

# **THE INTERNAL AUDIT CHARTER**

**PT Total Bangun Persada Tbk  
2018**

## 1. BACKGROUND

The establishment of Internal Audit Unit is the Company's commitment to improving the implementation of corporate governance and the operations of the company, as well as to complying with the regulation of Financial Services Authority No. 56/POJK.04/2015 regarding Establishment and Guidelines for the Preparation of Charter of Internal Audit Unit.

Internal Audit is an activity to provide independent and objective assurance and consultation, aiming at improving the values and improving the operations of the company through a systematic approach, by evaluating and improving the effectiveness of risk management, internal control and corporate governance processes.

The Charter of Internal Audit Unit is an elaboration of the company's policies on the vision, mission, structure and position, duties and responsibilities, authority, requirements for internal auditor, code of conduct, and independency and objectivity of the Internal Audit Unit.

## 2. VISION AND MISSION

The **vision** of Internal Audit Unit is to become an independent, objective and reliable Partner of the Management that can sustainably provide added values in order to achieve the company's objectives.

The **mission** of Internal Audit Unit is to provide added values to the Company through:

1. The Internal Audit Function, namely by providing accurate work results in conducting evaluation on the operational activities and improvement proposals that can increase the effectiveness of internal control, efficiency, and productivity, and in evaluating the implementation of risk management and corporate governance.
2. Consultant function, namely by providing service to the management in the form of proposals that can be implemented in order to improve the company's operational performance.

## 3. STRUCTURE AND POSITION

Structure and position of Internal Audit Unit and Internal Auditor are as follows:

1. The Internal Audit Unit consists of 1 (one) or more Internal Auditors.
2. The Internal Audit Unit is led by the Head of Internal Audit Unit.
3. In the event the Internal Audit Unit consists of 1 (one) Internal Auditor, the relevant Internal Auditor also serves as the Head of Internal Audit Unit.
4. The Head of Internal Audit Unit is appointed and dismissed by the President Director upon the approval of the Board of Commissioners.
5. The Head of Internal Audit Unit is responsible to the President Director.

6. In the event the Head of Internal Audit Unit does not meet the requirements as an Internal Auditor in the Internal Audit Unit as stipulated herein, and/or fails or is not capable of performing the duties, the President Director may dismiss the relevant Head of Internal Audit Unit upon the approval of the Board of Commissioners.
7. Internal Auditors in the Internal Audit Unit are directly responsible to the Head of Internal Audit Unit.

#### **4. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of Internal Audit Unit are, among others, as follows:

1. To prepare and implement the Annual Audit Work Plan;
2. To examine and evaluate the implementation of internal control and risk management system in accordance with the company's policies;
3. To conduct audit and assessment on the efficiency and effectiveness of financial, accounting, operational, human resources, marketing, information technology, and other activities.
4. To prepare audit result report and submit it to the President Director;
5. To provide suggestions for improvement and objective information on audited activities at all levels of the management;
6. To monitor, analyze, and report the implementation of follow-up on the suggested improvements;
7. To cooperate with the Audit Committee;
8. To prepare programs to evaluate the quality of internal audit activities; and
9. To conduct special audit if necessary.

#### **5. AUTHORITY**

The authority of Internal Audit Unit is as follows:

1. Accessing all relevant information on the company related to their duties and functions;
2. Conducting direct communication with the Board of Directors and/or Audit Committee, as well as with the members of Board of Directors and/or Audit Committee;
3. Holding periodical and incidental meetings with the Board of Directors and/or Audit Committee; and
4. Coordinating their activities with the activities of External Auditors.

## **6. REQUIREMENTS FOR INTERNAL AUDITOR**

In the Internal Audit Unit, the Internal Auditors are obliged to meet the following requirements:

1. Having integrity as well as professional, independent, honest, and objective behaviors in carrying out their duties;
2. Having knowledge and expertise in the technical issues of audit activity and in other disciplines that are relevant to their field of work;
3. Having knowledge regarding the laws and regulations in the Capital Market, as well as other laws and regulations;
4. Having the capability to interact and communicate, both verbally and in writing, in an effective manner;
5. Complying with the standards of profession issued by the Internal Audit association;
6. Complying with the code of conduct of Internal Audit;
7. Maintaining the confidentiality of information and/or data of the company related to the implementation of duties and responsibilities of Internal Audit, except being obligated based on the laws and regulations or court ruling or decision;
8. Understanding the principles of good corporate governance and risk management;
9. Being ready to improve their knowledge, expertise and professional capability in a continuous manner.

