

Unofficial Translation

**PT SARANA MENARA NUSANTARA TBK.**

**AUDIT COMMITTEE CHARTER**



## **PART ONE PRELIMINARY**

### **1. BACKGROUND**

PT Sarana Menara Nusantara Tbk. (the “Company”) is a public company that must comply with all prevailing laws and regulations. In addition, as a public company, the Company is required to implement good corporate governance (Good Corporate Governance (“GCG”)) standards as the cornerstone of its operations, thus the company can be run and managed transparently, accountably, responsibly, independently and properly.

Formation of the Audit Committee is an integral part of the Company's efforts to implement GCG standards where in the implementation of GCG, the Audit Committee plays a strategic role and function to assist and enhance the role of the Board of Commissioners in performing its supervisory function. Thus, it is expected that the role and function of each organ of the Company (General Meeting of Shareholders (“GMS”), Board of Commissioners and Board of Directors) can be more structured and balanced in realizing the purpose of the Company.

The Board of Commissioners of the Company is required to determine and prepare an Audit Committee Charter which contains the duties and guidelines in the implementation of the Audit Committee.

This Audit Committee Charter is intended to be a reference and work guidelines for the Audit Committee in performing its duties and obligations which are based on the prevailing laws and regulations, namely:

- 1.1. Law No. 40 of 2007 concerning Limited Liability Company;
- 1.2. Law No. 8 of 1995 concerning Capital Market;
- 1.3. Financial Services Authority Regulation No. 55/POJK.04/2015 dated 29 December 2015 concerning the Establishment and Work Implementation Guidelines of Audit Committee;
- 1.4. Regulation No. I-A Attachment to the Decision of the Board of Directors of PT Bursa Efek Indonesia No. Kep-00001/BEI/01-2014 concerning the Register of Shares and Equity Securities In Addition to Shares Issued by Listed Company; and
- 1.5. Decree of the Board of Commissioners of the Company dated 3 September 2010.

## **2. VISION AND MISSION**

### **2.1. Vision**

The Audit Committee of the Company must objectively ensure that the vision of the Company to implement GCG can be performed optimally.

### **2.2. Mission**

To assist the Board of Commissioners in performing its duties and supervisory function, to encourage and direct the Company to be managed based on GCG principles, thus the mission of the Company can be accomplished optimally.

## **3. PURPOSE AND OBJECTIVES**

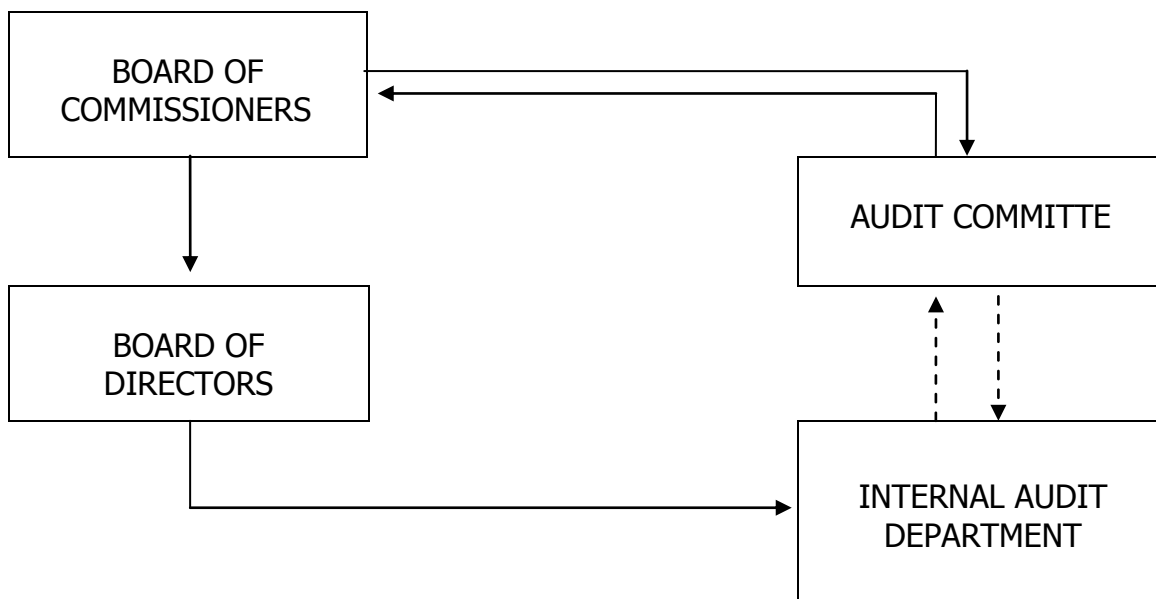
The Audit Committee Charter has been established and stipulated by Decision of the Board of Commissioners, thus in performing its duties and responsibilities the Audit Committee has a clear reference and the Audit Committee can work independently, objectively, autonomously and transparently and can be accountable in accordance with the prevailing regulations.

