

TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE

PT XL AXIATA TBK

(“XL Axiata” or “the Company”)

Duly approved and adopted by the Board of Commissioner of PT XL
Axiata Tbk at the Board of Commissioners' Meeting held on
4 November 2020

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**PT XL AXIATA TBK (“The Company”)
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1.0 PURPOSE

- 1.1 The Board Audit Committee (“BAC”) was established as a committee of the PT XL Axiata Tbk (the “Company”) by the Board of Commissioner (“BOC”) based on BOC resolution No.1/05 dated 28 February 2005 with the objective to assist the BOC in fulfilling its statutory and fiduciary responsibilities. The BAC will review the financial statements and financial reporting process, the audit process, the adequacy and effectiveness of systems for internal controls, risk management and governance, and the process for monitoring compliance with prevailing law and regulations requirements and the company’s Code of Conduct.

Notwithstanding of the implementation of this Charter, every BAC members should also abide by the OJK Regulation No. 55/POJK.04/2015 (“POJK 55”) regarding the Establishment and Implementation Guidance of Audit Committee and OJK Regulation No.13/POJK.03/2017 regarding the Usage of Public Accounting and Public Accounting Firm in Financial Services Activity (“POJK 13”) and its circular letter, and this BAC Charter shall not be contrary with the POJK 55 as well as the POJK 13.

2.0 COMPOSITION, APPOINTMENT AND REQUIREMENTS

- 2.1 The BAC members shall be appointed and dismissed by the BOC and shall compose of no fewer than three (3) members, comprising Independent Commissioner of the Company and other independent members from outside of the Company,
- 2.2 All members of the BAC, including the Chairman, will hold term of office only so long as they remain as Independent Commissioner of the Company and can only be reappointed once upon completion of his/her first term of office in accordance to Regulation of Financial Services Authority (“OJK”).
- 2.3 The BOC must from time to time review the term of office and performance of the BAC and each of its members to determine whether the BAC has carried out its duties in accordance with this Terms of Reference.
- 2.4 Chairman:
The BAC member who is also an Independent Commissioner of the Company acts as BAC Chairman. In case where there are more than one Independent Commissioners appointed as the BAC members, then the BOC shall appoint one (1) of them as Chairman of the BAC. In the event of a BOC member who also serves as the Chairman of the BAC relinquish his/her membership as the BOC member, his/her Chairmanship of the BAC shall also be replaced by one of the other members of the Independent Commissioners within the period of no later than thirty (30) days.
- 2.5 Members of the BAC may relinquish their membership in the BAC with prior written notice to the BOC and the Corporate Secretary. In the event of any vacancy in the BAC, the BOC will consider and approve the new appointment, in replacement thereof within three (3) months.

- 2.6 Members of the BAC shall comply with the following requirements:
- i) Must have high integrity, capability, sound knowledge and experience in accordance to their field work, as well as the ability to communicate effectively;
 - ii) Must understand and have adequate knowledge in financial statements, Company's business, audit process, risk management, and capital market regulations along with other applicable regulations related to the Company;
 - iii) Must develop and increase their related competencies through education and training;
 - iv) At least one of the BAC members has educational background and expertise in Accounting or Finance, preferably with a qualification of Certified Public Accountant (CPA);
 - v) All members of the BAC should be financially literate and must be able to read, analyze, interpret and understand financial statements. They must also possess sound judgment, objectivity, integrity and sufficient management experience and knowledge of the industry;
 - vi) Not being an insider of Public Accountant Office, Law Office, Public Appraiser Office or other Parties providing assurance service, non-assurance service, appraiser service, and/ or other consultancy services to the Company within the last two (2) years prior to the appointment as the BAC member by the BOC. Any exceptions should be approved by the BOC;
 - vii) Not being a person who works or has rights and responsibilities to plan, lead, control or supervise the Company's business activities within the last 6 (six) months prior to appointment as the BAC member by the BOC, except for the BAC member who serves as Independent Commissioner;
 - viii) Do not have any direct or indirect share ownership of the Company. In case where BAC members have received share directly or indirectly as a result of a legal event, they must transfer the shares to other person no later than 6 (six) months after obtaining those shares;
 - ix) Do not have:
 - a. affiliate relationship with member of BOC, BOD or Primary Shareholders of the Company, such affiliate as stipulated under Article 1 Law No. 8 of 1995 regarding Capital Market;
 - b. any business relationship either directly or indirectly with the Company's business activities.
 - x) Must comply with BAC code of conduct set forth under this Terms of Reference;
 - xi) The Company must disclose to the OJK regarding the change in BAC's composition (appointment, dismissal and/or resignation of BAC member) no later than two (2) working days from the appointment, dismissal, and/or resignation date. Such information must also be disclosed in the website of Indonesia Stock Exchange ("IDX") and website of the Company.
- 2.7 Each BAC member will be expected to:
- i) Provide individual external independent opinions to the fact-finding, analysis and decision-making process of the BAC, based on their experience and knowledge.
 - ii) Consider viewpoints from the other BAC members; make decisions and recommendation for the best interest of the BOC collectively.
 - iii) Keep abreast of the latest corporate governance guidelines in relation to the BAC and the BOC as a whole.
 - iv) Continuously seek out Best Practice in terms of the processes utilized by the BAC, following which these should be discussed with the rest of the BAC for possible adoption.

