



# **PT LIPPO KARAWACI Tbk**

## **Audit Committee Charter**

## AUDIT COMMITTEE CHARTER

### PT LIPPO KARAWACI TBK

#### I. BACKGROUND

The background of forming the Audit Committee is based on:

- A. The decision of the Board of Jakarta Stock Exchange No. KEP-305/BEJ/07-2004 dated July 19, 2004 regarding Law Number I-A on the Registration of Shares and Equity Securities in addition Shares Issued by the Listed Company.
- B. Regulation of the Financial Services Authority No.33/POJK.04/2014 dated December 8, 2014 regarding the Board of Directors and Board of Commissioners of the Company or Public Company ('POJK No.33/2014')
- C. Regulation of the Financial Services Authority No.55/POJK.04/2015 dated December 23, 2015 regarding the Establishment and Implementation Guidance of the Audit Committee ('POJK No.55/2015')

#### II. DEFINITION

- A. **Internal Auditor** is the internal auditor of the Company
- B. **Board of Commissioners** is an Organ of the Company which has duty to supervise generally and/or specially as well as provide advices to the Board of Directors.
- C. **Board of Directors** is an Organ of the Company which is authorized and fully responsible on the management for the interests of the Company in accordance with the purposes and objectives of the Company as well as represent the Company both inside and outside the court in accordance with the Article of Association
- D. **Affiliation** is family relationship because of marriage and heritance to second level, both in horizontal and vertical or as mentioned in regulations of capital market.
- E. **Audit Committee** is a committee which is established by and responsible to the Board of Commissioners in assisting perform the duties and functions of the Board of Commissinoers as well as meets the requirements as mentioned in part V.
- F. **Independent Commissioner** is a member of the Board of Commissioners from outside the Company and meet the requirements.
- G. **Financial Service Authority (FSA)** is government institution which is established based on the Law No. 21 year 2011 functioned to implement integrated management and supervision system for all activities in financial sector
- H. **Shareholders** are all the shareholders of the Company
- I. **Company** is PT Lippo Karawaci Tbk
- J. **General** is every and all parties outside the Company
- K. **Website** is a set of web pages contain information or data which can be accessed through internet connection system.

### **III. MISSION**

Mission of the Audit Committee of the Company is to assist the Board of Commissioners in performing their duties and functions as supervision of the management of the Company, especially the quality of Company Financial Report. The main mission is to supervise on implementation of accounting principles and the process of Financial Report of the Company, qualification and independency from the auditor of the Company, as well as the compliance to the applicable regulations. Audit Committee shall always be independent, fair, and professional in performing its duties.

### **IV. COMPOSITION, STRUCTURE, MEMBERSHIP AND TERMS OF OFFICE**

- A. Audit Committee was formed and established by decision of the Board of Commissioners and is responsible to the Board of Commissioners.
- B. Audit Committee shall at least consist of 3 (three) members which are from Independent Commissioner and outside party of the Company.
- C. A member of Audit Committee who is an Independent Commissioners will act as the Audit Committee Chairman.
- D. Members of the Audit Committee are appointed and dismissed by the Board of Commissioners. The appointment and dismissal of the Audit Committee are obliged to be disclosed to the Financial Services Authority (FSA) no later than 2 (two) working days after the appointment or dismissal and also has to be published in Stock Exchange website and/or Company website.
- E. The tenure of Audit Committee member shall not longer than the term of office of the Board of Commissioners as stipulated in the Articles of Association and may be reelected only for 1 (one) term.
- F. Independent Commissioner serves as the Audit Committee, can only be re-appointed as the Audit Committee for 1 (one) period of the next term of office of the Audit Committee.

### **V. AUDIT COMMITTEE MEMBERSHIP REQUIREMENTS**

- A. Those who can be appointed as members of the Audit Committee are parties who meet requirements as follow:
  - 1. Have high integrity, capability, knowledge and experience with adequate education, and the ability to communicate effectively;
  - 2. One of the member must have education background about Accountancy and Finance;
  - 3. Are obliged to comply to the code of conduct of the Audit Committee determined by the Company;
  - 4. Willingly to improve the competency through education, training, and seminar that support its function as members of the Audit Committee;
  - 5. Have knowledge to analyze and interpret financial statements, business of the Company especially on services or business activities of the Company, audit process, risk management, and regulations in capital market and laws;

6. Are not insiders of Public Accountant Firm, Law Firm, or other parties that provide audit, non-audit service, and/or other consultancy services to the Company within the last 6 (six) months before appointed by Commissioner;
  7. Do not have authority and responsibility to lead, plan, or control Company's activities within the last 6 (six) months before appointed by the Commissioner, excluding Independent Commissioner;
  8. Are not individuals who have any direct or indirect ownership in Company. When members have received share as a result of a legal event, they must transfer the shares to other person no later than 6 (six) months after obtaining those share;
  9. Do not have:
    1. Any family relationship by marriage and descent to the second degree, horizontal and vertical with the Commissioners, Directors, or Majority Shareholders of Company; and/or
    2. Direct or indirect business relationship with Company's business activities.
- B. Memberships of Audit Committee will ends, if:
1. End of its tenure
  2. Passed away
  3. Resign from its position
  4. No longer meet requirements; and
  5. Dismissed by the Board of Commissioners
- C. Audit Committee members may resign by giving written notification to the Board of Commissioners at least [30 (thirty) days] prior to the effective date of resignation.
- D. If there is vacancy of a member of Audit Committee, the Board of Commissioners may consider to appoint new member within 3 (three) months.

