



Internal Audit Charter

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Chapter 1

INTRODUCTION

A. Definitions

1. Internal Audit is an assurance and consulting activity that is independent and objective, with the aim of providing added value and improving company operations, through a systematic and regular approach, by evaluating and improving the effectiveness of internal control, risk management, and governance processes of PT Garuda Indonesia (Persero) Tbk, (the "**Company**").
2. Internal Audit Unit is a work unit in the Company that carries out the Internal Audit function.

B. Vision, Mission & Strategy for Internal Audit Unit

1. Vision of Internal Audit Unit

Realizing a professional and independent Internal Audit Unit as well as a partner for Management in an effort to achieve the company's vision and mission.

2. Mission of Internal Audit Unit

- a. Carrying out the supervisory function to ensure the effectiveness of internal control, risk management, and corporate governance processes.
- b. Providing consulting services to assist Management in achieving the company's objectives.
- c. Developing Internal Auditor competencies and intensifying the use of information technology in carrying out audit activities.

3. Strategy of Internal Audit Unit

- a. Enhancing the role of the Internal Audit Unit as a strategic business partner that provides added value to Management in all functions and lines of organization in achieving the company's objectives.
- b. Building an effective and efficient Internal Audit Unit organization supported by highly competent human resources.
- c. Maintaining independence and objectivity
- d. Periodically evaluating and updating the Internal Audit Unit guidelines and policies to produce quality reports.

- e. Providing the best service for users of Internal Audit unit services, including by providing quality, objective and timely reports on the results of activities and recommendations.
- f. Consistently improving the use of technology as a tool in the implementation of the supervisory function and the provision of consulting services, as well as the management activities of the Internal Audit Unit.
- g. Improving the synergy of internal audit and external audit functions.

C. Objective of Internal Audit Charter

Guidelines for the Internal Audit Unit in carrying out its duties, referring to the Articles of Association, all applicable laws and regulations and the principles of Good Corporate Governance (GCG).

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Chapter 2

STRUCTURE AND POSITION

A. Structure and Position

1. The Internal Audit Unit is a work unit within the PT Garuda Indonesia (Persero) Tbk. organization that assists the President Director in carrying out the supervisory function to realize the company's vision and mission.
2. The Internal Audit Unit is led by a Head whose position in the company's organization is under and directly responsible to the President Director.
3. The Head of the Internal Audit Unit is appointed and dismissed by the President Director after obtaining approval from the Board of Commissioners.
4. Any appointment, replacement, or dismissal of the Head of the Internal Audit Unit shall be immediately notified to the Financial Services Authority.
5. The Internal Auditor is responsible in stages to the Head of Internal Audit Unit.

B. Internal Audit Requirements

Internal Auditors in the Internal Audit Unit must meet the following requirements:

1. Having integrity and professional behaviour, independent, honest, and objective in carrying out their duties
2. Having knowledge and experience of technical auditing and other disciplines relevant to their field of work.
3. Having knowledge and understanding of regulations in the commercial aviation business both domestic and international, laws and regulations in the field of Capital Markets and other related laws and regulations,
4. Having the ability to interact and communicate both orally and in writing effectively.
5. Complying with professional standards issued by the Internal Audit association.
6. Complying with the Internal Audit code of ethics.
7. Maintaining the confidentiality of company information and / or data related to the implementation of the duties and responsibilities of Internal Audit unless required by laws and regulations or stipulations or court decisions.
8. Understanding the company's business processes along with its internal control system, good corporate governance principles and risk management.
9. Willing to continuously improve their knowledge, skills, and professionalism.

C. Prohibition of Concurrent Position

The Head of Internal Audit Unit and all internal auditors are prohibited to:

1. Duplicate duties and positions or perform operational duties of the Company or its subsidiaries;
2. Conduct activities that conflict with the interests of the Company or that may result in not being able to perform their duties objectively.

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Chapter 3

DUTIES, RESPONSIBILITIES, AUTHORITIES, OBLIGATIONS AND QUALITY ASSURANCE AND CAPABILITY IMPROVEMENT PROGRAMS OF THE INTERNAL AUDIT UNIT