## PART TWO ESTABLISHMENT AND MEMBERSHIP OF THE AUDIT COMMITTEE

### 1. DEFINITION

In accordance with Financial Services Authority Regulation No. 55/POJK.04/2015 dated 29 December 2015 concerning the Establishment and Work Implementation Guidelines of Audit Committee, the definition of Audit Committee is a committee established by and responsible to the Board of Commissioners in order to assist in performing the duties and function of the Board of Commissioners.

### 2. STRUCTURE OF THE AUDIT COMMITTEE



### 3. MEMBERSHIP

- 3.1. The Audit Committee consists of at least 3 (three) members from the Independent Commissioner of the Company and the parties outside the Company;
- 3.2. The Audit Committee is chaired by an Independent Commissioner, where the independent commissioner must meet the requirements as stipulated in the regulations of the Financial Services Authority regarding the Board of Directors and Board of Commissioners of Issuer or Public Company.

#### **4. ESTABLISHMENT AND APPOINTMENT OF MEMBERS**

- 4.1. The Audit Committee is established by Decree of the Board of Commissioners;
- 4.2. The Audit Committee members are appointed and dismissed by the Board of Commissioners and reported to the GMS;
- 4.3. The Chairman of the Audit Committee is entitled to propose the replacement of members of the Audit Committee if one of the members of the Audit Committee ends its term, resigns or be dismissed.
- 4.4. The appointment and dismissal of the Audit Committee is submitted to the Financial Services Authority within a period of no later than 2 (two) working days after the appointment or dismissal.
- 4.5. Information concerning the appointment and dismissal is contained in the website of the stock exchange and/or the website of the Company.

#### **5. FORMATION OF MEMBERSHIP**

- 5.1. Independence Requirements
  - 5.1.1. Not a person in a Public Accountant Firm who becomes an external auditor of the Company, Law Firm, Public Appraisal Firm or other parties that provide insurance services, non-insurance services, appraisal services, and/or other consulting services to the Company within the last 6 (six) months before being appointed by the Board of Commissioners;
  - 5.1.2. Not a person who works or has authority and responsibility for planning, directing, controlling, or supervising the activities of the Company within the last six (6) months before being appointed by the Board of Commissioners, except the Independent Commissioner;
  - 5.1.3. Does not have a direct or indirect share in the Company and in the event the Audit Committee members acquire shares of the Company directly or indirectly due to a legal event, such shares must be assigned to other parties within a period no later than 6 (six) months after the acquisition of such shares;
  - 5.1.4. Does not have a business relationship directly or indirectly related to the business activities of the Company;
  - 5.1.5. Does not have a family relationship by marriage and heredity to the second level, both horizontally and vertically with the Commissioners, Directors, or Shareholders of the Company;
  - 5.1.6. Does not have Affiliation with members of the Board of Commissioners, members of the Board of Directors, or the Main Shareholders of the Company;
  - 5.1.7. In the event the Audit Committee members acquire shares of the Company directly or indirectly due to a legal event, such shares must be assigned to

other parties within a period of no later than 6 (six) months after the acquisition of such shares.

## 5.2. Competence Requirements

- 5.2.1. Has high integrity, ability, knowledge, and adequate experience in accordance with appropriate educational background, as well as good communication skills;
- 5.2.2. At least one member of the Audit Committee must have the educational background and experience in finance and accounting;
- 5.2.3. Has enough knowledge to read and understand financial statements;
- 5.2.4. Has adequate knowledge of the relevant laws and regulations including but not limited to regulations in the field of capital market;
- 5.2.5. One of the Audit Committee members has the ability and understanding of the scope of business of the Company, the audit process, and risk management;
- 5.2.6. Must comply with the code of conduct of the Audit Committee stipulated by the Company;
- 5.2.7. Willing to improve competence continuously through education and training.

## 6. TERM OF THE AUDIT COMMITTEE MEMBERS

- 6.1. Term of the Audit Committee members is no longer than three (3) years, provided that, it must not be longer than the term of the Board of Commissioners and without prejudice to the rights of the Board of Commissioners to dismiss them at any time;
- 6.2. At the end of their first term, the Audit Committee members may be reappointed for another term only; and
- 6.3. In the event that the position of Chairman or member of the Audit Committee is vacant, the Company must fill the vacancy at least 6 (six) months since the vacancy occurred.

**PART THREE**  
**FUNCTION, DUTIES, AUTHORITIES AND RESPONSIBILITIES**

**1. FUNCTION**

The Audit Committee functions as the representative of the Board of Commissioners in performing the function of supervision/monitoring.

