

WORK IMPLEMENTATION GUIDELINES OF AUDIT COMMITTEE CHARTER



PT ITSEC Asia Tbk

Applicable Since 2023

Scope: PT ITSEC Asia Tbk and its Subsidiary Entities

Audit Committee Work Guidelines of PT ITSEC Asia Tbk is prepared for the implementations of duties, responsibilities and authorities of the Audit Committee for assisting the Board of Commissioners in performing the oversight function for the Company.

CHAPTER I INTRODUCTION

1.1. Background

PT ITSEC Asia Tbk, hereafter referred to as ITSEC, is a Limited Liability Company having domicile in Indonesia and listed as the Issuer on *Bursa Efek Indonesia*/the Indonesia Stock Exchange (“BEI”). As the company listed on BEI, in performing its business activities, ITSEC shall comply with all laws and regulations in which ITSEC is listed.

In order to supporting the effectiveness of the implementations of its duties and responsibilities, the Board of Commissioners must form an Audit Committee. In performing its duties, the Audit Committee has a significant role to assist the Board of Commissioners in carrying out the duties of oversight on the Company’s business activities, therefore it is necessary to have Work Guidelines which function as the guidance for the Audit Committee in conducting its duties, responsibilities and authorities.

1.2. Vision and Mission

Vision

To become a high-competence Audit Committee in carrying out its duties, namely assisting the Board of Commissioners in performing its oversight duties for the Company and assisting the Board of Directors related to corporate internal control and audit performance.

Mission

To assist the Board of Commissioners in performing its supervisory function on the Company and the Board of Directors in accordance with the principles of the Good Corporate Governance and to put the best interests for the Company before other interests in order to actualize the vision, mission statement and value of the Company as well as compliance with the prevailing laws and regulations.

1.3. Purpose and Objective

This work guideline is prepared as guidance for the Audit Committee in implementing its duties and responsibilities effectively, efficiently, transparently, with competently, independently and accountable in compliance with the applicable laws and regulations.

CHAPTER II

ESTABLISHMENT, ORGANIZATION AND TERM OF OFFICE

2.1. Legal Basis

Establishment, organizing, work mechanism, duties and responsibilities, authorities of the Audit Committee as specified herein, refer to the legal basis as follows:

- a. Law Number: 40/2007 on the Limited Liability Company;
- b. Regulation of the Financial Services Authority Number: 33/POJK.04/2014 on the Board of Directors and the Board of Commissioners of the Issuer or Public Company;
- c. Regulation of the Financial Services Authority Number: 55/POJK.4/2015 on the Establishment and Work Implementation Guidelines of the Audit Committee; and
- d. Audit Committee Work Guidelines.

2.2. Establishment

The Audit Committee is formed by the Board of Commissioners and accountable to the Board of Commissioner in assisting to carry out its duties and functions referring to the Work Guideline determined and approved by the Board of Commissioners.

2.3. Organization

2.3.1. Membership Structure

- a. Members of the Audit Committee shall consist of 1 (one) Independent Commissioner and 2 (two) experts who are not key employees of PT ITSEC Asia Tbk;
- b. Member of the Audit Committee who serves as Independent Commissioner shall acting as the Chair of the Audit Committee;
- c. In the case of at least 2 (two) Independent Commissioners, then the Chair of the Audit Committee shall be determined by virtue of the Resolution of the Board of Commissioners with reference to the applicable provisions and regulations; and
- d. Members of the Audit Committee serves as experts who are not the key employees of the company is not allowed to hold dual office as another member of the Audit Committee in the Company during the same period.

2.3.2. Membership

- a. Chair and members of the Audit Committee shall be appointed and dismissed by the Board of Commissioners;
- b. In case of the Independent Commissioner who serves as the Chair of the Audit Committee resigns from his/her term of office as the Independent Commissioners, thus the Chair Audit Committee must be replaced by the new Independent Commissioner appointed by the Board of Commissioners; and

- c. Appointment and dismissal of members of the Audit Committee shall be reported to the General Meeting of Shareholders.