A. Duties and Responsibilities of the Internal Audit Unit

1. Managing supervisory activities through assurance and consultation in all work units in the company and determining supervisory strategies in subsidiaries.
2. Developing a risk-based Annual Work Program (PKT) and its budget.
3. Submitting the Annual Work Program Draft to the Board of Commissioners cq. Audit Committee for consideration, input and advice.
4. Requesting approval of the Annual Work Plan Draft to the President Director and carry out supervisory duties in accordance with the Annual Work Plan that has been approved by the President Director.
5. Conducting audits and assessments of efficiency and effectiveness in the fields of finance, accounting, operations, human resources, marketing, information technology and other activities in accordance with the Annual Work Program.
6. Testing, evaluating and reporting on the implementation of internal control systems, risk management and corporate governance in accordance with the Company's policies.
7. Providing suggestions for improvement and objective information on audited activities at all levels of management.
8. Conducting investigative audits, if required at the request of the President Director or as a development of previous audit results.
9. Establishing and implementing policies and internal supervision, in accordance with the organizational structure of the Internal Audit Unit and the complexity of the company's business activities,
10. Preparing and implementing the Internal Audit Manual and Standard Operating Procedures (SOP),
11. Providing consulting services related to risk management, internal control systems, and GCG practices in an effort to improve the company's performance and value on an ongoing basis,
12. Preparing audit reports and submitting them to the President Director and the Board of Commissioners cq. Audit Committee.
13. Monitoring and analysing the implementation of follow-up improvements that have been suggested by the Internal Audit Unit, and or external auditors and reporting them to the President Director, with a copy to the Board of Commissioners cq. Audit Committee.

14. Cooperating and coordinating with the Audit Committee and external auditors in supervisory activities.
15. Formulating and implementing internal audit principles that include audit methodologies and quality control measures.
16. Improving the competence and ability of Internal Audit Unit personnel on an ongoing basis through education and training as well as professional expertise certification and in house training.
17. Reporting quarterly, the level of achievement of its supervisory performance to the President Director with a copy to the Board of Commissioners cq. Audit Committee.
18. Carrying out other assignments given directly by the Board of Directors and/or the Board of Commissioners.

B. Authorities of the Internal Audit Unit

1. Determining supervisory activities in all areas, operational and business activities of the Company.
2. Providing direction for the determination of internal audit implementation strategies at subsidiaries.
3. Accessing all relevant information about the Company, including all records, employees, resources, and funds, as well as other Company assets related to the implementation of the duties and functions of the Internal Audit Unit.
4. Participating in meetings of the Board of Directors and other work units that are strategic in nature.
5. Communicating directly with the Board of Directors, Board of Commissioners, and/or Audit Committee.
6. Holding regular and incidental meetings with the Board of Directors, Board of Commissioners, and/or Audit Committee.
7. Providing suggestions or input on the appointment and dismissal of the head of the Subsidiary Internal Audit Unit.
8. Monitoring the performance, audit results, and follow-up on the results of the Subsidiary Internal Audit.
9. Determining the audit implementation strategies, as well as formulating the audit methodology, and quality control measures of the Subsidiary Internal Audit.
10. Obtaining the assistance of professional experts, if deemed necessary, both from within and outside the Company.

11. Coordinating with the External Auditor and Audit Committee regarding Internal Audit activities.
12. Conducting investigative audits of cases/problems in every aspect and element of activities that indicate fraud and violations of the code of conduct.

C. Obligations of the Internal Audit Unit

1. Communicating the results of their assignment to interested parties, including the objectives, scope of the assignment, conclusions, recommendations, and follow-up plans.
2. Establishing a process to monitor and ensure that the Company's Management has effectively implemented corrective actions or accepts the risk of not implementing corrective actions.
3. Reporting the performance of the Internal Audit Unit activities to the plan periodically.

D. Quality Assurance and Capability Improvement Programs of the Internal Audit Unit

1. Conducting a quality assurance program and improving the capability of the internal audit function that covers all aspects and activities of the internal control function.
2. Conducting an assessment of the quality assurance program and improving the overall capability of the internal audit function.
3. Conducting periodic self-assessment to assess compliance with the Internal Audit Charter, standards and code of ethics, efficiency and effectiveness and capability of the internal audit function to meet the needs of various stakeholders.
4. External assessment is conducted at least once every 3 (three) years by a qualified and independent assessor or assessment team from outside the Company.
5. The Head of Internal Audit Unit reports the quality assurance program and capability improvement of the Internal Audit Unit to the President Director.

Chapter 4

INTERNAL AUDIT CODE OF ETHICS

In an effort to encourage the implementation of an ethical work culture, the Code of Ethics of the Internal Audit Unit refers to the Code of Ethics established by the Communication Forum for Internal Supervision Units of State-Owned Enterprises (FK SPI BUMN) and the Code of Ethics that is commonly applicable internationally, including principles and rules of conduct governing integrity, objectivity, confidentiality, and competence.

