

**TERMS OF REFERENCE
BOARD AUDIT COMMITTEE
("BAC")**

PT XLSMART Telecom Sejahtera Tbk

Duly approved and adopted by the Board of Commissioners of
PT XLSMART Telecom Sejahtera Tbk at the Board of Commissioners Meeting held on
21 April 2025

**TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE
("BAC TOR")
PT XLSMART Telecom Sejahtera Tbk**

1. PURPOSE

- 1.1 The Board Audit Committee ("BAC") is established as a committee of the Company's Board of Commissioners ("Board") with the objective to assist the Board in fulfilling its statutory and fiduciary responsibilities as a Group in accordance with the Financial Services Authority ("OJK") Regulations including OJK Regulation No. 55/POJK.04/2015 on the Establishment and Implementation Guidance of Audit Committee (as may be amended from time to time) and OJK Regulation No. 9 of 2023 on the Usage of Public Accounting and Public Accounting Firm in the Financial Services Activity (as may be amended from time to time), whenever applies.
- 1.2 The Board Audit Committee ("BAC") independently 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 law and regulations and the Company and its subsidiaries' ("**Group**") Code of Conduct.

2. COMPOSITION AND APPOINTMENT

- (i) Composition of the BAC
- (a) The BAC must consist of at least 3 (three) members from the Independent Commissioner and other unaffiliated third party.
 - (b) 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.
- (ii) Members of the BAC
- (a) The Chairman of the BAC shall be an Independent Commissioner of the Company.
 - (b) The term of office of the Chairman of the BAC is at maximum the same with his/her capacity as Independent Commissioner and in accordance to the prevailing regulation of the OJK.
 - (c) 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 member has educational background and expertise in Accounting or Finance;

- (v) 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 6 (six) months prior to the appointment as the BAC member by the BOC;
- (vi) 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;
- (vii) Do not have any direct or indirect ownership in 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;
- (viii) Do not have: (a) affiliate relationship with member of BOC, Board of Directors or primary shareholders of the Company; (b) any business relationship either directly or indirectly with the Company's business activities.

(d) The secretary of the BAC will be the Company Secretary.

3. AUTHORITY

The BAC is authorised by the Board to perform the following functions at the expense of the Company:

- 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 Group's information, documents, records, funds, assets, properties, personnel and other required resources.
- iv) Have direct communication with the employees, including the 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 meeting (if required), to brief the BAC and to assist the BAC thereof advice where necessary.
- vi) Convene meetings with external auditors, internal auditors without the attendance of any Directors and employees of the Group whenever deemed necessary.
- vii) Have immediate access to reports from the internal audit function of the Group on fraud or irregularities or reports referred to the internal audit function of the Group by management. Any unresolved matters resulting in breach of any regulatory requirements shall be reported to the Board.

4. RESPONSIBILITIES

The BAC shall undertake the following responsibilities:

4.1 Financial Reporting and Processes

- i) Review the quarterly results, half-yearly results and annual financial statements of the Group with Management and external auditors focusing on the below, prior to the approval by the Board:
 - 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.
- ii) Review with the external auditors the audited financial statements for the purpose of approval prior to presentation to the Board 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 Board on the quality and reliability of financial information used by the Board and of the financial information issued publicly by the Company and as a Group.
- v) Propose best practices relating to disclosure of financial results and the annual report of the Company in line with the principles set out in OJK Regulation No. 21/POJK.04/2014 on the Implementation of Good Corporate Governance for Public Company as implemented with OJK Circular Letter No.32/SEOJK.04/2015 on Guidelines for the Corporate Governance of Public Company, as well as other applicable laws, rules, directives and guidelines.

4.2 External Auditors

- i) Consider and recommend to the Board 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 Shareholder. The factors to be considered for the appointment refers to OJK Regulation No. 9 of 2023 on the Usage of Public Accounting and Public Accounting Firm in the Financial Services Activity 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 through an annual evaluation. This includes obtaining a written statement from the external auditors setting out all relationships between the external auditors and the Group, and detailing any other relationships that may adversely affect the independence of the external auditors.
- iv) Discuss and review with external auditors for 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 auditors 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 OJK Regulation No. 9 of 2023 on the Usage of Public Accounting and Public Accounting Firm in the Financial Services Activity 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 Board the Group'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.
- xi) To act as a mediator and provide independent advice shall dissenting opinions occur between the Group/management and external auditors regarding the services provided by the external auditors.

