

PT ANTAM (Persero) Tbk

INTERNAL AUDIT CHARTER



Guidelines on internal duties and internal audit functions of PT ANTAM (Persero) Tbk in exercising its authorities, duties and responsibilities competently, independently and accountably to be accepted by all interested parties

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CHAPTER I

INTRODUCTION

I.1 Background

PT Aneka Tambang (Persero) Tbk, abbreviated as PT ANTAM (Persero) Tbk, - hereinafter referred to ANTAM-, as a company listed on the Indonesian Stock Exchange (IDX) and the Australian Securities Exchange (ASX) is required to comply with legislations in the field of capital market where the shares of ANTAM are listed, and must comply with laws and regulations relating to the Company's operations.

To encourage the Company to be managed refers to the Good Corporate Governance (GCG) principles in accordance with Laws Number 19 year 2003 concerning State Owned Enterprises, Law Number 40 year 2007 concerning Limited Liability Company, Regulations of State Owned Enterprises Ministry Number PER-01/MBU/2011 concerning implementation of Good Corporate Governance for Stated Owned Enterprises Company as well as Decision Letter of Bapepam-LK Number KEP-496/BL/2008 concerning formation and guideline to compose Internal Audit Charter, the Company establish Audit Internal to perform internal supervisory function among others conduct evaluation for the effectiveness of internal control, risk management, and corporate governance process, related to the laws and regulations and Company's policy.

I.2 Definition

Internal Audit is an activity to give assurance and consultancy of independent and objective character with a view to increasing the corporate values and improving the operation of Company under a systematic approach through evaluation, enhanced risk management effectiveness, internal control and good corporate governance process.

I.3 Vision & Mission

Vision of Internal Audit is to be professional internal audit and independent and trustworthy management partners in the pursuit of Company's vision and mission.

Mission of Internal Audit:

- a. Perform supervisory functions to ensure that internal control, risk management and good corporate governance (GCG) implementation in corporate processes of Company have been executed in due attention to the provisions, goals of the Company, regulations, and prevailing regulations;

- b. Render consulting services and act as catalyst to assist the management and auditee in achieving the targets and to be a competent partner to audit committee in playing supervisory functions.

I.4 Purposes and Objectives

This Internal Audit Charter is prepared to serve as an Internal Audit Manual in order to exercise the given authorities, tasks and duties competently, independently and accountably to be accepted by all interested parties.

I.5 Strategies

- a. Improve the role of Internal Audit as strategic business partner that generating added values to the management and the entire organization units in order to achieve the objectives of Company.
- b. Develop an effective and efficient Internal Audit organization as well as having highly competent human resources.
- c. Maintain and enhance independency, objectivity and profession ethics.

CHAPTER II ORGANIZATION

II.1 Structure and Position of Internal Audit

- a. *Internal Audit* is chaired by a *Senior Vice President Internal Audit*;
- b. *Senior Vice President Internal Audit* shall be appointed and dismissed by President Director subject to approval of Board of Commissionaires;
- c. President Director can dismiss *Senior Vice President Internal Audit*, subject to approval of Board of Commissionaires, if he/she fails to meet requirements as *Senior Vice President Internal Audit* as prescribed hereunder and or has been deemed to be incompetent to perform the assigned tasks;
- d. Any appointment, replacement or dismissal of *Senior Vice President Internal Audit* must be informed to the Financial Services Authority (FSA);
- e. *Senior Vice President Internal Audit* shall be responsible to President Director.
- f. *Senior Vice President Internal Audit* shall subordinate *Manager Audit and Consulting and Manager of Internal Audit System Development*.
- g. For any audit, *Senior Vice President Internal Audit* shall set up an Audit Team which led by *Manager Audit and Consulting* or others auditor in the Company as the chair and one of quality assurance.

II.2 Requirements and Obligations of Internal Auditor

- a. Have integrity, professional behavior, independent, honest and objective in performing the duties.
- b. Have knowledge and experience in audit techniques and other disciplines which relevant to the tasks.
- c. Have sound knowledge on capital market regulations and other laws as relevant.
- d. Understand good corporate governance and risk management.
- e. Have excellent ability to effectively interact and communicate, both in verbal and writing.
- f. Must follow profession codes issued by Internal Audit Association.
- g. Must follow Code of Internal Audit Ethics.
- h. Must maintain the confidentiality of Company's information and/or data with regard to Internal Audit tasks and responsibilities, unless specified otherwise under laws and regulations or court decision.
- i. Must continuously elevate knowledge, skills and professional competency.
- j. Any auditor and staff of Internal Audit is not allowed to:
 - 1) Take double jobs from the operational activities of Company and its subsidiaries;

- 2) Start or approve accounting transactions, except for recording purposes in Internal Audit functions; and
- 3) Direct employees, who are not from internal audit functions, unless assigned as assistants to Audit Team.

