



## **Internal Audit Unit Charter PT Archi Indonesia Tbk**

*Below Charter is a work guidelines summary of Internal Audit Unit Charter of PT Archi Indonesia Tbk (“**Company**”). In addition, below Charter is prepared in two different versions (Indonesia and English), and if any discrepancy is found within the two, then the Charter in Indonesia is applicable.*

The Company has prepared this Charter to meet the requirements under Financial Services Authority Regulation No. 56/POJK.04/2015 on the Establishment and Guidelines for the Preparation of Internal Audit Unit Charter ("POJK 56"). As required by POJK 56, the Company is obliged to establish a work unit that will carry out the Company's internal audit function ("Internal Audit Unit").

### **A. Foreword**

In carrying out its business activities, the Company is always committed to high standards of ethics and compliance. This commitment is reflected in the fact that the Board of Directors and the Senior Management of the Company monitor compliance efforts to achieve each of the five elements of "effective compliance program".

Such elements include:

1. policies and procedures related to compliance;
2. a high level structure to monitor and implement compliance efforts;
3. internal reporting mechanism;
4. supervision and audit;
5. procedure to respond to potential unlawful actions.

One of the objectives of the Company's compliance program is to nurture a culture that implements prevention, discovery and settlement of potential violations of law and or the policies of the Company. To achieve this objective, the Company is committed to a compliance and internal audit program that reflects high standards, that is prepared in accordance with the business and culture of the Company. The compliance and internal audit program of the Company must also be dynamic in nature - and includes periodic assessment to ensure that the program is responsive to the Company's business that is always evolving and the management of compliance risks that are associated with the business.

This Charter contains:

1. structure and position of the Internal Audit Unit;
2. duties and responsibilities of the Internal Audit Unit;
3. authorities of the Internal Audit Unit;
4. code of conduct of the Internal Audit Unit;
5. requirement for auditors who sits in the Internal Audit Unit;
6. accountability of the Internal Audit Unit; and
7. prohibition to hold double position for internal auditor and executive in the Internal Audit Unit.

In carrying out its internal audit functions, the Internal Audit Unit must always refer to this Charter.

## **B. Structure and Position of the Internal Audit Unit**

The Internal Audit Unit shall be chaired by the Head of Internal Audit Unit. Only an individual who meets the qualifications set out in POJK 56 and this Charter can be appointed as Head of Internal Audit. Head of Internal Audit shall be appointed by the President Director of the Company with the approval from the Board of Commissioners of the Company. If the individual appointed as Head of Internal Audit Unit no longer meets the qualifications set out in POJK 56 and this Charter and/or fails to carry out his/her duties (based on the President Director's judgment), the President Director of the Company may dismiss the individual as Head of Internal Audit Unit, with the approval from the Board of Commissioners of the Company. Every appointment, replacement or dismissal of the Head of Internal Audit must be notified to the Financial Services Authority (OJK).

### *Board of Directors of the Company*

The Board of Directors of the Company has the biggest responsibility in ensuring the development and implementation of an effective compliance and/or internal audit program.

### *Head of Internal Audit Unit*

The Head of Internal Audit Unit is responsible to and reports to the Audit Committee of the Company, and in the day to day is under the supervision of the President Director of the Company. The President Director of the Company is responsible for providing daily leadership on the compliance program, including supervision, monitoring and support that is suitable for compliance efforts that are divisional in nature.

### *Member/Auditor Appointed to Sit in the Internal Audit Unit*

The Head of Internal Audit Unit may appoint auditors to sit in the Internal Audit Unit. An individual who meets the requirements as provided in POJK 56 and this Charter who can be appointed to sit as an auditor in the Internal Audit Unit. Every auditor who sits in the Internal Audit Unit shall be responsible and report to the Head of Internal Audit Unit.

Every auditor who is appointed to sit in the Internal Audit Unit must act independent and objective, and may not have an operational function, and or involved in the operational activities of the Company and or its subsidiaries.

## **C. Duties and Responsibilities of the Internal Audit Unit**

The Internal Audit Unit will play an actual supervisory role in the implementation of compliance and in carrying out internal audit function in the Company. Further, the Internal Audit Unit is responsible for supervising the development and implementation of compliance program, which covers each of the elements described in Part A of this Charter to ensure the effectiveness of the programs at the corporate level and division level.

For this purpose, the Internal Audit Unit is trusted with duties and responsibilities, including (but not limited to):

