



AUDIT COMMITTEE CHARTER

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AUDIT COMMITTEE CHARTER

1. Definitions

- a. **Audit Committee** is a committee established by the Board of Commissioners to assist Board of Commissioners in performing examination or investigation deemed necessary to the implementation of the Board of Directors' functions in managing the Company.
- b. **Affiliation** is:
 - 1. Family relationship due to marriage and descent up to the second degree, horizontally or vertically;
 - 2. Relationship between the Party with employees, Directors, or Commissioners of that Party;
 - 3. Relationship between 2 (two) companies in which there are one or more same members of Board of Directors or Board of Commissioners;
 - 4. Relationship between the Company and the Party, directly or indirectly, controlling or being controlled by the Company;
 - 5. Relationship between 2 (two) companies that are controlled, directly or indirectly, by the same Party; or
 - 6. Relationship between the Company and Controlling Shareholders.
- c. **Independent Commissioners** are Commissioners who:
 - 1. Come from outside of the Company;
 - 2. Have no shares, directly or indirectly, of the Company;
 - 3. Have no affiliated relationship with the Company, Board of Commissioners, Board of Directors or Controlling Shareholders of the Company;
 - 4. Not concurrently serve as Directors in other companies affiliated with the Company.
- d. **Key Personnel** are those who have authorization and responsibilities to plan, lead, or control the Company, comprise the members of the Board of Commissioners, the members of the Board of Directors and managers of the Company.

2. Committee Audit Organization

- a. Members of the Audit Committee are appointed and dismissed by Board of Commissioners, and reported to the General Meeting of Shareholders (GMS).
- b. Audit Committee is composed of at least 1 (one) Independent Commissioner and at least 2 (two) other members coming from outside of the Company.
- c. One of the members of the Audit Committee coming from Independent Commissioners of the Company shall act as the Chairman of Audit Committee.

3. Membership Requirements

- a. Possess high integrity, adequate capabilities, knowledge and expertise in accordance with its educational background, and able to communicate well.
- b. One of the members of the Audit Committee shall have educational background in accounting or finance.
- c. Possess sufficient knowledge to read and understand financial statements, specifically related to services sector or business activities of the Company, auditing process, risk management, and law in capital market as well as other relevant laws.
- d. Shall comply with the code of conduct of Audit Committee established by the Issuer or the Public Company.
- e. Not an insider of Public Accountant Firms, Legal Consultant Firm, Public Appraiser, or other parties providing assurance or non-assurance, appraisal and/or other consulting services within the last 1 (one) year for the Company.
- f. Not a Key Personnel of the Company within the last 1 (one) year, except for Independent Commissioner.
- g. Have no shares of the Company, directly or indirectly.
- h. In the event that the members of the Audit Committee obtain the shares of the Company, directly or indirectly, due to a legal action, the shares concerned shall be transferred to another party within a period 6 (six) months since the possession of the shares concerned.
- i. Have no affiliated relationships with the Company, Board of Commissioners, Board of Directors, or Controlling Shareholders of the Company.
- j. Have no business relationships, directly or indirectly, related to the business activities of the Company.

4. Duties and Responsibilities of Audit Committee

Audit Committee has the duties to provide independent professional opinions to the Board of Commissioners on any reports or matters submitted by the Board of Directors to the Board of Commissioners as well as identify matters that require further attention from the Board of Commissioners, and perform other tasks related to the duties of Board of Commissioners, which include:

- a. Perform examinations on the financial information that will be disseminated by the Company such as financial statements, projection, and other financial information.

- b. Perform examinations on the compliance of the Company towards prevailing law in Capital Market and other relevant law related to the business activities of the Company.
- c. Provide recommendations to the Board of Commissioners concerning the appointment of Public Accountant that is based on independence, scope of work and fee.
- d. Provide independent opinion in the event that there is opinion differences between management and Public Accountant on the services it provided.
- e. Perform examinations on the conduct of monitoring by internal auditor and supervise the conduct of follow-up action by Board of Directors on the findings of the internal auditor.
- f. Report to the Board of Commissioners on the risks faced by the Company and the implementation of risk management by the Board of Directors.
- g. Perform examinations and report to the Board of Commissioners on complaints concerning the process of accounting and financial reporting of the Company.
- h. Maintain the confidentiality of documents, data and information of the Company.
- i. Perform examinations and provide advice to the Board of Commissioners related to the potential conflict of interest of the Company.
- j. Make, review, and renew the Audit Committee Charter.