2.4. Membership Requirements

- a. Each member of the Audit Committee who serves as a member of the Board of Commissioners or not, have no third-degree relatives of relationship with other members of the Board of Commissioners or members of the Board of Directors;
- b. Not own the Company's shares, either directly or indirectly, and its subsidiary entities which may cause a conflict of interest;
- c. Each member of the Audit Committee who serves as a member of the Board of Commissioners or not, does not hold as the administrator of political party which may cause a conflict of interest;
- d. Has no business relations, either directly or indirectly, related to the business activities of ITSEC which may cause a conflict of interest;
- e. Able to cooperate, has good communication skills, capable of being ethical, willing to provide enough time to carry out his/her duties and add value to his/her work;
- f. Has an integrity, dedication, competency, educational background, independency, and experience relevant to his/her field of work, and able to communicate verbally or in writing concerning all his/her duties performance to the Board of Commissioners in accordance with the applicable procedures;
- g. Understand the financial statement, company business specifically related to the duties and functions of audit process supervisory and risk management, and to communicate the results of his/her duties and functions to the Board of Commissioners;
- h. Has an adequate knowledge on laws and regulations of the Company operation, regulations of Capital Market, and other regulations related to auditing;
- i. Able to learn and has good understanding on the activities of the Company, has an adequate knowledge on the business field of the Company and its relation to auditing; and
- j. At least a member of Committee Audit shall have educational background or expertness in accounting and/or financial field.

2.5. Term of Office

- a. Term of office of Independent Commissioner who also serves as the Chair of the Audit Committee, is equivalent with his/her tenure as a member of the Board of Commissioners which is determined by the General Meeting of Shareholders; and
- b. Term of office of a member of the Audit Committee who is an expert, is equivalent with length of service of a member of the Board of Commissioners and may be reappointed one more time for the subsequent term without prejudice to the rights of the Board of Commissioners to dismiss at any time.

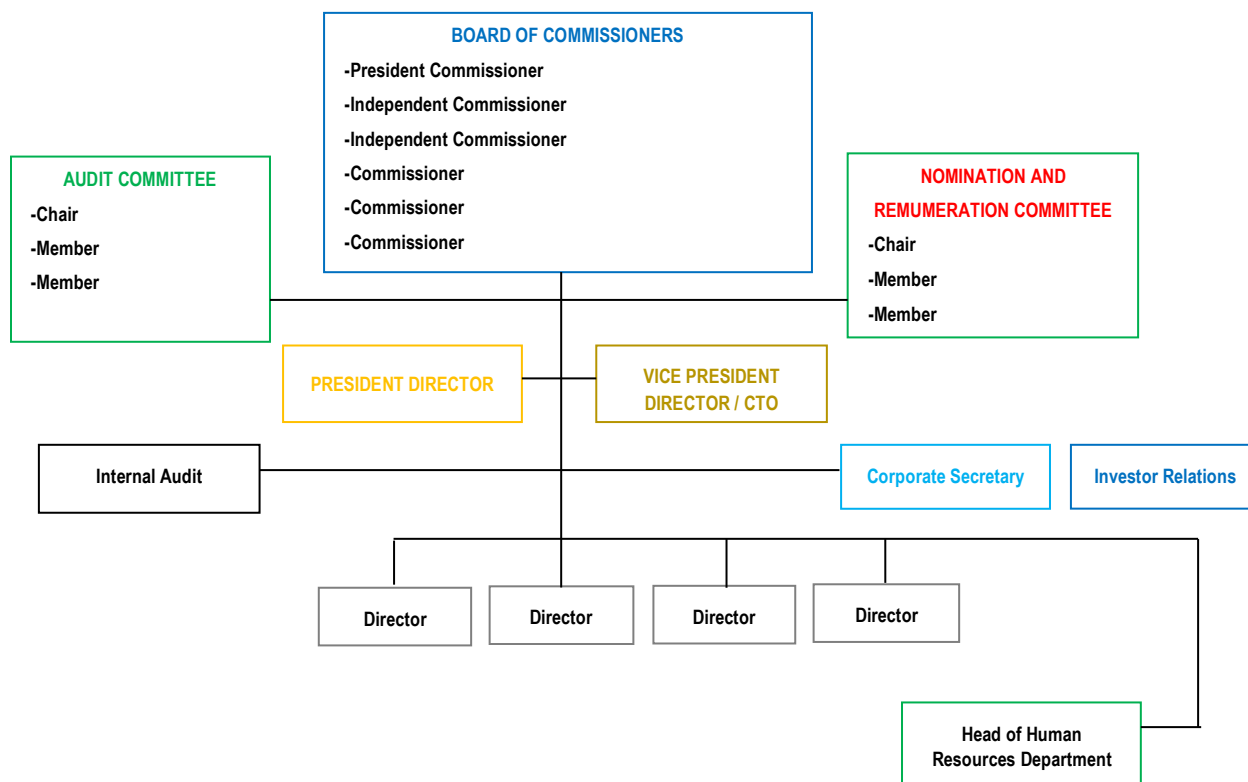
2.6. Evaluation

Evaluation on the performance of members of the Audit Committee, either individually or collectively, performed by the Board of Commissioners once a year. Indicators used in work evaluation of the Audit Committee are:

- a. Attendance at the meeting of the Audit Committee;

- b. Willingness to provide time and give best efforts to fulfill his/her duties and responsibilities as the members of the Audit Committee;
- c. Quality and suggestion provided at the meetings;
- d. Quality in reviewing on financial information which will be published, projection and other financial information, including its preparations;
- e. Fulfill the requirements of Company's code of ethics;
- f. Contribution in reviewing the examination result of independent auditor;
- g. Level of review performed upon the audit planning and the adequacy of audit program made by the independent auditor;
- h. Contribution in reviewing the examination result of internal auditor;
- i. Review on the internal audit charter and audit implementation guidelines (Standard Operating Procedure of Auditing);
- j. Evaluation on policy and annual work plan of internal auditor; and
- k. Contribution in identifying the Company's activities that have high-level risk and the analysis on the mitigation efforts that may be required.

2.7. Position in Organization



CHAPTER III

DUTIES, RESPONSIBILITIES AND AUTHORITIES

The Audit Committee shall have duties and have responsibilities to assist the Board of Commissioners in providing the independent professional opinion to the Board of Commissioners on any report or other matters raised by the Board of Directors to the Board of Commissioners and perform other duties associated with the duties of the Board of Commissioners.

In order to have an efficient and effective role, duties, responsibilities and authorities of the Audit Committee shall be regulated as mentioned below.

3.1. Duties and Responsibilities

3.1.1. Review and Clarify Financial Information

Review the financial information to be issued by the Company to public and/or other competent authorities among others, financial statements, projection and other related reports associated with the financial information of the Company.

Review and clarify to support so the financial information which will be published by the Company is accurate, reliable and trustworthy, and may be performed through:

- a. Review on the verification result made by independent auditor and/or internal auditor;
- b. Clarify the preparation process of financial information that will be published;
- c. Assure the satisfied evaluation procedure regarding the vital information published by the Company;
- d. Review complaint (if any) related to the accounting process and the Company financial reporting; and
- e. Review and provide advices to the Board of Commissioners related to the potential occurrence of conflict of interest of the Company.

3.1.2. Selection, Appointment and Oversight on the Independent Auditor Work

In order to prepare the Company Annual Financial Statements, the Audit Committee has a role in performing:

3.1.2.1. Selection and Appointment of Independent Auditor

- a. The Audit Committee verifies the independent auditor selected by the management and recommend the candidate of independent auditor who will audit the company annual financial statement to the Board of Commissioners; and

- b. During selection process of independent auditor, the Audit Committee shall refer to provisions regarding legality, competency, assignment, fee and public accountant independency.

3.1.2.2. Oversight on the Independent Auditor Work

- a. The Audit Committee verifies the Audit Planning and sufficiency of the auditing program and monitors the audit performance
- b. The Audit Committee shall give independent advices if any dissent occurs between the management and auditor related to its provided services;
- c. Assure that the independent auditor communicates the following matters, namely:
 - 1. Responsibility level of auditor toward the internal control in the financial statements' representation;
 - 2. Significant accounting policy change;
 - 3. Significant weakness in design and internal control implementation;
 - 4. Methods of recording, reporting and the extraordinary transactions significantly shall impact the financial statement;
 - 5. Fraud and irregularities with the laws and regulations committed by the management or employees impacting material misstatement in financial statements;
 - 6. Significant audit correction;
 - 7. Disagreement with the management on the accounting principles implementation, scope of audit, disclosure in the financial statements and words used by auditor in his/her audit report;
 - 8. Obstacles to performance audit.
- d. Ensure that have draft of the audited financial statements within 7 (seven) days prior it is published to be verified by the Audit Committee; and
- e. The Audit Committee may suggest work termination with the independent auditor to the Board of Commissioners, in the event having strong indication that auditor indecency may be intervened or the auditor is proven, has not performed any verification in compliance with the verification standard of public accountant.