- v) Shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him

3.0 AUTHORITY

- 3.1 The BAC is authorized by the BOC and at the expense of the Company to perform the following:
- i) To investigate any matter within its terms of reference.
 - ii) Have the resources which are required to perform its duties as set out in the terms of reference.
 - iii) Have full, free and unrestricted access to the Company information, documents, records, funds, assets, properties, personnel and other required resources.
 - iv) Have direct communication with the employees, including Board of Directors and party(s) carrying out the internal audit function and External Auditors
 - v) Obtain advice from external independent party/professional outside the BAC or other authorities and to invite external parties with relevant experience to attend the BAC's meetings (if required), to brief the BAC and to assist the BAC thereof advice where necessary.
 - vi) Convene meetings with external auditors and/or internal auditors without the attendance of any directors and/or employees of the Company whenever deemed necessary or in the other hand require the attendance, at any particular BAC meeting, of other Directors and employees of the Company at the BAC's invitation and discretion, specific to the relevant meeting.
 - vii) Have immediate access to reports on fraud or irregularities from the Internal Audit function of the Company or those reports referred to Internal Audit function by the management. Any unresolved matters resulting in breach of any regulatory requirements shall be reported to the BOC.

4.0 GUIDELINES OF THE BAC

It is the objective of the BAC to assure that the Company complies with specified financial standards and required disclosure policies developed and administered by the applicable laws, legislation and other approved accounting standard bodies with due observance with OJK and related IDX rules and regulation. Hence, the BAC is expected to fully understand Capital Market regulations relevant to BAC roles and responsibilities.

The BAC is also responsible for providing advices to the BOC regarding reports or other issues that have been submitted by the BOD to the BOC, identifying any issues that may be of concern to the BOC and performing other relevant tasks assigned by the BOC to BAC. In addition, the BAC needs to ensure high standards of corporate disclosure and transparency. The BAC will endeavor to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability.

5.0 RESPONSIBILITIES

5.1 The following are the main duties and responsibilities of the BAC Chairman. These are not exhaustive and serve merely as a baseline:

- i) Helps the BAC fulfil the goals it sets by assigning specific tasks to members of the BAC and identifies guidelines for the conduct of the members and ensures that each member is making a significant contribution.
- ii) Looks to the Corporate Secretary for guidance to the BAC on what their responsibilities are under the rules and regulations to which they are subject to and how those responsibilities should be discharged. The compliance advice should extend to embrace all laws and regulations and not merely the routine filing requirements and other administrative requirements of the Company laws and regulations.
- iii) Provides a reasonable time for discussion at the meeting, organizes and presents the agenda for regular or special BAC meetings based on input from members and/or the BOC as well as ensures that all relevant issues are on the agenda. In addition, the Chairman should encourage a healthy debate on the issue and bring to the BAC, a healthy level of scepticism and independence.
- iv) Provides leadership to the BAC and ensures proper flow of information to the BAC, reviewing adequacy and timing of documentation.
- v) Ensures that all members are enabled and encouraged to play their full part in its activities. This includes making certain that all members receive timely, relevant information tailored to their needs and that they are properly briefed on issues arising at BAC meetings.
- vi) Manages the processes and working of the BAC and for ensuring that the BAC discharges their responsibilities. Appropriate procedures may involve the BAC meeting on a regular basis without the presence of Management.
- vii) Ensures that every BAC resolution is put to a vote to ensure that it is the will of the majority that prevails.