## **VI. DUTIES AND RESPONSIBILITIES**

### **A. Duties and Responsibilities of Audit Committee**

Audit Committee acts independently in performing its duties and responsibilities. In performing its fuction, Audit Committee has to provide advice to Board of Commissioners about Financial Reports and issues that have been submitted by Board of Directors to Board of Commissioners, identify other issues that need consideration from the Board of Commissioners and perform other duties that is related to Board of Commissioners duties such as:

1. To review company financial information that will be released, such as: financial statements, financial projection, and other financial information;
2. To review the company compliance to the law and regulation in Capital Market and other regulations that are related and in line with the Company's activities;
3. To provide independent opinion if there is disagreement between management and public accountant or services given

4. To review independency, objectivity, scope of work, and fee of public accountant and provide recommendation to the Board of Commissioners regarding the appointment or dismissal external auditor
5. To review the audit implementation of internal auditor and supervise follow up actions by the Board of Directors on facts finding of the internal audit;
6. To review on the implementation activities of risk management by Board of Directors as long as the risk management committee under the Board of Commissioners has not been established yet;
7. To review and report to the Commissioners regarding any complain related to accounting process and reporting financial statement of the Company; and
8. To review and provide advices to the Board of Commissioners related to possibilities of occurring conflicts of interest of the Company.
9. To keep confidentiality of documents, data, and information of the Company as well as do not use the information to achieve personal interest or in any ways that contradict to the law or detrimental the Company.

**B. Authority Audit Committee**

1. To access any company's records, or employees' information, funds, assets, and other resources related to their duties.
2. To direct communicate to the Board of Directors, employees of the Company, and other parties who run function as internal audit, risk management, and external auditor related to its duties and responsibilities as Audit Committee.
3. To involve independent party outside members of the Audit Committee to assist the implementation of the duties if necessary
4. In implementing the authorities, Audit Committee shall cooperate with internal auditor
5. If necessary, Audit Committee can hold a meeting and discussion with public accountant
6. To perform other authorities which given by the Board of Commissioners.

**VII. DUTIES IMPLEMENTATION**

- A. In performing its duties, Audit Committee shall essemble annual working program which reported to the Board of Commissioners.
- B. The working mechanism in Audit Committee including communication method between Audit Committee and Internal Auditor, public accountant and management of the Company, method of receiving complaints from other divisions of the Company determined based on directions of the Chairman of the Audit Committee [approved in the meeting of Audit Committee].
- C. In performing its duties, the Audit Committee shall comply with the laws and regulations that apply to avoid sanctions by the authorised party.

## **VIII. AUDIT COMMITTEE MEETINGS**

- A. Audit Committee shall hold regular meetings with at least 1 (one) times in 3 (three) months.
- B. Notice for convening the meeting of the Audit Committee must be submitted at least 3 (three) days before the meeting is held, except for meetings that have been scheduled since the previous meeting.
- C. Audit Committee meeting notification can be made directly or by using the mail, e-mail, facsimile or telephone
- D. Audit Committee meetings could be implemented through formal meetings or by video/teleconference
- E. Audit Committee meeting chaired by the Chairman of the Audi Committee. If the Chairman was unable to attend, the meeting was led by members of the Audit Committee are appointed at the Meeting
- F. Audit Committee meetings can only be held if attended by more than ½ (one half) the number of members of the Audit Committee
- G. Audit Committee meetings' resolutions are taken based on consultation and consensus
- H. Each meeting or the Audit Committee shall be minuted in the minutes of the meeting, including if there is a dissenting opinions, which was signed by all members of the Audit Committee were present and delivered to the Board of Commissisoners.

## **IX. REPORTING**

- A. Audit Committee reports to the Board of Commissioners for any given assignments that contain other findings, suggestions and things that need to be developed and considered by the Board of Commissioners; and
- B. Audit Committee submits annual report regarding implementation of their activities to the Board of Commissioner.
- C. In performing its duties as mentioned in the above provisions, Audit Committee shall submit a report on the review to the Board no later than 2 (two) working days after the completion of the report on the review conducted by the Audit Committee

## **X. CLOSING**

- A. This Audit Committee charter is effective from the date of enactment
- B. This Audit Committee charter shall be published in the Company's website
- C. Audit Committee charter may be reviewed periodically, or updated when deemed necessary for a more refined with considering the applicable provisions and regulations which approved by the Board of Commissioners of the Company.