

AUDIT COMMITTEE CHARTER



THE YEAR OF 2021

CHAPTER I INTRODUCTION

1. Background

- 1.1. PT Adaro Minerals Indonesia Tbk. ("**the Company**") is a public company and required to fulfill all regulatory provisions applicable in the Republic of Indonesia, in particular those of the capital market as well as other regulatory provisions relevant to its business activities.
- 1.2. Audit Committee is a committee formed by and report to the Company's Board of Commissioners for assisting the Board of Commissioners' duties and functions.
- 1.3. This Audit Committee Charter has been established to serve as the guidelines for Audit Committee in performing their duties and responsibilities within the measures to enforce good corporate governance.

CHAPTER II COMPOSITION, STRUCTURE, MEMBERSHIP, AND TERM OF OFFICE OF AUDIT COMMITTEE

2. Composition and Structure

- 2.1. Audit Committee members are appointed and dismissed by the Board of Commissioners.
- 2.2. Audit Committee shall consist of minimum 3 (three) members, being the Company's independent commissioners or external parties.
- 2.3. Audit Committee shall be chaired by the Company's independent commissioner.
- 2.4. Independent commissioners shall fulfill the requirements as stipulated by the Financial Services Authority Regulation number 33/PO.JK.04/2014 on the Board of Directors and the Board of Commissioners of Issuers or Public Companies.

3. Membership Requirements

- 3.1. Audit Committee members shall fulfil the following requirements:
 - 3.1.1. Possess strong integrity, capability, knowledge, and experience relevant to their work areas, and ability to communicate soundly.
 - 3.1.2. Understand the financial statements, company businesses in particular those related with the Company's services or business activities, audit process, risk management, and capital market regulatory provisions and other relevant regulations.
 - 3.1.3. Comply with the Company's codes of conduct.
 - 3.1.4. Willing to continuously enhance competencies through education and training.
 - 3.1.5. At least 1 (one) Audit Committee member has educational background and expertise in the field of accountancy and finance.
 - 3.1.6. Are not an insider to the public accounting firm, legal consultancy firm, public appraisal office, or other parties providing insurance services, non-insurance services, appraisal services, and/or other consultancy services for the Company within the last 6 (six) months.
 - 3.1.7. Do not work for or possess the authority and responsibilities to plan, lead, control, or supervise the Company's activities within the last 6 (six) months, except independent commissioners.
 - 3.1.8. Do not own the Company's shares directly or indirectly. In the event that Audit Committee members receive the Company's shares either directly or indirectly due to a certain legal event, the shares must be transferred

- to another party within 6 (six) months after the shares are received.
- 3.1.9. Do not have any affiliation with the members of the Company's Board of Commissioners, Board of Directors, or major shareholders.
 - 3.1.10. Do not have business relationship either directly or indirectly which is related with the Company's business activities.

4. Term of Office

The term of office of Audit Committee members shall not exceed the term of office of the Board of Commissioners as stipulated by the Company's articles of association and they may be reappointed only for 1 (one) subsequent period.

CHAPTER III DUTIES, RESPONSIBILITIES, AND AUTHORITY OF AUDIT COMMITTEE

5. Duties and Responsibilities

- 5.1. Audit Committee shall act independently in carrying out the duties and responsibilities.
- 5.2. In carrying out the functions, Audit Committee's duties and responsibilities shall at least consist of the following:
 - 5.2.1. Reviewing the financial information issued by the Company to the public and/or authorities, such as financial statements, projections, and other reports related with the Company's financial information.
 - 5.2.2. Reviewing the compliance with the regulatory provisions relevant to the Company's activities.
 - 5.2.3. Providing independent opinions in the event of different perspectives between the management and public accountants and/or public accounting firms on the services rendered.
 - 5.2.4. Providing recommendations for the Board of Commissioners regarding the appointment of public accountants and/or public accounting firms.
 - 5.2.4.1. In preparing recommendations, Audit Committee may consider:
 - a. Independence of the public accountants, public accounting firms, and insiders of public accounting firms;
 - b. Scope of audit;
 - c. Audit fee;
 - d. Expertise and experience of the public accountants, public accounting firms, and audit teams of the public accounting firms;
 - e. Audit methodologies, techniques, and facilities used by the public accounting firms;
 - f. Benefits of fresh eye perspectives to be obtained from the replacement of the public accountants, public accounting firms, and audit teams of the public accounting firms;
 - g. Risk of taking the audit service from the same public accounting firm in consecutive years within considerably long period of time; and/or
 - h. Outcomes of the evaluation on the performance of the previous year's audit services provided by the public accountants and/or public accounting firms on annual historical financial information, if any.
 - 5.2.4.2. In the event that the public accountants and/or public accounting firms are unable to complete the audit service on the annual historical financial information in the assignment period,

Audit Committee may provide recommendation on replacing the public accountants and/or public accounting firms for the Board of Commissioners provided that the replacement of the public accountants and/or public accounting firms has been mandated by the General Meeting of Shareholders.

