

**RISK OVERSIGHT COMMITTEE CHARTER OF THE BOARD OF COMMISSIONERS  
OF PT INDONESIA INFRASTRUCTURE FINANCE**

**1. Introduction**

PT Indonesia Infrastructure Finance ("IIF" or the "Company") has been established as an Indonesian financial institution under the Ministry of Finance Regulation (PMK No.100/PMK.010/2009), which would function on the principles that govern any modern international financial institution.

As stipulated in IIF's: (i) Operating Manual; (ii) the Shareholders Agreement dated 15 January 2010 as lastly amended by the Third Amendment of Shareholders Agreement dated 19 March 2012 ("Shareholders Agreement"); and (iii) Articles of Association, the Board of Commissioners ("BOC") of IIF must form a Risk Management Committee, which adapted from the above-mentioned guidelines and enriched with some best practices for relevant financial institutions.

Indonesia adopts a two-tier board system, whereby the function of the BOC is more supervisory/ oversight rather than management. Therefore, the Risk Management Committee of the BOC in this charter should be named as the Risk Oversight Committee ("ROC" or the "Committee").

This ROC Charter shall supersede and replace any other similar ROC Charter of IIF that may have been formally created in the past.

**2. Main Objective**

- a. The main responsibility of the Committee as defined in the Shareholders Agreement dated 15 January 2010 is to support the development and oversight of the Company's risk management program, the introduction of adequate risk controls for the Company's assets and liabilities and the provision of recommendations on risk mitigations;
- b. The Committee is formed by IIF's shareholders and the BOC to support the supervisory function, primarily in providing oversight of the risk management issues of IIF on behalf of the BoC.

**3. Authority**

Below are the Committee's authorities, which are needed to perform its responsibilities:

- a. RoC shall have access to obtain the required information within its responsibilities from directors, executives, employees and from external/ professional resources (for avoidance of doubt, in the case external/ professional resources are requested, the Committee shall seek consultation and approval with IIF's Board of Commissioners and/or Board of Directors) to support the duties;
- b. Under acknowledgment of the BOC, the Chairperson of the Committee might invite directors or executives or employees or independent auditor of IIF to attend the Committee meeting;

In implementing the above authorities, the Committee co-ordinates with the Risk Director (CRO).

#### 4. Structure and Qualification

##### 4.1. Composition

- a. Pursuant to the existing IIF's Operations Manual: "the Committee shall consist of one chairperson (an Independent Commissioner), another Independent Commissioner and three (3) members. The composition shall be as follows:
- Chairman, who is an Independent Commissioner;
  - One member, who is a Commissioner nominated by SMI;
  - Two members, who are Commissioners nominated by the Supranational Investors<sup>1</sup>;
  - One member, who is an Independent Commissioner;
  - Any other member/s that the BOC deem necessary, except the Director of Advisory business. Other members should ideally include the following:
    - 1) Director – Investment
    - 2) Director – Risk
    - 3) Director – Legal, regulatory and compliance."
- b. In consideration of IIF's current business operations, it is proposed that the composition of the permanent members of the Committee to be revised<sup>ii</sup> as follows:
- Chairman, who is an Independent Commissioner;
  - One member, who is a Commissioner nominated by SMI;
  - Two members, who are Commissioners nominated by the Supranational Investors<sup>1</sup>;

The Chairman of RoC has the rights to appoint Vice Chairman, who is one of the members of RoC other than the Independent Commissioner.

- Non-permanent members: any other member/s that the BOC deem necessary, except the Executive Vice President of Advisory business. Other members should ideally include the following:
  - 1) Chief Executive Officer;
  - 2) Director – Investment (either for Domestic or International Clients, who shall take turn to join the meeting);
  - 3) Director – Risk;
  - 4) Senior Vice President of Risk Management (as an Observer and Secretary of the Committee).

##### 4.2. Qualification

The Committee members must meet the following requirements:

- a. Poses a good integrity, reputation and independent attitude;
- b. Has adequate expertise, background knowledge and experience;
- c. The Chairperson is an Independent Commissioner<sup>iii</sup> as defined in the Shareholders' Agreement dated 15 January 2010 and IIF's Operations Manual and Article 13 paragraph (3) of IIF's Articles of Association and relevant regulations (if any). Unless prohibitive by prevailing laws and regulations, any exceptions to this shall obtain consent from IIF's shareholders<sup>iv</sup>.

