

# **THE BOARD OF COMMISSIONERS 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 management of the Company shall be based on the principles of Good Corporate Governance (the "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.

The Board of Commissioners has an important role in supervising the Company's course of business. Thus, a Working Guideline (the "Charter"), is required as a guidance for the Board of Commissioners in carrying out its duties, responsibilities and authorities to meet the interest of the shareholders and stakeholders.

By having this Charter, the Board of Commissioners in carrying out its duties shall always act and behave based on the principles of Good Corporate Governance (GCG), and shall comply with the prevailing laws and regulations and the Articles of Association of the Company, in order to set an example for all shareholders and other stakeholders.

#### B. Vision and Mission

##### Vision

To be a highly competent body 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 supervisory functions and to give advice to the Board of Directors in accordance with the values of Good Corporate Governance assisted by the Supporting Committee of the Board of Commissioners and by placing the best interests of the Company above another in the framework of actualizing the corporate vision as well as other duties as 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 Commissioners as set out in this Board of Commissioners' 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 3<sup>rd</sup> of 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 an Issuer's or Public Company's Website;
5. Decision of the 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 the 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 the 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 Commissioners is a body of the Company that is fully responsible to supervise, either generally or specifically and to give advice to the Board of Directors.

The position of the Board of Commissioners is parallel to the Board of Directors and shall report to the General Meeting of Shareholders, and is in charge of the supervision of the Board of Directors, which in their daily activities can be assisted, either by the Supporting Committee or experts appointed by the Board of Commissioners.

## **C. Board of Commissioners Organization Structure**

### **1. Structure of Membership**

- a. The Board of Commissioners consists of at least 3 (three) members, with the following composition:
  - 1) one President Commissioner;
  - 2) one Vice President Commissioner; and
  - 3) one or more Commissioner(s).
- b. The Company must have an Independent Commissioner for at least 30% (thirty percent) of the total number of the members of the Board of Commissioners.

### **2. Nomination of Members**

- a. Members of the Board of Commissioners shall be Indonesian and/or Foreign Citizens that meet the requirements pursuant to the prevailing laws and regulations. Nomination of members of the Board of Commissioners 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.
- b. Members of the Board of Commissioners are appointed 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 Annual General Meeting of Shareholders after which they were appointed, without prejudice to the right of the General Meeting of Shareholders to terminate them at any time. Members of the Board of Commissioners whose term of office has expired are eligible to be re-appointed.



- c. If for any reason whatsoever the position of members of the Board of Commissioners 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 Articles of Association of the Company. A member nominated to replace the member of the Board of Commissioners so terminated by virtue of Article 10 paragraph (3) of the Articles of Association of the Company or to fill the vacancy or nominated to be an additional member of the Board of Commissioners, shall be appointed for a term that is the remaining term of office of the other member of the Board of Commissioners still in office. In the event of the minimum number of members of the Board of Commissioners as set forth in Article 13 paragraph (1) of the Articles of Association has been fulfilled, a General Meeting of Shareholders to fill such vacancy shall not be required, and such vacancy can be filled at the next Annual General Meeting of Shareholders.
- d. A member of the Board of Commissioners 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 Commissioners 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 the period as referred to above, then by the lapse of such period, the resignation of such member of the Board of Commissioners shall be valid without approval of a General Meeting of Shareholders. In the event that a member of the Board of Commissioners resigned that caused the number of members of the Board of Commissioners to be 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 Commissioners has been appointed that meets the requirements of a minimum number of members of the Board of Commissioners.
- e. Proposal of nomination, termination and/or replacement of members of the Board of Commissioners 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 Commissioners shall be terminated, in case of:
- 1) resignation pursuant to the provision of Article 13 paragraph (5) of the Articles of Association of the Company;
  - 2) terms of office have expired;
  - 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 Commissioners 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 have 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 Commissioners must fulfil the requirements as follows:
  - a) are not individuals working for or have authority and responsibility to plan, lead, control or supervise the activities of the Company within the last 6 (six) months, except for the re-appointment as an Independent Commissioner of the Company for the following period;
  - b) does not have any share; either directly or indirectly in the Company;



- c) 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;
- d) does not have a business relationship; either directly or indirectly related to the business activities of the Company.
- e) Independent Commissioner who has served for 2 (two) terms of office is eligible to be re-appointed for the following period as long as the Independent Commissioner in question declare him/herself as Independent to the General Meeting of Shareholders;
- f) Statement of Independence of an Independent Commissioner shall be disclosed in an annual report;
- g) In the event that the Independent Commissioner also serves in the Audit Committee, the Independent Commissioner in question shall only be re-appointed as an Audit Committee member for another 1 (one) term of office.