The Audit Committee has a direct work relationship and is responsible to the Board of Commissioners as well as indirect work relationship with the Internal Audit Department of the Company.

**2. DUTIES**

Audit Committee to act independently in carrying out its duties and responsibilities.

The Audit Committee has duties to:

- 2.1. Review the financial information that will be issued by the Company, such as financial statements, projections, and other financial information;
- 2.2. Review the Company's compliance with laws and regulations in the Capital Market and other laws related to the business activities of the Company;
- 2.3. Provide independent opinions in the event of dissenting opinions between the management and the Accountant for services provided.
- 2.4. Provide recommendation to the Board of Commissioners concerning the appointment of the Accountant based on independency, scope of work, assignment and fee;
- 2.5. Review the implementation of audit by internal auditor and supervising the follow up actions performed by the Board of Directors on the findings of the internal auditor;
- 2.6. Review the independency and objectivity of public accountant of the Company;
- 2.7. Report to the Board of Commissioners with regard to various risks faced by the Company and the implementation of risk management by the Board of Directors;
- 2.8. Review and report to the Board of Commissioners on complaints relating to the Company including but not limited to complaints relating to process of accounting and financial reporting of the Company;
- 2.9. Maintain confidentiality of documents, data and information of the Company;
- 2.10. Conduct examination upon any alleged fault in the meeting decision of the Board of Directors or deviation in the implementation of the meeting decision of the Board of Directors which can be performed by the Audit Committee or an independent party appointed by the Audit Committee at the expense of the Company; and
- 2.11. Review and provide suggestions to the Board of Commissioners in relation with potential conflict of interests of Issuer of Public Company;

### **3. AUTHORITIES**

- 3.1. The Audit Committee has unlimited access to the information on employees, funds, assets and other resources of the Company in relation with the performance of its duties;
- 3.2. Communicating directly to employees including the Board of Directors and those who perform the function of internal audit, risk management, and accountant related to its duties and responsibilities;
- 3.3. If necessary, with the written approval of the Board of Commissioners, the Audit Committee may request assistance from experts and/or consultants to assist the Audit Committee;
- 3.4. Carrying out other authorities provided by the Board of Commissioners.

### **4. RESPONSIBILITIES**

- 4.1. The Audit Committee is responsible to the Board of Commissioners;
- 4.2. The Audit Committee is responsible for submitting to the Board of Commissioners the following reports:
  - 4.2.1. Annual report of the implementation of duties and activities of the Audit Committee to be disclosed in Annual Report of the Company;
  - 4.2.2. Quarterly report of the implementation of duties of the Audit Committee;
  - 4.2.3. Report for the implementation of each specific duty of the Audit Committee.
- 4.3. The Audit Committee is responsible for maintaining the confidentiality of documents, data and information of the Company.



## **PART FOUR SCOPE OF WORK**

To carry out the duties and responsibilities as described in the third part, the scope of work of the Audit Committee includes such matters as described below:

### **1. FINANCIAL STATEMENTS**

The Audit Committee is responsible to monitor and ensure that the financial statements of the Company are prepared and presented in accordance with the prevailing Financial Accounting Standards in Indonesia, including the following activities:

- 1.1 Reviewing the preparation process of financial statements to ensure that such prevailing accounting standards and policies or principles have been met;
- 1.2 Reviewing that the financial statements have been presented in accordance with generally accepted accounting principles. The Audit Committee will discuss with the management and report to the Board of Commissioners the matters which are considered to affect the fairness of presentation of the financial statements;
- 1.3 Reviewing that the financial statements and other information have been presented based on the management financial or accounting data correctly and accurately, and the assumptions used are in accordance with acceptable business practices.

### **2. PROPOSAL FOR EXTERNAL AUDITOR**

- 2.1. The Audit Committee proposes to the Board of Commissioners candidates for the external auditor along with the reasons of nomination and the amount of honorarium / compensation proposed for the external auditor;
- 2.2. The proposal is based on the considerations of legality, independence and competence requirements.

### **3. AUDIT SUPERVISION**

The Audit Committee conducts audit supervision to ensure that the external auditor implements the Public Accountant Profession Standards and the Accounting Principles generally applicable in Indonesia and be objective and independent in carrying out audit duties, among others:

- 3.1. Supervising the implementation of audit and monitoring the discussion of findings of an audit conducted by the external auditor and the Management;

- 3.2. The external auditor must communicate to the Audit Committee the matters that are important in accordance with SPAP.
- 3.3. Ensuring that the external auditor has conveyed a management letter to the Board of Directors.

#### **4. INTERNAL CONTROL**

Internal control is a process conducted by the Management and employees which is designed to obtain sufficient confidence in achieving the efficiency and effectiveness of operations, reliability of financial and management reporting, and compliance with the prevailing laws and regulations.