#### **4.3. Appointment**

- a. The Committee members are appointed by the BOC and acknowledged by the Board of Directors (BOD);
- b. The appointment of the Committee Chairperson and members shall be reported in the Annual General Shareholders' Meeting (AGM).

#### **4.4. Membership Period**

The period of Committee membership is equal to that of BOC.

### **5. Responsibilities and duties**

1. Evaluates the risk management policy for credit, market, operational and environmental & social risks for BOC approval. Regularly evaluates and analyses the adequacy of risk management policies and gives opinions in the form of suggestions and/or recommendations to the BOC concerning the necessary improvements and perfection of risk management;
2. Suggests modifications to the above mentioned risk management policies to suit the changing environment;
3. Defines the roles and responsibilities of the Risk Management Committee of the Board of Directors;
4. Provides input and comments on the issues raised by Risk Management Committee of the Board of Directors;
5. Reviews quarterly risk management report prepared by IIF's Risk Management Team prior to submission to IIF's shareholders;
6. Provides suggestions and/or recommendations (if any) to IIF's Risk Management Team to be incorporated in the subsequent quarterly risk management report;
7. Reviews framework of risk management parameters or registers and provide approval for any proposed changes to such parameters or registers going forward;
8. Provides information on any other matter, which is deemed fit by the Board of Commissioners in the normal course of business.

### **6. Meeting**

#### **6.1. Frequency**

The Committee manages its regular meeting at least once a quarter, and shall be attended at least by fifty one percent (51%) of the permanent members of the Committee – but shall include the Independent Commissioner.

#### **6.2. Agenda**

The Committee meeting agenda shall be clearly defined and be distributed to the Committee members at least 1 (one) week prior to the meeting.

#### **6.3. Attendees**

Notwithstanding the provisions of 4.1 (b) above, the Committee may request the Risk Management Committee of the BOD, Risk Director, other Directors, principal risk owners, executives and internal auditor to attend the Committee meeting if required.

#### **6.4. Secretary**

The Senior Vice President of Risk Management or his/her alternate shall attend all meetings of the Committee to provide Minutes of Meeting.

#### **6.5. Minutes**

The Committee's meetings must be well documented in a form of Minutes of Meeting, which shall be signed by all attending members. Any dissenting opinions in the meeting must be written clearly in the Minutes of Meeting, together with the reason of the dissenting opinions for further decision of BOC. Minutes of Meeting shall be distributed to the other BOC members for information.

#### **7. Reporting**

##### **7.1. Report to the Committee**

- a. Quarterly Risk Management Report of IIF shall be provided to the Committee prior to it being sent to the shareholders;
- b. The minutes of meeting of ALCO and Risk Management Committee of BOD shall be made accessible to the Committee upon request;
- c. The Risk Director and other IIF's Directors shall ensure that all information of material concerns that are relevant to the Committee's responsibilities are brought to the attention of the Committee promptly.

##### **7.2. Report by the Committee**

- a. The Committee has to prepare a report explicating roles and responsibilities that the Committee has done during the period audited by the independent auditor. The said report shall become part of annual report to the shareholders.
- b. Once a year the Committee shall make a self-assessment upon the effectiveness of the Committee's activities and report this to the BOC.

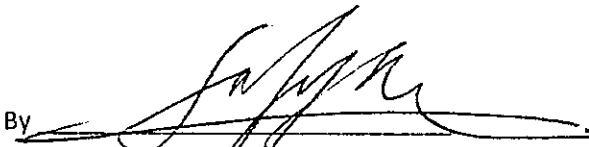
#### **8. Secrecy/ Confidentiality**

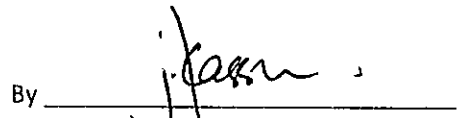
Each Committee member shall maintain the secrecy/confidentiality of IIF's documents, data and information; as well as adhere to Code of Conduct as outlined in IIF's Operations Manual.