- 5.2.5. Evaluating the performance of audit service on the annual historical financial information by the public accountants and/or public accounting firms and reporting the outcomes to the Board of Commissioners within 6 (six) months following the end of the fiscal year.
 - 5.2.5.1. Evaluating the performance of audit services on the annual historical financial information by the public accountants and/or public accounting firms, at least by assessing:
 - a. The conformity of audit by the public accountants and/or public accounting firms to the applicable audit standards;
 - b. The adequacy of time for field works;
 - c. The evaluation on the services rendered and the adequacy of sampling tests; and
 - d. The recommendations for improvement provided by the public accountants and/or public accounting firms.
- 5.2.6. Reviewing the audit performed by internal auditors and overseeing the implementation of the follow-ups by the Board of Directors on internal audit findings.
- 5.2.7. Reviewing the implementation of risk management by the Board of Directors.
- 5.2.8. Reviewing the complaints on the Company's accounting process and financial reporting.
- 5.2.9. Reviewing and providing suggestions to the Board of Commissioners on the Company's potential of conflict of interest.
- 5.2.10. Protecting the confidentiality of the Company's documents, data, and information.

6. Authority

In carrying out the duties, Audit Committee has the following authority:

- 6.1. Accessing the necessary Company's documents, data, and information on employees, funds, assets, resources.
- 6.2. Directly communicating with the employees, including the Board of Directors and parties carrying out internal audit function, risk management, public accountant and/or public accounting office concerning Audit Committee's duties and responsibilities.
- 6.3. Engaging independent parties external to Audit Committee members necessary for assisting the performance of duties (if necessary).
- 6.4. Performing other authority granted by the Board of Commissioners.

CHAPTER IV WORK MECHANISM AND PROCEDURE

7. Orientation Program for New Members

The orientation program for new members of Audit Committee shall be conducted to ensure understanding on the duties, responsibilities, and the Company's businesses.

8. Work Plans

Audit Committee shall prepare annual work plans.

9. Meeting Implementation

- 9.1. Audit Committee shall conduct regular meetings at least 1 (one) time in 3 (three) months.
- 9.2. Audit Committee meetings can be convened if attended by more than ½ (one half) of total number of members.
- 9.3. Audit Committee meetings' resolutions shall be made based on deliberation for consensus.
- 9.4. Each Audit Committee meeting shall be incorporated into meeting minutes, including in the event of dissenting opinions, signed by all Audit Committee members in attendance, and submitted to the Board of Commissioners.

10. Reporting

- 10.1. Audit Committee shall prepare reports to the Board of Commissioners on each assignment.
- 10.2. Audit Committee shall prepare annual reports on the implementation of Audit Committee's activities disclosed in the Company's annual reports.

11. Performance Evaluation

Annually, Audit Committee shall conduct self assessment on their performance and the outcomes shall be reported to the Board of Commissioners for evaluation.

CHAPTER V HANDLING OF COMPLAINTS OR REPORTS CONCERNING SUSPECTED VIOLATION ON FINANCIAL REPORTING

12. Handling of Complaints and Reports concerning Suspected Violation on Financial Reporting

- 12.1. Audit Committee shall review the complaints or reports concerning suspected violation on the Company's accounting process and financial reporting.
- 12.2. Audit Committee shall provide recommendations for the Board of Commissioners on the outcomes of the review.

CHAPTER VI CLOSURE

13. Effective Period and Evaluation

- 13.1. This Audit Committee Charter shall be effective as of September 6th, 2021.
- 13.2. This Audit Committee Charter will be reviewed regularly for improvement.

14. Counterpart Signing

This Audit Committee Charter may be executed in counterparts, whereby each executed copy deemed and valid as one integral authentic document and all the signatures combined deemed and valid to form one complete document.

15. Nonconformity or Conflict

This Audit Committee Charter has been composed by referring to the capital market regulations applicable in the Republic of Indonesia, in particular the Financial Services Authority (FSA) Regulations number 55/POJK.04/2015 on the Formulation and Implementation Guidelines of Audit Committee and FSA Regulation number 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers or Public Companies ("POJK 55 and 33"). In the event of nonconformity or conflict between one or several of the provisions of this Audit Committee Charter and POJK 55 and 33, POJK 55 and 33 and each of their amendments.

Enacted in Jakarta
On September 6th, 2021

(the original policy signed in Bahasa Indonesia)

The Board of Commissioners - PT Adaro Minerals Indonesia Tbk

Garibaldi Thohir
President Commissioner

M Syah Indra Aman
Commissioner

Chia Ah Hoo
Commissioner

Lie Luckman
Commissioner

Budi Bowoleksono
Independent Commissioner

Mohammad Effendi
Independent Commissioner