CHARTER OF AUDIT COMMITTEE
PT GARUDA INDONESIA (PERSERO) TBK
2017
A. BACKGROUND

Audit Committee is an organization instrument established by Board of Commissioners of PT Garuda Indonesia (Persero) Tbk (hereinafter referred to as Company) pursuant to:

1. Law of the Republic of Indonesia No. 19 of 2003 dated 19 June 2003 on State-Owned Enterprises (BUMN);

2. Decree of Minister of State-Owned Enterprises Number: KEP-117/M-MBU/2002 dated 31 July 2002 regarding Application of Good Corporate Governance (GCG) in Limited Liability Companies (Persero);

3. Regulation of State Minister of State-Owned Enterprises Number: PER-05/MBU/2006 dated 20 December 2006 regarding Audit Committee for State-Owned Enterprises;

4. Statement of Resolution of Extraordinary General Meeting of Shareholders of Limited Liability Company PT Perusahaan Penerbangan Garuda Indonesia (Persero) or abbreviated to PT GARUDA INDONESIA (PERSERO) Number 24 dated 16 November 2010;

5. Regulation of State Minister of State-Owned Enterprises Number: PER-12/MU/2012 dated 24 August 2012 regarding Supporting Organs of Board of
Commissioners/State-Owned Enterprise Supervisory Board;


7. Regulation of Financial Service Authority Number: 55/POJK.04/2015 regarding Establishment and Guideline for Work Implementation of Audit Committee;

B. PURPOSE

PT Garuda Indonesia (Persero) Tbk established an Audit Committee of PT Garuda Indonesia (Persero) Tbk to promote consistent application of Good Corporate Governance (GCG) principles including, among others, compliance with the related applicable laws and regulations.

Charter of Audit Committee is prepared to enable the Company’s Audit Committee to perform its tasks and responsibilities professionally and independently in accordance with the applicable laws and regulations, in order to assist Board of Commissioners in fulfillment of supervisory duties in terms of financial reporting, internal control system, audit process and monitoring on compliance with the applicable laws and regulations and the Company’s ethical code.
C. POSITION

Audit Committee shall be independent and, therefore:

1. Chairperson and members of Audit Committee must be free from the influence of Board of Directors and other parties employed, hired or engaged by the Company;

2. Audit Committee shall take assignment only from Board of Commissioners and report to Board of Commissioners.

D. AUTHORITIES

Audit Committee shall have the following authorities:

1. to demand and obtain information from Board of Directors, officers or employees of the Company;

2. to nominate a Public Accountant Firm that will carry out external audit functions to Board of Commissioners for appointment by the Company, including proposing the scope of external audit tasks and fee for audit service and monitoring the implementation of the audit by the Public Accountant Office;

3. to obtain necessary information from the internal auditor or external auditor of the Company;
4. to perform a special examination on the outcome of the internal or external audit of the Company, if necessary;

5. to give an assignment to internal audit and or third party who has the required expertise (professionally qualified) to conduct research, testing, and provide an opinion regarding matters related to the Company;

6. to have full, free and unlimited access to records, employees, funds, assets, and other resources of the Company in connection with the implementation of their duties to the extent as may be required following instruction and assignment from Board of Commissioners.

E. COMPOSITION

1. Audit Committee shall consist of at least one member of Board of Commissioners of the Company and no less than two other members from outside the Company.

2. Chairperson of Audit Committee shall be a member of Audit Committee from the Company’s Board of Commissioners who shall be an Independent Commissioner.

3. One of the members of Audit Committee must have accounting or financial education background, and one of them must understand airline
industry/business, as stipulated by the applicable laws and regulations.

F. APPOINTMENT/DISMISSAL AND SERVICE TERM

1. Members of Audit Committee shall be appointed and dismissed by the Company's Board of Commissioners and such appointment and dismissal shall be reported to General Meeting of Shareholders.

2. Service term of the member of Audit Committee from Board of Commissioners shall be following his or her service term as the member of Board of Commissioners.

3. Service term of members of Audit Committee that are not members of Board of Commissioners shall be 3 (three) years at the most and may be extended once for another period of 2 (two) years. Board of Commissioners may dismiss a member of Audit Committee at any time, or he or she may resign for any reason whatsoever before the end of his or her service term.

G. FEE

1. A member of Board of Commissioners who becomes a member of Audit Committee shall not be entitled to any additional pay other than that received as a member of Board of Commissioners.
2. Board of Commissioners shall determine the fee for members of Audit Committee.

H. MEETING

1. A Meeting shall be held at least once in two months, and the Committee shall be authorized to conduct an additional meeting at any time as may be required.

2. A Meeting of Audit Committee shall be attended by at least 1/2 (half) of all members.

3. A resolution of the meeting of Audit Committee shall be adopted from deliberation for consensus. If voting is required, a decision shall be taken if approved by more than 1/2 (half) of all members attending the meeting.

4. A meeting shall be presided over by Chairperson of Audit Committee or the most senior member of Audit Committee if Chairperson of Audit Committee is absent.

5. Audit Committee may invite Board of Directors, Board of Directors of the subsidiary company and or Senior Executive, or experts/professionals to discuss a matter or to give their opinion in the meeting.

6. The results of a meeting shall be expressed in minutes of the meeting of Audit Committee, signed by members of Audit Committee attending the meeting and
shall be made available to all those attending the meeting if necessary.

