

# **Audit Committee Charter**

## **Revision 2020**

Attachment to Board of Commissioners Resolution

Number: DEKOM/SKEP/004/2020

## **A. INTRODUCTION**

Public trust is one factor that maintains the survival of the company. The implementation of Good Corporate Governance (GCG) is a requirement that must be fulfilled in order for public trust in PT. GARUDA INDONESIA (PERSERO) TBK, hereinafter referred to as the Company, to be maintained. One of the important roles in implementing GCG principles is to increase the role of the Audit Committee.

The Audit Committee as an organ of the Board of Commissioners is expected to be able to provide recommendations and independent professional information for the benefit of the company and its stakeholders, including the implementation of transparency of company information and the accountability of its implementers.

In order for the Audit Committee to be able to perform its duties and functions properly, Guidelines for Performance of Work of the Audit Committee, in the form of an Audit Committee Charter which is useful for the Board of Commissioners, the Board of Directors and other organs in the company, so that all parties can avoid a conflict of interest between roles (agency problem), are needed.

This Audit Committee Charter is prepared by reference to:

1. Regulation of the State Minister for State-Owned Enterprises Number: PER-01/MBU/2011 dated August 1,

2011 on the Implementation of Good Corporate Governance in State-Owned Enterprises;

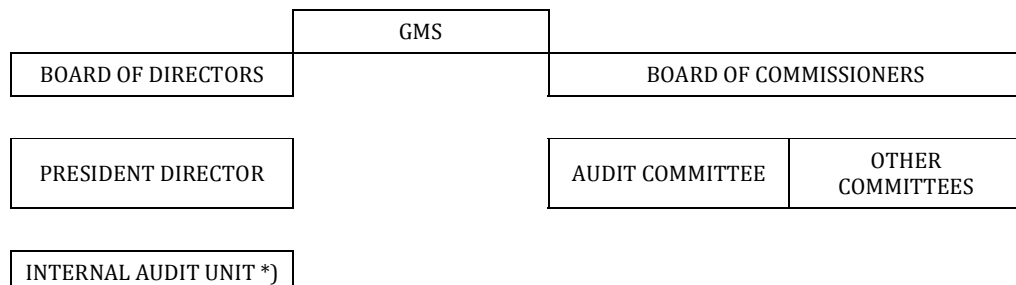
2. Regulation of the State Minister for State-Owned Enterprises Number: PER-12/MU/2012 dated August 24, 2012 on Supporting Organs of the Board of Commissioners/Supervisory Board of State-Owned Enterprises;
3. Financial Services Authority Regulation number: 55/POJK.04/2015 on the Establishment and Guidelines for Performance of Work of the Audit Committee;
4. Indonesia Audit Committee Institute, Audit Committee Manual, the Third Edition 2019.

**B. Objectives and Functions of the Audit Committee**

1. The Audit Committee is a committee that works professionally and independently formed by the Board of Commissioners to assist and strengthen the function of the Board of Commissioners in performing the oversight of the financial reporting process, risk management and internal control, internal audit and external audit, and ethics, regulations and compliance.
2. The functions of the Audit Committee are:
  - a. To make an overview of corporate financial information quality and satisfaction of GCG requirements.
  - b. To make an overview of internal control, ensuring the existence of a strategy in internal control,

ensuring that the implementation of internal control is in accordance with the internal control guidelines, encouraging the growth and development of the Company's internal control-oriented culture.

- c. To make an overview of the independence and quality of work of Internal Auditors and External Auditors, encourage the publication of high-quality and timely audit reports, encourage the creation of control culture within the company.
  - d. To ensure that the principles of GCG have been implemented by the company.
  - e. To review the compliance with applicable regulations and established codes of ethics
  - f. To perform other tasks assigned by the Commissioners to the extent that they are within the scope of the duties and obligations of the Commissioners under the applicable laws and regulations.
3. To perform the duties and responsibilities of the Audit Committee, the position of the Audit Committee within the company's management structure shall be as follows:



\*) Responsible administratively to the President Director, and functionally to the Board of Commissioners, through the Audit Committee to maintain the independence of the Internal Auditor.