5. Authority of Audit Committee

- a. The Audit Committee has the authority to have full, free, and unlimited access to the Company's records, employees, funds, assets, as well as other resources related to performing its duties.
- b. In exercising its authority (as stipulated in point a above), the Audit Committee shall coordinate with the employees concerned including Board of Directors and parties who perform the functions of internal audit, risk management, and Public Accountants in relation to the duties and responsibilities of Audit Committee.
- c. Involving independent parties outside of the members of the Audit Committee as required in assisting the conduct of its duties (if needed).

6. Audit Committee Meeting

- a. The Audit Committee shall hold meetings at least 3 (three) times in 1 (one) year.
- b. The meetings are led by the Chairperson of the Audit Committee or the most senior member of the Audit Committee, should the Chairperson of the Audit Committee is unable to attend.

- c. Audit Committee Meeting shall be attended by at least 2/3 (two-thirds) of the total members. The meeting may be attended by the Board of Commissioners.
- d. If deemed necessary, the Board of Directors or the Head of Internal Audit may be invited to attend the Audit Committee Meeting.
- e. Decision making shall be agreed by more than 1/2 (one half) of the attending members of the Audit Committee.
- f. Audit Committee Meeting shall discuss at least:
 - 1. Activities that need to be conducted by the Audit Committee in order to carry out its duties and functions;
 - 2. Results of examination on information received by the Audit Committee.
- g. The results of Audit Committee Meeting are drafted in Minutes of Meeting, including should there be any dissenting opinions, signed by all attending members of the Audit Committee and reported to the Board of Commissioners.

7. Reporting

- a. Audit Committee shall produce a report to the Board of Commissioners on the implementation of the assigned duties.
- b. Audit Committee shall submit the report on its activities to the Board of Commissioners periodically.
- c. Audit Committee prepares an annual report to the Board of Commissioners on the implementation of Audit Committee's activities and is published in the annual report of the Company, which among other relates to the matters of:
 - 1. Violations committed by the Company against the prevailing laws and regulations (if any);
 - 2. Errors/misconducts in the preparation of financial statements, internal control and the independence of public accountants (if any);
 - 3. Review on the implementation of the total compensation package for the Board of Directors and the Board of Commissioners, in accordance with the provisions of the GMS.

8. Complaints or Reports Handling in relation to Alleged Violations in Financial Reporting

- a. Complaints shall be supported by adequate and reliable evidences to be used as preliminary data in order to be followed up.

- b. Should the complaint is supported by sufficient evidences, the complaint will be reviewed by the internal auditor to be determined whether it requires to be followed up through investigation or only serves as internal evaluation material within the Committee Audit.
- c. If deemed necessary, investigation will be conducted by the internal auditor or may appoint independent parties to perform the investigation whose results will be reported to the Audit Committee or the Board of Commissioners.
- d. Reporting parties will be kept/guaranteed the confidentiality of their identity.

9. Term of Office and Honorarium

- a. The term of office for the members of the Audit Committee shall not be longer than the term of office of the Board of Commissioners of the Company, and may be reelected for only 1 (one) subsequent period.
- b. In the event the Independent Commissioner who serves as the Chairperson of the Audit Committee quit before his term of office as the Commissioner of the Company end, the Chairperson of the Audit Committee is replaced by another Independent Commissioner.
- c. Appointment and termination of the Audit Committee shall be reported to the Financial Services Authority (OJK) within a maximum of 2 (two) working days after the appointment or termination, and be published in the website of Stock Market and/or the Company.
- d. Honorarium of the members of the Audit Committee is determined by the Board of Commissioners.
- e. Costs in relation to the activities of Audit Committee are charged to the Company.

Agreed in
On

Jakarta
August 1, 2013

PT CIPUTRA DEVELOPMENT Tbk.

DR. Ir. Ciputra
President Commissioner

Dian Sumeler
Commissioner

DR. Cosmas Batubara
Independent Commissioner

DR. Widigdo Sukarman, MPA, MBA
Independent Commissioner

Candra Ciputra
President Director

Drs. Tulus Santoso
Director

DISCLAIMER

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