5.2 The BAC shall undertake the following duties and responsibilities:

5.2.1 Financial Reporting and Processes

- i) Review the quarterly results, half-yearly results and annual financial statements of the Company with Management and External Auditors focusing on the below, prior to the approval by the BOC:
 - a. Any changes in or implementation of accounting policies and practices;
 - b. Significant adjustments with financial impact arising from the audit;
 - c. Significant and unusual events or exceptional activities;
 - d. the going concern assumptions; and
 - e. Compliance with approved accounting standards, Bursa and regulatory requirements.
- ii) Review with the External Auditors the audited financial statements for the purpose of approval prior to presentation to the BOC for adoption, for the following:
 - a. Whether the External Auditors' report contains any qualification which must be properly discussed and acted upon;
 - b. Whether there is any significant change and adjustment in the presentation of financial statements;
 - c. Whether it is in-compliance with the laws and accounting standards;
 - d. Whether there is any material fluctuation in balances;
 - e. Whether there is any significant variation in audit scope and approach; and
 - f. Whether there is any significant commitment or contingent liability.

- iii) Discuss problems and issues arising from the interim and final audits and any matter the External Auditors may wish to discuss in the absence of the management where necessary.
- iv) Provide assurance to the BOC on the quality and reliability of financial information used by the BOC and of the financial information issued publicly and/or the authorities by the Company including financial statements, financial projections, and other report related with the Company's financial information.
- v) Propose best practices on disclosure in financial results and annual report of the Company in line with the principles set out in the Code on Corporate Governance, other applicable laws, rules, directives and guidelines.

5.2.2 External Auditors

- i) Consider and recommend to the BOC the appointment or re-appointment of a suitable accounting firm to act as External Auditors including the audit fee, and any resignation, dismissal of the external auditors to be further proposed to the General Meeting of Shareholders. The factors to be considered for the appointment refers to POJK 13 and its circular letter.
- ii) Consider any question of resignation (including any letter of resignation) or removal and whether there is a reason (supported by grounds) to believe that the External Auditors are not suitable for re-appointment;
- iii) Assess and confirm the suitability, independence and performance of the external auditors. This includes obtaining a written statement from the External Auditors delineating all relationship between the audit and the Company and delineating any other relationships that may adversely affect the independence of the External Auditors.
- iv) Discuss and review with the external auditors the following prior to the commencement of the audit:
 - a. The nature and scope of audit;
 - b. The audit plan;
 - c. Coordination of audit where more than one audit firm is involved;
 - d. The evaluation of the system of internal controls; and
 - e. The effectiveness of the management information system including any improvement suggestions and management's response.
- v) Meet with the External Auditors, internal auditors or both, at least twice in the financial year (without the presence of other Management and employees) to discuss any issues or reservations arising from the audits and any matter the External Auditor may wish to discuss.
- vi) Review the External Auditors' audit report and report the same to the BOC.
- vii) Review the External Auditors' management letter and management's response.
- viii) Evaluate the provision of audit services on annual historical financial information by the public accountant and or the firm. The evaluation of the provision of audit services on annual historical financial information by the public accountant and/or the firm is exercised by referring to POJK 13 and its circular letter.
- ix) Monitor the extent of non-audit work to be performed by the External Auditors to ensure that the provision of non-audit services does not impair their independence or objectivity. This includes a pre-approval process for any such work and the hiring of employees or former employees of the External auditors.
- x) Develop and recommend to the BOC the company's policy in relation to the provision of non-audit services by the external auditor, taking into account the Ethical Standard and legal requirements, and keep the policy under review.

To act as a mediator and provide independent advice shall dissenting opinions occur between the Company/management and External Auditors regarding the services provided by the External Auditors.

