

## **CHARTER OF AUDIT COMMITTEE**

**PT. TRAFINDO PRIMA PERKASA, Tbk.**

**March 2017**

### **I. General Purposes and Objectives**

- a. The Company's Audit Committee is an independent committee established by and responsible to the Board of Commissioners. The Audit Committee has the primary function of assisting the Board of Commissioners to perform oversight responsibilities for financial reporting methods, processes, risk management, audits, and compliance with applicable laws and regulations.
- b. In performing its duties, the Audit Committee works closely with the Board of Directors, Internal Audit Unit, Corporate Legal and External Auditor.
- c. The Audit Committee carries out supervisory responsibilities based on information from the Board of Commissioners, Internal Audit Unit, Corporate Legal and External Auditor.
- d. The Audit Committee performs its functions, including executing instructions issued by the Board of Commissioners, in accordance with applicable laws and regulations, in particular regulations issued by the Financial Services Authority and the Indonesia Stock Exchange.

## **II. Roles and Responsibilities**

- a. The Audit Committee provides oversight of the following:
  - i. Finance - the credibility and objectivity of the financial statements of the Company to be issued to external parties and regulatory bodies, including to follow-up complaints and / or inconsistent notes to the report during the period of review of the Audit Committee;
  - ii. Risk Management and Internal Control - adequacy of processes to identify and mitigate financial and business risks;
  - iii. Insurance Activities - plans and results of activities undertaken by the Internal Audit Unit and the External Auditor to assess that the key risks have been adequately covered and evaluated in the performance of their duties;
  - iv. Objectivity and Independency - the objectivity and independency of the Internal and External Auditors;
  - v. Legal aspects - the process and reporting of significant legal cases existing within the Trafoindo Group; and
  - vi. Compliance with relevant laws and regulations, as well as the Company's Code of Conduct.

- b. The Audit Committee has reporting responsibility that shall include:
  - i. Written report to the Board of Commissioners at least once per quarter containing details of the activities of the Audit Committee, recommendations for follow-up, and exposure of significant matters that the Board of Commissioners needs to know;
  - ii. Provide recommendations to the Board of Commissioners regarding the appointment of External Auditor by considering the scope of work and independency. The Audit Committee will also review the external audit services fees submitted by management and disclose the findings of the unfairness to the Board of Commissioners;
  - iii. Ensure that the Board of Directors has taken appropriate steps in relation to the issues described in the previous Audit Committee report, and reports significant non-conformances of the related parties to follow up those matters to the Board of Commissioners; and
  - iv. Preparing the report to be included in the Annual Report that shall contains details of

the activities of the Audit Committee which reveal, among others:

- Significant violations of applicable laws and regulations;
- Significant errors or unfair disclosures in the financial statements;
- Inadequate risk management system or internal controls;
- Inadequate independency of External or Internal Auditors;
- Significant disagreements between the Management and External Auditor;
- Any matter that potentially becomes significant conflict of interest identified by the Audit Committee during the period of its assessment; and
- Provision of a Special Report to the Board of Commissioners as may be required.

**III. Authority**

- a. The Board of Commissioners authorizes the Audit Committee to investigate any activity within the scope of its responsibilities. The Audit Committee may at any time seek and request the necessary information to:

- i. Every employee (and all employees have received directives from the Board of Directors to response the requests for information from the Audit Committee); and
  - ii. Relevant external parties.
- b. The Audit Committee receives the following reports:
- i. Quarterly and annual financial reports;
  - ii. Quarterly report of activities of the Risk Management Unit;
  - iii. Quarterly Reports from the Internal Audit Unit - a summary of activities and significant findings from all Trafoindo Group;
  - iv. Quarterly report of the Corporate Secretary - a summary of significant legal cases and / or significant non-compliance incidents found in the environment of Trafoindo Group, as well as significant violations of the Company's Code of Conduct;
  - v. Significant legislative decrees that have relevance to the Audit Committee; and
  - vi. Reports or other information that may be required by the Audit Committee.
- The above report formats will be evaluated and agreed on regular basis with the reporter.
- c. Based on the consultation and approval of the Board of Commissioners, the Audit Committee may seek legal

advice as well as other professional advice on issues relevant to the Company; the reasonable costs arising from such advice shall be borne by the Company.

#### **IV. Organizational Structure**

##### a. Membership

- i. Membership and terms of membership of the Audit Committee shall, at a minimum, comply with the applicable regulations of the Financial Services Authority and the Indonesia Stock Exchange, which are updated regularly.
- ii. The Audit Committee is chaired by an Independent Commissioner and appointed by the Board of Commissioners;
- iii. At least one member of the Audit Committee has experience in accounting and finance and has served as a senior official (President Director, Finance Director, or other senior position) with responsibilities that include financial supervision.
- iv. Each member of the Audit Committee shall be appointed for a term of 5 (five) years and each member of the Audit Committee may hold a maximum of 2 (two) consecutive periods.

- v. Members of the Audit Committee are proposed, appointed, and dismissed by the Board of Commissioners. The resignation as a member of the Audit Committee shall be made in writing and submitted to the Board of Commissioners no less than one month before the effective date of such resignation.
- vi. If any member of the Audit Committee is unable to perform its duties and responsibilities for any reason, thereby reducing the number of members of the Audit Committee to below 3, the Board of Commissioners shall appoint an independent member who serves temporary for a maximum of 6 (six) months pending the election and appointment of the permanent members.

b. Meeting

- i. The Audit Committee shall meet at least quarterly. The formal agenda and location of the meeting including information on key issues will be presented before the day of the meeting.
- ii. The Audit Committee may invite the relevant parties to attend the Audit Committee meeting as far as it is deemed necessary.
- iii. Where appropriate, the Audit Committee may hold a closed meeting with the Internal Audit Unit,

Risk Management Unit, Corporate Secretary, External Auditor, and other related parties in the Company.

- iv. The entire process of the meeting, including the dissenting opinion, shall be documented in the minutes of meetings. The minutes of the meeting shall be signed by all members of the Audit Committee and distributed to the Audit Committee and Board of Commissioners.
- v. Attendance quorum of the meeting is a minimum of 2/3 members of the Audit Committee. Meeting is suspended if the quorum is not reached. Resolution may be taken if it is approved by more than  $\frac{1}{2}$  members of the Audit Committee.
- vi. Resolution of the Audit Committee shall be adopted based on deliberation and consensus.

**V. Changes to the Charter and Performance of the Audit Committee.**

- a. The Audit Committee will:
  - i. Review and update the Audit Committee Charter as deemed necessary and obtain Board of Commissioners approval of the changes as may be made; and



- ii. Periodically evaluate the performance of the Audit Committee together with the Board of Commissioners.
- b. Where part or all of the contents of this Charter are contrary to the relevant Governmental Regulations, the applicable provisions shall be those as stipulated by Government regulations.

## **VI. Miscellaneous**

The Audit Committee shall maintain full confidentiality of all information or data concerning the Internal Audit or any company within the Trafoindo Group that is submitted to or received by the Audit Committee.