

RISK MANAGEMENT COMMITTEE OF THE BOARD OF DIRECTORS CHARTER OF PT INDONESIA INFRASTRUCTURE FINANCE

1. Introduction

PT Indonesia Infrastructure Finance ("IIF" or the "**Company**") has been established as an Indonesian non-bank financial institution, which will function based on the principles that govern any modern international institution operating in Indonesia.

In order to actively monitor the risk management over IIF's business activities as well as to provide recommendations in formulating risk management policies and strategies for IIF, it is required to establish the Risk Management Committee of the Board of Director ("**RMC**" or the "**Committee**").

2. Roles and Responsibilities

The roles and responsibilities of the RMC under the risk management arrangements are provided below.

- a. Provide strategic formulation of risk management policies and framework, including the setting of limits framework and the formulation of contingency plans for adverse conditions;
- b. Oversee the evaluation and management of the overall risk composition in IIF's portfolio, minimize risks at the project as well as the portfolio level, develop a risk management culture at all levels, ensure Risk Management Department operates independently;
- c. Investigate, analyze, and take necessary action in respect of issues related to business decisions that deviate from normal procedures;
- d. Evaluate proposals related to new activities and products and judge the desirability and ability of IIF undertaking these new activities and products from a risk perspective, and evaluate proposals for associated changes in policies and procedures;
- e. Monitor the adequacy of IIF's capital against described risks in accordance with prevailing regulations and the company's risk tolerance;
- f. Evaluate the effectiveness of the risk management policies and procedures, formulate necessary amendment on the existing risk management policies and procedures, evaluate the adequacy of internal controls and review regular MIS reports;
- g. Conduct regular review to evaluate the appropriateness of the risk assessment methodologies.
- h. Review and agree on Quarterly Risk Management report produced by the Risk Management Department.

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- i. Review and propose any changes and/or additions, if so required, for any risk parameters or indicators to the Risk Oversight Committee of the Board of Commissioners.
- j. In relation to the fraud and corruption prevention, RMC is responsible for:
 - Developing strategies to promote fraud and corruption awareness and ethics for employees;
 - Reviewing the enterprise-wide Fraud and Corruption Risk Assessment prepared by Risk Management Department at least every three years, or following any major structural or functional changes of IIF or whenever deemed necessary;
 - Determining fraud and corruption control strategies to address risks identified in the Fraud and Corruption Risk Assessment;
 - Ensuring that employees within their area of responsibility receive appropriate fraud and corruption awareness training and understand IIF's Code of Conduct;
 - Recommending appropriate policies and procedures for the detection and prevention of fraud and corruption;
 - Reviewing and updating policies and procedures whenever necessary but at least once every two years to ensure they reflect best practice principles and standards in fraud and corruption prevention.

For avoidance of doubt, monitoring, management, and decisions on action taken concerning suspected or proven Fraud and Corruption cases and related issues, including the reporting channel and procedure of Whistleblowing would be the responsibility of Fraud and Corruption Prevention Committee.

3. Structure and Qualification

3.1. Composition

- a. Pursuant to the Organizational Arrangement for Risk Management as stipulated in IIF's Operation Manual (Batch 3 – Risk related), "the RMC will consist of the following members:
 - President Director – Chairman;
 - Director of Risk (Convenor);
 - Director of Investments;
 - Director of Finance;
 - General Counsel;
 - Other members from outside the Board of Directors ("BoD") as the Board of Commissioners ("BoC") deem fit."
- b. However, in consideration of IIF's current business operations and the scope of responsibilities of the Committee, the composition members of the Committee currently is as follows:

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(i) Permanent members with voting rights ("**Voting Members**"):

- President Director (Chairman);
- Director of Risk (Convenor);
- Director of Investment A;
- Director of Investment B;
- Director of Finance.

All Voting Members have voting rights, conditionally that the BoD has rights to decide on the composition for Permanent members above.

(ii) Permanent member without voting right (Non-Voting Member):

- Market Risk & Portfolio Management Manager (Secretary of the Committee).

(iii) Non-permanent members (Non-Voting Members): any other participant(s) or invitee(s) outside the permanent members of RMC as deem necessary. Non-voting members should ideally include the following:

- Risk Team Leaders;
- Risk Senior Team Members (Credit/ Operational/ S&E Risk Manager, who shall take turns in joining the RMC meeting depending on the subject matter discussed in RMC).

