject to the following limitations:
 - a. to borrow money in the name of the Company or to lend money belonging to the Company, in excess of a certain amount determined by the Meeting of the Board of Commissioners of the Company;
 - b. to bind the Company as guarantor (*borg* or *avalist*) leading to a financial result exceeding the limit determined by the Board of Commissioners of the Company;
 - c. to release and/or to pledge fixed asset of the Company;
 - d. to participate, either partially or wholly in a Company or any other entity or to form a new corporation;
 - e. to release either partially or wholly its participation in the Company or other entity;
 - f. to transfer, to release any right or to pledge the Company's assets for less than that determined in point 2 herein below;shall have written approval from and/or the deed concerned shall be signed by the Board of Commissioners.
2. To carry out transactions or legal acts which constitute a material transaction as referred to in the prevailing Capital Market regulations concerning Material Transactions, including actions to transfer or to pledge as collateral over the Company's assets that constitute more than 50% (fifty percent) of the total net assets of the Company in one or more transactions, thus the transaction or legal acts



shall be made by the Company according to the provisions applicable in the Capital Market regulations concerning Material Transaction.

3. To carry out legal acts in the form of merger, consolidation or acquisition of the Company, separation of the Company, to submit application in order that the Company can be declared bankrupt, extension of the terms of the Company's establishment or liquidation of the Company, the Board of Directors requires the approval of the AGM as set out in Article 21 paragraph (10) of the Articles of Association of the Company.
4. To carry out legal acts in the form of transactions that contain conflicts of personal economic interest of members between the Board of Directors, Board of Commissioners or the shareholders, with the economic interests of the Company, the Board of Directors requires the approval from the General Meeting of Shareholders based on majority affirmative votes of the shareholders who do not have conflict of interest as referred to in Article 21 paragraph (9) of the Articles of Association of the Company.
5. Two members of the Board of Directors shall be jointly entitled and authorized to act for and on behalf of the Board of Directors representing the Company.
6. a. A member of the Board of Directors shall not be entitled to represent the Company if:
 - 1) there was a court case between the Company and the relevant member of the Board of Directors;
 - 2) the relevant member of the Board of Directors has interest which conflicts with that of the Company;
 - 3) member of the Board of Directors suspended as referred to in Article 14 paragraph (4) of the Articles of Association of the Company, starting from the suspension by the Board of Commissioners up to:
 - a) General Meeting of Shareholders that reinforce or cancel the suspension; or
 - b) the lapse of time as referred to in Article 14 paragraph (6) of the Articles of Association of the Company.
- b. Those entitled to represent the Company (without prejudice to the provision in the Articles of Association of the Company) are:
 - 1) other members of the Board of Directors having no conflict of interest with the Company;
 - 2) the Board of Commissioners in the event that all members of the Board of Directors have a conflict of interest with the Company; or
 - 3) other parties appointed by the General Meeting of Shareholders in the event that all members of the Board of Directors or Board of Commissioners have conflict of interest with the Company.



7. Allocation of duties and authorities to each member of the Board of Directors is determined by the General Meeting of Shareholders and if the General Meeting of Shareholders did not determine, then the distribution of duties and authorities to the members of the Board of Directors will be determined by the resolution of the Board of Directors.

B. Responsibilities

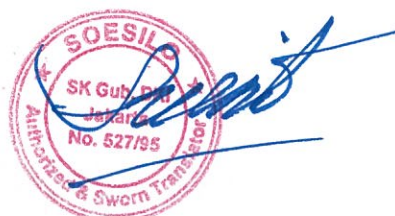
1. Each member of the Board of Directors is jointly and severally liable for the losses of the Company caused by errors or omissions of members of the Board of Directors in carrying out its duties.
2. Each member of the Board of Directors is not accountable for any loss of the Company as referred to in item 1 herein above if he/she can prove that:
 - a. such loss was not his/her fault;
 - b. he/she has carried out with good faith, with full responsibility and prudence in the interest and in accordance with the aims and objectives of the Company;
 - c. he/she has no conflict of interest, either directly or indirectly on the managerial acts resulting in a loss; and
 - d. he/she has taken all the necessary actions to prevent the occurrence or continuance of such loss.

C. Meeting of the Board of Directors

1. The Board of Directors needs to convene a meeting periodically at least once a month and can be held at any time upon the following matters:
 - a. if deemed necessary by one or more members of the Board of Directors;
 - b. upon a written request of one or more members of the Board of Commissioners; or
 - c. upon a written request of 1 (one) or more shareholders jointly representing 1/10 (one tenth) or more of the total number of shares with valid voting rights.
2. Calling for the Meeting of the Board of Directors shall be made by member(s) of the Board of Directors entitled to represent for and on behalf of the Board of Directors pursuant to the provision of Article 11 paragraph (5) of the Articles of Association of the Company.
3. Calling for the Meeting of the Board of Directors shall be conducted through registered mail or by letter, hand delivered to each member of the Board of Directors with receipt at the latest 3 (three) days prior to the Meeting, excluding the date of the calling notice and the date of the Meeting.



