

AUDIT COMMITTEE CHARTER



PT INDONESIA INFRASTRUCTURE FINANCE
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AUDIT COMMITTEE CHARTER OF PT INDONESIA INFRASTRUCTURE FINANCE

1. Introduction

PT Indonesian Infrastructure Finance (IIF / "the Company") has been conceived as an Indonesian institution which would function on the principles that govern any modern international institution.

In order to carry out the supervisory function as stipulated in the IIF Corporate Governance Guidelines (August 2010), the Board of Commissioners (BOC) must form an Audit Committee. The terms of reference of the Audit Committee is covered in this Audit Committee Charter which is adopted from Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) Regulation No. 55/POJK.04/2015 of 2015 concerning Establishment and Guidelines of the Audit Committee, the above mentioned guidelines and enriched with some best practices.

2. Objective and Responsibility

- a. The Audit Committee is formed by the BOC to support the supervisory function, primarily in dealing with internal control, accounting policy, financial reporting, internal and external auditor.
- b. The main responsibility of the Audit Committee is to support the development of an adequate internal audit and internal control structure, discuss accounting policies to be adopted, review financial statements, improve the transparency of financial reporting, ensure the compliance with regulatory and financial reporting requirements as well as to review audit scope, due professional care, and independency of the external auditor (Public Accountant).

3. Authority

Below are the Audit Committee authorities which are needed in performing its responsibilities:

- a. Has a full and unlimited access to obtain the required information within its responsibilities from directors, executives, employees, and from external/professional resources to support the duties;
- b. Under acknowledgement of the BOC, the Chairperson of the committee might invite directors to attend the committee meeting;

- c. Requests the executives, employees, and independent auditor to attend the committee meeting; and
- d. Request the external or internal auditor to conduct special audit, if required.

In implementing the above authorities, the committee coordinates with the Head of Internal Audit Unit.

4. Structure and qualification

4.1. Composition

Basically the Audit Committee consists of at least 1 (one) independent commissioner and at least 2 (two) members come from outside of the Company (independent party).

4.2. Qualification

The Audit Committee members must meet the following requirements:

- a. Posses a good integrity, reputation and independent attitude;
- b. Has adequate expertise, background knowledge, and experience and one of the committee members poses accounting or finance educational background;
- c. Have adequate knowledge of all capital markets and other relevant regulations;
- d. Be willing to continuously improve its competency through education and training;
- e. Comply with the code of ethics of the audit committee adopted by the Company; and
- f. The Chairperson is an Independent Commissioner as defined in the relevant regulation in the capital market sector.

The following is an additional requirement for any individuals (save for the independent commissioner) from outside the Company to be appointed as the member of the Audit Committee:

- a. Not an insider of the Public Accounting Firm, legal counsel, public appraiser or other party that has given assurance, non-assurance, appraisal, and or other consultation services to the Company within the last 6 months before appointed by the BOC;

- b. Not a party that has had the authority and responsibility to plan, direct, control or supervise the activity of the Company in the last six months before his/her appointment as a member of the Audit Committee (except as an independent commissioner);
- c. Not own shares, either directly or indirectly, in the Company;
- d. Not party that has an affiliated relationship with the Company, or with any commissioner, director, or principal shareholder of the Company;
- e. Not a party that has a business relationship which is directly or indirectly related to the Company's business activity; and
- f. Not a key person of the Company within the last 6 months before appointed by the BOC, except for independent commissioner.

4.3. Appointment

- a. The Audit Committee members are appointed by BOC and acknowledged by the Board of Directors (BOD);
- b. The appointment of the Audit Committee shall be reported to the Shareholders Meeting; and
- c. IIF is obliged to deliver the information on appointment and dismissal of the Committee to Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) at the latest of 2 business day after such appointment or dismissal.

4.4. Membership Period

The term of office of Audit Committee members is equal to that of the BOC and may only be reappointed once for the consecutive period.

5. Responsibilities

5.1. Internal Control

In particular, the committee will undertake the following tasks:

- a. At each meeting, review the report which identifies control issues significance that require, or are subject to corrective attention and summarises the action being taken to resolves that issues. It is recommended that the compilation of the report is overseen by the committee chairman with input from Internal Audit, Legal Division, and the external auditors and draws on issues raised by relevant management committees (such as the respective BOD Risk Committee);

- b. Review the manner and frame work in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control system, including accounting control system, and thereby maintains an effective system of internal control, including an annual review of the adequacy of control monitoring and issue escalation process. Control issues are to be documented by management and submitted to the committee in a standard format for Control Issues;
- c. Where legislation requires companies to make disclosures in the Annual Report and Accounts on internal controls, the committee should review the statements prior to their approval by the BOC;
- d. Make enquiries of the President Director/Managing Director and Finance Director as to the existence of any significant deficiencies in the system of internal controls that could adversely affect the Company and any potential for fraud identified;
- e. Review reports from internal and external auditors and monitor the status of any necessary remediation; and
- f. Review issues discussed and decide if there is a need to escalate issues to the BOC or notify the local regulator.

5.2. Reporting

In particular, the committee is responsible for the improvement of the transparency and financial reporting quality, through the following tasks:

- a. Ensure the existence of adequate review on the financial statements to be issued by the Company;
- b. Discuss with the auditors any significant areas of judgment and or accounting policy to be adopted in the provision of information in the statutory accounts;
- c. Ensure that the financial statements have been prepared according to the generally accepted accounting principles and the underlying regulations; and
- d. Ensure that all report to the regulator and other institution have been submitted accurately and timely.