A. Integrity

Internal auditors have integrity by building trust, which is the basis for making a reliable opinion (judgment).

Rules of Conduct:

1. Working honestly, diligently and responsibly.
2. Complying with the law and disclosing information as required by law and the profession.
3. Not engaged in unlawful activities or any activities that dishonor the profession of Internal Auditor or the company.
4. Being respectful and participate in the achievement of the company's objectives that are ethical and in accordance with the law.

B. Objectivity

Internal auditors demonstrate high objectivity in accordance with standards in collecting, evaluating and communicating information about the activity or process being audited. Internal auditors make balanced judgments by taking into account all relevant circumstances and are not influenced by personal interests or others, in making judgment opinions).

Rules of Conduct:

1. Not involved in the company's operational activities that can reduce or be considered to reduce the objectivity of the Internal Auditor in conducting assessments, including in activities or relationships that can lead to conflicts of interest.
2. Not receiving anything in any form that can or should be suspected of influencing their professional judgment.
3. Disclosing all material facts known, which if not disclosed can cause distortion of reporting on audited activities and cover up unlawful practices.

C. Confidentiality

Internal auditors respect the value and ownership of information received and do not disclose such information without proper authorization unless there is a legal or professional obligation to disclose the information.

Rules of Conduct:

1. Acting carefully in using and safeguarding information obtained while performing duties.
2. Not using information for personal gain or in any way that contravenes the law or interferes with the ethical and legitimate achievement of the company's objectives.

D. Competency

Internal Auditors use the necessary knowledge, skills, and experience in performing audit tasks.

Rules of Conduct:

1. Only engaged in an audit when they have the knowledge, skills and experience required for the audit.
2. Carrying out the internal control function at least in accordance with the Standards for Implementing the Function of the SOE's Internal Audit Unit (SPF SPI).
3. Always improving the expertise and effectiveness and quality of the services provided.

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Chapter 5

STANDARDS FOR THE IMPLEMENTATION OF THE INTERNAL AUDIT UNIT FUNCTION

The Standards for the Implementation of the Internal Audit Function are the basis for the Internal Audit Implementation Guidelines, which are expected to be a source of reference for Internal Auditors in carrying out their duties. The implementation of the Internal Audit function refers to the SOE Internal Audit Function Implementation Standards (SPF SPI) set by the SOE Internal Audit Communication Forum, and Internationally accepted Internal Audit Professional Standards including:

A. Attributive Standards

1. Objectives, Authorities, and Responsibilities

The objectives, authorities, and responsibilities of the internal audit function should be formally stated in the Internal Audit Charter, which is consistently applied in accordance with the Standards for the Internal Audit Profession.

2. Independence and Objectivity

a. Organizational Independence

The Internal Audit Unit function is placed in a position that allows the function to fulfil its responsibilities. Independence will increase if the Internal Audit Unit function has adequate communication access to the Board of Directors and the Board of Commissioners of the company.

b. Objectivity of Internal Auditors

Internal Auditors must have an objective, impartial mental attitude and avoid the possibility of conflict of interest.

c. Obstacles to the Principles of Independence and Objectivity

The principles of independence and objectivity must be achieved both in fact and in appearance.

3. Professional Expertise and Prudence

a. Expertise

Internal Auditors must possess the knowledge, skills, and competencies required to perform their individual responsibilities. The Internal Audit function collectively must have or obtain the knowledge, skills, and competencies needed, to carry out its responsibilities. Competency improvement must be carried out continuously, so that it has sufficient knowledge to be able to identify indications of fraud.

The collective Internal Audit function must have knowledge of important risks and controls in the field of information technology and audit techniques based on available information technology.

b. Professional Prudence

Internal auditors must apply the care and skill appropriate for a prudent and competent internal auditor.

In applying professional prudence, internal auditors need to consider:

- 1) The scope of the assignment
- 2) The complexity and materiality covered by the assignment.
- 3) Adequacy and effectiveness of risk management, control, and governance processes.
- 4) Costs and benefits of using resources in the assignment.
- 5) Use of computer-assisted auditing techniques and other analytical techniques.

c. Continuous Professional Development (CPD), must be followed by Internal Auditors in improving their knowledge, skills, and competencies through Continuous Professional Development.

4. Internal Audit Function Quality Assurance and Improvement Program

The Internal Audit function shall establish a process to monitor and assess the overall effectiveness of the Quality Assurance and Improvement Program. This process shall include both internal and external assessments.

1) Internal Assessment, including:

- a) Ongoing review of the activities and performance of the internal audit function;
- b) Periodic reviews conducted through Self-Assessment or by others from within the organization who are knowledgeable about internal audit standards and practices.