3.1.3. Evaluation of Audit Internal Function Implementation Effectivity

The Audit Committee shall evaluate the effectivity of the implementations of the main duties and Internal Audit functions which shall be performed among others through:

- a. Verify the Audit Internal Work Guidelines and the Audit Implementation Guidelines (Standard Operating Procedures of Audit);
- b. Evaluate the annual work program and its implementation;
- c. Review on the audit/verification performance done by the Internal Audit and to discuss the vital audit/material report including the procurement audit and Subsidiary audit; and
- d. Oversee the follow-up performed by management on findings of Internal Audit.

3.1.4. Internal Control Effectivity

The Audit Committee shall review on design, policy implementation and procedures for acquiring adequate belief on the internal control effectivity to avoid any misstatement of the material in the Financial Statements, misuse assets and laws and regulations infringement, and assets protection and fulfilment of obligations of the Company shall be enhanced.

In order to the internal control may be perform effectively, then:

- a. Internal Control Understanding acquired among others from learning the Company Operating Standard and internal control implementation;
- b. The Audit Committee shall obtain the internal audit report regularly from the internal audit as the material to identify any probability of internal control weakness;
- c. To enhance the internal control effectivity, the Audit Committee shall provide recommendation regarding the refinement of internal control system and its implementation;
- d. The Audit Committee must have coordination with the Internal Audit to:
 1. Convene the regular meeting to discuss findings and/or other matters contain indication of internal control weakness;
 2. If necessary, the Audit Committee may demand the Internal Audit to expand its verification to value the characteristic, scope, size and impact of significant weakness in internal control as well as its effect to the Financial Statements.
- e. During reviewing process on the internal control effectivity, the Audit Committee may use the report of independent auditor to identify the probability of internal control weakness; and
- f. The Audit Committee shall provide recommendation to the Board of Commissioners to grant approval on the appointment and dismissal of the head of Audit Internal Division by reference of the President Director.

3.1.5. Compliance with Laws and Regulations

The Audit Committee must assure the internal audit is adequate that the Company's business operation is run in compliance with the prevailing laws and regulation of the Capital Market and other regulations related to the Company's business operation.

Therefore, the Audit Committee must:

- a. Oversee which may performed through:
 1. Review on the Company's management or legal counselor report associated with the compliance with the prevailing laws and regulations related to the Company's activities; and
 2. Review on findings or examination result conducted by governing body, independent auditor and internal audit.
- b. If it is obtained any clue that there is violation of laws and regulations, the Audit Committee may expand its examination and perform the investigation audit to determine its impact and size of loss due to such violation. To perform such investigation audit, the Audit Committee may request the assistance of the external auditor.

3.1.6. Risk Management

Assure that the system and internal control implementation in the Company have been adequate in the matters of Assets protection and proper records of its liabilities/debts so may prevent the material risk in the representation of Financial Statements within an accounting year.

3.1.7. Specific Task Implementation

- a. Entrust the specific task to the Audit Committee from the Board of Commissioners shall be conducted by the writing instruction contain the characteristic and scope of work, purpose and objective of work, period of work, and administrative matters related such specific duties;
- b. Specific task may cover but not limited to the examination on presumption of errors in the resolution of the Board of Directors or misconduct in the implementation of resolution of the Board of Directors related to its duties and responsibilities;
- c. Specific task implementation of the Audit Committee among others may:
 1. Through examination on all documents of the Board of Directors including the Minutes of Meeting of the Board of Directors and the Board of Commissioners;
 2. Raise questions to the Board of Directors and its staffs which its result shall be contained in the Question-and-Answer Minutes of Meeting signed by the concerned party; and
- d. The Audit Committee must report the specific task implementation with high-level confidentiality to the Board of Commissioners.