**C. MEMBERSHIP**

**1. Membership Composition**

Members and membership composition of the Audit Committee of the Company shall be as follows:

- a. The Audit Committee shall consist of at least 1 member of the Board of Commissioners of the Company and at least 2 other members who are the Company's independent external parties.
- b. The Chairman of the Audit Committee shall be a member of the Audit Committee who is a member of the Board of Commissioners of the Company who is an Independent Commissioner.
- c. The composition of the members and Chairman of the Audit Committee shall be determined at the meeting of the Board of Commissioners approved by at least 50% of the members of the Board of Commissioners, and reported at the General Meeting of Shareholders.

**2. Member Qualifications**

Audit Committee members shall meet the following competency and independence requirements:

- a. Having high integrity and sufficient ability, knowledge and experience background to perform their roles and responsibilities as members of the Audit Committee in a professional manner.
- b. One of the members of the Audit Committee shall have a background in accounting or financial education, and another shall understand the company's industry/business.
- c. Having a good reputation proved by the fact that:
  - 1) They have never been convicted of a criminal offense.
  - 2) They have never been declared bankrupt or put into receivership.
  - 3) They have never been found guilty of causing a company that was once or currently under their leadership to be declared bankrupt.
  - 4) They have never been dishonorably discharged from a job.
- d. Having an independent attitude, that is:
  - 1) The Audit Committee shall be free from the influence of the Board of Directors, the Internal Audit Unit, Public Accountants, and shall thus be responsible only to the Board of Commissioners.

- 2) They shall not have a family relationship to the third degree in a straight blood line or by marriage with Commissioners and Directors.
  - 3) They shall not be shareholders, Commissioners, Directors or employees of companies that have affiliated, financial or business relationships with the Company.
  - 4) They shall not have personal interests/relationships that may cause a conflict of interest with the Company.
  - 5) They shall not been a key employee of the Company for the past 6 (six) months.
  - 6) They shall sign an Independent Statement on stamped paper which shall be renewed once a year.
- e. Having a commitment to provide dedication, time and energy for the performance of the duties of the Audit Committee.
  - f. Being able to communicate effectively and having the ability to provide constructive advice and views.

### **3. Membership Period**

- a. The term of office of Audit Committee members who are members of the Board of Commissioners shall be in accordance with their tenure as members of the Board of Commissioners;

- b. The term of office of Audit Committee members who are not members of the Board of Commissioners shall be a maximum of 3 (three) years and may be extended once for 2 (two) years.
- c. By virtue of the resolution of the meeting of the Board of Commissioners, the membership of the Audit Committee may be accelerated before the end of the membership period if there are things that cause a member to no longer meet the specified qualifications, or if the person concerned resigns before the end of his term of office.
- d. The replacement of members of the Audit Committee must obtain approval from more than 50% of the members of the Board of Commissioners.
- e. The number of members of the Audit Committee shall from time to time be a minimum of 3 persons and any vacant position of member shall therefore be immediately filled at the latest within 3 months.

**D. DUTIES AND RESPONSIBILITIES**

**1. Oversight of Financial Reporting**

The Audit Committee shall have the duty to:

- a. Hold discussions with the management about the internal control system which covers the preparation of financial statements.
- b. Communicate with the Internal Audit Unit and the Public Accountant, as well as other external audit



institutions, to discuss findings and issues on internal control in the process of preparing financial statements and the results of their reviews of the company's financial statements.

- c. Make an evaluation of whether the recommendations on revisions submitted by the Internal Audit Unit and the Public Accountant, as well as other external audit institutions, have been followed up by the management.
- d. Ensure that adequate review procedures for financial statements and other financial information issued by the Company, both those provided to the Board of Commissioners, shareholders, and those published are in place.
- e. Ensure that the Company's financial statements have been prepared in compliance with accounting principles and applicable laws and regulations.
- f. Ensure that reports submitted to other authorized agencies have been conducted in a appropriate and timely manner.

## **2. Oversight of the Auditing Process**

### **2.1. INTERNAL AUDIT UNIT**

The Audit Committee shall have the duty to:

- a. Evaluate the Internal Audit Charter to ensure that no restrictions by the management that prevent the Internal Audit Unit from

performing its functions optimally in accordance with applicable auditing standards for further approval by the Board of Commissioners are found.