Other members of the Committee who are not member of BoD must have adequate expertise, background knowledge, and experience.

3.2. Appointment

The Committee members are appointed by the Chairman. At the time of appointment of each of the Committee member, the Chairman will determine whether the relevant member will have a voting right or not.

3.3. Membership Period

The period of the members of the Committee will be the same period as the term of office of the respective members. For other members, the period will be determined by the Chairman.

4. Meeting

4.1. Frequency

The Committee will meet at least once a quarter. Ad-hoc meetings may be convened for discussion of relevant matter/issue of which urgent decision is required.

4.2. Meeting procedures, quorum, required votes

- a. A quorum of three (3) Voting Members (presence of President Director is mandatory) is required to convene a meeting.
- b. The Committee will review the progress of any observations and recommendations made by it in prior meetings. Any deviation or delay in

implementing recommendations will be discussed on a priority basis and appropriate action will be recommended.

- c. An RMC member may be represented in the RMC meeting by another member of the Committee who is a Director of the Company by virtue of a written delegation of authority.
- d. The Committee members who do not have voting rights may only vote in meetings if they are given a written delegation of authority by the Voting Members to attend the meeting on the relevant Voting Member. This provision also applies to representatives of Voting Members who attend the meeting by virtue of a written delegation of authority by Voting Members.
- e. Any decision to be adopted in the meetings to the extent possible must be made by unanimous consent. In case unanimous consent cannot be reached, any decisions to be adopted at RMC-BoD meeting must be approved by at least 2/3 of the Voting Members present or represented at the meeting, of which such 2/3 of the Voting composition must include approval from the Chairman and the Convenor.
- f. RMC meeting may also be held through teleconference, video-conference or other electronic media facilities which enable all participants of the meeting to directly see and/or hear each other and participate in the meeting.

4.3. Notice

Subject to Article 4.4 below, a prior written notice and materials of the meeting must be sent by the Secretary of the Committee after obtaining approval from the Chairman or his/her representative to each of the Committee member by registered letter or electronic communication such as email not later than 3 (three) working days before the date of the Committee meeting.

4.4. Agenda

The agenda for each RMC meeting is decided by the Chairman and/or Convenor of the Committee. The Committee meeting agenda shall be clearly defined and be distributed to the Committee members at least 3 (three) business days prior to the meeting date.

4.5. Invitees

The Committee can request the attendance of any person it considers appropriate at any of its meetings; of which such person will not have the voting right.

4.6. Secretary

Market Risk & Portfolio Manager as the Secretary of the Committee shall send a prior written notice and materials as well as the agenda of the meeting at least 3 (three)

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business days prior to the meeting. He/she shall attend all meetings of the RMC to take the minutes of meeting. In the absence of the Secretary of the Committee, the Convenor of the Committee can appoint one of the non-permanent members as the secretary of the Committee.

4.7. Minutes of Meeting

Minutes of meeting must be prepared by the Secretary of the Committee in writing and delivered to all of the Committee members who participated in the meeting to be approved and signed. Such minutes must be sent to all members present in the meeting within 7 (seven) business days after such meeting. Any dissenting opinions in the meeting must be written clearly in the minutes of meeting together with the reason of the dissenting opinions.

5. Reporting

- a. The minutes of the Committee meeting shall be made accessible to the Risk Oversight Committee ("ROC") upon request;
- b. The responsibilities carried out by the Committee during the relevant financial year as documented in the minutes of meeting may be reviewed by independent external auditor during financial audit;
- c. The Committee will report its roles and responsibilities, composition of the Committee, meeting schedule during the relevant year, and the agenda being discussed in the annual report;
- d. Unless all BoD members are also RMC members, once a year the Committee shall make a self-assessment upon the effectiveness of the Committee's activities and report this to the BoD.
- e. The Committee's reports (including Minutes of Meeting) must be signed off by the Chairman.

6. Confidentiality

Each RMC member and invitee (if any) must keep confidential and may not disclose any documents, data, and information relating to IIF or any other related matters discussed in meetings.

7. Others

- a. The Committee must, from time to time, review and make any amendments that may be required to its Charter. Any amendments to the Charter must be approved by the BoD.
- b. To maintain and improve the Committee quality, the Committee may arrange for any orientation, development, training, or education program for the Committee members.

- c. The Committee can confer with the external auditors when deemed appropriate by either party.

Jakarta, 13 April 2020

PT INDONESIA INFRASTRUCTURE FINANCE



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Title : President Director

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