II.3 Duties, Responsibilities and Authorities of Internal Audit

II.3.1 Duties and Responsibilities of Internal Audit

- a. Prepare and execute Annual Audit Plan based on Risk, which consist of:
 - 1) Operational Audit;
 - 2) Internal Control Review;
 - 3) Review/evaluation of risk management;
 - 4) Review/evaluation of internal control of financial reporting;
 - 5) Special audit.Any conditions in conducting Annual Audit Plan based on Risk is set in specific policy.
- b. Conduct audit and assessment of efficiency and effectiveness in finance, accounting, operation, human resources, marketing, information technology and other activities within organization, as prescribed in Annual Audit Plan based on Risk;
- c. Conduct audit/review to ANTAM's subsidiary and affiliated business entities at the request of (i) General Meeting of Shareholders of the Subsidiary/affiliated company (ii) the Board of *Commissionaires* of the subsidiary/affiliated company to the President Director and has been assigned by the President Director of the Company. Give corrective suggestions and objective information on the audited activities at all management level;
- d. Conduct audit/review for the Pension Fund and Retirees Health Foundation (YAKESPEN) hereinafter referred to as "entities" which established by the Company as requested by the Supervisor and or the founder to the President Director and has been assigned by the President Director of the Company;
- e. Conduct assessment to the vendor/buyer/parties related of the auditee limited to confirmation and clarification of administrative or physical condition;
- f. Provide suggestion for improvement and objective information related to the examined activity in all level of the management;

- g. Prepare Audit Report and review/evaluation report for submission to President Director and related parties in follow up the recommendation and give the copy to:
 - i. the Board of Commissionaires and Audit Committee related to the audit report and review/evaluation report. For audit report and review/evaluation report of the subsidiary, affiliated companies and entities, which established by the Company is reported by the mechanism of reporting of the Board of Directors to the Board of Commissioners if requested by the Board of Commissioners;
 - ii. Related Director for the audit report and review/evaluation report in each Directorate or which related to his duties and responsibilities;
 - iii. Operations Director for audit report and review/evaluation report in Operations Directorate and Business Unit;
 - iv. Development Director for audit report and review/evaluation report in Geomin Unit, Project Development, Subsidiary and the Affiliated Company.
- h. Monitor, analyze and report the implementation of corrective follow-up actions as recommended;
- i. Prepare program to evaluate the quality of internal audit; and
- j. Conduct special audit, if necessary, upon special assignment from President Director or as the continuation of the previous audit.

II.3.2 The authorities of Internal Audit

- a. Access to any information which relevant to the Company, the Subsidiary, Affiliated Companies and Entities which established by the Company related to their duties and functions, including but not limited to enter all working area and having access to all document, record, application system, database an others information.
- b. Receive result of Risk and Control Self Assessment (RCSA) from Risk Management Division as one of the basis to arrange annual audit plan with risk based.
- c. Communicate directly with the Board of Directors, the Board of Commissionaires, and/or Audit Committee and members of the Board of Directors, the Board of Commissionaires, and/or Audit Committee;
- d. Conduct meetings on periodic and incidental basis with Board of Directors, Board of Commissionaires, and/or Audit Committee;
- e. Coordinate Internal Audit activities with those performed by external auditor; and

- f. During audit or other tasks requiring specific skill, Internal Audit may hire external experts either from out of Internal Audit in or out of the Company, subject to the prevailing provisions, including the obligation to maintain the confidentiality of data and information of the company, its subsidiaries, affiliated companies and corporate entities.

CHAPTER III

CODE OF ETHICS, RELATION WITH OTHER PARTIES AND FOLLOW-UP ACTIONS OF AUDIT

III.1 Code of Ethics of Internal Audit

III.1.1 Integrity

- a. Must be honest, objective and serious in performing the tasks, and meet the professional duties;
- b. Show high loyalty to Company. Nevertheless, Internal Auditor shall not be allowed to intentionally engage in any activity in contradiction or violation with laws;
- c. Not intentionally engage in action or activity that can discredit internal auditor profession or Company;
- d. Respect and uphold laws, code of conduct of Company and other applicable regulations.