2) External Assessment

External Assessments, such as Quality Assurance Reviews must be conducted at least once every three years by an independent and competent party outside the company.

3) Quality Assurance and Capability Improvement Program Reporting The person in charge of the Internal Audit Unit function must report the results of the external review to the Board of Directors and the Board of Commissioners.

4) Statement of Conformity with SPAI

In its periodic activity report, the internal auditor must contain a statement that its activities are carried out in accordance with the Standards of the Internal Audit Profession

(SPAI). This statement must be supported by the results of the quality assurance program assessment.

5) Disclosure of Non-Compliance

In the event of non-compliance with the SPAI and Code of Ethics that significantly affects the scope and activities of the internal audit function, this must be disclosed to the Board of Directors and the Board of Commissioners.

B. Standards for the Implementation of the Function of Internal Audit Unit

a. Management of the Internal Audit Unit Function

1) Planning

The Head of the Internal Audit Unit must develop a risk-based plan to set priorities for internal audit activities, consistent with organizational objectives. Input from the management and the Board of Commissioners cq. Audit Committee and recent developments should also be considered in this process. The internal audit engagement plan should consider the potential to improve risk management, add value and enhance organizational activities.

2) Communication and Approval

The Head of Internal Audit shall communicate the plan for the implementation of audit activities including resource requirements to the Board of Directors for approval, with a copy to the Board of Commissioners for acknowledgment. The Head of Internal Audit Unit must also communicate the impact that may arise due to limited resources.

3) Resource Management

The Head of Internal Audit Unit must ensure that resources are appropriate, adequate, and can be used effectively to achieve the approved plans.

4) Policies and Procedures

The Head of Internal Audit Unit must establish policies and procedures as guidelines for the implementation of activities.

5) Coordination

The Head of Internal Audit Unit must coordinate with internal parties and external auditors to ensure that the scope of all assignments is adequate and minimize overlap.

6) Report to President Director and Board of Commissioners

The Head of Internal Audit Unit must submit regular reports to the President Director and the Board of Commissioners regarding the comparison of plans and realizations that include the objectives, authority, responsibilities, and performance of the internal audit

function. This report should include issues regarding risks, controls, governance processes, and other matters required or requested by the Board of Directors and the Board of Commissioners.

b. Scope of Internal Audit Unit Assignment

1) Risk Management

The Internal Audit Unit must assist management by identifying and evaluating significant risks and contributing to improving the effectiveness of the company's risk management and internal control systems.

2) Internal Control

The Internal Audit Unit shall assist the organization in maintaining an effective internal control system by evaluating the adequacy, efficiency, and effectiveness of such controls, and encouraging continuous improvement of internal controls.

a) Based on the results of the risk assessment, the Internal Audit Unit must evaluate the adequacy and effectiveness of the internal control system, which covers the governance, operating activities and information systems of the organization. This should include:

- i. Effectiveness and efficiency of operations.
- ii. Reliability and integrity of information.
- iii. Compliance with applicable laws and regulations.
- iv. Safeguarding of organizational assets.

b) The Internal Audit Unit shall ensure the extent to which the goals and objectives of programs and operations have been established and are in line with the goals and objectives of the organization.

c) Internal auditors must review operations and programs to ensure the extent to which the results obtained are consistent with the goals and objectives that have been set.

d) To evaluate the internal control system, adequate criteria are needed.

3) Governance Process

The Internal Audit Unit must assess and make appropriate recommendations to improve the governance process to achieve the following objectives:

- a. Developing adequate ethics and values
- b. Ensuring effective management of organizational performance and accountability.
- c. Effectively communicating risks and controls to appropriate units.

- d. Effectively coordinating activities and communicate information among the Board of Directors, Board of Commissioners, External Auditors and Management.

c. Planning for Supervisory Assignments

The Internal Auditor must develop and document a plan for each supervisory assignment that includes scope, objectives, timing, and resource allocation.

1) Supervisory Assignment Considerations

In planning a supervisory assignment, the internal auditor should consider:

- a) The objectives of the activity being reviewed and the mechanisms by which the activity controls its performance.
- b) Significant risks to the activities, objectives, resources, and operations being reviewed and the controls necessary to reduce the impact of the risks to an acceptable level.
- c) The adequacy and effectiveness of the risk management and internal control systems.
- d) Significant opportunities to improve risk management and internal control systems.