7. Minutes of a meeting shall be appropriately documented.

I. TASK AND RESPONSIBILITY

In the performance of their duties, Chairperson and members of Audit Committee shall not perform a direct audit of business activities of the Company. Audit Committee shall cooperate with and or obtain data/information from internal auditor, external auditor, insiders of the Company, as well as other parties.

Audit Committee shall have the following duties and responsibilities:

1. Financial Statement

   a. to review audited and unaudited consolidated financial statements and ensure that the financial statements are complete and consistent with the previous financial information, and reflect accounting principles that are in accordance with the current regulations;

   b. to discuss consolidated financial statements with Board of Directors, internal auditor and or external auditor before the financial
statements are issued/published by the Company for the government (regulator) or other parties;
c. to review financial statement issues put forward by the professionals and the government.

2. Internal Control

a. to study reports of internal auditor and external auditor in relation with sufficiency and effectiveness of the Company’s internal control system, including security and information technology control;
b. to understand the scope of review of internal auditor and external auditor on internal control in relation with financial reporting, and to receive report regarding significant findings and recommendations, together with management’s response;
c. to conduct study and provide suggestions to Board of Commissioners in relation with potential conflict of interest of the Company.

3. Internal Audit

a. to receive certificate of internal audit and work program internal audit submitted by
internal auditor to Board of Commissioners in this case Audit Committee;

b. to evaluate sufficiency of certificate of internal audit and provide inputs for improvement if necessary;

c. to assess effectiveness of internal audit by reviewing and monitor planning, implementation, and outcome and effectiveness of follow-up or the result of internal audit conducted;

d. to study report of internal audit report submitted by Board of Commissioners.

4. External Audit

a. to select and propose an independent potential external auditor for general audit on the Company's consolidated financial statements, propose compensation including dismissal of external auditor if in carrying out his or her tasks he or she fails to meet the applicable standard and stipulations;

b. to study the scope and approach of audit used by independent external auditor and ensure that there is no restriction of scope that can obscure the outcome of audit;
c. to review the outcome of audit and adequacy of the management’s follow-up to the outcome of external audit;

d. to assess quality of performance of external auditor and give recommendations to Board of Commissioners in relation with appointment of external auditor;

e. to meet with external auditor to discuss annual report as well as other reports that according to Audit Committee or external auditor are important to discuss;

f. to study adequacy for the scope of implementation of external audit, including audit planning;

g. to periodically meet with external auditor separately to discuss matters that according to Audit Committee or auditor need to be discussed separately.

5. Laws and Regulations

a. to study reports of external auditor and internal auditor in relation with the Company’s compliance with the applicable laws and regulations in the relevant field and other
laws and regulations related with the Company's activities;

b. to study reports of external auditor and internal auditor in relation with effectiveness of the system that functions to monitor compliance with the laws and regulations;

c. to study reports of external auditor and internal auditor in relation with the result of examination or monitoring of the Company's compliance with the applicable laws and regulations, either conducted by government agencies, internal party or external party.

6. Ethical Code of Company

a. to study report of internal auditor in relation with ethical code of the Company and mechanism implemented by the management in the attempt to elucidate and make effective the ethical code to all components of the Company;

b. to study report of internal auditor in relation with the attempt of the management in elucidating the importance of the Company's ethical code.

7. Reporting
a. Audit Committee are represented by Chairperson of Audit Committee to submit report of study result to Board of Commissioners for matters that require attention of Board of Commissioners.

b. Audit Committee prepare and submit their activity report to Board of Commissioners quarterly. Especially for the 4th quarter, the report is combined with annual report.

J. DEVELOPMENT AND EVALUATION

1. Development Program

   a. to carry out the program to maintain continuity of implementation of the role and responsibility of Audit Committee through the process of selection of members of Audit Committee that is oriented to the attempt to meet sufficiency of competency, and carry out induction program for new members for Audit Committee;

   b. to carry out program to maintain adequacy of understanding and competency of members of Audit Committee, especially in the attempt to keep in line with the Company's business development and condition, through effective communication mechanism with the management,
internal auditor and external auditor, as well as carry out program of improvement of competency and understanding of business, risks, control system, supervision and business condition through internal evaluation, benchmarking or comparative study and education and training related with improvement of professionalism and competency of Audit Committee.

2. Evaluation Program

a. Audit Committee must carry out self-assessment once a year with the purpose to know the quality of performance of Audit Committee and each member of Audit Committee and to identify areas of improvement and corrective measures that need to be taken. The result of evaluation must be communicated to and discussed with Board of Commissioners.

b. General Stipulations of Audit Committee need to be reviewed and assessed periodically by Audit Committee and Board of Commissioners to maintain the performance of Audit Committee at an optimum level.

K. EXPANSION OF SCOPE OF TASKS
Audit Committee shall also be responsible for carrying out other assignments at the request of Board of Commissioners.

APPROVAL

APPROVAL SHEET OF CHARTER OF AUDIT COMMITTEE

PT GARUDA INDONESIA (PERSERO) TBK

2017

With enforcement of this Charter of Audit Committee, Charter of Audit Committee of 2013 is no longer valid.

Jakarta, December 2017

BOARD OF COMMISSIONERS

PT GARUDA INDONESIA (PERSERO) Tbk
[signed]
JUSMAN SYAFII DJAMAL
President Commissioner

[signed]
HASAN M. SOEDJONO
Independent Commissioner

[signed]
ISA RACHMATARWATA
Commissioner

[signed]
MUZAFFAR ISMAIL
Commissioner

[signed]
CHAIRAL TANJUNG
Commissioner

[signed]
DONY OSKARIA
Commissioner