b. Special Requirements

- 1) Members of the Board of Commissioners may concurrently hold positions as follow:
  - a) Be a member of the Board of Directors at no more than 2 (two) Issuers or any other Public Companies; and
  - b) Be a member of the Board of Commissioners at no more than 2 (two) Issuers or any other Public Companies; and/or
- 2) In the event that a member of the Board of Commissioners does not hold a concurrent position as a member of the Board of Directors, the member of the Board of Commissioners in question may hold a concurrent position as a member of the Board of Commissioners at the maximum of 4 (four) Issuers or other Public Companies.
- 3) Members of the Board of Commissioners may hold a concurrent position as a member of Committee at the maximum of 5 (five) committees in the Company where such member also serves as a member of the Board of Directors and member of the Board of Commissioners.
- 4) The concurrent positions as referred to in point a can only be held provided that they do not conflict with other legislation.
- 5) 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 Commissioners is in charge of supervising the management policy, the management of the Company and the Company's business in general, either those concerning the Company or the business of the Company and to give advice to the Board of Directors.
2. The Board of Commissioners at any time within the office hours of the Company is entitled to enter into the building and yard, or other places used or controlled by the Company and is entitled to examine all books, letters as well as other evidences, to check and verify the cash conditions, and is entitled to know all actions taken by the Board of Directors.
3. The Board of Directors is obliged to give explanation regarding all matters requested by the Board of Commissioners.
4. At any time, the Meeting of the Board of Commissioners is entitled to temporarily dismiss one or more members of the Board of Directors from their positions if such members of the Board of Directors violate the Articles of Association of the Company and the prevailing laws and regulations or neglect their obligations or in case there is an urgent reason for the Company to dismiss them.
5. Such temporary dismissal shall be informed in writing to the person in question by stating the reason thereof.
6. Within 90 (ninety) days after such temporary dismissal, the Board of Commissioners is obliged to hold the General Meeting of Shareholders to revoke or affirm such temporary dismissal, while the member of the Board of Directors who is temporarily suspended is entitled to present in order to defend him/herself.

If the General Meeting of Shareholders is not held within a period of 90 (ninety) days after such temporary dismissal or if the General Meeting of Shareholders cannot adopt a resolution, then such temporary dismissal will be cancelled by law and the person in question shall be reinstated to his/her position.

7. If all the members of the Board of Directors are temporarily dismissed by the Board of Commissioners and the Company does not have any member of the Board of Directors, then the Board of Commissioners must take care of the Company temporarily. In such event, the Board of Commissioners is entitled to give temporary authority to any one or more members of the Board of Commissioners on the account of the Board of Commissioners.





8. In the event that there is only one member of the Board of Commissioners, all duties and authorities given to the members of the Board of Commissioners of the Company shall also be applied to him.

#### **B. Responsibilities**

1. Each member of the Board of Commissioners is jointly and severally liable for the losses of the Company caused by errors or omissions of members of the Board of Commissioners in carrying out its duties.
2. Each member of the Board of Commissioners 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 emerging or continuance of such loss.
3. To assist the Board of Commissioners in carrying out its duties and responsibilities effectively, the Board of Commissioners shall form an Audit Committee as well as any other committee.
4. The Board of Commissioners is obliged to do a performance evaluation on the committee assisting on the implementation of duties and responsibilities at the end of every financial year.

#### **C. Meeting of the Board of Commissioners**

1. The Board of Commissioners needs to convene a meeting periodically at least once every 2 (two) months and can be held at any time upon the following matters:
  - a. if deemed necessary by one or more members of the Board of Commissioners;
  - 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 Commissioners shall be made by member(s) of the Board of Commissioners entitled to represent for and on behalf of the Board of Commissioners pursuant to the provision of the Articles of Association of the Company.



3. Calling for the Meeting of the Board of Commissioners shall be conducted through registered mail or by letter, hand delivered to each member of the Board of Commissioners 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 Commissioners 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 Commissioners have confirmed to be present or represented, prior calling notice shall not be required and the Meeting of the Board of Commissioners can be held anywhere and is entitled to adopt legally binding resolutions.
6. Meeting of the Board of Commissioners shall be chaired by the President Commissioner. In the event that the President Commissioner is unable to attend or is absent, no evidence is needed to be presented to third parties. The Meeting of the Board of Commissioners shall then be chaired by a member of the Board of Commissioner appointed by and from among the members of the Board of Commissioners present.
7. A member of the Board of Commissioners can be represented by another member of the Board of Commissioners by virtue of a power of attorney.
8. Meeting of the Board of Commissioners 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 Commissioners are present or represented for at the Meeting.
9. Resolutions of the Meeting of the Board of Commissioners 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 Commissioners' Meeting shall decide.
11. a. Each member of the Board of Commissioners shall be entitled to cast 1 (one) vote and an additional 1 (one) vote for another member of the Board of Commissioners 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 Commissioners present.