3.2. Authorities and Work Mechanism

- a. The Audit Committee has authorities to access documents, data and information of the Company regarding its employees, fund, assets and resource of the Company which may be needed related to its duties implementation;
- b. In performing authorities as regulated in letter a above, the Audit Committee shall cooperate with work partner among others: Supporting Body of the Board of Commissioners, concerned work unit at management level, among others: Internal Audit and related company operational units;
- c. If deemed required, the Audit Committee may involve the external experts and/or consultants/independent party which may be needed to assist its duties implementation with prior consent of the Board of Commissioners and at Company's expenses;
- d. If necessary, in conduction its duties and obligations, the Audit Committee may form an ad hoc team, in which the criteria and assignment period are adjusted with the nature of work;
- e. Review the independency, objectivity as well as recommending the External Auditor to the Board of Commissioners which will be selected by the Company to audit the Financial Statements of the Company;
- f. The Audit Committee has authority to communicate directly to the employees, including the Board of Directors and other parties that perform the internal audit function, risk management and the Auditor related to the duties and responsibilities of the Audit Committee; and
- g. The Audit Committee shall perform other authorities granted by the Board of Commissioners.

3.3. Code of Ethics for Confidentiality

- a. Members of the Audit Committee who are no longer have capacity as members of the Audit Committee, must keep confidential documents, data and information of the Company which are obtained during his/her office as the members of the Audit Committee, either from the internal and external parties and shall only be used for the interest of its duties implementation;
- b. Members of the Audit Committee is prohibited to misuse the vital information associated with the Company for his/her personal gain;
- c. In performing his/her duties and responsibilities, the members of the Audit Committee must comply with the Code of Ethics of the Company and prohibited to take any personal gain, either directly or indirectly, from the Company's activities, other than his/her honorarium including its facilities and allowances.

3.4. Responsibility

The Audit Committee shall be responsible to Board of Commissioners.

CHAPTER IV MEETING AND REPORTING

4.1. Meeting of the Audit Committee

- a. The Audit Committee shall convene a scheduled meeting at least once within a month every year;
- b. If deemed necessary, the Audit Committee may invite other party associated with the material of the Meeting to attend the Meeting;
- c. Meeting invitation shall be made by the members of the Corporate Secretary;
- d. Meeting invitation shall be delivered through an electronic mail to each member of the Audit of Committee within 4 (four) days before the Meeting is held, irrespective of the date of the invitation and meeting;
- e. Meeting invitation shall mention the agenda, date, time and place of the Meeting;
- f. Meeting shall be held at the Company's domicile;
- g. Meeting is chaired by the Chair of the Audit Committee, in the event that the Chair of Audit Committee is absence or unable to attend the Meeting, it shall be chaired by a member of the Audit Committee appointed in writing by the Chair of the Audit Committee;
- h. Meeting is valid and entitled to adopt the valid and binding resolution if attended by at least 2/3 (two-thirds) of all members of the Audit Committee;
- i. Resolution of the Meeting of the Audit Committee is adopted based on consensus principle. In the event that consensus cannot be achieved, resolutions shall be adopted by majority votes more than 1/2 (one-half) of members of the Audit Committee present;
- j. Each member of the Audit Committee present at the Meeting shall cast vote. In the event that a member of the Audit Committee is abstain, such member must accept and also take responsibility for the meeting resolution;
- k. Discussion at and resolution of the Meeting shall be stated in a Minutes of Meeting, prepared by a Corporate Secretary and signed by all members of the Audit Committee present at the meeting to clarify the accuracy of such Minutes of Meeting.
- l. Each member of the Audit Committee has the right to receive copy of the Minutes of Meeting, either he/she was present or not at the Meeting.
- m. Original Minutes of Meeting shall be kept by the Corporate Secretary and made available if requested by each member of the Audit Committee and the Board of Commissioners; and
- n. Annual Reports must contain numbers of the meeting of the Audit Committee and its attendance.

4.2. Reporting

- a. The Audit Committee shall be responsible to the Board of Commissioners and must prepare a report to the Board of Commissioners on each assignment given, furnished with the necessary recommendation.
- b. The Audit Committee assures that the Company must deliver the information to the Financial Services Authority regarding the appointment and dismissal of members of the Audit Committee no later than 2 (two) business days after such appointment or dismissal; and
- c. Information about the appointment and dismissal as referred in letter b, must be posted in the stock exchange's website and the Company's website.

CHAPTER V CLOSING

Term and Evaluation

- a. This Audit Committee Work Guidelines shall come into effect as of March 15, 2023.
- b. This Audit Committee Work Guidelines shall be evaluated periodically to be refined;

Stipulated on March 09, 2023

The Board of Commissioners
PT ITSEC Asia Tbk