



## **INTERNAL AUDIT CHARTER**

### **PT Blue Bird Tbk.**

#### **I. BACKGROUND AND PURPOSE**

##### **1. BACKGROUND**

PT Blue Bird Tbk., hereinafter referred to as the Company, is a public company listed on the Indonesia Stock Exchange and as a consequence, the Company must adhere to regulations applicable in the Indonesian capital market (Financial Services Authority) and apply good corporate governance as its operational basis in order that the Company can be managed based on the principles of transparency, accountability, fairness and responsibility.

In line with the above, the Company is obligated to have an Internal Audit Unit which serves the function of internal audit, namely an activity conducted to provide assurance and consulting of independent, objective nature (internal consulting) with the purpose of increasing the value and improving the operations of the company, through systematic approach, by means of evaluating and improving the effectiveness of risk management, internal control and corporate governance process (Regulation of Bapepam-LK No. KEP-496/BL/2008 dated November 28, 2008 concerning Establishment and Guidelines on the Preparation of Internal Audit Unit Charter).

The improvement in the effectiveness of risk management, internal control and corporate governance process may have an impact on the Company including, among other things, matters related to the following:

- a. Improvement in operational efficiency and effectiveness;
- b. Improvement in reliability of financial reporting;
- c. Improvement in compliance with internal regulations, including capital market regulations and other regulations related to the Company's operations.

##### **2. PURPOSE AND OBJECTIVE OF THE INTERNAL AUDIT CHARTER**

The purpose of the Internal Audit Charter (IA Charter) is to serve as reference and guidelines for the Internal Audit Unit in performing the function and role of internal audit at the Company.

The objectives of the Internal Audit Unit are as follows:

- a. To stipulate the role and responsibility of the Internal Audit Unit;
- b. To grant the authority to the Internal Audit Unit in obtaining full access and Company resources related to the implementation of its duty and function;
- c. To stipulate the scope of activities of the Internal Audit Unit.



### 3. OBJECTIVE OF ESTABLISHMENT

The Internal Audit Unit is established to assist the Management in improving the operations and increasing the value of the Company by means of improving the effectiveness of the Company's risk management, internal audit and governance process.

In addition to that, the Internal Audit Unit is a partner of the Audit Committee in assisting the Board of Commissioners implementing the oversight function on the running of the Company.

## II. VISION AND MISSION

### 1. VISION

To become a Partner to the Management, Business/Working Units and Subsidiaries in order to achieve the Company's objective as well as supporter to all levels of the Company and Subsidiaries in order to create a culture of discipline in implementing all provisions of laws, policies & regulations as well as procedures and business processes applicable in the environment of the Company and the Company's Subsidiaries.

### 2. MISSION

In implementing its role and responsibility, the Internal Audit Unit must always act as follows:

- a. To provide internal service and consulting in a professional, objective and independent way for the Management, Business/Working Units as well as the Company's Subsidiaries;
- b. To safeguard the implementation of internal control and good corporate governance as well as evaluate the implementation of risk management;
- c. To provide assurance with regard to the fairness of financial reporting.

## III. ORGANIZATIONAL STRUCTURE AND MEMBERSHIP REQUIREMENTS

### 1. STRUCTURE AND STANDING

- a. The Internal Audit Unit is headed by a Head of Internal Audit Unit;
- b. The Head of Internal Audit Unit is appointed and terminated by the President Director upon approval from the Board of Commissioners;
- c. In the event that the Head of Internal Audit Unit is deemed as not meeting the requirements to become an auditor of the Internal Audit Unit as provided for in Regulation of Bapepam-LK No. Kep-496/BL/2008 dated November 28, 2008, and/or is deemed as failed or incapable in implementing the duty, the President Director may terminate the Head of Internal Audit Unit upon prior approval from the Board of Commissioners;
- d. The Head of Internal Audit Unit reports to the President Director;





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- e. Any appointment, replacement or termination of the Head of Internal Audit Unit shall be immediately notified to the Financial Services Authority (OJK);
- f. Auditors serving in the Internal Audit Unit reports directly to the Head of Internal Audit Unit.

### **2. MEMBERSHIP REQUIREMENTS**

- a. Having integrity and professional, independent, honest, and objective behavior in the implementation of his/her duty;
- b. Having knowledge and experience in the technicality of audit and other scientific disciplines relevant to his/her field of duty;
- c. Having knowledge of laws and regulations in the field of capital market and other related laws and regulations;
- d. Having the skill of interacting and communicating effectively, verbally and in writing;
- e. Having the obligation to adhere to the professional standard issued by the Internal Audit association;
- f. Having the obligation to adhere to the Internal Audit code of ethics;
- g. Having the obligation to maintain the confidentiality of Company information and or data related to the implementation of duty and responsibility of Internal Audit Unit, unless it is obligated under laws and regulations or stipulation/decision of court;
- h. Understanding the principles of good corporate governance and risk management;
- i. Willing to improve his/her knowledge, expertise and professional skills on a continuous basis.