2) Objectives of Supervisory Assignments

- a) The Internal Auditors must conduct an initial assessment of the risks relevant to the activities to be carried out.
- b) The Internal Auditors must consider the possibility of significant errors, abnormalities and non-compliance with relevant policies, regulations and procedures in determining the objectives of the supervisory assignment.

c) Scope of the Supervisory Assignment

The scope of the supervisory assignment must consider, among others, systems, records/documentation, human resources, and assets including those under the control of third parties.

d) Resource Allocation

The Internal Audit Unit must determine the appropriate resources to achieve the objectives of the supervisory assignment. Internal Audit Unit assignments must be based on an evaluation of the nature and complexity of the assignment, time constraints, and resource availability.

e) Audit Work Program / Terms of Reference

The Internal Audit Unit must prepare and document a work program/term of reference in order to achieve the objectives of the supervisory assignment. The work program/terms of reference must establish procedures for identifying, analysing, evaluating, and documenting information during the engagement. The work program/terms of reference must be approved by the Head of Internal Audit Unit or a designated officer prior to implementation. Changes or adjustments to the work program must be approved immediately.

d. Implementation of Supervisory Assignment

1) Identifying Information

The Internal Audit Unit must identify information that is sufficient, reliable, relevant, and useful to achieve the objectives of the supervisory assignment.

2) Analysis and Evaluation

The Internal Audit Unit must base the conclusions and results of supervisory assignments on proper analysis and evaluation.

3) Information Documentation

The Internal Audit Unit must document relevant information to support the conclusions and results of the supervisory assignment.

4) Supervision of Supervisory Engagements

Each supervisory assignment should be appropriately supervised to ensure objectives are achieved, quality is assured, and internal auditors' capabilities are enhanced.

e. Communication of the Results of Supervisory Assignments

Internal Auditors must communicate the results of their assignments in a timely manner. The results of the Supervisory Assignment must be communicated and outlined in the form of a written report that meets the report criteria, report quality and through a good preparation process.

1) Report Criteria

The report must include the objectives and scope of the supervisory assignment, conclusions, recommendations, and follow-up plans, and in the case of audit assignments, it is stated that the audit has been carried out in accordance with the SPF SPI BUMN.

2) Report Preparation Process

The preparation of the report must be done carefully so that it can be presented accurately and is useful for the auditee.

3) Quality of the Report

Reports submitted in writing must be accurate, objective, clear, concise, constructive, complete, and timely.

The report must at least meet the following qualities:

- a) Written.
 - b) Systematic, concise and easy to understand
 - c) Supported by adequate working papers
 - d) Objective and based on facts and impartial to certain interests
 - e) Constructive and can provide suggestions for improvement
 - f) Made and delivered on time
- 4) Disclosure of audits that do not comply with standards
- In the event that there is non-compliance with a standard that affects a particular engagement, the non-compliance must disclose:
- a) The standard not complied with
 - b) Reasons for non-compliance
 - c) The impact of the non-compliance on the audit assignment

f. Report Submission

The report is submitted to:

- 1) President Director
- 2) Board of Commissioners, through the Audit Committee
- 3) The audited Work Unit, to be known and followed up.

g. Follow-up of Audit Results

The Head of the Internal Audit Unit must develop procedures to monitor and ensure that management has carried out follow-up effectively, or bear the risk of not following up.

h. Resolution of Risk Acceptance by Management

If the head of the work unit/division decides to take a risk that exceeds the risk level previously determined, the Head of the Internal Audit Unit must discuss this issue with the head of the work unit/division. If the discussion does not result in a satisfactory decision, then the head of the Internal Audit Unit and the head of the work unit/division must report the matter to the Board of Directors and the Board of Commissioners for resolution.

C. Documentation and Administration Standards

a. Management of Supervisory Assignment Working Papers

Working Papers are company archives, so they must pay attention to the regulations that apply to the company regarding the handling of Company archives which include storage, security and confidentiality.

b. Administration of Supervisory Assignment Results

The work results of the Internal Audit Unit are reports made in writing. The report is supported by Working Papers and has been reviewed by the Head of the Internal Audit Unit regarding the procedure for presentation and correctness. Reports and letters related to the results of the assignment must be archived properly and orderly as confidential documents.

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Chapter 6 CLOSING

1. This Charter is effective as of the date of enactment.
2. This Charter will be periodically evaluated for improvement.

Issued in Jakarta
On February 15, 2023

PT GARUDA INDONESIA (PERSERO) TBK.

APPROVED

BOARD OF COMMISSIONERS

[signed]

Timur Sukirno

President Commissioner

BOARD OF DIRECTORS

[signed]

Irfan Setiaputra

President Director

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