- b. Provide opinions and recommendations on the appointment, replacement and dismissal of the Head of the Internal Audit Unit and ensure the involvement of the Audit Committee in this process.
- c. Evaluate the annual work plan of the Internal Audit Unit, including the adequacy of resources to perform the internal audit function, as input for the Board of Commissioners.
- d. Evaluate the effectiveness of the implementation of the functions of the Internal Audit Unit, including reporting and communication to the Audit Committee.
- e. Evaluate that the Internal Audit Unit's significant findings are submitted to the Audit Committee immediately and hold discussions with the Internal Audit Unit to discuss the findings.
- f. Evaluate that the management conducts a necessary follow-up to recommendations made by the Internal Audit Unit.

- g. Assign the Internal Audit Unit to conduct a special audit if there is a suspicion of fraud or deviation from applicable laws and regulations.

## 2.2 Public Accountants

The Audit Committee shall have the duty to:

- a. Assist the Board of Commissioners in the process of appointing an independent auditor candidate who will carry out an integrated audit at the Company. The independent auditor for the consolidated subsidiary is appointed by the said subsidiary in accordance with the provisions of its articles of association but must be consulted with the Audit Committee to assess the independence aspects of the independent auditor candidate;
- b. Oversight the integrated audit process in the Company and the audit process in subsidiaries whose financial statements are consolidated into the consolidated financial statements of the Company;
- c. Review the competence, independence and integrity of public accountants.
- d. Provide recommendations to the Board of Commissioners for the determination of the public accountant to be appointed at the GMS

and propose the dismissal of the public accountant to the Board of Commissioners, should the public accountant fail to meet the audit standards and applicable regulations.

- e. Review audit planning to ensure that the scope of the audit is adequate and all significant risks have been considered.
- f. Evaluate whether the audit process run in accordance with the audit plan that has been prepared.
- g. Evaluate whether the public accountants' significant findings were submitted to the Audit Committee immediately and hold discussions with public accountants to discuss the findings.
- h. Evaluate whether the management followed up the recommendations given by public accountants.
- i. Provide independent opinion in the event of disagreements between management and the independent auditors;
- j. Provide pre-approval for non-audit services to be assigned to independent auditors

### **3. Oversight of Internal Control**

The Audit Committee shall have the duty to:

- a. Evaluate the effectiveness of the implementation of internal controls that have been designed.
- b. Evaluate the internal auditor's assessment of the effectiveness of internal control

#### **4. Oversight of Compliance with the Prevailing Regulations**

The Audit Committee shall have the duty to:

- a. Ensure the Company's compliance with laws and regulations relating to the company's activities.
- b. Review the findings obtained from audits by the internal audit unit, public accountants, other external audit institutions, and authorized agencies.
- c. Review the effectiveness of the monitoring system for compliance with applicable laws and regulations and the monitoring system for the results of investigations and follow-ups conducted by the management for any acts of fraud or noncompliance.
- d. Review the effectiveness of the management/Board of Directors' actions in implementing a predetermined business strategy.
- e. Review whether or not the company's code of ethics in writing is in place.
- f. Review whether the management has created working conditions and culture that encourage every

employee to comply with the company's code of ethics.

- g. Review the availability of processes to monitor compliance with the company's code of ethics.
- h. Review complaints (whistle blowing system - WBS) both from employees and from outside the Company, especially all complaints related to the accounting process and financial reporting.

#### **5. Oversight of the implementation of Risk Management**

In the implementation of monitoring of effectiveness in risk management, there is a division of tasks between the Audit Committee and the Business Development and Risk Monitoring Committee (PUPR) as follows:

- a. The Audit Committee monitors the Company's compliance with capital market regulations in which the Company's shares are listed, especially those related to financial reporting risks;
- b. The PUPR Committee monitors the Company's compliance with laws and regulations and the risks associated with the Company's business.

#### **6. Expansion of Duties and Responsibilities**

At the request of the Board of Commissioners, the Audit Committee may carry out other assignments.