4. The Calling Notice for the Meeting shall mention the day, date, time, place and agenda of the Meeting. The material of the Meeting shall be distributed to the participants of the Meeting at the latest prior to the Meeting.
5. Meeting of the Board of Directors shall be held at the domicile of the Company or at the place of business activities of the Company. If all members of the Board of Directors have confirmed to be present or represented, prior calling notice shall not be required and the Meeting of the Board of Directors can be held anywhere and is entitled to adopt legally binding resolutions.
6. Meeting of the Board of Directors shall be chaired by the President Director. In the event that the President Director is unable to attend or is absent, no evidence is needed to be presented to third parties. The Meeting of the Board of Directors shall then be chaired by a member of the Board of Directors appointed by and from among the members of the Board of Directors present.
7. A member of the Board of Directors can be represented by another member of the Board of Directors by virtue of a power of attorney.
8. Meeting of the Board of Directors shall be deemed valid and entitled to adopt binding resolutions if more than 1/2 (a half) of the total incumbent members of the Board of Directors are present or represented for at the Meeting.
9. Resolutions of the Meeting of the Board of Directors shall be adopted based on deliberation to reach consensus. If the consensus was not achieved, then the resolutions shall be adopted by at least by more than 1/2 (one half) of the total valid votes cast at the Meeting.
10. If affirmative votes and negative votes are equal, the Chairman of the Board of Directors' Meeting shall decide.
11. a. Each member of the Board of Directors shall be entitled to cast 1 (one) vote and an additional 1 (one) vote for another member of the Board of Directors he/she represents.
b. Voting on a person shall be made by sealed unsigned ballot paper, while voting on other matters shall be conducted verbally, unless the Chairman of the Meeting decides otherwise without objection from another member of the Board of Directors present.
c. Abstention and invalid votes shall be deemed as the same vote as the majority members of the Board of Directors who cast votes.
12. Of all matters discussed and resolved during the Meeting of the Board of Directors, Minutes of Meeting shall be made. Minutes of Meeting of the Board of Directors must be made by a minutes secretary designated by the Chairman of the Meeting, and after the Minutes of Meeting have been read out and confirmed to the participants of the Meeting, it must be signed by all members of the



Board of Directors present at the Meeting. In the event that any member of the Board of Directors does not sign the Minutes of Meeting of the Board of Directors, then he/she shall mention the reason in writing in a separate letter attached to the Minutes of Meeting of the Board of Directors. Minutes of Meeting constitutes legal evidence for members of the Board of Directors and for third parties concerning resolutions adopted at the relevant Meeting.

If the Minutes of Meeting were drawn up by a Notary, the signing as aforesaid shall not be required. This matter shall also be applied to a Meeting of the Board of Directors held jointly with the Board of Commissioners.

13. The Board of Directors may also adopt valid resolutions without convening a Meeting of the Board of Directors, provided that all members of the Board of Directors have been notified in writing and all members of the Board of Directors approve the proposal(s) submitted in writing by signing the approval.

The resolutions adopted in this manner have the same power as legitimate resolutions adopted by the Board of Directors' Meeting.

14. The Board of Directors must hold a Meeting of the Board of Directors jointly with the Board of Commissioners periodically at least once in 4 (four) months.
15. The Board of Directors shall schedule a joint Meeting with the Board of Commissioners for the next year prior to the end of the financial year.
16. The presence of the members of the Board of Directors either in the meeting of the Board of Directors or in the joint meeting with the Board of Commissioners shall be disclosed in the Annual Report of the Company.

D. Report and Accountability

1. Report

- a. Regularly, pursuant to the prevailing regulations, the Board of Directors shall prepare a quarterly, semi-annual and annual report to the Board of Commissioners, capital market authority and other related agencies, as well as to the General Meeting of Shareholders.
- b. The Board of Directors and the Board of Commissioners shall submit the annual report to the General Meeting of Shareholders within a period of at the latest 6 (six) months after the end of the financial year of the Company, which shall at least contain the following:
 - 1) Financial statements consisting of at least the balance sheet of the past financial year in comparison with the previous financial year, the profit and loss statement of the relevant



financial year, cash flow statement and statement of changes in equity, as well as notes to the financial statements;

- 2) Report on the activities of the Company;
- 3) Report on the implementation of Social and Environmental Responsibility;
- 4) Details of the problems during the financial year affecting the business activities of the Company;
- 5) Report on the supervisory duties conducted by the Board of Commissioners during the financial year under review;
- 6) Identities of the members of the Board of Directors and Board of Commissioners as well as their main duties, number of meetings conducted during one financial year including joint meetings of the Board of Directors and the Board of Commissioners;
- 7) Salaries and remunerations of the members of the Board of Directors as well as salaries and honorariums and remunerations for the members of the Board of Commissioners of the Company for the financial year under review;
- 8) Other matters that are set out in the prevailing laws and regulations in capital market.