1. facilitating risk assessment;
2. having access to monitoring and audit results;
3. working together with the business division of the Company to:
  - a. implement corporate policies and procedures of the Company in the implementation of its duties and supervising the implementation of corporate policies and procedures that are applicable in each division or department of the Company;
  - b. propose development of compliance policies and procedures that are specific to divisions and support the application of such compliance policies that are specific to divisions;
  - c. ensure the submission of development and participation in compliance training;
  - d. submit potential issues to the Board of Directors of the Company and people who are given the duties to coordinate each business division or department of the Company ("Head of Business Unit");
  - e. supervising the process of problem recovery and risk management.
4. maintaining compliance in relation to performance standards and discipline;
5. formulate and implement annual internal audit plan;
6. test and evaluate the implementation of internal control and risk management system in accordance with the Company's policies;
7. conduct inspection and assessment on efficiency and effectiveness in financial, accounting, operational, human resources, marketing, information technology sectors and other activities;
8. give suggestions for improvement and objective information on the activities that inspected in all levels of management;
9. conduct inspection and assessment on efficiency and effectiveness in financial, accounting, operational, human resources, marketing, information technology sectors and other activities;
10. prepare report on audit result and submit the report to the President Director and Audit Committee of the Company;
11. monitor, analyze and report the implementation of follow-up remedial actions recommended by the Internal Audit Unit in the Company;
12. working together with the Audit Committee of the Company;
13. formulate the program for evaluating the quality of internal audit activities carried out by the Internal Audit Unit; and
14. carry out special inspection if necessary.

The Head of Internal Audit Unit shall meet periodically with the Heads of Business Units and senior business managers to assist the divisions or departments in fulfilling their duties and responsibilities that relate to the implementation and improvement of internal control and risk management, including compliance and giving inputs on risk management in each business unit.

The Head of Internal Audit Unit must ensure appropriate coordination with other area and functions of the Company, as needed.

#### **D. Authorities of the Internal Audit Unit**

Due to different compliance environment of the Company, various organizations within the Company play important roles in matters that relate to law, regulations and other compliance. To ensure that the Internal Audit Unit fulfills its duties and responsibilities as explained in this Charter:

1. the Internal Audit Unit is permitted to access all relevant information on the Company in relation to its duties and functions;
2. the Internal Audit Unit is permitted to communicate directly with the Board of Directors, Board of Commissioners and/or Audit Committee of the Company as well as members of the Board of Directors, Board of Commissioners and/or Audit Committee of the Company;
3. the Internal Audit Unit is permitted to hold meetings periodically and incidentally with the Board of Directors, Board of Commissioners and/or Audit Committee of the Company; and
4. the Internal Audit Unit is permitted to coordinate its activities with the activities of the external auditor.

#### **E. Code of Conduct of the Internal Audit Unit**

The work results of Internal Audit are very dependent on the work results of its auditors. The work results are very useful for Internal Audit and especially the Company, if the users of Internal Audit believe, know and feel that the implementation of internal audit by Internal Audit Unit give added value to the Company.

For this purpose, a code of conduct that regulates the behavior and compliance of the Internal Auditors, more than the guidance from the laws and regulations, is required. This code of conduct stipulates the basic principles of behavior, the implementation of which requires careful considerations from each auditor. Violation to the code of conduct may result in the relevant auditor being given a warning and even a dismissal from his/her Audit duties or from the Company.

1. Behave and act in an honest, objective and diligent manner in implementing his/her duties.
2. Possess high integrity and loyalty to the profession, the Company and the Internal Audit Unit.
3. Avoid activities or actions that cause losses or may be expected to cause losses to the Internal Audit profession or the Company.
4. Avoid activities that conflict with the interest of the Company.
5. Prohibited from holding double position in the operation of the Company or its subsidiaries that may result in him/her not being able to carry out its duties and responsibilities in an objective manner.
6. Not receiving any fee / bribe from any party in relation to his/her findings.
7. Comply fully with the professional standards of Internal Auditor, company policy and laws and regulations.
8. Preserving and maintaining the morale and dignity of the Internal Auditor.
9. Not using the information that he/she obtains for personal interest or advantage or other matters that cause or can be suspected to have caused losses to the Company for any reason whatsoever.
10. Report all material audit results by disclosing the truths in accordance with existing facts and not hiding matters that may cause losses to the Company or may violate laws.

**F. Requirement for Auditors Sits in the Internal Audit Unit**

To be appointed as an auditor in the Internal Audit Unit, an individual must meet the following requirements:

1. possesses integrity and professional behavior;
2. possesses independent, honest and objective behavior in the implementation of his/her duties;
3. possesses knowledge and experience in audit techniques and other disciplines that are relevant to his/her field of duty;
4. possesses knowledge on capital market laws and regulations and other related laws and regulations;
5. possesses the skill to interact and communicate effectively, both verbally and in writing;
6. must meet the professional standards issued by the Institute of Internal Auditors Indonesia (IIA);
7. must comply with the Code of Conduct for Internal Audit;
8. must maintain the confidentiality of information and/or data that relate to the implementation of the relevant Internal Audit duties and responsibilities, unless the disclosure is required by laws and regulations or a court decision/judgment;
9. understands the principles of good corporate governance and risk management;
10. willing to continually broaden his/her professional knowledge, expertise and capability.

**G. Accountability of the Internal Audit Unit**

The mechanism for effective communication and reporting is important in providing to the Board of Directors the information that they need in fulfilling their corporate governance and management responsibilities. The reporting shall at least cover compliance efforts of the Company linked with the implementation of each of the seven elements of an efficient and effective compliance program, explaining the management of risks that currently exist in the business units and that may exist in the future, summarizing major compliance issues or incidents (based on advice path, internal inspection, government inspection, private litigation and other sources) and recommending changes to be made to Company's policies and practices. Other compliance reporting to the Board of Directors shall be conducted as needed.

- End -