The Audit Committee monitors the adequacy of management efforts in implementing, developing and maintaining an effective internal control system. The Audit Committee provides inputs and suggestions to improve the effectiveness of internal control in the event of inadequacy.

In carrying out these duties:

- 4.1. The Audit Committee may use the report of or communicate with the external auditor to identify possible weaknesses of the internal control;
- 4.2. The Audit Committee coordinates with the Internal Audit Department in terms of:
  - 4.2.1 Submission of internal audit activities report on a regular basis to the Board of Commissioners;
  - 4.2.2 Discussing the findings and other things that contain an indication of weaknesses of the internal control, operating inefficiency of the Company, mistaken application of accounting standards and violations of the prevailing laws and regulations at least once a month.
- 4.3. The Audit Committee monitors the implementation of duties of the Internal Audit through:
  - 4.3.1 Analysis of reports of the Internal Audit Department submitted to the Board of Directors c.q. the Audit Committee;
  - 4.3.2 Periodic meetings with the Internal Audit Department to discuss the follow-up of internal audit findings and obstacles encountered in the implementation of duties of the Internal Audit.

## **5. COMPLIANCE WITH GCG AND REGULATIONS**

- 5.1 The Audit Committee monitors the implementation/application of the Good Corporate Governance principles in the Company;
- 5.2 The Audit Committee monitors the observance of implementation of laws and regulations of the Capital Market and other laws relating to the business activities of the Company.

## **6. SPECIFIC DUTIES OF THE BOARD OF COMMISSIONERS**

- 6.1 Giving specific assignments to the Audit Committee by the Board of Commissioners is carried out with a written order, which contains:
  - 6.1.1 Name of the person given the work;
  - 6.1.2 Nature of the assignment;
  - 6.1.3 Scope of work;
  - 6.1.4 Purpose and targets of work;
  - 6.1.5 Period of assignment.
- 6.2 Scope of specific work for the Audit Committee is entirely determined by the Board of Commissioners to the extent it is not contrary to the prevailing laws and regulations;
- 6.3 In carrying out specific duties the Audit Committee may:
  - 6.3.1 Conduct review of all records, documents and other information including minutes of meetings of the Board of Directors and the Board of Commissioners;
  - 6.3.2 If deemed necessary, conduct an investigation audit in cooperation with the Audit Internal Department or request the assistance of experts or consultants.
- 6.4 The Audit Committee submits a report of specific duties to the Board of Commissioners.

**PART FIVE**  
**CODE OF CONDUCT AND MECHANISM OF MEETING**

**1. CODE OF CONDUCT**

Code of conduct of the Audit Committee is as follows:

- 1.1. Uphold the integrity, professionalism and profession standards in carrying out duties as the Audit Committee;
- 1.2. Carry out any duty and responsibility honestly, objectively and independently solely for the benefit of the company;
- 1.3. Avoid activities that are contrary to law, ethics and norms applicable in society as well as activities that are contrary to the interests and objectives of the company;
- 1.4. Does not receive compensation or anything outside of a predefined recognition of their duties;
- 1.5. Give opinions using sufficient and competent evidence to support such position and does not use information relating to the Company for its personal benefit;
- 1.6. Maintain the confidentiality of the Company's information and will not disclose such information unless justified by the prevailing laws and regulations;
- 1.7. Develop skills and professional expertise in a sustainable manner.

**2. AUDIT COMMITTEE MEETING**

- 2.1. The Audit Committee holds periodic meetings at least once every 3 (three) months;
- 2.2. Audit Committee Meeting may be held if attended by more than 1/2 (one-half) of all members of the Audit Committee.
- 2.3. The Audit Committee meeting is chaired by the Chairman of the Audit Committee or a senior member of the Audit Committee, if the Chairman of the Audit Committee is absent;
- 2.4. Audit Committee Meeting may be held either by physical or non-physical presence. Meeting by non-physical presence shall be held through teleconference, video conference or other electronic media facilities which allow all meeting participants to speak and listen directly and participate in the meeting of the Audit Committee;
- 2.5. If deemed necessary, the Audit Committee may invite the Management related to the meeting materials to be present in the Audit Committee meeting;
- 2.6. Meeting decision of Audit Committee shall be adopted on a basis of mutual consensus; and
- 2.7. Each meeting of the Audit Committee is stated in the minutes of meeting, including in the event of dissenting opinions, signed by all members of the Audit Committee who are present and submitted to the Board of Commissioners.

## **PART SIX CLOSING**

1. The Audit Committee Charter is effective as of 1 April 2016;
2. The Audit Committee Charter will be periodically evaluated to conform to the development of the prevailing regulations;
3. Evaluation of the performance of the Audit Committee both individually and collectively is conducted annually by the Board of Commissioners.