

Toyota Astra Financial Services

Internal Audit Charter

It is necessary for PT Toyota Astra Financial Services (TAFS) to have Internal Audit Charter as a foundation and guidelines for Internal Audit as constitutes a part of internal control system. It should be as the framework of maintaining and securing business activities which is in line with the vision and mission of TAFS.

Internal Audit Charter is prepared based on Regulation of Financial Service Authority (POJK) and Guidelines of Preparation of Internal Audit Unit Charter and standard from The Institute of Internal Audit (IIA).

MISSION AND PURPOSE

The mission of Internal Audit:

- To enhance and protect organization value by providing risk-based and objective assurance, advice, and insight.
- To assist organization in accomplishing its objectives by bringing a systematic, disciplined approach and objective assurance & consulting as well as to provide the value added.
- To evaluate and improve the effectiveness of governance, risk management, and control processes.

The purpose of Internal Audit

The purpose of TAFS's Internal Audit activity is to provide independent, objective assurance and consulting services designed to add value and improve organization operations.

STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING

The Internal Audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

STRUCTURE AND POSITION

- The Board of Directors (BOD) has overall responsibility for the Company internal control. Internal controls are designed to manage, rather than eliminate business risk; to help safeguard the Group's assets against fraud and other irregularities; and to give reasonable, but not absolute assurance, against material misstatement or loss.
- Internal Audit, under the guidance of the President Director and Vice President Director, assists the BOD by reviewing the operation and effectiveness of the Company's system of internal control and the procedures by which this is monitored.
- The Internal Audit function is managed by the Internal Audit Head who is appointed by the President Director under approval of the BOC.
- The President Director may terminate the Internal Audit Head with the BOC's approval should the Internal Audit Head fails to fulfill his/her responsibilities as stated in this Charter.
- The Internal Audit Head reports to the President Director and Vice President Director.
- Position of Internal Audit Head in the organization is directly under and shall be responsible to President Director and Vice President, but may communicate directly with Board of Commissioners through the Audit Committee to inform various matters in relation to the Internal Audit activities and investigation activities

SCOPE

The scope of Internal Audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the board of director, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for TAFS. Internal Audit assessments include evaluating whether:

- Risks relating to the achievement of TAFS' strategic objectives are appropriately identified and managed.
- The actions of TAFS' officers, directors, employees, and contractors are in compliance with TAFS' policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations or programs are consistent with established goals and objectives.
- Finance, Accounting, Human Resources, Marketing, IT, and other operations or programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact organization.
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity.
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The IA Head will report periodically to President Director, Vice President, the Board of Director and Audit Committee regarding:

- The Internal Audit activity's purpose, authority, and responsibility.
- The Internal Audit activity's plan and performance relative to its plan.
- The Internal Audit activity's conformance with The IIA's Code of Ethics and Standards, and action plans to address any significant conformance issues.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Board of Director or Audit Committee.
- Results of audit engagements or other activities.
- Resource requirements.
- Any response to risk by management that may be unacceptable to organization.

The IA Head also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. The Internal Audit activity may perform advisory and related client service activities, the nature and scope of which will be agreed with the client, provided the Internal Audit activity does not assume management responsibility.

Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

The scope of Internal Audit activities does not relieve or diminish business management of its responsibility to identify and mitigate risk and to maintain an effective system of internal controls.

ACCOUNTABILITY

1. To make a plan and implement the Internal Audit activities with emphasizing on the field/activity that has high risk and to evaluate the existing procedure/control system to obtain confidence that the purpose and target of Company are able to be achieved optimally and sustainable.
2. To review and adjust the Internal Audit plan as well as conduct special engagement as necessary, in response to changes in TAFS' business, risks, operations, programs, systems, and controls.
3. To develop and implement programs for evaluation and enhancement of the Internal Audit quality
4. To ensure each engagement of the Internal Audit plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programs and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties.
5. To conduct Internal Audit activity with considering value of insightful, proactive, and future-focused

6. To communicate the issues/findings identified during a review by way of a formal audit report. The report shall be distributed to President Director/Vice President, Directors, Related parties and other stakeholders.
7. To provide recommendation upon the audit result and to monitor the follow up of the results of Internal Audit activities and investigation activities.
8. To follow up on engagement findings and corrective actions, and report periodically to BOD any corrective actions not effectively implemented.
9. To ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld.
10. To ensure the Internal Audit activity collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Internal Audit charter.
11. To cooperate with Audit Committee in implementing supervisory functions.
12. To coordinate its activities with other assurance supplier unit/function, in order to achieve comprehensive and optimum results. The coordination may be conducted among others by regular meeting to discuss the matters considers important for both parties.