### **E. AUTHORITIES**

To perform its duties and responsibilities, the Audit Committee shall be vested with the following authorities:

1. The Audit Committee may request and obtain data and information needed from the Board of Directors, officers and employees, as well as external parties of the Company, and from the Board of Directors, officers and employees of its Subsidiaries and the Subsidiaries of its Subsidiaries, by first coordinating with the Board of Directors (Audit Committee) or Board of Directors of the relevant company.
2. The Audit Committee shall be authorized to require the presence of Directors, officers, employees, and public accountants/External Auditors at Audit Committee meetings.
3. The Audit Committee may ask for input, clarification and professional opinion from the Company's internal parties and from third parties (including public accountants, legal consultants).
4. The Audit Committee may request both external and internal parties to conduct an investigative audit, subject to Board of Commissioners' approval;
5. To provide opinions and recommendations in the appointment/dismissal of the Head of the Internal Audit Unit.
- f. To provide opinions and recommendations in the appointment/dismissal of External Auditors.

**F. MEETINGS**

**1. Frequency of Meetings**

- a. Regular meetings of the Audit Committee shall be held at least once every 1 (one) month, which shall be held before the regular meeting of the Board of Commissioners.
- b. Meetings can be held by means of telephone or video conferencing.
- c. Regular meetings of the Audit Committee shall be attended by 1/2 (one-half) of the members of the Audit Committee.
- d. Resolutions adopted shall be approved by more than ½ (one-half) the total members.
- d. Other than such regular meetings, the Audit Committee may at any time hold a meeting to discuss matters that are deemed necessary and or urgent.

## **2. Meeting Agenda**

The agenda for each Meeting shall be clearly established and distributed to members of the Audit Committee prior to the Meeting.

## **3. Meeting Attendees**

- a. Within its authority, the Audit Committee may invite the Head of the SPI, Public Accountants/External Accountants, members of the Board of Directors, officers and employees of the Company as well as other parties deemed necessary and related to the Meeting agenda.



- b. The Meeting shall be chaired by the Chairman of the Audit Committee or the most senior member of the Audit Committee, in the event that the Chairman of the Audit Committee is unable to attend.

#### **4. Meeting Minutes**

- a. Minutes of each meeting shall be drawn up and signed by all members of the Audit Committee present.
- b. Meeting Minutes shall be well documented.

#### **G. ANNUAL WORK PROGRAM**

Before each fiscal year the Audit Committee shall prepare and submit an Annual Work Program to the Board of Commissioners for approval.

#### **H. REPORTING**

##### **1. Reporting to the Audit Committee**

- a. The Internal Audit Unit shall submit copies of reports on the results of assignments and audit activities to the Audit Committee through the Board of Commissioners.
- b. The Internal Audit Unit may communicate at any time and shall have unlimited access to the Audit Committee.

##### **2. Reporting by the Audit Committee**

- a. The Audit Committee shall submit a written report on the performance of any tasks accompanied by

recommendations if required to the Board of Commissioners.

- b. The Audit Committee shall prepare quarterly and annual reports to the Board of Commissioners.
- c. At least once every year, the Audit Committee shall evaluate the implementation of the Audit Committee's activities and report the results of the evaluation in writing to the Board of Commissioners.
- d. All reports made by the Audit Committee shall be signed by the Chairman of the Audit Committee and at least one member of the Audit Committee.

#### **I. EVALUATION**

- 1. The Chairman of the Audit Committee and or the President Commissioner shall at least once a year make a review of the performance of each member of the Audit Committee.
- 2. The Audit Committee shall make a review (self assessment) of the planning and performance of its duties, at least once a year.
- 3. The results of the Review by the Audit Committee shall be discussed with the Board of Commissioners to determine the steps for revision, development and improvement that need to be taken.

#### **J. MISCELLANEOUS**

1. The Audit Committee shall make a review and, if deemed necessary, revisions to the Audit Committee Charter, by requesting the approval of the Board of Commissioners therefor.
2. To maintain and improve the quality of the implementation of the duties of the Audit Committee, an orientation, development and training program may be implemented for members of the Audit Committee.

Prepared by,

PT GARUDA INDONESIA (PERSERO) Tbk

THE AUDIT COMMITTEE

No.	Name	Title	Signature
11	Elisa Lumbantoruan	Audit Committee Chairman	[signed]
2.	Zannuba Arifah Ch. R	Deputy I	[signed]
3.	Triawan Munaf	Deputy II	[signed]
4.	Setiawan Kriswanto	Audit Committee Member	[signed]
5.	Meindy Mursal	Audit Committee Member	[signed]