### **3. PROHIBITION ON DOUBLE POSITIONS**

The head and members of Internal Audit Unit shall be prohibited to concurrently serve the duty and position of executing party of operational activities at the Company as well as at the Company's subsidiaries.

## **IV. DUTY, RESPONSIBILITY AND AUTHORITY**

### **1. DUTY AND RESPONSIBILITY OF THE INTERNAL AUDIT UNIT**

- a. Preparing and implementing the Internal Audit Unit annual activity plan;
- b. Examining and evaluating the implementation of internal control and risk management in accordance with the Company's policies;
- c. Performing audit and assessment on efficiency and effectiveness in the fields of finance, accounting, operations, human resources, marketing, information technology, and other activities;
- d. Providing suggestion for improvement and objective information on activities being examined at all management levels;
- e. Preparing report on the result of audit or result of internal consulting and submitting the said report to the President Director and Board of Commissioners;
- f. Monitoring, analyzing and reporting the follow-up actions on the suggested improvement;
- g. Cooperating with the Audit Committee;



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- h. Preparing program and methodology for evaluating the quality of internal audit activities conducted;
- i. Performing review and or in-depth examination upon request from the Board of Commissioners in following up with the whistleblower and or alleged fraud and submitting the result of the examination to the President Director and the Board of Commissioners;
- j. Performing special audit if necessary.

### 2. AUTHORITY

- a. Accessing all relevant information on the Company related to its duty and function;
- b. Performing direct communication with the Board of Directors, Board of Commissioners and or Audit Committee, as well as members of the Board of Directors, Board of Commissioners and or Audit Committee;
- c. Holding meetings on a periodic basis and on an incidental basis with the Board of Directors, Board of Commissioners and or Audit Committee;
- d. Performing coordination of its activities with the activities of external auditor.

## V. CODE OF ETHIC

### 1. Integrity

- a. It shall perform its work honestly, earnestly and responsibly;
- b. It shall comply with the law and provide explanation as expected by the provisions of law and profession;
- c. It is prohibited from consciously getting involved in illegal activities, or activities which may discredit the internal audit profession or the Company;
- d. It must respect and support the Company's objective.

### 2. Objectivity

- a. It may not participate in any activity or relationship which may, or is reasonably assumed to be able to reduce its ability to conduct assessment objectively, including in the event of any activity or relationship which may cause conflict of interests with the Company;
- b. It shall be prohibited to receive anything which may or is reasonably assumed to be able to affect its professional consideration;
- c. It shall disclose all important facts it is aware of, namely facts which, if not disclosed, may distort report on the activity being reviewed.

### 3. Confidentiality

- a. It shall act prudently in using and safeguarding information it obtains during the implementation of its duty;
- b. It shall be prohibited to use information to obtain personal benefit, or in any way which is against the law or which harms the Company's objective.

### 4. Competency

- a. It shall only provide service which can be implemented by using the knowledge, expertise, and important experience it has;
- b. It shall provide internal audit service in accordance with the Standard of Internal Audit Professional Standards;





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- c. It shall always improve its expertise and effectiveness as well as the quality of service it renders.

### VI. CLOSING

1. The Internal Audit Charter, including the amendments thereof, shall be stipulated by the Board of Directors upon approval from the Board of Commissioners;
2. This Internal Audit Charter shall be binding and must be implemented by personnel of the Internal Audit Unit and supported by all levels in the organization of the Company;
3. The Internal Audit Charter may be amended in accordance with the requirement and development in the business environment of the Company as well as internal and external policies;
4. This Internal Audit Charter supersedes the former Internal Audit Charter made by the Company, therefore, the former Internal Audit Charter of the Company is no longer applicable;
5. As detailed guidelines for the Internal Audit Unit in the implementation of its duty and responsibility, the Internal Audit Unit shall prepare work mechanism, which shall be stipulated by the Head of Internal Audit Unit;
6. This Internal Audit Charter shall come into effect since the date of its stipulation.

**This Internal Audit Charter was approved by the Board of Commissioners and stipulated by the Board of Directors in Jakarta, on 28<sup>th</sup> of October 2015.**