#### **9. Others**


- a. The Committee must review and if required, improve its Charter, by approval from the BOC;
- b. To maintain and improve the quality of the Committee, the Committee might arrange orientation, development, training or continuing education program for the Committee members, which shall be coordinated through the Risk Director and obtain approval from the BOC;
- c. The Committee shall have the power to engage and select independent counsel and other professional advisers at the expense of IIF and to invite them to attend meetings. This requires prior approval from BOC.

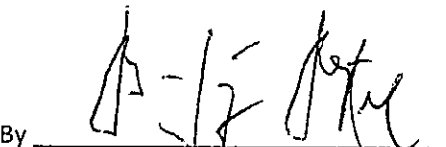
**PT INDONESIA INFRASTRUCTURE FINANCE**


By   
Name>Nama : Sofyan Abdul Djail  
Title/Jabatan : President Commissioner  
Date/Tanggal : \_\_\_\_\_

By   
Name>Nama : Jemal-ud-din Kassum  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

By   
Name>Nama : Marwanto Harjowiryo  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

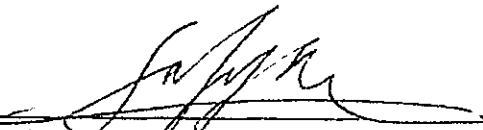
By   
Name>Nama : Arif Baharudin  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

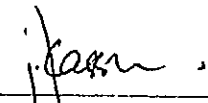
By   
Name>Nama : Hans-Juergen Hertel  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

By   
Name>Nama : Robert Dolk  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

By \_\_\_\_\_  
Name>Nama : Rajeev Kannan  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

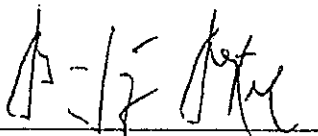
**PT INDONESIA INFRASTRUCTURE FINANCE**


By   
Name>Nama : Sofyan Abdul Djali  
Title/Jabatan : President Commissioner  
Date/Tanggal : \_\_\_\_\_

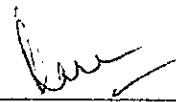
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Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

By   
Name>Nama : Robert Dolk  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

By   
Name>Nama : Rajeev Kannan  
Title/Jabatan : Commissioner  
Date/Tanggal : \_\_\_\_\_

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<sup>i</sup> As defined in IIF's Shareholders Agreement, the Supranational Investors are: Asian Development Bank, International Finance Corporation and Deutsche Investitions und Entwicklungsgesellschaft.

<sup>ii</sup> Subject to approval from BOC and shareholders. As per IIF's Shareholders Agreement dated 15 January 2010, Sections relating to Social and Environmental Framework and Corporate Governance of IIF's Operations Manual must not be revised unless consents are obtained from the shareholders.

<sup>iii</sup> A person qualified to become an Independent Commissioner of the Company is a person who: (i) has not been employed by the Company or any subsidiary of the Company, any shareholder, or their respective Affiliates in the past five years, (ii) is not, and is not affiliated with a company that is an advisor or consultant to the Company or any subsidiary of the Company, any shareholder, or their respective Affiliates, (iii) is not affiliated with a significant customer or supplier of the Company or any subsidiary of the Company, any shareholder, or their respective Affiliates, (iv) has no personal service contracts with the Company or any subsidiary of the Company, any shareholder, their respective Affiliates, or their respective senior management, (v) is not a member of the immediate family of an individual who is, or has been during the past five years, employed by the Company or any subsidiary of the Company, any shareholder, or their respective Affiliates as an executive officer; (vi) is not a Controlling Person of the Company (or member of a group of individuals and/or entities that collectively exercise control over the Company) (vii) is not a direct or indirect shareholder of the Company, (viii) is not an Affiliate to the Company, any director, any commissioner or any Shareholder holding 5% (five per cent) or more of issued shares of the Company, (ix) does not have a business relation directly or indirectly with the business of the Company.

<sup>iv</sup> As per IIF's Shareholders Agreement, sections relating to Social and Environmental Framework and Corporate Governance of IIF's Operations Manual must not be revised unless consents are obtained from the shareholders.