AUTHORITY

1. The Internal Audit Head will have unrestricted access to, and communicate and interact directly and independently with BOD, BOC, and/or audit committee.
2. The BOD, BOC, and Audit Committee authorize the Internal Audit activity to:
 - Have full, free, and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
 - Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports.
 - Obtain assistance from the necessary personnel of TAFS, as well as other specialized services from within or outside Company, in order to complete the engagement.
3. Conduct regular or incidental meetings with BOD, BOC, and/or audit committee.
4. Coordinate activity with external audit function.

INDEPENDENCY, OBJECTIVITY AND PROFESSIONALISM

Internal Audit must be independent, objective and professional in carrying out its duties so as to be able to convey opinions and thoughts without influence or pressure from the other parties. For more independency of the Internal Audit, President Director and Vice President must provide full supports and the Audit Committee must supervise and assist the implementation of it.

Independency

Internal Audit has independency in carrying out the Internal Audit activities, in conveying out opinions and thoughts in accordance with the profession and the standards applicable. In enforcing the independency:

1. Internal Audit is able to convey its opinions and thoughts without influence or pressure from any other party whomsoever.
2. Internal Audit has freedom to set out the method, scope, manner, technique and audit approach which will be conducted.
3. Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, Internal Auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment.
4. Internal Auditor does not carry out double duties and positions in the operational activities of company and affiliations as well Subsidiaries
5. Internal Auditors will:
 - Disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.
 - Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined.
 - Make balanced assessments of all available and relevant facts and circumstances.
 - Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.

Objectivity

1. Internal Auditor must have independent mental attitude in carrying out Internal Audit activities. The mental attitude is reflected from a report which is complete, objective and based on careful and impartial analysis
2. Internal Auditor is free of conflict of interest over the object or activity which is being investigated. If the Internal Auditor have conflict of interest over the object or activities which is under investigation, the relevant party must state its relation and should not be assigned for carrying out the audit over the concerned object or activity.

Professionalism

Professionalism becomes the reference for the Internal Auditor in carrying out Internal Audit activities and investigation activities. For that purpose, the Internal Auditor, either individually or jointly, have:

1. Integrity, independent, objective, diligent mental attitude, and uphold ethical as well as the profession of Internal Auditor including to be wise and careful in using any information obtained in duty implementation and does not use any confidential information for personal interest or other matters which may cause loss to Company.

2. Competency in accordance with the competency profile needed.
3. Proficiency in interaction and communication effectively either orally and written.
4. Willingness and ability to improve the competency quality both behavior and technical.
5. Obligation to comply with Code of Conduct of Internal Auditor and Profession Standards of Internal Auditor for Internal Auditor.
6. Obligation to maintain information confidentiality and/or data of the company related to implementation or duty and responsibility of Internal Auditor unless it is obliged based on laws and regulations or stipulation/verdict of Court.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAM

The Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the Internal Audit activity. The program will include an evaluation of the Internal Audit activity's conformance with the Standards and an evaluation of whether Internal Auditors apply The IIA's Code of Ethics and Standard. Code of Ethics of Internal Audit will continuously be socialized to Auditor. The program will also assess the efficiency and effectiveness of the Internal Audit activity and identify opportunities for improvement.

The Head of Internal Audit will communicate to BOD and Audit Committee on the Internal Audit's quality assurance and improvement program, including results of internal assessments (both ongoing and periodic).

MISCELLANEOUS

The Internal Audit Head shall review The Charter in every two years or whenever it is necessary and update it according to the needs. Any changes on The Charter shall be approved by the Board of Directors and the Board of Commissioners.

Jakarta, Juli 26, 2021