2. Responsibilities

- a. In carrying out its duties, the Board of Directors is responsible to the General Meeting of Shareholders;
- b. In the event that the Company indicates a significant slowdown, the Board of Directors shall immediately report to the General Meeting of Shareholders along with suggestions for the corrective measures that must be taken;
- c. To provide opinion and advice to the General Meeting of Shareholders concerning any matter that is considered critical for the management of the Company.

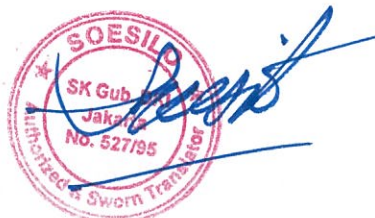
CHAPTER IV

RELATIONSHIP BETWEEN THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS

1. To approve the proposal of the Board of Directors regarding:
 - a. Plans related to the implementation of the Company's operations and activities;
 - b. The appointment and termination of the Head of Internal Audit;
 - c. Appointment and termination of the Corporate Secretary;



- d. Unless otherwise determined by the prevailing laws and regulations, several matters require a written approval from the Board of Commissioners as stated in the Articles of Association.
2. Jointly with the Board of Directors, to review the Company's vision and mission.
3. The Board of Directors is responsible for ensuring that:
 - a. the Board of Commissioners receives information concerning the Company on a timely and complete manner;
 - b. the Board of Commissioners receives a periodic report on the implementation of the internal control function and the implementation of information technology governance;
 - c. the Board of Commissioners and Supporting Committee of the Board of Commissioners receives explanation for everything requested;
 - d. the Board of Commissioners receives Minutes of Meeting of the Board of Directors' meeting.
4. Members of the Board of Commissioners, either jointly or severally at any time within office hours, are entitled to enter into the premises or other places used or controlled by the Company and are entitled to examine all books, letters as well as other evidences, inventories, to check and match the cash conditions for verification purposes, as well as other securities, and are entitled to know all actions taken by the Board of Directors, in which case the Board of Directors must provide explanation regarding all matters requested by the members of the Board of Commissioners or experts providing help for them.
5. The Board of Commissioners is entitled to receive access on information regarding the Company on a timely, measureable and complete manner.
6. The Board of Commissioners is entitled to obtain a report on the implementation of the internal control function and information technology governance periodically from the Board of Directors.
7. The Board of Commissioners is entitled at any time to temporarily dismiss the Board of Directors by stating the reasons.
8. The Board of Commissioners may present at the Meeting of the Board of Directors and give opinions regarding any matters being discussed.
9. The Board of Commissioners may ask information directly from the Corporate Secretary, Internal Audit (through Audit Committee), and Risk Management Committee as well as any other units and teams which are deemed necessary, regarding the implementation of each duty.
10. The Board of Commissioners or expert providing help for them is entitled to obtain information regarding all matters being requested.



CHAPTER V

PERFORMANCE EVALUATION

Evaluation of the Board of Directors' performance in detail will be determined by virtue of the Resolutions of the Board of Commissioners that will be evaluated periodically with the following provisions:

1. The Board of Commissioners shall set the Key Performance Indicator – "KPI" of the Board of Directors to measure the Board of Directors' achievement in implementing its duties and responsibilities;
2. The Board of Commissioners evaluates the achievement off the Board of Directors to be submitted to the General Meeting of Shareholders;
3. The performance evaluation result of the Board of Directors shall be published in the annual report and shall be informed to the General Meeting of Shareholders accompanied by the supporting data/evidence.

CHAPTER VI

CLOSING

Validity and Evaluation

1. This Charter of the Board of Directors shall be effective as of 10 December 2015
2. This Charter of the Board of Directors will be evaluated periodically for improvement.
3. Evaluation on the performance of the members of the Board of Directors, either individually or collectively, shall be carried out annually and the results are communicated to the General Meeting of Shareholders.

Ratified in: Jakarta

On: 10 December 2015

**The Board of Directors of
PT. Gajah Tunggal, Tbk.**

Chan Siew Choong

President Director

Tan Enk Ee

Director

Irene Chan

Director

Budhi Santoso Tanasaleh

Vice President Director

Lei Huai Chin

Director

Catharina Widjaja

Director



Hendra Soerijadi

Director

Ferry Lawrentius Hollen

Director

Tuan Pham Dang

Director

Hui Chee Teck

Director

Kisyuwono

Director

Lin Jong Jeng

Un-affiliated Director

Ma Li

Director

AFFIDAVIT
this is to certify that I have translated the foregoing from Indonesian to English,
that is true and complete, and I am competent in both languages.
Jakarta, June 07, 2016


SOESILLO
Sworn & Certified Translator,
Decree of Governor of DKI Jakarta No. 527/1995.