4.3 Internal Audit Function

- i) Review the Internal Audit Charter for approval by the Board and signed by the Board of Directors, which defines the purpose, authority, scope, and responsibility of the internal audit function in the Company.
- ii) Recommend the Internal Audit Charter, which defines the purpose, authority, scope and responsibility of the Internal Audit function in the Group for approval by the Board of Commissioners. For the avoidance of doubt, under the OJK Regulation No. 56/POJK.04/2015 on Establishment and Organization of Internal Audit Unit, the Internal Audit Charter to be signed off by the Board of Directors with prior approval from the Board.
- 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 for continuous improvement to achieve the objectives of the Company.
- iv) Review, challenge and approve 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 Group.
- v) Assess the performance of the Chief Internal Auditor ("CIA")/ Group Head Internal Auditor ("GHIA") and the staff of the internal audit function, including to assess the role and effectiveness of the internal audit function. The CIA/GHIA is expected to:

- a. Anticipate the needs of the BAC's and relevant stakeholders in the context of the dynamic business environment in which the Group operates; and
 - b. Understand the risk profile of the Company and contribute towards the identification of emerging risks including providing early warning to the BAC.
- vi) Review and supervise CIA/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 Board of Directors 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; and
 - c. That the goals and objectives are commensurate with corporate goals.
- vii) Review and appraise the performance and remuneration of CIA/GHIA and senior staff members of Internal Audit.
- viii) BAC shall recommend to the Board for approval of the appointment or termination of the CIA/GHIA. The BAC shall be informed of any appointment or termination or resignation of CIA/GHIA and senior staff members and provide an opportunity to submit his/her reasons for resigning.
- 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 CIA/GHIA and the senior staff members of Internal Audit. As employees of the Company, the CIA/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.
- xi) The CIA/GHIA shall report directly to the BAC and also administratively directly to the President Director (as required under OJK Regulation No. 56/POJK.04/2025), and shall be responsible for the regular review and appraisal of the effectiveness of the internal control and governance processes within the Group.
- xii) Should there be an internal audit function in the Subsidiaries, the Head of Internal Audit at subsidiary to report functionally to the subsidiary BAC (if the Subsidiary BAC is established) and dotted line to the Group CIA/GHIA for the purposes of standardizing the operations of internal audit in the Group by furnishing reports to Group CIA/GHIA in relation to matters including but not limited to major control issues, audit reports, quarterly reports, and report to Group BAC and Minutes of subsidiary BAC].
- xiii) Recommend the appointment or termination of CIA/GHIA (noting the HRL, remuneration band, benefits and compensations) upon review of the proposal from the President Director, for the approval of BoC. In addition, to review the appointment or termination the senior staff members of the internal audit function of the Company. The BAC shall be informed of resignation of the [Head of Internal Audit of each of the Company's subsidiaries] and Senior Internal Audit staff and provide them an opportunity to submit his/her reasons for resigning.
- xiv) The tenure of the CIA/GHIA and Head of Internal Audit of the Company and at each of the Company's subsidiaries is recommended not to exceed six (6) consecutive years. This ensures that the Internal Audit department is staffed with personnel who have strong and up-

to-date finance / commercial / technical experience and proven performance track record.

- xv) Review the internal audit function to determine whether its activities are performed independently, proficiently and with due professional care. The Board and the BAC are to determine the remit of the internal audit function.
- xvi) Where there is an audit assignment initiated by the Group's internal audit function that has a bearing on all subsidiaries or where a particular subsidiary's financial results will affect the audit opinion of the Company, the respective subsidiary's internal audit office shall adhere to the request and include such audit assignment in its audit plan.