5.3. Internal Auditor

In dealing with the Internal Auditor, in particular the committee will undertake the following tasks:

- a. Evaluate the Internal Audit Charter to be approved by the BOC;

- b. Evaluate the Internal Auditor annual plan as an input for the BOC;
- c. Ensure that no limitation made by the management on the audit process conducted by internal auditor;
- d. Evaluate the effectiveness of the internal audit function;
- e. Ensure that any significant internal audit finding has been immediately reported to the and discuss it;
- f. Ensure that the internal auditor recommendation has been followed-up by the management;
- g. Assign the internal auditor to perform special audit if there is any indication of management fraud or irregularity; and
- h. Evaluate the appointment and replacement of the internal audit head and submit the recommendation to the BOC on that matter.

5.4. Public Accountant

The committee will undertake the following tasks:

- a. Recommend the BOC in selecting public accountant to be approved in the annual shareholders meeting;
- b. Review the independency and objectivity of public accountant;
- c. Review audit scope to ensure that all significant risks has been considered;
- d. Ensure that the public accountants finding has been immediately reported to the committee and make discussion about it;
- e. Ensure that the management has followed-up the recommendation of public accountant;
- f. Monitor the consistency of audit implementation conducted by Public Accounting Firm to the prevailing auditing standards; and
- g. Review the public accountant performance in order to recommend the BOC to reappoint or replace the public accountant.

5.5. Compliance

The committee will undertake the following tasks:

- a. Review the effectiveness of the compliance monitoring system in preparing financial reports;
- b. Review the information from the management, auditor and other external consultant relating to the compliance issues; and

- c. Review the audit finding of the authoritative institutions and the effectiveness of management response and follow-up actions.

5.6. Code of Ethic and Whistle Blowing Policy

The committee will undertake the following tasks:

- a. Ensure that the company has a written code of ethic and whistle blowing policy;
- b. Assure that the management has developed a condition in which the code of ethic tends to be obeyed;
- c. Review the monitoring system of compliance to the code of ethic; and
- d. Review all significant complaints within its responsibility and report them to the BOC.

6. Working Guidelines and Procedures

In performing its duties, responsibilities and authorities, the Committee shall:

1. Coordinating and liaising with Internal Audit Unit in supervising the internal and implementation of audit;
2. Communicating with all units in order to obtain any related information, clarification, and files or reports;
3. Communicating to the independent auditor in relation to its tasks and responsibilities and the audit result of the independent auditor;
4. Seeking help from external parties, with prior approval from the BOC, to perform special audit; and
5. Coordinating with related units with regards to risk management and supervision.

7. Meeting

7.1. Frequency

- a. The committee manages its regular meeting at least once a quarter, and the meeting should be held as short a period as practical before a meeting of the BOC;
- b. The regular meeting should be attended at least by 51% of the number of the committee members including one independent Commissioners and one independent Party;

- c. Decision in the meeting shall be made under unanimous consent principle. In case unanimous consent could not be reached the committee meeting decision shall be made by way of majority voting; and
- d. Besides the regular meeting, the committee might arrange any meeting whenever required.

7.2. Agenda

The committee meeting agenda should be clearly defined and be distributed to the committee members prior to the meeting time.

7.3. Attendees

The committee might request internal auditor, independent auditor, directors, executives, and employees as well as other third parties to attend the committee meeting if they were required.

7.4. Secretary

The internal audit head or his/her deputy shall attend all meetings of the committee to provide the minutes.

7.5. Minutes

The committee meeting must be documented in a minutes of meeting which signed by the 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.

8. Reporting

8.1. Report to the committee

- a. The internal auditor must submit a copy of the audit report to the committee;
- b. The internal auditor might make a continuous communication and access to the committee;
- c. The management should immediately report to the committee concerning any significant and material matters related to the Company's Operation; and
- d. The management must provide the committee with the required report the might be requested by the committee.

8.2. Report by the committee

- a. The committee has to prepared a report explicating whatever the committee responsibilities have been done during the period audited by the independent auditor. The said report becomes a part of the annual report to the shareholders. The content of the report at least including matters as mentioned in the rule issued by the authoritative bodies such as OJK;
- b. Once in a year the committee must make self assesment upon the efftivenes of committee activities and report to the BOC; and
- c. The chairman of the committee should sign all the committee reports.

8.3. Whistleblowing Report

Audit Committee shall receive and ensure that any complain relating to the allegation of breach in financial reporting is processed fairly and in timely manner. In handling the complaint which is reported by any third party, the Audit Committee may order for an investigative audit to be conducted by coordinating with the Internal Audit Unit and/or Management and/or appoint consultant and/or expert from outside the Company which is independent. If the alleged breach is proven, the Audit Committee shall deliver the results to the BOC.

9. Secrecy

Each committee member should maintain the secrecy of the Company's documents, data and information.




10. Others

- a. The committee must review and improve its charter, if required by law, by approval from the BOC;
- b. To maintain and improve the committee quality, the committee might arrange any orientation, development, training or continuing education programs for the committee members; and
- c. The committee shall have the power to engage independent counsel and other professional advisers at the expense of the Company, and to invite them to attend meetings.

11. Closing

- a. Audit committee charter shall come into force on the date specified; and
- b. In accordance with the development and needs of the Company, the audit committee charter will be reviewed periodically at least once in three years.

Approved by:

V. Sonny Loho, Chairman of Audit Committee	Date
	
Rinaldi Firmansyah, Member of Audit Committee	Date
	
Darmin Nasution, Member of Audit Committee	Date
	
Asep Hikmat, Member of Audit Committee	Date