## **7. CODE OF CONDUCT**

The Internal Auditor is expected to implement and enforce the following principles:

### **1. Integrity:**

The integrity of Internal Auditor shall form trust which will then serve as the foundation of belief in the consideration of Internal Auditor.

### **2. Objectivity:**

The Internal Auditor shall demonstrate professional objectivity at its highest in obtaining, evaluating, and communicating information on the activities or processes currently being audited. The Internal Auditor conducts a balanced evaluation on all relevant matters, and is not influenced by personal interest or that of other party's in providing consideration.

### **3. Confidentiality:**

The Internal Auditor shall respect the values and ownership of information received, and shall not disclose such information without a valid authorization, unless being obligated by the law or their profession.

4. Competency:

The Internal Auditor implements, knowledge, expertise and experience required in providing internal audit service.

## BEHAVIOR REGULATIONS

1. Integrity:

Internal Auditor:

- 1.1. Shall carry out their work honestly, prudently and responsibly.
- 1.2. Shall comply with the laws and make disclosure as required by the law or their profession.
- 1.3. Shall not consciously get involved in illegal activities nor conduct activities that may discredit the profession of internal audit or the organization.
- 1.4. Shall respect and support the valid and ethical objectives of the Organization.

2. Objectivity

Internal Auditor:

- 2.1. Shall not participate in any activity or relationship that may, or alleged to be able to, hinder the internal auditor's fair evaluation. Activities or relationships included in this are those that can result in conflict of interest with the organization.
- 2.2. Shall not receive any item that may, or alleged to be able to, disrupt their professional consideration.
- 2.3. Shall disclose all material facts that they know, which, if they are not disclosed, may distort the report on the audited activities

3. Confidentiality

Internal Auditor:

- 3.1. Shall uphold prudent principle in using and maintaining information obtained during their term of office.
- 3.2. Shall not use the information for personal gain or in any manner that are contrary to the law, or that can harm the valid and ethical company's objectives.

#### 4. Competency

Internal Auditor:

- 4.1. Shall only be involved in the provision of service that require their knowledge, expertise, and experience.
- 4.2. Shall provide internal audit fee according to the International Standards of Professional Practice of Internal Audit (Standard).
- 4.3. Shall always improve the expertise, effectiveness, and quality of their service.

### **8. INDEPENDENCY AND OBJECTIVITY**

Independency is a condition in which the Internal Auditor may plan, implement, and report their main duties and functions in accordance with their professional considerations and with the applicable audit standards, without influence from any party.

Objective is a condition in which the Internal Auditor may plan, implement, and report their main duties and functions in accordance with their professional considerations and with the applicable audit standards, and based on the available proof or evidence.

In each assignment, the Internal Auditor must always be in independent condition and have objectivity as follows:

1. Placed in a position that enables the implementation of their functions and duties independently.
2. Be able to participate in non-audit assignment, limited to providing input only. Meanwhile, the responsibility remains with the management
3. Avoiding the conditions that can cause disruption to their independency and objectivity.
4. Prohibition of concurrent position and Audit duties, and the implementation of operational activities of the company and subsidiaries.

### **9. CLOSING**

During its validity period and its evaluation, the Internal Audit Unit Charter:

1. Internal Audit Unit Charter take into effect since January 8, 2018.
2. Internal Audit Unit Charter shall be evaluated periodically for improvements.

Stipulated in Jakarta, January 8, 2018

On behalf of The Board of Directors

PT Total Bangun Persada Tbk

*(signed)*

Janti Komadjaja, Bsc MSc.  
President Director

Approved by

Board of Commissioners of PT Total Bangun Persada Tbk

<p><i>(signed)</i></p> <p><u>Ir. Reyno Stephanus Adhiputranto</u> President Commissioner and Independent Commissioner</p>	<p><i>(signed)</i></p> <p><u>Liliana Komajaya, MBA</u> Commissioner</p>
<p><i>(signed)</i></p> <p><u>Pinarto Sutanto</u> Commissioner</p>	<p><i>(signed)</i></p> <p><u>Drs. Wibowo</u> Commissioner</p>
<p><i>(signed)</i></p> <p><u>Rudi Suryajaya Komajaya, MBA</u> Commissioner</p>	<p><i>(signed)</i></p> <p><u>Drs. Rusdy Daryono</u> Independent Commissioner</p>