5.2.3 Internal Audit Function

- i) Review the Internal Audit Charter for approval by the BOC and signed by the BOD, which defines the purpose, authority, scope and responsibility of the Internal Audit function in the Company.
- ii) Review and challenge the internal audit plan including its adequacy of scope, resources, independence and its audit methodology with the objective of ensuring its robustness and that it is reflective of the key risks of the Company.
- iii) Review the internal audit reports, the audit process/implementation, discuss major findings and Management's response and ensure appropriate action is taken on the recommendations on a timely basis. The internal audits should also include recommendations for continuous improvement to achieve the objectives of the company.
- iv) Assess the performance of the Group Head of Internal Audit ("GHIA") and his/her staff including the role and effectiveness of Internal Audit. The GHIA is expected to:
 - a. Anticipate the needs of the stakeholders with the fast-changing business environment;
 - b. Understand the risk profile of the company and contribute towards the identification of emerging risks including providing early warning to the BAC.
- v) Review and supervise GHIA and his/her staff in relation to Audit Plan and internal audit process to ensure:
 - a. That appropriate action is taken and implemented by the BOD on the recommendations or findings of the internal audit function;
 - b. That internal audit function has adequate and competent resources and that it has the necessary authority to carry out its work;
 - c. That the goals and objectives are commensurate with corporate goals.
- vi) Review and appraise the performance and remuneration of GHIA and senior staff members of Internal Audit.
- vii) BAC shall recommend to the BOC for approval of the appointment or termination of the GHIA. The BAC shall be informed of any appointment or termination or resignation of GHIA and senior staff members and provide an opportunity to submit his/her reasons for resigning.
- viii) Review the Internal Audit function to determine whether its activities are performed independently, proficiently and with due professional care as stipulated in the Internal Audit Charter. The BOC through BAC should determine the remit of the Internal Audit function.
- ix) BAC must be informed on the initiation, commencement and mechanism of any disciplinary proceedings/ investigations, including the nature and reasons to the said disciplinary proceedings/ investigations, as well as the subsequent findings and proposed disciplinary actions against the GHIA and the senior staff members of Internal Audit. As employees of the Company, the GHIA and senior staff members are subject to the Company's human resource policies and guidelines including disciplinary proceedings/ investigations and actions.
- x) Review the assistance and co-operation given by the Company and its officers to the External and Internal Auditors.

5.2.4 Company Oversight

- i) Review the adequacy and effectiveness of the Company internal controls and governance systems, including information technology and network controls, risk management processes, as well as systems for compliance with applicable laws.
- ii) Receive and review the Compliance reports from respective Committee with regards to Company's compliance with the laws and regulations in the Capital Market industry, and other related regulations relevant to the activities of the Company including but not limited to reports concerning significant regulatory reports and finding of regulators, and regular reports from management concerning compliance matters, as applicable to the mandate of the committee, including management's associated remediation plans and progress against such plans.
- iii) Consider major findings of internal investigations and management's response.
- iv) Oversee and review the adequacy of the company's whistle blowing mechanism to ensure that employees and external stakeholders can raise concerns on any misconduct, in confidence and without fear of reprisal, and that investigations of such concerns are carried out
- v) Monitor the process for dealing with complaints received by the Company regarding questionable accounting, auditing issues or internal control matters or any other matters either by anonymous submission or otherwise.
- vi) Consider and review any significant transactions, which are not within the normal course of business and any related party transactions and conflict of interest situation that may arise within the Company including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the BOC.
- vii) Verify the allocation of share options/incentives given to the Company eligible employees is in accordance with the criteria for the employees share option/incentives scheme and the prevailing Law and Regulations at the end of each financial year.

5.2.5 Material Affiliated and Related Party Transactions

Consider review, and provide recommendation to the BOC on any material and/or affiliated transaction and any related party transactions entered into by the Company, including the review and monitoring of recurrent related party transactions to ensure that:

- i) All transactions are fair, reasonable and undertaken on the Company's normal commercial terms,
- ii) Internal control procedure with regard to such transactions are sufficient and have been complied with,
- iii) Compliance with the relevant provisions of prevailing Law and Regulations.

5.2.6 Other Matters

- i) Such matters as the BAC considers appropriate or as defined by the BOC.
- ii) Shall keep the confidentiality of company's document, data and information.
- iii) Shall demonstrate independency in performing the duties and responsibilities.

6.0 MEETINGS

6.1 Quorum

In order to form a quorum, the BAC meeting shall be attended by more than 1/2 (half) of the BAC members. Resolutions of the BAC meeting may adopt a binding resolution if approved by a majority of votes of those BAC members who are present at the meeting.

6.2 Frequency and Meeting Mode

- i) The BAC shall meet at least once in three (3) months a year, shall be chaired by Chairman of the BAC and such additional meetings as the Chairman shall decide.
- ii) Upon the request of the External Auditors, the Chairman of the BAC shall convene a meeting of the BAC to consider any matter the External Auditors believe should be brought to the attention of the BOC or Shareholders.
- iii) A member of BAC may participate in a meeting of BAC by means of a telephone conference or video conference or any other means of audio/visual communications and the person shall be deemed to be present in person and shall be entitled to vote or be counted in a quorum accordingly.
- iv) Decisions in BAC meeting are made on a consensus basis after due deliberation. In the event where no consensus has been reached in the Meeting, a simple majority voting mechanism shall be conducted to arrive at a decision. Decision of BAC may be made by a Circular Resolution provided it is approved and signed by all members.
- v) Each BAC meetings must be recorded on the minutes on meeting, including dissenting opinions (if any) and signed by all BAC members attending the respective meeting. Copy of the signed minutes must be submitted to BOC as reference.
- vi) The Secretary of BAC is responsible in preparing the minutes and having the respective minutes circulated and approved within one (1) month calendar days of the respective meeting. The minutes of meetings will be kept by the Secretary of BAC