4.4 Company & Group Oversight

- i) Independently review the adequacy and effectiveness of the Group's internal controls, risks management and governance systems applied in daily business operations, including information technology, network controls, as well as systems for compliance with applicable laws.
- ii) Receive and review the compliance reports from respective Committee with regards to the 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, 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 in the Group.
- iv) Oversee, review and approve the adequacy of the Group whistle-blowing mechanism to ensure that employees and external stakeholders can raise concerns relating to 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 Group 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 COI situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board.
- vii) Verify at the end of each financial year that the allocation of share options given to the Group's eligible employees is in compliance with the criteria set out in the employees share option scheme documentation and the Indonesian Stock Exchange / IDX Securities Listing Requirements.

4.5 Related Party Transactions

Consider, review, report and provide recommendation to the Board on any related party transactions entered into by the Group including the review and monitoring of recurrent related party transactions to ensure that:

- i) All transactions are fair, reasonable and undertaken on the Group's normal commercial terms;
- iii) the Company is in compliance with the relevant provisions of the Indonesian Stock Exchange / IDX listing requirements.

4.6 Conflict of Interest (COI)

Review and report to the Board (for the purposes of disclosure in the Board Audit Committee Report of the Annual Report) of any COI situation across the Group, whether through direct financial interest, indirect financial interest, non-financial interest (arising from relationships whether family, business or professional interests), or competing loyalties or interests:

- a. that arose during the financial year;
- b. that might arise (potential COI) during the financial year; ~~or~~
- c. that are persisting COI from previous financial years during the financial year;

together with the measures taken to resolve, eliminate or mitigate such COI, as well as disclose them in the BAC report.

5. MEETINGS AND DECISIONS

- i) The notice and agenda for each BAC meeting, with due notice of the issues to be discussed at the meeting shall be sent to all members of the BAC and any other persons who may be required to attend.
- ii) The BAC shall meet at least once in three (3) months and any additional meetings as the Chairman shall decide. The BAC may regulate its own procedure in lieu of convening a formal meeting by way of video or teleconferencing. In addition, it may take action resolution by way of circular resolutions which shall be approved and signed by all of the BAC members. The BAC meeting shall be chaired by the Chairman of the BAC.
- iii) In order to form a quorum, the BAC meeting shall be attended by more than 1/2 (half) of the BAC members and approved by a simple majority.

6. BAC REPORT

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 Group to include the following:

- i) Terms of Reference of the BAC, and the composition of the BAC including the name, designation and directorship of the members (indicating whether each member is independent or otherwise);
- ii) any COI situations across the Group as defined in Section 4.6 above and measures taken to resolve, eliminate or mitigate such conflicts

7. STATEMENTS IN THE ANNUAL REPORT

7.1 Corporate Governance Statement

The BAC is required to recommend the statement on corporate governance at the end of each financial year for the Board's approval to be included and published in the annual report of the Group):

- i) A narrative statement of how the Company has applied the principles set out in Indonesian Code on Corporate Governance issued by the National Committee on Good Governance (*Komite Nasional Kebijakan Governansi*) and in accordance with OJK Regulation No. 21/POJK.04/2015 on the Implementation of Corporate Governance Guidelines for Public Companies to its particular circumstances; and

- ii) A statement on the extent of the Company compliance with the Best Practices in the Indonesian Code of Corporate Governance which statement shall specifically identify and give reasons for any areas of non-compliance with the Best Practices and the alternatives to the Best Practices adopted by the Company (if any).

7.2 Additional Statements

The BAC is required to recommend the following additional statements for the Board's approval to be included and published in the annual report of the Group:

- i) A statement explaining the Board's responsibility for preparing the annual audited financial statements of the Group.
- ii) A statement about the state of internal control ("SORMIC") of the Company as a group after the same is reviewed by the external auditors with regard to the state of internal control and report the results thereof to the Board.
- iii) A statement verifying allocation of share options given to the Group's eligible employees is in accordance with the criteria set out in the share option scheme for employees.

Jakarta, 21 April 2025

Board of Commissioners
PT XLSMART Telecom Sejahtera Tbk