- c. Abstention and invalid vote shall be deemed as the same vote as the majority members of the Board of Commissioners who cast votes.
12. Of all matters discussed and resolved during the Meeting of the Board of Commissioners, Minutes of Meeting shall be made. Minutes of Meeting of the Board of Commissioners 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 Commissioners present at the Meeting. In the event that any member of the Board of Commissioners does not sign the Minutes of Meeting of the Board of Commissioners, then he/she shall mention the reason in writing in a separate letter attached to the Minutes of Meeting of the Board of Commissioners. Minutes of Meeting constitutes legal evidence for members of the Board of Commissioners 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 Commissioners held jointly with the Board of Directors.
13. The Board of Commissioners may also adopt valid resolutions without convening a Meeting of the Board of Commissioners, provided that all members of the Board of Commissioners have been notified in writing and all members of the Board of Commissioners approve the proposal 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 Commissioners' Meeting.
14. The Board of Commissioners must hold a Meeting of the Board of Commissioners jointly with the Board of Directors periodically at least once in 4 (four) months.
15. The Board of Commissioners shall schedule a joint Meeting with the Board of Directors for the next year prior to the end of the financial year.
16. The presence of the members of the Board of Commissioners either in the meeting of the Board of Commissioners or in the joint meeting with the Board of Directors 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 Commissioners shall examine the quarterly, semi-annual and annual financial report submitted to the capital market authority.





(b) The Board of Commissioners and the Board of Directors shall submit the annual report to the capital market authority and to the General Meeting of Shareholders which includes at least:

- 1) An overview of key financial data;
- 2) Report of the Board of Commissioners;
- 3) Report of the Board of Directors;
- 4) Company profile;
- 5) Management discussion and analysis;
- 6) Corporate governance;
- 7) Corporate social responsibility;
- 8) Audited financial statements; and
- 9) A Statement of responsibilities of the Board of Commissioners and Board of Directors for the accuracy of the annual report's contents.

## 2. Responsibilities

- a. In carrying out its duties, the Board of Commissioners is responsible to the General Meeting of Shareholders;
- b. In the event that the Company indicates a significant slowdown, the Board of Commissioners 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 to the management of the Company;
- d. To report the implementation results of particular duties to the General Meeting of Shareholders;
- e. The Board of Commissioners within its supervisory function shall submit a supervisory responsibility report regarding the management of the Company by the Board of Directors. The supervisory report of the Board of Commissioners constitutes part of the annual report submitted to the General Meeting of Shareholders for approval. The approval on the annual report and ratification of the financial statements means that the General Meeting of Shareholders has provided acquittal and discharge from responsibilities to each member of the Board of Commissioner provided all such matters are reflected in the annual report, without prejudice to the responsibilities of each member of the Board of Commissioners in the event of criminal acts or fault or negligence that causes damage to third parties that cannot be recovered by the Company's assets;



- f. The responsibility of the Board of Commissioners to the General Meeting of Shareholders is the embodiment of supervision accountability for the Company's management in the implementation of GCG principles.

#### **E. BUDGETING**

- a. The Board of Commissioners must prepare an annual work plan and budget of the Board of Commissioners, which constitutes an integral part of the Working Plan Budget of the Company, including a budget for:
- 1) Honorarium, allowances and facilities for the members of the Board of Commissioners and supporting organ of the Board of Commissioners;
  - 2) Cost for training/seminars;
  - 3) Cost for business travel within and outside the country;
  - 4) General and administrative expenses;
- b. The Board of Commissioners has full authority for the budget of the Board of Commissioners mentioned above;
- c. Audit on the appropriation of the funds shall be done by the auditor appointed by 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 written approval from the Board of Commissioners as stated in the Articles of Association.
2. Together 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 reports periodically 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 verify 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 thereof.
  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 duties.
  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 on the Board of Commissioners 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. General Meeting of Shareholders shall set the Key Performance Indicator – “KPI” of the Board of Commissioners to measure its achievement in implementing its duties and responsibilities based on the recommendation of the Board of Commissioners;





2. The performance evaluation of the Board of Commissioners shall be carried out by a self-assessment system;
3. The performance evaluation result of the Board of Commissioners will 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 Commissioners shall be effective as of 10th December 2015
2. This Charter of the Board of Commissioners will be evaluated periodically for improvement.
3. The original charter of the Board of Commissioners and Supporting Committee shall be submitted to the Board of Directors to be documented.

Ratified in: Jakarta

On: 10th December 2015

#### The Board of Commissioners

##### PT. Gajah Tunggal, Tbk.

Sutanto	Sean Gustav Standish Hughes
Independent President Commissioner	Vice President Commissioner
Gautama Hartarto	Benny Gozali
Commissioner	Commissioner
Sang Nyoman Suwisma	Sunaria Tadjudin
Independent Commissioner	Independent Commissioner

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 10, 2016

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