

ATTACHMENT :

Decision of the Chairman of Capital
Market and Financial Institutions
Supervisory Agency

Number : Kep-496/BL/2008

Date : November 28, 2008

**RULE NUMBER IX.I.7 : FORMING AND CHARTER'S COMPILATION
GUIDANCE OF INTERNAL AUDIT UNIT**

1. Definitions of terms for the purposes of this rule:
 - a. Internal Auditing is an independent and objective assurance and consultation activity designed to add value and improve an organization's operations, by utilizing a systematic methodology for evaluating and improving the effectiveness of risk management, control, and governance processes.
 - b. Internal Audit Unit is a working unit in the Issuer or Public Company that incorporates Internal Auditing function. The name or term used for Internal Audit Unit can be determined by each Issuer of Public Company.
2. Issuer or Public Company is required to establish an Internal Audit Unit.
3. The Internal Audit Unit as mentioned in number 2 consists of at least one internal auditor. In the case that the Internal Audit Unit consists of one internal auditor, he or she should also act as a Chief of Internal Audit Unit.
4. Issuer or Public Company is required to establish Internal Audit Charter which at least covers:
 - a. Internal Audit Unit's structure and its position in the organizational structure;
 - b. Internal Audit Unit's duty and responsibility;
 - c. Internal Audit Unit's authority;
 - d. Internal Audit Unit's ethical code which refers to Internal Auditor association in Indonesia or internationally common practice of ethical code of Internal Auditor;
 - e. Internal Audit Unit's requirement of auditor;
 - f. Internal Audit Unit's accountability; and
 - g. Prohibiting of *dual* duties and positions of Internal Audit Unit's auditor and its staff from performing company's operational activities in Issuer or Public Company even its subsidiary
5. Internal Audit Unit's Charter is enacted by director after commissioner's approval.
6. Internal Audit Unit's structure and its position in the organizational structure as mentioned in number 4 letter a is:
 - a. Internal Audit Unit is led by a Chief of Internal Audit Unit.
 - b. The Chief of Internal Audit Unit is appointed and dismissed by the president director with commissioner's approval.

- c. Commissioner can propose the replacement of the Chief of Internal Audit Unit, if he or she does not fulfill the requirement as an auditor of Internal Audit Unit as stated in this rule and or fails or is incapable to perform his or her duty.
 - d. The Chief of Internal Audit Unit has to report to the president director.
 - e. Auditor of Internal Audit Unit has to report directly to the Chief of Internal Audit Unit.
 - f. The term of duty of the Chief of Internal Audit is no more than 3 (three) years and he or she can be reappointed.
7. The requirement of auditor's Internal Audit Unit as mentioned in number 4 letter e at least covers that the auditor :
- a. has professional integrity and conduct, independence, fairness, and objectiveness in performing his or her duty;
 - b. has knowledge and experience in audit technique and other relevant science in accordance to his or her duty;
 - c. has knowledge in capital market regulations and other relevant regulations;
 - d. has capability to effectively interact and communicate both verbally and in writing;
 - e. shall comply with professional standard which is issued by Internal Auditor association;
 - f. shall comply with the ethical code of Internal Auditor;
 - g. shall maintain confidentiality of company's information and/or data related to performing of Internal Audit Unit's duty and responsibility except required by regulations or court's decrees/decisions;
 - h. understands good corporate governance and risk management principles; and
 - i. is willing to enhance his or her professional knowledge, expertise and skill in ongoing basis.
8. Internal Audit Unit's duty and responsibility as mentioned in number 4 letter b at least covers:
- a. compiling and performing annual Internal Audit plan;
 - b. reviewing and evaluating the operation of internal control and risk management in accordance to company's policy;
 - c. performing audit and assessing the efficiency and effectiveness in the area of finance, accounting, operation, human resource, marketing, information technology and other activities;
 - d. performing compliance audit to related regulations and laws;
 - e. identifying the efficiency and effectiveness of improvement and enhancement alternative of resources and funding consumptions;
 - f. giving objective improvement of advice and information regarding audited activities for all management levels;
 - g. reporting the audit result and delivers the report to president director and commissioner;

- h. monitoring, analysing, and reporting the progress of recommended action performance;
 - i. cooperating with the Audit Committee;
 - j. developing program to evaluate the quality of internal audit action which is performed by it; and
 - k. performing special audit, if necessary.
9. Internal Audit Unit's authority as mentioned in number 4 letter c covers, but not limited to the following :
- a. to access all relevant information regarding company related to its duty and role;
 - b. to communicate directly with director, commissioner, and/or Audit Committee and the member of directors, commissioners, and/or Audit Committees;
 - c. to perform regular and incidental meeting with director, commissioner, and/or Audit Committee;
 - d. to coordinate its activity with external auditor; and
 - e. To requests or get assistant from company's internal employee or external party, if necessary, in order to perform its duty.
10. Appointment, replacement, or dismissal of the Chief of Internal Audit Unit shall be notified to Bapepam and LK no longer than the 14th (fourteenth) day after the date of his or her appointment, replacement, or dismissal.
11. By no means undermining criminal stipulation in capital market, Bapepam and LK may impose sanction on any violations of this Rule, as well as on any Person that causes the violation to occur.

Enacted in : Jakarta
Date : November 28, 2008
Chairman of Capital Market and Financial
Institutions Supervisory Agency

Signed

A. Fuad Rahmany
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Based on the original documents
Head of General Affairs Division

Signed

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