6.3 Notice and Agenda

- i) The notice and agenda for each BAC meeting with due notice of the issues to be discussed shall be sent to all members of the BAC and any other persons who may be required to attend at least three (3) working days before the BAC meeting.
- ii) The Chairman of the BAC shall report to the BOC on any matter that should be brought to the BOC's attention and provide recommendations of the BAC that requires the BOC's approval at the Board of Commissioners meeting.
- iii) The BAC may invite the President Director and/or other member of the Board of Directors of the Company and/or the GHIA and/or any representative of the external auditors and/or other members of the BOC and/or any other persons as deemed necessary by the BAC to be present at any meeting of the BAC.

6.4 Secretary

- i) The GHIA or any other person appointed by the BAC shall be the Secretary of the BAC.
- ii) The Secretary shall:
 - a. organize and ensure all appointments to the BAC are properly made;
 - b. ensure that the BAC receives information and papers in a timely manner to enable full and proper consideration to be given to issues

- including ensuring readiness of related parties who will present at the meeting;
- c. draw up meeting agendas in consultation with the BAC Chairman;
 - d. ensure proceedings of meetings are recorded, the minutes are circulated on a timely basis and are properly retained;
 - e. assist the BAC Chairman in planning the BAC's activities for the financial year;
 - f. ensure the BAC recommendations presented to the BOC are supported by explanatory documentation which explain the rationale for its recommendations;
 - g. distribute to BAC, upon availability, new OJK regulations and/or IDX regulations which are relevant to the BAC.

7.0 REVIEW OF THE BAC

- 7.1 The BAC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in the Terms of Reference and report the results to the BOC.
- 7.2 The BOC shall review the composition, performance and effectiveness of the BAC and each of its members annually to determine the effectiveness of the BAC and each of its members in carrying out the duties as set out in the Terms of Reference.

8.0 BAC REPORT

- 8.1 The BAC is required to submit report to the BOC for each assignment that has been assigned by the BOC and quarterly BAC activity report.
- 8.2 The BAC is required to prepare a BAC Report at the end of each financial year to be included and published in the annual report of the Company to include the following:
 - i) The terms of reference of the BAC and the composition of the BAC including the name, designation and directorship of the members (indicating whether the Directors are independent or otherwise);
 - ii) The number of BAC meetings held during the financial year, details of attendance of each BAC member and details of the relevant training attended by each BAC member
 - iii) A summary of the activities of the BAC in discharging its functions and duties for that financial year; and
 - iv) A summary of the activities of the Internal Audit function.
 - v) Review of compliance with prevailing laws and regulations (if any);
 - vi) Review of financial results;
 - vii) Review of independence of the Company's auditors.

9.0 STATEMENTS IN THE ANNUAL REPORT

The BAC statements or report that included and published in the annual report of the Company shall in compliance with the prevailing OJK regulations and/or IDX regulations.

10.0 CODE OF CONDUCT OF THE BAC

10.1 The BAC must observe the following code of conduct:

- i) BAC shall value the integrity, professionalism and professional standards in carrying out the duties and responsibilities of the BAC.
- ii) BAC shall perform all duties and responsibilities honestly, objectively and independently solely for the benefit of the Company.
- iii) BAC shall avoid any activity that are contrary to law, ethics and norms prevailing in the community as well as activities that are contrary to the interests and objectives of the Company.
- iv) BAC shall not accept any reward or anything other than that has been designated as a recognition of their duties.
- v) In giving its opinion, BAC must use sufficient and competent evidence to support the opinion and shall not use any information relating to the Company for personal interests.
- vi) BAC shall maintain the confidentiality of any information with respect to the Company and shall not disclose said information unless required by the prevailing laws and regulations.

All matters that are not provided for or not adequately stipulated in this Terms of Reference shall be decided by the BOC.

Jakarta, 4 November 2020

PT XL Axiata Tbk
Board of Commissioners