III.1.2 Objectivity and Independency

- a. Must refrain from any activity that may incite conflict of interest with Company, or other activities potential to spark prejudice, doubts about capacity of objectively performing the tasks and duties.
- b. May not receive anything of whatsoever form from audit objects and other parties related to the audit that can, or reasonably suspected to, affect professional judgments.
- c. May not taking any side, fright, and ambition which could affect the undertaken activity so that affect it duties.
- d. Internal Auditor should be free from personal/certain group interventions for the inference of audit result for the interest of the Company.
- e. In reporting the audit performed, internal auditor must expose all important and material facts he/she knows i.e. the facts that if not exposed can:
 - 1) Distort and or cause *misleading* to audit report; or
 - 2) Cover legal offense practices.

III.1.1 Confidentiality

- a. Must be sensible and prudent in using information acquired and always keep secrecy for all data and information acquired during in performing the duties;

- b. Not allowed to use information for personal gains or to take any action in violation with the laws and regulations or in contradiction with legal provisions and code of ethics that may cause losses to Company.

III.1.4 Competency

- a. Perform only the assignment, for which he/she has the relevant knowledge, skill, experience, and professional competency.
- b. Must at all time elevate competency, effectiveness and quality of his/her performance, and attend professional education programs.

III.2 Relation with Other Parties

III.2.1 Relation with Audit Committee

- a. To identify any potential weakness in internal control, Audit Committee will receive audit report or *internal audit* report. Especially for the Audit Report and report of the Subsidiary's, affiliated companies and entities which established by the Company are reported by the reporting mechanism of the Board of Directors to the Board of Commissioners if it requested.
- b. *Internal Audit* must coordinate with Audit Committee for:
 - i. Conducting regular or incidental meeting to discuss internal audit finding and or other issues indicating shortcomings in internal control including mistakenly applied accounting standards. The meeting could be attended by others parties which is deemed necessary by the Audit Committee.
 - ii. If necessary, *Internal Audit* subject to consent of Board of Directors can ask Audit Committee to expand the range of audit so as to assess the character, scope, extent and impact of significant weakness identified in internal control and the influence to financial report;

III.2.2 Relation with other functions in the Company

Internal Audit conduct regular meeting with other function in the Company, among others Risk Management Division, Corporate Secretary Division (GCG Implementation Bureau) and Legal & Compliance Division to ensure conformity of audit scope and reduce duplication of work.

III.2.3 Relation with External Audit

External Audit and Internal Audit activity must be coordinated in a manner that can assure adequacy of audit scope and no duplication. In light of that:

- a. External auditor having access to the audit report;
- b. In measure effectiveness of internal control, the external auditor obliged to coordinate with internal audit;
- c. In the review process of the activity of internal control, audit internal could use independent auditor report to identify possible weakness of internal control;
- d. In terms of audit is conducted by state institution (Audit Board of Republic of Indonesia, Directorate General of Custom and Excise, and PPATK), Audit Internal acts as counter party in providing information required.

III.3 Follow-Up Actions of Audit Findings and Review

The Management, auditee and immediate superiors are obligated to take follow-up actions or corrective measures to the findings of Audit as stated in audit report and review/evaluation report. Internal Audit is responsible to monitor and evaluate corrective actions taken by auditee and the superiors and report the results, including when the auditee and superiors fail to follow-up actions require to the President Director and the Board of Commissioners (refers to item II.3.1.g.i).

CHAPTER IV CLOSING

Validity and Evaluation

1. This Charter shall take into effect since 9 June 2014 and terminated or replaced until revised;
2. This Charter shall be evaluated on periodic minimum 1 (one) year since it came into effect or faster if there are any matters that need to be adjusted according to regulatory changes and/or prevailing policies and regulations while still looking at future company needs.

**“Approval Sheet of Board of Commissionaires and the Board of Directors
for Internal Audit Charter”**

Approved in Jakarta
On 9 June 2014

Board of Commissioners	Board of Directors
Signed R. Sukhyar President Commissioner	Signed Tato Miraza President Director
Signed Zaelani Komisaris	Signed Djaja M. Tambunan Finance Director
Signed Robert A. Simanjuntak Komisaris	Signed Hendra Santika Development Director
Signed Velix Vernando Wanggai Komisaris	Signed Tedy Badrujaman Operations Director
Signed Hikmahanto Juwana Independent Commissioners	Signed Hari Widjajanto Human Resources Director
Signed Laode M. Kamaluddin Independent Commissioners	Signed I Made Surata CSR & General Affair Director